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Content and Consulting

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

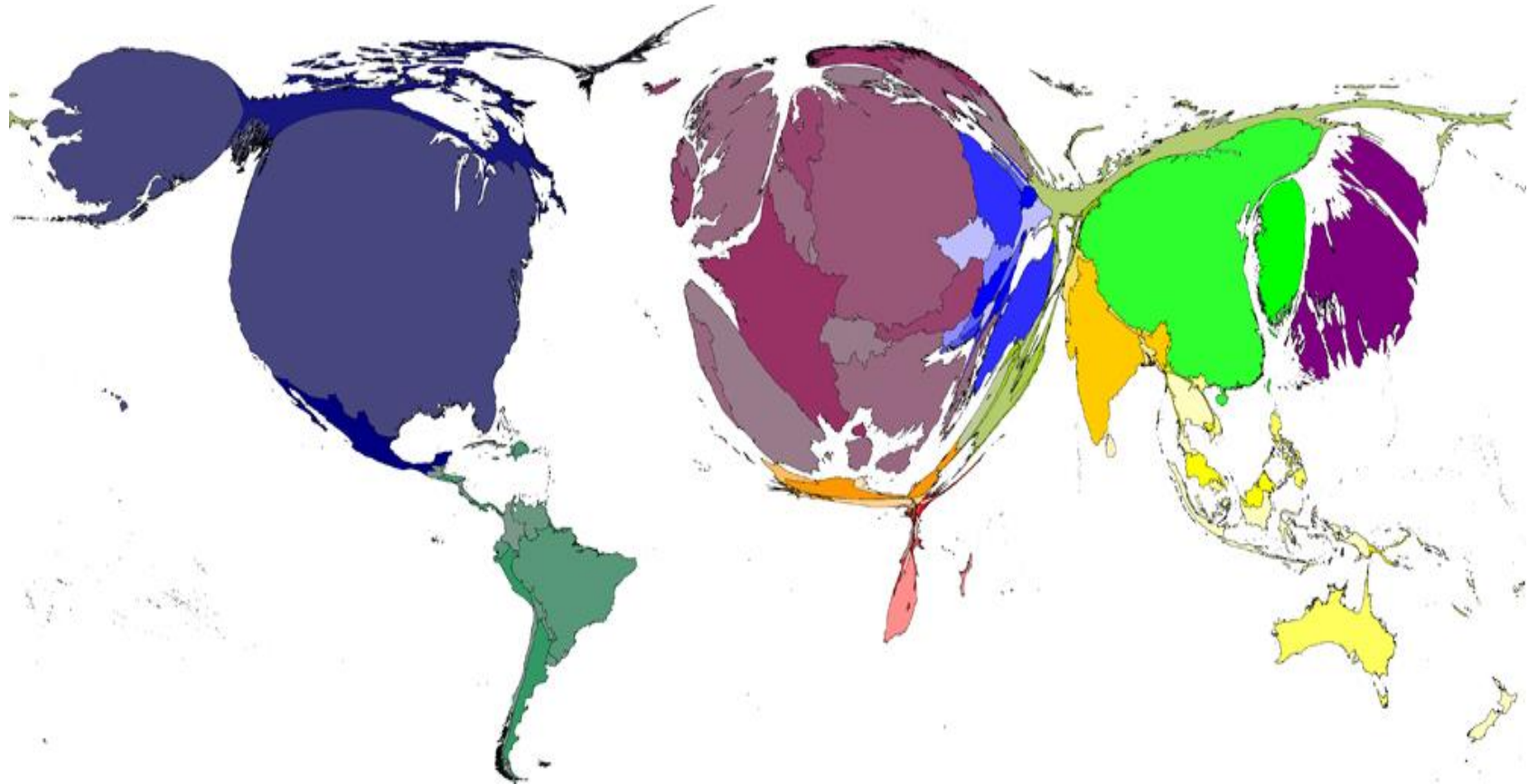
An overview

