

2010 Sisters in Crime Summit

Amazon July 12, 2010

Jon Fine, Director of Publisher and Author Relations

Aaron Rosenstein, Communications and Marketing, CreateSpace

Greg Spils, Kindle
www.amazon.com

The first stop on the 2010 SinC Summit was Amazon's hip, new, ultra-modern headquarters in a sprawl of buildings located in Seattle's trendy Lake Union district. We were welcomed by Jon Fine, a former attorney who previously worked for Sonny Mehta at Knopf, as counsel for TV programs such as *Saturday Night Live* and *Inside Edition*, and most recently, on the Google litigation.

According to Fine, Amazon's goal is building an online marketplace where people can find anything they want to buy and purchase it online. The company has 20,000 employees; only 50% are in the U.S. First quarter sales for 2010 were up 46% to \$7.13 billion, Fine told us, even in a down economy.

"We're the Earth's most customer-centric company," he said. "We start with the customer and work backward. And we've enlarged our definition of 'customer' to include authors."

Amazon offers online features for authors both at the beginning of their careers (print and electronic publishing options) and for those who are established (promotional tools).

Amazon has had to recognize that it is a very large player in the market, and with

that comes responsibilities and increased scrutiny. "We went from David to Goliath in a very short time. We're the 800-pound gorilla and my [Fine's] job is the gorilla diet—dealing with trust issues and building relationships."

Amazon is, at heart, a tech company; compared to traditional media companies, tech companies tend to be very close-mouthed. "Information is our currency and competitive advantage, so we haven't traditionally shared much information about what we're doing or why. But we need to learn to talk to people about what we're doing, to build relationships, while protecting our proprietary advantages."

"More books for more people in more ways" is Fine's informal mantra. Fine believes that "the more people are talking about books, no matter where, it raises all books."

"It's all good," he said with a smile.

If you've previously bought something on Amazon and you receive a message about books that Amazon thinks you might also enjoy, or a notice that customers who bought this particular book also bought Book X, you already know about what Amazon calls "automated personalization" based on information gathered on what customers buy. This allows Amazon to create "automated handselling" of books that a customer should enjoy. It is possible to disable that feature, Fine told us, if you are buying a gift for someone on fly-fishing, for example, but you don't want to see other fly-fishing books. But

For the fourth year, a team from the Sisters in Crime Board has visited with different players in the publishing industry to gather information for SinC members. The first two reports came from New York City. In 2009, the team visited distributors, wholesalers, and others in the Midwest. This year, we hit the high-tech e-book world on the West Coast, talking with the following:

- Amazon's Kindle and other e-program representatives
- Google's Google Books team
- Apple's iBookstore team
- Smashwords ePublishing founder and CEO
- Owners of Seattle Mystery Books and M is for Mystery (San Mateo)

This report provides details and links for more information. It is, as close as possible, delivered in the speakers' words. Any errors or omissions are those of the Summit Team.

some readers find referrals to books that others have bought helpful.

The Summit Team asked Fine, "What drives Amazon sales?" His answer was three-fold:

Availability (Is it in print? In stock?);

Discoverability (How a book finds its readers); and

Pricing. Amazon works on pricing constantly.

Continued on next page

Amazon continued

Velocity – the speed with which books move – is the key to increasing the size of the pie both for Amazon and for authors.

Availability and Discoverability

For Amazon, an “out of stock” message on its website is a very bad thing, and they work hard to avoid having one appear.

With digital books, delivery is practically instantaneous, and there are no returns. With POD (print on demand) delivery takes several days, but there is no need to manage inventory because physical books are printed only when they are ordered.

Kindle (which refers to both the e-reader and Amazon’s proprietary digital book format) has a lofty goal: Every book ever printed, in any way, all available in less than 60 seconds anywhere in the world. To accomplish this, Amazon has first been a bookseller. It is now starting several publishing ventures. Amazon has partnerships with competitors like Lightning Source for production and distribution, but its main focus is on developing relationships with authors. “We’re agnostic about where you sell your books,” Fine stated, “though we hope it will be on Amazon.”

To use Amazon to get a book published, Amazon tools include:

- [1] CreateSpace Print on Demand (POD)
- [2] Kindle Digital Text Platform (DTP)
- [3] Amazon Encore
- [4] Amazon Crossing

Once the book is published, tools for authors include:

- [5] Author Central and Author Pages
- [6] Search Inside the Book (SITB)
- [7] Amazon Associates program

2010 Sisters in Crime Summit Team

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[1] CreateSpace

From Aaron Rosenstein, CreateSpace’s Senior Marketing Manager, we learned that CreateSpace combines two companies that Amazon acquired: BookSurge, an e-book publisher from South Carolina, and Custom Flicks from California for DVD/CD replication.

CreateSpace has been available for 8 months and provides self-service book, film, and music reproduction. It also provides services (such as editing, cover design, etc.) for additional fees. However, if your work is ready to go, you as author/

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creator can simply use the free tools CreateSpace makes available to reproduce it on paper or electronically.

Amazon’s dream is to make producing a book on Amazon – whether by POD or Kindle – a seamless experience for authors. They also aim to increase the quality of books available. Please note, however, that Kindle uses a proprietary platform in order to create a controllable experience for readers using its Kindle device; that system requires the use of a (free) Kindle app before books from Amazon can be read on other devices. CreateSpace has about 2 million titles available today, mostly books, although the CD/DVD segment of the market is growing.

When Glenn Beck mentioned *Road to Serfdom*, a 1950s philosophical work, on his TV show, demand for the long out-of-print title skyrocketed. The book was already in Amazon’s POD inventory because of a prior deal with the academic press that published it, so the press went to CreateSpace which was able to fill orders very quickly during the gap before the publisher itself could be-

gin to supply the books.

Amazon has several deals with libraries and universities; those presses have small demand but huge inventory of titles that are in the public domain or published by university presses. This can present an efficient way to make those works more widely available.

What does this mean for authors? CreateSpace can be used to keep your earlier works in print, which can be especially important for books in a series.

How does CreateSpace share revenues with authors? If a physical book is produced and distributed through Amazon, the author receives 80% after costs are deducted. If the book is distributed through another vendor, the author receives less because the other vendor will be taking a cut. So the author can receive varying amounts, depending on the cost to produce the book and how it is distributed.

Let’s put that in perspective. For a \$9.99 e-book on Amazon, the author would receive royalties of \$5.94 to \$6.29 per book, net of all commissions. For a \$9.99 e-book under a typical contract with a traditional publisher sold under the agency model, the author would receive royalties of \$1.49 to \$1.57, net of all commissions. The difference is about \$4.50 per unit, a 300% increase in author income.

At Amazon, authors are paid monthly. A publishing arrangement with Amazon is non-exclusive; the author can also sell the book on Barnes & Noble’s Nook e-reader, Apple’s iBookstore, Sony or others. “We’re not afraid of competing with other e-readers,” Greg Spils told the Summit Team, “because we feel our platform is so consumer/author-centric that it will be a better user experience.”

In order to use CreateSpace to publish your own books, authors need to know the specific date when rights to a previously published work revert and what type of rights they have. Check your contract or reversion letter.

When a book is offered through the CreateSpace program, the author retains the copyright. CreateSpace is not the pub-

2010 Sisters in Crime Summit report – a membership benefit!



Amazon Headquarters, Lake Union District, Seattle

lisher; it is only the platform.

In some respects, CreateSpace envisions itself as the “farm team” for more traditional publishers. For example, Jill Keto wrote a book on how to survive the recession. It needed to be available quickly, to catch the market. *Don't Get Caught With Your Skirt Down* did well as an e-book and was picked up by Simon & Schuster.

If the book was doing so well, we asked, why would Keto go to Simon & Schuster? “Traditional publishing is still the gold standard for authors,” Fine admitted. Traditional publishers provide editing support, cover art, book store distribution, and marketing support, including the ability to attract reviews by major publications, all as part of the package. Because they aren't as flexible or quick to respond to changes in the market, however, the traditional pricing models are facing difficulties. Fine said that publishers serve a great value, but today “authors had to look at what publishers put on the table. And they had to also look at what they took off the table.”

Traditional publishing house decisions are also bracketed by (1) large advances and (2) returns, which creates a squeeze for them. They have to guess, then gamble on whether a book will succeed and at what level. CreateSpace/Amazon isn't having to gamble in that way.

