



2014

REPORT
ON
PUBLISHING
IN ITALY:
HIGHLIGHTS

ITALIAN
PUBLISHERS
ASSOCIATION



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This Summary features a selection of numbers regarding the publishing market in 2013 and in the first months of 2014. The figures and a detailed analysis of the facts that characterized last year are published in the *Report on the state of publishing 2014* available in digital version in the main on line stores .

Negative years

The Italian publishing industry is going through a deep economic crisis for the fourth successive year, which has never happened since the last world war. In 2010 the total value of the market at cover prices was 3.406 billion euros. Last year it fell to 2.972 billion. In four years the industry has lost almost 434 million euros.

Book reading is also declining: in 2013 the drop was -6.1%. In 2013, for the first time, production too declined, with about 2,729 fewer titles (new books and new editions) in a total of over 64,117 (-4.1%: new books and new editions of miscellaneous adult and children's books, excluding e-books and educational books).

After a pause of a year, sales of rights abroad have started to grow again, with +7.3% in the number of titles involved. This is accompanied by more intensive activity in co-editions and publications of books directly in English for international markets.

Is there any consolation in the digital market? Yes, in part, although its contribution was not enough to change the overall situation. In any case it should not be forgotten that the 37.1 million euros earned in 2013 (+55.9%) have to bear the weight of a VAT rate of 22%, which has a significant impact on the contribution that e-books are beginning to provide for publishers.

The entire digital market, including not only e-books but also databanks and b2b web services for the professional sector offered by publishers (excluding hybrid products combining paper with offline digital extensions and web services), is now worth 215.6 million euros, equal to 8.1% of the Italian publishing market. But not even this is enough to rebalance the performance of the market.

In recent years publishers have not stood aside from the Internet and the development of mobile phone apps, although it is common knowledge that Italy is significantly behind the nations of northern and central Europe in terms of the spread of digital technologies and web connections.

The reality is that Italian publishing, although in sixth/seventh position in the world, carries the burden of some original sins. First among them is the fact that, alone among publishing industries in the great western nations, it has a market limited to its own linguistic area. Then we have to take into account the low rates of reading, given that 57% of the Italian population say that they do not read one book per year and 60.3% do not even look at newspapers. Levels of basic literacy, moreover, are below the average for OECD countries. It is no surprise therefore that there are only 22.4 million readers over 14 years of age and 19.5 million bookbuyers, with about a million buyers of e-books. For those who govern, and have governed, the country it still seems to be a bizarre idea that there could be any connection between reading books or e-books and the economic growth of a country, although nevertheless everyone swears by the value of culture.

This summary and last year are published in the *2014 Report on the state of publishing*, edited by the research department of the Associazione Italiana Editori (AIE), available on leading platforms as an e-book.

For the first time a decline in titles

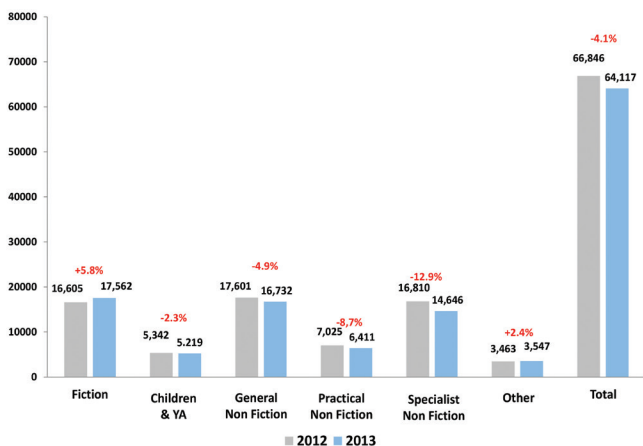
In 2013 Italian publishing houses produced 64,117 titles (new books and new editions of miscellaneous adult and children's books, excluding e-books and educational books), a drop of -4.1%. The negative figure cuts across various market categories: books for children and young adults -2.3%, general non fiction -4.9%, practical non fiction -8.7%, specialist non fiction -12.9%. 813,092 titles were on sale in 2013 (+6.1% on 2012, excluding e-books).

Since 2010 the stock of paper titles declared as available grew by 21.5%: from 669 thousand in 2010 to 813 thousand today.

New books represent 64.7% of titles and 57.6% of copies. Average cover prices are going down, falling by 5.2% compared to 2012, to 18.56 euros (production price). Since 2010 the average price of books has fallen from 21.60 to 18.56 euros: -14.1%.

