
Literature in the 21st Century:

Understanding
Models of Support
for Literary Fiction

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Executive Summary

It's easy to believe there was once a Golden Age for literary fiction, but the history of publishing tells us otherwise. It has rarely, if ever, been easy to support literary writing.

Our current environment presents unique challenges, but also some opportunities. Changing technology, an historic shift in the markets for cultural and entertainment goods, and rapidly evolving consumer preferences all mean the assumption that literary fiction is in a precarious place must be explored in depth. This report, which was commissioned and funded by Arts Council England and prepared by Canelo, looks at the position of literary fiction today. It seeks to find out how literary fiction is supported and what is happening to those models.

We have found:

- That print sales of literary fiction have fallen over the last decade, particularly after the recession. Today, despite some recent positive indicators, they remain significantly below where they stood in the mid-noughties
- There is only a small 'long tail' of novels that sell in sufficient quantities to support an author; all bar the top 1,000 writers (at a push) in the country sell too few books to make a career from sales alone
- The price of a literary fiction book has fallen in real terms over the last 15 years. Not only are book sales down by both volume, but, crucially, publishers are receiving less money for every copy sold
- While ebook sales have made up much of the fall in print sales elsewhere in the book market, this does not appear to be the case for literary fiction. Genre and commercial fiction predominate in ebook format
- Large prizes have become even more important to literary fiction
- Advances are very likely to have fallen for most writers
- Literary fiction is dominated by 'insider networks'; breaking into these still proves tough for many
- Not-for-profit support for literary writing is unable to fill the gaps created by the above

This, then, is not an easy time for literary fiction. Nevertheless, there are a few bright spots:

- New independent publishers continue to emerge
- There is no conclusive evidence that publishers are reducing their marketing, even if this is a common feeling among writers
- Film rights, translation rights, audiobooks and new crowd-sourcing models are all on the rise as ways of supporting literary fiction
- The growth in creative writing courses offers teaching opportunities for writers, but also creates a more competitive landscape for authors

At the start of our research we expected both good and bad news; to find that some of the pessimism that seems to surround the book world was unwarranted. To some extent this was true. As the above suggests, though, our research indicates this is emphatically not an easy time, and that models to support literary fiction are stretched thin, more than at any point in recent decades.

Notes on Goals and Methodology

This report was undertaken to test assumptions about the state of support for literary writing and to gain a more accurate and holistic sense of the real picture. We believe the report is indicative of what is happening, rather than a definitive statement on the matter. The research was carried out in two phases. Initial research was conducted in early 2016, and then further research and analysis was completed in late 2017.

The assumptions we wanted to test were:

- That sales of literary fiction are falling
- That writers of BAME and other minority backgrounds continue to face barriers to breaking into literary fiction
- That advances and marketing support within publishers for literary fiction are both falling
- That the market for literary fiction has become more risk averse

While all of these points are widely assumed, to what extent are they actually true? What evidence is there either way?

Beyond these assumptions, we wanted to explore how writing is supported in this country. Some structures, such as the classic advance model, are obvious. What is less clear is how such structures are changing. We wanted to understand:

- To what extent literary fiction is using existing support models, from grants to advances. What support models are out there?
- To what extent new support models are emerging, and whether they are being taken up by writers of literary fiction. Are there any innovations in the market to help support literary fiction?

These questions matter to anyone who cares about literary fiction and the world of letters more widely. Literary fiction is writing's vanguard. It is an important part of national culture. It is a key repository of stories, words, language – and a major business in its own right.

In discussing literary fiction there is, of course, one great hurdle: defining it.

Days could be spent doing so, and there is an increasing backlash against the term from both 'literary' writers – who don't appreciate being packaged in an area sometimes portrayed as obscurantist, elitist and uncommercial – and 'genre' writers who object to the implication that their work is somehow 'unliterary' due to its subject matter. In the words of the Society of Authors' former Chair William Horwood:

'What is perceived as 'literary' writing is now a much broader spectrum. Literary fiction used to be defined in terms of a narrow subject matter thus excluding, say, crime fiction or thrillers as 'literary'. That's changed.'

Horwood's proposition is not only that there is no obvious definition of literary fiction, but that our understanding is always shifting. He pointed out that for many years the distinction between literary and popular fiction had a strong class dimension.

If we look at how the market, the stakeholders and the media define literary fiction, we also draw a blank. In Nielsen BookScan data, for example, there is no recorded sales category for literary fiction; instead there is 'General Fiction'.

We therefore leave the definition of what literary fiction is, open. Operating with a flexible understanding of the term has two advantages: firstly, it's the only practical way to research the question and, secondly, it reflects the fact that there are different and non-exclusive understandings that are at work amongst all participants. Literary fiction is not an absolute category. As with other art, it is what people believe it to be; hence we leave its boundaries undefined. What it definitely is not, for our purposes, is poetry or plays. We are looking at fiction.

There were four main strands to our research methodology.

1. Data analysis

What is often missing from discussions of literary fiction is hard data. Working with Nielsen BookScan, who are thanked for their generous contribution to this research, we have analysed 16 years of sales data. As mentioned above, there is no specific category for literary fiction, but this was overcome by looking at 'General Fiction', the closest category in the Nielsen data, and then drilling down to specific writers, events (such as prizes) and other categories (such as translations). We look at General Fiction against, for example, Genre Fiction, another Nielsen category, and for both hardbacks and paperbacks. The overall category of Fiction encompasses both General Fiction and Genre Fiction and so looking at General Fiction is the nearest approximation for looking

at literary fiction. Wherever possible all the findings of this report are grounded in solid data. Unless otherwise stated, it should be assumed that all figures in this report are from Nielsen BookScan, the world's largest book data analysis service, and hence reflect the UK book trade. We only look at data until the end of 2016, as annual figures for book sales are heavily skewed by fourth quarter results, which are not yet available for 2017.

2. Interviews

We sent out over 75 interview requests and conducted 34 interviews with key players and stakeholders including writers, publishers, literary agents, writing non-profits, data providers, buyers and merchandisers, technology entrepreneurs and journalists. We wanted a spread of interviewees from small independent publishers to major corporates; writers with long experience and those pre-publication of their debut; those working in new and untraditional retail as well as those working in well-established chains. Each was selected and approached on the basis of their knowledgeable and active position with regard to literary fiction. They have insight into the situation on the ground. These interviews were carried out either by email, over the phone or in person. We wanted to see to what extent these opinions tallied with data – and what they could tell us beyond the data. One surprising result of the surveys was the number of people who were either reluctant to speak on the issue at all, or the number who wished to remain anonymous. Why this should be so isn't clear, but it seems to reflect stricter HR policies at large organisations of all kinds about speaking on the record, and the fear that interviewees may be perceived to have said the 'wrong' thing and so jeopardise their career.

3. Survey

From the beginning of the research, we released a survey in the form of a web questionnaire to which anyone was invited to respond. Remaining open for over a month the survey elicited 249 responses – more than many equivalent surveys in the literary area, but still less than we would have liked. We promoted the survey through an article posted on The Bookseller website, posting regularly on our corporate and personal social networks, asking friends and colleagues around the book world to post as well as making the survey easily searchable and prominent on Canelo's website. The survey was also sent to writers who successfully applied to the Arts Council's Grants for the Arts funding stream for 'Time to Write' grants.

The survey was not designed to elicit factual data. Rather it was designed as a sentiment analysis of interested opinion to contrast

with the data. We wanted to see to what extent the assumption that literary fiction was struggling was shared. We were also conscious of the likelihood of bias creeping in. Those with a particular perspective were more likely to reply. But by how much? The survey was not just multiple choice, but also asked for comments, both around each specific question and more generally to see if respondents thought there was anything else pertinent to the topic. 81 respondents left extensive comments, and collectively provided a wealth of insight into what people believe to be happening. Of those who filled out the survey 55% were writers, 13% publishers, 2% journalists or bloggers, 1% literary agents, 1% from arts or writing organisations, 1% booksellers and 27% marked themselves as other.

4. Other research

We reviewed a large portion of the scholarly research into publishing. This is now becoming a well-developed field with a solid body of writing from researchers including John Thompson, Claire Squires, Angus Phillips and James F. English. In addition we reviewed the trade press in detail (primarily *The Bookseller*, but also *BookBrunch*, *Publishers Weekly* and *Publishing Perspectives*), and the media more widely for discussion of literary fiction. At Canelo we have, collectively, 45 years' experience within the publishing industry across a range of literary publishers (corporate, independent and startup) and literary agents. This experience has been invaluable in pursuing the research.

Arts Council England Funding for Literature

In the current funding period, from 2015 to 2018, Arts Council England will invest £45.6m of its total budget in literature. There are three main mechanisms for doing this: funding as part of the NPO (National Portfolio Organisations), whereby funding is committed over the whole period; Grants for the Arts, which tends to work on the basis of funding for specific projects; and strategic and discretionary funding beyond those programmes. The breakdown of funding over the period sees £20.2m go through the National Portfolio, £8.3m through the Grants for the Arts and £17.1m of strategic and discretionary funding.

Within this funding envelope there is a great deal of diversity. At the smaller end writers are funded for projects they are pursuing. At the larger end there is, for example, an annual £5.4m grant to BookTrust for its Bookgifting programmes. In between lie a huge number of organisations and projects. These including writing development agencies such as New Writing North, Writing West Midlands, Spread the Word and Writers' Centre Norwich, and organisations such as The Literary Consultancy, which helps develops writers' work.

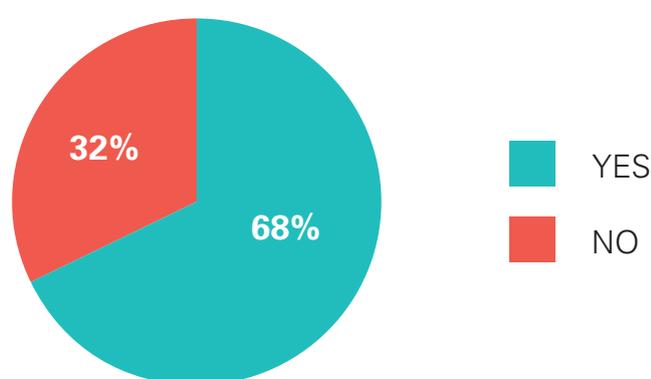
Independent publishers are also supported by ACE. Examples include prize-winning poetry presses such as Carcanet, Bloodaxe and Peepal Tree Press, short story press Comma, and And Other Stories, whose primary focus is on literature in translation. There is also considerable support for organisations which support and promote reading, such as the above mentioned BookTrust, and The Reading Agency. In addition, ACE has launched a major programme to facilitate creative writing in schools.

Part I – The Context

1. The Market

The popular perception is that sales of literary fiction are not doing well. Our survey bore this out, revealing that 68% of respondents believed that the market for literary fiction was shrinking.

Are sales of literary fictions falling in your view?



Many of our interviewees agreed. However, amongst those we interviewed there was often a more nuanced view – that while things might be OK at the top, it was the so-called midlist that was struggling. ‘My guess,’ said Nicholas Clee, Editor of *BookBrunch*, ‘is that at the top of the market they are holding up; but that sales of midlist titles are declining. This is probably true of every area of publishing.’ The novelist Alex Christofi, formerly an agent and now an editor, concurred. Sales, he argues, ‘are being pushed to extremes, so that each year there are a handful of runaway hits, a few dozen that sell into five figures, and an increasing majority that feel lucky to reach four figures. Most of the breakout literary books borrow from genre fiction for commercial appeal.’ Our interviewees, then, did not report a positive picture – at best there was a serious bifurcation in the market between a few successful stars and a struggling mainstream.

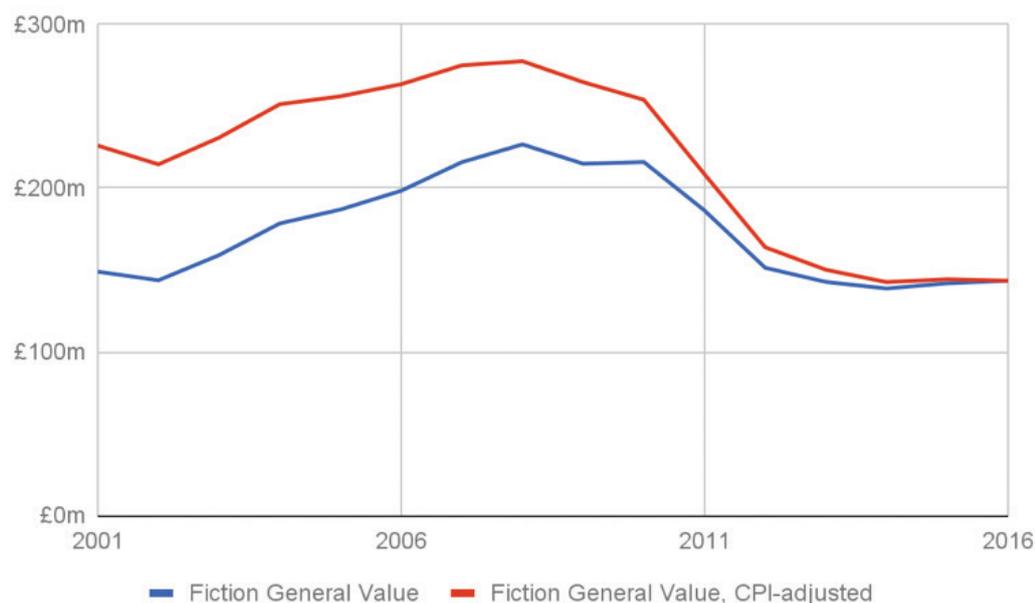
What about the data? The truth is that the print market is flat or slightly falling; not just for literary books but across the board. Later on we will factor in ebooks as well, but in this section we will focus on print sales. The Total Consumer Market (TCM) value of print books sold peaked for hardbacks in 2007 and for paperbacks in 2008. Since then, there have been declines or plateaus (which often are declines in real terms due to inflation), although there has been a tentative recovery since 2014. Today the total market remains substantially down on both those years.

In the years 2001 to 2008 there were positive signs of growth across the board, growth which has never fully returned. In real terms, the market for print books has shrunk.

