



**Top Stories of 2022 for Books and Reading
2022 Year-In-Review**

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with

- **Michael Cader, PublishersMarketplace.com**
 - **Thad McIlroy**
 - **Bill Wolfstahl**
 - **Nick Poole, CILIP**

KENNEALLY: Welcome to Copyright Clearance Center's podcast series. I'm Christopher Kenneally.

In the final weeks of 2022, Velocity of Content is looking back at the past twelve months of programs.

The top news stories on books and readings for 2022 covered the industry at the intersection of the law, technology and politics.

When the Department of Justice sued in November 2021 to block Penguin Random House's proposed acquisition of its close competitor, Simon & Schuster, the Biden administration said the deal would give PRH unprecedented control of nearly half the book market. PRH countered that their \$2 billion offer for S&S was pro-consumer, pro-author, and pro-bookseller.

Following a weeks-long trial this summer, Judge Florence Pan ruled in favor of the government and blocked the deal from moving forward. The headline news broke on October 31, Halloween, making the decision a real treat for Stephen King, who testified as a DOJ witness

For a close reading of Judge Pan's opinion and how she came to her conclusion, I turned to Michael Cader, founder of Publishers Lunch and PublishersMarketplace.com.

KENNEALLY: So after three weeks of testimony and months of speculation about a possible outcome, was this case even close, Michael?

CADER: Apparently not, at least in the judge's mind. She makes clear in her opinion that she found resoundingly for the prosecution and was unpersuaded by nearly all of the defense's arguments, and at one point even refers to them as a medley of arguments. So she practically



coffs at some of the contentions made by the defense and clearly found nearly all of the prosecution case clear and persuasive.

KENNEALLY: The DOJ case, Michael, concerned potential harm that the merger would cause to authors. Government authors asserted the existence of a relevant market of authors for anticipated top-selling books, and they would likely see smaller advances as a result, among other harm. Why was Judge Pan unconvinced by the defendants' arguments that advances are not the most important factor in book acquisitions?

CADER: On that particular point, she was referring in particular to a couple defense witnesses, specifically two literary agents, probably more so than a broader argument by the defense's attorneys themselves. There were a couple of agents who portrayed their process as one of selecting a good match between editor and author as being more important than how much the publishing house was willing to pay. And Judge Pan found that despite some of those contentions, that the evidence indicated books are generally sold to the highest bidder, and that agents tend not to invite anyone to bid with whom they wouldn't want to do business.

On the general issue of advances, she also found with a sort of close reading of how major publishers compete with each other that really they generally compete almost only on advances. Specifically, she was given evidence and agreed that elements like payment structure and inclusion of audio rights and ebook royalties and other elements of the standard book contract tend not to be negotiable – that the large houses have all adopted similar policies – so that kind of helped reinforce her belief that the competition is all around how much are you willing to pay up front?

KENNEALLY: And what impact did Judge Pan see if Simon & Schuster were lost as a bidder for these top-selling books?

CADER: This is where I thought the ruling was particularly interesting, because to me, the whole case was ultimately going to hinge around harm – what finding of harm, if any, would the judge make if she did agree with all the other contentions of the case? Because there was some indication that even if this market gets more concentrated that there are still lots of entities that on any given day can make a large advance and win a big book, and there was some evidence pre-trial indicating that the instances in which Simon & Schuster and Penguin Random House are head-to-head bidders – the number of occurrences in which they are number one and number two in which one loses to the other – is relatively small numerically. So the essential question was is there enough harm or enough potential harm that it's worth blocking a deal of this scale?

There, what Judge Pan found is that it would hurt the competitive landscape in multiple ways. So she said, yes, there are head-to-head situations in which there could be harm. But she went much more broadly. She saw harm in auctions in general. She found that just having S&S as an



independent entity strengthened competition across all auction formats. She essentially said if you've got five large entities that are the key players in auctions for these anticipated top-selling books that taking away one and combining it with the largest is going to affect that competitive landscape.

KENNEALLY: And as a longtime observer of trade book publishing, Michael, what grade do you give Judge Pan as a student of the industry?

CADER: (laughter) I'm not sure I'm handing out grades today. I think as we clearly reported, and others did from the beginning of the trial, it was clear that Judge Pan has justly earned her reputation as a rising star on the federal bench. She was clearly very smart. She was presented with a lot of complex testimony.

