

Rüdiger Wischenbart  
Content & Consulting

Update spring 2014

# Global eBook

A report on market trends  
and developments



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# About the Global eBook Report

## Global eBook: A report on market trends and developments. Update spring 2014

Revised and updated edition April 2014.

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Additional research by **Julia Coufal**, **Jennifer Krenn** and **Sabine Stalujanis**.

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- **The Bookseller** (United Kingdom)

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Available for download at major international ebook retailers and [www.global-ebook.com](http://www.global-ebook.com).

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# Executive Summary

**T**his report provides an overview of internationally emerging ebook markets, with a unique set of data from a wide array of the best available sources, a thorough analysis and a synopsis of key global developments and a broad set of detailed references to both global and local actors, forming a resource for anyone interested in the globalization of digital (book) content production and dissemination.

## The Global eBook report, update spring 2014

The **Update spring 2014** includes recent market data and reflects on key events until March 2014, and newly introduces a **comparative data based overview on market developments** in both print and ebooks, **shifts in sales channels** from brick and mortar to online, profiles of newly launched **subscription platforms** for books and readers, as well as key developments at leading **global actors**.

The update spring 2014 also introduces a new section, **eBook Yellow Pages (beta)**, a listing of companies and initiatives relevant to ebook markets as dedicated ebook publishers, aggregators and distributors, service providers, or educators.

The report offers an updated status on the *US* and *UK* markets as well as close ups on *ebook markets* as they take shape across *Europe, Brazil, China, India, Russia*, and in the *Arab world*.

*Thematic chapters* focus on critical policy debates and on key driving forces, notably ebook bestsellers and pricing strategies across European markets, selfpublishing, regu-

lation, piracy, and the expanding activities of the leading global players such as *Amazon, Apple, Barnes & Noble, Google*, and *Kobo*. Fundamental statistics on the more mature ebook markets in the *US* and *UK* serve as benchmarks, to help evaluation data from all other market developments.

The *findings* allow us to assess, on the one hand, how the main drivers of digital change in the publishing industry impact on international markets in similar ways, as reading platforms and distribution infrastructures become available, and as publishers in all markets start to make their title catalogs available in digital formats. On the other hand, a wide array of local factors—from market size through tax and pricing regimes to cultural choices—show that each market must be presented with its unique defining traits.

In *Europe*, *Germany* is ahead in embracing digital trade books, especially fiction, but is clearly behind the *US* and *UK*. Countries as diverse as *Austria, France, Italy, Poland, Slovenia, Spain*, and *Sweden* have recently seen the implementation of an ebook distribution infrastructure, and at least the largest publishing groups are broadly releasing their new titles as ebooks in addition to print.

Debates and market developments in several of the small and linguistically diverse countries of *Central and East Europe* show how global and local factors can both support and repress the spread of ebooks, as local players suddenly have to confront much larger global actors.

In *China, Brazil, India, Russia* and the *Arab world*, distinct local factors also impact market developments, with educational publishing, not fiction, being the strongest driving force toward digital, unlike the case in *North America* and *Europe*.

Key regulatory issues, such as the recent actions of the *US* and *European governments*, as well as tax issues and legal

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controversies, notably involving copyright, are also documented and analyzed in this report.

The **Global eBook** report is using actual data, not forecasts, to map the course of developments, tapping into a wide array of sources and backed up by expert interviews and an international team of authors.

The *Global eBook* report has been initiated in fall 2011 by the *Tools of Change* conferences and **O'Reilly Media**, and is updated every half year. Since fall 2013, the report is pub-

lished by *Rüdiger Wischenbart Content and Consulting*, *RWCC*, which had developed the format and authored the reports from the beginning.

A Spanish edition of the Global eBook (fall 2013 update) is available at **DosDoce**.

The next update, after the current *Spring 2014* issue, is due for release in October 2014, in time for the Frankfurt Book Fair.



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# The ambitions, and the limitations of this study

**T**he goal of this study —and particularly the updates that we've continued to make to it after its initial presentation at the *Tools of Change* conference in Frankfurt in October 2011— is to pursue a mapping process of international ebook markets and to provide details and insights for a better understanding of those challenges and opportunities. The current update of this report, now rebranded as **Global Ebook** report, is the second edition published directly by **Rüdiger Wischenbart Content and Consulting**, after **O'Reilly Media** generously decided to handing over the rights to do so after deciding to discontinue the Tools of Change conference series.

This study primarily dwells on data, reporting, and research done by others, adding original research only on some key aspects (such as the chart *A Bookish Elite*, comparing book markets within a global framework of key parameters, or a comparison of ebook pricing issues in Europe).

The main ambition is to summarize, condense, and —with the aim of comparing trends and developments— frame the status quo and strategic perspectives with regard to global ebook markets. (It is more and more significant that the plural *markets* is used here, as compared to the initial 2011 study.)

From the very beginning, we had highlighted a variety of local actors, be they involved, as independents or conglomerates, in ebook publishing, or act as aggregators, distributors or other service providers, or launch reading and writing community platforms. This section has now been transformt into a new section, branded as *eBook Yel-*

*low Pages*, as we believe that such references and orientation will be critical in the next stages of the digital journey.

Descriptions of earlier developments reaching back to 2011 and even 2010 have now been eliminated, yet will be made available, as an archive, by fall 2014.

The ambition is not, and cannot be, to track every ebook market development worldwide. We are very much aware of the incompleteness of the report in both geographical and thematic regards. Japan and Korea are missing from this study, as is a chapter on the digitization of educational materials, to name just a few blind spots.

Fundamentally, we can hardly refer to any useful global map of the ebook business, or to reliable definitions of identifiers and parameters.

In this new update, however, we have started to include a number of comparative tables and charts, as we are convinced of the importance of such an exercise.

We think that the data and approaches that we could introduce justify the bold first step, even as we are aware that these elements are still fragile. We very strongly encourage critical feedback on these parts (and on the report altogether). Most importantly, this is also about starting to come up with working definitions on how to frame, for instance a percentage of market share of ebooks, as the values can relate to a total market, to trade, or just a segment of new titles, or even a genre, and each of these terms lack a firm definition. Based on this edition as a test run, our goal will be to come up with a framework of more clearly cut parameters, definitions, and measures, with the fall 2014 update of this report.

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This report is thus very much a survey limited by the availability of material. Despite all of the previously listed shortcomings, the ambition is to serve as a reference for the industry as well as for nonprofit stakeholders.

In return, we strongly **encourage feedback** and —even more enthusiastically— the input of information and data to improve the foundations of this analysis.

We also have to finance this effort, and highly appreciate everyone who is contributing to this work as a sponsor (applause to our **founding sponsors, Bookwire, Copyright Clearance Center and Klopotek!**), or as an advertiser in the new eBook Yellow Pages. And we are grateful to our **media partners** for helping to disseminate this report.

## Global mapping initiatives

With respect to the ongoing globalization of the book publishing industry, few surveys have been published with a broad international approach.

While professional and STM (science, technical, and medical) publishing has seen both systematic digitization of its value chain and global expansion for a decade, general trade houses have followed behind at a much slower pace. A few British houses (notably *Penguin* and *Oxford and Cambridge University Presses*, but also others, like *Random House*, *Hachette*, *Wiley* or *Harper Collins*) have a longstanding tradition of significant operations across several continents.

After the acquisition of *Random House*, the largest US trade publisher, by German *Bertelsmann* in 1998 and similar moves by French *Hachette* and, on a smaller scale, Spanish *Planeta*, the new “emerging markets,” led by Brazil, Russia, India, and China (the so-called BRIC countries), have seen offices opened by Western publishers in recent years. The merger between two of the largest trade publishing houses, *Penguin* and *Random House*, in 2013 is expected to impact on global publishing with similar far reaching consequences, even if, at this point, details are only taking shape. Little of this evolution has been the subject of systematic market research.

The most prominent exception has been the *PriceWaterhouseCooper* annual **Global Entertainment and Media Outlook**, which includes an analysis of and projection for the book sector, among other forms of media. The current edition of this outlook refers to the years 2013 to 2017. Already the previous edition, for 2012 to 2016, had built on

a theme that couldn’t be truer for the book sector: The “**end of the digital beginning**”, portraying in depth how “E&M companies reshape and retool for life in the new normal.” Digital, so the report put it, is now “embedded in business-as-usual and moving to the heart of media companies worldwide.”

The expanding role of emerging economies as some of the most dynamic publishing markets has also been documented with data on global market developments by the **International Publishers Association** (IPA) and in the *Global Ranking of the Publishing Industry*. Both ongoing surveys are researched by the author of this report. (For details and links see [www.wischenbart.com/publishing](http://www.wischenbart.com/publishing)).

A broad selection of emerging markets and developing countries has been covered in the report “**Digital publishing in developing countries**”, authored by *Octavio Kulesz* and released in October 2010. The research, which is freely available for download in several formats and languages, focuses on Latin America, Sub-Saharan Africa, the Arab world, Russia, India, and China, and documents relevant local actors and initiatives across those continents, with detailed references, providing a valuable resource even as market details evolve quickly. A continuous debate on the topics raised by the report is documented in the **Digital Minds Network**.

A detailed account on how select ebook markets evolve was started by *Bowker* in May 2012 (see this **press release** with key findings). The *GlobaleBook Monitor* (GeM) is based on consumer surveys in ten countries: Australia, Brazil, France, Germany, India, Japan, South Korea, Spain, the UK, and the US. It tracks ebook adoption and consumer attitudes. India and Australia, together with the UK and the US, are seen as leaders in ebook adoption, while consumers in France and Japan were the least likely to have purchased an ebook, at 5 and 8%, respectively. GeM has been widely presented and discussed at major trade events and book fairs and is expected to be updated and extended to additional markets on a regular basis.

The *Federation of European Publishers*, *FEP*, has started continuous research on European markets, even beyond the member states of the *European Union*, and shares summaries of the findings.

We have had the privilege to ask questions, and share insights, with all these colleagues, and are very grateful about this support. In fact, an incredible number of individuals, from the widest possible array of organizations and backgrounds, have been willing to discuss our never

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ending requests by email and face to face, patiently, and in the best spirits. These communications are our *treasure chest*, not only for the information that we could tap into, but foremost for the shared passion of researching, and

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trying to better understand what occurs to authors, books, and reading, in these fascinating, yet challenging times. Thank you all so much!

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# Acknowledgments

This report has been started as a *White Paper* for the *Tools of Change Frankfurt* (TOC) conference in October 2011, at the initiative of *Kat Meyer* and *Joe Wikert*, and updated and extended in February and October 2012 and in February 2013 for the subsequent TOC events in New York and Frankfurt. Upon the discontinuation of the TOC series, the report's publisher and owner of the TOC brand, *O'Reilly Media*, generously allow Rüdiger Wischenbart Content and Consulting, who had researched the report and extended it through a small team of co-authors, to continue its publication as a resource on the dynamic evolution of ebooks in the diversity of international markets and contexts.

Rebranded as the *Global eBook* report, we wish to thank the following organizations and individuals for their contributions to this report:

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Geza Morcsanyi [Magvető publisher](#)

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Jonathan Nowell, [Nielsen Book Scan](#)

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A Global Industry, and Many Local Players



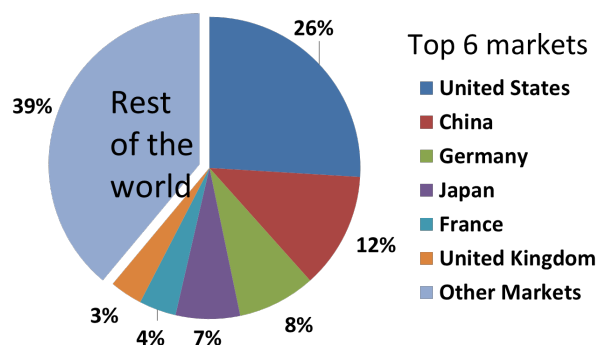


# Book publishing as a global industry

**B**ook publishing as a truly global industry goes back less than two decades. When the German Bertelsmann group in 1998 acquired the largest trade publisher in the world, Random House, in New York, and moved the central command for all its book publishing from Munich to New York, many observers agreed that this event marked a shift for the business of books.

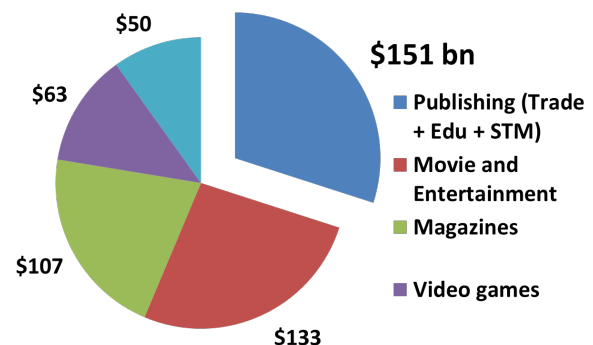
By 2014, the United States of America are still the by far largest book market in the world, yet followed in the ranks by China, and only then come Germany, Japan, France and the United Kingdom.

Together, the six largest book markets account for roughly 60 percent in value of global book publishing.



*The 6 largest book publishing markets, by value. (Various sources, compiled by RWCC for the International Publishers Association, IPA, 2013)*

But more than ever, book publishing evolved from a unique universe of books and knowledge into an - important - part of the international content and entertainment industries. Books, at an estimated value of \$151 billion (including trade, educational and STM - or science, technical and medical - publishing) are bigger than music (\$50 bn), video games (\$63 bn), magazines (\$107 bn) and even movie and entertainment (\$133 bn).



*Global publishing and entertainment media, in estimated value. (Various sources, compiled by RWCC for the International Publishers Association, IPA, 2013)*

For much of its history of two centuries, book publishing has been regarded as a special sector, different from other cultural industries by its value for the exchange, and trade of ideas.

The digitization of content, and its delivery over the Internet, has proved to be largely agnostic to such differentiations, even as the world of books has resisted its digital

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transformation longer than other sectors, like music or film.

At first, the debate on the consequences of that transition was somewhat misleading, as the question seemed to be if, or when, digital books would replace the physical production. But printed books will likely coexist with digital, at least for a while. The antagonistic *paper vs digital reading* is probably an “exhausted debate”, in the words of novelist

“Digital will continue to grow for a while at least, and continue to exist, because it is becoming part of the world we inhabit at a level below our notice, no more remarkable than roads or supermarkets. Ebooks are here to stay because digital is, and quite shortly we’ll stop having this debate about paper vs ebooks because it will no longer make a lot of sense.” ([The Guardian](#), 31 March 2014)

— William Heinemann

But the roles, and the balance of power and impact, of actors and stakeholders are changing dramatically. Publishers and retailers of books at once find themselves in totally new contexts, while entirely new players, new opportunities, and new challenges emerge.

## Patterns of change: Digital growth, decline in print, and shifting forces.

Readers, in their majority, find the books they want, in print or digital, in a setting that they consider as being a part of their native culture, with eventually adding reading in English to books in their familiar home tongue.

The markets however are not isolated anymore, as authors and topics, distribution platforms and publishing companies, are more and more interconnected, across political, cultural and linguistic borders. So it is only desirable to chart a map that fosters an understanding of developments across the old limitations.

In a first step, we want to look at close to two dozens of the largest book markets worldwide. We could identify 23 countries with data that are sufficient in detail and reliability to build a ranking, by total value at consumer prices (hence measuring, in financial terms, how much people spend on books and reading).

The resulting list reveals a surprisingly diverse mix of the very big, and a few relatively small countries. It includes

the United States, China and Germany on the top, but also holds Norway, Sweden and Switzerland. Mexico, an emerging market with a population of 118 million has a book market that is smaller than Austria’s with a population of 8.5 million. (Admittedly, the figures for Mexico do not include textbooks and educational materials produced and distributed directly by the government, but is limited to the production in the private sector. But so it casts well the status of book publishing as an *industry*, and not just as a neutral process.)

Book markets, by their size and by their structures, reflect complex balances and disparities of wealth and of cultural status, of access to knowledge, and of trading power, as the following chart well illustrates.

The chart relates the value of a country’s book publishing market per capita, the production in titles (new and re-editions) per 1 million inhabitants, and the GDP (PPP) per capita, as an indicator of affluence.

The illustration highlights how a majority of the strongest book markets consists of countries from Western Europe and North America, plus Japan and Korea, clearly set apart from those emerging markets which aspire to education, but can afford to do so only recently.

In this chart a few countries stand out, most notably the UK and Spain, by virtue of their strong exports in books (and other cultural goods). It also distinguishes countries like Norway (with huge public funding for books and reading, financed from North Sea oil revenues), or Sweden, and also shows Germany and Switzerland in their vicinity, which are both home to a traditionally strong consensus on the specific value of books and reading for their national culture and identity - and it may be no coincidence that they share a lively impact of protestant values in support of the book.

We also see how the BRIC countries, Brazil, Russia, India and China, relate to each other. While the access to knowledge and to education is a key strategic goal for the further development of these countries, it seems unlikely that this will occur in the form of rushing along the very same route that had formed the book business in Europe, with publishers, agents and booksellers as its powerful gate keepers.

Digital can probably help these countries to shortcut this trajectory by leapfrogging to new levels in similar ways, just as mobile phones and mobile Internet access have replaced cable connections in developing and emerging markets, without at first replicating the costly land line

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based networks of North America and Europe. Obviously, the resulting book markets and book (as well as reading) cultures in these countries will be very much different from those in the *Old World*.

This report aims at organizing the available information for a better understanding of these processes and transformations.



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# A comparison of developments across Europe and the US.

**A** clear overall pattern is governing most publishing markets in North America and Europe: While the market for print books is declining - slowly in some markets, sharply in others -, ebooks are on the rise, yet at a very different pace by country, while online has become the most dynamic sales channel, yet again, with significant variations between markets.

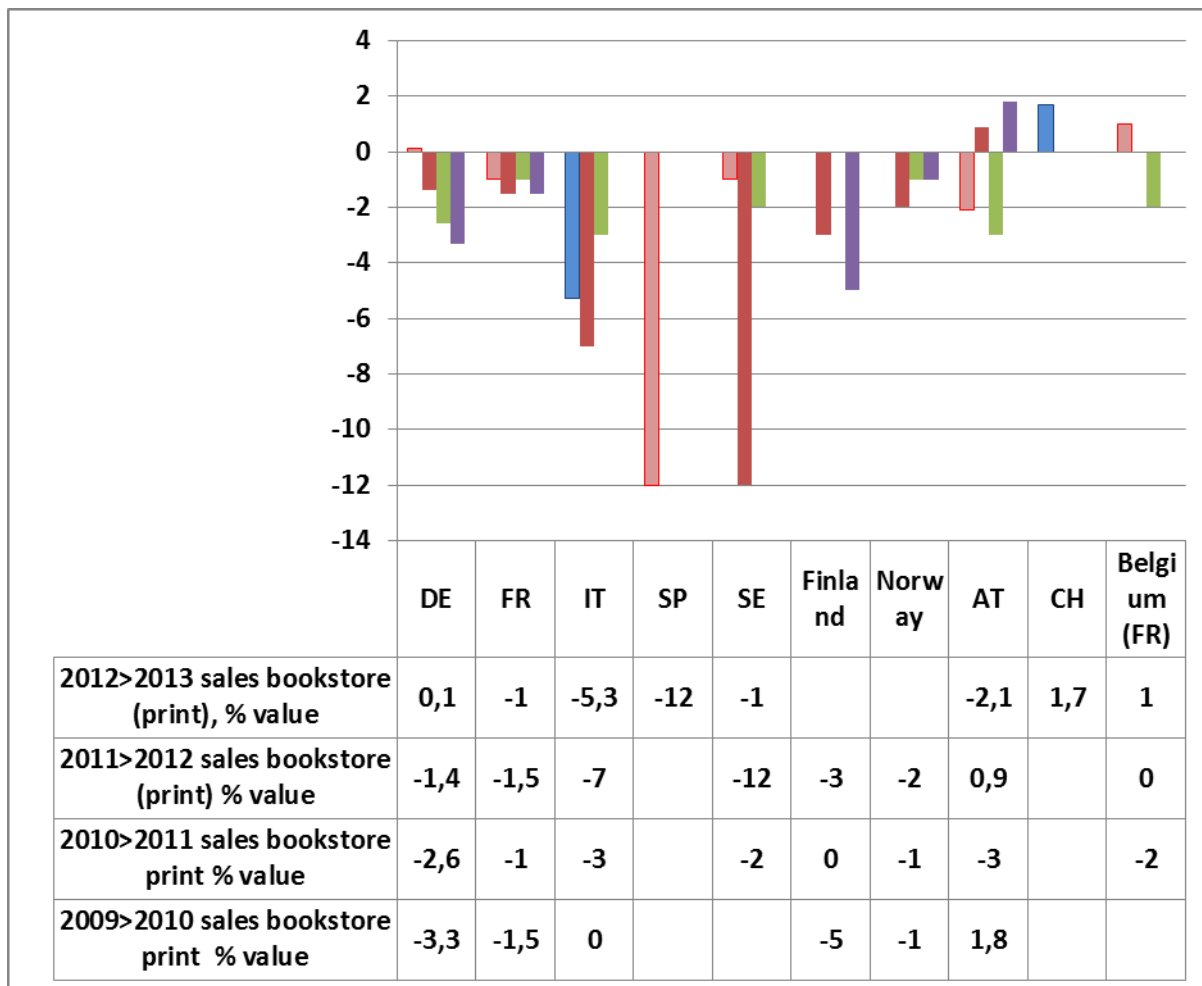
## A note of caution

A data based analysis of this evolution however means to struggle with scarce data for most markets, and, even worse, inconsistent measures and definitions of parameters, so that any comparison resembles at first a puzzle with not only many pieces missing, but also pieces cut out without bothering at all about how they might fit together. So these approaches must be taken as only a very first attempt, like a working beta version, aiming both at a first rough and uncomplete map, and at encouraging critical feedback from users, for improvements in updates ahead.

In most of continental Europe, for the last several years book markets went down. Some countries, with relatively robust overall economies, like Germany or France, saw a

modest, yet nevertheless steady decline. In others, like Spain, or Italy (or Greece, where no reliable data are available), the crisis impacted on the book trade with full force, or, for the example of Sweden, a mix of highly specific local factors brought about the sharpest decline in decades.

In all these markets, digital change in trade (and notably in adult fiction) has only begun its transformation of trade book markets at this point, so that the loss in print has not been compensated by digital gains.

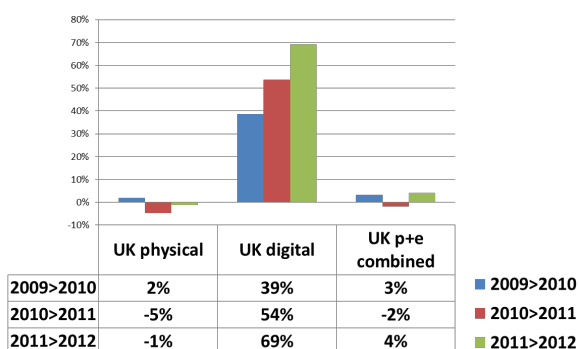


*Book markets evolution in selected European markets (2009 to 2013 in %. (Various sources.)*

This is much different in the US and in the UK, where, recently, the overall picture has become more complex: While print continues to slide, ebooks account for up to a third in revenues in those segments where they are strongest, notably in adult fiction, and particularly in genre fiction. Analysts from the US Book Industry Study Group, BISG, or from the British Publishers' Association, and at Nielsen Book Scan, provide numbers that all underline how any growth, for the moment, is a result of the ongoing digital change. Comparing and understanding those data however requires to pay attention to detail, as ebooks have hit most dynamically a few formats, mainly mass market paperback, and genres, and as ebooks are on average cheaper than any print editions, developments of unit sales are not necessarily equal to gains in revenue.

In the United States, where ebooks have taken off dynamically since 2010, until plateauing in 2013, the overall revenues in all of the publishing industry, and print in particular, seem to continue their decline. But the combined value of print and digital has regained ground recently, and also the decline in units has slowed down.

In the United Kingdom, in 2012 at least, revenues from ebooks have succeeded in compensating for the loss in print, turning the overall trade book market to a slight growth.



UK trade book market, print + ebook, 2009 to 2012 (Source of data: Publishers Association)

By comparison, available documentation for the digital transformation in continental Europe is far more sketchy, as the overall market share of ebooks is still mostly in the low single digits, but also it is often hard to grasp what published numbers do represent exactly.

## Comparing ebook markets and their market share against print

It can be said with certainty that in most countries, ebooks gain market share, yet at significant local variations. Germany has started to evolve along a curve that is similar to the English language markets, yet with a delay of roughly three years. Spain has also had a fairly impulsive start, in view of the otherwise rather slow digital penetration in previous years. In France, and perhaps also in Italy, the momentum seems to be fairly limited. In Sweden, an otherwise early adopter of digital trends, a genuine domestic ebook market, most interestingly, has hardly taken shape, due to a mix of remarkably high prices for ebooks (similar to France), and the role taken up by libraries who are lending significantly more ebooks to readers than retail has sold so far. The Netherlands can be found somewhere in the middle, with regard to both market share and pricing levels.

A direct comparison based on data however is a tricky exercise, as no consensus exists as to what a given number actually represents (if, for instance only ebooks are included, or - as it occurs in France in some statistics - educational materials, or even downloaded audio books or CDRoms as well), and to what overall market segment and definition the numbers refer to.

Nevertheless, a broad and rough overview allows to frame and contextualize dynamics across markets, with the US and UK serving as useful benchmarks.

The emergence of an ebook market segment however goes together with a fundamental shift between sales channels for (printed) books, with particularly the large chain book stores, as well as super markets and department stores losing ground to online. Obviously, this migration plays to the advantage of notably one global player, Amazon, which is expanding its grip on many markets as the predominant platform for selling print books, and with an even larger impact in ebooks. But still, Amazon is not the number one everywhere, as it has localized web stores with a significant catalogue in the various local languages in Europe only in the UK, Germany (plus German speaking Austria and Switzerland), France, Spain and Italy. It is not present in Scandinavia or the Netherlands.

## The expansion of bookselling online

As Amazon is not revealing data on its market share, again, estimates based on a wide array of sources are the only viable alternative.

### Market share of ebooks (in various definitions) in selected markets.

Market	% of ebooks in total market	Notes	% of ebooks in trade market	Notes	% of ebooks in specific segments	Notes
US	13%	2012 (BISG)	21%	2012 (BISG)	Up to 50%	Fiction
UK	11.5%	2012	25%		40%	2013, fiction
Germany	5%	2013 (GfK)	10.6%	Börsenverein	15 to 20%	New fiction, est.
France	1.1%	2013 (GfK)	3%	Est. (4.5% incl. all digital, Xerfi)	10 to 15%	Genre fiction, est.
Spain	3 to 5%	2013 (est.)	8%	2013, est.	20-30%	Erotic fiction (est. Planeta)
Italy			4 to 5%	Est.	Up to 15%	Genre fiction, est.
Netherlands	4.7%	NUV	10%	NUV	Up to 40%	Genre fiction
Sweden	1%	Est. SVB			Up to 70% library market	Est.

### Estimated market share of online bookselling and of Amazon and local platforms for print and ebooks. (Various sources)

	Market share online retail	Amazon: Market share in online book retail	Amazon: Market share in ebooks	Number 1 local online retailer	Market share local number 1	Notes
US	26		67%	Barnes & Noble	12%	"Most frequently acquire ebooks" for Kindle, Nook
UK			79%	Waterstones 3.3%		Apple ca. 16%, Kobo 10.4% (The Bookseller)
Germany	16.5% (BöV), 26% (GfK)	18% of total market	43%	Tolino alliance	37%	Apple: 15%
France	18%					
Spain		35%	40%	Casa del libro, El Corte Inglés, Fnac, et al.		Apple: 40% (est. DosDoce)
Italy	10 to 12%	35 to 40%				
Netherlands				BOL	50 to 75%	BOL: Print + ebook
Sweden	30%			Adlibris		Amazon only from abroad

Ebook markets so far have been driven very much by best-selling titles from either the largest publishing groups, or from a small number highly successful selfpublished authors (with some controversy flaring up with regard to their respective market share). While we see no way to even come up with rough estimates on the across market relevance of selfpublished authors and titles, due to a lack of comparable data, the largest publishing houses have it made a new exercise to shed, in their annual reports, at

least some light on the reach and revenues of their ebook related activities.

#### The rise of ebook revenues at the *Big Five* largest global trade publishers

The *Big Five* trade groups (formerly *Big Six*), include the newly merged colossus of **Penguin Random House** (co-owned by German **Bertelsmann** and British **Pearson** groups), **Hachette Livre** (also sometimes branded as **La-**



## Big Five trade publishing groups: Ebook related key parameters. (Sources: Company and trade media reports)

	Penguin Random House	Hachette Livre	Harper Collins	Macmillan	Simon & Schuster
Group revenues from publishing	€2655m (2013)	€2066	\$1189m (2012)	€1608m (2012)	\$809m (2013)
Revenues from ebooks	20%	10.4%	39%	27%	n.a.
Revenues from ebooks (details, 2013)	100 m ebooks sold; -9% in volum 2013/2012);	30% rev. in US trade; 27% in UK adult trade	28% revenues from ebooks	n.a.	2.6% ebooks sold
	RH: 10% of German revenues from ebooks; Penguin: 33% ebook rev. in US (2011)	Rev. of ebooks in France: n.a.	US: 7.4m ebooks sold (+8%)		

gardère Publishing, headquartered in France), **HarperCollins** (a division of the US-British-Australian **News Corp**), **Simon & Schuster** (a division of the **CBS Corporation**, headquartered in New York), and **Macmillan** (the trade publishing arm of the German **Holtzbrinck** group).

The map which is emerging from an analysis of the role and scope of ebooks at the Big Five allows to identify a few fault lines that have emerged in recent years, and so despite the many blanks it has thus far.

On a global level, and in some of the largest book markets in North America and in Europe, a few publishing groups have started to re-invent themselves from market leaders into global enterprises through a mixture of consolidation (led by the *Penguin Random House* merger, and the group's new acquisition of Spanish *Santillana*), and vertical integration (which for all Big Five, however, lacks the last step to the consumer, retail). And among those Big Five, the role and impact from digital transformation and from international ambition is highly diverse, as *Hachette* is anchored in a domestic market in France where ebooks are so far rather held off, than embraced, even by the company's own management. *Simon & Schuster* is, by comparison to the other four big groups, still a company largely catering to the US market alone. *HarperCollins*, for some time expected to be sold by its TV and multimedia driven mother company, has recently made a come back within *News-Corp*, while at *Holtzbrinck*, despite recent restructuring, the US and UK arms are largely kept separate from the German holdings (as is the case for Random House), while at *Holtzbrinck*, an integration of publishing with the digital ventures of the group has so far not been implemented - and several early and promising digital ventures of the mother, pioneering notably digital social communities, have over time been marginalized by globalizing US based platforms, notably *Facebook* and *GoodReads*.

But even the largest publishing groups are dwarfed by those Internet platforms which control the direct access to the users - in the form of consumers, and readers: *Amazon*, *Apple*, *Google*, *Facebook*, with telecommunications groups (like *Telefonica* in Spain and in Latin America, or *Deutsche Telekom*, with the German *Tolino* alliance) putting their footprint onto a digital content market, where digital books and book distribution might find themselves seamlessly embedded next to music or movies, thereby struggling to maintain their traditional business model by offerings from subscription based services (see the chapter on the newly emerging, much debated *Netflix* or *Spotify* "Subscription platforms and reading communities" on page 110).

This accelerating competitive context coincides with book chains that were considered as market leaders across the US and Europe only a few years ago, struggling for their survival, and confronting steep challenges in finding a role in the new landscape shaped by online retail and, growingly, by ebooks, with all its disruptive forces that derive from the community driven, direct relationship with the consumer. This applies to markets so different in every regard as the US (*Borders*, *Barnes & Noble* with its digital arm, the *Nook*), Germany (with both of its leading book chains, *Thalia* and *Weltbild*, struggling), France (with *Fnac* restructuring, and the second largest book chain, *Chapitre*, as well as the multimedia *Virgin Megastore* folded), or the Netherlands (with the book chain *Polare* closing).

It is a safe bet to say that the digital transformation of the entire ecosystem that is spanning between the author and the reader, and which includes books, publishing and distribution, is just becoming visible enough for an effort to chart those waters.

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# English Language eBook Markets

**T**he following overview provides key data for the two leading English markets, those of the US and the UK, as a benchmark for a more in-depth representation of trends and developments in places where English is not the first language of the average reader.

## United States

### Update spring 2014

Sales of US publishers in 2013 accounted for \$15 billion, up 1% from 2012. (trade and educational, AAP, StatShot12, 2013, issued 13 February 2014)

Sales of print books in 2013 have dropped by 2.5 percent in units, with adult fiction decreasing even by 11.2 percent. By format, mass trade paperbacks declined by 9.1 percent, while hardcover had been largely flat. (-0.2 percent, according to Nielsen BookScan, quoted in *Publishers Weekly*, 3 January 2014).

Total ebook sales had been largely flat, rising by 3.8% to \$1.3 billion. (AAP Statshots, April 2014)

eBooks comprise 23.3% of trade sales through October 2013; compared to 21% of trade sales for all of 2012. For the total market (trade and education), ebook revenues accounted for 13% in 2012. (AAP monthly statistics reports, quoted by *Publishers Lunch*, 10 January 2014; AAP/BISG Bookstats, 2013).

In terms of channels, online accounts for 44 percent of all sales, including ebook, according to *Bowker*. (in 2012, up from 39 percent in 2011, quoted in *DBW*, 6 August 2013)

26% of publishers' direct revenues are coming from online retail. (Value for 2012, AAP/BISG, BookStats 2013.)

A *PEW* survey on reading found a slight rise in reading, probably due to the spread of ebooks, with 76 percent of adults having read at least one book in the previous 12 months, with a vast majority of ebook readers also reading printed works, and only 4 percent reading digital only. Half of all adult Americans now own a tablet computer (up from 43 percent in September 2013, and 32 also have a dedicated ereader. (Quoted in *Publishers Weekly*, 16 January 2014).

Ebooks have become a "normal means of consuming content", had been a summary by the *Book Industry Study Group*, BISG, together with *Nielsen Book Research*, with ebooks accounting for 30% of units and 14% of sales by the second quarter of 2013. However, after the initial dramatic growth in ebook sales, this curve had slightly dipped after the first quarter of 2013, bringing ebooks now "in the later stages of the innovation curve and have settled into reasonably predictable consumption patterns", according to Jo Henry of *Nielsen*. The study confirmed the huge market share of Amazon in ebooks, as it was the primary source for ebook purchases for 67 percent of the respondents. (BISG, with Nielsen Book Research, quoted in *Publishers Weekly*, 31 October 2013).

2013 and early 2014 had also seen a strong decline in sales of *Barnes & Noble's Nook* division, which plunged by 60.5 percent in the nine week period before the end of the year, which resulted in major adjustments in the company's strategy and organisational structure in early 2014. (*Publishers Weekly*. See for details in the chapter on Global Players: Barnes & Noble)

## US: Ebook market evolution 2009 to 2013.

	Ebooks value, \$ million	Ebooks units (million)	Ebooks % of total market	Ebooks % of trade	All digital (Ebooks, edu, audio downloads etc.) % of market
2012>2013		473 m	13%	21%	
2011>2012	3,400				19%
2010>2011	2,400				15%
2009>2010	1,100				9%
Source	AAP/BISG				

*Sony*, one of the earliest players on the ebook device market decided to close its own ebook store and move customers instead to *Kobo's* platform. (*Publishers Weekly*, 6 february 2014).

### Developments in 2013

The debate on the ebook market in the US shifted gears and focus in 2013. While in previous years, the fast pace of the expanding market share of ebooks had hit the headlines, 2013 saw more complex patterns emerging.

Accounting for 20% of the US trade book market, ebooks have become an essential part of mainstream reading (see *AAP BookStats 2013*). By the end of 2012, over 1,000 ebook titles had been estimated to account for sales of more than 25,000 copies each (*Publishers Weekly*, 18 March 2013). Major trade publishers have reported a market share for ebook revenues around the 30% mark (e.g. at *Simon & Schuster*), and 29% of revenues came from digital books in the second quarter of 2013, up 39% from the first quarter.

Nevertheless, a debate started about a *plateau* in ebook sales, as the previous strong growth patterns in sales had come down in the first half year of 2013 (see e.g. *USA Today*).

The total US trade book market showed a return to solid growth of almost 7% in 2012 (while the total US book market had shrunk again), after a previous slump in the first stages of ebook expansion, and "virtually all of that growth comes from ebooks rather than print books." (as reported by *PublishersLunch*). In the first quarter of 2013, ebooks helped overall trade publishing to increase by 3.3% (AAP Statshot, as quoted in *Publishers Weekly*). Ebooks also continuously provide a lively push for US exports, which increased in 2012 by 7.2% to \$833.389 million, with 135,526 million units.

By mid 2013, the developments had become more complex though, as in the first six months of 2013, as "overall ebook sales of \$731.4 million actually declined - yes, declined (!) - for the first time across such a period, down \$40 million or 5 percent. But adult ebooks were the single-largest of seven format breakouts (!) for the first time across such a period." (*Publishers Lunch*, 19 September 2013) In units, ebooks accounted for 30% in this period (up from 27% in the first half of 2012, according to Bowker, quoted in *Publishers Weekly*, 20 September 2013).

Aside from commercial developments, several legal battles as well as pricing strategies, notably those of online retailer Amazon had a critical impact in shaping the US ebook market.

On July 10, 2013, a New York court found "by a preponderance of the evidence that *Apple* conspired to restrain trade in violation of Section 1 of the Sherman Act," resulting in higher prices for ebooks, to the disadvantage of consumers (see a detailed summary at *Publishers Weekly*). In the hearings preceding this ruling, Apple had declared the company's market share for ebooks through the *iBook-store* at around 20% (, *Publishers Lunch*, 13 June 132013).

The court decision was widely commented as giving Amazon a significant advantage to strengthen its position in the ebook market further, with new challenges with regard to pricing strategies for both print and ebooks anticipated.

In late July 2013, for instance, *Amazon* had decided to discount major bestsellers, including *Inferno* by Dan Brown, between 50 and 65% in response to a campaign of discounting by Overstock, which subsequently ended the skirmish in early August (see *Publishers Weekly*, *Publishers Weekly*, 12 August 12 2013).

The other litigation, on *Google's* practice of scanning huge numbers of titles, both in and out of copyright, from libraries, continued to - grind on - in its eighth year, after the

## United States (2010–2011 Book Market)

Key Indicators	Values	Sources, comments
Book market size (print + electronic [p+e], at consumer prices)	Publishers' net sale revenues: \$27.124 billion	Down from \$27,124 bn. Source: AAP/BISG; data for 2012. Market value at consumer prices: Est. \$38.700 bn
New titles per 1 million inhabitants	1080	
eBook titles (available from publishers)	1,700,000	Amazon claims in early 2013 to have 1,700,000 ebook titles in their catalog, the vast majority of which are in English.
Market share of ebooks	23% of all trade sales	AAP/BISG
Key market parameters	No price regulation	

company settled with publishers as well as the *Association of American Publishers* (AAP) (see [Silicon Republic](#), 13 October 2012]), but it is still in a confrontation with the *American Author's Guild* (for a concise status and assessment, see e.g. [Publishers Weekly](#), 4 July 2013).

### The US ebook market in 2012

The US publishing industry and the US public have embraced new reading formats like no other nation. For readers, ebooks came as a natural and permanent choice in addition to printed books. Publishers have effectively responded to consumers' fast-growing acceptance of new reading devices by constantly redefining and expanding new concepts for books.

"The eBook phenomenon continued in 2012 with eBooks ranking, for the first time, as the year's number 1 individual format for Adult Fiction" was the headline in the [BookStats report on US publishing in 2011](#), issued jointly by the *Association of American Publishers* (AAP) and the *Book Industry Study Group* (BISG) in July 2012. The \$27.2 billion 2011 US book market declined by 2.5% from \$27.94 billion in 2010, while unit sales grew by 3.4%, as did the number of new print titles, from 328,259 million in 2010 to a projected 347,178 million in 2011 (, [Bowker](#), 5 June 2012).

By the end of 2012, with incomplete data available for the entire 12 months, a somewhat complex picture took shape. Unit sales of print books had fallen over 9% according to *Nielsen BookScan*, continuing the decline seen a year earlier, from 2010 to 2011 (, [Publishers Weekly](#), 6 January 2013]). Print sales were largely driven by a few bestselling titles, notably E.L. James' *Fifty Shades of Grey* trilogy with 14.4 million print units sold, followed by Suzanne Collins' *Hunger Games* books with 9.6 million. "Together, these two authors accounted for over 4 percent of all print sales for the year" (data from *Nielsen BookScan*, quoted in [PublishersLunch](#), 7 January 2013]).

Despite the decline in print, according to the *American Association of Publishers* (AAP), based on data from September 2012, the overall bookmarket reflected "the trends we've seen all year: continued publishing growth overall with significant increases in children's/young adult (especially eBook format) and slight erosion in religion publishing" ("StatShot" for September 2012, quoted in [PublishersLunch](#), 25 January 2013).

Similarly, the *US Census Bureau* reported that bookstore sales increased by 3.3% in November 2012, largely compensating for prior losses ([Publishers Weekly](#), 15 January 2013]). As for holiday and year-end sales, independent booksellers widely congratulated themselves on the highly positive development in sales (*Publishers Weekly* in a summary for this report). At the same time, Barnes & Noble reported a decline of 8.2% in comparable store sales for the nine-week holiday period. Digital NOOK sales decreased by 12.6% compared to 2011, with revenue from digital content going up by 13.1% and device unit sales going down ( [Barnes & Noble press release](#), 3 January 2013).

Overall, the spectacular growth in ebooks since the fourth quarter of 2010 seemed to have come to a halt by 2012, arguably the result of saturation in the migration of readers from print to digital. By September 2012, ebooks "comprised just 19 percent of trade sales for the month—their lowest percentage since December 2011" (AAP StatShots September 2012, summarized by [PublishersLunch](#), 25 January 2013). The "revolution has reached an evolutionary stage," according to Mike Shatzkin ("[The Shatzkin Files](#)" 13 August 2012).

Still, the number of Americans over age 16 reading ebooks rose in 2012, from 16 to 23%, while those reading printed books fell from 72% to 67 (*PewInternet*, "E-book Reading Jumps; Print Book Reading Declines," [press release](#), 27 December 2012).

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In fiction, the share of ebooks was 34% in units and 31% in value in the first quarter of 2012, according to the AAP ("StatShots"); for the first time, ebooks—which on average sell at a significantly lower retail price than printed copies of the same work—at \$282.3 million brought in larger revenues than hardcover sales at \$229.6 million, sparking comments such as: "It's the end of books as you knew them" (ZDNet, 18 June 2012)]. The change was mirrored in purchases and ownership of devices as well as in reading habits.

The shift in devices, with tablets gaining on dedicated ereaders, continued throughout 2012, according to research by BISG, and the recent increase in tablets was notably fueled by Amazon's *Kindle Fire*, which was the first choice of 17% of ebook consumers, as compared to 10% who preferred Apple's *iPad*. Barnes & Noble's *NOOK* increased from 2% in August 2011 to 7% in August 2012 ("Tablets Gain on Dedicated E-readers, Says New BISG Study," Bowker press release, 14 November 2012).

US title production grew significantly, as it had already done in previous years, driven notably by self-publishing, roughly tripling since 2006 to 235,000 titles for print and digital combined ("Self-Publishing Sees Triple-Digit Growth in Just Five Years, Says Bowker," Bowker press release, 24 October 2012).

In 2012, the US publishing industry began to witness the transition from print to digital as well as the transformation of the very business practices governing the sector. At first, a battle over who controls pricing in ebooks came to a seminal settlement. Only a couple of months later, the announcement of the merger between two of the largest trade houses, Random House and Penguin, was understood to be just the first step in a major process of industry consolidation that, according to most commentators, was set to redefine the industry ("Random House, Penguin Agree to Merge," *Publishers Weekly* 29 October 2012]; for a critical economic analysis of the merger, see Adam Davidson's "How Dead Is the Book Business," in the *New York Times*, 13 November 2012).

In April 2012, a filing by the *US Department of Justice* (DoJ) in New York against five large publishers and Apple defined what may become the key battle over the terms and conditions for the ebook economy in the US and beyond. After a standoff between *Macmillan* and Amazon in early 2011, the DoJ alleged that a scheme known as the *Agency Pricing Model*, in which publishers set retail prices for their ebooks, came from an "ongoing conspiracy and agreement" between defendants, causing "e-book consumers

to pay tens of millions of dollars more for e-books than they otherwise would have paid" (quoted in, *Publisher'sLunch*, 11 April 2012).

Three of the publishers — *HarperCollins*, *Hachette*, and *Simon & Schuster* — settled with the DoJ by promising for two years not to "restrict, limit, or impede an e-book retailer's ability to set, alter, or reduce the retail price of any e-book or to offer price discounts or any other form of promotions to encourage consumers to purchase one or more e-books." *Macmillan* and *Penguin* argued that they "did not act illegally" and therefore declined to settle (John Sargent, *Macmillan*, quoted in *PublishersLunch*, 11 April 2012]).

The settlement between HarperCollins, Hachette, Simon & Schuster, and the DoJ was approved on September 7, 2012, more swiftly than had been expected (*Publishers Weekly*, September 7, 2012). The settlement almost instantly resulted in publishers reconsidering their pricing policies and renegotiating their agreements with many of their ebook retailers, including Amazon (see the discussion of HarperCollins in *PublishersLunch*, September 11, 2012; for a detailed overview of all related lawsuits, see *Publishers Marketplace*, 8 September 2012]; for an initial assessment of the agreement on pricing policies, see *PaidContent*, 11 September 2012). By December, a settlement had also been reached between the DoJ and Penguin (*Department of Justice press release*, 18 December 2012).

By spring 2012, 21% of adults had read an ebook in the previous year, versus the 17% who reported doing so in December 2011. This is part of a broader "shift from printed to digital material," according to *Pew Research*, as 43% of Americans ages 16 or older had read either a book or "other long-form content" in digital format (*Pew Research Center Publications*, 4 April 2012).

For a listing of companies see [Part IV](#)

## United Kingdom

### Update spring 2014

In 2013, book purchases by consumers were worth £2.2 billion, 4% less than 2012 in both volume and value, according to Nielsen Book research. Some 80 million ebooks, worth £300 million have been sold, up 20% from 2012. The overall drop has largely been attributed to the fabulous sales of E.L. James' "50 Shades of Grey" trilogy in 2012, while without this one title, sales would have declined only marginally, and volume would have increased by 1%.



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Ebooks accounted in 2013 for one in four consumer book purchases (up from 5 in 2012), in adult fiction the respective values have been over 40% in 2013, against one third in 2012, with genre fiction having an even higher share of ebooks. Selfpublished books, including Amazon publishing, accounted for 20% of the market in volume, and 12% in value, priced mostly below £2, while mainstream fiction titles cost mostly between £3 and 4.99. In terms of devices, tablets now top dedicated readers, mostly driven by the launch of the Kindle Fire in fall 2012. (Nielsen Book Research: [Books and Consumers in 2013](#), 19 March 2014).

Interestingly, big brand authors, defined as earning more than £1 million according to *Nielsen Book Scan* data, “have grabbed their smallest share of the print books market in five years, as digital migration continues to reshape publishing.” ([The Bookseller](#), 17 January 2014).

Still, after years of triple digit growth, the massive expansion of the ebook segment has significantly slowed down, as the *Big Five*, or largest publishing groups, selling 42.3 million units (up 18% year on year, after 108% from 2011 to 2012) in all of 2013. The *plateauing* of sales followed largely the pattern familiar from the US. The Big Five account for 57% of all print sales in 2013, down from 60% in 2012, and a similar distribution is assumed to be the case for ebook sales. ([The Bookseller](#), 24 January 2014) Projections expect ebooks to grow to around 35% of the British book market, yet with only little further growth thereafter, according to a report from *Enders Analysis and Bain & Company*. (Quoted in [The Bookseller](#), 19 March 2014).

A recent study on reading habits released by the *BookTrust* sees the UK to be “divided in terms of reading, with those who read less more likely to be male, under 30 and with lower levels of qualifications, happiness, and satisfaction in their lives.” ([The Bookseller](#), 11 March 2014; full report for [download](#)).

According to *The Bookseller's Digital census*, released in January 2014, the British ebook market is portrayed as being ruled by a few overwhelmingly strong players when it comes to devices and retail platforms. *Amazon's Kindle* ereader is used by 47.6% of readers, followed closely by Apple's iPad with 43.6%, with tablets expected to growingly replace dedicated ereaders, and with the two market leaders leaving only small niches for other players.

In terms of distribution, Amazon forms a category in its own right, as 72.4% of digital readers are purchasing their ebooks regularly here (up from 59.9% in 2010), while *Apple's iBookstore* comes second with only 15.9% (stable from

15.8% in 2010), and *Kobo* third, with 10.4%. ([The Bookseller: Digital Census](#), January 2014).

Despite its massive market share in books (and in the overall entertainment market, of which it controls roughly [one fourth](#)), Amazon's overall growth in the UK has slowed by 12.6% in 2013. ([The Bookseller](#), 4 February 2014) With regard to books, Amazon has announce to target the UK, together with other European countries, in its expanding international roll out of its own publishing activities. ([The Bookseller](#), 3 March 2014).

Ebooks have become also a significant factor in British book exports, with target audiences notably in Scandinavia, Germany, Ireland, but promising developments also in SouthEast Asia and in China. ([The Bookseller](#), 31 January 2014).

The European Commission prepares legislation to apply VAT tax according to the location of the consumer, and not the vendor, which would close the loophole for multinational companies to trade from headquarters in Luxembourg at a significantly lower tax regime.

### Developments until 2013

In the first half of 2013, 20% of the UK book market was digital, up from 15% the previous year, and 30% of fiction revenues came from ebooks, with the rate of digital migration slowing down in similar ways as in the US.

Meanwhile the print book market declined in this period by 6.7% against the first half of 2012, yet with over a third of this drop coming from slower sales of E.L. James *Fifty Shades of Grey* superseller.

Overall in 2012, the increase in ebook sales for the first time compensated for the loss in print: “The invoiced value of UK publisher sales of books rose 4% in 2012 to £3.3bn with a 66% increase in digital sales offsetting a 1% decrease in physical book sales.” (The UK Book Publishing Industry in Statistics 2012. UK [Publishers Association](#)).

In the first half of 2013, the battle around ebook pricing, started in late 2012, has continued, as at first *Sony*, closely followed by *Amazon.co.uk*, launched a campaign of 20p ebooks, resulting in a significant increase of volume shipped for some bestselling titles, such as Yann Martel's *Life of Pi* selling 406,000 ebooks, or Jonas Jonasson's *Hundred-Year-Old Man* with 396,000 ebooks sold. Certain titles of genre fiction, like Sylvia Day's erotic bestseller *Entwined in You* recorded up to 55% of sales from ebooks, while ebooks of narrative nonfiction, like James Bowen's *A Street Cat Named Bob*, accounted for a more modest 22%,

## United Kingdom

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	£3.25 billion	<i>The UK Book Publishing Industry in Statistics 2013</i>
Titles published per year (new and successive editions)	170,267	PA Statistics Yearbook 2013
New titles per 1 million inhabitants	2,459	
eBook titles (available from publishers)	ca. 1,750,000	eBook titles available at Amazon UK, in early 2013, of which the vast majority is in English.
Market share of ebooks	25%	Of all trade;
Key market parameters	No price regulation; VAT: 0% for print, 20% for ebooks	

with Dan Brown's *Inferno*, the top bestseller in print, recorded 29% digital sales.

*Random House* was the most successful publishing house in the UK, with a 12.6% share in the British print book market. Together with *Penguin*, which merged with *Random House* effective July 1, 2013, the new group controls some 24.2% of the UK book market. *Hachette UK* came in third (data from *Nielsen/Kantar Worldpanel* and *Nielsen BookScan*, quoted together with original research in a "Half Year 2013 Review" by [The Bookseller](#), 19 July 2013).

Another round of deep discounting of ebooks was launched in the summer by *Nook* and *Amazon*, offering frontlist titles at 99p ([The Bookseller](#), 31 July 2013).

Early 2013 also saw the first publishers to introduce a "refined agency model" with online retailer *Amazon.co.uk*. Notably *HarperCollins* and *Hachette UK* removed text indicating that the retail prices for their books were "set by the publisher" after an antitrust investigation by the *European Commission*. This moved resulted in a slight drop in prices ([The Bookseller](#), 4 April 2013).

At the book chain *Waterstones*, a major restructuring was announced in spring 2013 in response to the "unforgiving bookselling environment" (CEO James Daunt, quoted in [The Bookseller](#), 5 May 2013).

### The UK ebook market in 2012

In all 2012, ebook sales doubled their volume for the top trade publishers in the United Kingdom, forming a digital market worth around £250 million, "putting the overall book market back in the black after a transitional 12 months for the trade," according to numbers collected by *The Bookseller* ("E' market nears £300m", [The Bookseller](#), 18 January 2013). At *Random House UK*, digital reportedly accounts for over 22% of revenue (CEO Gail Rebeck in a [letter](#)

to her staff, *The Bookseller*, 19 December 2012). *Hachette UK* reported 250,000 ebook downloads between Christmas and Boxing Day alone ([The Bookseller](#), 7 January 2013).

Among the 65 million estimated downloads, fiction clearly dominates the ebook charts, led, as in most markets, by E.L. James' *Fifty Shades of Grey* trilogy, followed by Suzanne Collins' *Hunger Games*, and 43 out of the top 50 titles were brought to market by traditional publishers ([The Bookseller](#), 11 January 2013).

In the first half of 2012, digital sales accounted for 12.9% of the total value of sales, up from 7.2% in the equivalent period of 2011. Sales of digital fiction increased by 188% in value in that same period, and overall digital sales accounted for £84 million for the January to June period, compared to £30 million for the same period in 2011, according to the *British Publishers Association* ([The Bookseller](#), 18 September 2012).

The continuing shift toward online ordering and of digital replacing physical reading altogether has much broader implications. As a survey by *Deloitte* frames the issue, "the majority of UK retailers have simply got too many stores" ([The Bookseller](#), 21 March 2012). An ever-broader sector of the market for content has moved online. *Amazon* alone accounts for 21% of the British entertainment market ([The Bookseller](#), 24 July 2012).

The resulting momentum brought about some surprising new coalitions of (primarily) brick-and-mortar book chains; for instance, in May, *Waterstones* started selling *Amazon's Kindle* devices, *Kobo* engaged in a partnership with 100 *WHSmith* stores, and *Barnes & Noble*—in preparation to enter the UK market as their first step in a broader strategy of going international—began selling its *NOOK* in 37 *John Lewis* retail stores, 60 *Blackwell's* stores, 6 *Foyles*

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stores, and 700 Argo stores, as well as [online](#) in October 2012. In April 2012, *Sony* entered the field of content offerings by opening its [Reader Store UK](#), with digital editions of old and new fiction and nonfiction books. Retailers in the traditional book sphere also secured their part of the pie: *Tesco* acquired the ebook platform [MobCast](#) with 130,000 ebook titles from British publishers ([buchreport](#), 5 September 2009).

From numerous new dedicated ereaders under £70 to multifunctional tablets of various brands and operating systems—and a new strong push in early fall of 2012 before the end-of-year holidays—the underlying sales trend points to a shift from dedicated black-and-white gadgets to full-color tablets. At this point, though, dedicated ereaders still occupy a significant market share. One-third of Britons owned an ereader as of early 2012, and 40% of ebook readers do so on a Kindle. However, tablets have more than doubled their market share to approximately 12% among readers of ebooks ([The Bookseller](#), 15 May 2012; for the evolution of devices, see [The Bookseller](#), 10 September 2012).

### Debates Shaping the Book Industry in 2012

The one piece of news that clearly triggered the most heated debate within the industry was the proposed merger of *Random House* and the London-headquartered *Penguin* in late October 2012, a deal resulting in a “super-group to redefine trade”, ([The Bookseller](#), 2 November 2012).

For the broader reading public, however, another story probably induced stronger emotions and succeeded in

encapsulating the entire scope of change and transformation of books: “Amazon’s billion-dollar tax shield” ([Reuters special report](#), 6 December 2012). It was revealed by numerous media reports that the US retailer saved hugely by having set up European headquarters in tax-friendly Luxembourg, and optimized its management of revenues across complex fiscal networks. As a result, *Amazon* would charge the full VAT of 20% on ebooks in Great Britain, while paying only 3% of taxes at its Luxembourg holding. The uproar among consumers, which included calls for a boycott, was huge. In December 2012, the *European Commission* ordered Luxembourg to close the VAT loophole ([The Guardian](#), 21 December 2012).

