

Traditional publishers' ebook sales drop as indie authors and Amazon take off

geekwire.com/2018/traditional-publishers-ebook-sales-drop-indie-authors-amazon-take-off/

Frank Catalano

May 19, 2018



BigStock Photo

Ebook sales are dying. Ebooks are insanely popular.

If the short definition of cognitive dissonance is holding two contradictory ideas to be true, ebooks are about as dissonant as digital content gets.

Yet ebooks may also represent a chapter in the still-being-written story of how keeping track of what's happening with content hasn't always kept pace with the technology that's transformed it.

Let's start with the bad news. Two new sets of numbers covering 2017 show ebook sales are on the decline, both in terms of unit and dollar sales.

The first, released in April by market research firm NPD's PubTrack Digital, saw the unit sales of ebooks fall 10 percent in 2017 compared to 2016. In absolute numbers, that meant the roughly 450 publishers represented saw ebook sales drop from 180 million units to 162 million over a year's time.

The second, just released by the American Association of Publishers, reported a decline in overall revenue for ebooks, a year-to-year decrease of 4.7 percent in 2017. AAP tracks sales data from more than 1,200 publishers.

This ebook decline occurred in an overall publisher revenue environment that AAP said was essentially flat in 2017. So some other kinds of book formats that AAP watches, like hardback books, went up as ebooks went down. For its part, NPD says when combining print and ebook unit sales, ebooks' percentage of the total dropped from 21 percent in 2016 to 19 percent in 2017.



GeekWire File Photo

It turns out this downward ebook trend isn't new. It may actually be an improvement, of sorts. "The pace of ebook decline appears to be cooling," AAP's Marisa Bluestone said, noting 2017's drop was, "significantly less than the double-digit declines experienced in 2015 and 2016."

Among the categories showing a decline in both NPD's and AAP's figures were kids' ebooks. Children's ebooks had the most dramatic decline in unit sales, and children's/young adult ebooks have suffered double-digit revenue drops every since year 2015.

And yet, NPD reports, even though it's also declining, adult fiction remains the most popular ebook category, with 44 percent of all adult fiction sales in digital form.

On the surface it would seem like all of this is going to come as a surprise to boosters who

thought ebooks would replace traditional paper book publishing completely.

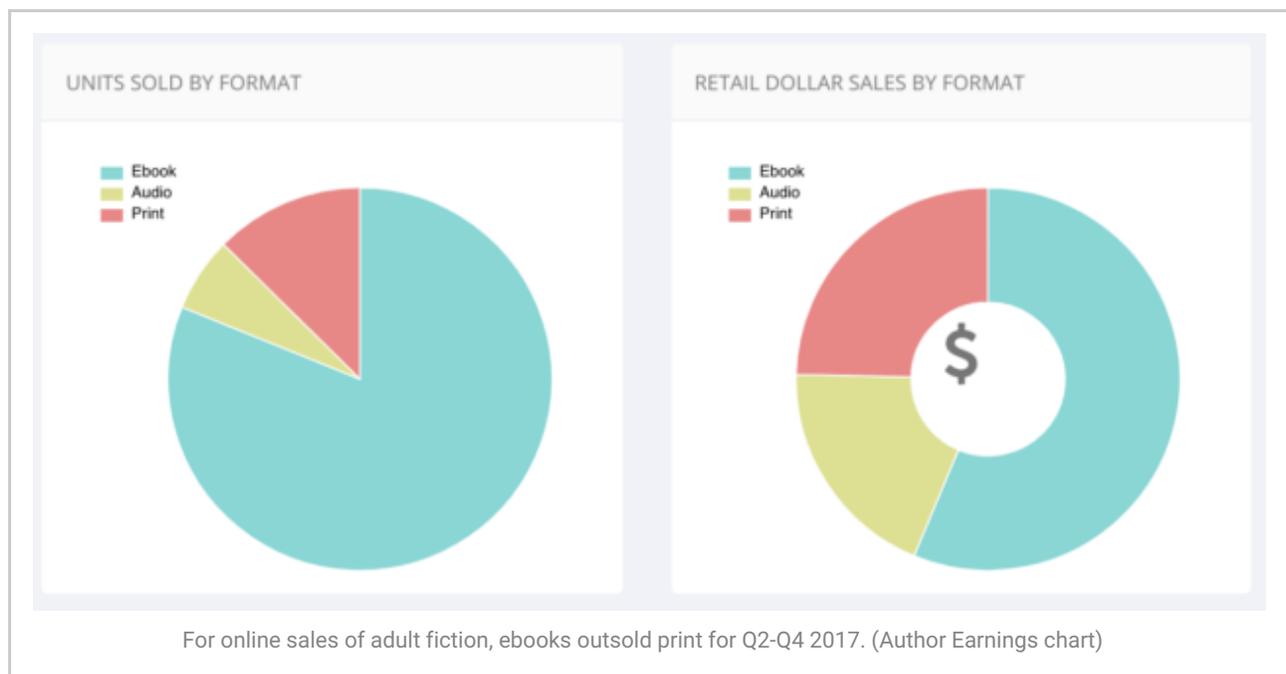
But there are three key words to keep in mind: “traditional book publishing.” And that’s the good ebook news.

Because the very same technology that allowed traditional publishers to create and sell ebooks also allowed authors to do the same — directly to readers.

NPD and AAP don’t measure those indie sales. Centralized reporting of direct-from-author sales is tougher to come by, but by all anecdotal measures the independent market has taken off, notably in the also-still-large category of adult fiction.