And as I've indicated in my coverage, we shouldn't necessarily conflate understanding the case that was presented in court with understanding the publishing industry, because this wasn't a case about the publishing industry. This was a case about a particular merger within the publishing industry and an assertion of a reduction of competition in a very particular fashion.

Within those boundaries, it's clear that the judge asked very smart questions, followed along with complex testimony both about our industry as well as about economic analysis, and came to a carefully reasoned, well expressed verdict. So I think we'd give her good marks for intelligence, good marks for control of her trial, and good marks for a clear, well written opinion.

KENNEALLY: Audiobooks are an increasingly important piece of the revenue pie for publishers. With few exceptions, human narrators – authors themselves as well as actors and other artists – are heard in such recordings. Now, the latest in TTS – text-to-speech technology -- may mean TTFN – ta-ta for now – for traditionally produced audiobooks. Sophisticated, AI-enabled automated audiobook creation lies just beyond the horizon, says electronic publishing analyst Thad McIlroy. What stands in the way of that vision, though, is a contractual requirement of the leading audiobook platform, counters Bill Wolfstahl, publishing business consultant.

... We have to start, I think, by telling people a little bit more about TTS, text-to-speech, which in recent years has moved away from clunky voice bots to voices that are nearly indistinguishable from a human's.

McILROY: Yeah, it's been fantastic. We're brought up on Siri, which always sounded suboptimal, let's say. And now, when you listen to some of the samples – hearing is believing, and some of the latest voices are indistinguishable from human – maybe not quite that. That's for anyone to judge. I can be fooled by some of them.



KENNEALLY: With this advancement in the technology, we are getting to the point where we can move beyond the use cases that we're familiar with to others that ultimately could include book-length content.

McILROY: Yes, that's the quest at this point. We can do a short snippet no problem. And even when you listen to some of the samples, you think, OK, that was a 20-second clip. How is that going to sound over an hour's length? That's perhaps where we see the separation of what's not quite there. We're waiting just to be able to sit through two hours, four hours, whatever the length of a longer book, and still be delighted by the sound of that voice.

KENNEALLY: And we're probably going to get there, because high-quality TTS is, as you wrote, a holy grail for Google especially, but for all the other big tech players – Amazon, Apple, Facebook, IBM, even Microsoft. So it seems to me with those names behind it that we're going to get there soon.

McILROY: I'm with you on that. Google – we see that they can do whatever they want. One of the experts that I spoke to said Amazon's got so much skin in the game already, and Google has got the deep expertise and are doing so much work in this area that even without some of the smaller players, when you consider what Amazon and Google are up to, you have to figure it's just about there.

KENNEALLY: And we have to think as well that this has gotten the attention of publishers, because while producing audiobooks has been an important piece of sales for them in recent years, it's still true that producing audiobooks is a big investment. So the appeal that automating audiobooks would have is certainly easy to understand.

McILROY: It is. I've had a couple of experiences on behalf of clients of producing audiobooks, and I was surprised at how much effort it was. It sounds so effortless when you listen to the final product. But, gosh, we went into the studio, in and out of the studio, and what took the most time was the correction process. There just were the inevitable errors. It's worth mentioning as a sidebar to that, of course, those kind of errors creep in in automated audiobook production as well, which remains one of the flies in the ointment.

KENNEALLY: Right. You know, that's why we appreciate our producer, Jeremy Brieske. He helps this all sound so smooth at the end of it. If we can use this technology, we'll just have so many more books to choose from. But what kind of books do you think are best when it comes to possibly automated narration?

McILROY: You think of the difference between nonfiction and fiction, where nonfiction, you're trying to get a steady cadence in the voice. There's some emphasis and change of emphasis thereof. But compared to a stage play, let's call it, for a fiction title, that takes a lot of nuance in



the voices. As one of the vendors was saying, just in a short piece, you're going to have to have anger, delight, laughter, passion, and that's just within one book. So that's a big, big challenge for the voices. So from my point of view, for publishers listening to this, I would say stick with nonfiction at this point. You're more likely to get a successful result.

KENNEALLY: There is, though, this matter of a contractual obligation that a submitted audiobook be narrated by a human. At least that's the obligation for ACX and its audio submission requirements – the Audible platform. That's a significant hurdle.

