

A guide to running a business in the Publishing sector.

The Creative Industries Innovation Centre (CIIC) supports the business of creative enterprise. The CIIC is part of the Australian Government's Enterprise Connect program, and is supported by the University of Technology, Sydney.

This Forensic Report summarises the insights drawn from our interactions with this sector. Overall, the CIIC has worked with more than 1,500 creative enterprises (2009-2014).

Talking point

How can publishers demonstrate the value of their online and offline audiences and their ability to drive results for advertisers?

Traditional publishers are competing against a new breed of digital publishers whose businesses are nimble, technologically savvy, often benefit from significantly reduced start-up and running costs, and have unfamiliar business models.

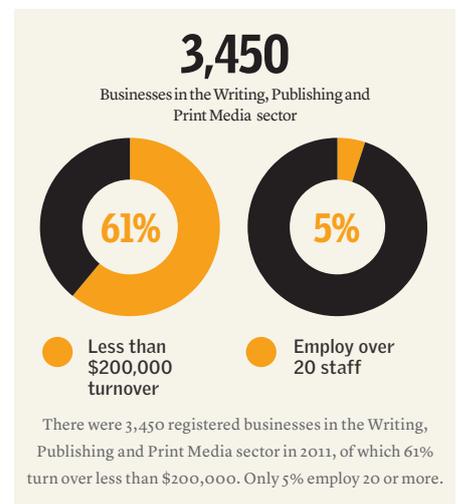
The new generation of publishers includes bloggers, self-publishing authors, journalists turned niche publishers, online news aggregators and citizen journalists. Sales and distribution behemoths like Amazon are also harnessing their customer reach to disrupt the universe of publishing. These businesses might not look like traditional publishers, but they are a growing threat to traditional business models.

Despite growing acceptance that publishers must charge for online content, and readers must pay for quality content, there is little agreement on the best way forward. Many individual newspapers, magazines, books and directories are in decline; and many online ventures are yet to implement profitable paid content models.

Nonetheless, many in the industry claim the decline in ad dollars is outpacing the decline in audiences, particularly when online audiences are taken into account. To win back advertisers,

publishers must do a better job of quantifying their cross-platform audiences and prove these audiences deliver results.

As this CIIC Forensic Report reveals, adapting or surviving in the digital age demands an understanding of the mechanics of the new environment and new business models. Some organisational realignment and reinvigorated entrepreneurialism is vital.



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Pressure points

Challenges specifically impacting the publishing sector:



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Squeezed from both sides

Heritage publishers are caught between protecting their print-publishing revenue and margins; and investing in online and digital ventures.

Disintermediation

In some instances the role of the publisher is being cut out altogether as content creators use affordable tools and software to self-publish.

New generation competitors

Publishers are now competing against apps, handheld games, MMOGs and MOOCs, photo-sharing, social media, online video, on-demand TV – innovations that are tearing up the rulebook in the personal entertainment domain.

Tech-no-fear

Understanding the difference between Google's Android, Apple's IOS, and other emerging platforms can confuse publishers into indecision and inaction.

Not-for-profits

Consumers are embracing citizen journalists and not-for-profit publishers like Wikipedia as adequate substitutes for traditional publications.

Product viability

Many publishers underestimate the cost of producing digital and video content, failing to ensure a product's commercial viability.

Access to skills

Demand for digital, online and mobile expertise is high across product development, distribution and sales and marketing roles, yet remuneration in this sector is not always attractive enough to interest IT specialists.

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Steps towards sustainable growth

The CIIC has identified the following steps to help publishing businesses exploit market opportunities and achieve sustainable growth:



Step 1 Educate yourself

Publishers know more than most about the value of information. Read books on the digital age; track down articles in magazines and journals you might not have previously read; follow some experts on Twitter. Monitoring what's going on around you will help you keep abreast of new technologies and trends.

Step 2 Review your core skills

Revisit the skills upon which you built a successful publishing business: understanding audiences, working with authors and content creators, polishing and packaging commercially compelling content. These skillsets are invaluable assets when creating new products or services.

Step 3 Embrace digital technology

Rather than shying away from the new world of publishing, broaden your offerings; exploit new formats; create new and splintered audiences; and leverage new channels by harnessing technology and new business models.

Step 4 Assess commercial viability

Before rushing to launch digital platforms or products, it's important to ask: "Is there a large enough audience? Can I cost effectively reach that audience? Do the numbers – the costs of production, distribution and sales – make commercial sense?"

Step 5 Minimum Viable Publishing (MVP)

Test the waters with a basic version rather than building and funding the fully-featured product or service right from the start. Minimum Viable Publishing involves releasing a product in beta form and developing it iteratively in the marketplace. It is cost effective and minimises risk.

Step 6 Restructure for the future

Invest in processes, knowledge, tools, technology and skills to keep pace with the new breed of digital publishers. Adding digital expertise across your business begins with training existing staff, then plugging any gaps in expertise with additional staff, or forming alliances.

Summary

This Forensic Report reflects the CIIC's work with over 1,500 creative enterprises in Australia. To register for a free Biztro session or an Enterprise Connect Business Review, visit www.creativeinnovation.net.au

The digital age has brought with it a slew of new business models. Choosing to view these models as an opportunity, not a threat, may well determine your commercial future.

Leveraging technology is vital, but regardless of what format you're working in, traditional publishing skills remain highly valuable in the digital era. The ability to read audiences, package compelling content, and reconnect with your inner entrepreneur is a potent combination.

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