Associazione Italiana Editori

Report on the state of publishing in Italy 2017
Consolidation in 2016 and a look at the first half of 2017
by the AIE Research Department
Summary

The book market seems to be emerging steadily from years of recession and striving for a "recovery". Following the positive closure of 2015, confirmation of this comes from the performance in 2016, which consolidated the growth of total turnover, at +1.2%.
Italian book publishing has clearly come out of the years of crisis looking more international, with a greater ability to offer and sell the rights of Italian authors on foreign markets (not only books for children and young people, but also fiction titles) and to create international co-editions, especially in the art and children's sector, which together account for 76% of the titles in co-edition. The e-book market, despite having grown less than expected, is now worth more than 5% of the total, while the digital market as a whole is 13% (in 2011 it was 5%).
These are just some of the features highlighted in the **Report on the state of publishing in Italy 2016**, edited by the Research Department of the Italian Publishers Association (AIE), which focuses on various facets showing how the sector is emerging from the storm, albeit with growth rates too weak for a quick return to the values of 2010 (i.e. pre-crisis). Since then, in fact, the size of the market has been reduced by about 242 million euros in the trade channels (those aimed at the public: bookshops, online stores and large retail outlets). And even including estimates of Amazon's sales (120 million euros in 2016), the market was reduced by 122 million compared to 2010.
Since then, sales channels have changed profoundly: online is growing, large retail is declining but bookshops are holding their position.
The real structural problem of our publishing industry, however, remains and is worsening: the progressive decline in numbers of book readers. Compared to other nations, Italy has the lowest percentage of readers: the Italian average stands at 40.5% in 2016, well below the 62.2% in Spain, 68.7% in Germany, 73% in the United States, 83% in Canada, 84% in France and 90% in Norway.
Below are the main indicators for 2016 together with a look at the first half of 2017:

Growth in the number of active publishing houses - 4,877 publishing houses published at least one title during the year (+5.8% compared to 2015). This growth follows the basic stability recorded in 2015 compared to the previous year (+0.1%).

Stable production of titles on paper in 2016, growth in e-books - In 2016 Italian publishing houses produced 66,000 printed titles (new titles and new editions of miscellaneous adult and children's books in addition to educational titles; e-books excluded), in line with 2015. Looking at the 62,573 new titles published in 2016, the following features can be noted: stability of fiction (+0.3%, including Young Adult fiction), growth of practical non-fiction (manuals: +3.9%) and a drop-off (for the first time in years) in children's books: -4.5%. Readers can find available more titles (from small as well as large publishers), more extensive catalogues and a greater variety of prices and formats to choose from.

The "live" catalogue of paper books on sale (commercially live titles) for the first time exceeds 1 million, reaching 1,032,799 (+13.9% on 2015).

Growth in production of e-book titles in 2016 - The increase was 29.6%: 81,035 "manifestations" in 2016, compared to 62,544 in 2015. In terms of revenue, e-books, at approximately 63 million euros, represented a share of 5.2% of trade channels at the end of 2016 (+23.5% compared to 2015).

Confirmation of growth in the book market - Total turnover in the new book market in 2016 was 2.561 billion euros, up 1.2% on the previous year. This is positive but not yet enough to allow time for a rest, especially when comparing the figures with those of 2011, when turnover was 3.1 billion. If "market perimeters" are extended to include second-hand books, remainders and non-book products (i.e. products that are not strictly books sold in bookshops but goods which publishers are increasingly experimenting with through dedicated production lines, and which are an important and growing element in the economic balance), growth is +1.1% over 2015, equal to 2.710 billion euros.
If we look only at the trade channels and at new books alone, growth is almost +1.8%.

Digital is not just e-books. It represents almost 13% of the total market - In 2016 **d**igital (e-books + databases and web services for businesses and professionals) was worth 323 million euros (+15.8% compared to 2015), or 12.6% of the market. By comparison, this same market represented 5.2% in 2011.

