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ABSTRACT

The book publishing landscape has changed considerably in recent years with a rise in the popularity of self-publishing, the entry and growth of new fee-for-service presses, and the availability of self-publishing platforms on booksellers' online sites. The present survey of specialist trade book publishers and their responses to global changes in the industry forms part of the second stage of a major study of Australia's changing book industry, funded by the Australian Research Council (DP140101479) and Macquarie University. The first stage was a survey of more than one thousand book authors, and the final stage has been a survey of book readers. The present Report discusses the background and objectives of the publishers survey, describes the sampling process and survey implementation, and presents the principal results. Aspects covered in this Report include changes in the number of titles published, changes in the proportions of Australian authors, constraints affecting publishers' response to change, and the overall impact of changes over the last five years. Data are presented on publishers' response strategies, including changes in strategies in the following areas: relationships with authors; workflow planning; product range; release date timing; use of market research; staffing; book promotion; and strategic links. The survey results contain mixed findings for the Australian book industry. The data show noticeable variation in different publishers' assessments as to whether changes in the industry over the last five years have been positive or negative for them. Overall, about one-third of trade publishers report that changes in the industry have been mostly positive for them, one-third say they are neither positive nor negative, and one-third assess that the changes are mostly negative. Nevertheless the survey data show that trade publishers across the board are innovating and responding to global changes in the industry by making significant changes to their workflow planning and management, organisational roles, market research, products and strategies for promotion.

Australian Book Publishers in the Global Industry: Survey Method and Results

1. INTRODUCTION

The book publishing landscape has changed considerably in recent years with a rise in the popularity of self-publishing, the entry and growth of new fee-for-service presses, and the availability of self-publishing platforms on booksellers' online sites. In 2015 a national survey of Australian book authors found that during their careers nearly four-fifths of authors published their work with a traditional publisher, and over one-quarter self-published a book. The survey found that book authors who self-publish are more likely to organise and manage the process themselves (23 percent of all authors) than to use a fee-for-service press (8 percent of all authors) (Throsby, Zwar and Longden 2015, p. 2). More generally, there has been strong growth in global self-publishing platforms, such as those available on Amazon and Apple, and in the size and number of fee-for-service presses which produce print and ebooks. Such fee-for-service providers were once known as "vanity presses". Contemporary fee-for-service providers include a mix of companies, some of which are transparent about their business model for producing quality print and ebook products for fee-paying clients, and some are "predatory publishers" who often mask the nature of their operation and mislead customers into paying large fees under false pretences. The Australian Society of Authors maintains a list of organisations whose operations are viewed as "suspicious or corrupt" (Cohen 2015). But on the demand side, readers are responding positively to self-published authors: it was reported in London at the Nielsen BookInsights Conference that self-published books made up 22 percent of ebook sales in 2015 in the UK (Campbell 2016).

The present survey of specialist book publishers and their responses to global changes in the industry forms part of the second stage of a major study of Australia's changing book industry, funded by the Australian Research Council (DP140101479) and Macquarie University. The first stage of research examined the experiences of Australian book authors, culminating in a national survey of over 1,000 authors (Throsby, Zwar and Longden 2015). The second stage of the project, which focuses on publishers, began with 25 case studies of innovative Australian trade and education book publishers (Zwar 2016). The case studies identified a variety of innovations and reforms including, among trade publishers:

- New types of royalty agreements between publishers and authors
- Use of technology to make niche publishing projects viable
- Experimentation with the pricing of ebooks
- Giving away books or sample chapters free online
- Moves to subscription models
- Moves into non-traditional models of book publishing, e.g. licensing apps, providing text conversion services
- Direct engagement with readers by publishers

- Increased use of market research
- New avenues for commissioning books
- Improved workflow planning in the editing, design and layout of texts
- Improved use of software to accommodate print and ebook formats
- Enhanced use of metadata
- Efficiencies in warehousing and distribution
- New promotional strategies, particularly in the use of social media

Education publishing was found to be doubly affected by paradigmatic change – impacts have been felt not only in the book publishing industry, but across the education sector. The types of reform and innovation in education publishing identified in the case studies include:

- The accelerated development of digital learning resources (although print resources are still important)
- The ability to cater for different learning styles
- The implementation of IT tools to enable teachers to monitor students' progress
- Testing to demonstrate the learning effectiveness of publishers' products
- A move by education publishers to partner with education providers
- An increased focus on promoting digital subscription models
- The provision of services such as consultancy advice to schools and the administration of NAPLAN tests

The case studies of publishers reported in Zwar (2016) demonstrated a variety of ways in which Australian book publishers are responding to global changes in the industry, while providing a range of information for the researchers to use as the basis for a wider publishers survey, which is the subject of this Report. The focus in this survey is on traditional book publishers that perform strong curatorial and editorial roles, and undertake a share of the financial risk in commissioning books for their lists. These could be considered as some of the core features of traditional book publishing (although self-publishing and fee-for-service presses have been in existence for centuries[1]). Our interest is in Australian book publishers performing these curatorial roles – even if the publishers themselves are recently established and innovative – and how they are organising or changing their operations. In the analyses that follow, we refer to these publishers as "specialist book publishers".

2. OBJECTIVES

The national survey was conducted from November 2015 to January 2016. The objectives were explained to potential survey respondents as follows:

> *This survey examines the ways in which the Australian book publishing industry is responding to structural transformations that are taking place in the global book industry. The purpose of the survey is to identify industry-wide responses and initiatives being undertaken by publishers in Australia.*

More specifically, information flyers distributed to publishers advised that the survey covers the following areas of investigation:

[1] For a discussion of copyright agreements between publishers and authors in the early 1800s, including vanity publishing, see St Clair (2004), pp. 160–174.

- Changes in the industry
- Market research
- Training
- Changes to products
- Workflow planning
- Promotion
- Copyright and piracy
- Relations with authors
- Barriers to innovation

The survey also asked publishers whether they considered that, in the context of global changes, their organisation is better or worse placed overall than it was five years ago. These data enable us to investigate whether the publishers' experience of improving or deteriorating fortunes is associated with any particular characteristics of their activities or organisation.

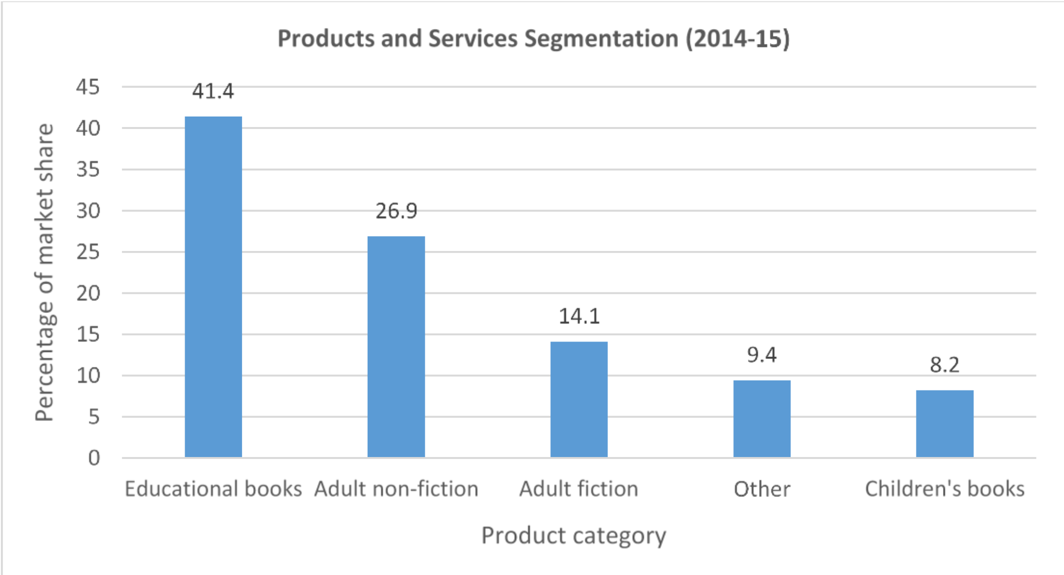
3. BACKGROUND: BOOK PUBLISHING IN AUSTRALIA AND INDUSTRY CHANGES IN RECENT YEARS

The book publishing industry has traditionally been divided between trade (consumer) publishing and educational (primary, secondary and tertiary) publishing, with the following sub-categories:

- Trade
    - General: adult fiction
    - General: adult non-fiction
    - Children's
    - Includes some output from scholarly presses for a general audience
- Education
    - Primary schools
    - Secondary schools
    - Tertiary
    - Vocational and continuing education
    - Includes some specialist educational output from scholarly presses

Scholarly presses, which are mostly attached to universities, may position themselves in a combination of trade and education markets, depending on their lists and their publishing strategies. Figure 1 provides an estimated breakdown of onshore trade and education publishing sales in Australia in 2014–15.

