

BOOKS

REARRANGING THE PAGE

02



Layne Murdoch/NBAE via Getty Images

Russell Westbrook of the Oklahoma City Thunder reads to children on February 23, 2015, at Martin Luther King Elementary in Oklahoma City, as part of the Russell Westbrook Why Not? Foundation's literacy initiative.

What's Ahead?

- Publishers Nurture Ideas and Try to Make a Profit
- How American Book Publishing Grew
- Cheaper Books Create a Mass Market
- Grove Press Tests Censorship
- Investors Buy Up Publishing Companies
- Book Publishing at Work
- Books Begin with Authors and Agents
- How Do Books Get Published?
- The Book Industry Has Three Major Markets
- Audiobooks and E-books Multiply the Audience
- Corporations Demand Higher Profits
- Small Presses Seek Specialized Audiences
- New Technologies Affect Production and Delivery
- Book Publishing Today Is a Competitive, Complex Business

“We’re finding that you really have to get your head around a paradigm shift. Our digital library is stored in the cloud, so you don’t have to come in to get a book.”

—LAURA COLE, SPECIAL PROJECTS COORDINATOR AT BIBLIOTEC, THE NATION’S FIRST
BOOKLESS PUBLIC LIBRARY, LOCATED IN SAN ANTONIO, TEXAS

“I’m not sure I can explain how to write a book,” said essayist and author E. B. White, who wrote 19 books, including the popular children’s book *Charlotte’s Web*. “First you have to want to write one very much. Then, you have to know of something that you want to write about. Then, you have to begin. And, once you have started, you have to keep going. That’s really all I know about how to write a book.”

The process of writing a book today is much more complex than White suggests, and every year in the United States publishers produce about 200,000 book titles. This number includes revised editions of previously published books, but the majority of the book titles published today are new.

Publishers Nurture Ideas and Try to Make a Profit

The publishing industry always has been tugged by what publishing scholars Lewis A. Coser, Charles Kadushin and Walter W. Powell call “the culture and commerce of publishing”—the desire to preserve the country’s intellectual ideas versus the desire to make money. But a publisher who doesn’t consistently make a profit cannot continue to publish books.

Coser and his colleagues describe the four characteristics of book publishing in America:

1. The industry sells its products—like any commodity—in a market that, in contrast to that for many other products, is fickle and often uncertain.

2. The industry is decentralized among a number of sectors whose operations bear little resemblance to each other.
3. A mixture of modern mass media production methods and craftlike procedures characterizes these operations.
4. The industry remains perilously poised between the requirements and restraints of commerce and the responsibilities and obligations that it must bear as a prime guardian of the symbolic culture of the nation.

Many new owners of publishing houses try to bring some predictability to the market. Says Coser, “Publishers attempt to reduce . . . uncertainty . . . through concentrating on ‘sure-fire’ blockbusters, through large-scale promotion campaigns or through control over distribution, as in the marketing of paperbacks. In the end, however, publishers rely on sales estimates that may be as unreliable as weather forecasts in Maine.”

How American Book Publishing Grew

Today, the book publishing industry divides responsibilities among many people. But when Americans first started publishing books, one person often did all the work.

Aboard the *Mayflower* in 1620, there were two dogs, 70 adults and only a few books, but the Pilgrims were very practical. They brought a map of Virginia, John Smith’s *Description of New England* and their Bibles.

TimeFrame

1620–Today

Book Publishing Becomes Big Business



AP Images/Sotheby's/Rex Features



Mark Mainz/Staff/Getty Images News/Getty Images



AP Images/Marcio Jose Sanchez

1620 Imported books arrive in the colonies on the *Mayflower*.

* **1640** America's first book, *The Bay Psalm Book*, is printed at Cambridge, Mass.

1731 Benjamin Franklin creates the first lending library.

1776 Thomas Paine publishes the revolutionary pamphlet *Common Sense*.

1891 Congress passes the International Copyright Law of 1891, which requires publishing houses to pay royalties to all authors.

1900 Elementary education becomes compulsory, which means increased literacy and more demand for textbooks.

1926 Book-of-the-Month Club is founded, increasing the audience for books.

1939 Robert de Graff introduces Pocket Books, America's first series of paperback books.

1948 New American Library begins publishing serious fiction by and about African Americans.

1960 Publishing houses begin to consolidate, concentrating power in a few large corporations.

* **1970s** Book marketing changes significantly with the growth of retail bookstore chains.

1980s Publishers begin producing audiobooks of popular titles.

1990s Amazon.com begins doing business as an Internet retailer for books.

2000 Publishers launch e-books, electronic versions of paper books.

2007 Amazon introduces the Kindle e-reader tablet.

2010 Apple introduces the iPad, making books available as instant downloads.

2011 Chain book retailer Borders files for bankruptcy and eventually shuts down.

2014 Apple introduces the iPad 2, which holds 1,000 e-books.

* **TODAY** Most books are sold through Internet retailers. Chain bookstores and independent booksellers are struggling, but the book publishing industry has been revitalized with the introduction of e-books, which have rapidly expanded the market beyond traditional printed books.

The first books in the United States were imports, brought by the new settlers or ordered from England after the settlers arrived. In 1638, the colonists set up a press at Cambridge, Mass., and in 1640 they printed America's first book: *The Bay Psalm Book* (see **Time-Frame**, p. 27, for a photograph of a rare copy of *The Bay Psalm Book*, officially titled *The Whole Book of Psalms*, which sold at auction in 2013 for \$14.2 million). As the only book available, *The Bay Psalm Book* became an instant best-seller. There were only about 3,500 families in the colonies at the time, and the book's first printing of 1,750 sold out.

By 1680, Boston had 17 booksellers, but most of the books still came from England. Between 1682 and 1685, Boston's leading bookseller, John Usher, bought 3,421 books to sell. Among the books he ordered were 162 romance novels.

In 1731, Benjamin Franklin decided that Philadelphia needed a library. So he asked 50 subscribers to pay 40 shillings each to a library company. The company imported 84 books, which circulated among the subscribers. This circulating library was America's first.

The year after he established the circulating library, Franklin published *Poor Richard's Almanack*. Unlike most printers, who waited for someone to come to them with a manuscript, Franklin wrote his own books. The typical author sought a patron to pay for the book's printing and then sold the book at the print shop where it was published.

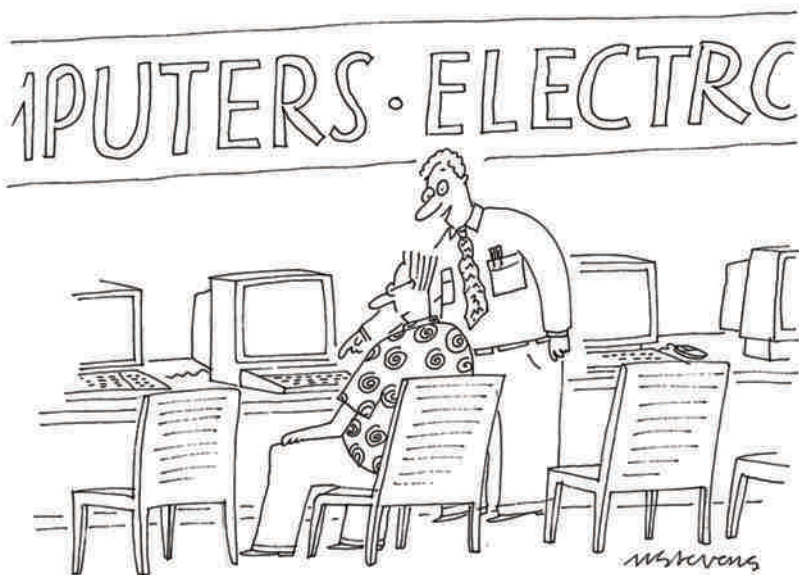
To expand readership, early publishers sold political pamphlets, novels, poetry and humor. In addition, three events of the 19th century ensured that the book publishing industry would prosper in the 20th century: the passage of the International Copyright Law, the creation of publishing houses and the establishment of compulsory education.

