# Future of Books

Will traditional print books disappear?

T he migration of books to electronic screens has been accelerating with the introduction of mobile reading on Kindles, iPhones and Sony Readers and the growing power of Google's Book Search engine. Even the book's form is mutating as innovators experiment with adding video, sound and computer graphics to text. Some fear a loss of literary writing and reading, others of the world's storehouse of knowledge if it all goes digital. A recent settlement among Google, authors and publishers would make more out-of-print books accessible online, but some worry about putting such a vast trove of literature into the hands of a private company. So far, barely 1 percent of books sold in the United States are electronic. Still, the economically strapped publishing industry is under pressure to do more marketing and publishing online as younger, screen-oriented readers replace today's core buyers — middle-aged women.
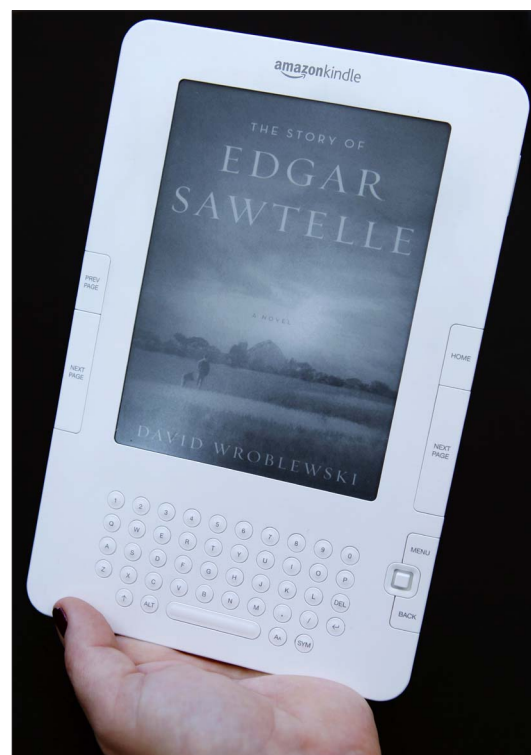
Amazon's Kindle 2 digital book reader can store hundreds of books and read text aloud. Like the electronic Sony Reader, the Kindle features glare-free text easier on the eyes than a computer screen.

FUTURE OF BOOKS

Cover: Reuters/Mike Segar

Future of Books

BY SARAH GLAZER

THE ISSUES

The university bookstore ran out of the textbook assigned for your course? No problem. The young woman behind the counter can print one out in the time it takes to make an espresso.

Don't like the way the latest episode of the novel you're reading online has turned out? Write in a plot development of your own. (But be forewarned: Another reader may edit you out.)

Forgot to bring a book with you on the subway? You've got President Barack Obama's *Dreams from My Father* on your cell phone, right at the place you stopped reading last night on your Kindle. [1]

The world of reading is changing before our eyes. More books are becoming available than ever before, and in many more formats. It remains to be seen whether readers will flock to these or even more futuristic ways of reading. But already the innovations have caused anxiety in the troubled publishing industry because they suggest radical changes in how books are supplied to readers, much as technological changes are threatening the very existence of the newspaper industry.

"The publishing industry is in a difficult position," says Mike Shatzkin, CEO of the Idea Logical Co., a digital-publishing consulting firm. "We have all these new challenges to invest in, and meanwhile the old model for producing money is in trouble. So publishers are squeezed from both sides."

Amid troubling layoffs in publishing over the past year, cutbacks in
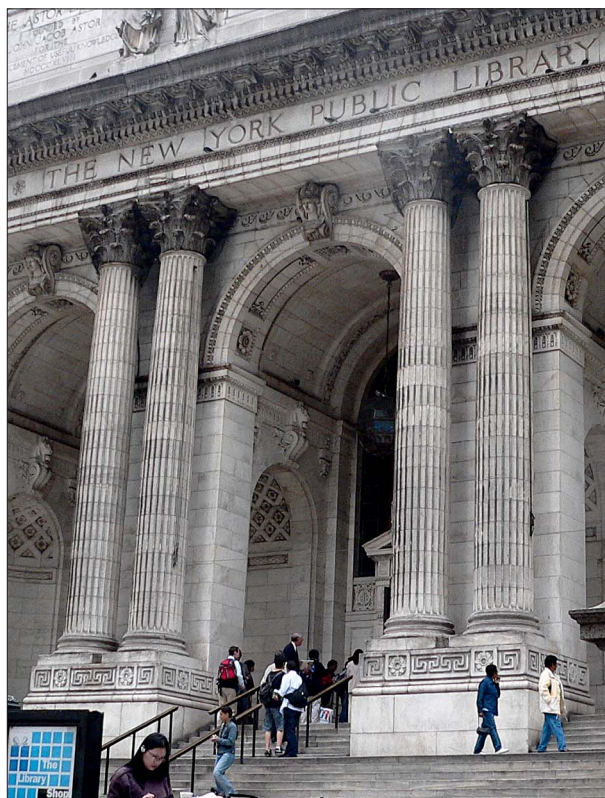
The recent Google Book Search settlement among Google, authors and publishers promises to make millions of out-of-print books available online that were once limited to the New York Public Library and great university collections. But many librarians worry that digital access to the world's great books will be in the hands of a private company.

new manuscript acceptances and tough times for bookstores, digital books have entered publishing's mainstream for the first time. In this pivotal year for e-books, Amazon.com introduced the Kindle 2.0 and the larger-format Kindle DX — which both permit the wireless download of a book in less than a minute — and Sony Reader acquired 500,000 titles from Google. Both companies' electronic readers employ a technology that does not require backlighting, making its glare-free text easier on the eyes than a computer screen. [2]

For years, e-book enthusiasts have said the product couldn't really take off until the equivalent of an iPod for books was developed. [3] It's not clear whether we're there yet, but the sudden popularity of reading on Apple's iPhone took many by surprise. Over 1.7 million users have downloaded Stanza software, which permits them to read a book on their cell phone from a selection of more than 100,000 titles. The announcements in February that both Amazon and Google were making their titles available on the iPhone only added to the buzz. [4]

"Suddenly there was a sense in 2008 that an e-book program was something a publisher couldn't be without," says Michael Bhaskar, digital editor at publisher Pan MacMillan in Britain. And if 2008 was about e-books, "this year is about smartphones," says Bhaskar. His company was one of the first major publishers to make its titles available on the iPhone and the BlackBerry and now plans to bring most new titles out in electronic as well as print format.

The fact that today's new books start out from the writer's desk as digital files has contributed to the growth of another way of producing books — print-on-demand. Theoretically, books can remain digital files until they're ordered by the customer, at which point they are printed on laser printers, order by order. Increasingly publishers are using this method for books about to go out of print and for scholarly or obscure books with low readership. For non-bestsellers, publishers can print out one book at a time, saving the expense of big print runs, storage and bookstore returns, while retailers can avoid holding inventory that doesn't sell.

Yet all these innovations still account for a small percentage of what passes for reading a book. Despite

Wholesale E-Book Revenue Tops $50 Million

U.S. electronic book sales have risen steadily since 2002. Last year wholesale revenues exceeded $52 million, or nine times higher than in 2002. Digital books still make up less than 1 percent of books sold in the United States, however.

Wholesale Revenue (in $ millions)

U.S. Wholesale Electronic Book Sales
(trade books only)*
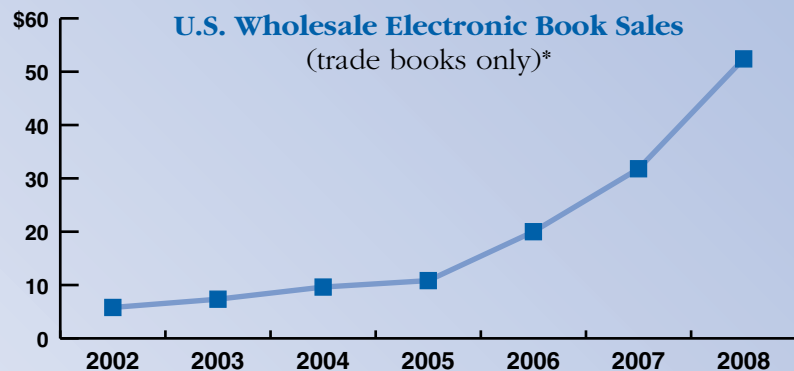
* Library, educational and professional electronic sales not included; retail figures may be as much as double the above wholesale figures.

Source: International Digital Publishing Forum

rapid growth, sales revenue generated by electronic books, whether read on a laptop, Kindle or cell phone, still accounts for only about 1 percent of the $11 billion adult trade book market in the United States, estimates Michael Smith, executive director of the International Digital Publishing Forum, a trade association.

Similarly, volumes produced through print-on-demand account for less than 1 percent of the more than 3 billion books printed each year in the United States, according to David Taylor, president of Lightning Source, the leading print-on-demand company. [5]

The Espresso Book Machine, which can deliver a bound paperback in less than five minutes, is currently installed in only a handful of bookstores in North America and England, but its manufacturers envision widespread use in college bookstores, on cruise ships and in remote areas of the world. (*See sidebar, p. 480.*)

Former Random House editorial director Jason Epstein, co-founder of On

Demand Books, which markets the machine, says the publishing model of the last 500 years — in which publishers printed large runs and then had to warehouse and ship physical books at enormous costs — is headed for extinction.

Today, "you can go directly from the digital file to the end user with nothing in between," he points out. "That means you can store in theory every book ever written in whatever language at practically no cost. And deliver that file practically anywhere on Earth at no cost. This has a revolutionary effect on the way books are made and distributed."

Eventually, the traditional publishing industry would have collapsed anyway because of structural obsolescence, he says. "With this recession and the arrival of digitization, the process will be hastened."

Publishers are still trying to figure out how to appeal to young readers — who do most of their reading online — by offering free multimedia content digitally, while still making money for themselves and their authors.

"We're moving to a post-literate culture where YouTube is a search engine and video gaming is the main form of entertainment. How does that impact storytelling?" asks Pan MacMillan's Bhaskar.

This spring, Penguin Books won top awards at the hip SXSW (South by Southwest) interactive media festival in Austin, Texas, for its online storytelling experiment. Over a period of six weeks, readers clicking on a Penguin Web site could read a developing mystery being written by a novelist online, search for clues planted on the Internet and contribute plot suggestions to the author as the story was being written. Access to the site, "We Tell Stories," was free even though it drew on the skills of several published authors. [6]

Penguin's experiment "is fascinating, but I'm not sure how it ever makes money," comments Shatzkin of Idea Logical, expressing a widely shared worry in the industry. And he's puzzled by those who see it as the future of fiction: "Participatory content creation makes sense, but why are we calling it books?" he asks.

But those experimenting with online forms of literature suggest our definition of "book" itself needs to be more expansive. "A book is an experience, not a chunk of paper," Chris Meade, director of the London literary think tank if:book, recently told an audience of book club members in Oxford, England. "If you think of the experience of reading a great novel and take the novel away," you can still have a "fantastic" experience, he maintained.

An online book about William Blake recently launched by Meade's organization displays Blake's poems along with gorgeous graphics and videos of an interview with a Blake expert and an actor reading Blake's poem "London." Over the next few months, readers are

invited to help it grow by contributing via Twitter and Blogger (a free blog-publishing tool from Google) and the Blake "netbook" itself. [7]

The ease of publishing a book from a digital file means many more actors can get into the act. Small presses can be formed in someone's living room or at a local bookstore. Authors who could never interest a big publisher with their family genealogy or purple-prose novel can be listed on Amazon or simply publish online.

With the cost down to a few hundred dollars to have your book published by one of the author-services companies (the new vanity presses), who needs publishers? On the defensive, publishers say they still play an aesthetic filtering role as the curators of good writing.

Yet more and more books and experimental writing are becoming available online for free without publishers' filters. And as publishers put out more digital books, it may be easier for hackers to convert copyrighted works into pirated editions. Some publishers are reporting that piracy has surged in recent months along with rising demand for e-books, raising concerns that piracy partly accounts for declining print book sales. Pirated editions of works by children's writer J.K. Rowling have been posted on Web sites like Scribd, and other copyrighted works are cropping up on file-sharing services like RapidShare. [8]

Still, some authors like *Wired* editor Chris Anderson and novelist Cory Doctorow claim that publishing for free online is actually the way to sell more print books because of the exposure it provides. [9]

Indeed, rather than chasing printed books into oblivion, some experts say digitization is making more books available than ever before, even if they're in a different format. A massive digitization project by the Library of Congress allows, for the first time, anyone with a computer at home to look at the first edition of Louisa May Alcott's *Little Women* and other 19th-century books too brittle to be handled.

The recent Google Book Search settlement among Google, authors and publishers — if approved by the court — promises to make millions of out-of-print books available online that were once limited to great university libraries. But the fact that this vast collection of 20th-century literature will be in the hands of a private company has many librarians worried as the world's treasure trove of books — past and future — becomes increasingly digital.

