

Development of book publishing business models and finances

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Abstract:

This chapter covers the various forms and financial profiles of academic and professional book publishing. It looks back at the history of how this genre developed and how it is now adapting to the opportunities and challenges of the digital age. Ranging widely it covers hotly debated issues such as copyright, licensing terms, open access, digital production workflows and what steps need to be taken to make the most of digital while still preserving the values and skills of professional publishing.

Key words: Academic book publishing, scholarly book publishing, professional book publishing, open access and books.

Introduction

In this chapter we shall be looking at the development of book publishing business models, the finances that underlie them, market drivers, and what we might expect during the second decade of the 21st century. It is being written from the vantage point of the end of 2011 - probably about half way through a 20 year transition that is in equal amounts painful and exhilarating. The promises of the new technology seem limitless. Change is happening at a breathless pace in some areas, while certain aspects of publishing remain constant, some would say even backward. Publishing executives today are taking decisions that will shape the landscape of academic communications and the role the industry plays in it, while at the same time the room for manoeuvre is constrained by factors well outside their control.

The History and Landscape of Academic Book Publishing

Scholarly book publishing as a part of the publishing industry rose rapidly with the expansion of higher education after the end of the Second World War first in the USA. By the 1970s many areas of scholarly publishing were prospering. In America the dramatic growth of university presses contributed to a wider dissemination of scholarship than ever before. By the end of the 20th century there were nearly 90 university presses, many that also published materials of local interest and books of wider general appeal, gravitating primarily to the fields of humanities and social sciences. Indeed in America many serious presses found ways of broadening the appeal of scholarly research by grooming academic authors to write significant popular books that became bestsellers and were highly influential in shaping public thinking on any particular issue. For these select few authors the earnings could be significant, even reach seven figure royalty earnings (Greco, 2008).

In the UK the expansion of higher education came later, though publishers began to see the potential from the late sixties and early seventies. The university press landscape was dominated by the two large publishers, Oxford University Press and Cambridge University Press.

For most academics in the social sciences and humanities, the publication of their original research in the form of monographs was enough to meet their needs for tenure and promotion, and for the publisher print runs of 2,000 – 3,000 copies was the norm by the early 1970s.

The publishing of monographs in the English language was predominantly an activity of American and British publishers (with some in Canada and Australia and a few such as Elsevier in Europe), though as English became the dominant language in business and scientific communications, other academic presses in Europe and increasingly farther afield chose to publish in English.

As university presses grew stronger a tension arose between them and commercial academic presses. The hidden subsidies that university presses receive from their parent institutions coupled with their tax-exempt status

created an unfair playing field according to commercial publishers. This has not, however, deterred a healthy commercial sector from evolving in both English and other world languages.

Textbook publishing on the other hand tends to be local at primary and secondary education levels. At university level the US and UK publishers competed for market share on an increasingly global scale. Publishers exported (and often localised) tertiary level content in many parts of the world finding lucrative markets in smaller and/or poorer countries that could not sustain the width and breadth afforded by the UK and US companies.

In the US textbooks are used much more widely in the teaching process with students often able to pass satisfactorily through a course with only one core textbook recommended by the instructor. In the UK tertiary education is moving in that direction, though it has a tradition of encouraging wider reading from a variety of sources. With over 3000 universities and 2000 community colleges the US its market dwarfs the UK with its 180 institutions of higher education. Therefore US publishers were and continue to be better placed to make large investments in textbooks that sold in tens and hundreds of thousands of copies each year. UK publishers, on the other hand relied much more on the export market, especially to Commonwealth countries.

Today the market for English language academic books is global and the publishing industry that produces them is global too. The main publishers such as OUP, CUP, Palgrave, Taylor and Francis, Pearson, Springer, Wiley - Blackwell, Elsevier all have offices around the world. Their main markets are North America, Europe and Asia Pacific, but their reach is into every country that has a university and now Internet access.

Professional Publishing

Professional publishing for the professional market is increasingly dominated by large conglomerates based in North America. In the legal and tax sectors

technology suppliers are growing more quickly than both traditional and online publishers, and it is fair to say that a number of the larger players are now less interested in the single book written on a specialist topic by a practitioner or academic. Instead they now tend to focus on the deep content sets they own and aggregate (much of which are primary sources and legislation) and build online databases where they can then slice and dice content for different segments of the market. The ability to hold and manipulate huge volumes of data is crucial, with military grade technology and back-up systems to mitigate risk.

