Executive Summary

Niche-based organizations are those that specialize in specialization. They gain economies of scale by intimately understanding and addressing the needs of a defined customer. Now, the global reach of digital marketplaces consolidate otherwise isolated niche audiences that may once have been considered too small to target with a business activity. By mitigating the need for physical access, the scalability and reach of digital marketplaces make niche market-focused products more feasible.

This study considered a specific niche, lesbian women, within a known market segment: the LGBT community, which has an estimated value of nearly $1 trillion in the United States alone (Green, 2016). Within the LGBT market segment there is a well-documented under-representation in the commercial market targeting lesbian women (Ginder & Byun, 2015). The lack of commercial emphasis on the lesbian niche market extends to the publishing industry as well, with fewer than 10 small press publishers exclusively specializing in lesbian fiction (Lambda Literary, N.d.). Fortunately, the convergence of globalization and digitization has created new conduits and structures within the publishing industry, providing space for self-publishers and small independent presses to operate and connect with their specialized audiences.

Consequently, the objective of this study was to determine the feasibility of launching a digitally oriented small press media company primarily focused on
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publishing lesbian fiction. The data collected for this report explored the market for lesbian fiction, identified which competitors operated within the space, and determined what type of niche-informed content, marketing and distribution strategies should be employed. Furthermore, this study examined the international market to identify suitable targets to expand operations and capitalize on the global reach of today’s digital marketplaces. Most importantly, this research determined whether the proposed business venture would prove profitable within five years. Primary research data captured online sales and performance information as well as consumer insights through an online survey administered to \( n = 1,014 \). Secondary data was gathered through sources such as business websites, online marketplaces, archived literary society award data, periodicals, trade journals, and Internet and library resources. Content analysis was conducted against qualitative data and statistical analysis was conducted against quantitative data sets.

Analysis indicated there is a discernible market for lesbian fiction, and competitor analysis not only identified best practices, but also opportunities to differentiate performance. Optimized and specialized content, marketing, and distribution strategies were captured, and this data was balanced against targeted international markets. Finally, the researcher determined profitability is achieved within the first year of operations if production timelines are met. The researcher recommended that the potential owners/publishers establish operations.
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FEASIBILITY STUDY OF LAUNCHING A SMALL PRESS PUBLISHING COMPANY

MSA 699 Project Report

Submitted in Partial Fulfillment of Requirements for the Degree of Master of Science in Administration (Concentration in International Administration)

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Chapter 1

Problem Definition

Background

Market segmentation is defined as “the process of partitioning markets into groups of potential customers with similar needs and/or characteristics who are likely to exhibit similar purchase behavior” (Weinstein, 2004, p. 4). Developing an effective segmentation strategy requires pointed research into consumer behavior, attitudes and trends. Market niches, in turn, are smaller segments that offer incremental business with potential for more business in the future. Understanding niches allow for highly specialized marketers to be large influencers.

Niche-based organizations leverage quality research and invest the resources to understand their customer, as niche customers have a distinct set of needs. Recognizing and addressing niche communities can provide significant benefits: niche consumers will pay a premium to the organization that best satisfies their niche interests; a niche is not likely to attract competitors; the niche gains economies of scale through specialization; and the niche has growth, profit, and size potential (Weinstein, 2004). These niches are increasingly valuable to marketers as they strive to maximize sales by matching the right consumer with the right product at the right place at the right time — consumers whose brand and product relationships have evolved significantly with the rapid evolution of the digital marketplace. The digital marketplace affords entrepreneurs the opportunity to identify, target and service niche consumers at a broader and more diversified scale than previously possible. The reach of the digital marketplace connects and consolidates otherwise isolated niche audiences across the world that were once
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considered too small to target with a business activity. By mitigating the need for physical access, the scalability and reach of the digital marketplace makes niche market-focused products far more feasible. Additionally, the measurable power of data-driven insights now affords even the smallest of companies the opportunity to employ more science than artistry in their product design and marketing efforts towards these niche communities.

This study considered a specific niche — lesbian women — within a known market segment: the LGBT community. The LGBT community as a consumer segment has an estimated value of nearly $1 trillion in the United States alone (Green, 2016). However, even within the LGBT market segment there is a well-documented under-representation within the commercial market targeting lesbian women (Ginder & Byun, 2015). The lack of commercial emphasis on the lesbian niche market holds true within the publishing industry as well, with only 102 identified LGBT or LGBT-friendly publishers out of the thousands of publishers worldwide. Of those 102 publishes identified by Lambda Literary (N.d.), fewer than 10 small press publishers exclusively specialize in lesbian fiction. Fortunately, the evolving digital marketplace affords new in-roads for niche, small press publishers within an industry that can be prohibitively accessible to smaller, specialized audiences.

Those new in-roads are a result of the disruptive impact of technology and the rise of the digital marketplace. Traditionally, the publishing industry was accessed almost exclusively through specific gatekeepers, namely the five global publishing conglomerates responsible for emphasizing mainstream bestseller profitability. As a result, authors of publications serving niche audiences often struggle to find viable
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pathways to readers absent the intermediary access to suppliers, distributors and retailers controlled by the large publishing houses. However, the convergence of globalization and digitization driven by the technology industry has created new conduits and structures within the publishing industry, providing space for self-publishers and small independent presses to operate and connect with their specialized audiences.

This feasibility study explored the evolving opportunities of digital enterprises that provide entrepreneurs with the chance to identify and address problems for target markets with relatively little start-up costs or overhead. Niche markets underserved by mainstream products or services further amplify potential value for the entrepreneur. Specifically, the lesbian women market is notably underrepresented in most commercial industries and pursued by limited competitors, including within the publishing industry.

Research Objective

The objective of this research was to determine the feasibility of launching a digitally oriented small press media company primarily focused on publishing lesbian fiction and to develop a recommendation as to whether the venture is profitable within five years. In order to address the primary objective, the following series of sub-questions were investigated:

1. Is there a market for lesbian fiction?
2. How successful are small press publishers within the lesbian fiction market?
3. What niche content, marketing and distribution strategies should be employed to reach the target population?
4. Which international markets should be targeted, and do they require any major adjustments in content, marketing or distribution strategies?

5. Will future income (five year profitability) outweigh startup and operational costs?

Research Audience and Rationale

The purpose of this research was to determine the feasibility of launching a digitally oriented small press media company primarily focused on publishing lesbian fiction. The researcher focused the purpose toward a recommendation to the proposed business owners as to whether this is an advisable business venture. The research examined the lesbian fiction market, competitive landscape, consumer insights, international scalability, and financial data to determine if the publishing company would be profitable and sustainable within five years. Upon review of the study report, the owners will have an understanding of the feasibility of establishing the digital enterprise.

Decision Criteria

The decision criterion was based on the estimated profitability of operating a small press publisher. The profitability assessment was based on a five-year operation timeline.

Assumptions

The researcher assumed there was an adequate availability of relevant content by authors or aspiring authors seeking publication to provide the clientele base for the proposed publishing activities. The researcher equally assumed the market was receptive to quality products designed, priced and marketed to meet their declared
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needs. The researcher assumed the target population had adequate experience engaging within the digital marketplace and e-commerce.

Limitations and Delimitations

The research target population for this feasibility study was focused on a sample of lesbian, bisexual and queer self-identifying women between the ages of 18-44 as potential consumers. This study explored relevant consumer trends related to the target population, specifically the lesbian population. For the purpose of this study, the target population was largely oriented around a sample of the Millennial generation — those born between 1981-1997 and between the ages of 21-37 in 2018 — as not only the largest living generation (Fry, 2016) but also the first native digital generation (Pew Research Center, 2014). This research was not intended to capture data oriented towards self-identifying straight women, gay or straight males, or minors. The results of this study cannot be expanded to include the collective LGBT community as many studies have assumed to do in the past. The specificity of the target population may make aspects of the research not applicable to other niche or small press publishers.

Additionally, the researcher used the best available financial data to estimate operating expenses and potential revenue, but recognized there may be limitations with the use of self-reported or public source data. This study emphasized external relationships with domestic and international markets, competitors, and consumers; it does not explore internal issues such as author-publisher relations or models.

Definition of Terms

The following terms are foundational to this research, and are defined here to prevent potential confusion or ambiguity.
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- **Discoverability:** Discoverability refers to the technical ability for a product to be discovered by an end-user within a digital system; discoverability is often concerned with effective use of metadata, search engine optimization, indexing, linking, social media, customer funnels, and other digital and online communication tools.

- **Lesbian:** A woman who is attracted to other women. For the purpose of this study, any woman who self-identifies as having regular attractions to other women will be included within this term for ease of discussion.

- **Gatekeepers:** The gatekeepers are people, companies, institutions, and agencies that in a constant process will select and push for some literary titles while others will be ignored. This can include but is not limited to: agents, publishers, marketers and promoters, sales teams, librarians, translators, distributors, booksellers, and literary critics.

- **Independent Small Press Publisher:** A publisher, not affiliated with any major conglomerate, with annual sales below $50 million or those that publish on average 10 or fewer titles per year.

- **Product Market Fit:** Product Market Fit is “the achievement of a state in which a product and its customers are perfectly synched” (Holiday, 2014, p. 84). It focuses on fulfilling a compelling need for defined group of people. It requires organizations to isolate who their target customers are, determine their needs and design a product that meets those needs.

- **Visibility:** Visibility is mostly about media attention, advertisements, displays, websites, etc. Visibility refers to traditional marketing activities and concerns.
Chapter 2

Literature Review

Introduction of the Literature

In order to determine the feasibility of launching a digitally oriented small press media company, the first portion of this literature review is used to evaluate research that speaks to the evolution of the digital landscape, media consumption, as well as the current publishing industry and marketplace trends. It also addresses emerging opportunities to inform the content, marketing and distribution strategies for this feasibility study.

Given the underwhelming and limited amount of research available regarding the demographic characteristics or consumer behavior affiliated with this study’s target population, the second portion of this literature review specifically considers intersecting demographic and consumer information affiliated with women, lesbians, and Millennials. Although there is a limited amount of existing market research specifically targeting lesbian women, one can synthesize data from these three consumer data pools in order to better understand the viability of targeting lesbian women as a target population for a business activity.

Presentation of the Literature

Understanding the digital landscape. The digital landscape underwent several revolutions throughout the last two decades that redefined the global information environment. These three revolutions were driven by the rise of the internet, mobile connectivity, and social media (Raine, 2015, slides 7-9). Influenced by these digital revolutions, media consumption today is characterized by three patterns: 1.) information
acquisition is moving online, 2.) a notable amount of content consumed online is created by consumers 3.) consumers increasingly expect their media to be free (Sun & Zhu, 2013, p. 2314).

At the intersection of these patterns one finds the emergence and rise of non-traditional media, also known as new media. New media challenges a great deal of classical mass media paradigms. Information and entertainment media juggernauts such as print’s New York Times or People Magazine; television’s ABC or NBC; radio’s NPR and popular talk shows all collectively were forced to adapt to the digital revolutions. Specifically, traditional mass media was forced to evolve away from the previous norm of passive one-way reception of content to the new realities of user-centric communication in the digital age. The Internet allowed for the publication of massive user-generated content to compete with the traditional media categories of print, television and radio in the form of blogs, videos, and podcasts. The evolution of social media then introduced the idea of one-on-one conversations rather than the traditional model of one-to-many, effectively introducing the role of relationships into the communication model (Granados, 2016).

Further advancing shifts in the communication paradigm, half of the world’s population has moved online, and a full two-thirds of all people own mobile phones. Nearly 40% have become active social media users. Communicating, socializing and accessing content digitally has become a global standard (Wischenbart, 2017). Researchers warn that organizations must remain vigilant and adapt to technology shifts that cause user behavior to evolve. They caution “a powerful force now drives the world towards a single converging commonality, and that force is technology” (Kilian,
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Hennigs & Langner, 2012, p. 121). However, other researchers point out that the future is not driven by technologies, media, and channels themselves, but rather by consumer insight and consumer behavior (Lamberton & Stephen, 2016).

**Leveraging consumer data in the digital landscape.** Divining those consumer insights and behaviors has traditionally been conducted by either scholarly academics or by creative minds within marketing and advertising communities. In fact, the overwhelming majority of the consumer research later addressed within this literature review is based on such research collected by such people. It tends to be qualitative in nature, often relying on either mass phone interviews or online surveys. Collecting the data represents what is often a significant amount of time and resources.

However, the advancements in technology, including data collection, offers new methods of creatively combining data from multiple sources to unobtrusively capture consumer preferences in ways that optimize market efforts (Lamberton & Stephen, 2016). Where advertising executives once shaped product strategies, engineers and coders are now leveraging the tools of the internet and social media to track, test, iterate and improve marketing in meaningful, measurable ways. These methods, which include A/B testing, cohort analysis, conversion rates, and viral coefficients, break the traditional marketing mentality of what is and is not marketing in favor of achieving measurable Product Market Fit (Holiday, 2014). Consequently, marketers now have the challenge of not only considering the brand message, but more importantly marketers have the challenge of determining how they will use technology to deliver that message and interact with their customers at an exceptionally targeted level driven by the digital
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revolutions and user-centric, one-on-one communication paradigms engrained within the digital media landscape.

Media and market segmentation also evolved alongside global device proliferation and technology revolutions. Where niche audiences were once limited to the content made available by mainstream media sources, they can now be targeted and provided content needs, especially since the technical barrier to entry in digital content production is now exceedingly low. Competition is not a major concern across content or mediums either. A Nielsen report observed “consumer choice has driven an appetite for content” leading to an increase in overall time spent on media among consumers (Nielsen, 2016, p. 5). Consumers are not picking between media; they are consuming more. Also true: data supports the notion that the use of online media is “increasingly motivated by entertainment, which is important for the design and the provision of media products and services” (Kilian, Hennigs & Langner, 2012, p. 120). These will be important themes to consider when designing activities intended to reach digital consumers. Given the depth of device penetration, researchers also advocate for exploring the value of aspects of mobile technology that allows marketers and consumers to do things that cannot be done with non-mobile technology, such as leveraging geo-located ad targeting, making use of sensors in mobile devices, or even user biometrics (Nielsen, 2016). For the purpose of this study the researcher will consider how technology can help the product become well aligned to the reader as well as enhance the reader’s experience in ways traditional print publishing cannot. This is an important suggestion for follow-on research for the purpose of the target population.
of this feasibility study as their relationships with their mobile devices are intertwined through most of their consumer activities (Nielsen, 2017).

**The state of the publishing industry.** According to a 2016 report by PricewaterhouseCoopers, global spending on consumer and educational book publishing was estimated at $114.8 billion with an anticipated 1.1% compounded annual growth rate from 2016-2021. To put that in perspective, the publishing industry’s global revenue is expected to reach $121.1 billion by 2021 (Book Publishing, 2018).