McILROY: It is. It's a big hurdle, and all the vendors recognize it. The way I think of it is that hurdle will go away as soon as Amazon makes a larger commitment itself into using this automated technology. Ultimately, every expert that I spoke to felt that Amazon's going to come along and endorse it 12 months, 24 months from now.

KENNEALLY: Bill Wolfsthal, who advises book publishers and publishing technology providers on strategies to grow sales and revenue, says the opportunity presented by machine-generated narration is too good to pass up. He joins me now from his New York City office. Welcome to the program, Bill.

WOLFSTHAL: Thanks for inviting me on.

KENNEALLY: This is a part of a response, if you will, to a program we did in January. At that time, Thad McIlroy told me about the several factors holding back an AI-driven explosion in audiobooks. The shift from analog to digital voices, Thad noted, would lower production costs and lead to greater choice in titles. What stands in the way of the machines, though, is a contractual requirement of the leading self-publishing audiobook platform, ACX, which is part of Amazon's Audible service. According to submission requirements, your submitted audiobook must be narrated by a human. So, Bill Wolfsthal, is Amazon the chief reason why more books aren't available in audio at the moment?

WOLFSTHAL: As much as I'd like to blame all of the world's curses on Amazon, it's just not true. It is disappointing that they won't allow audiobooks recorded with synthetic narration on their platform, but I think they're just failing to keep up with the times. Two or three years ago, if you listened to synthetic narration, it sounded like Siri or Stephen Hawking – very robotic. But in the last two or three years, great improvements have been made, and listening to an audiobook with synthetic narration is really an enjoyable experience. I believe that Audible and Amazon are going to change that policy once they realize that it was put in place to protect their consumers, and their consumers don't want protection. They want choice.



KENNEALLY: Thad McIlroy I think would agree with you, as he also expects that Amazon will eventually come around to supporting this option, the synthetic narration. So what at the moment are the other obstacles to the growth of usage of synthetic narration in audiobook production?

WOLFSTHAL: Like everything else in the world, the major obstacle is money. If you are a book publisher, you are working on a P&L, a profit-and-loss statement. Some publishers have actual spreadsheets for each book that they plan ahead of time on what they plan to spend and what they hope to make, and they make choices based on that. Others just do it on the back of an envelope, trying to figure out how best to publish.

But the question is if you're going to spend money to create an audiobook, will you get a return on that investment? And up until now, even though you could create audiobooks for \$2,000 or \$3,000, most good, high-quality audiobooks with a first-rate narrator cost between \$5,000 and \$10,000 to create. If you're spending that kind of money as a publisher, you have to sell enough books to get that money back. And up until now, it's been impossible. So creating books with synthetic narration for much less – for \$500 or \$1,000 – means for publishers, they're taking much less of a risk and have a greater chance of getting their money back.

WOLFSTHAL: Right now, our best estimate is that only between 5% and 10% of books in print are available in audio. That's a disappointment both because it could be new revenue for publishers who need it and in terms of accessibility, because there are so many book lovers, so many readers, so many students that have a visual impairment and can't read, or have a learning disability like dyslexia that makes reading difficult for them. Audiobooks are hugely popular in that audience.

As books have moved from print and ebook into audio, books have also found new audiences. There are people who listen to podcasts who never go into a bookstore or buy a hardcover book anymore. They could be audiobook listeners even though they're not book buyers. That's a chance for publishers to expand the marketplace of what they do.

KENNEALLY: Libraries are meant to be places of peace and for peace – so much so, in fact, that it seems inconceivable that libraries could have any place in war. Yet today across Ukraine, libraries are places for refuge from and resistance against the Russian invasion.

In an essay for *The Scotsman* newspaper published shortly after the war began, Nick Poole, CEO of CILIP, the UK library and information association, shared a series of moving exchanges with Ukrainian librarians. His besieged colleagues, said Poole, fear attacks on libraries for the damage done to books and buildings and because the intention is to erase Ukrainian language and literature.



... On February 28th, four days after the Russian invasion, you posted a tweet about Ukrainian librarians that has since earned 200,000 likes and 30,000 retweets. It's gone viral, but I'd appreciate it if you would read it for me.

POOLE: Thanks, Chris. Absolutely. I don't think when I first sent this tweet I expected it to travel around the world. But it says, "bloody hell, looking at a message from the Ukraine Library Association concerning the cancellation of their forthcoming conference. It basically says we will reschedule just as soon as we've finished vanquishing our invaders. Ukrainian librarians, I salute you."

