

2020 & The Book Industry

A Year in Review

In April 2021 – a year into the pandemic – Ingram leaders across print, digital, consumer, and retail reflected on shifts in the publishing industry that occurred as a result. While the pandemic triggered new dynamics and surfaced unique challenges, there were several factors on an international scale that contributed to one of the most remarkable years in book publishing. This guide covers some of the insights shared by Ingram leaders and reveals their Top 8 Recommendations for publishers looking to position themselves for long-term success – in times of marketplace stability and uncertainty.

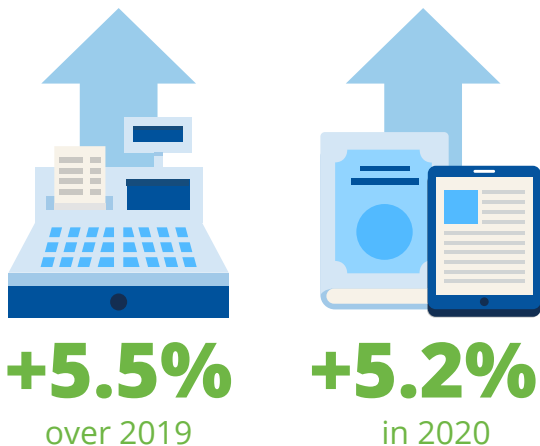


2020-2021

Shifts in Book Buying

According to NPD BookScan, sales of books were up 5.5% over 2019, and the book market grew 5.2% in 2020

Books were deemed a necessity worldwide as readers were confined to their homes and were additionally impacted by cultural, political, and academic shifts. Humanity looked for entertainment, education, connection, and escape – all of which books provide.



Backlist titles sold exceptionally well



With more time on their hands, readers were able to visit classics they'd meant to read. They also chose to return to titles and authors they already knew – looking for comfort and familiarity – especially in series and new editions of older titles.



There were also global needs for social justice content and educational materials for school-aged children – moving many existing titles out of academic spaces and into a popular culture spotlight.



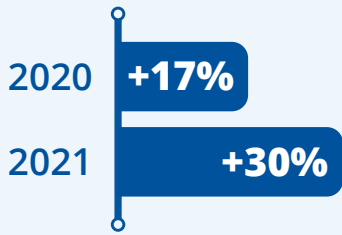
Additionally, as sales shifted online, the “long tail” benefitted from backlist being more highly discoverable via search by more readers than is typically the case.

Ingram's online book sales were up x2 over the previous year with an increase in diversification of online retailers

Many consumers procured items online during the pandemic, especially as brick-and-mortar retailers temporarily closed. Consumers ordered through Amazon, yes, but the pandemic also required a greater number of retailers to adopt more advanced direct-to-home fulfillment solutions. E-commerce became the primary mode of getting content to customers versus warehouse to warehouse, including from retailers such as Target.com, Walmart.com, and the creation of bookshop.org.



Digital Sales



(as of April 2021)



Ingram's digital sales were up more than 17% in 2020 and 30% over last year as of April 2021

The biggest increases came from academic (up 120% over last year as of April 2021) and institutional markets as digital course adoptions took off and the world scrambled to implement remote learning. Academic acquisition also experienced a shift to ebooks with heavy interest from libraries in purchasing digital versions of content they already owned in print, but which were inaccessible as physical locations closed.

Nearly all of the ebook and audiobook retailers Ingram works with saw double digit growth last year

How readers consumed, in what format, and how they paid for it were all areas in which we started to see a mixture of applications used by the consumer. Where Amazon's Audible used to dominate the digital audiobook market, consumers became more willing to try different audio and ebook retailers, as well as different types of models and sources including library services such as Overdrive and Hoopla. Readers weren't always purchasing the book; they were often more interested in using a subscription model – not too dissimilar from Netflix – where they paid a monthly fee to access a catalog, or accessed content through their local library's online services.

40% – 60% of consumers report expecting to continue their online shopping behavior to a certain degree post pandemic

As parts of the world begin to emerge from pandemic precautions, people are reporting a continued interest in online buying in the future. There are a lot of new e-commerce shoppers, and the majority of them are unlikely to go away, especially for books. Increased interest from consumers, paired with a need to consider alternatives to their usual methods of purchase, created a democratization of formats, sales models, and retailers.

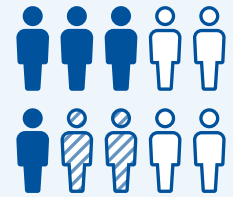
While multi-channel, multi-format, multi-model means were available pre-pandemic, consumers are now driving the point that this is likely the future of publishing. Now that they've more fully realized the multitude of options – no format or sales model should be overlooked as a potential stream of publisher revenue.