To put it in perspective, publishers expect a 20% return rate for books from

bookstores. Amazon's return rate is 10%, so publishers are happy with that change in their expectations.

Amazon focuses on finding the readers for any particular book. A book on how to use QuickBooks was considered too “niche” to be picked up by a big publisher, for example, but it earned \$30,000 in royalties from CreateSpace.

Authors can use CreateSpace for short works, for works with a small market, or to republish works that are no longer in print as long as the rights have reverted to the author. CreateSpace can deliver directly to traditional bookstores, too. The customer's order for the physical book goes from the Amazon website to Kentucky where the book is printed and shipped out within 24 hours.

Joe Konrath has published his earlier works using CreateSpace and has blogged about it extensively. See <http://jakonrath.blogspot.com/> for more information.

Musicians are also using CreateSpace to produce CDs and DVDs, trying out new or different material in order to test the market, including comedian Steve Martin with his new album for five-string banjo!

[2] Kindle

When people hear “Kindle,” they think of the device, but Amazon would like to shift everyone to thinking of “Kindle” as

the electronic content offered by Amazon, we were told by Greg Spils who heads up Amazon's Kindle program. “If there is a physical book you would like to see made available on Kindle,” he reminded us, “hit the ‘Tell the Publisher’ button.” Amazon sends frequent reports out to publishers. To date, there have been 5.1 million requests for more than 93,000 different titles.

Sales numbers for e-books versus paper books are growing exponentially.

In February 2009, Amazon sold 13 e-books for every 100 physical books.

In April 2010, Amazon reportedly sold 61 ebooks for every 100 physical books, and in July, the sale of ebooks exceeded those of hardcovers. In interviews with several major publishing houses, PW recently confirmed Amazon's figures “[E-book] sales are growing week by week,” one publisher said.

Kindle readers polled indicate that 64% of them “read more” or “read a lot more” now that they have Kindles.

Kindle even has a Facebook page.

If the book is an e-book sold on Kindle and priced between \$2.99 and \$9.99, 70% goes to the author. (In order to earn 70%, strict conditions must be met.)

[3] Amazon Encore

Amazon's Encore program is headed up by Vicky Griffith who has been with Amazon for 11 of its 15-year history. Her team studies data on self-published and out-of-print books. Customer data on searches and subsequent purchases tells them a lot; they also look at online sales of used books, and at third-party sites. They mine that data for hidden gems—books with good customer reviews that people may be looking for but can't find.

Encore then seeks to acquire those books. Some are simply reprints of out-of-print titles. Others need professional editing and design support, which will be provided by Amazon before it publishes the book. The books are sold on Amazon and through other outlets (such as Baker & Taylor or Ingram) which distribute to bookstores. Encore has brought out 17 titles to date.

Continued on next page

Amazon continued

“Publishing is legalized gambling,” Jon Fine quipped. “Publishers must take risks because no book is a sure bet.” With Encore, on the other hand, Amazon can hedge its bets by choosing books on which they already have positive customer and sales information. By offering support to those titles, Amazon increases the odds of succeeding.

Encore is also finding books through

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its Breakthrough Novel Award Program, a contest co-sponsored by Penguin Group and *Publishers’ Weekly* which highlights new books and new authors.

See: <http://www.amazon.com/Breakthrough-Novel-Award-Books/?ie=UTF8&node=332264011>

Encore authors get the “A+ treatment,” which includes good placement on the Amazon site and promotion through social media. For contest winners, Amazon acts as a publisher rather than a distributor. Sometimes Amazon will hire a publicist for a book. On a recent weekend, one book received placement in *The New York Times* Metropolitan section, for example.

Encore authors do not get advances, and Amazon doesn’t accept returns. This program works best for books whose “publisher has lost interest in something readers like.”

[4] Amazon Crossing

This program, announced in May, is similar to the Encore Program, except that it specializes in identifying foreign books that have not yet been translated into English and makes them available to the U.S. and U.K. market. The first title being published by AmazonCrossing is Tierno Monénembo’s award-winning novel, *The King of Kahel*, which will be released for

the first time in English for readers around the world on Nov. 2, 2010. The book will be available in print format at www.amazon.com and globally as a wireless digital download from the Kindle Store. “We often get literary works translated from writers in other languages, but we seldom get ‘beach reads’ from those other countries,” Fine told us. “We are looking for both ‘great works’ and ‘great reads.’”

Speaking of authors’ ancillary rights, Fine believes that those rights (audio, translation, etc.) ideally should revert to authors if the publisher hasn’t chosen to use them within a year. “At a certain point, if the publisher is not using those rights, the author should get them back.” This is a contractual issue, however, so check with your agent or publisher.

[5] Author Central and Author Pages

If you have a book available on Amazon, either through a traditional publisher or a title you have self-published, how do you help it pop out of the sea of books?

Discoverability is key, Spils stated. Your book pages on Amazon become the *de facto* homepages for your books on the Internet. Taking it a step further, the page you create with Author Central becomes your homepage.

At Author Central, you have the opportunity to share up-to-date information about yourself and your work with your readers. Among the options are:

- Author photo
- Author biography
- Bibliography of your books (including uploading missing book covers)

- Blogs (display an RSS feed of your blog)
- Calendar of appearances (the old dates even drop off automatically!)
- Videos, including book trailers, readings, and interviews.

Author Central also helps you enroll your books in programs like Search Inside the Book and Kindle so that they are readily available for any customer to browse and buy.

To get started, all you need is an Amazon.com customer account, or you can create a new one.

Author Central is in the beta testing phase, and new options have recently been added, so authors should check their pages regularly.

To access Author Central, see: www.amazon.com/authors.

From the site, it asks your name and locates your books so you can “claim” them for your Author Page. “Cover images sell,” Spils reminded us, “so do upload an image if one isn’t already available.”

Authors can also include author events at bookstores, libraries, etc. on their Author Central calendar pages. “Why would Amazon allow that,” we asked, “since readers may choose to buy the book at a bookstore event rather than from Amazon?” Amazon knows readers will buy books at the bookstore in order to get them signed there, but they’ll also buy other books from Amazon. So the more information Amazon makes available to readers, the better. The goal is to “cement attachment to our site.”

Spils advises authors to update their author blogs and appearances calendar regularly. That keeps the time stamp up-to-date; this is one of the factors that can



Art work in the cafeteria at Amazon – everybody loves books!



The Summit Team at Amazon:
(From left) Jim Huang, Ellen Hart, Cathy Pickens and Marcia Talley (seated)

affect where you show up in the hierarchy on search engines, such as Google.

The Summit Team was excited to learn of a new feature where authors are now allowed to add to their books' detail pages. In the past, the publisher had to provide book reviews and product descriptions. Now the author can do that, too. When the author edits an entry, that information is indicated on the page with a note "edited by author."

[6] Search Inside the Book (SITB)

"Search Inside the Book" (SITB) is designed to recreate the bookstore browsing experience for customers by allowing them to preview limited material in the book. The full content of the book is searchable but only limited portions containing that search term are displayed to the customer.

Because the book's text is fully searchable, a buyer can find the perfect book even when the search terms are mentioned deep inside the book; the search is not limited to items on the book flap or in a short introduction, so the reader has more chances to hit on the information s/he wants.

If an author owns the rights to the book, s/he can upload the text for SITB to Author Central. Otherwise the publisher has to do this. For details, see: www.amazon.com/sitb.

www.amazon.com/sitb.

[7] Amazon Associates program

A feature that has been around for some time is the Amazon Associates program. Participating authors may include a link on their website and become an Amazon Associate. If someone visits your website, then clicks the link and makes Amazon purchases, you get a small percentage of the sales (3 to 4%), whether the customer buys your book or decides to buy a jet ski instead. See: www.amazon.com/associates.

While the Amazon Associates program may seem like a no-brainer for an author, be aware that some bookstores that you count on to hand-sell your books, particularly independents, may take great exception to seeing an Amazon Associates link on your website.

[8] Questions for Amazon

We left for the Summit trip armed with questions provided by our members. One issue of concern that kept popping up was this: How can an author remove a malicious Amazon review?

Amazon provides a link – "Report this" – under each review. Use it. If the review is personal (rather than about the book), it will be removed. If the review actually

pertains to the book, Amazon will investigate it and decide whether to remove the review or not. An author can't remove all negative reviews, but reviews that cross the line can be taken down.