Political Pamphlets

The big seller of the 1700s was Thomas Paine's revolutionary pamphlet *Common Sense*, which argued for the colonies' independence from Great Britain. From January to March 1776, colonial presses published 100,000 copies of Paine's persuasive political argument—one copy for every 25 people in the colonies—a true best-seller. Throughout the Revolutionary War, Paine was America's best-read author.

Novels and Poetry

Political pamphlets became much less important once the new nation was established, and printers turned their



Mick Stevens/The New Yorker Collection/Caricature Bank.com

"Let's say you want to write an award-winning short story—you just push this key, here . . ."

attention to other popular reading, especially fiction. Historians credit Benjamin Franklin with selling *Pamela* by Samuel Richardson in 1744, the first novel published in the United States, although it was a British import that first had appeared in England in 1740.

Because there was no international copyright law, colonial printers freely reprinted British novels like *Pamela* and sold them. It was cheaper than publishing American authors, who could demand royalties. (See **"International Copyright Law of 1891,"** p. 29.)

Like other media industries, book publishing always has faced moral criticism. Novels, for example, didn't start out with a good reputation. One critic said the novel "pollutes the imaginations." Women wrote one-third of all the early American novels, and women also bought most of them.

Especially popular after the Civil War and before the turn of the century were dime novels, America's earliest paperbacks. Dime novels often featured serial characters, like many of today's mystery novels. The stories and characters continued from one novel to the next. Most of them cost only a nickel, but some early paperbacks were as expensive as 25 cents.

Poetry generally has been difficult to sell, and it is correspondingly difficult for poets to get published. Literary scholar James D. Hart says that although poetry was never as popular as prose, the mid-1800s was "the great era of poetry. . . . It was more widely read in those years than it has been since."

Humor

Humor has been a durable category in book publishing since the days of humorist Mark Twain. Made famous by

his short story “The Celebrated Jumping Frog of Calaveras County,” Twain became a one-man publishing enterprise. One reason his books sold well was that he was the first American author to recognize the importance of advance publicity. Like most books, Twain’s novels were sold door to door. Sales agents took advance orders before the books were published so the publisher could estimate how many to print. Before 1900, more than three-fourths of the popular books people bought were sold door to door.

International Copyright Law of 1891

Before 1891, publishers were legally required to pay royalties to American authors but not to foreign authors. This hurt American authors because books by American authors cost more to publish.

After the International Copyright Law of 1891, all authors—foreign and American—had to give permission for their works to be published. For the first time, American authors cost publishing houses the same amount as foreign authors. This motivated publishers to look for more American writers. In fact, after 1894, American writers published more novels in the United States than foreign writers did.

Publishing Houses

Many publishing houses that began in the late 18th century or during the 19th century continued into the 20th century. Nineteenth-century book publishing houses were just that—book publishing houses. They were nothing like today’s multimedia corporations.

These pioneering companies housed all aspects of publishing under one roof: They sought out authors, reviewed and edited copy, printed and then sold the books.

Compulsory Education

By 1900, 31 states had passed compulsory education laws. This was important to book publishing because schools buy textbooks, and education creates more children who can read. Expanded public support for education also meant more money for libraries—more good news for the publishing industry.

Cheaper Books Create a Mass Market

The first quarter of the 20th century enabled still more publishing houses, such as Simon & Schuster and McGraw-Hill, to meet the public’s needs. Publishers that specialized in paperbacks started in the 1930s and 1940s: Pocket Books (1939), Bantam Books (1946) and New American Library (1948). If you drop a product’s price drastically, sales can explode. That’s exactly what

happened to book publishing with the introduction of book clubs and paperbacks, beginning in the 1920s.

Book Clubs

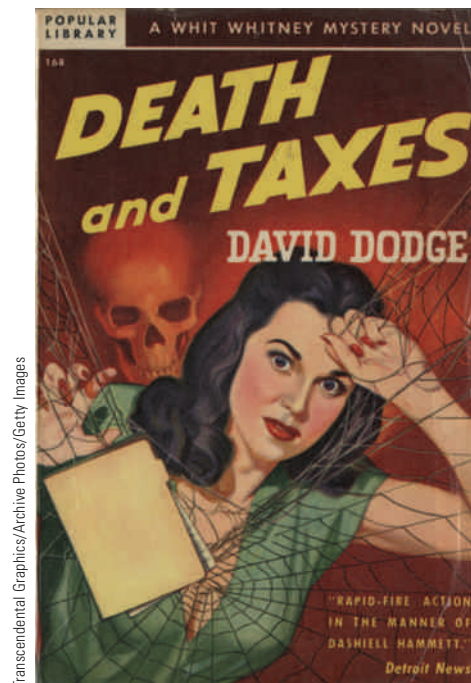
Book clubs replaced door-to-door salespeople as a way to reach readers who otherwise wouldn’t buy books. Book-of-the-Month Club was founded in 1926, and Literary Guild in 1927. By 1946, there were 50 book clubs in America, and the Book-of-the-Month Club was selling nearly 12 million copies a year.

Paperbacks

In 1939, Robert de Graff introduced America’s first series of paperback best-sellers, called Pocket Books, which issued titles that had already succeeded as hardbound books. They were inexpensive (25 cents), and they fit in a pocket or a purse. Suddenly, a book could reach millions of people who had never owned a book before. Paperbacks democratized reading in America.

The books were so small, however, that people at first thought paperback books were shortened versions of the originals. So publishers printed messages to readers on the cover to assure them that the paperbacks were the “complete novel, as originally published” or “complete and unabridged.”

More publishers joined Pocket Books to produce paperbacks: New American Library (NAL), Avon, Popular Library, Signet and Dell. NAL distinguished itself by being the first mass-market publisher willing to issue



When publishers first issued paperbacks in the 1930s, consumers thought the smaller books were abridged versions of the originals. So publishers often printed messages on the covers of paperbacks like *Death and Taxes* to assure readers that the books were “complete and unabridged.”

serious books by and about African Americans—Richard Wright’s *Native Son*, Lillian Smith’s *Strange Fruit* and Ralph Ellison’s *Invisible Man*. Signet’s unexpected hit in the 1950s was J. D. Salinger’s novel *Catcher in the Rye*, still popular today.

