

RMIT UNIVERSITY, MELBOURNE
JANUARY 2010

Vertical Innovation

A model for managing change at every level
of publishing

Kristen Harrison

Master of Communication by Coursework (minor project)
School of Media and Communication
Student Number: 2103967V

This paper is copyright of the author. Any uses are governed by the fair dealing provisions of the Copyright Act (1968)

Abstract

British publishing, an industry with a history of successful collaborations and synergy, has found itself divided on the issue of technology. Views are polarised: on the one hand there are those who feel the industry should be embracing digital technologies and on the other hand there are those who are adamant about protecting the printed book. This paper attempts to unlock the tradition/technology debate by first assessing how publishing negotiates its position in a wider context; then by looking practically at ways to redress internal opposition and define common ground; and finally, by bringing together these findings to form a model for managing change and encouraging innovation throughout the industry. This model, called 'vertical innovation', is underpinned by the theory of evolutionary innovation and encourages publishers to built upon their existing skills, strengths and traditions to respond efficiently to the complex demands of modern readers.

Contents

PREFACE	4
INTRODUCTION	5
CHAPTER 1: THE ART OF LOOKING OUTWARD	8
Understanding open source.....	9
From literal to lateral.....	10
Case Study: Apple iPhone and control in an open source environment	11
CHAPTER 2: MEETING THE CONSUMER	14
The New Consumer	15
The economics of ‘free’	17
Case Study: Snowbooks and the things you get for free	18
CHAPTER THREE: FINDING COMMON GROUND	22
Identifying shared assets.....	23
Establishing core values	24
Case Study: eBook pricing	26
CHAPTER FOUR: THE PATH TO INNOVATION	30
From vertical integration to vertical innovation.....	30
Case Study: The Book Depository: when a threat becomes an opportunity	33
CONCLUSION	36
Reference List	38
Bibliography	43

PREFACE

This paper is designed to be a synthesis of the debates around digital technology in book publishing. While the primary research was undertaken in the UK (where I live and work), secondary research and reading drew on sources from Australia, New Zealand, Canada and the US. Many of the themes and issues explored in this thesis are evident in other Western publishing environments and it is therefore hoped that this work will be of interest to a global audience.

Readers should note that, as the research focuses on the publishing industry in Britain, the use of general terms such as ‘the industry’ and ‘the book business’ should be taken as direct references to British publishing.

INTRODUCTION

In 1967 Marshall McLuhan wrote *The Medium is the Massage*, a book that described a rapidly transforming society in which new ‘electric’ technologies were bringing about immense and immeasurably uncertainty. McLuhan called it an ‘Age of Anxiety’ and attributed this anxiety to ‘trying to do today’s job with yesterday’s tools’ (McLuhan, 1967, pp. 8–9). Fifty years on, this theory remains manifest in book publishing. New technologies and consumer expectations (today’s job) are evolving rapidly, while publishers struggle to maintain and apply traditional business models (yesterday’s tools). The ‘Age of Anxiety’ for the book business is therefore characterised by a tension between *tradition* and *technology*. The result of this tension is a polarisation of views and an overall lack of clarity about where the business of books is heading. So can we put a stop to this inherent push-pull scenario? Is it possible to preserve the traditional values of publishing *and* be progressive and competitive? The answer is yes, and yes. This paper will attempt to unlock the debate. We begin at a theoretical level, assessing how publishing negotiates its position in a wider context, then we move through to a more practical level, looking at ways to redress internal opposition and work toward more collaborative activity. Finally, these ideas are brought together to form a model for sustainable, manageable progress that responds to modern demands while nurturing the unique assets that have afforded publishing its longevity.

In Chapter One we undertake a process of ‘re-framing’ the book business. That is, looking at the characteristics of today’s cultural, social and commercial landscapes to find new ways to strengthen the position of publishing within these complex environments. Of particular interest in this early chapter is the idea of objectivity and the need for publishing to look outward in the face of change. Traditionally, the industry has adopted an introspective approach which has been an effective tool in preserving autonomy. However, publishing now faces twenty-first century challenges that go well beyond the scope of its own experience so the need to be objective is no longer a choice, but a necessity. The pressure of external influences is

causing a polarity of views within the industry: there are those who look outward (to technology, other industries, changing market conditions and so on) and those who look inward (to history, past experiences and previous trends). This paper suggests that by introducing a stronger culture of objectivity publishers will be better equipped to address and respond to wider changes in technology, culture, consumption, communication, learning and entertainment.

In Chapter Two we meet the modern consumer: a complex, unpredictable creature. Central to this chapter is the opinion that publishing – being built on artistic, vocational foundations – has never really prioritised listening to consumers. Indeed, the book business has only been a commercial industry for half a century at most, so the foundations for understanding consumer behaviour through the lens of commerce are relatively weak. By continuing to draw on ideologies that are shaping today's consumer activities we can identify a number of key characteristics that help to contextualise the relationship between publishers and consumers. In doing so, we can create stronger pathways for publishers to connect not just with book buyers, but with non-traditional 'readers' whose multi-channeled, multi-device consumption sits outside the domain of core publishing.

Chapter Three addresses the issue of disparity within publishing and attempts to find some common ground upon which the industry can make cooperative decisions. This disparity is largely a product of the diverse range of commercial interests in publishing: from publishers and packagers to retailers and wholesalers, each business has its own set of objectives. With such a vast array of target markets, readerships, products, formats, pricing and so on, it is no surprise to see an abundance of conflicting views. While these tensions are not new, they are more difficult to resolve in a modern context with the added complication of the debates around technology. Within this chapter we attempt to determine a neutral platform for debate; a 'middle ground' allowing the industry to work toward shared goals and shared objectives and begin to put in place sustainable business models that will bring those objectives into focus. With this, the industry has the opportunity to develop a new kind of autonomy that is compatible with today's concepts. A case

study on the complex issue of eBook pricing demonstrates how this theoretical model for collective problem solving might be applied in practice.

In the final chapter, Chapter Four, the tools for change identified in earlier chapters are amalgamated to form a new model for innovation in publishing. This model – ‘vertical innovation’ – is designed to inform a method of collaborating that embraces the ideology of open source while preserving the important traditions of publishing. At a micro level it encourages closer collaboration within each and every business to redress the issue of a polarised debate. At a macro level it illustrates how the industry might interlock with non-book businesses to create fruitful, sustainable relationships. Inspired by the work of business theorist Peter Drucker, vertical innovation is about seeking out innovation and managing change at every level of publishing – from business models and strategies, to products, services and infrastructure. It is also about reclaiming the term ‘innovation’ and recognising that it can come in many forms – not just as technological revolutions. Publishers need to feel confident looking for inspiration in their traditions and their history. This may sound like a regression to the self-reflective attitude we discourage in Chapter One, but it is quite the opposite. It is about providing the tools for evolutionary innovation and empowering publishers to build upon their established assets. Through the prism of collaborative development publishers can begin to capitalise on the vast landscape of opportunity that exists in a fast-moving, discursive culture.

CHAPTER 1: THE ART OF LOOKING OUTWARD

The process of 're-framing' is a critical step toward change. As Charles Handy (1989, p. 65) put it in *The Age of Unreason*:

Re-framing is the ability to see things, problems, situations or people in other ways, to look at them sideways or upside down; put them in another perspective or another context; to think of them as opportunities not problems.

This chapter is chiefly concerned with re-framing the debates around publishing and technology in order to make sense of the tensions the industry is experiencing. We should remember, though, that tensions within publishing are nothing new. Indeed, since the emergence of multinationals in the 1970s the industry has been forced to continually negotiate the conflicting interests of commerce and culture. In the late 1940s, when Penguin were championing paperbacks, it was the typographer Jan Tschichold who commanded the highest salary of any employee at the company (Baines, 2005, p. 50), and the significance of this should not be underestimated. After a short (two-year) stint Tschichold left the company having established the Penguin Composition Rules. These instructions would underpin the design of every Penguin book thereafter (they are still in use today) and be a significant contributor to the establishment of publishing's first recognised brand. It is extremely rare nowadays to see a creative influence like design or typography achieve such authority, and yet it was this weighting toward the aesthetic that has afforded Penguin its commercial sustainability.