Here are some of the questions being debated by publishers, librarians and the ultimate consumers — readers:

Will the Google Book Search settlement restrict public access to digital books?

Last October, Google announced that it had reached a $125 million settlement with authors and publishers who had sued the company for scanning millions of books from university libraries without compensating them. [10]

The proposed settlement permits Google's Book Search engine to make entire copyrighted books available online for a fee and to show up to 20 percent of a copyrighted text at no charge. Google will keep 37 percent of the revenue from online book sales and advertisements that run next to previews of book pages; the remaining 63 percent will go to authors and publishers.

University and K-12 school libraries will be able to access the entire Google database, currently about 10 million books, by buying a subscription, while public libraries will be provided a terminal with free access to the digital collection. The biggest impact will be on books still under copyright but no longer in print — about 5 million of which have been scanned so far. Under the settlement agreement, 51 percent of these out-of-print books scanned into the database will be priced initially at $5.99 and below. [11]

"For many of these books the only way you can get to them is if you're a student at Harvard," or some other major university, says Dan Clancy, engineering director at Google. "One of the things we found exciting was the fact that it broadened access not just to subscription holders but also to users at home, who get a free preview and the book for what looks to be an inexpensive price."

However, some librarians have harshly criticized the settlement because of fears that it puts too many restrictions on public access.

Harvard Library Director Robert Darnton has criticized the agreement for placing what could be the largest digital library in the world in the hands of a private company. In effect, he has written, the settlement hands Google a monopoly over the digitizing of "virtually all books covered by copyright in the United States." [12]

The settlement gives Google permission to continue scanning copyrighted books as long as they were published before Jan. 5, 2009.

"No new entrepreneurs will be able to digitize books within that fenced-off territory . . . because they would have to fight the copyright battles all over again," Darnton wrote in the *New York Review of Books*. "[O]nly Google will be protected from copyright liability." [13]

"What will happen if [Google's] current leaders sell the company or retire?" he asks. What will stop Google from charging exorbitant prices or favoring "profitability over access"?

"The settlement locks in a single player to offering access to the vast majority of the 20th-century's works," concurs Brewster Kahle, founder of the Internet Archive, a nonprofit organization that has scanned some 1.2 million works in the public domain (out of copyright), which it makes

Digital Era Arrives at London Book Fair

Publishers urged to confront "perfect storm" by maximizing digital content.

At the international London Book Fair this April, a stroll through the massive exhibition hall could have lulled a visitor into thinking the book business is alive and well: Publishers were busy striking deals over foreign rights for printed books, sipping white wine to celebrate.

But despite appearances, anxiety about the industry was palpable, as publishers and booksellers attended seminars on digital publishing with gloomy titles like "Where's the Money?"

At the fair's first-ever "Digital Zone," Janet Hawkins, an independent bookshop owner from Blessington, Ireland, was trying out a hand-held Sony Reader as she considered offering digital e-books downloadable from a computer terminal at her shop. Hawkins is "terrified" her business will be destroyed if Amazon's Kindle, a competitor of the Sony Reader now available only in the United States, is introduced in Britain. Unlike the Reader, which must download books from a separate computer, the wireless, hand-held Kindle downloads from Amazon's proprietary online bookstore and would eliminate any role for shops like hers. (Her window of opportunity may soon evaporate, however; the trade press has been reporting that Sony plans to join Amazon in producing a wireless reader. [1])

Last year's drop in American book sales, following years of little or no growth, led Michael Healy, executive director of the Book Industry Study Group, to ask if book publishing was "doomed to follow its dinosaur cousins, newspapers, to extinction." [2]

What little growth the industry has seen in recent years has been driven almost solely by increases in book prices, not the number of books sold, according to Healy, whose group tracks industry statistics. He bluntly told a roomful of publishers that theirs is "an industry in decline."

Publishing faces a "perfect storm" — more book titles every year but fewer people who want to read them, Healy warned, citing declining spending by households on books and independent bookshops struggling to survive.

The keys to survival, he told the publishers, are the proliferating channels of digital content able to reach the tens of millions of readers who look for information on the Web but don't frequent bookshops. Stop putting the physical book at the center of your thinking, he urged: "Experiment at all costs" by offering digital content — and make it free if necessary.

As further proof that the market is changing, the core audience of American book buyers — middle-aged women — will be dwindling in coming years, according to Bowker, a leading source of publishing industry data. By 2016, those baby boomers will be retiring, going onto fixed incomes, while the Gen X-ers stepping into their shoes will constitute a smaller, more screen-savvy generation of buyers. [3]

Despite all the attention to new mobile readers like the Kindle, desktop personal computers and laptops are still the devices used most frequently for reading e-books, and it may have something to do with all those female romance readers, who are leading purchasers of e-books. You're not likely to be detected reading a "bodice-ripper" at work if you do it on your PC, romance publisher Harlequin discovered from reader surveys.

Yet iPhones hold the greatest potential for growth among readers who don't have gray hair, Bowker Vice President for Publisher Services Kelly Gallagher predicted, even though a company survey found iPhones account for only 10 percent of e-book purchases, trailing behind PCs and Amazon's Kindle. Surprisingly, Kindle's largest ownership group is middle-aged, the survey found, countering its reputation as the reading device of future generations.

Over in the Digital Zone, fairgoers could see some of the reasons why 1.7 million (mainly young) people have downloaded the Stanza reading application onto their iPhones. Its latest features include 135 new background colors to pair with 21 crisp fonts as well as background "themes" like "bedroom" (red, satiny sheets) and links to a dictionary while reading.

available to the public for free via an online platform.

Kahle says he's particularly disturbed that the settlement gives Google legal immunity to scan potentially millions of books whose copyright holders can't be located easily — so-called "orphan" books. His organization would also like to scan those works but would risk being sued for copyright infringement. Kahle favors legislation to protect all scanners from copyright suits.

"Increasingly, people are gathering

that Google has been granted a release of liability to exploit that group of works that no one else has," Kahle says. Legislation could have made orphan works accessible to anyone. Google is in effect "legislating through settlement," he says.

Kahle also contends Google will feel no competitive pressure to do a good-quality job that ensures digital copies are as readable as possible. "Once you have a monopoly, the temptation is just to defend your monopoly

as opposed to working to make it better," he says. Moreover, the way Google structures its searches is not intended to help serious researchers do large-scale searches quickly but involves "speed bumps" aimed at maximizing the number of times a person views a search page with its accompanying ads, according to Kahle.

Google's Clancy responds that the settlement gives Google a "non-exclusive" arrangement to scan these works, meaning other groups could copy the

Worries About Piracy

Piracy discussions at the fair underscored a central anxiety — how to make money on digital publishing without being ripped off. One speaker pointed to a decision by a Swedish court as a sign that piracy is being stifled. On April 17 the court sentenced four founders of The Pirate Bay, a popular file-sharing site, to a year in jail for violating copyright. [4]

But skeptics at the fair predicted new piracy sites would pop up in its place. (As of May 27, Pirate Bay's Web site had not been shut down, and similar sites also were operating.)

The day after the digital seminar, *The Independent*, a British daily, reported substitute approaches already emerging. For example, searches for copyrighted material are being conducted by networks of individuals, avoiding the need for a legally vulnerable centralized Web site. [5]

Paradoxically, piracy has stimulated sales of some titles by giving them more publicity, according to a study cited by industry consultant Mike Shatzkin, CEO of Idea Logical Co. [6] He argued that publishers' encryption of e-books to prevent piracy — known as digital rights management — has been ineffective.

It would be more effective to price e-books cheaply enough so consumers don't feel they have to search for free versions on pirate sites, Shatzkin argued. Strong consumer demand for cheaper books is evident in the recent growth in used book purchases, which explain in part why fewer new books are being bought, he said.
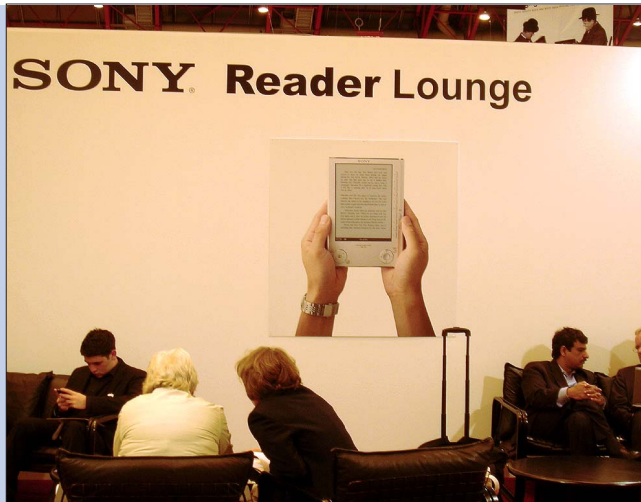
Online books and hand-held digital readers were a big feature of this year's London Book Fair.

CQ Press/Sarah Glazer

Consumers expect e-books to be priced more cheaply than printed books, and they will be because publishers and booksellers have fewer expenses, Shatzkin predicted. That couldn't have been reassuring to the publishers in the room who wondered aloud why they should be investing in a sector that now commands barely 1 percent of U.S. book sales.

Indeed, British publishers at the packed "Where's the Money?" session argued heatedly against lower pricing for e-books. Such a move, Penguin Group Chairman and CEO John Makinson told the standing-room-only crowd, would be "short-changing authors." [7]

[1] Marion Maneker, "How the Next Kindle Could Save the Newspaper Business," *Wired*, May 6, 2009.

[2] The Book Industry Study Group (BISG) tracks publishing statistics. All statistics cited are for the U.S. market. According to the BISG, the number of books sold fell 1.5 percent from 2007 to 2008.

[3] Sixty-five percent of U.S. book buyers are women, according to Bowker, which publishes the authoritative *Books in Print*.

[4] "Court Jails Pirate Bay Founders," BBC News, April 17, 2009, http://news.bbc.co.uk/1/hi/technology/8003799.stm. The decision was expected to be appealed.

[5] Pat Pilcher, "Pirate Bay 'could soon be obsolete,' " *The Independent*, April 20, 2009, www.independent.co.uk.

[6] The study was conducted by Magellan Media Consulting Partners of New York City, www.magellanmediapartners.com/index.php/mmcp/Research/.

[7] See Lynn Andriani, "British Publishers Try to Find the Money in E-Books," *Publishers Weekly*, April 21, 2009, www.publishersweekly.com.

books as well. And Paul Aiken, executive director of the Authors Guild, one of the parties to the suit, says authors "want real competition in getting these books out to the world." At the same time, he cautions, these books "are out of print for a reason" — they're not commercially in demand. (*See "At Issue," p. 493.*)

Out-of-print books are vital to researchers, however, and Kahle contends the agreement is exclusive in practice: Libraries in the past have been unwilling to let his organization in to scan once Google has knocked on their door. Indeed, it's not clear why a library would let anyone in to scan except Google, since their legal protection for scanning copyrighted works appears to extend to the host library, according to Randall Picker, a professor of law at the University of Chicago.

Many libraries worry that Google is likely to abuse its monopoly by charging them exorbitant subscription prices, according to Jonathan Band, a lawyer representing the American Library Association and the Association of Research Libraries. His associations don't oppose the settlement. But in comments filed with the court responsible for approving the settlement, they are proposing "vigorous" court oversight to prevent artificially high pricing in the absence of competition. The libraries have also asked the judge to protect the privacy of users who read Google's books online. [14]

Is This the Future of Book Publishing?

"Espresso" machine produces a book in five minutes.

About as big as a large photocopier, the machine is probably the last thing one would expect to see at the flagship store of Blackwell — Britain's leading academic bookseller. But tucked in an alcove at the store on Charing Cross Road in London, it offers a glimpse at a possible future for book publishing. As signs alluringly promise: "Become an author — Print your own book" and "Out of print, Out of stock books — Available Right Here Now."

The Espresso Book Machine, which its makers hope will one day become the ATM of books, can dispense a paper-bound book in under five minutes from a digital file, using ink-jet technology for the cover and high-end laser printing for the pages. To the average reader, the color cover and black-and-white pages are indistinguishable from the traditional published version.

"Suddenly, it's increased our stock by a million titles," says store manager Marcus Gipps, citing the number of digital files in the catalog offered by On Demand Books, the manufacturer. That's the equivalent of 23.6 miles of shelving, according to Blackwell. At least 250,000 of those titles are out of print, once inaccessible to most customers.

Previously, when customers asked for a book that wasn't on the shelf, the typical response was, "Can we order it for you?" Often the customer decided to look elsewhere."Now we say, 'Can we print it for you?' " says Gipps.