Figure 1. Estimated breakdown of onshore sales by major product category: Australia 2014–15



Source: IBISWorld, January 2016

Although trade publishing remains a substantial sector in Australia, it has experienced some major challenges due to changes in offshore and onshore trading conditions. Table 1 shows Nielsen BookScan data that underline the extent of the onshore contraction of trade book sales in Australia, from a peak of approximately $1.3 billion in 2009 to a low of $989 million in 2013, following which sales have gradually been increasing.

Table 1. Sales of trade books in Australia 2006–15

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Volume (m)	52.4	59.0	61.3	64.8	66.3	60.5	56.7	54.2	55.5	56.4
Value ($m)	1,036	1,169	1,214	1,290	1,259	1,080	980	919	939	979
Average selling price ($)	19.75	19.85	19.80	19.90	19.00	17.85	17.30	16.95	16.90	17.35

Source: Nielsen BookScan (AP3 Panel) 2016.[2]

In brief, Australian trade publishers have been affected by competition from the rise of offshore retailers including Apple and Amazon, and the collapse in 2011 of REDgroup Retail (the owner of Borders and Angus & Robertson booksellers), which was associated with a 20 percent onshore contraction in the value of trade book sales. The size of offshore print and ebook sales from retailers including Amazon, Apple, Amazon's The Book Depository, and other suppliers is not known: it has been estimated at $250 million annually by Tim Coronel and Foong Ling Kong (Coronel 2013, p. 25; Kong 2014, p. 38). The value of offshore sales is

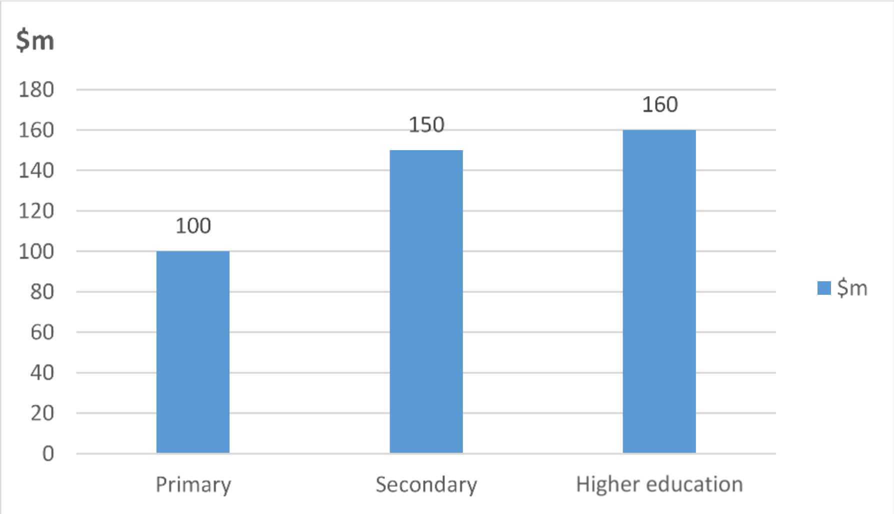
[2] These data are rounded estimates. The financial figures are not adjusted for inflation.

influenced by fluctuations in the AUD/USD exchange rate, which affects the Australian price of books imported from US suppliers.

Table 1 also demonstrates a decline in the average selling price of books from a high of $19.10 in 2009 to $16.90 in 2014. This trend has been caused by a number of factors including a switch to cheaper formats by publishers, an increase in the proportion of children's books sold in some years (which are often less expensive than adult books), an increase in the share of sales by Discount Department Stores at lower retail prices, and moves by the industry to become more cost-competitive.

In comparison with trade publishing, Australian markets for education publishing have remained more stable, with a turnover of approximately $410 million in 2015. Recent data provided by the Australian Publishers Association are shown in Figure 2.

Figure 2. Breakdown of education sales: Australia 2015



Source: Australian Publishers Association, January 2016

Despite the relative stability in the size of the market, changes in education publishing are judged to be even more substantial than in trade publishing because both book publishing and the education sector are being disrupted, as noted earlier. Education publishers characterise the transition as an (as yet) unresolved search for new business models. David Barnett, CEO of Pearson Australia:

> The industry, by and large, is very much stuck in the old "give away the technology for free to support the print product" model and that is a problem for the industry. Strategically it is a mistake because it is not sustainable (David Barnett, in Zwar 2016, p. 20).

Education publishers face other challenges including: unrealistic customer expectations that digital learning products will be cheaper than print; declining sell-through rates in textbooks; and piracy.[3]

[3] See Zwar 2016, pp. 19–25 for further detail.

4. PREPARATORY RESEARCH

The case studies of innovative publishers were based on interviews with senior publishers in a diverse mix of multinational and large independent publishers, specialist presses and recent ventures. The report on the case-studies found that:

> Publishers have developed defensive strategies to entrants such as Google, Apple and Amazon, for example direct-to-consumer print and ebook sales, and improvements in their logistics management and speed to market. (In some cases, such as Harlequin, the sale of ebooks is an extension of its postal mail order services to readers.) Publishers have also employed opportunistic strategies to leverage digital technology … Other strategies aim to open up new, different markets and test new business models, for instance new types of royalty agreements between publishers and authors, experiments with the pricing of ebooks, and moves to subscription models (Zwar 2016, pp. 2-3).

Drawing on the findings, the researchers developed the survey questionnaire for the present survey to investigate the responses of trade and education publishers to change. Feedback on the draft questionnaire was obtained in late 2015 from senior representatives of the Australian Publishers Association (APA), the Small Press Network (SPN) and the Copyright Agency. Several publishers completed a paper or online version of the survey as a pilot and provided feedback. The design of the survey also drew on a literature review: see the list of references at the end of this report.

5. CHOICE OF SURVEY METHODOLOGY

A survey such as this can be implemented in several different ways, including by personal face-to-face interview (the most expensive, but potentially yielding the most accurate data), by telephone (less expensive, but with some loss of precision), or over the internet. In the first of these approaches, sampling would normally be carried out on a locational basis using a complete listing of the targeted population. In the case of telephone surveys, random dialling and CATI methods (computer-aided telephone interviewing) can be used. Use of the internet either involves access to an online panel recruited by a survey company, or the in-house development and administration of an online survey by the research team with direct recruitment of survey participants.

For the present survey we chose the last-mentioned approach, i.e. carrying out the survey via the internet using in-house expertise. This decision was made for the following reasons:

- *Lower cost*: As there is no need for manual data entry, costs are lower for an online survey compared to a face-to-face or phone survey; however, an online survey creates other costs, namely costs of programming the survey.
- *Increased speed*: An online survey allows a greater number of respondents to fill out the questionnaire at the same time, and not consecutively as is the case when interviewers are used. Further, the answers of respondents are automatically entered into a data sheet and therefore immediately accessible and free of mistakes possibly made during a third-party data entry process.
- *More flexibility*: Online surveys are clear and user-friendly in regard to questionnaire design, in that they only show questions a respondent is asked to answer. Questions

that are not relevant to a particular respondent are skipped and do not appear on the respondent's screen while navigating through the survey.

- *Respondent convenience*: Respondents can complete the questionnaire when and where it suits them and there is no threat of interviewer influence.

Our decision to administer the survey in-house was also influenced by our having team members with the skills and expertise to manage an online survey successfully. As part of our investigation into the feasibility of conducting an online survey, we sought and obtained the support of the Australian Publishers Association, the Small Press Network and the Copyright Agency in promoting the survey to their members.