Looking in the General Fiction category of Nielsen BookScan more specifically, we can see the past 15 years have been a turbulent ride. What is more, although we can see signs of improvement across all printed books, this is less evident in fiction, which continues to struggle. Hardback Fiction General sales went from £18.4m in 2001 to £33.7m by 2007. Between 2002 and 2003 they rocketed up by over £10m. After the 2007 Financial Crisis, however, the fall was nearly as stark: £10m was wiped off the market between 2007 and 2011. Since 2011 the market has started to recover, but it remains well below where it was in 2007. As we will see, ebooks can account for some of this change, but not all.

The picture for paperback Fiction General sales is similar. Between 2002 and 2008 was a bull run for the market, which boomed from £123.1m to a high of £199.9m. Paperbacks then saw an even more extreme dip than hardbacks, and nowhere more so than in Fiction General. While the overall paperback TCM held up reasonably well, Fiction General plummeted by nearly 50%. Nearly every year after 2008 posted year-on-year declines, with 2012 proving especially brutal: after £162.6m in 2011, the end-of-year total for 2012 was just £119.8m. While 2014 to 2016 saw a gradual recovery of the wider book industry, Fiction General paperbacks continued to shrink. The chart below combines hardbacks and paperbacks.

Fiction General Value



In absolute terms then, the value of the literary fiction market is not healthy. The overall picture for printed books, and especially fiction, is at best muted, and at worst represents a permanent and significant fall back.

It is instructive, however, to compare the general situation with the US. There, book sales rose 2.5% in 2015 and 3.3% in 2016, a move that was generally regarded as extremely positive, as this followed years of falling sales. But sales for fiction were not healthy, falling 1% in 2016¹. Bookstore sales went from \$17bn in 2007 to just \$10.9bn in 2014, although this had climbed again to nearly \$12bn by the close of 2016. Much of this is to do with ebooks, digital sales, the recession and perhaps most worryingly, a shift in consumer habits². Sales are still a third down on 2007. In Japan the situation is even worse – the market peaked in 1996, with year-on-year declines posted every year since. In this context, the UK market looks comparatively healthy.

Value doesn't tell the whole story, however. While quantities of books sold roughly track value, they also reveal some interesting trends in their own right – trends that are critical to understanding how literary writers are to support themselves today. It is not just the total value of books that has fallen – it is the price at which individual copies are sold.

According to the Nielsen BookScan data, the average selling price for hardback fiction is down 44% in real terms since 2001. In 2016 the average hardback fiction title sold for £10.12 whereas in 2001 it sold for £11.91. Adjusted for inflation (using the UK Office of National Statistics Consumer Price Inflation [CPI] Index as the benchmark) this would equate to £18.06 in 2016 terms.

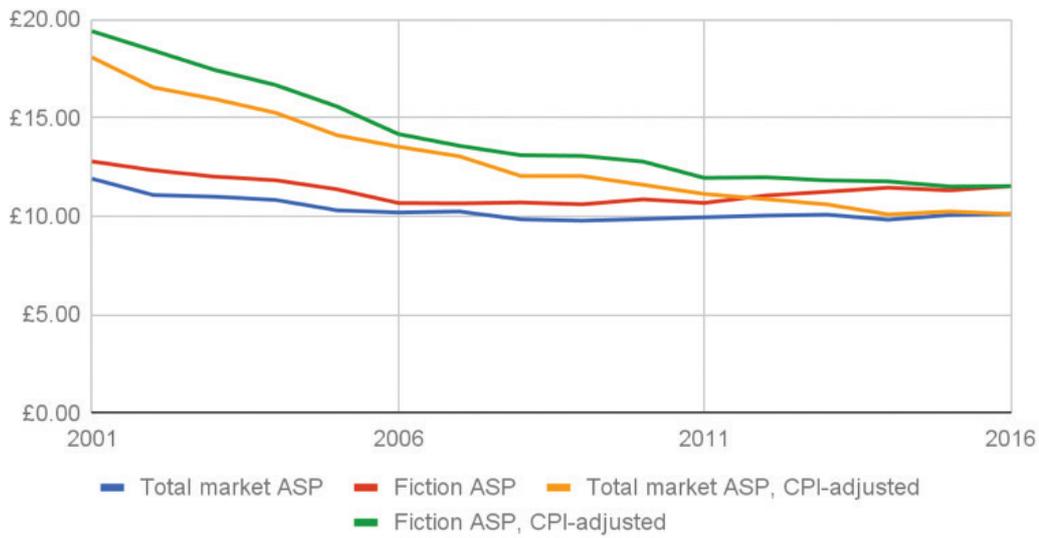
The average selling price for paperbacks is down 25.2% in real terms over the same period. In 2016 the average paperback fiction title sold for £7.42 against a 2001 figure of £6.89. Adjusted for inflation, the 2001 price would have been £10.45. This means that even for the value to stay still, many more books would need to have been sold, whereas instead there were substantial declines in volume terms. Writers and publishers are hence hit with a double whammy: falling book sales overall, and falling dividends for the sales they are making. It is not clear how long these two trends will continue. There is, however, evidence that the price of hardbacks is starting to increase (discussed in section three below). We believe this increase, like much of the decreases, can be explained by the introduction of the ebook format.

¹ <https://www.publishersweekly.com/pw/by-topic/industry-news/bookselling/article/72450-print-book-sales-rose-again-in-2016.html>

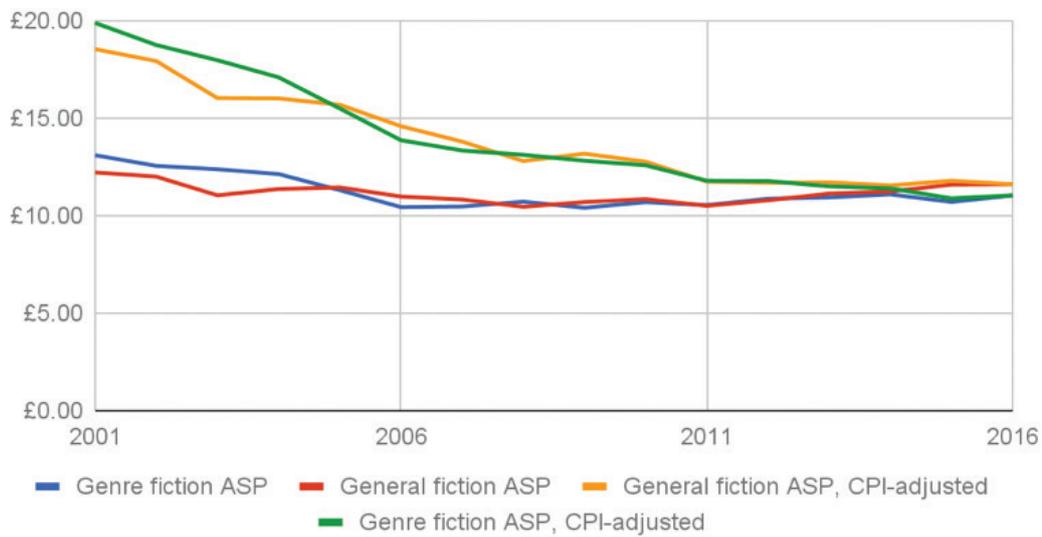
² <http://publishersweekly.com/pw/by-topic/industry-news/bookselling/article/69388-bookstore-sales-had-first-gain-in-eight-years-in-2015.html> and

<https://www.publishersweekly.com/pw/by-topic/industry-news/bookselling/article/72792-bookstore-sales-rose-2-5-in-2016.html>

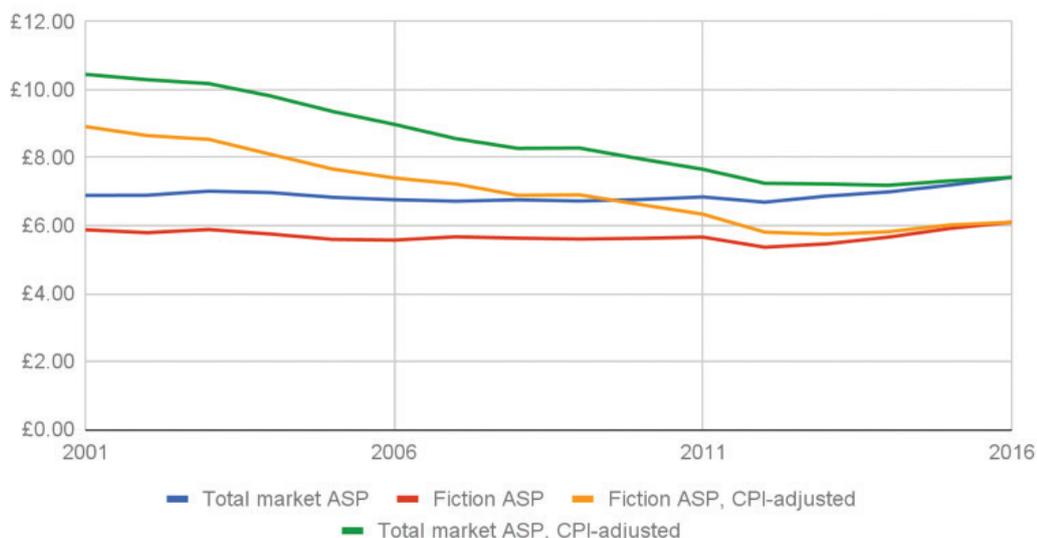
Hardback average selling prices



Genre fiction vs general hardback fiction ASP

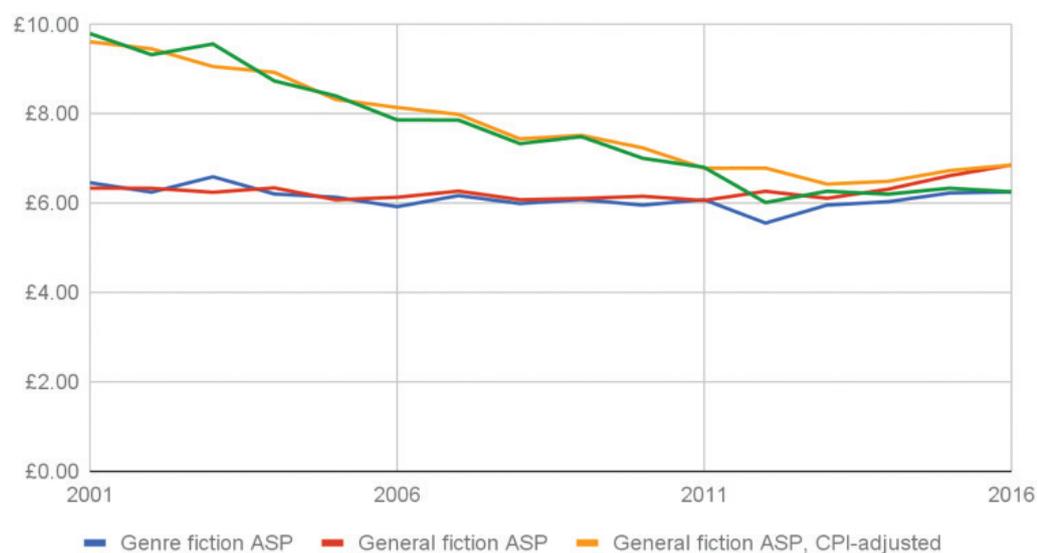


Paperbacks: total market ASP and fiction ASP



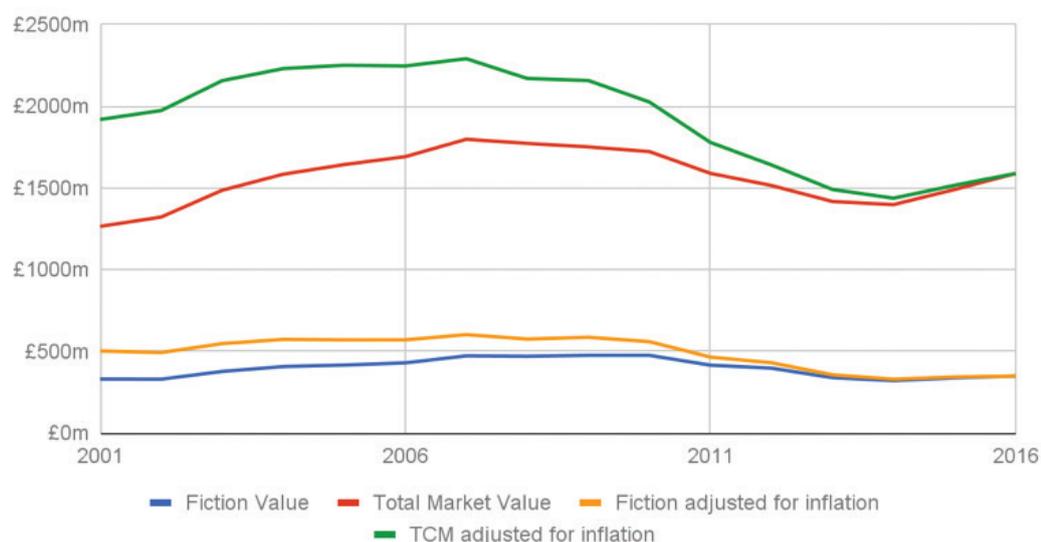
These graphs show fiction of all kinds consistently has a lower price than non-fiction, and tracks well beneath the TCM average for the price of books sold. The real damage can be seen when adjusted for inflation. Despite a recent uptick, this shows just how far behind book prices for fiction have fallen since 2001. The pattern is consistent across paperback and hardback fiction, and although General Fiction has been hit less hard than Genre Fiction, in both categories there is substantial loss of value per sale, which directly impinges on publisher revenues and author incomes. A huge amount of value is hence 'missing' from the sector thanks to flatlining prices amidst general inflation.

