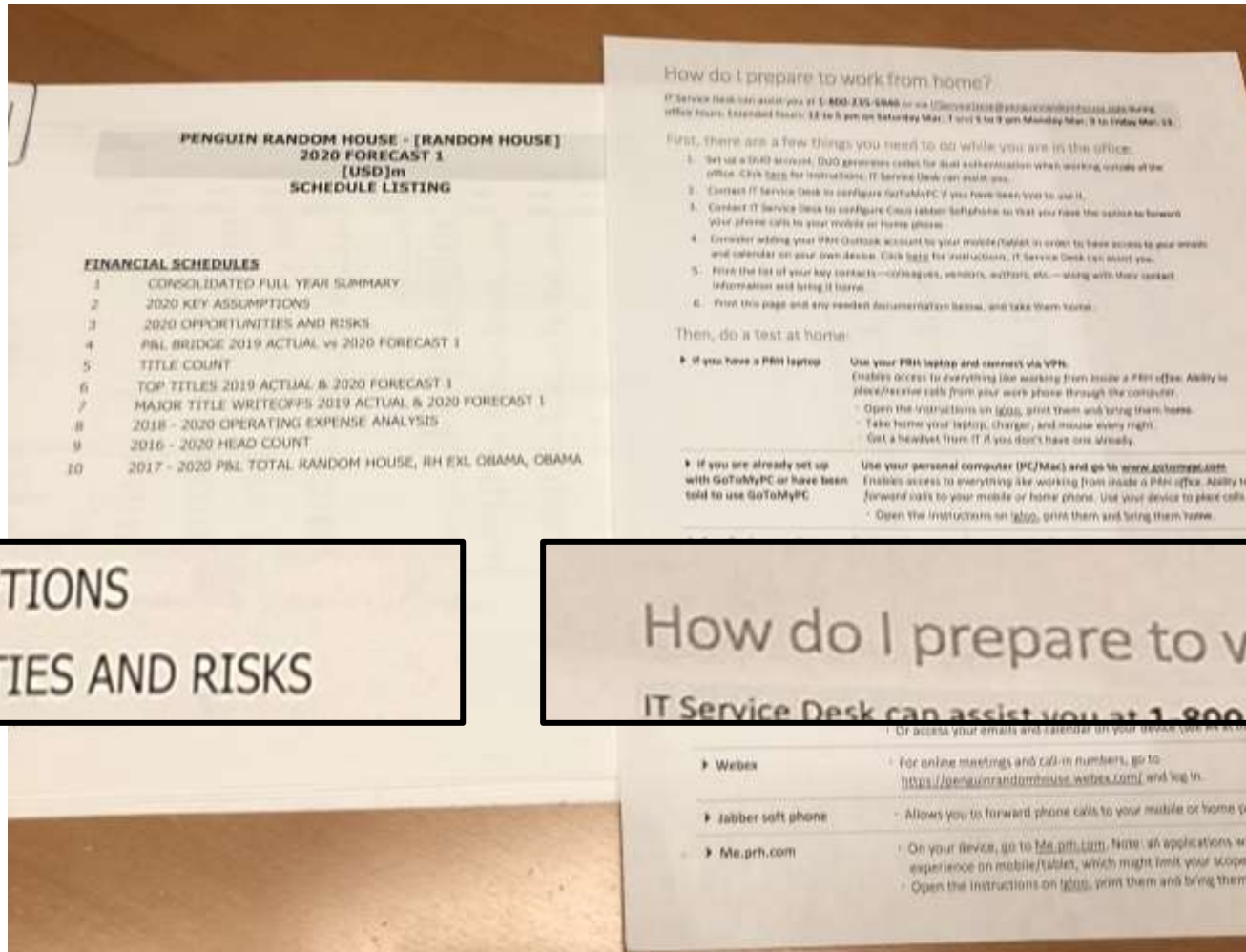


Looking Forward

Time capsule: my office, 3/12/20



2 2020 KEY ASSUMPTIONS

3 2020 OPPORTUNITIES AND RISKS

How do I prepare to work from home?

IT Service Desk can assist you at 1-800-235-5946



Temporarily out of stock.
Order now and we'll deliver when available. [Details](#)

Qty: 1

Add to Cart

Buy Now

Secure transaction

Ships from Amazon.com
Sold by Amazon.com



And yet...

