

Publishing industry

[Business](#), [Management](#)



STEEP – Economic Factors affecting publishing industry One of the economic factors affecting publishing industry is costs and benefits of publishing books. This affects the first stage of publishing industry – acquisition. In acquisition stage, concept/idea is conceived and the costs and benefits of the idea are measured. If the costs are more than benefits, then the industry may realize losses instead of profits. Costs and benefits also affect the production stage. The costs of production (printing) should be considered in order for a printing company to be successful. Another economic factor is the target market. This factor affects the copy editing and graphic design stages of development. In these stages, marketing and art departments design the product including page size, type and style, layout, and graphics based on the needs of the target market. The current market for publishing products requires digitized books. Therefore, publishing industries are now developing digitized books in order to meet the needs of the target market. The third economic factor affecting the publishing industry is competition. This affects the marketing stage. There are many firms operating in the industry; hence causing competition and reduced sales volumes for existing members of the industry. Finally, the overall economic performance of the country in terms of GDP, Inflation and economic growth affects the industry. Increased GDP means increased purchasing power for the consumers of published products; hence profitability of the industry increases. Inflation causes increase in prices of products and services, including the prices of publishing services. Increased prices then cause low demand, reduced sales and diminishing profits in the industry.

Barriers of entry and exit in the industry

Publishing industry has existing firms, and also potential entrants. In USA and Canada, some of the existing firms include: Random House, HarperCollins Publishers Inc, Penguin Group, etc. The existing firms erect barriers to entry of firms using research and technology. The existing firms develop innovations and technologies that are difficult for entrants or other firms to imitate (Siegfried and Evans, 1994). This prevents other firms from entering into the industry successfully. For instance, some firms provide information electronically in order to retain its consumers; hence new entrants find it difficult to get customers.

One of the incentives of entry into the industry is expected growth. Another incentive of entry is demand growth. The barriers to entry include: cost differences, economies of scale, limit pricing and excess capacity. Product differentiation by existing firms also acts as barrier to entry of other firms. Incentives to exit of firms in publishing industry include decline demand and increased competition. The barriers to exit of firms in the industry include: sunk costs, intangible resources e. g. property rights, management quality and diversification (Romer, 2002).

References list

Romer, P. (2002). When Should We use Intellectual Property Rights?

American Economic Review Papers and Proceedings, 2002: 213- 216.

Siegfried, J. J. and Evans, L. B. (1994). Empirical Studies of Entry and Exit: A Survey of Evidence, Review of Industrial Organization, 9, 121-155.