We asked Jon Fine about a recent *Publishers Weekly* article in which it was reported that Amazon would be charging publishers for different levels of service. The article also included a detailed cost spreadsheet. Co-op money – that is payments made by publishers to obtain placement for their books, typically in prime space in bookstores – has long been a part of the book business, Fine reminded us. Amazon's structure simply reflects that custom.

Amazon's Giving Program

The Summit Team was surprised to learn that Amazon contributes through its Giving Program to organizations whose mission is to create, discuss and publish new written works. Groups such as the 92d Street Y in New York City, Hedgebrook Women's Retreat on Whidbey Island north of Seattle, events like Children's Book Week and magazines like *Poets & Writers* have all benefited from Amazon's generosity. Jon Fine administers the program and urges individuals to nominate deserving organizations for grants.

Examples of recent grant recipients and a link to a nomination form can be found here: <http://tinyurl.com/33o6brw>



Lunch at High Tech Burrito with Mark Coker, Los Gatos, CA

<http://books.google.com/>
Amanda Edmonds and
Genevieve Brennan

After a late afternoon flight from Seattle to Palo Alto, California, your Summit Team checked into a Holiday Inn Express near the San Jose airport and prepared for the following day's assault on Silicon Valley.

Tuesday morning, we drove to Google headquarters in Mountain View, California. The Googleplex, a 30-acre campus of low-rise, glass-fronted office buildings, is just one of the company's 23 U.S. and Canadian locations; 45 other offices are scattered throughout the world. At the Mountain View headquarters, lush lawns, pools, fountains and plazas are connected by winding pathways (including a yellow brick road!) Sculptures, a dinosaur skeleton, and a replica of SpaceShipOne add to the quirky ambiance of the grounds. The facilities include a gym, laundry rooms, two small swimming pools, multiple sand volleyball courts, and eighteen cafeterias which provide Google employees with three gourmet meals a day. All for free! It's easy to see why the staff attrition rate at Google is so low.

As we waited in the lobby of building 41, where we were to meet with Amanda Edmonds and Genevieve Brennan of the Google Books team, we had time to study the eclectic décor – unabashedly retro, yet cheerfully futuristic – including lava lamps, giant rubber balls, bean bag chairs, a giant chess set, and a dizzying 360-degree projection Google Earth kiosk, to name just a few. This *Time* magazine photo essay will give you a look behind the scenes:

http://www.time.com/time/photoessays/2006/inside_google/index.html

The Google Books team (about 15 to 20 people) isn't large, but members are distributed around the world. Edmonds, who heads the team, says it is working one-on-one to build relationships with publishers, both large and small, through their Partner Program. The program offers an online sign-up page where you can promote your books for free.

See: <http://tinyurl.com/33cc65y>.

Approximately 35,000 publishers/authors have joined Google Books through the Partner Program.

Google Books vision is for people to have access to whatever they might want to read through what Google terms “books in the cloud.” Cloud computing, Edmonds explained, refers to a process whereby computer users move to storing data and software on servers external to their personal computers and accessing that information via the web. Users wouldn't have to update their software because it would be stored elsewhere and continually updated. Cloud computing is a concept not unique to Google – Apple uses the same concept with MobileMe.

As an illustration of the cloud's effectiveness, Edmonds told us about the day she lost her Android (Google) smart phone. Although unhappy to have lost the phone, all she had to do was buy a new phone, log into her account, and all her stored data was immediately available. It hadn't been lost with the phone—it was stored “in the cloud.”

Another comparison is using a paper map, her colleague Genevieve Brennan pointed out. On a traditional map, the information is static, versus using Google Earth, which is constantly updated with new features, such as the popular “street view” as well as bike paths and other features. The cloud opens up innovation.

“We don't organize physical books on our bookshelves at home according to where we bought them,” Edmonds noted with a smile, “but that's the way our e-books are usually organized. Kindle books on a Kindle, Apple books on an iPad, or maybe we're storing them on an iPhone, or a Nook from Barnes and Noble, all depending on how we bought them.” The goal of Google Books is to cut across the barriers and make our e-book experience seamless, with all our reading material stored in one easy-to-access system.

An “eInk” device, Brennan explained, is a device that performs only one function – as an e-reader. The Kindle or Sony e-readers are examples of eInk devices. A

smartphone or iPad, on the other hand, performs multiple functions, including being able to serve as a reading device.

To put the market in perspective, there are approximately:

- 4+ million eInk users (currently a very small part of the market)
- 100+ million smartphone users (only a few million of whom are iPhone/iPad users)
- 1.8 billion global Internet users interacting with text

With those kind of numbers, aiming for the global Internet market makes perfect sense. In other countries, the smartphone is the device of choice to access the Internet, not computers. As smarter devices become available to access material in the cloud, dedicated eInk devices may become less appealing. Currently, though, they can offer a pleasing, easy experience for readers.

The goal for Google Books is that there will be no file conversion required for the customer, and no costs to participate. Books will be in full color and readable on any device. The customer will be able to buy books from Google or from another retailer, but all the data will be securely stored by Google.

Currently, approximately 2 million books are available through the Google partner program. These are books whose copyright protection has ended and are in the public domain, or they come from libraries that have allowed Google to scan their collections to make them searchable and more widely available. Users know that printed books have been edited, which adds to the credibility of information found in books located via a Google search.

As with Amazon's Search Inside the Book, when a reader searches Google on a particular topic, Google also scans the full texts of books in its program, locating even obscure terms that may be of interest to a reader. Even though the full text is searchable, only a limited portion is revealed to the reader. Safeguards prevent a reader from trying to game the system: no more than 20% of a book can be read by a

single person within 30 days. This helps protect the copyright holder's interest but allows the reader to find valuable sources of information, to determine if s/he would like to acquire the printed book. "Buy" links to retailers (such as Amazon, B&N or Powell's) facilitate the purchase.

"We're great with search," Brennan claimed. "Google may not be good at everything, but we are good at creating a seamless experience for the consumer." Google wants it to be easy for consumers to engage with e-books even if they aren't tech-savvy.

Google scans books provided by authors or publishers to the program for free. Why would Google do this for free, we asked? "The better our product [which is information], the more people will use our service," Edmonds replied. The Summit Team noted that the more people who use Google, the more they see and click through on the ads from which Google

earns the money to keep itself in business.

Google Editions

Google Editions is Google's entry into the e-book market. The goal is to have Google Editions readable on any device that can access the Internet. Several providers will partner with Google on this venture. Google expects to have an iPad app ready by the end of the summer. Droid/DroidX and other Internet devices will also have access. Adobe will be the content server. Amazon's Kindle, with its different technology, likely won't choose to partner with Google on this effort. "The plus-side for Kindle is that the reader gets a predictable, quality experience," Edmonds said. "It's a beautiful garden, but it's a walled garden." Too much restriction on access could harm its potential, as happened with Betamax tapes (which were a better format) in competition with VHS tapes in the early days of videocassettes.



Genevieve Brennan and
Amanda Edmonds, Google

Personal Impressions

Ellen Hart:

The Summit Trip was one of the most fascinating things I've ever done. We really saw, at ground level, the birth of a new form of publishing. I know that e-books have been around for a long time, but it's only been in the last year or two that they've started to catch on. In fact, the numbers seem to suggest that the interest in e-books is rising exponentially. Now Apple has charged into Amazon's territory with the iPad and is swinging around its not inconsiderable weight. Others are stepping up, too. I feel as if we're in the Wild West of e-book publishing. I didn't think it was all that exciting before I visited Seattle and Silicon Valley, but I do now.

Most of the people we talked to don't believe that e-books would replace the physical book. I agree. Whether or not you like them, the attitude that I see some in the book industry express – that e-books are the Great Satan – makes very little sense to me. Don't read them if you don't like them, but realize that they're not going away. That means, for writers, that this digital frontier is not only one we need to enter, but one we must continually struggle to understand. For writers who have out-of-print books or series (where the rights have reverted), e-books may provide you with new life for your stories as well as a new revenue stream.

And finally, I believe we're going to see, sooner rather than later, authors of some rank and stature publishing their novels

directly to e-books, circumventing traditional publishers altogether. Perhaps there won't be a flood of people doing it, but one of the experts we talked to said that authors have to look hard at what traditional publishers put on the table. They also have to take a good look at what publishers take off. I think we're going to see some authors take big chances. I have no idea how it will turn out in the long run. Nobody can predict that. But I can tell you this much: It's not going to be boring.

