What has changed within the past decade is the undisputed dominance of online retailers like Amazon and the incipient exponential growth of e-books and e-readers. In other words, the digital effect is unambiguously at work transforming commercial trade publishing.

Thompson concedes that assessing the growth of e-book sales is like forecasting the weather, and the digital jet stream seems to have outstripped the author’s own assessments made through the end of 2009: recent reports in the US, for example, peg e-book sales of adult trade titles as approaching 10 percent of total sales revenue. And, it is not uncommon to now hear industry pundits projecting e-books approaching 25 percent of total trade sales revenue in the next five to ten years—which is not at all far fetched. (The trick in forecasting always lies in quantifying how much, when.)

But even here, Thompson displays his skill at penetrating deeper into the matter: the overriding big story in publishing, the “hidden revolution” as he puts it, has been the “revolution in the process” of publishing, rather than the “revolution in the product”—in operating systems; production and printing; inventory control; sales and marketing. As Thompson correctly perceives, though he does not seem to say so explicitly, publishing is not, and has not been for several decades, a technological backwater. In fact, it has been caught up, as all modern industries are, in a complete retooling of every aspect of how it conducts business. So the crapshoot in trade publishing today, the drama of which Thompson captures well, is all about which publishers can survive and thrive, and in what form they will be able to do so.

By Charles M. Levine

Merchants of Culture: The Publishing Business in the Twenty-First Century
By John B. Thompson
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Those of us who’ve been in the publishing game for a good many years tend to approach books on publishing written by academics with a fair measure of cynicism. Even though they’re a step up from the usually tedious feature article fare of the Sunday papers, from which most people get their views on publishing and its issues, they invariably suffer from an absence of any real insight into, or appreciation of, the fundamental commercial dynamics that overwhelmingly govern the field.

To get that sort of perspective you have to go to the memoirs of publishing notables, such as André Schiffrin and Jason Epstein, to give just two recent examples, but here you need to contend with the standard, ego-laden biases and obsessions that come with the genre.

What is refreshing about Professor Thompson’s new book is its absolute commitment to objectivity, neutrality, balance and fact in its exploration of publishing’s economic realities. It doesn’t push any barrows, but sets out to explore a critically important part of the industry in depth and with the sort of rigor you would expect from a seasoned, academic observer.

Thompson’s focus is contemporary trade publishing in the US and the UK, particularly “mainline adult fiction and non-fiction” as he calls it.

He eschews (wrongly in my view, but more on this later) the more specialised domains of children’s, self-help, travel, romance, and the rest, in order to get some clarity around broad and defining issues—“to discern some order in the chaos, some structure in the flux”. His main research method was the semi-structured in-depth interview, of which he conducted 280, all recorded and transcribed. He interviewed publishers, booksellers and literary agents in the main, from all levels in their organisations, large and small. To ensure full and frank revelations and opinions he guaranteed anonymity. Thus the book is full of quotes from “Steves”, “Janes”, “Jims” and others, but they are invariably honest, intelligent and often surprisingly frank. Players in the book trade, as we know, unlike most other industries, meet and talk to each other a lot—they actually like each other—but they’re rarely honest. If they’re not actually lying, they are colouring, painting, flattering the stories. They’re in the words business after all! But through a process of sharp questioning and follow-up, which Thompson got better and better at over time, as he admits, he was able to extract nuggets of gold over and over again.

There are also portraits of particular companies, divisions and imprints, again disguised. “Star” is an old imprint that was acquired some time ago by a large house, itself part of a global corporation with interests way beyond publishing. It’s been allowed a fair measure of independence and autonomy, which it jealously guards. Others haven’t been so lucky. The life has been sucked out of them by corporate bureaucracies with their uniform but stifling systems and processes. “Sparrow Press” is a small publisher, struggling financially, but doing it “for art’s sake”. Thompson expertly captures the
stresses and strains, and the creative and commercial tensions across the full panoply of organisations and players in the field.

