Spoken-Word Audio Market Holds On
Recession, transition problems resulted in sales dip in 2008
by Jim Milliot – *Publishers Weekly*, 6/29/2009

Much as book publishers are looking for ways to cope with the slow but steady move from print to digital products, publishers of spoken-word audio are dealing with the transition from a CD-driven market to one led by digital downloads. Statistics released last week by the Audio Publishers Association showed that CDs' share of the market fell from 78% in 2007 to 72% last year, while sales of digital downloads increased their share from 17% to 21%. "It's like two different businesses," Ana Maria Allessi, v-p, publisher of Harper Audio, said, explaining that it is encouraging to see the growth in digital audio, but discouraging to see the CD side struggle.

The poor economy and the decision by the bookstore chains to reduce inventory—two key factors in producing soft book sales—have also hurt sales of CDs, Allessi noted, while the recession has also slowed the growth of digital audio. In addition, cuts in library budgets have slowed sales in that market, noted Kevin Colebank, CEO of the independent spoken-word audio publisher Tantor Media. Overall, the 30 companies that reported to the APA had sales of $331 million in 2008, down 6.7% from 2007.

Despite the obstacles facing CDs, they will remain the biggest part of the market for a while, predicted Michelle Cobb of BBC Audio America. For one thing, CD availability on store shelves makes it easier for consumers to pick one up compared with the digital space, where spoken-word audio faces lots of digital competition, believes Cobb.

The transition to digital presents spoken-word audio publishers with another issue familiar to their book publishing counterparts—pricing. Production costs "don't go away" when a spoken-word title is released as a download rather than a CD, Cobb noted. Spoken-word publishers are also under pressure from retailers to keep price points as low as possible. Colebank said Tantor has kept retail prices flat for the past several years, while pricing downloads to consumers at about one-third the list of the CD.

One issue that appears to be moving toward a resolution is the question of DRM. When Random House dropped DRM from most of its digital titles last year, many of the other publishers began to follow suit. Harper Audio has been testing DRM-free titles since late last year, and Allessi said, after talking to its authors, the company is making audio titles available as MP3 files by authors who don't object, noting that the vast majority of its works are now available in the MP3 format. BBC Audio has taken a more cautious approach and continues to test the format, with Cobb acknowledging it is a good way to get audio to more people. Colebank said Tantor has seen tremendous growth in its digital sales and makes titles available without DRM where it has permission from the rights holder.

Colebank said Tantor is using the recession to try to grab market share as some of the larger houses pare their lists. The company will up its count from about 30 titles monthly to 40 this fall. Allessi said that while Harper Audio is doing fewer CDs, it is keeping the number of titles available in digital format the same, explaining, “It is still important to offer a wide selection of titles.”

In addition to digital downloads, another growth area in 2008 was sales of recorded devices, whose market share rose to 3% last year. Nearly all of those sales came from Playaway and represent licenses and royalties paid to publishers from Playaway, which bundles the titles to the devices it manufactures, explained Blake Squires, Playaway founder and chief strategy officer. The company has licenses with about 100 publishers and offers more than 7,000 titles, a figure Squires expects will rise to 10,000 by year end. He said Playaway has posted compound annual growth of 250% since 2006, led by big gains in the library and military markets, where the company recently landed a $10 million Department of Defense contract.