Six countries capture two-thirds of the global publishing market, as illustrated in Figure 1. English language markets — the U.S. and the U.K. — have seen flat-to-moderate growth, stalled by the global recession. Meanwhile, China’s exponential industry growth continues to gain traction, overcoming Japan as Asia’s market lead due in no small part to the Chinese government’s emphasis on expanding cultural exports (Wischenbart, 2017). The size and growth rates of various global markets were an important consideration when addressing decisions to target non-U.S. markets within this feasibility study. Figure 2 offers more information on the growth and decline within these identified leading global markets.

Five global publishing titans have traditionally commanded the bulk of the publishing industry: Pearson, Thomson Reuters, Reed Elsevier, Wolters Kluwer, and Penguin Random House (Steiner, 2017). These conglomerates, which emerged after six decades of acquiring and consolidating smaller publishing firms, serve as the primary gatekeepers of the book industry and are casually referred to as the Big Five. However, the same PricewaterhouseCoopers report noted that while revenue from consumer
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books was growing steadily, a shift was observed from traditional bookstores to online outlets (Book Publishing, 2018). This shift to online outlets and the global rise of electronic books was shaped not by the publishing industry, but rather by the information and technology industry — specifically the astronomical rise and influence of the technological Big Three: Amazon, Apple and Google. The changes in the market driven by these technology giants led to a common strategic response from large publishing houses: to focus on selling more copies of the few books that sell well by increasingly gearing their business choices towards what the publishing industry refers to as big books. Defined as, “the titles that publishers believe will do better than most books they publish,” a big book is, “the anticipation of a success, the promise of a bestseller, which influences the publisher’s investment in that particular title” (Steiner, 2018, p. 121). Because of this, big books are handled differently in-house and among gatekeepers. As the traditional publisher’s primary concern is profit, their market structure prioritizes these few big books, resulting in a less interesting and innovative mid-list. In short, unless a book is considered to have potential as a mainstream big book, it is unlikely to be supported by these gatekeepers — an issue that does not bode well for books focused on smaller target markets.

On one hand, it could be argued Amazon and other challengers from the technology industry directly contributed to the publishing industry's shift to big books and safer commercial investments. However, the technology giants simultaneously widened space for self-publishers and independent small presses whose titles now find access to markets that were previously inaccessible by anyone besides the publishing industry's most established gatekeepers. Amazon’s strategy to open up publishing and
bookselling to small companies and individuals developed a divided market in which traditional publishers still largely dominate print sales while e-books are dominated by Amazon, Apple and Google (Steiner, 2017). The circumventive access afforded to the publishing industry via the technology industry serves as a disintermediation, or a removal of the links in the supply chain, separating author from reader. This has led to what some have termed ‘‘convergence culture’’ — consumers have become producers, and the disintermediation of the market has made it easy to access readers of a particular interest globally (Steiner, 2017). As an example of the role of disintermediation for niche communities, a 2016 Author Earnings report found that within the U.S., 71% of African-American fiction is self-published (Wischenbart, 2017). The disintermediation is a distinct product of the new options available through the digital space. Amazon, Apple and Google provide publishing tools, including both digital and print-on-demand services, to self-publishers and small publishing organizations. The Big Three also delivered new digital market spaces to global audiences, serving as both producer and distributor. The impact of this disintermediation on e-book market share is exhibited in Figure 3, where a 23-month trend suggests traditional publishers are experiencing a shrinking market share for e-books while independent or single-author publishers experience consistent growth in the market share of e-book sales (Author Earnings, 2016).

Despite the fact that it is easier than ever to publish content and access audiences, it is more challenging to demand audience attention or sales (Steiner, 2017). According to Baverstock (2008) publishing today is driven by marketing, and a successful publisher must not only identify specific markets and populations, but the
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Publisher must also develop content that can be packaged and priced for that market’s specific needs and desires. While it is critical to develop the right product fit for the population and its needs, it is also important to ensure the product is primed for discoverability. Steiner (2017) clarifies that visibility and discoverability are not the same, offering that visibility is mostly about media attention, advertisements, displays, websites, etc. Discoverability, on the other hand, is linked directly to the technology drivers within the digital marketplace. Discoverability is enabled by effectively understanding the role of metadata, search engine optimization, indexing, linking, social media, customer funnels, and other digital and online communication tools. Niche marketers who rely heavily on digital enterprises must ensure their products have both the right visibility and discoverability.

While the success and adaptability of the e-book market provides an attractive option for independent small press publishers and self-publishers, it is important to cage the e-book market within the broader scope of the publishing industry. It would be naive to assume that the rise of the e-book has led to the demise of the print book. Rather, a balance has emerged within digital publishing that accounts for 15-20% of all revenues from consumer books (Wischenbart, 2017). Print books remain the primary format with which many domestic readers engage, as confirmed in a 2016 Pew survey of American readers. Roughly two-thirds of Americans (65%) have read a print book in the last year compared to 28% of Americans who have read an e-book and 14% who have listened to an audio book in the same span of time. The finding that nearly four-in-ten Americans read print books exclusively is worth considering within this feasibility study when determining digital and print product mixes (Perrin, 2016).
In summary of the first portion of this literature review, it is important to remember the media environment has evolved rapidly during the last 20 years. Gone are the days of one-sided communication; consumers are an active part of the media environment, and as the media environment evolved digitally, previously underserved niches found homes online. The digital environment today was shaped by the rise of the Internet, global mobile connectivity, and social media, which connect individuals and businesses — including niche markets — around the world. Where consumer insights, especially for narrow markets, were once a laborious process that reflected a marketing vector often guided by gut instinct over science, the digital landscape now offers droves of data ripe for mining niche consumer information. Channeling data in this way delivers highly focused products and experiences to targeted audiences, which is crucial to success for any niche-oriented business activity. The foundation of that consumer-centric data will be explored in the next section of the literary review.

**Breaking down the target consumer profile.** The second portion of this literature review explores consumer information tied to the study’s targeted population: lesbian women. The subsequent sections of this literature review outline the limitations of current LGBT demographic research, provide an analysis of the LGBT market for the purpose of scoping its size, and examine consumer information aligned with the three primary demographics affiliated with the study’s target population: women, lesbians, and Millennials. They conclude with a synthesized consumer profile of the intersecting commonalities across the three key segments that make up the target population to establish baseline consumer data for this feasibility study.
Finding the “L” in the LGBT market. As discussed in the opening chapter, the overall buying power, or disposable personal income, of LGBT market is estimated to be $917 billion in the United States in 2016 and $2.6 trillion globally in 2015 (Green, 2016; Statista, 2018). However, one major fallacy evident in the early scramble to capture the LGBT market was the broad characterization that the LGBT market is homogeneous — a myth that can derail the most well intended marketing campaign. The LGBT consumer base is, in fact, a non-homogeneous community with diverse tastes, opinions and characteristics that vary across age, gender, race, education, income levels, etc. (CMI, 2017). In a sweeping study of extant literature focused on LGBT consumer research, researchers found that previous studies presented a problematic characterization of the LGBT consumer market, which prioritized well-educated, affluent, white gay males. This early characterization resulted in the current construction and prevalence of the gay market that propagates “a history of lesbian invisibility within the marketplace” and underrepresentation of ethnic minorities within the LGBT community (Ginder & Byun, 2015, p. 825). These characterizations appear to be propagated consistently in gay/lesbian-targeted media ads that attempt to heteronormalize the public image of gayness for mainstream consumption, continue to perpetuate stereotypes, and lack diversity. In fact, 33 gaps were found affiliated with LGBT consumer research relevant to this feasibility study, including the following relevant gaps for this research (Ginder & Byun, 2015):

- Do Branchik’s (2002, 2007) frameworks, which outline three historical phases of the gay male consumer market’s development, reflect the history of lesbian
How does the rarity of ethnic minority depictions and female representations in gay/lesbian-oriented advertising influence such consumer segments’ feelings about their place within a market that largely neglects them?

How can more effective and accurate segmentation strategies that account for the rich diversity within the LGBT consumer population be developed?

Additionally, a closer inspection of early foundational literature by Gillian Oakenfull (2013) identified challenging stereotypes affiliated with lesbian consumers as a standalone segment. Oakenfull conducted the first known study to focus exclusively on lesbians as a consumer segment. In her study, Oakenfull cautioned that marketers who create segments on sexual orientation alone are confusing a descriptor as a basis for segmentation, which can often lead to stereotyping as the marketer assumes everyone who fits the descriptor behaves in a certain way. Those stereotypes have been difficult for the lesbian consumer to shake. Oakenfull identified that “lesbian consumers suffer from stereotypes of anti-consumerism stemming from the tenets of Second Wave feminism’s opposition to capitalism in general, and the beauty and fashion industries specifically.” She further identified “the anti-consumer, anti-feminine stereotype of lesbians continues to shape marketers' perceptions of the attractiveness of the market” (68). While the stereotypes of gay men serve as a boon to the segment in advertisers’ pursuit, the broad stereotypes of lesbian women remain a deterrent. However, existing literature offers clarification that may aid marketers in developing more informed segmentation strategies to overcome the impetus of stereotypes. After all, failure to
understand the realities and needs of the various sub-markets within the LGBT community only leaves dollars on the proverbial consumer table.

**Scoping current LGBT market demographics.** Attitudes towards the LGBT community evolved significantly within the last decade. For example, 63% of Americans said in a 2016 survey that lesbian, gay and bisexual members should be accepted by society compared to 51% in 2006 (Brown, 2017). Additionally, a Pew Research Center (2017) survey revealed in a nearly two-to-one ratio that 62% of Americans favored same-sex marriage over those who opposed it. Comparatively, the same survey in 2007 found only 36% of Americans in favor of same-sex marriage while 55% opposed it. These attitudes are critically important when considering future business activities and the potential for business-to-business partnerships or sponsorships.

Also worth noting for the purpose of defining the target population for this study, research methodologies tied to LGBT demographics have also evolved. Advancements in LGBT survey methods yielded more effective results with time. According to a 2016 Gallup poll, the demographic composition of Americans who identify as LGBT markedly changed in less than five years. It is larger, younger, more racially diverse and more female (Gates, 2017). The portion of American adults identifying as LGBT increased to 4.1% in 2016 from 3.5% in 2012, implying there are now more than 10 million adults identifying as LGBT. Within the same timeline, LGBT identification in women increased to 4.4%, which yields an estimated 5.5 million LGBT women (Gates, 2017; U.S. Census Bureau, 2016). This finding is important for determining potential consumer targets for this study.
Of critical importance though, the overwhelming amount of growth in LGBT self-identification was observed exclusively in the Millennial cohort. Millennials, the largest U.S. generational demographic, are more than twice as likely as previous generations to identify as LGBT. In 2012, they comprised 48% of all LGBT-identified adults. By 2016, the portion of the Millennial generation identifying as LGBT increased from 5.8% in 2012 to 7.6%, resulting in an estimated U.S. population of 5.8 million and 58% of the LGBT population (Gates, 2017; Fry, 2016; U.S. Census Bureau, 2016). The findings of these key growth areas within the modern LGBT market support the viability of this feasibility study purposefully targeting young lesbian women as its target population. Further drilling down to specific niches within the lesbian community, such as the Millennial lesbian woman, not only better acknowledges the diversity within the LGBT community, but it allows marketers to create a more effective positioning strategy for a focal customer target.

**Women consumer and demographic characteristics.** A 2013 Nielsen report estimates that women will control two-thirds of consumer wealth in the U.S. by 2023. Market estimates vary their total purchasing power from $5-$15 trillion annually (Nielsen, 2013). Another report predicted that globally, women would control $28 trillion in annual consumer spending by 2015 and their total yearly earning would reach $18 trillion, representing a growth market twice as big as China’s and India’s combined GDP (Silverstein & Sayre, 2009). Women not only handle the bulk of consumer purchasing decisions, but they also influence or manage other major purchases, including homes, autos, appliances, and furniture. (Nielsen, 2013).
And yet, Silverstein and Sayre (2013) reveal in their study “women feel vastly underserved...despite the remarkable strides in market power and social position that they have made in the past century, they still appear to be undervalued in the marketplace and underestimated in the workplace” (48). They identified six key female consumer segments and while “any company would be wise to target female customers, the greatest potential lies in six industries” (49). Four are businesses where women are most likely to spend more or trade up in their purchase decisions: food, fitness, beauty, and apparel. The other two are businesses with which women are dissatisfied: financial services and health care. Women consumers also seek solutions that make their life less encumbered or stressed, as they often do not have or make time available for themselves (Nielsen, 2011). These areas represent opportunities for this feasibility study when considering future content strategies.

Finally, one must not confuse the purchasing power of women with their earning realities. In 2016, American women earned 82% of men’s earnings, driving a median annual wage difference of $38,948 for women compared to $48,528 for men (U.S. Bureau of Labor Statistics, 2016). Globally, the World Economic Forum indicated the pay gap between men and women is widening despite numerous initiatives to break glass ceilings and force salary disclosure, with men making $9,000 more on average in a broad study examining the progress of 144 countries. The World Economic Forum estimates the current economic gap between men and women will not close for 217 years (Harris, 2017). Consequently, it is important to not only recognize the buying power of this demographic, but also the current socio-economic limitations impacting
this demographic globally despite women participating in the labor market at increasing rates.

**Lesbian consumer and demographic characteristics.** There is no question that lesbians, all of whom hold a dual-identity of being gay and a woman, have different demographics and buying habits compared to gay males with whom they are often aggregated from a marketing standpoint. Identity is important to this group; 50% of lesbians say being lesbian is extremely or very important to their overall identity and 79% of lesbians say being lesbian is extremely, very important or somewhat important to their overall identity (Pew, 2013). The importance of identity is a key indicator marking this segment as a viable market for this feasibility study, and understanding the role of identity may help inform business activities. Still, little is formally known about their purchase motivation or attitudes, but closer inspection of lesbian incomes and spending patterns reveals the need for the treatment of lesbians as an attractive consumer segment separate from both heterosexual women and gay males (Oakenfull, 2015).

As previously mentioned, there are a reported 5.5 million LGBT adult women in the United States (Gates, 2017; U.S. Census Bureau, 2016). Coupled with the determination that lesbian women tend to have higher income levels on average than straight women, this segment’s value rises. Specifically, “the typical adult lesbian woman earns $5,500 more annually than the average heterosexual woman. Lesbian women are also reported to have higher income levels than heterosexual women regardless of relationship status. The typical household income of a married or partnered lesbian woman is reported to be $7,200 higher than a married or partnered
heterosexual woman (Experian Simmons, 2012). They are also more likely to make spur-of-the-moment purchases than straight women (Experian Simmons, 2012, p. 6). While gay men individually have more disposable income than lesbian women, lesbian women are more likely than gay men to be coupled or married, with nearly 57% of lesbian women coupled and living together. In fact, following relatively recent legislative changes, 39% of lesbian women are married (CMI, 2011, 2017).

