
**Welsh Books
Council.
Publishing, printing &
bookselling: Analysis
of regional economy
contribution**

From:

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1 Introduction

- The Welsh Economy Research Unit (WERU) of Cardiff Business School was commissioned by the Welsh Books Council to examine the economic activity supported in Wales by publishing, printing & bookselling. The Welsh Books Council is a registered charity which has support from the Welsh Government supporting the development of the book industry in the region. The Council provides grant funding for publishers, provides skills training, and associated services including editing and assistance in terms of sales and distribution.
- During 2016-2017 the Welsh Books Council provided support to the publishing sector in Wales amounting to around £2.3m. Of this £0.67m was English language grants (and with over half of this sum going to support cultural periodicals and revenue grants for publishers), and with £1.63m in Welsh grants and with 23% of this going towards programme publishers, 22% to magazine publishers, and 13% to newspapers.
- Organisations supported by the grant funding included publishers such as Firefly, Graffeg, Gwasg Carreg Gwalch, Gomer, Honno, Parthian, Seren and Y Lolfa. As well as supporting activity through different grants, the Welsh Books Council also supports posts directly in Welsh publishers. Around 20 posts were supported in 2016/17 in activities related to either editorship or marketing.
- The research undertaken during the first half of 2018 worked to define the make-up of the sector in Wales, and undertook analysis of available economic data relating to the publishing, printing & bookselling sector in Wales (drawing on secondary sources), covering the quantity of economic activity (gross value added, employment) in the sector, and exploring sector demographics.
- The research was accompanied by a small survey of publishers in Wales to examine their activity, and their purchasing and sales patterns in Wales.

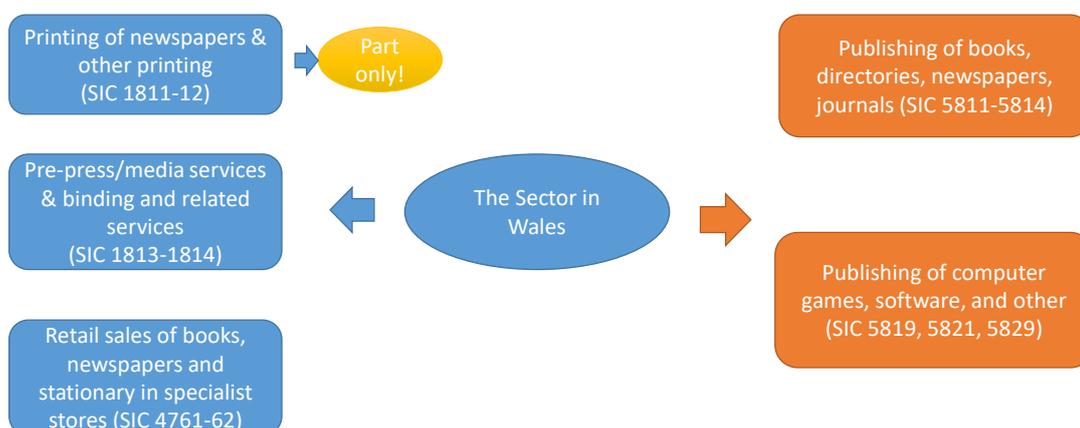
2 Publishing, printing and bookselling in Wales

- The publishing, printing & bookselling sector in the regional economy is actually diverse (see Figure 1) and includes activities such as publishing of books, newspapers and journals; publishing of computer game and software; printing of newspapers; pre-press media services, binding and relating services, and finally retail sales of books and newspapers in specialist stores.¹
- Care is needed in definition with some sectors classified as ‘Other Printing’ actually producing manufactured goods and chemicals used in printing.
- Moreover, in estimates of the size of the sector derived from economic statistics care is also needed because there are significant numbers of people engaged in the sector as self-employed writers, but then also volunteers, casual and part-time workers where there is a paucity of published statistical data.

¹ SIC (2007) codes 1811-12 (part only); 1813-14; 4761-62; 5811-5814; 5819, 5821 and 5829.