The Espresso was installed in the store in April as a test. If successful, it will be installed in more Blackwell shops, many located at universities, says Blackwell CEO Andrew Hutchings. He expects it to be particularly popular for self-publishing, publishing theses and printing course packs — selected chapters from textbooks assigned by professors.

As of mid-May, the Espresso had been installed in a dozen sites in North America, England and Australia, according to Dane Neller, CEO of On Demand Books. In the United States, an Espresso machine is in use at the University of Michigan Library, where it prints out-of-copyright and rare books from the library's digitized collections, and at Northshire Books, an independent bookstore in Manchester Center, Vt., among other sites.

Eventually, as On Demand Chairman Jason Epstein envisions it, customers will be able to order any book they want from a computer or cell phone and pick up a freshly printed copy in their neighborhood shop. (To accomplish that, publishers will have to digitize all of their titles, which some are

just starting to do.) In addition to bookstores, Epstein sees the Espresso being used in libraries, schools, hospitals, cruise ships and developing countries that lack book distribution networks.

Blackwell's machine cost about $100,000, according to a company spokesperson, but Gipps expects it to pay for itself in about six months. The machine can produce a book for about $3, with retail prices set by the publisher. The makers expect the Espresso's cost to decline significantly as more are marketed, and eventually hope to lease it out for about the same price as a photocopier.

That could make it attractive to libraries trying to save on purchasing and storing books, says Kari Paulsen, president of EBook Library, which markets e-books to more than 1,000 libraries worldwide. Increasingly, libraries trying to save on storage are telling her that if a book is not in e-book form they don't want it. With an Espresso, a librarian could tell a patron, "You can get it as an e-book or pick it up downstairs printed out in 15 minutes." A library might also make some revenue back by selling Espresso-printed books.

At the University of Alberta Bookstore in Edmonton, Canada, the Espresso has printed some 13,000 books since November 2007. "Edmonton is a long way from pretty much everything, so we have huge shipping bills and long delays," says Todd Anderson, director of the bookstore. The store has saved on shipping costs by acting as a local printer for publishers who would have to send a book thousands of miles; it saves inventory costs by printing only as many copies as students request. It's been able to save students money by printing assigned classics that are out of copyright, like *Frankenstein*, and selling them for less than the standard publisher's sticker price. The bookstore has also printed books of local interest like a 1908 visitors' guide to Edmonton, local self-published genealogical histories and original small-press books by local authors.

Because of the ease of printing digital files at outposts like Edmonton, the machine could make it possible to distribute "virtually every book ever published, in any language, anywhere on Earth as easily, quickly and cheaply as e-mail," claims On Demand's brochure.

Epstein, a former editorial director of Random House, thinks the effect on publishing could be revolutionary — and could even save precarious independent bookstores. "I think independent bookstores will flourish, and some will become publishers, as they were in the 18th century," he predicts.
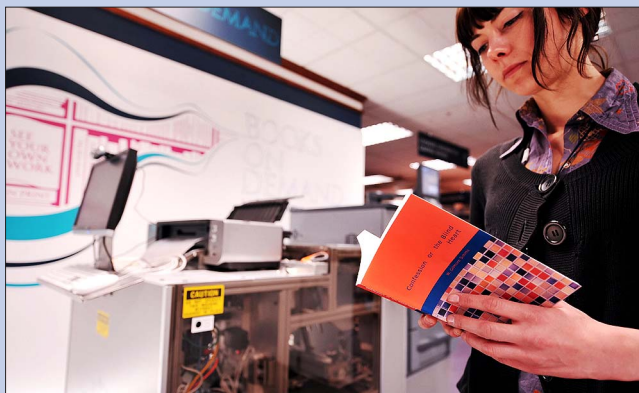
Customers can print their own books on the Espresso machine at the Blackwell bookstore in London.

AFP/Getty Images/Leon Neal

"I'm concerned that as Google seeks the market for this it could be so expensive for a public library that it will be out of our reach," says Sari Feldman, executive director of the Cuyahoga County Public Library in suburban Cleveland and executive president-elect of the Public Library Association.

Feldman is also concerned that the one terminal per building where Google will provide free access to its database "is not nearly going to satisfy the customer demand we have," especially since the agreement does not permit the database to be accessed remotely from library members' homes.

According to Clancy, the free terminal is intended to help libraries that can't afford the institutional subscription and could be expanded later. "It's a start," he says. University libraries that purchase subscriptions will be allowed to provide remote access to students and faculty. By contrast, K-12 school libraries will not have access to a free terminal; they will have to purchase a subscription. Nor will they be able to provide remote access to students and teachers; readers will have to use the database on school property to access full-length copyrighted works that are out of print. (In comments filed with the court, the American Library Association and Association of Research Libraries cite these differences as inequities between K-12 schools and higher education institutions that could deepen the "digital divide.") [15]

Google has discretion as to which books it copies, and under the agreement it does not have to make public its entire list of scanned books. [16] "A foreign government might put pressure on Google to exclude books about the Armenian genocide or [the 1989 protest at Beijing's] Tiananmen Square," library association attorney Band observes. And if Google has employees in those countries, Google might agree to leave those books out. "You could have a very important research base with holes dictated by foreign governments," he says.

Parties to the settlement — the American Association of Publishers and the Authors Guild — defend the agreement, maintaining that without Google such a vast digital library would never have existed.

"Wouldn't it be much better if the Library of Congress had done this? Yeah, probably it would have," said Patricia Schroeder, outgoing president of the publishers' association and a former Democratic congresswoman from Colorado. "But they didn't have the money to do it, and they didn't do it, and the libraries have copies of everything now. What do we do at this point as rights holders?" [17]

Before Google started scanning library books in 2004, even well-endowed libraries were digitizing less than 10,000 volumes per year — a rate Google ratcheted up to tens of thousands of volumes per week, observes University of Michigan librarian Paul Courant.

In his article, Darnton charged that the special status granted Google under the settlement dashes the Enlightenment philosophers' dream of establishing a Republic of Letters, in which anyone who could read would have access to the entire universe of knowledge. But Courant retorts: "In the absence of the settlement, we would not have the digitized infrastructure to support the 21st century Republic of Letters." [18]

Will traditional print books disappear from the marketplace?

The mother of a 10-year-old boy recently described the way her son reads a printed book: "He'll put the book down and go to the book's Web site. Then, he'll check what other readers are writing in the forums, and maybe leave a message himself, then return to the book. He'll put the book down again and Google a query that's occurred to him."

This description was recently posted on the Web by Bob Stein, founder and co-director of the Institute for the Future of the Book, a think tank based

in New York and London. He suggested that "we change our description of reading to include the full range of these activities, not just time spent looking at the printed page." [19]

In Stein's view, as electronic books start to have links to yet more references and multimedia enrichment, the centrality of printed books in our culture will fade. "They'll stop being the principal way people exchange ideas," he predicts. "That role is shifting to things happening on screens on our desks or in our pockets. In all likelihood the future of the book is as an art object — beautiful objects that look like books — not what most of us will use as the way we take ideas from the culture."

Despite such futuristic scenarios, e-books — the main form in which digital books are sold — remain less than 1 percent of the entire U.S. book market, and some in the industry are skeptical that e-books will ever take over.

"When I first came to this job [more than eight years ago], people were predicting that e-books were here and any minute they would be taking over the world," says outgoing AAP president Schroeder. "The other thing people would tell me is, 'I don't know why you're going into books. Young people want whistles and bells and noise.' Then along came *Harry Potter*." As for e-books, "it's been a lot slower conversion than many people thought."

Publishing consultant Shatzkin agrees. "We're having a lot of conversation about something that doesn't have a lot of commercial heft right now," he says. "This is not a profit center for anybody in regular book publishing yet; this is still an experimental investment." As an example, he points to Amazon's policy of pricing most of its bestselling Kindle books at $9.99, significantly below publishers' retail prices, which means the company is taking a loss.

Some in the industry think 2009 will be the year that changes all that, with the introduction of the Kindle 2.0 and DX, the availability of Kindle books

on the iPhone and Google Book Search's deal to provide millions of books to the Sony Reader. A new, lightweight, large-format reader, which feels like a plastic sheet of paper, Plastic Logic Reader, is due for commercial release next year. [20]

Yet skeptics note that electronic readers are expensive, and many find them annoying to use. On-demand publishers think digital will take over in another way — by making it possible to print out books on demand from digital files. For Taylor it means glorified printers at central plants; for Epstein it means ATMs for books widely distributed at bookstores, hotels, airports, cruise ships and remote locations in Africa and Asia.

If there's consensus, it's that nonfiction references like encyclopedias, atlases and dictionaries will continue to migrate online, where they can be updated continually, and where community efforts like Wikipedia have benefited from many contributors.

Whether read on screen or on paper, the classical book format has a much better chance of survival than newspapers and magazines, because books don't have advertisers to lose or subscribers they need to hold onto, according to Peter Osnos, founder of the independent publisher PublicAffairs. [21]

By the early 2000s, well over 30 percent of all books were publishers' excess inventory — largely the result of their policy that books shipped to retailers could be returned for full credit, Osnos observes. The costs in wasted paper, manufacturing, packing, shipping and the glut of remaindered books all depress profits.

That will begin to change after the current recession, Osnos predicts, now that digital technology for reading, listening and printing on demand is becoming easier to use. In the future, he predicts, bookstores will become mainly showrooms — places "to engage in the time-honored pleasures of browsing and conversation, with read-

ing and discussion groups, author visits and a renewed commitment to customer service."

An even more radical future is seen in China and India, countries without sophisticated publishing distribution. They may skip the traditional book stage entirely and move directly into electronic readers with purchasing enabled by their extensive cell phone network — much the way Kindle users buy books — to wirelessly download and purchase books; Amazon provides a free, perpetual cell phone subscription to Kindle users for this purpose.

In his 2008 book *Books as History*, David Pearson, director of the University of London Research Libraries, argues that books as owned objects have been important for historical research and may continue to be — at least if book owners still write in the margins. For example, by recording who the owners were and their margin notes on all surviving copies of the first two editions of Corpernicus' *De Revolutionibus*, scholar Owen Gingerich was able to show how quickly Copernicus' heliocentric ideas were accepted (or not) by 16th-century astronomers across Europe. [22]

Although many find the prospect of vast digital libraries that can be accessed on screens exciting, others see dire consequences if printed books are abandoned entirely in favor of digital storehouses.

Computers crash, they argue, and obsolescent digital information in the form of, say, old floppy disks sometimes can't be accessed with modern computers.

"Imagine if all the printed books disappeared," says Epstein. "If we blew a fuse, we'd all be savages again. Whoever we are is in these books."

Will literary reading and writing survive online?

The success of Wikipedia, written by thousands around the world, suggests that collaborative or "networked" books could be the wave of the fu-

ture — at least in nonfiction. But what about fiction?

In a recent post, Stein of the Institute for the Future of the Book suggests that novels will no longer be the dominant form of fiction in the future but will be replaced by something that looks more like the multiplayer online game "World of Warcraft." Its 10 million subscribers assemble into teams of 30 or more to accomplish specific goals.

"It's not a big leap to think of the person who developed the game as an author whose art is conceiving, designing and building a virtual world in which players (readers) don't merely watch or read the narrative" but actually contribute to it, Stein writes. In this vision, digital fiction would include video, sound and readers' comments. [23]

Many readers and publishers react in horror to the idea of communal creativity — what happens to the single, narrative voice that creates a world of the imagination into which the reader can plunge?

And what author would want to participate? As writer Cory Doctorow commented on Stein's post, "many authors lack the capacity to interact with their audiences. They are grumpy. To publish these authors successfully, publishers will either have to hire 'ghost-bloggers' or give them charm lessons." [24]

Already there have been several closely watched experiments online. In 2007 Penguin Books sponsored a wiki-novel writing experiment, *A Million Penguins*, written by hundreds of readers collaborating online. Penguin CEO John Makinson called it "not the most read, but possibly the most written novel in history."

Penguin kicked the novel off on a special Web site with the opening line from Charlotte Bronte's classic *Jane Eyre*: "There was no possibility of taking a walk that day."

"Within about five minutes it had completely changed. We had 1,500 edits the first couple of days," recalls Bruce Mason, a research fellow at the Uni-

The Long Tail Phenomenon

How "low-sellers" revolutionized bookselling.

In 2001 the first so-called digital natives came of age. Children who had started using the Internet in 1995 at age 12 turned 18, graduating into the 18-34-year-old demographic most sought after by advertisers. But they were fundamentally different from previous generations — TV viewership in their age bracket dropped for the first time in half a century. [1]

Instead they were occupying an online space where "niche economics rule," in the words of *Wired* magazine editor-in-chief Chris Anderson, using blogs and Web sites rather than mass-audience TV to explore interests and buy products.

