

Fahrenheit 32: When books come in from the cold

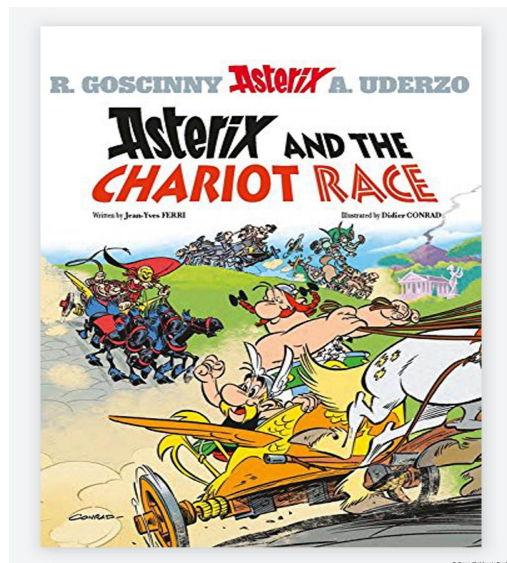
The Noel D'Cunha Sunday Column

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Thomas Abraham, managing director of Hachette India, takes a ringside view of Indian publishing during and after Coronavirus and charts a roadmap as to what could be or should be the future.



While it may sound unseemly to benefit from Covid, we (Hachette) had a rather bizarre but short-lived upswing from having the three Coronavirus books that went viral (pun unintended), supposedly being prescient about the Coronavirus. First, there was Asterix. A character in a 2017 Asterix comic was actually called Coronavirus! Asterix, the Gaul from the eponymous comic faced Coronavirus, a masked Roman villain with a reputation of stopping at nothing to win in the 37th edition of the 'Asterix and the Chariot Race.' However, the term Coronavirus was coined in the 1960s, so Asterix (or Uderzo) wasn't really being a soothsayer.



Dean Koontz's gripping suspense thriller from 1981 has been making headlines across the globe for its uncanny foreshadowing of the current Coronavirus outbreak. According to an online conspiracy theory, the American author Dean Koontz predicted the Coronavirus outbreak in 1981. His novel *The Eyes of Darkness* made reference to a killer virus called "Wuhan-400", eerily predicting the Chinese city where Covid-19 would emerge. But that's where the similarities end: Wuhan-400 is described as having a "kill rate" of 100%, developed as a "perfect" biological weapon.

Perhaps the only title that could claim to be prophetic is *End of Days: Predictions and Prophecies about the End of the World* by psychic Sylvia Browne. The book shot up the sales charts when Kim Kardashian shared an extract from the 2008 book in which Browne predicted that a "severe pneumonia-like illness" would spread across the globe this year. With Coronavirus now a pandemic, the accuracy of Browne's prediction has made other theories she has go viral, with *Newsweek* reporting the book had a spike in Amazon sales, hitting the top 10 Kindle eBook charts in the UK and US.

However, in India, the second reprint never had a chance to go out, as the lockdown was called and trucks en route had to be diverted to nearest hubs.

Publishing during/ after Covid

Life during and after Covid has been the focus of most media stories, and sectoral analyses abound. Publishing (and bookselling) has been getting its fair share and a lot of activity has been detailed. So let's take stock (another unintended pun that will send a shiver down all publishers) of the situation where the business of books have

ground to a halt, and publishers and booksellers watch a scenario unfold that many would think came straight off the dystopian fiction books they sell.

March is traditionally the graveyard month with the fiscal year, closing stocktakes, etc, but we've ended up losing the second half of the month completely. April is a zero month, and odds are, even if we reopen on 4 May, with everything permitted as before, we're going to lose about two weeks in logistics realignment. Most warehouses and trucking operations that depend on daily labour estimate that they're not sure about 40% of their workforces returning to work on schedule. So that bit of disruption will probably take at least two weeks to get the wheels turning literally.

But that is putting the cart before the horse. The first question is what will be the state of orders once we reopen? What is the outlook on people reading or more importantly going out and buying (non-educational/ text) books? The consumer book-trade in India is by and large overstocked. Even as late as a decade ago, a six-month stockholding was the norm, as a hangover from the availability of imports and given the problems in distribution time. Today, things are faster and stockholding has come down a couple of months, but there is still the issue of layering, since the trade (barring some cases of direct to retail) still runs on the distributor to retailer system, coupled with the fact that many distributors have found a new vocation as marketplace vendors, the stock situation is always way higher than it should be. So if stockholding is already heavy, and there is uncertainty about customer behaviour (will people rush out and buy books as a first or even second priority?!), how much should one expect in reorders and will new books (the frontlist in industry argot) see any traction at all?

