



# ENGINE HOUSE BOOKS

## BOOK BITS #4

### ***THE FUTURE OF PUBLISHING***

For this edition of *Book Bits*, we will temporarily abandon our usual question-and-answer format and instead simply provide our thoughts on the issue of the future of publishing. We expect this to be the first of a number of editions of *Book Bits* devoted to this topic.

We begin by looking at the current state of the industry. We need to understand where the industry is before we can reasonably expect to be able to predict where it might go.

Although the details have changed greatly over the last few decades, the basic operation of the industry has been essentially unchanged for perhaps as long as a century. The process of getting a book into the hands of a reader has several important stakeholders. Of particular importance are the ones shown in the figure to the right.

*Author:* generates the original content

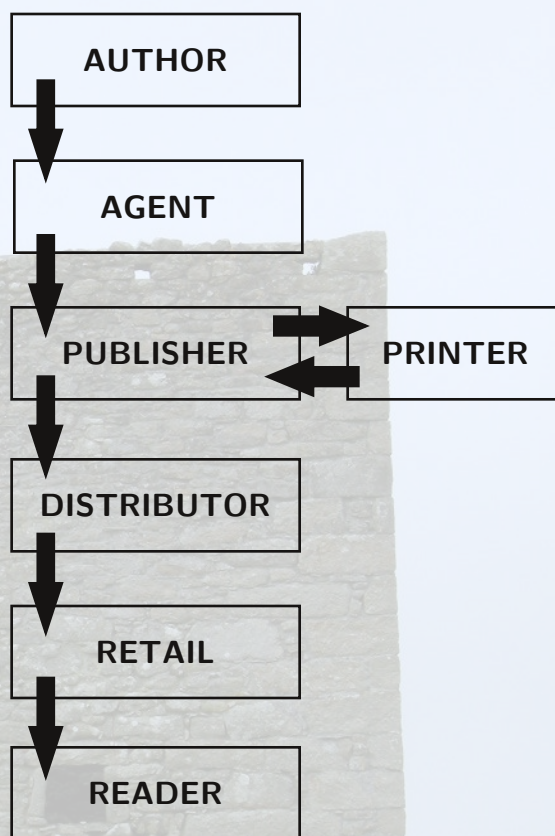
*Agent:* convinces a publisher that the project is worthy of publication

*Publisher:* provides editing and other pre-publication services; causes the book to be printed; handles post-publication services such as marketing

*Printer:* physically prints and binds the book

*Distributor:* provides a centralized distribution service from which retail entities can order books from multiple publishers

*Retail outlet:* sells the book to the reader.



Naturally, each one of these stakeholders expects to make a profit, at least on average, if not on every title. In some cases, this expected profit can be a substantial portion of the ultimate retail price (for example, a retail outlet — even an online one — typically expects to sell to the reader for roughly twice what it paid for the book). So that immediately tells us something about the typical current flow of a book as it passes from author to reader: the process is financially



inefficient, in that there are multiple entities involved, all of whom need to make a profit in order to stay in business.

Other problems have arisen with at least parts of this process over the past few decades. In particular, the *Publisher* and *Retail* services have each come to be dominated by a few entities in most countries. This consolidation of publishers has not particularly affected niche markets (there are still many specialized publishers) but the consolidation in publishers and retail entities has grossly affected general fiction and non-specialized non-fiction (*i.e.*, books written for a lay audience).

This consolidation has meant that a few companies wield disproportionate power over the ease with which individual books are placed in readers' hands. This means that most authors, to whom the publishers assign little or no marketing budget and retail outlets assign minimal (or no) shelf space, are doomed to languish in obscurity. Indeed, some of the best books may never even see print: many agents will tell you (if only privately) that the best book that the agent ever handled ultimately turned out to be unsaleable. There is constant pressure throughout the chain to move forward only with books that are perceived as likely to appeal to a large audience — which is generally interpreted to mean books by authors who have already proven to sell in large numbers. So not only is the current system financially inefficient, it is also informationally inefficient. “Good” books tend to be selected by parties other than the ultimate consumer (readers) because there is no good way for the consumers to become aware of books they might enjoy.

As a result of these inefficiencies, there are forces that are tending to alter the publishing model. This is not to say that the current model is “bad”, nor that what replaces it might be “better”; but it does mean that as circumstances change, other models become viable — or at least worth trying.

It is self-evident that we live in an era of pervasive, rapid technological change. Until recently, this change has left the publishing business (or at least the part of it concerned with the flow from author to reader) relatively unscathed. That is no longer the case. So many technological advances have occurred in recent years, though, that the opportunities for change cannot be regarded as evolutionary: there are so many possible ways in which the model could change that they conspire to make it impossible to predict with any degree of certainty what the publishing business will look like twenty years from now. It is even possible that, in the end, publishing will look little different from today. Given all the possibilities, though, that seems unlikely.

Ultimately, we believe that the most important stakeholders in the publishing process are the author and the reader. All the other steps exist (at least in theory) only to facilitate the transport of the product from its creator to its consumer. Of course, the entities involved in the those intermediate steps generally do not see it that way — each one of them can make a more or less convincing argument that they are “adding value” to the product. Nevertheless, to the author and the reader, any value that is added during the process comes at a cost that they may perceive as too high.

So the time is right for experimenting with change. In future editions of *Book Bits* we will examine some of the experiments that are taking place, and discuss whether they are likely to have a lasting effect.

*Book Bits* are occasional documents from Engine House Books featuring author interviews, industry insights and other information that might be of interest to our readers. They are published on an ad-hoc basis.