

Table of Contents

1.0 Introduction	1
2.0 Executive Summary	3
3.0 Research Methodology	3
4.0 Research Findings	5
5.0 Survey Data	6
6.0 Strongest Responses	17
7.0 Summary and Recommendations	18
Appendices	

1.0 Introduction

Printing Industries Association of Australia (PIAA) commissioned Austrade Los Angeles to obtain market data on the U.S. publishing industry and to identify potential business opportunities.

As detailed in the Service Agreement dated 30 April 2001 between PIAA and Austrade, the research for this project was to be performed in two Stages. (A copy of this agreement is attached at the end of the report.)

Stage 1 has two phases: I.) Identifying and contacting key industry associations to identify available information (and associated costs) on the U.S. book publishing industry; II.) research and identification of information on industry consultancy services available.

Stage 2 involves the development of a list of 200 U.S. publishers derived from materials obtained as a result of Stage 1 research and then contacting the listed publishers with the objective of obtaining market intelligence. The compilation of responses from all respondents should provide an indication as to the general consensus of the industry as to potential business opportunities in the U.S.

This report contains the results of Austrade's **Stage 2 research**. It includes market intelligence obtained from U.S. publishers that participated in our survey. The individual company survey responses from which Austrade collected the data in forming the summaries are recorded in the attachment.

The information contained within this report completes the research objectives set forth for Stage 2 of the PIAA project.

As requested, Austrade has ordered the industry publications/materials on PIAA's behalf; however, some of the publications were not ready for release upon the writing of this report. Austrade will forward all the requested materials together to PIAA once received.

2.0 *Executive Summary*

- The U.S. publishers survey list contained 265 companies for contact
- A total of 75 responses were received
- Of the 75 participants, 24 stated that they would like to receive information on Australian printers and their capabilities
- The critical success factors were cited as “price and delivery timeframe”
- Travel distance and shipping costs were areas of concern
- Black and white printing is primarily done domestically
- Overseas printers are utilised for four-colour print work
- Publishers of Children’s books with novelties and bibles are two areas that may have some potential for opportunity and is worthy of further investigation
- Overall consensus of industry reveals very little opportunity among U.S. book publishers in utilising Australian printing services

3.0 Research Methodology

Austrade utilised the following primary and secondary resources in conducting the research. The following is a breakdown and summary of the resources utilised and the approach to Stage 2 research.

Primary research involved telephone interviews with the following:

- U.S. book publishers

Secondary research resources utilised include:

- Directories/Publications: LMP 2001
- On-line database: LMP 2001

Austrade developed and reviewed a broad list of 500 U.S. book publishers that collectively covered the following nine product/publication categories:

- Adult trade
- Juvenile trade
- Professional & Technical
- Reference
- College Textbooks
- Elementary & High School Texts (ELHI)
- University Press (also referred to as scholarly)
- Religious
- Children's Books

Through a careful selection process, the list was reduced to 220 book publishers ranging from large to small (based on total titles in print) that primarily originated from (but not limited to) the key publishing states of New York, California, Illinois, and Massachusetts.

Additional companies were later added at the request of the Printing Industries Association of Australia who asked Austrade to contact: 1) between five and ten companies from the states of Tennessee and Washington; and 2) between five and ten religious publishers with a focus on bible products.

In total, calls to 265 book publishers were made in an attempt to obtain market intelligence on the printing needs/requirements of the U.S. book publishing industry.

The results indicate the general consensus of those contacted and is based on their direct responses. The responses of each survey participant are attached to this report.

4.0 *Research Findings*

The results of the combined responses of the seventy-five survey participants are recorded in Section *5.o Survey Data*. This section lists the survey questions posed to the interviewees and summarises the results of responses. To view further details of the individual surveys, refer to the disk labelled **Survey Responses** attached to this report, which contain all seventy-five responses.

While Austrade believes this information in this section will give a meaningful indication as to the current conditions among the U.S. book publishing industry, it is important to note that the data collected represents only a small market sample and therefore not to be extrapolated as representative of the whole U.S. publishing industry.