Moscow International Book Fair

Moscow, September 4, 2014

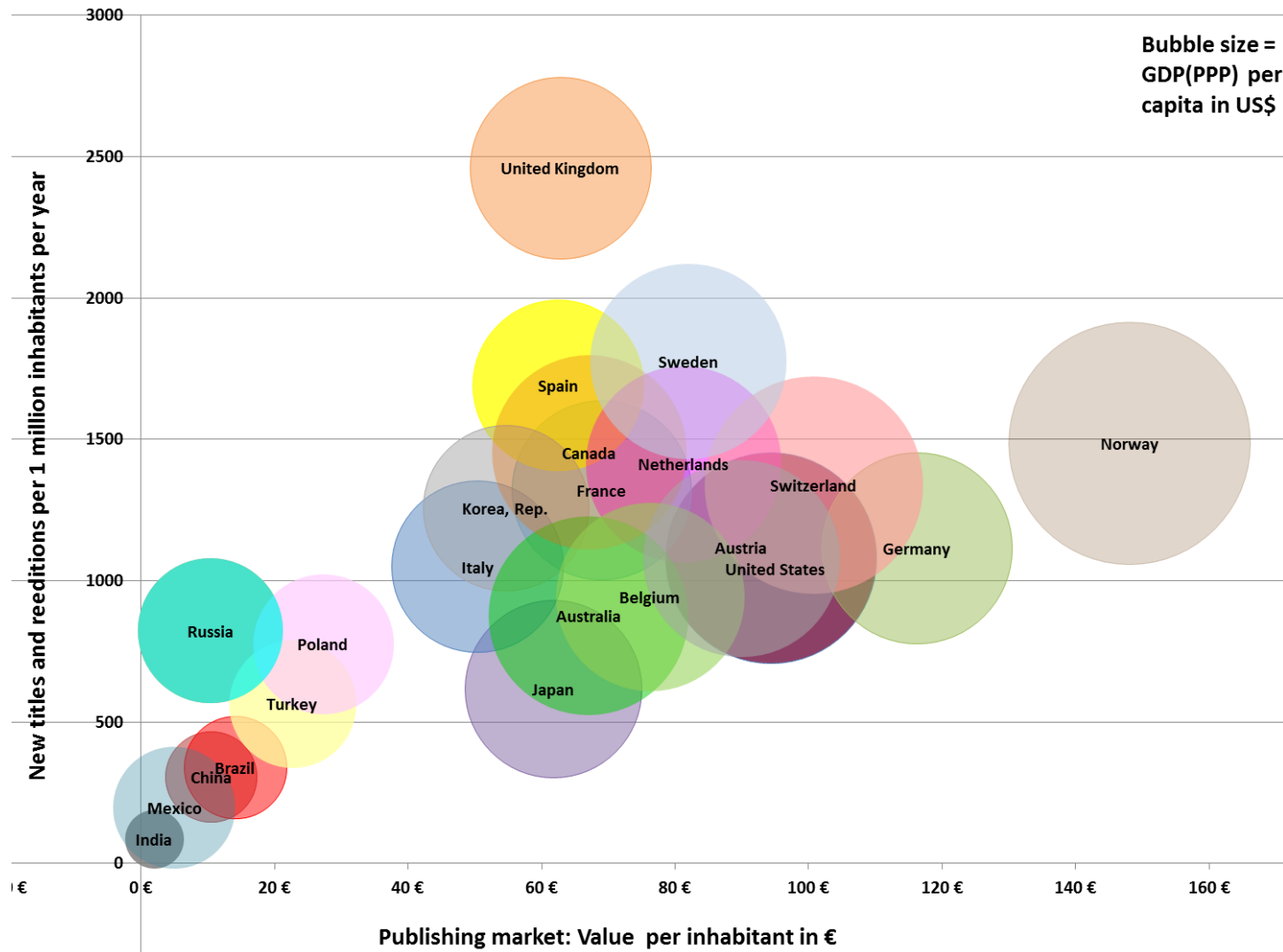
# 1. The global context

# A map of global publishing

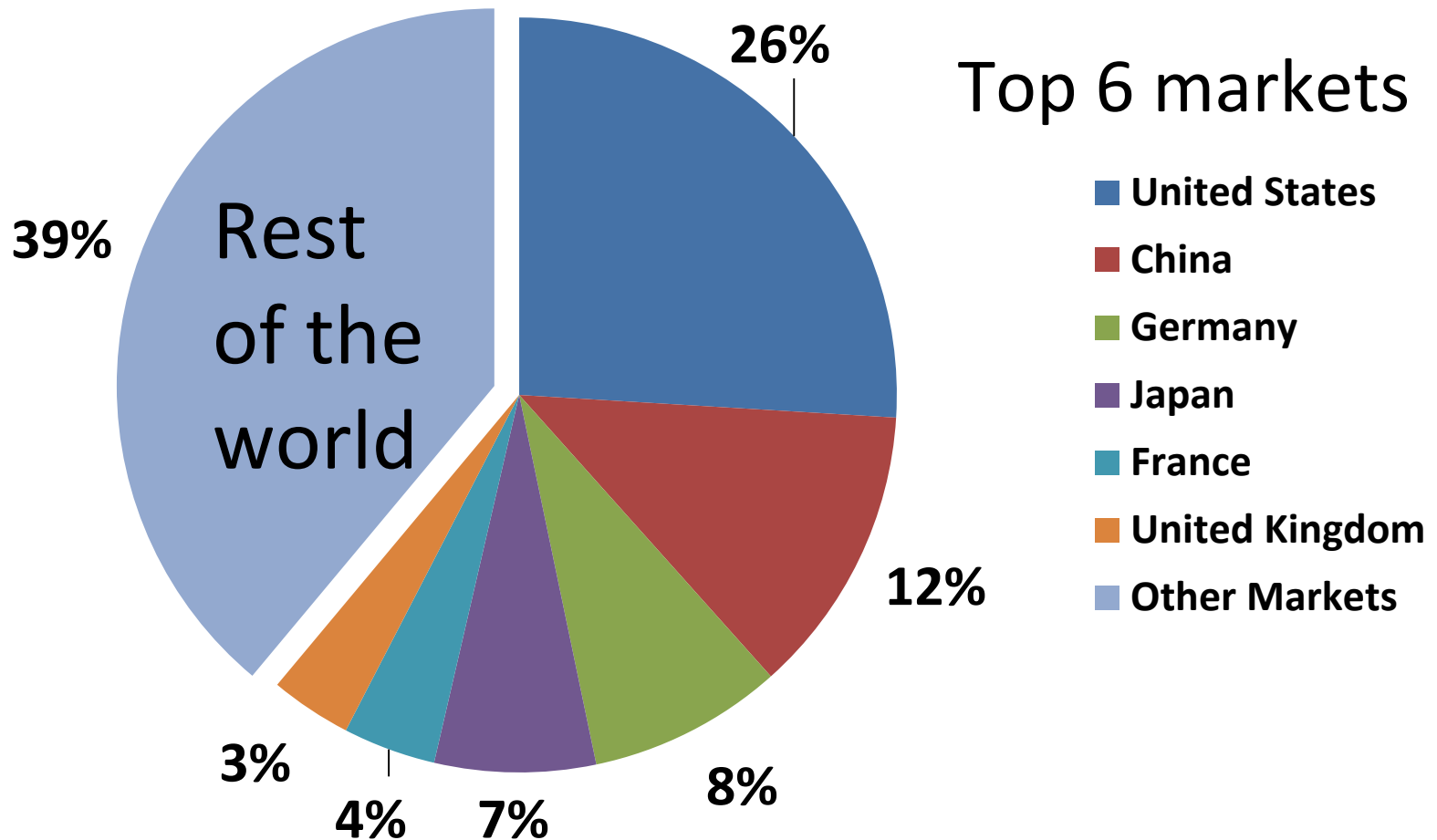


