



## Beyond the Book

A podcast series on the business of writing and publishing

### Interview with Mark Coker, CEO, Smashwords

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*Ahead of his keynote address this weekend to the annual conference of [Novelists, Inc.](#), [Smashwords](#) founder **Mark Coker** tells CCC's Chris Kenneally who he fears in today's turbulent publishing times. Hint: It's not the Big 6. A self-styled "barbarian at the gates," Coker believes authors now hold the cards and must be up to the challenge "not only to out-publish, but also to out-sell" the traditional houses.*

KENNEALLY: If you travel to Manhattan and ask a traditional publisher what's happening in their world, they say the barbarians are at the gates. And today we get a chance to talk to one of the chiefs of the barbarians. Mark Coker, CEO of Smashwords, welcome to Beyond the Book.

COKER: Hi Chris, thanks for having me.

KENNEALLY: Well, it's good to have you join us today. We're in St. Pete for the annual conference of the Novelists, Inc. organization, an organization that gathers up all manner of genre writers in fiction. Novelists who write romance, who write historical fiction, who write science fiction, and mystery. And yesterday, you appeared on an opening panel that I thought was quite a fascinating one, because, in fact, you volunteered that you are the barbarian at the gate when it comes to traditional publishing. What does that mean to you and to Smashwords?

COKER: Well, I think, you know, just a few years ago, self-published authors were seen as failed authors, as the option of last resort if you were an author. And today, we're seeing that the power in publishing is shifting to authors. Authors are becoming more powerful, they have more options available to them. You know, a few years ago, publishers controlled the printing press, and they controlled the access to distribution.

Now the printing press, and – the printing press has gone virtual. It's in the cloud, it's free and available to everyone, and the distribution has become fully democratized. So authors have choices today that they didn't have before. They don't need to say yes to a publisher.

KENNEALLY: Well, we should tell people a bit about Smashwords very briefly. What are the services that you offer to authors?



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**COKER:** Well, Smashwords, at a high level, is simply an e-book distributor. But we've created an e-book publishing and distribution platform. So we make it really easy for any author, anywhere in the world, to upload a Microsoft Word document of their manuscript, and we automatically convert it at no cost into multiple e-book formats, and then we distribute it to the major – most of the major retailers. So Apple, Kobo, Barnes & Noble, Diesel, and Sony.

**KENNEALLY:** At this point, Kobo – sorry, Smashwords has been around for a couple of years. How many books, how many works, are in your catalogue?

**COKER:** We launched in 2008. In the first year, we did 140 books. In the second year, we did – our catalogue grew to 6,000. Last year, 2010, we ended the year with 28,800. And yesterday we hit 80,000. So we released over 7,000 books in the last 30 days.

**KENNEALLY:** That's remarkable. You know, the whole notion of self-publishing has been transformed, and I think it's been transformed within just the last year. It went from being something sort of pejoratively called vanity publishing, to something else that really seems to – makes authors proud. Talk about that shift in perception around this.

**COKER:** Well, it's been an enormous shift. When we first launched in 2008, I know very few people took us seriously. It didn't make a lot of sense to launch a business supporting failed authors – you know, distributing failed authors who were publishing books that couldn't sell. I know that's how a lot of people viewed what we were doing. But I believed that self-publishing was the future, and e-books were the future.

And so what we've seen is that self-publishing has gone from the option of last resort to the option of first resort for many authors. You talk to many of the authors here at Novelists, Inc. In order to be a member of this organization, you must have at least two traditionally published books under your belt. So these authors here are the cream of the crop. These are some of the best authors in the world, and you talk to many of them, and many of them are telling me, and they'll tell anyone, that they have grave concerns about the future of big publishers.

Many of them are turning their backs on publishers. And so it's starting here, we're seeing this shift happen over the last few years. And I think it's – it's really a combination of multiple factors. You know, traditional publishers are under a tremendous amount of stress as we transition from print publishing to e-book publishing. As we see brick-and-mortar bookstores which have been their traditional bread-and-butter disappearing. As Amazon gains increased power in the industry.



