

THE UNWIN TRUST

UK-AUSTRALIAN FELLOWSHIP 2005

**The Children's Book Market in the UK:
The children's 'best seller'**

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KEY FINDINGS

Children's books in the UK are currently experiencing a high rate of sales growth, particularly in comparison to other sections of the book market. Much of this growth can be attributed to a handful of extraordinarily successful 'superlead' books, which are regularly selling upwards of 500,000 copies in the UK market. As I hope this report illustrates, this trend toward a 'best seller' or 'superlead'¹ market is currently a key issue for the UK children's book industry. Although I believe this best seller trend has not manifested in the same way in Australia, ideological similarities between our respective book markets, as well as our historical ties, require us to keep a close eye on developments in the UK.

When I began this research, my belief was that the current focus on the superlead in the UK children's market was most likely the result of the success of one particular series of books - *Harry Potter*. However, as time passed I discovered there were many other contributing factors. Although industry members say **the success of *Harry Potter*** initially gave credence to the idea that children's books could be best sellers, almost all agree this has not been the only driver of the trend. Both statistical and anecdotal evidence suggest more and more children's books are now reaching *Harry Potter* heights, and the sales gap between JK Rowling and other best selling authors is shrinking. With more authors competing for the top spots on the best seller lists, there is now increased pressure on agents and publishers to create an **author brand**.

The increased potential for children's book sales has led to more **money and influence** being concentrated on both children's publishing and children's bookselling. Increased overall investment in children's publishing departments, including author advances and promotional spend, is giving some prioritised books a greater chance of sales success and further fuelling the best seller trend. As bookselling chains include more children's books in their high profile campaigns, their influence in the children's market is increasing. Many industry participants say the **strength of chain bookshops** is a key catalyst for the best seller trend, and for me, this was the strongest line of reasoning. Through heavy price promotion, range reduction and central buying, chain bookshops are focussing more of their time and money on a smaller number of children's books. Anecdotal evidence collected in my interviews, as well as sales statistics, show this has led to a significant increase in sales of these particular books, and a reduction in sales of others.

The increased focus on **cross over books**, sold into both the adult and children's market, is also considered to be a driver of the best seller trend, because the possible market for such books is greater. Cross over books also often receive more press coverage, entry into adult

¹ 'Superlead' and 'best seller' were two terms used interchangeably during my interviews with industry members, and consequently will be used interchangeably in this report

awards and an increased media profile. Other suggested motivations for the best seller trend include the **consequence of adult market trends**, and more contentiously, an **explosion of talent** amongst children's writers.

Overall, I felt most industry members in the UK viewed the best seller trend in the children's market to be a positive phenomenon, bringing forth a new vibrancy to the industry. However the trend has also created **challenges for authors, publishers and retailers**. Specifically, new and 'midlist' authors who are not promoted heavily, are struggling to find a place in this superlead market. Publishers are having to change their acquisition processes and take greater risks. Retailers are being squeezed as they price promote the same best selling books. Significant challenges also exist for independent and smaller publishers and booksellers. In addition, a longer term issue for the children's industry is the **overall effect on consumers**.

I believe it is important for the UK book industry to manage these challenges whilst continuing to capitalise on children's market growth. The continued support of smaller and independent publishers and booksellers is one means of investing in diversity and ensuring new and developing authors are published and promoted. In addition, the sustained and expanded use of collaborative industry strategies such as awards, festivals and industry advertising, provides an alternative means of promotion for children's books and authors, and is consequently another way of overcoming challenges brought about by the best seller trend.

INTRODUCTION

‘There have been best selling children’s titles before. *Watership Down* and *Harry Potter* are examples. The difference is now there are nine or ten children’s authors who are regularly selling in quantities to rival adult sales. They range from fantasy authors such as Terry Pratchett, to books like *The Curious Incident of the Dog in the Night-time*, the *Rainbow Magic* series, Jacqueline Wilson’s books, even picture books like *The Gruffalo*. Many of these would be at the top of a best seller list, even in the adult market.’

(Philippa Dickinson, managing director, Random House Children’s Books UK)

According to Graham Marks, a children’s book author and journalist reporting on the UK children’s book industry, children’s books in the UK are currently experiencing a ‘golden age’. The UK children’s book market has grown from a £166 million business in 2002, to £242 million in 2005², and now represents approximately 15% of the overall consumer book market. A *Harry Potter* year, as 2005 was, is always a good year for children’s books, yet statistics show that even excluding the sixth instalment of this remarkable series, the market is in good shape. *Nielsen BookScan* has reported double digit growth in the children’s book category every year since 2001.

According to industry participants the children’s market owes much of its recent growth to a handful of extraordinarily successful children’s books, which are dominating the charts and achieving sales of upwards of 500,000 copies. These best selling books have contributed to a new vibrancy in the UK children’s book industry. Some children’s authors are now attracting advances previously only seen in the adult market, and children’s books are receiving prominence in bookshops and a bigger media profile.

Yet contrasting to the impressive performance of these big, new books (often termed ‘frontlist’ books), the children’s book market has seen slower sales of stock titles (‘backlist’), particularly in the picture book and non-fiction categories. Also, although in more recent years a greater number of children’s authors have been sharing in this best seller success, it has become evident that new and developing authors writing lower-profile, ‘quieter’ new books (sometimes referred to as ‘midlist’) are struggling to find a place in this blockbuster market. As this phenomenon is often referred to in the trade, the dominance of ‘frontlist’ books has led to struggling sales for both ‘backlist’ and ‘midlist’.

The 2005 Unwin Trust UK-Australia Fellowship provided me with an opportunity to travel to the UK to learn about trends in the UK children’s book industry, and particularly, to consider

² Nielsen BookScan TCM Annual Analysis 2005

the current reign of the superlead and the domination of frontlist, which I had become aware of through UK book industry news. The trip also gave me a chance to examine key differences and similarities between the UK and Australian children's book markets, and particularly to observe whether this trend toward a best seller market could also be occurring in Australia. During my stay, due to the relatively large size of the children's market, I chose to focus only on the consumer (or 'trade') children's book market, and did not include the school or library sector in my research.

During my three month stay in the UK (August to November 2005) I interviewed approximately 50 members of the industry. These included children's publishers, editors, sales and marketing staff, literary agents, children's authors, journalists, literacy experts and booksellers from a range of traditional and non-traditional outlets. My interviews took place principally in London, but I also visited regional England, Scotland and Wales. I attended a number of industry events including a children's literary festival, a youth librarian conference and numerous children's award ceremonies, author events and book launches. As well, I attempted to keep up with children's book news in the trade and general press, and in between, spent as much time as I was able to browsing the shelves in children's bookshops.

This report is a reflection of what I observed during my three month stay. I will begin with a brief overview of the UK children's book market and its place in that country's overall market for books. I will then discuss the issue of the children's best seller, or superlead, and the strength of frontlist titles, by firstly summarising what I observed to be the catalysts for this trend, and secondly by discussing its ensuing consequences. These two sections will precede an analysis of what I believe are key differences between the Australian and UK children's book markets, specifically in relation to this trend, and an estimation of whether the Australian children's market could be following a similar path. A final section will look briefly at strategies being employed and developed in the UK to promote and expand the market for children's books.

1.0 BOOK INDUSTRY PERFORMANCE AND STRUCTURE

Set out below is a brief summary of recent UK book industry performance, followed by an examination of both the structure and performance of the children's book market. Much of this statistical information has been provided by Nielsen BookScan (referred to hereafter as BookScan) and Book Marketing Limited (BML), the UK's two book data collection services. BookScan and BML calculate book sales data in different ways. BookScan collects total transactional data from retail outlets in the UK via electronic point of sale. BML measure book sales in their annual *Books and the Consumer* report, which is based on regular surveys with 10,000 consumers who keep records of their retail purchases. Unless acknowledged, all comments and conclusions are my own.

1.1 The general retail environment

In order to analyse trends in the UK book market, it is firstly important for me to consider overall retail market performance. During my visit, there was much general and trade press coverage concerning the flat retail market and the generally sluggish performance of the UK 'high street' (referring to the bulk of UK retail sales). The BBC reported in July that the UK high street had seen the biggest drop in sales in 22 years, and that retailers such as French Connection, Marks & Spencer and Boots had warned about tough trading (*BBC News, 5th July 2005*).

While I was in the UK a number of large retailers, including clothing retailer Next and department store chain John Lewis, reported reduced profit and lagging sales, with Next chief executive Simon Wolfson stating in the press that 'this is the worst consumer environment that I have seen in my 15 years in the retail business, (and) it seems very unlikely that there will be any significant improvement in market conditions for the second half of the year' (*MoneyWeek 19th October 2005*). Analysts blamed falling house prices and low consumer confidence as contributors to slow retail performance, as well as the fact shoppers were staying at home in the wake of the London bombings.

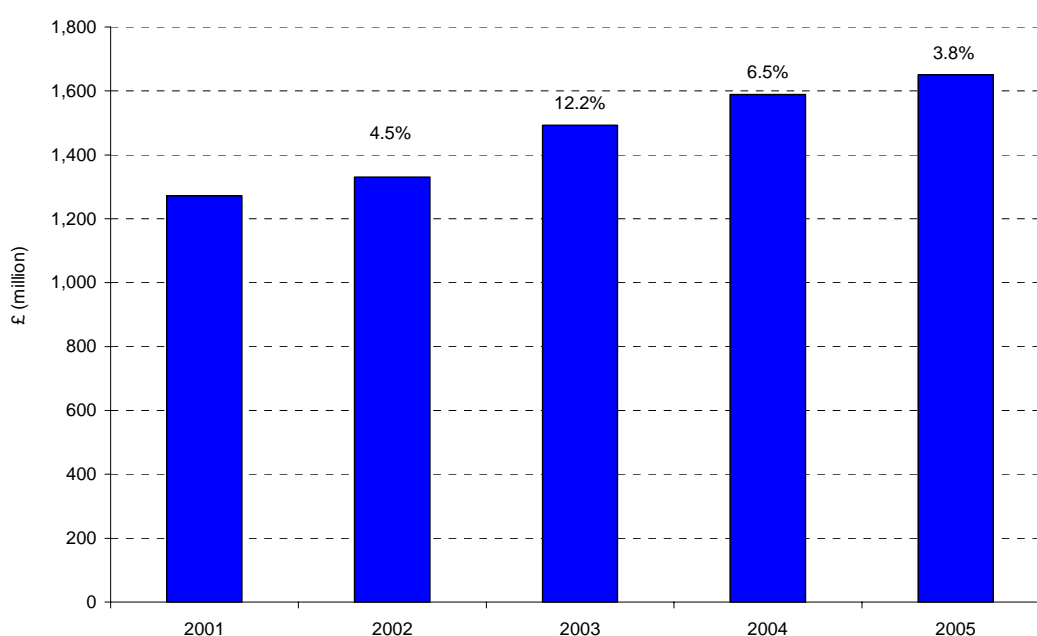
1.2 The market for books

According to one UK literary agent, this recent retail decline is a significant issue for the book trade, and reflects an 'underlying slow decline in the whole retail market, including books'. However, both recent sales data and anecdotal evidence from my interviews suggest the UK book market remains relatively healthy, in contrast to the decline seen recently in other retail industries. *The Bookseller* reports that books have missed the high street slowdown, being one product that traditionally holds up in periods of downturn or recession. According to *The*

Bookseller, factors including the success of Dan Brown's *The Da Vinci Code*, new retail channels for books (including supermarkets and the internet), and a new wave of book-related television spurred by *Richard and Judy* have 'left the outlook for books surprisingly robust' (*New realism helps books*, *The Bookseller*, 11th February 2005).

