LIVRES CANADA BOOKS®

Selling Canadian Books in Australia

A Guide for Canadian Publishers

3rd Edition

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Introduction

This guide updates the 2nd edition of *Selling Canadian Books in Australia* published by Livres Canada Books in 2013.

While assuming little to no knowledge of the Australian book industry and only passing knowledge of the country itself, its intention is to provide sufficient information not only to give Canadian publishers a feel for the opportunities available to sell or licence their titles in Australia, but also to build closer relations with a country and a book industry that have much in common with Canada.

In preparing this 3rd edition, the focus is on the latest available book sales information, especially for the trade/general sector. It not only revisits the various Australian government and industry reports canvassed in the earlier editions, but, more importantly, the impact their recommendations — and those of more recent reports — are having on the local book market.

These reports, each intended to assist the development of a rational national book policy, include but are not limited to the Australian Productivity Commission's Intellectual Property Arrangements Final Report (2016), the Australian Book Industry: Authors, Publishers and Readers in a Time of Change (2015), the recommendations and government response to the Book Industry Strategy Group (BISG), the blueprint for industry reforms set out in the report of the Book Industry Collaborative Council (BICC), the much discussed but eventually stillborn Book Industry Council (2015), the trade and education case studies in Disruption and Innovation in the Australian Book Industry (2016), and the exhaustive Australian Book Readers: Survey Method and Results released earlier this year. All the reports are available as PDFs.

The industry, having recovered from the effects of the global financial crisis and the uncertainty surrounding the impact eBooks would have on the traditional market, finds itself troubled once again. At the time of writing, it is not only dealing with increased international competition from online retailers and the pending arrival of local distribution by Amazon,[1] but also is once again resisting the push for changes to the Copyright Act, including recommendations that broad "fair use" exceptions be adopted (exemptions that have impacted so heavily on Canadian educational publishing), and that parallel importation provisions be repealed to create an "open market."[2]

1 Amazon's Australian Kindle store was launched in November 2013. It has now confirmed that its first distribution centre will be located in Melbourne and it expects to purchase stock from Australian suppliers at a discount of 55% off the recommended retail plus an additional 5% for its marketing fund.

2 In late August, the government responded to the recommendations of the Productivity Commission by indicating it supported, "in principle," the recommendation to repeal parallel import restrictions, but that it declined to support the introduction of a fair use exception, and that "in 2018 it will consult on developing more flexible copyright exceptions with the industry and consumers" (Australian Copyright Council Bulletin, 25 August 2017). Essentially, the matter remains unresolved.

That said, there are ample opportunities for Canadian publishers and agents to develop strong links with the Australian market, especially at international book fairs where the trade market is well represented either via the Australian Publishers Association joint stand or on corporate stands. To quote Ron Eckel from Cooke International, which has developed strong links with Australia, "…it may take several meetings for an agent or rights person to get to know Australian publishers and their lists, but it is time well spent as those relationships will result in business."[3]

[3] Email exchange with Ron Eckel, August 2017.

Overview of the Australian Book Market

With a growing population now of 24.5 million, Australia enjoys a respected global reputation. Amongst the world's leading economies and recession free for over 25 years, it is a politically stable, free market democracy with year-on-year economic growth in 2016 of 2.4%, inflation of 1.5%, and average weekly earnings of $1164.[4] While consumer confidence is declining somewhat, mainly as unemployment (currently 5.4%), underemployment, and inequality rise, living standards and well-being are generally considered amongst the highest in the world.[5]

Market Size and Representation

Australian publishers are represented by two organizations — the larger and longer established Australian Publishers Association (APA) and the Small Press Network (SPN). As well as representing all the major trade, education, journal, and digital publishers, the APA undertakes extensive lobbying, research, and advocacy for the industry. It also provides its members with access to *TitlePage*, which provides, free of charge, current price, availability, and stock information for pBooks and eBooks from more than 140 publishers and distributors to 3000 booksellers and librarians. Publisher and distributor members of the APA can become part of *TitlePage* by paying a low-cost annual subscription based on their turnover and the number of titles they wish to list. A searchable list of publisher members (children's, scholarly and journals, schools, tertiary and professional, and trade) is available on the APA's website.

