# Beyond Bookscan and AAP: The Good and Bad of 2020 Sales

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**By Michael Cader**

2020 was a year of great challenges and for many great pain, yet at the same time by standard statistics it looks to have been a strong year for trade publishing in general. The two main measures of US trade book sales — Bookscan for weekly print sales, and AAP StatShot for monthly publisher dollar sales — both turned positive in June and stayed that way for the rest of the year. Those strong and steady results gave both relief and inspiration to many people throughout our business, demonstrating the enduring importance and value of books to readers and the resilience and flexibility throughout the supply chain.

Final Bookscan data showed print sales through the outlets they measure up 8.2 percent for the year to 751 million books, an increase of 57 million units, and the biggest gain since 2005. The just-updated AAP data through November shows trade publisher dollars 10.3 percent ahead of 2019.

But there are anomalies to be found in both of those datasets, neither of which may tell the full story through their topline data alone of how the pandemic produced significant shifts in book sales. While publishers and retailers are still analyzing and compiling some of their granular results, we engaged with multiple people across the business to try to better describe some of the sales shifts behind the 2020 data.

In *print book data from Bookscan*, a few trends were clear:

**– Books for children drove the growth**
Children's books comprised about 39 percent of the units sold measured by Bookscan, but they accounted for 65 percent of the growth. Juvenile fiction sold 18 million units more than in 2019; juvenile nonfiction sales grew by 14 million units; and YA sales added 5 million units.

*But* in AAP-measured dollars, growth in children's sales was more modest — up 7.2 percent — versus 11.7 percent growth for adult books. How do you reconcile that?

In part, it reflects the big year for publishers of children's educational materials such as School Zone, Carson-Dellosa and Modern Kids Press that moved millions of units, but do not report to AAP and may or may not be considered part of the trade.

**– Backlist was dominant**
For a number of years now, gains in backlist have driven the market forward, mostly pulled by adult nonfiction (which comprises the biggest segment of the market, at 309 million units in 2020, accounting for over 40 percent of print sales). That's due in large part to the continuing shift of book sales to online. Online bookstores, and the one dominant site in particular, drive long tail and backlist sales.

In 2020 online sales exploded, further driving the rise of backlist, and we can see the boost in all the major categories.
– Juvenile fiction backlist was up 23 million units
– Juvenile nonfiction backlist rose over 14 million units
– Adult nonfiction backlist was up almost 9 million units
– Adult fiction backlist rose by 18 million units

In formats, *2020 was the first time that backlist hardcovers* (at 113.5 million units) *have outsold frontlist hardcovers* (at 111.5 million units).

Online sales also drive up the aggregate market share of the universe of publishers outside of the largest companies. Bookscan's "others" basket would be their largest segment by far if you included the distribution clients who sell through Ingram Publisher Services, Penguin Random House, Simon & Schuster and others, and has risen steadily year over year.

**– It was a hard year for new books**
The surge in backlist obscures the weakness across the frontlist. But with rescheduled publication dates, significantly reduced frontlist marketing and promotional opportunities, and broad closures or cutbacks at physical retail

where many readers are exposed to new titles and recommendations, it makes sense that new titles would suffer.

Adult fiction frontlist fell by close to 4 million units; new adult nonfiction, even with political books that drew headlines and the Obama memoir, still fell by almost 3 million units. The strength in children's books didn't carry over to new titles either: Children's fiction was down 5 million units; and nonfiction was flat.

**– Publishing is not about blockbusters**

We should disabuse ourselves of the notion asserted again in popular media that "publishers have grown more dependent on blockbuster titles." The very top of the list was relatively strong in 2020, driven by media and brand recognition, yet the top 10 titles sold fewer print books than the top 10 two years ago (12.4 million units, versus 12.6 million units). The top 100 titles were ahead of two years ago on an absolute basis (47.6 million units versus 44.8 million units), but still comprised a smaller percentage of the total market.

As NPD demonstrated in their list of the bestselling books of the last decade, the print blockbuster — and especially the fiction print blockbuster — is looking like a thing of the past. But also, big publishers that want to buy more "blockbusters" can do so on the open market, one book at a time, without having to buy up their rivals. The growth of online sales and backlist sales goes hand in hand, and growing the catalog of active titles is the focus of acquisitions among companies of scale.