BookScan's Total Consumer Market (TCM) panel, which they now estimate to cover 90% of all retail book purchases in the UK, shows overall book sales of £1,650 million for the 2005 calendar year, and total volume sales of 216 million books, indicating value growth of 3.8%, and volume growth of 5.9% on the previous year. The graph below shows the change in the value of the overall UK book market between 2001 and 2005, indicating compound annual growth of 6.7%.

UK – Overall Book Market Value Growth (2001-2005) – BookScan TCM



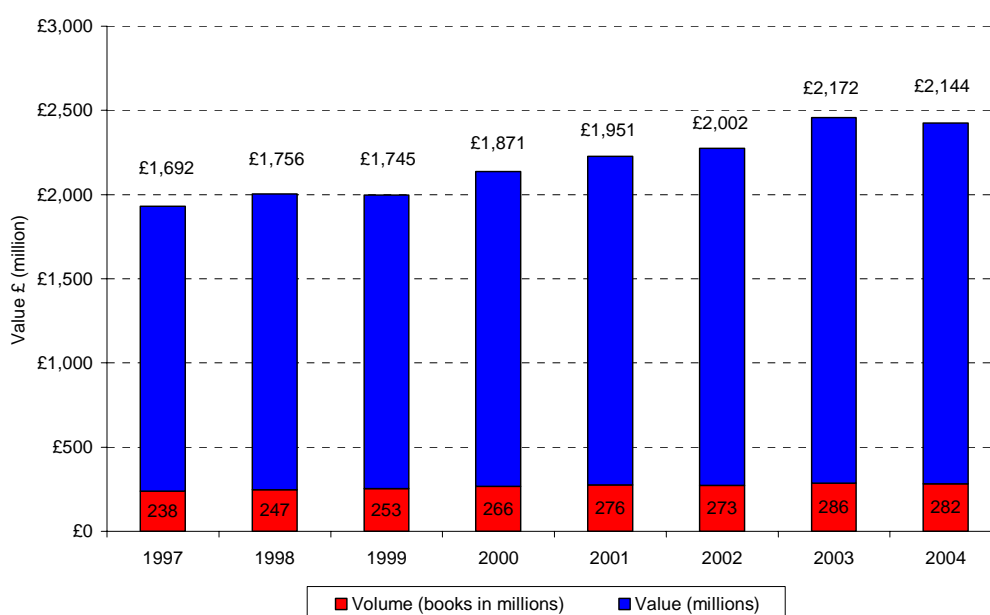
Source: Nielsen BookScan TCM³

According to BookScan, much of the 2005 growth can be attributed to 'the enormous market penetration of the top selling titles from authors Dan Brown and JK Rowling' (*Nielsen BookScan UK – 2005 Annual Analysis*). BookScan's 2005 Annual Analysis shows that for the first time, in 2005 the Top 50 accounted for over 10% of volume sales and almost 10% of value sales – representing volume growth of 30% for the Top 50 titles year-on-year. This is an interesting fact to note in the context of this research paper on the children's best seller market.

³ Note – figures for 2005 are for the 2005 calendar year, ending December 31st. Figures for 2001 to 2004 refer to rolling 12 months figures to August of each year.

BML also point to a healthy trend for recent book sales in the UK, although figures were not yet available for 2005. According to their statistics, compound annual growth between 1997 and 2004 has been 3.4%. As can be seen on the graph below, BML's 2004 *Books and the Consumer* report actually measured a decline in volume sales between 2003 and 2004. However according to BML this small decline in sales was largely a response to the 'normalisation' of the market in 2004, during which there was no new *Harry Potter* publication. Jo Henry, director of BML, comments that *Harry Potter* figures may be overstated in BML survey results, as consumers remember this purchase more clearly than they may other books.

UK – Consumer Book Purchases (1997-2004) - BML



Source: *Books and the Consumer 2004*, BML

1.3 The children's book market

As can be seen from the figures above, recent sales trends in the overall UK book industry have been positive. With this in mind I am able to draw useful comparisons to children's book market performance. I will begin this task by briefly summarising the structure of the children's book market in the UK, as observed during my stay.

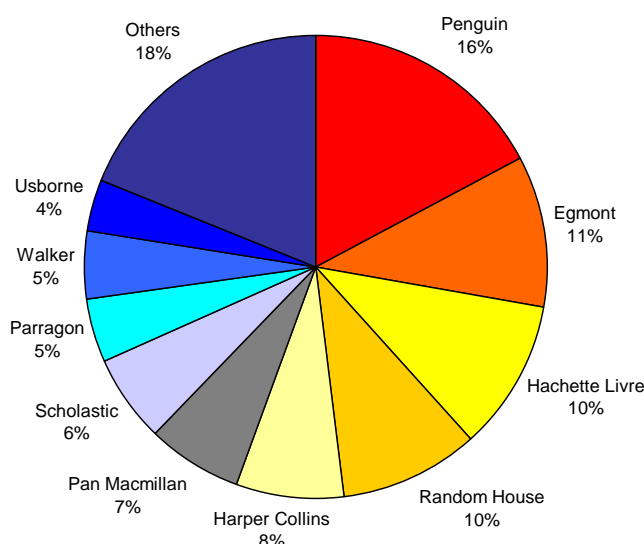
1.3.1 Children's book publishers

There are a large number of children's book publishing houses operating in the UK. These include those that are divisions in large publishing or media corporations, such as Puffin or Random House Children's Books, as well as smaller and/or independent houses like Templar

or Little Tiger Press. Some of these publishing houses are specialised, producing only a particular type of children’s book, and others publish across a broad range of age-groups, genres and formats.

Many well-known children’s book imprints are owned by just a few multinational media companies, such as Bertelsmann (Random House Children’s Books, David Fickling Books) and Hachette Livre (Hodder Headline, Orion Children’s Books, Watts Publishing Group), who often also have successful adult, academic or educational publishing divisions. These large publishing houses tend to dominate the children’s market in the UK. According to BookScan, in June 2005, market share between the top 10 UK children’s publishers was divided according to the graph below. Note that these figures are pre the *Harry Potter* publication in August 2005, after which Bloomsbury would be significantly more prominent.

UK Children’s Publishing – Market Share by Value (%)



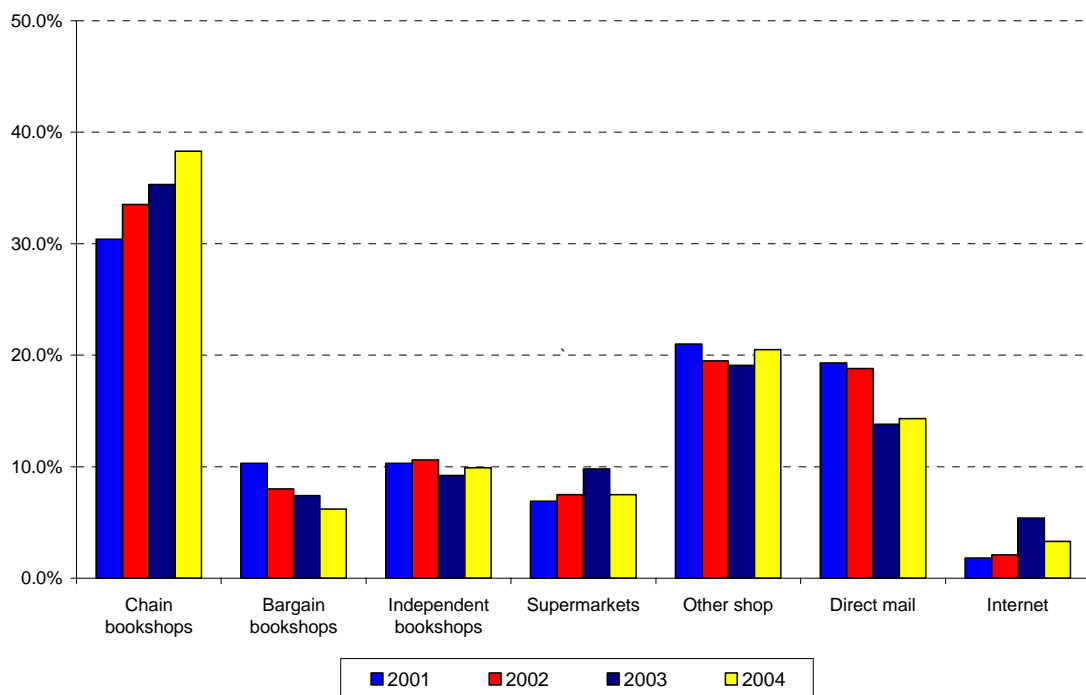
Source: Nielsen BookScan TCM, 24 weeks ending 18th June 2005

Specifically, Penguin, Egmont, Hachette Livre and Random House represent a large proportion of children’s sales, each holding at least 10% market share. Harper Collins, Pan Macmillan and Scholastic are also market leaders. However despite the market dominance of these few large publishers, I observed that many smaller children’s publishers were also operating successfully in the UK. ‘Second tier’ (and often independent) children’s publishers, are well regarded in the UK, with many regularly publishing best selling authors and books. Examples of these are the successful *Dragonology* series (published by Templar) or Louise Rennison’s *Georgia Nicholson* series (originally published by Piccadilly Press).