6. POPULATION AND SAMPLE

To identify the population from which our survey sample will be drawn, we need first to determine the number of organisations that qualify as specialist book publishers as defined in Section 1 above. The task is complicated by the fact that a large number of organisations publish books in addition to specialist book publishers. Indeed any organisation or individual wishing to publish a book in Australia can purchase an ISBN (International Standard Book Number) from Thorpe-Bowker, the appointed administrator of the ISBN system in this country[4]. Thus, as well as traditional book publishers, there are government departments, local councils, community, leisure and volunteer organisations, professional associations, interest groups, religious bodies and also individuals who have published a book with an ISBN. Even so, although Thorpe-Bowker has records of 3,815 organisations which purchased at least one ISBN in 2014, these data do not cover all the organisations which may publish books. For example, some self-publishers and fee-for-service presses may instead publish direct to Amazon, which has its own inventory numbering system, or to other

Table 2. Numbers of Australian specialist and non-specialist book publishers, by size of publisher: 2014

	No. of publishers	Total titles published
1 book	2290	2290
2–5 books	1156	3073
6–10 books	170	1270
11–20 books	81	1188
21–50 books	70	2141
51–100 books	24	1642
100+ books	24	9273

Source: Thorpe-Bowker 2015

[4] Note that classifying publishers by size on the basis of ISBN purchases can be misleading, as some publishers purchase multiple blocks of ISBNs, not all of which will necessarily result in a published book.

electronic platforms.[5]

The number of organisations and individuals who purchased an ISBN from Thorpe-Bowker in 2014 are shown in Table 2, together with the total number of titles published. It is apparent that the majority of "publishers" (about 60 percent) have produced only one book in 2014; all of these are unlikely to qualify as specialist publishers. At the other extreme, those producing 100 books or more are almost certain to qualify. Estimations of actual numbers of specialist publishers according to our definition is not a simple matter, as discussed below.

Specialist book publishers

The last reliable information from the Australian Bureau of Statistics (ABS) on the number of specialist Australian book publishers dates back to 2003-04 when the ABS identified 234 businesses whose main activity was book publishing, plus another 10 business that were major contributors to book publishing even though it was not their main activity.[6] Since then the situation has changed significantly. Based upon discussions with the Australian Publishers Association (APA), the Small Press Network (SPN) and Thorpe-Bowker, Zwar estimated that there may be as many as 400 specialist traditional book publishers in early 2016 (Zwar 2016, p.4). In addition, despite a number of mergers and acquisitions in the industry, the entry of small and micro-publishers appears to have increased the population of Australian book publishers since 2003-04. This is consistent with a 2007 survey by Kate Freeth, who found that almost half of the 46 small to medium independent publishers surveyed at that time were less than five years old (Freeth 2007, p.8). As part of research for this report, the research team attempted to produce a more reliable estimate of the numbers of specialist publishers, as outlined in the following paragraphs.

The Australian book publishing industry, like many other English language industries, consists of a small number of large publishers which are responsible for the majority of sales in the sector: Penguin Random House, HarperCollins, Harlequin (a division of HarperCollins), Pan Macmillan, Hachette, Allen & Unwin, Simon & Schuster, Hardie Grant, and Scholastic (a leading children's publisher) in the trade sector; and Pearson, Cengage, Wiley, Scholastic, McGraw-Hill, Lexis Nexus (publisher of legal titles), OUP, and Wolters Kluwer in the education sector. Then there exists a long tail of small and micro-publishers which, although numerous, account for only a relatively small proportion of total sales.

To investigate further the total number of specialist book publishers in Australia our methodology was as follows. First, the APA prepared an overview of its membership numbers in categories according to broad ranges of turnover, which we aggregated into large, small and micro-publishers. Second, the SPN also provided its membership numbers. The number of publishers with joint membership of the APA and the SPN was deducted to avoid double-counting, as was the number of SPN members who publish journals and magazines but not books. This gives us a total number of 181 publishers which are currently members of the APA or the SPN, as shown in Table 3.

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[5] The non-specialist publishers are all part of the broader eco-system of book publishing, but because the focus of this study is on the responses of traditional book publishers to changes in the industry, we confine the population for our survey to specialist book publishers, as defined in Section 1 above, and as discussed further below.

[6] www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/1363.02003-04.

Table 3. Education and trade publishers (APA and SPN members): 2016

Category	Turnover	Frequency	Percent
Large publisher	$10 million+	24	13
Small publisher	$100,000 to $9.99 million	67	37
Micro-publisher	Less than $100,000	90	50
Total		**181**	**100**

One factor to take into account is membership churn. Publishers may not renew their membership of the APA or the SPN for a number of reasons (including closing their operation), but given the popularity of the APA's TitlePage service, and the requirement that publishers must be a member of the APA to register their books on TitlePage, we decided not to inflate our baseline estimate of the population to accommodate possible membership churn in situations where a publisher remains in operation but does not renew their membership.

In addition, we are aware anecdotally that some specialist book publishers have never been members of these organisations. We suggest that these are more likely to be micro-publishers, and so we examined the Thorpe-Bowker data listing of all the organisations which purchased between 2 and 10 ISBNs in 2015. In a painstaking process we conducted online searches of these names and compiled a shortlist of organisations which appear from their online descriptions to be specialist book publishers. We then checked these names with the APA and the SPN and they advised which publishers were members, following which we deleted these to avoid double-counting. Our efforts yielded an estimate of approximately 170–240 additional micro-publishers.[7]

This gives us a rough estimate of the total population of 181 specialist book publishers that are currently members of the APA or the SPN, and an additional 170-240 specialist micro-publishers that are not members of either professional association: a total of 350-420 specialist book publishers, as shown in Table 4. Taking into account other specialist book publishers that are not currently members of the APA or the SPN and other online-only e-publishers that do not purchase ISBNs, the total number of could be in the range of 375–470 Australian book publishers. This is the estimate we assume to apply for the purposes of our survey sampling and our ongoing analyses. However, the reality is that the number could be far greater. One senior industry member estimated a speculative range of 500 to 1000s of specialist book publishers because the total number of trade and education micro-publishers is not known.

To construct a random sample drawn from the population of between 375 and 470 specialist publishers, we would need contact details for the members of the population such that we could randomly draw a sample of appropriate size and deliver an invitation to participate to those drawn. However, we did not have these details, and had no alternative but to adopt an "opt-in" approach, whereby a general invitation to participate was conveyed to as many in the population as could be accessed. In practice this meant advertising the survey to the two

[7] Although there may be specialist publishers that have published 11+ books in the last year who are not a member of the APA or the SPN, we assume that these would be relatively few in number.

major publishers' organisations, the APA and the SPN, since their membership criteria most closely aligned with our definition of a specialist book publisher, as discussed further in the next section.

Table 4. Summary of population estimate – Australian trade and education specialist book publishers

Source of estimate	Estimated number of specialist book publishers
Tally of current APA and SPN members	181
Additional micro-publishers based on purchases of 2–10 ISBNs in 2015	170–240
Sub-total	350–420
Estimate of other specialist book publishers that are not currently a member of the APA & SPN, and other online-only e-publishers that do not purchase ISBNs	25–50
Estimated total population*	375–470

* Note that the estimate of the size of the total population depends on assumptions made as to the number of micro-publishers; see description of the calculation method in the text.

7. STRUCTURE AND CONTENT OF THE QUESTIONNAIRE

In this section we outline the development of the questionnaire administered to our sample of specialist book publishers in Australia.