Total print market ASPs: genre fiction vs general fiction



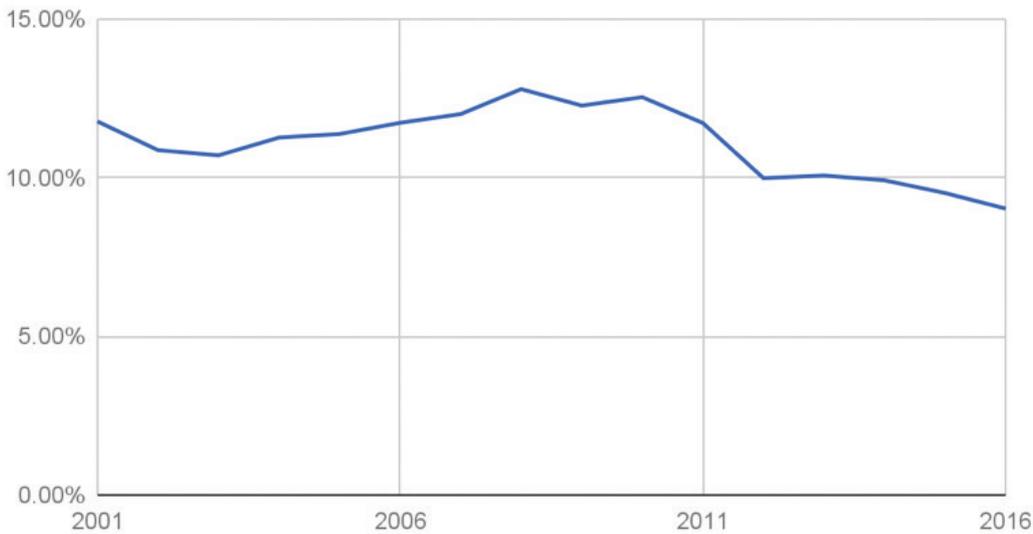
The true impact can be seen by comparing graphs of both the TCM value and the total fiction value against an inflation adjusted version. At one stage in 2014 almost £1bn of value had evaporated from the ecosystem of books thanks to stationary prices. For a sector that has long existed on thin margins, missed revenue of this scale is absolutely essential. Recent gains in value have started to improve the overall figure and the picture is getting healthier. Yet this isn't following through for fiction, which remains flat in absolute terms and continues to decline in real terms as is clear from the following graph.

Total print market value and fiction market value 2001 – 16

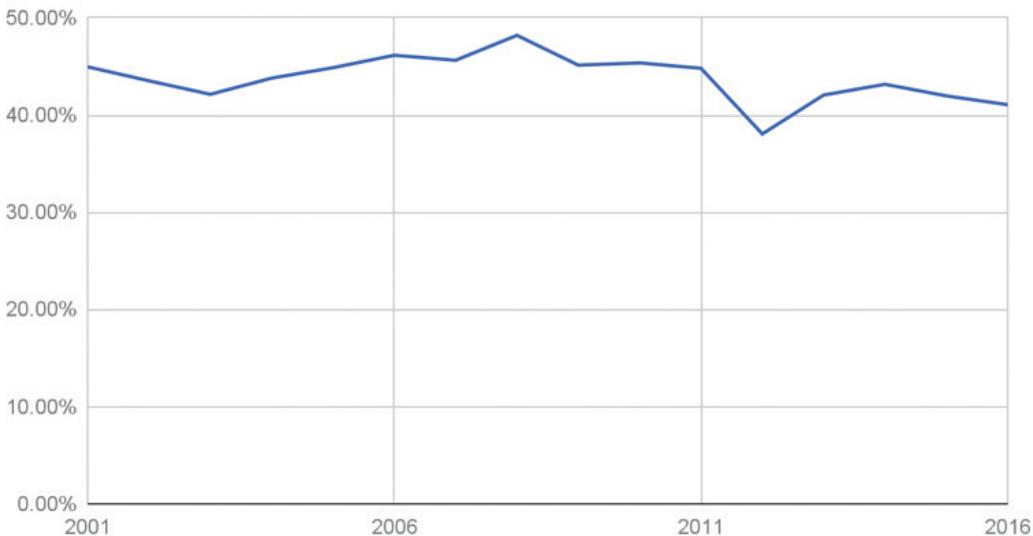


Literary fiction occupies a decreasing share of the TCM by value, and even a decreasing share of the fiction segment. Both should be a concern. While the proportion of general fiction to the total fiction market shows a higher degree of volatility, the trend for general fiction over the past decade is clear, and downwards.

% general fiction of total market 2001 – 16



% general fiction of total fiction market 2001 – 16



Those 68% of our survey respondents were right to feel the market for literary fiction is declining. One key question is why prices have failed to beat or even track inflation. As we will see, the advent of ebooks plays a role. But other factors have also contributed. One is the ongoing impact of the collapse of the Net Book Agreement (NBA) in the mid-1990s (it was finally terminated in 1997). Under the NBA, book prices in the UK were fixed by the publisher, and retailers were obligated to sell books at those prices. Subject to the pressures of market dynamics for the first time, it was inevitable that the prices of books would both fall and stay lower than they otherwise would have been, and the past 20 years to

some extent represent the ongoing aftershock of that event. This was compounded, however, by significant changes to the retail landscape. Book retail has become more concentrated and competitive as players such as supermarkets entered the field, and the reach of Amazon grew. Lastly, there was a general collapse in the price of content. As the Internet supercharged supply, much media became either low-cost or free. For the first time, people could read newspapers without paying for them. TV, film and music were available on demand, either through subscription or piracy. Books had more competition for people's attention, and much of that competition was available for prices well below those of traditional hardbacks. Publishers, feeling boxed in by circumstances, calculated that their sales would slump and they would miss out on key retail slots if they aggressively raised prices – so they chose to leave them as they were. Arguably, had they raised prices the sales declines would have been even more pronounced.

What about the suggestion that there are in fact two markets: a small group doing well, and a much larger group in trouble?

One way of analysing this question is to see how much of a long tail there is for literary fiction. That is to say, how many books are there in any given year that sell sufficient quantities to support a writer?

The results of this analysis do not make for encouraging reading. Over the last five years the 10,000th best selling fiction title has sold between 94 and 99 copies a year, or around £600 of revenue through the tills. The 5,000th best selling title did a little better – it peaked at 420 units but in 2016 sold just 320 – hardly figures to produce an income for its author to live on. It's only once you get towards the top 1,000 books that totals start to be viable: the 1,000th book sold between 3,000 and 4,000 copies a year in each of the past five years. Given that there are multiple books from some authors in the list, however, you're then looking at considerably fewer than 1,000 writers who can sustain themselves on UK print sales of literary fiction (unless said writer has an extensive and consistently performing backlist).

This point is critical. It means that outside of the top 1,000 authors (at most), printed book sales alone simply cannot provide a decent level of income. While this has long been suspected, the data shows unambiguously that it is the case.

What's more, this is a generous assessment. After the retailer, distributor, publisher and agent have taken their cut, there won't be a lot of money left from 3,000 sales of the 1,000th bestselling title. Let's assume those sales are all hardbacks. The average selling price for a hardback in 2016 was £10.12. For the sake of simplicity, that represents £30,000 of total revenue of which the retailer is likely, on average, to

take half – so publisher, agent and author must make do with £15,000 between them. Selling 3,000 to 4,000 books is not unrespectable. However, making a living as a writer at this level of sales is exceptionally difficult, to say the least.

At the top, though, there is still a solid group of writers who are making good sales. The 100th bestselling book sold 55,000 copies in 2011, down to a still respectable 35,000 in 2015 (the most recent year for which data was available). The fall in value was more marked for the 100th book, from £300k in 2011 (a good return) to £125k in 2015 (much less once the retailer and publisher have taken their cut). The 10th bestselling book did well on numbers but the same pattern was evident. In 2011 it sold over 200,000 copies at a value of £1m. In 2015 the same slot sold 75,000 copies fewer, with the value roughly halving. What is clear is that there is a major gulf between the bottom and the top, but the top sellers are also under greater pressure. Our expectation, and that of most of those we talked to, was that things would be fine at the top – but, relatively speaking, they are not.

This isn't to say that there aren't books doing well. In the exclusive club of books to have sold over one million copies, literary works are still present. Examples include *Atonement* by Ian McEwan, *The Kite Runner* by Khaled Hosseini, *The Time Traveler's Wife* by Audrey Niffenegger, *Life of Pi* by Yann Martel, *Captain Corelli's Mandolin* and *A Short History of Tractors in Ukrainian* by Marina Lewycka. Over the past 10 years the bestseller in Fiction General has never sold less than 300,000 copies.

Elizabeth is Missing by Emma Healey was the bestselling 'literary' title of 2015, with 368,700 sales (the bestselling overall was E. L. James' *Fifty Shades of Grey* with over a million)³. Harper Lee's *Go Set a Watchman* was next with 342,100 sales – this put them at positions 6 and 7 in the overall list. Jessie Burton and David Nicholls also performed strongly. In the top 100 for 2015, other writers who could be seen as literary were Ian McEwan, Sarah Waters, Karen Joy Fowler and Nick Hornby, with some crossovers like John Green or Kate Mosse. But the picture in 2016 was bleaker for bestselling literary fiction. The bestseller was Kate Atkinson's *A God in Ruins*, which sold 187,424 copies. Sebastian Faulks, William Boyd and the now-Nobel Laureate Kazuo Ishiguro were rare appearances for literary fiction in the top 100 sellers of 2016, but all sold fewer than 150,000 units. A bright spot was the inclusion of Elena Ferrante's *My Brilliant Friend* (103,685 copies).

It is striking that overall the books selling well are not literary – they may be fiction, but they tend to be either commercial genre fiction (Lee Child say, or Jojo Moyes) or children's fiction (David Walliams or J.K. Rowling). And while each of the top-selling literary fiction titles did well

³ <http://www.theguardian.com/books/2015/dec/24/bestselling-books-2015-analysis-fifty-shades-on-top>

individually, the year-on-year evidence suggests that such breakout hits are selling fewer copies overall and making less money (in print) than they would have done in previous years.

All of this has two knock-on effects, both relevant and worrying for those concerned about how writers might support themselves. Firstly, the number of bookshops is shrinking. In 2005 there were still 1,535 independent bookshops in the UK, although that figure is in itself lower than during the mid-nineties⁴. By 2014 that number was down to 987. By 2017 it was fewer than 900, although there is evidence that new ones have started opening (e.g. Libreria, from former Downing Street advisor Rohan Silva, Lutyens & Rubinstein from a literary agency, and the continued expansion of Foyles)⁵. Over the same period, chains such as Ottakar's were absorbed into Waterstones, and Borders went bust. While not as bad as the situation in Japan, which has seen more than half its bookshops close in the past 20 years, there are still fewer outlets for selling books. A recent report from the Booksellers Association in association with the Centre for Economics and Business Research, *Bookselling Britain*, makes the opportunities and challenges clear.⁶ It highlights how bookselling is still a major force, underpinning 46,000 UK jobs (around half directly, the rest in supply-chain), adding double the gross value added (GVA) compared with the retail average, and making a serious contribution to GDP. In addition, it makes clear the value of bookshops to high streets and cultural life (Waterstones alone has put on 5,000 events in 2017 to date). But it also highlights a daunting range of challenges: growth was negative in the years 2010 to 2014, averaging – 2.8% per year. Amazon and online retail, business rates and taxation more widely, and the increasing costs of maintaining bricks and mortar retail property, were all cited as major issues.

Secondly, this translates into a squeeze on author incomes. Here, the perception that the market was split between winners and losers was borne out. 2015 Nielsen BookScan data suggests that the top 1% of authors accounted for 32.8% of all sales and within this, the top 0.1% accounted for 13% of total sales. Meanwhile the top 5% accounted for 42.3% and the top 10% accounted for 57% of all sales. Indeed, there is evidence the market is growing more unequal.⁷ The amount earned by the top 0.1% increased by 21% against 2014. The top three authors – David Walliams, Julia Donaldson and J.K. Rowling – were all (primarily) children's writers. Yet as we have seen, even at the top of this distribution things can be challenging, let alone further down the

⁴ <http://www.telegraph.co.uk/culture/books/booknews/10654506/Decline-of-the-independent-bookshop-as-UK-figures-fall-below-1000-for-first-time.html>

⁵ <http://www.thebookseller.com/news/indies-fear-impact-new-increased-overheads-323811>

⁶ <https://cebr.com/wp/wp-content/uploads/2017/10/Bookselling-Britain-report.pdf>

⁷ <https://www.equalitytrust.org.uk/scale-economic-inequality-uk>

pyramid. While the market may be highly skewed to a few big winners, that doesn't mean even they are in a good position when compared with other periods or countries.

In short, what all of this means is that it is harder to be a professional author full stop. In 2005, an ACLS-commissioned survey found that 40% of authors earned a full-time living solely from writing. By 2013 this had dropped to just 11.5%. In 2013, 17% of surveyed writers earned no money at all from their writing. Between 2007 and 2013 author earnings fell by 28% in real terms.⁸ The author Philip Pullman has recently been vocal about this trend, even asking the EU to investigate the situation around author incomes.⁹

Author income inequality as outlined above exceeds available data for UK income inequality generally, where the top 1% take around 14–15% of the total (less than in the US but much more than most countries in the OECD). However, this isn't the case when we look at wealth as opposed to income: the top 1% own as much wealth as the bottom 55%. That is to say, wealth inequality is much greater than income inequality. It suggests that books should be seen as assets (wealth) rather than income for those at the very top, where the scale of inequality reflects the sharper degree found in wealth inequality. In terms of income, then, the book market is more unequal than the UK as a whole; in terms of 'wealth' it is not.

Other researchers support the overall picture outlined here. Angus Phillips, Director of the Oxford International Centre for Publishing Studies, has tracked the publishing market against GDP for *Publishing Research Quarterly*. He wanted to see if growth or decline in the wider economic context fed through to UK publishing. Looking at data going back to 1985 he finds that for the years 1985 to 1999 there is indeed a strong correlation between the economy and publishing; GDP growth appears to feed into growth in book sales. But in the noughties, and especially in the wake of the financial crisis, this relationship breaks down. Economic growth in the years after 2008 has not fed through to books, apart from in children's. Publishing has in effect decoupled from deep patterns of growth and consumer spending. Rising per capita GDP no longer means rising book sales. Phillips argues his data indicate an historical inflection point, a structural change in the publishing landscape where we may have reached 'peak book'.

