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Book Business

University Presses Press on Through Recession

By Amanda Baltazar

Economic downturn poses both challenges and opportunities for publishers.

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One might think that all other problems fade into the background when there's a recession, but for university presses, that's certainly not true. Questions about changes in education funding and student habits rear up alongside concerns about preparing for the digital future; still, the country's economic woes are plaguing university presses, and the stress is not likely to disappear anytime soon.

According to many university press executives, the industry didn't fare too poorly for the first two quarters of last year, but by October and November, things were looking much less rosy.

"The recession is a game-changer," says Doug Armato, director of the University of Minnesota Press. "University presses have had pretty modest growth in the past three years. Business has been growing slowly, but steadily, and now it's being hit."

The area that is being hit hardest is scholarly publishing, says Armato.

For New York University Press, the big impact of the economy has been on print, which comprises 95 percent of the company's revenue, according to director Steve Maikowski.

"Other non-print book revenue streams, such as journals, endowment interest revenue, and distribution line services revenue, offer publishers additional forms of protection during an economic downturn," he points out.

"If your journal revenue comes primarily from bundled journal subscriptions, that's even more protection from libraries deselecting or unsubscribing from a single journal," Maikowski continues.

Temple University Press started to see a negative turn in sales in November, possibly because that is return season for September course-adoption books, suggests Alex Holzman, director of the press and president of the Association of American University Presses (AAUP).

“It also came at the same time that Borders had the strategy of reducing its inventory by 19 percent, and the recession had hit enough for stores to order conservatively for the holidays,” he adds.

Ever the optimist, he says that the silver lining of current struggles is that returns in the spring could be lower, “because there just isn’t anything out there.”

University presses may incur the brunt of the recession in the coming year, when most university libraries’ funding will decrease and students will have less money, meaning both parties won’t be able to afford books—at least not brand-new ones.

In fact, says Holzman, of more concern than the recession is the fact that course-adoption book sales may be on the decline long-term. “Students are finding ways to share books or do without books,” he says.

“I have a fear that there might be more returned books after each traditional cycle,” says Maikowski. “April and May are often high months for college store returns; so should we be projecting for this?”

“Anybody who has a reliance on academic and public libraries is casting a wary eye on the summer, when they’ll make their budgets, and the news is so unrelentingly grim,” says Niko Pfund, vice president and publisher of academic and trade books for Oxford University Press.

To help avoid these financial losses, presses are printing more on-demand, something that Oxford University Press started doing in 2003.

“We don’t want to print too many copies and be awash in returns,” says Pfund. “We decided to take a more conservative approach.

“Publishing would not have survived and thrived as it has in the past 10 years if we didn’t have print-on-demand [POD] or online book selling,” he says. “If we hadn’t done that, we’d be in dire straits.”

Between 5,000 and 6,000 of Oxford’s titles are printed on-demand, which is a “pretty hefty” percentage of its total list, Pfund adds.

“[POD] is one of those absolute win-win situations. It helps us disseminate information; it allows us to help authors never be unavailable; and it helps us financially,” he says.

Holzman counts among POD’s benefits: cheaper unit costs and savings in staff time, as well as the ability to make all books available all the time. “[It] allows us to fill orders without having to monitor stock on a constant basis,” he says. “Honestly, I see no downside to this.”

New York University Press is continuing to move backlist titles into a POD model.

“It has reduced our printing and book-storage costs, and has also reduced our risk of inventory markdown and our margins,” Maikowski explains.

While the benefits of POD are clear, many university presses are still grappling with whether to digitize their titles, and if so, which to convert and which format to use.

For many publishers, sales of digital books are increasing, but from a very small base, which means they’re not generating significant revenue. Digital sales also are not expected to be big business in the immediate future.

“One of the big challenges is the whole question of how to make the best use of digital technologies,” says Peter Givler, executive director of AAUP. “Journalistic publishing has adapted well to electronic publishing, and it has helped sell subscriptions. But you don’t sell books by subscription, and no one’s got the magic bullet to know how to make this work.”

“It’s plain to see [that] the book publishing industry will evolve,” says Corey Podolsky, vice president of technology for Oxford University Press. “People are not going to stop buying books, but I’m preparing for a world where the way people read changes. It’s about staying ahead of the curve. It’s hard for me to think [digital book technologies] won’t catch on.”

