

Japan's Publishing Industry: Boom or Recession?

By Kazuhiro Kobayashi

The multi-polarization of the Japanese publishing industry is accelerating. Public attention has been drawn by a flood of new magazine launches, astronomical best-sellers, the trend toward low-priced books like the popular *bunko* in a smaller format than pocketbooks, the comic book boom, the publishing of books by business corporations, and the upsurge in the vanity press. Not only the number of new titles published but also the number of copies printed is growing annually. Yet the industry still cannot rid itself of the feeling that its recession continues. Disparities among publishing companies, distributors and bookshops have widened so much that the industry appears to have become multi-structured. The monolithic image of the past is fading.

Certainly there has been no slowdown in the pace of publishing, either in titles or sales (Tables 1 and 2). But since 1976, growth in sales has been in single digits, dipping to an all-time low of 1.9% in 1981. Although it has since picked up slightly, rebounding to 4.3% in 1982 and 3.4% in 1983, the industry's overall business performance shows no sign of recovery. It remains caught in the throes of irritation and frustration.

Why is publishing becoming multi-polarized and multi-structured? In order to answer this question, we need to

understand the industry's characteristics and history.

Characteristics

The Japanese publishing industry suddenly took off around the turn of the century. The two biggest factors spurring growth were the adoption of the commission sales system allowing booksellers to return unsold books to publishers and the introduction of nationwide fixed prices. At the same time, distributors emerged with a business network of bookshops throughout the country, creating the system which even now sustains Japan's book business.

After the 1950s the book market once more expanded steadily as these three systems functioned smoothly and the reading population surged because of the postwar reform and expansion of the education system. The fact that Japan is a single-language country remained a powerful factor contributing to growth.

At the end of World War II in 1945, there were fewer than 300 publishing houses and only 3,000 bookstores throughout Japan. Even they were barely functioning. The number of publishing companies skyrocketed to 4,581 in 1948, but a change in economic policies and the reform of the commission sales system in



About US\$6.6 billion worth of books and magazines are sold annually in Japan.

1949 caused the number to plummet to 1,881 two years later. After 1960, publishing companies again began to multiply and reached 4,231 in 1983. The publishing industry may be depressed, but the number of publishing houses continues to increase.

As for bookstores, just those affiliated with the Japan Booksellers Federation number 12,700, while non-affiliated shops bring the total to approximately 25,000. There are also a host of other sales outlets, such as university cooperatives, kiosks, convenience stores, newsstands, and door-to-door sales. Through these varied distribution routes, approximately ¥1,590 billion (\$6.6 billion) worth of books and magazines are sold annually. The distribution companies, which play a pivotal role in book marketing, are the middlemen between publishing companies and bookstores. There are 47 distribution companies affiliated with the Japan Book Distributors Association, and more than 100 non-affiliated firms.

The widening gap

There are only four publishing companies whose annual turnover exceeds ¥100 billion (\$417 million). They are Gakken Co., Kodansha Publishing Co., Shogakukan Publishing Co., and Shueisha Co. There is a wide gap between the top four and the remaining 4,227. Most are tiny, subsistence-level firms. The top 100 companies account for about 80% of the industry's aggregate sales, while the

Table 1 Books

FY	New titles	Copies sold	Sales
	Titles	million copies	¥ billion
1960	11,173	146.0	37.4
1965	14,728	283.3	106.4
1970	19,226	471.6	224.6
1975	22,135	632.2	488.9
1980	27,709	764.5	672.5
1983	33,617	854.0	712.5

Source: The Research Institute for Publications

Table 2
Monthly and Weekly Magazines

(Upper column monthly magazines; lower column weeklies)

FY	Titles		Copies sold	Sales
	Titles	million copies		
1960	954	357.1	40.0	
	38	451.1	17.0	
1965	1,120	419.1	68.9	
	39	561.7	30.4	
1970	1,319	682.3	136.3	
	46	881.7	73.9	
1975	1,465	1,024.5	340.7	
	56	961.7	146.9	
1980	1,836	1,388.5	566.9	
	55	1,089.3	212.9	
1983	1,988	1,532.7	659.1	
	65	1,099.9	224.4	

Source: The Research Institute for Publications

Kazuhiro Kobayashi is a freelance journalist and expert on the publishing industry. Currently he serves as a lecturer at the Institute of Journalism of the University of Tokyo. He has authored many books on Japanese publications and the publishing industry.

top 300 are estimated to hold a 90% share of the market.

