



The Book Industry - A Snapshot

'We went in to the recession early and came out late,' says Peter Lothian, managing director of Lothian Books and President of the Australian Book Publishers Association (ABPA).

'Historically, book publishing has been rather immune to economic cycles. Books were seen as well-priced leisure and entertainment and we had insulation through regular sales to schools and libraries. Publishers were not prepared for the impact of this recession. But things have turned around and we're very positive for Christmas this year.'

How big?

The Australian Booksellers Association's (ABA) latest Economic Survey estimates the total retail value of the book market in Australia for 1992/93 at \$1860 million, based on Australian Bureau of Statistics household expenditure data. This is considerably higher than the ABPA's retail estimate of \$1330 million for 1991, the latest year for which their data is available.

The ABPA estimated total domestic revenues to publishers ('wholesale') in 1991 at \$494 million.

Books are only one part of the whole publishing and printing industry. Hans Guldberg's recently published *Copyright - An Economic Perspective* estimates the total value added of the Australian literature and print industries (including newspapers, magazines, periodicals, sheet music and maps) in 1992/93 at \$4.6 billion (1990/91 prices). This was nearly four times the size of the radio and television industries. It represented 42% of the total value added for copyright-based industries and 1.2% of Gross Domestic Product.

The ABA estimates 87% of total retail books turnover came from sales through shops. The remaining 13% represents library supplies, mail order and book club sales. Of sales other

than library supplies, the Prices Surveillance Authority, in 1989, estimated that 40% went through bookshops, 30% went through discount or department stores, 20% went through newsagencies and 10% went through book clubs and mail order houses. The average turnover of shops included in the ABA's 1992/93 survey was \$2,175,000 for campus shops, \$917,000 for chain shops, \$552,000 for independents and \$807,000 for other shops (an average of \$861,000 for all shops).

The ABPA estimates that Australian books provided 52% of total publisher's revenues in 1991 - 59% of revenue from educational titles and 48% of revenue from general titles. Over 4000 new Australian titles and nearly 4000 reprints were published in 1991.

Educational titles comprise a huge share of book sales - 38% of publishers'

domestic revenues in 1991 and 47% of bookshop revenues in 1992/93. Two-thirds of educational sales revenues in bookshops came from academic and professional books. General books (fiction and non-fiction) comprised 35.5% of bookshop revenues in 1992/93, and children's books comprised 9.5%.

Australian titles dominate sales of primary and secondary education texts, but overseas titles dominate sales of tertiary and professional texts (see table on page 8).

Who are the players?

There are many possible definitions of 'authors', 'publishers' and 'bookshops'.

In a survey of Australians' involvement in cultural and leisure industries last year, the ABS found 273,000 people had worked in writing and publishing in the twelve months to March 1993. Of these 51.2% had worked without payment. The 1991 Census, which records main jobs only, identified around 2300 authors, 500 book editors, 600 illustrators. It also identified 10,500 librarians, 3,700 library technicians and 8,800 library assistants.

The ABPA has around 145 members but there are many hundreds more organisations which are allocated ISBN numbers for published works. The ABPA members account for an estimated 80% of publishing industry revenue in Australia. 80% of those members are Australian, although the top 20 are predominantly foreign (see *CU* Issue No 96 February 1994 for the list of the top 20 based on 1992 turnover). HarperCollins (London-based, owned by News Corporation), Weldon International, Universal Books and Allen and Unwin were the only Australian-owned companies in the top 20 for 1992. The top six, in addition to HarperCollins, were Reed (now the Anglo-Dutch Reed Elsevier), Pearson (UK), Thomson (Canada), Ashton Scholastic (US) and Transworld (Germany).

Publishers' Revenue 1991

	\$ m
Domestic	
Primary	\$34.52
Secondary	\$57.19
Tertiary	\$71.17
Professional/Reference	\$26.24
Total Education	\$189.12
General	\$304.14
Sub-total	\$493.25
Sales of Rights in Australia	\$1.00
TOTAL DOMESTIC	\$494.26
Exports	
Education	\$14.07
General	\$32.10
Sub-total	\$46.17
Re-exports	\$7.68
Sub-total	\$53.85
Sales of Rights Overseas	\$1.17
TOTAL EXPORTS	\$55.02
TOTAL SALES	\$549.28

Source: Australian Book Publishers Association

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Celia Pollock, Executive Director of the ABA, says there are approximately 1200 booksellers in Australia, excluding the department stores like Myer and David Jones, which carry books.