# The „bookish“ elite

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



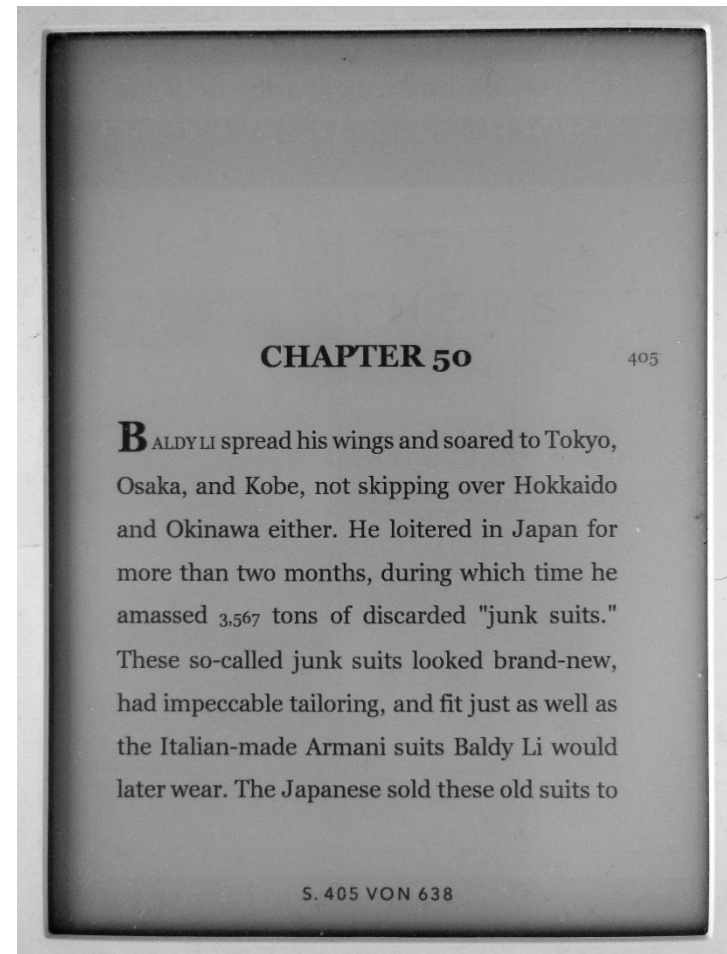
# The 6 largest book markets (% , 2012)



