A promising tool for indie authors?
— The Publio Publisher on the Hungarian book market

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Table of contents

Introduction................................................................................................................................................. 2
1. The context of self-publishing in Hungary .................................................................................................. 3
  1.1 A tough choice ....................................................................................................................................... 3
  1.2 New formats, new trends ......................................................................................................................... 7
  1.3 The miracle market .................................................................................................................................... 9
2. The establishment of modern self-publishing services in Hungary: Publio Publisher ......................... 14
  2.1 A copycat project ..................................................................................................................................... 14
  2.2 Publio’s stakeholders .............................................................................................................................. 16
  2.3 How does Publio work? ......................................................................................................................... 20
  2.4 What does its SWOT tell about Publio? ................................................................................................. 32
  2.5 Value Proposition ................................................................................................................................... 34
3. Conclusion ................................................................................................................................................ 37
Bibliography .................................................................................................................................................. 39
Appendices .................................................................................................................................................... 44
Introduction

“The aim is not the redistribution of the cake. It is about making a bigger cake.”

Pál Kerekes, PhD

Self-publishing has been a substantially growing industry in this decade. However, this is anything but a new phenomenon. Amongst many, Mark Twain and Edgar Allen Poe (Ormrod 2016) had already used self-publishing while building their careers. In the past, this tool had been subject to many criticisms for several reasons. It was inaccessible for many people and the work of those, who did manage to afford it, was somewhat underestimated — the majority tended to believe that these works were not of as good quality as those that were traditionally published.

In the Internet era, however, this has dramatically changed. On the world’s greatest book market, in the U.S, it has been simpler to notice: authors such as Hugh Howey and E. L. James have sold millions of their originally self-published stories. However, in the last few years, generally speaking, the popularity of self-published books has increased in Hungary as well. Nóra Oravecz, an indie (independent) author, who can be regarded as the modern pioneer of self-publishing in Hungary, led Bookline’s (the biggest Hungarian online book store) ebook toplist when her first work — Tejszőnhab nélkül (Without whipped cream) — was published in 2013 (Apró 2013).

She started her career initially as a blogger, similarly to Ágnes Vida, a Hungarian psychologist. Vida chose self-publishing when many of her works had already been on the market due to traditional publishing houses, so her path was different from that of Oravecz. It is the phenomenon that connects them that nowadays more and more indie author conquer the market. Self-publishing has been more relevant both on the Hungarian and on the global market than ever.

Although the self-publishing phenomenon has arrived to Hungary and many authors have already acknowledged it, there are still only a few publishers which offer services to those writers who would not or could not publish their work through the traditional publishing system. Foreign companies, to mention but a few, Smashwords, Amazon or Lulu have built their business models upon this need. Among the few similar Hungarian companies, probably the most dominant one is the Publio Publisher which helped both Nóra Oravecz and Ágnes Vida in publishing, and the first publisher ever which has introduced self-publishing related services in Hungary. Therefore, the choice of this particular publisher and market
A promising tool for indie authors? Bence Benedek Mészáros

The segment is not a coincidence. Pubilo’s story and business model can show how a self-publishing service provider works in this country. In the light of the above, the main question of my essay is as follows.

**How can a self-publishing service provider, the Publio Publisher contribute to an indie author’s success in Hungary?** The structure of this essay is going to consist of the following elements. After this introduction, in the first main part, I define the notion of self-publishing and I examine how it differs from the traditional publishing system. Then I introduce briefly the general context of the phenomenon by highlighting some relevant trends on the global and on the Hungarian book market. Hopefully, this can contribute to the better understanding of the presence and significance of self-published books in Hungary.

In the second part — which is the body of this work — I focus on the analysis of Publio’s model. The framework that I use consists of a stakeholder map, a SWOT analysis and Osterwald’s Value Proposition Canvas. I wish to reflect on those internal and external circumstances that are determining with regard to how Publio works. The evaluation of these elements of the company’s business model lead to the consequences of this work. In the final part, I consider my conclusion and some possible answers to my main question.

I use throughout this work two interviews as primer sources which I conducted with Norbert Alcser (CEO, Publio) and Pál Kerekes (researcher, cofounder of Publio). This way, I would like to thank them for their accommodating cooperation.

1. **The context of self-publishing in Hungary**

In order to understand the context of the self-publishing phenomenon better, in this part, I cover the comparison of the traditional publishing system and the modern self-publishing (1.1), the analysis of emerging global trends in the self-publishing industry (1.2) and the current status of self-publishing in the Hungarian bookmarket’s environment (1.3).

1.1 **A tough choice**

In order to understand what the notion, self-publishing refers to, it is inevitable to define publishing in general, and than the different interpretations of the traditional and the non-traditional systems as well. The “publisher across both traditional and non–traditional practices is the entity or individual who selects the material to be published, makes the decisions, and pays the bills” (Bradley et al. 2011).
A promising tool for indie authors? Bence Benedek Mészáros

*Traditional* or *mainstream publishing* is a process, in which “the publisher pays an author for a manuscript through royalties. Once the manuscript is purchased, the mainstream publisher makes the decisions, often in consultation with the author, and pays the bills. *Non–traditional publishers* secure material in various ways other than the royalty method; they make the publication decisions, and they pay the bills” (Bradley et al. 2011).

Theoretically, non-traditional publishers can be grouped into two main groups: those who either make the entire process individually or require no royalties (Bradley et al. 2011). Of course, in practise, the majority of non-traditionals are somewhere between these two extrema. This work will not examine the latter group. In terms of this essay, *self-publishers*, those who belong to the first extreme, and *author publishers*, who are somewhere between the two fartherst choices, are rather essential. In case of *self-publishing*, “the entire process of publishing is online with the contribution of a suitable website or service. The author incurs the expenses, but the system provides — to a certain extent — the opportunity of free publishing as well” (Alcser 2016).

When it comes to *author publishing*, “the publishing happens with the active financial and intellectual contribution, with the opportunity of involving a publisher service partner. This is not necessarily online cooperation” (Alcser 2016). Due to this marginal difference, these two words are often used interchangably. In this essay, I will also use them as synonyms.

Mark Coker established Smashwords in 2008, the international pioneer of self-publishing websites. His intention stemmed from the fact that “publishers refused to acquire the book” he had written (Smashwords 2017). It is not only Mark Coker, however, who faced such challenges as a writer, but also many Hungarian authors, who could not or would not find support in the traditional publishing system. Making the proper choice between the two systems is rather demanding, regarding someone’s opportunities and preferences. I collected some key financial and aesthetic aspects of them in *Table 1*.

The most essential difference between the two paths is while in the traditional system the publisher takes the risk, in the case of an indie author the venture is his or her own. This results in those aspects, which differentiates the two systems. Making the proper decision, when choosing between one system or another, depends on a great deal of factors. I examine the possible preferences and opportunities that may determine one’s choice.
First of all, the opportunities of an author with, and of someone without experience are completely different. As a beginner writer, getting traditional publishing houses’ attention is anything but an undemanding thing. Even highly successful authors “from Gertude Stein and William Burroughs to recent rags-to-riches writers such as JK Rowling” were rejected in the beginning of their careers (Vincent A. 2014). This could be due to a lot of reasons — I could think of two main ones. First and foremost, these publishers have limited time and energy to read the overwhelming quantity of letters they receive on a daily basis. Secondly, given the fact that beginner authors — in most cases — lack the reputation and established
reader base, it makes for traditional publishing houses extremely difficult to decide, which of those writers’ work worth investing in. For those people, who were rejected and do not insist on traditional publishing, self-publishing could be a great alternative to gain publicity for their book.

A crucial yet ambiguous factor of the decision could be the money. In this part, I focus on those writers who might have taken or would take the financial part of this decision into consideration as well. Royalties are generally higher in the self-publishing system (50-70% compared to 10-15% in traditional publishing), however, beginners can only take advantage of it after their investment (costs of self-publishing) has returned. In Hungary, according to Norbert Alcser, making a living merely from self-publishing your books has been a rarity - once someone has succeeded to get into the traditional system, he or she has a way better chance to make a living out of writing (personal interview). However, making use of the tools and attitude that are examined in the third part of this work, self-publishing can be a lucrative venture as well.

Another financial factor of the decision could be the difference between the channels, in which the published work would be distributed when an author publishes in one manner or another. Traditional publishing houses often have well-established partnerships with the greatest bookseller companies, where — amongst many factors, due to the greater marketing expenditures — a fresh book has much higher chance to be sold. However, this it not black and white, either.