1.3.2 Children's booksellers

Children's bookselling in the UK is divided between traditional and non-traditional outlets. Traditional outlets include chain bookshops, of which the major players are WH Smith (consisting of 582 branches), Waterstone's (196), Ottakar's PLC (137) and Borders (64 branches including Borders, Borders Express and Books Etc). This channel also includes independent bookshops, of which there are many children's specialists in both major cities and regional areas. Non-traditional outlets include the direct market (dominated by The Book People), as well as supermarkets, the internet (led by Amazon), wholesalers and non-book chains such as Mothercare and Early Learning Centres. The graph below shows the source of purchase by volume for children's books in the UK between 2000 and 2004, as measured by BML.

UK Children's Books – Sales Volume by Channel



Source: *Books and the Consumer 2004*, BML

As indicated above, despite the broad range of outlets open to consumers, most children's books sold in the UK are bought at one of the chain bookshops. Children's sales have grown for almost all major retail chains in recent years, with many chains expanding their children's departments. According to BML's *Books and the Consumer* report for 2004, 'whereas in 2001 large chain bookshops accounted for a much larger share of the adult than children's market (38% compared to 30%), by 2004 this gap had narrowed. This reflects a faster rate of growth in volume share for this channel in the children's market (up from 30% to 38%)'. Throughout my interviews, a number of publishers mentioned a significant power shift toward retailer

chains in the children's market. 2003 Unwin Fellow Lorien Kaye remarks in her report about publisher-bookseller collaboration in the UK book industry, that the 'balance of power in the UK industry currently lies with the retailers, certainly more so than in Australia' (The Unwin Trust UK-Australian Fellowship 2003, *Publisher-Bookseller co-operation in the UK Book Industry*). I also believe that this is a defining characteristic of the industry, and appears to be becoming more evident in the children's category.

UK supermarkets are also becoming increasingly important to the children's book industry, with many predicting a more prominent role in future years. I was told supermarkets had entered the book market after the end of the Net Book Agreement 10 years ago, and the consequent admission of price competition into the book trade. The concept of supermarkets stocking a range of popular children's books was to me an unfamiliar and consequently interesting concept. In my own experience of the Australian market, supermarkets usually stock only a very small range of children's activity and novelty titles, if any children's books at all. While I was in the UK, supermarket chain ASDA significantly increased the range of children's books it carried, and there are reports in the trade press that Tesco will soon follow this lead. I also noticed supermarkets using colourful point of sale to highlight their children's book sections.

The internet is also a growing supplier of children's books in the UK, but still has a significantly larger share of the adult market (8%) than the children's market (3%). According to the *Key Note Children's Publishing Market Assessment 2005*, this is because children don't have access to the payment systems required for internet purchase, and also because the physical structure of children's books (including the size, shape and feel) are important factors in the decision to buy. Internet sales are dominated by Amazon UK, but books are also sold through bookselling websites such as whsmith.co.uk. Like supermarkets, the internet is widely considered to be an area that will experience growth in future years.

Although BML reports a fairly steady rate of sales through independent bookshops, many members of the UK children's industry feel this channel (while still playing a vital part in building new children's authors and promoting children's books and reading) is shrinking. Particularly, I observed that many children's specialist independents located close to chain bookshops or supermarkets are finding it difficult to compete, unless they are supplying local schools. This subject will be explored further later in this report.

1.3.2.1 Ottakar's and HMV

By far the most widely reported issue in the UK book industry during my three month visit was the potential purchase of the Ottakar's bookselling chain by HMV, owners of Waterstone's. The bid for Ottakar's, whose 137 stores are mostly situated in market towns and 'secondary'

sites, by HMV / Waterstone's, whose 196 stores sit predominantly in 'primary' sites, came about after an attempted private equity buy out directed by founder of Ottakar's, James Heneage. Because of the economies of scale involved by combining the two chains, HMV was able to offer a significantly higher bid than a stand-alone private equity buyer. The board of Ottakar's recommended that shareholders accept the deal, and now has the backing of 30% of shareholders. When I left the UK the bid was being examined by the Office of Fair Trading (OFT), which was considering whether to refer it to the Competition Commission for investigation, because the merger may push the combined company above the 25% market share mark. Many industry members were concerned about the extent a combined Ottakar's / Waterstone's would reduce competition in the book market. Particular concerns included the possible reduction in quality of service and range for customers, fewer promotions leading to an enhanced 'best seller' market, and a more difficult environment for independent booksellers.

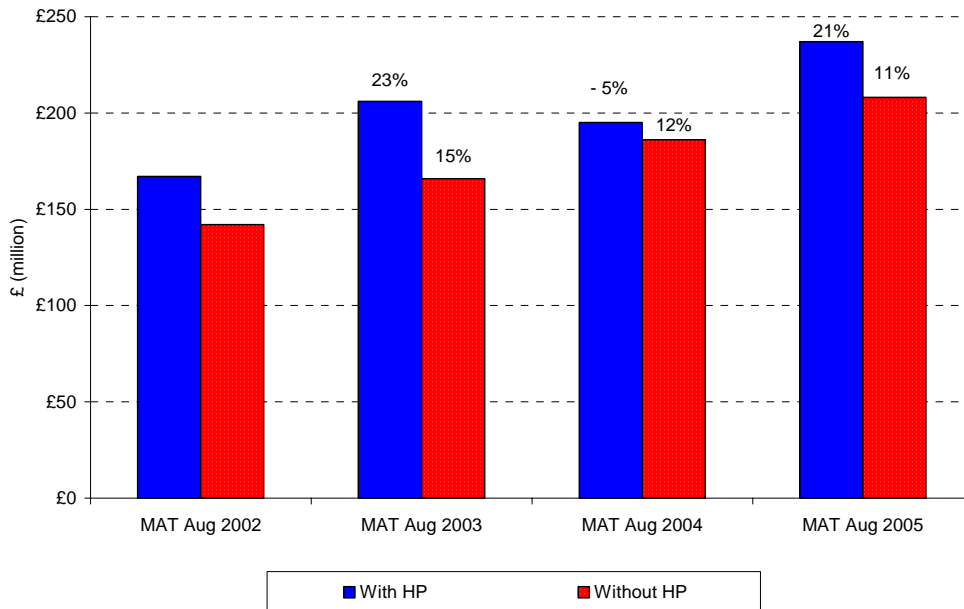
Offsetting these factors, those supporting the merger commented that the ongoing expansion of the non 'bricks and mortar' retailers, including supermarkets and the internet, supports the need for a more powerful book chain (Competition Commission, *HMV Group plc / Waterstone's plc / Ottakar's plc inquiry*, January 2006). The OFT was due to respond by the end of November 2005, and it was widely considered if the purchase was referred for competition review that HMV would withdraw its bid.

Author Note: At the time of submission, HMV's bid had been referred to the Competition Commission. The commission is currently accepting third party submissions in relation to this bid.

1.3.3 Children's book market performance

With the structure of the UK children's market established I will now summarise recent children's book market performance. The year-on-year percentage change figures collected by BookScan indicate very strong growth in the children's category across the four year period between 2002 and 2005. With compound annual growth of 13.6%, the children's category has significantly outperformed the total book market across this period despite some fluctuation between years due to the influence of *Harry Potter*. The graph below shows children's category performance (with and without *Harry Potter*) between 2002 and 2005, indicating very strong growth across this period.

UK – Children's Category Sales Value (with/without Harry Potter)



Source: Nielsen BookScan, TCM. Moving Annual Total ending August (2002 – 2005)

BookScan measured total sales value for the children's category in 2004 to be £207 million, with sales of almost 44 million books. Children's books represented approximately 15% of overall book market sales value in 2005, up two percent on the previous year.

2.0 THE CHILDREN'S BEST SELLER

In the course of my interviews with members of the UK children's industry, the trend toward the 'best seller' or 'superlead' title and the domination of 'frontlist' were mentioned continuously as prevailing trends in the market. As one children's publisher states, 'the big new books are getting the attention'. According to many children's specialists, these trends have been evident for some time, but are becoming more obvious each year. I was very interested in these particular developments and chose to focus my report on this area. I was keen to examine what had been the catalysts for these trends and their short and long term consequences. I was also interested in how this compared with the situation in Australia.

I was able to measure the existence of these trends by looking at recent sales. The top selling children's books are now selling in significantly higher quantities in the UK than they were a few years ago, with sales strength often comparable with best selling adult books. Volume sales for the top 100 children's authors has increased from 8.5 million in 2002 to 12.7 million in 2005, representing growth of almost 50%. As the overall children's market grew at just half this rate across the same period, the top 100 authors are significantly outperforming the rest of the market. According to BookScan 'a top ten author today sells almost double the number of books they could have reasonably expected to sell three years ago'. More and more, children's books are appearing in overall book market best seller charts, with authors including JK Rowling, Anthony Horowitz and Lemony Snicket outperforming top selling adult authors during my stay in the UK.

Although the notion of the 'children's best seller' has been evident for some time, a key difference in recent years is that more and more children's authors have begun to reach superlead status. This is shown by the shrinking gap between JK Rowling's sales and those of other best selling authors. For example, according to BookScan, 'in 2002, Rowling sold 4 times as many books as Jacqueline Wilson. Three years later, the gap has narrowed to 2.5 times' (*Nielsen BookScan Harry Potter UK Special Edition August 2005*). In 2002 JK Rowling represented 50% of sales for top 100 best selling children's authors, but this has reduced to just 25% by 2005 (there was a new *Harry Potter* book in both years). This indicates the number of children's authors selling high volumes of books is escalating. Ten children's authors were selling more than 500,000 copies of their books in 2005, a quantity reached only by JK Rowling, Jacqueline Wilson, Philip Pullman and Roger Hargreaves in 2002.

2.1 Catalysts

Having established that the best seller trend exists in the UK I was very interested to investigate what had led to the domination of the children's best seller and the move toward a frontlist market. Many of the children's books that were at the top of the charts during my stay were great books, but it was difficult to recognise what had led to their immense success. Why did some books succeed in such colossal numbers, and others not at all? It is important to note that not everyone I interviewed felt this trend existed, but most interviewees believed it was evident at some level. This section will summarise what children's industry members discussed in our interviews to be the main catalysts for the trend. I have grouped their views into seven main areas, including;

- A reaction to the success of *Harry Potter*;
- The creation of author brands;
- A realisation that money could be made in children's books;
- Strength and behaviour of the chain bookshops;
- The 'cross over' market (acceptance of adults reading children's books);
- A consequence of a similar trend in the adult market, and
- An explosion of talent.

2.1.1 The success of *Harry Potter*

The sixth and penultimate book in JK Rowling's *Harry Potter* series, *Harry Potter and the Half-Blood Prince*, was released in July 2005, a month before my arrival in the UK. It sold an astounding 2,009,574 copies on the first day of release in the UK - more copies than *The Da Vinci Code* had sold in its first year. During my visit I became aware that *Harry Potter* had changed what had previously been possible for children's books in the UK. Although there had been enormously successful children's books and authors in the past, *Harry Potter* seemed to be considered the gateway through which the industry had entered a new realm of opportunity.