Composition of production of miscellaneous books¹

Values in numbers of titles and in %



¹ Excluding educational books and e-books

Source: Elaboration by AIE research dept based on IE-Informazioni Editoriali data



In the 2014 Report also:

- book production by sector
- trends in average price
- self-publishing

Where production is heading: e-books & abroad

30,382 e-book titles were published in 2013 (47.4% of titles published). In 2010 the figure was 9,076: +234.8%. If we consider e-book production in 2013 in terms of all the various formats produced (pdf, ePub, Mobipocket etc.), 40,800 were put on the market. E-books in all their formats now represent 12.4% of titles on sale. The average price of an e-book is 7.20 euros (compared to 18.56 for a hardback and 10.05 for a paperback).

Production and supply of e-books Values in numbers of titles, euros and in %

E-book titles published	30,382
E-books published (in all formats)	40,800
E-books in catalogue (in all formats)	100,524
% e-books in titles on sale 2013	12.4%
Average cover price (VAT 22%)	7.20 euros
Average cover price (without VAT)	5.90 euros

Source: Elaboration by AIE research dept based on IE-Informazioni editoriali data

Translations by language area Values in %

% translations from other languages	17.9%
Source of translations:	
English	60.6%
French	13.8%
German	9.6%
Spanish	4.0%
Slav languages	1.4%
Other languages	10.6%

Source: Elaboration by AIE research dept based on IE-Informazioni Editoriali data

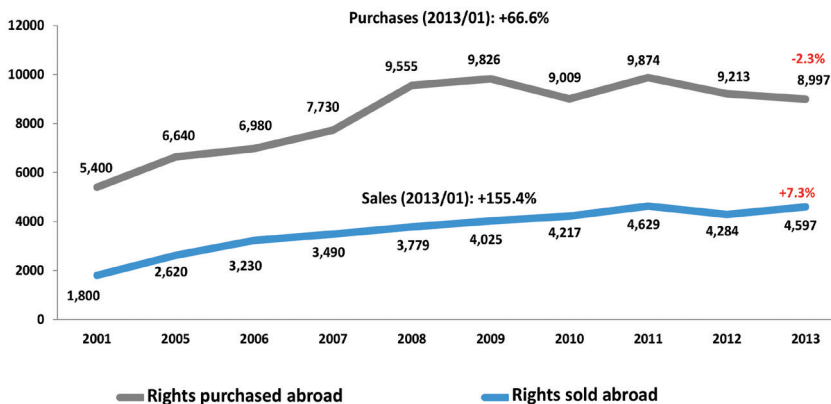
Titles published which are translations from other languages are declining significantly: from 25% in 1995 and 23% in 2000, they are now 17.9%. Languages from the traditional leading world publishing industries still dominate (89.4%), although in 2005 that figure was 91.2%

This recent reduced dependence on foreign publishing in the building of catalogues is accompanied by growing sales of rights abroad (especially in the

sector for children and young people): +12.9% (annual average), compared to +5.6% in the purchase of rights.

Sales and purchases of rights : 2001-2013

Values in titles and in %



Source: Elaboration by AIE research dept



In the 2014 Report also:

- import-export of rights for Italian authors
- trends in publishing geopolitics

Fewer people read books

The market for readers of paper books was reduced by 1.8 million readers (-6.1%) in 2013.

Reading declined among all socio-demographic groups: among 6-14-year-olds (-7.4%); among women (-4.7%); in the regions of the South (-9.8%)

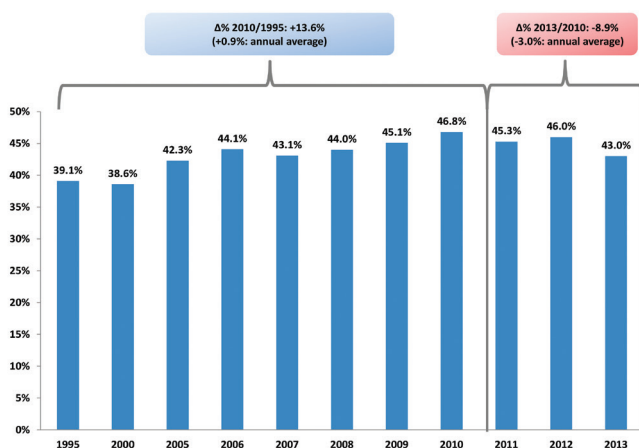
We do not know to what extent these figures are the result of substitution processes (abandoning the book for the e-book) or integration among different forms of reading done on different devices.

