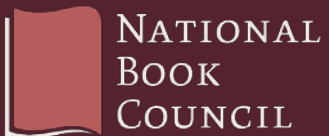


# The Author's Manual

A manual released by the National Book Council  
with useful information for authors on issues of  
copyright, publishing and the market



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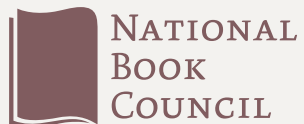
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## Preface

The National Book Council is releasing a manual that is specifically targeted to authors with a technical information on copyright and the book industry. The aim of this manual is to primarily educate authors about their rights and the book market by using common European practices as a benchmark, while simultaneously making reference to examples of our local market. Reference to Maltese copyright law is also made, which is directly in sync with current European copyright legislation.

This manual is not intended to serve as a definite descriptive guide about the situation of the local market, since some commercial aspects described here are taken from the European context. Malta's book market is limited to its size, but it is a changing environment that is also becoming increasingly international through translation, therefore new concepts and measures are increasingly introduced. Given that publishers in Malta are relatively small in size, and that in the book market practically everyone knows each other, their relationship with authors has always been based on mutual consent,

which does not mean that publishers may lack professional standards, especially in contractual terms. Professional standards should always be applied for best practice and for a healthy and safe market environment. Awareness of professional standards and basic legal concepts only further help to both enhance these relationships and the quality of the book product. May this guide serve authors to increasingly understand their rights, challenges and realities they face in a dynamic publishing environment.



## Introduction

Malta's publishing and book industry has a relatively small market size, but it is nonetheless thriving and dynamic. The National Book Council offers institutional services to the book industry, and oversees the local book industry proactively with the aim of promoting books and reading.

As a publicly-funded organisation, the National Book Council is completely autonomous from the government, which is a necessary feature for it to keep freely pushing the demands and rights of authors and publishers on a government-policy level and in international institutions. The National Book Council is continuously petitioning the government for an increase in public funds for its projects, and always strives to improve its initiatives. The National Book Council holds regular consultation meetings with authors and publishers, and the Council itself is composed of different industry stakeholders including authors and publishers.

After the publication of the Maltese version of the ISBN User's Manual, the National Book Council endeavoured to compile an Author's



Manual. This makes it the second extensive public document to be issued as part of a strategy that seeks to provide much-needed information and reference material for book market stakeholders – in this particular case, authors. This document provides authors with important facts and figures on the legal and economic aspects of book publishing. These are gathered in one document for the author to be able to navigate through the market with enough knowledge and understanding of the basic market practices and relationships that are part of the process of publishing a book. Given the small size of the market, local authors may find it challenging to gain a regular source of revenue from their publications. This document will provide the basic facts an author needs to know when engaging in financial and legal agreements.

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# Publishing and Rights 101

## Publishing in Malta

With Malta's population being around 450,000 people, the book market in Malta is relatively small with a small audience base. Established publishers, who are very few, struggle to survive and authors are not able to make a living solely on book sales. Even prize-winning authors may fail to earn more than a minimum amount from their book, while authors writing genre fiction and children's literature might make a little more.

Some prize-winning books have exceeded the 1,000 copies sales mark, but other prize-winning books may in some cases not sell more than 500 copies. Some best-selling genre-fiction books in Malta did actually reach the 10,000 copies sales mark, but such success stories are the exception rather than the rule – and quantity is not necessarily an indication of quality.

**National Book Council of Malta**  
The Author's Manual



## Rights and copyright

All authors need to be familiar with basic concepts of copyright in today's communication landscape in order for them to be aware of the options that may be established in a publishing deal.

Local copyright laws are found in Chapter 415 of Maltese law. The legal term 'Copyright' is used to describe the rights that creators have over their literary and artistic works. Copyright is a bundle of rights that do not necessarily come inclusively together. These rights are:

- The right to reproduce the work;
- The right to distribute the work;
- The right to prepare derivative works;
- The right to perform the work;
- The right to display the work;
- The right to license any of the above to third parties.

### TYPES OF RIGHTS

There are two types of rights under copyright: economic rights and moral rights.

Economic rights allow the rights owner to derive financial reward from the use of his/her works by others. Moral rights are the rights to claim authorship of a work and the right to oppose changes to the work that could harm the creator's reputation.

Copyright laws state that the author or rights owner has the right to authorize or prevent certain acts in relation to a work. The rights owner of a work can prohibit or authorize:

- its reproduction in various forms, such as printed publication or sound recording;
- its public performance, such as in a play or musical work;
- its recording ("fixation"), for example, in the form of compact discs or DVDs;
- its broadcasting, by radio, cable or satellite;
- its translation into other languages; and
- its adaptation, such as a novel into a film screenplay.