The sale of rights continues to grow - In 2016, Italian publishers sold a total of 6,565 publishing rights abroad to their foreign colleagues and bought rights for 9,552 titles. Compared to 2015, sales abroad grew by 11% (+11.7% in 2015) and purchases by 10.6% (+2% in 2015). As always, it is through medium-long term trends that we can best appreciate the transformations in relation to this particular aspect of the highly complex processes connected to the dynamics of internationalization. Sales of rights abroad rose from the 1,800 titles recorded in 2001 to the present 6,565, +264.7% with an average annual growth of 17.6%. The acquisition of publishing rights, on the other hand, went from 5,400 titles in 2001 to 9,552 in 2016 (this could also be interpreted as a cyclical phenomenon: in 2015 there were in any event 10,685 titles) a rise of +76.9% and +5.1% on average per year. In the face of a limited internal market, Italian publishers are focusing on the enhancement of the "copy in Italy" image based on editorial excellence, which in some sectors (young people, illustrated books, lifestyle, certain segments of fiction, etc.) best express the variety and range of a high-quality offer.

Italian publishing houses are more capable of operating on international markets. In 2016, there were approximately 7,400 titles (new books and new editions) published which were translated from a foreign language, compared with 11,500 in the previous year, including classics and titles from authors for whom publishing houses were already in possession of rights. There was thus a drop from 17.6% of titles translated in 2015 to 11.8% in 2016. These figures highlight the slow but constant growth in the proportion of Italian authors in the total number of publications: it is worth recalling that in 2002/2003 translated titles represented 23-

24% of the total.

Prices rose by 2.8% - Average cover prices (not weighted and on the production side), which had steadily decreased from 2010 to 2014 (-14.7%), in 2016 showed a confirmation of the growth already recorded in 2015, rising from 18.41 euros to 18.93 (+2.8%). However, the average price remains 2.6 euros lower than it was 6 years ago (-12.4%).

Decline in reading of paper books - In 2016, the number of people (over 6 years old) who claim to have read at least one non-school book started to fall again, with a worrying - 3.1%.
Book reading decreased among weak and occasional readers (-4%) and among strong readers (more than 12 books per year: -0.4%), among women and children and young people (who read books more than the average of the population). It is not clear to what extent this decline is the result of processes linked to different uses of time, mobile technologies (smartphones), substitution (from the abandonment of books to the reading of e-books) or rather integration between different forms of reading carried out on different devices. Paper and digital have become interchangeable for the reader, depending on the opportunities and needs of the moment.

The problem of problems - The low rate of reading is the main problem for growth in Italian publishing: it means having a smaller market than other comparable publishing industries on the continent. This is even more evident when cross-referenced with OECD-PISA data on reading comprehension skills and book reading among managerial and professional classes (32% do not read any books in their leisure time) and graduates (25% are non-readers). Behind these numbers lie changes in people's use of time (trains and public transport are a good point of observation for changes in behaviour and habits), reductions in income and a sense of disorientation and mistrust in elements traditionally regarded as facilitators of social mobility: employment in the first place, but also education, qualifications, the habit of reading, cultural consumption and the possession of a home library.

There are about 4.2 million e-book readers - In 2016, almost 4.2 million people declared that they had read an e-book in the last 3 months, slightly down from 4.7 million in 2015 (the e-book reading data cannot simply be added on to that of paper book reading): 7.3% of the population over 6 years old, compared to 2.3% in 2011. After the initial years of strong growth, therefore, e-book reading also shows signs of slowing down. 37% of readers adopt different combinations of paper and e-books (28% in 2015); only 1% say that they read books exclusively in e-book format (other research institutes report 3% of readers who choose "mainly e-books", without excluding the occasional paper book).

Reading on electronic devices - In 2016, Italians bought more than 900,000 e-readers (-9.4% compared to 2015) and 2.4 million tablets (-7.6% compared to 2015). And above all, they spent 3.6 billion euros on smartphones, including an increasingly large proportion with 5 "-7" screens thus combining portability with enhanced capabilities. These features have enabled the smartphone to become the reference device for searching and finding information, news, services and, increasingly more often, reading e-books and complex texts.

