
General Analysis of the Publishing Industry

To broaden the scope of this survey into Taiwan's book publishing industry, on November 29, 2005, the National Taiwan Normal University held the 2005 Book Publishing Industry Survey Forum to which it invited various prominent figures from the domestic publishing industry. In this way, this year's survey should have expanded relevance for reference by the publishing businesses.

Special Topic One : Overview of the 2004 Book Publishing Industry Survey

I. Foreword

The publishing of books represents one important cultural pursuit in the current knowledge economy era. In addition to its economic contribution, the ups and downs of a nation's publishing industry also reflect the development of its cultural strength.

Focusing on the book publishing and marketing industries in 2004, this is the latest survey in a series of related annual surveys designed and carried out over many years on behalf of Taiwan's Government Information Office (under the Executive Yuan) in order to understand the business development and

needs of the book publishing industry. By offering a better understanding of trends within Taiwan's publishing industry, it is hoped the findings of this survey can act as a reference and research tool for government agencies and the industry itself when related policies are being drafted.

II. Survey Methods

Carried out between June 16 and August 30, 2005, using telephone interviews backed up by fax, email, and postal questionnaires, this year's survey focused on domestic book publishers and book sellers. Other related details of survey methodology and analysis are as below.

Publishers

Interviewees :

Book publishers that, in 2004, applied to the National Library International Standard Book Number Center for four or more ISBN (excluding publishers of magazines and periodicals).

Respondents :

A total of 422 valid questionnaires were received from the parent list of 1,107 businesses. Excluding the 138 companies that applied for less than four ISBN and/or went

out of business, this represents a survey completion rate of 43.6 percent.

Content :

the survey covered seven main subjects, as follows:

- a) basic data
- b) analysis according to publishing categories
- c) analysis according to operational aspects
- d) book deals
- e) copyright deals
- f) other investments
- g) related suggestions

Retail Channels

Interviewees :

- ◆ Single-outlet bookstores : this refers to book-selling businesses that have less than three branches.
- ◆ Chain bookstores : this refers to book-selling businesses that have three or more branches for which financial and sales strategies are determined by the company headquarters.

Respondents :

A total of 678 valid questionnaires (660 from single-outlet stores and 18 from chain bookstores) were received from the parent list of 3,220 businesses. Excluding the 993 companies with turnover of less than 30 percent and/or those which went out of business, this represents a survey completion rate of 30.4 percent.

Content:

The survey covered 12 main subjects, as follows:

- a) basic information
- b) store type
- c) size and layout
- d) services
- e) concurrent operations
- f) merchandise
- g) annual sales
- h) human resources
- i) need for computerization
- j) marketing activities
- k) investment structure
- l) related suggestions

III. Survey Findings: Publishers

A. Basic data

- ➔ Geographic distribution: Book publishers are mainly located in northern Taiwan (81.3%), with most in Taipei City (57.8 %).
- ➔ Most are small companies, with 56.7 percent having capitalization of less than NT\$5 million (ca. US\$150,000), and 69.0 percent having a staff of 10 less. Most are either limited joint stock companies (29.4%) or limited liability companies (40.0%).
- ➔ Most capital funds are raised domestically, with only 2.1 percent of publishing companies attracting overseas investment.

- ➔ Women are disproportionately represented in the publishing industry. Year after year, surveys have found that male staff number around 10 percent less than female staff.
- ➔ No conspicuous manpower changes are expected throughout the publishing industry in the short-term future (one year), while the overall development environment is observed. Businesses are unclear about human resource planning for the mid-term future (three years).

B. Publishing Categories

- ➔ Examination books was the top sales category in Taiwan's publishing industry in 2004, followed by computing and information science. Computing and information science was the top category for sales volume of reprinted books.
- ➔ Textbooks are predominantly published by companies in the NT\$30~70 million (ca. US\$1~2.2 million) turnover range, which represents 27.6 percent of all publishers. Examination books, on the other hand, are more likely to be published by those 20.0 percent of publishers with turnovers greater than NT\$70 million (US\$2.2 million).
- ➔ The average price of hardcover books was NT\$655.6 (ca. US\$20.50), which represents an increase of NT\$142.7 (ca. US\$4.50) over 2003.

The average price of paperbacks was NT\$319.9 (ca. US\$10), a rise of NT\$24 (US\$0.75) over 2003.

- ➔ More than half (55.1%) of companies indicated publication or wholesale of children's picture books. The second most popular category was children's literature with 46.9 percent. Children's general books were the most reprinted books (28.6%), with 10.2 percent of companies indicated they published or sold children's illustrated encyclopedias.
- ➔ Compared with data from the two previous years, the greatest number of new titles published in 2002 and 2004 belonged to the category of comic books, while in 2003 it was the children's reading materials category. Second place in both 2003 and 2004 went to examination books, with the computer and information science book category rose to third place in 2004.

C. Operational Categories

- ➔ The proportion of publishers' self-operated channels is relatively high, indicating that publishers are gaining expertise in the area of sales and thus are raising their market competitiveness.
- ➔ 72.5 percent of publishers have sold books through self-operated channels; 73.1 percent of all books sold are sold through such channels. On the other hand,

60.2 percent of publishers have sold books through non-self-operated channels, with books sold through such channels representing 26.9 percent of all books sold.