Other notable characteristics that are prevalent across this demographic indicate that they are more likely to be more liberal, democratic, younger and less religious than the general public. And while half of lesbians want children one day, 79% of lesbian and bisexual women are currently pet owners (CMI, 2017; Pew, 2013). These women are also more likely to live in a medium-sized or large city, but those starting families may seek the affordability of suburbs and smaller cities (CMI, 2017). Overall, 67% of lesbian women fall under the “budget shopper” category, which may or may not be influenced by the overall youth of the community (Experian Simmons, 2013).

Finally, multiple consumer studies about lesbian women agree that they are among the highest adopters of technology, especially mobile technology, compared to the general public. In fact, lesbian women are “fully 2.2 times more likely than heterosexual women to be Mobirati, which represents those adults who grew up with cell phones and can’t imagine life without them” (Experian Simmons, 2013, p. 11). They are also identified as usually belonging to the “wizard” segment of technology adoption, indicating they are hungry, enthusiastic and adventurous users of new technology. Additionally, they are highly engaged online and spend more money across most entertainment indexes, including music, movies, video games and books, which is
a valuable insight for this feasibility study as it considers digital entertainment content and products s the premise for a targeted business activity (Experian Simmons, 2012; Experian Simmons, 2013; CMI, 2017; Nielsen, 2015). Finally, defying stereotypes of aversion to the beauty industry, 50% of lesbian and bisexual women reported purchasing salon services or spa treatments within the last year (CMI, 2017).

**Millennials consumer and demographic characteristics.** While the volume of consumer data for lesbian women is somewhat limited, there is an abundance of data for the Millennial generational cohort, one of the most studied demographics to date. Additionally, Millennials are nearing their prime earning and spending years, making them a crucial audience for marketers in nearly every market. The U.S. Census (2015) reported Millennials are the largest U.S. demographic at 83.1 million. The exact range of birth years for this cohort is widely debated, but most birth years range between 1980-2000, meaning Millennials’ ages currently span 18-38 (U.S. Census, 2015; Pew, 2014; Experian Simmons, 2017). Many academic scholars to date base their ideas of defining Millennials “within a complex generational theory that embraced both the social and technical long-term changes caused by the internet” and “compared these developments with those of earlier generations and created a distinct chronology of generations that provided a holistic view on a new media usage compared with the use of traditional media in different generations” (Kilian, Hennigs & Langner, 2012, p. 115). Practitioners define Millennials more simply: the members of this generation are digital natives. The way they understand and interact with the world is shaped by the technology they grew up surrounded by daily. This represents another important point
for any entrepreneurial activity focused on the digital marketplace, such as the one outlined by this feasibility study.

This generational group spans nearly two decades, making it difficult to understand what a “typical” Millennial looks like, but hallmarks of this group include their support of social change, including racial diversity in the U.S. and changing family dynamics; their penchant for selective spending in which they will scrimp in some areas only to splurge on others; and their reliance on technology countered by an equally compelling desire to “switch-off” from their digital immersion. They are more educated than previous generations, but also more delayed in major economic milestones as they entered adulthood during a recession. Millennials are a generation often defined by their digital savvy, and they more likely than older generations to participate in online activities such as social media, e-commerce, and financial management (Mintel, 2017).

Given the two decades spanning the Millennial generation, many marketers choose to break them up into younger and older Millennial groups. Older Millennials between the ages of 31-40 are more established, with a median household income of $85,000 and a median age of 34. Most of these Millennials are established and likely already bought a home, made major home improvements, bought a new car, and are now seeing their children transition to school. Life, including their consumer activity, revolves around their children. Younger Millennials, those between ages 19-30, have a median household income of $77,000 and median age of 23. They are finding their way either back into or out of college, navigating their first job or promotion, getting married, welcoming their first child, and perhaps considering buying their first home. Their consumer activity reflects their youth, both in the type of entertainment, apparel,
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experience-oriented products they buy and as well as in the lower amount of income
given their early stage of adulthood (Experian Simmons, 2017).

Both older and younger Millennials tend to access social media from their
mobile phones. Both are also drawn by sales, being budget-oriented consumers. The
collective generation considers certain online services “must haves” that they could not
live without. The more common “must have” online services are social networking
mobile apps (eg FaceBook, 53%), subscription streaming video services (eg Netflix,
48%), and video sharing services (eg YouTube, 47%) — the fact that about half of
Millennials would not want to give up their social networking apps or streaming/sharing
video services suggests that these services have become standard features for Millennial
entertainment (Mintel, 2017). These “must haves” can help shape the content and
marketing strategy of this feasibility study. Similarly, business activities informed by
this feasibility study must prioritize mobile phone functionality. This generation is
constantly connected via their smartphones. A 2014 Nielsen report indicates 83% of
Millennials sleep with their smartphones, compared with 50% of Baby Boomers. A
follow-on report expands on this stating “when looking at the generational differences
among platforms, it’s clear that spending social media time via a smartphone is the
preferred choice for adults 18-34, which correlates to the device penetration among this
group (96%)” (Nielsen, 2016, p. 5). In summary, the uniqueness of Millennial
consumers stems from their awareness and adoption of digital technology, especially
their mobile devices. Millennials’ digital engagement often is the facilitator for many of
their consumer behaviors. Consequently, every digital medium represents a key
engagement point for brands, marketers and advertisers to interact with Millennial consumers (Nielsen, 2017).

**Target population profile: The Millennial lesbian woman as a consumer.**

Overlapping characteristics were discovered across the women, lesbian and Millennial demographics. A summary of these characteristics can be presented in a simulated consumer profile to illustrate the prescribed behaviors as outlined by literature. First, there is a likelihood this consumer is younger, moderate-to-liberal leaning in ideology, and coupled, resulting in a higher household income (CMI, 2017). She is a heavy technology and media user, with the significant amount of her media use occurring through multiple screens at once (Nielsen, 2011). Social networking and video streaming/sharing services are considered essential mediums of information and entertainment (Mintel, 2017; CMI, 2017). She has likely used Facebook, YouTube, and Instagram within the past 30 days, and it is also highly likely she visited an LGBT website/blog or viewed an LGBT-dedicated YouTube channel as well in the past 30 days, potentially driven by the importance of her identity and inclusion within the LGBT community (CMI, 2017; Pew, 2013).

As a consumer, she is a fairly impulsive shopper and is likely to try new products, especially technology-oriented products. This consumer probably spends a moderate amount of money on apparel, but not as much as other demographics (CMI, 2017). She is very comfortable with online shopping. Many of her purchases include entertainment-oriented items, including music, movies, video games, books and ticketed events (CMI, 2017; Nielsen, 2015). Being budget-oriented, this consumer will seek
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sales and promotions when possible. She probably does not have children in the home yet, but she is interested in having children in the future (CMI, 2017).

Summary

In a widely segmented, content-driven consumer market, well-informed niche marketing strategists position themselves to be the advocate for a potential market in a mutually beneficial way. Developing a product or business that truly fulfills a real and compelling need for a definable, tangible audience requires a significant amount of consumer research coupled with iterative efforts fed by feedback to deliver an optimal solution. In reviewing extant literature, it is possible to put shape and form to an otherwise invisible market, the lesbian consumer. Further refining the target population by gender and generational demographic affords a broader contextual understanding of the challenges and opportunities presented by the target population, which is young, digitally fluent, and united by similar life experiences.

The literature review indicated the target population thrives within the digital environment. However, the digital media environment has evolved rapidly over the last 20 years, and the intersection between technology, user, and marketing efforts remains fluid. Exploring the current state of lesbian fiction within the digital marketplace, identifying key competitors, and developing an understanding of the consumer and international markets will be critical in moving forward with designing the content, marketing and distribution strategies affiliated with this feasibility study.
Chapter 3: Research Methodology

Introduction

The digital marketplace affords entrepreneurs the opportunity to reach global audiences in ways previously not possible, especially specialty audiences that can be otherwise difficult to support at scale. Niche-based businesses leverage quality research and invests the resources to understand their customer, as niche customers have a distinct set of needs. The previous chapter explored the current state of the publishing and digital landscapes as well as the characteristics and demographics associated with the target population, which is identified as lesbian women between the ages of 18-44. The overall objective of this research is to determine the feasibility for launching a digitally oriented small press media company primarily focused on publishing lesbian fiction and to develop a recommendation as to whether the venture is profitable within five years.

Research Approach

In order to accomplish the objective, the researcher follows the feasibility typography. This approach was selected because the venture is focused on establishing a new online business. In general, data collection focuses on developing an effective business plan. Data was collected using a mixed-methods approach employing an online survey, content analysis and secondary data review. Based on the results, recommendations are later made as to whether or not launching a digitally oriented small press media company primarily focused on publishing lesbian fiction is feasible.
**Data Collection Approach and Procedures**

**Data collection.** The researcher collected primary and secondary data to examine the feasibility of operating a digitally oriented small print publishing firm. Primary data was gathered by collecting online sales and e-book performance information and through an online survey designed to identify consumer interests, habits and beliefs to best inform content, marketing, and distribution strategies. The online survey was distributed through a web-based survey tool, SurveyMonkey. Secondary data was gathered through sources such as business websites, online marketplaces, archived literary society award data, periodicals, trade journals, and Internet and library resources. This secondary data was collected to inform market and competitor analysis as well as inform the researcher of international market activities. The data collected about the market, competitors, and target consumers identified opportunities and limitations that will shape business activities and determine content, marketing and distribution strategies. Finally, financial data was collected based on academic and business websites to determine the operational requirements of the business.

**Primary research question and sub-question data details.** The purpose of this research was to determine the feasibility of launching a digitally oriented small press media company primarily focused on publishing lesbian fiction and to develop a recommendation as to whether the venture is profitable within five years.

The five research questions (RQ) below were created to explore critical areas that must be addressed to effectively answer the primary research question.
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Research Questions:

RQ 1. Is there a market for lesbian fiction?

RQ 2. How successful are small press publishers within the lesbian fiction market?

RQ 3. What niche content, marketing and distribution strategies should be employed to reach the target population?

RQ 4. Which international markets should be targeted, and do they require any major adjustments in content, marketing or distribution strategies?

RQ 5. Will future income (five year profitability) outweigh startup and operational costs?

RQ 1 examined the current market for lesbian fiction in order to identify its scope, competitiveness, pricing levels, and any identifiable trends. RQ 2 examined competitors within the lesbian fiction market and considered how they are resourced and organized and the type of content and experiences they provide to the target population. Data collected included analysis of prevalent content themes/genres, web traffic data, award performance, positioning and marketing strategies, product design, visibility of content, and discoverability of content. RQ 3 was informed by a brief online consumer survey designed to assist the researcher in identifying target population discoverability, visibility, content, formatting and purchase preferences. RQ 4 explored the global scalability of the venture, identifying appropriate international markets based on reports from online resources and external organizations. Data collection for RQ 4 examined the political, economic, social and technological influences and considerations for operating in various non-U.S. markets. RQ 5 considered pro forma
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financial data informed by secondary data and online public resources to determine if profitability is achieved within five years.

**Data collection procedures.** The researcher collected data for RQ 1 through an analysis of digital marketplaces, such as Amazon, and online book communities, such as Goodreads, by means of web scraping and data mining techniques that were validated by the researcher through standard manual content analysis. Specifically, the researcher analyzed the standalone “Lesbian Fiction” sub-category within Amazon’s Kindle Store (e-book sales) categories. This sub-category was selected because it 1.) focused on the digital-oriented product offering and 2.) offered a built-in filter that purportedly eliminated e-books featuring other broader LGBT topics. The Amazon platform was selected as it offers one of the largest digital e-book marketplaces in the world, holding 80% of the global English-language market (Author Earnings, 2018). The performances of products within Amazon’s massive global e-book market are uniformly characterized by Amazon’s Best Sellers Rank (BSR) algorithm. Amazon (2018) identifies its BSR as a calculation based on Amazon that is updated hourly to reflect recent and historical sales of every item sold on its website. While a fairly fluid metric, BSR is based on a standard algorithm applied by Amazon to all book and e-book sales, affording the researcher both an objective and comparative sales-focused metric used across all products within the Amazon Kindle marketplace. The researcher captured the BSR for the top 10 listed titles on a selected date within the identified category as a baseline. The researcher then captured historical data over a period of two weeks to capture shifts in BSR scores and the related impact to estimated sales. The mean for the historical BSR data for each title was calculated to identify a more stable
BSR representation for the best-selling books captured in the baseline, which was in turn used to determine overall market viability.

RQ 2 was informed by isolating the top independent lesbian fiction publishing organizations from amongst 43 LGBT or LGBT-friendly independent publishers identified by examining six years of awards data from the Golden Crown Literary Society (GCLS) and the Lambda Literary Foundation. Preliminary considerations to identify the top organizations included the number of GCLS and Lambda Literary awards, Alexa and Quantcast web traffic data, and confirmation that organizations were operational independent, multi-author presses with a primary focus on lesbian fiction.

The researcher then considered the top five competitor organizations in relation to one another through a Weighted Sum Model (WSM). Criteria for consideration under the WSM were the discoverability and visibility of products, formatting and design, awards, and quantity of e-books produced.

RQ 3 considers content, marketing and distribution strategies; in addition to reviewing the collective data across RQ 1-2 in conjunction with secondary data, such as national and international demographic and consumer data reports, the researcher also collected data for RQ 3 by distributing a online survey through SurveyMonkey featuring quantitative and qualitative questions. The survey collected data about preferred fiction genres, favorite titles, preferred format, pricing, content discovery, factors influencing book selection, and demographic information. It also provided an invitation to describe any elements missing from the LGBT fiction community.

Participants targeted for RQ 3 were provided a survey link through SurveyMonkey that included the survey cover letter language. Individual survey responses were
anonymous. The researcher shared the survey on various online and physical LGBT forums, specifically targeting Communities of Interest related to lesbian fiction. The researcher also contacted LGBT women’s organizations, LGBT market research organizations, targeted bloggers, websites and social media influencers to solicit their support in sharing the survey to achieve widest dissemination.

Data for RQ 4 was collected through secondary resources, specifically global consumer indexes and reports that provide measurable insights into technology and e-commerce and marketplace penetration, size of publishing markets, and state-level receptiveness to LGBT issues. This secondary data was retrieved from various sources such as the Pew Research Center, Nielsen Consumer Data, Experian Simmons, Google, Quantcast, Alexa, Community Marketing, Inc., Amazon, Euromonitor, Mintel, ILGA, Spartacus Travel, Author Earnings, U.S. Census Bureau, and other relevant industry reports.

RQ 5 data was developed through pro-forma financial data and break-even analysis estimating costs as identified from business websites to organize and operate a small publishing firm. To determine anticipated unit sales, price points, and royalty rates for pro-forma financial documents, 25 top-performing titles in a similar target genre were examined. Average rating, number of reviews, genre/sub-genre, participation in Kindle Unlimited, and price points for digital, paperback, hardcover, and audio book were captured.

