

Niche Markets, Global Markets And Productive Diversity In The Market For Published Materials: Creator To Consumer In A Digital Age

Learning element 1.1

The Economics Of Book Production:

*What is the scope and nature of
the print and publishing business?*



Bill Cope, Tom Davis and Mary Kalantzis

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Framework map

Niche Markets, Global Markets And Productive Diversity In The Market For Published Materials

	<i>Empirical And Experiential</i>	<i>Conceptual And Critical</i>	<i>Applied And Transferred</i>
<p>Theme 1: Production: Mass To Customised</p>	<p>1.1</p> <p>The Economics Of Book Production</p> <p><i>What is the scope and nature of the print and publishing business?</i></p>	<p>1.2</p> <p>From Fordism To Productive Diversity</p> <p><i>Are we seeing the end of the culture of mass production?</i></p>	<p>1.3</p> <p>Customisation: The New Production Perspective</p> <p><i>Is customised print and publishing profitable?</i></p>
<p>Theme 2: Consumption: Mass To Niche</p>	<p>2.1</p> <p>The Current Book Market</p> <p><i>Who reads? How many read?</i></p>	<p>2.2</p> <p>Customised v Mass Marketing</p> <p><i>Why do people read?</i></p>	<p>2.3</p> <p>Developing Niche Markets</p> <p><i>Is there a viable business model for publishers in the digital age?</i></p>
<p>Theme 3: Globalisation & Multilingualism</p>	<p>3.1</p> <p>Global Markets, Global Languages</p> <p><i>Is the digital book market truly without borders?</i></p>	<p>3.2</p> <p>Think Local, Buy Global</p> <p><i>Do global communities of interest produce global niche markets?</i></p>	<p>3.3</p> <p>A Global, Multilingual Industry</p> <p><i>Are global niche markets economically viable?</i></p>

Aims

Knowledge scope

The Economics Of Book Production introduces you to the realities of book manufacturing. Through the use of industry documents and technical analyses it provides you with empirical knowledge on the processes and costs of book manufacturing. It presents a ‘snapshot’ of the way in which the industry operates. This highlights the mix of technologies currently in use—offset printing, digital printing, binding, e-text options, etc—and the economic principles that underlie decision-making about which production technology to employ. The emphasis here is on establishing how producers have thus far negotiated the logic of economies of scale in light of the production technology available to them. This prepares the way for a later questioning of printers’ and publishers’ capacity to benefit from technological development by altering production processes.

Knowledge and capability aims

By the completion of this Learning Element you will have the capacity to:

- ⊗ define the economic dimensions and the technological dimensions of the book industry (with a focus on Australia);
- ⊗ establish the relationship between the book industry’s economic and technical dimensions;
- ⊗ define the technological changes behind the digitisation of the book production process, e.g. Print-On-Demand;
- ⊗ locate areas of the industry where there is a move from mass to customised production; and
- ⊗ research and structure empirical data in such a way as to provide a platform for further critical analysis.

Important terminology

The ‘Learning Framework’ is the overall educational endeavour of *‘Niche Markets, Global Markets And Productive Diversity In The Market For Published Materials’*. This is comprised of three ‘themes’, presented in the left-hand column of the Framework map. Each theme is divided into three learning ‘processes’, presented in the top row of the Framework map. Altogether this constitutes nine ‘elements’. The Learning Framework is also referred to as the ‘course’.

Learning processes

The primary learning process in this element is to discuss with fellow students the questions set out below. In your discussion you are to make reference to the readings listed underneath the questions. You should also seek out other material, starting from the list of weblinks provided.

You will notice that the information included with each reference indicates the perspective of the reading, whether it tends to be:

Business,
Cultural studies or
Technology oriented.

In your discussions and learning activities you should take account of the different perspectives represented by the readings and acknowledge those in your responses. You may wish to address this theme from a particular perspective, such as technological changes taking place in the industry.

Learning activity: Online/Tutorial Issues

Engage in Online/Tutorial discussion in response to the following questions:

- 1) Who produces books? How many are produced? What range of books is produced? How are they produced?**
- 2) Which are the most profitable sections of the industry? Why are they the most profitable? Which industry sectors are less profitable?**
- 3) How does Print-On-Demand technology work?**
- 4) To what extent have publishers moved toward supplying Print-On-Demand or Ebooks?**

Recommended reading:

Focus your initial reading efforts on the report [Book Production in Australia – A Joint Industry Study](#), the Australian Bureau of Statistics figures and the book chapter by Peter Higgs entitled “[Multi-path Publishing](#)”. They will help you scope out your initial responses to the above questions and direct further exploration of the Sources.

Sources

When viewing this online you can click on a learning source title to go to the reading. Each reading in the list is provided with a label titled '**Perspective**'. Use this as a guide in determining its relevance to the three categories: Business, Culture or Technology.