Firstly, indie authors have fairly good opportunities nowadays (vid. part three) to be in charge of sales and marketing effectively. The reasons behind this will be introduced in the third main part of this work. Secondly, in both systems, the role of luck is inevitable. In most cases, publishing houses tend to expend much more on the marketing of only a few preferred books. If an author belongs to the unlucky majority, the business part of their work requires individual effort here as well.

There are also aesthetic reason which could be taken into account. Some writer might prefer the independence that self-publishing offers: they would probably desire the full control over every single process that effect their work. However, others with different preferences, may regard it as a drawback. They could say the lack of editorial help in self-publishing and their personal expertise would deteriorate the book’s quality. Such people would probably insist on traditional publishing houses.

In this part, I introduced the fundamental differences between the two systems. However, as Publio’s example will show, many self-publishing service providers use mixed business model, offering a
combination of the two systems through their products. This will be emphasised in the second part, after taking a look at general trends that have emerged on the global and on the Hungarian book markets.

1.2 New formats, new trends

The global book market has undergone substantial changes in the last decade, which has resulted in both innovation and decline for authors, readers and publishers worldwide. These trends, in general, could be ambiguous or diverse, depending on which segment of this huge market we are examining. I strive to focus on those, which are strictly related to the self-publishing phenomenon.

![Figure 1. The world’s biggest publishing markets](https://www.statista.com/chart/6881/the-worlds-biggest-publishing-markets/)

Of course, examining the entire world’s book market is extremely demanding for many reasons: it is especially diverse and vast in size. I give a few fundamental insights on the book markets in the USA, China, Germany and the U.K in Appendix 1. Figure 1 shows that these were the four biggest publishing markets in 2015 (Statista 2016).

In general, the global spending on consumer books has been stagnating: it was growing at a CAGR rate of 1.1 percent between 2010 and 2015 and is expected to continue to show this tendency at around 2 percent for the period between 2015 and 2020 (McKinsey 2016 p. 8). Certain fragments of the market,
however, perform better — one of them is the self-publishing industry. In the US, the output of self-publishers showed 375% incline between 2010 and 2015 (Bowker 2016 p. 4) and the ISBNs for self-publishing titles have increased by 218.33% (Bowker 2016 p. 8). Of course, the USA is incomparable to most countries in terms of the size of its book market, and the advantage that stems from the English language’s popularity. For this reason, similarly to many other trends, there the self-publishing industry’s growth is faster than in other countries. However, the majority of the book markets are heading in the same direction: as a PWC report concluded, “the significance of self-publishing will increase — in particular through platforms such as Amazon’s Kindle Direct Publishing” (PWC, 2014 p. 14).

There can be many possible factors that drive this incline. I collected three of them on Figure 2, on which one is something that Amazon’s KDP is part of: switch to digital. The digitization trends that have emerged contribute to self-publishing to a great extent. Ebooks and self-publishing are connected in many ways. Pál Kerekes, a Hungarian ebook and self-publishing researcher claimed that “self-publishing can only work in the ebooks” environment (personal interview).

This might be due to the cost of printing a book, which mainly depends on quantity: the more someone prints, the less it costs (until the point of diseconomies of scale). When it comes to beginner authors, they, generally speaking, cannot afford printing hundreds of thousands of books. Ebooks’ have no variable costs, only a much lower fixed cost (Alcser 2016). They can be sold faster as well as on a lower price. However, there is still a huge demand for print among authors outside the old-school publishing houses that POD (print-on-demand) services successfully meet, which has also been built upon new digital technologies.

**Figure 2. Possible factors in the growth of the self-publishing industry**

*Source: self-made*

This trend, however, should not mean that print will be — sooner or later — substituted by ebooks, which had been a generally acknowledged assumption. Pricewaterhouse Coopers, for example, claimed in 2014 that “the sale of printed books will be outstripped by e-books by 2018” (quoted in BBC 2014).
A promising tool for indie authors?  

Bence Benedek Mészáros

Today, this might seem to be a “fumbled” prediction (Hoffelder 2016). “Printed books will likely coexist with digital, at least for a while, and the antagonistic paper vs digital reading is probably an exhausted debate” (Wischenbart 2014, p. 15). I could never sum it up better than how Pál Kerekes did: “the aim is not the redistribution of the cake. It is about making a bigger cake” (personal interview).

Another determining trend is the emergence of “hybrid authors”: those who have taken advantage of traditional publishing and self-publishing simultaneously (Bowker 2016, p. 8). Some of them migrated to self-publishing after gaining experience in traditional publishing, another significant part of them opted for self-publishing first and was so successful that traditional publishers saw and seized the opportunity and potential in their work. I introduce the main differences between these two paths through Ágnes Vida’s and Nóra Oravecz’s instances later.

1.3 The miracle market

In the Kadar regime, “life had been easy for those who did not press too hard against the limits of tolerance” (Davy in Ash 1995, p. 122). The transition, however, shocked the book market and some struggles that have appeared almost 30 years ago, still have relevance and impact today: the “mayfly existence” of small publishers, cut subsidies, the changing role of intelligentsia and the list keeps getting longer (Davy in Ash 1995, p. 123).

One quite stable trait of the Hungarian book market, however, is that it can be regarded as a small one: In IPA’s (International Publishers Association) annual report in 2014, Hungary places 35th out of the 39 members, on which the analysis was conducted (IPA 2014). Other than this, the pace and the significance of those trends in this country that I have introduced in the previous part might be determined by the overall market performance.

In order to give a general picture about that, firstly, I examine how well the market has been performing in the last two decades in general. I used KSH’s (Hungarian Central Statistical Office) data about the annual CPI rate for books for the real values, using 2016 as constant. The nominal values were reported each year by MKKE (Hungarian Publishers' and Booksellers' Association).

After that, I strive to introduce how many titles were published each year in the last two decades: firstly overall, then with regard to digital content. The introduction and comparison of them could show
A promising tool for indie authors?  

Bence Benedek Mészáros

how determinant ebooks and self-publishing currently are on the Hungarian market, which is vital from the whole industry’s point of view.

Figure 3. Turnover on the Hungarian book market  

Sources: MKKE, KSH  
Available at: http://www.mkke.hu/ and  
http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qsf005.html

As Figure 3\(^1\) shows, in the 2000-2016 period, the turnover on the Hungarian book market reached its real maximum in 2007. The decline after that is probably due to the 2008 economic recession. From 2011, when the economic situation started to ameliorate, the book market started to perform better as well. At the same time, it did not manage to grow significantly, only to grow (in real value) by 5.5%. This tendency does not differ significantly from the global average, which was at a CAGR rate of 1.1 percent between 2010 and 2015 (McKinsey 2016, p. 8). Although currently no data is available about this year, the market has been certainly living turbulent times in 2017.

The bankruptcy of the greatest Hungarian publisher, Alexandra in January, 2017, according to the CEO of MKKE, András Sándor Kocsis (quoted in Seres 2017), “resulted in the most severe professional situation in the past 27 years”. This was a great shock for the market, hence this year started with worries, concerns and even fear around publishers and booksellers. However, since then, the situation has — to a certain extent — ameliorated. Bence Sárközy, the CEO of Libri, the current market leader Hungarian publisher, declared (in Jászberényi 2017) that “the fright is passing”. This might be true for the most prominent publishers, however, smaller firms still face tough times. A determining trend on the Hungarian market is that the bigger publishers acquire the smaller ones. In 2006, 90% of the turnover was generated

\(^1\) I excluded textbooks from the turnover, because in 2014, this segment of the book market was nationalised. (Vid. 2013. évi CCXXXII. törvény a nemzeti köznevelés tankönyvellátásáról)
A promising tool for indie authors?

by 160 firms (MKKE 2006). In contrast, the same 90% turnover came from 69 companies in 2016 (MKKE 2016). There could be a strong correlation between this fact and the acquisition trend.

In order to take a closer look at this market, I complement the previous analysis with the number of titles that were published each year between 2005 and 2015, which I illustrated on Figure 4. This might be crucial because, for example, if the price of books had been going up from year to year, the growth in turnover would not necessarily indicate that there are more books published and bought on the market.

Figure 4. Number of titles on the Hungarian book market (2005-2015)

Source: MKKE Available: http://www.mkke.hu/osszesites

There can probably be a correlation between the number of titles and the annual turnover. In the 2005-2015 period both of them reached the maximum around 2007-2008, before the recession. After that its impact might have been similar on both of them. The number of titles started to decrease as well. While the turnover’s decline stopped around 2012, the number of titles started to increase in 2013. This 5-6 years might have been necessary for the market to recover from the crisis.