7.1 ELIGIBILITY

The first step in the questionnaire is to establish whether a potential respondent to the invitation to participate is eligible; i.e. whether he or she could be categorised as representing a specialist book publisher. As noted above, we used the APA and SPN membership criteria which can be stated as follows:

Australian Publishers Association

> *Australian Publishers Association membership is open to any individual, partnership or corporation engaged in publishing books, journals, educational materials and electronic works as a bona fide and ongoing operation in Australia.*
>
> *To be eligible, an applicant's publishing must be of a continuous nature, even if their output is small. Nationality, size or speciality is not taken into account.*[8]

[8] www.publishers.asn.au/membership-information/eligibility

Small Press Network

> *Small Press Network Full Membership is available to currently operating small and independent publishers located in Australia and New Zealand. SPN Members are expected to be commercial entities and can be publishers of either books or magazines. Membership requests are put before a sub-committee which considers the applicant's qualifications using the following guidelines.*
>
> *You can become a full member if:*
>
> - *You pay advances and royalties to authors*
> - *You are a magazine publisher who pays contributors in cash or in-kind, as distinct from magazines financed by fees from contributors*
>
> *You cannot become a full member if:*
>
> - *You are a vanity press or company that only provides 'publishing services', where books are published at the author's expense or require financial investment from the authors.*
> - *'Self-publishers' who do not consider outside submissions, or who primarily publish their own work.*
> - *Publishers where more than 50% of the titles are created by authors directly associated with the publishing house.*
>
> *SPN, however, does acknowledge the changing nature of contemporary publishing, and organisations that engage in other forms of publishing outside of standard print publishing are encouraged to apply. Such activities may involve publication of ebooks, POD publishing, web publishing or other related activities. Such organisations are, however, expected to function as commercial entities engaging in commercial publishing activities, and will be vetted by our membership committee on a case-by-case basis.*
>
> *Criteria considered for non-traditional publishers can include the following:*
>
> - *Registration of an ABN*
> - *Payment of authors*
> - *Government funding or grant support*
> - *Revenue generated from advertising, sales of subscriptions, services, or other products*
> - *Other demonstrable forms of public recognition and excellence within their field.*[9]

The above criteria were used as an initial screening question to determine a respondent's eligibility to be included in the survey.

7.2 INCENTIVES

In surveys such as this, some sort of incentive is often required to encourage eligible respondents to give up their time to answer the questions. In the present survey, the following incentives were communicated to potential survey participants:

[9] Information provided by Hannah Cartmel, Small Press Network, 1 September 2015.

- Potential respondents were advised that the findings would enhance understanding of their industry and improve the quality of debate about the future of trade and education publishing in Australia.
- Respondents could opt to be emailed a summary of the research findings;
- The CEOs of the APA and the SPN endorsed the survey to their members; and,
- One randomly drawn prize of $2,000 was offered to an eligible respondent who completed the survey in full, to help them in attending a major international book fair. The prize was formulated in consultation with the APA and SPN based on their understanding of a suitable enticement that would be attractive to their members.

7.3 PRIVACY

In order to protect the privacy of publishers' responses, the Information and Consent Form for respondents contained the following information:

> *This survey is confidential and the analysis will be performed using de-identified data. In order to protect your anonymity, your responses will be randomly assigned an identification number.*
>
> *After the data collection stage of the survey is completed, your contact details will be stored separately from the de-identified raw survey data in another file that is accessible by only one team member. This file will be destroyed at the end of the project.*

The conduct of the survey was subject to the scrutiny of the Macquarie University Ethics Committee; the approval of the Committee covering all aspects of the survey was required before the work could commence.

7.4 QUESTIONNAIRE STRUCTURE

Following the Information and Consent Form, the questionnaire was laid out in sections covering the following major issues:

- Organisation details: publishing categories, membership of APA and/or SPN, etc.
- Market research: types of market research, amount of market research, etc.
- Human resources: creation of new types of non-traditional roles, amount of staff training, etc.
- Business operations: changes in products, changes in workflow planning and management, etc.
- Promotion: increases or decreases in promotion practices, nature of changes
- Copyright: changes in the amount of internet/social media piracy, changes in agreements with libraries, etc.
- Strategic associations: nature of links with distributors
- Authors: changes in dealings with authors, authors' expectations, etc.
- Impact of industry changes: organisation's financial position, publishing strategies, etc.

The full questionnaire is available from the researchers on request.

8. SURVEY IMPLEMENTATION

The draft survey questionnaire was developed during 2015 in consultation with senior representatives of the APA and the SPN. In addition, a small number of CEOs of trade and education publishers reviewed the draft and recommended refinements to the wording of questions and the inclusion of additional categories or questions. A pilot was conducted which did not reveal any major issues with the questionnaire, and following minor refinements the online survey went live in November 2015.

In order to promote the survey to specialist book publishers, the CEOs of the APA and the SPN emailed their members to inform them of the survey and to encourage their participation. Their emails contained a direct link to the opening page of the online survey. The Manager of Member Communications & Stakeholder Relations of the Copyright Agency also contacted large publishers to encourage them to participate in the survey, and a monthly edition of the Copyright Agency newsletter contained a direct link to the survey. The period of the online survey going live coincided with the annual conference of the Small Press Network, held 19-21 November 2015. Two members of the research team were located at a table set up towards the back of the main auditorium to publicise the survey, with chairs and iPads available for SPN members to complete the survey during the conference. Signage on the table also raised awareness of the survey.

In total, 72 responses were received by the conclusion of the survey. A number of these were incomplete, with the respondent having stopped in the middle of the survey and not restarted. In addition, in a couple of instances we received two responses from the same publisher. In these cases, one response from the publisher was selected and the other discarded. (All analysis was done after the data were de-identified.) Clearly questionable responses, and those where important variables had missing values were also removed, as well as the three respondents who have never been a member of either the APA or the SPN. An additional consideration is that the response rate of trade publishers was substantially higher than education publishers. A total of six valid responses from education publishers was received, and the research team concluded that this was insufficiently representative of the education publishing sector. Therefore the team decided that it was not possible to proceed with further analysis of education publishers in the present study. Hence, the remainder of this report focuses on trade publishers.

These adjustments left a total of 44 responses, which comprise the dataset included in this analysis. One factor which may have militated against a higher response rate is that November-December is the strongest book sales period of the year and we faced strong competition for publishers' time and attention. The closing date for the survey was extended by several weeks but this did not garner a significant increase in response rates. Nevertheless, both the APA and SPN advised the researchers that the response rate was comparable to, and even slightly higher than, response rates for their own membership surveys (with the exception of the APA's annual benchmarking survey of major publishers).

9. SAMPLE CHARACTERISTICS AND WEIGHTING ISSUES

With an opt-in approach to sampling such as the one adopted for this survey, it is important to compare the final sample with appropriate characteristics of the target population to ensure its representativeness. Given that we define the target population for this study as trade publishers that are or have been members of the APA or SPN, we can test the validity of our sample by comparing it with APA and SPN data. An appropriate basis for comparison is an organisation's size, measured as annual turnover as described earlier. The size distribution of large, small and micro publishers (trade and education) among APA and SPN members was shown above in Table 3. Table 5 below shows the numbers in our sample. A comparison between the two distributions indicates that our sample includes slightly more micro publishers and slightly fewer small publishers than in the combined APA/SPN membership data, but the differences are not great. Therefore, on the basis of these comparisons, we conclude that it is not necessary to weight our survey responses to account for differences between the sample and the finally specified target population.

The publishing categories of trade survey respondents shown in Table 5 indicate, not surprisingly, that the primary focus in the operations of trade publishers regardless of size is on well-known components of trade publishing including general adult fiction and non-fiction, children's and poetry or other literary publishing. A number of trade publishers are also significantly active in education and scholarly categories.

Table 5. Publishing categories of trade survey respondents: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all trade publishers)
Trade – general fiction and non-fiction	100	86	79	84
Trade – children's	67	36	54	50
Trade – poetry press or literary publishing	17	71	33	43
Education – primary or secondary schools	0	0	17	9
Education – tertiary, vocational and continuing education	17	7	0	5
Scholarly	0	36	8	16
n	*6*	*14*	*24*	*44*

10. PRINCIPAL RESULTS

In this section we present the main results from the survey. We focus throughout on the impact of changes that have affected the book industry in recent years and on publishers' responses to these changes. An important caution must be borne in mind in interpreting the results presented in the following pages. The extent to which any given result can be generalised to the whole of the target population depends on the confidence intervals that can be established for that result. Since we do not have accurate population data on which to perform such statistical tests for our results, care must be exercised in drawing more widely applicable conclusions from them, especially in cases where sample sizes are relatively small. Nevertheless, it is possible in the following analyses to identify general trends and patterns which are unlikely to be affected by these issues, such that overall conclusions concerning changes in the industry can be validly drawn.