However, several UK based independents are growing their businesses successfully through a largely hard copy offering. What the future will look like is hard to gauge but the combination of large online databases, books and e-books seem likely with the demise of loose leafs and CD-ROMs a medium term certainty.

Content is king in the professional space, but the delivery mechanisms and value proposition need to be right. As the market commoditises it is likely that the margins will deteriorate long term from the very high margins that have been achieved historically.

In the UK the big publishers have seen erosion in growth rates in the last five years or so. This is due to customers cancelling hard copy subscriptions, take up for online services slower than anticipated, smaller players offering cheaper alternatives and the buying/negotiating skills of customers improving. That said, margins in the larger companies are still comfortably over 20% and likely to remain there for a period of time as cost cutting mitigates slower growth rates.

Actual numbers of lawyers and accountants continue to grow so the markets served are growing and are likely to continue. The concept of the professional body has become increasingly popular and many new 'professions' have come to have their own professional bodies. The challenge for the professional publisher is that the actual overall revenues on offer are declining due to the market trends

above. Longer term one could imagine margins steadying at a lower rate once the customer and supplier arrive at a position that is sustainable for both.

Some of the larger publishers serving the professional market also publish business books for the consumer market (such as Wiley Blackwell) and have authors that serve both sectors.

The Impact of Digitisation and Digital Publishing

Today, with the impact of digitisation we are seeing a blurring of the boundaries between different types of publications (including both journals and books). Learning materials are becoming referred to as 'learning objects' with the distinct objective of taking content out of pigeon holes and allowing for their deconstruction – to be reassembled by teachers and learners themselves rather than be packaged and presented as a static object by intermediaries such as publishers.

Research findings are now circulated freely on the Web prior to or even instead of formal publication. In many areas multimedia is making inroads as ways of enhancing the flat text. The pressures for free to end user through the open access movement (discussed below) is threatening the business model that initially tried to replicate the print world online. New distribution channels are proliferating for every kind of publication. Authors are demanding higher royalties and publishers are investing heavily in new processes, staff training and new business models.

'Pre-Press' Production Process

In production the defining moment came when publishers were able to apply XML (Extensible Markup Language), which is an accepted set of rules for encoding documents in machine-readable form. XML allows publishers to repurpose and reflow their content in as many formats as required, whether to facilitate custom publishing, or simply allow a single e-book to be read on a

multiplicity of devices. It is hard to overestimate both the challenges and the opportunities this has created for the industry.

Metadata

Metadata describes data around content. In the old fashioned print world this has usually meant the bibliographical information found in publisher promotion materials and library card catalogues. In the digital world there has been an explosion in how metadata has come to be used to tag every piece of information not just about the book, but in the book. This allows publishers and users to manipulate content in interconnected ways undreamt of just a few decades ago. The significance of this, again, cannot be overestimated.

Printing

The printing industry has also seen the sweep of digital impact on how it carries out its business. While litho printing is still the preferred method for print runs of over 400-500 copies, there are now two additional possibilities that provide cost effective ways of producing books.

Print on demand (POD) designed to print single copies reached the market some 15 years ago. However, the initial machinery was either expensive and therefore required centralisation of a large amount of printing. This has now improved considerably and we are moving towards small efficient machines that allow for dispersed printing around the globe.

The more recent arrival of the short-run digital printing option is the preferred method for runs from around 25 copies to 400. This suits monographs publishing very well.

Apart from allowing publishers to print only the quantity they require for whatever period they wish this flexibility also allows publishers to decide whether or not they will print to hold stock or only print when stock is required

(as Springer does with its e-copy/my copy programme) - delivering directly from the printer. The new textbook publisher Flat World Knowledge chooses to circumvent warehousing in this way, though for how long this will be possible is hard to tell. More traditional publishers start with litho, print short digital runs if necessary as sales slow down and then progress to POD with the digital file held by the printer to be used after orders come in. Amazon and other large retailers also offer this POD service to publishers.