Section *6.0 Strongest Responses* contains information on those U.S. companies expressing the most interest in receiving information from the Printing Industries Association of Australia and the capabilities of its members. It is important to read the recorded details, where provided, in the notes sections on the individual survey response sheets.

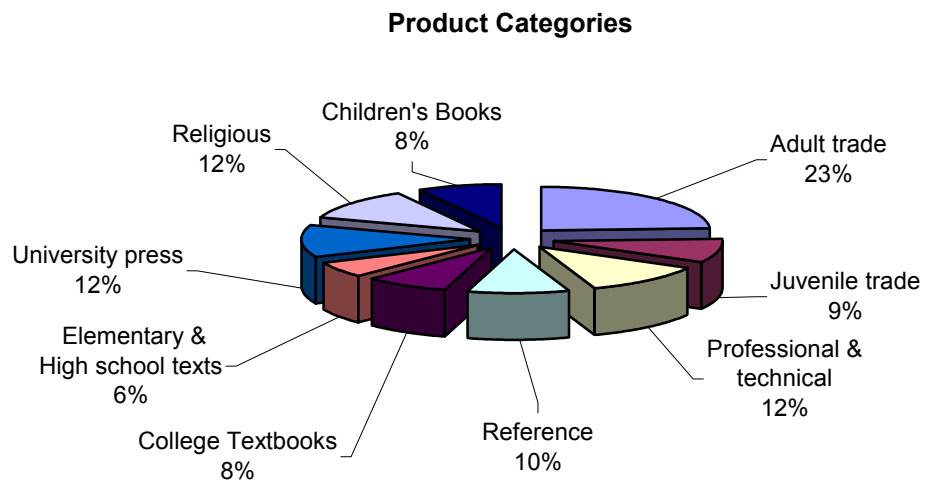
The **Summary and Recommendations** section summarises and highlights the information contained in Sections 5.o and 6.0 from which Austrade derives its recommendations.

Appendix A contains the complete list of the 265 publishers contacted on behalf of PIAA for this research project. **Appendix B** provides a disk labelled **Survey Responses** that contains the individual survey responses of each of the seventy-five participating U.S. book publishing contacts.

5.0 Survey Data

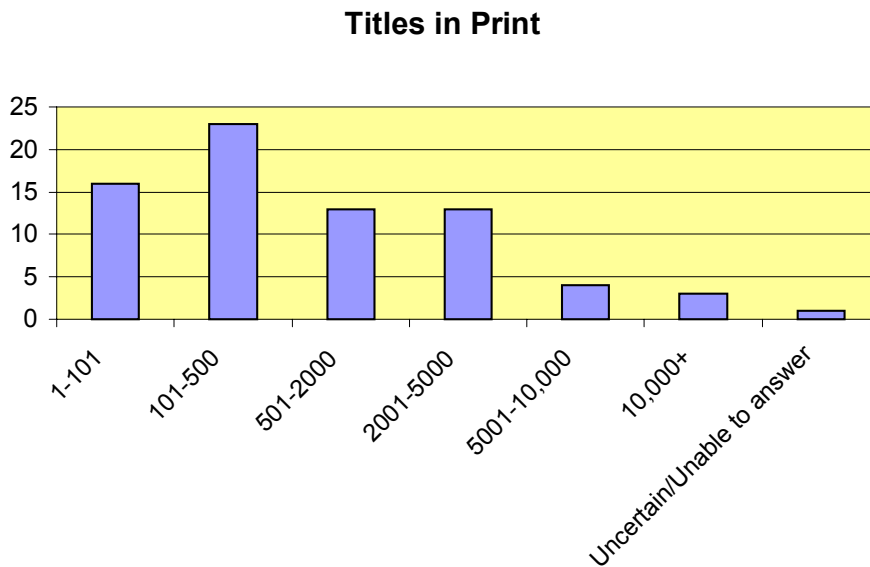
This section shows a breakdown and summary of the responses received from U.S. publishers. Each survey question is listed separately with relevant summary detail. Further explanations from individual company responses can be found in the attached diskette labelled **Survey Responses**.