### BUNDLED VS. UNBUNDLED RIGHTS

Traditionally publishers ask for full copyright on a work; this is a practice inherited from the print-only days when it was easier for authors to give publishers all copyrights to manage reprint requests and other use requests. Today, with the advent of digital media, the increasing number of film adaptations on written works, the phenomenon of translation and the internationalisation of markets, publishing contracts are becoming increasingly different from the traditional model.

#### RULE OF THUMB

Make sure you understand and agree to all of the rights and formats granted to the publisher, including all electronic and audio book rights. Consider what specific territories and languages you want the publisher to have and be sure the grant of rights is limited to those territories and languages. In Malta, for example, you usually grant the rights for Maltese or English only.





## What kind of publishing?

There is no overall publishing norm that applies to all kinds of publications. It depends on what kind of publishing you are talking about. The book market caters for different audiences and offers several writing genres and subgenres, each with its own characteristics – and the more popular the book genre, the more books are published, and the higher is the chance of landing a book deal.

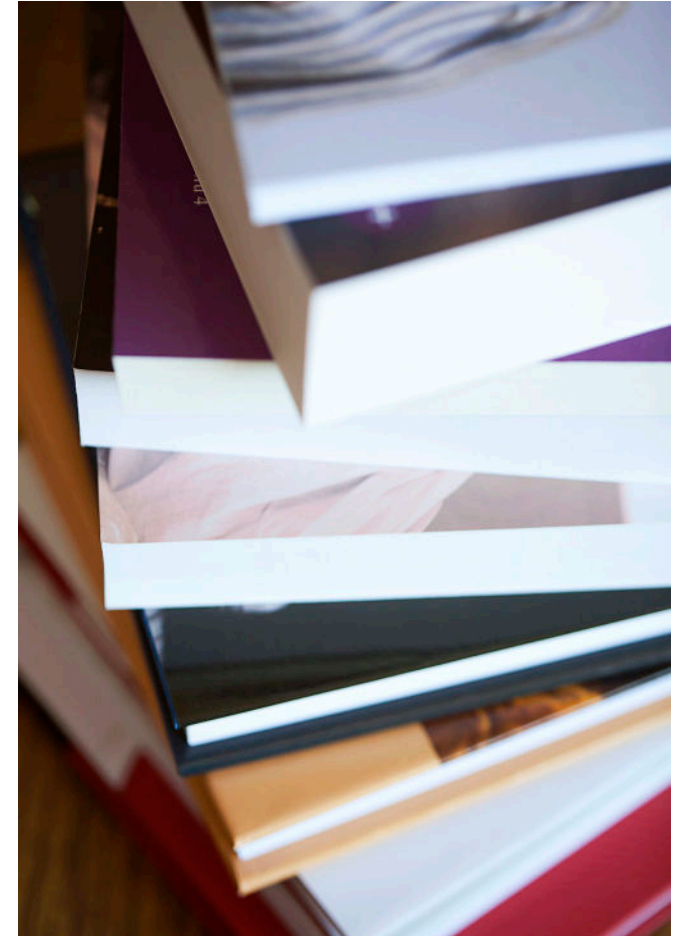
- In academic publishing, relatively little money changes hands, particularly in terms of advances.
- In educational and professional publishing, good royalty rates may be the key thing to go for, if you expect your book to sell on.
- It is only in what is called 'trade', i.e. general, publishing that you will encounter significant advances, but you should remember that these figures are the exception, rather than the rule. It is quite difficult to earn your living from writing, so it is better not to assume that

once a publisher offers to publish your book, you have hit the jackpot. This is particularly true in Malta's publishing market.

### READ MORE:

'Everything You Wanted to Know about Book Sales (But Were Afraid to Ask). An In-Depth Look at What/How/Why Books Sell' by Lincoln Michel (<https://electricliterature.com/everything-you-wanted-to-know-about-book-sales-but-were-afraid-to-ask-1fe6bc00aa2d#.7xfnt2njb>)

'My Amazon bestseller made me nothing' by Patrick Wensink ([http://www.salon.com/15/03/2013/hey\\_amazon\\_wheres\\_my\\_money](http://www.salon.com/15/03/2013/hey_amazon_wheres_my_money))



## What kind of editing?

Editing, proofreading and copyediting are often assumed to be the same thing – but they are not. You need to be aware of the differences and clarify with your publisher whether they are aiming at improving the style and flow of your writing, or if they are simply going to ensure that your commas are in the right places. In publishing, it is typically understood that a manuscript undergoes editing before being published, and that a document that has been edited will still need to be proofread.