The alternative trade association, the Small Press Network, is mainly concerned with assisting new and emerging publishers to develop their businesses, especially through its industry advice and its annual Independent Publishing Conference (IPC), the only publishing conference held in Australia.[6]

Based on APA business statistics for 2016,[7] all sectors of the book industry remain profitable, especially school and tertiary where margins have been increasing as overheads drop. Trade eBook sales[8] have plateaued at around 20% for adult books and 3% for children's/young adult titles, whereas eBooks now represent 14% of sales in the secondary school market with 34% of schools purchasing eBooks in 2015 compared to 28% in 2013.[9] Digital subscriptions — mainly from overseas suppliers — continue to

4 All currency in this report is in Australian dollars, which at the time of writing is roughly on par with the Canadian dollar.
5 Australian Bureau of Statistics (2017) and Reserve Bank of Australia national profile (2017).
6 Many publishers belong to both SPN and the APA, including significant independents such as Hardie Grant, Scribe, and Text.
7 Australian Publishers Association, control group statistics from 20 participating publishers (2016). Full results are restricted to participating publishers.
8 Part of Australian eBook revenue is received overseas with a commission paid to Australian companies.
9 Australian and New Zealand School Library Survey, 2015

dominate the tertiary sector. ePub is still the standard for eBook production with EPUB3 the specification most commonly used.

Sales of Australian print production (including co-editions) represented 36% of total revenue in the trade sector, 70% in the school sector, and 35% in the tertiary sector.

While return rates have been declining over the years, they are still around 15% for trade publishers (47% of returns are destroyed, rather than returned to stock), well above those for children's titles.

Table 1: Australian Publishing Industry, Revenue Sources 2016

	2016
Australian printed books	41.9%
Imported and agency[10] printed books	41.5%
eBook sales	5.4%
Distribution	3.0%
Other digital sales	2.9%
Reprographic and lending rights	2.6%
Digital related revenue	1.5%
Other revenue/rights	1.5%

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Publishing output

In 2016, 4247 different publishing entities in Australia produced 22,144 new titles (print and digital, all categories), a 10.8% increase over 2015's output, but a decline from the record 28,234 published in 2013 when so many backlist titles were converted and issued as eBooks. Of the 2016 output, 26 companies published over 100 titles, 91 produced 20–99 titles each, and 295 published 6–29 titles. At the other end of the scale, 1356 published between 2–5 titles and 2479 released only one title in the year, reflecting the growth of self- and new publishers.[11]

[10] Agency books are those sold and distributed by a publisher. In many cases a publisher may distribute but not sell titles for another business. These titles are not included in agency numbers.

[11] Data compiled by Thorpe-Bowker, the Australian ISBN agency. Includes all new books and new editions (whether in e or p format). Thorpe-Bowker is also the publisher of industry news publications including the bi-monthly *Books+Publishing* magazine, the *Weekly Book Newsletter* with daily updates, and the annual *Think Australian* overview released in time for the Frankfurt Book Fair. It also now produces a free monthly *Think Australian* newsletter about the local book industry aimed at an international audience of publishers, rights managers, scouts, literary agents, and film and TV agents.

Publishers

Major Trade Publishing

When measuring the market share of publishers, it is usual to include sales of their own and their exclusive third-party agency titles. On this measure, Hachette, Pan Macmillan, Allen & Unwin, Scholastic, Simon & Schuster, and NewSouth all increased their market shares in 2016. The result was that the Top 10 publisher/distributors and their agencies dominated the market with 77% market share between them.