What are your primary product categories?



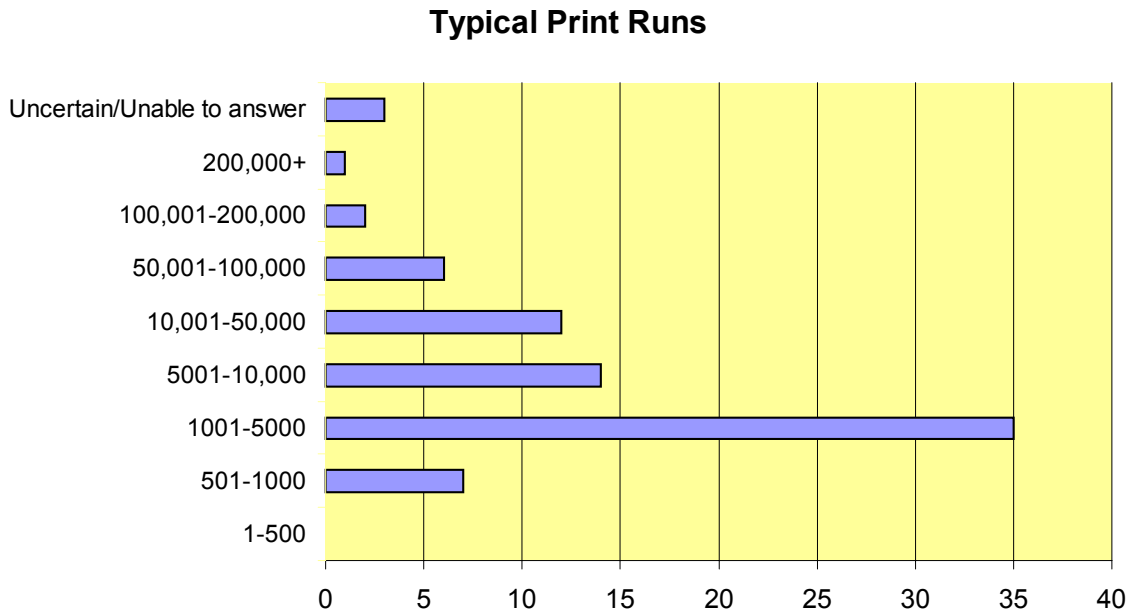
As the chart above indicates, survey participants covered the range of the main nine publication types.

What are your total titles in print?



This chart shows that the majority of participating publishing companies primarily came from the 101-500 work category. There are many smaller publishers than larger ones in the industry, thus the resulting small number of participating companies with over 10,000 titles in print.

What are your typical print runs for each product category?

