December 2011

The Future of Publishing

A report on innovation and the future of the book

Alastair Horne

mediafutures.org.uk/2011/report

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provide support to the publishing sector.

Above The Solar System interactive app by TouchPress brings together text 3D objects, movies, images, animations and diagrams.
Right Amaranth Borsuk's Between Page and Screen contains QR codes which trigger textual animations that appear to emerge from the pages of the book.

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Shaping the Future

Shaping the Future

MEDIA FUTURES

Articles, reports, and conferences on the future of publishing are increasingly common; genuinely useful insights into the industry's future, however, remain comparatively rare.

To be truly valuable, such insights need to be practical and applicable, rather than speculative and theoretical. They need to be informed by an accurate and detailed knowledge of today's publishing business, and of the problems and opportunities it faces, from the shortage of digital skills amongst its workforce to the challenges posed by the incursion into the distribution chain of the likes of Amazon, Apple, and Google.

Such insights must take into account the forces affecting not only how readers buy and read – their changing expectations and the pressures on their time – but also how writers write, how they are paid for their work, and whether a move towards reading on electronic devices will see a change not merely in how works are distributed, but

also in the nature of those works themselves.

They need to consider not only what "digital" means within the publishing industry of today, but what it will mean tomorrow: not just the print books in ebook format that currently predominate, but also content specifically created for the new formats that may develop – from wholly electronic formats which explore devices' connectedness or ability to combine text with other media, to mixed formats, like Melville House's Hybrid Books.

Predictions as to when digital revenues will outstrip print, or whether enhanced ebooks have a future, are doubtless interesting subjects for discussion, and may yet have some relevance to an industry still coming to terms with digital; nevertheless, informed analysis of why enhanced formats are failing to generate revenues, leading to practicable suggestions as to how they might be made financially viable, are likely to prove of far greater relevance to the industry.

Above Napster's peer-to-peer file sharing service turned the music industry upside down in the early 2000s.
Right The first Future of Publishing discussion, May 2011 at The Sense Loft, London
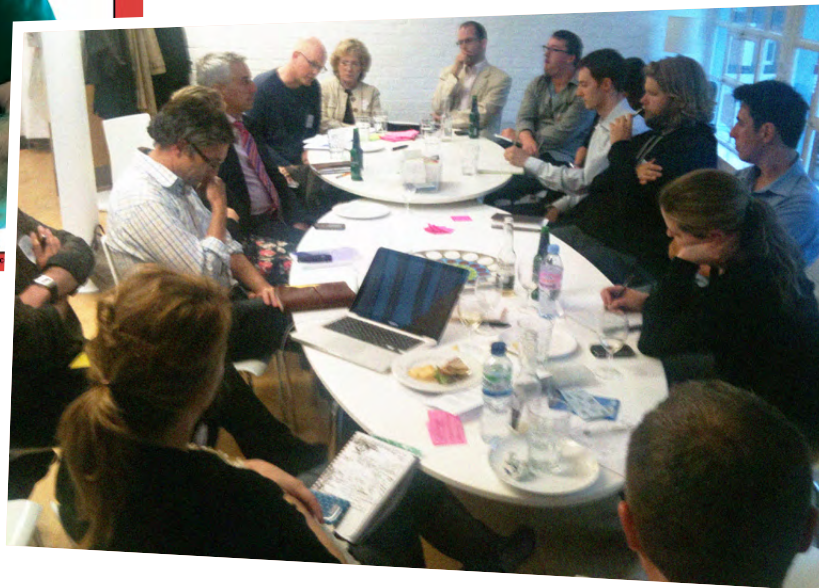
Genuinely useful insights are likely to be informed by a broad perspective that can absorb the lessons of other creative and media industries that have already undergone many of the disruptions wrought by the move to digital. To its credit, publishing certainly seems increasingly aware that it ought to be learning from other businesses' experience. A pervasive and inhibiting dread of "what happened to the music industry" is gradually being replaced by a more constructive awareness that useful lessons might be learned by listening to those who have lived through such disruption. Battle–scarred veterans from the music and newspaper industries are often invited to speak at the various digital publishing conferences, while the Publishers' Association last year installed as its chief executive Richard Mollet, formerly Director of Public Affairs at the BPI, the body representing the UK recorded music industry.

The most valuable insights of all will be those that synthesise all of these aspects, combining the broader perspectives offered by knowledge of other sectors with a detailed understanding of the specificities of publishing – how a song, for instance, differs from a novel in terms of how it is produced, bought, consumed, shared, and valued. For with publishing still at the early stages of its transformation into a predominantly digital business, perhaps the most important decision it faces today is to what extent it will allow its future to be shaped by external forces – most obviously Amazon, Apple, and Google, but also a raft of other, smaller innovators – and how far it is willing to shape that future itself.

The Future of Publishing Programme

The Future of Publishing programme aims to help the industry play an active part in shaping that future, offering practical insights into the products, services, and businesses that may be a part of it. Its contribution is both informed and made distinctive by its five key approaches: making new products and services; giving insight into the future; showcasing and promoting innovation; exploring new revenue streams; and facilitating cross–sector partnerships.

The first of these approaches – moving beyond talking to actually making – was evidenced at May's Book Hackday, which brought together developers and content owners from across a range of industries to prototype new types of product and service.

Discussions with some of the best–informed and most creative people within and around the publishing industry have played a key part in the programme's second approach – providing insights that don't mistake the present for the future but instead address how that future might be made. By contributing their wisdom, opinions, and experience to dialogues both face–to–face and virtual, they have provided the accurate and detailed knowledge of the industry that has enabled

Media Futures' Book Hackday at the Free Word Centre, London

The publishing industry has the opportunity not only to learn from industries with greater experience of the transformations wrought by digital, but also to partner with them to take advantage of the possibilities offered by devices that can deliver text, images, audio, video, and games with equal ease.

this report to look beyond the present into the industry's future.

The third approach – showcasing and promoting innovations that push at publishing's boundaries and provide real commercial possibilities – is best evidenced by the Publish! a Day of Innovation conference in Bristol in November, where speakers will present some of the most exciting and important advances currently being made within the industry, offering models for successful publishing within new digital markets.

This emphasis on the commercial possibilities of new digital markets is at the heart of the programme's fourth approach – exploring new revenue streams. Both this report and the conference address the fact that as publishing's traditional revenue streams are disrupted by the move to a digital business, finding new business models is a matter of the utmost importance.

The final approach – facilitating cross–sector partnerships – may prove equally important. The publishing industry has the opportunity not only to learn from industries with greater experience of the transformations wrought by digital, but also to partner with them to take advantage of the possibilities offered by devices that can deliver text, images, audio, video, and games with equal ease. The series of workshops that form part of the Future of Publishing programme will bring publishers together with digital agencies to explore how collaboration might generate new forms and business models.

