

E-books pave way for more blockbusters, serials

(Reuters) - Stieg Larsson copycats take note: The slow rise of electronic books is paving the way for more safe-bet fiction blockbusters and serial-type books, at least in the short term, according to some book experts.

With book sales stagnating in recent years, the nascent e-books market has thrown the industry into turmoil. In response, large publishers are taking fewer financial risks and betting more of their dollars on established authors, said Eileen Gittins of self-publishing company Blurb.com.

"In the face of these economics, publishers just cannot take the risk," said Gittins. "They need some sure wins."

Similar to movie studios' betting on well-known franchises to bring box office gold, Gittins said publishers want to market more blockbuster authors writing serial books featuring a distinctive leading character to lure repeat readers, as was seen with the success of prolific, late Swedish author Stieg Larsson, or crime fiction writers such as Michael Connelly.

With prices on the fledging e-book market still being battled over among larger publishers and makers of electronic readers, publishers still have yet to profit much from e-books, with the lower priced e-books eating into profit margins.

The e-book market has grown rapidly with wholesale revenue from e-book sales in the United States increasing to \$91 million in the first quarter of 2010 from \$55.9 million from the last quarter of 2009, according to International Digital Publishing Forum. But e-book sales still only account for 5-6 percent of overall U.S. book sales and less than 1 percent in Britain, The Financial Times reported this week.

Contrary to popular opinion, most of publishers' costs are developing and marketing authors, not the cost of printing and shipping books. Such costs don't lessen with e-books even though they sell for less than paper books, Gittins said.

That heightens pressure "to need to do blockbuster big titles because now there is even more pressure on them," said Gittins. "They are not really saving money with the e-book, all those costs are still there."

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Book experts predict in the e-book market, bestselling authors will remain popular in the short term. According to Amazon, all three of Stieg Larsson's books, which include sensation "The Girl with the Dragon Tattoo," sit in the top five best-selling books on Amazon's Kindle reader.

Customer favorites for e-books include "great Summer reads" such as Stephenie

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Meyer's new novella.

Daily Beast book editor Lucas Wittmann said in five years e-book sales could reach levels to make up for lost paper book sales, but for now publishers are feeling the pinch.

"There is a big squeeze right now," said Wittmann. "All the great predictions for e-books haven't quite been realized yet. E-books are growing at an astounding rate but they are not yet making up for the lost (book) sales."

When e-books first hit the market, some nonfiction economic and political books fared well, but now as the e-book audience had widened, more fiction is selling, he said.

"Publishers are still experimenting," Wittmann added.

Publishers Weekly Editorial Director Jim Milliot said online sites such as Amazon.com encourage readers to buy the same author, while smaller publishers were slow on e-books.

"A lot of the independent publishers have been slower to move to put their titles on, mainly because they don't have the resources to do it," he said. "Fiction seems to be winning out, at least in the early going."

As electronic readers improve, the type of e-books that sell well could change. Improving graphics could help genres like nonfiction and children's books become more popular.

"The possibilities seem to be opening up for more graphic work, incorporating multimedia and embedding links to audio when you are reading a biography of Bach or something," Wittmann said, predicting such advances in a year or two.

Wittmann said there will still be some "pain in the industry" but diversity and change was coming.

"Most publishers...are warming to e-books and thinking creatively about them," he said. "The only question is the time frame ... when we see a truly dramatic shift."

(editing by Mark Egan and Bob Tourtellotte)

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