Japan's publishing companies differ widely in management and publishing policies, financial strength, the number of titles published, and print runs or circulation. But most use the distributing companies and compete with one another in the same market. Because of this situation, the publishing industry is literally unable to reach an accord on any of its common problems. If anything, this diversity only makes matters worse.

Since the Meiji era (1868–1912) when modern publishing started in Japan, publishers have competed against each other under the same slogan of "good books at low prices." One of the inevitable results was mass production of books.

In order to cultivate new readers it became essential to sell large numbers of books with a narrow profit margin. The steady increases in sales and titles of *bunko*-size books (15×11cm), averaging only ¥380 (\$1.6) apiece in 1983, *shinsho*-size paperbacks (17.3×11cm), averaging ¥608 (\$2.5), and magazines are proof of the success of the mass publishing formula.

The quality of the contents is seldom taken into consideration when deciding the price of a book. The format and book-binding, the number of pages, composition and printing costs, and the print run are what really count. Soft-cover books and books printed in mass are cheap, while elaborately designed hard-cover and limited printings are expensive. Expensive books do not sell well.

Books published by companies which can produce at a cost lower than the industry average and which have the financial wherewithal to run big advertising campaigns generally sell well. No matter how high the quality, books that can expect only a limited readership are inevitably expensive and do not sell well, with the result that many are returned unsold to publishers.*

Space pressure

The number of new titles published in 1983 was 330,000–340,000. Fattened by periodicals, this torrent poured into bookshops whose average floor space was only 62.7 square meters. In all Japan, there are only about 450 bookstores with 330 square meters or more. Because the smaller stores do not have room to display all the books shipped to them by the distributors, they naturally return many of them. In the past 10 years, the ratio of returns has run at a high 33–37%.

Although not all returned books are

thrown away, they still represent a tremendous waste. The high rate of returns constitutes a big financial burden not only for publishers but also for distributors and bookshops, and the problem of how to reduce returns has become crucial to the industry. Nonetheless, there is no sign of the rate coming down.

The Japan Booksellers Federation has been tackling the problem of how to reduce the rate of returns since 1982, but its efforts are fruitless because distributors keep pushing more new books and periodicals on its members.

For retailers, returning unsold books is troublesome and expensive. Yet, the freedom to do so is better than having to keep them. The distributors, in turn, can return to the publishing companies the books shipped back from bookshops. However, because the volume of returns is so huge, handling them is a heavy burden both in expense and labor. It is estimated that a big distributor could save nearly ¥150 million annually if the rate of returns could be cut by just one percentage point.

The pressure returns put on a publisher is even greater than that on bookstores and distributors. But under the commission sales system which allows distributors as well as bookshops to return unsold books, publishers have no choice but to accept them.

The key to fewer returns is for publishing companies to cut back on new titles and reduce print runs. When a paper shortage forced publishers to limit production after the first oil crisis, the rate of returns plunged to 28%. Questioned individually, each publisher says he favors limiting production, but it seems that none have ever actually carried this out.

Comics boom

Mass publication keeps book and magazine prices low. But at the same time, low prices have turned books into expendables. The elevation of educational standards has brought about a sharp increase in the reading population. But the concurrent rapid dissemination of TV has had a huge impact on the quality of publications. Not that TV is the only factor behind the change. Equally important have been the quality of education, the change in people's perception of culture, and their shifting attitude toward learning and the arts.

In the past, books were objects of intellectual worship. Today, they are just one of the many media used to convey information. There is also a strong tendency for people today to regard books as little more than a tool, a tendency accelerated by the increasingly visual orientation of books and the rise of comics.

It has been estimated that some 27% of all publications in Japan are either comic books or magazines. Comics account for 16.9% of the total value of publishing sales (Table 3). In 1983, the percentage rose by 1.2 points over the preceding year.

Publishers of serious books on humanities and the social sciences lament the comics boom. But comics are now so well established that no prediction of publishing trends can be made without taking them into account.