Other events also show how much the book business has evolved.

The already stiff competition over pricing in the UK was further highlighted when both *Amazon* and *Sony* started promotional campaigns through their ebook platforms in early fall, offering scores of bestselling ebook titles at a radically low retail price of 20p. Discounts of up to 97% raised author concerns that such a downward spiral on prices might ruin the industry. Publishers recorded significant volume growth, which translated into extra value, as the promotion cost was pocketed by the distributors (“Ebook price war sees discounts reach 97%”, [The Guardian](#), 18 September 2012; for a detailed analysis by value and volume and publishers, see [The Bookseller](#), 24 January 2013).

For a listing of companies, see [Part IV](#)



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# Contributed article Klopotek. How Soon Is Now?

## Start marketing digital content in a future-proof way

Publishers around the world have started embracing or are about to embrace the burgeoning e-book market. But, as digital pioneer *Bob Stein* pointed out at [Klopotek's Publishers' Forum](#) in 2011, “publishers are fooling themselves when they minimize the difference between reading on pages and reading on screens.” To date, most e-books are digital versions of printed books. There are ‘enhanced e-books’, adding video and audio elements. However, as Bob Stein argues, digital – and, more importantly – online texts “live on a network which connects readers to other readers, allowing social components to come forward and to multiply in value.”

## Manage products that do not even yet exist

The potential of e-books has not been fully realized; the development is still in its early stages. The result will probably be something new, something completely different, something very different from marketing printed books through digital channels. The problem is: we don't know what these e-books will look like. But the good news is: a system to handle future products is already available.

*Klopotek* provides a tool to manage content which is split into separate parts (chunks, chapters, etc.) and pieced together into various other products. Publishers can create open product structures (including for products that do not yet exist) and easily manage their associated components and metadata. These components can be reused in

different products – so new, evolving business models can be supported with *Klopotek*, even if these models change.

With this tool, *Klopotek* provides component-based rights and royalties management. It is capable of retracing the steps of splitting up individual components and of checking into the contracts themselves, so that it is possible to create new products and automatically produce the correct statements for handling the related royalties.

## Modern planning and production—in its true sense

“We don't think in products any more,” *Joop Boezeman*, Managing Director *De Arbeiderspers* | *A.W. Bruna Uitgevers*, said in a *Klopotek* Case Study in 2012. “Our way of thinking is: How can we develop the content we have in several directions?” Only a system which allows you to decide at the end of the planning process which product form should be used is fit for modern planning and production processes.

The *Klopotek* system provides an integrated workflow for planning and production for which your content is the starting point. Throughout the process, relevant data is created and added, including metadata and target group information. A DAM tool is available, and reports, estimates, calculations etc. are available each step along the way. Print? Digital? Online? All of it and/or combinations? A decision for product forms and formats, distribution channels and models is only made at the end of the process, so new products and business models – for example new (social) e-book forms – can easily be added to the product range.

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## Metadata is the key to online sales success

"Obscurity is a far greater threat to publishers than piracy," *Mark Majurey*, Digital Development Director at *Taylor & Francis Books*, argued at the *Publishers' Forum* 2010.

"Without full and complete metadata, and without the capability to output and feed that metadata to the digital supply chain, our titles are destined to be lost in the noise of the market." Efficient metadata management is crucial for marketing your products on the Web.

Klopotek helps you to get a top search engine position for your content. Metadata management and data supply is in the standard ONIX format (for all types of channels: websites, flyers, catalogues, bookshops, e-book platforms). The system provides automated relationships with complete metadata (product synchronisation). Various target groups can be automatically addressed. There are tools for search engine optimisation (SEO) as well as efficient web services and message-based services.

## Emerging models for libraries

"We don't own e-books. Physical books, once purchased, are ours to do with as we like, but we can't sell, lend or give

away an e-publication because we pay a rental license on them: they belong to a corporation. By the same token, there's no public lending right. Paradoxically, physical books are freer than digital." (*Sean Cubitt*, 23/4/2013)

There is a heated and ongoing debate about e-book rental and business models for supplying libraries with e-books. Whatever the outcome may be, Klopotek supports a range of related and sometimes complex business models, such as e-book rental, charging libraries (for example) three times the price of the 'primary' print book (but a library only has to buy a copy once), and patron-driven acquisition. PDA allows you to provide libraries with large numbers of e-books while individual titles are only purchased and paid for when a reader orders them.

## Get in touch with us

We'd be delighted to discuss all of this in more detail with you. Please **contact** one of our **Klopotek** representatives.

We look forward to talking to you.

## Start marketing digital content in a future-proof way

### Switch the focus from 'product' to 'content':

- Manage e-books, enhanced e-books and product forms that do not even yet exist
- Handle chapters / chunks of content which are pieced together into new products
- Component-based rights and royalties management

### Modern planning and production:

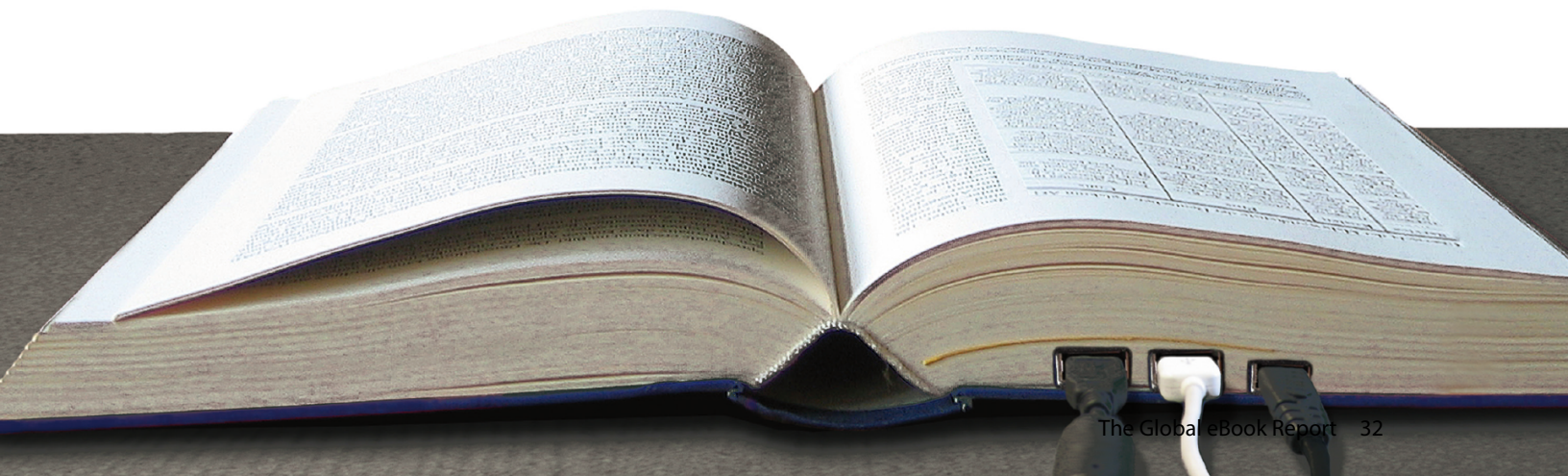
- Decide at the end of the process which product form(s), channels, models should be used
- Your content is the starting point; relevant data is created step by step
- Reports, estimates, calculations available each step along the way

### Metadata management for online sales success:

- Full and complete metadata in standard ONIX format for all types of channels
- Various target groups automatically addressed
- Tools for SEO, web services, message-based services

### Digital content for libraries:

- E-book rental
- Different prices of e-books for libraries (e.g. three times the price of the print book)
- Patron-Driven Acquisition



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# Europe

## Germany

### Update spring 2014

After seeing a rather symbolic growth for all of 2013 of 0.1 percent, and a declining market for the three previous years, 2014 has had a bumpy start again, with a cumulated loss of 2.8 percent for January and February.

Trade paperback even went down by 9.2 percent, and fiction by 9.3 percent in early 2014, reflecting at least partially the significant gains of ebooks in late 2013, even as no ebook data for that year are so far available. (Various reports in buchreport and boersenblatt Branchenmonitor March 2014, based on data from media control GfK.)

By mid-January however, one of the largest players on the German book market, the retailer and publisher *Weltbild* ([www.weltbild.de](http://www.weltbild.de)) filed for bankruptcy, due to a poor performance notably in the second half of 2013. ([buchreport](#), 10 January 2014), and the news was widely understood as a watershed for the German book sector in its entirety. (See below for a summary on the Weltbild crisis).

The ebook segment has grown very dynamically throughout 2013, as had been expected. Estimated at a marked share of around 10 percent in trade titles in Germany, and similarly in Austria and in Switzerland, ebooks account for up to 14 percent of revenues for some publishers like *Bastei Lübbe*, or even 17 percent at independent Berlin based *Aufbau*. And growth is expected to continue for the time being, hence following a trend very similar to that seen in the US and the UK in earlier developments. (Interviews for this report; Bastei Lübbe: [buchreport](#); Aufbau: [Börsenblatt](#)).

But not all players could take advantage of the digital upwards trend. Deutsche Telekom even decided to close its own ebook and digital media shop. ([Die Welt](#), 18 January

2014) *Thalia*, Germany's largest chain book store, decided to take its digital distribution platform [buch.de](#) from the stock exchange, to adjust its strategy.

*Amazon* meanwhile could expand its clout, by an increase of 20.7 percent for revenues across all products in Germany in 2013, to \$ 10.5 billion, with books contributing an estimated 1.7 to 2 billion Euros (\$2.3 to 2.8 billion), so that the Seattle based giant owns roughly one quarter of the online retail business in Germany. ([buchreport](#), 31 January 2014).

*Amazon* is estimated to control around 43 to 45 percent of all ebook sales in Germany, followed by the *Tolino* alliance with around 37 percent (which includes *Weltbild* as one partner - see below for details on the *Tolino* alliance and its gateway *Pubbles*), and *Apple's iBookstore* with 15 percent.

In 2013, *Amazon* has pushed for its selfpublishing services in Germany, and in early 2014 launched the *Prime* service as well as its own publishing arm.

A recent test of dedicated ereading devices by *Stiftung Warentest*, Germany's leading consumer organization, ranked *Amazon's Kindle Paperwhite* at the top, followed closely by the *Tolino Shine* and *Kobo Aura*. ([buchreport](#)) Overall however, sales of ereaders are flattening, while tablet computers are gaining massively, with one in every four Germans using such a device, which caters specifically to those aged between 30 and 49 years. In all of 2013, an estimated total of 832,000 ereaders and 8 million tablets have been sold in Germany. (*bitkom*, quoted in [buchreport](#), 25 February 2014) Among young readers in age group 14 to 29, smartphones have gained market share significantly in 2013, with 21 percent of ebook readers using their phones on a daily basis to read. (*bitkom*, quoted in a press release of Börsenverein, 12 March 2014).

### The Weltbild crisis

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*Verlagsgruppe Weltbild*, a **group** of 280 book retail outlets in Germany, Switzerland and Austria plus Germany's second largest online platform for books, ebooks and other media, had formerly operated in a partnership with the book chain *Hugendubel* (**DBH**), with a combined sales volume of ca. €1.6 billion. The combined Weltbild and Weltbild plus stores plus the online sales account for a total revenue of ca. €830 million.

The Weltbild group is owned by a consortium of 12 dioceses plus related arms of the *Catholic Church* in Germany, headquartered in Augsburg. The group had evolved over almost two decades from a small, local operator catering to a predominantly religious reading audience in Southern Germany, to the second largest book chain, and - topped only by Amazon - the second biggest online platform for books and media. Since late 2011 already, various internal debates, about the group's strategy, but also on its catalogue which included esoteric, erotic and also clearly pornographic literature, had sprung up, triggering decisions at first to sell, and then to transfer the company into a foundation. Yet no buyers could be found.

Rapidly declining sales in the second half of 2013 led to a filing for bankruptcy in mid January 2014, and to an ending of the partnership with Hugendubel. Various media reports and comments identified as main causes of the failure the complicated ownership structure, but also an IT and logistics infrastructure which had never been fit to compete with a global player of the size of Amazon. (On the bankruptcy filing, see **buchreport**, on the split with DHB, see **buchreport**; see also an overview of the complete German bookselling market, with profiles of the top 100 retailers in *buchreport Magazin*, March 2014.

Weltbild/DHB are also founding partners of the *Tolino* ebook alliance, together with *Thalia*, the largest German chain book store, *Bertelsman Club*, and *Deutsche Telekom* as a technology provider, launched as of March 2013, and accounted for a market share of around 37 percent of the German ebook market, topped only by Amazon.

By the time of the closing of this update, the future of both Weltbild and Hugendubel is yet totally unclear, as is the impact on the Tolino platform.

### **Germany: Developments in 2013**

In the first half of 2013, book sales in Germany saw a slight growth of 2.5% (*Branchen Monitor Buch*, July 2013). However, for the preceding two years, German book sales shrank to 9,520 million Euros (from 9,601 million in 2011), according to the annual statistical report of *Börsenverein*,

the German publishers' and booksellers' association. (*Buch und Buchhandel in Zahlen* 2013) Hardest hit were the traditional book chains, with a loss of 3.7% (**buchreport**, 10 January 2013).

Ebooks meanwhile, developed into a sector of significant growth. Overall, the market share of ebooks has been estimated at around 10% by mid-2013, representing frequently even 8 to 10% and more for new releases. 84% of all German publishers currently offer ebooks or plan to do so soon (according to a survey from *Börsenblatt*, 7 June 2013).

An in-depth analysis of the survey findings point at a widening gap between the struggling traditional chain book stores on the one hand and the leading online platforms, which account for an estimated 16% of all book sales, on the other hand, with those online platforms also in control of ebook downloads.

*Amazon* is estimated to own roughly half of the German ebook market, followed by the *Tolino* alliance of the two largest book chains, *Thalia* and *Weltbild-Hugendubel* at 34%, and *Apple* at 10% (according to *Libreka's* CEO Ronald Schild, in an estimate for this report). As a result, 90% of German publishers consider the consolidation to pose a risk to the entire traditional book business (quoted from the *Börsenverein* and *GfK* survey in **buchreport**).

The role and impact of Amazon and its market force in Germany was at the center of several debates in both professional and general media in the country. In Bad Hersfeld, at Amazon's largest logistics center in Germany, unions and the management clashed several times throughout 2013 over wages, resulting in several strikes, as well as Amazon's policy of avoiding taxes in large European markets by transferring profits to European headquarters in Luxembourg were critically discussed in German media (*Der Spiegel*, 20 July 2013, and *FAZ*, 12 July 2013).

Independent booksellers as well as chains responded with several initiatives of their own. A "buy local" campaign has found support from over 90 retailers and was broadly echoed by the media (*Börsenblatt*, 13 March 2013).

The two largest book chains chose to attack Amazon with their own reading device, branded the Tolino. The consortium made of the book chains *Thalia*, *Weltbild-Hugendubel*, together with *Bertelsmann's Club* and *Deutsche Telekom*, as technology partners introduced their first device in March 2013, taking aim at Amazon's *Kindle Paperwhite*. At €99, the Tolino sold clearly below Amazon's €129 device. Backed up by a catalogue of 300,000 titles at



## Germany

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€9,520 million	Börsenverein (Publishers and Booksellers' Association), 2012
Titles published per year (new and successive editions)	91,100	Börsenverein (Publishers and Booksellers' Association), 2012
New titles per 1 million inhabitants	1,115	
eBook titles (available from publishers)	ca. 200,000 EPUB	Estimate by Libreka and Bookwire
Market share of ebooks	ca. 10% (of trade, 2013)	(2012): 2.4% of total market (Börsenverein)
Key market parameters	Fixed book price for printed books; VAT 7% for print, 19% for ebooks	Börsenverein lobbying for extended fixed pricing for ebooks.

Thalia, and 500,000 at Weltbild, the declared goal for 2013 is a market share of 36% in the German device market, a mark that reportedly should be met by the end of the year ([Buchreport](#), 17 June 2013).

Competition over ebooks and devices was however only part of the opposition to Amazon, chain stores, and independents in Germany in 2013.

Thalia had put significant efforts into a restructuring plan to cut down on its losses from its overall business, while earlier efforts by mother company *Douglas* to sell off the book arm did not bear fruit. Altogether, it cut down its sales floor by 8,000 square meters to 239,000 by March 2013. ([Buchreport](#), 15 May 2013).

Selfpublishing has taken off in Germany recently both in popularity among authors and in recognition as a valid way to release professionally works of various formats, segments, and ambitions. Several dedicated platforms could extend their scope and reach, including [epubli](#), owned by the *Holtzbrinck* group, and independent [Xinxii](#). Numerous service providers have also started to enter the widening market niche (for an overview see [Buchreport](#), 19 July 2013).

In 2012, Amazon announced a first title (authored by Jonas Winner) to have sold over 100,000 copies in the German Kindle Store, and new bestselling titles continue to emerge from its Kindle [Direct Publishing author service](#).

The situation is also evolving rapidly with regard to the number of titles offered. The first half of 2012 has seen ebook sales worth some €7.83 million (plus an additional 3.24 million free downloads, or 41%), equal roughly to all sales in 2011 (*Media Control*, [buchreport](#), 11 September 2012).

Ebook sales have started to take off in significant numbers in 2012, driven notably by a few blockbuster bestsellers,

Susanne Collins' *Hunger Games* trilogy in the first half of the year, E.L. James' *Fifty Shades of Grey* in the second half, and Jonas Jonasson's *The Hundred Year Old Man* (translated from Swedish; *buchreport* on the annual bestsellers for 2012, [31 December 2012](#)).

The boost from ebooks comes primarily from the three market leaders in German publishing —Random House, the *Holtzbrinck* group, and *Bonnier* (with their *Ullstein* and *Piper* imprints)—and a few midsized publishing houses such as *Oetinger* (publishers of the *Hunger Games* trilogy) or *Lübbe* (with 1,500 ebook titles available, who succeeded in spearheading the market in genre fiction, notably with digital editions of their decade-old *Perry Rhodan* science fiction series). Romance and fantasy books also constitute a significant share of ebooks, allowing some small niche players to broaden their presence in the market. A number of publishing companies have started to create special departments for ebooks, entertainment (*Lübbe*), or e-publishing (*Aufbau*, *Gräfe*, and *Unzer*).

Digital reading devices had started to become highly popular gifts at the end of 2011, and ever more so throughout 2012, followed by a widely recorded surge in subsequent ebook downloads.

For a listings of companies, see [Part IV](#)

## France

### Update spring 2014

The overall French book market is in a slow, yet continuous decline, at -1% to -2% in 2013, which is expected to continue for the next few years, bringing it down from today's overall value of €4 billion to €3.8 billion in 2017. (Survey by I+C/Livres Hebdo, for a study by [Xerfi](#), quoted in [Livres Hebdo](#), 7 February 2014).

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Late 2013 and early 2014 has seen the dissolution of the second largest book chain in France, *Chapitre*, as it had to close 23 of its 57 stores, and cutting 434 jobs, while finding new, mostly independent owners for the rest. (*Livres Hebdo*, 11 February 2014).

Ebooks see a take off *en douceur*, read the headline of a **market report** in *Livres Hebdo* in January 2014. For example at *Flammarion*, a prestigious middle sized house that had been recently acquired by *Groupe Gallimard*, revenues from ebooks account for a modest 0.6%. By contrast, at the small *La Musardine*, an independent publisher specialized in erotic fiction, digital sales were worth 350,000 in 2013, or 12% of the company's total turnover. However, this compares well to another erotic bestseller, the trilogy by *Sylvia Day*, released at *Flammarion*, of which also 14% of all revenues were born digital, similar to the French arm of Canadian romance fiction specialist *Harlequin* which speaks of 14% digital revenues for 2013. At *Lattès*, an imprint of the French giant *Hachette Livres*, *E.L. James' Fifty Shades* trilogy had digital sales worth only 6%, against 94% that came from print. At Gallimard, the first address for French quality fiction, ebooks account for 3 to 5% of all sales for those 1500 titles that have been already digitized (from an overall back list catalogue of 24,000 works), with crime fiction standing clearly out at 10% digital.

For the complete French book market, the French publishers' association, *Syndicat de l'édition, SNE*, speaks of 1.5% market share for digital (in a statement for this report). Other sources - though with a different definition of digital - saw digital to represent slightly over 3% of French trade in the first half of 2013, and total ebook sales of €190 million (according to *Xerfi*) which would bring the market for ebooks probably at around 4.5% in early 2014 (which seems to include audio downloads and CDRom sales, too). The sector grows, as everybody agrees, yet at a slow pace.

One of the challenges voiced by many is that digital sales occur in a very narrow time window, directly related to promotional campaigns, which are mostly driven by lowering prices for a limited period of time. This is a hard lesson for all involved in a book market which is fundamentally rooted in the conviction that books are special, and require a strict regulation of retail prices. This habit clashes with new practices like *Amazon's offre Eclair Kindle* (or *Kindle Flash offer*), with 24 hour specials to put for instance a crime title from €4.48 to €0.99, pushing the ebook to rank 3 in the Amazon bestselling charts. Such initiatives have to be approved by the publishers, who are torn between the welcome earnings, and the loss of control over pricing, and

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the gospel among publishers is therefore to go for a *mastered development*, by keeping prices high, and stay firm behind their steering wheel. (Quotes from *Livres Hebdo*, 31 January 2014).

This strategy carries high risks, as the example of erotic fiction clearly illustrates that a significant reading audience has learned how to use their various gadgets to download a book from the Internet and read it on a screen, while the publishers and distributors, aside from Amazon, lack any means to monitor the evolution of the digital market space. No bestseller lists for ebooks exist, aside from the sales ranks at Amazon and the other global actors who are active in France, namely *Apple*, *Kobo* which is the digital partner for the largest French book chain, *Fnac*, and *Google Books*. Overall reports on ebooks are basically anecdotal, and sketchy. As a result, a widening gap might open between the observations perceived by the traditional publishing houses on the one hand, and consumer behaviour on the other.

Aside from traditional publishers venturing into ebooks, a number of *pure player* (or digital only) publishers have emerged recently, as shown in a report from *Le Motif*, (*Pratiques d'éditeurs: 50 nuances de numérique*, March 2014). Many of these new initiatives, who can finance some of their experiments with public funding, try out new approaches, by avoiding hard copy protection (by 66%), and exploring price ranges well below those set by traditional publishers, as 95% propose their books under €10, and 78% even under €45. Among those new platforms, graphic novels and comix (*bande dessinée*) play a significant role, with dedicated distribution platforms like *Izneo*, and a growing significance for exports in non-French language markets (*Izneo* reports 20% revenues from outside of Europe or Francophonic territories).

A battle between domestic French publishers and booksellers against the growing impact of Amazon continues, while Amazon nevertheless is expected to become the number one book retailer in France, and to top *Fnac*, within a few years. (According to market research firm *Xerfi*) The latest move was a tentative, yet now delayed ban for free delivery when a retailer - such as Amazon - grants the 5% discount on a book that the price regulation law allows. Independent booksellers meanwhile have been awarded €9 million in government grants, to support their financial survival.

### France: Developments in 2013

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Ebooks evolve in a complex and challenging context in France. At €2771 million worth of net sales for publishers, France is home to the second largest domestic book market in Europe, second only to Germany, yet the overall book market has been declining slowly for several years (-1.2% against 2011 and -0.3% in the first half of 2013). Books are by far the most popular cultural format among French consumers, with a value of 4,130 million in 2012, or 52.7%, compared to video (movies, at 16.8%), music (9.4%), and games (21.1%), with books declining less than the overall cultural sector (-3% 2012, against 2011), (*SNE*, *Les Chiffres Clefs de l'édition 2012*, and *Livres Hebdo*, 27 August 2013).

Relatively upbeat statements by publishers about the solid resistance of books in difficult economic times are a clear contrast to the continuous turbulences that is notably shaking several of the largest actors in retail. The leading operator of chain stores for books and other media and content, *Fnac*, is undergoing deep structural change, and an IPO on the Paris stock exchange in June 2013 was lukewarm at best, and the half-year results echoed a decline of 5.8% in revenues for the group, and 3.9% for its French holdings. The *Virgin Mega Store*, which had highflying plans for digital media, before filing for bankruptcy in 2012, had to be shut down altogether in 2013, as no buyer could be found. (*Livres Hebdo*, 11 June 2013), and *Chapitre*, the second largest book chain, had to announce significant closures of outlets, and major restructuring (*Livres Hebdo*, April 9, 2013). Overall, French publishers have been sufficiently concerned about the challenges of book retailers to offer an unseen initiative to support independent bookshops notably with a one-off payment of €7 million (*Livres Hebdo*, 3 June 2013).

Against the backdrop of such harsh economic conditions, there seems to be little room for digital experiments, while anecdotally, the general media not only paint a picture highlighting the “resistance” of the French public to reading on small screens but discuss this in the more fundamental terms of a French “cultural exception”, or a specific national preference for cultural traditions over the (US American) notion of culture and entertainment as an industry and a business.

For 2012, the French *Syndicat National de l'édition* (SNE, the French publishers' association) attributed to ebooks 3.1% of all of French book revenues (up from 2% in 2011), worth €81.76 million (*SNE*, “Edition numérique 2012”, and *Livres Hebdo*, 27 June 2013); a much lower estimate for ebooks to account for just 2.1% of all trade sales by *GfK* is due to a

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much narrower definition of which revenues are included - for a detailed discussion see the blog of *Aldus2006*).

Much of the resulting media coverage was in line with coverage from a year earlier, when, in early summer 2012, the “French exception” hit the headlines of the cultural pages in New York and London. “The French Still Flock to Bookstores”, stated *The New York Times* (June 20, 2012), and they are “shunning the ebook,” according to *The Guardian* (June 4, 2012). Voices from within the Paris establishment of the French book industry joined the skeptical choir by emphasizing that sales of ebooks were still limited in their country, with a market share estimated for mid-2012 at perhaps 2%.

However, in summer 2013, some observers started to caution their readers by adding questions to their headlines: “Paper Resists: Why Ebooks Are Not Landing (Yet)” (*L'Express*, 3 July 2013).

The reason to see France as being more and more in line with the digital developments in other markets across continental Europe derives from various surveys who, in their majority, are consistent with findings in other European countries, when it comes to analyzing the dissemination of devices, or reading habits and the overall consumption of online content. In addition, both the traditionally leading organizations of the French book industry, as well as a growing number of startup ventures, propose an ever expanding infrastructure and offer reading materials as well as points to access this content conveniently.

By the end of 2013, French consumers are expected to own some 6 million tablet computers and half a million e-reading devices. One French in five has already read an ebook (*Livres Hebdo*, 25 February 2013), and a consumer panel showed that many consumers who already own a device expect to expand its usage. For fall 2013, several of the largest general retail chains are expected to launch their own series of devices, which will further broaden the penetration among consumers.

The most popular sector for digital reading is literature (at a share of 60% of all sold ebooks), with genre fiction (notably erotic, fantasy and science fiction) being particularly popular. Leaders of the segment include the independent French houses *Bragelonne* and *Le Bélial*, as well as Canadian *Harlequin* in a joint venture with *Hachette*. Surveys indicate that half of the consumers reading genre ebooks have not read similar books on paper (“La littérature de genre en numérique”, *SNE*, Assises du livres numérique, March 2013).



## France

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€4,121 million	2012, excl. exports; Syndicat National de l'Édition (French Publishers' Association, SNE)
Titles published per year (new and successive editions)	86,295	SNE (figure for 2012)
New titles per 1 million inhabitants	1,321	French National Statistics Institute
eBook titles (available from publishers)	ca. 126,000	From publishers
Publisher revenue share of ebooks	ca. 2.7% of trade (GfK), 3% (SNE)	Estimates GfK, SNE
Key market parameters	Fixed book price; VAT of 7% for print, audio books, and ebooks	

Several major French publishers, notably *Editis*, *Gallimard-Flammarion*, *La Martinière*, *Actes Sud* - yet not Hachette - have launched a pilot to directly cater their ebooks to libraries. Another experiment concerned the bundling of heavily discounted ebook editions with the purchase of a printed book. The offer will be introduced to the market at a large scale in 2014 by the ebook distributor *Eden*, who also will add audiobooks for download. (Information provided by Gallimard for this report, one of the consortium members of Eden.)

Throughout 2013 in France, the political debate continued on how to sustain or even defend its domestic culture in the context of globalization and the impact of global players on its heritage and specifics. In a report for the government, a number of measures have been proposed, notably to introduce specifically targeted taxation on smart phone and other digital devices, as well as to secure the collection of local taxes from global conglomerates to foster the creation of original French content. (For a summary of the "Rapport Lescure" see *Le Monde*, 13 May 2013; the complete report is available online from the *French government*).

In response to debate on how to act against pirated ebooks, the French publishers' association has signed an agreement with their British homologues to adapt their *Copyright Infringement Portal* in a *French version* (see also *ActualLitté*, 5 August 2013).

In 2012, some 3.6 million tablet computers plus another 300,000 dedicated ereaders were sold in France (compared to 145,000 in 2011). This should trigger growth in ebooks by some 80% at least (*Livres Hebdo*, 3 May 2012, and *Livres Hebdo*, January 11, 2013, print edition, page 17).

Perhaps even more conclusive is research commissioned by the *French publishers' association SNE* in March, and then

updated in September of 2012. In spring, a mere 5% of the French population over 18 admitted to having read an ebook. Another 5% considered doing so. A staggering 90% said flatly "Non," as they could not see themselves exchanging paper for a screen. Only half a year later, 14% of the adults had in fact read an ebook at least in part, plus another 8% would give it a thought at least. As in most countries, the strongest segment of the reading population has started to embrace digital first.

## The political and cultural context for ebooks in France

The ebook (or *livre numérique*) faces an environment in France that is characterized by various factors from politics, culture, and trade.

France —through its *National Library* and its national digital library, *Gallica* (which currently has 1.5 million digital documents on display)— has gotten an early start on the digitization of its book culture. France also has a strong tradition of national politics spearheading the digital dissemination of its legacy and of creating institutional frameworks for such ambitions, including the European digital library project *Europeana*.

French publishers, while setting up the infrastructure for an emerging ebook market, started to confronted *Google* regarding its library digitization efforts, citing infringement of works under French copyright.

The industry trade association *SNE*, together with the *French government*, regularly stands up to defend French culture and its national book industry against what are seen as challenges from global market forces and players. This controversy — which was fostered from the very beginning by *Hachette Livres*, among others — did not hinder what is by far the largest publishing group in France from

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actively seeking Google's cooperation in digitizing its vast catalog of up to 50,000 titles —or 70% of the group's backlist— in a landmark agreement that was approved in mid-2011, despite significant opposition from other French publishers. In August 2011, publisher *La Martinière* also signed a digitization agreement with Google, and in September 2011, *Albin Michel*, *Flammarion*, and *Gallimard* (whose publisher, Antoine Gallimard, is also president of the French SNE) dropped their charges against Google, at least for the moment (*Livres Hebdo*, September 7, 2011). By mid-2012, all of these legal controversies had been settled.

To strengthen copyright nationally, legislation to protect rights on the Internet (*Loi Hadopi*, based on the creation of a "Haute autorité pour la diffusion des oeuvres et la protection des droits sur internet") was introduced in 2009. Hadopi was designed mainly for music and video.

Defending a diversified cultural infrastructure — notably, a tightly knit network of bookstores — resonates in various media reports and political actions.

For a listing of companies, see [Part IV](#)

## Spain

### Update spring 2014

With Javier Celaya, [DosDoce](#), from various sources compiled for this report. A Spanish edition of the Global eBook (fall 2013 update) is available at [DosDoce](#).

The year 2013 saw, once again, the impact of the overall economic crisis is hitting the book market with full force. With sales estimated to have declined between 15 and 20 percent for print. Paperback revenues have plummeted by 40 percent. The Christmas sales of 2013 declined by 8 percent against 2012. The total loss since the beginning of the crisis in 2008 amounts to some €700 million in overall sales.

Those developments were driven by a drop in consumer spendings, a stop of book purchases by the government, as well as by a gradual migration from print to legal ebooks and to digital piracy.

In return, 2013 had seen a very significant rise in exports by Spanish publishers, as publishers tried to compensate for the domestic challenges, by exploring the Spanish language audiences in Latin America as well as the 50 million Spanish speakers in the US. Some publishers concede to sell up to one forth over their turnover into Latin America.

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In early 2014, the world's largest publishing group, *Penguin Random House*, has acquired the trade publishing arm of Spanish group *Santillana*, after in 2013 having taken full control already of *Mondadori Random House*, by extending their stake from 50 to 100 percent.

While the total value of ebooks is estimated at around 3 to 5 percent of the total book market (or even 5 to 7 percent for trade titles), this level can reach up to 10 to 15 percent for bestselling fiction, and even more than 20 percent for erotic fiction. Overall, in 2013 an estimate 3 to 4 million ebooks worth between €12 to €18 million have been sold in 2013 (up from €2 million in 2012, according to various estimates).

The average ebook price went down to €6.90, from €7.50 in 2012.

Ereaders and tablet computers have a combined user base of 7 to 10 million in Spain.

### Spain in 2013

The Spanish publishing market —and, as a consequence, the ebook market in Spain— is shaped by several paradoxical parameters. With a population of 47 million inhabitants, Spain is a medium-sized European market, closer to Poland than to Germany. However, Spanish is the primary language for 650 million people worldwide, including a significant number of Spanish speakers in the US. Spanish publishing revenues were strained recently by shrinking consumer prices over several years, from €3,110 million in 2009 to €2,772 million in 2011, with more titles published than ever (88,349 in 2012) but each selling fewer copies than before. No final numbers are available for the economic development of the book market in 2012. Predictions projected a decline of some 8%.

Most of Latin America is served by Spanish publishing enterprises. However, when the economic crisis of 2008 hit Spain, exports witnessed a severe drop from €490 million in 2007 to 384 million in 2009. Although Spain has recently started to recover some of this lost terrain —exports were worth €430 million in 2011— the overall market environment as well as protectionist politics in several Latin American countries point to a difficult path for the years ahead (according to statistics from the publishers' association [GFEE](#)).

The Spanish domestic publishing sector, though populated by small- and medium-sized publishing houses, is increasingly defined by three big groups: *Planeta*, *Santilla-*

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na, and Random House/Mondadori (a former joint venture, with Random House taking over full control in 2013).

In this challenging, yet dynamic context, the government has canceled the reduced VAT rate of 4% (versus the normal rate of 21%) being applied to ebooks — as well as theater, music, and movies — with only printed books being exempt. Publishers are concerned that the measure will “slow down sales in a newborn market that had just started to give signs of acceleration,” according to Ernest Folch, the editorial director of medium-sized and highly regarded *Ediciones B* and its digital arm, *B de Books* (Julieta Lionetti, “Spain Hikes E-book VAT to 21%, Likely Slowing Growth”, *Publishing Perspectives*, 19 July 2012).

In 2012, ebook downloads accounted for €12 million, up from only €2 million in 2011, and grew by over 100% in the first half of 2013 (according to market research by GfK, presented by *Actualidad editorial*, *Actualidad editorial*, 6 June 2013). Various surveys by GfK, as quoted in this overview, point at the considerable base of 5 million devices (tablets and ereaders combined) acquired by Spanish consumers and a particularly high penetration of smart-phones.

However, the recent expansion of the ebook market segment faces a general reluctance of consumers with regard to ecommerce, as well as a high level of piracy. Still, respondents to a questionnaire for this report, targeted at Spanish book professionals, estimate the market share of ebooks by mid-2013 at around 3% (up from just 1% in 2012), and for new fiction at around 8%, with expectations that 15% of revenues will come from ebooks by 2015. Fiction titles account for some 70% of ebook sales. As for the digital catalogue available to readers, estimates vary between 30,000 and 50,000 - probably depending on the inclusion of selfpublished books and non-commercial items.

Ebook bestsellers are largely identical with those in print, including globally influential authors like E.L. James or Ken Follett, as well as specific Spanish bestselling books, including *La verdad sobre el caso Harry Quebert* by French Joël Dicker, *El maestro del Prado* by Javier Sierra or *Misión olvido* by María Dueñas.

Some indicators hint at a recent expansion of book reading, notably by the lending of books at public libraries (see details in *The Independant*, 17 July 2013). This is also the context of the new subscription platform *Nubico*, launched in September 2013 as a joint venture by Planeta's *Círculo de Lectores* with mobile operator *Telefonica* (for de-

tails see “Subscription platforms and reading communities” on page 110).

The economic crisis may be at least partially responsible for an exceptional dynamic evolution on the digital end, as readers may find ebooks at lower prices, on average, than in print. That aspect was specifically highlighted by Amazon's Spanish head of content, Koro Castellano, in an interview as he summarized the first year of the online retailer's localized Spanish platform by saying: “I can say we do not suffer from the crisis.” (“Los 365 días de Kindle”, in *El Cultural*, 18 December 2012). Dwelling on Amazon's internal data, Castellano emphasized that half of the Spanish *Kindle* catalog offered ebooks at an average retail price of €4.55, while a growing number of shorter books priced at €0.99 or €1.99 were added at the same time. In just one year, Amazon was able to expand its list of Spanish ebooks from 22,000 to 48,000 titles (industry organizations had estimated that a mere 10,000 Spanish commercial ebooks had been available to readers at the time of Amazon's launch in November 2011).

Amazon's assessment is in agreement with a much broader study by Bowker, “Global eBook Monitor” (GeM), a survey with online consumer interviews conducted in January 2012 in ten countries. Spain is portrayed as a “second-wave country,” with ebook adoption on par with Germany, France, and Japan: “Spain has similar proportions of the total population who had bought an ebook in the six months prior to interview (8%) as Germany (10%) and Brazil (7%). This was around half that seen in the more mature markets such as the UK and the USA (16%-17%), and equates to 13% of the Spanish online population.” Interestingly, with 9% of interviewees considering it to be “very likely” and another 21% as “likely” that they would buy an ebook in the following six months, the penetration of ebooks in Spain has been even stronger than in France, with 6% “very likely” and 12% “likely” to opt for ebooks. The forecast for the following six months predicts a rather higher growth rate in Spain than for other European countries (“Global eBook Monitor 2012,” excerpts and data interpretation provided by Bowker for this report). This is ever more remarkable, as traditionally, France had always been on top over Spain in terms of Internet penetration as well as book reading.

All major global players - Amazon, Apple and Kobo - had launched localized platforms in Spain as early as 2011. The local market leader *Casa del Libro* has introduced their own reading device, the *Tagus*.

For a listing of companies, see *Part IV*

## Spain

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€2,471 million	2012 (down 10.9% from 2011, Publishers Association FGEE)
Titles published per year (new and successive editions)	79,175	2012 (Publishers Association FGEE)
New titles per 1 million inhabitants	ca. 1,872	
eBook titles (available from publishers)	Between 30 and 50,000 (various estimates)	
Market share of ebooks	above 3 to 5% (trade)	3%: FGEE (mid 2013);
Key market parameters	Law on fixed ebook prices; VAT of 4% on printed books and 21% on ebooks	Reduced rate of VAT canceled for ebooks in 2012

## Italy

### Update spring 2014

The Italian book market has had an *annus horribile* already in 2012, but the slide continued in 2013, with a loss in turnover of -5.% (2012: -7%) and in units of -3.6% (2012: -6.2%). For both years combined, the market shrunk by -11.6% in turnover and -9.4% in volume, with fiction still performing better than other categories. Average retail prices had nevertheless remained largely stable (at €13.13 for 2013). (All data from Informazioni Editoriali, in a statement for this report).

Ebooks are estimated to have had a market share of around 4% in 2013 (against 2% in 2012), and are, on average discounted at 42.93% from printed editions, based on the cover price.

Online bookselling accounts for an estimated 16% of all book sales in Italy, with Amazon having an estimated market share of 35 to 40%.

92.25% of titles has *DRM*, with *social DRM* (or *watermarking*) being predominant at 55.16%, against 41.47% for Adobe's hard copy protection. (Source: [Informazioni Editoriali](#)).

### Italy: Developments in 2013

In 2012, the Italian book market was facing a difficult economy, resulting in a hefty decline in sales of 7.8% in value and 7% in volume. However, this overall number must be considered a slight improvement from 11.7% year on year in March and 8.6% in September 2012. As in other European book markets, children's (at -6.1%) and young adult books as well as fiction (-5.2%) showed relatively better performance (data from [Nielsen BookScan](#) released in December 2012 and in May 2013 at [Giornale della libreria](#)).

Another indicator of this difficult environment was the announcement in November 2012 that the French bookstore chain *Fnac* had sold its Italian arm to the Luxembourg-based *Orlando investment group* (similar to its shutting down their arm in Greece) ([La Stampe](#), 29 November 2012).

By May 2013, 60,589 commercial ebook titles have been available to Italian readers, equaling 8.3% of the total available catalogue, with some 44% of new titles released in digital format, aside from print, resulting in a market share of 2.1% of trade publishing in all of 2012 (up from 1.1% in 2011). By June 2013, ebooks had gained 8.3% of trade (Source: *Ufficio Studi AIE* (=Research Office of the Italian Publishers' Association)).

In 2012, Italian consumers purchased some 2 million tablet computers (up 379%). By May 2013, the average retail price for an ebook had fallen by 6.6% to €10.44 (from €11.07 in 2011), indicating much higher pressure on pricing compared to print (at an average retail price of €18, down only 1.9% from 2011) (all data from *Dentro all'e-book*, in [Giornale della libreria](#), 2013).

Ebooks with social DRM (ca. 42%) outnumber those with hard Adobe copy protection (35%, information provided for this report by [Informazioni Editoriali](#)).

## Italy

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€3,072 million	Publishers Association
Titles published per year (new and successive editions)	63,800	2012, AIE, Publishers Association
New titles per 1 million inhabitants	1049	
eBook titles (available from publishers)	71,283	March 2013 (up from 31,416 in March 2012; e-kitab/Informazioni Editoriali, and Publishers Association AIE)
Key market parameters	Fixed book price, yet with possibilities for discounts on print books of around 15 %, notably in PR campaigns, newly introduced in 2012. VAT is 4 % on printed books, against 20% on ebooks.	

Ebook sales in Italy had shown strong growth since early 2012, but from very modest beginnings, to €12.6 million, or a market share of 0.9% in trade by fall 2012 (announcement by AIE at the *Frankfurt Book Fair*, quoted in *The Book-seller*, 11 October 2012).

Yet the update reflected significant growth of 740% from 2011, when the *Italian Publishers Association* had estimated the ebook market at €3.7 million at cover prices, or 0.2% of the overall book market (*Giornale delle librerie*, 3 March 2012). At some trade publishers, revenue from ebooks accounts for up to 2% (information provided by *GeMS* for this report.)

The low overall penetration may hide complex dynamics in the Italian marketplace.

The European financial crisis put the book market under severe pressure. Recent years have been characterized by significant changes in the performance of the largest publishing groups. The *Mondadori group* maintained its leading position, but *RCS* saw its presence diminishing, including the model of part-time works—distributing books together with popular magazines at kiosks—diminishing,

and even affecting its strongly branded French arm, *Flammarion* (to *Gallimard* in 2012). The *Grupo MauriSpagnol*, rebranded as *GeMS* a few years ago, expanded its reach. Both *Mondadori* and *GeMS* spearheaded digital developments, each by setting up distribution platforms: *Mondadori* for its own purposes and *GeMS* by forming a consortium (*eDigita*) with *Flammarion* and *Feltrinelli*.

For a listing of companies, see [Part IV](#)

## Sweden

### Update spring 2014

The Swedish print book market had a flat year in 2013, and also the market share of ebooks not expanding significantly, as digital still represents only some 1% of market share which is largely dominated by the biggest publishing groups, *Bonnierförlagen*, and *Norstedts*.

At an estimated 30%, online retail for books accounts for a significant share in a vast country with a relatively spread out population, and is owned by the two leading domestic book chains, *Adlibris* (of the *Bonniers* group) and *Bokus* (which runs also the popular ebook platform *dito*).

*Amazon* has still no local presence in Scandinavia, yet is rumored to set up an online shop in 2014.

### Sweden: Developments until 2013

When it comes to books, Sweden has a strong reputation of differing from what observers expect to see in a highly industrialized and technologically advanced market and, at the same time, providing a model for a balanced society founded on civic and democratic values and a social welfare state. Swedish—and Nordic—literature became world famous and staggeringly successful due to serial murder novels and conspiracies by the rich, with outcasts such as young hackers or grumpy old police officers being the sole and last resort of law and order. As world-class industrial brands struggle for survival (*Nokia*) or are passed on to Chinese ownership, one Swedish publishing house (*Bonnier*) set out to become Germany's third-largest publisher, and has so far successfully imposed its online platforms on the domestic market with a strong and almost paramount presence.

Sweden does not yet have an *Amazon* or *Kindle* shop. Despite being a nation of early adopters in new digital technologies—text messages (SMS), *Skype*, and *Spotify* were invented in Scandinavia, and Sweden has been an early market for those innovations—ebooks are still in their very



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early days there. Yet according to many indicators, in 2012 ebooks are showing strong growth in Sweden, but again, in a unique way: libraries, not booksellers, are at the forefront of the trend, as they account for about 85 percent of the ebook market today, according to identical statements provided for this report by the trade magazine *Svensk Bokhandel* and the leading Scandinavian ebook distribution platform *elib*. This strong role of libraries, and their popularity with many readers, has resulted in significant skepticism from publishers, on how to commercialize ebooks in meaningful ways. (*Publishing Perspectives*, 22 August 2013) In 2013, the launch of a specialized platform to bring publishers and libraries together has been started under the brand name of *Atingo*. (For details, see at ???)

Furthermore, the Swedish (print) book market has recently come under pressure with an estimated decrease of 5 percent in the first half of 2012 versus 2011, a trend that continued for most book chains into the second half of the year. However, the leading online book retailer, Adlibris, of the Bonnier group, recorded an increase in turnover in December of around 2 percent. 2011 had seen 5 percent overall growth of the book market, largely driven by a few particularly strong bestsellers, yet this growth came after a weak first half of the year and after four years of continuously dropping sales—a trend not seen since the 1970s, according to the Swedish Publishers Association (quoted in *Svensk Bokhandel*, September 2012, and updated in January 2013 for this report).

In Sweden, as in the other Nordic countries, the ebook market is only newly emerging. Ebook sales have hardly any current market share, and their growth has so far been challenged by uncertainty in most key parameters, including pricing and availability as well as VAT of 25 percent for ebooks versus 6 percent for printed editions.

Still, 2012 has seen a significant increase in sales, from 10,000 in 2011 to over 34,000 in 2012 (data from *Svensk Bokhandel* for this report). Holiday sales greatly contributed to this development, with ebook sales largely mimicking print bestsellers, including crime novels, E.L. James' *Fifty Shades of Grey*, and local celebrity biographies in the lead (information from distributor *eLib* for this report).

These recent dynamics notwithstanding, the gap in ebook development between Sweden and the English-language market is still remarkable, given Sweden's significantly high Internet penetration and the affinity of Swedish consumers for digital offers.

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One important factor may be the absence from the Swedish market of direct pressure from major global players, notably Amazon; at this point, no concrete dates have been announced for global platforms there. Apple opened a Swedish iBookstore in January 2012. Local online shops prevail instead, with *Adlibris* as the market leader, which is owned by the country's largest publishing group, Bonnier, followed by *Bokus*, which is owned by the Swedish KF (or "Coop" group). In December 2012, a new platform was introduced by a group of independent publishing houses led by Norwegian Schibsted.

Adlibris launched its own ereading device, Letto, in June 2012, but Apple's iPad is still considered to be the most popular device among readers. Among publishers, promotion of ebooks is currently not a high priority, and only a selection of new titles is released digitally, with an estimated 500 new digital titles rolled out per year versus 3,000 for printed books. Even leading publishers so far have only a limited catalog of available ebook titles (Harlequin has around 400; Nordstedts, Bonnier, and Natur & Kultur have fewer than 400 each; Piratförlaget has around 200). With retail prices between 100 and 170 Swedish krona, ebooks sell at about 10 percent less than printed editions.

A new and so far widely successful approach was started by *Novellix*, a startup founded in May 2011 and specializing in the publication of short stories and other books with a limited volume of around 32 pages each, which are released in print, audio, and ebook formats. Novellix titles are available through all major online platforms for books in Sweden, as well as through Amazon. Novellix's titles include one of the early ebook bestsellers in Sweden: *Heder*, by Jens Lapidus (*Publishing Perspectives*, July 30, 2012).

The publishing and bookselling arm of KF, Akademibokhandeln (which is also linked, through the umbrella of KF, to Norstadts Publishing), and Bokus were also early innovators, as they launched an integrated reading and book-selling platform branded as *Dito* at the Gothenburg book fair in September 2011, with an app available for both Apple and Android platforms. At launch, Dito offered 5,400 titles in Swedish as well as between 75,000 and 100,000 titles in English, in "all formats," according to the KF release (quoted in *Svensk Bokhandel*, September 11, 2011).

By contrast to other European markets, DRM is not widespread in Swedish ebooks.

For a listing of companies, see [Part IV](#)

## Sweden

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€783 million	Publishers Association
Titles published per year (new and successive editions)	10,648	Of which 4965 trade; Source: Publishers Association
New titles per 1 million inhabitants	528	
eBook titles (available from publishers)	4800	Estimate
Market share of ebooks	ca. 1%; ebooks only starting to appear, lending more popular than buying	
Key market parameters	Most ebook titles without DRM; no price regulation; 6% VAT for printed books; 25% for ebooks	

## Denmark

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	4,000 million DKK (€540)	Bogmarkedet
Titles published per year (new and successive editions)	ca. 9,619 titles	
New titles per 1 million inhabitants	1,275	
eBook titles (available from publishers)	13,000	Trade titles, est. for January 2013 (Bogmarkedet)
Market share of ebooks	1% to 2% in 2011	Bogmarkedet; no new data available
Key market parameters	No price regulation. VAT at 25% for both print and ebooks.	

## Denmark

With a population under 5.5 million (yet in one of Europe's most developed regions, located between Germany and Sweden), Denmark hosts a significant publishing industry, with internationally active groups such as *Egmont* and *Gyldendal*, as well as significant local branches of major players in both publishing and retail from other Scandinavian countries, including Swedish *Bonnier*. The majority of the highly educated reading audience is fluent in English, to the point where translations into Danish are significantly impacted.

Local publishers—notably, *Egmont*, *Gyldendal*, *Lindhardt og Ringhof*, *Politikens Forlag*, and *\_People's Press\_*—have started to release ebooks and are extending their catalog to an expected list of 13,000 titles by early 2013. Distribution has been organized through a consortium-driven platform, *Publizon*, which was founded in 2005.

*Publizon* is a platform for distributing ebooks and electronic audiobooks, which are “sold by the affiliated retailers. *Publizon* handles the task of assembling the content

from numerous content providers and distributes this catalog to the associated retailers who can be both Internet bookstores and brick-and-mortar retailers” (company statement). *Publizon* is currently focusing on PDF and EPUB formats. The platform releases a weekly top ten ebook bestseller list, which currently displays a significant share of Scandinavian fiction, including authors Jo Nesbo and Jussi Adler-Olsen but also internationally acclaimed writers such as Haruki Murakami.

*Publizon* also imports foreign language titles, aside from private imports by consumers, notably from Amazon UK.

The largest ebook retailers are considered to be *Saxo*, which launched its dedicated platform for self-publishing (*Saxo Publish*) in September 2012; the dedicated ebook platform *riidr.dk*; *Adlibris* (by the Swedish *Bonnier* group); and Danish *Gyldendal's g.dk*. But Amazon also has a significant market presence through its British site [www.amazon.co.uk](http://www.amazon.co.uk), catering to the high percentage of readers who are fluent in English. Apple's iBookstore is also popular with users.

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According to the Danish book trade magazine **Bogmarkedet**, E ink-based reading devices have a limited presence in Denmark, while the iPad is “dominating the market totally.”

The average retail price for ebooks is between 99 and 179 DKR (Danish crowns), at a discount of 40 to 50 percent from the printed edition. There is no price regulation for printed books or for ebooks, and both formats are subject to 25 percent VAT, which is among the highest rates in Europe.

## Norway

With a population of just around 5 million—yet a nominal GDP per capita of \$97,254 (2011) and an economy benefiting from rich offshore oil resources—Norway is spending part of its fortune on significant subsidies to its culture. The country’s book market, which is worth around €800 million, is commercially embedded in the wider Scandinavian market, where notably publishing companies from Sweden (e.g., Bonnier) have a strong role to play, yet with a local book production that is strongly supported by government funding, as it acquires 1,000 copies of every book that a Norwegian author publishes. Furthermore, every Norwegian author who is a member of the Author’s Union receives an annual grant of \$19,000 (Andrew Goldstone and Lee Konstantinou: **To Norway!**).

Aside from state support, local Norwegian authors, such as Jon Michelet (*En sjøens helt, The Hero of the Seas*) and Per Petterson (*Jeg nekter, I Refuse*), are embraced by a large domestic readership. And they compete on par with international stars like E.L. James (*Fifty Shades of Grey*, with 420,000 copies sold of the combined three volumes in 2012) or Jeff Kinney (*Diary of a Wimpy Kid* series, which sold 440,000 copies).

Unlike neighboring Sweden, ebooks have made a significant impact on Norwegian readers. In 2012, 148,000 ebooks worth 10 million Kroner (€1.34 million) were sold (data provided by the Norwegian book trade magazine **Bok&samfunn** for this report). Some 3,500 titles are available as commercial ebooks.

All ebooks from Norwegian publishers are distributed by one central platform, **Bokskya**, a service provided by the industry information service Bokbasen (or **Book Database**), which is co-owned by major publishers, distributors, and booksellers in Norway (more details [here](#)). By the end of 2012, Bokskya had 100,000 registered users (up from 50,000 in August). The platform calls itself a “digital book-

shelf which provides secure storage of all your e-books purchased in a Norwegian online bookstore. The books can be downloaded or read in the apps offered by Norwegian online bookstores,” with all major retail platforms being members. In addition, Bokskya also offers an HTML5-based app for offline reading in EPUB format.

With the ambition of creating a vast library of earlier Norwegian literature and making it digitally available to the country’s readers, the National Library of Norway has started a substantial digitization effort. In collaboration with **Kopinor** (the Norwegian collecting society that represents all domestic copyright holders through its 22 member organizations), 250,000 works are to be digitized by 2017, with 60,000 titles already available “to anyone with a Norwegian IP address” (read more [here](#)).

## Netherlands

### Update spring 2014

2013 was a difficult year for the Dutch book sector, as the trade book market went down by 5,5% in total, with printed books down 6,4% in turnover, 9,6% in copies, while ebooks grew by 38%, accounting for 4,7% of all book sales in early 2014.

In February 2014, the largest book chain, *Polare* (formerly known as *Selexyz*), was shut down, *temporarily*, as it was said, but many observers rather expected the move to be final. And in fact, by March, it became public knowledge that *Central Boekhuis*, the distributor serving all of Dutch publishers, had stooped to serve the chain. (**The Bookseller**, 4 February and 14 March 2014)

Ebooks have gained a market share of over 10% in trade by the end of 2013, with one third of current titles available in digital a format (PDF or ePub), and yet this was meant to be “slower than expected”, according to industry insiders. With 11% of revenues from fiction, the ebook evolution is clearly driven by bestsellers from the larger houses (e.g. **WPG**, **VBK Uitgeversgroep** and **Lannoo-Meulenhoff**) and big name authors (like *Dan Brown* (*Inferno*), *Karin Slaughter*, *Khaled Hosseini*, *John Williams* (*Stoner*), or *E.L. James* (*50 Shades of Grey*)). But also some specialized ventures have found their play in the emerging ebook segment, like the Dutch branch of Canadian Harlequin, **Harlequin Holland**, or the dedicated ebook publisher **The House of Books**

With Amazon not having a localized branch in the Netherlands, and an only very limited catalogue of Dutch



ebooks in the Kindle shop, domestic players largely own the book market in Holland and in Flemish Belgium in both print, online retail and ebooks. The market leader for online retail in books and ebooks is [Bol.com](#), since 2012 a service of the retail giant [Ahold](#), followed, in ebooks, by [Kobo](#), [Apple](#), [Cosmox](#) and [ebooks.nl](#).

Ebook distribution is mostly covered by [Central Boekhuis](#). Ebooks are on average discounted 25% against the print edition.