Apparently, the number of titles started to increase, the turnover has been stagnating. It could happen, for example, that the tendency is that authors write more books (the number of titles increase), but can sell it on a lower price (it is not in line with the growth in turnover). Along with this one, however, there
A promising tool for indie authors? Bence Benedek Mészáros

are many other possible scenarios as well. Therefore the evaluation of the situation could be misleading without the introduction of the number of copies by average.

Figure 5. Number of copies by average (2005-2015)
Source: MKKE Available: http://www.mkke.hu/osszesites

Figure 5 shows how the average number of copies was changing from 2005 to 2015. There was a significant decline in this period: by average, a little bit more than half as much books were published in 2015 than in 2005 or 2006. One possible interpretation of the three trends — stagnating turnover, increasing number of titles and decreasing number of copies by average — that I have introduced in this part is as follows.

In fact, the book market has become more diverse in this decade. While before the transition it was highly regulated, which book can be published, now actually anybody can publish if the content meets some basic moral criteria (for instance, it is not instigating nor offensive etc.). The number of titles might have been increasing for this reason. However, it is possible that in this diversity, less authors become “superstars”, whose books are read by millions or hundreds of thousands. It might be possible that there are more highly successful authors on the market, but they are not read by as many people as those superstars were. This could justify the decline in the average number of copies. The stagnation of the turnover, therefore, could be the mix of these two trends. If more titles are available and less are printed, the turnover may remain unchanged, as these two phenomena could to a certain extent offset each other. After
concluding how the Hungarian book market generally performs, the question might arise: how determinant is self-publishing currently and what prospects does this industry have here?

The new base of self-publishing is digitization, as examined in the previous part. For this reason, the fact that the market share of non-paper-based books is still negligible — it was in 2015 1.68% (MKKE 2015), in 2016 1.71% (MKKE 2016) of the total flow trade — might be essential with regard to the prospects of the self-publishing industry in Hungary. In comparison, in the U.S, according to the Association of American Publishers (quoted in Buchmesse 2017, p. 2), around 10.22% of the book sales originated from ebooks in 2016. Hence there is a significant lag between the tremendous American and the modest Hungarian markets in terms of digitization trends. Probably, once the digitization develops to a certain point (for instance, when the ebook market share will be between 5 and 10 percent), the self-publishing industry will be a much more significant part of the whole book market. Norbert Alcsér claims that it is very likely to happen (personal interview). This would obviously have a huge positive impact on his self-publishing service, which could be an important factor in his expectations.

So could be Molnár Imre’s (CEO, DiBook), who claimed in 2014 that ’after 3-5 years, making no progress on the ebook market will only be a bad memory’ (quoted in Szabó 2014). His statement could be justified by two main factors, in my opinion. Firstly, as a CEO of a company in the ebook industry, similarly to Norbert Alcsér, he might have been — to a certain extent — exaggerating. Secondly, the growth of non-paper-based books’ market between 2011 and 2014 was significant with respect to its growth rate. The turnover of this sector quadrupled in this period, as shown on Figure 6. In 2014, it could seem that with the same rate of growth, the market share of them would be around 8% in a few years.

![Figure 6. Annual market share of non-paper-based books in Hungary (2011-2016)](http://www.mkke.hu/)

*Figure 6. Annual market share of non-paper-based books in Hungary (2011-2016)*

*Source: MKKE  Available: [http://www.mkke.hu/]*
A promising tool for indie authors? Bence Benedek Mészáros

However, the incline has apparently slowed down and despite the fast growth, ebooks still accounted for a tiny 2% share of the whole market at its maximum in 2014. There was even an almost 20% decline in 2015, which has not been offset yet — last year, this sector stagnated.

It is highly demanding to evaluate right now what the future holds for this segment of the market. Apparently, based on the last 5 years non-print market share, ebooks still yet to boom in Hungary. Self-published books account for an even smaller proportion of ebooks, hence this sector has not become significant in Hungary yet. Norbert Alcser (CEO, Publio) claimed that the future of self-published books and ebooks will be highly influenced by Amazon’s expansion to Hungary. Both from the authors’ and the readers’ point of view, Amazon’s interface might be appealing enough to be able to attract new readers and make them switch to digital. Until then, there are many unexploited opportunities in this sector of the industry in Hungary, which could affect smaller publishers, such as Publio as well.

The miracle on this market is neither a constant growth nor a temporary expansion. Given those challenges that have appeared in this last three decades (transition, 2008 recession etc.), even the fact that this market has been stagnating is, in my opinion, a miracle. “With only a small language area to supply, Hungarian publishing can never be big business” (Davy in Ash 1995, p. 139), but it can and should survive due to such market players who are able and willing to adapt both to the current difficulties and the challenges on the horizon. Self-publishing is definitely one of them. In the next part, I analyze a company that has acknowledged this: the Publio Publisher.

2. The establishment of modern self-publishing services in Hungary: Publio Publisher

After examining the self-publishing industry in general and on the Hungarian market, I examine it closer through Publio Publisher’s business model. This chapter of my work will consist of four elements. I introduce briefly the company and its history in 2.1, then I analyze its business model with a stakeholder map (2.2) and a SWOT-matrix (2.3). In the fourth part (2.4), I sum up the conclusions and findings of this section.

2.1 A copycat project

Norbert Alcser, cofounder and CEO of the company, came up with the idea of many other services before Publio. It is the digital platform that connected these startup plans — Trend Magazine, Könyvkonnektor etc. He purchased “in 2010 among the firsts” his iPad which changed his way of approach of digital content (Alcser 2016). Having gained experience with the iPad, he concluded that “there was a
huge potential in creating ebooks: not only can they be made fast, but also cost-efficiently. After that, it was only a matter of time before Norbert Alcser came up with the idea of Publio Publisher with its cofounder, Pál Kerekes. Before 2011, there had not been any similar companies on the Hungarian book market.

The main challenge in the beginning was something that startups tend to face: limited budget. The problem was resolved to a great extent by a Hungarian venture capitalist, Antal Károly, who saw and seized the opportunity in the idea and invested money and energy in it. According to his words (quoted in Varga 2016), the company was appealing (partly) due to the fact that it started as a "copycat project" — it means "introducing a business model in Hungary that has already proved to be successful abroad". Before taking a look at how Publio actually works, I would like to introduce three highly successful self-publishing service models to see what could inspire both the founders and the venture capitalist, Antal Károly. I have chosen Amazon, Lulu and Smashwords for this comparison.

**Amazon**

Amazon KDP (Kindle Direct Publishing) offers “e-book-only publishing”, but they also have another print-based service called “Createspace” (Peterson 2017). Those who opt for KDP, can upload a book manuscript they own the rights to within the Kindle Direct Publishing platform, it becomes available on www.amazon.com and in the wireless Kindle Store within about 24-48 hours” (Seaman 2011). This is actually the greatest advantage of their service: the whole process is unbelievably fast, especially compared to traditional publishing. Of course, "the obvious distribution potential of Amazon.com’s retail site" is important as well.

In addition, they offer an extra service, called Kindle Select, a platform, on which “each month Amazon sets aside a pool of funds and KDP Select authors share in them, according to the number of times their books are borrowed” (Peterson 2017). As a matter of fact, it is "the easiest of the DIY publishing platforms to use” (Rooney 2014). They offer high royalties — up to 70% (Amazon, n.a). The main drawbacks could be that the company does not provide editorial help, only a handbook and the readers are forced to use Amazon’s device, although “iPads may be more suitable e-reader device for some illustrated and enhanced e-books” (Rooney 2014).
A promising tool for indie authors?

Bence Benedek Mészáros

Lulu

Lulu has implemented a different business model. Unlike Amazon, it does offer different consulting services in editing, design, printing etc. It is probably more suitable for those people who could not or would not take the technical steps of publishing a book on their own. Actually, the only thing that a writer has to do is writing the manuscript — Lulu “will handle the rest from formatting through the cover design and editorial quality review to the distribution” (Hongkiat 2017).

The main possible drawback of it can be the price tag: printing 5 pieces of an artfully designed paperback book, including many other sales and marketing related services costs $3199 according to Lulu’s official website (http://www.lulu.com/services/packages). However, the provided consultant pieces of advice might help in enhancing the book’s quality that could probably result in higher sales.

Smashwords

Smashwords — similarly to Amazon KDP — offers only e-book publishing services. “The company converts manuscripts into formats readable on iPads, Kindles and other devices while distributing titles through digital bookstores, like Apple’s iBookstore. Smashwords takes a 10% cut of each sale” (Forbes 2015). The versatility of devices might be one of the vital competitive advantages of this company, while the lack of control over quality could be a disadvantage. The royalties that can be earned through them, according to their website (https://www.smashwords.com/about), is between 60-80%, depending on the platform, on which the books were sold.