Surprise Ending for Publishers: In 2020, Business Was Good

A good read: Independent booksellers survive the pandemic

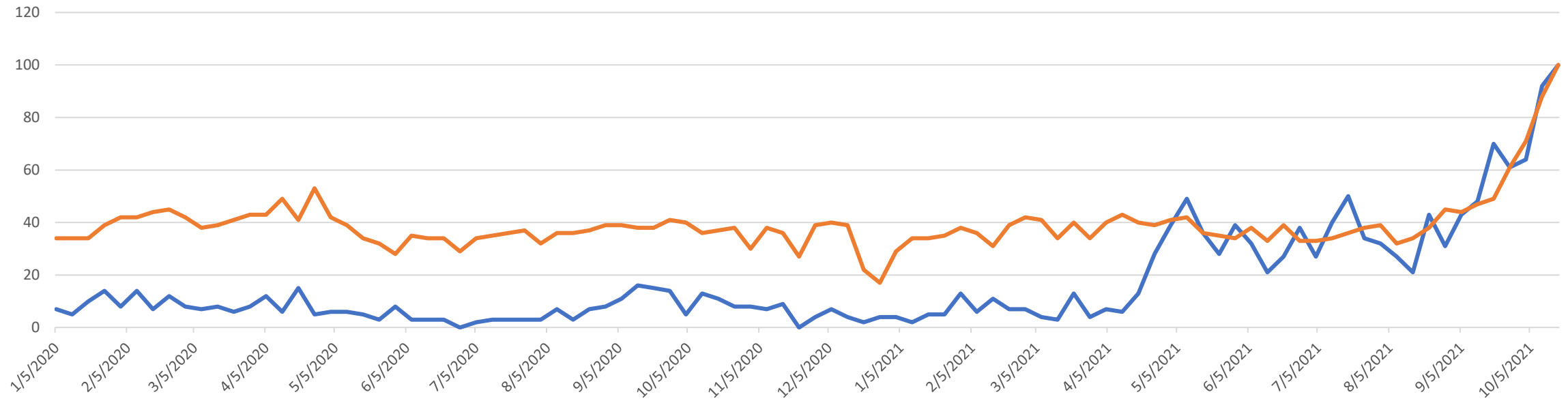
Some even thrive

'It's been a rollercoaster': how indie publishers survived - and thrived - in 2020

Beyond the Pandemic, Libraries Look Toward a New Era

With a shift to online resources well underway, “the most trusted civic institutions” are in a good position to deal with the changing future.