**Target population.** The target population for this research study was lesbian women between the ages of 18-44. For practical purposes, this largely centers the target population amongst the Millennial generation. Within the U.S., the target population
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size is estimated to be approximately 3.2 million LGBT women out of an estimated 5.5 million American LGBT women (Gates, 2017; U.S. Census Bureau, 2016). As the initial launch of this enterprise will focus on domestic audiences, the target population for survey purposes generally targeted the U.S. population. International audience participation was permitted, but the survey’s sample size goal was driven by U.S. population target figures.

Sample details. To better inform RQ 3, the survey was originally designed to achieve a target population sample of 400 based on a target population of 3.2 million American LGBT women. This sample size goal offered a confidence level of 95% and a confidence interval of five percent (Leedy & Ormond, 2016, p. 166). The researcher considered 400 participants a minimum threshold and strived for a larger participation sample to better generalize results. Small sample sizes “lose the opportunity to derive statistically-significant cross-tabs based on gender, geographical location, age, income, experience, product choice, etc.” (CMI, 2017, p. 55). The researcher acknowledged “generalities and sweeping statements about ‘the LGBT market’ based on comparatively small samples can distort the validity of research findings, wasting your investment of time and resources” (p. 55). The final sample at the conclusion of the survey period grew to an unexpected 1,114 participants.

Gates (2017) estimates 4.1% of the overall U.S. population identifies as LGBT and 7.3% of American Millennials identify as LGBT. Thus, a randomized sampling procedure would have been unlikely to yield a sizable sample of participants. Instead, the sample design for the survey emphasized a non-probability convenience sampling supplemented by referral sampling. The referral sampling employed a snowball
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technique prevalent in LGBT studies in which existing study subjects recruit future subjects from among their acquaintances. While non-probability sampling increased the chance for biased data, the researcher considered it a necessity since there is no realistic way to randomly sample the target population given the requirement for participants to self-identify as LGBT; the researcher could not identify members of the target population by observation alone as otherwise possible when surveying other populations. This research did not include members of vulnerable populations. There was no supervisor-subordinate relationship between the researcher and the participants.

Instrumentation. Data for RQ 3 was collected through an anonymous online survey built on SurveyMonkey. These questions can be viewed in full as Appendix C within this report. The survey questions were created specifically for this study, and were tested for validity and reliability. To strengthen the validity of the survey, the researcher face-validated the first version of the survey with a small sample of market participants. The researcher also pre-tested the survey to ensure clarity of the survey items, ensure user-friendliness (technologically sound application/navigation and content is understandable), and ensure questions measured what should be measured.

Instrument design for the survey reflected a mixed-methods approach leveraging quantitative and qualitative methods through a predominantly explanatory design. The survey included rank-based and multi-select items for some questions to provide for quantitative analysis. Open-ended questions were included to ensure that any information missed by more structured questions was obtained. No questions were forced-completion; participants could skip questions if desired. Data derived from question items that vary from total survey respondent levels are indicated by
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\( n = \) population sample. The expected return rate of the survey was estimated to be approximately 15% based on available research (LaRose & Tsai, 2014). The survey was available for one week and yielded a 91% completion rate.

Data Analysis and Synthesis

Analysis for RQ 1 and RQ 2 was conducted against baseline data of identified criteria. Data identified through RQ 3 was analyzed using statistical analysis tools available through SurveyMonkey as well as qualitative analysis tools through the NVivo program. NVivo results were validated by a content analysis method outlined by Fink (2013). The researcher identified terms and themes using a coding system to group similar words or phrases. If a significant portion of the comments aligned with the same priorities or concerns, it was considered a “theme” (Fink, 2013, p. 116). These themes were synthesized against quantitative data gathered through RQ 3 and available secondary data to provide a more complete understanding of the research question. The researcher synthesized market rankings across various indexes for RQ 4 and considered market prioritization through the lens of a PEST (Political, Economic, Social, Technology) analysis. Analysis for RQ 5 was based on pro-forma financial documents. Further data analysis will be based on opinions formed by the researcher, opinions of professional organizations, internet articles, and books concerning niche marketing and publishing activities.

Methodological Limitations

One of the most impactful limitations within this study is the reliance on non-probability sampling, specifically the reliance on convenience and referral sampling. This is a common limitation across studies that examine LGBT issues; respondents
must self-identify to participate in the study. The use of referral sampling also introduces the potential for bias, as social networks may not be as diverse as the overall target population.

Another primary limitation impacting this study is tied to analyzing sales data within the digital publishing marketplace. There is a notable lack of transparency from Amazon, the leader in digital e-book sales, regarding its sales data. Consequently, the researcher will rely on the tools and methodology established by Author Earnings, an online organization used by practitioners and industry analysts that developed a sales rank formula using real-time metadata and sales rankings for hundreds of thousands of books sold on Amazon based on Amazon’s daily reported sales (Wischenbart, 2017). Author Earnings methodology employs a software spider, which is an Internet technology also known as a web crawler or web scraper, to capture raw metadata for Amazon book products. The spider employs 250 high-powered 8-core computer servers and crawls 1.5 million retailer product pages per hour. The spider pulls metadata for each book, to include its title, author, publisher, price, publication date, page length, review counts and scores, genre categories, other editions and prices, ASIN, Kindle Unlimited status, and more. The tool then converts each Amazon ranking to a corresponding number of daily unit sales and multiplies the units by sale or list price to arrive at daily dollars. The methodology then groups books by publisher type, genre, price, etc. The formula always matches within six percent of Amazon-reported single day sales figures, and the formula usually matches as close as two percent of actual day-end sales (Author Earnings, 2016). To better validate these results, the researcher also
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used NovelRank, another Amazon market analysis tool, to track estimated sales based on target products Best Seller Rank.
Chapter 4: Data Analysis

Introduction

The data collected for this study focused on factors contributing to the feasibility and profitability of operating a digitally oriented small press media company primarily focused on publishing lesbian fiction. The research data consisted of secondary data offered from books, articles, government data, and open source data websites. Research data also consisted of primary data generated from a brief mixed methods survey of the target population. This feasibility study also forecasted sales, operating expenses, profitability and sustainability for the first five years of operation. The researcher analyzed primary and secondary data to form opinions and develop conclusions. This research warranted or refuted the feasibility of launching a small press media company.

Data Presentation and Analysis

Presentation of the data concerning the feasibility of launching a digitally oriented small press media company provides insight into the viability of the proposed business. In this section, the researcher delivers analysis on the market, competitor landscape, consumer needs, and financial requirements aligned to the research questions discussed in previous chapters.

Market analysis: Measuring the market for lesbian fiction. The first research question explores whether there is a market for lesbian fiction. Analysis of the market centered on Amazon as a marketplace. Radley’s (2018) reader survey \( n = 602 \) found 83.9% of respondents purchased lesbian fiction primarily through Amazon, while 8% purchased content directly through publishers. The remainder purchased content from a number of smaller digital marketplaces or physical bookstores.
At the time of baseline, the highest ranked title within this category held a BSR of 1,170 and a two-week mean BSR of 3,592. Title 10 in the list ranked at 3,553 and two-week mean BSR of 4,054. Title 100 initially ranked at 26,059 and presented a two-week mean BSR of 37,012 out of all paid items listed in the Kindle store. The estimated monthly sales for July 2018 of the top-ranked novel were $5,097 and the estimated July sales of title 100 were $192. The top 10 e-books listed within this category brought in an estimated average of $4,000 in the month of July with estimated monthly revenue ranging from $819 to $6,776. Table 1 identifies all products and metrics examined for this scoping and baseline activity.

Search results indicated there are currently more than 50,000 product results within the Kindle e-book store for “LGBT fiction” and more than 10,000 product results for “lesbian fiction” within the Kindle e-book store as indicated from the search tree: Kindle Store: Kindle eBooks: Literature & Fiction: Genre Fiction: LGBT: Lesbian Fiction. Approximately 5,000 paperback books were listed within the same category, suggesting the current market skews heavily towards digital-only products.

Additionally, the researcher identified 80% of the top 10 best sellers represented within the “Lesbian Fiction” sub-category as self-published or published through a single-author publisher. Comparatively, no titles were self-published amongst the Top 10 best sellers identified within the broader top level “Literature and Fiction” category of Amazon’s e-book market with the exception of author J.K. Rowling, who publishes the digital copies of her Harry Potter series through her own branded organization, Pottermore. The first independent self-published author did not appear until rank number 17 on the “Literature and Fiction” best sellers list at the time of baseline.
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It is worth noting that 80% of titles within the “Lesbian Fiction” best sellers list at the time of baseline were available through the Kindle Unlimited reading subscription service offered by Amazon. More than 60% of all products within the lesbian fiction e-book category were listed with Kindle Unlimited. A related survey of 602 respondents from the same target population found 41% of respondents subscribed to Kindle Unlimited. Comparatively, only 20% of the Top 10 best sellers identified within the primary “Literature and Fiction” category of Amazon’s e-book market were listed as available through Kindle Unlimited services, although the overwhelming majority of these titles were already available to readers with a standard Amazon Prime membership.

**Competitor analysis: Measuring the success of small press publishers in the lesbian fiction market.** The top five organizations vetted as operational, independent, multi-author presses with a primary focus on lesbian fiction were Bella Books, Bold Strokes Books, Bywater Books, Sapphire Books, and Ylva Publishing. The researcher considered the top five competitor organizations against one another through a Weighted Sum Model (WSM), Table 2, to identify the most effective publisher competing within the lesbian fiction market.

Unexpectedly, Bywater Books pulled ahead of the competition, including the sizable Bold Strokes Books. BSB is by definition a medium-sized publisher compared to Bywater, a small-press firm. In fact, Bywater Books was tied with Sapphire Books in publishing the fewest books year-over-year at approximately 10 titles per year. Comparatively, on a yearly average BSB appears to publish 70 titles, Ylva Publishing nets 30 titles, and Bella Books publishes 20 titles. However, the heavy weight applied to
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discoverability and visibility of content delivered a decisive edge to Bywater Books, who appears to present a more nuanced understanding of the technical requirements of metadata and indexing as well as traditional e-marketing activities, such as leveraging Communities of Interest and trusted influencers within the target market. The company’s products also appear more polished than their competitors, aligning closer to mainstream design standards. While the business likely does not net the same volume of sales revenue as some of its bigger and more well known competitors, it does appear to have an effective operation given its size and output.

The other competitors each offered unique and valuable elements to the lesbian fiction market that are worth further analyzing. First, the Bella Books business model is driven not only by its own publishing activities, but also by its dual-hatted role as a market aggregator and distributor. Bella Books hosts its competitors’ and independent authors’ books on its platform, offering customers the closest one-stop shop curated experience available. Bold Strokes Books remains the largest and most well known publisher within the lesbian fiction market, and it publishes the highest volume of products. With more than 1,000 titles already in its catalog, it appears the company recently expanded beyond the lesbian fiction market to the popular gay fiction market. Ylva Publishing is the relative newcomer to the group with six years of operations under its belt, but it has managed to publish nearly 200 titles in that time. Invaluably, Ylva Publishing is the international arm of Ylva Verlag, a German-based publisher. The twin companies publish content in four languages, offering better international scalability than almost every other lesbian fiction publisher.
Consumer analysis: Niche content, marketing and distribution strategies to reach the target population. The 10-question online survey was largely designed to solicit insights and preferences to best inform the third research question, which asks what niche content, marketing and distribution strategies should be employed to reach the target population. The survey collected data about preferred fiction genres, favorite titles, preferred format, pricing, content discovery, factors influencing book selection, and an invitation to describe any elements missing from the LGBT fiction community. The survey concluded with two demographic-based questions that collected age range and gender/orientation identity information.

The top five genre categories quantitatively selected by n=1,110 respondents as types of fiction they like to read were, in order of popularity: fantasy, science fiction, fanfiction, young adult, and romance. The least popular were thriller/suspense, erotica, drama, horror, and religious fiction. Asking respondents about their favorite book or book series did not yield many statistically significant results given the broad variety in answers. As expected with many readers of this age group, Harry Potter was cited as a favored series by approximately 10% of participants. Only a few other titles and authors trended to any discernible levels, often at 2.5% prevalence or less. However, one common theme amongst lower trending items was favor for speculative fiction series featuring positive representation of LGBT women.

Interestingly, the preference for speculative fiction was strongly emphasized in a separate qualitatively designed, open-ended survey item posed by the researcher: What’s missing from the LGBT fiction community; What product, service or story do you wish someone would create? After conducting a manual content analysis across
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$n = 990$ responses, the researcher identified references across 241 individual responses indicating a desire for more speculative fiction content, specifically fantasy (153 references) and science fiction (88 references) that included positive LGBT representation. Additional demand for representation across other fiction genres is listed in Table 3.

More than 200 references to what amounted as “casual representation” were discovered as well. This is expressed by one respondent as, “a good story that just happened to be about queer characters, as opposed to a story about characters being queer.” Another respondent characterized this desire in writing they wanted:

“More books that have queer content without explicitly being centrally about being queer. I want to see representation in all sorts of books, but with characters who have rich lives and stories beyond struggling with ‘queer trauma’ or something of that nature. People are complex and do all sorts of things AND are queer. Queerness is not a monolithic character description.”

Correlated to the strong demand for casual representation, a significant portion of respondents indicated a desire to move away from tropes common within LGBT fiction that lead to traumatic treatment of LGBT characters, asking for more “happy endings” and less stories that “bury your gays” in narratives. Finally, it is imperative to acknowledge the top-coded theme during analysis was related to calls for more diversity across characters, with 301 references tied to increases in positive representation of not only racial, ethnic, and ability diversity, but also gender and orientation diversity. Further thematic insights are offered in Table 4.
In addition to feedback about improvements to LGBT content, a number of respondents identified a need for certain services for the LGBT fiction community. Among these items, participants emphasized a need for increased access to LGBT-friendly print books in both bookstores and libraries (30 references). Related, there was an overall desire for more mainstream support (43 references) from the broader literary community, including agents, publishers, distributors, marketers, and booksellers. The desire for mainstream access and support appears to be correlated to the desire for “casual representation” in mainstream fiction, or stories that are not unlike “any other fiction story except the lead is a lesbian” as conveyed by numerous respondents. However, the largest call for service support came in the form of a need for more effective methods of content discovery. Approximately 60 respondents indicated there are challenges to not only mainstream book visibility, but also book discoverability due to existing categorization of lesbian fiction and LGBT fiction writ large. There were also 20 requests for a “one-stop shop for queer stories, from books to web comics, that isn’t funded by some big corporate company” — likely a jab at Amazon’s categorization and discoverability functions related to lesbian fiction specifically. The sentiment carries across other book listings, including Goodreads and Bookbub, where genre or literary fiction featuring lesbian women is often lumped in with gay fiction or erotica and few, if any, genre categorization is present.

