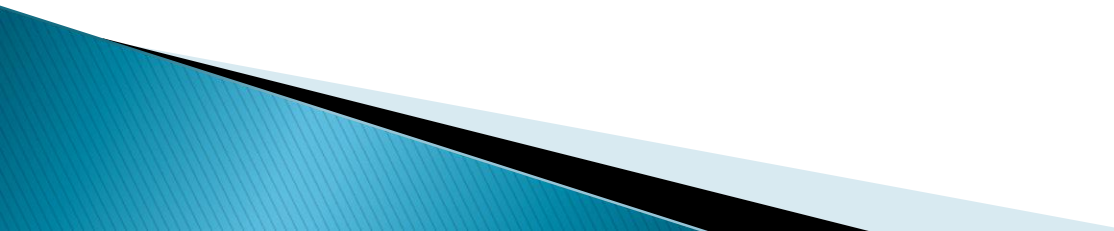


E-Books and the U.S. Publishing Industry

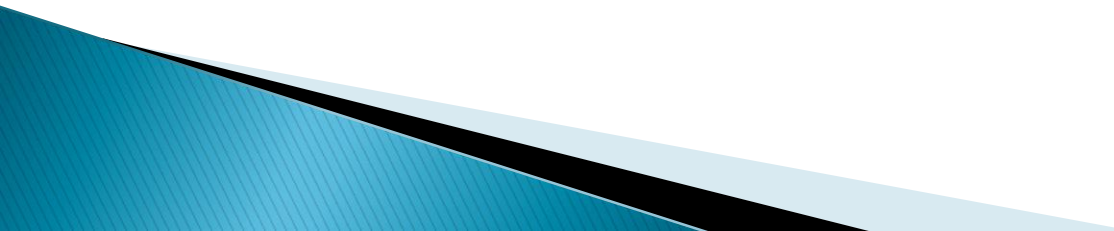
Presentation at Lingua Show 2012

David Gainer

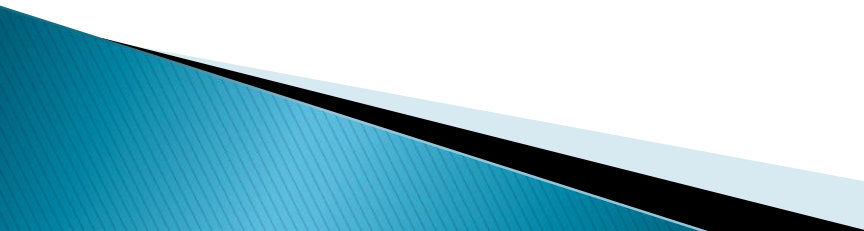
Cultural Attaché of the U.S. Embassy Prague



My Talk

- ▶ US Reading Statistics
 - ▶ Current U.S. Publishing Industry Trends
 - ▶ Rise of E-Books
 - ▶ Challenges related to E-Books
 - ▶ Trends for U.S. Publishing Exports
- 

U.S. Reading Statistics


- ▶ There are 62.4 million ‘avid’ book readers (those who read five or more hours/week) ages 18 and older in U.S.
 - ▶ ‘Avid’ readers purchase over ten books per year
 - ▶ 63% of these readers are women
 - ▶ Literary reading is growing, not shrinking
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U.S. Publishing Industry Trends

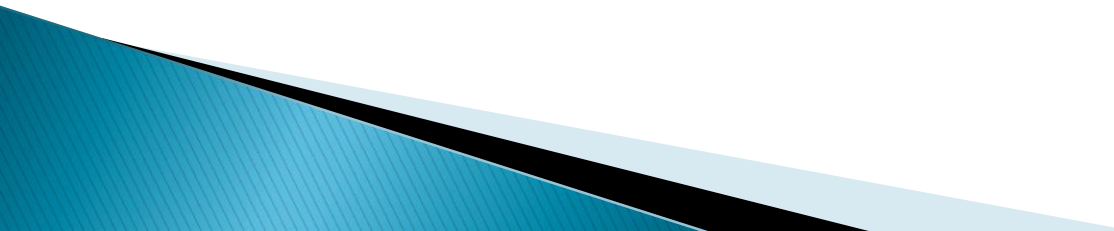
Decentralization

- ▶ **The U.S. publishing industry is becoming more and more decentralized**
 - 26 large multinationals account for about 50% of the U.S. book publishing volume
 - BUT there are over 7000 independent publishers in the U.S.
 - Small and medium-sized publishers are numerous in volume and continue to grow.
 - In fact, the biggest growth in the U.S. is among small and independent publishers