Grove Press Tests Censorship

Book publishers always have resisted any attempts by the government to limit freedom of expression. One of the first publishers to test those limits was Grove Press. In 1959, Grove published the sexually explicit *Lady Chatterley’s Lover* by D. H. Lawrence (originally published in Italy in 1928); in 1961, the company published *Tropic of Cancer* by Henry Miller (originally published in Paris in 1934). Both books had been banned from the United States as obscene. The legal fees to defend Miller’s book against charges of pornography cost Grove more than \$250,000, but eventually the U.S. Supreme Court cleared the book in 1964.

The publisher again challenged conventional publishing in 1965, when it issued in hardback the controversial *Autobiography of Malcolm X*, the story of the leader of the African American nationalist movement, by Alex Haley, as told by Malcolm X. The book became a best-seller.

Investors Buy Up Publishing Companies

Forecasts for growing profits in book publishing in the 1960s made the industry attractive to corporations looking for new places to invest. Before the 1960s, the book publishing industry was composed mainly of independent companies whose only business was books. Then, rising school and college attendance from the post-World War II baby boom made some areas of publishing, especially textbooks, lucrative investments for media companies that had not published books before.

Beginning in the 1960s, publishing companies began to consolidate. Publishing expert John P. Dessauer says, “Publishing stocks, particularly those of educational companies, became glamour holdings. And conglomerates began to woo every independent publisher whose future promised to throw off even a modest share of the forecast earnings.” Dessauer acknowledges that the new owners often brought a businesslike approach to an industry that was known for its lack of attention to making a profit.

But, according to Dessauer, another consequence of these large-scale acquisitions was that “in many cases they also placed the power of ultimate decision and policymaking in the hands of people unfamiliar with books, their peculiarities and the markets.” The same pace of acquisitions continued through the end of the 20th century, and

today large media corporations own most of the major book publishing companies. (See **Illustration 2.1**, p. 32.)

In 2012, publishing companies Random House and Penguin merged into a new company called Penguin Random House, which became the fifth-largest book publishing company in the world, based in Germany. With the merger, Penguin Random House controls a 13 percent share of the global book market.

“Publishers are increasingly worried about the leverage wielded by Internet giants like Google, Apple and, especially, Amazon,” reports *The New York Times*. “These companies have vast resources to invest in new technology, like digital sales platforms, and the size to let them negotiate better terms on prices.” (See **Impact/Convergence**, “E-Book Restrictions Leave ‘Buyers’ with Few Rights,” p. 31.)

Book Publishing at Work

When authors get together, often they tell stories about mistakes publishers have made—manuscripts that 100 publishers turned down that some bright-eyed editor eventually discovered and published. The books, of course, then become best-sellers. Some of the stories are true. But the best publishing decisions are made deliberately, to deliver an awaited book to an eager market. Successful publishing companies must consistently anticipate both their competitors and consumers.

Once books are written, they also must be printed, promoted and distributed in print and digital formats. This traditional publishing process takes at least a year from the time a project is signed by an editor until the book is published, so publishers are always working ahead. The classic publisher’s question is, “Will someone pay \$25 (or whatever the projected price of the book is) for this book 12 months after I sign the author?”

Books Begin with Authors and Agents

Publishers acquire books in many ways. Some authors submit manuscripts “over the transom,” which means they send an unsolicited manuscript to a publishing house, hoping the publisher will be interested. However, most of the nation’s larger publishers refuse to read unsolicited manuscripts and accept only books that agents submit.

Publishers pay authors a **royalty** for their work. A royalty amount is based on an established percentage of the

Royalty An amount the publisher pays an author, based on an established percentage of the book’s price; royalties run anywhere from 6 to 15 percent.

IMPACT

Convergence

E-Book Restrictions Leave “Buyers” with Few Rights*By Michael Hiltzik*

There’s a crass old joke about how you can never buy beer, just rent it. Who would think that the same joke applies to book buying in the digital age?

But that’s the case. Many people who’ll be unwrapping iPads, Amazon Kindles or Barnes & Noble (B&N) Nooks on [Christmas] morning and loading them with bestsellers or classics won’t have any idea how limited their rights are as their books’ “owners.”

In fact, they won’t be owners at all. They’ll be licensees. Unlike the owners of a physical tome, they won’t have the unlimited right to lend an e-book, give it away, resell it or leave it to their heirs. If it’s bought for their iPad, they won’t be able to read it on their Kindle. And if Amazon or the other sellers don’t like what they’ve done with it, they can take it back, without warning.

All these restrictions “raise obvious questions about what ‘ownership’ is,” observes Dan Gillmor, an expert on digital media at Arizona State University. “The companies that license stuff digitally have made it clear that you own nothing.”

Typically, e-book buyers have no idea about these complexities. How could they? The rules and limitations are embodied in “terms of service” documents that Amazon, Apple, B&N and other sellers shroud in legalese and bury deep in their Web



Matthew Horwood/Getty Images News/Getty Images

E-books are a growing market for publishers, making books electronically available on mobile tablets such as the iPad and the Kindle. But consumers don’t own an e-book like they own a physical book. Instead, publishers license consumers to use an e-book, and the publisher retains the rights to the book.

sites. That tells you how little they want you to know.

The rules are based, in turn, on the 1998 Digital Millennium Copyright Act, with which Congress hoped to balance the rights of copyright holders and content users.

Both camps have important rights to protect. Let’s start with copyright owners.

In the non-digital world, copyright ends with the first sale of each copyrighted object. Under the “first sale” doctrine, once you buy a book, that physical book is yours to lend, give away, or resell.

In digital-dom, however, technology allows infinite copies to be made, with no loss of quality. Absent the usual restrictions, one could give away an e-book and still have it to read. Unrestricted transferability becomes a genuine threat to the livelihood of authors, artists, filmmakers, musicians.

So some limitation is sensible. The question is whether the balance has tipped too far in favor of the booksellers, at the consumers’ expense. The answer is yes.

It should be a top priority for Congress to clear out the murk. The guiding principle must be that an e-book owner’s rights and responsibilities parallel those of a book owner, and the same must go for authors, publishers and booksellers. Clarify these rules of e-book commerce, and the book market will reap the benefit. The power of electronic booksellers over publishers might be reduced, and consumers would know what they were buying—and would own what they bought. Leave the rules as vague as they are, and the victims will be authors, consumers and publishers.

Michael Hiltzik, “E-Book Restrictions Leave ‘Buyers’ with Few Rights,” *latimes.com*, December 22, 2012.

IMPACT

Money

ILLUSTRATION 2.1

Book Publishing's Six Global Giants

Book publishing is an international business, and only one of the six leading companies (Reed Elsevier) has a corporate presence in the United States. The other five companies are based in Europe.

"The World's 56 Largest Book Publishers," June 27, 2014, publishersweekly.com.



book's price and may run anywhere from 6 to 15 percent of the cover price of the book. Some authors receive an **advance**, which is an amount the publisher pays the author before the book is published. Royalties the book earns once it is in print are charged against the advance payment, so the book first must sell enough copies to pay off the advance before the author gets additional money.

Agents who represent authors collect fees from the authors they represent. Typically, an agent's fee is 15 percent of the author's royalty. If a publisher prices a book at \$25, for example, the author receives a maximum of \$3.75 per book, depending on the author's agreement with the publisher; the agent then receives 56 cents of the author's \$3.75, depending on the agent's agreement with the author.

