2020.

Rüdiger
Wischenbart

the digital consumer book barometer.

**Ebooks and audiobooks in
Canada, Germany, Italy, Spain, Brazil, Mexico & English imports**

in co-operation with
Bookwire, DeMarque, edigita, Ingram, Libranda, Readbox and the International Publishing Distribution Association

the digital consumer book barometer

A report on ebook and audiobook sales in Canada, Germany, Italy, Spain, Brazil, Mexico & English imports

2020

www.global-ebook.com

Written by Rüdiger Wischenbart and Michaela Anna Fleischhacker

with sales data provided by Bookwire, DeMarque, edigita, Ingram, Libranda and Readbox

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CONTENT

ICON LEGEND

Germany + Austria +Switzerland (DACH)	Ebook	Audiobook
Italy	Volume Units	Value / Revenue
Spain	Price	Median Price
Canada	Streaming	Library
Brazil	Top 10	Top 25
Mexico	Abo	Title Life Cycle
Country Comparison	Imports	Covid-19

The Digital Consumer Book Barometer 2020 Executive Summary

About this report.
Summary of findings and learnings from analyzing digital market data.
Planned updates for this report.

About

The Digital Consumer Book Barometer, stated in 2018, provides intelligence on sales and consumer developments in the ebook and audiobook segments for download, streaming, subscription and lending in a number of relevant international markets outside of the well documented English-language territories.

The Digital Barometer is based on aggregated sales data on (French-speaking) Canada, Germany+Austria+Switzerland (DACH), Italy, Spain, Brazil, Mexico, and English language imports into these markets, provided by a group of digital distributors and aggregators, including Bookwire, DeMarque, edigita, Ingram Content Group, Libranda, and Readbox.
The Barometer is an initiative by
Rüdiger Wischenbart Content and Consulting

(www.wischenbart.com)

General observations

With digital sales data spanning from 2016 to 1Q2020, the Digital Barometer 2020 analyzes market developments up to the early days of the Covid-19 pandemic and the initial stages of its impact on the book business. It can thereby serve as a solid benchmark for measuring the complex ways of how book consumption is currently re-shaped by multiple driving forces.

In general, we observe through the Barometer, how developments and shifts in ebook and audiobook consumption got reinforced in the early weeks of the pandemic, and how the various available formats (ebooks, audiobooks), distribution channels and business models (download, subscription, streaming, lending) have become well accepted forms of book consumption by a digitally savvy audience, used to hybrid – alternating digital and physical – approaches.

We see in particular, how marketing initiatives by either strong retailers or publishers can trigger meaningful peaks in the market penetration of a single title or, even more forcefully, of a series or a cross-media combination of a book and a film.

When such marketing energy coincides with a sudden context shift, as happened with the lockdown in response of the pandemic, the impact is huge. In the case of Germany, in the two weeks following the closure of schools, the average daily volume of downloaded audiobooks rose, depending on the genre category, between 100% and 320% by comparison to the preceding weeks.

However, later through the lockdown, consumption declined again, putting a question mark on the long-term sustainability of the initial gains in the crisis. Remarkably, the immediate growth in audiobook streaming was more modest, yet also more lasting.

Significant differences, often building on a broader and more fundamental market evolution over the previous two or three years, can be identified by genre category as well as by format and distribution channel.

As documented by the Digital Barometer in much detail, the digital consumer book market became very dynamic and at the same time strikingly segmented. In general, prices have come under pressure. Price points around 5€, under 10€ and under 13€ seem to meet consumer expectations best, with clear and complex specific “sweet points” for each genre category (like fiction, romance, children and young adult, or education), as well as format (ebooks, audiobooks).

In audiobook streaming, and in audiobook downloads, books for children and young adults have, expectedly, gained reach as the lockdown closed schools and kindergartens, while noticeably nonfiction could not take advantage from the new situation.

Also in a long-term development, the Digital Barometer documents how the share of bestselling ebooks is increasing (measured as the share of the top100 titles out of the top 1000 overall and in most genre categories).

Comparisons between ebook and audiobook developments across international markets highlight huge differences. In markets that already existed under fragile economic conditions, like Italy and Spain, price pressure is much more radical, with hardly any sales recorded above a threshold of 10 €. Audiobooks, as a new and rapidly growing segment in Germany, across Scandinavia and in the English language, has so far not found a similar appreciation in Southern Europe. Also, the prominence by genre category varies widely between territories and book audiences.

In Latin America, an entirely different distribution between genre categories is shaping the digital consumer book markets, with education and nonfiction being clearly predominant.

The Digital Consumer Book Barometer provides a granular and detailed toolset for understanding all these complexities and shifting patterns, segment by segment and territory by territory. It shares insights that allow learning lessons between different international markets as well as specific to the expanding models of reaching and growing audiences in streaming, subscriptions, and lending. And it fosters the professional debate to steer ventures across the challenges of today’ book and publishing industries.

With the Digital Barometer, we want to encourage digital book professionals - authors, publishers, distributors and marketeers in particular - to use our work as a template and benchmark for comparisons with respective in-house company data.

This will provide a valuable instrument for finetuning digital strategies as well as planning and evaluating marketing and distribution.

Outlook and thanks to our sponsors and partners

The Digital Consumer Book Barometer is to be released on June 2nd, 2020 at the virtual Readmagine conference and Digital Publishing Summit, which is jointly organized by EDRLab, the Fundación Germán Sánchez Ruipérez (FGSR), the International Publishing Distribution Association (IPDA) and Fande.

The Digital Barometer has been made possible by the support of our sponsors, Bookwire (www.bookwire.de), DeMarque (www.demarque.com), and IPDA (www.ipdaweb.org)
An updated and extended version of the Digital Barometer with a detailed chapter documentation the impact of the Covid-19 pandemic will follow up in early July 2020, and another updated is prepared for September 2020.

Downloads of the Digital Barometer as well as selected charts will be available at our sponsors’ websites and at

www.global-ebook.com

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Introduction

About the Digital Consumer Book Barometer 2020.
A framework and toolbox for better understanding ebooks, audiobooks and their various models of delivery (download, subscription, lending, streaming).
First attempts to measure the impact of the Covid-19 crisis on digital book markets.

Digital books are different.

When ebooks became broadly available to consumers over a decade ago, many saw in them just another format, in addition to printed hardcover and paperback editions or audiobooks on a CD-ROM.

With ever new models for commercializing and distributing digital books, it became clear that digital realities are much more complex. From a consumer's perspective, digital books can be many things, a quick read on a smart phone during a commute, content for the car media system - or the smart speaker at home - to learn a language, to enjoy a novel read by an extraordinary actor, or a convenient way to entertain the kids. And of course, ebooks packed onto a reading device are more handy than paper books to bring on a trip or vacation.

The many different usages though result in a digital market environment that is highly segmented by various parameters. A romance novel, a bestselling new thriller, an educational audiobook and a series for children each must fit to different user expectations in pricing, and also in delivery. For some, a subsription or lending from a library is preferable, as 'owning' a romance novel might be less important than 'owning' the complete works of a classic.

From a publisher's point of view, this results in a challenge, as not only different formats and channels must be made available. Each - and each target audience - need to be dealt with in different ways.

The Digital Barometer is proposing a framework and toolbox for analyzing these multiple market developments, to develop strategies and to support - and evaluate - marketing and distribution.

Based on real aggregated sales data from leading digital distributors, the Barometer offers a compass for good navigation.

Four of the data providers partners support the Barometer also as sponsors:

- Bookwire, a German digital distributor and full service provider with a presence in Germany, Spain and Latin America;
- DeMarque, a leader in digital content distribution, specifically digital books, based in French speaking Canada, and the owner of
- Libranda, a distributor of Spanish digital books for Spain and Latin America;
- The International Publishing Distribution Association, IPDA, in Madrid, and organizer of the Readmagine conferences.

Additional data partners are:

- edigita, a leading e-book distributor in Italy;
- readbox, a German provider of book creation, distribution and marketing services;
- Ingram Content Group, a leading global wholesaler and service provider to the book industry in the USA and worldwide.

The Digital Consumer Book Barometer, a twin report with the Global eBook series, is researched and produced by Rüdiger Wischenbart Content and Consulting, in close cooperation with its sponsors and partners.

The Barometer can be downloaded from the sponsors and at

www.global-ebook.com

Ebooks and audiobooks are consumed differently from printed books

Digital books have a much more steady consumption curve along the year. Subscriptions, library lendings and streaming offers are increasingly popular. Downloads are more volatile than ongoing access models.

Digital consumer books are generally read and listened to along the year, with occasionally a low period in late winter, an often prominent peak during summer - hinting at strong holiday reading - and with much less of a peak than print at the year's end.

Once a digital market segment matures, the curve along the year shows less ups and downs, pointing to a steady habit of consumption.

When new models emerge, like subscription or digital library lending - sometimes discouraged by publishers - a sudden upsurge might occur, as seen in the case of Spain in 2017 in the following figures.

Comparing relative growth (in % of a month from the full year) with absolute growth (in % month-over-month) points to the expansion of delivery models in a given market.

For the first quarter of 2020, especially in the case of Canada, a sudden increase may point to the impact of lockdown in the Covid-19 crisis, as consumers stocked reading - and even more prominently entertainment for children who would stay at home for an indefinite period.

However the interpretation of such singular developments should be made with caution.

First of all, by the time of building this Barometer report, data from the 1Q2020 were not yet complete. Some sales or online usages are often reported with a certain delay.

In addition, trends resulting from the impact of the Covid-19 crisis on digital book markets, are complex.

As shown in a series of pages dedicated to first assessments further down in this report, digital downloads and continuous consumption through subscription, lending and streaming seem to follow entirely different paths.

Downloads show a sudden, yet short-lived peak, while continuous consumption appears to be more robust and sustainable. (See the chapter "Impact of Covid-19")

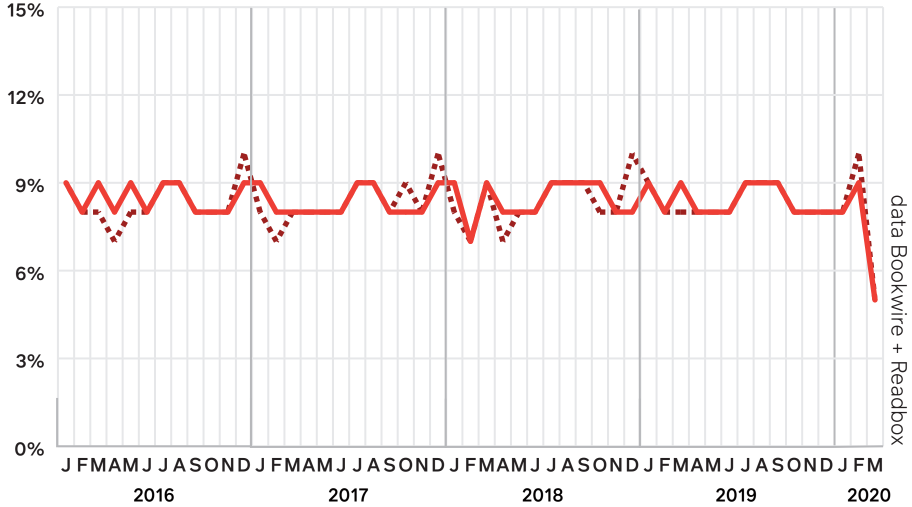
MONTHLY SALES ´16/´17/´18/´19/1Q2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

#SPAIN

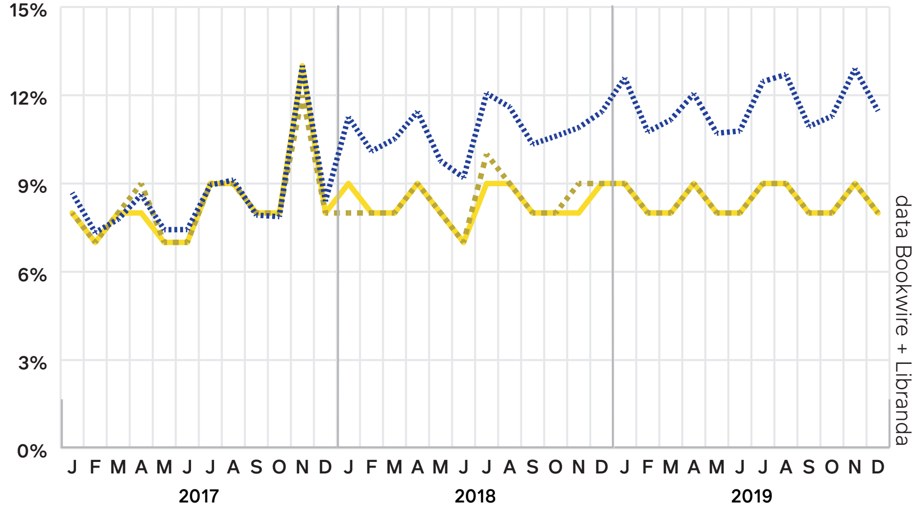
Monthly sales by value and volume, 2016 to 1Q2020 *1Q2020 incomplete*

Units sold in % Revenues sold in %



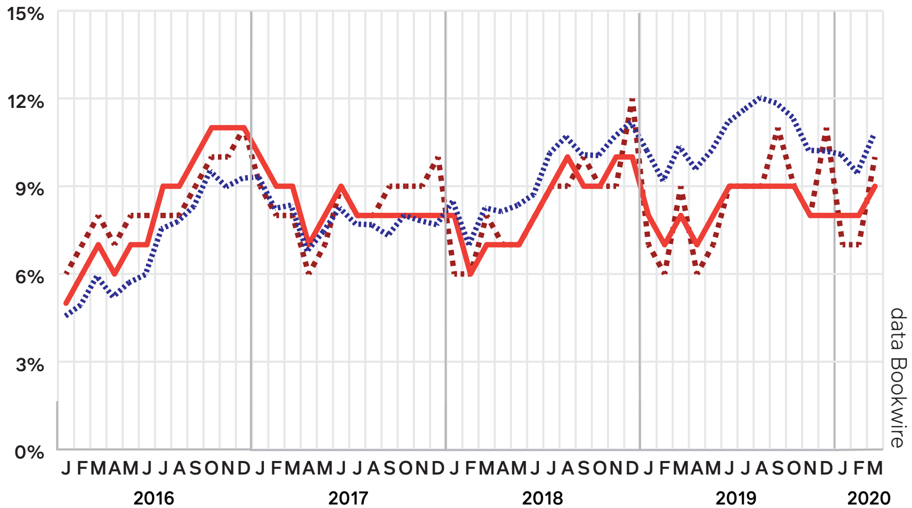
Monthly ebook download sales, by value and volume, 2017 to 2019

Units sold in % Revenues sold in % Units sold absolute



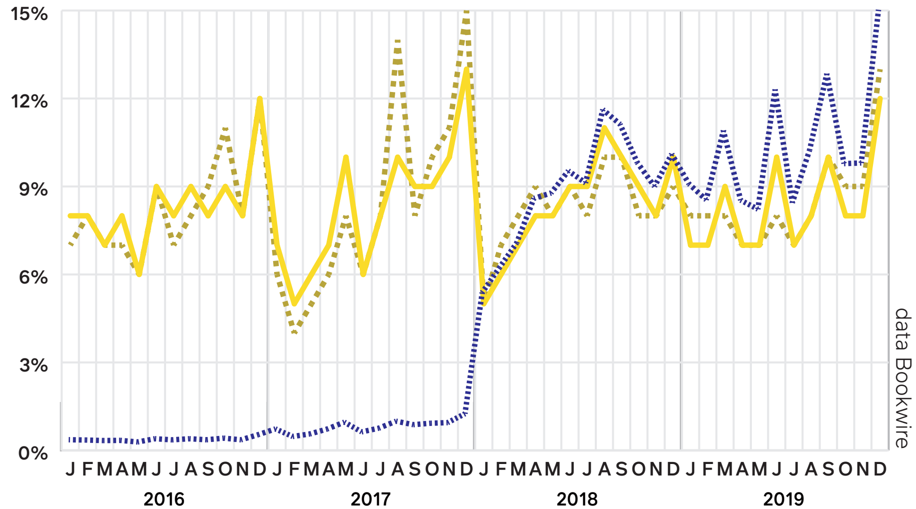
Lending + subscription by month, 2016 to 1Q2020 *1Q2020 incomplete*

Units sold in % Revenues sold in % Units sold absolute



Lending + subscription by month, 2016 to 1Q2020

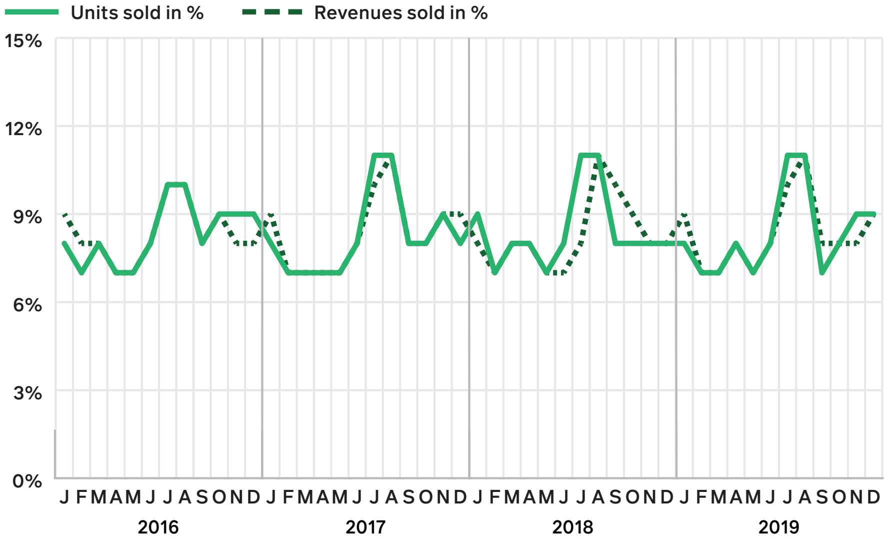
Units sold in % Revenues sold in % Units sold absolute



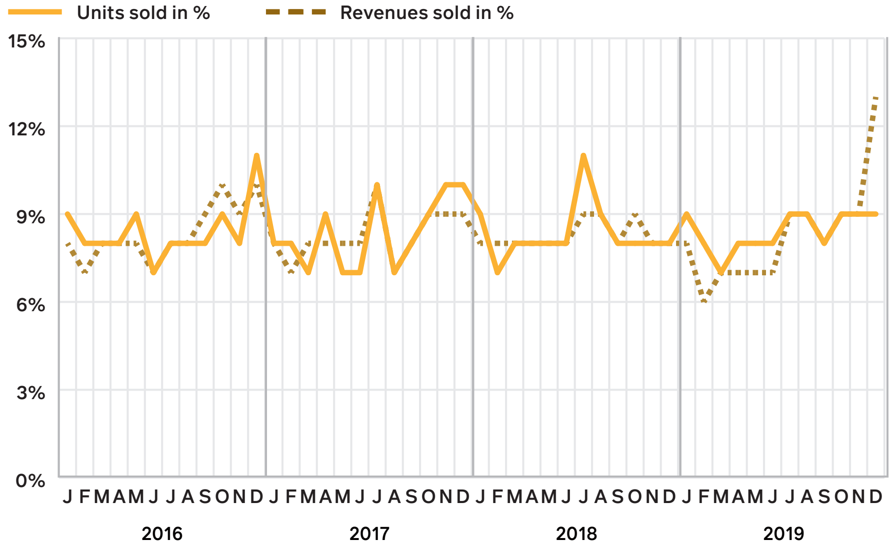
MONTHLY SALES ´16/´17/´18/´19

#ITALY #BRAZIL #MEXICO

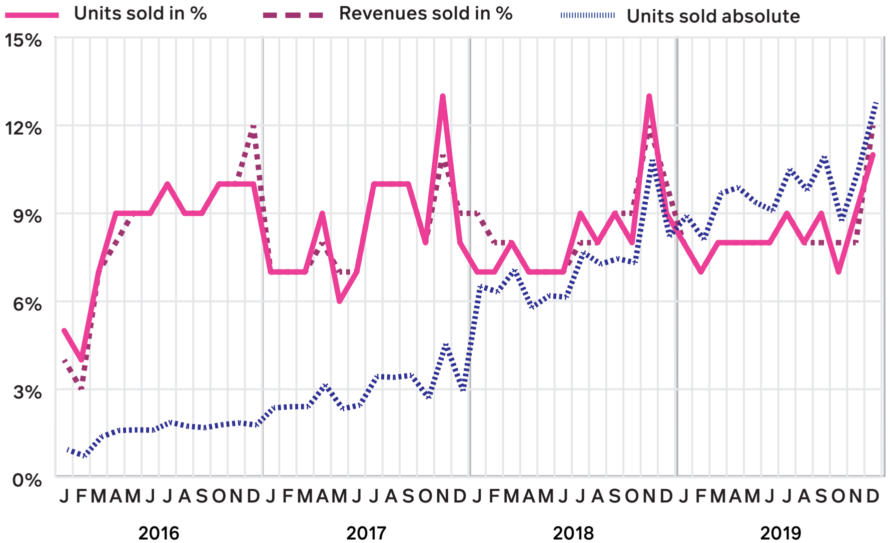
Monthly sales by value and volume, 2016 to 2019, (data edigita)



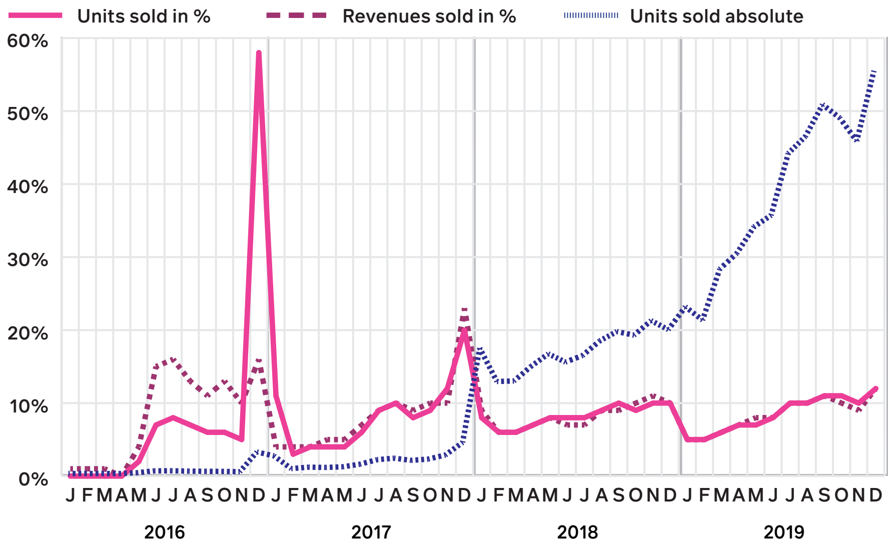
Monthly sales by value and volume, 2016 to 2019 (data Bookwire)



Monthly sales by value and volume, 2016 to 2019 (data Bookwire)



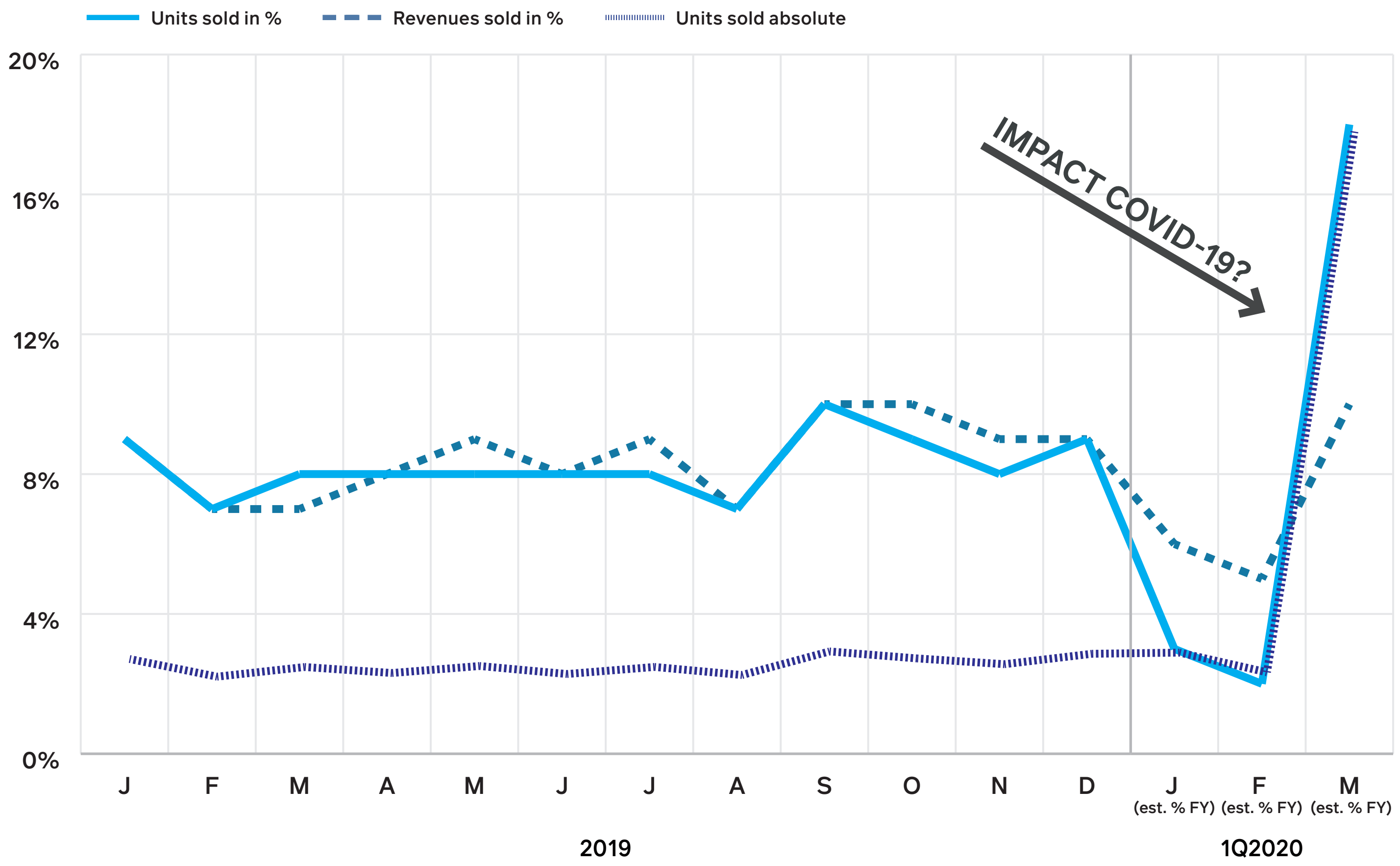
Lending + subscription by month, 2016 to 2019 (data Bookwire)



MONTHLY SALES ´19/1Q2020

#CANADA (fr)

Monthly sales by value and volume, 2019 to 1Q2020,
in % monthly of full year (FY2020 est., data DeMarque)



Country comparisons: Finding a balance between consumers' expectations, publishers' reach and generated revenue

Digital books compete with other digital content for consumers' budget and attention. High unit sales at a low price can be profitable, as well as low volume sales at higher prices. Striking the right balance is key.

How much are consumers prepared to pay for downloading a good read?

Preferences differ significantly between countries, and of course also between genres.

Ebooks have in fact established new segments that are defined by price. Traditional publishers initially aimed at keeping digital pricing close to print. But genre fiction usually bets on volume and serial writing, at the lowest conceivable price point.

Even in strictly price regulated markets like Germany, price marketing has gained in relevance. In crime and romance series, for instance, it has become a common practice to promote a new title by drastically lowering the price of an earlier title of the same series.

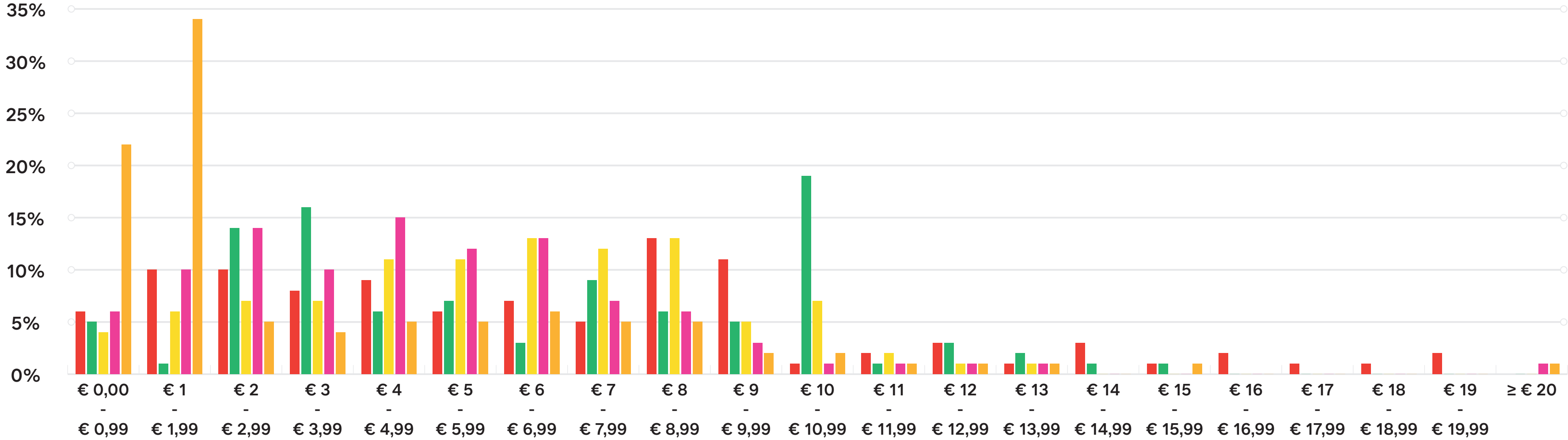
By directly juxtaposing results and sweet spots by both volume (units sold) and value (generated revenue) in countries of highly diverse living standards and pricing levels for digital content, we build a framework for developing, and fine-tuning a digital pricing strategy for publishers.