(An aside on terminology: When at a book launch or retro cocktail party, you’re likely to find that writers who sell their work directly to readers may prefer being called “indie” or “independent” authors, not “self-published” authors. To many, “self-published” still implies crappy work being published by a vanity press which makes its money taking cash from writers, not readers, just so said writer can have ego support in book form.)

One source of numbers for online book sales, including for indie ebooks, is the website Author Earnings. It recently estimated that traditional publisher reporting is, “now missing two-thirds of U.S. consumer ebook purchases, and nearly half of all ebook dollars those consumers spend.”

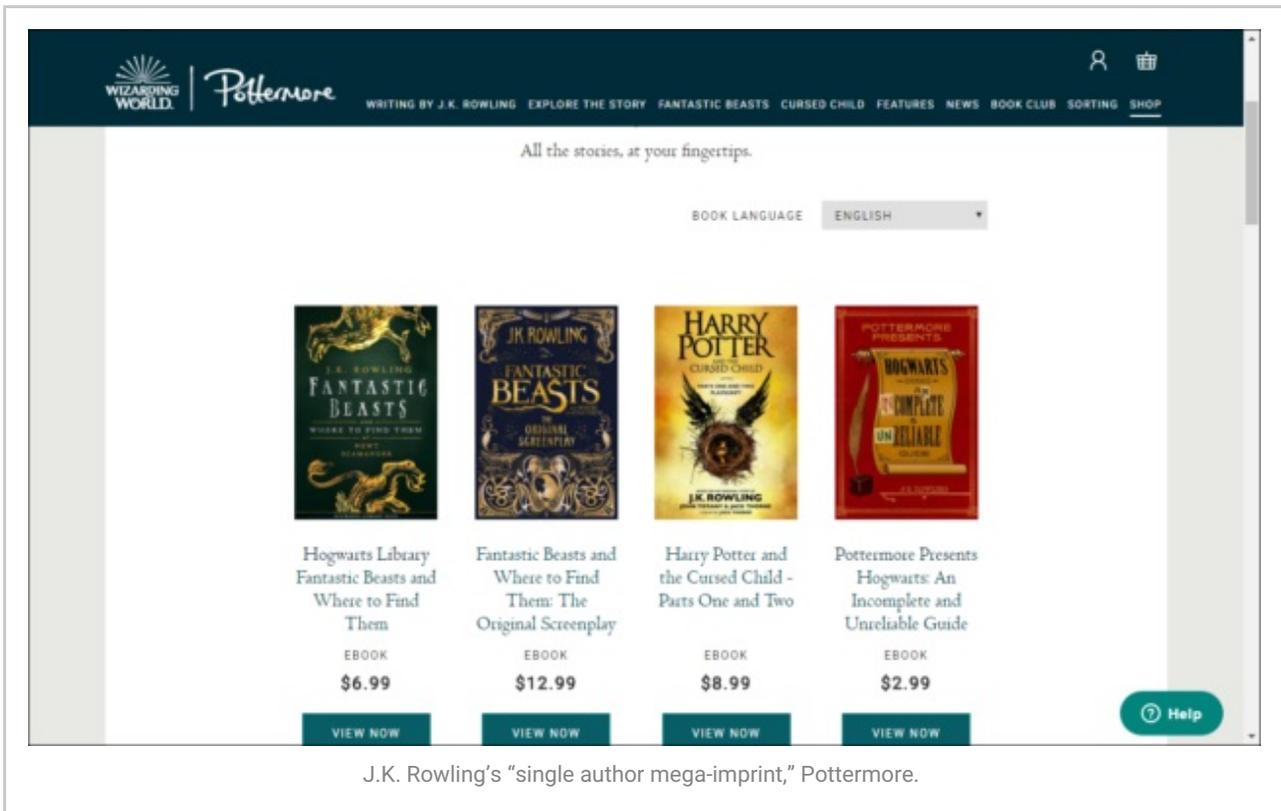


Certain adult fiction genres are standouts. “Ninety percent of all romance purchases are ebooks,” the site’s latest report for Q2-Q4 2017 stated. “And we can see that science fiction and fantasy, with roughly 75 percent of sales now ebooks and audio, is not that far behind.”

For all categories of ebooks, Author Earnings figures purely “indie” publishing accounted for at least 38 percent of ebook units and 22 percent of ebook dollars in the last nine months of 2017. And that doesn’t include micro presses, Amazon’s imprints, and what it calls “single-

author mega imprints” (think J.K. Rowling’s [Pottermore](#)).

“The indie share of the entire U.S. ebook market ... now looks like what the indie share of Amazon alone used to be,” Author Earnings concluded. “In other words, far from losing ground, the overall indie market share has grown.”



So you may be wondering: Are people buying more ebooks or more print books, overall? It’s hard to tell, across all kinds of books. Author Earnings doesn’t track physical bookstore sales, and NPD and AAP only track traditional publisher sales.

But the democratization of ebook publishing is borne out by the authors themselves – and their publishing channels.

Science Fiction and Fantasy Writers of America ([SFWA](#)), an association of professional writers, began accepting indie publishing credits for membership in 2015. Last year, SFWA surveyed its more than 1,700 members. It found that 14 percent of members characterized their career as “indie,” 38 percent as hybrid (both indie and traditional), and 48 percent as traditional only.

