



**Understanding the E-Book Marketplace:
What Writers and Small Publishers Need To Know**

**With Doris Booth, CEO, Authorlink.com
&
Stephen Michaud, New York Times best-selling author**

M: Welcome to a podcast of “Beyond the Book,” a presentation of the not-for-profit Copyright Clearance Center. Copyright Clearance Center is the world's largest provider of copyright-compliant solutions through a wide range of innovative licensing services and comprehensive educational programs for authors, publishers, and their audiences in academia, business, and research institutions. For more information about “Beyond the Book” and Copyright Clearance Center, please go to www.beyondthebook.com.

KENNEALLY: Understanding the e-book market, what do writers and small publishers really need to know at a moment when e-books are on everyone's lips? Welcome to “Beyond the Book.” My name is Chris Kenneally, your host, and we're looking at a subject that finally, after so many years of anticipation, seems to really be mattering in the publishing world – e-books. What are they, how do we get them published, and how do we find the markets that want to read them?

Joining me today to discuss the tools that you will need and the inside information on the market itself is Doris Booth, who is the CEO of Authorlink. Doris, welcome to “Beyond the Book.”

BOOTH: And thank you for having me, Chris.

KENNEALLY: Well, it's a delight to have you with us, because you're going to be answering some questions that I know many authors and small publishers, if they haven't asked themselves, by the time the program is over they're going to say, gosh, I wish I knew that, I'm glad we had this call, because so much is being said right now about e-books. Obviously, Amazon has taken the lion's share of the attention, if not the lion's share of the market, with its Kindle. But there are many other readers out there and just generally a buzz about e-books that is very well worth exploring. But that kind of buzz can be very distracting too. And Doris, your experience in this regard is going to be valuable.

Let's tell people just a bit about you. You are the founder and CEO of Authorlink, a leading marketing and information Website and a social community for editors, agents, writers, and readers. The site attracts 50,000 unique visitors a month, and you've got more than 6,000 social network friends. Well, that's quite a group. It's not something you've been doing since yesterday, but in fact since 1996. And Authorlink has been a pioneer in a variety of Internet technologies, including print-on-demand, online audio, and video content delivery.



So with that in mind, Doris, you've got some very down-to-earth practical answers to some of the very big, but very basic questions that authors and small publishers need to ask themselves. But let's start with an overview. How attractive is the e-book market right now really, do you think?

BOOTH: Well, Chris, if you're not – if you only have your book available either as a printed book or a POD, print-on-demand book, I feel that you're missing a whole lot of sales. And I think the question, the big question for all authors today is how can they strategize to better cover the marketplace, the total marketplace, because I think there's a whole lot of confusion over what is an e-book. I think it's best to think of the e-book as sort of a container for the product. And we're going to get it out there in many channels. Not just on the Web, but we'll be pushing it out in a variety of e-readers, we'll be pushing it out in a variety of smartphones. And if you're not in that market, you're going to miss a whole lot of folks.

KENNEALLY: Well, I think that's an important point. At the same time, though, there's some perspective that's necessary. There's a tremendous amount of excitement, and it's absolutely important to pay attention to it. But within the larger picture of the book industry, the book itself, that container, the printed one that has an index in the back and a cover and all the rest, that container is still the predominant one in the industry.

BOOTH: Well, it is at the moment, but let's give you some numbers. Independent bookstores, 20 years ago there were 4200 booksellers. Today there are 1500 independent booksellers. That's down by half. The Association of American Publishers said that for this year, books are up slightly – printed books, that is, traditional books are up slightly, 3.6%. That's not too bad.

But when you contrast that with what's happening in the e-book world, you'll see where everything is headed, because the e-books – just in the last year, the e-books have gone up almost 167%, and they're continuing to double and triple every single year. So guess where the market's going and guess where the authors need to go?

KENNEALLY: Right. And I think that kind of rapid growth is something that it's better to be a part of at the beginning than later.

