

## he Condition of Japan's Domestic Publication and Distribution

Speaker: KIYOTA Yoshiaki, President, Shuppan Nyususha

November 30, 2004

The publishing business has been steadily declining every year since its peak in 1996, and total sales in 2003 were down to the level of 1991. On the other hand, the number of new publications has been increasing, and approximately 75,000 titles are published every year. This contradiction is related to the condition of the publication/distribution system, which, while enabling publishers to publish in great numbers, is on the verge of collapse.

Trends from 70s to 80s: "Kei-Haku-Tan-Sho" plus "Tei" ("light, thin, short and small" plus "low" cost) ([See Chart 1](#))

"Kei-Haku-Tan-Sho" implies that lighter, thinner, shorter or smaller electronic products sell better. Putting this phrase in the context of the publication business, however, it refers to the trend toward mass production and mass consumption. Low cost is another important element. Bunko (paperbacks) became popular in the 1970s by moving away from the classics, the traditional genre for bunko, into the casual reading market. The "mook (book + magazine)" was another new type of casual reading matter. The proliferation of magazines---unique and/or subject specific--- also began in the 1980s. The sales of magazines surpassed that of books in 1980, and approximately 2,500 titles were published before the 1990s. This trend continues today, and the system of publication/distribution/sales is constructed in favor of mass production and mass consumption.

Publishers, Bookstores and Distributors: Unique Flow of Money and Books ([See Chart 2](#))

Two important elements sustain the publication/distribution system in Japan-fixed retail prices and consignment sales. The "toritsugi-ten (distributors)," through which 70% of publications are distributed to bookstores, play the pivotal role in the system. Under consigned sales, bookstores can freely return unwanted books to their distributors, which then redistribute them to other bookstores.<sup>1</sup>

The distributor functions not only as the agency that distributes publications to bookstores, but also as a bank by collecting money from the bookstores and disbursing it to the publishers. The distribution system and traditional practice allow small and medium size publishers to publish a variety of new titles. That is, between a distributor and a small/mid-size publisher, the distributor

---

<sup>1</sup>The Harry Potter series was such a hit that it bailed out the declining book business in Japan. The fifth volume, Harry Potter and the Order of the Phoenix, was sold by reservation only, not by consignment, in order to promptly distribute enough copies, and 2.9 million copies of the first printing were reserved by bookstores. However, actual sales reached only 70%, and local bookstores were saddled with all those non-returnable copies. This occurrence, known as "Harry Potter and the Mountain of the Stocked Books," illustrates how the consigned sales system protects small bookstores from overstocking.

pays 30 percent of the cost of the consigned new books to the publisher, irrespective of the sales. Although full payment will not be made until three or four months later, this 30 percent guarantee enables the small and mid-size publishers to increase the number of new titles in order to obtain profits. If too many copies are returned to the distributor, paying 30 percent to the publisher in advance may cause overpaying, but by distributing older and/or more popular books at the same time, the distributor can manage to keep a balance.

Despite making it possible for a wide variety of books to be continuously published, this system also has its flaws, such as over-publication and copycat publications. Also, many new factors such as the following are now causing new problems in the existing distribution system. The system needs improvement, but established-and rigid-conditions prevent radical reform and renewal.

- **Convenience Stores (CVS) and Online Bookstores**  
Convenience stores (CVS) have made inroads into the publication market for the past two decades, becoming increasingly competitive with small and medium size bookstores. The success of CVS is now suppressing small bookstores. In 2003, 1,600 bookstores could no longer compete and went out of business. On the other hand, the major chain bookstores have expanded the number of their branch stores. As for the online business, the total sales by online bookstores, Amazon.co.jp being the biggest, is still relatively small. But because online bookstores order directly from the publishers, they may become a menace to the current distribution cycle in the future.
- **Shin Koshoten (New Used Bookstores)**  
A new type of recycled books marketer called "shin koshoten (new used bookstores)" is increasing their market share. Shin koshoten buy recently published books from readers and resell them at half the original price. While they may be popular with book lovers, the growth of shin koshoten is becoming serious competition for small and middle size bookstores and CVS. (Shoplifting books-new comics in particular-to sell them to shin koshoten has been frequently reported.)
- **Situations Surrounding Manga (Comics)**  
While small and medium size publishers mainly publish scholarly books, the main publication of major publishers is manga (comics). The "manga kissa", where customers can enjoy reading the comics collected by the shop, has been evolving into a multi-purpose/entertainment space where customers can read comics, surf the Internet, work and play with PCs and even sleep if they miss the last train home. However, the increase in manga kissa is often linked to the decline in sales of manga and has become a concern for manga artists and the publishers. Some publishers found the sales of copyright overseas a solution to compensate for the loss.<sup>2</sup>
- **Haphazard Sales of Electronic Materials**  
At present, 40,000 titles of electronic materials (CD-ROM, DVD-ROM) are published in Japan. In terms of academic materials, pre-war magazine collections are frequently being

---

<sup>2</sup> In fact, an English version of a weekly comic magazine, Shonen Janpu (Shonen Jump) has been sold in the US since January 2003.

reprinted in electronic format. Although it is understood that CD-ROMs and DVD-ROMs are merely a transitional format, haphazard publication without a long-term sales strategy has been practiced. (The trainees were very concerned with this situation as well, and Mr. Kiyota recommended contacting Nihon Shuppan Infura Senta (Japan Publishing Organization)).

#### Related URLs

Shuppan Nyusu: <http://www.snews.net/>

Japan Publishing Organization <http://www.jpo.or.jp/>

[Chart 1: "Shuppan tensu to shuppan jitsubai sokingaku to henpinritsu," Shuppan nyusu \(June 2004, gejungo, n. 2008\): 17-18.](#)

[Chart 2: "Shuppanbutsu no omo na ryutsu keiro," Shuppan Nenkan 2004 \(Tokyo: Shuppan Nyususha, 2004\): 330.](#)

[Prepared by Michiko Ito.]