Associazione Italiana Editori

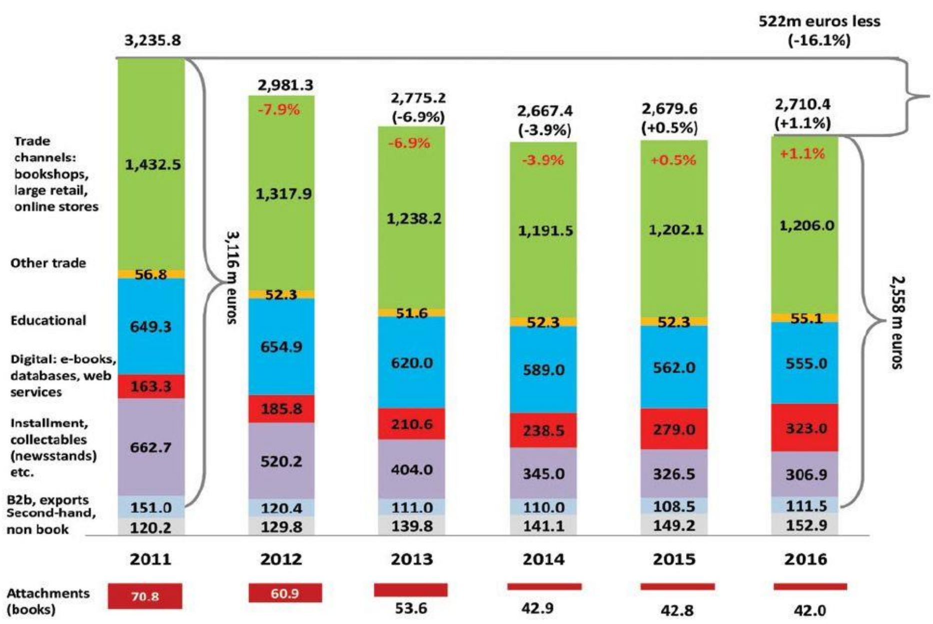
Where are books bought? Bookshops are holding their place, e-commerce is growing, large retailers are declining - Sales channels are undergoing a major transformation. Above all, in the market share they represent and in the commercial formulas which they offer to their customers (for example the massive entry of non-book products and food as merchandise and as services).
The bookshop remains the main channel through which publishing houses reach their customers, but new online sales formulas have eroded an important share of the market and have accustomed clients to different ways of buying. The physical bookstore has lost market share, from 79% in 2007 to 73% at present. Online bookshops have grown from 3.5% in 2008 to 17% at present, now overtaking large-scale retail, which has become the "sick" channel of Italian publishing: 46% of the reduction in turnover over recent years is derived from here. Sales may have declined but not the essential role of this channel: the bookshelves in supermarkets and department stores played a fundamental role, in the 1980s and 1990s, in intercepting, a new clientele of readers who never set foot in bookshops. Later they gradually migrated to channels offering a wider range and more services. Nevertheless, almost one million people say that they buy books only from large retail outlets, which remain in some cases, such as small towns, the nearest physical point of sale where an assortment is available, even if only minimal.

A glance at 2017 - The principal market trends have been confirmed in the first half of 2017: growth and slow recovery of pre-crisis values, due to a variety of factors. The trade channels (net of large-scale retail, i.e. chain and independent bookshops, online stores without Amazon) in the first half of 2017 recorded +1.1% in terms of value (and -1.1% in terms of copies). Positive signs in value were recorded by fiction (+1.4%) and by the children's and adolescent sector (+10.7%, excluding YA fiction), while general non-fiction registered -7% and practical non-fiction -1.4%. With its 59.3 million euros of revenue, large-scale retail remains in difficulty also in 2017- and the blame can no longer be attributed to a reorganization of the shopping trolley (nevertheless it remains 10.5% of the market, which the sector cannot afford to lose).
Italian publishing has all the tools to increase its market share at an international level and to enlarge the still too low reading base, as evidenced by the campaigns and projects implemented by the publishing houses, also in terms of product renewal and commercial channels.

Associazione Italiana Editori

The book market in Italy

Market trend for new and second-hand books: 2012-2016
Values in millions of € and in %



Source: Elaboration by Ufficio studi Aie