According to one industry member, 'the tipping point was *Harry Potter*. Before Harry, kids was a backwater. Even Jacquie Wilson didn't have a huge profile. After *Harry Potter* it all changed'. George Grey, head of children's books at Waterstone's, also believes the increased prominence of children's books is 'all about *Harry Potter*. Suddenly the market started to take kids' seriously'. Journalist Caroline Horn writes in journal *Books for Keeps* that 'authors like Jacqueline Wilson and Anne Fine had built solid careers over many years of writing, but the success of newcomer JK Rowling with *Harry Potter* indicated that quicker and substantial gains were to be had' (*Looking for bestsellers, Books for Keeps, July 2004*).

One independent retailer with a bookshop in the UK describes *Harry Potter* as having become 'more of a retail property than a book property'. The latest book was sold in many different types of retail outlets, including motorway service stations and garden centres, and was discounted heavily, which contributed enormously to its potential for sales. The full price of the book was £16.99, but there were reports of the book being sold at £4.99 in Kwik Save stores, and ASDA and Tesco supermarkets priced the book at £7.96 and £7.97 respectively. There was some negative feedback from independent bookshops and others in the trade about this heavy discounting.

As discussed in Section 2.0, the gap between JK Rowling's sales and those of other best selling authors now seems to be shrinking. Children's book reviewer Julia Eccleshare notes that four types of book, not just *Harry Potter*, have changed the market. She states that *Harry Potter* was a phenomenon, but Philip Pullman also changed the market by showing that a best selling children's book 'could be a book of ideas'. She also suggests that Jacqueline Wilson has made social realism popular and enlarged this area of the market, and *The Gruffalo* has changed what is possible for a children's picture book. Other children's authors are now reaching heights that had previously been obtainable by JK Rowling alone - however many in the industry recognise that *Harry Potter* has led the way.

2.1.2 Author 'brands'

The Bookseller reports that in the first half of 2005, principally it is 'established authors' who dominated the children's charts. Authors such as Jacqueline Wilson, Philip Pullman, Garth Nix, Anthony Horowitz, Lemony Snicket and of course JK Rowling consistently appear in lists of top selling authors. Literary agent Rosemary Canter comments that 'there is now a conscious sense of branding and marketing of children's authors', and it now seems the author brand is very important to the creation of a best selling book.

One publisher notes that with 'continuity of a marketable author or illustrator, brands can be created, and brands sell books'. Tracy Phillips, sales director at Macmillan Children's Books UK also feels that the 'author brand' has become more important, and that a promotable author is a big selling point for a new book. There is also some sense that release dates are being 'reserved' for the big author brands. For example, Jacqueline Wilson's book release in March would be consciously avoided by other publishers for the release of an important new book.

Agents also report significant pressure to develop an author 'brand', and one agent comments that authors have become aware that it is necessary to promote themselves as such. Scholastic group PR director, Alyx Price, says that more and more, there is an expectation that authors will do publicity, fuelling this author brand concept. There are signs that

publishers are employing media professionals, and occasionally offering media training to children's authors. I spoke with two freelance children's publicists who had been employed by publishers to work with an author in addition to the in-house publicity department, and one industry member suggests freelance publicity is also being written into contracts. Offers for children's authors often came with a marketing plan suggesting how a publishing house would present the author to the public. All of these factors indicate the growing importance of the author brand.

The best seller market has also opened up to non author brands, with picture books like *The Gruffalo*, and series like Templar's collectable *Dragonology* books, selling on their recognisable titles, illustrations or series names. The *Rainbow Magic* series, published by Orchard and created by Working Partners, an independent editorial team that creates ideas for children's books and on sells the ideas to children's publishers, was selling particularly well during my stay in the UK. Even without an 'author' to promote the book, these books had become incredibly successful. These factors indicate that publishers recognise the potential of brands in helping to create a best selling title, and have begun to exploit this idea by 'creating' their own brands.

2.1.3 Money and influence

Financial input has also been a big driver of the best seller trend. It was evident during my research that a great deal of money is now being spent on children's books in both the publishing and retailing sectors. The creation of larger publisher conglomerates, through integration and investment, has meant more money is available to fuel author advances and marketing spend. Also, according to one major retail buyer, the realisation that children's books could make money has meant publishing houses and retailers are taking more interest in their children's departments and spending more money within them.

Industry members suggest advances paid for some children's authors today have increased significantly, and the children's book auction environment has become very competitive. Philippa Dickinson, managing director at Random House Children's Books, 'used to sweat over £50,000 pounds, but these days stays calm facing six figures' (*Alex Hamilton, 'Chart Toppers', Books for Keeps 2004*). Jon Appleton, senior editor at Orion Children's Books in the UK, suggests that 'advances have gone up, and the 'best seller' is a reflection of this'. Children's book director at Ottakar's, Wayne Winstone also believes that the big advances are driving sales. However one agent states that the 'huge advances you hear about in the trade are all talk a lot of the time. They may be world rights deals, or advances for a number of books. Often they are cleverly worded by PR people'. Reports of large advances (whether exaggerated or not) did seem to be a common way to create early publicity for a new book, and contribute to best seller potential.

A consequence of a large author advance is a large marketing spend, and as children's author advances have grown in the UK so has the amount spent on marketing and publicity. As an example, Harper Collins' children's book division has different employees working on consumer marketing (such as advertising campaigns) and retail marketing (predominantly spent on chain bookshop retail promotions, discussed further in section 2.1.4). I noticed during my visit that there did appear to be a lot of marketing money spent on consumer advertising campaigns for children's books. New books by children's authors are heavily promoted at bus stops, tube stations and in the trade and general press, and it is just as common to see children's books marketed in this way as it is the latest adult release.

I also noticed that the best seller phenomenon has become so important that books are now often targeted as a superlead titles as early as acquisition. The superlead is sometimes the result of a combined, targeted campaign by agents, publishers and booksellers to push a book to superlead status. This indicates that money spent on advances, marketing and advertising actually does help to create a best selling children's title. However David Fickling, publisher at David Fickling Books, says that 'it is impossible to manufacture a best seller, and publishers have much less control than they think'. He notes that books also need other special characteristics to succeed.

2.1.4 Chain bookshop strength

While booksellers often spoke of 'author branding', '*Harry Potter*' and 'huge advances' as key instigators of the best seller market, many of the publishers and agents I spoke to suggest the behaviour and strength of the book chains are the key catalysts for this trend. As one agent says, 'the retail trade is wagging the dog'. As discussed above, bookshop chains have increased their market share of the children's category significantly in recent years, and it is now close to 40%. There is evidence that retail chains are spending greater amounts of time and money on children's books. Waterstone's has recently expanded its children's head office team from one person to three, and is consciously going after a bigger share of the children's market by departing from the traditional black shelving to make children's departments brighter and more family friendly. Robert Snuggs, managing director of Bounce Sales and Marketing comments that 'Waterstone's has started taking children's books more seriously'. In other chain bookshops, children's books have been moved to front of store, are included in more promotions, and have obviously become a key means of bringing customers into stores.

Publishers outline three chain bookshop behavioural traits as major factors contributing to the best seller environment. These are 'price promotion', 'range reduction', and 'computerisation and central buying'. By far the most often mentioned in my interviews was the high incidence of price promotion occurring in the children's market, and the idea that major book chains are

competing by aggressive price promotion techniques rather than product differentiation or service. Competitive price promotion began in the UK with the end of the Net Book Agreement in 1995 and the consequent entry of supermarkets into the book market. Since then there has been a growing incidence of price competition between the book chains. Sally Gritten, managing director at Harper Collins Children's Books in the UK, says 'the thinking behind the end of the Net Book Agreement was that price could become one type of promotion. It has become the *only* type of promotion'. In my own experience of visiting UK bookshops, although book chains were sometimes differentiating themselves by backlist stock and by structure of their children's book departments, most often they were promoting the same books at front of store, principally by price led promotion.

Although there are a number of different price promotions used in book chains in the UK, I found that the 'three for two' is most common for children's books, and I observed it being utilised in Waterstone's, Blackwell's, Borders, Books Etc. and Ottakar's. It had also been taken up by one independent bookshop I visited, although mostly, independent bookshops steered away from this selling technique. A number of publishers had suggested Borders were one chain that was moving away from the three for two promotion, but when I asked children's buyer at Borders, Becky Stradwick, she said that although they had experimented with different price promotions, they had concluded that 'three for two is the mechanic the public want'. Other price promotions I saw being used for children's books were '£X off', 'two for £10', 'buy one get one free', 'only £X', and 'half-price'. Generally, these promotions are used for major new titles, although Ottakar's are one bookshop chain also price promoting some backlist.

Although publishing employees were reluctant to be quoted on exact details of retailer price promotion techniques, those I spoke to commented that inclusion in the three for two (and other) promotions required significant marketing co-operative spend and better terms offered to book chains. One sales director says they agree 'promotional terms' with book chains at the beginning of the year of up to 60% to 65% discount (sale or return), and then pay an additional sum of up to £2000 per book to include it in a promotion. These promotions seemed incredibly competitive, with one publisher stating 'there is no children's publisher in the UK who would not want their book included in a three for two'. More than one publisher felt a book could not succeed to a certain level if it was not included in such a promotion. Consequently, I felt these promotions were contributing to which books became best sellers. Cally Poplak, director at Egmont Press says her strategy is to publish fewer books and, whenever possible, to include them in a promotion.

A second reason given for retail chain influence on the best seller trend is 'range-reduction'. Prior to my visit Waterstone's had reduced the range of picture books they held in stock to 250 titles. This has had significant effects on picture book publishers and also authors, some

of whom (I was told) had contracts cancelled specifically because of these actions. However, most publishers believe that this has been a necessary change and that the book chain's actions are justified. Cally Poplak at Egmont states there had previously been 'an awful amount of over-publishing of bad picture books'. Becky Stradwick at Borders and Wayne Winstone at Ottakar's also both speak of massive over-publishing in the children's market, particularly within some age-ranges, including picture books. Ottakar's has also reduced the number of picture books it is carrying, and WH Smith is also in the midst of a review of its children's book sections. The reduction in range in many of the major chains has led to further dominance of the best seller books, as more attention and money is focussed on a smaller range of titles.