Changing consumer behaviors is incredibly difficult

It took a pandemic to create the shifts we saw over the last year. People don't buy just because we want them to; they buy because it:

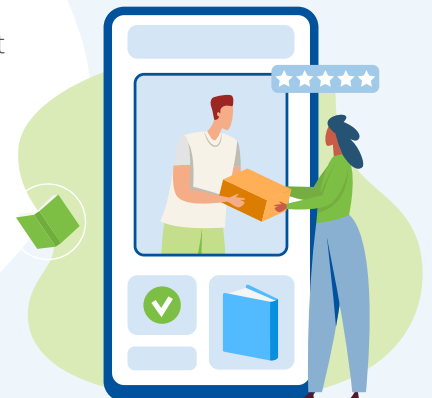
- is **useful / relevant** to them
- is **convenient** for them
- fills a **need** / answers a question
- **entertains** them
- fits into their life in a **worthwhile** way

Publishers will continue to have to figure out how to make their content worth it for their readers – and that's by making it as easy as possible for them to find and acquire your books anywhere they might want to.



40% to 60%

of consumers expect to continue shopping online post pandemic



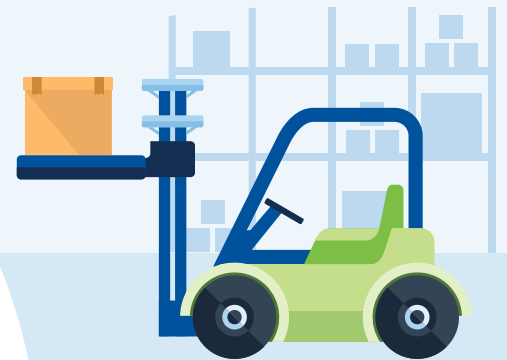
2020-2021

Shifts in Supply & Demand

The supply chain was under serious strain in areas such as:

Warehousing & Production

New safety regulations were required, and there were frequent closures due to exposure and extensive cleanings. There was also high turnover in warehouse employees, requiring additional training.



Transportation

All methods of transport – trucks, planes, trains – shut down initially. As they started to open up again, there was a diversion of resources to critical supplies.

Prioritization

There was limited capacity as places like Amazon, Target, and Walmart shifted their fulfillment centers to focus on food and medical supplies.

Volume

Several printers and distributors closed as they couldn't fulfill to consumers directly.

Ingram was relied on more heavily to not only keep books moving for major retailers, but for more customers than ever before.



Predicting from which location an order may come was much harder

Ordering systems tend to be based on patterns and historical demand – 2020 radically changed that. For example, book events, such as author signings, used to take place in a particular location at a particular time, but events moving online opened up access to consumers outside strict locations. Books were no longer ordered to send to a particular store, library, or event. Instead, participants could order those books from any city, any state, any country in the world – demand which is more difficult for publishers to anticipate and for which to solve.

We saw five years of e-commerce growth in a single year

In the overall e-commerce shift, books were a major player. In April 2020, we looked at website traffic and books were in the top five. Book retail sites and publisher sites were capturing traffic at a greater degree than they were in February of 2020 – especially since physical locations were closed, and people attempted to limit external exposure. The effect of this consumer behavior indicated books as essential items but adapted to a shift to a more online space.



5 Years of Growth
in a single year

Ingram's direct-to-home fulfillment increased 200% last year

Direct-to-home is a service where Ingram ships books to a consumer's door on behalf of smaller retailers. With almost all physical stores closed, a great number of independent stores took advantage of this program as a fulfillment solution during the pandemic.



The impact of Brexit on publishers and print book sales was similar to the impact of COVID-19 in terms of disruption

According to UK government data from 2019, 43% of all UK exports were to the European Union (EU), and 52% of UK imports were from the EU, representing the importance of this trading relationship and the level of uncertainty and volatility caused by Brexit in terms of demand for print books. Brexit also exposed weaknesses in traditional supply chain models with inventory held at distribution centers or in transit, and introduced new paperwork required to execute exports from the UK, causing delays.



Recommendations for Publisher Success

Amongst supply chain issues, shipping complications, closures, cultural and behavioral shifts, and unknowns regarding which books might sell in light of and despite disruption, the best strategy for publishers is to think about how they can efficiently meet demand in a world that is likely to require increased flexibility.

How can publishers anticipate what's coming, especially in moments of peak demand, so that their titles are available to consumers looking for the most immediate option?

1 Align with consumer behavior

When which books are popular, where they're selling, in which formats, and how they're discovered is shifting quickly, using data is the best way for publishers and retailers to ensure they're aligned with reader wants, needs, and drivers. That is the key to growing sales. The data on titles selling in 2020 was evident in consumer behavior reported by the retailers and brands with which they chose to interact. We saw values-based shopping grow in 2020. Brands or retailers whose values aligned with consumers were more able to capture a sale, as were services that supported local, independent stores – which could explain some retailers taking share from others on the grand scale, not just in books.