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All of these changes happening dramatically at the same time – we’re seeing technology collide with publishing, and it’s turned everything upside down. It’s created new threats and new opportunities for all of the different players.

**KENNEALLY:** Well, talk about the business aspect of this. First of all, I suppose it’s a question everybody must ask you, how does Smashwords make this into a business? And then secondly, how do authors make this into a business? They thought, perhaps, their business was writing – now it’s writing and selling books. But you did say there’s an opportunity here, in fact the royalty offerings, and the way to really earn a living out of these self-published books is tremendous.

**COKER:** Well, the economics with e-book self-publishing are really pretty fascinating, when you think about the implications. A self-published author can earn, you know, 60, 70, 80% of the list price when they sell their book. So this means they can sell their book at a fraction of the price of a traditional publisher, yet they can still earn more per unit. So the economic incentive for self-published authors to get out there and go out on their own is quite great.

**KENNEALLY:** Well, you know, that, I think, underscores a point you made yesterday’s presentation. Which is that for Smashwords, the goal is to outpublish and outsell. That this isn’t only just a publishing mechanism, this is a selling mechanism. Address that point.

**COKER:** Well, the point that I tried to make yesterday is that small authors, independent authors, self-published authors, have the opportunity to outpublish, outsell, outdistribute the big publishers. They have the opportunity to achieve wider distribution than the big publishers.

They can publish to a worldwide audience immediately, they can publish faster, they can publish today, not a year and a half from today. And then they can publish their books – they can price their books at a much lower cost than publishers. To create some perspective here, a self-published author can earn more selling a 99-cent e-book than they can an \$8 mass-market paperback.

**KENNEALLY:** Quite remarkable numbers. And, you know, there is a tension here, and it came out in yesterday’s discussion, between Smashwords and the sort of movement you represent, towards self-publishing, e-publishing, and the traditional publishers. Do you feel there’s a tension, or do you feel there’s a kind of complementary space. What do you think about that relationship that you have with the big six, for example, in Manhattan?

**COKER:** We have no relationship with the big six. And there is definitely a tension. I think anyone in the big six, if they know who we are, they probably

misunderstand us. They probably misunderstand our mission. We are not out to destroy them. We are not out to take their authors. We would prefer to receive the books that we distribute from the big six, but they won't give them to us, so we're not bothering going after them.

But there is definitely tension, because, you know, I talk about the virtues and advantages of self-publishing to authors. My number one concern is the welfare of authors. That's who I serve. And publishers, when they hear me talk about the virtues of self-publishing, they feel like I'm attacking the value that they add to the book. And so, you know, that creates tension.

And as I tried to explain yesterday, I have tremendous respect for the people in publishing. The people in publishing are absolutely wonderful. But the problem is that publishing – that big publishing, as an industry, has become so consolidated, so calcified, so hampered and hamstrung by legacy business practices, print business practices, and these high expense structures, that they're having great difficulty making this transition to this new world.

In this new world of publishing, over the next few years, cost and cost containment will be the code words of the day. And they need to get their costs down. Customers demand lower-priced books. Customers don't want to pay \$12, \$13, \$14 for an e-book. Even \$10 for an e-book may be seen as too expensive a couple years from now.

We're seeing self-published authors with reverted-rights works bringing these works back to life as e-books at 99 cents, and \$2.99, and they're earning more from those books than they ever earned during their relationship with the big publishers. And this is what's causing many of the authors here to think twice. You know, in the past, traditional publishing was their only option. Now they recognize that they have another option.

So what I try to counsel authors about is that it's not necessarily an either/or option. You can straddle both worlds. I encourage authors to straddle both worlds if they can.

KENNEALLY: Well, so if you're a barbarian, you're a nice barbarian, a good barbarian.

COKER: Well, I mean, if you go to the Smashwords website, and you look at the About Us page, it has not changed at all in the last four years. And my message there, four years ago, is really the same as it is now. I have tremendous sympathy for large publishers. I think the model of traditional print publishing is broken.

