APPENDIX 3

Manufacturing Costs

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The manufacturing costs for a book—typesetting, filmsetting, paper, ink, printing and binding costs—only represent a small part of the price observed in bookstores. The large part of this price is due to distribution costs, which include rebates for the bookseller or wholesale retailer (forty percent of the list price on average at Springer). Distribution costs also include advertising, storage, mailing and documentation costs (in our own catalogues, in the "Books in Print", at the Library of Congress, and so on). It is a fact that the maintenance of a distribution network is becoming more and more costly, all the more so, if this network is international.

In an effort to compensate for this situation, we are trying to decrease manufacturing costs. This is still possible, especially through relocation of the services we purchase. For more than ten years, we have been purchasing a lot of typography in Asia, where prices are around fifty percent or less of Western European prices for a comparable quality. The current low value of the dollar enables us to buy a large part of the printing and binding in the United States. However, Asia is the place to look for new opportunities for top quality work at lower prices. An analogous situation has already developed in other industries and it is clear that it is detrimental to European industry. Specialized typography as in mathematics or chemistry is slowly heading for extinction in Europe.

Let us give a few figures. Globally, the manufacturing costs in European publishing have increased by twenty-percent in the last five years and by fifty-five to sixty percent in the last ten years. This twenty percent increase in costs should normally have resulted in an increase of thirty percent or more in list prices. An increase that the market (i.e., libraries and scientists) would have considered exaggerated. We were able to stay well below thirty percent due to the measures outlined above.

We must add to delocalized typography the impact of typography done by the authors themselves. It is a blessing for scientific publishing that, in this period of restrictive budgets and circulations, $\TeX$ processing has been almost universally adopted. In effect desktop publishing can produce significant typesetting cost savings, if certain standards are met. In this regard, we refer to the Notices of the AMS 1989 article by our colleague M. Gilchrist.