From this basis, we will then proceed to various deep dives, highlighting changes over the past 3 to 4 years, drilling down further by looking into, and comparing pricing for main genre categories, and by sharpening the volume-versus-value approach into a meaningful tool for navigating the digital environment.

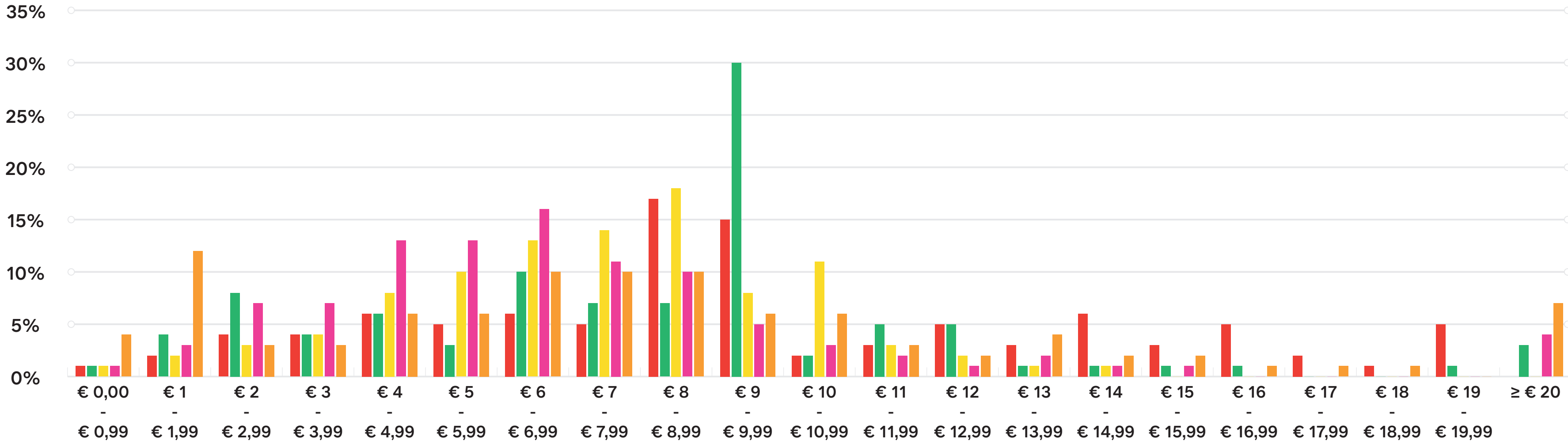
COUNTRY COMPARISON

#GERMANY + AUSTRIA + SWITZERLAND (DACH) | #ITALY | #SPAIN | #BRAZIL | #MEXICO

UNITS SOLD '19



REVENUES '19



Setting the right price for the right catalog and the right target audience

Consumers have very diverse price sensitivities and buying preferences. The surveyed markets show huge differences in consumers' preferred price points for ebooks. The right pricing is a crucial decision for success.

Many publishers have a clear preference to price ebooks at only a limited discount to the print edition. But marketing campaigns around pricing seem to become more of a routine for many publishers.

Independently published digital books, often serial genre fiction, favor massive unit sales at much lower price points.

So digital consumer book markets often are radically segmented. At least three different realms can be identified, each reflecting a different sales strategy.

- A low price segment with e-books for less than 5€ for both self-published genre fiction, or for price marketing campaigns from publishers to help promote series (while the segment below 3€ becomes less popular);
- A middle price segment between 7 or 8 and 10€ or $, with ebooks offered at a similar price as a trade paperback;
- A high price sector, close to hardcover print.

A caveat needs to be placed at the preliminary results for 1Q2020, as sales numbers have been incomplete at the writing of this report.
Looking in detail at unit sales (volume), rather than generated revenue (value) provides a sharper picture of these segments.

Canada sees very dynamic growth in the lowest price segment of under 1 Can$ - perhaps due to a Covid-19 driven surge in low-cost material for the lockdown, and an exceptionally broad sphere of mid-priced sales, in a wide range between 10 and 20$.

In Germany, a vast majority of ebooks is sold at prices below 10€, yet with various specific developments at different price points - both in the low, middle and high ranges, indicating at publishers having settled around more strategically defined pricing policies.

Italy has a couple of predominating sweet spots, one at right under 3€, the other at around 9.99, probably aiming at two distinct reading audiences, one for self-published genre fiction, the other for quality fiction from traditional publishers.

Similar to Italy, ebook unit sales hit a ceiling at around 10€ in Spain, too. But only in Spain, the lowest segment of ebooks under 3€ as dramatically surged in the past year or so.

Numbers from Brazil and Mexico, which are newly included in the Digital Barometer, indicate at a considerable dynamic in the lower price ranges, albeit with a tendency to stabilization in - by these two countries' standards - the mid-ranges, between 5 and 110 €.

Overall, e-book markets seem to shift. In the early days of ebooks, publishers tried to keeping ebook prices up close to print levels. This was followed by the emergence of two distinct zones, one for self-published and serial genre fiction, and a separate area, around 10€ or even more, for digital editions of publishers' titles.

Now, in a third move, in each surveyed market, several more or less stable price sectors have formed, each catering to a respectively singular target audience.

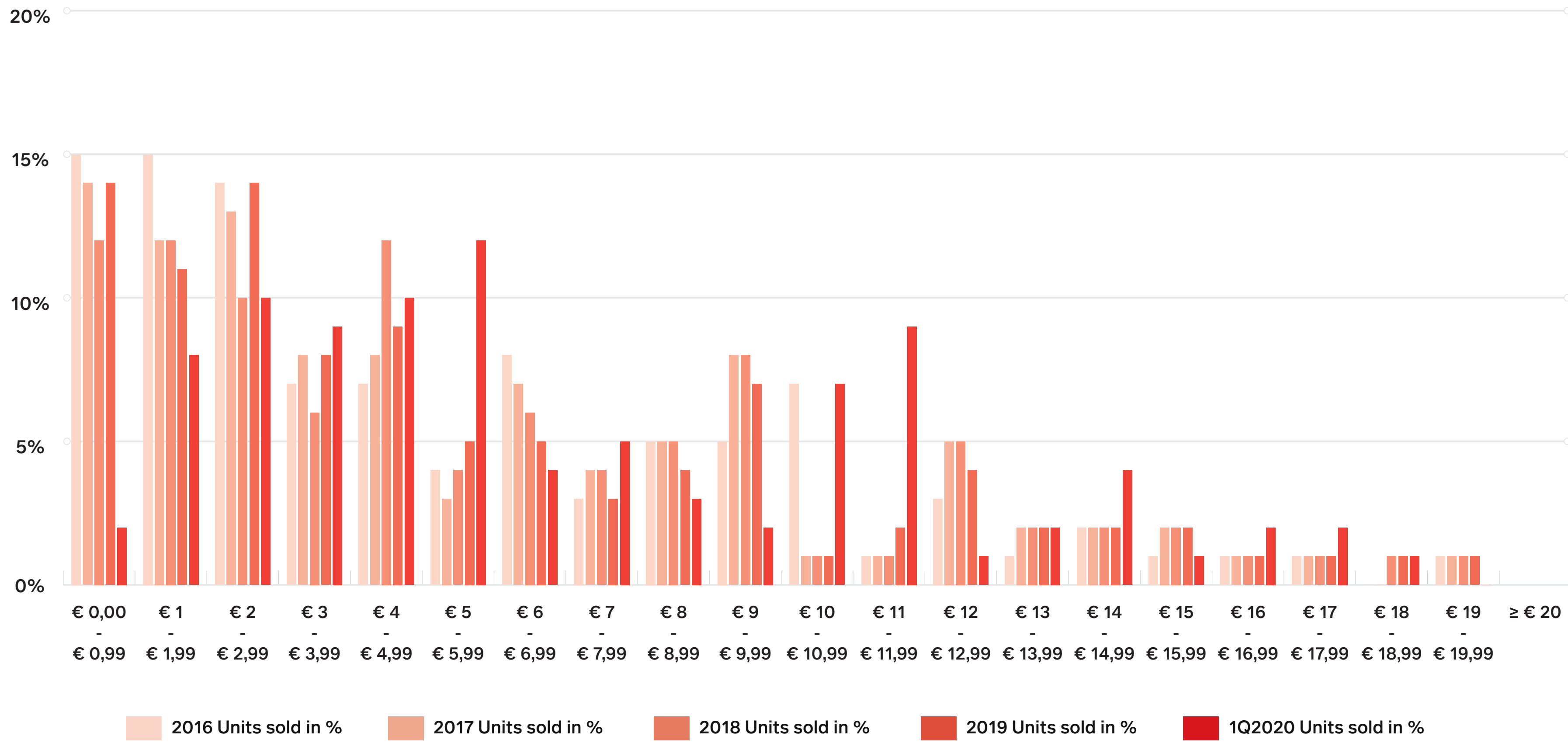
The challenge for matketing will be to directly address one's specific target audience.

SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

Ebook sales 2016-1Q2020: volume (copies) by price points across all genre categories (data Bookwire + Readbox consolidated)

1Q2020 incomplete



SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

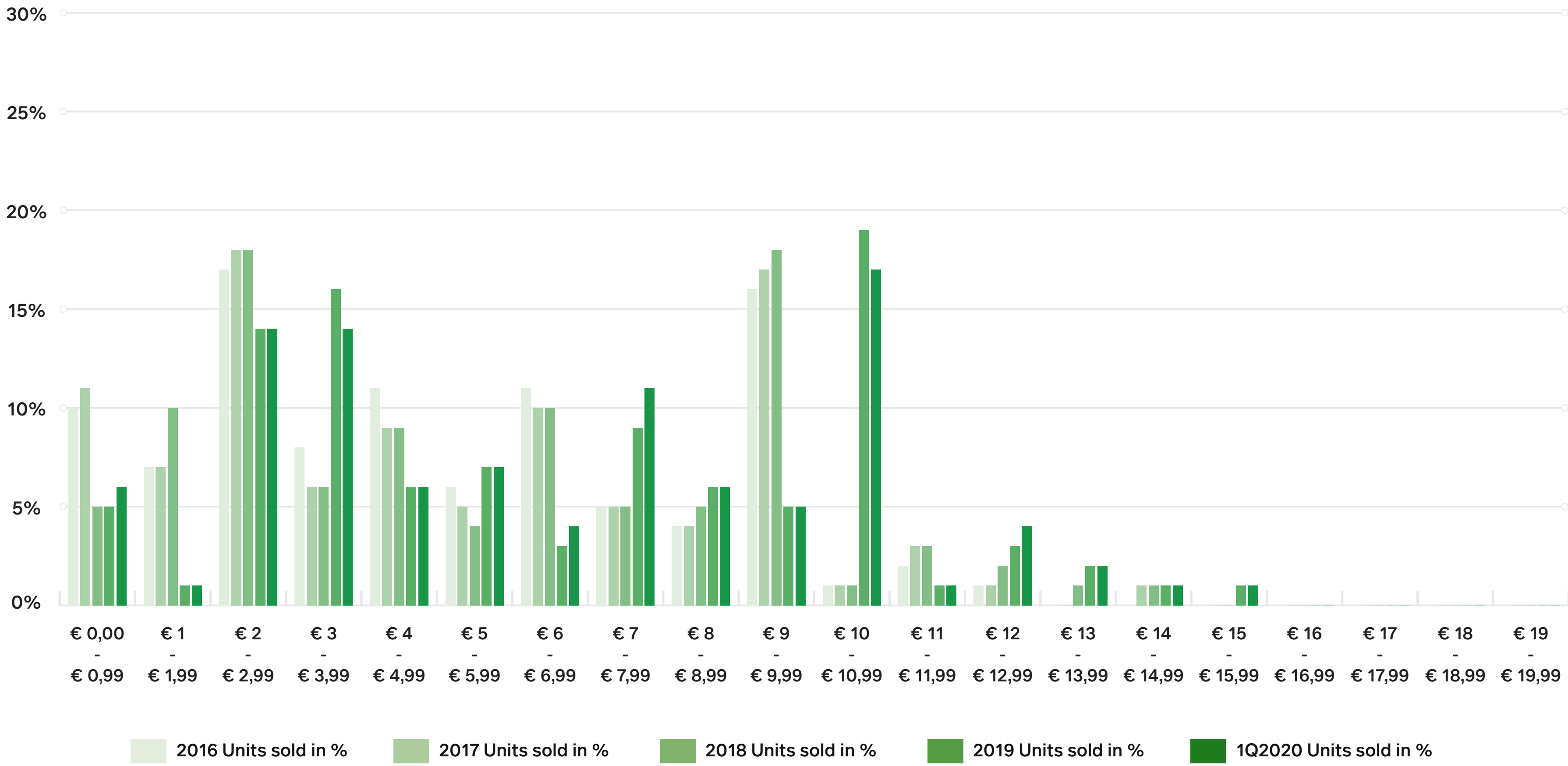
Ebook sales 2016-1Q2020: value (revenue) by price points across all genre categories (data Bookwire + Readbox consolidated)

1Q2020 incomplete

SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#ITALY

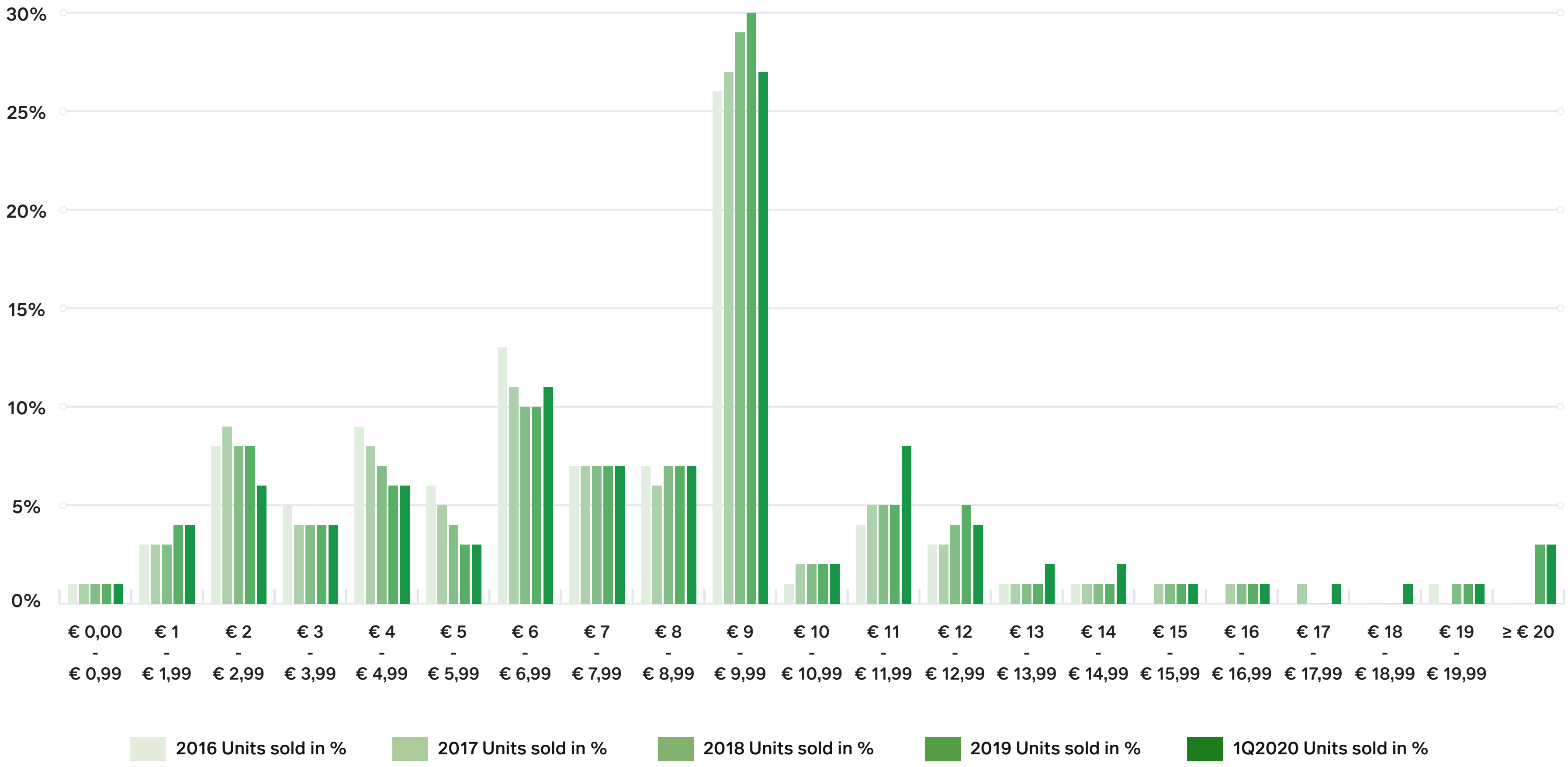
2016 to 1Q2020: volume (copies) by price points
(data edigita)



SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#ITALY

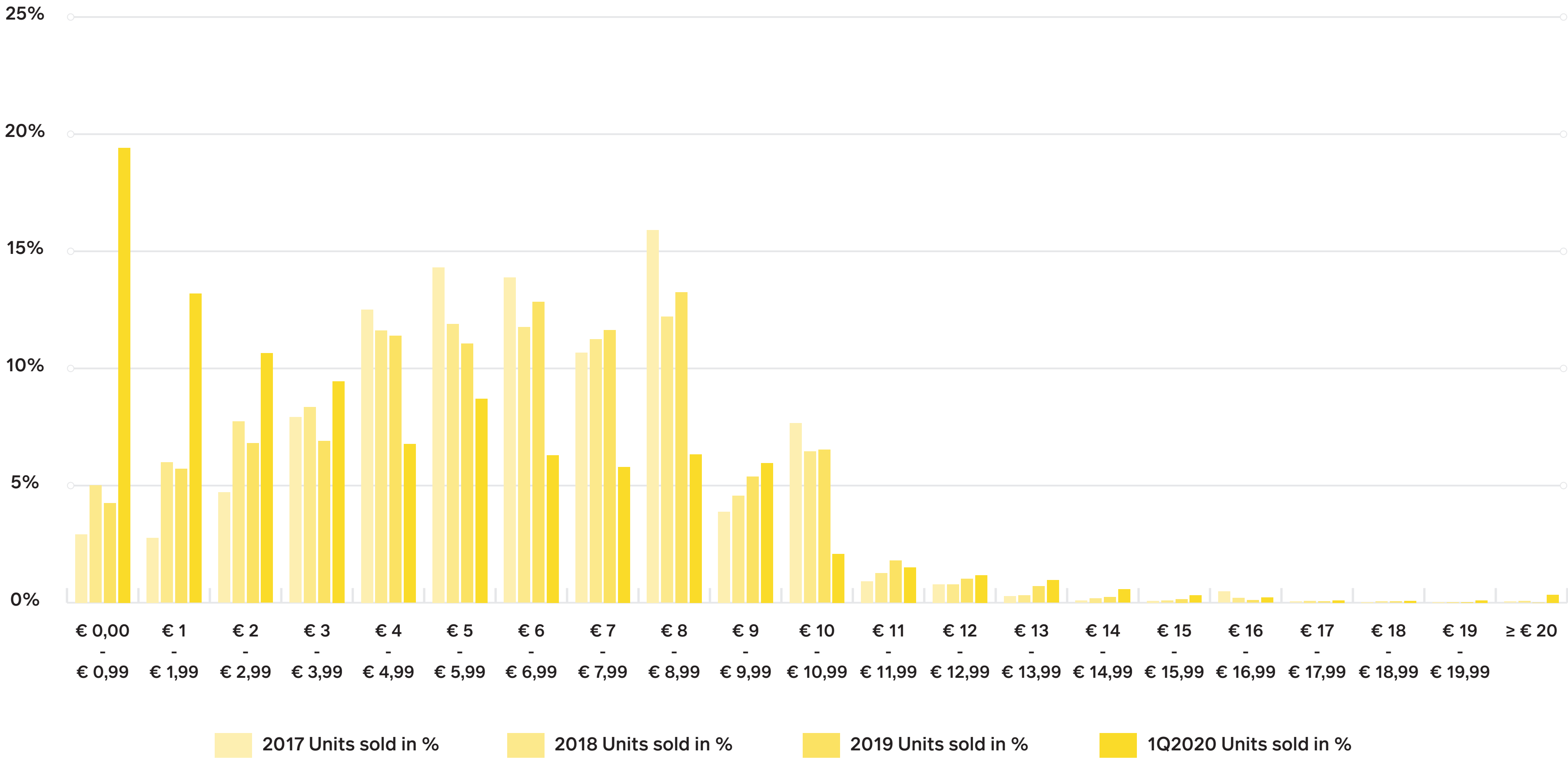
2016 to 1Q2020: value (revenue) by price points (data edigita)



SALES BY PRICE ´17/ ´18/ ´19/ 1Q2020

#SPAIN

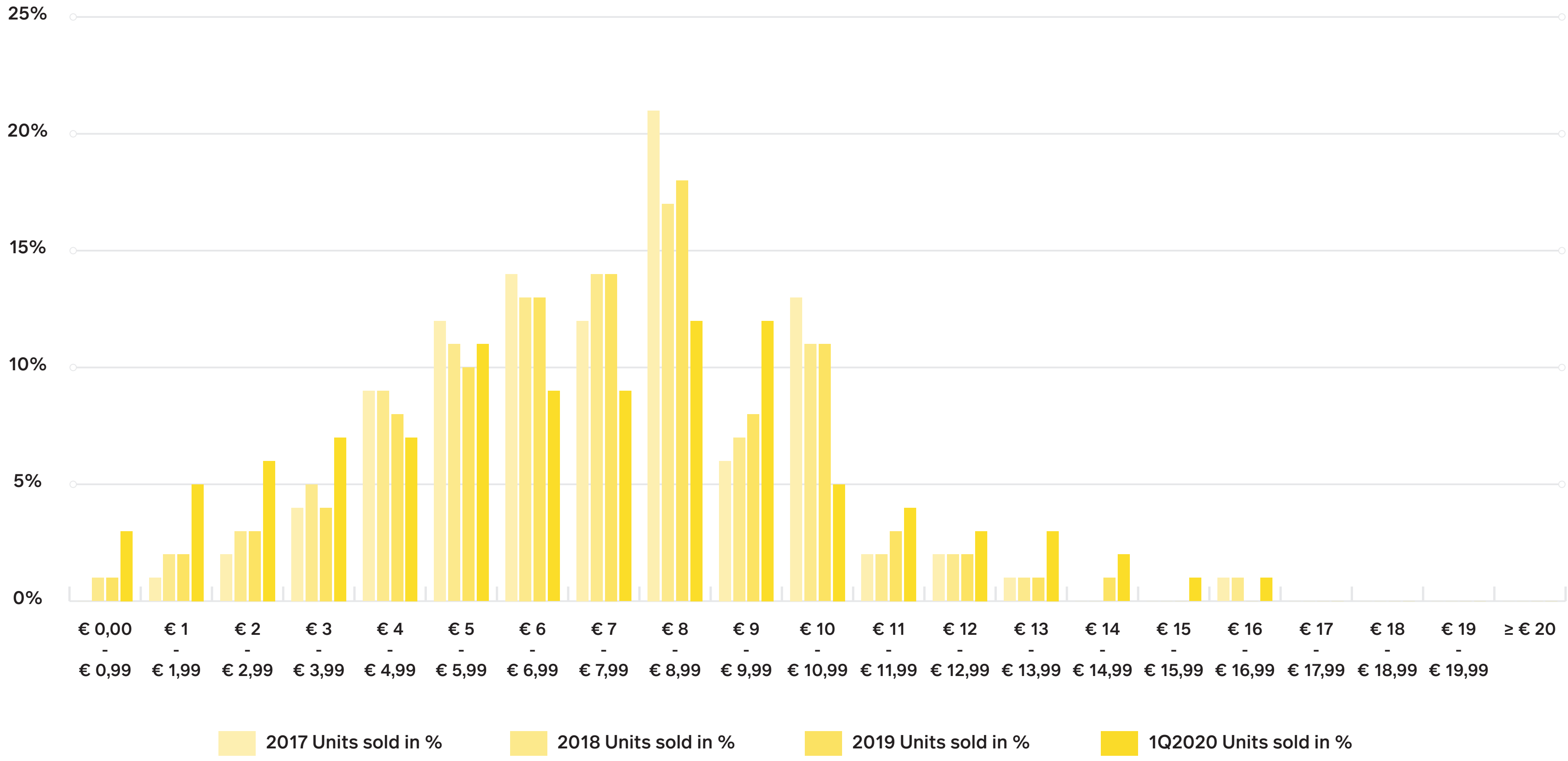
Ebook sales 2017-1Q2020 volume (copies) by price points across all genre categories
(data Bookwire + Libranda consolidated)



SALES BY PRICE ´17/ ´18/ ´19/ 1Q2020

#SPAIN

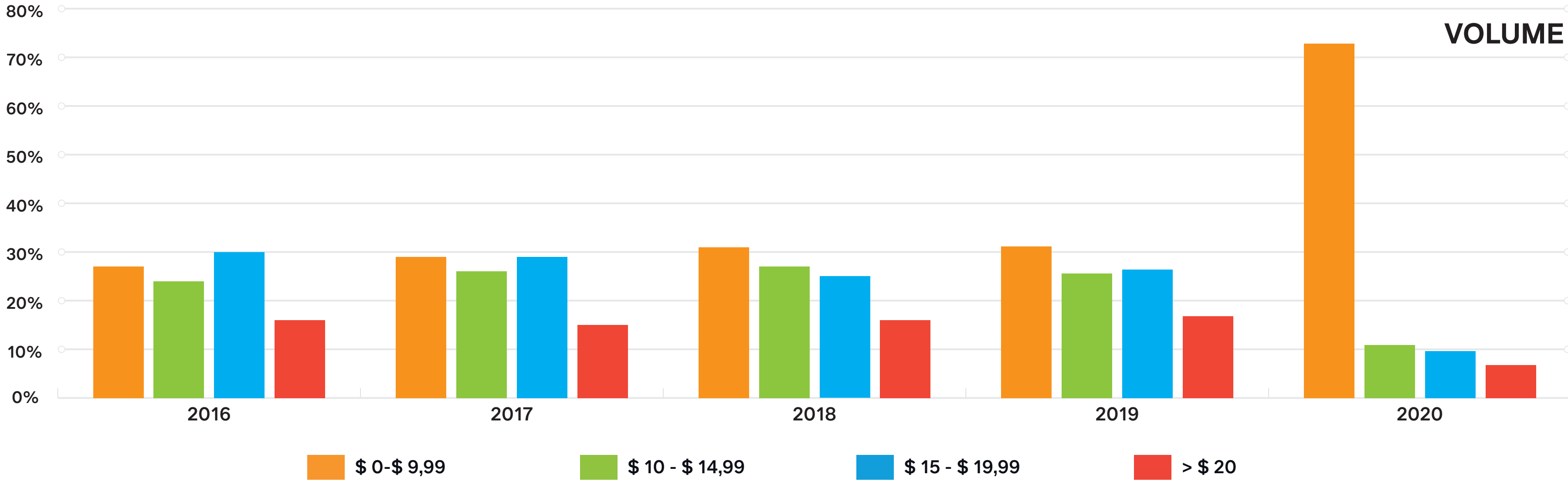
Ebook sales 2017 – 1Q2020: value (revenue) by price points across all genre categories
(data Bookwire + Libranda consolidated)

