Publishing and Bookselling in Georgia

Results of a survey on book publishing and distribution, 2012-2013

Survey methodology, data collection and analysis by Tamara Janashia and Giorgi Sabanadze with the support of Rüdiger Wischenbart

Comments on the survey by Rüdiger Wischenbart

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The following additional materials as well as the content of this brochure are available online at www.bookplatform.org

- Questionnaires used for surveys of book publishers, distributors and booksellers;

- Other useful international studies on publishing sectors (mostly in English).

Publishing and Bookselling in Georgia: High Stakes and Professional Ambitions in a Changing Book Business

By Rüdiger Wischenbart[1]

Overview

Georgia is a country of 4,6 million people, of whom 84% are ethnic Georgians. It emerged as an independent nation after the collapse of the Soviet Union in the 1990s, yet it has a long and distinct cultural tradition, as well as its own alphabet. After serious economic turbulence and the "Rose Revolution" of 2003, Georgia has showed one of the best economic performances among all former Soviet countries and has enjoyed a particularly strong recent recovery after the economic crisis and the military confrontation with neighboring Russia in 2008.

Economic and Other Relevant Key Parameters

The current GDP per capita (PPP) is USD 5,930 (2012, est. IMF, up from USD 5,064 in 2010).

Thirty-seven percent of households own a PC, of which 90% have Internet access (2011).

Copyright / Legal Framework

Georgia joined the Bern Convention in 1995.

The Georgian Book Market

Publishing Trade

Book publishing in Georgia has shown significant and continuous growth over the past five years, with a turnover of USD 24 million in 2011 (up from a mere USD 6 million in 2007), and 7,7 million copies sold (up from 2,3 million in 2007).

In 2011, a total of 3,420 new titles (including 1,126 works of fiction) were published (up from 2,757 in 2009), at an average print run of 800 copies. Both new titles and especially reprinted editions have shown significant annual increases over the past years. Of 266 translations, that were made in 2010, a majority (102) came from English originals, followed by French (50), Russian (44) and German (42). Several cultural institutes (including the British Council and the Goethe Institute) support translations through their Georgian branch offices.

Forty-five of over 68 registered book publishers are members of the Georgian Publishers and Booksellers Association.

The book business in Georgia is generally made up of small entities. According to the survey on which this study is based, some 70% of Georgian publishing companies operate with a staff of ten or fewer, and more than half of the companies have earnings of 50,000 Georgian Lari or less (app. USD 30,200). A similar company structure applies for retail (see below).

Fiction (26%) and books for children and young adults (28%) account for the bulk of publishers' releases. However, a caveat might have to be put on the relatively small market share of schoolbooks (11%).

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Educational Publishing

Over the last eight years, the Ministry of Education and Science (initially through the National Curriculum & Assessment Center and later through the National Center for Educational Quality Enhancement) had been developing curricula and inviting publishers to present their textbooks for assessment. After receiving the ministry's approval, publishers were allowed to publish the textbooks and present them to school teachers for evaluation and selection. Although schools chose the textbooks, parents had to purchase them.

In the spring of 2013, the ministry announced that school textbooks will be distributed free-of-charge to all public schools. However, the ministry has commissioned the textbooks directly from four printers, instead of purchasing them from the publishers. It is planned for the copyright owners, the publishers, to receive a small (rather symbolic) compensation from the ministry – 10% of the printing price of the books.

In 2010 Georgia was included in the Program for International Student Assessment (PISA), which is carried out by the Organization for Economic Cooperation and Development (OECD) every three years. (http://www.oecd.org/pisa/participatingcountrieseconomies)

Libraries

The National Parliamentary Library of Georgia, with its collection of 3.6 million books, is the main book depository in the country and a member of the relevant international organizations (incl. IFLA and the European Library network).

Book Selling: Distribution and Retail

Almost 90% of publishers' sales are made directly to bookstores (51%) or wholesalers (38%), while online sales represent only around one percent.

As in publishing, retail is also characterized by many small, privately owned companies, with 36% employing a staff of five or fewer, and another 43% having a staff of six to ten. Most retail units are not affiliated with a publishing house. However, three retailing companies, which also operate as publishers – Palitra, Bakur Sulakauri and Diogene – together, have by far the strongest presence on the market.

The average margin for distribution costs is estimated at around 40%. Publishers get paid by retailers usually only after their books have been sold.

Imports and Exports

As in most small book markets, imported books play a strong role in Georgia. Imports from Russia accounted for half of such titles, followed by English (32%) in 2012.

The Approach and Methodology of this Study

This study is based on a survey of thirty-four publishing companies, three distributors and twelve bookstores which agreed to complete a detailed questionnaire on all aspects of the book business in Georgia. This constitutes the first-ever attempt to analyze the industry based on direct information provided by stakeholders and on all statistical data that can be found from a wide array of sources.

It must be noted that some stakeholders were reluctant to provide data or respond to a questionnaire, pointing out, among other concerns, the simple lack of available in-house data, e.g. from IT-backed inventory management systems in their companies.

As a result, the data reported in the survey show certain obvious inconsistencies, yet overall a solid picture of the book business, its main actors and recent developments has emerged, which provides a starting point for subsequent market analyses in the years ahead.

The resulting report and analysis show in great detail how publishing and bookselling – embedded in the larger economic and cultural context – have evolved over the challenging past years and decades and are ready today for further professional improvements in the domestic marketplace, as well as for the expansion of future exchanges with stakeholders from relevant markets both in the region and internationally. The study highlights a parallel process of consolidation within both domestic bookselling and publishing, which has allowed a few of the strongest local players in each sphere to expand their market share, while the smaller actors have struggled to find a business model. At the same time, international market leaders have also emerged in Georgia as strong competitors to the local industry – a pattern which is familiar from many smaller and transitional cultural markets around the world. Here, professional debate between local stakeholders, as triggered by this study, can become a key to significantly strengthening the exchange between book professionals within Georgia, to the benefit of the whole industry.

Outlook: Opportunities and Challenges

The main challenge in the current study of the Georgian book business has been highlighting the usefulness of the exercise to stakeholders and encouraging them to share information about their businesses and practices. Such an exercise is even more difficult to complete successfully, since no robust international standards and benchmarks exist regarding the analysis of book markets and book cultures.

And yet, the Georgian book business, as it takes shape within this study, follows trends and developments which are well in line with similar patterns that can be observed in other parts of the world:

- Readers are ever more frequently looking beyond traditional boundaries in their reading preferences, be it for leisure or education, for entertainment or work, while books are facing ever-growing competition from other content and formats for the audience’s attention;
- Book markets in smaller countries – and small language markets – are subject to growing imports, resulting in novel competition for a traditionally conservative cultural industry;
- Public spending on culture and education, as well as on public libraries, while important, is often limited, which is felt by local publishers and retailers;
- All these forces work to the advantage of the strongest local players in any given market, constituting formidable challenges to the smaller entities and leading to strong pressure towards consolidation, with just a few players picking up a major (and growing) share of the market;
- Entirely new actors from the global stage – such as Amazon, Apple or Google – tap directly into the attention as well as the purchasing power of markets, even while not operating a local platform; consumers privately import their offers, hence bypassing the local industry. However, precise data on these new developments has yet to be collected and analyzed.

All this results in major challenges for the traditional stakeholders, yet also opens new business opportunities at least for some: those who are prepared to cope with new practices.

However, to be successful in such a new context requires some important prerequisites:

- Having a clear picture of the local market, its players and their strengths and weaknesses, which is the core aim this study hopes to achieve;
- Being able to compare local patterns and practices with other markets, and to learn and improve local business;
- Allowing the government to create a state-of-the-art legal framework, for which, again, solid information about the local industry is key.

Within this broad perspective, and in view of key findings from the survey of Georgian stakeholders, a number of suggestions can be made to improve the development of the book business in the years ahead:

- Take the current survey as a starting point, to be updated – and improved regarding the consistency of its findings – on a yearly basis from this point forward;
- Create a more detailed record for both imports and exports of books and publications, measured in units, with detailed information as to where imports are coming from. Make the findings – an overall report as well as key data, organized in compact tables – available to all interested stakeholders and media, in both the Georgian and English languages, ideally on a website;

- Encourage an annual "book business day", bringing together stakeholders from the entire value chain, to debate internally the development of their industry and best practices, as well as to define goals for further improvements; this should include especially the following actions:
- Organize an open seminar and workshop for booksellers and publishers to disseminate the findings and explain their utility for improving the business, and also to improve the willingness of stakeholders to provide information more broadly in the future;
- Launch a sponsorship for the professional training of promising young staff in both publishing and distribution/retail at international training institutions (both for short-term programs – e.g. summer schools – as well as full-curricula courses) to enhance professional skills throughout the sector. The selection process for such grants could be made to coincide with the awarding of an existing major book or literary prize or festival, to underscore the significance of high professional standards for the overall book culture.
- For educational publishing, consider organizing an annual workshop that would bring together textbook authors, publishers, teachers and representatives of the Ministry of Education and Science, plus ideally a mentor with an international professional background, to develop and mediate negotiations over standards in textbook publishing.