- ➔ 90.6 percent of publishers selling textbooks use self-operated sales channels, with such channels accounting for 87.9 percent of all textbooks sold.
- ➔ 89.7 percent of responding publishers selling examination books use self-operated sales channels, with such channels accounting for 89.4 percent of all examination books sold.
- ➔ Greater Taipei accounted for 49.8 percent of all book sales in this year's survey, with the rest of Taiwan accounting for 50.2 percent.

D. Book deals

- ➔ No significant changes have occurred in the list of countries exporting books to Taiwan, with the United States (55.6%), United Kingdom (33.3%), and Hong Kong/Macao (28.9%) still taking the top three spots.
- ➔ As for those countries importing from Taiwan, Hong Kong/Macao is top (77.2%), followed by Singapore (50.4%), and the United States with (33.1%).
- ➔ Since few companies responded to the question on titles and numbers of books imported and exported, the following table showing the top categories for

import and export of different language groups is provided for general reference only.

Item	1 st	2nd	3rd
Quantity of imported Chinese-language titles	Religion	General	Literature
Quantity of imported foreign-language titles	Languages	Textbooks	Children's reading materials
Quantity of exported Chinese-language titles	Religion	Literature	Psychology / Self-Help and Personal Growth
Quantity of exported foreign-language titles	Languages	Children's	--

- ➔ 11.1 percent of publishers responding to this question imported books in 2004 while 87.7 percent did not.
- ➔ Both the quantity and costs of imported foreign-language books exceed those of imported Chinese-language books (3.3 times as many foreign-language books

were imported at a cost 8.8 times higher).

- ➔ 30.3 percent of publishers indicated exporting books in 2004 compared with 69.7 percent that did not export books or did not answer this question (comparable to previous years, when exporters generally represent about 30 percent of companies).
- ➔ Of the 101 respondents that indicated clearly the quantity of books exported, the highest sums of money earned for Chinese-language titles were in the religion category, followed by literature and psychology/ Self-Help and Personal Growth.

E. Copyright Deals

- ➔ The most popular country from which Taiwan publishers purchased copyrights was the United States with 52.4 percent of respondents answering positively, followed by China (35.7%), and Japan (31.0%). Measured by the number of titles, however, Japan was top with 2,259 titles, followed by the United States (1,035) and China (516). This shows that, although China has an influence on Taiwan's publishing industry, the size of this business remains to be seen.
- ➔ In terms of purchasing translation rights, these are still dominated by the publication of Chinese-language versions (75.0 percent; 3,708 titles).
- ➔ Although publishing companies and

agents still provide the main source of copyright deals and related information, use of the Internet and other sources by some publishers seeking deals is worthy of attention but, in practice, the number of such deals should not be overlooked.

- ➔ Comic books top the lists of both total number of deals (1,960 titles) and average number of deals (280 titles), as well as in terms of translations and printing quantity. Next are religious books, then children's reading materials, and commercial subjects.
- ➔ English-to-Chinese translations are still the main category of translated books (59.4%), but Japanese-to-Chinese (32.9%) and simplified-to-traditional-Chinese (33.5%) follow closely behind.
- ➔ Quality of writing in books from China was cited as a reason for importing such books by 46.3 percent of respondents, followed by the cheap price of copyrights (37.0%), and the relative difficulty in Taiwan of producing books on Chinese history and culture (31.5%).
- ➔ Previous surveys indicated that about 16 percent of publishers sold copyrights. Most common were sales to China (85.1% of positive respondents), and the most common category of sales were imprint authorization (43.9%) and translation (57.6%).

→ Children's reading materials (367 titles) and computer and information science (153 titles) represented the main copyrights exported.

F. Future Developments of the Industry

→ 73.0 percent of survey respondents indicated that they have no plans for overseas investment over the next three years. The proportion of publishers with plans for overseas investment was greater among those that are not members of a group (21.4%) than those that are members of a group (13.6%).

→ 91.7 percent of book publishers responding to the survey indicated that, at present, they have no plans for investment in China, with 76.1 percent saying that they also have no such plans for the short-term future (3 years).

→ Regarding those that do plan to invest in China, 63.5 percent of publishers would do so through book publishing (including copyrights).

→ Those publishers investing in China fell into two main categories: those with investments of NT\$810,000~1 million (ca. US\$25,300-32,000) and NT\$5.01 million ~10 million (ca. US\$156,500~312,500), with 9.2 percent of publishers falling into each category.

→ Respondents indicated future development would in the direction of digitalized operations (14.3%), individualization and development of specialized operations (12.4%). Among those inclined toward development of multifaceted operations, 4.9 percent expressed plans for each of brick-and-mortar bookshops, other book channels, online bookshops, expansion of other operations, and expansion into non-book merchandise.

IV. Survey Findings: Book Retail Channels

(Partly taken from *Survey and Analysis of Book Publishing Retail Channels by Fan Yi-ye*)

A. Basic Data

- ➔ Overall, book retailers are mainly located in culturally and economically developed areas, among which northern Taiwan (50.0%) and Taipei City in particular (36.0%) are the most conspicuous.
- ➔ Most (68.3%) of single-outlet stores are self-capitalized; while most chain bookstores are limited liability companies (33.3 percent) or limited companies (also 33.3 percent). 51.4 percent of single-outlet stores had capitalization of less than NT\$400,000 (ca. US\$12,500). In comparison, 50.0 percent of chain bookstores had capitalization of under NT\$5 million (ca. US\$156,250).
- ➔ The book retail industry has undergone a gradual systematization but, due to differences in overall operational scale and risks, chain bookstores have seen greater development in business scope and organizational structure.
- ➔ Some self-capitalized businesses, while expanding the scope of their operations, still plan to continue the self-capitalized operations model chain bookstore. The development of this kind of business is worthy of further observation.