To expand the existing understanding of how lesbian fiction readers, and more broadly LGBT fiction readers, discover content, the researcher presented an open-ended qualitative query asking survey participants how they find new books featuring LGBT characters. Word-of-Mouth, or the exchange of information between buyers in direct
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communication, emerged as the highest-frequency coded discovery during a manual content analysis of $n = 1,075$ responses, netting 311 references. For the purpose of this content analysis, the researcher did not differentiate between e-WoM, or WoM activities facilitated through the Internet and social media, as references to WoM activities by survey respondents generally referred to individuals known through online Communities of Interest (CoI), or communities of people who share a common interest or passion, such as lesbian fiction communities on social media platforms. The referral power of in-groups across Facebook book clubs (86 references), Twitter CoIs (124 references), “bookblr” Tumblr blogs (217 references), Goodreads groups (158 references), and “booktubers” from YouTube (29 references) illustrate the power of e-WoM as facilitated through social media communities (92 references) across Web 2.0. The influence of e-WoM extended to select influencers amongst the LGBT fiction community. Specifically, blogs (136 references) were seen as trusted, unbiased sources. Respondents also indicated the recommendations by favored authors (52 references) as a key source of new content discovery, as respondents already viewed these known entities as reliable and trustworthy sources.

Where e-WoM and social media provides potential readers visibility of new content, it is metadata, Internet search engines, and digital marketplaces that offer discoverability that can either hinder or accelerate content access. Representing an equally substantial impact as WoM and social media, Amazon (191 references) and general Internet searches (174 references) were uniquely cited a combined 365 times as a means of discovering new books featuring LGBT characters. Indexed results by Google, often in the form of lists or reviews, were recognized as a means of informing
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product considerations. Importantly, general search results by Amazon (103 references) were heavily emphasized as a primary means of finding new book options; Amazon’s algorithm-based recommendations (55 references) were also significant sources of influence on respondents’ discovery pathways. Detailed information about how respondents reported discovering new books featuring LGBT characters is available in Table 5.

Having explored both content preferences and content discovery pathways for the target population, the researcher’s survey also sought to understand formatting and pricing preferences. When asked about their preferred format for reading books, 76.92% indicated they prefer print books and 61.87% indicated they prefer e-books. Only 25.64% indicated any preference for audiobooks. These were not mutually exclusive options, allowing respondents to explain what drew them to each format. Those who prefer print largely indicated they enjoyed the sensory experience of reading physical books — they were cited as easier to see, possessing a highly desired smell, and having valued tactile experience, such as page feel and heft. Some also acknowledged pride of ownership of a tangible “treasure” as another driver. Other readers indicated print books provide a more immersive reading experience and appreciated the “infinite battery” of books. Those who read e-books were more likely to cite portability of large amounts of books, space saving aspects, and the ability to read anywhere, such as in bed.

Affordability and the convenience of being able to read books across numerous devices were also key motivators behind this format preference. Other readers specifically cited the ease of downloading e-books from their libraries’ digital collections. As one reader said, “Suddenly my library fits in a pocket! Instead of bringing maybe seven books,
max, with me, I can bring hundreds with the ability to download more at my fingertips.”
Lastly, readers’ interest in audiobooks largely focused on the ability to multitask, such as during a commute or while performing other tasks. Others appreciated the talent of good narrators to add additional depth to the stories.

When asked how much they pay for a book, 46% of respondents indicated they pay between $4.00-$12.99. However, the researcher should have considered separating pricing expectations between print and e-book purchases; another survey of 602 respondents focused on the same target population found the majority believed standard-length lesbian and bisexual women’s fiction e-books should be priced between $2.99-$5.99, while print books of the same nature should be priced between $6.00-$15.99 (Radley, 2018). Related, another question within the researcher’s survey asked respondents to identify elements that were the most important to a reader when deciding to read a new book featuring LGBT characters. A book’s description, or “blurb” as referred to by readers, and genre categorization was nearly twice as influential as its cover art or fan community. Both reader’s reviews or ratings and personal recommendations from friends and family were 66% more influential to potential readers than critics’ reviews. Familiarity with the author, price, and format availability were reported as mid-grade influencers.

Finally, the researcher reserved demographic data collection for the last two survey questions. The survey revealed that demographically, 83.4%, or 844 of 1,012 respondents were between the ages of 18-44. More than 40% (408) of these respondents were between the ages of 18-24 and approximately 70% of all respondents were between the ages of 18-34. 100 members opted to skip the question related to age. The
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vast majority — 77.61% (787) — identified as female. However, it is worth noting that only 6.31% (64) of respondents identified as male. Respondents who identify as either or neither male nor female captures the gap between these two categories. 13.91% (141) respondents identified as non-binary and 9.96% (101) identified as genderfluid. Both of these terms generally refer to an individual who does not identify with a single fixed gender. Additionally, 8.88% (90) identified as transgender, or a person whose sense of personal identity and gender does not correspond with their birth sex. It is important to note the researcher purposefully allowed multiple answers across this question to afford participants the opportunity to select any and all identities with which they aligned as this data will later shape content strategy.

Lastly, respondents’ orientation identity was a relevant interest area to the researcher as the proposed business activity targets those belonging to a niche audience who are willing to pay for content that reflects their relationships and community. Question 9 of the survey revealed nearly 50% (502) respondents identify as lesbian and 9.76% (99) identifying as gay, which may reflect a common-use interchangeability between the two phrases. Additionally, nearly 30% (299) aligned as bisexual, and 38.46% identified as queer. 12.52% (127) of respondents identified as pansexual. The researcher did not initially account for two other communities, including the asexual/aromantic community, which was added shortly after the survey went live; this resulted in 18.34% (189) members who selected the identity. The other unrepresented community, demisexual/demiromantic, netted 2.27% (23) responses in the “other” open answer selection. Finally, 1.87% (19) respondents identified as heterosexual and 0.89% (9) preferred to not answer.
International market analysis: Identifying and adjusting strategies for international markets. The researcher leveraged secondary data about the global digital marketplace, global book publishing industry, and LGBT tourism industry to identify international markets that could present optimal channels for e-book sales beyond the United States. The researcher also considered national GDP and population size. Finally, the researcher considered principles of the PEST (Political, Economic, Social, Technology) model to organize and prioritize international markets by risk-reward. Through synthesizing these considerations, the researcher identified financially desirable international markets that supported sizable or growing book markets, strong digital penetration, and favorable conditions for selling and promoting LGBT content.

To address this research question, the researcher first considered a Euromonitor International (2018) report about digital marketplace trends. The report identified the marketplace model, or a website that connects third-party merchants to shoppers such as Amazon, Alibaba, e-Bay, and Rakuten, as the most prevalent in the two largest digital commerce markets: the U.S. and China. More than 75% of all global digital marketplace sales occur within these two countries, with the next closest garnering a fraction of marketplace sales in comparison. China saw $232.2 billion in marketplace sales in 2017 — these sales made up more than 50% of the country’s total digital commerce sales. Comparatively, U.S. marketplace sales amounted to $145.1 billion and 40% of digital commerce. As far as marketplaces are concerned, Alibaba leads sales in the Asia-Pacific region and performs strongly in Eastern Europe alongside Grepo Allegro. Amazon dominates as the lead marketplace in North America, Western Europe, and Australia/New Zealand; it shares equity with Alibaba across the Middle
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East and Africa. Latin America is serviced largely by Mercado-Libre. The top 10 digital marketplaces are provided for reference within Table 6.

Next, the researcher reviewed publishing analyst Rüdiger Wischenbart’s 2017 BookMap report to consider international rankings and health of major book markets around the world. Wischenbart identified the top 10 publishing markets as the U.S., China, Germany, U.K., Japan, France, India, South Korea, Spain and Italy. The top seven alone account for 69% of the global publishing market. Wischenbart recognized “a country’s wealth strongly possibilities of its people to be educated, purchase books, or access them in well-stocked libraries” and considered national Gross Domestic Product price per capita (PPP based — purchasing power parity) and its correlation to national market viability. Under this lens, the top 10 nations with the highest total market value per inhabitant were Germany, Norway, U.S., U.K., Austria, Spain, France, South Korea, Australia, and Japan. Both the top 10 publishing markets and total market value per inhabitant are represented in Table 6. Compared to the six largest publishing markets, only China has seen a continuous expansion of its publishing industry. China overtook both Japan and Germany and is now the second-largest book market, second only to the U.S. market.

Although both book and digital marketplace size is important in considering this venture, the researcher recognized the socio-political receptiveness or resistance to the LGBT community could bear a direct impact on business activities in various international markets. The researcher reviewed an LGBT travel company’s “Gay Travel Index” to look broadly at how LGBT people and issues are received across 197 countries and regions. The index considers 14 criteria across three categories: civil
rights, discrimination, and peril to person. Under civil rights, the index examines if LGBT individuals are permitted to marry, anti-discrimination laws, adoption rights, and equal age of consent as heterosexual couples. The discrimination criteria consider religious influence, HIV travel restrictions, anti-LGBT laws, and any bans on Pride parades or other demonstrations. Perils of the person through persecution, imprisonment or death round out the index. While the rating of a country may not directly impact whether individuals are able and willing to engage in e-commerce activities surrounding LGBT content, such as e-books, it does set a reasonable expectation for the ease of access and support for the market on a broader scale. Canada takes the top position on the index, followed closely by Sweden, Belgium, Denmark, Finland, France, Germany, Iceland, Netherlands, New Zealand, Norway, Spain and the U.K. The U.S., in comparison, ranks at 39 ahead of Bolivia, Ecuador, Italy, Mozambique, and Nepal. On the lowest end of the index: United Arab Emirates, Yemen, Iran, Saudi Arabia, and Somalia. The lowest ranking position goes to Chechnya.

Consolidating the three secondary resources in Table 6, the researcher ranked a selection of markets by risk-reward caliber under a PEST lens and further ranked which order nations should be prioritized within each category, resulting in Table 7. In general, English-speaking markets were prioritized over non-English markets. Within the low-risk, low-reward category, the researcher identified English-language countries Ireland, New Zealand, South Africa and Singapore as well as Finland and Columbia. Countries within this category, while largely accessible as a language market as well as digital and LGBT market, command GDPs under $300 billion. Representing the largest category, the low-risk, high-reward segment includes nations with national GDPs above
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$300 billion, established and robust digital marketplace access, proclivity for participation in the book market, and positive access and support for LGBT communities. Once again, the top markets are identified as English-speaking: U.K., Canada, and Australia. The super-powered German market takes the top non-English market spot followed by France, Italy and Spain. Collectively, these markets represent nearly $9 trillion in GDP. Netherlands, Switzerland, Argentina, Belgium, and Norway round out the category. Increasing risk levels, the moderate-risk, high-reward category hosts India, South Korea, Brazil, Japan, Mexico and Indonesia. India captures the top spot in this category due to the prevalence of secondary English speakers and the sheer size of its population at 1.3 billion people. The close runner-up to India in this risk-reward scenario is South Korea. Commanding a significantly stronger per capita purchase power, South Korea is a digital e-commerce global leader. And, where India is a multi-language nation, South Korea is not, making translation of products a more reasonable solution upon entering the market.

Ratcheting risk up, the researcher determined only one contender fit the high-risk, high-reward category: China. The eastern giant offers a market nearly five times the size of the U.S. market and the second-largest GDP in the world. China captures more annual digital marketplace sales than any other nation, and its book market is expanding steadily compared to all other major world markets, which are either seeing stable holds or declines in size in recent years (BookMap, 2018). Still, the market is ripe with challenges aside from language access. Importantly, the political and legislative environment is dense and complex, favoring domestic rather than foreign economic participants. While the country is focused on developing its arts and entertainment
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industries, it also holds a vice-grip on content through government-sanctioned censorship. This censorship extends to LGBT issues; as early as April 2018, Chinese social media giant Weibo classified LGBT issues as a topic to be banned in its campaign of “creating a clean and harmonious public environment” on the media platform — a priority of the government given Weibo’s 411 million active users (Diplomat, 2018). Another critical challenge is the Chinese government only grants its China-specific International Standard Book Numbers (ISBNs) to bonafide Chinese publishers. This would require publishers interested in expanding into the Chinese market to find and partner with qualified agents or distributors with established market access if they hope to grasp the opportunity.

The final category organized by the researcher was identified as high-risk, low-reward. This category is home to Russia, Saudi Arabia and Turkey. While all three nations offer valuable market sizes with respectable GDPs and healthy digital marketplaces, they each are overwhelmingly restrictive with regards to access to LGBT content. This has an immediate secondary effect on the ability to traditionally advertise to target consumers. Political and social considerations within these nations also generate unacceptable risk to target consumers when it comes to identifying and leveraging Communities of Interest to generate e-WoM. Consequently, the researcher determined it is not appropriate to actively pursue these markets or other markets that share similar characteristics.

Financial analysis: considering future income against startup and operational costs. The following financial information is available in Appendix A:

— Table 8: Projected Start-up Costs
A start-up cost estimation (Table 8) of $6,577 was based on requirements to begin operations as soon as possible. As a small, home-based business, there are no expected significant fixed overhead costs for the firm such as property expenses, utilities, payroll, office furnishings, or insurance. As a digital enterprise, there is also a distinct lack of inventory management or supply and distribution requirements. The firm instead levies other digital tools to prioritize just-in-time production and delivery. Given the role of digital media in the firm’s marketing and content mix, start-up costs project $3,000 for required computer and audio-visual equipment. This is an assumed cost regardless of whether the proposed firm plans to repurpose any personal assets. A depreciation value of five years was applied to these fixed assets. Additionally, $557 worth of fees, licenses, and marketing costs were identified to account for legal entity and business formation fees of the firm’s operating state, website domain registration and hosting services, and production software. Finally, initial operating expenses identify the early need for $3,000 in working capital funds to facilitate initial operations to establish a positive cash flow for the first publication. The pro-forma balance sheet (Table 9) indicates the firm starts with current ratio of 0.90 and quick ratio of 0.83 at its onset and matures to a healthy current and quick ratio of 1.54 by the end if its first year in operations. This indicates the firm will possess a higher level of liquidity to pay any maturing obligations. Additionally, the end of the first year of operations indicates a
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43% operating return on assets, earning $0.43 cents of operating profits for every $1 of assets.

Establishing the first product line, or publication, is a critical step for developing a cash flow to fund additional publications, products or expansions into new markets. Of three proposed product lines, website, book publication, and merchandise, the book publication line generates the largest amount of wealth with the firm as demonstrated in projected annual sales (Table 11). The five-year sales were based on a very conservative goal of releasing a minimum of two titles per year with a total of 10 titles across the five-year sales forecast. These two titles represent owned intellectual properties. Given the low fixed costs and one-time semi-variable cost of production, the e-books are expected to continue to generate revenue for several years after their market introduction. Additionally, as a digital product costs are incurred only in a one-time production expense per product that can in turn be sold again without reproducing the same expense. Book publication is expected to generate a gross profit margin of 83% in its first year of operation and exceed a gross profit margin of 100% through the next four years. Its operating profit margin also shows strong returns, netting a margin of 53% in its initial year and climbing to a potential 75% in its out years. Finally, it is important to note projected sales are based only on e-books sold through the online retailer Amazon. Print versions of the product could be sold as well through print-on-demand services for a similar royalty rate, but those figures were not captured in these documents.

