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Content and Consulting

Patterns of change: Status and Evolution of International Ebook Markets 2014.

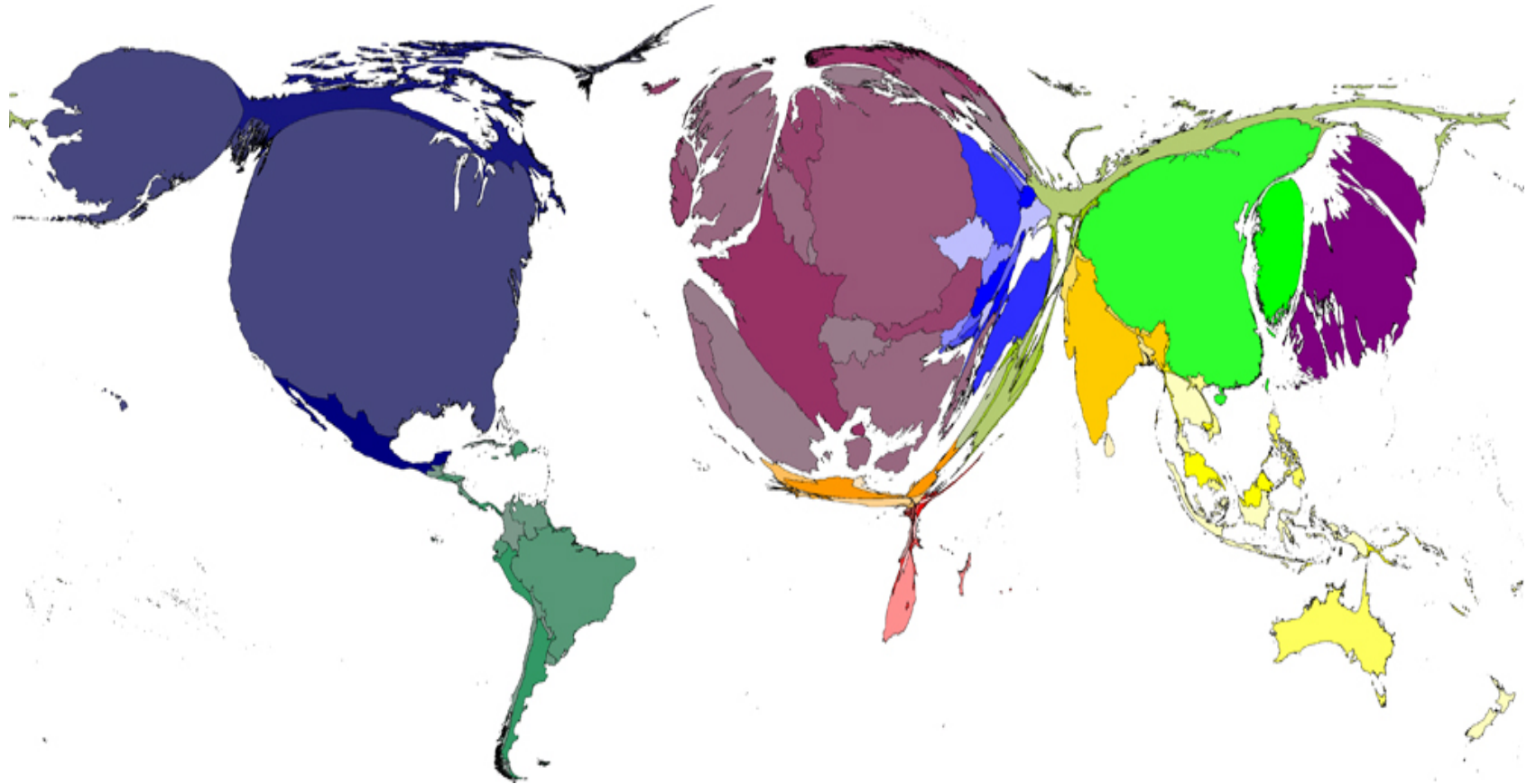
