

TO: Stephen Lotinga - Chief Executive, The Publishers Association

29 June 2018

Dear Stephen,

Open letter on author earnings

We are writing with regard to your comments on the recent ALCS author earnings survey.

You were quoted in the Bookseller as saying the following:

"Publishers value authors enormously and their entire businesses are dependent on supporting them. These figures will be unrecognisable to the majority of publishers as they just do not reflect the investments they are making in creative talent. If we are to have a genuinely constructive conversation about this issue, then we need a much sounder evidence base. We would welcome engagement with the Authors' Licensing and Collecting Society and the Society of Authors on the survey and the wider issues it raises, as it's vital publishers are included in this important discussion."

We welcome the commitment to engage with ALCS and the Society of Authors to discuss the issues raised by the survey and the causes of declining incomes for authors. We agree that publishers must be included in this discussion, and I hope we can work together constructively to ensure that profits are shared fairly along the value chain.

However, we must take issue with your comments on the evidence.

1. On what grounds are you questioning the evidence base for the survey? This was an independent survey of over 5500 authors commissioned by ALCS from CREATE, the RCUK Centre for Copyright and New Business Models in the Creative Economy, based at the University of Glasgow. It follows similar surveys carried out in 2005 and 2013. The downward trend is clearly established and is, I would have thought, incontrovertible.
2. You must be aware that very similar findings have emerged from surveys carried out in Canada, USA and other places including a [European Commission study from 2016](#). All show that the earnings of authors are woeful and are continuing to decline.
3. The findings are also very much in line with research commissioned for the Publishers Association carried out by Frontier Economics. You will recall that your research estimated that in 2016 authors received £161m in advances, royalties and secondary rights revenue, approximately 3% of the industry's turnover. I raised this figure with

you and you have not sought to correct or amend it.

4. You will recall that the ALCS study shows that the median earnings of a professional author are £10,437. That is entirely compatible with figures from Nielsen BookScan, which showed that in 2017 authors with sales of less than £10,000 a year accounted for 44% of total book sales. Given that authors' earnings from sales are considerably lower than the amount generated from sales - typically around 5-7% (or under £1000 on £10,000 of sales) - it is hardly surprising that overall earnings are so low. Publishers cannot ignore those authors who net 44% of their sales, and authors cannot continue on the earnings they recoup from these sales.
5. The EU study found that the average an author earned from lifetime sales of each book was £6,000: again, this is totally compatible with the ALCS findings.
6. We absolutely agree with your comment in the Bookseller that we need sound evidence on which to base our discussions around author earnings. This is why ALCS has commissioned these studies every five years and why we have called upon publishers to state in their accounts how much they pay to authors, illustrators and translators in advances, royalties and secondary income. With the exception of Profile Books, publishers have been unwilling to do this and we have not received a collective response to our request from the industry. [This request was made in the Bookseller earlier this year](#) and has been repeated by editor Philip Jones. We are delighted that you now support our wish to gain accurate figures and we would welcome the opportunity to obtain these from publishers.

There is clear evidence that author earnings are in serious decline. Meanwhile the profit margins of the main corporate publishers are increasing, with average profits estimated to be around 13%. Based on the PA's own 2016 figures, we estimated that the big five publishers' shareholders received up to three times the amount paid to authors. This estimate has never been seriously challenged.

These figures are not sustainable. Publishers, of course, have a duty to make a profit for shareholders. But unless authors receive proper returns, the supply of quality work will inevitably diminish as will the pool of authors. The decision to become an author often means eschewing the security of a stable job. Most cannot afford that, leading to an even less diverse industry. This is why we have asked publishers to sign up to our FAIR principles (restated below), for a fair share of reward for authors.

We are delighted to hear that you would like to engage with us on these issues. We would welcome the opportunity to meet with you to discuss the findings from ALCS' survey, and to discuss how we can work together going forward.

Our industry thrives on the interdependence of authors and publishers, and we of course value the vital contribution of publishers to producing better books and the overall ecology of the industry, particularly during what has been a period of profound change for all of us. On issues such as copyright, PLR, the importance of reading, VAT on ebooks and the requirements of the industry following Brexit we are in almost complete alignment and have appreciated working together with you.

I hope this means that we can work together to look at the causes of declining incomes for authors, and to ensure that profits are fairly shared along the value chain. We believe that this is in the long-term interest of both authors and the publishing industry. Paying fairly and encouraging underrepresented voices to consider writing might just widen our reader bases enough to give everyone a bigger share of the pie.

We look forward to hearing from you that you will encourage your members to sign up to the FAIR commitment, that publishers will work with us to continue to obtain robust information on author, publisher and intermediary earnings and with a date for a first meeting to discuss a way forward and a concrete work programme in this area.

With all best wishes,



Nicola Solomon
Chief Executive
The Society of Authors



Owen Atkinson
Chief Executive
The Authors' Licensing & Collecting Society

FAIR

- **Fair terms.** All publishers should sign up to our CREATOR principles for fair contract terms.
- **Accounting.** Transparent and clear accounting to show exactly how much publishers pay authors, illustrators and translators.
- **Increased shares.** Publishers should commit to paying authors a higher proportion of turnover, and increase advances and escalators.
- **Redistribution** to a wider pool, not just celebrities, but writers from across society. And publish how author share is distributed in accounts.

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