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Lessons from the book report

Giuditta de Prato, October 26, 2012

["Jikji" or "Selected Teachings of Buddhist Sages and Seon Masters", (1377)]
The only markets within the Media & Entertainment markets where EU companies are leading

- Major EU players (rank 2010): Bertelsman (n°7), Hachette (n°9), Pearson (n°1), Reed Elsevier (n°2), Wolters Kluwer (n°5)

109 bln $ Global revenue in 2009 (PWC, 2011)
44 bln $ EU market revenue (40% of total)
33 bln $ US market revenue (30%)

The three major EU markets (Germany, France, UK) account for over 50% of the EU market
- Largest market in EU: Germany 9.7 billion Euros (based on retail sales) in 2010 (Börsenverein des Deutschen Buchhandels, 2011)
Going digital: the US market

Books: total revenue as % of GDP
1970-2009

Sources: D. Waterman, presentation at the 1st MCI workshop, 2011 from Waterman & Ji, March 2011
The legacy cost structure is altered

- Some costs disappear
  - printing, physical transportation, storage (but less than one sixth of the total, FEP)

- Some remain unaffected
  - creation, author's advance, editorial process, marketing and sales

- Some are shifted
  - promotion with the coming of blogs and other tools,
  - but some are appearing e.g. software: computer programmes, file conversion, cataloguing and permitting search of text and metadata, storing, security, right management....

- A proper assessment of the cost differential between the two formats remains difficult
Digital share growth does not offset revenues losses over a longer period of time
  - Core of heavy readers declining

Digitization: are cost savings mitigating the trend and allowing for sufficient discounts over the price of the physical book?
  - Willingness to pay for e-books?

The US dominates the electronic book market with 57% of the global spending in 2010 (PWC 2011)
  - But also the distribution side with companies like Amazon, Apple...

In the EU, bookshops remain the major channel of distribution
  - under very tight margins / with risk to further destabilize

Book publishing new major players: from China, Brazil and South Korea specialised in educational books.
Thank you!