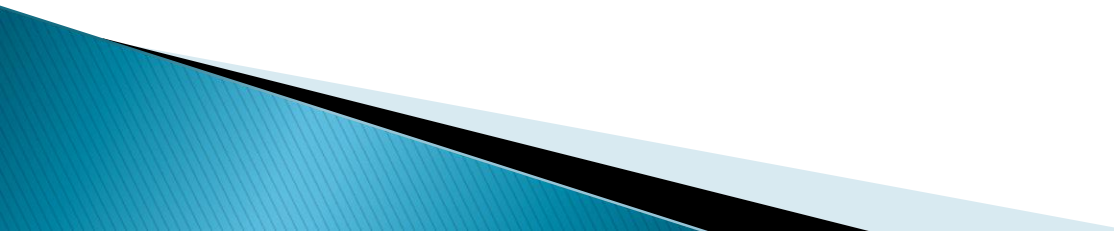
More Publishing Industry Trends

- ▶ **Traditional brick and mortar bookstores are struggling : demise of Borders**
 - ▶ **More print-on-demand (POD) companies are emerging, eliminating the need for overprinting, warehousing, returns**
 - ▶ **40% of printed books are remaindered or returned unsold to the publisher, which print-on-demand technology alleviates**
 - ▶ **POD is significantly cheaper than traditional printing**
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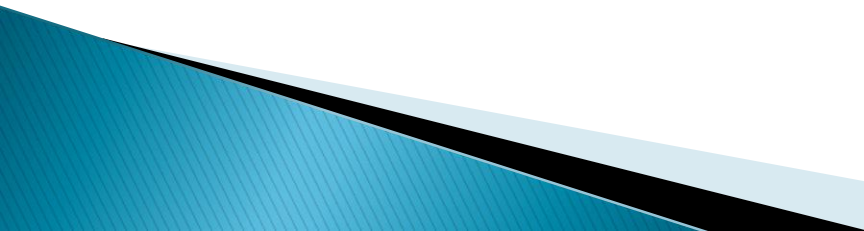
More Publishing Trends

- ▶ Publishers are looking for non-traditional channels beyond booksellers and libraries
 - ▶ Online booksellers grow, changing how publishers promote, market and print titles
- 

E-Books

- E-Books and audiobooks are growing, but printed books are not fading
 - In 2010 Amazon's digital book sales surpassed sales of hard copy books – all due to the Kindle
 - Publishers are moving from print-only publications to print and digital models
 - New platforms for digital reading (Kindle, Iphone, Ipad, Android, etc) are growing and improving dramatically
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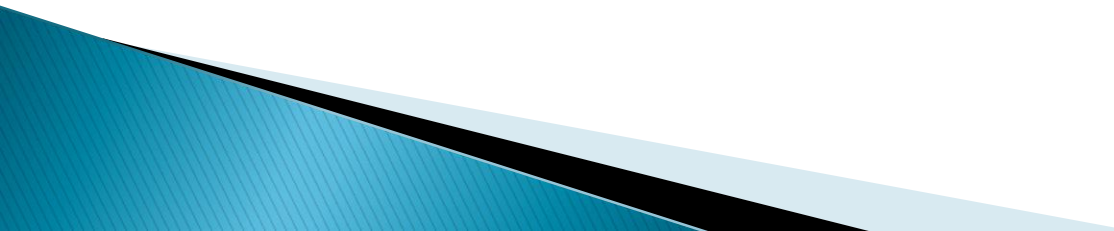
E-Book Industry in the U.S.