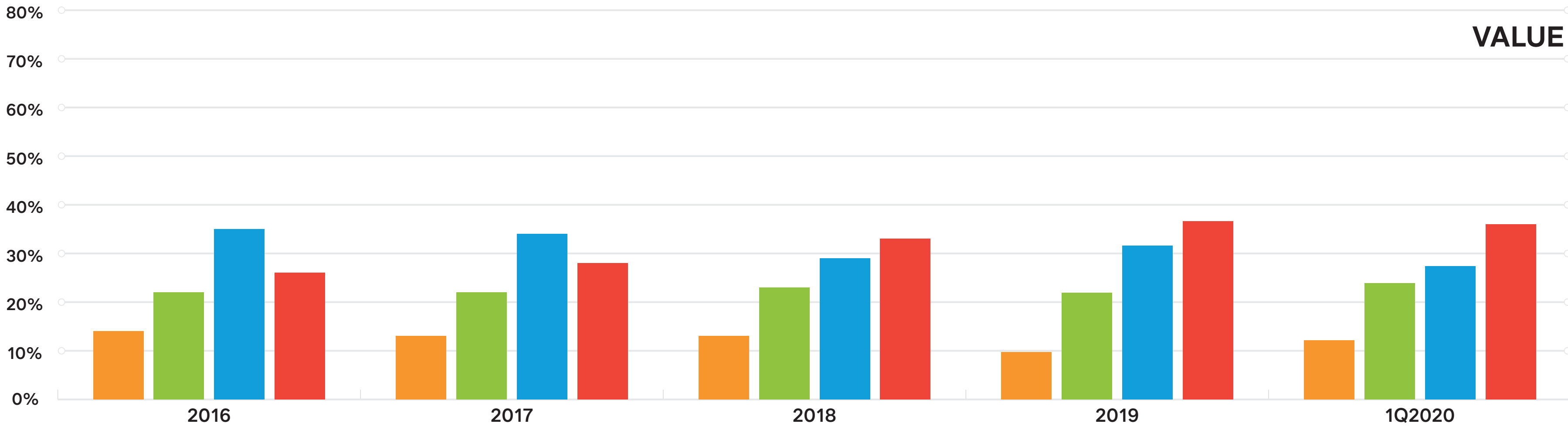


SALES BY PRICE ´16/ ´17/ ´18/ 1Q2019

#CANADA (fr)

Ebook download 2016 - 1Q2020, by price range and genre category (data DeMarque)
Prices in Can$: 1 Can$ = 0.65 €





SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#BRAZIL

Ebook sales 2016 – 2019: volume (copies) by price points
(1Q2020 n.a., data Bookwire)

SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#BRAZIL

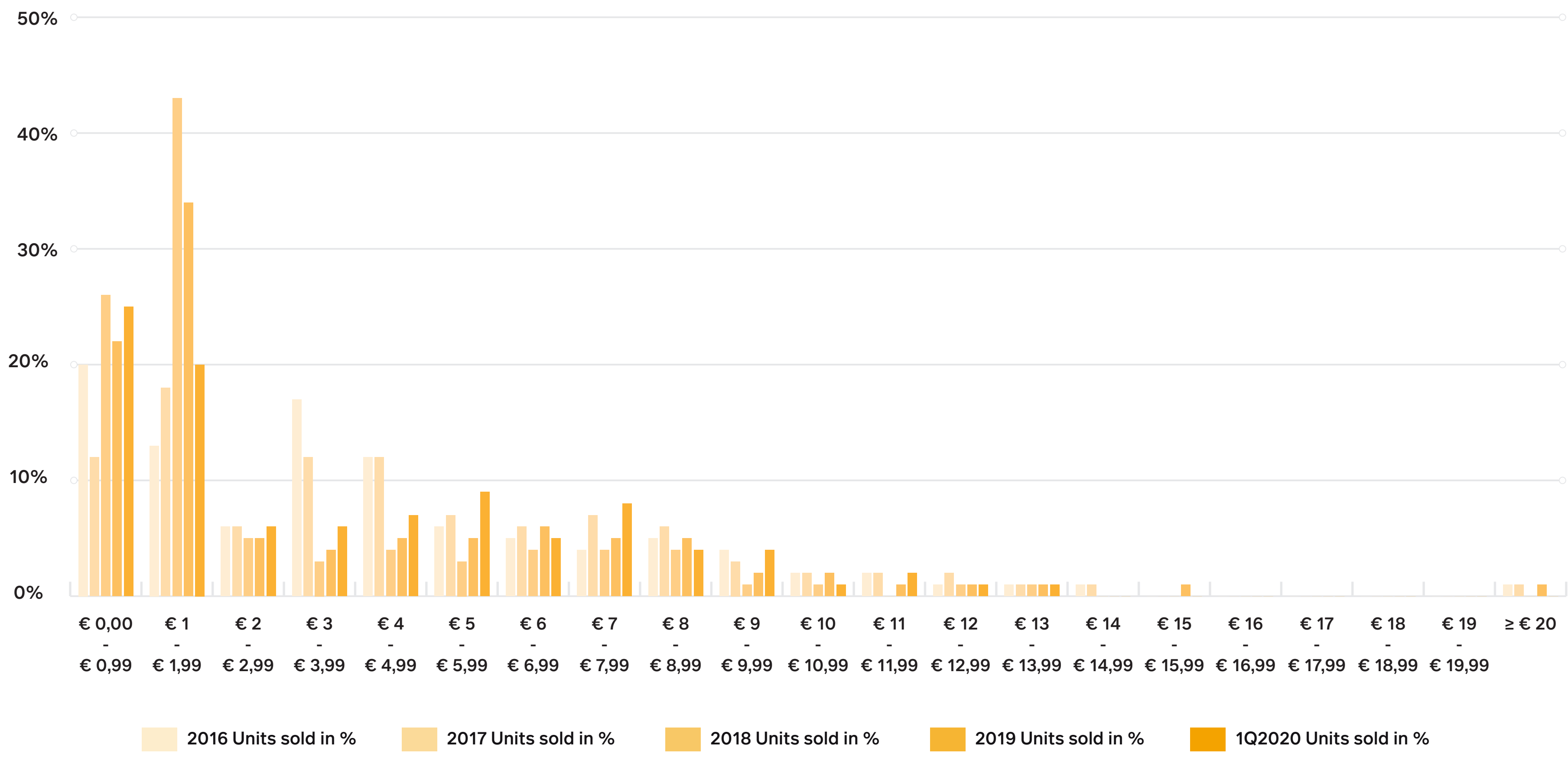
Ebook sales 2016 – 1Q2020 value (revenue) by price points
(converted into €, data Bookwire)

SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#MEXICO

2016 –1Q2020 Ebook downloads by volume (copies) by price points (converted into €, data Bookwire)

1Q2020 incomplete

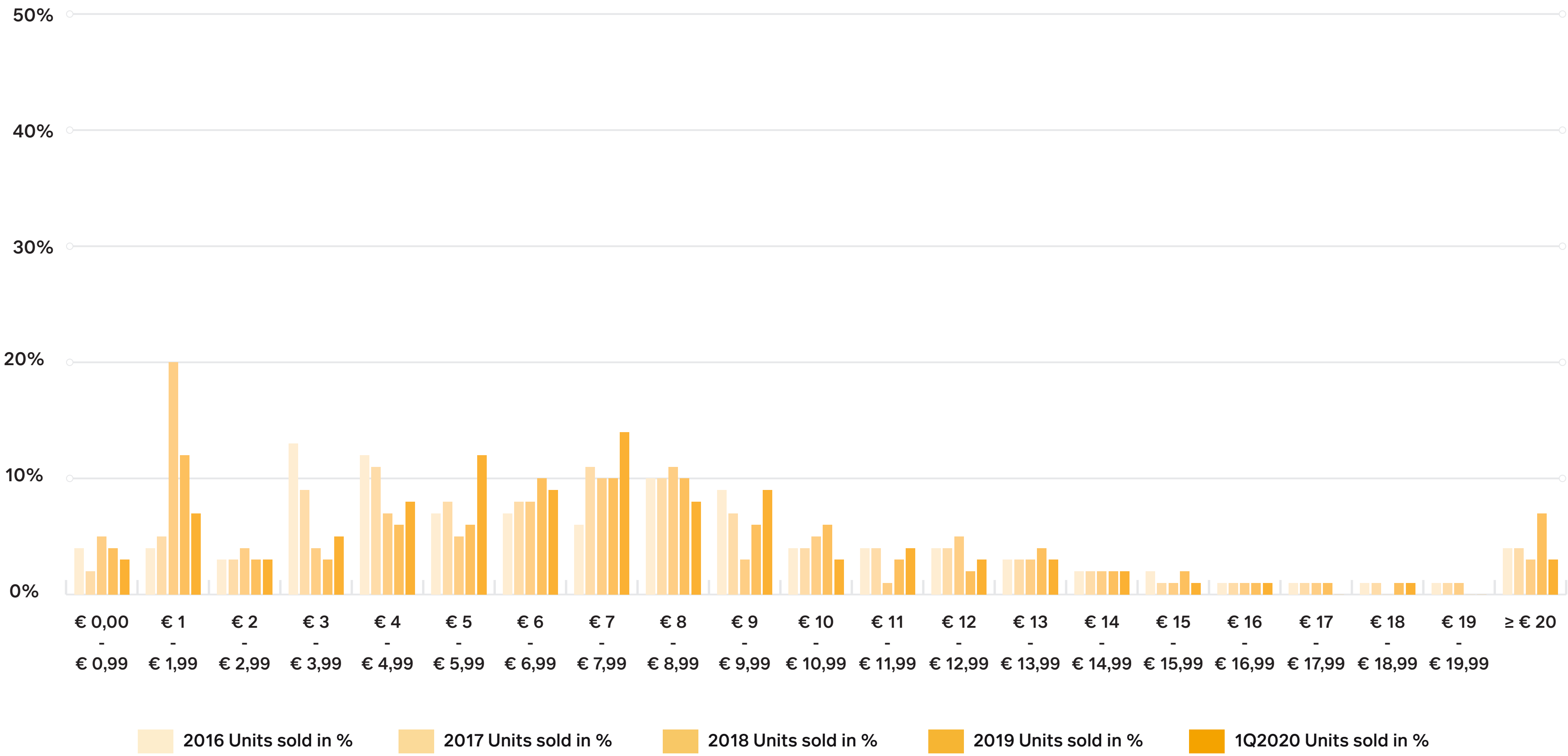


SALES BY PRICE ´16/ ´17/ ´18/ ´19/ 1Q2020

#MEXICO

2016 –1Q2020 Ebook downloads by value (revenue) by price points (converted into €, data Bookwire)

1Q2020 incomplete



Ebook markets are strongly segmented by genre. Case studies by genre, price points and countries

Comparing main genres by country (Education, Children & Young Adult, Fiction, Nonfiction, Thriller + Crime, Romance, Fantasy + Scifi) plus average preferred price points. Close-ups for Germany + Austria + Switzerland (DACH), Italy, Spain, Brazil, Canada and Mexico.

Ebook audiences are deeply segmented, with huge differences between genres, countries, but also types of publishing and distribution channels.

Our close-ups in the following chapter are highlighting how each genre differs in scope and audience, has different sweet-points in pricing, and develops different ratios between revenue and reach in volume (again at different price segments).

Patterns vary significantly by country and genre. So the following charts deserve to be studies carefully.

In German language markets for instance, traditional publishers occupy largely different segments with their titles in mostly the fiction and thriller genre categories, in the higher price ranges. But in recentt years, traditional publishers have increasingly learned to work with campaigns at reduced pricing for some titles (within the limits allowed by some countries' fixed price regulation).

This is re-enforcing the price segments below 5€ which have been usually the terrain for self-published literature.

Italy and Spain have a genreally lower acceptance for ebook prices above 10€, and a higher reach in digital for 'genre fiction' (particularly romance). In Spain, the share of titles at very low price ranges under 2€ has declined though.

In Canada, we measured in Can$ (trading at around €0.60 cent). A dramatic rise in the share of very low priced titles in the 1Q2020 hints at a pattern mirroring perhaps the impact of the Covid-19 lockdown. But we must take this sudden shift with some caution, as data for 1Q2020 are probaly incomplete at the time of writing this report. An update with a broader data base will be issued in July 2020, in order to verify these initial observations.

In Brazil and Mexico, a significantly higher share of sales - at modest pricing levels - for educational and nonfiction titles should be noted, marking a relevant difference in consumer preferences, by comparison to the other surveyed markets.

For years, ebooks - for good and for wrong reasons - have been regarded as a format that is intrinsically limited to traditionally not-so-well-recognized niches of the writing profession, summarized as 'self-published' literature.

By now, self-publishing has established a globally relevant sector of publishing in its own righ that we do not want to discriminate. But some distinctions between self-publishing and the field of traditional publishers has clearly started to blurr.

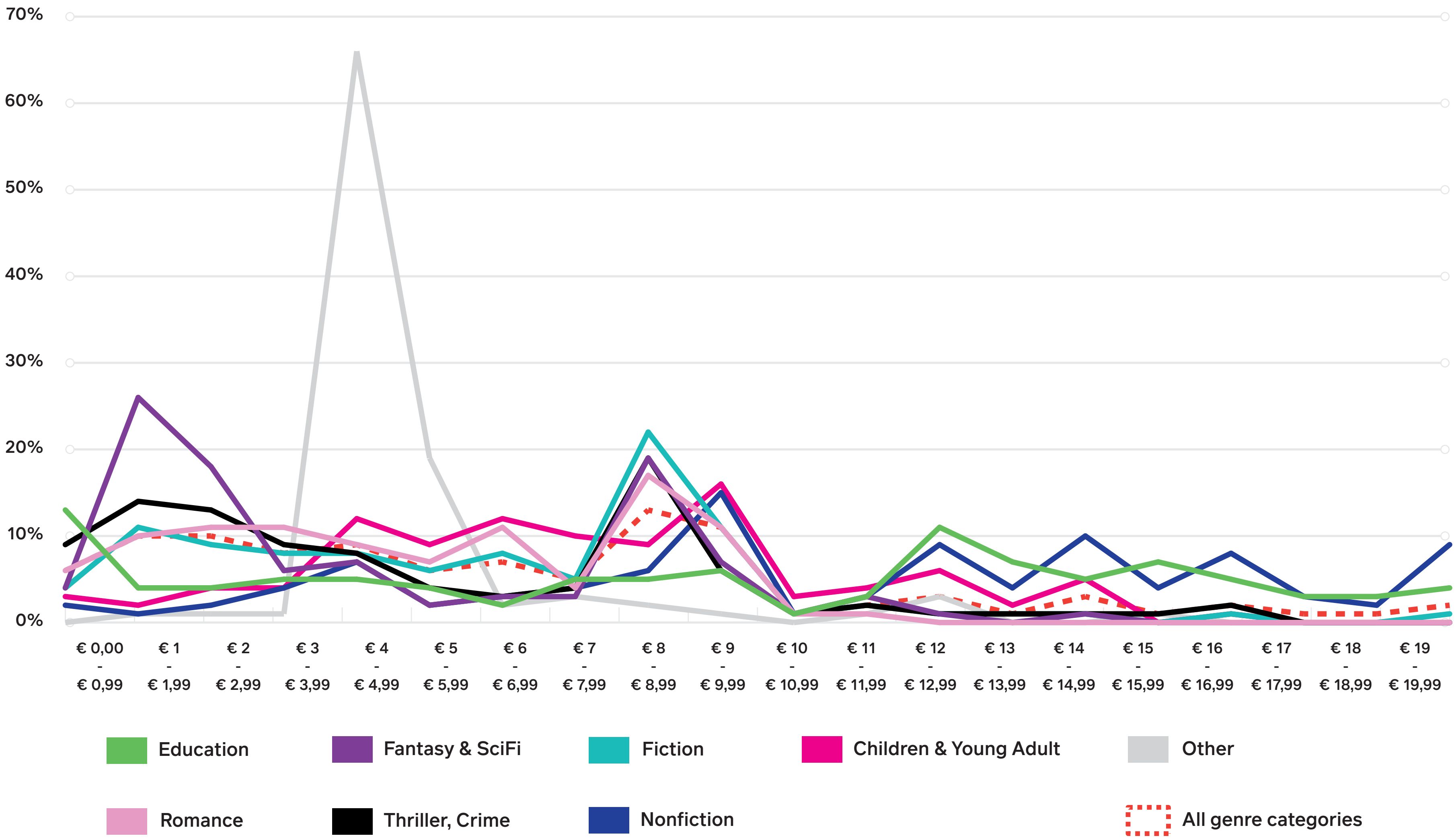
Particularly the biggest, globally active publishing corporations like Penguin Random House, Hachette or Harper Collins, as well as mid-sized ventures like Bastei Lübbe in Germany, have learned to partner with, and leverage, self-published authors and their audiences.

In studying not just ebooks, but also audiobooks, as well as alternative distribution models like subscription, library lending and streaming, we see even more differentiation and segmentation, as each of these models quickly evolves to the point of shaping their respective particularities, as can be seen in the separate chapter about the audiobook segment in this Digital Barometer.

GERMANY + AUSTRIA + SWITZERLAND (DACH): EBOOKS GENRE BY PRICE, 2019

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

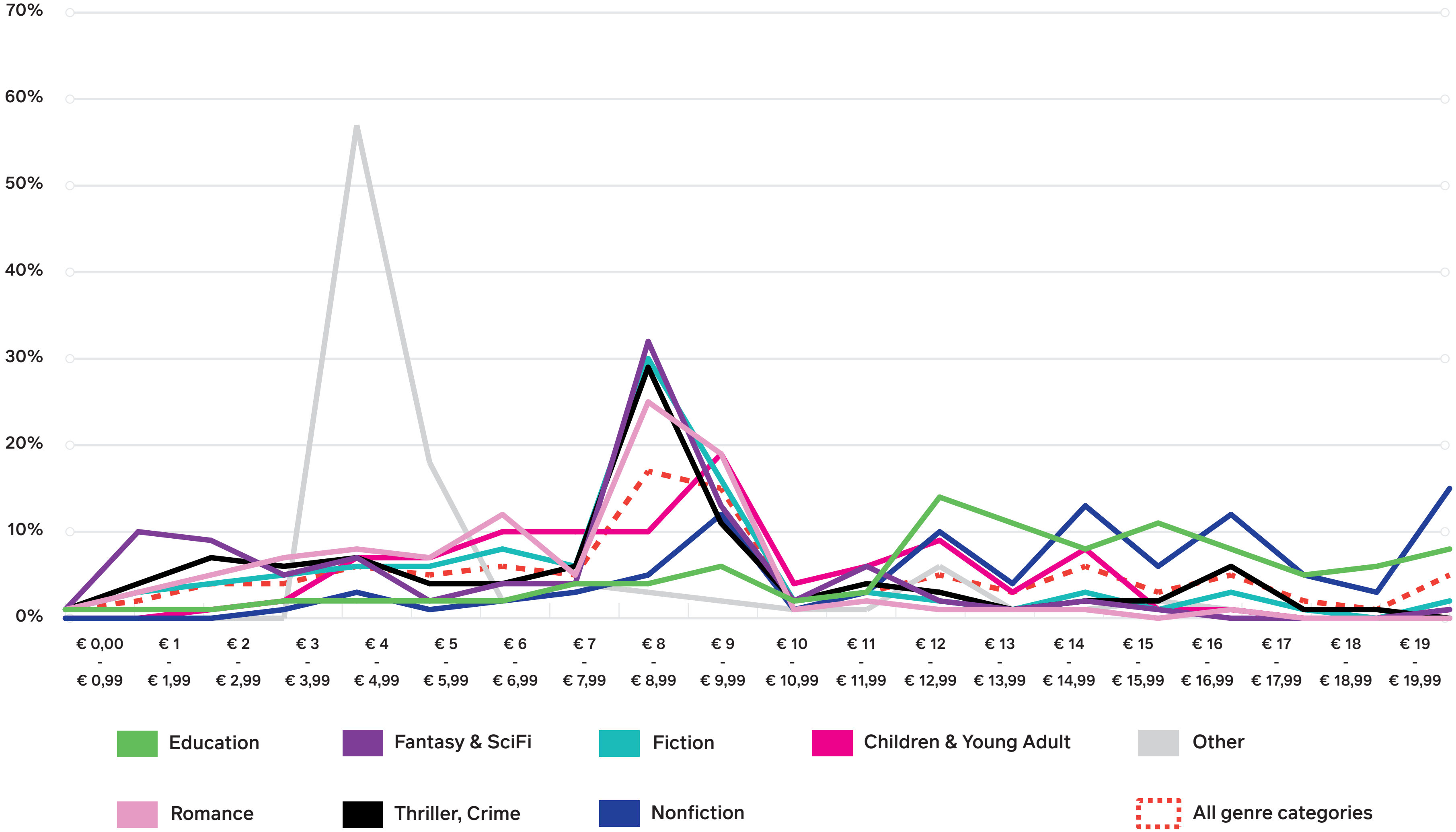
2019: volume (copies) by price points by genre category
(data Bookwire+ Readbox consolidated)



GERMANY + AUSTRIA + SWITZERLAND (DACH): EBOOKS GENRE BY PRICE, 2019

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

2019: value (revenue) by price points by genre category
(converted into in €, data Bookwire+ Readbox consolidated)

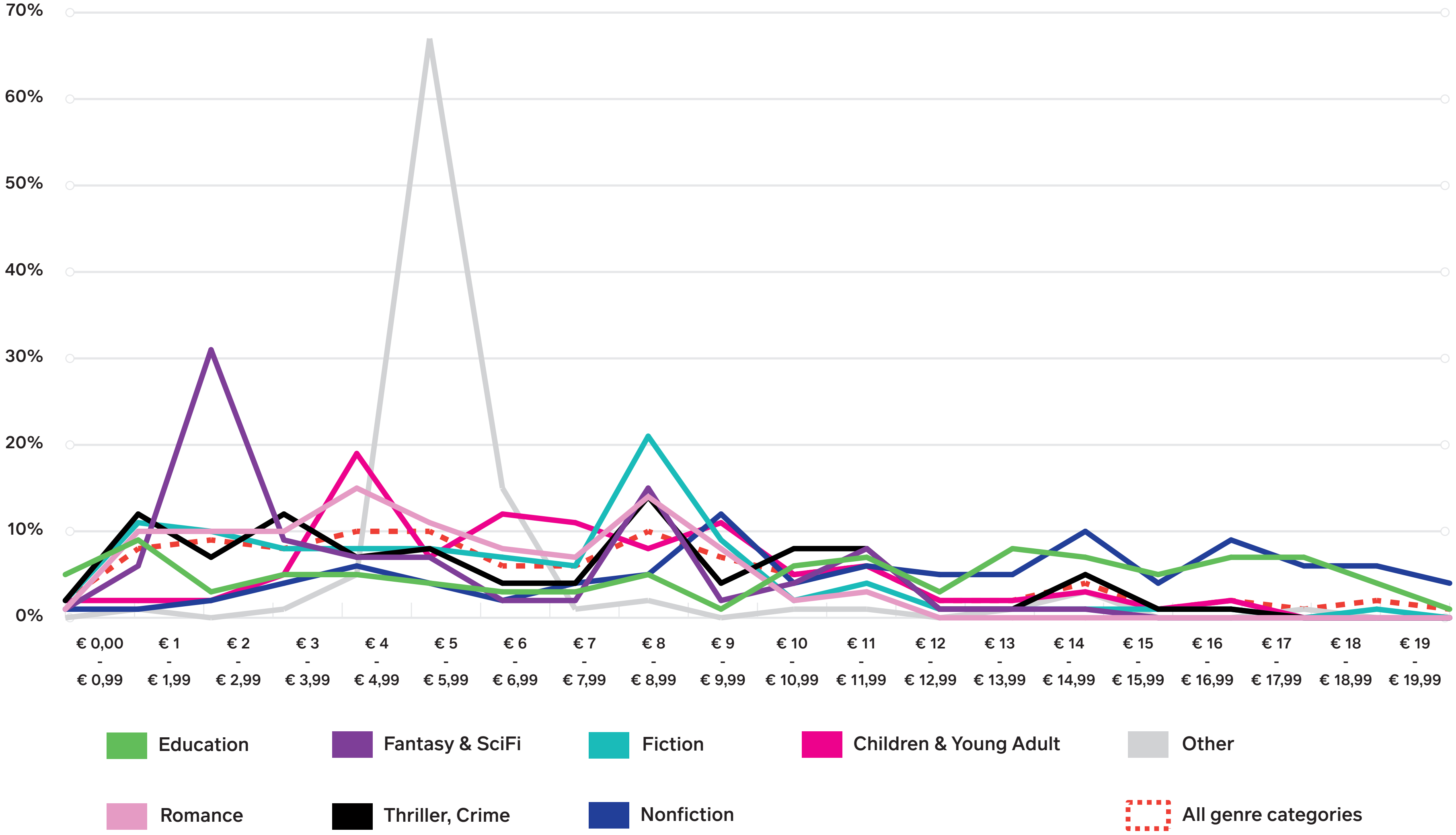


GERMANY + AUSTRIA + SWITZERLAND (DACH): EBOOKS GENRE BY PRICE, 1Q2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

1Q2020: volume (copies) by price points by genre category
(data Bookwire + Readbox consolidated)

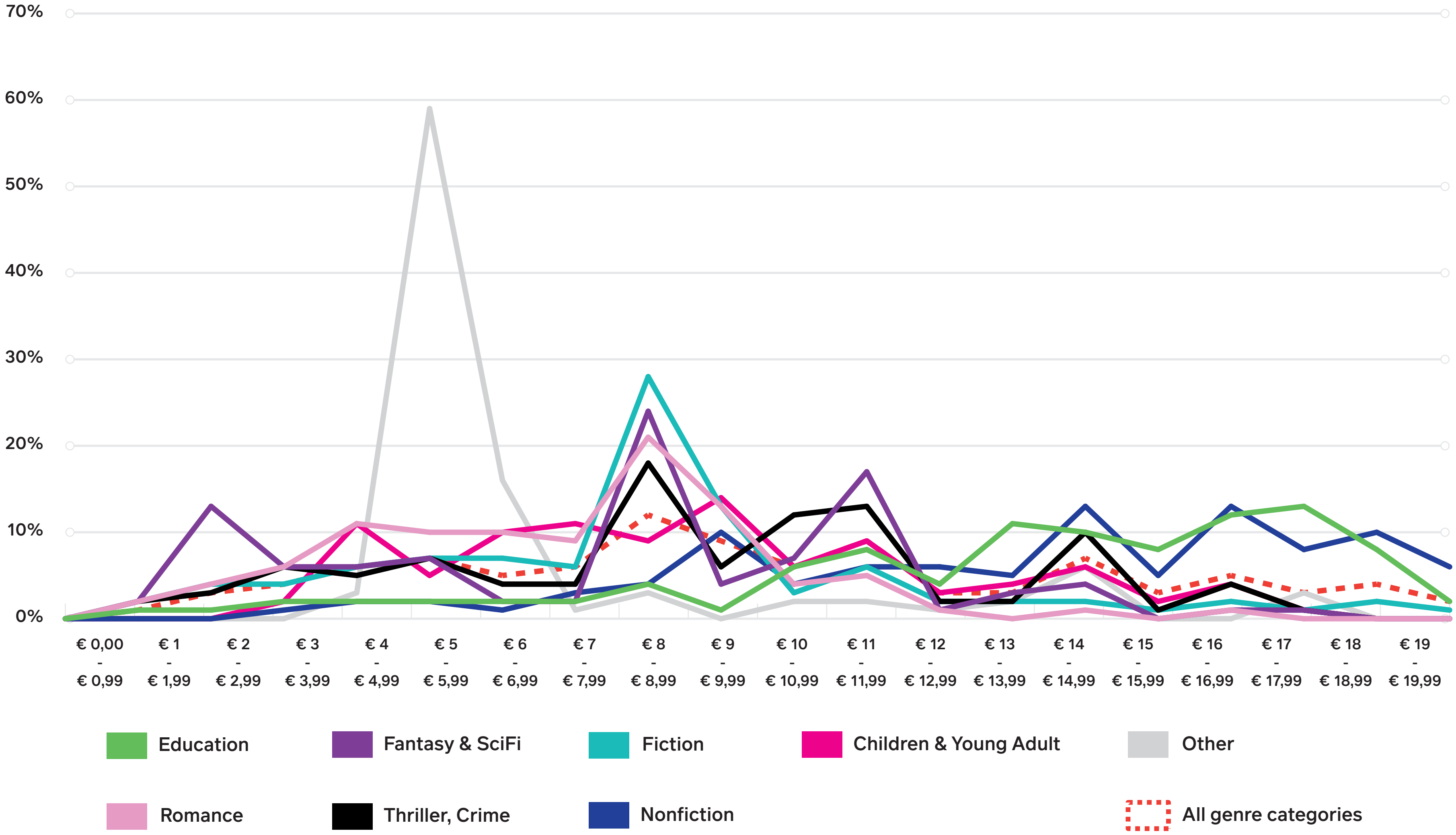
1Q2020 incomplete



GERMANY + AUSTRIA + SWITZERLAND (DACH): EBOOKS GENRE BY PRICE, 1Q2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

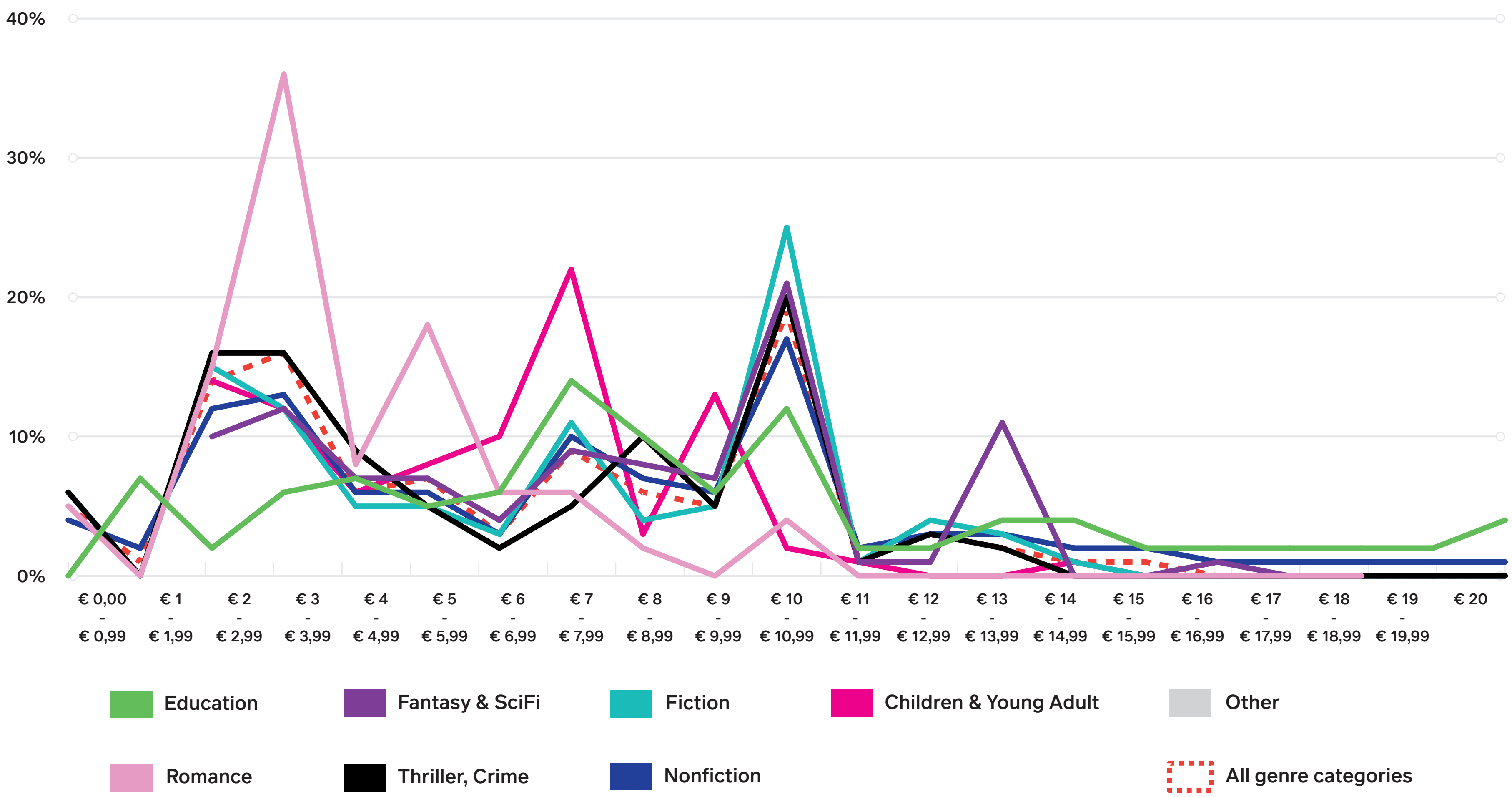
1Q2020: value (revenue) by price points by genre category
(converted into in €, data Bookwire + Readbox consolidated) 1Q2020 incomplete