Title:	Book Production in Australia - A Joint Industry Study. December 2001
Author(s):	Printing Industries Association of Australia; Australian Publishers Association
Year:	2001
Publisher:	Printing Industries Association of Australia, Australian Publishers Association, and the Commonwealth Department of Industry, Tourism and Resources
Perspective:	Business
Keywords:	Australian Book Industry, Market Analysis, Business, Mass Production, Economies of Scale, Profitability
Abstract:	Survey of the Australian industry with an eye toward strategic planning for future growth. It analyses the various sectors in Australian publishing, focusing on revenue streams, production costs and market trends. It finds that operating margins in the Trade/Consumer and Tertiary/Academic sectors are low and would respond positively to more effective working capital management and inventory management and better marketing approaches.

Title:	Book Publishers - Australia. 1363.0. 2000-2001.
Author:	Australian Bureau of Statistics
Year:	2002
City:	Canberra
Publisher:	Australian Bureau of Statistics, Commonwealth of Australia
Perspective:	Business/Market
Keywords:	Australian Book Industry, Publishing Industry, Revenue and Expenditure, Book Sales, Industry Employment Figures
Abstract:	This publication presents the results from the 2000-01 Book Publishers Survey covering businesses, which had either book publishing as their main activity or generated \$2m or more in income from book publishing. It includes data on sales and income, expenses (e.g. printing costs, wages and salaries), method of sale, category of sale, book imports and exports and changes over time.

Chapter:	Multi-path Publishing
Author(s):	Higgs, Peter
Year:	2002
Book Title:	<u>New Markets for Printed Books</u>
Editor(s):	Cope, Bill; Mason, Dean
City:	Altona
Publisher:	Common Ground Publishing
Pages:	57-81
Perspective:	Technology, Business
Keywords:	Supply Chains, Marketing, Systems Standards, Technological Change
Abstract:	Australia's book publishing industry and the sectors that are closely linked to it, such as printing, retailing, education and research, will be undergoing dramatic changes over the next five years as market practices change. The changes will range from those affecting complete supply chains, as with the shift from predominately produce/ship/sell to the distribute/sell/print model, to the conversion of many common practices such as photocopying chapters of books in libraries to digital printing from stored files

Title:	Printing Industries Action Agenda. Background Paper 1. Current Situation - Profile of the Industry
Author:	Print 21
Year:	2001
City:	Canberra
Publisher:	Department of Industry, Science and Resources
Perspective:	Business
Keywords:	Australian Print Industry, Review Of Participants, Market Analysis, Economies Of Scale, Profitability
Abstract:	Snapshot of the Australian print industry. [Quote] "The purpose of Background Paper 1 is to: <ul style="list-style-type: none">• Define//map the printing industry in Australia;• Describe//profile the industry in detail domestically and in broad terms internationally; and• Identify key business environment signposts//trends covering the period 1950 to 2010."

Chapter:	Shifting into the Information Economy
Author(s):	Mason, Dean
Year:	2002
Book Title:	<u>New Markets for Printed Books</u>
Editor(s):	Cope, Bill; Mason, Dean
City:	Altona
Publisher:	Common Ground Publishing
Pages:	1-10
Perspective:	Technology, Business
Keywords:	Australian Book Industry, Supply Chains, Internet, Technological Change, Information Management
Abstract:	[Quote] "The book production industry is experiencing a profound shift from its historical manufacturing orientation to being part of the knowledge-based, information economy. Recent experiences in the use of new technologies to replace conventional book products brings to light the manner in which this is occurring. Market analysis for printing and publishing, within an information economy context, forces us to consider a new series of real and potential Internet-enabled exchanges that have only just begun to emerge. These involve new production processes, which in all probability will transform the value chain."

Article title:	We have lift off - Amazon, Yahoo! and eBay grow up.
Author:	Anonymous
Date:	2001.
Journal title:	<u>The Economist.</u>
Volume:	3 February 2001
Perspective:	Business
Keywords:	Marketing, Retail, On-Line Business, Consumers, Business Efficiency
Abstract:	The article examines how three major web-based businesses have managed to survive the fall-out of the dot-com bust. Their capacity to do so has come from traditional business factors such as improved efficiency and economies of scale. They have also changed the nature of their business to be more reflective of consumer needs. In doing this they have moved away from any radical "new economy" ideas.

Article title: [Book to order – any old title](#)
Author: Norman, James
Date: 2002.
Journal title: [The Age](#)
Volume: 30 March 2002
Perspective: Business
Keywords: Print-On-Demand, University Publishers, Trade Publishers, Retailing, Back-Catalogue
Abstract: Newspaper article reporting on how several Australian publishers are moving into Print-on-Demand production and the positive outcomes of this.