Before deciding which business model could Publio’s resemble, I analyze the company with three main analytical tools. Firstly, I create a stakeholder map to see who might be effected by the decisions of the company. After that, I conduct a SWOT analysis to examine the company’s advantages, disadvantages and prospects on the market. In addition, I focus on the company’s value proposition by implementing Osterwald’s Value Proposition Canvas. Then, based on these, I will look for the proper analogy (Amazon, Lulu or Smashwords) to see which could be the “copycat project’s” original version. The objective of this whole part is that I try to find such elements of the company’s business model and value proposition by which it could contribute to an indie author’s success.

2.2 Publio’s stakeholders

The stakeholders are „groups, individuals and organizations that are directly affected by the practises of an organization and, therefore, have a stake in its performance (Griffin 2015, p. 71). Based on
the experiences I gained in the two interviews, I found that managers, editors, designers, authors, readers, booksellers, the government, local communities and the society could be the main stakeholders of the company. I illustrated them on Figure 7 with regard to their position from the company’s viewpoint.

**Figure 7. Publio’s stakeholder map**

*Source: self-made*

**Internal stakeholders**

1. **Managers**

Publio is a small company, with fewer employees, hence fewer managers as well. It is organized as a startup, hence it requires these managers to devote serious energy, invest their time and their money in this enterprise to make this business successful and sustainable in the future. They have probably the greatest power and influence among the company’s internal stakeholders.

The publisher was established by four people, coming from completely different backgrounds, having different expertise. In the beginning, it was the idea that connected them — since then it has somewhat changed. Some of them headed to other direction, Pál Kerekes, for instance, does not work for the company anymore. However, the interest in the company connects those, who still work for this small
company. In my opinion, their role and stake, hence, might be highly important from the company’s viewpoint.

2. Editors, designers

Editors and designers are the people in charge of editing and designing the books for those people, who buy these kind of services from Publio. Their knowledge, experience and skills can determine the quality and consistency of the services. Therefore they have a great influence with regard to Publio, however, to a lesser extent than managers. It is tough to tell, what interests they have in the company. It depends on a great deal of factors, for example, Publio’s HRM and other individual traits. Their interest should be improved as much as possible in order to provide the highest quality services that the company can. This could be provided by a proper incentive program, for example.

Connected stakeholders

1. Booksellers

Booksellers are the companies that Publio has contracts with and which sell Publio’s clients’ books other than its own distribution channel, a webstore, called Publio Boox. These are — according to Publio’s website — including but not limited to Líra, Bookline, ekonyvek.hu and Libri, hence the biggest Hungarian booksellers (http://publio.hu/hu_HU/ertekesitesi-partnerek). This is something that many authors desire: seeing their work on the bookshelves of Libri or Bookline. The fact that Publio — under certain circumstances — can provide it, makes this opportunity especially appealing for authors with such preferences.

Were it not for these bookstores, Publio would probably lose a significant part of its customer base, so their influence in the company is high. However, their interest could be quite low. Norbert Alcsér kept pieces of information about their contracts in secret, however, according to Bookline’s webstore, only 30 titles are available that were published by Publio (in printed version). The number of ebooks are much higher, but still, they are incomparable with bigger suppliers, such as Libri or Magvető. Hence, the extent to which Publio relies on these booksellers could be higher than vice versa.

Due to their high influence with regard to the company, booksellers should always be provided with all the needed information to keep these partnerships lucrative. As they get better established, provided that Publio feels neccessary, their collaboration could also be enhanced by improving their interest in the company. If the whole market went in a direction that was analyzed in the first part of this essay, the
booksellers’ interest in Publio and the importance of the self-publishing industry could grow simultaneously.

2. Authors

Authors have resort to the services that Publio offer, hence they are one of the utmost important segments of the company’s customer base. They are affected by the company in many ways. Directly, they buy Publio’s services, whose price, quality and consistency are vital for them. If these somehow change, it could affect both the quality of their work and their reputation. It is possible, though, that they would look for other ways to publish their work if they were dissatisfied with Publio — for example, by looking for one of its competitors or insisting on traditional publishing, which was introduced in part 1.2.

Their influence in the company is exceptionally high. Their needs must be met, otherwise they feel unnecessary to make use of Publio’s services. The role of independence in self-publishing they seek in many cases can be an important factor as well — it was shown in the first main part (1.2). However, Norbert Alcser claimed that their customers sometimes lack the consciousness to acknowledge the significance of some parts of their services. Their interest in these, and in the company as a whole, could be enhanced further. They already devote serious effort “to teach” their partners these techniques, as he put it. Therefore their interest may get even higher which is crucial regarding their key role in the company.

3. Readers

Directly, readers are only affected by Publio through its online webshop — Publio Boox. This website works similarly to any online bookstores. Both ebooks and printed titles are available there (link to the website: https://publioboox.com/). Norbert Alcser claimed that around 30% of the company’s revenues come from this webshop, so there are serious financial reasons behind the readers’ (the webshop’s customers) influence. Their interest might regard the accessibility, the price and the quality of the books they purchase. In this sense, readers are similar stakeholders in Publio (Boox) to other readers of any other bookseller companies, such as Bookline or Líra. It is important that not only self-published books are sold on this webstore, but also many old-school publishing houses’ bestsellers, which can be, generally speaking, more popular ones. This is an intriguing part of the company’s business model that I take a closer look at later.
External stakeholders

1. Government

Government can be one of the external stakeholders of the company. I believe that, however, its stake in Publio’s performance do not differ significantly from that in any other startups’. If the company follows the regulations made by the government and pays the necessary taxes, regular minimal contact might be enough to sustain a symbiosis. Another expectation might be job creation, however, for such small publisher, as I see it, it’s significance is marginal. Today it cannot employ so many people that it would be relevant from the government’s viewpoint. Maybe later, if Publio grew, the government’s stake could become higher as well.

2. Society

Publishers generally represent some cultural values that they stand for. Publio, in contrast, identifies itself as a service provider, as I have already mentioned. Its attitude is completely different with regard to this aspect. I will examine this in the end of this part in more detail. Despite this, Publio could find other ways to attract the society, as a stakeholder. It might be interested in creating such cultural values that our entire society could benefit from. This value, in my opinion, could differ from the one that is represented by the traditional publishing houses. This could be, for instance, the value of providing the opportunity of sharing ideas and gaining publicity for meaningful thoughts. As I see it, involving the society in this idea by the means of communication, PR, etc. could result in the increasing interest of it.

Today, both the influence and the interest of the society is meager. However, due to those market forces that were examined in the first part, and provided that some necessary actions are taken by the company, this could dramatically change and the society’s stake in Publio could significantly incline.

2.3 How does Publio work?

In the previous part, I examined who Publio’s main stakeholders can be and what interest and influence in the company they might have. Now I would like to highlight how the company works and what kind of prospects it might have in the (near) future. The conclusions of this section may show the company’s connection to the authors who — as it was introduced in the previous part — are the most essential connected stakeholders of the company. Eventually, I hope to find some possible answers to the main question of this paper: how can Publio contribute to an indie author’s success in Hungary. I would also find the proper analogy that could be the base of this so-called “copycat project”.

20
A promising tool for indie authors?

Bence Benedek Mészáros

Figure 8. SWOT of Publio

Strengths

1. Pioneer advantage

The self-publishing itself has been on the global market for centuries, as I have mentioned in the introduction. When Publio was established, however, no other companies provided similar services in its modern format in this country. Publio, as a pioneer, could take the first-mover advantage. I examine to what extent can it be a strength of the company.

The first-mover or pioneer advantage „can be simply defined as a firm’s ability to be better off than its competitors as a result of being first to market in a new product category” (Suarez – Lanzola 2005). In this case, this product category could be defined as services that help authors to self-publish their work. Others (Golder – Tellis 1993) distinguish between inventors, product pioneers and market pioneers. With regard to this, Publio can be regarded as a market pioneer — „the first to sell in a new product category” (Golder – Tellis 1993). As I have introduced in part 2.1, this company started as „a copycat project", so it is the introduction of an existing business model and service to Hungary that makes this company being a market pioneer. Being the first-mover, however, does not necessarily have an absolute, universal value. According to a research conducted on a sample of 500 American companies, „47% of
market pioneers failed” (Golder – Tellis, 1993), while others found irrelevant taking unsurviving first-movers into account when it comes to the evaluation of the significance of this advantage (Urban et al. 1986).