KENNEALLY: So that was a message of defiance, a message of resistance. What did it mean to you as a librarian hearing from librarians in the Ukraine?

POOLE: It meant so much to me. I think it spoke to a defiance and a spirit not just in the political rhetoric in Ukraine, or indeed in the militaristic rhetoric, but right at grassroots, at bedrock, in the hearts and minds of librarians. Maybe people wouldn't always think of librarians as being part of that sort of civic response to an invasion, but these were people who were proud, who were determined, and who were declaring to the world, we're not going to take this. And it just made me intensely proud of the profession that we're all a part of.

KENNEALLY: And they have been hard at work in Ukraine. Librarians have in fact recast libraries in many different ways. So I wonder if you could tell us about the ways that libraries there have been transformed.

POOLE: Obviously, it's a very difficult, very dynamic picture over there, and we really first and foremost hope for the safety and well-being of our colleagues in Ukraine. I think it's fair to say that the impact has been felt in different parts of the country to different degrees. But some of the things we've been seeing – we've seen public libraries that have turned into shelters, including some at the cities that are being shelled. We've seen photographs of libraries running children's sessions, activities, play sessions for very small children in really challenging circumstances. We've seen libraries providing medical information, helping people to get online. We've seen quite a few maintaining communications infrastructure so that people can contact friends and family. And we've seen, actually, a whole part of the Ukrainian library community mobilize to combat disinformation. There's obviously a lot of state-sponsored fake news and disinformation flying around. They're there right in the middle of it all, helping people tell fact from fiction.

KENNEALLY: What do librarians in Ukraine tell you about what they feel these attacks on libraries represent?

POOLE: I think right from the very early days, when we started communicating with my counterpart, the director of the Ukraine Library Association, there's a sense of outrage and



injustice first and foremost – that Ukraine has come to see itself as a sovereign nation with a belief in a democratic way of life, with freedom of access to information. So they feel that this is, I think, an expansion of a conflict that’s been going on in some ways since 2014.

But I think their real concern is that this isn’t about territory. It’s not about some old connection with Russia and former territories. It’s about erasure. It’s about erasing the idea of Ukraine as a free and independent sovereign nation. Ukraine has a literary tradition, a cultural identity, a strong and proud tradition of language and creativity. And I think the real fear is that that’s going to be erased as Russian forces make their way through the country.

KENNEALLY: You have asked librarians in Ukraine what we can do from outside the country. What did they tell you?

POOLE: We have to raise funds, provide support, make sure that we’re trying to support the push to politicians to protect life and limb. But I think as well that the message that came out very clearly is we need to keep talking about Ukraine. We need to use our voices, our channels, our words to remind people what’s happening, to remind people of the work that librarians are doing on the ground in Ukraine to support their communities, and essentially to keep the idea of Ukraine alive in people’s hearts and minds.

KENNEALLY: In your essay for *The Scotsman*, you make the point that librarians have frequently played a role not only during war, but in the postwar environment to help bring countries back together. And I think you feel that libraries in Ukraine will be important when the war is over, too.

POOLE: I’ve worked in South Africa, where we’ve seen libraries operating as places of reconciliation post-apartheid. We’ve seen in Darfur, for example, where libraries have been established by the UN as libraries of peace, bringing people back together. And I think it’s going to be totally essential. It’s partly the safe and trusted library in the community, but it’s also the continuity of the public record. People are going to need continuity of access to their information – their birth, deaths, marriages, and bank accounts. And I think libraries are going to be completely essential to helping Ukraine as a nation rebuild, and then communities within Ukraine to recover.

KENNEALLY: Machines that can read aloud would be considered magic in any other era, yet in 2022, such technology is unremarkable and will soon be commonplace.

Whether we read silently in a quiet library or listen to an audiobook while commuting on a crowded train, the written word continues to hold us in its spell. We read to learn more about the world – and when we want or need to, we read to escape into fantasy or entertainment. In dark places and in tough times, we read to survive and to endure.



Our co-producer and recording engineer is Jeremy Brieske of Burst Marketing. You can listen to Velocity of Content on demand on YouTube as part of the Copyright Clearance Center channel and subscribe wherever you go for podcasts.

I'm Christopher Kenneally. Thanks for joining me throughout the year on Velocity of Content from CCC. Best wishes for 2023!