Expert Insight

New Horizons in Book Publishing

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My team is always asking how the Hachette Group, an international publisher, can become the most innovative provider of reading and learning. We research how new technologies, partnerships, or business models could expand our reach in an increasingly competitive attention economy.

For most of our proof of concepts, we work with partners large and small to create new experiences and test them with readers. Alternatively, we will build our own technology, such as a proprietary trend detection tool for identifying various signals on the internet that we use to spot talent and to inform demand-driven book creation.

Our company, Hachette, has widely gained expertise by bringing start-ups in house and learning from them. We’ve welcomed entrepreneurs specializing in digital-first publishing, the creation of board games and mobile games, brain training applications, and educational games.

Today, as we look forward in 2021, we identified several strategic publishing opportunities. One of them: the chance to reach and engage younger readers, who have come to expect some level of interactivity and agency from entertainment activities. TikTok, Roblox, and Fortnite has shown how people love to shape and share their experiences with friends and co-creators.
We’ve harnessed augmented reality to give readers the ability to scan the front and back covers of Orbit science fiction books and magically animate the covers or unlock a special video in which authors seem to speak directly to them. Similarly, our educational publishers created ways for students to manipulate 3D objects in a textbook, and our travel guide divisions created an augmented reality treasure hunt among monuments in Paris that leverages the content and expertise usually locked in a book while the consumer is out “in the wild.”

We’ve incubated startups that offer new forms of content creation, such as a collaborative writing platform that allowed authors to react together to pandemic isolation and provided a writing contest for high school students to connect while they were socially distanced.

We also strive to connect to readers on the platforms they haunt: creating chatbots of characters on social media platforms, teasing new book titles on TikTok, or promoting paid newsletters from authors to their most avid fans who opted in to receive exclusive offers.

We also believe that consumers will increasingly adopt the audio interface, and that it is leading the way to ambient commuting. By adapting books that have already been published, we’ve re-imagined stories that can work on smart speakers by using voice activations to let a child choose their own adventure, just by speaking a wish out loud.

Hodder Studio has created audio originals—also known as active audiobooks—that encourage listeners to garden or cook as they listen. They’ve published Seeds from Scratch and Breaking Eggs for people that want expert audio companions guiding them along as they learn.

Many of Hachette imprints have also created podcasts to promote books, genres, imprints, and authors. The early enthusiasm around Clubhouse, the audio chat social network, shows that the connections that can be made using the human voice are just starting to be more fully explored.

We believe that data aggregation and analysis, as well as AI, will continue to play a big role in publishing in the near future.

Data is key to understanding who our readers are and what they enjoy and what they want. Reader analytics, then, has been the focus of many of our efforts. We’ve set up online communities where we can A/B test covers, titles, and descriptions, and measure engagement by time spent reading, completion rates, and qualitative surveys.
We’ve designed experiments that analyze visual “heat maps” showing where the human eye goes on covers and marketing materials, and data aggregation (and AI) to identify cover trends in upcoming publishing seasons. Even fine-grained data about what is in our books is also sometimes surprisingly hard to access. That has led us to create a “tagging factory” in France to enhance the metadata around titles, word clouds extracted from full texts in the U.S., and book recommendations created using “verbal DNA” patterns in books.

We should soon be able to use AI to alert a publicity team to focus on a book from Hachette’s enormous backlist that is newly relevant due to a news event.

In the future, artificial intelligence will push publishing to evolve even further.

GPT-3 has just begun to show us how autogenerated text may be able to extend story worlds and allow personalization or customization at scale. Although AI and data will never replace the creativity of writers or the expertise of publishers, they can be used as powerful tools by those that understand their capabilities.

As sales continue to move online and digital formats gain traction, new platforms will arise to support authors, independent booksellers, and publishers—and to entice new readers.

All-you-can-eat subscription models, we think, make no sense for books—a long format with deep engagement and commitment that isn’t usually bingeable. However, expert curation, early access, and exclusive content can distinguish subscription services offered by publishers. One example is the Feminist book box being offered by Hachette UK, which curates books from across 10 different imprints.

As the transformation of our business and our lives continues, Hachette will continue to bring delightful stories and useful information to people in formats both traditional and new.

Hachette Livre is an international publisher with a huge variety of publishing segments, and as the director of the Hachette Innovation Program Maja Thomas works to accelerate the company’s digital transformation by testing and applying experimental concepts, prototyping new solutions, and spreading a culture of innovation.
In January, Rolling Stone announced that it would let “thought leaders” pay $2,000 for the privilege of writing for the magazine’s website.
Technology is lowering the barrier for creators to build a direct connection to their audience. Low-cost tools to produce newsletters, podcasts, and niche experiences allow individuals to create personal media brands. One-to-few networks, however, can be a powerful vector for disinformation and misinformation because they lack the editorial safeguards that protect traditional media.