But some things just keep getting harder



Google searches: 2020-2021

— Supply chain

— Labor shortage



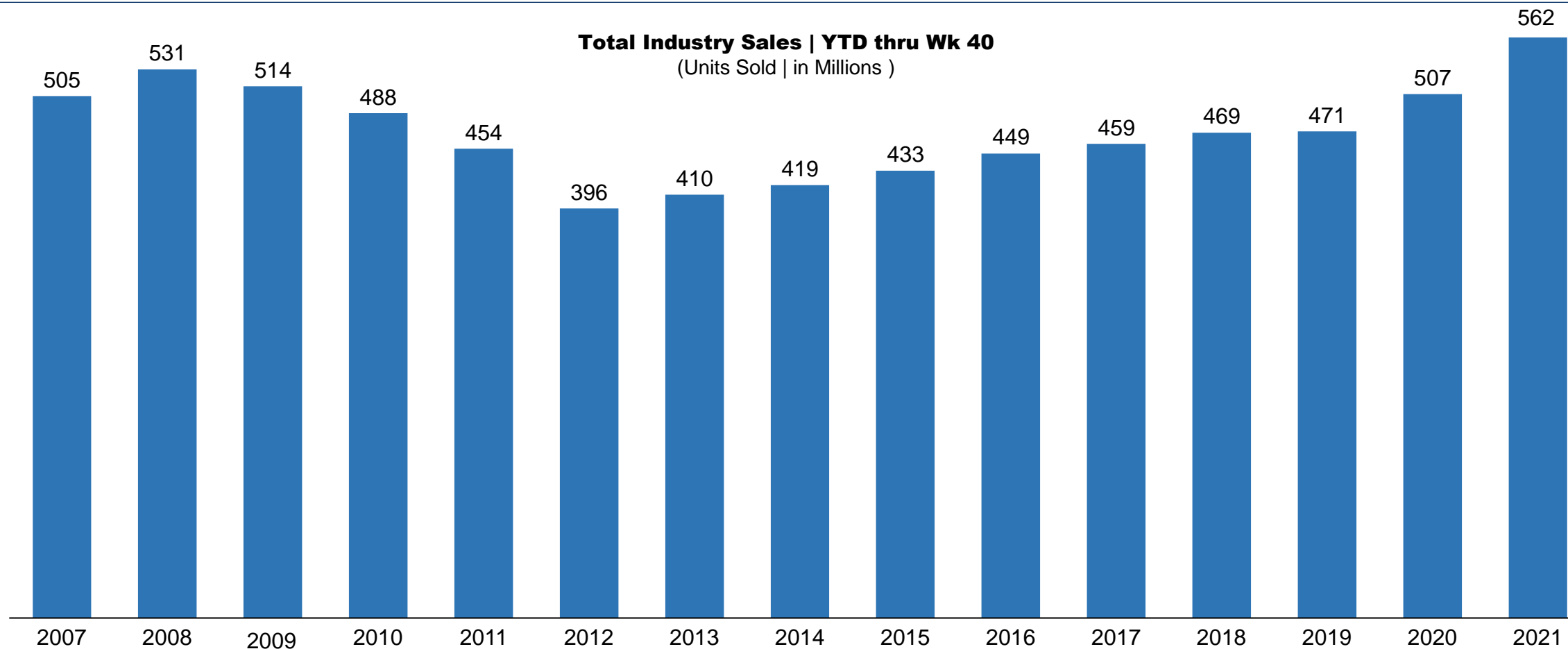