B. Store Type

- ➔ Almost half (43.0%) of single-outlet stores operate specialized book outlets. Of these, textbooks, examination books, comic books, and children's reading materials are most common. The functions and services provided by chain bookstores tend to be those of general bookstores, with sales of comic books, traditional medicine books, foreign-language books, and leisure and travel books each being mentioned by 25.0 percent of respondents.
- ➔ Although chain bookstores tend to offer more diversified services than single-outlet stores, most (59.9%) are still general bookstores, while around 40 percent provide more diverse services. Single-outlet stores show development of either specialized book sales (43.0%) or integrated book shops (57.0%).
- ➔ Primary areas of operation are mixed (residential/commercial 混合區) districts, cultural and educational districts, and commercial districts. In terms of their overall operations, businesses clearly have tendencies to group together, not only in urban areas but, within cities, in specific districts. This can create intense competition between retailers in those districts.

C. Size and Layout

- ➔ The operational area of single-outlet stores is mostly below 30 *ping* (ca. 1080 sq. ft.); that of chain bookstores relatively larger.
- ➔ Cross-analysis of operational area against basic data shows that, among single-outlet stores, those with specialized sales are more likely (62.8%) to have operational areas smaller than 30 *ping* than those offering more generalized sales (37.8%).
- ➔ Most book retailers rent their premises. The survey indicates no conspicuous change in the cost of rents, with only 11.7 percent of single-outlet stores and only 4.5 percent of chain bookstores indicating that their rent had risen.
- ➔ Single-outlet stores and chain bookstores showed differences in their shop layout designs, with chain bookstores giving greater space to new books.
- ➔ Book display installations in single-outlet stores (new books, bestsellers, promotional books, general books) have shown a year-on-year increase. Among these, those for new books and bestseller areas have increased most noticeably. Chain bookstores put more emphasis on new book area installation and design.
- ➔ Over recent years, the excessive focus on and numbers of bestsellers are not clear, but have led to unceasing and increased

competition between brick-and-mortar businesses and online bookstores. For example, chain bookstores' excessive raising of the proportion of new books is equivalent to a lowering of their competitiveness. As current consumer trends are towards increasing diversification, the business volume of online bookstores has increased as a proportion of the total market. With their relatively low capital costs, sales can be promoted through large-scale discounting. This has already started to erode chain bookstores' sales and profits, both for new books and bestsellers. Taking the latest *Harry Potter* book as evidence, even before it appeared as a new book in brick-and-mortar bookstores, online bookstores were already fighting to have the lowest prices and competing to be the first to achieve sales. In addition, direct discount bookstores, by only selecting bestsellers and large sales volume books, can match these low prices and carve out a large slice of the brick-and-mortar market. In view of this, unless chain bookstores are able to draw up plans and carve out a profit base at an early date, their book sales will become increasingly fragile in the future.

D. Services

- ➔ Book retail channels operate an average of 12~12½ hours each day. Single-outlet stores have gradually shortened their hours while chain bookstores have done the opposite.
- ➔ The proportion of book retailers setting up

membership systems has gradually increased, particularly in chain bookstores (40.8%) rather than single-outlet stores. Those single-outlet stores located in government office districts of northern Taiwan reported the highest proportion with membership systems (47.3%), while the lowest (29.7%) was in southern Taiwan.

- ➔ VIP cards are the dominant form of membership system established book retailers.
- ➔ While book reservation is still the main form of additional service, such services have gradually diversified.
- ➔ Around 74.8 percent of single-outlet stores and as many as 94.4 percent of chain bookstores indicated that they provided various forms of additional services.

E. Concurrent operations

- ➔ Concurrent operation of an online bookstore with a brick-and-mortar store is a current market trend, although the rate of growth is actually relatively slow.
- ➔ The main advantage possessed by online bookstores is the provision of convenient search functions.
- ➔ Regarding concurrent online bookstores' proportion of total sales, those of single-outlet stores represent 65.8 percent of their turnover on weekdays and 34.2

percent on weekends and holidays. For chain bookstores, the figures are slightly more balanced: 53.8 percent on weekdays and 41.7 percent on weekends and holidays.

- ➔ The weekday sales of retail businesses' online bookstores still represent more than half of the total sales volume.
- ➔ Mid- and up-stream businesses run concurrently by chain bookstores are greater than those of single-outlet stores. Similarly, the proportions of concurrent commissioned sales and agent sales are also higher.
- ➔ Half (50.0%) of bookstores in chain bookstore systems indicated they have concurrent mid- and up-stream businesses., while the figure for single-outlet stores is only 18.9 percent.
- ➔ The proportion of single-outlet stores and chain bookstores with concurrent operations increased by 5.3 percent and 3.8 percent respectively between 2003 and 2004. This indicates that concurrent operations and/or establishment of mid- or up-stream book businesses are growing trends in the retail book industry.