In addition, the analysis of the Georgian book business made us aware of a number of fields where improvements are very much needed in order to strengthen the industry:

- Encourage publishers, distributors and booksellers to introduce IT-based inventory management to allow for more efficient management of their enterprises, but also to introduce more transparent accounting, payments of royalties, etc.

  Here, a workshop with the Georgian Publishers and Booksellers Association, led by international practitioners invited to clarify the utility of such systems for the business owners, would be very useful.

  This should also include fostering a deeper understanding of how the professional value chain works within the book business today, in order to improve basic business practices among Georgian stakeholders.
- Organize a professional debate highlighting the educational publishing sector. This has been the one segment where survey findings have been the least consistent, due to incomplete data, which is ever more important as this sector will meet the strongest challenge from outside competition in the near future;
- The survey states that only a very few Georgian publishers succeed in selling copyrights of Georgian authors internationally; here a continuation and enlargement of the current funding schemes (based on experiences from other small markets and countries) for promotional efforts through international book fairs as well as professional platforms specializing in translation, will lead to improvement of the international presence of contemporary Georgian literature.

To meet these challenges and take advantage of opportunities, Georgian stakeholders should be encouraged to network with their international counterparts, especially through international professional organizations and fairs.

Georgia

General Information on the State of the Economy, Education, Book Publishing, Licensing, the Library System and State Programs

By Tamara Janashia

Economy

After collapse of the Soviet Union, Georgia, like many other former republics, went through a period of drastic economic decline in 1990s. This period was marked by high inflation and budget deficits accompanied by a huge energy deficit (frequent power outages and disruptions in supplies of gas and oil). However, with help of grants and loans from international financial institutions, primarily the World Bank, IMF and EBRD, the country managed to overcome hardships and political disputes with the breakaway regions of Abkhazia and South Ossetia, as well as economic problems connected to the migration of IDPs from conflict-affected regions and made progress towards transitioning to a market economy (privatization of various enterprises, the creation of joint stock companies, etc.) and introduced the national currency, the Lari. Economic changes were followed by capacity-building initiatives and the development of human resources, which were needed to meet the demands of the new times.

During the recent years since the Rose Revolution of 2003, the Georgian economy has shown one of the most rapid upward trends in the FSU countries. A series of reforms carried out after the change of government included a simplified tax code, the introduction of a flat income tax in 2004, a reduction in the number of taxes, improved tax administration, anti-corruption measures, a liberalized economy, a reduced number of licenses, simplified administrative procedures, as well as police and education reforms. They resulted in an increase in state budget revenues and the transformation of Georgia into an attractive location for investments and doing business. Unfortunately, the country's quick development suffered a slight slow-down (-3,8%), partly due to the Russia-Georgia war of 2008 and partly because of the global economic crisis. Georgia managed to recover in 2010-2011, though recovery was partial, as the country was not able to achieve the same levels of foreign direct investments as prior to the conflict. Between 2003-2011, FDI in Georgia amounted to USD 8,9 billion reaching the biggest number of investments, which constituted 2 billion USD in 2007 (69,3% yearly growth).[2] In parallel to FDI, money transfers from abroad reached a record high of USD 1,26 billion in 2011 (from Russia, Italy, the United States, Ukraine, Spain, etc.).[3]

Despite external shocks from the 2008 war and economic crisis, Georgian economy became more diversified thanks to reforms, showing an average of 10% of annual GDP real growth in 2004-2007 and reaching a high of 12,3% in 2007. As an overall result, in 2004-2007 Georgia's economy expanded by 35%, reducing the unemployment rate to 16,3% in 2010 (decreased from 16,9% in 2009).[4]

For the time being, the major driving forces of the Georgian economy are tourism, wine production, the cultivation of citrus fruits and hazelnuts, and such natural resources as timber, hydropower, manganese deposits, iron ore, copper, and gold. The country is heavily dependent on imports of natural gas and oil, although it has managed to overcome problems connected to the energy supply thanks to its restorations of hydropower plants, which had become almost nonfunctional since the collapse of the Soviet Union. Georgia has benefited from the construction of the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline, which secure its place as a strategic partner of European countries and an important actor for energy security and the diversification of resource transfers.

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[2] Source: http://www.geostat.ge/index.php?action=page&p_id=140&lang=eng

[3] Source: http://nbg.ge/index.php?m=306

[4] Source: http://geostat.ge/index.php?action=page&p_id=119&lang=eng

GDP of Georgia for the years 2006-2011[5]

2006	2006	2007	2008	2009	2010	2011*	I 12*	II 12*
GDP at current prices, bill. GEL	13,79	16,99	19,07	17,99	20,74	24,23	5,66	6,38
GDP real growth, percent	9,4	12,3	2,3	-3,8	6,3	7	6,8	8,2
GDP per capita (at current prices), USD	1,763	2,314	2,921	2,455	2,623	3,215	758,1	869,4

* Adjusted data will be published in 2013.

Education

Georgia's education system has undergone a series of drastic changes since 2004. The major innovation was connected to introduction of the Unified National Examinations, which became one of the most successful tools for combating corruption at the entrance exams to higher education institutions. Gradual implementation of the standards of the Bologna Process and the three-level higher education system made it possible to make accredited programs compatible with European curricula: students were given a chance to transfer their credits to different local and foreign institutions and to receive diversified high-quality education. As a result of introducing institutional and program accreditation during 2003-2008, the number of accredited Georgian higher education institutions was reduced to twenty from over 180.

Despite the fact that Georgia spends only half of the regional average on education (2,7% of GDP in 2011), indicators of primary and secondary enrollment rates do not differ from regional ones. There is a very strong primary enrollment rate (92%) and close to full gender parity in classrooms.

However, the Georgian education system has struggled to become competitive on an international level. Problems occur not only on the level of higher education, but in primary and secondary levels as well. Several international studies directed towards the worldwide investigation of skills and knowledge of school children revealed that Georgian students face challenges in processing information in the fields of science, math and literacy.[6]

In 2010 Georgia was included in Program for International Student Assessment (PISA), which is carried out by the Organization for Economic Cooperation and Development (OECD) every three years. Randomly selected fifteen year olds are given an opportunity to participate in the study and take tests in key subjects: reading, mathematics and science.[7]

Results for Georgia showed that: the average score for Georgian students on the reading literacy component was below the average of all OECD countries. Thirty-eight percent of students demonstrated proficiency in reading literacy that was at or above the baseline necessary for effective and productive participation in life. However, the majority of students performed below the baseline level of proficiency in reading. Georgian students also had an average score in the mathematical literacy scale that was below the average of all the OECD nations. Only 31% of students were proficient enough math so as to be able to use it for their future development (compared to 75% in the OECD countries).[8]

[5] Source: http://geostat.ge/index.php?action=page&p_id=119&lang=eng

[6] Reading literacy is defined as "an individual's capacity to understand, use, reflect on and engage with written texts, in order to achieve one's goals, to develop one's knowledge and potential, and to participate in society." Mathematical literacy is defined as "an individual's capacity to identify and understand the role that mathematics plays in the world, to make well-founded judgments and to use and engage with mathematics in ways that meet the needs of that individual's life as a constructive, concerned and reflective citizen."

[7] https://mypisa.acer.edu.au/images/mypisadoc/acer_pisa2009%2B_international_2.pdf

[8] https://mypisa.acer.edu.au/images/mypisadoc/acer_pisa2009%2B_international_2.pdf

Textbooks

The Ministry of Education plays an important role in educational publishing, as it sets the national curriculum and school textbook standards. On average, a set of school textbooks costs about 40 to 60 GEL (app. 25-37 USD, 19-27 EUR). University textbooks are not controlled by the ministry and are in most cases published by academic publishing houses (Ilia University, Logos Press, Publishing House of the Javakhishvili University). Generally, the ministry commissions textbooks through the National Center for Educational Quality Enhancement and selects approximately three to four books per grade/subject from the suggested ones. It is the National Center for Educational Quality Enhancement that discusses, evaluates and selects each proposed textbook. The selection is carried out by an anonymous committee. Until 2013, the government provided first-grade students with a free set of textbooks. Other students had to buy books on their own. However, according to a new initiative by the Ministry of Education starting in 2013, all students in pubic schools will be given textbooks free of charge.

The top local educational publishers are Palitra L Publishing, Bakur Sulakauri Publishing, Diogene Publishing, Intelekti Publishing and Sakartvelos Matsne.

