

**BOOK PUBLISHING AND TECHNOLOGICAL
DEVELOPMENT: A STUDY ON THE BOOK MARKET
AND BUSINESS PRACTICES OF SELECTED
PUBLISHERS IN MALAYSIA**

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**FACULTY OF ARTS AND SOCIAL SCIENCES
UNIVERSITY OF MALAYA
KUALA LUMPUR**

2018

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**THESIS SUBMITTED IN FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF DOCTOR OF
PHILOSOPHY**

**FACULTY OF ARTS AND SOCIAL SCIENCES
UNIVERSITY OF MALAYA
KUALA LUMPUR**

2018

**UNIVERSITY OF MALAYA
ORIGINAL LITERARY WORK DECLARATION**

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Matric No: AHA130016

Name of Degree: DOCTOR OF PHILOSOPHY

Title of Project Paper/Research Report/Dissertation/Thesis ("this Work"):

BOOK PUBLISHING AND TECHNOLOGICAL DEVELOPMENT: A STUDY ON THE BOOK MARKET AND BUSINESS PRACTICES OF SELECTED PUBLISHERS IN MALAYSIA

Field of Study: MEDIA STUDIES

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ABSTRACT

The advancement of technology over the past few decades has tremendously changed the the lanscape of book publishing industry. In book market, some of these changes included the coexistence of printed book and e-book in the market, the development of online bookselling, and also the increased competitions in the industry. The publishing supply and value chain are also no longer the same. This has created new challenges to the industry. As a developing country, Malaysia is now in the process of adapting to this new environment. Despite the fact that Malaysia is aggressively trying to improve the production of books, the industry has remained stagnant. In term of academic research, there has been reasonably small numbers of comprehensive research focuses on Malaysia, regarding how the industry is changing today and the impact experienced due to technological developments. Taking all these issues into consideration, the main aim of this study is to to explore the development in Malaysia by focusing on the current situation in its book market and the responses among local publishers in the industry. By concentrating on trade publishing sector, this study hopes to provide a comprehensive picture of its current state in Malaysia and how far technological developments have changed the business practices among local publishers in the industry. In achieving this, the perspective of strategy and its relation to technology from the viewpoint of media economics and management is used as a theoretical foundation of the study. For methodology, this study relies on qualitative research approach through the analysis of documentary sources and case studies. The finding of the documentary sources analysis shows that, the emergence of e-book has brought alternative options of reading and book buying to Malaysian readers. However, the market remained stagnant and yet to show

any significant growth. Meanwhile, online bookselling is observed to be growing noticeably, especially through e-commerce and social media platforms. Apart from that, there is also a substantial increase of small independent publishers in the industry impacted by the emergence of the Internet and social media. As for the case studies, from the analysis of the six local trade publishers, it is evident that technological developments have completely changed their business practices in the industry. The impact is apparent, but it is not fully on the end-product of the production, which is the switch from printed to e-book format. Instead, the changes are obvious in other parts of book production, such as content planning and development, marketing, and distribution. The finding reveals that, all companies are adopting multi-platform strategy in their business practices, as a response to technological developments. The Internet, computer technology and social media are becoming rather important in the companies' book publishing practices. In discussing about the issues and challenges faced by all six companies, the study manages to identified at least three main issues, namely the declining of book sales in physical bookstores, the stagnation of local e-book market, and the disadvantages of technologies and reduction of editorial skills among editors.

Keywords: Malaysian book industry, Technological advancements, Trade publishing business, Publishing chain, E-book

PENERBITAN BUKU DAN PEMBANGUNAN TEKNOLOGI: KAJIAN TERHADAP PASARAN BUKU DAN AMALAN PERNIAGAAN PENERBIT TERPILIH DI MALAYSIA

ABSTRAK

Perkembangan teknologi yang berlaku sejak beberapa dekad yang lalu telah banyak mengubah lanskap industri penerbitan buku. Dalam pasaran buku, perubahan-perubahan yang berlaku termasuk kewujudan bersama buku bercetak dan e-buku di dalam pasaran, perkembangan penjualan buku menerusi dalam talian, dan juga peningkatan persaingan di dalam industri. Rantaian bekalan dan nilai penerbitan juga tidak lagi sama seperti dahulu. Perubahan-perubahan yang berlaku telah membentuk cabaran baharu kepada industri. Malaysia, sebagai sebuah negara yang membangun, masih lagi dalam proses penyesuaian kepada persekitaran yang baharu ini. Walaupun Malaysia, secara agresifnya sedang cuba untuk meningkat dan membangunkan produktiviti pengeluaran buku, keadaan industri kekal tidak berkembang. Dari segi penyelidikan akademik, jumlah yang memberi tumpuan khusus dan komprehensif kepada Malaysia, terutama dari aspek perubahan dan impak yang dialami oleh industri penerbitan buku kesan daripada perkembangan teknologi, juga masih kecil. Mengambil kira isu-isu tersebut, matlamat utama kajian ini adalah untuk mengkaji perkembangannya di Malaysia dengan memberi fokus kepada keadaan semasa pasaran buku dan respon dalam kalangan penerbit di dalam industri. Dengan memberi tumpuan kepada sektor penerbitan buku “trade”, kajian ini berharap dapat memberikan gambaran yang komprehensif tentang keadaannya di Malaysia dan sejauh mana perkembangan teknologi mengubah amalan perniagaan dalam kalangan penerbit tempatan. Untuk mencapai matlamat dan objektif tersebut, perspektif strategi dan hubungannya dengan teknologi dari sudut pandangan ekonomi dan pengurusan media digunakan sebagai teori kajian. Untuk metodologi, kajian ini secara keseluruhannya menggunakan pendekatan penyelidikan kualitatif, melalui analisis sumber dokumentasi dan kajian kes. Dapatan kajian hasil daripada analisis sumber

dokumentasi menunjukkan bahawa kemunculan e-buku telah mewujudkan pilihan alternatif kepada pembaca di Malaysia untuk membaca dan membeli buku. Namun, keadaan pasaran e-buku masih tidak signifikan dan tidak menunjukkan pertumbuhan yang ketara. Keadaan menunjukkan sebaliknya untuk penjualan buku menerusi dalam talian yang menunjukkan perkembangan yang positif, terutamanya penjualan menerusi e-dagang dan media sosial. Selain itu, terdapat peningkatan yang ketara penerbit-penerbit kecil (bebas) di dalam industri impak daripada kemunculan Internet dan media sosial. Bagi kajian kes pula, analisis yang dilakukan ke atas enam penerbit tempatan menunjukkan bahawa perkembangan teknologi sememangnya mempengaruhi amalan perniagaan mereka dalam industri. Impaknya jelas, tetapi tidak begitu banyak pada produk akhir penerbitan, iaitu format buku (perubahan dari format bercetak ke format e-buku). Sebaliknya, kesannya jelas pada bahagian-bahagian lain dalam proses penerbitan, seperti pada bahagian perancangan dan pembangunan kandungan, pemasaran, dan pengedaran. Dapatan kajian menunjukkan kesemua enam syarikat yang dikaji menjalankan strategi kepelbagaian platform dalam amalan perniagaan mereka sebagai respon terhadap perkembangan teknologi. Teknologi seperti Internet, teknologi komputer dan media sosial juga dilihat semakin penting dalam amalan penerbitan buku mereka. Dari segi isu dan cabaran yang timbul, kajian ini berjaya mengesan sekurang-kurangnya tiga isu utama yang dihadapi oleh mereka, iaitu kemerosotan dalam penjualan buku di kedai buku, keadaan pasaran e-buku yang tidak berkembang, dan kelemahan teknologi dan pengurangan kemahiran editorial dalam kalangan editor.

Kata Kunci: Industri buku Malaysia, Pembangunan teknologi, Perniagaan penerbitan buku “trade”, Rantaian penerbitan, E-buku

ACKNOWLEDGEMENTS

First and Foremost, syukur Alhamdulillah to Allah the Almighty for His blessings in giving me strength and health in completing this thesis.

I would like to express my deepest gratitude to my supervisors, Professor Dr. Md Sidin Ahmad Ishak and Dr Siti Ezaleila Mustafa, for being patiently providing guidance throughout the time of this thesis writing. Also, to the lecturers and staffs in the Department of Media Studies for their constant assistance and support.

I would also like to thank my family, especially my parents who have always been unconditionally supporting me.

I am blessed to have a wife whose faith in me never wavered. I would not finish this thesis without her encouragement and help. Last but not least, my dearest son Muhammad Luqman for the happiness he brought to me during the most difficult time of my PhD journey.

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CHAPTER 1: INTRODUCTION

This chapter will provide a general overview of the study. It will begin with the background and statement of the problem. Following these will be the overall aim and specific objectives. Next, several research questions will be drawn in to answer the research objectives. Also, the scope and significance of the study will be discussed.

1.1 Background of the Study

The advancement and innovation of technologies over the past decades have tremendously changed the landscape of book publishing industry (Hesmondhalgh, 2013; Hetherington, 2014; Jung, Chan-Olmsted, Park, & Kim, 2012; Thompson, 2005, 2012). E-book, for instance, as one of the results and products of this advancement, has transformed the current reading trend and even created a new trend all over. Developed countries such as the United States, Japan, Germany, France, United Kingdom, and South Korea, have shown an increase in the trend of e-book reading. The findings of Béhar, Colombani, and Krishnan (2011) on the reading trends in these countries reveal that the trend of e-book reading is increasing and digital readers, such as tablets, smartphones, and e-readers, have high contribution to their readers' tendencies to read. It is also reported that majority of the consumer are willing to pay for their e-books regardless e-books being non-physical.

This development is said to be closely related to the emergence of companies such as Amazon, Apple, Google, Sony, and Samsung to whom "have totally restructured the whole publishing landscape" (Kulesz, 2011, p. 311). Amazon, for instance, is playing a

major role in reshaping the way book is consumed by the readers. In 2008, the introduction of Kindle, a portable reading device, has enabled readers to buy, read, and store e-books conveniently. With this, it has “brought to the heightened interest in e-books among people,” and remarkably in 2009, it is reported that their e-book sales managed to overtake its printed one (Jung et al., 2012, p. 205). For others, however, this development is believed to becoming a threat to the players who are involved in the conventional publishing, to which, certain people are even predicting that, the existence of e-books will result in the extinction of its predecessor, the printed books (Gilbert, 2015, p. 165).

However, with reference to the broader context of the changes brought by technological advancement, e-book is not the sole but simply one among the many aspects that have affected the industry. In addition, it is noticed that since 2015, the development of e-book in the United States and United Kingdom have reached a period of maturity and is slowly declining (Flood, 2016; The Association of American Publishers (AAP), 2016). In some other European countries also, the progress of e-book is still at a slower pace with below 10 per cent market share from the overall book sales (Antonio Cerdón-García, Linder, Gómez-Díaz, & Alonso-Arévalo, 2014; Buschow, Nölle, & Schneider, 2014; de Prato & Simon, 2014; Hjarvard & Helles, 2013).

Thompson (2012), in discussing about the changes brought by technological development, states that the end-product of the book industry is not the only aspect being affected, instead, the whole book creation process is experiencing changes. As highlighted by him, “This is not so much a *revolution in the product* but rather a *revolution in the process*. Regardless of what the final product looks like, the process by which it is produced is completely different” (Thompson, 2012, p. 326). In elaborating on this point, he points out that book production processes such as editing, designing, marketing, and distributing have transformed into a new form and process, where almost

everything are digitalized and computerized. In details, these changes can be observed in at least four areas of book publishing, namely (1) operating systems, (2) content management, (3) sales and marketing, and (4) content delivery (format). Some of the changes include the innovation of back-office publishing systems; computerized system for stock management and control; electronics and digital file; digital printing; e-marketing; e-commerce; digital sampling; as well as e-books. According to Hetherington (2014), the phenomenon is apparent as the impact has caused changes in every link of publishing chain. The emergence of Amazon and online bookselling, for instance, has clearly brought an alternative option of book buying to the book market. The advent of the Internet and social media too, have helped publishers in promoting and marketing their books; not forgetting the “on-demand and short run digital printing as a financially credible book manufacturing technology” (Hetherington, 2014, p. 382).

So, why is the industry transforming in such ways? Also, what are the key technological developments influencing these changes? As pointed out by Albaran (2010), media industries, in general, is totally dependent on technology. From the production to the delivery of content, technologies have always been in the front line of every process in the supply and value chain of the industries. Media consumers too, are affected and are now becoming more technological savvy. This of course is due to the availability of electronic and digital devices such as laptops, computers, smartphones, tablets and other similar devices. So, in order to keep in pace, players in the industries need to change and adapt along with this new environment. From the viewpoints of economic and business management, this is important so that they could maximize their profits and be more competitive in the market.

As for the key technological developments influencing these changes, Feather (2008), in his study about the information society, has highlighted the development and

evolution of computer as one of the technological developments influencing the changes in the publishing industry. In discussing about this point, he indicates that the computer has brought together various developments of the past. Also, it allows the combination of computing with telecommunications besides the digitization of texts and images. From the economic aspect, Feather (2008) states that the publishing industry is seen to be in the front line of exposure to change under the impact of this technological development and has experienced tremendous transformation as the market-place itself is being redefined and extended for countless times.

As for Hesmondhalgh (2013), he has highlighted that the digitalization and the Internet as among the technological developments that have influenced the publishing industry as well as other cultural industries like music, television, and newspapers. According to him, digitalization, which is the transition of analogue systems to digital in electronic media, has made communication easier to be transported and manipulated into other forms of media and also made different potential media to be connected to each other. As for the emergence of the Internet, the development has certainly intensified the digitalization and transformation of cultural production. Although Hesmondhalgh (2013) raises his concerns about whether or not these developments are bringing in a more efficient communication world to the society, the shift happened in the cultural production as a result of technological influences is however still prevalent.

Similarly, Thompson (2005, 2012) has also discussed about the impacts of the development of computer, digitalization, and the Internet towards the book publishing industry. Its impact on the four areas, (1) operating systems, (2) content management, (3) sales and marketing, and (4) content delivery (format), is really apparent. In the context of current practices in the trade book publishing, Thompson (2012) states that the technological developments and innovations has caused a growing concern towards the

increase of commoditization of content by non-content players. Hence, this matter is considered a threat to the industry today due to the fact that, the phenomena is seen to drive down the value of intellectual property.

With the rise and widespread of these developments, Malaysia, a developing country, does not want to be left behind. Thus, the country is now in the process of adapting into this new environment with the introduction of several initiatives that are related to information and communication technologies. These initiatives can be tracked back to the 1990s with the establishment of Multimedia Super Corridor (now known as MSC Malaysia). MSC Malaysia is designed to enhance and lead the nation's capabilities and capacity in information and communication technologies through various strategic plannings aiming at the movement towards K-economy as well as Vision 2020. Hence, a variety of activities have been implemented through Multimedia Development Corporation (MDEC), in order to initiate MSC Malaysia, that is to develop digital content and to focus on infrastructures, financial support as well as consultation (see www.msomalaysia.my).

Other than that, the government has also introduced the National Creative Industry Policy (*Dasar Industri Kreatif Negara*—DIKN), a policy designed to contribute to the development of the creative industries with a clearer and more comprehensive focus on policy-coordinated initiatives. The three main focuses of this policy are Creative Multimedia; Cultural Arts; and Heritage, with digital content being listed as one of the sub-sectors under Creative Multimedia along with film and television production, advertising, creative arts and animation. The efforts displayed by the government gives a sign that Malaysia is enthusiastic in developing the content industry in today's digital age.

With all of these efforts, it should be interesting to explore the current development of book publishing industry in Malaysia as to see how far the industry has

grow due to the advancement and innovation of technologies. Therefore, this study attempts to explore the current situation of the book publishing industry in Malaysia by highlighting the influence brought by technological developments to the market and business practices by local publishers. In other countries, technological developments have really transformed the landscape of their book publishing industry, but as argued by Thompson (2005, 2010), we are not supposed to assume the situations experienced in each country to be the same entirely because the dynamics of the industry are often shaped by developments that are specific to each of them. One of the examples given by Thompson (2012) is the powerful role brought by the literary agents of trade book market in the United States and United Kingdom. In some other countries, especially in Asia and a few European countries, the role of literary agent is not as similarly powerful as it is in the United States and United Kingdom. Hence, it is important to explore the situation of other countries in order to grasp an understanding of how the dynamics are and how it is structured, and to compare it with existing studies. Therefore, this study attempts to contribute to the literature in the field of book publishing by highlighting on one of the Asian countries, Malaysia. At the same time, it hopes to provide a comprehensive picture of the current state of book publishing industry in Malaysia and how far technological developments have affected the industry.

1.2 Statement of the Problem

As mentioned earlier, the emergence and innovation of new technologies have greatly changed the way book is being created, produced, distributed, and consumed. In order to be able to survive in the competitive global market, industry players need to reconsider their business strategies and the relationships with one and another (Béhar et al., 2011). The emergence of non-content players who have caused the declining value of intellectual

property; the impact brought by e-book in the changing of reading trend; the changes in every link of publishing chain, including the emergence of online bookselling as one of the major distribution channels and digital printing, have truly brought new challenges to conventional players. Publishers, for instance, could lose control over the entire value chain if they are not able to maintain their roles in the chain (Béhar et al., 2011). Consequently, they need to find new ways for survival purposes.

As for e-book, which is considered as a new-comer of the industry, even though the sector has grown tremendously in many developed countries and it is seen as a new potential to the industry, there are issues and challenges that need serious considerations. Accessibility, copyright and intellectual property, content availability, tax, and market environment are among the emerging issues that need serious attention (Antonio Cerdón-García et al., 2014; de Prato & Simon, 2014; Gilbert, 2015; OECD, 2012). Apart from that, it is also evident that the sales trend in several European countries are still not developing and growing as many people have expected. E-book market in Germany, Denmark, and Spain, for instance, is still progressing at a slow pace with below 10 per cent market share from the overall book sales (Antonio Cerdón-García et al., 2014; Buschow et al., 2014; de Prato & Simon, 2014; Hjarvard & Helles, 2013).

As a developing country, Malaysia is now moving forwards in facing the challenges brought in by technological developments and innovations. Despite the fact that Malaysia is aggressively trying to improve the production of books, the industry has remained stagnant and is currently struggling to compete in the global market of e-book (MABOPA, 2011). Besides that, until now, there has been reasonably small numbers of comprehensive research focuses on Malaysia, especially regarding how the industry is changing today and the impact experienced due to technological developments. Therefore, a comprehensive study is needed in order to understand how the current

developments of the industry is, what issues are emerging and how the industry has responded to it.

1.3 Research Objectives

As the transformation caused by technological development in book publishing industry is significant, this study aims to explore its situation in Malaysia. It attempts to explore the current condition of Malaysian book publishing industry by highlighting the influence of technological developments on the market and business practices of selected local publishers. Specifically, this study seeks to address the following research objectives:

1. To explore the current situation of Malaysian book market as a result of the transformations brought by technological developments;
2. To analyze the responses among local publishers towards technological development in their pursuit of organizational success;
3. To examine the emerging issues faced by the local publishers at present time.

1.4 Research Questions

Based on the research objectives structured, this research has formulated six research questions. The details are as follow:

Research Objective One:

1. As a result of the transformations brought by technological developments to the book publishing industry, how is the current development in Malaysia?
2. What are the trends emerging in the book market of Malaysia?
3. How far have technological developments changed the market environment as a whole?

Research Objective Two:

1. How have local publishers responded to technological development in their pursuit of organizational success?
2. To what extent have these responses changed their business practices in the industry?

Research Objective Three:

1. What are the emerging issues they are facing at present?

1.5 Significance of the Study

Technological developments are perceived to have transformed each and every link of the publishing chain, from reading and writing to printing and selling (Kulesz, 2011). As the transformation is remarkable, the findings of this study will be able to give a clearer and comprehensive picture on the current emerging trends in Malaysia that is caused by technological developments and innovations, as well as the economic implication of the trends towards the business practices of selected publishing companies studied.

Hence, this study is expected to:

1. Provide an understanding on the impact of technological developments on the current book market as well as business practices in Malaysia;
2. Provide an empirical case study data related to the operational practices and business strategies adopted by selected local publishers in facing the challenges brought by technological developments and also to maintain positive growth and competitiveness in the market;
3. Provide an insight on the issues and challenges faced by these publishers at present.

1.6 Scope of the Study

In this study, the focus is not given to every single sector in the industry. The reason for that is because of the fact that each sector is having its own characteristics and dynamics, and each of these situation should not be assumed to be the same with one and another (Thompson, 2012). Sectors focusing on academic and higher education books, for instance, are more dependent on universities and educational institutions, while the sector focusing on STM (Scientific, Technical and Medical) books are heavily influenced by professionals who are working in the field of engineering, accountancy, and medical (Greco, Milliot, & Wharton, 2014; Thompson, 2005). Therefore, this study is only focusing on trade publishing business, with its publishers involving in the publishing of general books, such as fiction and non-fiction that caters for general readers. Other types of publishing such as professional, academics, children, and education are not discussed in this study. Geographically, this study focuses on trade publishing activities and publishers in Kuala Lumpur and Selangor only.

In order to collect relevant data for the study, it uses documentary sources and case studies of six local trade publishers. For the selection of publishers for the case studies, the focus is placed on the three main categories of publishers, namely large sized publisher, small and medium sized publisher, as well as government-linked publisher. In the case studies, one of the methods used is in-depth interview. For the interviews, this study limits its respondents to the top management of the publishing companies researched and these people are such as the managing director, founder, and chief executive officer, who are the decision makers of their companies.

Other than that, this study is emphasizing on the impact of technological developments and innovations. The focus is directed towards the emerging trends caused by developments and innovations of technologies such as the Internet, computer, and digital technologies. However, in some parts, other external environment forces such as economics and finance will be included as they are interrelated with one and another.

1.7 Organization of the Thesis

This study is divided into six chapters. Chapter One provides a general overview of the study. It begins with the background and statement of the problem. Following these are the overall aim and specific objectives. Next, several research questions are drawn to answer the research objectives. Also, the scope and significance of the study are discussed.

Chapter Two discusses the field of study that underlies the theoretical foundation of the research, which is media economics and management. It explores the definition and general concepts of the field as well as how it has evolved as a field of study. Some of the theoretical approaches used in the past that are related to the field are also reviewed.

As for the theoretical framework, this study focuses on some of the main concepts in strategic media management by emphasizing on its relation with technological forces and developments, and then extending the discussion by applying the framework to the context of this study, which is book publishing.

Chapter Three describes the research approach, strategies, and methods used in the study. The procedure of data gathering will be detailed together with the data analysis and interpretation. Overall, it covers aspects from the process of data gathering to the analysis of the findings.

Chapter Four discusses the current trends emerging in Malaysian book publishing industry, in particular, trade publishing sector in the context of the transformative influence brought by technological developments. The discussion focuses on three main themes, namely the coexistence of printed book and e-book in the market, the emergence of multiple channels for the marketing and distribution of books, and the increased competition in the book market.

Chapter Five discusses the case studies analysis of the selected six local trade publishers. The purpose is to explore how these publishers have responded to technological developments, and to get an insight on the current strategic issues and challenges faced by them.

Chapter Six consists of the discussion and conclusion of the study. It begins with the summary of the findings, followed by the discussion and overall contribution of the study. Suggestions for future studies is also proposed in this chapter.

1.8 Summary

This chapter presents the background of the study, statement of the problem, the research objectives and questions, the significance, and the limitations of the study. Issues concerning the transformations in the book publishing industry caused by technological development and innovation are discussed in the background of the study and statement of the problem. Research objectives and questions are developed to look at how far technological developments have influenced the market environment of book publishing in Malaysia and also the practices of selected local publishers in the industry. This study is significant as the findings are expected to provide an understanding on the current state of book publishing business in Malaysia. Not attempting to represent the whole book publishing industry, the study focuses only on trade book publishing by emphasizing on the impacts of technological developments and innovation as well as the economics implication on the industry.

CHAPTER 2: TECHNOLOGY AND STRATEGY FROM THE VIEWPOINT OF MEDIA ECONOMICS AND MANAGEMENT

This chapter will begin with a discussion on the field of study that underlies the theoretical foundation of the research, which is media economics and management. It will explore the definition and general concepts of the field and also how it has evolved as a field of study. Some of the theoretical approaches used in the past that are related to the field will also be reviewed. As for the theoretical framework, this study will focus on some of the main concepts in strategic media management studies i.e. market structure, competition, and organizational strategies, by emphasizing its relation to technological forces and developments, and then the discussion will be extended by applying the framework to the context of this study, which is book publishing.

2.1 Media Economics

The study of media and communication from the perspective of economics has developed significantly over the past several decades, to which has also become one of the major approach among scholars in researching the media industries (Albaran, 2004). This is evident with the growing number of scholars including academicians, policymakers, and industry analysts, who have worked in this field of study focusing on media over the years (Albaran, 2004; Doyle & Frith, 2004). Economic as a discipline, is highly valuable and relevant to media scholars as “most of the decisions taken by those who run media organizations are, to a greater or lesser extent, influenced by resource and financial issues” (Doyle, 2013, p. 1). As it helps to explain how media firms and industries operate,

including their behaviour, practices, and conduct, the field of study allows us to understand more about their roles and functions in the society (Picard, 2011).

The definition of media economics varies from one scholar to another. However, most of them agreed with the idea of media economics being a field of study that uses economic concepts, theories, and approaches to understand the nature and works of the media industries (Albaran, 2013; Owers, Carveth, & Alexander, 2004; Picard, 2006). Albaran (2004), for instance, defines media economics as a study that “involves the application of economic theories, concepts, and principles to study the macroeconomic and microeconomic aspects of mass media companies and industries” (p. 291). According to him, as the study of economic grows, scholars have broadened its focus of investigation into different markets and industries by applying economic concepts and principles and that includes the media industries, which are considered as the content providers offering information as well as entertainment to the public. And, as their revenues are dependent on the supply and demand, as well as the regulatory of the government, they have all of the elements needed for economic study. Hence, as explained by Owers et al. (2004), media economics, is a study of “business operations and financial activities of firms producing and selling output into the various media industries” (p. 5).

As for Doyle (2013), she defines media economics as a combination of the study of economics and media that “concern(s) with the changing economic forces that direct and constrain the choices of managers, practitioners and other decision-makers across the media” (p. 2). To her, the main idea of the field of study is to understand how these matters as well as other economic issues are affecting the media firms in specific and the industries in general. And, the focuses are including issues related to supply and demand, economies of scale and scope, international trade, business strategy, pricing policies, competition, as well as industrial concentration in the media industries (Doyle, 2013).

The study of media economics is, thus, essential as it helps to provide an understanding towards the aspects that are shaping and impacting the media industries, the behaviours, and the content outputs (Napoli, 2009). Media firms are regarded as an economic entity (Picard, 2011). Therefore, an understanding of the economic characteristics, the constraints and matters related to their operations would be needed in order to distinguish an insight of a wider range and dimension of their behaviours.

Historically, the earliest literatures related to economics and business aspects of media can be traced to the 1950s and 1960s. According to Picard (2006), at that time, many of the researches were carried out by economists and business scholars with a focus on the issues related to competition, structure, regulations, and power. In the 1970s, the field of study is seen to develop significantly. It is evident by the increased numbers of economists and business scholars who began exploring the field of media. However, according to him again, it was until the 1980s where media and communication scholars began to give issues related to economics and financial forces more attention when studying the media. And since then, literatures related to media economics have grown considerably with the attention placed on the economic issues and problems; as well as the financial strategies, and the behaviour of media firms.

Looking at the broader context of the scholarship of media economics, the field of study has developed several traditions or ways in approaching the media. According to Picard (2006), there were three main traditions emerged in the scholarship of media economics, namely the theoretical, applied, and critical traditions. The development of these traditions were the results of the undertaking of media economics researches based on different academic foundations and the focuses placed on different subjects and issues.

<i>Level of Analysis</i>	<i>Theoretical and Applied Traditions</i>		<i>Critical Traditions</i>
	<i>Microeconomics</i>	<i>Macroeconomics</i>	<i>Meta</i>
Academic Foundations	Business economics and management	Economics and political economy	Communications, media studies and political economy
Foci of Analysis	Communication firms and consumers	Communication industries, government policies, general economy	Communications systems, culture, government policies
Issues Studied	Financial flow, cost structures, return issues, and decision making	Competition, consumption, efficiencies, and externalities	Social, political, and cultural effects of communications systems and policies

Figure 2.1: Fields of Inquiry in Media Economics (Picard, 2006, p. 28)

As illustrated in Figure 2.1, the theoretical and applied traditions are interlinked and are both paying attention to microeconomic and macroeconomic aspects in exploring the media industries. Microeconomics is an area of study that concerns with specific markets, while macroeconomics, on the other hand, is focusing on the broader aspects of the economic system (Picard, 2006). As for the critical traditions, the focus is on the broader aspects that involves work related to political economy and social critical approaches (Picard, 2006). According to Picard (2006), these traditions provide the means to analyze and understand the field of study through useful methods and approaches. Although some dissimilarities will remain persistent among the traditions, an overlap of methods and approaches is beginning to emerge as those who have been trained or have begun their studies earlier in each tradition started to find value and explanations in the works of the others.

<i>Industry & Market Studies</i>	<i>Company Studies</i>	<i>Effects Studies</i>
Industrial organization	Business strategy	Dependency
Demand	Company organization and culture	Financial commitment
Forecasting	Cost structures	Quality and diversity
Consumer spending	Financing and investment	Globalization and trade balances
Niche	Financial performance	Consumer and social welfare
Concentration	Productivity	
Relative constancy	Diversification	
Communications policy		

**Figure 2.2: Common Approaches to Studying Media Economics
(Picard, 2006, p. 30)**

Illustrated in Figure 2.2 is the common approaches in the study of media economics. As a result of the overlapping of methods and approaches in the three traditions, the approaches can be grouped into three main studies, namely industry and market studies, company studies, and effects studies. In explaining about the overlapping approaches in the traditions, Picard (2006, p. 30) discusses about niche, dependency, and political economy, which were adapted from other fields of study. He then, further elaborates that, even the communications field itself has contributed to the relative constancy and financial commitment approaches.

As observed by Küng (2008), the literature of media economics thus consists of issues that are related to media organizational behaviour and operation, where it provides valuable understanding on the economic forces affecting media industries and how these forces are influencing the strategic planning of media organization. By examining the processes and phenomena within media organization, the rational and non-rational decisions made by them that are influencing the strategic behaviour of media organization can also be understood (Küng, 2008, p. 4).

2.2 Interdependence to Media Management

In parallel with the development of media economics researches, there is the studies of media management. Similar to media economics, the definition of media management also varies from one scholar to another. According to Albaran (2013), it is a challenge to define media management as there are many possible levels of focus in media management research. As explained by him,

The defining of these fields becomes even more muddled from a defining standpoint when we consider all the possible permutations involved in each area. For example, in considering media management research, there are many possible levels of focus. One might focus on management activities at the corporate or ownership level, studying those actions or responses to external forces that corporate officers and CEOs encounter. One might focus on management at the level of an organization, such as a television station, newspaper, or digital enterprise. Even there, “management” occurs at different levels of the organization, so there is a need to further define and differentiate among these levels. Even self-employed individuals in media management, whether engaged in consulting, marketing, research or other activities, have to “manage” their own business and make decisions. These examples just point to the challenges of how to define media management. (Albaran, 2013, p. 7)

And because of that, theories, topics, and core readings used by scholars in studying media management are diverse in the literature with very few commonalities evident from them (Küng, 2008). However, despite the lack of similarities, scholars in the field agreed that media management can be referred to as a field of study that concerns with the applications of theories, concepts, and ideas that are related to management

studies researching on the media. (Albaran, 2013; Küng, 2008). As Küng (2008) put it, “the core task of media management is to build a bridge between the general theoretical disciplines of management and the specificities of the media industry” (p. 2).

According to Albarran (2013), the field of media management has been historically developed based on three schools of management, namely the Classical School, the Behavioral School, and the Modern Approaches. The Classical School involves theories such as Scientific Management, Administrative Management, and Bureaucratic Management. The philosophy underlying these theories are centered principally on improving and increasing the productivity and efficiency of the workers. The Behavioral School, on the other hand, involves theories that consider more of the goals of the employees in order to help improving organizational productivity. Hawthorne Effect, Motivation, Theory X and Y, and Theory Z are among the prevalent ones. The third school, the Modern Approaches, emerges as a result of the integration and expansion of concepts and elements from both the classical and behavioral schools of thought. The philosophical assumption underlying this school is based on the consideration of the impacts of both micro and macro forces on organizations in order to improve productivity. Among the central theories are Systems Theory, Theory of Leadership, Resource Dependence and Strategic Management. Today, the field of media management have grown substantially and the focus of the study has become interdisciplinary, that involved various theories and contexts (Albarran, 2013).

As the field of study progresses, the development of media management is considered very closed to media economics and they are known to be interdependent among each other. According to Albarran (2013, p. 8), economics and management are both inter-relying in nature because in the study of media economics, the focus towards the aspects of management of media firms are also reflected. This is due to the fact that

management is responsible for the economics of the media firms, to which the goal is to earn profits for the owners and shareholders. Every business is a combination of managerial and economic responsibilities. Thus, the importance of management elements in the study of media economics must not be neglected. Over the years, the number of scholars working on media economics and management have expanded dramatically, and this field of studies has also emerged as an important area in the study of media industries, especially for academicians, policymakers, and industry analysts (Albaran, 2004; Doyle & Frith, 2004).

2.3 Theoretical Frameworks used in the Past Studies

The study of Mierzejewska and Hollifield (2006) have provided an empirical outlook on the theoretical approaches that were commonly used by scholars in the field of media economics and management. Through an examination of around 309 articles in the *Journal of Media Economics* (JME) and the *International Journal on Media Management* (JMM) for a 15-year time frame, it is found that management theories and economic theories are among the highest used theories by scholars. In media management studies, strategic management theories have contributed substantially in the development of media management's body of literature. The topics discussed including the strategy of media market concentration, the adaption to changing market conditions, and the exploration of strategic decisions for companies operating in various markets and regulatory. For media economics, economic theories have been widely used in researching issues such as demand, market competition, marginal costs, economies of scale and scope, the economic characteristics of information, marginal utilities, as well as price discrimination.