Table 6: Top 10 Publisher and Agency Trade Market Share — All Subjects 2014–2016

	2016	2015	2014
Penguin/Random House + agencies[24]	23.9%	25.5%	27.0%
HarperCollins + agencies	10.5%	10.7%	11.0%
Hachette + agencies	10.3%	9.9%	10.4%
Pan Macmillan + agencies	8.7%	8.6%	7.6%
Allen & Unwin + agencies	8.3%	8.2%	7.3%
Scholastic + agencies	4.3%	3.8%	3.7%
Simon & Schuster + agencies	4.3%	3.8%	3.7%
Hardie Grant + agencies	3.6%	4.4%	4.6%
NewSouth + agencies	1.7%	1.5%	n/a
Harlequin Mills & Boon + agencies	1.7%	1.9%	1.6%

If market share were to be examined excluding third-party exclusive agencies, Hachette would replace HarperCollins as #2 and Bloomsbury would enter as #9.

[24] Penguin and Random House completed their merger in mid-2013. Though sales were reported separately in Australia until 2015 they are combined in this table for year-on-year comparisons. In 2014, Penguin had 16.9% market share and Random House had 10.1%. If agencies are excluded, the Top 10 publishers had 66% market share between them.

Appendices

Appendix 1: Selected Publishers

Major Trade Publishers

All categories
Penguin Random House Australia
HarperCollins Australia
Hachette Australia
Pan Macmillan Australia
Allen & Unwin
Simon & Schuster Australia

Non-Fiction
Hardie Grant
Wiley Australia

Children's/YA
Scholastic Australia
Hardie Grant
Hinkler Books
Bonnier Australia/Five Mile Press

Small to Medium Trade Publishers
NewSouth Books: All categories
Text Publishing: Literary fiction and non-fiction
Black Inc. Books: Fiction, non-fiction and poetry
Scribe Publications: Narrative and literary non-fiction
Affirm Press: Non-fiction and select list of fiction
Xoum: Fiction and non-fiction
Lake Press: Illustrated books primarily for children
Pascal Press: Educational resources, study guides

Education

K–12
Scholastic Australia
Jacaranda Press (John Wiley & Sons Australia)
Cambridge University Press
Cengage Learning Australia
Macmillan Education Australia

Appendix 2: Selected Booksellers

Avenue Bookstore

A three-store, Melbourne-based independent retailer of quality local and imported titles. Contact Chris Redfern, Managing Director at info@avenuebookstore.com.au.

Berkelouw Books

Inner-Sydney-based with nine other stores, the majority in NSW, Berkelouw specializes in new, second-hand, and antiquarian books. Contact via its email web adviser.

Big W

With over 180 stores nationwide, Big W claims to be the biggest discount bookseller in Australia dealing with mainly mass-market titles. Headquartered in Sydney where all buying is done.

Collins Booksellers

Wholly owned by its franchisees, Collins Booksellers operates 29 stores throughout the country. Head office is in Melbourne and can be contacted at headoffice@collinsbook.com.au.

Dymocks

With 65 franchise stores throughout Australia, Dymocks is the country's largest "traditional" bookstore chain. Head office is in Sydney.

Gleebooks

A leading independent in Sydney since the 1970s. With four branches, Gleebooks is noted for its range of new and second-hand titles and its literary events. Contact David Gaunt or Roger Mackill, joint owners, through the website.

Kinokuniya Sydney

Part of the worldwide Kinokuniya group, the Sydney bookstore carries an extensive range of Manga, graphic novels, art and design, cookbooks, travel books and children's literature. Email aus@kinokuniya.com for more information.

Mary Ryan

The five-store Mary Ryan franchise chain, operating mainly in southeast Queensland, is a specialist independent known for its knowledgeable staff and literary events. Contact Bill Concannon, CEO, at bill.concannon@maryryan.com.au.

QBD

Brisbane-based QBD now has 57 outlets throughout Australia. Contact via the website.