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2015

REPORT ON PUBLISHING IN ITALY: HIGHLIGHTS

ITALIAN PUBLISHERS ASSOCIATION

Contents

This Summary features a selection of numbers regarding the publishing market in 2014 and in the first months of 2015. The figures and a detailed analysis of the facts that characterized last year are published in the Report on the state of publishing 2015 available in digital version in the main on line stores. .

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ITALIAN TRADE AGENCY

Realized by AIE (Italian Publishers Association) in cooperation with ICE - Italian Trade Agency to substain Italian Publishing sector abroad.

Associazione italiana editori Research Department

Collaborators Giovanni Peresson, Antonio Lolli

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Ediser srl – Corso di Porta Romana 108 - 20122 Milano - Italy
www.aie.it
Tel. +39.02.89280800 – Fax +39.02.289280860
e-mail: segreteria@aie.it

Another year of transition

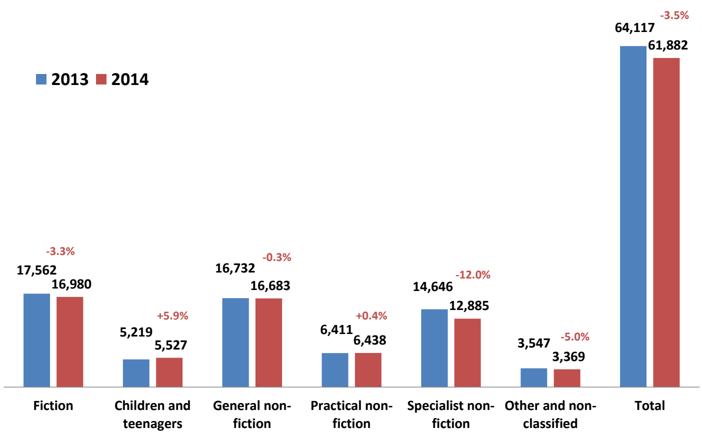
For the fifth consecutive year - something that has never before happened since the post-war period - Italian publishing (books and publishing content in digital format, miscellaneous and educational books, new, used and other books) has been in the midst of a deep economic crisis. In 2010 the overall value of the market at cover price was 3.406 billion euro. Last year, this fell to 2.894 billion. During four years, the whole system has lost almost 512 million euro.
Book reading has also declined: in 2014 the negative figure stood at -4.3%, covering adults and children, strong and weak readers, women and men, those living in the regions of Northern Italy - historically more inclined to read - and those in the regions of the South.
For the second consecutive year, in 2014, the production of miscellaneous books also reduced: approximately 2,200 fewer titles (new titles and new editions) out of more than 61,800 titles (-3.5%; adults' and children's miscellaneous books). Almost 10,000 fewer titles published in two years.
Can we take any comfort from the digital market? Partly, yes. However, albeit not being responsible for the negative figures marking the industry's statistics, its support has not been able to turn things around. It is certainly true, in fact, that the e-book market is growing both in terms of reader numbers (+0.9% in 2014, but with just 1% reading only e-books and 32% mixing books with e-books, while other people still prefer paper books, despite an e-book "catalogue" consisting of 158,000 titles), purchasers and sales values.
The whole digital sector, which also includes, in addition to e-books, databases and Web b2b services for the professional sector offered by publishers with the exclusion of hybrid products that combine paper and offline digital extensions and Web services, is now worth 238.6 million euro, amounting to almost 9.3% of the Italian publishing market. But this is not enough to rebalance the market performance.
Over recent years, publishers have not just observed the Internet and the development of mobile applications, despite it being known that Italy has structural indices of dissemination of digital technologies and Web communications some dozens of points below those of northern and central European countries.
However, Italian publishing, despite being sixth/seventh at global level, reflects its ancestral sins: the first being that it is the only publishing market among those of large western countries to focus on a market that actually coincides with its own linguistic area. There are then the low reading indices, given that 59% of the Italian population states not to read any book during the year. This is compounded, finally, by indices of literacy skills which are positioned (permanently) below the average of OECD countries.

The *Report on the state of publishing in Italy 2015*, created by the Italian Publishers Association Research Department, and from which this summary is taken, is available in e-book format from all major online stores.