Some argue that the pendulum has now swung too far in the direction of commerce. Many cite the collapse of the Net Book Agreement (whereby fixed retail prices were agreed between publishers and booksellers) in 1995 as the final death-knock for an industry once lead by the creative departments. Earlier this year, Andy Beckett (2009) reflected on the issue in the *Guardian*: 'By 2000, British bookselling was beginning to resemble its nineteenth-century self again: highly competitive, more

interested in clever price promotions than clever books.’ But the difference between this kind of tension and that which we are experiencing today is that previously the problems (and their solutions) were entirely *internal*. Publishers enjoyed almost complete autonomy and, as such, they could afford to be somewhat introverted when it came to dealing with change. Now, however, publishers are forced to recognise the interests of external stakeholders, such as supermarkets and web-based companies, who have only ever been on the periphery. Julian Rivers (2009) reported in the leading UK publishing journal, *The Bookseller*, that 726 Tesco stores have been welcomed into the Booksellers Association and yet ‘book sales represent less than 1% of their turnover’. Meanwhile, technology companies such as Google and Wikipedia provide products and services that directly impact the publishing industry. Publishers are no longer the sole guardians of publishing; so, today’s job is to preserve the traditions of book publishing while capitalising on the opportunities brought about by these new and disparate networks. Perhaps one of today’s tools, then, can be found somewhere in the modern ideology of ‘open source’ rather than in yesterday’s autonomy.

Understanding open source

Arguably the most profound social change in recent history has been the proliferation of open source via the internet. Open source programming – in other words, programming that allows you to see and share the nuts and bolts of what you are working on – was formally defined in the late 1990s as a means of describing a method of collaborative software development. Popular examples include the Linux operating system, the blogging tool Wordpress, and the GNU Image Manipulation Program (basically a free Photoshop). While the definition itself relates specifically to programming, open source is about more than just software; it is an entire philosophy that is affecting every corner of society. For most of us, this feels like a very new phenomenon proliferated by young techies, but open source has existed, at least in theory, long before computer technology was even conceived. Whole societies are built on the condition that people work together, challenge each other and share their knowledge. The scientific community is underpinned by the

‘Mertonian norms’ (Merton, 1942): five principles of good science which include communism (sharing ideas) and universalism (having a world view), both strong characteristics of an open source mindset. In practical terms, scientists share data and resources in much the same way as open source programmers share code. Closer to home, the evolution of language mimics the evolutionary nature of open source as words and meanings are adopted, modified (in some cases poorly!) and redistributed. **Early open source programmers have simply given a name to an innate human capacity for collective productivity** and now, with the proliferation of the internet over the past three decades, the principles of open source have gradually become not just a philosophy for doing, but a whole ‘way of being’. It is the ideology of yesterday, now and of the future and it cannot be ignored.

From literal to lateral

Open source is a challenging concept for publishing. It is, after all, about relinquishing ownership of ideas and knowledge, with the expectation that an eventual outcome will be reached through an organic, collaborative process. Herein lies the problem: collaborative content (the most obvious example being Wikipedia) is almost the antithesis of the unique aspects of publishing that have enabled the industry to remain self-sustaining. Publishers rely on authorship, authority and quality which are only achievable through an editorial process, or what technologists might call ‘moderation’. In a modern context the idea of authorship is proving incongruous with the mindset of the masses who now expect flexibility, involvement and at least some control. Some interesting attempts have been made to close the gap between publishing and open source, with varying degrees of success. In 2008 Profile Books published *We-Think* in which the author, Charles Leadbeater, opened up authorship to the public (much like the Wikipedia model) and produced a multi-authored book about collaborative or ‘mass’ innovation. While the book is an important experiment, the theory underpinning the work was immediately undermined when Leadbeater put his name on the cover. Despite successfully demonstrating how the web ‘may liberate us from the control of a cultural elite – editors and publishers’ (Leadbeater, 2009, p. 2) he could not quite manage to

liberate himself from reinforcing authorship as a book's primary marketing tool. What this example illustrates is how a literal application of open source can only be problematic in the context of publishing. **The key is not to try to practically apply open source but to take the principles of the ideology and adapt business models and strategies accordingly. It's about thinking laterally.** Apple – one of the most successful and profitable companies in the world today – is an exemplary model for integrating the ideas and expectations of open source while still retaining control and protecting autonomy.

Case Study: Apple iPhone and control in an open source environment

Unlike Microsoft, whose roots are in open source programming, Apple has always vehemently guarded its intellectual property. Apple's secrecy is well-known: 'At times, Apple's secrecy approaches paranoia' says Leander Kahney in *Wired* (2008). Its approach is to have a strong focus on design, price high and tie in consumers by monopolising its products. In addition, its operating system is designed to empower users and nurture the spirit of dialogue. One would expect then, that with the proliferation of open source and growing expectation that some things should be free (at least in terms of tools and services available online) Apple would struggle to survive against more liberal competitors. In fact, in 1997 when founder Steve Jobs returned to the company as CEO, Apple was in serious trouble. Rather than admit defeat Jobs searched for opportunity. That opportunity was buried somewhere in the open source movement, but for Apple to literally embrace open source it would have to devolve the fierce autonomy that underpinned the company. That was not an option (just as getting rid of books and authors is not an option for publishing). So Jobs looked instead at the *characteristics* of open source and the way it affected the expectations of consumers. The resulting concept – the iPhone's App Store – demonstrates a masterful merger of tradition and technology.

A brand new iPhone is much like a new computer. You get the basic operating system but you have to add additional software to make it do what you want it to do. The iPhone Apps are those little pieces of software, sold via the App Store at anywhere between US\$0 to \$900 (these figures taken from (Frommer, 2009)) and

built not just by Apple but by any company or individual. These Apps allow users to completely customise their phone – they can be anything from calculators, games and newsfeeds to ebook readers and tools for using Twitter or Facebook. The App Store responds to the first consumer demand – customisation – by allowing iPhone owners to control and manage their device. The second consumer demand – interaction – is addressed with the Software Development Kit (SDK) made available by Apple. The SDK is essentially the rules, tools and instructions required to build an iPhone application. Anyone can do it. Once approved by Apple, third-party applications are made available (free or at a price, depending on the developer) through the App Store. Apple has provided the tools, as Microsoft did, but it has also retained control by power of veto and by creating an entire infrastructure within which users must operate. In addition, it controls most of the distribution, and it takes 30% of sales revenue (Apple, 2010). It has taken the democratic framework of open-source and made it a commercial success. That, in itself, is an innovative business model. It is not new, it is not revolutionary, it is *evolutionary*.

A lateral approach to open source is not without its own pitfalls. O'Reilly's Tools of Change for Publishing (TOC) in the US is trying to weave the open source mentality into the industry in a more holistic way but it has been met with considerable criticism. According to O'Reilly's Andy Oram (2009) the TOC forums are about 'exploring new technologies that can change people's lives, about working together to educate each other, and [about] how sharing information in communities can help us all grow.' Following the 2009 TOC conference in Frankfurt *The Bookseller* reported that some publishers labelled the event 'a "missed opportunity" (Neilan, 2009) geared more towards programmers than publishers.' TOC has some wonderfully exciting and progressive ideas but it will continue to meet opposition where it appears unsympathetic to the traditions of book publishing. There is an impatient energy that comes with technology and this is fundamentally incompatible with an industry that is traditionally slow to adopt and fairly risk-averse. But the resistance is also about a very basic lack of knowledge and understanding about the realities of technology. Technology is not as far removed from publishing as one

might think. Why? Because technology is not an industry, it is a tool, and it is now irreversibly woven into the fabric of publishing. Every day that we email, read an author blog, search the web or sell a book online we are using the new tools available to us. What digital enthusiasts like TOC encourage is a more proactive use of these tools – but a proactive approach to innovation is not entirely suited to the underlying ethos of publishing. An evolutionary model – that is, innovation through incremental change – seems a far more suitable method for publishers to adopt in order to adapt. In an article for the business journal *McKinsey Quarterly*, authors Glucksman and Morecroft (1998, p. 118–119) describe the effectiveness of incremental change:

...in the business arena: as market conditions change or technology advances, a series of small changes in the culture or organisation of one company will keep it healthy while another, more rigid, slowly fossilizes.

It is not unreasonable to suggest that **were publishing, as an industry, to be guided by the principles of evolutionary innovation the tension between technology and tradition could be significantly reduced.** A ‘small steps’ approach by those involved in technology would certainly help to temper resistance to change. It would encourage more innovation across the board; innovation that is built upon the unique foundations of traditional publishing, rather than the incongruous approach of modern technology which is characterised by *revolutionary* innovation.