How Do Books Get Published?

In most cases, books start with the *author*, who proposes a book to an acquisitions editor, usually with an outline and some sample chapters. Often an agent negotiates the contract for the book, but some authors negotiate their own contracts. Today the author is only one part of publishing a book. Departments at the publishing house called *acquisitions*, *media*, *design*, *production*, *manufacturing*, *marketing* and *fulfillment* all participate in the process. At a small publishing house, these jobs are divided among editors who are responsible for all the steps.

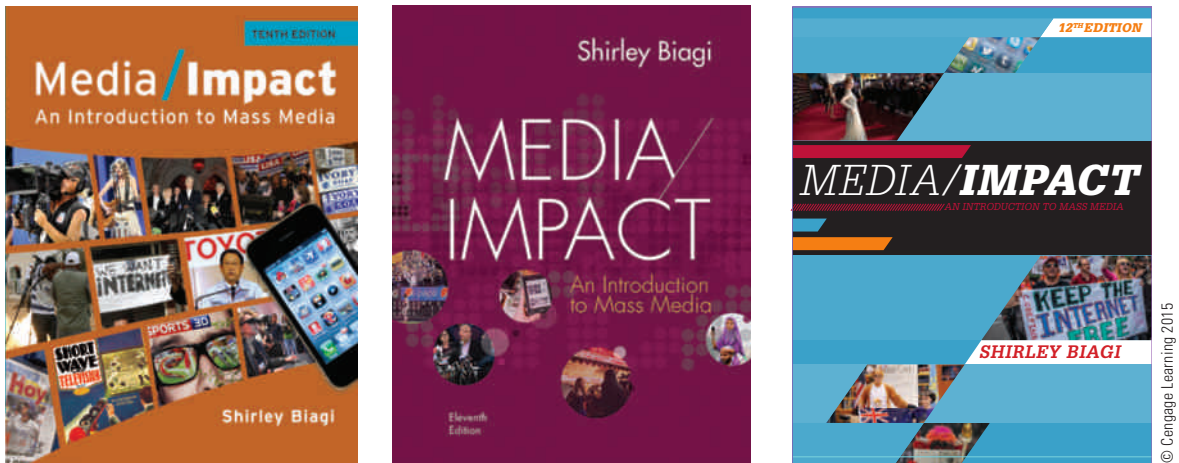
The *acquisitions editor* looks for potential authors and projects and works out an agreement with the author. The acquisitions editor's most important role is to be a liaison among the author, the publishing company and the book's audience. Acquisitions editors also may represent the company at book auctions and negotiate sales of **subsidiary rights**, which are the rights to market a book for other uses—to make a movie, for example, or to use the image of a character in the book on a toy.

The *media editor* works with the author to create digital materials to enhance the book. This could be simply an e-book version of the printed book or any other type of multimedia (such as archival photographs, slide shows or video). For textbooks, this might mean a Web site where students can take sample tests and download chapter outlines and instructors can access videos and exercises to use in the classroom.

The *designer* decides what a book will look like, inside and out. The designer chooses typefaces for the book,

Advance An amount the publisher pays the author before the book is published.

Subsidiary Rights The rights to market a book for other uses—to make a movie or to print a character from the book on T-shirts, for example.



Book designers use digital technology to help them create the way a book looks inside and out. The cover is a vital part of the book's design. These covers for *Media/Impact's* 10th, 11th and 12th editions (left to right) show how the design has evolved since 2010.

determines how the pictures, boxes and headings will look, and decides where to use color. The designer also creates a concept—often more than one—for the book's cover. Designers also must help with the format for the e-book version of a text, which is different from the printed version.

The *production editor* manages all the steps that turn a manuscript into a book. After the manuscript comes in, the production editor sets up a schedule and makes sure that all the production work gets done on time.

The *manufacturing supervisor* buys the typesetting, paper and printing for the book. The book is sent outside the publishing company to be manufactured.

Marketing, an essential part of selling a book, is handled by several departments. *Advertising* designs ads for the book. *Promotion* sends the book to reviewers. Sales representatives visit bookstores and college campuses to tell book buyers and, in the case of textbooks, potential adopters about the book.

Fulfillment makes sure that the books get to the bookstores on time. This department watches inventory so that if the publisher's stock gets low, the publisher can order more books printed.

The Book Industry Has Three Major Markets

Today, adult and juvenile trade books account for almost half of the books people buy, and textbooks make up more than a third of all books sold. The number of new books and new editions has stabilized, but publishers are charging more for each book. Today, paperbacks and hardbacks cost about three times what they cost 30 years ago, while e-books typically cost less than hardback editions of new books but more than paperback editions.

Books fall into three major categories: adult and juvenile trade books, textbooks, and professional and scholarly books. Originally, many publishing houses were classified based on the type of publisher that produced the books. A textbook publisher produced only textbooks, for example. Today, one publishing house often produces several kinds of books—trade books and textbooks, for example—organized as separate divisions of the same company. (See **Illustration 2.2**, p. 34.)

Adult and Juvenile Trade Books

Usually sold through bookstores and to libraries, trade books are designed for the general public. These books include hardbound books and paperback books for adults and children. Typical trade books include hardcover fiction, current nonfiction, biography, literary classics, cookbooks, travel books, art books and books on sports, music, poetry and drama. Many college classes use trade books as well as textbooks.

Juvenile trade books can be anything from picture books for children who can't read yet to novels for young adults. Included under trade books are mass-market paperbacks, such as detective series or romance novels. Many are reprints of hardcover books; others are only published as mass-market paperbacks.

Textbooks

Textbooks are published for elementary and secondary school students (called the “el-hi” market) as well as for college students. Most college texts are paid for by the students but are chosen by their professors.

Very little difference exists between some college texts and some trade books. Often the only real difference is that textbooks include what publishers call *apparatus*—for example, test questions and chapter summaries with

IMPACT

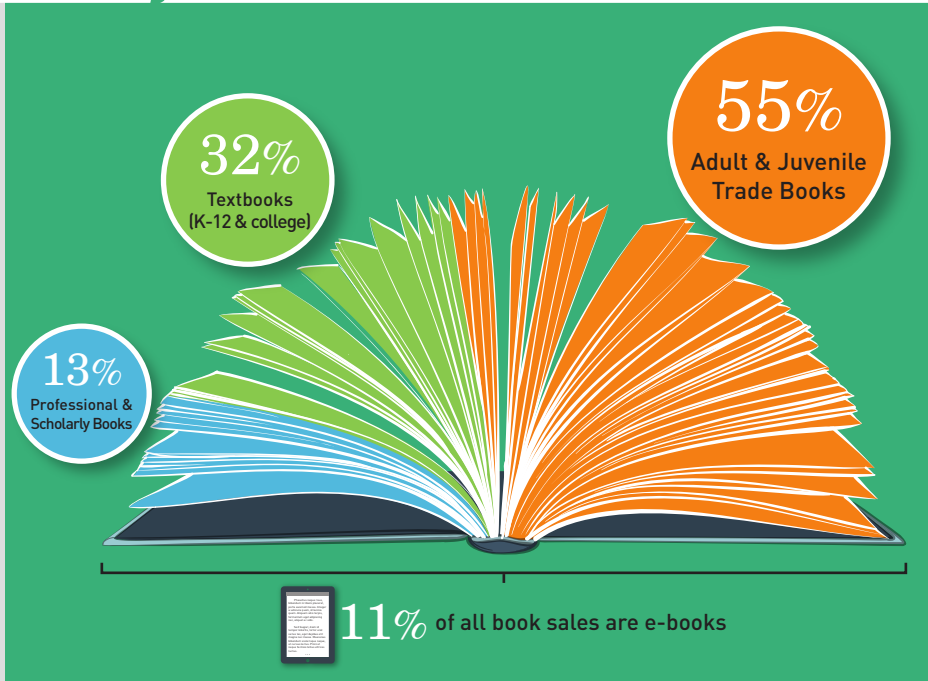
Money

ILLUSTRATION 2.2

How Do Book Publishers Make Their Money?

