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Panel discussion: 3) *What challenges and possibilities do you see in the general conditions for your publishing house? How is the size of your national book market influencing the possibilities for developing big documentary book projects?*

What is the question: to survive in crisis or to share the common prosperity?

Medium-size publisher's remarks on the state of Russian book market

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If you are a publisher and you are so 'lucky' to live in time of troubles, you always feel yourself like a pioneer at wild West. You don't know exactly, who are you – a hunter or a deer; should you courageously march on or run away as quickly as possible.

Your fate fully depends on how correct you are in evaluation of the situation. But sometimes it is not easy to make it. Right now, you can find contradictory judgements and outlooks on contemporary Russian publishing. Some people say we are experiencing overproduction and overall crisis stands at the door, but others insist that we have records instead of crisis and all goes well.

I've been a publisher for last 15 years. I invite you to look at the situation by my eyes. VES MIR publish annually about 50 titles and 40 percent of them are books co-published with international organizations. Other books are mostly translations in social sciences and humanities. Our reputation as publishers is perfect, and we are reliable distributor of original publications of international organizations as well. We are located in Moscow – major centre of book production and distribution, in the city which is like a country inside the country, where average wages are three to four times larger than in the rest of Russia.

What are the arguments of prosperity adherents? I call them optimists.

1. Last year Russian book industry produced *102 thousand titles*, up 7% in comparison with the record number of the previous year
2. In recent years the *market was constantly growing* to 15% annually and reached the level of 1.5-1.8 bln euro. Of course it should be mentioned that trade statistics was not exact and expert evaluations which I cited differed to 15-20%. The market grew because book prices rose.

Though in comparison with European book prices the average price in Russia remains low and now is about Eu 2.4-2.8 per copy. Some experts predict that in a two or three years Russian book prices would reach the level of Central Europe.

3. The total number of copies printed was 633 mln and it was down 6% than in the year before. The average print-run of one title was 6.2 thousand copies and that confirmed a steady trend of the recent years. Optimists think that *this reduction simply reflects a global trend*.

4. *Russian authors saved their position at the market*. About 10% of all titles published were translations with a share of 7% in total number of copies printed. English language was an essential leader with 67% of translated titles and was followed by French (7.68%), German (7.24%) and Russian (6%). It should be noted that 638 titles were translated from Russian into other native languages of the Russian Federation.

5. *The market is still competitive*. There are more than 4000 publishing houses, mostly private, in the country.

6. And final judgement. We should believe that huge oil and gas profits would be used by the government wisely and carefully, and they would work for the increase of wages, pensions, for the development of social infrastructure, education and culture. Special programmes were offered already to support and to develop reading.

Let's turn to the opinion of the other optimists, but better informed.

1. According to recent research *52% of Russians do not buy books* and 37 % do not read books at all. And among those who read books about 20% do not read non-fiction.

2. The growth of the market is continuing now but on the basis of *price growth only*. The average print-runs are lowering to 10-12% annually and at the same time stocks are growing rapidly. You often can see the tracks and street kiosks of the largest publishing companies offering books for symbolic prices. The growth of prices is a challenge for a large group of publishers who were developing low-price strategies.

3. *Russians are still too poor* to pay adequate money for quality books. The rise of paper and printing prices goes faster than the solvent demand for books is growing. Widely spread preconception of Russia's wealth is false and is caused by the cases of 'new russians'. The average wages in the country are less than \$350 per month. Of course wages are much higher in Moscow, St. Petersburg and some other selected regions in Siberia and far North. But despite the growth of GDP, industrial growth and the rise of average wages the difference between the rich and the poor remains stable and is extremely high.

3. Trade channels have *too many bottle-necks*. There are 3000 bookstores in Russia (one for 55-60 thousand people) and that is too small number for our enormous territory. Bookstores have a lack of space to display all the books published.

4. Another negative feature. *Businesses of book publishing and bookselling are not divided from one another*. Very serious and growing share in booktrade belong to largest two or three publishing groups. They intend to sell their own titles and do not welcome the books of other publishing houses. Imagine that Blackwell's bookstores would sell the books of Blackwell publishers only. That double the effect of bookstores shortage. From outside the situation looks favourable for investments into the book trade. But there are few samples of investments from outside the industry. It's not considered by bankers as very profitable.

5. Russian publishing is concentrated in two capitals. Moscow based publishing houses produce 56% of all titles and 85% of printed copies. St. Petersburg is a second book center with 10.5% of titles and 4% of copies printed. Top ten publishers produce 1/6 of all titles and 2/5 of all printed copies. *Concentration in publishing and in book trade create unfavourable conditions for competition*.

I can list and range the arguments of optimists of all sorts for ever and ever. But that is not a game for me but necessary situation analyses. It should not be performed for analyses sake. And I think I have enough data and judgements to choose the mode of my activity.

1. *We have found our niche*. That is non-fiction quality books in social sciences and humanities. And we are quite strong in working with translations. It is costly, but rising prices give us better chances than in previous years when competition was won by those who offered the lowest possible prices without taking quality into account..
2. The rise of number of titles and the fall of average print-run are the confirmation that publishers has become more careful. But VES MIR was very careful in recent years. And now *about 15% of our books needs reprinting*. Even more we started enlarging our average print-runs to meet the growing demand of readers. But we remaining very careful and thorough in choosing books for publication. Some of our projects are unique. And the best example is our series National histories. In this series we publish one-volume general histories of the countries of the world written by national authors. As far as I know there is no any analogue to the project in other European countries.
3. We see that the cost of book production is rising. But the structure of that rise is different than in previous years. Not a paper and printing are major problems, but rise in wages

and fees. For a firm which publish mostly translations that is a very serious challenge. From the other side, we see that *readers are ready to pay more for quality publications*, because of real growth in their income. And by their purses they vote for quality edited and published books. Now the rule ‘value for money’ works on a new level. Look at the bestsellers list in April. The average price for hardcover book is Eu 8.55 and for softcover it is Eu 4.71.

4. *Bottle-necks in book trade really exist*. How could we minimize their negative effect? We are working close with major wholesalers in the country, but we do not reject cooperation with some important retailers. One more important channel is internet bookstores. Ozon is the largest one in Russia, but we work with several others as well. Of course our specialization on social sciences and humanities benefit from our location in Moscow, which is the intellectual centre of the country.
5. And last but not least. We have an excellent cooperation with *international organizations*. Working for them is very difficult. Their publication schedule is always very tough, the themes of titles sometimes too specific. And it is not too profitable because in fact you have no chance to reprint the book once published. But it is a safe anchor in season of storms and shifting flows at your home book ocean.

In potential Russian book market would be large enough to initiate book projects of any size and scale. But it is necessary in the nearest years to develop book market infrastructure of all sorts: 1) informational infrastructure, including radical change in the sphere of trade statistics; 2) trade infrastructure: we need investments in wholesales business and bookstores chains building, as well as support to independent booksellers; 3) one more important thing could be the development of specialized book distribution and marketing; 4) much better funding of public and university libraries is absolutely necessary; 5) and finally, reading support programmes designed at a national level are highly welcomed.

If these positive developments would take place the Russian publisher would left his or her risky role at the frontier and return to more comfortable forms of work for dissemination of knowledge and good reading.

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