Just as there is little common ownership of publishing and printing, there has been virtually no common ownership of publishers and booksellers since the breakup of Angus & Robertson. The major bookselling chains - Dymock's, Collins (no connection to HarperCollins), Angus and Robertson Bookworld (recently acquired by NZ's largest bookseller, Whitcoulls, in a deal which made Whitcoulls one of the largest booksellers in the world - the Angus and Robertson imprint is now part of HarperCollins) and the University Co-op bookstores, only the University stores have any relation with publishing (eg UQP and MUP in particular have significant retail operations). The ABC's books, audio and other publishing activities and shops and centres are the other major example of vertical integration in these industries (see interview with Julie Steiner, General Manager ABC Enterprises, pages 18-20).

What's selling?

In 1993, according to the ABPA, 86 adult paperbacks, fourteen children's paperbacks, eleven adult hardbacks and two children's hardbacks sold more than 25,000 copies in Australia.

The top fifteen adult hardback and paperback fiction and non-fiction titles in 1993 are set out on pages 13-16.

They show the dominance of foreign titles in the fiction lists, especially books with Hollywood film links and the dominance of Australian titles in the non-fiction lists. This parallels the relationship in cinema and television - the huge, imagined experiences of the cinema are dominated by foreign titles, while television's prime time, living room view of the 'real world' is dominated by Australian programs.

Two of the three Australian titles which made the top ten fiction hardbacks in 1993 were backlist titles.

The children's lists, not reproduced here, are dominated by a few local authors (the top 30 paperbacks has seven Paul Jennings', four Morris Gleitzman's and three John Marsden's) and film/television titles (three *Jurassic Park* spin-offs and three *Bananas in Pyjamas* titles).

Peter Lothian says 'The industry is led by the big titles that create the publicity, like the Hawke biography. But even if people come to a bookshop with a gift idea or a subject idea, most of them who buy do it after browsing. People want that kind of experience.' He says there's a trend towards 'well-packaged, well-priced, well-promoted fiction. More is being originated in paperback'.

ABS household expenditure data for 1988/89 shows spending on books comprising 43% of household spending on literature (56% was spent on newspapers, magazines and comics) and 13% of all spending on cultural goods and services.

Who's reading?

According to a survey of time use by the ABS in 1992, Australians over 15 spend an average of 23 minutes each day when reading is their main activity. Of this seven minutes is spent reading books and nine minutes is spent reading newspapers. It compares with 103 minutes watching and

listening to TV and 27 minutes on sport, exercise and outdoor activities.

The Australia Council's 1989 survey *Books - Who Reads Them?* found 54% of Australians were reading a book at the time of the survey. Reading was more popular amongst women (57%) than men (48%), and amongst professional and para-professional persons (72%) than tradespersons (37%). 16% of the people surveyed said they never bought or borrowed books.

What Governments are doing

Governments have important roles in book publishing. The federal government is responsible for copyright legislation, which provides the basic material traded in the industry. The recently published report of the Copyright Convergence Group *Highways to Change - Copyright in the New Communications Environment* and the government's consideration of moral rights are both significant issues for publishing, as for other media industries.

Other general legislation relevant to the industry includes corporations, trade practices and tax law. Censorship and classification of publications is carried out under federal and state law. The federal government also provides financial assistance to authors and publishers through a number of

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Total Domestic Sales of Australian and Imported Books 1991

	Educational \$m	General \$m	Total \$m
Australian books	111.15	145.63	256.78
Imported books	77.97	158.51	236.48
Total Books	189.12	304.14	493.26
Sales of Rights in Australia	--	--	1.00
TOTAL DOMESTIC SALES	189.12	304.14	494.26

Source: Australian Book Publishers Association



specific programs, of which the most significant are the programs of support for authors and publishers through the Literature Board of the Australia Council (\$4.6m in 1993/94) and the Public Lending Right scheme (under which payments are made to authors based upon holdings of their works in public libraries - \$4.0m in 1993/94).