Most of the books people buy are adult and juvenile fiction and nonfiction trade books, but textbooks (kindergarten through 12th grade and college) account for a substantial percentage of the book market. Today, e-books account for 11 percent of the overall market.

"Book sales dipped in 2013," June 24, 2014, publishersweekly.com.



extra assignments. A book that is used mainly in grammar school, high school or college classrooms, for example, with apparatus, is called a textbook.

Professional and Scholarly Books

University presses publish a small number of scholarly books every year and are defined solely by who publishes them: A university press book is one that a university publishes. Most university presses are nonprofit and are connected to a university, museum or research institution. These presses produce mainly scholarly materials in hardcover and softcover. Most scholarly books are sold through direct mail and in college bookstores.

Professional books are designed for a specific profession. Often these are reference books, such as an auto-repair manual or an encyclopedia of veterinary terms.

Audiobooks and E-books Multiply the Audience**Audiobooks**

Since they were first introduced in the 1980s, **audiobooks** have been a small sales category for book publishers, aimed at people who would rather listen to a book than read it. Audiobooks can be abridged or complete versions of the originals.

Initially, book publishers produced literary classics and popular audiobooks on CDs, but now most audiobooks are sold as Internet downloads. Digital formats mean that consumers can download audiobooks from the Internet to be played on any device designed to play the files. The availability of audiobooks on mobile devices has revived interest in audiobooks because they are available so easily.

Electronic Books

Always looking for more income from the content they own, book publishers today are producing some books only as electronic books (**e-books**) as well as e-book versions of printed books. E-books can be downloaded and then read on an electronic tablet or even a mobile phone.

The introduction of e-books is a promising way for publishers to expand the market for their products. With the introduction of e-readers such as the Amazon Kindle and Apple iPad, e-books have become very popular. E-books now account for 11 percent of all book sales in the U.S.

According to Adobe software developer Russell Brady, "Two audiences that will benefit best are young people

Audiobooks Abridged or complete versions of classic books and popular new titles available on CDs and as Internet downloads.

E-books Electronic books.

IMPACT

Convergence

The First Bookless Library: BiblioTech Offers Only E-books*By Julianne Pepitone, CNN*

BiblioTech is a new library in Texas, but you'd be forgiven for thinking otherwise. The library houses no physical books.

Staffers at San Antonio's BiblioTech say it's the first "bookless library." And in addition to its catalog of 10,000 e-books, this techy library also provides a digital lifeline to a low-income neighborhood that sorely needs it.

BiblioTech opened its doors Sept. 14, [2013] on the south side of San Antonio, a mostly Hispanic neighborhood where 40% of households don't have a computer and half lack broadband Internet service.

Although the library houses no printed books—and members can even skip the visit by checking out its e-books online—BiblioTech's staff says the library's physical presence is still key to its success.

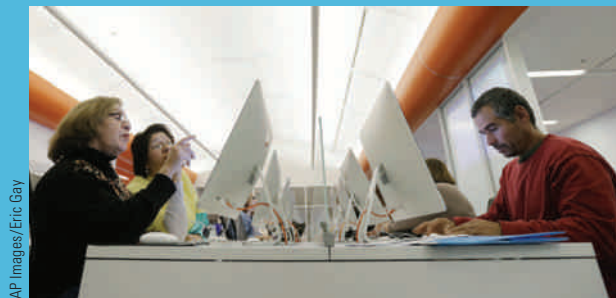
"We're finding that you really have to get your head around a paradigm shift," said Laura Cole, BiblioTech's special projects coordinator. "Our digital library is stored in the cloud, so you don't have to come in to get a book. But we're a traditional library in that the building itself is an important community space."

That 4,800-square-foot space looks more like an Apple Store or a Google breakroom than a library. It's decked out with funky orange walls, a colorful play area for children complete with plush seats and glowing



AP Images/Eric Gay

A computer screen displays books available at BiblioTech, the nation's first all-digital public library in San Antonio, Texas.



AP Images/Eric Gay

Caroline Ramirez (left) and Sam Martinez use computers at the library to access digital materials, which are also available to library patrons online.

screens, plus loads of devices available for in-library use—45 Apple iPads, 40 laptops and 48 desktop computers.

Members checking out one of the 10,000 e-books—provided through 3M's Cloud Library service—can borrow one of 600 stripped-down e-readers or 200 "enhanced" readers for children. Audiobooks and educational software are also available.

BiblioTech's efforts have attracted 7,000 members so far, and staffers relish sharing anecdotes about the people who walk through their doors.

Cole relayed a story about a young family's recent visit, during which the twentysomething father revealed that the regular e-readers were of no use to him; he couldn't read.

"One of our staff offered him a children's reader, which is enhanced with activities that help learn to read," Cole said. "He started

shaking, and his wife couldn't stop crying. It was a really profound experience for him. And this is why we worked to start something like BiblioTech."

The genesis of the idea came from Bexar County Judge Nelson Wolff, a self-described book fiend who felt libraries aren't evolving with technology. Wolff gathered about a half-dozen county employees, including Cole, to brainstorm ideas for a library that helped an underserved neighborhood in a truly modern way. Last October, the group began researching to find other libraries that had gone completely digital—but they couldn't find any.

"Not all libraries are going to be like us, and we understand that," Wolff said. "But we sure do hope it's going to drive them to do more to evolve. The world is changing, and libraries can't stay the same. Not if they want to stay relevant."

Julianne Pepitone, "The First Bookless Library: BiblioTech Offers Only E-books," CNNMoney (New York), October 8, 2013, cnn.com.

who loathe the idea of a library . . . and aging people who want the convenience of large type on demand, or freedom from lugging heavy hardcover tomes. We think that in the long term, e-book technology has a great future.” (See **Impact/Convergence**, “The First Bookless Library: BiblioTech Offers Only E-books,” p. 35.)

Most publishers now believe e-books are the only way the book publishing business can expand, so they’re willing to absorb the huge costs of digital delivery and grapple with new copyright issues about who owns an e-book once it’s downloaded.

Corporations Demand Higher Profits

Consolidation means the giants in today’s publishing industry are demanding increasingly higher profits. The companies look for extra income in three ways: subsidiary and international rights, blockbuster books and chain and Internet marketing.

Subsidiary and International Rights

Publishers are especially interested in, and will pay more to acquire, books with the potential for subsidiary and international rights sales. The rights to make a video game or a movie version of a book, for example, are subsidiary rights.