Xbox video game pods.
Credit: atmtx, Flickr
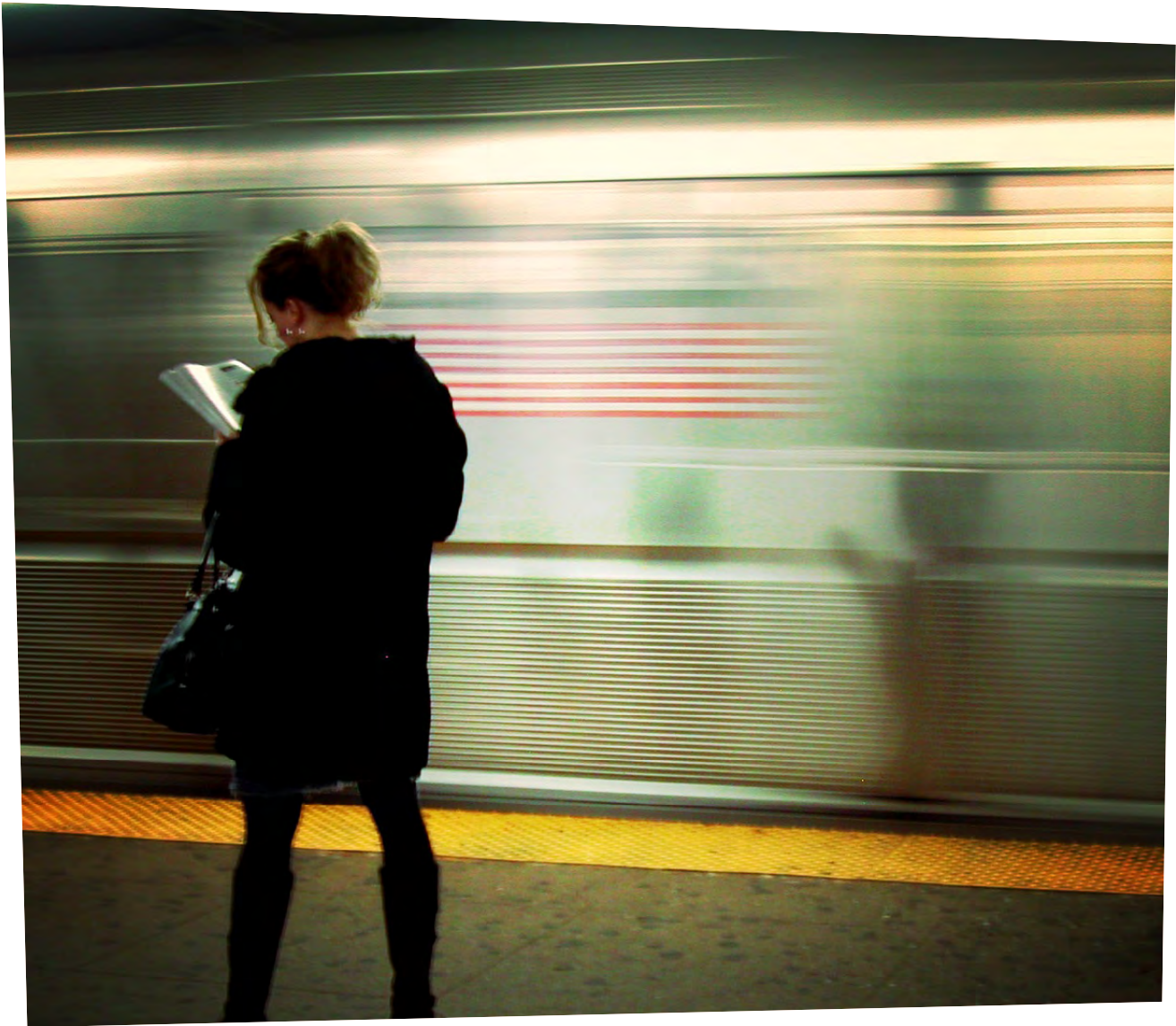
Credit: Mo Riza, Flickr.

2011: The End of the Beginning

The Data

Sales

2011 may prove to be the year in which the publishing industry finally acknowledges that – never mind the future – its *present* is already significantly digital. In August, the Association of American Publishers and the Book Industry Study Group released figures showing that ebooks accounted for 5.8% of US publishing revenue in 2010: $1.62bn out of a total of $27.9bn. In the trade sector, the percentage was even higher, with ebooks providing 6.4% of the sector's total revenues, an increase of more than 1200% on 2008.

Estimates from the International Publishers' Association covering a similar period suggest that few non–American markets are yet at such levels: of the major global markets, only the UK, with estimates ranging wildly from 1% to 9%, is remotely comparable, though Japan, South Africa, and Spain all estimate digital revenues to be between 1% and 2%. Nevertheless, the fact that certain major publishers are reporting double figure shares of revenue for ebooks worldwide in the first half of 2011 – 11% for HarperCollins, 14% for Penguin – suggests that the move towards digital is rapidly attaining a global significance.

Formats

The AAP/BISG figures show that by far the most popular ebook format – in the trade sector at least – is the kind of plain text ebook that simply replicates a print equivalent. Such products accounted for 98.4% of the $878m revenues trade ebooks generated in 2010, with enhanced ebooks (defined as containing "significant additional content and enhancements such as additional text, extensive hyperlinks and/or multimedia") comprising almost all of the remaining 1.6%. Under $1m was brought in by book apps, defined as products which "go significantly beyond the book concept" by offering additional features such as "interactivity" (where the reader can take part in the story, as in Nosy Crow's Three Little Pigs app), "non–linear usage" (where, for instance, the reader can reorganise the work's

structure, as in Penguin's MyFry app), and "testing" (such as textbook quizzes).

At a first glance, these figures might seem to suggest that publishing's digital present is little more than a recreation of its print past, with plain text remaining the dominant format – that, as Kate Pullinger suggests, the industry's understandable concern for its own survival is resulting in "a greater emphasis on electronic versions of existing book forms than on experimenting with new forms of storytelling and publishing". The possibility that this might only be a temporary phenomenon is, however, suggested by the fact that enhanced ebook revenues grew faster than those for plain text titles in 2010, by 255%, compared to 201%. The gap between the two formats is such that it's hard to imagine it closing significantly in the foreseeable future; nevertheless, the rate of growth for enhanced ebooks suggests that the format may yet find a sizeable niche. If the costs of creating "significant additional content and enhancements" can somehow be
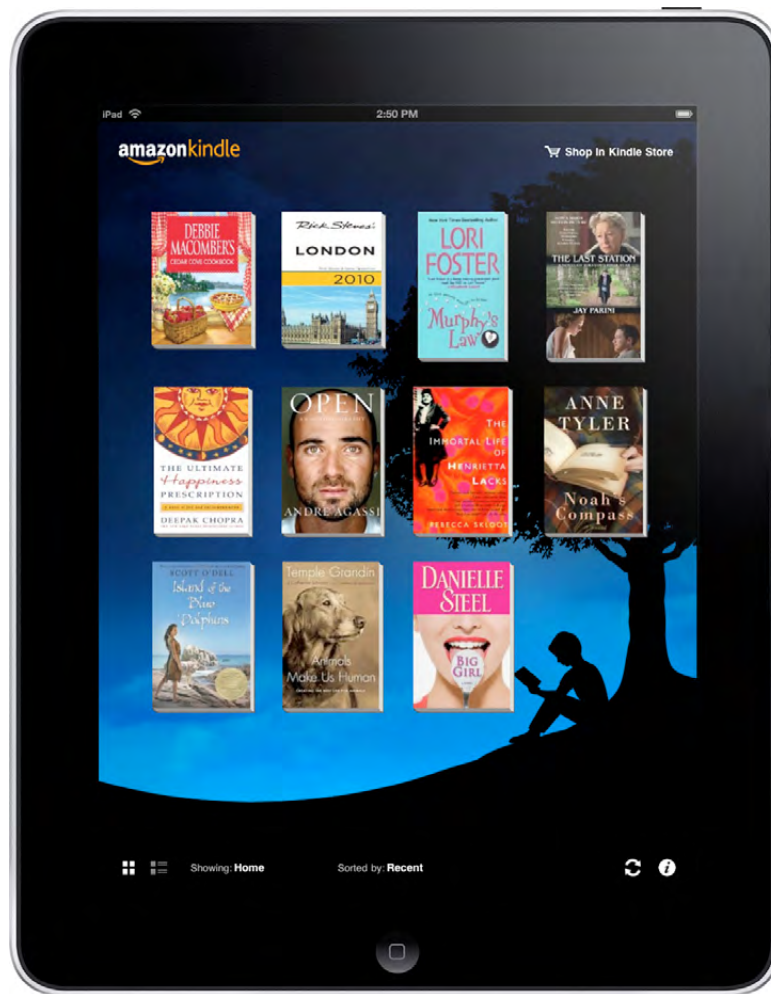
Amazon's Kindle Cloud Reader running on an iPad

reined in, assertions of its death may prove to have been somewhat premature.

Channels

The absence of a digital equivalent to the independent Nielsen BookScan makes it impossible to judge with complete confidence the contradictory claims to market share made by the various

ebook distributors. Yet it's generally accepted that Amazon controls a majority of the worldwide

ebook distribution market, with Barnes & Noble, Kobo, and Apple's iBookstore possessing significant minority shares.

Recent research by IHS Screen Digest has similarly underlined Apple's dominance of the mobile app market, with its appstore taking more than 82% of revenues from the four biggest app stores in 2010; with Amazon's own tablet, the Kindle Fire, launched in November this year, however, we can expect to see the Amazon appstore beginning to eat into Apple's market share in 2012.