How to make sense of all this? Digital, as we will see, is a factor. Yet aside from that, our interviewees and survey respondents had numerous explanations. A common theme, as mentioned above,

⁸ <http://www.thebookseller.com/news/huge-inequality-writer-earnings>

⁹ <https://www.theguardian.com/books/2016/jan/14/philip-pullman-resigns-oxford-literary-festival-patron-pay-authors>

was the impact of other media, from box sets on Netflix to Twitter and Instagram. 'Reading as an activity is falling due to the plethora of choices: streaming, box sets, games', says writer Nell Leyshon. 'I think there have only ever been so many "literary" readers, but they are increasingly distracted' she says, although acknowledging this is anecdotal. Another suggestion is economic. The decline in books is noticeably coincident with the recession. One theory might be that discretionary consumer spending, of which books are clearly a part, took a hit over those years from which it has never fully recovered. When that happened at the same time as new, cheap, easy entertainments were being offered on a scale and at a convenience never before imagined, the results were never going to be pretty. In comparison with our smartphones, literary fiction is often 'difficult' and expensive: it isn't free, and it requires more concentration than Facebook or Candy Crush.

At the same time, some felt that because publishers were focusing their energies elsewhere – celebrity biographies, adult colouring books, cookery, genre and 'commercial' fiction – the market for print literary fiction was shrinking. Its prices were depressed. Author income was declining. What about publishers?

2. Publishers, Prizes and Marketing

Even by the turbulent standards of publishing, the past decade has seen enormous changes to the structure of the industry, with clear knock-on effects for the support of literary writers. The question is, what do the changes mean? Are they good or bad?

The most obvious change has been consolidation at the top of the market. From a diversified group of major- and middle-ranking publishers has emerged a clear Big Two: Penguin Random House (PRH) and the Hachette Group. Trailing them are HarperCollins, with publishers including Simon & Schuster, Pan Macmillan and Bloomsbury some way behind. PRH are a billion-dollar behemoth (global revenues of €3.7bn/£3.29bn and profits of €557m/£498m in 2015¹⁰) with a reported 250 imprints across the US and UK and an unrivalled backlist – such is the scale of their holdings that even if they were never to publish a new book they would remain an enormous company.

Publisher consolidation has to be seen in the context of the sales picture presented above and the digital change below; it is a logical reaction to a shrinking market and the increasing power of online platforms. As with everything, it has positive and negative impacts for

¹⁰<https://www.publishersweekly.com/pw/by-topic/industry-news/financial-reporting/article/69731-penguin-random-house-reports-record-profits-in-2015.html>

authors. On the plus side, PRH and Hachette are both fully committed to literary fiction, incorporating numerous prestigious literary imprints from Hamish Hamilton and Jonathan Cape. What's more, their financial and market clout means they can take big risks, pay authors handsomely where they see fit and generate demand for their books through major marketing campaigns. On the downside it means there are fewer big publishers for authors and agents to choose between, and the powerful have even more power. No literary agent would go on the record saying that the growth and concentration of larger groups came with the risk of ultimately lowering advance levels (thanks to less competition), but informally we did hear fears that this could happen. It is believed there are often internal policies that help mitigate or indeed entirely remove such a risk by keeping divisions separate and competing with one another, but such policies are, to the best of our knowledge, self-policed and self-monitored, however successfully.

It is interesting to note that despite the grim sales picture, profits at major publishers have not only not been stable but have, if anything, strengthened. For example, 2014 global profits at PRH were up 24.5%, and 2015 profits were up 11.8% (although both revenue and profit were down in 2016). Hachette saw profits of €208m in 2016, up from €198m the year before, while Simon & Schuster recorded a 13% increase in profits for 2015.¹¹ HarperCollins saw global profits jump 32% in Q2 2017 alone.¹² Thanks to ebooks, increased efficiencies from mergers and acquisitions, and a relentless focus on cost control, publishing groups have not seen profitability track print sales: i.e. while print sales are down, profits, at some of the major groups, are not. This is good in theory for authors, inasmuch as it means publishers' financial position isn't as parlous as some market data suggests; there must therefore be slack in the system to (potentially at least) pay authors. The question is whether this applies to anything in literary fiction, and whether it feeds through to support for literary authors; both are doubtful.

Outside the major groups something equally extraordinary has been occurring. Despite media attention to the death of print and the struggles of independent bookshops, we are seeing a flowering of new independent presses devoted to literary fiction. Leading the pack with a solid track record of revenues and healthily sized business (probably in the £3–20m bracket) is the recently expanded Independent Alliance, headed by Faber & Faber and comprising Atlantic Books, Icon Books, Canongate, Profile Books and Serpent's Tail, Short Books, Granta, David Fickling Books, Daunt Books Publishing, Lonely Planet, Murdoch Books, New York Review Books, Pavilion Books, Pushkin Press and Scribe

¹¹ <http://www.publishersweekly.com/pw/by-topic/industry-news/financial-reporting/article/69383-2015-profits-rose-12-9-at-simon-schuster.html>

¹² <https://www.thebookseller.com/news/harpercollins-profits-32-485496>

Publications. With a couple of exceptions, each has an outstanding record of publishing literary fiction and the recovery in 2015 and 2016 shown in the sales suggests a growing movement.

Outside this, at a smaller level, there is an even greater degree of diversity. As Hannah Westland, the Publisher of Serpent's Tail told us 'There are new indie publishers springing up championing more experimental writing, and the audience for – and critical interest in – this kind of work seems to be growing. Independent publishers of literary fiction include (but are not limited to) names such as Tilted Axis, CB Editions, Fitzcarraldo Editions, Salt Books, Comma Press, Dead Ink Books, Galley Beggar Press, Influx Press, Penned in the Margins, Tramp Press, Bluemoose Books, Jacaranda Books, Myriad Press, Gallic Books, And Other Stories, Bitter Lemon Press, Peirene Press, Peepal Tree Press, Nine Arches Press and the UK arms of American independents like Europa Editions and Melville House. This list is by no means exhaustive. While not all of these publishers are new, many were founded in the last five years – Galley Beggar, Fitzcarraldo, And Other Stories, Jacaranda, and Tilted Axis, for example. Many small publishers have been thriving. Inpress, which represents 60 small publishers, has reported 79% sales growth in the last year for example.¹³

For the most part this is great news for British writers of literary fiction; of the above names the majority cater directly for them and most of them publish British writers (although Gallic, And Other Stories and Tilted Axis publish translations). Writers need options and this group of passionate and talented indies certainly offer those. However, it is questionable to what extent such publishers can afford to fully support writers in the absence of breakout hits (that is, in the ordinary course of a writing and publishing career). With neither the deep pockets nor the marketing clout of majors, are indie presses a viable option for a paying career? Luke Brown, novelist and former editor at independent Tindal Street Press, tells us that their standard advance used to be £1,250 per book, and this level was common across equivalent small presses.

What's more, while there is considerable interaction amongst small publishers, the relationship with larger ones can be antagonistic rather than mutually supportive. Independent publishers complain of taking risks building new literary writers only to see them poached by larger houses as soon as any success is achieved. While potentially a very good thing for the author in question, it creates difficulties for those smaller publishers and the role they play in the ecosystem of literary fiction. Moreover many small publishers commented that knowledge

¹³https://www.theguardian.com/books/2017/nov/20/small-indie-publishers-report-booming-sales?CMP=tw_t_books_b-gdn-books

sharing or collaboration with larger publishers would be immensely helpful, but was unlikely in the current market to occur, not least because of the time pressure on all concerned.

The general situation, then, is for consolidation at the top, inversely mirrored by a flourishing of new small independents. Whether large or small, however, the economics for publishers remain challenging. We have seen that sales and prices are both down; what this doesn't capture is the publisher-side costs and challenges. One publisher gave us an indication of their cost structure. Production costs on a paperback, including cover and typesetting, tended to work out at around £1.80 per unit on a print run of 1000 to 2000 copies, normal for a typical literary fiction title (not a break out or a big name). The books then retail at £7.99 to £8.99, and big retailers typically take a percentage of between 50% and 57.5% of the cover price. This, however, would only be on a small order of around 400 copies. Orders above this number from the big chains tended to carry an even higher percentage. Often the retailer would ask for a 'retro' – that is, a further sum to be paid by the publisher on each copy sold. This could be up to 75p per unit. Discounts as high as 68% were not unheard of.

And all of this is before returns are factored in. Bookselling operates under an unusual system of sale-or-return, whereby if a book doesn't sell, the bookseller is able to return it to the publisher and be reimbursed (within a certain time frame). Unlike most industries, financial and inventory risk is here loaded onto the producer rather than the retailer. The idea was that this would encourage retailers to stock new and untested books – but the system can be catastrophic for publishers, with returns of a half to two-thirds of sales not unusual according to those we spoke to. This figure is not uncontested: in an interview with the writer Jorge Carrión, James Daunt, the Waterstone's boss, claims that Waterstone's returns have 'gone from 27 to 3 per cent and my aim is nil.'¹⁴ While no one we spoke to in publishing cited returns levels this low, there was certainly a feeling that Waterstone's new buying practices had contributed to lower returns, although this came about because their initial orders were lower.

Factor in, as well, that small publishers will have to pay distribution and sales fees, which were quoted to us as around 25% of sales and the situation is clearly challenging, even before marketing costs, writers' advances and overheads are considered.

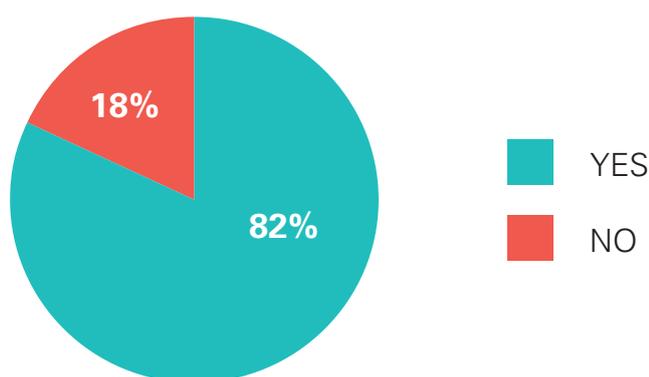
The mathematics of literary publishing are, then, exceptionally tough. Say you've printed 2000 copies of a book by a debut author. You get lucky and sell 600 to a major chain. This, after discount, nets the

¹⁴Carrión 2016, p205

publisher £2214. Minus the distribution fee, this comes out at £1660.50, or £2.76 a book, which covers the production costs and leaves a little over. However, if the bookseller then returns 300 copies the publisher would be billed for the £1077 those copies represent. The distributor keeps their cut, but for the publisher any gain has been wiped out, they are looking at a serious loss on those copies and now they have the unsold stock to deal with. Sales of the remaining 1400 will have to go through indies, events, direct and online. These routes can all work, but each has challenges of its own. Whichever way one looks at it, this system of bookselling leaves little for either the publisher or the author to survive on.

Aside from the picture described above, many writers are starting to question what it is publishers do. The extensive 'Do You Love Your Publisher?' survey found that most authors were happy with their publisher's editorial and design work – 70% thought it was good or excellent.¹⁵ Few, however, felt communication, feedback or marketing was up to scratch. If authors are to be supported, their books must be too – and the sense was that this aspect of publishers' work was being neglected. In our survey, 82% of respondents felt that publishers were investing less resource into marketing than they used to, or needed to. Writers felt, broadly, that publishers were largely abrogating their marketing responsibility.

Is there less appetite for risk or marketing resource in the publishing market today than there was?



Others close to writers found the same thing. Jonathan Davidson of Writing West Midlands said, 'I know from talking to writers that they feel more of the risk is levered on to them, and a good deal of marketing work too.' Nicola Solomon, General Secretary of the Society of Authors, concurred. 'Marketing budgets have shrunk and investment is narrowed

¹⁵<http://www.thebookseller.com/news/authors-call-better-communication-publishers>

in to safer choices. We see far less emphasis on pushing midlist and backlist'. There was a widespread perception that publishing was becoming more profit-centric and more risk-averse. One retail buyer we spoke to described getting marketing money for retail promotions as 'like getting blood out of a stone'. They said publishers have been reluctant to spend marketing money for vital in-store placement.

However, it has to be acknowledged that desire for marketing resource is always likely to outstrip supply. In the words of literary agent Lucy Luck, 'I don't remember a time when marketing resources were offered to titles without existing traction. To me it feels those campaigns are – as they always were – reserved for the few titles that can afford them, with some exceptions that might or might not work.' Getting actual data from publishers on their marketing spend is impossible without detailed breakdowns of their budgets – which, unsurprisingly, they are unwilling to share. Many of our interviewees believed that marketing had grown more creative and more clever. As one senior manager at a mid-size UK firm told us:

'I would say there is more appetite for marketing resource than ever: that's one of the boom areas of the industry. We are still seeing mainly title-led, campaign-by-campaign marketing, which spreads an already thin marketing budget ever thinner, but I think we will see the very best book publishers start to market better at an audience per se, gathering mailing lists and databases, to which they then market specific books and authors.'

Moreover, many large and mid sized publishers have invested heavily in social media and social media teams. Word of mouth was becoming better understood as a key driver of sales. Marketing teams were seen as more likely to be growing than shrinking. While there is a strong feeling that not enough marketing is done by publishers, it is difficult to quantify this with any certainty. Our survey respondents generally thought there wasn't enough marketing – but at the same time believed Sales and Marketing departments had become too powerful. One thing almost everyone agrees on, though, is the importance of marketing to the trade today. Indeed the publishing scholar Claire Squires goes one step further and considers marketing central to the very category of literary writing today: 'Marketing is effectively the making of contemporary writing,' she writes¹⁶. 'In a very real sense [...] material conditions and acts of marketing profoundly determine the production, reception and interpretation of literature.' She goes on: 'marketing activity in its widest sense, including formats, packaging, imprints, branding, bookshop taxonomies and literary prizes construct and

¹⁶p16 Squires, Claire, *Marketing Literature*, Palgrave 2007

reshape notions of literary value and taste'¹⁷. Squires here suggests that our whole idea of what, today, is literary fiction is a function of publisher marketing in the first place.

Outlets for publicity and reviews show a similarly mixed picture. Most publishers maintain in-house publicity departments and this remains an industry strength. Yet space devoted to reviews in the traditional media is under relentless pressure. The *Guardian* is the only broadsheet to maintain a dedicated literary review. In the US, major papers such as the *LA Times* famously closed their book sections. Publications such as the *Times Literary Supplement* and the *London Review of Books* continue to be produced, but they can hardly be said to talk to a mass audience. Television and film's engagement with literary fiction is limited, but powerful when it does occur. A film adaptation is sure to boost sales immensely and as the Hollywood dream factory runs out of ideas, books are turned to more and more as source material. This can only be a good thing for writers. Ironically, traditional publicity is still probably easier for literary fiction than more commercial genres: reviews pages are more likely to cover it and its writers are more likely to be interviewed on TV.

