



## **Interview with Kristen McLean, NPD Books**

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**KENNEALLY:** From *America's Test Kitchen* to *American Girl*, Stephen King to *Captain Underpants*, and *The Handmaid's Tale* to *The Babysitters' Club*, the license market means big business in book publishing. According to a new NPD BookScan report, license and branded titles account for 14% of total US book market sales. In the children's book segment alone, the share is nearly one-third.

Welcome to Copyright Clearance Center's podcast series, I'm Christopher Kenneally for Beyond the Book. In today's saturated media market, a familiar character or title on a shelf or in a thumbnail is a proven strategy to get the sale, says Kristen McLean, Executive Director of Business Development in the NPD Books practice, the team behind NPD BookScan. Licensed and branded titles include properties that started as books and went elsewhere, as well as books based on properties from outside the book world, such as Lego, Minecraft, and Disney's Frozen movie franchise.

At NPD, Kristen McLean is developing a license brand reporting service within NPD's wider entertainment group. She is deeply interested in the confluence of emerging consumer behavior, technology, literacy, and generational shift in the digital age. Kristen McLean joins me now from her Miami office. Welcome to Beyond the Book, Kristen.

**McLEAN:** Thanks, Christopher, it's nice to be here.

**KENNEALLY:** We're looking forward to exploring this issue because it is one that has a tremendous impact on the book business, but it really is a story about the media environment that we all live in. You've done, I think, some really important research on this subject. Give us some of the background. We say without really thinking much about it that we live in a saturated media market. But you've done the spadework to figure out just how deeply saturated it is.

**McLEAN:** Yeah, so in addition to what we do with books, our book group is embedded in the larger entertainment group at NPD. So we do spend a lot of time thinking about how reading and books fits into a larger entertainment universe. And as part of that, we did a study this past summer called "The Evolution of Entertainment" where we looked at what people were doing and how they were spending their



dollars in 12 different entertainment categories. So that includes books, but it also includes watching TV, going to the movies, listening to music, listening to podcasts, and even things like going out for meals and exercising and all that sort of thing, spending time online.

The good news is that books and reading are very much alive. Three quarters of the respondents in our study have reported reading a book – at least one book – within the last six months. But books are one small piece of a much larger and more omnivorous entertainment diet. And when we ask people how much time they spent doing different activities, and we added all of that up, we found that on average the respondents in our study reported about 74 hours a week of total entertainment consumption.

Now, that's more than 10 hours a day, and I'm sure your listeners are wondering how that's possible. And the way it's possible is by people doubling down on their behavior. So for instance, if you're at work and you're listening to music, that would be one example. But also people sitting on the couch watching TV or streaming video and also on their phone or people listening to music while they're working out, that type of thing. So 74 hours is a ton of time devoted to entertainment. And in fact there's not that much time left over. That's more than 10 hours a day.

So one of the questions that we're really starting to think about is so how much room is left in there, and how is behavior shifting in relation to devices, in relation to lifestyle, in relation to generational shift? And just how does that all come together for readers, and books, particular?

KENNEALLY: These aren't questions you're going to answer all at once. You're going to continue to explore them, and we really appreciate catching up with you on the topic, Kristen McLean. And you mentioned that there's some good news in this for the book world. People still read.

McLEAN: Yup.

KENNEALLY: They still read books. But the bad news is the book world has just got so much to compete against. And further to that, there is this endless shelf – the endless shelf of all the entertainment that's out there, but really the endless bookshelf, too. Once upon a time there were only the books either in the library or the bookstore that we could read. Now we could read just about any book ever published.



McLEAN: That's true, and all content lives at the same time, right now. And the book market, itself, is really crowded. It has been for a while, since the digital shift. At the high point of the digital shift, there were about 28 million books in print, according to Bowker, that's back in 2010/2011. We've dropped back down a little bit now. I would say that there's 18 million books in print in terms of really active titles, but that's a lot of books. Every book is trying to find its reader. Since we're here to talk about licensing in the book market, licensing into the book space is one of the ways that publishers can give their book a leg up on this endless shelf. So it's a pretty big part of the book market – 12% of overall books right now in the US market are licensed, roughly 30% of children's books are licensed or feature licensed characters. So it's an important part of the calculus, especially for larger publishers when they're trying to compete in this really crowded marketplace.

KENNEALLY: And I would think it's also important, particularly because so much of the shopping, the buying that gets done, acquiring, perhaps, in the case licensing eBooks and so forth, it gets done online. And our activities online, as we know, we're accustomed to scrolling and flipping and doing all kinds of things, not exactly immersive. We don't engage too long with our online experience before we move on to the next one.