### The Netherlands: Developments in 2013

2012 was a tough year for the Dutch book market, as sales had declined by 6.3% in value and 4.3% in volume. (Information provided by the publishers' association [www.nuv.nl](#) for this report). Earlier reports saw an even stronger decline for the first quarter 2012, of –15.4%, hitting top-selling titles particularly hard and resulting in the chain bookstore Selexyz' filing for bankruptcy in March (*buchreport*, [March 26](#) and [August 2, 2012](#)). The overall economic crisis is seen as a central factor causing the shrinking of the book market. At the same time, the Dutch ebook market saw a comparatively positive evolution, even though it does not yet compensate for the loss in print revenue. For 2011, the trade association NUV recorded ebook sales of about €7.6 million from a catalog of some 10,000 commercialized titles in the Dutch language. By mid 2012, the title catalog was estimated to have grown to 16,000 titles, with a market share of 3 percent, which may grow to as much as 7 percent by the end of the year (estimates by [goodereader.com](#) as well as by Jürgen Snoeren at the [Futurebook blog](#)).

Anticipating further rapid growth in ebooks, the largest Dutch ebook publisher, De Arbeiderspers | A.W. Bruna Uitgevers, has decided to use watermarks instead of hard DRM effective January 18, 2013, for its current catalog of 1,200 digital titles (more [here](#)).

## Netherlands

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€1,363 million (Trade: 557m)	2012, Publishers Association NUV
Titles published per year (new and successive editions)	22,261	2012, Publishers Association NUV
New titles per 1 million inhabitants	1,412	
eBook titles (available from publishers)	30,000	Estimate, Publishers Association NUV
Market share of ebooks	4.7%	Estimate, Publishers Association
Key market parameters	Fixed book prices for year 1 after publication; VAT of 6% for printed books versus 21% (from October 2012) for ebooks	

This recent development must be compared to an initially slow start in an ebook market that had been characterized by readers and consumers that showed little enthusiasm in migrating from print to digital, according to a study by PricewaterhouseCoopers (PwC) carried out among consumers and experts from the publishing industry in 2010. In addition, the survey concluded that iPads and other tablets had little use as reading devices. The ebook market in the Netherlands shows similar characteristics as Germany, with a conservative approach to digital publishing outside of science, technical, and medical (STM) publishing. In public professional debates, the threats—rather than the opportunities—are highlighted, such as the risk of lost print book sales.

However, the situation started to change in early 2011, when the trade magazine [Boekblad](#) reported that as many ebooks were sold in the Netherlands in the first half of 2011 as were sold in 2010 altogether. For January through June 2011, ebook sales totaled €3.4 million, with about 327,000 units sold. From there, the growth curve continues to go steadily up.

Momentum is building in the Dutch ebook market from the addition of several of the big global players. Apple, Google, and Kobo (partnering with the retailer Libris BLZ in the Netherlands) launched localized platforms in 2012,

and Amazon is as well. Barnes & Noble is expected to follow before the end of the year—challenging the current market dominance of BOL.com. As ebooks are not subject to a fixed retail price, a war on prices is expected to begin (see this [blog post](#) at *FutureBook* by Jürgen Snoeren).

Further expansion of the ebook market will have the advantage of a reading audience that has already heavily embraced printed books in English.

For a listing of companies, see [Part IV](#)

## Austria

Austria is a good example of a relatively small market neighboring a much larger territory and a market of the same language. With a population of about 8 million, Austria is roughly 10 percent the size of Germany in all major relevant respects for this study and shares both the vernacular and, largely, the current cultural and media framework of its dominating neighbor. Both countries are members of the European Union and the Euro Zone.

With regard to printed books, books from German publishers already reign supreme in Austrian bookshops, namely the chain stores as well as the online platforms of Amazon, [Thalia](#), and [Weltbild](#), serving the Austrian market from headquarters in Germany. Amazon also serves Austria from its German Kindle store, which opened a localized version in April 2011. Although local Austrian bestselling lists show, as would be expected, significant differences from locally branded authors (e.g., local celebrities as well as local literary talent), the overall pattern and a share of roughly two-thirds of those charts are very similar to those in Germany (for details, see [Diversity Report 2010](#)).

On the other hand, local Austrian publishers have always confronted substantial hurdles to bringing their books to retailers, to media, and hence to consumers in Germany, where Austrian imports account for only about 3 percent (not, as expected by the equivalents in size, around 10 percent). In recent years, this imbalance has significantly increased. Between 2008 and 2010, in an overall flat book market in both Germany and Austria, imports from Germany to Austria have increased by 8.14 percent, as exports by Austrian publishers into Germany slumped by a remarkable 24 percent, reflecting on a domestic publishing sector in Austria that has ever growing difficulties in reaching out beyond its borders.

The Austrian debate on ebooks has been largely shaped by Hauptverband des österreichischen Buchhandels, the

Austrian publishers and booksellers support of their German equivalent Börsenverein, in their legal action against Google's unauthorized digitization of copyrighted works from libraries and against the proposed—and, at least for the US, widely accepted—Google settlement. No recent comments have been released as to the association's stand in view of those recent developments.

In November 2012, the association published its second report on ebooks in Austria, but with most data limited to the years 2011 and 2010, which have only very limited value to assess the situation as of late 2012. Because Austria is largely served by publishers, retailers, and distributors from Germany, it is fair to assume that developments as described for Germany largely apply also to the Austrian market, meaning that ebooks are increasingly embraced by the strongest readers, and that retail sales show a significant shift from traditional chain stores to online, notably to Amazon. This last trend has been highlighted by several small Austrian publishers interviewed in late 2012 for this report. Some of the interviewees, however, recognized in that shift an opportunity, notably with regard to bringing ebooks to the tenfold larger German market, as it allowed them to compete on par with the much larger German publishing houses. Ebooks and the various services proposed by Amazon would more and more lower the barriers of entry and compensate for a disadvantage of geography for small enterprises.

A top 20 fiction ebook bestselling list for October 2012, which was included in the association's ebook report, was unsurprisingly dominated by James' *Shades* trilogy, followed by Rowling with *Casual Vacancy* and numerous international blockbuster titles, like Ken Follett's *Giants* saga and Jonasson's *Hundred Year Old Man*. All top 20 titles came from German publishers.

### Austria

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€792 million	Publishers Association
Titles published per year (new and successive editions)	8,505	Publishers Association
New titles per 1 million inhabitants	1,028	

Austrian publishers have been very cautious with regard to investing in digitization, with most starting only in 2011, or even 2012, to regularly offer new print releases in ebook

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formats. A preference for direct distribution of ebooks by the publishers, which could be seen in 2011, has diminished, as most houses have signed service contracts with German distributors.

Some, like general trade publisher Haymon, started to build a modest list in 2011 and added digital editions of their printed releases as a routine procedure as of spring 2012.

But, as on the German side, the ebook market is largely dominated at this point by a few leading publishing groups. It is foreseeable that it will be increasingly difficult for small Austrian publishing houses to carve out a digital niche.

A first survey of the Austrian ebook market, released on September 29, 2011, by the Austrian publishers' and booksellers' association **HVB** showed that just 17 percent of Austrian publishers have sold ebooks as of 2010. Another 21.7 percent are planning to do so in 2011, 30.1 percent at some point in the future, and 36 percent said that they had no plans for ebooks. This compares to Germany, where 35 percent of publishers already offer ebooks, and another 43 percent plan to include ebook editions in the near future (for details, see the Börsenverlag study from spring 2011 in the discussion on Germany). The Austrian study reveals several more distinctly different developments and expectations between the two countries, as even those publishers in Austria who have launched ebooks do so for just 10 to 20 percent of their new releases and prefer distribution from their own website (with online retailers and Libreka being the second and third most popular options for distribution). PDF is the prevalent file format, with 88.5 percent of the titles, but half are available as EPUB as well, and 15 percent in the MobiPocket format for Amazon's Kindle. Three out of four books are distributed with some copyright management included, but only 35 percent of the books come with DRM, and 65 percent have digital watermarks built in.

Under such circumstances, it is hardly surprising that no domestic infrastructure for ebook distribution and services has been set up, and publishers—just like local chain and independent bookstores—are instead encouraged to use services from companies based in and run from Germany. At this point, no local branch offices of any of the major German service providers have been opened.

As in other European countries, books are subject to a reduced VAT of 10 percent, and ebooks carry the full 20 per-

cent VAT and are discounted against printed editions by 10 percent on average.

## Poland

### Update spring 2014

In 2013, the Polish ebook market was estimated to be worth \$37 million in downloads, in a total book market worth PLN 2.67 billion (or \$805 million, estimate by Price-WaterhouseVCooper, quoted by Jaroslaw Adamowski in **Publishing Perspectives**, 17 October 2013)

In devices, Instytut Książki (the Polish Book Institute) estimates a market share for Amazon's Kindle of around 50%, which is remarkable in view of Amazon not operating a Polish language webshop. The estimate is consistent with a user survey by Polish ebook distributor *Virtualo*, with even 55% of its users owning a Kindle.

*Matras*, the second largest book retail chain, behind *Empik*, has been put up for sales in early 2014. (**buchreport**, 2 April 2014)

### Poland: Developments until 2013

With revenues of 50 million Zloty in 2012 (ca. €12 million, up from 23 million Zloty in 2011), the Polish ebook sector not only shows a strong curve of growth. It is also characterized by significant momentum for all relevant drivers. With a catalogue of ca. 25 to 30,000 ebook titles by mid 2013, and 150,000 ereading devices (of which half are estimated to be Kindle devices) across a total population of 38 million, ebooks have become a focus for a number of domestic players in Poland. (All data provided by **The Polish Book Institute** for this report)

Remarkably, the initially widely used hard DRM from Adobe gave place recently to watermarking, or social DRM, with some local firms experimenting with their own solutions. Competition over pricing is considered to be only modestly growing, despite overall competition in digital publishing is seen as rising.

In late 2012 and in 2013, a number of domestic platforms have launched subscription services, and lending models. These experiments have been pioneered by **Legimi**, with a catalogue of 2500 ebook titles, at 19.90 Zloty per month (€4.80). Also **Virtualo**, one of the leading Polish distributors for ebooks, has started a cooperation with the telecommunications company Orange. **Nexto** and **Bezkartek.pl** are specializing in library services. The largest distributors are also offering selfpublishing solutions to their customers.

## Poland

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€1053 million	total market value at consumer prices, and €639 million in net sales, The Polish Book Institute
Titles published per year (new and successive editions)	27,000	
New titles per 1 million inhabitants	706	
eBook titles (available from publishers)	25-30,000	
Key market parameters	VAT on printed books 5%, ebooks 23%	

Publishers have however critically emphasized that these approaches, while providing ebooks to readers, would not lead to actual sales of these titles. (Information by The Polish Institute and Biblioteka Analiz for this report).

### Earlier developments in 2011 and early 2012

With an estimated 8,000 trade titles available as ebooks and scanning initiatives for public domain books accounting for about 27,00 titles (mostly in PDF), the Polish ebook market is in its early stages. However, the topic is widely debated, such as in panels at the 2011 Warsaw Book Fair. More importantly, major domestic actors are committed to developing their strategic position.

By the end of 2011, and for the holidays, ereaders were promoted heavily, and most publishers started to add rights for ebook editions to new author contracts. However, printed editions and ebooks were considered different products and were usually not promoted together. This resulted in only modest growth in sales. eBook best-selling titles included Umberto Eco's new novel, *The Prague Cemetery*, and the biography of Apple founder Steve Jobs by Walter Isaacson.

Regarding devices, industry sources estimate an installed base of about 20,000 Kindles, 7,000 ONYX BooX readers, 20,000 to 40,000 iPads, and 250,000 to 350,000 iPhones (source: EMPIK).

A discussion of ebooks in Poland cannot be limited to a focus on an exclusively domestic market. Not only are foreign-language imports—notably in English and, to a certain degree, in German—already a staple for printed books, but in addition, imports and adaptations of devices are met with significant attention, such as when a Kindle edition of the weekly news magazine *Polityka* is promoted (without a localized Kindle shop by Amazon in sight) or when a Polish programmer comes up with an upgrade that allows the popular American Kindle device to **read ebooks aloud in Polish**.

**Empik**, the largest chain store and online shop for books and cultural goods in general (CDs, films, multimedia games, art&pap, press, tickets for cultural events), which is owned by NFI Empik Media & Fashion, is moving into the emerging market, with 175 stores in Poland and 19 in Ukraine (as of October 4, 2011). In 2007, Empik set up empik.com to extend their international business by offering foreign language (primarily English and German) products and by catering to communities of Polish customers internationally. In its online stores, Empik is offering 250,000 Polish and 425,780 products in its foreign catalog. Since November 2010, Empik has promoted its own dedicated ereading device, the Oyo, and in 2011 it added the Boox as well as other devices. By summer 2011, the Empik ebook catalog included 4,521 titles in EPUB format and 4,068 in PDF format, with most (7,010) selling under 50 Zloty (or €12), similar to the retail price for printed books. eBooks have their own section at empik.com, plus a "Top 50 ebooki" bestseller chart and promotional campaigns such as heavily discounting a popular series (which included the Stieg Larsson *Millennium* trilogy) in March 2011.

**Virtualo Sp. z o.o.**, in which Empik Group holds a controlling stake of 51 percent, claims to be the largest electronic bookstore in Poland, specializing in a mix of ebooks, digital magazines, and devices, with a catalog of 12,600 ebook titles.

## Central and Eastern Europe

Overview by **Miha Kovac**

While most of the international debate focuses on ebook developments in only the largest markets, an analysis of smaller markets allows an exploration of whether or not the digital publishing and distribution of books can provide new opportunities for small and highly diverse book cultures, with audiences that are often particularly fragmented between a domestic population and relevant

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groups that have migrated overseas. Also, it allows us to highlight how the emergence of ebooks reinvigorate and accelerate other patterns of change, such as the increasing tendency of the strongest readers to read in two languages, their mother tongue and English. Finally, relatively small local publishers and retailers in those markets usually find themselves confronted at once by totally new competitors as consumers privately take advantage of the possibilities for privately importing books and e-reading devices from global platforms such as *Amazon* or *Apple*, which results in further strain for local actors in an already strained economic environment.

The case study of this chapter aims at analyzing this complex evolution, as Central Europe offers a good example through its unique set of small countries that stretches from the Baltic to the Adriatic sea, each with less than five million inhabitants and speakers of languages more or less limited to their national states (*Estonia, Latvia, Lithuania, Slovakia, Slovenia, the Czech Republic, Hungary, Croatia, and Serbia*). Regardless of their shared history in the second half of the twentieth century, significant economic, political, and cultural differences are also an inherent part of their contemporary identities, as much as the fact that today's economic recession hits them in very different ways.

The book markets in *Estonia, Latvia, and Lithuania*, commonly described as the *Baltic* region, were most severely struck by the financial crisis after 2008 and started to show new growth only in 2012. The economic evolution of *Slovenia*, meanwhile, is different, as it had its worst year in 2012, resulting in a decline of the book market by 10 percent—while it was up by 5 to 10 percent in *Latvia* and *Estonia*.

## The accelerating impact of English reading

Regardless of their differences, these book markets share at least three similar characteristics:

1. With the only exception of *Slovenia*, in most Central and East European (CEE) countries, many of the old, traditional publishing houses of the Communist era disappeared with the state-centered economy after 1989, while new ones were created by either local entrepreneurs or by international actors, which withdrew from these markets after 2000.
2. In most CEE countries (with the notable exception of *Estonia*), major bookshops and publishers are often owned by the same mother companies (so book-

stores are commonly owned by publishers or the other way around).

3. As English as a second language gains ground massively across the CEE region, all of these markets turn more and more into bilingual reading markets, witnessing a steady growth of imported books in the English language, though it is difficult to quantify this development, as it is largely driven by individual imports of books and, more recently, of digital reading devices. It must be assumed that, to a high degree, these private imports come through the distribution platforms of *Amazon* and, to a lesser degree, *Apple's iTunes* and *iBookstore*. However, no data have been made public about those trends.

The only empirical reference available are British export statistics, which hint at, for instance, a share of 10 to 15 percent of English books in *Slovenia*, while in *Latvia, Lithuania, and Croatia*, English books supposedly account for around 6 percent of the local market. In all other CEE countries, English-language imports represented 3 to 5 percent of the market in 2011. This difference probably echoes the fact that, in *Slovenia*, even in the time of *Yugoslavia*, before 1992, English was the first foreign language usually taught in schools, as opposed to Russian in the other countries of the region.

According to data from the British *Publishers' Association* (PA), in 2012, printed book imports from the U.K. remained stable in *Slovenia, Slovakia, and Hungary* and were slowly growing in *Romania, the Czech Republic, and Latvia*, while *Lithuania* and *Estonia* saw a significant 20% growth, as opposed to considerable drops in *Croatia* (as importers expected the abolition of custom charges with *Croatia's* entrance into the European Union by January 2013). In *Serbia*, a severe general recession has caused a cut in English book imports.

Interestingly, most CEE publishers that agreed to complete a questionnaire for this report have not considered the import of English books as significant or endangering their own sales of translated international bestsellers, with the notable exceptions of *Lithuania* and *Slovenia*, where we estimate that notably strong young readers read more than 50 percent in English. Those who emphasize the impact of English reading habits refer to the lower prices of imported books and the broader choice of available titles through both local bookstores and through *Amazon*.



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## The emerging role of ebooks in Central and Eastern Europe

Today, ebooks have everything they need to turn another page in this context. While printed books must overcome slow delivery and high shipping costs, ebooks can be downloaded instantly and at even lower prices than printed books in English. Readers of English are therefore obviously among the earliest adopters of ebooks and e-reading devices. The ultimate consequences, though, may prove to be truly disruptive. Experimental research conducted at the Florence Publishing Summer School (organized by university students and teachers from Paris, Oxford, Leipzig, and Ljubljana) has revealed that, in *Slovenia* in June 2013, a remarkable 70% of the 100 top-selling titles in the Slovene IBookstore were in English. By comparison, in *Germany*, English titles accounted for only 1 percent of the top 100 titles, 3 percent in *Italy*, and 2 percent in *France*.

The domestic production of ebooks in local languages is a different matter altogether. The relatively poor available data indicate that, in all CEE countries, the number of ebook titles in local languages is still just a fraction of the overall output. In 2012, for example, only 400 to 600 ebook titles were available in *Slovenia*, *Croatia*, *Latvia*, and *Lithuania* each, and 1,600 titles were available in *Estonia*. However, in the first half of 2013, significant growth was recorded across almost all CEE countries: in *Croatia*, the number of available ebook titles increased to 1,800, to 1,000 in *Slovenia* and *Lithuania*, to more than 9,000 in the *Czech Republic*, to between 5,000 and 6,000 in *Hungary*, and to 2,000 in *Estonia*.

In 2011, opening localized versions of their ebook stores was hardly an option for global platforms such as Amazon or even *Kobo*. In Apple's iBookstore, CEE books were limited to just a few. However, since 2011, a surprising number of local e-bookstores has started to emerge, mostly in the form of startups (e.g. *Palmiknihy* in the *Czech Republic*) or as new ventures from established local combined booksellers and publishers (e.g. *Zvaizgne* in *Latvia*, *Pegasas* in *Lithuania*, and *Mladinska knjiga* in *Slovenia*).

In addition, some booksellers are expected to launch their own ebook platforms (such as *Rahva Raamat* in *Estonia*), and in some cases, even telephone companies have launched such experiments (e.g. *VIPnet* and *Hrvatski Telekom* in *Croatia*). In the Czech and Slovak republics, platforms such as *Martinus* and *Palmiknihy* operate across the border in both countries, forming the only cross-border operations in a highly fragmented region.

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Judging from publishers' responses to a questionnaire for this report, a majority assumes that local platforms are currently local market leaders, as Amazon has not yet entered the CEE market. This might change by 2014, as Amazon has announced plans to establish a regional logistics center in the *Czech Republic*, and it must be assumed that other global players will follow suit quickly.

Besides such locally developed e-distribution platforms that were prevalent in the region, *Mladinska knjiga* in *Slovenia* has developed its own digital bookstore in a partnership with the American company *Impelsys* (full disclosure: the author of this chapter has been in charge of this project). Additionally, in *Slovenia* in September 2013, the ebook library distribution platform *Biblos* (owned by the local fiction publisher *Studentska založba*), in cooperation with Slovene public libraries, has started to test the unique business model of offering customers the possibility to either buy an ebook or borrow it for free for two weeks, with both alternatives proposed through the same Web page.

It must be stressed that, in CEE, there is no real price war between ebook-sellers and print booksellers, as in the majority of cases, ebook retail prices are set by the publishers. Quite obviously, the common vertical integration between publishers, booksellers, and ebook sellers seems to make a strong case for a rather peaceful cohabitation of the *analogue* and *digital* side of the business, and the attitude is shared even by independent ebook sellers.

In a majority of CEE countries, most of publishers discount ebooks by about 30 percent, with *Slovenia* being the only exception, as publishers have decided to set the prices of ebooks equal to those of paperback editions, the main reason for this being the fact that, due to the higher VAT and higher royalties, the production costs of ebooks more or less equal those of printed books.

In all CEE countries, the preferred format for local ebook titles is *EPUB*, and most publishers use hard DRM, but with a growing skepticism as to its value, so watermarking is gaining in popularity.

## Slovenia

In the tiny Slovene publishing market, which is worth an estimated €80 to €100 million at consumer prices, according to the official statistics, more than 6,000 titles are released every year. However, recent research has shown that, out of these 6,000, only 3,500 to 4,500 titles are published for sale on the marketplace, while the rest are re-

ports, directories, and self-published titles for both corporate and private use.

Slovenians are remarkably strong readers and are used to reading books not only in their native language but also in English and, to a lesser degree, in German. In larger bookstores, English titles—which represent an estimated 15 percent of the Slovenian market—are not in separate *foreign language* sections but are seamlessly intermingled with domestic titles. Public libraries with more than 12 loans annually per inhabitant add to the ample reading diet of Slovenians.

In 2013, two ebook distribution platforms, *Biblos* and *e-Emka*, appeared. Owned by fiction publisher Studentska založba, Biblos started as a library lending platform in cooperation with Slovene public libraries and quickly registered more than 7,000 ebook library users. In September 2013, Biblos started to offer users the opportunity to buy ebooks from the library platform if no copies for lending were available. Mladinska knjiga started to run its ebook store in July 2013 with 200 titles, including a majority of its bestselling authors.

By the time this report was completed, it was clear that, in first nine months of 2013, sales of Slovene ebooks grew more than 300% in comparison to all of 2012 (when only Apple's iBookstore was open for business), and the number of available ebook titles in Slovene has doubled. Nevertheless, ebook sales still represented less than 1% of the overall market, and only Mladinska knjiga and Studentska založba are systematically publishing their new releases as ebooks, together with print.

The e-best-selling authors of 2012 and 2013 were Jonas Jonasson and Sylvia Day, and the Slovene publisher of E.L. James' *Fifty Shades of Grey* trilogy decided against an ebook version of this title. Two heavy bestsellers of 2013, Dan Brown's *Inferno* and Sylvia Day's *Entwined with You* were published simultaneously in ebook and print formats. It can be assumed that, concerning reading devices, tablets and smartphones prevail.

Ebooks are subject to the normal 22 percent VAT, while printed books benefit from a reduced rate of 8.5 percent. A legal deposit applies to all Slovene ebooks.

## Slovenia

Key Indicators	Values	Sources, comments
<b>Book market size (p+e, at consumer prices)</b>	€80 million in 2012	Estimates by Mladinska publishers
<b>Titles published per year (new and successive editions)</b>	5,621 (from 6,139 in 2010, of which around 3,500 are trade titles)	Estimates by Mladinska publishers
<b>eBook titles (available from publishers)</b>	1000	Estimates by Studentska založba and Mladinska publishers

## Lithuania

The Lithuanian book market was hit hard by the economic crisis in 2009 and 2010, with a significant recovery starting in 2011, as 3,280 new titles were published (up 22.3 percent from 2010), and 3,450 new titles were estimated for 2012.

Some 1,000 commercial ebook titles had been released by mid-2013. eBooks are subject to the normal VAT of 21 percent (compared to a reduced rate of 9 percent for printed books). So far, a legal deposit is only partially applied to ebooks, and ebooks have not been dealt with in national copyright legislation.

Several publishers, including Alma littera, Obuolys, Šviesa, TEV, and Baltos lankos, have started to launch ebook editions of their titles alongside the print editions, with EPUB being the most popular format, and most ebooks are protected by hard DRM. Most ebooks are distributed by *Skaitykle*, a platform that also sells reading devices. Other ebook distributors include *Knygos* and *100knygu*. More recently, publishers have started to distribute their ebooks via global platforms, notably Apple, Amazon, and Kobo. PCs and laptop computers are frequently used for reading ebooks, as dedicated ereaders are costly for Lithuanian consumers.

It is estimated that sales of ebooks will reach 1% of the market by the end of 2013. The biggest e-best-seller of 2013 was the *Fifty Shades of Grey* trilogy. It is assumed that, among reading devices, tablets and smartphones prevail.

Piracy is an issue of increasing concern, with a number of websites dedicated to delivering Lithuanian books, often scanned from print, notably *El-knygos.eu*, *Elknygos.lt*, and



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**Nemokamospdfknygos** (Aida Dubkevičiute, director of the *Lithuanian Publishers Association*).

## Bulgaria

In 2012, the Bulgarian print book market grew by some 8 percent, with an annual inflation of 4 percent, so the recent net growth was 4 percent.

In Bulgaria, some 1,500 ebook titles are available, of which two-thirds are from Bulgarian authors and the rest from translations. The market share of ebooks is lower than 1%, maybe about 0.2%. English-language titles are mostly ordered by individuals from Amazon, but no detailed information is available.

The domestic market is largely dominated by local—as opposed to international—publishing houses, a majority of which have started to release ebook editions of new titles, notably *Ciela*, *Colibri*, *Trud*, *Hermes*, *Era*, *Enthusiast*, and *Gurme*.

The leading distributors are **Ciela**, **Vivabooks**, **Vivacom**, **Helikon**, **Bgkniga**, **Mtel**, **Biblio**, and **Ebooks**, all using *Adobe Content Server DRM*, which is reportedly causing problems on certain smartphones. Preferred reading devices are dedicated ereaders, laptop computers, and tablets.

Piracy is a serious problem on the digital front, but not for printed books. Books are often scanned and illegally distributed via the Internet, with distribution sites generating income from advertisements. Blocking of websites is not allowed.

Source: Vesselin Todorov, **Ciela Norma**, Sofia, Bulgaria.

## Czech Republic

### Update spring 2014

With a population of 10.5 million, of mostly speakers of Czech, and with a long and rich tradition in literature and book culture, the *Czech Republic* is home to a relatively small book market, with an annual output of 16,600 titles, down from 18,251 at the peak in 2008, with a market value estimated at around €400 million. (Title statistics: Czech publishers' association *SCKN*, **Market report 2012/2013**; estimate of market value by RW).

With some 9,000 titles as commercial ebooks available (according to Hana Zakova of the distributor **Alza.cz** for this report) ebooks account for 0.8% of the Czech book revenues in 2013, up from 0.35 in 2012.(SCKN)

Most publishers release new titles as ebooks only in genre fiction, notably crime and romance, with sales accounting for anywhere between 2 and over 10% of revenues in these segments.

Publishers of ebooks include the largest local publishing groups, notably *Albatros Media*, and *Euromedia Group*, as well as houses who found remarkably successful ways to market ebooks, notably *Host* (with 8 % of their revenue from ebooks, and authors including *Stieg Larsson*, *Lars Kepler*), *Kniha Zlín* (10% from ebooks, with authors like *Jo Nesbo* and domestic quality fiction), or *Domino* (10% of revenue from ebooks with crime, romance, and quality fiction), and *Melvil Publishing* (20% ebooks, specializing in self help).

Ebooks are discounted between 30% and 40% against print, with an estimated 15% of all fiction and 20% of non-fiction printed books being sold online. (All details reported by *Alza.cz* for this report.)

Distribution is handled by a number of local startups as well as traditional book retailers, including **Palmknihy**, **Alza.cz**, the country's largest general eshop, and **Kosmas.cz**, a brick and mortar bookseller and wholesaler, who also runs the biggest online bookstore.

Startup also include **Ereading**, **Ráj knih**

Google Play has started to sell Czech books in January 2014. Amazon does not ebooks in the Czech language.

## Hungary

The Hungarian book market has been nominally flat over the past several years, but when including inflation, a decline of 5 to 6 percent per year is revealed.

Currently, some 5,000 to 6,000 titles are available as ebooks, representing a market share of around a percent overall and around 1 percent for fiction. The overall leading trade publishers, notably **Ulpius-ház**, **Magvető**, and **Kos-suth**, have been most active in the digital segment, providing the Mobi, EPUB, and PDF formats, usually with social DRM. The strongest distributors and retailers for ebooks are **Ekonyv.hu**, **Multimediaplaza.com**, and **Polc.hu**, aside from direct purchases by consumers from the big global platforms (notably Amazon and Apple).

An estimated 30,000 to 40,000 pirated—that is, mostly illegally scanned—books are on offer, but stakeholders see their impact no longer increasing as legal versions become available.

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The biggest e-bestseller in the first half of 2013 were the *Fifty Shades of Grey* trilogy and three books by Hungarian authors.

The VAT on ebooks is 27%, one of the highest across Europe, while the VAT on printed books is only 5%. The preferred protection is watermarking, and the preferred formats EPUB and Mobi.

Source: Geza Morcsanyi, [Magvető](#), Budapest, Hungary, and Péter Inkei, [Budapest Observatory](#).

## Romania

The Romanian book market saw a major downturn around 2008–2009, and since then, it has remained flat. Kiosk (or partwork) editions have also decreased in volume recently.

An ebook segment only started to emerge in 2012, and for 2013, it is estimated that the market share will be above 1%. Approximately 65% of newly published fiction books are converted to eformat and put on sale as ebooks. According to industry estimates, only 10 to 12 trade publishing houses have started to release ebooks, including Polirom, Humanitas, and Litera. Currently, some 1,500 to 1,800 titles are available in digital format, mostly in EPUB. The leading ebook distributor is [Elefant](#).

Besides local authors, Tracy Chevalier and Haruki Murakami were e-bestsellers in the first half of 2013. As in most of the other CEE countries, the VAT on ebooks is much higher than the VAT on printed books (24% vs. 9%).

No Kindle editions are produced, as Romanian is currently not among the officially supported languages.

Source: Siviu Lupescu, [Polirom](#), Iasi, Romania.

## Serbia

The Serbian book market has an estimated retail value of €50 to €70 million (excluding textbooks).

No local distribution platform for ebooks exists so far, as the cost of development would exceed the possible income. For the Apple platform, some local subcontractors operate and normally add a markup of 30 percent on the retail price of a work, in addition to Apple's 40 percent fee, leaving a mere 30 percent for the originators of the work. Amazon's direct publishing services are not available in Serbia, and the Serbian alphabet (either in Cyrillic or in Latin) is not actively supported for the generation of ebooks.

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Piracy is endemic, with illegal downloads of movies, music, and now ebooks being routine for many consumers. As a result, content owners (namely publishers but also authors and translators) are very reluctant to expose their content to piracy in digital formats.

Source: Aleksandar Drakulic, [Knjizara](#), Belgrade.

## Conclusions on Central and Eastern Europe

In this current, early stage, small markets overall seem to lag behind in their domestic production of ebooks, as the emerging new niche is challenged by a number of factors: required investments are difficult to earn back in small or at best flat local markets with small language communities. Some local languages have the additional disadvantage of so far not being supported by global ebook platforms for producing ebooks—though in some cases, popular Web browsers are available in local languages, which opens a cultural and practical gap between the usage of the local language against the globalization of English. The strongest—and often best educated and fairly affluent—readers are also those in a position to read in English and make direct purchases, particularly from the shops offered by Amazon and Apple, as well as Kobo and Google, allowing those global players to expand their market share without the cost of localizing their offerings, hence competing with the usually small locally emerging platforms.

In this context, a set of problems was exposed, the most obvious of them being the higher VAT on e-books and higher royalties on translations that more or less equalize the production costs of ebooks and printed books.

Piracy is often not so much direct competition for a commercial legal offer but instead compensates for a legal title list that is nonexistent or still highly limited in scope, while local users nevertheless become accustomed to finding books in digital formats on the Internet, again putting the local legal offerings at a disadvantage against the much broader and better-marketed as well as better-protected offerings in the English language.

The potential of digital technology to cater to niches and to audiences spread geographically at low cost and great convenience has so far not even started to become a competitive advantage for small markets and small local actors.

Google's library-scanning initiative, publicized and made accessible via the [Hathi Trust](#), is currently the by far largest collection of digitized books from the many languages in the region, and it will be interesting to observe if, after the 2012 settlement with US publishers, that resource will

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play a role for starting to change this imbalance, at least in terms of expanding a digital catalog in many small or peripheral languages.

For a listing of companies, see [Part IV](#)

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# Contributed article Bookwire

## Availability and discoverability in a global eBook market.

The separation of content from the printed book has a lasting impact on product strategy, production, marketing and distribution of book content. In a global content market, digital products must be distributed reliably, quickly and securely in a rapidly developing trade sector. Availability and discoverability are the key to success in eBooks, as they become mainstream in Europe and other developing digital markets.

Availability of products in all channels and secure dealings with shops are the first steps. Then comes the question of how customers will find the titles in the future. The user experience and discovery experience vary greatly among the popular eBook shops and are still in need of development. Along with analysis of sales reports and continual improvement of metadata, trade marketing is becoming increasingly important. How do I turn an available product into a discoverable product? How do I get placements and cooperation with major eBook shops that will enhance sales? Which marketing tools help with circulating titles, information and text samples in the social web? On which platforms and communities must title metadata be available? How do I guarantee the quality of this information and that it can be updated?

### Creating smart data

It is essential that publishers are able to quickly draw the right conclusions from their own digital strategy. Which title and which genre have been successful in which sales channel and at which price in the various countries?

We live in a world of constant “beta”, where we have to keep on checking and updating strategies and marketing. Publishers have to sift out the relevant smart data from the

mound of data available and turn it to practical use. Speed and perfect analysis are increasingly becoming crucial factors for the success of digital publications.

### eBook distribution made easy

**Bookwire** was established in 2009 with the aim of offering a service to independent publishers of all sizes, in order to open up the new digital market quickly, simply and skillfully, from production and quality management, distribution and marketing in all relevant digital sales channels to transparent statements and analysis of all sales.

Bookwire provides solutions for publishers that want a slice of the digital pie while it is still hot, quickly, flexibly and with as much technical and content-related know-how as possible. Together with our clients, we have created distribution solutions for digital and audio books that facilitate future-orientated, fast, reliable and successful global distribution and marketing of digital content.

### Changing challenges of the digital market

Not a week goes by on the digital market that doesn't bring with it a technical innovation, a new sales channel, a new business model or a new marketing tool to which a content provider needs to react. A clean and flexible technical process chain is essential for implementing new product strategies. This process chain enables a response to be made to demands and publishers' innovations to catch on in the shop and with customers.

**Bookwire** helps publishers to cope with the challenges of reduced innovation times, rapid product-publication cycles, global distribution, the new eBook player, new quality management requirements as well as new legal issues. By pushing ahead with innovation and trial and error today, we gain the competitive advantage for tomorrow.

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# Bookwire

The eBook distribution specialists for publishers.

By expanding our international cooperation and steadily connecting new shops we enable you to make your titles available to readers in all emerging eBook markets.



[www.bookwire.de/en](http://www.bookwire.de/en)

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# Emerging Markets

## Russia

70% of Russian readers read ebooks, according to a survey in 2013, and the competition from online and digital is seen, by 65%, as the main reason for a decline in the circulation of printed books, followed by 28% who spend less time reading, and 27% who refer to the cost of books on paper. As 92% admit to getting ebooks from the Internet “for free”, the report also highlights the impact from endemic piracy on the (legal) Russian book market. (Data reported by [Russia beyond the Headlines](#), 28 June 2013)

Russia has a book market currently worth 60,000 million Rubles in sales (ca \$1,865 million, down from US \$2 billion in 2011), according to estimates from the largest retail chain and publisher, Ozon, quoted by the Russian Federal Agency for Press and Mass Media. If purchases by public institutions are included, for instance for school libraries, the total value is around 79,000 million Rubles, or \$ 2,456 million, according to the Russian Book Industry Magazine, in a briefing for this report).

Developments in Russia’s book market has been complex and unsteady in recent years. After significant growth in the early 2000s, when the value of the Russian book market had almost doubled from US \$1.6 billion in 2003 to US \$3.0 billion in 2008, the trend was reversed when the economic crisis hit, bringing the market down to about US \$2.3 billion in 2011 (US \$2.5 billion in 2010).

In 2012, the Russian book market continued to slide in volume, by 9 percent, although a rise in retail prices compensated for the loss, bringing it to a mere 4 percent in value (Olga Ro, [Russian Book Industry Magazine](#), in a communication for this report).

The year 2012 saw significant changes in the structure of the market, driven by both internal and international forces. The most spectacular domestic disruption resulted

from the country’s biggest publishing group, AST, collapsing under a burden of debt in early summer 2012. Its rival EKSMO, the second-largest publishing group, gained management control over AST, further strengthening its already substantial position in the market. By the end of 2012, EKSMO reported an increase of sales of between 5 and 6 percent.

Top [bestselling titles](#) at the end of 2012 included E.L. James’ *Shades of Grey* trilogy, occupying the first three positions in October and November, topped only in December by the Russian novelist Boris Akunin with *Black City*.

By genre, only children’s books saw a substantial rise at the end of the year (by 14 percent), largely because of their popularity as Christmas gifts. Fiction declined by 6 percent (Russian Book Industry Magazine).

The ongoing turbulence had strong repercussions on the retail and distribution side as well. In 2011, the largest book chain, Top Kniga, crashed. In April 2012, AST’s wholesale arm, Pyaty Okean, filed for bankruptcy. However, half of the market is in the hands of some 3,000 independent bookstores who reportedly performed slightly better than the largest chains, recording a loss of only 2 percent ([Russian Literature Online](#)).

Due to its immense territory—which covers nine time zones between its western and eastern borders, making distribution of physical books extremely complex and costly—with few consumers carrying credit cards and the severe effect of piracy, Russia is a particularly challenging environment for publishers and retailers, but there is also a thriving reading culture in which writers and intellectuals occupy a prominent role in the public sphere and in which books stand at the center of the country’s cultural ambitions.

## Russia

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	60,000 million Rubles	2012 (estimate by OZON and quoted by Federal Agency for Press and Mass Communication); 79,000 million Rubles incl. purchases by public institutions.
Titles published per year (new and successive editions)	116,888	Russian Book Chamber
New titles per 1 million inhabitants	623	
eBook titles (available from publishers)	80 - 100,000 (commercial and free by end of 2012)	LitRes
Market share of ebooks	>1%	
Key market parameters	A few committed and professional actors in both publishing and online retail; very high impact of piracy	

In June 2013, the Russian government pledged to invest \$100 million until 2018 to support the publishing industry and improve its infrastructure. ([Publishing Perspectives](#), 10 June 2013)

According to a report by the Russian edition of *Forbes* magazine, Amazon is preparing the launch for a dedicated Russian website and Kindle store for 2013. ([Forbes](#), 19 April 2013), and indeed the American platform has hired the head of publisher Azbuka–Atticus to run operations which are seen to “confirm that the digital book market in Russia is ready for growth and development.” (Mikhail Osin, an executive of the largest online bookshop Ozon, quoted in [Book Industry Magazine](#), 3 July 2013)

With 116,888 titles published in 2012 (down from 122,915 in 2011), educational works represented one-third (32.2 percent) of published titles, science and popular science 21.1 percent, fiction 14.9 percent, and children’s books 9 percent. Fifty-eight percent of all titles are published in Moscow and another 8 percent in Saint Petersburg; by print run, the Muscovite share is 85 percent. Book chains own 24 percent of the market, versus 45 percent for independent bookstores, and 7 percent was controlled by online stores (all data from the Federal Agency for Press and Mass Communication).

### The evolution of the Russian ebook market

As of 2012, “the ebook business has really taken off and is booming in Russia,” according to Olga Ro, of the Russian Book Industry Magazine (communication for this report, January 2013). And indeed, many industry voices, including EKSMO’s CEO, Oleg Novikov, anticipated substantial growth for ebooks in 2013. This was ever more remarkable,

as only one year earlier, critical expectations had been voiced at many professional debates about the rampant piracy threatening the emerging business to the point of making successful commercialization next to impossible.

And yet, 10,000 legal downloads have been recorded for *Shades of Grey* alone in 2012. The expectations have shifted, with industry leaders reporting on successful shifts toward legal downloads, notably by expanding the available catalog and by improving the convenience of commercial platforms (e.g., statement by Sergey Anuriev, CEO of [Litres](#), the largest ebook portal, owned by EKSMO, at the TOC Frankfurt conference in October 2012).

Overall, revenues from (legal) sales of ebooks have accounted for 260 million Rubles in 2012 (\$ 8 million, up from 135 million Rubles in 2011; The Russian Book Market, Federal Agency for Press and Mass Communication, 2013). The increase was also reflected by growth in ebook sales through mobile channels, including Apple’s iTunes and iBookstore, and Google Play.

In addition, the penetration of devices, both ereaders and tablets, seems to have soared in 2012 by around 200 percent, with domestic Russian products winning significant market share over imported gadgets. The initial dominance of Apple’s iPad has reportedly dropped from 90 percent in 2011 to about 40 percent in 2012, with Samsung’s Galaxy gaining ground (Olga Ro in a communication for this report).

In December 2012, the US and Russian governments [announced](#) a joint “Online Piracy Crackdown Agreement” (see details in [“eBook piracy in Europe: The example and debate in Germany, and related findings”](#)).



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In June 2013, the Russian parliament Duma cleared anti-piracy legislation, which was debated controversially by freedom of speech activists, as it is expected to allow copyright holders to ask the authorities to block entire websites if they provide any allegedly pirated content. ([RiaNovosti](#), 14 June 2013)

A study in fall 2011 done by the Federal Agency for Press and Mass Communication <sup>1</sup> had found that 44 percent of readers of ebooks used “mobile devices,” versus 46 percent who read on a PC. Fifty-six percent of the devices other than PCs were dedicated ereaders, compared to 25 percent smartphones, 22 percent other mobile phones, and 13 percent tablets (e.g., iPad or other).

Among the 25 percent of participants who said that they read both printed and electronic books, the main attraction (for 58 percent of this group of participants) of ebooks was finding the desired book faster than the printed edition. However, one may assume that this convenience of accessibility is not limited to (or even primarily provided by) legal downloads but reflects the heavy impact of piracy when it comes to ebooks. Stakeholders queried for this report assumed that pirated ebooks represented an estimated 90 percent of the current ebook downloads in Russia.

In Russia, the most popular format for ebooks is FB (or FictionBook), an open XML-based standard with the file extension .fb2. The format is without DRM and describes the structure of a document, including the basic metadata such as the author’s name, the title, and the publisher of a book, allowing convenient conversion to other file formats as well as indexing and management of ebooks by the reader (more details in English are available [here](#)).

FBReader is open source reading software for GNU/Linux, Windows, and other platforms, originally released in January 2005 (more details in English are available [here](#)).

### Earlier developments

By the end of 2011, ebook releases of national bestsellers were considered to be the main driving force behind the recent expansion of the (legal) Russian ebook segment (e.g., Viktor Pelevin’s postapocalyptic novel *S.N.U.F.F.*, Walter Isaacson’s biography of the late Apple founder Steve

Jobs, or the *Millennium* trilogy by Swedish crime writer Stieg Larsson). A relevant ebook bestseller list is available at the ebook retail platform [LitRes](#).

With about 60,000 ebook titles available by the end of 2011, the two largest publishing groups, EKSMO and AST, were considered to be the market leaders in Russian ebooks.

In 2010, the legal Russian ebook market was worth US \$2 million (up from US \$1 million in 2009), with 600,000 ebook reading devices sold. For 2011, estimates expected another doubling of the ebook market in value versus 2010.

### Main actors in the (legal) Russian ebook market

In December 2012, Apple opened its iTunes store in Russia, followed within a week by Google with its Play store (read more [here](#)). Kobo has [announced](#) that it will roll out its services in Russia in 2013.

Several other players launched initiatives in the Russian market, including the British retail chain WHSmith and the German self-publishing portal [XinXii](#) (read more [here](#)).

In distribution, [LitRes](#) is the top-performing platform, followed by [Imobilco](#), the general online sales platform [Ozon](#), [Labirint](#), and [Bookland](#), plus a few specialized ventures developing innovative models adapted specifically to the Russian environment, notably [KnigaFund](#) (literally “book fund,” of the Digital Distribution Center, DDC Ltd.) and the online library [BookMate](#).

### LitRes

LitRes, founded in 2007, is considered to be the leading ebook retail platform for legal titles in Russia, currently listing 200,000 ebook and audio titles for download and its own LitRes Touch device. As early as 2009, Alexander Roife, chief editor of LitRes, noted that titles which figured on the print bestselling charts had between 3,000 and 6,000 legal downloads on average as well (*Publishing Perspectives*, [October 2009](#)).

The LitRes website is compatible with the complete set of current state-of-the-art reader and community tools, including ratings and debates for popular titles and topics, and offers and supports a wide variety of standards and formats.

1. The survey was based on a sample of 1,008 interviews, conducted in the 12 largest cities of Russia: Moscow, St. Petersburg, Volgograd, Yekaterinburg, Kazan, N. Novgorod, Novosibirsk, Omsk, Rostov-on-Don, Samara, Ufa, and Chelyabinsk (representing together about 19 percent of the Russian population). Only people ages 18 and higher who read books were interviewed. Nonreaders were not interviewed. “Readers” are considered to constitute about 55 percent of the Russian population over 18 years old.

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## Ozon

**Ozon** is a general retailer selling not only books and other media products but also house and garden appliances, beauty, gifts, shoes, antiques, jewelry, and fashion products. It is currently the second-largest online retailer in Russia (after Utkonos.ru, a platform specializing in food). Opened in 1998 as a “scalable business” (company statement), Ozon is a megastore market leader in B2C e-commerce in Russia, with revenues of US \$137 million in 2010, up 34 percent from 2009, 5.6 million registered users (as of March 2011) and 600,000 visitors daily.

Ozon has a catalog of about 600,000 printed book titles, of which 240,000 are in Russian, and about 10,000 ebook titles, equaling some 10 percent of value of hardcover sales (Elizabeth van Lehr, “A Russian Riddle,” *London Fair Dealer*, April 27, 2011). Ozon promotes its own ereading device, the Ozon Galaxy (not to be confused with the Samsung Galaxy).

In September 2011, Ozon raised US \$100 million in funding, the largest such investment ever for an Internet company in Russia, according to the company (*The Guardian*, September 8, 2011).

## KnigaFund

**KnigaFund** (BookFund) was launched by Digital Distribution Center Ltd. in September 2008 as a division of Prof-Media, one of Russia’s largest media and entertainment companies, to “develop and realize projects in legal digital content distribution. DDC Ltd. is the Russian supplier of specific educational information aimed to perfect, harmonize, and simplify the education process in graduate-level educational institutions (colleges and universities)” (company statement).

KnigaFund offers a full online library of copyrighted books in various digital formats with approval from the copyright holders. Its mission is to “assist in modernisation of the research process in graduate-level educational institutions (colleges and universities) by providing effective access to information through modern Internet technologies.

“Currently, 50,000 titles are listed, with 1,500 new titles added per month, including textbooks, educational materials, and scientific literature. Books are digitized in ways that reproduce exact page layouts in order to allow academic quotes and bibliographies. KnigaFund cooperates with major academic institutions in the Russian Federation, including Piter Publishing House, AST, Drofa, INFRA-

M, Europe, Ekonomika, East-West, Logos, and Tri Quadrata, as well as several international publishers, notably John Wiley & Sons. The digitized titles allow margin notes and footnotes, as well as the creation of personal bookshelves, comments, and interactive features within the user’s personal workspace. The catalog of titles is organized by topics, similar to a physical library.

## BookMate

**BookMate** is a book club in which registered users pay 99 rubles a month to read from a current selection of 40,000 titles, either on a computer or mobile devices (with the Android, Apple iOS, and Symbian operating systems supported). BookMate cooperates with authors and publishers, allowing them to upload their own titles on a revenue-sharing basis. Books, available in the Russian FB2 and EPUB formats, are copy protected and cannot be downloaded. About 5,000 titles of classic—that is, out of copyright—literature can be accessed and read free of charge and without registration.

Only 20 percent of Bookmate’s readers are in metropolitan Moscow (company website and Hannah Johnson and Edward Nawotka, “Russian Publishing Is No ‘Depressing’ Siberia; E-book Innovation from Bookmate.ru,” *Publishing Perspective*, April 12, 2011).

**iMobilco** is another, competing online bookclub, whose offer also includes movies to rent.

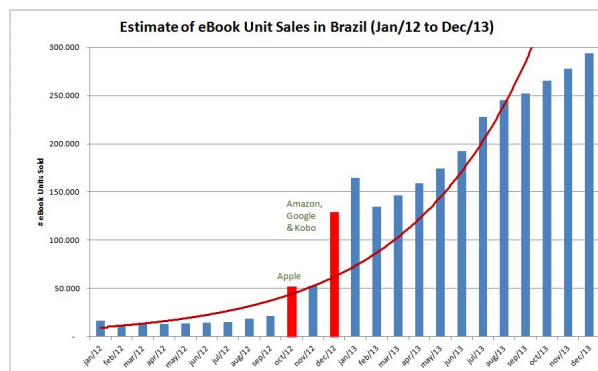
**Librusek**, launched in 2007, is an online library, for which readers can purchase a monthly subscription.

## Brazil

By Carlo Carrenho (**PublishNews**) **Update spring 2014**

2013 must be seen as the first year with a true market evolving for ebooks in Brazil. *Amazon*, *Apple*, *Kobo* and *Google* where all fully operating during the whole year, after setting up their ebookstores in 2012, together with the Brazilian group *Saraiva*, which had prepared for their role in the digital transition since 2010.

Based on numbers provided by various players on the digital Brazilian market, a rough estimate of the growth curve since January 2012 is conceivable, as represented in a graph.



Ebook sales in units in Brazil, January 2012 to December 2013 (Various sources, estimate by Carlo Carrenho)

On similar grounds, it can be estimated that in Brazil in 2013, 2.5 million copies of ebooks have been sold, as compared to 101 copies of print books, according to the annual survey conducted by the *Brazilian Book Chamber* in 2011, and 109 million in 2012 (numbers for 2013 haven't been disclosed yet). Since the digital market in Brazil consists primarily of trade titles – even STM have a presence in only modest numbers –, the overall market share of ebooks in Brazil can be estimated at 2.5% of the trade market.

The Brazilian catalogue of available ebook titles is still growing, yet not on a fast pace, which arguably forms the most important challenge in the Brazilian digital landscape. Although the overall catalogue includes around 30,000 titles, the number of commercial ebooks is still a little short of 20,000, with the difference consisting of free, public domain and selfpublished titles.

### Market share of ebook retailers

While no concrete numbers on market share have been released, we estimate that Amazon owns 30% of the Brazilian ebook market, followed by Apple with 30%, Saraiva (15%), Google (15%), Kobo (5%) and others (5%). Other: 5%

The real news here is that Amazon is now tied with Apple in the number one position.

### Amazon moves, the Kindle arrives

Amazon is moving firmly towards a more active presence in Latin America's largest book market. In February 2014, it started to ship *Kindle* devices using a logistics solution of their own. Even though it is still outsourced to local companies, this was a huge step considering that in 2013 all Kindles were sold through other e-commerce or brick & mortar retailers in Brazil. Concerning the beginning of

printed book operations, Amazon has already signed distribution contracts with most large publishers, and the market expects their Brazilian store to start selling print books before the initial kick of the *Football World Cup* in June 2014, probably around April or May. Once it starts shipping print books, it is natural to expect a traffic growth in the Brazilian Kindle store and, therefore, a potential gain of market share by Jeff Bezos's company.

The Seattle giant has also hit the news in March 2014, after sending a press release with the following information: "Amazon today announced that the Brazilian Ministry of Education (MEC), via its *National Fund for Educational Development* (FNDE), has been working with Amazon to convert and wirelessly distribute more than 200 textbooks to hundreds of thousands of public high school teachers via Whispercaster. (...) To date, more than 40m eTextbooks have been delivered. FNDE is using Whispercaster's technology to securely manage its catalog of eTextbooks, open and organize the teachers' accounts into coherent groups and distribute the digitized textbooks seamlessly and rapidly (...)." Following this press release, some news media ran the story as if Amazon had just nailed down an important deal with the Brazilian government, but this was not accurate at all.

Amazon had not signed a deal with the government, but had taken part in a public bidding process (Edital de Convocação 03/2012) that the *Ministry of Education* had launched in October 2012 in search of companies to "structure and operate a virtual service to make digital books and other digital educational content available to teachers, students and other users of the Brazilian public school network". The platforms should be provided free of charge. According to the official document, "partnerships can be established with different institutions simultaneously or not", so, in practical terms, this means that there is no guaranteed exclusivity and the government might choose to never use an approved platform. Also, the so called "approval" is valid only until 2015, and may be extended or not. Therefore, Amazon only got the Kindle App platform approved to be used by the government to distribute educational content to teachers and students, and that is all. This is the closest Amazon got to a "contract deal" with the government. And Brazilian Saraiva has also approved its platform in the same bidding process, so Amazon is not the only player in the process.

Of course, the Amazon approval has a value by itself, and has led to something bigger already. The Brazilian government has decided to use the Kindle platform to dis-

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tribute the PDFs they had received from the selected publishers for the 2012 edition of the *National Program for High School Books* (*Programa Nacional do Livro Didático para o Ensino Médio* - PNLEM). This choice brought Amazon close to the government in a joint effort to make the digital distribution work. The 200 textbooks were mainly distributed to teachers who received the 600,000 tablets which the government had acquired in 2012. The number of 40 million copies announced by Amazon, though, has been received with some suspicion by the market, presuming it may be too high. Making a long story short, Amazon scored a goal with the government, but it is far from winning the championship, or even the match.

### **Bertelsmann moves**

In March 2014, the *Bertelsmann* group announced their plans to invest in Brazilian companies offer services and solutions in the field of education technology. To achieve the goal, the German giant partnered with the Brazilian investment company *Bozano Investimentos* in order to create the *BR Education Ventures* equity fund which expects to raise €30 million.

### **The PRH/Santillana acquisition and its digital consequences**

The greatest publishing announcement in Brazil during March 2014, though, was the creation of Penguin Random House Brazil joining publishers *Companhia das Letras* and *Objetiva* under its umbrella. This move was a natural consequence of the acquisition of Santillana by Penguin Random House, as *Companhia* was partially owned by Penguin and *Objetiva* was partially owned by Santillana. But how would this deal impact the digital market?

*Objetiva* is part of *DLD*, the powerful consortium of seven Brazilian large or medium-to-large publishers acting as an exclusive digital distributor for their content. *Companhia das Letras*, however, decided to fly solo and go alone about digital distribution, and has been quite successful in doing so, ranking among the top publishers at various retailers' sales.

Going forward, it is hard to believe that Penguin Random House Brazil will be able to maintain the two conflicting policies within one house. So, either *Objetiva* will leave *DLD*, or *Companhia* will join the club. If the second scenario happens, the consortium will grow even stronger, presenting a tougher challenge to Amazon. However, if *Objetiva* leaves *DLD*, the consortium will lose — and this includes more than just an important catalogue of titles. After all, it is no secret that *Objetiva's* publisher Robert Feith

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was a key player in the creation of *DLD* and, as the president of board, was behind several of *DLD's* successful strategies.

### **On Tablets and smartphones**

The surprising market shares Google and especially Apple are enjoying in the Brazilian market have a simple explanation: the high penetration of tablets and smartphones in Brazil. According to IDC, 7.9 million tablets were sold in Brazil in 2013 and 10.9 million are expected to be sold in 2014. Also according to IDC, the number of smartphones sold in 2013 was 35 million, and the research company expects 47 million to be sold in 2014. So it is no surprise that iOS and Android users represent a relevant share of the Brazilian eBook readers.

### **Brazil 2013**

In early December 2012, *Amazon*, *Google*, and *Kobo* launched localized online platforms in Brazil within hours of each other, kicking off a new round in the ebook race for Latin America's largest economy. However, half a year later, reports indicate that it was not one of these companies but *Apple*, through its *iBookstore*, that was ahead in terms of ebook sales.

The first research comparing the performance of the different e-retailers appeared in *Folha de S. Paulo* by the end of 2012. According to it, Apple's lead was followed by Google and then by the local platform *Saraiva*, Amazon, and Kobo (which is partnering with the local *Livraria Cultura*). However, expectations were that the order could shift quickly in the months and years ahead (Carlo Carrenho in *Publishing Perspectives*, [January 2, 2013](#)).

