

Print on Demand

Special to BookTech by Danny O. Snow

For centuries, publishers have wrestled with one simple but crucial question upon which their success often depends: How many copies should we print? On one hand, fundamental economics of printing encourage publishers to produce as many copies as possible to achieve better economies of scale and lower per-unit costs. Meanwhile, the cost of unsold copies can also erode profit margins.

The sunny side of POD

Print-on-demand (POD) increasingly offers today's publishers a good solution to this central dilemma. By allowing publishers to print exactly enough copies to meet market demands and no more, POD drastically reduces, or even eliminates, the effect of unsold copies. The benefits of eliminating waste and reducing financial risk/expense are enormous to the publisher. Of course, contemporary POD technologies can be limited and do not yet meet the needs of all publishers. But POD's limitations are diminishing every day, and the technology's economic benefits are so powerful that more publishers are finding ways to use it successfully. This article will explore the reasons why, as explained by key industry players.

Not exactly a new phenomenon

The concept of on-demand delivery isn't new in industries outside publishing. Retailers of hard goods have relied on "just in time" (JIT) delivery for years. For example, a key factor in the success of retail giant Wal-Mart was the linking of its in-store cash registers to a centralized inventory control system, allowing the retailer to replenish inventory in direct proportion to sales. However, retailers' JIT systems depend on having readily-available previously manufactured goods located in a central warehouse. POD takes the concept to the next level: The product is manufactured and shipped on demand, practically eliminating the need for inventory, warehousing expenses and many other costs associated with bringing books to market.

The technology allows publishers to:

- * keep more books in print, including regional sellers;
- * bring back out-of-print titles;
- * test-market new titles;

* facilitate the market for foreign language publications in the United

States;

* reach customers anywhere in the world; and

* avoid costly overstocks.

Further, POD printers are improving their systems every day, and already pose a serious challenge to conventional printing in many markets. To illustrate some ways in which POD printers are serving publishers better in several key areas, consider the following facts.

Per-Unit Costs

Problem: The per-unit cost of POD books generally is quite high, compared to conventional printing. For example, a 300 page 6x9-inch paperback with four-color cover can cost \$3 to \$6 to produce, using most current POD systems.

Solution: As POD technologies evolve, production costs are coming down, says Victor Celorio, CEO of InstaBook, a Gainesville, Fla.-based manufacturer of equipment that allows users to print and bind a book in seconds. The company's integrated, single-step book-maker can produce books of the above-mentioned specifications for about \$1 each. Even at higher per-unit costs, POD still may be more cost-efficient than offset printing for many modest-selling titles.

Don DeHart, president, DeHart's, Santa Clara, Calif., quips that a publisher who offset prints 3,000 books but has 2,900 in the warehouse really hasn't saved any money at all.

And according to John Ruggeri, vice president of marketing for Phoenix Color, Hagers-town, Md., "The only cost-effective method of printing short-run books is print-on-demand. The cost advantage to printing less than 500 copies almost always favors POD over offset," he notes.

Not on the Shelves

Problem: Because POD books aren't printed until consumers place their orders, the lack of availability at point-of sale (POD books rarely are on bookstore shelves) may be a drawback. In an age of instant gratification, consumers don't usually want to wait several days to get their purchases. For example, at online booksellers such as Amazon.com, there's substantially less contrast between POD books and conventional books. I recently ordered a POD title from a dot-com bookseller, and had it delivered in five days--about the same as a traditional book ordered online. While online orders for POD books aren't always fulfilled this quickly, the integration of systems for publishers, printers and retailers is steadily improving.

Tomorrow's Solution: In the future, installation of on-demand printing systems directly in bookstores could allow retailers to fulfill consumers' orders in less than an hour. Many industry observers believe a significant number of bookstores may someday begin to produce books on-site,

increasing the speed of POD order-fulfillment considerably.

Production Limitations

Problem: Production limitations pose problems for specialty markets. For example, leading POD printers don't yet offer color in book interiors, making it difficult for publishers to tap some lucrative markets, such as POD-printed children's books. Other POD printers offer interior color, but it's expensive.

Solution: InstaBook offers four-color capability, notes Celorio.

The Publisher's Point of View

More and more small to mid-sized presses use POD to their advantage, especially when bringing back out-of-print titles and test marketing new releases--all with minimal financial risk. For publishers, the benefits of squeezing additional revenues from previously published books with minimal investment; test marketing new releases with nominal risk; and keeping marginal titles in circulation without paying for additional printings, present unprecedented business opportunities.

What's Ahead?

Clockel of IBT believes current publishing trends toward greater efficiency and cost-effectiveness will, of course, accelerate. At present, he says, "IBT-manufactured books can be less expensive at quantities up to 750 copies than conventional offset printing. And, in the years to come, bigger and faster digital webs will allow digital printers to be competitive in quantities up to 2,000 units. "On the back end," he continues, "computerized binding lines that allow for quick, automatic makereadies will further the competitiveness of this process." Responding for LSI, Hall adds that overseas publishers are poised to jump in with POD services soon. "There's a clear readiness and willingness internationally, particularly in the U.K. "

As summarized by Susan Frost , "Print-on-demand is making publishers and authors rethink their printing/publishing strategies. From rights management to production, from inventory to shipping, POD is making a major impact in the publishing world." Of all the new technologies that promise to revolutionize publishing, POD offers publishers the best bridge between the production methods of tomorrow and the markets of today. POD books combine many of the economic advantages of e-books, CD-ROMs, etc. while producing "real" books that hold appeal for millions of readers worldwide, using established distribution channels.

Author/Publisher Danny O. Snow has been quoted about new publishing technologies by news media including The Wall Street Journal, Los Angeles Times, Washington Times, Denver Post, National Public Radio and others. He is co-author of a POD book about new methods for producing and promoting books, titled U-Publish.com with Dan Poynter, and serves as CEO of Unlimited Publishing LLC.

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