McLEAN: That's true, and there's plenty of studies that show that the number of titles that a book buyer would encounter in an online shopping experience is much lower than what they would encounter in a bookstore. So the books that they do see online have to really, really work hard to capture attention, and of course the online retailers are also – have created algorithms that put books in front of the browsers. So that's all part of the mechanics of how you find and discover things online. And certainly licensed books, familiar characters, or books that are related to other types of entertainment that you consume and that your online retailer knows you consume, those books are more likely to pop up, and then, of course, they're familiar to you because you're already engaging with that license in other contexts.

KENNEALLY: And we really are beating this drum pretty strongly, but it's important, the interrelation between the various types of media. Certainly books and the film world have interacted for generations, but we're also seeing an impact from the game world as well as from the physical toys world and other parts of our world of diversion.

McLEAN: Yeah. I think we, 10 or 15 years ago, would have been way more likely to discuss books as a separate category, as a separate silo, as we call it. But it's just not possible these days to talk about any entertainment vertical, alone. The content is moving across these different categories, and so, honestly, are consumers'



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interests. So for instance, my daughter who's 13, if she's interested in a video game or she's interested in a piece of content, or *Stranger Things*, she doesn't think twice about going out and looking for things related to whatever she's interested in, not only in books, but in movies and TV, on YouTube, on Spotify. A license like *Stranger Things* has merchandise in all those different categories, and she engages with it everywhere. So that, I think, is the new normal.

So as publishers, we really have to think about that as a way of reaching audience, as a way of creating awareness, and just creating a more diverse story world for properties that even that started books and go out. So there's two different kinds of licensing. There's something like Harry Potter, which obviously started in books, but now has an incredibly rich and very profitable story world outside of the books. And it also includes things that are out there in the world of entertainment that come in. So an example of that would be *The Witcher* right now, which is on the adult side of licensing, is performing very well in the books category. This is actually now a show that's streaming on Netflix. That show was based on a video game, which was based on a book. And now we've come full circle of the books that were the genesis of both the video game and now the series are selling really well again. So it's a virtuous circle and it's very hard to pull apart and just talk about one single category in that cycle.

KENNEALLY: You mentioned this concept of the diversified story world. I wonder if you've done some thinking about just how well publishers are doing, and making sure they are as diversified in our story world as possible. Perhaps some are more successful than others, but do you have some thoughts on just how aware publishers are of this challenge, of this potential, and how well they're acting on it?

McLEAN: We do have some publishers like Disney that are engineering all of their content to perform this way. They don't actually start out, think of a book, and then a series. They are really thinking from a 360 degree view from the very start when they put together a new piece of content these days. But even traditional publishers, who we tend to think of as more classical publishers, are thinking this way. So for instance you might have a McMillan with Tor Books, which is their sci-fi imprint. Lots of properties that Tor is publishing have aspects of their story world that are rolling out in different platforms at the time that the story is brought forward. So I think that certainly for major publishers, this is a baked in part of the way that they're thinking. Now, not every story, not every author is going to get this treatment, but there are definitely categories of content, genre-driven content like mysteries, thrillers, children's content, sci-fi, that definitely have a higher percentage of projects that are thought of in this way from the beginning.



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And then we're seeing a lot of really interesting experiments start to happen so I'm thinking particularly of Reese Witherspoon's Book Club, which may seem like a big leap from genre fiction to Reese Witherspoon's Book Club, the Hello Sunshine Book Club, but this is actually – we call it a book club, but it's not really, it's a very sophisticated content company that has a book club that's picking very smart books, driving those books onto the best-seller list, and then the production company behind this is optioning a certain number of those titles for its own production.

So *Where the Crawdads Sing*, which has been the number one book on the fiction bestseller for us for more than a year now, that book, first time author, was optioned by Hello Sunshine. By the time Hello Sunshine brings out the project related to that book, the book's going to have then multimillion bestseller, and then the project will come out and it will have tremendous name recognition because of the book, and it's just going to be a monster from an entertainment point of view, so it just becomes a self-reinforcing cycle.

That is really different than what we've seen in the last couple of decades, and I think it's really going to become the gold standard for what we're going to see moving forward. We're going to see more examples of publishers collaborating with TV and movie franchises, so think of Simon & Shuster, which now is a sister company to CBS, they are going to be producing books and projects simultaneously, and there are going to be lots and lots of examples of this moving forward. And that puts pressure on traditional publishers that don't necessarily have a media partnership to try to figure out how they're going to compete in that environment.