The area where digital content is really growing in is journals, adds Podolsky. The challenge, he said, is the expense, and knowing how far into your backlist to go.

The University of Minnesota Press is digitizing its titles, moving everything published since 1925 into electronic format.

Under its Minnesota Archive Editions, the press has made more than 600 out-of-print titles available. And within the next six months, it will have every title to which it holds full rights back in print.

“The seed of the idea came when we heard from Google that they were getting a high number of hits on our out-of-print books,” says Armato. The books will be produced in limited quantities according to customer demand and will be text-searchable through both Amazon’s Search Inside the Book program and Google Book Search.

“We’re seeing an increase in revenue [in our digital business], but it’s under 5 percent of our business,” he says. “So we’ll be ready when the market shifts.” As for when the market will shift? Probably not for 10 years, he predicts.

Temple University Press is trying to provide information to meet the market’s demand. And what it sees is a demand for book chapters, rather than entire books, so it plans to make individual chapters available digitally for purchase.

The press will make these chapters available in what Holzman calls “a very vanilla,

Web-based PDF,” compatible with the Kindle, the Sony Reader and any computer.

The recession is slowing down New York University Press’ digital initiatives, says Maikowski. “Without [money], we can’t invest in digital,” he says. However, eliminating these initiatives entirely could have a long-term, negative effect, “so a lot of those initiatives will be scaled back or deferred [rather than eliminated],” he says. “We’re doing all we can to husband our resources.”

Along with the digitization of content, the emergence of Google Book Search and Amazon’s Search Inside the Book, has changed the landscape for university presses.

“We took a leap with Amazon’s Search Inside the Book and Google Book [Search], but it’s only increased sales and hasn’t cannibalized actual book sales,” says Armato. “So even if people are choosing things and researching them on the Web, they’re still reading physical books. It was a real breath-holding moment [when we moved into these areas].

“Moving to the Web, in terms of promotions and bookselling, has been good because it’s equalized everything,” he continues. “Now we have lots of tools to get directly to our readers. In a way, it’s almost easier to sell the [niche] books than the broader-[appeal] books.”

News Not All Bad

And while it may all sound like bad news for university presses these days, it’s not necessarily. Some publishers are having success with their trade publishing efforts—particularly by capitalizing on regional books, from travel to food or even an area’s flora and fauna.

These types of books can especially make a difference around the holidays, says Givler.

“There are a lot more markets for [these types of book],” says Dan Kervick, sales manager for Baker & Taylor’s Publisher Alley, which analyzes book sales. The typical scholarly title might sell 50 units, 200 at most; but a cookbook could sell 5,000 units, he points out.

Just 50 percent of the University of Minnesota’s books are now scholarly, 15 percent are regional, and 35 percent are trade books written by scholars, says Armato. The company, he says, is publishing more niche books in subject areas including ethnic studies, demographics, politics and architectural history.

“We’ve always felt that the best thing is to be niche-driven, because we’re known for it and we’re not chasing the same dollars as everyone else,” he says.

Regional publishing has been a great source of revenue for Temple University Press. “It also gives us local exposure and creates materials for the citizens of Pennsylvania,

which is part of our mission,” says Holzman. He points to books on the Philadelphia Eagles and the landscape gardens of Philadelphia as examples of books that have sold very well and helped fulfill the mission of the press.

Regional publishing doesn't make sense for some other houses, like Duke University Press and Oxford, which have a more international reputation. But it's a good strategy, agrees Steve Cohn, director of Duke University Press.

Regional trade publishing isn't the only glimmer of light in this market segment, however. AAUP's Givler is quick to point out that every cloud has a silver lining—even a recession. An economic downturn tends to expose the cracks in the foundation of a business, he says. “We've been encouraging our members to streamline [internal operations] ... cut expenses and make changes that will have long-term effects on their business.

“Downturn in the economy is certainly a reason to look at these [areas], but these changes work well in the long run,” says Givler.

Holzman agrees. “What people forget is that times don't last forever. The good news is that periods like this are opportunities to really evaluate what you do,” he says.

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