In Publio’s case, being the first-mover, in my opinion, can be taken as an advantage under certain circumstances. It requires „understanding [Publio’s] business model, customers’ problems and the features needed to solve those problems” (Blank 2010). Due to the fact that the whole Hungarian self-publishing industry is in its infancy, this highly demanding requirement can be met easier. However, if the whole industry started to grow, this task could become tougher. In this scenario, the entrance of new companies that emerge as fast followers could be a threat, as I will discuss. Due to this ambiguity, I ranked the first-mover advantage as a possible, but not the most significant strength of Publio.

1. Versatile services

Publio offers a wide range of services that can be a great advantage for the company. Norbert Alcser claimed that the needs of indie authors differ one by one which makes meeting individual needs tremendously challenging. Offering services in packages as well as separately could resolve this problem in many ways. For those indie writers who look for more control over their work, desire independence and consider themselves to be able to manage more parts of the publishing process, services that are sold separately could be more appealing. Essentially, most of the services are related to advisory. I grouped them based on two viewpoints: Publio’s clients get marketing related and technical pieces of advice. I illustrated them on Figure 9.

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Figure 9. Services provided by Publio
Source: Publio 2017
A promising tool for indie authors? Bence Benedek Mészáros

The majority of the marketing related services are advertisements or highlighting on different websites. The price of them may depend on which bookstores they are advertised on. Of course, the better reputation and more customers a bookstore has, the more these advertisements cost. An advertisement on their own webshop, Publio Boox costs 18000 HUF for a week, whereas on Líra 99000 HUF or on Bookline 190000 HUF. Advertising on social media (Facebook) is somewhat cheaper, around 49000 HUF. These examples could show two main things.

Firstly, Publio applies price lining. I regard the lucrativeness as the most important „quality” of their product. In this sense, they offer „higher quality” services, such as the advertisements on Líra, Bookline or a personal marketing strategy, „lower quality” services, such as the advertisement on Publioboox, a newsletter or a Faceboo giveaway. Some of their services could be considered between these two in terms of quality: Moly.hu, ebook.hu advertisements, for instance. I believe that it is rather questionable, whether these investments return or not from an author’s point of view. A book, as a product, can hardly be successful without being able to attract at least a certain number of readers without „marketing gimmicks”. In case of many through Publio self-published books, good marketing proves to be insufficient for huge success.

When it comes to technical advisory, this price-lining can be recognized as well. Those services that require higher expertise cost way more than simpler ones that could be done with modest, very basic IT knowledge. The first group is represented by the professional cover page design for 69900 HUF, while the latter by the help in uploading the manuscript to Publio’s site (4900 HUF). Of course, these services in general can be appealing for completely different customer segments — authors with different attitude, knowledge and goals.

In those cases, in which the writer acknowledges that he or she lacks this kind of expertise, or simply the time and energy that must be invested in this process, a service package could be a great option. The company here implements a bundling strategy, „which groups several product together to be sold as a single unit, rather than individually” (Ebert – Griffin 2015, p. 430). These packages are completely different regarding the level of management related skills and knowledge that the tasks require that Publio conducts instead of its clients, when these packages are purchased. The most basic one, called personal training, provides personal contact with Publio on a weekly or monthly basis, the creation of a Facebook site and keeping in touch with the company via chat for 14900 HUF/month. The other packages are advertised with Ágnes Vida’s marketing which can be determining both from the clients’ and Publio’s point of view. For this reason, I introduce and analyze them in a separate part.
I would conclude that the versatile range of services that Publio can offer could be the most important strength of the company. Personalization might be crucial to meet the company’s clients’ needs. Offering diverse range of products both separately and bundled could be a great tool to attract the authors. The needs of them, however, could be immensely diverse which has to be recognized by the company in order to remain successful.

2. Distribution channels

Booksellers are one of the main connected stakeholders of Publio (vid. 2.2). Publio has partnerships with the most important, well-established Hungarian bookstores. This might be highly advantageous for the company. I could think of two main reasons behind that. The first one has already been mentioned: providing the opportunity of selling books through these bookstores is appealing for many authors from financial as well as aesthetic point of view. It it not tough to imagine that this could be desired by many beginner authors.

Secondly, although Norbert Alcser did not reveal exact percentages, according to him, in most cases, they half the profit that is generated from Publio books sold on their partners’ websites. The biggest bookstores’ websites are visited way more often than Publio’s own webshop, so it could result in generating more overall profit. However, it would be necessary to know selling data in more detail in order to evaluate this strength more appropriately. Since Publio’s CEO was not willing to announce these pieces of information, I would rank this strength lower.

3. The partnership with Ágnes Vida

Ágnes Vida, a Hungarian psychologist and blogger (Gazdagmami) who has built a successful career with self-publishing, is connected to Publio in many ways. The marketing under Ágnes Vida’s name has appeared in those packages that I did not cover in the previous part. Publio and Ágnes Vida offer four such bundles.

GM Bookclub — GM stands for „Gazdagmami” — is the most basic one. It provides ebook publishing, page-setting, correction, cover page and several marketing services (highlighting on ebook.hu, Rukkola, Publio Boox) for 215900 HUF. GM Bookclub premium only differs in that its price covers a lector’s help. It costs 292900 HUF. There is also a package for non-fiction and one between normal and premium GM (called Bookclub+).
Ágnes Vida’s role in these packages is inevitable: she has a wide reader base, over 100.000 people follow her blog and her Facebook page. She can be regarded — to a certain extent — as an influencer, who might be able to draw many people’s attention to Publio and self-publishing. She has written about this opportunity on her blog (Vida 2010; Vida 2011) and apparently has a serious interest in the company. When I asked Norbert Alcser about this cooperation, he claimed that it is simply a symbiosis — they help Ágnes Vida to widen her customer or reader base and vice versa. He also said that Vida had wanted to get into self-publishing service business but had not had the necessary time until they seized the opportunity of cooperation.

Connecting Ágnes Vida’s name, reputation and brand to Publio’s services is an important strength of the company. This cooperation could be developed further in the future, potentially resulting in more customers for the company, and at the same time, new readers for Vida.

**Weaknesses**

1. *High prices*

While I was examining the company’s main possible strength, the services, a possible weakness was adumbrated as well, which is the pricing. Due to the relatively high prices, many services are unaffordable for a beginner, “wanna-be” successful author. As I have mentioned in the introduction, one main problem with self-publishing used to be its inaccessibility. In Publio’s case, this problem has not been resolved absolutely. The situation has been better yet similar: only a specific group of people is able to afford this way of publishing.

I believe that this can be contradictory to the fundamental point of self-publishing services: providing a platform not only to those people who would not, but also who could not publish in the traditional system. Of course, for successful bloggers or writers the transition — in this respect — may be less demanding. Even those people who have tremendously worse chance for success in the traditional publishing system can remain without the desired opportunity of publishing due to the high prices. However, many other factors may mitigate the possible negative impact of the expensiveness. I would like to mention two of them.

The first one, in my opinion, is that Publio, as a relatively (at least compared to old-school publishing houses) new market player applies a price-skimming strategy. On this relatively niche market, on which
they conduct their business, they could regard their products as exclusive ones. In this case, the high price might belong to the company’s value proposition and would not necessarily mean a weakness.

Secondly, from their monopolistic position on the Hungarian book market, they can behave as price setters — to a certain extent. The international startups could make it necessary to orient and in comparison with Lulu’s $3199 packages that I highlighted in 2.1, Publio’s pricing is better justified. If the whole self-publishing industry grew and new competitors emerged, they would (be forced to) push down the prices, making the services more affordable for many beginner writers. Until that point, I consider the pricing to be a weakness with medium impact.

2. Narrow customer base

The higher pricing may result in another weakness: the limited customer base. Norbert Alcser claimed that the overwhelming majority of their customers are middle-aged people. It is hard for them to attract both youngsters and elder people for one main reason: the financial issue. According to him, it is mainly the middle-aged group that is willing to and able to afford their services.

However, some strengths of the company, for instance Vida’s marketing and the convenient services might diminish the impact of this weakness. These are measures that the company has already taken, but there are definitely other ways to attract younger and elder people. For the 18-26 age group, the reduced prices could be a determining factor. The potential in this generation is examined separately as an opportunity. For elderly people, the proper usage of Publio’s interface is often problematic, as Alcser put it. They offer a separate service to provide help in these kinds of problems, however, this may not be a complete solution. A more easily usable interface might attract the elderly. Attracting them and youngsters can be a vital yet demanding challenge for Publio in the future.