Production stabilises

In 2014 Italian publishers published 68,854 titles (new titles and new editions of adults' and children's miscellaneous books in addition to educational books, excluding e-books) with an essentially stable value compared to 2013 (-1.4%; -6.6% in the previous year).
On the other hand, miscellaneous books (excluding educational titles) continue to drop: -3.5%. Compared to 2012 there are almost 5,000 fewer titles. The decline is essentially cross-sectional across the various market areas, with one significant exception. Books for children and teenagers (0-14) published by publishers in 2014 have increased by almost 6% compared to the previous year in confirmation of the good health that this market sector enjoys (the only one among many).
In 2014, 861,484 titles were on sale. New books represent 67.9% of titles and 64.3% of copies.
The average cover prices are still in decline, losing 6.4% compared to 2013, standing at 17.37 euro (production price). Fiction titles have an average price of 13.24 euro.

Breakdown of production of miscellaneous books
Values in number of titles and in %



* Excluding educational books
Source: Processing of IE-Informazioni Editoriali data by the Italian Publishers Association Research Department

In the 2015 Report also:
– the production of books by sector (Fiction, Children, Specialist Non-Fiction, etc.)
– the average price trend
– paperbacks, cut price, self publishing

How production is changing: e-books, foreign

In 2014, 44,733 e-book titles were published. In 2013, the number was 30,382.
If we consider the production of e-books in relation to the various formats ("formats": pdf, ePub, Mobipocket, etc.) produced in 2014, 51,692 were placed on the market. The e-books ("formats") today represent 18.4% of the titles on sale; in 2010 they were 2.5%.
The average price of an e-book is 6.76 euro (VAT 22%; the adjustment of VAT on e-books to that of books at 4% entered into force on 1 January 2015). The 6.76 euro of an e-book (excluding promotions, etc.) correspond to the 17.37 euro of a hardback, 13.24 euro of a novel and 9.84 euro of a paperback).

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

Published e-book titles	44,733
E-book formats published	51,692
E-books in catalogue	158,601
% e-books on titles on sale 2014	18.4%
% e-books on titles on sale 2010	2.5%
Average cover price (VAT 21%)	6.76 euro (-6.1%)
Average cover price (without VAT, 22%)	5.54 euro

Source: Processing of IE-Informazioni Editoriali data by the Italian Publishers Association Research Department

Linguistic areas from which miscellaneous books for adults and children are translated
Values in %

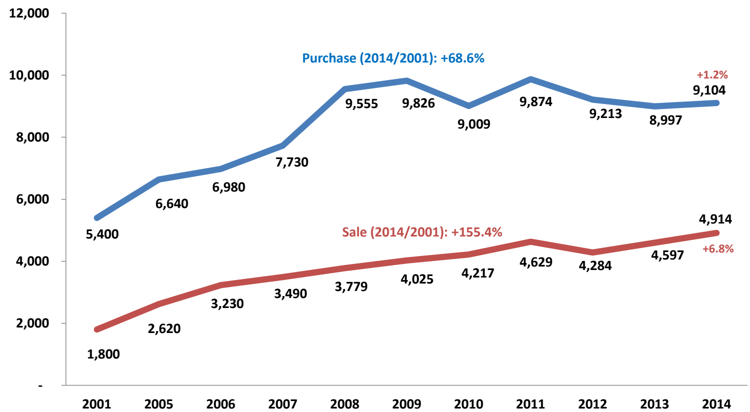
% translations from other languages	17.7%
Languages from which they are translated:	
English	64.8%
French	13.3%
German	8.7%
Spanish	3.2%
Slavic languages	2.0%
Other languages	8.0%

Source: Processing of ISTAT and IE-Informazioni Editoriali data by the Italian Publishers Association Research Department

The titles published that are translations from other languages reduce significantly: they amounted to 25% in 1995, 23% in 2000 and are now 17.7%. The languages of the historical global publishers are largely predominant (90.0%), but only in 2005 they were 91.2%.

This recent lower dependency on foreign publishers in the creation of the catalogue corresponds to the increasing sale of rights abroad (especially in the children's and teenage sector): +12.0% (annual average), against +5.3% in purchases of rights). One domestic market that decreases, a "copy in Italy", that in some sectors (teenage, illustrated, lifestyle, some segments of fiction, etc.) best expresses the variety and structure of a quality, but also mainstream, offer, are the driving forces of this change.