An overview

BIBF IDPF

Beijing, August 29, 2014

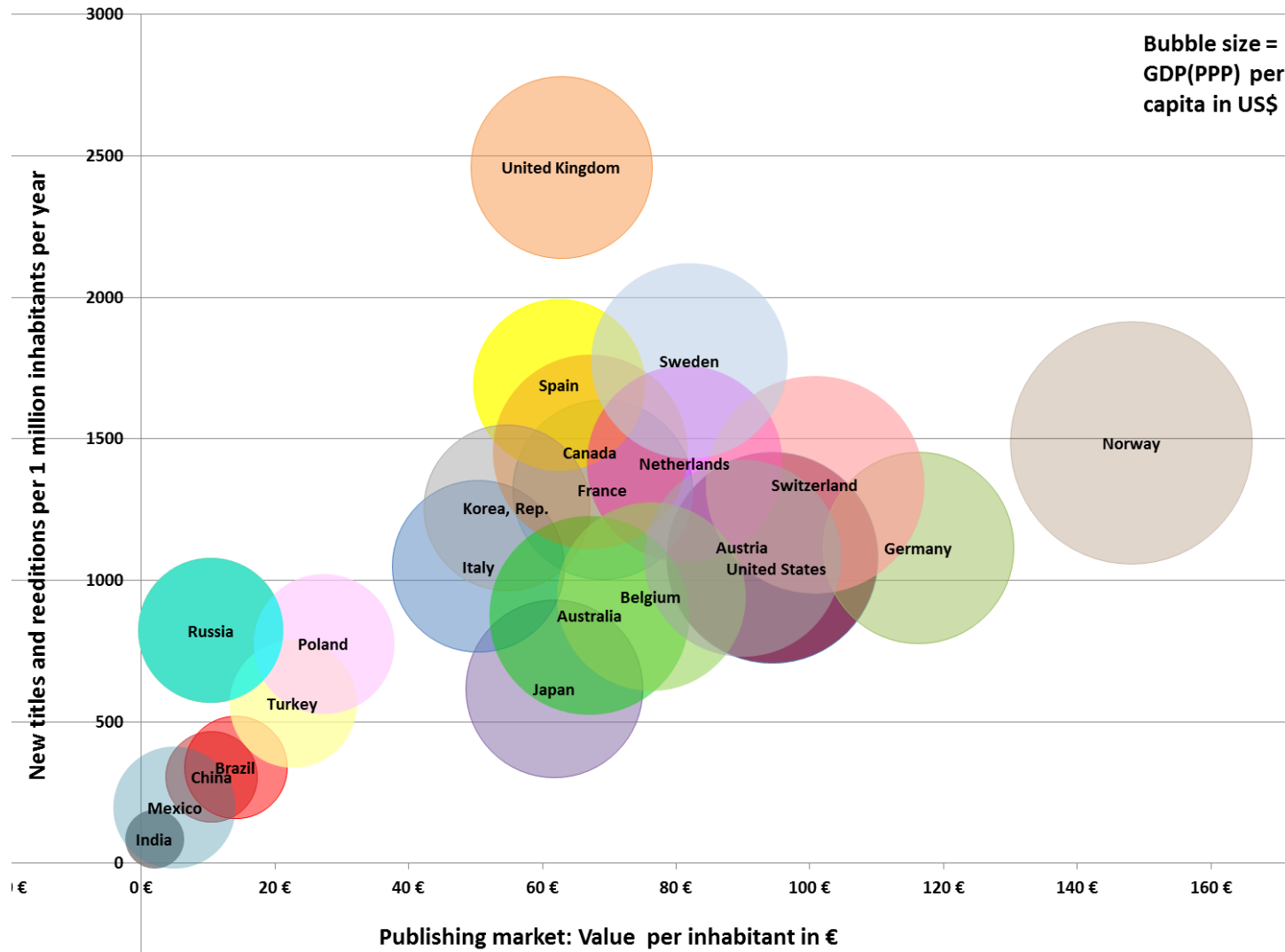
1. The global context

A map of global publishing

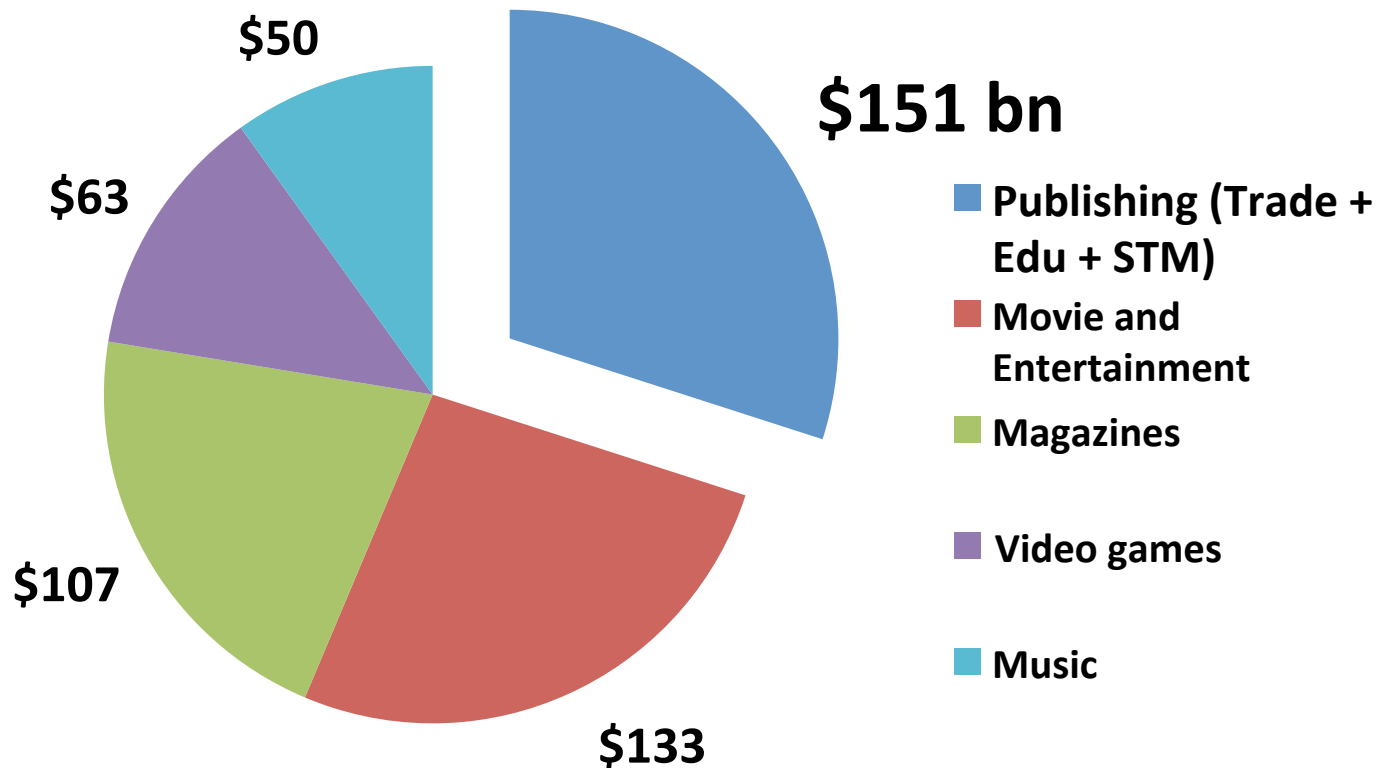


The „bookish“ elite