3. Few experienced clients

For self-publishing service providers, beginners and professionals are similarly important. Publio’s clients’ lack of consciousness, knowledge or expertise has caused many challenges for the company, especially in the beginning — claimed Norbert Alcser. The company, since then, has tried to ameliorate the situation in many ways. The versatile service supply, the frequent communication between the company and its clients serve one common goal: coaching the authors. However, he still feels that the company can be the most proud of those writers, who took the initiative and were brave enough to make changes on their own. This is how those real success stories start that are able to improve Publio’s reputation. Publio’s
current weakness could be that it has few authors with strong managerial skills or experienced background (Nóra Oravecz and Ágnes Vida are among them). These writers could show the beginners such beaten tracks that makes development and career building easier. In the long run, Publio should become appealing enough to attract these authors as well. Alcser believes that the real breakthrough of the company and the industry, as a whole, will come when an author like Totth Benedek — a young Hungarian Margo-prize winner novelist — after 2 successful books would choose self-publishing for his third one. Attracting these authors is highly demaning in the future.

Opportunities

In the first part of this work, I introduced some general trends related to self-publishing on the global and on the Hungarian market. As I have mentioned there, one aim of that was to find the external factors in terms of Publio’s opportunities and threats. I found three phenomena on the market that could be exploited by this company.

1. Hybrid authors

As it was introduced in 1.3, an important trend on the self-publishing market is the emergence of hybrid authors. In Hungary as well, this has occured — to a certain extent — that can be a great opportunity for Publio. Ágnes Vida’s and Nóra Oravecz’s example show two different paths that hybrid authors tend to follow. In this manner of publishing, a great deal of factors do not depend on the service provider, but on the author himself. For this reason, I compare Nóra Oravecz’s and Ágnes Vida’s connection to self-publishing and Publio based on three viewpoints in order to see which factors can influence the degree to which Publio could take the advantage of working with hybrid authors. The three main factors can be vital from any hybrid authors’ viewpoint. The evaluation of these aspects will show the extent to which hybrid writers can be regarded as an opportunity for the company.

First factor: blogs

Oravecz started her career as a blogger, when her post in which she sharply criticised her generation’s women’s behaviour in June 2011 went viral. Hundreds of thousands read it and shared it via Facebook in a few days — it was a huge boost to her popularity (Bede 2013). Her blog, called Fuszerespolc was followed by unprecedented amount of people as well (Fuszerespolc, n.a). Therefore this blog post was essential from her career’s point of view — if it had not been for that, she would not have gained such popularity in that short period of time. Since then, she has started a new blog with her own name (Oravecz
A promising tool for indie authors?

Bence Benedek Mészáros

2017), on which she writes about — among other topics — brand-building strategies, marketing, travelling and her success. Many of her writings are posted by Huffington Post as well (Oravecz 2017).

Vida, a Hungarian psychologist was initially a consultant until her kids were born in 2005 and 2007 (Vida 2017). She built up her career consciously in a way that she would be able to reconcile family and professional activity. Her main business idea stemmed from this: she started to write a blog in 2007 in order to help mothers facing similar troubles and challenges that she did. Her blog, Kismamablog has over 12000 readers on a daily basis and more than 120000 subscribers today (Vida 2017). This huge success was something that she could later build upon. Today, she operates another website — Gazdagmami — on which she writes about entrepreneurship, women’s role in business and running a business as a mother.

Starting a blog was apparently a great tool in both authorial paths. They both became famous this way, however, Vida had had professional experiences in other areas (psychology, research) as well that might have influenced the extent to which she became successful by her blog in a very positive way. Blog can be used to establish a loyal reader base, gain popularity, and enhance the impact of other self-management tools (social media etc) to gain success with self-publishing. Therefore, getting bloggers’ attention and inclining their stake in self-publishing can be a great opportunity for the company.

Second factor: experiences in traditional publishing

After the aforementioned post, Oravecz has started to continue building her self-brand successfully (Novics 2013). Her first book that was published via Publio (Without whipped cream) was only a great step in a long lasting process that went in the direction of traditional publishing. She changed to the old-fashioned system after she could — when she had so well-established reader base and probably better books that the traditional publishing houses saw potential in them and offered her the opportunity to work with them. Since then, all of her newer books were published by Libri. I believe that it is not only Oravecz, however, who could use self-publishing this way. If an author insists on publishing via traditional houses and is rejected by them after several times, self-publishing can be a great launch pad, provided that the author has similarly good managerial skills as Oravecz.

Ágnes Vida’s career was different in this respect. After her blog became well-known, her first book, Babapszichológia (Babypsychology) was published in 2011 in the traditional system by Kulcslyuk Publisher. She might have had different intentions to choose self-publishing: it could be the part of her independent, self-built brand and enterprise that now includes personal consulting, advisory and marketing.
Experiences in the traditional system, hence, can be a great tool for building a successful career, but it is not inevitable to start from there. It may depend on the author’s personality, aims and skills which starting point would be a better option for him or her. While for Oravecz the self-publishing was the available and assumably better one in the beginning, Vida could gain success with her experienced background that stemmed from traditional houses, not necessarily from self-publishing.

Third factor: Branding

The key in both paths was common: building up an own brand successfully. „There’s no shortage of marketing and publicity services that promise to help self-published authors secure media attention and book reviews and increase sales. For the unschooled, however, it’s hard to know whom to hire, how much to invest, and what type of marketing and publicity will make a difference” (Friedman 2016). Three possibly lucrative options to build an indie career can be an own platform, relentlessly pursuing book reviews and promoting the book (Dircks 2016). These are tools that both Vida and Oravecz have used and should be used by anyone, regardless how famous they are. Many of them are indeed offered by Publio.

The general consequence can be that blogs and branding are essential when an author opts for self-publishing. The utility of experiences gained in the traditional system may depend on the author’s personal traits and preferences. However, working with the aforementioned writers with assumably better managerial skills and knowledge than beginners is different. The main opportunity for the company can be to find those indie’s who have already been successful and possess the traits that Oravecz or Vida do. This would decrease the number of inexperienced clients of the company which was examined as a weakness in this part. However, in order to take full advantage of this, both Publio and these authors need to be highly cooperative. Sometimes experience and assertivity go hand-in-hand which could result in exaggerating demands from one side or another. The cooperation requires both parties to look for win-win situations, as it in Vida’s case happened.

Secondly, traditional authors’ willingness to become either hybrid or indie authors has already grown on greater book markets, however, in Hungary it can be regarded as a nascent segment of the market. There are many unexploited opportunities in persuading traditional authors to choose self-publishing for financial, aesthetic or other reasons. Of course, self-publishing would not fit well with every single writer in Hungary — I took a look at the differences between traditional and self-publishing in 1.4. If more prominent writers chose Publio and became hybrid author, both the company’s reputation and revenues (they would probably opt for more expensive, professional services) would increase. Alcser also highlighted this opportunity in the long run.
2. Amazon

Amazon plays a tremendous role in the global e-commerce and since 2016, in the Hungarian one. The giant company started to ship to Hungary in November, 2016 (Forbes 2016). The Kindle Direct Plus, the company’s self-publishing service has not been available in this country which is something that Publio could make use of. Until this service will also be introduced, the platform that Amazon provides (Kindle) can be regarded as an opportunity — this was also highlighted by Alcser. This ebook reader is an easily usable, affordable and convenient one: this could justify its popularity. Publio’s books could also be read on Kindles if this service would be available on Hungary. The company could build a partnership with the mammoth firm.

However, KDP’s introduction would have drawback as well. In this case, the small company would be forced to compete with the world’s biggest self-publishing provider company, which is, of course, highly demanding. Hence, I believe that the opportunity that Amazon provide can only be relevant until the two companies do not become direct competitors on the self-publishing services’ market.

3. Growth of the ebook market

Ebooks are driving the self-publishing industry and vice versa. In the USA, a notable part of the self-published books are in electric format: in 2015, 21% of the titles published in this manner were ebooks (Statista 2017). I introduced briefly how the Hungarian book market differs from the American one in terms of the current self-publishing and ebook status in part 1.3. The boom of the ebook industry in Hungary could be a great opportunity for Publio — that is probably why Alcser considers this segment of the market in a highly optimistic way. According to him, they are waiting for the moment when the market share of ebooks reach 5-10%, which could be regarded as a global average. The ebook related services of Publio are more popular and accounts for a significant part of the company’s revenues.

This opportunity on the market would be crucial in terms of a self-publishing service provider, like Publio, however, it is a question of the future. In the first part I mentioned that there is some ambiguity when it comes to predicting ebooks future in Hungary. For this reason, I would say that this opportunity can be great for the company but it depends on how this part of the market performs in the future.
Threats

1. Emerging fast followers

Publio’s first-mover advantage should be examined with certain degree of concerns, as I strived to do. If the whole self-publishing industry grew, it is highly likely that other service providers would emerge on the market — Publio’s prospective competitors. Publio moved this modern format of self-publishing from 0 to 1 in Hungary. This step is one of the toughest parts of being a pioneer in an industry.

