

2018 Book Publishing Predictions

Description



[Mark Coker](#), Contributor

Founder, Smashwords

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Clouds

1. 2018 will be another challenging year for the book industry – There's no way to sugar coat it so I won't. Book publishing is in a slow structural decline. Books are media. They're a bundle of paper or a bundle a digital bits and bytes that carry stories and knowledge. They entertain, inform and inspire. Now think about the competition for books. The answer to that is basically, "all media." Books are competing for consumers' ever-fragmented attention against other media forms for entertainment, escapism and knowledge-building. These media forms include social media, cable television, streaming media services like Netflix or Spotify, video games, YouTube, podcasts, print magazines, and anything else that occupies our attention.

2. The glut of high-quality low-cost ebooks will get worse – In the old days of print publishing, the number of books in circulation was artificially constrained by the production output of traditional publishers, and by the shelf space available at brick and mortar retailers. Since ebook retailer shelf space is virtually unlimited, ebooks need never go out of print. This means that every day from this day forward, there will be more books occupying virtual shelves and competing for a readership whose attention is increasingly fragmented across multiple media forms.

3. Barnes & Noble is sick and will get sicker – I love Barnes & Noble. They're our second-largest sales channel after Apple iBooks. The ebook team at B&N is excellent. But their ebook business is in trouble. It's shrinking every year, and that shrinkage makes it difficult for them to give the business the investment it requires. The company is further distracted by activist shareholders that are agitating for the company's sale. This will distract B&N from its main priority – it needs to refocus on becoming the best bookseller it can be.

4. Kobo's sales will falter – Kobo, an internationally-focused mid-sized ebook retailer, has been one of the strongest performers in the ebook space over the last four years. While other retailers slipped and lost market share, Kobo was the little engine that could. They were smart to get into the business of powering other retailer's ebook stores, and they forged positive partnerships with indie brick and mortar stores. Kobo has also had great success supporting indie authors, whose books now account for a sizable percentage of their store's sales. Yet I don't see how they'll be able to keep their

customers long term when they're competing against a retailer that has over 1 million indie ebooks locked up and inaccessible to Kobo's customers.

5. Devaluation pressures will persist – Publishing is on figurative fire but the industry doesn't see the smoke yet. Large publishers look at Kindle Unlimited and think, "not a threat to me, those books are all dreck." Yet Amazon's success with KU is placing considerable devaluation pressure on ebooks. Publishers should read Clayton Christiansen's *Innovators Dilemma*. A lot of those KU books are dreck, but KU has such a large critical mass of titles it offers an incredible value for consumers. There will always be a truly unlimited collection of 5-star books for readers to choose from, and for subscribers they feel like they're reading them for free. You can bet KU subscribers are purchasing fewer traditionally published books as a result.

6. Single-copy ebook sales will decline – If readers can derive more hours of reading pleasure per dollar at KU than they can from buying single-copy ebooks, then single-copy ebook sales will decline not just at Amazon but at every ebook retailer.

7. Romance authors will feel the most pain from KU – Romance readers are the most amazing readers. These are the readers that read a book a day. These readers will migrate to the unlimited reading of subscription services, for which KU is the only significant provider as of today.

8. Large traditional publishers will reduce commitment to romance – I'm hearing from large publishers that they're questioning their commitment to romance and are considering ceding that market to self-published authors. One told me, "There's no way we can build a business selling \$1.99 romance ebooks." I think it would be a mistake for publishers to do this, because romance authors are the early-movers in terms of trend-setting. Indie authors dominate romance ebooks, but the indies of other genres are coming on strong. Are publishers going to abandon sci-fi, fantasy, horror, mysteries and thrillers too? The large publishers should embrace romance, not abandon it.

9. Email list fatigue – One of the most powerful platform-building tools for indie authors is the private mailing list. A lot of indie authors will see their email lists shrink this year as readers attempt to retake control of their inboxes.

10. Pressure will build to drop author royalties – Indie authors celebrate their ability to earn 70% list on their ebooks, but this royalty rate will become increasingly untenable as Amazon's competitors fall by the wayside. It was Apple's entry into the market in 2010 that forced Amazon to raise royalties. Previously, Amazon paid authors only 35% list. With fewer viable retailers, Amazon's now in the driver's seat for author royalties. If they drop the payouts at KDP, other retailers will be forced to follow suit to keep their costs competitive.

