
Alternative Publishing Models in a Changing Cultural Landscape: The Rise of Crowdfunding

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Abstract

The purpose of this article is to present an outlook on current publishing models and the way they relate to each other. A particular attention will be given to the crowdfunding publisher Unbound, in order to analyse how its hybrid business model fits in the field of contemporary cultural production. The first part offers an overview of the traditional trade model in its present form and looks at its main alternatives, with particular emphasis on crowdfunding. What follows is an outline of Unbound's business proposition, communication strategy and reception; these are exemplified by focussing on its most successful ventures, Simon Usher's *Letters of Note* (2013), the multi-prize winner *The Wake* by Paul Kingsnorth (2014) and the most recent *The Good Immigrant* edited by Nikesh Shukla (2016). The final part looks at the dynamics between traditional trade publishers, Unbound and the wider cultural ecosystem, exploring how different models can operate beyond direct competition, benefitting from each other's presence on the market in the common quest for keeping books alive.

Key Words

Unbound; crowdfunding; publishing models; hybrid publishing models.

Introduction

It is widely acknowledged, and often lamented, that the publishing industry is ever more evolving from a content led business to a market driven one, but why is this shift happening? Does this represent commerce's triumph over culture, or can the greater focus on public demand be a sign of the democratisation of culture?

Describing the structure of the field of cultural production, Pierre Bourdieu (1993) argues that 'heteronomy arises from *demand*, which may take the form of personal *commission* (formulated by a 'patron' in Haskell's sense of a protector or client) or of the sanction of an autonomous *market*, which may be *anticipated* or *ignored*' (p.101). The publisher Unbound is a good case in point; with the diversity of its offer and its hybrid business model half-way between a traditional publisher and an open crowdfunding platform, it shows how the market can be anticipated and consulted but also how it can itself become the patron, as the crowdfunding model asks readers to invest in a product that has yet to be produced.

1. The Traditional Model: intermediation as value-adding model.

There is a strong case being made over the role of professional publishers and their responsibility to 'add value to authors' work and protect the value of their copyrights' (Clark and Phillips 2014, 1); but how is this achieved in a traditional publishing model, and what alternatives are there for authors and readers?

The traditional publishing model is constructed as one of intermediation; before the book as a finished product reaches its intended destination and makes a profit, it will pass through several intermediaries who will modify it, add value to it, and consequently take a share of the profit. From the editorial process through design and production, distribution, marketing and sale, established publishers provide a string of services and a brand, which provides a seal of quality and an identity.

Each of those active intermediaries is interlinked in what Robert Darnton famously described as a 'communication circuit' (1982), and even though Darnton's original model is dated and does not consider some agents old and new (such as literary agents and translators), it still proposes an effective way of visualising the dynamics of the traditional publishing process in a non-linear way.

Most publishers now offer the possibility to buy books through their websites, but their main revenue is not generated by selling directly to consumers, but to other businesses such as bookshops, distributors, wholesalers and non-conventional retailers. The publisher-brand or imprint may not be a crucial factor for book-buyers, but for booksellers they represent a

guarantee of quality, which is achieved through investment and curation. The content provided by authors is one component of the finished product, arguably the most important, but not the only one. Another clear advantage is the publishers' ability to negotiate shelf-space and product visibility in a market like the UK's, which in 2015 alone produced 173,000 new and revised titles (The Publishers Associations, 2017). Publishers may also offer an advance on royalties.

One of the downsides of publishing as a business is that it is an industry with low-margins, mainly due to its high overheads costs; covering costs and making a profit can prove to be difficult, especially in trade publishing (Thompson 2010, p. 34), where an author would typically receive between 10 and 15% in royalties. Author-brands and extremely successful titles generating high volume of sales are the exception rather than the rule, and looking at the situation from the business angle, the benefit of publishing a title needs to be matched against the market demand; this could mean that even books which have a clear cultural value, but a not so clear readership, can be deemed too risky for a publisher to be worth the investment.