Publishers also believe the potential Waterstone's / Ottakar's merger would further fuel the influence of the bookseller chains on both promotional and range titles, contributing to the best seller environment. Sally Gritten, managing director of Harper Collins Children's Books in the UK, states that 'the decision on book buying has now come down to 4 or 5 individuals'. I became aware that the loss of one of the major book chains would reduce this number even further. Although comments given to me were often off the record (as the situation was at boiling point during my visit, and publishers were careful not to speak out against key customers) a number of publishing employees interviewed expressed dismay at the possible merger, citing an even more serious result for children's books than for any other category of book. With Ottakar's regarded as an important outlet for children's bookselling many publishers believe there will be few alternatives available to promote their product. One UK publishing executive states 'the merger will take away an important option for children's publishers. Already there are few outlets available to launch a new book or author. A further reduction in choice could be disastrous'.

Finally, 'computerisation' in the chain bookshops is also thought to be a factor contributing to the best seller trend. Journalist Caroline Horn writes that buying has become more refined with the introduction of the 'EPoS' (Electronic Point of Sale) system in most bookshops (*Looking for bestsellers, Books for Keeps, July 2004*). Booksellers are now able to look at sales for previous books by a certain author, and base their selection quantities on the author's track record. Philippa Dickinson, at Random House Children's Books UK, states in Horn's *Books for Keeps* article, that the impact of the EpoS system is that 'retailers increasingly relied on what their EpoS system told them was selling, rather than relying on gut instinct or publishers' information'. If an author has low sales for one or more previous books, they may not be given another chance. Also, 'central buying' at head office level has become more common across all book chains. This has led to (in many cases) the same authors and books being sold in all chain stores across the UK. Both computerisation and increased central buying have led to a smaller range of books and authors being carried and promoted in all bookshops, further fuelling the best seller trend.

2.1.5 The 'cross over' market

Sarah Hughes, Editorial Director (Fiction) at Puffin in the UK, believes 'cross over' (books that sell in both the adult and children's market) has helped to increase the sales potential for children's books, and also to assist in creating best sellers. Books such as *The Curious Incident of the Dog in the Night-time* and Meg Rosoff's *How I Live Now* are sold into the adult market as well as to teenagers, so the prospective audience for such books is greater. The *Harry Potter* books are also now published in both children's and adult versions, to take advantage of JK Rowling's significant adult market. Jon Appleton at Orion children's books in the UK told me the market was focussed on cross over books (and also the children's fantasy genre, which is often also seen to have cross over potential) to the detriment of other areas of the market. Fantasy novels and cross over fiction seem to be two areas which are outselling other books in the market. These can achieve greater sales because of their ability to attract adult press coverage.

2.1.6 A consequence of adult market trends

Three industry members suggest the best seller trend is already evident within the adult market, and that the children's book market is following this trend. Sales reports do suggest the adult market has become more frontlist driven, and that the problem of shrinking backlist sales is affecting the entire book trade, and not just children's books. Graham Marks, author and journalist, notes that 'some of the worst aspects of adult publishing have filtered into children's publishing, such as ridiculous advances'. This research will not analyse trends in the adult market. However it is my personal view that the best seller trend seemed to be more heavily reported on in the children's industry, perhaps only for the reason that it was a relatively more recent occurrence.

2.1.7 An explosion of talent

Referred to by Caroline Horn in her article *Looking for bestsellers (Books for Keeps)* as 'a huge explosion of talent', a final reason for the trend toward the best seller market is that some publishers believe a greater number of books suited to best seller status are being written. One publisher also believes editors and agents have 'become better at seeking out and recognising the type of book that might succeed as a best seller, (but it is often difficult to get it right)'. Rosemary Canter notes that now there is money to be made by children's authors, more good writers have appeared. Agent Caroline Sheldon describes Philip Pullman and JK Rowling as having loosened the constraints of length and simple plotlines, and that 'books that would have been considered risky in the past have been seen to work' (*Looking for bestsellers, Books for Keeps, July 2004*). However another publisher says the idea that

more books suited to the best seller market are being written is a difficult concept to measure. An increase in talent is a somewhat contentious reason for the trend and some disagreed on the validity of this idea.

Summary - Catalysts

As listed above, views concerning the main catalysts for the best seller trend vary amongst members of the industry. Although the idea of the super lead author, heralded by JK Rowling's success, may have started the wheel, many believe that factors such as increased investment in the children's industry and the growth in the cross over market have also influenced this trend. Personally, although I agree that a combination of factors have contributed to this outcome, I feel it is the consolidation and strength of the chain retailers in the UK that is the most dominant force behind the children's best seller trend.

2.2 Consequences for industry participants

With these best selling children's books now selling in numbers to rival adult sales, industry participants speak of a new vibrancy in the children's market. Numerous people I spoke to stated the book industry is now taking children's books more seriously, with a great deal more interest being taken in children's departments at publishing houses and in bookshops. UK freelance publicist Philippa Perry also comments that 'now, no one looks at working with kids books as a stepping stone for adult publishing', with Graham Marks agreeing children's publishing has become 'a destination job zone'. Robert Snuggs, at Bounce, states publishers are now treating children's fiction like they treat adult fiction, with more focus on covers and marketing, and Sarah Hughes, at Puffin, agrees that publishers are giving more attention to children's books and authors. All of these factors point to an exciting phase for children's publishing and bookselling in the UK.

Despite this, the best seller market has also brought about some challenges. Within this section I will consider some of these challenges for participants in the industry, including;

- Authors and illustrators;
- Publishers;
 - Acquisition and promotion;
 - Genres and formats;
 - Backlist, and
- Retailers.

2.2.1 Authors and illustrators⁴

According to children's literary agent Lindsay Fraser, who is based in Edinburgh, 'the super lead market makes it tough for authors'. Although the best seller trend and the focus on a few key authors has led to some children's authors becoming incredibly successful, it has become harder for other children's authors to succeed, and created some new pressures for those already in the market.

One reason for this is the increase in the number of children's books being written. Many of those interviewed commented that, because of the publicised success of some children's authors in the UK and news of huge advances, more people were writing and submitting children's books in the hope of achieving fame and success 'like JK Rowling' (one agent I spoke with 'groans' whenever she receives another submission from 'a single mother who has written a children's book in a café!'). In addition, a large number of adult authors, such as

⁴ Authors and illustrators will be grouped using the term 'authors' in this paper.

John Grisham, as well as celebrities like Madonna, are entering the children's market. Alongside this increase in children's book submissions, both agents and publishers are becoming more selective about the books they are choosing to focus on. According to Alyx Price, group PR director at Scholastic in the UK, 'agents are being choosier with new authors, because publishers are spending more money'. The large quantity of books being written, combined with a more selective publishing environment, has created a very competitive market for new authors.

However Emma Hopkin, managing director at Macmillan Children's Books in the UK, says 'the people who suffer the most are those that have been around', indicating the market is even tougher for authors who had previously seen a medium level of success, or those authors still establishing a name for themselves. Cally Poplak at Egmont agrees that the current market 'is hard for a new author, but it is even harder for an author in development'. EPoS systems in bookshops mean authors are judged on previous sales, and a new book will often not be promoted (or even stocked by bookshops at all) if an author's track record has not been extremely good. Julia Eccleshare, reviewer and director of the Centre for Primary Literacy Education in London, told me that the problem created by this situation is that 'children's fame is not quick fame'. Authors like Philip Pullman and Jacqueline Wilson took many years to establish themselves. Wayne Winstone at Ottakar's agrees that some of today's more successful children's authors did not start selling until their third or fourth book. In the current market, which as discussed has moved even further toward a best seller focus, new or developing authors might not have the opportunity to develop in the same way.

As well as being more difficult to be published, the situation has created other pressures for authors. Author Graham Marks comments 'the super lead also creates hierarchy'. He notes that authors are very much aware that they might not be receiving the same treatment as others. Egmont's Cally Poplak describes this as 'a polarisation between big authors and everyone else'. Some publishers also speak of an increased difficulty in managing author expectations, which are fuelled by knowledge of huge advances and promotional spend. One editor comments authors sometimes expected a huge marketing and publicity plan, even if their book is not a major lead on the list, a situation which is not always viable. This editor also comments there is also a sense of resentment amongst children's authors, 'that adult authors and celebrities are jumping on the children's bandwagon'.

One publicist comments that there is a lot of pressure to get good coverage for children's authors, and publishers are more likely to sign up authors with 'personality' (a concept known as 'personality publishing') as a result of the superlead market. Children's authors are having to be willing to promote themselves, a position not all are comfortable with. It is already difficult for children's authors to succeed in the UK without fronting the media, literary festivals and school events, and Alyx Price at Scholastic says pressure has increased for children's

authors to attend these events and promote themselves. Children's authors need to be marketable in order to establish themselves as an 'author brand'.

2.2.2 Publishers

2.2.2.1 Acquisition and promotion

Although children's publishing houses have seen growth and investment in recent years due to the success of children's best sellers, there have been consequential challenges. These challenges relate to both the acquisition and promotion stages of publishing. The acquisition process has changed for many children's publishing teams. A more competitive environment for the big, new books has meant children's author advances have increased significantly. Although investment in children's publishing divisions has also increased, the pool of money is now being concentrated on fewer authors – and this increases risk. Publishers are now having to take a more ambitious approach to acquiring new titles. Sarah Davies, publishing director at Macmillan Children's Books in the UK, speaks of the necessity of avoiding 'low cost acquisition with small ambition'. Author and journalist Graham Marks also comments that 'some publishers tell you the term 'midlist' is banned from the office'.

With increased focus on fewer books, some industry participants hinted that children's publishing teams are banding together at acquisition stage more than they ever have before. There is an increased reliance on opinions from other areas of the business. Sarah Hughes at Puffin comments that there is no point acquiring a book without having sales and marketing on side, and it is important to maintain a good relationship between the editorial and sales teams. Also important is the necessity of having a passionate in-house advocate for every book, and encouraging early word of mouth excitement within the company. Opinions are even being sought from outside the company. I was told that some publishers are involving retail chain book buyers in acquisition meetings. In other cases, buyers are shown manuscripts prior to acquisition, so that publishers can gain key retail support before an offer is made.

As the acquisition process for children's books has changed, so has the focus on marketing and publicity. Publishers have had to invest more money and time on marketing and promotion. Emma Hopkin, managing director at Macmillan Children's Books, comments that in terms of marketing, 'children's publishers have really grown up'. She states that eight years ago a marketing campaign would have been really small, but now publishers have become more creative, and more money is also being spent. According to many publishers, marketing plans are almost always included in bids for new titles and incorporated into author contracts. This includes retail marketing spend for book chain price promotions, and also consumer marketing, such as bus and tube advertising, which was used less often in the past.