Reading Devices

The hardware industry is producing more and more user-friendly devices on which content can be published. Be these mobile devices, tablets such as the iPad or bespoke reading devices such as the Kindle - we have them, people want to use them, and applications are inevitably mushrooming all around us. No one knows for sure which will be profitable, and are able to deliver content in pedagogically sound ways, best loved by students and researchers. A few early studies such as the one carried out by Princeton University suggest that students are not entirely convinced of their utility. However, it is likely that e-readers will find their place amongst a variety of tools in the student's rucksack.

Publishers have tended to be fearful of digital piracy cannibalising sales and have been relying on Digital Rights Management (DRM) technologies that have costs attached to them. However, DRM is contentious and most technologies are hacked sooner rather than later. Soft DRM is therefore becoming the preferred approach, with such practices such as watermarking or disclosing the purchaser's identity when sharing illegally..

New Business Models

New business models are primarily in the digital (i.e. electronic) realm and fall into two categories, toll based and open access. These changes impact on the traditional print model, where print is either abandoned or becomes just one of many delivery options.

The distinction between toll-based and open access refers to who pays for the publishing process and when in the publishing process these costs of publishing are paid.

Toll based sales of subscriptions to e-journals came about fairly easily and is now virtually complete (with 96% STM and 87% HSS of all English language scholarly journals available digitally- (STM Report, p.19 2009). These subscription-based products tend to be sold primarily to institutional libraries and professional practices. However, books are migrating more slowly. 'E-book' is a generic term that covers anything that resembles a book in digital format and is used for both academic and trade titles – both of which have very different market and sales profiles. It can, therefore be confusing when looking at trends, even though both are going up.

Some types of trade books have tripled their market share in the past three years from the base of 3% in 2009. However, there is no way of knowing whether or not this steep rise has occurred because of the hype around the new readers and will therefore plateau out at a relatively modest level. Whereas in academic and professional publishing the e-book has distinct benefits to scholarly communications, in terms of discoverability, citations, concurrent usage in libraries etc. E-book sales are rising exponentially. Bets are on as to when e-sales will exceed 50%, expected within two to five years. There will still be a large market for print books. Apart from the big textbooks (for the time being) printed books will increasingly be produced on demand or virtually on demand in very short digital print runs.

How readers consume content will, in the end, determine the formats in which they are delivered. While there is a demand for printed editions, publishers and printers will be more than happy to supply them.

However, there are numerous variables that will determine how this shapes up.

- * Library offerings via e-book aggregators
- * The variety, quality and price of reading devices
- * The take up of reading on digital devices
- * Flexibility afforded by publishers in their business models regulating and charging for access to content
- * How attractive publishers can make their content
- * The extent to which readers are able to customise their books through a mix and match of the materials and compose their own custom built book

The Stakeholders and Market Drivers of Digital Book Publishing

Publishers are reacting to the abundance of content online (especially free content) by refocusing their role in the value chain. No longer considering themselves as gatekeepers, which their access to capital for investment effectively defined them as such in the last century, they are searching for ways of adding value.

Scholars

As a first step to understanding the value chain in book publishing, we need to take into consideration the requirements of scholars themselves. They grasp the potential of digital access and distribution to information and scholarship and are asking publishers to accommodate or get out of the way. The framework is set for building a technical environment to 'support information, data-intensive, distributed, multidisciplinary research and learning (Christine Borgman 'Scholarship in the Digital Age p. 262). This direction is being endorsed by research funding bodies. E-Research and e-infrastructure required to deliver and communicate the findings is another pressure to change the existing business models. However, the rate of change differs from one discipline to another and within disciplines – and not always along obvious generational divides.

Martin Weller in his book *The Digital Scholar* (Bloomsbury Academic 2011) discusses the convergence of digital, networked and open technologies and the

way it is transforming the way scholarship is conducted with huge implications for collaboration, dissemination, methodology and pedagogy. The open question that is yet to be answered is whether or not publishers as we know of them today will adapt as successfully to this changing landscape as they did to the rapid growth of the scholarly and higher education communities themselves.

Nevertheless the reliance on publishing in its traditional form for career progression remains strong. While this continues to be the case academics will look to publish their works in whatever format is required of their disciplines and look to publishers for selection, adding value by editing formatting, producing, promoting and through branding - giving it that all important seal of approval. In economic terms this alliance between author and publisher has been referred to as 'co-creators of value' (a concept often attributed to John Banks, University of Queensland).