With an intention to explore the function of media operations through the lens of media economics, Owers et al. (2004) have provided frameworks related to economics and corporate contexts. For economic context, the framework involves the concepts of macroeconomics and microeconomics. Macroeconomics comprises the overall function of the economy as a context for all industries and firms, whereas microeconomics looks at specific economic functions and behaviours of the media firms. Some issues stressed by them including the guidelines and constraints imposed by societal choices (political economy); the specific decision-making processes of consumers and firms (microeconomics); and also, the overall aggregate attributes of the economy (macroeconomics). Corporate context, on the other hand, is focusing more on the functional dimensions of media firms and also the dynamics of how they are changing. This involves directly the aspects of organizational management aiming on strategic responses towards the organizational of both internal and external forces in its environment. In this framework, the underpinnings of industrial organization, the various functional areas of the firm's operations, the demands of investors for acceptable returns, and the impacts of globalization are among the issues highlighted.

Picard (2003) has also provided a comprehensive framework through his study on the development of media in Finland between 1950 and 2000. Taking media economics as the theoretical approach, his study aimed to determine changes in the nature and operations of Finnish media, their relations to the content available within its media, and how emerging developments can be expected to affect them in the future. The approach lies on the notion of the structure, conduct, and the content of media with its focus placed on the industry structure, economics and finance, concentration, and business strategies. The idea of this approach came from the philosophy of the economic structure of media dictating the conducts of media firms and the extent to which they perform the social, cultural, and political roles they are expected to play in the society. Thus, when the

economic structure is altered, the conduct is changed, the performance of media is definitely being affected as well.

Doyle (2002, 2013), in the first and second edition of her book *Understanding Media Economics*, discusses extensively on the topic of media economics. In her first edition of the book, a comprehensive account on the topic is provided through an analysis of several media subsectors. The first two chapters involve an explanation of a number of broad and fundamental concepts relevant to the study of media economics. The subsequent chapters discuss about media activities: advertising, print, television, film, and new media. Focusing on media economics approach, the frameworks highlighting on economics characteristics as well as corporate strategies are among the subjects discussed, with a focus placed on issues such as international trade, business strategy, pricing policies, competition, and industrial concentration.

In the second edition of the book, Doyle (2013) moves from a sector-specific approach to the issues of how economic forces are impacting the media industries, particularly those related to technological advances. In the book, she explores themes such as innovation, digital multi-platform developments, the emerging importance of networks, branding and segmentation of market demand, strategies of risk-spreading, maximizing value within content, intermediation and rights management, corporate expansion, and advertising. The main aim of this second edition is to address and explain the fundamental questions and issues, from the perspective of media economics, which are currently transforming the contemporary media industries and its markets.

In the study of Küng, Picard and Towse (2008), they provide three theoretical perspectives in analyzing developments that are taking place in the media industries caused by the emergence of the Internet, namely economics, regulatory, and managerial perspectives. According to them, the economic perspectives are meant to answer

economical questions such as industry structure, concentration and consolidation, supply and demand, financial and cost structure, as well as organizational decision, quality and diversity of content. By relying on the fundamental concepts and questions related to economics, political economy, and business economic theories, the economic perspectives offer researchers various ways of understanding the changes and impact of the Internet on the mass media, and how the business dynamics of the media industry have been affected (Küng et al. 2008).

As for regulatory perspectives, a set of theories concerning the policy and regulation such as the competition law (antitrust), copyright law, and media regulation is involved. The fundamental questions that they, from the regulatory perspectives, try to explore are the necessity of policy measures in response to the impact brought along by the emergence of the Internet.

Different from economic and regulatory perspectives, managerial perspectives offer its researchers to explore the impact of the Internet to media organizations through the application of theories that are related to management, strategy, and organizational change. As argued by Küng et al. (2008), these perspectives enable in-depth explorations into the relationship of media organizations and their strategic environment, also the activities they must undertake to align organizations and their available resources with changes in the environment. As a whole, media organization strategies such as business model and products portfolios, organizational change, as well as the operational aspects like job design, work processes, employment patterns and organizational culture are the focuses of managerial perspectives.

2.4 Technology and Strategy Perspective

The previous discussion has outlined media economics and management as one of the disciplines in the study of media. Also included are some of the theoretical approaches and perspectives used by media economics and management scholars in the past studies. As for now, it should be clear that the field of study has emerged significantly and has also attracted interest of many scholars in economics, management, as well as the media fields, despite the fact that, there are limited shared features with huge variation in the theories, approaches, topics, and related reading materials (Albaran, 2013; Küng, 2008).

Nevertheless, the main aim of the study, as discussed before, is to explore the current situation of the book publishing industry in Malaysia by highlighting on the influence brought by technological developments to the market and business practices of the local publishers. In achieving this intention, the perspective of strategy and its relation to technology from the viewpoint of media economics and management is observed to be useful to the study. The idea is to adopt some of the main concepts in strategic management of the media – in particular market structure, competition, and organizational strategies – with the focus placed on the changes in the strategic environment of the industry and the responses of local firms towards technological developments (Doyle, 2013; Küng, 2008, Küng, Leandros, Picard, Schroeder & Wurff, 2008). In formulating the framework of the study, focus is given on the two main levels, namely market level and organizational level. By highlighting on one of the external forces influencing media industries, that is technological forces, the way conventional strategic environment and business practices of book publishing have changed today is focused.

The next discussion will look at how technological developments have impacted the strategic environment of media industries, in general, and the changes of business practices in media organization as a result of their responses towards the developments.

2.4.1 Technological Impact on Strategic Environment of Media Industries

According to Küng (2008), the study of strategy is concerning with “the responses of an organization towards its surrounding environments and how they carry out these responses to achieve organizational success” (p. 128). For media industries, the environments are constantly changing. As explained by Küng (2008), at certain times, the changes, usually caused by both the internal and external forces, may be easy to adapt to, especially when it is benefiting the players in the industry. However, it can also be challenging as the implications can be unpredictable.

Technology as one of the external forces influencing media industries, in particular, is considered very closely related to the development of media industries. Doyle (2013) argues that the media industries are profoundly dependent on technology and thus, are constantly affected by new advancements that are changing the ways media content is being produced and distributed. Similarly, Küng (2008) agrees that the transformation and improvement of technology are constantly existed in the industries. Not only that, these transformations will always result in challenging environments for the players in the media industries. For instance, business models may no longer be compatible and relevant due to the advancement of technology and needed revisions or updates. The outcome products of media too, may become unpredictable because of these advancements.

In today's digital age, the economics of the media has become more complex due to the emergence of online channels for distribution as well as new forms (digital) of content delivery to consumers. This has created a new set of market along with the existed ones. So, the question of how these conventional and new ways of content delivery and distribution channels co-exist in the market, as well as the level of competition that might be brought into the existing markets by the new form of products are among the pertinent issues that needs consideration.

Competition, in general, is mainly influenced by the nature and structure of the media markets as well as the kind of products being offered (Picard, 2011). It means that the media firms that are providing the same products and services, to the same group of customers, within the same media markets are considered as competitors to each other. In analyzing the level of competition in the media markets, Picard (2011) categorizes its condition by concentrating on the competitive structure and conduct in the media industries. According to him, there are two conditions of competition, namely moderate and fierce. Moderate competition tends to happen when the number of organizations with significant market power are relatively small while the barriers to entry and exit are high. These media firms also tend to operate in niche market. As for the operational characteristics, these firms tend to focus on strategies related to product innovation in order to attract different groups of consumers. These strategies are normally based on the product itself rather than its price. Comparatively, fierce competition refers to the condition when many organizations existed in the same market, to which, is causing the barriers to entry and exit to be lower. There are lesser product differentiations and this type of competition gives negative effects to the production of contents by reducing available resources.

<i>Competition</i>	<i>Structure</i>	<i>Conduct</i>
Moderate	Small number of media organizations with significant market power High barriers to entry and exit Media operate in market niches	Product innovation Strategy is based on product rather than price Efforts are made to attract different groups of consumers
Fierce	Many media organizations (some of them rivals for the same audience) Low barriers to entry and exit Absence of economically significant market niches	Process innovation Strategy based on price Following public preferences, competing for the same (mostly dominant) audience group with other media

Figure 2.3: Competitive Structure and Competition Conduct in Media (Picard, 2011, p. 166)

In the discussion related to the impact of technological developments on media markets, Doyle (2013) states that the structure and boundaries of media markets are perceived to have experienced changes because of the advancement and innovation in technology. One of the many aspects is the entry barriers to the industry that have increased the level of competition in the market by allowing more newer entrants into the industry. In explaining on the issue, Dholakia (2012) elucidates that,

Today, content creation is not limited to specialized individuals; consumers have become creators and use the latest transmission technology to post and share text, audio, and video. Blogs, YouTube, Twitter have become important communication platforms. Storage and display choices have grown as well allowing anytime, anywhere consumption from hand-held devices, accessing digital files stored in cloud servers. These advances have expanded the ways in which consumers conduct their lives (p. 17).

Based on the explanation, it is substantial that the process of digitalization and convergence, have simplified many of the processes in the production and distribution of media content. The development of the Internet too, as it is improving, has made the creation, marketing, and distribution of media content becoming less complicated. Consequently, as it manages to lower the costs in producing media contents, this has enabled almost everyone to become a content creator. As clarified by Doyle (2013),

This has resulted in a proliferation of Web-delivered media services, a number of which have become immensely popular, e.g. the Netflix subscription-based online video streaming service, or YouTube which is based around distribution of user-generated or other zero-cost content (p. 33)

However, changes in the industry have been occurring since before the arrival of the Internet. As explained by Doyle (2013), in the printing industry, for instance, the shift from the expensive 'hot metal' to cold metal printing technologies has reduced portions of the production costs for the publishing of print materials. Also experiencing the lowering of entry barriers is the broadcasting industry, according to her. The switch in the medium of content delivery from cable and satellite to digital technologies (analogue to digital) has broken through the constraints and limitations caused by conventional modes of broadcasting.

In the study of Compaine and Hoag (2012), Information Communication and Technology (ICT) innovation is realized as playing an important role in supporting new entrants in the media industries. The finding of their interviews with 30 media entrepreneurs in the United States, for instance, shows that the changing market structure

environment and the increase demand for media products caused by the ICT innovation have created potentially excellent prospects for new entrants. According to them, the lower costs offered by many new media companies have managed to counter-balance the aspects of uncertainty and risk, and also the capital barriers to entry, which resulted in a lesser need for outside capital as well as the risk onto outside investors and entrepreneurs.

As for the boundaries of media markets, according to Doyle (2013), the transformation that the media industries are experiencing today has created a borderless communication among people all over the globe, impacted by the process of globalization. In other words, the advances in technology has succeeded in eroding the traditional boundaries surrounding the media markets. In addition, it has reshaped the competitive environment for all media businesses with the emergence of e-commerce. Globalization has diminished geographical market boundaries and to some extent, the boundaries between different sorts of media and communications products and services, for instance newspapers, television, telecommunications, are becoming blurry (Doyle, 2013; Mierzewska & Hollifield, 2006).

The Internet and the World Wide Web, of course, are among the main catalysts of the blurring boundaries between media products and services. As clarified by Küng (2008):

The exponential growth of the Internet and the World Wide Web is one of the main catalysts of the blurring of borders that characterizes convergence. At root, the Internet is a loose matrix of interconnected computer networks which enables PCs to communicate globally at low cost. It has blurred the distinction between computing and communication and also between the communication and media sectors – since as a hybrid between a broadcast

and a point-to-point medium, the content it carries combines elements of communication, information and entertainment (p. 95).

Hence, these developments have created the uncertainties and new challenges to existing media firms.

2.4.2 The Responses of Media Organization towards Technological Developments

Due to the presence of technological developments and ongoing globalization, the traditional boundaries surrounding the media markets are changing. As stated by Doyle (2013), the emergence of a borderless economy and a rather international competition as well as technological convergence are naturally affecting media markets at the same time blurring the boundaries between different types of media, communication products, and its markets. Consequently, many media firms are forced to adapt their business and corporate strategies to be more competitive in the markets. From the organizational and managerial perspectives, the goal expected from corporate management is to maximize the wealth of the shareholders as well as the owners (Doyle, 2002; Owers et al., 2004). For instance, this goal of maximizing shareholders' wealth are prompting a significant number of the firms in the United States to adopt to measures either costs trimming (downsizing) or revenues increasing (expanding), or both (Owers et al., 2004).

However, some are suggesting that the process of expansion is rather related to the act of satisfying personal interests of the managers than to maximize the profits of the firm. As mentioned by Griffiths and Wall (1999, p. 91) quoted from Doyle (2002), the growth of the firm will only become the main objective to the managerial level when it contributes to the rises of their personal benefits such as higher salaries, power, status,

and job security. The debates continued but most scholars of the industrial economics accept the idea that, managers do have some elements of discretion, which is to pursue one's own goals other than profit maximization, and therefore managerial agendas can sometimes help explain some corporate behaviours (Doyle, 2002).

Nevertheless, the focus of this study is not about what motivates the corporate management to pursue goals in maximizing profits. Instead, it looks at how media firms are responding to its surrounding environments, specifically towards technological developments, and how they carry out these responses to achieve organizational successes. In studying organizational change in the pursuit of its goals, Owers et al. (2004) suggest several measures, such as the engaging in incremental changes that involve the creating of cost efficiencies; the pursuing of additional revenue streams; and the restructuring of corporate organizations. When explaining regarding the creating of cost efficiencies strategy, the example highlighted by Owers et al. (2004) is such as making a shift in the accounting practices, that is to switch from traditional cost accounting techniques to Activity-Based Costing (ABC). In the traditional accounting practices, the identifying of costs is made according to the category of expenses (i.e., salaries, fringe benefits, fixed costs, etc.) and then by allocating them on the basis of volume. Activity-based costing, on the other hand, spreads costs over the tasks that are performed (i.e., processing orders, buying component parts, assembling parts, etc.). Thus, in the context of efficiencies, Activity-Based Costing allows a more detailed assessment of costs as well as the identifying of costs drivers.

Another strategy of incremental changes suggested by Owers et al. (2004) is the pursuing of additional revenue streams, to which the aggressiveness of various media firms in pursuing niche markets can be widely observed. Among the obvious is the magazine industry, with numerous of the available titles on newsstands being niche titles,

and that includes titles owned by large media enterprises. Due to the rapid expanding of the Internet publishing, this leads to a further niche-pursuit and limited-interest titles. As for corporate restructuring, Owers et al. (2004) highlight several forms of incremental changes strategies that include business combination and business separations. Business combination generally offers a common understanding or concept of the combination of two or more firms as a whole, such as mergers and acquisitions. This type of merging would normally involve countless complexities and among the issue to be handled are such as the leader of the newly-combined firm as well as the new working culture to be implemented. However, this idea of joint venture under the concept of business combination only involve selective parts or operations of two or more firms. By doing this, this selective combination is very likely to achieve efficiency gains as the collaboration are formed by the potential parts of these firms. On the other hand, sensitive issues such as a new working culture and the leader of the new firm can be avoided. Also, dissolution or termination can be easily done to these joint ventures when they are no longer or not workable.

In the discussion of strategies related to corporate growth and the efforts of maximizing profits, Doyle (2013) discovers that the process of expansions is being the major approach. The three major approaches in expansion that can be identified and distinguished, according to her, are horizontal, vertical, and diagonal expansion. A horizontal expansion occurs when two firms at the same stage in the supply chain combine forces. Also, it happens to firms that combine as they are engaging in the same activity. Known as a common strategy, it allows firms to expand their market share and, usually to rationalize resources and to gain economies of scale. The benefits of horizontal expansion include being able to apply common managerial techniques and also being able to find greater opportunities for specialization of labor as the firm gets larger. Hence, the

prevalence of economies of scale makes this strategy appears attractive in the media industry.

The second approach, vertical expansion, on the other hand, involves either expanding forward into succeeding stages or backward into preceding stages in the supply chain. As stated by (Doyle, 2002, 2013), this strategy generally results in reducing transaction costs for the enlarged firm. At the same time, the firms can also be benefited as this strategy offers some control over their operating environment and helps them to avoid losing market access in important upstream or downstream phases. Last but not least, the third approach, diagonal expansion, as observed by Doyle (2002, 2013), is another expansion strategy that focuses on diversifying existing business area into new ones. In her elaborations, Doyle (2002, 2013) mentions that the approach of diagonal expansion contributes a very useful benefit towards firms applying it as it helps to spread out risk. She further adds on, that, the application of diagonal expansion would cushion those large diversified media firms against any damaging movements that might affect the sectors they are involved in. Furthermore, by applying the approach of diagonal expansion, many media firms are benefitting from the strategy as the availability of economies of scale and scope are being widespread.

In the context of technological forces, the advancement in technology have affected the business operational and practices aspects in the media firms. New and digital technologies have created a new environment to which, the distribution and sharing of content through many different platforms are now enabled. According to Albaran (2010), many media companies have responded to these developments by evolving into “multi-platform media enterprises” (p. 69), where their focus is not towards one platform as before, especially in the marketing and distributing of their content. According to him,

In the 21st century, media companies with roots in “old” or traditional media continue to evolve into multi-platform media enterprises. For decades, media content was delivered to one platform—newspapers, TV and radio broadcasts, and magazines. The adoption of digital technology enabled content to be shared among many different platforms. Media companies now distribute content to multiple platforms and devices. The term “enterprise” is used to illustrate the concept that media companies are no longer limited to a single distribution platform but rather operate as entities with the ability to offer content on many different platforms simultaneously. (Albaran, 2010, p. 69).

Agreeing with Albaran (2010), Doyle (2013) explains that, this kind of business practices, where the focus is placed on multiple platforms rather than just a single platform, has been grasped by most sizeable media organizations. And this, of course is driven by technological innovation, the adoption and changing behaviours of the public towards new technology, and the demand to have content spreaded through cross-platforms (Albaran, 2010). Some of these platforms can be seen in Table 2.3. From Internet TV and radio to social media, or podcasts and videocasts, these platforms are now the primary content distribution platforms for media companies.

High-definition TV (HDTV)	Wi-Fi/WiMAX	Satellite radio
Multicast TV	Video game consoles	Internet radio
Video on demand (VOD)	Mobile/smart phones	HD radio
Internet TV	Blogs	Mp3 players
Broadband	Social media	Podcasts/videocasts
Digital video recorders	User-generated content	Personal digital assistants
DVD/Blu-ray	SMS/MMS	iPod Touch/iPad
Slingbox/Apple TV	RSS feeds	e-Book readers

Figure 2.4: Multiple Platforms to Reach Consumers (Albaran, 2010, p. 70)

As argued by Doyle (2013), the changes into digital technologies has encouraged on the development of new forms of content, for instance, the combination of video and text, as well as interactivity, and the merging of devices, like the mobile phones and media players. This evolution that moves towards the usage of digital platforms has resulted in the delivery of content through various settings and forms. And, all of these developments are not only affecting the operational aspects of a media firm, but also their strategies to survive and stay competitive in the media markets.

In ensuring the success and survival of a company in the multi-platform media environments, Järventie-Thesleff, Moisander, and Villi (2014) suggest that one needs to take into consideration both incremental and radical changes in their business development. As explained by them,

... in the multi-platform media environments of today, the need to pursue both incremental and radical change constitutes a major challenge. To succeed, media organizations need to simultaneously avoid inertia and be open for innovations as well as to maintain efficiency in their existing operations and support effectiveness in new business development (O'Reilly & Tushman, 2004; Birkinshaw & Gibson, 2004; Raisch & Birkinshaw, 2008; Andriopoulos & Lewis, 2009). To do so, they need to constantly pursue incremental innovations, small changes and improvements in their existing products and operations that let them operate more efficiently and deliver ever-greater value to their customers. Simultaneously, however, they also need to come up with radical innovations, for example, changes that profoundly alter the basis for competition in the industry and, thus, often render old products or ways of working obsolete (O'Reilly & Tushman, 2004; Raisch & Birkinshaw, 2008) (p. 134).

In studying the responses of the renowned media company towards technological development, Albaran (2010) found that, The *Wall Street Journal*, a business publication company is massively adopting multiple platforms strategies in distributing its content. Besides distributing content through printed form, the company is also utilizing other distribution platforms such as the Internet, digital network, podcasts, and mobile devices. According to him (Albaran, 2010),

The Wall Street Journal's website (www.WSJ.com) features full text of the print journal's various editions along with many premium features on a subscription basis. The Wall Street Journal Digital Network enhanced features include video, interactive features, blogs, forums, archived articles from daily editions of the Wall Street Journal for the previous 90 days, and other content. Advanced searching of the archives is available for an additional fee. In addition to the Internet, the Wall Street Journal distributes content via mobile phones, podcasts, and RSS feeds.

The Wall Street Journal Digital Network is found on the website, and offers additional content from MarketWatch, Barron's (also owned by News Corporation), All Things Digital, and Smart Money (a magazine owned by News Corporation). There is a variety of blogs available through the website, as well as a section called Journal Community, which is an open forum for discussion on a number of topics. Podcasts can be accessed via WSJ.com and other websites including iTunes, my.Yahoo, and my.Google. The Wall Street Journal casts its videos, podcasts, and the latest news specifically formatted for mobile users and updated throughout the day to mobile devices but is scheduled to begin charging for its mobile applications in 2010. (p. 72)

For the *Wall Street Journal*, it is noticed that, the ability and resources they have is giving them advantages to fully exploit and utilize those online and digital platforms in distributing their content to the audiences. Additionally, as the company is a part of the News Corporation, a media conglomerate, they can also “cross-promote these platforms via their other holdings and media brands” (Albaran, 2010, p. 82).

In observing the effect of technological developments, in particular the Internet, on media organizations, Küng, Leandros, Picard, Schroeder & Wurff (2008), also highlight some of the case studies of well-established media companies, namely Bertelsmann, Disney, Time Warner, and Vivendi. Through the analysis of their strategies, structures, processes and business models, it is discovered that during the first Internet era (1995 to 2001), these companies are very cautious in responding to the developments brought by the Internet. According to Küng et al. (2008), these companies have reacted very carefully to the changes and responded with incremental change. All of the four companies' concern was that, they do not want the developments brought by the Internet to cannibalize their core businesses. However, all of them agreed and believed that technological developments can offer them with some new opportunities, especially in creating new sources of revenue to their companies. Some of the companies have then responded by exploring new and emergent sector, such as information technology (IT), telecommunication, and also consumer electronics, but not by expanding their existed businesses.

After the first Internet era, media and communication technology have developed tremendously and become closer to people's life. With the penetration of broadband and wireless technologies, media and communication have transformed into another new environment with the emergence of multiple platforms which is involving more than two ways of communication. People can share their content or files with one and another

effortlessly, at the same time having easy downloads of the contents (Küng et al., 2008). As this is happening, the process of content creation is becoming easier and lesser costs is involved. In the second Internet era, it is observed that many of the well-established media companies are adjusting their business practices to cater for the developments brought by the Internet. Practices such as having an increase in the number of content creators assigned to work on both offline and online products, as well as the shifting of online departments to be closer to the core activities in these companies were seen to be taken place. During this era also, many well-established media companies were not treating their online and offline products as competing among each other, instead most of them believed that the availability of both offline and online in the media markets as a complementation, to which offline complements online and vice versa (Küng et al., 2008). As a result, media companies have responded by implementing the multiple platforms strategy in their effort of content creating and distributing, as well as the exploiting of their existing assets. This means that, they are supplying and exploiting content across multiple platforms and formats, including digital formats, rather than merely focusing on single platform or format (Doyle, 2013).

Apart from that, the advances in technology has also affected the media supply and value chains. According to Küng (2008, p. 21), the mass media industry is having relatively straightforward value chains before the advent of the Internet and digitalization. Most companies of the mass media sectors are having an ultimate power in decision making over the whole production process, starting from their content creation stage until packaging designing, product distribution, as well as the organizing of the content reception. However, significant changes have taken place in the value chains of the various sectors in the media industries after “the arrival” of these developments. In explaining about these changes, Küng (2008, pp. 21-24) outlines several conditions, such as disintermediation, fragmentation, extension, and non-linear chains, occurred in the

media's supply and value chains as a result of the influence brought by technological developments. These fundamental changes in value chains are leading the media organizations to employ a whole load of changes to their strategies, structures, and business models.

From the discussions above, technological developments as a whole have seriously affected the strategic environment of media industries as well as the business operational and practices in the media firms. Therefore, the specific key technological developments to these changes will be discussed in the next section.

2.5 The Key Technological Developments influencing the Media Industries

It is rather impossible to take the technological forces lightly, especially in studying about the changes and transformation that are related to media industries. Production, distribution, and content forms in the industries are heavily dependent on technology, thus technology is playing a vital role in affecting the economics and management of a firm in the media industries (Albaran, 2004; Hesmondhalgh, 2013). The transformation occurred in book, music, radio, television as well as film industries for instance, is a result of the influence brought along by technological advancements.

There are, at least, three key technological developments influencing the media industries, including the book publishing industry. The first development is the evolution of computer technology. According to Albaran (2004), the invention of computer has tremendously improved the efficiency of works for people in many areas. Besides minimizing the storage required for paperwork, computer technology has brought along more opportunities in improving communication among people. The emergence of e-mail is one of the examples. Today, e-mail has become one of the most important mediums in

communication. It is not only used for business purposes, but also for other usages. Historically, computer technology was emerged and driven from scientific curiosity as well as for military purposes during World War II (Feather, 2008). After the war, the technology of computer has expanded into a wider context and usage that, it is no longer focusing solely on military and scientific purposes. In the 1980s, computer became vital to many people, either for working purposes or leisure usage. One of the main key factors of this development is due to the emergence of companies like Apple and IBM (Hesmondhalgh, 2013). Simultaneously, the effort of bringing computer technologies into smaller communication devices continues on to cater to personal usage. Thus, we can see such technologies in today's digital devices such as tablets and smartphones.

At the same time, the advancement of computer technologies has influenced the content forms and how it is delivered to the users. This is related to the second technological development, which is the transition of analogue systems to digital or digitalization. In discussing about this development, Albaran (2004) explains that:

As computers became more powerful and sophisticated, the ability to convert text and graphics digitally soon led to digital audio and video files. And once content is digitized, it can easily be distributed and shared with others. The media industries quickly moved to converting to a digital world, first in print and later in electronic media. (p. 297-298)

Therefore, content transition from the analogue into digital form or using the binary codes is very much related to the development of computer. Hesmondhalgh (2013) explains that, the result to this development can be seen through the conversion of the major components of communication and cultural expressions, such as words, images,

sounds, music and etcetera, to which in the olden days was transmitted using analogue form but now can be read and stored by computers after the content were changed into binary codes. As a result, communication is becoming more “transportable and manipulable than before” (Hesmondhalgh, 2013, p. 311). These developments are playing an imperative role in shaping what is happening in the industry today.

The third technological development is the emergence of the Internet. Almost all researches related to media industries are taking the impact of technological development as the focal point of discussion (Hesmondhalgh, 2013). According to Albaran (2004), since its first use to exchange textual information, the Internet has forever changed the lifestyle of human beings. The appearance of the World Wide Web, for instance, gives advantages to business companies as they can build up their own websites to attract and connect with their consumers as well as the advertisers. Besides that, the Internet also serves as a means to build and enhance brand development. The emergence of the Internet can be traced to around the 1950s and 1960s (Creeber & Martin, 2008). However, it only came into the general public’s attention in 1994 when Mosaic Web browser and the World Wide Web appeared (In, 2007). Since then, the Internet became one of the most powerful channels for the dissemination of information besides being widely used for commercial and non-commercial activities. E-commerce, an example of the commercial activities done through the Internet, is one of the important channels for business activities. The Internet provides a marketplace through e-commerce where consumers can purchase anything using only their computers or digital devices at home. Today, the Internet is seen to have revolutionized almost all aspects of our daily life. It is having a global impact as it enables everybody from any places in the world to come to it for any reasons and purposes with less or no barriers at all (Esposito, 2011).

With all of these developments, this study attempts to explore the condition in one of the industry within the media industries, which is book publishing. The further discussion will reflect upon the questions as follow:

1. How have technological developments changed the strategic environment of book publishing industry? and;
2. How have publishing companies responded to technological development in their pursuit of organizational success?

However, an understanding of the study's context, which is book publishing industry, is needed before proceeding to answer above questions for a clearer picture of the overall framework used. Therefore, the next section will discuss about book publishing as business and economic activities.

2.6 Book Publishing as Economic and Business Activities

The studies related to book publishing have progressively attracted interests among scholars of various fields. From the perspective of historical, Darnton (1979, 1982), Feather (1988, 2006), Hall (1996), and Md Sidin Ahmad Ishak (1998) are among the scholars who have contributed to the field of study. Darnton (1979), for instance, has made the period of Enlightenment in France the central of his studies, to which he made possible in simplifying the understanding related to the history of the book (*histoire du livre*). In his study that focuses on the Diderot's *Encyclopédie*, he explains how the literature materials and the technology of the book production are affecting the dissemination of Enlightenment ideas. Also, in exploring the functions of the

Enlightenment publishing as a method of business, he manages to track how the literary market place is functioning, that includes the functions of the publisher, dealers for books, traveling salesmen, as well as intermediaries lies within the cultural communication. Besides that, Darnton also, in his paper (1982) introduces the “circuit of communication” model with an aim to provide a useful guideline in studying “the history of books”.

Feather (1988, 2006), on the other hand, focuses on the publishing histories of the British. In his study, he manages to track down on how British publishing has developed over the past centuries. He also explains the ways and reasons of why it has directed and resulted in what it is today. In doing that, Feather (1988, 2006) explores and focuses on two principal themes: the organizational role of the publisher; and the central importance of copyright to the British publishing industry. As for Hall (1996), his book, *Cultures of Print: Essays in the History of the Book* (a compilation of his essays), is a result of his attempts to understand the social history of culture related to book production and its consumption. Included in his essays are issues dealing with change and continuity; issues exploring the possibility of a reading revolution; as well as issues arguing for the long duration of a Protestant vernacular tradition. Overall, he examines the relationship between popular and learned cultures and the practices of reading and writing. (See more at: <http://www.umass.edu/umpress/title/cultures-print#sthash.Sq3fYiVf.dpuf>).

In the context of the Malay world, Md Sidin Ahmad Ishak (1998) explores comprehensively the early history of Malay book publishing and printing. In his study, Md Sidin Ahmad Ishak (1998) explains the development of the books since 1807 – the publishing of its first Malay book – up till 1960. By giving more weight on issues related to the development of the book industry after 1920, he also highlights on the environment situations that influenced its structure as well as the role of the technology that shaped the development. Similar to Darnton (1979), Md Sidin Ahmad Ishak (1998) also emphasizes

the importance of socio-economic, intellectual, and culture in the development of publishing and printing activities. He indicates that having played the utmost important roles in shaping and structuring the industry of each period of time, these aspects must not be neglected.

Besides from looking through the historical viewpoint, scholars from other fields of study such as sociology, economics, business, and culture also show their interest towards the field of book publishing. Notably Thompson (2005, 2010), through sociological perspective, the two books of his: *Book in the Digital Age* (2005) and *Merchants of Culture* (2010) are among the studies that explore the world of book publishing. In the initial study, he explores the industry of academic and higher learning education in the United States and United Kingdom. Particularly, he looks at how the industry has changed over the time; the factors that drove these changes; and how each and every single firm is responding to the changing environment of publishing. In addition, while attempting to explore the responses of the industry towards developments, Thompson highlights three key developments causing such changes: the changing nature of the markets for books; the growing internationalization of the book trade; and the impact of new information and communication technologies. Still using the United States and United Kingdom as his context of study, *Merchants of Culture* (2010), Thompson's latter book has however switched to focus directly on trade publishing in order to explore the changing structure of trade publishing of the said countries. In his study, Thompson explains that the consolidation of publishing houses into larger corporate groups; the growth of the retail chains; and the growing power of literary agents are the key developments that are having influence on how the industry is shaped and structured today.

Other than Thompson, Squires (2007), another scholar whose interest is in book publishing, has also studied the contemporary trade publishing, however concentrates on literary fictional books in her study. In her book, *Marketing Literature: The Making of Contemporary Writing in Britain*, she investigates the contexts and circumstances of the British contemporary book publishing, by highlighting on the changing social, economic, and cultural environment of its publications in the 1990s and 2000s. Besides that, she also explores on its influence towards genre, authorship and reading, while including the case studies of *Trainspotting* novel and the *His Dark Materials* trilogy.

The study of Martin and Tian (2012), on the other hand, focuses on the business aspect of book publishing and the impact caused by the technology. Different from Thompson (2005, 2010) and Squires (2007), this study concerns with how businesses are affected by and are responding to global changes in markets impacted upon and frequently driven by changes in technology. In their book entitled *Books, Bytes and Business: The Promise of Digital Publishing*, the discussions are divided into three main parts, namely *Books*, *Bytes*, and *Business*. In the first part, *Books*, they explore the key trends in book publishing by focusing on the restructuring of markets and organizations and also the survival of the industry caused by the radical shift in consumer behaviour. In the second part, *Bytes*, they further explore the role of technology and how it has impacted the book publishing industry. The discussions range from the production aspects to the electronic and digital delivery for reading and buying habits. In the third part, *Business*, they switch the focus to the relationship between recent developments and the trend towards knowledge-intensive business. Their intention is to provide further understanding on the changes and continuing trends that involve organizations' sources of value as well as the effective responses to challenges and opportunities in term of value chains, supply chains, and business models.

A recent study on book publishing by Hjarvard and Helles (2015) also considers the transformative influence brought by the technological developments. They analyze the transformations in book publishing industry by taking into consideration the convergence of the books, and the broader media culture by particularly concentrating on the Danish book industry. With the focus placed on studying the relationships of the main players such as publishing companies and booksellers in Danish trade publishing sector, Hjarvard and Helles (2015) explore the perceptions of the book business players towards digital technology as well as the changing market conditions caused by technological developments and the possibilities it entails. In this study, they combine organizational theory and institutional perspectives of mediatization in approaching the issue.

Meanwhile, this study, as discussed earlier, attempts to explore the topic of book publishing through the lens of media economics and management, with an intention to analyse the current situation of the book publishing industry in Malaysia, trade publishing sector in particular, by highlighting the influence brought by technological developments to the market and business practices of the local publishers. It is undisputable that book publishing has played an important role in the dissemination of ideas, knowledge, and information to the public (Darnton, 1982; Feather, 2006, 2008; Greco et al., 2014; Md Sidin Ahmad Ishak, 1998). As highlighted by Md Sidin Ahmad Ishak (1998) and Darnton (1982) for instance, historically, publishing and printing activities have played an important role in the developing of socio-economic, intellectual, and culture of the society. Similarly, Greco et al. (2014) also emphasized that book has played a vital part in the development of intellectual, cultural, and education to the public.