Prizes are the other major source of sales for literary writing. They now form what the scholar James F. English calls an 'economy of prestige', whereby the cultural authority and imprimatur of a literary prize is a major source of cash revenue. An analysis of sales data around the leading British literary prize, the Man Booker, confirms this.

In the years between 2002 and 2008 there were a series of 'big' winners of the Man Booker: *Life of Pi*, *Vernon God Little*, *The Line of Beauty* and *The White Tiger*. These books saw an average post-Prize sales lift of 6,456 copies in the week after winning. However, more recently, and despite some of the books being seen as less commercial than these, there has been an average Prize-week sales lift of 12,031 copies, nearly double what it was in the mid-noughties. Two recent winners, Richard Flanagan and Marlon James, both of whom write relatively 'difficult' books, each saw around 10,000 additional sales in the week after winning. To put that in perspective, when Ian McEwan's *Amsterdam* won in 1998 its weekly sale was 3,000; in 2001 Peter Carey's *The True History of the Kelly Gang* was 4,000. Despite everything, and even adjusting for the positive anomaly that was the vast sales of Hilary Mantel's *Wolf Hall* and *Bring Up The Bodies*, the Man Booker is growing steadily more influential and more powerful as a sales engine.

¹⁷Ibid p41

It is also instructive to look at the sales uplift on pre-prize levels. Sales in the week before will already represent a substantial uplift on the 'natural' rate of sale for a title given the media and retail focus on shortlisted titles, especially in the immediate run-up. J.M. Coetzee's *Disgrace*, the 1999 winner, sold only 193 copies in the week before winning the prize, and only 1,446 in the 12 weeks leading up to it. In contrast Marlon James' *A Brief History of Seven Killings*, sold 1,206 and 8,855 copies in the same time periods respectively. We would be cautious from drawing too general a pattern from the data. In common with the trade as a whole, the years after the crash see a general lull from the boom years of the early- and mid-noughties. Nonetheless, even the most modest Booker winner sees a trebling of sales, and most see long term sales increases of between 1,000% and 4,000%. The point is that there seems to be a greater reaction to the stimulus of prizes today; but books are more reliant on that stimulus to sell in the first place. It suggests that the industry is willing to 'back winners' to a greater degree. Good for the winners, less good for others.

It is also worth noting that the Booker is now open to US writers where previously it was not – and the winners in both 2016 and 2017 were American. It could be argued this doesn't negatively impact literary fiction in the UK, as those books still have UK publishers – but it makes a difference in that those UK publishers are not the 'lead' publisher and may not have export rights. Certainly, it's now more difficult by definition for UK writers to win the Booker, which reduces their chances of commercial success and literary prestige. While it arguably makes the prize more international, it is also true that it has less presence for American authors than the National Book award or the Pulitzer. On balance, therefore, it is unlikely to deliver a net positive for the UK literary fiction sector.

The fact is that prizes, especially the more high profile ones, which include the Costa and Bailey's Prizes alongside the Man Booker, are an important mechanism for supporting literary fiction in terms of profile, but above all cash. They are significant not just in boosting sales but also as a source of income in and of themselves. In the course of our research we heard of one writer who earned nearly £20,000 through various prizes at a very early stage in their career: vital support. However, when it comes to the benefits conferred by prizes, there are several caveats. Firstly, many prizes have uncertain futures. The Folio Prize, the Impac and Fiction Uncovered have all recently sought sponsorship. Secondly, the proliferation of prizes carries with it the risk that the public will become increasingly jaded, and the oxygen of publicity and retail support less forthcoming. Lastly, prizes are almost by definition only going to work for a small number of authors; helpful for the lucky few, but not in themselves enough to support a diverse underlying ecosystem.

Overall the picture is conflicted. Writers have access to more individual opportunities through smaller presses and more prizes. On the other hand, the formation of super-large publishers also represents a drop in competition; however, the new generation of super-large publishers have resources to match their scale. Despite the reality on the ground, writers feel their books are not supported effectively, and media coverage of literary fiction is, if anything, in decline. All of this produces what Cambridge University academic John Thompson calls, in an exhaustive study of modern publishing, 'the logic of the field'. It favours big literary agents and big books. It is about a concentration of resource at the top of the pyramid. This is reflected in the structure of big publishers and big prizes (the more imprints a publisher has, for example, the more books it can nominate for the Booker). The same logic, though, results in an array of opportunities outside the mainstream: principally the flourishing of smaller independent publishers who don't need to find the next 'big book' to thrive.

Even absent the digital transformation, there is a lot going on.

3. Ebooks and Digital Technology

The Christmases of 2010 and 2011 changed British writing and publishing forever. Prior to this, there had been much hype and discussion of ebooks dating back to the late 1990s. In truth, it had never taken off, although a Sony and Waterstones partnership in 2008 was a valiant effort. Instead it was when Amazon put serious muscle behind its UK Kindle, and those devices became the Christmas present of choice, that ebooks really started to move. Their impact on the structure of the UK market was far reaching.

Amazon, of course, had been a presence in the British book trade for many years prior to the launch of the Kindle. Their market share had been growing steadily, but the Kindle gave it rocket boosters. Although there were many other entrants to the ebook market at the same time as Amazon, notably Apple iBooks, Kobo, Barnes and Noble's Nook, Sony and Google Books, all the available data shows that Kindle was by some distance the biggest single retailer of ebooks with between 75% and 90% of the market. Many had expressed scepticism that ebooks would take off, but in the years after 2010 ebooks came to be a larger and larger proportion of the market. When we look at print sales figures in the period 2010–2016 therefore, part of the reason numbers have remained so depressed appears to be because readers have migrated to ebooks. This helps to explain both the ongoing depression despite the general economic recovery, and how publishers have maintained and even increased profitability over those years.

How big is the ebook market? Between 2012 and 2014 ebooks leapt from a 20% to a 33% market share. This growth should be borne in mind when considering the sluggishness of print sales. In 2015 this dipped to a 29% market share¹⁸ followed by a further fall to 25% in 2016¹⁹. Nonetheless, by any stretch, from a standing start ebooks have grown fast – good news for anyone who worried no-one wanted to read books in the digital age.

Yet it would be a mistake to think the ebook market simply mirrors print. In fact it is a very different market in two important ways, neither of which particularly benefits literary fiction, even if it is a boon to the book market as a whole.

We ran a crawl of the top 100 books on Amazon in print and ebook versions on the 10 February 2016 and then again on 23 October 2017. Both crawls showed that leading ebooks are firstly much cheaper than print books, and secondly that ebooks are more skewed towards genre and commercial fiction. These conclusions are firmly supported by all available Nielsen BookScan data. The average selling price for a top 100 print book was £5.66 in February 2016 and £6.15 in October 2017; the difference could suggest an increase in pricing or could be seasonal thanks to more expensive Christmas-gift titles starting to dominate the charts. For a top 100 ebook it was under half that figure at £2.55 in 2016 and £2.43 in 2017. The average price of a top 10 book was £6.25 and £2.85 in 2016, and £8.19 and £3.19 respectively (the ebook figures for 2017 are here skewed by the high-priced big name launches of Dan Brown and Philip Pullman's latest books). The books claiming top spots were priced at £7.49/£0.99 in 2016 and £9/£0.98 in 2017. For ebooks, prices of below £1.99 or even £0.99 are routine; in mainstream print they are almost unheard of. Of the Kindle top 100 that day, 38 were priced at £1 or less in 2016 while 55 were at £1 or less in 2017. All of this has to be seen in the context of the fall in prices discussed earlier. Not only are the price of print books coming down, but the overall price of a book across formats will have come down even further, thanks to the low price of ebooks.

The total market for books is hence, as we have seen, caught in a powerful deflationary cycle.

The kind of books sold in ebook also differ from print. Nielsen BookScan estimate that for commercial fiction, nearly half of all books sold are now as ebooks. For literary fiction and non-fiction however, the percentage is much lower. Take the top 100. Of the Kindle charts the only literary books that were in the top 100 in February 2016 were Jonathan Franzen's *The Corrections*, Emma Donoghue's *Room* (which

¹⁸ <http://www.thebookseller.com/news/e-book-market-share-down-slightly-2015>

¹⁹ <https://www.theguardian.com/books/2017/mar/14/ebook-sales-continue-to-fall-nielsen-survey-uk-book-sales>

had a film adaptation), Kate Atkinson's *A God in Ruins*, Alan Bennett's *The Lady in the Van* (film) and, somewhat amazingly, Tolstoy's *War and Peace* (which had a recent BBC television adaptation). As for October 2017 Stef Penney's *Under A Pole Star* and Arundhati Roy's *The God of Small Things* were the only unambiguously literary novels, and both were on what appears to have been a limited time price promotion. In other words scant literary fiction featured in the top 100, and what there was was at the more commercial end, unless it was promoted or in a film. This compares to 14 total in the print chart, although many also had a film or television adaptation attached. While literary fiction is hardly dominating either category, it underperforms (relatively) on the Kindle. While the print market is crowded with things best in print – driving guides, adult colouring books, dieting books, gift books like the reinvented adult *Ladybird* or Enid Blyton series – ebooks are resolutely about commercial and genre fiction.

And ebooks have had knock-on effects. Amazon now has an integral and powerful position in the book market, and many in the book world worry about what this might mean even as the organisation has done so much to grow ebook sales. There is also the much discussed question of a 'plateau' or even dip in ebook sales. The Nielsen BookScan data bears this out: in 2015 and 2016 ebook sales did appear to drop. However, there are three important caveats to this finding. Firstly, it was inevitable that growth would tail off eventually; at some level the plateau was a case of when, not if. Secondly, there are suggestions that in the wake of a new deal with Amazon, big publishers put up their ebook prices. Occurring around the time huge ebook discounts stopped being offered to consumers, this would have had a depressing effect. Lastly, and most importantly, the available data is only a subset of the market. Amazon's own publishing, self publishing, small press and new digital publishing were all left out. Each has been a boom sector over the past couple of years and will have accounted for a lot of growth, which wasn't visible in the statistics. It is possible that with these neglected segments, the growth of ebook sales has continued.

Just as there has been a flourishing in small literary presses there has been a rise in new digital publishers, including Canelo, the authors of this report. Other examples include Bookouture, Apostrophe, Crux, Endeavour Press, Open Road Media, Rosetta and The Pigeonhole. Newer print publishers like Head of Zeus or Bonnier Zaffre have come with a strong ebook focus, publishing digital first or ebook only titles. More widely, digital has led to an explosion of new initiatives in the book world, from new social networks, to new editing and marketing tools, to new forms of content or collaboration. One of the authors of this report has long maintained a database of such activity which

includes hundreds of startups, all investing their future in the literary space.²⁰ The failure rate is high. Digital also brings with it a panoply of opportunities and threats. For example it now makes the possibility of viable direct-to-consumer relationships, on behalf of both publishers and individual writers. Not only is this a nice outlet for authors, but it could create a higher margin business and hence more support for both writers and publishers. Conversely, digital also brings the threat of piracy – although there is little evidence this has taken off in the UK, it has caused serious damage in markets such as Spain and Russia.

The question is what it means for literary support – and as ever the answer is mixed. Digital ameliorated the collapse in sales, picking up the slack, even as it continued to switch sales away from print. It contributed to the ongoing crisis in book pricing even as it grew the market for reading. It opened up opportunities for new publishers, startups and relationships – but potentially not in areas that will benefit literary fiction.

There is also a more positive coda. Over the last four or so years there is evidence that the price of a hardback has, for the first time in a long while, started to creep up. The average selling price for a hardback fell between 2001 and 2009. Since then it held stable, and has now started growing. In 2016 it was £10.12, against £9.78 in 2009. While this is still a drop from the £11.91 of 2001 it shows that book prices don't move uni-directionally. It suggests that people value the object of the hardback in an ephemeral digital age and are willing to invest in it: good news for literary fiction, which still has the hardback as lead format. James Daunt, the boss of Waterstones, the centrepiece of literary retail in the UK, has reported that the company moved back to profitability in 2015 after years of losses. In the first half of 2015 sales were up 3%, compared to a 6% fall the year before²¹ and the results for 2016 were then even better: profits of £11.9m on underlying sales growth of 4.3%.²²

Again, this underscores how, despite and perhaps because of the rise in digital, people, and readers of literary fiction in particular, still value physical objects and bricks and mortar retail. Given that literary fiction relies disproportionately on both, this is a good thing, although still only small consolation given the wider moves in the market.

²⁰ https://docs.google.com/document/d/1vcPBUincOjwglQBjq_qhMPb9QYitgeyl6gQUM1hWQUw/edit

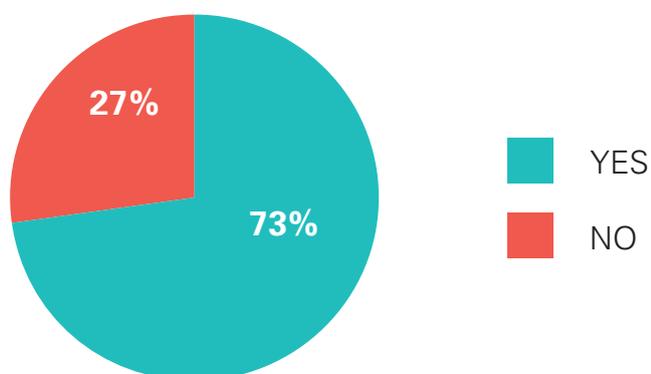
²¹ <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/12137948/Waterstones-turns-a-page-as-sale-rise.html>

²² <http://www.telegraph.co.uk/business/2017/02/01/waterstones-returns-profit-thanks-return-traditional-bookselling/>

4. Barriers to entry

It is clear that writing literary fiction isn't an easy or lucrative profession for any but a lucky few. But are there some groups for whom it is even harder? One area of particular concern is the representation of black, asian and minority ethnic (BAME) writers and publishers. There is a sense that over the past 15 years or so the position of BAME writers within British writing and publishing, never robust, has in fact gone backwards. In London the proportion of BAME residents in the total population is at 40% (the proportion for the UK as a whole is around 15%), but comparatively few people work in the London book industry, and when they do tend not to occupy the top decision-making roles. Low pay, insider networks, unpaid internships, a perception that the industry caters to 'white' tastes and that it is not looking for writers and staff from a BAME background, all contribute. This perception was backed up by our survey, where 73% of respondents felt that there was an issue with the representation of BAME voices in literary fiction.

