
The Impact of Conglomerates in the British Publishing Industry: From “Gentlemanly Publishing” to Commercial Publishing

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Abstract

The publishing industry has undergone a dramatic number of changes in its business models over the last century. From the traditional sales of books, through local, then national bookshops, the industry nowadays has become predominantly a global one, with large publishing conglomerates making up the majority of industry sales. This article will highlight the main phases in the globalisation and conglomeration of the British industry. It will also examine the role of the publisher within the industry, and the changes in business models following the increase to profit margins in for publishers. This article will examine the impact of this change on independent bookstores, and on the quality and diversity of books produced. It will examine the French model of governmental intervention in comparison with the British publishing sector.

Keywords: Publishing conglomerates; publishing conglomerates; independent publishers; gentlemanly publishing; French publishing; French government intervention.

Introduction

The twentieth century has seen a great number of changes in the publishing industry. Brought on by the industrial era and the formation of conglomerates, publishers have sought to increase their profits and margins and developed new ways of finding and

commissioning content. This has arguably led to a change in the type of content that is selected by publishers. Several prominent philosophers and sociologists have argued that the decline of the role and independence of editors, in favour of the commercial and marketing teams, has the potential to lead to a decline in the overall quality and diversity of materials produced. Nowadays, the British publishing industry is predominantly represented by large conglomerates, with independent bookstores struggling to find a business model that enables them to be profitable, and to compete with low book prices resulting from the large economies of scale available to conglomerates due to mass production and streamlining. The French industry, on the other hand, has taken a more direct approach to protect through a number of measures to support independent publishers financially.

The impact of globalisation and conglomerates on the publishing industry

The cultural role of book publishers

Books, films and music play a special role in the cultural development of societies and their value to society is globally acknowledged as being far greater than most other commercial commodities. Unlike other goods that serve more subjective, punctual purposes, books educate, entertain and inform, and societies where citizens can educate themselves freely are always the most equal, with the greatest respect for human rights. Books have a special cultural role to play in the development of truly democratic societies and it is on this basis that they are the subject of particular governmental attentions and protections, compared to other types of material goods (de Prato and Simon 2014).

This universal cultural role is acknowledged and affirmed by UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions which recognises "the importance of traditional knowledge as a source of intangible and material wealth" and "the need to take measures to protect the diversity of cultural expressions, including their contents, especially in situations where cultural expressions may be threatened by the

possibility of extinction or serious impairment” (UNESCO 2005). Culture forms the basis of societies, and as protectors of their people, governments have a certain duty to their citizens to protect their access to all forms of culture.

Globalisation and conglomeration of the British publishing industry

Publishing has not always been the profitable industry it is today. In the nineteenth and twentieth centuries, average profits for most publishing houses in the Western Europe and the United States was between three and four percent per year (Schiffrin 2010).

By the 1960s, as a result of the change in business models that placed a greater emphasis on profits, large publishing groups started to form in the United Kingdom. Smaller publishers started to experience an increased amount of pressure to join these large publishing conglomerates, or find new ways of attracting customers (Miyamoto et Whittaker 2005). In the 1980s, traditional publishers started to integrate with global media corporations. This resulted in a new change to the types of publications some publishers were seeking. The conglomerations of publishing and media groups made it more financially interesting for publishers to commission or buy books that had the potential to be distributed on a number of platforms, from books, to film, to newspaper articles, to TV and radio (Miyamoto et Whittaker 2005).

The subsequent globalisation and conglomeration of publishers in the industry model led to a change in the business models of publishers. Publishing was previously deemed to be a noble profession, and the activities were sometimes even referred to as “Gentlemanly publishing” with an emphasis on the importance of promoting access to certain types of culture, even if some of these ventures were unprofitable. Although the industry has always been for profit, it was not uncommon for publishers to decide to publish a book with the knowledge that the profits would be at best minimal, if not altogether absent. These publishers placed a strong amount of emphasis on the social responsibility they felt they

were entrusted with to educate the readers. Books were sometimes published knowingly at a loss, with losses offset by other more commercially successful publications. There was an understanding that the publishing industry operated on lower profit margins than other industries, such as the more material consumerist industries.