Comics, together with *bunko* books, have had a dramatic effect on the publishing industry as a whole. *Bunko* books account for as much as 23.7% of all books published annually in Japan. Yet, there are only 32 *bunko* book publishers. In

Table 3 Comic Book and Magazine Sales

(Unit: million copies)

			1979	1980	1981	1982	1983
Comic books			192.5	207.9	223.2	246.7	296.2
Comic magazines	Monthly	Juvenile	208.1	216.1	207.9	213.1	231.7
		Adult	172.0	194.4	185.5	189.1	218.5
	Weekly	Juvenile	466.7	479.6	439.2	431.2	420.5
		Adult	79.7	84.8	122.8	121.5	122.8
Total			926.4	974.7	955.5	954.9	993.5
Grand Total			1,118.8	1,182.6	1,178.7	1,201.6	1,289.7

Note: Monthly juvenile comic magazines include *Boken-o* (Adventure King) for boys and *Nakayoshi* (Good Friends), *Ribbon* (Ribbon), *Hana-to-Yume* (Flowers and Dreams), *Puchi Seven* (Petit Seven) for girls.

Estimated Sales of Comic Books and Magazines

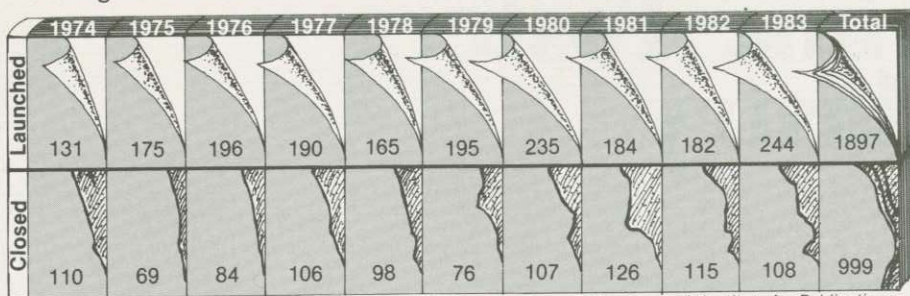
(Unit: ¥ billion)

			1979	1980	1981	1982	1983
Comic books			52.5	59.8	64.0	76.3	93.0
Comic magazines	Monthly	Juvenile	45.4	50.1	48.5	51.2	56.3
		Adult	24.4	31.8	30.4	32.5	37.5
	Weekly	Juvenile	64.8	71.5	65.7	64.5	64.1
		Adult	11.4	12.9	19.1	19.4	18.8
Total			146.0	166.3	163.7	167.6	176.7
Grand Total			198.0	226.1	227.7	243.9	269.7
Ratio of sales of comics to aggregate sales of all publications			14.9%	15.5%	15.4%	15.7%	16.9%

Source: '84 edition of Annual Report on Publication Indices, the Research Institute for Publications

*In 1983, the average price of new books was ¥2,740 (approx. \$12), that of monthly magazines ¥435 (\$1.8), and that of weeklies ¥205 (\$0.8).

Fig. Magazines Launched or Closed in 1974-83



Source: The Research Institute for Publications

addition, the top ten of these publish about 90% of the total.

In the case of comics, the top four publishers control an overwhelming share of the market. Taken together, this means that while *bunko* books and comics sustain the growth of the Japanese publishing industry as a whole, the number of publishers to benefit from them is extremely small.

The same can be said of best-sellers. The year 1982 saw five titles sell over a million copies, compared to only about 35 in the preceding quarter century. For the past several years, however, the names of publishers in the list of the year's top 30 books have been practically unchanged. Only one or two newcomers make the list each year.

Magazines lead

In 1975, the ratio of book to magazine sales was 50.1% to 49.9%. The following year it was 48.9% to 51.1%, and magazines have stayed ahead ever since. In 1983, the ratio was 44.6% for books against 55.4% for magazines. This trend is not likely to change any time soon.