2. Independent Authors and the Self-publishing Route.

Self-publishing is becoming a widely available option and has mostly moved away from the stigma of being considered vanity-publishing. There are different explanations as why an author may decide to go down the self-publishing route, but one of these reasons may well be a question of control.

We have briefly glanced at the value-adding quality of the traditional model, but how many layers can be added before curation is perceived as excessive interference? An editor will demand that changes are carried out before a book is accepted for publication, maybe these changes are needed to fit within a specific imprint or list; the marketing and design department may influence certain aspects of the publisher's paratext. Some authors may feel that an editorial board has too much power over content and revenues.

A good example of the culture of self-publishing authors can be found in *The Code of Standards* available on the Alliance of Independent Authors' website. The code has a clause about advocacy that states: "I am an active advocate for the empowerment of writers through self-publishing" (<https://www.allianceindependentauthors.org/>). The word 'empowerment' is key for many independent authors. The principle behind it is that if an artist, such a painter or a sculpture, does not have their work altered, why should a manuscript be treated any differently or deemed more malleable? The internet has changed the game and intermediation is not as crucial as it once was. Through social media and digital platforms, readers and authors can interact directly in a scale that was unthinkable

before. People with specific or niche interests have now a way of communicating with each other in real time, and to create vertical communities that are a potential market for self-publishing authors and traditional publishers.

Even though the market for self-published ebooks has recently shrunk, it still constitutes 1/3 of the sales on Amazon (<http://authorearnings.com/report/october-2016/>). This success is partially due to a change in the dynamics of the communication circuit in the past twenty years, which was brought around by the internet. The circuit does not have to flow in one direction anymore, from author to reader through publishers and booksellers. The higher financial return per copy sold may be another incentive to self-publish, although a self-published author has upfront costs to face and does not benefit from an advance.

3. Crowdfunding in publishing, a brief historical overview.

Alternative finance has long existed in a variety of forms, and crowdfunding is one of the strands that have emerged as an answer to the financial crisis of recent years. It has grown very rapidly, to the point that it is now attracting the attention of institutional investors, as reported in *The European Alternative Finance Benchmarking Report* (Zhang, Wardrop, Rau, and Gray 2015). The report also states that crowdfunding is the second largest alternative finance model (after peer-to-peer lending) and between 2012 and 2014 reward-based crowdfunding grew in Europe by 127%, while equity-based crowdfunding increased by 116%. This trend is happening as 'the rise of disruptive disintermediation-enabling technology, and underlying socio-economic and cultural shifts, is challenging the paradigm of how finance will be provided in the future' (p10). In reward-based crowdfunding, backers expect to receive a reward or product in return, which is non-financial.

How does crowdfunding works for publishing and what examples are out there now? The idea behind patronage and mentoring in the arts is, of course, nothing new. Even though the word 'crowdfunding' entered the *Oxford English Dictionary* in 2015 and may have only just past its days as a neologism, book history provides us with an astonishingly close match of today's model of reader's sponsorship through subscription, with Alexander Pope's translation of Homer's *Iliad* (Rogers, 1973). In 1713-14 Pope signed a contract with the publisher Bernard Lintot which turned out to be rather lucrative and a promising precedent of the modern pledger model. The poet agreed to produce a six-volume annotated translation of the *Iliad*, for which he was to receive 200 guineas a volume in copyright, 100 in advance and 100 on completion, totalling approximately £1290, plus 750 copies of each volume in royal paper of a quarto size for his subscribers, who were paying one guinea per volume and had their names inscribed on the front of the book. The subscribers' edition was to be on a royal paper, printed in a new letter of Pope's choice and each volume was going

to have headpieces, tailpieces and initials engraved on copper by an engraver of the author's choice. Pope's total earnings from the Iliad were around £5,000, an equivalent to £250,000 in modern money (McLavery, 1993).