In *The Field of Cultural Production*, Bourdieu examines the impact sales figures can have on the production of artistic goods. Discussing the increased liberty that writers and artists have been awarded since the ending of their reliance on patrons and collectors, Bourdieu observes that “they can hardly fail to notice, however, that this liberty is purely formal; it constitutes no more than the condition of their submission to the laws of the market of symbolic goods, that is, to a form of demand which necessarily lags behind the supply of the commodity (in this case, the work of art). They are reminded of this demand through sales figures and other forms of pressure, explicit or diffuse, exercised by publishers, theatre managers, art dealers” (Bourdieu 1993). In short, according to Bourdieu, the commercialisation of artistic goods, such as works of art or even books, has a very real impact on the manner in which they are created, and when commercial and artistic considerations are combined, this can influence or even interfere with artistic creativity.

This change in business models initiated by the creation of these conglomerates led to a number of issues. Schiffrin, a French-American author and publisher, advocated for the need for editorial independence within the publishing industry in *Words and Money* (MacFadden 2013). He argued that the conglomeration of publishers made them become mainly investors, led solely by financial pursuits. These investors entered the publishing industry with the aim of increasing profits from the previous three to four percent to fifteen percent per year. This change in business model resulted in most publishing conglomerates placing commercial values far ahead of more cultural values. Books now had to be profitable, and publishers now sought titles that also had the potential to be adapted to other media platforms owned by these same conglomerates. Top publishers’ salaries also increased dramatically, from a high seven-figure to over \$2 million in 1990 (Schiffrin 2010).

In *Books and publishers: commerce against culture in post-war Britain*, Lane and Booth examine the different types of publishing models that emerged after the second world war and identify two distinct types of models in modern British publishing, the traditional model, described as being run by mostly small houses and old publishing families, with a primary vocation of “purveyors of culture” and the modern publisher, who originates from a wider social background and who will base his decisions on the types of books to publish primarily on material concerns (American Library Association 1980).

Schiffrin also warned that conglomerations would lead to risks the decline of the role of the editor, as a guardian of culture, and the “outsourcing of the publisher’s spiritual centre – the editorial desk” as a direct consequence of the growing importance of commercial profit, (Ronning et Slaatta 2011). This is not the case for all publishers, as many publishers owned by conglomerates have continued to maintain a certain level of independence. In *Merchants of Culture: The Publishing Business in the Twenty-First Century*, Thompson argues that the federal model, in which a publisher retains a certain amount of publishing independence from the conglomerate, is best suited to publishers as they are able to avail of the benefits offered by mass production and economies of scale, while continuing to uphold a their own editorial identity (Thomson 2010).

The Impact of the conglomeration of the publishing industry on independent bookstores

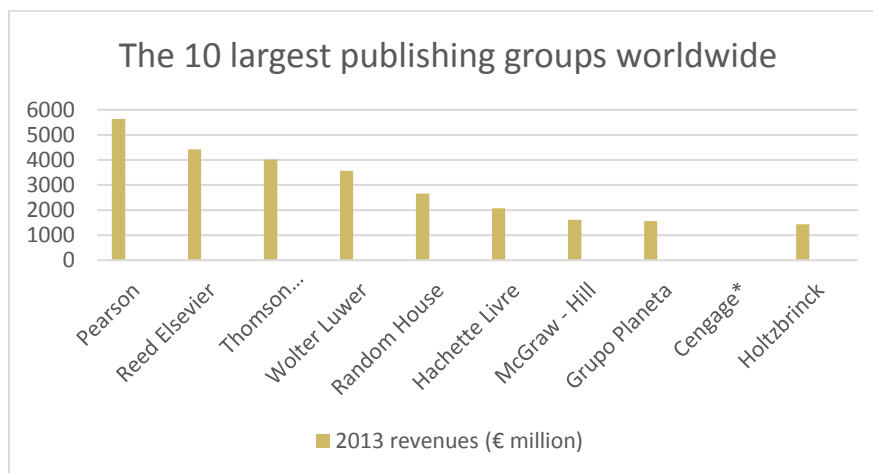
From their first expansions through the establishment of local offices and sales agencies, publishers soon sought more international methods of expansion, and, in the 1970s, the first publishing multinational corporations were created.

These large publishing conglomerates were now able to provide books at lower costs, due to bulk buying and the economies of scale offered from mass production. Global publishers were also at an advantage due to attractive market conditions under the free market economy in Europe and in the Unites States. This resulted in many smaller independent bookshops being forced to close, as they could no longer compete.

