

## **Guest Column: The Price of E-Popularity**

**Audio-book sales are up, but revenues are down due to lower-priced digital downloads.**

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Twenty years ago, as the audio-book business was emerging from its infancy, it was all too common for audio-book professionals to mention their career and hear, "Audio books? Oh, you mean for the blind?" And we'd smile and say, "Audio books are for everyone."

These days, audio books are accepted as part of the mainstream. You will see them mentioned in best-seller lists, book ads, editorial cartoons, and yes, even "The Simpsons" poked fun at audio books recently. Librarians and our fellow publishers no longer fear that we hijack readers from "real" books, and most folks we talk to have tried an audio book—for a long drive, a dreary commute, or just because they're enjoyable. The "2010 Audio Publishers Association (APA) Consumer Survey" (released in October 2010) showed that more than one-third of all adults surveyed have listened to an audio book, and 20 percent have listened in the past year.

So we've arrived. But with that acceptance comes more challenges. For some years, journalists would ask us if we were destined to repeat the music industry's pattern, citing the rise of iTunes and the decline of CD sales. Now, the questions focus on comparisons to the print industry and its struggles to integrate e-books into traditional business models. These are legitimate questions—there are similarities in both cases—but first let's talk about what's different.

### **Unlike the Music Industry...**

Audio books generally start with a print book; then we add something. We add a performance—whether it's a single narrator, multivoice or a full-cast production. Many audio-book listeners appreciate the value of that addition, but few consider the cost. Hours of time go into the process: researching pronunciations and accents, pre-reading

the text to prepare, the actual recording time (which can be three to six studio hours for every finished hour), editing and mastering the recording, and, in the case of hard goods, replicating CDs, printing packaging and distributing the product. These costs vary depending on the narrator's fee, length of recording and complexity of the project.

The major objection to a comparison to the music industry is in the duration of the experience. Although a record album traditionally fills a CD, most music consumers are interested in one particular song at a time, which has led to single-track downloads and the decline of the "album" concept (and CD sales). Audio-book listeners, however, routinely commit to eight to 10 CDs' worth of a story; a single track is useless to them.

So, for the differences: We've added value to the book experience, and we have a longer run-time than music.

### **But Like the Music Industry and E-books ...**

How are we similar to the music and book models? Like music, audio books have been available for download for more than a decade, playing on the same devices as music downloads. And like e-books, audio-book downloads offer instant purchase and a reduced price thanks to eliminating print and distribution from the fixed costs.

Those two words—"reduced price"—I believe represent our biggest challenge. As the APA reported in its recent "Sales Survey" (released in June 2010, with data from 2009), audio-book consumers purchased 900,000 more audio books in 2009 than in 2008. That's a 4.7-percent increase in audio-book unit sales. Unfortunately, that resulted in a 12-percent decline in publisher net revenues, due to the lower prices on downloads (and some price decreases overall).

So while we're grateful for the growing interest in audio books, we're challenged by the changes lower pricing will require in our companies. Like the print industry, the audio-book industry is built on a model of shipping hard goods (and accepting returns months later). However, we have a higher production cost before we even enter the sales stream. So how do we cover that cost, when the average digital price is half the retail package price?

There is no simple answer. Audio-book publishers are experimenting with ideas. Some are reducing their production expenses, compromising on the experience of the narrator, or the number of support staff, all while struggling to maintain quality. Others are trying different price breaks or new channels that might combine audio book and e-book. Some are releasing some new titles as "download only" in the faint hope that cutting out the hard-goods replication and distribution costs will give a title a better chance to break even on the production costs. No single publisher has a simple answer. What we all agree on is our desire to continue serving the customer, whether they purchase CDs or a digital download, or borrow a copy from a library or a friend. **BB**

Janet Benson is president of the Audio Publishers Association ([www.AudioPub.org](http://www.AudioPub.org)) and vice president of Audio Editions ([www.AudioEditions.com](http://www.AudioEditions.com)), an online and catalog audio-book retailer.