Amazon's Kindle Fire tablet device

Challenges and Opportunities

Challenges and Opportunities

Digital Skills

As publishing becomes an increasingly digital business, delivering content across an ever broader range of platforms and formats, the skills it requires are also changing. Commissioning editors need to consider the digital potential for any new title; editors need to know how to work with digital content and in digital formats; authors are expected to be au fait with social media, cultivating a fan base through Twitter and Facebook. As developer Dean Johnson has noted, designers now need to be able to create not only attention–grabbing colour covers for paperbacks and hardbacks, but also effective monochrome covers for Kindle editions, and tiny but nonetheless striking icons for apps. Usability – rarely an issue for simple print formats with centuries of familiarity – now needs to be a major consideration. Long gone are the days in which a publisher could set up a digital department and confidently feel that it had taken all necessary steps to secure its business against the twenty–first century; today, digital skills – and, even more importantly, a digital mind–set, a willingness to engage creatively with the new possibilities digital formats create – are a vital part of every publishing department.

This rapid change in what it means to work in publishing has left some publishers scrabbling to catch up. A recent Skillset report found 28% of publishing employers reporting skills gaps in their workforce, with half of those highlighting technical skills such as computer programming or web design as particular areas of concern; as companies sought to "transform existing processes" to cope with new types of product, digital skills – in areas
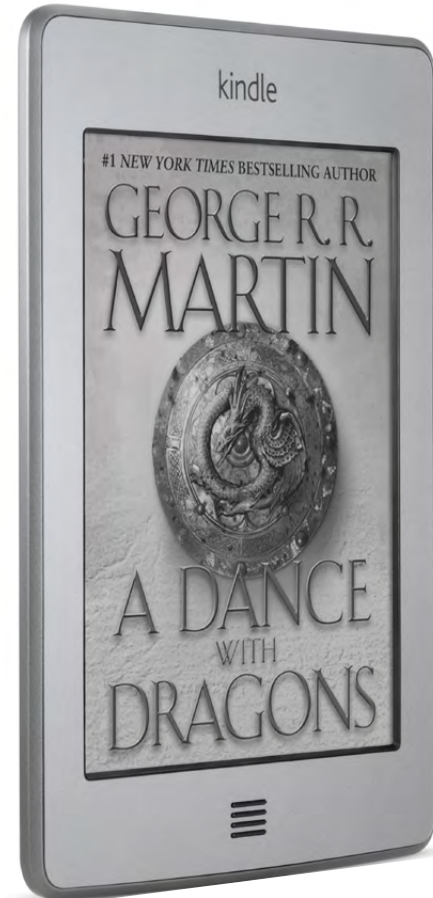
"Publishing will need to become more professional, resulting in an upward pressure on salaries as publishers compete with games publishers and television companies for staff."

Charles Catton
Amber Books

including multimedia production, metadata and tagging, and digital pricing and marketing – were required "across the value chain".

Publishers cannot assume that these gaps will organically be filled by new entrants to the industry: though many such entrants now come equipped with MAs in Publishing and at the very least a receptiveness to digital thinking, publishing vacancies are currently at such a low that they cannot deliver the necessary digital skills to the industry in the numbers required. Historically, publishing has tended to be viewed by its participants more as a life–long vocation than as a short–term career, with consequently low rates of staff turnover; the current economic uncertainty will merely have exacerbated this phenomenon.

Furthermore, since publishing tends, as an industry, to pay lower wages than, say, the games or television industries, it will prove hard for companies to buy in talent with the skills that they require without breaking their existing pay scales. Little wonder, then, that three quarters of publishers who told Skillset

that they were taking action to overcome the skills gap said that they were "skilling up" their existing workforce through additional training. And yet even this approach is likely to have a negative effect on balance sheets in the long run: these newly–skilled staff will find themselves increasingly attractive to companies in other, better–paid, industries, and publishers will find it hard to retain them without raising salaries to comparable levels. A rise in staff costs is therefore likely to be an unavoidable long–term consequence of resolving publishing's skills deficit – with, as Charles Catton notes, "significant negative implications for the industry's current business model".
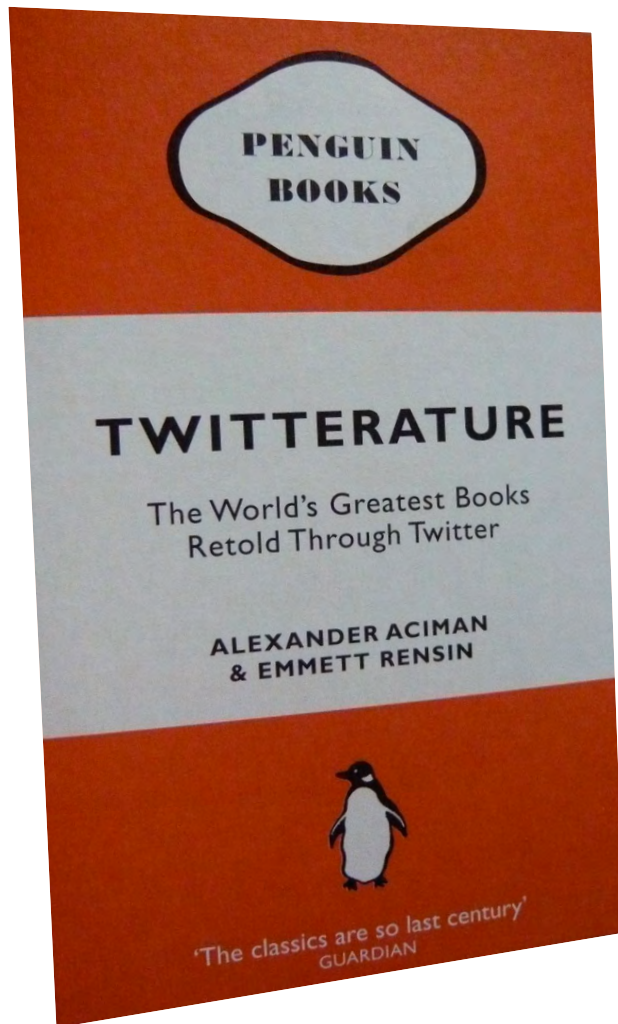
Credit: Vantan, Flickr.

Fitting systems to digital purposes

A further challenge to publishing's ability to make digital 'work' can be found in its internal systems. More than one contributor to the Future of Publishing discussion cited processes that have worked successfully for print for generations proving utterly unsuited to the demands of digital publishing: workflows optimised for turning typescripts into print are rarely flexible enough to work with other formats; financial and royalty systems prove unable to cope with income from subscription services rather than the title–specific payments they were built for, while brand–enhancing social media projects are rejected under approval processes that demand more quantifiable returns on investment.

For publishing to be able to make new business models work, it needs to build new tools that can support the products and services on which its future will depend.

‘ **Publishing houses need to adopt a change in workflow that allows content to be developed flexibly; they have to look outside the industry, to global web standards.** ’

Anna Lewis
Anna Lewis of CompletelyNovel.com and Valobox

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" **I'd like to see the adoption of a full end-to-end digital workflow, which could track changes, keep a record of where and why a given decision was proposed by an editor and accepted by an author, all the way through to sales figures and customer feedback. I was halfway through my most recent copy edit with red ink all over my fingers and a stack of paper escaping off the edge of my desk, and I thought: "why the hell am I analogue suddenly?"**
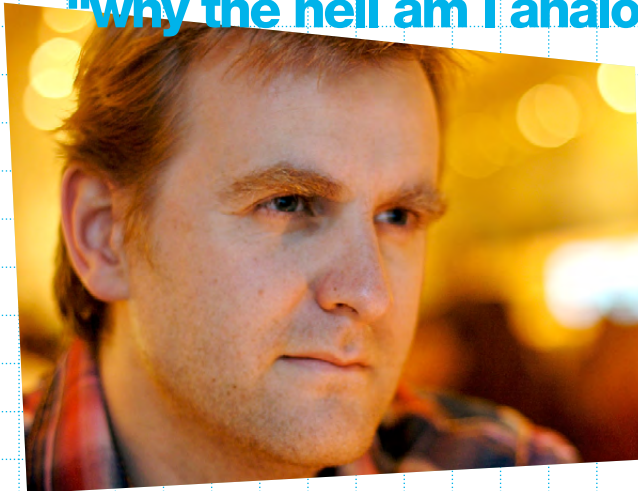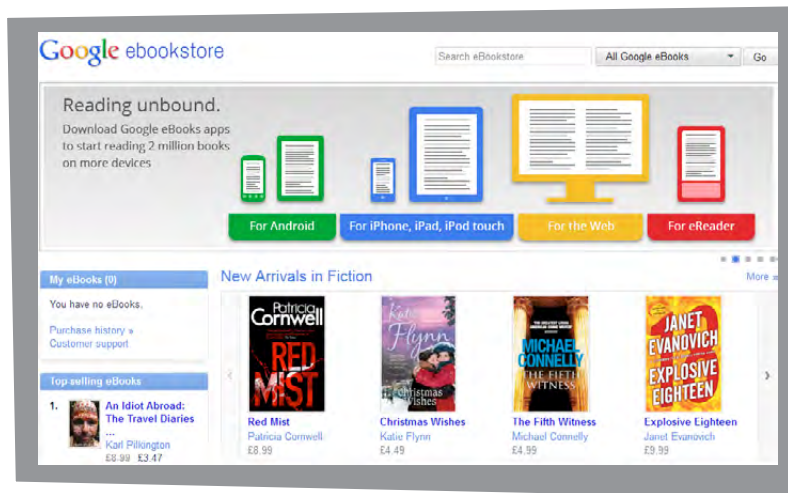
Nick Harkaway
Novelist
"

Nosy Crow's The Three Little Pigs is an innovative, animated and interactive digital experience that allows children to listen to the story, read the text at their own pace and interact with the characters.