Libraries and Library Suppliers

We do know that librarians are especially keen on reducing their intake of printed matter and move to digital content. This will greatly reduce their need for additional shelf space. It also allows them to ingest digital content into their catalogues in ways that allow for the monitoring of usage. This has in turn led to Patron Driven Acquisition models (discussed below) that in due course may lead to more selective purchasing taking the 'just in time' as opposed to 'just in case' philosophy to a much higher level of precision than ever imaginable with printed books.

Librarians are redefining their own professions. They are becoming increasingly important in helping their patrons navigate around not only their own collections but around the whole of the Web including the massive amount of free content. Libraries too are pushing for access to e-books for their patrons on a multiplicity of devices.

The large e-content library suppliers are aggregating content into databases, but this tends to include monographs and reference works only, as publishers are wary of including e-textbooks for fear of losing control of their content. These aggregators began offering content in much the same way as traditional book library suppliers. Their offerings are effectively from a catalogue of e-books aggregated from a number of individual publishers. Libraries can either buy subset packages or pick and choose individual titles, depending on which plan they subscribe to.

Just as with the traditional supply of print books these aggregators are enhancing their offerings by additional services that allow for extra efficiencies and cost savings to the libraries (eg they supply of metadata in bespoke forms).

Patron Driven Acquisition (PDA) is a method by which the content of an e-book can rest inside a library catalogue and purchases are triggered based on usage by end-users. Once titles are triggered, the library generally owns it on a perpetual basis. However, there are a number of variants on this model, including the ability to 'borrow' an e-book on a short-term loan basis.

Ebary have been the latest to adopt this model, running a pilot program which they afterwards extended due to its success. NetLibrary have a Patron Driven Acquisition programme - e-books are purchased at the first use, and once the purchase is made the academic library then owns that e-book. Ingram's MyiLibrary runs its Patron Select program. First access to an e-book comes at no cost. On the second time access is made, the library is charged and the e-book is licensed to that library for a specific duration of time.

The Politics of Access

Access to knowledge has become a hotly contested issue of fundamental human rights, especially in developing countries (see 'Access to Knowledge, Zone Books, 2010). Several declarations such as the Budapest and Berlin Declarations have called for content to be free at point of use. This kind of position would have

been intellectually untenable in the past when the container (the printed books) and vehicles (physical shipment) that transported knowledge needed to be paid for. In the digital age content, it was said, wanted to be free. Of course, this was an exaggeration and after a decade of wrangling over business models it is now increasingly accepted that scholarly monographs and textbooks need to undergo professional handling and that it is primarily publishers that have the skills of selecting, organising independent peer review, editing, formatting, branding, marketing and making the content available in multiple formats on multiple platforms.

It was never the case that all content was closed. Programmes to make printed books available in developing countries have been funded by western governments and philanthropic organisations for some time. As soon as digital communications made instant access possible bodies such as EIFL and Research4Life (including HINARI, OARE and AGORA) were created to make journal content either very inexpensive or entirely free to developing and transition countries.

However, publishers have often been their own worst enemies in the public relations war. When the open access movement began at the turn of the century with the creation of journals that were free to the end user and the publishing process paid for out of research funds some mainstream publishers reacted with outrage. Now Springer owns BioMed Central, one of the pioneering open access initiatives and properly funded open access is seen as a viable option to the subscription based model.

While there is no consensus on whether or not OA will become the dominant model in journal publishing, it is easier to see how it can operate in the STM journal space where publication fees amount to only a tiny amount of any research budget. It is harder to envisage across HSS where research budgets are much smaller or even non-existent.

In the case of books there have been only a few experiments with open access which will be described below. Of course, the input costs of a 300 page book are clearly much greater than those of a 20 page journal article. These sums would be much harder to extract from research budgets, though funders are being encouraged to consider their role in the dissemination process.

For example, Amsterdam University Press was charged with the administration of OAPEN, a European Union funded project that is a collaborative initiative to develop and implement a sustainable Open Access publication model for academic books in the Humanities and Social Sciences. The OAPEN Library aims to improve the visibility and usability of high quality academic research by aggregating peer reviewed Open Access publications from across Europe. It serves as a test-bed to see if an open access model can be sustainable. OAPEN finds its roots in the continental tradition of publishing and there one finds much more funding available for the publishing of scholarly monographs whether in print or electronic versions. OAPEN is advocating for a greater institutionalisation of such funding.

