

The Audiobook Business

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Agenda

- Audiobook business and growth (charts, quotes, etc.)
- Royalties vs. production payment - pros and cons of each (Davis Sound only does production payment)
- How to get an audiobook published
- Who should narrate the book
- Production process and cost
- Cost justification
- How series and bundles work
- Marketing your audiobook
- Q&A

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The Audiobook Business

From Boston Globe, Aug 6, 2016

- Number of audiobook titles increased 491% between 2011 and 2015.
- Penguin Random House Audio, said that only 10 to 15 percent of their current audiobook sales occur in CD form. The remainder are digital.
- Members of Audible have grown 40% per year for the past 2 years.

From New York Times, Sept 23, 2016

- E-book sales fell 21.8% for Q1 2016. Audiobooks grew 35.3%.

Good e-Reader, Aug 12, 2016

- Audiobooks have the highest growth rate of the entire digital publishing industry.

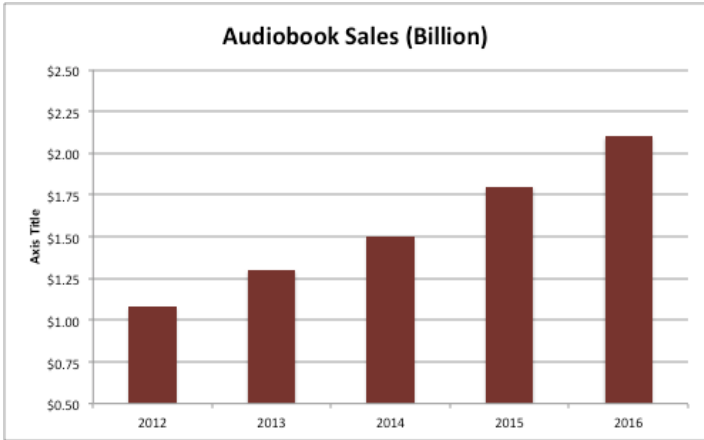
Wall Street Journal, July 21, 2016

- Audiobooks are the fastest growing format in the book publishing business.
- Penguin Random House Audio has added four studios in Los Angeles and two in New York, bringing its total to 13.
- Audiobooks are still a small percentage of book publishing: only 3% of the 2.5 billion books sold in 2015.



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Audiobook Sales Growth

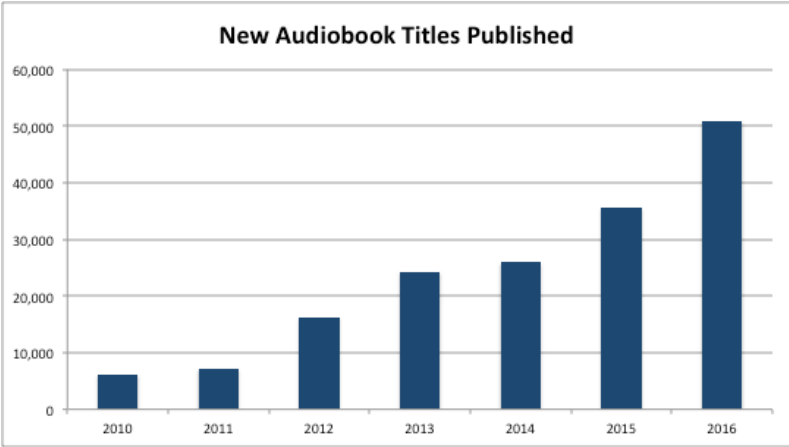


From Publishers Weekly



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New Audiobook Titles Published



From Publishers Weekly



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Audiobook Listeners

- Far more listeners are saying they use their smartphone most often to listen to audiobooks than ever before – 29% in 2017 vs. 22% in 2015.
- A majority of audiobook listening is done at home (57%), with the car being the second most frequently-cited location (32%).
- 68% of frequent listeners do housework while listening to audiobooks. Other multitasking activities among frequent listeners include baking (65%), exercise (56%) and crafting (36%).
- The 2017 survey asked about voice-enabled wireless speakers (such as Amazon Echo or Google Home) for the first time, with 19% of all listeners reporting using them to listen to an audiobook in the last year. Among frequent listeners, that rises to 30%.

https://www.audiopub.org/uploads/pdf/APAC2017PR_final.pdf



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Royalties vs. Production Payment

- Audiobooks can be produced and paid for through a royalty system or pay per production (ppp).
- With royalty work, the audio producer gets no upfront payments but takes a percentage of sales as payment.
- With ppp, the producer gets full contracted payment upfront, and no royalties. Rights holder gains 100% ownership of the audiobook after completion.
- Davis Sound only does pay per production.
- Which is better for the author?

Publishing an Audiobook

- The easiest and most common method is through Audible.
- Audiobook Creation Exchange (ACX) is the sub-group within Audible to handles audiobook production, QA, and publication.
- Audiobooks can be produced through ACX during the whole creation process, or production can be done independently and later turned over to ACX.
- Davis Sound is an Audible approved producer and can guarantee that the quality and specifications will be accepted by Audible.
- Audio CDs are still commonly used but is a declining market. The largest growth is in digital downloads.