Google's eBookstore

Amazon, Apple and Google

Speaking on the BBC radio programme World at One earlier this year, the literary agent Andrew Wylie was clear about the threat publishers faced from the likes of Amazon, Apple and Google: "if they allow the digital distributors to set the music, then the dance will become fatal." His views were shared by a number of the contributors to this report, who spoke of their concern that publishers were losing control of their business to these giants from outside the industry.

Each has given publishers reasons to worry. Amazon's determination to control the ebook market from the outset has taken a number of forms. Its willingness to accept short–term losses for the sake of building market share has enabled the company
to discount prices aggressively, driving down consumer expectations as to what an ebook should cost. Similarly, the company's willingness to invest heavily to get its way can be seen evidenced in the ebook rental service

that was recently announced as an additional component to its Amazon Prime package. Subscribers to the package can rent a book for free, and to ensure they have a wide range of titles to choose from, Amazon is actually buying – in the case of publishers who have not signed up to the service – an additional copy for every title rented!

Initial reports that the Kindle Fire is being sold at a loss of $2 on each unit reinforce the impression that the company is playing a long game, happy to make a loss on sales of devices too in order to put this new sales channel into as many hands as possible. Furthermore, Amazon has threatened to cut publishers out of the business altogether

To comment on the report Tweet @MFpublish. Use hashtag of the page number to refer to particular page, eg: #08

/25

"

Relying on others such as Amazon to innovate and keep your business afloat is asking for trouble.

,,

Anna Lewis
**Anna Lewis of CompletelyNovel.com and Valobox**

– by supplying tools for authors to self–publish, and by setting up its own publishing arm, launching a number of imprints covering areas including romantic fiction, crime, and literature in translation.

Apple, meanwhile, has consolidated its domination of the app space – where, prior to the launch of the Kindle Fire at least, it is reported to account for more than 80% of revenues, – with the launch in 2010 of the iBookstore, announced on the same day as the iPad. Though the iPad was initially greeted as a potential saviour for publishing, Apple's decision to enforce a rule requiring a 30% cut on all sales generated through apps has led some to change their minds. Whether or not Apple's motive was to increase iBookstore market share, that seems a likely result: it will now be either more difficult or more expensive for owners of Apple devices to buy from other ebook stores, since retailers such as Amazon, Google and Kobo are obliged either to remove links to their stores or pay Apple 30% of the

revenue from every sale that comes via their app. So far, the majority have chosen the first option and removed the links, though Amazon has also built its own web app – the Kindle Cloud Reader – in HTML5, enabling it to circumvent Apple's rules. With Kobo also said to be developing its own web app, this looks to be the next battleground between the digital distributors.

Google – whose own ebook app was similarly affected by Apple's rules – has long had a problematic relationship with the publishing industry, originating in the search giant's decision in 2002 to start scanning whole libraries of books without asking for the consent of the copyright holders. The resultant legal battle, launched as a class action in 2005, is still on–going, with the most recent proposed settlement thrown out by the presiding judge in March this year. The company's ebook programme, Google eBooks, belatedly launched in the United States in December 2010 and in the UK in October

Amazon's HMTL5 Kindle Cloud Reader.
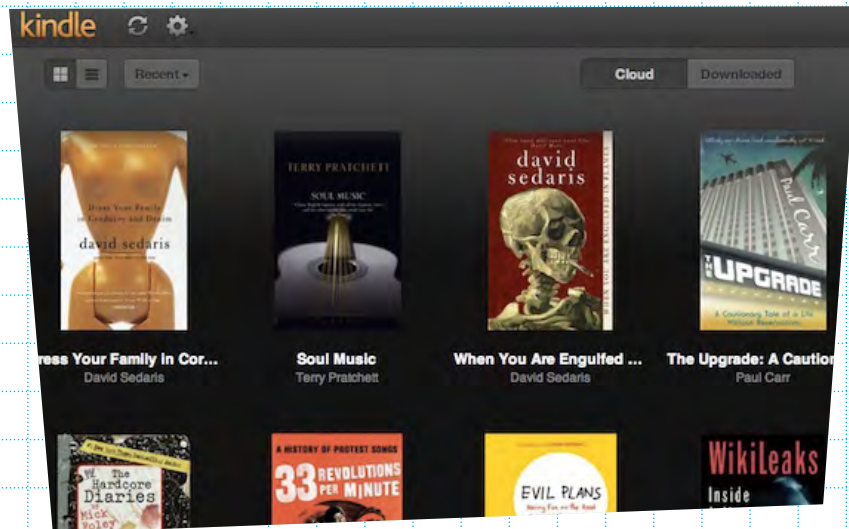
'We're still waiting to see what Amazon and Apple and Google do and then hoping they'll cut us in… We're not innovating with services, with infrastructures. We're not chiselling away at anyone else's lock–in, we're not trying to construct our own. We're just trying to work through their bottlenecks. And that is a limited battle–plan. The best we can hope for doing that is a negotiated armistice. We can't win that way.'

Nick Harkaway
Novelist, writing for FutureBook
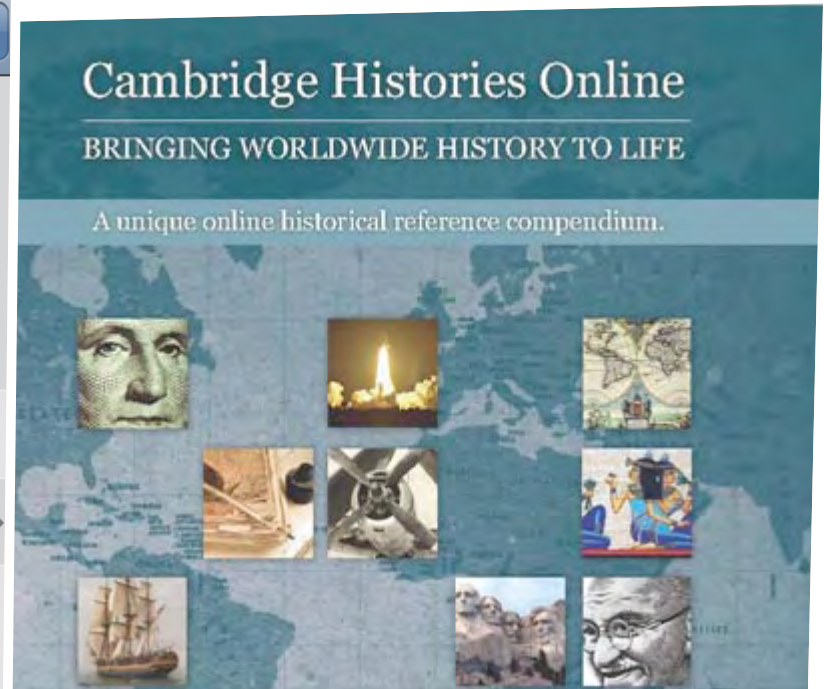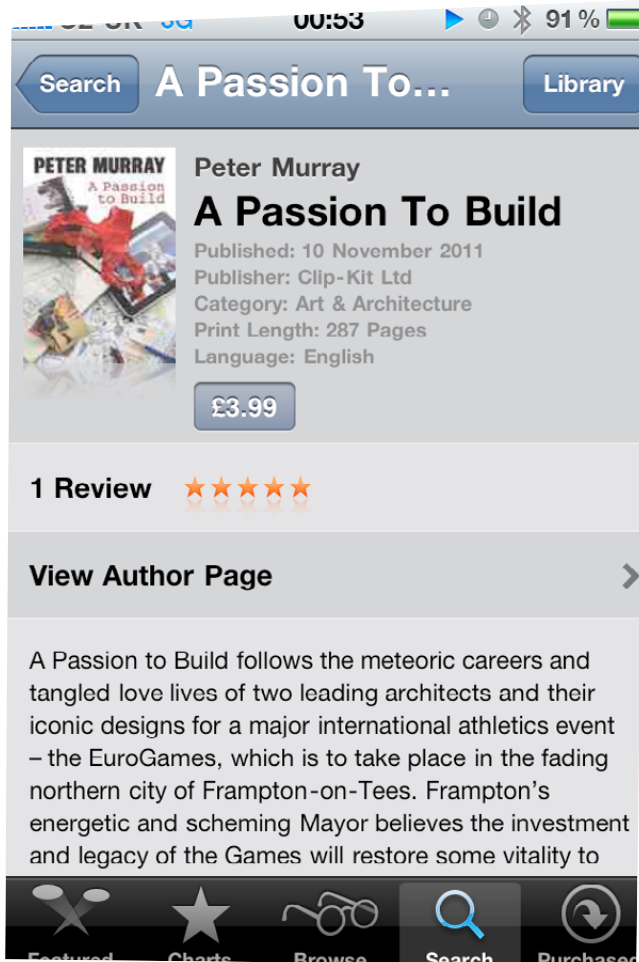
Left A Passion to Build: an Apple iBook in the Apple iTunes Store on an iPhone
Right Cambridge's University Publishing Online comprised 12,000 titles at launch