Methods of looking at the paper/digital divide have become obsolete in recent years. Paper and digital have become

simply part of the landscape in which the reader/client moves: they are not in conflict but interchangeable according to the situation and needs of the moment. In a context in which 57% of Italians read no books and almost half of those who do read no more than one every four months, where investment in reading infrastructure has been reduced and where there is still no national plan to promote reading, smartphones, tablets and the web are shaping a new organization of people's time which penalises forms of reading linked to the pages of a book.

Trend of reading of paper books: 1995-2013

Values in %



Source: Elaboration by AIE research dept based on Istat data



In the 2014 Report also:

- historical data on reading
- relationship between book reading & buying
- relationship between book reading & technologies

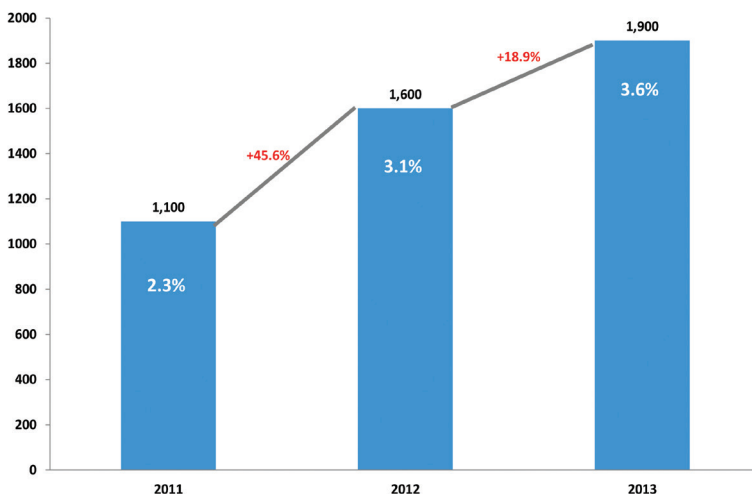
More people read e-books

1.9 million people stated that they read e-books in 2013, an increase of +18.9% over the previous year and +72.7% over 2011.

These readers represented 3.6% of the total in 2013 whereas three years previously, in 2011, they represented 2.3%.

Trend in e-book reading: 2011-2013

Values in numbers of people (,000) and in % of the readers



Source: Elaboration by AIE research dept based on Nielsen data for Cepell



In the 2014 Report also:

- reading of e-books by age band, type and geographical area
- relationship between reading books and e-books

The spread of technologies

The spread of digital technologies has become over the last decade, and with intense acceleration in recent years, a benchmark upon which the publishing industry is obliged to appraise itself. The technology has prompted a process of structural change right down to the foundations on which publishing and distribution industries have based themselves up until now, placing the «client in the centre» with new tools (notebooks, tablets, e-readers, smartphones). Customers can decide what to read, when to do it, what price to pay (paper or e-book) and where to buy. In 2013 Internet access, from whatever place and with whatever device, reached

81.0% of the Italian population between 11 and 74 years of age. This amounts to 39 million individuals, of whom 22 million (47.7%) have access through smartphones and about 7 million (15.8%) through tablets. If we look at the last three years, tablets are the reading devices which have the highest level of penetration: 6.3 million units with an average annual growth rate of +98.8%. In terms of units sold (2.4 million), e-readers represent less than half of that figure, with numbers close to those for committed, habitual book readers, and with a growth rate which is also half of the figure for tablets (+56.2% annual average).

Italians and new technologies

Internet users active per month (,000)	27,500
Internet users active per average day (,000)	13,400
Average time dedicated (h:m)	1:11
Internet access from (millions of people over 14 years):	
Home	74.3% (35.2m)
Place of work¹	47.7% (10.3m)
School or place of study	4.8% (3.7m)
Smartphone	47.5% (19.3m)
Tablet	15.8% (4.8m)
Type of connection from home (millions of households):	
Adsl	72.4% (10.8m)
USB	24.7% (3.7m)
Cable line	5.1% (0.8m)
Other	2.7% (0.4m)



In the 2014 Report also:
 – trends and evolution in web use by age band
 – mobile access to publishing content
 – the digital content market

¹ Value calculated only on those in employment
 Source: Elaboration by AIE research dept based on Audiweb, Doxa and NetComm data

Increasingly mobile technologies

In 2013 Italians bought 1.2 million e-readers (+34.2% over 2012) but they also bought 3.4 million tablets (+65.7%), thanks in part to the success of mini-tablets offering a range of prices and multiple functions, and 12.3 million smartphones.