Is there a particular concern for writers from a BAME (Black, Asian, and minority ethnic) or any other background?



In a survey conducted as part of *Writing the Future: Black and Asian Writers and Publishers in the UK Marketplace*, a report from 2015, it was found that 42% of writers from a BAME wrote literary fiction, against only 27% of white writers. Literary fiction was by far the most prominent category of writing – YA fiction was next, written by 26% of BAME respondents against 23% of white respondents. This is in many ways a positive, but it has several notable downsides.

One is that BAME writers may be being stereotyped into a certain kind of writing. Mention was made of the requirement for ‘authenticity’ or ‘exoticism’ in books by BAME authors – in other words BAME writers were to write on certain approved topics in a certain way. In the words of the report: ‘nowhere was any perceived limitation resented more than in the use of the word ‘authentic’.’

Secondly, by focusing on literary fiction, BAME writers may face greater financial pressures. Popular crime or thriller fiction, traditionally more lucrative than literary fiction, was written by 16% of white respondents, was written by just 4% of BAME background respondents. Getting published in the first place is also harder: 64% of white novelists had a literary agent represent their debut work against only 47% from a BAME background.

In another survey conducted for *Writing the Future*, only 6% of respondents thought the publishing industry was ‘very diverse’; in contrast 56% believed it was ‘not diverse at all’. Indeed the survey found this was especially marked amongst those coming from large publishers (those with over 100 employees) – precisely those publishers capable of paying the largest advances and administering the biggest marketing budgets. Despite creating access schemes and outreach programmes for BAME literature professionals, there is a feeling this inclusion work doesn’t filter through into the actual composition of large publisher acquisition meetings. There was a clear sense, matched by our survey and our interviews, that not only publishers but also literary agents did not fully represent the diversity of UK society today. This matters because literary agents are the key gatekeepers to big advances and deals and, as the survey indicated, the single most important factor for getting an agent is a personal recommendation to that agent.

Some actions are being taken: HarperCollins has a 20 strong ‘diversity forum’ drawn from across the business; Penguin created the Helen Fraser Fellowship for black and minority ethnic candidates; Hachette launched new imprints with a mandate to publish diverse authors and has created a Diverse Leaders Future Mentoring Scheme. Beyond publishers, responses include initiatives such as the *Guardian* and literary imprint 4th Estate creating a BAME short story prize. Candice

Carty-Williams from 4th Estate said of the award: 'It's increasingly important that we run initiatives like this, both for prospective authors, and for the industry. We are constantly looking to broaden the scope of voices that we publish.' BAME writers have launched a new literary prize, the Jhalak Prize for Book of the Year by a Writer of Colour, worth £1,000. Started by Sunny Singh and Nikesh Shukla, it takes in a wide variety of entrants from graphic novels to big non-fiction. Supported by The Authors Club, the prize aims to promote diversity in publishing. Meanwhile movements such as BAME in Publishing, founded in 2016, raised the profile of the issue and campaigned for greater diversity within publishing houses, and initiatives such as the bestselling *The Good Immigrant* anthology emphatically make the case for the audience for BAME writing.

And there are still of course plenty of prominent BAME writers – from Hari Kunzru and Zadie Smith, to Salman Rushdie and Ben Okri, to more commercial writers such as Dorothy Koomson or the crime writer A.A. Dhand. Other recent examples of big auctions in the area include those for Sunjeev Sahota, NoViolet Bulawayo and Taiye Selasi. Out of the 20 writers on the prestigious 2013 Granta Best Of Young British 20 under 40 list, 8 were from a BAME background and included writers of Bangladeshi, Chinese, Somali, Ghanaian, Nigerian, Pakistani, Indian and Jamaican heritages. Everyone we spoke to was acutely conscious of the sector's lack of diversity and was very keen to change it.

But beyond the question of race is the more general question of marginalised writing. Not just race but class, gender and geography are all factors. Stefan Tobler, Publisher and Founder of *And Other Stories*, reminded us that there is 'also an issue of the respect and importance given to women writers', which is why *And Other Stories* have joined a Year of Publishing Women in 2018, though others have argued that women are well represented in terms of literary books and publishing staff; or that such an initiative is not the best way to gain equality even if we accept women writers are disadvantaged with regards to recognition. More significant and widespread was the awareness that class and geography create serious obstacles for authors seeking publication. Novelist Kit de Waal talked about this and is worth quoting at length:

Class and race play into this – it's never been more difficult to be working class in writing. Both of my parents were immigrants and came from a background in poverty. Certainly the subject matter of what I write about is about sub class or working class people. There is zero chance of taking two years out of life to concentrate on writing for many people. All the big questions for writers from my background are about writing in your spare time. If you have to take time to write,

you are living on the poverty line. All the things that would feed you as a writer – lectures or writers' groups – cost something. If you are truly broke, it's too much. There are loads of things that sustain you as a writer from going to events to buying books that you can't do without money. Literature isn't free. If you are poor or have difficulty or disability it will impact on your writing. Being middle class and taking a year off or living at home makes it easier. You are fed as a writer – emotionally and physically and intellectually – with money and connections. If you live in Doncaster what are the chances you know someone in Notting Hill? The further you are from the network, the more hurdles there are to overcome. It's harder if you aren't brought up in a literary atmosphere. There is also the subject matter. If you want to write about the edge, the marginalised world, I'm not convinced that publishers realise and understand the market for that sort of work. Are those stories valued? Clearly, sometimes they are – some books get through. But in publishing houses, who are the readers, the decision makers? Until we have more inclusion within the publishing industry then the readers and editors are largely coming from a white, middle class background. This is not to say that working class and marginalised writers have to always write about their experiences. We will have true equality when the refugee writer can get his romantic fiction published and the working class writer his gothic sci-fi thriller. Like everyone else, we want to write about what we want to write about.

This underscores the point that almost all literary publishing is concentrated on London. The major publishers are in London. All but one of the Independent Alliance are in London. The newspapers and reviews are based in London. Decisions are made in London. There is little sign that any of these things will change in future – and given the nature of author earnings, the fact that London is the most expensive part of the UK doesn't bode well for quality of life as a writer. Still, there are positive indications that literature is starting to build networks outside the M25 – the flourishing of independent publishers from Galley Beggar in Norwich to Bluemoose Books in Hebden Bridge, the launch of the Northern Fiction Alliance, and the existence of writer development agencies such as New Writing North in Newcastle, Writing West Midlands in Birmingham and Writers' Centre Norwich are all evidence of a centrifugal force in literary writing. Yet those do not in themselves imply widespread support for literary writing outside the capital.

One way of looking at this is through the prism of insider networks. Virtually no one is suggesting that the literary world is consciously racist, or even class-biased. More likely is that people work through available networks and such networks, wherever they are, tend to cluster around similar backgrounds. This means that membership of the literary insider

network, centred as it is amongst London-based, white and middle class constituents, favours those already on the inside. This isn't an insuperable barrier – but it's inarguably a barrier that must be overcome. Opening up the insider networks of writers, agents, publishers, reviewers and commentators around literary fiction is, then, one of the key challenges in opening it up generally.

It would be wrong to say that writing is a closed shop. Agents in particular were keen to stress their openness to submissions and a number of young editors talked about their willingness to bypass traditional channels to find new voices. It would equally be wrong, however, to say that the literary marketplace is equally accessible to all; having the right connections still matters greatly, and these are to some extent still governed by questions of race, class, gender and location.

Recap

Returning to some of the assumptions covered in this report (the rest will be explored below), what can we see?:

- **That sales of literary fiction are falling:** This does appear to be true. The data from print sales is clear. The price of books has held flat and value, in real terms, has fallen, sometimes significantly. Bookshops are closing. Ebook sales have boomed, but not for literary fiction.
- **That marketing support within publishers for literary fiction is falling:** There is no firm data to support this, but a widespread belief from our survey respondents that it is an issue. Against that, publishers are being creative with their marketing, putting in place new social media teams for example.
- **That there continues to be a problem for writers of BAME and other backgrounds to break into literary fiction:** Again, there is a widespread acknowledgment that this is true. It seems clear that class, race and geographical barriers especially make breaking into the literary world difficult.

Part II – Models of Support

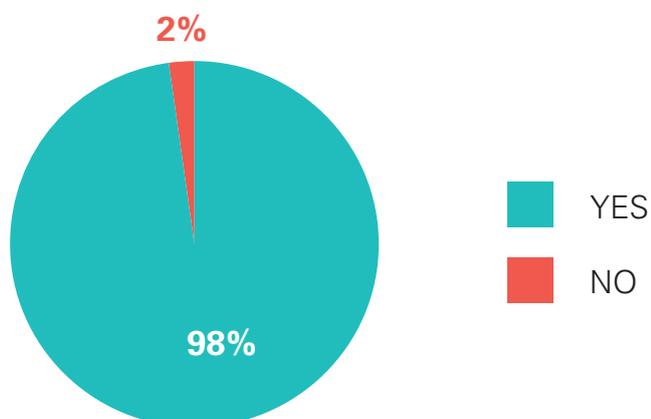
1. Advances

The classic model of writing went something like this. Write a brilliant manuscript. Get discovered by a powerful agent. They then land you an enormous book deal with a great publisher. This pays sufficiently well in and of itself to support years' more writing; given the advance the actual sales are, if not irrelevant, then not an immediate financial concern. The book does well and income is supplemented by a US deal, foreign rights deals and other subsidiary rights, along with select pieces of writing and perhaps the odd bit of prize money. Eventually the advance earns out, the publisher is happy, royalty income starts coming in, and everything is queued up nicely to repeat with a new book.

While our research suggests this model isn't completely dead, it has certainly seen better days. (And it is worth mentioning this wasn't the historical norm for writers, but a phenomenon of the late-20th century.) Before explaining why, however, the first thing to acknowledge is that finding any reliable or widespread data on advances is impossible. Even within publishing companies and literary agencies, this information is often highly confidential. For obvious reasons, almost everyone is unwilling to go on the record about their advances from whichever side of the table they are sitting. The best that can be done is to piece together anecdotal data and compare it to our own experiences and any available data.

With that proviso in place, there is a common opinion amongst both our survey and our interviewees that advances are falling. This was clearest in the survey, where the results were starkly unequivocal. No less than 98% of our respondents believed that advances were falling. Of those we interviewed, no-one had the view that generally advances were going up, although there were a range of views as to scale. From both those we interviewed and our survey the answer could not be clearer: advances for literary fiction in particular are going down. This also tallies with our experiences.

Are advances falling and are writers taking on more financial risk themselves?



One survey respondent talked about how they used to receive advances of above £50,000 for a book, now down to £5,000. Another spoke of how their advances had shrunk from £40,000 to £10,000 – with a major publisher. While many acknowledged their advances were never enormous, there was a feeling that they had recently been ‘decimated’, in the words of one respondent. There is a more positive spin, but only within this bigger picture of falls. As one senior publisher from a major London publisher told us:

When I first came into publishing big advances were *de rigeur*. People would think nothing of spending £50,000, £70,000 or more on a novel. But then that did all change. After the recession things really tightened up. Big authors would of course get huge advances, but for the midlist it shrank. Often even a £15,000 or £20,000 advance for a very promising novel would get thrown out. That is changing now though. Over the past three years I’d say that from where I’m sitting advances have started edging up. People are relaxed about spending again. It’s also worth saying that aside from this when everyone sees the potential of a book publishers have always been willing to reach for their cheque books. I’d also say that, as is commonly known, sales, marketing and management all have a huge say on what gets bought at what price.

The reasons given for falling advances are varied. Increased competition from more authors, the recession and, depending on how you look at it, greedy or cash-strapped publishers were common ones. However, the most common comment of all, from both interviewees and respondents, was of a widening inequality; that while some advances

continued to spiral upwards, most were coming down. We have already seen a huge spread between the very bestselling authors' sales and the bulk of writers. While the evidence is less clear, it's not unreasonable to expect a similar spread for advances, meaning that for the majority of writers they are coming down.

Despite the general malaise there is still talk of the 'super-advance'. In the wake of a flurry of deals before the Frankfurt Book Fair, *Publishers Weekly* talked about seven figure (USD) advances as 'the new normal'²³. Big advances do seem to work for literary books. Garth Risk Hallberg's *City on Fire*, which had a seven-figure advance for US rights and reportedly in the hundreds of thousands for UK rights, was an 800-page, experimental literary book. Similarly Jonathan Littell's *The Kindly Ones* was a 1,000 page ambitious novel about an SS officer that also had a seven figure advance. Hari Kunzru's *The Impressionist* had a reported £1.25m advance. These may not compare to celebrity advances (reported figures of Amy Schumer \$15m, Bruce Springsteen \$10m, for example) but they show the dream is not entirely dead. Many more advances, particularly in the context of the reluctance among British publishers, agents and authors to discuss them, will go unreported.

Advances at this level often work in a 'beauty parade', offer, best-bid auction system. Hot books may be pre-empted for a substantial amount in order that they're taken off the table. Off the record, we were told that the pace of pre-empts and auctions is happening more quickly. The preferred method for the most desirable books is the huge pre-empt to take it off the table within 24 hours of their having been seen. This will typically involve sums above £250,000. Many of the advances at this level are for debut authors. Without a sales track record, debut writers exist as pure potential, untarnished by disappointments that put retailers off future books and sap morale (and warn off investment) in publishing houses. Paradoxically, those with no background in the industry seem more likely to receive such an advance. The inverse experience is that of bruised midcareer authors. There is also the pressure of fewer bigger publishers at work here. Where multiple big publishers all see the potential in a bid, the costs can escalate fast. At times it is hard to escape the feeling that the 'bandwagon effect' may be at work here: because some people are going in, everyone feels it must be a good idea which creates a self-propelling momentum.