In an October 2004 article in *Wired* (expanded into a 2006 book), Anderson introduced the term "The Long Tail," now widely used in the publishing and digital industries. He pointed out that the traditional marketing strategy of focusing on best-sellers at the top of the demand curve was missing the many low-sellers, which form the endlessly "long tail" of the same demand curve. [2] (*See graph, at right.*)

When aggregated, the low-sellers make up a big portion of the market, Anderson argued — a market that the new online sellers were uniquely positioned to take advantage of. For example, he pointed out that one-quarter of Amazon's book sales came outside their top 100,000 titles. [3]

Anderson credits Jeff Bezos with being the first to test this idea when he launched Amazon in 1995. Amazon uses online retail to aggregate a large inventory of low-sellers. At the time, even superstores carried only about 10 percent of the titles available in English.

Unlike brick-and-mortar retailers, Amazon didn't have to worry about filling up shelf space in valuable real estate. And with no shelf space to pay for, a niche product is just another sale with the same or better margins than a hit, Anderson points out.

The 1988 low-seller *Touching the Void* is an example of how specialist niches help unknown books. By 2004 it was outselling Jon Krakauer's best-seller *Into Thin Air* on the same subject of mountain climbing tragedies, because of word of mouth and Amazon reader reviews.

The long tail phenomenon affected other aspects of the book business, too. In 1997 Alibris was launched as an online retailer for used books. It aggregated the inventories of some 12,000 used-book stores and made the database available to Amazon and Barnes & Noble's bn.com, bringing millions of users to the used-book market. Even though used books are usually sold one at a time, Alibris was soon growing at double digits.

The long tail phenomenon has tapped into a growing community of people interested not only in consuming but also producing information about a huge range of topics, many of them obscure. In 2001, Jimmy Wales, a wealthy options trader, came up with the idea of getting millions of amateur experts to create an online encyclopedia, using a software application called wiki. Wikipedia was a far cry from the *Encyclopaedia Britannica*, which recruited experts to write its entries. Yet by 2005, Wikipedia had become the largest encyclopedia on the planet, with more than 1 million articles compared to the *Britannica*'s 80,000. [4]

The Impact of 'Low-Sellers'

Best-sellers sell the most copies and make the most money. While books far down on the sales charts sell fewer copies and make less money individually, they bring in a large portion of total publishing revenue because so many so-called low-sellers (the long tail of the graph) are sold overall.

Annual publishing revenue

"Long tail" of the demand curve

Sales Rank

Source: Book Industry Study Group

[1] Chris Anderson, *The Long Tail* (2006), p. 95.

[2] *Ibid.* Also see Chris Anderson, "The Long Tail," *Wired*, October 2004, www.wired.com/wired/archive/12.10/tail.html.

[3] Anderson, *The Long Tail*, *op. cit.*, p. 23.

[4] *Ibid.*, p. 66.

versity of Edinburgh specializing in folklore who helped to run the experiment. So many people tried to get onto the site in the first few days that the server was overwhelmed, and the project

had to be moved to another. At first, vandals tried to delete much of the novel, and along the way some contributors insisted on reshaping the plot continually according to their liking.

When the wiki-novel finally closed on March 7, 2007, at least 75,000 different people had viewed the site. Of those, 1,476 people had registered as users of the wiki. The ultimate, chaotic product,

which involved 11,000 edits and 1,500 pages, wasn't really literature, most observers agreed, but it demonstrated the way that passionate, online literary communities can form. [25]

"The final product itself . . . is more akin to something produced by the wild, untrammeled creativity of the folk imagination," researchers Mason and Sue Thomas, professor of new media at Britain's De Montfort University, Leicester, wrote, describing it as "rude, chaotic, grotesque, sporadically brilliant, anti-authoritarian and, in places, devastatingly funny. As a cultural text it is unique, and it demonstrates the tremendous potential of this form to provide a stimulating social setting for writing, editing and publishing." [26]

Yet the narrative didn't really hold together as a single story line, and the writing varied from "exciting and talented to really bad clichés," according to Mason.

"I don't really think the wiki novel makes sense," says Thomas, who co-authored the research report and helped run the experiment. "A novel has to be quite controlled. We didn't produce a novel; we produced something fascinating."

In another Penguin-sponsored exercise, an award-winning novelist was asked to write a detective-story version of *Alice's Adventures in Wonderland*, to which readers were invited to contribute. Readers searched for clues hidden on Craigslist and other Internet sites, interacting in real time with the novelist/narrator to give her solutions to the mystery.

The result: a charming story, written with a sly slant. Unlike *A Million Penguins*, it succeeded as a coherent story — probably because the novelist had ultimate control over how the story was composed and which contributions to incorporate. (*See sidebar, p. 490.*)

Publishers are experimenting with these new formats because they think the younger generation reads in a fundamentally different way from older generations, requiring more multimedia content and more participation, says Pan MacMillan digital publisher Bhaskar.

Networked books (like *A Million Penguins*) are "quite a nebulous concept in that nobody really knows exactly what one might look like. Almost by definition it's an experiment," says Bhaskar. And with the current recession, "I think right now the climate is less forgiving for these eye-catching, high-profile experiments that have no revenue stream attached."

And so far, even in networked book communities, barely 1 percent of those who sign on tend to be interested in actively contributing; the rest just read what's going on. [27]

University of Chicago sociologist Wendy Griswold thinks there will continue to be readers of print books, but they will be an elite reading class that is highly educated, older and predominantly female — much like today's core group of book buyers.

Surprisingly, though, a similar demographic group has been drawn to the Kindle. The largest group of Kindle owners is middle-aged (56-64 years old) and includes slightly more women than men, according to a survey of 120,000 book purchasers presented by Bowker at the London Book Fair on April 19. [28] (Men are more frequent adaptors of the iPhone, the survey found.)

And other traditional literature is migrating onto the new screens.

Narrative — an online literary magazine that publishes stories by celebrated veterans like Joyce Carol Oates as well as new talents — has become the first literary magazine available on Kindle.

If readers are going to be viewing literature on a screen no bigger than a beer coaster, the writing needs "to be sharper, smarter and more economically and elegantly expressed than ever," writes Philip Gwyn Jones, publisher of Granta and Portobello books. In his view, most of the debate so far is about "transport methods" rather than the cargo being shipped. "Everyone wants to be captivated by a great story or a great argument." [29]

Mary Harrington, an associate at the Institute for the Future of the Book in London, is more skeptical that long-form fiction will migrate from print to digital. "The Internet is very good for conversation, but once the conversation's been had, it makes sense to finalize it in print," she says. She points to the new science fiction novel *Playing for Keeps*, by Mur Lafferty. [30] It started out as free digital content (in this case podcasts), built up an online community and then became a print book.

The physical nature of a book gives it qualities that are completely inverted when it comes to the Internet, Harrington points out. As a fixed entity between covers, a book must limit and choose its words carefully. Its authorial voice has made the book authoritative ever since the creation of sacred works like the Bible, and its message can be universal.

By contrast, Harrington says, the Internet is "boundless, never authoritative — there's always someone who has something to add," on a blog or a Web site. "And it's never universal," since writers online are writing for fragmented audiences. "Because the Internet is boundless, intangible and not edited, you can never publish the definitive anything online." ■

BACKGROUND

In the Beginning

The Greek philosopher Socrates (469-399 B.C.) lamented the loss of knowledge because the media of transmission were changing. Before the

Chronology

19th Century
Publishing becomes an established industry in Europe and the United States; modern presses speed printing and reduce the cost of books.

1810
Steam press invented.

1817
Harper Brothers, one of the nation's earliest publishers, begins as a New York printer.

1850
By mid-century, New York is shipping millions of books to the rest of the country.

1891
International Copyright Act passed by Congress extending protection to foreign copyright holders.

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1920s-1930s
Readership expands during golden age of publishing.

1926
Book of the Month Club founded.

1928
Random House founded.

1939
Pocket Books launched, introducing paperbacks.

———•———

1960s-1980s
Mergers and takeovers by conglomerates combined with migration of Americans from cities to suburbs kill downtown bookstores and large inventories.

1965
RCA acquires Random House.

1975
Gulf & Western Industries acquires Simon & Schuster.

1980
German publisher Bertelsmann acquires Bantam, later Dell, Doubleday and Random House.

1989
Rupert Murdoch's News Corp. acquires HarperCollins.

———•———

1990s *Publishing industry becomes more concentrated; World Wide Web introduces digital reading, online bookstores.*

1994
Viacom acquires Simon & Schuster.

1995
Amazon founded as online bookstore. . . . Germany's Holtzbrinck Group acquires St. Martin's Press.

1997
Alibris, an online retailer for used books, launched.

1998
Bertelsmann acquires Random House, making half of top 20 U.S. publishers foreign-owned.

———•———

2000s *New electronic readers like Kindle and iPhone boost e-book sales.*

2000
Best-selling American author Stephen King publishes novella *Riding the Bullet* solely in electronic form.

2001
Wikipedia, an online encyclopedia written by readers, is launched; first "digital natives," who used computers at age 12, turn 18.

2004
Wired magazine editor Chris Anderson publishes seminal article about "The Long Tail" in publishing.

2007
Penguin sponsors online wiki-novel, *A Million Penguins.* Hundreds contribute, 75,000 view it.

2008
Google reaches landmark settlement over book scanning. . . . Troubled publishing industry hit with layoffs and pay freezes on "Black Wednesday" (Dec. 3). . . . Amazon's Kindle sells out in United States by Christmas.

2009
American Association of Publishers announces 2008 book revenue dropped 2.8 percent from 2007. . . . Book Industry Study Group reports 1.5 percent fewer books were sold in the U.S. in 2008 than in 2007, for a total of 3.1 billion books sold, including e-books and traditional trade, educational and professional books. . . . Amazon launches Kindle 2.0 (February) and large-screen Kindle DX. . . . Google announces deal to provide 500,000 e-books to Sony Reader. . . . University of Michigan announces its scholarly publications will be digital only. . . . More than 1.7 million people have downloaded Stanza reading applications onto an iPhone. . . . Scribd.com launches online vanity press (May 18). . . . On Oct. 7, 2009, the U.S. District Court for the Southern District of New York will hold a hearing to accept or reject the Google Book Search settlement with authors and publishers.

Print-on-Demand Flips Traditional Publishing Model

'Sell first, then print' is publisher's new motto.

When Sarah Palin was picked last August as Sen. John McCain's presidential running mate, the publisher of the only existing biography of the once-obscure Alaskan governor found itself in a quandary. Printing more copies on a traditional offset press would have taken weeks — and missed the sales window for the book.

Instead, Epicenter Press turned to a leading print-on-demand company. Within a few hours of receiving a digital file, Lightning Source was producing copies of *Sarah* on its giant, high-quality laser printers, and within days — not weeks — it had 30,000 copies. [1]

A sudden spike in demand is only one of the ways that traditional publishers are starting to use print-on-demand (POD). More than a decade ago, Ingram Book Group, the word's leading book wholesaler, was trying to cut down on the unsold books crowding its warehouse. Out of this need it created a company that would print books from digital files only when Ingram needed them.

Today that company, Lightning Source, makes a profit printing an average order of only 1.8 books — capitalizing on the "long tail" phenomenon, in which individual orders for unpopular books add up to a lot of sales.

Print-on-demand technology is best known for fueling the recent explosion in self-publishing. Authors who can't break into mainstream publishing get their book listed on Amazon or another database, usually expecting to sell only a few copies to their friends and families, each one printed in response to an order.

But increasingly, large publishing houses and retailers like Amazon are also using print-on-demand to fill orders when books are out of stock or out of print.

As David Taylor, president of Lightning Source, puts it, print-on-demand reverses the traditional sequence of printing, warehousing and then selling. Instead, his motto is "sell first, then print."

Now the world's leading POD printer, Lightning Source more than doubled its monthly printing volume from 600,000 books in 2005 to more than 1.4 million last year.

The company's plant in Milton Keynes, a sprawling "new town" 60 miles northwest of London, produces a stunningly eclectic variety of books. A single copy of an accounting dictionary in Spanish was pumped out right after eight copies of *E-business in Healthcare* and *Multivariate Density Estimation.*

"I've been amazed at the most obscure books that someone wants to read," says Taylor. Many of those titles would be dead without print-on-demand, he says, because "you would never print them speculatively" hoping for a sale.

Only about 40 percent of Lightning Source's production is for mainstream publishers; the remainder is for non-traditional publishers like self-publishers, micro-publishers with as few as one or two titles and content aggregators like bibliolife.com, which offers out-of-print books that are printed only in response to an order.

Despite the significant cost savings to be gained from avoiding storing, shipping and pulping unsold books, mainstream publishers have been slow to adopt print-on-demand, mainly because the printing cost per book is higher — especially for best-sellers. Many publishers also have sunk costs in warehousing or haven't realized that there are potential cost savings, according to industry analysts.