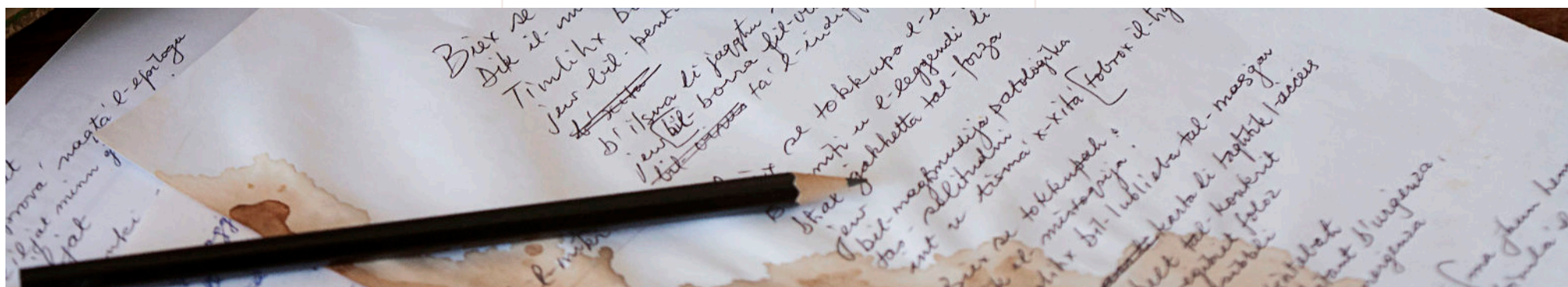
An editor is asked to review and change the manuscript of a soon-to-be-published book with the intent to improve the flow

and overall quality of the text. An editor has the freedom to remove entire sentences or rewrite entire paragraphs. Good editors will also correct any obvious errors across which they come, but their main goal is to use their expertise and intuition to ensure the document makes sense, cut down on wordiness, and clarify any ambiguity.

Proofreading is the process of examining the final draft of a document or text – after it has been edited – to ensure there are absolutely no errors. A proofreader will review for spelling and punctuation errors, typos or incorrect use of Maltese or of regional English (i.e. ensuring that you are

consistently using American English or British English when necessary).

To 'copyedit' a document is to proofread it, but also to ensure style consistency with other content from the company or publication, i.e. among other things, making sure names, locations and dates are always treated the same way. Copyediting is also known as 'sub-editing' in the UK, Australia and elsewhere. A copyeditor will also have expert knowledge of different style guides and may also perform fact-checking or have specialized knowledge in a particular field. Publishers have their own preferred style guides and they will expect you to accept their style guide for your own manuscript.



## Self-publishing

In recent years, in many countries self-publishing has increased widely. The basic premise of self-publishing is: anyone can become a small publisher. You call the shots; you retain the rights to your book; you take home a bigger royalty than you would normally get from a traditional publisher – if you sell any books, that is.

In Malta, some of the authors who today have become regular National Book Prize recipients such as Immanuel Mifsud and Alex Vella Gera started out by self-publishing their books. Eventually, when their books became more popular, publishers became aware of the quality of their work, they took them on and started publishing them. Other authors may have had different stories.

If you choose to self-publish, make sure it is not for the wrong reasons, perhaps out of frustration with the traditional route. Self-publishing is difficult and a lot of work. The reality for most people is that self-publishing will not even get your book into bookstores (stores get so many self-published authors

pitching books to them that do not sell and are often non-returnable, that they have learned not to stock them and will not order them except for a paying customer).

Self-publishing is a rapidly evolving industry with lots of competitors that are constantly throwing out new information. Publishers are continually upgrading their facilities, infrastructure and pricing.

