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## Book Pricing Update-Publishing Mergers & Acquisitions: 1998 in Review

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# Book Pricing Update — Publishing Mergers & Acquisitions: 1998 in Review

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**T**he biggest bookselling story in 1998 was retail book giant **Barnes & Noble's** acquisition of the **Ingram Distribution Group**. B&N quickly announced that Ingram, by most accounts the number one distributor to American independent bookstores as well as a major supplier of both **Borders Group** and **Amazon.com**, would become the retailer's distribution arm. With this one acquisition, B&N president **Len Riggio** managed to upset the entire retail bookselling apple cart and put every one of his competitors on the reactionary defensive.

But this was only one of many (many!) changes of hands in the bookselling world over the past year, a year so noted for its Pac-man like rapidity of acquisitions and mergers that it was almost impossible to keep up with all of them. Below is an attempt to do exactly that—catch up. As small publishers seek lower overhead and wider distribution avenues in a competitive global bookselling arena, large corporate publishing groups seek to buy them and increase holdings, lists, imprints, divisions *and* reduce operating costs. There's a lot going on and a lot at stake.

**Spring:** The year began as German bookseller **Von Holtzbrink** announced its new name for its American trade publishing empire. The **St. Martin's Trade Division** includes **St. Martin's Trade**, **Henry Holt**, **Metropolitan** and **Owl Books**, **Tor**, **Picador**, and literary publisher **Farrar, Straus & Giroux**, and became one of the premier publishers in the American trade publishing field. Though a rumored merger between Dutch giants **Wolters Kluwer** and **Reed Elsevier** never panned out in 1997, Kluwer continued its growth in '98 by finalizing the acquisition of **Chapman & Hall** and absorbing that company's titles into its Kluwer list. **John Wiley & Sons** purchased **Van Nostrand Reinhold** from **International Thomson** adding this to a list that already included **Interscience**, **VCH**, **Liss**, **Heyden**, **Halsted** and **Preservation Presses**.

In April, media megalith **Bertelsmann** announced its swallowing of **Random House** and that publisher's '97 acquisition, **Bantam-Doubleday-Dell**, giving the German publisher a stronghold on the top spot in the American trade publishing market. In fairness, there has been little change at **Random House** thus far and **Bertelsmann** has proved to be a hands-off owner. Also, in Spring, **Continuum** and **Cassell-Mansell** publishers

merged to form **Cassell-Continuum**. July saw the merger of medical and technical publishers **Lippincott Raven** and **Williams & Wilkins**. The new group is titled **Lippincott, Williams & Wilkins** and the former **Raven** imprint has been dissolved. To wind up the summer, **Plenum Publishing** was purchased by **Wolters Kluwer** and integrated into its **Kluwer Academic Publishers**. Kluwer is considering the sale of **Plenum's Da Capo** imprint.

**Fall:** The newly titled **Rowman & Littlefield Publishing Group** was announced from the former **University Press of America** group to represent **Rowman & Littlefield**, **University Press of America**, **Scarecrow Press**, and the previously defunct **Lexington Books**. The change in name signifies a refocus for the organization, switching priority from the **UPA** line and emphasizing the **Rowman & Littlefield** list. **Reed Elsevier** was at it again, acquiring **JAI** and **Ablex** publishers.

**Prometheus** bought the book division of **Humanities Press International** and is reportedly developing a line with the Humanities imprint. **Brill Academic** (formerly **EJ Brill**) purchased the Humanities journals. **Addison-Wesley** and **Longman Publishers** merged to form the **Addison-Wesley Longman Group**.

In November, independent STM (Science, Technical and Medical) publisher **Springer Verlag** announced its shareholders had sold 82% of the company to **Bertelsmann**. From the company's press release (11/18), **Bertelsmann** will be a "competent partner in the expansion of electronic information channels." The German company publishes 60% of its titles in English and hopes the merger will strengthen its place in the competitive STM market which includes **Kluwer**, **International Thomson**, and **Elsevier**. **Bertelsmann's** Internet and book club emphasis will now add substantially to its technical books area.

As if this wasn't enough, the year finished with two big surprises. Top UK academic publisher **Taylor & Francis** celebrated its bicentennial in '98 and decided to give itself an end of year birthday gift. The London/Philadelphia based T&F, which had purchased imprint **Brunner/Mazel** earlier in the year and much respected **Garland** in '97, showed even more purchasing power by acquiring larger academic publisher **Routledge** from its former owner, venture capitalist **Cinven**. According to T&F Chief Executive **Anthony**

**Selvey** in a Routledge Press Release (11/8), with T&F's concentration in the hard sciences, the purchase of Routledge and its non-fiction humanities and social sciences emphasis is "a marriage made in heaven." With a 1600 title per year book list and 425 journals, the new **Taylor & Francis Group** should prove quite the groom.

Finally, after six months of deliberation, the dissolution and sale of **Viacom's Simon & Schuster** conglomerate became a reality—although things played out quite differently than initially planned. While the sell-off of **Simon & Schuster** companies is not entirely resolved, the following is definite: **S&S Trade** will stay put with **Viacom**, and **Pearson** will purchase the educational, professional, and reference divisions of the former **Simon & Schuster** publishing umbrella. So far, this includes **MacMillan** computer, library, and reference. Investment banking firm **Hicks, Muse, Tate & Furst** had originally been a third party in the negotiations for the reference, business, and professional divisions. However, according to *Publishers Weekly* (PW 145: 48), the firm had second thoughts regarding its original offer, attempted to renegotiate price and terms, and then finally pulled out. Current plans are for **MacMillan** computer to join **Pearson's** higher education division and for the general & library reference and business & professional to join **Pearson Education**.

At times in 1998, the urge to merge seemed so great that one would not be unreasonable to adopt the **Orwellian** stance of believing the publishing world may indeed yet become one giant, formless book source with one corporate decision-maker governing the whole. What this means to discount and selling prices remains to be seen. Though most agree that less competition spells higher prices overall, it's competition that's really driving the consolidations in the first place. However, with more and more small publishers rolling up into larger corporate homes for market protection, the tendency (and the bigger worry) is for the large publishers to unify discount structure across all lists. And, of course, this usually works against the wholesalers and booksellers, the actual providers to the library and retail markets.

As the New Year settles in, it's difficult to imagine a flurry of publisher musical chairs to equal this past year. But then again, that's what we thought about 1997. Already, **Carol Publishing Group** has announced its interest in a potential merger. Interested? 