Market size & new title production in relation to GDP per capita
in the 23 largest publishing markets worldwide.

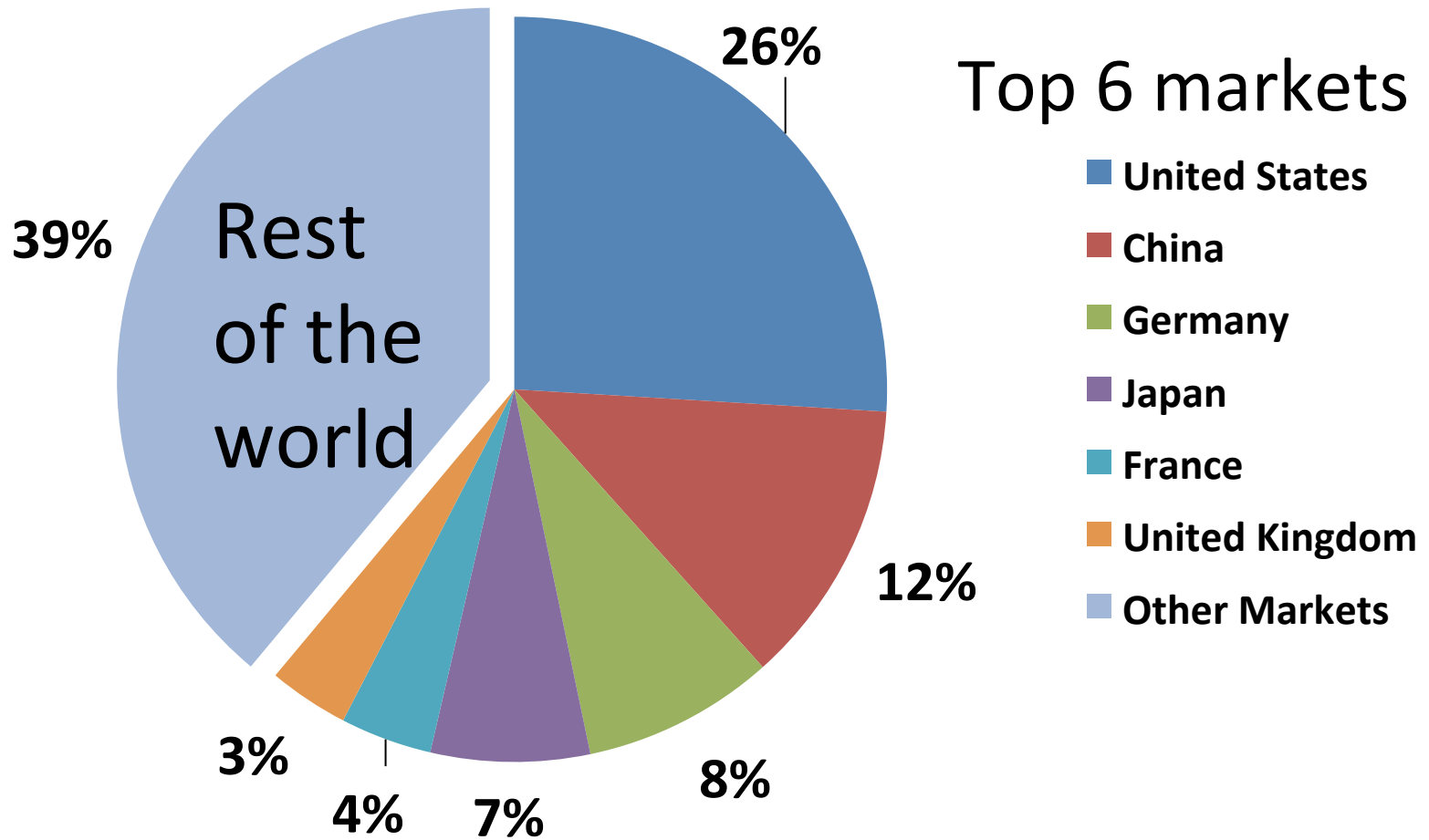


Publishing and entertainment media (bn\$)