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

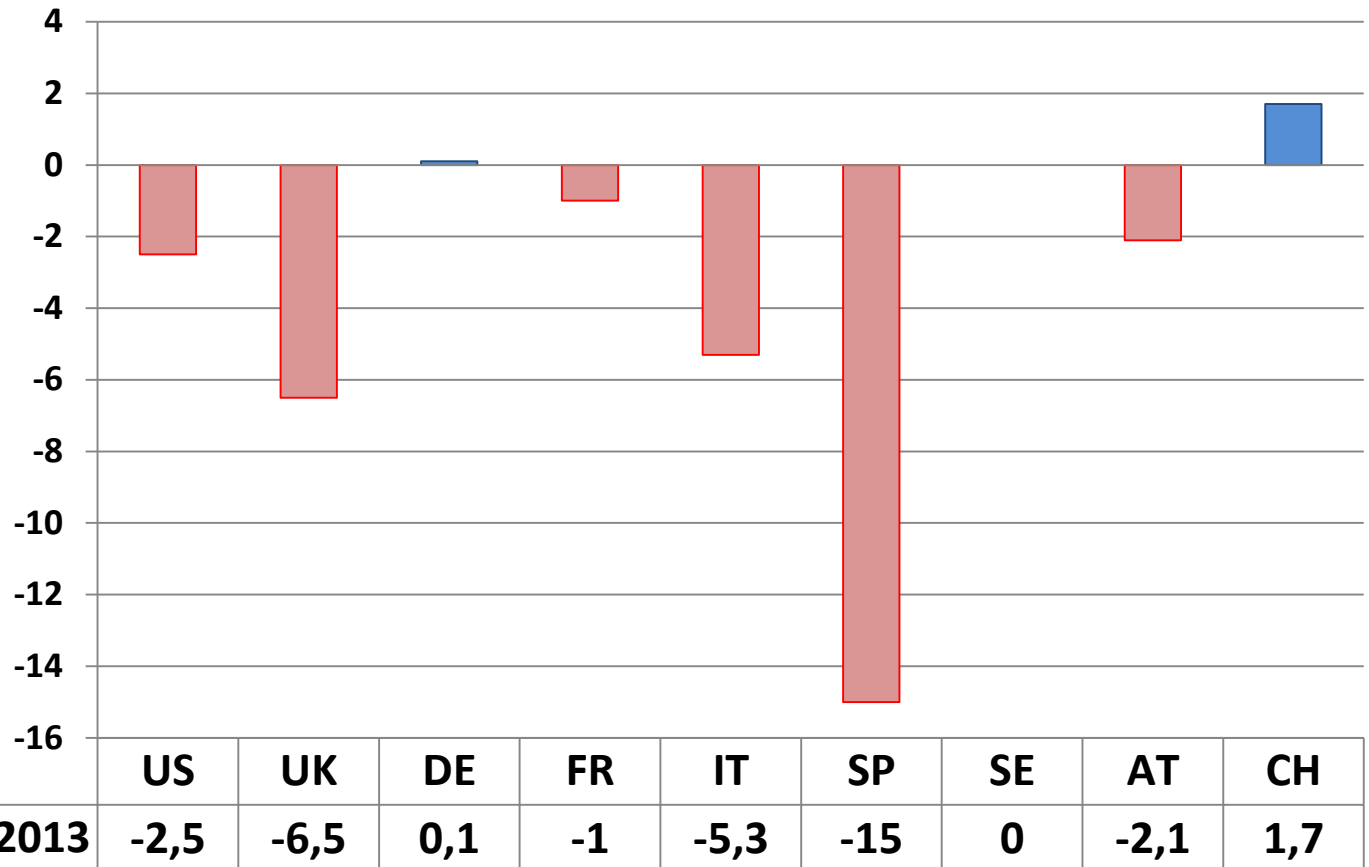
# Ebook Ground Zero