BOOTH: Exactly. Exactly. And I do – and I think that we've had a lot of initial success already with our authors and with Stephen Michaud in particular. Stephen's on the line with us today. And I just think that if you're going – if you're wondering how to capture that market, you have to think in terms of more than Websites. You have to think in terms of e-readers – that is, the portable devices that are optimized for reading, like the new Nook – and then personal digital assistants and a variety of smartphones. How do you get on iPhone, how do you get on Blackberry? How are you – and I must say that – I'll give you some more numbers. How many readers are you missing? Well, there are already three million e-reader units installed in the marketplace this year.



KENNEALLY: That's the actual devices you're speaking about?

BOOTH: Exactly, e-readers. That is, readers that are designed to be optimized for reading. That's a variety of devices.

KENNEALLY: So that's the Kindle for Amazon, there's the Sony e-book reader, and so forth.

BOOTH: Yes, yes. And by 2010, the end of 2010, there will be ten million units.

KENNEALLY: That means the end of next year, Doris.

BOOTH: Exactly.

KENNEALLY: I think that's the point, the remarkable growth. And when I say getting in early is important, I think it's because there's always an advantage to be there first. And right now, the list of titles that are available is smaller than it's going to be in 2010, so you'll be competing against fewer titles if you get in today rather than wait until the end of next year or 2012 or so forth.

BOOTH: Maybe yes and maybe no, because Google is making its search – its books – a lot of its out-of-print books available on Google. But I guess generally speaking, it certainly is – the earlier you hit the market, the better off you are, because as it becomes more crowded, it will also become more restrictive. And it already has become more restrictive.

KENNEALLY: What kind of a strategy should authors be thinking about, then, when they're looking at, first of all, the kind of work they have and the difficult choices about which particular reader to target and so forth? Give us an overall strategy they should apply.

BOOTH: Well, I think we ought to go back to the old ad agency strategy – take the widest possible audience reach with the greatest frequency for the least cost. And that means that the first step for you is to identify your target market. Where and on what devices are these people reading most, and which ones – which of those devices and markets do you want to hit?

KENNEALLY: Now, do you happen to know, Doris – I'm curious, one of the leading e-book publishers, it surprised many, is Harlequin, famous for the Harlequin Romances. Now, what's not surprising when you think about it is, well, that's because people who read Harlequin Romances are absolutely addicted to the things, and so they want to have the next book the minute they finish the last one. And the e-book reader allows them to do that. But do you know offhand if there's any research on whether a businessman, businesswoman is reading certain kinds of titles on which kind of devices? Has any information come out on that?

BOOTH: Well, of the current market, Amazon owns about 60% of the share of the market. They have the 60% market share, and Sony has 35% market share, and the others, all the others combined,



have about 5%.

KENNEALLY: And that's important, because there are different formats, and in Amazon's case, a unique format for the Kindle. So if you're going to try to publish your book to the Kindle, it has to be published for Amazon. Do I have that right?

BOOTH: Well, there are two formats. Actually, Kindle is a proprietary format to Amazon, and so there are only a few ways that you can get into Kindle. Like Stephen has already – he's an early best-selling author to be featured on Kindle.

KENNEALLY: Right. Well, then maybe you should talk about the formats and why it's important to understand which ones are right for which retailers, which readers. What are the three formats that are most common?

BOOTH: Boy, that's a real complicated issue, but the main ones right now are EPUB, because more and more major outlets are going to be adopting the EPUB format. So your book really needs to be in EPUB format first. It also – if you're going to Kindle, it has to be in the AZW format or PRC format. And then another major one, or semi-major one, is Microsoft LIT format. So those three are probably the bigger ones, with EPUB coming on very, very strong.

Barnes & Noble Fictionwise just adopted the EPUB format. And several other big ones. Also, Sony Reader, you need to be in EPUB if you're going to be on the Sony Reader.

KENNEALLY: Right. Well, you have a white paper and some materials available at Authorlink.com, Doris, that we can direct people to, that will help them understand some of this alphabet soup here. But the question then becomes, well, OK, if I choose a format, how easy or difficult is it, in your experience, to take a book from manuscript form into one of these leading formats for the e-readers?

BOOTH: Well, Chris, I have to tell you, they all want to make it sound very, very easy. Believe me, it is not easy. It is a very complex process. You have to get rather deep into some of the programming elements to really do it right. Yes, you can shove a book up there, your Microsoft Word document up there in some places, and it may or may not come out the way that you want it. So if you really want to do a professional job, you have to have a professional help you turn those books into the various formats that you need and also to distribute them or help you distribute them, because it's like, OK, now I have my file, what the heck do I do with it?