CHAPTER 2: MEETING THE CONSUMER

The tradition/technology dichotomy is not just a metaphorical debate that encompasses publishing, it also has a real and tangible effect on how the industry connects (or fails to connect) with its consumers. The beginning of this detachment is evident within publishing businesses where the general attitudes of colleagues reflect the broad age demographics that are typical of the book business. Specifically, as the new breed of 'digital natives' begins to enter the workforce their attitudes come in to conflict with post-war generations. In an article for the *Guardian*, author Stephen Johnson (2008) articulates this generation gap as a characteristic of modern society: 'What separates the Google generation from postwar generations is the shift from largely image-based passive media to largely text-based interactive media.' In *Born Digital*, authors Palfrey and Gasser (2008, p. 346) define a digital native as 'A person born into the digital age (after 1980) who has access to networked digital technologies and strong computer skills and knowledge.' For these young people the principles of open source are deeply embedded in their attitudes and actions. Furthermore, it is clear that their vocational expectations mimic the characteristics of the internet: rapid, continual progress, proactiveness, adaptability, multi-channeled communication and so on. Palfrey and Gasser (2008, p.7) explain how society, as a result, finds itself at a crossroads:

There are two possible paths before us – one in which we destroy what is great about the Internet and about how young people use it, and one in which we make smart choices and head toward a bright future in a digital age.

Publishing, like other industries, stands at its own crossroads, but many see the two paths ahead as *digital* or *printed books* and this message has been mistakenly translated into what consumers are demanding. In fact, this is not a consumer-driven choice, it is an unnecessary debate driven by anxieties within the industry. Jason Dunne's opening remarks, as Chair of *The Bookseller's* 2009 FutureBook conference,

played right into this anxiety: he suggested books might be affected in much the same way as vinyl – that is, virtual extinction. **The unpredictable nature of today's disparate world is such that hypothesizing is simply a distraction from action.** The debate is no longer black and white and to consider it so is to miss the vast opportunities that exist in the grey area. A black and white debate can also be damaging to the potential for unity within the industry as traditional publishers will naturally resist change if they are told to fear extinction. That is akin to being told that everything one has worked toward is collapsing. In fact, nothing is collapsing: things are just evolving. In order to evolve with the same longevity that books are familiar with, every publisher must be integral to the journey. Standing at the crossroads doesn't mean choosing one path over the other, it means chopping down the trees in between to expose a vast and exciting landscape where everyone can meet, share ideas and continue to thrive. It is about bringing older and younger publishers together and about bringing old and new technologies together. If this merger can happen at the level of business it will eventually be communicated to customers by way of more range, more choice, more diversity of products and ultimately more opportunities to read.

The New Consumer

So who is this consumer? And will they buy books, eBooks and whatever else publishers progress to? It is not just the digital natives who perpetuate the open source 'diaspora' and demand content in multiple formats. In 2009, it was reported that 70% of British households have internet access with 74% of users accessing the internet daily (Office of National Statistics, 2009). Each of these users will be, in some way, influenced by open source ideas via their internet-based activities. Whether it's shopping, gaming, emailing or using social networks these *online* activities alter consumer expectations *offline*. The challenge for publishing is to recognise the key characteristics of modern consumers and translate this information into innovative ways of getting books (whatever the format) to market. But publishing does not have a particularly good reputation for connecting with its consumers. Tom McLennan, Head of Music at Vodafone, is part of an industry that

heavily prioritises knowing its consumers and this relationship informs their commercial strategies and activities. Presenting at the FutureBook Conference McLennan (2009) explained how the mobile industry uses billing technology to allow for one click purchases. One click purchasing is where the customer's payment details are stored so that they do not need to do anything other than click one button to make a purchase. It has been implemented very successfully by iTunes and Amazon, as well as by telecommunications companies. In discussing the effectiveness of one click and billing techniques, McLennan mentioned a startling statistic: a second click loses 30% of customers and a third diminishes sales even more. This is a level of consumer awareness that translates directly into profitability but even large multinational publishers remain at a distance from their customers. The raging debate around eBook pricing (addressed more closely in Chapter Three) and the subsequent response from consumers is testament to this. With modern convergent culture, publishing customers are no longer just the average book buyer. Those purchasing eBooks from Vodafone may not even consider themselves readers and yet they continue to pay for access to information they want and need. While a giant like a telecommunications company might seem a threat to publishing, it is in fact a remarkable opportunity to develop content for the rapidly growing mobile market. The key to connecting with consumers is to use other industries as facilitators of the relationship. It is not a big leap to imagine a future where publishers are the primary content providers for the mobile industry. The growth and revenue potential here is considerable, freeing up funds to circulate back into creative areas of book businesses. Collaboration like this does not have to threaten the traditional areas of publishing, it can be an extension of current commercial activities that allow the industry to embrace a much wider and multi-dimensional consumer demographic. McLennan aptly used the word 'snacking' to describe modern (and future) consumption. For publishers, that means offering consumers the choice to 'snack' on books anytime, anywhere: with an eReader while in transit, on a phone between meetings, a book in bed or on a laptop in a lunch break. It's about choice, not exclusion.

The economics of 'free'

When responding to the expectations of consumers, a very common concern is the complicated economics of 'free' and how it can be integrated without diminishing profitability. Free is essentially about providing goods and services without cost in response to the growing demands of consumers. There is a prevailing misconception that free simply means giving everything away for free, but the concept is vastly more complex and far less threatening than that. Firstly, it is important to understand both the historical and modern contexts within which this issue functions. In his recent book *Free*, Chris Anderson offers many historical examples to remind us that 'Free is both a familiar concept and a deeply mysterious one' (2009, p. 4). Consumers have long responded to the appeal of free but it is only in recent times, with the vast connectivity, that consumer expectations of free have become so much more powerful. In business terms, online companies have been able to integrate free into their business models because their overheads are so low and their audiences are so large. For example, a gaming company working on a so-called 'freemium' model (offering free games, with an option to upgrade to an enhanced service via a paid subscription) only needs a very small percentage of users to subscribe (the average is 2%) (Hopf, 2009, p.8) in order to become profitable. For publishing this is a vastly different business model that does not correspond to the mechanics of the industry.

The music business, often seen as the guinea pig for the digitisation of creative industries, has experimented with a number of free models in order to compete. Spotify, for example, is a relative newcomer that allows users to stream a huge catalogue of music. Operating on a freemium model, non-paying subscribers must listen to approximately one minute of advertising per 4 to 5 tracks played; while those paying £9.99 per month can stream tracks uninterrupted, as well as cache over 3,000 tracks to their computer hard drive or iPhone. Despite attracting an estimated 2 million UK users, Spotify is still embryonic in terms of a business model. Adam Webb (2010) from UK Music says:

For Spotify to make its numbers, it's estimated that 10-15% of its user base must migrate to the £9.99 per month premium service. For newspapers, who effectively gave their content away gratis from day one, it's a different conundrum entirely. Why would you upgrade when you can have everything for free? Hence the furious debate over paywalls and subscriptions.

Publishers, whose overheads remain in the physical world, cannot afford to take free too literally, as newspapers have done. **Free should be understood as a marketing device that can help publishers remove the psychological barrier that exists when consumers are asked to pay for something.** If used strategically, it can be an effective *complimentary* tool to drive sales of core products, but it won't define the future of the book business.

Free is an *opportunity* and the case study below shows how even small publishers, with little or no budget for marketing, can access a plethora of free tools online and reach out to a vast network of consumers. Marketing in the modern world is less about targeting isolated groups and more about casting the net as far and wide as possible. Snowbooks, a small independent British publisher, show how this can be done with their energetic use of free tools that help them build customer loyalty, create networks and improve sales both on- and offline.

Case Study: Snowbooks and the things you get for free

Snowbooks are a self-proclaimed 'feisty, independent publisher' which launched in 2004. Few small publishers can boast sales of 'hundreds of thousands of books' (Snowbooks, 2010) in just five years of operation, but Snowbooks has it up there on its homepage and a brief look at Nielsen Bookdata figures for a handful of their titles suggests it may not be far off. The company demonstrates how the plethora of free internet tools and technologies can be used to market and sell more books, not just to create non-book products. Snowbooks has developed a web of interaction with its consumers by tapping in to social networks right across the internet and by creating digital products designed to compliment its core body of printed books. It creates a dialogue with customers, connects fans with one another and encourages continual

organic growth in terms of both attention and sales. The following list describes a few of the most popular free tools Snowbooks is using to get their message out:

Main website/blog

What is it? A simple but effective website built at low cost using Wordpress.