However, some publishers aiming for a small, professional readership in areas like medicine and accounting, as well as some academic presses, are going straight to print-on-demand, because it is economical for small printings.

POD has also stimulated some innovative new uses: Readers can assemble their favorite articles from Wikipedia or Wikitravel, for example, and have them bound in a customized book by the German company PediaPress. [2]

Digital printing now accounts for only about 1-3 percent of all the books printed in North America, but the business is projected to grow 15-20 percent over the next three years, according to Gilles Biscos, president of Interquest, a market research company in Charlottesville, Va.

Increasingly, Lightning Source's business is shifting toward traditional publishers as they rethink the way they do business, according to Taylor. He thinks this trend will continue, particularly in an economic climate where publishers are looking to cut costs wherever possible.

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[1] "Gov. Sarah Palin Biography brought to market by Epicenter Press and Ingram Content Companies," Lightning Source press release, Sept. 2, 2008.
[2] http://pediapress.com.

invention of the Greek alphabet 2,500 years ago, knowledge and stories were recited aloud, much like Homer's epic poem *The Odyssey.*

The new technology of writing meant stories no longer needed to be memorized, a development Socrates feared would weaken the Greeks' mental capacities for memorizing and retelling. (Paradoxically, we only know about Socrates' concerns because they were written down by his student Plato in his famous *Dialogues.*) [31]

The shape of contemporary books can be traced to the invention of the "codex" — parchment pages bound together between covers, initially made of wood or leather and later of cloth. The form proved usable and durable, and sometimes labor-intensive. The great texts of Greek learning, Christian theology and medieval literature were preserved through laborious

hand copying by library scribes and monks.

The next revolution for books came with the 15th-century invention of printing with changeable type. The invention is attributed to German metalsmith Johannes Gutenberg, who cast type in molds using a melted metal alloy and constructed a wooden-screw printing press to transfer the image onto paper.

Gutenberg's first and only large-scale printing effort was the now iconic Gutenberg Bible in the 1450s — a Latin translation from the Hebrew Old Testament and the Greek New Testament, copies of which can be viewed on the British Library Web site. Gutenberg's invention made mass production of texts possible for the first time. Although the Gutenberg Bible itself was stratospherically expensive, printed books began to spread widely over European trade routes during the next 50 years, and by the 1500s printed books had become more widely accessible and less costly. [32]

By the 17th century, books were being printed by the thousands, instead of hundreds. By this time, too, America had its first printers — in Boston, Cambridge and Philadelphia.

By the 19th century, publishing was an established industry in both Europe and the United States, and publishing houses emerged that dealt in a general book list, which they sold to a growing mass market of readers.

Golden Age

From its origins more than two centuries ago, the American publishing industry has followed a historic pattern that has varied little: Copy is delivered to a printer who ships inventory to a publisher's warehouse from which it is sent to bookstores. [33]

The Lightning Source print-on-demand company prints some 1.4 million volumes a month. About 40 percent of the printing is for mainstream publishers, but President David Taylor, above, at the plant in Milton Keynes, outside London, expects the percentage to increase as publishers revamp the way they do business. Digital printing now accounts for only about 1-3 percent of all the books printed in North America, but the business is projected to grow 15-20 percent over the next three years.

Technological developments have made the process more efficient: Steam presses were invented in 1810, and stereotype plates developed in 1846 made it possible to produce longer runs at less cost per copy. The type produced printed sheets that were then folded, sewn together and bound, much as in Gutenberg's times.

Much as today's traditionalists fear the disappearance of print books, there were those who decried what they saw as the mediocrity of machine-made books. The private hand-press movement began in the 19th century as a reaction to the loss of this craft, led by Arts and Crafts artists like William Morris, and such works continue to be valued by collectors. [34]

Harper Brothers, one of the earliest American publishers, began as a New York printer in 1817. The firm was soon competing with other printers to ship books via the Erie Canal, which gave New York printers an advantage over competitors in Boston and Philadelphia, and helped turn New York into publishing's center.

American publishers made a brisk business of publishing pirated works by British authors like Charles Dickens, William Thackeray and the Bronte sisters throughout most of the 19th century, ignoring international copyright. By the 1840s, the American market had become big enough for Dickens to cross the ocean to protest the theft of his property, but his plea for copyright protection was ignored. [35]

Soon after, however, American authors asked for protection for their own works in foreign editions. By the end of the century Congress had passed the International Copyright Act, which allowed publishers to contract for exclusive rights to the works of British and other foreign writers and earn a profit from them.

By the 1850s, New York publishers were shipping millions of books to the rest of the country.

The 1920s have been called "the golden age" of American publishing. The firms that were launched in the '20s were still run by some of these distinctive personalities in the 1950s. Bennett Cerf founded Random House. Richard Simon, Max Schuster and Alfred A. Knopf all founded houses that bear their names. They introduced to American readers many

of the great modernist writers of the time, from James Joyce to Gertrude Stein. Thousands of bookstores in towns and cities were the main distribution channel for these writers.

Publishers also saw a growing readership for their books as U.S. illiteracy declined from 7.7 percent in 1910 to 2.9 percent in 1940. School enrollments and libraries grew, and the increasingly urbanized nation created receptive homes for bookstores. Book readership also expanded through the Book of the Month Club, founded in 1926, and paperback books, launched by Pocket Books in 1939.

The explosion in recreational reading was an historical exception to a tradition in which reading had been limited to elites — and it didn't last, argues University of Chicago sociologist Griswold. "The period from the mid-19th to mid-20th century was unusual because you had high, universal literacy and a middle class, but you didn't have a lot of alternatives" for entertainment, she says. By the 1950s TV began to erode the primacy of reading as entertainment. "We're returning to a period where lots of reading is a minority pastime," she says, even though many people read for work and online.

Decline of the Backlist

By the mid 1970s, as American book customers migrated from the city to the suburbs, the great downtown bookstores with their large "backlists" — inventories of books other than new releases and current bestsellers — began to disappear.

Bookstores cropping up in shopping centers now had the same limited space and high rent as the clothing store next door and needed the same quick turnover — forcing them to focus on best-selling authors and books by celebrities. By the 1980s, backlists were in steep decline. Thou-

sands of titles disappeared into the "orphan" category — no longer in print but still in copyright.

In the 1950s, no publisher survived without its backlist, and best-sellers were viewed as lucky accidents, according to former Random House editorial director Epstein, who first worked for Doubleday in the 1950s. "Publishers depended on the existence of thousands of independent bookstores that knew how to sell backlist," he recalls. In Epstein's view, the steep decline in backlists turned the industry upside down, forcing publishers to shave their profits by vying for best-selling authors with unrealistically high advances and guarantees.

Such difficulties forced increasing consolidation of the industry. But the big entertainment conglomerates — CBS, ABC, RCA and MCA-Universal — that acquired publishing houses in the 1970s and '80s found them a burden on the balance sheets and sold them off. [36]

Between 1986 and 1996, 63 of the 100 best-selling titles were written by only six writers — Tom Clancy, John Grisham, Stephen King, Dean Koontz, Michael Crichton and Danielle Steel. Publishers often sacrificed much of their normal profit and incurred losses to keep these highly successful authors. [37]

"Publishing was never a profitable business," says Epstein. "You didn't do it to make money; you did it as a vocation."

By the beginning of the 21st century, U.S. publishing was dominated by five financial empires: the German conglomerates Bertelsmann, which had acquired the Random House group, and Holtzbrinck, which now owns St. Martin's and Farrar, Straus and Giroux; London-based Longmans, Pearson (owner of Viking, Penguin, Putnam and Dutton); Rupert Murdoch's News Corp., which owns HarperCollins and William Morrow, and Viacom, which had taken over Simon & Schuster and Pocket Books. [38]

Dawn of the Digital Revolution

In the 1990s as the World Wide Web's popularity grew, entrepreneurs began jockeying to use Web sites to reach millions of customers at little cost — driving the first dot.com bubble from the mid-1990s to its collapse in 2000. By the end of the '90s, the publishing world was filled with speculation about electronic books and Internet publishing.

At the time, industry analysts optimistically predicted the nascent e-book market would reach $2.5 billion by 2002. But the market remained remarkably sluggish until recent years. Even by 2006, it had increased to a total of only about $20 million, from $7 million in 2003. [39]

Publishers also hoped to make money selling CD-ROMs (acronym for "compact disc: read-only memory"). Although the CD encyclopedia *Encarta* proved popular at first, CD-ROMs failed to become significant sellers. After the CD-ROM bubble burst, "a widespread cynicism arose about digital publishing, which has continued among publishers into the networked era and has only begun to adjust," write Harrington and Meade in a recent report on digital possibilities for literature. [40] ■

CURRENT SITUATION

Publishing Woes

Some observers think the tough times for publishing signal the end of traditional ways of doing business, not just a temporary reaction to the recession.

Last November, Houghton Mifflin Harcourt — whose authors include literary giants such as Philip Roth, Gunter Grass and J.R.R. Tolkien — was awash in so much debt that it

announced an unprecedented buying freeze on new manuscripts. [41] At the time, other houses had also frozen acquisitions unofficially. [42]

Then on Dec. 3 — dubbed Black Wednesday — Penguin and Harper-Collins announced pay freezes. The same day Random House announced it was dissolving Doubleday and Bantam Dell and distributing their remainders among the conglomerate's other three publishing groups, ultimately causing more layoffs. [43]

"To be a journalist or author these days in America is to be a lumberjack in Wisconsin in the 1930s or a steelworker in Pennsylvania in the 1980s or an auto worker in Michigan, well, right now. It is to be watching your industry, and indeed your way of life, collapsing around you," Samuel Freedman, an author and professor at the Columbia School of Journalism, recently wrote. [44]

In recent years the U.S. book market as a whole has remained relatively static at 3 billion books sold annually. At the end of last year, book revenues tracked by the American Association of Publishers were down 2.8 percent from 2007. [45]

The continuing trend towards conglomerates got some of the blame. In 2006 an Irish firm, Riverkeep, bought Houghton Mifflin and by July 2007 had taken over one of Mifflin's largest rivals, Harcourt, in a $4 billion acquisition that left the parent company billions of dollars in debt.

"There were hedge fund guys with no background in publishing buying up publishing houses," New Press Founder Andre Schiffrin told *Salon*. In his view, corporate owners expected unheard-of 15-20 percent profit margins in an industry with traditional margins of 3 to 4 percent. [46]

The practice at Barnes & Noble and Borders of requiring publishers to pay "co-op" fees to get their books placed prominently in a store also pinches publishers' profits. American

Getty Images/Sean Gallup
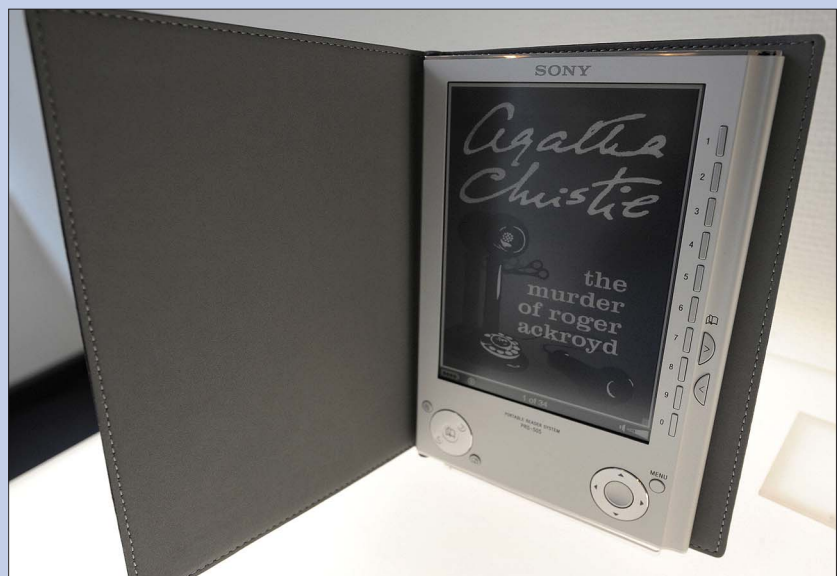
AFP/Getty Images/John MacDougall

Reading Devices, Here and Now

More than 1.7 million users of the Apple iPhone (top) have downloaded Stanza software, which permits them to read a book on their cell phone from a selection of more than 100,000 titles. In March Google announced plans to offer its more than half a million digitized public-domain books on the Sony Reader (bottom).

publishers' practice of accepting returned books from stores for full credit has become another major expense; returns now represent nearly 40 percent of all hardbacks shipped. [47]

While the big book chains have been blamed for driving out small bookshops and squeezing publishers, they're now having their own problems. Borders hovers near bankruptcy, after investing

Writing a Tale With Help From Your Readers

Readers collaborate with novelist to create a modern take on Alice in Wonderland.

