

Independent

Under the Radar: A Preview of the New BISG Study of Small and Midsize Publishers

by Jeff Abraham and Judith Appelbaum

PMA members, along with other small and mid-size publishers, have been racking up sales under the radar of conventional tracking systems for years, and in some cases for decades. Those who've noticed the under-counting have been able to explain it relatively easily. Correcting the count has been much harder. Now, though, that's well under way in the wake of a survey conducted by the Book Industry Study Group.

Sales That Are Hard to See

Industry observers have often been blind to or dismissive of information about sales by small and mid-size publishers for a variety of reasons, including these:

- The smaller-publisher segment consists of tens of thousands of companies scattered all across the country.
- Many of these companies don't belong to book industry trade associations, sometimes because publishing is not their primary business.

Whether or not they are primarily publishers, they tend to sell not only through book-trade channels that are routinely tracked and studied but also—and in quantity—through sales channels designed mainly to serve other industries, which the book industry does not monitor.

■ No one outside the book industry has been motivated to aggregate and disseminate sales figures for books in most of these non-traditional channels.

- Census numbers, which might normally be considered reliable, also under-represent the industry. In fact, the Census Bureau receives reports from a fraction of the companies that fit its definition of "Book Publisher," and it ignores books published by companies in other industries, by not-for-profit organizations and associations, and by academic institutions.

The only way to generate a truly comprehensive view of the book market, therefore, is by directly engaging with the entire body of U.S. publishers, using their common denominator: the ISBN. Accordingly, the Book Industry Study Group decided to survey the entire list of ISBN owners.

How the Money Mounts Up

Working with InfoTrends/CAP Ventures, a consulting and market research firm, and aided by support and sponsorship from R.R. Bowker, BISG requested responses to a detailed questionnaire from the entire database of approximately 86,000 active U.S. publishers late in 2004. Then, following up on the survey that BISG and PMA conducted in 1998—which resulted in the first "Rest of Us" report—and on PMA's follow-ups to that, BISG zeroed in on small and mid-size publishers, defined as the subset of the industry comprising companies with up to \$50 million in annual revenues from the sale of books and rights in books.

The findings appear in *Under the Radar*, a breakthrough, in-depth study of the book industry's under-reported segments and channels, which includes detailed information about methodology and is available via www.bisg.org.

The report's highlights include:

- ❖ **Total projected annual publishing revenue from small and midsize publishers is \$14.2 billion.** Anyone who doubts that most of this revenue has been invisible is invited to compare the \$14.2 billion figure for small and midsize publishers with generally accepted industry estimates of the entire publisher

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universe, which average out at roughly \$25 billion, and to factor in estimates of roughly \$22 billion or more for just the largest houses.

❖ **Midsize publishers**—those with between \$1 million and \$50 million in annual book revenues—generate significantly more revenue than other sources have estimated. Under the Radar estimates that there are approximately 3,600 companies in this revenue-range group, and that they contribute approximately \$11.5 billion to annual industry sales. These midsize publishers include many corporations, associations, and institutions that are often categorized under other industry segments because they generate a relatively small portion of their total revenue from their book-publishing activities.

❖ **Even the smallest publishers, a category that includes many self-publishers, generate nearly \$3 billion in aggregate annual revenue.**

❖ **U.S. book publishers with under \$50 million in annual publishing revenue collectively have 1.25 million titles in print.**

What Happens Next

The charts, tables, and commentary in *Under the Radar* focus on many other aspects of small and midsize publishers' dollar and unit sales, including sales of hardcovers vs. sales of paperbacks, sales of fiction vs. sales of nonfiction, sales to buyers overseas, and return rates for various sales channels.