F. Merchandise

- ➔ Books are the top category of merchandise sold by book retailers, both in terms of quantity (more than 90%) and income (more than 61%).
- ➔ For single-outlet stores, examination books are the top category both in terms of display proportion and income proportion. Under the influence of specialist shops, medical and household management books figure highest for chain bookstores for both display and income proportions.
- ➔ Retail channels selling books from China still represent a small minority of around 10 percent, but following liberalization of restrictions on the sale of books from China, this percentage looks set for continued growth.
- ➔ The main marketing strategy employed by retail channels is the use of display areas for new books.
- ➔ When considering factors for the types of books to be displayed in the new book area, all retail companies viewed sales demand as an important.
- ➔ Single-outlet stores' stock area has risen gradually year-on-year, while those of chain bookstores have stabilized.
- ➔ Over the year, an increase from (48.0% to 60.5%) in the tendency for single-outlet stores to set up new book display areas can be observed.

G. Annual Sales

- ➔ Weekday sales at book retailers outnumber weekend/holiday sales.
 - ➔ Average sums spent by customers were mostly in the NT\$101~300 (ca. US\$3.02~9.36) range.
 - ➔ Sales at more than 60 percent of single-outlet stores were less than NT\$5 million (ca. US\$156,250), while those at more than 60 percent of chain bookstores were below NT\$50 million (ca. US\$1.56 million).
 - ➔ Chain bookstores' book return rates have grown year-on-year; further observation is needed to see if this upward trend will continue.
 - ➔ Those single-outlet stores reporting growth in income in 2004 over 2003 showed average increase of 13.9 percent, while reporting a fall in income over the same period showed an average decline of 17.7 percent.
 - ➔ Those chain bookstores reporting growth in income in 2004 from 2003 showed average increase of 12.3 percent, while those reporting a fall in income over the same period showed an average decline of 10.5 percent.
- ## **H. Human Resources**
- ➔ The average annual salary expenditure for staff in single-outlet stores has fallen year on year.
 - ➔ The most common response by all types

of book retailers was that there has been “no change” in manpower requirements this year nor is envisaged for the next two years.

- ➔ Single-outlet stores place increasing emphasis on education and training of new employees.
- ➔ Education and training of new employees, whether in single-outlet stores or chain bookstores, are primarily by means of on-site and specialist guidance.
- ➔ Most book retailers reported “no problems” regarding the education and training of staff.

I. Other (Suggestions by Committee Members)

- ➔ Book return rates have risen continuously over recent years, not only causing problems to book publishers but also creating a burden for brick-and-mortar retailers. According to rough statistics, when return rates for a new book exceed 30 percent, publishers’ profits are wiped out completely. Under the present conditions found throughout the publishing industry, many publishers do not even sell out their stock of first editions, even though the size of first print runs has been continually reduced. Indirectly, this is also a burden on publishing companies, as book publishers and retailers have a symbiotic existence. This year’s survey findings show that, irrespective of whether single-outlet stores

or chain bookstores, the proportion of self-owned shops has continued its downward decline. Comparison of shop rents in 2004 compared to 2003 shows that there has been no reduction due to the downturn in fortunes. This is to say, bookstores’ overall costs have not fallen (and, in certain respects, have actually risen), while the overall business turnover has not risen. If sales volumes do not show clear expansion, operations will be extremely overstretched. In regard to book returns, those of single-outlet stores have fallen year-on-year from 38.0 percent in 2002 to 31.9 percent in 2004, while those of chain bookstores, on the other hand, have risen from 30.3 percent in 2002 to 38.3 percent in 2004. Although the present survey did not distinguish in its inquiry between return rates of new and older titles, if analysis is based on the survey data for “Factors for consideration in the display of new books,” it is clear that excessively high book return rates result from the autonomy of on-site staff being too low while the reliance on publishers’ and agents’ recommendations is too high.

- ➔ Under the computerization trends, the figure for chain bookstores (88.9%) is higher than that of single-outlet stores (48.9%). Nevertheless, both single-outlet stores and chain bookstores expressed dissatisfaction with the inadequate capabilities of their information systems or the unsuitability of their information

systems. Since new publications increase by tens of thousands of new titles annually, not only do brick-and-mortar bookstores have to set up and manage stacks for new books, but the number of titles and quantities of books of other categories in stock must also be supervised. With this in mind, how restocking, sales, and storage, and the quantity and titles of books actually sold, are effectively managed is yet another important topic with regard to increasing competitiveness.

→ Although the macro-environment and economic situation have been causes of anxiety for a long time, neither up-stream publishers nor down-stream retail channels have downsized nor adopted a bleak outlook. The main reasons for this are the enthusiasm and optimism typical of this industry. (The GIO's *Publishing Yearbook 2004*, for example, notes that, while the number of large and medium-sized publishers in Taiwan fell 7,810 in 2001 to 6,023 in 2002, it rose again in 2003 to 7,358. From this it can be seen that, although most companies in the industry do not look very favorably toward the future, there are always participants with enthusiasm and idealism willing to replace their fallen comrades and replenish this industry.) While it looks as if the boom of Taiwan's publishing industry over

the last few years has not continued, actually, both in terms of numbers of books published and total business volume, the situation is not so different from before. The main reasons for this seem to involve changes in reading behavior and market diversification. This means that the industry should consider carefully such topics as how to know well their readers' literary tastes, and thus create a market environment that tallies better with customer purchasing habits.