In fact, by March 2012, Amazon had already leaped positions according to some data sales from digital distributor *Distribuidora de Livros Digitais* (*DLD*), (see *PublishNews* [April 1, 2011](#)), which were disclosed at the *Digital Minds Conference* in London. *DLD's* market share is roughly one-third of the market, so its sales are largely representative of the market. In March 2012, 28.5 percent of all e-book units sold by *DLD* were sold by Apple. Amazon followed with 22 percent, Google was third with 17.5 percent; local *Saraiva* came in fourth place with 15 percent, followed by Kobo, which accounted for 11.8 percent of the sales. Considering that *DLD's* catalog is focused more on publishers' frontlist titles and that Amazon is selling more backlist and self-published titles than the competition, it is safe to assume that Amazon is even closer to Apple if we consider the whole market.



In an early summary after the holidays and year-end 2012, the dynamics of the Brazilian ebook market turned out to be spectacular. In December 2012, sales had grown tenfold year on year, increasing by 110 percent from November to December 2012 alone. This is a huge growth for a tiny market. In 2012, DLD sold around 110,000 units. Based on that, we can forecast the 2012 trade market to be around 330,000 units.

Another important source of book statistics is the yearly survey conducted by the Brazilian Book Chamber (BBC) and the Economics Research Institute, Fipe. The 2012 numbers, disclosed in July 2013, show that the book market in Brazil accounted for U.S. \$2,439 million in wholesale value —i.e., publishers' net revenues. However, this figure combines \$1,795 million (or 73.6 percent) from the private sector with \$644 million (or 26.4 percent) from the public sector, the latter coming mostly from federal program purchases of educational materials. Because the government does not cover educational expenses for students in private schools, another \$635 million (or 24.6 percent of the total market) comes from private households buying K–12 materials. Altogether, more than half of publishers' revenues derive from education.

While overall statistics on Brazil's book market (which is by far Latin America's largest) are considered dependable, the emerging digital segment still lacks sufficient scrutiny. The good news is that 2012 was the first year that the Brazilian Book Chamber did more extensive research on e-books. Among a sample of publishers that accounts for 54 percent of the market, according to the survey's methodology, 227,292 ebook units were sold in 2012, which gave the publishers only US \$1.7 million in revenues. The ebook sales were divided into subsectors: trade publishers sold 130,119 units; *Science, Technical and Medical* publishing (STM) publishers sold 49,256; religious publishers sold 29,072, and educational/K12 publishers sold 18,845. If we combine trade and STM (there is a huge overlap in those sectors in Brazil) and extrapolate to find the sales of the whole market, we will get 332,000 units sold, very close to our first estimate based on DLD's numbers, and this number would account for only 0.23 percent of all trade and STM book units sold in Brazil in 2012.

In a detailed projection for 2013, trade and STM ebook sales are expected to account for 2.6 percent of the market share by the end of December (Carlo Carrenho, "E-books Responderão por 2,63% do Mercado em 2013," [16 January 2013](#); reviewed in "Estimada em 0.23% a Participação de E-books no Mercado Brasileiro em 2012," [August 1, 2013](#)).

The Brazilian ebook catalog is still growing steadily. In May 2013, after analyzing the titles on the e-shelves of the major retailers in Brazil, the website *Revolução eBook* disclosed numbers for the overall Brazilian Portuguese ebook catalog. According to the research, about 25,000 Portuguese ebooks were available. This includes both commercial and free titles. This represents huge growth in the months since February 2011, when the website estimated 11,000 titles. Apple had the largest catalog with 18,000 ebooks available, followed by Amazon with 15,800 titles.

On the mergers and acquisition front, the Brazilian digital aggregator *Xeriph* was partially acquired by media giant *Abril* in May 2012. Abril now holds 70 percent equity in Xeriph.

For a broader overview on local and international actors who are particularly active on the Brazilian ebook market, see below at ???

## Brazil

Key Indicators	Values	Sources, Comments
Book market size (p+e, at consumer prices)	US \$3,716 million (publishers' revenues)	<i>PublishNews</i>
Titles published per year (new and successive editions)	57,473	<i>PublishNews</i>
New titles per 1 million inhabitants	109	
eBook titles (available from publishers)	25,000	<i>Revolução eBook</i> (commercial & free, May 2013)
Key market parameters	Books are tax-free; government sales account for 26.4% of publishers' revenues	

## The good problem of Brazilian taxes

Amazon, Kobo, Apple, and Google have all complained and keep complaining about the Brazilian tax system, and that was the excuse for delays in launching locally. The tax problem, however, is essentially a good one: books are tax-free in Brazil. That is, the only taxes a publisher pays are on earnings and personnel taxes—there are no VAT or sales taxes. This is true for printed books, but when it comes to ereaders and ebooks, everything becomes complicated if

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a company wants—and it should—to keep its tax-free status.

So far, everyone is treating ebooks as tax-free products, just like their printed counterparts. Despite there being no written law guaranteeing that this will continue, everyone is trusting in the spirit of the law. When it comes to ereaders, though, no one expects to sell or import them tax-free unless the National Book Law is amended to include dedicated readers.

The Brazilian senate is still discussing a bill that would officially make both ebooks and dedicated E-Ink readers tax-free. If the bill passes, the prices of E-Ink Kindles, Kobo devices, and Nooks would have to come down steadily. Importation taxes on dedicated e-readers could be as high as 60 percent depending on how the ereader is categorized within the broader field of electronics.

What really complicates taxes in Brazil relates more closely to ebook distribution models. Although books are tax-free, services are not. If one buys and sells books, no tax is involved, but if one classifies the distribution work as a service, one may pay up to a 14.25% tax on revenues. This is known as ISS and PIS/Cofins. Of course, this challenges the agency model. Understandably, Brazilian publishers want to control retail prices of ebooks to avoid deep discounting, and to avoid deep discounts, the agency model would be perfect, especially if we assume only a standard 30% U.S.-style discount, which is much lower than the typical 50 or 55% that big Brazilian retailers demand from publishers. This is what everyone thought at the beginning of ebook trade until an accountant told everyone that taxes should be paid using the agency model. As if that were not enough, the market is still discussing whether the agency model is even legal in Brazil, and no one has emerged with a definitive answer.

So far, the contracts signed by the large Brazilian publishers tend to follow the wholesale model, with the exception of Apple, which is technically selling Portuguese books from abroad, making it easier to use the agency model. When negotiating with Amazon, the big publishers were able to include a discount limitation on the contracts, creating consumer price control in a wholesale deal.

Because books are not technically tax-free yet, big Brazilian publishers are avoiding exporting to them. That is why a great part of the Brazilian ebooks available at the Amazon local store, for instance, is not available for American and European customers. Exports will require significant additional tax control and paperwork, so the publishers have

declined to take further risks for the small revenues that they can expect.

### **eGovernment**

If tax issues were not a good enough reason for digital publishing and bookselling executives to visit Brazil regularly, the power of federal government book purchasing is.

As we saw above, the public sector generated over 26.4% of publishers' revenue in 2012, and the truth is that the ebook revolution will only get major traction in Brazil when the government decides to go digital. However, that may happen faster and more easily than many may anticipate.

First, one must remember that the Brazilian government is strongly emphasizing its digital agenda. Elections are digitally controlled nationwide, and winners are announced a few hours after any ballot. The Brazilian Internal Revenue Service has been receiving income tax declarations electronically for years. The inflationary 1980s and 1990s forced not only the banks but the whole financial system to develop online services long before the Internet was a reality, and that included the government. That being said, the Brazilian government will undoubtedly embrace ebooks as soon as the savings to be expected from such an innovative move are clear.

Actually, digitized government book purchasing in Brazil has already begun. In November 2011, the federal government included digital content in the 2014 edition of its *Programa Nacional do Livro Didático* (PNLD), which acquires all educational books used in public schools. Initially, the plan only proposed buying DVDs. However, for the 2015 edition, the government asked specifically for ebooks, and educational publishers are delivering digital content for evaluation in the second half of 2013. Since the PNLD alone purchased U.S. \$537 million worth of books in 2012 (again, more than 22% of publishers' revenues), the potential here is great.

However, the PNLD is not the only potential bulk purchaser. In 2012, the Ministry of Education bought 600,000 tablets for public schoolteachers. In the beginning, no attention was given to the content that such devices would carry, and the tables have not been distributed yet. More recently, the federal government started a bidding process to choose the reading platform to be used in these devices. Amazon and Saraiva are already approved, but the process has not ended yet. It is hoped that the tablets will reach the teachers' hands before they become obsolete.

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Another area of Brazilian government participation in digital publishing that cannot be neglected is the purchase of academic content, either via licensing or ebooks. These purchases are made by *CAPES*, a federal organization linked to the *Ministry of Education* that supports nationwide graduate courses and initiatives. The CAPES Periodicals Portal offers Brazilian graduate students free access to about 31,000 journals and 150,000 ebooks. In 2011 alone, for instance, CAPES spent US \$71 million on digital periodical licenses and ebooks for its library. No wonder Wiley has just opened an office in Brazil, and Springer is also moving in that direction. Brasília is definitely becoming an important city in the digital publishing geography.

### eRetailers

The ebook retailers' scenario in Brazil replicates the American one. Amazon, Google, Apple, and Kobo are present. *Barnes & Noble* is not around, but the local bookstore chain Saraiva fills the gap in a very similar way. In addition, there are some minor companies trying to find their spaces among the big guys.

### Amazon

While Kobo is often portrayed as the nice guy in the Brazilian market, *Amazon* has faced some resistance when negotiating with local publishers. It took several months of back-and-forth contract negotiations for the Seattle giant finally to put together a catalog and launch their store in December 2012, and to reach a final deal with the big Brazilian publishers, Amazon had to accept discount limitations in their wholesale agreements even though no agency model was used. Currently, Amazon sells only ebooks in Brazil, and even to distribute its Kindle devices (Touch and Paperwhite), it depends on local partnerships with the retailer Ponto Frio and independent bookstore chain Livraria da Vila. Actually, this is the largest challenge that Amazon faces in Brazil, i.e. the fact it does not have any physical logistics and almost all book and electronics retailers refuse to carry Kindles due to competitive issues. Even Ponto Frio refuses to sell the devices in its brick-and-mortar stores. This situation made Amazon get creative, and in a partnership with a local company, Kindle kiosks were opened in the main malls of São Paulo and Rio de Janeiro to sell Kindles to Brazilians physically. This bottleneck sales problem might end soon, however. Amazon is starting to sign contracts for physical distribution in Brazil, which means that they will solve the logistical issues in the next months, and when they are able to ship books, they will be able to ship Kindles—or anything—and play ball in

a much more aggressive way. Amazon also has a strong local team in Brazil.

### Apple

Apple opened its *iBookstore* for business in Brazil in October 2012. Even better, it started to sell Brazilian ebooks on that day, since technically a de facto Brazilian store was never opened. When Apple realized it would be a nightmare to use its agency-based business model in a place where books are tax-free but book-related services are not and no lawyer can ultimately guarantee that agency or even retail price controls are actually legal, it decided to use the American iBookstore to sell in the Brazilian market in American dollars. The result, therefore, is not a traditional Brazilian iBookstore but a window of access to Brazilian content available in the American store. This solution, however, also brought some problems. First, Brazilians pay a 6.38% IOF tax when using their credit cards abroad. Second, purchases must be carried out with international credit cards, and only 15% of the Brazilian population possesses them. Finally, the currency conversion only takes place when the credit card invoice is closed and the customer will only know the final price in Reals (R\$) when they pay their credit card bills. However, despite all the odds, Apple succeeded in becoming the #1 ebookstore in Brazil during the first half of 2012. Similar to Google, the reason for that is the huge base of existing iPhones and iPads in Brazil, plus the easy shopping experience that is simple and familiar to an audience that already consumes music and apps. Apple's main challenge in the short term is to launch a real Brazilian store selling locally in the local currency.

**Gato Sabido** *Gato Sabido* was the first Brazilian ebookstore, launched in December 2009. Their startup owners then decided to launch the digital aggregator Xeriph and focus on the new venture. Now, that the Abril group has acquired Xeriph, the future of Gato Sabido is uncertain since Abril already has its own ebookstore IBA. Gato Sabido today offers no ereaders and uses Adobe Rights Management.

**Google** *Google Play*'s bookstore section arrived in Brazil on the same day as Kobo and Amazon, in October 2012. Their contract negotiations were lighter and more discreet. They have been quite successful in selling ebooks thanks to the huge base of Android smartphones and tablets in Brazil. For instance, almost 6 million tablets are expected to be sold in Brazil in 2013, according to IDC, and considering the most recent reports on iOS/Android tablet market share, at least 80% of those will be Android. Brazil



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also has the fourth largest installed base of smartphones in the world, and according to Nielsen, over 90% of the smartphones sold at retail in the first half of 2013 were Androids. It is fair to say that many of those initial Google sales are people experimenting with ebooks and testing the store. Google actually has a very low customer return rate, and most purchases up to now have been made by first-time customers. While Amazon sells more backlist titles than any other retailer in Brazil, Google Play's front store accounts for around 80% of the sales, making it a very bestseller-focused ebookstore.

**IBA** IBA was launched in March 2012 by Grupo Abril, one of the largest media companies in Brazil, with a huge presence in magazine publishing, K-12 book publishing, and cable TV. It presents a very solid platform, with a proprietary DRM control, so the readers do not need an Adobe ID. The purchases are made on the website, and the reading is done in apps for iOS, Android, and PC. It is greatly focused on magazines and newspapers, perhaps even more than on ebooks. It has not gained much traction in the ebook market so far.

**Kobo** Following its strategy tested in Europe, Kobo's business model for Brazil was to partner with a strong local retailer, and they found one in Livraria Cultura, one of the most important Brazilian booksellers, with 16 stores around the country. Livraria Cultura also has a very strong ecommerce background since it pioneered selling books online in Brazil during the late 1990s. Kobo took advantage of the existing Livraria Cultura ebookstore—that they merged into their platform—allowing them to save several months in contract negotiations and to launch in December 2012. Kobo offers Touch, Mini, Glo, and Aura devices in the Brazilian market, so far always sold through Livraria Cultura. The level of exclusivity in the partnership deal has not been disclosed, but Kobo has been making an effort to have all contracts now signed directly with publishers and distributors. Kobo keeps a local team in Brazil.

**Saraiva** Livrarias Saraiva is the largest Brazilian bookstore chain, with over 100 stores around the country. Along with the publishing and educational divisions, they are part of a larger public company that ranks among the top three publishing groups in Brazil. They also have a strong online presence in the book market with a well-known ecommerce platform that also sells electronics, computers, and telecom products. Their ebookstore was launched in early 2010. Their platform is non-proprietary, based on BlueFire technology and on Adobe's DRM. They do not offer a de-

vice but have iOS, Android, and PC apps. The main challenges that Saraiva faces today are global competitors and the need to find a way to better use its brick-and-mortar presence and brand to increase their ebook sales.

**Submarino** Submarino could be called the Brazilian Amazon. It is a large Brazilian e-retailer that sells everything from books to wine, cosmetics, and perfumes. They started an ebookstore in a partnership with Gato Sabido, but in September 2011, they canceled the deal and invested in a new partnership with New-York-based The Cópia. They have not, however, shown any relevant traction in the market until now.

**Brazil: Conclusion** There are other digital initiatives in Brazil. In higher education, for instance, Estácio de Sá, a private university of 260,000 students, is already offering digital textbooks to its students. Telecom companies such as Vivo, Claro, and Oi, too, are starting to offer ebooks for weekly fees to their mobile clients, and several magazines are going digital.

The growth of tablet sales in Brazil is probably going to be a key element for the development of the ebook market in the country. According to IDC, 5.9 million tablets will be sold in Brazil in 2013, and Nielsen has reported that retail sales of tablets increased 400% in the first semester of 2013 compared to the same period in 2012. Even more impressive is the fact that 94.9% of the tablets sold in at retail in the first semester of 2013 were Androids. On the smartphone front, Brazil is also a huge market. According to a study by Morgan Stanley, released on May 12, Brazil had 70 million smartphones, making it the fourth country in the world in the number of such devices. IDC expects 28 million smartphones to be sold in Brazil in 2013.

The tipping point for the ebook market was December 5, 2012, when Amazon, Google and Kobo arrived. This was a game-changer, and according to market trends, 2013 will be the first year of digital growth in Brazil—just in time for Brazil to host soccer's *FIFA World Cup* in 2014, when the digital market will tend to grow even more, helped by the booming market for tablets and smartphones.

## China

By **Veronika Licher** Update fall 2013

In 2013, several initiatives occurred that together will probably reshape the scope and impact of ebooks - and more broadly, of the digital dissemination of copyrighted content - in China, as the world's most populous country has

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"overtaken America to become the world's biggest e-commerce market, in terms of sales." ([The Economist](#), 21 September 2013). In 2012, the Chinese mobile Internet reportedly accounted for RMB 159 billion of sales (ca. \$26 Billion, according to [China Internet Watch](#); the report includes an overview of the most popular ereading devices and apps, and their estimated market share.)

With a mobile phone user base of 1.1 billion by mid 2013 ([BGR blog](#), 26 June 2013), and a strong increase in the penetration of smart phones, mobile platforms are the key for the dissemination of copyrighted content, including ebooks, as its "reading population is gradually shifting online." (Quoted from a strategy paper issued by the technology company [Huawei](#), "Mobile reading as a strategic focus")

Accordingly, many observers see mobile phone operators, led by the giant *China Mobile* in a unique position to develop platforms that bring notably young users in China's huge urban agglomerations the content they are looking for, and ebooks are an integral part of it. Respective plans go back to 2010, when China Mobile already had announced plans to "build China's biggest ebookstore". ([Publishing Perspectives](#), 16 May 2012), but it took until 2013, and a broader upswing for mobile commerce to pick up speed. The stakes are high, given the strong competition from domestic giants in e-commerce, so that "even a company valued at \$126 billion can't mess with Jack Ma's homegrown powerhouse *Alibaba Group Holding*, which owns *Taobao Marketplace* and *Tmall*", as Bloomberg summarized the situation at Amazon's launch. By mid-2013, the most popular platforms for ebook downloads are estimated to be China Mobile and China Unicom, followed by Amazon and 360. (Cheng Sanguo, [BookDao](#), for this report)

In June 2013, Amazon has entered the Chinese market in a "long-overdue release of the *Kindle*" ([Bloomberg](#), 10 June 2013) by launching a dedicated Chinese platform, and promoting notably its tablet, the *Fire*, among Chinese readers. The Kindle Paperwhite was priced at \$138, the Fire HD starting at \$244.

In order to strengthen its on position with regard to ebooks, the leading domestic Chinese online platform for books, Dangdang, has started a campaign in spring 2013, offering their entire digital catalogue for free. ([The Digital Reader](#), 22 April 2013)

Also in 2013, and after a several years long struggle over licensing details, Apple's iPhone was cleared to run on China Mobile's networks. ([WSJ](#) 11 September 2013)

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Bt also in less grandiose dimensions, China is building an infrastructure to be a part, and a competitor, in the global exchange of digital content, including books and journals. For the latter, the import and export arm of China Publishing Group, CNIEPC, has launched a new platform for accessing the international e-journal segment at the Beijing International Book Fair in August 2013. ([Teleread](#), 30 August 2013)

In the meantime, another strong and innovative player in China's efforts to bringing books and reading online, [Clou-dary](#) - formerly branded as *Shanda* - seems to have cut down on its plans for international expansion, by closing the respective departments altogether. (Information received for this report) Shanda Cloudary has also withdrawn its initial plan for an IPO in 2013, pending since 2012, yet closed a round of direct funding. ([Technode](#), 15 July 2013)

#### **Developments prior to 2013 The ambitious plan ahead —combining content and capital (2012)**

The "12th Five-Year Development Plan for the Press and Publication Industry" that China released in 2011 approved, among other things, 23 projects in support of digital publishing or technological innovation. The creation of five new "national digital publishing bases" in 2011 made for a total of nine such enterprises, with a combined revenue of ¥42 billion, or 30.5 percent of total Chinese/global revenue for digital publishing in 2011. Even at the September 2012 exchange rate of about ¥6.28 to the US dollar, this is a considerable amount (Liu Binjie at Beijing International Publishing Forum [BIPF], August 28, 2012).

As Liu Binjie, minister of the General Administration of Press and Publication (GAPP) and of the National Copyright Administration, pointed out at the Beijing International Publishing Forum held on August 28, 2012, the government shows great interest in encouraging (and guiding) the development of digital publishing in China. Four administrative decisions support the effort. First, the government will give a significant percentage of special funding for cultural development to digital publishing projects. Second, strategic investors and financial capital will be encouraged to focus on cultural industry. GAPP has signed strategic cooperation agreements with several important Chinese banks to provide loans (up to several hundred billion yuan, according to Liu) to enterprises in digital publication. Also, technology and publishing operations will be urged to forge closer ties. Thus, GAPP has signed agreements with several companies in the communications sector, including China Mobile, China Unicom, and China Telecom. To hasten the growth of industrial and digital pub-

## China

Key Indicators	Values	Sources, comments
Book market size (p+e, at consumer prices)	€14.2 billion	¥118,000 million (General Administration for Press and Publications, GAPP, 2012)
Titles published per year (new and successive editions)	414,000	GAPP
New titles per 1 million inhabitants		
Electronic publications	11,154	GAPP, 2011.; Figures do not include “online literature” titles, which are not comparable, e.g., 6 million (2012, Lisa Zhang, interviewCloudary, for this report).
Key market parameters	CEB	China Ebook Format, a domestic ebook format, notably promoted by Apabi (of Founders company); fixed prices for ebooks

lishing initiatives, the telecom organizations will help propel the digitization process of traditional publishing as well.

### Status of the ebook sector

In 2011, China’s epubublishing market (or digital publishing operating income, which includes not only books but all digital content industries) grew by 31 percent to total revenues of ¥137.8 billion (*China Daily*, August 29, 2012; GAPP’s “2011 Nationwide News and Publication Industry Analysis Report,” July 7, 2012).

According to the GAPP report for 2011, all national publishing, printing, and distribution services combined achieved an operating income of ¥1.46 trillion, a 17.7 percent increase of 219.3 billion over 2010. There was an added value of ¥402.2 billion, a 14.8 percent increase of ¥51.83 billion.

A July 2012 press release for the Beijing International Book Fair (BIBF) asserts that China is the second-largest publishing market in the world. Yet a comparison of the publishing market in China to those of North America and Europe must take into account not only great disparities of income levels and standards of living, but also significant differences in the structure of the market and consumption patterns.

### The book publishing environment

Over the last decade, China has made considerable efforts to grow and professionalize its (printed book) publishing sector. Although all of China’s approximately 580 publishing houses are under direct state ownership and control by GAPP, during the last 10 years some 10,000 “cultural studios” have been created, of which many act as publishing units but with cooperative contracts with the state-owned houses for ISBN assignment. By acquiring the for-

eign rights of more than 10,000 titles per year (2011: 14,708 titles, an increase of 7 percent over 2010; Lei Ren citing BIBF in her article in *Publishing Perspectives*, September 6, 2012), Chinese publishers aggressively broadened their lists with internationally competitive works.

The government has played an active role in encouraging the best-performing groups to form larger entities and compete internationally under the guideline of its “going out” policy. By November 2010, 435 of 528 officially listed state-owned publishing houses had undergone restructuring. The goals of this effort are to create more competitive companies and to identify those that should prepare to develop international strategies as well as to go public (notably on the Shanghai stock exchange).

In this way, in late 2010, a new entity branded the “China Education Publishing and Media Group” was launched, with a projected turnover of ¥6 billion—combining the former Higher Education Press, the People’s Education Press, plus several smaller entities—to successfully confront the challenges of the digital transformation and to reach out to international partners. Several of those groups are preparing for going public.

For **Jiangsu Phoenix Publishing & Media Group Co., Ltd.** (PPMG) in Nanjing (the Chinese partner for the French Hachette group) as well as **Hunan Publishing Investment Holding Group Co., Ltd.** in Changsha for example, the main business revenue and total assets exceeded ¥10 billion as reported by GAPP (China Market Insight, BIBF 2012; GAPP 2011).

Both houses, as is typical for Chinese publishing houses, cover a wide range of topics in their publications, from philosophy, management, youth, and children to general trade books.

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“Zhong Nan,” short for **China South Publishing & Media Group Co., Ltd.**, in Changsha, founded in 2008, has recently become number two in the list of China’s top publishing ventures on a GAPP ranking that combines several indexes. This development has been driven by Chairman Gong Shugang, who is known for his aggressive stock market strategies (interview by Veronika Licher with Publishing Consultant Cheng Sanguo, Beijing, September 2012).

China Education Publishing & Media Holdings Co. Ltd., in Beijing, chaired by Li Pengyi, is listed as number three on this ranking. As a state-owned enterprise, the group specializes in publishing and distributing textbooks, periodicals, digital publications, and educational equipment.

For some companies, finding the right time to announce their IPO is a tough choice, given the current worldwide financial climate, but also with regard to domestic political developments in China. Many strategic decisions are currently on hold, in anticipation of a changing of the guard at the 2012 National People’s Congress in October 2012. In the meantime, industry leaders are reportedly focusing on acquiring more knowledge about the financial sector, to better prepare for the coming expansions of their international and domestic markets. Change management, handling transitory processes, and developing human resources are among the top priorities for Chinese publishers, as they welcome their international counterparts at BIBF 2012, including Youngsuk Chi, the chairman of Elsevier; John Makinson, member of the Pearson Board and Chief Executive of Penguin Group; and Ronald G. Dunn, President and Chief Executive Officer at Cengage.

As a result of the “going out” policy, the development of international ambitions has been energetically encouraged by GAPP, and some 459 Chinese press and publishing organizations have recently opened overseas branches, 28 of which include book publishing activities (*China Daily*, August 28, 2012, quoting GAPP statistics). This development started as recently as 2007, when China Youth Publishing House (CYPI) became the first Chinese publisher to start an office in London, now celebrating its fifth anniversary during London Book Fair 2012.

Beijing-based medical publisher People’s Medical Publishing House (PMPH) was founded in Beijing in 1953, and today is the leading publisher of medical texts and medical education in China. In 2008, it opened a wholly owned subsidiary in the US after having launched its first English-language title list in 2006 (press release of PMPH, January 24, 2008).

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## Online literature

There are at least three specifics that shape the Chinese environment in digital publishing and reading: hugely popular online reading platforms, with 100 million Chinese Internet users who have opened accounts; the prevalence of mobile devices for on-screen reading; and a high percentage of mobile Internet users reading “literary works through apps”. And the market for online literature is still growing rapidly, as shown by a report from iResearch, with revenue going from ¥150 million in 2010 to ¥600 million in 2011 (“China Market Insight,” BIBF 2012, by Lisa Zhang).

On the content side, by far the most influential individual player, according to all accounts, is Shanda Literature, or, as it was rebranded in 2011, Cloudary Corporation. According to reports from iResearch and iRead, Cloudary is said to control 72.1 percent of the revenue of this market segment (interview with Lisa Zhang for this report) of the booming online literature market in China. According to a Reuters report, Cloudary is preparing a \$200 million IPO at the New York Stock Exchange (Reuters, **May 24, 2011**). Cloudary is a branch of Shanda Interactive Entertainment Ltd. (NASDAQ: SNDA), operating six websites for user-generated online literature, notably [www.qidian.com](http://www.qidian.com) and three offline publishing companies, as well as digital magazines and an audio book platform. Among the top ten literary websites, five websites are from Cloudary (interview with Lisa Zhang).

The vast majority of Cloudary’s content—very often serialized works—is therefore generated by amateur writers who use the platform to build a community of readers; even for some particularly successful authors, it is common to turn one’s works that were initially published online into printed books under a revenue-sharing agreement with Cloudary.

As of March 2012, Cloudary claimed to have published on its websites nearly 6 million titles from more than 1.6 million authors (the equivalent of 10 percent of the population of Beijing), at a rate of 80 million characters being written and published online every day. By March 2012, the accumulated number of users/readers was said to be 123 million (interview with Lisa Zhang).

Cloudary had over 950,000 paying users in the fourth quarter of 2010, and 50 percent of the net online revenue was derived from online user subscription payments, adding up to ¥103 million (up from ¥37.4 million in 2008): 29 percent from wireless services (growing from ¥1.4 mil-



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lion in 2008 to ¥60 million in 2010) and 10.2% from online advertising (up from ¥3 million in 2008 to ¥21 million in 2010). Cloudary was the largest paid content provider for China Mobile's central reading station in 2010.

In October 2010, Cloudary/Shanda Literature launched its ebook platform **Yun Zhong Shu Cheng**, meaning "Library in the Clouds" ([source](#)).

### Key players in the digital environment

Over the last decade, China saw the rise of many major online platforms for all domains of Internet-based communication and ecommerce, including online search ([www.baidu.com](http://www.baidu.com)); the trading platform Alibaba, which includes an online payment system (Alipay); and Yahoo! China (acquired in 2005); as well as—in the case of books—online retailers DangDang, Amazon, and Jingdong ([www.360buy.com](http://www.360buy.com)) (interview with Cheng Sanguo for this report).

In recent years, all these platforms have—each in their respective field of action—engaged in aggressive price wars motivated by very price-sensitive consumers; plus, they had to agree to the terms of the Chinese government's strict policy of control over any content, both domestic and from abroad, on sensitive political and social issues, banning unwanted websites, and very effectively discouraging domestic content providers of any kind from referring to topics considered to be controversial (for a detailed account, see [this study](#) by Octavio Kulesz for the International Alliance of Independent Publishers titled "Digital Publishing in Developing Countries").

As for publishing, a premier role is being played by China Mobile, by far the country's largest communications provider and a Fortune Global 500 company (ranked number 87 in 2011), with 610 million subscribers as of June 2011 and with 300 million mobile Internet users in 2012, a number that is expected to more than double by 2013. China Unicom and China Telecom range second and third. In October 2011, China Mobile started a new business model called Yi Book Store. Customers can order books via mobile phone and—as an innovative approach to services—pay cash on delivery. The **China Mobile Portable Reading Platform** holds a book collection of 300,000 titles (as of February 2012). The accumulated amount of customer visits since 2010 is said to be 300 million, reading 400 million pages per day (information provided by China Mobile, at BIBF 2012).

Although the ambitions of China Mobile to shape the entire digital sector are huge, it has yet to be seen which sec-

tor, after the current transition period, will have the upper hand in defining the digital future. At this point, three angles can be identified in this strategic competition: the (mobile) network providers, led by China Mobile; the manufacturers of hardware devices, notably Hanvon, but also most recently Huawei; and the content providers, which include publishers as well as various online platforms.

By summer 2011, it became clear that hardware manufacturers in particular were facing an increasingly tough economic environment. eReader manufacturer Hanvon reported significant losses, and both Founder and Aigo announced plans to stop production of ereaders altogether. The new competitive situation was brought about by price wars for reading devices, especially since the spring of 2011, as well as new platform competition from tablets— notably Apple's iPad—and the major companies have re-oriented their strategy by launching content-based ventures ([source](#)).

Hanvon, founded in 1998, is thought to control an estimated two-thirds of the markets for E Ink–based reading devices, claiming over 1 million units sold. In its own **ebook shop**, Hanvon claimed in March 2011 to have 130,000 ebook titles available for download and to soon be expanding that number to 200,000 titles (<http://bit.ly/xWRyHn>). In June 2011, Hanvon signed an agreement with Shanda to gain access to Shanda's ample list of online titles on its "Cloudy Bookstore." Shanda's own device, the Bambook, introduced in 2010, is assumed to come in second, at a low double-digit market share (<http://bit.ly/zoCfes>).

Doukan ("All to see"), a proprietary reader sold by DangDang, has gained a reputation of poor usability, resulting in growing popularity of the Kindle among Chinese consumers (interview with Cheng Sanguo).

As Jon P. Fine declared on his second visit to China during the Beijing International Publishing Forum on August 28, he soon hopes to officially import Kindle devices to China.

### eBook distribution

eBook distribution platforms of relevant size have also been introduced by a number of publishing companies, such as [www.Dajianet.com](http://www.Dajianet.com), launched by China Publishing Group Corporation, one of the largest players in the Chinese publishing industry.

Reading as well as writing platforms, bundled with ebook distribution to large user communities, have been introduced by several more popular portals, such as [Sina.com](http://Sina.com),

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China's huge infotainment portal and microblogging website (<http://book.sina.com.cn>).

Domestic ebooks are most commonly published in CEB, or China Ebook Format, promoted in particular by **Apabi** (founded in 2006), the former digital content division of Founder Group, a major Chinese technology conglomerate. The CEB format has also been used by European and American publishers for introducing their ebooks to the Chinese market (such as by Penguin, when converting more than 2,000 titles into CEB in 2009 and distributing them via Founder Apabi; <http://pear.sn/wlckjO>).

### International cooperative ventures

Over the last ten years, at an accelerating pace, most major international publishing brands have looked at establishing cooperative ventures with Chinese counterparts, a movement that was actively welcomed by Chinese authorities. This list includes, to name just a few examples, companies such as Penguin, which opened a Beijing office in 2005; Hachette, which announced its joint venture with Guangdong-based Phoenix Publishing & Media Group in 2009; Cambridge University Press; and Amazon.com, which acquired the domestic online retailer Joyo.com in 2004 and since then has operated the localized version of its store, branded since 2007 as [www.amazon.cn](http://www.amazon.cn). In 2012, Hachette also opened an office in Hongkong.

## India

By **Vinutha Malliya**

**Update spring 2014**

### eBooks consumption and production

English-language trade publishers producing ebooks continue to report that sales of ebooks remain less than 1% of total sales. The number is marginally higher for STM ebooks. The STM publishing segment brings 84% of the profit to the India publishing industry. But the share of ebooks in STM segment is only 2%. This figure reflects consumption and not origination of ebooks. It is unclear how many STM ebooks are produced in India as yet.

In the ebook retail space, it is **rumoured** that **Flipkart** holds 75% of the market share for ebooks in the country. However, it is currently impossible to verify this "rumour". In a bid to expand its offerings, Flipkart has signed up with international content platforms such as **Smashwords**. More recently, at the **New Delhi World Book Fair** held in February 2014, the company inked a distribution deal with

the US-based **Publish on Demand Global**. This arrangement will "allow all digital content distributed through PODG's network to be made available for sale in India to any reader with an Android, Apple iOS or Windows 8 device. Additionally the platform makes their full store front available via their website, <http://www.Flipkart.com>, for those who prefer desktop viewing."

With the presence of *Amazon Kindle* and *Kobo*, ebook retail is picking up in India. In the case of Kindle, Amazon appears to be tapping into the growing self-publishing segment, which is expected to "explode"; the company was seen heavily promoting its Kindle Direct Publishing platform at the *New Delhi World Book Fair*. "We have been here (in India) for 18 months with the KDP and have already witnessed about 20 per cent of top 100 e-book titles, in any given week, being self published on Kindle Direct," said Jon P Fine, Director, Author and Publishing Relations, Amazon.com, in an interview with **The Indian Express**.

In the educational ebooks space, a new entrant, Mumbai-based **StudyBuddy**, **claims** to be "the largest e-book platform in India for academic books". By the end of March, the platform will have 100 publishers and 50,000 educational ebooks, claimed founder Nizam Ahmed. Through the website, StudyBuddy makes available textbooks, references, supplementary reading and books that "make good reading", to schools, colleges, universities and corporates. The platform has already tied up with publishers in India, and also with international publishers like Springer and Thieme.

In all this, the appearance of ebooks in Indian languages remains slow, both due to technological constraints, as well as lack of support for the scripts on the reading devices. However, there is a growth in ebooks in Hindi language, which has received more support from level, and for which the tools are more evolved. A few Hindi ebooks are now available on Kindle and Flipkart, but there is a long way to go for Indian languages in general.

In a bid to address the problems faced by publishers of Indian languages, the Kolkata-based firm, **Swiftbox**, has developed a proprietary technology for digital conversion of content in Indian languages. The company is working with 20 publishers to digitize and distribute their books. At present, the company digitises books for publishers without a charge, and takes a share from the sales. With a collection of 250 books available on their site, and 30–40 titles getting added every month, two-thirds of Swiftbox's sales come from selling to the Indian diaspora, particularly in the US and UK.



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**The National Book Trust** (NBT), the apex body of Government of India, responsible for promotion of book culture and reading in the country, is now embarking on digitizing its huge backlist. NBT has been publishing books in Indian languages and in English since its inception in 1957. The organization signed an agreement with the Bangalore-based digital content solutions provider, **Ninestars Information Technologies**, in early January 2014. According to this, Ninestars will develop ebooks in English, Hindi and all Indian regional languages. The digitized books will be available on an e-store which Ninestars will develop for both Android and iOS platforms.

**More devices** With **\_Kobo\_**'s launch in India, in October 2013, the market for e-reading devices has expanded. **Kobo** is distributing its devices through 100 retail outlets in 14 cities, including Crossword, Croma and WH Smith. Kindle e-readers are available both online and offline in over 200 outlets.

The fate of the government-backed low-cost Aakash tablet has become more uncertain now. The tender for the manufacture of the fourth generation of the device, Aakash 4, was floated in January this year. Several interested bidders were uncertain of maintaining the price level at the stipulated Rs 2,500 (\$41) without government support. The manufacturer of three generations of Aakash, **Datawind**, cited the volatility of the rupee as one of the challenges to keep the price at that level. In March, it was reported that most of the received bids had failed to meet the technical specifications, and that the process might be scrapped altogether. A **new process**, if launched, would only follow after the general elections (7 April – 12 May, 2014).

Online learning in schools has just started to boom in India, and “techno schools” are mushrooming in all major cities. As part of its plans for business integration, **Repro**, a leading printer and content services provider, based in Mumbai, has launched **Rapples**, a tablet-based learning solution for schools. The tablet comes with pre-loaded content, including textbooks and interactive media elements, as decided by the schools. Content is available from a cloud-based platform. This new venture by Repro complements its existing capabilities of content digitization and conversion. The Rapples solution includes converting all the books into digital books (e-books) and delivery of texts for all the subjects through the dedicated tablet for each student and their teachers. Apart from the e-books, Rapples will equip the schools with server and network capabilities, including wi-fi.

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### Smartphone and mobile commerce gaining ground

Smartphone sales in India increased by 166.8% in the last quarter of 2013, making it the world's fastest growing smartphone market, according to **Gartner**. The Internet And Mobile Association of India (IAMAI) expects that the number of mobile internet users will touch 185 million by June 2014, accounting for about 76% of the internet user base in the country. The IMAI also found that the median price of a handset had fallen 15 per cent from Rs 8,250 (\$136) in 2012 to Rs 7,000 (\$117) in 2013. This is attributed to the fact that manufacturers are trying to target the ‘value for money’ segment by offering more features at lower prices.

The result of this growth in smartphone sales and mobile internet use is that more people are transacting online through the mobile phone. Flipkart reported in early March 2014 that it received 20% of orders from mobile phones. Although the majority of orders are for personal electronics and lifestyle products, books and ebooks are also in the mix.

Smartphone device manufacturer, Samsung, has recently launched **Samsung Hub**, an e-reading solution that will allow device users to access books easily. Samsung has a **leadership** position in smartphone market in India. It had 38% market share of smartphone sales in 2013, and it controlled 19% of overall phone market last year. Samsung has begun talking to publishers in India to place their books in its Hub.

### Overview of book publishing in India

The overall book market in India is at the cusp of major changes, but in the direction of growth. Fuelled by a growing economy, a burgeoning middle-class, and higher literacy levels, the expanding book market is preparing itself for the next big curve—ebooks. With more capital being invested in the book and education industries, the Indian book sector is a ground for experimentation and innovation.

The book market in India is estimated to be in the range of \$2 billion in value, according to industry sources. About 18,000 to 19,000 publishers publish a volume of nearly 80,000 to 90,000 books a year. After the US and UK, India ranks third in the world in English-language publishing. More than half of all print books published are in Hindi (26%) and English (24%), and the rest are books published in 22 other official languages of India.

According to the **Federation of Indian Chambers of Commerce and Industry** (FICCI), the publishing industry is

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growing at a rate of 30% compound annual growth rate (CAGR)—a trend aided by the opening up of foreign direct investment (FDI) in the publishing industry, up to 100%, in the year 2000. Almost all the multinational publishing companies have a presence in India now, but the bulk of Indian publishers are made of family-owned, small-scale businesses.

While the boom in publishing augurs well for the growing print book industry, the ebook market in India is currently expected to be less than 1% of the total book market. A market intelligence study by **Netscribes** predicted that the Indian ebook market will grow by 20–25% in the next 2–3 years. The education sector (K–12, higher education, academic) has been the early adopter of elearning and econtent in the last decade. Although over the last 5–6 years ebooks have made a presence in the academic books segment, most of them do not originate in India. Almost all of the online educational content and digital book publishing available is currently in English.

According to *Nielsen Bookscan* data, which tracks 40% sales of trade books in India, sales of 15.5 million units valuing Rs 425 crore (\$70.8 million - with one crore being a unit in the South Asian numbering system equal to ten million) were recorded in 2012. Of this, the break-up was, for fiction: 24%; non-fiction: 44%; and children's books: 20%. Nielsen estimates that at retail price, the value of total sales of trade books in English language (including imports) is at Rs 1065 crore (\$177.5 m).

Trade publishers have been exploring e-publishing and several have released ebooks since 2012, but their impact is yet to be measured. The available evidence suggests that popularity of ebooks is rising. Issues of piracy, plagiarism, and a lack of awareness about copyright continue to be a concern here, but policies and legal frameworks have been put in place to address them, such as the revised *Copyright Act* (in 2012) and the strengthening of the *Indian Reprographics Rights Organization* (IRRO). Print book penetration has been long-challenged by a fragmented value chain (especially at distribution level), poor infrastructure, and the lack of access to and affordability of books. India is one of the lowest priced book markets in the world, yet book publishers lose 20% of sales due to pirated printed copies.

Although the literacy levels in India increased by 9% in the decade of 2001–2011 since the last decade (literacy rate is 74.04% for 1.2 billion population in 2011), there are acute fissures in access to digital opportunities. Of all the literate people in India, those that are literate in the primary lan-

guage of digital information, i.e. English, make up 6% of the total population.

The Government of India is leading several initiatives to promote digital literacy and provide access to digital content at school and college levels. National level missions such as the Rs 4612 crore (\$768.7 million) *National Mission on Education* through ICT (NME-ICT) have been introduced. The NME-ICT is working in collaboration with other related missions and schemes—*National Knowledge Network*, *Scheme of ICT in Schools*, *National Translation Mission*, and the *Vocational Education Mission*.

The country's well-established IT software industry has made India a sought-after destination for outsourced services. Nearly 60% of global publishing industry's outsourcing of business processes comes to India. Conversion and digitization of backlist and archives tops the list of services sourced, according to the analytics agency, *ValueNotes*. India leads ahead of US, UK, Philippines, and Europe in the publishing industry's *business process outsourcing* (BPO) segment because of its price advantage.

The proliferation of personal devices for accessing content is expected to create the demand for book content on digital platforms. E-ink devices for ereading were picking up sales in 2011 and early 2012 in India. The sale of home-grown versions—*Wink Reader* (now discontinued) and *Infibeam's Pi*—and later, of Kindle, created an entry-point for ebook reading. Now there are more than 70 reader devices available in the market.

However, by late 2012 the surge in tablet sales suggested that India would opt to migrate directly to tablets than use a single-purpose device like an ereader. The evidence in 2013 shows that smartphones and phablets might outsell tablets, and become the preferred devices for consuming a range of digital content including books. So far, most ereading devices and book-related apps have piggybacked on the bulk of freely available out-of-copyright digitized books, classics from around the world, and have been able to attract consumers to access books on a digital device. In India, because it is a low-priced editions market, especially in trade segment, ebooks don't yet compete with print books since price is not yet a major differentiator. But publishers are experimenting and there is no pricing norm in place yet.

### Readers' demographics

India's large youth population (13–35 years) is a sizeable market potential for publishers. Estimated to be 459 million in 2009, youth constitute 38% of India's total popula-

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tion. Of these, 73% youth are literate, with a majority residing in rural areas.

According to the *National Youth Readership Survey 2009*, [N1] half of the readers surveyed gave “knowledge enhancement” as the first reason for reading leisure books. The survey also revealed that more literate youth in urban areas were readers.

Soon after *Independence* in 1947, when literacy and education levels were dismal, school textbooks and examination-based reading were given priority by policy-makers—trends that remain strong to this day. This is seen in the ebooks segment too: several institutions, through their libraries, have been making ebooks available, primarily of science, technical and media (STM) subjects, for students since the last 5–6 years.

The current demand for ebooks is coming from the six metropolitan (Tier I) cities—Bangalore, Chennai, Delhi, Hyderabad, Kolkata and Mumbai. The *Global E-Book Monitor* of the market research firm **Bowker**, a 10-country **sample survey** conducted in early 2012, estimated that 2% of the Indian population has purchased an ebook during the period of study. The study also revealed that the typical ebook buyer in India is a college graduate, more likely to be male in the 25–34 years age group, working fulltime and living in a city. The perhaps explains another finding by the survey, that the majority of books downloaded were either from professional/business category or academic books /textbooks.

An annual sample survey by *Tata Consultancy Services* (TCS) among youth in the metro cities shows that smart devices and access are making youth “instant connectors”, and transforming the way that they are conducting not just their social lives, but also their academic lives.

According to estimates, India has about 200 million children under the age of 18, and 69 million of them reside in urban areas. Mobile devices have become an important utility for young urban parents to entertain their children with. A growing number of parents are exposing children to apps at an early age. In a survey of *Generation Z* by **Ericsson ConsumerLab** in 2012, 26% of survey participants from India were downloading a phone app for their kids at least weekly.

The latest *New Generation Study* by *Cartoon Network*, released in December 2012, revealed that one in 10 kids in the age group of 7–14 surveyed by the study owned a mobile phone. About 58% of the kids used computers but only 19% owned a computer. Nearly 87% used the internet

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at least once a week and 10% used it every day. Playing games, surfing for information and social networking are some of the preferred activities on the internet, the study reveals. The survey comprised of 3,100 children in 7–14 years’ age group, from 26 cities.

The **The Indian Readership Survey**, which studies mass-media consumption data, indicates a 27.5% increase in internet-based readership between beginning of 2012 and third quarter of 2013. In the same period, only a slight growth was observed in printed newspaper readership (0.7%).

An important result thrown up by Bowker’s study is that *free* content is a driver for ebook adoption in India. Over half the respondents to that survey had downloaded a free ebook in the six months prior to taking the survey.

India is now the world’s third -largest internet user, after the US and China, according to a *Comscore* report released in August 2013. Of the internet users, 75% are below the age of 35. But the report observes that women in the age group of 35–44 years are among the heaviest users in the Indian market.

Currently, much of econtent available in the country is in English, a factor that restricts a large section of people from using the internet. Internet users in rural India show a greater preference for localized content. At least 64% of internet users in rural India use the internet in local languages. [N2] Email is the most popular service, while online news and online banking in local languages are also becoming popular. Great expectations anticipate that in the coming years this pattern of consumption will give way to user-generated content in local languages.

In the absence of more reliable data on ebook readership in India, the patterns seen in consumption of eservices and ecommerce give some clues for future opportunities.

### Technological infrastructure

The ratio of computer literates in India was estimated to be 6.15% (224 million) of the population, last year. The digital divide in India is a result of several divides combined, namely a lack of access and affordability, poor infrastructure, and social inequalities.

Internet penetration in India was at 12.6% in 2012. According to the *The Indian Telecom Services Performance Indicators* report released by the *Telecom Regulatory Authority of India* in August 2013, the number of internet subscribers in India was 164.81 million by March 2013 (it was 150 million in December 2012). Of the total internet sub-

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scribers, 15.05 million were broadband connections; 6.56 million were narrowband connections; and a whopping 143.20 million accessed the internet through mobile phones. (These numbers are based on connections registered, but are not indicative of active users.) When it comes to mobile telephony, the penetration level is greater in urban India. In March 2013, of the total 867.80 million wireless telephone subscribers, 525.30 million were in urban centres.

While email is the most used service, 28% read news online and 25% users accessed apps. Online games were accessed by nearly 50% of mobile internet users. [N3] But social media is steadily outstripping all other uses in urban centres, as observed by the Comscore study cited above.

India registered 73.5 million mobile handset sales for the period January–April 2013, registering a growth of 11.1% year-on-year, according to CyberMedia Research. During the same period, 9.4 million smartphones were shipped in the country, showing a growth of 167.3% on an annual basis.

The sale of tablet computers is rising, strengthening the demand for variety of content. An estimated 3 million were sold in 2012, from 0.5 million in 2011, according to the research agency, which had predicted that 6 million would sell in 2013. The growth in shipments of tablets in India registered a 107.4 % year-on-year growth in the second quarter of 2013. About 1.15 million tablets were sold in just the second quarter of 2013 by as many as 70 domestic and international vendors, according to the research agency. Almost 80% of the tablet device models launched during this period were with both of 3G and Wi-Fi connectivity, leading to a growth of 103% in shipments of 3G tablets. Local brands are fiercely competing with global manufacturers for a share in the tablet market. The Indian consumer has no bias against local brands, perhaps because of the price-sensitivity of the Indian market.

It was only with the launch of *Amazon's Kindle India Store* in August 2012 that a *Kindle* device (*Kindle Wi-Fi 6"*) was available at an introductory price in India when the US company tied-up with the local *Croma* retail chain. Until then, *Kindle* devices, and perhaps a few *Sony eReaders*, were imported. *Kobo* will launch in India soon, and the company already identified a retail partner. [N4] *Kobo's* entry is likely to create robust competition to the ereader devices segment.

India's preference for multi-feature devices that offer more value—over and above read-only devices like an ereader

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—is perhaps the reason for proliferation of low-cost and *Android*-based devices in the country. It is not surprising that 63.5% of tablets sold in the period between July–September 2012 were those priced below Rs 10,000 (\$167).

Although the sales of smartphones and tablets are growing strongly, and tablets have outstripped netbook sales too, most ereading continues to take place on personal computers and laptops.

### Government interventions in ereading technology

The launch of the “cheapest tablet computer in the world” – *Aakash* – brought attention to the potential that low-cost technologies have to revolutionise internet access among a mass population. Fashioned as a public-private partnership project, the *Android*-based *Aakash* was to be subsidized by *Government of India* for students. The device was to be procured by the *Ministry of Human Resource*.

Developed for Rs 2,263 (\$38) by manufacturer *Datawind Limited*, it was to be made available to college and university students at Rs 1,130 (\$19). Specifications for the third edition of *Aakash* were announced in early January 2013. But by end of January, the MHRD announced that it was thinking of shelving the project due to a *supply gap* coupled by the availability of other low-cost devices in the market. The future of the project remains uncertain.

In the meantime *Aakash* has reached the US, where pilots aimed at helping schoolchildren learn maths and other subjects have been underway, in North Carolina and San Francisco. The company supplied 100 devices at \$45. Following the pilot, about 2000 units have been shipped.

In August 2013, it was reported that the government was exploring plans to develop and sell smartphones costing less than \$100 to Indians, to drive the country's broadband push. More recently, it was reported that the government was setting aside Rs 10,000 crore (\$1,666.67 m) to give away 2.5 crore (25 million) mobile phones at subsidized rates in rural areas and 90 lakh (9 million) tablets free of cost to students of classes 9 and 10 studying in government areas.

### Elearning content

At least 60% of all printed books sold in India are educational books. The emphasis on education has enabled early adoption of digital content in Indian universities, for almost a decade now. In the higher education and academic category, especially in STM segment, ejournals have been available to institutions and libraries. Journals published by publishers like *Springer*, *Taylor & Francis*, *Elsevier*, and



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Wiley were among the first. Much of the content available for the STM category originates outside the country. But in *Social Sciences* and the *Humanities*, a modest list of journals are being published in India, chiefly by *Sage India*, which publishes 50 journals in Humanities and Social Sciences. One of the largest distributors of e-resources to institutions and libraries in India, *Balani Infotech*, part of *iGroup (Asia Pacific Limited)*, distributes a wide variety of electronic content—ebooks, PDF documents, audio-books, ejournal issues, classic literature for K–12, and more—produced by over 200,000 publishers from around the world.

Under the Government of India's *National Library and Information Services Infrastructure for Scholarly Content* (NLIST) of *\_INFLIBNET\_*—the online digital library linking universities and colleges—nearly 80,000 e-books and thousands of high quality paid e-journals have been made available to research institutions, universities, and colleges across the country. Almost 90% of the ebooks in this network are sourced from the US-based Ebrary platform.

The Indian Government has been investing in electronic content creation too. Elearning courses from the national premier technology institutions, the seven *Indian Institutes of Technology* (IITs) and the Bangalore-based *Indian Institution of Science* (IISc) are being offered as part of the *National Programme on Technology Enhanced Learning* (NPTEL). The *Ministry of Human Resource Development*, Government of India, funds the NPTEL. The aim of the project is to enhance engineering education in the country. About 260 courseware modules were available in phase 1 in January 2013, from a total of 1216 proposed courses.

The government's *One-Stop Education Portal*, *Sakshat*, launched in 2006, is to become a repository of educational resources for teachers and learners—from kindergarten onwards. The portal houses virtual classrooms and self-learning materials. A work-in-progress, the portal aims to synergise the work by national-level educational bodies like UGC, AICTE, IGNOU, IISc, IIT, NCERT etc.

India's online education market size is valued at \$20 billion and set to grow to \$40 billion, according to an industry estimate. The current market size for digitized school products in private schools alone is around \$500 million. Privately run schools account for 20% of all schools in India. The current market size for ICT in government schools is valued at \$750 million, according to market research firm **Technopak Advisors**.

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The increasing use of computers in classrooms in the course of the last decade has enabled the private education sector (in K–12, higher education, academic) to develop and adopt elearning content. In the K–12 segment, publishers like *Pearson* and *S. Chand/Harcourt* have a strong presence in producing elearning materials and teaching aids, alongside educational companies like *Educomp Solutions*, *iDiscoveri*, *Everonn*, *CORE*, and *IL&FS* etc. Software service providers like *Tata Interactive Systems* and *HCL Infosystems* have also entered the school elearning space through partnerships with content providers.

The bundling of educational content with tablets is a growing trend. *Micromax Funbook* tablet has partnerships with publishers like *McGraw Hill* and *Pearson*, and with educational companies like *Everonn Education* and *Vriti Education*.

On the other hand, publishers are also launching tablets with content bundling. *Pearson Education India* recently launched *MX Touch*, a tablet-based education solution for Indian schools, in November 2012. Available in three variants, the MX Touch tablets host interactive activities and worksheets compliant with the school syllabi for grades 3–8. One of India's largest educational publishers, the *S. Chand Group*, has launched *Intellitab*, a tablet that works on Android 4.0, which packs in curriculum-based content for each grade. The content is based on *S. Chand/Harcourt's Destination Success* curriculum-based interactive product portfolio. Over 500 schools, according to a company release, are using the *Destination Success* software suite.

The entry of MOOCs (massive online open course) is creating access to other forms of elearning content. The not-for-profit *EdX*, a MOOC platform founded by *Massachusetts Institute of Technology* and *Harvard University*, says that it gets a large fraction of traffic from India. In a recent interview, its CEO *Anant Agarwal* said that India consistently represents the second highest enrolments in EdX courses, after the US. The platform has partnered with *Indian Institute of Technology, Bombay* to make the latter's courses available to a global audience.

### E-textbooks

The government in India dominates the K–10 textbook segment by publishing textbooks for schools. The *National Council of Educational Resources and Training* (NCERT), provides its entire textbook range for download, as PDF files online.

Over 90% of all e-textbooks available for higher education in the country originate outside India, and are in the

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English language. [N5] *Springer* leads the list of ebook providers, with nearly 74,000 titles in the catalogue. Publishers listed once above, Taylor & Francis, Elsevier, Wiley, Sage, as well as Tata McGraw-Hill, Pearson, Cambridge University Press and Oxford University Press are selling ebooks in India now. Not just for STM, but ebooks on subjects like Law, Management, Social Sciences and the Humanities are being produced in digital formats, and being made available through the publishers' websites. However, individual sales are very few, and most e-textbooks sell through library suppliers. Many publishers offer ebooks at discounted rates from their international prices, up to 50% in some cases, for bulk purchase by Indian institutional libraries.