KENNEALLY: Right. Well, before we get to the distribution piece – and you're right, that's always an important part of the publishing spectrum. But on the formats and so forth, again, I have been led to believe that Amazon makes it easy for authors to publish their books to the Kindle, and so many other formats are just, oh, just upload and good to go. So I'm wrong in thinking it's that easy.



BOOTH: Right. I mean, you can go out and try it, and then you can tell me yourself.

KENNEALLY: Yeah, probably I won't do that. But the other piece in here is we're focused again, because so much of the media attention is on the Kindle, to the Kindle and those kind of separate readers. But a lot is happening in the phone space – iPhones and other so-called smartphones.

BOOTH: Absolutely.

KENNEALLY: Any particular tips to pass along about how the reading experience is for people there and what an author should be concerned about?

BOOTH: It's excellent. I can't see very well, and I read perfectly on my iPhone. Now, you might not want to read for six hours on an iPhone, but certainly the technology is there to make reading pretty easy to do. And I think that you'll see larger screens coming out eventually and that sort of thing.

KENNEALLY: I think this may be a good moment to bring onto the call the man you've referenced here. We want to welcome to our program – we've been speaking with Doris Booth, who's the CEO of Authorlink, and chatting a bit about understanding the e-book market better. But to help us really grasp what's at stake, I want to talk to Stephen Michaud. Stephen, welcome to “Beyond the Book.”

MICHAUD: Thank you for having me, Chris. I'm happy to be here.

KENNEALLY: Well, we appreciate you taking the time to join us. Stephen Michaud is the author or co-author of 18 books, including *Conversations With a Killer*, a *New York Times* best-seller, *Dark Dreams*, an Edgar finalist, and *The Only Living Witness*, which the *New York Daily News* has called one of the ten best crime books every written. And the *Daily News* knows crime, so they would certainly know.

Besides true crime, Stephen writes on a variety of topics, from biography, history and national defense, to digital technology. He lives in Texas, as does Doris. So Stephen, you have had an opportunity to put your books out into the e-book marketplace. Tell us a bit about it, and tell us how the experience has been.

MICHAUD: Well, Chris, so far I have – let me see – I think seven books from three different publishers, including Doris's Authorlink, with books on Kindle and other sites. The first ones, I guess the longest time is maybe a year. And I think the most important – one of the most interesting things I've seen is that all of these books are also available in hard copy, either as a paperback or a hardbound. And from the early indications, my e-book readership is not cannibalizing my hardcover or hard copy readership. That is to say that the sales I've had in e-



books have not seemed to impact the sales I've had in the standard old format, which I think is very interesting. It means I'm finding new readers and I –

KENNEALLY: I was just going to say, right, you're only adding to your reader base rather than carving it up differently.

MICHAUD: Right, exactly. The classical example is you publish a book in hardcover and then you wait a year or so and publish it in softcover, because you don't want the two editions cannibalizing one another. You want your hardcover audience and then you want your softcover audience. Well, so far I have discovered a third e-book audience. Now, these may be people who also own hard copy copies of my books, because my books do sell a lot in schools and various criminal justice programs. But nonetheless, they're finding it convenient or useful to download my books as well as have hard copy versions of them, which I find fascinating and very encouraging.

KENNEALLY: Absolutely. Well, Stephen, can I ask you about the marketing piece – the choice of readers, the choice of retailers? Any tips to pass along to your fellow authors regarding all of that? We're all still learning here, and I give you credit for being willing to experiment with something. It's, I believe, the case – I'm an author myself, so I'm talking about my own people – that authors, that's the last thing they want to worry about, is things like technology and marketing. We spend our time sitting at the desk doing our work, and it's tough to look beyond the typewriter or the PC or whatever and think about these things, but obviously one needs to do. So since you've done it, you've taken the plunge, any tips or insights to pass along?

MICHAUD: Well, it depends on where your book – or I guess you'd call it product – is in its life cycle. If you're just publishing a book with a publisher, A) there's probably an e-book clause in your contract and you have already shared the rights with them, and they will fairly automatically put your book to market in the e-book market at the same time they publish it. That's been my experience in the last year.