→ Important considerations for brick-and-mortar retail outlets trying to carve out and maintain a brand share in a competitive market with many stores selling similar products include finding how to operate with a strong identity, having strong understanding of the implication of sales information, establishing good systems for stocking, sales and storage, satisfying customer needs, and cultivating and training quality staff.

V. Estimate of the Value of the Book Publishing Industry

The question of whether 2004 was a bright year for the publishing industry has been the subject of continual interest within the industry. Before this survey examines the value of the book publishing industry in 2004, it is worth looking at a few related incidents occurring during the year.

First, 2004 was the year of the Cité Group's

“hundred schools,” with the rest of the publishing industry spending the year occupied with news of its combined force of five top publishing groups. Together, these combined the efforts of six major departments: financial affairs, administration, human resources, information, printing, and legal affairs, to create an immense group comprising 34 company publishing outfits, publishing 30 magazines each month and 1,500 new book titles each year, and earning a total annual income of more than NT\$3.1 billion (ca. US\$97 million). This sets a model for future book publishing industry development.

Second place went to the Crown Publishing Co. Ltd. Corporation (皇冠出版社). With such heavyweight bestselling Chinese-language authors such as Chiung Yao (瓊瑤), Eileen Chang (張愛玲), San Mao (三毛) and Hwang Chun-ming (黃春明); global literary masters such as Milan Kundera, Umberto Eco, and Patrick Suskind; and hot-selling series such as *Harry Potter* and *The Saga of Darren Shan*, in 2004 it celebrated its 50th anniversary in joyous style. Coincidentally, Linking Publishing (聯經出版社) celebrated its 30th anniversary the same year, by launching the Linking online sales outlet, which was a great strategy for a new retail channel.

Finally, innumerable book retailers had glittering report cards for 2004: Eslite (誠品), Kingstone (金石堂) and Books.com (博客來) all were success stories, either in terms of operating income or online bookstore profits.

As for the numerous overseas groups considering setting up shop in Taiwan, Page One from Singapore, Sino United Publishing (聯合出版集團) from Hong Kong, and Popular (大眾集團) of Singapore have all either tested the water through book shows or have already entered the Taiwan market.

In sum, the book publishing industry seems to be in the middle of a vigorous expansion, with Kingstone and Eslite heading a list of ten major companies reporting good results, and with both domestic and international large volume retailers expressing optimism about future development of the domestic market. But when a deeper observation is made, it seems as if companies throughout the industry are airing complaints.

Many long-established domestic companies went out of business in 2004, such as the Taiwan Bookstore (台灣書店), which had been in operation since the period of Japanese rule (1895-1945), Tainan's Wun Bao Fang (台南文寶房), Red Leaf Books (紅葉書局) from Hong Kong, Kai Juan Tian Bookstore (開卷田書局) in Kaohsiung, the old Wei Sheng bookstore in Taipei's Songshan district (松山老書店—偉聖書局), Hong Wen (宏文書局), an old bookstore in Puli Township in Nantou County, and the Nobel Bookstore (諾貝爾書局) in Pingtung. This wave of closures even reached as far as Senseio Bookstore (新學友書局). In addition to companies having pessimistic views about the deteriorating outlook for the whole industry, the potentially lethal problems caused by typhoons and

flooding over the years have not disappeared. The industry's bad news is by no means limited to this, but challenges posed by government decrees and confusion caused by innumerable disputes among publishers are also problems. In March 2004 the government's financial policy agencies unfortunately vetoed the book-support tax issue because they estimated it had low feasibility, followed quickly four months later with the industry facing 710 major copyright restrictions due to Taiwan not having signed intellectual property rights protection agreements with many countries in the past, when the 30 month transitional period for implementation of relevant regulations following Taiwan's accession to the WTO expired on July 10th. This resulted in many high-principled sellers in the industry finding themselves with problems over publications still protected by time limits, such as movie and music less than 50 years old, and books by authors not yet 50 years deceased. On July 11th, 2004, many publications concerned with classic movies and Japanese television plays, and books for which authorization had not been obtained could not be sold openly.

In addition, variables such as the high book return rate and a shrinkage in market demand created a feeling of extreme crisis and uncertainty in the marketplace. Businesses' worries about whether sales would continue to

decline enveloped Taiwan's publishing industry like a fog. Statistics show that Taiwan's reading public is continually decreasing. The library borrowing population, for example, has fallen from 2.07 million library visits in 1996 to 1.06 million visits in 2004. Similarly, in 1990, seven out of every ten households subscribed to a newspaper; by 2003 this figure had fallen to less than four in ten. Sales of Taiwan's magazines have declined so much in the last two years that the market has experienced a hitherto unknown developmental bottleneck. And, from the perspective of traditional reading and listening behavior, the predicament facing Taiwan's publishing industry makes it clear that the public no longer like to buy books, and no longer like to read books.

What result can be identified then by looking back over the major changes of Taiwan's book publishing industry in 2004 as found in this year's survey? On the basis of a number of differing methods—including additional value of subsidiary channels and estimations based on sales volume—used to make an estimation of the industry's total value, as well as using the survey's findings regarding the proportion of different factors such as channels, discounts etc., it is found that the combined value of the book publishing industry and retail channels is between NT\$30.668 billion (US\$0.96 billion) and NT\$58.223 billion (US\$1.84 billion).