**the supply
chain**

**the publishing
industry**

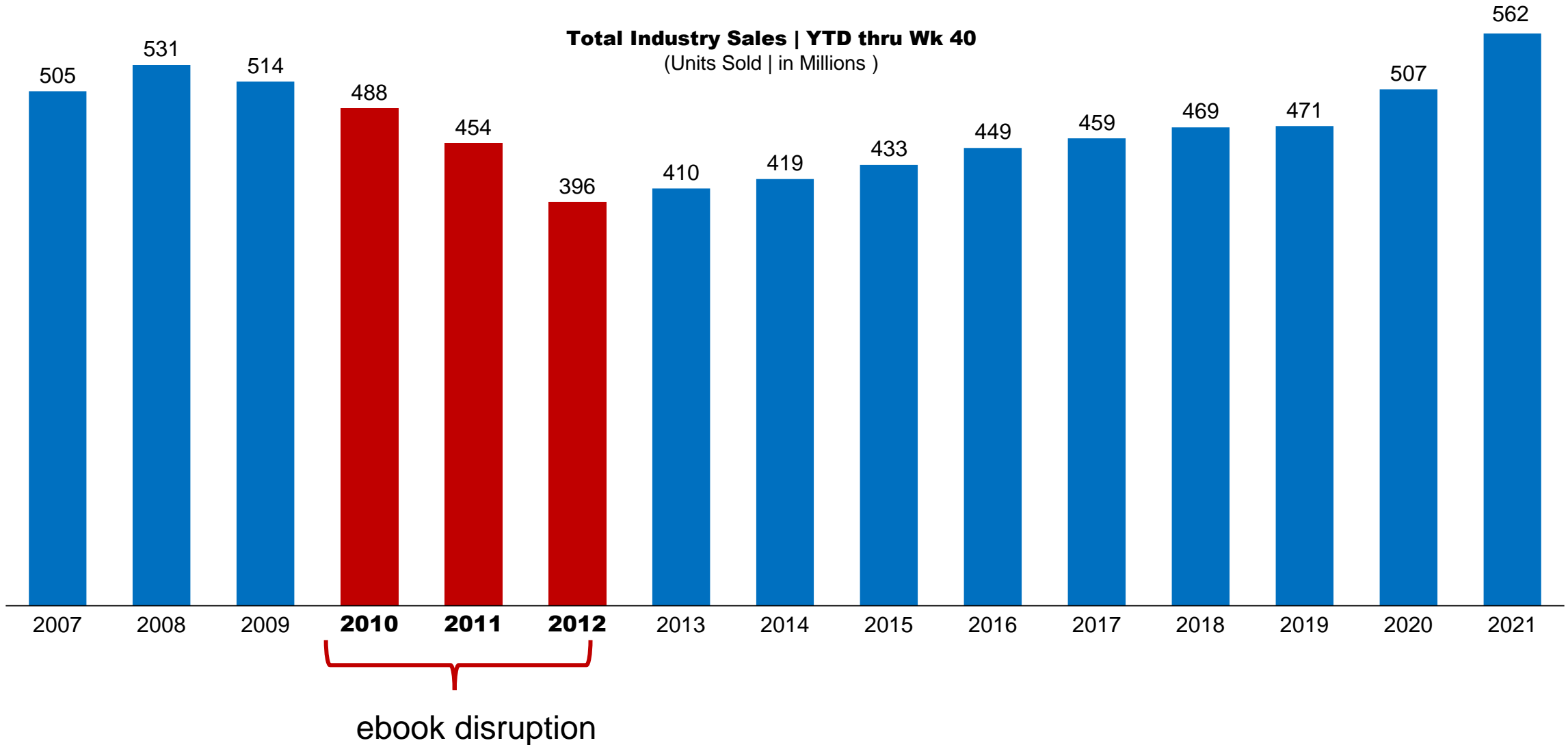
What is happening?

