

The Harbottle & Lewis Independent Publishing Report

Executive summary



Harbottle & Lewis



Foreword from Bridget Shine, chief executive, IPG

Welcome to the Harbottle & Lewis Independent Publishing Report- the most comprehensive picture yet of the UK's independent publishing sector.

This report reveals an industry that is grappling with changes and challenges, but one that is also dynamic and successful. No-one doubts that these are turbulent times for publishers of all shapes and sizes: as this report shows, the evolution of digital technology and June's Brexit vote have added to perennial trials such as growing sales, cashflow and resourcing. But IPG members prove time and time again that they are equal to these and other challenges. The Harbottle & Lewis Independent Publishing Report reveals a sector that is worth more than £1 billion a year; that is publishing with staggering diversity; and that is constantly finding new ways to grow and evolve. It testifies to the enormous contribution that independent publishers make to the UK's creative industries and wider economy.

We are grateful to Harbottle & Lewis for its support of the Independent Publishing Report this year; to Nielsen Book Research for its expert analysis; and to the many IPG members who took the time to complete our survey. Their contributions have shaped this fascinating overview of our sector, and I hope you enjoy reading it.

Foreword from Shireen Peermohamed, partner, and Alex Hardy, senior associate, Harbottle & Lewis

Our thanks go to the 184 respondents to this Report for taking the time to share many details about their business and explain the challenges they currently face and their ambitions for the year ahead. The time these respondents have invested in answering the survey is rewarded by the results presented here. This comprehensive analysis not only provides insight but enables this group of entrepreneurial businesses to speak together on issues of shared concern. This is so important in the current political climate, where the opinions of any one business or individual may struggle to have impact.

We were honoured to be asked by the IPG to sponsor this year's Report. Our law firm has had a long association with the publishing industry, working with businesses large and small and across many different sectors to help them succeed in the UK and internationally. The themes and issues highlighted in this Report are those we commonly deal with for our publishing clients. IPG members tell us variously that they will be planning for new investment and successors to their business, negotiating deals with retailers and getting to grips with the complexities of marketing and ecommerce in their growing D2C markets, all while navigating the post-Brexit landscape.

These are the kind of issues our Publishing lawyers are working on every day, and we look forward to engaging with the IPG and its members on these topics, and the many others raised in this Report, in the year ahead.

Executive summary

The IPG's publishing members have an estimated total annual turnover of just under £1.1 billion. This is a little higher than in 2015, partly reflecting increased membership.

Half (51%) of members say sales in their leading publishing category are growing. Sales are stable at a third (34%) and contracting at fewer than one in six (15%). Growth is strongest in the children's, educational and professional sectors, and weakest in academic and HE publishing.

Just over two thirds (71%) of members' sales are from the UK, and the rest (29%) from elsewhere.

Paperbacks account for more than half (55%) of all sales, hardbacks for 21%, ebooks for 13% and other formats for 11%.

About nine in ten members sell through online retailers (91%) and bricks and mortar retailers (89%).

The same number (89%) now sell direct to consumers in some way. On average, members now make 30% of their sales direct to consumers - 10% through their own websites and 20% through other D2C channels. Small publishers tend to have much higher D2C sales than large ones.

Two in five (42%) members outsource their UK sales. One in six (16%) uses its own force, 22% use both and 20% use neither.

Nine in ten (90%) use third party distributors for their print books, and slightly fewer (81%) use them for ebooks. A fifth (22%) do at least some print distribution of their own, and slightly more (26%) handle their own ebook distribution.

Just over four in five (83%) members have exported books in their last financial year. The US, Australia / New Zealand and Canada are the three most important export markets, followed by Germany, the Netherlands / Benelux, Scandinavia and various other European countries.

Members make an average of a ninth (11%) of their sales from rights and co-editions. Translation rights the most important source of rights sales, followed by other overseas rights and co-editions.

An average of 45% of members' annual turnover comes from new titles.

Across all members, 70% of titles are now available in digital formats - up from 67% in 2015. More than a quarter (29%) of members now have all their titles available in digital format - up from 18% in 2015.

Just over half (56%) of members printing is done in the UK. On average, nearly two thirds (65%) of printing is done with offset lithography, just over a quarter (29%) through print on demand or short run printing, and the rest (6%) by other means.

Just over half (55%) of members have signed agreements with collective rights organisations - principally the Publishers Licensing Society (51%).

Members employ an average of 9.5 full-time and 2.9 part-time members of staff. Of the full-time staff, an average of 2.5 are male. Fewer than one in ten (9%) members of staff have a registered disability.

The great majority (93%) of members employ freelancers, most commonly in editorial and design.

Two thirds (65%) of members that recruit offer induction processes including training to all new staff. Four in five (79%) use on the job training, and about half use coaching or mentoring (49%) and external training courses (48%). Marketing is the area of publishing in which members feel training is most needed. Only one in seven (14%) publishers has a specified training budget.

Brexit and its impact on production costs and the UK economy ranks as members most significant business concern. Second is working with retailers on access, terms and shelf space, and third is resourcing, in terms of both time and in-house skills.

Members identify the opening of new channels to market as the most significant positive impact on their business, followed by the stabilization of the ebook market and the improving general economic situation. Price erosion, knowledge gaps and cashflow problems are the most significant negative impacts.

Protecting VAT's zero rating for print books and introducing it for ebooks is members number one priority for government. Cutting tax rates and evasion, negotiating a good Brexit deal and offering more business grants are among other prominent requests.

More than a third (36%) of members think they will be worse off as a result of the EU Referendum. Just 4% think they will be better off. The rest think it will make no difference (18%), will depend on the terms of the exit (32%), or don't know (10%).

Members identify plenty of reasons for optimism, led by the quality and passion of their staff, the quality of their publishing and the support and loyalty of their customers.