

Building a Successful Publishing Company

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A Senior Thesis submitted in partial fulfillment  
of the requirements for graduation  
in the Honors Program  
Liberty University  
Spring 2014

Acceptance of Senior Honors Thesis

This Senior Honors Thesis is accepted in partial fulfillment of the requirements for graduation from the Honors Program of Liberty University.

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### Abstract

In the present book publishing industry, it is becoming increasingly difficult for traditional book publishing companies to compete and adapt due to the changing structure of the industry. By examining the history and industry of book publishing and lessons from Disney, TOMS Shoes, and the film industry, a feasible business strategy will be formulated for a book publishing company. Trends such as the rise in self-publishers and the balance between print books and eBooks are dramatically changing the industry environment, shifting the power towards authors more than ever before. Where once the only way to publish was through a traditional publishing company, authors now have many other choices. With lessons learned from Disney, TOMS Shoes, and the film industry, book publishing companies can formulate a feasible business strategy for branding itself towards its consumers. The key lessons are that a company must have a product that has a distinct quality, genre, and style, it must have a mission and vision that consumers can connect with, and it must be able to advertise and market its products and mission well. Matching the industry trends with the lessons learned, a book publishing company can thrive in today's book publishing industry.

## Building a Successful Publishing Company

For the past century, book publishing companies have been the primary source of stories, teachings, and general information. Ironically, in the present Information Age, it is becoming increasingly difficult for traditional publishing companies to adapt to the changing structure of book publishing due to factors such as the rise in self-publishing (Fidelman, 2013). To address the changing trends in the book publishing industry, many publishers may need to consider new approaches. The purpose of this thesis is to take lessons and examples from the book publishing industry and other industries and develop a feasible business strategy for a book publishing company in the current market. This thesis will be divided into three parts. Part One will examine the history and industry of book publishing; the focus of this section will be on the important industry trends. Part Two will branch out from the book publishing industry and find lessons and examples that can be converted and applied to a book publishing company. Finally, Part Three will take the trends, facts, lessons, and examples from Part One and Part Two and build a feasible strategy for a book publishing company.

### **Part One: History and Industry of Book Publishing**

Part One will deal with the history and industry of book publishing. More emphasis will be placed on the current industry trends rather than the history for the sake of developing a relevant business strategy.

#### **History**

Books have been used by mankind for millennia. Ancient civilizations used to write “books” on clay tablets. However, the modern book did not arrive until 1455 with the printing of the *Forty-Two Line Bible*, by Johannes Guttenberg (Keh, 1998). The

movable type printing press revolutionized the book trade. The movable type printing press played a critical role in giving almost every person the opportunity to own and read books.

The rise of the mass market for books did not occur until the late eighteenth-early nineteenth century (Keh, 1998). Eventually, the declining price of printing as well as the rise in literacy levels increased the demand for books. Some of the first publishing houses were ones such as Random House Inc. which was established in 1925 (Random House, 2014).

The book industry began its largest transformation during the 1960s. It was at this time that the first major acquisitions began to take place. Between 1960 and 1989, it is estimated that 573 mergers and acquisitions took place (Greco, 2005). This rate intensified from 1996 through 2001 with 380 reported mergers and acquisitions. All of these acquisitions were the building blocks of the large publishing houses that would become the dominant forces in traditional publishing: Hachette, HarperCollins, Macmillan, Penguin Random House and Simon & Schuster.

### **Industry Analysis**

While it is important to understand the foundation of the book publishing industry, it is vitally important for publishers, distributors, and authors to understand what is currently going on in the book publishing industry as well as where trends seem to be heading. Trends that will be discussed about the publishing industry are the overall growth, print books versus eBooks, Amazon's growth in influence, authors being brands more than publishers, the changing strategies to find quality work, and the rise of self-publishers.

**Overall growth.** According to Rochette from Standard and Poor's NetAdvantage (2013), "Total book trade (excluding education) experienced growth of 6.9% in 2012 to \$15.05 billion" (para. 19). Rochette also points out that, while there are a few large publishing houses that have a majority of market share, the book publishing industry is not highly concentrated. The fact that the book publishing industry is not highly concentrated makes it an attractive industry to pursue. There is little to no brand loyalty to one publishing company, giving a new publishing company a better chance to sell a sustainable number of book copies (Rochette, 2013).