"I looked at the black mirror, and suddenly it was like I was falling into a dream." Alice Klein is a character in a novel who suffers from writer's block — until she finds a strange, black mirror in the second-hand bookshop where she's working. When she looks into the mirror, it sends her into a trance and seems to get her writing again. But the mirror also turns out to have evil powers.

That's the plot real British novelist Naomi Alderman cooked up when Penguin Books asked her to write an online tale based on Lewis Carroll's classic, *Alice's Adventures in Wonderland*. [1]

But she didn't write the story by herself.

Over six weeks, Alderman posted (almost) daily blogs written in the voice of her protagonist, Alice Klein. Readers were sent to six different locations on the Web to search for secret messages providing clues to the mystery of the mirror that Alice was trying to untangle. These ranged from answering an ad on Craigslist to showing up at a live event in London where readers could meet a character who had valuable information. Then they e-mailed helpful suggestions to the author.

At one point in the story, Alice decides to break into the offices of an evil doctor to steal the mirror. While Alice was attempting to break in, she asked readers — blogging live with her — to offer clues. "What buttons do you think I should press?" she asked when she reached a locked door with a mysterious design. Readers sent solutions. "You're all geniuses! It worked!" Alice responded.

Alderman calls this kind of writing a literary form that is in its infancy. But it has historical antecedents. The earliest English novels, Samuel Richardson's *Pamela* (1740) and *Clarissa* (1748), are told through characters writing letters in "real time." Dear reader, my pursuer is knocking at my door at this very moment!

"It was very exciting to be involved in something so new where you're making the rules as you're writing," Alderman says. "It's a different kind of writing; it's much more collaborative." Readers' suggestions about the direction of the plot ranged from great to "lousy," according to Alderman, who likened the activity to a chef choosing ingredients.

As the lead writer on the Alternate Reality Game "Perplex City," which has sent hundreds of players running around London searching for clues to a murder mystery, Alderman says the rewards in this kind of collaboration are different from writing novels. But she insists she enjoys both. Alderman won the distinguished Orange Prize for New Writers for her first novel, *Disobedience*, published in 2006, about growing up in an orthodox Jewish family in England.

"If I just sit in my house and write novels all day, eventually I go crazy because being alone with the imaginary people you've made up in your head does send you crazy," Alderman says. "But if I'm constantly working with other people, I begin to feel like I don't have any ownership over my own work, and that also sends me crazy."

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heavily in music sections just as CDs were going out of style. By February, Barnes & Noble's stock price had fallen by more than half in the previous 18 months, triggering job cutbacks. [48]

Meanwhile the Internet has been invading newspapers' book reviewing territory, with a flourishing dialogue on literary blogs. Two years ago, bloggers were already reporting that they were being courted by publishers sending them pre-publication galleys in hopes of a mention. As of mid-May, only two newspapers still had separate book-review sections: *The New York Times* and *The San Francisco Chronicle*. [49]

Reference books also have been badly hit by Wikipedia and other free works on the Web. Estimates of online retailers' current share of the U.S. market are as high as 30 percent. Their heavy discounting further squeezes publishers' profit margins and spells more difficulty for brick-and-mortar bookshops.

Revolutionary Changes

This past year, almost every month seemed to herald a revolutionary development in the still small but growing e-books market.

In February, Amazon launched a sleeker version of its $359 Kindle, with wireless access to more than 230,000 electronic books. The following month Google announced plans to offer its more than half a million digitized public domain books on the Sony Reader device. Industry analysts described the two deals

as jockeying by industry giants to make their device the iPod of books. [50]

But some were betting on another horse. At year's end, *Forbes* magazine declared Apple's iPhone the most popular e-reader, given that 395,000 users had downloaded the Stanza reading application, which enables the downloading of 100,000 book titles — half of them for free. [51]

Now more than 1.7 million unique users have downloaded Stanza — along with more than 7 million e-books — according to Lexcycle, Stanza's maker. On April 27, Amazon purchased Lexcycle, leading some industry observers to suggest that Amazon really seeks to dominate the entire electronic books market, not just Kindle devices. [52]

Is iPhone the most popular e-reader? It's hard to say because rival companies

What about the widely held view that art has to be the product of a single imagination?" I think we're a little too hung up on the idea of the artist as this magnificent individual with his or her magnificent genius that comes only from them and has nothing to do with the wider world," Alderman responds. "Actually, we're all products of the stories that we hear, of conversations and writers we've been exposed to."

She likens readers' real-time responses to the experience of a playwright, where the live audience responds to the words as they are spoken. Her "Alice in Storyland" had about 1,000 unique hits, with about 150 people actually contributing ideas, according to Alderman. In that sense, she says, it's similar to a magic show where only a few audience members will volunteer, "but it's quite fun to watch" everyone else.

"Alice in Storyland" is filled with sly references to the classic, starting with the character's names: Alice Klein (Klein means "little" in German/Yiddish) is a stand-in for Alice Liddell, the "little" girl for whom Carroll wrote the classic and who in-

With help from online readers, British novelist Naomi Alderman wrote a tale based on Lewis Carroll's classic, Alice's Adventures in Wonderland.

spired the Alice of his *Wonderland* tales. Another character, Mr. Marsh Ayre, is reminiscent of the March hare.

In the last episode, Alice is awakened by a phone call from her agent congratulating her on writing her second novel — something she has no memory of writing — much the way the original Alice wakes from her Wonderland dream.

"Apparently I've written my second novel," she writes in her final blog post. "At least according to Penguin I have."

The link takes readers to a real Penguin Web site that seems to be selling a book entitled *A Trickle of Ink*, described as a "rip-roaring" instant classic by Alice Klein, complete with a price and reader review. [2] Except that no matter how hard you click, you can't buy the novel. Like Alice Klein, it doesn't really exist.

[1] http://wetellstories.co.uk. For "Alice in Storyland," see http://treacleandink.wordpress.com/category/uncategorized/.

[2] www.penguin.co.uk/nf/Book/BookDisplay/0,,9780141885025,00.html.

like Amazon won't say how many Kindles they've sold. But industry analysts say up to 500,000 Kindles were sold last year, and up to a million of both versions have been sold so far. [53] As of mid-March, Sony had sold 400,000 of its $350 Readers. [54]

Stanza is only one of several reading applications accessible to iPhone users (owners can also download Kindle and Google books, among others), which suggests even more iPhone users are reading on their phones. But most e-book reading still occurs on laptops or desktops, according to the recent Bowker survey, which found 48 percent of all e-book purchases are for PCs. The survey found the Kindle came in second at 22 percent, followed by the iPhone at 10 percent.

But how many people want to read a book on a tiny screen? When Lexcycle CEO Neelan Choksi is confronted with that question, he retorts, "Aren't you the same person who read 50 e-mails on your BlackBerry yesterday?" And some users say they find the crisp iPhone screen with its ability to choose 125 background colors easier to read than the gray and black Kindle.

Most people will go back home to get it if they've forgotten their cell phone, not so likely with a Kindle, Choksi points out. "If you're 30 or under, you're used to reading blogs and Facebook on your cell phone already."

The ultimate reader, Choksi thinks, will have to be "something with the convenience of the iPhone." (Unique uses reported in Stanza's customer survey included in the bathroom at work

and on a submarine.) "It has to have color and be multifunctional; it will have to have video." All the content you get on your PC, not just books, will have to be available through it, Choksi believes.

Mary Klement, a San Diego engineer who travels frequently, has 150 books loaded onto her iPod Touch, which she also uses to watch her favorite HBO series while flying and to check e-mail. She likes the convenience of always having a "book" with her that's easy to hold in her palm while waiting at the airport baggage claim. She can download books anywhere in the world where there's a wireless Internet connection — an advantage over the Kindle, which only works over Sprint's U.S. cell phone network.

With so much activity, e-books are "getting closer to a tipping point" for market success, says Smith at the International Digital Publishing Forum.

E-book retail sales last year increased 68 percent over 2007 to an estimated total of $107 million, according to the organization. (*See graph, p. 476.*) But that doesn't include some of the largest publishers that have been reporting triple-digit growth, according to Smith. Nor does it include library or higher-education sales, sectors that both boast twice the electronic sales of trade publishers. Meanwhile, Overdrive, a leading seller of e-books to libraries, logged 10 million downloads in 2008.

In addition, e-books' fourth-quarter sales doubled last year over the same period in 2007, Smith pointed out, and this January sales jumped 174 percent over the first month of last year. Penguin announced its e-book sales jumped 500 percent in 2008 over the previous year, although e-book sales are still less than 1 percent of total revenue. [55] Random House and Simon & Schuster also expected e-book revenue to at least double. [56]

"I don't think the traditional print book will be replaced, but I do expect reading habits of the younger generation will change," says Smith. "My 9-year-old gets in the car and wants the Sony Reader all the time; she reads her *Nancy Drew* titles on it."

Appealing to Youths

Publishers are enticing young readers using combinations of Web content and books. For instance, Scholastic's *The 39 Clues* — aimed at 9-12-year-olds — combines online game playing and card collecting with a series of traditional books; its first one, *Maze of Bones*, became a best-seller. [57]

Penguin's children's division ran a month-long giveaway of Johan Flanagan's *The Ruins of Gorlan*, which included posting downloadable e-books on Scribd.com (a YouTube for books); in the first two weeks, 20,000 people downloaded the book. [58]

Just this winter, HarperCollins started releasing e-book versions along with its new print titles for children in six e-book formats including Kindle and Sony Reader. [59] The top three novels downloaded from libraries last year were from Stephenie Meyer's popular teen vampire *Twilight* series, according to library distributor Overdrive. [60]

Aiming for the millions of Nintendo DS machines in British children's hands, HarperCollins launched its *100 Classic Book Collection* in December, making 100 classics from *Romeo and Juliet* to *Treasure Island* readable on the portable devices. The publisher has sold 200,000 copies of the collection, which can also play appropriate background music for about $23 extra. [61]

In February, Sourcebooks became the first major print publisher to release a digitally enhanced picture book. Readers of Laura Duksta's *I Love You More* can hear the voice of the mother and the son as they read along. [62]

The market position of e-books could be improved by the adoption last year of a uniform standard for e-books known as .epub, developed by Smith's organization. Usable on a variety of platforms, it saves publishers the cost of producing digital files in several different formats.

Some publishers see a big digital future. HarperCollins CEO Victoria Barnsley has estimated that "within 10 years more than half our sales will come from digital downloads." [63]

Last October, *Newsweek* announced it would publish four books about the presidential and vice presidential candidates, available only electronically on the Kindle. [64]

In March, the University of Michigan Press announced that it will shift its scholarly publishing from a primarily print operation to digital-only editions, although

readers will be able to produce printed versions with print-on-demand systems.

"Why try to remain in a territory you know is doomed? Scholarly presses will be primarily digital in a decade," said press director Phil Pochoda. Other university presses, including Penn State, are moving to digital-only for some books. [65]

Settlement Fallout

As a result of the Google Book Search settlement, up to 10 million out-of-print books where copyright holders can't be located could now be the exclusive province of Google to scan and commercially exploit, according to Internet Archive founder Kahle's estimate.

A variety of groups are planning to file comments in court raising concerns over the settlement, including the Internet Archive, the Institute of Information Law and Policy at New York Law School (which has financing from Microsoft), the American Library Association and the Association of Research Libraries. [66]

At the end of April, *The New York Times* reported that the Justice Department was launching an inquiry into the antitrust implications of Google's settlement and was talking with groups opposed to the settlement, including the Internet Archive and Consumer Watchdog. That same month, Judge Denny Chin of U.S. District Court in New York, who is overseeing the settlement, postponed until Sept. 4 the deadline for parties to file briefs opposing the settlement and for authors to opt out of it. The court's hearing to decide whether to accept the settlement and to consider objections was also postponed, to Oct. 7, 2009. [67]

Under the settlement, revenue generated from subscriptions and advertising on Google search pages will be split — with 37 percent going to Google

At Issue:

Will the Google book settlement expand access to digital books?

DAN CLANCY
GOOGLE ENGINEERING DIRECTOR

WRITTEN FOR *CQ RESEARCHER*, MAY 26, 2009

Six years ago, Google embarked on a massive project to digitize millions of books to make them as searchable as Web pages. Today, as a result, anyone in the U.S. can search across the entire texts of more than 10 million books for free, simply by visiting Google Book Search. People can read and download 1.5 million public-domain books in their entirety, from the works of William Shakespeare to Benjamin Franklin.

Until now, though, we've only been able to show our users a few snippets of text for millions of in-copyright books we've scanned. Since most of these books are out of print, to actually read them you have to hunt them down at a library or a used bookstore. And if the only known copy is on the other side of the country — you're out of luck.