In the 19th century, the number of copies of books that individual readers bought determined a book’s profit. Today, profits also come from the sale of subsidiary rights to movie companies, book clubs, foreign publishers, paperback reprint houses, video game makers and e-book publishers. The same rights govern whether a character

in a book becomes a star on the front of a T-shirt or a video game or an e-book. For some publishing houses, subsidiary and international rights sales make the difference between making a profit and going out of business.

Blockbusters

Selling a lot of copies of one book is easier and cheaper than selling a few copies of many books. This is the concept behind publishers’ eager search for **blockbuster** books. Publishers are attracted to best-selling authors because usually they are easy to market. Brand loyalty draws loyal readers to buy every book by a favorite author, so publishers can capitalize on an author’s media visibility, which can help sell their books.

Following are some amounts that publishers recently paid for potential blockbusters:

- ▶ Little, Brown & Company reportedly signed a \$5 million deal with TV comedian Tina Fey for a book called *Bossypants*, which was published in 2013 as a printed book and a Kindle e-book.
- ▶ In 2012, the 26-year-old writer and star of the HBO series *Girls*, Lena Dunham, received an advance of more than \$3.5 million for an essay collection called *Not That Kind of Girl: A Young Woman Tells You What She’s “Learned.”*
- ▶ In December 2010, WikiLeaks founder Julian Assange received a \$1.3 million advance for American and British rights to publish his memoirs.

Only the big publishing houses can afford such a bidding game. Some publishers have even developed computer models to suggest how high to bid for a book and still make a profit, but these high-priced properties still are a very small part of book publishing. The majority of editors and writers rarely get involved in an argument over seven-figure advances. Most authors would be pleased to see five-figure advances in a contract.

Many critics believe that what has been called a **blockbuster complex** among publishing houses hurts authors who aren’t included in the bidding. One Harper & Row editor told *The Wall Street Journal* that seven-figure advances “divert money away from authors who really need it and center attention on commercial books instead of less commercial books that may nonetheless be better. God help poetry or criticism.”



Justin Sullivan/staff/Getty Images News/Getty Images

Publishers try to capitalize on an author’s media visibility, which helps sell their books. U.S. Supreme Court Associate Justice Sonia Sotomayor signs copies of her book *My Beloved World* on January 28, 2013, during a promotional tour in San Francisco.

Blockbuster A book that achieves outstanding financial success.

Chain Bookstores and Internet Retailers Compete

The most significant changes in book marketing in the past 40 years have been the growth of bookstore chains and the subsequent competition from Internet retailer Amazon.

Until 2010, the big chains, such as Borders and Barnes & Noble, accounted for more than half the bookstore sales of trade books. They brought mass-marketing techniques to the book industry, offering book buyers an environment that was less like the traditional cozy atmosphere of an independent bookstore and more like a department store.

“Blockbusters are going to be published anyway, but with a marginal book, like a volume of poetry, a chain’s decision about whether to order it can sometimes determine whether the book is published,” said Joan M. Ripley, a former president of the American Booksellers Association.

But in 2010, Barnes & Noble reported declining sales at its retail outlets, and in 2011 Borders filed for bankruptcy protection. Eventually all the Borders bookstores closed, leaving Barnes & Noble as the only U.S. chain bookstore. The reason? Internet booksellers, primarily Amazon, are rapidly stealing business from Barnes & Noble and independent booksellers.

Amazon has become a major factor in bookselling because the Internet retailer can buy in huge volume. The company buys books primarily from publishers that give it big discounts, so it can sell most books cheaper and carry a bigger inventory than retail bookstores. Even books that are published by smaller publishing houses can today easily reach online buyers through Amazon. For blockbusters and specialty books alike, the Internet retailer is an essential outlet.

Amazon also has been buying up smaller publishing companies to add titles to its Kindle book collection. In June 2012, Amazon bought Avalon Books, which publishes romances and mysteries. Books that are issued in a series and that are often read quickly—such as romances and mysteries—have been among the most popular titles on Kindle tablets.

Like the resistance to book clubs when they first were introduced, the skepticism among book publishers about chain bookstores, Internet retailers and e-books has changed into an understanding that these outlets can expand the market to people who didn’t buy many books before. But the competitive pricing and the power over content that Internet retailers bring emphasizes what can happen when a few companies control the distribution of an industry’s products, as they do in book publishing.

Small Presses Seek Specialized Audiences

The nation’s large publishing houses (those with 100 or more employees) publish most of the books sold each year, but some of the nation’s publishers are small operations with fewer than ten employees. These publishers are called *small presses*, and they counterbalance the corporate world of large advances and multimedia subsidiary rights.

Small presses do not have the budgets of the large houses, but their size means they can specialize in specific topics, such as the environment or bicycling, or in specific types of writing that are unattractive to large publishers, such as poetry.

Small presses are, by definition, alternative. Many of them are clustered in locations outside of the New York City orbit, such as Santa Fe, N. M., and Berkeley, Calif. Specialization and targeted marketing are the most important elements of small press success. However, because they have limited distribution capabilities, and because most of them don’t have the money to invest in e-book production, many small presses today struggle to survive.

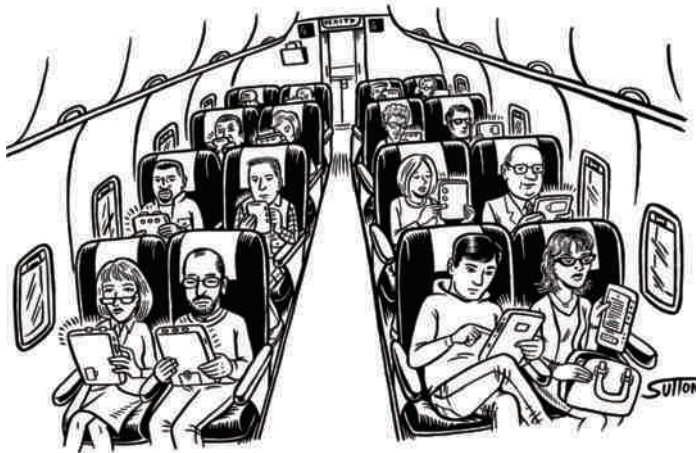
New Technologies Affect Production and Delivery

Technology is a major factor in all aspects of book publishing. Because books cost so much to publish, advances in technology can lower the cost of producing printed books, which benefits the industry. But the investment required to publish e-books has crowded out many smaller publishers that can’t afford the new technology.



Courtesy of Shirley Biagi

Internet book retailers such as Amazon, which offers lower prices and a larger inventory, threaten small booksellers like Book Passage, located in San Francisco’s Ferry Building.



"In preparation for landing, please turn off your books."