**"My other data
device is a book."**

**– Bumper sticker pasted on the top
of a laptop at Google Books.**

Google continued

Google is also exploring an option that will allow readers to buy an e-book and print book as a “bundle.” For example, a customer may go to the website of Powell’s Books in Portland, OR and order the bundle for a new book. While Powell’s delivers the physical book, Google would be the delivery mechanism for the e-book portion of that order. This is in the works now.

The current mechanisms for creating e-books are from (1) a PDF or image file or (2) an ePub file. Depending on which reading device is used, one file type or the other will be optimal. Flow-able text (rather than static PDF images) makes allowances for differences in screen sizes—between a Kindle and a Droid phone, for example – and allows readers to change font size on their devices. PDF images can make for a nice experience but may not be as versatile.

As we noted earlier, search drives the profits at Google, so the company strives to get better content to attract users. Publishers don’t have any urgency to get their content to Google, but if Google helps drive sales of their publications, then the

publishers will likely be more motivated.

Google follows what has come to be called the “agency model,” where publishers set the prices for e-books available from Google. When Google is also the retailer—meaning the book wasn’t sold through someone else’s website – the price split is 52% to the publisher and 48% to Google. If another retailer (such as Powell’s Books) sells from its website, the publisher gets 45%. The author gets whatever his/her contract with the publisher provides. In the case of a self-published or republished work, the author may also be the publisher, in which case the percentage due to the author is the higher figure. Jim Huang, bookstore liaison, commented in the meeting that this was a better deal for authors than the current spread for print publications between retailers and publishers (and their authors!)

If publishers have other terms of sale, Google will look at those and will probably adopt them.

This new venture “won’t be Google’s next billion-dollar business,” Edmonds said, but it should add to the credibility of Google’s search results and enhance the quality of the customer experience.

Independent Bookstores

“How does this new delivery method affect independent bookstores?” we asked. Google is presently in discussions with the American Booksellers Association to enable sales of Google Editions on the ABA’s IndieBound (formerly BookSense) platform. This would allow independent bookstores to sell e-books to their customers. Small bookstores will need e-commerce sites in order to make use of these changes in the book market. Google is planning an affiliate model down the road, but what form that model will take is not known. Google understands that there’s something magical about selling books to readers, that it’s a very personal experience. Right now, online systems “take away the opportunity for magic to happen.” Google aims to “empower partners to sell books.”

For Authors

Marketing Books Online: Free tools! Google has a variety of tools for authors available on its website or on searchable links:

Blogs: Set up a blog on Blogger: <http://www.blogger.com/home>

Use Feedburner to send email to your blog subscribers using an RSS (Real Simple Syndication) feed.

Learn how at: <http://www.google.com/support/feedburner/?hl=en>. Add a “sign up for my RSS feed” button to your website.

Calendars

Create a customized calendar for your appearances with Google Calendar: <http://www.google.com/calendar/>

Google Preview

Google Preview is a book viewer that can be imbedded right into your website or blog giving the URL for that title. You can set up the viewer for one, or multiple, titles, using a link button. For books that have Google previews, there’s no need to upload the first chapter of your book to your website! Simply click the link button that appears in the upper right-hand corner of any particular title and a window pops up giving the URL. Copy the URL and paste it directly into your website or blog. Read how here: <http://tinyurl.com/34qxzj4>.

The Google website also has links to a YouTube video and other advice on how to find a Google Preview and set it up on your site.

SEO

(Search Engine Optimization): Refer to the “Google SEO Guide” for suggestions on how to make it easier for Google search engines to both crawl and index your content so that it might pop up higher in the search rankings. See: <http://tinyurl.com/yz64bbo>.

Because no reader searches for books by the ISBN, it is wise to include titles rather than ISBNs in the URL. Including dashes in the title, rather than running all



Google – The Yellow Brick Road

the words together, will make the URL more readable. “<http://www.crumcreekpress.com/9780962580475>” is bad. “<http://www.crumcreekpress.com/they-died-in-vain>” is good.

How to Drive Readers to Your Books:

YouTube. Develop your own channel or embed links to YouTube videos in your website. Meg Cabot’s author page includes videos where she acts out stories with dolls, for example. If dolls aren’t your cup of tea, you might include how-to’s on a particular topic. For folks who write what have come to be called “craft mysteries,” why not include a demo? Provide the link in an email to those you want to view it. You can also choose whether you want to allow others to embed your videos in their material or not, via a link on the YouTube site.

Search Stories allow the creative author to capture a series of Google searches in a video that can be shared with your readers. See: <http://www.youtube.com/searchstories> for examples. The Summit Team liked “Parisian Love,” in particular, see: <http://www.youtube.com/watch?v=nnsSUqgkDwU>.

AdWords. This is how Google makes money—from the “sponsored links” that appear above and beside your search results. Google uses an auction system so that ads on frequently searched sites are more expensive than others. You pay when someone clicks on your ad, and you can limit the amount you want to pay each day. That allows you to budget how much you are willing to spend.

For example, an ad on the NYTimes book page can cost \$46,000, but you can also buy clicks/ads on the online version of the Times book pages through AdWords at a much more reasonable rate.

To use AdWords, you must think carefully about the search terms where you want your ad to show up. The more specific, the better.

It is also possible to create a TV ad from your AdWords account! You set the budget and decide on which networks and when you’d like your ad to show. One author spent \$4000 for 200,000 views on a network

TV ad. Check out <http://www.nickhampshire.com/how-i-ran-an-ad-on-fox-news/> for a video on how Nick Hampshire ran an ad on Fox news.

Be sure to include your URL on your video for a TV spot to test the response.

A beginners guide to Google AdWords can be found here: <http://tinyurl.com/35zuz9v>.

Measuring Promotional Effectiveness

How effective are your promotional efforts?

Google Alerts can give you some indication of whether promotional items are being noticed. The Alerts also inform you whenever your name appears in a book review, newspaper article, on someone’s blog, etc. as the Google search engines pick up on them while crawling the Internet. Signing up is easy and free: <http://www.google.com/alerts>. Enclosing your name or the book title in quotation marks improves specificity.

For AdWords customers, **Google Trends** tracks the number of times people search for a particular name. It also allows you to test different words or pictures in an ad to see which is the most effective. If you are an AdWords customer, you can include a code on your website that counts how many people buy or sign up for your newsletter or click on a question—whatever you want to set up.

You could test user perceptions of a book cover, for example, by showing two or more covers in an ad to see which one more people responded to. The Google Trends site automatically alternates the covers in the ad. You have to be an AdWords customer to use this service, but there’s no minimum you have to spend. You could also test which of several offers drew more responses, or what the affect of free shipping might be.

These are options that require development and aren’t for everyone. But they do give some indication of the options available for small presses or aggressively entrepreneurial authors—and what the future holds.

Google Analytics

Google Analytics is a free and relatively simple tool. It tracks what people do on your site. You don’t need to be an AdWords customer to use this. This could even be used on your personal blog or website. See <http://www.google.com/analytics>.

The analytics show the top pages visited, who is visiting, where they live, and so on. Did another blogger’s mention drive viewers to an internal page on your site? You may want to contact that blogger.

Analytics also offers geographic data, which can help with your off-line marketing. You may be getting lots of traffic from Topeka or Taipei, for example, which means you might want to consider a personal visit.

You can include special URLs, one in your newsletter and another on your online blog or on a TV ad and a print ad, to see which ones readers are responding to.

You can also see your AdWords data in Analytics.

You can have reports sent to you or you can play with the site online. Warning, though: it’s as addictive as crack, according to one user. You can view a video preview of Google Analytics here: <http://www.google.com/analytics/tour.html>

The Google Settlement

There has been a lot of press lately about the Google settlement which concerns a suit brought by the Authors Guild of America against Google, claiming that the company has violated their copyrights and those of other rights holders of books and inserts (i.e. short stories, chapters in anthologies, poems, photographs, charts, etc), by scanning their books, creating an electronic database and displaying short excerpts without the permission of the copyright holders.

In order to qualify for cash payments, if any, Sisters in Crime urges all authors to register, following the instructions and using the claim form found at the settlement administration site: <http://www.google-booksettlement.com> Earlier versions of the form were confusing but happily the form has now been greatly improved and the deadline has been extended to March

Google continued

31, 2011. Note: The registry is run by Rust Consulting, Inc., the settlement administrator, NOT by Google.