- Figure 2 reveals that there were an estimated 586 enterprises in Wales in 2017 engaged in the sector. Over 90% of these enterprises are micro-enterprises employment less than 9 people, but with many of these employing just 1-2 people.
- The largest number of enterprises (155) are found in retail sales of newspapers and books in specialist stores. Information provided by Welsh Book Trade Info revealed information on 73 publishers and over 150 bookseller locations in Wales. Many of these are owned by large firms such as W H Smith and Waterstones, but this also includes significant numbers of locally owned independent booksellers. WBTI information shows that economic activity in the sector is distributed across the Welsh economy, with employment supported widely across the regional economy.²

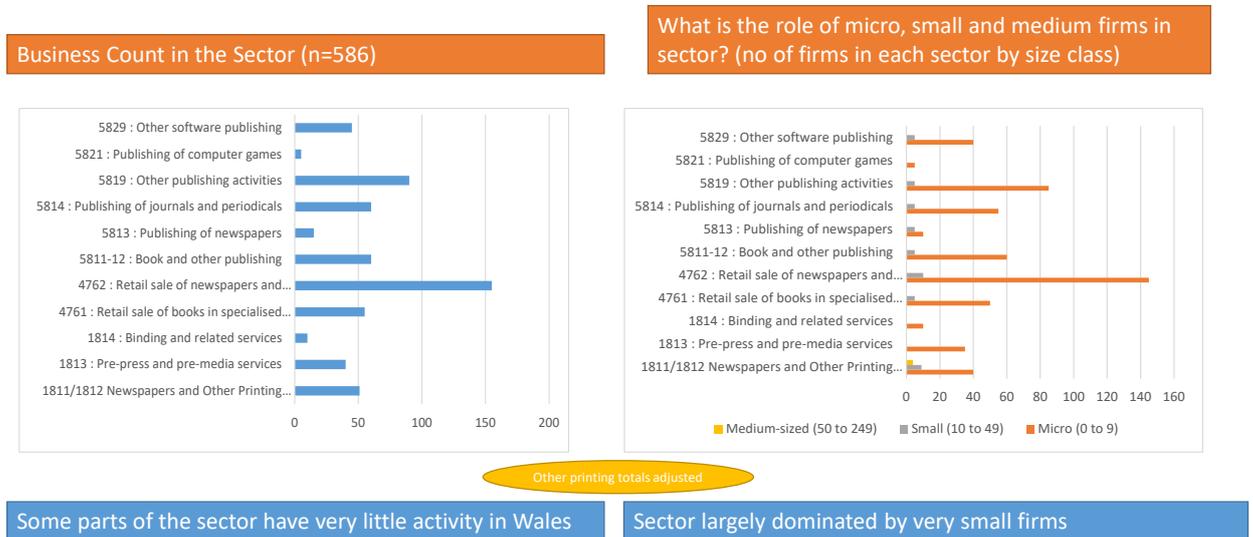
Figure 1: How do we define activity in publishing, printing and bookselling?



- While many of the enterprises in publishing, printing & bookselling are small or micro enterprises there are some larger employing firms in this sector including Stephens and George (Merthyr), Cambrian (Aberystwyth), Gomer (Llandysul) and Pensord (Blackwood).

² See *The Bookseller*, 11th May 2018, 28-29

Figure 2: How many firms are involved in the sector-2016?



Source: Derived from ONS data.

3 Employment and output in publishing, printing and bookselling in Wales

- In aggregate sales in the Welsh printing sector have seen strong growth in the period after 2013. However, the trend in publishing sales in Welsh firms has slowly fallen since 2008. Latest data available here is for 2015 but suggests at this time total sales in Welsh publishing were £75m, down from £154m in 2010. Sales in printing were £522m in 2015, up from £450m in 2010, but seeing very sharp increases in the two year period to 2015.
- Of note is the sales of the distribution centre of the Welsh Books Council actually increased in 2016-17 by around £12,000 to £2.61m with this countering the trend in sales shown at the regional level.
- [Some other secondary published information is available on the bookselling sector of the regional economy. CEBR (2017) estimated that the bookselling sector in Wales in 2015 accounted for £68m of turnover and £29m of gross value added.]³
- The total number of people employed in the publishing, printing & bookselling sector was around 5,200 people in 2016 (Figure 3). Around 43% of this employment was full-time and the remainder was part-time. Nearly 80% of the part-time employment was in publishing of newspapers, and retail sales of books, newspapers etc. The Welsh Book Council through its funding, directly supports around 20 posts in the publishing sector in Wales.

³ Cebr (2017) *Bookselling Britain: The economic contribution to – and impacts on – the economy of the UK's bookselling sector*. A report for the Booksellers Association.