Licensing

In recent years, the number of licenses and permits needed for starting and conducting business has been drastically reduced. For the time being they are necessary only for producing high-risk goods and services, using natural resources and conducting specific activities. The introduction of the "One Window Principle" and the reduction of the number of days necessary for registering a company resulted in a high ranking by the World Bank in its yearly review "Doing Business 2012", where Georgia ranked #16 in the overall ranking (it was #7 for starting a business and #1 for registering property) – an improvement from last year's #17 slot. The country was also named the top reformer among 174 countries and the best performer in the Eastern Europe and Central Asia (ECA) region.[9]

Changes affected labor legislation as well and made relations between employers and employees much easier, significantly reducing expenses for hiring and firing. As a result, the Heritage Foundation and other analytical centers consider the Georgian Labor Code to be one of the most liberal in the world.

Copyright

In 1995 the Georgian parliament passed the *Law on Intellectual Property*, while Georgia became part of the Bern Convention the same year. The law, which underwent several amendments in 1999, 2000, 2002, 2005 and 2007, is compatible with EU regulations and encompasses such issues as the duration of copyright (70 years) and reproduction rights. Georgia became member of the WTO in 2000 and accepted copyright regulations stipulated by the rules of that organization as well.

ISBN, ISSN, ISMN

The ISBN agency was established in 1997 by the Georgian Library Association in cooperation with the National Parliamentary Library. Its offices are located at the National Parliamentary Library and its database contains information on all existing publishers, as well as "historic publishers" which have discontinued their activities, even though their titles are still preserved in the library's catalogues. Despite the fact that the vast majority of titles are given an ISBN number, there is still small number of publishers who simply ignore the need to obtain one and apply it to the publication.

The National Parliamentary Library in Tbilisi is also responsible for issuing ISSN (International Standard Serial Number) and ISMN (International Standard Music Number) numbers. They both have been introduced in Georgia since 2003. The offices of the agency are located on the premises of the National Library as well.

[9] Source: http://www.doingbusiness.org/data/exploreeconomies/georgia

Publishing of Books, Magazines and Newspapers[10]

In Georgia, a total of 68 companies and individual persons are registered as book publishers. Of these, 45 are full members of the Georgian Publishers and Booksellers Association. A small number of companies (including some of the members of the Association) show very low or almost no activity during recent years. According to GeoStat, there are 121 companies registered as publishing newspapers, magazines and periodicals.

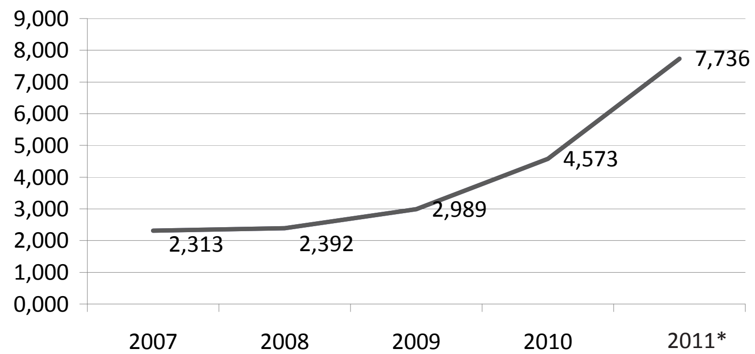
Publishing of books, magazines and newspapers							
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Number of copies, mln.	0,3	2,4	2,8	1,9	2,1	2,2	2,8
Annual circulation of magazines and other periodicals, mln. copies	1,1	3,4	16,2	19,2	23,2	25,9	27,4
Number of newspapers, unit	88	209	181	221	199	225	284
Single circulation, mln. copies	0,4	0,8	0,5	0,7	0,5	0,8	0,1
Annual circulation, mln. copies	17,9	35,9	33,3	33,2	35,1	46,7	51,5

Source: Ilia Chavchavadze National Parliamentary Library of Georgia.

Book publishing has increased significantly during the recent years, also resulting in an increase in publishers' turnover. It has to be mentioned that the average book price has slightly decreased in 2007-2012.

Book Publishing in Georgia in 2007-2011

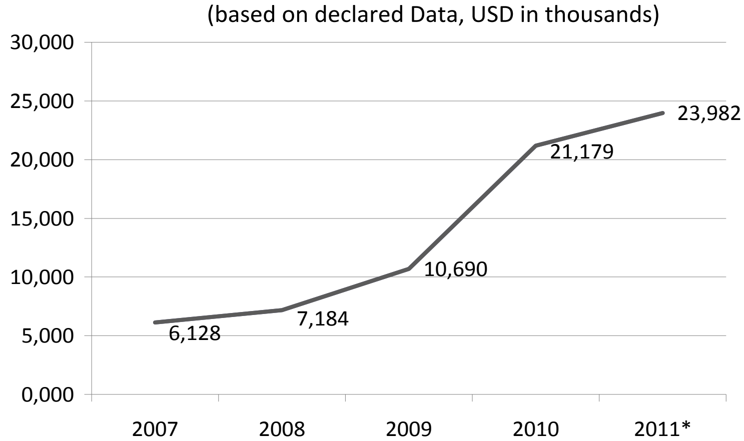
(number of copies based on declared data, thousands)



Preliminary data (sum of I-IV quarters)

Turnover in Book Publishing in Georgia, 2007-2011

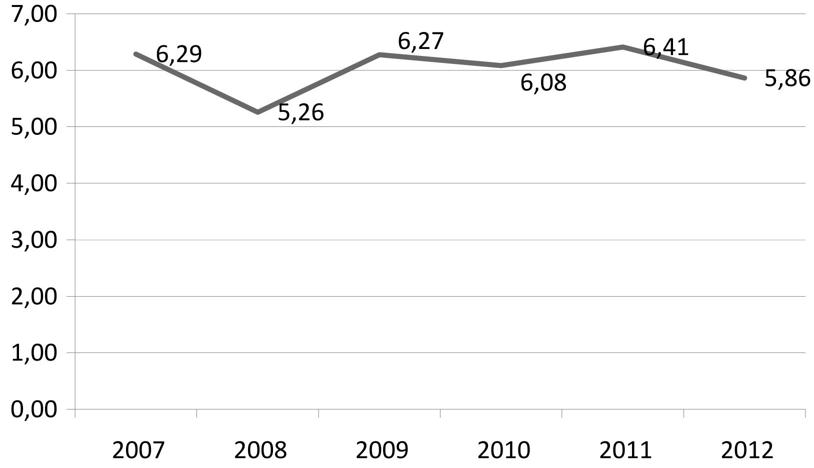
(based on declared Data, USD in thousands)



Preliminary data: sum of I-IV Quarters; exchange rate GEL/USD 1.65)

[10] http://geostat.ge/index.php?action=page&p_id=209&lang=eng

Average Book Price 2007-2012 (USD)



Note: Information about prices was collected in the major cities of Georgia: Tbilisi, Kutaisi, Telavi and Gori between January 2007 and August 2012.

E-commerce and E-books

According to the survey *Caucasus Barometer,* which is conducted by the Caucasus Research Resource Centers (CRRC) on a yearly basis in all three states of the Caucasus, it is obvious that access to the Internet and its services is gradually growing in Georgia among those possessing personal computers. However, the number of households that have a personal computer still remains low, making it difficult to penetrate the market with e-production or e-commerce focused on books.[11] However, recent developments in consumer behavior regarding online shopping could offer a good opportunity for planning of a strategy for widening the circle of book readers through online sales of printed copies or offering downloads of texts to the e-reader (universally compatible formats of downloadable Georgian texts have yet to be developed).

Year	Has Internet access
2011	90%
2010	85%
2009	87%
2008	74%

Note: This question was asked only to respondents who owned personal computers.

Year	PCs owned by households
2011	37%
2010	23%
2009	18%
2008	13%

The limited number of online retailers operating in Georgia include: ibooks.ge, lit.ge and saba.ge.

The Library System and the National Parliamentary Library of Georgia

The Georgian library network consists of 590 libraries, which employ 2,666 librarians. The main state library is the Ilia Chavchavadze National Parliamentary Library of Georgia, which operates under the Parliament of Georgia and is regulated by the *Law on the National Library* adopted in 1997. The head of the library is appointed by the speaker of parliament. The National Library is the country's main

[11] http://crrc.ge/oda/ Caucasus Barometer Georgia 2008, 2009, 2010, 2011.

book depository, as well as the most important cultural, educational, scientific, informational and methodological center.

The staff of the National Library consists of 476 employees, who serve more than 1,000 readers daily. The total number of registered readers is 45,450.

The collections of the National Library include:

- Books: 3,641,456 units
- Journals/Magazines: 233,383 annual sets
- Newspapers: 55,124 annual sets
- Printed musical scores: 96,610 units
- Gramophone records: 23,992 units
- CD/DVD: 4,740 units

In parallel to full membership in IFLA, CENL and The European Library networks, the National Library is also a partner of the Swiss National Library, the National Library of Latvia, the Russian State Library, the State Public Historical Library of Russia, the Vernadsky National Library of Ukraine, the National Parliamentary Library of Ukraine, the Kazakh National Academic Library, the National Library of Kazakhstan, and the Biblioteka Alexandrina.