2011, with Australia and Canada reported to be imminent.

The industry's most notable response thus far to the battle between these three distributors has been the decision by the largest publishers – both in the US and the UK – to impose an agency pricing model, in which they set book prices and the distributors' margin. As Philip Jones noted in the Bookseller, this action was "primarily, if not wholly, aimed at making sure Amazon does not become the dominant e–bookseller in the market".

Certainly, publishers have much to fear from a single distributor gaining a monopoly of ebook distribution, and are wise to attempt to prevent this. The question – as raised both by Wylie and by several contributors to this report – is rather whether it ought to do more, particularly since, as the previous paragraphs have shown, the battle for supremacy between Amazon, Apple and Google is already causing the industry collateral damage. One sector in which publishers are already taking more decisive action is academic publishing, where both Cambridge University Press and their counterparts at Oxford have recently launched their own global digital platforms selling titles from a number of publishers directly to their customers – principally libraries. Cambridge's University Publishing Online comprised 12,000 titles at launch, and Oxford's University Press Scholarship Online 5,000, with both publishers anticipating further academic presses signing up. The existence of a range of purchase models including annual subscriptions and subscribe–to–buy suggest that Oxford and Cambridge are exploring new variations on their traditional revenue streams, in addition to attempting to take control of the means of distribution. Though the trade sector is very different to academic publishing, one wonders what might be achieved if one of the big trade publishers attempted a similar move, creating its own ebook distribution channel and bringing smaller publishers under its wing.

Reaching (and keeping) the reader

As the novelist and academic Kate Pullinger has observed, the problem facing the publishing industry is "the same as it ever was: to find ways to get books to readers". Though the rise of the smartphone and tablet has made it easier for readers to continue their reading in

Credit: Gary Hayes, Flickr.

the bus queue or the doctor's waiting room – and to buy books while they're there – it has also offered them a range of other media to compete for their time, from games and the web to films and television programmes; even the basic Kindle offers magazines and syndicated blogs as an alternative to ebooks, and the Kindle Fire adds music, films, games, and the web to the mix. As Anna Lewis notes, though it's easier than ever to access a global market of such size that even niches may prove profitable, "the challenge of producing something that will keep someone's attention is bigger than ever."

Increasingly, then, publishers and authors are not merely competing with other publishers and authors for readers' attention, but also with film–makers, games developers, bloggers and musicians. With new sales only a click away, and publishers now able to reach far beyond the ranks of bookshop visitors, the rewards for producing content that truly engages readers are greater than ever.

Credit: Pete O'Shea, Flickr.

'**The greatest opportunity for publishers is the ability to reach people who don't visit bookshops – but now they are competing with other entertainment providers.**'

Charles Catton

Amber Books

The fact that you're not limited by physical products presents a massive opportunity – it's never been easier to get your content to someone.

Anna Lewis

Completely Novel

Books are now in competition for leisure time with a bunch of other media which are louder and in many ways more passive/consumptive.

Nick Harkaway

Novelist, writing for FutureBook

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S T O R I E S

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About

Six to Start

Six to Start's Wanderlust is an experimental mobile storytelling platform allowing writers to create stories that move readers from location to location.

However, since a new game or song is equally accessible, the consequences of failure are also greater, particularly given that – as Nick Harkaway notes – books are "up against products which are engineered to be addictive, sold with massive publicity campaigns, and which are themselves increasingly sophisticated narratives". With this in mind, perhaps the industry should be looking to turn its new competitors into collaborators: to work with the likes of Facebook and games developers to create content that combines the strengths and appeal of these differing formats. Facebook's purchase of book app developer Push Pop Press and its partnerships with Kobo and Net Flix have led some to speculate that the social media giant may be looking to move into such areas itself.

It may also be that readers' needs are changing; a number of contributors to the Future of Publishing discussion mentioned that they found it increasingly difficult to make time to read, and the popularity of audiobooks perhaps suggesting that reading is taking on new forms in response to increasing pressure on the time available for it. Certainly, the ability to switch from reading to listening as and when the situation demands has been among the more popular enhancements offered by enhanced ebooks and books apps.

As Charles Catton has observed, there are opportunities now for publishers to develop much closer relationships with readers. Social media offer publishers opportunities to get to know readers' wants and needs – in Nick Harkaway's phrasing, "who they are and what they buy" – in ways that will enable them to make more informed publishing decisions: military history publisher Osprey, for instance, now regularly asks readers of its blog which of its backlist titles should be brought back into print. Though the new digital distributors such as Amazon and Apple seem disappointingly reluctant to share sales data publishers, publishers who fill this knowledge gap by taking advantage of social media will quickly steal a march on their competitors.

Push Pop Press's interactive app Our Choice melds Al Gore's survey of global warming with narrative, photography, interactive graphics and animations in a multi–touch interface.

' The greatest challenge to the publishing industry? Getting the public to accept sensible pricing. '

Carole Blake, MD
Blake Friedmann Literary Agency,
**author of From Pitch to Publication**

Pricing

The 'race to the bottom'

The seemingly relentless downward pressure on ebook prices is the result of a combination of factors. It should partly be seen in the context of a wider retail price war that saw the collapse of the net book agreement in the UK in the 1990s, and has continued ever since, most strikingly in the supermarkets' use of popular titles – such as the Harry Potter series – as massively-discounted loss-leaders to get customers into their stores, and Amazon's aggressive price-cutting in order to dominate the ebook market.

Book buyers, meanwhile, in the mistaken belief that a large proportion of a printed book's price is comprised of its printing and manufacturing costs, have come to expect that their investment in an electronic ebook reader will be rewarded by significantly lower prices for books.

Even the growth of an 'app culture' that seems finally to have solved the unwillingness of consumers to pay for content online has served to lower price expectations for ebooks. With most of the best-selling iPhone apps priced at under a pound, even a discounted ebook has come to seem a comparatively expensive form of entertainment.
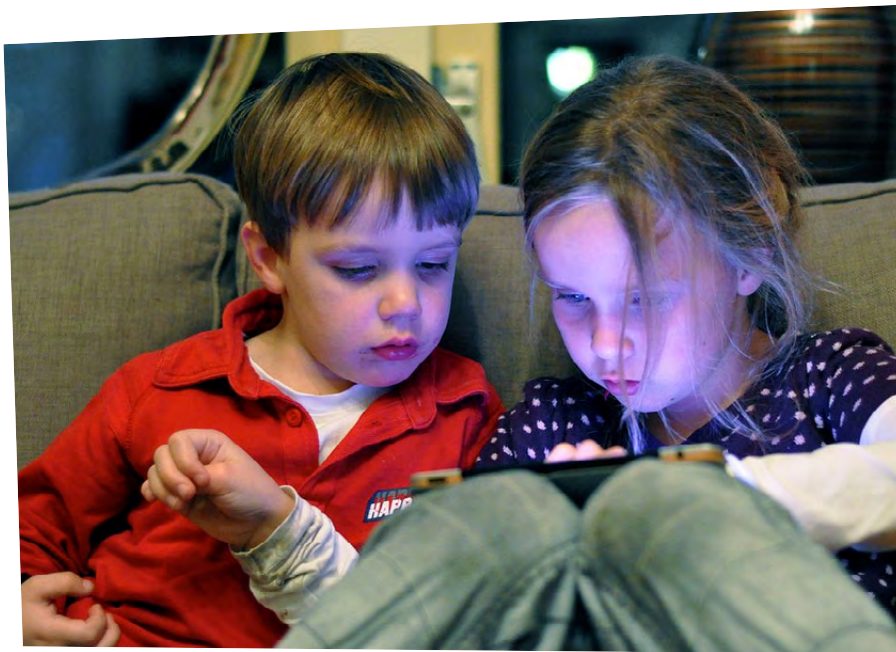
Credit: Thijs Knaap, Flickr