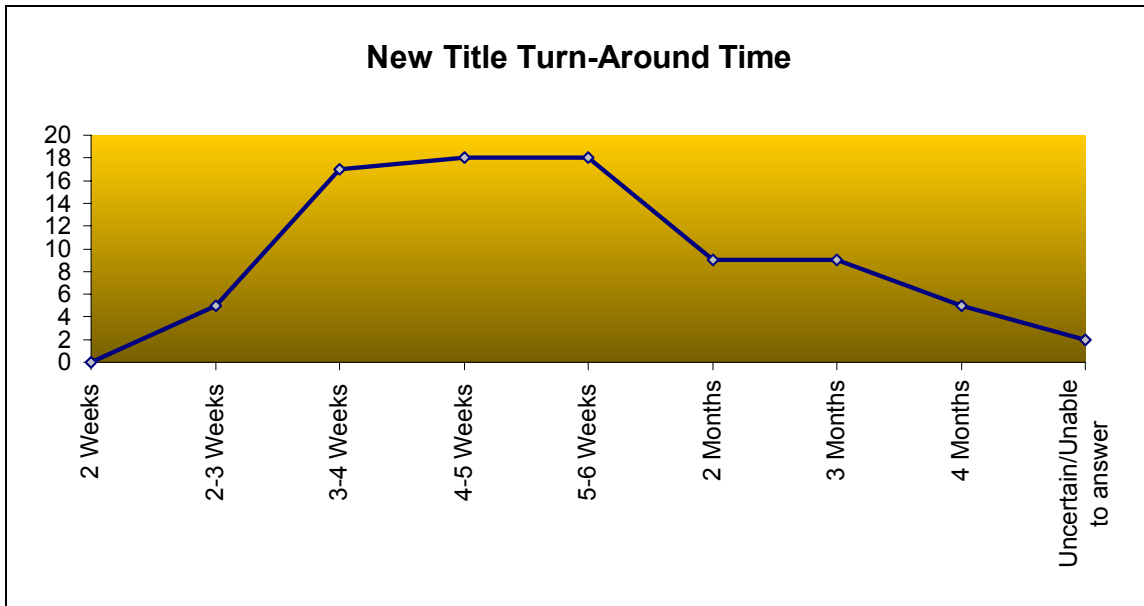


Many of the publishers interviewed indicated their typical print runs to be approximately 5,000 units. Some of the respondents gave different numbers for each of their primary publication types (i.e. – new titles, reprints, special products, etc.).

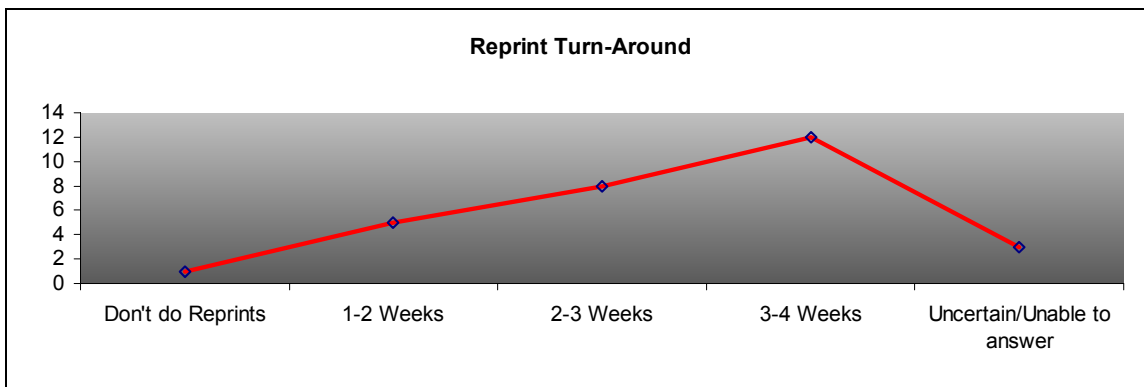
For a better overview and accurate measure of print runs by category type, please refer to the individual responses in the attached disk.

What is the expected delivery timeframe for each product category?

New Titles:

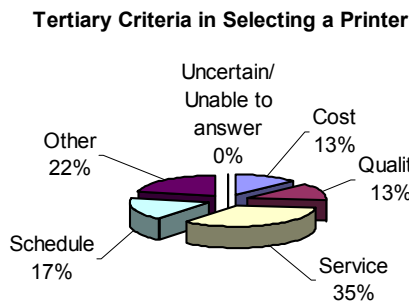
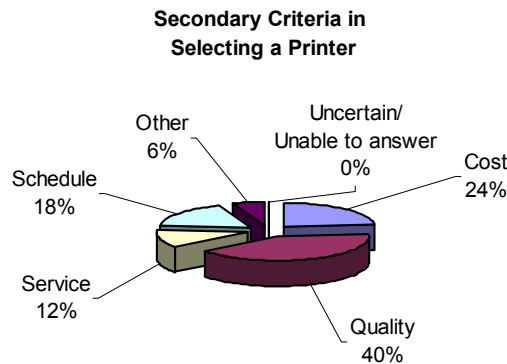
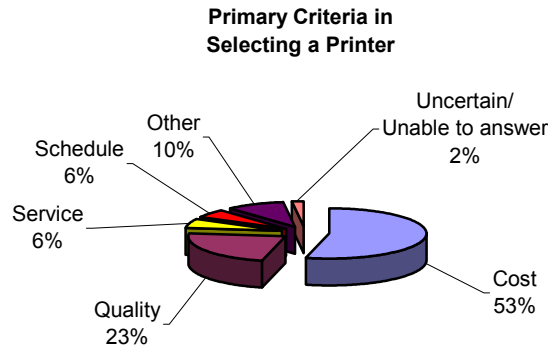


Reprints:



As indicated in the graphs above, the **average turn-around timeframe for new titles ranges between three to six weeks** while reprints are expected within three to four weeks

What are your key criteria used in selecting book printers?