The majority of book sales is still brick and mortar retail locations. However, the sales within retail locations continue to decline while internet sales rise rapidly. In 2012, retail locations fell 7.0% to \$7.47 billion while online sales grew 21.3% to \$6.93 billion (Rochette, 2013). If the trend continues, online sales will dominate the market within a few short years. This shrinkage in physical retail locations has many publishers worried. Bookstores have long been the key tool that publishers use to help their new titles and authors become discovered by readers. An article by Digital Book World (2014) suggests that with the decline in bookstores, authors are now the key in marketing books effectively. Publishers may need to learn from authors when it comes to new marketing strategies and use those strategies in their own company.

**Print book versus eBook.** Electronic books, or eBooks, have become a major component of the book industry. People enjoy the convenience of reading a book from their tablet or computer. This convenience is largely due to the fact that people can store all of their books on one device. The rising popularity of the eBook has reached the point where some have even said that print books will become obsolete (Herther, 2011). Many

have come to believe that digitization will eliminate the print book in the same way that digitization has essentially eliminated film cameras and paper maps (Carr, 2013).

Because of their growing influence, it is important to discuss the rising popularity of eBooks as a whole, and more specifically, what kinds of books are selling the best.

As a whole, sales of eBooks have been on the rise since they were introduced to the market. Herther (2011) wrote concerning the growth of eBooks, “In July 2010, Amazon announced that for every 100 hardcover books it sold, the company was selling 180 Kindle books” (para. 1). According to Rochette (2013), eBooks grew by a staggering 44% in 2012. However, Carr (2013) explained that although the growth rate of eBooks was still rising, it has slowed down significantly in the past year. According to García, (2012), the eBook does not present the threat to print books like many industry experts predicted. Instead, the eBook is forecasted to increase overall sales while not overly cannibalizing print book sales. According to Jones (2014), while the number of people reading eBooks has been rapidly rising, the number of people who read print books has not diminished. This phenomenon can be partly explained by how and when consumers read books. According to Greenfield (2012), when people are sitting and enjoying a book, they prefer a print book, but when they are busy, they prefer the convenience of eBooks. Based on these facts, it is apparent that eBooks have become a major part of the book industry, but they are currently seen by many as less of a substitute for print books and more of a complement.

While eBooks have experienced healthy growth, it is important to discuss where exactly eBooks are growing. Carr (2013) explained how “E-book purchases have skewed disproportionately toward fiction, with novels representing close to two-thirds of sales”

(para. 9). Edmund Lee (2012) revealed that the largest growth in eBooks in 2011 was in the children and young adult section, which grew by 12%. While growth in eBook purchasing is steady throughout the publishing industry, the most prominent growth is occurring in the children and young adult fiction section. García (2012) also mentioned that there is a promising market for textbooks in the future. However, Lee (2012) points out that while there has been significant growth in eBooks in these sections, print books still remain dominant.

**Amazon's growth in influence.** A factor that is nearly as important as the rise of eBook sales is Amazon's growing influence in the book publishing industry. The small, bookselling online retail store from Seattle, WA has grown to become the largest online retail store in the world. According to Greenfield (2014), the Amazon team has been aggressively seeking better deals from publishers, causing many publishers to consistently lose profit margins. Greenfield gave an example of when Amazon removed the "buy" button from all Macmillan titles in a standoff that the two companies were facing in 2010. According to García (2012), "Penguin Books currently offers discounts to customers visiting its online store in one effort to compete with the internet marketing giant" (para. 27).

Not only is Amazon targeting publishers, but Amazon is also aggressively competing against physical retail locations. With 52% of sales coming from physical retail locations in 2013, physical retail locations are still the majority of book sales (Rochette, 2013). According to Johnson (2012), one way Amazon has tried to erode the market share of physical retail locations is by discounting bestselling titles by up to 65% in an effort to rob physical retail locations of their vital source of sales. This discount is

detrimental to physical retail locations due to the fact that many have transformed into stores that contain mainly bestsellers and merchandise in order to increase sales and reduce inventory (Johnson, 2013).