Books involved in the much-discussed Google settlement fall into three categories: (1) those still under copyright protection; (2) those outside the copyright period (rule of thumb: life of the author + 70 years. For example, Charles Dickens' books are outside the copyright protection period); and (3) orphan books—those that may or may not be under copyright but that have no identified owners.

The orphans are the subject of the litigation. Who benefits from the works they created, if they or their heirs can't be identified? Do they just disappear because publishers are afraid to keep them available for fear an owner will appear? The fines can be quite hefty for infringement.

The settlement is trying to craft a system

to allow Google (and others) to provide access to digitized versions of such orphan works and to collect royalties on behalf of the creators. The philosophical dispute is over who gets that money. The current plan is to hold it in trust, in case owners appear; if no owners appear, the funds would then be distributed to others in the pool of registered creators.

As mentioned earlier, Google obtains books to be scanned into Google Books in two ways: through library collections and through partner programs with publishers.

What's the role of publishers?

By now you may be asking yourself, "What is the role of traditional publishers, now that Google and others are supplying authors with the tools to do it themselves?"

The answer we were given was that you shouldn't self-publish unless you are ready for it to be a full-time job. Google sees plenty of value added by traditional publishing; what Google offers is simply the ability to "host content on the author's or publisher's behalf."



Dinner with the NorCal Chapter of Sisters in Crime

Personal Impressions

Impressions from Marcia

If you'd talked to me last year about this time, I'd have told you that an e-book reader wasn't in the future for me. I still feel that the physical book is the perfect format – no batteries required, for one thing – but since I spend three months out of the year living on an antique sailboat with limited storage space, the idea of carrying hundreds of novels in a package the size of a single trade paperback began to tug at my reserve. I'd experimented, I admit, with a couple of e-books downloaded to the Kindle App on my iPhone, but I decided to wait until I returned from the Summit Trip before making a decision on whether to buy a real ebook reader or not, and if so, which device it would be.

The trip convinced me that e-books are here to stay and that I'm going to be a part of that e-book revolution, both as a reader and as an author. Harper Collins has reverted the rights to my 4th Hannah Ives novel to me, so as soon as I can, I'm going to get it up on every e-book platform I can. My short stories, too; there's more than a dozen of them.

And as for that ebook reader? It's coming, too, just as soon as I pay off my VISA. Maybe the revenue stream generated by giving my out of print titles new life as ebooks will help me do that!

Impressions from Cathy

I'm rarely a "first-adopter" of new technology. I have a pay-by-the-minute cell phone because that's all I need. Despite being surrounded by business folks with electronic schedulers, I still use a paper calendar because I love its well-worn leather binder. I use an old-fashioned can opener. And I draft my books in long-hand.

But I love my laptop—and even have a tablet PC which can read my really bad handwriting. I bought one of the first Kindles, have a Kindle app on my iPod (which I use a lot to read books), and was considering the usefulness of an iPad. I like technology when it serves my purposes. E-readers mean I don't have to pack a suitcase full of books when I travel. I can look up words as I read and make notes. (I haven't found that I buy fewer real books, though.)

As with blogs, websites, trailers, electric typewriters, and all manner of other advances, what once was new will become old—faster than ever before. For writers and readers, new ways to learn about new books and to make books available to more people are now available. We'll learn to use what we each like and ignore the rest.

The purpose of the SinC Summit this year was to explore what's new. What we found is that technology is moving the book business so rapidly, no one can keep up. But at least SinC members have the opportunity to jump in the stream early!

Apple iBookstore July 15, 2010

www.ibookstore.com

With the exception of its sleek headquarters building at 1 Infinite Loop, the Apple campus in Cupertino, California consists of a collection of one-story buildings situated in a neighborhood of flower gardens and tree-shaded streets – had June Cleaver appeared on the stoop to call the Beaver home to dinner, we wouldn't have been surprised. We arrived in the lobby of one of the iTunes buildings where we were met by three representatives of Apple's iBookstore team and escorted to "Scrubs," one of several conference rooms, all named after movies or television shows available for download on iTunes.

The iBookstore team is very small; 75% of it had joined us in the room! Apple launched its bookstore in the U.S. in mid-April. They want to be able to offer iBooks wherever in the world users have access to iTunes, and to make it easy to buy books in any country.

The current terms for book sales through the iBookstore is 30% to Apple and 70% to the publisher. This can be a traditional publisher, who then pays royalties to the author under their contractual agreement, or it can be to an author who self-publishes. In either case, the publisher sets the price. Anyone can sell directly from the Apple iBookstore and get the same terms as a major publishing house.

If the author owns the rights, the next step is to translate the book into ePub format. Aggregators (such as Lulu, Bibliocore, or Smashwords) can convert Word files for an author; Apple representatives mentioned having good relationships with these companies. If the book exists only in physical format, other companies can scan and convert it for you. Apple prefers to use an open standard or open format (ePub or Adobe). Apple also requires that the book have an ISBN, which serves as its identifier for the books it accepts. [See Smashwords interview below for more information on ISBNs.]

Once the book is in ePub format, an ISBN has been assigned and the book uploaded, Apple can make it available for sale



Summit Team at Apple, #1 Infinite Loop

in less than a week. To sell or buy books, users go through their iTunes account.

For more information, see <http://www.tuaw.com/2010/05/27/calling-all-authors-sell-your-books-in-the-ibooks-store/>.

See also "Ebooks made easy" at: <http://itunes.apple.com/us/podcast/the-personal-publisher-ebooks/id269033969>

Apple allows the publisher to set the price for its books, which allows the publisher to deal more directly with the consumer, to play with price, offer promotions, etc., to see what works best. Apple believes that the old wholesale model is too complicated for the digital world.

Authors face two questions: (1) how to get content into the iBookstore and (2) how to get *visibility* for the books?

Unlike Amazon and Google, Apple is committed to editorial management. "We can differentiate ourselves by putting great books in front of customers," they told us. This means Apple exercises editorial judgment over how books appear, rather than relying solely on sales volume, search-generated popularity or other means.

Promoting books is key. Unlike Amazon, Apple accepts no co-op money. Instead, Apple will highlight a Book of the Week; James Lee Burke's new novel was the first one, chosen just days before our visit. Books of the Week are selected by iBookstore staff from new books that are debuting on iBookstore that week. The books highlighted may not be the splashy bestseller or the over-hyped beach read, simply the book iBookstore staff liked best that week. Indeed the individual who heads up the Book of the Week program came to Apple directly from one of "the big five" New York publishing houses.

How a book looks is very important in Apple's digital bookstore. Simply converting an existing book into ePub format may not, in Apple's opinion, translate into a good experience for the reader. Apple said that the "beauty of the digital book" is important, and emphasized the importance of understanding the format. "Learn how to make a beautiful file," they said.