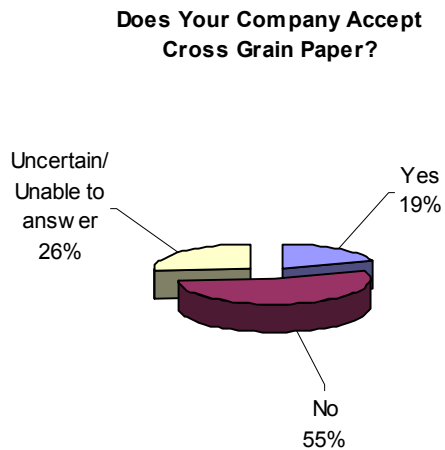
Price, cost, and customer service are the three primary criteria considered in reviewing new printing suppliers by the majority interviewed. However, it is important to note that while many of the publishers may have indicated one criteria over another...many had done so based on the assumption that the other criteria would be met. For example, many respondents cited price as the key criteria but stated that they assumed that the quality and schedule would be

met. It is worth noting that some considered combined criteria (i.e.- service = quality, schedule, etc.)

Do you wish to highlight any specific requirements for book design, paper selection, printing, binding, etc?

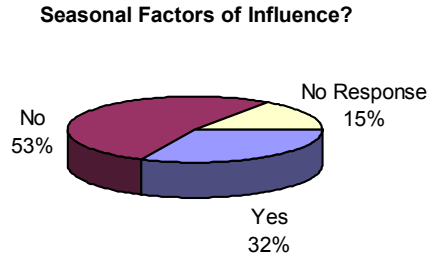
Please refer to the individual response sheets, as the information is very broad and sometimes specific according to each publisher. Many of those surveyed did not provide any response to the question or had stated that their needs were “standard” and did not provide further comment.

Does your company accept cross grain paper for trade books?

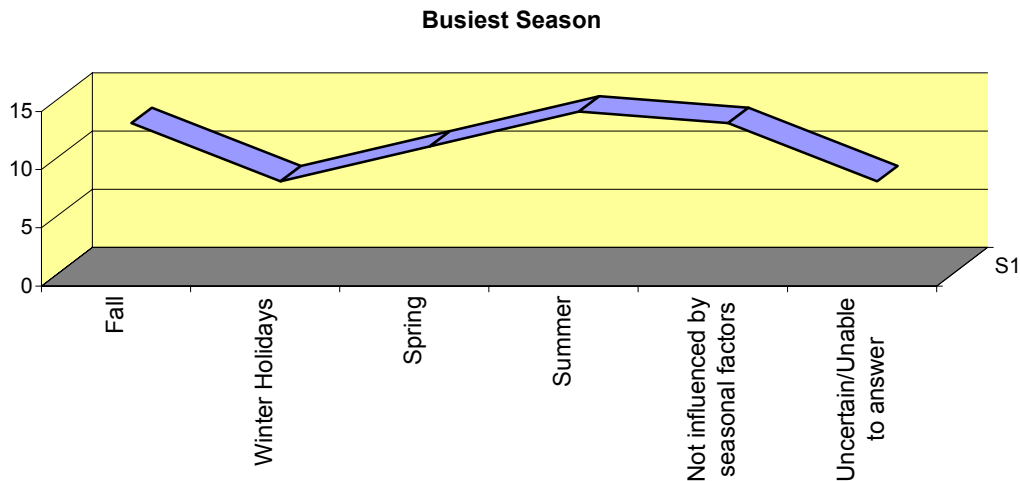


As indicated above, a majority of the respondents do not accept cross grain paper for their publications. Of those whom responded yes, most of these publishers stated that they did not have a problem with getting their orders.