In addition to selling books from publishers and self-published authors, Amazon has also begun its own publishing services. Amazon currently has 15 distinct publishing trade names, or imprints, each with their own specialties. For example, Amazon's 15<sup>th</sup> imprint, Waterfall Press, will be focused on publishing Christian nonfiction and fiction (Kellog, 2014). As Amazon moves to become the seller and producer of fiction and nonfiction, it puts more pricing and competitive pressure on other publishers both large and small.

Amazon also serves any author who has either been rejected by traditional publishers or who does not wish to find a small publisher. The solution is called Createspace. Createspace is a sub-company of Amazon that allows authors to post their books, CDs, or DVDs and sell their work through Amazon and its distributors. Authors can set their own prices and can either format and design their own work, or pay Createspace to do it for them. As success stories multiply, more authors are rejecting traditional publishing and opting for the simplicity and accessibility of Createspace's model. This also poses a serious threat to publishers. If more authors choose to go their own way with Createspace or similar platforms, then publishers could lose many potentially profitable authors. Essentially, a publisher cannot survive if it cannot publish the work of good authors. This is yet another way that the rise of Amazon has been detrimental to the health of publishing companies.

**Authors as brands more than publishers.** The authors are the content-providers, while the publishers are the content marketers and distributors. However, while the publishing companies market and distribute the authors' books, the publishing company is not the name that consumers often recognize. Authors such as J.R. Tolkien, Stephen King, J.K. Rowling, and E.L. James are almost instantly recognized by many, while the publishing companies that marketed and distributed the authors' work are hardly ever recognized. According to Coyler (2002), best-selling authors are a publishing company's greatest assets.

For authors, their brand is defined by the genre and style of their works. For example, John Grisham, author of bestsellers such as *A Time to Kill* and *The Pelican Brief*, has become the most recognized name in the modern legal thriller genre. His combined book sales have exceeded \$275 million (John Grisham: The Official Site, 2012). Grisham is an example of an author who has developed a distinct and recognizable brand. However, many would be hard-pressed to remember the name of Grisham's publisher: Doubleday, a division of Random House.

Despite the fact that many consumers hardly recognize the names of publishing companies, the publishing companies are more concerned with consumers recognizing the names of the companies' authors. According to Coyler (2002), the authors are not only one of publishing companies' greatest assets, but also their primary source of brand equity. Publishing companies are aware that if their authors are successful, then they will also be successful.

**Changing strategies for finding quality.** The goal of most publishing companies is to find high-quality authors and titles. Random House, the world's largest print book

and eBook retailer, is one such company that has found many high-quality authors. The company is responsible for the success of *The Inheritance Cycle*, *Fifty Shades of Grey*, and *The Kissing Booth*. The Random House CEO summarized the goal of the company in one simple statement: “Have books that people will want to read” (Vitale, 2011).

By their very nature, it is very difficult to quantify intangible strategies such as “Have books that people will want to read.” A great deal of the strategy is reliant on the editors, publishers, and authors. There is a great deal of trust placed in authors to create books that people will want to read, in editors to find and refine the books, and publishers to market and distribute the books. While it is difficult to quantify such an intangible strategy, the strategy has been successful in the past. For example, the runaway success of *Fifty Shades of Grey* gave Random House all-time high revenues and profits in 2012 (Sweeney, 2013).

In response to the increasing threat from Amazon, other publishing companies, and self-publishers, are trying new ways to find high-quality work. Authors once sent their manuscripts directly to the publishers. All of these manuscripts ended up in what was called the “slush pile.” Publishers found the process of sorting through large volumes of manuscripts very cumbersome and inefficient. To find high-quality work, two strategies that many large publishing companies have employed are cherry-picking and using literary agents for all manuscripts (Sweeney, 2013).

The concept behind cherry-picking is instead of finding no-name authors and launching them into the publishing world, many publishers are letting the authors do the initial work. As mentioned before, *Fifty Shades of Grey* and *The Kissing Booth* are both books that were a huge success for the authors as well as their publishers. However,

neither author approached Random House as a no-name author with a manuscript. Before being signed with Random House, both authors had followers in the thousands or millions *before* Random House made an offer (Gibson, 2013). After their stories had developed a large number of readers, Random House came with an offer to provide the authors' stories with greater marketing and distribution.

