

**Publishing Business Expo:  
Book, Magazine Leaders Reveal Promise of Publishing's Technology Revolution**  
By Mary Shafer

There were so many great sessions to choose from at the Publishing Business Expo held March 8-10 in New York City that it was really hard to decide which ones to attend. But I knew you were waiting to hear about the silver lining I had promised in the cloud of anxiety and instability the technological revolution has thus far primarily been in the publishing field, so that helped me choose.

I began my day with “Reinventing Today’s Publishing Company,” a special event featuring Hearst Magazines President Cathie Black and OpenRoad Integrated Media CEO Jane Friedman, ably moderated by Evan Schnittman, VP of Global Business Development at Oxford University Press. It was truly the perfect way to establish a coherent perspective from which to understand not only the rest of the day’s sessions, but also the entirety of what’s going on in publishing on a broader scale.

**“Merely Myth”**

Black started the conversation by putting the lie to the widely held belief that digital technology spells the death of print magazines. She pointed out the fact that historically, every new technology is always heralded with the premature (if not patently false) announcement that it has killed earlier technologies with which it competes.

In a succinct and convincing Powerpoint presentation, she shared the “Merely Myth” image campaign being embarked upon by most of the top magazine publishers to quash that notion. Her pleasure was evident with this spirit of cooperation that has—at least temporarily—replaced the cutthroat competition that usually prevails among the industry heavies, in their bid to reassure not only their advertisers and readers, but also themselves.

She said the aggressive ad campaign will reach three-quarters of a billion people by the time it’s run its course, and the message is unambiguous. “It’s a plus world,” she emphasized, “not an either/or.”

She refers to what’s already taking place in editorial offices. “We don’t have an editor that’s not completely consumed with their digital presence. We’ve created 25 websites and bought ten others. It’s about figuring out what complex set of creative we can offer our customers,” she explained, referring to advertisers who still very much want to reach the audiences of established consumer properties. “We’ve become a full-service ad agency.”

To put a finer point on her argument, she noted that some print magazine sizes have not shrunk but increased, some have successfully raised prices, and newsstand sales for some titles have actually increased, all amidst the worst economic downturn since the 1930s. “We’ve had a tough 18 months,” she said, “now all the sudden, it’s like a huge sigh of relief. Our meetings are better. Our huge, multi-platform deals are better.”

### **“All About Innovation”**

The imperative now for magazines is discovering how to best integrate all available technologies to maximize content and serve it to consumers in the way they want to get it. “How do we move a reader through all kinds of content?” Black asked. Ultimately, she says, “There are lots of things we can all be learning. At the end of the day, it’s all about innovation.”

An appreciative crowd applauded her admonition that “business as usual” will no longer be the order of the day, at least for the foreseeable future. Success will belong to those publishers who understand their readerships well enough to create an actionable, measurable plan for marshaling all their resources toward a single goal. This vision must build on past success while keeping a constant finger on the pulse of consumer expectations, topical trends and technological developments on a daily, sometimes minute-by-minute basis. And—most critically—everyone involved must come out of their “silos” to become dedicated team members.

Editorial staff and content providers must develop an understanding of and appreciation for print production staff, platform developers and IT personnel. All of these must learn how their efforts affect and depend upon the work of the sales, marketing and PR departments. In a 24/7, wall-writing, tweeting world, the walls must come down, because there’s no time to bring everyone up to speed on every new development...they must already understand. It’s in this way that even large organizations will be able to develop the speed and agility it takes to remain timely, responsive and relevant in the new world of magazine publishing.

### **“Golden Age of Marketing”**

Friedman followed Black’s informative address with her take on the whole p-book vs. e-book debate. “Physical books represent civilization,” she said. “There will always be physical books.” But that’s where her business dedication to the format ends, because OpenRoad Integrated Media (ORIM) is all about digital.

Friedman left Harper in June of 2008, taking some much-needed personal time and finding herself drawn to study the digital revolution. She quickly perceived the same need for publishers to eliminate the boundaries between the different ways in which content finds its way to consumers. And she rapidly recognized that any success would depend on a renewed commitment to promotion.