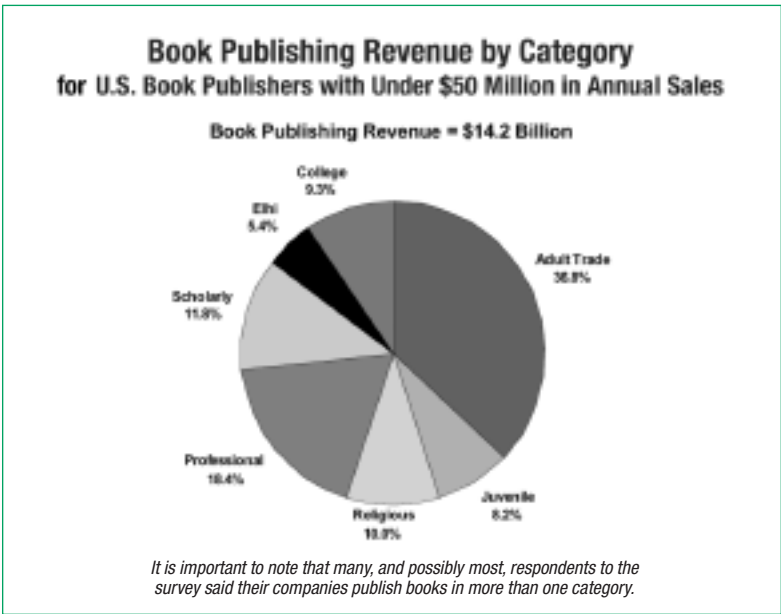
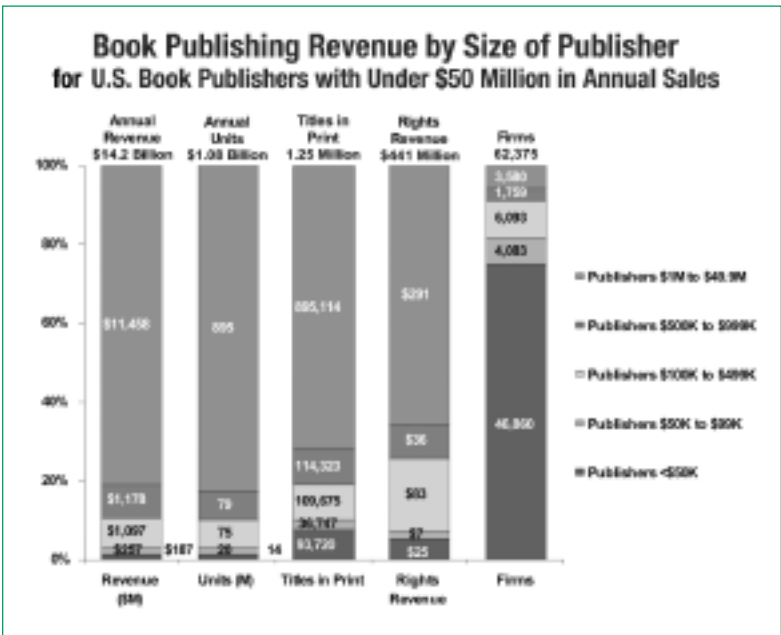
All the new information about the underreported segment of our industry presents a considerable challenge: reaching consensus on how to integrate it with information about the segment that has been tracked regularly in the past to produce a truly comprehensive view of the book industry.

BISG will be working with PMA and other industry organizations over the next 12 months with the goal of having *Book Industry TRENDS 2006*—the next edition of its statistical annual—take full account of small and midsize publishers' achievements.

For more information or to order *Under the Radar*, visit www.bisg.org.

Jeff Abraham is executive director of the Book Industry Study Group, a not-for-profit research and standards organization that identifies critical issues and manages change by enabling interaction among publishers, booksellers, wholesalers, libraries, manufacturers, authors, and suppliers.

Judith Appelbaum is a member of the BISG board and chair of its Publications Committee as well as managing director of Sensible Solutions, Inc., and editor at large of the PMA Independent.



It is important to note that many, and possibly most, respondents to the survey said their companies publish books in more than one category.