- ▶ **E-Book sales rising rapidly: Over \$391 million for 2010 which represents 10% of total traditional book sales**
 - ▶ **For 2010, the increase in e-Books rose by 165% over 2009**
 - ▶ **The largest group of e-Book readers are 18–25 yrs old**
 - ▶ **10.3 million people own e-readers, up from 3.7 million in 2009**
 - ▶ **In 2010 there were 100 million e-Books sold, up from 30 million in 2009**
 - ▶ **Among e-Book users, 63% have read between one and five e-Books in the past year**
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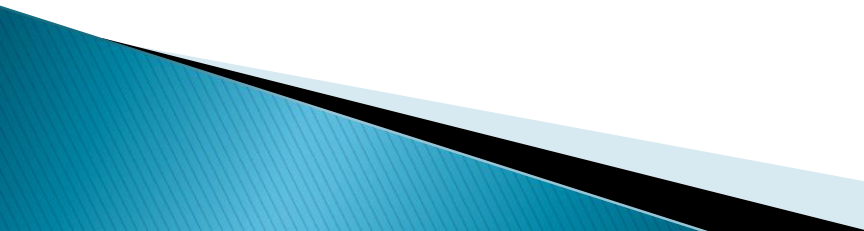
Publishing Industry Challenges related to E-Books

- ▶ **Many issues are difficult to control when selling international content and rights**
 - International Intellectual property rights (IPR) protections
 - Managing electronic and translation rights
 - Digital rights management and security
- ▶ **It's tough to find international partners, co-publishers, license partners**
- ▶ **Must work with foreign governments and Ministries on laws and customs issues**
- ▶ **Due diligence with new electronic partners -- Vetting potential international partners**


How it affects writers

- ▶ Publishers are given lower advances but a greater % of sales
 - ▶ Proven authors can still expect the same advances – but not new authors
 - ▶ Publishers can no longer nurture new authors for several years before they have a success
 - ▶ Publishers need to choose sure winners in order to stay afloat
- 

Trends for U.S. Publishing Exports

- ▶ **Textbook, professional and scientific books sales are a growing trend among U.S. book exports**
 - ▶ **These types of titles make up a bulk of U.S. publishing exports**
 - ▶ **Fiction and self-help titles are also a growing export area for U.S. publishers**
 - ▶ **Demand for U.S. educational materials around the world**
- 

Educational Publishing Industry

- **K–12 educational materials market, including textbooks, supplemental materials and technology projects, totaled \$16.4 billion in sales in 2009**
 - **U.S. sales of educational materials is projected to increase**
 - **To offset costs, new technology is being implemented: educational software, digital content, mass media, etc.**
 - **There is an increase in sales of U.S. higher education, professional and academic titles, both in US and abroad**
 - **Sale of digital products helps to drive gains in higher education and professional markets**
- 

Updated Info (Nov 2011)

- ▶ The worldwide book industry is at the beginning of a generational shift that will eventually see a new content proposition – eBooks – being delivered directly to billions of users of tablets, eReaders and smartphones.
- ▶ In 2011 eBooks will account for 2.9 percent of worldwide book sales but by 2015 this will have grown to 12.7 percent. In North America, the value of eBook sales in 2015 will be \$ 8.6 billion, representing 21.4 percent all book sales.
- ▶ This shift, anticipated for decades, is now beginning in earnest, and the main trigger has been a truly remarkable transformation in the personal device market (eReaders, Tablets and Smartphones).
- ▶ By the end of 2011, 807 million individuals around the globe will own at least one advanced personal device all of which will be eBook-compatible and 92% of which will be able to handle advanced media content with high quality while also being able to connect to the web.
- ▶ But by the end of 2015, this number will have exploded to nearly 1.8 billion, meaning that the installed base of advanced personal devices will be about the same as the worldwide daily readership of newspapers or people who buy books. In 2015, consumers will spend over \$ 220 billion on eReaders, Tablets and Smartphones; a huge figure that is comparable to the combined size of the worldwide book and newspaper industries.
- ▶ Between 2011 and 2015, the combined R & D expenditure on advanced personal devices will have exceeded \$ 52 billion. By way of comparison, the equivalent R&D expenditure on desktop PCs will be just \$ 8.2 billion.
- ▶ It is clear that high-quality, affordable eReading devices are already here, and that over the coming years sustained R&D investment will increase performance still further while driving down the average price per device.
- ▶ The impact on the book industry will be dramatic, although not as profound as what has happened with music. When carefully studied on a like-for-like basis eBooks are around 22 percent lower cost than printed books which will mean that the book industry's cost base will, over time, need to fall by around 10 percent. But if the book industry does a good job in developing the eBook market, then operating profits for publishers and authors' royalties need not be damaged.