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



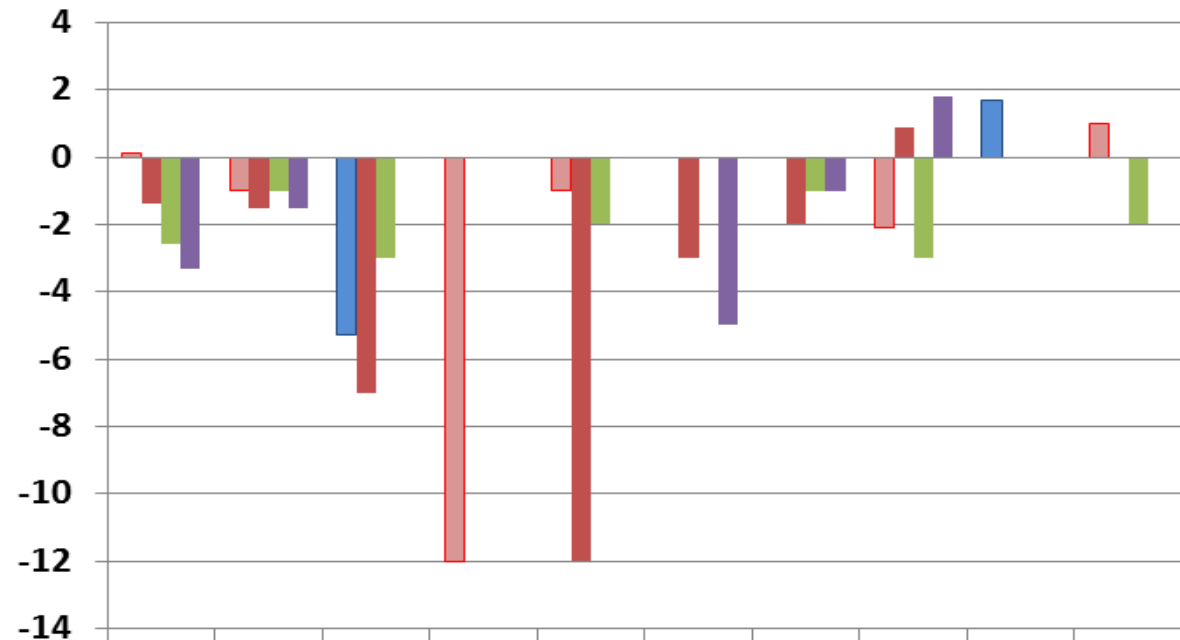
# A challenging context: Recent growth and decline in book markets

