

Half-Way Point

Online Sales Lift Publishers

With bookstore sales down in the first part of 2007, sales through online retailers have helped publishers increase sales in the first six months of the year. Penguin USA said that sales through online stores rose 23% in the first six months of 2007, while Simon & Schuster also reported online sales were up more than 20%. Even at Harlequin, where president Donna Hayes said sales through retailers have been good, online account sales have increased by double digits. No one could pinpoint a reason for the impressive gains at e-tailers, but the healthy increases are expected to continue for the remainder of the year.

The gains at online stores have not blinded executives to the sluggish retail environment. "You'd be foolish not to notice trends in the overall sale picture," said S&S CEO Jack Romanos. He observed that given the sluggish industry growth, gains at one particular publisher are coming at the expense of others. And although six-month sales at S&S were up 20% in the first half of the year, Romanos called competition "ferocious." Penguin USA CEO David Shanks said that while sales

were up (currency fluctuations resulted in a decline for the entire Penguin Group), "units haven't been great." Add in an uncertain economy, and Shanks said there is reason to be cautious about prospects for the industry in the second half of the year.

Both companies have seen gains in digital sales, although they still represent only a small portion of total revenue. At S&S, audio downloads were largely responsible for the 37% increase in second-quarter audio sales, while e-book

Six-Month Results

(\$ in millions)			
	2006	2007	% CHANGE
Penguin Group*			
Sales	\$782.0	\$741.0	-5.2%
Operating income	36.0	36.0	0.0
Simon & Schuster			
Sales	357.1	429.6	20.3
Operating income	11.9	39.5	232.0
Harlequin**			
Sales	221.3	228.4	3.1
Operating income	23.9	30.0	10.3

*Results translated at \$2.02 to the pound.

**Results translated at C95 cents to the U.S. dollar.

SOURCE: REED BUSINESS INFORMATION

sales at Penguin jumped 66%. Hayes said sales of e-books have been growing at a steady pace at Harlequin, particularly in some overseas markets. In Japan, e-book sales, combined with sales through cell phones, are equal to sales in the U.S., she noted, adding that manga is especially strong. To take advantage of its customers' interest in e-books, Harlequin has just introduced Spice Briefs, an e-book line of original erotic stories that will sell for \$2.99 each.

—Jim Milliot

GALLEY TALK

■ **Dave Hathaway, book buyer, Barnes & Noble, New York City**
Michael Kelly's *Dream Manager*

[Hyperion, Aug. 24] is an enlightening business parable about a company struggling with such real problems as high turnover and low morale. The managers of the fictional company discover that not everyone



"An enlightening business parable."

is motivated by the promise of a big-paycheck and a title. They realize that their employees have personal dreams, and that they need help and encouragement in order for them to realize these dreams. The book connected with me on a personal level when I realized that I had not discussed my dreams with my wife of 18 years. It makes us understand that the first step to fulfilling our dreams is to share them with others. The book also illustrates how closely our personal satisfaction is tied to our work. This book will appeal to those who liked *Who Moved My Cheese?*, *One Minute Manager* and *Fish*. These short books are very popular because professionals can walk away with nuggets of advice that they can easily apply right away in their businesses.



Brennan

Canada, now adds RD Latin America; and Michael Brennan will

oversee RD Europe.

Wilson, S&S Lose CIA Suit

Federal judge Barbara Jones has ruled against Valerie Plame Wilson and Simon & Schuster in a lawsuit the two

filed to prohibit the CIA from interfering in the publication of Wilson's upcoming memoir, *Fair Game*. In their suit, Wilson and S&S argued that the former agent should be able to include the dates

she worked for the CIA since that info was already public, but Jones ruled that while the dates are in the public record, they have never been declassified. S&S said it still expects to publish the book this fall.

Audible Sales Up

Revenue at Audible rose 36% in the second quarter, to \$25.9 million, and the company's net loss was trimmed to \$125,000 from a loss of \$2.2 million in last

year's comparable period. An increase in the number of AudibleListener members—to 431,000 from 309,000 a year ago—was a key factor in the higher sales. For the first half of the year,