ITALY: EBOOKS GENRE BY PRICE, 2019

#ITALY

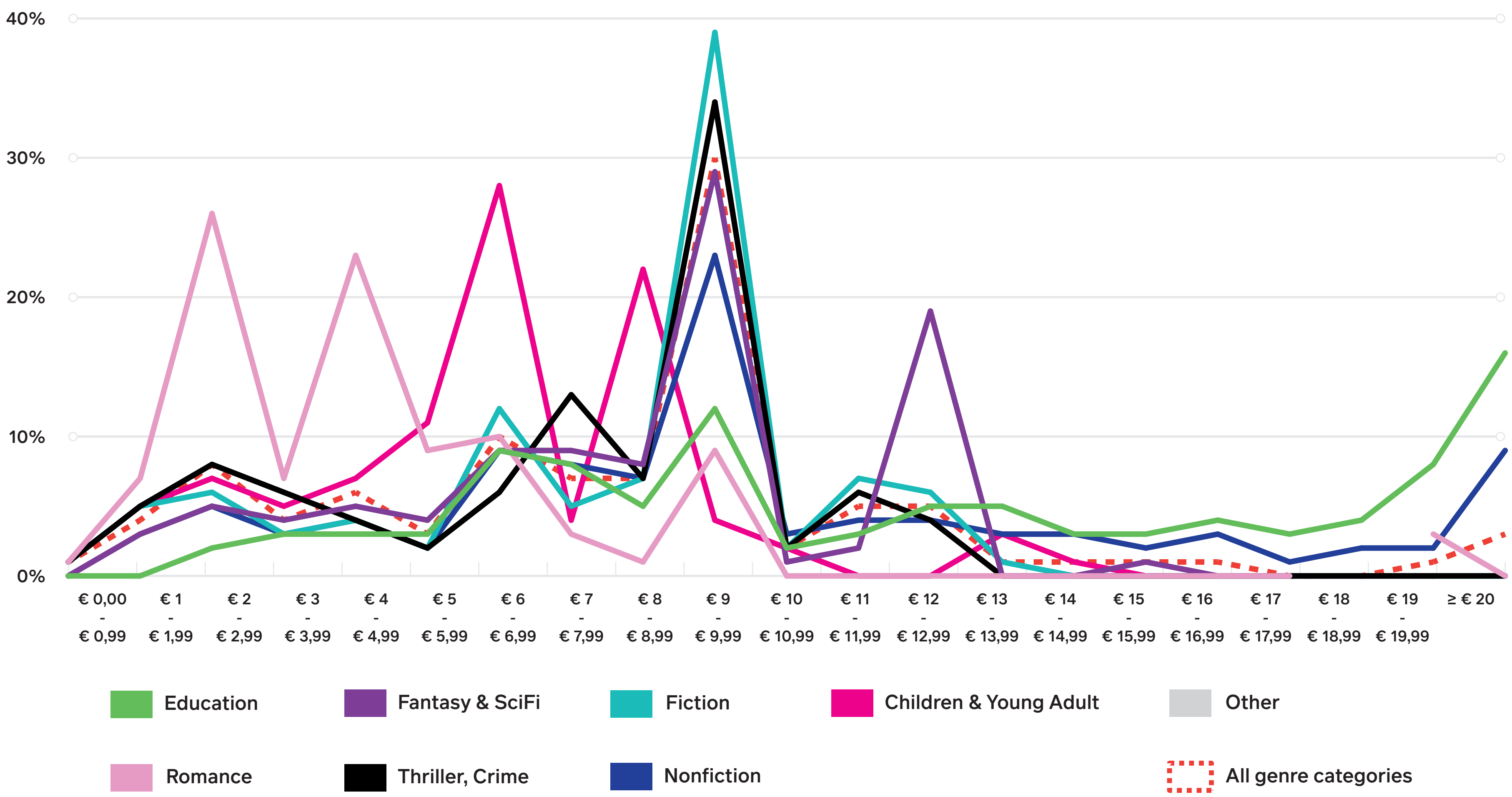
2019: volume (copies) by price points by genre category
(converted into in €, data edigita)



ITALY: EBOOKS GENRE BY PRICE, 2019

#ITALY

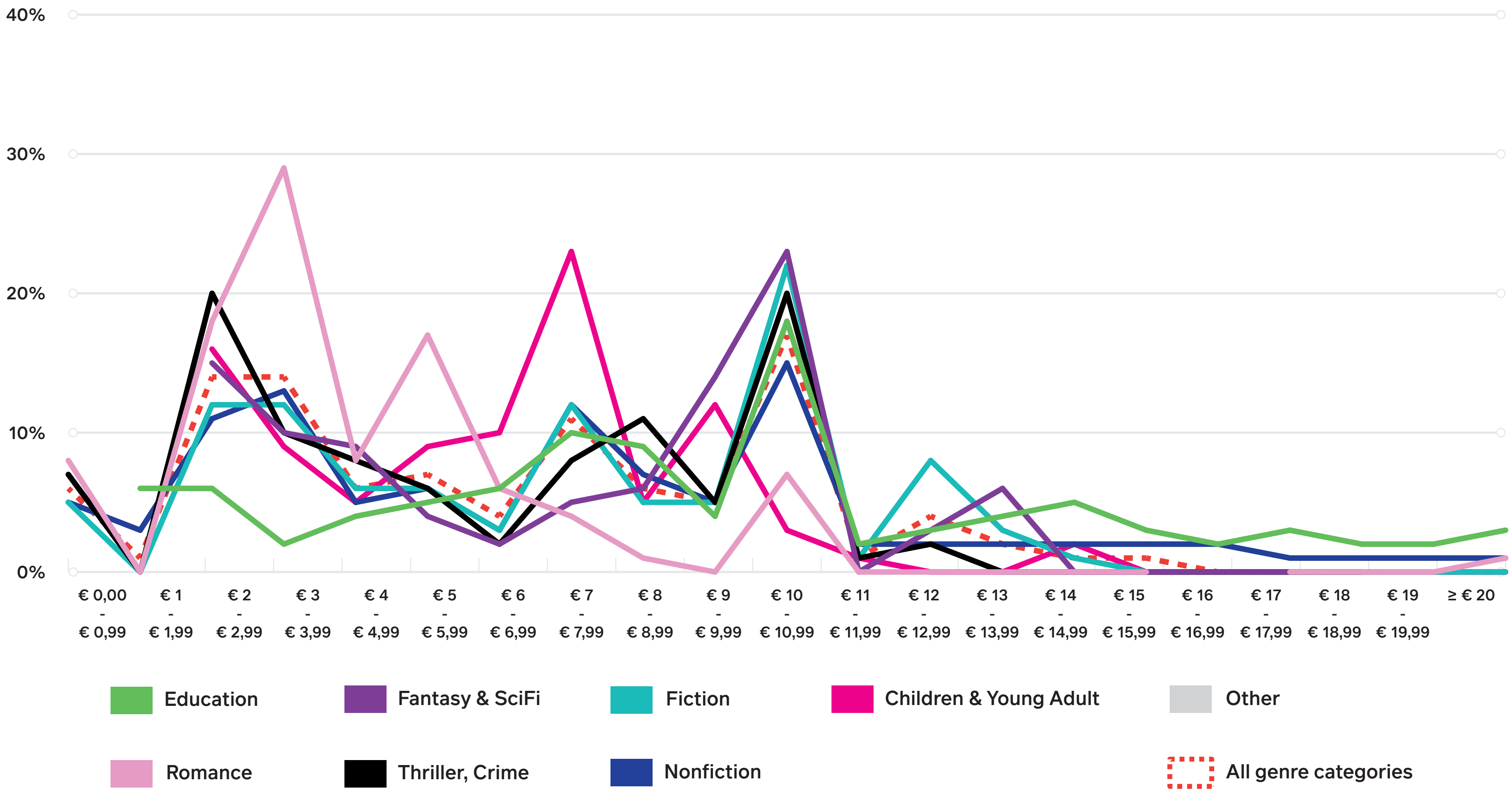
2019: value (revenue) by price points by genre category
(converted into in €, data edigita)



ITALY: EBOOKS GENRE BY PRICE, 1Q2020

#ITALY

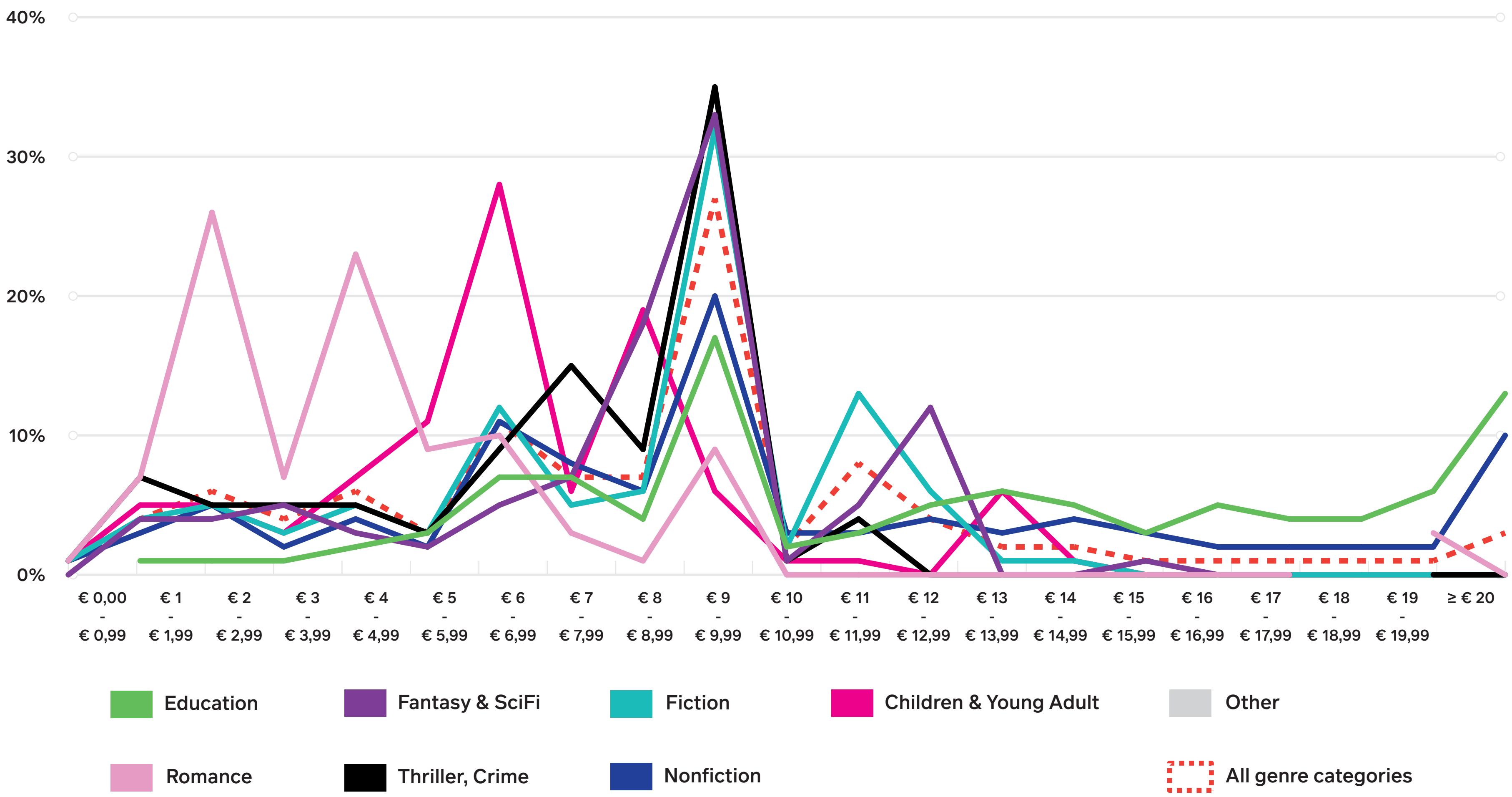
1Q2020: volume (copies) by price points by genre category
(converted into in €, data edigita)



ITALY: EBOOKS GENRE BY PRICE, 1Q2020

#ITALY

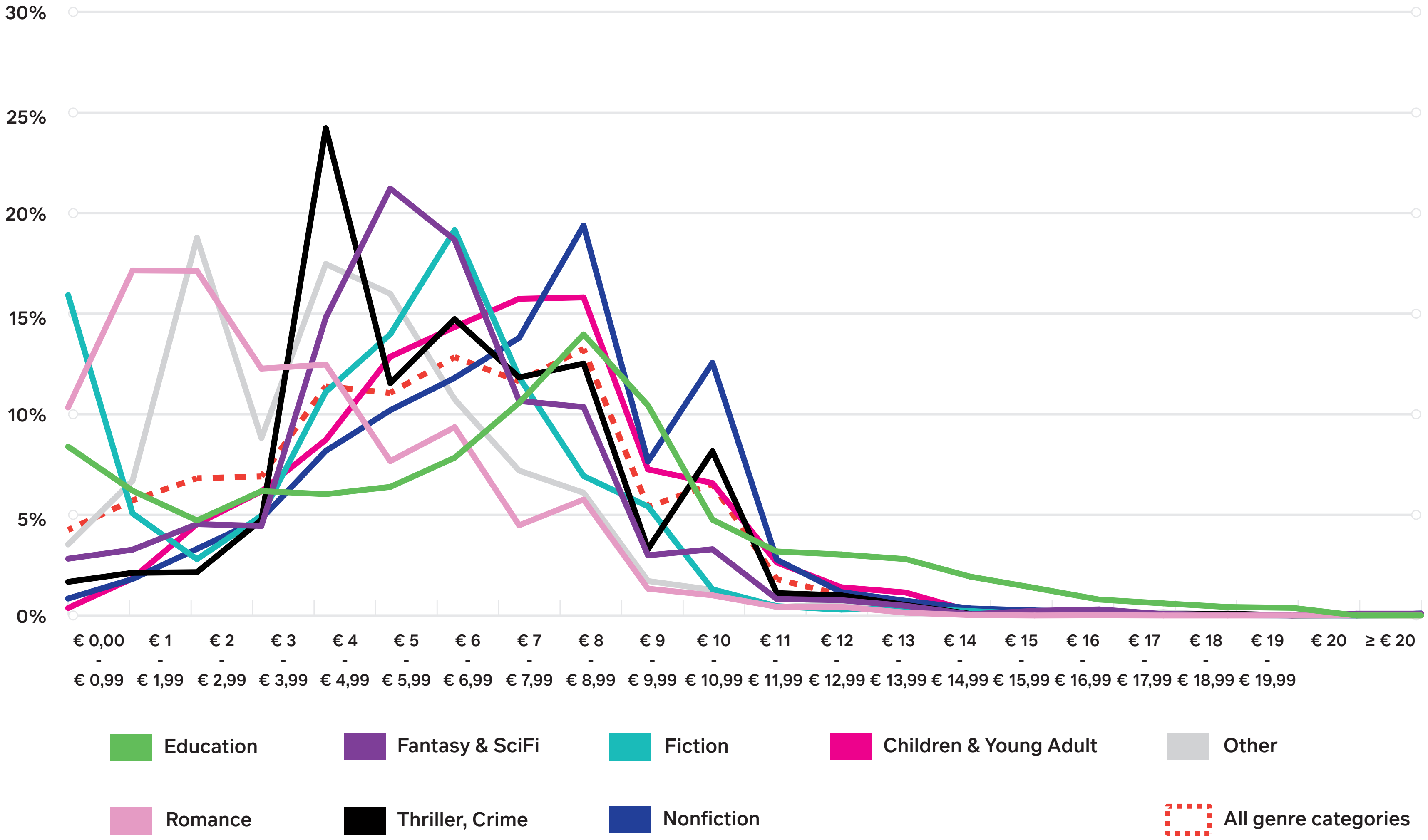
1Q2020: value (revenue) by price points by genre category
(converted into in €, data edigita)



SPAIN: EBOOKS GENRE BY PRICE, 2019

#SPAIN

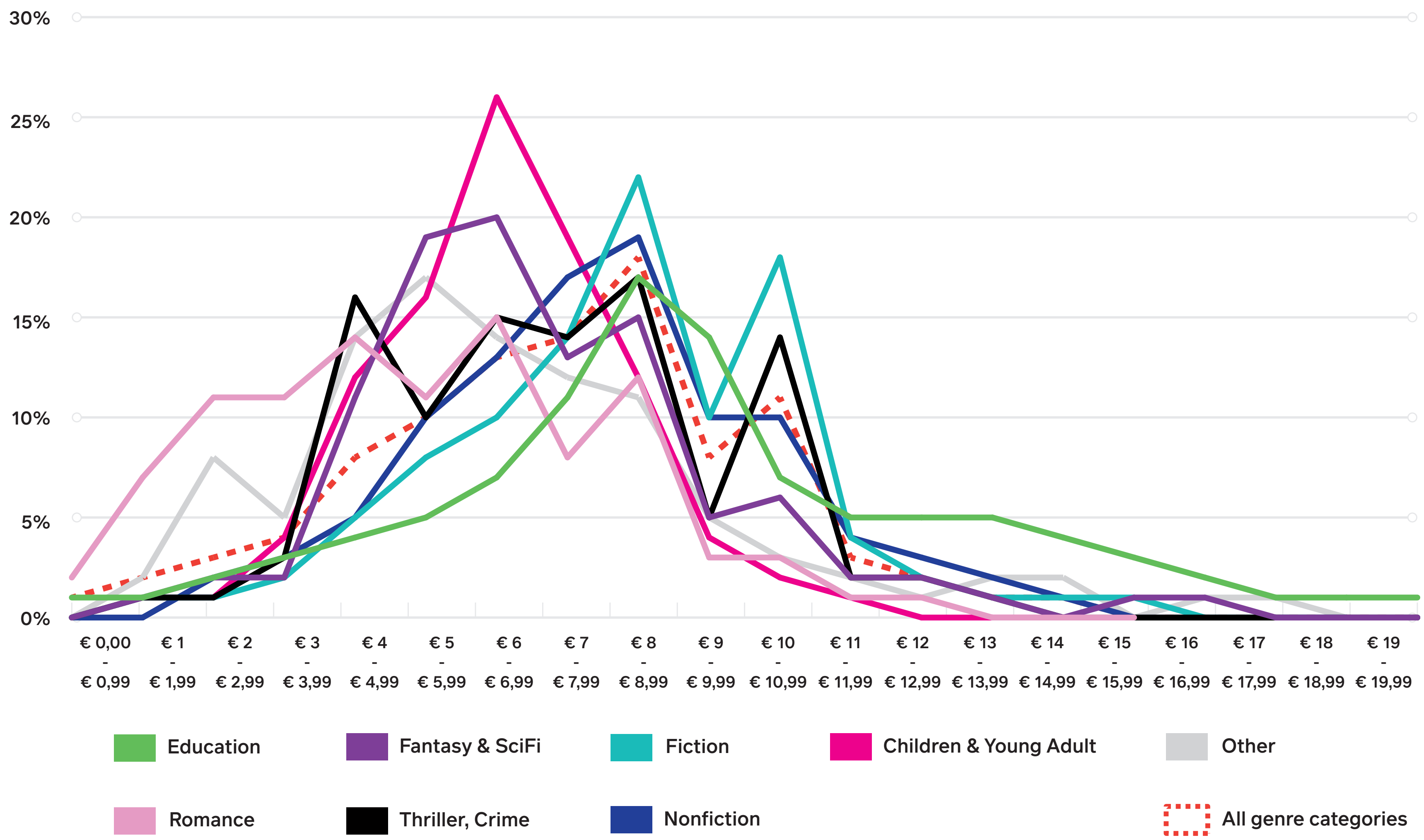
Ebook sales by volume (copies) in 2019: by genre category and pricepoint in %
(data Bookwire + Libranda consolidated)



SPAIN: EBOOKS GENRE BY PRICE, 2019

#SPAIN

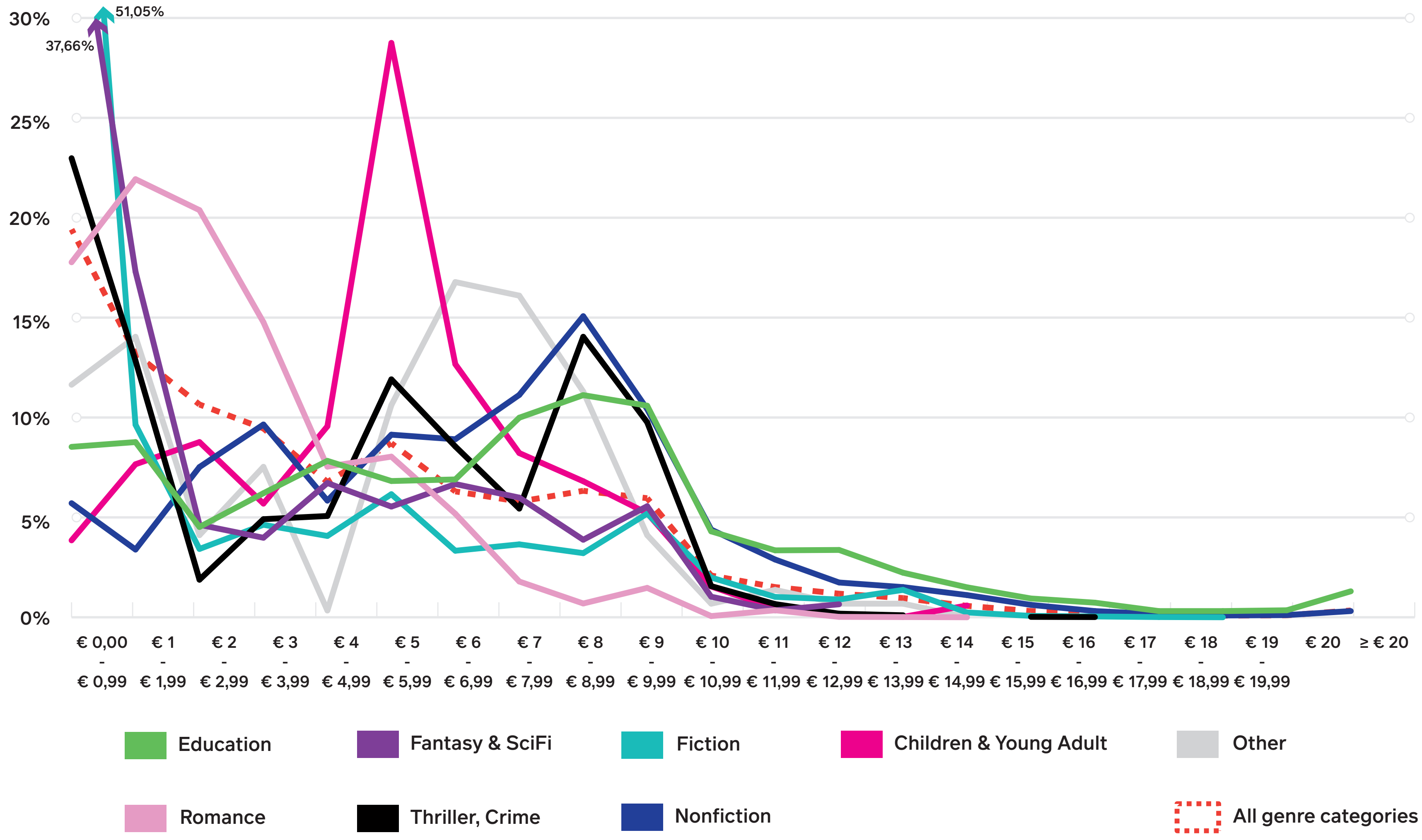
Ebook sales (value) 2019: by genre category and price point in %
(data Bookwire + Libranda consolidated)