Publishing Group	Imprints Owned
BERTELSMANN	Arrow Books, Bantam, Bantam Press, Barrie & Jenkins, Black Swan, Bodley Head, Business Books, Jonathan Cape, Century, Chatto & Windus, Corgi, C W Daniel, Doubleday, Ebury Press, Eden Project, Everyman's Library, Expert Books, David Fickling, Fodor's, Harvill Press, Harvill Secker, Heinemann, Hogarth Press, Hutchinson, Pimlico, Random House, Red Fox, Rider, Sinclair Stevenson, Time Out, Transworld, Vermilion, Vintage, Yellow Jersey
BLOOMSBURY	Adlard Coles, Alphabooks, Ernest Benn, A&C Black, Bloomsbury, Bloomsbury Children's, Andrew Brodie, Peter Collin, EP Publishing, Christopher Helm, Herbert Press, Pica Press, Poyser, Thomas Reed, Whitaker's Almanack
PEARSON	Addison-Wesley, Adobe Press, Allen Lane, Allyn & Bacon, Benjamin Cummings, BradyGAMES, Cisco Systems, Dorling Kindersley, FT Prentice Hall, Funfax, Hamish Hamilton, Michael Joseph, Ladybird, Longman, Markt & Technik, Momentum, New Riders, Peachpit Press, Pears, Pearson Education, Penguin, Prentice Hall, Puffin, Que Publishing, Reuters, Rough Guides, Sams Publishing, Scott Foresman, Viking, Warne, York Notes, Ziff Davis

Source: Booksellers Association Reports Library February 2005, © 2005 The Booksellers Association and (Stedman 2006).

In 2014, the top ten largest publishing groups were valued at €31.8bn, up 12% from 2013, and represented 54% of all industry revenue, up from 53% in both 2013 and 2012 (Wischenbart 2015).



Note: Data not available for 2013.

Source: Global Ranking of the Publishing Industry 2014, © Livres Hebdo, with buchreport, PublishNews Brazil, Publishers Weekly and The Bookseller, research by Rüdiger Wischenbart.

More recently, following the merger of Penguin and Random House Nicola Solomon, chief executive of the Society of Authors, echoed the dilemmas faced by independent publishers when she reacted to the announcement of the merger which increased their share of the global publishing market to 25%. Predicting what this might entail for the British publishing sector, Nicola Solomon predicted that publishers would now be, "much more likely to put that money into something that might make a super-profit for them, something new or sexy that might be a runaway success" (Rankin 2013). Authors of books with limited commercial success could find it increasingly difficult to be offered a publishing contract.

The appearance of conglomerates and the new pressure on increasing profit margins did have some positive effects on authors. Publishing houses are constantly in search of new authors, and the steadier and greater internal cash flows has allowed more new authors to be discovered than had previously been the case (Schiffrin 2010).

The basis and scope of French government intervention in the publishing industry

The intervention of the French government in the publishing industry

The French model is more in line with Schiffrin's theory of increasing support to independent publishers as a means of counteracting the forces of publishing conglomerates. In 1981, in order to promote fair competition between booksellers, and to curtail the effects to local booksellers of sales of extremely discounted publications which were offered by global publishers, the French government imposed a law banning the setting of prices by retailers. Instead, prices were set by publishers and importers, and retailers could no longer exceed a 5% price rebate, while publishers were no longer permitted to issues discounts of more than 9% (Coalition française pour la diversité culturelle 2008).

In 2013, the French Minister of Culture, Aurélie Fillipetti, announced the creation of an independent administrative authority to mediate these price fixing disputes. This measure came into place following unfair market practises by Amazon for the sale of books (Debouté 2013). In 2013, the French government announced the creation of a special €18 million fund to safeguard French independent publishers from closing due to their struggle to compete (Beuve-Méry et Blanchard 2013).

The publishing industry is also supported by a number of public bodies. The Region Ile de France provides financial support to independent bookstores through the ADELIC, an association that provides subsidies and the Centre National du Livre (CNL) (Hammad 2014), a publicly-funded governmental organisation with an annual budget of €30 million (Le Centre National du Livre 2016).

More recently, the Finance Bill of 2015 allocated the French the Ministry of Culture and Communication a budget of €7 billion, of which €2.7 billion were dedicated to culture and research; and specifically €268 million to the book and cultural industries (Perrin, Delvainquiere et Guy 2015).

Conclusion

Independent publishers have struggled to compete against powerful conglomerates benefitting from economies of scale and mass production. The business model has evolved from “gentlemanly publishing” to more commercial pursuits, with publishing houses now primarily concerned with the commercial potential of the books produced, and their adaptability to different media. Independent publishers have steadily been bought by large conglomerates, and this has had an impact on the diversity of books produced. Culture is one of the bases of a democratic society. It is therefore in the interest of these societies to ensure access of its citizens to a diverse range of authors and books, so that the highest-selling bestsellers are not the only books to appear on our bookshelves in years to come.

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