How does Snowbooks utilise it? The site is primarily a mouthpiece for the company but also a portal to the array of online networks the company belongs to.

What are the benefits? It is essential for a publisher to have a website, even if it is simply to give a professional appearance and provide some basic contact information.

Second Life

What is it? A 3D virtual world accessed via the internet. Users are called 'residents' and they can literally create a virtual life for themselves and interact with other residents. It is essentially a cross-pollination of online gaming, social networking and reality media.

How does Snowbooks utilise it? Snowbooks created a virtual bookshop which, according to its webpage, allows users to 'see all our recent titles in the Snowbooks store, and read extracts from the books. You can go directly to Amazon (UK and US) to buy the books there. And you can even grab a shelf of our books to decorate your second home' (Snowbooks, n.d.).

What are the benefits? Second Life was launched in 2003 and, though its success and future prospects have been frequently debated (Shirky, 2006; Thomas, 2009) it has continued to report growth each year. In January 2010 Linden Lab, the creators of Second Life, reported 769,000 repeat monthly logins (or active users) to December 2009 reflecting a 15% increase (Linden Lab, 2010).

Twitter

What is it? A social and professional networking site where users can update their status using not more than 140 characters in any one post. This enables a quick and succinct feed of messages.

How does Snowbooks utilise it? Snowbooks 'tweet' fairly regularly (on average two

or three times per week) to update over 1000 followers about new titles, news and random things of interest. This task is cleverly consolidated with their blog entries (each 140 tweet is the first few lines of the latest blog entry with a link to the Snowbooks blog) to reduce the time needed to maintain the Twitter account.

What are the benefits? Twitter drives traffic to the main website and the blog and is a quick and easy way to keep fans up to date.

YouTube

What is it? A website that allows the public to share and view video content.

How does Snowbooks utilise it? To host a catalogue of self-generated videos including a number of tutorials on how to make eBooks, book catalogues and websites.

What are the benefits? Connects to millions of highly engaged users. One short promo video called *Paper Cut* has been watched 8,508 times. Once a video is uploaded it can be left there to continue receiving hits and driving traffic to the Snowbooks website.

Facebook

What is it? The largest social networking website in the world (Shiels, 2009).

How does Snowbooks utilise it? The Snowbooks Facebooks page posts regular updates about new books. Snowbooks have also recently experimented with giving a free e-book via a Facebook page, encouraging readers to buy the second book (and subsequent books) in the series. Though it is too soon to tell how this affects sales, the dialogue that has sprung up on the Facebook page among readers has been overwhelmingly positive with people very keen to buy the next book.

What are the benefits? Access to 350 million active users for whom Facebook is a daily social and professional networking tool. Huge potential to seek out new customers (Facebook, 2010)

Issuu

What is it? An online document management system that enables the slick and professional display of documents.

How does Snowbooks utilise it? They use Issuu as a library for catalogues and eBooks.

What are the benefits? Issuu connects Snowbooks with millions of other users and, much like a blog, allows people to subscribe and track usage statistics. At the time of writing, George Mann's *The Shattered Teacup* had been viewed 31,000 times on Issuu.

In an age of interactivity, using free tools to connect people and encourage participation is an essential strategy for remaining in tune with consumers. It is the way in which younger generations are learning to communicate. Participation has become 'something that is motivating children to read, write, form communities, and master other kinds of content.' (Jenkins, 2009, p.201). Free, a concept so frequently considered threatening, is in fact a long-term strategy for sustainability in publishing. By engaging and interacting with digital natives on their terms, publishers can nurture the readers of the future. In the short term, we must remember that while consumers may demand things for free consumer expectations can change, particularly if the process of purchasing is streamlined. The billing techniques and one-click purchases we heard about earlier fulfill a modern expectation that buying something online will be quick, and sets up an illusion that it is free, thereby removing any barriers to consumers. A company such as Apple charges a premium for all of its products which would be a barrier if its products weren't so efficiently communicated. Apple customers know exactly what they are getting and a support infrastructure is in place (centered around Apple Stores and face-to-face contact). Books are similarly clear in their delivery, and bookstores are an important bridge to consumers, but eBooks and other digital products are more complicated and this is the area that needs to be clarified. For the industry to charge a premium for eBook products and remain steadfast against free (or even cheap) products, there needs to be a clear and unified message that goes out to consumers. The next chapter deals with working toward that collective decision-making.

CHAPTER THREE: FINDING COMMON GROUND

An evolutionary model for business is based, not surprisingly, on Darwin's theory of evolution. The aspects of Darwin's work most commonly emphasised are the idea of linear genetic mutation (the Tree of Life) and natural selection. But Darwin was also concerned with cooperation and understood the importance of different species working together to ensure long-term survival. This chapter looks at the importance of cooperation in publishing. The industry, like the natural world, must work hard to find the right balance for collective success, both long term and short term. The challenge begins with the fundamental complexity of the industry: while 'book publishing' is a singularly defined business it encompasses a hugely diverse range of commercial interests. The UK Publishers Association divides the industry into three market sectors: Consumer (74.5% market share), Academic/Professional (18.5%) and School/ELT (7%) (Richardson & Taylor, 2008, p.11). Within each of these sectors exists a vast array of publishing categories such as fiction, non-fiction, and children's and within *those* categories there are an infinite number of genres, products, formats and target markets. Every individual, every book and every company has its own objectives and yet, as an 'industry' there is the expectation that everyone will work together. Historically, UK publishing (and some of its western counterparts such as Australia, New Zealand and South Africa) have been fairly effective in managing this complexity. Nielsen Bookscan's Richard Knight argues that the UK is particularly unique for its collaborative activities not just between publishers, but between publishers and retailers: 'Many common initiatives that benefit both producers and sellers are instigated in the UK – such as a common policy on returns, common policies on fast-track orders from help lines at Christmas, agreeing a common standard on bibliographic data and so on' (Knight, 2010). While British book businesses continue to demonstrate a preference for assemblage it is arguable that some of the communal spirit has been eroded in recent years by the sheer fact that no one really knows how to gauge the digital debate. As discussed briefly in Chapter One, publishing today bears the impact of a network of external actors (supermarkets, non-book retailers, technology companies, and so on) who

effectively add an additional layer of competing influences to a once self-governing industry. Strategies for integrating these forces are immediately complicated by the internal divide over tradition and technology. But strategy and alignment are fundamental to commercial sustainability so persevering with a unified approach is essential. Perhaps a first step toward revitalising this area could be the creation (or reworking) of a set of guiding principles for the industry that align with the complexities of the modern world – a sort of ideology encompassing digital publishers, printed book publishers, retailers, distributors and all third-party businesses involved in the book trade.

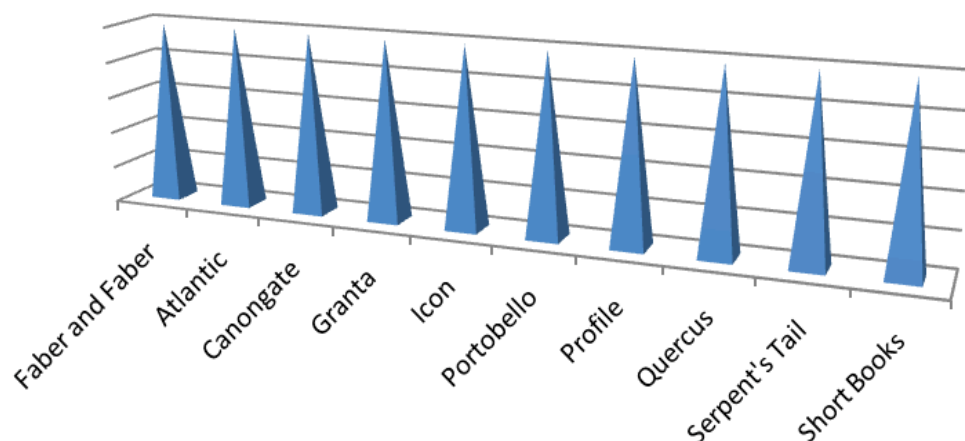
Identifying shared assets

In the natural world it is the physical environment that unifies different species, but what is it that connects a children's picture book publisher to an academic publisher? Until recent years *books* were the chief shared asset for every publisher, but the printed book is no longer a guaranteed commonality. Even a few years ago the Publishers Association were reporting that 'by 2008 electronic had become the dominant mode of delivery in some sectors, such as scientific journals and legal, medical and regulatory databases' (Richardson & Taylor, 2008, p. 54). The shared assets must therefore exist at a more holistic level. Many publishing people share the view that publishers are the 'gatekeepers' of ideas, of knowledge and of the written word. Could this role of guardian be the shared asset? It certainly contextualises publishing positively for both traditional book publishers and those working in a 'paperless' context. But, this is not a guaranteed future for publishers: as we have seen over the past five to ten years of internet evolution (a phase called Web 2.0) the ability to assert authority has been threatened by the proliferation of user-generated content. Web 2.0 is characterised by participation and interaction, hence the rise of social networking sites such as Facebook and MySpace. The next phase of internet development – still in its infancy – is 'the cloud', which would see all information existing online, in a sort of technological cloud, so it can be accessed from anywhere on any device. The idea that anyone can create content (from being a self-publisher, to a blogger or an editor of Wikipedia) generated a sort of mass