10.1 CHANGES IN THE NUMBER OF TITLES PUBLISHED

Given the widespread change in the book industry in recent years, a natural starting point is to ask whether publishers are publishing more or fewer new titles now compared to five years ago. Table 6 lists changes in the number of titles published in FY 2015 compared to five years ago. In light of the overall onshore contraction in Australian trade sales since 2009, it is surprising that just over one-third of publishers estimate that they are publishing the same number of titles as five years ago, and about the same proportion is publishing a greater number. Only about ten percent of publishers are publishing fewer titles. Of course, the data do not quantify the actual numbers of titles and it is important to note that a majority of the large publishers in our sample (which are responsible for the majority of book sales) are publishing the same or fewer titles than in the earlier year.

Table 6. Number of titles published by Australian trade publishers in FY 2015 compared to 5 years ago: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Much lower	17	0	8	7
Slightly lower	0	7	0	2
About the same	67	43	29	39
Higher	17	43	25	30
Much higher	0	7	13	9
N/A	0	0	25	14
Total	100	100	100	100
n	*6*	*14*	*24*	*44*

10.2 PROPORTIONS OF AUSTRALIAN AUTHORS

What is the mix of Australian and international authors on publishers' lists? Table 7 sets out this breakdown according to the size of publisher. Within the size categories it can be seen that as the size of publishers decreases, they are more likely to report a higher proportion of Australian authors. For instance, over 90 percent of micro-publishers have lists that are all or nearly all Australian-authored. In contrast, about two-thirds of small publishers have all or nearly all Australian authored lists, while one-fifth of the large publishers in our sample have lists that are all or nearly all Australian.

However, it is important not to underestimate the number of Australian authors published by large publishers. Over half of large publishers who responded to the survey have approximately half or more of their lists comprised of Australian authors, meaning that large publishers, given their scale of operation, are in absolute terms very significant publishers of Australian books.[10]

Table 7. Proportion of Australian authors published by Australian trade publishers: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
All or nearly all Australian authors	20	64	94	72
Predominantly Australian with some international authors	20	27	6	16
Roughly 50/50 Australian and international authors	20	9	0	6
Predominately international with some Australian authors	40	0	0	6
All or nearly all international authors	0	0	0	0
Total	100	100	100	100
n	*5*	*11*	*16*	*32*

10.3 THE OVERALL IMPACT OF CHANGES IN THE INDUSTRY

We asked publishers whether overall the changes taking place in the industry over the last five years have been positive or negative for their organisation. The results are shown in Table 8. Publishers appear to be fairly evenly grouped regarding the overall effect of changes. About one third assess that the impact of the changes has been mostly positive, one third are evenly balanced, and the remainder say the changes have been negative or are unsure. But this apparently even spread conceals differences between the size groups. While micro-publishers are most likely to have experienced changes as positive (half of micro-publishers), small publishers are the mostly likely have been negatively affected (over half of small publishers). Furthermore, far fewer small publishers consider that the changes have been mostly positive for their business (less than 10 percent), suggesting that industry changes have been have been more negative for small publishers over the last five years than for large or micro publishers.

[10] Note that these figures do not indicate the relative sales performances of Australian and international authors.

Table 8. Overall impact of changes taking place in the book industry on Australian trade publishers over the last 5 years: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Entirely positive	0	0	0	0
Mostly positive	33	8	50	35
Neither positive nor negative	33	39	29	33
Mostly negative	33	54	17	30
Entirely negative	0	0	0	0
Unsure	0	0	4	2
Total	100	100	100	100
n	*6*	*13*	*24*	*43*

To be more specific about the impact of changes, respondents were also asked to indicate the effect of changes in the past five years on their organisation's financial position. As shown in Table 9, approximately one-fifth of publishers have experienced an improvement in their financial position, whereas about one-third have experienced a deterioration in their financial position. Some have experienced greater variability in their financial position. These results broadly reflect the same outcomes as noted above, i.e. the data suggest that small publishers have been particularly negatively affected by changes over the past five years, more so than large or micro-publishers.

Table 9. Financial impact of changes taking place in the book industry on Australian trade publishers over the last 5 years: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
An improvement in my organisation's financial position	50	0	25	21
No discernible change	0	14	13	11
A deterioration in my organisation's financial position	33	43	25	32
Greater variability in my organisation's financial position	17	21	13	16
Don't know/can't say	0	14	17	14
Total	100	100	100	100
n	*6*	*14*	*24*	*44*

10.4 CONSTRAINTS ON PUBLISHERS' ABILITY TO RESPOND TO CHANGE

What are some of the constraints that have limited publishers' ability to respond to global changes in the industry? Possible constraints can be divided into those arising internally within the firm, and those imposed by external circumstances beyond the firm's control. A range of possible constraints is shown in Table 10 with the proportions of publishers acknowledging that the various constraints did indeed affect their operations.

In regard to internal constraints, the data indicate that limited budgets are the most frequent constraint experienced by all publishers, with small publishers the most affected by this issue. Small publishers are also the most likely to nominate the demand of day-to-day business operations and heavy demands on staff to meet existing commitments. Half of small publishers also cite insufficient technical skills and high risk/low revenue in

Table 10. Constraints on Australian trade publishers in responding to changes in the industry: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Internal constraints				
Demand of day to day business operations	67	71	58	64
Limited budgets	83	93	75	82
Insufficient technical skills	33	50	17	30
Higher cost of distribution	50	36	42	41
Lack of knowledge about potential innovations	17	36	42	41
Lack of market data about book consumers and potential consumers	33	14	38	29
Heavy demands on staff to meet existing commitments	67	71	46	57
Reduced staffing levels	50	29	8	21
Insufficient management support	0	7	8	7
Require approval from an overseas office	0	0	0	0
High risk/low revenue in opportunities for innovation	67	50	17	34
None of the above internal constraints	0	7	0	2
External constraints				
Changed domestic bricks and mortar bookstore retail environment	83	79	58	68
Overseas retail competition	83	36	17	32
Unfavourable Australian postage rates for books	33	79	79	73
Size of the Australian market	83	57	63	64
Limited ICT capability by education clients such as schools & other organisations	0	0	4	2
Provisions in the HESA legislation (Higher Education Services Act)	0	0	4	2
Reduced Government support to promote books and reading	33	79	42	52
Changed Government support for literary writing	0	71	46	48
None of the above external constraints	17	0	4	5
Other	0	14	17	14
N	*6*	*14*	*24*	*44*

opportunities for innovation. The data suggest that while large publishers are experiencing significant internal constraints, they are less affected than are small and micro-publishers, probably because they are overall better internally resourced and equipped to respond to changes in the industry.

Turning to external constraints, we note again the different operating conditions between large, small and micro-publishers. It would appear that large publishers have been the most affected by the changed domestic bricks and mortar bookselling environment, overseas retail competition and the size of the Australian market. This reflects the scale of their operation: all large publishers have access to bricks and mortar bookstores for their products, all have had to develop responses to online retailers such as Amazon and Apple, and in general they operate on sales volumes that are much higher. Nearly four-fifths of small publishers in our sample report that they are constrained by the changed bricks and mortar bookseller environment, but only approximately one-third of them are affected by overseas retail competition. Presumably this is because the books they publish are not available from overseas retailers and there is no easy substitute.

In interviews with publishers in 2015, small publishers discussed the prohibitive cost of fulfilling export orders to overseas customers: in many cases the cost of postage outweighed or negated their margin on a print book. The data indicate that small and micro publishers are much more dependent on postage as a distribution method for their books; large publishers use professional book distribution services. Micro-publishers are the most likely group to cite unfavourable Australian postage rates (nearly four-fifths do so). The final report of the Book Industry Strategy Group found that:

> Australian businesses suffer a significant disadvantage in postal rates to the United Kingdom compared to postal rates from the United Kingdom. Rates from Australia can be up to 89 per cent higher for posting parcels of similar volume and weight (BISG 2011, p. 57).

This point was re-emphasised by the Book Industry Collaborative Council. Unfortunately, Australia's postal rates are determined by a complex series of international treaties and there is no short-term prospect that the rates will be renegotiated more favourably for Australian businesses.