According to information provided by the National Library, book production during 2009-2011 showed the following results:

	2009	2010	2011
Published Titles	2,757	3,322	3,420
Average print-run	750	700	800

Belles-lettres, annual averages			
	2009	**2010**	**2011**
Published titles	501	1,064	1,126
Average print-run	750	700	800

Translations into Georgian			
	2008	**2009**	**2010**
English	93	111	102
German	34	39	42
French	36	28	50
Russian	26	26	44
Other	27	19	28
Total	216	223	266

	2010	2011	2012
Number of published e-books	23	10	3

The source of this information is the *ISBN, ISSN, ISMN Division of the National Library of Georgia*. This means that only the books including e-books that were granted International Standard Book Number by their publishers have been counted.

It must be noted that there are some publishers who pass the digital versions of the books to third parties that sell e-books. Since these third parties do not grant an ISBN to such e-books, it is hard to count the exact number of e-books on the market.[12]

In addition to its traditional collection, the National Library of Georgia has created one of the richest digital databases of the country. The database consists of several projects:

1. The Greenstone Project of UNESCO - a digital collection of Georgian literature, including all famous works of Georgian classical literature and short biographies of the authors. There are also complete texts on Civil Education.
2. Digital Collection of Dissertations: complete texts of the books and theses, also including scanned versions of printed publications in PDF format.
3. Electronic Archive of Printed Publications: texts produced in electronic format: electronic books and articles from magazines and newspapers.
4. Digital Library *Iverieli*: digitalized copies of journals, newspapers, photos and rare editions from the collections of the National Parliamentary Library of Georgia.
5. Directory of Georgian Authors: biographies of modern Georgian authors and bibliographical descriptions of their publications.
6. Online Electronic Dictionaries: encyclopedia of art, explanatory dictionary of foreign words, human rights, civil education, computer and library terminology, and a bibliographical dictionary of historic monuments of Georgia.

All digital services are delivered free of charge through the webpage of the National Library www.nplg.gov.ge.

State Programs for Book Publishing

There are no long-term state programs or a strategy directed towards the development of the readership base, book clubs, or the subsidizing of publishing houses. Key sources of financial support for publishers, especially in the case of translated books, remain various international foundations or cultural institutions (Goethe Institute, British Council, etc.).

[12] Source: National Parliamentary Library of Georgia.

Survey Methodology, Scope and Limitations

By Tamara Janashia and Giorgi Sabanadze

Within the framework of the Book Platform Project, the Georgian Publishers and Booksellers Association (GPBA), in cooperation with local consultants Mr. Giorgi Sabanadze and Ms. Tamara Janashia, developed a plan to conduct a study of Georgian actors in the book market, notably publishing houses, distributors and bookstores.

After consultations with a representative of the Next Page Foundation, Mrs. Yana Genova, and international expert Mr. Rüdiger Wischenbart, the decision was made to carry out a two-part study: 1. to collect and analyze hard data, which is accessible at different local institutions (for example, the National Library, the Department of Statistics: Geostat, GPBA, etc.) and 2. to organize two separate sets of interviews with publishers and distributors/bookstores.

The questionnaire for the survey of book publishers was developed based on the general guidelines of the project and the need for collecting specific information which could be used for an overall assessment of the Georgian book market, identifying shortcomings and perspectives for future improvement and further development of reading culture in Georgia. During the process of developing the questionnaire, local consultants Mr. Giorgi Sabanadze and Ms. Tamara Janashia consulted with representatives of the Georgian Publishers and Booksellers Association: Mrs. Ketevan Jakheli (executive director), Mrs. Tina Mamulashvili (association chairman) and Mr. Ludovic Girod (association board member). They provided comments on the questionnaire and indicated the need to include specific questions in order to generate a broader picture of the existing situation.

The survey was primarily conducted among full and associated members of the Georgian Publishers and Booksellers Association (GPBA), though some other companies which are not members of the association were included in the research as well. This was done based on the recommendations from representatives of the National Library, experts and the heads of several publishing houses. GPBA, as well as the National Library, provided local consultants with a list and contact information of active companies (members of the association, companies and organizations which are issued ISBN numbers by the National Library, etc.). After assessing the list and considering the activities of specific publishers on the domestic book market, a final list of potential respondents for interviews was established.

The local consultants' goal was to interview and involve as many companies of different sizes and publishing profiles as possible. According to the plan, the consultants contacted all publishing houses, which could become potential participants in the study in order to conduct face-to-face interviews with them and also to share information about the ongoing project.

In total, the survey was carried out with the participation of 34 publishing companies. Almost all market leaders were included in it, along with a number of smaller players. Unfortunately, for various reasons it was impossible to conduct interviews with all the companies on the list. Some either refused to participate in the study or said that they had not published anything during the last year or two and most probably would not be publishing any new books in the coming one to two years, making their answers irrelevant for the questionnaire.

In parallel to the interviews with representatives of publishing houses, the consultants prepared the second survey, designed for book distributors and book stores. While developing the questionnaire, researchers consulted with the Caucasus Research Resource Center (CRRC, http://www.crrc.ge), which is a network of resource, research and training centers established in 2003 in the capital cities of Armenia, Azerbaijan and Georgia with the goal of strengthening social science research and public policy analysis in the South Caucasus. CRRC enjoys a very positive reputation for its high-quality work and professionalism. Following recommendations from the CRRC, the wording as well as the sequence of questions was amended so as to make them more straightforward and unambiguous.

The survey of book distributors and bookstores was primarily conducted based on the list provided by the Georgian Publishers and Booksellers Association (GPBA), though some other companies were added to it later in order to generate a fuller picture of the scope of the work of companies that are active in this realm. The consultants contacted all distribution companies and bookstores that could become potential participants in the study and proposed conducting face-to-face interviews and sharing information about the ongoing project.

In total, a survey was carried out with the participation of three distribution companies and twelve bookstores (fifteen companies in total). All the companies are located in the capital of Georgia, Tbilisi. Some of them operate on a nationwide level as distributors or bookstore chains. The interviewers invited the heads of the companies or managers of the bookstores to answer the questions. Due to the reasons beyond the researchers' control (refusal, lack of time, geographical distance, etc.), it was impossible to conduct interviews with all the companies contacted, though it should be mentioned that the refusal rate from distributors and bookstores was significantly lower than that of book publishers. Only three of the companies contacted refused to participate in the survey or were unreachable for interviews.

Book Publishers: Survey Results

By Tamara Janashia and Giorgi Sabanadze

Challenges:

The survey of Georgian book publishers revealed several issues:

- The overall attitude of the companies towards any kind of survey is quite negative and suspicious. Heads of the companies are reluctant to agree to participate in the study and to provide the interviewer with the exact number of titles they print/reprint each year or to reveal the number of copies they produce and sell. Different excuses are used to explain this unwillingness to provide such data, including:

  a. absence of software or a registration system, which would enable them to process the data properly and to generate exact information at any given time;

  b. fear about the confidentiality of the information;

  c. lack of trust in the interviewer and fear that such information will end up with representatives of the tax authorities.

- Information regarding the lack of software or a more-or-less functional system that would make it possible for publishers to monitor exact production, separate specific items from one another (e. g. different categories of books, etc.) or identify the exact numbers of copies sold per category/title is partially true. In most cases, the bookstores and wholesalers transfer the money to publishers only after the books are sold. After having received a total sum from the bookstores, publishers rarely take the time to break down retained earnings to the level of titles and categories. Such information is never used for conducting an analysis or elaborating a long-term business strategy.
- Even in cases where some kind of software is used during the working process (publishers mostly work in Excel files, which are put together based on their individual principles), information is disorganized to the extent that it is extremely difficult to use it for the efficient retrieval and analysis of information. For example, it took one of the publishers up to three days to add up and deliver to the consultants the data concerning the number of copies produced per year. Despite the fact that publisher had the information and was willing to share it, it was scattered throughout so many different files (monthly entries) and in so many different formats, that in the end it had to be counted manually.

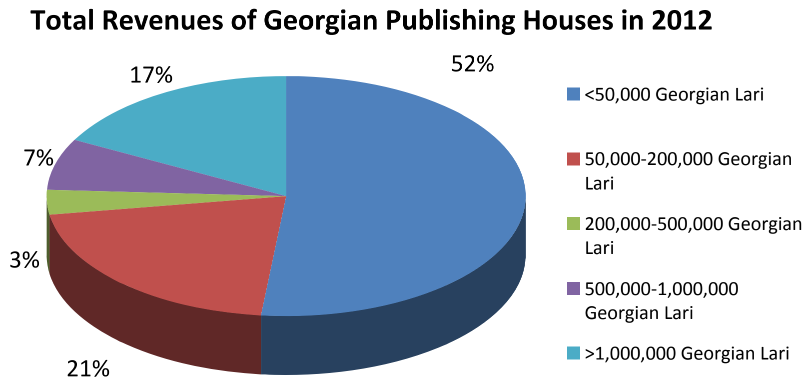
As a result of this inability and unwillingness to reveal exact data, in most cases the number of published titles and especially the number of copies printed and sold have been rounded and should not be used as 100% reliable information. We must assume a certain margin of error.