Various sources:, compilation by RWCC

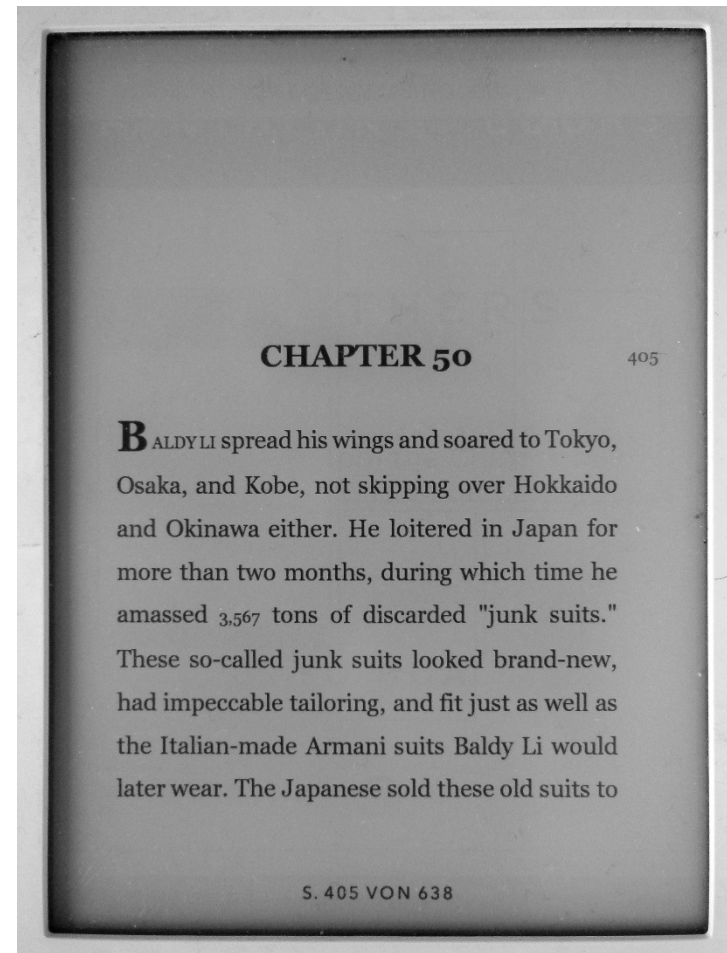
The 6 largest book markets (% , 2012)