*Revenue data from the AAP* isn't complete yet, since they just reported November, but it already gives us a more nuanced picture of sales changes during the year. Not so much in the total net dollars, which are 10.3 percent ahead of 2019, at $7.195 billion (an increase of $670 million) — but in the shifts responsible for that increase.

Gross dollar shipments from publishers to accounts were actually dead flat through October, and after a big November are still up just 2.9 percent for the year (a $183 million increase). So publishers were sending about the same amount and value of books out the doors last year.

But those sales were much cleaner, and returns were significantly lower. Returns were $309 million lower, down 20 percent, and account for close to half of the year's dollar gains. That's the effect of significantly higher online sales for books, with customers ordering the books they want, instead of retailers stacking up inventory in stores and then returning a good portion shortly thereafter. And that more efficient sale, with less wasted inventory and shipping back and forth to accounts, is part of what helped boost publishers' bottom line in 2020. The other major source of the gains also helped with publishers' profitability, as digital sales rose $214 million through November, up 16 percent.

Ordinarily, our regular analysis would stop there. But it's clear that the pandemic severely impacted some sales channels and accounts while lifting others, and similarly certain publishers did very well while others struggled to stay close to flat. We wondered whether Bookscan print sales might be higher than usual due to market shifts from unmeasured channels to mainstream ones, and we wondered what the levels of softness in the segments that suffered look like, since the understandable celebration of topline good news may mask or diminish the extraordinary challenges of the year. So we spoke, always on background, to a broad group of executives at top players across the industry to get their views on market movements of significance.

As one executive put it, even though their results were modest, "We're very happy and proud that we made it through 2020." What was pretty clear among the people that we talked to is that the strongest parts of the market — Amazon, everything online, and big boxes and other store chains that stayed open most of the year — were the channels that report to Bookscan. So at least for some people, any strength in Bookscan data could overstate their total performance the year. One observer said they estimated the overall market for print books still increased, but more at the range of flat to a 4 percent gain, rather than the 8 percent increase in Bookscan measured units.

**The Pain Points**

A number of identifiable special markets were weak for multiple players, which should not come as a surprise. **School and library markets** both suffered, particularly for print books. (Both of these markets in turn had notable gains in ebook sales, though.) One publisher indicated public library sales were more resilient than they expected, in part because those budgets start July 1 and were not decreased heavily, though a reckoning could come later in 2021 with the next budget cycle. But **classroom bulk sales** were down, **educational wholesale sales** were down, and **school book fairs** from both Scholastic and Follett suffered heavily, as did **school book clubs**. Another observer reported that wholesalers servicing libraries and the education business were down.

Declines were also noted in **special sales** and **corporate sales**. When **export sales** were up, it was primarily driven by big increases through Amazon's stores around the world. Though not directly related to print sales, many publishers also noted declines in their **subsidiary rights** sales and collections during the year. That aligns with the 8 percent decline in deal reports for translation deals that we reported earlier in the month, and has a strong effect on authors.

Among retail channels, there was a lot of weakness in **airport and travel stores**; **museum stores**; **gift stores** and other specialty retailers; **college bookstores**; and **religious-book outlets**. (One person suggested that with many Sunday church services going viral, the viral word-of-mouth that supports books in those outlets was diminished.) So a lot of this pain fell unevenly across publishers, depending on their product mix and market focus, affecting such lines as travel books and gift and illustrated titles.

Brick and mortar stores clearly had trouble as well, though gauging the full extent is hard. **Barnes & Noble** did not answer our query about their sales for the year, but in early December ceo James Daunt had told the WSJ that if holiday sales were good they would finish the year down by 20 percent. The last fiscal year reported by BN in mid-2019 before being sold to Elliott Advisors showed sales of $3.55 billion — so a 20 percent drop would be on the order of $700 million. Indeed, a report shown to us from one large publisher had their BN sales down 24 percent overall for the year.

Opinions varied on where that leaves the the chain. One publisher felt BN was well positioned to recover quickly as the economy improves, while another judged the situation as pretty dire. Everyone wants to see BN rebound and maintain a strong presence, though the question will be at what cost to publishers. For better or worse, the industry had a live experiment in answer to the long-running hypothetical of what would happen in Barnes & Noble went away.