General Findings (profiles of the publishing companies, numbers of copies, priorities)

Note: Please, take into account that the following results are based only on the information that was provided by the companies participating in the survey and therefore only partially reflects situation as it exists in Georgia.

According to the responses collected from the 34 participating companies, the number of full and part-time employees (freelance and short-term staff was not included) of the publishing companies ranges between one and 50. No company out of the 34 reported having more than 50 employees. The majority of them have fewer than five employees, followed by almost the same share of publishing houses employing between six and ten persons.

Question about the revenues generated during the last fiscal year (2012) was answered by 29 out of 34 companies. More than half (52%) of them indicated that their revenues constituted less than 50,000 Georgian Lari (app. 30,200 USD, exchange rate 1,63 USD/GEL). The next largest group (21%) generated revenues ranging between 50,000 and 200,000 Georgian Lari (app. 30,200-120,800 USD, exchange rate 1,63 USD/GEL).



Eighty-eight percent of respondents indicated that they were privately owned, with only domestic capital invested. Four out of 30 companies that answered the question regarding ownership were state owned (12%). There were no companies run with the use of foreign capital or based on mixed state/private ownership.

The number of new editions (titles) showed an upward trend during the years 2008-2012. However, it must be noted that the data is not 100% accurate, as some companies provided approximate numbers. There may be a deviation of 1-2% from the actual results.

Year	# of new editions	Increased number	Increase %
2012	1 332	138	12%
2011	1 194	245	26%
2010	949	80	9%
2009	869	155	22%
2008	714		

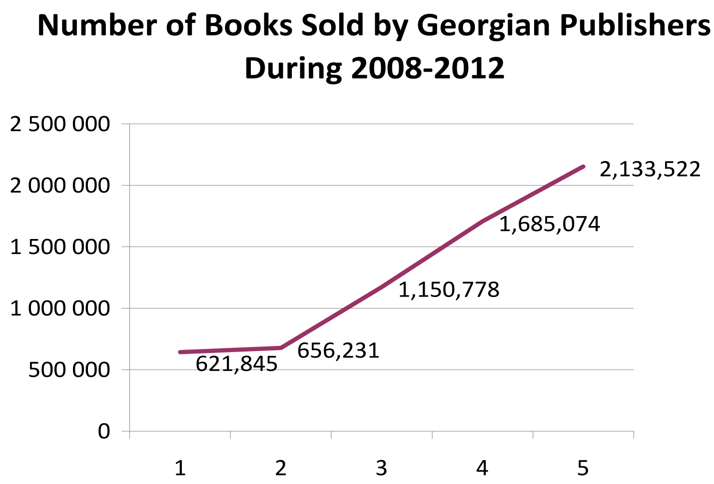
The number of yearly re-editions is as follows:

Year	# of new re-editions	Increased number	Increase/ decrease %
2012	482	95	25%
2011	387	48	14%
2010	339	171	102%
2009	168	-63	-27%
2008	231		

Here again, the data is not 100% accurate, as some companies provided approximate numbers. There may be a deviation of 1-2% from the actual results.

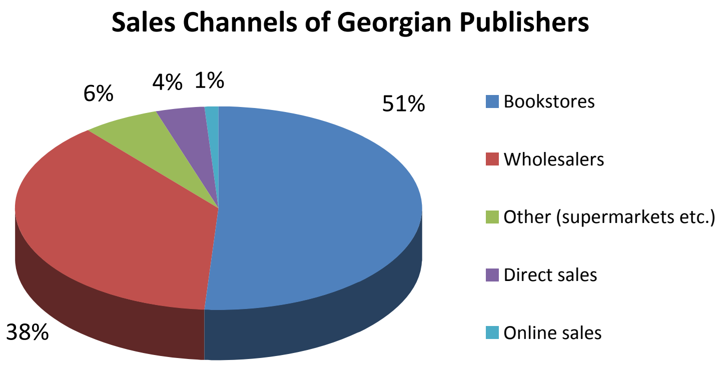
The number of “books in print” at the time of the survey (late 2012) amounted to 1,547 titles. Please note that “books in print” refers to the category of books which are being prepared for publication in the very near future, but are not yet available on the market.

The last three years were marked by a significant increase in the number of copies sold by Georgian publishers. The lowest sales in 2008-2009 may result from the August 2008 Russia-Georgia war and the following period.

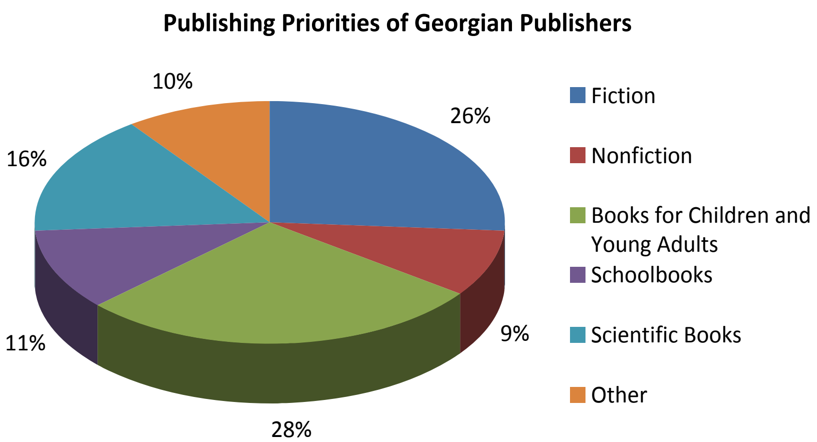


Only 22 companies out of 34 answered the question of the number of copies sold. The number that provided data for the years 2008 and 2009 fell to 13 and 15, respectively. The reason these companies did not provide data for these years may be connected to the fact that they either: a) were not operating in those years and were established only afterwards, or b) they could not retrieve data because they had no software and were not able to produce exact calculations for that period of time.

Georgian publishers' sales channels are divided among the wholesalers, bookstores, other stores (supermarkets, etc.), direct and online sales. Bookstores enjoy the biggest share of sales. They are followed by wholesalers. The other or direct sales still remain a small part of the distribution market. Online book sales are very much underdeveloped in Georgia and constitute only 1% of total sales. Among the online sellers they cooperate with publishers named bookland.ge, lit.ge and market.ge.



Georgian publishers' major publishing priorities are focused on books for children and young adults (28%) and fiction (26%). Another substantial portion of their attention goes to schoolbooks, which are published once a year and constitute the main and specific focus of several publishing houses that are not otherwise involved in the production of any other kind of books. Some of these publishing houses were established by the authors themselves. They control and administer the entire value chain, starting from the writing of concept and texts, and continuing with the designing, editing and printing of textbooks. The number of published schoolbooks amounts to several thousand copies per year. They are mostly sold through wholesalers and direct sales during book fairs or promotional visits to schools.



The number of published titles in the leading categories, namely “Books for Children and Young Adults”, rose dramatically during the last year (161%). Growth in this category was paralleled by a general increasing trend of 60% for fiction, 58% for nonfiction, 36% for schoolbooks, 66% for scientific and 5% for other books. Please note that this question was answered by 27 (data for 2012) and 20 (data for 2011) out of 34 respondents. Table shows the general trend, but data is not sufficient for making a precise statement.

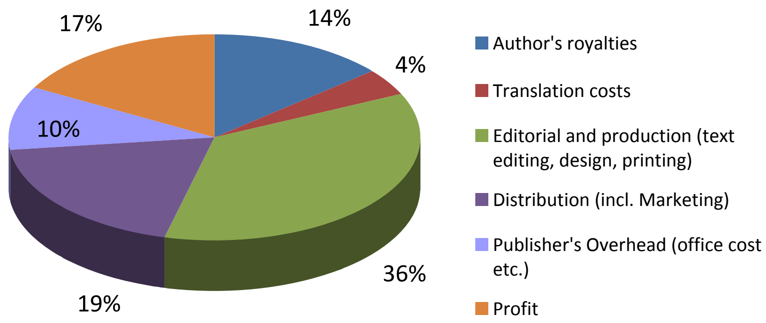
Category	Fiction	Nonfiction	Books for children and young adults	Schoolbooks	Scientific	Other
2011	230	19	178	207	119	93
2012	367	30	465	281	198	98
Change	60%	58%	161%	36%	66%	5%

According to the results of the distribution of published copies by category, despite growth in the number of published titles, the number of published copied decreased for some of them (fiction, children’s books, scientific and other publications). The number of copies increased only in cases of nonfiction literature and schoolbooks. Please note that numbers for 2012 were provided by 21 out of 34 respondents and for 2011 by only 15 out of 34 respondents. In all cases except one, the numbers were approximate and may differ slightly from the actual number of copies printed. Most of the companies are reluctant to provide exact data about copies printed because of: a) mistrust of interviews; b) fear that such information will be delivered to the tax authorities; c) a poor registration system and/ or nonexistence of sophisticated software which would give them the opportunity to generate data in a timely and easy way. During the interviews, some of the companies used their PCs only after the interviewer requested that they check exact numbers. However, even after having checked the data, they still refused to provide exact information. Sometimes this was also the case after the suggestion was made that they deliver it a couple of days later in order to make more precise calculations. They preferred to issue approximate rounded data, which may not fully correspond to reality. At the same time, one should also consider the fact that a very small number of these companies are new and did not produce anything in 2011.