Print book sales 2012 > 2013 in %



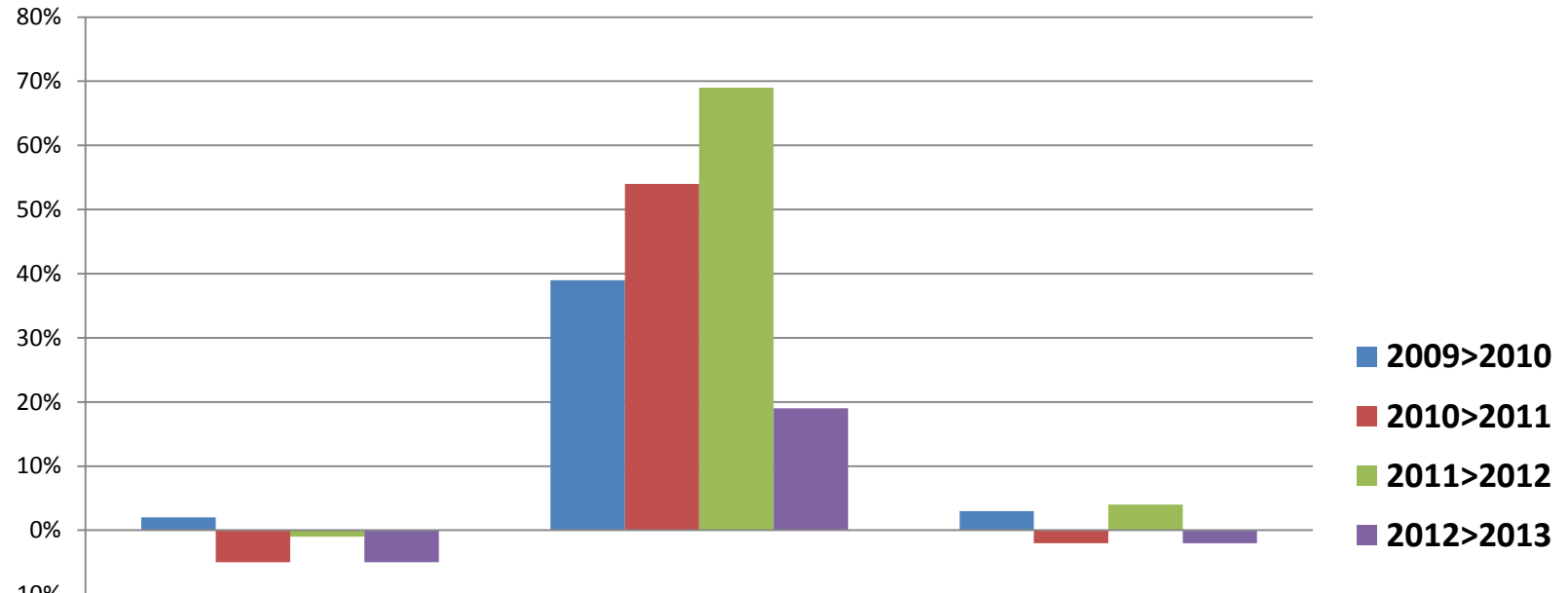


# Print is shrinking



	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
<b>2009&gt;2010</b>	<b>2%</b>	<b>39%</b>	<b>3%</b>
<b>2010&gt;2011</b>	<b>-5%</b>	<b>54%</b>	<b>-2%</b>
<b>2011&gt;2012</b>	<b>-1%</b>	<b>69%</b>	<b>4%</b>
<b>2012&gt;2013</b>	<b>-5%</b>	<b>19%</b>	<b>-2%</b>

# 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.

# 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 %)

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	<b>% of trade market</b>	<b>% in specific segments</b>
<b>US</b>	<b>21%</b>	Up to 50%
<b>UK</b>	<b>25%</b>	40%
<b>Germany</b>	<b>10.6%</b>	15 to 20%
<b>France</b>	<b>3%</b>	20 to 30%
<b>Spain</b>	<b>8%</b>	Up to 15%
<b>Italy</b>	<b>4 to 5%</b>	Up to 40%
<b>Netherlands</b>	<b>10%</b>	
<b>Sweden</b>	<b>n.a.</b>	70% library lending

# The „Big Five“ publishing groups in ebooks

	<b>Penguin Random House</b>	<b>Hachette Livre</b>	<b>Harper Collins</b>	<b>Simon &amp; Schuster</b>	<b>Macmillan</b>
<b>Group rev. publishing</b>	<b>€2655m</b> (2013)	<b>€2066m</b> (2013)	<b>\$1369m</b> ( 2013)	<b>\$809m</b> (2013)	<b>€721m</b> (2013)
<b>Revenues from ebooks</b>	<b>20%</b>	<b>10.4%</b>	<b>23%</b>	<b>27%</b>	<b>27%</b>
<b>Rev. From ebooks (details)</b>	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