The removal of the traditional barriers to self–publishing has been a further factor, the flooding of the ebook stores with self–published titles selling for 99p lowering perceptions of the value of a book still further. Such price points might very well sustain individual writers, and have proved unsurprisingly popular with readers; however, they cannot not support an industry constituted on its current basis, and also impact significantly on the incomes of conventionally–published authors, whose royalties drop proportionally with ebook prices. Though authors and agents have been vocal in their support for raised royalty rates on ebooks, at least in part to compensate for dropping prices, publishers have been equally insistent that shrinking their margins yet further is not acceptable.

The propaganda wars
Publishers' attempts to maintain existing price points for digital have thus far met with mixed success. The move by many major publishers to an agency model is currently under investigation by the European Commission on suspicion of violating European competition law. It has also attracted hostility from both Amazon and its customers: the former wrote an open letter to its customers decrying the move, and drew further attention to the practice by tagging its agency–priced titles with the text "this price was set by the publisher"; the latter responded with a campaign of one star reviews for such titles.

Amazon's willingness to wage a propaganda war on price serves as a reminder that publishers must balance their pursuit of a viable price point against the need to maintain an equable relationship with their consumers. In some respects, the publishing industry finds itself in a similar position to that of the music industry in the mid–1980s, which used the introduction of a new digital format (the CD) to double the price of its core product (the album). In doing so, it paved the way in two key directions for the explosion in piracy a decade–and–a–half later: not only did it

"People are ready to pay for digital content now in a way that they were not ten years ago.

Kate Pullinger
author of Inanimate Alice & Reader in Creative
Writing & New Media at De Montfort University

Inanimate Alice is a transmedia
novel set in the early years of the
21st century and told through text,
sound, images, music and games.

introduce a format that could – once the mp3 format and peer–to–peer technology had been developed – be shared on an industrial scale, but it also broke an implicit social contract between industry and consumer, a contract committing both parties to 'reasonable' behaviour – essentially, 'fair use' in return for a 'fair price'. Consequently, when large–scale piracy became possible at the turn of the millennium, few consumers were held back by a sense of moral obligation to the record industry; the record industry's response – high–profile lawsuits against individual downloaders – simply made matters worse.

The position in which the publishing industry currently finds itself is similar to that faced by the record industry three decades ago, but with two key disadvantages. Firstly, the technology to share its new digital formats has not only already been developed but is widely in use; secondly, it is not in fact seeking to increase its prices but merely to defend its current pricing structures – in the UK, at least,

any savings on manufacturing and distribution costs are more than swallowed up by the imposition of VAT at 20% on digital formats. These two disadvantages leave the industry in a precarious position: while any further decline in ebook prices may render its business unviable, failing to persuade consumers that its prices are reasonable may have equally serious consequences.

Credit: Sebastien Wiertz, Flickr.
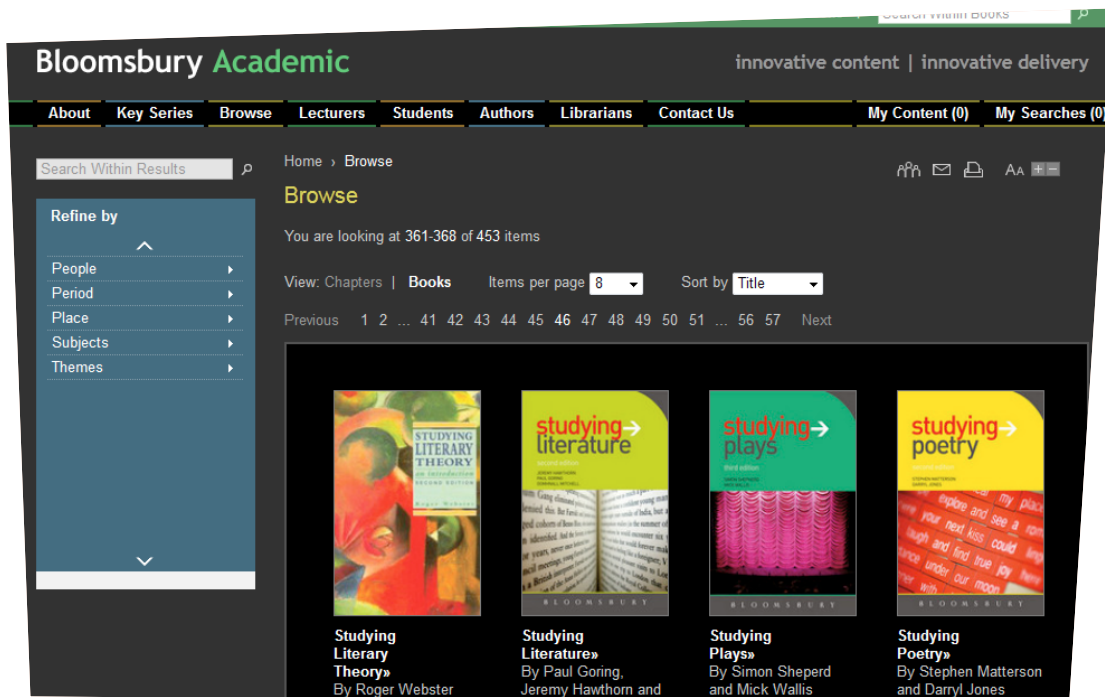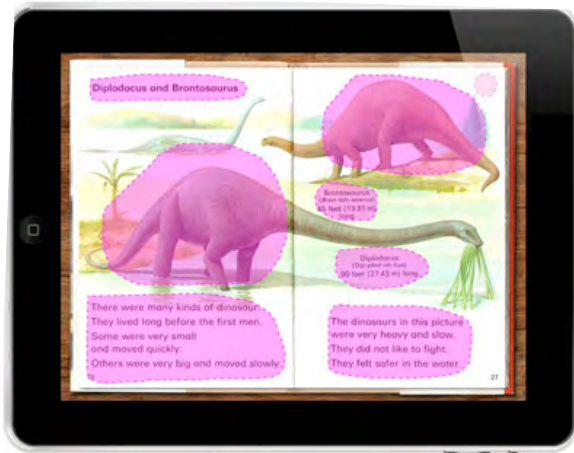
The way forward?

New Business Models

In the context of this threat to publishing's core business model, the search for alternatives takes on a greater urgency, with many seeking inspiration from models that have already proved successful in other industries.

is currently experimenting with making its research publications available for free online under a creative commons license – with print and offline versions requiring payment – in the hope that this will "generate a sustainable business model that supports research and fosters wide scholarly communications."

Freemium

Freemium models of the sort advocated
and popularised by, among others, Chris Anderson, in which the user receives a basic amount of content or level of functionality for free, but has to pay for additional content and function, are attracting considerable interest across all sectors of the industry, and were mentioned repeatedly in the Future of Publishing discussion. In scholarly publishing, for instance, Bloomsbury Academic

In-app purchases

One of the most striking developments in mobile gaming recently has been the growth of revenues from in–app purchases. Games that operate on a version of the freemium model in which users are able to download the basic app for free but have to pay for additional content, have – according to a recent industry survey – seen a ten–fold increase in revenues over the past year.

The success of this model in gaming suggests a number of possibilities whereby the publishing industry might resist the downward pressure on prices by selling its content in smaller

segments: serial fictions, for instance, with the opening chapter downloadable for free and subsequent instalments sold at, say, 99p each.

One such model has been employed by Kogan Page, an independent publisher of business books, for the iPad version of their recent title Bold: How to be brave in business and win. Free to download from the appstore, the app contains the introduction to the book along with interactive quizzes that assess how the reader compares to the authors' choice of exemplary 'bold' brands. The remaining chapters can be bought directly from within the app, either individually or – more cheaply – as a bundle.