This strategy of cherry-picking is one that has yielded great success. For example, *Fifty Shades of Grey* was responsible for 10% of *all* 2012 book sales in Random House, the largest book publishing company in the world (Sweney, 2013). While it did not have the same staggering success, *The Kissing Booth* quickly made the bestseller's list as soon as the eBook was published through Random House (Gibson, 2013). Both titles are examples of a publishing company finding successful self-publishing authors, authors who publish their work without a third party publisher at their own expense (Oxford Dictionary, 2014), and making them more successful while gaining a profit at the same time. The strategy is a convenient win-win situation.

However, not all great books are being self-published first. To find books that have yet to be discovered, large publishing companies have implemented another strategy. To filter out the low-quality work first, many of the large publishing companies have decided not to accept any manuscript that is not represented by a literary agent. Essentially, publishers trust literary agents to bring them the high-quality work. While the idea of a literary agent may not be conducive for many self-publishers, it is virtually the only option for authors wishing to go the route of traditional publishing (Random House, 2014).

With these two strategies, the large publishing companies have essentially eliminated the “slush pile.” Either authors prove that their stories attract readers through self-publishing, or authors prove that their work is high-quality to the degree of impressing a literary agent. Both strategies have authors getting themselves out of the slush pile and showing publishers where to find high quality work.

**Rise in self-publishers.** A vitally important trend in the book publishing industry is the rise of self-publishers. Originally considered to be vanity publishing, the idea of self-publishing has grown dramatically in the past few years. According to Bowker (2013), the number of International Standard Book Numbers (ISBNs) that have been sold to self-publishers rose by nearly 60% in 2012 from 2011 and 482% over 2007 (para. 1). These percentages represent only those self-publishers who decide to purchase an ISBN. To understand the growth in self-publishing, it is important to understand why authors self-publish and if self-publishing actually works.

Authors often self-publish when they are rejected by publishing companies or literary agents. One of many examples is Garvis Graves, a mother who decided to self-publish her romance novel *On the Island* after receiving 14 rejection letters from literary agents (Alter, 2013, para. 1). However, rejection is not the only reason that drives authors to self-publishing. Others simply prefer the self-publishing model due to its freedom and flexibility (i.e. creating one’s own schedule, being free from a publisher’s criterion, etc.). Acclaimed self-publishing author Hugh Howey turned down multiple seven figure book deals from traditional book publishing companies because he had already found enough success in self-publishing (Alter, 2013, para. 3). However, according to a survey done by Weinberg (2013), close to 70% of authors (aspiring, self-published, and traditionally

published) still prefer traditional publishing (para. 4). Because most authors still prefer traditional publishing over self-publishing if given a choice, it would seem that self-publishing is a backup plan for many authors. Regardless of the reason, self-publishing represents a rapidly growing segment of books.

Disregarding the fact that self-publishing is growing dramatically, it is important to examine whether or not self-publishing can work for authors. In an interview with Love (2014), Hugh Howey noted how half of the top ten sci-fi novels for Amazon in 2013 were written by self-published authors (para. 2). This fact reveals just how successful some self-publishing authors have become. Overall, self-published books made up 25% of Amazon's book sales in 2013 (Alters, 2013, para. 5). Previously-mentioned Garvis Graves sold over 360,000 copies of her book before she was cherry-picked by Penguin Imprint (Alter, 2012, para. 2).

However, one must understand that these successes are by no means the norm. Generally speaking, no-name authors who decide to self-publish rarely find much success (Anderson, 2013, para. 9). For self-publishers looking to make significant profits, self-publishing is a more promising market than it was when it first began due to tools that allow authors to market and distribute their works more effectively. However, with over 391,000 self-published titles with ISBNs in 2012 alone, the book publishing industry is becoming very competitive, making it difficult for authors to stand out (Bowker, 2013, para. 1). The rise of self-publishers has changed the book publishing industry. If rejected by traditional publishers or literary agents, authors now have access to publishing resources that can still create bestsellers.

**Summary**

Publishers, distributors, and authors all need to understand what is happening in the book publishing industry as well as where the industry seems to be heading in order to adapt their strategies and anticipate future consumer needs. First, the industry is experiencing overall growth. Both physical retail locations as well as online retailers are responsible for this growth. While physical locations still drive the majority of book sales, the online retailers are growing quickly. EBooks have also become an important part of the industry by providing convenience and affordable products. However, after examining sales and consumer preferences, it would seem that eBooks do not mean the end of print books. Instead, the two categories are complementary to each other by each format catering to different readers' lifestyles.