2. Key drivers and trends in US & European book markets

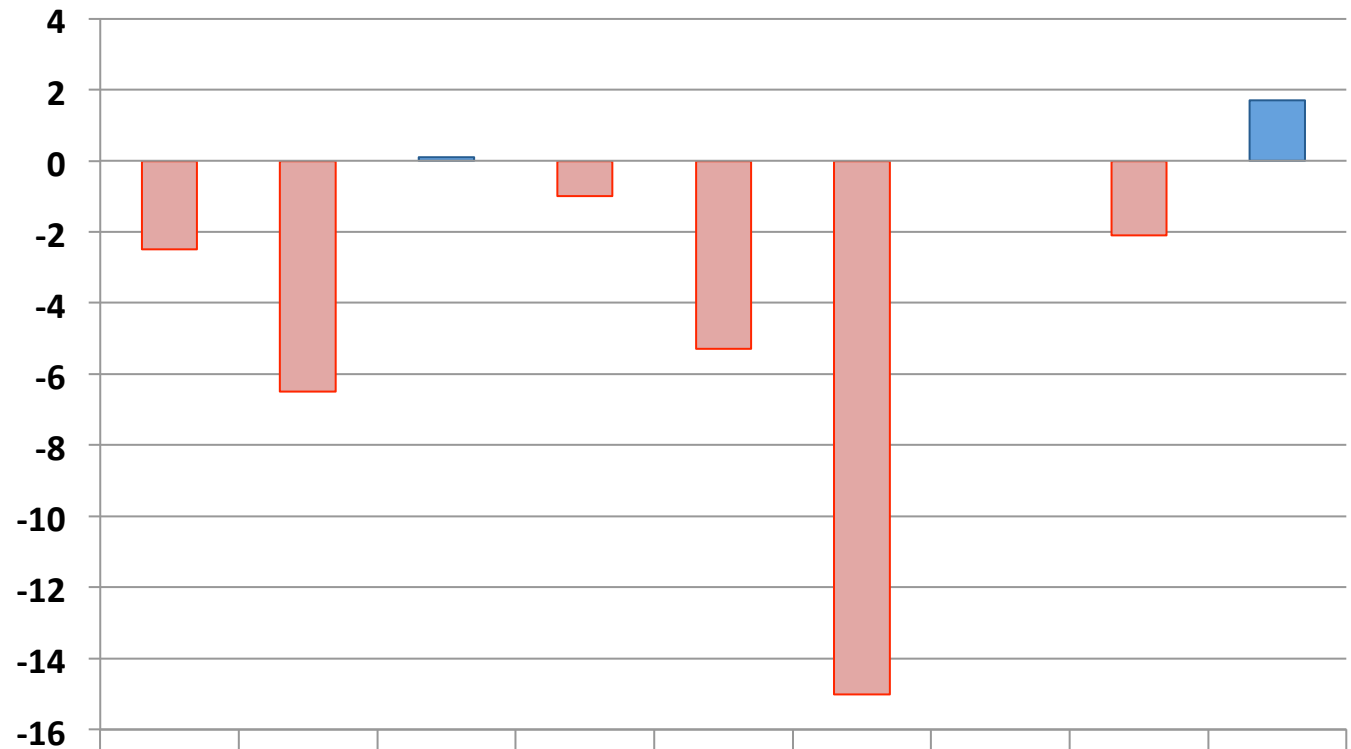
Ebook Ground Zero

- Shrinking print book markets
- Consolidation in publishing
- Solid ebook markets in US, UK
- Evolving ebooks in Germany, Netherlands
- Growth & digital transformation in emerging economies



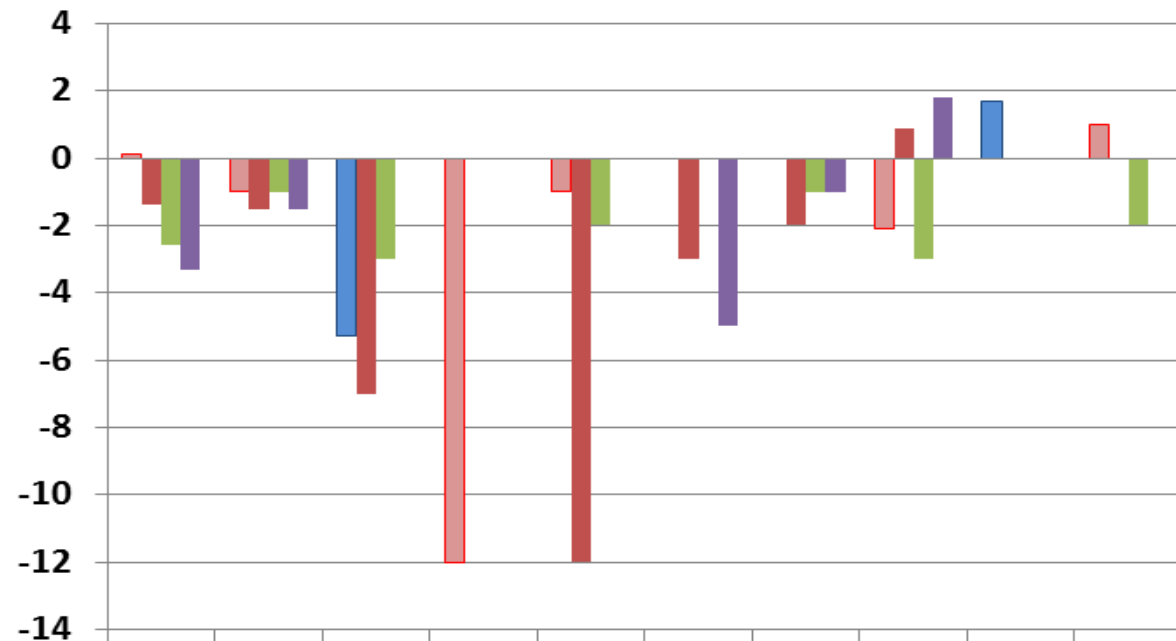
A challenging context: Recent growth and decline in book markets

Print book sales 2012 > 2013 in %



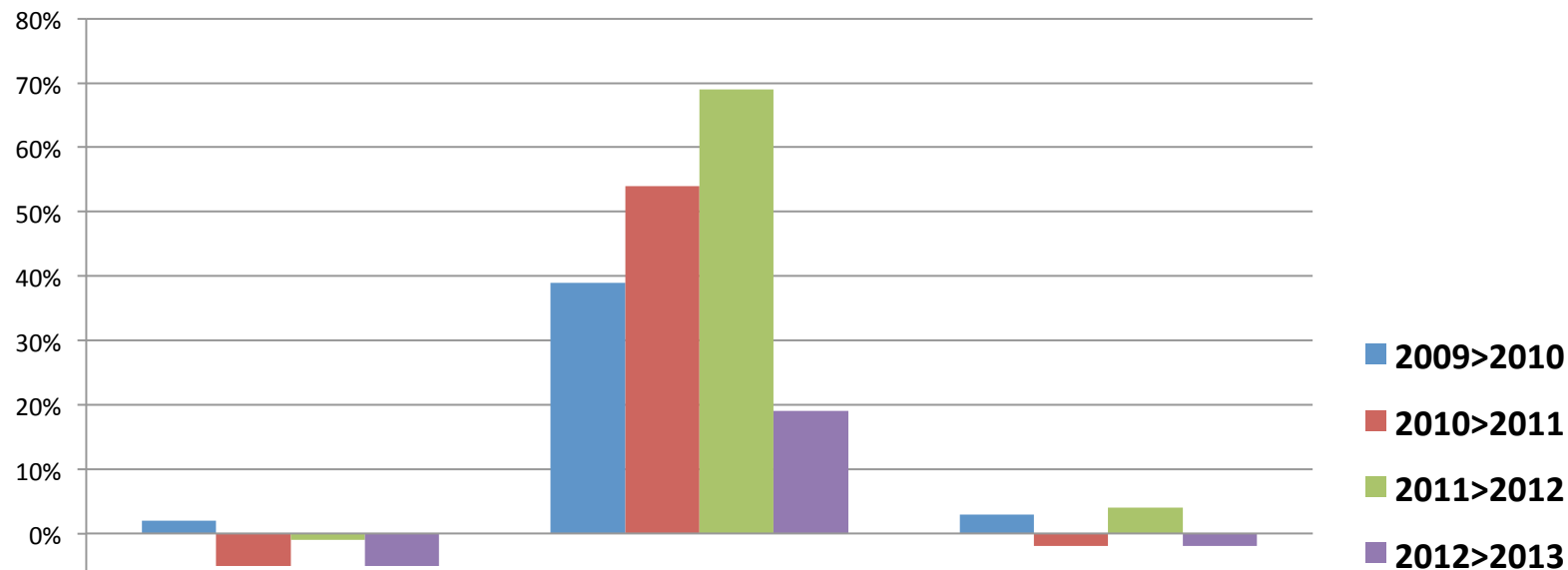
	US	UK	DE	FR	IT	SP	SE	AT	CH
Book sales 2012 > 2013	-2.5	-6.5	0.1	-1	-5.3	-15	0	-2.1	1.7