What emerges from this intense engagement is a comprehensive description and analysis of “the logic of the field”, as the author calls it - a sociological construct that helps define the context in which the actions of each key player are conditioned by the actions of others. But Thompson doesn’t bog the narrative down with dry academic discourse or theory. He remains thoroughly grounded. What he does do, remarkably deftly in fact, is place all the various elements in context, so a coherent picture emerges of a whole, underlying dynamic governing the actions and strategies of industry organisations and individuals.

Thompson’s first three chapters describe the macro-environment of today’s transatlantic trade publishing industry. He isolates the growth of the retail chains, the rise of literary agents, and the emergence of publishing corporations, as the foundational realities that define its principal contours and dynamics. It’s hard to disagree with this analysis, apart from wondering whether these three realities are themselves the result of even larger societal or economic forces playing out across all industries in our late-capitalist phase, such as globalisation, deregulation, population growth, technology, etc. But that’s to quibble. In the book trade Thompson’s three macro factors have changed the industry radically over the last twenty to thirty years.

The rest of the book explores these changes in detail, giving flesh to “the logic of the field”. One effect is industry polarisation. The large corporations become more dominant by being financially more able to cough up the far more extravagant author advances that agents are demanding. The logic leads to an obsession with “big books”, the popular blockbusters that feed the chains and supermarkets and crowd out much midlist and backlist from high street visibility. “Publish fewer books and sell more of the books you publish: this is the mantra that is chanted in nearly all of the large publishing houses, and in many of the medium-sized and small publishing houses too.”

Big books means big returns – unsold copies flooding back, sometimes as high as 60% of initial sell-ins. In a chapter called “Shrinking Windows”, Thompson explores the challenges publishers face in driving consumers into stores in the ever shorter time frames that the high street retail logic makes available to them. His analysis of the marketing strategies and activities, and the limited budgets involved, and the many new things today’s publishers are doing, particularly online, is superb.

As someone who has spent their whole publishing career in Australia, but nevertheless in senior roles in global US corporations with strong presences in the UK, I was thoroughly enlightened by Thompson’s analysis of the dynamic of UK trade publishing since the demise of the Net Book Agreement in the mid-90’s. His chapter “The Wild West” tracks the emergence of the supermarkets such as Tesco and Asda as powerful new players in the UK book retailing landscape. At the same time Amazon UK has become a significant force. Astoundingly, according to Thompson, “the overall impact has been an upward drift in the average discount that publishers offer to the retail sector: roughly 10 per cent of margin has been transferred from publishers to retailers in a period of ten years.” Combined with the huge growth in author advances, most unrecovered and therefore having to be written off, the wonder is that US and UK trade publishers are making any money at all! Thompson doesn’t address this critical question. I was hoping for a comparison between a representative company or divisional Profit and Loss statement from twenty years ago to one today, which would have clarified what has generally happened to margins and overheads and thus profitability and return on investment. Reading the industry press one doesn’t get the impression of crisis. Hachette, for example, is doing very nicely indeed, albeit on the back of Stephenie Meyer. The small UK publisher Quercus is doing exceptionally well on the back of Stieg Larsson. Neither of these more recent phenomena are referenced by Thompson. The big book focus may be problematic. But it’s also, seemingly, salvific.

I suspect Thompson underrates the continued vibrancy in the industry, particularly in the niches. By not focussing on the genres, especially the non-fiction genres such as self-help, travel, personal investment, children’s, he misses two or even three traditionally profitable legs to publishing stools. This is hardly a criticism of the book, focussing as it does on the “mainline”, but it would have fleshed out the economic picture a little.

As you would expect, given the author’s extremely comprehensive 2005 tome Books in the Digital Age, there is a long and comprehensive chapter on the digital revolution which, although a little out of date – as is the way with this fast-moving field – is an excellent overview of the critical issues that