- The 5,200 people employed in the sector is estimated to equate to 3,737 full time equivalent (FTE) employees. Much of this FTE employment is focused in three sectors: Other printing (19%), Retail sales of books, newspapers and stationary in specialist stores (23%) and Publishing of newspapers (36%).
- The above figures do not include regional self-employment in the sector which our Survey (see below) suggests is supported by the regional spending of publishing firms.
- In economics, gross value added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy. In 2016 it is estimated that the defined publishing, printing & bookselling sector directly supported £106.8m of Welsh GVA with much of this made up of wages and salaries and firm profits.
- Close to 60% of the GVA in the sector is focused in publishing of newspapers, and other printing, with these sectors have more of the larger sized firms in this sector.

Figure 3: How many people are employed in the publishing, printing & bookselling sector - 2016?

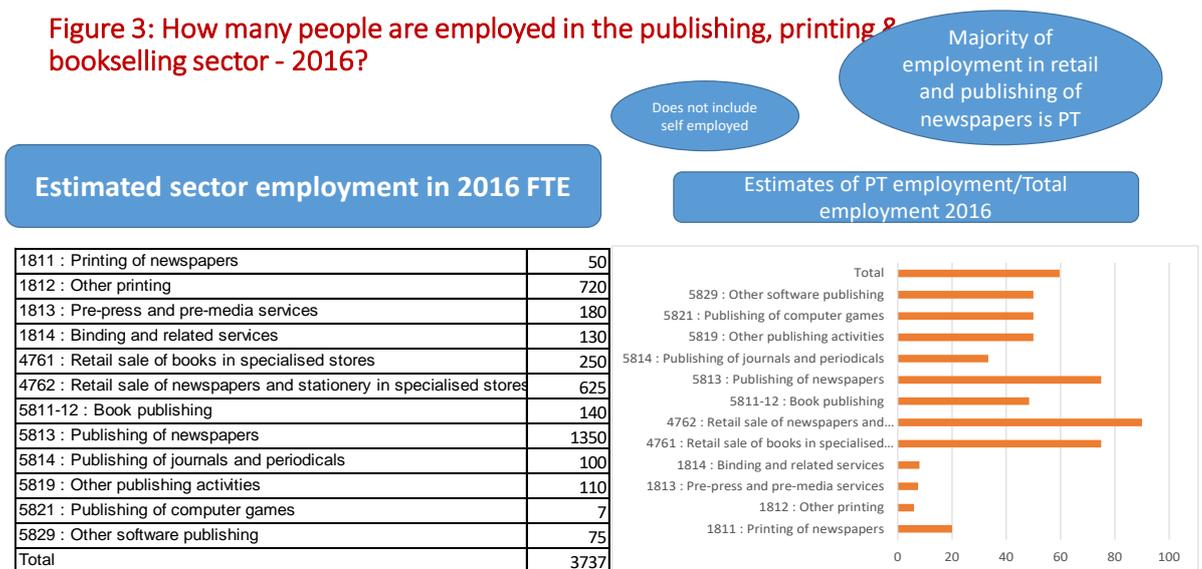


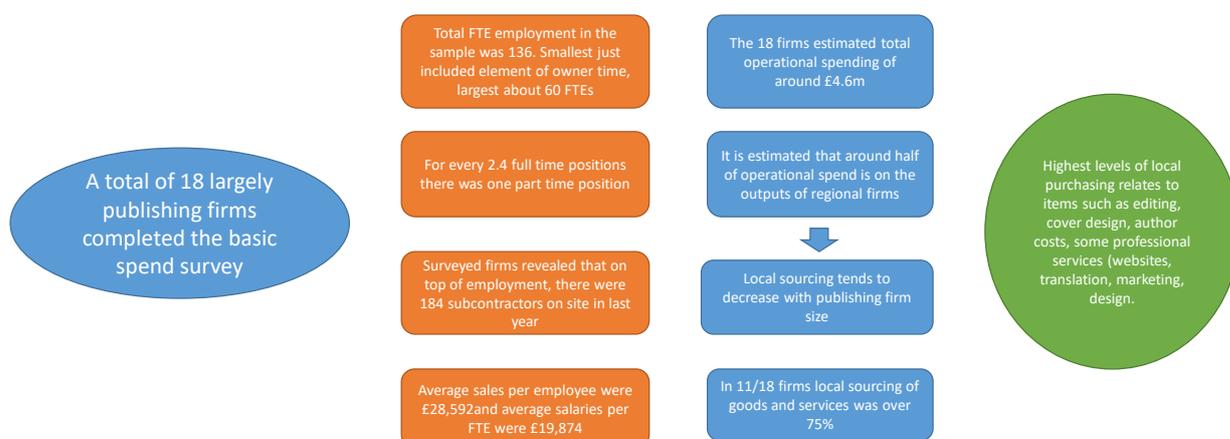
Figure 4: How much Welsh gross value added is supported by the sector?