In addition to the gold standard of open access (where author or research funder pays a fee for publication) there is also the green route whereby content is held in institutional repositories on an open access basis. While some funders and universities have mandated open access, and some countries are thinking of doing so on a national basis, this movement towards institutional repositories has not been entirely successful. This has been due to a number of factors including a reluctance of many academics themselves, as well as not enough funding for management and promotion of content.

Professional publishing remains relatively immune from the open access pressures as the content is generally aimed at improving the professional's ability to increase their earning power. Unlike educational and research materials it is usually not the case that the creation of the content is paid for out of the public purse.

The Shape and Development of New Book Publishing Business Models

To understand the seismic shifts taking place now we need to map out how things were, how things are today, how things will be and how we are going to get there – perhaps.

We are going to look at four types of publications – monographs, edited volumes, textbooks and reference works – and three types of subject areas – Humanities and Social Sciences (HSS), Science, Technical, Medical (STM), and Professional (usually includes Law, Business, Accounting)

	Monograph	Edited Volume	Textbook	Reference Work
Humanities and Social Sciences (HSS)	£40 - £90	£40 - £120	£15 - £30	£50 +
Science, Technical, Medical (STM)	£50 - £120	£75 - £150	£25 - £50	£100 +
Professional	£60 - £150	£80 - £200	£25 - £75	£100 +

Table 1: Recommended Retail Price Scale for books (based on a sample from half a dozen large publishers, largely hardbacks (except textbooks) of around 300 pages)

Until recently only a few commercial and university presses were prepared to experiment with open content licensing. Now many have done so, though only a few have dedicated programmes that are committed to the model that works as follows.

The basic premise of open access is that the work should be free online on a license that restricts the user to non-commercial uses only. That leaves the

publisher with all the commercial rights including print, and digital for commercial exploitation. The publisher can then make the book available in a number of different formats – print, stand alone e-book available on a multiplicity of devices in different formats and as an enhanced e-book giving extra value to a library edition for example or providing additional materials which are paid for either by subscription or as one off purchases.

Attempts to make this model work began with publishers simply selling print books while posting their content online for free. Sometimes they placed a specific customised license on the digital version that restricted further commercial exploitation. More recently, however, there has been a general acceptance of the Creative Commons Non-Commercial license (and sometimes using the CC+ designation that adds information about further reuse beyond the scope of the license).

Taking our initial typology of books, we'll also look at some of the experiments going on now and see what the business models are and how they are faring across the range of book publications (as illustrated in table 2).

Book type	Open Content Example
Monographs	Bloomsbury Academic; HSRC Press; Michigan UP; OAPEN
Edited Collection	Bloomsbury Academic
Textbooks	Flat World Knowledge; OER efforts
Reference Works	Wikipedia

Table 2 Experiments in Open Content Book Programmes

Costs – Print versus Digital

For any book publishing programme (be it traditional or experimental) to be successful and sustainable, the publisher's foundation is stable funding and strong financial control, and so it is important to understand how the costs are managed.

In the traditional model publishers followed a fairly standard way of costing their books. It all began with the individual title. There was a straightforward distinction between fixed costs (copyediting, typesetting, formatting, proofreading, design) of the book amortised over a print run – usually representing around 18 months of sales – and variable costs that represented costs such as first print runs, royalties and distribution charges. Other costs were treated as fixed or variable depending on how the company conducted its business. Large companies have their own warehouses and sales teams and assign a cost to each copy of the printed book. This is a backward way of treating a fixed cost as a variable as the actual costs of bringing a title to the market have to be successfully amortised over each copy. Small publishers tend to outsource sales, marketing, warehousing etc and they know from the contract with their service providers just how much they will be charged – usually expressed as a percentage of sales.

For this reason publishing is often referred to as a 'mark-up' business. All companies know the multiple of their fixed costs (however calculated) required to arrive at a minimum net receipt per book, then multiplied by the print run to provide a figure – which is then expressed as a gross margin. Tucked into the equation is a percentage of sales required to cover overheads, which again varies from company to company.

While overheads are expressed as a percentage of each copy sold, everyone is aware of just how many copies need to be sold to cover the actual overheads associated with the project and then how many projects need to be put through each year to cover the costs.