Special Topic Two:

Preliminary Investigation of Taiwan's New Book Market in 2004

By Chen Ying-ching (陳穎青)

Foreword: How many new titles really are published in Taiwan each year and why is this question so important?

Over many years, Taiwan's publishing industry has treated the issue of new books with the resentment normally reserved for an enemy. For publishing companies, new titles are an important source of income a marker of market status and operational competitiveness and, to a certain degree, are relied upon to operate at all. From the outside, new books look like "easy money" but, in practice, there is nothing easy about them. For publishing companies, it is the established titles that represent "easy money" while producing new books is actually troublesome.

Few people within the market place understand this, however, while many outside the industry think that

producing new titles is simple. As a consequence, they throw themselves into producing new books with the result that there is an excessive number of new books, and everyone, from publishers to readers, complains about the hardships. Originally, providing readers with a wide choice of books was a good thing but, when saturation of the market surpasses a certain point, even the news of the latest publications comes too quickly for readers to absorb. This can only create the opposite effect to that desired, and readers would actually prefer a slight reduction in the publication of new titles to give them time to filter the books already published, decide which they would like to read and which not to read. This kind of feeling of course is understandable but, in contrast to overall international trends, this is not an appropriate expectation.

As can be seen from the following table, these international trends can be summed up by the conclusion that all economically advanced and developed countries publish huge numbers of new books compared with less developed nations.

Table 1. Populations, financial situations, and number of new titles published in six countries (including the United States and United Kingdom)

Country	Population	Per Capita GNP	No. of New Titles
United States	295,730,000	\$40,100	113,744 (2004)
United Kingdom	60,440,000	\$29,600	119,000 (2001)
Japan	127,420,000	\$29,400	75,530 (2003)
Taiwan	22,890,000	\$25,300	39,713 (2004)
South Korea	48,420,000	\$19,200	34,279 (2001)
Malaysia	23,950,000	\$9,700	5,843 (1996)

Source: Population and per capita GNP figures from the US Central Intelligence Agency *World Factbook*.

Website: <http://www.odci.gov/cia/publications/factbook/index.html>

Consequently, it can be said with great confidence that the quantity of new books published represents a country's economic maturity and strength in cultural creativity. Production of more new books represents a more prospering economy and more flourishing creativity.

Some people might point out that, as the regions above Taiwan in Table 1 all have populations (and, therefore, market sizes) larger than Taiwan's, they are able to publish more new books than Taiwan. In discussing population, it is useful to look at the example of the United Kingdom in the table. The UK publishes 19.83 new titles per 10,000 people each year, compared to the comparative figure of 17.35 in Taiwan. It is true that, in terms of number of new titles per person, Taiwan is not at the top. And similarly, the number of new titles per capita in some economically advanced countries is not high, suggesting that the total population is not such an important indicator of publishing size and that per capita GNP is a better indicator.

A second reason for discussing new books is that the quantity of new books published can reflect the size of the industry and the number of people that it can employ.

For publishing companies to reprint an established book just takes one telephone call to arrange. The amount of the company's creative resources required, from agreeing on the paper, determining print quantity, discussing prices, fixing deadlines, and completing the work are all relatively small for a book that has already been printed. Publication of a new book, on the other hand, is the exact opposite. The greater part of a new book, from the copyright, editing, and finalization of the manuscript, to the typesetting, printing, promoting and launch onto the market, all require great efforts from publishing

companies' staffs, not to mention the support and assistance of persons outside the company, such as writers, translators, editors, proofreaders, art designers and printers. Each new book has a whole team of people working diligently behind the scenes.

The number of new books published can, therefore, accurately reflect the size of the workforce needed by the industry. If 40,000 new titles are published each year, for example, and on average each editor can handle between 10 and 12 books, then the industry needs around 3,500 editors. Add in the publishing companies' marketing and sales staff, their accountants, distributors and outside assistance, and the total number of people employed will be more than 10,000. If up- and down-stream industries such as paper factories, printers, agents and retailers (bookstores) are also considered, then the total employment chain created by the book publishing industry will be numbered in tens of thousands.

A third reason is that a more accurate understanding of the new book industry can help publishers adopt an appropriate attitude to the work

Bearing these above-mentioned three reasons in mind, this year's publishing industry survey included two important reference databases for the first time. The first of these was the National Library ISBN Center, *Annual New Book ISBN Application Database* (hereafter referred to as the ISBN database); the second was the internal database for Kingstone Books' (金石堂) record of new books in 2004 (hereafter referred to as the Kingstone database).

The numbers of new books published in 2004 as recorded by the two databases are as follows:

Table 2: Total new books in 2004 according to the ISBN and Kingstone databases

Database	Quantity of New Books in 2004
ISBN Database	39,713 titles
Kingstone Database	23,195 titles

In this report, the ISBN Database is taken to represent those books published nationally (although of them many books were not issued commercially), while the Kingstone Database represents those books published for retail marketing in Taiwan's bookstores. Thus, for the rest of this document, a distinction will be drawn between "total national publications" and "retail publications" that accords with analysis of these two databases. (Note that, in theory, the ISBN Database represents only the applications made during that year and is not a list of books published in that year. Without a more accurate mechanism for proving which books are published or not, however, this study still uses the ISBN Database as its parent list for "national publications." This should be

borne in mind, however.)