Based on a baseline of similar e-books from the marketplace, the price points for the sample ranged from $0.99-$14.99 for an e-book purchase, with an average of $7.99
per unit price. Closer examination of each title’s Amazon Best Sellers Ranking, the
algorithm employed by Amazon to rank titles by sales on its website and updated
hourly, indicated many of the lower priced titles were outselling those priced closer to
the sample average. These pricing strategies capitalize on economies-of-scale, drawing
in more buyers with their budget-friendly rates. Consequently, $3.99 was identified as
an optimal first-year price for new titles and $2.99 as a sustained price in out years for
financial planning purposes - this concurs with other survey findings sampling the same
population (Radley, 2018). For financial awareness, it is important to note the sale point
does not equate to operating income; at a royalty rate of 70% of sale price, Amazon
collects $1.20 per unit. This cost is captured in the operating expenses across all
proposed financial documents. Given the low price point, the first title is estimated to
sell 300 copies per month at a royalty rate of $2.79 per unit, or $5,022 in six months of
operating income that can be used to finance the second title.

Next, a break-even analysis was performed to identify the appropriate level of
sales to cover all operating costs. The software production suite and web hosting
services affiliated with the firm’s operations are assigned as fixed costs in the amount of
$508. These expenses endure regardless of sales levels (Keown, Martin & Perry, 2017).
The firm bears most of its expenses as variable costs. Professional services, such as
developmental, copyediting, proofreading, and design layout are the largest source of
variable cost. Licenses and fees associated with ISBN codes and copyrights are another
variable costs associated with the production of each title. In total, each book generates
a one-time expense of $2,955 in semi-variable costs under the assumed pricing levels
for professional services. Considering the nature of the firm’s products and the way they
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fit within the break-even analysis model, the researcher developed an adapted break-even model. Digital products do not incur variable fees per unit sale, but rather incur a one-time semi-variable expense to generate the core product that is then sold without limit and without repeating the expense of creation. The formula used by the researcher to identify the break-even level under this premise is represented in Figure 4.
Chapter 5: Summary, Conclusion and Recommendation

Summary

The purpose of this research was to determine the feasibility of launching a digitally oriented small press publishing company primarily focused on publishing lesbian fiction and to develop a recommendation as to whether the venture would be profitable within five years. The conclusions reached by the end of this chapter will provide a stronger understanding of the feasibility of the proposed business activity and recommendations for future actions.

Chapter 1 identified the background and purpose of the research problem, the supporting research questions, assumptions and limitations. The researcher sought to answer the following questions:

1. Is there a market for lesbian fiction?
2. How successful are small press publishers within the lesbian fiction market?
3. What niche content, marketing, and distribution strategies should be employed to reach the target population?
4. Which international markets should be targeted, and do they require any major adjustments in content, marketing, or distribution strategies?
5. Will future income (five year profitability) outweigh startup and operational costs?

In Chapter 2, the researcher conducted a literature review related to the research problem and supporting questions. The literature discussed the evolution and current state of the digital landscape and publishing industry. It also offered an in-depth review
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of the LGBT market, as well as specific considerations for consumer information related to women, lesbians, and Millennials.

Chapter 3 outlined a detailed research methodology for this study. The researcher collected primary and secondary data to address market, competitor, and consumer elements to inform content, marketing, and distribution strategies for the target population. The researcher also considered international markets using secondary data sources and a PEST analysis to identify risk-reward likelihood. The researcher also developed pro-forma financial data based on business websites and other secondary data resources. The researcher gathered primary data from digital marketplaces and an online consumer survey. Secondary data was gathered through sources such as business websites, online marketplaces, archived literary society award data, periodicals, trade journals, and Internet, library, and government resources.

Chapter 4 presented and analyzed data collected. The analysis provided insight to the research questions in efforts to address the feasibility of establishing and operating a small-press media company focused on lesbian fiction publishing. The analysis sets the stage for this chapter, which will address recommendations based on data insights.

Conclusions

This section discusses conclusions for the five research questions identified in the first chapter of this feasibility study.

Question 1: Is there a market for lesbian fiction?

Research indicates there is a definable and healthy lesbian fiction market with room for additional expansion. There is enough product and demand for lesbian-
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oriented fiction, which Amazon and other digital marketplaces have developed dedicated categorization, albeit generalized, targeting the lesbian fiction market as a standalone segment. With a number of successful independent lesbian fiction presses in stable operation, it is clear the market exists from a business consideration standpoint. In addition to independent presses focused solely on lesbian fiction, a number of independent publishers and all “Big 5” publishers have imprints that seek and sell LGBT fiction. Tangible readership artifacts further validate the market; book clubs and other communities of interest, lesbian fiction literary awards programs, and lesbian fiction conferences and conventions all exist in support of this market.

The lesbian fiction market appears to lean heavily towards digital-only products, with only half of the offerings on Amazon being available in print format. The digital focus of the lesbian fiction market may be correlated to the higher rate of self-published or single-author publishing organizations that deliver content to the market; print runs can be prohibitively expensive for small or independent publishers, driving most to rely on print-on-demand services offered by some digital marketplaces. Indications show the market appears to rely on independent, self-published or small press publishers for content, increasing receptiveness to new entrants. Finally, the prevalence of books from the Top 100 list that are also found to be participating in Kindle Unlimited suggests the subscription service may provide a critical channel for audience access and exposure.

**Question 2: How successful are small press publishers within the lesbian fiction market?**

Small press publishers within the lesbian fiction market do well enough to sustain operations, whether at a small output of publications, such as 10 or fewer titles a
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year like Bywater Books, or at higher levels of output like Ylva Publishing and Bella Books. The five publishers examined in this study have been in operation for 6-17 years, indicating stability and sustainability of operations. Readers appear to be highly familiar with both authors and publishers within this market, indicating higher levels of awareness and engagement than other broader, more competitive, markets may offer.

As a means of best practice, these publishers appear to keep operating costs sustainable by either managing most functions — editing, formatting, cover design, marketing, distribution, etc. — internally with a very limited staff or by outsourcing these requirements to contracted partners. Another best practice noted amongst the publishers is close familiarity with their niche audience, often supporting or participating in both online and physical forums. Finally, most of the publishers appear to have found ways in which to diversify from one another. Bella Books offers a distribution service, Bold Strokes Books expanded into gay male fiction, and Ylva Publishing pursues broader international markets through translated products.

One common limitation these publishers face is the ability to effectively reach any print-only readers. The majority of these publishers appear to offer limited, if any, print book runs given the cost to manage inventory, such as storage and shipping. Distribution also appears to often be limited to digital marketplaces and publisher websites rather than physical bookstores and libraries, including digital libraries. Another limitation facing small press publishers within this highly specialized market is they compete against not only mainstream publisher’s LGBT imprints, but also against self-published authors who make up a good portion of the market’s offerings. Finally,
like many small businesses, these organizations appear to have limited marketing budgets, which makes visibility within any market challenging.

**Question 3: What niche content, marketing, and distribution strategies should be employed to reach the target population?**

From a content standpoint, survey participants made their desire for more genre fiction with “casual representation” in which narrative focus remains on stories that happen to feature LGBT characters, not stories that are about being LGBT. Respondents specifically expressed interest in speculative fiction genres in what is likely resistance to the overly saturated contemporary romance genre that floods the majority of the lesbian fiction market. From a marketing standpoint, the audience responds well to free content, budget pricing and sales; these should be used in targeted ways to generate reviews and stimulate purchases. Marketing activities should be leveraged across mediums in which the target audience uses. For the younger end of the spectrum, Tumblr, Twitter, and YouTube are valuable platforms to reach and engage the target population. Most of the domestic target audience is found on Facebook and Goodreads as well. Marketing strategies should consider leveraging key influencers and communities of interest from across these platforms for book promotion activities in order to generate invaluable e-WoM traction. E-mail newsletters remain a preferred source of direct Business-to-Consumer communication, and newsletter timing should be considered in advance of, during, and post-rollout of new publications. Additionally, marketing strategies should prioritize effective metadata and keyword development, effective use of linking and indexing to generate discoverable content, and appropriate categorization of content across digital marketplaces.
Physical distribution remains restrictive for this market given the lack of access to primary gatekeepers in formal retail channels; independent booksellers are a consideration if physical distribution is a primary concern. Within digital marketplaces, distribution strategies should include print-on-demand fulfillment services to capture consumers who prefer tangible print products. Enrollment in programs that allow small publishers to participate in digital library catalogs, such as Rakuten Overdrive and Baker & Taylor, are also viable options to increase visibility and discoverability. Regardless, in addition to Amazon, small publishers should consider distributing their products through Kobo, Nook, iBooks and Google Play. These last two platforms complete the “Big 3” technology trifecta of Amazon, Apple and Google and represent an overwhelming majority of the e-book marketplace. Apple and Google specifically capture 96.72% of all mobile operating systems used globally (StatCounter, 2018b).

Question 4: Which international markets should be targeted, and do they require any major adjustments in content, marketing, or distribution strategies?

All English-language markets and most European markets should be pursued as they represent some of the larger global book markets and require few, if any, changes to content, marketing, or distribution strategies given cultural and market similarities. After establishing sales within these markets, non-English, non-European markets should be considered. In Latin America, Brazil, Argentina, Mexico and Columbia are viable targets with active LGBT communities that seek and engage with targeted content; Amazon and Apple each share a third of the market in the region. While Amazon has expanded aggressively internationally, especially in India, it has struggled to crack the Asian markets where other contenders, such as South Korea’s Coupang and
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China’s Alibaba, maintain strongholds. Consequently, global distribution strategy should equally prioritize the Google Play e-book marketplace to fill gaps where Amazon does not have a strong e-book market. Google’s Android OS is on more than 77% of all global mobile devices compared to Apple’s slight lead of 52.19% in the U.S. market compared to Google’s 47.39% market share (StatCounter, 2018a; 2018b). Entry into Asian markets would also benefit from exploring international rights partnerships with host nation agents, publishers, and distributors, especially in China where it is currently otherwise prohibitive.

**Question 5: Will future income outweigh startup and operational costs?**

The primary question of this study is whether or not this venture will be profitable within five years of operations. The 5-year pro-forma income statement (Table 10) indicates the venture is not only profitable $12,449 beyond operating costs within its first year, but it generates $62,397 by year five without any significant international scaling as planned. The consolidated net income of the 5-year projection indicates the firm will raise approximately $193,000, ushering in the potential for market or product expansion.

**Recommendations**

**Recommendations for Research Question 1**

The researcher recommends the owners use the information within this report as a baseline to scope the existing lesbian fiction market and should monitor trends moving forward. The owners should execute A/B testing methods with future e-books to determine if Kindle Direct Publishing or Kindle Direct Publishing Select is a more effective option. KDP Select offers additional powerful marketing tools, such as free or
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deeply discounted promotional pricing. It also offers inclusion in its international marketplaces and Kindle Unlimited, which is a common feature among many top-performing e-books within this market and across the Kindle store. However, it is important to note that KDP Select enrollment requires a 3-month exclusivity agreement with Amazon, limiting wider distribution across other platforms such as iBooks, Google Play, and Overdrive that offer other benefits, such as international market access in regions where Amazon is not the predominant digital marketplace.

The researcher also recommends utilizing print-on-demand services. A significant portion of readers still report preference for print books, and while print sale may ultimately offer a lower profit margin in many cases, it still captures sales that otherwise may have been lost. Additionally, print options provide a pricing comparison for potential readers that will help orient budget shoppers towards the cheaper digital option that often sports a better profit margin.

**Recommendations for Research Question 2**

The researcher recommends emulating a number of best practices from other lesbian fiction publishers. First, the researcher recommends an emphasis on delivering high-quality content that matches mainstream publishing standards. Specifically, owners should invest in quality editing and cover design services to deliver a higher professional standard than sometimes exhibited within the lesbian fiction market. The researcher also recommends the owners focus on increasing discoverability by optimizing the technical performance of their digital content’s metadata. This presents an area where the owners could develop an advantage within the market. And, while all other competing publishers predominantly emphasize contemporary romance lesbian
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fiction, it is recommended the owners focus on cornering genre fiction, especially speculative fiction, within the lesbian market. In addition to addressing a vocal need from the readership base, speculative fiction offers transfer points to mainstream genre fiction markets.

Additionally, the owners should develop a professional website optimized for mobile screens. The objective of this website should first focus on developing a list of e-mail subscribers, enabling direct Business-to-Consumer information and promotional activities. As the owners look to increase profit margins in the future, it is recommended they explore the costs of incorporating e-commerce to the publisher website to capture some degree of organic sales, thus recouping some of the fees paid to Amazon and other intermediary marketplaces. As a future opportunity that requires additional research, the owners could consider acting on the calls-to-action from survey respondents, such as developing a “one-stop-shop” platform, whether website or mobile application, that consolidates all lesbian fiction similar to Bella Books, but with better, more in-depth categorization of books, reviews and ratings, and purchase options.

Recommendations for Research Question 3

Returning to a reference from Chapter 1, the researcher recommends focusing on developing the best “product market fit” for publications. To do so, the owners should demonstrate the capacity to address problem sets identified by the target population. Consequently, the researcher builds off of the recommendation to focus on speculative fiction as a primary content strategy, specifically the fantasy and science fiction genres, and further recommends manuscripts under consideration for publication not focus on the experience of being LGBT, but rather focus on compelling storytelling
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that features a main character who is LGBT. This specific character trait should not be the exclusive focus of the story when possible. It is important to readers, and therefore should be to the publishers, that characters receive a non-tragic, or happy, ending. Other relevant genres for consideration should include action/adventure, folktales/mythology, and historical fiction. Content featuring more diverse characters are also a valuable consideration if the publisher can find authentic voices. Authenticity is valued within this reader base, and backlash may occur if experiences or communities are misrepresented.

From a marketing standpoint, the researcher recommends exploratory A/B pricing at both the $9.99 level and $3.99 level to identify the most effective price/volume ratio. While readers reported the $3.99 range as an estimated value for lesbian fiction e-books, Amazon’s Best Sellers list for lesbian fiction often reflects products priced at $9.99. Also, when formatting products, the publisher should include links at the end of the e-book to other titles by the author or publisher, but only if in a similar genre as the book being read. Should the publisher not have any other relevant titles within their catalog, the publisher should consider directing readers to other relevant authors’ products, provided the author in question commits to providing similar support or endorsement. This capitalizes on the reported trust in known entities respondents indicated in this study’s survey. These links can be updated at any time if in e-book format, allowing the publisher the opportunity to funnel readers to other relevant content as needed. Optimizing keywords, categorization, and book description are all imperative to delivering the best discoverability possible. The publishers are
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recommended to experiment with mainstream and LGBT/lesbian fiction sub-categories until an optimal placement is discovered based on sales data and category competition.