Going by the general feedback, it seems likely that the first phase of reopening — much like the battle with the virus — will be containment. The physical lockdown, it seems, will be mirrored by a metaphorical one, as everybody closes ranks to see what best they can do with what you have and how much you can defer new investment. Which may seem sensible, because it is going to be about cash conservation and debt management in the first instance. But nobody ever grew a market by battenning down the hatches and just waiting. The trade publishing sector will need to figure out how to get reading going again, and equally critically jettison the bad cash cycle practices of the past.

So first how essential are books? Herein lies the key to what sort of society we are and what sort of enlightened administrations govern us? It is a truth universally acknowledged that books are good for you — providing entertainment, intellectual stimulus, peace, calm, building mental health apart from what we Indians tend to buy books for — information, knowledge or just as a tool to getting ahead. Most developed countries (UK, USA, Australia, most countries in Europe) have put books on to the essential goods list. France which has the Lang law (more on this later) amazingly has not. Neither has India (with the sole exception of Kerala which had just

allowed bookshops to be opened two days in the week, though I gather the Centre has since stopped that).

So the big question remains, why not? After all books can be wiped down (at the time of writing this was a safe enough precaution to be used on purchased packaged goods), and in a bitter irony social distancing has never been a problem at bookshops. That is something that can be looked into, though the keyword in this comparison I think is ‘developed country’. I don’t think any publisher or bookseller will argue that (in India) transport and manpower needed first for food, and medicine should give way or even share priority with a supply of books. No, but certainly within essential goods there is an argument for Priority 1 and Priority 2. Or rather a categorisation of goods into critical and essential would be better level classification (there is, after all, a distinction between food grain and fast food) ...and books should fall into essential goods. It is galling that — at least in terms of state endorsement — books are considered less essential than burgers and pizzas. And no it is of no comfort to realise that batteries and phones were not on the essential goods list.

And as one of the memes goes, it is ironic that the world economy is about to collapse because of people buying only what they need. Some of the associations have asked for books to be put on to the essential goods, but that will be for the future if such a request is ceded at all (and one hopes that such a future does not happen again). But what of the immediate present and short-term future? What can one do if one is a trade publisher, bookseller, distributor and indeed reader? While we’re all in the same boat weathering the same storm, each experience is going to be individual, and there is certainly no one size fits all remedy, but there are some basic commonalities that exist between all, some myths that need to be busted and many things we can plan to do, some immediately, some over months, and some over the next two years, but do them we must.

Busting the myths

1. First the myth eBooks can make up for printed books (pBooks):

It is important to see this in perspective because otherwise governments will see this as an alternate that does exist for publishers and not take seriously the fact that the industry is taking a huge hit. In India, eBooks were never big. Now, it must be understood that there is absolutely no concrete data available, and figures like eBooks being the equivalent of 2-3% of net sales turnover in terms of the total consumer market (TCM) are pure conjecture. Looking at the largest eBook store online, you will see that in a basic search you will get are at best just over 80,000 titles on offer, as against the 12 million plus in the print books section. Estimates vary but a net study cites Amazon worldwide as having over 32 million print titles as against estimates that vary between about 1.7 to 6 million in eBooks (including free books). But even assuming the 2-3% is correct for India, eBooks (and audiobooks) are nowhere ready to substitute for pBooks. Even if you doubled or trebled eBook revenue, you could

not sustain your company with that inflow. Don't get me wrong, promoting eBooks during lockdown is essential for morale, to keep books in the forefront and actually serve interested customers, but that's where it will end.

2. Big versus small — whether publisher or bookseller — doesn't really matter:

This means everybody has the same problems with different degrees of variation. It's generally a case of the grass being greener on the other side. Bigger presumes having deeper reserves (which may or may not be the case), but equally being a large company means one has much higher costs to absorb, and if the market opens depressed, the fall-off in revenues will also be higher. Equally to the small and mid-size publisher, revenue fall off may be lower but cash reserves may not be deep. Having a large sized or international parent also really means nothing as those parent businesses may themselves be beleaguered, and there will probably be more shutdowns in the west than here. The key point being no single blanket assumption can be made. There will need to be individual responses — each is finally a business — but a fair degree of collective work is possible in the commonalities.

3. Cash conversion is going to be the key for everybody:

So whether big, mid-sized or small it is getting the cash cycle back on track as a collective industry that's going to matter. Which means recognising and respecting contracts, striking up partnered (meaning two way agreement and acknowledgement of issues) and clearly temporary new cycles of payments as we build back. Force majeure may be an 'act of god' but legally it may not quite be the God-given right to default as one is seeing talked about in news stories. It may be worth studying the legalities of force majeure as pertaining to Indian law. Leasing for instance is not automatically covered under force majeure, unless leases specifically outline force majeure actions.