The Department of Communications and the Arts is undertaking a number of activities as part of an overall strategy for the publishing industry. \$395,000 has been committed over the two years to 1994/95. The three elements of the strategy are the collection and analysis of better data about the industry, the identification of areas of growth potential and industry development. The Department and the Australian Bureau of Statistics, in conjunction with the ABPA, are conducting a comprehensive survey of the industry. It is covering the 1993/94 activities and will be published in June 1995. A particular area where it is hoped better data can be collected is export performance. The survey is also attempting to identify 'growth characteristics' for organisations in the industry.

Major parts of the industry development work are market research work being undertaken by Lesley Dow and export strategy development, undertaken by Bob Webb (see pages 11 and 24). Other industry development, such

as the formation of an independent publishers network, is being supported under existing government industry assistance programs.

The Department's work is focusing on Asia, both because of the priority the government has attached to improving export performance and cultural links with the region, and because evidence suggests that this has been an area of significant export growth in recent years, according to Susan Marshall, Project Officer in the Cultural Industry Development Program.

What's changing?

Electronic forms of books and information services are changing the nature of writing, publishing, retailing and reading. This is not simply technological determinism - changing approaches to reading, acquiring information and entertainment are creating their own demands for new kinds of products.

'It's not just a change in the way people write,' says Lynne Spender, Executive Officer at the Australian Society of Authors. 'It's a change in the way they think. Authors are having to give up the notion of themselves as individual creators, because writing is now collaborative. The word-processor changed the way we created, but

Average Weekly Household Expenditure on Cultural Goods and Services 1988/89

	\$
Literature	
-Books	2.50
-Newspapers	2.05
-Magazines & Comics	1.20
-Other printed material	0.07
Sub-total	5.82
Television & Video	6.28
Music Listening (home)	2.88
Admission fees to cultural venues	1.75
Cultural Education	0.87
Other (incl. musical instruments & non-sporting cultural clubs & associations)	1.76
TOTAL CULTURAL GOODS & SERVICES	19.36
TOTAL COMMODITY/SERVICE EXPENDITURE	502.71

Source: Australian Bureau of Statistics & Department of Communications and the Arts: *Cultural Trends in Australia* Cat. No. 4172.0 May 1994

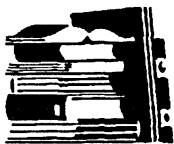
multimedia will change the way we communicate.'

The ASA was founded 30 years ago 'by people passionately interested in promoting Australian literature and making Australian writers professional. Only recently have we begun picking up newer-style members [there are currently 2580 in total] - writers of gardening and cooking books and so on'.

Spender says there are three kinds of author's relationships with new technology - 'Some don't touch it, some are uneasy about it and some love it'. This corresponds neatly to McCann-Erickson's David McCaughan's classification of different age groups' relationships to technology - the under 18s



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ask 'Is that all there is?', the 18-40s say 'I guess I have to?' and the over 40s plead 'Do I have to?' ('Media Futures: Policy and Performance' Conference at the Gold Coast in July).

John Iremonger, Academic Publishing Director at Allen and Unwin, is concerned about the potential loss of notions of personal authorship in many kinds of texts. 'As a publisher of academic works, I can't offer to make authors rich. One of the things I can offer them is the pleasure of authorship. If you're writing for electronic media, you're likely to lose that'.

"A bookstore is one of the only pieces of physical evidence we have that people are still thinking."