BOOTH: At major publishing houses, yeah.

MICHAUD: At major publishing houses. That's right. And so you may call your editor and say, oh, I'm interested in having my books in these formats or in these channels, and they'll say to you, we have a department that does that, you're covered.

KENNEALLY: You're already taken care of, yeah.

MICHAUD: Right, right, right. Now, the second thing to be concerned about is your agent. Not every agent understands the e-book market. And without using names, I'll give you an example. I ghosted a book several years ago with a celebrity, and it seemed to me to be a good book, a good candidate to go into the e-book market. So I contacted the original agent on the book and said,



why don't you get in touch with the publisher and make sure that they're moving this book into the e-book arena? And she said, oh, I don't think they'll touch it unless there's some kind of new opportunity for licensing, such as a movie deal. And it was clear that she had no idea what the e-book market was about. You're turning atoms – as Nicholas Negroponte says, you're turning atoms into electrons and to bits. And it's not the same thing at all. And if that's the advice she's giving her authors, there's a lot of people who are not being represented there.

KENNEALLY: Well, in general, that's what attracted me to doing this program with you and Doris, is the idea that, again, because authors have so much else on their minds, understanding the situation, it takes some effort and it really takes asking more than just one person's opinion.

MICHAUD: Oh yeah, that's absolutely true, Chris. And I have to say that Doris, as I said, has published several of my books and I'm lucky to have her to do it, because she really sticks with it, she understands what's happening in the market, and I'm as well positioned as I can be to take advantage of it through her.

I wanted to add one other thing that authors will perk up their ears about, and that is, at least for now, the royalties on e-books are much better than they are for hard copy books.

BOOTH: Good point. Excellent.

MICHAUD: In fact, Amazon, for example, is taking losses on a lot of e-books, because they have to return to the publisher whatever the agreed-upon retail price is for the book, and they're selling it at less than half of that price in some instances. And I'm seeing royalties that are two and three times as large for my e-book sales as they are for my hard copy sales.

BOOTH: Right.

KENNEALLY: Well, that's an attention-getter. Doris –

MICHAUD: You bet you.

KENNEALLY: Doris, what do you know about how long that's going to last?

BOOTH: Well, Amazon's really trying to become the dominant player in all of this, and so I don't know how long that'll last. It depends on how long they want to do it, but it certainly is wonderful for authors to begin to make more than a pittance off of their titles.

KENNEALLY: Is that true only in Amazon's case, or does it apply as well to other retailers?

BOOTH: Well, it certainly applies to Amazon and to some extent other retailers, yeah. They're – Smashwords offers 85% to the publisher – of the net income to the publisher. In turn, that's going



to be a higher rate for the author. And they pay faster too.

MICHAUD: Let me interject here that this, again, is an area where an agent has to be smart, because even though the e-book rights may be covered in the contract, the actual divvying up of the money from the e-book publisher between the original book publisher and the author should be a matter of negotiation.

BOOTH: Absolutely.

MICHAUD: And I have to say that I think that many, if not a majority, of book agents are basically – come out of the old book world that is dying, and they don't understand what's happening, and they're not taking advantage of the new markets for themselves or certainly for their clients.

KENNEALLY: Well, then I guess it would behoove authors to go and approach people and find out if they've even given this some thought. We're talking with Doris Booth, CEO of Authorlink.com, and author Stephen Michaud about the e-book market and understanding it better, even asking some basic first questions.

Doris, distribution is critical, you say. Can you tell us a bit more about your insights on that particular subject?

BOOTH: Well, Chris, part of the distribution channel or distribution market is open to everybody. And another part of that distribution market is only open to publishers who kind of know what they're doing.

KENNEALLY: What do you mean?

BOOTH: Well, you can go post things, you can post a book for free on – I think it's Scribd, S-C-R-I-B-D. But you can't post a book like that – you can't – not everyone can post a book on Fictionwise, which is Barnes & Noble, owned by Barnes & Noble. You have to have – meet certain very stringent requirements. And you have to sign special publishing agreements with each one of those entities. So it's not easy.