Or, put another way, more than half of SFWA’s membership has done some kind of independent publishing. Importantly, SFWA said, there was no apparent difference in range of income between indie and traditionally published members.

Jeff Bezos, whose Amazon distributes a lot of independently published ebooks, made it a point to note in his annual letter to shareholders that, “Over a thousand independent authors surpassed \$100,000 in royalties in 2017 through Kindle Direct Publishing.”



SFWA President Cat Rambo. (GeekWire Photo / Clare McGrane)

Part of the apparently increasing shift of authors to indie status may be about that money. “In traditional publishing, the writer sees a sliver of the profits – 5-15 percent,” SFWA President Cat Rambo, herself a hybrid author, told me. “In small press publishing, that number goes up significantly, and indie writers get to keep the biggest portion of the pie.”

Rambo said there are reasons to stick with traditional publishers, even for ebooks, such as discoverability of an author’s books through established marketing and distribution channels. “The other advantage is expertise in things many writers lack: book design, editing, formatting, cover work, etc.,” she said. “That’s work, real work, and many people would rather spend that effort on writing.”

But Rambo also suspected the decline in traditional publishers’ ebook sales may due to pricing, a potentially Titanic-sized problem of publishers’ own making.

“When I see an ebook that sells for twice the price of the paperback version, either someone has lost their mind, is asleep at the wheel, or is deliberately steering the ship towards an iceberg,” she said.

That’s led Rambo to buy more less-expensive, indie-published books to read on her tablet. And ebook *reading* does appear to be at least holding steady, reflected in climbing digital circulation at public libraries last year.

But the future of ebook publishing may increasingly belong to the independent author, especially as traditional publishers shift more marketing weight onto the writers while charging a premium for their traditionally published product.

“The publishers who treat writers like partners in this industry have become rarer,” Rambo said.

That, combined with more cash and control, seem to be doing a lot to spur a growing independent streak in ebook authors.

Trade Remained Publishing's Brightest Spot in 2017

Trade sales have grown steadily over the last five years as other major segments post a more mixed revenue performance

The release late last month by the Association of American Publishers of its final sales estimates for 2017 highlighted a number of trends. Although total sales were down only marginally in 2017 compared to 2016, industry sales have now fallen for three consecutive years, dropping roughly 6% between 2014 and 2017, when sales were estimated at \$26.23 billion.

During the 2014–2017 period, of the four major categories tracked by AAP, only the trade segment recorded gains. Indeed, between 2014 and 2017, while overall industry sales fell 6%, trade sales managed to rise 3.4%. Between 2014 and 2017, the professional publishing segment had the steepest decline, with sales falling 24.2%. Sales in the higher education market dropped 18.0% and pre-K–12 segment sales were off 24.2%. All three segments are dealing with changing expectations from their customers. But in something of a bright spot, all three categories had relatively decent 2017 sales performances compared to 2016. Higher education revenue rose 0.5%, while sales of professional books fell by less than 1% and sales in the pre-K–12 category declined a modest 2.9%.

The growth in the trade segment between 2014 and 2017 was driven by strong gains in the adult nonfiction category, where revenue jumped 24.2%, to \$6.18 billion, according to estimates by the AAP, making it by far the largest trade segment. The much smaller children's/young adult nonfiction segment also had gains over the four-year period, up 21.6%. The nonfiction segment gains offset declines in both the adult and children's/young adult fiction categories. The adult fiction area had the steepest four-year decline, with sales down 10.5%. Both the adult fiction and children's/YA fiction segments suffered from some price pressures over the period: the average price for an adult fiction book was \$6.79 in 2017, compared to \$6.88 in 2014, while the average price for a children's/YA fiction title dropped to \$4.20, from \$4.42 in 2014.

PUBLISHER REVENUE 2013–2017

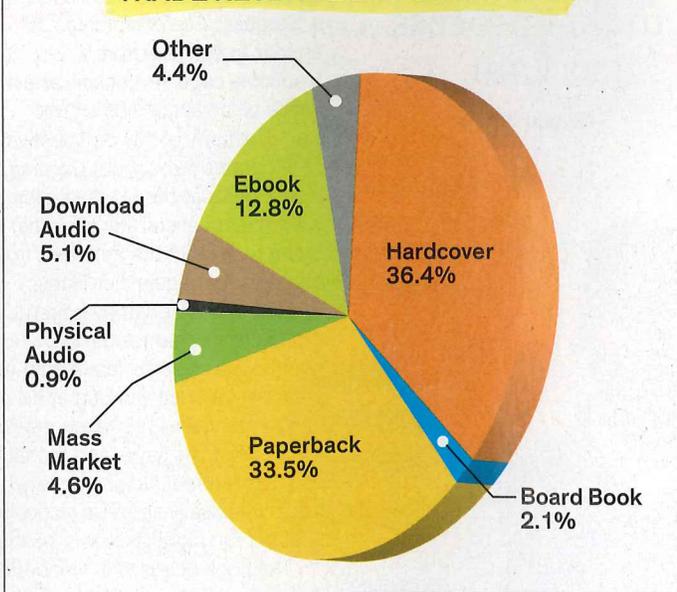
(\$ in billions)

Year	Trade	Higher Ed.	Pre-K–12	Professional	University	Other	Total
2013	\$15.13	\$4.81	\$3.84	\$2.97	\$0.30	\$0.02	\$27.07
2014	\$15.43	\$4.85	\$4.27	\$3.09	\$0.30	\$0.00	\$27.96
2015	\$15.82	\$4.53	\$4.11	\$3.05	\$0.29	\$0.00	\$27.80
2016	\$15.90	\$3.96	\$3.73	\$2.37	\$0.28	\$0.04	\$26.27
2017	\$15.95	\$3.98	\$3.62	\$2.35	\$0.29	\$0.04	\$26.23