Self-publishing a print book is easy. You choose a size for your book, format your Word manuscript to fit that size, turn your Word doc into a PDF, create some cover art in Photoshop, turn that into a PDF, and upload it all to the self-publisher of your choice and get a book proof back within a couple of weeks (or sooner) if you succeeded in formatting everything correctly. You can then make changes and swap in new PDFs. It is even easier to produce an e-book, particularly when it comes to formatting and cover design. And you can also price a digital book for much less than a paperback, which makes it easier to sell. The quality of Print on Demand books

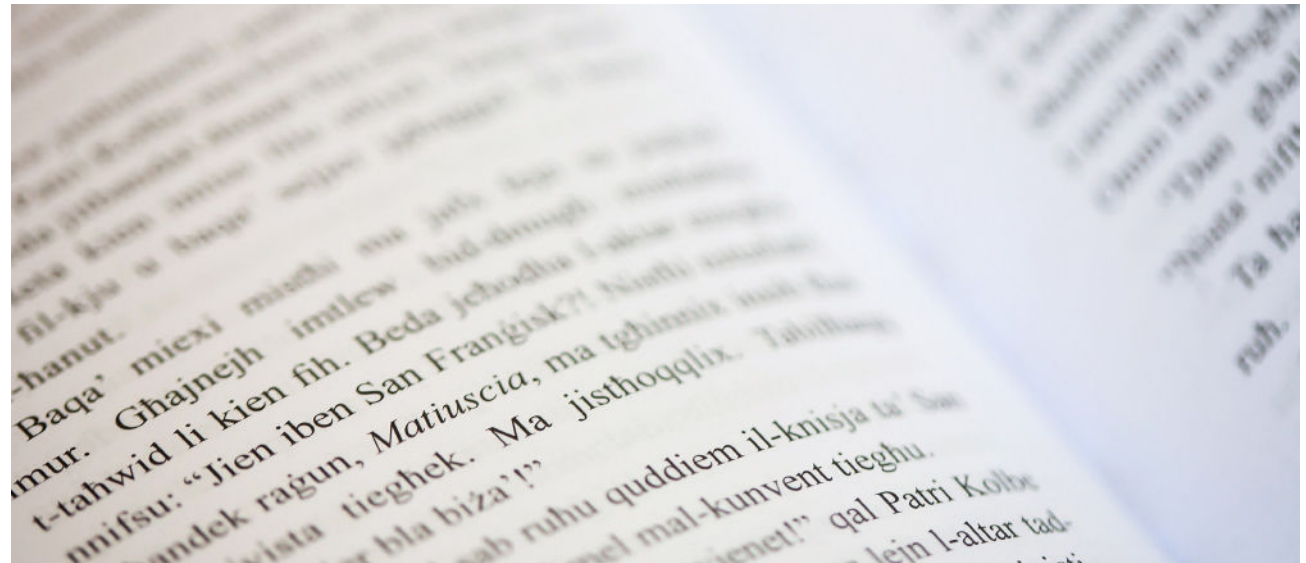
(POD) is generally quite decent.

Do not forget, however, that good writers need even better editors. Whether you are self-publishing or have a contract with a traditional publisher, you still need editing. You then need brilliant cover designers, imaginative marketers and well-connected publicists. All these things are provided by a traditional publisher, and usually do not cost you a cent. As a self-published author, if you want to avoid looking like an amateur, you need to be prepared to invest money to get professional help in all the areas where you do not excel.

There are a lot of companies that offer turn-key solutions, but these cost a lot of money. And these companies do not care if your book is successful. They are in the game to make money. And since they are probably not going to sell a lot of your books, they make money with nice margins. Some of the services are worth it, but the reality is they are pushing your book out to move it along the line on the conveyor belt.

So you have your book printed. Now what?

- Since self-publishing is so easy, everybody is potentially an author. That means you are dealing with a lot of competition.
- One of the unfortunate drawbacks of having a low barrier of entry is that the majority of self-published books are pretty bad. Only a tiny fraction become monster success stories.
- The biggest mistake people make when it comes to self-publishing is that they expect to just put out a book and have it magically sell. If you self-publish your book, you are not going to be writing for a living. You are going to be marketing for a living. Self-published authors should expect to spend only 10 percent of their time writing and 90 percent of their time marketing. Make sure you have the stomach or time for it.
- You may have always wanted to see your book in a bookstore, but bookstores are not keen on stocking self-published books



and it is difficult to get good placement in the store for your book so chances are no one will see the three copies the store has on hand anyway. Furthermore, your royalty drops on in-store sales.

- Do not quit your day job yet. Even if it is great, there is a good chance your book will not sell. If your book is really mediocre, do not expect it to take off.

But even if it is a masterpiece, there is a good chance it will not fly off the shelves (shelves as in virtual shelves, because, as mentioned, most self-published books do not make it into brick-and-mortar stores). In other words, quality is not a guarantee of success. You will be lucky to break even, let alone have a 'hit' that brings in some real income.