Article title: [When making money is not entirely academic](#)
Author: Steger, Jason
Date: 2002.
Journal title: [The Age](#)
Volume: 26 April 2002
Pages: 11
Perspective: Business, Culture
Keywords: Print-On-Demand, Academic Publishing, Online Retailing, Online Business
Abstract: Newspaper article that reports on the efforts of Melbourne University Press to improve its profitability by introducing some on-line publishing and retailing elements to its business. While on-line publishing promises reduced costs, there have yet to be any Australian university presses that have made money from such endeavours. As yet there is no clear, viable business plan for these publishers to follow.

Printing press technology websites

Heidelberg Druckmaschinen AG

www.heidelberg.com/hq/eng/

Man Roland

www.manroland.com/H000.asp

Komori Corporation web

www.komori.com/contents_com/index.htm

HP Indigo Online [Hewlett-Packard's digital publishing page]

h30011.www3.hp.com/

Government & Industry websites:

Printing Industries Action Agenda site at the Commonwealth Department of Industry,
Tourism and Resources

www.industry.gov.au/content/controlfiles/display_details.cfm?ObjectID=75B176A0-EF4D-4EE6-9E3AC6A85F4914C4

Printnet – The Internet Resource of the Printing Industries Association of Australia

www.printnet.com.au/

The Australian Publishers Association

www.publishers.asn.au/

Assessment Task A option

You may wish to draw on the issues raised in this element, **The Economics Of Book Production**, for your Assessment Task A (worth 25% of your overall grade).

To complete Assessment Task A you must write a proposal (of approximately, but not exceeding, 1,500 words) for the larger work that will constitute Assessment Task B. In choosing the format of this proposal refer to the range of assessment formats provided in the Framework Level description of this course. If applicable, you can draw on experience from your own workplace to provide examples of how these issues impact on the education, communication and/or business sectors.

The aim of Task A is to:

- (i) help you begin to format the structure of Task B; and
- (ii) help you begin to build the content for Task B.

You also need to consider how you will later integrate the final work you produce for Task A into Task B.

Note: You are required to do only one Assessment Task A throughout the course.

Choosing issues from **The Economics Of Book Production** as the springboard for your Assessment Task A does not necessarily lock you into pursuing them for Task B. For example, on completion of this task, you may decide to pursue a different theme for Task B.

Even if you choose not to base your Assessment Task on the issues raised in this element, the knowledge and capabilities you have gained here can be fed into the topic you eventually use as the basis for your Assessment Task A.

Note: Assessment Task A must be submitted by the end of week four.

Learning pathways

Transition from Learning Element 1.1

On completion of the learning process of this element (with or without completing the Assessment Task A option), you must decide which element to undertake next.

Possible transitions from this element are presented below, however it is recommended that you work out your own pathway in consultation with your teacher.

Pathway options

By the completion of this element, **The Economics Of Book Production**, you should have improved primary research capabilities and an in-depth empirical knowledge of the issues in this element as analysed from the perspectives of Business, Culture and Technology.

You may now wish to build on this empirical knowledge by exploring the **Conceptual And Critical** element of this Theme, **From Fordism To Productive Diversity**. Alternatively, you may wish to follow the **Empirical And Experiential** direction and pursue more practical issues regarding the relationship between this element and that entitled, **The Current Book Market**. If you wish to tackle an **Applied And Transferred** element at this point, you need to bear in mind that it pre-supposes knowledge of issues you may not have yet covered.

Example pathways

	<i>Empirical And Experiential</i>	<i>Conceptual And Critical</i>	<i>Applied And Transferred</i>
<i>Theme 1: Production: Mass To Customised</i>	1.1 The Economics Of Book Production	1.2 From Fordism To Productive Diversity	1.3 Customisation: The New Production Perspective
<i>Theme 2: Consumption: Mass To Niche</i>	2.1 The Current Book Market	2.2 Customised V Mass Marketing	2.3 Developing Niche Markets
<i>Theme 3: Globalisation & Multilingualism</i>	3.1 Global Markets, Global Languages	3.2 Think Local, Buy Global	3.3 A Global, Multilingual Industry

About this Learning Element

The Economics Of Book Production assists you in defining the economic and technological parameters of book manufacturing. It asks you to take a ‘snapshot’ of the way in which the print and publishing industry production processes currently operate. This opens up issues of the relationship between the search for economic viability and the use of certain production technologies. A pressing concern at the present time is the applicability of new digital technology to book production and the capacity of producers to economically benefit from those potential changes.

Keywords

Australian Book Industry
Book Sales
Customised Production
Economies Of Scale
EText
Mass Production
Non-Trade Publications
Offset Printing
Print-On-Demand
Profit Margins
Supply Chains
Trade Publications