1. List of Publishers in 2004

A) How many publishers produced at least one book in 2004?

Of the more than 13,000 publishers (actually 13,655 in December, 2005; see <http://lib.ncl.edu.tw/isbn/e01.htm>) on the National Library's list, which includes all government and non-governmental organizations as well as private individuals, only 27.7 percent (around 3,800 in number) published one or more book in 2004 (or applied for one or more ISBN), of which only 7.2 percent (less than 1,000) were commercial companies publishing for the retail market.

Table 3: Analysis of new book statistics from the ISBN and Kingstone databases

Category	No. of New Books	No. of Publishing Organizations	Average No. of New Books per Organization
National Publications	39,713 titles	3,794	10.5 titles
Retail Publications	23,195 titles	992	23.4 titles

This phenomenon reflects the ease of publishing a book in Taiwan but also the difficulties in reality of long-term operations. Although a great many organizations and individuals have registered their intention to publish a

book or have indeed published a book, the proportion of those capable of sustained operations and continuing publication is extremely low. Further details of this are more apparent in the following table.

Table 4: Comparison of quantities of new books published

Category No. of New Books	No. of Companies Nationwide	Percentage	No. of Companies Publishing for Retail Sale	Percentage
100 titles and above	68	1.8%	45	4.5%
99-50 titles	100	2.6%	67	6.8%
49-4 titles	1,163	30.7%	532	53.6%
3 titles or less	2,463	64.9%	348	35.1%
Total	3,794	100.0%	992	100.0%

Within the total national market, the proportion of publishers producing (or applying for) four or more new titles during the whole year was only around 35 percent of all organizations publishing books in 2004. Of those publishing books for retail sale the equivalent figure is almost 65 percent. This is due to the nature of the industry as most of these are certainly “professional” publishers (as compared with amateur/hobby publishing.)

From this it is clearly seen that, even though Taiwan’s publishing environment is extremely open, market mechanisms still create problems for amateur publishers who find it difficult to enter the retail market and obtain reasonable investment returns. Of those publishing organizations already operating in the retail book market, a majority are already “professional” publishers, capable of obtaining operating returns from the commercial market.

2. Numbers of new books published by the top companies in 2004

By collating the statistics obtained from the two above-mentioned database reports, the number of new books published in 2004 can be analyzed in comparison to the top-producing publishers. Due to the enormous quantity of information, this analysis is based only on the largest 300 “national publishers,” and 200 “retail publishers.”

3. The 80-20 rule with regard to the numbers of new books published in Taiwan

Business managers speak of a “80-20 rule,” (also known as the Pareto Principle), which is usually used to indicate that 80 percent of consequences arise from 20 percent of causes within a particular field. Common examples include that 20 percent of clients are responsible for 80 percent of sales volume. For this survey, such an analysis was used to discover whether or not the publishing industry accords with this “80-20 rule.”

Table 5: The 80-20 rule in the publishing industry

	Top 20% of Publishing Organizations	Number of Titles Published	Percentage
Nationwide	759 companies	33,012	83.13%
Retail Market	198 companies	16,900	72.86%

The above table indicates that, among all those publishing organizations in the national market applying for ISBN, the top 20 percent (759) applied for 83 percent (33,012) of all ISBN that year. This is very close to the phenomenon described by the 80-20 rule. While it seems that concentration is very high in publishing capability in the national market, since any organization or individual can apply for an ISBN, more than half of this degree of concentration is due to there being too many denominators. This phenomenon is apparent from Table 4, where those publishers applying for three ISBN or less through the whole year account for almost 65 percent of the total.

Most publishers apply only occasionally, so the total number of books published by them collectively is extremely small. Stated in another way, a few large publishers are responsible for a huge proportion of books.

As for the equivalent figures for retail publishing, of all companies publishing that year, the top 20 percent (198) published almost 73 percent (16,900) of new books. Although this is lower than for “national publication,” a clear concentration still exists. The main reason is not because publishers are less professional but because there are fewer amateur publishers in the retail market. This also repeatedly proves that the retail market has an ability to filter competence, and amateur publishers cannot easily penetrate the market.

In general therefore, Taiwan’s publishing industry does conform to the description of the 80-20 rule, that is, that 20 percent of publishers produce 80 percent of books. In

more detail, however, concentration within the retail publishing sector is slightly less, and the phenomenon of large groups dominating a large slice of publishing has yet to appear.

4. Retail price statistics

This year’s survey was extremely fortunate to obtain the statistical database report of Kingstone Books (one of the largest chain bookstores in Taiwan). Commercial companies’ merchandising information has greater accuracy and verifiability that is absent from normal registration-type public service databases, and that makes them extremely valuable.

Commercial companies only enter information that is deemed necessary for their sales-stocking systems, operations, or business transactions. Other information would waste manpower or consume system resources. In the name of efficiency, therefore, commercial companies keep only such information that they see as necessary.

Moreover, commercial companies rely on merchandise information for external sales and for settling accounts with upstream suppliers. In other words, if data, especially for prices, is not accurate, it can harm sales and profits, or cause complaints from suppliers (i.e. publishing companies). Because of this, being able to obtain permission from Kingstone Books’ head office to access the company’s 2004 annual statistics on its new books database is of enormous significance. As this is especially accurate, it is of great significance in reflecting the real situation in Taiwan’s retail book market.