Examples
Online publishing platform Substack lured big names like tech journalist Casey Newton and political columnists Matt Taibbi and Andrew Sullivan away from traditional gigs last year. Substack also gave Glenn Greenwald an outlet when he quit The Intercept, the national security journalism outlet he helped build, in an act of anti-censorship protest. (According to his editors, he was trying to publish without evidence.) Greenwald has the name recognition to thrive on Substack, but he has a track record of grandiose claims, and is now free to publish without oversight. Not all niche networks are high-tech: Last year, Wired reported on anti-vax propaganda spreading through insular ultra-Orthodox Jewish communities in Brooklyn via conference calls. WhatsApp encountered a similar problem in 2018, when rumors about child kidnapping spread quickly across rural India leading to a series of mob lynchings, and more recently with the spread of COVID-19 misinformation.

Disruptive Impact
It’s easier than ever for influencers to get paid for their work—and there’s growing evidence that consumers will pay creators directly. Services like Substack and Revue offer tools to launch a subscription newsletter, and Twitch can turn a video game habit into a streaming video business. These platforms are also broadening the definition of what influencers can get paid for: Patreon has been used to fund community organizing and anti-racism projects, while OnlyFans enables creators to monetize their influence through soft-core pornography. Some streamers can make a meaningful income, but only by streaming nearly constantly throughout the day, without any time off. Unless the influencer economy evolves to provide paid time off or other benefits, it will be hard for creators to participate in a sustainable manner. Ultimately, all informal networks satisfy a basic human need to connect, but they can also isolate niche communities by amplifying unverified ideas within the group.

Emerging Players
- Substack
- OnlyFans
- Twitch
- Zello
- Patreon
Media Consolidation

**KEY INSIGHT**

Consolidation continues as media companies try to overcome shrinking margins on ad-supported media. This trend is now spreading from legacy media giants to digital upstarts that need to justify years-old investments that fueled their growth. Concentration of ownership into the hands of a small group of conglomerates threatens diversity in the press and on the airwaves.

**EXAMPLES**

Media consolidation is coming for digital upstarts. After several years of increasing consolidation among legacy publishers, 2020 saw a handful of landmark deals in news media. BuzzFeed and HuffPost merged in November, bringing together two of the biggest names in digital publishing. Like similar deals in legacy media, the tie-up aimed to generate efficiencies and a bigger scale for selling advertising. The concentration of legacy news publishers continued as McClatchy, a 163-year-old newspaper chain, emerged from bankruptcy under the ownership of Chatham Asset Management, which owns one of Canada’s largest newspaper companies as well as the publisher of The National Enquirer. Chatham beat out Alden Global Capital, another hedge fund. Both funds have a track record for cutbacks at the newspapers they own—one of the reasons that media consolidation is generally associated with weaker local news coverage.

**DISRUPTIVE IMPACT**

The U.S. Federal Communications Commission’s policy of deregulation under Chair Ajit Pai accelerated the pace—and benefits—of consolidation for legacy companies. But Pai left the FCC on January 20, 2021, and President Joe Biden will appoint a Democratic majority to the panel. Watch for major swings on key regulations like net neutrality, and for disruptions to news coverage in regions with recently consolidated newspapers. Because nearly every major newspaper chain in the United States has seen some consolidation in the last year, this trend will likely impact your region if you live in the U.S.

**EMERGING PLAYERS**

- Vox Media
- BuzzFeed
- Chatham Asset Management
- Alden Global Capital
- Sinclair Broadcast Group
- Center for Innovation and Sustainability In Local Media at the University of North Carolina, Chapel Hill
KEY INSIGHT

The best journalism reveals hidden truths and keeps those in power accountable to the public. Increasingly, that means unpacking how algorithms and big data shape our world. News organizations need specialized reporters with the technical skills to understand how technology operates in the world, and to explain it to a nontechnical audience.

EXAMPLES

The Markup, a news website focused on the societal impacts of big tech and algorithms, began publishing in 2020. The startup distinguished itself with publishing tools like Blacklight, a real-time privacy inspector, and Simple Search, a browser add-on that removes sponsored search results. Like the Online Political Ads Transparency Project, a New York University initiative that aims to expose how political Facebook ads targeted different users, The Markup's tools are meant to make it easier for laypeople to see how they are tracked and targeted online. The New York Times Visual Investigations unit made a splash in January 2020, using crowdsourced video to re-create the exact moment that an Iranian missile shot down a Ukrainian airplane. That report required fusing multiple disciplines to synthesize a conclusion that undercut the Iranian Air Force's original narrative about what had happened.

DISRUPTIVE IMPACT

News organizations need reporters who can work collaboratively in teams with diverse skills, from explaining technical concepts and reverse engineering code to developing sources and processing geospatial information. As technology advances, it is harder for laypeople to understand how systems function—even as those systems become more deeply embedded in the fabric of our society. Understanding where information comes from, how it spreads, and the impact it has—not to mention explaining the outcomes of algorithmic decision-making—are central responsibilities for journalists who wish to hold powerful systems accountable. Investigating algorithms has never been more important than it is now.