While online retailers are growing, the most prominent is undoubtedly Amazon. With its growth, Amazon has taken aggressive steps to reap greater profit margins from publishers and physical location booksellers. Amazon has also been gaining from the dramatic growth of self-publishing with programs such as CreateSpace. However, despite the increased opportunities for self-publishers, it is still very difficult for one author to rise above the rest and find a sizeable audience.

With all of the trends making the book publishing industry more challenging for publishers, new strategies for finding high-quality work and authors have been implemented. Two prominent strategies are cherry-picking and not accepting any work that is not represented by a literary agent. With all trends and analysis considered, it would seem that the book publishing industry revolves around two important factors: good content and good marketing.

## **Part Two: Lessons from Other Industries**

While Part One examined the history and industry of book publishing, Part Two will explore other industries. The goal is to find lessons in these industries that can be converted and applied to the publishing industry. There are three specific examples that will be discussed: Disney as a brand, TOMS Shoes, and social media advertising in the film industry.

### **Disney as a Brand**

Few companies can match Disney's ability to create products that customers love. Some of the animated films that the company has created have been watched and loved by millions such as *Beauty and the Beast* and *The Lion King*. Disney has its own film studios, cable network, product lines, and amusement parks. However, the fact relevant to the topic of book publishing is Disney's success as a brand. Disney is an excellent example of a company that has successfully branded itself in the eyes of consumers through consistent and high quality products. According to Smith (2013), Disney ranked #1 in brand reputation in the United States based on a study done by the Reputation Institute (para. 9). In addition to its high reputation, Disney is among the top ten most admired companies (Akhtar, Fry, Vandermeij & Wagner, 2013, para. 1).

Why Disney is successful as a brand is similar to why authors can also be successful brands. Authors, like John Grisham, are often successfully branded when they are well known for a particular genre and style. The same is true of Disney. Consumers are aware that Disney is focused on family friendly entertainment. Not only is Disney's content family friendly, but it is also designed with a distinct style and quality. According to Jones (2013), Disney's brand loyalty is derived from its emotional connection with

consumers as well as consistently providing superior value (para. 4, 21). This branding strategy built around quality, consistency, and connections has worked well for Disney, and it can be a tool for a book publishing company in building its own brand.

### **TOMS Shoes**

TOMS Shoes is a for-profit business started by Blake Mycoskie. It is an international business known for its shoes as well as its charitable business model. For every one pair of shoes a customer buys, the company gives a pair to a child who does not have any shoes. As of September, 2013, the company has donated over 10 million shoes (Parmar, 2013, para. 3). The success of TOMS Shoes could be attributed to a number of factors, but the two that will be examined here are the charitable model of the company as well as the products of the company.

While the number of 10 million shoes donated is impressive, TOMS Shoes has received criticism for a major flaw in its business model. The primary argument is that while the company donates to those in need, it does nothing to actually alleviate poverty (Cep, 2014). In essence, the argument is that TOMS Shoes is giving people a fish rather than teaching them how to fish. To address this issue, Mycoskie has implemented a new strategy into the company. In addition to giving one pair a shoes for one purchased, the company has now opened up manufacturing plants in multiple countries. So far, the company has opened locations in Kenya, South America, Ethiopia, and most recently Haiti (Pace, 2014, para. 5). In Haiti, TOMS Shoes opened up a 10,000 square foot facility that created 100 new jobs for the people (para. 3). The company now provides some of the immediate needs of the people (shoes) while building the infrastructure of the nations by creating jobs.

Recently TOMS Shoes has launched into new “One for One” programs with their new sunglasses. When customers purchase sunglasses from TOMS Shoes, a portion of the sale goes to giving people cataract surgeries. Soon it will also be releasing its third “One for One” program (Pace, 2014, para. 15). In addition to these expansions, the company has also promoted activities such as the “Day without Shoes” initiative. The premise was that on April 10, 2012, TOMS Shoes would encourage everyone to go one day without wearing shoes. The goal was simply to create awareness about the problem of kids going without shoes in impoverished nations while building brand equity.