An astounding 1,897 magazines were launched in the past decade, while only 999 ceased publication (see Fig.). The flood of new magazines is attributable to the general slump in books and a levelling off in readership for existing magazines. But it also reflects a huge increase in the volume of information, and readers' preference for highly visual reading matter and color printing, as well as a larger reading population. The expectation of high advertising revenues, the simpler economics of the magazine business, and the ease with which new readers can be developed with new magazines have also fueled the boom. Nonetheless, the number of publishing companies that have the resources to launch a successful new magazine is not very large.

Many publishers have particularly great expectations for women's magazines. Often in the past, they have pulled the Japanese publishing industry out of the doldrums. Throughout the 1970s, these magazines were consistently the locomotive of the publishing industry. In late May last year, four new ones were launched

simultaneously in a flurry of publicity. However, only one, *SAY*, succeeded. *SAY* started with a circulation of 230,000 and doubled it to 460,000 within a year. But *Free*, which debuted with tremendous fanfare, was dead after 13 issues.

Publishers are not fazed by such failures. Among new women's magazines inaugurated this year are *Sophia* and *Dame*, which are targeted to women in high-income brackets. They are sold only on a subscription or a membership basis.

Comic magazines for women have achieved eye-popping growth. The combined circulation of the top six women's comic books zoomed from only 1,190,000 in 1980 to 22,120,000 in 1983. In addition to their regular monthly issues, these six published another 17 special supplements in 1983 with a combined circulation totaling 3,670,000. Comics for women are expected to continue to grow in the future.

Even when a publishing company can afford to spend hundreds of millions of yen publicizing a new magazine, the possibilities of success are slim. The most successful of new magazines in recent years, *Focus*, experienced such tough going after it was launched in April 1981, that at one time there were rumors it would go under. But sales began to pick up around February 1982, and by the end of 1983 *Focus* had exploded into Japan's first two-million circulation magazine. This spectacular success is credited to the fact that *Focus*, a sensational weekly news magazine, managed to win the hearts of female readers.

In addition to *Focus*, personal computer magazines, car magazines and other special interest and hobby journals are faring well. It seems that specialization enables magazines to capture the steady readers they need.

Bewilderment

The locomotive role played by *bunko* books and *shinsho-ban* paperbacks has brought down the average fixed price (weighted average value) of books. The average price for new titles dropped by 1.0% in 1981, 5.2% in 1982 and 4.2% in 1983.

Last year, books by young scholars sold astonishingly well and attracted great

attention. Creating a stir in the industry, this phenomenon was said to herald the emergence of a "new academism" and the revival of serious publications. But the fever quickly subsided. Selling as well as ever are books written by TV stars, and those based on TV dramas, popularly called "tele-sellers." In general, it seems that in this day and age entertainers are the most popular kind of people.

Literature is one category that presently seems in a hopeless slump. Non-fiction and business-related books are widely read and talked about, but the urge to read has not spread to serious literature.

Standing at the threshold of the new media age, most publishing companies appear bewildered. With young people abandoning books under the influence of TV, music and other media, publishers are at a loss as to how to adjust to the new conditions.

Their confusion has been aggravated by the conspicuous advance into publishing by non-specialist business corporations. *Sogo shosha* (trading companies), air lines and food companies are branching out into publishing in earnest. Some business firms put their own special know-how into a book and then have it issued for them by a publisher. The entrance of hard-hitting, bold business corporations will have a considerable impact on the publishing industry.

Then there is the advance into publishing by amateurs. This is best seen in the boom in vanity press publications, books published at the author's own expense. There are no accurate statistics on this category of books, as it is difficult to tell whether they are published for the market or for limited private distribution. But one thing is certain: the number of such publications is on the increase. Although it is still too early to tell whether this will prove a boon or a bane for the publishing industry, there is no mistaking that the phenomenon is yet another aspect of the popularization of publishing.

There are still many other factors which must be taken into account when forecasting the prosperity or decline of the Japanese publishing industry. There are trends in editorial production and the future of the resale price maintenance contract system. There are distributors' moves to establish a publications information network, and to adopt a credit card system, both of which should be regarded as laying the foundations for the restructuring of the industry.

Yet the fact that these measures have not yet been seriously discussed within the industry is cause for alarm about publishing's future. If the publishing industry does not take the initiative, it will lose the right to choose by itself its future direction, and will instead be engulfed by the surging waves of change. ●