The total stock of mobile devices in use in 2013 consisted of over 26.2 million smartphones, 6.3 million tablets and 2.4 million e-readers.

Expenditure in Italy on e-readers amounted to 114 million euros, a decline of -5.0% in value.

E-readers and tablets bought, expenditure and stock in use

E-readers bought	1,150,000 (+34.2%)
Expenditure on e-readers (millions of euros)	114 (-5.0%)
Tablets bought	3,400,000 (+65.7%)
Expenditure on tablets (millions of euros)	1,135 (+42.2%)
Total stock in use (estimate):	
E-readers	2,435,000
Tablets	6,310,000

Source: Elaboration by AIE research dept based on Assinform data



In the 2014 Report also:

- Italians and the web
- the market for devices, by value and quantity
- trends and evolution in use of PCs and mobile devices in Italy
- technology and behaviour patterns: buying, information, sharing

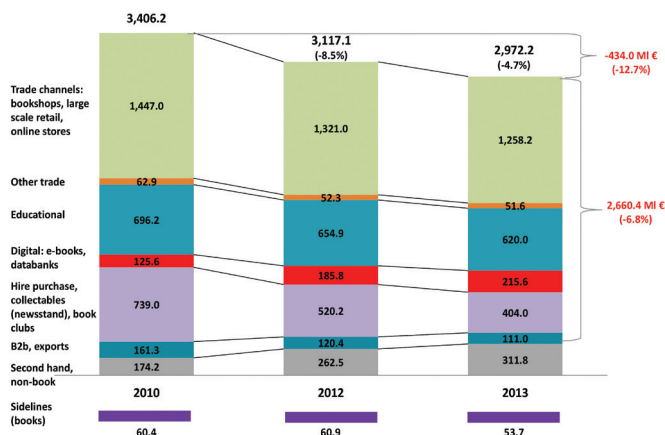
2013: another negative year

In 2013 the publishing industry generated a turnover of 2.660 billion euros, a drop of -6.8% over the previous year. Compared to 2010 the fall is even more dramatic: from 3.232 billion to 2.660. In four years 572 million euros were lost: -17.7%. If we include products on the margins of the market: second hand, remainders and non-book merchandise (totalling 311.8 million euros), the value of the industry comes to just under 3 billion euros. These products are an important and growing element in the economic balance of sales channels (and of bookshops in particular) and

reduce slightly the drop in income: -4.7% compared to 2012 and -12.7% over 2010. All categories of books recorded negative trends by value and numbers of copies: fiction (-5.4% in value, -4.2% in copies), general non-fiction (-4.2% and -2.6%), practical non-fiction (-13.2% in value and copies), specialist non-fiction (-8.6% and -6.5%). The only exception was children's books, which increased by +3.1% in value and +3.3% in copies sold. After a pause of a year, the sale of rights abroad grew again, +7.3% in the number of titles involved.

Market trend for new and second hand books: 2010-2013

Values in millions of euro and in %



Source: Elaboration by AIE research dept



In the 2014 Report also:

- trade channels
- market for children's books, educational and other types
- market shares of leading publishing groups in trade channels

The e-book market

It is estimated that e-books in 2013 achieved a market share of about 3% (although international players do not reveal their sales data). However, for some fiction titles, the figure is reaching 4-5%. In absolute terms, these values are still modest but they are not far from those of other major European publishing industries (excluding the UK). They

show much more rapid growth than that displayed in Italy by the phenomenon of e-commerce for physical books.

Digital publishing was valued in 2013 at about 216 million euros (+16% over 2012) and 8% of the market (excluding second hand and non-book products). In 2010 the same sector accounted for 3.9%.

The e-book market: 2011-2013

Values in millions of euros and in %

	2011	2012	2013
E-book	12.6	23.8	37.1
Δ%		+88.9%	+55.9%
Trade channels¹	1,489.7	1,373.3	1,309.8
Δ%		-7.8%	-4.6%
e-book/trade %	0.8%	1.7%	2.8%

¹ Nielsen includes in this definition bookshops, large retailers and online stores