Mycoskie summed up the strategy with one equation:

“Curiosity=Conversation=Action=Change” (Seale, 2012, para. 6). With its new strategy focused on expanding into new lines and creating jobs in impoverished nations, the charitable model of TOMS Shoes continues to succeed.

Apart from its charitable model, a vitally important factor for TOMS Shoes’ success is its products. TOMS Shoes must go beyond being committed to helping others, it should also provide solutions to consumers. It must have products that people want. If people were only concerned about charity, then there are many non-profit organizations where they could donate their money. The fact that TOMS Shoes is built around charity while providing consumers with high-quality and popular products is essentially a win-win for the company and its customers. This concept of offering great products while being built around charity can be a vital tool for a book publishing company in building its brand in the eyes of consumers. This topic will be revisited in Part Three.

### **Social Media Advertising in the Film Industry**

The last example from outside the book publishing industry that will be examined is the success of social media advertising in the film industry. In the past few years, some film studios have made a concerted effort to effectively utilize social media as an outlet for marketing and advertising. This social media marketing and advertising is more than a company creating a Facebook account or posting on Twitter, it is a more engaging effort that goes out and connects with people rather than hoping that consumers will come to them. For example, multiple film studios have experimented with allowing consumers to rent certain new releases through Facebook (McMillan, 2011). For this section, three examples of successful social media advertising will be examined *Paranormal Activity*, *Toy Story 3*, and *The Hunger Games*.

*Paranormal Activity* is an excellent example of a film that enjoyed success with a very small budget. The total spent on producing the movie is said to be \$15,000 (Amobi, 2013, para. 42). After being picked up by distributor Paramount Pictures, only a couple million dollars were spent in the advertising of the movie. The primary focus was to promote word-of-mouth advertising. To keep the independent spirit of the movie alive, the film was first shown in 13 college towns on one midnight-showing (CBS News, 2009, para. 14). From that point, Paramount decided that it would let the consumers decide where the movie would show next. Soon, millions of fans demanded that the movie be shown in their local theater. As the fan base grew exponentially, *Paranormal Activity* was a trending topic on Twitter for days (para. 16). The film eventually ran for four months in theaters, generating over \$100 million in the domestic box office (Amobi, 2013, para. 42). *Paranormal Activity* is an excellent example of a film studio that produced a great

product and strategically promoted it within social media outlets to create a highly successful word-of-mouth buzz.

Disney is another example of a film studio that has successfully implemented social media into its marketing efforts. Before the release of *Toy Story 3*, Disney made Facebook pages for the film as well as some of the characters. The company also offered a chance to win exclusive advance screenings or movie tickets simply by liking the film's pages (Amobi, 2013, para. 43). The film was able to target college students through YouTube and blogs as well. Special cliffhanger screenings, which show most of the movie before abruptly stopping just before the climax, were also offered in select college towns. The marketing campaign was met with success as the movie went on to make over \$1 billion in revenue (Ali, 2013, para. 9).

Perhaps the greatest success story for social media advertising in the film industry is the marketing success of *The Hunger Games*. Originally a book written by Suzanne Collins, the book was then adapted for the big screen by Lionsgate. The company engaged in social media advertising for over a year before the film was released through outlets such as Facebook, Tumblr, Twitter, and YouTube (Amobi, 2013, para. 41). According to Furrier (2012), "The promotions included colorful, engaging video content about the characters and stories of the Hunger Games" (para. 7). The movie was also heavily advertised on MTV and MTV's Facebook.

Overall, the marketing campaign for *The Hunger Games* was a massive success. The campaign created a huge word-of-mouth buzz in the internet community while only spending \$45 million in advertising. This \$45 million is less than half of the typical \$100 million that is spent on an average major release (Amobi, 2013, para. 41). While saving

money, the film made it into the top 20 all-time box office hits with \$691 million in revenue worldwide (para. 44).

The success of social media advertising in the film studio is startling. When done effectively, a film studio can save a great deal of money in advertising while creating more excitement for the upcoming film. Not only does the company's marketing campaign connect with consumers, but often consumers then take the message and spread it through their own social media and word-of-mouth. The concept of saving money in advertising with a more effective marketing campaign is one that companies would do well to implement. While from the film industry, the lesson of utilizing more effective marketing campaigns can apply to book publishing companies. If a publishing company were able to produce this sort of excitement and anticipation around the release of its newest titles, then the company would undoubtedly experience greater sales. This is a topic that will be discussed again in Part Three.