SPAIN: EBOOKS GENRE BY PRICE, 1Q2020

#SPAIN

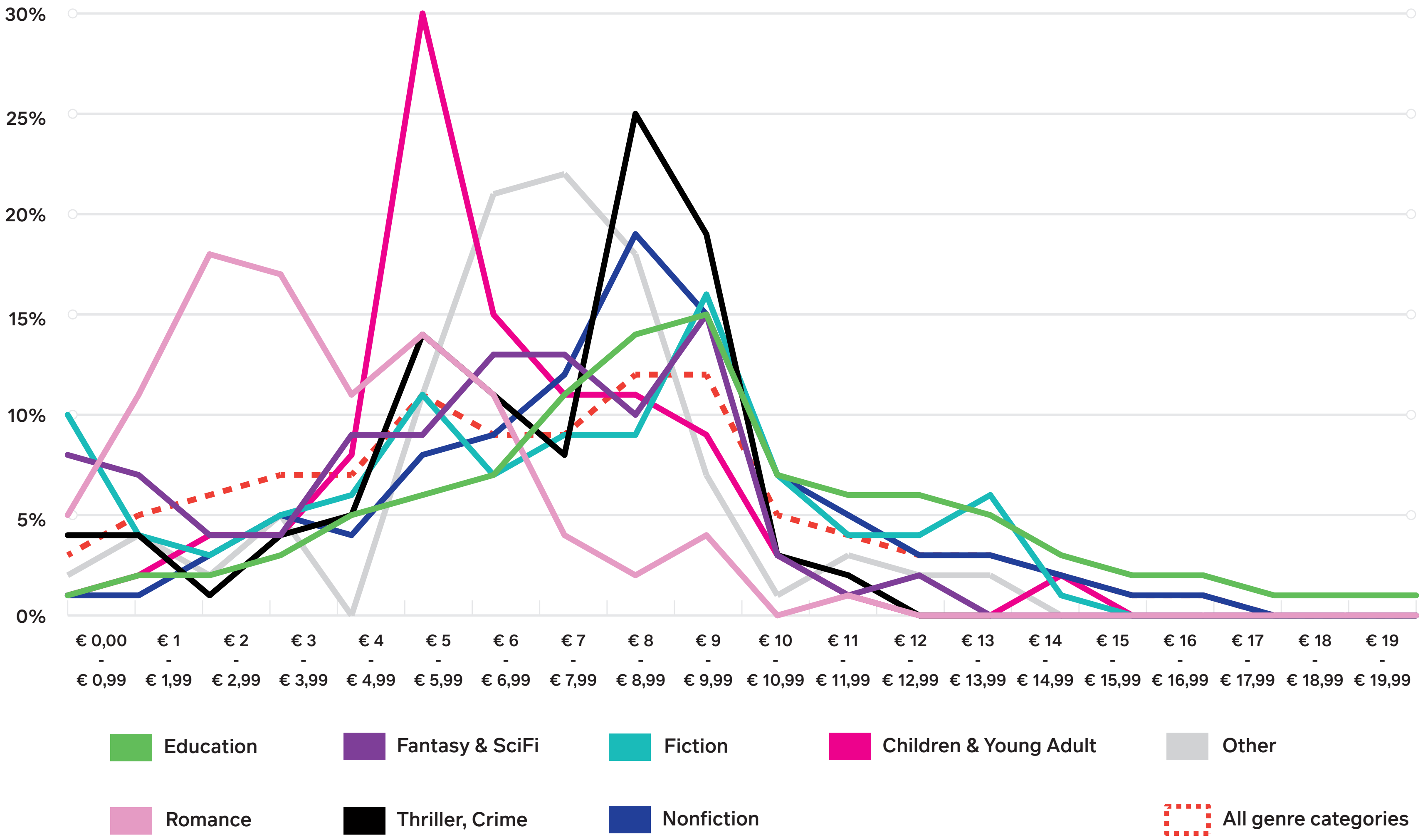
Ebook sales by volume (copies) in 1Q2020: by genre category and price point in %
(data Bookwire only)



SPAIN: EBOOKS GENRE BY PRICE, 1Q2020

#SPAIN

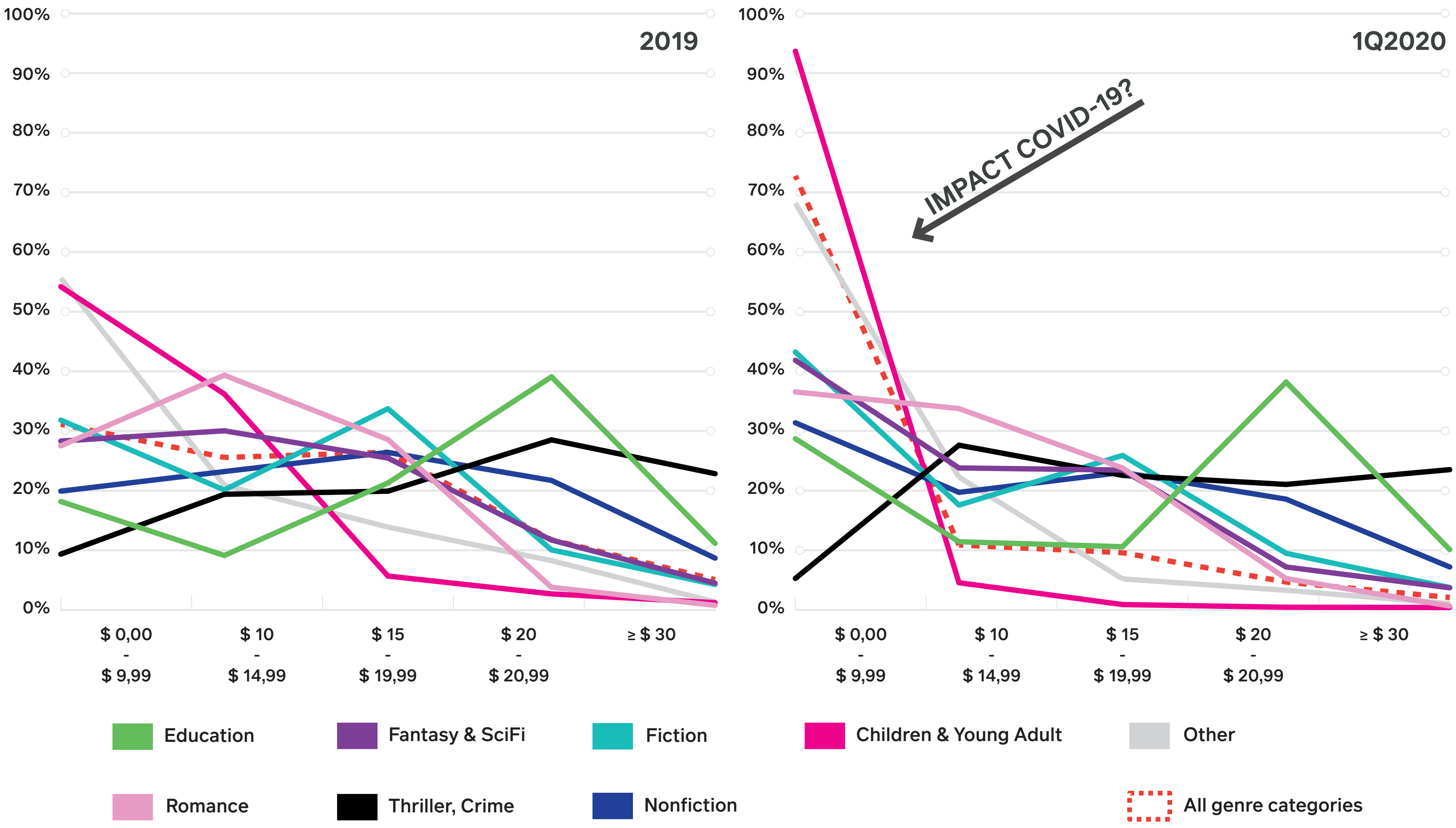
Ebook sales (value) 1Q2020: By genre category and price point in %
(data Bookwire only)



CANADA (FRENCH): EBOOKS GENRE BY PRICE, 2019/ 1Q2020

#CANADA

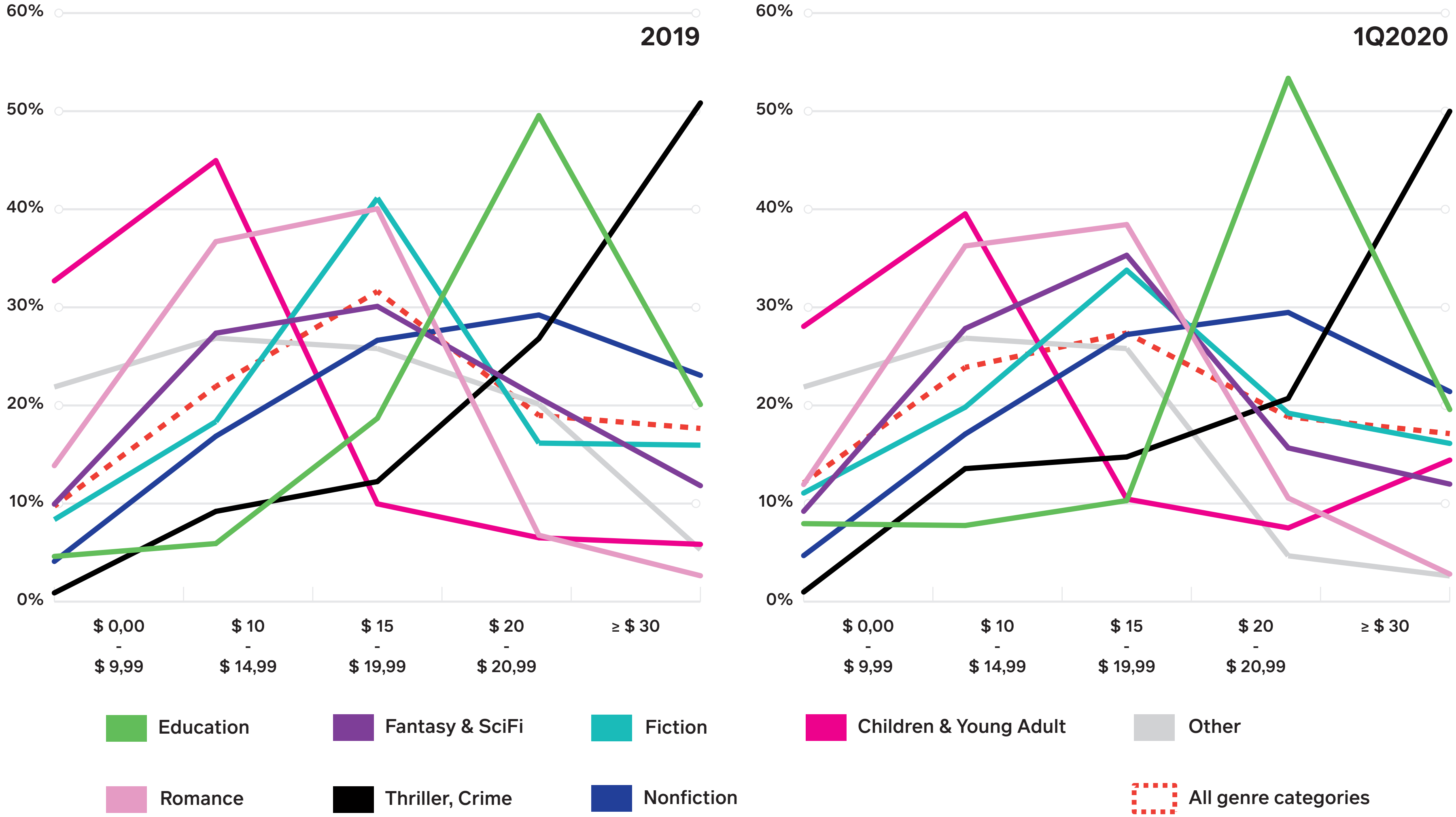
Ebooks download 2019 + 1Q2020, by volume, price range and genre category
(Prices in Can$: 1 Can$ = 0.65 €, data DeMarque)



CANADA (FRENCH): EBOOKS GENRE BY PRICE, 2019/ 1Q2020

#CANADA

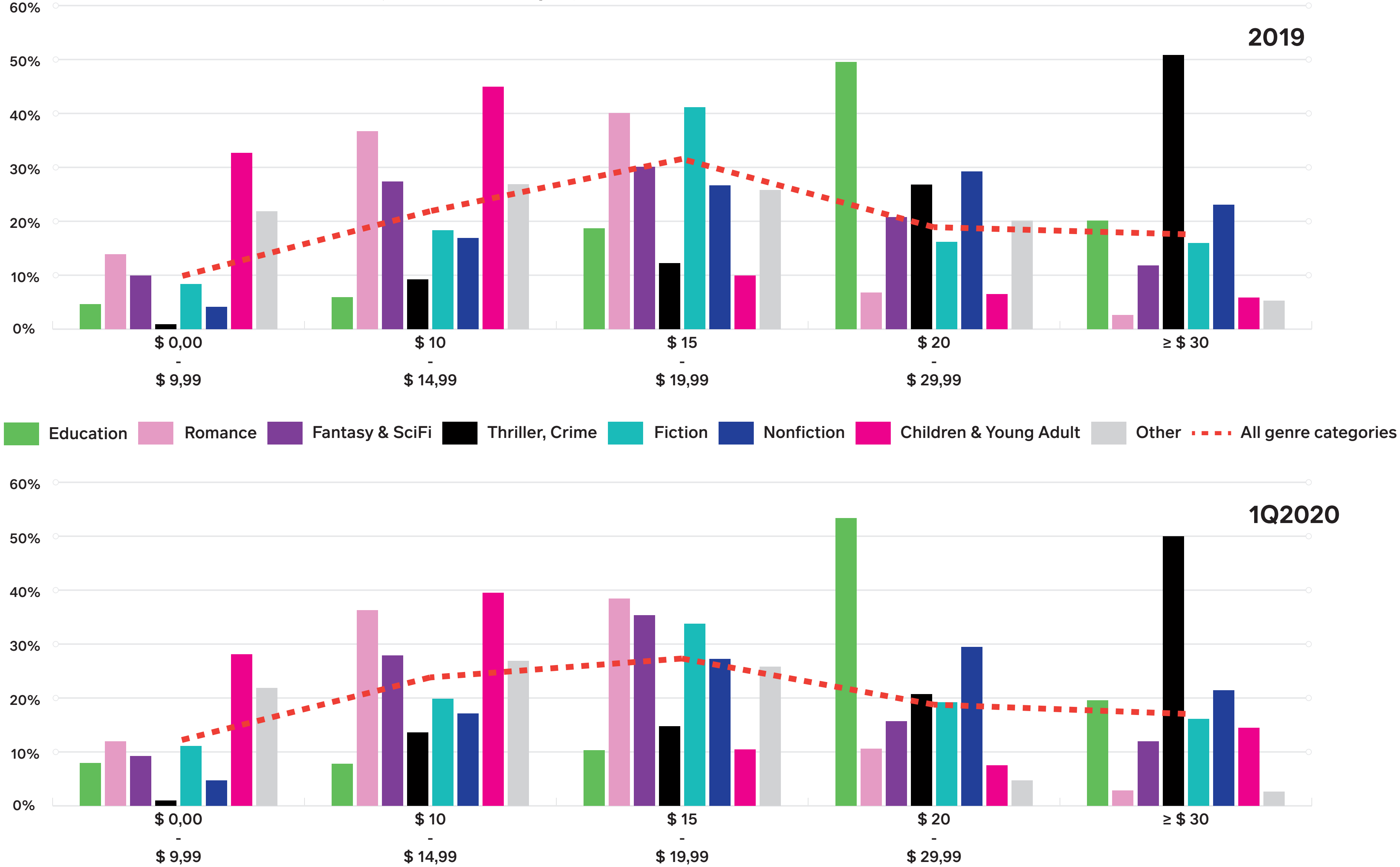
Ebooks download 2019 + 1Q2020, by value, price range and genre category
(Prices in Can$: 1 Can$ = 0.65 €, data DeMarque)



CANADA (FRENCH): EBOOKS DOWNLOAD BY PRICE & GENRE, 2019/ 1Q2020

#CANADA

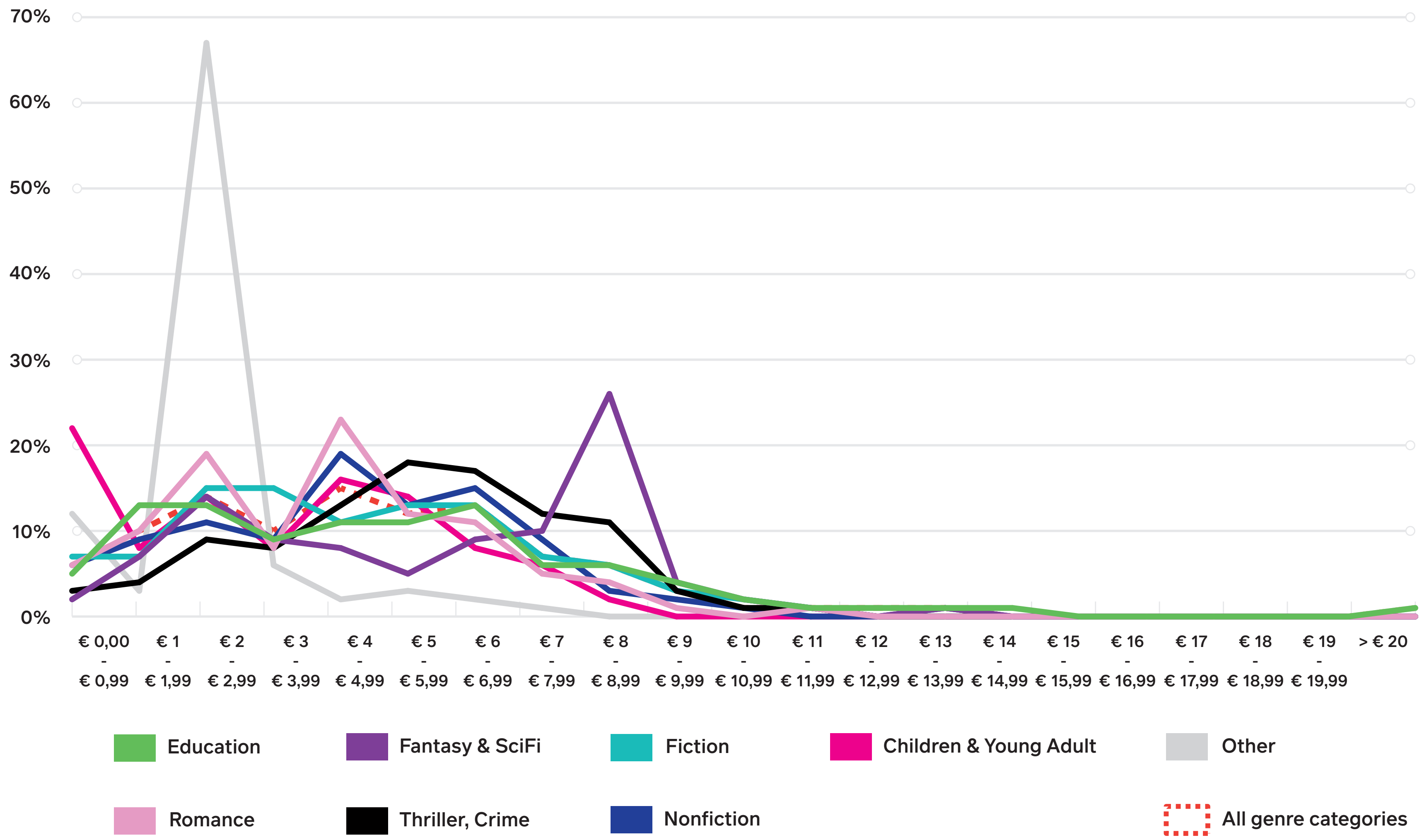
Ebooks download 2019 + 1Q2020, price range and genre category
(Prices in Can$: 1 Can$ = 0.65 €, data DeMarque)



BRAZIL: EBOOKS GENRE BY PRICE, 2019

#BRAZIL

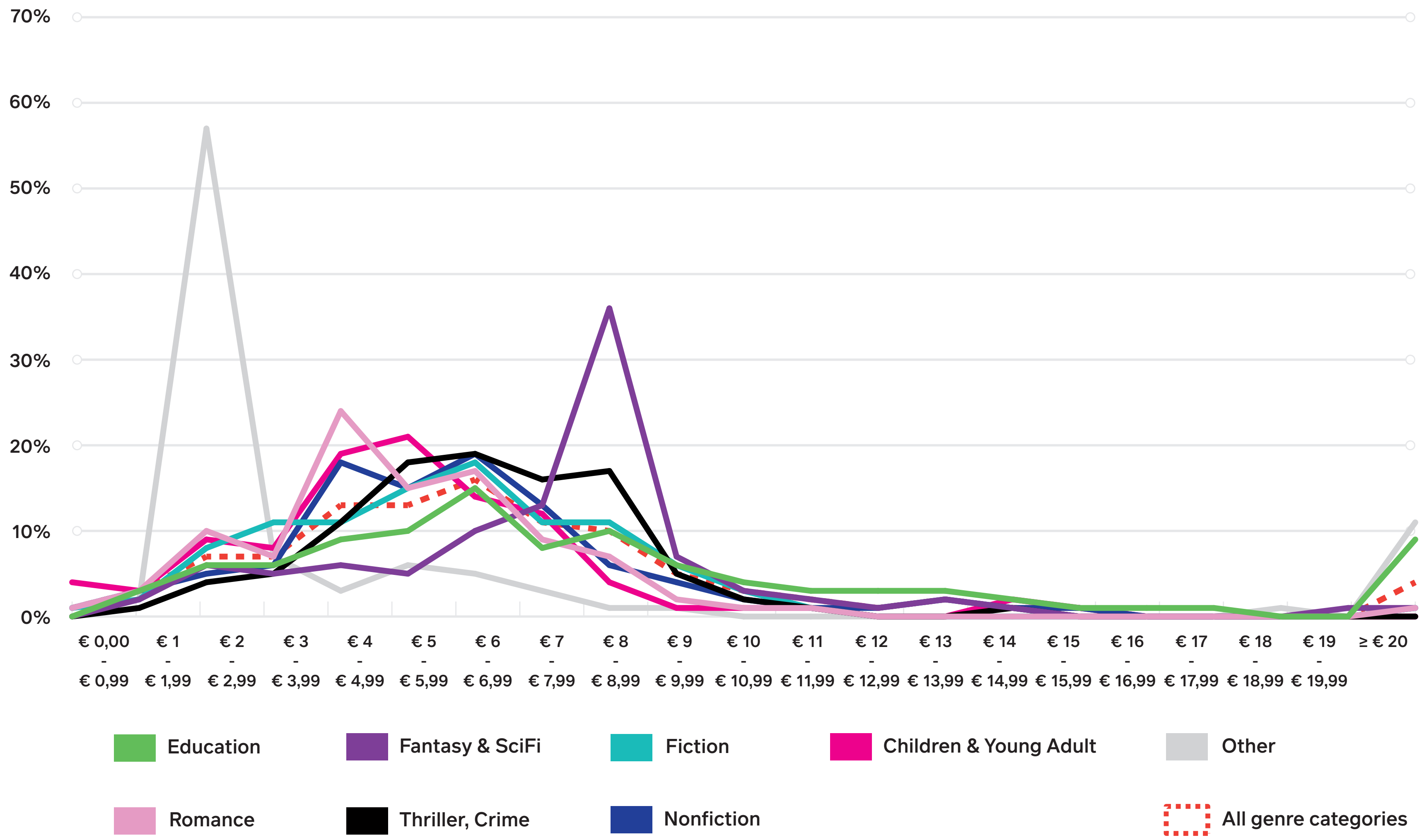
2019: volume (copies) by price points by genre category
(converted into in €, data Bookwire)



BRAZIL: EBOOKS GENRE BY PRICE, 2019

#BRAZIL

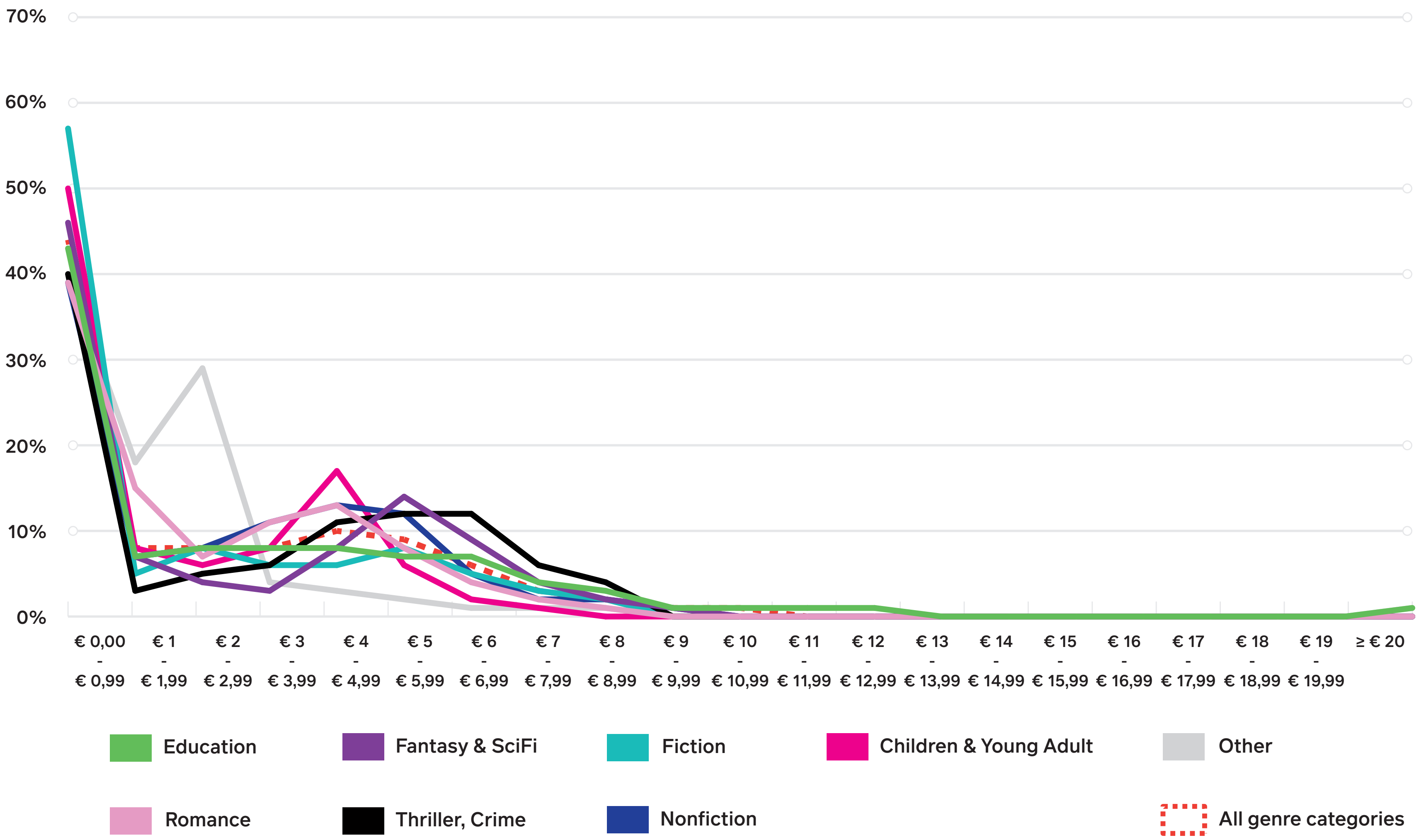
2019: value (revenue) by price points by genre category
(converted into in €, data Bookwire)



BRAZIL: EBOOKS GENRE BY PRICE, 1Q2020

#BRAZIL

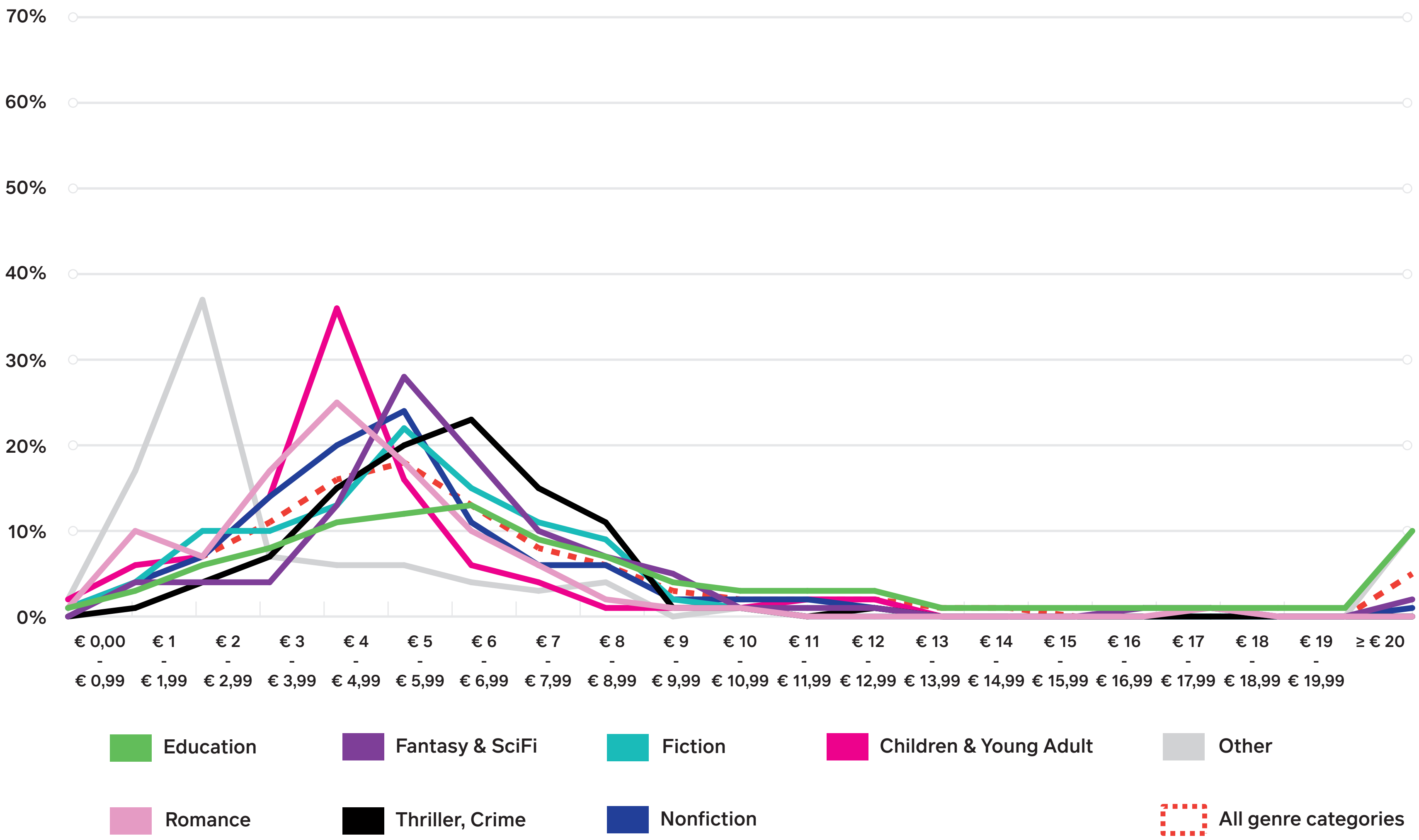
1Q2020: volume (copies) by price points by genre category
(converted into in €, data Bookwire)