SOURCE: ASSOCIATION OF AMERICAN PUBLISHERS

Another notable trend that continued into 2017 was the decline in e-book sales. The format that at one point was predicted to dominate trade publishing saw sales fall 36.7% between 2013 and 2017, and its market share dropped from 21.4% to 12.8% during that same period, according to AAP figures. Among the reasons for the steady decline in e-book sales is the proliferation of self-published books, many of which are sold as e-books. While the AAP figures do capture sales of self-published books that have ISBNs, they do not include other self-published titles that only carry other identifiers, such as Amazon's ASIN. (Amazon routinely declines to provide any sales data on its publishing business. Contacted by PW, an Amazon spokes-

TRADE REVENUE BY FORMAT 2017



person said that the company's U.S. and worldwide Kindle book sales grew in 2017 and continue to grow in 2018, "with particular strength in Kindle Unlimited, independent publishing, and Amazon Publishing, none of which are reflected in AAP sales figures.")

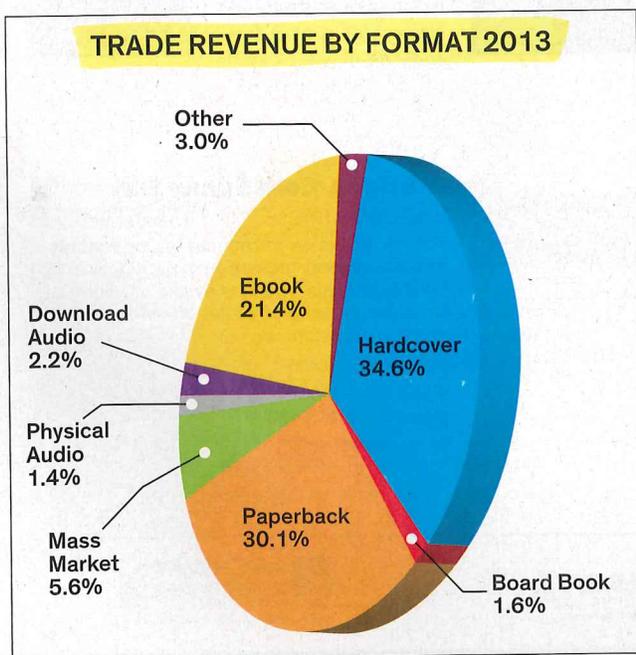
Other formats that had market share declines between 2013 and 2017 were mass market paperback and physical audiobooks. The decline in the sale of physical audiobooks is due to the shift by consumers to buying downloadable audio, whose market share rose from 2.2% in 2013 to 5.1% last year. Combined physical and downloadable audio sales in 2017 were \$970 million, up from \$540 million in 2013. With their high price points, hardcovers generated the most revenue for trade publishers last year and accounted for 36.4% of trade sales. Trade paperback sold the most units, however: 995 million, compared to 597 million hardcover units.

Even as the sale of e-books declined last year, consumers still bought more of their books online than they did in 2016. Online retail generated \$6.18 billion in trade book sales in 2017, a 6.3% increase over 2016, giving that channel a 38.8% market share. In 2013, sales were \$5.46 billion, and e-tailers had a 36.1% share. Physical retailers lost ground in 2017, generating revenue of \$3.88 billion, down 6.5% from 2016 and giving them a 24.3% market share. In 2013, bricks-and-mortar stores had sales of \$3.68 billion, which also gave them a 24.3% market share that year.

AAP's final estimates are based on actual reported sales by over 1,100 publishers (which, in 2017, were \$15.5 billion), combined with marketing modeling to estimate revenue generated by publishers who do not report sales. The entire AAP 2017 annual report is available for sale from the association.

—Jim Milliot

TRADE REVENUE BY FORMAT 2013



The Weekly Scorecard

Print Units Inched Up in Second Week of August

August is starting off as a sluggish month for book sales. Unit sales of print books rose 1% in the week ended Aug. 12, 2018, over the comparable week in 2017 at outlets that report to NPD BookScan. The small increase follows a 0.2% decline in the first week of the month, compared to the first week of August 2017. Juvenile non-fiction had the biggest gain over the week ended Aug. 13, 2017, with units up 3%. Once again, *Big Pre-school Workbook* was the #1 title in the category, selling more than 10,000 copies. The ever-popular *First 100 Words* by Roger Priddy moved into second place, selling over 9,000 copies. Sales in adult fiction have been soft through the first seven months of 2018, but units did rise 1% last week, over the comparable week in 2017. With an assist from the new movie of same name, *Crazy Rich Asians* by Kevin Kwan was the top seller in the category, selling more than 25,000 copies. A new book by Sandra Brown, *Tailspin*, landed at #2, selling nearly 19,000 copies. The adult nonfiction and the juvenile fiction segments both had unit increases of less than 1% over the comparable week last year. A nationwide event Aug. 2 to promote *Girl, Wash Your Face* by Rachel Hollis helped to boost sales to almost 47,000 copies, making it the adult nonfiction segment's biggest seller for the week ended Aug. 12. The top-selling new book in the category was Max Lucado's *Unshakable Hope*, which sold nearly 13,000 copies, good enough for seventh place on the category list. In juvenile fiction, *The Hate U Give* by Angie Thomas edged out *The Night Before Kindergarten* by Natasha Wing for first place in the segment, with both selling over 12,000 copies in the week.