Source: Elaboration by AIE research dept

Estimate of e-book buyers and readers: 2010-2013

Values in numbers of buyers and in %



Source: Elaboration by AIE research dept based on Nielsen data for Cepell

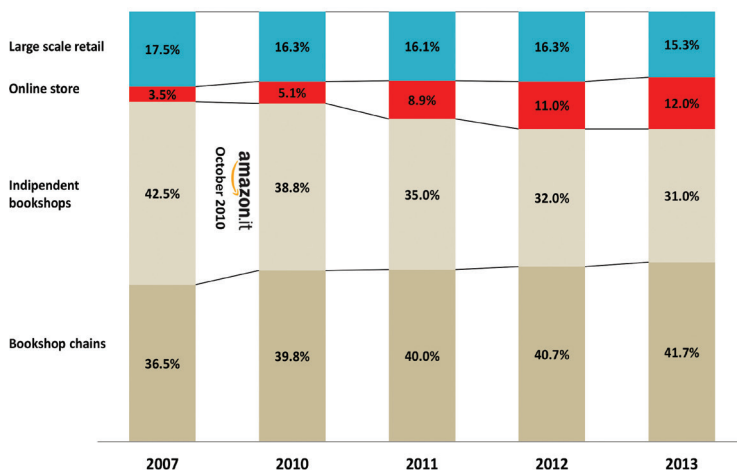
How channels are changing

Sales channels are undergoing a no less important transformation and reorganization. This affects, in the first place, their relative weight, i.e. the market share that they hold, and also the sales formulas through which offers are made to customers (for example the large-scale introduction of non-book products and food as merchandise and services). We can see a loss of market share by the physical bookshop (for miscellaneous books, excluding

schoolbooks for adoption), which has dropped from 79.0% in 2007 to the present 72.7%. Although the bookshop remains the main channel through which publishers reach their customers, new formulas of online commerce have eroded significant market share and accustomed clients to different ways of buying. The share of online channels in the sale of physical books is growing: valued at 3.5% in 2008, it now represents 12.0%.

Market shares of trade channels (excluding e-books)

Values in %



Source: Elaboration by AIE research dept on Nielsen data



In the 2014 Report also:

- transformation in the number of sales outlets and growth of franchising
- reorganization of sales outlets
- additional merchandise

2014: the crisis goes on

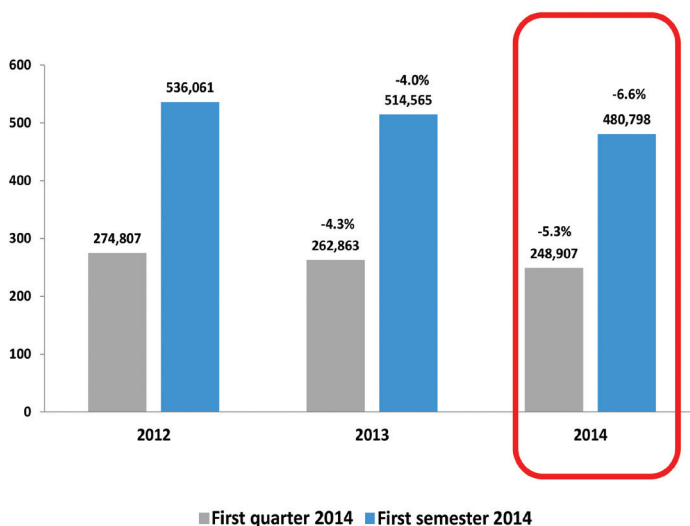
The first half of 2014 confirms the negative trend for the fourth consecutive year (although Christmas bestsellers have not yet come out): -6.6% in value (33.8 million euros less in income from January to June 2014) and -9.0% in copies (3.8 million fewer copies bought by the public).

Since 2012 the loss in the first six months is 10.3% in value (55.3 million euros less) and 9.4% in copies (3.9 million fewer books sold).

With regard to titles published (the data stop at May 2014) there is a drop from

29,997 titles in 2011 (new books and new editions) to 25,521 titles published from January to May this year. In other words, after four years, there are 4,476 fewer titles from Italian publishers. This statistic can be interpreted in two ways: on the one hand positively because it suggests greater attention to how much is published; on the other hand negatively because it implies a reduction in the supply available to the reader. In any case no publishing industry can grow by reducing its volume of production.

Trend in trade channels by value in the first quarter and first semester: 2012-2014
Values in millions of euros and in %



Source: Elaboration by AIE research dept based on Nielsen data



In the 2014 Report also:
– comparison with leading
international publishing industries

Our instant e-books



- α Amazon, Apple, B&N, Kobo. Il periodo dei regni combattenti**
E. Molinari, Ediser 2012
-
- β Leggere in futuro. Rapporto sull'editoria per ragazzi 2013**
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- γ La costellazione dei buchi neri. Rapporto sulle biblioteche scolastiche in Italia 2013**
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