hysteria among those who felt language and authorship were being ousted. But the role remains vital and is one that publishers should be fighting to protect. To cite a crude but effective remark: 'When you take away the gatekeepers everything becomes crap' (Jones, 2008). It is arguable that the plethora of poor quality material on the internet is precisely the reason why the role of gatekeeper is now even more crucial. Luckily for publishers, we are starting to see a steady trend back toward trusted sources. Internet users are now better educated about how to judge the validity of web-based content and something like Wikipedia, for example, is understood to be a useful general resource but an inadequate source for citation. In fact, many schools and universities will not accept Wikipedia as an academic reference. **What this presents for all publishers is an opportunity to take control of content that circulates digitally and reassert that authority that books are famous for.**

Establishing core values

So, we have identified an opportunity, but how do we translate this into actual collaborative change? Most strategists and business theorists would argue that effective coordination or 'synergy' has the ability to add 'additional value with existing resources' (Goold & Campbell, 1999, p. 91). The path to synergy begins with establishing some shared core values – basic principles that bind any group of people or organisations. The Independent Alliance, a microcosm of collectivity in British publishing, is an example of the power of this approach. The Alliance brings together ten UK publishers 'who share a common vision of editorial excellence, original, diverse publishing, innovation in marketing and commercial success.' (Faber, 2008). Through the consolidation of operations such as production and distribution, and by sharing information, the group is making a considerable impact in an increasingly competitive environment.



Many of the Alliance members also continue to demonstrate their ability to be forward-thinking and progressive in their approach, perhaps bolstered by the support that comes from being part of a unified front. The group has clear objectives and shared core values – ‘Independence, Integrity, Quality and Range’ – keeping each company aligned with the principles of the entire group. The modern publishing industry, with all its diversity, would benefit from establishing its own set of core values. This research does not have the authority to decide what they might be but guardianship could certainly be a starting point, as well as the characteristics of the book that have strengthened the industry for time immemorial: **authorship, words/language and editorial judgment.**

A common criticism in publishing is that there is too much talk and not enough action. While individual publishers are certainly not inactive (some publishers, such as Random House and Canongate, are doing wonderfully exciting things) there lacks a sense of clarity and progress for the industry as a whole so this is where core values need to be transformed into practical solutions. The contentious issue of eBook pricing is a good example of an industry-wide debate in which all parties would greatly benefit from a unified approach. The following case study works through this issue using as a foundation some of the tools established in the first few chapters, in particular: an evolutionary approach, turning threat into opportunity and, of course, shared core values.

Case Study: eBook pricing

On eBook formats and pricing, publishers are in conflict with each other, with retailers and with consumers. As Philip Jones of *The Bookseller* put it, the problems facing the eBook market are 'stifled availability, mixed messaging and confusing pricing.' Publishers and retailers are missing the opportunity to forge new markets as they battle internally. It is the technology companies (and individual developers) who are quietly emerging to establish a position of strength in this market. At the recent FutureBook conference a panel of senior digital publishers, from several large houses, were asked their views on eBook pricing. While the group was far from consensus (one comment on the *The Bookseller* website called the discussion 'amusingly schizophrenic' (Tom the pub [sic], 2009) there was a general lean toward aligning pricing with printed books. Some publishers remain firmly set on pricing in line with hardbacks while others are guided by paperback pricing. Few, if any, are willing to go below the paperback price.

While consumer statistics are limited, a recent *Bookseller* report on the Book Marketing/Loverreading survey (Tivnan, 2009) revealed that 87% of respondents expect eBooks to cost less than printed books. While the survey participants are a group of particularly dedicated readers, other more general surveys have reinforced a similar trend. From within the book trade 31% of respondents from the *The Bookseller's* digital survey (*The Bookseller*, 2009) think eBooks should be priced at the paperback price while 51% believe they should be less than paperbacks. George Walkley, Head of Digital at Hachette UK, reminded the audience that there *are* associated developments costs with eBooks and therefore the myth that they should be cheaper or free needs to be dispelled. Resisting free is certainly necessary in terms of establishing sustainable business models but those models need to be realistic, with costs that reflect both consumer expectations and the true cost of production. This is the point of contention for many consumers as some eBooks are simply PDF versions of the typeset book and, assuming fixed costs are set against the hardback, there are no associated costs for producing a PDF. In this instance, a savvy

consumer would expect to pay a price that reflects little or no production cost but a margin for overheads, author royalties and any associated marketing or distribution costs. The YouGov *eReader Experience* survey (YouGov, 2009), though focused on reading devices rather than eBooks, suggests that consumers do not want free, they want fair. Walkley argues that added features, interactivity and enhancements are what add to the cost of eBooks but the problem here is that the differentiation between digital products is yet to be communicated to the consumer.

So, there are a few significant features of this debate: the need to **clarify product types and formats**; an unwillingness to **prioritise the consumer's voice**; **lack of information and transparency** about costs to produce eBooks; **mixed messages** being sent to consumers.

Seeing the debate through the prism of both core values and an evolutionary model immediately unearths a number of possible solutions. Firstly to combat the overarching issue of lack of clarity, eBook formats could be standardised in much the same way as books are (that is, as trade paperbacks, paperbacks, hardbacks, deluxe editions and so on). This standardisation gives publishers, and consumers, a basis upon which to judge the retail price. One of the most successful features of the Apple App Store (see case study in Chapter One) is standardised pricing that ensures consumers have clear expectations. A standardisation model for eBooks might look something like this:

Level 1: 'Standard'

File type: PDF, a simple Adobe document format with limited interactivity.

Cost to produce: nil to low, PDFs can be extracted instantly from typeset files.

Cost to consumer: below paperback price (£3–£5) and should only really enter the market as complimentary or supplementary products. Best produced in conjunction with the printed copy so costs are covered.

Level 2: 'Enhanced'

File type: most likely ePub, the format fast becoming the industry standard as ePub files are compatible with multiple devices (phones, eReaders and desktop

computers).

Cost to produce: low to medium depending on the level of complexity.

Cost to consumer: in line with paperback price (£5–£10).

Level 3: 'Premium'

File type: varies to incorporate options such as video, audio and images. The iPhone is the leading hardware for this level of sophisticated development.

Cost to produce: high. Additional features such as multimedia content cannot realistically be set against the printed books (unless they fall under a marketing budget) so these would generally be costed as stand-alone products.

Cost to consumer: in line with, or just below, the hardback price (£10–20)

With standard formats in place, and assuming customers become more comfortable with these models, how do publishers then communicate the added value of their eBooks? With printed books, authority is an innate characteristic, so this *core value* needs to be evolved to suit digital products. A simple solution might be a stamp of authority – given by a governing body – to establish that the eBook met certain criteria. This would greatly improve the process of publishing and selling digital products: effective pricing strategies could be based on this stamp of authority and readers might be more inclined to trust eBook products more. Just as the Forest Stewardship Council (FSC) logo works for printing (whereby it denotes the use of paper sourced from sustainable forests) publishers could be audited and given approval to use the digital stamp. This would not only assert their authority but could open up huge potential for growing additional revenue streams: the stamp needn't be used just for eBooks, it could be used as a symbol of editorial authority on all kinds of digital texts (websites, blogs and so on).