Apple looks to the near future when the ability to embed audio and video into

Apple iBookstore continued

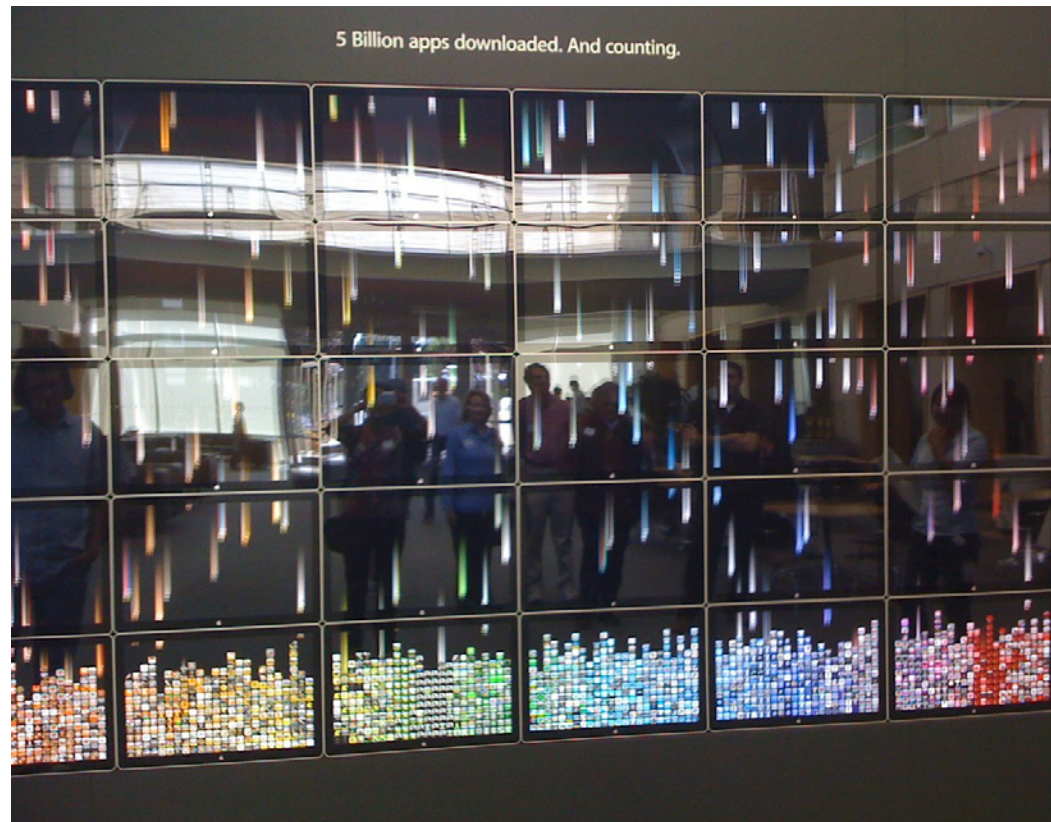
a book will become more commonplace. It is now possible to talk to the reader by adding an interview or video, similar to the “special features” that have been included for some time now as extras on DVDs. Small publishers, or the writers themselves, will be the creative spirits behind the development of such capability, Apple believes. Nonfiction, in particular, presents interesting options. Imagine having maps, interviews and/or video footage in a true crime ebook, iBookstore staff enthused. Clearly, digital formats open the field and provide a platform for more players.

“What will happen to books as we know them?” we asked.

“I think the physical books will become even more valuable. Other than my electronic books, I now buy only hardcovers of the books I know I’ll keep,” an Apple representative told us. He compared physical books to vinyl records, which are making a comeback. “[Vinyl’s] a different listening experience and the albums are considered art objects. Paperbacks may disappear, just as cassettes and 8-tracks did, because they are less useful or desirable.”

According to Apple, book sales are up in all channels and mystery is currently the biggest e-book category. E-book sales have risen while print has stayed about flat. [See information below on Shelf Awareness May report.]

The Summit Team observed that Amazon’s “wisdom of the crowd” – using data about sales and who buys what – makes for great automated marketing. Apple’s approach is more top down; more editorial selection goes in to what is featured. While an Amazon page is customized for a particular reader, on the Apple page, every visitor sees the same thing, though Apple is beginning to layer in “those who bought this also bought that” features.



Summit Team reflected in iPhone App countdown



Marcia collects souvenirs at the Apple Company Store

Personal Impressions

Impressions from Jim Huang

This much is clear: it's not that everything is going to change. Everything already has changed. The new economy firms that we visited are, in various ways, polite about yesterday's publishing industry, but they have moved beyond "legacy business practices" and have found new ways for words to reach readers. And that's the key, isn't it? Writers sharing words with readers.

Prior to our summit visits, I wondered whether we were in good hands with technology companies driving the way we approach, relate to and own words. I'd like to believe that these decisions should be made by people besotted with words, rather than by techno-geeks. Our visits with Amazon, Google, Apple and Smashwords reassured me that with these people in the drivers' seats, we'll be ok.

That's not to say that we can be complacent about change. Each of these firms has a distinct vision. Each of these firms offers au-

thors elaborate and amazing do-it-yourself tools, tools that seduce you into their ecosystems. Each of these firms asks readers to accept a specific approach to owning, viewing and using text. And, of course, there are many other companies involved in the development and delivery of text beyond the four we visited. Whether you're a reader or a writer, the choices that you make matter. The era that we're living in right now is, most of all, an opportunity to think about what you'd like words and the business of words to look like, and to realize that vision.

Act now, but be prepared to change again soon. One of the most striking moments in all our visits was at Smashwords, after Mark Coker convinced me that he and his authors have found a formula for success. Of course, he said, this strategy is only going to work for a year or two, and then they'll need to come up with something better. I bet he will. These companies and their systems are in a state of constant iteration, we were told. And so it goes.

A word (or two) from the bookstores

When the Summit Team hit Seattle, we checked into our hotel, then hopped in a cab for a visit to Seattle Mystery Bookshop where we were greeted by founder Bill Farley and by Adele Avant, busily toting up sales from behind the counter. Situated on lower Cheery Street a stone's throw from the famous Pioneer Square, the bookshop appeared to be doing a brisk business on that sunny Sunday afternoon. Many of the patrons were regular customers, but the shop also depends on walk-ins and Bill laments a drop in the number of cruise ship passengers visiting the store this summer. A dispute with the city over an ordinance that has prevented them from setting up their sandwich board at the corner of 1st and Cherry has apparently cut into business. "So now we only put it out now and then," Bill told us with a grin.

The bookshop has an active author signing schedule. Learn about the store and sign up for their newsletter here: <http://www.seattlemystery.com/>

At M is for Mystery in San Mateo, one of the largest independent mystery bookstores in the U.S., Ed Kaufman survives through hosting numerous book events and the sale of signed first editions. "Pub-

lishers aren't touring writers the way the used to," Kaufman lamented. San Mateo is a community of booklovers, and he can routinely turn out large numbers of people for author signings. Fewer authors dropping by for signings means fewer sales.

Publishers need to realize that mystery bookstores are making their main money

on first editions, preferably signed editions, and that if ten or twenty percent of the books they receive are damaged, it's a big problem.

M is for Mystery publishes a newsletter and sends it out to 4,000 subscribers. Sign up at: <http://www.mformystery.com/info.html>.



Seattle Mystery Bookshop

Mark Coker, CEO
www.smashwords.com

Smashwords™ shares a modest two-story, cedar-shingled office building in Los Gatos, CA, with one of the area's top dentists and a handful of other tenants. The company – its motto is “Your ebook. Your way” – has a very small staff: Mark Coker, its CEO and founder; a chief technology officer; a human resources/finance person; and some consultants.

Since its launch in May 2008, Smashwords just published its 15,000th title at 10 p.m. on Sunday, July 11th and is adding about 2000 titles per month.

Smashwords is best described as a publishing and distribution platform, a tool that authors and publishers use. It is not a publisher. Smashwords makes deals with retailers to distribute books and develops the platform that translates the content into electronic format. The tools they offer are free. Smashwords gets paid only when books are sold, not when they are uploaded.

How did Smashwords start? Mark and his wife, Lesleyann (a professional writer whose columns appear regularly in the Huffington Post, among other publications) wrote a novel based on her experiences reporting on the world of daytime television. They did all the right things: lots of research, multiple re-writes, hiring professional editorial help, attracting the attention of a well-known New York agent who shopped the manuscript around, making changes in response to feedback. After a year, when the novel hadn't sold (largely because publishers had some prejudice against soap opera viewers, Coker claims), he was angry and frustrated. “Why should publishers stand between us and our audience?” he asked himself. Mark and his wife were sure the book would have an audience. Mark, a serial entrepreneur, decided there had to be a better way, so he founded Smashwords. *Boob Tube*, a novel with an insider's view of the soap opera world, is now available for \$1.99 download at smashwords.com.

“Traditional publishing is a commercial enterprise with legacy business prac-

tices [such as returns policies] and expense structures [advances paid when no one knows how well the book will do] that limit them. They are unable to take all books, no matter how good. They are forced to guess about a book's commercial potential, even though they have no real way of knowing,” Coker said. “On the other hand, lots of writers have devoted their lives to writing their story. It's tragic that their stories may languish in attics somewhere. I grew up in Silicon Valley, where we were taught to think that technology offers solutions to all the world's ills,” he said with a laugh.

Smashwords designed its platform to take a standard Word document and translate it into multiple formats that can then be offered for sale as e-books on the Smashwords site as well as through its affiliates. [See more about affiliates below.]

If the writer owns the rights, the writer is then the publisher and sets the price at which the book is sold. The publisher (or author, in this case) gets 85% less the expense of a modest PayPal transaction fee. For sales through affiliates, the author/publisher gets 70.5%.