Print is shrinking



	DE	FR	IT	SP	SE	Finland	Norway	AT	CH	Belgium (FR)
2012>2013 sales bookstore (print), % value	0,1	-1	-5,3	-12	-1			-2,1	1,7	1
2011>2012 sales bookstore (print) % value	-1,4	-1,5	-7		-12	-3	-2	0,9		0
2010>2011 sales bookstore print % value	-2,6	-1	-3		-2	0	-1	-3		-2
2009>2010 sales bookstore print % value	-3,3	-1,5	0			-5	-1	1,8		

UK: Ebooks compensate for print loss (partly)



	UK physical	UK digital	UK p+2 combined
2009>2010	2%	39%	3%
2010>2011	-5%	54%	-2%
2011>2012	-1%	69%	4%
2012>2013	-5%	19%	-2%

Globalisation & consolidation in publishing

■ Global publishers:

- ▶ Penguin Random House
- ▶ PRH > Random House
Mondadori 50 to 100%
- ▶ PRH buys Santillana
(trade)
- ▶ HarperCollins acquires
Harlequin
- ▶ Hachette expands
globally: Brazil; UK
Quercus

■ Global consumer channels

- ▶ The expansion of Amazon
(Brazil, China, India)
- ▶ Apple
(Brazil, Spain, Arab world)
- ▶ New forms, new services
E.g.
Selfpublishing;
Google Classroom;
Apple iAuthor,
et al.

Globalisation & consolidation in publishing

■ Other markets:

✗ France

- ▶ Gallimard buys Flammarion from RCS

✗ Central Europe

- ▶ Vertical integration & consolidation

✗ Scandinavia

- ▶ Swap between Bonniers & WSOY

■ Globalisation in other languages:

✗ Spain

- ▶ Penguin Random House acquires Mondadori & Santillan & challenges Planeta
- ▶ Boost from exports to Latin America

Turmoil in retail

■ US:

- ✗ Borders (2011)
- ✗ B&N
(reshuffle;
Nook decline 2013/14)

■ France:

- ✗ Virgin Megastore
(out spring 2013)
- ✗ Chapitre
(out, sale fall 2013)

■ Netherlands

- ✗ Seldyxz /Polare
(bankruptcy, sale 2013/14)

■ Germany

- ✗ Thalia
(failed sale; restructuring
2013/14)
- ✗ Weltbild
(insolvency 2014)

Market share of ebooks in selected markets (in %)

	% of total market	% of trade market	% in specific segments
US	13%	21%	Up to 50%
UK	11.5%	25%	40%
Germany	5%	10.6%	15 to 20%
France	1.1%	3%	20 to 30%
Spain	3 to 5%	8%	Up to 15%
Italy	n.a.	4 to 5%	Up to 40%
Netherlands	4.7%	10%	
Sweden	1%	n.a.	70% library lending

The „Big Five“ publishing groups in ebooks

	Penguin Random House	Hachette Livre	Harper Collins	Simon & Schuster	Macmillan
Group rev. publishing Revenues from ebooks	€2655m (2013)	€2066m (2013)	\$1369m (2013)	\$809m (2013)	€721m (2013)
	20%	10.4%	23%	27%	27%
Rev. From ebooks (details)	RH Germany: 10% Penguin US: 33%	30% rev. in US trade; UK adult trade: 27%		2.6m ebooks sold	

Ebooks expand: Look at these hot spots

Global / corporate

At the globally leading publishing groups, ebook revenues soar

> yet driven by a few blockbuster titles

RH: <http://bit.ly/1gWtZB6> ;