Category	Fiction	Nonfiction	Books for children and young adults	Schoolbooks	Scientific	Other
2011	298 427	18 506	304 335	1 005 006	125 676	38 050
2012	216 581	35 368	163 754	1 206 775	84 800	31 141
Change	-27%	91%	-46%	20%	-33%	-18%

Providing answers to the question concerning the break-down of book-production costs (by percent) for a book which sells for 10 Georgian Lari (app. 6,15 USD) proved to be quite a challenge for most of the book publishers. They had difficulty identifying a general trend and suggesting average numbers. Representatives of the publishing houses argued that shares can differ significantly in the case of translated books (translation costs), author’s royalties (for example, most textbooks are published by the authors themselves, who at the same time act as editors, publishers and distributors), etc. The question was answered by 17 out of 34 respondents.

Break-down of Book Production Costs for a Book Which Sells for 10 Georgian Lari (app 6.15 USD)



Based on the survey, out of the 32 responding companies, 34,4% have their own unit of distribution within the company, as opposed to the rest (65,6%), which do not have this kind of separate unit.

Translations

Out of the 33 companies that responded to this question, 75,8% produce translated books. The rest (24,2%) publish books that are not translated into the Georgian language.

The number of responses to the question concerning the number of translated titles produced per year ranged between 17 and 27 for different years (2008: 17; 2009: 18; 2010: 19; 2011: 20; and 2012: 27). This may result from the fact that some of the companies are new and: a) may have started operating later than 2008; or b) have problems with retrieving information about their earlier activities.

Please note that in recent years, the Ministry of Culture introduced a special division, which is responsible for translating Georgian books into foreign languages in order to popularize Georgian culture and raise awareness worldwide. However, the Georgian government has no strategy for providing funding for the translation of foreign books into the Georgian language. The vast majority of all translations into Georgian are done as part of specific projects/programs or with funding provided by international organizations and foundations.

Year	Number of translated titles produced
2012	591
2011	327
2010	237
2009	177
2008	139

The distribution (number of copies) of translated books per category over the last two years (this question was answered by 19 out of the 34 respondents) looked as follows:

Category	Fiction	Nonfiction	Books for children and young adults	Schoolbooks	Scientific	Other
2011	12 748	500	80 481		600	2 000
2012	12 202	3093	92 403	65 905	600	
Change	-4%	519%	15%			-100%

According to the survey, translations are most frequently done from English into Georgian language (two times more than from any other language). In 2011, thirteen companies translated books from English into Georgian, while in 2012, sixteen did. English is followed by Russian, German, and French book translations (2011: six companies translated from these three languages; in 2012, nine companies translated books from French, eight from German and seven from Russian). In 2011 two and in 2012 three companies published Italian-Georgian translations. Spanish books were selected by one company in 2011 and five companies in 2012. Other languages books were translated from in the years 2011-2012 included ancient and modern Greek, Serbian, Armenian, Farsi, Caucasian languages, Basque, Norwegian, Turkish, Swedish, Arabic, Finnish, Czech, Polish, and Hebrew.

Table below shows the number of translated titles per language. “Other” includes ancient and modern Greek, Serbian, Armenian, Farsi, Caucasian languages, Basque, Norwegian, Turkish, Swedish, Arabic, Finnish, Czech, Polish and Hebrew.

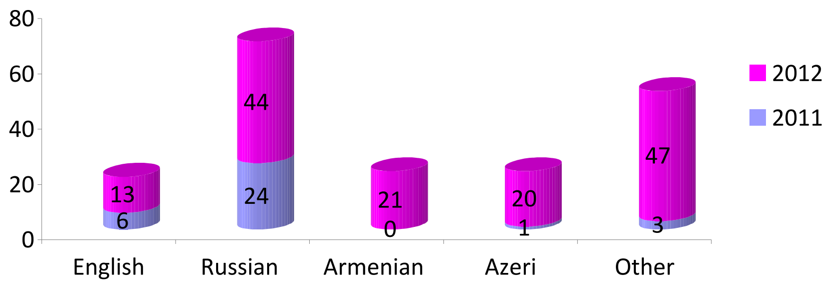
	English	Russian	German	French	Italian	Spanish	Other
2011	51	8	5	7	2	3	20
2012	44	8	11	21	2	7	20

To the question of whether they had published books translated from Georgian into other languages during the last two years (2011-2012), 41,4% of 29 companies answered affirmatively, while 58,6% of publishing companies operating in Georgia have no such experience.

In 2011-2012 the main languages into which to translate books from Georgian were: Russian, English, Armenian, Azeri and other languages (German, Spanish, Hebrew, Turkish, Latin, Czech, Arab, Dutch, and Slovak). The majority of books translated into Russian, Armenian and Azeri languages are textbooks.

According to ten responses from twelve companies, a total of 179 (34 in 2011 and 145 in 2012) titles were translated from Georgian into other languages in 2011 and 2012. Their distribution by languages is as follows:

Number of Titles Translated from Georgian into Other Languages in 2011-2012



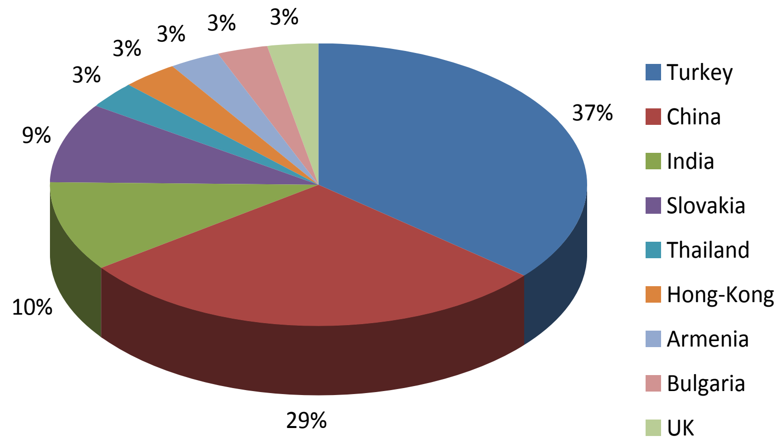
Printing Location

While providing answers to the question about the printing of books, more than half of the respondents (52%) said that they print their books in Georgia. Three of the companies outsource 100% of their printing activities to foreign countries, while the rest use a mix of local and international printing services.

	9%	3%	9%	3%	3%	9%	12%	52%	100%
Number of companies	3	1	3	1	1	3	4	17	33
% they print in Geogria	0	20	6	30	40	80	90	100	

Outside Georgia, companies print their books in Turkey, China, India, Slovakia, Thailand, Hong Kong, Armenia, Bulgaria, the UK, and Indonesia. Turkey and China are the absolute leaders on the printing market for Georgian publishers with shares of 37% and 29%, respectively.

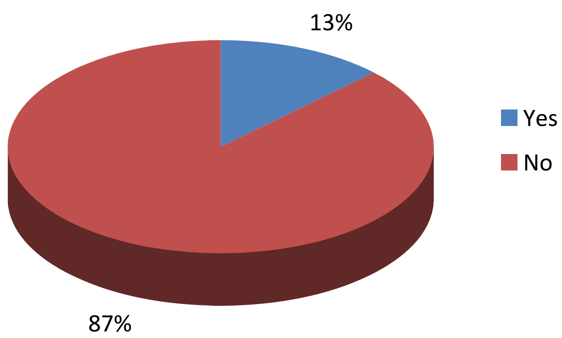
Countries, Where Georgian Publishers Print Books



Sales of Copyrights

Out of 31 publishing companies, only four have ever sold copyrights for their titles.

Share of Georgian Publishers Who Sold Copyright of their Production



In 2011 and 2012, Georgian publishers sold copyrights for their titles for the following languages:

Languages	2011	2012
English	2	1
Russian	1	1
German	2	1
French	1	
Georgian	1	1
Croatian	1	
Dutch	1	
Swedish	1	
Portuguese	1	
Estonian		1
Latvian		1

Production of e-books

Out of 22 companies, in 2011 only three produced a total of 31 e-books. However, in 2012 eight already produced 218 e-books, for a total of 249 over these two years.