It's easy to get into a number of channels, and that's good. If you're a small author, a new author, unlike Stephen Michaud who's a *New York Times* best-selling author, if you're a small author, then you may want to try some of those open channels in the beginning, to build your name and your track record. Do you agree with that, Stephen?

MICHAUD: Oh, I think absolutely. I think you have to look at the e-book market right now as found money. And you need to – when you decide, well, how interested am I going to get, say, well, interested enough to put myself in a position to take advantage of it, but I'm not going to pay the rent with it next month.



I will – let me – I do want to add one other thing of specific concrete interest to the writers who are listening, is that one of the great things about Kindle is that they pay monthly. So instead of waiting, as we all have, 12 to 18 months for a royalty to work its way to our bank account, you are really only about three months behind at Amazon. So I am now getting – I mean, it's not a huge check, but I'm getting a check every month from them. And that is a sea change, as anybody who has ever published a book knows.

KENNEALLY: Right. It seems to me, as well, that having that kind of – not quite real time, but a lot closer to real time than we've ever seen before, is another aspect of why it's worthwhile to make an effort, take the plunge, do the experiment, because you're going to get the results fairly quickly, and you'll know what's working and what's not working.

MICHAUD: Absolutely. And especially if you have a book that has already had a life in print, but you still – maybe you've reverted the rights and you don't know what to do with it or whatever. This is getting your children back in front of the public again rather than have them at the bottom of the heap somewhere. And it may be incremental now, but as Doris points out, the number of these readers is exploding. And it is – something like this is going to supplant the current paper and ink book. That's going to happen. And –

KENNEALLY: Doris –

MICHAUD: Go ahead, I'm sorry.

KENNEALLY: I'm sorry, Stephen. No, I was going to say, Doris, do you have anything to add to that?

BOOTH: Well, I was just going to go back to the distribution a little bit. Authorlink has established a new service, e-book conversion service. And one of the things that we do in addition to producing the books in the various formats is we also offer our clients a lot of consultation on distribution channels and where they should go and so forth.

KENNEALLY: What I like about that is you have been doing this sort of thing for a while now, so you – I'm sure the other thing about it is, in a hot marketplace like the one we're seeing in e-books, there are a lot of people getting in who don't necessarily know what they are doing, who are offering a variety of services, and because people's excitement or naiveté, they may be joining up with partners that they will regret doing so later. Just – not that it's a referral to Authorlink particularly, but to say to anybody considering doing this, yes, it's important to get in, but it's also important to be very careful about who you're getting into this marketplace with.

MICHAUD: Right. Absolutely. It's like any gold rush. There's going to be a lot of secondary players that you've got to be careful about.



KENNEALLY: That's what I would think. But I think the principle that we've made clear for people is that there is opportunity here, and that waiting on the sidelines for it all to sort itself out is probably not a strong long-term strategy.

We've been talking here at "Beyond the Book," looking at the e-book market, trying to understand it just a little bit better. It's a topic we'll continue to follow, and I hope that we have a chance to speak again with the people on our program today. Doris Booth is founder and CEO of Authorlink.com, and we thank you very much for joining us today from Texas, Doris.

BOOTH: Thank you, Chris. It's a pleasure to be on the show.

KENNEALLY: And as well, from Texas too – two from Texas today – we have best-selling author, Stephen Michaud, who's the author of a number of books, including *Conversations With a Killer*, a *New York Times* best-seller, and someone who has had some very positive experience to share about e-book publishing. Stephen, thank you for joining us.

MICHAUD: Well, Chris, I enjoyed myself. Thank you for having me on your program.

KENNEALLY: Well, we look forward, as I say, to following this subject closely here at "Beyond the Book." And we will be posting online directions to Authorlink and a white paper that Doris has written, that provides further background to many of the topics we discussed today. For Copyright Clearance Center and "Beyond the Book," this is Chris Kenneally. Thank you very much for joining us, and we look forward to having you back at "Beyond the Book" very soon.

M: "Beyond the Book" is an educational presentation of the not-for-profit Copyright Clearance Center, with conferences and seminars featuring leading authors and editors, publishing analysts, and information technology specialists. "Beyond the Book" is the premier source for knowledge on the latest business issues facing today's dynamic publishing industry, from initial research to final publication and beyond.

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