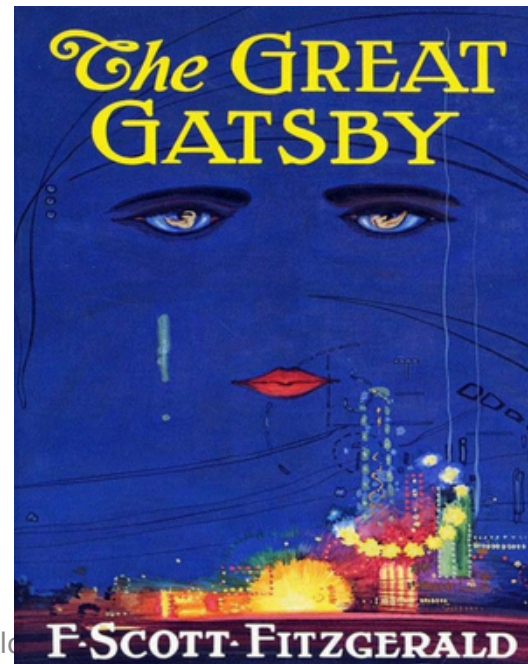
- ✘ Main driver for global ebook sales was the A.L. James “**Fifty Shades of Grey**” trilogy.
- ✘ Similar impact at Hachette from Suzanne Collins’ “**Hunger Games**” trilogy.

Ebooks expand: Look at these hot spots

**US
Bestsellers at
around 50:50 print
& ebooks**

The Great Gatsby,
helped by a movie:
48% ebooks.

(PW, <http://bit.ly/1gH0aoK>)



Ebooks expand: Look at these hot spots

UK

Price wars

- ✘ Selected ebooks at 20p (deep below publishers' wholesale prices at Sony, Amazon)
- ✘ Sainsbury giving away “millions” of free copies of blockbuster titles (J. Patterson)

Ebooks expand: Look at these hot spots

Germany: Some expand

RH <http://bit.ly/1gWtZB6>
Aufbau <http://bit.ly/1jReX3c>
Lübbe <http://bit.ly/1d14Oct>

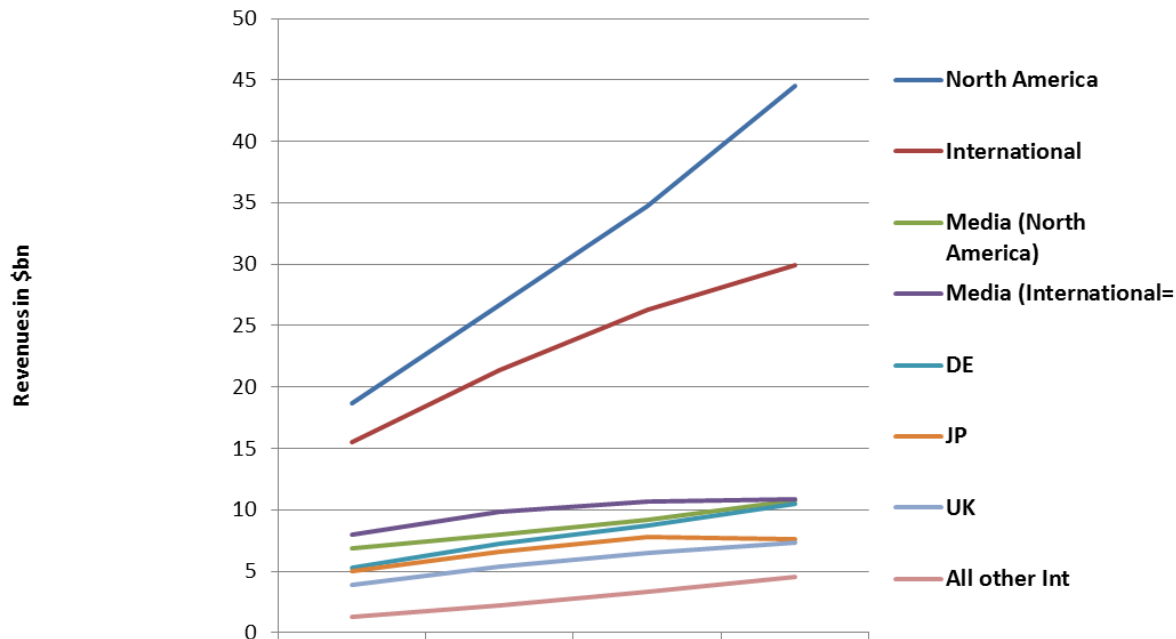
- ✘ **Random House** has significant share of 10% in ebook bestsellers
- ✘ So have **Holtzbrinck & Bonnier**

Some independents succeed

- ✘ **Aufbau** 17% revenues from ebooks
- ✘ **Bastei Lübbe** 14%

3. Amazon

Amazon's global expansion (Revenue 2010 to 2013)



	2010	2011	2012	2013
North America	18,7	26,7	34,8	44,5
International	15,5	21,4	26,3	29,9
Media (North America)	6,9	8	9,2	10,8
Media (International)	8	9,8	10,7	10,9
DE	5,3	7,2	8,7	10,5
JP	5	6,6	7,8	7,6
UK	3,9	5,4	6,5	7,3
All other Int	1,3	2,2	3,3	4,5