UNIT SALES OF PRINT BOOKS BY CHANNEL (IN THOUSANDS)

	AUG. 13, 2017	AUG. 12, 2018	CHGE WEEK	CHGE YTD
Total	12,407	12,473	1%	2%
Retail & Club	10,909	10,963	0.5%	2%
Mass Merch./Others	1,498	1,510	1%	-1%

UNIT SALES OF PRINT BOOKS BY CATEGORY (IN THOUSANDS)

	AUG. 13, 2017	AUG. 12, 2018	CHGE WEEK	CHGE YTD
Adult Nonfiction	5,196	5,219	0.4%	3%
Adult Fiction	2,774	2,801	1%	-3%
Juvenile Nonfiction	1,076	1,107	3%	6%
Juvenile Fiction	3,002	3,011	0.3%	2%

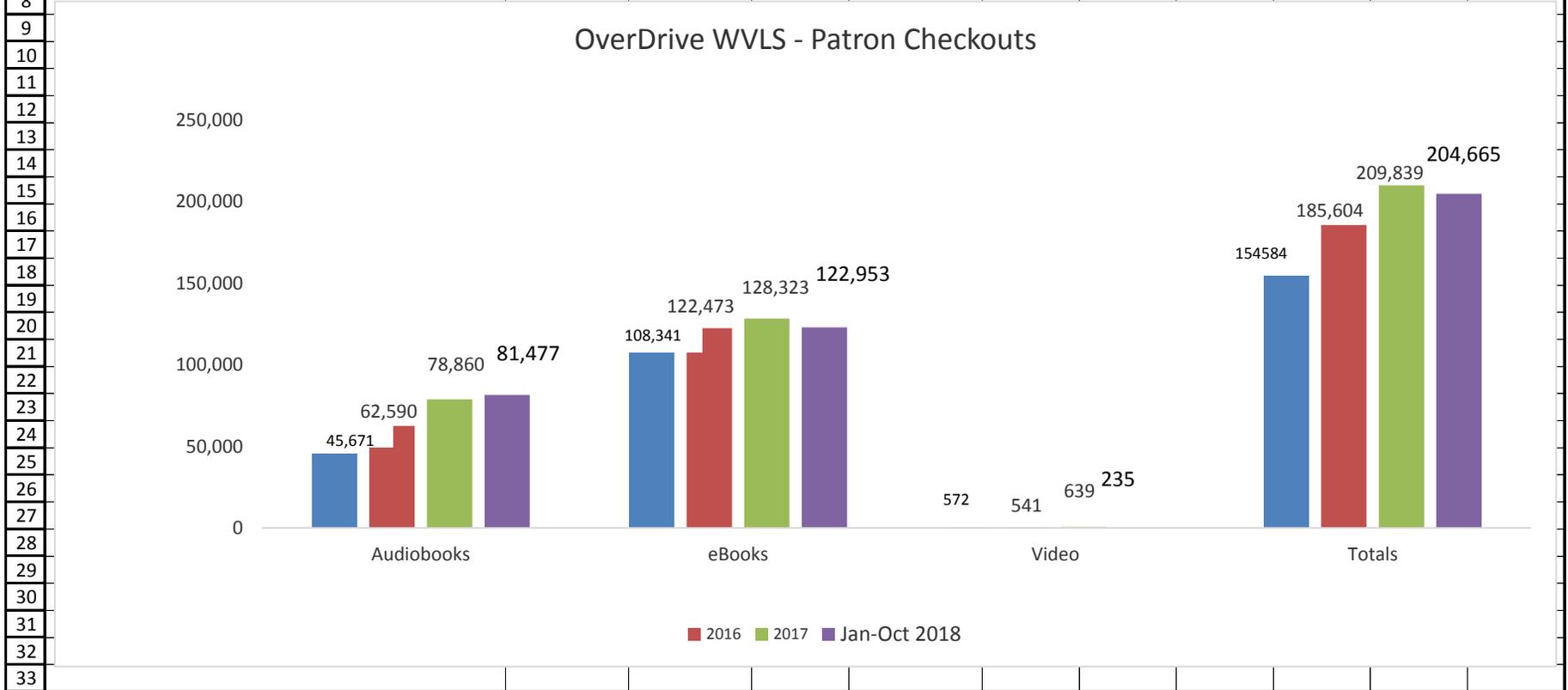
UNIT SALES OF PRINT BOOKS BY FORMAT (IN THOUSANDS)

	AUG. 13, 2017	AUG. 12, 2018	CHGE WEEK	CHGE YTD
Hardcover	2,889	3,013	4%	5%
Trade Paperback	7,466	7,396	-1%	0%
Mass Market Paperback	1,154	1,156	0.2%	-3%
Board Books	546	556	2%	8%
Audio	58	35	-40%	-30%