Some online stores like *Attano* and *SkoolShop* are retailing a sizeable list of educational ebooks by Indian publishers, showcasing the early phase of indigenous ebook production in the education space. Attano hosts about 1500 books and 7500 educational videos for K–12, along with exam preparation materials, question banks and materials for college test preparation. It launched a new service called *ChapterBuy* in June 2013, to sell individual chapters from reference books for higher education in an ebook format. Attano will make available over 10,000 chapters, priced Rs 3 (\$0.05) onwards, for engineering, management and commerce students. The company has partnered with Mumbai-based Sheth Publishers and Pearson for this initiative. Exam preparation materials, especially for entrance exams are also available through *Vriti* and *The Digital Library*.

*Bharti Airtel*, India's largest mobile network operator, introduced test preparations and English-learning modules on mobile through its *mEducation* platform, which it launched in early January 2013. The service enables Airtel mobile customers to access courses for language skills, entrance exam preparation and career counseling for as little as Rs 2 (\$0.02) per day.

More and more Indian publishers of educational books are digitizing their backlists and creating digital products from their frontlist. *PHI Learning*'s list of ebooks (about 700 digitised titles) is available directly from their website. *Medical books publisher, Jaypee Brothers* have published nearly 1215 ebooks, as well as produced 2250 videos on surgical procedures, available through their websites. *Anmol Publications*, a publisher of pure sciences, humanities and social sciences books is digitizing 6000 and more titles and offering those as ebooks. Publisher of Physical Sciences and Mathematics books, *Hindustan Book Agency*, is also in the process of publishing ebooks.

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In the school-books segment, which is controlled upto 75–80% by the government bodies, private publishers have to operate in the remaining space. Yet, demand for books is increasing. Publishers like S. Chand, *Ratna Sagar*, *Orient Blackswan* are investing in creating digital products, both ebooks and online learning aids, although they feel that it will take another five years for students to start reading digitally in a big way. Orient Blackswan's educational ebook sales are less than 0.02% of the company's total sales, said a company representative. [N6]

Student attitudes towards e-textbooks, and other aspects such as quality of electronic versions of books, enhancements, and their integration with classroom pedagogy are yet to be examined and reviewed. There is no indication of e-textbooks being core textbooks for students yet. Anecdotal evidence suggests that there is a long way to go, for students to get seamless access to the electronic books both on and off campus.

### Trade ebooks

There is a lot of activity in the trade ebook segment. Almost all major trade publishers (English-language publishers) have released ebooks. In July 2012, Penguin Books India's was the first major e list, of nearly 240 titles, that was released in the market. Before *Penguin*, *Hachette India* had released a batch of ebooks in late 2011 and early 2012. *Random House India* too had released some titles as ebooks in 2011, and the ebook catalogue has now grown. *HarperCollins India* started releasing ebooks since September 2012, and although globally ebooks form 20% of HarperCollins' revenues, in India it is less than 1% in sales. [N7] This is the figure given by almost all trade publishers for ebooks sales.

According to *Kapish Mehra*, managing director of *Rupa Publications*, the company's entire active backlist, of over 1500 titles, is digitized and available. [N8] *Gautam Padmanabhan*, CEO of *Westland*, says that the company's entire frontlist is digitized and 80% of backlist is available as ebooks. [N9]

While some publishers are adopting the approach of simultaneous release of both print and ebook editions, publishers like Rupa and its sister company Aleph, will release e-editions after 6 months of the release of printed books.

The new trend in the ebook space in India is e-singles of short-fiction. In July 2013, Penguin Books India announced the launch of its *e-singles* list of short, digital-only reads—“byte-sized stories which can be easily completed in the course of a daily commute or in a lunch-hour.” The list



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launched with 47 titles, available via Flipkart and Google Books, at Rs 25 (\$0.42) per story.

On 21 September 2013, HarperCollins India launched its *Harper21* ebook imprint, with 21 e-singles from 21 authors, priced at Rs 21 (\$0.35) per story. The company says that the stories can be read in 21 minutes! A concept that has been tried by HarperCollins in other countries.

Recently launched **Bloomsbury India** has also indicated that it will be publishing e-book versions simultaneously with printed ones. Many medium and small publishers are also venturing into publishing e-books. For example, the Delhi-based **Sterling Publishers**, who publish general interest and children's books, began to offer a wide collection of ebooks in epub format (digitized by *QBend*) through its website, and it had 177 ebooks listed on *Apple iBookstore* and Amazon Kindle store by May 2013. **Roli Books**, which publishes illustrated and coffee-table books and also literature, has launched about 40 titles as ebooks.

In children's fiction and comics segment, **ACK Media**, had launched 350 ebooks, and apps and games last year. The famous *Amar Chitra Katha* comic list is available through Amazon Kindle store, Apple App store, *Nokia Ovi* store and Android market. The company's digital division has also developed over 15 games based on characters from the ACK and Tinkle comics, in collaboration with a partner. The company is planning to roll out a complete digital infrastructure system in 2013, which will both create content as well as repurpose existing content for digital media, along with the ACK App store.

**Scholastic India** is in the process of converting its backlist into e-enabled books, compatible with the Kindle platform. At present, some of its fiction and general interest titles have been made available in EPUB format.

**Diamond Comics**, another popular comics books publisher in Hindi and English and other languages, has also digitized its formidable list and made it available for web, and for iPad and Android, in partnership with the Readwhere newsstand platform.

The multilingual children's picture book publishers like **Tulika Publishers** and **Pratham Books** were among the first to experiment with book apps, with multilingual content in the case of Pratham, on the Apple App Store, in partnership with application platforms like **Fliplog Reader** and **Mango Reader**. Pratham makes its books available on open platforms as well as on the entire range of reader applications, including The Wink Store, *Google Play*, *Rockstand*, etc. Popular children's picture-book publishers Karadi

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Tales who are known for audio books, flash videobooks, DVDs and CD-ROMs, recently launched some of their books on the App Store. At the **New Delhi World Book Fair 2013**, another children's books publisher, *Katha*, announced the launch of its ebooks list, developed in partnership with *Impelsys*.

Publishers in Indian languages are also launching ebook catalogues, by digitizing their backlist. Among them the notable ones are from publishers like Rajkamal Prakashan[Rajkamal Prakashan] (in Hindi); **Mehta Publishing House** (250 titles in Marathi launched in last week of September 2013); and **Sapna Book House**.

**DC Books**, the popular *Malayalam* publishing house, was one of the first among Indian languages' publishers to launch ebooks. Most of their titles are available as ebooks, which are selling just under 10% of their sales, according to its CEO, *Ravi Deece*.

The **Wink Store**, which was launched in late 2010, was unique because it was able to sign up several trade publishers producing Indian-language books, giving the language segment its first entry-point into ebook publishing. While many of the publishers who signed up, started with PDFs, it was their first effort at testing the waters. The Store, which is an associate of DC Books, offers ebooks and e-magazines. In 2010, it had launched and marketed the Wink eReader, an e-ink device, which has now been discontinued. But the ebooks and the apps are available for readers to read on other devices.

Another initiative, **Bookganga**, based in the US, with its technology centre in Pune, retails more than 75,000 ebooks in *Marathi*, *Gujarati*, *Hindi* and *Sanskrit* languages, which can be read through their own app.

For many reasons, including difficulties of font support on e-reading devices, and also the investments that they need to make, to adopt a digital workflow, the publishers in Indian languages are held back from launching their electronic publishing programmes.

The many digital service providers that have been servicing foreign publishers so far, are now aggressively seeking domestic business from Indian publishers. The boom in tablet market is also helping the start-up software ventures in India to court publishers for potential content partnerships. But the collaborations have been few.

#### **Delivery platforms: Amazon, Flipkart, Kobo**

There are interesting developments taking place in retail of trade ebooks. Ebook retail is taking off from the online

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retail of physical books, which is continuing to grow too, with almost 25–35% of printed books sales coming from online retail for many publishers.

Amazon's homegrown competition in India, **Flipkart**, which started as an online retailer of books, and later introduced other categories of products, had forayed into retailing ebooks in September 2012 through its Flyte digital store (which started with selling music). **Flyte** was shut down in May 2013. By August 2013, Flipkart launched the Flipkart ebook app for Android, iOS and Windows platforms, as well as a web reader. The company has tied up with several Indian publishers, including publishers of Indian languages, beginning with Hindi, to sell their ebooks.

Flipkart has said that according to Nielsen BookScan Retail Panel data, Flipkart holds 80% market share for online book sales in India, and holds 40–45% market share for all trade book sales across brick and mortar and online. In August 2013, Flipkart inked a deal with self-publishing platform **Smashwords**, to distribute its titles in India.

Amazon's Kindle, which has brand recognition in India, made it easier for Indian customers to buy books, with the launch of the Kindle India Store in August 2012, which enabled transactions in Indian Rupees (INR). Amazon had tied-up with *Croma* retail chain to sell its basic e-reader, the Kindle Wi-fi 6" E Ink Display device.

When Amazon launched **Amazon.in**, its marketplace platform in India, in August 2013, it integrated the Kindle India store under that domain. The Kindle range of e-reader devices was also made available through Amazon.in shortly afterwards.

The ebook space in India is about to get more exciting, with the coming of **Kobo**, which will soon launch here. In an interview to the author of this report, *Malcolm Neill*, Kobo's Director Content Acquisition and Publisher Relations APAC, said that Kobo's entry will drive competition. It has also identified a retail partner, and has been building relationships with publishers for over a year now.

Before Flipkart and Kindle India Store set up, ebooks were available from locally established online retailers, like Ahmedabad-based Infibeam and The Wink Store, which is based in *Kottayam*, Kerala. Infibeam's ebook store with over 900,000 ebooks, complements the Pi e-ink reader. When it first launched, most ebooks available through Infibeam were those published by global STM publishers.

*Google* extended its ebook section on Google Play marketplace in India, in February 2013. With Android devices

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having greater penetration, Google Play is an important platform for content, where ebooks are priced in Indian rupees.

### Offline retailers

Offline retailers are also making a foray into ebook retail segment. In September 2012, Landmark retail chain's online store announced an ebooks section, and an Android-based e-reader app. Landmark's catalogue seems to be made of foreign ebooks, aggregated from an international distribution service.

The other leading book retail chain, **Crossword**, is poised to launch its ebooks retail channel by October 2013 or so, according to Kinjal Shah, the company's COO. [N10] Crossword's plan to launch ebook retailing space has been on the anvil since September 2012.

### Telecom companies join in

The telecom operator **Aircel** has launched **Aircel BookMate**, an ebook store for its subscribers, in mid-September 2013. The store will allow its subscribers to browse, download and read books, magazines, and comics on their smartphone, tablets and PCs, through a monthly subscription or one-time purchase. But one needs to have an Aircel number to register. The Aircel BookMate app for Android smartphone can be downloaded from the Google Play Store, while the iPad and iPhone app appears to be in development.

In early September 2013, *Vodafone* tied up with *Rockstand*, the ereading app, to provide Vodafone subscribers to buy digital content available on the app through their mobile bills or balance. Vodafone users are now able to purchase books and magazines at Rs 7 (\$0.12) per day, cheaper than the current prices of ebook and emagazines offered on the app.

(Telecom operator *Bharti Airtel*'s mEducation initiative in the educational content space has been mentioned above.)

By all indications, most publishers of ebooks realize the value of releasing books across all platforms, and they are experimenting with creating their own reader apps. With the Android platform being the most popular operating system in India, the Android-based apps would be the first choice. *Cloud* computing is offering a solution to create reader applications for different operating systems, which allows readers to migrate between devices and platforms with greater ease, while being locked down to the distribution platform.

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Ebook publishers are faced with the problems of book discovery, and many are investing in strengthening their marketing efforts online, especially through social media. Except in the case of Penguin and Sterling, the publishers do not give information about the availability of their e-editions on their own website as yet. Many publishers are yet to adopt an integrated workflow, from manuscript creation to output, and also in following global standards for metadata.

### Formats and pricing

Publishers in India are exploring with all formats and platforms. While most started with releasing PDFs, awareness about other formats is growing now. Open formats like EPUB and MOBI are becoming popular. DRM is seen to be a solution for digital piracy, so publishers are becoming familiar with DRM.

Publishers are experimenting with pricing too. Ebooks are available from as less as Rs 40 (\$0.66) going up to Rs 350 (\$6), for trade books originating in India. Ebooks sourced from foreign publishers are priced higher. Since India has been a market for low-priced editions, especially in trade publishing, price was not thought to be a differentiator when it came to ebooks. But that is could change soon. There is a lot of experimentation going on with pricing norms.

Earlier this year, most ebook publishers began by pricing printed books and ebooks almost at par; or pricing the ebooks, just less than the print version. With more ebook platforms coming up, there seems to be a shift.

Penguin's title *Can Love Happen Twice* by Ravinder Singh, from its popular *MetroReads* imprint, is priced at Rs 125 (\$2.08) in print and sells at Rs 65 (\$1.08) on the Kindle store and Flipkart. Similarly, the paperback of *Immortals of Meluha* by Amish Tripathi (Westland) is priced at Rs 225 (\$3.75), but both, the Kindle and Flipkart editions, are priced at Rs 72 (\$1.2). The nearly 50% difference in price in two editions, among the popular, commercial fiction titles are not seen in the literary fiction titles. For instance, HarperCollins' *India: A Traveller's Literary Companion* by Chandrabhas Choudhury is priced at Rs 399 (\$6.7; hardback) and its Kindle edition is priced at Rs 314 (\$5.2), whereas the Flipkart edition is priced at Rs 359 (\$6).

Similarly, in literary non-fiction too the difference is not 50%. Hachette India's newly revised title, *24 Akbar Road* by Rasheed Kidwai, an account of the Congress Party's hold on the Centre, is priced at Rs 375 (\$6.25) in paperback, and Rs 295.45 (\$5) in Kindle edition.

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### Self publishing

Many Indian authors are taking advantage of self-publishing services, for example those offered by *CinnamonTeal Print & Publishing Service* and *Pothi*. Amazon's Kindle Direct Programme became a greater attraction in August 2012, when the company allowed authors and publishers to set Indian rupee prices on the Kindle Store. For many of these new authors, ebook-first is a safe bet, requiring minimal investment. With Smashwords' books now available on Flipkart in India, this platform is also likely to gain interest among authors looking to self-publish.

Well-known author *Ashok Banker*, best known for the best-selling *Ramayana* series (Penguin Books India), set up his own ebook store, *AKB eBooks.Com* in 2011. For Banker, the attraction towards ebook publishing was not about the cost of production, but instead, it was the ease and the low cost of distribution and purchase.

The success of self-published author *Amish Tripathi*, whose mythological fiction series, *Shiva Trilogy*, earned him a \$ 90,000 advance from publishers Westland recently, has given hope to aspiring writers. Tripathi's *Immortals of Meluha*, the first of the Trilogy, was first published by him in February 2010. The book was re-printed thrice within the following week, and by the end of July it had sold around 45,000 copies across India. After the book's initial success, Westland picked up the series for publication. The Trilogy has sold more than 1.7 million copies in print within a two-and-half year period, with retail sales of over Rs 43 crore (\$7.17 m). It has been hailed as "the fastest selling book series in the history of Indian publishing."

Having foreseen an opportunity, Penguin Books India along with Author Solutions, launched a self-publishing imprint, Partridge India, in early 2013. Every Partridge India title is released in digital format as an e-book, and print format is offered as an option.

### Localisation efforts

The fact that English enjoys a privileged status in India and is also the language of instruction for almost all higher education courses in the country, chiefly for STM subjects and professional courses. Publishers of Indian-language content have a few hurdles to surmount before e-publishing in these languages can catch up with the pace of change taking place in English publishing. The most important obstacle is that computing with Indic scripts has been a struggle due to the presence of multiple standards in text encoding and keyboard layouts, as well as because of poor Indic-script support on reading devices. Often fonts need

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to be bundled with the content files. Readers require plug-ins to be able to read such files on their devices. Although agencies of the government, not-for-profit organisations, and also technologists' groups and industry bodies are making efforts, especially for adoption of *UNICODE* standards, there is still a distance to cover in this regard.

(Some of the publishers in Indian languages who have launched their ebook lists, and the platforms which support them are mentioned in the trade e-books section above.)

A *Tamil* e-reader application, *NHM Reader*, was recently launched by the *Chennai*-based publishing company, *New Horizon Media*. The cloud-based ereader application, inspired by the Kindle app and its features, is currently available for iOS. The app will allow readers to adjust font sizes and background colours. New Horizon Media is developing the *NHM Reader* for Android devices too. The company, which has been involved in developing a series of Indian-language software applications, also runs an online retail store.

For a listings of companies, see [Part IV](#)

## Notes

1. Indian Youth: Demographics and Readership – Results from the National Youth Readership Survey 2009, National Book Trust, India in association with National Council of Applied Economic Research, New Delhi: 2010. See the table of contents and an executive summary here.
2. Source: Vernacular Report 2012. Report by Internet and Mobile Association of India (IAMAI) in association with IMRB International, Mumbai: January 2013.
3. Source: Mobile Internet in India – December 2012. Report by Internet and Mobile Association of India (IAMAI) in association with IMRB International, Mumbai: January 2013.
4. Source: Personal interview with Malcolm Neill, Director Content Acquisition and Publisher Relations APAC for Kobo. 22 September 2013.
5. Source: Personal communication with Kailash Balani, Managing Director, Balani Infotech, a library and information services company, which supplies ebooks to universities and libraries.

2. See the survey carried out by the telecom equipment vendor Ericsson, polling 47,500 Internet users aged 16 to 60 years in 58 countries and regions in the first quarter of 2012, reported by various services, and the Wireless Federation on June 20, 2012.

6. Source: R. Krishna Mohan, Manager (production) – Higher Academics at Orient Blackswan. Interview published in Book Special, PrintWeek India special issue, September 2013.
7. Source: PM Sukumar, CEO, HarperCollins Publishers India. Interview published in Book Special, PrintWeek India special issue, September 2013.
8. Source: Kapish Mehra, Managing Director, Rupa Publications. Interview published in Book Special, PrintWeek India special issue, September 2013.
9. Source: Gautam Padmanabhan, CEO, Westland Limited. Interview published in Book Special, PrintWeek India special issue, September 2013.
10. Source: Kinjal Shah, COO, Crossword Bookstores. Spoken on the panel discussion “The Evolution of Book Retail in India”, at Publishing Next, 2013, on 21 September 2013.

## The Arab eBook Market

eBooks and the digital distribution of written content have the potential of becoming a game changer in the Arab world, by opening access to knowledge, learning, and also pleasure reading in a region that traditionally was known for high rates of illiteracy and ailing distribution channels for books. Digital distribution can perhaps overcome some of these hurdles and bring books within reach of a young population that is quickly moving online with the help of hugely popular electronic devices. With 64 percent of adults owning a smartphone in the United Arab Emirates, digital access is, in principal, within reach of many today.<sup>2</sup>

At a first glance, the status quo is complex, if not bleak. Despite a population of 280 million native Arab speakers spread between Morocco and the Gulf, an Arab book market hardly exists. Information on new title releases is hard to come by. Trading books across borders is limited and often cumbersome. Surveys on reading behavior portray a region where reading books (if they are not about religion) is a pastime for only a small fraction of even the educated strata of the population. Political as well as economic uncertainty add heavily to this poor accounting. And yet, at least in some areas, notably in the Gulf but also in Saudi



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Arabia, the situation improves dramatically. For instance, in the United Arab Emirates, illiteracy has fallen from 75 percent only four decades ago to 7.5 percent today (Jen Thomas: "UAE cruises from illiterate to well-read in 40 years." *The National*, August 27, 2012).

Some 500,000 printed book titles are available in Arabic, with about 15,000 new titles and 10,000 re-editions per year, according to estimates.<sup>3</sup> These are modest numbers compared to the 90,000 new titles and re-editions in Germany alone, with a population of about 82 million. The foundations of the Arab book market are ever more strained, as small- and medium-sized publishing houses prevail, with strictly limited access to capital, as well as a high cost for a largely unreliable distribution system in most Arab countries, and a very serious impact from piracy on sales in most markets. Any successful new book is pirated, on paper or digitally, within days of its release. Among the well educated, Arabic books are furthermore in direct competition with content in the English language—books, but also all other media and formats—so that reading and learning in English (or in French for the Maghreb) has become a central feature.

In 1999, **Neel WaFurat** was established as the first platform for purchasing Arabic books online. Based in Lebanon, it serves the domestic market as well as customers in neighboring countries, plus Egypt, the Gulf, and Saudi Arabia (which, with a population of 28 million, is the largest single Arab market). Recently, Neel WaFurat added a dedicated site for digital books, **iKitab**, distributing some 3,000 Arabic-language titles as ebooks in EPUB format; Neel WaFurat also added a site for digital magazines, **iMaghaleh**, hosting about 100 magazines from all over the Arab world. These platforms are available for Apple's iPad as well as for the Android platform. An iKitab Cloud service was launched in beta version in the first half of 2012.

Other online stores for books in Arabic include **Mizado**, one of the leading web stores in the Middle East, covering a wide range of products, including electronics, furniture, and home appliances, as well as books, for delivery to the customer's home. The catalog of Arabic books is limited to about 250 titles. **Aido** is an online store, founded in 2008, specializing in various media and gifts, with a limited offering in books, most of which are in English. **DoBazar** is a recently launched online store with a Bangladeshi back-

ground, specializing in gifts, but aiming to add books, including titles in Hindi, to their product list.

The move from using the Internet for the distribution of physical goods to distributing digital material on mobile devices is confronting a number of challenges that are specific to the Arab context.

First of all, digitizing Arabic writing is a challenge, as representing Arabic typography properly on reading devices comes with substantial technical difficulties—a problem of both practical and symbolic impact in a cultural context that esteems calligraphy as being a particularly important aspect in books. As a result, Arabic is currently not supported for ebooks on several of the internationally leading platforms, like the Apple iBookstore.

This makes it not only difficult to produce and distribute Arabic ebooks—It tends to discriminate books against all other media and content that are available to consumers on their mobile devices instantly, over popular services such as the iTunes store.

The most ambitious initiative aiming at digital content is probably **Rufoof**. Founded in 2010, Rufoof is a Dubai-based ebook portal offering publishers a complete line of services from digital conversion to distribution. It currently serves as a distributor for 20 publishers and has service agreements with another 30, with 5,000 titles, mostly in Arabic, currently in its inventory. In a strategic move, Rufoof is preparing to build an overarching directory for the Arab book industry, aiming at including title-based information as well as information on publishers and the availability of any listed title at as many bookstores and on as many sales platforms as possible. Rufoof focuses primarily on mobile devices, and its application is available from Apple's App Store (for which Rufoof could gain the status of an "approved supplier"). Additional apps for Android and Windows are forthcoming. According to its business model, Rufoof does not charge for digital conversion services, but splits revenues with publishers 50/50, after suggesting a retail price for ebooks at a discount of 30 to 50 percent off a print title's cover price. In upcoming developments, Rufoof aims to branch out into educational publishing as well, taking advantage of recent public announcements with regard to the UAE government's promotion and support of elearning (see, for instance, Sheik

3. Data in this chapter are, if not indicated otherwise, taken from the study "Publishing in the United Arab Emirates," by Rüdiger Wischenbart and Nasser Jarrous, released in September 2012.

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Mohammed's e-learning initiative of April 2012, details at [www.sheikmohammed.ae](http://www.sheikmohammed.ae), direct link [here](#)).

**Qordoba**, a Canadian and Lebanese company with its legal headquarters in Dubai, was launched in 2011 as an initiative specializing in digitally publishing Arab writers. By spring 2012, Qordoba had acquired the rights to 400 Arabic titles, of which 250 were ready to be released as ebooks. In addition, Qordoba aims at translating relevant titles as ebooks into Arabic, mostly from English. The first English title released in Arabic was Machiavelli's *The Prince*. Ultimately, Qordoba wants to cover all subjects, from literature

to sciences, politics, and religion, and distribute them on its own platform. Titles will be made available in EPUB, across all major platforms, including Apple, Android, Windows, websites, and Samsung's SmartTV. Forty percent of sales revenues go to the publishers, with retail prices being suggested at a discount of 30 percent off the print price. eBooks carry DRM protection and can be read only through the Qordoba App. For payments, a system of pre-paid vouchers is available.

For a listings of companies, see [Part IV](#)



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# Contributed article

## Copyright Clearance Center

### New Licensing Solutions for a Changing Publishing Industry

By **Michael Healy**, Executive Director, International Relations **Copyright Clearance Center**

As digital technology continues its steady transformation of the book market, we have seen in recent years many new companies entering the industry to grasp the opportunities on offer, and many new alliances being formed between those new players and traditional publishers. One interesting consequence of these developments has been the recognition among established and experienced publishers that there are significant opportunities to license their content for republication. In turn, these new entrants have begun to learn—many for the first time—the challenges associated with securing permissions to use previously published content, whether it is text, illustrative content, or video. As the global e-book marketplace evolves, we are seeing a growing need among new content developers to obtain permissions to re-use content from established publishers, as well as directly from authors, and an expectation that the permissions process should be quick, automated and otherwise trouble-free.

As many publishers will readily admit, the task of securing or granting permissions has not always been a hassle-free experience. The process has often been slow, time-intensive, manual, costly and inefficient, and one important consequence of this has been to place significant pressure on tight production schedules and budgets. As new types of digital products have proliferated—especially in the field of education—the problems have intensified. It's fortunate in these circumstances that licensing,

like the publishing industry it serves, is also changing very quickly and that there are many new services in the market to help publishers—old and new—grant and secure permissions for republication more easily, more efficiently, and more cost-effectively. Such services are not only facilitating the many new types of permissions required by new forms of publishing. They are also helping to eliminate much of the difficulty traditionally associated with the permissions process, and making it simpler for content owners to exploit the licensing revenue opportunities that come with the availability of new types of products and new market channels. Everyone—those seeking permission to re-use content and those granting permission to use it—benefits when the process is simplified and when as much as possible of the inefficiency and delay is eliminated. Those looking to secure permission to re-use previously published content know exactly what they want. Some want to get permission for all the rights they need in a single, completely transparent online transaction and thereby avoid going through the labor-intensive and costly back-and-forth of rights negotiations.

Those selling rights also have clear requirements. Naturally they want to secure the highest possible revenue for their content, but they often want more than that. They want pricing control and flexibility. They want as much automation as possible and sometimes, when it's appropriate to do so, they want to outsource some or all of the work to a trusted and experienced partner in order to relieve some of the pressure on already over-burdened permissions staff.

*Copyright Clearance Center* has a direct interest in these issues. Since it was formed in 1978, it has had a very clear

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and consistent mission: to help rightsholders maximize the value of their content and to provide easy-to-use solutions for those wanting to get permission to re-use it. CCC has been serving rightsholders for more than thirty years, and has paid more than \$1.3 billion in royalties in the past ten years alone. In that time, the ways in which content is produced and distributed has been transformed by digital technology and the channels through which it is provided to users have multiplied. For academic, scientific, trade, educational, and professional publishers, that process of change has become very familiar.

For its part, CCC is responding to the new digital marketplace and the opportunities it offers to rights byers and sellers by developing new services that are directly applicable to the changing needs of all types of publishers. It recently launched, for example, its enhanced Republication Service, a solution that not only allows rightsholders of all kinds to offer buyers a broad bundle of rights in a

single, simple transaction via [www.copyright.com](http://www.copyright.com), but also allows them to have the flexibility on rules and pricing that they demand in a marketplace that's changing so rapidly. Solutions such as this aim to modernize and streamline processes that are integral to the functioning of a market in which new products and channels are proliferating and in which new players are emerging and new alliances are being formed. For new entrants and established publishers, for content owners and new service developers, for rights sellers and rights buyers, the issues and interests are the same. What everyone wants is to see this new, exciting and increasingly digital industry abandoning as quickly and as completely as it can a permissions process that is outdated, often manual, and often paper-based. What everyone wants are efficient and automated solutions and streamlined services that reflect the dynamism and excitement of today's and tomorrow's products and marketplace.

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# Forces Shaping the eBook Markets

## A complex transition

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# From print to digital, from national to global, from local book cultures to a global content business.

**E**books are only one part of this new ecosystem of writing, publishing, retailing and reading, and in many continental European markets, they represent just a few percent of the revenue of their national book industry. The digital distribution of books finds itself in the middle of a complex economic, political, and cultural battlefield where national governments, the *European Commission*, and the leading global digital actors such as *Amazon*, *Apple*, and *Google* fight over power and control in the digital economy of the next decade.

Globalization, therefore, inevitably spawns a second movement: regulation. In the US, the *Department of Justice* (DoJ) has stepped in, disagreeing with five major publishers and Apple (a distributor of ebooks) over who should control the pricing of digital books, bluntly calling the publishers' agreement with Apple a "conspiracy". The ultimate result of this lawsuit, say the critics - and not all of them are publishers - will be a "government-assisted monopoly" (Jenn Webb in a [TOC blog post](#)), as it would help Amazon to single-handedly dominate an industry, allowing it ultimately to define retail prices of ebooks instead of publishers and thus further expand its massive market share. The *European Commission* has a similar investigation underway.

The complex legal argument, though, is not the most relevant aspect for our perspective here. It is the political dimension instead, and the fact that Amazon - and a few other companies, mostly from the US, that are rolling out their ebook services on a truly global scale - are of an entirely different scale and scope from what used to reign over publishing in the old days.

*Pearson*, the leader in global book publishing, had annual revenues of \$9.2 billion in 2012. *NewsCorp*, one of the leading global media companies and the parent of *HarperCollins*, recorded a turnover of \$34 billion in 2012. This has *NewsCorp* playing in the same ballpark as Amazon (with \$61 billion in 2012). By comparison, Apple has recorded revenues of \$156 billion (Sept. 2012) and an operating income of over \$55 billion. Google had revenues of \$50 billion and an operating profit of over \$13 billion.

The discrepancies in size fueled the biggest merger in the history of book publishing, when *Random House* and *Penguin* (a division of Pearson) decided to combine their activities in a new company, *Penguin Random House*, which became effective July 1, 2013. Together, they will generate revenues of ca. \$3.9 billion from an output of ca. 15,000 new titles annually (see [The Bookseller](#), 1 July 2013). However, even the now largest trade publisher is clearly centered on books.

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In the current battle over emerging ebook and digital publishing markets, we must understand a variety of dynamics between players of not entirely different scales but also contrasting agendas. For Penguin Random House and for *Hachette Livres* (with revenues from publishing at \$2.8 billion), turning front- and backlist titles into ebooks and expanding their access to international markets on a global scale is an imminent priority.

For companies such as Apple or Google, the digital transition and global outlook in book publishing will be only a part in a much broader picture, as they distribute all kinds of digital media content, not just books.

Even though revenue from books is a central element at Amazon, retailing books is one among several of a broadening set of services, and this is similarly true for scores of domestic ventures in emerging markets where those global players are currently expanding with their book and publishing related offers. Obviously, this opens much room for friction and competition.

Only a few book markets are large enough - notably the *United States*, the *United Kingdom*, *Germany*, *France*, or the *Spanish language market*, as well as *China* - to form centers of gravity in their own right for distinct domestic developments. These markets reflect their own national cultural traditions and identities, resulting in strong national framing conditions. Such markets foster the emergence and, more importantly, sustenance of strong domestic players for both publishing and retail and for services and innovation.

Examples include the emphasis on the national book culture in Germany or France, with an almost unanimous consensus in the professional book communities there on the value of the book and reading and, as a result, calls for price regulation as well as a strong defense of their book cultures against what is defined as *external interference*.

Google - via its digitization efforts with libraries and the scanning of copyrighted works - had become an early catalyst for such confrontations, getting local stakeholders out rallying in defense of the American company's claim to "organize the knowledge of the world," at least in Germany and France, and in the US, over the past several years. This communal action has resulted in the identification of the digitization of books most broadly as an assault on book culture and on fair compensation for intellectual property. After the downfall of the music industry and the impact of piracy on the music business, lobbying by pro-

fessional organizations of the publishing industry could find broad support for its claims.

*Digital* has been broadly identified with an *illegal* or at least *unfair* use of the cultural stock, first in Germany and France and then over time in many parts of continental Europe. In the context of an ever-broader concern about digital information technologies, surveillance, and the loss of privacy, ebooks hit continental Europe at a moment when *digital* or *ereading* are often considered as a threat to citizens' freedom and Europe's difficult standing in a globalizing world.

In such a context, books are swiftly perceived as a strong symbol of resistance, rooted in a genuine European tradition of *enlightenment* (through books and universal reading and education). At least such is the current argument of the cultural establishment in most European countries, which must not, however, be confused with readers —the majority of whom are well-educated and media-savvy urbanites— who are largely open to the offerings of the Web, including ereaders and ebooks. It is the same cultural elite though that is preoccupied with losing local *cultural identity*.

Google's digitization projects have been confronted by coordinated legal action in several European countries, which has had (particularly in France) strong political support from government institutions. Examples are the French-sponsored national and European digitization projects (e.g., *Gallica* and *Europeana*) and the German digital distribution platform *Libreka*, and most recently the *Deutsche Digitale Bibliothek* (the *German Digital Library*), as well as legal charges against Google. Interestingly, in several of the largest continental European book markets (but not in the UK), the creation of a digital infrastructure has led to the forming of consortia, of which several have managed to take up a position as either the primary or the secondary leader in the digital service environment. Such is the case in France, Germany, Spain, Italy, and Sweden.

Although 2012 and 2013 have seen at least some of those flames put out in scores of settlements, in Europe, notably in France and in Germany, while Amazon is now perceived, at least by traditional representatives of the book business, as the main threat in a landscape shaped primarily by mid-sized or even small family-run businesses.

In particularly, smaller markets find themselves in a challenging situation. Many have rooted their cultural and national identity in a cultural singularity, which is usually anchored in literature and books. However, those same

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local elites who represent such a strong local identity, and who are strong readers also tend to be among the first to embrace reading in English, as they are fluent in foreign languages, open to other cultures, and travel widely. Slovenia, Sweden, and Denmark are examples of such markets.

## New paradigms and new challenges

The conflicts triggered by the global actors are not limited to culture. In the late autumn of 2012, a new battle received publicity across Europe, and this time it was about money and power.

### Global players versus local taxation

"It's time to boycott Amazon, ethical consumer" **was written** in bold letters on a UK-based website. The activist call for action, however, is just one element in a broad debate on how *Amazon*, *Google*, and the global coffee brewer *Starbucks* use complexities and differences among European countries and their respective financial regulations to reduce their spending on local taxes on a grand scale.

"We're not accusing you of being illegal, we're accusing you of being immoral," was the accusation uttered at a hearing of the *British Parliament* in November 2012, when it turned out that, for instance, Amazon's European head office, Amazon EU S.a.r.l., based in Luxembourg, had declared a profit of €20 million after revenues of €9.1 billion, while its British arm, Amazon UK Ltd., had paid £1.8 million in corporate taxes on over £200 million in turnover in 2011. Google had reported £2.5 billion in UK sales in 2011 but tax of just £3.4 million (**The Register**, 13 November 2012).

Reports started to shed light on how Amazon, in "highly complex transaction(s)," since 2005 had rearranged their company structure in various European markets, notably through establishing its headquarters in tax-friendly Luxembourg, giving it a significant competitive advantage over companies that operated mostly out of and in one market. (For details, see a **Reuters' Special Report** "Amazon's billion dollar tax shield", 6 December 2012, and "How one word change lets Amazon pays less tax on its UK activities" **The Guardian**, 4 April 2012).

The outrage over Amazon quickly spilled over the Channel to France, where the online retailer on the one hand had received significant financial public support for installing a distribution center in Burgundy and on the other hand framed its local operations as those of a mere "service pro-

viding society", while transferring and accounting profits to its holdings in Luxembourg. As a result, not only did independent booksellers rally against Amazon (**Livres Hebdo**, 3 January 2013), but French financial authorities launched an inquiry (**Livres Hebdo**, 14 November 2012).

During the first half of 2013, the fiscal debate picked up momentum as well as massively extended its ambitions and goals, with the French government debating models to tax digital global actors better. A report has been commissioned to explore ideas ranging from taxing the collection of individual consumer data by firms such as Google to international actions to redefine how transnational companies and their revenues can be localized ("Fiscalité du numérique: vers une taxation des données", **Les Echos**, 18 January 2013; "Un rapport envisage une taxe sur les données personnelles", **Le Monde**, 18 January 2013).

The localization of ebooks however confronts much more mundane obstacles as well.

### Oddities of contradictory tax regimes

One such hurdle - and a really tough one to overcome - is tax: sales tax in the US and value-added tax (VAT) in Europe. The tax issue has already been raised in many American states with regard to a genuinely American brand: Amazon.com (for a detailed account, see this **Wikipedia page**). In Europe, VAT is redrawing the map of retail, placing the tiny state of Luxembourg at the center. Luxembourg is the European headquarters for Amazon, Apple, *Kobo*, and *Barnes & Noble*. (Of the major European ebook sellers, only Google is based elsewhere - in Ireland - for historic reasons.) Having already created an attractive business environment, notably with regard to corporate taxes, Luxembourg decided in late 2011 to unilaterally lower VAT on ebooks to 3% (from 15%), which obviously gives it a significant edge over many other European markets, including the UK (where VAT on ebooks is 20%). The resulting tax advantages for transnationals have triggered heated debates, notably in the UK and France in fall 2012.

European trade authorities consider ebooks to be software that is licensed to consumers rather than a product that can be purchased, like a print book. As a result, preferential VAT rates for books (0% in the UK, 7% in Germany) do not apply for a title's digital edition. Despite such views in the European Commission, France and Spain have recently passed national laws (or simply tolerate practices) that consider ebooks to be books. (See, **The Bookseller**, 18 December 2011).

### The complexities of localization



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Paradoxically, the global expansion of ebook platforms such as Amazon, Apple, Barnes & Noble, Google, and Kobo at first resulted in fragmentation within a basically integrated economic space such as the EU. Although this fragmentation may lessen over time, it highlights a deeper problem that results from contradictory policies between member states of the EU and the European Commission, which is calling on publishers, retail platforms, and national governments to embrace digital change more boldly and create a single market for ebooks (see this [blog entry](#) by Commissioner Neelie Kroes and [launching an ebook round table](#) from June 2012).

In Sweden, there is no Amazon.se website, probably because [Adlibris](#), a local Swedish platform run by a local company, *Bonnier*, has a strong presence; in addition, the Swedish market is too small to fight over, at least for such a global

behemoth as Amazon. Furthermore, many Swedish consumers are also readers of English-language books and can easily purchase them online, even from Amazon, if they wish. But how long will such exceptions be sustainable?

Legal battles are not limited to Europe, as also in several emerging economies, policies - or at least local specifics - aim at preserving local markets from being overrun by global players.

In India (one of the most attractive emerging economies), Amazon could not get a license for opening a local enterprise; this situation allowed one local Indian equivalent, [Flipkart](#), to build relevant market positions. (A second, *IndiaPlaza*, has failed, though. Only in August 2012 could Amazon open a dedicated site with a huge catalog of more than a million titles priced in rupees.

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# Key drivers and forces

**P**ublishers -but also authors, as well as the reading public, the consumers- shape the ebook markets through various choices and strategies. Several key drivers and debates governing these choices are framing what, in fact, works, and what doesn't.

- A small number of relatively new *global actors* are setting (and radically changing) the framework of how books are made visible, and distributed to readers and consumers, where for over two centuries, a relatively balanced and privileged value chain had provided clear cut roles to the main actors, from author to publisher to retailer to reader.
- Ebook *bestsellers* are not necessarily the same as in print but allow a better understanding of the dynamics of ebooks as a new market segment, and not just as an additional format that complements printed editions.
- *Pricing strategies* differ significantly between countries and highlight how publishers assess the market potential of ebooks - and how their new competitors challenge their mostly conservative practices.
- Many authors opt to *selfpublish* their books as an alternative to the traditional value chain, and find such services offered by a rapidly expanding field of local and global self-publishing platforms and communities, some even -again- proposed by publishing companies.

- Readers do not always choose to download their ebooks from legal sources, so *piracy* must be understood, aside from the involved legal issues, as a reflection of the shifting behaviors of consumers.
- In addition, in more and more countries, reading markets develop a *bilingual* segment, as growing numbers of readers read both in their mothertongue and in *English*, which introduces both new opportunities and real challenges to local publishers and retailers.
- *Regulatory frameworks*, including the debate on adaptations of copyright law, define an important context for ebooks.

Each of these sets of parameters, and combinations thereof, will not only affect each market's ebook evolution but also frame the interplay of domestic and global factors as they encourage either globalizing, or more differentiating forces.

The aim of this chapter, though, is not to portray each of these factors in every detail for every single market but, rather, to develop an analytical framework to understand the driving forces, the resulting patterns, and the resulting impact of these forces as they are currently reshaping the business of publishing and the culture of authorship and reading.

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# The Expansion of Global Platforms

**P**ublishing groups with international reach are certainly not a new feature of the industry, as the strong presence of British houses in all of the former *Commonwealth* and in the US well illustrate. With the acquisition of the world's largest trade publisher, *Random House*, by the German media conglomerate *Bertelsmann* in 1998, the subsequent reaching out of *Hachette* into the US and the UK, and the more recent international aspirations of regional groups such as Spanish *Planeta* or Swedish *Bonnier*, international expansion has become common. And their parent companies all control various media and related activities, with book publishing in most cases not being the groups' largest division.

Today, opening offices in the Gulf (like *Bloomsbury* in Qatar), or even holding corporate management conferences in Beijing (as *Penguin* did a few years ago) has shown that book publishing is in no way any longer limited by national or linguistic borders.

The recent expansion of distribution platforms and channels, both in reach and in the scope of their offer of products and services, has brought the globalization of publishing, books and reading to an entirely new dimension.

## Amazon

### Update spring 2014

"If anything seemed reliable in today's topsy-turvy retail climate, it's that *Amazon.com* would continue to put up shocking rates of revenue growth, lapping rivals in traditional and online commerce", noted Brad Stone, author of

the *Jeff Bezos* biography *The Everything Store* and a columnist with *BloombergBusinessweek* in January 2014. He added however that the growth rate of around 20% which the company reported for 2013 was "the lowest growth rate in several years." (*BloombergBusinessweek*, 30 January 2014).

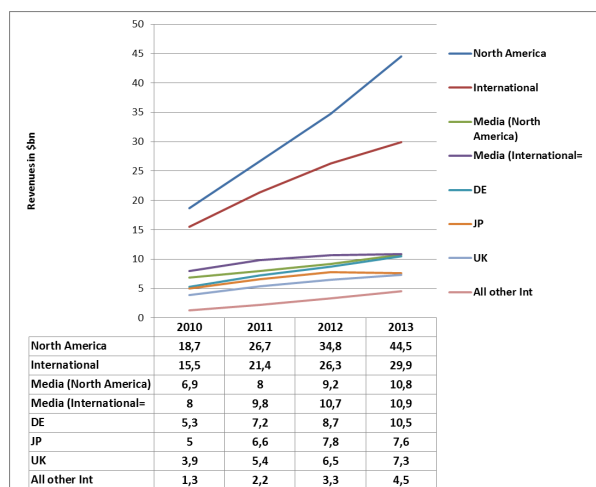
By early 2014, Amazon has clearly evolved into forming a separate submarket of global publishing in its own right. It has broadened its umbrella to span over the entire value chain, from author services via being a publisher and distributor and a market place for third parties, to a reading platform (and a reading community, with *Goodreads*) where readers discuss their preferences, to impacting on political debates in a wide array of countries, with a long list of controversial topics, be it sales tax (or value added tax) in the US and Europe, or a dispute over free trade versus protection for local markets, as it occurs in India. (*BloombergBusinessweek*, 23 January 2014).

In the words of Amazon's founder Jeff Bezos, in a television interview in December 2013, the online giant is in fact the wrong culprit to blame for all the disputes it stands for: "The Internet is disrupting every media industry, Charlie, you know, people can complain about that, but complaining is not a strategy. And Amazon is not happening to book selling, the future is happening to book selling." (*60 Minutes*, *CBSNews*, interview with Charlie Rosen, 2 December 2013).

Amazon's high media profile resulted not the least from its recently accelerated expansion, notably in emerging economies from *Brazil* to *India*. But alerts rang even rather calm markets in Europe, when the market research firm *Xerfi* anticipated the US retailer to be en route for becoming

ing “the first bookseller in France” (*Xerfi*, 7 February 2014), or in Germany, where it controls one fourth of the entire online trade, with a volume worth €7.7 billion (*Der Spiegel*, 3 February 2014), while a conflict with labor unions over working conditions in Amazon’s logistics centers has continued to rage.

The debate disguises however to what extend the revenue base of Amazon is concentrated on just North America plus only three overseas markets, Germany, Japan and the United Kingdom. In 2013, *international sales* of \$29.9 billion compared to \$44.5 billion earned in the US and Canada. In *media sales*, which includes all content, yet not hardware, domestic and international are roughly equal at slightly under \$11 billion. But all other markets than US, Germany, Japan and UK combined account for just \$4.5 billion. But the international expansion is a lot faster, up 246% from 2010 to 2013, than in any other market, with Germany up 98% in the same period.



Amazon growth in selected markets, in \$bn. (Source of data: SEC filings)

With regard to printed as well as *Kindle* books, Amazon has not yet moved into several markets where it had been anticipated for a long time to open online shops in the local language, with a respectively broad title catalogue, including Russia, the Netherlands or Scandinavia.

In early 2014, Amazon has extended its *Prime* program into several European markets, which allows users to tap into a streaming movie database and a lending library of selected ebook titles for the *Kindle*, plus premium delivery of printed books, for an annual membership fee.

## Amazon: Developments in 2012 and 2013

When Amazon released data on its 2012 financial performance at the end of January 2013, Jeff Bezos, the company’s founder and CEO, concluded: “We’re now seeing the transition we’ve been expecting. After 5 years, e-books is a multi-billion-dollar category for us and growing fast—up approximately 70% last year” (“Amazon reports record sales growth”, *The Bookseller*, 30 January 2013). That is certainly true. But Amazon may no longer be in the privileged role of ruling the game almost all alone, as least in the US, due to the introduction of the Kindle in 2007.

Sales from Kindle and tablet devices alone are estimated at \$4.5 billion, up 26% from 2012, according to Morgan Stanley, yet with annual growth expected to slow down in the years ahead. For 2014, sales of digital media content is expected to surpass revenues from devices. Overall, the “Kindle ecosystem” is expected to account for 11 percent of the company’s total revenue this year, but 23 percent of its operating profit. (Quoted by *Allthings*, 12 August 2013).

A major expansion in the ecosystem that Amazon offers to its customers was in spring 2013 the acquisition of the reading platform *Goodreads*, which had grown, by summer 2013, to a *community* of 20 million.

## Amazon’s International Growth

Since June 2013, Amazon has started to sell its devices in mainland China, with the Kindle Paperwhite 849 yuan (US \$134) and tablet computer Kindle Fire HD with 16-gigabyte memory for 1,499 yuan. (*Sina*, 8 June 2013).

Also in 2013, Amazon has started selling Kindle devices in India, after its launch of a Kindle shop in 2012, and it has enhanced its presence in India by unveiling its Amazon Associates program. (*Shelf Awareness*, 14 June 2013 and 9 July 2013).

In addition, Amazon reportedly has started preparation for entering the Russian market with a dedicated website, after hiring Arkady Vitruk, formerly the general director of one of Russia’s leading publishing houses, Azbuka –At-ticus. (*Russian Book Industry Magazine*, 4 July 2013).

Amazon’s own publishing arm had started its international expansion already in late 2012 to Germany and Europe. (“Amazon-Verlage nehmen Kurs auf Deutschland”, *buchreport*, 29 November 2012). In France, it launched an imprint, *Jet City*, specializing in graphic novels. (*Livres Hebdo*, 10 July 2013).

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Interestingly, all Amazon figures breaking down international sales reported by Amazon hint at a significant slowdown in its growth for 2012. Growth in overall international media sales dropped from 23 percent year on year for 2011 to 9 percent in 2012. The by-country rates fell on average by more than a third, for Germany, Japan, and the UK. For the rest of the world, the expansion slowed down from a mesmerizing 69 percent in 2011, to a still strong 50 percent in 2012. In the second quarter of 2013 though, international sales have grown by just 13% (after beeing up by 15.9% in the first quarter of 2013).

### **Amazon in the crossfire of international controversies on its tax paying**

Founded as an online bookseller in 1995 in Seattle, Washington, Amazon.com, Inc. (NASDAQ: AMZN) **portrays itself** not as a specialist in books, but as “Earth’s most customer-centric company,” catering to “four primary customer sets: consumers, sellers, enterprises, and content creators.” Even in the short version, the company statement hints at the ambition of Amazon to assume, as a vertically integrated service provider, a broad number of business roles that traditionally had been the domain of a wide array of separate businesses, notably bookseller/retailer, used bookstore, library, publisher, service provider to authors, as well as publisher (including print on demand), ecommerce platform, and marketplace—to name just a few.

The integration of many roles under one roof has, on one hand, opened unique ways of expanding Amazon’s business but has on the other hand drawn critical reactions from many of the traditional players of the book business and resulted in recent controversies.

In 2012, Amazon found itself center stage in a number of controversial debates, notably in Europe. Portraying itself as a **global, “pan-European” company**, the firm was criticized in Great Britain and subsequently in France for minimizing their tax payments in countries of operation. (For the global debate, see **Part III**). Aside from such general criticism of its business practises, a specific issue with the taxation of ebooks has also provoked controversy across Europe. In the majority of countries of the European Union, printed books benefit from a reduced VAT, while ebooks tend to be subject to the full tax (which makes a difference between zero for print, and 20 percent in the UK, for instance, or 7 percent versus 19 percent in Germany). In fact, Amazon charges its British customers a VAT of the full 20 percent. Yet by having set up European headquarters in Luxembourg, which collects a VAT of only 3 percent for an ebook, Amazon can up its margin by the difference, as it

forwards only those 3 percent to tax authorities in Luxembourg. Competitors obviously consider this as a huge challenge, given Amazon’s dominance on ebooks. (Amazon makes UK publishers pay 20 percent VAT on ebook sales, **The Guardian**, 21 October 2012).

In Germany, the debate on tax has echoed at first less strongly than its expansion in both market share and scope of services. But the perspectives have largely changed in the first half of 2013, in the light of successful “Buy local” marketing campaigns launched by independent local booksellers, a rising critical debate in the media on Amazon’s very modest tax paying (German overall turnover of \$8.7 billion contrasted with a mere 118 million of profits for all its European holding in Luxembourg), together with a stand off with unions, and several strikes at its German warehouses. (**Frankfurter Allgemeine Zeitung**, 12 July 2013).

### **Update spring 2014: Taxation in Europe will be changed**

The European Union will change its legislation on taxation from 1 January 2015 on, that ebooks will be taxed from the consumers’ member state, and not that of the vendor - which had allowed international companies like Amazon, Google, or Apple to set headquarters in Luxembourg, where a particularly low VAT rate of 4% was added on their products and services. (**The Bookseller**, 24 March 2014).

### **Earlier developments: 2012 and before**

Today’s ebook environment can reasonably be described as having been triggered, directly or indirectly, by the launch of Amazon’s Kindle reading device in 2007. The device was the part visible to consumers, in a much more complex and proprietary, highly integrated system that consisted of Amazon’s leading online platform for selling (printed) books in the US and most major European markets, plus China; a phone hookup allowed the direct ordering and downloading of digital books, and the agreement with publishers - at first the Big Six in the US - to make available a wide catalog of attractive titles under this system.

By mid 2012, the Kindle and its successor devices, notably the color Kindle Fire, were seen as the most popular reading platforms for ebooks internationally, and Amazon set up localized Kindle shops via its website for not just the US but also the UK, France, Germany, Italy, and Spain.

In Japan, Amazon entered into an agreement with 40 publishers, including Gakken and Kadokawa, on the distribu-

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tion of their ebooks for the Kindle in Japanese ([Asahi Shinbun](#), 7 May 2012).

In August 2012, the Kindle was also launched in India with a catalog of over 1 million titles priced in rupees, making it the biggest ebookstore on the subcontinent.

Amazon, the Kindle, and the related offers—from author services to lending books as a prime customer (available so far only in the US)—form an increasingly integrated sphere, of which significant parts are not available via other platforms. This connection is demonstrated by Amazon's claim that 180,000 Kindle-exclusive titles are now available on that lending library, and altogether Kindle-exclusive titles have seen over 100 million downloads by late August 2012 ([press release](#), 28 August 2012).

On the other hand, the Kindle device was originally sold only via Amazon's website, but as of September 2011, it was also made available in other retail channels, such as the Staples office supply stores and the German Karstadt department stores. In May 2012, another—much debated—partnership was announced with the British book chain Waterstones (*buchreport*, 22 December 2011, "Amazon verkauft Kindle-Geräte über Karstadt und Staples").

The first Kindle device was the game-changer for the emergence of today's ebook market, but various surveys indicate a clear migration of customers from specialized ereading devices to tablet computers. Between August 2011 and May 2012, the preference for the Kindle as the device of choice for reading dropped among US consumers from 48 percent to 35 percent; Amazon's tablet, the Kindle Fire, seems to have topped Apple's iPad tablet among ebook users ("Consumer Attitudes Toward E-Book Reading", BISG study quoted in [buchreport](#), 2 August 2012).

The total revenue from digital content downloads of Amazon was estimated at \$1.85 billion in 2011, placing the platform at a rank of 21 among all global ecommerce vendors ("The world's most successful digital media companies" [paidContent 50](#), 31 July 2012).

In the UK, Amazon accounts for 21 percent of the entertainment market (according to Kantar Worldpanel, as quoted in [The Bookseller](#), 24 July 2012). In Germany, a study by the University of Hamburg on a panel of 2,000 consumers estimated that 57 percent of German ebook buyers acquired at least some of their digital reading at Amazon in 2011 (Michel Clement and Felix Eggers, "E-Books und E-Reader, Kauf und Nutzung," Universität Hamburg, January 2012).

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For 2011, in the UK, Amazon announced a five-fold increase in Kindle ebook sales over 2010.

## Apple

### Update spring 2014

The broadly observed shift from dedicated digital reading devices to multifunctional tablet computers resulted in a significant growth of devices with Android as their operating system, topping the market share of Apple's iOS 61.9% against 36% (from 45.6% of Android against 52.8% of iOS in 2012), according to market research firm [Gartner](#), with a total of 195.4 million units sold in 2013.

In a landmark decision, *Apple* has been allowed to start selling its *iPhone* in China, through a deal with the leading phone operator *China Mobile*, with reported sales of more than one million devices in one month. ([Forbes](#), 24 March 2014).

In the US, Apple continues to stand trial in the ebook price fixing case in New York, with most commentators seeing Apple in a growingly challenging position, while the case is expected to continue for long. ([Publishers Weekly](#), 28 March 2014).

### Apple: Developments in 2013

Assessing the market share and impact of Inc. (NASDAQ: AAPL) in the international ebook markets has always been a difficult exercise due to the lack of public statistics. In the first half of 2013 though, some light had been shed on the arguably second largest platform for the distribution of ebook content.

Apple executive Keith Moerer put Apple's market share at around 20% for 2011, when the iBookstore was launched, as well as for later periods, when books from *Random House* had been added to the catalogue, after they had been missing at first. Moerer's statement occurred at the hearings at court in summer 2013 over allegations of fixing of ebook prices between Apple and major US publishers. ([Publishers Weekly](#), 12 June 2013).

Earlier estimates had seen Apple's share closer to 10%, yet growing, notably at the expense of *Barnes & Noble's* Nook. (Digital Book World [blog](#), 28 February 2013). Industry analyst Horace Dediu put the figure meanwhile at around 24%, arguing that overall, between the launch of the *iBookstore* in June 2011, and October 2012, Apple may have sold some 270 million ebooks, "Apple's iBooks generated about \$1.3 billion in payments and grossed about



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\$1.8 billion”, equalling some 8% of the entire “iTunes universe”. (Horace Dediu: [Measuring the iBook market](#), 28 February 2012).

Yet it has been questioned by some if “Apple even cares that much about ebooks”. (Joe Wikert, quoted in [paidcontent.org](#), 11 September 2012).

The more important part of Apple’s role with regard to ebooks might be, in the long run at least, to have integrated books so deeply and seamlessly, in the iTunes ecosystem, with music, movies and all other formats of digital entertainment, thereby spearheading a future in which books and reading simply lose their traditionally privileged cultural position. This perspective is particularly relevant in a global perspective, as in many emerging markets, only poor distribution networks for printed books exist, while the Apple brand, and the download of various content via iTunes has become mainstream, even long before a significant ebook market has evolved in these countries.