BRAZIL: EBOOKS GENRE BY PRICE, 1Q2020

#BRAZIL

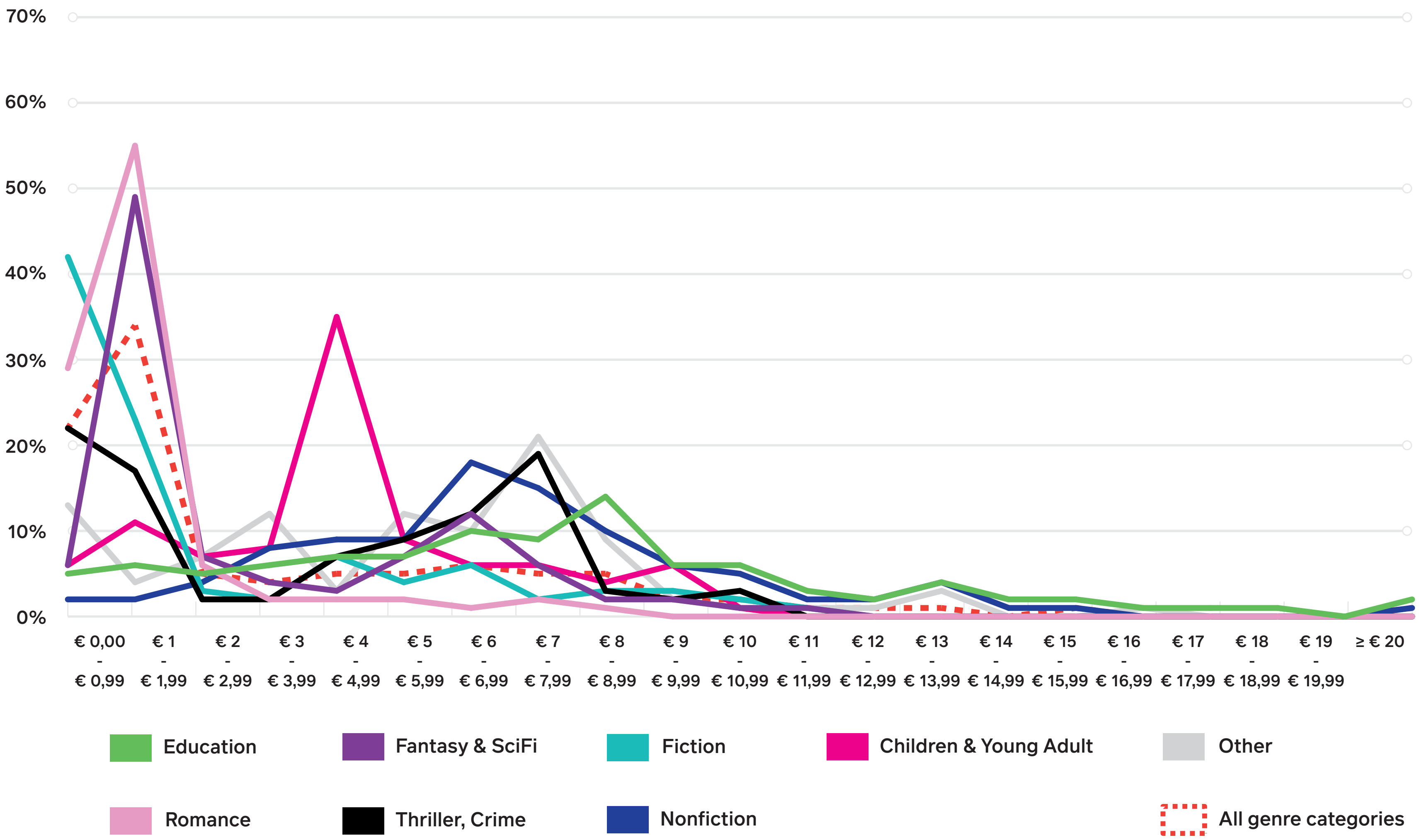
1Q2020: value (revenue) by price points by genre category
(converted into in €, data Bookwire)



MEXICO: EBOOKS GENRE BY PRICE, 2019

#MEXICO

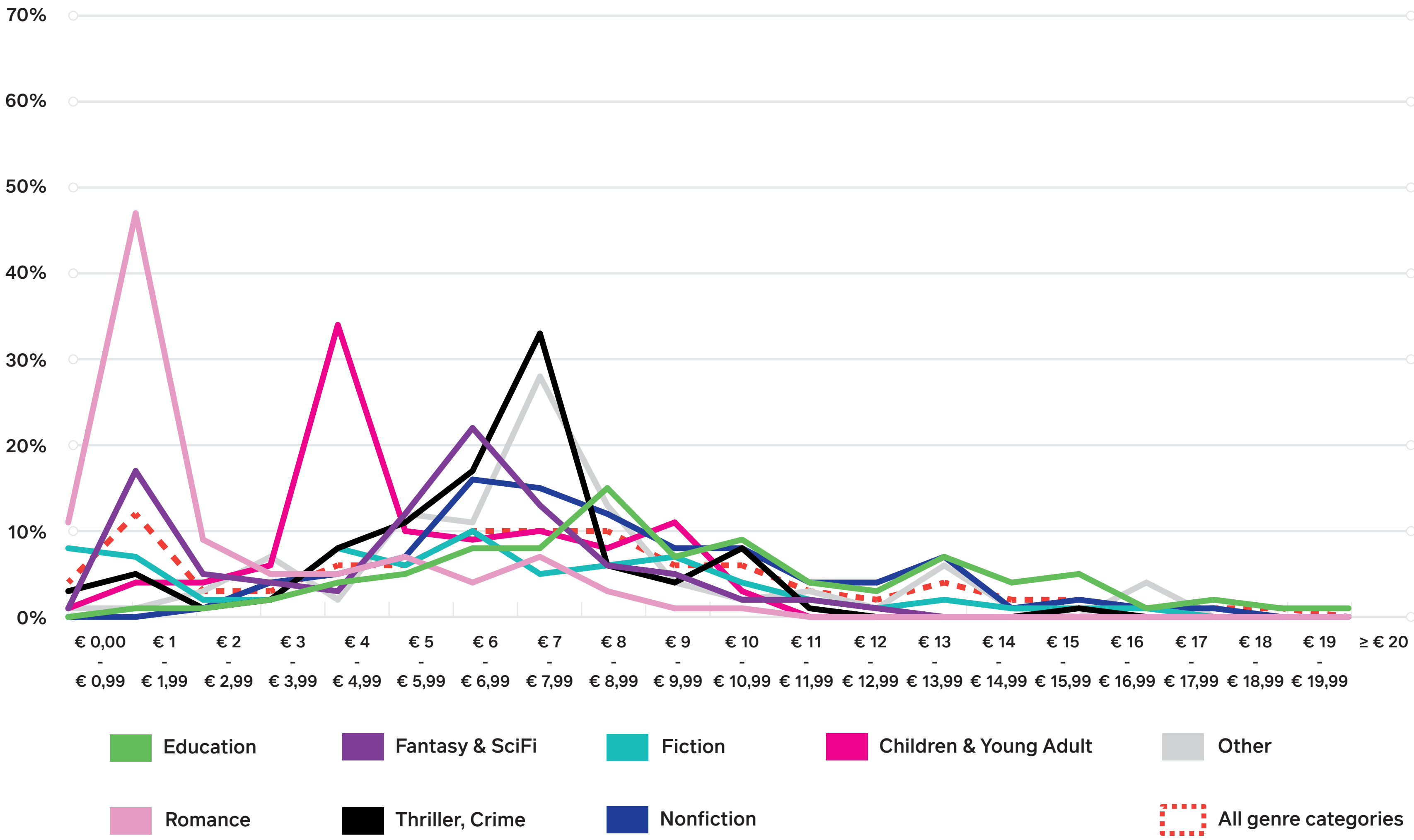
2019: volume (copies) by price points by genre category
(converted into in €, data Bookwire)



MEXICO: EBOOKS GENRE BY PRICE, 2019

#MEXICO

2019: value (revenue) by price points by genre category
(converted into in €, data Bookwire)

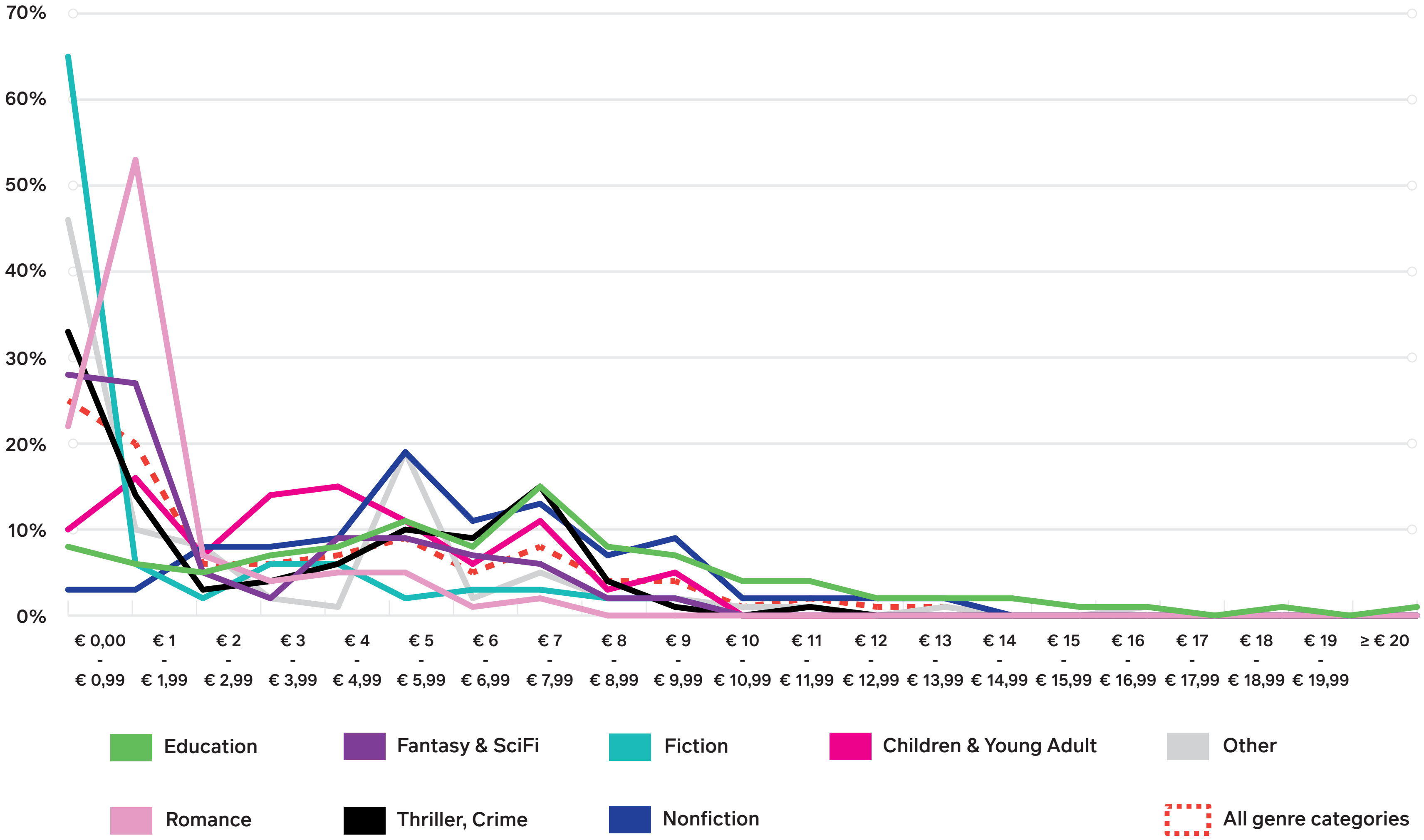


MEXICO: EBOOKS GENRE BY PRICE, 1Q2020

#MEXICO

1Q2020: volume (copies) by price points by genre category (converted into in €, data Bookwire)

1Q2020 incomplete

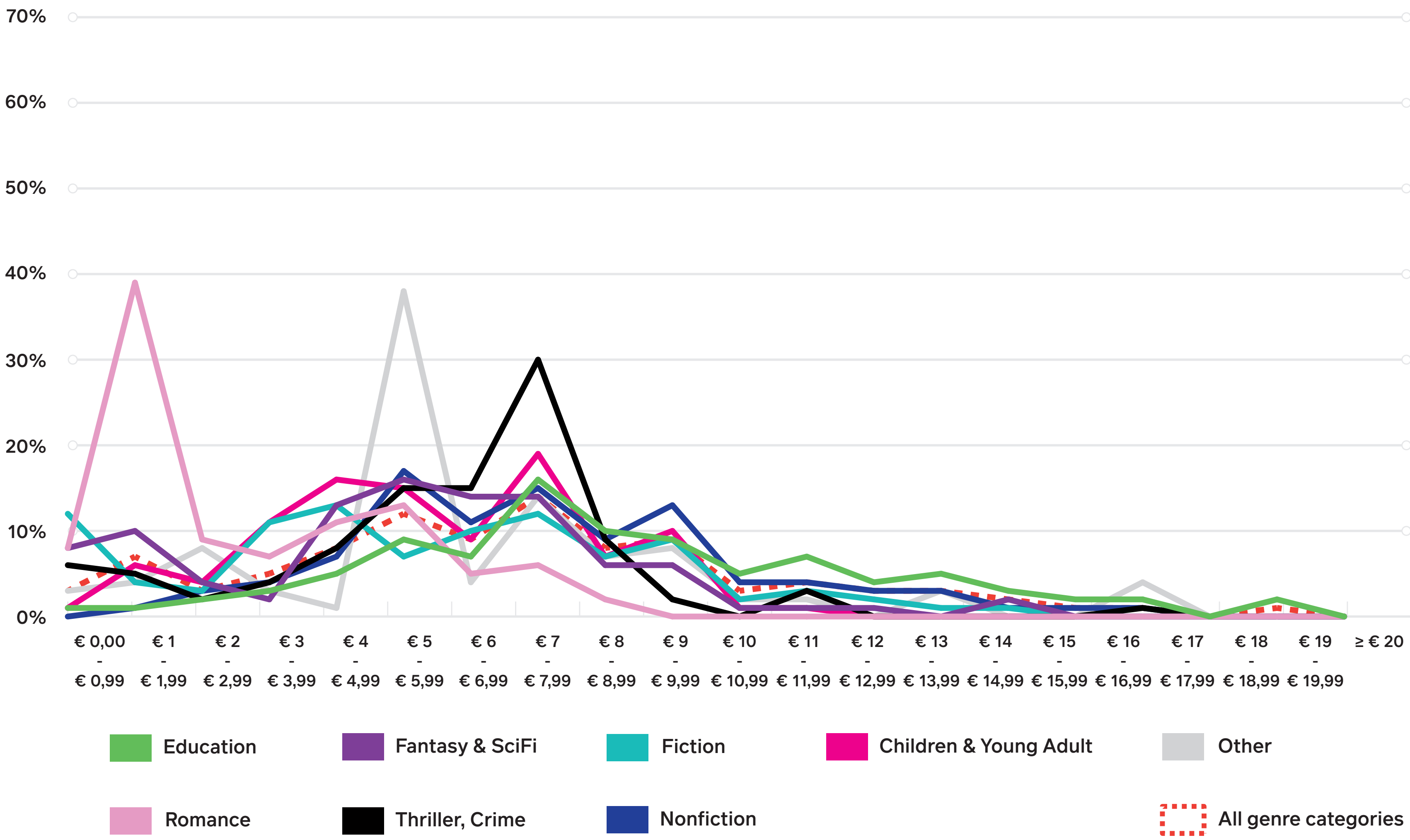


MEXICO: EBOOKS GENRE BY PRICE, 1Q2020

#MEXICO

1Q2020: value (revenue) by price points by genre category (converted into in €, data Bookwire)

1Q2020 incomplete



Life cycles of digital titles: Selling fast, or steadily

Recognizing, and understanding the specific potential of quick versus long sellers. Different patterns for each genre category. How download and subscription + lending can complement each other.

Looking at a distributor's top 25 selling ebook titles in their respective first 24 months after publication (and eventually pre-ordering, if relevant) reveals strikingly different dynamics that shape a market.

We drill down by revenue and units, as well as by genre category and distribution model.

For a start, we look at the top 25 titles of distributor Readbox in Germany, comparing the life cycle curves of each of the top 3 titles, as well as the average of all top 25.

The titles at the very top tend to be quick selling in their majoriy - but for 2019 at Readbox, we see a remarkably long period of strong sales for the top 4 titles, as well as a - not entirely surprising - significant difference of between the much stronger performance of a few outstanding titles, by comparison to the rest.

The example of Italy allows to compare sales curves by genre category. Romance clearly has a huge share in pre-order, followed by a few strong months, before sales tend to flatten out.

In the Fantasy and Scifi curve, a significant sudden peak can be noted as late as month 18, probably the result of the launch of a movie, TV series or game that had a strong impact on ebook sales.

For Spain, with data coming from two separate vendors, Libranda and Bookwire, we can track shifts year-over-year from 2018 to 2019, and a comparison of respective sales of the 10 strongest ebook titles in 2019.

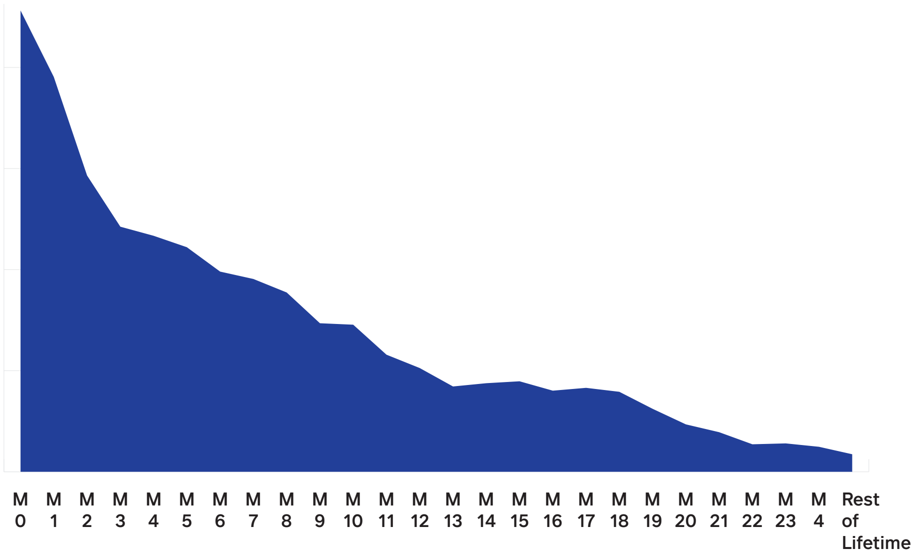
In Canada, speed rules ebook download, as on average almost two thirds of sales (61%) occur in the first three months after publications among the top 25 bestselling ebooks. Unsurprisingly, after the first two years, a slim 5% will be added for the rest of titles' 'life time'.

A last curve is juxtaposing download sales of one individual title with a subsequent peak from digital subscriptions and library lendings (which in our analysis form one aggregated category of distribution). This figure indicates that subscriptions and lendings can eventually prolong a title's life cycle nicely.

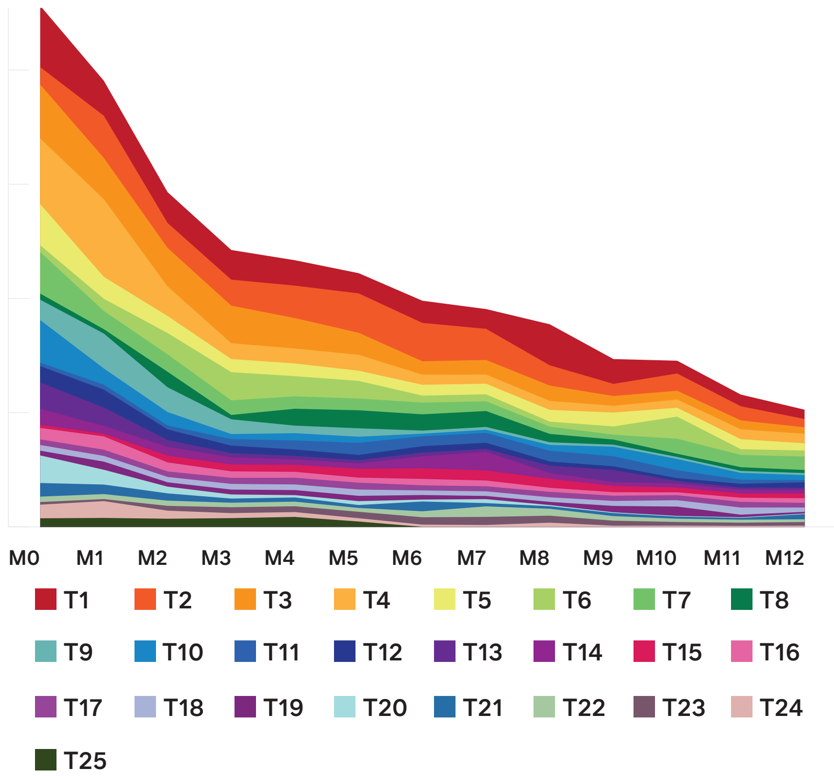
„LIFE CYCLE“ IN GERMANY+AUSTRIA+SWITZERLAND (DACH)

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

Lifecycle Readbox: Top25 titles by volume, 2019, aggregated:
pre-order > 24 months + rest of lifetime
(data Readbox)



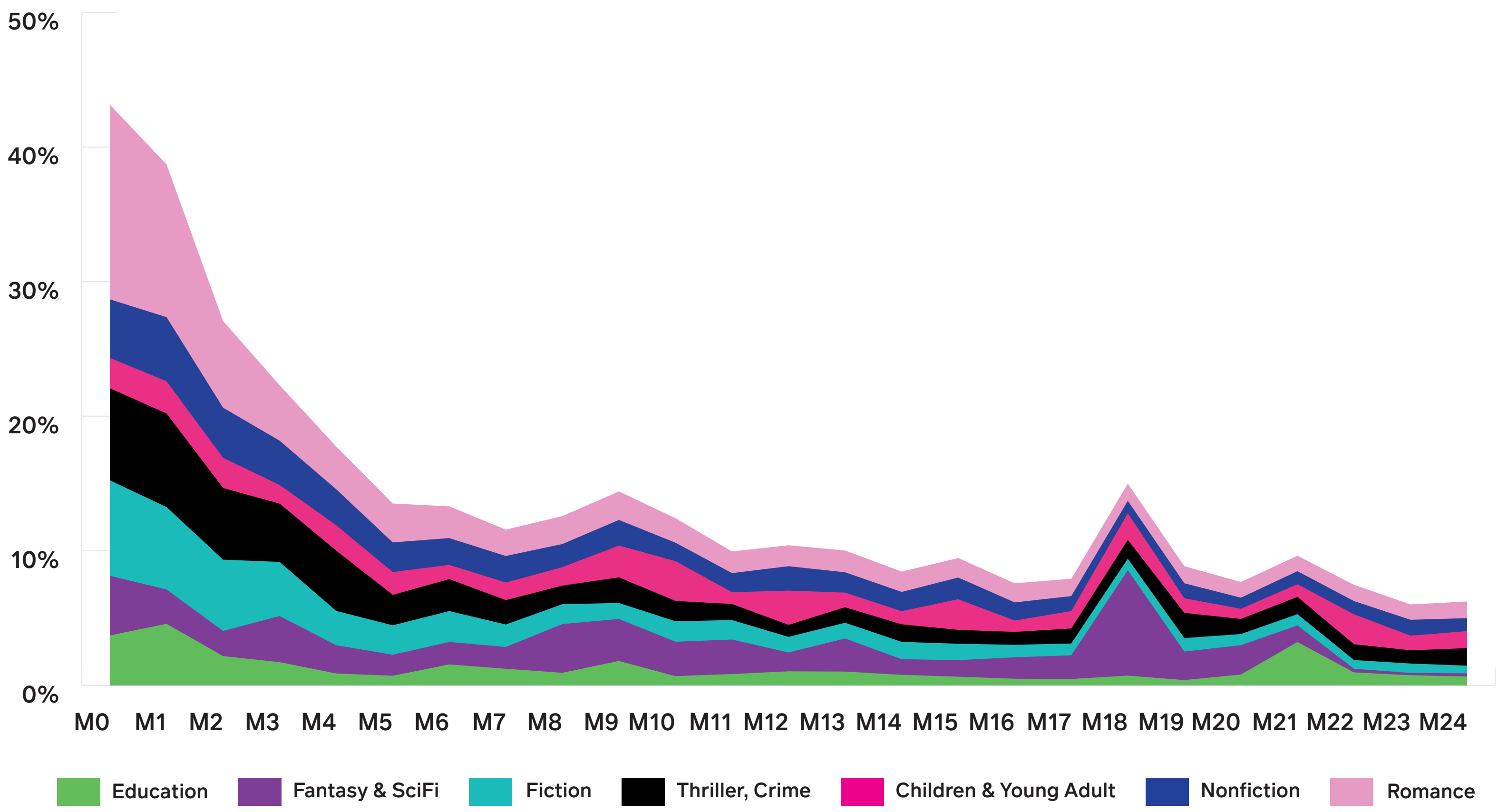
Lifecycle Readbox: Top25 titles by volume 2019:
pre-order > 12 months + rest of lifetime
(data Readbox)



„LIFE CYCLE“ IN ITALY

#ITALY

Italy life cycle: performance of the top 25 titles in main genres in the first 24 months after publication (data edigita)

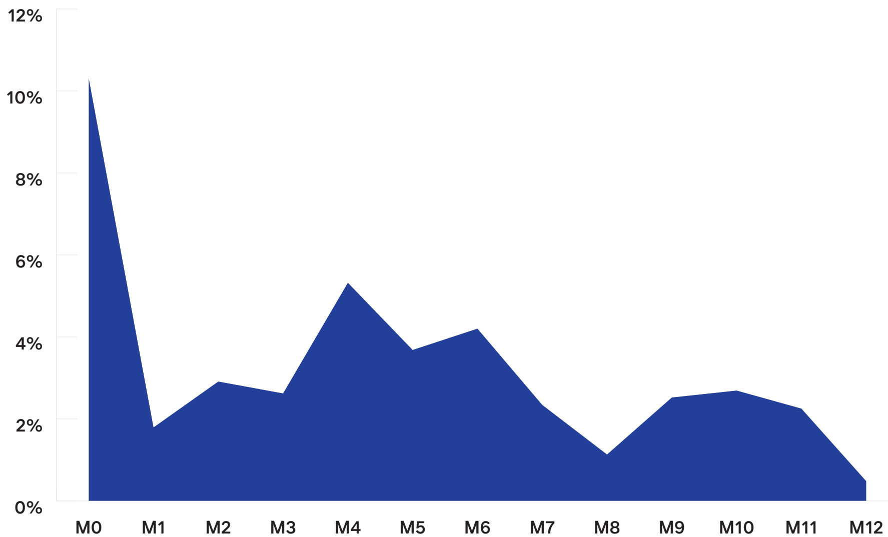


TOP 25

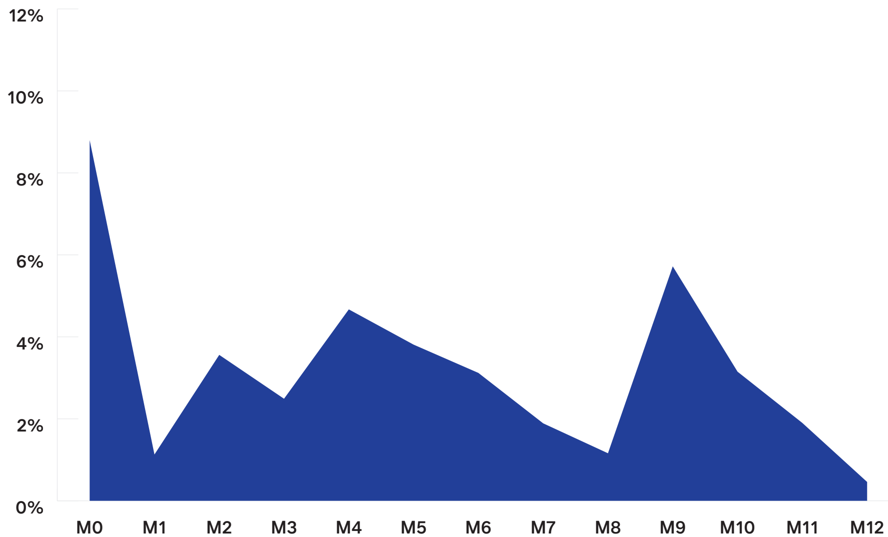
„LIFE CYCLE“ IN SPAIN

#SPAIN

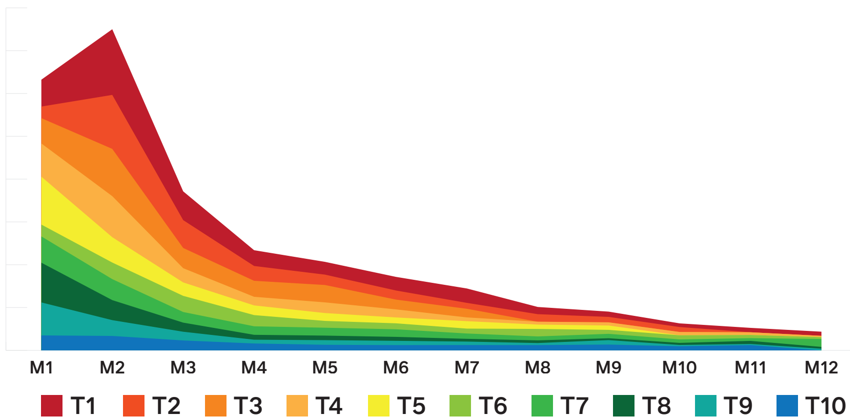
Spain Lifecycle 2018:
sales in first year of aggregated top 25 titles (data Libranda)