**KENNEALLY:** It's a great point, it puts pressure on those that don't naturally have a fit in this new diversified story world that you're describing, Kristen McLean. But I do have to ask about the potential here. Just as the variety of options that are available to the consumer have multiplied, so has the audience fractured. There's a reverse relationship there. The more opportunity, the smaller the audiences get for each of these particular companies and each of these particular pieces of our markets. So a success today is measured differently, and that's where this notion of niche is normal comes in. Describe that for us and explain why the size of an audience should be calculated with a different metric today.

**McLEAN:** Yeah, so when you look at these types of projects that we're talking about, you see two different types of projects. You see projects like the Marvel universe, for instance, that's just enormous, global, has a huge number of entries in the book and the film category, and is popular all around the world. So there are only a few



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projects that are going to go that big because both the company behind them has the resources to do that and just because of the nature of the just it's a limited amount of attention for being tentpole projects like that.

So the other way that we see publishers and other content creators competing is to go in the other direction and really look for smaller but extremely passionate groups of fans in different categories, and then to publish to those fans. The most notable example that we're seeing right now in the US market is manga and anime fans. So manga is Japanese form of comic books that are unique to Japan, and then anime are these streaming video movie counterparts to those manga. So oftentimes you'll see a manga series and then you'll see a anime series that's related streaming on – right now Hulu and Netflix have both made pretty big commitments to that content. And so here's the situation where, in the past, manga and anime fans were considered extremely niche. Fifteen years ago, you might have gone to an anime convention that would have had 10,000 attendees. Well, now the largest anime conventions in the US regularly attract 100,000 or 200,000 fans and we are seeing the sales of manga in the US explode on the back of Hulu and Netflix's commitment to streaming the anime on TV.

So Hulu has been quoted, when they decide to go after this anime market, their VP of Content, Andy Forssell at the time, he's no longer there, but he said we would rather have a show that one million people love to death rather than a show that 20 million kind of like. So they decided to really go in that direction. It's paid off big for them, and the byproduct of that is it's been great for comic publishers like VIZ Media, who have been publishing anime and manga titles this whole time.

So again, we see other examples of that, like poetry, for instance. Poetry has had an incredibly good run for the last couple of years, and that's on the back of Instagram. There are all these poets who are publishing their work on Instagram, and that has created a whole class of what we call instapoets that have totally revitalized poetry as a category in the publishing market. We see lots of interesting publishing going on coming out of podcasts – story collections out of podcasts, books based on story worlds of podcasts. That is really interesting to us because this is a really different type of content movement than what we would have seen 10 years ago.

So there's a lot of really interesting possibilities, and we're seeing publishers really look to new places to try to find these passionate and interesting fan bases that maybe they haven't looked at before.



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KENNEALLY: So Kristen McLean, a great way to end our discussion here is to think about this notion of who's driving the bus? That's the question to ask. In the case of Instagram posts driving a revival in poetry, that was something no publisher could have anticipated, and they responded to it, because that's where their consumer, their reader led them. In so many of these examples, it's about the consumer taking control.

McLEAN: Absolutely. I think that the current entertainment ecosystem is so diverse – I call it a content multiverse, actually – that all of the rules that we used to have in terms of how things got to market, how we chose our projects, how we licensed our projects, and on what time frame, all of that is really out the window, and we're having to really reinvent the process. And an important part of that is finding the consumers, listening to consumers. It's almost like we have to be cultural anthropologists on some level. So the publishers that we see growing right now are publishers that are very good at drilling down into, and finding opportunities for themselves in this really crowded marketplace. Because in a saturated marketplace, there's not that much new white space, it's really about being smarter, working faster, and also looking for opportunities to take share from other companies, from other authors, from other publishers. So we really think that the companies that have the most appetite for exploration are the companies that are doing the best right now in terms of finding those opportunities for themselves.

KENNEALLY: Kristen McLean, Executive Director of Business Development in the NPD books practice, the team behind NPD BookScan. Thanks so much for sharing your insights on this content multiverse, as you describe it. We appreciate your joining us today, on Beyond the Book.

McLEAN: Been my pleasure.

KENNEALLY: Beyond the Book is produced by Copyright Clearance Center. Our co-producer and recording engineer is Jeremy Brieske of Burst Marketing. Subscribe to the program wherever you go for podcasts, and follow us on Twitter and Facebook. The complete Beyond the Book podcast archive is available at [Beyondthebook.com](http://Beyondthebook.com). I'm Christopher Kenneally. Thanks for listening and join us again soon on CCC's Beyond the Book.

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