If new competitors emerged, they could be “fast followers”. This can be taken as an advantage at any business areas, as shown in a research: “companies that took control of a product’s market share after the first movers pioneered them — had only an 8% failure rate” (Seave 2014). This can be a real threat for Publio’s current market leading, virtually monopolistic position on the Hungarian book market when it comes to providing self-publishing services with this model.

The current competitors — according to Kerekes — are not real ones: they either offer similar services in a different way or cannot offer some of Publio’s services at all (for instance, the wide range of distribution channels). In the long rung, however, I believe that given the market forces that were examined in the first part, this can be a threat that Publio should take into account.

2. Credibility

The public opinion about modern self-published books is way more positive than it used to be — I mentioned in the introduction Hugh Howey and E. L. James, authors who have sold millions of their works (Wool or Fifty Shades of Grey). This was unprecedented until the indie authors’ renaissance. Despite this, I would not claim that quality and credibility are not important issues today.

There are still many authors, who lack the neccessary technical skills and knowledge for publishing a book that is of great quality, but do not claim professional’s help (an editor’s, a designer’s or a lector’s). This can easily result in a failure for both the author and the service provider (Publio), as the readers might associate the company with the works that are of low quality. What makes this situation even harder is that it is an external factor: Publio cannot directly force its clients to educate themselves to be able to self-publish successfully. The company strives, however, to coach its partners in a few ways. Alcser also claimed that it has been quite successful. In the early days of the company, it was of no surprise when an author uploaded the manuscript of his or her book with a cover page that was poorly edited by him or her in MS Paint. With regard to this, he believes that they were able to achieve some level of change with their
actions and services. If this was true and this tendency remained determinant in the future, the hurt of Publio’s credibility that stems from poor quality works would become less and less significant. In the short run, in spite of this, I believe that it is the second most serious threat of this company.

3. *Stuck of the market*

It is a highly challenging to see what the future holds for the Hungarian self-publishing market. One possible scenerio is that due to the Hungarian market’s limitations in size, language and demand for these services, the self-publishing industry’s market share could not reach nor go beyond the current American level. This would be a serious threat for the company’s future perspective. If it was not able to attract new Hungarian writers and readers, probably the company would be forced to seek other ways to remain a profitable enterprise.

This would affect its strategy and operations planning. Currently, Alcser does not imagine Publio as an international firm — however, the company has had some experiences in Serbia, for instance. We discussed that representing the company on the world’s greatest book fairs (in Frankfurt or London, for example) has so high costs that it would be currently an unrealistic goal for the company to be there. However, I believe that if the market forces drive the company in the direction of internationalization, it will be possible to see beyond the Hungarian market’s limitations. Offering English or regional language services could be one way to start. This scenerio, hence, would be a serious threat for Publio in two cases: firstly, if the Hungarian market actually develops in a way that it emerges as a problem. Secondly, if the company is not willing to or not able to seek other ways to remain a successful business in the future.

2.4 What does its SWOT tell about Publio?

I regard Publio’s versatile service package offer as its most important strength. The company could build on it in the future in a way that it could offset some if its weaknesses: with more support and coaching services, the number of inexperienced clients could decrease and its customer base could be widen, given that it will manage to cut its prices. Considering some current market forces in the first and in this part, I believe that it is likely to happen. I tried to use as many aspects of the first part of this work as I could to find external factors of Publio’s business model. The most important trends on the market that I considered to be opportunities were hybrid authors and the growth of the ebook market. If these trends became more significant in Hungary, Publio could take it as an essential advantage. I also examined briefly how Amazon’s expansion to Hungary would affect the company. I found that until it starts to offer KDP (Amazon’s self-publishing services), Amazon’s platform and customer base could be a great opportunity for Publio. One explicit way to make use of that could be a cooperation between the two companies.
Along with these positive trends, of course, I analysed some phenomena that could have a more negative impact on the company’s future. The threats I regarded as the vital ones were the emerging fast followers, the credibility and the stuck of the market. I tried to highlight the correlation between taking the first-mover advantage and the threat of fast followers. After that, I found that even though the credibility of self-publishing in the modern era has been better than it used to be, due to some quality issues that still exist, people’s way of thinking about the works published in this manner — which is an external factor — could be a threat in the future. When it came to the future of the self-publishing market, I faced considerable uncertainty. The market could go in many directions, many of which would affect positively Publio. However, I tried to consider a negative scenario as well, which would mean a threat for the company. I concluded that the impact of this threat would depend mainly on Publio’s ability and willingness to adapt to a new environment.

Based on this analysis, I found three main factors that Publio’s business model offer for indie authors and can effectively used by them. I collected them on Figure 10. It might be important that Publio only provides these services and opportunities, however, it is another question, how the authors make use of them in the reality.

**Figure 10. Publio’s possible role in self-publishing success**

*Source: self-made based on the SWOT analysis*

Another conclusion regarding this part is that in my view, Publio’s business model resembles the one that Lulu has implemented. Both Lulu’s and Amazon’s main strength are the diverse services, while their weakness could be the relatively high price. Lulu could be, in my opinion, the “copycat project’s muse”.

• Publio offers a great deal of marketing and management related services that could improve an indie author’s opportunities to gain success.

• The company provides such services that are inevitable for self-publishing but require high level of expertise. These services can be useful for beginners, who lack this kind of knowledge and professionals, who would like to spare time and energy this way as well.

• Especially for those who could not find support in the traditional publishing system, simply providing the opportunity to gain publicity for a piece of writing is crucial from an indie author’s viewpoint.
To conclude — what could more or less be seen in the SWOT analysis or the stakeholder map of Publio — how the company creates value for its customers, I used Osterwalder’s Value Proposition canvas (Strategyzer 2018). The model consists of six main elements: the products and services (1) that the company offers, the gains (2) it creates and the pains (3) it relieves, the actual gains (4) and pains (5) of the customers and their jobs or needs (6).

The whole value creation stems from the need of Publio’s potential customers (6). I believe that it is that many people seek a way to publish other than the traditional houses and would like to become “indie author”.

(1) Management related services and technical support

I examined in 2.3 the versatile range of services that Publio offers. In my view, they belong to two clusters, as it was shown on Figure 9. Some may help the potential indie author to become more successful by the means of support in management. The other services are connected directly to the quality and content of the book: Publio offers advisory services from lectors through editors to designers in order to make from the manuscript an as successful book as possible when published.
(2) Gains it creates

Most gains have already been collected as strengths of the company’s business model. The company creates value for its customers most importantly by the support that it offers in the whole publishing process from the very beginning to the very last step of this procedure. Other than writing the manuscript, the author will be helped in every phase of self-publishing, of course, depending on how many services he or she purchases. I would emphasise here that it it is in most cases only help — a great deal of factors depend on the author whether these services will be used in a lucrative and effective or not.

The distribution channels might be important from two main viewpoints. Firstly, it can be a dream desired by many to see their intellectual product on the bookshelves of the greatest Hungarian bookstores, no matter how many of them will be actually sold. Secondly, for a fortunate few, it can indeed be a boost in sales. However, it would be highly misleading to assume that this is likely to happen to the majority of Publio’s customers. Given other circumstances that I highlighted in 2.3, I would say that distribution channels are utmost important regarding the former point of view.

The marketing opportunities can be highly valuable for those who have already established a reader base to a certain extent and would like to widen it. It is extremely hard to quantify how effective the advertisements are that Publio offers, particularly given the fact that Alcser was reluctant to share data about them. One thing that can be seen according to the prices is that they differ based on the popularity of the bookstores or websites that the given book would be advertised on. For this reason, Publio can only create value for its more affluent customers.

The most important gain — in my opinion — that Publio’s services create is simply the opportunity of publishing. The publishing industry is such that a tremendous amount of manuscripts are left unread either because they get refused in traditional publishing or the author does not even desire to have his work published by old-school houses — of course, the latter is a much more rare case. However, a certain degree of publicity and the fact to be able to touch, feel and sense the output of their intellectual work in a rather nice, well-designed and edited printed or electronic format is provided by this company to many.