In the US in 2013, Apple had gained unwillingly a very prominent position with regard to ebooks in a court battle over ebook pricing strategies, and was found guilty in July of a “violation of Section 1 of the Sherman Act” by conspiring with major publishing houses “to work together to eliminate retail price competition and raise e-book prices”. (Judge Cole in his decision, quoted in [Publishers Weekly](#), 10 July 2013). The implied publishing houses, *Simons & Schuster*, *Hachette*, *HarperCollins*, *Penguin* and *Macmillan* had settled the case with the US *Department of Justice* (DOJ) earlier on. (For a short summary, see [The Telegraph](#), 8 February 2013).

In a similar ruling as of December 2012, the *European Commission* had adopted “adopted a decision that renders legally binding commitments offered by Apple and four international publishers”, to stop any “collusion to restrict or eliminate competition” as being “simply unacceptable.” ([Press release](#) by the European Commission, 13 December 2012).

The ruling on Apple is ending what has been called the “agency model” of publishers setting a fixed retail price for their ebooks. The controversy broke out at first when Amazon had started to discount ebooks below the publishers’ wholesale price, yet backed down in a short and legal standoff in February 2010 with Macmillan’s CEO John Sargent. ([The Bookseller](#), 8 February 2010).

### **The international expansion of Apple’s iTunes and iBookstore**

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By December 2012, the iTunes Store had been made available in 119 countries, with huge markets such as India and Indonesia, Russia, Saudi Arabia and Turkey being able to access an online market place for music and various other digital content. (Apple [press release](#), 4 December 2012).

However, the iTunes universe is not exactly the same in all these markets. On the one hand, pricing can vary significantly, as music is available in India for instance for only 7-15 rupees (then \$0.11 to \$0.24), much less than in markets in North America or Western Europe. ([TheNextWeb](#), 4 December 2012) Also, not all channels are open in all markets, with notably books having a much more limited reach. In Japan, Apple had reached enough agreements with major local publishers for opening an iBookstore only in early 2013. In most of Latin America, the iBookstore is open since summer 2012, with observers seeing it as the leading distributor notably in Brazil, with a market share of 28.5% in March 2013. ([PublishNews Brazil](#), 2 May 2013).

By summer 2013, iBooks are available in over 50 countries. ([Wikipedia](#)).

### **The iBook universe**

iBooks is an application that has come bundled with iPads since the device was first introduced by Apple in January 2010. The app allows readers to download digital books in EPUB format from the iBookstore, and it is integrated with Apple’s iTunes platform for the exchange and usage of other file formats, such as PDF.

The iBooks app comes in over 30 language versions, including English, Arabic, Chinese, Korean, and Ukrainian. However, this does not mean that all these languages are also supported for publishing a book to the iBookstore (e.g., Arabic, along with other languages that are written from right to left, are at this point not supported; by the end of 2012, 18 languages were supported, including simplified Chinese). For more information, see the [guide](#).

**iBook Author** is a free of charge authoring solution, which is also notably promoted for the creation of educational content, witnessing the witnessing[download of 350,000 textbooks] in just three days in early 2012. (For more details on iBooks Author and textbook creation, see below.)

### **Earlier developments, 2012 and before**

In the ranking of paidContent of the world’s top 50 digital media companies, for which only revenue from digital content sales have been included, Apple has been ranked at number 5, with digital revenue (not including hardware sales) of \$5.4 billion ([paidContent 50](#), 31 July 2012).

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With regard to reading devices, evidence grew in 2012 that tablet computers had gained in popularity versus E Ink-based dedicated readers—to the advantage of Apple's iPad, which was reported to have been a favorite gift in year-end holidays 2011 not just in the US and UK but also in many other markets (as an example, in France, see [Livres Hebdo](#), 6 February 2012). However, by late summer 2012, with the rollout of the next generation of low-cost ereaders as well as tablets, notably by *Amazon*, *Barnes & Noble*, and *Kobo*, a fierce struggle for market share ensued.

New reading devices will also deeply influence the development of digital publishing. One segment of publishing where this will be leveraged is certainly textbook publishing, a sector famously singled out by Apple's founder Steve Jobs as being "ripe for digital destruction." The launch of iBooks Author, together with the iBooks 2 format, which is designed to allow authors to publish stories and notably more complex and multimedia content directly to the iBookstore - is a toolset that the *Economist* labeled a "breakthrough in transforming how textbooks are created and distributed" ([The Economist](#), 20 January 2012). Apple's initiative was not directed only at eventual authors - in any field requiring "media-enriched" publications—but also included from the beginning the adaptation of existing textbooks from major educational publishers, notably Pearson, Houghton Mifflin Harcourt, and McGraw-Hill, making all these materials directly accessible and purchasable through the iBookstore.

## Barnes & Noble

### Update spring 2014

*Barnes & Noble* had a rough winter season in several regards. A new CEO, Mike Huseby, has been appointed in January 2014, and a significant number of its engineers for the *Nook* division have been made redundant, while its long time flagship store in lower Manhattan had to be closed, which once had been branded as *the world's largest bookstore*, with over 150,000 titles on stock.

But the harshest news was made public with the release of the third-quarter results for fiscal year 2014 in February, with sales in the *Nook* division down a staggering 50.4%, and digital content sales - declared as the key to the division's future - down 26.5%. As in the same time, the company's brick and mortar stores remained profitable, even as sales declined by 6.3%, and profits at minus 7.5%, it became "clearer than ever that Barnes & Noble executives are

operating two companies with very different issues." ([Publishers Weekly](#), 28 February 2014).

Overall investments in the *Nook* division had been cut by 74% ([Publishers Weekly](#), 7 March 2014), while Barnes & Noble said to not giving up on digital, but driving forward its partnership with Microsoft, which has integrated a *Nook* App in its Windows 8.1 operating system, making *Nook* content available in 32 countries. (B&N, Press release, 9 December 2013).

Also, Barnes & Noble launched its selfpublishing platform *Nook Press* internationally, starting with the UK, France, Germany, Spain, Italy, the Netherlands and Belgium. (B&N, Press release, 18 March 2014).

### Barnes & Noble: Developments in 2013

The announcement of [senior leadership changes](#) in early July 2013 highlighted the complex challenges that Barnes & Noble is currently confronting. The resignation of CEO William Lynch, and Michael P. Huseby taking over as CEO of *Nook Media* and President of Barnes & Noble, Inc., occurred in the context of declining sales and profits at *Nook Media*.

For the first quarter of fiscal 2014, Barnes & Noble reported a decline in revenues of 8.5%, and a loss of \$8.9 million (EBITDA), with the *Nook* division (which includes the devices, digital content and accessories), announcing \$153 million in sales for the fiscal 2014 first quarter, a decline of 20.2% from the \$192 million in revenue reported for the same period in fiscal 2013. (B&N [press release](#), 20 August 2013).

With the earnings report, B&N announced also to continue support and develop its own line of tablet devices (contrary to earlier announcements - see at [CNet](#)) and to roll out at least one new reading device for the 2013 holiday season.

In spring 2013, has re-launched its selfpublishing platform *Piblt* under the new brand of [Nook Press](#).

### Earlier developments

Barnes & Noble, Inc. (NYSE: BKS) describes itself as "a Fortune 500 company, is the world's largest bookseller and the nation's highest-rated bookselling brand" (Statement on the company website [www.barnesandnobleinc.com](http://www.barnesandnobleinc.com)). The company's businesses include the operation of approximately 700 specialty retail stores and more than 600 college bookstores in all 50 states in the US; online retailing through its flagship website *BN.com*; and a marketplace

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leader in the digital industry through its exploding NOOK brand of eReaders, reader's tablets, and digital content.

In 2012, Barnes & Noble and Microsoft announced the completion of their previously announced strategic partnership in NOOK Media LLC, with an investment of \$300 million by Microsoft in NOOK Media LLC at a post-money valuation of \$1.7 billion in exchange for an approximately 17.6% equity stake, with Barnes & Noble owning the remaining shares. At the end of 2012, Pearson bought a 5% stake in Nook Media by investing \$89.5m in cash. (*The Bookseller*, 2 January 2013).

Barnes & Noble had received a \$204 million investment from *Liberty Media* in August 2011.

In fall 2012, Barnes & Noble had brought its Nook and digital bookstore to the UK through a new [www.nook.co.uk](http://www.nook.co.uk) online storefront. This marked the first time the company was expanding its business internationally.

Barnes & Noble has thereupon formed partnerships with several British retailers, including John Lewis, Dixons, Sainsbury's, Waitrose, Blackwell's, Foyles and Argos, to sell Nook HD, Nook HD+, and E-Ink devices. The company has also opened its European headquarters in Luxembourg.

In October 2009, B&N had introduced its eReading device branded as Nook, the first Android-based eReader. One year later, Barnes & Noble launched Nook Color, the first full-color touch Reader's Tablet. In 2011, Barnes & Noble introduced Nook Simple Touch, a full touchscreen device, followed by Nook Tablet. This spring, Barnes & Noble introduced Nook Simple Touch with GlowLight, the world's first E-Ink Reader that enables reading in the dark. And in September, Barnes & Noble launched Nook HD, the lightest and highest-resolution 7-inch tablet, and Nook HD+, the lightest full HD tablet. The company also announced the premiere this fall of Nook Video. Barnes & Noble has an estimated 27% market share of the U.S. ebook market and a catalog of more than 3 million titles in its Nook Bookstore.

## Google

In 2004, *Google Inc.* (NASDAQ: GOOG) introduced book searches of full text and, in order to increase the amount of digitized books available for such a search, an initiative to digitize significant numbers of printed books from public and university libraries. Initially named *Google Book Search*, *Google Print*, and *Google Library Project*, all of these activities are today combined under the label of *Google*

*Books*. As of March 2012, over 20 million books have been scanned, Google reports.

As early as 2005, a controversy emerged between Google and authors' as well as publishers' associations and individual publishers in the US and overseas over the inclusion of "snippets" of copyrighted works. After seven years of litigation and an initial settlement rejected in 2011 by a New York court, an agreement has been reached between Google and the American Association of Publishers as of October 4, 2012. The agreement offers US publishers the option to either withdraw titles under copyright and scanned by Google in libraries, or to keep them in Google's program and receive in return a digital copy and permission to commercially use the scan. Furthermore, users can view up to 20 percent of a title and, provided the publisher consents, purchase it through the Google Play shop. The settlement was expected to make available several million titles scanned by Google. Related litigation between Google and several French publishers, including *Hachette*, *Albin Michel*, *Flammarion Gallimard*, and *La Martiniere*, has been settled in out-of-court agreements (*Livres Hebdo*, 7 September 2011). However, the US Authors' Guild is pursuing their legal battle with Google. (*Publishers Weekly*, 3 April 2014)

In theory at least, with a settlement, the road might open up for the largest library of digitized works to be broadly and globally disseminated, including massive numbers of titles under copyright, as procedures for their legal distribution, including commercial downloads through Google, emerge. At this point, those 20 million books are maintained by the library of the *Hathi Trust*, a "partnership of major research institutions," funded notably by Google. Only half of the digitized works are in English. The other half, consisting of over half a million books in German, 434,000 in French, and over 10,000 in Ukrainian, Bulgarian, or Serbian, turn this into the largest and most linguistically diverse repository of ebooks (for a detailed discussion, see "Global ebook distribution complexities," 28 November 2012). However, after years of litigation, it is yet unclear if that digital archive comes to life, in terms of readers accessing any of it, or if the long quarrel, in practical terms, has after all exhausted the initial campaign of Google, for better or for worse.

While Google's ambition with regard to books started at searching and cataloging them based on a full-text search and earning revenues from customized advertising in the search results, books have started to be included in its digital multimedia distribution service, branded Google Play,

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which includes options for purchases via Google (or, in the case of books, various other online shops) as digital downloads as well as through third-party online platforms for ordering printed books. Google claims to have 3 million ebook titles available on Google Play, mostly free of charge, with hundreds of thousands available for purchase.

Similar to the *iTunes Store*, however, the *Google Play Store* is currently available only in a limited number of countries, including Australia, Canada, Spain, Germany, Italy, South Korea, the UK, and the US. So far, Google's policy has been to roll out book services one country at a time, often with a long interval in between (UK in September 2011, Italy in May 2012, Germany and Spain in June 2012, France in July 2012) and delays attributed to long and tedious negotiations with publishers over rights (for the example of France, see *Livres Hebdo*, 18 July 2012).

In 2012, Google started to venture into the device market in cooperation with selected hardware manufacturers (in this case, Asus) by launching a tablet computer with an Android operating system, branded the *Nexus 7*.

In the second half of 2012, Google, together with Amazon, was challenged in a widely publicized debate, notably in the UK, over its practice of minimizing local tax payments through a complex fiscal scheme across Europe (for details, see "Google, Amazon, Starbucks are *immoral* and *ridiculous* over UK tax", *The Register*, 13 November 2012).

In the US, Google had a long partnership program with the *Association of American Booksellers* (ABA), which it cancelled in April 2012, to expire by January 31, 2013. In the meantime, Kobo stepped in to replace Google in this regard.

## Kobo

### Update spring 2014

Kobo's founder, Michael Serbinis, stepped down as CEO of the company, to be replaced by Rakuten's Takahito "Taka" Aiki in a move highlighting a transition from radical expansion to consolidation at the initially Canadian ebook company. Serbinis's new role is that of a vice chairman. (*Publishers Weekly*, 4 February 2014)

By early 2014, Kobo claims to serve 18 million users in 190 countries from an ebook inventory of 4 million titles. In its initial market Canada, where Kobo is the largest retailer for ebooks, the company could settle with the government in

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a dispute that would have opened possibilities for significant discounts on ebooks to lower ebook prices. (*The Bookseller*, 21 March 2014)

From March 2014, the Kobo ebook store will also serve Sony's former ebook customers in the US and Canadian, after deciding that "Sony is withdrawing from the digital reading business in North America". (Company statement, quoted in *Digital Book World*, 6 February 2014)

### Kobo: Developments in 2013

"Kobo's greatest asset? It's not Amazon", wrote the *British Observer* in spring 2013. (*The Observer*, 28 April 2013). It is true that next to paramount players who either represent the entirety, or significant portions, of the world wide web, there must be a niche open for a contender that is different, and Kobo is busy to fill out this space.

Kobo was launched in 2009 by the Canadian bookstore chain *Indigo Books & Music Inc.* (TSX: IDG), which was founded in 1996 by Heather Reisman and her husband and majority owner Gerry Schwartz. *Kobo* was at first a business division, meant to cater to the emerging ebook market, then spun off as a separate business entity, and ultimately sold to *Rakuten* (JASDAQ: 4755), the largest e-commerce company in Japan. Rakuten has recently seen aggressive and forceful global growth by acquiring multiple related online marketplaces, notably *Buy.com* (US), *Priceminister* (France), *Ikeda* (now Rakuten Brasil), *Tradoria* (now Rakuten Germany), and *Play.com* (UK), as well as an investment in the leading Russian online bookshop *Ozon.ru*. Rakuten has reported revenues of \$4.7 billion for 2011. In 2012, and after the acquisition of Kobo, Rakuten's head, Hiroshi Mikitani, has announced plans to confront Amazon in a competition on global e-commerce (quoted in *Handelsblatt*, 22 January 2012).

Kobo claims to be "one of the world's fastest-growing ereading services".

By late summer 2013, claims to have sold ebooks from its catalogue of 3.5 million books and magazines into 190 countries, with its devices supporting 68 languages. As of September 2013, Kobo has expanded beyond Canada, where in 2012 it controlled a market share of 46%, according to *Ipsos*, by establishing localized platforms in Brazil, France, Germany, Indonesia, Japan, the Netherlands, Portugal, South Africa, Thailand, Taiwan, UK, and the US. Rakuten's CEO Hiroshi Mikitani has been quoted that Kobo was the market leader for ebooks in France. (*Forbes*, 6 September 2012).

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By January 2013, Kobo claimed to own 20 percent of the global ereader device market ([Press release](#), 13 January 2013). 2013 has since seen two launches of new devices, in spring and in summer, which included both ereaders and tablets. ([Publishers Weekly](#), 28 August 2013).

Other than several of its competitors, Kobo has engaged in several strategic partnerships, including with Hongkong based *Cheung Kong Holdings*, *W H Smith* in Great Britain, *Whitcoulls* in New Zealand, *FNAC* in France, and *Livraria Cultura* in Brazil. In many markets, Kobo is partnering with local retailers, aside from those mentioned, with *Libris BLZ* in the Netherlands, *Libreka* in Germany, and *Mondadori* in

Italy. In Japan, it started to develop an ebook userbase ahead of Amazon, in summer 2012 ([The Bookseller](#), 16 August 2012).

For the US, and later on also in other markets, Kobo positioned itself as an ebook partner for independent bookstores, signing respective agreements with associations (ABA in the US, and the British AB), and replacing Google in that position.

In summer 2012, Kobo also kickstarted a self-publishing portal, branded as "[Kobo Writing Life](#)".



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# Ebook Bestsellers and Ebook Pricing Strategies

**U** pdate spring 2014

The retail price of a book, and the practices and rules governing that price, provide one of the key references for the understanding of the status and the evolution of a given market. Ebooks have strongly confirmed that stance.

## Debates and battles over ebook pricing in the US and UK

In the US, the legal battle over the **agency model** against Apple and five major US publishing groups on their respective roles in an ebook price fixing “conspiracy” has been understood as a watershed decision.

In Canada, four major US publishing groups, Hachette Book group, HarperCollins, Macmillan and Simon & Schuster have signed an agreement with competition authorities to lower ebook prices. (*Livres Hebdo*, 7 February 2014).

In the United Kingdom, heavy discounting of ebooks by distributors - as *Sony*, at first, and then *Amazon* as well as *Barnes & Noble* through its *Nook* decided to price selected frontlist titles at only 20 (or later 99) pence - has heavily impacted on both publishers’ revenues, who would benefit from surging sales of those titles that had been picked for the campaigns, and the competition between retail platforms. (For a detailed discussion, see the market close ups on the US and UK, as well as here below in the chapter on selfpublishing the US controversy on pricing and author earnings).

Consumers are remarkably divided in their expectations, according to the “Digital Census”, released by The Bookseller in January 2014, as over a third think that ebooks

should sell for slightly less than their print equivalents, while 27.2 percent expect ebooks to sell for significantly less. (The Bookseller: *Digital Census*, January 2014).

## Contradictory pricing strategies in Europe

In continental Europe, the importance attributed to pricing is well reflected in numerous countries’ choice of regulating the retail price of a book, which is set by the publisher, not the retailer, and by often reduced rates of VAT for printed works. As a result, book prices have been largely stable on average in recent years. This is about to change significantly as the traditional consensus based equilibrium is seriously challenged by the impact from ebooks.

Tracking ebook developments on a per title bases across Europe is difficult as, aside from the UK, no authoritative ebook charts have been established at this point. Instead, we had to work with lists proposed by various leading online platforms and juxtapose overlaps as well as differences among them.

The simple question of asking, across markets, what a bestseller is in ebooks and what it costs is leading to a set of complexities.

Two basic approaches take shape. One is promoted by *Amazon* on its localized sites for Germany, France, Italy, and Spain that provides the sales rank for ebooks by units sold, regardless of the retail price, as long as the book is not offered for free. Long novels at €14.99 and digital shorts at €0.89 live side by side. Self-published books, often priced



aggressively at €0.99 or €2.99, occupy a significant number of top positions.

By contrast, traditional publishers especially in Germany or France, have made it their preferred policy to account only for book titles published in the established houses, and priced at a levels as close to print books as possible.

### Case study Germany

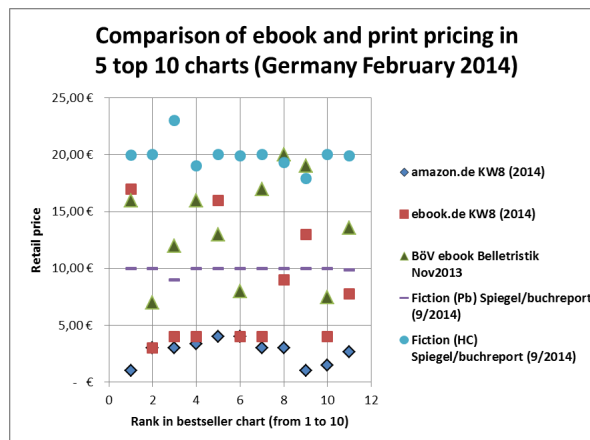
In Germany, for example, the average retail price of a printed book is around €12 (2013: €12.40), while the average price for an ebook is €7,58 (2013, *GfK*). But around 70 per cent of revenues from printed books result from sales of hard cover editions, with the largest portion coming from newly released titles, and with bestsellers having a decisive impact. (Source: [Boersenverein](#)).

The top 10 fiction bestsellers on the authoritative Spiegel bestseller list in February 2014 came at an average retail price of €19.90, while the most popular trade paperbacks sold at roughly half this price (€9.89).

These price levels for each format are both consistent over time, and have not changed tremendously in recent years.

The opposite is true however, when it comes to ebooks. The top 10 bestselling Kindle ebooks at Amazon.de at the same week (9/2014) were priced at €2.68 on average, forming an altogether different corridor of books selling in their majority at unter €5.

By contrast, a top 10 ebook bestseller list published by Börsenverein in November 2013 (and discontinued later) had an average ebook price of €13.54. Perhaps even more interestingly, the listed titles came with wildly different individual prices, ranging from €6.99 (which is below the average print paperback) to 19.99 (which equals the average print hardcover). A similar list by ebook.de of Libri, the leading German wholesaler's own retail arm, had a middle of €7.79, with again a wide price range from €2.99 to €16.99.



*A comparison of ebook and print pricing of top 10 bestselling titles on various German charts. Germany February 2014 (and November 2013, for ebook chart from Börsenverein).*

We assume that over time, and in view of Amazon's significant market share in Germany for both print and digital books, consumers will question the validity of established price levels, which will probably result in severe a pressure on traditional price policies of publishers for both print and digital formats.

Ironically, the consensus among publishers to informally apply fixed prices to ebooks has little effect when the offer of ebooks now comes not anymore from just the well established publishing houses. Instead, new digital only ventures, ebook divisions specializing on certain genres, and most importantly, selfpublished titles, and books available only through Amazon largely dilute and diversify what readers can buy. On the contrary, the practice of many of the traditional publishing houses who try their best to keep ebook prices at levels close to even hardcover print editions might backfire over time, as their approach might ultimately fail with consumers.

### Case study: Comparing ebook prices and discounts across European markets

A strong competitive pressure builds, as Amazon in particular is seamlessly including low-priced ebooks with titles from publishers whose outspoken policy it is in markets such as Germany to keep prices for ebooks close to the level of printed editions. It is foreseeable, that over time, even in markets where book prices are fixed by law, as is the case in Germany and in France, publishers will see their pricing strategies seriously challenged by Amazon's policy.

## Average top 10 ebook prices in selected EU markets (September 2013, ave. price in €)

### Country Top 10 Amazon Kindle Top10 leading domestic platform

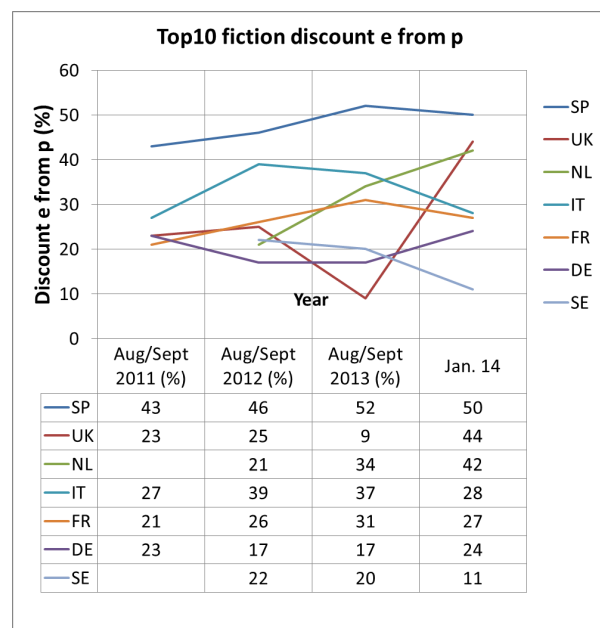
Germany	7.14	13.99
France	5.08	9.79
Spain	6.88	6.74
Italy	6.99	6.19
UK	3.15 (£ 2.65)	not collected

For the purpose of a comparison across markets, we chose several approaches. At first, we wanted to see, if, and how much, a gap existed between average prices for top selling ebooks at Amazon, and on the respective domestic retail platforms in selected countries.

In a second attempt, we pickted for each of these markets, at one point the top 10 bestselling print titles, and looked up the retail price for their ebook editions, repeating the exercise regularly over more than two years.

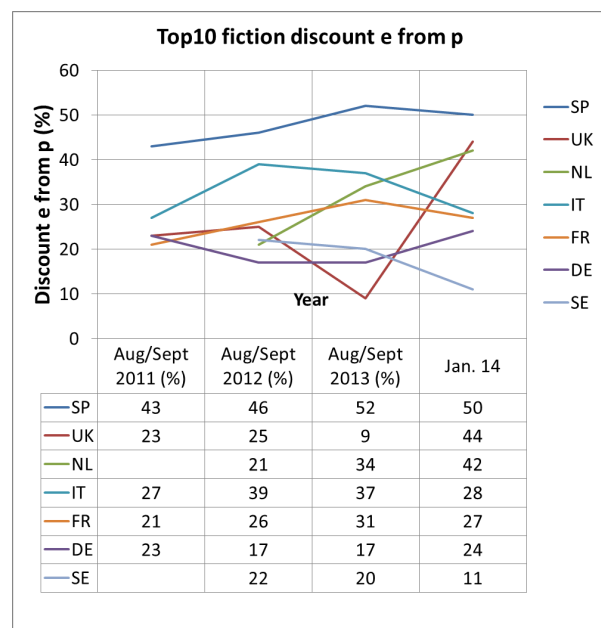
€14, as seen in France, Germany and Sweden, and the other converging at around €10 (yet with Great Britain showing some recent sepcifics which we need to critically check again, after a few more months, to see if the recent drop continues over time, forming yet another, even lower level).

Expectedly, these different price levels and corridors reflect significant differences in how much the ebook edition of a title is discounted against print.



Top 10 print fiction bestsellers in selected countries, with their ebook editions(2011 to January 2014, ave. price in €).

What we see are two distinctly different corridors in the price of ebook editions of frontlist fiction titles: One above



Top 10 print fiction bestsellers in selected countries, and the average discount for ebook editions against print (in %).

It becomes remarkably obvious that publishers' decisions on how much they discount an ebook against the print

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edition of the same titles is still highly experimental in many markets. In the widely diverse markets of Germany, France and Italy, and after highly different trajectories, a certain equilibrium of around 25 to close to 30 percent discount from print seems to emerge. This contrasts with a survey of GfK emphasizing that consumers would rather consider a discount of around 40 percent to be desirable. (buchreport, 4 October 2014).

Spain with its very specific crisis related economic context, a much higher level of around 50 percent between the price for bestselling print titles and their ebook edition stabilizes. Whereas Sweden and the Netherlands have not yet found a clear level of ebook pricing, and discounting at all. (The UK, again, needs to be checked again at a later point, to understand if the new surge in discounting e against p remains.)

These differences not only highlight the very broad range of prices and discounts among ebook frontlist titles but also emphasize that ebooks, even in the early stages of their emergence, have a strong tendency to dissolve the notion of books as one integrated, homogeneous market segment.

## Case study: Shades of Grey and the role of genre bestsellers

A few blockbuster bestsellers, mostly of genre fiction (like E.L. James' *50 Shades of Grey*, or Suzanne Collins' *Hunger Games* trilogy) have played a tremendous role in opening paths for ebooks with readers, and defining practices in both the dissemination, and the consumption of ebooks.

The probably critical first key period for the penetration and subsequent growth of ebooks in continental European markets had been the window between late 2012 and early 2013, when e-readers and tablets had started to gain popularity everywhere at a fast pace, resulting in an expected increase in book downloads.

A few spectacular blockbuster titles, notably the erotic trilogy *Fifty Shades of Grey* by E.L. James, received such widespread media coverage that they must also have been downloaded in great numbers. By January 2013, *The New York Times* reported 40,000 digital units sold in France alone — a number that must be compared to 900,000 printed volumes (*The New York Times*, 16 January 2013). This would give ebooks a share of 4.4% over print sales, which is clearly higher than the estimated 1 to 1.5% of the market share that ebooks were expected to account for in

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the overall book market in France by late 2012. However, the comparison also hints at the fact that, so far, ebooks are almost all fiction - and in some significant cases self-help and how-to books - with the strongest bestsellers accounting for the lion's share.

The French translation of *Fifty Shades of Grey* cost a substantial €11.99, compared to £3.46 in the UK and \$8.77 in the US. The German *Kindle* edition was sold at €9.99, the Italian at €6.99, and the Spanish at €9.49. In Sweden, readers paid a mark-up as if the book were strong liquor, given the hefty price tag of 137 kronor, or €15.80.

By looking at top-selling titles around Christmas 2012, we could observe that print and ebook charts are drifting apart, as if they reflect two different continents of reading preferences.

Aside from current erotica, in a mix of *Fifty Shades of Grey*, Silvia Day's *Crossfire* series, and scores of subsequently self-published titles, only a few books from January's print bestseller lists tended to figure on the ebook charts, notably Ken Follett's *Century*, J.K. Rowling's *Casual Vacancy*, *Life of Pi* by Yann Martel, which hit European movie theaters around Christmas, and some top-of-the-line Nordic crime novels by Danish Jussi Adler-Olsen and Jo Nesbø. The strongest print books per country, such as Jonas Jonasson's *Hundred Year Old Man* in Germany and the UK, the works of local crime writer Andrea Camilleri in Italy, and María Dueñas' with *Misión Olvido* in Spain (priced at €12.34!) are sure to be found side by side with ebook editions in the top ranks.

By late summer of 2013, the rift seems to have widened. Only a very few authors have managed to be represented in both the top 10 for printed fiction in the analyzed major European book markets and the respective Amazon chart, or at least in those of domestic platforms such as *Weltbild* in Germany (two women crime authors, German Rita Falk and British Jojo Moyes) or *Casa del libro* in Spain.

### The biggest publishers are getting bigger in ebooks (2012)

A rather complex picture evolves when looking at the publishing houses behind the top-selling titles. Ebooks are currently seen by many, especially in the largest publishing houses, as an additional channel to push top-selling titles into the market. It is no surprise to see these globally acting groups, such as *Random House* or *Hachette* (coincidentally the publishers of *Fifty Shades of Grey* in English, German, and French) having a strong presence in the charts.

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Data for the top 20 ebook bestsellers in 2012 from nine European countries and the US (provided by Kobo for this report's February 2013 update), may not be representative of all these markets, given the online retailer's different market share for each market. However, it provides a valuable basis for some informative observations and comparisons (the data cover Denmark, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, the UK, and the US).

Across these 200 ebook title entries in ten markets of different sizes and primary languages, 57 can be attributed to various imprints of Random House, of which 35 are editions of E.L. James' *Fifty Shades of Grey* trilogy, in their US, UK, and German editions.

*Scholastic* comes in second, with 20 entries, all but two of which are variants of the US edition of Suzanne Collins' *Hunger Games* trilogy, which the New York-based house successfully sold, in English, across the Scandinavian markets of Denmark, Sweden, and Norway.

George R.R. Martin comes in third with *A Dance with Dragons*, again part of a series, which sold well across all European markets in print but was represented in the Kobo ebook charts only in the English-language edition across Scandinavia as well as in Spain. The book is followed by Ken Follett's *Giants*, with 10 entries, in English, German, and Italian translations.

Examining some of these ebook markets more closely, it turns out that, in Germany, France, and Italy, the respective market leaders in print book publishing can greatly expand their impact on the ebook charts. In Germany, seven of the top 20 hits for 2012 came from Random House (notably *Fifty Shades of Grey*, but also books from domestic authors, such as young adult writer Charlotte Link). In the French top segment, Hachette holds 9 out of 20 positions, while *Mondadori* holds 12 out of the 20 top ebook titles.

Remarkably, in each market, there is also a strong number two, with *Luebbe* in Germany (an independent publisher that aggressively and successfully positioned its ebooks in the emerging market) matching Random House with 7 of the 20 top ebooks in 2012. In France, the gap is much wider, as *Editis* (owned by the Spanish *Planeta*) and the independent *Actes Sud* (the publisher of Stieg Larsson) each has three titles in the highest ranks.

The outcome for Spain, with regard to Kobo's charts, is more difficult to assess. Twelve of the top 20 positions are held by ebooks in the English language, with the authors including James Patterson, Karin Slaughter, Ken Follett, and Sylvia Day, aside from the expected E.L. James and Suzanne Collins. Perhaps, a certain bias comes into play, as the localized Spanish platform of *Amazon* might cater more broadly to the Spanish audience.

In all of Scandinavia, Kobo's 20 bestselling ebooks are in the English language, while in the Netherlands, domestic writers prevail. It must be assumed that these sales patterns reflect the size of the available catalog in each of these languages.

As for the UK, *The Bookseller* compiled and compared print and ebook charts by volume for 2012, resulting in a detailed overview of the top 50 titles. For the first ten months of the year, ebooks accounted for some 13% to 14% of all book sales in terms of units, but given their significantly lower retail prices, they accounted for a more modest 6% to 7% of revenues. The really interesting findings from the chart come not from the very top segment, which is, as expected, dominated by the *Fifty Shades of Grey* (with ebook volumes between 1.6 and 1 million units) and *Hunger Games* (between 300,000 and 400,000 units), but from the following ranks. J.K. Rowling sold a comparatively low 59,413 digital copies (and slightly fewer than 400,000 in print) in the 52 weeks to 29 December. How much ebook sales differ by genre and by reader age is well illustrated by romantic fiction author Jojo Moyes, whose new book, *Me Before You* (ranked 22 in print), sold 279,349 copies in print against a stunning 207,000 in digital. By contrast, 266,177 print copies of the autobiography of rock legend Rod Stewart, ranked 23 in print, were shipped to fans, compared to 19,057 in digital ("Bestselling books of 2012," *The Bookseller*, 11 January 2013).

Still, with all the possible oddities caused by the limited data pool behind this analysis, it becomes clear that, at least in the early stages of an emerging ebook market, a small number of smash hits can exert incredible control.

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# Self-publishing

**U** pdate spring 2014

In 2013, “self-published authors (when viewed as one single publisher) had more best-sellers than any other single publishing house.” (Blog post by Jeremy Greenfield, Digital Book World, [dbw](#), 5 March 2014).

## Case study author earnings

In February 2014, bestselling author Hugh Howey triggered a controversial debate as he published an “Author Earnings” report based on data compiled from crawling various ebook bestseller charts (mainly in the genre fiction categories) on Amazon.com, plus earnings data shared by other authors, concluding, among other statements, that “indie authors are outselling the Big Five” (as “indie” representing independent self published authors, versus the “Big Five” largest US Trade publishers, which are Penguin Random House, Hachette Book Group, Harper Collins, Simon & Schuster, and Macmillan): “Indie and small-press books account for half of the e-book sales in the most popular and bestselling genres on Amazon” (which include, as genres, Mystery/Thriller, Science Fiction/Fantasy and Romance). Howey continues arguing that because titles from the Big Five publishers are priced higher than selfpublished titles on average, yet less well rated by readers, while owning a larger share in top bestselling positions in the Amazon ebook charts, so that in the end, selfpublished authors have an advantage by earning more than those published in traditional ways. (Hugh Howey: [The Report](#). Published online on 12 February 2014).

Howey’s report triggered a highly controversial debate, as a number of voices fundamentally challenged his approach and methodology, including publishing consultant [Mike Shatzkin](#), data mining expert [Dana Beth Weinberg](#)

and the editor of Publishers’ Lunch, Michael Cader, who also [summarized](#) the debate in his newsletter, in two parts).

Aside from Howey’s bold and provocative statements (“The experts? They have no idea.”), the controversy highlighted at what point selfpublishing had grown a self-esteem, namely among its star authors, and a prominence in public opinion (not the least from its promotion by notably Amazon and its set of services to authors) that was now ready to challenge even the largest representatives of the *old players*, namely the five largest trade publishers and their prestigious history.

The debate also highlighted the lack of reliable data (as neither Amazon nor Barnes & Noble would reveal any detailed sales information) on a segment of the industry which, undoubtedly, has grown dramatically within just a few years, and had largely contributed to radically review and also change the established value chain and role models of the sector.

## Case study Harlequin and profitability in the romance genre

When Canadian publishing group Harlequin, a specialist on romance genre, and a forerunner in ebooks for many years, posted financial results for 2013, a remarkable debate emerged on the interpretation. Since 2009, and for four years in a row, Harlequin has recorded a downward spiral in revenues, from \$493 million, to just \$398 million, and a drop in profitability as well.

According to Harlequin’s publisher and CEO, Craig Swinwood, pricing, and the impact of selfpublishing, are at the core of the problem: “The pricing is the biggest issue with-in traditional publishing right now. The value perception of books over time will be eroded if people think that free



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or \$0.99 is what a book is worth.” (Interview with Jeremy Greenfeld, [dbw](#), 6 March 2014).

However, if read against the fact that ebook prices are much lower than even mass paperback print editions, and lower cost for producing and distributing ebooks, notably in a community driven segment such as romance, the profits per unit might exceed those of print, even in the case of Harlequin and its overall drop in revenues and profitability, as Kevin McLaughlin of Role of the Hero Publishing wrote: “The sales look down because ebooks sell for less. But ebooks are ENORMOUSLY more profitable for publishers than print books, mostly because the retailer share is much less.” (Blog post in [LinkedIn](#), 13 March 2014).

This mirrors nicely a recent statement of German Bastei Lübbe, the publisher of the German translations of Dan Brown and Simon Beckett, as they achieve an operational margin of 22 to 25 percent in ebooks, or “at least 10 percent more than in print”. (CEO Thomas Schierack, Interview with [Die Welt](#), 1 March 2014).

## Overview selfpublishing markets in 2014

The total **US** selfpublishing market has been estimated, in the follow up to the Hugh Howey controversy, at around “\$ 180 million or so” by Michael Cader or 11 percent in value of the total ebook market, referring and extrapolating from the few available relevant data sets, notably from the US selfpublishing platform [Smashword](#) (Michael Cader: [The Discussion over Author Earnings](#), see also a [blog entry](#) by Smashword founder Mark Coker).

Altogether, *Bowker* has identified over 391,000 selfpublished titles in the US in 2012, up 59 from 2011, with ebooks accounting for 40 percent of the selfpublished ISBNs. ([Mediabistro](#), 13 November 2013).

The selfpublishing platform Smashword had added some 25,000 authors in 2013 alone, with a total title count of 276,100, up from 190,600 in 2012. Amazon said to have added more than 200,000 exclusive books to the Kindle store in 2013. ([Publishers Weekly](#), 2 January 2014).

Amazon revealed a statistic that in all of 2012, a quarter of its top 100 Kindle ebooks have come from indie authors. ([The Guardian](#), 4 December 2013).

This statement however conflicts fundamentally with another full year bestseller list, compiled annually by USA Today, and which for 2013 does not include a single self-

published title, which combines both print and ebook sales, in units. ([USA Today](#), 16 January 2014; for a critical discussion and comparison, see Michael Cader in [Publishers Lunch](#), 16 January 2014).

In the **UK**, some 12 percent of all ebook sales are coming from selfpublished titles, according to *Bowker Market Research*, with a share of up to 20 percent in some areas such as crime, science fiction, fantasy or romance, which is largely consistent with the estimate for the US market. ([The Bookseller](#), 7 June 2013).

For **Germany**, the selfpublishing help site [Selfpublisher-bibel](#) released findings from a survey based on 800 questionnaires, including that one out of four selfpublished authors had released just one book, 30 percent have released between 3 to 5 titles. Of the 91 percent who release their works as ebooks, one third is using the services of a distributor, one third going to the shops directly, and one third doing both. More than half record monthly earnings of less than €50, while 4 percent said to earn more than €2,000. 29 percent of the respondents price their ebooks at €3 or less, while another 24 percent charge more than €5.

According to the same survey, Amazon has a market share of 64 percent among authors who upload their ebooks directly to a sales platform, followed by Kobo (10 percent), Beam (9 percent), and Google (7 percent).

In **France**, selfpublishing has spread in recent years, offering an attractive alternative to traditional publishing houses, with realistic chances for a successful publication, according to a survey among over 6000 selfpublished authors. (Edilivre, quoted in [Livres Hebdo](#), 1 October 2013). In 2013, the top 5 bestselling titles for the year in France have been selfpublished books, contributing “significant” revenues, according to Marie-Pierre Sangouard, director of Kindle content in France. (Quoted by [Livres Hebdo](#), 22 March 2014).

In the **Netherlands**, several of the largest player in the book market have joined forces in the launch of a new dedicated selfpublishing platform, [Bravenewbooks](#), namely *Singel Uitgevers*, a division of the [WPG](#) publishing group, the leading online retailer [Bol.com](#), and the selfpublishing portal [Mijnbestseller](#).

In a growing number of markets, “selfpublishing has become mainstream”, Jörg Dörnemann from the German selfpublishing platform *epubli* of the *Holtzbrinck* group has put it. ([buchreport](#), 13 March 2014). Following this trend, a growing number of traditional publishing houses across



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continental Europe have launched their own selfpublishing services of various kinds and profiles, like RCS in Italy, which addressed authors with writing competitions for genre fiction (Marcello Vena in a blog post at [Future-book](#) in October 2013), or the German traditional publisher Oetinger with its *Oetinger34* concept of a mix of selfpublishing offer, writing competitions, and classical editorial services, all focusing on authors of childrens' and young adult books. ([buchreport](#), 12 March 2014).

But also US selfpublishing services aim at the international markets, such as Smashwords, or, since March 2014, Barnes & Noble with its Nook Press selfpublishing platform, which has been made available for the UK; France, Germany, Spain, the Netherlands and Belgium. (Press release, 18 March 2014).

### Developments in 2013 and before

As recently as the summer of 2011, a headline such as the following could still appear: "German Self-Publishing, Where Innovation Meets Angst," pointing to the country's aversion to risk (Amanda DeMarco, [Publishing Perspectives](#), 4 August 2011). A year later, an initially self-published title, *Fifty Shades of Grey* by E. L. James (albeit now in an edition published by *Random House*) was by far the defining book event of 2012 in Germany just as almost anywhere else, and a German self-published author made the headlines with *Liebe, Sex und andere Katastrophen—Meine abenteuerliche Suche nach dem Mann fürs Leben* (*Love, Sex and Other Catastrophes—My Adventurous Quest for the Man of My Life*), a book that blends well in the current flood of romance fiction. A mere 20,000 ebook copies sold at €3.49 were enough to generate broad media coverage exploring the new model for success. "Never had it been easier to publish a book" was the new gospel sung by mainstream media such as *Der Spiegel*, ([Mein Verlag und ich](#), 17 July 2012).

The *Angst* article and the bestselling *Love, Sex, and Other Catastrophes* book originated at [epubi](#), the print-on-demand and self-publishing platform of the *Holtzbrinck group*, Germany's second-largest publishing venture, but not the market leader. This position is held by [BoD](#) (or Books on Demand), the service arm of [Libri](#), Germany's largest wholesaler by far, which has explored customized solutions to production for 10 years, claiming a market share of 80 percent in the print-on-demand segment with a backlist of 420,000 titles and some ([10,000 new releases per year](#)).

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By early 2011, author Amanda Hocking had sold one and a half million copies of the self-published version of her debut work *My Blood Approves*, which was then picked up by traditional publishers for global sales ([Livres Hebdo](#), 25 April 2012). In the summer of 2012, four self-published titles were on the *New York Times* bestseller list ([The Guardian](#), 3 August 2012).

However, self-published ebooks quickly came to prove how powerful the new concept of publishing was not just within the huge English language arena but allowing even authors from other countries and linguistic backgrounds to develop an international audience.

German Jonas Winner, an author for television, holding a PhD in game theory, and a talented promoter of his work, decided to release his 1200 novel *Berlin Gothic* as a series of seven ebooks through *Amazon's* self-publishing platform, [Kindle Direct Publishing](#) and the attached service arm [Amazon CreateSpace](#). Between September 2011 and February 2012, he sold 55,000 copies of the books or, on average, 1,000 every day, earning for each one 30 cents out of the retail price of €0.89.

Another line of service, [Amazon Crossing](#), is technically not a platform for self-publishing, but the US giant's own publishing division, though it offers another channel for authors to jumpstart their international career while bypassing the traditional gatekeepers of literary agencies. For German writer Oliver Plötzsch and his novel *The Hangman's Daughter*, which was published by *Ullstein*, a conventional publisher in the German original, going through Amazon Crossing for the English edition meant all the difference from having a midlist title to having sold over one million copies in the US by the summer of 2013. ([buchreport](#), 18 June 2013).

In 2009, *BiblioBazaar*, a US-based company in the new self-publishing segment, was already producing 272,930 titles (according to *Bowker*, quoted in *Publishers Weekly*, [April 15, 2010](#)). In 2011, BiblioBazaar alone ([processed 773,857 ISBNs](#)).

In 2012, Kelly Gallagher of Bowker Market Research proclaimed the "golden age of self-publishing," with 211,269 titles published in 2011 (up from 133,036 in 2010), and by the summer of 2013, Bowker reported that 12% of the total ebook market and 20% of the genre segment, comprising science fiction, romance and humor, were self-published titles in 2012 (quoted in [The Guardian](#), 11 June 2013).

However, self-publishing, notably with regard to ebooks, reaches far beyond the fulfillment of production services

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for individual authors. It has grown into a significant segment of the publishing industry altogether. Since 2010, global leaders from both the distribution and the publishing side of the business have launched or acquired major operations targeted at the quickly expanding segment.

By mid-2012, Amazon's *CreateSpace* was seen as the segment's market leader, publishing 57,602 titles, followed by **AuthorSolutions** with 41,605 (**Publishers Weekly**, June 4, 2012). Of these titles, 45% are fiction and 41% are also released as ebooks (**Bowker**, June 5, 2012).

*Apple* through its platform **iBooks Author** focuses primarily on illustrated works, enriched by embedded multimedia, as in the case of educational materials or cookbooks.

*Kobo* expanded its branded self-publishing service **WritingLife**, as did *Barnes & Noble* by rebranding its PubIt service as **NookPress**, and all these efforts seem to be rewarding for the platform operators, as **reportedly**, 25% of all *Nook* sales are self-published ebooks.

The market research firm *Bowker* has launched a dedicated **resource** for self-published authors, which includes "tools, advice, and resources for navigating the publishing process, serving a burgeoning market of authors who are bypassing the traditional publishing route to take total control of their book projects." (**Bowker press release**, 20 May 2013).

Authors are, however, not targeted only by online book retail and distribution platforms. In addition, leading international publishing groups have stepped up their efforts to offer alternative propositions to their authors to their conventional title selection and editorial and marketing services.

The afore mentioned AuthorSolutions was acquired by *Penguin* in the summer of 2012 for \$116 million (*Publishers Lunch*, July 19, 2012). With **BookCountry**, Penguin also runs a community platform for exchange between authors.

In addition to such platforms from the largest international actors and other US-based companies that broke the ground for digital self-publishing -such as **Lulu**- scores of more local and more specialized authoring and book creation solutions have recently emerged, and many combine the operation of book production and distribution, with the creation of book and reading communities.

US based **Smashwords**, claiming to be "the largest, global, indie, self-publishing digital outlet", has announced plans to expand into other territories and languages. (**Publishing Perspectives**, 10 April 2013).

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In Germany, the range of platforms and community in the self-publishing segment has formed a thriving sector so fast that it requires its own specialized portal for guidance, the **Selfpublisher Bible**. In a first survey, the bible's **Matthias Matting** found in June 2013 that one out of four self-published German authors had so far published only one title, 30% had released between 3 and 5 books, and 91% publish ebooks, of which 60% use the services of a specialized distributor to bring their titles to the market, as almost half became involved in authoring their own books to earn money.

**BOD** - or books on demand -, founded over 10 years ago by wholesaler *Libri*, has grown into a complete service for self-published authors, as has *ePubli*, a platform operated by the *Holtzbrinck group*, which also combines print as well as ebook creation. *ePubli* has recently announced plans to expand internationally, with a first branch set up in the UK.

Germany-based **Xinxii** claims to be Europe's leading distribution platform for self-published books, and operates services in Dutch, English, French, German, Italian, Portuguese, Spanish and, since early 2013, Russian.

In the Netherlands, the leading local online retailer, **BOL.com** is involved in the launch of **Bravenewbooks.nl**, together with the self-publishing portal **Mijnbestseller**.

In France, **Mon Best Seller** is a service offered to authors to publish their books free of charge, and readers can read these books free of charge online. Additional services for promotion and on-demand printing must be paid for. A similar model, characterized as "free publishing", is provided by **TheBookEdition**.

In Spain, **Roca Editores**, one of the founding partners of ebook distributor *Librandia*, has launched a complete service for the self-publishing and distribution of ebooks.

With **Bookworks**, an organization specializing in self-help for self-published authors, has been set up at first in the US, yet with a global vocation.

## Subscription platforms and reading communities

Online reading communities dedicated to ebooks and inviting readers to engage in various forms, while allowing publishers to target audiences in the digital universe are around for some time.

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**Goodreads**, launched by Otis Chandler in January 2007, and acquired by *Amazon* in March 2013, is clearly the biggest location in cyberspace for readers to exchange views, reviewing books, and making, or breaking, the career of authors and their works. By early 2014, Goodreads claims to have 25 million members, who have added 750 million books and contributed 29 million reviews. Amazon also owns **Shelfari**, and controls a stake in **LibraryThing**.

Even one year earlier, in 2006, the Holtzbrinck publishing group had started a similar reading community in Germany, **Lovelybooks**.

Also, a growing number of leading publishing houses have launched readers' portals and community websites, either along the company brand, or along genres (like crime, or fantasy, or romance), aiming at closing the gap between their editorial offer, and the readers. But these initiatives, important, and challenging to handle, as they might be for publishers in their attempt to reach out directly to their customers, do not touch on the traditional business model of the book industry, of bringing to the attention of the customer, and selling to him, one book, at a price set per item, at a time.

In 2013, a new shortcut had popped up, as analysts asked whether a *Spotify* or *Netflix* type of model might be applicable to books, and not just to listening to music or watching TV programs on demand.

The idea of combining a community of readers with a subscription (or lending, or streaming) service for books opened an entirely new dimension, as the approach combines two aspects of strategic, or even disruptive potential: To organize the complete value chain, or ecosystem, of author, books and reading from the reader's angle - and not from that of the author or the distributor, and by doing so, to produce massive amounts of data about readers' usage of the books, and their discussions and exchanges around those activities. And to replace the old business model by a subscription, through an *all you can read* flat rate.

The *ebooks are reading you*, ran a headline in the *New York Times*, published on Christmas day 2013, introducing several US based startups that had engaged in a race for what was seen as possibly the next new thing in ebooks and digital book distribution. (*As New Services Track Habits, the E-Books Are Reading You*. **The New York Times**, 24 December 2013). Similar initiatives have sprung up simultaneously in a number of countries.

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In the US, the New York based company *Oyster* is offering "unlimited access to over 200,000 books for \$9.95 a month, with new titles added all the time" (**company statement**), after raising \$14 million in investment capital. (**Publishers Weekly**, 14 January 2014).

**Entitle**, initially branded as eReatah, of North Carolina, tries out a different approach, which is closer to a traditional book club.

In Germany, **Readify** has started a beta launch in February 2014, after raising half a million euros in a **crowd funding campaign**, which included 1363 users who agreed to contribute €5 each. The service will cater only to smartphones and tablets, not to elnk devices.

**Youboox**, in France, has started in 2012, with a catalogue of 7,000 titles, including graphic novels (or *bandes dessinées*) at €9.95 per month.

Not all platforms that are busying readers and analysts by connecting readers and books, while harvesting data, are necessarily new companies.

With Bertelsmann and Holtzbrinck, the two largest publishing groups in Germany have joined forces in a joint venture to launch an online lending and subscription platform in spring 2012, branded **Skoobe**, offering some 30,000 titles at a monthly subscription fee between €9.99 and €19.99, depending on the scope of the access.

**Scribd** is a service which had allowed users to upload documents of various length and size since 2007 already, building a user base of 80 million monthly readers. Recently, Scribd has switched its branding to defining the platform as a "personal digital library, where you have unlimited access to the world's largest collection of e-books and written works", offering not just user generated content, but also "over 300,000 books from over 900 publishers, including New York Times bestsellers, literary classics, groundbreaking non-fiction, and reader favorites in every genre" to premium subscribers.

Before repositioning itself in that way, Scribd had been critically viewed by anti-piracy activists due to a not always clear policy with regard to copyright in the content uploaded by user. Today, Scribd affirms that it does "not tolerate copyright infringement."

Remarkably, two ventures with an entirely different clout and backing have formed in Spain, branded **24symbols** and **Nubico** respectively. Both ventures are combining content with the network capacity and customer base of telecommunications giants.

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**24symbols**, with a 100,000 strong title catalogue in Spanish, English, Italian and French, and claiming 500,000 readers worldwide, focuses on the reading experiences, by stating: "Read whatever you want, wherever you want, and however you want."

At the core stands the service's cooperation agreements with international telecommunications companies, and with **Zed**, a provider of mobile digital content and entertainment, with huge expertise in exploiting digital user data. **Zed**, founded in 1996 in Spain, and operating in 60 countries worldwide, including Europe, India and China, has acquired a **32% stake** of 24symbols in May 2013.

24symbols has launched its services so far in Russia, through a cooperation with **Beeline**, the country's largest telephone operator, and in Guatemala, with Tigo, a brand of **Millicom International Cellular**, a Swedish American venture, founded in 1990, which is offering various digital and telecommunications services in 15 developing countries in Latin America, Africa and Asia.

**Nubico**, started in September 2013, is coowned by Spanish **Circulo de Lectores** - a 50:50 joint venture between Germany's media giant Bertelsmann and the largest Spanish trade publishing company **Planeta** -, together with the huge telecommunications company **Telefonica**.

With a so far limited catalogue of 5,100 titles (from initially 3,000), Nubico is offering a subscription at €5.99 (down from €8.99 at launch), and aims at owning 30% of the Spanish ebook market by 2015, which can be achieved only by expanding successfully into major Latin American markets, notably Mexico, Colombia, Chile, Peru and Argentina.

Obviously, *Amazon's Prime* service needs also be looked at in the context of subscription services. Priced at an annual fee of \$99 (up from initially \$79) in the US, and recently launched in several international markets, including Germany (at €49), the offer bundles content of various type, notably streaming video and lending of ebooks, yet of a limited, managed catalogue of titles only, plus premium delivery of physical purchases.

The differences between the various approaches are significant on several levels, but also do they share some key similarities in their strategic choices:

- The ventures include typical startups (Oyster), joint ventures of players from traditional publishing (Skoobe) as well as novel consortia of content with communication networks (24symbols, Nubico).
- The catalogues offered to subscribers are partly curated selections of ebooks (Skoobe, Nubico), huge libraries with a lot of selfpublished literature next to bestsellers (Scribd), or even cross-media packages, merging ebooks with movies or any content that is available in digital formats through mobile networks (24symbols, Amazon Prime).
- Fees are typically low, at around \$10 or €10 per month, or even less, making it obviously challenging for publishers (and even more so, authors) to earn revenues at similar levels as in print, which has spurred controversy already, for music, at the remuneration model of Spotify.

Together, all these new platforms have also strong common characteristics and goals:

- They aim at owning a new, premium channel to customers (be they readers, or users of any type of digital mobile content), as well as all the valuable information about these customers.
- If any of these platforms will succeed, they will be in a similar ambivalent relationship with traditional publishers, as Amazon is today, as they have the potential to become a key sales conduit for the publishers on the one hand, while aggressively competing with the publishers through their ownership of the end user, and their influence on pricing and revenues.

The development is far too novel for any real assessment of its future impact, but its potential to re-define some key element along the value chain of books and reading, from the business model to the relationship with the customer, is huge.

(Javier Celaya contributed to this section.)

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# Regulatory frameworks

**T**he litigation and subsequent ruling in mid-2013 involving *Apple* and five of the six largest US publishing houses was certainly the most widely publicized and debated legal case relevant to ebooks. In July 2013, a US federal judge found that Apple violated antitrust law in helping raise the retail price of ebooks, saying that the company “played a central role in facilitating and executing” a conspiracy with five big publishers over the “agency model”, which had ensured that publishers, not retailers, were setting retail prices for ebooks. (For excerpts of the ruling, see [The New York Times](#), 10 July 2013). A similar investigation involving European publishers has been launched by the *European Commission*, yet with no ruling so far. For more details on the debate, see the chapter on “[United States](#)” on [page 23](#).