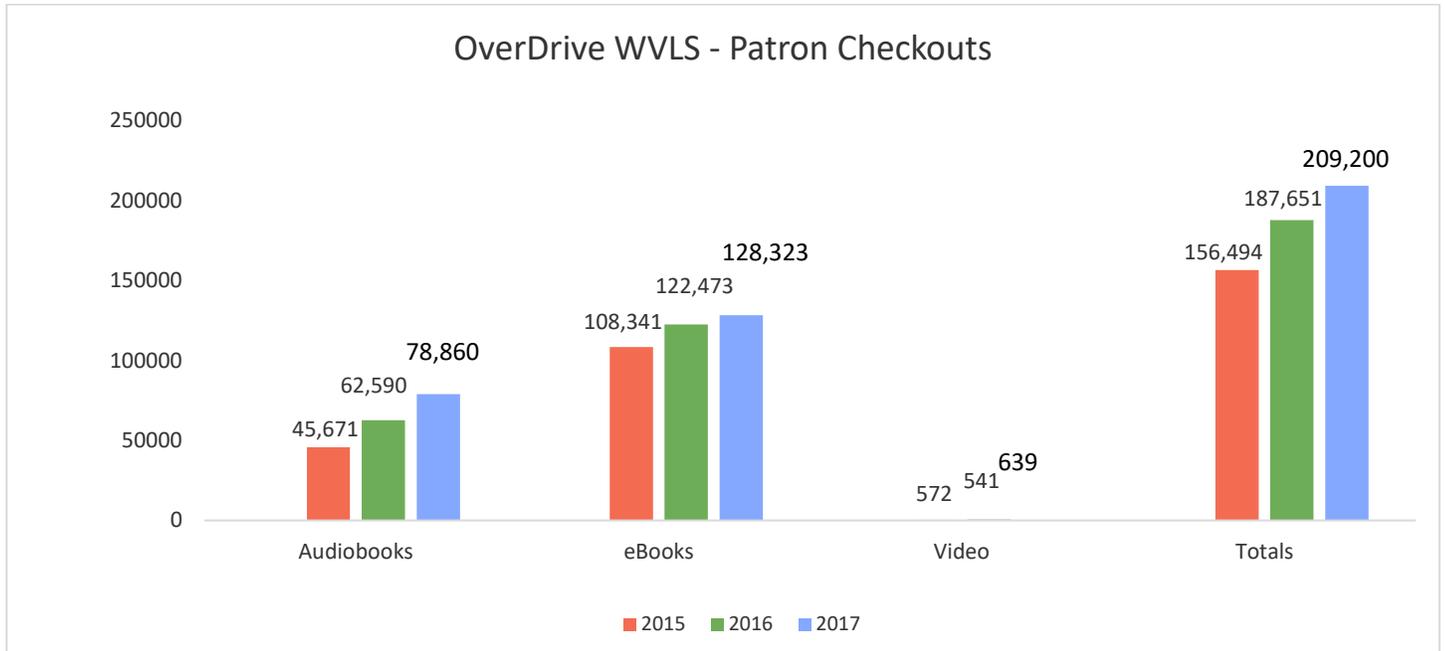


SOURCE: NPD BOOKSCAN AND PUBLISHERS WEEKLY. NPD'S U.S. CONSUMER MARKET PANEL COVERS APPROXIMATELY 80% OF THE PRINT BOOK MARKET AND CONTINUES TO GROW.

	A	B	C	D	E	F	G	H	I	J	K
1	WVLS Total Patron Checkouts										
2		2015	2016	2017	Jan-Oct 2018						
3	Audiobooks	45,671	62,590	78,860	81,477						
4	eBooks	108,341	122,473	128,323	122,953						
5	Video	572	541	639	235						
6	Totals	154,584	185,604	209,839	204,665						
7											
8											