Sunshine: 2018 won't be all doom and gloom. Let's look at some bright spots.

11. Audiobooks will be a big story in 2018 – Audiobooks were the fastest growing segment of the book industry last year, and I think this will continue in 2018. Audiobooks make books accessible to more readers by opening up new hours of the day for book consumption. You can enjoy audiobooks while you're doing other things, whereas reading text requires your full undivided attention.

12. Audible will face increased competition – At present, Amazon has a virtual monopoly on audiobooks through its Audible division. They've stripped authors and publishers of all pricing control and pay paltry royalty rates. I think 2018 will be the year authors and publishers begin to stand up and revolt. A key catalyst for this revolt could be Apple. Up until about a year ago, Apple was bound by an exclusive supplier arrangement to only sell audiobooks sourced by Audible. Now that that agreement is over, will Apple rise up and foster more competition? Even if Apple does nothing, other forces are organizing to take on Audible's hegemony over audiobooks.

13. Readers will still pay for books worth reading – One of the big takeaways from this year's Smashwords Survey was that we found our bestselling authors were able to increase prices without undermining unit sales. \$4.99 has joined \$2.99 and \$3.99 as pricing sweet spots. This tells me that authors who build devoted followings have pricing power. Their readers will follow them and stick with them as they move up from ultra-low prices to prices that are still really low. \$4.99 is a great deal for a great book! This also indicates that a lot of authors are probably selling themselves short by pricing too low, or by participating in a certain subscription service that only pays them 1/2 penny a page. [Episode 7](#) of my Smart Author podcast explores the 2017 Smashwords Survey.

14. New subscription services will be introduced – In 2017, Kobo made moves to launch its own ebook subscription service to compete against KU. Scribd has been doing subscriptions for a long time. At present, B&N and Apple don't offer subscription services. I think new subscription services are inevitable as retailers counter the threat posed by KU. The advent of more subscription services represents a potentially slippery slope. At present, Scribd is the only provider with an author-friendly model where the author is paid a percentage of their list price. But as we saw back in 2015 when [Scribd cut back on romance](#), over-consumption can break the subscription model if readers read too much. Amazon's response to this challenge, as was Kobo's response, was to pay authors out of a shared pool. In this way, the retailer could balance its subscription revenue against the expense of providing those books. I've never been a fan of such pool-based models because they strip pricing control away from the author and can contribute to devaluation. I'll have my eyes open in 2018 for author-friendly subscription services that can pay authors more than they're getting at Amazon but without the exclusivity restrictions.

15. Calls will grow in the US for antitrust action against Amazon – This was one of my long shot predictions from last year, and I'm bringing it back because I think it's becoming an inevitability. The US government so far has shown no inclination to restore fair competition to publishing. In fact, their bone-headed decision a couple years ago to charge publishers and Apple with pricing collusion only played into Amazon's anti-trust abuses. But now that Amazon is aggressively disrupting other industries, from grocery and consumer retail to healthcare and transportation, I've got to imagine that the CEOs of the largest most powerful publicly traded companies in the US are going to start directing their lobbyists in Washington, DC to pressure the feds to put some controls on Amazon. If the European Union can make some progress bringing these powerful platforms to heel, it might give DC the backbone it needs.

16. Indies will reassert control over platform – Many indies have grown frustrated over the last few years at Facebook. After indies devoted significant time and money to build their followings at Facebook, Facebook pulled a bait and switch and started charging authors to reach their friends and followers. More indies will take steps in 2018 to form a closer, more direct relationships with their readers because as indies are learning, if someone else controls your access to readers, they can tax that access or take it away.

17. Indie authors will take a closer look at podcasting to reach new readers – My limited experience of doing about a dozen episodes of the [Smart Author podcast](#) has opened my eyes to the power of this medium. I'm seeing greater opportunities for indie authors to use podcasting, just as they'll use audiobooks, to make their words more accessible to new audiences. If you visit Apple Podcasts and click to their Arts category, you'll find examples of the potential for these two media forms to come together. You've got authors who read their books (like Scott Siglar who's been doing it for years, ever since the Evo Terra's Podiobooks was around), authors who perform their own books, performers who perform public domain classics, and more.