Number of companies	Number of companies	Number of e-books
2011	3	31
2012	8	218
Total		249

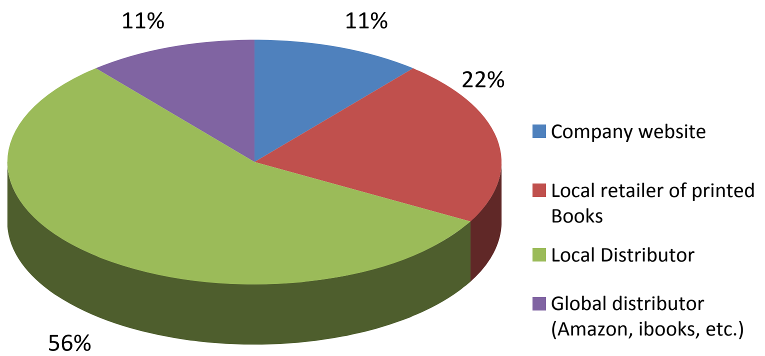
Twenty-two (71%) of the 31 e-books in 2011 were produced by one company. In 2012, four companies produced 97 (44%), 65 (30%), 25 (11%) and 20 (9%) e-books, respectively. The rest (11 e-books) were more or less evenly distributed among the remaining four firms. However, it must be noted that different companies were the leaders in the production of e-books each year.

The distribution (number) of e-books per category over the last two years is as follows:

Category	2011	2012
Fiction	1	111
Nonfiction	1	6
Books for children and young adults	5	4
Schoolbooks		1
Science	1	12
Other		7

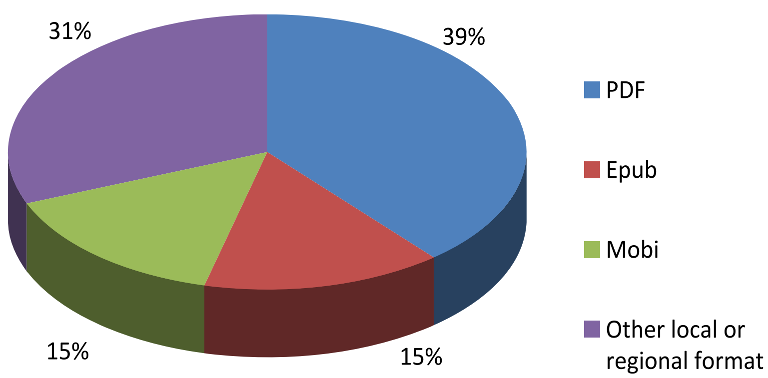
The majority of them are sold through a local distributor (bookland.ge, lit.ge, or market.ge), or the websites of local retailers of printed books. An equal share of e-books (11% each) is sold through publishing company websites and global distributors.

Distribution Channels for E-books



In 2012, Georgian publishing companies sold 1,425 e-books. No data concerning sales for 2011 were provided by companies during the interviews. The formats used by Georgian producers of e-books included PDF, EPub, Mobi or other local and regional formats.

Format Used by Georgian Producers of E-books



Almost half of the 32 participants in the survey plan to start releasing e-books in 2013.

Book Distribution and Selling: Survey Results

By Tamara Janashia and Giorgi Sabanadze

Challenges:

The survey of Georgian book distributors and bookstores revealed several issues:

- These companies' general attitude towards the survey and its questions was much more positive than in the case of publishers. Heads of such companies immediately agreed to participate in the survey and invited multiple employees to join the process if they needed to provide answers to questions they did not have detailed information on. Some of the bookstores asked for time to check the data and delivered it to researchers within a period of two to three days.
- In a majority of cases when distributors and bookstores were not able to provide exact numbers, this happened due to technical issues rather than an unwillingness to share information. Most of the companies have introduced a new system of registration and accounting over the past two to three years and it was difficult and time consuming for them to retrieve data beyond that period.
- Another problem which became obvious in the case of the bookstores was that:
  a. The available sales registration system does not allow them to automatically separate book categories from one another. Despite the fact that they can more or less easily count the number of titles sold, they cannot simply make a breakdown of titles per category unless they do this title-by-title.
  b. Some of the chains of bookstores do not have an integrated system of sales accounting, thus the researcher had to interview managers of all stores separately to generate data about the numbers of books sold and their categories and titles.
- Similar to the publishers (though in fewer cases), some of the distributors and bookstores provided approximate numbers, which means that the answers to some specific questions about the number of copies and titles include a certain margin of error (1-2%).
- In general, distributors and bookstores made an impression of being better organized (also in terms of their use of software) and having a better overview of their own activities than the publishers.

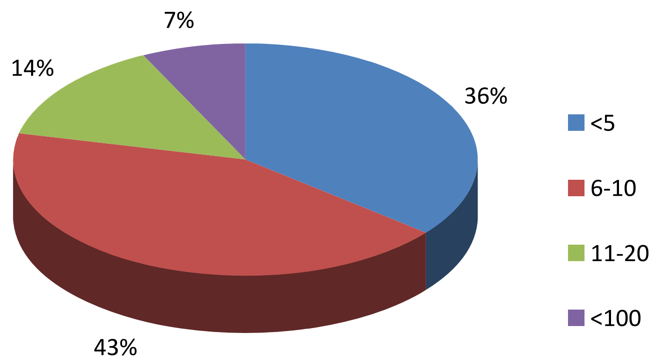
General Findings (profiles of the distribution companies and bookstores, numbers of copies, priorities, import)

Note: Please, take into account that the following results are based based only on the information that was provided by the companies participating in the survey and therefore only partially reflects situation as it exists in Georgia.

In total, 15 companies took part in the survey, including three distributors and 12 bookstores.

According to the responses collected from the participants in the survey, the number of full and part-time employees (freelance and short term staff was not included) of the distribution companies and bookstores ranged between one and 20. Only one company out of 14 reported more than 100 employees. The majority of the firms had six to ten employees. No companies indicated a number of staff members as 21-50 or 51-100.

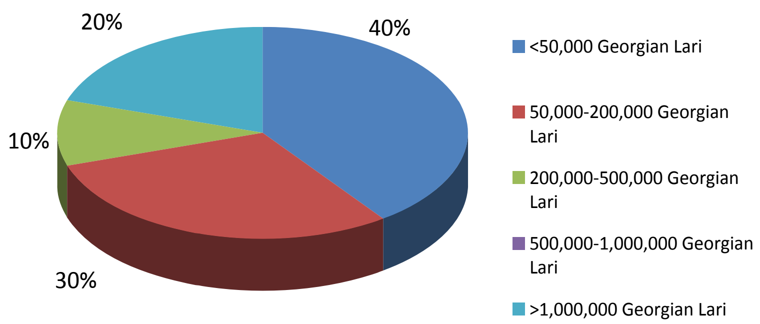
Number of Full and Part Time Employees at Georgian Distribution Companies and Bookstores



Fourteen (93%) of the responding companies said that they were privately owned, with only domestic capital invested. One company indicated it was state owned (7%). No companies were run with the use of foreign capital or based on mixed state/private ownership at the moment of the interview.

The question concerning revenues generated during the last fiscal year (2012) was answered by ten out of 15 companies. Forty percent of the firms indicated that their revenues constituted less than 50,000 Georgian Lari (app. 30,200 USD, exchange rate 1,63 USD/GEL). The next largest group (30%) generated revenues ranging between 50,000 and 200,000 Georgian Lari (app. 30,200-120,800 USD, exchange rate 1,63 USD/GEL). Twenty percent of the companies generated revenues which exceeded 1,000,001 Georgian Lari (app. 613,497 USD, exchange rate 1,63 USD/GEL) and 10% received revenues between 200,000 and 500,000 Georgian Lari (app. 120,800-306,748 USD, exchange rate 1,63 USD/GEL).

Total Revenues of Georgian Distributors and Bookstores in 2012



The companies' geographical zone of operation is mostly limited to the capital. Two of them responded that they conduct their activities in Tbilisi and Batumi, two listed all the major cities of Georgia (Tbilisi, Batumi, Kutaisi, Zugdidi, Telavi, etc.), while all the others named Tbilisi as their only operational area. Please note that survey was conducted only among companies that have their headquarters in Tbilisi, as it was not possible for researchers to travel for the purposes of surveying other regions. It is typical for Georgia that the vast majority of businesses have their headquarters registered in and operating from the capital.

Thirteen out of 14 respondents said that they are independently registered companies and are not affiliated with any particular publishing house. One company indicated that it is part of a publishing house.

Only seven out of 15 companies answered the question regarding the number of titles they distributed/sold during 2012. Data about earlier years was provided only by two (2011), three (2010) and one (2008 and 2009) of the companies. As mentioned above in the general remarks, most of the companies introduced a new accounting system only two to three years ago. Distributors as well as bookstores had difficulty generating exact data prior to 2012. Therefore, these results cannot be considered as reflecting reality. The same problem was encountered by researchers in the case of the number of copies. Some of the companies tried their best to calculate exact numbers, while others had no access to data in the same format for prior years and found it too time consuming to count all copies separately.