## TRADITIONAL PUBLISHING OR SELF-PUBLISHING?

- Creating a book to be self-published that looks professional and is indistinguishable from a book published by a traditional publishing house is difficult and, as mentioned, requires a minimum investment of a few thousand euro (in editorial and marketing costs). 'Real' books take nine months to produce – and usually significantly longer because it is hard to get everything just right.
- Traditional publishing is the only way to go for someone who writes literary fiction. An author who writes literary fiction is dependent on critical acclaim and literary prizes such as the National Book Prize in order to build their reputation and get a following. But the audience of literary fiction is small, and there are limited ways to reach it. On the international level, self-published books are not eligible for major prizes like the

Baileys, Costa and Man Booker, and getting shortlisted for major prizes is the only way a literary novel can become a bestseller.

- Nonfiction books with a well-defined topic and a nice hook to them can do well in self-publishing, especially if they have a target audience that you can focus on. Religious books are a perfect case in point. With genre fiction, self-publishing can turn you into a successful author (if you can build a platform, if you enjoy marketing and are good at it, if you are lucky). Some fiction genres do better than others, like indie romance/erotica novels. But the majority of fiction books – even ones from traditional publishers – struggle in the marketplace, which is why traditional publishers stick with tried-and-tested authors with loyal followings.
- Self-published books rarely get reviewed in the mainstream press – not for free anyway. Reputable international book

reviewers such as *Kirkus*, *Publishers Weekly* and *BlueInk Review* are now offering special paid review services geared toward self-published authors. A freelancer writes an objective critique and, of course, there is always the possibility that the review is not favourable.

- Traditional publishers' aim is to publish as many copies as possible of a few books, while international self-publishing companies make money by publishing 100 copies of hundreds of thousands of books. The average print self-published book sells about 100–150 copies – or two-thirds to three-quarters of your friends and family combined. As a *Publishers Weekly* article titled 'Turning Bad Books into Big Bucks' noted (<https://www.publishersweekly.com/pw/print/20070806/15276-turning-bad-books-into-big-bucks.html>).
- The role of a traditional publisher in the book industry is also to filter what is



worth publishing and what is not worth publishing, but these considerations are also affected by market factors. A publisher takes a financial risk in publishing one's work, therefore it is assumed that a publisher will always publish a book knowing that the book will be financially viable; in some cases, publishers may publish some books out of prestige and for the sake of the value of the work itself rather than for financial gain (as for example when publishing a book of poetry, which notoriously has a niche audience).

## NOTES ON AMAZON, PUBLISHING AND SELF-PUBLISHING

- Amazon is the biggest player in online bookselling with basically no competition among online booksellers. Its tremendous bargaining power and rock-bottom prices stem from this: its market domination and an obsession with customer value that dominates its strategy.

- Amazon has become a publisher itself, with several imprints that it has either bought or created. In their own words: 'With Amazon's self-publishing services you can reach millions of readers worldwide and keep control of your work. It's fast and easy to independently publish your print book with CreateSpace, your digital book with Kindle Direct Publishing and create an audiobook with ACX'.
- Most recently, in the US Amazon has also started branching out in cities with its own physical stores. These stores have a very rigid commercial model that is different from the more culturally- and community-inclined model of the independent book store.
- Amazon is in the process of developing a new hybrid model for publishing that aims at taking the place of traditional publishers, which it sometimes refers to as 'legacy' publishers. With its flagship Encore imprint, it selects certain

'exceptional' self-published titles from 'emerging' authors and brings them under the Amazon umbrella.

- With tens of thousands of third-party sellers all vying for the lucrative Buy Box, competition is fierce. The Amazon Buy Box exists in order offer the customer the best possible value for their money. This does not only take low price into account, but high seller performance too.
- The all-out price war between Amazon and Walmart that is terrifying the biggest brands in America also applies to books. One piece of the battle is an Amazon algorithm that works to match or beat prices from other websites and stores. Walmart and Amazon take a loss on the sales of the discounted titles because publishers generally charge retailers 50 percent of the list price. Eventually, these retailers will be in the position to force publishers to lower their retail prices. This will continue to cripple the profits

of traditional publishers. As Amazon's aim is to offer the lowest market price, publishers are under mounting pressure to sell their products for less, cutting into – and sometimes all out eliminating – profit margins. With Amazon's book price war, publishers worldwide have already lost large amounts of revenue.

- This situation is also negatively affecting the revenue of authors. If retail prices collapse, it will mean that royalties and advances for authors will also fall.
- Amazon's war on paper books may be good in the short-term for customers, but it is ultimately harmful for the book publishing industry, because it will alter consumer expectations toward lower book prices going forward. In the long-term, the battle for prices could fundamentally damage the industry and the ability of future authors to write or publish new work.