Do seasonal factors influence when you contract for printing services?

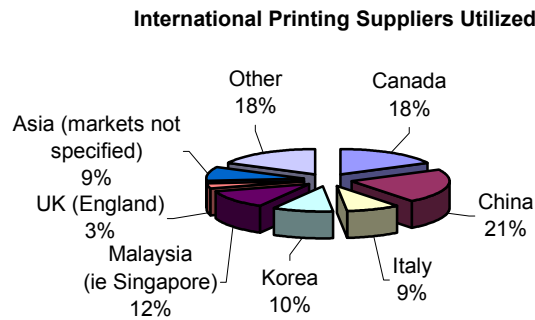
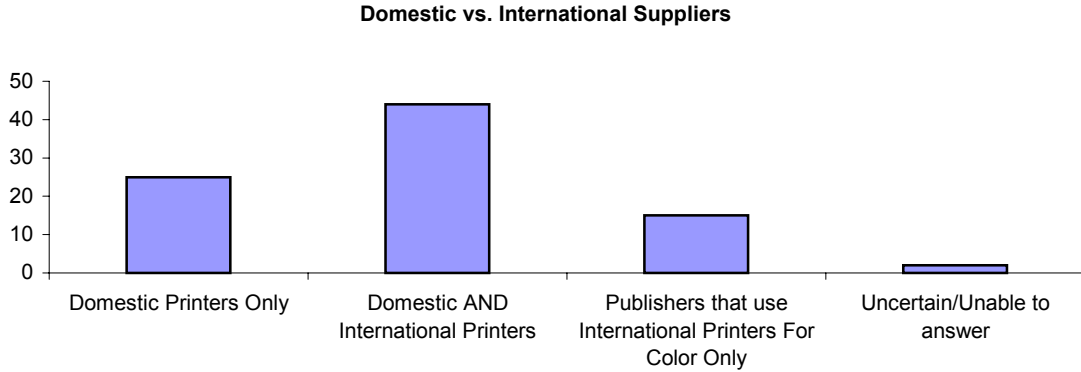


What are your busiest seasons?



To summarise the responses on the issue of seasonal influences, nearly all of the publishers say that they did not have a problem with getting their orders completed in time to meet their delivery schedules. While the summer season tends to be the busiest time for most publishers (especially those involved with educational and scholarly materials), they have their schedules planned out way in advance and usually “reserve” print time for production of their materials to ensure that their products arrive within the timeframe needed to deliver.

Are current printing suppliers domestic, international (what markets)?

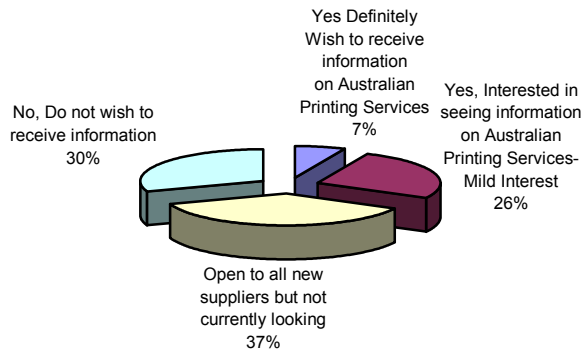


The first graph shows that the majority of respondents utilise a combination of both domestic and international printers. The area that shows the number of publishing companies that use ‘international printers for colour only’ can be a bit misleading, although accurately recorded. In fact, the majority of respondents do use international printers primarily for their four colour print jobs. However, some publishers indicated that they used Canadian printers for some black and white projects and therefore were included with the international results. It is worth noting that many U.S. businesses have long standing working relationships with Canada. It is for this reason, as well as their close proximity to the U.S., that many Americans do not consider Canada as “foreign” and find their practices to be similar to those in the United States.

Further details on printing suppliers utilised are listed in the notes section on the individual response sheets. There is some very interesting and useful information provided by the publishers (i.e. – three or four respondents utilise a particular printer in Belgium primarily for their unique binding services, as well as favourable pricing).