Looking beyond the Anglophone world, there is the case of Pentian, which is an example of a hybrid model mixing crowdfunding with traditional publishing. The company began its business in Spain in 2004 as a traditional publisher and in 2009 started offering self-publishing as well. Since the cost to self-publish was sometimes too high for authors, Pentian decided to add a crowdfunding platform, which included a complete editorial, marketing, sale and distribution service. What is unusual in the case of Pentian is that it offers a blend of equity-based and reward-based crowdfunding, as the backers also receive a percentage of the royalties from the sales of the book they are supporting, in proportion to their initial pledge (Bacon, 2014). This means that 50% of the net profits from sales is returned to the financial backers of the book, 40% goes to the author, while Pentian keeps 10% (Abrams 2014). An interesting aspect of this model is that because of the financial stake backers have in the success of the book, they contribute to the marketing (Bacon, 2014). In 2014 Pentian expanded to the US, signalling a growing interest in this way of publishing. The American online platform (Pentian.com), brands its model as 'the publishing revolution' and 'The crowdfunding platform that allows every reader to become a publisher'.

How large is the crowdfunding community and how accessible is it for authors? There is data available for Kickstarter, which was launched in America in April 2009 and is presently the most successful crowdfunding platform, hosting a variety of projects across different fields, among these, publishing.¹ Kickstarter is reported to have over 10,000,000 users worldwide (Kickstarter.com) and has helped launch successful projects, a glowing example of which is the children's book *Goodnight Stories for Rebel Girls* (2017) by Elena Favilli and Francesca Cavallo. The project crowdfunded \$1m dollars, well over its £40,000 target and was eventually published for trade by Penguin Random House (Noble, 2017).

4. Unbound: a hybrid case.

'Unbound' is the trading name of United Authors Publishing Ltd, a hybrid crowdfunding publisher established in London in 2011 by authors and publishers John Mitchinson, Dan Kieran and Justin Pollard. The three founders come from professional publishing backgrounds, and have experience of television production. John Mitchinson is head of research for BBC's QI show and one of the vice-presidents of the Hay Festival of Literature & the Arts.

Similarly to Kickstarter and other crowdfunding platforms, Unbound takes pride in its community centred ethos and offers an all-or-nothing, pledge-based model: if the project

does not reach its financial target within a set time-frame, then the book does not reach publication stage and the pledges are refunded, upon request. There are presently (May 2017) 117,701 pledgers registered from around the world. Authors are encouraged to submit their book proposal (fiction or non-fiction) to the in-house and freelance acquiring editors through the website. The portal serves as virtual showroom as well as a crowdfunding platform. Authors that make it through this initial selection are quoted with a detailed estimate of the cost, which becomes the target needed to be raised to achieve publication. When these terms are agreed, authors are featured on the website where they personally pitch their project to the community, with the aid of a short video (<https://unbound.com/>).

Unlike Kickstarter, Unbound only specialises in books, and from April 2017 in audio projects. Another significant difference is that there is an initial selection of material and that once the target has been reached, the manuscript is curated by professionals and goes through the same editorial process that a traditional publisher provides. However, unlike a traditional publisher for which an online presence is only a useful tool for engaging readers, Unbound is completely reliant on its online platform in order to function. This is an example of what Darnton describes as a case of the digital being reinvested into the analogical (2009). Not only that, besides providing contents, authors need to interact and maintain the interest of the virtual community, through various social media channels. The content providers need to provide a market and assist with the marketing as well.