Ward Sutton/The New Yorker Collection/Cartoon Bank.com

Technological advances in the last 40 years have led to seven important changes in the way books are produced, distributed and promoted:

1. Because computers monitor inventories more closely, publishers can easily order new printings of books that are selling quickly so booksellers can keep the books in stock.
2. Book publishing is an on-screen industry. Publishers now receive most manuscripts from authors electronically via the Internet. Editors then send the books into production online. This means books can be formatted and printed anywhere, often overseas.
3. Electronic graphics make books more interesting, and many book publishers are using online content to produce expanded versions of traditional books and to add materials that enhance a book's marketability.
4. Publishers are using Web sites and social media to promote their books and to advertise blockbusters.
5. Large publishers are continuing to consolidate, and the number of small publishers is decreasing.
6. Many aspects of the publishing process, such as copyediting, photo research and design, are contracted to freelancers who work outside the publishing house. Because publishing can be done online, book projects can be managed from any location. This means that publishers have fewer in-house employees today and much of the work is contracted and sent overseas.
7. To expand the market for books, publishers are exploring all aspects of digital delivery for e-books so that books can be made available on all mobile devices as well as in printed form.

Book Publishing Today Is a Competitive, Complex Business

Because book publishing has been part of America's culture for so long, the contrast between its simple beginnings and its complicated future is especially striking. On August 2, 2010, book retailer Amazon.com announced that, for the first time, the company had sold more e-books in the previous three months than hardcover printed books—143 Kindle books for every 100 hardcovers.

In 2013, publishers sold 457 million e-books, according to the Association of American Publishers. Today e-books are even more portable than five years ago—an electronic tablet can hold 1,000 digital books in a space 9 inches square and 1/2 inch deep—smaller than a single copy of one hardback book. The accessibility of e-books—their storage size and reduced cost—makes schools and libraries a huge potential market.



Universal Images Group/Getty Images

An electronic tablet can store more than 1,000 books in a space 9 inches square and less than 1/2 inch deep. Elementary and high schools, as well as libraries, offer a huge potential market for e-books. In Wellsville, New York, a student works on an iPad alongside his traditional textbook.

“The real competition [at Amazon.com] is not . . . between the hardcover book and the e-book,” Amazon executive Russ Grandinetti told *The New Yorker* magazine. “TV, movies, Web browsing, video games are all competing for people’s valuable time. And if the book doesn’t compete we think that over time the industry will suffer.”

Book publishing, which had simple beginnings in America that still evoke romantic ideas about the way books were individually produced and sold, today has become a highly competitive, corporate media industry driven by digital delivery.

REVIEW, ANALYZE, INVESTIGATE

CHAPTER 2

Publishers Nurture Ideas and Try to Make a Profit

- U.S. book publishers produce about 200,000 book titles every year.
- Publishers have always been torn between the goal of preserving the country’s intellectual ideas and the need to make money.
- Publishing houses try to limit uncertainty by publishing blockbusters and by spending money on promotional campaigns.

How American Book Publishing Grew

- Early publishers widened their audience by publishing political pamphlets, novels, poetry and humor.
- The International Copyright Law of 1891 expanded royalty protection to foreign writers, which also benefited American authors.
- The creation of publishing houses in the 19th and early 20th centuries centralized the process of producing books.
- The adoption of compulsory education throughout the U.S. was important for book publishing because schools buy textbooks, and education creates more people who can read.

Cheaper Books Create a Mass Market

- Beginning in the 1920s, publishers dropped prices and introduced book clubs and paperbacks.
- Early book clubs, such as Book-of-the-Month, expanded the market for books and widened the audience.
- The introduction of paperbacks that sold for as little as 25 cents meant that books could reach people who had never owned a book before.

Grove Press Tests Censorship

- Grove Press challenged book censorship by publishing *Lady Chatterley’s Lover* in 1959 and *Tropic of Cancer* in 1961. Both books had been banned in the U.S. as obscene.
- The publication by Grove Press of *The Autobiography of Malcolm X* in 1965 was another challenge to censorship. The book became a best-seller.

Investors Buy Up Publishing Companies

- Before the 1960s, the book publishing industry was composed mainly of independent companies whose only business was books.
- Publishing company consolidation began in the 1960s, and this pattern of consolidation continues today.
- In 2012, Random House and Penguin merged into a new company called Penguin Random House, which became the fifth-largest book publisher in the world.

Book Publishing at Work

- Successful publishers consistently anticipate both their competitors and the market.
- The process of publishing a book usually takes at least 12 months from the time an author is signed until the book is published.

Books Begin with Authors and Agents

- Publishers acquire books in many ways. Some authors submit unsolicited manuscripts, hoping the publisher will be interested. However, many publishers refuse to read unsolicited manuscripts and accept only books that agents submit.
- Publishers pay authors a royalty for their work.
- Agents who represent authors collect fees from the authors they represent.

How Do Books Get Published?

- Book publishing requires an author, an acquisitions editor, a media editor, a designer, a production editor, a manufacturing supervisor, a marketing department and a fulfillment department.
- Small presses often operate with as few as ten employees.

The Book Industry Has Three Major Markets

- Books fall into three major categories: adult and juvenile trade books, textbooks and professional and scholarly books.
- Textbooks account for about one-third of book publishing income.

Audiobooks and E-books Multiply the Audience

- Audiobooks allow consumers to download and purchase book files on the Internet and listen to books on a mobile device.
- Electronic books (e-books) offer digital copies of thousands of titles instantly on an electronic tablet or even a mobile phone.
- The nation's first all-digital public library, called BiblioTech, opened in San Antonio, Texas, in 2013.

Corporations Demand Higher Profits

- Publishers are especially interested in books with subsidiary and international rights potential.
- To reduce their risks, many publishers look for blockbuster books (and best-selling authors) that they can sell through large-scale promotion campaigns.
- A chain bookstore, such as Barnes & Noble, and Internet retailers, such as Amazon, are big factors in book marketing.
- Barnes & Noble and Amazon can buy in huge volume, and often they buy books only from publishers that give them big discounts.
- Internet retailing has expanded the book market and has introduced competitive pricing.
- In 2011 Borders filed for bankruptcy protection and eventually all the Borders bookstores closed.
- In June 2012, Amazon bought Avalon Books, which publishes romances and mysteries.
- Books that are issued in a series and that are often read quickly—such as romances and mysteries—are

among the most popular titles on Amazon's Kindle readers.

Small Presses Seek Specialized Audiences

- Small presses are, by definition, alternative.
- Many small presses exist outside the New York City orbit.
- Specialization and targeted marketing are important elements of small press success.
- Because they have limited distribution capabilities and don't have the money to invest in e-books, most small presses today are struggling to survive.

New Technologies Affect Production and Delivery

- Computers monitor inventories more closely.
- Publishers now receive and process manuscripts electronically via the Internet.
- Many aspects of the publishing process, such as copyediting and photo research, are contracted to freelancers who work outside the publishing house, including overseas.
- Electronic graphics make books more interesting to look at, and many book publishers use Web sites to promote books and enhance the content.
- Large publishers are continuing to consolidate, and the number of small publishers is decreasing.
- To try to maintain and expand the market for books, publishers are exploring all aspects of electronic delivery for e-books so that books can be made available on all mobile devices as well as in printed form.

Book Publishing Today Is a Competitive, Complex Business

- On August 2, 2010, book retailer Amazon.com announced that, for the previous three months, the company had sold more e-books than hardcover printed books—143 Kindle books for every 100 hardcover books.
- In 2013, publishers sold 457 million e-books.
- Book publishing, which had simple beginnings in America that still evoke romantic ideas about the way books were produced and sold, today has become a highly competitive, corporate media industry driven by digital delivery.

Key Terms

These terms are defined in the margins throughout this chapter and appear in alphabetical order with definitions in the Glossary, which begins on page 361.