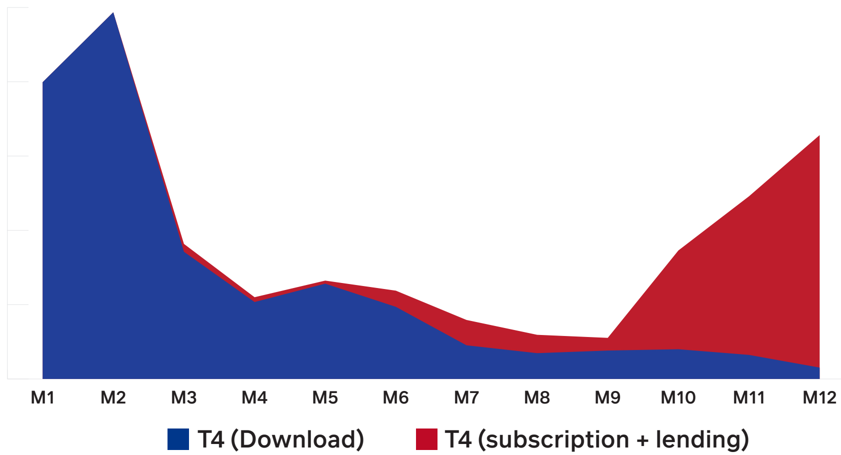
Spain Lifecycle 2019:
sales in first year of aggregated top 25 titles (data Libranda)



Spain Lifecycle 2019:
sales in first year of aggregated top 10 titles (data Bookwire)



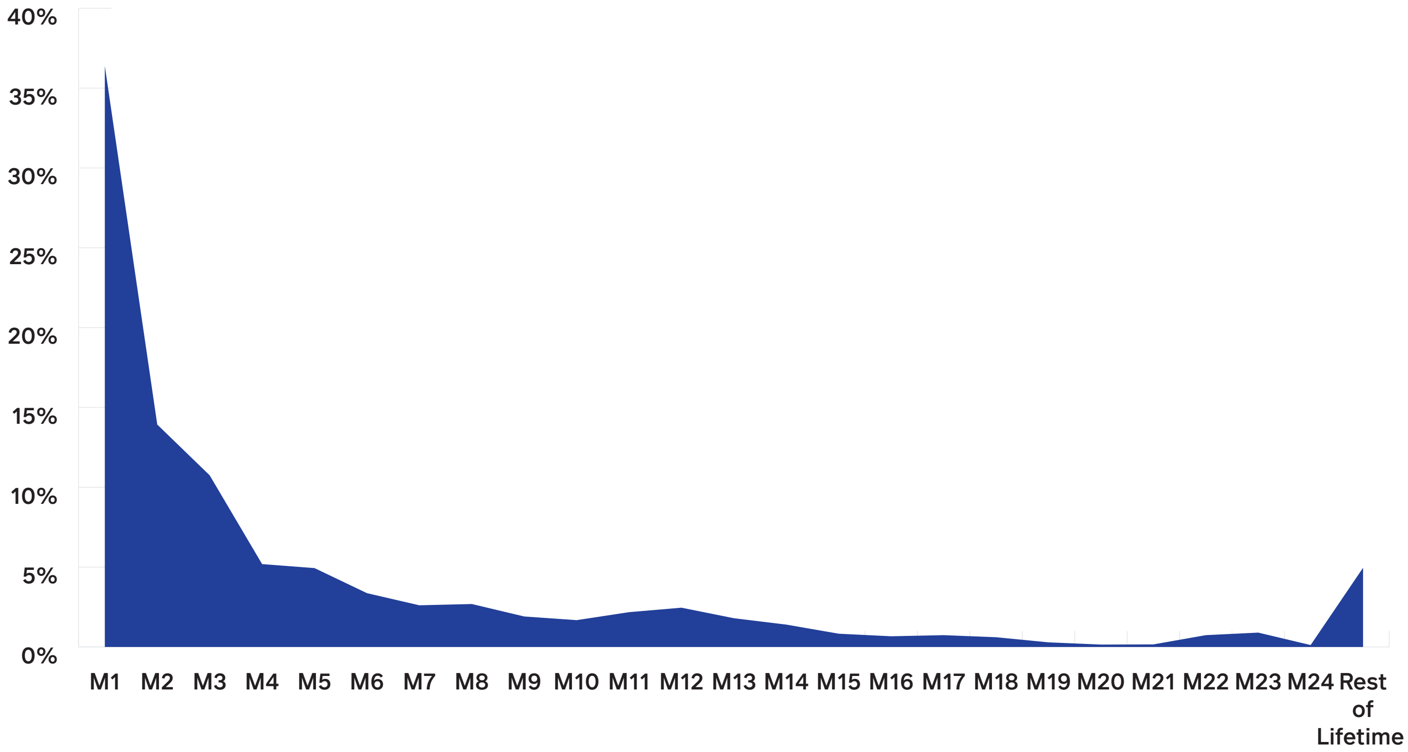
Spain: comparing Ebook sales (download, in volume) and subscription + lending of 1 title (#4 in Ebook sales, data Bookwire)



„LIFE CYCLE“ IN CANADA

#CANADA

Canada Lifecycle 2019:
sales in first year of aggregated top25 titles
(data DeMarque)



The relative weight of bestsellers in ebooks Challenges and new opportunities in cross-format and -channel PR

The relative weight of bestsellers (among a distributor's or a market's) top 1000 titles is an indicator to track shifts between frontlist and backlist. Monitoring, marketing and PR strategies can be fine-tuned by this measure.

Ebooks and audiobooks tend to have a different balance between frontlist titles and backlist. Download sales and streaming add yet another dimension, as can be seen from the Digital Barometer's data analysis.

As a rule of thumb, the share of bestselling titles in ebook downloads showed a tendency to increase for the past several years - measured here as the top 25 and the top 100 among a category's top 1000.

In general fiction, this trend was more prominent than at the average in German speaking markets. In romance, and in nonfiction, the opposite has occured.

In Italy and French reading Canada, the overall share of top selling titles is much more prominent than in German speaking markets. Spain is to be found somewhere in the middle.

Some details, particularly in Canada, hint at a sudden surge in the share of downloaded top list ebooks from the impact of the Covid-19 lockdown in 1Q2020.

As we will see in the chapter on audiobooks, these patterns clearly differ between ebooks and audiobooks.

It is also remarkable to compare these patterns between ebooks and audiobooks for the genre categories of education and of nonfiction, as documented in the audiobook chapter, as they play a much more relevant in audiobooks than in ebooks.

We assume that with the strong and continuous rise of audiobooks overall, and audiobook subscriptions and streaming offers in particular, some new, dynamic developments by genre category, format, distribution channel are in the very process of forming.

This presents certainly a challenge to publishers in particular from the increase of complexity. But at the same time, opportunities arise as well, with possible cross-marketing options between formats and initiatives to extend the lifecycle of titles with smart calibrated PR efforts for a build-up between download, streaming and subscription offers.

WEIGHT OF BESTSELLERS ´16/´17/´18/´19/ 1Q2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

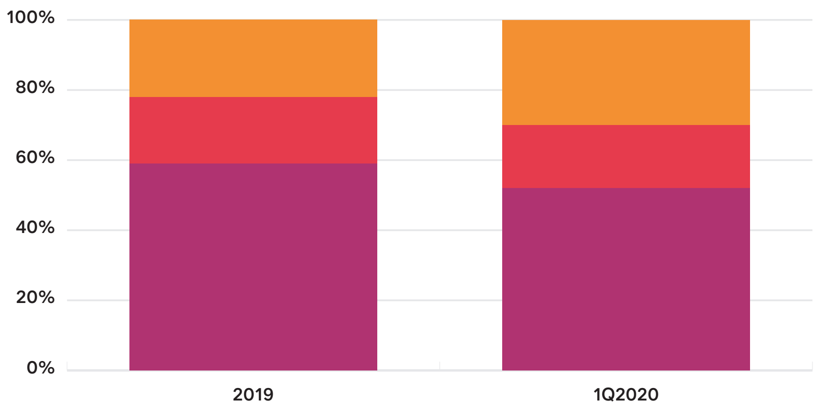
Weight of bestsellers across all genres in 1000 titles (download) (2016-1Q2020, data Bookwire) *1Q2020 incomplete*

WEIGHT OF BESTSELLERS ´19/ 1Q2020

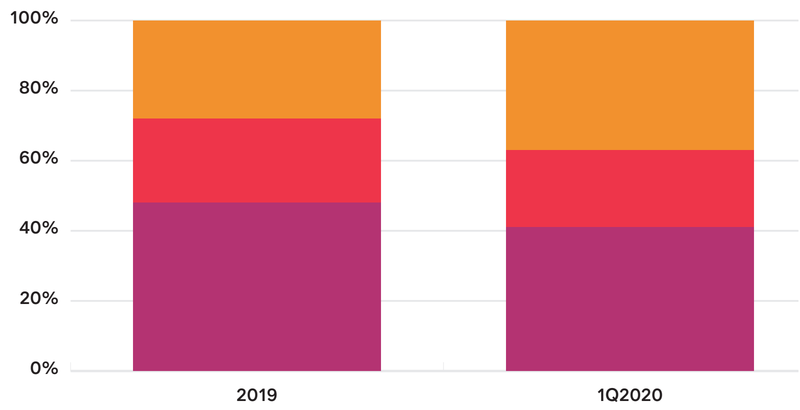
#ITALY

Weight of bestsellers among top 1000 titles (FY2019-1Q2020, data edigita)

ALL GENRES

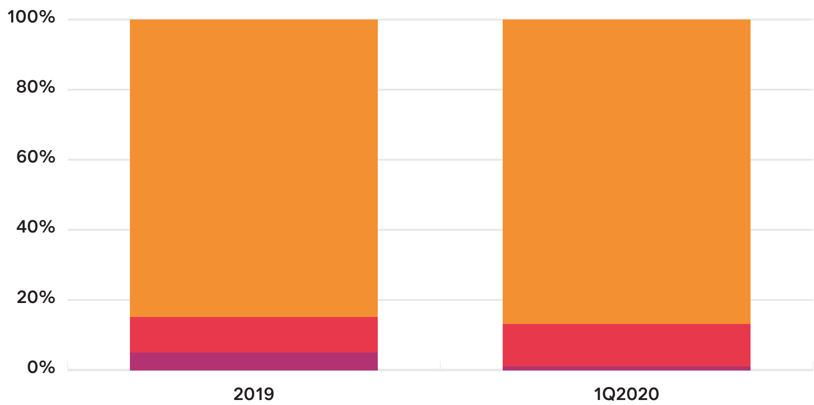


FICTION

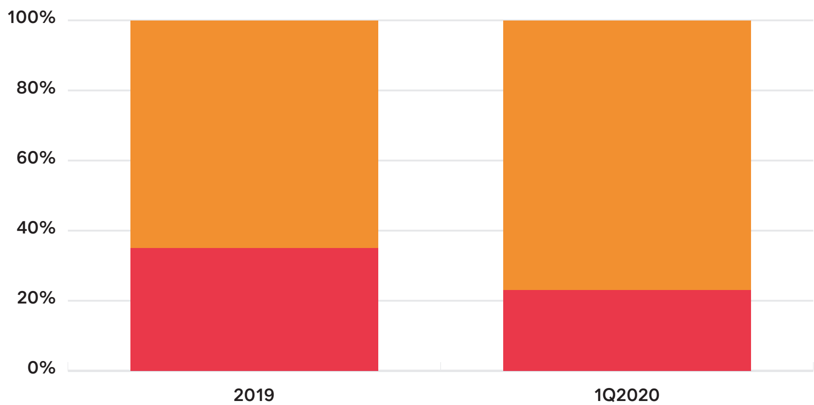


Share of top25 in top 1000 (%) | Share of top26 to 100 in top 1000 (%) | Top 101 to 1000 (%)

CHILDREN & YOUNG ADULTS



ROMANCE

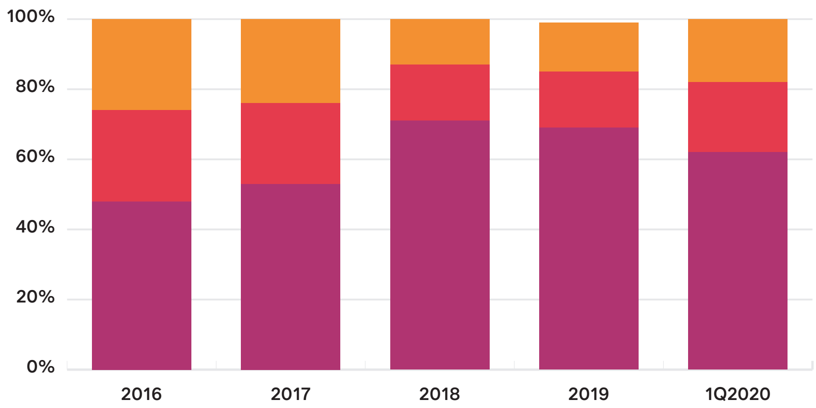


WEIGHT OF BESTSELLERS ´16/´17/´18/´19/ 1Q2020

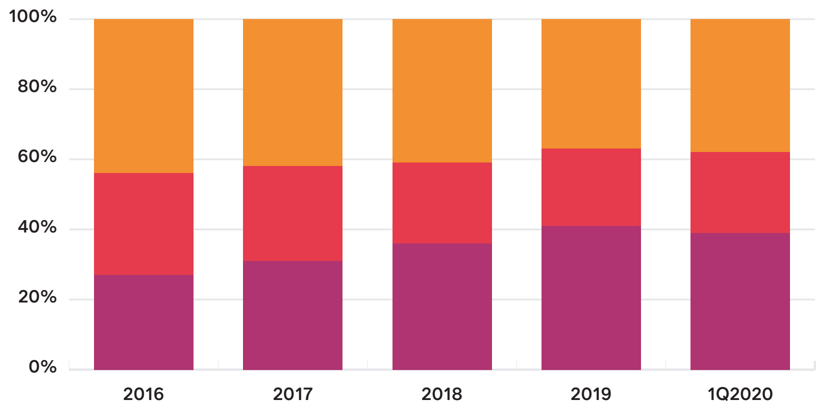
#SPAIN

Weight of bestsellers among top 1000 titles (download) (2016-1Q2020, data Bookwire)

ALL GENRES

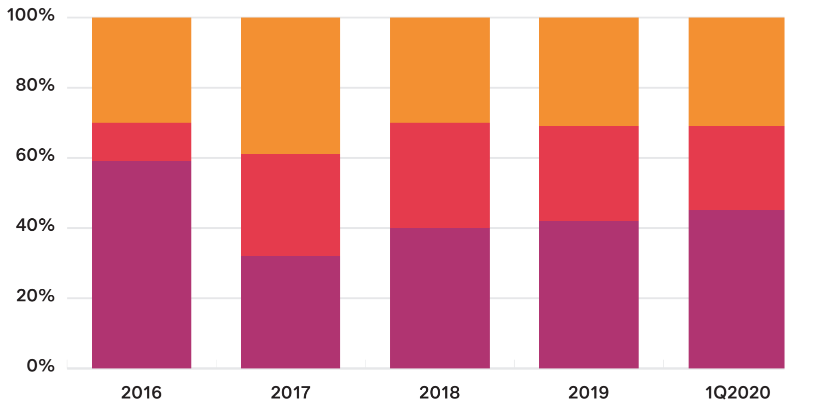


FICTION

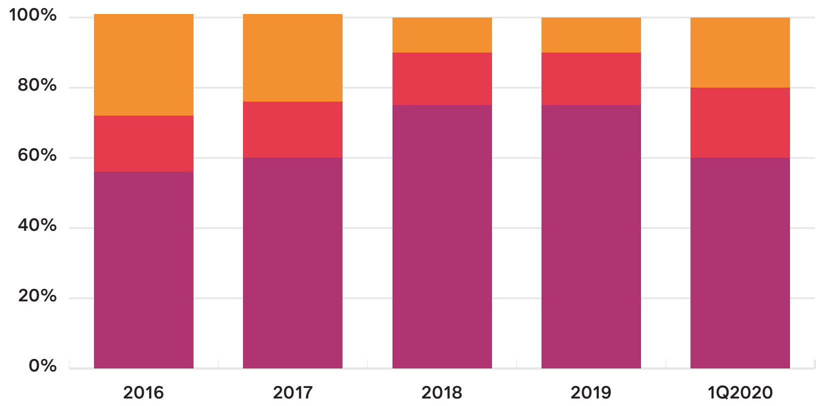


Share of top25 in top 1000 (%)   Share of top26 to 100 in top 1000 (%)   Top 101 to 1000 (%)

CHILDREN & YOUNG ADULTS



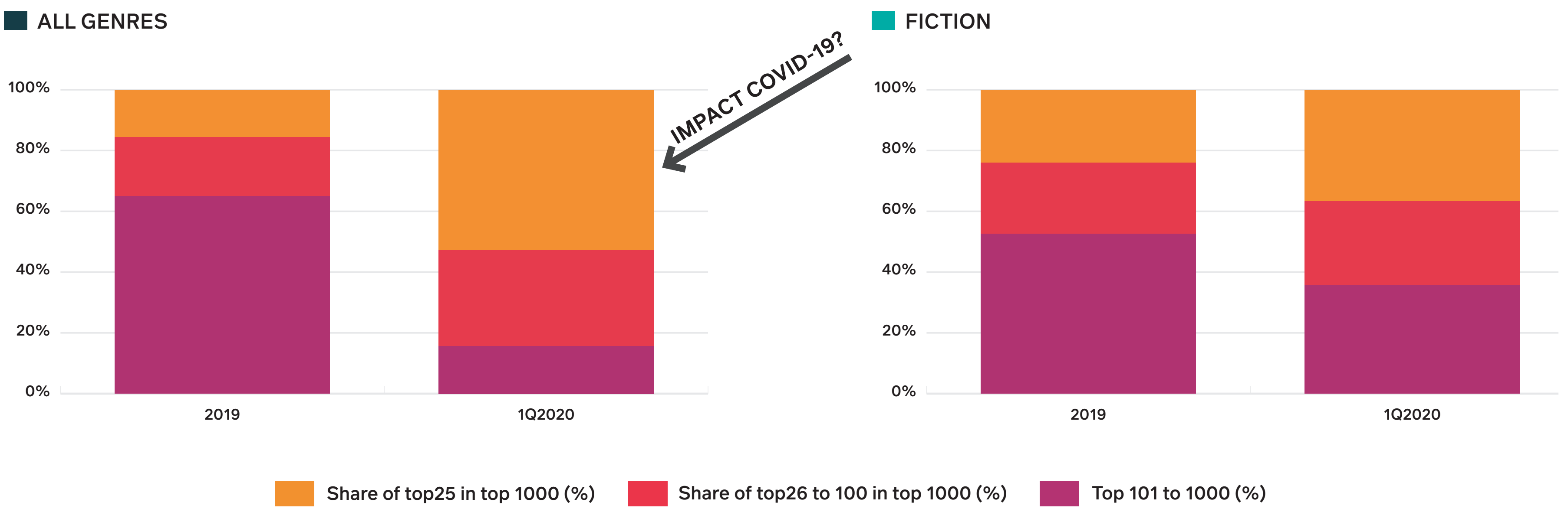
ROMANCE



WEIGHT OF BESTSELLERS ´19/ 1Q2020

#CANADA (fr)

Weight of bestsellers in top 1000 titles (download) (2019 to 1Q2020, data DeMarque)



Preliminary observations on the impact from the Covid-19 lockdown in 1Q2020

The lockdown in spring 2020 resulted in an expected expansion of digital markets. But ebooks and audiobooks, download and streaming offers, saw each different developments.

Germany went into lockdown triggered by the Covid-19 pandemic in mid-March 2020, with that period of very limited consumer opportunities ending in early May.

Based on early, still incomplete data at the time of writing this report, we can recognize some first relevant patterns that are summarized in the following 2 pages.

Ebook downloads, as seen through the already available data from Bookwire for the German speaking markets, highlight the expected rise in sales, by both revenue and volume (units).

The curves are not continuous. Instead, prominent peaks can be seen particularly for moments when Covid-19 dynamics and relevant promotional campaigns by publishers or vendors conincided. This indicates that such cross-fertilization is particularly strong in the digital segments.

By genre category, it can be noted that fiction grew less (and nonfiction barely), while particularly content in the Education and Children and Young Adult categories surged, as parents supported their children's home and distance schooling. These two stronger categories also had a less steep decline once the lockdown had ended.

In audiobooks an entirely separate picture evolved. Audiobook downloads (as single online purchases) had a steep peak at the initial moment of the lockdown, and so across all categories.

Audiobook streaming by contrast had an at first more cautious increase, which however turned into a continuous growth pattern that did not stop once the lockdown had ended.

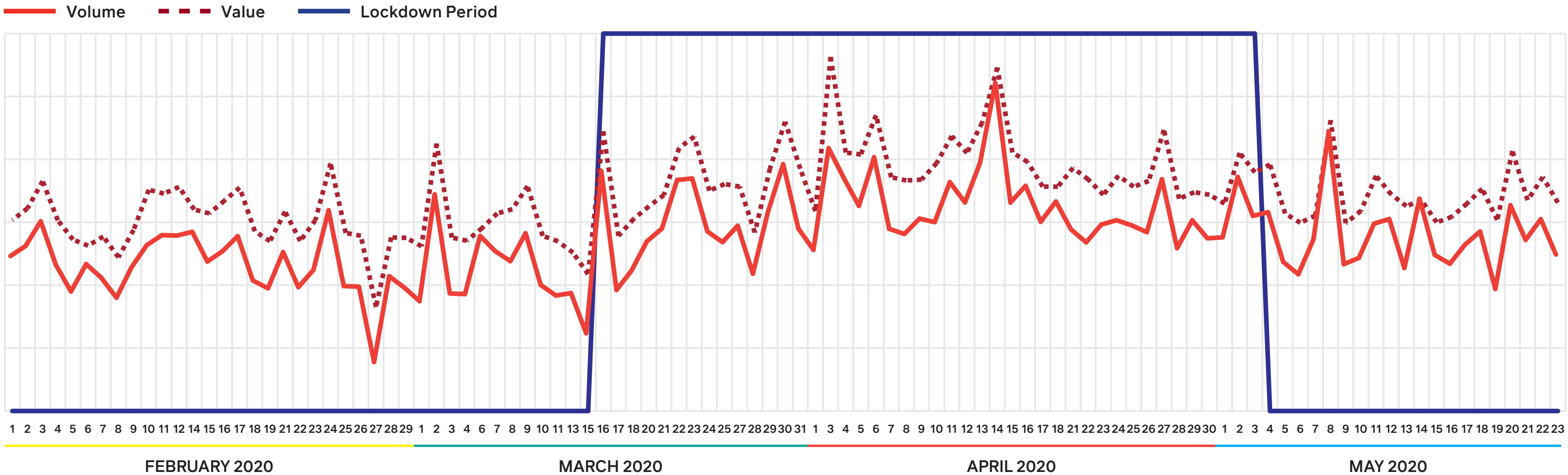
Again, figures for the last weeks may not be complete at this point. But it will be very interesting to observe if streaming services will continue to see a sustainable upward drift in consumer appreciation.

The Education category in audiobook downloads had a slower decrease during the duration of the lockdown than other genre categories, which echoes the developments in ebooks.