What is your degree of interest in looking at new suppliers, especially from Australia and would you be open to receiving quotes from Australian printers?

Degree of Interest in Australian Printers

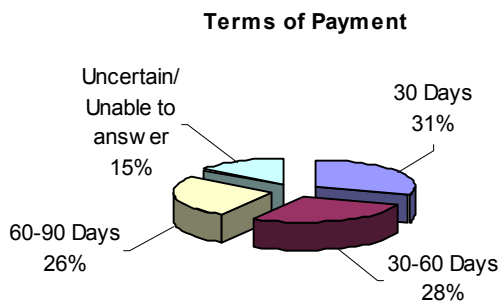


As indicated in the above pie chart, only 7% of those interviewed stated that they would definitely like to receive information on Australian printing capabilities. While several respondents seemed receptive to receiving information, no one publisher stated that they expected Australian printers to be competitive with current suppliers.

Do you have foreign distribution? If yes, approximate % and to what markets?

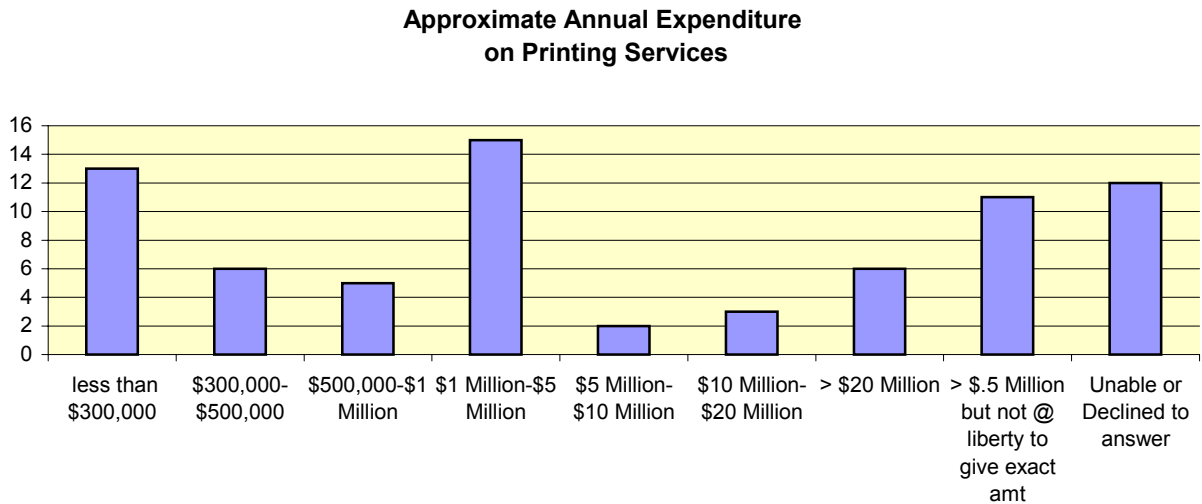
Most of the participating publishers (76%) stated that they currently distribute their products to foreign markets. Although most of them did not know the exact percentages, the typical response was “small” or “fractional”. When asked if they would consider utilising overseas printers to produce books that were to be distributed in the same and/or nearby market...most replied that it would not be cost efficient. They further stated that their orders would have to increase significantly before they would consider this option. This response is validated when reviewing the responses of the larger publishers interviewed who indicate that they have publishing divisions in foreign markets that do work with local qualified printing suppliers for the production and distribution to those markets.

What are your standard terms of payment (dealing with printers)?



As the chart indicates, approximately 60% of those interviewed pay invoices in thirty to sixty days.

What is your approximate yearly expenditure on printing services?



Over 50% of the publishers interviewed have an annual printing expenditure of U.S.\$500,000 or more. The percentage may be higher as nearly 15% of those interviewed either were uncertain or chose not to divulge this information.

Can you identify other areas where potential opportunity may exist for the Australian printing industry?