Small publishers have less capacity to invest large sums of money in promoting their titles, and hence they see an important role for government in audience development for books and reading. Around four-fifths of small publishers in our sample nominated changed government support for the promotion of books and reading as a key constraint on their operations. Moreover, more than two-thirds of them identified changed government support for literary writing as important; many small publishers have a high proportion of Australian authors on their lists (see Table 7), so they are the most likely to have benefitted in past years from direct government support provided to publishers or authors of Australian literature via the Australia Council. Thus any reductions in support from this source as a result of reductions in funding to the Council are likely to have hit small publishers hardest. It is also possible that reduced government funding has had an impact on the overall financial position of small publishers; although a direct causal connection cannot be inferred, it is true that a majority of those publishers identifying reduced government funding also reported some form of negative consequence in their financial position over the last five years.

10.5 PUBLISHERS’ STRATEGIES IN RESPONSE TO CHANGES IN THE INDUSTRY

10.5.1 Changes in relations between publishers and authors

In the 2015 survey of authors (Throsby, Zwar and Longden 2015) we invited respondents to provide comments to accompany a rating of their satisfaction with their publisher/s. Authors’ comments revealed that publishers’ abilities in promotion, communication and ability to gain international sales (discussed below) are all important factors in authors’ satisfaction . In this section we briefly consider publishers’ initiatives in these areas over the past five years.

Table 11 shows that over half of publishers report no change in their dealings with authors, while over one third of publishers have made a slight change. Compared to other areas of adjustment addressed in this survey, this constitutes a relatively minor change. As discussed further below, the main area of change is in relation to an increased role for authors in promotion. There are smaller-scale indications of improved communication by publishers to authors about promotional initiatives, increased personal contact by publishers with authors, and an increased ability to overseas rights deals to authors. There are mixed results in changes to the sizes of advances and royalties.

Table 11. Trade publishers and significant changes in their dealings with Australian authors: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Yes, a large change	0	0	8	5
Yes, a slight change	100	36	25	39
No change	0	64	67	57
Total	100	100	100	100
N	*6*	*14*	*24*	*44*

Publishers’ responses to questions about their relationships with authors are shown in detail in Table 12. These results are summarised as follows. Firstly, in regard to promotion, just over 40 percent of publishers have increased the role of authors in promoting their books, with over half of these publishers reporting a large increase. This trend accords with the findings of the Macquarie University 2015 national survey of authors, which found that over half of trade authors spend more time promoting their work than five years ago (Throsby, Zwar and Longden 2015). We also asked publishers if they have increased their average spend on promotion per book. The results show that over one quarter of publishers report an increase, with this trend appearing to be particularly evident on the part of large publishers. Two-thirds of publishers have not changed their updates to authors about promotional initiatives of authors’ books. Likewise, the majority of publishers have maintained their contacts with authors at the same level. Similarly, for the majority of publishers their ability to achieve overseas rights sales for Australian authors has not changed, although a significant minority – approximately one-quarter of publishers – report an increase, an improvement especially evident in our sample of large publishers.

Again, the ability to offer multi-format deals to authors has not changed for a majority of publishers. However, large publishers appear to be the most likely to have increased their ability to offer multi-format deals to authors, along with one third of small publishers. Micro-publishers, being only recently established, may have had this ability from their inception, and are hence unlikely to report this change. The news for authors on changes in publishers' advances and royalties is not particularly reassuring; approximately three-quarters of trade publishers have not changed the average size of advances/royalties over the past five years. We asked publishers whether there have been changes to their average spend on structural editing per book. The results show that four-fifths of publishers have not changed their average spend on structural editing per book, while just under one-fifth have made an increase (most of this is a slight increase). Interestingly, no publishers have decreased their average spend per book on structural editing.

Finally, just as in 2015 we invited authors to comment on their publishers, in this latest survey we asked publishers whether they believe authors' expectations of publishers are realistic. The results are shown in Table 13.

Table 12. Changes in trade publishers' relationships with authors over the last five years: percentages of publishers within each size group

1. Changes in the role for authors in promoting their books

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	0	0	0
Stayed the same	0	64	71	59
Slight increase	50	21	8	18
Large increase	50	14	21	23
Unsure	0	0	0	0
N/A	0	0	0	0

2. Changes in the average spend on promotion per book

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	7	0	2
Stayed the same	50	71	71	68
Slight increase	33	7	25	20
Large increase	17	14	0	7
Unsure	0	0	0	0
N/A	0	0	4	2

3. Changes in providing updates to authors about promotion of their book

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	0	0	0
Stayed the same	0	64	83	66
Slight increase	50	14	13	18
Large increase	50	21	4	16
Unsure	0	0	0	0
N/A	0	0	0	0

4. Changes in personal contact with authors

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	0	0	0
Stayed the same	17	64	83	68
Slight increase	50	29	13	23
Large increase	33	7	4	9
Unsure	0	0	0	0
N/A	0	0	0	0
Total	100	100	100	100
n	*6*	*14*	*24*	*44*

Table 12. (cont.)

5. Changes in publishers' ability to achieve overseas rights sales in Australia for authors

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	0	0	0
Stayed the same	17	71	79	68
Slight increase	50	21	0	14
Large increase	33	0	8	9
Unsure	0	0	0	0
N/A	0	7	13	9

6. Changes in publishers' ability to offer multi-format deals to Australian authors

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	0	0	0
Stayed the same	33	64	88	73
Slight increase	17	14	0	7
Large increase	50	21	4	16
Unsure	0	0	0	0
N/A	0	0	8	5

8. Changes in the average size of advances/royalties to Australian authors

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	8	5
Slight decrease	17	14	0	7
Stayed the same	33	79	79	73
Slight increase	33	7	8	11
Large increase	17	0	0	2
Unsure	0	0	0	0
N/A	0	0	4	2

9. Changes in the average spend on structural editing per book

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	0	0	0
Stayed the same	50	86	83	80
Slight increase	50	14	13	18
Large increase	0	0	4	2
Unsure	0	0	0	0
N/A	0	0	0	0
Total	100	100	100	100
n	*6*	*14*	*24*	*44*

Nearly half of publishers believe that authors are mostly realistic in their expectations of the support that publishers can provide, and this increases to two-thirds of publishers when "mostly realistic" is added. Around one third of publishers believe that authors are sometimes unrealistic.

Table 13. Trade publishers and authors' expectations of publishers: percentage within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Mostly realistic	50	43	50	48
Sometimes realistic	33	14	17	18
Sometimes unrealistic	17	36	33	32
Mostly unrealistic	0	7	0	2
Total	100	100	100	100
N	*6*	*14*	*24*	*44*

To conclude, there has been considerable discussion within the industry about whether relations between authors and publishers are changing. Our findings suggest that, even if there was indeed substantial change up until about five years ago, by and large not a great deal of change has been occurring since then.

10.5.2 Changes to workflow planning and management

One of the key findings from this survey is that publishers have been very active in reforming their workflow planning and management. Table 14 lists a range of ways in which publishers might have improved their planning and management procedures, and indicates the proportions of publishers within each size group who have implemented these improvements over the last five years. The data show that there have been some notable changes in practices amongst all publishers, particularly evident in our sample of large publishers. As shown in the table, all large publishers who responded to the survey have:

- Streamlined their editing, layout and publishing processes
- Reviewed their production process to reduce time to market
- Reviewed their printing practices to reduce freight costs and 'book miles'
- Improved internal communication
- Reduced over-printing, stock holdings and/or surplus stock
- Improved stock tracking in inventory management

There are several ways of interpreting these results which are not mutually exclusive. The first is that large publishers had more scope to introduce these reforms; that is, their workflow planning and management was more in need of change. Another possibility is that competition from overseas retailers has intensified the pressure to bring about these reforms more urgently for large than for smaller publishers. It is also likely that large publishers have been better placed to introduce these reforms because they have access to more extensive resources of physical and human capital.