Table 6: Analysis of retail book pricing

Price band	No. of New Books	Percentage
NT\$1000 (ca. US\$31) and above	284	1.22%
NT\$500-999 (ca. US\$16-30)	1,703	7.34%
NT\$400-499 (ca. US\$12-15)	1,642	7.08%
NT\$300-399 (ca. US\$9-12)	3,150	13.58%
NT\$200-299 (ca. US\$6-9)	7,347	31.67%
NT\$100-199 (ca. US\$3-6)	6,482	27.95%
NT\$99 (ca. US\$3) and under	2,587	11.15%
Total	23,195	100.00%
Average retail price	NT\$279 (ca. US\$8.72)	

Table 6 shows an analysis of price based on the Kingstone database. In 2004, the average price of a new book on the retail market was NT\$279 (ca. US\$8.72), and the most common price band for new books was the NT\$200-299 (ca. US\$6-9) range followed by the NT\$100-199 (ca. US\$3-6) range. Even though such general prices were not especially high, more than 8 percent of books still cost above NT\$500 (ca. US\$16) including 1.2 percent costing NT\$1000 (ca. US\$31) or more. The year's most expensive publication was the United Press's (聯合報出版) 33-volume set *Collected Works of Mo Zong-san* (牟宗三全集) which cost NT\$27,000 (ca. US\$800).

5. How many books were imported by the retail market over the year?

Is it possible to use Kingstone's statistical report to make further analysis of number of books imported by Taiwan's retail market over the year? It is at present possible to analyze two main classes of books, those published in Hong Kong and translated books.

For books published in Hong Kong to pass through suppliers to Kingstone Books they must be marked "Hong Kong," along with those world-renowned

publishers such as Oxford University Press. This allows them to be separated into those belonging to Hong Kong.

Translated books on the other hand, can be identified as being such as they have people's names identified as their translators. The information given by publishers of comic books is not complete, however, so this survey carried out research on the basis of actual market conditions for selected important comic publishers such as Sharp Point Publishing (尖端), Tongli Publishing (東立), Ching Win Publishing (青文), Tohan (Taiwan) (東販), and Kadokawa Media (Taiwan) (角川). Through this investigation, it could be determined whether their comic books should be classified as translations or not, since at present the majority of Taiwan's comic books are still imported. Finally, some publishers continue to use the original author's names on translations, or leave the translator question (of the survey) blank, meaning that further investigation is necessary to determine whether they count as translations or not.

Following completion of these above processes, it was calculated that there are approximately 316 new Hong Kong titles on the retail market, mostly published by Oxford University Press (China) (牛津大學) and The Commercial Press (HK) (香港商務). Imported translations

totaled approximately 6,002 titles (see Table 7)

Table 7: Proportion of translated books in the retail market

	No. of New Titles	No. of Translated Books	Percentage
Retail Market	23,195	6,002	25.88%

In the retail publishing market, the proportion of translated books is approximately one quarter (although this includes 3,000 translated comic books). This is similar to previous figures for proportions of translated books in South Korea and Canada.

The equivalent figure for the entire national book market would probably be lower because, from experience, government publications, middle and elementary school textbook publications, and private publications are

generally written by Taiwanese and relatively few are translated.

6. Translators in the publishing industry

Of the above-mentioned 6,000 translated books, we can deduct 2,514 for which the translator data is not known (of which most are comic books). This leaves 3,488 books for which information about their 1,964 translators can be known (see Table 8)

Table 8: Analysis of the number of books translated by each translator

No. of Translated Books per Translator	No. of Translators	Percentage
20 and above	5	0.25%
19-10	11	0.56%
9-5	75	3.81%
4	68	3.46%
3	131	6.67%
2	309	15.73%
1	1,365	69.50%
Total	1,964	100.00%

From Table 8 it can be seen that of the published translators throughout 2004, almost 70 percent only translated one book that year. Of the other 30 percent, 309 translated two books, 131 translated three books, 68 translated four books, and 91 translators did five or more books.

The majority of those who translated only one book were certainly novices or after-hours translators. From personal experience, although the works of novice translators are

usually very unreliable, the publishing industry uses as many as 70 percent novice translators. It is no wonder that the quality of books translated by Taiwan's publishing industry is commonly criticized. This statistical report shows that the publishing industry still has much room for improvement, and our efforts to enlist the cooperation of professional translators is still deficient. Only through cooperation with specialist translators can structural improvements be made in the quality of

translated books.

Conclusion

This is the first year that the survey attempted to use databases to analyze the new book market. Due to a limitation of specialist database abilities, as well as an insufficiency of firsthand statistical reports, it was difficult to realize the original targets and aspiration of detailed analysis of different fields. Nevertheless, even the existing results provide many interesting features. If this kind of analysis can be continued for a long period or be extended to other companies' reports, it will offer a more accurate representation of the long-term trends and developments of Taiwan's book market.

(English names for publishers and bookstores referred to in the text are taken from the CSBCA list where available or, otherwise, are transliterated according to the relevant guidelines drawn up by the ROC Ministry of Education. Special thanks are due to all members of the writing team for their hard work and assistance; to those whose articles could not be included in the printed version because of lack of space, both gratitude and apology are due. Readers wanting more details can refer to the online version of the Report of the 2005 ROC Book Publishing Industry Survey [in Chinese] at the GIO website. We apologize for any further oversights.)