2 Allow consumers to act on their preferences by having the broadest channels of distribution and the widest selection of formats across print and digital

Agility and availability are key. Being agile as a publisher is making sure your titles can be discovered via:

- search, social media, and across the **e-commerce landscape**
- **multiple retailers**, regardless of print, audio, digital, and e-commerce – not just Amazon, but Amazon plus everywhere else
- **formats** and **consumption models** (i.e. subscriptions) preferred by consumers, retailers, and libraries across trade, hardcover, ebook, and audiobook
- **distribution** in brick-and-mortar stores, online, internationally, and directly to the end consumer



3 Transition from a traditional supply chain model to a zero- or virtual-inventory model using print on demand (POD)

POD, especially when available in multiple geographies, introduces the concept of less (or no) inventory held at distribution centers or requiring shipment around the world, as well as reducing capital expenses. POD is a way to create flexible publishing programs to turn content around quickly and get it into the supply chain to meet demand. By using POD to print and ship in-market to their customer base, publishers experience these benefits:

- **avoiding delays** in international shipping
- showing **strong availability** messaging for their catalog
- **by-passing paperwork** requirements around shipping/customs
- **saving** in capital investment and freight charges
- **reducing** their carbon emissions
- **providing** in-territory prices
- **lowering** fixed inventory costs



4 Develop active strategies for your print backlist – as well as front list – to avoid lost sales in times of unpredictable demand

Having titles available for POD and Ingram's Guaranteed Availability Program (GAP) helped countless publishers meet demand for books that experienced sales spikes in 2020 due to their subject matter. Unanticipated media, awards, cultural shifts, and national/global events sell books. However, more publishers than ever before discovered in 2020 that innovative publishing models – outside of traditional offset print runs – help ensure availability in an ever-changing landscape. In 2020 alone, Ingram's GAP experienced a 27% increase in publisher adoption and a 73% increase in enrolled titles as publishers reassessed inventory management.



Guaranteed Availability Program

+27%
Publisher
Enrollment in 2020

+73%
Title
Enrollment in 2020



5 Utilize international connectivity to have a strategic advantage in reaching readers worldwide.

Because of COVID measures put in place early to protect associates, all Ingram global manufacturing facilities remained open throughout the pandemic. While printing and shipping turnaround times were delayed due to pandemic challenges, Ingram was still able to maintain continuity in the supply chain for more publishers, retailers, and orders worldwide than ever before.



Publishers with books available through Ingram's network have access to POD solutions globally. In addition to Lightning Source print locations in the United States, United Kingdom, Australia, and France, publishers can also reach readers in Brazil, China, Germany, India, Italy, Japan, Poland, Russia, South Korea, and Spain through Ingram Content Group's Global Connect® program. Global Connect offers unparalleled distribution to a global network of retailers by working with digital printers in countries around the world. Distribution hubs in each country combine POD technology with long-established retailer relationships to help publishers capture sales and efficiently reach readers in their local markets.

Ingram's international connectivity also helped publishers get shipments to European countries to minimize disruption caused by Brexit. Ingram made changes to commercial invoices on EU shipments to ensure compliance with customs and added new shipping methods to include customs clearance charges and taxes.

Ingram's ever-expanding global network ensures publishers have various solutions to reach readers worldwide.

6 Use consumer data and trends to inform responsive and proactive marketing and sales practices

More than ever, publishers need to understand how to strategically employ and optimize their advertising dollars and organic promotion efforts to improve their online sales. There are many internal and external sources publishers can use to monitor consumer behavior, including:

- using their **internal data** to analyze sales
- watching how **inventory patterns** are changing
- evaluating BookScan and other industry reports to **monitor rising categories**
- researching Google Trends and similar tools to understand how people are **searching online**
- looking "out" at other **consumer book spaces** like Goodreads, where preferences and attitudes can be seen
- using tools that pull this type of data together to provide **quantitative and qualitative** detail relevant to publishers' authors, titles, and brands

Bottom line: data, tools, and the ability to take actions will be required.