# Publishing Agreements

## Agents

In Malta there are no full-time professional literary agents. The National Book Council acts as an agent for authors who are recipients of the National Book Prize.

If you do not have an agent, make sure you read through any contract carefully and be ready to know what to expect and what it all means.



## Understanding publishing agreements: a watchlist

Before signing a publishing agreement, this should be thoroughly checked. It is important to address any doubts or issues before signing. Use the guidelines below in order to get a basic understanding of the language in it and to know what questions you should be asking.

Here are some of the most important things to know, in the order in which they typically appear in most publishing agreements: description of the 'work', deadline for publication, rights, subsidiary rights, royalties, advance or payment, substantial changes, excerpts, anthologies and new editions, competing work.

### DESCRIPTION OF THE 'WORK'

This obvious element can be surprisingly easy to overlook. Be sure the 'work' described in the publishing agreement accurately and completely describes the book you wrote

(or are being contracted to write) in order to avoid it being rejected when you deliver your manuscript to your editor.

### DEADLINE FOR PUBLICATION

In general, publishing agreements always carry a deadline for publication, and if the deadline is exceeded with the book not yet been published, the author would be in a position to shop the book elsewhere.

### RIGHTS

Rights are described in terms of media, length of time ('term') and territory. Fairly standard rights for authors to grant publishers include the right to publish the book in printed form in hardcover and/or softcover – that is, trade paperback (the types of books you see in bookstores) and/or mass-market

paperback (like those sold at supermarket – although this practice has not yet come to Malta), along with associated rights, such as audiobook and e-book rights. A royalty should be specified for each different media (see below). Watch out for catchphrases like ‘including but not limited to’ and ‘media now known or hereafter devised’. They can signal loopholes in the agreement.

#### RULE OF THUMB

Usually, agreements delineate that the author receives his/her full copyright back after his/her published book becomes out-of-print or after a number of year, if agreed by the parties in a publishing agreement. The term for the grant of rights is typically for the life of the copyright (usually the life of the author plus 70 years) in the version of the work being produced. This is meant so as to prevent your publisher to maintain control of your book forever.

In brief, as already mentioned in ‘Bundled vs. Unbundled Rights’ above, publishers are usually given only specific rights they will actually use, while the author reserves all rights not specifically granted.

### SUBSIDIARY RIGHTS

One also has to be aware of the right of the author to grant subsidiary rights. If the publisher requires the author to grant subsidiary rights, these rights must be ascertained in full detail in the contract.

### ROYALTIES

Writers are generally paid a royalty based on their book sales. The way it works is fairly complicated. Publishers usually offer to pay authors advances against royalties. In order to work out how much money you might earn from your book, you need to understand for

yourself how advances and royalties work and what they mean for you.

Publishers may use different methods of payment. Some may offer an upfront payment or payments in royalties, or they may offer both depending on the book and author.

Internationally, royalties on the published price of trade books usually range:

- from 10 percent to 12.5 percent, with 15 percent for big authors, for hardback;
- from 7.5 percent to 10 percent for paperback, going up to 12.5 percent only in exceptional cases;
- 25 percent for e-books.

Some publishers will offer lower royalties, and often based on price received (see below ‘Published price or price received?’). These figures are only relative estimates to give an indication of the international book



market and may not reflect the actual reality of Maltese publishing agreements, where tailored-made arrangements with the author could be established.

Royalties are often on a sliding scale, which is to say that you might be offered 7.5 percent up to a certain number of copies sold, and 10 percent thereafter on a paperback edition.

Some publishing agreements may contain language – usually buried at the end of a long section describing the royalties the publisher will pay for each type of book it publishes – similar to the following: ‘If the book is sold at other than our usual and customary discount, the above referenced royalties will be reduced by one half’. This means that if the publisher sells the book to a wholesaler at a fee other than its ‘usual and customary discount’ – say, 51 percent off the cover price, rather than the ‘usual and customary’ 50 percent – the publisher will pay the author

one half of the royalties it would otherwise pay. More specific language should be advocated, like: 'If the book is sold at more than 55 percent off the list price, then ...'