I think publishers take an enormous amount of risk on every author. They invest a lot of effort to turn good books into great books. But the system is broken. When you have to invest in an author up front, and you have to, you know, wait a year, year and a half, for your book to hit the retail shelves, and then if retailers can send the books back for a full refund, you know, weeks later, if the book doesn't immediately capture an audience, that's really tough for a publisher.

So I feel their pain there – it's damaging to them. But they have new opportunities if they take advantage of them.

**KENNEALLY:** Well, you're going to be addressing this group once again tomorrow, on Saturday, with a keynote closer. And if you're not troubled, or don't worry so much about the big six and their power, you are worried a bit about another growing power, empire, tell us about that.

**COKER:** Well, you talk with a lot of the authors here, and you know, we're hearing a lot of concern from the authors here about the increased power of Amazon in the marketplace. Amazon has a really interesting strategy. If you look at what they've done over the last several years, they have a vertical dis-intermediation strategy.

They are dis-intermediating everyone involved in the book production process, in the bookselling process. Everyone between the author and the retailer, and they're doing it all – and now they're a publisher. So the authors here, most of them earn the lion's share of their income from Amazon, but they're also concerned about what that means, if they become so wholly dependent upon them.

I think there's a concern that among the authors who recognize this, that they could become tenant farmers to Amazon. And so completely dependent upon them that they lose choice and lose freedom. I think it's in everyone's best interests – authors, publishers, readers – that we have a vibrant, competitive ecosystem for publishing.

We need publishers to be healthy and thriving, because they add so much value to books. We need authors to be fairly compensated. We need multiple retailers out there that are healthy, and thriving, and providing a competitive ecosystem. And competing not based on price, but based on their ability to deliver books, you know, better and more satisfying to readers.

**KENNEALLY:** Well, do you think the challenge that companies like Google, or Kobo, or others of that sort represent is going to be enough to kind of prevent Amazon from achieving world dominance, if you will?

**COKER:** It's – you know, if you look at any industry, you always – you almost always have a single leader, and then you've got a couple folks behind that. So it'll



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be very difficult for any single retailer to overcome Amazon. Amazon has an advantage that no one else has.

They were first in online book retailing and they have aggressively promoted their platform to their customers, and they've done a brilliant job. They are so smart, and deserve to be so well-respected. But there are things that authors and publishers can do to support these other retailers.

If you're an author or a publisher, and you're telling your customers where your books are available for sale, don't just point to Amazon. So many authors only point to Amazon. Support all of the retailers, give your customers a choice of where they can purchase the book. Don't do exclusive deals with any single retailer.

You know, Amazon is out there doing one-year lockups, exclusive deals, and it's very tempting for an author to turn away the money and the promotional package that Amazon can offer. But consider that when you do that, you are hurting the other retailers. It's tough. You know, authors are in a bind. When you have a bird in the hand, it's tough to let it go.

KENNEALLY: And if you take your vision as one that is going to play out, then you're not just hurting other retailers, you're hurting yourself, if you're an author.

COKER: Ultimately, yes. You don't want to become a tenant farmer to a single retailer, a single publisher. That's the world that Amazon is creating, where it's just the author as the tenant farmer, and Amazon as the landowner.

KENNEALLY: Well, we'll leave it at that. Mark Coker, an advocate for independence for authors, Mark Coker, CEO and founder of Smashwords, thanks so much for joining us.

COKER: Thanks, Chris.

KENNEALLY: Well, it's been a delight to chat with Mark Coker today as part of the Novelists, Inc. conference. My name is Chris Kenneally, bringing you as always, Beyond the Book, Copyright Clearance Center's podcast series. You can like us on Facebook, find us on Twitter, and always subscribe to the series on [copyright.com/beyondthebook](http://copyright.com/beyondthebook). For all of us at Copyright Clearance Center, this is Chris Kenneally, thanks for listening.

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