Table 14. Changes in workflow planning and management: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Streamlined editing, layout & publishing processes	100	79	75	80
Reviewed production processes to reduce time to market	100	71	54	66
Reviewed production process to lower costs	83	86	71	77
Reviewed printing practices to reduce freight costs & “book miles”	100	64	63	68
Improved internal communication	100	71	46	61
Improved communication with authors/agents	83	43	33	43
Improved communication with education clients	0	0	4	2
Improved communication with booksellers	83	71	46	59
Reduced over-printing, stock holdings and/or surplus stock	100	93	46	59
Improved stock tracking in inventory management	100	64	42	57
Set up or enhanced e-commerce direct sales to consumers	67	79	67	71
Improved use of book metadata	83	57	54	59
Implemented better practices from OS head office (if applicable)	67	0	4	11
Other	0	0	0	0
n	*6*	*14*	*24*	*44*

It is apparent that small publishers have also been active in changing their workflow planning and management practices. More than 90 percent of them have reduced over-printing, stock holdings or surplus stock, and similar proportions have increased communication with booksellers and have reviewed production processes to lower costs.

Finally, even though micro-publishers are the most likely to have been “born modern”, they have also been active in changing certain aspects of their workflow planning and management practices. In particular, they have been active in streamlining editing, layout and publishing processes, in reviewing production processes to lower costs, and in setting up or enhancing e-commerce direct sales to consumers.

10.5.3 Changes to products

All publishers have made changes of one sort or another to their products, with a movement towards digital formats being the most common area of change. A range of possible product changes is shown in Table 15, together with the proportions of publishers who have introduced them. The large publishers in our sample have been particularly active in making changes to new sources of books for publication, new partnership agreements, and physical print formats. It is possible that some large publishers have made moves to cheaper print formats in response to price competition from overseas online retailers. Two-thirds of the large publishers in our survey have established new payment models and new imprints, plus half have put in place new merchandising agreements for book products.

Small publishers have made similar changes to products although the extent of changes does not appear to be as widespread. An interesting difference, however, is in new paid services; half of small publishers and 40 percent of micro-publishers in our sample have diversified their income via alternative products such as writing classes, live events, and one-off "vanity" publishing services.

Table 15. Changes in products: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Digital formats	83	71	38	64
Transmedia/multimedia/or game-oriented products	17	14	4	12
Online databases of learning resources	0	0	8	3
Blended learning educational resources & programs	0	0	13	4
Skills testing & assessment services	0	0	0	0
Education Consultancy services	0	0	8	3
New sources of books for publication	100	36	46	61
Physical print formats	83	50	50	61
New payment models	67	57	46	57
New imprints	67	43	29	46
New paid services (e.g. writing classes, live events, one-off "vanity" publishing services)	0	50	42	31
New partnership publishing agreements	83	57	25	55
Merchandising agreements for book products	50	7	17	25
Merchandising agreements for non-book products	17	0	4	7
Other	0	0	0	0
n	*6*	*14*	*24*	*44*

In summary, the data suggest that large publishers are the most active in making broad-scale changes to their products, while small and micro-publishers are more likely to be experimenting with alternative income sources. One possible interpretation of these results is that large publishers are leveraging their greater access to finance and know-how in order to introduce wide-scale changes, whereas small and micro-publishers are exploring non-traditional publishing products with a view to diversifying their income streams.

10.5.4 Changes in timing of release dates for new titles

The timing of release dates is a topical issue for the Australian publishing industry, particularly in relation to popular international titles. We asked publishers whether the timing of their release dates has changed within the last five years. As shown in Table 16, most of the large publishers in our sample now seek to match international release dates for their titles, whereas the majority of small and micro-publishers have not changed the timing of release dates compared to five years ago.

Table 16. Changes in release dates: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Yes, we have reduced time-to-release from acquisition	17	36	13	22
We seek to match international release dates for international titles	83	14	4	34
No, the timing of release days has not changed	17	43	67	42
Unsure	0	7	17	8
n	*6*	*14*	*24*	*44*

10.5.5 Changes in use of market research

Given the establishment of Nielson BookScan in Australia over a decade ago and more recent increases in opportunities for data collection through social media and website visits, it is important to find out whether publishers are changing their practices in relation to market research. In comparison to some other sectors which produce leisure and entertainment goods, historically many book publishers have placed less emphasis on formal market research strategies and given more weight to the editorial values that shape their lists when making decisions about commissioning or purchasing titles.[11] It is also true that the amount of market research that publishers have undertaken has been affected by the historical importance of booksellers in promoting and selling titles (Miller 2006). Table 17 provides an overview of the types of market research used by Australian trade publishers. Around three-quarters of them use feedback from readers, which is the most popular form of market research. Other significant sources of market research include feedback from booksellers and the analysis of social media metrics, which are each used by almost two-thirds of publishers.

However, we can see distinct differences in the uses of market research according to the size of publisher. The large publishers in our sample predominantly use Nielson BookScan data, feedback from booksellers, website analytics and social media metrics. In addition most of them use data analytics of internal databases and two-thirds use market or consumer research reports. In contrast, only about one-quarter and one-fifth of small and micro-publishers respectively use data analytics of internal databases. Similarly, far fewer small and micro-publishers use market or consumer research reports (14 percent and 25 percent respectively) than large publishers; they are more likely to rely on feedback from readers and booksellers, and social media metrics.

To what extent have publishers moved towards initiating market research themselves, either by commissioning a third party to undertake if for them ("paid research"), or by organising market research activities internally ("unpaid research")? Changes in the use of paid and unpaid market research by publishers over the past five years are shown in Table 18. Almost half of publishers have increased their use of paid market research, and about two-thirds have increased the use of unpaid research over this period.

[11] There are exceptions, such as large-scale romance publishers which were early adopters of the use of market research in book publishing.

Table 17. Changes in the use of market research: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Nielson BookScan	100	36	13	32
Data analytics of internal databases	83	29	21	32
Market or consumer research reports	67	14	25	27
Feedback from readers	67	86	67	73
Feedback from booksellers	100	64	58	66
Website analytics (such as Google analytics)	100	43	38	48
Social media metrics	100	64	58	66
Other types of market or consumer research	0	14	0	5
None	0	0	13	7
Unsure	0	0	8	5
n	*6*	*14*	*24*	*44*

Table 18. Changes in use of paid and unpaid market research over the past 5 years: percentages within each size group

1. Paid market research

	Large publisher	Small publisher	Micro- publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	14	13	10
Stayed the same	40	29	50	40
Slight increase	40	29	25	30
Large increase	20	29	0	15
Unsure	0	0	13	5
Total	100	100	100	100
n	*5*	*7*	*8*	*20*

2. Unpaid market research

	Large publisher	Small publisher	Micro- publisher	Total (all publishers)
Large decrease	0	0	0	0
Slight decrease	0	0	0	0
Stayed the same	0	50	33	32
Slight increase	0	38	60	43
Large increase	100	13	7	25
Unsure	0	0	0	0
Total	100	100	100	100
n	*5*	*8*	*15*	*28*

Once again, there are some interesting patterns emerging. Large publishers appear to be the most likely to have made large increases in the use of both paid and unpaid market research, while small and micro-publishers are more likely to have made small increases. Interestingly, 40 percent of small publishers indicate that the amount of unpaid market research they use has stayed the same, the highest of any publisher group according to size. The data do not indicate whether this may be because small publishers previously undertook a higher level of unpaid market research, if they do not need additional market research, or whether they face particular constraints (e.g. on staff time) in obtaining and making use of additional research.

10.5.6 Changes in staffing arrangements

In the case studies of innovative Australian publishers, many senior publishers referred to the changing roles and job descriptions within their organisations, regardless of whether the publisher was small or large. The changed roles included the increased use of social media in the promotion of books, the use of data analytics to examine the reach of social media campaigns, new or increased roles of staff members in engaging directly with readers, and more. Therefore, we asked survey respondents to indicate whether their organisation had changed position descriptions or created new types of non-traditional roles in response to changes in the industry with the last five years.

Table 19. Changes in position descriptions or creation of new types of non-traditional roles: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Yes	67	50	33	43
No	33	36	33	34
Unsure	0	14	0	5
N/A	0	0	33	18
Total	100	100	100	100
n	*6*	*14*	*24*	*44*

As shown in Table 19, large publishers in our sample are the most likely to have changed position descriptions or created new types of non-traditional roles in response to changes in the industry. Large publishers have had more scope to adjust the specialisations within their workforce, either because they have larger staff sizes or better access to training and new technology. Half of small publishers and one-third of micro-publishers have also made these changes. One-third of the micro-publishers indicated that the question is not applicable, most likely because they are less than five years old or perhaps because there are no written role definitions in one or two person operations

10.5.7 Changes in promotion

One of the areas of changing strategies most visible to book readers is in the promotion of books. The 2015 national survey of book authors found that authors of trade books are playing a greater role in the promotion of their books than five years earlier (Throsby, Zwar and Longden 2015) and the case studies of innovative trade and education publishers described the increased role of social media and the internet (Zwar 2016).