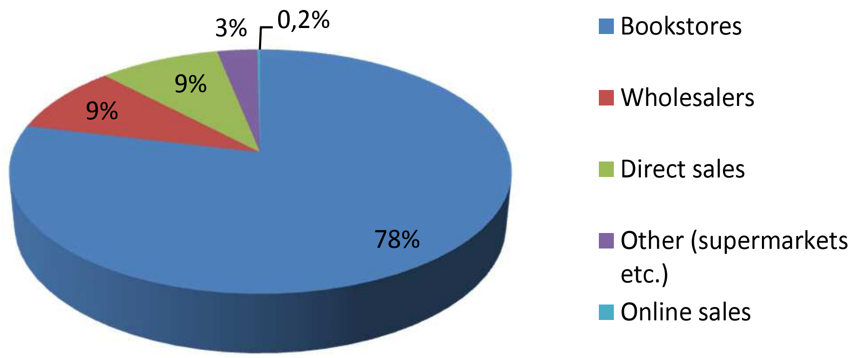
The number of titles distributed/sold during the last five years is as follows:

Year	# of titles	# of companies	Average numbers
2012	23,448	7	3,350
2011	2,300	2	1,150
2010	5,565	3	1,855
2009	4,320	1	4,320
2008	7,531	1	7,531

Eight out of 15 companies provided the data about the number of books distributed/sold during 2012. Information about the previous years was provided only by four (2011), five (2010) and two (2008 and 2009) companies. The lack of consistent information throughout the years makes these results unsuitable or partially suitable for giving a clear picture of reality.

Sales channels of Georgian distributors and bookstores are shared among the wholesalers, book-stores, other stores (supermarkets etc.) and direct sales. Bookstores capture the largest market share with 78%, while wholesalers and direct sales constitute 9% each and are followed by other locations of distribution (ex. supermarkets). Online sales amounted to much less than 1% of total sales/distribution.

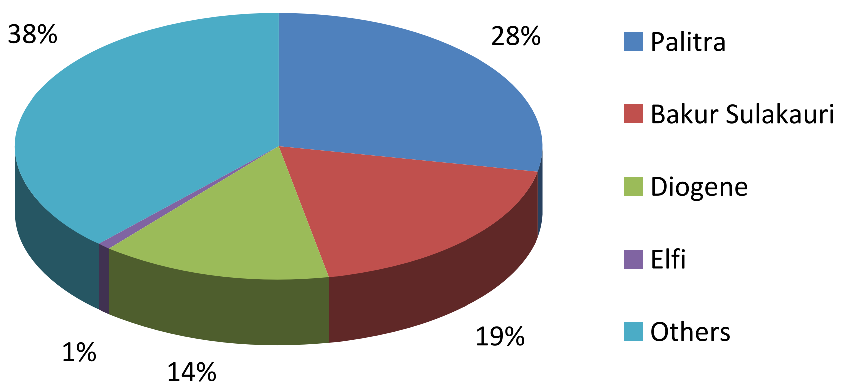
Sales Channels of Georgian Distributors and Bookstores



The question regarding suppliers was answered by 13 out of 15 respondents. Ten of them indicated all the major Georgian publishers as their suppliers. One company mentioned that it imports 100% of its books to distribute/sell from the Pearson Publishing House; another company named Taschen (90%) and Ullman (10%) as among its only suppliers. One of the companies said that it distributes books from five publishing houses only.

The average distribution of shares among main suppliers (publishing houses) looks as follows:

Suppliers of Georgian Book Distributors and Bookstores

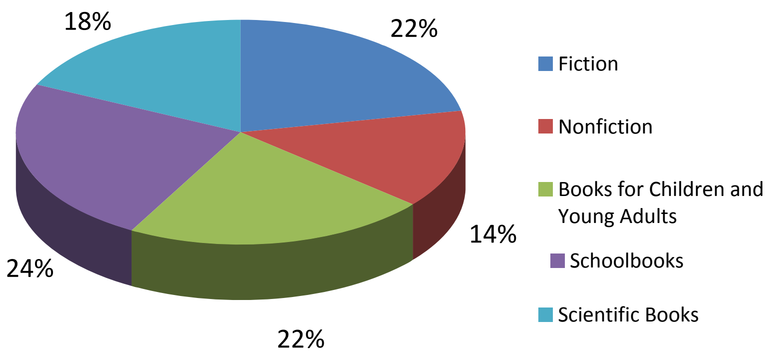


Over the last year, Palitra became the absolute market leader (28%) after it introduced a promotional strategy of distributing its books free of charge or for a very low price as an attachment to its magazines and newspapers. It is followed by Bakur Sulakauri Publishing with 19%, Diogene (14%) and Elfi (1%). The remaining companies make up the 38% of suppliers in the “others” category.

The frequency of purchasing/collecting books from publishing houses revealed no trend of regularly placed orders that could be applied to all publishing houses. Distributors/bookstores place orders with the publishers every time they run short of a given edition. Decisions about the frequency of such orders are made on an individual basis and differ from one publishing house to another. There are cases when distributors or bookstores may ask a publishing house to deliver books even a couple of times a day, if a book sells well. Only one company, which specializes in imported books, indicated that it places orders only twice a year.

The distributors/bookstores’ largest distribution/selling priority is schoolbooks (24%), followed by books for children/young adults and fiction (22% each). Scientific books (18%) slightly outperform the category of nonfiction (14%).

Book Category Priorities
for Distribution/Selling Companies in Georgia



According to the breakdown of the categories of books sold/distributed, books for children and young adults have a share of 43%. This category is followed by fiction with 27%, nonfiction with 18%, and schoolbooks with 7%. The smallest share belongs to the distribution/sales of scientific books.

The question about the number of titles distributed/sold by the companies during the last two years was answered by an extremely low number of respondents. Information for the year 2012 was provided by four, while only one company offered data for the year 2011. As already mentioned above, companies have extreme difficulty with separating categories in their accounting system and have to calculate all information about titles and categories by hand. The same problem was encountered in a question about the number of copies distributed/sold per category. The question was answered by three respondents for 2012 and only one for the year 2011. Therefore, the generated data cannot be used for comparison or identification of a trend.

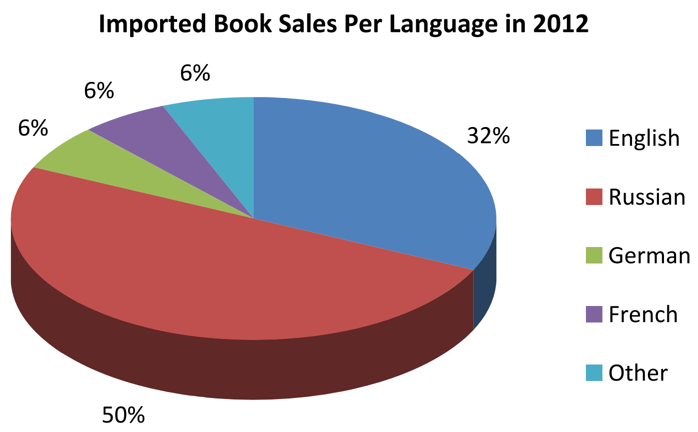
A study of payment methods revealed that customers of distributors or bookstores prefer to pay cash (43%) while buying books. However, purchasing activities are carried out via bank transfers (30%) or use of a bank card as well (27%).

The discount distributors/bookstores receive from the publishing houses may range from 10 to 40%. Usually, it is a matter of individual agreement and differs from case to case, based on which publishing house is the supplier. Publishing houses usually do not offer any larger discounts in cases of distribution/sales of larger quantities, while distributors/bookstores almost never collect/purchase large quantities of books from the publishing houses. In order to avoid using storage facilities and for financial reasons (refunds in case a book is returned), they prefer to receive small quantities of books from the publishers and place additional smaller orders every time they find themselves in need of more books.

The mark-up in distributing/selling a book that is purchased or collected by a distribution company or bookstore from the publishing house for 10 Georgian Lari ranges between 5 and 40%. However, the majority of the respondents (40%) added a margin of 40% when distributing/selling them. Twenty percent of them add 25% to the cost of collecting/purchasing books. One company which only imports books tries to add a margin that would allow them not to exceed the price the book sells for in Europe.

Only 53.3% of the distributors/bookstores sell imported books; 46,7% are not involved in this practice at all. The share of imported books distributed/sold by the companies as a percentage of their total stock ranges from 3 to 100%.

In 2012 Russian was the absolute leader in foreign-language sales of imported books (50%). It was followed by English books with 32%, as well as smaller sales of German, French and other language books (6% each). In 2011, English led such sales with 38%, while 25% of imported books sold were Russian language books, with the remaining sales belonging to German, French and other languages. Only three companies provided information about the year 2011, compared to eight companies who gave researchers information about such sales in 2012.



Almost all bookstores mentioned selling of additional products such as stationery (29%), souvenirs (29%), DVD/CD (26%), maps, posters, art supplies (16%), etc. For 53% of the stores (seven respondents only) sales of items other than books constituted 85% of their income, for 16% it was 25% of income, for 13% only 20%. For the rest of the stores, it amounted to 15% or less of total income from sales.