### **Summary**

There are lessons that a book publishing company can learn from companies in different industries. There are many examples that could have been discussed, but the three that were chosen were Disney's branding success, TOMS Shoes, and social media advertising in the film industry. The three most important lessons that can be learned from these examples are that a company must have an excellent and high-quality product, a company must have a mission and vision that people can connect with, and a company must be able to communicate its product and mission well.

### **Part Three: Building a Successful Publishing Company**

Part Three is where the trends and lessons learned from Part One and Part Two will be joined together. The goal is to create a feasible business strategy that responds to the trends and lessons. The lessons learned will help a publishing company brand itself, profit from the rise in self-publishers, balance print books and eBooks, and effectively communicate its products and mission.

#### **Branding a Publishing Company**

Branding a book publishing company is a concept that is not widely practiced in the book publishing industry. As mentioned in Part One, while publishing companies are the ones that market and distribute a book, it is not the company's name that people recognize. It is the author's name. While it is important for a publishing company to have many recognizable and profitable authors, a company could also profit from branding itself to consumers. For example, if a publishing company was a recognized and respected brand in the eyes of consumers, then the company would have less trouble marketing new authors that consumers did not recognize. Two important examples for how to brand a company come from Disney and TOMS Shoes.

In the same way that Disney has become the #1 brand in reputation through its focus on family-friendly entertainment, a book publishing company can be known for publishing a certain quality, genre, and style with consistency. This limitation may mean that the company will have to reject high-quality stories that do not fit within the brand image of the company. Just like Disney, there is a certain degree of variety, but consumers will always know generally what they will experience when reading a book

published by the company, and as time goes on, the brand reputation for quality and consistency will continue to grow.

It may seem odd to discuss a shoe company in context with branding a publishing company, but there are some lessons to be learned from TOMS Shoes as well. It is important to remind the reader that it is not just TOMS Shoes' charitable business model or its products alone that have contributed to its success and brand equity. Instead, it is the two factors working together. If the company did not have high-quality products that consumers wanted, then the business model would not matter. Conversely, while the business could survive on its high-quality products alone, the charitable business model and vision do certainly lend the company more recognition and acceptance.

In the past few years, companies like TOMS Shoes and others have led the way to more socially responsible and humanitarian policies being implemented by many companies. It has almost become expected of companies to do some sort of humanitarian aid. Because of the success of TOMS Shoes as well as the expectations of consumers, it is vital that a company have a mission and vision that connects with consumers. A company that is just as committed to helping others as it is to producing high-quality products can easily gain the respect and loyalty of a large customer base.

There are two lessons to be learned from Disney and TOMS. First, to successfully brand a publishing company, a company must be dedicated to consistently producing works with a distinct quality, genre, and style. Consumers must be able to recognize the company's products and distinguish them from the myriad of other publishing companies. Second, a company must be as committed to helping those in need as it is in

producing high-quality work. These two lessons can work together to create a company with a brand that is recognized, respected, and dependable.

### **Rise in Self-Publishers**

The rise of self-publishers is considered by many to be a threat to traditional book publishing companies. However, an ideal strategy is one that turns a threat into an opportunity. Cherry-picking is one strategy that accomplishes this goal. The strategy effectively encourages more self-publishers to succeed so that publishers better know which books to pick for publishing. However, beyond cherry-picking, there are other ways in which a traditional publishing company can still gain from the rise in self-publishers.

Many authors are just that: authors. They love to write and there are many who do it very well. However, many authors are not effective at marketing their work to an audience. This limitation is where a publishing company can step in and help. Even if a publishing company does not want to actually publish a book, it can still offer its marketing tools as services. For example, Penguin Group recently began offering editing and marketing services to self-publishers (Sonne & Trachtenberg, 2012, para. 6). Offering these products is an excellent strategy for traditional publishing companies to gain from the rise in self-publishing without having to drastically change their business model.