However, the book publishing activities have always being regarded as a business activity, which is a business that supplies readers with books that educate, inform, and entertain. As explained by Greco et al. (2014),

Although publishers and editors are deeply involved in the transmission of knowledge and perform invaluable gatekeeping functions, publishing has been, is, and is likely to remain a business, albeit a business that supplies readers with printed or electronic books that educate, inform, and entertain.

(p. 2)

From the economic and business perspectives, publishing companies operate with the same goal as other business companies, which is to maximize their profits. And, usually, these companies are affected by a variety of economic and financial forces including market structure, competition, barriers to entry, financial capital, and costs for content, production, distribution, and marketing (Greco et al., 2014; Picard, 2011). These have, directly and indirectly influenced their revenue and profit.

Economics can be understood as the activities of producing goods or services for the target consumers. In order to further understand the concept of economics, the three main questions being frequently asked are: what is being produced; how it is being produced; and for who it is produced (Owers et al., 2004). In the production processes, the technological and organizational features are generally influencing how the end products are. Therefore, efficient technologies and effective organizations are essential so that the end products would meet the needs of the consumers.

Publishing firm is considered as an economic entity. In a broader context, publishing is a part of the sector in the creative, cultural, and media industries. Therefore, it is undeniable that, the sector of publishing does contribute to the economic performance of the industries as a whole. Also, while publishing firms operate as a business entity,

they are widely affected by a variety of economic and financial forces. Similar to other sectors and industries, according to Thompson (2005), publishers are the supplier whereas the products being supplied are the books. In the process of producing books, financial capital is fundamental especially as the payment to the authors, editors, designers and other staffs as well as for the preparations of the stock of books to be sold at the marketplaces, not forgetting the marketing of the books. Therefore, as a business entity, every publisher operates the publishing business with the same aim which is to maximize their profit. In order to do so, the determination of the prices needs to be formulated with proper consideration and taking into account the production and distribution costs as well as other intangible costs.

From the financial viewpoint, there are several ways to maximize the profit in the book publishing business. Below are some of the ways listed by Clark and Phillips (2001, p. 161):

1. Maximize the income and minimize the production costs;
2. Keep royalty rates competitive and monitor risks related to advances to the authors;
3. Control cautiously the stock level;
4. Control tightly the firm's overheads while maintaining effective management;
5. Take all available credit from suppliers;
6. Keep discounts and the costs of returns as low as possible, but at the same time, maintain display space in customer's outlets;
7. Collect debts quickly;
8. Obtain the best terms from suppliers as well as capital providers;
9. Invest in fixed assets, if the return is favorable;

10. Sell off under-used or under-performing assets;
11. Forecast regularly the cash flow over time.

However, in the context of the business as a whole, what are the key function of a publisher? The next section will discuss in detail about these key functions.

2.6.1 Key Functions of Publisher

In the business, publishing companies need to find good contents that can satisfy the wants and needs of their readers. According to Greco et al. (2014), there are 10 functions publishers do in their business (p. 5-6).

1. The first function done by the publishers is the acquisition of content to which the publishers need to obtain manuscripts from the authors. Considered to be a difficult task, the process of content acquisition requires the editors to evaluate the literary skills of their authors and to make predictions of what the market and consumers might demand for within a 12 to 18 months of time.
2. The second function carried out by the publishers is related to content development, which is the editorial process, that is the developing and enhancing of the manuscripts.
3. The third function carried out is book designing. In this process, the publishers are required to create the look of the book cover as well as the layout of the pages. Therefore, the person in-charged has to have a specific set of designing skills and techniques.

4. The fourth function is the management of the production cycle, which is a financial operation that requires the publishers to create cost analysis documents as well as production cycle estimates. The operation of this function involves working together with either the book printer or those who are involving in the e-book production.
5. The fifth function of the publishers is the managing and preparing of the finished product, also known as the prepress, printing, paper binding (PPB), or the preparation of the e-book.
6. The sixth function to be carried out by the publisher is the marketing operation. In this operation, the publishers need to determine the suggested retail prices of the books besides from crafting campaigns to market and promote those books that they have published. This function might sound simple to be done. However, in order to make sure that they are making profit, publishers have to cautiously make plans and predictions of the outcomes.
7. The seventh function to be carried out by the publishers is sales, that is the selling of the books through the channels of distribution. Things to be considered by the publishers are such as the interests and taste of the readers, as well as the intention of book buying when they are deciding on the type of channels to be utilized.
8. Once the sales are carried out, the publishers are required to preform the eighth function, which is the fulfillment. This requires the publishers to manage the warehouse, the distribution of books into channels of distribution, as well as the supervision of all book returns.
9. Then, the ninth function is to provide customer service to the customers. The publishers need to handle all the inquiries and orders from their customers prior to, during, and also after a certain sale period for their new titles as well as for all backlist titles.

10. The last function of the publisher is to manage and supervise other revenue streams. In doing this, the publishers are required to take charge of all sub rights, their foreign rights, all foreign sales licensing activities, as well as special sales.

As for Thompson (2012), he outlines, at least, six main functions of a publisher as follow (p. 19-22):

1. Content acquisition and list-building

Publisher is responsible in filtering, selecting, and distinguishing appropriate subjects for the acquisition of contents. Generally, the role of a publisher is not merely as a 'gatekeeper'. At some point, they also need to involve actively in helping to actualize the ideas or concepts of the authors in the process of content creation. Not only the publishers are helping to bring into fruition these ideas, they are at the same time, establishing and creating a content planning. Therefore, the publisher needs to be both intellectually creative and marketing nous. This is very important as it is helping them latter in the process of developing their publishing lists.

2. Financial Investment and risk-taking

As book publishing is a business activity, publisher is considered as an investor and risk-taker to the business. Throughout the entire publishing chain, from the acquisition of content to developing of ideas until the book producing period, the publisher is covering all the costs, including the payment of advances to authors and agents, besides making all

resources available ahead of time. On the other hand, however, if the product, i.e. the book, is not well-received among the readers and fails to sell, “the publisher is the creditor of the last resort” (Thompson, 2012, p. 20)

3. Content development

Publisher is also responsible in making the content ready to be marketed and distributed to the public. Usually, publishers have their own guidelines that needs to be followed by authors who are interested in publishing their manuscripts. Once submitted, the manuscripts will go through the editing process that involved thorough revisions and reviews by the editors before it is allowed to be printed and sold to the public. This is important in order to achieve certain criteria or standard.

4. Quality Control

Quality control is associated to the previous function. In editing, revising and reviewing the manuscripts, the role of publisher is to ensure the manuscripts meet the standard and criteria they have set up. And this involve the aspects of use of language, facts and figures, and also publisher’s house style. All of this are important as it determines the credibility and professionalism of a publisher in the industry.

5. Management and Coordination

Publisher is also function as manager and coordinator to every bits-and-pieces in the production and publishing process regardless of the activities and projects. From copy-

editing, typesetting, designing, up until printing, in-house managers, controllers or coordinators are needed to handle each of the respective sector, whether these activities are carried out in-house or outsourced.

6. Sales and Marketing

As for sales and marketing, the function of publisher is not only to bring into the marketplace a product or to inform sellers and readers regarding the availability of a certain book. Instead, their fundamental role is to seek opportunities to build a market for their product, from making a book known to the public to attracting and encouraging purchases, which is considered extremely difficult and complex. Nevertheless, there are differences in the activities carried out by marketing and sales. Marketing team is involving a series of activities that are directly related to the potential consumers such as catalogue preparation and mailing, sending out review copies, as well as e-marketing. As a whole, marketing aims to make consumers aware of a certain product and then to persuade or encourage them making the purchase. On the other hand, sales team focuses and liaises with the sellers, for instance, bookselling chains, independent booksellers, online booksellers, wholesalers, general retailers, and warehouse stores. Therefore, their tasks are to inform the upcoming products, to solicit orders and to ensure the stocks are available for the consumers, as well as to manage the relation of the publisher and their sellers.

Next, the discussion continues with the details on the main activities that a publisher is undertaking in the supply and value chain of book publishing.

2.6.2 Publishing Chain

The concept of value chain was first introduced by Michael Porter in 1985 through his book entitled *Competitive Advantage: Creating and Sustaining Superior Performance* (Free Press, 1985) (Arline, 2015). He regards the entire notion of this concept to be establishing from the process view of the organizations, with the idea of a manufacturing or service organization as a system, which is made up of sub-systems such as inputs, transformation processes, and outputs. These sub-systems (the inputs, transformation processes, and outputs) are involving the acquisition and consumption of resources: money, labor, materials, equipment, buildings, land, administration, and management. So, the determination of costs and profits are affected by how value chain activities are carried out ("Porter's value chain," n.d.).

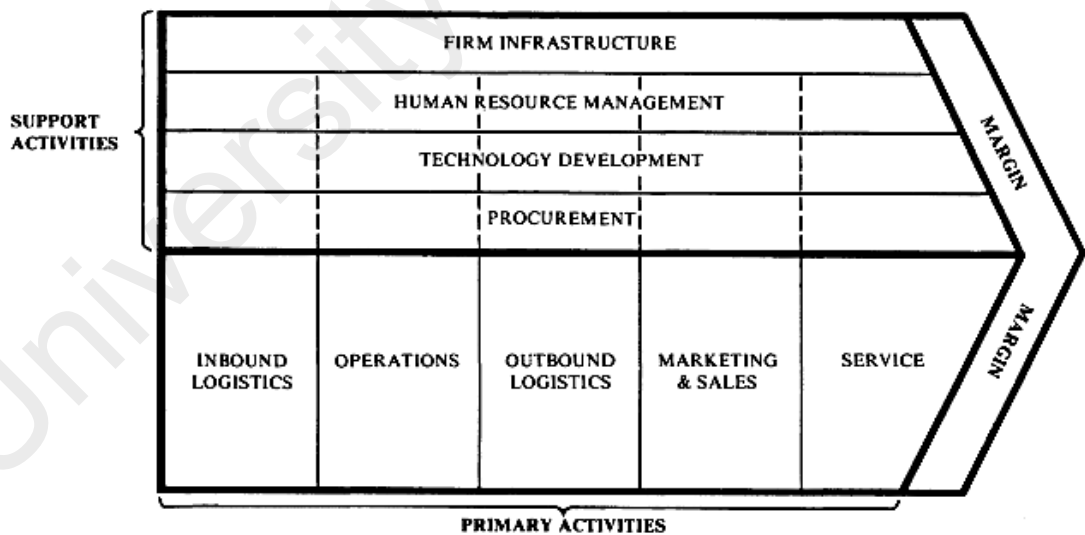


Figure 2.5: The Generic Value Chain (Porter, 1985)

In the discussion related to the concept of value chain, Porter (1985) mentions that one must not focus solely on a firm as a whole in order to understand competitive advantages. This is because, everything a firm performs – from designing, producing, marketing, delivering, supporting its product, and etc. – is going to contribute to its cost position. All these discrete activities are the basis and will cause differences to the final costs.

According to Porter (1985), most organizations or companies are engaging in uncountable activities in the process of inputs-to-outputs conversion. Whether these are main (primary) or supporting (secondary) activities, certain things are totally unavoidable and must be carried out in order for the business to progress smoothly. These main or primary activities according to Porter (1985) are:

1. Inbound Logistics – all the activities required to involve relationships with suppliers and activities required to receive, store, and disseminate inputs.
2. Operations – all the activities required to transform inputs into outputs (products and services).
3. Outbound Logistics – all the activities required to collect, store, and distribute the output.
4. Marketing and Sales – activities required to inform buyers about the products and services, activities to induce buyers to purchase the products and services, and activities to facilitate these purchases.
5. Service – all the activities required to keep the products or services working effectively for the buyers after it is sold and delivered.

The supporting or secondary activities are:

1. Procurement - the acquisition of inputs or resources for the firm.
2. Human Resource management - all the activities involved in recruiting, hiring, training, developing, compensating and (if necessary) dismissing or laying off of personnel.
3. Technological Development - related to the equipment, hardware, software, procedures and technical knowledge brought to bear in the firm's transformation of inputs into outputs.
4. Infrastructure - serving the company's needs and linking its various parts together. It consists of functions or departments such as accounting, legal, finance, planning, public affairs, government relations, quality assurance, and general management.

In the context of book publishing, the 'Communication Circuit' model of Darnton (1982) provides a useful guideline on how to understand the supply and value chain for book publishing. According to him, printed books generally pass through roughly the same life cycle and this cycle can be described as a circuit of communication that runs from the author to the publisher, the printer, the shipper, the bookseller, and lastly, the reader. In other words, this model shows how content is being disseminated to the public.

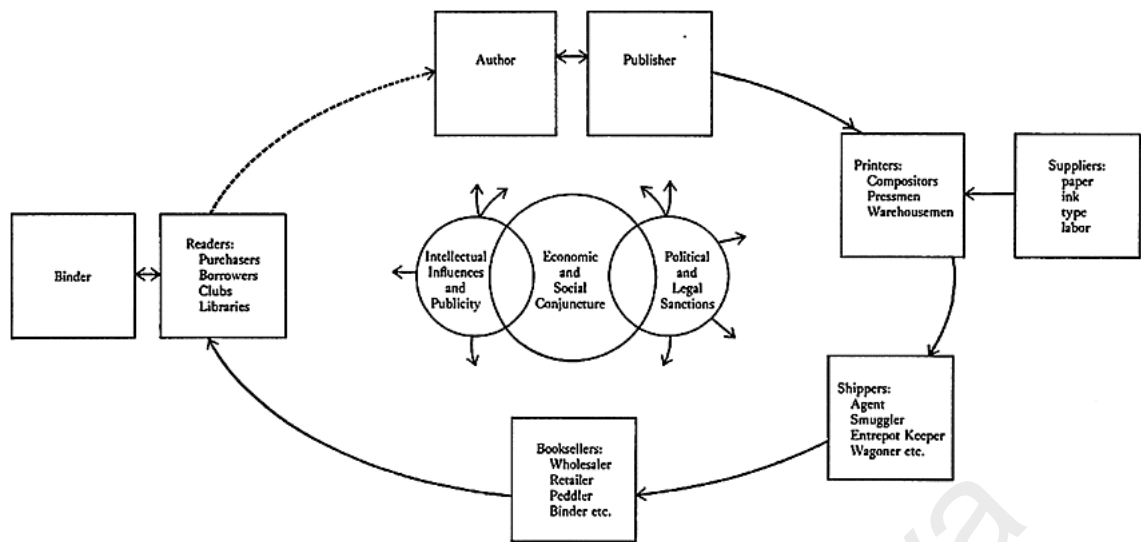


Figure 2.6: Darnton's Communication Circuit (Darnton, 1982: 68)

First, it begins with the author, who is the creator of the content. Then, the content goes to the publisher who acts as a gatekeeper to make sure it is suitable and in good form to be distributed to people. Next, it goes to the printer who are responsible for binding and packaging. After the content is in its ready form, it is sent to booksellers through shippers and finally sold to the public, who are the readers. He adds on that, the readers are the one who completes the cycle as they influence the author both before and after the act of composition. From this model, the supply chain of book publishing can be easily understood. It shows the communication process that starts from the creator of the content, the author, all the way to the reader who consumes the books, and then goes from the reader back to the author. Thus, a cycle is formed through these processes.

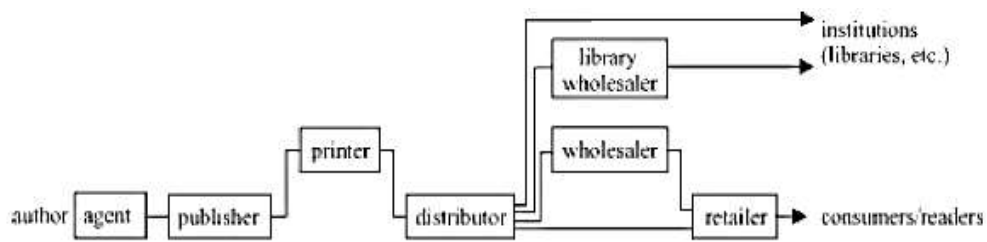


Figure 2.7: Thompson's Book Supply Chain (Thompson, 2012)

In specifically discussing about the publishing chain, Thompson (2012) indicates that the communication, connection, and relation of the players in the industry are shaped by a chain of activities where different agents or organizations are performing different roles, but all the parties are orienting towards a common goal which is the publishing of books. In the book supply chain, a number of players are involved in making the books available for the consumers to purchase. As explained by Thompson (2012), the process of book supply begins with the author, who creates contents for the publisher. However, in between of them, there is usually an important role known as the agent who is typically crucial in Anglo-American countries such as the United States and United Kingdom but having rather less importance in some other countries. In those Anglo-American countries, the agent is responsible to filter and select the contents before directing it to the appropriate publishers. When the publishers are interested with a certain content, they would buy the rights and carry out a range of functions such as editing, proofreading, designing for the cover and layout, and sending it to the printer for printing. Printers then, are responsible for printing and binding, and normally they follow whatever directions given to them by the publishers. After all of these are completed, the books are then sent to warehouses and distributed to retailers or sometimes to institutions such as libraries.

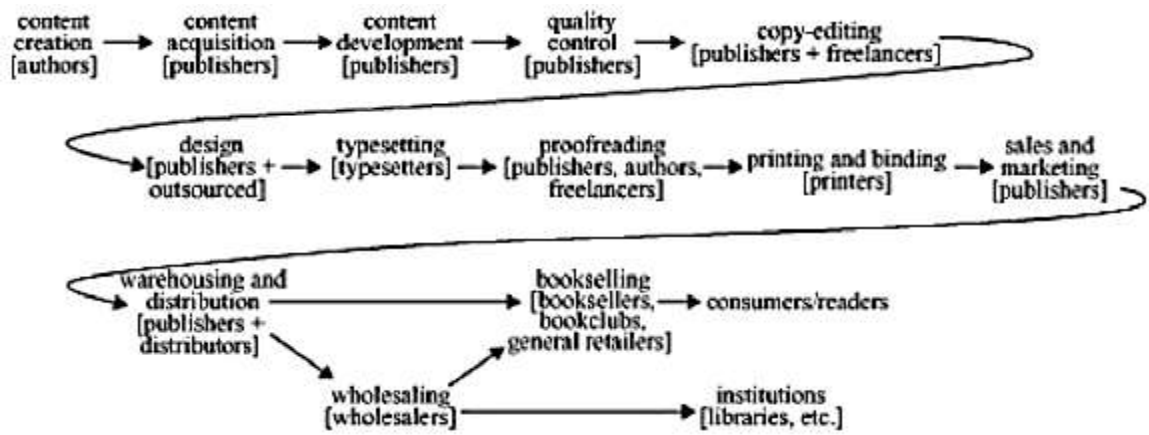


Figure 2.8: Thompson's Publishing Value Chain (Thompson, 2012)

In order to explain about the value chain in the book publishing industry, Thompson (2012) suggests that careful observation should be made through the business operational practices performed by the actors in each of the link in the organizations. As every level contributes something substantial to the overall task of producing the book until delivering it to the end user, each and every link is adding values to the end product. Hence, any particular link that does not contribute to the add-on of values are usually cut off from the chain. This can be seen through the role of the printers for instance, is now replaced by the other players since e-books are becoming popular among book consumers. As a whole, the emergence of new technologies has caused tremendously changes and transformation to the current value chain of book publishing.

In reflecting upon the discussion above, the business practices of publishers can be summarized into three main activities, namely (1) content planning and development, (2) production, and (3) marketing and sales. Under content planning and development, the activities involved are such as processes related to content acquisition, planning, editing and designing. Production, on the other hand, focuses on the content delivery

format and printing processes. As for marketing and sales, the emphasis is on the channels used in both marketing and distribution of books.

2.6.3 Publishing Structure

In explaining about the overall structure of book publishing industry, Clark and Phillips (2014) indicate that the industry consists of various market sectors that the publishers specialize in. Some scholars even look at publishing industry as a subset or subdivision of a much larger groupings, such as trade publishing being a part of the leisure/entertainment industry; and education/college publishing being a part of the education industry. Nevertheless, book publishing industry can be divided into several market segmentations in general. Among the common ones are trade, educational, academic, and professional. Although each of these market segmentations have certain things in common, they are organized in very different ways and competitions do occur in their respective segmentations (Thompson, 2005, 2012).

Clark and Phillips (2014) divide book publishing market segmentation into two entities, namely consumer publishing and non-consumer publishing. The initial involves publishers who produce books for the general public. This includes fictional and non-fictional books (hardback and paperback) that are usually displayed in the common bookstores and are receiving considerable mass media coverage. The genres of these books are generally covering a wide range of categories such as romance, thriller, mystery, politics, history and so forth.

On the other hand, non-consumer publishing consists of educational and academic/professional/STM publishing. Educational publishing sector involves activities that are related to the production of textbooks and other instructional materials used in

the schools and higher education. As for the academic/professional/STM publishing, they are being differentiated by overlapped market segmentations that focuses on a wide range of products, such as textbooks for students, high-level books and reference works for researchers and practitioners, and learned journal. Usually, the academic publishers concentrate on the humanities and social sciences (HSS) whereas the STM publishers focus on science, technical and medical areas that includes the law, accountancy and business.

2.7 Technological Impact on Book Publishing Strategic Environment

The previous discussions have highlighted the evolution of computer, the transition from analogue to digital, and the emergence of the Internet as the central technological developments influencing the transformation in the media industries. Different media are now getting closer thus interlinking with each other and new products are also arising as a result of these developments. For the book publishing industry, these developments have significantly changed the way book is being created, produced, distributed, and consumed. As discussed earlier, the emergence of e-book has transformed the current reading trend among the society. The book production processes such as editing, designing, marketing, and distributing have also become digitalized and computerized (Thompson, 2005, 2012). While it is important to have advancement in technologies as it helps to improve the industry, the ability to embrace and implement these technologies into the organizations remained crucial.

In this section, the discussion continues by exploring how technological developments have shaped the strategic environment of book publishing industry and the responses among publishing companies towards technological development. Based on

the review of literatures related to the topic, there are at least three main developments in the strategic environment of book publishing industry that can be discussed further, namely (1) the coexistence of printed book and e-book in the market, (2) the development of online bookselling and marketing, and (3) the increased competition in book market. Therefore, the next sub-section will discuss about these developments.

2.7.1 The Coexistence of Printed book and E-book in the Market

In today's digital age, content is no longer tied to a specific media format as it can come in any form, including in the digital format that can be distributed online (Song, 2012). As a result of this, new products are arising with new types of text and media formats. In the context of the content for book, since approximately 500 years ago, the printed book, which consists of the paper, print, binding, and glue, has been a prominent medium for content delivery (Thompson, 2012). However, as digital technology advances, e-book has emerged along with printed book as an alternative to readers in the market.

In discussing about the term 'e-book', Manley & Holley (2012) state that the definition is changing over time. The term itself comprises of several concepts carrying multiple meanings and contexts, and it is mainly influenced by the market trends. Historically, e-books have already existed since the Project Gutenberg that launched in 1971, through a volunteered effort in the creation of a digital library of books and cultural media using the public domain (OECD, 2012). Since then, it has been occupying a small niche in the book industry until the launching of the Amazon Kindle at the end of 2007 (Gilbert, 2015). So, what is e-book exactly?

Shin (2011) describes e-book as any text or reading material that includes words and images in the digital form that are usually read on dedicated hardware devices known

as the e-readers or e-book devices. In the OECD (2012) report, e-book is defined as “a book-length publication, consisting of text (and, sometimes, images) in the digital form, formatted to be read on the electronic screens of user devices such as the e-readers, computers, and mobile phones” (p. 11). Both definitions are rather similar except that the latter is expanding the description to include computers and mobile phones as the mediums for reading.

From these explanations, it can be concluded that e-book is texts, including images that can be read on the electronic devices such as computers, tablets, and smartphones as well as digital reader devices. In order for the texts to be read on these electronic devices, it needs specific file formats that are suitable for the devices. There are varieties of file formats available around the world such as Plain Text, Hypertext Mark-up Language (HTML), Portable Document Format (PDF), EPUB and AZW (OECD, 2012), but the most commonly used are PDF and EPUB (Coopers, 2011). While PDF is widely used for special interest books, EPUB is generally used for mass market e-books (Coopers, 2011).

From the perspective of business, this transformation of physical or printed book to the electronic version is benefiting the publishers. Not having to produce books in the physical form means that, some of the costs such as costs for printing that includes paper, inks, binding; and also costs of warehouse storage, shipping and returns will be eliminated. Despite the potential that e-book is able to give to the players in the industry, the sales trend is not really developing as many people have expected.

During the first decade of the twenty-first century, e-book sales trend in the United States and United Kingdom progressed at a slower pace (Küng, 2008; Thompson, 2012) and the trend only started to pick up around 2007 and this is mainly due to the introduction of Kindle e-book by Amazon. After that, e-books have grown tremendously and it is seen

as a new potential market. In the United States, analysis by Nielsen shows that, the number of e-book sold has increased significantly from 68 million units in 2010 to 223 million units in 2014. As a result of this trend, the number of physical book sold has experienced a decline, that is a drop from 718 million copies in 2010 to 635 million copies in 2014 (Jones, 2015b). As in the United Kingdom, it is recorded in the first half of 2013 that, around 20 per cent of their book market, which is an increase of about five per cent from the previous year, is in the format of digital. For fictional genre alone, 30 per cent of the total revenue comes from e-books (Wischenbart, 2014). It is also reported that the total domestic e-book sales from the five publishing groups in United Kingdom – Penguin, Random House, Hachette, HarperCollins, Pan Macmillan – are having an increase of around 15.3 percent in 2014 (Jones, 2015a)

However, in 2015 and 2016, the trend seems to have reached a period of maturity and is slowly declining. In the report produced by The Association of American Publishers (AAP), it is shown that in the first half of 2016, e-book sales in the United States under trade category has dropped around 20 per cent to \$579.5 million as compared to its figure in 2015 (The Association of American Publishers (AAP), 2016). As for the United Kingdom, it is reported that the e-book sales for the ‘big five’ UK publishers has dropped around 2.4 per cent to 47.9 million units in 2015 (Flood, 2016).

In other countries, the condition is fragmented (de Prato & Simon, 2014). In Germany, Denmark, and Spain for instance, the contribution of e-books to their overall sales is still insignificant to which the figure is still less than 10 per cent of the overall book sales. In Germany, although the country is considered as among the biggest book market worldwide, e-book only comprises of around 1.2 per cent out of all published book in Germany (Buschow et al., 2014). As for Denmark, the annual statistics from the Danish Publishers Association (2013) indicates that, the sales of its digital materials (comprising

of e-books, web portals and audiobooks, online as well as on DVD) is still less than 10 percent (Hjarvard & Helles, 2013). In Spain, although the trend shows that Spanish publishers are continuously investing in digital technology, the contribution to overall sales is still a fraction of the sales of the traditional printed formats (Antonio Cerdón-García et al., 2014).

As for the situation in Asian countries, the contribution of e-book to the overall book sales is even lower, which is less than 2 per cent (Nawotka, 2013). Indonesia, for instance, the country's publishing industry annual net revenue was reported around USD 466 million in 2013, with nearly 40,000 new titles are published annually. However, for e-book, in particular, the contribution to the total publishing turnover is only around two per cent (Lingard, 2016a). In Taiwan, despite being actively promoting and involving in the digital publishing, e-book contribution to book sales is also still less than one per cent. As stated by Lin, Chiou, and Huang (2013),

Although various participants have actively involved in Taiwan digital publishing, the sales of E-book is still less than 1% of total publishers revenues in 2011. Compared with North America market share, Taiwan's E-book market share is not meaningful. As a matter of fact, Taiwan readers are facing a dilemma in which there is a lack of E-book title and no proper reading device available. (p. 282)

For South Korea, a country considered as one of the leading countries in the proliferation of e-books used among Asian countries (Jung et al., 2012), the situation is rather different from the countries discussed above. As reported by Md Sidin, Hamed & Siti Mazlin (2008), 20 per cent of the overall book market is already appeared in the

digital form since 2005, which includes their commerce transaction. As explained by Kim (2015), the increased trend in reading through digital devices in South Korea is mainly influenced by the evolution of devices and LTE network service environments. With these developments, it has opened up a new area for publishers and content providers to venture into new segments of markets such as digital content in the mobile environment. However, this development has put e-book provider at a disadvantages position in the market. As e-book does not have so much visual as compared to streaming videos and games, buying e-book has become less attractive to consumer and this has led to the stagnation of e-book market in the country (Kim, 2015).

Looking at these trends, why e-book does not really develop as many people have expected despite the potential it has? In the study of OECD (2012), they highlight some of the pertinent issues faced by the industry in developing e-book publishing. The existence of different tax rates between physical books and e-books; the locked-in to specific platforms in content purchasing; also, the limitations on how users can read and share their purchased content, are among the issues arose in the study. For issues related to the taxes, currently, the legislation in most of the OECD countries is still primarily offering a reduced Value Added Tax (VAT) rate to printed books, to which, this is placing significant disadvantages to e-books when both reading materials are considered to be competitors in the same market. As for copyright issues, the arising problems are leaning towards the property rights of the consumers.

Some e-book platforms use DRM to prevent the transfer of downloaded e-book content between devices and this significantly alters users' ability to share or lend e-books to others. The purchase of an e-book is possibly best understood as the purchase of a conditional right of access to that digital

content so from the supplier's point of view, "lending", effectively, means granting additional access rights for free (OECD, 2012, p. 8).

Furthermore, insufficient availability of statistical data and data with no central, or official, co-ordination point are among the problems occurring in most of the OECD countries. As it is still lacking, these data are essential especially as evidences in the construction of relevant policies as well as assessment of the impact of the implemented policies, adequate and up-to-date information are particularly necessary. In order to develop e-book publishing, the report suggests four policy considerations that need specific attention for further research. The considerations are as follows (OECD, 2012, p. 61):

1. The pricing models and their impact on the market for print and e-books.
2. The impact of established, and emerging, copyright frameworks for the e-book market, and its stakeholders.
3. The role of libraries in the provision of affordable public access to digital forms of knowledge and culture.
4. The impact and significance of national, international, and global projects for the mass digitalization, and preservation, of the sum of all published works in the OECD jurisdictions.

Similarly, Kulesz (2011) also discusses about issues that book publishing industry is facing in developing e-book such as digital divide, infrastructure, market environment, copyright, piracy, content availability, the role of library, and consumer consumption.

Taking India as one of the example, although famous for their information technologies (IT) and software industry, neither do fixed internet connections nor do e-readers have mass penetration (p. 317). The same thing is happening in the Sub-Saharan Africa and Latin America regions with which, the main factors are due to the difficulties in developing infrastructure as well as the high pricings of e-readers and other digital devices. For Russia and China, the issues are mainly due to the competitiveness in the market and the efforts to create a sustainable industry.

As for the study by Tian & Martin (2013), to whom are focusing on the situations of digital publishing in China, they are concluding that China is still at the early stage to which critical issues are occurring around ownership, industry structure, operating platforms, stake-holders, piracy, and intellectual property. From their SWOT analysis, it is listed that copyright and intellectual property rights are among the pertinent problems faced. In the discussion, Tian and Martin (2013) state that, there are different regulatory and legal frameworks regarding the protection of intellectual property, besides the risk of piracy as the laws are very loosely defined thus hard to be enforced. The awareness among the industry players on the importance of copyright and intellectual property are also fairly weak. Furthermore, digital piracy remains a major concern among the booksellers given that the difficulties of enforcing copyright laws to protect these contents have existed since the first day it was introduced.

Other concerns raised by Tian and Martin (2013) are the lack of standardization in China's market with reference to online payments. Format war among the transaction service monopoly *UnionPay*, the telecommunications provider, China Mobile as well as foreign credit and debit card transaction services are causing difficulties to the market. On the other hand, issues regarding censorship are also one of the concerns perceived as threat to the digital publishing in China (Tian & Martin, 2013). According to Tian and

Martin (2013), as “there is unambiguous government control over the publishing and dissemination of content in China, including western print and digital material, not only in e-book format but now extending to mobile devices” (p. 268), these overly-strict control of content has somehow hindered the development of digital content.

Meanwhile in Spain, the issue of piracy is a serious problem in the development of e-books publishing (Costa-Knufinke, 2012). Although there are initiatives carried out by the government to prevent the problem, it seems difficult for them to curb the issue. An example of the Spain government’s initiative discussed by Costa-Knufinke (2012) is the implementation of the anti-piracy law known as “Ley Sinde”, an instrument to prevent illegal downloading of copyrighted content on the internet. This law is however, encountering strong opposition as its detractors think that the law violates the constitution by allowing the Government to close down or suspend any web services without the intervention of a court (p. 137). Other issues discussed by Costa-Knufinke (2012) are the price of e-book and tax (VAT). Although Spanish book market is regulated by the fixed price law, this law is considered insufficient to successfully protect some of the industry players, particularly those who are small and independent. As for the issues related to VAT, the higher VAT on the final retail price is giving a negative impact on electronic book sales by making the e-books more expensive than the printed ones. Consequently, e-books are appearing less attractive to the consumers.

From the publisher’s side, there are also issues and challenges in finding a new and sustainable economic model for e-book. Taking the publishers in the United States as an example, there are issues in determining a reasonable price range for the e-books. As explained by Gilbert (2015), when Amazon started to sell e-books at the retail price of \$9.99, it is heavily influencing the global book industry. Conflicts about pricing models occurred between Amazon and other publishers, and most of the publishers are opposing

the 'wholesale pricing model' suggested by Amazon. Gilbert (2015) clarifies that, in their opinion, the model proposed by Amazon will only be supporting and strengthening Amazon's influence in the book market at the same time threatening the book distribution by traditional brick-and-mortar booksellers. In order to challenge the dominance of Amazon in online book sales, the 'agency model' is much preferred. With this model, the publishers are the one who specifies the selling price of the books, at the same time to include into the price a commission for the retailers, therefore, providing equal benefits to new e-retailers such as Apple as well as existing e-retailers such as Barnes & Noble. As a result, several high-profile legal and contractual disputes have occurred due to the conflict of pricing models between Amazon and the other publishers (Gilbert, 2015). However, in the meantime, publishers still need to follow the guidelines regarding the setting of book prices given by the distributors or resellers.