In several European countries, book prices are regulated and subject to a reduced value added tax (VAT), yet these regulations do not automatically apply to ebooks. In France, legislation to apply fixed prices to ebooks as well was introduced in 2011. In Spain, the existing Book Law is understood to cover ebooks as well as printed books. In Germany, *Börsenverein* —the professional association for publishers and booksellers— is lobbying the federal government for an extension of the law of fixed prices for books to ebooks.

The problem with the VAT is that, according to the European Commission, books are considered products, but in the case of ebooks, the consumer is acquiring a license. This difference results in significant surcharges for ebooks and discrimination of ebooks versus printed books. A complex discussion is currently taking place among both national trade associations as well as the *Federation of European Publishers* (FEP), with publishers arguing in favor of extending reduced VAT rates to ebooks, notably to “ensure that professional published content, regardless of its format or method of access, receives a fiscal treatment that

recognizes its contribution to a wide range of goals in social, cultural, and economic terms” (reply by FEP to a Green Paper of the [European Commission on VAT](#), May 2011).

In France, legislation was introduced, effective January 1, 2012, to both include ebooks under the fixed price regulation and to apply reduced VAT rates to ebooks, with the latter application resulting in an instant reaction from the European Commission, which investigates whether such legislation is compliant with European law. But the French government insisted on maintaining their position. ([ZDnet](#), 22 February 2013; for further details, see the earlier discussion on “[France](#)” on [page 35](#).)

Especially in France and Germany, publishers’ associations (*SNE* and *Börsenverein*), authors’ representatives, and individual publishers (*Hachette*, *Gallimard*, *La Martinière*, and others) have actively participated in legal actions in New York against *Google’s* digitization of copyrighted books and the proposed “Google settlement,” which captured the attention of both the media and the interested (professional) audience as well as politicians, to the point of the conflict of the “book professionals” versus Google being broadly identified with the broader topic of emerging ebooks. Most of these legal battles have since been settled.

The next frontier in the battle over change is pricing, as well as amendments to copyright legislation.

## Copyright legislation

A policy debate that lasted several years over exceptions to copyright law has come to a consensus in the form of the *Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled*, concluded and signed in June 2013. (See the full [text](#) at the *World Intellectual Property Organisation*, WIPO) The preceding discussion had opposed, in a



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nutshell, developing countries arguing for the benefits of certain exceptions, notably to allowing visually impaired people to more easily access books, and publishers lobbying to limit such exceptions to a strict minimum. (See [here](#) the position of the *International Publishers Association*, IPA).

The debate on copyright has become a mainstream controversy in Europe, and most strongly so in Germany, in the first half of 2012. While the German trade association *Börsenverein* declared in June 2012 that copyright legislation needs to be adapted to requirements of the digital age, other professional organizations of the industry, notably in France, strictly oppose such action, in the expectation of amendments watering down current policies and legislation.

The complex debate revolves around a number of cases and issues, including the right of producing a copy of a copyrighted work for private usage (*Privatkopie*) in Germany, to introducing US concepts such as *fair use* to European law, or pursuing consumers infringing copyright by banning them from using the Internet (according to *Hadopi* law in France).

Also, the huge discrepancy of VAT applied on printed or digital books (in the extreme case of the UK being 0% on print against 20% on digital) is a terrain of harsh controversy. While some articulate the concern that too much lobbying for lowering VAT on ebooks to print levels may blow up preferential rates for books altogether, others argue in favor of extending the preferential regime to a reduced VAT rate on all cultural spending.

The approach by the *European Commission* is far from univocal at this point. On the one hand, the Commission has started an investigation, notably with French publishers, on pricing agreements that may infringe competition terms—echoing the actions by the *US Department of Justice* (DoJ).

On the other hand, in early summer 2012, the European Commissioner for digital, Neelie Kroes, called on decision makers in the publishing industry to help her on Europe's *Digital Agenda* to bring down trade barriers for a seamless exchange of digital content such as books, arguing for adjusting the VAT hurdles, and talking publishers into embracing digital strategies much more boldly ([Digital Agenda for Europe](#)).



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# Receptiveness for foreign (English) reading

It has been argued that ebooks will give a big push to English reading around the globe, for the simple reason that ebooks travel at low cost over long distances, crossing borders seamlessly, once globally acting companies have set up the required infrastructures and made the required legal arrangements per each target market, and also because early adopters of ebooks are the strongest readers and the most worldly, the most frequent travelers, and the most linguistically competent consumers. Although at this stage no data are available as evidence for this assumption, some indicators can nevertheless be identified.

In countries such as the Netherlands or Sweden, English-language print books have become increasingly popular with readers; such is also the case in several Central and Southeast European countries, including Slovenia, to the point that translation of English-language fiction into local languages has been reported to be challenged by imports of the original editions. For details on English reading in that region, see at [“The accelerating impact of English reading” on page 50](#).

In Germany, the by far the largest wholesaler, *Libri*, had successfully started to expand its foreign-language pack-

ages to retailers almost a decade ago, as could be seen in the ever-growing foreign-language selections in the largest chain stores, notably *Thalia*. Although these foreign-language shelves used to be occupied predominantly by literary classics, it is now the latest releases of bestselling fiction from the US and, to a lesser degree, the UK that constitute this segment’s profile.

More recently, an increasing number of online shops have added dedicated English catalogs with an increasing number of titles, even in countries like France, Italy, or Spain, which were traditionally more difficult to access for foreign-language reading.

Amazon, which expanded its presence with localized online stores in Italy and Spain in 2011, is strongly promoting its English catalog as well as increasingly broad offerings in other languages, both in print and for the *Kindle*.

But the strongest force in the emergence of an international web of English reading is probably *Amazon’s* integration of its ebook catalog, with the *Kindle* reading platform and an increasingly uniform pricing policy ready to flatten the differences in what an ebook costs a consumer across markets.

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# eBook piracy in Europe: The example and debate in Germany, and related findings

## Methodological issues with regard to the research on piracy

Throughout media history, the emergence and penetration of markets by new media have been intimately intertwined with the advent of piracy and challenges to the current business practices of those in control of the respective *old media*. Providing an example from the early days of the movie industry, a recent, highly authoritative study says bluntly, “Piracy was, we have seen, absolutely central to the birth of the film industry.” (Peter Decherney: *Hollywood’s Copyright Wars: From Edison to the Internet*. Columbia University Press 2012) In fact, piracy and the subsequent legal battles were instrumental in the formation of the movie industry. The studios that dominated the new-born industry for decades after the outcome of those legal battles owed their strong position in large part to those early innovators and explorers of the new technology of film who, in the end, had been labeled as *pirates*. In practical terms—which are not necessarily identical to legal considerations—the label *piracy* can refer to different issues under different circumstances.

In the context of fragile, emergent, under-regulated, and under-controlled markets such as those in large parts of

the Arab world or, similarly, in Russia, piracy can be a direct threat to the precarious infrastructure of the book business. A good example of this is Lebanon’s (and the Arab world’s) first online book shop *Nil WaFurat*. Its founder, Saleh Chebaro, explained in 2012 during an interview for this report how the upswing in the consumption of digital media content paradoxically turned out to be essential to the further development of this platform. With the advent of smartphones and tablet computers and with the spread of mobile access to the Internet, a rapidly increasing number of consumers in Arab countries gained daily access to music, movies, social media, and text on their devices. Most of this content has become an integrated digital stream of digital media—with the exception of books. Because ebook publishing in the Arab language is still in such an early stage, digital books are accessible only as pirated copies. As soon as a book shows initial success with readers, pirated versions appear within days, both digital (in PDF format) and printed. To make the situation worse, many of the most popular platforms for the distribution of various digital content, such as *Apple’s iTunes* and equivalent local channels, will not carry many Arab language books alongside their extensive selections of music and movies. As a result, a relatively well-established platform for the distribution of books online, such as *Nil WaFurat*,

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suffers not in spite of but because of the expansion of digital media consumption.

However, the Arab world is not a homogeneous market, even with regard to piracy. In the United Arab Emirates (UAE), the local production of pirated ebooks is not considered an imminent threat to innovative businesses. The government of the UAE would like the entire country to become a regional leader in the development of a “knowledge society.” This ambition is reflected in the recent emergence of several ventures —such as Rufoof and Qordoba— as well as the funding that such initiatives can raise from both local and international sources (an option hardly practical for a company headquartered in Lebanon, such as Nil WaFurat), disregarding the Levantine’s old tradition as a hub for books and publishing throughout the Arab world.

In addition, the authoritative practices and strategies with regard to piracy—or, more broadly, with regard to creating the legal framework to cope with the challenges from digital media—is not well defined in any of the emerging markets.

While several pieces of international legislation relevant to piracy have been abandoned (the *Stop Online Piracy Act* (SOPA) and the *PROTECT IP Act* (PIPA) in the US and the *Counterfeiting Trade Agreement* (ACTA) de facto at the European level), a wave of studies and practical initiatives have hit the media over the past 12 months or so, with little consensus on the parameters, drivers, or concrete goals of these activities.

The issue was at the top of the agenda for industry organizations across the US, Europe, and the rest of the world (see the AAP at PW, [March 15, 2012](#)). New legislation has been introduced at the national level in a number of countries, including Spain (under the acronym of SINDE, for a law on the “durable economy, aiming at reforming copyright Spanish law altogether”; *Livres Hebdo*, [March 1, 2012](#)). At the same time, courts at the European level have limited the direct responsibility and liability of provider platforms for hosting illegal content on their servers.<sup>1</sup>

One challenge for the book industry is that the broader debate on copyright and infringements is predominantly driven by the movie and music industry, thereby sidelining issues specific to books and reading. In many statistical

overviews, ebooks are treated as a niche domain, without the acknowledgment of the factors specifically affecting this segment. For instance, due to the small file sizes of ebooks in comparison to audio MP3 files or digital video, peer-to-peer (or *torrent*) sites play an insignificant role in the distribution of illegal ebooks, compared to file sharing and one-click-hosting (OCH) sites.

In addition, the measurement of the number of downloaded items must be handled differently for ebooks, as the consumption of an ebook is much more time-consuming than that of a piece of music. In return, for some markets with particularly high penetration rates of piracy, such as in the Arab world, huge catalogues of illegal digital copies of ebooks, together with links to filehosting sites, are available on legal platforms such as Facebook, providing an arguably better consumer experience than any of the legal sites in the region.

However, even for well-documented markets such as Germany or France, for a number of reasons, no widely accepted consensus has emerged as to the scope and impact of piracy with regard to the emerging ebook market, or for the best practices to act against offerings of illegally digitized content.

## Controversial debates, legal initiatives, and contradictory practices in Europe

Germany, one of the leading content markets outside the English realm, was rattled throughout the first half of 2012 by controversies related to copyright and to practices considered controversial with regard to current law on several levels. A seemingly technical niche debate about the international *Anti-Counterfeiting Trade Agreement* (ACTA) did not become a front page topic until it was given up, at least in its current form, by both the *German government* and the European authorities. It split society into two sides, with *Börsenverein* lobbying for the agreement and a growing political majority considering it a threat to civil rights. The very term *pirate* experienced an about-face, as a new political party even ran in the parliamentary elections in fall 2013 under the name of the *Pirate Party*. After initially broad media attention, the campaign had little success,

1. The European Court ruled against the German collecting society (GEMA) on the installation of automated filters to prevent access to illegal content on platforms such as YouTube, as such practices would impede freedom of information as well as the individual privacy rights of users. (*Die Zeit*, 2 February 2012).

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but illustrated well a widening gap in the public comprehension of what is right and what is wrong with regard to copyright.

Such oddities have led law professors to acknowledge that copyright has become a battleground in fundamental regards: “In legal terms, rights owners, and notably those belonging to the copyright industry, have many rights, while users have very few,” argued German law professor Karl-Nikolaus Peifer. “Yet users have in fact all practical possibilities to access the content [that they long for]” (quote from an interview with Peifer, “Das digitale Urheberrecht steht am Abgrund” [*Digital Copyright Is at the Brink*], **brandeins**, December 2011). Experts such as Peifer argue that the law in its current form cannot resolve the resulting conflict.

With regard to digital content available on the Internet, many recent studies suggest that piracy “is common” (SSRC, the American Assembly, Columbia University, read more [here](#)). *Piracy is clearly ubiquitous in the developing world* (**The Media Piracy Report: Media Piracy in Emerging Economies**), yet only imprecise data on its scope and the effective economic damage are available. In the case of ebooks, a detailed assessment is even more difficult, as the ebook market has a history of only a few years in the US and the UK and is only just emerging in most European countries. Both data and methodologies for analysis are currently limited.

In **Digital Opportunity: A Review of Intellectual Property and Growth**, released in May 2011, Ian Hargreaves summarized his findings (page 10):

No one doubts that a great deal of copyright piracy is taking place, but reliable data about scale and trends is surprisingly scarce. Estimates of the scale of illegal digital downloads in the UK ranges between 13 percent and 65 percent in two studies published last year. A detailed survey of UK and international data finds that very little of it is supported by transparent research criteria. Meanwhile sales and profitability levels in most creative business sectors appear to be holding up reasonably well. We conclude that many creative businesses are experiencing turbulence from digital copyright infringement, but that at the level of the whole economy, measurable impacts are not as stark as is sometimes suggested.

As early as 2009, Brian O’Leary highlighted the need for more data to differentiate clearly between the fact (or “instance”) of pirated content available on the Internet and

its impact on publishing and readers, proposing a differentiated model for the understanding of piracy in a wider context of freely available content:

The potential loss of sales suffered by the most popular authors is more than offset by increased visibility (and presumably sales) afforded less well-known authors when their content is made available digitally (*Impact of P2P and Free Distribution on Book Sales: **Tools of Change for Publishing Research Report***, 2009, page 23).

This model aims to replace the popular binary understanding (*good vs. bad*) with a more nuanced approach, differentiating between a *white market*, in which content is created, marketed, and sold; a *gray market* for the promotion of a title and author, carrying a risk of pirated content “but accompanied by a quantifiably better result”; and an (illegal) *back channel*, “in which content is traded and consumed without fair compensation for its authors or publishers (resulting in lost revenue)” (O’Leary, 2009, page 25).

The claim that piracy is not automatically synonymous with pirated content being a *substitute for purchase* has also been discussed widely with regard to other digital content, notably music, and these arguments are often relevant to the current debate on ebooks and piracy (see **The Leftsetzletter**).

Regrettably, the limited available research on ebooks and piracy in continental Europe — notably Germany and France — so far focuses primarily on the simpler model of a black-and-white juxtaposition of legal and illegal downloads without fostering a more complex analysis of driving forces and the resulting effects on the emerging ebook environment. This study can only summarize the initial research and related critical debate.

## Coordinated efforts for tracking and takedown campaigns

Large publishing groups have successfully launched coordinated actions to shut down major piracy sites carrying books for which they owned the rights. For instance, in February 2012, two share-hosting services, [www.ifile.it](#) and [www.library.nu](#), which offered a library of 400,000 ebooks for free illegal download, were shut down in a novel approach coordinated by both the *International Publishers Association* (IPA) and *Börsenverein*, together with a group of publishers including many of the leading houses in sci-

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entific and professional publishing: *Cambridge University Press, Elsevier, Pearson Education, Georg Thieme, HarperCollins, Hogrefe, Macmillan Publishers, Cengage Learning, John Wiley & Sons, the McGraw-Hill Companies, Oxford University Press, Springer, Taylor & Francis, C.H. Beck, and Walter De Gruyter* (*The Bookseller*, February 2, 2012).

## UK

The strategy of concerted action for tracking pirated works in illegal online libraries and engineering the shutdown of such sites was pioneered by the British *Publishers Association* (PA). Introducing the *Copyright Infringement Portal* (CIP), the PA launched a dedicated web service for its members that crawls the Web on a daily basis to track titles that have been listed by the service's customers. Whenever a title is identified as being offered for download without the authorization of the rights holder, a takedown notice is sent to the webmaster of the concerned site. To both increase the impact of the service and promote its effectiveness, the CIP displays on its home page detailed statistics about its crawling activities, the effective number of titles that have been cleared successfully, and the illegal hosting sites with the best and the worst track records of compliance.

In a brochure issued by the PA, takedown rates were documented by country, with compliance rates of over 90% for territories and countries such as Hong Kong, Gibraltar, and Cyprus and significant levels for countries such as Russia (71.69%), China (65.75%), and Ukraine (60.69%).

## France

In 2013, the French publishers association, *Syndicat National de l'Édition* (SNE) decided to license and adapt the UK infringement portal for their *French members*. (*Actua-litté*, 5 August 2013).

This pragmatic approach hints at a broader recent policy change, as it contradicts an earlier attitude that focused much more on lobbying the French government to impose stricter legislation rather than promote more practical actions. This move, however, is in line with the *Lescure* report, a white paper commissioned by the government and published in the spring of 2013, proposing even to abolish earlier strict legislation - the *Hadopi law* - in favor of a "more

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gradual approach" (Rapport Lescure, summarized in *Le Monde*, 13 May 2013).

Hadopi, the *High Authority for the Diffusion of Works and the Protection of Rights on the Internet* (*Haute Autorité pour la diffusion des oeuvres et la protection des droits sur internet*) was formed by a law implemented in 2010. Its goal was to promote and encourage legal offers to fight infringement. One of the main actions of the authority is to send warnings to consumers who are infringing copyright law. In a controversial "three strikes" approach, a user can ultimately be banned from accessing the Internet for a certain period after being found guilty three times.

In January 2012, Hadopi released a study arguing that the percentage of French consumers who admit to having downloaded digital content illegally had dropped from over 49% to just 29% for the six months prior to their survey, data that illustrate the impact of the authority's actions (, *eBouquin*, January 24, 2012). Music (at 57%) and videos (at 48%) were most popular; books interested only 29% of the infringing audience, a scale that might also hint at the limited interest that ebooks have among the general French audience. Overall, Hadopi is not strongly supported by the book publishing community.

Fifty-six of the infringements investigated under Hadopi were by men and 42 by women, with those from 15 to 24 years of age by far the most active (with 70% admitting illegal downloads).

Research on ebook piracy in France is carried out with yearly reports by *Le Motif*, an organization sponsored by the Ile-de-France region. Its ambition is to provide an *observatory* for the "book in the region," which includes an annual survey on ebooks, both legal and illegal.

In an update, published in March 2012 and including mostly 2011 data, *Le Motif* documented a continuous rise in available illegal ebook titles —from 4,000 to 6,000 in 2009 to between 11,000 and 14,000 at the time of the study. A remarkable detail regarding France is the share of ebooks from BD (*bande dessinée*, or comics, graphic novels, and manga), which currently accounts for 8,000 to 10,000 of the illegally available works (*Ebookz 3, Etude sur l'offre numérique illegal des livres français sur Internet en 2011, 3e année*).



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The study argues that, based on the presence of 3,000 to 4,000 “easily available trade titles” at illegal sites, just 1% of legal print offerings has been effectively pirated, versus around 25% of the overall 35,000 to 40,000 available BD titles. Remarkably, only 44 of the singled-out BD bestsellers of a panel from 2010 to 2011 were available for illegal download, of which 58% had no legal digital edition on the market. Manga has been by far the most popular sub-segment. The authors of the Motif study underline the high quality of many of the pirated BD titles, with entire teams working on their digitization, resulting in files that average around 30 MB.<sup>2</sup>

At that time, the French national syndicate of book publishers (SNE) partnered with nine publishers of BD (*Dargaud, Dargaud-Lombard, Dupuis, Lucy Comics, la Sefam, Guy Delcourt Productions, MC Productions, Glénate*, and *Audie*) to fight illegal distribution via a specialized popular Usenet forum, [altbinaries.bd.french](http://altbinaries.bd.french). This effort began in 2008, but as of the writing of this report, no final judgment has been given.

In its report of May 2011, by Le Motif portrayed, the “strong development” of legal ebooks in France as coinciding with a “multiplicity of platforms” for illegal downloads. It was found that the “generalist aggregators” were adding ebooks to their broad offerings of other pirated media content and that new, specialized platforms focusing just on ebooks had also been entering the arena. The offer of legal digitized titles grew significantly from the spring of 2010 to the spring of 2011—from 17% to 33% of current bestsellers of the authoritative charts of *Livres Hebdo/lpsos*—and 36% of the titles on the charts were available for illegal download.

Few of the pirated ebooks were “cracked” copies from legally released originals; the vast majority were obviously scanned for the purpose of illegal dissemination. The study found that 25.9% of the pirated titles were available in multiple digital formats (versus only 6.6% in 2010).

The pirated catalogs were largely “nonexclusive,” in that a title found on one site could usually also be retrieved from other locations (Mathias Daval, “[Ebookz: L’offre légale et illégale de livres numériques](#)”, *Tableau de bord 2*, May 2011).

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## Germany

Interestingly, Germany has officially taken -and so far maintained- a position that is similar to the earlier French stance, with the professional association *Börsenverein* focusing primarily on lobbying for stricter laws, and forceful legal actions against private consumers who can be persecuted for individual infringements.

Over the past two years, the tone of the confrontation has become harsh, as reflected in an exchange of articles between a spokesperson for one of the most popular piracy sites for books, under the pseudonym of *Spiegelbest*, and *Alexander Skipis*, the managing director of *Börsenverein*. The pirates, who claim to have downloads of 1.5 million ebook titles per month from their site, argued, “It makes no difference whatsoever, if a book is liberated by us, or by some Russians.” Skipis replied that authors, publishers and book retailers feel “abandoned” by the government, as those who shut their eyes to the threat risk “basic concepts of society” and the “consensus on values” ([Der Tagesspiegel](#), 25 August 2013], and [2 September 2013](#)).

While *Börsenverein*’s general assessment of piracy as a serious concern for the emerging ebook business in Germany, and more broadly in Europe, is shared by many observers, more detailed analytics and conclusions are not.

In a survey based on a sample of 10,000 people, *Börsenverein* observed an increasing support among German consumers for the existing legal offerings of ebooks, as 76% find it “satisfactory”, while 70% prefer legal downloads because this involves legal certainty as well as the support of the creators of the consumed work. (*Studie zur Digitalen Content-Nutzung*, quoted in [buchreport](#), 22 April 2013).

Skeptics, such as piracy experts and authors of the German *Gutenberg* reports on ebook piracy, *Manuel Bonik* and *Andreas Schaale*, in an interview for this report, oppose such optimism, notably with the help of usage statistics of the most popular piracy sites.

*b\*.bz*, for instance, claims to have almost 2.5 million registered users for all forms of copyrighted digital content, including a huge library of digitized books. Measured by their *Alexa* rank of 94 (for German sites, as checked by us on 22 September 2013), this one piracy site is indeed significantly more popular than all other legal ebook distrib-

2. It must be noted that these ratios may have changed significantly in the meantime, as the offer of legal digital of books of all genres had strongly increased as of mid-2012.



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utors. Börsenverein's own *Libreka* platform owns the German rank of 11,606, and *Libri's ebook.de* is listed at 1,822. The website of the aforementioned, outspoken book pirate Spiegelbest, *b\*.to*, which claims to host a catalog of 39,000 ebook titles, has a rank of 2,992.

Only *Amazon.de* is on top of all other sites, with a rank of 5 for Germany. However, it must be added that both Amazon and *b\*.bz* obviously owe their remarkably high positions in Alexa not so much to ebooks alone as to the wealth and diversity of their total offerings.

The difference in the assessment of piracy for the ebook market extends beyond those data to include the resulting strategies. Börsenverein very much emphasizes the importance of legal actions, welcoming a ruling in July by Germany's Supreme Court that held the file hosting service *Rapidshare* responsible for infringements on the rights to the content on their platform (*buchreport*, 19 July 2013). Börsenverein, so far, has decided against offering a take-down service like that provided by their British and French peers.

Bonik and Schaale would favor such services, while pointing, more importantly to what could lead to a shift in strategy among file hosts such as *Rapidshare* to legalize their operations. "The future is probably the model of *Mega*", they argue, referring to a platform introduced in 2013 by German national and New Zealand resident *Kim Dotcom Schmitz*, whose earlier, heavily contested site *Megaupload* had been shut down, before being revamped as a seemingly legal hosing service in the cloud.

### Backgrounds and earlier developments in Germany

In Germany during the first half of 2012, the controversies regarding copyright—and indirectly piracy as well—have grown from a niche discussion of the web community into a mainstream debate on the fundamentals of civil rights, individual freedoms, and the general values of society. A number of factors contributed to this expansion.

Concerns about privacy and the rights of the individual have a long political history going back to the totalitarian regime of the Nazis and to the secret police spying on every citizen in the socialist part of the country during the Cold War until 1989. The risks stemming from publicly available private information on citizens brought about by information technologies have been debated on and off since the 1980s.

Today, the web community holds its own kind of *digital town meetings*, and digital monitoring of the population

has brought about protests against street-scanning initiatives by *Google* as well as tracking and consolidating data traces on individuals for criminal investigations. Recent legal action against highly popular movie streaming services such as *Kino.to* found similar broad media coverage, as did the controversy over *WikiLeaks* and Julian Assange, the arrest of German-born digital pirate Kim (Dotcom) Schmitz, and the *Anonymous* movement, which has a broad following in Germany. A formerly marginal political group called the *Pirate Party* has become a platform for all kinds of protest initiatives, ready to campaign for entering *German parliament* whenever the next general elections are called.

The content industry, spearheaded by the professional organizations for cinema and music but supported as well by *Börsenverein*, is lobbying for various extensions of laws to fight the illegal usage of copyrighted material and calling for stricter laws obliging internet service providers to hand over user data for prosecution by the authorities. It is joined in these activities by various authors' initiatives under the slogan "Ja zum Urheberrecht" ("*Yes to author's rights*"), led by a group of crime writers. Around 1,500 authors signed the various petitions (*Der Spiegel*, 10 May 2012).

A broad wave of filings in 2011 and 2012 on behalf of the content industry resulted in thousands and thousands of legal notices and penalty payments against private citizens for infringements, backed up by PR campaigns with graphic images depicting the creators of artistic work as *violated corpses*. The result was a deepening of the rift between the rights owners and the consumers.

In summer 2012, Börsenverein started a new campaign to promote a model similar to the *Hadopi* approach in France: warnings displayed whenever a user accesses unauthorized content on the Web.

As confrontations rage in various arenas of the battle, Börsenverein—the central actor in the book publishing realm as opposed to other media such as music or film—announced a change of strategy in June 2012. Earlier gospel was that a new adaptation of copyright legislation with regard to digital was not necessary as long as current law was enforced. Gottfried Honnefelder, the organization's acting president, stated at a forum of publishers in Berlin that the Internet was, after all, a new challenge for communication and cultural development: "As a result, we must acknowledge that copyright legislation falls behind the reality of life in certain regards," hindering more than encouraging the expression of creativity. Hence certain

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changes in the legislation must be considered, and the cultural industries are called upon to spearhead such innovation (keynote of Gottfried Honnefelder at [Buchtage Berlin](#), June 2012). The practical consequences of this shift are not yet entirely clear.

Several specialized studies on ebook piracy in Germany have been conducted by industry organizations as well as independent research teams.

Börsenverein launched a survey on the emerging ebook market in Germany in March 2011 (a summary is available [here](#)) and followed up in late August 2011, in collaboration with two other organizations of content industries, with its first comprehensive study on the topic: "[Usage of Digital Content](#)", ("Digitalen Content-Nutzung" or DCN).

Key findings of the industry-sponsored study included a figure of 14.3 million Germans (or 22% of the total population) who had downloaded media content from the Internet in 2010, of which 3.7 million downloaded pirated content. Share-hosting platforms such as *RapidShare* dominated illegal downloads of movies, TV programs, and music; "ebooks are exchanged remarkably often via email," according to the study. In a growing number of cases, entire media libraries saved on external memory devices are illegally exchanged between users. In 2010, 17% of the total population of Germany, and almost 40% of those between 10 and 29 years old, admitted to having swapped media content on external memory.

Of those who admitted to downloading music illegally, 73% claimed to have not spent any money on music in 2010, and the remaining 27% made purchases of an average of €18.00 per year for "physical products," the study says.

The DCN survey instantly triggered a critical debate on the methodology employed and the implied assumptions of the study, drastically highlighting how wide the gap is between the perspectives and approaches of representatives of the creative industries on one hand and consumer organizations or independent voices on the other.

Most of the criticism of the study focused on its definition of what was considered an "illegal download," as it included all free downloads from "file sharing networks/ftp servers/newsgroup services/peer-to-peer networks/sharehosters/blogs," which "results from the fact that the members of the sponsors of the study do not publish their products through these channels." Considered among "legal sources" were downloads from commercial platforms, personal websites of artists/bands/authors/record labels,

and the like, including *Project Gutenberg* as well as platforms such as *YouTube* and *Clipfish* (correspondence from Börsenverein to the author of this study, August 31, 2011).

Beyond such methodological issues, trade media also skeptically commented on the industry organizations' strategy of "painting it black" while neglecting to mention that "only 1 percent of Germans illegally read ebooks" (Daniel Lenz, "Frankfurter Schwarzmalerei", ("Frankfurt paints it black"), [buchreport](#), 1 September 2011).

A more detailed account that differed from that of Börsenverein with regard to methodology but agreed in terms of the assessment of ebook piracy having achieved a very significant presence in Germany was delivered by two studies that were carried out by a team of two independent researchers: Manuel Bonik and Andreas Schaale. The first study was called "Gutenberg 3.0: Ebook-Piraterie in Deutschland", ("Ebook Piracy in Germany," released in January 2011) and was later updated to "Gutenberg 3.1: Ebook-Piraterie in Deutschland (ein Update)" in [October 2011](#).

The fact that illegal downloads had a prominent and growing presence for German readers and Internet users was deduced from contexts of relevant *Google* searches: among the ten most popular combinations that included the word "ebook" in search queries, four were combinations with terms including "rapidshare," "free," "torrent," or "no cost." However, the other six queries were formulated in neutral ways, such as "download ebook" or "ebook reader" ([Gutenberg 3.0 – Ebook-Piraterie in Deutschland](#), p. 5).

Although Börsenverein focused its attention prominently on content-sharing platforms—which are most relevant for music, movies, or film—Gutenberg 3.0 found that such sources played only a modest or even a decreasing role for ebooks, while the bulk of the illegal ebook downloads originated from direct download links (DDL) such as *RapidShare* or *Depositfiles*, with 200 currently active platforms on the Web. For example, in January 2011, 260 titles from *O'Reilly* were offered by one P2P/Torrent site versus 1,940 by a prominent DDL blog ([Gutenberg 3.0 – Ebook-Piraterie in Deutschland](#), p. 8).

A differentiated understanding of these sources is particularly relevant, according to the authors, as DDLs are more difficult to challenge by rights owners, and users cannot be easily prosecuted.

Overall, Gutenberg 3.0 documented a steady and significant increase in the reach of the most relevant web sources, as well as the emergence of a tightly knit web of DDL

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sources and blogs promoting and pointing to available ebooks. The illegally obtainable title catalog by far outnumbers the legal offerings, as it listed about 100,000 ebook titles as of January 2011. Most of the titles seem to have been scanned, not cracked from legal digital publications.

In a preliminary conclusion, the Gutenberg authors wonder whether “it is altogether reasonable to further promote selling ebooks altogether” in view of the massive threat of piracy ([Gutenberg 3.0 – Ebook-Piraterie in Deutschland](#), p. 25).

In their October 2011 update, *Gutenberg 3.1*, the authors of the piracy study came to even more radical conclusions, highlighting the decrease in (printed) book sales in Germany, notably in the bestselling segment (–27% for the top three bestsellers and –29% for the top 30 for the first half of 2011 versus the same period in 2011). The authors’ conclusion—which obviously strongly equates the occurrence of piracy and effective lost sales, a link that can

be questioned—is that the “more than average growth in piracy correlates with the more than average decrease of revenues” in the segment of bestselling titles, so it can be “assumed that the revenue losses (in printed bestsellers) are caused by piracy” ([Gutenberg 3.1 – Ebook-Piraterie in Deutschland \(ein Update\)](#), p. 4).

In an update of their study in fall 2012, *Gutenberg 3.2*, the authors argue that “the speed of growth [in the reach of ebook piracy sites, —R.W.] has increased dramatically, compared to 2011.” The community of one of the most active and most popular piracy sites for German-language ebooks, *b\*.bz*, has over 2 million registered German-speaking users (Manuel Bonik and Andreas Schaale: [Gutenberg 3.2. – Ebook-Piracy Report](#)).

It’s not only new and bestselling titles that are released illegally by pirate networks; a growing catalog of backlist titles—mostly textbooks and fiction—are produced in the tens of thousands, without their original (print) publishers even being aware of the piracy.

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# DRM: The debate on protecting ebooks

## Update spring 2014

In Germany, two major publishers, *Bastei Lübbe* and *Gmeiner*, to hard DRM, and use watermarking for their ebooks instead.

*Adobe* has announced a new version of its DRM to be rolled out in July 2014. (*The Digital Reader*, 22 January 2014) It is unclear however at this point, to what extent vendors will be obliged to migrate to the new version, and if older reading software and devices will be supported with updates. (*The Digital Reader*, 3 February 2014).

## Developments and debates in 2013

In major non-English-language book markets such as Germany, France, or Spain, copyright-protection technology is the norm for ebooks released by publishers. Digital Rights Management (DRM) systems are widely considered to be a precondition for the emergence of a commercially viable ebook market.

However, significant exceptions exist to the rule, and in 2012, a number of publishers have started to experiment with alternatives.

The most surprising exception is probably Sweden, where almost all digitally published trade books have no DRM. *eLib*, by far the largest ebook distributor (owned by *Bonnier*, the dominant publishing group in Scandinavia), has 80% of its content watermarked as an alternative to DRM, which equals 98% of all of the company's ebook sales (communication by *eLib* for this report).

But also in Italy, where *Adobe's* DRM solution had been initially prevalent, "social DRM" (notably digital watermarking) had increased from a modest 15% of all ebooks in 2010

to 42.4% in 2012, clearly overtaking the largely unchanged one third of ebooks carrying hard DRM. (*Giornale della libreria*, *Background and Trends*, 9 March 2012).

The most widely publicised DRM-free publishing project was certainly the launch of *Pottermore* in March 2012, introducing the Harry Potter series by J.K. Rowling as ebooks. For all downloads, DRM will only be applied if the books are pushed through a Kindle or NOOK reading device or a lending system such as Overdrive. But readers can also download a DRM-free EPUB copy, which only carries a watermark allowing the publisher to track back a book to its source. (For a detailed discussion, see the summary by Philip Jones: *Pottermore finally delivers: Harry Potter ebooks land*.) An assessment of sales a good month after the introduction of the platform documents the initiative's commercial success, with sales worth three million Pound Sterling in the first four weeks, coinciding with increasing print book sales (summary in *buchreport*, 9 May 2012).

Across various markets, a number of traditional and newly founded publishing houses have started to roll out parts of their title list, or even an entire catalog, without DRM.

In the US, the popular imprints *Tor*, *Forge*, *Orb*, *Starscape*, and *Tor Teen*, all belonging to the German *Holtzbrinck* group's *Macmillan US*, renounced DRM in mid 2012. ("*Tor US abandons DRM*", *The Bookseller*, April 25 2012).

*Penguin* publicly stated that it was "looking at all kind of alternatives" (*Penguin* global digital director Molly Barton at the *Publishers Launch* conference in New York, June 4, 2012).

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In France, the independent literary publisher *Editions Michel Lafon* started to release some of its top bestselling titles without DRM, opting instead for a digital watermark. This move includes the novel *Métronome* by Lorànt Deutsch, which sold over 800,000 copies in print (“Lieber mit Wasserzeichen”, [buchreport](#), 3 July 2012).

A similar policy has been introduced by *Fleurus Editions*, which is part of the French group *Média Participations*. With a catalog of some 1,200 ebook titles, the publishers started to conduct various experiments with its digital portfolio, from competitive pricing to selling by chapter to offering packages including both print and digital versions of a title. But the real catchphrase for the company’s digital strategy clearly is “No DRM” (interview with Anne Delilliac et Julien Gracia of Fleurus, [Idboox](#), 3 July 2012).

**Numeriklire**, a digital-only publisher specializing in adventure, erotica, literary fiction, crime, and young adult books, also provides its entire catalog without DRM, making this approach key to its company [strategy and brand](#).

In Spain, the renowned Barcelona-based literary publisher *Ediciones* launched a digital-only subcompany, **B de Books**, in November 2011, which is supposed to release some 250 new titles per year, all without DRM. This policy is, again, part of several experiments, including pricing (“Libros digitales desde 1,99 euros y sin protección anticopia”, [El País](#), 15 November 2011).

In the Netherlands, the largest Dutch trade publisher, *De Arbeiderspers/A W Bruna*, declared in January 2013 that it would abandon DRM for all ebooks in its catalog of about 1,200 titles (see this [blogpost](#) by publisher Timo Boezeman).

Also in January 2013, the self-publishing portal **Lulu** gave up on DRM ([statement on DRM policy](#)).

By May 2013, Bill McCoy, the executive director of the *International Digital Publishing Forum*, IDPF, even listed among what are in his view *Seven Deadly Myths of Digital Publishing* as Myth 5: “DRM Is About Reducing Piracy”, arguing that there was a “growing realization that DRM has nothing to do with reducing piracy is that lighter-weight forms of DRM—including watermarking and other *social* approaches that don’t technologically bar sharing—are more attractive than a quixotic arms race to deploy more and more sophisticated technologies that will only frustrate consumers and lead to them being locked in to proprietary platforms.” (Quoted in [Publishers Weekly](#), 29 May 2013) But of course, the debate is still on, and notably the

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largest publishing groups attach hard DRM to the majority of their ebook titles so far.

## Preliminary conclusions on ebook piracy

There is broad agreement about the publishing industry’s arrival at the “Napster moment” for ebooks. But these brief case studies on piracy research in France and Germany clearly illustrate the limited consensus—aside from the problem’s scope and threatening forces—on how to understand the driving forces and, as a consequence, what actions will be effective at reducing the loss from piracy to legal rights owners.

Identifying and mapping the offerings seems to be key, and the obvious first step—not only to persecute infringement, but before such action—is to become aware (especially for publishers) of the intricacies and dynamics of the problem.

This step requires tough strategic decisions for the industry: an assessment of the experiences, practices, and lobbying strategies from other content industries—notably movies and music—and whether they should be followed, and the extent to which different approaches should be developed.

eBooks are primarily downloaded from DDL sources, where uploaders are next to impossible to identify. Therefore, publishers must get involved individually to check such sources for their respective catalogs of titles and to force concrete links promoting illegal download sources for their titles to be taken down by the offenders. So far, only a few such specialized service providers exist.

Several of the leading international groups have taken such action, such as *John Wiley & Sons* in the textbook market ([Publishers Weekly](#), 1 November 2011) and the *Hachette* group for general trade ([Livres Hebdo](#), 15 December 2011) as just two examples. But the offer can also be adapted to be more compelling for readers who would prefer a legal offer if it were available in convenient ways. A group of 39 Japanese manga publishers explored such possibilities with a subscription site targeted at US consumers with English-language editions of their graphic books ([www.jmanga.com](#)). The JManga offer, at this point, is available only to users in the US and Canada. For details, see [Livres Hebdo](#), 22 August 2011.

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The piracy debate also overlaps with that on ebook pricing. As *The Economist* pointed out in an analysis of ebooks and the book business titled “Great Digital Expectations,” “piracy is a particular threat because of a second, bigger problem: the apparently arbitrary nature of e-book pricing,” (*The Economist*, 10 September 2011).

Piracy and ebooks is a complex challenge for the industry’s organizations, as is crafting the overall story they want to tell the reading audience as well as politicians and regulators.

So far, in many parts of continental Europe, at least, the predominant mood is one of angst. “Publishers and retailers tremble from the pirates,” read the headline of an article about extraordinary growth of ereader and ebook sales for Christmas 2011 in Germany —and this wasn’t in a tabloid, but in the country’s leading business daily, (*Handelsblatt*,

27 December 2011). What may have been conceived as a means of self-defense in an industry undergoing change can result in a severe image problem, as pointed out by René Strien, a German publisher and president of the association of German trade publishers (*buchreport*, 19 January 2012). Strien warned of publishers publicly being blamed as a mere “content exploitation Mafia” at a crucial moment when the very basics of European and international copyright were coming under review by politicians and clashing lobbying groups, with growing controversy between rights holders and consumers.

Thus, piracy - together with pricing, copy protection (DRM) and regulation - may be one of the strongest forces shaping the European ebook markets in their next phase of development.



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# eBook Yellow Pages

The **eBook Yellow Pages** (*beta*) highlight and organize professional references to relevant companies and organizations involved in the context of the evolving ebook markets.

The **eBook Yellow Pages** point to companies according to categories such as the following:

- eBook-only publishing startups and sub-divisions of traditional publishing houses
- Aggregators, distributors, and other service providers
- eBook service providers
- Online reading platforms and communities
- Specialized educational programs

Companies are listed also in alphabetical order in the *index* at the end of this report.

Companies are encouraged to further highlight their profile and offer by **advertising** in the **eBook Yellow Pages**. For details, see at the end of this section and at [www.global-ebook.com](http://www.global-ebook.com).

We cannot guarantee any completeness of these listings, but welcome feedback and nominations of relevant initiatives at [ebookYP@wischenbart.com](mailto:ebookYP@wischenbart.com).

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# eBook publishers

**P**ublishing houses and imprints dedicated to ebooks.

**40k** is an Italian ebook publishing venture, specializing in short digital-only books, both fiction and essays. **40K** is a sister company to Italian ebookseller *BookRepublic* and offers titles in a variety of language, including English, Italian, Spanish, French and Portuguese.

**B de Books**, has been launched in November 2011 as a spin-off of Barcelona-based *Ediciones B* - a privately held, medium-size trade publisher of best-selling popular fiction and non-fiction. *B de Books* is Spain's first digital-only publisher to experiment with new approaches for the book business in several regards, including competitively low pricing of its titles as well as publication without DRM.

**Bastei Lübbe** is a German publishing company, founded in 1949 and mostly known for its pulp literature in the sub-genres of romance, crime, and the Wild West. Publishing is still the major source of income but *Bastei Entertainment*, the company's e-publishing enterprise, is catching up fast. Established in 2010 it covers everything from ebooks, apps and digitally enhanced products. New releases are published simultaneously in print and ebook; 2,600 titles of the 3,600-strong backlist have been digitized. Ebooks accounted for 10% of turnover in 2013.

**Bloomsbury India**, launched in September 2012, upholds Bloomsbury's tradition of publishing books of the highest quality in fiction, non-fiction, children's, academic, business and education by both Indian and international authors. *Bloomsbury* is committed to providing its customers with content in a variety of digital formats, including ebooks, ebook collections, online libraries and apps.

**La Bourdonnaye** was founded in 2011 and is a French publisher, specialized in ebooks.

**Bravenewbooks** is a selfpublishing platform launched in 2013 by a consortium of several of the biggest players in Dutch publishing, namely *Singel Uitgevers*, a division of the **WPG** publishing group, the leading online retailer **Bol.com**, and the selfpublishing portal **Mijnbestseller**.

**CompletelyNovel**, based in the United Kingdom, was founded in 2008 by Oliver Brooks and Anna Lewis. It is an online community specializing in print-on-demand self-publishing and advice for authors with the vision of providing them with a platform that allows works to be published in print, at the most competitive print-on-demand prices around.

**DC Books**, established in 1974, is considered as one of the top five prestigious literary publishing houses in India. *DC Books* has also ventured into ebooks through a Group promoted Company EC Media, the first in India with complete eco-system in digital books.

**Diamond Comics**, founded in 1982, is the largest comic book distributor and publisher in India. They are digitizing the popular Diamond Comics Characters and making them affordable and accessible on every platform.

**Dotbooks** is a German digital-only publisher, founded in 2012 by Beate Kuckertz, who previously had a 20-year career in traditional publishing, notably at *Droemer*. *Dotbook* publishes popular literature of all genres and successfully manages the challenges of digital first, social reading, pricing, and DRM.



## Der eBook-Verlag. [www.dotbooks.de](http://www.dotbooks.de)

*dotbooks*

**Ediciones B**, founded in Barcelona/Spain in 1986, is the publishing arm of *Grupo Zeta*. It reaches a wide audience of all ages thanks to the variety and markedly commercial character of its catalog. The titles published by the imprints *Ediciones B*, Vergara and Zeta Bolsillo demonstrate its wide range. In 2011 *Ediciones B* launched a new digital imprint, *B de Books*.

**EDILIVRE**, founded in 2007 and based in Saint Denis, France, engages in online publishing and auto-publications. *EDILIVRE* already publishes books from more than 3,000 authors worldwide (France, Belgium, Switzerland, Canada, Morocco, Tunisia, Republic of Congo ...) and offers a catalog of more than 7.000 books in print or digital.

**Éditions L'Harmattan**, founded in 1975, is a French book publisher, publishing 500 magazines and 2,000 new books per year, most as both books and ebooks, and has a backlist of 38,000 books, 33,000 ebooks, and 1,700 videos, with about a third each on Europe, Africa, and the rest of the world.

**Editis** is France's second largest publishing group that has built the ebook distribution platforms *ePlateforme*.

**ELP éditeur** is a French digital-only publisher. *ELP éditeur* publishes 10 titles per year distributed by *Immateriel.fr*.

**Emma Books** is an Italian digital publisher that releases fiction and non-fiction books by bestselling and debut

authors. Besides, it re-proposes backlist titles, classical women's literature, in both Italian and English (original or translation).

**epubli** is a German digital printing and ebook platform, located in Berlin that was established in 2008. *epubli* has experienced constant growth over the years and currently employs 20 team members.

**E-Reads™**, founded in 1999 in the United States, is the oldest independent ebook publisher in the field and an innovative leader in the modern book industry. Its mission is to bring out-of-print books back in electronic and print formats and create an independent ebook market for authors. *E-Reads™* is acquired by *Open Road* in April 2014.

**Frederatorbooks** was founded 2013 by Fred Seibert as digital-only publishing venture in the the United States. The publisher David Wilk wants to keep alive the magic of books and especially to preserve the unique relationship of reader to text as we move into the digital age.

**Frisch & Co** is a Berlin-based German ebook company that focuses on publishing contemporary literature in English-language translation and was founded in 2012. *Frisch & Co's* titles are available on ebook retailers throughout the world and in DRM-free format on its website.

**GEN - Grupo Editorial Nacional**, founded in 2007, a market leader in STP (scientific, technical and professional) publishing and content in Brazil, with 12.4% share in this segment. Editorial platform of some of the most notorious publishers in this area, *GEN* gathers a catalog of over 3,500 active books, and over 700 of which are available in digital versions and/or apps, in Health, Legal and Tender, Sciences, Humanities and Social.

**GRIN Publishing**, located in Munich, Germany, has specialized since its foundation in 1998 in the publication of academic ebooks and books. The publishing website *GRIN.com* offer students, graduates and university professors the ideal platform for the presentation of scientific papers, such as research projects, theses, dissertations, and academic essays to a wide audience.



GRIN Publishing

**Hispabooks** was founded in 2012 and is based in Madrid/Spain. It is a publishing house focusing on contemporary Spanish fiction in English-language translation, both in ebook and trade paperback format, targeting readers around the world who want to explore the best of today's Spanish literature.

**Lulu**, launched in 2002 with its headquarter in the United States, is a leading ebook self-publishing website. *Lulu* pioneered the self-publishing industry and paved the way for people around the world to publish books and bring them to market, while allowing authors to retain full control of their work. Operating a global network, Lulu provides worldwide distribution so that authors can reach readers just about anywhere via print, e-readers and tablet devices. As the leading independent self-publishing company, *Lulu* has enabled people in more than 225 countries and territories to self-publish nearly two million publications, including 1.5 million books.

**Macmillan** is a privately held international publishing company owned by Georg von Holtzbrinck Publishing Group. It has offices in 41 countries worldwide and operates in more than thirty others. In early 2013, *Macmillan* started a public library lending pilot program with a select group of backlist ebooks from its Minotaur Books mystery and crime fiction imprint. Later in the year, the entire ebook backlist catalog of more than 11,000 ebooks was made

available to all public libraries using the Axis 360 digital media platform.

**Marabout**, founded in 1949 and a French publishing leader in gardening, practical advice, and self-help books, is committed greatly to extending its reach into digital markets.

**Mehta Publishing**, an Indian book publishing company, was established in 1976 and already entered into the galaxy of ebooks.

**Meinbestseller**, founded in 2010, is a German self-publishing platform for authors, publishers, bookstores, newspapers etc. It offers authors the possibility to publish their printed books and ebooks free of charge and without contract obligations.

**Mikrotext** is a German digital publisher for short digital reading, founded in 2013 in Berlin by Nikola Richter, with a focus on new literary texts that comment on contemporary questions.

**Mladinska knjiga**, Slovenia's largest and most successful publishing house, entered the ebook market with Kobo.

**Monsenstein und Vannerdat**, is a German ebook publisher, founded in 1999. *Monsenstein* offers professional and customized services to authors based on the digital printing technology Book on Demands.

**Morgan & Claypool Publishers**, founded in 2002 in the United States, is an innovative new digital publisher in engineering, computing, and the life sciences, focusing on book-length treatments of fast-moving, emerging topics. Books are written by experts from around the world and published online.

**Narcissus** is the multi-channel self-publishing platform that currently leads the Italian ebook market. Today *Narcissus* serves thousands of authors and lets them sell their ebooks on all relevant online ebook stores, from Amazon's Kindle Store to Apple's iBooks Store, Nokia Reading, KoboBooks and many others local (national) ebook stores, dedicated to digital self publishing.

**Neelwafurat**, established in 1998, was the first platform for purchasing Arabic books online. Its headquarter is located in Beirut, Lebanon and there is an additional branch in Egypt. After launching its e-commerce site in 2000, it now offers 450,000 Arabic books and 2,500 ebooks, and last year it introduced **iKitab**, an ebook reader application for the iPhone, iPad, and Android. *Neelwafurat* also added a site for digital magazines, *iMaghaleh*, hosting about 100 magazines from all over the Arab world.

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**Neowood Éditions** is a French digital publisher.

**New Vessel Press**, founded in 2012, is an ebook publishing house in the United States, specializing in foreign literature in translation.

**Novellix**, a Swedish start-up founded in May 2011, and specializing in the publication of short stories and other books with a limited volume of around 32 pages each, which are released in print, audio, and ebook formats.

**Numeriklire** is a French digital-only publisher specializing in adventure, erotica, literary fiction, crime, and young adult books, also provides its entire catalog without DRM.

**Open Road Integrated Media**, founded in 2009, is a US digital publisher and multimedia content company. *Open Road* creates connections between authors and their audiences by marketing its ebooks through a new proprietary online platform, which uses premium video content and social media. *Open Road Integrated Media* has signed an agreement to acquire *E-Reads*, the digital publisher founded by Richard Curtis in 1999. The purchase, which is set to close April 1, will add more than 1,200 ebooks to *Open Road's* list

**O'Reilly** is a California based privately held publisher and pioneer in digital publications and ebooks, founded in 1978 by Tim O'Reilly, entertaining international offices in Germany, Japan, China and Taiwan.

**Partridge Publishing** is India's first self-publishing imprint launched in early 2013 in partnership between Penguin Books India and Author Solutions. Every *Partridge* India title is released in digital format as an ebook, and print format is offered as an option.

**Pratham Books**, set up in 2004, is an Indian not-for-profit publisher that seeks to publish high-quality books for children at an affordable cost in multiple Indian languages. *Pratham* makes its books available on open platform, as well as on the entire range of reader applications.

**Publish Green**, founded in 2010, is an US full-scale ebook publishing house. *Publish Green* is committed to helping traditionally published authors, self-published authors, and book publishers of all sizes make their mark in the ebook publishing world by providing a full range of ebook formatting, distribution, editing, and marketing services.

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**Rocautores** is a Spanish self-publishing platform, launched in December 2012 by the Spanish publisher *Roca Autores*, on which the author may submit their work for evaluation by a team of professionals, receive a read and if positive, may purchase its editing service.

**Roli Books** is an Indian general trade publisher covering a wide range of subjects and was founded by Pramod Kapoor in 1978. *Roli* began first publishing children's books and subsequently moved on to illustrated book and has recently launched about 40 titles as ebooks.

**Saxo**, the Danish leader in content management, circulation systems and audience solutions, launched in September 2012 its dedicated platform for self-publishing, called *Saxo Publish*.

**Shelfff**, launched in May 2013, is a German digital-only publisher with its headquarter in Berlin. *Shelfff* wants to benefit from all advantages of the digital publishing.

**Sobooks**, a project of the German blogger and online activist **Sascha Lobo**, was launched at the Frankfurt Book Fair 2013 as closed beta version. It is a reading platform but digital bookshop and small digital publisher at the same time.

**Sterling Publishers**, the Delhi-based Indian publisher, publishes general interest and children's books and began to offer a wide collection of ebooks in EPUB format.

**The House of Books** is a new Dutch publishing companies for fiction, nonfiction and children's books, with a strong focus on ebooks.

**trdition**, incorporated in 2006, is a publishing house based in Hamburg/Germany and started out as a self-publishing service provider for book publications in Germany. *trdition* developed several tools for automated publication of books in ebook and printed format.

**Tulika Publishers** is a South Indian multi-lingual children's books publishing house and was founded in 1996. *Tulika Publishers* was among the first to experiment with book apps.

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# Aggregators, distributors and other service providers

**A**ggregators and distributors are mostly B2B service companies aiming at connecting content and distribution services.

**100knygu** is an ebook store in Lithuania.

**Acaiaca**, one of the largest national book distributors in Brazil, offers full-service management of online content digital (ebooks), taking care of all tasks from the administration and distribution to settlement.

**ACK Media** is India's leading entertainment and education company for young audiences. *ACK Media*, publisher of the popular Amar Chitra Katha series, has also jumped on the digital bandwagon for its mythological comics.

**AKB eBOOKS**, founded in 2011, is India's first ebook best-sellers and first successful independent ebook store launched by the author *Ashok Banker*. As of April 2013, *AKB eBOOKS* had sold over 50,000 ebooks.

**Alezaa.com**, launched in late 2011 by *Vinapo*, is a Vietnamese ebook distributor with adequate ecosystem (estore, reading platform & building tool). With *Alezaa*, you can create interactive books, which are instantly delivered on multi platform.

**Allzone Digital Services** is a premier provider of e-publishing Services. *Allzone Digital Services* is headquartered in Los Angeles (United States) and has offices in London (United Kingdom) and has two state-of-the-art delivery centers in Chennai and Vellore (India) with over 500+ employees. The company provides a complete range of ebooks - related services such as typesetting, fixed layouts, ebooks, e-learning, XML conversions, HTML5 and apps development.

**Amabook** is a Spanish online store with presence in nine countries (in Latin America and US) that offers an affiliate program. *Amabook* comes with the latest features to allow buying digital books, easily and fastly. It also allows external editors publishing ebooks, and creates an online international business channel.

**Andrews UK Limited** is a privately held company in the United Kingdom, formed in the year 2000, by its current CEO Paul Andrews. *AUK* has a publishing partnership model for both authors and publishers, in which the rights owners work with *AUK* at no cost to them, and *AUK* will convert all the content into the various formats and then will then distribute the content globally and split the income earned with the rights owners with no deductions at all.

**aNobii**, an online book community, was launched in January 2006, and it reportedly has millions of members from all over the world, including around 300,000 members in Italy. In January 2014, *aNobii* was sold to the Italian publisher *Arnoldo Mondadori Editore*.

**Apabi**, founded in 2006, a Chinese global leading provider of digital publishing technologies and services, offers comprehensive digital publishing technologies and solutions to publishers of newspapers, periodicals and magazines. More than 90% of the publishing houses in China are using digital publishing technologies and platforms from *Apabi* to publish ebooks, and the number of titles exceeds 2.2 million.

**Arta Tech**, a Polish company, creates dedicated software for ebook reading devices for the comfort of the users as well as for education purposes. *Arta Tech* gives support to



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those who would like to create their own software for Onyx Boox e-readers. Its domain is to create dedicated IT solutions for ebook and econtent distribution platforms.

**arvato Systems** was founded in 1996 and is headquartered in Gütersloh, Germany. *arvato Systems* develops and markets integrated software solutions for broadcasting and media industries in Germany and internationally. It provides media sales, channel management, media research, production planning, digital media management, and business intelligence solutions. The company also offers consulting, development, integration, application management, and systems operation services.

**Atingo**, launched in 2013 by *Publit* together with the technology provider *Axiell*, is a Swedish open platform for ebook lending services. *Atingo* helps libraries and publishers to negotiate price, availability and terms in real time.