Below we shall be discussing monographs in more detail but here we see how the costs of traditional monographs break down on a book-by-book basis. A publisher can calculate in his or her head how many copies they need to sell in order to cover fixed costs and make enough of a contribution to overheads to cover the cost of handling a project. An example of the breakdown of costs and income on a book is presented in Table 3 below, working to a rough total of 400 unit sales. In digital publishing we simply have no idea yet how much our costs *per 'unit' sold* or even *cost per project* will actually be when taking into account the unknown amounts of time we are all spending trying to develop new business models.

Sample cost sheet for a print monograph

Typical retail price	50
<u>Net Receipt</u>	
<i>(assuming 35% trade discount)</i>	32.5
Origination Costs <i>(includes design, copyediting, typesetting, print)</i>	6
Royalty <i>(assuming 5% of Net Receipt)</i>	1.63
<u>Gross Profit</u>	
<i>= Net Receipt minus Origination Cost and Royalty</i>	24.87
Gross Profit % (of Net Receipt)	77%
<u>Other costs</u>	
Distribution	3.25
Marketing	1.95
Overheads <i>(includes rent, utilities, staff, finance costs, etc)</i>	17.7

<u>Net Profit</u>	
= <i>Gross Profit minus Other Costs</i>	4.87
Net Profit % (of Net Receipt)	15%

Table 3: Cost sheet for a monograph retailing at £50 (per unit, assuming 400 copies sold, and digitally printing).

The problem with digital publishing is that there is no comparable concept as ‘the copy’. There is, in effect, only one copy of the text, the master digital file, and what the publisher is selling is access. Whether this be on subscription expressed as payments per page, per chapter or per book, for a limited period of time, or on a perpetual access license, for single or multiple devices and single or multiple readers for a tiered set of charges, depending the size or wealth of an institution or country is causing problems with the basic expenditure and revenue models. While there may be no warehousing costs, there are higher marketing costs and there is pressure to raise author royalties. We really have little idea what the ratios will look like once the digital models settle down and publishers are able to again calculate in their heads what the price of a ‘book’ of a certain number of words should be.

Looking at the drivers of digital publishing we see several operating across types of publications and many more that are specific to each type. Cost savings across all types is a short-term myth even if in the long run there will be savings on paper and physical distribution.

For publishers there is a real problem in devising new ways of managing their digital investment. Should this include re-skilling existing staff or the upheaval of hiring new staff with the appropriate skills? What will it take to alter traditional patterns of workflow? Does one write off these investments as they are incurred or handle them more like software – to be written off the balance sheet over a period of years?

For the time being publishers have to invest massively in the transition and returns are likely to go down before they start to climb again (and not forgetting that we are still in the midst of the most serious recession since the depression of the 30s).

Monographs

'A work of scholarship on a particular topic or theme which is written by a scholar (or scholars) and intended for use primarily by other scholars. The scholarly monograph is a focused work of scholarship pitched at a relatively high level of intellectual sophistication.' (John Thompson, P.84)

Monographs are generally considered to be the lowest risk and carry the lowest investment. They are the product of original research and are generally sold to academic libraries. While historically they may have sold up to 3,000 copies today they sell between 200 and 600 depending on the subject and price. In general HSS titles sell for anything from £40 - £80, STM at slightly higher prices and Professional books starting at £70 and selling well into the hundreds of pounds each as illustrated in table 1 above. Academics in HSS subjects need and want to publish book length material while for STM academics there is greater prestige (and therefore of more importance for promotion) to publish in journals. Professional books tend to be produced by professionals who want a foot in the academic door, or academics who use the publication as a way of promoting consultancy and other services. Some of the larger publishers have moved out of monographs publishing altogether because the size of each project does not warrant the overheads.

Monograph publishing has been one of the first areas in scholarly publishing to experiment in Open Content Book Programmes. Bloomsbury Academic's experimental business model is often described using an ice cream analogy. The core monograph (or research-led publication, as they call it) is published on their website in HTML on a Creative Commons Non-Commercial license. They also sell the print version (either in hardback, paperback or both) stand alone e-books for

reading devices such as Kindle and Sony, e-books through aggregators such as MyLibrary, Ebrary etc, and a library PDF. Some e-books have additional resources bundled in. To date print books are selling in the quantities anticipated, though the size of the sample and length of time that this imprint has been publishing (since 2010) is too small and short to evaluate its success.