### **Balancing Print Books and EBooks**

There has been a growing concern that the print book would be completely replaced by the eBook. However, studies have shown that, for now at least, quite the opposite is true. As eBooks have grown in popularity, print books have not declined.

Print books and eBooks both have their place in the book publishing industry. It is important for a book publishing company to understand how the two formats complement each other. It is also important for a publishing company to know exactly where eBooks are growing the most. As discussed in Part One, a majority of eBooks sold are in the novel category, with many being for children and young adults.

Since print books and eBooks complement each other, a publishing company should not neglect or overemphasize eBooks. When offering different formats of books, a company should not try to corner the consumer into one type of format. In other words, let consumers decide which they think is best. For example, when a publishing company comes out with a new book, it could be offered in the three basic formats: hardcover, paperback, and eBook. However, to add value to the hardcover, the company could add a free eBook copy to every consumer who purchases a hardcover. This strategy would allow consumers to enjoy the book instantly while waiting for their classic hardcover novel. Essentially, consumers would be purchasing the premium experience.

Print books and eBooks do not have to be at war with each other. Rather than fighting each other, the two formats can complement each other well. By offering all formats of a book, companies can give consumers the satisfaction of deciding what works best for their lifestyle. Added strategies like giving a free eBook to every customer who purchases a hardcover can also increase profitability. Consumers still enjoy both formats, so a publishing company should not neglect either one.

### **Getting the Word Out**

Finally, with all of the products, strategies, and policies, a publishing company must be able to communicate its products and mission effectively to its target market.

Publishing companies must not wait and hope that consumers will be naturally drawn to them. For this topic, the lesson from the film industry from Part Two will be revisited and applied to the publishing industry.

Part Two is where the film industry was examined—specifically, the social media advertising campaigns for *Paranormal Activity*, *Toy Story 3*, and *The Hunger Games*. The method for each film will not be repeated here, but the principles and results will be converted and applied to a book publishing company. As mentioned before, the successful social media campaigns for these films produced an incredible amount of excitement and anticipation in consumers. As a result, each film was highly successful in the box office. Not only did the marketing campaigns connect with consumers, but they did so in such a way that consumers took the message and spread it through their own social media as well as through word-of-mouth.

If a publishing company were able to produce this sort of excitement and anticipation around the release of its newest titles, then the company would most likely experience greater sales. Creating successful social media advertising is not easy. However, as evidenced by the film industry, a successful social media advertising campaign can be accomplished. All that is needed is a little creativity and out-of-the-box thinking. For example, if a publishing company was small enough and did not have to worry about an excessive amount of overhead, then it could offer consumers a monetary incentive for every referral that they gave that resulted in a sale. For instance, say consumer one (John) told consumer two (Sarah) that a book from the publishing company was quite good. If Sarah were to purchase the book, then John would get a portion of that sale (a relatively small one). With the power of Facebook, YouTube,

Twitter, etc., it would not be difficult for an individual to gain plenty of referrals.

Essentially, this strategy would encourage and invest in word-of-mouth advertising. This is one example of a strategy that a publishing company could implement to take advantage of social media.

The film industry has demonstrated that social media advertising can be both more effective and more affordable for a company. A publishing company would do well to learn from the film industry and make greater efforts in connecting with consumers through social media. Whether it be through investing in word-of-mouth or targeting offers through Facebook, YouTube, Twitter, etc. there is a great opportunity for publishing companies in social media advertising.

### **Limitations**

Significant changes in the book publishing industry can affect the relevance of the recommendations at any point in time. Before implementing any of the recommendations, it would be prudent to conduct an updated industry analysis.

### **Conclusion**

While many traditional publishing companies have found it difficult to adapt to the changing publishing market, the general business model of a book publishing company is by no means obsolete. By examining lessons and examples from the book publishing industry as well as other industries, a feasible strategy for a book publishing company has been developed. From everything that has been discussed, there are three factors that have been iterated in various forms: a book publishing must produce works with a distinct quality, genre, and style, it must have a mission and vision that connects with people, and it must be able to communicate its products and mission effectively to

its target markets. It must not fight change in the industry, but adapt with it and turn the threats into opportunities. In other words, it must blend its strengths with the emerging industry trends. With these concepts and lessons, a book publishing company can thrive in today's market and provide consumers with the best in fiction, nonfiction, or any other category that they desire.

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