The present survey finds that, like authors, publishers are increasing their focus on promotional activities. The areas in which these increases are being observed are shown in Table 20. The data indicate that around four-fifths of publishers are increasing the time spent on promotional activities, three-quarters are increasing the range of promotional activities, and over half are increasing their budget for promotion (61 percent).

Table 20. Areas of increases in promotional activities: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Range of promotional activities	100	64	75	75
Budget for promotional activities	67	43	71	61
Time spent on promotional activities	83	79	83	82
n	*6*	*14*	*24*	*44*

What sorts of changes have publishers been making to the promotion of books over the past five years? Table 21 lists a range of promotional strategies and their frequency among publishers.

Table 21. Types of changes in promotional activity: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
New/enhanced direct initiatives for readers	67	50	54	55
New/enhanced direct initiatives for students/teachers/academics	0	0	4	2
Increased use of social media	100	71	88	84
Increased engagement with online/social media-based communities of readers	100	57	54	61
Review copies provided to bloggers	83	50	58	59
Experiments with pricing	83	50	50	55
Promotional initiatives with online book retailers	100	21	17	30
New/enhanced promotional initiatives with bricks and mortar book retailers	67	29	21	30
Greater proportion of promotional resources allocated to fewer titles	100	21	17	30
Initiatives to repackage and promote backlisted titles	83	36	38	43
Other	0	7	4	5
n	*6*	*14*	*24*	*44*

The largest area of change across all trade publishers is the increased use of social media. Nearly 85 percent of publishers have made this change, followed by increased engagement with online/social media-based communities of readers, and the provision of review copies to bloggers. Over half of all trade publishers are creating new or enhanced direct initiatives for readers and are experimenting with pricing.

10.5.8 Types of strategic links

Publishers do not operate in a vacuum, they are part of a complex network of businesses and organisations that make up the book industry. Many publishers have strategic formal or informal links with other players in the industry that inform and assist their operations in a variety of ways. Table 22 lists a range of external organisations with which publishers may have links, and the proportions of publishers who indicate that they have links to such organisations. It is apparent that Australian bricks and mortar booksellers are the most popular type of strategic association, with approximately four-fifths of all publishers reporting informal or formal links.

Looking at the type of strategic links according to the size of publisher, we can see in Table 22 that all or most of the large publishers in our sample had links not only with online and bricks and mortar booksellers, but also with overseas-based online booksellers, media outlets, commercial internet and/or social media companies and overseas-based publishers/agents. It is likely that the scale of operation of the large companies necessitates such links, and also increases their ability to secure them. Small and micro-publishers appear to be much less likely than large publishers to have strategic links with online booksellers. It is possible that that their books are available for sale through some of these online services but that smaller publishers are less likely to have professional connections sufficient, for example, to put forward special promotional offers. Alternatively, it may be that a majority of small and micro-publishers do not sell their books through third-party online retailers.

The commercial book industry has a number of links with the wider literary world. For example, significant numbers of publishers across all size groups report strong formal or informal links with writers' festivals and writers' organisations. Linkages also exist with the library system; smaller publishers appear more likely than large publishers to have strategic links with public libraries. We note nevertheless that authors associated with large publishers do make live appearances at public libraries, so it may be that these relations are handled by third party public relations specialists or by authors and their agents directly.

Table 22. Extent of publishers' strong informal or formal links with external organisations: percentages within each size group

	Large publisher	Small publisher	Micro-publisher	Total (all publishers)
Australian bricks and mortar booksellers	100	93	67	80
Australian online booksellers	100	36	33	43
Overseas-based online booksellers	67	14	33	32
Educational institutions	17	36	17	23
Public libraries	0	36	25	25
Third-party book distributor/warehouse manager	100	50	54	59
IT organisation	33	7	4	9
Media outlets, commercial internet and/or social media companies	100	79	29	55
Writers' festivals and writers' associations	83	64	54	61
Overseas-based publishers/agents	83	43	17	34
n	*6*	*14*	*24*	*44*

11. CONCLUSION

The survey contains mixed findings for the Australian book industry. We have found noticeable variation in different publishers' assessments as to whether changes in the industry over the last five years have been positive or negative for them. Overall, about one-third of trade publishers report that changes in the industry have been mostly positive for them, one-third say they are neither positive nor negative, and one-third assess that the changes are mostly negative. Micro-publishers are the most likely to respond that the changes have been positive for them, and small publishers are the most likely to say that the changes have been negative. Approximately one-third of all publishers have experienced a deterioration in their financial position, and over 15 percent of publishers have experienced greater volatility, suggesting that not quite half of publishers have experienced some form of negative consequences in their financial position over the past five years. Nevertheless the survey data show that trade publishers across the board are innovating and responding to global changes in the industry by making significant changes to their workflow planning and management, organisational roles, market research, products and strategies for promotion.

There are differences in the strategies and experiences of large, small and micro-publishers in the changing global environment. The large publishers in our sample are the most active group in implementing new strategies and reforms in a range of areas including those listed above. It is likely that large publishers in general may be better resourced to respond to change, that they may be under the most intense pressure from offshore competition, and that they have the greatest scope to make improvements compared to the leaner operations of small and micro-publishers. We have noted that the success of large Australian publishers, including independents and multinationals, is important for the economic and cultural health of Australia's book industry.

The findings point to differences in the experiences and strategies of small and micro-publishers compared to large publishers. Despite also demonstrating substantial levels of reform and innovation, small publishers appear to be the most likely to have been negatively affected financially by changes in the industry. It is important to consider that this group includes some of Australia's best-known and most successful independent publishers including Text Publishing, Black Inc. and Scribe. These and other Australian small publishers have impressive track records of producing bestselling titles, books that have become cultural reference points and export successes. One could speculate that "small publishers" on the larger end of the scale have had resources to innovate in response to changes in ways that those on the smaller end have not, but further research would be needed to investigate this proposition further.

The survey data point to some possible structural disadvantages faced by small publishers, some of whom may be unable to participate in benefits from changes in bookselling such as the rise of online booksellers and the increased significance of Discount Department Stores as retail sales outlets for books[12] . If there is a possible shift to market conditions that favour "blockbuster" titles as a greater proportion of trade book sales (Elberse 2008, 2014), some small publishers may be less well situated to benefit. It is clear that some small publishers already operate under constrained financial circumstances and have limited scope to implement changes. It may also be the case that some small publishers have been particularly negatively affected by changes in government support for books and reading, and in public funding for Australian literature. Yet despite the setbacks they have suffered, the resilience of the small publishers in the survey is underlined by the fact that they are all at least five to twenty years old and over one third of small publishers are more than twenty years old. Such longevity in the face of challenging market conditions does indeed command respect.

Finally, micro-publishers are the most likely to have experienced the changes within the industry to have been mostly positive compared to other publishers although their experiences are mixed. Given that a large proportion of micro-publishers are less than five years old, they can in some ways be characterised as "born modern", more likely to have been designed to take advantages of developments in digital printing and distribution and with an appreciation of the economics of small-scale publishing. Apart from Kate Freeth's study in 2008, there is less scholarly knowledge about these publishers and this is an area worthy of further investigation.

We note in conclusion that the final stage of the Macquarie University research into Australia's changing book industry turned its attention to book readers. Our research team partnered with the Australia Council for the Arts to investigate the types of books Australians like to read and why, whether they prefer print or ebooks, changing book-buying practices, attitudes towards Australian books and authors, and the cultural value of literature. A national survey of 3,000 Australians aged 14+ was designed by the joint research team in consultation with representatives from the book industry. It was administered by a market research organisation as an online survey in late 2016. The findings were released in 2017 (Throsby, Zwar and Morgan, 2017).

[12] DDS are responsible for an estimated 28 percent of trade sales in Australia (Zwar 2016 p 5).

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http://goto.mq.edu.au/book-industry

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