As competition increases, publishers are also employing media professionals, and a more recent trend is for big name authors to have their own publicist in addition to in-house publicity. According to one interviewee, this is often paid for by the publisher and occasionally written into the contract. This type of approach has been used for a number of high profile children's authors. (One example is Anthony Horowitz, whose publicity was done out-of-house by freelance publicist Justin Somper. It is widely considered that this technique helped to build this author to his current best seller status.) Traditional forms of marketing, such as dumpbins and posters, are now considered less important. As Tracy Phillips, rights and sales director at Macmillan Children's Books, comments, 'book chains often don't have the space to use them'. According to one publicist, it is more important to look at non-traditional ways to promote a book, or 'getting publicity through the back door'. For example, some publishers are taking advantage of a hook such as a huge advance to create publicity at an early stage. However book proofs are still considered to be essential for a big book launch. Although it is acknowledged that there are far too many proofs for retailers to read, many publishers still hold off selling a book until proof copies are available for the trade. According to one retail chain children's buyer, 'if there is no proof (for a new book), it is not considered to be a serious book'.

With more money being spent at both acquisition and promotion stage, there are obvious challenges for smaller children's publishers. According to Yasemin Ucar at Piccadilly Press, 'it is hard to compare small advances and lower marketing budgets with larger firms'. Smaller publishers are having to look outside the square during both acquisition and promotion stages. At acquisition, instead of trying to compete with high advances, according to Martin Oestreicher at Frances Lincoln small publishers need to specialise and 'keep strategy focussed on what we do well'. From a promotional perspective, many small publishers focus on innovative, low cost ways of marketing books, such as finding a niche through libraries or independents, submitting books for awards or creating word of mouth publicity. All of these factors create some increase in pressure for smaller publishers.

2.2.2.2 Genres and formats

Publishers are also affected by the popularity of particular children's book genres and formats. Some genres and formats are well suited to the current market, yet others are experiencing significant downturn. According to industry participants, fiction is currently the focus for both retailers and consumers, and fiction seems to be the genre that is best suited to the superlead market. One editor comments that 'fiction for children aged 9+, teenage, fantasy, and cross over' are the genres that are working well. Wayne Winstone at Ottakar's told me that the teen and fantasy genres are high turnover, although he believes that teen fiction has been over published and the market is lacking in fiction titles for a younger age-group. He states books that are an 'extension of Philip Pullman style' are still the most

popular area, with Meg Cabot / *Georgia Nicholson* 'chick-lit' style also doing well. According to some publishers, series fiction has also experienced a resurgence, with series such as *Rainbow Magic* achieving great success.

The two genres that seem to be suffering in the current market are picture books (particularly in hardback format) and non-fiction. One publisher told me that 'picture book hardbacks are very difficult. People are just more excited about fiction'. George Grey at Waterstone's says that they only carry three to four new picture books in hardback each year, and that, even then, 'they have to be big name like Julia Donaldson and Axel Scheffler'. Agent Rosemary Canter says picture books will be a problem for a time to come, because 'bookshops don't know how to display or market them, and there is some seriously bad publishing in this area'. Vanessa Clarke, deputy sales director at Macmillan Children's Books UK also notes that generally the children's retail trade are not risk takers, making picture books difficult to sell. Non-fiction is also an area that has performed badly in recent times, with both George Grey and Wayne Winstone stating that only the really commercial end is selling at all (for example, the *Horrible Histories* series).

In this competitive environment, I also became aware that increasingly, children's publishers are competing on format. Emma Hopkin at Macmillan Children's Books calls this a 'format war', noting that changing formats is a way to compete and that it is important to keep a close eye on the format of other publishers' new titles and how they are priced. During my visits to bookshops I noticed a high percentage of new fiction titles published in hardback. Sarah Hughes told me this has stemmed from the success of authors like Philip Pullman and JK Rowling – 'people realised you could do children's books in hardback' (although not picture books, it seems). Most of the larger publishers I spoke with regularly published fiction hardbacks, with Philippa Dickinson at Random House stating the decision is made at acquisition, but generally, a book needs to be 'very unusual, a big book, or fantasy'.

Frequently, publishers are also coming up with new cover treatments and add-ons in the children's market. I noticed a range of new cover treatments, book sizes and add-ons appearing each month. Many were beautifully produced and I wondered how they could be printed within cost constraints, and still be competitively priced and included in costly price promotions. Another interesting characteristic of the market is the popularity of signed copies, boxed sets and collector's editions. One bookshop staff member told me the release of Philip Pullman's *His Dark Materials* signed ten year anniversary editions had resulted in pre-orders and huge queues on the morning of release, with the first in the series selling out on the first day.

2.2.2.3 Backlist

Many industry members also spoke of the downfall of backlist to be a consequence of the best seller trend. An increased focus on selected frontlist titles has led to a subsequent reduction in the range of stock titles carried by bookshops and consequently, the range kept in print by publishers. One publisher believes the future for backlist is quite bleak, and although publishers had originally focussed on repackaging backlist to keep books looking fresh, it had come to a point where it was no longer of any benefit to repackage, except for particularly strong authors. Sarah Odedina, editorial director at Bloomsbury Children's Books, believes it is much harder for backlist now because there is so much more being published, suggesting if a book doesn't find a place in the market quickly, then it may not have a chance at success.

There are some exceptions to this view - Sarah Hughes at Puffin says 'a lot of our sales are backlist. People forget that Dahl has sold three times as many books as JK Rowling'. Puffin look at backlist regularly and will repackage in order to build an author up again, particularly before the release of a new book. However other publishers have become increasingly frontlist driven. One publisher laments that it was once possible to do backlist promotion with book shop chains, but retailers are not interested any more. Consequently, 'many publishers have had to cut back on their core range'. Journalist and author Graham Marks told me that 'what is forgotten is that the audience doesn't need superleads. It is caused by booksellers wanting the 'new'. Audience changes all the time with kids, so why can't backlist be considered more important? Carefully managed backlist is gold'. Despite this, sales of backlist continues to decline as a consequence of the superlead market.

2.2.3 Retailers

The changing market has also had an impact on the retail environment itself, although a number of industry members suggest 'retail' (and particularly the book shop chains) to be more of a catalyst than a consequence of the trend. One issue that came up frequently in my interviews related to the reduced margin of differentiation between book shop chains. As one publisher puts it, 'with regard to their children's book selection, presentation and promotion, it would be good to see booksellers become a bit more inventive. The book chains are predominantly carrying and promoting the same books'. Chains are having to drive down prices in order to compete, thereby further reducing their own margins and placing pressure on publishers to give higher discounts. 'Increasingly', states another publishing executive, 'the book shop chains are pre-occupied with the first 30 feet of their store. They will lose the battle with the supermarkets if they try to compete on their level. In terms of market share, they are losing out in the best seller war'. One agent suggests book chains 'have shot themselves in the foot' by failing to differentiate themselves.

Another significant consequence of the best seller trend has been the effect on children's independent bookshops. One publisher states that 'independents are being squeezed. Although there is still a niche for them, unless they are a successful school supplier, the economics just don't exist'. The independents I spoke with were finding it hard to compete on price for best selling titles, particularly if a chain bookshop or supermarket was situated close by.

Summary - Consequences

The best seller market has had a very positive short term impact on children's book sales, but as listed above, it has also created some longer term challenges. These challenges have been considerable for authors, publishers and retailers.

I believe challenges are most significant for those industry participants with less money and influence supporting them. From an author perspective, those that are suffering the most are new or 'midlist' authors who are not promoted heavily. This is significant for the overall industry; with new and upcoming authors struggling to succeed it could lead to the industry missing out on the next Philip Pullman or Jacqueline Wilson.

From the perspective of publishers and retailers – those facing the most significant challenges are independent bookshops and small publishing houses. This highlights longer term issues surrounding the importance of industry diversity. With larger publishing houses and retail chains increasingly focussed on the big new books, the role of small publishers and independent bookshops in building new children's authors has become even more essential.

2.3 Australian comparison

I had not initially set out to compare the UK and Australian children's book markets in relation to the best seller trend. However during the course of my research, many of the interviewees I spoke with in the UK were also interested in discussing this issue comparatively. Consequently I began to think about whether this UK trend has had implications for the Australian children's book market, and also whether Australia could be heading in a similar direction. The majority of my research did take place in the UK so consequently this section will be based, for the most part, on my own observations of the Australian market, as well as some reading on this matter.

In 2003, Australia represented the fourth largest single export market for UK publishers, with sales of £72 million (www.publishers.org.uk), which is significant in consideration of Australia's relatively small population size. This is derivative of the fact the history of the Australian publishing industry is closely bound to that of the UK, and still holds significant ties. Consequently the publishing industry in Australia is influenced by UK industry trends, and I believe there is some evidence of this here. Many of the UK's children's book market best sellers, such as *Harry Potter*, Lemony Snicket's books and the *Rainbow Magic* series have been successfully exported to the Australian marketplace, and are reaching the top of Australian children's best seller lists, alongside Australia's own best selling authors. This indicates that the complex recipe of factors that pushes UK authors to the top of the best seller charts in the UK, also has the ability to cross to Australian shores.

There have been some remarks in the Australian trade press that indicate there is some concern over this issue here. However, my personal feeling is that this trend appears to be less evident in Australia, due to a few key differences between the UK and Australian markets. Having considered the key catalysts for the best seller trend, as suggested by UK industry participants, I believe there are three significant factors distinguishing the Australian children's book market from that in the UK, that have prevented the best seller market from manifesting in the same way. These distinguishing factors are:

- the size of the children's book market;
- the structure of the retail market, and
- a more equal balance of power between retailers and publishers.

2.3.1 Size of the market

The market for children's books in the UK is significantly larger than it is in Australia. This seems a very obvious point of difference, but I believe it is important in relation to this trend. Lower potential for sales for unestablished children's authors in Australia means less money

is able to be spent on acquisition and promotion. The extraordinarily high advances that are increasingly paid for new authors in the UK, are not often warranted in Australia except when an offer for world rights can be made in conjunction with international publishing partners. Marketing plans for unestablished children's book authors are small except in the rarest of cases – and they are seldom written into contracts. In addition, a smaller quantity of resources including staff working on particular books, marketing and advertising plans and budgets, and publicity time spent developing and promoting authors, are driving children's books in Australia. Children's publishers may not have the same resources available, or often may need to share them with adult divisions. Consequently, I believe a newly launched children's book in Australia is less likely to become an instant best seller, unless it is simultaneously launched in international markets.