An additional marketing recommendation to the owners is to identify and engage with key influencers within relevant lesbian fiction communities of interest across Tumblr, Twitter, Facebook, YouTube, book clubs, blogs, podcasts, and Goodreads groups. These key influencers could include popular authors, other publishers, independent bookstore owners, reviewers and bloggers, and social media opinion leaders. These key influencers should be considered prime candidates for Advanced Reader Copies (ARC) to generate reviews and e-WoM activity, which leads to increased visibility. The researcher recommends the publisher pursue blog posts, articles, and reviews over social media activity when possible given the quick expiration of social media posts in comparison to the longer discoverability of indexed web content.

The publishers should also explore content marketing as a tool to drive future customers to desired content and sales. This should occur not only on the publisher’s website, but also on mediums in which the audience engages. It is recommended that the owners strive to establish a reputable, consistent presence on at least Tumblr, Twitter and Facebook as well as maintain a regular e-mail newsletter. YouTube, Instagram and Reddit offer under-explored mediums compared to competitors. All of these platforms should enrich public conversations without obnoxiously pushing sales; sales will generate as a result of relationships. Relationships should be prioritized with the target consumer. Finally, the researcher recommends owners participate in awards competitions when possible; awards offer additional credibility and amplifying effects.
across traditional media sources in certain situations. The Lambda Literary Foundation and the Golden Crown Literary Society offer awards for lesbian fiction categories that should be pursued by the owners. The owners should also consider mainstream award competitions in genre categories when appropriate and affordable. In addition to awards events, the publishers should consider formal involvement whenever possible in the form of sponsorship, panel participation and meet-and-greets at conferences and conventions that provide more opportunities for exposure and face-to-face interaction with the target population.

Finally, the researcher offers recommendations for distribution. First, the researcher suggests the owners distribute as widely as permitted under whatever terms of service the owners agree to with various digital marketplaces. Beyond marketplace sales, the publishers should pursue digital distribution with gatekeeper marketplaces such as NetGalley, Hoopla, and Edelweiss. Librarians, critics and bloggers use these tools alike to request ARCs for review. Overdrive offers a digital entry point into library databases; the researcher recommends registering with it and similar venues before approaching libraries to discuss carrying any products. Owners should capitalize on special observations throughout the year, such as June’s Pride month activities, to encourage traditional gatekeepers to consider stocking the owners’ publications.

**Recommendations for Research Question 4**

English markets will largely be captured by participation on Amazon’s digital marketplace; similar social media strategies apply to all English markets as well. To increase effectiveness, the owners may consider country-targeted advertisements through Facebook, Goodreads, and Google, but this may not be necessary. Non-English
major European markets, such as Germany, France and Italy, may require additional investment; translation services or sales of foreign rights may be worth considering, but additional research should be conducted on a case-by-case basis. Some international markets support strong secondary English language markets to the point where translation services are not a valuable investment.

Nonetheless, not to underestimate the power of e-WoM within international markets, domestically or globally, the researcher recommends identifying cultural/national ambassadors within each international segment. Establishing partnerships with popular and trusted influencers within these niche communities offers additional expert assistance in navigating new market territory. Given the anticipated lower degree of competition for these influencers as compared to their popular mainstream competitors, the researcher recommends discussing partnership and promotional opportunities that incur little to no cost to the publisher, such as ARC provisions for giveaways, official recognition on the company’s website, or publication opportunities. These partnerships are highly recommended for Asian markets; Asian markets have steeper access points given the popularity of non-Western marketplaces, such as Alibaba, and additional state regulatory requirements that are generally prohibitive. However, the researcher assesses these markets as bearing few, if any, competitors, marking them as valuable targets to establish footholds within. The owners should explore partnerships with LGBT organizations within countries such as India and China for sponsorship to publication.
Recommendations for Research Question 5

The researcher identified a number of insights from the pro-forma financial reports beyond whether or not the firm’s business venture was feasible. First, the sales projection and 5-year income statement (Table 10) both indicate the cost of goods remains stagnant throughout production. This is because it is assumed that the semi-variable costs, or the cost to digitally produce the core product once, are a one time fixed cost. In reality, those expenses may drop further as the firm develops organic elements of these skills or finds more affordable contracted services. As an example, professional services related to formatting and cover design are expensed at $1,100. Should the owners develop the skill set to format e-books internally, this expense would drop dramatically. Furthermore, there are a number of service-based freelance websites that offer graphic or formatting support for extremely affordable rates. As an example, websites Fiverr.com and 99designs.com offer a range of graphic design and support. For as little as $5, the owners can commission cover art or the digital conversion of their e-book through Fiverr.com. On the more competitive end of the spectrum, but still far more affordable than currently priced, the owners could consider paying $299-$700 for a competition on 99designs.com in which they are likely to receive hundreds of submissions. Regardless, the researcher recommends the owners examine every aspect of their operational expenses to reduce costs while maintaining quality to the highest degree possible.

Additionally, it is evident within pro-forma financial reports that the firm maintains a consistent emphasis on marketing expenses as gross profit rises, committing 8-10% of gross profit as its marketing budget. Should the firm expand, it may need to
consider realigning those funds to support its internal growth activities or invest more owner equity or other capital investments into growth channels, especially if it seeks to expand into international markets.

In addition to e-book sales, the owners should explore revenue streams through a potential website and merchandise, although these should be considered secondary in investment priorities. Though a website could generate some degree of revenue through Price Per Click advertising sales and affiliate marketing, the researcher does not consider it a primary revenue stream. Rather, the researcher recommends the website serve as a community development tool to funnel towards the main revenue stream — e-book sales. The researcher recommends supporting merchandise sales only because the cost to produce products for digital storefronts employing print-on-demand and just-in-time inventory costs no additional expenses to the firm. The operating expenses directly reflect the fee taken by the service provider from each point of sale. While this product line represents a small revenue stream, it affords an easily managed passive revenue resource with no associated fixed costs. Should the owners not bear the competencies to design these products, they may consider using freelance services described previously.

Final Recommendation

The entry to digital publishing is more accessible than ever. There are both domestic and international markets that present opportunities for entrepreneurial digital publishers. By establishing an in-depth understanding of a niche audience, the proposed owners afford themselves a viable and purposeful means of providing meaningful solutions to the target population. The owners should use the conclusions reached and recommendations
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contained in this report to increase the likelihood of early profitability and overall business success. Establishing a digitally oriented, small press media company primarily focused on publishing lesbian fiction is a viable endeavor worth the owner’s investment, attention and efforts.

Future Research Suggestions

As previously mentioned in this report, the information gathered did not necessarily represent an analysis of author-publisher business relationship models or specific legal business structures. This research was not expressly designed to expand to the collective LGBT readership audience. Additionally, it did not explore the financial feasibility of some survey respondents’ recommendations, including the desire to have a website or application that consolidates lesbian fiction or other genre content. It also did not explore tactical applications of entering foreign markets, although strategic efforts were discussed. Future research in any of these areas would bolster findings within this report and prove beneficial for potential business activities.
References


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http://dx.doi.org/10.1287/mnsc.1120.1704.


Figure 1: The world’s six largest book publishing markets, based on 2015 figures (Wischenbart, 2017, p. 194)

Figure 2: Aggregated market development in percentages representing the six largest global book markets, 2011-2015, based on local currencies (Wischenbart, 2017, p. 205)
Figure 3: Market share of e-book gross sales, in dollars, by publisher type (Author Earnings, 2016)

\[
\text{Break-Even} = \left( \frac{\text{total semi-variable costs}}{(\text{sale price} \times 0.7)} \right) + \left( \frac{\text{fixed costs}}{(\text{sale price} \times 0.7)} \right)
\]

\[
= \left( \frac{2,955}{3.99 \times 0.7} \right) + \left( \frac{508}{3.99 \times 0.7} \right)
\]

\[
= \frac{2,955}{2.79} + \frac{508}{2.79}
\]

\[
= 1,058 \text{ units} + 182 \text{ units}
\]

Figure 4: The researcher’s modified break-even analysis formula to represent semi-variable costs affiliated with digital production.
Table 1: Baseline table featuring products from the Top 100 e-books listed for “lesbian fiction” within the Kindle Store on July 15, 2018. The table identifies rank, title, price, BSR ranks across a two week period, BSR mean, participation in Kindle Unlimited, Publisher, NovelRank tracker link, estimated July sales quantity, and estimated July revenue.
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Table 2: A Weighted Sum Model comparing the top five independent publishers specializing in lesbian fiction.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discoverability</td>
<td>35%</td>
<td>40</td>
<td>50</td>
<td>70</td>
<td>40</td>
<td>70</td>
</tr>
<tr>
<td>Visibility</td>
<td>35%</td>
<td>70</td>
<td>60</td>
<td>80</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Design</td>
<td>10%</td>
<td>50</td>
<td>70</td>
<td>90</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Awards: Lambda Literary</td>
<td>6%</td>
<td>30</td>
<td>100</td>
<td>8</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Awards: GLS</td>
<td>4%</td>
<td>60</td>
<td>100</td>
<td>12</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Quantity</td>
<td>10%</td>
<td>20</td>
<td>70</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td><strong>Weighted Sum Score</strong></td>
<td><strong>100%</strong></td>
<td><strong>49.7</strong></td>
<td><strong>62.5</strong></td>
<td><strong>63.46</strong></td>
<td><strong>40.22</strong></td>
<td><strong>69.68</strong></td>
</tr>
</tbody>
</table>

Table 3: Most frequent fiction genres for which respondents requested more content as identified through content analysis of $n=990$ responses to Question 7: “What's missing from the LGBT fiction community?”

<table>
<thead>
<tr>
<th>Genre</th>
<th>Refs</th>
<th>Genre</th>
<th>Refs</th>
<th>Genre</th>
<th>Refs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fantasy</td>
<td>153</td>
<td>Thriller</td>
<td>8</td>
<td>Sports</td>
<td>3</td>
</tr>
<tr>
<td>Science Fiction</td>
<td>88</td>
<td>Romance</td>
<td>8</td>
<td>Travel</td>
<td>2</td>
</tr>
<tr>
<td>Historical</td>
<td>31</td>
<td>Older Adults</td>
<td>31</td>
<td>Faith/Religious</td>
<td>2</td>
</tr>
<tr>
<td>Contemporary</td>
<td>20</td>
<td>Less Sex</td>
<td>26</td>
<td>Memoirs</td>
<td>2</td>
</tr>
<tr>
<td>Mystery</td>
<td>14</td>
<td>Est. Relationships</td>
<td>6</td>
<td>Crime</td>
<td>2</td>
</tr>
<tr>
<td>Literary</td>
<td>13</td>
<td>Less Angst</td>
<td>5</td>
<td>Drama</td>
<td>2</td>
</tr>
<tr>
<td>Non-Western</td>
<td>13</td>
<td>Middle Grade/Childrens</td>
<td>7</td>
<td>Graphic Novels</td>
<td>2</td>
</tr>
<tr>
<td>Gothic/Horror</td>
<td>11</td>
<td>Comedy/Humor</td>
<td>4</td>
<td>Medical</td>
<td>1</td>
</tr>
<tr>
<td>Young Adult</td>
<td>9</td>
<td>Military</td>
<td>4</td>
<td>Music</td>
<td>1</td>
</tr>
</tbody>
</table>
### Content Analysis of Top Themes: What’s Missing from the LGBT Fiction Community?

<table>
<thead>
<tr>
<th>Discovered Theme</th>
<th>References</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Diverse Characters”</td>
<td>301</td>
<td>In addition to racial, ability, and religious diversity, specific demands for more gender representation of non-binary and trans characters (70), more orientation spectrum representation (70), including asexual/aminonic narratives (58), and older characters (56)</td>
</tr>
<tr>
<td>“Casual Representation”</td>
<td>201</td>
<td>Being LGBT is part of the character’s story, but not the primary focus of the story</td>
</tr>
<tr>
<td>“More Fantasy”</td>
<td>153</td>
<td>Epics, high fantasy, medieval, mermaids, and fairy tales</td>
</tr>
<tr>
<td>“More Everything”</td>
<td>149</td>
<td>General call for more content featuring LGBT characters, especially across genre fiction (66)</td>
</tr>
<tr>
<td>“More Sci-Fi”</td>
<td>88</td>
<td>Space operas, space pirates, dystopias, steampunk, superheroes</td>
</tr>
<tr>
<td>“Better Quality”</td>
<td>96</td>
<td>Better writing (21), editing (16), plots (5), longer length (7), deeper characters (9), art/covers (5), more series (9)</td>
</tr>
<tr>
<td>“Happy Endings”</td>
<td>79</td>
<td>LGBT main/aside characters do not experience tragic endings to advance the plot; are not subjected to trauma as a result of being LGBT; granted happy/positive ending</td>
</tr>
</tbody>
</table>