At first, Mark thought, “Intermediaries are bad. I don't want to give them a cut of the business.” He's changed his mind. If publishers (or self-published authors) create an island, no one will find them there.

He believes retailers earn every penny of their cut. “They are our friends. They put us in front of lots of readers.” Each retailer exposes the author to different groups of readers in different ways.

Coker is also interested in talking to IndieBound to explore ways to include independent booksellers with e-books through their online platforms.

Smashwords wants to give the author total control; the author can change the text multiple times, change covers, change the price. All that power resides in his or her hands. To make it as simple as possible, Smashwords has created a platform to manage the chaos and complexity of the process.

In its first year, Smashwords focused on self-published authors; then it began making connections with existing publishers,

servicing in essence as an online bookstore for small presses.

Smashwords has developed distribution deals with Sony, B&N, Kobo Books (a Canadian company, which is also powering Borders' e-store), and Apple. An agreement with Amazon has been reached, but has not yet gone live. Smashwords books can be read on any device that accepts ePub format, including the Kindle, iPad, Nook, iPhone, Blackberry, etc.

The Smashwords Style Guide [download it for free here: <http://www.smashwords.com/books/view/52>] is constantly revised. To use Smashword's platform most effectively, it is important that authors follow the guidelines exactly. That way, the program can translate the book into formats usable on a wide variety of devices.

If the book meets the requirements to be included in Smashwords' Premium Catalogue – i.e. it meets the formatting guidelines, has an ISBN number, etc. – it will be made available to all Smashwords' retailers and affiliates.

A few words are in order about the importance of the ISBN or International Standard Book Number. Ideally, a book will have a separate ISBN for each format in which it appears – hardback, paperback, tradepaper, large text, audio, ebook. Sony and Apple require ISBNs for books sold in their online stores, so one of the requirements for Smashword's Premium Catalogue is that the book must have an ISBN.

Small publishers buy ISBNs in blocks from Bowker; a minimum purchase is ten ISBN numbers for \$250.00. See: <http://www.bowker.com/index.php/supportfaq-isbn/380-faq-isbn-howtoget>. A recent Smashwords deal with Bowker has made it possible for authors with a single book to buy an ISBN from Smashwords for \$9.95, a significant savings. Smashwords will be listed as the distributor, but the author remains the publisher of record and holds the copyright, so there is still some confusion in the system.

ISBNs are designed to systematically catalogue all books, world-wide. Each number represents a unique “tradeable version” of a book or new edition of a book, so

“You can attach a lot of community to books.”

as we mentioned above, each version of a book is assigned a different ISBN. Part of the number identifies the publisher. [For a complete discussion of ISBNs, see: <http://www.isbn.org/standards/home/isbn/us/isbnqa.asp>.

Therefore, it's easy to see why Kindle editions will have a distinct ISBN from other e-book editions since they are in a different e-format. Unfortunately, some publishers are not issuing new ISBNs for the e-book versions of their titles, so there is still some transition to work out in the system.

Retailers use ISBNs for very different purposes; Apple, for instance, uses the ISBN as a unique identifier in its iBookstore. ISBNs also code other metadata – author, title, price, etc. – for a particular book that retailers and publishers use to track the book in their automated systems.

Typically, the Smashwords process begins with a Word file, so a book file should be converted to Word to begin the process.

If an author just has a physical book and no Word or other electronic file, the book must be re-keyed, scanned or digitized before an e-book can be created. Two options are available for scanning, destructive and non-destructive. As the terms suggest, one destroys the existing book by cutting it apart for the scanning; the second (and more expensive) preserves the original book. After the scanning, the author will need to edit the text to catch any translation errors.

A number of companies offer this service including Books2bytes [<http://www.books2bytes.com/aboutus.asp>], Lightning Source, and Blueleaf [http://www.blueleaf-book-scanning.com/book_scanning_service_order.html] to name just a few, usually at a flat fee per book plus a cost per page.

When the Word document is sent to Smashwords, their software converts it into 9 different digital formats in what Smashwords calls “The Meat Grinder.” If the document is formatted according to the Style Guide, it turns out a book. If it's not, it can mangle it.

One of the biggest secrets authors/publishers need to know about e-book creation is to make the formatting simple. This is a major challenge for old-time book people,

who want to play with fonts and spacing as they did on paper. But to translate to flowable text (which shifts according to different screen and font sizes on e-devices), simple is better. “That's part of the magic of e-books—the shape-shifting, flow-able creation allows the readers to enjoy it in their own ways,” says Coker. In that respect, the publisher gives up control over fonts, spacing, etc., but the customer has more control over the reading experience, which has proven to be one of the attractions of e-reader devices. Some formatting or editing is required to make a good e-book experience for the reader, of course, and navigation – being able to click from the table of contents to a particular chapter, for example – is another feature that many readers appreciate.

E-books are about 7% of the market, but that is changing rapidly. [See timely information below in the May 2010 sales figures from Shelf Awareness.]

The Smashwords site – <http://www.smashwords.com> – also offers Mark's blog. Check out the blog for July 14, 2010 that discusses several of the topics touched on above. “Mark's List” of Smashwords authors who will help other authors with formatting, proofing, cover design and so on, for a fee, is also available on his site. The list simply puts the two authors in contact with one another; Smashwords does not act as an intermediary.

“What does this e-book revolution mean for independent bookstores?” we asked. They have been hurt by the selection and price competition from the chains and “big box” stores such as B&N, Borders, Cosco, and Target. Amazon, in turn, is now hurting the chains with even bigger selection and more price competition. Finding ways to make more books available to more people through more venues provides a counterbalance to any single retailer's market power.

“You can attach a lot of community to books,” Coker commented. “Libraries and smaller bookstores can become hubs and offer the reading community services that might not be available in a larger store or online.”

Of the people we met with, Coker was the least sanguine about the future of the physical book. He loves books; he and his wife collect books. But he thinks reading will move to screens. “We just don't know how fast.”

As authors observe that cross-over from physical books to screens, they may find traditional publishers less valuable. For physical books, publishers have been key for physical distribution. With the proliferation of print on demand and e-books, that value may be changing.

“What about the traditional role of publishers in editing and polishing a writer's work?” we asked. That can be done freelance. Many writers are finding they aren't getting as much editorial support from traditional publishers as they had in the past anyway.

So who becomes the gatekeeper, we wondered, helping readers make wise choices and wading through all the dreck? “Readers are unforgiving of bad work,” said Coker. Online, readers can view free samples and read community reviews. That helps them make good book investments. “Through Darwinian forces, authors who produce crap will disappear.”

Word of mouth is how we learn about most of our reading choices, he believes. Peer reviews still drive book sales.

Simple technology also helps good books bubble up to the top. The “community filter” at Smashwords, for example, knows which books are most visited, which sold, and which were commented on.

What do books need to cost? Whatever the customer, measured through supply and demand, decides they should, Coker believes. The big publishers consider their customers to be distributors and retailers, not readers. E-books change that equation: readers are clearly the customers in that more direct market.

For authors

If you have short stories, material you want to try out, material with a limited market, or backlist for which the rights have reverted to you, ePublishing could be a viable option.

Smashwords continued

How to market e-books?

On its website, Smashwords offers a free book marketing guide. [<http://www.smashwords.com/b/305>]

One Smashwords author – a pizza delivery driver and very good writer – earned \$4000 from sales through the B&N site in one month. His books are priced at \$5.99 on Smashwords, and he gives away the first book in his fantasy series for free. B&N promoted his free book for Father's Day; it was picked because it was already selling well on their site. Note: Smashwords paid no co-op money to B&N.

It is possible to get attention in one distribution channel (B&N, in this case) and not have it translate to any other channels, although Coker believes that best-sellers tend to self-perpetuate.

Pricing is important. You can play with it—and you can price your book much lower than with a traditional publisher and still make more money because your percentage of the proceeds is much higher.

Smashwords currently offers 2000 to 3000 free books, Coker told us. Why would a business do that? The two authors who are among their free “best-sellers” are earning the most money because they have series. Their first books are good enough to bring in readers who come back and buy their other books.

“In the iBookstore, 8 of the top 10 free romances and 9 of the 10 top free thrillers are Smashwords' books,” Coker told us proudly. Smashwords is one of the largest Apple aggregators and one of the few with free books. “When everyone is giving away free books,” he added with a grin, “it won't work as well. Right now, though, it's a nice secret.”