For many publishers, the problem of eBook pricing comes down to a lack of information and a certain cloak of mystery around the cost to produce a digital edition. For small to medium publishers at least, eBook costing need only be a simple evolution of the existing business model for costing a book. Publishers can set their minimum profit margin and approach an eBook project with the standard formula:

something like $(\text{fixed costs} + \text{variable costs} \times \text{RRP}) - (\text{royalty}) - (\text{discount}) = \text{GM}$. eBook development costs are unnecessarily enigmatic but developers are craftspeople, just like printers, so setting target costs for them (based on the equation above and with a minimum gross margin already in place) should encourage transparency and generate more competitive services. This is slightly more complicated for larger publishers who have more compartmentalised structures but if eBooks could be given 'gradings' based on a model of standardisation like the one above it might help to create more streamlined workflows.

One mystery that can't be immediately exposed is that of estimating sales for eBooks but this is partly the fault of publishers. Very little data is available and Nielsen BookData UK estimates that, even after three years of pressuring publishers, just 20% of eBook publishers are giving them adequate information to track sales (Gallagher, 2009a). Regardless of statistics, it is fairly easy for any publisher to enter this market and test the waters – after all, PDFs are virtually free to produce if set against the printed copy. Many publishers are already experimenting with Level 1 of the model above, and academic and professional publishers are further advanced with Levels 2 and 3. Publishers who have not yet entered the digital market would greatly benefit from a set of guidelines, produced by a neutral body such as the Publishers Association, that clearly sets out the different types of eBooks, real examples of costs, sales and revenue plus guidelines that clearly explain the process involved in bringing eBooks to market (which, incidentally, is not vastly different from printed books). The above case study is only the beginning of a complex issue, but hopefully the process of re-framing the debate in this way gives a sense of the potential benefits of collectivity.

CHAPTER FOUR: THE PATH TO INNOVATION

Throughout this paper one theme has continued to gather momentum chapter by chapter: **evolution**. We have seen how an evolutionary approach can help contextualise seemingly new concepts, such as the modern incarnation of open source; how it can be used to merge conflicting attitudes such as those we encounter through the growth of digital generations; and how it might be applied as a practical problem-solving tool to work through substantial issues like eBook pricing. Now we will use evolution as a starting point for developing a model for innovation that responds to the needs of all publishers. For an industry so firmly rooted in tradition an evolutionary model enables a balance between managing change and preserving traditions. But just as modern science has speculated on Darwin's evolutionary theories in light of today's scientific tools (Lawton, 2009) we need to remain critical and open-minded about how to apply an evolutionary model to individual circumstances. Some publishers may not have the resources to evolve and embrace digital publishing, for example, but that should not exclude them from being an innovative contributor to the preservation of the industry. This chapter will demonstrate a model for innovation that encourages participation at every level and from within and outside of publishing.

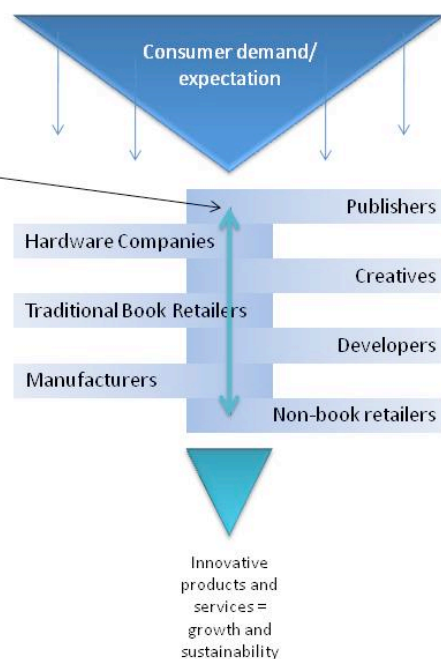
From vertical integration to vertical innovation

In the late 1800s a new business structure began to emerge in industry: vertical integration. This model involved integrating suppliers in order to 'assure consistent and predictable supply chains for large-scale enterprises' (Vitalari, 2009). Early publishing (back when it was a business, not an industry) existed on a similar premise with publishers and booksellers being one and the same thing. Since publishing evolved into a commercial industry in the 1970s businesses have oscillated between vertical integration and more of a satellite model of outsourcing. If vertical integration is about consolidating all of the necessary services required to produce a particular product, then we are now regressing once again to vertically integrated infrastructures. The internet has broken down the barriers of traditional supply chains and blurred the lines between publishers and retailers, retailers and

distributors, publishers and consumers, and so on. This is the open source ideology playing out across industries and it gives publishers the freedom to diversify their businesses and include areas that may have previously been out of bounds. With an open mind publishers could incorporate technology, retailing, eBook and eReader development, distribution and database management, just to name a few. This would ensure that the development of new technologies and products is led by publishing professionals, not by third parties. Some publishers are already very active in this domain, for example Random House has partnered with Sony to release a special edition Sony eReader. The digital innovations coming out of Random House are admirable, but there is a danger that large publishers will dominate new markets simply because they have a higher capacity to integrate different skills (in particular, technical) into their businesses. There needs to be a path to innovation that allows all companies – regardless of size and capacity – to participate in the future of publishing. In the interest of finding a balance between the preservation of traditions and the possibility of technology, perhaps a model of ‘vertical innovation’ would be more appropriate: something where all the parties involved in the production of particular products (whatever the format) intersect on a path that leads from consumer voice to consumer satisfaction. The diagram below is a visualisation of how this model might work:

Vertical Innovation at the level of industry

Innovation occurs in this middle point with ideas and activity flowing up and down the chain



This idea of intersections is dependent upon publishers being open to collaboration, not just with each other but with external industries and influences. The idea is to create a setting in which innovation takes place in the mid point where companies and influences overlap. That midpoint is the consumer’s voice and the ensuing communication that develops among relevant parties: messages come in from consumers sparking communication up and down the path, with everyone working toward developing the best solution in direct response to consumer demand. That interlocking can happen in many ways – through commercial partnerships, official events and conferences, small projects, networking and associations, strategic planning and operations. The underlying principles of vertical integration are essentially the tools we have developed throughout this paper:

1. Embrace the ideology of open source. This includes sharing knowledge, sharing ideas and encouraging a collective approach to problem solving.

2. Listen to consumers. The model begins and ends with the consumer but, true to the open source ideology, the path of innovation should be fluid and should continue to flow up and down between publishers, producers and book buyers.

3. Take an evolutionary not revolutionary approach to innovation. Incremental change could be publishing's secret weapon.

4. Be objective and open minded. Look outside of publishing and encourage closer collaboration with other industries.

5. Think laterally and re-frame every threat as an opportunity. An essential tool for managing unexpected change. (To examine this point further, refer to Peter Drucker's 'Seven Steps to Innovation' from *Innovation and Entrepreneurship* (Drucker, 2007) and try working through his linear method of identifying opportunity.)

6. Work toward industry-wide collaboration and collective decision-making. This is where publishers can make an impact and reclaim control over content.

The Book Depository is an example of a company that already demonstrates some of the characteristics of this vertical innovation.

Case Study: The Book Depository: when a threat becomes an opportunity

The 'long tail', a theory brought to prominence by *Wired* editor Chris Anderson in 2004, is largely cited as the economy of the internet age. It describes a retailing model that taps into niche markets by selling the broadest possible range of products in relatively small quantities. One UK distributor has taken this model and developed a highly successful, fast-growing business around the aim of making 'All books available to All'. After just four years in operation the Book Depository reported a turnover in excess of £40m and sales reports in January 2009 saw a 100% increase on the previous year (Gallagher, 2009b). Its rapid growth is reflected in the vertical innovation model whereby it encourages innovation at every level of the business.

One of the seven steps to innovation described by influential business theorist Peter Drucker is recognising 'the incongruity' (Drucker, 2007) – that is, the space between what is, and what ought to be. Around the time the Book Depository was formed this space was, perhaps, the void between the theory of the long tail and the reality

of how many niche products and services were actually available. Amazon was of course the largest online retailer at the time but while its foundations were also in the long tail, its tail did not extend as far as one or two copies of an obscure title.

The next level of innovation comes with the business strategy and the subsequent development of infrastructure. The company uniquely positions itself as a distributor and therefore operates, in part, as an ally to other retailers. In order to remain focused on its 'All books available to All' strategy it ships books within 48 hours from its fulfillment centre in Gloucester and it also lists and supply books from other retailers (such as Amazon). This is an example of the overlap or 'interlocking' shown in the vertical innovation model.