Subscription Models

Subscription services have also attracted particular interest from distributors and publishers, both established businesses and start–ups. Having proved successful for the magazine industry for decades, the model has increasingly been adopted by newspapers seeking to protect their print businesses as readers tend increasingly to get their news online; its key virtue – guaranteed income for a given period, even at the expense of lower unit prices – makes it particularly attractive to an industry in flux.

Amazon's Prime service, offering free one–day shipping and monthly ebook rentals to subscribers, is merely the most prominent example of the new subscription services that are rising up in publishing. Science fiction publisher Angry Robot Books, which sells its ebooks not only via Amazon's Kindle store and Apple's iBookstore, but also through its own Angry Robot Store,

is currently offering its readers a twelve–month subscription comprising all twenty–four of the titles it plans to publish in that period, at a price of roughly two–thirds of the titles' total individual purchase prices. In doing so, it is making the most of two key advantages it possesses. Firstly, by retaining the ability to sell its ebooks directly to those readers through its store (and thereby reinforcing that brand loyalty) it can make such offers without having to fit them to third–party distributors' processes. Secondly, as a publisher catering to a particular niche market, it is far more likely than a more general mainstream publisher to attract the sort of brand loyalty that will make such a model attractive to its readers, just like the independent record labels of the 1980s and 90s, labels such as Creation (in its pre–Oasis days), 4AD, él, and Sarah Records. Such brand loyalty might, Nick Harkaway suggests, usefully be extended to larger publishers' imprints, "so that if I like book A by publisher Z, I know I'll also like the other titles in the range."

The audiobook sector has also seen a number of subscription–based offerings. Audible.com, an audiobook supplier acquired by Amazon in 2008, offers subscribers a choice of packages allowing them to download and keep a certain number of titles on a monthly or annual basis. With prices for individual titles on the UK site mostly ranging from £11–£25, and the price of a subscription averaging out at between £4.50 and £8 per title, there is considerable incentive for regular listeners to commit to a subscription.

Bardowl, a Bath–based start–up company currently undergoing pre–launch beta testing via IC Tomorrow, also offers audiobooks on a subscription model. But where Audible operates on what is in essence a 'book club' model, with customers essentially purchasing a title or titles each month, Bardowl functions on an all–you–can–eat basis: for the price of "one paperback a month" (a similar cost to the most basic Audible subscription), it offers "unlimited access" to audiobooks, streamed to the subscriber's phone.

This is a more radical departure from the industry's existing business models, and will require a greater leap of faith from the publishers on whom it will depend for content. So far as publishers are concerned, Audible's model is simple: each month, a customer pays his subscription and chooses to purchase a title, for which the publisher – and, ultimately, the author – is reimbursed. However, with Bardowl's all–you–can–eat model, for the price of his monthly subscription, a subscriber can listen to as many titles as he likes: though publishers and authors will most likely be paid on the basis of the number of times that their content is streamed, payment will

Bardowl offers audiobooks on an all–you–can–eat basis with "unlimited access" to audiobooks, streamed to the subscriber's phone.
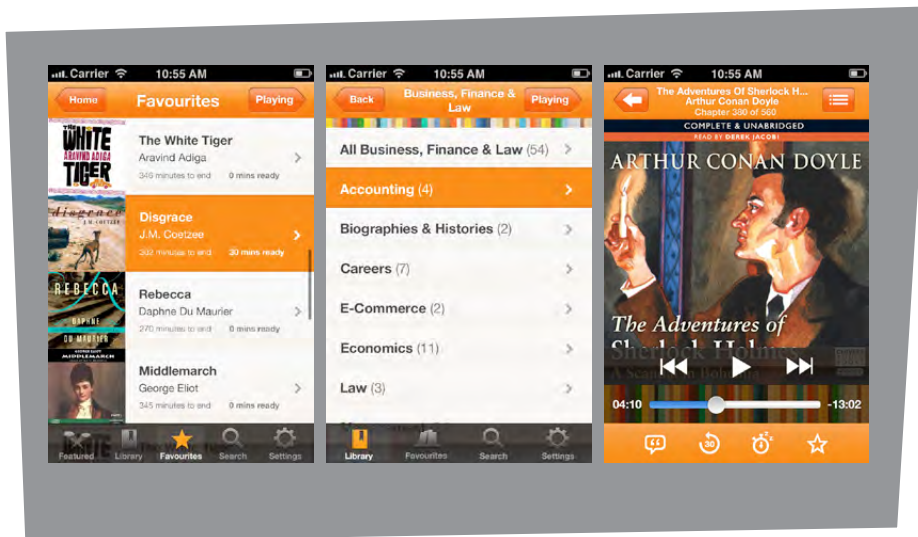
Bardowl's audiobook app

necessarily be at a lower rate, as it will need to be divided between all the various publishers and authors whose content has been streamed.

24 Symbols is another start–up service operating on an all–you–can–eat basis, but for ebooks rather than audiobooks. Widely described as a "Spotify for books", it mimics the music service both by offering on–demand access to a library of titles, and by combining ad–supported free access with paid subscriptions. This version of the freemium model, essentially subsidising the cost of delivering a limited service to consumers for free, in the hope of ultimately converting them into paid subscribers, is one that has had a degree of success in other industries, not only for Spotify but also Blinkbox, a video–on–demand service whose CEO Mark Comish recommended the model to delegates at the London Book Fair Digital Conference earlier this year.

Though 24 Symbols' concept has apparently proved of sufficient interest to consumers for the company to double the number of users invited to take part in its private beta, a quick glance at the content currently available demonstrates one of the key problems facing any start–up company: the difficulty of persuading publishers to make their content available to any project that has not already proved itself capable of delivering significant returns. The majority of the books listed are out–of–print titles sourced from Project Gutenberg, and with all those titles already available for free at Gutenberg, there is at present little incentive for readers to read them at 24 Symbols beyond the pleasure of an attractive interface and a social element.

Facilitating Innovation

Media Futures' Book Hackday at the Free Word Centre, London

This difficulty threatens to have an impact that stretches beyond the success or failure of individual ventures to have serious consequences for the development of the industry as a whole. As publishing searches for alternatives to its existing business models, it needs to be able to test potential models by trialling them with content of sufficient quality – and in sufficient quantities – to make them attractive to customers. And while publishers can scarcely be blamed for their reluctance

individually to invest their own time and money in making their content available for such projects, their failure to do so collectively betrays a lack of foresight in the industry.

There are, of course, exceptions: Pearson recently launched a developer platform making content from three of its most popular titles available to third–party developers. By providing access to this content – and an array of tools – in free and paid–for packages, Pearson has not only created itself a new revenue stream, but has also made it easier for developers to innovate in ways that may ultimately benefit the wider industry. It will be interesting to see whether its competitors follow its example.

A number of projects and agencies are attempting to address this problem at a wider level, such as open innovation agency 100% Open, and Central Saint Martins' innovation–focused business accelerator Method Design Lab. The IC Tomorrow programme organised

by the UK's Technology Strategy Board brings together content owners, developers, and consumers, aiming to overcome the rights licensing issues identified earlier as an inhibitor of innovation by acting as a central broker controlling developer access to content supplied by rights–holders. The project's three–part approach provides innovators with content to validate their offerings, introduces content owners to developers with the technical knowledge to take their projects forward, and supplies a pool of beta–testers drawn from the ranks of would–be early–adopters eager to be the first to get their hands on new products. With a number of innovative projects already available for testing, including Bardowl's audiobook subscription service, IC Tomorrow has the potential to be of great benefit to the industry, but much will depend – as ever – on its ability to persuade rights–holders to make their jealously–protected content available.

As the Book Hackday that launched the Future of Publishing programme in May has already demonstrated – in accelerated fashion – much can be achieved by bringing together rights–holders, developers, and eager consumers. With the publishing contingent providing content ranging from Nick Harkaway's novel The Gone–Away World and Alex Butterworth's study of 19th century anarchists The World that Never Was, to BBC datasets and notes towards a biography of eighteenth–century poet William Hayley, the developers (or 'hackers') worked with them to prototype new forms for that content; work continues at the BookHackers site, and the results will be soon be made available at the Publish! A Day of Innovation conference in Bristol in November.

The rise in events such as Book Hackday and textcamp – which, among other experiments, explored the possibilities created by using data tools on texts – displays not only what can be achieved when content and know–how are combined, but also a ground–roots enthusiasm for experimentation that the mainstream industry would do well to take on board.