In the long run, publishing companies will need to think of the ways of how to attract readers of the new generations. Providing additional services to the consumers can also be considered as one of the possible efforts. Not only depending on the transitioning of words to device screens, publishing companies are now having a greater opportunity that is the use of new formats, such as hybrid, nonlinear, interactive and social (Béhar et al., 2011). A better pricing strategy is also needed without undermining the value of content. Overall, publishing companies need to find out strategies to attract new consumers while the current strategies of offering e-books at a lower price than printed books is a step in the right direction which soon will demonstrate their worth through attractive sources of revenue (Coopers, 2011).

2.7.2 The Emergence of Multiple Channelings for Marketing and Distribution of Books

Apart from the coexistence of printed book and e-book in the market, one of the development that can be seen as a result of technological developments is the appearance of multiple channels for marketing and distribution of books in the digital atmosphere. The rise of Amazon in the industry is one of the example of how the Internet and World Wide Web changed the landscape of bookselling and marketing in the industry. As explained by Lieber and Syverson (2012), online bookselling has given Amazon potential advantages as compared to the traditional brick-and-mortar when they started their business. By having the store online, Amazon is capable to offer a variety of titles to their customers without having to worry so much about their inventory. And having a virtual store means that their customers can easily browse and look for the books online. The process of searching is also becoming faster. With all of these advantages, Amazon managed to lower some of their costs especially those related to inventory, store, and also human resource (Lieber & Syverson, 2012).

Amazon's entry into the bookselling market has resulting in the reconsideration of the existing business model of those who have involved in the brick-and-mortar bookselling. Some of the reconsiderations including (Lieber & Syverson, 2012, p. 1):

1. How should they respond to this new online channel?
2. Should they change prices, product offerings, or capacity?
3. Should they start their own online operation and how can they do it?
4. If so, how much would this cannibalize their offline sales?

These questions are vital as the traditional brick-and-mortar bookselling is at present in a critical position. In the United States for instance, some of the critical developments including the shutting down of one of the giant bookstore chain, *Borders*; the declining numbers of independent booksellers over the past 20 years; and the declining of traditional college bookstores caused by the emergence of the internet-based companies such as Chegg, Alibris, and Campus Books (Hetherington, 2014, p. 384). Therefore, it is imperative for the traditional brick-and-mortar bookseller to have strategic plans to maintain positive growth and be more competitive in the market.

Taking Barnes & Noble, one of the giant bookstore chain in the United States, for example, with all of the developments that happened, they have come out with several strategies to survive and stay competitive in the market. These include venturing into online bookselling with the setting up of Barnes & Noble.com, and also e-book through its NOOK books (Hetherington, 2014). Ghemawat (2006) states that Barnes & Noble has started radically to invest in technology around late 1990s and it is reported that they have spent hundreds of millions of dollars, especially in acquiring facilities related to print-on-demand and e-books. Apart from that, in their physical retail stores, Barnes & Noble has come out with a strategy to which they reallocated some of their retail spaces for higher margin products such as games, supplementary educational materials, as well as proprietary products (Hetherington, 2014).

Generally, online bookselling is benefiting not only the consumer but also the seller. From the consumer's point of view, online channels are enabling them to reduce their book searching costs as it is easier for them to make comparisons virtually, a particular book they wanted from different online booksellers. In the study of Laing and Royle (2013), they find that convenience, the wide range of choices, the ease of access to obscure titles, 'personalized' recommendations and reviews are among the key factors of

consumer interest in buying books online. As for the booksellers, online channels are enabling them to reduce some of the costs in the supply chain and to improve their business services to their customers (Lieber & Syverson, 2012). However, there are also disadvantages for the purchasing of books through online channels. As explained by Lieber and Syverson (2012), some of the obvious disadvantages are such as consumer not having the opportunity to physically inspect the products prior to purchase and the fact that they need to wait for a certain period of time before receiving the books that they have purchased. Despite having these disadvantages, online bookselling is presently growing considerably well.

In China, for instance, their online retail market value has reached 16 billion Yuan out of 50 billion Yuan of total book retail market. According to Yang (2015), although physical bookstore retail market value is still dominating the market, for about 34 billion Yuan, online retail stores continue to maintain its growth in the past few years. As a whole, the total book retail market which includes both online and offline channels have had around 10 per cent of growth (Yang, 2015).

2.7.3 The Increased Competition in the Book Market

As a result of the advancement of technology, the emergence of e-book and the developments of online bookselling have caused increasing competitions in the book market. According to Tian and Martin (2011), having to be existed for a long time, the condition, changes, and competition that have happened from time to time did not really affected the core activities of book publishing in the industry itself. However, the transformation caused by technological advancement has now triggered an intense competition. They further explain that, the competition is not only about the acquisition

of potential authors and readers, but it is also including the publisher and their book's visibility in as many online platforms as possible, especially after the emergence of new players, such as Amazon, Apple, Google, Samsung, and Sony, which is currently dominating the market.

These new players, according to Song (2012), are not only equipped with expertise and new technologies, at the same time, they are always trying to improve their business positions through innovation. These have given them more advantages and allow their influences in the market as compared to those existed conventional players who are usually lesser-equipped. The capability of Amazon to rise as one of the most dominant player in the book market is the best example. This has caused other players such as Barnes & Noble to reconsider their business strategies in order to remain competitive in the market (Ghemawat, 2006). Even though many of the existing players are progressing to reposition and re-evaluate themselves, the position of Amazon is still remained as the leading company. For instance, the launching of Kindle 2 and Kindle DX are the evidences that Amazon is able to be an outstanding manufacturer besides outperforming their competitors with 80 per cent of their trade book business being digital downloads plus having the ability to control 80 per cent of the total reselling market (De Young, 2009).

The market structure of book publishing industry has also changed due to the emergence of the Internet and social media, plus computer and digital technologies. In the study of Thompson (2012) on the current market condition in the United States and United Kingdom, for instance, it is noticed that while few big publisher conglomerates are dominating the markets, small publishers are still managing to not only remain operating, but also growing steadily. This condition, according to him, is due to the digital revolution that have caused the lowering of the entry barriers into the industry, at the same

time encouraging more people to get involved in the publishing of books. For instance, as technology in desktop publishing software are more advanced, the costs to own those softwares is becoming cheaper. Thus, book publishing is now possible to be done by almost everybody even though it is causing the role of typesetter to becoming less important as one can simply bypass the stage with desktop publishing softwares. Apart from that, the availability of digital printing has also made possible for a publisher to plan their printing through Short Run Digital Printing (SRDP) and Print on Demand (POD). And of course, with the development of the Internet, the process of communication, talent (author) searching, outsourcing, and information seeking have now becoming easier to perform. This is why small publishers are able to maintain their operation and eventually survived the market as they are utilizing all of these advantages.

In Germany, for instance, 80 per cent of the players in the industry are small businesses to whom are having sales less than 1 million Euro per year (Sonnenberg & El Badawy, 2014). As for China, the small professional publishing groups cover around 10 per cent of the market (Tian & Martin, 2013). According to Ronning and Slaatta (2011), the ability of small publishers focusing on niche markets to establish and strengthen their market positions are primarily influenced by the benefits brought by the Internet. For instance, some small yet well-established publishers do take the advantage to distribute their backlists online and some even managed to maintain their position in the market with this strategy. In this sense, it is apparent that the emergence of the Internet is bringing life into old books besides opening up new opportunities to exploit the “long tail”, that is the huge number of books that did not become hits when published.

On the other hand, as for the big publishing conglomerates which are dominating the book market in the United States and United Kingdom mentioned earlier, their existence is mainly due to the advantages of the benefits of scale that they obtained. In

discussing about this, Thompson (2012) has listed down the several areas where the benefits of scale can be found. Among these is the investment in IT and infrastructural systems. According to him, large publishing companies are generally more capable of acquiring infrastructures of better qualities that can help smoothen the operational aspects of the firms. This then enables them to benefit from those new and emerging revenue streams, such as e-commerce, and other online channels, thus, resulting in the success of these companies in the market. Apart from that, Thompson (2012) also highlights the other benefits of scale that large publishing companies are having, namely the rationalization and consolidation of the firms; the dealing with the suppliers; the negotiation with the retailers; advances; and risks-taking ability.

According to him, through rationalization and consolidation, the revenues and profit can be increased as these enables the companies to reduce their money spent on each of the departments. Thus, the saved money can be used for other purposes that would give significant reflects on the profitability of the firms. This includes the offering of a higher discount rates to retailers, high advances, high level of returns, and also the additions to some departments that needed more money. The next benefit of scale is related to the dealing with the suppliers by these big publishing conglomerates. Large publishing companies usually have the advantage to negotiate better terms with their suppliers besides putting pressure onto them. For instance, as large firms are dealing with big volume of businesses, they can put pressure on their key printers to turn around an urgent reprint, whereas small firms would not normally get the same treatment. The same goes to negotiation with retailers where large publishing companies have more advantages when negotiating for discounts, payment terms as well as promotions and in-store marketing aspects for their products' visibility.

As for advances, it is yet again another advantage for the large publishing companies. Advances for authors, for instance, is crucial as it is always among the most important aspects authors look into when choosing and deciding on who to publish their books. Besides from considering a publisher, best-selling authors also tend to migrate to large publishing companies as these companies can afford to pay according to the rate of advances they demanded. Risks-taking ability, the last benefit of scale, is referring to the condition where large publishing corporations are having the capacity and ability to take risks, especially when it comes to investing in books to which the success is yet to be guaranteed.

As a whole, the traditional functions of a publisher, according to Ronning and Slaatta (2011), will always remain central regardless of what and how the current changes are happening in the publishing world. Therefore, large, consolidated publishing groups and small niche publishers will coexist in the industry. As for the medium-sized publishers, they need to take a stand that is whether to cater for more markets or to venture into the distinctive cultural profile and commitment.

2.8 Strategic Responses towards Technological Developments

The previous discussion has highlighted the three developments in the strategic environment of book publishing industry impacted from the advancement and innovation in technologies. In this sub-section, the discussion will further explore how publishing companies have responded to technological development in their pursuit of organizational success.

According to Hetherington (2014), the fact that digital delivery is growing rapidly and the market place is appearing to be uncertain yet constantly developing have forced

publishers to rationally look into the opportunities offered and at the same time balancing off the risks and constraints of resources in the current environment. The growing importance of newer technologies such as e-book, e-commerce, and digital printing; and also, the pressure to improve the level of services when the time-in-process for orders are decreasing steadily are among the things that need serious consideration. Being able to come out with strategic plans, besides from predicting upcoming challenges, and making longer-term judgement towards the rewards and the risks of distribution, as well as outsourcing will contribute to enhancing the entire publishing infrastructure.

Current developments, especially those involving in the digitization of contents, is forcing publishing companies to adapt and change into adopting the current trends in order to maintain positive growth, competitive, and relevant in the market. As online consumers are increasing, the need for the companies to develop products or services catering to their requirements is essential. In the study of Antonio Cordón-García et al. (2014), the presence of big online bookstores for e-book such as Amazon, Apple, Barnes and Noble, and Google in Spain have forced local publishers to respond to digital publishing. The study indicates a massive migration of existing publishers from traditional printed into the digital formats and at the same time increasing the number of new publishers for digital books, to which in the end, causing the coexistence of both printed and e-book in the market. Looking at these developments, Antonio Cordón-García et al. (2014) found that, the growth of e-books into the Spanish publishing industry is in a way forcing those traditional publishers of printed books to redefine their publishing strategies and modify their business models within a short period of time. According to them, even though paper-print readership is slowly disappearing, conventional book publishing is replacing by benefitting the publishers through greater number of titles with lower print runs, as well as with the emergence of new financial model such as crowdfunding, and new business models like Print-On-Demand (POD), streaming

reading and shorter texts. Independent publishers are also becoming increasingly important, as they are the companies who are best equipped in order to respond to the market demands in the most flexible manner (Antonio Cordón-García et al., 2014).

Apart from that, in the book production, the advent of digital printing, for instance, is providing an alternative to the traditional ways of book printing. According to Hetherington (2014), digital printing is opening up new ways for publishers to enhance their performance with services such as POD (print on demand) and SRDP (Short-run Digital Printing). These technologies are allowing the publishers to move away from the traditional business model, such as print first-sell later that needed emphasis on unit cost and replacing it with models that focuses more on total cost of ownership and cash. The migration from print first-sell later to the new model of sell first-print later would help to control returns and eliminate unforeseen circumstances to the business. This technology is already vigorously used in academic and professional publishing therefore this particular publishing sector does not seem to be experiencing the same challenge as e-books in the trade sector (Hetherington, 2014).

According to van der Weel (2014), the effects brought in by the technological development to the book publishing industry have caused hybrid conditions that needs specific attentions. As books are now migrating into a diverse world of media, the industry is encountering challenges that they have never faced. This new condition of books requires a total different way to handle the matters economically, legally, as well as culturally. Therefore, having to be able to manage these challenges, he suggests that, the industry players need to acquire both paper-based and digital ways of thinking. Using pricing as an example in his elaborations, van der Weel (2014) raises the question of determining the prices of these digital reading materials (e-books). Highlighting the complexity of doing so, the issue on how to be rationale in setting the prices is crucial as

these e-books no longer require high cost for material production and distribution like the printed ones. Another hybrid condition highlighted by van der Weel (2014) is about printed books sold through e-commerce. As the selling of printed books online is not the same as selling them in a bricks-and-mortar shop, one needs to understand that it is relevant to purchase printed books through a non-physical shop (e-commerce) but irrelevant for the purchase of e-books from a physical bookseller.

Another important matter to be concerned by the book publishing industry in today's technology-intensive and highly competitive environment is the organizational structure. Tian and Martin (2011) in elaborating about this matter, mention that structural change has already been a feature long enough in the book publishing industry. The process of restructuring and reorganizing are essential especially for those traditional family-oriented firms in order to meet the heavy capital demands of the industry and the emergence of global conglomerates during the 1990s and 2000s. As can be seen, merger and acquisition are among the crucial strategies in book publishing industry and it is obvious that these movements are now progressing until a certain extend that large companies are able and becoming the dominant actors in the industry. However, the continuous emergence and growth of other smaller yet flexible competitors are non-stoppable. Apart from that, through structural change, some publishing companies even restructure their organizational structure in order to improve the performances of the publishing companies. The appointment of a digital division or a digital director, for instance, would definitely be able to accommodate and to handle the demands of digitization in the organization (Tian & Martin, 2011).

2.9 Summary

The discussion has outlined media management and economics as a field and discipline in media studies and also some of the theoretical approaches that were used by scholars in the past studies. From these discussions, strategic management are among the popularly used theories by scholars in the field which has contributed substantially in the development of media management's body of literature. Taking this into consideration, the theoretical framework of the study is developed based on some of the important concepts in strategic management with a focus on technology and strategy.

Current developments, especially those involving in the digitization of contents, is forcing publishing companies to adapt and change into adopting the current trends. The innovations of technologies such as digital devices, computer systems and applications as well as the platforms for digital books are among the things that have changed the book culture environment within the society. As the potential brought by technological developments are vibrant, it is imperative for the industry to rethink and reconsider on how they will be able to integrate with the emergence of new media technologies as well as to manage challenges and issues emerged.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter will describe the research approach, strategies, and method used in the study. The procedure of data gathering will be detailed together with the data analysis and interpretation. The discussion will also cover aspects from the process of data gathering to the analysis of the findings.

3.1 Research Approach

Establishing a clear purpose of a research is essential before deciding the suitable research approach and the appropriate design for a study (Bazeley, 2013; Maxwell, 2012). It is because of each and every research approach/strategy (qualitative, quantitative or mixed methods) represents different purposes and goals. As discussed by Creswell (2013), quantitative approach is generally aiming to test the objectivity of the theories and is done by examining the relationship among variables, whereas qualitative approach, on the other hand, is usually used to explore and to create an understanding of the behaviour of an individual or a group of people towards certain social issues or within a social environment. As for mixed methods approach, it is a method that involves the collection of both quantitative and qualitative data, aiming to provide a more comprehensive understanding of a research problem than either approach alone (Creswell, 2013).

For this study, the main purpose is to explore the current situation of the book publishing industry in Malaysia by highlighting the influence brought by technological developments to the market and business practices by selected local publishers. It seeks to understand how the current developments of the industry is, what issues are emerging,

and how publishing companies have responded to it. Based on this, therefore, it is decided that qualitative approach is used in this study for its researching purposes.

According to Creswell (2013, p. 4), the process of qualitative research involves emerging questions and procedures. Most importantly, the data is usually gathered in the participant's setting and the themes are usually constructed through inductive analysis, which is from details to general. Then, the process of meaning-making is done through the researcher's interpretation of the data gathered. As explained by Denzin and Lincoln (2003, p. 5), qualitative approach uses a wide range of interconnected interpretive methods to obtain an in-depth understanding of the subject matter researched. In doing so, it involves various empirical materials, such as case study, personal experience, life story, interviews, artifacts, cultural texts and productions, visual texts, observational, historical, as well as interactional studies, which describes a condition, routine, issues, and meanings of an individual, organization or event. As stated by Merriam (1998), qualitative research helps the understanding and explanation about the meanings of social phenomena with minimum interruptions on its real condition.

According to Creswell (2013) there are nine characteristics of qualitative research. These nine characteristics are natural setting; researchers as key instrument; multiple sources of data; inductive data analysis; participants' meaning; emergent design; theoretical lens; interpretive; and holistic account (p. 45-47).

1. According to him, natural setting is usually used in qualitative research for the collection of data. The process of data collection is commonly done at the side of the participants who are experiencing the issues or problem under study. In other words, the researcher is gathering all the information by having actual and direct talks with the people (participants) and by observing their behaviours and actions within their ordinary or regular context.

2. Secondly, the researcher is considered as the key instrument in qualitative researches. He or she may use a protocol – an instrument – for data collection but he or she is the one who is actually gathering the information.
3. Thirdly, qualitative researcher would typically gather data from multiple sources, such as interviews, observations, and documents, rather than simply relying on a single source of data.
4. Fourthly, in the data analysis, qualitative research would require an inductively organized data where patterns, categories, and themes are developed from the bottom-up, that is having the data or information organized into units that are increasingly becoming more abstract.
5. Apart from that, the fifth aspect indicates that the researcher applying qualitative research to keep a focus on learning the meaning from the participants and not bringing his or her meaning (interpretation) into the research. This also includes the writer's expression into the literature.
6. The sixth aspect of qualitative research says that, the research processes are going to be emergent. This means that, the initial plan for research may not be tightly prescribed, and all phases of the process may change or shift after the researcher enters the field and begins the process of data collection.
7. The seventh aspect of qualitative research states that, the researcher is generally using theoretical lens to observe his or her study according to the context of the research.
8. The eighth aspect says that qualitative is considered an interpretive practice and that is why the researcher generally make interpretation of what he or she sees, hears, and understands.

9. Last but not least, through holistic account, qualitative researcher focuses on the complex picture of the problem or issue studied. Therefore, this involves reporting multiple perspectives from the emerging points.

From the philosophical context, qualitative research is generally considered as an approach related to the Social Constructivist worldview. Creswell (2013, p. 8) explains that this worldview believes that, individuals seek and develop subjective meanings through life experience in the world they live and work in. As these meanings could be different and diverse, the research is led to focus more on the complexity of views in order to understand a certain occurrence or individual. Therefore, the aim of a qualitative research is to focus as much as possible on the participants' perspectives of a certain situation. Through this way of researching, the issues studied are not being narrowed down into specific categories. Rather, the questions are broad and general, which allow the participants to create meaning of the situation and usually the meanings are obtained through participation in the discussions or interactions with people.

3.2 Data Collection

In discussing about the data collection of the study, the focus is on the two (2) main analysis, namely documentary sources and case studies.

3.2.1 Documentary Sources

In Chapter One, it is outlined that the first objective of this study is to explore the current situation of Malaysian book market as a result of the transformations brought by technological developments. With the emergence of digital book and multiple online channels for sales and marketing, as well as the increased competition in the market as a result of the innovation in technologies, this objective seeks to find out on how the current market environment of book publishing in Malaysia is, what are the trend emerging, and how far these developments have affected the market environment in the industry. In order to answer the objective and its questions, the relevant data is collected from a variety of documentary sources.

What is documentary sources? The term “documentary” covers a very wide range of different sources. Commonly, documentary sources are regarded as sources in the form of written documents (Bowen, 2009; Finnegan, 2006; Scott, 1990). For instance, Bowen (2009) refers documents as texts (words) and images that is recorded without the intervention of a researcher and this includes “advertisements; agendas, attendance registers, minutes of meetings; manuals; background papers; books and brochures; diaries and journals; event programmes (i.e., printed outlines); letters and memoranda; maps and charts; newspapers (clippings/articles); press releases; programme proposals, application forms, and summaries; radio and television programme scripts; organizational or institutional reports; survey data; and various public records” (p. 27-28).

Therefore, it can be personal documents such as letters, diaries, and autobiographies. It can also be public and organizational documents, such as the government official statistics, the annual reports of the organization, sales report, as well as the newsletters of the organization. Besides that, newspapers, magazines, news in the televisions, and other media outputs are too considered as documents which can be used

for documentary sources analysis. In addition, some researchers also utilize past studies done by other researchers as their data, to which are considered as secondary sources of data.

However, the term “documentary” is sometimes widened to include other than printed sources, such as radio or film material which are neither primarily in writing nor in “documents” in the traditional sense. As argued by Finnegan (2006), written documents is one type of documentation among the many sources available. As documents could come in different forms and types, printed text, is not the only means to be referred to as documentary sources. This is due to the fact that, technological developments and innovation have enabled “texts” to be also created, kept and stored in the electronic and digital forms. The varieties of documentary sources, as explained by Finnegan (2006, p. 141), include:

- Medium: papyrus, parchment, stone, tape, cassette, micro-film/fiche, electronic
- Form: words/text and figures, graphic, pictorial, audio, video and materials, and other forms expressed in digital technologies

Therefore, the term “documentary” is now also including other non-written forms and media such as audio, video and audio-video recordings. As pointed out by Bryman and Bell (2015), “documents” constitutes a very mixed set of sources of data that involved any set of sources that can be ‘read’ as a text.

The process of collecting the relevant data for this study is actually guided and is collected through the combination of written and non-written documents. The lists and details are as follow:

1. Public Documents

The data is mainly collected from documents produced by government agencies, such as National Library of Malaysia (PNM), Multimedia Development Corporation (MDEC), Department of Statistics Malaysia, Malaysian Communications and Multimedia Commission (MCMC), Perbadanan Kota Buku (PKB), and the National Book Council of Malaysia (MBKM). These sources include statistics, reports and press releases.

2. Organizational Documents

For organizational documents, the sources used are mainly documents produced by industry-related associations. These documents include minutes of meetings, Annual General Meeting (AGM) reports, and industry reports.

3. Sources from Mass and New Media

These documents include newspapers and magazines published online, as well as recorded seminars and talks related to Malaysian book development posted in YouTube.

4. Audio-recorded seminars and talks related to Malaysian book development:

From time to time, the Department of Media Studies of the Faculty of Arts and Social Sciences, University of Malaya are organizing seminar involving industry players from the book industry of Malaysia to talk about and share their experience as well as

information related to the current development of the industry. All of these talks and seminars are handled and coordinated by students attending the Master of Publishing programme, while the speakers are those who involved fully in the industry, which can be credible sources to understand the current development in Malaysian book publishing industry. As the topics discussed are related to what they are experiencing in real life, it is decided so that this study utilizes these resources for its data collection. For this purpose, this study analyzes seven audio-recorded seminars and talks for the collection of relevant data. However, transcription is not carried out for the entire seminar or talk. Instead, only portions of information that are related to the study's themes formulated were transcribed. All of the seminars and talks, including the question-and-answer sessions, were recorded by the researcher. In addition, questions were also presented to the speakers during the questions-and-answer session to obtain more information related to the focus of the study.

3.2.2 Case Studies

Yin (2009, p. 18) states that having to ask questions of “how” or “why” in order to find out the answers of a subject matter is the main strategy of a case study. Through a minimum control of an event, the current phenomenon in the real-life context is focused. In particular, case study is an empirical inquiry that is characterized by in-depth investigation on a contemporary phenomenon within its real-life contexts to develop an understanding of the real-world behaviour and its meaning (Yin, 2009, p. 18).

For Wimmer and Dominick (2006), a case study is said to be a systematic review conducted on an individual, group, organization, or event using as many existing data sources as possible. They also note that the method of case study is best to be used when

a researcher wants to understand or explain a phenomenon that occurs as this method is treating the whole “thing” researched as being an in-depth research based on a case. Similarly, Creswell (2013, p. 13) also describes that case study is an investigation or inquiry strategy. When applying this strategy, the researcher is exploring a particular programme, event, activity, or process, of an individual or more with a comprehensive and thorough manner. The cases being studied are therefore, specifically confined to a certain time-frame and activity, and the researcher gather detailed information through various data collection methods (Creswell, 2013; Wimmer & Dominick, 2006). Therefore, case study can be understood as a research strategy that involves more than one method in the collection of data and comprises multiple ways in data collection.

An integral aspect of case research design is to decide whether a single case or a multiple case studies will be required for the project (Yin, 2009). An advantage of multiple case methodologies is that the data collected can provide a basis for comparison. Multiple case designs also allow for cross-case analysis. As mentioned by Yin (1994) and Wimmer & Dominick (2006), one of the advantages of case studies is that the data are collected using a variety of methods in order to gain resources at the same time to use these diversified findings to provide a wider and more detailed explanation to a particular phenomenon.

According to Wimmer & Dominick (2006), there are four sources of data that are possible to be used in case studies. The first one is through documents such as letters, memos, brochures, leaflets, posters, and historical records. This source of data or information is also known as secondary data. Then, data can be obtained from interviews. There are few ways to carry out an interview. For instance, using questionnaires; and oral unstructured interviews. The third source of data is through observation, which is to make a closer look at the participation involved in a case that occurred. In this way, researchers

can understand better about what is happening from the perspective of those who are involved in the case reviewed. The fourth source of data is physical artifact, which is materials produced by those who are involved in the cases studied. For example, if someone is researching on the students' level of skill in a vocational school, the materials produced by the students can be considered as physical artifact, hence categorized as a source for data.

In this study, case studies analysis is used in order to explore how technological development affects the business practices of selected local trade publishers in Malaysia, and also the issues and challenges they are facing. It is descriptive in nature and the following are the main questions attempted to be answered by this study through the analysis:

1. How has the organization/company responded to the technological developments?
2. How far has the ways of operation of the organization/company being influenced?
3. How far has the organization/company being financially affected?
4. What are the business strategies adopted by the organization/company to maintain positive growth and to stay competitive in the current market?
5. What are the issues and challenges faced by the industry players?

The targeted research subjects in this case study are the publishers. A range of commercial and government-linked publishers from large, medium and small sized companies are intended to be covered in this study. The reason for such selection is due to the nature of the industry itself for being diverse with its wide range of markets, products and services. Therefore, based on each companies' core product and market,

their responses are likely to vary from one to another, leading to differences in technology uptake and business models.

For this study, the selection of publishing companies for the case studies are based on the three types of publishers. They are as follow:

1. Publishers (Large Sized)
2. Publishers (Small and Medium Sized)
3. Government-funded Publishers

Overall, six publishing companies are selected for this case study with two companies for each type. All the six publishing companies are based in Kuala Lumpur and Selangor and active in publishing books, especially in Kelang Valley area. As for the criteria of large sized publishers, and small and medium sized publishers, the selection of the publishers is based on the number of staff working in the company. For instance, both companies categorized under large sized publishers are having more than 50 employees, whereas the other two companies categorized under small and medium sized publishers have less than 20 employees. As for data collection, this study employs multiple sources of data, from in-depth interview to observation and also documentary sources. The details and procedures are as follow:

3.2.2.1 In-depth Interview

The focus of in-depth interview in this study is mainly to gain insights of the operations and business practices of the companies. Therefore, the interview is carried out with the top management of the publishing companies researched. All the interview questions are designed in advance following the criteria set as well as the framework formatted. However, the participants are not restricted to a specific perspective during the interview session where they are encouraged to express any theme-related opinion. The time span for each interview session is around 50 to 60 minutes. However, there are possibilities that a session might exceed the designated time duration and should this happen, the interview session will still be accepted. As for the venue of the interviews, all the sessions are carried out in the office of the participants, except for one session done in the cafe.

Before the scheduling of each interview session, an email indicating the intention of the study is first sent to the participant. The date of the interview is only set after having the permission of the participant to be involved in the study. Information related to the study as well as the interview questions are given to the participant prior to the session as well. Right before the starting of each interview session, the participants are made known that their participation and profile would be kept anonymous and confidential. In addition, they are also informed that the interview would be recorded digitally and transcribed, besides having notes taken down throughout the whole session.

For this case study, the interview method is seen to be appropriate because the issues researched are requiring detailed explanations based on the opinions and views of the participants. As stated by Hansen (1998), interviews conducted on one person or a small group of participants are capable for the researcher to better look at an issue, especially on the abstract ideas of the occurrence of a particular phenomenon. Moreover, findings from such method are difficult to be acquired with the use of survey or

questionnaire, due to its nature and limitations, even though carried out on a large group of respondents.

Stokes (2003, p. 114) also agrees that this method is suitable to be used in order to obtain data such as ideas, opinions and behaviour from a person about a certain phenomenon or occurrence. In supporting of Stokes' statement, Wimmer and Dominick (2006) mention that, interview has the ability to provide information with respect to the opinions, values, motivation, thoughts, and feelings of the informants towards the condition or situation studied. Therefore, all of these are important in the identification of what is happening in a particular phenomenon in detail and accurate, based on the opinion of the informants who are directly affected by the phenomenon.

3.2.2.2 Observation

Observation is another method used for the collection of relevant data in these case studies. However, observation is not carried out to look at the participants' operational practices in the company or their offices. It is, instead, focusing on the marketing aspects of the company in order to find out their visibility and presence in the Internet and social media.

Farzana, Noor Ismawati, and Ainin (2014), in their study about the impact of social media usage on organizations, for instance, have analyzed the social media presence of Malaysian organizations. Their focus is on the usage and the level of interaction of these companies displayed in social media. In their study, the strategies employed to analyze the level of social media usage are the disclosure or openness, information dissemination, and interactivity strategies, as suggested by Carrera et al. (2008), Waters et al. (2009) and Men and Tsai (2011). According to these scholars, the

disclosure or openness strategy looks at the presence of an organization's details in the social media. The information dissemination strategy, on the other hand, is related to the identifying of the types of information posted or shared by the organization in their social media. As for the interactivity strategy, the focus is on the communication tools provided by the organizations to allow them to be contacted easily.

Adopting some of the themes discussed by Farzana et al. (2014), this study's observation on the publishers' websites and social media are concentrating on the questions below.

Website

1. Do they use websites in their business?
2. What information are they providing in their websites?
 - The detail information of their company (business overview, history, mission and vision statements, contact)
 - Hyperlinks to connect to the company's social media or e-commerce website
 - Book catalog/new titles releases/
 - News, promotion and activities
2. Do they offer online purchasing service through their official websites or do they have another/other websites (e-commerce website) for online purchases?

Social media

1. What types of social media are they currently using?

2. What information are they providing in their social media?
 - The detail information of their company (business overview, history, mission and vision statements, contact)
 - New titles release
 - Posted links to organization's news and activities, press releases
 - Promotion information
3. How is the involvement of the company with their consumer (followers) in term of the response and interactivity level?
 - Comment and response

The data for the observation is collected over a period of three months from March 2017 to May 2017.

3.2.2.3 Documentary Sources

In addition to interviews, several documents are also used in the process of collecting relevant data for the case studies. One of the ways is through the companies' websites, Facebook pages and other social media platforms. This is due to the fact that these companies are publicizing information related to their activities as well as other information such as company's vision and mission, company's history, organizational charts, press releases, and announcements, on their websites or in their social media accounts. Therefore, additional information would be able to be obtained through this method.

3.3 Data Analysis

The data analysis addresses the two main focuses developed in the framework of the study: (1) current market condition of book publishing industry, in the context of transformative influence brought by the technological developments; and (2) the responses of local trade publishers towards technological developments, including the emerging issues and challenges faced by them.

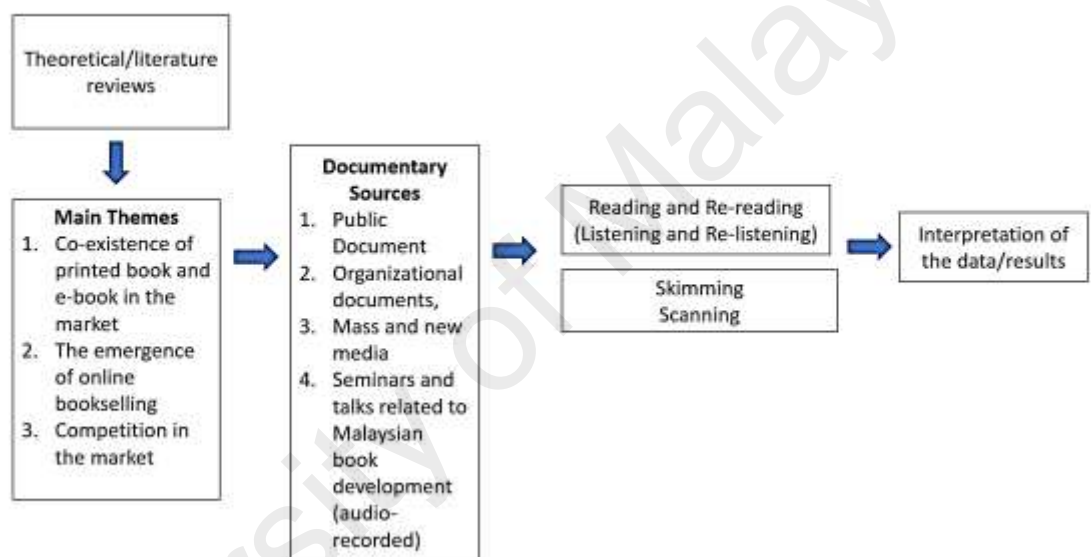


Figure 3.1: Documentary Sources Data Analysis Process

As discussed earlier, a variety of written and non-written documents (public documents, organizational documents, sources from mass and new media, as well as audio-recorded seminars and talks related to Malaysian book development) are used to address the first focus, which is to explore the current market situation of book publishing industry as a result of the transformation brought by technological development. In analyzing the data, the focus is placed on the three main themes identified in the

discussion of the literature reviews on the changes that happened in the book publishing strategic environment – (1) the co-existence of printed book and e-book in the market, (2) the emergence of multiple channels for marketing and distribution of books, and (3) the increased competition in the book market. As illustrates in Figure 3.1, the analysis involves the process of reading and re-reading (including listening and re-listening) each document, scanning, skimming, and also interpretation of the related information to uncover the themes constructed.