Smashwords offers a “coupon manager” that authors use to issue promotional coupon codes for discounts on their books which can be shared on blogs, websites, social networks and fan email lists.

Smashwords also works with Operation e-Book Drop, which makes 4 free e-books available to military personnel serving overseas, using the coupon feature. [<http://www.operationebookdrop.com/>]

Different formats: a potential problem

As mentioned earlier, working with retailers and discounters can be like walking a tightrope. Amazon's 70/30 split has strict rules. Amazon requires price parity across all channels, which means wherever the e-book is sold. Books cannot be discounted elsewhere. Some authors have pulled their Smashwords books from e-retailers who had been discounting their books after Amazon had threatened them.

E-retailers need content, so it hurts them when books are pulled for whatever reason. Coker asks retailers to quit discounting books when he learns of an issue, but some e-retailers still have a big-box bookstore mentality and don't seem to understand the changes that are already occurring in their market.

Such bullying tactics aside, it is a fact that 70-80% of all e-book sales are happening on Amazon right now, so it is a major player. The iPad has just entered the market, though, and with Apple in the picture, things could change rapidly.

Piracy protection

Smashwords does not offer DRM [Digital Rights Management] protection for its books. This was a system developed in the music industry to prevent piracy. Coker encourages authors to put a notice at the front of each book reminding readers that the book is leased to the purchaser and, if you didn't pay for it, go to Smashwords and buy it to support the author. He feels DRM is too restrictive and creates additional problems in distributing the work. “Authors shouldn't fear piracy,” said Coker. “They should fear obscurity.”

What's the future?

IDPF.org (Independent Digital Publishing Forum), the group in charge of the ePub format, is looking to a future with more rich media – embedded music, videos, interactive elements, etc. EPublishing can support some of this now, but the future will be very interesting. Smashwords currently supports

pictures but not video in its books.

The Vook already has a platform for richer media books. [<http://vook.com/>] A vook is an innovation in reading that blends a well-written book, high-quality video and the power of the Internet into a single, complete story. You can read your book, watch videos that enhance the story and connect with authors and your friends through social media all on one screen, without switching between platforms. To see how a vook works, and for fun, download the Sherlock Holmes Experience, [<http://vook.com/the-sherlock-holmes-experience.html>] It's a \$1.99 well-spent.

Agency Model

Wherever we visited, the agency pricing model came up in the conversation. Coker likes the idea of the agency model – where the publisher sets the e-book price – because retailers all now have a level playing field. With Kindle, Amazon was selling some books below its cost to attract customers to its new device. Now prices are set by the publisher and all retailers charge the same price.

Small publishers tend to dislike the agency model because they want to be able to offer discounts. The agency model doesn't prevent publishers from offering incentives, though.

The agency model will continue to be hotly debated. The big five publishers are excited about any model where they control the prices, but Coker suspects they won't be able to sustain those price points when they begin competing with Indie publishers in larger numbers. Indies are not hamstrung with legacy practices such as large advances, returns, and warehousing. “Publishers can't define the correct price points,” Coker commented. “Customers do that.”

Perhaps all publishing should be on the agency model, so the publisher has true consignment responsibility for the books it sells, in whatever format.

“Authors shouldn't fear piracy. They should fear obscurity.”

Random Impressions

We visited high-tech companies, mostly in Silicon Valley, but most involved in their book programs have come out of traditional New York publishing. They uniformly love books. They talked enthusiastically about the books they had just read or were looking forward to reading. They collect books; they search for the local bookstore when visiting a new town.

Corporate culture

Employees in the large companies we visited all referred to these companies as more collaborative than the traditional publishing houses they came from. One said, “We’re held accountable for results, but rather than always having to ask permission from towering layers of bureaucracy, we’re rewarded for pushing forward.”

“One of my first meetings here, someone at the table said to a colleague, ‘That’s a great idea. We should do it.’ That never happened at my New York publishing company. Everyone was too territorial and protective to throw out ideas or to acknowledge that someone else had a good idea.”

Google, Amazon, and Apple are companies with at least 20,000 employees, yet they operate, as one said, as “little villages” where they’re allowed to make decisions, collaborate with colleagues in other areas, and gather feedback.

They talk about the excitement of being part of a larger vision and an exciting project.

The companies are also characterized by charismatic founding leaders who are still very much a part of their companies. At Google, the three top executives (referred to casually as Larry, Sergey, and Eric) all meet with employees every Friday and field questions. Those questions can be about a rumor, comments about a failed initiative, or complaints that there aren’t enough nurses in the flu clinic. They are answered or addressed or fixed. There aren’t many layers between an employee and the top executives.

When someone reported to one of the founders that she had moved too fast and had screwed up and cost the company \$1 million, the reply was, “Good. I’m glad

you were moving so fast you cost us money. Moving too slowly can cost us even more.” That willingness to accept risk and allow people to “fail smart” is the sign of a healthy, entrepreneurial company.

“Smart business people sit down and ask themselves, ‘What business model could I create that would put me out of business?’ And then they go out and create that business. Mainstream publishers should be doing that,” Coker remarked.

Clearly, they are not. “I see mainstream publishing as broken,” he continued.

Current events have borne this out. On July 22, the Wylie Agency, through its new publishing arm, Odyssey Editions, cut a deal with Amazon to distribute exclusively at least 20 books in electronic form. The books include many important 20th century American works, including *Invisible Man*, *Lolita*, *Portnoy’s Complaint*, *Updike’s Rabbit novels*, *The Adventures of Augie*

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March, *The Stories of John Cheever*, *Fear and Loathing in Las Vegas*, and *The Man Who Mistook His Wife for a Hat*. These works are all in print and all, apparently, governed by old publishing contracts in which the authors didn’t expressly grant electronic rights to the print publishers.

In a July 26 press release, the Authors Guild stated, “To a large extent, publishers have brought this on themselves. This storm has long been gathering. Knowledgeable authors and agents are well aware that e-book royalty rates of 25% of net proceeds are exceedingly low and contrary to the long-standing practice of authors and publishers to, effectively, split evenly the net proceeds of book sales.”

Bargain-basement e-book royalty rates will not last. Low e-book royalty rates will, as e-book sales become increasingly impor-



Chessmen (and women!) at Google HQ

tant, emerge as a deal breaker for authors with negotiating leverage. Publishers will, inevitably, agree to reasonable royalties rather than lose their bestselling authors to more generous rivals and startups.” Read the full text of the Authors Guild press release here: <http://tiny.cc/f9et5>

What is the role of publishers?

Distribution was and is key for publishers. As book-buying moves online, that dynamic will change. This is a rapidly changing industry. Everyone has to be thinking about how to forecast what those changes mean and what book buyers (and the people who would buy books if they knew about “their” books) want.

Publishers have also served a role as gatekeepers, developing work that isn’t quite ready or helping an author achieve a vision. Many writers (and readers) bemoan the shrinking of this role. Who or what will take its place?

Cathy Pickens would borrow from Pogo to say, “We have seen the gatekeepers and they are us.”

On the other hand, Mark Coker says, “E-books are a powerful democratizing force.”

At Amazon, Jon Fine’s mantra is, “It’s good for democracy.”

According to Shelf Awareness, total publisher net sales during May in the U.S. rose 9.8% to \$715.3 million, as reported by 86 publishers to the Association of American Publishers. For the year to date, net sales are up 11.6% to \$3.125 billion. E-books have exploded, while sales of mass market paperbacks have plunged.

CATEGORY	SALES	% CHANGE
E-books	\$29.3 million	162.8%
Downloaded audiobooks	\$5.9 million	72.9%
Adult hardcover	\$138.5 million	43.2%
University press hardcover	\$4.1 million	13.9%
Religious books	\$40.1 million	8.2%
Professional	\$56.9 million	6.7%
Higher education	\$160 million	6.3%
Audiobooks	\$12.9 million	5.1%
University press paperback	\$2.8 million	4.9%
Children's/YA hardcover	\$58.1 million	-1.3%
Adult paperback	\$110.7 million	-2.2%
Children's/YA paperback:	\$39.9 million	-8.1%
Adult mass market:	\$54.6 million	-14.6%

http://www.publishers.org/main/PressCenter/Archives/2010_July/MayStatsPressRelease2010.htm



Jim talks about books with Adele from Seattle Mystery Bookshop



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