Rewards are another crucial part of the way crowdfunding operates. One of Unbound's trademark rewards is that, like for Alexander Pope's subscribers, the name of the pledgers is inscribed inside the back or the front book, with the guarantee that the inscription will be repeated for all subsequent editions. This reward comes as standard with all the pledges. Although it is not obviously advertised, anonymous pledging is an option. Why is this relevant? Because being credited as a patron inside the physical object creates a bond between backers and books which precede the act or reading. This is something not usually offered by traditional publishers. It gives life to a new dynamic between author, reader and book that would be worth investigating further. Suffice to say here that being personally associated with a title may, in some instances, deter people from pledging. This might be due to the nature of the topic addressed or to the fact that crowdfunding is based on a degree of trust. What if the finished product fell short of its initial promises? Besides the option of having one's name inscribed in the book, there are various other rewards available, from physical objects relating to the book (like the option to be included in the story) to experiences (like dinner with the author). This aspect also provides an additional layer of engagement between author and supporters. Once the project is funded and the manuscript delivered, the journey to publication is expected to take between 10-12 months.

The money raised from the initial campaign is not split with the author, but the subsequent sales are divided 50/50. On average the first print run is set at around 500 copies.

The first substantial, and now enduring, success for Unbound came from Shaun Usher's *Letters of Note: Correspondence Deserving of a Wider Audience* (2013). Data collected from Nielsen BookScan² reveals that the high quality, lavishly produced, coffee table trade edition), RRP of £30, reached 79,656 copies sold, totalling a £1,778,030.59 in revenues. This data refers to the co-edition published by Canongate³ and does not include the first, part-cloth bound, special edition for subscribers which was crowdfunded on Unbound by 3,700 supporters, according to Usher's website Books of Note (www.BooksOfNote.com). Trying to find new ways to engage other players in the publishing field, Unbound opened its platforms to traditional publishers, offering them channels for crowdfunding themselves (Page, 2013).

The cementing of Unbound's reputation came in 2014, when Paul Kingsnorth's *The Wake* became the first crowdfunded book to be longlisted for the Man Booker Prize. This established Unbound as a credible contender in the publishing arena and earned it the interest of Penguin Random House, which from this point forward became Unbound's partner for the printing and distribution of its trade editions through its Cornerstone brand, taking over from Faber Factory Plus. The most recent achievement came with *The Good Immigrant* (2016), a collection of essays edited by Nikesh Shukla, exploring ethnic minorities' narratives and counter-narratives in today's Britain. The book achieved instant critical and public success, made even more relevant by the fact it was published three weeks after the UK European Union referendum.

It is worth pointing out that, even though the public has a more active and personal role in the decision making around what reaches publication, through its commissioners, Unbound still retains that gatekeeping function that is so commonly associated with traditional publishers. As with in the case of self-publishing, this kind of experimental, blended publishing is possible because the internet enables a virtually direct channel of communication between content creators and readers, with the power to carry and amplify any message beyond imagination.⁴ The mode of this communication varies and effects and implications of this two-way interaction are in constant evolution. This is exemplified by the three titles mentioned. Even though they are profoundly different, they are threaded together by the online presence of their authors.

Conclusion

Publishers compete in two directions; they compete for authors and for readers (Thompson, 2010). However, competition does not rule out cooperation, as demonstrated by the collaboration of Unbound with Penguin Random House and Canongate. There is room for

different publishing models to exist in the same ecosystem, as they serve different purposes and do not displace each other. Crowdfunding enables public and authors to have a greater voice in what is published; in fact, the offer on the platforms reflects a wide-ranging appetite that goes from the very frivolous to the extremely serious and relevant.

The service, infrastructures and prestige offered to authors by the traditional model seem to hold enough ground to guarantee that the publisher's role is not seriously at risk. Nonetheless, it seems likely that some of them may choose to incorporate a form of crowdfunding or blended model in the future; this would facilitate readers' engagement and enable publishers to test the waters and quantify the size of a market for some niche titles that lack a certain market.

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¹ In May 17 2017, there are 506 live publishing projects.

² April 2016.

³ The *Letters of Note* series is the only one published by Canongate rather than Cornerstone.

⁴ This was the case for *The Good Immigrant*, which was endorsed on Twitter by J.K. Rowling causing a substantial impact on the crowdfunding campaign.