Where are we going?

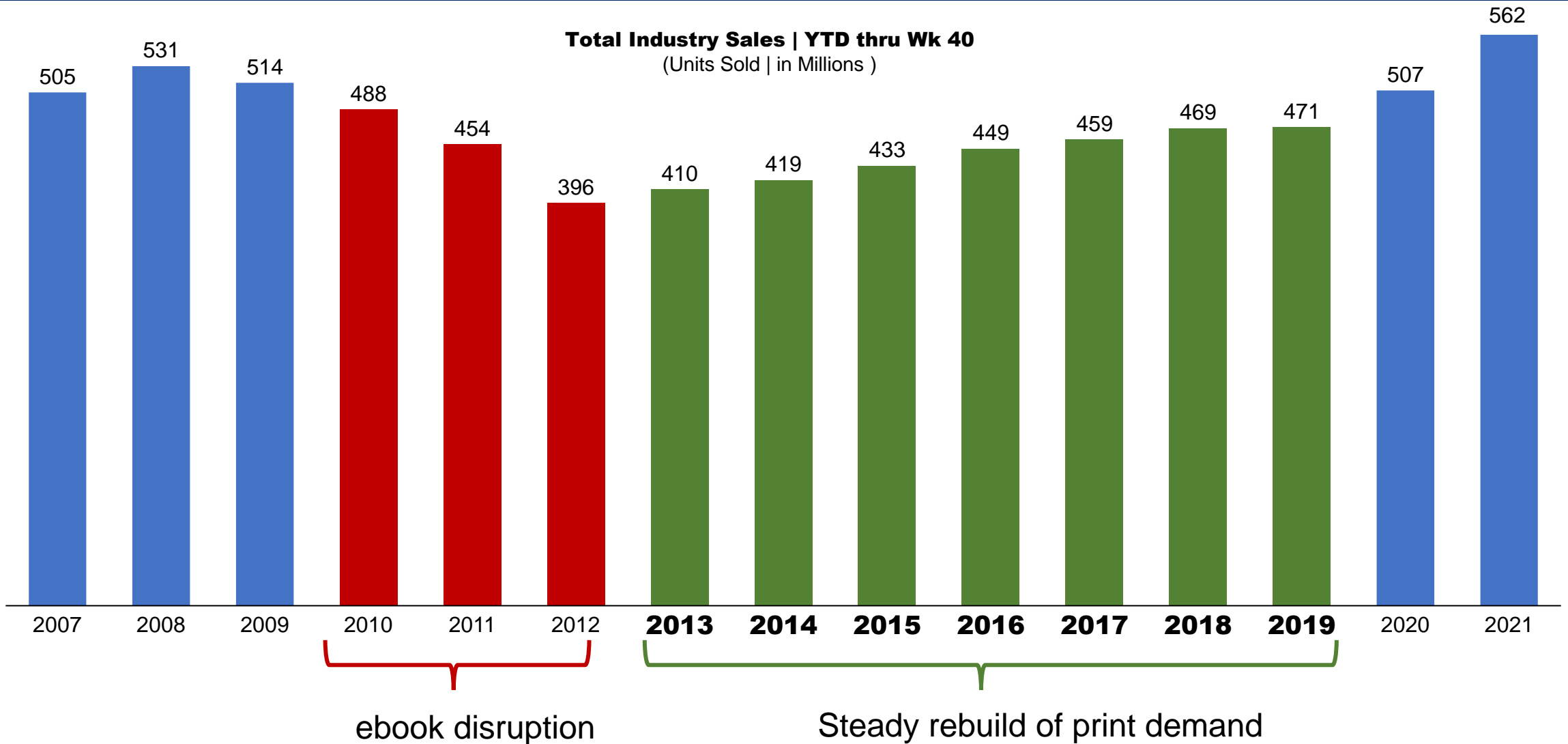
1) Demand at historic high



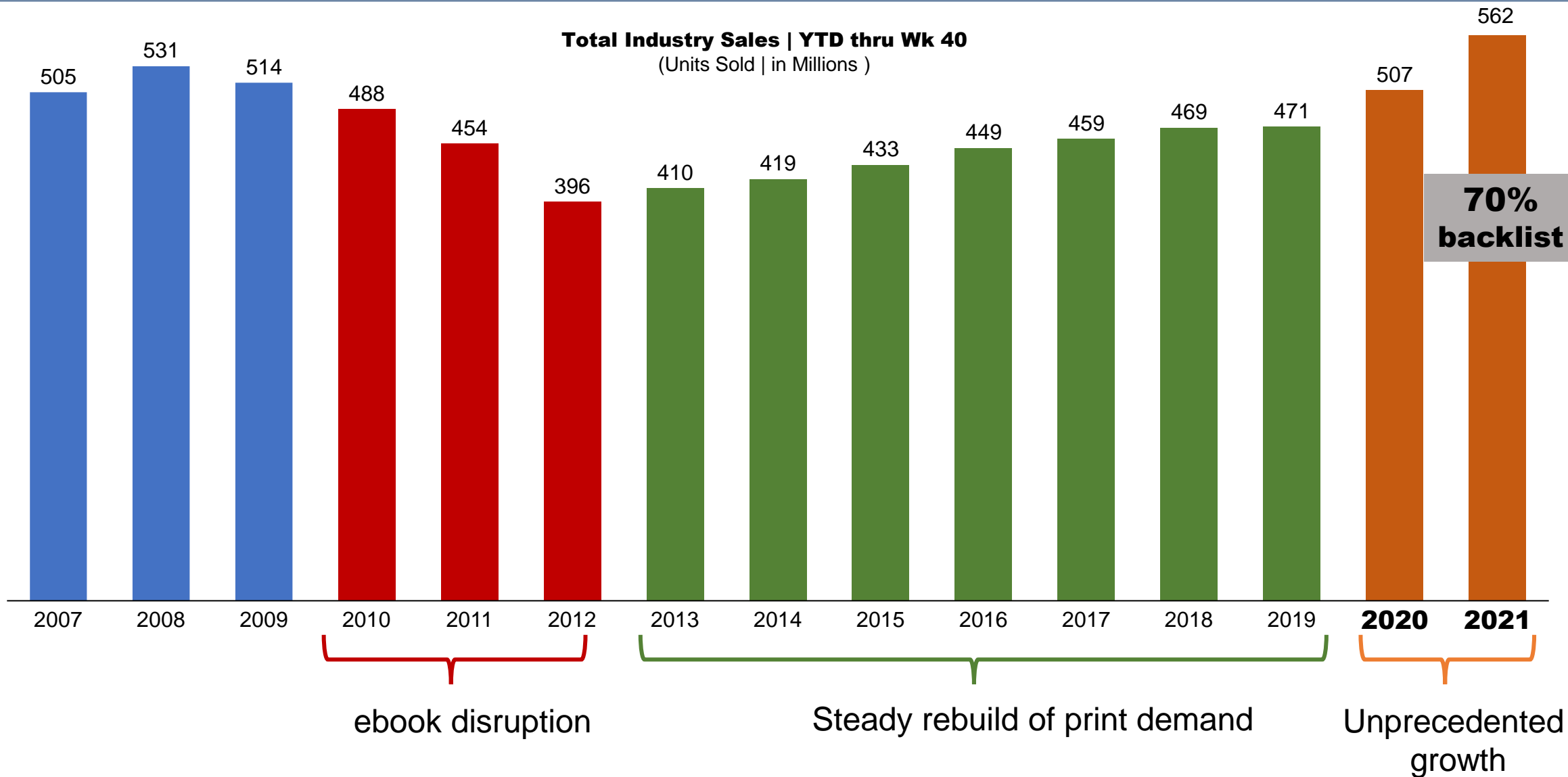
1) Demand at historic high



1) Demand at historic high



1) Demand at historic high



What's happening?

2) Supply at historic low

Printing & binding capacity:

- **estimated 21% drop in the US since 2010**

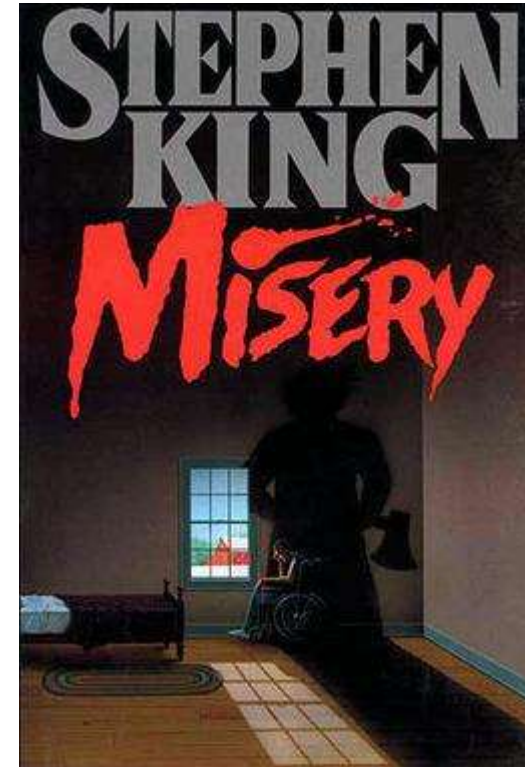
Labor market:

- **Extremely difficult to retain full crew even when machines are ready to go.**

Global freight clog:

- **weakens China as alternate solution**

**Mismatched
supply & demand =**



What we all want to know:

- **How will consumers & publishers act post pandemic?**
- **How can we make things work better for all of us?**

Trying to predict consumer behavior

Credit: NPD

Consumer Behavior: Shifting needs and wants

Attention is shifting back toward outward-facing concerns

Dollar Percent Change vs. Prior Year

	Pandemic Year 1	Past 3 Months
Accessories	-33%	+38%
Beauty	-19%	+22%
Apparel	-17%	+19%
Footwear	-14%	+15%
Tech	+19%	-4%
Housewares	+26%	-1%
Sm. Appliances	+29%	-1%
Books	+8%	-2%



Dollar Percent Change vs. Prior Year

	Pandemic Year 1	Past 3 Months
Juvenile	+9%	+7%
Auto	+8%	+6%
Toys	+20%	+9%
Office Supplies	+14%	+8%
Video Games	+29%	+4%
Sports Equipment	+30%	+2%

Sources: NPD BookScan, change in MSRP \$ value, print only | The NPD Group/Retail Early Indicator, NPD universe, WE September 25, 2021. Discretionary retail includes the following industries: accessories, apparel, auto parts, beauty, consumer technology, DVD/Blu-ray, footwear, housewares, juvenile products, office supplies, small appliances, sports equipment, toys, video games.

Consumer demand likely to remain high

1. Population growth
2. Multigenerational attachment to print format
3. Growth of adult & YA fiction sales a sign of strong long-term habit.
4. Books as easy social identifiers (for consumers) & brand extenders (for celebrities)

Publishing demand will remain high

- new releases
- backlist
- small/midsized players and startups as well as lead players
- company configurations won't impact demand

How can we work better together?

Penguin
Random
House

From our side of the table:

- Can we improve forecasting?
- Can we smooth demand over the year by pulling more printing into spring?
- How do we better protect frontlist reprints (support for the books that surprise us)?
- How can we more efficiently manage the impact of smaller books in your processes?
- Where can we find reliable, high quality new capacity?
- How can we help you?

Thank you!