EMERGING PLAYERS

- The Markup
- Bellingcat
- Washington Post computational journalism team
- New York Times visual investigations team
- Tow Center for Digital Journalism at Columbia University
- Computational Journalism Lab at Northwestern University
- Online Political Ads Transparency Project at New York University

The Markup built a browser extension called Simple Search that helps users differentiate between "traditional" search results and ads or other results.
KEY INSIGHT

A proliferation of content competes for audiences’ time and money, opening new opportunities for media companies while also risking that the abundance of subscription options could overwhelm consumers’ willingness (or ability) to pay. Without entrepreneurial thinking and business model innovation, news organizations may not keep up with emerging media.

EXAMPLES

Whether it’s subscriptions, memberships, or donations, we’re living in the age of audience revenue. But the subscription economy is bigger than news paywalls, streaming video services, and direct-to-consumer offerings: Soon, more consumers will be asked to pay for virtual fashion, XR experiences, and gaming. Software-as-a-service companies like Piano and Pelcro make launching a subscription or membership program relatively easy. Keeping subscribers is harder: Subscription service platform Zuora reports that media businesses have an average annualized churn rate of nearly 34%, the highest of any sector studied, and on-demand streaming services face even higher rates of subscriber loss than news media, according to The Information. Meanwhile we’re living through the first major recession since the launch of most digital subscription programs, with consumer spending on “other services” such as subscriptions dropping 17% in the second quarter of 2020, and remaining far below pre-pandemic levels into 2021.

DISRUPTIVE IMPACT

Every subscription business has a broad set of competitors. Local newspapers, for example, aren’t just competing against The Washington Post and The New York Times—they’re competing for time and share of wallet with every other audience-funded business. To track the future of subscriptions, watch gaming platforms like Fortnite, which is free but boasts an ecosystem of in-game purchases that successfully entices users to spend—how many news subscriptions can honestly say the same? The growth of the subscription economy also raises important questions around access and equity. As Heather Bryant, a respected journalist, observed on Twitter during the U.S. presidential election: “Arguably one of the most critical events in the modern history of this country is happening with the election right now and most of the contextual analysis is behind registration boxes and paywalls while all the misinformation and conspiracies are a free, easily accessed buffet.”

EMERGING PLAYERS

- Fortnite
- Roblox
- The Membership Puzzle Project
- Scroll

Video games like Fortnite create an ecosystem of rewards that entices users to spend.
Key Insight

The spread of misinformation will continue until platforms and news organizations adopt norms and standards for accountability and trust.

Examples

A healthy dose of skepticism makes for a strong electorate. But deepfakes, intentionally misleading stories, and salacious content posted by political operatives, hackers, and foreign governments have led to increased calls for new methods to rebuild our trust in the media. In February 2021, Twitter said that it would apply labels to tweets containing misleading information about COVID-19 vaccines, and while Facebook said that it would ban vaccine misinformation, the platform struggled to manage a deluge of fake health data and conspiracy theories.

Disruptive Impact

Edelman’s annual trust barometer revealed a sobering reality in America: for the first time, trust in traditional media dropped below 50%. Trust in social media hit an all-time low of 27%. The study found that 58% of Americans think that “most news organizations are more concerned with supporting an ideology or political position than with informing the public.” When Edelman re-pollled Americans after the 2021 inauguration of President Biden, the numbers had deteriorated further: only 18% of Republicans said that they trust traditional media. As platforms come under increased scrutiny this year for issues related to antitrust, we expect to see demands for transparency and traceability.

Emerging Players

- Google
- Facebook
- Twitter
The First Amendment in a Digital Age

KEY INSIGHT
The First Amendment shapes how platforms and publishers think about the design, development, and implications of content distribution. First Amendment legal protections are broad in scope but limited in geography; they only apply in the United States.

EXAMPLES
Constitutional law often lags behind technology, taking time to adapt and evolve as historic concepts are applied to new situations. In the past year, platforms have removed individual posts and in some cases deleted the accounts of people posting hate speech, intentionally misleading information, or calls for violent attacks. In 2021, Amazon Web Services removed far-right social network Parler from the cloud in the wake of the attack on the U.S. Capitol. Social media sites aren’t modern-day public squares: Tech companies set the rules and shut off megaphones. While the First Amendment’s protections in the U.S. are generally broad, its scope is limited in an interconnected world.

DISRUPTIVE IMPACT
This year, First Amendment rights and protections from Section 230 of the Communications Decency Act will be debated, though we may not see any concrete decisions. Brands, news organizations, political movements, and big tech companies will continue to face challenges.

EMERGING PLAYERS
- American Civil Liberties Union
- Electronic Frontier Foundation
- U.S. Federal Communications Commission
- Knight First Amendment Institute at Columbia University

Federal courts are divided on how the First Amendment applies to social media.