If approved by the court, our groundbreaking agreement with a broad class of authors and publishers stands to open access to millions of such books in the U.S. By unlocking access to these books, anyone, any place in the country will be able to benefit from the wealth of knowledge contained in our nation's most renowned libraries.

Users will be able to preview millions of works online from anywhere in the U.S. If they want to read the whole thing, they'll be able to go down to the public library to use a computer station with access to the whole book for free. And if they want a copy for themselves, they'll be able to purchase access to an electronic copy of the book. Meanwhile, schools around the country can obtain an institutional subscription to give their students access to most books that we've scanned.

Our non-exclusive agreement requires that these new services be priced for "broad access," which means they must be affordable enough to allow universities and libraries across the country to take advantage of them. Partners like the University of Michigan will be able to review the prices of all institutional subscriptions and challenge them through arbitration if they believe they're too high.

What's more, the settlement creates an independent, not-for-profit Book Rights Registry run by authors and publishers that can work with others (including Google's competitors) to build alternative or even competing digitization services.

Just because the University of Michigan — one of Google's many partners — isn't down the road or around the corner doesn't mean people around the country should be denied access to its library. As the discussion continues, it's important to understand what readers stand to gain.

BREWSTER KAHLE
FOUNDER AND DIGITAL LIBRARIAN, INTERNET ARCHIVE

WRITTEN FOR *CQ RESEARCHER*, MAY 26, 2009

in the short term, the settlement negotiated between Google, the Authors Guild and the Association of American Publishers will certainly expand access to digital books. Google's 7 million books (and counting) is an important addition to the recent flood of digitized books. In the medium and long terms, however, the settlement will stall and stifle the exciting future of digital books by granting a single entity too much power and control.

If the settlement is approved, the outcome will be not one but two court-sanctioned monopolies. First, Google will be the only organization with an explicit license to scan and sell access to in-copyright but out-of-print books, which make up the majority of books published in the 20th century. The settlement also creates a new entity, called the Book Rights Registry (essentially, a monopoly), which, in conjunction with Google, will set prices for all commercial terms associated with those digital books.

We need to learn from our experiences with other companies that have come to dominate different types of digital content: Lexis-Nexis and Westlaw in law publishing and Elsevier with academic journals. Each aggressively pursued acquisitions and digitization to gain a strong position, while enjoying enthusiastic support from libraries and universities. It was difficult for them to see the future effects of allowing companies to gain dominance in a market: Elsevier grabbed control of academic journal publishing by aggregating journals and selling them in bundles to libraries — progressively raising subscription prices. Similarly, Lexis-Nexis and Westlaw left no real alternatives for accessing law materials.

The publishing and distribution of digital books could face the same danger.

But there are alternatives to Google. Hundreds of libraries, publishers and technology firms are already digitizing millions of books, with the goal of creating an open, freely accessible system.

If Google is allowed to create a monopoly on access to a large segment of digitized books, the entire publishing environment will weaken. Publishers will see their opportunities for selling limited. Authors will suffer as one company's Web site increasingly dictates who an author's readers will be. And readers, who for generations have seen their lives enriched by a diverse world of book publishing and libraries, will also suffer.

As controlling entities turn from innovation and competition to defending their dominant positions, access to digital books will suffer. Google might get richer, but society will become much poorer.

and 63 percent going to authors and publishers. Some of the settlement money will go to establish a Book Rights Registry to administer the system and ensure that authors and publishers get paid.

"The court needs to supervise the registry in its interactions with Google very carefully to make sure that the monopoly the settlement creates does not abuse its power," says attorney Band, who represents the library associations.

Legislation passed by the U.S. Senate last year (but not by the House) would have limited the copyright infringement liability for libraries or companies wishing to scan or otherwise use "orphan" books. [68] At press time, no new orphan-works bill had been introduced in this congressional session.

Google's Clancy notes that his company supports even stronger orphan-works legislation than the Senate measure and that Google's efforts to identify rights holders under the settlement could actually help clarify which books still have identifiable copyright holders. But most observers agree the settlement takes the wind out of the sails of new legislative efforts — at least for books covered by the settlement.

Bypassing Publishers

On May 18, Scribd, the popular Web site that bills itself the YouTube of writing, launched an on-line vanity press and bookstore that allows anyone to upload and sell their own work. Although other companies offer digital self-publishing, the announcement received a lot of

Scribd, the popular Web site that bills itself the YouTube of writing, launched an online vanity press and bookstore on May 18 that allows anyone to upload and sell their own work. The announcement received heavy media attention because Scribd claims 60 million users a month, and its audience has been doubling every six months.

media attention because Scribd claims 60 million users a month, and its audience has been doubling every six months. [69]

Several authors (none famous) announced they would be publishing their new books for the first time in digital form and selling them on the site for only $2 but would still make more money than going the conventional publishing route. Scribd allows authors or publishers to set the price and keep 80 percent of the revenue. (Mainstream publishers pay authors royalties of 15 percent or less.)

"As more and more authors become bloggers, individuals now can market their own books in a way they never could before," says Choksi of Lexcycle, which added a self-publishing company, Smashwords, to its Stanza iPhone application earlier this year. Admittedly, he notes, many of these books are amateurish affairs like family genealogies, which might only attract a few buyers who know the author personally.

However, one sure-fire big seller went the self-publishing route to get a bigger cut of the revenues. Amy Fisher's 2004 memoir about shooting her lover's wife when she was 17, *If I Knew Then . . .*, was published as a print-on-demand book by self-publisher iUniverse and appeared briefly on *The New York Times* best-seller list. [70]
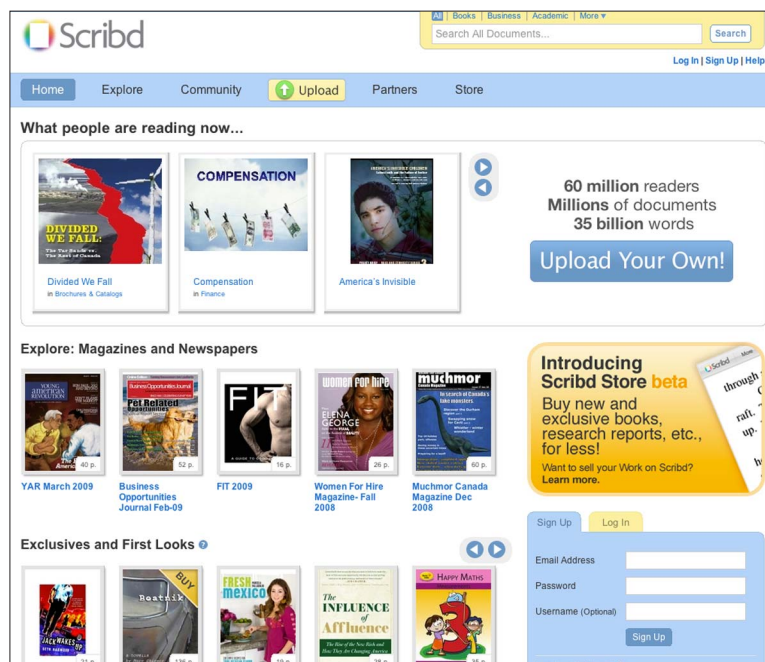
Some publishers fear that kind of authorial entrepreneurship could cut into their business. But so far, successful writers have, for the most part, continued to seek out name-brand publishers.

In addition to its vanity press, Scribd is trying to position itself as a potential rival to Amazon by offering books for sale that can be read on any device, unlike Amazon's Kindle, and hopes to carry the full digital catalog of books from publishing partners like Random House. [71]

Scribd claims to offer publishers an advantage over Kindle, which sets the price and keeps the majority of revenue on some titles. Some publishers are worried that Amazon is gaining too much market power and may start squeezing publishers' revenue even more — especially if it continues to price bestsellers as low as $9.99. [72]

In a move reminiscent of iTunes, which sold one song at a time for $1, Scribd will now sell a chapter or two of a travel guide for as little as $3,

under arrangements with publishers like Lonely Planet. [73]

Meanwhile, the National Endowment for the Arts (NEA) reported in January that for the first time since 1982, the number of adults who said they had read a novel, short story, poem or play in the past 12 months had risen — from 47 percent of the population in 2002 to more than 50 percent in 2008. [74]

While one expert called the rise "just a blip," others cited a 24-percent rise among young men ages 18-24. [75] The survey questions did not distinguish between online and print reading.

Former NEA chairman Dana Gioia called the rise at least partly a reaction to earlier reports of a reading crisis. "Reading has become a higher priority," he said. [76] Still, 22 percent of Americans did not read a book last year because they couldn't — one of the worst illiteracy rates among wealthy countries. ∎

OUTLOOK

The iPod of Books?

Books may be changing, but in a direction that appeals to many different audiences — from the computer-linked to the print loyalists.

For years, publishers have said, "We're looking for the iPod for books" — the universal device that makes it easy to load and read books whenever and wherever you want.

Have we found it with the iPhone, Kindle or Sony Reader? Probably not yet. Some think the next generation will be a lightweight electronic reader — offering the advantages of a large-format screen, which can display the front page of a newspaper or a complicated nautical chart, with the convenience of a gadget that can be folded up.

The Plastic Logic Reader, which almost fits that description (it's bendable and is thinner than a pad of paper but can't be folded up and put in your pocket), is to be introduced in pilots later this year and will be widely available by early next year.

Amazon's new, large-format Kindle DX appears to be targeting the same market — business travelers — since it also permits wireless exchange of documents. It's not clear Amazon's other target audience, student textbook readers, will be enticed by a device costing close to $500. Major textbook publisher Pearson Education reports about 25 percent of its sales are digital — with most of them read on laptops. [77]

Amazon's April release of the DX seemed timed to beat not only Plastic Logic but also other devices whose announcement is expected imminently from Apple, Palm and possibly Murdoch's News Corp. Sony's expected release of a wireless version of its Reader will likely intensify competition. [78]

Some are skeptical of all the devices and think print is still the perfect technology. "I don't think there will ever be an iPod moment" with the book, says Lightning Source's Taylor. Instead, he sees print-on-demand exploding in the next few years as publishers try to cut costs in a tough economic climate. Marketing researcher Interquest projects annual growth of 15-20 percent over the next three years for the digital-printing market because of new ink-jet technology that will make somewhat longer press runs more economical.

Smaller on-site computer printers, like the Espresso, could make it possible to print out books almost anywhere — whether in bookstores, rural African outposts or on ships at sea.

It's still unclear how big an e-book audience will emerge. Ironically, if electronic devices come down in price, some think they could have a bigger market in the underdeveloped world, which has little publishing infrastructure

but is quickly installing cell phone networks, the method for purchasing and downloading books on the Kindle.

Publishers must also decide whether to continue to exercise so-called digital rights management (DRM) over e-books, aimed at preventing piracy and free sharing of files. (*See sidebar, p. 479.*)

Some see protective encoding as an impediment to further adoption of digital books because it locks in each e-book to a proprietary format and limits the variety of devices on which it can be read. "It's as if you had a DVD you can't play on your laptop or on a friend's DVD player," says Lexcyle's Choksi. "I think e-books as an industry would do so much better if DRM were used only for encryption and for managing the rights the publishers want managed."

Most authors and publishers can be expected to stand by DRM as the only bulwark protecting their copyright and income.

Eventually, piracy could become irrelevant if publishers turn to storing e-books "in the cloud" — i.e. in cyberspace like Google Mail, with a user password to gain access. "In the long run we won't need DRM," predicts Idea Logical CEO Shatzkin, because, "We'll stop having hard drives; everything will be on the Internet."

Research libraries are running to catch up with all the online activity. Already, some scholarly journals have been migrating to electronic-only versions, and many libraries are canceling their print-version subscriptions in favor of electronic versions. Some think books will follow suit.

Much like Wikipedia, the sciences are being revolutionized by the ability to share scholarly papers online without waiting for peer-reviewed publication. "We know scholars are depositing and sharing their work way outside the traditional scholarly framework" of publication, says Columbia University chief librarian James Neal. "Our challenge is how

do we get in there, capture and preserve that stuff?"

Paradoxically, digitization is preserving many printed books that are now too brittle to be handled. The Library of Congress has digitized some 29,000 books, going back to the early 19th century, which can be viewed on the Internet Archive Web site. Some are so fragile they will be sent to a climate-controlled vault at Fort Meade, in Maryland.

"So for all intents and purposes they will never be handled again," says Mike Handy, who supervises the digitization effort at the library.

Amidst all this activity, the U.S. print-book market will probably continue to hover at about 3 billion sales per year.

"It's a flat market because there's a lot of competition from electronic media," says Gilles Biscos, president of Interquest, a market research company in Charlottesville, Va. "People have other things to do than read books, and they spend a great deal of time on the Internet reading screens."