Though children's books were strong overall, multiple publishers remarked on the particular weakness of children's titles at BN. One person attributed it to the lack of children visiting stores — and of course, no in-store events for children — which they observed across brick and mortar bookstores. Another noted the dropoff in grandparents visiting stores, and one person underscored that the children's sections are at the back of most stores, and many visitors did not linger or make it that far back this year. One publisher reported with sadness that BN "actually gave up on kids books" and said "that's not where we think our strength is" — though it has been the focus of growth for most of the industry.

**Independent bookstores** scrambled energetically to build out online capabilities and deliver books to customers in new ways — along with raising funds from loyal supporters — but it's not clear the extent to which that limited the sales damage. The ABA declined to indicate how much the monitored POS through stores that report to Bookscan declined, telling us they are waiting on results from a broader member survey. (In a July survey of ABA members, however, among about 400 respondents a third were down 40 percent or more, while 26 percent were flat or up a little.) One person estimated that indie market share had fallen as much as half during the year, but another suggested that the rapid adoption of social marketing, virtual events, new ways of selling and delivering online and more all positioned indies to actually gain share after the pandemic is over and emerge stronger than ever.

One publisher noted that their direct business with indies was down, but did not decline as much as expected. With so much indie business serviced through wholesalers — particularly as indies relied more on online sales and other direct fulfillment — it was harder to accurately measure the variation in that business.

But clearly the impact on **bookstore employees** was absolutely devastating. Barnes & Noble eliminated a third of their staff, cutting 7,500 jobs, and reduced the New York-based corporate staff by half, laying off 125 people. Barnes & Noble Education's only year-end regret was not firing an unspecified numbers of employees earlier (after "furloughing the majority of its retail workforce"). Travel retailer Hudson permanently laid off nearly 40 percent of employees by the end of July. And lengthy furloughs and layoffs were reported across a number of signature indie stores as well. The Book Industry Charitable Foundation provided cash support to to more than 2,200 book and comic store owners and their employees during the year.

Another segment of the community hit hard by the pandemic was **authors**. Just because publishers in the aggregate did well, that does not necessarily mean authors prospered in equal measure. As noted earlier, newly-released books had a harder time in 2020, with many fewer ways of getting in front of readers' eyes and in turn diminished marketing, from reduced galleys and advertising to fewer opportunities for bookseller recommendations and store discovery. Authors and agents are concerned that publishers might feel they "learned" that reduced marketing and promotional expenses don't hurt their overall results and are nervously watchful about when or if that part of the process returns to normal.

Many 2020 releases were delayed or rescheduled — sometimes multiples times — and printing shortages made some of those titles hard to print and keep in stock as well. The decline in sub-rights sales that publishers' reported often has a direct effect on authors' earnings as well. And at year end, on the news of Penguin Random House's deal to purchase Simon & Schuster for a hefty price of $2.175 billion, agents were vocally bitter on Twitter that the largest trade publisher was the one that moved firmly at the beginning of the pandemic to split advances of scale — which really are now what the licensing business calls "guarantees" — into five installments instead of four, breaking up the signing payment into two pieces. (By September PRH had moved back to four payments, and near the end of the year they did offer to accelerate the second part of the signing payment into 2020 if authors preferred that.)

An Authors Guild survey in April found that 60% of respondents had lost an average of 43% of their income since the start of the pandemic, due to fewer speaking engagements, adjunct teaching jobs, and diminished freelance journalism work. With a new survey underway now, executive director Mary Rasenberger reports that, "It seems that a higher percentage of authors are now reporting losing part of their income. Of the 62 responses we have so far, 83% say they've lost income, and the average income loss reported is over 50% of their regular income." New is that "over 25% of the respondents also say that loss of book sales contributed to the decline," thought she cautions that is based on a small sample, and the final survey will be more telling.

Rasenberger comments: “We know anecdotally that many authors whose books came out in 2020 did not have their usual sales. I have heard some midlist authors call their sales on 2020 books ‘abysmal,’ ‘ridiculous,’ ‘nonexistent’ – as compared to prior books, even where they doing everything they can to promote the books (often on their own). The pandemic has made it harder than ever to be discovered. At the same time, authors are competing with second-hand (or other non-royalty bearing) books by third-party sellers on Amazon and with increasing piracy. It was not a good year to publish a book for most.” With sales heavily skewing online, “This meant that book buyers knew in advance what they were going to buy and that there was little discovery while shopping.... Mid-list authors naturally fared worse in this environment.”