“Arianna Huffington says it’s the golden age for publishers,” Friedman said. “I’m not sure about that, but it’s definitely the golden age of marketing.” And that reality drove Friedman, former HarperCollins CEO, to found ORIM. The company sees itself not as a publisher, but as “a content marketing company that places the e-book in the center of a multi-platform universe which includes film, video and other forms of digital entertainment.” ORIM is built on the premise of fully integrated content platforms, and functions with four distinct “layers,” according to Friedman:

1. Author-branded backlist – “We really have to bring back the whole backlist,” she says. “Statistics show that if you read a book online and like it, you want to read

another (by the same author) right away. So we need the whole catalog.” ORIM is currently digitizing the entire HarperCollins backlist, among others.

2. Publishing Partnerships – ORIM is establishing partnerships with major legacy publishing houses to co-market their backlists and related front list content on its proprietary platform. So far, this includes romance, African-American and Gay/Lesbian category content from Kensington Books.
3. “E-Riginals” – This segment consists of “born digital” content created to take advantage of eReader demand and never intended for print, though it does include a POD capability. The company is currently collecting analytics to determine how it will choose content and format for these titles.
4. Discovery – ORIM will work through this segment to curate collections of self-published books. It targets the burgeoning self-published market, of which 700,000 books were released last year alone. It will allow qualifying authors to buy in to ORIM’s marketing platform.

### **Revolution or Evolution?**

This question, posed by Schnittman, was ably fielded by the speakers, who had understandably differing positions.

Friedman clearly sees it as revolution. “E-book sales are currently 3-4 percent of total industry book sales, but that represents 11 percent growth this year,” she said. “I think within the next five years, we’re going to see 40 percent of total revenue coming from the e side.” She says this trend will necessitate some consolidation of publishing houses.

Black says it’s manifested as evolution in the magazine business. “We tend to be a legacy business. ‘Cosmo’ sells 8-9 million copies on newsstands, and digital advertising revenue is still pennies on the dollar. We don’t know where it’ll go, but it’s currently up by 20 percent. We’re certainly excited for it to replace very expensive direct mail packages.”

Friedman sees a new opportunity for advertising for book publishers. “We don’t understand advertising, so we’ll need to partner with someone who does understand it as connected to content. Publishing is a learning experience every day. We, as creative people, like what’s coming now, because it allows us to learn something new.”

### **eReader Devices**

Schnittman asked how the magazine and book industries, respectively, were responding to the proliferation of eReaders.

Black was adamant that magazine publishers “do not want to be in the device business.” She explained that a consortium called Next Issue Media (NIM) has formed to avoid making the same mistakes newspaper has made in response to the rise of digital. “We’re currently discussing how to serve the content. Magazine reading is an immersive experience,” she says, and replicating that in digital is a challenge.

Friedman was classically level-headed in her response. “Kindle will not occupy that dramatic market share in my opinion. And let’s not self-intoxicate over the iPad. We

wanted to have color, but I think that for reading books, people are going to pick what gives them the best reading experience. The iPad is fabulous, but is it viable? I'm optimistic that there will be many devices and people will use them all."

For that reason, ORIM is "leaving the reading experience as it is and putting the bells and whistles around the marketing," she says. She was reticent to venture a guess about the direction of "cloud computing," in which all content resides on servers and is tapped at will by varying devices. "I don't think we know about that yet."

Black injected a bit of humor, citing that traditional magazines and books are the original "mobile devices," drawing an appreciative chuckle from the audience.

### **Exciting horizons**

After the formal presentation and discussion, there were many questions posed by attendees. Highlights included remarks by Friedman that regardless of format, there is a cost to producing all content, and that publishers must get a handle on reducing those costs. She believes that ultimately, the book business will be smaller and more profitable when everything shakes out.

Black concurred regarding magazine publishing, as well. Referring to the majority of growth in that industry being overseas and in niche markets, she said, "If revenue and circulation will never match that in the US, the staffs are cross-trained and can produce more with less." She says Hearst is concentrating on finding new ways to monetize its content. "We have to show enough innovation and creativity that we can charge for what we've got. We need to take resources out of underperforming areas and put them toward what's working," mirroring the tough decisions many businesses in all sectors have had to make over the past few years.

Clearly, magazine publishers need to dust off their vast content holdings and take a fresh look at how it can be further monetized. P-books, whether traditionally or on-demand published, are certainly an option, and e-books seem to be a real contender. As reader niches fragment ever more, these formats may be a way to add value to current content and relevance to that of the future.

It'll take a great deal of revisiting old contracts and carefully reworking new ones to include fair treatment for content creators and servers alike, regardless the package. Challenging, yes, but the possibilities of this evolving model are almost boundless. One thing's for certain: However your company decides to handle it, there will likely never be a more exciting time to be a publisher.