That's where both the opportunity and the challenge lie for the future of books. ∎

Notes

[1] Whispersync permits Kindle owners to access their library of previously purchased books at no additional cost and to pick up where they left off through automatic bookmarks.
[2] The screen displays ink particles electronically to create a reading experience much closer to printed paper than most computer displays.

About the Author

Sarah Glazer, a London-based freelancer, is a regular contributor to the *CQ Researcher*. Her articles on publishing, health and social-policy issues have appeared in *The New York Times*, *The Washington Post* and *Gender and Work*, a book of essays. Her most recent *CQ Researcher* report was "Declining Birthrates." She graduated from the University of Chicago with a B.A. in American history.

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[4] Miguel Helft, "Google and Amazon to Put More Books on Cellphones," *The New York Times*, Feb. 6, 2009, www.nytimes.com.
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[6] www.wetellstories.co.uk.
[7] www.songsofimaginationanddigitisation.net.
[8] Motoko Rich, "Print Book are Target of Pirates on the Web," *The New York Times*, May 12, 2009, www.nytimes.com.
[9] *Ibid.*
[10] Miguel Helft and Motoko Rich, "Google Settles Suit over Book-Scanning," *The New York Times*, Oct. 29, 2008.
[11] The formula only applies to books for which the rights holder has not set a price. The purchaser gets perpetual online access to the book.
[12] Robert Darnton, "Google & the Future of Books," *The New York Review of Books*, Feb. 12, 2009, www.nybooks.com.
[13] *Ibid.*
[14] Miguel Helft, "Libraries Ask Google to Monitor Google Books Settlement," *The New York Times*, May 4, 2009, www.googlebook settlement.com.
[15] K-12 users will still be able to view up to 20 percent of a book's content, as part of the free search function, as will all other users in the United States. For background, see Kathy Koch, "The Digital Divide," *CQ Researcher*, Jan. 28, 2000, pp. 41-64.
[16] Google is obligated to reveal only 85 percent of the books it has scanned into the database, under the agreement.
[17] The association announced on Feb. 27 that Schroeder would step down as president on May 1, www.publishers.org.

[18] Paul Courant, "Google, Robert Darnton, and the Digital Republic of Letters," *Au Courant*, (Paul Courant's blog), http://paulcourant.net.
[19] See www.futureofthebook.org/blog/archives/2008/09/a_unified_field_theory_of_publ_1.html.
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[27] *Ibid.*
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[34] Pearson, *op. cit.*, p. 65.
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Future of Books

Here are key events, legislation and court rulings since publication of the CQ Researcher *report by Sarah Glazer, "Future of Books," May 29, 2009.*

Amazon CEO Jeff Bezos unveils the $489 Kindle DX, a large-screen version of Amazon's popular Kindle electronic reader.

AFP/Getty Images/Emmanuel Dunand

The publishing world marked a milestone in July 2010 when word shot 'round the exploding array of digital news-reading gadgets that e-books — for the first time ever — had outsold hardcover books on Amazon.com. And though the 600,000 books now available electronically represent only a fraction of the online giant's total book offerings, the news led Amazon founder Jeff Bezos to predict that e-books sold for reading on the company's Kindle would overtake paperback sales within 12 months. [79]
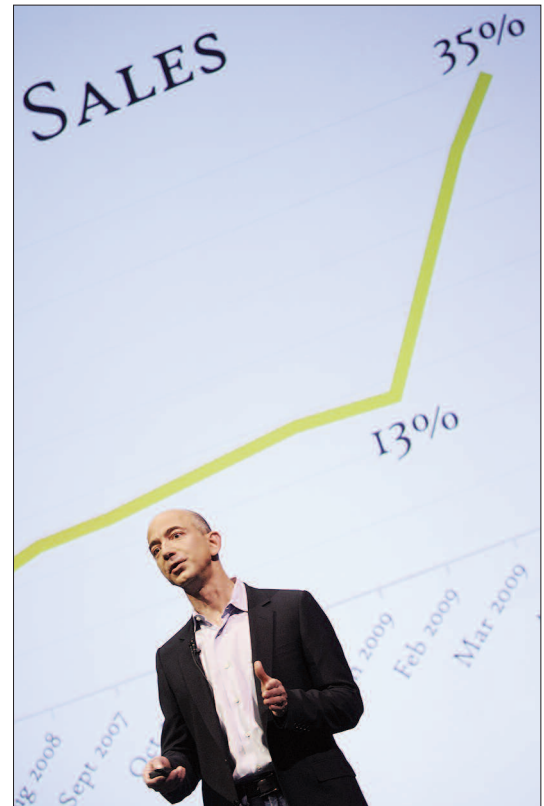
In fact, the sales figures released in July looked good for the entire publishing industry. Book purchases were up an encouraging 11.6 percent over the previous year, while trade e-book sales shot up from less than 3 percent of the total market a year earlier to 8.48 percent. [80]

Despite the impressive rise in e-books' market share, some observers doubt that traditional book publishing veterans are adapting quickly enough to the consumer demand sparked by the e-revolution. "Right now, the industry is flush with cash because people are buying digital versions of books from Amazon or Apple," says Dan Visel, a researcher at the Brooklyn-based Institute for the Future of the Book. But "this is likely to prove with time to be similar to the music industry's introduction of the eight-track or the cassette tape, providing, essentially, a new way for consumers to buy the same content. It will provide money in the short term, but I don't think it's sustainable."

A chief concern, Visel says, is the likely rise in publishing piracy once a larger portion of the books being published become available as easily copyable electronic books. "The public is also going to start to wonder why Apple or Amazon has arbitrarily decided that they should pay $10 [per book] for something that isn't really costing Apple or Amazon very much money," he adds. "The consumer isn't getting anything besides digital bits."

The industry deserves credit for catching up and "conquering the first frontier," which is getting printed books converted to the computer screen, says Mike Shatzkin, CEO of Idea Logical, a digital publishing consulting firm in New York. But to expand e-books from "Ohio and Indiana through the Rocky Mountains to the Pacific," he says, the industry will have to get past two major obstacles that most book lovers know little about.

The first involves "finding a commonly sensible answer to the relationship between costs and consumer demand," Shatzkin says. There is a "wide range" of concepts about what an e-book could be, other than just a book on a screen enhanced by some new "apps" and "perhaps some video." He

The millions of Americans now buying Apple's iPhone and iPad (shown above) are in many cases also buying Stanza, the book-reader software developed by Seattle-based Lexcycle, which was acquired by Amazon.com in April 2009.

cites as an example *The Girl With the Dragon Tattoo* and other murder mystery blockbusters by the late Swedish journalist Stieg Larsson. "I wish I could click on some of his Swedish proper names and learn what some of those references mean," Shatzkin says.

`The second challenge involves the setting at which book shoppers go to browse. "We're still working on the analog of the physical store: Barnes and Noble, Borders, and Amazon are all trying to be superstores, where you go to the section on, say, history," Shatzkin says. "But the presentation of choices is clunkier in a digital environment." He predicts that future book buyers will likely go on Websites organized by communities in a given field rather than to bookstores offering all e-books in the

same place. "It will take a combination of curation and presentation to rebuild the new subject infrastructure that is connected to a community," he says.

Nonetheless, e-books, which retail for less than half the cost of hardcover books, are making their presence felt. Barnes and Noble, the nation's biggest bookseller, was recently put up for sale, and its board linked the rise of the e-book to the company's slumping sales and customer traffic. Though the chain has marketed its own electronic reader, called the Nook, it is considering expanding into more sales of toys and games. [81]

Meanwhile, the digital revolution continues to smash the longstanding barriers to aspiring authors seeking audiences for their work without benefit of agents, editors or professional marketers.

Efforts at standardizing e-books to maximize interoperability between different readers and software programs were advanced in August, when the International Digital Publishing Forum, a Toronto-based trade group, announced the launch of a program to implement standard specifications for e-publishing (EPUB). "As EPUB is rapidly gaining momentum, it's great to see such wide industry interest in performing the technical work to keep [up] the . . . standards that make EPUB error-free and modern," said Garth Conboy, vice chair of the EPUB Standards Maintenance Working Group. [82]

Also in August, Bowker, the longtime industry compiler of bibliographic information that administers the ISBN catalog numbers used in books, announced that it had created a new Internet-based manuscript-submission service. Bowker says it will bring "authors, publishers and agents together in an efficient online system, where authors present their book proposals to the leading publishers in the industry from one central location, and acquisition editors apply e-tools that allow them to sort through them and zero in on the ideas they find most interesting." [83]

In May, Bowker announced it had teamed up with Google to establish a system to facilitate consistent ISBN numbers to identify, catalog and publicize the e-books to be published as Google Editions, many of which are classics or out-of-print books that the search-engine powerhouse has been scanning and acquiring rights for.

"Publishers, digital intermediaries and their trading partners continue to deal with an increasing array of e-book formats with specific features, attributes or restrictions," said Brian Green, executive director of the International ISBN Agency. "It makes the assignment of separate ISBNs to each format even more important for ensuring that the e-book ordered is the correct one for the user's device or software platform." [84]

Chronology

2009

July 13, 2009 — After one year on the market, Apple-based e-book reader Stanza tops 4 million downloads.

2010

Feb. 18, 2010 — District Court in New York conducts hearing on proposed amended Google Book Settlement with authors and publishers on book copyright ownership.

July 19, 2010 — Amazon reports e-book sales surpass those of hardcovers. . . . Amazon makes deal with the Wylie Agency to publish e-book versions of 20th-century American classics.

August-September 2010 — Court decision expected in Google Book Settlement. . . . Wylie largely abandons its e-books deal with Amazon in favor of new agreement with Random House.

Not that putting ink on paper is disappearing. Indeed, digital technology has made old-fashioned publishing more economical. For one thing, near-instant printing of small quantities of books based on advance orders avoids the expense of warehousing. Interquest Ltd., a Charlottesville, Va.-based research and consulting firm, predicts that digital book manufacturing over the next five years will grow 15-20 percent in volume. [85]

Whether the exponential growth of equal-access publishing has harmed the quality and reliability of published literature is another evolving question. Wikipedia, which in its early years was regarded skeptically by journalists, scholars, and makers of traditional encyclopedias, is now armed with fact-checking editors. The free site now offers an astonishing 3.4 million entries in English, according to its Website, many of them on topics that simply aren't covered by *Britannica* or *Compton*'s.

But are discerning readers well-served by an overabundance of books? "There's certainly more bad writing that can be bought now than at any time in the past, but that's a function of volume rather than necessarily a lack of good writing," says Visel.

"The volume, however, does increase the chances that good writing will not receive the attention it deserves. Assuming a constant number of readers, which may well be incorrect," he adds, "the amount of attention given on average to each book has gone down; concurrent with this has been the decline of the print book-reviewing establishment. Given this, it's entirely possible that any number of masterpieces have been published and aren't receiving any attention, and the average reader is increasingly adrift in trying to figure out what to read."

Perhaps the most disgruntled players in the transformed world of publishing are the mid-list authors wary of domination of the process by Amazon.com, Google and Apple. The millions of Americans now buying Apple's iPhone and iPad are in many cases also buying Stanza, the book-reader software developed by Seattle-based Lexcycle, which was acquired by Amazon.com in April 2009. It's a sign to some that yesterday's economic model for New York-based elite publishing has collapsed, presenting both threats and opportunities as the definition of a publisher broadens.

Another sign of the times came in February 2010, when the U.S. District Court for the Southern District of New York held a hearing on the pending court verdict on what is known as the Google Book Settlement. Supporters of the proposed deal included University of Michigan library science Professor Paul Courant, who argued that Google's plan to scan books is one solution to an age-old problem: To read and study many important but rare books, researchers and scholars must travel to read them. "Broad social progress depends on being able to find, use and reuse the scholarly record," Courant told the court.

Opponents of the settlement, who outnumbered supporters, warned of a Google monopoly. William Cavanaugh, an assistant U.S. attorney general, said the publishers and the Authors Guild lacked the right to enable a third party such as Google to use authors' works without their permission. The settlement "has the effect of rewriting contracts," he said. [86]

Meanwhile, in July Amazon cut a short-lived deal with the Wylie Agency's new publishing arm to publish e-book versions of numerous 20th-century American classics whose print copyright (but not electronic rights) are

owned by other publishers. Before the deal fell apart in late August, it drew a mixed reaction from the Authors Guild, which is also a party in the suit against Google. It applauded the move to permit established authors and their families to craft new deals for electronic rights, given that such technology didn't exist when the original contracts were signed. [87]

But the guild also warned that "when an agency acts as publisher, serious potential conflicts of interest immediately come to mind. . . . And Amazon's power in the book publishing industry grows daily." [88]

However, Wylie announced on Aug. 24 that it was largely abandoning the agreement with Amazon in favor of Bertelsmann's Random House, which had challenged Amazon's right to sell some 13 titles in digital form. [89]

— Charles S. Clark

Notes

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