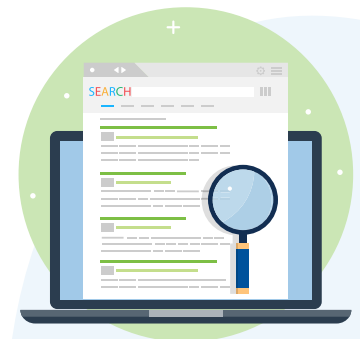
Ingram offers a tool called Marketing Insights to help publishers capture consumer interest by combining title-level data reports with web, online retail, and social media analytics to help publishers improve their discoverability and scale their backlist for continued growth. It helps publishers answer important questions such as:

- which of a publisher's authors and titles are trending.
- which titles can benefit most from specific actions.
- what is happening with authors and titles in the social, search, and web spheres.
- which social media channels consumers and titles are active.
- what is happening with price and whether discounts and promotions could help influence consumer purchasing decisions.
- which promotional activities – from metadata to advertising – are working and which are not.

With an increase in online traffic and purchasing that doesn't show signs of slowing, publishers should pay attention to digital information about their catalogs and book buyers now more than ever.

7 Focus on your title metadata to win search-related sales

In 2020, there was about a 50% rise in book-related searches on Google and Amazon. Rich metadata and keywords help readers find books in regular times – and especially in times when demand spikes. The richness of your metadata makes a difference in terms of your title discoverability and can also provide a competitive advantage over less optimized titles.



+50%
book-related
searches

8 Combine digital formats plus a stocked and virtual inventory model to get smaller shipments to a wider variety of customers worldwide

When there are demand spikes and uncertainty in the supply chain, a mix of stocked inventory, print to order, and digital formats helps publishers manage consumer demand for instant gratification. They want it, whatever format, right now – wherever and however they want to access it.

Logistically, there may need to be repositioning of warehouses with less space in more places that can accommodate a variety of customers as well as more reliance on global print-on-demand solutions to get print titles into readers' hands faster. Digital titles including one-book-one-sale and subscription models allow for more immediate access while eliminating potential printing and shipping complications. It's important for publishers to keep in mind that businesses big and small adapted in a pandemic world; there won't be a return to the expectation that consumers will tolerate businesses incapable of pivoting to meet their needs.



This guide represents thought leadership from the following Ingram innovators



Print



Margaret Harrison
Director of
Content Solutions

Margaret oversees account management, business development, catalog management, and client experience for print-on-demand clients. Prior to joining Ingram in 2015, Margaret held roles at Oxford University Press and OverDrive. Margaret is the co-author of *Metadata Essentials*, a handbook for publishers to improve online book discoverability.



Andrew Neilson
Senior Key Account
Sales Manager

With almost 30 year's Sales and Marketing experience in academic/STM publishing (including Cengage Learning, Houghton Mifflin, and Elsevier), Andrew joined Ingram Content Group in 2018 and is responsible for sales of Ingram's print and digital services to advanced academic publishers.



Michial Miller
Key Account Sales
Manager

Specializing in Market Analysis and Data Analytics, Michial has 8 years of book industry experience. He has been tracking trends in content and the bookselling market week-over-week for the past three years at NPD BookScan and Ingram Content Group. With an interest in media tie-ins and crossover market trends, Michial works to ensure publishers have up-to-date insights and access to today's available market.

Digital



Peter McCarthy
Director of
Consumer Insights

Peter has more than 20 years of experience in publishing, ranging from executive positions with Penguin and Random House to start-ups and consultancies, and brings a strategic, technical, and data-informed approach to selling and marketing books and other content.



Agustina Casal
Senior Digital
Sales Manager

Agustina is responsible for leading the digital strategy for CoreSource Plus and all the publishers it supports. Agustina started her career in publishing at the Perseus Books Group in 2007. Since then, she has taken on a variety of roles focusing on marketing, communications, digital strategy, and international operations.



Jess Johns
Consumer
Insights Manager

Jess works to better understand changing consumer behaviors and build services and solutions that help authors and publishers of all sizes connect with their readers and grow sales. She was a cofounder of OptiQly, a consumer analytics startup acquired by Ingram in 2017 (now Marketing Insights), and a partner at Logical Marketing, a marketing agency providing market research, audience analysis, and campaign recommendations for authors, publishers, and media brands.

Retail



Amy Cox Williams
Director of
International Sales

Amy started her publishing career in New York in the editorial departments at Avon Books and HarperCollins, where she worked with children's authors (and answered Beverly Cleary's fan mail!). She worked 12 years as Ingram's Communications & PR Director and the Product Marketing Director. She then transitioned to lead the Content Management & Merchandising team, responsible for growing Ingram's wholesale businesses through the acquisition and management of physical and digital products. She now leads Ingram's International Sales team.



Nicole Robinson-Hamilton
Lead Content
Manager

Nicole's entire professional career has taken place within the book industry. She was children's area manager for MediaPlay and managed an independent bookstore before joining Ingram in 1998 as the publisher coordinator for HarperCollins. Currently, she is a Lead Content Manager in Book Product, overseeing physical book buying and account management for publishing partners.

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