4. Getting sales back up is top priority:

This is something each trade distributor, bookseller and publisher is going to have to have a personal response to; and an individual strategy. But there are collective sales initiatives also possible, the most common being book fairs and exhibitions across the country. We already have bodies like the NBT organising national and regional book fairs. Whenever the climate is ready either NBT or associations will ideally need to organise far more widespread fairs that are a bit more low-cost. It is heartening that the retailers association revealed survey findings for non-essential goods retailers and 70% of them (assuming no second wave of lockdowns) expected business to recover fully in six months. But the same survey did point out that non-food retailers felt that the second half of this year would probably see them earning just 40% of last year's revenues. For books, most critically, curation, outreach and distinctive offering will, I believe, be the differentiating factor, and not just bestsellers.

5. Liaison with the govt and regulatory authorities is going to be the key:

This is something as an industry we've never been really good at. And recently, the industry has been hit with a slew of costs stemming from GST (12% on royalties),

duties on imports (5% of value of goods which ends up increasing costs by 7%), and some increases in the raw material. It's time the government listened and looked at books differently, especially now. And this time it needs to be everybody in the ecosystem — from publishers, booksellers, distributors, and printers who through their associations should be making representations, and perhaps all the Associations should be making a joint one. The restaurant sector, for instance, is getting together a signature campaign targeting 35,000 signatures for their relief representation. Maybe it's time we looped in authors and readers too, who really are the biggest stakeholders.

6. Paradoxically, it's also time books were taxed:

Yes, this is not an industry that can take high prices and taxes will end up increasing prices a bit, but I believe it is time that a 5% tax was put on (non-text) books to both enable input credit as well as to regulate a rather disorganised sector. Standard Indian book prices (even at non-discounted MRP) for trade books are the lowest in the world, but the industry itself is massive if one is to believe the press releases put out that state there are over 15,000 publishers; and that in revenue terms the combined publishing sectors are bigger than Bollywood. And those taxes will allow the industry to demand its due from the govt in legislative attention as well as IP protection and anti-piracy, which an already hit industry can ill afford at this juncture.

7. Piracy/ counterfeiting:

It is telling that though piracy is rampant at virtually every pavement in key markets and traffic lights in A-class cities, post-independence the conviction rate for piracy is almost zero. And with the advent of online marketplaces, piracy has just gone through the roof due to the absolutely low verification barrier in becoming a marketplace vendor. Online marketplaces are completely safe havens for pirates. It is absolutely essential that marketplace vendors be asked to take GST registration, and then this can be controlled substantially.

8. Territorial infringements are on the rise:

Another speculation is that post the Covid hit, the remainder markets (illegal editions brought in by parallel importation which is against the law in India) will be full of much bigger offerings, particularly given the cancellation of the fairs like London, Bologna and Book Expo USA. This is terrible both for publishers who sell the legal edition, as well as everybody else who loses shelf space to these illegally dumped books. And there is a clear law against it. All booksellers should quite simply follow the law. There isn't enough understanding that this is a legal offence.

9. Brick & mortar booksellers should petition for a level playing field:

In a country as fragmented as India, with so few bookstores, online channels are not just desirable but essential. Online has come in just a little over ten years ago, and has done very well for itself, but there is no denying that they have followed a scorched earth policy with deep discounting that has seen many a bookstore having to shutter down. But for any maturing market, and for the sake of biblio-diversity (so critical for

breadth of readership and even cultural development) bookshops are an absolute necessity, and should be supported. France, for instance, has the Lang law from the 80s where it is mandatory not to discount a book more than 5% in end-consumer sales. This was done in France because as a country they recognise bookshops as being a key part of their cultural fabric and they will not let that sector be disadvantaged. Now, India has always had a ‘best price for the consumer’ view and that’s fine but in the current situation, it may be advisable for the govt to pass something like the Lang law here even if only for a limited period of two years or so. Without some level playing field protection, the COVID crisis may well be an extinction event for many bookshops — and not just indies. Most online players also recognise that for a vibrant publishing and bookselling ecosystem, the presence of indie stores is essential.

10. Finally readership:

As an industry, we’ve done very little to foster readership, and this should start now first as a Covid response but evolve into a steady national and regional programme — Reading and Book Days for states, and World Book Day for everyone. The industry needs to begin with schools and children — or you’ll have no readers tomorrow. And immediately too, this locked-down time can be used for some U&A (usage and attitude) surveys. Nielsen, for instance, is considering running such a U&A study where publishers and booksellers can come together and run the survey on their social media handles; and it’s completely free. (Trade publishers, trade booksellers, readers, if interested in participating, please contact Nielsen via bookindia@nielsen.com).

There are a lot of questions, and answers are not yet blowin’ in the wind, but it’s obvious it’s a cold wind that threatens to blow. But in the words of the greatest fictional series character ever created “It will be cold and bitter wind, ...and a good many may wither before its blast. But it’s God’s own wind none the less, and a cleaner, better, stronger land will lie in the sunshine when the storm has cleared”. Let’s hope that’s how it turns out.

(The views above are personal and not meant to represent the industry, or any industry body)