The rise in digital book products could be seen – as many publishers perceive it to be – as a threat to print sales and yet the Book Depository considers this an opportunity to extend the reach of its 'All books to All' model. In the truest sense of both vertical integration and vertical innovation it has launched Dodo Press, an imprint that has so far made 11,000 out-of-copyright books available as free downloadable eBooks. These books are very low cost formats – PDF files with a basic text design and rough scans of original illustrations – and yet they offer customers choice and diversity and, importantly, something for free. For the Book Depository this is a strategy for entering the eBook market that carries minimum risk. It will shortly launch an eBook store which will further capitalise on this market. Start-Up Manager Lindsey Mooney says digital has 'a huge amount of potential to be realised for the industry' and considers mobile technology to be the most significant digital opportunity for a retailer like the Book Depository (Mooney, 2009):

With the increasing popularity, and reliance, on smart phones it's important that not only can readers purchase book formats to read on their mobile devices, but that they can shop for and buy books on their phones, whatever format they choose to read.

The ability to create opportunity from perceived threat is clearly a significant driver for this successful young company. There is something to be learned here at a level

of industry: publishers have the opportunity to turn a fear of technology into a lucrative, multi-dimensional future.

For individual businesses vertical innovation is a method for encouraging closer interaction between colleagues and departments thereby bridging the gaps between varying attitudes. For example, most publishing houses have a dedicated web department, but perhaps there is a case for interweaving these skills. A simple reorganisation to place technical staff within editorial, sales, design or other departments would vastly improve the cross-pollination of publishing's core traditions and remove the enigma around digital technologies. Publishing professionals of the future will be highly versatile and tech savvy by the sheer nature of their upbringing, but will they have sound editorial judgment? The vertical innovation model ensures traditional publishing skills are protected.

CONCLUSION

Digitally-minded readers will no doubt find the technical examples used in this paper to be 'old news' but this research is not about the cutting edge, it is about exploring theoretical ideas – such as evolutionary innovation – that can help to bridge the gap between technology and tradition. For those readers who are *not* digitally-minded, examples such as the Snowbooks case study are intended as a starting point for entering the digital arena. It is hoped that all readers will benefit from the ideas that underpin the model of vertical innovation. It provides a democratic platform for collective action, drawing on the influences of both digital technologies and traditional values. Underpinning the concept is the view that, only with a more unified and outward-looking approach, can the publishing industry respond efficiently to the complex demands of modern readers. The evidence so far points to a horizon on which there are an infinite number of ways to read and with reading technologies in their infancy, publishers have the opportunity to control the content that will paint the future. The role of 'gatekeeper' in a modern context will require some new learning, versatility and an open-minded approach but the wealth of knowledge and expertise in this industry are strong foundations for a sustainable and successful future. It is hoped that some of the ideas within this paper will encourage publishers to re-imagine a world in which they navigate their own diverse future, rather than live in fear of extinction.

Over the past decade the industry has spent a lot of time hypothesizing and debating about the lifespan of printed books while technology companies emerge and take large portions of the market for reading. It should be publishers, not technologists, who determine what the world reads, but what the digital world understands acutely is that 'the only prediction that will hold true is that no prediction will hold true' (Handy, 1995). If this paper is to succeed at just one thing, it will be to provide publishing people with a way out of the debates that cause such rigidity and stifle an otherwise wonderfully creative industry. When Charles Handy wrote these words in his book *Age of Unreason* he also used the 'frog in boiling water' analogy to illustrate

the importance of action in times of uncertainty. In 2010, the publishing industry is simmering away and while there might be some loud croaks from the boiling pot it remains in a state of paralysis. Digital technologies will not stop moving, they will not turn the heat down on any industry, so the only way forward is to unlock the debates that are causing anxiety and take action. Technology is not something to be feared, it is a tool for empowerment. To return to McLuhan, it's time to tackle today's job with today's tools, fuelled by inspiration from yesterday's concepts.

Reference List

Anderson, C., 2009. *Free*. London: Random House.

Apple, 2010. iPhone Developer Program (the official Apple website for iPhone Developers) [Online]. Available at:

<http://developer.apple.com/iphone/program/distribute.html>

[Accessed 18 January 2010]

Baines, P., 2005. *Penguin By Design: A Cover Story 1935-2005*. London: Allen Lane.

Beckett, A., 2009. You Can't Be Serious. *The Guardian* [Online], 16 May. Available at:

<http://www.guardian.co.uk/books/2009/may/16/publishing-industry-decline-libraries>

[Accessed 16 January 2010]

The Bookseller, 2009. The Bookseller Digital Survey (produced in conjunction with the FutureBook conference in December 2009 and made available to attendees). London: The Bookseller.

Drucker, P., 2007. *Innovation and Entrepreneurship: Practice and Principles*. Classic Drucker Edition. Oxford (UK): Butterworth-Heinemann.

Faber, 2008. Cited from several of the Alliance members' websites including Faber's company website. Available at:

<http://www.faber.co.uk/article/2008/7/independent-alliance>

[Accessed 12 December 2009]

Facebook, 2010. Statistics from the Facebook Press Room. Available at:

<http://www.facebook.com/press/info.php?statistics>

[Accessed 22 January 2010]

Frommer, D., 2009. The 10 Most Expensive iPhone Apps. *The Business Insider*

[Online], 12 August. Available at <http://www.businessinsider.com/the-10-most->

[expensive-iphone-apps-2009-8](#)

[Accessed 18 January 2010]

Gallagher, V., 2009a. Ebook Data 'Poor'. *The Bookseller* [Online], 10 December 2009.

Available at: <http://www.thebookseller.com/news/106442-page.html#Comment>

[Accessed 7 January 2010]

Gallagher, V., 2009b. Book Depository redesigns website. *The Bookseller* [Online], 16

February. Available at: [http://www.thebookseller.com/news/77472-book-](http://www.thebookseller.com/news/77472-book-depository-redesigns-website.html)

[depository-redesigns-website.html](http://www.thebookseller.com/news/77472-book-depository-redesigns-website.html)

[Accessed 18 January 2010]

Glucksman M. and Morecroft J., 1998. Managing Metamorphosis. *McKinsey Quarterly*, 2.

Goold, M. & Campbell, A., 1999. Desperately Seeking Synergy. In: *Harvard Business Review on Corporate Strategy*. Boston: Harvard Business School Press.

Handy, C., 1995. *The Age of Unreason*. Rev. ed. London: Arrow Books.

Hopf, C., 2009. Understanding Freemium: How to Create and Grow Paying Customers. PricingWire, *Seattle Tech Start-Ups* meeting. Seattle, USA, 12 August 2009.

Jenkins, H., 2008. *Convergence Culture*. New York: New York University Press. [It should be noted that while the author examines participation as a positive force he also acknowledges the criticisms of conservative observers who consider participations to have 'altogether more sinister connotations'. Those same observers 'cite the example of kids dressing up like Harry Potter... drawing lightning bolts on their foreheads to duplicate Harry's scar, as evidence that children are moving from reading the books into participating in occult activities.' (p.201)]

Johnson, S., 2008. Dawn of the Digital Natives. *The Guardian* (Technology News and Features section) 7 February, p.1.

Jones, P., 2008. Publishers Fight Back, Says Andrew Keen. *The Bookseller* [Online], 7 July. Available at: <http://www.thebookseller.com/news/62471-publishers-fight-back-says-andrew-keen.html>

[Accessed 18 January 2010]

Kahney, L., 2008. How Apple Got Everything Right by Doing Everything Wrong. *Wired* [Online], 18 March. Available at http://www.wired.com/techbiz/it/magazine/16-04/bz_apple?currentPage=all

[Accessed 18 January 2010]

Knight, R., 2010. Discussion about communication within the UK book publishing and retailing industry [email] (Personal Communication, 18 January 2010).

Lawton, G., 2009. Why Darwin Was Wrong About the Tree of Life. *New Scientist* [Online] 2692, 21 January 2009. Available at:

<http://www.newscientist.com/article/mg20126921.600-why-darwin-was-wrong-about-the-tree-of-life.html?full=true>

[Accessed 7 January 2010]

Leadbeater, C., 2009. *We-Think*. 2nd ed. London: Profile Books.

Linden Lab, 2010. 2009 End of Year Second Life Economy Wrap Up (including Q4 Economy in Detail). *Second Life Blogs* [Online], 19 January. Available at:

<https://blogs.secondlife.com/community/features/blog/2010/01/19/2009-end-of-year-second-life-economy-wrap-up-including-q4-economy-in-detail>

[Accessed 22 January 2010]

McLennan, T., 2009. Digital Books. The Bookseller Digital Conference, *FutureBook*. London, UK, 2 December 2009.

McLuhan, M., 1967. *The Medium is the Massage*. London: Penguin Books.