To discuss audiobook projects with ACX, contact support@acx.com

Who Should Narrate

- Audiobooks can be narrated by the author or by professional voice actors.
- Most all fiction books are narrated by professional voice actors.
- Non-fiction books can be narrated by the author for certain genres, topics, and effects.
- Factors to consider:
 - Clarity of voice and delivery
 - Ease of listening
 - Effectiveness of telling your story (non-fiction)
 - Production quality



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Estimated Cost for Producing an Audiobook

Number of Words in the Book	Read Rate (words/hour)	Finished Book Hours	Production Rate (per hour)	Estimated Cost
20,000	9,300	2.2	\$300	\$645
30,000	9,300	3.2	\$300	\$968
40,000	9,300	4.3	\$300	\$1,290
50,000	9,300	5.4	\$300	\$1,613
60,000	9,300	6.5	\$300	\$1,935
70,000	9,300	7.5	\$300	\$2,258
80,000	9,300	8.6	\$300	\$2,580
90,000	9,300	9.7	\$300	\$2,903
100,000	9,300	10.8	\$300	\$3,226
110,000	9,300	11.8	\$300	\$3,548
120,000	9,300	12.9	\$300	\$3,871
130,000	9,300	14.0	\$300	\$4,194
140,000	9,300	15.1	\$300	\$4,516
150,000	9,300	16.1	\$300	\$4,839

Cost includes all narration, recording, editing, and mastering.



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Audiobook Income

- Audible and iTunes are the largest sellers of audiobooks.
- Royalties from sales
 - Audible exclusive (includes iTunes): 40% of sales price
 - Audible non-exclusive: 25% of sales price
- Amount from income from sales
 - Full price: depends on length of audiobook but generally \$14.99 to \$35.99
 - Audible subscriber price: usually \$14.95
 - Whispersync sale: add-on from e-book, typically \$1.99
 - MP3 CDs: usually \$9.99
- Conclusion: It is difficult to determine what your income will be since sales can come in many different forms at different prices.

Cost Justification

- Publication sources say audiobooks sell about 10% of what print and e-books sell. This is based on volume.
 - One author expanded that statement. He received 9% audiobook sales based on volume, but 18% based on revenue.
 - One author did 15% audiobooks by volume.
 - Very dependent on genre.
- There are many sources of sales through digital downloads. Each one produces different royalties. (see previous page)
- There is not a clear formula for determining ROI. Depends on where the sales come from. But look at your sales for print and e-books.
- In general, you would need to sell about 300-400 audiobooks to pay for the production cost (based on Amazon exclusive agreement).

Based on Volume

Scenario 1 – Low Volume

- You sell 100 books per month
- Your book is 8 hours in length with production cost of \$2,400
- You sell 10% of your print and e-book volume in audiobooks
- Your average audiobook sales price is \$4 (estimate based on author feedback)
- Audiobook revenue/month is \$16
- ROI would be 12.5 years – Not worth doing an audiobook

Scenario 2 – High Volume

- You sell 1000 books per month
- Your book is 8 hours in length with production cost of \$2,400
- You sell 10% of your print and e-book volume in audiobooks
- Your average audiobook sales price is \$4 (estimate based on author feedback)
- Audiobook revenue/month is \$160
- ROI would be about 15 months

Based on Revenue

Scenario 1

- You sell 100 books per month
- Your book is 8 hours in length with production cost of \$2,400
- You sell 18% of your print and e-book revenue in audiobooks
- Audiobook revenue/month is \$36
- ROI would be 5.6 years – Probably not worth doing an audiobook

Scenario 2

- You sell 1000 books per month
- Your book is 8 hours in length with production cost of \$2,400
- You sell 18% of your print and e-book revenue in audiobooks
- Audiobook revenue/month is \$360
- ROI would be 6.7 months

Quotes from Authors

"I truly look at each audiobook as an investment. Some pay off right away, some will take a while to recoup, but they all contribute to the aura of being a professional writer."

"My audiobooks have all made money, so from an investment perspective, they make sense. Even if they only broke even, I'd do them, because it pulls in a different audience that might in turn be interested in my other work."

"Promotions may be at reduced prices, but they sell more audiobooks. The higher volume makes up for the lower price. And more audiobooks sold creates more reviews, more exposure, and more buzz."

Series and Bundles

- Many authors produce book series in either fiction or non-fiction.
- Authors claim that producing audiobooks for all books in a series help to sell all books in the series.
- Authors can bundle multiple audiobooks together as one product long after the individual audiobooks have been published. This can add new life into audiobook sales.

Marketing Your Audiobook

- This is one of the biggest topics people want to know about.
- Authors I have worked with say they don't do anything different marketing an audiobook than a print or e-book. It's the same process.
- Audiobook marketing includes:
 - Newsletters
 - Soliciting reviews
 - Use of YouTube videos
 - Social media updates
 - E-book promotions
 - Audible promotions
 - Lots of networking

Q&A