Also relating to the size and significance of the children's book market is the media coverage given to children's books in Australia. New children's authors are not given prominent consumer advertising space in the same way that they are in the UK. It would also be rare to employ a freelance publicist for a children's author in Australia. Also, although members of the UK industry lamented the lack of review space given to children's books generally, I feel that children's authors are still more often mentioned in the general press in the UK than they would ever be in Australia. One reason for this may be that the cross over market is less significant in Australia (I found children's books with cross over potential were often reviewed in the UK general press), but there are also just less options available for children's review space in the Australian general press. Children's books and authors are also promoted more heavily in the trade press in the UK than they are in Australia.

2.3.2 Retail market structure

A second reason for my view is that there are a broader range of trade channels through which children's books are available to UK consumers than in Australia, and consequently, children's books have permeated the UK market in a much bigger way. Alongside the major retail chains, which as discussed have huge reach and influence, consumers can buy books from a large number of other outlets in the UK, including their local supermarket and on the internet. Although internet sales cannot be separated out in BookScan figures in the UK (because of the fact Amazon is the only significant player), many comment that the role played by Amazon UK in the children's market is considerable, particularly for sales of popular children's books like *Harry Potter*. In Australia, supermarkets do not exist as major bookselling outlets at all, and it is virtually unknown to buy books from the internet, as there is currently no Amazon or similar outlet operating in the Australian marketplace.

Discount stores such as Big W, Kmart and Target, as well as department stores including Myer and David Jones, are important children's book retailers in Australia, and these type of

outlets are not significant in the UK. However, department and discount stores are not as prevalent as supermarkets, and they do not have the reach or ease-of-use that internet booksellers have. In addition to this, although the independent bookselling market is strong in Australia, I feel that relatively fewer specialist children's independent booksellers seem to be in operation than are in the UK. I feel this is influenced by the prominence of high street 'strip shopping' areas in the UK, rather than the major shopping centres that often define the Australian retail market.

2.3.3 Publisher / retailer balance of power

A final reason for my view is that the balance of power in the UK is tilted heavily toward retail (and particularly, toward the chain bookshops), certainly more so than in the Australian market. As discussed in section 2.1.4, the behaviour and strength of the chain bookshops in the UK is viewed to be a key catalyst for the best seller trend, and may be an indication of why the trend has not manifested in the same way in Australia. I feel this is because of both the strength and size of the chain bookshops in the UK, and the higher incidence of price led promotion in the UK children's marketplace.

There is less concentration of buying power in the Australian market. Although chain bookshops are influential in the Australian market, as stated above, department and discount stores also hold significant market share. The fact that the market is not weighted as heavily toward one channel may be one reason why the balance of power between publishers and booksellers is more equal. In the UK, the support of even one key chain bookshop (although not guaranteeing best seller status) does give a new title a far better chance of success. Conversely, lack of support from one major chain may mean a book has to fight extraordinarily hard to do well. I feel this is less of the case in the Australian market.

Price led promotion in the chain bookshops also seems to be much more widespread in the UK than I feel it is in Australia. Although there is a high incidence of price competition between the department and discount stores in Australia (as there is between supermarkets in the UK), for the most part, the price promotion that does occur in the chain bookshops is much less aggressive than it is in the UK. Promotional terms and co-operative spend given to chain bookshops in Australia also seem to be considerably lower than they are in the UK children's market. In the UK, I found that children's books were sold 'sale or return' to bookshop chains even when promotional terms of up to 65% were given. In Australia, publishers might be likely to walk away from terms this high, or may only agree to a 'firm sale' deal. This is evidential of the power of the retail chains in the UK, which is not currently replicated in the Australian market.

For now, I feel the Australian children's book market has not reached the level of superlead strength that is occurring in the UK. However this is not to say there is no evidence of such a trend. Retail indicators are showing that the children's category is outperforming other areas of the Australian book market, and children's books are targeted as a growth area. According to BookScan in Australia, the children's category is becoming increasingly competitive, and (even taking out *Harry Potter*) there has been significant volume growth at higher price points, encapsulating the 'big new books' that are often the focus of the superlead trend in the UK. In addition, there is some evidence chain bookshops in Australia are replicating a similar promotion style to the UK chains, with greater focus on fewer top selling books, and children's promotions moving to front-of-store. It will be interesting to see whether the Australian children's book market trends further in this direction in future years.

3.0 INDUSTRY COLLABORATION AND ‘EXPANDING THE MARKET’

Turning back to the UK, during my stay I was also interested to learn about collaborative strategies that were used within the UK book industry to promote and expand the market for children’s books. Although the primary goal of my research was to examine the best seller trend, the concept of cooperation to drive overall market expansion was an area I became more interested in as my stay progressed. The view I brought away from the UK was that many publishers and booksellers took an active interest in expanding the market for books in the UK. Although industry members obviously wanted to promote growth in their individual companies in the short term (and expand market share), I also felt there was a conscious sense of involvement in the longer term goals of promoting reading for children and the enduring growth of the market.

3.1 Industry initiatives

There are numerous marketing activities conducted by the children’s book industry. Many of these are organised through industry groups such as the Publishing Association’s Children’s Book Group or the Children’s Booksellers Association, in which many prominent industry members are involved. I will summarise some of the more prominent activities as follows and consider them in more detail below;

- Awards and prizes;
- Events;
- Collaborative marketing and book promotion, and
- Other industry initiatives.

3.1.1 Awards and prizes

My initial reaction to the UK children’s book awards structure was that there are quite a lot of prizes and awards in existence (to the extent it took me some time to understand the awards process). One publisher states the industry is ‘at risk of too many prizes’. The major awards include those administered by Booktrust, including the high profile Nestle Smarties Book Prize and the more recent Booktrust Teenage Prize, which has five teenagers on its nine strong judging panel. There are also library based prizes including the Carnegie Medal and the Kate Greenaway Medal. Other high profile prizes include The Blue Peter Book Awards (which are selected by a celebrity judging panel), The Whitbread Children’s Book of the Year Award, The Guardian Children’s Prize, The Red House Children’s Book Award and The British Book Awards. Ottakar’s booksellers have also recently introduced the Ottakar’s Children’s Book Prize. Many other regional prizes also exist.

Views varied on the benefits of the children's awards process in the UK. One industry member told me that 'prizes are the way to get sales', and that many successful children's authors started out by winning a prize. I was able to attend a couple of award ceremonies and felt they were well attended by industry members. The awards process seemed to be very important for author recognition, and was perhaps the best way to create publicity for a book without extensive marketing spend. The 2004 winner of the Carnegie Medal, *A Gathering Light* by Jennifer Donnelly, a debut novel published by Bloomsbury, sold more than 400,000 copies in the UK trade after it was awarded the Carnegie Medal, (although it did benefit from inclusion on the *Richard and Judy* show, which gave it some cross over potential).

Others in the industry were concerned that awards 'were preaching to the converted', and that they did not help to increase the awareness of reading or expand the market for books. There did also seem to be some concern over the way children's prizes and awards were promoted in the UK, and industry members worried that often, awards did not receive the press coverage they needed to help promote sales. There was also concern that, although books were often stickered with prize 'medals', award winning books were not otherwise extensively promoted in bookshops. I did notice in bookshops that, although adult prizes such as the MAN Booker Prize were highlighted in prominent front of store displays, this rarely occurred for children's book awards. One publisher commented that 'there is a breakdown between the retail world and the prize people. Children's book prizes don't mirror the adult world in the way that they are promoted'.

3.1.2 Events

Literary events seem to be well-attended by children's industry members and authors in the UK. These events include high profile book festivals such as Edinburgh International Book Festival and The Guardian Hay Festival in Hay-on-Wye, as well as children's specialist festivals including those in Swansea and Cheltenham. According to one publisher, attendance at adult book festivals is an excellent way for an author to promote themselves and establish recognition amongst book buyers (according to industry research, more adults buy children's books in the UK than children themselves), particularly for authors with cross over potential. Events attended by children also promote authors to their own audience and are an excellent means of developing new readers. However one publisher notes that it is important to be selective about which authors attended festivals, as these events were costly, and were sometimes not suited to every author. There was also some concern that the cost of sending an author to a festival was not always justified by the ensuing book sales.

3.1.3 Collaborative marketing and book promotion

By far the most high profile collaborative marketing strategy in the UK is World Book Day. World Book Day was initiated by the Publisher's Association's Children's Book Group. It is supported by both the Publisher's Association and the Bookseller's Association and is a charity event which raises money for Book Aid International, providing books to readers in Africa. World Book Day is also a means of expanding the market for children's books and gaining new readers.

The 3rd of March 2005 was the eighth World Book Day to be run in the UK. Children throughout the UK and Ireland are given a £1 book token, via their schools, to spend on a book of their choice at participating outlets. New books by children's authors are also published, by a range of publishing houses, and sold for £1 in bookshops. The Publisher's Association reported a significant increase in participation rates from both schools and retail outlets in 2005. Kate Bostock from the Publisher's Association told me that the £1 book tokens have been the mainstay of World Book Day, and that they now send out about 14 million tokens to schools, and now also to pre-school centres. Many industry members spoke very positively about the World Book Day initiative and were supportive of the retail initiatives used, as well as the way it brought retailers, publishers and schools together. One publisher told me that World Book Day had been 'immensely successful' and was one of the best marketing initiatives used, not just for children's books, but in the overall UK book market.

Some industry members spoke more cynically about the World Book Day process, with one industry member commenting it 'seems to be about ego for publishers and kudos for authors'. Although most acknowledged it did raise the profile for children's books, one publisher says the industry has 'to decide if it is a commercial enterprise or a way to get children reading', and that there needed to be a clearer picture given to the public of what World Book Day was trying to do. There was also a concern that, although the promotion was 'great for kids under 10 – it is harder to promote to older kids because they are aware of marketing'. Other publishers acknowledge that it could be a somewhat fraught process, and that full potential had not yet been reached. However, most industry members spoke very positively about World Book Day, with one publisher commenting, although the process was 'deeply political, it is still positive, because the child doesn't know about the politics and will still buy the book that they enjoy'.

Another marketing initiative instigated by the Publisher's Association Children's Book Group is The Guardian Children's Book Insert. The insert, which was published while I was in the UK, is titled 'Look at a Book', and includes articles from well-known children's authors as well as recommended reads for all children's age groups. It is very attractive and is illustrated throughout by popular children's illustrators. The insert also includes paid advertising from

children's publishing houses, included as 'publisher recommendations'. The Children's Book Group has created three such inserts in the past six years, and found them to be very successful. It is a very popular insert in The Guardian and consequently well supported by the newspaper itself. Copies are also given out at schools, and at bookshops including Ottakar's and Borders. One criticism is that inclusion in the insert is expensive for small publishers, but one small publisher told me it was often cheaper 'than getting a book into a chain book promotion'.