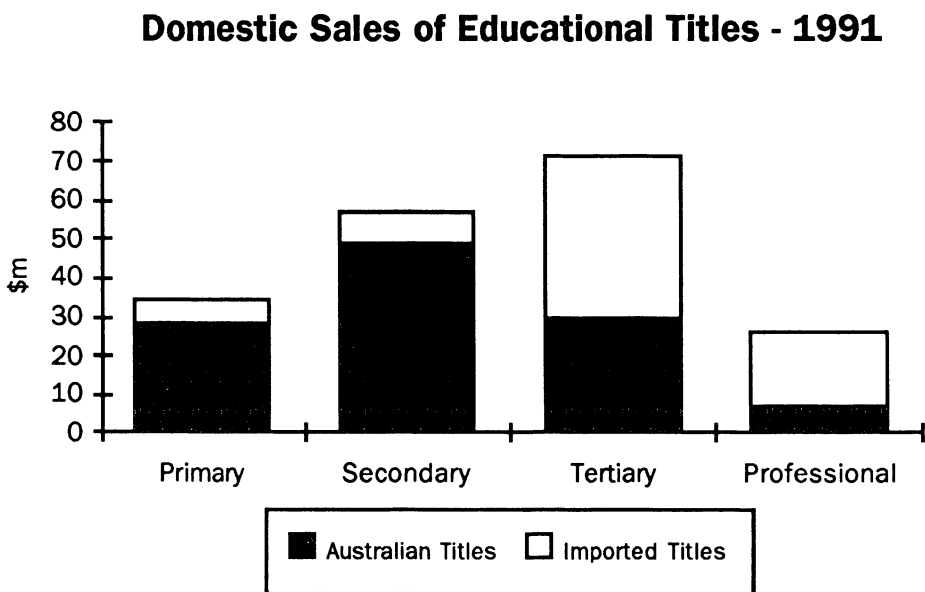
Jerry Seinfeld

The US magazine *Publishers Weekly* reported in March that 'multimedia publishing has finally grown into a genuine business'. For several years, people have been told 'This is the year multimedia will take off,' it said. 'Now, at last, the announcement is that in 1993 multimedia *did* take off.'

However, *PW* noted that 'Unfortunately, book publishers' reticence to enter the electronic markets has allowed the technologists, software publishers and CD-ROM producers, to begin to shape the market as they see fit'.

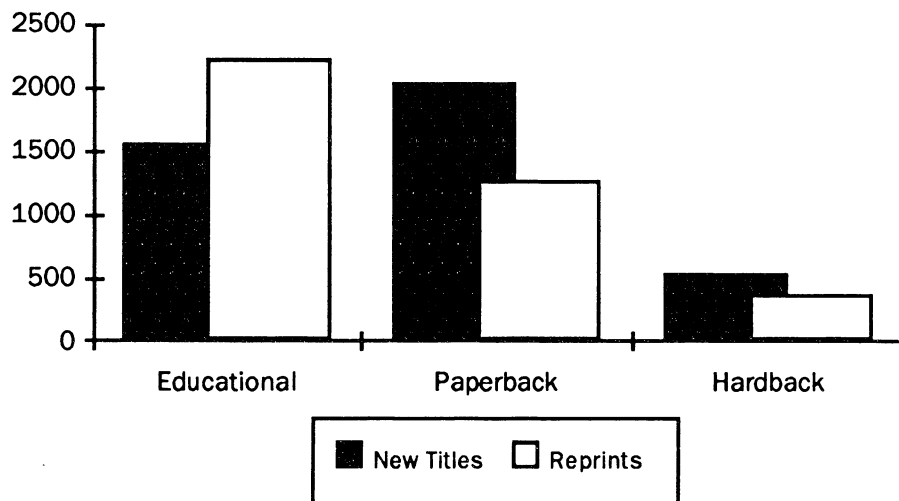
According to Richard Rosen, writing in the UK *Bookseller* in May, the main areas where real markets have been established for electronic products are reference works, children's learning titles, children's 'edutainment' and games.

New media, he says, are seeing a number of different responses from publishing companies. Dorling Kindersley was recruiting to an in-house unit 'at a prodigious rate'. Pearson paid £310 million for Software Toolworks, a leading US software publisher of games, educational/reference titles and low cost business software. Some companies, said Rosen, are licensing multimedia or CD-ROM rights to others with better-developed



Source: ABPA

Australian Titles Published - 1991



skills, while others are approaching each title case-by-case.

In the retail sector, according to the ABA 1992/93 survey, the typical bookshop still concentrates overwhelmingly on book sales. Only 5% of sales are not books (by contrast 80% of video shops now stock Sega or Nintendo games and 49% sell merchandise, according to *Video Trader*). Peter Lothian says this Christmas will see available the first CD-ROM titles from book publishers aimed at the general market. Celia Pollock says booksellers are very interested in training for multimedia products, recognising the need for them to get their share of this new business.

'A bookstore is one of the only pieces of physical evidence we have that people are still thinking,' says Jerry Seinfeld in *Seinlanguage*.

Whether the bookstore of the future will provide the same evidence is something that worries the children of a literate culture.

There is some pain out there, as authors, publishers and booksellers try to retain their romance with the stories they've been writing, presenting and selling for hundreds of years, without imprisoning themselves inside the covers of an artefact which many children of another culture just don't want to read. □