Other publishers are now allowing authors to publish their monographs on a CC NC license upon request, although generally they don't like it and are fearful of the possible impact on sales. Nevertheless there is interest in making this model work. It is unfortunate that the technology made it possible at about the time that libraries faced real spending cuts and so it is impossible to determine whether any drop in sales might be due to open access or just a drop in budgets and hard choices needing to be made.

A study at Amsterdam University Press (Snijder, Ronald, 2010) conducted a study of 400 primarily backlist titles and concluded that while there was an increase in discoverability and accessibility the test ran for too short a period to tell whether or not open access would result in greater sales.

Edited Volumes

Edited volumes are generally spoken about in the same breath as monographs and they have a similar financial profile. Because they involve multiple authors publishers prefer to rely on the volume's editor (usually an academic in the field and often a combination of a senior academic who lends their name and a junior who does all the work). Nevertheless, there are hidden costs to edited volumes such as the issuing of multiple chapter contracts (such as with this book) and discussions amongst contributors.

Edited volumes tend to include reports on original research or they are commissioned instead of a single author work because there is no one who knows enough in both breadth and depth to cover all the topics pulled together in the volume (such as this book).

Edited volumes may cross over into the textbook and or the handbook arena, again because it is deemed to be the best way of covering a range of issues that have a natural link (again such as this book). The history of edited volumes is chequered. Academics believe that these contributions are less highly regarded than journal articles, and librarians are believed to prefer single author monographs to edited volumes, though the evidence on this is scanty.

Edited volumes are a curious hybrid. They are neither journal articles (though some may have chapters that have been recycled as journal articles, nor are they exclusively conference proceedings (though some may be), nor are they always representing original works. Long the stepsister of monographs, conventional wisdom had it that the printed edited volume sold less well than single authored monographs.

Today the edited volume often tackles interdisciplinary themes that are beyond the ability of a single individual to handle. As studies become more interdisciplinary more edited volumes are produced with the express purpose of acting as textbooks.

Within the digital realm edited volumes have an insecure future as open access e-books. They are not funded by outside sources such as open journal articles. They run the risk of the most interesting chapters being cherry picked online by readers making the decision to buy a whole book (whether print or e) a much less purposeful acquisition. And yet, it is the edited volume that most easily presents the easily chunked content that lends itself to customised publishing - which, should there be sufficient demand, could yield profitable income.

Textbooks

'In the broadest sense, a textbook could be defined as a book which is written for and used by teachers and students for the purposes of teaching and learning.' (John Thompson, p.196)

As indicated earlier above there are significant differences between US and UK textbooks, with the UK producing more upper level supplementary texts while the US specialises in large textbooks for the core curriculum of lower level undergraduate courses. Because of the high investment required there are only a few very large players at the lower levels of the curriculum. In the UK there are more openings for niche textbooks, even at the lower levels for smaller publishers.

All of the three subject areas (HSS, STM and Professional) require textbooks and these are mainly conceived by editors in publishing houses who keep an eye on what is needed for courses. Authors are paid either by fees or royalties. The competition amongst publishers is in getting the best authors and understanding the requirements of lecturers so as to be able to guide the authors along to produce the most successful textbook in the field. There has been an increasing migration into higher education publishing by those who began originally as academic publishers concentrating on monographs.

The largest textbook experiment is Flat World Knowledge, a new company founded in 2006 with the vision of using the free to promote purchases of the same content in a number of different formats, along with supplementary materials in teachers and student aids. It publishes the core textbook online in html and all books are on a Creative Commons Non-Commercial license. Students can buy the printed version for around \$30 in black and white and \$60 for colour. These are supplied on a Print on Demand basis as Flat World has shunned the logistics of operating a more traditional fulfilment service through holding stock in a warehouse. They therefore have no inventory costs. Because of its promise to produce the print books less expensively than competitors it has attracted many excellent authors and generated a lot of publicity around its new business model.

Textbooks and Custom Publishing

Another approach affording lecturers greater flexibility over content is the trend towards offering the opportunity to customise textbooks through the mixing and matching of chapters from a number of sources. In some cases this is restricted to material from a single publisher, in others lecturers can upload their own content or materials from other sources.

DynamicBooks, a new software initiative from Macmillan, is just one of many now allowing university instructors to edit digital editions of textbooks and customize them for their individual classes. Professors are able to reorganize or delete chapters; upload course syllabuses, notes, videos, pictures and graphs; and rewrite or delete individual paragraphs, equations or illustrations.