Table 4: Most frequent overall themes identified through content analysis of \( n = 990 \) responses to Question 7: “What's missing from the LGBT fiction community?”
<table>
<thead>
<tr>
<th>Discovered Theme</th>
<th>References</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Word of Mouth”</td>
<td>311</td>
<td>Broadly captures exchanges from both personal and Internet Communities of Interest (CoC); captures the referral power of in-groups</td>
</tr>
<tr>
<td>“Tumblr”</td>
<td>217</td>
<td>“Book scholars” blogs and CoC; master lists (indexing) of recommended books; book clubs and reviews; popular with respondents 18-34</td>
</tr>
<tr>
<td>“Amazon”</td>
<td>191</td>
<td>General Amazon searches (65); recommended reads by algorithm (65); best seller lists/TOP 100 (15); Kindle Unlimited availability (8); “Following Authors” feature (6); Audible (3)</td>
</tr>
<tr>
<td>“Internet/Google”</td>
<td>174</td>
<td>General/nondescript references to “websites” and “Internet”; Google searches</td>
</tr>
<tr>
<td>“Goodreads”</td>
<td>158</td>
<td>Lists; groups/book clubs; recommended by Goodreads algorithm; more common amongst those 18-34</td>
</tr>
<tr>
<td>“Niche Blogs/Websites”</td>
<td>136</td>
<td>Specialized blogs/websites, could bear some overlap with social media</td>
</tr>
<tr>
<td>“Twitter”</td>
<td>124</td>
<td>Col conversations amongst authors, publishers, bloggers/reviewers, readers; more popular with those 25-34, moderately popular with those 18-24 and 35-44</td>
</tr>
<tr>
<td>“Newsletters/E-mail Lists”</td>
<td>123</td>
<td>General e-mail newsletters (47); author newsletters (44); publisher newsletters (32)</td>
</tr>
<tr>
<td>“Social Media”</td>
<td>92</td>
<td>General/nondescript references to “social media”</td>
</tr>
<tr>
<td>“Facebook”</td>
<td>86</td>
<td>Closed groups; author pages; publisher pages</td>
</tr>
<tr>
<td>“Bookstore”</td>
<td>63</td>
<td>Special LGBTQ sections; knowledgeable staff recommendations; general physical browsing</td>
</tr>
<tr>
<td>“Library”</td>
<td>54</td>
<td>Discovery in library catalogs; librarian recommendations; displays; special sections/book spine indicators; digital collection access</td>
</tr>
<tr>
<td>“Trusted Influencers - Authors”</td>
<td>52</td>
<td>Within the context of WoM, trusted influencers - authors refers to receptiveness of readers to favored authors’ recommendations when trying other author’s books</td>
</tr>
<tr>
<td>“Author Platforms”</td>
<td>48</td>
<td>Author websites, newsletters, social media platforms; may present some overlap with other codes</td>
</tr>
<tr>
<td>“Known Entity”</td>
<td>45</td>
<td>Participants reported turning to known authors (37) for their most current titles or discovering new books by the same author or related authors via the advertisements found in the back of an owned book (8)</td>
</tr>
<tr>
<td>“Publisher Website”</td>
<td>45</td>
<td>Participants referenced seeking out trusted publishers’ websites to find new listings; YiYi Publishing, Bella Books, and Bold Strokes Books were specifically referenced</td>
</tr>
<tr>
<td>“Fan Fiction”</td>
<td>32</td>
<td>Respondents indicated they either only read fan fiction, follow a fan fiction when they crossover to publication, or look to preferred fan fiction authors for recommendations, similar to “trusted influencer - authors”</td>
</tr>
<tr>
<td>“BookTube”</td>
<td>29</td>
<td>YouTube Col and reviews; more popular with respondents ages 18-24</td>
</tr>
<tr>
<td>“BookBub”</td>
<td>28</td>
<td>Referenced for tag features, discounts, promotions, and giveaways</td>
</tr>
<tr>
<td>“Instagram”</td>
<td>13</td>
<td>More popular with younger respondents than older; 77% respondents who cited Instagram were between ages of 18-24</td>
</tr>
<tr>
<td>“Reddit”</td>
<td>12</td>
<td>Cited for value of lists and archival capacity, search engine results</td>
</tr>
</tbody>
</table>

Table 5: Top reported discovery pathways of $n = 1,075$ respondents when asked how they discover new books featuring LGBT characters.
Table 6: Consolidation of 10 largest countries for digital marketplaces, 10 largest publishing markets, top 10 total publishing market value per inhabitant, and top 20 gay travel index (Euromonitor International, 2018; Wischenbart, 2017; Spartacus, 2018).

<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
<th>Country</th>
<th>Country</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>USA</td>
<td>Germany</td>
<td>Canada</td>
<td>Norway</td>
</tr>
<tr>
<td>USA</td>
<td>China</td>
<td>Norway</td>
<td>Sweden</td>
<td>Spain</td>
</tr>
<tr>
<td>Japan</td>
<td>Germany</td>
<td>USA</td>
<td>Belgium</td>
<td>UK</td>
</tr>
<tr>
<td>UK</td>
<td>UK</td>
<td>UK</td>
<td>Denmark</td>
<td>Austria</td>
</tr>
<tr>
<td>South Korea</td>
<td>Japan</td>
<td>Austria</td>
<td>Finland</td>
<td>Greenland</td>
</tr>
<tr>
<td>Germany</td>
<td>France</td>
<td>Spain</td>
<td>France</td>
<td>Ireland</td>
</tr>
<tr>
<td>France</td>
<td>India</td>
<td>France</td>
<td>Germany</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>India</td>
<td>South Korea</td>
<td>South Korea</td>
<td>Iceland</td>
<td>Uruguay</td>
</tr>
<tr>
<td>Brazil</td>
<td>Spain</td>
<td>Australia</td>
<td>Netherlands</td>
<td>Columbia</td>
</tr>
<tr>
<td>Italy</td>
<td>Italy</td>
<td>Japan</td>
<td>New Zealand</td>
<td>Israel</td>
</tr>
</tbody>
</table>

Table 7: Risk-reward categorization and ranking of international markets considering overall population size, GDP, digital penetration and marketplace, publishing market size, publishing market value per inhabitant, LGBT receptiveness, and PEST analysis.
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**Table 8: Estimated start-up costs for operations**

<table>
<thead>
<tr>
<th>Fixed Assets</th>
<th>Amount</th>
<th>Depreciation (Years)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate - Land/Buildings</td>
<td>$0</td>
<td>0</td>
<td>0 Firm operated from home office</td>
</tr>
<tr>
<td>Equipment</td>
<td>$3,000</td>
<td></td>
<td>5 AV and computer equipment</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>$3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City/State/Federal Legal &amp; Accounting Fees</td>
<td>$1,150</td>
<td></td>
<td>150 Registration of LLC and associated fees for State of Virginia &amp; City of Alexandria</td>
</tr>
<tr>
<td>Advertising &amp; Promotions</td>
<td>$2,086</td>
<td></td>
<td>208 Website Domain, Hosting</td>
</tr>
<tr>
<td>Software Licenses</td>
<td>$1,199</td>
<td></td>
<td>199 Adobe Creative Suits (Cloud)</td>
</tr>
<tr>
<td>Working Capital (Cash on Hand)</td>
<td>$3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Operating Capital</td>
<td>$3,597</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Required Funds</td>
<td>$6,597</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 9: Pro-forma balance sheet for proposed publishing activities**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Dec 31, 2018</th>
<th>Percentage of Assets</th>
<th>Dec 31, 2019</th>
<th>Percentage of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,000</td>
<td>46%</td>
<td>$37,814</td>
<td>93%</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>$199</td>
<td>3%</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$3,199</td>
<td>49%</td>
<td>$37,814</td>
<td>93%</td>
</tr>
<tr>
<td>Gross Plant &amp; Equipment</td>
<td>$3,000</td>
<td>46%</td>
<td>$3,000</td>
<td>7%</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>$0</td>
<td>0%</td>
<td>$100</td>
<td>0%</td>
</tr>
<tr>
<td>Net Plant &amp; Equipment</td>
<td>$3,000</td>
<td>46%</td>
<td>$2,000</td>
<td>7%</td>
</tr>
<tr>
<td>Long-Term Investments</td>
<td>$0</td>
<td>0%</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Goodwill, Trademarks &amp; Other Intangible Assets</td>
<td>$500</td>
<td>5%</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$6,597</td>
<td>100%</td>
<td>$40,064</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Dec 31, 2018</th>
<th>Percentage of Assets</th>
<th>Dec 31, 2019</th>
<th>Percentage of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$3,557</td>
<td>54%</td>
<td>$20,583</td>
<td>51%</td>
</tr>
<tr>
<td>Other Current Liabilities (Taxes)</td>
<td>$0</td>
<td>0%</td>
<td>$3,001</td>
<td>40%</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$3,557</td>
<td>54%</td>
<td>$23,584</td>
<td>60%</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>$0</td>
<td>0%</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$3,557</td>
<td>54%</td>
<td>$24,584</td>
<td>60%</td>
</tr>
<tr>
<td>Owner’s Equity</td>
<td>$3,000</td>
<td>46%</td>
<td>$15,170</td>
<td>40%</td>
</tr>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>$6,557</td>
<td>100%</td>
<td>$40,170</td>
<td>100%</td>
</tr>
</tbody>
</table>
Table 10: Pro-forma 5-year annual income statement across for proposed publishing activities.
### Projected Annual Sales

<table>
<thead>
<tr>
<th>Product Lines</th>
<th>Year 1 Totals</th>
<th>Year 2 Totals</th>
<th>Year 3 Totals</th>
<th>Year 4 Totals</th>
<th>Year 5 Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>e-Books</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units Sold</td>
<td>8,600</td>
<td>18,600</td>
<td>28,600</td>
<td>38,600</td>
<td>48,600</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$34,314</td>
<td>$65,614</td>
<td>$95,514</td>
<td>$125,414</td>
<td>$155,314</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$28,404</td>
<td>$69,704</td>
<td>$89,604</td>
<td>$119,504</td>
<td>$149,404</td>
</tr>
<tr>
<td>GPM</td>
<td>83%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(10,320)</td>
<td>(19,740)</td>
<td>(28,740)</td>
<td>(37,740)</td>
<td>(46,740)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$18,084</td>
<td>$49,964</td>
<td>$60,864</td>
<td>$61,764</td>
<td>$66,764</td>
</tr>
<tr>
<td>OPM</td>
<td>53%</td>
<td>79%</td>
<td>76%</td>
<td>75%</td>
<td>74%</td>
</tr>
<tr>
<td><strong>Website - Queeks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units Sold (CPC &amp; Affiliate Advertising)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>GPM</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(508)</td>
<td>(508)</td>
<td>(508)</td>
<td>(508)</td>
<td>(508)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$1,992</td>
<td>$1,992</td>
<td>$1,992</td>
<td>$1,992</td>
<td>$1,992</td>
</tr>
<tr>
<td>OPM</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Merchandise- Novelty Shirts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units Sold</td>
<td>50</td>
<td>100</td>
<td>150</td>
<td>200</td>
<td>250</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$3,000</td>
<td>$4,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$3,000</td>
<td>$4,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>GPM</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(800)</td>
<td>(1,600)</td>
<td>(2,400)</td>
<td>(3,200)</td>
<td>(4,000)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$200</td>
<td>$400</td>
<td>$600</td>
<td>$800</td>
<td>$1,000</td>
</tr>
<tr>
<td>OPM</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Table 11: Pro-forma annual sales for the proposed publishing activities.
Appendix B: Cover Letter

Thank You!

Thanks for taking this quick survey! This survey should take less than 10 minutes of your time -- there are only 9 questions! You can skip any question at any point, but I hope you'll answer to the best of your ability.

What's This Survey About?

I'm Hope Cronin, a graduate student in the Master of Science in Administration program at Central Michigan University. This survey examines the LGBT community as a consumer segment -- specifically, it examines LGBT readers. The data collected will provide useful information and help us understand how authors and publishers can make better LGBT content for readers.

I am inviting you to participate in this project because of your affiliation with LGBT organizations or issues on social media. If you're interested in supporting this project, please complete the survey which follows this informational page.

The "Fine Print" Info:

Please note that you must be age 18 or older to participate in this study. There is no compensation for responding nor is there any known risk. In order to ensure that all information will remain confidential, please do not include your name. All IP addresses will remain anonymous. Copies of the project will be provided to my Central Michigan University instructor, but responses will be sanitized. If you choose to participate in this project, please answer all questions as honestly as possible and return the completed questionnaires promptly by clicking the "Done" button at the end of the survey. Participation is strictly voluntary and you may refuse to participate at any time.

Thank you for taking the time to assist me in my educational endeavors. Completion and return of the questionnaire will indicate your willingness to participate in this study. If you require additional information or have questions, please contact me at croninlh@cmich.edu. Please email me if you'd like a summary of the project.

Please note that if you are not satisfied with the manner in which this study is being conducted, you may report (anonymously if you so choose) any complaints to the MSA Program by calling 989-774-6525 or addressing a letter to the MSA Program, Rowe 222, Central Michigan University, Mt. Pleasant, MI 48859. You can also reach my instructor, Dr. Martin Meloche, by email at meloche@cmich.edu.

Thanks for your participation!
Appendix C: Survey Questions

Q1: Which of the following types of fiction do you like to read? [Check off your favorites!]

<table>
<thead>
<tr>
<th>Mystery</th>
<th>Drama</th>
<th>Science Fiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romance</td>
<td>Literary</td>
<td>Religious Fiction</td>
</tr>
<tr>
<td>Folktales/Mythology</td>
<td>Horror</td>
<td>Erotica</td>
</tr>
<tr>
<td>Action/Adventure</td>
<td>Historical Fiction</td>
<td>Fanfiction</td>
</tr>
<tr>
<td>Thriller/Suspense</td>
<td>Fantasy</td>
<td>Comedy/Humor</td>
</tr>
<tr>
<td>Graphic Novel/Manga/Comic Book</td>
<td>Young Adult</td>
<td>Other:</td>
</tr>
</tbody>
</table>

Q2: What is your favorite book or series? Why?

Q3: In which format do you prefer to read your books -- physical print, digital e-book, or audiobook? Please pick only the formats you prefer. If you do not like one of these formats, leave the statement blank.

I prefer print books because… I prefer e-books because… I prefer audiobooks because…
FEASIBILITY OF SMALL PRESS PUBLISHING COMPANY

Q4: How much do you usually pay for a book? Please choose only one.

<table>
<thead>
<tr>
<th>I Don’t Purchase Books</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.99-$3.99</td>
</tr>
<tr>
<td>$4.00-$6.99</td>
</tr>
<tr>
<td>$7.00-$9.99</td>
</tr>
<tr>
<td>$10.00-$12.99</td>
</tr>
<tr>
<td>$13.00-$15.99</td>
</tr>
<tr>
<td>$16.00-$18.99</td>
</tr>
<tr>
<td>$19.00+</td>
</tr>
</tbody>
</table>

Q5: How do you discover new books featuring LGBT characters?

Q6: What’s most important to you when deciding to read a new book featuring LGBT characters?

Please rank your answers in order of importance 10 = Most Important, 1 = Least Important.

<table>
<thead>
<tr>
<th>Cover Art</th>
<th>Price</th>
<th>Fan Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Format (Digital vs. Print vs. Audio)</td>
<td>Personal Recommendations from Friends</td>
</tr>
<tr>
<td>Reader Ratings/Reviews</td>
<td>Critics' Reviews</td>
<td></td>
</tr>
<tr>
<td>Book Genre Category</td>
<td>Familiarity with Author</td>
<td></td>
</tr>
</tbody>
</table>
FEASIBILITY OF SMALL PRESS PUBLISHING COMPANY

Q7: What’s missing from the LGBT fiction community? What product, service or story do you wish someone would create?

Q8: What is your age range?

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>45-54</td>
</tr>
<tr>
<td>25-34</td>
<td>55-64</td>
</tr>
<tr>
<td>35-44</td>
<td>65+</td>
</tr>
</tbody>
</table>

Q9: With which of the following communities do you identify? Please select any items that apply.

<table>
<thead>
<tr>
<th>Gender Identity</th>
<th>Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>Lesbian</td>
</tr>
<tr>
<td>Male</td>
<td>Bisexual</td>
</tr>
<tr>
<td>Transgender</td>
<td>Gay</td>
</tr>
<tr>
<td>Non-binary</td>
<td>Heterosexual</td>
</tr>
<tr>
<td>Genderqueer/Genderfluid</td>
<td>Pansexual</td>
</tr>
<tr>
<td>Other</td>
<td>Queer</td>
</tr>
<tr>
<td>Prefer Not to Answer</td>
<td>Asexual/Aromantic</td>
</tr>
</tbody>
</table>

Q10: In what country do you live?