**The Gains**

What did work fabulously during the year was everything online (and anything direct to consumer, including mail order and subscription boxes). Walmart.com and Target.com showed strength that many found notable — Target in particular, a few mentioned — though as one person noted there’s still one dominant player online and they got stronger still, too. From our conversations, any notion that the broad growth of anything online selling books “took share” from Amazon is wishful thinking. Rather, those other outlets took a portion of the growth, but Amazon looks to have increased their market share considerably: One publisher estimated that the etailer gained 10 to 15 points of share, and is unlikely to give any of that back. At the same time, however, one person suggested that the broad strength of all kinds of online sales — as well as the period during which Amazon de-prioritized some book sales — demonstrated that customers will switch easily among online sellers as needed to get the books and service they want, and that other retailers can continue to win more online business if they are willing to compete for it.

The hidden force behind those broad gains for online and direct sellers — and many other parts of the supply chain that allowed the business to keep up with everything from channel shifts to demand spikes for particular books — was Ingram Content Group, which we should probably be thinking of as the second-largest online player in the business after Amazon. As one publisher noted, “Ingram stepped up” during the year and played a critical role in keeping the supply chain moving.

Both Walmart.com and Target.com are said to rely heavily on Ingram for their online sales. Bookshop.org received a lot of attention for during the year for driving more sales and proceeds for independent bookstores than initially planned during, but almost no one focused on how Bookshop is a consumer-friendly branding and skinning on top of Ingram services. The “distributed bookstore” coding structure is based on the Aerbook technology that Ingram acquired a number of years ago. And Aerbook founder Ron Martinez is now working with Publica Bookstore to roll out a similar but different type of distributed bookselling, focused on digital sales and soon to include collective incentives for every network participant (publisher, seller, or consumer), also working with Ingram’s CoreSource Plus. And those structures are there for any retailer, author, publisher, media outlet or influencer to draw on.

Though Ingram had long avoided any direct-to-consumer offerings of their own, the strong start for Bookshop shows how Ingram can and probably will drive everyone else’s direct offerings forward, achieving organically what the book publishers hoped for but never achieved with Bookish. As consultant Mike Shatzkin (who also consults for Ingram) puts it, “They are the company that ships to every home in America that nobody knows.”

Booksellers stepped up their use of Ingram’s Direct to Home service that fulfills individual orders on behalf of a wide range of retailers, packaged with the store’s own branding, and publishers relied on Lightning Source more than ever in a year of continuing printing shortages, and big demand spikes for backlist books such as the summer surge of interest in titles by Black authors.

In physical stores, the main gains were made through Walmart and Target, as well as other retailers that sold food or other products deemed essential and were allowed to stay open, and stay busy, during all of the various shutdowns. Despite the considerable progress made, one publisher suggested they are still figuring out how online book sales work.

The other segment that did well, at least in the aggregate, is the broad universe of companies 0utside of the largest publishers, due especially to this year’s combination of driving forces. The growth of online bookselling naturally distributes sales across the long tail, since big books and book titles have fewer marketing advantages online (aside from the very biggest authors and books).

This year added a wealth of publishers to the mix, from publishers of authors of color to educational publishers. There were also some indications that smaller and mid-sized publishers had less trouble with printing supply and long out-of-stock situations during the year, since their needs and printing runs tend to be more modest.

Bookscan's basket of "other publishers" outside of the top 15 companies has been rising steadily year over year for some time now, and would comprise their largest segment by far now if you included the distribution clients who sell through Ingram Publisher Services, Penguin Random House, Simon & Schuster and others.

The other notable gains were in publishers' bottom lines. Here a lot of forces worked in publishers' favor, helping protect or in many cases increase profits, whether or not they saw a sales boost. For one public example, through the first three reported quarters, sales at HarperCollins were up 2.6 percent — but their EBITDA was 19 percent higher. As already noted, online sales — and lower returns — are more efficient, and profitable for publishers, as is the solid growth for digital formats. Backlist sales generally are better for publishers' bottom line. Those big accounts that drove much of the year's sales also tend to pay their bills, regularly and in timely fashion, which is good for cash flow. While the shift to work from home added technology expenses and stress as everyone pivoted, it also lowered a broad variety of expenses: Travel, entertainment, trade shows, galleys, marketing/advertising/promotion and more line items were often much lower, and in a number of cases salaries were temporarily reduced to conserve cash as well. The big question here will be the extent to which those expense lines are restored whenever we return to the new normal, or if publishers think they have learned they can spend less on some of these things and focus their investments.