Another area that is currently under examination by the Publisher's Association Children's Book Group is the introduction of standardised age-ranging for children's books. During my stay, BML released initial research for the children's book industry, examining the benefits of age-ranging, and analysing whether such a move would expand the market for children's books, by simplifying the book buying process for book buyers, and assisting bookshop staff. Views on the concept of age-ranging varied. According to BML research, over three quarters of (bookshop staff) respondents felt that it would be 'fairly or very helpful to develop a standardised approach to age-ranging for children's books'. However one bookseller told me that age-ranging was a means of alienating children and discouraging both slow and advanced readers. The industry would perform further consumer research before any decision was made.

3.1.4 Other industry initiatives

There are a number of other industry initiatives that I noted during my stay. One such initiative is the Children's Laureateship, which was started in the 1990's. The £10,000 award is given to an distinguished children's author or illustrator, who is given the task of promoting reading to children throughout the UK. The recently awarded recipient is Jacqueline Wilson, and previous recipients have included Michael Morpurgo, Quentin Blake and Anne Fine. Jacqueline Wilson will use her time as Children's Laureate to encourage 'reading aloud'. I found this initiative to be well supported throughout the industry. According to Philippa Perry, who acted as publicist to Michael Morpurgo during his time as Children's Laureate, 'the role is an excellent means of promoting children's books and reading'.

Bookstart, an initiative run by Booktrust in the UK, is a means of encouraging reading, and a love of books, by giving free books to new parents. According to Claire Hood, of Bookstart, the process was initially funded by the Unwin Trust in Birmingham in 1992 but has now expanded to become an country wide initiative. It is now funded by Sure Start and also given government support. Publishers provide books at cost price, and printers also assist by charging cheaper printing prices. The Bookstart initiative consists of three packs. The 'Baby Pack' is given to new parents at health centres when their baby is seven or eight months old. Another Bookstart pack is then given to parents of two year old children, also at health

centres. Finally, 'My Bookstart Treasure Pack' is given to children themselves at age three to four, through early learning centres or pre-schools. Each pack includes free books as well as a guide including book ideas for parents. A number of industry members spoke supportively of the Bookstart initiative.

Summary - Industry collaboration

The UK children's book industry works collaboratively to promote and expand the market for children's books. Collaborative activities include awards and prizes, events, and marketing and book promotion. Many publishers and booksellers take an active interest in expanding the market for books in the UK through these collaborative activities.

I feel it the sustained and expanded use of collaborative industry strategies is an important means of combating challenges brought about by the best seller trend. With financial incentives and retail promotions helping to increase sales of best selling books, and to grow the market, industry collaboration can ensure a diverse range of children's books and authors continue to be published and promoted.

4.0 CONCLUSIVE REMARKS

A full summary of findings can be found on page 3 (Key Findings).

My stay in the UK was made all the more enjoyable by the fact the children's book market had recently been experiencing significant sales growth. Children's books were at the forefront of industry news; with children's book departments expanding, children's author advances continuing to grow and children's book articles taking up more space in trade magazines. Most of those I spoke to shared a positive outlook for the children's book trade. It was an exciting time to be discussing this area of the market.

The Unwin Trust Fellowship gave me the unique opportunity to step away and observe the UK market in a non-participatory role. I found this to be an extraordinarily valuable learning experience. My research has touched only lightly on some of the issues affecting the UK children's book industry today. However given the ideological similarities between the Australian and UK book industries and our historical ties, I hope this report has highlighted some issues that will be of interest to both markets.

ACKNOWLEDGMENTS

I wish to thank the Unwin Trust for funding this wonderful fellowship. I enjoyed every moment of my time in the UK; it was an invaluable learning experience. Particularly, thanks to Unwin trustee John Taylor who ensured the administrative side of my trip ran so smoothly, and also to trustees Ainslie Thin, Merlin Unwin and Adrian Stevenson. In Australia, thank you to Michael Webster, Patrick Gallagher and Paul Donovan who provided both enthusiasm and support for my project.

Thank you to all those members of the industry I spoke to in the UK and Australia who shared their insights on the children's book market. All are mentioned by name in Appendix A.

I also wish to thank Emma Hopkin and all at Macmillan Children's Books in London. I am grateful to those who shared their office space and gave me invaluable introductions to UK publishers and booksellers. In Australia, thank you to Andrew Farrell and Peter Phillips at Pan Macmillan, for supporting my decision to apply for the fellowship and aiding my transition to and from work.

Thank you to Unwin fellows Lorien Kaye and Rebeka Cohen who provided invaluable suggestions from their own experiences, and to Michael Webster for feedback on this report.

Finally, thanks to Emma and Simon Shercliff who made the stay so much more enjoyable, and to Ashley Barker for being a constant source of support and encouragement.

Appendix A:

List of book industry members who assisted with this research:

(in alphabetical order)

UK:

Leslie Agnew	Owner / Manager, Muswell Hill Children's Bookshop
Jon Appleton	Senior Editor, Orion Children's Books
Viviane Bassett	Marketing and Publicity Director, Macmillan Children's Books
Kate Bostock	Publisher's Association (Children's Book Group)
Sue Bradley	British Library 'Book Trade Lives' Project
Hazel Broadfoot	Owner / Manager, Dulwich Village Bookshop
Rosemary Canter	Literary Agent, PFD Agency
Suzanne Carnell	Editorial Director (Picture Books), Macmillan Children's Books
Richard Charkin	Chief Executive, Macmillan
Vanessa Clarke	Deputy UK Sales Director, Macmillan Children's Books
Rebeka Cohen	2004 Unwin Trust Fellow
Sarah Davies	Publishing Director, Macmillan Children's Books
Philippa Dickinson	Managing Director, Random House Children's Books
Laila Dickson	Sales Manager, Macmillan Children's Books
Sarah Dudman	Editorial Director (Black and White), Macmillan Children's Books
Julia Eccleshare	Children's Book Reviewer, The Guardian and Director, The Centre for Primary Literacy Education
Megan Farr	Publicity Officer, Macmillan Children's Books
David Fickling	Publisher, David Fickling Books
Kate Flood	Sales Representative, Bounce Sales and Marketing
Lindsay Fraser	Literary Agent, Fraser Ross Associates, Edinburgh
George Grey	Head of Children's Books, Waterstone's
Sally Gritten	Managing Director, Harper Collins Children's Books
Elizabeth Hamill	Director, Seven Stories Centre for Children's Literature, Newcastle
Jo Henry	Managing Director, Book Marketing Ltd
Christian Herisson	Sales and Marketing Director, Usborne
Claire Hood	Evaluation Officer, Bookstart, Booktrust
Emma Hopkin	Managing Director, Macmillan Children's Books
Caroline Horn	Journalist, The Bookseller, and Founder, Reading Zone
Sarah Hughes	Editorial Director (Fiction), Puffin
Richard Knight	Executive Director, Nielsen BookScan
Graham Marks	Journalist, Publishing News, and Author
Gaby Morgan	Editorial Director (Poetry / Non-Fiction), Macmillan Children's Books
Sarah Odedina	Editorial Director, Bloomsbury Children's Books
Martin Oestreicher	Sales and Marketing Director, Frances Lincoln
Philippa Perry	Philippa Perry Publicity, and Founder, Reading Zone
Tracy Phillips	Sales Director, Macmillan Children's Books
Cally Poplak	Director, Egmont Press
Nicky Potter	Publicist, Children's Laureate (Jacqueline Wilson)
Alyx Price	Group PR Director, Scholastic
Roger Priddy	Managing Director, Priddy Books
Chris Snowdon	Managing Director, Working Partners
Robert Snuggs	Managing Director, Bounce Sales and Marketing
Becky Stradwick	Children's Book Buyer, Borders / Books Etc.
Ruth Swindon	Bookseller, Bookworm Bookshop, Finchley
Julian Toland	Owner / Manager, Dulwich Village Bookshop
Yasemin Ucar	Senior Editor, Piccadilly Press

Fiona Waters	Director, Troubadour
Zoe Weaver	(formerly) Special Sales Executive, Macmillan Children's Books
Paul Waller	Owner / Manager, Bags of Books Bookshop, Lewes, and President, Children's Booksellers Group
Wayne Winstone	Children's Director, Ottakar's Bookstores
Hannah Rutland	Prize Co-ordinator, Booktrust
Jo Furber	Wordplay (Swansea Children's Book Festival)

Australia:

Gabrielle Bonney	(formerly) Publisher, ABC Publishing
Claire Craig	Children's Commissioning Editor, Pan Macmillan
Laura Harris	Publisher, Books for Children and Young Adults, Penguin
Paul Donovan	Managing Director, Allen and Unwin
Patrick Gallagher	Executive Chairman and Publishing Director, Allen and Unwin
Lorien Kaye	2003 Unwin Trust Fellow
Kim Mace	
Anna McFarlane	Children's Publisher, Pan Macmillan
Garth Nix	Author
Erica Wagner	Children's Publisher, Allen and Unwin
Michael Webster	Program Manager, School of Applied Communication, RMIT, and Principal, Nielsen BookScan Australia

UK Bookshops visited and staff informally interviewed:

Blackwell's	Edinburgh
Borders	Charing Cross Road (London), Brent Cross, Edinburgh
Books Etc.	Bayswater, Fulham, Finchley
Daisy and Tom	Chelsea
Foyles	Charing Cross Road (London)
Hamleys	Regent Street (London)
Ottakar's	Edinburgh, Salisbury, Clapham, Putney
WH Smith	Brighton, Swansea
Seven Stories	Newcastle
Waterstone's	Piccadilly (London), Harrods's Children's Book Department, Oxford Circus (London), Charing Cross Road (London), Edinburgh, Oxford

Appendix B:

Resources

Articles:

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Lorien Kaye, The Unwin Trust UK-Australian Fellowship 2003, *Publisher-Bookseller co-operation in the UK Book Industry*

Nielsen BookScan UK February 2006, *2005 Annual Analysis*

Nielsen BookScan UK August 2005, *Harry Potter UK Special Edition*

State Library of Victoria, The Australian Centre for Youth Literature 2001, *Young Australians Reading*, Melbourne

Taylor, Simon (Ed), *Key Note Children's Publishing Market Assessment 2005* August 2005, Key Note, Middlesex, UK

Online resources:

The Bookseller – www.thebookseller.com

Books for Keeps – www.booksforkeeps.co.uk

Competition Commission - <http://www.competitioncommission.org.uk>

Reading Zone – www.readingzone.com

Publisher and retailer websites