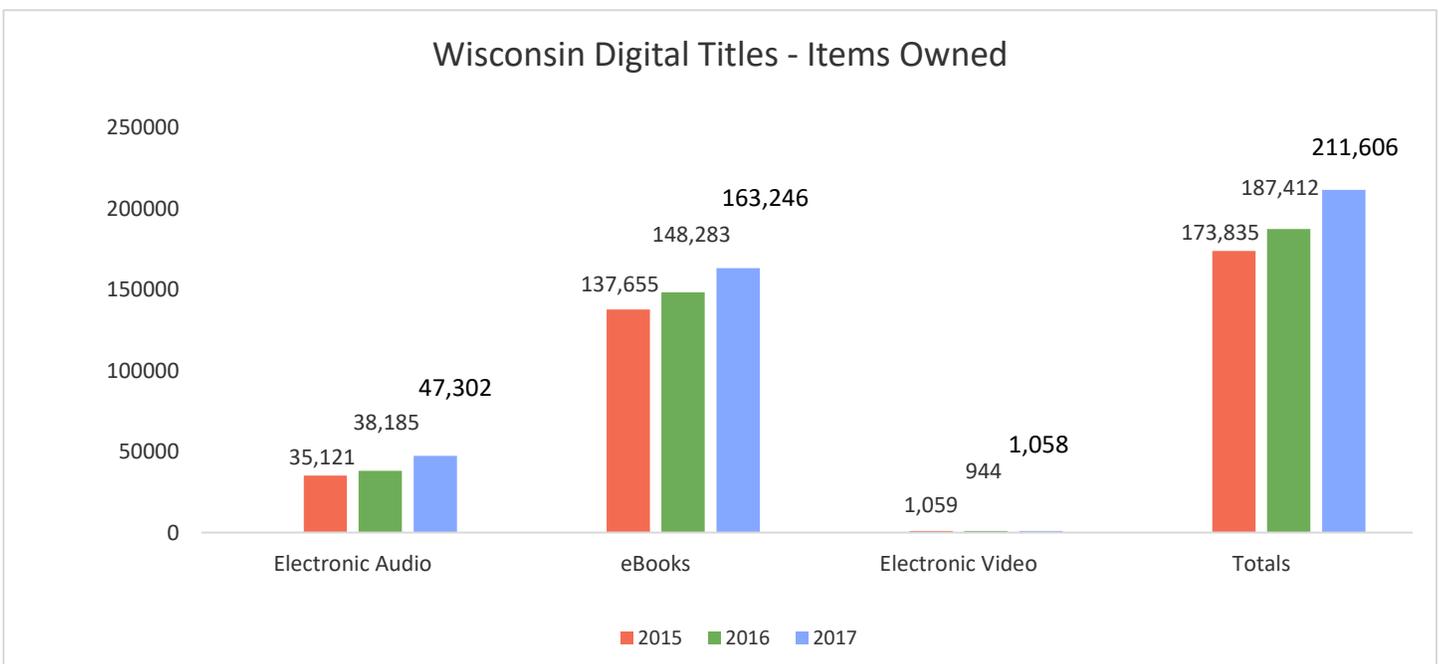


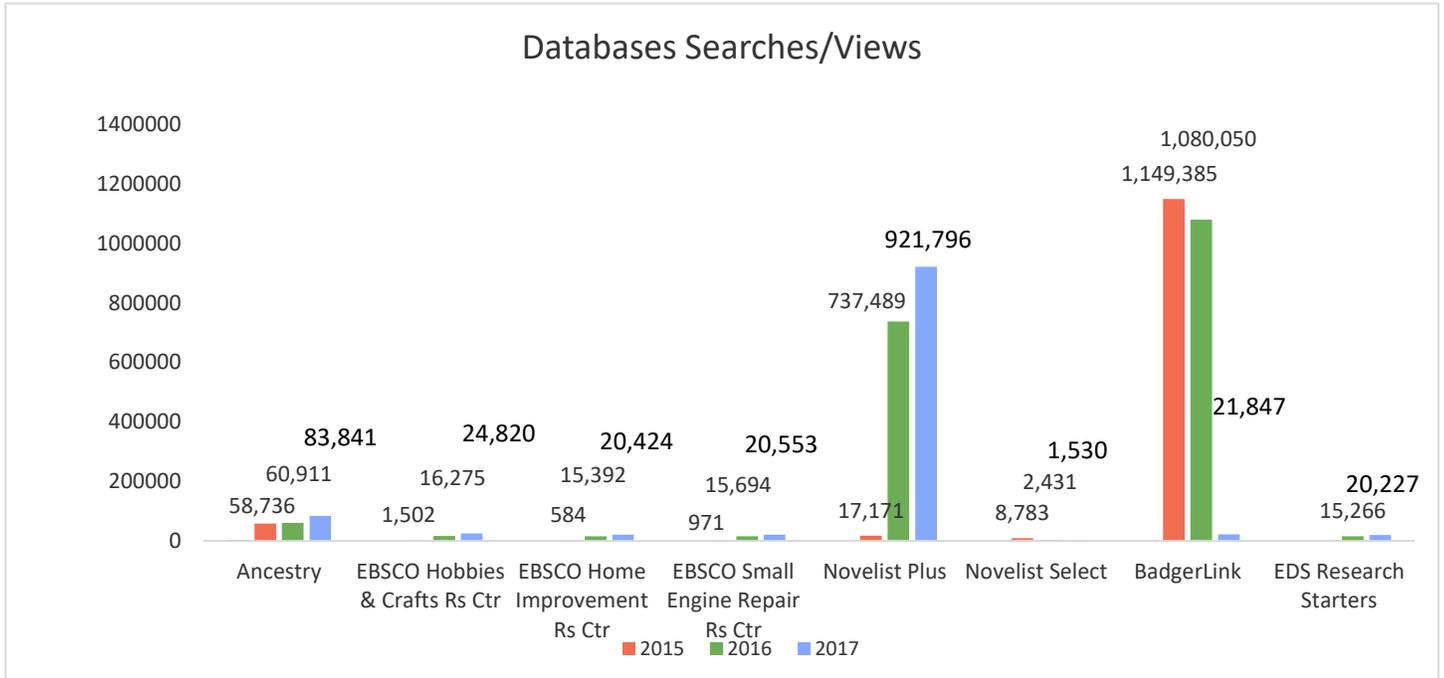
2017 WVLS Statistics



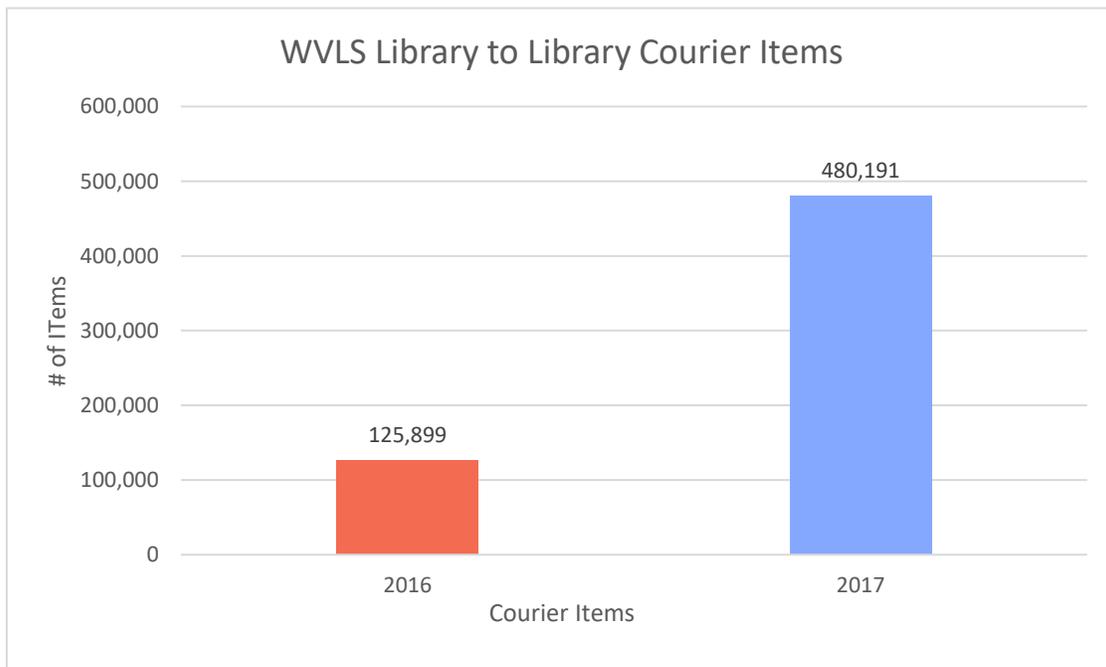
WVLS Registered Borrowers in Overdrive

Year	2014	2015	2016	2017
Patrons	11,848	14,283	16,383	18,240





Note: As of 2017, BadgerLink statistics only include clicks which is the cause for the lower BadgerLink total. All WVLS database statistics include clicks, searches, and record views for consistency.



Note: 2016 statistics for courier include numbers for October through December 2016.

Wisconsin Valley Library Service

Digital Library Advantage Account

July 2017 - July 2018



\$20,000 In 2017 WVLS donated a founding grant.



25-27 New monthly titles with \$1,100 budget.

Grant sustained annually by WVLS portion of the WI holds reduction fund.*

594

Titles Purchased including Ebooks and Audiobooks

5,228

Uses by WVLS cardholders
9 Uses Per Title

18,286

Uses by Wisconsin Library cardholders
31 Uses Per Title

19,925

WVLS Digital Library Users
955 new users in 2018

Antigo Public Library gifts 265+ titles!

The Antigo Public Library transferred 265 titles into the WVLS advantage account in July 2018. The gift nearly doubled the WVLS titles and is valued at over \$11,500. Thank you!