DynamicBooks gives instructors the power to alter individual sentences and paragraphs without consulting the original authors or publisher – which no doubt is causing questions to be raised concerning copyright.

Another example of a company offering similar services are

<http://academicpub.com> who provide textbooks from a variety of publishers.

Reference Works

'Reference works are an accumulation of discrete pieces of knowledge.' (John Thompson, p.323)

Reference works are produced in all subject areas and are generally commissioned and developed by the publishing house. They are priced anywhere from monograph level to hundreds or thousands of pounds depending on the level of investment and the size of the relevant market. These works are increasingly international and a number of European publishing companies such as Brill have carved out niches for themselves.

The digital era has transformed the business of reference publishing by allowing easy and inexpensive update of material. And as a result, this has changed the workflow structure and delivery and thus effectively spelling the end for printed reference works altogether. Some reference works made a successful transition

to digital such as the Oxford English Dictionary which is about to cease print publishing altogether. Others have had a greater difficulty – such as the world famous Encyclopaedia Britannica which contracted to less than 10% of its historical high to now a profitable £50 million business.

The largest reference work publisher is Wikipedia. Its runaway success was initially seen as a threat to all encyclopaedias. However, due to questions over provenance and reliability, the value of quality-controlled content is increasingly becoming acknowledged. The question remains though, how much the market is willing to pay for high quality content when there is so much available for free.

The new aggregated packages of content transcend the above distinctions. Digitisation has made this possible and a reality. Today we have the large publishers offering packages such as Palgrave Connect, Oxford Scholarship Online and other publishers are rapidly packaging up and digitising their complete lists.

Blended e-products

Scholarly communications is increasingly relying on multimedia. These were at first additional resources bundled in with the e-book package and sold as enhanced e-books. Today a more sophisticated form of blended media is emerging - multidimensional and open to all sorts of experimentation. Too much of such material, at too high a price is ignored by the community. Too little and too simple is quickly discarded as the next exciting product comes along. Publishers are out of necessity making investment decisions without a clear idea of what the expected returns might be from this area.

Reference and textbooks have the greatest potential, while monographs are too specialised and each title creates too little revenue to find room to invest in enhancements. Most scholarly publishers rely on authors and their institutions to come up with additional content and resources. Edited volumes do have the potential for benefiting from enhancements as each chapter can only report on

research in a manner that is as succinct as a journal article, so finding ways of providing the background data and additional information can at times serve the reader very well.

New companies are springing up everywhere to host e-book content and sell either the digital or print products as a result of showing as much as possible free without hurting sales. Indeed, models such as PaperC, which hosts textbooks and allows publishers to set the length of time readers may view the content (30/60/90 minutes) before closing access hope to make their money on splitting the revenue with their publisher clients. All of these models are in some ways beholden to the 'freemium' model. They have all been influenced by Amazon's 'Look Inside' feature that demonstrated that exposure can increase sales. Google Books followed the same principle.

Conclusion – The Future of 'Stuff'

It is a truism to say that we have moved from a world of information scarcity to information abundance. But this short phrase encapsulates why everyone in the academic communications chain is being forced to change their business model if they wish to stay in business. To find a way around all the 'stuff' that is expanding at a frightening rate on the Web, publishers, booksellers, printers, distributors, libraries and their suppliers are all changing to accommodate the changing usage patterns of academics and students. And the next decade will see a substantial increase in tools designed to help navigate around and make best use of the 'stuff'. In some cases we are pushing the change, but in most we are all responding to what is possible and what is desirable.

It is impossible to write a handbook on the subject that describes the status quo – because there is no status quo. The tectonic plates are on the move. There is no way of knowing yet whether it will create a tsunami of devastating proportions or whether the publishing industry as we know it will adapt and even with its new ways of operating and new business models, shake off the shackles of the past and find a healthy way forward in the digital realm.

The publishing industry is working hard to deal with the pressures on the industry – open access, open educational resources, institutional repositories, politics of access, licensing issues in the digital realm.

What the value chain will look like after an almost complete migration to digital in academic publishing is still unclear, though pieces are becoming clearer. Issues around the level and direction of investment during the transition are the questions that will preoccupy the industry for another ten years.

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