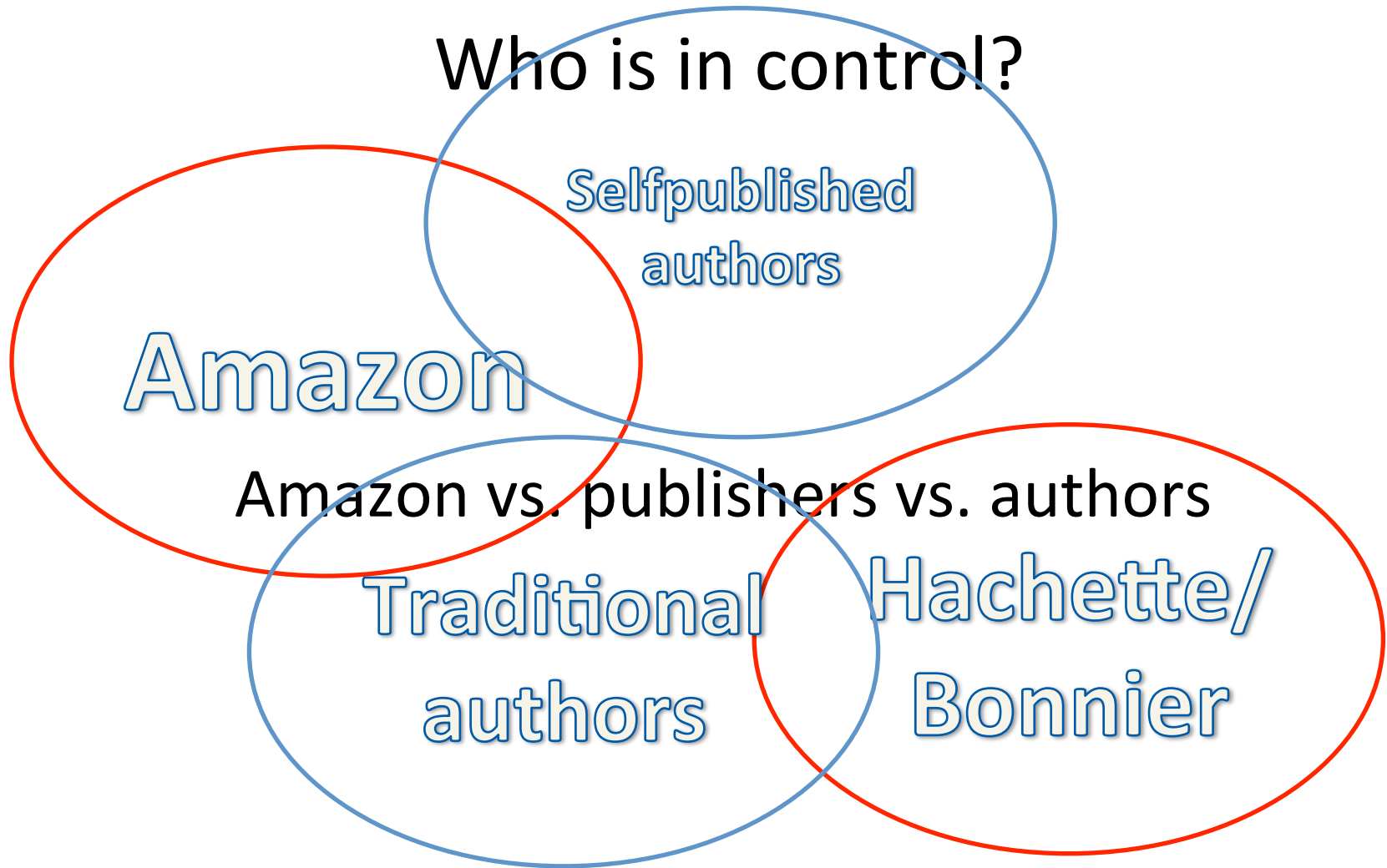
■ Amazon's international growth derives from only 3 markets (DE, JP, UK)

■ Is the expansion slowing down? Or speeding up through India, Brazil, China?

Market share of online retail and of Amazon (print; ebooks)

	Market share online book retail	% Amazon in online book retail	Amazon % in ebooks	#1 local retailer	% for #1 local
US	26%		67%	B&N/Nook	12%
UK			79%	Waterstones	3.3%
Germany	16.5% (BöV) 26% (GfK)	18% (total market)	43%	Tolino	37%
France	18%				
Spain		35%	40%	(Apple)	40%
Netherlands		no local presence		BOL	50 to 75%
Sweden	30%	no local presence		Adlibris	

The new turf wars: Who is in control?



Outlook

Publishing will be

- A **global** business
- A **multi** platform / format / media industry
- More **heterogeneous** markets
- More & more **differentiated** players
- ✗ Consumer / reader / student driven
- ✗ Fragmented and specialized
- ✗ More granular > more complex
- ✗ A diversity of business models

The Global eBook report

www.global-ebook.com

Thank you!

Global eBook
a report on market trends

Update Spring 2014
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