Merton, R.K., 1942. The Normative Structure of Science. In: Merton, R.K., 1973. *The Sociology of Science: Theoretical and Empirical Investigations*. Chicago: University of Chicago Press.

Mooney, L., 2009. Response to questionnaire produced for this research paper [email] (personal communication, 27 November 2009).

Neilan, C., 2009. "Improved" TOC to return to fair in 2010. *The Bookseller* [Online], 15 October. Available at: <http://www.thebookseller.com/news/100303-improved-toc-to-return-to-fair-in-2010.html>

[Accessed 16 January 2009]

Office of National Statistics, 2009. *Internet Access: Households and Individuals* (Statistical Bulletin) [PDF Online], 28 August. Available at:

<http://www.statistics.gov.uk/pdffdir/iahi0809.pdf>

[Accessed 31 November 2009]

Oram, A., 2009. Four Roles for Publishers: Staying Relevant When You Are No Longer a Gatekeeper. *O'Reilly Tools of Change in Publishing* [Online], 17 June. Available at:

http://blogs.oreilly.com/cgi-bin/mt/mt-search.cgi?blog_id=40&tag=education&limit=20

[Accessed 16 January 2009]

Palfrey, J. and Gasser, U., 2009. *Born Digital*. New York: Basic Books.

Richardson, P. and Taylor, G., 2008. *A Guide to the UK Publishing Industry*. London: The Publishers Association.

Rivers, J., 2009. To BA or not to BA?. *The Bookseller* [Online], 22 October. Available at: <http://www.thebookseller.com/blogs/100812-page.html>

[Accessed 7 January 2010]

Shirky, C., 2006. A Story too Good to Check. *Valleywag* [online] 12 December.

Available at: <http://valleywag.gawker.com/221252/a-story-too-good-to-check>

[Accessed 22 January 2010]

Shiels, M., 2009. Facebook grows and makes money. BBC News [Online], San Francisco, 16 September. Available at: <http://news.bbc.co.uk/1/hi/8258117.stm> [Accessed 12 December 2009]

Snowbooks, 2010. Company website [Online]. Available at: <http://snowbooks.com/> [Accessed 2 January 2010]

Thomas, O., 2009. The End of Second Life. *Valleywag* [online] 22 February. Available at: <http://valleywag.gawker.com/5158190/the-end-of-second-life> [Accessed 22 January 2010]

Tivnan, T., 2009. Survey says... (a report on a survey undertaken by Book Marketing Limited and Lovereading). *The Bookseller* [online], 22 October. Available at: <http://www.thebookseller.com/in-depth/feature/100814-survey-says---.html> [Accessed 20 January 2010]

Tom the pub [sic], 2009. An reader responds online to: FutureBook: celebs could help make cultural shift over piracy. *The Bookseller* [online], 3 December. Available at: <http://www.thebookseller.com/news/105693-futurebook-celebs-could-help-make-cultural-shift-over-piracy.html> [Accessed 12 December 2009]

Vitalari, N., 2009. Going Vertical: The New Reality of Vertical Integration in the Era of Business Platforms and Ecosystems. *Wikinomics* [Online], 15 December. Available at: <http://www.wikinomics.com/blog/index.php/2009/12/15/going-vertical-the-new-reality-of-vertical-integration-in-the-era-of-business-platforms-and-ecosystems/> [Accessed 18 January 2010]

Webb, A., 2010. Request for comment on the various business models being implemented in the music industry [Email] (Personal Communication, 20 January 2010).

YouGov, 2009. eReader Experience survey, Wave 1, July 2009. London: YouGov.

Bibliography

Books and Articles

Arboleda, A., 2001. *The Gutenberg Syndrome: An Illusion of International Research*, Toronto: University of Toronto Press.

Arthur, C., 2008. Rewriting the Book on Profitable Publishing. *The Guardian* (News and Features section), p.5, 13 November.

de Bellaigue, E. 2004. *British Publishing as a Business Since the 1960s*, London: British Library.

Clark, G. and Phillips, A., 2002. *Inside Book Publishing*, 4th ed. London: Routledge.

Epstein, J., 2002. *Book Business: Publishing Past, Present, and Future*. New York: W. W. Norton & Co.

Feather, J. 2006. *A History of British Publishing*, 2nd ed. Oxon (UK): Routledge.

Handy, C., 1999. *Understanding Organizations*, 4th ed. New York: Oxford University Press.

Menaker, D., 2009. Redactor Agonistes. *Barnes and Noble Review* [Online] 14 September. Available at: <http://bnreview.barnesandnoble.com/t5/Reviews-Essays/Redactor-Agonistes/ba-p/1367>

[Accessed: 14 October 2009]

Neilan, C., 2009. Digital Proposals Could Politicise Action, warns PA. *The Bookseller* [Online], 26 August. Available at: <http://www.thebookseller.com/news/95520-digital-proposals-could-politicise-action-warns-pa.html>

[Accessed : 22 November 2009]

Neilan, C. 2009. Publishers Association Welcomes Google Concession. *The Bookseller* [Online], 7 September. Available at: <http://www.thebookseller.com/news/96317->

[publishers-association-welcomes-google-concession.html](#)

[Accessed : 24 October 2009]

The Publishers Association, 2008. *The Publishers Association Annual Report*, London: The Publishers Association.

The Publishers Association, 2007. *United Kingdom Publishing Market Profile*, London: The Publishers Association.

Pugh, D. S. and Hickson, D. J., 1996. *Writers on Organizations*, 5th ed. London: Penguin.

Robinson, C., 2009. Diary. *London Review of Books* [Online] 26 February. Available at: <http://www.lrb.co.uk/v31/n04/colin-robinson/diary>

[Accessed: 11 November 2009]

Rose, A., 2009. Kindle Killers? The Book in New E-Readers. *Time* [Online], 11 October. Available at: <http://www.time.com/time/business/article/0,8599,1929387,00.html>

[Accessed: 22 November 2009]

Schiffrin, A., 2000. *The Business of Books: How the International Conglomerates Took Over Publishing and Changed the Way We Read*. London: Verso.

Thompson, J., 2005. *Books in the Digital Age*. Cambridge (UK): Polity Press.

Tivnan, T. and Stone, P., 2009. Bookseller Half-Year Review. *The Bookseller* [Online], 20 July. Available at: <http://www.thebookseller.com/in-depth/feature/91962-bookseller-half-year-review.html>

[Accessed: 16 October 2009]

Turow, J., 2009. *Media Today: An Introduction to Mass Communication*, Oxon (UK): Routledge.

Wilson, B., 2005. Rewriting the Rules of Publishing. *BBC Business News* [Online] 31 July. Available at: <http://news.bbc.co.uk/1/hi/business/4720779.stm>

[Accessed: 12 August 2009]

Reports & Conferences Papers

Arts Council England, 2005. *From Kitchen Table to laptop, Independent Publishing in England*. London: Arts Council England.

The Bookseller Publications, 2002. *Who Owns Whom in British Publishing*. London: The Bookseller.

Epstein, Jason, 2009. Transcript from Keynote speech. In: O'Reilly's Tools of Change for Publishing. New York, USA, 9-11 February 2009. Available at:

<http://toc.oreilly.com/2009/02/full-text-of-jason-epsteins-to.html> .

[Accessed 18 January 2010]

Industry News, Website and Blogs

Book2Book. See: <http://www.booktrade.info/>

Book Brunch. See:

http://www.bookbrunch.co.uk/index.php?option=com_myblog&Itemid=71

The Bookseller. See: <http://www.thebookseller.com/>

Book Slut. See: <http://www.bookslut.com/blog/>

GalleyCat/Media Bistro. See: <http://www.mediabistro.com/galleycat/>

The *Guardian* Blog (Books and Publishing). See:

<http://www.guardian.co.uk/books/publishing>

Publishing News. See: <http://www.publishingnews.co.uk/pn/default.asp>

Scholarly Communications Report. See: <http://www.scrpublishing.com/>

Information World Review. See: <http://www.iwr.co.uk/>

Joe Wikert's 2020 publishing blog. See: <http://jwikert.typepad.com/>

London Review of Books. See: <http://www.lrb.co.uk/>

Publishing Talk. See: <http://www.publishingtalk.eu/blog/>

Publishing Trends. See: <http://www.publishingtrends.com/>

Ready Steady Book. See: <http://www.readysteadybook.com/>

Richard Charkin. See: <http://charkinblog.macmillan.com/>