4 Some selected insights into the Welsh publishing sector

- A small survey was undertaken to examine activity among Welsh based publishers, and with selected of these organisations in receipt of support from the Welsh Books Council.
- A total of 18 publishers completed the survey, and these firms employed 136 FTEs, with the smallest an owner controlled and operated business and the largest employing 60FTEs. In the surveyed firms there were 2.4 full time positions to every part time position, but with the firms reporting that during the last financial year they had used 184 subcontractors on site.
- Average sales in the surveyed firms per FTE were just over £28,500, and average wages and salaries per FTE were around £19,900.
- The 18 firms reported operational spending of an estimated £4.6m and it was estimated that around one half of non-wage operational spending was on the goods and services provided by Welsh businesses. In 11/18 cases over 75% of purchasing activity was with regional firms.
- Key local purchases related to editing, cover design, author costs, professional and services.
- Evident from the survey was that significant amounts of regional self-employment in the wider publishing sector is supported by the purchasing patterns of publishing firms.

Figure 5: Key facts from survey



5 Wider Welsh economy effects of activity in publishing, printing & bookselling

- The survey of publishing firms in Wales reveals that firms in this sector support regional economic activity indirectly through their purchases of regional goods and services to support their operations and through their payments of wages and salaries which are also subsequently spent on regional goods and services.
- These conclusions are common to the wider publishing, printing & bookselling sector, and the scale of these indirect effects was modelled as part of the research.
- While the previous analysis revealed that £106.8m of gross value added was directly supported by the defined publishing, printing and bookselling sector, our analysis suggests that a further estimated £63.2m of GVA is supported in Wales through supply chain and household income spending giving an estimated total of £170.0m of Welsh GVA supported by the sector (see Figure 4).
- Put in different terms every £1m of publishing, printing & bookselling GVA in the Welsh economy, supports an average of £0.6m elsewhere in the regional economy. Every FTE employee in the sector directly and indirectly supports an estimated £45,500 of GVA in Wales (Figure 5).
- It is possible to separate out the contribution of publishing from the above figures.
- The defined publishing sector directly supports £32.7m of GVA, but once account is taken of indirect activity this total grows to an estimated £49.1m of Welsh GVA.

Then every FTE employee in Welsh publishing directly and indirectly supports just over £27,500 of Welsh GVA.

Figure 5: How much economic activity in Wales is supported by publishing, printing & bookselling?

The defined publishing and printing sector supports an estimated total of £170.0m of Welsh GVA

Every full time equivalent employee in the defined publishing and printing sector directly and indirectly supports an estimated £45,500 of GVA in Wales

Every £1m of printing and publishing GVA supports an average of £0.60m of GVA elsewhere in the regional economy

The publishing sector alone is estimated to directly support £32.7m of GVA, but once account is taken of indirect activity supported this total grows to £49.1m. Then every full time equivalent employee in Welsh publishing directly and indirectly supports £27,540 of Welsh GVA

6 Conclusions

- The research has focused on the publishing, printing and bookselling sector in the regional economy. There are interconnections within value chains in this sector. The wider sector is shown to be well embedded in the regional economy and an important element of the foundation economy supporting activity across the length and breadth of Wales.
- The support offered by the Welsh Books Council supports value in an important element of the sector and seeks to encourage indigenous talent and associated industry. In this respect the economic numbers do not show the real value of this sector.
- The total support being offered by the Welsh Books Council (£2.3m) represents a small proportion of the economic activity that is directly and indirectly supported by the publishing sector in Wales (i.e. just over £49m of GVA).
- Both the bookselling and publishing elements of the sector provide a series of spillovers in promoting knowledge, new ideas, encouraging writers in Wales, and with strong links to the education sector at all levels. As importantly activity in this sector provides a bridge to improving national and international understanding of Wales, its culture and its economy and society. In particular here the activity of

the Welsh Books Council supports Welsh language culture, and supports activity in Welsh-language publishing.

- Publishing, printing and bookselling forms part of a much larger creative sector in Wales.