Meanwhile, most authors are seeing their advances go down. In addition to the anecdotal evidence there is some limited data to support this. In the author survey 'Do You Love Your Publisher' the median reported advance was £6,000; this went up to £13,000 when just looking at advances from large trade publishers²⁴.

²³ <http://www.publishersweekly.com/pw/by-topic/industry-news/book-deals/article/64848-the-rise-of-the-seven-figure-advance.html>

²⁴ <http://www.thebookseller.com/news/average-author-advance-under-6600>

Big advances can come with downsides. Chief among them is damagingly raised expectations. 'I can barely remember the last six-figure advance for a properly literary debut title,' says Mark Richards, publisher at John Murray. He went on to give a more nuanced view of what is happening:

Advances are falling into line with much more reasonable earnings expectations. There are solid benefits to this, I would argue; it makes it easier for publishers to support a writer over the longer-term, if they are modestly profitable – or make a modest loss – than to risk it all on an early big bet and then be seen as a failure if the bet doesn't come off. But the clear decline of the midlist has meant that it's now not possible to pay the kind of mid-level advances associated with it – and as the vast majority of literary careers only make sense over the long term, this means that we must be expecting writers to find a larger percentage of their living costs from other sources.

On top of this, I think there has been a marked reduction in the number of new titles published by the larger publishers (by which I mean the sort of publisher able to offer at least a modest, rather than tiny, advance). Again I think there are marked benefits to this; it should – and I would argue, generally does – mean that the books that are published are published better, and are given a better chance of being one of the few that really succeed; or at least, if we're talking early-career literary writers, of getting the kind of attention, in reviews and prize nominations, that will help set that writer up and lay the groundwork for future success. But it must mean there are fewer writers being published, at generally lower advance levels, than a decade ago.

Aside, then, from an author's capacity to make a living from their writing, Richards' point is interesting and one we have seen often: where an author is paid a large advance and the book underperforms, the author's career is damaged. This may seem like a nice problem, but it is still a problem. On the flipside though, many we spoke to talked about how big advances have a galvanising effect. Management are clear about the necessity of making the book work; resources and energy are duly put behind it. Everyone wins – the writer is paid substantially; the agent does their job and benefits; the publishers invests in the book, reaps the reward and makes profit.

Still, the overall picture is one of an extreme divergence between authors doing very well and everyone else. The figure of £6,000 as a median, going up to £13,000 for those published by large houses do not sound wrong to us after our discussions. Indeed, many literary advances at small presses are less than that. The upshot is that, in the words

of Kit de Waal, 'The idea of a career in writing is really, really difficult.' It's too simplistic to say this is all the result of avaricious publishers; publishers naturally have something to do with it, but they are facing pressures of their own and, as more and more writers emerge, the market does its own work in depressing advances.

Yet the dream outlined at the beginning of this section is now severely challenged. If you want to be on the inside of those networks and live in London, a £13,000 advance, spread over several years of work, won't cut the mustard. Writers must, for better or worse, take on more financial risk in order to write.

2. Other Commercial Models

The picture of advances suggest that the ideal of a career as a full-time writer is harder than ever. We have returned to the New Grub Street of George Gissing, where writers have little choice but to live in genteel(ish) poverty. However, even if advances have fallen writers have other options – some within writing itself, some that involve other sources of income.

Royalties: While dependent on advances, royalties are still separate. We can roughly tell what is happening by triangulating what we have already established. Sales in print are falling, which means such royalties are as well. Ebooks have been rising (until circa 2015), which means ebook royalties, typically 25% of net receipts at most publishers, will have risen as well. If advances are falling, it means that royalties are more likely to be paid as advances earn out quicker – assuming that is the books are selling enough. Given the polarisation in the market though, this will still not apply to many books as the top books are taking their disproportionately large share of sales. Moreover, high discount clauses are routine – these mean publishers pay lower royalties when books are sold at high discount to the retailer. Such discounts are now standard and so in practice many writers see significant portions of their sales go through with such clauses applied. None of which makes for a happy picture for literary writing. They won't have the full upside of ebook revenues, but they will have the downside of falling print. Royalty rates have not risen with publisher profitability. Royalties are an important source of income for writers, especially for those with big backlists and breakout successes. However, they are no panacea and are likely to be an aggregate worse position for literary writers (as opposed to genre writers) than a decade ago. While new publishers offer higher royalties, there is an increasing clamour for change in the author and agent community.

Foreign rights: This is a real positive. Two areas in particular stand out. The UK has an excellent track record in selling translation rights

around the world and English literary fiction stands out in this regard. Many writers will earn significant sums for these deals. There is no sign that the demand for English language fiction is slowing down. Coupled with booming export sales (built on the spread of reading level English, the competitive price of English books and premium demand for English language content) this puts British writers in a good position vis a vis their colleagues writing in other languages. The Dutch or Chinese writer of literary fiction will find securing a major translation deal even harder than their English counterpart – although English writers may be successful, it's by no means easy. Nonetheless several editors and agents told us confidentially that many of their literary authors were earning more from foreign rights than English language sales. If you include rights sales and export sales UK publishing exported £2.6bn in 2016, comprising 54% of their total revenues²⁵ – up from £806m in 2009²⁶.

However, Europe accounts for 35% of that total: the biggest single region of exports. While the impact of Brexit on the publishing market is as yet unknown, new tariff barriers, logistical complications, intellectual property issues or business constraints would have a chilling impact on that total. Export markets such as the Netherlands, Germany or Sweden, strong book markets where English is widely spoken, are a vital component of both foreign rights and export sales. A further challenge looms with regards to US publishers. Simon & Schuster CEO Carolyn Reidy, for example, has already stated that British publishers' exclusivity on European distribution rights, a common feature in many contracts, is untenable post-Brexit. This will add further pressure onto the British literary ecosystem in a key redoubt. Many publishers are on the record as voicing their fears about Brexit, up to and including the boss of Bertelsmann, the €18bn content industries giant and corporate parent of Penguin Random House, who claimed the UK's position as its Intellectual property hub was under threat.²⁷ Then there is a potential domestic impact. If the economy sharply nosedived this would have a knock-on effect on publishers and authors. The pound has already fallen and this means the costs of imports such as paper, and the cost of importing books printed abroad, has risen. While the latter point mainly applies to children's and illustrated publishing, it puts more pressure on the system as a whole. Furthermore, there are the intangible aspects of Brexit. Almost everyone we spoke to voiced fears that the place of UK writing was threatened; that foreign publishers would be in some way less willing to work with authors and publishers, the public less willing to read English language books. While it is too early to say for sure, there will be some impact, and this could hit one of the few unmitigated success stories of recent years.

²⁵ <https://www.publishers.org.uk/media-centre/news-releases/2017/uk-publishing-has-record-year-up-7-to-48bn/>

²⁶ <http://www.thecreativeindustries.co.uk/industries/publishing/publishing-facts-and-figures>

²⁷ <https://www.thebookseller.com/blogs/goodbye-all-518251>

Film and Television: Again, this is an area of increasing demand. As with translations it cannot be said this is something that is benefitting all or even many writers. But, again, the direction of travel is positive. As mentioned earlier, Hollywood – and film generally – is increasingly averse to greenlighting completely original projects. Books of course make the perfect test cases. While this was always true, it appears to be becoming more marked. In just a few months for example, we had *Room*, *The Revenant*, *Carol*, *The Lady in the Van* and *The Danish Girl* all at the cinemas at the same time. All are based on (a loose conception of) literary fiction. Television offers many further examples. So even if the numbers made are small in comparison to the total number of writers, for those that do it offers support not only in terms of potentially large amounts of money, but also an enormous sales boost. While it is still part of the general two-tier dynamic of writing, it is an example of where the upper tier may be growing rather than shrinking, although in 2018 there appear to be poorer pickings: while adaptations of genre from Ernest Cline’s *Ready Player One* to more E.L. James are fine, literary adaptations are, at the time of writing, thinner on the ground (they include an adaptation of Ann Patchett’s *Bel Canto*). It should though be weighed against the decline in other rights sales – serial rights sales to newspapers and magazines have, according to those we talked to, been in decline for some years.

At this point we start to venture beyond earning income from solely writing. This is where writers can find related support – but crucially it is not earned directly from writing.

Audiobooks: There is considerable evidence and anecdotal support for a boom in audiobook sales. Publishers are hiring in the area and increasing the number of titles they publish.²⁸ This is built on the back of rising sales, many of them digital. The Publishers Association reports growth in audio sales of 28% in 2016 with a value of £16m. But a separate Nielsen BookScan investigation found sales in that year to be a much higher £91m.²⁹ Encouragingly a third of users were new to the format and these were younger than typical readers, concentrated in the 18–34 age bracket. Meanwhile new entrants to the market like Audiobooks.com and Kobo aim to rival the market leader, Audible, an Amazon company. However amidst the good news, there is a sting in the tail for writers of literary fiction. The same Nielsen BookScan report finds that sales are focused on Genre Fiction: Crime and Thriller, Light Reads and Science Fiction/fantasy are the major categories. So again, there is a large possible upside for literary fiction that may not be realised in actuality.

²⁸ <https://www.thebookseller.com/news/publishers-look-exploit-revived-audiobook-sector-543026>

²⁹ http://www.nielsenbookdata.co.uk/uploads/press/1UnderstandingUKAudiobookConsumer_2016_FV.pdf

Journalism and freelance writing: Always a perennial of writers, the overall scenario has meant that writers more and more need to write as copywriters or journalists. However, almost all the writers we heard from thought this was getting more difficult. Rates of pay were going down, driven by more and more people going after fewer slots and the willingness of many to write at extremely low costs or for free, in the name of gaining exposure or building a portfolio. As mentioned previously, outlets for book reviewing are not increasing and nor is the pay for doing so. Only those with strong connections at the national newspapers and most prestigious publications would earn anything like a sustainable income from this work.

Lecturing and Creative Writing courses: In 1970, when it opened, the UEA Creative Writing MA was the first in the country. Since then it has produced an extraordinary roster of successful writers including three Booker Prize winners and six Costa Award winners. Now, however, it is far from alone. A huge number of universities offer not just MAs in creative writing but undergraduate courses and PhDs as well. The model has spread to the commercial world with, for example, both Faber & Faber and literary agency Curtis Brown also setting up their own creative writing courses. This has necessitated a large increase in the need for people to teach such courses and so offers a new chance of employment to literary writers. Given there are dozens and dozens of courses from Falmouth to Lancaster, and each requires a range of lecturers, this is a substantial and growing source of reliable income across the board for writers. Indeed even PhDs offer a system of support for literary writers: one of our interviewees said they had heard of scholarships worth up to £60,000 in total for Creative Writing PhDs although spread out over a few years. While such courses feel close to a writer and may even feed into their work, they also take up a large amount of time.

Literary consultancy: Some people we heard from have found that working with literary consultancies is earning them money, generally in small commercial organisations paid to provide feedback to new writers. This work tends to be done on a freelance basis. It can pay reasonably well, although people were sketchy about the exact numbers. It also comes with the downsides mentioned above.

Speaking and events: Much recent controversy has centred on the fact many authors do not get paid to appear at literary festivals, despite festivals charging for entrance to those talks. Philip Pullman resigned as patron of the Oxford Literary Festival in protest that authors 'are expected to work for nothing' e.g. speak at the festival for free when most events came with a £10-12 ticket price. While most writers are paid nothing, some are apparently earning fees of up to £3,000 for an

appearance.³⁰ Without diving into the rights and wrongs of the issue, nor the question of the publicity value from appearing there, for most writers there won't be a lot of money in speaking at festivals or other events. For a small number of writers there will. The familiar pattern is there.

Beyond all these support models lies one further, and found in increasing numbers: other jobs. Recall the figures cited earlier: that in 2005 40% of authors survived solely from their writing. Just eight years later in 2013 only 11.6% did.³¹ For literary writers in particular that may be even more extreme. We are returning to the long term historical norm, which was interrupted for some brief and in hindsight halcyon days in the mid to late twentieth century, where writers cannot survive by writing alone.

3. Grants and Not-For-Profit Support

Literary fiction has never been a goldmine, but has long been seen as a worthwhile activity, a great contributor to our shared artistic and cultural heritage. As such there are a range of grants on offer for writers that, in the overall context described in this report, play an increasing role in supporting literary writers. The problem is that these resources are limited and the demands placed on them unprecedented.

The most obvious port of call for writers is Arts Council England. In our survey and our interviewees it came up frequently as a significant source of not-for-profit support. Beyond this were grants from organisations like the Royal Literary Fund (RLF). Founded in 1790, the RLF is a charitable organisation that pays out grants to writers facing financial hardship. They also offer pensions, fellowships and help to place writers in universities to develop their writing. The work of the RLF is invaluable. It rightly helps those writers most in need, those who have, for example, had an accident or debilitating illness. While invaluable then, for many writers RLF support will not be available. The Royal Society of Literature also makes awards to writers; these include the Brookleaze Grants which give writers time away from jobs to focus on writing. The Society of Authors offers broad based support to writers and invaluable advice. It has an Author's Foundation and works with the K Blundell Trust on dispensing awards to writers. From 2015 awards totalling £230,000 will be awarded each year. In addition they have a P.D. James Memorial Pension Fund which gives out small pensions to writers over 60.

A newer breed of support is emerging. Arts Emergency, for example, is a new model of artistic support that offers mentoring to those who

³⁰ <http://www.thebookseller.com/blogs/exposing-festival-fees-323888>

³¹ <http://www.theguardian.com/books/2014/jul/08/authors-incomes-collapse-alcs-survey>

want to pursue the arts. Writer residencies and retreats are also an option. Cove Park, for instance, offers year round residences on 50 acres of Scotland's West Coast. With a new £1.4m Artist Centre it's increasingly influential. Or there is Ardtornish Retreat or the Writer in Residence programme at the Gladstone Library or the British Library's Eccles Centre. Prizes like the Deborah Rogers Foundation Writers Award will be a huge help. Founded in memory of the legendary literary agent, the award gives £10,000 to a promising new writer. As mentioned above, universities are becoming more important – they not only offer teaching opportunities but there is scope for research grants and writer in residence posts.