Case studies analysis, on the other hand, involves the methods of in-depth interview, observation, and documentary sources analysis. As the assignment of behaviours and the description of patterns are most fundamental in this analysis, the data collected from all three methods are organized carefully according to the main topics and key themes developed from the literature reviews. Then, the data is analyzed using case study data analysis strategies namely pattern matching, explanation building, and cross-case synthesis for the purpose of comparing and contrasting of each case study.

3.4 Summary

This chapter presents the research approach, strategies, and methods used throughout the study. As it attempts to provide a comprehensive picture of the current state of book publishing industry in Malaysia and how far the industry is influenced by technological developments, the use of qualitative approach and strategies are explained in detail. For the research methods, this study uses case study and documentary sources in the obtaining of data. The collection of data for case studies involves three methods – in-depth interview, observation, and documentary sources analysis. These data are then organized according to the main topics and key themes established from the literature reviews. Then,

patterns are analyzed and explained further. For the analysis of documentary sources, the documents from official statistics of government agencies, news articles, media output, seminar articles, and past studies are utilized.

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CHAPTER 4: THE CURRENT STRATEGIC ENVIRONMENT OF MALAYSIAN BOOK PUBLISHING INDUSTRY

As discussed in Chapter One, this study aims to explore the current condition of Malaysian book publishing industry by highlighting on the influence of technological developments towards the market and business practices of local publishers. It attempts to (1) explore the current situation of Malaysian book market as a result of the transformations brought by technological developments; (2) analyze the responses among local publishers towards technological development in their pursuit of organizational success; and (3) examine the emerging issues faced by the local publishers at present time. The intention here is to provide a comprehensive picture and understanding on the current state of book publishing industry in Malaysia in the context of today's digital age.

The main result of this research will be presented in two parts. The first part—this chapter—will focus on the analysis of the current development of Malaysian book market, in particular trade publishing sector, in the context of the transformative influence brought by technological developments. And for the second part, which will be presented in Chapter Five, the analysis will go in-depth into the business practices of the selected local publishers where focus will be directed to their responses towards technological developments as well as the strategic issues and challenges they are facing at present.

To begin this chapter, it is good that some of the main ideas of the influence of technological developments and how this influence has impacted the media industries, in particular book publishing industry, can be revisited to give more understanding on the central issues of this thesis. As discussed in the previous chapters, the evolution of computer technology, the development in the transition of analogue to digital systems,

and the emergence of the Internet, are the key technological developments that have influenced the changes in the book publishing industry. These developments have caused the emerging of at least three trends.

The first trend is the coexistence of printed book and e-book in the market. Based on the literature reviewed, as it is imperative to acknowledge the benefits brought by technological developments and also the demand of younger generation, many publishers are now involving in both publishing of printed book and e-book to stay relevant in the market. As a result, it has created a situation where printed and e-book are coexisting in the market.

The second trend is the emergence of multiple online channels for sales and marketing activities. The emergence of the Internet, World Wide Web, and social media platforms has contributed to the multiple channelings of the supply of books by publishing houses. At the same time, it has also re-enhanced the visibility of authors and their works in the digital atmosphere. With the profit potential offered by these multiple channels, many publishers including big players are now utilizing platforms such as these to sell their books to the consumers.

The third emerging trend is the rise of small publishers. As discussed in the literature chapter, many small publishers have flourished in the market as a result of their offering of many new titles and new readerships through the usage of new technologies. For that, the Internet and social media are regarded as an undeniably important factor to their success.

Taking into account the above discussions, this chapter will concentrate on three main questions:

1. As a result of the transformations brought by technological developments to the book publishing industry, how is the current development in Malaysia?
2. What are the trends emerging in the book market of Malaysia?
3. How far have technological developments changed the market environment as a whole?

Before proceeding to answer above questions, an overview of Malaysian book publishing industry is needed for a clearer picture of the changes brought by technological development. Therefore, the next section will discuss about the book publishing industry in Malaysia.

4.1 The Book Publishing Industry in Malaysia

In Malaysia, the lack of reliable data and statistics related to the book publishing industry are among the issues faced. This is due to the fact that, there are very few researches being done in this field of study, especially those that are related to the market value, book sales, and other financial figures. As pointed out by Arief Hakim Sani Rahmat (2015), this is the challenge that they are experiencing at the moment. According to him, the need to have these data is essential, mainly to serve as references for the policy makers as well as the industry players, for the development of the industry. Presently, the industry players are relying solely on the data produced by a few government agencies, such as the National Library of Malaysia (PNM), Perbadanan Kota Buku, and organizations such as Malaysian Publishers Association (MABOPA), to get the current overview of the industry's conditions. National Library of Malaysia (PNM), for instance, is coming out with annual statistics of the country's book production productivity, based on the total of

book received under the Deposit of Library Material Act 1986. Under this act, each and every publisher who publish their book in Malaysia is made compulsory to submit their new titles (five copies) to the National Library of Malaysia (PNM). However, in comparison to other developed countries, such as the United States and United Kingdom, the condition in Malaysia is still far behind. As it is important to have proper data and information about the industry while the annual statistics are incomprehensive to provide a robust data, some agencies and organizations in Malaysia are noticed to rather rely on information collected through small scaled researches and studies. Hence, co-operation and support from everyone involved, including book-related government agencies, industry's associations, and players individually, are highly in demand. In this study, the data is mainly collected from the above-mentioned agencies and organizations.

Table 4.1: Market Value based on Book Sector

Book Sector	Market Value (RM)
Trade Book Sector	418 million
Others	325 million
Education textbooks/resources	104 million
Total	847 million

(Malaysian Publishers Association, 2018)

How big is the industry at the moment? As stated in the Malaysian Publishers Association (2018) annual general meeting report, the market value of the industry is estimated to be around RM847 million with the total of new titles published annually to be averaging at around 17,000 books. From this figure, trade publishing sector is contributing around RM418 million, followed by other sectors of around RM325 million, and education and revision textbook sector of around RM104 million. The top five large

publishers in Malaysia include Sasbadi Sdn Bhd, Penerbitan Pelangi Sdn Bhd, Grup Buku Karangraf, PTS Media Group Sdn Bhd, and Oxford Fajar Sdn Bhd. Based on the data provided by the National Library of Malaysia (PNM), there are around 2,000 active publishers in Malaysia for 2015. These publishers comprise of private companies, government agencies, universities, and also individual publishers. Out of these 2,000 publishers, 67 per cent are private companies; followed by government agencies of around 21 per cent; individual publishers, six per cent; universities, two per cent; and others, four per cent. Despite the huge number of active publishers recorded, only 204 publishers are registered with MABOPA (figure in 2018).

Table 4.2: Publishers with the Highest Revenue in Malaysia

Publishers with the Highest Revenue
Sasbadi Sdn Bhd
Penerbitan Pelangi Sdn Bhd
Grup Buku Karangraf
PTS Media Group Sdn Bhd
Oxford Fajar Sdn Bhd

(Malaysian Publishers Association, 2018)

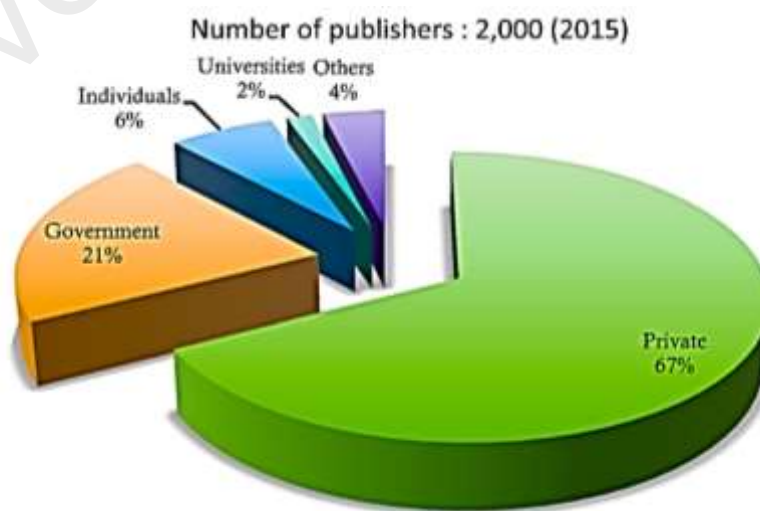


Figure 4.1: The Percentage of Active Publishers in Malaysia (2015). The National Library of Malaysia (PNM), taken from Lingard (2016b)

As for the book market, the condition in Malaysia is considered to be rather unique. As explained by Lingard (2016b), Malaysian book industry has more than one market as it is differentiated by languages, namely Bahasa Melayu (Malay language), Chinese language, and English language. Malay language market is the biggest by far, followed by Chinese and English languages market. According to her,

In terms of local publishing, the Malay language market is the biggest followed by Chinese and English. A local trade title (novel) in Malay can sell on average 20,000 copies followed by 10,000 copies for a Chinese title and 3,000 copies for an English title. This is partly because locally published books in English face fierce competition from imports. Many Chinese books are also imported (Lingard, 2016b, p. 59).

For Tamil language market, on the other hand, is rather small and at the same time difficult to get the appropriate data required (Lingard, 2016b).

In term of the industry productivity, the government is aiming to increase the number of book published to 1,000 titles per one million population – the ideal productivity based on UNESCO indicator. Currently, the total population of Malaysia is around 32 million. So, around 32 thousand titles per year is needed to achieve the target. As the total of new titles published is averaging at around 17,000 books, Malaysia is still far behind from achieving its target based on UNESCO indicator.

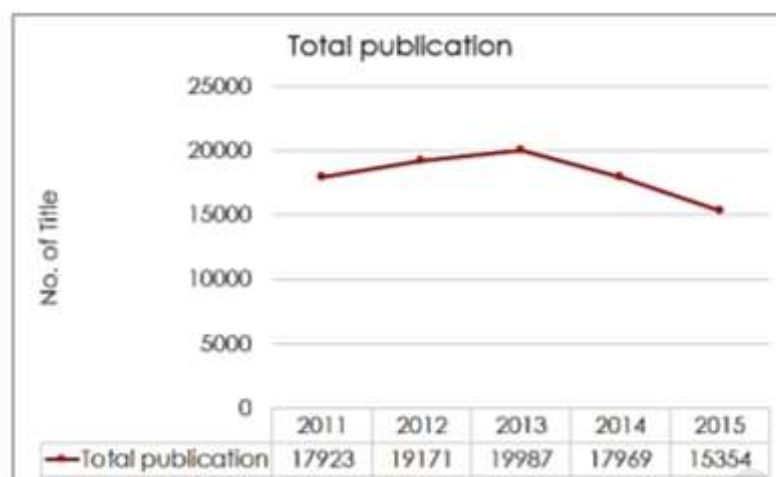


Figure 4.2: Total Book received under Library Depository Act 1986 from 2011 to 2015. National Library of Malaysia (PNM)

Looking at the publishing trend for the year of 2011 to 2015, it is noticed that, the number of titles published has an increase of about 2,064 titles to 19,987 titles, for 2011 to 2013. However, from 2013 onwards, the trend has declined to 15,354 titles in 2015, which is more than double of its previous increase, of around 4,633 titles. There are a number of reasons for the trend to show as such. According to MABOPA, the book purchase by National Library of Malaysia, and the implementation of Goods and Services Tax (GST) are among the factors that contributed to the decreased in 2014 and 2015 (MABOPA, 2015b).

In Malaysia, book purchase by the National Library of Malaysia (PNM) plays an important role in the developing and nourishing of the book publishing industry itself. As reported in MABOPA (2015b), the National Library of Malaysia (PNM) is allocating around millions of Ringgit to buy books published by local publishers every year, besides going directly to the authors to purchase books to be put into their library branches around the country. So, it is a trend that whenever book purchase by the National Library of Malaysia (PNM) is high, the publication statistics will see an increase. For the past few

years, however, the National Library of Malaysia (PNM) has increased their budget for the purchase of e-book rather than printed book. Unfortunately, the local titles in e-book format available for them to choose from is insufficient. Hence, as the funds allocated is not fully utilized, the decline is seen in the publication statistics.

Apart from the factor mentioned, the implementation of GST in April 2015 has also affected the book publishing industry. Although MABOPA managed to appeal for a zero per cent GST rate for books at the very last minute, the players in the industry are impacted as the implementation of GST has reduced the purchasing power among consumers to buy books. Hence, it is also said to be contributing to the drastic drop in the book's retail market (MABOPA, 2015b).

Having said all, the country is now in the process of developing its book publishing industry and this, include enhancing reading interest among society, especially younger generation. From the government level, the efforts are carried out by several agencies who directly involve in the development of the book industry and reading interest, namely National Book Council of Malaysia, National Library of Malaysia, Perbadanan Kota Buku, Dewan Bahasa dan Pustaka, and Malaysian Institute of Translation & Books. National Book Council of Malaysia, for instance, who was established in 1968 by the Ministry of Education of Malaysia, is responsible in enhancing the book industry through several initiatives and collaborations. As stated in their mission statement, their focus is to “empower the book industry as well as developing the reading culture amongst Malaysians through collaborative works with activists and book industrialists in line with the National Book Policy (NBP)” (<http://mbkm.shakespot.net/>). Perbadanan Kota buku, to whom was established in 2009, on the other hand, is responsible to gather readers, writers and publishers and with each other in various book related activities (<http://www.kotabuku.my>). As collaboration and strong relationship are needed, the role

played by Perbadanan Kota Buku is important to encourage more participant from various stakeholders in developing the industry.

Based on the discussion above, book publishing industry in Malaysia is still in the process of developing and government initiatives plays an important role in helping the industry to grow. As overview of the book publishing industry has been discussed, the coming three sections will concerntrate on the analysis of the current development of Malaysian book market, in particular trade publishing sector, in the context of the transformative influence brought by technological developments.

4.2 The Current Situation of the Coexistence of Printed Book and E-book in Malaysia

The responses of Malaysian publishers towards e-book came quite late. In the seminar ‘The Future of Malaysian Publishing Industry’ that were held at the Faculty of Arts and Social Sciences, University of Malaya on 15 December 2015, the Deputy President of Malaysian Publisher Association (MABOPA), Arief Hakim Sani Rahmat, who is also the Managing Director of PTS Media Group, reveals that the responses among local publishers on e-book only started around 2010. According to him, at that time, the reaction varies with many of them responded negatively. Some publishers especially small and medium took a stand to 'wait and see' before entering and investing in e-book (Azree Hanifiah, 2016). With a very little knowledge on e-book, the concern that they had were more towards its impact on their current traditional publishing market. However, some of them, especially those who are in the industry’s associations and also book-related government agencies saw this as an opportunity for the book publishing industry to grow. Theoretically, e-book can solve the problems faced by many of the

publishers in the traditional publishing business, such as issues related to stock keeping and also returns by book sellers. With these various responses, e-book market in Malaysia began in a slow pace.

Optimistic with the potential that e-book is bringing into the industry, many parties including book-related government agencies, industry associations, and universities have come up with several programmes to educate and promote e-book to industry players and the public. National Book Council of Malaysia (MBKM), with the co-operation of the Malaysian Book Publishers Association (MABOPA) for instance, have taken the step to educate the players in the industry by organizing Asian e-book Conference (AEC). The first AEC, which was held in 2012, managed to attract more than 200 participants not only from Malaysia, but also other countries such as Singapore, Indonesia, Thailand, and Vietnam (Tan, 2012). The topics discussed in the conference included the latest development of e-book format and technology (particularly EPUB technology), the latest development of the e-book market in Malaysia and other ASEAN countries such as Indonesia, Malaysia, Singapore, Thailand, Philippines, and Vietnam, as well as networking and solutions to enhance e-book market in Southeast Asia.

In 2014, they continued with the second Asian eBook Conference (AEC) with the intention to discuss about the latest developments of the digital publishing markets. And this time, they expanded the focus to not only covering Southeast Asia market but also Asia Pacific, to which has included two large marketplaces: India and China. The 2nd AEC has attracted about 120 participants, including participants from Malaysia, Indonesia, Singapore, Thailand, Taiwan, and Vietnam (Vinutha Mallya, 2014).

Apart from that, there were also other initiatives taken by the players in the industry to develop e-book publishing in Malaysia. The initiative by Perbadanan Kota Buku, a government-linked company for instance, has shown that the government is

serious in enhancing and promoting e-book. At the moment, Perbadanan Kota Buku is in the process of developing a digital township for Malaysiana contents. Through a single portal, they are now in the process of archiving all Malaysiana content into digital format. In realizing the project, they are offering local publishers who are interested to digitalize their content with free content conversion of their printed books. By doing this, they are aiming to attract more local publishers to get involved in e-book publishing.

The organizing of BACA World 2015, a digital content exhibition event is also a part of the initiative taken to promote e-book and digital content in Malaysia. Organized by MABOPA, in collaboration with book-related government agencies and industry associations, the aim of this event was to provide a platform to promote the transformation of publishing into digital content, at the same time to enhance digital content through innovation and technology advancement, besides to allow the connection and networking with the consumers so that all can be benefited from the development (MABOPA, 2015a). This event is targeted to not only the players in the industry, but also consumers of all age groups. As the world is heading towards digital reading, the organizer feels that it is important to promote digital content through this event.

These are some of the programmes being undertaken to promote e-book publishing in Malaysia. There are also several workshops and talks related to the developing of e-book carried out by book-related government agencies, industry's associations, and universities. In general, these initiatives were an eye opening to the local publishers and therefore have attracted interest from many of them to get involve in the publishing of e-book. So, how do these initiatives and programmes reflect the development of e-book market in Malaysia?

In 2012, it is reported that there were already around 40 local publishers involved in e-book, leading by PTS Media Group and Penerbitan Pelangi Sdn Bhd. And during

that year, there were at least three local e-book aggregators already operating in the market, namely e-Sentral, Maxis Ebuuk and MPH Digital (Tan, 2012). Many of the publishers who have involved in the publishing of e-book have started with converting their available printed titles to e-book, with the price offered at a 20 to 40 per cent lower than the printed version (Tan, 2012). With an expectation for e-book to grow further, many of them hoped that e-book sales can be a complimentary to their printed sales.

However, e-book market remained stagnant and did not really take off. In 2015, e-book market share is still in the low single digit and international e-book retailers have yet to show signs of setting up stores here (Tan, 2015d) except for Google Play Books. The statistics of book production in Malaysia from the National Library of Malaysia (PNM) based on the book received under Library Depository Act 1986 also shows that the productivity of e-book is still at the lower digit as compared to printed book.

Table 4.3: Total Publication, E--book received under Library Depository Act 1986 and e-ISBN Application in Malaysia (2011 – 2015)

Year	2011	2012	2013	2014	2015	Cumulative
Total publication	17923	19171	19987	17969	15354	90404
E-book received under Library Depository Act 1986	39	48	23	23	156*	289
e-ISBN Application	<u>n.d</u>	<u>n.d</u>	1640	834	1578*	4052

*Data from Jan – Oct 2015

Source: National Library of Malaysia (PNM)

In 2015, out of 15,354 titles received by the PNM, e-book only contributed around 156 titles, where it is not even reaching one per cent of the overall titles recorded. Although the number of e-ISBN application is recorded higher than the number of e-book

received, which is around 1,578 applications, but it is still considered very small. In Table 4.1, it is shown that e-book only started to slowly catching up in 2015, where the number of e-book received by PNM increased to 156 titles, from 133 titles in its previous year.

Currently, one of the main challenges for Malaysian industry players is to enter and compete in the global market of e-books. Syed Faiz Al-Shahab (2015) states that, there is almost zero opportunity for local languages' e-books in the global market. As for the local English e-books, the competition in the open global market is high. Therefore, the big challenge for Malaysian publishers is to promote local contents into the global market. Another issue that has been discussed by Syed Faiz Al-Shahab (2015) is the lack of support among universities libraries for local academic content. One of the reason is due to the bad perception towards content provided by local publishers. Many universities libraries are comfortable dealing with international publishers as compared to local academic publishers. In certain areas, Malaysia is still facing significant challenges and various improvements are seriously needed.

In discussing on the added value to the publishing of e-books, Anisatul-Wahidah Abdul Wahid Abdul Wahid (2014) highlights several important points that need considerations especially in developing and strengthening e-book sector in Malaysia. One of it is the importance of metadata. In general, metadata is the information of a product, and this information is important to the visibility and marketing as it describes an overall aspect about the product. Anisatul-Wahidah (2014) clarifies that the importance of metadata has been discussed widely among people in the book industry, especially concerning activities related to online book marketing. Therefore, she suggests every e-book publisher in Malaysia to develop metadata for their digital publications to optimize the searching and access to their products. As e-book publishing in Malaysia is still at its infancy, professional or expert in this area is still lacking.

Apart from that, the struggle in developing the e-book format, which is the conversion process of the book content to e-book form, is also among the issues identified in the local industry. As explained by Syed Faiz Al-Shahab (2015, p. 3), although the process of conversion of format from ready-copy content into ePub, html or MOBI format does not required complicated and sophisticated technology and expert, it is observed that some publishers are still unable to scope and adapt to it. He lists down some of the factors that are causing this to happen as follow (p. 3):

1. The unfamiliarity of the format conversion process
2. The additional of the company's publishing process and work
3. The inability or lack of resources to start their own initiative
4. The lower costs of converting formats by third parties
5. The constant changing format for standard e-books, where publisher need to acquire more knowledge and information related ICT

Principally, the overall process of publishing an e-book is rather similar to the publishing of a printed book. For instance, the process of content developing, editing, designing, until the ready-copy format of both an e-book and a printed book is exactly the same. The only different is in the marketing and distribution process. As explained by Syed Faiz Al-Shahab (2015), for e-book and other digital content, the marketing and promotion processes are carried out more in the online platforms, such as the Internet and social media and networking sites. Some of the online marketing strategies used by publishing companies are including cross-selling by using websites and social media platforms, book reviews through blog and social media, and online advertising like

Facebook ads and Google Ads. For this, it is important for a company to have marketing staffs who are familiar with the online marketing strategies. This is because the way marketing is being done for printed book is totally different from online marketing. Therefore, having an experienced and well-exposed marketing staff towards online media is crucial. As for the distribution of content in the digital world, this role is being carried out by the aggregators (e-book distributors). According to Syed Faiz Al-Shahab (2015), besides from receiving the e-book material from publishers and sell it through their portal, the function of an aggregator also involves with the management of metadata and pricing. Apart from that, aggregator, from time to time, is required to provide sales report and sales management to the publishers so that they are able to track their sales and monitor their performance.

In Malaysia, the initiatives in response to the development and innovation of new technologies can be traced to around the 1990s with the establishment of Multimedia Super Corridor (now known as MSC Malaysia). MSC Malaysia is designed as an initiative to enhance and lead the nation capabilities and capacity in information and communication technologies area through various strategic planning aiming to move towards K-economy as well as vision 2020 (see www.msomalaysia.my). Despite the initiative awareness, there are issues that need real attentions. Digital divide is still an issue that is non-neglectable. The current situation shows that urban areas are almost covered with high speed broadband and internet services while rural areas are not enjoying the same matter ("Ahmad Shabery: Digital divide slows Malaysia's progress to smart nation ", 2014).

4.3 The Emergence of Multiple Online Channels for Sales and Marketing

One of the most compelling changes experienced by Malaysian book industry due to the technological development is on how books are marketed and sold today. As discussed in the previous chapters, the emergence of the Internet and social media have truly contributed to the existence of multiple channels for sales and marketing. Books are no longer being sold only in physical bookstores. The appearance of Amazon and other online booksellers have opened up more choices for readers to purchase books. In the context of Malaysia, online bookselling is observed to grow significantly and the selling through e-commerce platform is seen to have a lot of potential to develop.

As mentioned in the Malaysia's National eCommerce Strategic Roadmap report, the global value of e-commerce for 'Business to Consumer' (B2C) businesses is said to be exceeded \$1 trillion and e-commerce in Malaysia is projected to contribute at least RM 170 billion to the GDP by 2020 (Malaysia Digital Economy Corporation (MDEC), 2016). Furthermore, with the development of ICT and digital technology, through several government initiatives, the number of Malaysians who have adopted the online or digital lifestyle today are also seen to be increasing significantly. It is reported that, Malaysia's households broadband penetration rate, in the third quarter of 2016, has reached 77.9 per cent per 100 households, with an estimated of 2.7 million fixed broadband subscriptions, and 28 million mobile broadband subscriptions ("Communication and Multimedia: Facts and Figures: 3Q 2016," 2016). The usage of electronic devices such as mobile phones and computers are also reported to be growing considerably to 97.5 per cent for mobile phones, and 68.7 per cent for computers (Department of Statistics Malaysia, 2016).

For industry players, these developments have opened up great opportunities for them to be improved. Most of the booksellers are also noticed to be expanding their bookselling business by offering e-commerce service as an option to book buying. This

includes the big retail bookstore chains such as MPH Bookstores, Popular Bookstores, Syarikat Muda Osman, Hasani Bookstores, and Gallery Bookstores. MPH Bookstores, for instance, has started to involve in e-commerce bookselling rather early, which is around the year 2000. Started as a small unit, which is aiming to improve the company's branding and customer loyalty to their service, and to strengthen the relationship with the customer, the unit has subsequently developed into an independent unit under the name MPH online in 2006 (see www.mphonline.com). Since then, MPH Online has become increasingly popular and well-known.

Table 4.4: Bookstore Chain in Malaysia

Bookstore chain in Malaysia	Outlets	E-commerce site
MPH Bookstore	30	www.mphonline.com
Popular Bookstore	87	www.popularonline.com.my
Borders Malaysia	7	www.lazada.com.my/borders
Syarikat Muda Osman	23	www.smobookstores.com
Syarikat Hassani Bookstore	9	www.hasanibooksonline.com
Gallery Bookstore	6	www.galleryonline.com.my

(Compiled by the researcher)

For Popular Bookstores, the offering of e-commerce, known as Popular Online, is one of the efforts made by Popular Bookstores to become more competitive industry player. With the aim of "continuously re-inventing itself to become a customer-centric and dynamic retailer of the new millennium", they try to develop their business in line with developments in the market of textbooks (see www.popular.com). In contrast to

MPH Online, Popular Online focuses on a more specialized market, namely the market for Chinese books. The books that they are offering comprises of a wide range of titles, from books published by local publishers, to imported books. Most of these imported titles are from Taiwan, Hong Kong, and China.

Other local bookstore chains, such as Syarikat Muda Osman (mostly operating in the East Coast of Malaysia) and Hasani Bookstore (mostly operating in the northern part of Malaysia), have also utilized online channels to maintain the dynamics and positions of their company in the market. Syarikat Muda Osman, for instance, started to establish their online e-commerce platform around 2013 as a part of their strategies to “become the leading organization that plays major role in the retailing of books and stationery in Malaysia” by offering quality services along with reasonable prices to their customers as well as achieving the company’s goals and visions (see www.smobookstores.com). So, through this channel, it is becoming easier for the customers to obtain their favorite books without the need to go to any physical bookstores.

On the publishers’ side, many of them see that the emergence of online e-commerce channels as an opportunity for them to enhance their sales. For the past few years, they have been affected by the declining book sales in the bookstores. As reported by MABOPA (MABOPA, 2015b) and Tan (2015c), the implementation of GST on 1 April 2015 as well as the recent fall of Malaysian Ringgit value have seriously caused the industry to be in a disruptive position. Book purchase is slowing down and publishers are experiencing high book return rate. The life of books on shelf is also decreasing. With all of these challenges, publishers are striving to find better strategies to survive and one of the plans they are undertaking now is to go directly to their consumers. Therefore, selling through e-commerce channels is one of them (MABOPA, 2015b). As technology advances, many of them see the potential in e-commerce as the costs to develop an e-

commerce platform has become cheaper. And currently, it is observed that almost all publishers in Malaysia offer online e-commerce service where people can buy the books they want directly from the publishers.

With all of these developments, book has become among the top products and services bought online in Malaysia. As surveyed by Google Malaysia, books are listed at number five together with other media products such as music and movies in the Top 10 lists of products and services bought online (see Figure 4.3).

In parallel with the development of e-commerce, there is also trend where bookselling activity is done via social media and networking platforms such as WhatsApp, Facebook, and Instagram. This trend started around early 2010s by small publishers as an alternative platform for their customers to buy books. Being small publishers, one of their disadvantages is that, it is difficult for them to negotiate with big retail bookstore chains, especially on matters related to the discounts of their books to bookstores. As explained by Mutalib Uthman, Ex-CEO of Dubook Press in the *Pocket Talk: KLTC PT10 Malaysian Indie Publishers Roundtable, 2015*, there are some bookstore chains who demanded discounts around 55 per cent on their books. And with around 45 per cent left for the publisher, it is hard for them to make any profits, considering the payments of royalty to author, printing, and other production and marketing costs that they have to bear. These are some of the reasons why they do not really rely on bookstores and rather focus more on other channels such as website and social media.

- 1 Travel services** (e.g. flight, accommodation)
- 2 Vouchers/ online coupons**
- 3 Entertainment services** (e.g. movie tickets)
- 4 Clothing and other apparel
- 5 Books and media (e.g. music, movies)
- 6 Bags and shoes
- 7 Insurance/ financial services
- 8 Consumer electronics (e.g. laptops, smartphones)
- 9 Skincare and personal care products
- 10 Jewelry, custom jewelry and accessories

Source: Reader's Digest "Trusted Brands 2013" conducted by Ipsos, May 21, 2015



Figure 4.3: Top 10 Products and Services Brought Online (Taken from Insights by Google Malaysia, April, 8, 2015)

In the other talk, *Seminar Dunia Penerbitan: Gelombang Penerbitan Indie* (10 May 2016) in the University of Malaya, Mutalib explains about the potential of online channels in enhancing their sales. According to him, during the 2016 Kuala Lumpur International Book Fair (KLIBF), they were also doing online (buying through WhatsApp) promotion to increase their sales and he reveals that they managed to get around RM50 thousands worth of sales within four days of the promotional period. In the promotion, they offered three books for RM50 and free posters. So, for Dubook, online bookselling really helped them to increase their sales. In discussing on the online channels for sales, according to Mutalib, at the moment, the company is focusing more on selling through WhatsApp. This idea is to provide an easy way for their readers to get the books they wanted. At the same time, they managed to interact more with their potential readers and buyers through this platform. So, brand loyalty as well as relationship and networking can be built here.

4.4 The Proliferation of Alternative ‘Indie’ Publishers

The alternative ‘indie’ book publishing scene started to be known in the Malaysian book publishing industry around 2010-2011 with the emergence of small publishers such as Fixi, Lejen Press, Merpati Jingga and Dubook Press. Even though small independent publishing companies, such as Silverfish Books and Gerakbudaya/SIRD, cater for alternative genres have existed before 2010, they are not as popular as the new comers (Tan, 2015b). The differences offered by these new publishers can be seen through their uniqueness and varieties of topic, which is more attractive and appealing to the younger generations. Previously, books for pleasure reading in Malaysia are mainly of the genres of romance and religious. However, the emergence of these newer publishers has brought changes into the book market by not limiting themselves to these genres. Among the topics offered are including current and critical issues, politics, and humanity related issues (Tan, 2015a). With these changes, the direction of the industry has redefined from focusing on mass to niche market.

These developments have helped to boost up the productivity and the market of books in Malaysia as well as a positive growth in reading habits among the younger generations (Tan, 2015a). Looking at this potential, well-established publishers are taking the opportunity to expand their business by entering into the publication of alternative ‘indie’ books. For instance, PTS Media Group has created their new imprint called Puteh Press, while Karangkrak Media Group created Buku Pojok. These imprints are running on similar approach as those small alternative ‘indie’ publishers.

In the discussion related to the proliferation of small independent publishers, the advancement of technology such as the Internet, computer and digital innovation are among the contributing factors. These technological developments have served as the main factors for them to be competitive in the industry. As discussed by Bold (2016), the

advances in technology has simplified the process of book production by reducing most of the costs. This has reduced the entry barriers to the industry and made content easily published by basically anybody. Even though there are some people who are skeptical towards the transformation influenced brought by technology, the reality shows differently. Taking small independent booksellers as an example, Teicher (2013) claims that their condition is no more the same as they were before. The technology now allows a more efficient and systematic business management, from the process of inventory control and payroll management system, to the sales and marketing of books.

Apart from that, the development of the Internet and social media have given them more advantages, especially their visibility in the market. Now, they can easily expand their business as well as enter into new markets that were once difficult due to geographical limitations. Teicher (2013) clarifies that most of these independent booksellers agree that being visible online is important for the survival of their business.

In Malaysia, the rising of small 'indie' publishers are also related to the advancement in technology such as the Internet, computer technologies, and digital innovation. One of the trends that these publishers are showing is the way they use the Internet and social media to market and sell their books. They are active in their social media account by sharing information and reading-related activities to attract interest of their potential readers. Through these processes, rapport and close relationship is built among them with their readers (MABOPA, 2015b). Lejen Press, for example, is very active in their social media with almost 100,000 followers on Facebook, 20,000 on Instagram and 19,700 on Twitter (Tan, 2015b).

4.5 Summary

The advancement of technology over the past few decades has tremendously changed the strategic environment of book publishing industry. As discussed previously, the evolution of computer technology, the development in the transition of analogue systems to digital, and the emergence of the Internet are the key technological developments that have influenced the changes in the book publishing industry. These developments have created new challenges to the book industry. In Malaysia, the emergence of e-book has brought an alternative option of reading and book buying to Malaysian readers. However, the market remained stagnant and yet to show any significant growth. Meanwhile, online bookselling is observed to be growing noticeably, especially through e-commerce and social media platforms. Apart from that, there is also a substantial increase of small independent publishers in the industry impacted by the emergence of the Internet and social media.