New Forms

Though plain ebooks comprise by far the vast majority of publishing's digital income at present, it may well prove to be more innovative and exciting forms that represent its future, as publishers and authors respond to the possibilities generated by the new devices used for reading. Enhanced app versions of novels such as Jennifer Egan's A Visit from the Goon Squad and Nick Cave's The Death of Bunny Munro have already brought multimedia to text, adding such functionality as author interviews and narration drawn from the audiobook version. Such titles have, however, garnered mixed responses, with some suggesting that the multimedia content has served to distract from, rather than augment, the text; that it has been added as an afterthought to content that does not really demand it.

The costs involved in creating multimedia content have also made it difficult for such

products to recoup their investment, and conspicuous commercial successes like Faber and Faber's two collaborations with TouchPress – an app version of T S Eliot's The Waste Land, and the born–digital Solar System app, both of which turned profits within weeks – have been rare; more common has been the experience of developers ustwo, whose Nursery Rhymes StoryTime app cost £60,000 to develop yet had, by the time of June's FutureBook Innovation Workshop, recouped only £24,000, despite reaching top spot on the appstore's book apps chart. Such figures have prompted considerable scepticism as to the sustainability of the enhanced ebook market.
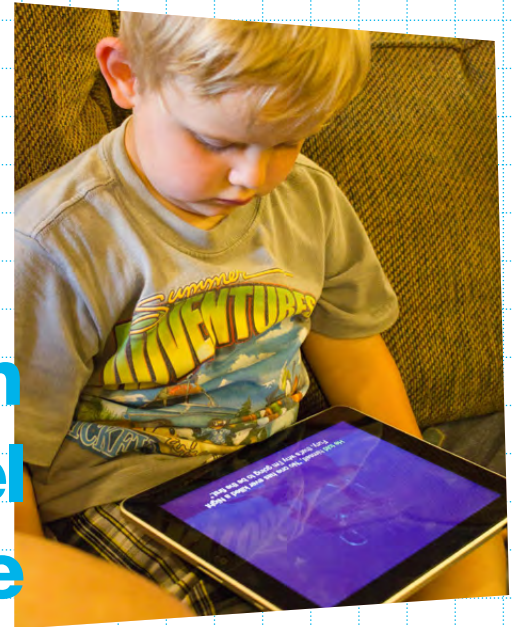

ustwo™'s Nursery Rhymes app features called StoryTime™, which lets you remotely read the book to someone from almost anywhere in the world.

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Credit: Chris Harrison, Flickr.

'**Technology drives form and content – the novel developed because the technology enabled it, among other factors – and the industry needs to move accordingly.**'

Kate Pullinger
author of Inanimate Alice & Reader in Creative Writing & New Media at De Montfort University

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At the 2010 Tools of Change conference in Frankfurt, Dominique Raccah of Sourcebooks remarked that sales of such formats bore "no resemblance to what I'd consider reasonable"; six months later, at the London Book Fair's 2011 Digital Conference, Evan Schnittman of Bloomsbury showed a provocative slide displaying a tombstone marked with the legend "Enhanced E–books and Apps: 2009 to 2011".

If the immediate future of publishing is likely still to revolve around augmenting texts originally produced for print, then audio seems to offer considerable possibilities; as author Nick Harkaway notes, sound can not only add atmosphere without being intrusive, but it is also "cheaper and easier" than many other forms of multimedia. The 3D audio soundtrack that forms part of the iPhone/iPad version of Ken Follett's novel Fall of Giants offers a glimpse at what can be achieved, setting the reading experience within an aural simulacrum of the world the narrative inhabits (the

trenches of the first world war), while also serving to insulate the reader from quotidian aural distractions. Similarly, Booktrack, a new start–up, has plans to release a series of ebooks enhanced with audio soundtracks, including short stories by Salman Rushdie and Jay McInerney; its first, an edition of Conan Doyle's The Adventure of the Speckled Band, has met with mixed responses, recently being described by Philip Jones of FutureBook as "the enhancement that nobody wanted".

Melville House's Hybrid Books offer another possibility for augmenting existing print forms, adding QR codes – two–dimensional bar codes that, when scanned by a mobile phone camera

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'**The mass market isn't interested in having instant access to an author's explanation of how they deliberated for days over the structure of a particular paragraph. Disrupting the narrative with a full–screen video creates a disjointed reading experience; cleverly integrated assets genuinely enhance the experience, without alienating readers who savour the written word.**'

Dean Johnson
Brandwidth

"Let's go and explore then!"
said Plip as he scooted past old rust-bucket.

Brandwidth's F:sh is an interactive children's book app designed, illustrated and developed specifically for the iPad.

or webcam, trigger multimedia or interactive content on that device – to some of its print titles, and thus enabling these print editions to contain the same multimedia content as the enhanced ebook versions. The new format has been launched with a collection of five novellas, all titled The Duel, by various authors, and there are plans to extend it to their series The Art of the Novella.

QR codes have also been put to fascinating use by the American poet and scholar Amaranth Borsuk, whose "augmented reality chapbook" Between Page and Screen contains on its printed pages not text but twenty such codes; when placed within view of a webcam, these trigger textual animations that appear superimposed upon the pages of the book – creating poems that, in their author's words, "do not exist on either page or screen, but rather in an augmented reality where the user sees herself holding, and interacting with, the text". One such poem can be found online; the full project has been exhibited in

Providence, Kassel, Bury, Berlin and Buffalo, and will appear in New Haven in the autumn. Borsuk also introduced her work at the 2011 FutureBook Innovation Workshop, to considerable acclaim.

The longer–term future offers broader possibilities, as writers and publishers start to think less in terms of adding to print and more of creating new digital formats. Publishers will need to collaborate with those who already have experience of working in such media, and build teams including those with such skills: not only games developers and film–makers, but also, as Kate Pullinger – author of digital fictions including Inanimate Alice, and Reader in Creative Writing and New Media at De Montfort University – suggests, "the extensive communities of electronic literature, digital fiction, and epoetry practitioners" who have been innovating in such areas for the past fifteen years. Authors considering how they might create works that are not merely translations from

print but instead grow from the possibilities created by new media, can also learn from these communities, and from the transmedia storytelling of innovators such as Duncan Speakman, whose subtlemobs make 'readers' participants within an immersive narrative, their interactions with each other guided by instructions delivered through audio files. As writer and academic Tom Abba, whose A Novel Experiment is itself a fascinating exploration of the possibilities for fiction, suggests, we need to move from the question "how to we change books to make them digital" to the subtly but significantly different "How does digital change books?"

Between Page and Screen.
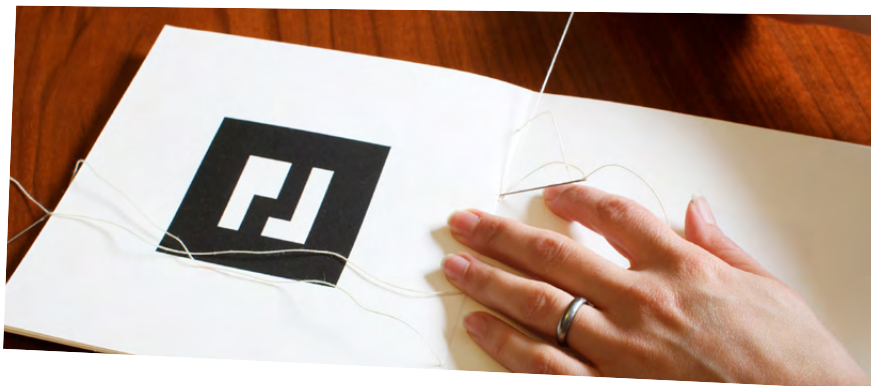
As these new forms move far from the text–on–paper model with which publishing is most familiar, it remains far from certain that it will be the publishing industry – even in a much–changed form – that will take on the role of conveying them to the public. As Pullinger suggests, it may be that "an entirely new industry will emerge, like the radio, film and television industries did in the twentieth century", while Abba notes – after Marshall McLuhan – that it was not the makers of horse–drawn buggies of the nineteenth century who became the automobile manufacturers of the twentieth: the threat to publishers comes not only from the likes of Amazon, Apple, and Google, but from the "designers and developers" who can, in the words of Dean Johnson, "publish their own content with the same level of visibility within the appstore as anyone else." As forms intermingle and cross–pollinate, argues Johnson, "a one–man–band is as capable of creating the next interactive War and Peace as a publisher is of developing the next Angry Birds".

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