

# **Shifting Sales Channels** **for US Publishers**

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# The whole project

- Created with and for BISG
- Online survey: about 250 respondents
- Interviews with executives: about 15
- Summary of findings
- Presentations at BISG's annual Making Information Pay conference, May 7 in NYC

# Widespread consensus on what is declining

- Brick-and-mortar retail: chains and independents
- Advance orders from big accounts on big books
- Library budgets
- Most frequently mentioned as slipping: travel guides, hardcovers, trade paperbacks
- Answers from trade and other segments about the same
- Increasing nervousness about receivables
- Smaller publishers (in survey) less pessimistic than larger (in interviews)

# Some things are growing

- **Children's books are up**
- **Ebooks: growth dramatic from very small base but currently >100% annually**
- **Online book sales: Amazon always cited but other accounts grow too**
- **Direct to consumer (some mail out, all web orders coming in)**
- **Custom publishing (unique books for big accounts more than industrial)**
- **Sales of digital content (very non-specific)**
- **Mixed take on mass merchant channel: growing but troubled**

# Sobering reality

- What is diminishing is more substantial than what is growing
- All adds pressure to already diminishing margins
- Not clear where digital revenues come from and how much they will be

# Changes publishers are making

- Printed catalogs declining (and an industry ecatalog initiative – Edelweiss – is launching)
- Sales conferences being phased out
- Mission creep for reps beyond bookstores
- More focused lists: steps toward verticalization
- Reduced travel in general
- Broader participation in social networking (editors and marketers)
- Reduced presence at trade shows and conferences
- Reduced traditional advertising (print)

# Threats to the business

- Indirect competition (free stuff on the Net)
- Reduced margins
- Proliferation of free book- or book-like content (Google-Sony deal)
- Maintaining ebook margins
- Diminished review media (particularly for library market)
- Rising illiteracy

# Actions required: this environment will accept change

- Need to build stronger direct channels
- Embrace digital sales and distribution
- More effort on custom publishing
- Analysis for mass merch and non-book outlet buyers who don't live and breathe books
- End or curtail returns
- Get closer to both customers and authors
- Develop alternative revenue streams
- Tight controls on spending and overhead (which enable everything else!)

# Our show in NY on May 9

- Views of the current state of the market: from Outsell (incl BISG Trends), Bowker, BookScan and our survey
- Dominique Raccah (Sourcebooks) on redirecting the publishing enterprise
- David Thompson (Random House) on how data analysis can educate buyers at non-book enterprises
- Josh Marwell (HarperCollins) on the move to a digital catalog
- Marcus Leaver (Sterling) on shifting marketing spending