CHAPTER 5: THE RESPONSES TOWARDS TECHNOLOGICAL DEVELOPMENTS, ISSUES AND CHALLENGES

In this chapter, the case studies analysis of six local trade publishers will be discussed. The purposes of this case studies are: (1) to analyze the responses among local publishers towards technological development in their pursuit of organizational success; and also (2) to get an insight on the current strategic issues and challenges faced by them. As the previous chapter (Chapter Four) serves as an evidence to understand how Malaysia have responded to technological developments and its current situations in general, this chapter, on the other hand, attempts to go in-depth into the publishers individually.

As explained in Chapter Three, the selection of companies (publishers) for this case studies is based on the three main categories mentioned, namely (1) large sized publisher; (2) small and medium sized publisher; and (3) government-linked publisher, with two companies (publishers) being selected for each category. To maintain the anonymity of the companies, specific codes are given, as shown in Table 5.1.

Table 5.1: Company's Code for the Case Studies

Company (Publisher)	Code
Large Sized Publisher 1	Company 1
Large Sized Publisher 2	Company 2
Small and Medium Sized Publisher 1	Company 3
Small and Medium Sized Publisher 2	Company 4
Government-linked Publisher 1	Company 5
Government-linked Publisher 2	Company 6

The analysis begins with the background of the company. Then, it is followed by discussions of the companies' responses towards the transformation brought by technological developments, and the strategic issues and challenges faced by the companies.

5.1 Company Backgrounds

Founded in 1988, Company 1 has been in the Malaysian book industry for more than 25 years and is considered as one of the largest trade publishers in the country. Initially, the primary focus of the company was to provide consultation and training services related to book publishing. Looking at the potential the industry has, the company began to involve actively in publishing and distributing books in the year of 2000. The focus of the company is mainly on the publication of Malay language books and they have been concentrating on various market segmentations in trade publishing. The genre published includes adult-fiction, business, motivation, religion, food recipe, as well as children novel and comic. Currently, the company has developed several internal brands and imprints that cater to different market segmentations for book publishing as well as subsidiaries focusing on the distribution of their books and books from other publishers.

Company 2 can be considered as the largest publishing company in Malaysia. Founded in 1978, the initial focus of their business was in magazine publishing. In 1990, the company setup two publishing imprints to cover novels and books of various genres. Since then, they have developed progressively and currently, the company is having four core businesses, namely magazine, book, newspapers, and printing. For the book section, they have developed three main imprints. The first imprint covers adult novel and also general books such as motivational reading materials and food recipe. The second imprint

focuses on religious books, including the Holy Quran. The third imprint publishes different variations of reading genres, such as children, general, motivation, teens, classic, folk stories, and religious reading materials. The company publishes an average of 30 titles every month and is regarded as the leading premiere publishing house in Malaysia.

Company 3 was founded in 2006. However, they only began to operate actively as a publisher in 2008. In the earlier years of operation, their focus was on the variedness of genres, thus they have published religious, motivational, professional, general, children, and teen novel. However, in 2011, they narrowed down their focus genres to religious and motivational books, for fiction and non-fiction. The current philosophy of the company is to produce quality Islamic contents and good knowledge input that is able to benefit the society, as well as to provide guidance for the readers to be better person through stories of life experiences or fictional tales.

Company 4 was founded in 2011 with an intention to add diversity into the Malay novel scene in the country. Since their early operation, the focus of the company has been placed on the niche Malay and English fictional novel market that concentrates on urban contemporary pulp fiction. The genre of their publications comprises of thriller, horror, science fiction, urban romance, and literature. Currently, the company publishes around 30 to 50 titles annually and these titles include translations of foreign bestsellers and Indonesian titles. However, this case study only focuses on their publishing activities that are related to Malay language books.

Company 5 is a government body or institution that was established in 1956. The initial intention of the establishment was to develop Malay language as the national and official language of Malaysia, to whom has just achieved her independence from the British. However, in 1959, the institution was upgraded to a statutory body who was given the autonomy to: (1) formulate specific language-related policies; (2) organize language

and literature construction and development programmes; and (3) undertake the publishing and sales of books on a competitive basis according to the principles and practices of business and publishing. Currently, the publishing department of the institution is focusing on publishing books of Malay language from various genres and categories, including school and educational, general, language, literature, children, and young adult books. The focus of this case study, however, will only look at trade book related publishing activities of the institution. In the discussion about the institution's responses towards technological developments and issues and challenges faced at present, the term "Company 5" is used.

Company 6 was established in 1993 to provide the infrastructures for the enhancement of the translation industry in Malaysia. Therefore, their initial publishing activity was only on book translation. However, in 2012, the company was given a mandate to expand their focus to include the publishing of original works of local writers to strengthen and expand the book industry of the country. So, currently, the focus of the company could be divided into two main activities, namely the publishing of translated books and original works of local authors. Their books consist of various genres, including general books, literature, religion, lower and higher education, Malaysiana, management, social sciences, arts, creative, and science and mathematics. However, the focus of this case study is, again, only concentrating on their activities related to trade book publishing.

5.2 The Responses towards Technological Development

In this section, the discussion will be based on the three main activities that a publisher is undertaking in the supply and value chain of book publishing (as discussed in Chapter

Two), namely (1) content planning and development, (2) production, and (3) marketing and sales. From the analysis of the six local publishers, it is evident that they have responded vigorously to technological developments in their pursuit of organizational success, especially to maintain positive growth and competitive in the market.

5.2.1 Content Planning and Development

As for the content planning and development process, the case studies analysis of the six local trade publishers reveal that some of the publishers are now expanding their content acquisition and development by involving even the readers through their feedbacks and comments to improve their content publications. And this came through the utilization of the Internet and social media. As for the process of editing and designing, it is evident from the discussions and observations that, the use of computer and desktop publishing software have really helped in smoothen the editing and designing processes.

5.2.1.1 The Utilization of the Internet, Social Media and Networking Sites for Content Planning and Development

Based on the analysis, it is discovered that some of the publishers are now expanding their content acquisition and development processes by involving even the readers through their feedbacks and comments to improve their content publications. In doing so, technological developments and innovation really play an important role. Company 4, for instance, is utilizing a social networking platform called Wattpad, a free social writing community platform that allows anybody to share their writings and stories to which all of the content can be accessed for free. As pointed out by the founder of the company,

Kita letakkan novel baru di sana (Wattpad), oleh penulis baru, supaya boleh lihat respon dia macam mana. Dan kalau respon dia bagus, baru kita cetak semula.

We put our new novel into the site (Wattpad), by the new authors, to observe the responses among the readers. Then, we will proceed to reprint such contents if the responses are convincing.

The company started to do so since 2015 and they see Wattpad as a useful platform for them to find out about the current market interests that will eventually affect their publishing planning. For the company, the platform really helps them, especially in finding the interest of their target readers and also to get an early response prior to their publications.

As for Company 2, with the ability and resources that they have as a big publisher, they have developed their own online writing community platform similar to Wattpad for the same purposes, which is to get to know about the market as well as to obtain potential content that suits their target readers. According to the Chief Operating Officer of the company, this online community platform is created as a new tool for them to find out about the market as well as to acquire potential content that is welcomed by their target readers. Users who have registered themselves in this platform can write and post any type of stories, and it is currently free-of-charge for anybody to read those stories. In another word, this platform is not profit-based. Rather, it is more of a means for the company to explore the market trend as well as to search for potential content of their choices. As explained by the Chief Operating Officer of the company,

...biasanya dalam proses penerbitan ni, raw manuskrip tidak bermaksud manuskrip yang orang akan menerima dan berpuas hati. Selalunya dalam proses penerbitan itu, editor-editor la yang akan merencangkan lagi dan menasihati penulis-penulis ni dengan gaya-gaya dan mungkin pertukaran plotline dia yang lebih mungkin digemari kepada mass tu la. So dalam kes macam tu, kita tidak menyandarkan bahawa kalau kita letakkan kepada portal sahaja tu maknanya tak ada orang nak beli the actual novel nanti. Pasal apa yang kita akan buat kita akan lihat kepada initial reading. Kalau initial reading tu tinggi, dan kita cepat-cepat menghubungi penulis tu, dan kita akan buat our own editing, our own find-tuning of the book itself or the manuscript itself dan kita akan letak balik kat dalam portal tu dan juga di public. So, maknanya kita akan ambil manuskrip yang kita ada not our own feeling tetapi general public's feeling that it will be a hit. So itu salah satu cara yang kita buat penerbitan sekarang. Dan kadang-kadang ada juga beberapa penulis pun menggunakan portal itu untuk melihat dan improve-kan manuskrip yang kasar yang mereka ada. Sebelum mereka contact balik kita. So itu antara orang kata, teknik-teknik la yang kita nak memastikan dalam keadaan zaman yang susah ni, macam mana produk kita tu lebih orang kata, senang untuk dijual.

...usually in the process of publishing, not every individual is able to accept a particular piece of raw manuscript. Generally, the editors are the one who would spice things up and add in more 'flavours' to the manuscripts, besides giving advice related to the (writing) styles as well as changing of the plot during the process of publishing, so that the content would appear to be more attractive to the mass. In that case, we are not relying on our online platform for the selling of the actual novel published. Instead, we are using this platform to observe the initial reading. If the initial reading is high, we would contact the authors immediately, do our own editing and our own find-tuning of the book or manuscript itself, and then put the ready-book back in the platform as well as in the public. Therefore, we are focusing on what the general public wants, to which is

going to be a hit. So, this is one of the many publishing ways we are doing right now. Sometimes, the authors are also using our platform to develop and further improve their own manuscripts before contacting us. As a whole, these are some of the techniques that we are utilizing in order to ensure that our products are able to sell easily during this difficult time.

For Company 3, the Internet and social media and networking sites really help them in improving and enhancing their content planning and development. According to the Executive Director of the company, previously, their editors would usually acquire ideas and concepts through books available in physical bookstores. However today, they are no longer doing that. Now, with the advantages provided by the Internet, they would browse other publishers' websites and e-bookstores for suitable ideas and potential concepts.

Through the company's social media, such as Facebook and Twitter, the editors would also be able to obtain ideas from their followers and readers to improve and enhance their contents. With these practices, they managed to save their time in order to focus on other matters. Also, the time spent for content planning and development has become lesser. Even in the practices of acquiring potential authors for their new books, they would take into consideration the number of followers an author has in his or her social media account. The reason is that, this criterion serves as a reference for their content planning and development, such as the number of copies for printing and the marketing of the books, as well as for prediction of how well a particular book would sell once published. For instance, an author could have around 100 thousand followers, but generally the company would not target all of them to purchase once a title is published, instead, a 10 per cent of 100 thousand would be more than sufficient, according to the Executive Director.

5.2.1.2 The Usage of Technologies in Content Development

One of the significant practices that have changed due to the advancement in publishing technology is the way editing and designing are being carried out. As pointed out by the Managing Director of Company 1, the emergence of Desktop Publishing Software (DTP) since 1990s have totally impacted the productivity of publishing companies in Malaysia. And for the company, the development has benefitted them, especially in the enhancement of their productivity and efficiency. As explained by the Managing Director of the Company,

...DTP ni menyebabkan satu round lonjakan jumlah buku terbit. Penerbit jadi sangat produktif. Kakitangan penerbit, penerbitan, publishing industry jadi sangat produktif dengan hadirnya DTP ini. Mungkin kita kata era mula 80-an, 90-an la, kita pindah ke DTP ini secara besar-besaran. Jadi dia tu productivity booster yang besar.

...DTP has caused spikes in the number of book published. Publishers became more productive. Publisher's staff, publishing companies, publishing industry became more productive with the presence of DTP. We can say that we move to this DTP on a large scale during the era's of 80's and 90's. It is a big booster to our productivity.

For Company 5, they are also experiencing the changes and benefits brought by technological development in the editing and designing process. As explained by the Publishing Director of the company, almost all of their editors are now performing the process of editing directly using the computer. The Director explains that:

...teknologi, dia mengurangkan kos sebenarnya. Contohnya kalau dulu kita gunakan banyak kertas untuk menyunting, menaip semula, sekarang kita on skrin, semuanya di situ. Kemudian, dulu kita perlu sediakan filem, sekarang dah tak ada lagi kos filem. Begitu juga plat, dulu pakai plat metal, perlu beli macam-macam bahan kimia, perlu ada kamera, shoot balik lah, sekarang dah tak ada dah. Dari komputer terus kepada plat, di situ dah berlaku lah penjimatan kos yang tinggi. Penjimatan kos satu, penjimatan masa, peningkatan produktiviti kerana kalau dulu kita boleh kata dalam satu tahun dalam 10 judul maksimum kita boleh sunting, tapi sekarang dengan teknologi, makin pantas lah.

...with technology, it is reducing the publishing costs. For instance, previously, we used a lot of paper for editing, for re-typing, but now all these processes are done on-screen. Then, previously we need to prepare film for printing, but now we no longer need to do so, therefore we are saving the cost of film. The same with the plates for printing. Previously, we used metal plates so we need to buy the chemical, we need to have camera to shoot everything. But now it is no more the same. From computer, directly to plate. From this alone, a lot have been saved. With technologies, we are not only saving costs, the time used for publishing is also becoming shorter, and this is increasing the productivity in book publishing. For instance, previously, the process of editing 10 titles would take about a year, but now it is becoming much faster with technology.

Consequently, technological advancement is benefiting the publishers by reducing most of the costs involved in the traditional editing method. The use of computer and desktop publishing software have actually helped in smoothen these processes.

5.2.2 Production

In discussing about the aspects of production, the content delivery format in particular, the finding shows that some of the publishers are offering both printed book and e-book to the market. Out of the six companies researched, four companies are actively doing that. They are Company 1, 2, 4 and 5. For these companies, many of their backlisted titles have been converted into digital format, and for their new titles, almost all are published in both printed and digital forms. Although the sales coming from e-book are still at the stage of stagnant, all four companies are optimistic with the potential that e-book is having. However, they are not expecting that the e-book market will grow in the near future. In the context of printing, the finding shows that all of the publishers are using offset printing for their book production. However, for Company 2, they are also using digital printing as a part of their strategy to increase their efficiency.

5.2.2.1 The Publishing of E-book along with Printed Book

Company 1 started to involve in the publishing of e-book around 2010 after seeing the positive growth of e-book in the United States and United Kingdom and also the growing interest shown by book readers towards Amazon Kindle. Looking at these developments, Company 1 did not want to be left behind and they felt that they needed to take this opportunity to strengthen their position in the industry. However, at that time, e-book was still new and only started to grow around 2011 when e-Sentral started their e-bookstore business. So, Company 1 started to convert their backlisted titles into EPUB format and worked together with e-Sentral. In 2013, Company 1 developed their e-book department with three working staffs. With the establishment of the department, they started to

involve actively in the publishing of e-book. However, as the market growth remained stagnant, currently, there is only one staff left in the department.

At present, the company's e-book is available in both local and international e-bookstores, such as Google Play Books, Apple iBookstore, e-Sentral, Kaki Buku, and BachaBooku. The price of these e-books is around 20 to 30 per cent lower than their printed version. Geographically, most of the sales came from within Malaysia. According to the Managing Director of Company 1, the sales trend in Google Play Books, for instance, shows that around 70 per cent of their buyers are from Malaysia and the other 30 per cent are from overseas. As for genre selection, romance is by far the most popular among fiction category. For non-fiction, books related to business are more popular than the others. By giving an example of their popular business book, according to the Managing Director of Company 1, the number of unit sold have reached more than two thousand units and it is considered high in Malaysian market.

As for the process in the book production, according to the Managing Director of the company, the publishing of e-book does not entirely change the traditional ways of books production. The content still needs to go through phases of editing, layouting, and proofreading as usual. When everything is finalized, the content-ready file will be sent to the printer for printing (for printed book) and at the same time, for conversion into e-book that is either EPUB format or PDF. Once the process of conversion is completed, the content will then be distributed to e-bookstores.

Although it does not totally change the process, there are things that need extra cautions when considering the publishing of e-book along with printed book. One of it is the agreement contract with the authors. Currently, Company 1 includes supplementary agreement that concerns about things related to e-book along with the normal agreement that is related to printed book. The reason is because the way e-book is being distributed

is different from printed book, especially issues concerning with publishing rights and royalty. At the meantime, Company 1 is asking for permanent right to publish the digital version and is giving 25 per cent from the net received as royalty to the authors.

Similar to Company 1, Company 2 has also been active in the publishing of e-book since early 2010s, with enthusiasm after having to witness the developments of e-book in the United States as well as the success of Amazon with Kindle. According to the Chief Operating Officer of Company 2, the reading trend of electronic contents through smartphones, Kindle, and other digital devices in the western countries are among the reasons of why they started to embrace e-book. He states that, the focus on traditional books (printed book) will always remain, but it has to be aligned with the innovation of e-book. This is due to the fact that, both printed and e-book are functioning as supplement to each other, according to him. Even though there are some consumers who prefer printed books, which they can touch and smell, the development for electronic books however, needs to be in parallel as the reading trend among younger generations is more technological based.

Currently, the company's e-books are available in Google Play Books and other local e-book platforms such as e-Sentral and Bachabooku. In an effort to increase their e-book sales, the company has also developed their own e-book platform. In this platform, they only sell e-books and e-magazines published by them, and the e-book sales is 60 to 70 per cent higher than their e-magazines. As for the price, their e-book is 35 per cent cheaper than their printed version and for some older titles, the price is 50 per cent cheaper than the printed version.

As for Company 4, they started to enter the e-book market around 2013 and since then, they have been publishing both printed and e-book for Malaysian book market. In order to be more competitive in the local book market, the company tries to lower their

book prices so that more readers are attracted to purchase books they published. At the moment, the price of their printed books is around RM19.90 while e-book is 50 per cent lesser, which is around RM9.90. As for the price of their e-book in US Dollar, it is selling at USD3.99.

According to the founder of Company 4, the reason of them setting such price for e-book is intended to attract more readers and book buyers from both inside and outside of Malaysia. For them, their prices are believed to be more reasonable and compatible as compared to e-book offered by other publishers in Malaysia. This is because, according to him, the publishing process of e-book does not require as much budget as the printed ones. Hence, the total cost has been reduced to almost half. The costs of printing and warehouse, for instance, is no longer existed in the publication of e-book. When commenting about the practices of some publishers in the country who are selling e-books at a mere 20 per cent cheaper price than the printed version, the founder of Company 4 shows disapproval towards such practice.

As for the availability of e-book, the founder of Company 4 mentions that they have made their e-books accessible in e-book platforms such as Google Play Books, E-Sentral, and Kaki Buku. He points out that the international platform, Google Play Books, has shown a slightly higher sales figure than the other local e-book platforms, which is a 75 per cent of their total e-book sales. For instance, the highest monthly sales they have made is around RM4,000, but they are currently making an average of RM2,000 per month. On the overall condition of book sales, the contribution of e-book is still insignificant, but they remain positive as they are able to earn the least out of it.

As for Company 5, they see the necessity of them adapting to the changes brought by technological development in the book publishing industry. So, they set their target to publishing and offering both printed and e-book into the market. As explained by the

Director of Publishing Department of the company, they are aiming to have two versions of book, printed and electronic, for all of their titles.

Sekarang ini, buku umum kami, seboleh-bolehnya kami akan adakan dua versi. Untuk dalam tempoh 2016 hingga 2020 ini, kami akan, memang kami, perancangan organisasi, kami terbitkan dalam dua versi untuk memberi pilihan kepada pengguna. Kerana tidak rugi pun kalau organisasi terbitkan dalam bentuk 'e', kerana yang perlu kami mengubah sedikit format bahan itu, dan kami upload, dan kami tidak ada tanggungan stok ke, dan kami boleh menawarkan pada harga yang lebih murah kepada pengguna.

At the moment, for our general books, we will, as much as we can, produce in two versions. In the period of 2016 to 2020, the decisions of our organizational planning are to publish both versions in order to provide options to our readers. Because we are not going to lose anything for publishing in the 'e' form... we need to just make small changes to the format of the content, then we upload it without the worry of having to bear any stock, plus, we could offer a lower price to our customers.

As mentioned by the Director, they are treating both printed and e-book as complement to one and another. In the publishing of printed book, they have to think about many aspects, especially printing-related costs, the store for keeping of books (stock), distribution, and also transportation. On the other hand, for e-book, they only need to convert the content to a suitable format, upload it to online platforms and these e-books can be sold straight away. This, according to the Director, has helped them to cut off some of the costs needed as compared to publishing in the printed form. As a result, the coexistence of these two formats is aiding to a more efficient planning of strategies

and publishing activities of the organization. Also, they need to follow the current trends and technological developments in order to be competitive in the market as all these factors are going to impact them in the long run.

As for the other two companies, Company 3 and 6, they do not see e-book as a potential product at the moment. As stated by the Chief Executive Officer of Company 6, the company is not expecting a substantial growth of e-book in the near future because its current impact on the publishers' sales in the industry is not showing any significant development. As pointed out by the Chief Executive Officer of the company:

...kita melihat banyak pihak cuba melihat e-publishing (e-book) sebagai masa depan buku, kita menggunakan peranti sebagai alat untuk membaca. Tetapi sebenarnya andaian awal itu tidak berlaku dengan hebat di Malaysia. Kita melihat e-publishing memberikan pulangan yang sangat-sangat kecil dalam industri perbukuan. Maksudnya, masyarakat Malaysia masih lagi terletak (bergantung) kepada buku konvensional, (maksudnya) buku dicetak....

...there were rumours saying that e-publishing (e-book) will become our future with the use of digital devices for reading. However, this early assumption is not happening drastically in Malaysia. The income brought by e-publishing into our book industry was very minor. This means that, we, Malaysian are still preferring the conventional books, I mean, printed books.

In explaining about the current situation in Malaysia, the Chief Executive Officer of Company 6 claims that Malaysia is not fully ready with the availability of all sorts of technologies for e-book buying and reading. Pointed out by him,

...saya fikir kita (masyarakat kita) belum lagi technology savvy. Sebenarnya, peranti-peranti itu, pertama mahal. Dan kedua, dia ada kekangan-kekangan yang lain seperti kena charge, ada bateri, dan dia menyebabkan proses pembacaan itu terencat. Ketiga pula, kalau kita melihat di Amerika Syarikat contohnya, pemandu teksi dia ada iPad. Dengan iPad itu, dia tengok jalan semua tapi bagi kita, iPad adalah barang mewah. Hanya segelintir masyarakat yang mampu (memilikinya). Jadi ini, saya rasa, kekangan kepada penggunaan teknologi itu.

...In my opinion, our society is not yet completely technology savvy. For instance, these digital devices are, first, expensive. And secondly, there are restraints in its usage, for instance, its battery needs to be charged, which confines the reading process. Thirdly, let's look at the United States for instance, even their taxi drivers have an iPad. They are using their iPads to find their ways around the city. But here in Malaysia, iPad is a luxurious device and only certain people can afford it. So, these, in my opinion, are the constraints to us from using such technology.

Therefore, in the meantime, the company is giving a total priority to the publishing of printed book rather than both printed and e-book.

5.2.2.2 The Use of Digital Printing for Print-On-Demand Strategy

As the current market of book is in the position of inconsistencies, Company 2 is now being more selective and cautious in the publishing of books. Currently, the company concentrates on reducing the quantity of printing and is being extra careful in the

evaluating and choosing of contents. The Chief Operating Officer of the company, in explaining about this, states that,

...kita lebih berhati-hati dalam penerbitan kita. Kalau dulu, kita merasakan bahawa setiap cetakan pertama itu kita boleh buat dalam lingkungan 10 ribu copies, our standard practice kepada author yang kuat jatuh kepada lima ribu, first print.... Dan kepada author yang baru, ataupun kurang kuat, kita mencetak sebanyak tiga ribu. So, itu, daripada segi jumlah cetakan memang dah berkurangan.

...we are now more cautious in publishing. Previously, we can have around 10 thousand copies for each of our first printing, but our standard practice now is to reduce the printing to around five thousand copies. That is for our well-known authors... As for the new authors or authors who are lesser known by the public, the first printing is around three thousand (copies). Therefore, the quantity of printing has become very much lower.

In doing so, the usage of digital printing is benefiting them. For Company 2, as they are now changing their strategy for subsequent productions into Print-On-Demand, the use of digital printing has been really useful as it is suitable for smaller volume printings. This is one of the company's strategies to control their book return rate. As explained by the Chief Operating Officer of the company,

So setelah kita cetak tiga ribu, kita merasakan bahawa kalau ada ulang cetaknya kita tidak lagi mencetak sama ada seribu ataupun dua ribu ataupun tiga ribu. Kita menggunakan print on demand untuk mencetak

atas seberapa banyak naskhah yang dikehendaki sahaja dan kelebihan yang print-on-demand ni boleh offer adalah kita boleh mencetak dalam lingkungan sekurang-kurangnya seratus atau dua ratus buku setiap buku.

... after we print around three thousand (copies), and if there is a demand, we will not reprint around one thousand, two thousand or three thousand (copies) anymore. What we do is, we use Print-On-Demand to print whatever amount that is required, and the benefits of Print-On-Demand is that we can print copies at small number of around one to two hundred copies of each book.

In doing so, the company is utilizing digital printing, as it is more practical and economical to produce smaller volume of printing. The practice is that, they use offset printing for the first production of their titles and when there is more demand, digital printing is used for the subsequent production.

5.2.3 Marketing and Sales

The presence of a variety of social media and networking sites have significantly changed the way marketing and book distribution are done. The finding reveals that all the six companies are utilizing the Internet, social media and social networking sites for their marketing and promotional activities. As for the distribution of their books, the finding reveals that all the six companies are utilizing the emergence of e-commerce and social networking sites to enhance their direct-to-consumer channels for distribution. At the moment, all of them are offering online bookselling services through either their official websites or self-developed e-commerce platforms. Interestingly, some companies are

even utilizing WhatsApp, the social media platform for instant messaging, to provide services related to book purchasing. Through these channels, the company is getting sales directly from the customers, without relying on any intermediaries. While, physical bookstore is still serving as the main distribution channel for all the six companies, the contribution from direct-to-consumer channels is seen to be increasing significantly.

5.2.3.1 The Utilization of the Internet and Social Media and Networking Sites for Marketing

According to the Managing Director of Company 1, the emergence of the Internet, social media and social networking sites have truly impacted the industry and changed the way marketing and promotion are being done. He explains that publishers would usually allocate a very small budget for marketing, to which it is mainly caused by the small margin that they get. Hence, when the Internet and social media came into picture, it gives leverage to publisher's costs for marketing and promotion as having these sites does not require much costs.

An observation on Company 1's official website shows that the information in the website is updated from time to time. In the website, the information they provided includes book catalogue, new titles releases, latest promotional activities, news and updates of the company, and also the company's details. The links to their social media and networking sites are also provided in order for their customers to gain easy access and news updates from them. As for online purchasing, they have another website (e-commerce platform) that is meant for online purchases. So, when a customer goes through their catalogue or new titles releases lists and clicks on the book that he or she is interested in, he or she will be automatically directed to the company's e-commerce website.

For social media and networking sites, the company is actively using Facebook, Twitter, Instagram, and YouTube, with frequent news updates posted once in every one to three days. The information made available in the company's social media and networking sites includes upcoming events, latest published titles, news and their latest promotional activities, and also information related to the company. The company is also observed to be responsive to the comments made by their followers in their social media and networking sites.

Besides that, Company 1 has also come up with a marketing strategy called the Affiliate Programme, which is similar to marketing strategies commonly used by e-commerce platforms to increase sales. Once the registration as an affiliate is done with Company 1, he or she is supplied with some links and promotional materials such as banners to be placed in his or her website or blog. And when visitors click on these links or banners, they are taken to the company's e-commerce platform and their activities will be recorded in the system. Whenever a visitor buys a product from the company's e-commerce through the link, the affiliate will receive a five per cent commissions.

Similarly, Company 2 is also vigorously using their company's website, online community websites, e-commerce websites, and social media sites, such as Facebook, Twitter, and Instagram, for marketing and promotional activities. An observation on the company's website and social media indicates that each imprint the company has is having their own websites and social media pages. And the information provided in each website and social media includes book catalogue/new titles releases, latest promotional activities, latest news and updates related to the imprint. The links to their social media and networking sites are also provided so that it is easy for their customers to follow and obtain news updates.

In order to enhance the effectiveness of their marketing and promotional activities through these platforms, Company 2 tries to get as many followers as possible so that it is easier to reach their potential customers and target market. Consequently, the marketing and promotional budgets of the company has been switched to focus on the Internet and social media. In their websites also, the links to the company's social media and networking sites are made available, so that their customers are able to follow and get updated easily. In addition, they have allocated some budget for advertisements via Google Ads and Facebook Ads. Besides that, portions of this budget are used as payments to personalities and celebrities who are promoting the company's books in their social media.

As for Company 3, besides from benefiting in the planning and development of contents, the advancement of the Internet and social media have also aided the company in their marketing and promotional activities. At the moment, the company is relying rather entirely on the Internet and social media for these activities. For the promotion of both new and old titles, they are using social media platforms such as Facebook, Instagram, Twitter, as well as email-marketing. The information made available in the company's official website and their social media and networking sites are including information on upcoming events, latest published titles, news and their latest promotional activities, as well as information related to the company itself. In their official website, they also provide direct online purchasing service (e-commerce) where customer can directly buy the books that they wanted through the website.

Email-marketing might sound irrelevant to some people, yet, this method has had a huge contribution to Company 3. In order to perform email-marketing, one would need to have an enormous contact list of email addresses, thus it is not an easy task to do. However, as Company 3 is having their own online platform where customers could

purchase books directly from them, they have obtained most of their potential future customers' email addresses through it. Once email addresses are obtained, Company 3 would use GetResponse, an online platform that offers email-blasting services, for their Email-marketing activities. This marketing service provider would send or "blast" emails containing information related to the company's new titles as well as promotional activities to these potential customers.

When discussing about the costs of marketing, the company's Executive Director mentions that the emergence of the Internet and social media has, for certain, reduced their overall costs. Previously, a big portion of their marketing budget was used for the printing of promotional materials such as poster, pamphlets, and brochures. Then, in order to get cheaper prices for printing, they need to have the materials printed in large quantity, with which, the extras were unused and untouched, and have ended up in their store. However, as the technology advances and that the Internet is now easily accessible, everything is done through social media and the Internet. According to the Executive Director of the company, they are still printing marketing materials such as posters and pamphlets, but in a much smaller quantity.

In addition to these marketing activities, the authors working with Company 3 are also involving in the promotional activities. According to the Executive Director of the company, they encourage their authors to participate in social media and be more active to interact with their followers through social media. This, according to him, would aid to their promotional and marketing efforts as rapport and close relationship could be shaped among the readers and the content provider, as well as the publisher.

As for Company 4, they are also currently dependent on the Internet and social media, such as Facebook, Instagram, Twitter, and Wattpad for their marketing and promotional activities. According to the founder of the company, social media has been

very important to them, especially as a tool of advertising. They have never used mass media for this purpose since their early time as everything has been done through social media. Thus, the company have not spent much on marketing activities. They would use Facebook Ads for marketing on certain selected occasions and events, however they would generally spend lesser than RM 1,000. The information made available in the company's website includes links to their social media and networking sites. Besides that, news, upcoming events, latest published titles, latest promotional activities, and also company related information are also provided in their website as well as their social media and networking sites, so that the readers and customers could easily follow and get themselves updated.

For Company 5, as they feel the need to be inline with the development brought by technologies, they are now increasing their utilization of the Internet and social media for marketing purposes. Similar to the previous publishing companies, Company 5 has included information related to the company, upcoming events, news, latest published titles, and their latest promotional activities in their e-commerce website as well as their social media and networking sites. In addition, they also made available the links to their social media and networking sites in their e-commerce website so that their customers could have easy access of their updates and activities.

As for Company 6, they have been utilizing the Internet and social media and networking sites for the marketing and promotional activities since the past five years. As explained by the Chief Executive Officer of the company, the dissemination of information related to the company's marketing and promotional activities are mostly done via the company's website, social media and networking sites, as well as email.

An observation of the company's official website shows that the information is updated from time to time. Information available in their website includes book catalogue,

new titles releases, latest promotional activities as well as news and updates of the company. The links to their social media and networking sites are also provided. As for online purchasing of their books, it is possible to be done through the same website as well. For social networking sites, the company is actively using Facebook, Twitter, Instagram, and YouTube, with frequent news updates posted once in every one to three days. The information made available in the company's social media and networking sites are also similar to their website, such as upcoming events, latest published titles, news and their latest promotional activities, besides information that is related to the company. The company is also observed to be responsive to the comments made by their followers in their social media and networking sites.

Apart from that, they are also using email blast in the spreading of information related to their promotions and marketing activities. At the moment, they are sending emails to more than ten-thousand of their customers.

Kami menggunakan, kebanyakannya melalui sosial media. Kita ada Facebook, kita ada Instagram, kita ada Twitter.... Dan kita juga menggunakan emel. Kita ada email group... so Facebook, (kita) ada lebih 38,000 likes... kita ada lebih 10,000 orang yang menerima emel, yang kita hantar, kita blast email....

Mostly, it is done through social media. We have Facebook (account), we have Instagram (account), as well as Twitter (account)... and, we also use e-mail. We have e-mail group... in Facebook, (we) have more than 38,000 likes, and we have more than 10,000 people whom we send e-mail, whom we blast email....

5.2.3.2 The Distribution across Multiple Online Channels

Company 1 started to get involved in e-commerce around 2007. The initial reason of setting up an e-commerce platform was to offer an optional channel for their readers to purchase their books easily through online. The setting up of the e-commerce platform for bookselling is one of the strategies that Company 1 has implemented in order to be more competitive in the market. Also, the uncertain environment of book market in Malaysia has forced them to enhance their sales through channels that will enable them to reach their customers directly. As it grows, the platform has also included some of the books from other publishers, to which, they are now offering more than 4,000 titles from 150 publishers with around 57,000 registered customers.

However, while the setting up of this e-commerce platform gives them more opportunities to directly reach out to their customers, there are also challenges that need their serious attention. In explaining about the challenges faced by Company 1's subsidiary that is focusing on e-commerce business, the Managing Director of the company states that, achieving profitability has been their biggest challenge while competing with other e-commerce players in the market. According to him,

Memanglah kita boleh achieve jualan yang agak baguslah, tapi masih banyak mencabarlah. Masih mencabar, nak achieve profitability, sebab salah satu cabaran e-commerce ni, cost center dia yang besar ni adalah logistic. Kita terpaksa compete dengan operator-operator e-commerce besar macam Lazada, yang offer free shipping... jadi kita sendiri pun bila masa nak meng-offer free shipping tu, memang...dia macam ni, saya bagi contoh. Kalau kita buka kedai kat dalam shopping mall, satu-satu cost kita yang paling besar ni, rental, bulan-bulan, kan. Rental berpuluh-puluh ribu. Terus terang saya bercakap, e-commerce punya operation, bayar logistics

ni, bayar untuk cost courier ni berpuluh-puluh ribu... Ooo, dia sama kasar dia.