Only a few responses were received to this question. Two of the respondents mentioned they had trouble sourcing printers to do small runs at an affordable price, but this was not generally viewed as a realistic opportunity for an overseas printer as favourable freight costs would probably not be available for shipping less than a container. Print-on-demand technology was mentioned by a few respondents, but again does not identify the type of opportunity sought by the PIAA for this project.

6.0 *Strongest Responses*

Below is the list of U.S. publishers interested in receiving information on Australian printing services. The first five companies listed stated they definitely wished to receive information. Please see the individual response sheets for each of the companies listed below as many provided specifics on the type of information to be included for their review.

1. Broadman & Holman Publishers (produces bibles)
2. Harcourt School
3. Kirbride Bible
4. Klutz Inc (Children's and Juvenile trade with novelties)
5. Cornell University Press
6. Bandana Books
7. C&T Publishing
8. Harper Collins Adult
9. Hyperion
10. Moody Press (Bibles)
11. Sage Publications
12. Southeast Asia Publishers
13. Thomas Nelson
14. Circlet Press Inc
15. DC Comics
16. Fantagraphics Books
17. Hancock House Publishers
18. Harvard University Press
19. John Hopkins University Press
20. Modern Publishing
21. MFA Publications
22. Standard Publishing Co
23. The Globe Pequot Press
24. Through The Bible (Bibles)

7.0 *Summary and Recommendations*

Summary

In total, 75 survey responses were received from the 265 companies contacted for this project. While several publishers declined to participate for varied reasons, several others chose not to acknowledge our calls and/or messages.

The research revealed that U.S. publishers are open to receiving quotes from new printing suppliers – both domestic and international. However, the data also revealed that **U.S. publishers use domestic printers for their black and white print jobs and overseas printers for their four colour print work**. Some respondents stated that they also used Canadian printers for black and white but very rarely for colour. The countries *most mentioned* as providing four-colour print services were China, Korea, Singapore, and Italy.

According to respondents, the critical success factors for Australian printers to consider if they wish to pursue business opportunities with U.S. book publishers are **price and delivery time**.

Of the seventy-five publishers surveyed, only five expressed a strong interest in receiving information on the Australian printing industry. This is not to say, however, that these five companies represent ‘true’ opportunities for the Australian printing industry. In the course of conducting interviews, there were two areas where similar responses were given by more than one publisher: **Children’s books with attachments** (ancillary products) **and Religious – Bibles** or products utilising lightweight paper.

When asked about potential opportunities for overseas printers, two or more publishers that produce children’s books (either commercial with novelty attachments or for the supplemental educational market with attachments) stated that they are interested at looking at printers (that in addition to the printing) can also source the attachments to the books.

In speaking with publishers of bibles, a few respondents advise there are only a small group of printers that specialise in the production of bibles. Respondents indicated that they look for printers experienced in working with lightweight paper fed through either web or sheet fed presses and do quality binding. Two of these publishers use a Belgium printer primarily for their special binding services. This may be one area to examine more closely.

Overall, the responses for this market sample do not identify any major area of opportunity for the Australian printing industry. However, there may be some areas worth pursuing by some of PIAA's members where expertise can be appropriately matched to the need.

Recommendations

Based on the responses from participating publishers, Austrade has the following recommendations for the Printing Industries Association of Australia:

- Review each of the seventy-five response sheets from U.S. publishers and determine which, if any, companies represent potential business opportunities for PIAA members
- Review and respond to the five companies that requested information from the Printing Industry Association of Australia
- Based on the responses of publishers of products in the categories of Children's Books and Religious (Bibles), PIAA may wish to consider doing new research – profiling publishers with a primary focus on these categories to determine if a niche market of opportunity exists
- If PIAA wishes to do further research on the U.S. book publishing industry, it is recommended that a competitive environment analysis be considered before conducting additional surveys or profiles on the publishing sectors of interest. Austrade can prepare a proposal to perform this service upon PIAA's request
- Should PIAA wish to obtain further information regarding the technical aspects of the production requirements of U.S. publishers, Austrade recommends that PIAA commission a consultant or firm with direct experience working with the book manufacturing industry who has a working understanding of the production process