**Baker & Taylor**, founded in 1828, is one of the oldest print book distributors in the United States. But only in 2011, it entered the ebook market with its own fully-fledged digital media platform, *Axis 360*. *Axis 360* provides libraries with a state-of-the-art system for circulating digital books and audiobooks.

**Barcelona eBooks** is a Spanish spin-off of *Roca Editorial*, a prominent publishing house in Barcelona. *Roca Editorial* and *Barcelona eBooks* encourage a cultural exchange and make it possible to seek out the world's best books for publication in both the Spanish and English languages. In Spain, *Roca Editorial* already publishes E. L. Doctorow, Nicholas Sparks, Christopher Paolini, Michael Connelly, Noah Gordon, Robert Crais, Edward Rutherfurd, Don Winslow, and John Verdon.

**Beam eBooks** was founded in 2005 in Berlin, Germany. It is an online ebook shop providing a broad variety of German-language literature, from crime thrillers to specialist books. Ebooks from *Beam eBooks* can be read on various devices and are not restricted by DRM. The range of ebooks is constantly being extended.

**Bezkartek**(literally “book without pages”), launched in 2009, is a Polish platform and dedicated to the distribution of ebooks, audiobooks, ereaders, and Apple iPhones. Its catalog includes 145,000 books, of which 1,400 are in Polish.

**Biblio** offers digital books in Bulgaria.

**Biblos**, the Slovenian ebook library distribution platform, has started in September 2013 and quickly registered more

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than 7,000 ebook library users. It is owned by the local fiction publisher *Studentska založba*.

**Blankpage** is a Swiss start-up company that empowers publishers through consulting and technology to securely distribute and monetize their electronic content. It offers solutions for protecting, selling, transferring and viewing books, magazines and newspapers on various devices.

**BoD** - Books on Demand, founded in 1997, is the German market and technology leader for digital book publications in continental Europe and offers publishers, indie authors and other content providers professional services in the fields of production and distribution. Today *BoD* has more than 1.2 million titles on its list of publications and ensures availability in all traditional book stores and more than 1,000 online bookshops. Ebooks published by *BoD* are distributed through major e-bookshops such as Amazon Kindle-Shop, Apple iBooks, Google Play etc. *BoD* operates in Germany, Austria, Switzerland, France, Sweden, Denmark, Norway and Finland.

**Bokon**, launched in December 2012, is a Swedish start-up online ebook store mainly owned by media group *Schibsted* and publishing house *Piratforlaget*.

**Bokska**, the Norwegian ebook service, was launched in April 2011. The service was intended as a national industry-wide standard infrastructure for the distribution of ebooks to consumers and was initiated by the largest Norwegian publishers and a wide array of booksellers.

**BOL**, Netherlands' leading online store, has teamed up since 2010 with ebook retailer *txtr* to provide a preloaded ebook app on all Samsung Galaxy tablets and smartphones it sells. To protect authors' copyright, the *txtr* app supports digital reading with a fully embedded Adobe DRM system.

**BookBaby** is a US-company that specializes in self-publishing tools and resources, founded in 2010. *BookBaby* digitally distributes the works of independent authors, poets, memoirists, and publishers, making their ebooks available on the most popular ereaders worldwide.

**Bookboon** is a Danish company, originally started in 2005, and focused on student textbooks written by their own in-house staff and freelancers. In 2010, they started to diversify their portfolio and integrated travel guides and business books. Currently they have over 1,000 ebooks on their website and 250 in production to be released over the course of this year. The company based on their success

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has moved offices to the UK and continues to operate its global headquarters in Copenhagen.

**Bookeen** is a French company that was created in 2003 and it is, according to one of its founders, Laurent Picard, “primarily a site for book lovers. A 100 percent digital library where the Internet user can be well served.” More than ten years later *Bookeen* still offers top-quality ereading solutions, such as the Cybook, and the ebook shop *Bookeen-store*. Meanwhile, *Bookeen* has developed a complete range of “white-label” services for partners and distributors worldwide. More than 50 countries sell *Bookeen* products today.

**BookGanga**, which presents itself as an “online bookstore of Indian literature”, is a pioneer in providing Indian Literature online in print as well as in ebook format. *BookGanga* is an US venture based *MyVishwa Corporation*.

**Bookmasters**, based in Ohio/USA and opened in 1972, is one of the largest integrated providers of publisher services in the world. For more than 40 years, *Bookmasters* has offered services to publishers and authors such as printing, print book warehousing and distribution, ebook conversion and distribution, editorial and design, and marketing.

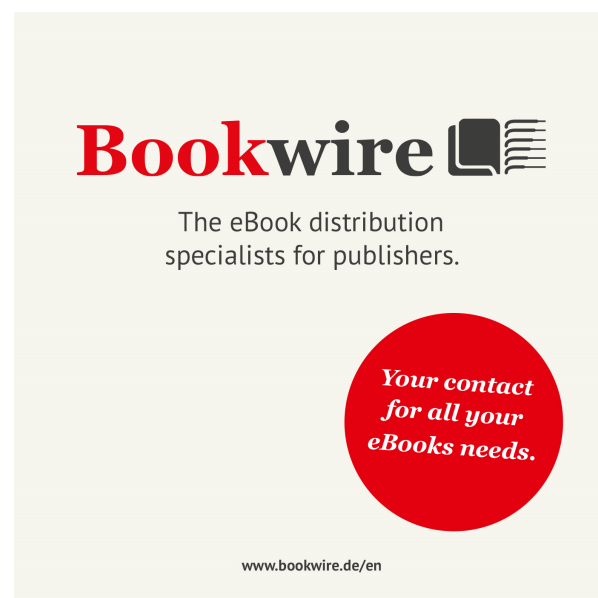
**Bookmate**, founded in 2009, is one of the biggest legal ebook distributors in Russia. *Bookmate* is a social reading service and infinite digital library. The company is a pioneering developer of subscription-based reading: experience across multiple devices without downloading files or paying per book. *Bookmate* also provides secure cloud storage of readers’ own books, and a platform for authors to self-publish their works. The core service is available free of charge; while additional functionality and access to a broad catalog of books is available via subscription.

**BookRepublic** is an Italian digital distribution platform for small and medium sized publishers and an online bookstore for buying ebooks. The company, established in Milan, was founded in 2010 by the owners of *DigitPUB*, a company focusing on digital publishing and technology implementation in the publishing sector.

**BookRix**, launched in 2008, is a German free self-publishing platform that offers ebook distribution services to independent writers. Our users can share their writing, connect with other readers, and discover new books and authors – all in one place.

**Bookwire**, founded in 2009 in Germany, is an eBook aggregator specialising in the marketing of digital content in all existing and emerging sales channels worldwide. In

2011 *Bookwire* became the first certified European supplier for the Apple iBookstore. We offer a full service package of delivery, reporting, quality management, shop marketing and conversion. We work with over 600 publishing houses mainly from the German-speaking markets, Spain, South America and Russia.



*Bookwire*

**BooXtream** was launched in 2010 by lcontact, a Dutch firm providing watermarking to Dutch audiobook distributors since 2006. *BooXtream* was the first dedicated web service based watermarking solution for EPUB ebooks.

**Brave New Books**, launched by *Bol.com* in 2013, is a Dutch online self-publishing platform for authors to produce, publish and market ebooks and POD (print on demand) books.

**Byte the Book** is a British organization helping writers and publishers connect with each other, understand technology and link with other creative industries. *Byte the Book* champions quality writing, and embraces opportunities to connect writers with readers in the digital age.

**Casa del Libro**, Spain’s largest bookstore chain, founded in 1923, has continued to grow, and in 1992 became part of *Grupo Planeta*, one of the main publishing groups in Spain. *Casa del Libro* has a broad range of paper and digital content and offers more than a million books in print and

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about 60,000 ebooks. In November 2011 *Casa del Libro* launched its ereader **Tagus**, giving consumers access to “the largest Spanish-language book catalog in the world,” according to director Xavi Solà.

**Casalini Libri Torrossa**, launched in 2011, is an Italian full ebook platform and hosts, to-date, 15000 ebooks, and 650 ejournals from 160 publishers and new content is added every week.

**CB** is the leading distributor for ebooks in the Netherlands, and they reported that the number of available titles grew from 19,230 to 28,319 with the majority of titles (80%) protected by digital watermark DRM. They also reported that the growth rate was accelerating, with the 2013 ebook sales equaling the combined sales of 2013 and 2012 (720,000 ebooks).

**ceebo**, an German ebook platform launched in March 2011 by *Media Control*, can already look back on more than two years of successful production and is a neutral ebook alternative for traders.

**Ciando** is a German independent retail platform for ebooks, based in Munich, with 325,000 currently available titles from about 1,650 publishing houses, including both independent (e.g., Hanser, Campus) and corporate (e.g., Random House, the Bonnier group) as well as international (e.g., Pearson Education, Wiley, O'Reilly) publishers.

**Chichili Agency**, founded by Karsten Sturm in 2009, is a German literary agency specialized on ebooks. Since 2010, the agency has a close partnership with the technical ebook provider *Satzweiss*.

**Ciela**, established in 1991, is a Bulgarian publishing house and one of the leading ebook distributors in that country.

**Círculo de Lectores** is the largest community of readers in Spain since 1962. In recent years, *Círculo de Lectores* has entered the digital world with force, with numerous projects including the launch of the virtual platform *Booquo* in 2012, and the creation of its own digital imprint, **arrobabooks**, and of *Nubico*, a major platform for the commercialization of ebooks, in partnership with *Telefónica*.

**Clearpassion** is a French online ebook shop specialized on erotic literature.

**Contentment** is a London based tech start-up building tools for publishers. Its cloud-hosted platform, *Padify*, makes it simple and cost effective to remix content into apps, digital magazines and ebooks that will work on all devices.

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**Contentra Technologies**, established in 2005 in India, delivers full life-cycle content management services that include content creation, capture, digitization, preservation, and distribution to leading publishers, content aggregators through five offices across the United States, Europe, and India.

**Copyright Clearance Center (CCC)**, the rights licensing expert, is a global rights broker for the world's most sought-after books, journals, blogs, movies and more, founded in 1978. In 2010, CCC established *RightsDirect*, to providing copyright compliance solutions for European based companies to re-use and share the most relevant print and digital content in books, journals, newspapers, magazines and images.

**Cubolibri** is Telecom Italia's online store dedicated to the digital publishing trade. In 2012 it changed its name from *Biblet* to *Cubolibri*. On *cubolibri*, readers will find a comprehensive and constantly updated catalog boasting around 23,000 ebook titles in Italian by major authors, both Italian and foreign and distributed by the most important editorial publishers.

**DAISY consortium** was formed in May 1996 in Switzerland by talking book libraries to lead the worldwide transition from analog to digital talking books. *The consortium* wants to make ebooks accessible for everyone by contributing to the development of open accessible standards (DAISY, EPUB 3) and supporting the inclusive publishing ecosystem around the world.

**Dajianet**, a Chinese ebook distribution platform, was introduced in 2011 by *China Publishing Group Corporation*, one of the largest players in the Chinese publishing industry.

**Dalim Software**, based in Germany, is since 1985 a global leader in design and development of scalable productivity and workflow solutions for the graphic communications industry.

**Datamatics**, founded in 1975 in India, to help publishers, media companies and retailers embrace the digital landscape. In addition to online enablement services, *Datamatics* also offers smart solutions for the media and publishing companies.

**Dawson France** is since 1925 the French office of *Dawson Books*, which is part of the *Bertrams Group* and Europe's largest supplier of academic books, ebooks, shelf ready services and information systems to the University and FE markets. In the continually expanding world of library

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services, *Dawson Books* is a genuine rarity, an agile, forward-looking company with traditional values and unwavering commitment to personal service.

**DawsonEra** has become the ebook platform of choice for the UK's leading academic libraries. There are many thousands of ebooks in the catalog, published by academic publishers around the world. *The DawsonEra* reading portal provides access to the full text in PDF-format of more than 300 ebooks. This selection is continually growing and it covers all disciplines of the UM.

**Deanta Global Publishing Services** was founded in 2011 in Ireland. The company name comes from the Irish term 'Déanta', meaning fully-fledged. *Deanta* offers a full-service project management solution to handle the production process for international publishing organisations and assists with all stages of a publication life cycle, from designing a cover or template to delivering and managing a set of digital assets for printing and electronic distribution.

**De Marque** is since 1990 a French leader in the field of digital cultural content distribution, specifically digital books. *De Marque* is well established in Canada, France and Italy, and is creating an extensive multilingual network that offers numerous opportunities for forging alliances.

**diacriTech**, established in 1997, is a provider of book, journal and multimedia publishing services. *diacriTech* has two offices in the United States and three facilities in India with over 900+ employees.

**Diesel-eBooks.com**, launched in December 2004 and located in the United States, is one of the world's largest independent ebook stores, offering over 3 million original ebook titles and sells titles from hundreds of publishers. Its ebook platform is compatible with iPhones and iPads, Android phones, web browsers and many supported ereaders.

**Digibooks4all** was launched in 2010 in Athens, Greece offering a software solution designed for publishers.

**Digimarc Guardian**, founded in 1995 and based in the United States, is an end-to-end service that discovers and validates pirated content on cyberlockers, peer-to-peer networks and other offending sites.

**Digiplug**, based in France and founded in 1998, provides end-to-end digital manufacturing and distribution solutions across the entire digital supply chain.

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**Dilithèque**, launched in 2010, is a French distribution platform of ebooks and provides the ebook catalogs to libraries dealing with ebooks and to specialized portals.

**Dilve** is a Spanish technological platform for the management and distribution of the bibliographical and marketing information of Spanish books in print.

**Dito**, launched in September 2011, is a Swedish integrated reading and bookselling platform, with an app available for both Apple and Android platforms.

**DLD**, officially launched in April 2011, is a Brazilian digital book distribution consortium that includes Objetiva (partially owned by Santillana), Record, Sextante, Rocco, Planeta, L&PM and Novo Conceito. *DLD* represents some 30% of digital market today.

**Draft2Digital**, launched in 2013, is an US ebook aggregator. As of late, *Draft2Digital* is offering free ISBNs for all books through its distribution service.

**e-bookBG** is a Bulgarian leading distributor, using Adobe Content Server DRM.

**EBSCO Information Services**, founded in 1984, is a provider of resources for libraries including discovery, resource management, databases, ebooks, historical digital archives and more in the United States.

**Ebook Library (EBL)** is an ebook aggregator for academic and research libraries, offering innovative access models and tools to patrons and librarians with offices in the United States, United Kingdom and Australia.

**eBook**, formerly known as *Libri* and founded in 1999, is one of the leading ecommerce companies in Germany and is among the pioneers in the rapidly growing ebook market. *EBook* the largest wholesaler for printed books — and claiming to be the lead seller of ebooks — offers a catalog of 600,000 ebook titles as of year-end 2012, which includes a majority of titles in languages other than German and 80,000 titles in German, as well audio books, used books, and DVDs. *EBook* has an ongoing partnership with Sony for their ereading devices. In 2013 *eBook* brought the first Windows 8 READER App with Adobe DRM support onto the German market.

**ebook.nl** is a Dutch ebook platform, launched to sell, stream, and lend ebooks.

**eBook Architects**, founded in 2008 by Joshua Tallent, is a US full-service ebook conversion and consulting company based in Austin, Texas. *eBook Architects* is committed to



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making the ebook creation and publication process easy and affordable.

**eBook Partnership**, an ebook distributor based in the UK, was founded in 2010. *eBook Partnership* serves more than 500 clients, ranging from first time authors to traditional publishers who want to convert their physical books to ebooks and ensure that those ebooks are successfully submitted to all the major retailers.

**Ebookpoint.pl**, founded in 2011 as a Polish company, specialized in the distribution of ebooks on information technology, law, business, psychology and education. It offers a platform for self publishers and ebook production services for corporate and private customers.

**eBooks.com** was founded in 1997 as a specialist online ebook store that offers titles from hundreds of publishers in the United States, the United Kingdom and Australia and provides high quality titles to the growing ebook customer base globally. The company offers an extensive catalog of digital books from the world's leading publishers and has developed an aggressive marketing strategy to make sure that their titles have the best market exposure possible.

**Ebrary**, founded in 1999, long before ebooks were popular, is a ProQuest business located in Palo Alto, CA, USA. *Ebrary* helps customers acquire ebooks strategically through a three step approach involving transitioning, diversifying and streamlining™ and currently has more than 4,500 library customers around the world serving more than 19.2 million end-users. More than 500 of the world's most authoritative publishers distribute ebooks on the *Ebrary* platform. In 2013, it announced a new German-language ebook subscription database for academic libraries.

**Eden-Livres**, launched in 2009, is a French joint venture of the independent publishing houses *Gallimard*, *La Martinière/LeSeuil*, *Actes Sud*, and *Flammarion*, offering a catalog of over 5,000 titles in various formats, mostly EPUB. The technical service provider *Canadian De Marque* has received additional financing of 3 million Canadian dollars from three French publishers: *Gallimard*, *Flammarion* (later in the year acquired by *Gallimard*), and *La Martinière*. A catalog of 1,500 French Canadian ebook titles has been cleared for distribution in France through **Diffusion Dime-dia**, in a cooperation with *Volumen* and *Eden Livres* in 2013.

**eDigita** is an Italian digital distribution platform, branded in May 2010. *Edigita.it* is a collaboration between *Feltrinelli*, *RCS Libri*, *Messaggerie Italiane*, along with ten smaller publishers. Together the group represents 30% of the print market in Italy.

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**EditionGuard** is a secure and robust ebook DRM service, based on the industry standard Adobe Content Server, located in the United States. *EditionGuard* provides publishers with high-end digital publishing solutions as well as creation and conversion services for digital publications. Its areas of expertise range from Publishing Automation, DRM, Digital Publishing for Mobile platforms and Web-Print solutions.

**eKönyv Magyarország** is one of Hungary's strongest distributors and retailers for ebooks.

**Elefant** is the leading ebook distributor in Romania.

**Elib**, established in 2000, is the main Swedish ebook distributor. *Elib* supplies technical solutions for a secure and reliable distribution. *Elib's* customer base covers the whole distribution chain from publishing houses to libraries and retailers in Sweden, Denmark, Norway and Finland.

**Emka**, a Slovenian ebook distribution platform, is stocked with more than 1.100,000 Slovenian and foreign titles, textbooks for all educational levels, stationery and business gifts, and much more. The *Emka.si* website is part of the retail network of *Mladinska knjiga Trgovina d.o.o.*, which is the leading bookseller in Slovenia.

**Empik** is Poland's largest commercial chain selling books, international press and media products, promoting its own ereading device and an ebook catalog of 4,521 titles in EPUB format and 4,068 in PDF format.

**Epagine**, a French company founded in 2008, offers editors, bookshops, and librarians the perfect tools to work with ebooks. *Epagine* transforms French and Dutch source formats of books into formats ready to be read as ebooks. In addition, it offers editors the production, storage, and protection of their ebooks and assistance in developing catalogs. It also operates a **Dutch platform**, serving a broad list of publishers.

**Epigrafe**, founded in 2003, distributes digital publications, protected under Adobe technology, in Spanish. Its priorities are to recover cultural assets and popularize digital content, honoring copyrights without neglecting the consumer.

**ePub Direct**, founded in 2009, is an Irish online ebook distribution platform that connects book publishers with 1000 online retailers and over 25,500 libraries. *ePub Direct* offers additional services such as ebook conversions, app and enhanced ebook creation and white label solutions.

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**FastPencil** is an US publishing service and writing community for authors and publishers. The company was founded in 2007 and it was purchased in 2013 by the *Courier Corporation*, an innovative US book manufacturer and content management provider. *FastPencil* provides authors and publishers with full-featured, open-platform solutions spanning content, workflow, marketing and distribution. It provides simple automated systems to help self-publishers get to market quickly and effectively in both print and ebook form.

**Feiyr**, founded in 1993, is a German distributor for creative musicians and writers. *Feiyr* can publish ebooks in more than 160 shops worldwide and millions of readers will have access on it.

**Firebrand's Content Services** is an US leading publishing industry technology services company that was founded in 1987. *Firebrand's Content Services* is dedicated to providing leading software and services to help publishers achieve success.

**Firstsource**, founded in 2001, is an Indian onshore offshore publishing services provider focusing on EPUB3, publishing back office services, data conversion, magazine production, editorial services and an innovative platform for optimizing and automating the rights and permissions process.

**Flipkart** started in 2007 in India as an online retailer of books with the objective of making books easily available to anyone who had internet access. Later *Flipkart* introduced other categories of products as well. In 2013 the company launched its ebooks app for three new platforms —iOS, Windows Phone and PC browsers. *Flipkart* already had an Android app, which was launched in late November 2012.

**Fnac**, founded in 1954, is the largest chain bookstore, also selling music and movies in France, with revenues of €4,473 million. *Fnac* has additional ventures in Belgium, Switzerland, Spain, Greece, Italy, Portugal, Taiwan, and Brazil. *Fnac* offers a catalog of 82,000 ebooks, and operates in a partnership with *Kobo*.

**Gato Sabido** was the first Brazilian ebook store, launched in December 2009, with 150 titles for sale and now features a broad range of over 7,000 ebooks across a number of genres.

**Green Apple Data Center**, established in 1992, has more than 1,000 clients all over North America, Europe and Asia as a service provider and specialist in digital production.

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**Gutenberg Technology**, established in 2010 in France, provides digital publishing solutions for publishers. It has developed an end-to-end workflow disruptive authoring tool that bridges the gap between creation and production department in a publishing company, saves DTP time and enables publishing on multiple platforms simultaneously (Print, Web, Tablets, ereaders and smartphones).

**HathiTrust**, founded in October 2008 by the thirteen universities of the Committee on Institutional Cooperation and the University of California, is a partnership of US academic and research institutions, offering a collection of millions of titles digitized from libraries around the world. *HathiTrust* is a digital preservation repository and highly functional access platform, including notably content digitized through *Google Books*.

**Helikon** is an ebook distributor in Bulgaria.

**hgv - Hanseatische Gesellschaft für Verlagsservice** is a service providers to publishing houses in Germany and was founded in 1989 as a subsidiary of the \_Georg von Holtzbrinck publishing group including IT solutions, customer and financial service, production and logistics to digital delivery.

((IBA) **IBA**, was launched 2012 by *Abril*, one of the largest media groups in the Brazil. *IBA* is a new digital retailing platform with 25 magazine titles, 19 newspapers and 6,000 ebooks from 170 publishers – making it one of the largest ebook retailers in Brazil, following *Gato Sabido*, which has 7,300 ebooks, and *Saraiva*, which has around 6,000.

**IBS** is the leading Italian online platform for ebooks.

**Immanens**, started in 2004, is a French company involved in all digital publishing worlds (retail press, book trade, education). *Immanens* is the leading French partner for magazine and book publishers for their digital projects with more than 500 publications, 15 publishers in education, 8 million deliveries per year. Leader textbook distribution platform in France (Lib').

**Immatériel**, founded in 2008, is one of the main distribution platforms of digital books in France and the designers of various new-generation online digital libraries with the mission of facilitating the diffusion of digital works whatever their access mode.

**iMobilco** was founded in 2008 by the Sergey and Nikolay Belousov brothers. *iMobilco* is the first digital content shop in the Russian market, providing a full range of services and sells electronic books, videos, and music online. The company currently offers its customers one of the most



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extended ranges of books and audio books in Russia. *iMobilco* has also produced a special application for reading ebooks on iPhone, iPad, and Android as well *iMobilco's* own electronic book reader, *iChitalka*.

**Ingram**, based in the United States, is the world's largest and most trusted distributor of physical and digital content. *Ingram* provides books, music and media content to over 38,000 retailers, libraries, schools and distribution partners in 195 countries. More than 25,000 publishers use *Ingram's* fully integrated physical and digital solutions and programs to realize the full business potential of books.

**IngramSpark**, launched in 2013 in the United States, is the only publishing platform that delivers fully integrated print and digital distribution services to the book industry through a single source. Therefore, the main feature of *Spark* is that authors can now publish ebooks and physical books at exactly the same time.

**Innodata**, founded in 1988 in New York / USA, is a global provider of business processes, information technology and professional services which help clients create, manage, use, and distribute digital information. Having worked with over 880 global publishers, converted / distributed over 1.75 million titles in 25 languages and by serving the manufacturers of ebook reading devices, as well as trade, education, and professional publishers, *Innodata* is one of the largest producers of ebooks. The company manufactures ebooks in multiple formats, as well as enhanced, interactive, dual-, and multi-lingual ebooks.

**INscribe**, launched in 2010 in the United States, has quickly established itself as a leader in the ebook publishing services space. *INscribe* provides global digital distribution, content conversion and optimization services to large and small publishers. *INscribe* Digital's retail network is quickly expanding; they are an approved delivery partner of Apple and have deals with Amazon, Sony, Barnes & Noble and Kobo.

**Integral** is a company with its headquarter in India and offices in Boston, Sydney and Jaipur, specializing in providing Digital Publishing solutions, ebook conversion, Prepress production, XML solutions, and Digitization services.

**iStoryTime** is a German publisher of children's storybooks for the iPhone, founded in 2009. The company wants to make children's books more accessible and entertaining and has created a new medium for established and first time authors to showcase their work at no expense. The new publishing platform provides parents with a library of

compelling children's books available anytime and anywhere.

**Izneo**, founded in 2010, is a French digital comic distributor. *Izneo* were formed as a partnership of 12 comics publishers and its big success was to overpass 3,000 titles at the beginning of 2013 having no more than 25 partners.

<http://www.klopotek.com> [*Klopotek*] is a leading supplier of software and consulting services for publishers of books and journals, print and online. More than 350 publishers, with over 14,000 users, rely on *Klopotek* to help them achieve their goals. *Klopotek* software supports the entire publishing value chain for print and digital products. *Klopotek* sponsors cutting-edge research and networking within the publishing industry. The company has offices in Europe (Amsterdam, Berlin, Munich, Paris and London) and in the USA (Parsippany/New Jersey).

**KN Digital**, founded in 2011, is a German joint brand of *KNV Wholesale* and *KNO VA Distribution Services* offering highly integrated e-commerce solutions, print on demand and digital warehousing as well as distribution for ebooks and all other digital items.

**KnigaFund** was launched in September 2008 by *Digital Distribution Center Ltd.*, the largest Russian legal digital content distributor. *KnigaFund* has more than 100 universities among its subscribers, more than 50,000 ebooks and above 40,000 active user accounts. The word *KnigaFund* is Russian equivalence for English *The Book Fund*.

**KNV**, founded in 1829, is Germany's biggest book wholesaler with worldwide export of books in various languages and multimedia products. About 500,000 titles are available immediately and further 9 millions foreign language titles can be obtained on special order service. Special services for online booksellers are offered as well as ebooks (about 300.000) and PoD titles.

**Knygos** is a Lithuanian ebook distributor.

**Kontor New Media**, founded in 2003, is a German digital distributor for all kind of media, no matter if it is music, music videos, movies, TV shows, ebooks or audio books. *Kontor New Media* also exploits content on platforms like YouTube/Google, Maxdome, Lovefilm, On Demand Distribution or in the fields of mobile entertainment through its partners Vodafone, T-Mobile, AT&T and more.

**La Factoria**, founded in 2000, is a Spanish leading partner for interactive educational digital content to the publishing industry. *La Factoria* has more than ten years of professional experience in multimedia products design, edu-

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cational interactive and the development of customized digital applications.

**Leer-e** is the one-stop shop where Spanish-language publishers and retailers of ebook and digital content meet. The company offers a complete range of services for publishers: digitization, translation, editing, conversion, publication, promotion, and distribution (including its own online shops for publishers).

**le-tex**, a German company since 1999, specializes in content engineering – the highly varied range of tasks involved in producing publications. Alongside print data, the items most frequently produced by *le-tex* are ebooks.

**Libranda**, founded in 2010, is the biggest Spanish ebook platform and act as a digital distributor with no direct-to-consumer sales.

**libreka** is a German platform launched by *Börsenverein* in 2006, offering ebooks since 2009, with more than 980,000 ebook titles. *Libreka* claims to be the largest German distributor of ebooks. Owned and run by *Börsenverein*, *Libreka* has recently announced several partnerships — such as with Kobo in July 2011 — to position itself as a link between retail platforms and publishers.

**Librify** is a New York-based social US ebook retail start-up, founded in 2013, targeting book clubs. *Librify* co-founder and CEO Joanna Stone describes the start-up as “Goodreads plus a book-of-the-month retail platform.”

**Librusek** was launched in June 2007. It is a Russian online library, for which readers can purchase a monthly subscription.

**LitRes**, founded in 2007 and based in Moscow/Russia, is the largest ebook retail platform for legal titles in Russia, currently listing 200,000 ebook and audio titles for download and its own *LitRes* Touch device. The Russian ebook retailer has raised \$5 million in its first round of funding. It offers over 380,000 ebooks in Russian from over 100 publishing houses.

**Livraria Cultura** has a chain of 14 stores in Brazil as well as a website where they sell all sorts of media in addition to books and ebooks. *Livraria Cultura* had an ebook store since 2010. In 2012, Kobo closed an exclusive deal with the *Livraria Cultura* bookshop chain to sell Kobo ereaders and ebooks.

**Livraria Saraiva** is the largest Brazilian bookstore chain, with over 100 stores around the country. Their ebook store was launched in early 2010. In 2013 *Saraiva* has launched

its own self-publishing portal, “Publique-se!,” which translates to “Publish it yourself,” and offers 35% royalties to authors.

**Mantano**, a French company, is developing software for digital publishing, e-reading and e-learning since 2007 and has contributed to the rise of e-reading by providing powerful, robust and smooth applications that facilitate its adoption.

**Martinus**, founded in 2001, is the largest internet bookstore and a growing chain of brick-and-mortar bookstores in Slovakia. In its segment, *Martinus.sk* is the biggest ebookstore with the highest traffic by number of served customers.

**Midvox**, founded in 2000, is an independent service provider for the book trade. *Midvox* offers marketing solutions for online bookshops, local bookshops and publishing houses.

**Minha Biblioteca**, founded in 2011 in Brazil, is a digital content consortium created by four of Brazil's largest scientific, technical, and medical (STM) publishers – Editora Atlas, Grupo A Editoras, GEN – Grupo Editorial Nacional and Editora Saraiva. The consortium's catalog exceeds 12,000 ebook titles and covers almost all areas of knowledge, particularly in the areas of law, health, business administration and engineering.

**MintRight**, founded in 2010, is a US ebook conversion and distribution platform. This platform adapts the content according to the specifications of different e-readers and formats it for distribution to the selected sellers, ranging from Apple to Amazon, Barnes & Noble, Kobo, Sony et al.

**Mobcast** is a British digital book platform provider and was founded in 2007 by CEO Tony Lynch and bestselling author Andy McNab. In 2012, *Mobcast* has been purchased by the retail giant *Tesco* in order to have its own digital book distribution platform, including cloud-based storage for the books. *Mobcast* is responsible for BlinkBox Books service.

**moresophy** founded in 2011, offers software applications for the analysis and structuring of big data and information in client-oriented web-applications and has quickly established itself in the field of developing intelligent content solutions. Leading German publishers, e.g., Haufe Lexware, the Klett Group, WEK, and Dashöfer Publishing trust *moresophy* with their digital business and consulting expertise.

**Multimediaplaza** is a leading distributor of ebooks in Hungary.

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**MyiLibrary** is an econtent aggregation platform for public, academic and professional libraries around the world. This platform offers library users access to some of the most topical and current ebooks available today.

**neobooks**, started in 2010, is a German online writing community launched by German publisher *Droemer Knaur*, and is seeking out the intersection between self publishing and traditional publishing.

**Néolibris**, a French company, creates and adapts enhanced ebooks for many different types of digital devices such as tablets and smartphones.

**NetGalley**, launched in 2008, is a marketing and publicity platform for publishers and authors in the United States. There are more than 250 publishers using the *NetGalley* service.

**NetRead**, founded in 1999 in the United States, created the first commercial ONIX-conversion application, *JacketCaster*. As the first to upgrade to ONIX 3.0 in 2009, NetRead continues to lead, combining its expertise in metadata with its content and asset distribution product, *EbookCaster*. Publishers of all sizes utilize these applications to reach global markets in the accelerating e-landscape.

**Nexto** is a Polish distributor, specializing in library services. In 2013 the *Nexto Reader*, the firm's own app, was recognized in a competition held by MasterCard as Poland's best mobile purchasing app, and came second on a European scale.

**Ninestars** founded in 1999, is an Indian company that provides IP-driven digital content solutions from creation to consumption including digitization, conversion, mobile apps and digital commerce. Publishers, Media firms, Libraries and aggregators trust *Ninestars* to build solutions that enhance monetization and reader engagement.

**Numilog**, a French ebook store was launched in 2000 and acquired by *Hachette* in 2008 but was returned to its founder in June 2012 ([press release by Hachette](#)). It is the main ebooks aggregator in France for multiformat ebooks, especially PDF and EPUB, and offers digitization and distribution services to the major French-language publishers and some major English-language publishers.

**OdiloTID**, founded in Spain in 2011, is a Library management System Provider. Its services allow the library loan of ebooks respecting conditions of licensing and copyright. *OdiloTID* allows libraries to directly negotiate ebook acquisition.

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**Overdrive**, founded in 1986, is an American digital distributor of ebooks, audiobooks, music, and video titles. *OverDrive* currently hosts more than 1 million premium digital titles from more than 2,000 publishers. More than 22,000 libraries, schools, and colleges worldwide utilize its digital distribution services.

**Ozon**, established in 1998, is the largest Russian online retailer. *Ozon* started as an online and electronics bookseller but has since branched out into fashion and logistics services for other companies is often called "Russia's Amazon" for its size and scope. *Ozon* has a catalog of about 600,000 printed book titles and about 10,000 ebook titles.

**Palmknihy** is a Czech ebook store and one of the biggest ebook sellers in that country.

**PaperC**, a German online platform, was founded 2008 by Felix Hofmann, Lukas Rieder and Martin Fröhlich. *PaperC* is the largest specialized library in the Internet for scientific subjects and offers students and interested persons free access to almost 18,000 ebooks from more than 100 textbook publishers.

**Paragon Software Group**, established in 1994, is an US software developer with offices in the United States, Germany, Japan and Russia, whose portfolio includes more than 350 electronic dictionaries, encyclopedias and phrase books in the widest combination of over 30 languages.

**PhoneReader**, created in 1998, is a French online community platform which judges the books based on the last reviews they got on the web and the social networks.

**PigeonLab**, founded in 2011, is an US-service that handles upload, distribution, and accounting for self-published authors all around the world. Its simple distribution platform lets authors easily distribute their ebooks, make sales, and collect payments.

**Pixellence** is a French well-established publishing services provider that has become an XML specialist in ebook production. The company designs content in a variety of paper and digital formats.

**Planet Media**, founded in 2010 in Spain, is one of the international leading companies in providing omni-channel solutions and it's focused on end-to-end software development and delivery. *Planet Media* is providing multi-channel solutions for smart phones, tablets, Smart TV and web.

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**Polc.hu**, a Hungarian online bookstore, has been merchandizing ebooks in Hungarian since March 2011.

**Primento**, founded in 2010, is the Belgium strategic digital partner of traditional publishers. *Primento* works with publishers to ensure their ebooks meet their digital audience.

**Publidisa**, founded in 2000 in Sevilla/Spain, offers services including the creation of protected ebooks from publications supplied by publishers in digital format and their marketing on the Internet.

**PubCoder**, launched in March 2013, is a start-up based in Turin, Italy. It has been founded by the experience of a group of friends, active for many years in the digital publishing. *PubCoder* builds highly interactive stories and prepares digital books for a multi-platform distribution: EPUB3 iBooks and Radium ready, Kindle and many more.

**Publio** is a Polish online bookstore. Its advantage despite a variety of titles from the best Polish publishers is extensive functionality and the ability to download the books in formats enabling to read them on various mobile appliances, inter alia, on Kindle.

**Publit** is Sweden's second-largest ebook distributor and initially offered print-on-demand services. *Publit* has integrated with all major booksellers in Sweden, as well as some international sellers/distributors such as Kobo, Overdrive and iBooks.

**Publiwide**, founded in 2010, is a Swiss company providing publishers and authors with a range of specialist software solutions that aim at streamlining editorial workflow for the distribution of dynamic ebooks to a global audience.

**Publ Studio**, founded in 2011, is a Korean publisher of interactive digital media and G-learning content for iOS and Android devices. It specializes in appbook creation, mobile gaming content, and smart platforms.

**Publizon**, founded in 2005, is Denmark's largest distribution portal for ebooks and represents a large number of larger and smaller publishers. *Publizon* is currently focusing on PDF and EPUB formats. The platform releases a weekly top ten ebook bestseller list, which currently displays a significant share of Scandinavian fiction.

**QBend**, an US based company founded in 2010, is a full service digital partner that enables publishers establish and maximize their ebooks business. *QBend* provides a platform for publishers to go directly to their consumers and helps them interact with their readers to see what they like and what they want more of.

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**Qordoba**, a Canadian and Lebanese company with its legal headquarters in Dubai, was launched in 2011 as an initiative specializing in digitally publishing Arab writers. Ultimately, *Qordoba* wants to cover all subjects and distribute them on its own platform. Titles will be made available in EPUB, across all major platforms, including Apple, Android, Windows, websites, and Samsung's Smart TV.

**Rahva Raamat** is a historical bookstore established in 1912 in Estonia. *Rahva Raamat's* flagship store, which is also the largest of its kind in the Baltic countries, was opened in Viru Keskus in 2004. Its store is one of the most successful online bookstores in Estonia and the biggest seller of ebooks.

**readbox**, founded 2008 in Germany, supports publishers in the production, the marketing and the distribution of ebooks and other digital products.

**ReadCloud** is an Australian company founded in April 2009, providing a white-label e-commerce platform, which allows bookstores to sell ebooks online. It was launched in November 2011 and over 100 bookstores in Australia have signed up to the platform.

**Reader Store** is an online ebook store where readers can find a large variety of ebooks which are all available for download directly to all compatible devices. In December 2012, Sony opened its own dedicated **German ebook store**.

**Read Forward LLC**, founded in 2012, is a Romanian digital studio dedicated to building book-apps (Apple, Android, Windows). Its catalog includes fiction and non-fiction titles, books for children, and other cultural apps.

**Readfy**, a German digital platform that is offering free ebook service, was launched on 7 February 2014 (initially in the form of a limited "public beta launch"). *Readfy* offers a sophisticated reader app for Android smartphones and tablets containing a catalog of more than 15,000 books of very different genres by more than 120 publishing houses that can be read for free for the first time on *Readfy*. The launch of the completely finished *Readfy* platform is planned for the summer of 2014.

**Riidr**, founded in 2010, is a Danish start-up company that sells ebooks via and has developed reading applications for Android and iOS. *Riidr* delivers end-to-end technology and reading platforms so publishers and media companies can focus on sales.

**RNTS Media** was established in 2010 and is headquartered in Berlin, Germany. *RNTS Media* is a multimedia publisher



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that publishes RNTS branded digital content and assists digital content providers and developers through marketing strategy for international distribution and promotions.

**Rufoof**, founded in 2010 in the United Arab Emirates, is an ebook portal offering publishers a complete line of services from digital conversion to distribution. *Rufoof* distributes 4,500 ebooks and has signed contracts with 21 publishers with a subscriber base of 74,000 worldwide.

**Satzweiss**, a Germany-based company providing end-to-end ebook publishing services and tools.

**Sellbox**, founded in 2002 in the United States, provides ebook strategy consulting, conversion services, Create-Space POD publishing support and ebook marketing services including distribution to the largest ebook stores.

**Shelton Interactive**, founded in the summer of 2010, is a US full-service digital agency that works with books and brands. *Shelton Interactive* creates social media and digital strategies focused on helping authors and publishing houses build better relationships with media, readers, customers and colleagues online and off.

**Simplicissimus**, was founded by Antonio Tombolini in June 2006. *Simplicissimus* operates an ebook distribution platform (STEALTH), and a self-publishing platform (Narcissus), which was launched in 2012.

**Sina.com** is the largest social media platform for Chinese people around the world. *Sina.com* introduced reading as well as writing platform, bundled with ebook distribution to large user communities.

**Skaitykle** is the first ebook store in Lithuania where you can buy e-readers and ebooks in Lithuanian. This platform also sells reading devices.

**Smashwords**, founded in 2008 in the United States, is an ebook self-publishing and distribution platform founded by Mark Coker. *Smashwords* provides ebooks in all kinds of different file formats. In August 2013, *Flipkart* inked a deal with *Smashwords* to distribute its titles in India.

**Sourcefabric**, launched in 2010, is established as a Czech non-profit organization with its headquarters in Prague, branches in Berlin and Toronto, and representatives in Minsk, Guatemala, Warsaw, Belgrade and Cluj. *Sourcefabric* provides new organizations with the software, expertise and support to produce it online, in print and on air.

**SPi Global** is a multinational platform and one of the world's largest and most diversified Business Process Out-

sourcing (BPO) service providers in terms of clients, geographic presence, and capabilities.

**STEALTH**, an Italian distribution platform of digital books, was designed and created at *Simplicissimus Book Farm* by Luca Razzano. It is a digital warehouse in which you can store and preserve ebooks in EPUB (and/or PDF) format so that all the current and future ebook stores can obtain them whenever needed for sale. *STEALTH* is already capable of supplying all the relevant online bookstores like Amazon, Apple, Kobo, Nook, Lafeltrinelli, IBS.it, BOL.it, UlimBooks.it.

**Submarino** is an online retail platform in Brazil. In 2012 was launched **The Submarino Digital Club** by *Copia Interactive*, LLC, creator of one of the largest, independent, full-featured digital content platforms.

**TEA**, the French ebook alternative was created 2012 by *Decitre.fr*, France's third largest online bookstore. It is an open source platform for ebooks allowing readers to purchase any kind of book on any type of e-reader.

**Tertiary Publishing** is a one-stop ebook and e-magazine publishing provider based in Singapore. *Tertiary Publishing* provides EPUB3 and Mobi conversion services from PDF, Word documents, InDesign, HTML and RTF formats.

**Todoebook** is *Publidsa's* solution for selling ebooks. *Todoebook.com* is a Spanish platform designed to meet the needs of publishers that wish to market their content online in ebook format. The *Todoebook.com* platform allows publishers to sell ebooks on their own websites or through the affiliate program in some of the top online bookstores.

**Trajectory**, founded in late 2011, is a technology and marketing oriented multichannel distribution company in the United States which simplifies the process of creating and distributing ebooks. Production is in-house. *Trajectory* markets high-quality catalogs, particularly children's illustrated books, for conversion to ebooks and global distribution.



**Txtr** is a German ebook storage and reading service and was founded in 2008 in Berlin by Christophe Maire. *Txtr* offers a choice of over one million ebooks including best-sellers, free books and classics and give free access to an unlimited cloud library. *Txtr* operates 14 ebook stores worldwide and the company launched 2012 a store in **Denmark**. It currently offers access to more than 2,000 localized ebooks by leading publishers Gyldendal and Lindhardt og Ringhof. It also stocks close to 500,000 English language titles from leading British and American publishers.

**Uculture**, launched in 2013, is a French ebook store which distributes 120,000 ebooks and 650,000 printed titles, based on the catalog of Decitre.

**Valobox**, an UK-based start-up, was launched in 2012. *ValoBox* allows readers to search the text of a participating publisher's book and then buy individual chapters or pages. Publishers set an ebook's price and *ValoBox* splits it up, primarily based on the book's table of contents.

**Virtualo** is a distributor of digital publications in Poland and offers 31,000 titles, in four file formats: EPUB, MOBI, PDF, and MP3. *Virtualo* specializes in professional digitization of content to digital formats, distribution of ebooks and audiobooks through the distribution network and developing innovative conversion technologies.

**Vivacom** is a Bulgarian leader in developing modern telecommunication services to meet the highest professional standards and leading ebook distributor in that country.

**Vook**, founded in 2009 and one of the pioneering ebook app developers in the United States, created a cloud-based ebook publishing platform, with the features *Vook Store*, personalized ebook webpages, and the ability for authors to sell ebooks via a browser reader and keep 85% of their royalties. In the beginning of 2014 *Vook* acquired the ebook platform *Bookrl*.

**Wheeler's ePlatform** is a secure library-lending platform that hosts and facilitates the lending of ebook titles. *Wheeler's* are the largest library and school supplier in New Zealand and have been in operation for more than 40 years. *The Wheeler's ePlatform* was one of the first ebook library lending platforms for schools and public libraries in the world.

**Widbook** was founded in June 2012 by Flavio Aguiar and co-founders André Campelo and Joseph Bregeiro. It is an intelligent platform where new authors and readers find the opportunity to create, explore and collaborate with people their best digital content worldwide. In addition to its 30,000 members, *Widbook* has 1,100 ebooks already published and 6,000 currently in progress. *Widbook's* presence spans 200 countries with over half of its members in the United States.

**Wildfire Digital Publishing**, launched in spring 2013, is an Austrian company, specialized on consulting services and implementation of digital publications, digital magazines and ebooks.

**Wink Store**, launched in late 2010 is an Indian online store, offering ebooks and magazines. It is an associate of *DC Books*. In 2010, it had launched and marketed the *Wink eReader*, an e-ink device, but the ebooks and the apps are available for readers to read on other devices.

**Woblink** is a Polish ebook platform selling ebooks on iOS, Android, PC and e-inks. It offers bestsellers, multimedia books and comics.

**Xentral Methods** is a boutique ICT company in Malaysia focusing on content digitalisation, web development, and motion graphics processing namely for the ebook industry. *Xentral Methods* operates *e-Sentral*, the biggest ebook Portal in South East Asia.

**Xeriph**, founded in 2010, is a Brazilian ebook aggregator based in Rio de Janeiro and controls the largest ebook catalog in the country. *Xeriph* works with 240 different pub-



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lishers and over 30 sales channels, rendering it the largest ebook distributor in Latin America. In 2013, *Xeriph* was acquired by media giant *Abril*.

**XinXii**, launched in 2008, is a German pioneer in digital self-publishing and a leading international platform for publishing and distribution of ebooks of indie authors and independent publishers. The *XinXii* ebook shop offers more than 20,000 titles by more than 15,000 authors and is growing on a daily basis. In 2012, *XinXii* has officially opened its publishing platform for writers and readers in Russia.

**YouBoox** is a French innovative platform on a freemium model, which enables people to come and read whatever books they want on the iPad and on the web for free.

**YPS Publishing**, founded in 1993, is a full range publisher based in the north of England. The company provides a complete range of publishing services for both self-publishers and established publishers. *YPS Publishing* helps authors focus on the most profitable opportunities for developing, distributing, marketing and selling ebooks.

**YUDU**, founded in 2003, is headquartered in London UK, and has offices in North West UK and New York/Boston, USA. *YUDU* is a multi-platform publishing service using

cloud architecture to enable leading publishers, brand owners, marketers and retailers to publish interactive, rich media content to the web and to any mobile and tablet device.

**Yun Zhong Shu Cheng**, meaning “Library in the Clouds”, was launched in October 2010. It is the ebook website of the Chinese company *Cloudary Corporation*.

**Yuxi Pacific** is an international software consulting firm, founded in 2005, to help customers leverage their existing intellectual property to create new products and generate new revenue. Based in the United States, with regional offices in both Asia and Latin America.

**Zebralution** was founded by Kurt Thielen and Sascha Lazimbat in 2003 as one of the first digital music distributors in Germany. *Zebralution* is a distributor of digital media content – ranging from music & videos, audio books & audio drama and ebooks to mobile entertainment products.

**Zeilenwert**, founded in 2012 and based in Germany, operates as an ebook service provider. The company creates ebooks, delivers works to various national and international sales platforms, supports online and social media marketing and provides reports of monthly billing, statistics, and payment of sales.

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# Educational organizations

**O**rganizations and institutions offering professional education that focuses on ebooks and digital publishing.

**Bitness**, an Italian company, produces since the early 1990s digital content creation tools for educational publishers. In the last two years *Bitness* developed iPad apps, tablet apps and new ebook contents for *Mondadori education* and *RCS education*.

**Espresso Education**, founded in 1997, is the UK's leading provider of digital resources to schools. Its award-winning video clips, interactive activities, quizzes and games are available for licence to publishers, ministries and educational businesses worldwide.

**Hurix** was founded in October 2010 and has two delivery centers in Mumbai & Chennai in India, & sales offices in North America, Europe & Asia-Pacific in India. *Hurix* is the leading digital content solutions provider to global educational publishers and institutions. Its product and service solutions allows clients to serve students of all ages and backgrounds by providing effective, compelling and engaging digital content across traditional and newer mobile platforms, formats and devices.

**Learnetic** is a world leading, e-learning developer for education, based in Poland. Its products are used in over 30 countries. Today, it focuses specifically on creating and deploying new generation mobile content, authoring tools and platforms for the growing base of mobile devices.

**Oneclick**, a Spanish company, offers solutions, products and advanced digital services for the development of the digital society of knowledge. From public to private sector

by promoting strategies, solutions and knowledge management services and sophisticated training tools, e-learning and simulation, to citizens, developing educational digital multimedia content, social integrated platforms and advance solutions for training, participation and networking.

**Piron Corporation**, founded in 2011, is a leading provider of learning technology solutions, based out of the United States and India. The e-learning company offers flexible, cross-platform and innovative technology solutions that enhance teaching and learning. *Piron* provides cost-effective learning solutions to individuals, schools and enterprises in more than 20 countries.

**Scholastic India** was set up in 1997 and is India's largest publisher and distributor of children's books. The company is in the process of converting its backlist into e-enabled books, compatible with the Kindle platform.

**Time to Know**, founded in 2005, is the global leader in digital teaching platforms, and converting curriculum to digital content with its headquarter in the United States. By partnering with content publishers and educators, *Time to Know* helps create, distribute, manage, and conduct digital learning programs.

**WolneLektury** (Free Literature) is a project launched by the *Modern Poland Foundation* in 2007. This Polish school e-library is the only digital library in Poland that makes its collection available on the Open Internet in the form of the texts that are semantically arranged. The readings from this library are not only scanned text – the interactive nature of the Internet has allowed the *Foundation* to build in additional tools for work and study based on the texts.

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# Professional organizations

**P**rofessional organizations dedicated to actors in ebook and digital publishing.  
To be added in the next update of the Global eBook report in fall 2014.

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# Online reading platforms

**O**nline reading platforms and communities are Internet based platforms bringing together readers and books, for commercial as well as non-commercial purposes, inviting readers to review and comment on books, and allowing publishers and authors to promote their works.

**24Symbols**, founded in 2010, is a Spanish platform that has been created to read and share books. The site works with publishers to provide their ebooks online for free to users, who can read them right off of the app or browser. There is nothing to download, and users can skip around as they like between titles, all for free.

**Blendle** is a Dutch startup offering a subscription service for reading magazine and news articles.

**Deutsche Digitale Bibliothek (DDB)**, a German library, was launched in summer 2007 and is to provide free access to books, pictures, sculptures, music and other sound recordings, films and sheet music, information on preserving monuments, virtual exhibitions, archive inventories. As the central national portal, it will eventually link up the digital services offered by all cultural and scientific institutions in Germany as a means of granting all interested parties access to the nation's cultural heritage.

**Legimi**, founded in 2009 in Poland, offers a new approach to consume books. For a monthly fee of less than 5 euros,

subscribers can gain access to a library of more than 2,000 electronic books or, for the typical ebook price, users can access as many titles as they like, sharing a business model with *Spotify*.

**La Librairie numérique africaine**, launched in 2013, is an ebook platform dedicated to the African book and more generally to the African culture. It is based in Dakar/Senegal and started with a modest catalog of 150 titles.

**Libranova** is a Polish promotional platform for ebooks and digital reading.

**Nubico**, a Spanish ebook subscription service, launched in September 2013 and co-owned by Planeta's *Círculo de Lectores*, provides subscription-based access to thousands of ebooks from major Spanish publishing houses in Spanish, English and Catalán.

**Skoobe**, launched in 2010, is a German consortium led by Bertelsmann and Holtzbrinck that specializes in lending ebooks as a "mobile library" via an app in the Apple App store or from Google Play. *Skoobe* is currently lending 25,000 ebook titles from over 400 publishers at a monthly fee of €9.99.

**Yindo** is a Dutch ebook provider that expanded 2011 their services to include a new subscription plan. For a flat monthly fee, users can borrow up to a limited number of ebooks at a time.

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# Advertising in the eBook Yellow Pages

**T**he **eBook Yellow Pages** invite companies and organizations dedicated to ebooks and digital publishing to advertise their services in a special section.

This new section provides an overview of relevant players across markets, and supports the research and dissemination of the Global eBook report.

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# Outlook and Projections





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# The accelerated transformation of the ecosystem of authors, books and reading

**B**y spring 2014, ebooks have earned a presence in a growing number of book markets, and in some, notably in the *United States* and the *United Kingdom*, ebooks drive the market. In *Germany*, ebooks at least in fiction, begin to be recognized as engines of sectorial growth.

While the ebook niche had initially been boosted by the increase in purchases of devices, with a clear tendency for tablets to winning over dedicated ereaders, in 2013, ebooks have started to gaining their specific profile among readers. Ebooks not only account for well over 20% of genre fiction in the UK. Various lists of bestselling ebooks, as sketchy as they might be thus far, differ clearly from the print charts, hinting at forming a specific segment in books - and not simply a technical format. In countries like *Germany* or *France*, with fixed book prices and a firm stance of publishers trying to maintain ebook prices oriented at print prices as benchmarks, this can lead to a rapid discrepancy, or even confrontation, over prices, between the world of old publishers, and the new readers and consumers who move all their cultural consumption to digital environments.

The few leading global players, *Amazon*, *Apple*, but also *Google*, *Kobo*, and a growing number of local or regional leaders, *Fnac*, the German *Tolino* alliance, *China Mobile* as

well as Spanish *Telefonica* with *Grupo Planeta*, or Brazilian *Livraria Cultura* with *Kobo*, are keen to forming paramount platforms to ideally wrap their offer around all reading, listening and watching that a cultural audience is craving for - pushing the traditional book country to the fringes.

Particularly the expansion of *Amazon*, but also the ambitions of *Apple* and, to a lesser degree for the moment, of *Google*, to assuming all the different roles of the old fashioned book profession, from the creation through to production, distribution and marketing of - printed and electronic - books, have triggered an increasingly ferocious criticism, at various levels, among their customers, who call on their governments to make sure that the global leaders actually pay local taxes, or even to encourage *buy local* initiatives, to provide a similar convenience and choice, with the comfort of being good, local employers, sustaining communities and the diversity of culture. This spawns a real wave of innovation, as new *digital-only* publishing ventures are experimenting together or alongside with new reading communities, book streaming services or localized selfpublishing startups, while on the other end of the scale, the pressure in the publishing pot leads to industry consolidation, resulting in ever bigger, more global groups, with the merger of *Penguin Random House* defining the agenda.

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The concerns raised in German or North American *buy/local* initiatives are not just fancies of the most affluent audiences. On the peripheries, in fragmented, crisis struck markets, in Central and Eastern Europe, but also in Spain or Italy, the challenge from the global players is felt as a direct menace, as they cater, notably through reading in the English language, to the strongest, best educated, most versatile readers - while increasing the stiff competition with the local industry by putting a huge pressure on pricing.

The United States plus Western Europe are not anymore the sole centers of gravity. China continues to grow, also with regard to books and publishing, and readies several of its largest publishing groups to have a role internationally, while the - long delayed - advent of Amazon and the Kindle, as devices and as an online shop, are expected to accelerate Chinese responses.

In Brazil, as in India, and throughout all the other emerging economies, the global players have arrived, expand their footprint, while the local book industries feel the mounting challenge from an economic slow down, even further aggravated by the recently chilly developments in formerly friendly currency markets.

But in those same countries, yet another factor is framing the ebook trajectory, and that is various ambitions of gov-

ernments, to actively shape the new horizons through regulation. In the US and in the European Union, they have stepped into the arena, to have their say on central business practices (and notably competition issues, which are defining pricing strategies and, as a result, on the power balance between publishers and distributors), on taxation, and on copyright. In all the emerging economies, government spending is crucial in framing the educational sector. It is far from certain though, if these ambitions, in the long run, will meet the initially outlined political goals.

Throughout history, books, and the content contained in and disseminated through books, has been a scarce and also well-guarded source of knowledge and entertainment for an elite. This will change drastically and most likely rapidly, as books get embedded in the global flows of digital content, easy and affordable to access, anywhere, at any time.

One thing is clear though: Ebooks have started to transform the entire *ecosystem of authors, books and reading*. By 2014, expect the entire value chain to be under scrutiny from all sides. And expect the transformation of the book, and of publishing, to morph into a *transformation of reading*.

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