Yes, we can achieve good sales, but there are challenges. It is still a challenge, to achieve profitability, because one of the challenge of e-commerce, the biggest cost center is logistic. We have to compete with big e-commerce operators such as Lazada, who offers free shipping. So, when we want to offer free shipping, it is... it is like this, I give you an example. If we open a bookstore in the shopping mall, one of the biggest cost is rental. Rental costs around tens of thousands. Frankly speaking, the operation of e-commerce, the payment of logistics, and the payment of courier costs would total up to tens of thousands. So, it is the same.

Presently, the total sales coming from e-commerce channels is still low, but it is increasing. According to the Managing Director of Company 1, the real impact of e-commerce on the publisher's sales is yet to be seen, and the reason for that is due to the fact that, e-commerce is still new to Malaysian book market.

At the moment, physical bookstores are still the main distribution channels for Company 1, with at least 70 to 80 per cent of their book sales coming from these stores. According to the Managing Director, it is going to be a long way for e-commerce to achieve and reach the scale of physical bookstores. As explained by him,

...physical bookshop ada 500 outlet (cawangan) di satu Malaysia. Itu, scale dia tu, kan. Popular ada 100 lebih (cawangan). MPH ada berapa? 40, 50 (cawangan), kan. Kemudian, yang lain-lain. Syarikat Modal-Osman ada 20, 30 (cawangan). Hasani ada 10 ke 15 (cawangan). Ini yang outlets. Mydin bookshops yang dalam Mydin sendiri ada berapa? saya ingat ada

10 ke 15 (cawangan) lah. Yang level bookshops lah... Jadi, ini sahaja bagi scale yang besar. E-commerce masih belum boleh cover.

...we have around 500 outlets of physical bookstores in Malaysia. That is the scale. Popular (bookstore) has more than 100 (outlets). MPH (bookstore) has how many? 40 to 50 (outlets), right? And the others, Syarikat Muda Osman has around 20 to 30 (outlets). Hasani has around 10 to 15 (outlets). These are the outlets. Mydin bookshops in Mydin (hypermarket) itself has how many? I think around 10 to 15, bookshops. So, this gives a big scale. E-commerce is still unable to cover the scale of physical bookstores.

However, looking at the development, Company 1 is optimistic that e-commerce will grow in the years ahead.

In discussing about the profile of their customers, according to the observation done from time to time, the Managing Director of Company 1 states that, majority of their customers are “bargain hunters” who always aim for better value. In other word, their customers are constantly aiming for books at cheaper prices. And, one of the interesting pattern found is that, the buying transaction is high during office hours. Therefore, their operators are busy during the weekdays and are more relax during the weekends. Also, sales increases during the end of every month, when salary is being paid out. Based on these patterns and trends, according to the Managing Director, they have come to a conclusion that many of their e-commerce customers are from the group of people who are working in the offices. So, during the month-end periods, the company will offer more promotions and better discounts to attract their target customers and this eventually will increase their sales and profit.

Besides getting sales directly from their customers, Company 1, through their subsidiary e-commerce platform, is also implementing drop-shipping programme to enhance their sales. The idea is to have a third party to promote and sell their books. With the advancement of the Internet and social media, sales through dropshipping has become easier and more effective. As pointed out by the Managing Director of the company, there was a concept called “blog-shops” few years back where people uses blog as a platform for business. But today, with the emergence of social networking sites such as Facebook, Instagram, and Twitter, a new spectrum has been opened up for people to do business. At the moment, their dropshipping agents are receiving a discount of around 25 per cent to 50 per cent, and the agents are free to promote and sell the books at any platform they wished. The way this dropshipping programme operates is as follow:

1. The agent will promote the books to their potential customers. The agent is free to determine the price and usually the price is including the shipping costs.
2. After the customer agrees to buy and have made the payments to the agent, the agent will place an order in the company’s e-commerce platform. When the agent registers to make an order, they will use their dropshipping agent code to entitle for the discounts.
3. Once the order as well as the payment is received by the company, the books will be couriered out directly by the publisher to the customer.

For Company 2, the setting up of their e-commerce platform is one of their strategic responses towards technological developments to become more competitive in the market. In explaining about their e-commerce platform, the company’s Chief

Operating Officer states that, the setting up of the platform gives another option to their customers to get their favorite books, because they offer new title as well as backlisted titles in the platform. As explained by him,

So, mengadakan system penjualan buku melalui online ini, maknanya satu benda yang kita hendak pastikan bahawa, apabila ada satu-satu buku baru ataupun buku-buku lama mereka, tidak perlu mencari ke mana-mana tempat untuk mendapatkan kalau kita boleh sediakan satu system yang senang, di mana kalau mereka melihat satu, teringat pada satu buku, terbaca kepada satu buku, pergi kepada website e-commerce kami dan membeli terus daripada kami.

So, by offering the online system for bookselling, one thing that we wanted to make sure is that, whenever there is a new book or any old titles, they (customers) do not have to look for it in other places in order to get it if we managed to provide (these titles) with an easy-access system, to which when they look at one book, (it makes) they(m) remember another one, and link to reading another one, so, they can go to our e-commerce website and buy directly from us.

Currently, the e-commerce platform of Company 2 is only offering their own contents, books, and magazines published under the company, with all the books being given a 15 per cent discount. Besides e-commerce, the company also uses dropshipping as one of the channels to increase their sales, which is one of their strategies to enhance their direct-to-consumer channels in order to be more competitive. For this, 30 per cent discounts is given to those who registered as their dropshipping agents with no limit of

purchase. All the transactions and orders are done using the company's e-commerce platform, which is similar to Company 1.

Apart from e-commerce, interestingly, Company 2 is also offering book buying through WhatsApp, an application for instant messaging. The process of using this application is rather simple, and the related information, such as bank account number, to use this channel is advertised in the company's websites and social media, together with their telephone number. All customers need to do is to send a message to the number through WhatsApp application to give the information of the books they wanted to purchase and to attach together the payment slip after they are done with the payment. After receiving the message, the staff will process and package the books to be couriered out to the customers. According to the Chief Operating Officer, the buying trend from WhatsApp application is higher than other online platforms. The reason, according to him, might due to the fact that, it is simpler where customers are not require to sign up or fill up any details, except for their names and addresses, before buying. Currently, their online sales including e-commerce and WhatsApp application are contributing around 10 per cent to their total sales.

At the moment, physical bookstore channel is still their main revenue contributor, with almost 90 per cent of sales coming from this channel. The sales from online channel that include e-commerce and Whatsapp, on the other hand, is still low, but increasing. Looking at the trend, the company is optimistic that online channels will grow in the coming years.

As for Company 3, the e-commerce service that they offer through their official website is also a part of their strategy to increase their book sales. Although the company's main contribution of sales is still depending on brick-and-mortar bookstores to which is contributing around 80 per cent of their overall sales, online sales, especially e-commerce,

is seen to be increasing significantly. Those who are using this channel are given the options of using either credit cards, online banking or gift voucher when purchasing their books.

Similar to Company 2, Company 3 is also utilizing the mobile application, WhatsApp, to provide services related to book purchasing. According to the company's Executive Director, the book buying trend through WhatsApp application is currently increasing, to which, almost 90 per cent of those who contacted them to enquire about books would definitely make the purchase. As explained by him,

...pembelian melalui WhatsApp... sangat laju dan mudah untuk kita yakinkan pembeli untuk membeli buku. Once katakan dia dah mesej kita, tanya berkenaan mana-mana buku, InsyaAllah kita boleh dapat sales daripada mereka. ...90 per cent InsyaAllah beli.

...sales through WhatsApp is very fast pace and it is rather easy to convince the customers to buy the book. Once they send the message to enquire about a particular book, we are definitely getting the sales. ...90 per cent are confirmed to buy.

According to the company's Executive Director, customers are usually having an intention to purchase a particular book when they enquire about it through WhatsApp application. It is different from e-commerce website, where most people are simply browsing around to obtain the information of books and would proceed to a physical bookstore to purchase what they wanted. Furthermore, most people are still reluctant to provide personal particulars through e-commerce due to the concerns of security issues.

On the other hand, with the usage of WhatsApp application, their staff would be able keep track of the customer's purchases and perform necessary follow-ups. That is the main reason to their near 90 per cent successful book sales using this medium. At the moment, most of their customers who purchase online are young adults, especially university students.

The Executive Director himself has tried to handle bookselling via WhatsApp application. In the time frame of one month, he managed to get around RM 8,000 for one title, and he could sell around three to 20 books in one single day. Hence, according to him, this new way of bookselling can be very efficient if it is done properly. So, the company plans to hire more staffs who are passionate about online business and those who know the operation of online sales in the coming years. This is because, according to him, online sales work differently as compared to the conventional sales. Those who are responsible in this division has to be aware 24 hours every day to respond to the customers as they could be enquiring about books at any time, whether it is in the morning or night.

For Company 4, they know that they are not supposed to depend on only one sales channel as the industry is becoming more competitive. In order for them to survive and sustain, they understood that they need to look for other ways to increase their sales and profit. As explained by the founder of the company:

...pengedar campur bookshop dalam 55 per cent (diskaun). Tu agak standard la. So, kalau kita hanya bergantung kepada itu (sahaja), kita punya untung tak banyak. So, sebab itu, kita kena gerak... jual sendiri, di mana, apa yang kita dapat itu (adalah) 100 per cent la....

...the discounts for distributor plus bookshops would total up to around 55 per cent, which is considered the normal standard. So, if we are completely dependent on this channel, our profit would not be a lot. So, because of that, we have to (also) sell the books ourselves... where we can get 100 per cent out of the sales.

Currently, Company 4 is utilizing multiple online channels rather progressively for book distribution. Since 2011, their sales through these channels have increased consistently and now, it is contributing around 20 per cent of the overall sales. According to the founder of the company, their customers are now getting more comfortable to buy books through online platforms.

Online bookselling, kita nampak dia semakin maju. Kita bermula pada 2011. Saya ingat lagi. First month, kita dapat lebih kurang dalam RM 1,500.00 lah. Tapi sekarang, Alhamdulillah, average antara 20 hingga 30 ribu sebulan.... Dan, kita lihat dalam tempoh lima tahun ini, ermm.... Pada tahun 2011 tu, orang masih macam takut-takut nak bayar online. Sebab kita punya audience banyak college student, tak ada credit card. So, mereka nak macam bank in duit, tak reti, takut macam tu, nak hantar bukti semua tu. Tapi sekarang makin confident la. Sekarang kalau kita keluarkan buku, yang tak jual online orang akan macam marah. Macam, 'eh, kenapa tak boleh beli online?' macam tu.

We can see that online bookselling is developing. We started in 2011, and I can still remember the first month, our sales were around RM1,500 only. But now, *Alhamdulillah*, our online sales are achieving RM20,000 to RM30,000 per month.... And the customers, are becoming more confident within these five years as compared to those in 2011 who seemed rather reluctant to perform online payments because most of our readers are

college students. They did not have credit cards at that time. And, they were not familiar with making bank deposits and then they needed to provide the proof of payment to us. But now, if we publish a new title and not making it available for online platform, our customers will definitely request for it to be done so.

Online bookselling that the founder of Company 4 meant is bookselling through website (e-commerce) and WhatsApp application. Currently, the books that they are offering in their website (e-commerce) are also including books published by other publishers, especially independent small publishers. As for the geographical coverage for their online bookselling, they are at the moment catering not only Malaysia, but also neighbouring countries such as Singapore and Brunei. However, customers from other than these three countries who are interested to buy books published by them would need to deal directly with their distributors.

Currently, physical bookstore is still the main sales channel for Company 4. As stated by the founder, it contributes around 50 to 60 per cent of their overall sales. Their books are available in almost all major bookstore chains, such as MPH Bookstore, Borders, Hasani Bookstore, Syarikat Muda Osman, and Kinokuniya, as well as small independent bookstores within Malaysia. For major bookstore chains, the distribution of books is done through a third-party distributor. So, a total of 55 per cent discount is given to both the distributor and bookstores. For instance, if the book price is RM20, the company would get RM9 for each book. Although the amount seems small, the founder explains that, the scale that these major bookstore chains are covering is huge, where each chain is having more than 10 branches within Malaysia. In other words, they are relying on the economies of scale in the distribution.

As for Company 5, the finding of the case study also reveals that they are offering online book buying through the Internet and social media and networking sites. These channels have been developed to facilitate their customers so that the purchase of books published by them could be easily done. All of their online book buying sites are coordinated and handled by the Distribution and Marketing Department of the company.

The book buying processes through their e-commerce portal is quite similar to the other e-commerce websites. Before the customers can get started to make any purchase, they need to first register themselves to the company's e-commerce site by using their email addresses. For the process of payment, the customers can have it done using either online banking, credit cards or direct bank transfer. For delivery, the company is outsourcing the service to Pos Laju Malaysia and Pos Laju Malaysia is usually taking three to seven working days to deliver the books. Their service covers the whole Malaysia, including Sabah and Sarawak, Brunei, Singapore, Indonesia, and Thailand.

Apart from that, they also noticed the potential of bookselling through mobile application (Whatsapp), social media and networking sites (Facebook). Even though sales from these channels are not contributing much to their overall income, they are at least putting in efforts of widening the options and channels for book purchasing.

Currently, the main distribution channel for Company 5 is still via physical bookstore. In doing so, they are using third party distributors who are registered with them. At the same time, they are also distributing their books through big retail bookstore chains such as MPH Bookstores, Popular Bookstores, Times Bookstores, Borders, Kinokunya, and Kedai Buku 1 Malaysia. However, these retail bookstore chains only carry certain selected titles.

For Company 6, the finding of the case study shows that they have also been intensively utilizing multiple online channels for sales for the past few years. One of these channels is e-commerce. As explained by the Chief Executive Officer of Company 6,

E-commerce memberikan pulangan yang agak baik kepada syarikat sebab sekarang ini kita melihat bahawa... masalah kita, penjualan buku secara physical ini akan ada kekangan. Pertama, kedai-kedai memilih tajuk yang mereka suka. Dan kedua ialah kedai pun tidak berada di serata negara. Jadi saya melihat bahawa e-commerce itu membantu penjualan syarikat. Sebab pertama, dia pergi ke seluruh tempat. Dan yang kedua, kita ada sistem pos yang baik. Maksudnya sistem pos kita boleh menampung permintaan masyarakat. Kita tidak ada halangan, pos tidak boleh hantar ke sana, semua boleh. Jadi saya fikir e-commerce memang banyak membantu....

E-commerce gives a positive return to the company because, bookselling through physical bookstore is having certain constraints. First, many bookstores are selective on the titles and would only choose titles that they preferred. Secondly, we are not having bookstore in each and every corner of Malaysia. Therefore, I personally see e-commerce as an aid to a company's sales. The first reason is that, it can cover a wide area. Secondly, we have a very good postal system. It means that, our postal system is manageable in handling the public's demand. Therefore, I think e-commerce is really helpful....

At the moment, e-commerce, including other online channels have contributed around 30 per cent of the company's overall sales. The other 70 per cent is still coming from the conventional method of book distribution, which is through physical brick-and-

mortar bookstores. Currently, their books are available in retail bookstore chains such as MPH Bookstores, Popular Bookstores, and Kinokuniya. At the same time, they also have Kedai Buku Bergerak, which is a version of mobile bookstore. With these efforts, the intention is to expand their sales channels so that the visibility of their books is increased and that readers would have easier access to them.

As for online sales, even though it is only contributing about 30 per cent to their revenue, Company 6 is still optimistic as Malaysia is still in the beginning stage of e-commerce, and that, their customers profile for e-commerce channels is mainly the younger generations. These customers, as explained by the Chief Executive Officer of the company, are those who wanted fast and hassle-free service than going to the bookstores to browse and purchase book. Some of them are also living outside of the distribution area of Company 6.

The main reason of them offering online channels for book buying and that they are intensively promoting these channels is because, they needed to be more efficient and competitive in the market. In order to be more efficient, they need to be always ready in facing challenges. As explained by the Chief Executive Officer of Company 6,

Dia begini, kami perlu lebih efisien dan cekap. Itu antara perkara yang kita buat dan kita perlu IT savvy dan sebab begini, (macam) e-commerce ini, orang beli 24 jam. So bagaimana kita react kepada permintaan pelanggan. Itu penting. Sebab pelanggan ini perlukan sistem yang cepat.

We need to be more efficient. That is something we need to do and we need staff who are IT savvy, because in this e-commerce sales channel, people

are buying 24 hours, so how we react to their demand, is important. Because they want system which can accommodate to their needs.

One of the advantages of e-commerce, according to the Chief Executive Officer of Company 6, is the simplicity of getting the sales report, besides an easier monitoring of buying and selling activities. According to him, with the e-commerce system that they are having now, it is easy for him to monitor the sales trend as well as buying activities, and also comments and complaints made by their customers. He elaborates,

Walaupun saya CEO, tapi semua order melalui e-commerce saya akan terima.... Ya, report setiap satu section. Orang tanya pun akan sampai kat saya.... Saya akan tahu bahawa staf saya jawab ke tidak jawab. Kalau tidak jawab, saya akan tegur. Saya monitor secara harian, setiap waktu. Ini jualan. Bila payment masuk pun semua saya akan dapat.

Although I am the CEO of the company, I am getting every order that is made through e-commerce.... Yes, reports for every section. Anybody asking about anything, it will all send to me.... I will know whether my staff reply to the enquiry or not. If they did not reply, I will ask them to do so. I monitor everyday and all the time. For sales, I will also get the notification for every transaction that goes into our account.

At the same time, the company is also offering book buying through WhatsApp application. As explained by the him,

...mode untuk bayaran kepada e-commerce ini agak restricted.... Jadi dia kena ada kad kredit, kena ada kad bank. Bagaimana kalau mereka tidak ada? Jadi apa yang kita buat, kita lebih berinovasi. Sekarang orang boleh order melalui WhatsApp. Dia bank-in kan, selepas bank-in kan dia ambil gambar, send pada kita, duit akan masuk akaun, kita akan hantarkan. Jadi kita perlu berinovasi maksudnya kami tidak boleh hanya menerima, ini cara kita. So kita kena melayani kerenah pelanggan juga, dan saya fikir itu adalah satu bentuk respon yang baik. So kita tidak lagi menjadi syarikat yang rigid, yang kata hanya ini sahaja cara dia, tapi kita berinovasi dan saya melihat kreativiti pada kakitangan (syarikat) ini adalah satu perkara yang saya puji.

...the mode of payment for e-commerce is rather restricting.... It requires credit cards or bank cards. What if they do not have all of these (cards)? So, we need to be innovative. They can now order through WhatsApp. They need to just bank-in the money and take a picture of the receipt and send it to us. When the money is deposited into our account, we will post out the books to them. So, the idea is that we have to be innovative. That means, we should not only do according to what we want. We need to know how to respond to the demands. We do not want to be rigid. And from the creativity shown by our staffs, it is indeed something that needs to be praised.

The offering of buying through this channel is one of the company's innovation and strategy to adapt to the current trend of the younger generations.

5.3 Strategic Issues and Challenges

This section explores the current emerging issues faced by the six trade publishers studied. It is based on the interviews with the top management of the companies. From

the interviews, this study identifies three main emerging issues, namely (1) the declining of the retail book sales, (2) the stagnant condition of the local e-book market, and (3) the disadvantages of technologies and the reduction of editorial skills among editors. These issues will be discussed in the following section.

5.3.1 The Declining of Retail Book Sales

When enquired about the emerging issues that the companies are facing today, most of the informants pointed out that they are currently experiencing the declining in retail book sales. For Company 2, according to the company's Chief Operating Officer, the declining of book sales that they are currently experiencing is something they considered as the reality that they have to encounter. As pointed out by the him,

Satu benda yang kita merasakan ada satu orang kata kepayahan penerbit buku zaman sekarang adalah pengurangan dari segi pembelian. Itu memang reality.

Currently, the one thing that we are having, is what normally people mentioned as the challenges of being the book publisher of this era, which is the declining in book buying. It is definitely a reality.

The declining of sales experienced by Company 2 is noticeable in the genres of fiction novel and general books. In elaborating about this matter, the Chief Operating Officer of the company explains by giving an example of their previous bestsellers' book sales. Previously, their bestsellers would generally sell around 50 thousand to 80 thousand

copies per year. Sometimes, the number would even reach up to 100 thousand copies. However, in the current situation, it goes down to about 30 thousand to 50 thousand copies, which is going to take up to almost three years to reach their previous sales target. Even though they are experiencing a decline in book selling, their business is still profiting, but at a much lower profitability rate. As pointed out by the Chief Operating Officer of the company,

...kalau dalam keadaan sekarang, we are still profitable. Tapi cuma macam dulu, our produk, profitability punya rate tu mungkin dalam 30 per cent, 30 per cent atas jumlah jualan kita. Tetapi sekarang ini dia dah drop. Drop to 20 per cent. So, we are experiencing 10 per cent less in profit...

...currently, we are still making profit. But previously, the profitability rate of our books might be around 30 per cent, 30 per cent of our total sales. However, it has dropped now. It went down to 20 per cent. So, we are experiencing 10 per cent lesser in profit...

Similarly, the Executive Director of Company 3 also raises his disappointment towards the company's book sales in 2015. As explained by him,

...kita mengalami kesukaran pada tahun lepas. Tahun ni saya tak pasti. Tapi tahun lepas memang satu tahun yang amat sukar. Jadi, di situ ada kerugian untuk buku....

...we have had a difficult time for last year. This year (2016) we are not so sure yet. But seriously, last year was really a tough year for us. We experienced a loss on book sales....

As for Company 4, according to the founder of the company, their sales from retail bookstores for August to December 2015 have dropped to almost half of the previous years. This plunge happened after the book voucher (BB1M) period has ended. The sales only started to recover in early 2016. Even though they are experiencing a decrease of almost 50 per cent of the previous sales, the company remained optimistic with book publishing business.

So, we do in a sense that, ya, ada sesetengah buku dia akan jual puluhan ribu, ada sesetengah buku pula dia mungkin terjual, 5 ribu sahaja. So, dia balance la.

So, we do in a sense that, yes, there will be books that can sell over ten thousand copies, and some may only sell around five thousand copies. So, in the end, it balanced up.

According to the founder of the company, the drop that they experienced is adaptable because the costs to produce books is not as expensive as the production of other goods.

5.3.1.1 The Uncertain Economic Condition and the Implementation of GST

According to the Managing Director of Company 1, they are experiencing negative growth in their book sales for the first time, especially after GST started to be implemented as well as the inflation that hit the country in 2015. Although the implementation of GST is not on books, it has affected the book industry indirectly. Sales coming from retail bookstore alone has decreased for about 30 per cent. So, they are experiencing the worst situation throughout their business period in 2015. As indicated by the Managing Director of the company,

... dengan impak GST; dan round kedua ni, impak cost of living; inflasi... (keadaan ini telah menyebabkan) jualan kedai buku melalui channel kedai buku jatuh teruk. 2015 ni, saya kira, paling buruk dalam sejarah. Kami berniaga 15 tahun tak pernah negative growth. Tahun ni, 2015 ni, kali pertama negative growth... kerana jualan di retail bookshop jatuh, jatuh 30 percent.

2015, I think is the worst year in our history. We have been around for about 15 years, we never had negative growth. In 2015, it is the first time we have negative growth... because sales from retail bookstores decreased, for about 30 per cent.

As for the Chief Operating Officer of Company 2, they also feel that the implementation of GST is affecting their book sales indirectly, as it has caused the reducing buying power of their customers. He explains that,

Daripada segi GST, sebenarnya, kita (buku) tidak terkesan sebagaimana majalah terkesan kerana buku tu dia zero-rated. Cuma, kesan dia adalah buying power sebenarnya. Bukan kepada...errkk...buying power orang dulu, mereka ada katakanlah setiap seorang gaji basic minimum seribu, 6 per cent GST dia dah hilang RM60. That RM60 dulu dia boleh beli buku, contoh sekarang ni dah tak ada la. Dan bajet untuk buku tu digunakan untuk bayar GST.

In term of GST, we (our book) are not affected as what our magazines are experiencing because book is zero-rated. It is just that, the impact is on the consumer's buying power. For instance, imagine, if the basic salary for our customer is one thousand (Ringgit), six per cent of GST will cost them RM60. Previously, they can use this RM60 to buy books, but now it is no longer possible. So, the budget for books have been taken away to pay for GST.

Similarly, the Executive Director of Company 3 also agrees that the inflation and the implementation of GST have affected the buying power of the consumers, to which has consequently affected the company's overall sales. As explained by him,

...kuasa membeli dah tak sama dengan dulu. (Dahulu, jika) buku habis saya boleh (terus) reprint. Sekarang dah tak boleh sebab kuasa membeli sangat-sangat... jatuhlah sebab kadang-kadang... jangan cakap orang lah, saya sendiri pun, kadang bawa budak (anak) nak beli pun kena... ermm. Kita tak salahkan oranglah sebab sangat-sangat berbeza, tapi (ini) cabaran pada penerbit lah.

... the buying power is not the same as it used to be. (Previously, if) the book was out of stock, I could (continue to) reprint. Now, it is difficult

because the buying power has dropped tremendously. Even for me, if I wanted to bring my children to go shopping, I have to be prudent. We do not blame the people...but this is a challenge for publishers.

Previously, they would simply decide on a two-thousand-copy reprint while still having around 200 copies of stock in the bookstores not being sold. The same goes to book return, which they need not to worry about. However, today, they are being more cautious in matters related to reprinting of their books. According to the Executive Director of the company, the current practice for their first printing of each new title is to have about three thousand copies, except for potential books that they predicted to become market hits, that would have around five thousand copies. This practice is obviously due to the current uncertain environment causing them to be extra careful in the decisions of printing quantity. In addition, they are constantly moving their stocks so that their inventory flow would not remain stagnant for too long time. For them, they would still prefer their former practice, that is to print in large quantities so that their books are always available to the readers. However, this practice is no longer practical for their long-term sustainability.

Having to be one of the active players in the book publishing industry, Company 3 is still constantly finding ways to sustain in the market. For this reason, the ability of identifying current trends is essential. According to the Executive Director of the company, during the early days, they have been focusing mainly on publishing books that are going to benefit their readers and the society, especially contents that would provide knowledge, quoted as saying “books we want them to read.” However, the company feels that they no longer have the capability to do so in order to survive the rough market condition, mentioned by the Executive Director, with an example of their teenage readers.

Kita sekarang ni, kita buat buku apa yang orang nak. Sekarang remaja suka buku yang macam ini, kita terpaksa buat buku yang remaja... konsep yang mereka nak.

Now we produce (books) based on what the readers want. So, for instance, if the teenagers nowadays like a particular type of book, we need to produce and supply... according to the book concept that they prefer.

As a result, the company has to follow closely the reading trends, and to supply books based on the readers' preferred contents, in order to survive in the book industry.

Apart from that, it is also observed that what is happening in the book market today has increased the concerns among other players in the book publishing chain. One of that is the condition within big bookstore chains in Malaysia. As explained by the founder of Company 4, based on their observation, some of these big bookstore chains are seen to be shrinking the spaces for books and replacing it with other types of product such as stationeries, CD's, audio speakers, and IT related items. Consequently, he believes that this trend will be affecting the publishers, as their books and titles are increasing while the spaces for bookselling is lessened. Even so, book sellers in general are still supportive at the moment.

5.3.1.2 The Emergence of New Alternative Reading Materials in the Internet and Social Media

There are many factors causing the drop of sales. Besides the condition of the current economy of the country and the implementation of GST that contributed to the reduced of buying power among consumers, the emergence of alternative reading materials, especially those from the Internet and social media, are also a factor to the decline. According to the the founder of Company 4,

...saya rasa yang competition tu dia lebih kepada short form attention span macam social media. So, itu sebenarnya competition, sebab daripada mengambil masa tiga jam membaca buku, boleh pergi Facebook dan cakap dengan puluhan orang kan. So, itu sebenarnya competition dia la.

...I think, the competition comes mainly from the short attention span (reading materials) such as social media (contents). These are considered some of the real competition because instead of taking around three hours for book reading, the readers are actually using that time for Facebook and interacting with many people. Therefore, this is actually the real competition.

The Chief Operating Officer of Company 2 is also having the same opinion with the Founder of Company 4. According to him,

Macam buku ini, content-content dalam buku, especially macam fiksyen, dia tidak sama dengan apa yang terdapat di internet. Macam saya kata

tadi, gaya penulisan, jalan cerita tu dia unik. Tetapi yang kita menjadi sedikit terkesan itu, kerana masa yang orang ada untuk membaca tu dah kurang. Mereka ada lebih banyak masa untuk berinteraksi di dalam social media, membaca di dalam social media dan membuat orang kata aktiviti seperti games dan sebagainya. So kadang-kadang, bila kita lihat, kalau dahulu seseorang on average pembaca kita boleh membeli empat novel dalam satu bulan, mungkin sekarang ini dah dua, kadang-kadang satu. Dan dari segi apa yang kita tanya secara rawak, ada yang setengah kata dalam sewaktu membaca satu-satu buku, mereka boleh...orang kata teralih perhatian kepada whatsapp yang popped-up dan tiba-tiba, masa yang sepatutnya duduk baca sejam dua jam tu diorang dah gunakan untuk social interaction. So, itu yang kita rasakan...terkesan tu bukan dari segi alternative content of the internet, tetapi dari segi masa.

The contents from books, such as fiction, are not the same as the contents in the Internet. Like what I have mentioned, its writing styles and storylines are unique. However, we (the industry) are affected because of the time allocated to read (books) is now reducing. They (the readers) are now spending more time to interact in social media, reading in social media and doing a lot of activities such as playing games and so forth. Previously, our readers can buy up to four novels in one month, but now they are only buying two, sometimes just one novel. And, from the random survey that we have done, some of our readers said that sometimes they are interrupted by WhatsApp and other social networking sites when they are reading a book. The time they are supposed to sit and read has been interrupted by these platforms for one, and even two hours. So, what we think... we are affected not because of the alternative contents from the Internet, but rather the (readers') time for reading.

Therefore, the emergence of new alternative reading materials from the Internet and social media are a part of the factors contributing to the decreased in retail sales.

5.3.2 The Stagnant Condition of the Local E-Book Market

Apart from the declining in retail book sales, one of the issues that raised by the informants is the stagnant condition of local e-book market. All of the informants pointed out that the impact of e-book to their business and sales is still yet to show any significant growth.

For Company 1, they started to involve in the publishing of e-book around 2010 and 2011 as a part of their strategy to be more competitive in the market. Looking at e-book's development in the United States and United Kingdom, they were very optimistic that e-book would flourish. However, after a few years, the sales from e-book remained stagnant. As the sales volume is very small, officers working in their e-book department were even reduced from three to one. The Managing Director of Company 1 states that, the impact of e-book on their total sales is rather insignificant, where it does not even reach one per cent of their total book sales. It is also disappointing although theoretically, it offers much advantages as compared to publishing printed book.

...kecil. E-book ni, mengecewakan-lah. Tak mencapai tahap yang kita bayangkan la dulu-dulu kan. Sebenarnya kalau e-book ni besar, bagus. Daripada segi income kepada pengarang dia lebih besar. Daripada segi cost structure-nya lebih baik. Dia lebih efficient.

...small. E-book is a disappointment. It did not reach the level that we have expected. Actually, if e-book is big (sales is high), it is good. From the point of author's income, it is much better. From the point of costs, it has a good structure, where it is more efficient.

For Company 4, their e-book contribution to the overall sales is also progressing at a slow pace. In 2014 and early 2015, they observed an increment in the e-book sales, however the sales declined and then remained stagnant. Even so, the stagnant of e-book sales is still considered as a complimentary to their printed book sales. According to the founder:

Saya lebih suka lihat dia sebagai complimentary sebab pada saya dua-dua tu masih buku. So, orang yang berminat baca e-book, sebenarnya dia akan minat baca buku cetak juga. It's just that mungkin kalau contohnya travel, dia tak nak bawa lima enam buku (cetak). Dia boleh bawa semua dalam iPad.

I prefer to look at e-book as complimentary (to printed book) because for me, both are still books. So, those who like to read e-book, are usually interested in reading printed book as well. It is just that, maybe, for traveling, they would not want to bring along five or six of these printed books, they would prefer to bring all of their books in an iPad.

Certain books, especially educational textbooks used in schools, according to the founder of Company 4, are suitable to be published in electronic version. The reason is that, it would be easier when changes on certain outdated aspects in the textbooks are needed to be made. Besides, it is also more cost saving.

For Company 5, the contribution of e-book sales to their overall revenue is also still not reaching one per cent. On this matter, the Director of the Publishing Department of Company 5 states that, printed book is still contributing a big portion, where it is more than 90 per cent of the overall book sales for the organization. One of the reason is due

to the fact that, majority of their customers are institutions and libraries, rather than the public or individual readers. Because of this, the Director believes that printed book would not in any way be replaced by e-book.

Having the same opinion with the other companies, the Chief Executive Officer of Company 6 also believes that e-book's sales volume is yet to suggest any significant growth. Besides that, based on his rough observation, it is estimated that a mere five per cent of publishers are involving in the publishing of e-book. As explained by him,

Di Malaysia, saya tidak nampak competition. Sebab itu saya katakan bahawa e-book itu sendiri tidak memberi kesan yang besar kepada jualan buku konvensional. Dan kita melihat, saya rasa kurang daripada five per cent (penerbit) terlibat dengan e-book di Malaysia dan jualan pun sangat kecil.... Kita mengharapkan volume tapi volume itu belum ada di Malaysia.

In Malaysia, I do not see the competition. That is why I say that e-book itself does not have a significant impact on the sales of conventional books. And I think, the publishers involving in e-book for Malaysia is less than five per cent, plus, the sales are very low... We are expecting for the volume but currently the volume is not there in Malaysia.

Thus, they feel that it is no yet the right time to be involved in this market. However, they would definitely consider to involve themselves in publishing e-book once the market is ready.