(3) Pains it relieves

This kind of value creation has two main drawbacks that I could think of. The prices of these services are relatively high, especially compared to the ones which can be observed in the giant companies’, like Amazon’s business model. This limits the customer base not only to those who can use and understand Publio’s platform and services, but also to those who can actually afford it. The limited amount of customers
A promising tool for indie authors? Bence Benedek Mészáros

has been examined in the SWOT before. Another disadvantage of this value creation might be that even though they offer the opportunity of cooperation with giant Hungarian bookstores, the number of titles and the number of books actually sold there is highly limited. Alcser mentioned that they cooperate in an on-demand way, which means that Publio gives for instance Bookline only that amount of books that have already been preordered on Bookline’s website. This number is in most cases under 10, according to him. This limits the availability and the likelihood of these books to be found by avarage customers.

(4) Gains

The company contributes to — most importantly — the opportunity of free-publishing among the customer segment that is able to use and afford Publio’s services. They can have their book touch and read without making the rigid and in most cases tremendously selective steps of traditional publishing. Although this is actually criticized by a certain segment of the intelligentsia due to the fact that books of worse quality may flood the market, I have not examined this factor in this work. Both for an elder soldier with a great story from the past or for a young lady with a romantic novel on her mind, Publio can provide a platform to the well-desired publishing.

Another gain can be an aesthetic one: the independence. In the comparison between traditional and self-publishing I showed how important the factor of independence may be in many indie authors’ viewpoint — actually, that’s where their name (indie) come from. Customers can choose deliberately between the services of the company and can decide which phases of the process would they make and which would they prefer to be dealt with by Publio. This might be the second crucial part of Publio’s value proposition.

(5) Pains

A significant „pain” of the customers could be that these services can only work in a financially effective way if the author devotes substanital effort to the whole publishing and retailing process. It is not enough to purchase the management related support, for instance, but the author needs to actively learn and be involved in both his book’s and his own development. This was reassured by Alcser as well — that is probably why he wrote a guide book about self-publishing. First and foremost, they need active customers who are willing to accept this. Secondly, it is crucial to be down to earth. In order to have realistic goals that are feasible, the authors need to see the extent to which the opportunity of getting into traditional distribution channels is determinant with regard to their own goals. From a rather financial viewpoint, it is vital to see that the number of sales and the return on this investment might leave something to be desired.
Conclusion

Self-publishing is becoming a more and more important segment of the book markets worldwide. In Hungary, Publio Publisher, a self-publishing service provider company is the pioneer in the industry. I examined the company’s business model to find how Publio can contribute to an indie author’s success in Hungary.

On the domestic market, neither ebooks nor this phenomenon have managed to gain as huge market share yet as they have on bigger book markets, for instance, in the USA. There might be more reasons behind that: the limitations that stem from the Hungarian language, the differences between the markets’ size and the general problems and challenges that have occurred on the market in the last decade. Although there are many different similar business models on an international level, I found that the founders of the company might have been inspired by Lulu, an American startup. These companies, in general, offer services for those authors, who could not or would not publish in the traditional system. In order to examine this model in more depth, I created a stakeholder map, made a SWOT analysis and used Osterwald’s value proposition canvas.

Publio’s main stakeholders can be the managers (internal) and the authors (connected). These two groups have, in my opinion, the biggest influence and interest in the company. Technical services can be important for both beginner authors who may lack the necessary knowledge and expertise, and for successful writers who want to save time or energy and not conduct some inevitable parts of publishing. Managerial services include several promotion and sales related opportunities, for example advertising on Bookline or organizing a writer-reader meeting. Both the already successful and the inexperienced authors can take advantage of them, but it can be much more lucrative for those who have already established a wide reader base. A great strength of Publio’s model is that it provides opportunity for those who were rejected in the traditional system, which is one of the main reasons why self-publishing exists. With Publio, any author can gain publicity for their work — in the traditional system, on the contrary, the titles are strictly filtered.

It is also the utmost important part of the company’s value creation. The potential need of Publio’s customers is that they seek a way to publish other than the traditional ones and Publio does provide this. This is the foundation of an indie writer’s success and Publio does help anyone to achieve this. As a next step, its marketing and technical support related services can further enhance the authorial success. The most important gains that Publio create are distribution channels and advertisement opportunities, even though I strived to review both critically. The answer to the question of this work can be this: Publio can contribute to authorial success by providing the opportunity to publish and help in taking the very first steps of becoming a successful writer.
A promising tool for indie authors? Bence Benedek Mészáros

However, success depends on the authors to a great extent as well. In the SWOT analysis, I examined two authorial success stories that Publio and self-publishing were part of. The writers have shown that indies have to devote serious energy and effort to the self-publishing process like Ágnes Vida and Nóra Oravecz did. They both took advantage of using blogs and building a brand for themselves. In Vida’s case, her experience that she gained in the traditional system could be determinant as well. “Achieving the status of successful self-published author, no matter how someone publishes, comes down to attitude. In fact, the majority of successful people in any industry will tell you their attitude helped them achieve their goals” (Amir 2017).

I found this statement adequate for the two examined authorial paths as well: it was their attitude towards their career that connected them and lead them to the final success. The greater part of their success depends on the author — as Alcser and Kerekes have also put it. Even though Publio, for example, provides many relevant and helpful services, in its authorial success stories those were rather complementary. Along with brand building and attitude, money is also an essential factor. Due to the lack of available data, in this work, I could not analyze the role of own capital in this whole process, but regarding Publio’s services’ prices, I assumed that it could be another crucial factor that depends on the author, since in this system it is the writer, not the Publisher who takes the financial risk of the publishing. The role of authors’ own capital and the quantification of the lucrativeness of Publio’s services could be the subject of further research.

To sum up, although self-publishing might have limitations regarding its market share, it has been becoming more and more important way of sharing ideas and thoughts. Self-publishing service providers, like Publio offer help, but in order to make use of it, writers’ active contribution to the whole publishing and retailing process is inevitable. Indie authors need to be not only artists, but also entrepreneurs in order to achieve greater success.

It is tremendously demanding to foresee what the future holds for this industry both on the Hungarian and on the global market. I would agree with those who say that the self-publishing can never substitute traditional book publishing, which has its own advantages, too. However, this is not necessarily a bad thing. I believe that the principle of providing everyone the opportunity of sharing ideas can justify the importance of self-publishing. I would recite Pál Kerekes’s thought about the relationship between traditional and emerging trends on the book market, like self-publishing.

„The aim is not the redistribution of the cake. It’s about making a bigger cake”.

Pál Kerekes, PhD
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39
A promising tool for indie authors?

Bence Benedek Mészáros


A promising tool for indie authors?

Bence Benedek Mészáros


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A promising tool for indie authors?

Bence Benedek Mészáros


I have runned two interviews, which were primer sources throughout this work:

Norbert Alcser (CEO, Publio) – 19.10.2017

Pál Kerekes (cofounder of Publio, researcher) – 04.11.2017
Appendices

Appendix 1.

Comparing could be suitable for getting a simplified picture about the global market as a whole. In the US, on the world’s greatest book market, the output of self-publishers showed a 375% incline between 2010 and 2015 (Bowker 2016 p. 4). In this country, from year to year more independent (‘indie’) authors’ bestsellers were self-published and remain on the top of sales.

In China, self-publishing is often referred to as „online literature” or „online reading” (Anderson 2017a). The greatest platform, Qidian — which resembles Amazon Kindle in many ways — have counted „more than 8 million exclusive online literary works across more than 200 genres” (Anderson 2017a). According to the 2014-2015 Annual Survey of China's Digital Publishing Industry, 'China's digital publishing industry reported revenue of 338.77 billion yuan (approximately 51.11 billion U.S. dollars) in 2014, an increase of 33.36% from that in 2013’ (cited in Buchmesse 2016 p. 3).

Self-publishing has appeared as a modern initiative in Germany, as well. Despite the fact that to a lesser extent than in the USA or China, the phenomenon „has truly ‘arrived’ in Germany” (Indiesgogerman, 2016). Prominent German authors have built bright self-publishing careers, many of them can be found on a website called Lieblingsautoren (Favourite Authors)². As Florian Geuppert (CEO, Holtzbrinck’s Digital Content Group) puts it (in Anderson 2017b), „the US market is ‘more mature’ in its self-publishing sector”. In this interview (in Anderson 2017b), he also concludes that the reason behind this might be that in Germany publishers offer „more platforms in the mix”, while American companies implement these different business models separately.

The UK ebook market was „continuing to slow” in 2015, however, the number of self-published works rose „from 16% of the e-book market by volume in 2014 to over a fifth of the market (22%) in 2015” (Campbell 2016). Self-published books could have a determining role in the ebook sales incline: this sector with its „much higher growth rate” (Flood 2014) drives the overall electronic book market in the U.K, as well.

² Available at: http://www.lieblingsautoren.org/