Speaking of price, all royalties may be specified as a percentage of the 'cover' price or Suggested Retail List Price (SRLP) or Recommended Retail Price (RRP) of the book (see below for more in-depth information). When evaluating two different offers, be sure you are comparing apples to apples; royalties should be a percentage of the same thing. If the publisher insists on basing royalties on 'publisher's net receipts', a good rule of thumb to work out how much money you will earn from your book is to cut the royalty offered in half, because publishers sell books to retailers at roughly 50 percent off the list price. Thus, 20 percent of a publisher's net receipts is roughly equivalent to 10 percent of the cover price (more can be found in 'Publishers' discounts' below).

E-book royalty rates for major trade publishers have coalesced, for the moment, at 25 percent of the publisher's receipts. This is contrary to longstanding tradition in trade book publishing, in which authors and publishers effectively split the net proceeds of book sales (that is how the industry arrived at the standard hardcover royalty rate of 15 percent of list price).

#### RULE OF THUMB

Make sure your royalties meet industry standards. Royalties can't be severely reduced by special deals that can allow the publisher to offer deep discounts at your expense. Include an audit clause in your contract so that you or your representative can examine the publisher's sales records in connection with your work. The publisher should not reclaim any portion of your advance if your royalties don't earn it out.

## ADVANCE OR PAYMENT?

An advance is literally an advance payment, and royalties on sales of the book are set against it. An advance is a signing bonus that is negotiated and paid to the author before the book is published.

Advance payments come in all shapes and sizes, from €500 to millions of euros, but a common structure of advance widely used in the book industry is the payment against future royalty earnings, which means that for every euro you receive in an advance, you must earn a euro from book sales before you start receiving any additional royalty payments.

For example, if I were to receive a €1,000 advance with a royalty rate that works out to €1 per book sold (royalties are measured in percentages, but for the sake of this explanation we keep it simple), you would have to sell 1,000 books to pay off your

advance. After the publisher recoups your advance, you will begin to be paid royalties on subsequent sales based on the percentages outlined in the publishing agreement.

You should distinguish between advances against royalties and payments, which do not earn royalties.

It is always safe to have royalties, however low they may be, as you can then benefit from the ongoing sales of your book. In certain cases, though, if the publisher has approached you to write a particular book or part of the text, you will have to make up your own mind whether to accept the commission on a payment-only basis or not. However, authors' associations are generally against this practice, and the general advice is anyhow to insist on an advance if at all possible.

An advance is not normally refundable, provided that the author fulfils his or her part of the deal. It may be payable on signing the contract, on delivery and acceptance of the manuscript, on publication, or

divided throughout these three stages. If the manuscript is ready and does not need more work, then the advance might be paid in two parts: on signature and on publication. In some cases, the publisher will want to pay part of the advance on the paperback publication (often but not necessarily a year or several months after the hardback publication, if any), but obviously it is in your interest to get the money paid to you as soon as possible. Do not forget to take into account the tax implications of what you agree to.

### IMPORTANT NOTES

- **SUBSTANTIAL CHANGES.** Contracts may stipulate that you must approve any substantial changes that editors, copyeditors or translators make to your work, so as not to let your publisher change your words without your approval. However, even though the author retains the last decision on the manuscript, one assumes that if you have agreed to submit

your manuscript to a publisher in the first place, you are also agreeing to the preferred styles and views of that particular publisher, and thus would accept the advice of your editor.

- **EXCERPTS, ANTHOLOGIES AND NEW EDITIONS.** Contracts generally delineate the publishers require your authorization to grant licenses for excerpts, anthologies and new editions.
- **COMPETING WORK.** Publishers may pressure authors to include clauses in their contract which prevent you from creating 'competing works' on topics similar to the ones in your book.
- **SECOND PUBLICATION.** Publishers generally include a clause in the contract obliging the author to publish his or her second book with the publisher.
- **USE AND PAYMENT FROM DERIVATIVE WORKS.** In the same way an author

receives payment from a publisher, an author will also have to negotiate a contract and receive payment upon the creation of a film based on the book of the author.

- **TRANSLATOR'S RIGHTS.** The general practice in Malta is that translators of literature are paid a fixed sum based on common European translation rates, while the author retains the economic rights of the translation. However, a different arrangement may be made in writing between the author and the translator for the sharing of rights and royalties.



## Pricing and the book industry

### PUBLISHERS' DISCOUNTS

Discounts need some explaining, although they are a bit of a minefield. Publishers sell books to booksellers at a discount off the published price, which can vary from 35 percent for small independent bookshops to 60–70 percent, or even higher, for the chains,

the supermarkets and online booksellers, which buy in bulk.

Generally, the Maltese wholesale price of books to bookstores comes at a minimum discount of 50 percent, however Malta's major book-chain Agenda, owned by Miller distributor,s may even ask for a higher rate.