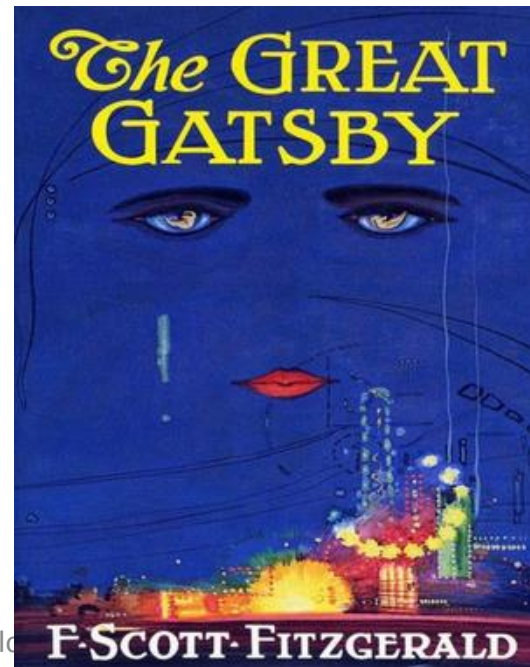
RH: <http://bit.ly/1gWtZB6> ;

- ✘ 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**

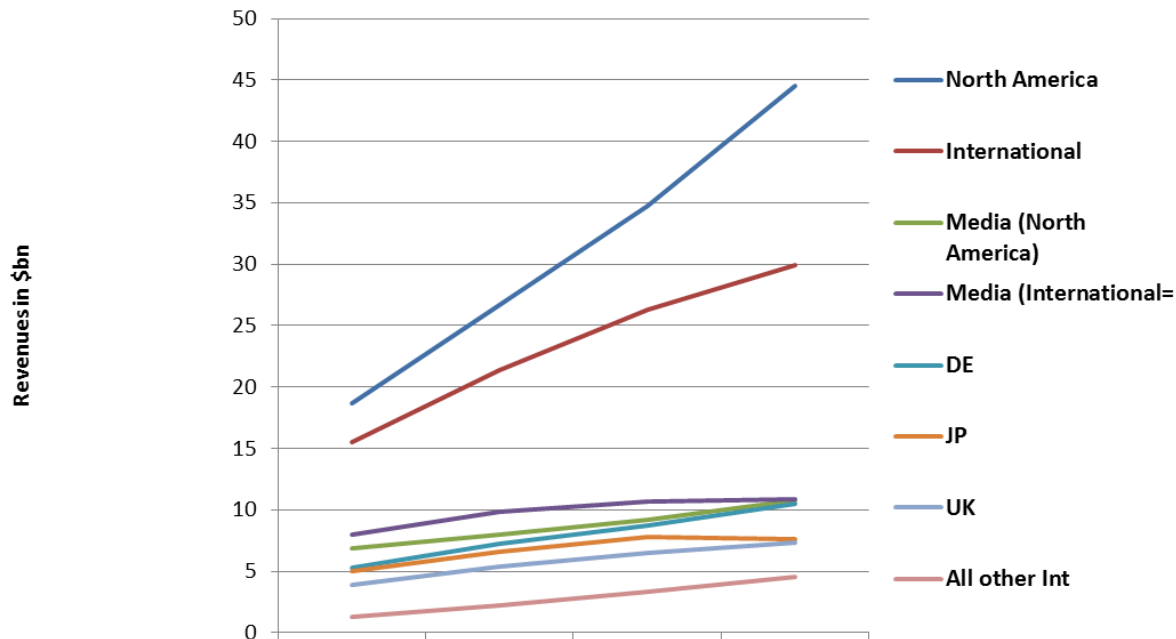
**The Great Gatsby,**  
helped by a movie:  
48% ebooks.  
(PW, <http://bit.ly/1gH0aoK> )