For the committed there are sources of not-for-profit support. Much of it is regional and institution specific and hence only available to those on the ground. Still, it's there, though all of it needs to be applied for. If we compare the sheer number of writers being produced against the small stock of support out there, we can see it's a serious mismatch. The demand massively outstrips supply. The inaugural Deborah Rogers Writers Award, for example, had 850 entries for the one prize. For most writers, this support won't be possible. For those that do get it though, it will be invaluable.

One further point is worth making. Several of our author interviewees pointed out the lack of a central hub where writers can support and mentor one another. This support may be non-financial, but it could still be a huge help – in finding grants and other means of support, navigating the often complex and sometimes cut throat industry or offering advice on writing. Kit de Waal, who has herself created a scholarship open to those in her former creative writing course, thought this could be enormously important to writers:

Writers are often happy to mentor others or spend some time on the phone with writers who don't 'win'. Other writers are willing to help people get on the ladder. That community of published or successful writers need to find a way of helping. It's not about a scholarship necessarily, but finding ways of supporting. They want to help, but how? There is no central hub for writers to put in say five hours of mentoring, and then another writer asks for help on. If there was a central exchange for writers it would go a long way. I've got more offers of help than I know what to do with. It's the mechanism that's lacking. It would be fabulous. We need to find a way to harness people's good hearts and expertise and then get the message out to new writers coming up. It could just an hour of time – it's nothing to a writer or agent but it's everything to a new writer.

Here then could be a new model of support – a simple way for writers to better support one another on all levels. What it suggests is that if literary writing is to thrive, it has to be willing to think anew about what models of support are available and possible.

4. Emerging Models of Support

Digital technology doesn't simply mean the stable rise of ebooks. It allows for new kinds of writing; it promises (or threatens) to bypass all the traditional gatekeepers attendant on literature; it allows for new funding models, new kinds of sharing and new forms of collaborative, interactive and multimedia experiences. If we think of digital as ebooks on the Kindle and a few marketing tweets, then we have radically underestimated its potential. But does this really come through for literary fiction? How much of it might be hype?

One area that promises to establish a new way of supporting writing is crowdfunding. This inverts the principle of the risk attached in publishing a work by getting enough people to pledge to buy it in advance that the publication can be supported. It means that if a sufficient audience is found, then publication is guaranteed. Enabled by the network, which can bring together enough people within small niches to make things work, crowd funding holds out the promise of making a reality the kind of difficult and risky ventures a traditional publisher might feel uncomfortable with.

Kickstarter was one of the earliest sites to work on the crowdfunding model and remains one of the biggest. With a total of \$3.3bn pledged through the site, it must rank as one of the world's largest sources of arts funding. Within the specific Publishing segment there are notable success stories. The most backed Publishing project, *Good Night Stories for Rebel Girls 2*, took \$866,193 in pledges, while the second most funded hit \$675,614. There is a deep long tail of Publishing projects to have secured over \$100,000. Publishing is second in the number of projects launched on Kickstarter but that failed to find funding (27,092) after Film and Video, but the third in the list of most funded projects behind Music and Film and Video with 11,986 successfully funded projects. These have a 30.6% chance of getting funded, less than the site average of 36%. However, in total funding Publishing comes 7th out of 15 with \$129m. The top category in terms of funding is Games with \$726m of funding. So although far from the biggest, Publishing has a very respectable record. Furthermore, although many of the projects are far from literary fiction, there are numerous examples of unequivocally literary material taking it through. The Kickstarter pledger is a diverse animal and for those writers with the skills and dedication to mount a successful campaign it can pay off.

It is worth underscoring that many of the successful projects have a twist; they aren't simply books or ebooks, but include other elements which explain why Kickstarter is attractive.

Within the book space new publisher Unbound has made the model their own. Before a book is published it must reach certain targets in terms of pledges. Like Kickstarter there is a sliding scale against which people can pledge – those who want to put more money in can do so and garner additional rewards like special editions and launch party invites. CEO Dan Kieran says that in the first six months of Unbound's last financial year crowdfunding revenue (direct sales) was up 400%. Unbound has eclectic taste and takes on a huge variety of different projects from 'difficult' literary fiction to illustrated books to unconventional non-fiction. As it goes from strength to strength, and with serious investment, we should expect Unbound to publish more and more literary fiction as its output overall steps up. Such crowdfunding is an unalloyed good for writers of literary fiction. It offers a new, paid route to market and provides alternatives and competition to the traditional advance structure. At the minute it's still limited. It means writers have to be proactive in promoting their work in order to see it become a reality. But such attempts are to be encouraged as a broadening of the models of support.

Another area that has seen a huge boom is self-publishing. For years this was much derided by those on the inside of those insider networks. This should no longer be the case. Thanks to ebooks, and the Kindle Direct Publishing platform in particular, self-publishing is not only viable but increasingly upending the entire publishing industry. In the US this growth has been stark. While big publishers have seen their ebook revenues decline, the proportion of books that are 'non-traditionally' published now make up 60% of titles on the Kindle and 40% of revenues³². The discrepancy is largely because many are selling in small numbers and the price tends to be lower than traditionally published books. Yet there are still self-published writers selling literally millions of copies. While the phenomenon may be less developed in the UK, it's nonetheless marked.

In theory this should be good for writers – and it is. The trouble is that self-published literary fiction is far more difficult than self-published genre fiction. Literary fiction still thrives on the oxygen of traditional publicity like broadsheet reviews and literary festivals. Both have shown a remarkable hostility to self-published fiction. Self-publishing does not, in their view, confer the same imprimatur thanks to its lack of a quality control filter. What constitutes literary fiction, and even more problematically good literary fiction, is a more uncertain affair than

³² <http://authorearnings.com/report/september-2015-author-earnings-report/>

what constitutes an entertaining, say, crime novel; hence the value in a publisher of literary fiction is not simply distributional, it is a judgement of worth. This is why when the Kindle charts are analysed self-published writers are commonplace; self-published writers of literary fiction are not. The upshot is that although it is eminently possible to self-publish literary writing it's very difficult to make money doing so.

A more promising area is the new world of publishing. Even as big publisher ebook sales shrink, there are strong signs that Amazon's own in-house publishing is growing fast. Moreover, this isn't just about genre fiction. Amazon Crossing, their translation arm, has, for instance, become reportedly the most significant publisher of translated fiction in the United States, hardly an area traditionally seen as a goldmine³³.

For writers who are willing to rethink what they do and how, the opportunities are astounding, at least creatively speaking. For years there have been mobile-only stories in Japan that attract a mass audience. In China writers are earning millions of yuan writing so-called 'original fiction' for an online audience. Interactive storytelling from *Inanimate Alice* to the *Frankenstein* app, the iPad edition of *The Wasteland* to a novelistic experience like *Arcadia*, is coming on leaps and bounds. Meanwhile other forms of entertainment like video games are moving to a more literary quality. Games like *Bioshock* or *Heavy Rain* were praised for their high-minded aesthetic and storytelling sensibilities. Yet despite this the pace of innovation has slowed markedly in recent years. Video games may be extraordinarily sophisticated but there is evidence they feel the need for literary writers. Producing an app or any kind of digital project takes specific skillsets and often costs a good deal of upfront money. Working alone, writers are unlikely to have either.

As with everything then there are rays of light, but the picture is genuinely mixed. Go to the Google Document mentioned earlier listing digital publishing startups³⁴. Looking at the creative and commercial energy on display, it's hard not to feel buoyed. Each company tends to have a unique and new model. Many will fail, but thanks to the sheer quantity of new activities in the area some will work. A site like Wattpad, which lets users post and share stories they have written from small fragments to vast sequences of novels, has 60m monthly active users spending 15bn minutes on the site every month. 64,000 new stories are uploaded daily, adding to a corpus of over 400m works. It may not be literary; but it points in the right direction, suggesting that digital technology can greatly facilitate new modes of writing and reading.

³³ <http://www.thebookseller.com/futurebook/frankfurt-amazoncrossings-10-million-translation-bid-314605>

³⁴ https://docs.google.com/document/d/1vcPBUincOjwglQBjq_qhMPb9QYitgeyl6gQUM1hWQUw/edit

Against all that though weighs the problem that successful, specifically literary experiments are few and far between. Much of the audience for literary fiction still wants things on paper, without accoutrements such as video and audio. Any move to produce something genuinely new and liable to get featured on the App Store homepage, the *sine qua non* for app success, will cost a lot of money and require a dedicated team. Writers of literary fiction are back to square one, hoping for third-party investment in a tough climate. It is too early to say with any surety what impact all of this will have and whether emerging models of support will ever rival the traditional ones. Crowdfunding, self-publishing and new kinds of writing are all exciting. But for the most part neither are they easy, nor are they the saviour of literary writing.

Conclusion

When it comes to the book world, the glass is perennially half empty, but for a period of time in the late 20th century, this was unfair: actually the world of books was thriving. Advances and book sales were on the up. Now, however, the lot of the literary writer is tending back towards its historical norm – they are becoming unable to support themselves through literary writing alone. Everyone we spoke to worried about the future of literary fiction; no one had a wholly positive gloss on the situation and in general, especially in our discussions with agents, editors and buyers, the outlook appeared particularly grim.

The fundamental problem is this. Sales of literary fiction have been falling. The value of those sales has been falling in real terms. Meanwhile the ebook sales that have boosted commercial fiction have not come through to the same extent for literary fiction. The market is at best static, at worst quite seriously down on its position a decade ago. Despite 'green shoots' for the book industry as a whole this hasn't translated into significantly improved prospects for those working with literary fiction. Support for literary writers is hence difficult. Everything – from the closure of bookshops to the unevenness of advances – flows from this. We expected to see a divergence from those at the very top and everyone else. What this data suggests though, is that even those at the top are down overall.

In general, then, the old models of literary support are in trouble. Yet the relentless pessimism evidenced in our survey is not wholly justified. Publishers are maligned for shedding risk, not marketing and dropping advances – but they have, at least, survived and continue to publish large quantities of high quality literary fiction. They continue to invest in marketing, often in new ways. Yes, they can always do more and maybe they often do not do enough; but equally whatever they do, it is likely that it's not enough for everyone. Advances are falling across the board, but so are book sales; as the number of writers inexorably increases, competition amongst writers for attention increases too. And we shouldn't forget that many books do still earn large advances. There are notable bright spots around some prizes, film and translation rights, and crowdfunding. At the same time, literary fiction is still seen by many as a closed shop, an insider network.

There is, undoubtedly, a need for more support and new models of support for literary fiction. That we are returning to a position where only the best-off writers can support themselves should be a source of deep concern.

Appendices

I – Limitations to the data

Much of the data in this report comes from Nielsen BookScan. While this represents the vast majority of the book market and covers 6,500 retail outlets including the major book chains, Amazon, the supermarkets and most independents, it does not capture the entire market. Figures for the ebook market are less comprehensive still. On both counts Nielsen BookScan is the most comprehensive available and is the industry wide standard for reporting sales. It is also worth underlining that the bulk of the research was conducted between January and March 2016 when data was only available up to 2015 and so does not take into account changes that may have happened since then.

Most of the respondents to the survey were writers (55%), a self-selecting group with a possible agenda. Comparatively the number of people from the publishing industry itself was relatively small (13%). This could be because publishers feel they have less of an immediate stake or it could simply be that the report didn't reach them. However given prominent exposure on *The Bookseller* website, the main trade journal, this is unlikely. Instead, for whatever reason, publishers were comparatively disinclined to answer the questionnaire in comparison to authors. Finally, a significant number of respondents did not specify their role (27%). As stated in the methodology, however, the goal of the survey was intended as a scientific, rather as a way of capturing different views and sentiments we otherwise would not reach.

II – Interviewees and questions

The breakdown of interviewees is as follows:

- Authors: 7
- Commissioning editors: 4
- Marketing and publicity: 4
- Senior publishing executives: 4
- Booksellers: 3
- Literary agents: 3
- Start-ups: 3
- CEO/MDs: 2
- Journalists: 2
- Not for profits: 2

There were 19 women and 15 men amongst the group of interviewees. A large proportion of the group wished to remain anonymous, or have parts of the discussion kept off the record. Once this was assured, it does not seem to have impeded free and frank discussion. Interviews were conducted in person, over the phone or via email, with a preference for the first two. The approach was to start with the set of questions of the survey to offer consistency across the methods but then broaden the discussion from there in line with the interviewees personal knowledge and take on the subject. The base questions are listed again below:

- 1.) Are sales of literary fiction rising or falling in your view?
- 2.) Is there less appetite for risk/marketing resource in the market today than there was?
- 3.) Are advances falling and are writers taking on more financial risk themselves?
- 4.) Is there a particular concern for writers from a BAME or any other background?
- 5.) What other models of support are available to writers – what grants, funding or sources of income might be on offer?
- 6.) Are there new opportunities for writer support? Are there new business models, organisations, companies or technologies that might help?

III – About the Authors and Arts Council England

Arts Council England champions, develops and invests in artistic and cultural experiences that enrich people's lives. It supports a range of activities across the arts, museums and libraries – from theatre to digital art, reading to dance, music to literature, and crafts to collections. By the end of its current investment period, from 2015 to 2018, it will have invested £1.1 billion of public money from government and an estimated £700 million from the National Lottery to help create these experiences for as many people as possible across the country. www.artscouncil.org.uk

Canelo is a London-based digital publisher, dedicated to finding the most exciting fiction and bringing it to the widest possible audience. www.canelo.co

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in a world of excess. In addition he is a Visiting Researcher at the Oxford International Centre for Publishing. **Iain Millar** is Co-Founder and Managing Director of Canelo. Previously he was Ebook Publisher at Quercus. **Nick Barreto** is Co-Founder and Technology Director of Canelo. Working where books and technology intersect, is as an expert on ebook formats, metadata and workflows.

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IV – Suggested and Further Reading

Trade Press

The Bookseller

BookBrunch

Digital Book World (US)

Publishers Weekly (US)

Publishers Lunch (US)

Publishing Perspectives (International)

Livres Hebdo (France)

Buchreport (Germany)

Journals

Logos: Journal of the World Publishing Community, Brill

Publishing Research Quarterly, Springer

The Journal of Electronic Publishing, Michigan

Books

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- Weel, Adriaan van der, *Changing our textual minds: Towards a digital order of knowledge*, Manchester: Manchester University Press 2011