NOTE: With a typical 50 percent discount on book retailing through the bookshop chains, for a book priced at €20 the publisher would get €10 (pre-tax) from the bookseller to cover all their costs, including the author's royalties, their overheads and distribution, and the production cost of the book. Their margins really are quite tight.

High discounts paid to supermarkets, chains or online booksellers will invoke the 'high discount' clause, meaning that the author will get a considerably lower royalty on copies sold this way.

In the USA, where there is no retail price maintenance on books, discounts have been subject to negotiation for many years (although American publishers are supposed to give the same discount to all booksellers). In the UK, the abolition of the Net Book Agreement has meant more pressure on discounts, since the booksellers want publishers to improve their terms to help them to promote the books price-wise. Many publishers believe that the UK has the highest discounts in the world, but





discounts are under pressure in all the major English-speaking countries, as publishers and booksellers try to maintain their margins.

France has had a Fixed Book Price (FBP) law since 1981. FBP also exists in Argentina, Austria, Germany, Greece, Israel, Italy, Japan, Lebanon, Mexico, the Netherlands, Norway, Portugal, Slovenia, South Korea and Spain. Today, in countries without FBP, the book chain is dominated by supermarkets and Internet retailers, who can afford to instigate price wars, offering big discounts on new releases and bestsellers on the 'loss leader' principle. On the contrary, in France, for example, retailers can only grant a maximum discount of 5 percent to consumers. Booksellers compete not on price, therefore, but in terms of the variety of books they offer, their location and the quality of their customer service.

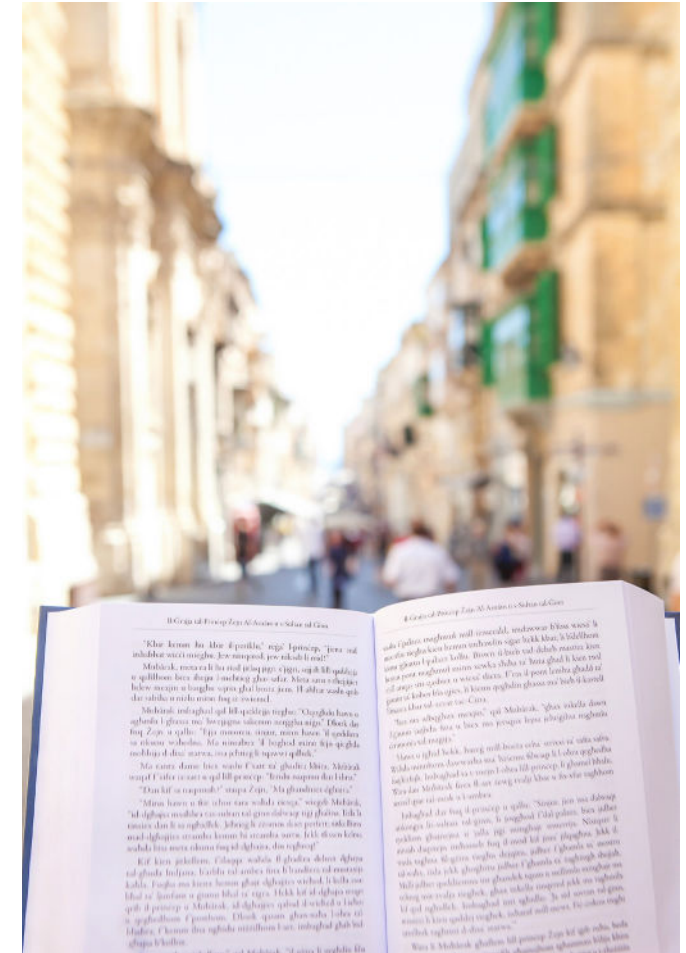
CASE STUDY: New York publisher and royalties – from: 'The Business of Publishing' (in New York) – <https://www.alanjacobson.com/writers-toolkit/the-business-of-publishing/>

## PUBLISHED PRICE OR PRICE RECEIVED?

Royalties can be based either on a percentage of the published price of the book (RRP or SRLP) or on what is called the 'price received', i.e. a percentage of the publisher's net receipts from the booksellers, which is a much lower figure.

Educational publishers (who focus on books for schools) and academic publishers (who publish books for students and academics' work) generally work on price received, while trade publishers usually work on published price royalties.

Export sales are usually on the price received because of the greater selling and distribution costs for the publisher. There is also a tendency in trade publishing to move towards price received, because of the above-mentioned high discounts publishers give booksellers.



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