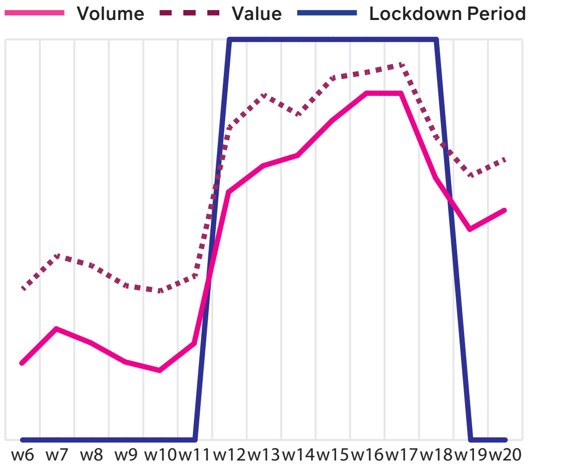
EBOOK DOWNLOADS COVID

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

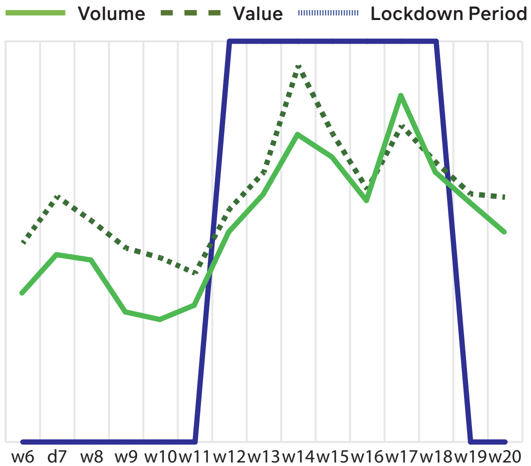
Ebook downloads across all genres by daily volume and value february 1st to may 23rd *1Q2020 incomplete*



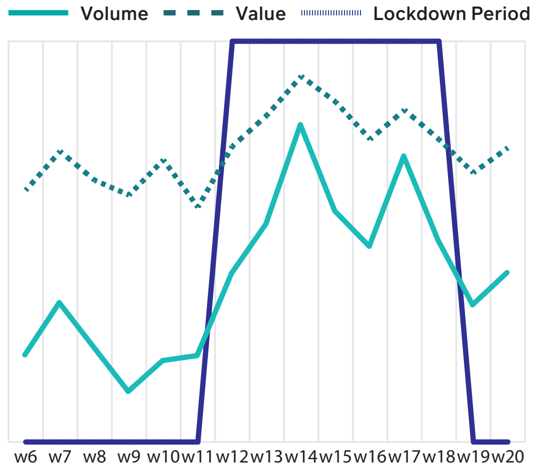
CHILDREN & YOUNG ADULTS By genre + week



EDUCATION By genre + week



FICTION By genre + week



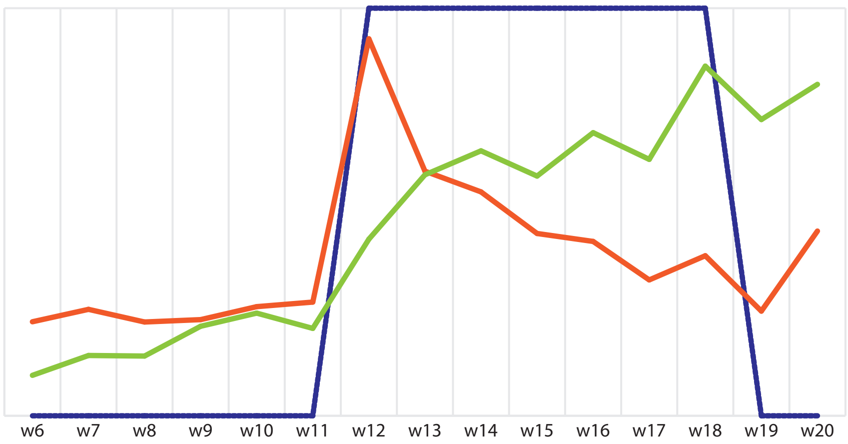
AUDIOBOOK DOWNLOADS COVID BY GENRE + WEEK

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

1Q2020 incomplete

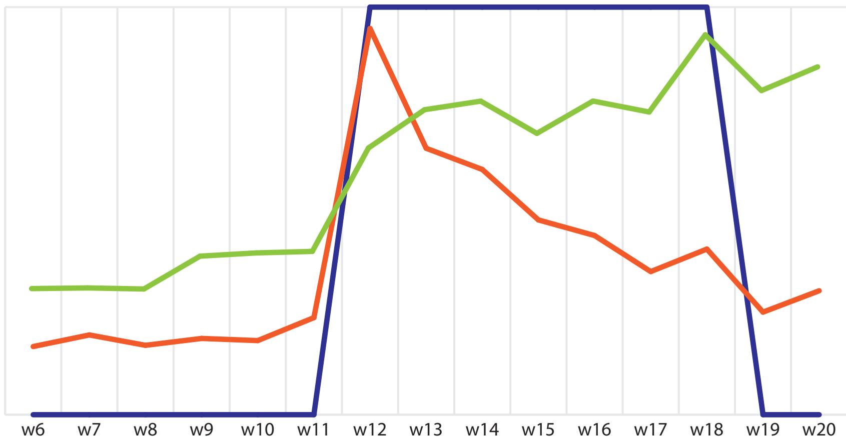
Download vs. streaming before, during and after lockdown period

Download — Streaming — Lockdown Period



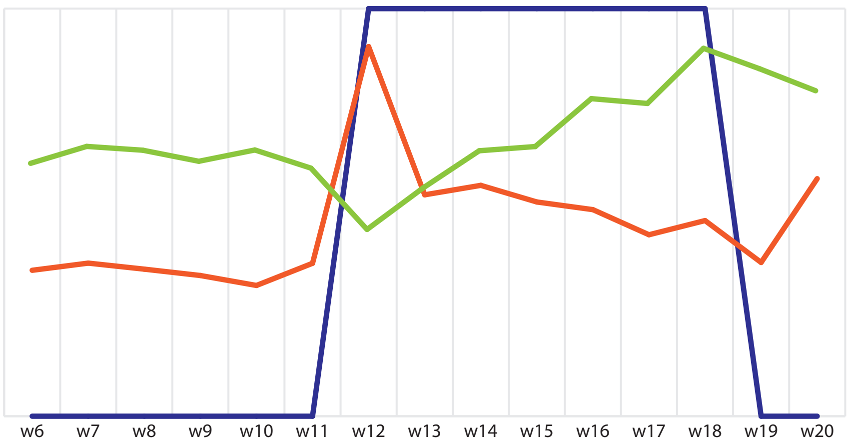
CHILDREN & YOUNG ADULTS

Download — Streaming — Lockdown Period



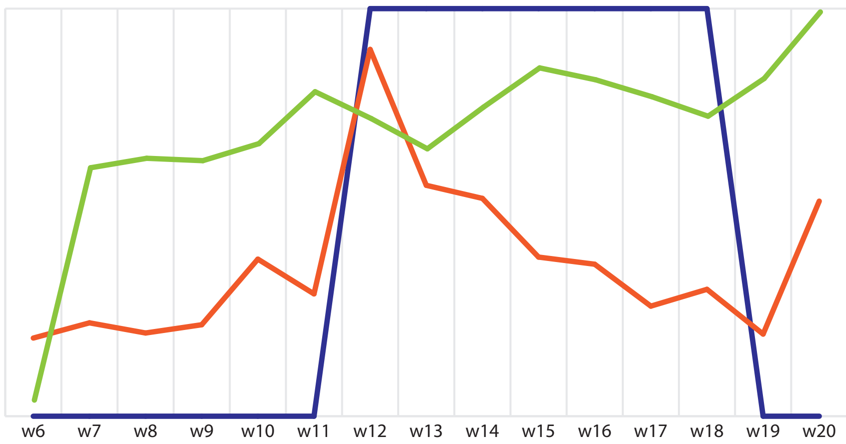
EDUCATION

Download — Streaming — Lockdown Period



FICTION

Download — Streaming — Lockdown Period



Audiobook downloads by price and genre category Germany + Austria + Switzerland (DACH)

Audiobooks are more complex, as download and streaming each show different usages. This impacts all relevant parameters, the annual calendar, pricing and specifics by genre category.

The same approaches are applied to measuring and analyzing audiobook download sales as has been done with ebooks: We are trending sales by volume and by value, along the annual calendar, and by price and genre categories. This allows similar learnings about the two segments.

Audiobook sales have a recognizable peak at the end of each year, probably due to purchases for presents and more leisure time during long winter nights. This is echoed by streaming, yet not in subscription and library lending.

From various related data, we must assume though that over time, particularly subscription and streaming result in more continuous usage patterns than downoad sales.

Tracking audiobook sales over several years, from 2016 to 1Q2020 (with still incomplete data available for the last period) clearly illustrates an increasingly mature and stable audiobook market segment in the German language countries.

Initial high peaks at the lowest prices decline in volume. Meanwhile, again by volume, two price ranges are forming at around 5€ and, more broadly, between 8€ and 13€, which are close to ebook thresholds.

In revenue, the high value segment, proposing probably multi-hour long listening sessions, and proominent speakers, at prices above 20€ remains to be accepted by consumers. But the 12€ to 15€ range also generates solid income.

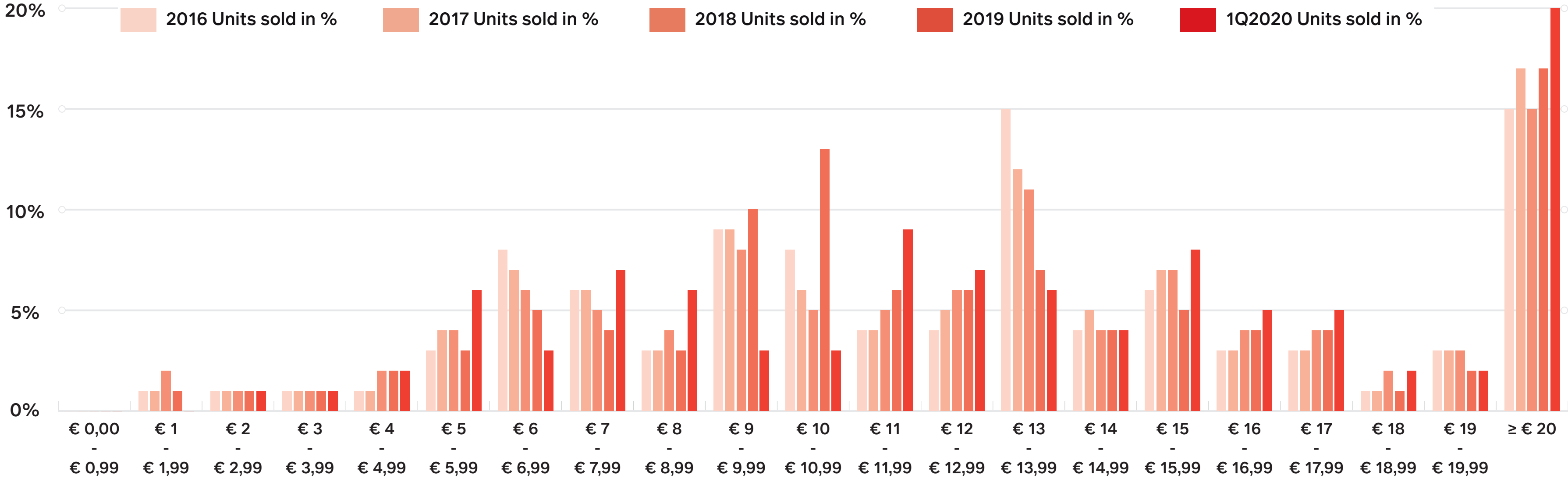
By genre category, differences between audiobooks and ebooks are significant.

Audiobooks for children and young adults have a prominent share in the segment, topped only by general fiction and, in some price ranges, by thrillers. Typical ebook genre literature, like romance, of fantasy or scifi remaine niche.

GERMANY AUDIO VOLUME & VALUE ´16/ ´17/ ´18/ ´19/ 1Q2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

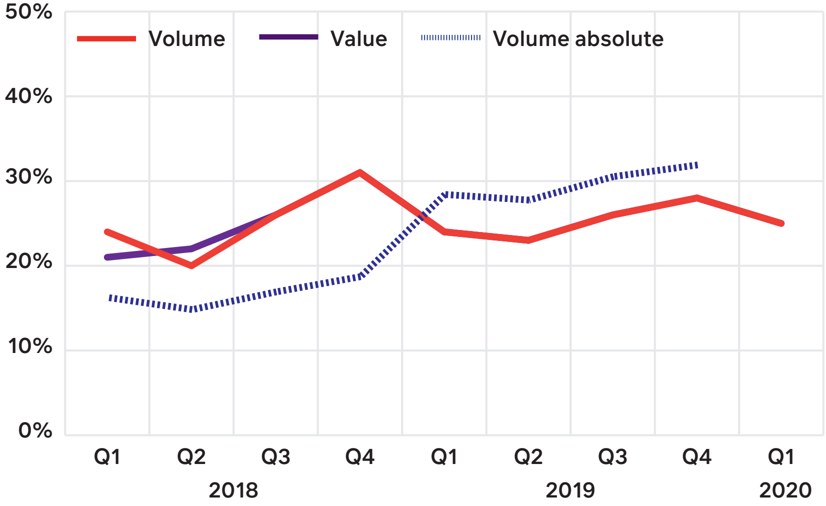
Audiobook sales 2016 to 1Q2020: volume (copies) & value (revenue) by price points across all genre categories (data Bookwire) *1Q2020 incomplete*



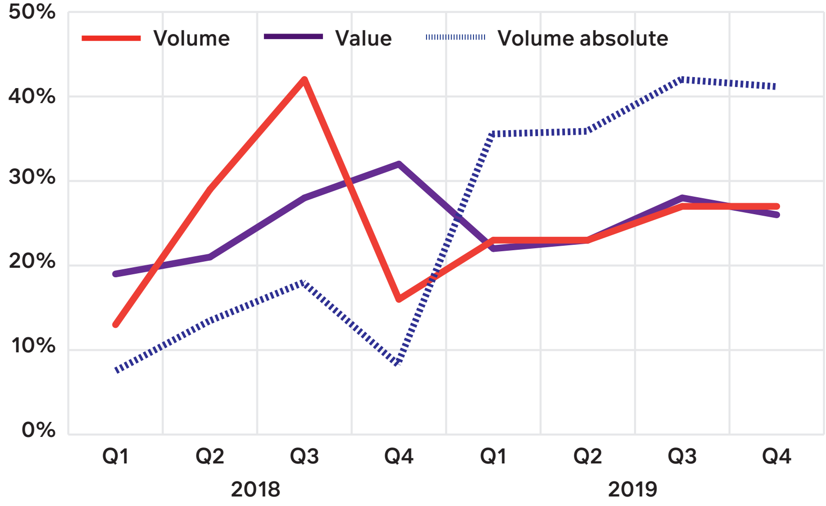
AUDIO YEAR CALENDAR

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

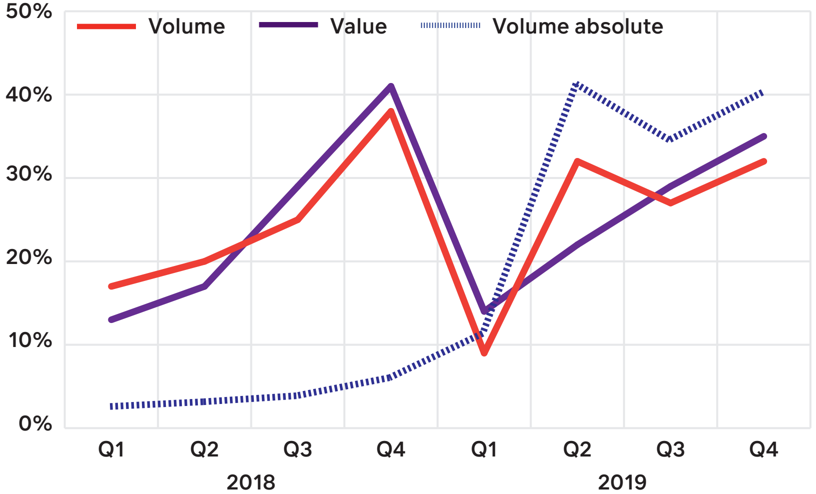
Audiobook download sales: *1Q2020 incomplete*
volume and value sales by quarter, 2018 to 1Q2020 (data Bookwire)



Audiobook subscriptions and library lending:
volume and value sales by quarter, 2018 to 2019 (data Bookwire)



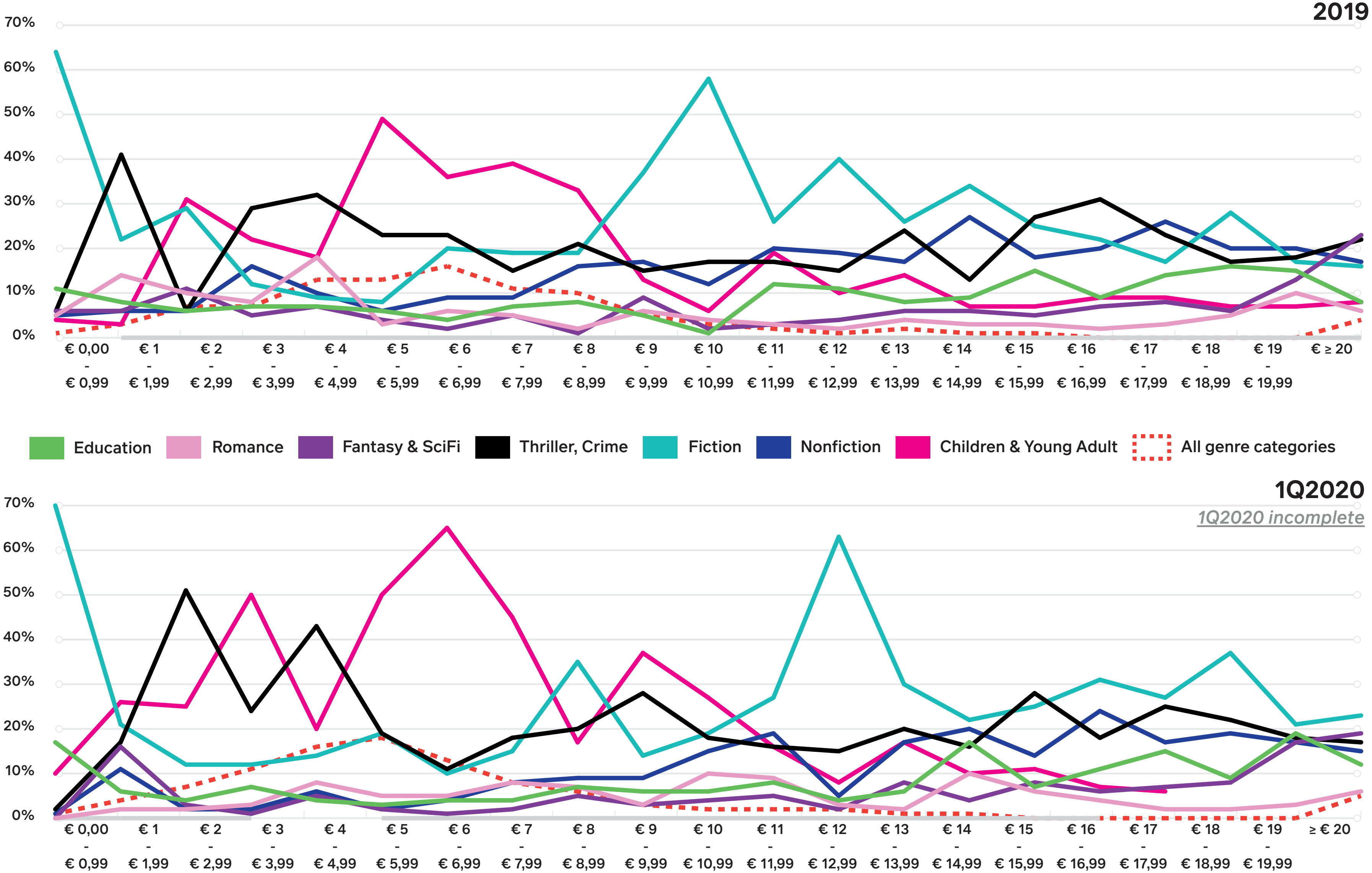
Audiobook streaming:
volume and value sales by quarter, 2018 to 2019 (data Bookwire)



AUDIOBOOK SALES

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

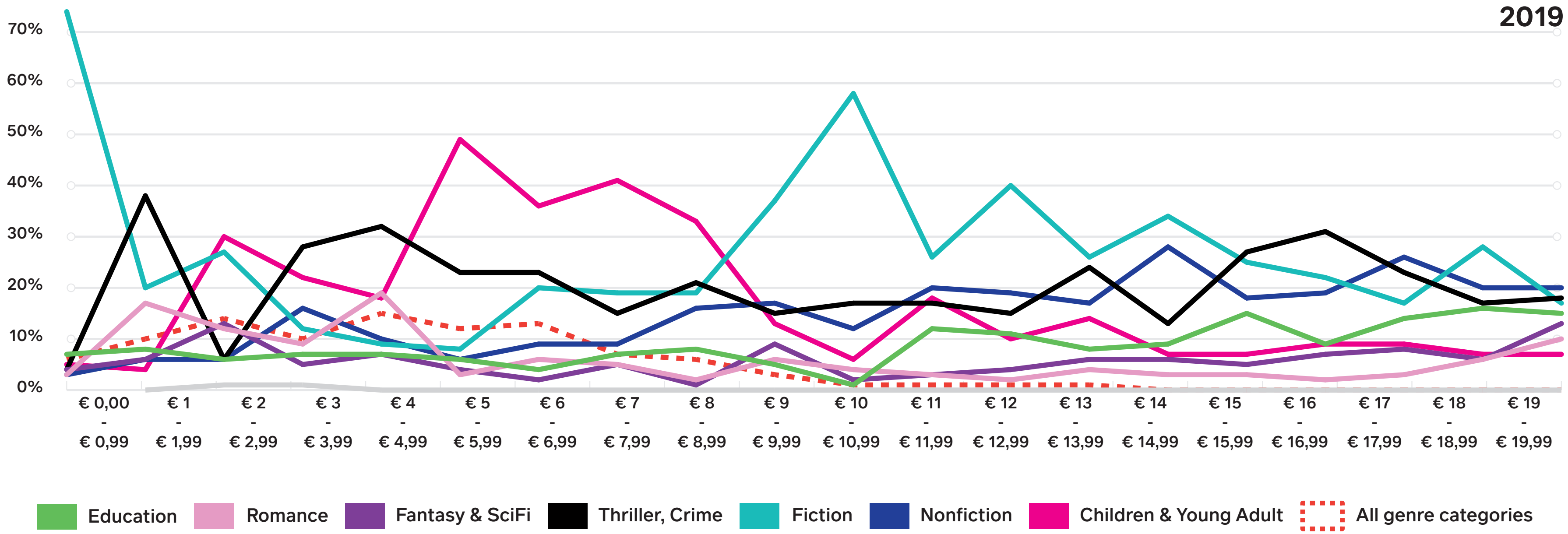
2019+1Q2020 value (revenue) by price points & genre category (data Bookwire)

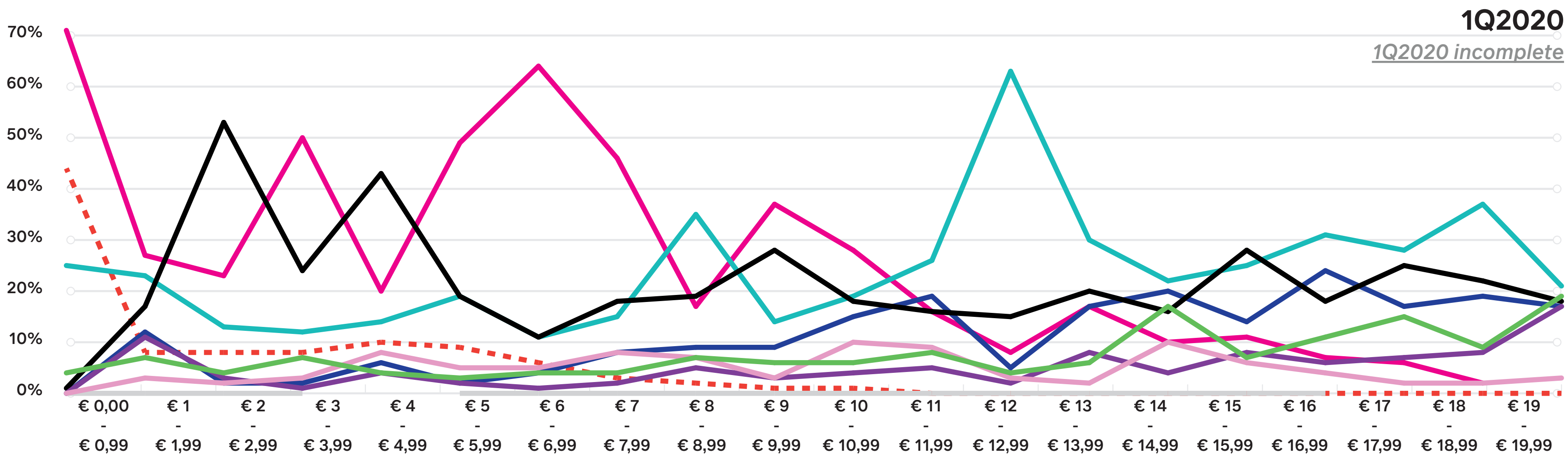


AUDIOBOOK SALES

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

2019+1Q2020 volume (copies) by price points & genre category (data Bookwire)





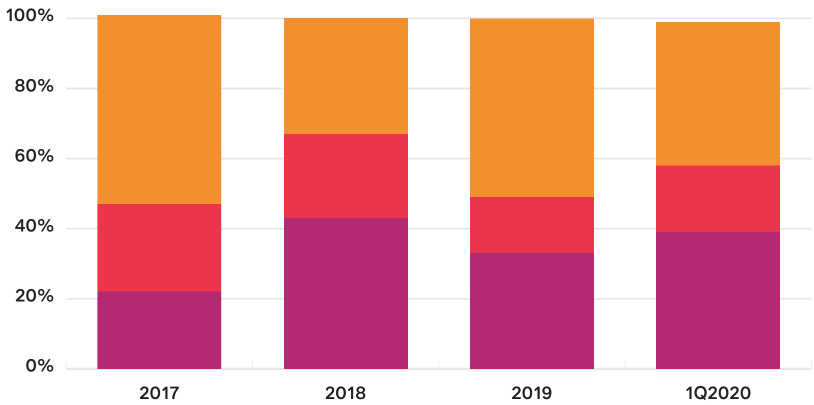
AUDIO STREAMING: SHARE OF BESTSELLERS

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

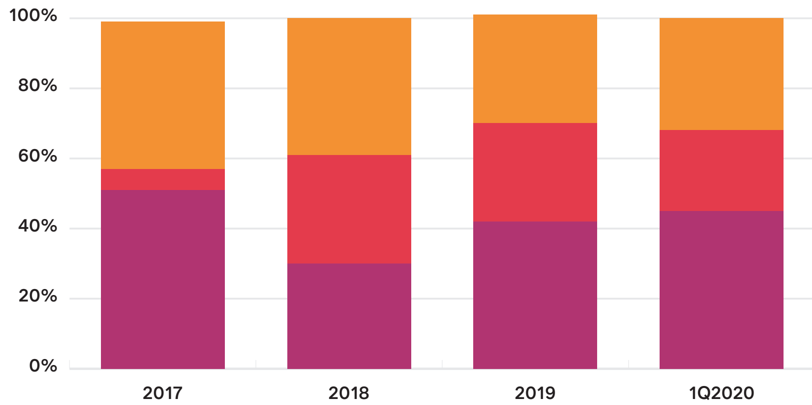
Audio streaming: weight of bestsellers in top 1000 titles (2016 to 1Q2020, data Bookwire)

1Q2020 incomplete

ALL GENRES

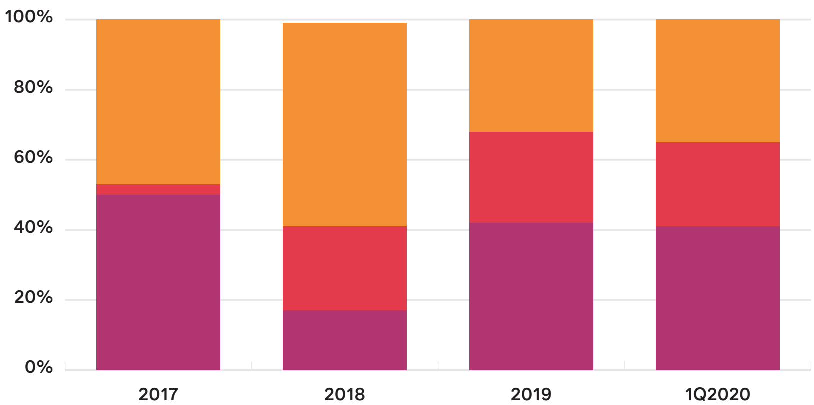


FICTION

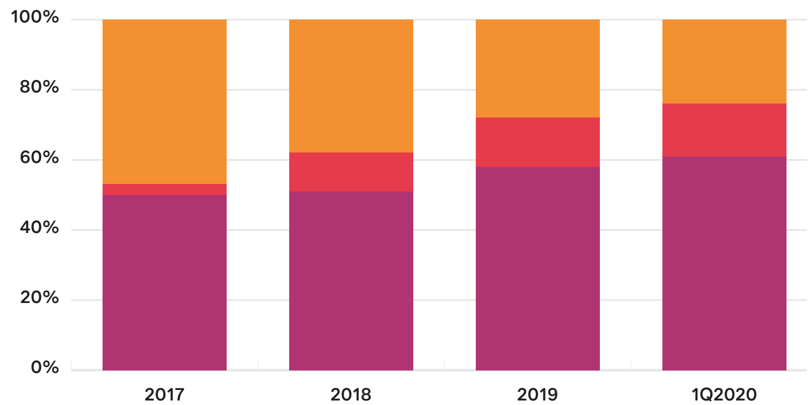


Share of top25 in top 1000 (%) | Share of top26 to 100 in top 1000 (%) | Top 101 to 1000 (%)

CHILDREN & YOUNG ADULTS



ROMANCE



Conclusions and outlook

The Digital Consumer Book Barometer provides tools for navigating a volatile digital landscape. It provides benchmarks + analytical tools for transformations triggered by the impact of the Covid-19 crisis. Updates on resulting developments are prepared for July and September 2020.

This edition of the Digital Consumer Book Barometer is covering a particularly insecure terrain.

Whatever we have seen in digital developments in the consumer publishing markets over the past decade are bound to be turned upside down by the impact of the Covid-19 medical crisis and the resulting aftershocks in both the economic and social, and the cultural realm.

As we have seen from previous editions of the Digital Barometer in past editions, in 2018 and 2019, when processes of transformation already had been perceived as complicated and challenging, ecosystems for digital books are complicated, because they are highly volatile, granular and segmented by many factors. This will be further accelerated by the current push, and even more so, after the Covid-19 crisis.

The result will be, no doubt, not at all a level playing field. It will hit actors in very different ways. The largest players may have a relative advantage, by affording initial losses, and the cost of adjustments, research, experimentation and innovation. They will take advantage from cost saving factors - think of reduced office space - more easily than small and medium sized occupants of various niches.

The real wild card though will be recepients, consumers, readers of various degree, students and teachers, libraries relying on public funding, and anyone else putting time and budget on the work of authors and the industries supporting them.

At this point in time, we simply don't know how exactly supply chains in publishing will be rebuilt and adjusted, and most of all, how the audiences will react in the short, middle and long term.

We hope to provide a framework and a tool set that professional stakeholders will find useful and valuable to pick up upon, combine it with their in-house data and analytics and develop it further.

We strongly encourage critical feedback as well as responses sharing insights building on, and expanding, the Digital Barometer.

In the face of the extreme volatility of the situation, we prepare two updates for the Digital Consumer Book Barometer 2020, first in July, with more data to measure the imminent impact of the Covid-19 caused lockdown, and then again in early fall, with perhaps first assessments on shifting, or stable, consumer behaviour within the grid of our parameters.

We are most grateful to our sponsors, Bookwire, DeMarque, Libranda and IPDA, and to our additional data partners, edigita, Ingram and Readbox for their support and cooperation.

The current edition of the Digital Barometer grew in scope and granularity almost inadvertedly from the mutually expanding appetite for including more data and in-depth analysis, which increased everybody's workload. For this enthusiasm, we want to say 'thank you', in particular to Rosa Egg, Sarah Fletcher,
Ruth Jones, Mike Lacroix, Arantza Larrauri,
Francesca Noia, Svenja Rohr, and Marcus Strasser.
It is a tremendous privilege to work with you all.

Rüdiger Wischenbart and
Michaela Anna Fleischhacker, Content and Consulting

Vienna, June 7, 2020.
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