*In 2016 WPLC increased the 1 million dollar buying pool by \$150,000 which is redistributed back to the 16 Wisconsin library systems based on a mixture of population, usage, and holds.

Questions? Please contact Anne Hamland at ahamland@wvls.org or 715-839-5082 ext. 150

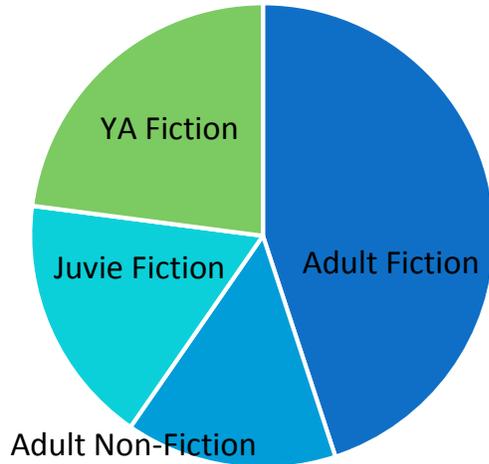
cash by iconfun from the Noun Project

\$14,212.18 Total Expenditure

19,195 WVLS Users

74¢ Per WVLS User

Audiobooks Purchased



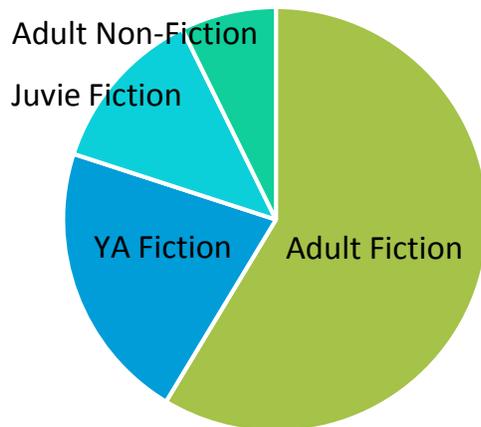
Audiobooks: \$6,602.55

Adult Fiction	49	45%
Adult Non-Fiction	16	15%
Juvie Fiction	19	17%
Juvie Non-fiction	0	0%
YA Fiction	25	23%
YA Non-Fiction	0	0%
Total Purchased	109	% of Audio

65% of total circulation

45% total budget

Ebooks Purchased



Ebooks: \$7,609.63

Adult Fiction	129	59%
Adult Non-Fiction	16	7%
Juvie Fiction	28	13%
Juvie Non-fiction	0	0%
YA Fiction	47	21%
YA Non-Fiction	0	0%
Total Purchased	220	% of Ebooks

35% of total circulation

55% total budget

*Collection totals and expenditures do not include the 265+ donated titles from Antigo for accuracy.

**WVLS Digital Library Advantage
Committee Members**

Katie Zimmerman, MCPL, Chair
 Lorelee Petersen, Owen
 Kate Sullivan, MCPL
 Cindy Wendt, Minocqua
 Jenny Jochimsen, Abbotsford