5.3.2.1 The Lack of Readiness towards E-book

According to the Chief Operating Officer of Company 2, another obvious factor that is contributing to the stagnant of Malaysian e-book market is the overall readiness towards e-book in the country. According to him,

...di Malaysia ni, pembacaan melalui “e” melalui smartphone dan sebagainya tu dia tidak sama macam negara Eropah ataupun U.S. Kalau kita lihat...saya sendiri pun pergi tengok diorang banyak pakai kindle untuk membaca di dalam airplane, dalam train dan sebagainya. Tetapi di Malaysia, alat-alat sebegitu tiada. Dan kadang-kadang alat-alat ini, di smartphone, satu kita rasakan dia tidak very reader friendly. Yang kedua pula terlalu banyak gangguan, disruption dalam pembacaan di phone. Disebabkan itu la bila kita buat alternative sebagai e-books ini, jumlah jualannya tak menjangkau lebih daripada satu per cent daripada jumlah buku secara fizikal. So memang kita amat-amat terkesan sebegitu la.

...in Malaysia, reading through ‘e’, smartphones and other devices are not the same like countries in Europe and the United States. I myself noticed them (people in these countries) using Kindle to read, in the airplane, in the train and so on. But, we have very less of these devices in Malaysia. And sometimes these devices, smartphones for example, is not reader friendly. Second, there are too many distractions and disruptions when we are reading through the phones. Because of this, when we have e-book as an alternative to the market, the sales is still not even achieving more than one per cent from the total physical book sales. So, we are really affected.

However, despite the slow development, Company 2 is optimistic and hoping that e-book market will grow in the near future. According to the company’s Chief Operating

Officer, they are seriously looking forward to see the increase of e-book sales in the coming two to three years. And, if the sales figure could reach 10 per cent, it would be the greatest news to them.

For Company 5, the Director of Publishing Department feels that reading through an e-book is giving a totally different sensation as compared to reading through a printed book. The additional values of the printed book, such as the smell and the touch, is something irreplaceable by e-book and that many people are still looking for. For him, this is one of the reasons that e-book sales is still not reaching the level that many people have predicted. However, with the technologies getting better from day to day, they are optimistic and are hoping that e-book sales would increase eventually.

5.3.2.2 The Need for Big International Players Entering the Local Market

Despite the insignificant contribution of e-book to their business and sales, some of the informants think that the market can grow if big international players enter Malaysian market. As explained by the Managing Director of Company 1, they can see the difference in their e-book sales, when one of the big international players, Google Play Books, entered the market. According to him,

Di Malaysia, e-book berkembang apabila terdapat pemain besar seperti Google Play Books masuk pasaran (Kita boleh melihat) dia meningkat, peningkatan yang ketara (apabila mereka datang). Sebelum ini, dekat Malaysia hanya ada e-Sentral, Celcom Bachabooku, Kaki Buku. Dari segi jualan, ia masih level pertama, level yang rendah. Tetapi, apabila Google Play Books buka, saya rasa sekitar akhir 2013 atau awal 2014, kita dapat lihat jualan melonjak empat hingga lima kali ganda daripada sebelum ini.

Walaupun ia masih kecil, tetapi ia melonjak drastik. Mungkin kerana dia Google Play Books, pengguna lebih yakin ... nama yang besar.

In Malaysia, e-book is growing when there are big players such as Google Play Books entering the market.... (We can see an) increase, a significant increase (when they came in). Before this, in Malaysia, we only have e-Sentral, Celcom Bachabooku, Kaki Buku. The sales at that point, is still in its beginning level, a lower level. But, when Google Play Books started their business (in Malaysia), I think that was around 2013 year-end or beginning of 2014, we can see the sales leaped four to five times as compared to the previous one. Although it is still a small amount, the leap was drastic. Maybe because they are Google Play Books, to which consumers are more confident with... big name (brand).

With the presence of Google Play Books in Malaysian e-book market, Company 1 is hoping that other big international players, especially Apple iBookstore, would follow suit. However, things did not turn up as they have wished. According to the Managing Director, there are rumors saying that Apple iBookstore has decided to delay their expansion in Asia Pacific market, except for China. So, for Company 1, it is yet another disappointment as they have wanted big players and big brands, such as Apple, to operate in Malaysia. This is due to the fact that, big players and their brands could easily boost confidence level of the consumers to purchase e-book.

Currently, they have some of their e-book titles sold through Apple iBookstore. However, it is only to cater for international readers and according to the Managing Director, many of their buyers are Malaysian students who are studying abroad. So, in the meantime, they are depending on the sales from Google Play Books and other local e-book platforms. For Company 1, they are not expecting that e-book market will grow

in the near future. Nevertheless, they will still produce electronic version of their printed books. As stated by the Managing Director, they will get everything ready in advance, and when e-book market becomes more stable, their products are already in the market.

The founder of Company 4 also agrees with the Managing Director of Company

1. As mentioned by him,

Tapi sebab malangnya macam apa tu.... Kindle tu kan, Kindle dan iBooks. iBooks kan dia tak nak buka kat Southeast Asia. Dia kata market terlalu kecil, terlalu banyak piracy. So, dia cancel plan...even KOBO, dia cancel plan. Sepatutnya tahun lepas. All these three things will launch.... Mungkin kalau players macam ni ada akan jadi lagi meriah la.

we are very unfortunate... like Kindle and iBooks. iBooks does not want to enter Southeast Asia market. They said the market is too small and too many piracies. So, they cancel their plan...even KOBO, they cancel their plan. Maybe if these players are here, I think the industry will be happening.

Thus, the presence of international players in Malaysian e-book market is considered to play an important role in enhancing the local e-book sector.

5.3.2.3 The Future Challenges for E-book Market

When enquired regarding the challenges that publishers will encounter once e-book market is stable, the Managing Director of Company 1 predicts that, Malaysian book

publishing industry would be facing several issues to which, one of these issues is related to digital piracy. According to him,

Kalau trade book publisher la, kalau digital sales, e-book sales ni naik, kita juga akan berdepan dengan masalah digital piracy. Dan option yang ada untuk fight digital piracy ni bukannya bagus sangat. Optionnya yang ada is to make it easier and cheaper. So orang tak pergi kat piracy. Contoh yang berjaya Spotify. Zaman sekarang orang dah tak torrent dah, orang Spotify terus. Spotify free. Sampai certain hours barulah you kena beli. Tapi untuk certain hours free.

For trade publishers, if digital sales, e-book sales go up, we will encounter digital piracy issue. And the option to fight digital piracy is not very good. The option that we have is to make it easier (accessible) and cheaper. So, people would not go for piracy. An example of such success is Spotify. Nowadays, people do not use Torrent anymore. They use Spotify. Spotify is free-of-charge. After the usage of certain hours then we are required to make the purchase, but it is free for certain hours.

According to him, although it seems that Spotify business model is able to handle the issue of piracy and could be a good model for the industry to exercise, there still are challenges existed. As explained by him,

... dan alat yang ada kat tangan nak lawan dengan piracy tu, model yang berjaya, Spotify. Dia very cheap model. So, maksud kumpulan yang sanggup bayar premium price untuk buku tu, tak banyak. Majority nak buku murah. Buku free. Penerbit nak bayar gaji pakai apa? Pengarang nak

makan pakai apa? Macam sekarang pengarang punya income dengan model bercetak ni, ada pengarang (PLI) yang sampai ratus-ratus ribu setahun royalty. Biasa. Lepas ni, macam mana nak bayar. Dia akan datang cabaran baru la. Ye la, kita kena hadapi la benda-benda macam ni kan. Tu kalau dari segi...e-book la.

... the tools we have to fight piracy is such as Spotify's successful model, to which the model is focusing on providing cheap prices to consumers. (Back to book industry, however,) People who are willing to pay for books at a premium price are limited. Majority would want cheap books, even free books. So, how are the publishers going to pay for the salary, for example, of the authors? The annual income of the authors with printed model today, some are receiving royalty over few hundred thousand (Ringgit Malaysia) per year. It is something normal. However, after this (the popularizing of e-book along with piracy), how are we going to pay them? There will be new challenges. Yes, we have to encounter this kind of problems. That is from the perspective of e-book.

Hence, according to him, it is crucial to understand the condition and issues, and be ready when the time comes.

5.3.3 The Disadvantages of Technologies and the Reduction of Editorial Skills among Editors

Apart from the declining of retail book sales and the stagnant condition of the local e-book market, there are also other issues arisen due to the advancement and innovation of technologies in the industry. Pointed out by the Director of the Publishing Department of Company 5, as the technologies improves, the possibilities of committing mistakes in

publishing activities is now increasing as the processes are becoming faster. He gives an example by referring to the process of printing. According to him,

...dalam industri percetakan, dahulu prosesnya adalah, bila editor menyunting dan telah siap naskah sedia kamera, kita pergi kepada proses kamera. Yang itu, kita namakan sebagai proses reproduction. Pada tahap reproduction, kita tak ada rasa ragu-ragu bahan itu akan berlaku kesilapan ke apa sebabnya dalam tahap ini, dia akan ambil gambar balik daripada naskah sedia kamera. Kemudian dia sediakan plat, dan kemudian jalan atau printing. Tapi sekarang ni, bila berubah dari komputer to filem, mula-mula sekali okay lagi, masih boleh...kita tidak risaulah kesilapan ke apa sebab kita boleh semak pada filem yang dioutputkan. Kalau berlaku pun di situ. Tapi bila berlaku komputer to plat, yang itu kita cukup bimbang. Bila di situ, kita tak dapat nak pastikan, ada lagi tak kesilapan sebab dia dari bahan komputer ni macam-macam boleh berlaku. Kadang-kadang format tak sama, dia boleh berubah. Contohnya kalau sistem operasi komputer tu versinya tak sama pun dia boleh berlaku. Kadang-kadang simbol tak keluar la, teks hilang la, macam-macam boleh berlaku. Itu dari segi dalam teknologi penerbitan sendiri.

...in the industry of printing, previously the process was, after the editor has completed with editing and done with the camera-ready copy, we would proceed to the camera process. This process is called re-production. So, in this stage, we are generally not doubtful that mistakes would occur because they were only snapping pictures out of the camera-ready copy. Then, they would continue with the metal plate making and then printing of the book. However, now that things have changed and we are doing it from the computer to film, everything are different. The beginning stages are alright because we can still check for mistakes from the output on the film. But then, when the later process came in, that is from computer directly to the

plate, we are confirmed to be very worry because we are not always guaranteed that there will be no mistake. Anything could happen with the content in the computer. For instance, if the operating system of the computer is of a different version, mistakes might occur. Sometimes, symbols and texts may disappear or anything could just happen. So, this happens in the publishing technology.

Other than that, although technological developments have increased the efficiency of time and the productivity of a company, it has indirectly decreased the editing skills of the editors in the handling of content. According to the Director of Publishing Department of the Company 5, he has noticed the reduction of the editing skills of their editors, particularly among the freshly graduated ones. The reason is that they are being too dependent on technologies. Different from their long-time editors, the new ones are seen to have lesser concern and appreciation towards book content. The new editors are no longer reading their content repeatedly. They would simply use find-and-replace tool on the computer when they need to change anything.

5.4 Summary

From the analysis of the six local publishers, it is evident that technological developments have really impacted their business practices in the industry. This study manages to identify at least six responses of these companies towards technological development, namely (1) the utilization of the Internet, social media and networking sites for content planning and development, (2) the usage of technologies in content development, (3) the publishing of e-book along with printed book, (4) the use of digital printing for print-on-demand strategy, (5) the utilization of the Internet and social media and networking sites

for marketing, and (6) the distribution across multiple online channels. As for the issues and challenges faced, three main emerging issues are identified, namely (1) the declining of the retail book sales, (2) the stagnant condition of the local e-book market, and (3) the disadvantages of technologies and the reduction of editorial skills among editors. The impact is apparent, but not entirely on the switch of format, that is from printed to electronic. Instead, the impact can be seen in other parts of book production, such as content planning and development, marketing, and distribution. Based on the finding of the case studies, the Internet, computer technology and social media are becoming very important in the companies' book publishing practices.

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CHAPTER 6: DISCUSSION AND CONCLUSION

This chapter will focus on the discussion and conclusion of the findings related to the the current condition of Malaysian book publishing industry, and the extent of which the technological developments have influenced the market and players in the industry. It will begin with a brief summary and discussion of the overall finding, followed by the overall contribution of the study. Suggestions for future studies will also be proposed at the end of this chapter.

6.1 Summary of the Study

As indicated in the first chapter, this study intended to provide a comprehensive picture of the current condition of Malaysian book publishing industry and the extent of which the technological developments have influenced the market and players in the industry. The motivation to researching this topic derives from the argument made by Thompson (2005, 2012), who mentioned that, researchers are not supposed to assume the situations happened and experienced by the book publishing industry of different countries to be the same entirely, as each situation is shaped by its own dynamic and development that are specific to them. With reference to the development of the trade publishing sector in the United States and United Kingdom, he describes the role of the literary agent who has a very powerful influence towards how book contents published are being chosen and selected. However, with comparison to some Asian and European countries, the role of the literary agent is noticed to be not as dominant as it is in the United States and United Kingdom (Thompson, 2012). Hence, this study wishes to explore the situation in

Malaysia in order to grasp an understanding on how the dynamics of the industry are and how it is structured, and to compare it to existing studies in the field.

Based on the discussions done in the literature review, this study has identified three key technological developments influencing the changes in the book publishing industry, and also the media industries in general. These developments are (1) the evolution of computer technology, (2) the development in the transition of analogue to digital system, and (3) the emergence of the Internet (Albaran, 2004; Creeber & Martin, 2008; Esposito, 2011; Feather, 2008; Hesmondhalgh, 2013; In, 2007). In discussing further about the impact these developments have brought into the book publishing industry, focus is given to the two main levels, namely market level and organizational level.

On the market level, it is understood that technological developments have caused the emergence of at least three trends in the market of book publishing. The first trend is the coexistence of printed book and e-book in the market. Today, it is obvious that the book content is no longer bounded to a specific media format (Albaran, 2010; Doyle, 2013; Song, 2012). In the context of the book content, e-book (book in the digital format) has emerged along with printed book in the market as an alternative to the readers (Coopers, 2011; Thompson, 2005, 2012). As a result, it has created a condition to which printed and e-book are co-existing in the same market. However, some existing players in the industry strongly believe that, this development is going to be a threat to those who are involving in the conventional publishing of books. There are also predictions claiming that, the existence of e-book will eventually cause the extinction of the printed book (Gilbert, 2015). However, e-book does not develop in the way expected by many people. In some European and Asian countries, printed book is still dominating the market. In Germany, Denmark, and Spain, for instance, the contribution of e-book to their overall

book sales is still showing an insignificant figure with less than 10 per cent of the overall book sales (Antonio Cordón-García et al., 2014; Buschow et al., 2014; Hjarvard & Helles, 2013). As for the situation in Vietnam, Thailand, and Indonesia, the contribution of e-book to their overall book market is even lower, which is less than 2 per cent (Nawotka, 2013).

But, the condition in the United States and United Kingdom is rather different from the countries discussed above. As discussed in Chapter Two, although e-book sales trend progressed at a slower pace during the first decade of the twenty-first century, it started to pick up drastically around 2007, and this is mainly due to the introduction of Kindle e-book by Amazon (Küng, 2008; Thompson, 2012). Then, the trend in both countries are progressing significantly and it is evident from (1) the increased of the number of e-book sold in the United States, from 68 million units in 2010 to 223 million units in 2014, and also (2) the increased of the e-book market share in the United Kingdom to around 20 per cent in 2013 (Jones, 2015b). However, in 2015 and 2016, the trend seems to have reached a period of maturity and is slowly declining.

The second trend emerged is the availability of multiple channels for the marketing and distribution of books in the digital atmosphere. As discussed by Lieber and Syverson (2012), the selling of books through online have more potential advantages as compared to the traditional brick-and-mortar bookstores. As discussed in the literature review chapter, the reason for this is because, online bookstores are far more capable of offering a variety of titles to customers without having to worry and concern about their inventory and stocks. Having a virtual store also means that customers can easily browse for books they are interested in, hence, the process of searching is becoming faster. Apart from that, this method of bookselling is able to lower some of the operational costs especially those related to inventory, store, and also human resources. With the potential

profit offered by these online channels, many publishers including big players are now utilizing them to sell their books directly to their customers (Ghemawat, 2006; Hetherington, 2014).

The third emerging trend as discussed in Chapter Two is the increased competitions in the book market. According to Tian and Martin (2011), the transformation caused by technological advancement has now triggered an intense competition in the industry. The competition, according to them, is not only about the acquisition of potential authors and readers, it is also including the visibility of the publishers and their books in as many online platforms as possible, especially after the emergence of new players such as Amazon, Apple, Google, Samsung, and Sony, who are dominating the current market. In addition to that, the market structure of book publishing industry has also changed due to the emergence of the Internet and social media. In the study of Thompson (2012) on the current market condition in the United States and United Kingdom, for instance, it is noticed that small publishers are able to not only remain operating, but managed to grow steadily, despite the intense competitions that is happening in the market, especially those that came from big publishing conglomerates who are dominating the market. This condition, according to him, is due to the digital revolution that have caused the lowering of the entry barriers into the industry, at the same time, encouraging more people to get involved in the publishing of books. For instance, as the technology in desktop publishing software is advancing, the costs to own the software has become cheaper and that it is easier accessible. Therefore, book publishing has become a possibility for almost everybody.

On the organizational level, past studies that are related to the book publishing and technological development have also highlighted the changes that are happening in business practices of the book publishing industry (Antonio Cordón-García et al., 2014;

Hetherington, 2014; Hjarvard & Helles, 2015; Tian & Martin, 2011). It is pointed out that, the advancement and innovation of technologies are really forcing publishing companies to adapt and change into adopting the new and digital technologies. As it is imperative to acknowledge the benefits brought along by technological developments as well as to cope up with the demand of younger generations, many publishers have responded by involving themselves in digital publishing in order to stay relevant and competitive in the market. As discussed in the literature review chapter, it is reported that the presence of big online bookstores for e-book, such as Amazon, Apple, Barnes and Noble, and Google, are driving local publishers to eventually respond to digital publishing (Antonio Cerdón-García et al., 2014). The emergence of digital printing such as POD (print on demand) and SRDP (Short-run Digital Printing), too, has also opened up new ways for publishers to enhance their performance (Hetherington, 2014). Looking at these developments, some publishing companies have even restructured their organizations to cope with and adapt to the new environment, in order to improve the performances of their publishing companies. One of the example noticed is through the setting up of the digital division or department to accommodate and to handle the demands of digitization in the organization (Tian & Martin, 2011).

From the above discussions, it is noticeable that technological developments have completely changed the strategic environment of the book publishing industry and also the business practices of the players in the industry. In studying the condition in Malaysia, three research objectives, together with six research questions, have been formulated as follow:

1. To explore the current situation of Malaysian book market as a result of the transformations brought by technological developments;

- As a result of the transformations brought by technological developments to the book publishing industry, how is the current development in Malaysia?
 - What are the trends emerging in the book market of Malaysia?
 - How far have technological developments changed the market environment as a whole?
2. To analyze the responses among local publishers towards technological development in their pursuit of organizational success;
 - How have local publishers responded to technological development in their pursuit of organizational success?
 - To what extent have these responses change their business practices in the industry?
 3. To examine the emerging issues faced by the local publishers at present time.
 - What are the emerging issues they are facing at present?

In order to answer the first objectives, the relevant data is collected from a variety of documentary sources. Through the analysis of written and non-written documents, the finding shows that, the emergence of e-book has brought alternative options of reading and book buying to Malaysian readers. However, the local market remained stagnant and is yet to show any significant growth. As of 2015, the position of e-book market in Malaysia is still very low as compared to printed books. As discussed by Tan (2015d), e-book market share in Malaysia is still in the low single digit and the productivity is also not showing any significant progress. However, online bookselling is observed to be growing noticeably, especially through e-commerce platforms. Based on several reports studied, it is discovered that most of the local publishers and bookstores are using this

medium to increase their revenue and sales. In parallel with the development of e-commerce, there is also the trend where bookselling activity is done via social media and networking platforms such as WhatsApp, Facebook, and Instagram. The advantage of these platforms is that, it is helping the companies to increase their earnings, especially for those small-sized companies as the utilization of these platforms is not involving very high costs. As for competition, the finding is showing that, there is a rapid growth of small publishers who are focusing on books related to alternative 'indie' genres in the market. This development is mostly influenced by the emergence of new technologies such as the Internet and social media. It is also observed that, most of the small publishers are utilizing these technologies in an attractive and creative way that is appealing to the younger generations in Malaysia. Looking at this potential, well-established publishers are also taking the opportunity to expand their business by entering into the publication of alternative 'indie' books.

As for the second objective, from the analysis of the six local trade publishers, it is evident that they have responded vigorously to technological developments in their pursuit of organizational success, especially to maintain positive growth and competitive in the market. Based on the findings of the case studies, it is revealed that, all six companies are adopting multi-platform strategy in their business practices, as a response to technological developments.

In the content planning and development, it is evident that some of the local publishers are utilizing the Internet and social media to improve and enhance their book content. The finding shows that, some of them are using platforms such as Facebook and Twitter to obtain ideas from their followers and readers. Apart from that, there are also publishers who are using online writing community platforms, such as Wattpad, to find out about the current market interest so that they would be able to make initial plannings

of their new publications. Hence, new technologies have indeed expanded the way these local publishers managing their content planning and development in order for them to be more competitive in the market.

As for production, the finding reveals that, four out of six local trade publishers studied are currently active in the production of both printed book and e-book. For these four companies, many of their backlisted titles have been converted into digital format, and for their new titles, almost all are published in both printed and digital forms. As for the process of printing, the finding shows that all of the six publishers are using offset printing for their book production. In addition, there is one company to whom is incorporating digital printing in their production of content to accommodate their Print-On-Demand strategy. The practice is that, they would use offset printing for the first production of their books and when there is more demand, digital printing is used for the subsequent productions.

As for marketing and sales, the analysis of the case studies reveals that all the six companies are actively using the Internet and social media to market and distribute their books. Through the analysis on the usage of website and social media, it is shown that all of the websites and social media sites of the six companies are updated from time to time. The information they provided on these sites includes book catalogue, new titles releases, latest promotional activities, news and updates of the company, and also the company's details. As for distribution of the content, all of them are enhancing their direct-to-consumer channels by offering online bookselling services through either their official websites or self-developed e-commerce platforms. Interestingly, all companies except for one, are also utilizing WhatsApp, the social media platform for instant messaging, to provide services related to book purchasing.

In discussing about the issues and challenges faced by all the six companies (the third objective), the study manages to identify at least three main issues, namely the declining of book sales in retail bookstores, the stagnation of local e-book market, as well as the disadvantages of technologies and the reduction of editorial skills among editors. The uncertainty economic condition, the implementation of the GST to some goods and services, and also the challenge brought by the new alternative reading materials that can be obtained easily from the Internet and social media are among the main factors contributing to the declining of book sales. As for the stagnation of local e-book market, all of the companies are expressing their disappointment towards its development and progress, due to the insignificant sales figure of e-book, which is less than one per cent of the total revenue. As for the technological disadvantages and the reduction of editorial skills among editors, it is indicated by some of the publishers that, the possibilities of committing mistakes in publishing activities is now noticed to be increasing as the whole process is becoming faster, to which it has indirectly decreased the editing skills of the editors, especially the younger ones, in the handling of content.

Table 6.1: The Summary of the Six Publishers' Current Business Practices

Company	Content planning and development		Production		Marketing and sales	
	Content Acquisition and Planning	Editing and designing process	Content delivery format	Printing	Distribution channels	Social media and networking sites
1			Printed book and e-book	Offset	Brick-and-mortar Online e-commerce Event Dropship agent	Facebook Twitter Instagram YouTube
2	Self-owned social networking site		Printed book and e-book	Offset and Digital	Brick-and-mortar Online e-commerce Event Dropship agent WhatsApp	Facebook Twitter Instagram Self-owned social networking site
3	Internet and social media	Computerized Desktop publishing software	Printed book and e-book (small scale)	Offset	Brick-and-mortar Online e-commerce Event WhatsApp Agent/distributor	Facebook Twitter Instagram
4	Wattpad		Printed book and e-book	Offset	Brick-and-mortar Online e-commerce Event	Facebook Twitter Instagram WattPad
5			Printed book and e-book	Offset	Brick-and-mortar Online e-commerce Event	Facebook Twitter Instagram
6			Printed book	Offset	Brick-and-mortar Online e-commerce Event WhatsApp	Facebook Twitter Instagram YouTube

6.2 Discussion of the Overall Finding

As discussed in the beginning of the thesis, this study attempts to contribute to the literature in the field of book publishing by highlighting on Malaysia, as one of the countries in Southeast Asia. Also, this study hopes to provide a comprehensive picture of the current condition of Malaysian book publishing industry, in particular trade publishing sector, and the extent of which the technological developments have influenced the market environment and players in the industry. In achieving this, the viewpoint of media economics and management is used as a theoretical foundation of the study. By highlighting on the perspective of strategy and its relation to technological development, some of the main concepts in strategic management of the media – in particular market structure, competition, and organizational strategies – are used, with the focus placed on the changes in the strategic environment of the industry and the responses of local firms towards technological developments (Doyle, 2013; Küng, 2008; Lucy Küng, Nikos Leandros, et al., 2008). In positioning the findings into the discussion of the topic focused, this study aims to look at the condition in Malaysia. First, is to explore the current situation of Malaysian book market as a result of the transformations brought by technological developments; second, is to analyze the responses among local publishers towards technological development in their pursuit of organizational success; and third, is to examine the emerging issues faced by the local publishers at present time.

Based on the findings, it is evident that technological developments have influenced the market environment of book publishing industry in Malaysia. In the context of the co-existence of printed book and e-book in the market, the development in Malaysia is rather similar to countries such as Denmark, Spain, Germany and also countries in Southeast Asia, such as Vietnam, Thailand, and Indonesia, where printed book is still dominating the market. There are several reasons for this. In the study of

OECD (2012), for instance, some of the pertinent issues highlighted include the existence of different tax rates between physical books and e-books; the locked-in to specific platforms in content purchasing; and also, the limitations on how users can read and share their purchased content. In Denmark, issues such as “the sizes of national languages, regulations on book markets, and the type of dominant actors in the publishing field” are among the reasons identified (Hjarvard & Helles, 2015, p. 2). In Malaysia, digital divide is still an issue. Apart from that, e-books in local languages, such as Bahasa Melayu, Chinese, and Tamil, are seen to be still on the struggle to penetrate into not only the international market, but even the local market itself. As for the local English e-books, the competition in the open global market is high. These issues, according to Syed Faiz Al-Shahab (2015) is due to the fact that the Southeast Asian e-book markets including Malaysia is still considered new and at its beginning stage.

However, as for the development of online bookselling, it is observed to be growing noticeably, especially bookselling through e-commerce and social media platforms. The situation in Malaysia is noticed to be similar to the development that is happening around the world. As discussed in the literature, the emergence of Amazon, for instance, has completely changed the way book is being distributed. Selling book through the Internet has given Amazon potential advantages as compared to the traditional brick-and-mortar retailers (Lieber & Syverson, 2012). With online store, Amazon has had the capability to offer a much wider range of titles to their customers as compared to any brick-and-mortar bookstore. They also need not to worry about their inventory as they can keep stocks at a minimum level until after orders are being made and confirmed by their customers. From the customer perspective, on the other hand, online bookstore is seen as an efficient platform for them to browse and search for titles that they are interested of getting. It is making the process of book searching, information seeking, and price comparing becoming faster and less complicated. With all of these

advantages, Amazon has succeeded in lowering some of their costs, particularly the costs related to human resource, inventory, and store (Lieber & Syverson, 2012). With the potential profit offered by online channels, it is noticed that many publishers regardless of their size, are now utilizing these channels to sell their books to their target customers. The same thing is happening in Malaysia. It is discovered that online channels are being utilized by local retail bookstores as well as publishing companies in enhancing their direct-to-consumer channels.

Apart from that, this study also discovers a rapid growth of small publishers in the Malaysian book publishing industry. This can be considered as similar to the trend noticed in the United States and United Kingdom, where although few big publishing conglomerates are dominating the markets, small publishers are able to not only remain operating, but also growing steadily. Being primarily influenced by the benefits brought by the Internet, small publishers are able to focus on niche book markets to which, by doing so, they managed to establish and strengthen their market positions (Ronning & Slaatta, 2011). For instance, some of these small yet well-established publishers have taken the opportunity to redistribute their backlisted titles online. Some others even managed to remain survive and maintain their position in the market using this strategy. Hence, the emergence of the Internet has not only helped small publishers to sustain the rough market, it has also brought life into old books by opening up new opportunities to the exploitation of the “long tail”, that is the huge numbers of books that did not become hits when published. In Malaysia, small independent publishers are observed to be active in their social media account by sharing information and reading-related activities in unique ways to attract interest of their potential readers.

As for the responses of the local publishers towards technological development, the case studies of the six local trade publishers show that, the advancement and

innovation in technologies has certainly brought changes to their business practices. These changes are not only referring to the switch of the book format from printed to electronic, as some of the analysts have predicted and debated about for the past years (Béhar et al., 2011; Coopers, 2011; Gilbert, 2015), it is, however, about the whole process of book production, that includes content planning and development, marketing, and also distribution. The Internet, computer technology as well as social media are now playing a crucial and inseparable part in the companies' book publishing practices.

Based on the findings, it is evident that all the six trade publishers studied are adopting the multi-platform strategy in almost every aspect of their business practices. In marketing, for instance, the use of Facebook, Instagram, Twitter, and Youtube have definitely help them in promoting their books. As indicated by one of the publishers in the case studies, it has always been a common practice for local publishers to allocate a minimum budget for marketing. This budget was used mainly for the printing of promotional materials such as catalogues, brochures, and posters, for either the purpose of marketing their books to target readers or for booksellers. However, with the availability of the social media and networking sites, it gives advantages to publishers in reducing the costs for marketing and promotion, as having these sites does not require much costs. As for the distribution of books, the emergence of online channels such as e-commerce have now opened up a better opportunity for publishers to enhance their sales. As discussed in Chapter Five, the industry has been affected by the declining of book sales in retail bookstores for the past few years. Therefore, enhancing their direct-to-consumer channels through multiple platforms strategy is actually helping them. Not only through e-commerce, some companies are even utilizing WhatsApp, the social media platform for instant messaging, to provide services related to book purchasing. Through these channels, the company is getting sales directly from the customers, without relying

on any intermediaries. As a result, the process of book marketing and distribution in the publishing chain is now becoming more complex and not linear as it used to be.

Through the observation of the case studies, it is also discovered that, the strategy of using multiple platforms in the book production, marketing, and distribution has been implemented by not only small and medium sized publishers, instead, large sized and government-linked publishers are, too, absorbing this strategy into their business practices. This phenomenon is considered to be similar to the points highlighted by Albaran (2010) and Doyle (2013). In today's digital age, more and more consumers are heading towards digital technologies and their preference of having book content delivered through multiple platforms is also increasing. As a result, this has caused a changing of demand in the book market, which is eventually forcing many of the industry players to adopt to applying this strategy (Albaran, 2010).

Based on the discussion, it is important to distinguish the potential and opportunities brought by technological development in today's digital age in order to stay relevant and competitive in the market.

6.3 Contribution of the Study

It is evident that technological developments have tremendously transformed the book publishing market and business practices in the industry. Throughout the literature review in Chapter Two, it is noticeable that the strategic environment of book publishing and business practices in the industry have changed into the new environment, where technologies are becoming more central and significant. Some examples have been shown, especially in the United States, United Kingdom and some other countries in Europe and Asia. Looking at this development, it is the intention of this study to provide

an understanding through comprehensive research on the situation and condition in Malaysia. As discussed before, up until now, there has been reasonably small numbers of comprehensive research focuses on Malaysia, especially regarding how the industry in the country is changing today and the impact experienced due to technological developments. Therefore, this study is contributing to the literature in the field of book publishing by highlighting on Malaysia.

Next, in developing the theoretical framework of the study, the viewpoint of media economics and management is used as the foundation by highlighting on the perspective of strategy and its relation to technological development. This study is adopting some of the main concepts in strategic management of the media – in particular market structure, competition, and organizational strategies – with the focus placed on the changes in the strategic environment of the book publishing industry and the responses of local firms towards technological developments (Doyle, 2013; Küng, 2008; Lucy Küng, Nikos Leandros, et al., 2008). Based on this, this study is also contributing to the literature in the field of media economics and management in studying book publishing industry and its relation to technological development.

Apart from that, this study is also providing a clearer and comprehensive picture on the current emerging trends caused by technological developments and innovations as well as the economic implications of the trends towards the publishing organizations in Malaysia. Due to the lack of studies related to the topic, such information is needed to better understand how far technological development have influenced the book publishing industry in Malaysia, especially to policy makers, industry players and other stakeholders.

Hence, this study has provided further insights related to:

1. The influence of technological developments on the current book market in Malaysia;
2. The local publishers' responses towards technological developments and the extent of which these developments are changing the conventional practices of book publishing in the industry;
3. The issues and challenges faced by the publishers; and
4. The organizational strategies related to the maintaining of positive growth and competitiveness in the market.

6.4 Suggestion for Future Studies

In Chapter One, the limitation of the study has been discussed where the focus is not given to every sector in the publishing industry. As explained by Thompson (2012), each sector is having its own characteristics and dynamics, and each of these situations should not be assumed to be the same among one and another. As discussed before, sectors focusing on academic and higher education books are more dependent on universities and educational institutions, while the sector focusing on STM (Scientific, Technical and Medical) books are heavily influenced by professionals who are working in the field of engineering, accountancy, and medical (Greco et al., 2014; Thompson, 2005). For Malaysian context, hence, it is suggested that future research should be conducted to cover other sectors as well.

Apart from that, this study uses an entire qualitative approach and method in collecting and analyzing the relevant data. In the case studies analysis, only six companies are analyzed and it is not the intention of this study to generalize the case studies' finding into the whole trade publishers in Malaysia. Therefore, to have a better and clearer

understanding of the issue and topic, it is suggested that future research to be conducted to involve more companies with comparisons done on the conditions in small, medium and large sized companies, including government-linked companies.

Other than that, this study is designed in such a way that, it is limited to explore on the influence of technological developments and innovations. The focus is directed towards the emerging trends caused by the development and innovation of technologies such as the Internet, computer, and digital technologies. Therefore, future research is also suggested to include other external influencing forces such as economics, culture, as well as politics.

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