Advance **32**

Audiobooks **34**

Blockbuster **36**

E-books **34**

Royalty **30**

Subsidiary Rights **32**

Critical Questions

1. Why was passage of the International Copyright Law of 1891 so important to American authors?
2. List five ways the economics of book publishing changed from Benjamin Franklin's day to today.
3. Will e-books totally replace print books? Why or why not?
4. Why are textbooks so important to the publishing industry?
5. What is the biggest challenge facing the book publishing industry today?

Working the Web

This list includes sites mentioned in the chapter and others to give you greater insight into the business of book publishing.

Amazon

amazon.com

Since this pioneer Internet bookseller started in 1995, Amazon has expanded its e-commerce offerings to include a wide variety of products in multiple categories, including movies, music and games, digital downloads and even groceries. Amazon.com operates sites internationally, including the United Kingdom, France, Japan, China, Canada and Germany.

American Booksellers Association (ABA)

bookweb.org

This national nonprofit trade association for independent booksellers exists to protect and promote the interests of its members—large and small independently owned bookstores. The ABA provides “advocacy, education, opportunities for peer interaction, support services and new business models.” Its IndieBound program (evolved from Book Sense, *indiebound.org*) is a national marketing program to raise consumer awareness of the value of independent bookstores.

American Booksellers Foundation for Free Expression (ABFFE)

bookweb.org/abfe

Founded by the American Booksellers Association in 1990, ABFFE is “the bookseller’s voice in the fight against censorship.” The foundation opposes book banning and other restrictions on free speech, participates in legal cases about First Amendment rights and provides education on the importance of free expression to the public, press and public officials.

Association of American Publishers

publishers.org

This organization deals with broad issues concerning publishers, as well as specific concerns in particular industry segments. The organization follows and lobbies on behalf of publishers on issues including intellectual property rights; new technology; First Amendment rights, censorship and

libel; funding for education and libraries; postal rates and regulations; and international copyright enforcement.

Barnes & Noble

barnesandnoble.com

Barnes & Noble uses mass-marketing techniques to sell books, DVDs, music and other merchandise. Barnesandnoble.com says it has 1 million titles available for immediate delivery, including used and out-of-print titles. The Web site features include online book clubs, B&N Review and B&N Studio, a video library with hundreds of webcasts where viewers can learn more about authors, musical artists and other book lovers.

Biblio

biblio.com

Biblio is an online marketplace for used, rare and out-of-print books and textbooks. The booksellers are located around the world, and the list of links to specialists is comprehensive (use the Bookstores tab and go to the Find Specialists link). Users can search 50 million used and rare books, browse by subject or author or browse collectible and rare books by featured category.

BookFinder

bookfinder.com

BookFinder.com is an e-commerce search engine for new, used, rare and out-of-print books and textbooks. It searches all the major online catalogs (such as Amazon.com and Barnes & Noble) and independent sources. Searches can be conducted in English, French, Dutch, Spanish, German and Italian. BookFinder’s global network of book search engines includes JustBooks.de (Germany), JustBooks.co.uk (Britain) and JustBooks.fr (France).

IndieBound

indiebound.org

Evolved from the ABA’s Book Sense program, IndieBound “rallies passionate readers around a celebration of independent stores and independent thinking.” Independently owned ABA member bookstores are automatically part of the program and are encouraged to use the logos, spirit lines, posters, buttons, T-shirts and more provided by the ABA.

Pearson Education

pearson.com

Pearson is the largest educational publishing company in the world, with 40,000 employees in 80 countries. Pearson Education was established in 1998 when Pearson's parent company, Pearson PLC, purchased the Simon & Schuster education division from Viacom International and merged it with its education division, Addison-Wesley Longman. Pearson houses 45 educational print and online media companies, including Prentice Hall, Addison-Wesley, Longman, Penguin Readers, eCollege, BBC Active and *The Financial Times*. Pearson also owns a 47 percent share of the trade division of Penguin Random House.

Reed Elsevier

relxgroup.com

Owned by the RELX Group, Reed Elsevier is the second-largest publisher in the world, an English and Dutch

publishing company headquartered in London and Amsterdam. The company was established in 1992 through a merger of Reed International, a British trade book and magazine publisher, and the Dutch science and medical publisher Elsevier. The company produces the leading medical journal, *Lancet*; the classic medical reference *Gray's Anatomy*; the primary legal reference service Lexis-Nexis; and the nurses' reference *Mosby's Index*.

Scholastic Corporation

scholastic.com

The world's largest publisher of children's books, Scholastic creates a variety of educational and entertainment materials and products for home and school use, distributing them through various channels including school-based book clubs and book fairs, retail stores, television networks and Scholastic.com.



Impact/Action Videos are concise news features on various topics created exclusively for *Media/Impact*. Find them in *Media/Impact*'s MindTap at cengagebrain.com.

MindTap® Log on to MindTap for *Media/Impact* to access a variety of additional material—including learning objectives, chapter readings with highlighting and note-taking, **Impact/Action Videos**, activities, and comprehension quizzes—that will guide you through this chapter.

NEWSPAPERS

MOBILIZING DELIVERY

03

The screenshot shows the BuzzFeed website interface. At the top, the BuzzFeed logo is followed by "NEWS BUZZ LIFE". Navigation links include News, Buzz, Life, Entertainment, Quizzes, Videos, and More. A search bar and a "Like" button with a count of 4.6m are also visible. Below the navigation bar, there are several featured articles and sections:

- DenyTunes**: A large article featuring a smartphone screen displaying the DenyTunes app interface.
- 11 Animals Who Totally Didn't Do It, They Swear**: A sponsored article by GEICO featuring a dog.
- What's The Best Thing About Having A Work BFF?**: An article by Jon McManis with a "Happy hour after work?" "Duh." headline.
- 11 Things You Didn't Know Your Pet Does While You're Not Around**: An article with a "PROMOTED BY skype" badge.
- This Is What Life In The Circus Is Like For Lions And Tigers**: An article by Sierra McCreary about the decision to take elephants out of the Ringling Bros. Circus.
- Can You Guess Which McDonald's Menu Item Is Higher In Calories?**: An article by Virginia Abad featuring a "Super Size Me." headline.
- 29 Times Tumblr Saw Australia And Said Nope**: An article by Simon Carter about Australia's reputation on Tumblr.
- How To Make A Brief Appearance At A Really Crowded Party**: An article for those nights you need to get away quickly.
- BuzzFeed NEWS**: A section with a "Reports: Shooting At Lil Wayne's Miami Home" article.
- 11 Military Members Presumed Dead After Helicopter Crashes In Florida**: An article by Francis Spillane.
- Why The "Blurred Lines" Verdict Might Not Actually Mean Much For The Music Industry**: An article by Reggie Oliver.
- Trending**: A list of 7 trending items, including a couple, a woman, a burger, and a woman with a "TM OKAY!" text.

At the bottom, there are buttons for "LOL", "win", and "cute", and a "Sign Up For The BuzzFeed Today" button.

Newspapers today face stiff competition from online news Web sites, such as BuzzFeed, which often feature celebrity and sensational news in an eye-catching format similar to early tabloids.

Courtesy of Shirley Bagl