# 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

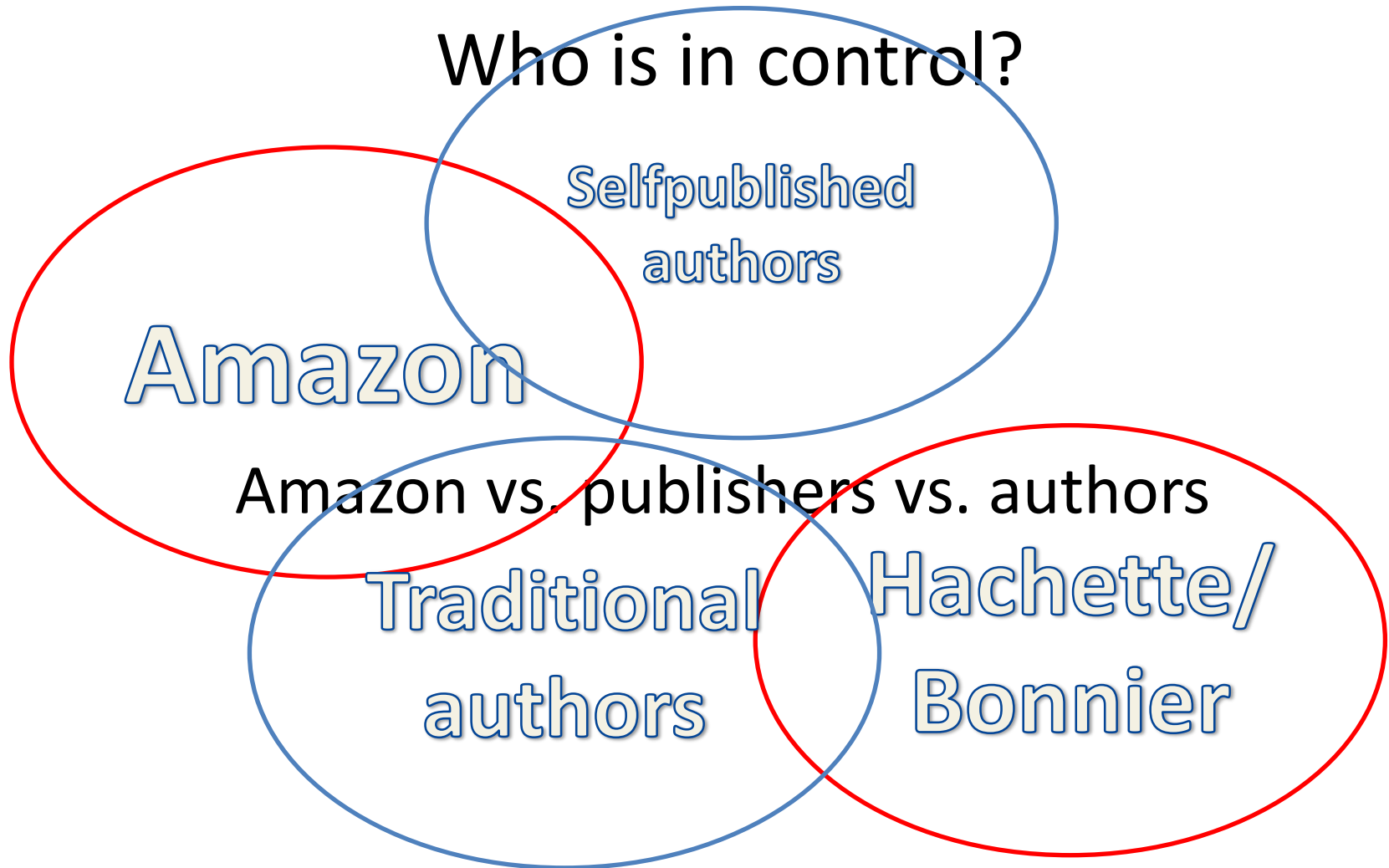
■ Amazon's international growth derives from only 3 markets (DE, JP, UK)

■ 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
<b>US</b>	26%		<b>67%</b>	B&N/Nook	12%
<b>UK</b>			<b>79%</b>	Waterstones	3.3%
<b>Germany</b>	16.5% (BöV) 26% (GfK)	18% (total market)	<b>43%</b>	Tolino	37%
<b>France</b>	18%				
<b>Spain</b>		35%	<b>40%</b>	(Apple)	40%
<b>Netherlands</b>		no local presence		BOL	<b>50 to 75%</b>
<b>Sweden</b>	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](http://www.global-ebook.com)

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