Sale and purchase of rights : 2001-2014
Values in titles and in %



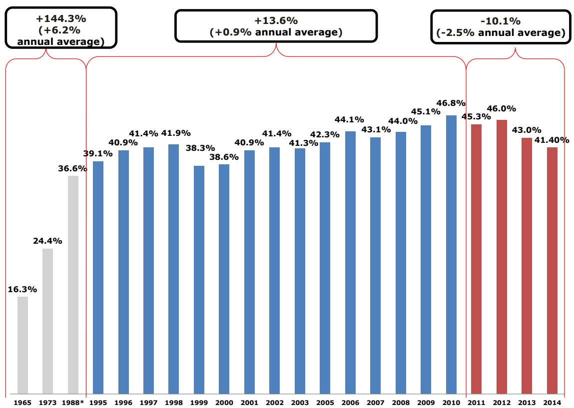
Source: Elaboration by AIE research dept

In the 2015 Report also:
– the import-export of rights for Italian authors
– the trends in publishing geopolitics and in contributions to translations

Fewer books are being read...

The number of book readers further reduced in 2014 by another 848,000 units (-3.4%).
Reading declines in all socio-demographic segments: among 6-14 year olds (-7.6%); among women (-4.9%); among strong readers (-0.4%); in the Southern regions (-2.2%).
Ways of analysing the paper/digital intersection have, in just a few years, become obsolete. Paper and digital have become natural elements of the landscape in which the reader/customer moves: they are not contrasting but are interchangeable depending on the occasions and the requirements of the moment.
Within a context in which 59% of Italians do not read any book, and almost half of those who do read (45.0%) do not read more than one book every four months, where investments in infrastructure for reading have been reduced, where a national promotion plan for reading continues to be absent, smartphones, tablets and the Web re-design a different organisation of time for people, which penalises forms of reading linked to the page of the book.

Trend in reading of paper books: 1995-2014
Values in %



Source: Processing of ISTAT data by the Italian Publishers Association Research Department

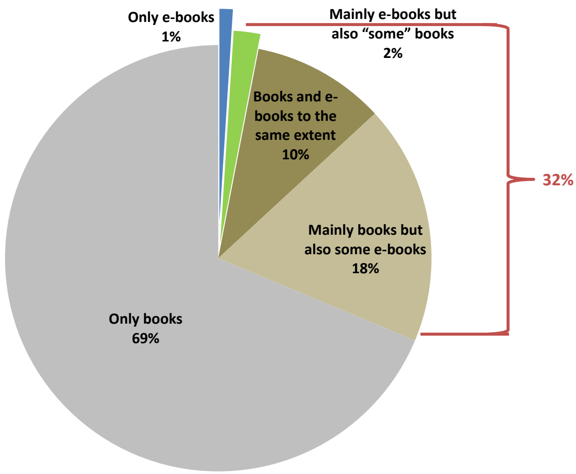
In the 2015 Report also:
– the reading of books by age bracket, genre and geographical area
– the “quality” of reading
– the relationship between reading of books and purchasing
– the relationship between reading of books and use of technologies (Web, devices, etc.)

...but a few more e-books permanently enter the diet

The number of people saying they read e-books was, in 2014, almost 5 million, with more than a fivefold increase compared to 2011.

In 2014, 9% of the population say they had read "at least one e-book". In 2011 they accounted for 2.3%.

Mix of forms of reading of books and e-books: 2014
Values % on population +14



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

The book format continues to be the preferred way for Italian readers (+18 years: a universe of 21.2 million people) to read. 69% of those interviewed stated that they choose this format. 33% of readers use a mix of e-books and books (overall, in the various nuances, they number 6.999 million); just 1% of readers say they only and exclusively read e-books (approximately 212,000 individuals).

In the 2015 Report also:
– the reading of e-books by age bracket, genre and geographical area
– the genres and average prices (at production and sale)
– the ratio between reading of books and e-books
– the reading of books and the use of technologies (Web, devices, etc.)

The dissemination of technologies

The context of the spread of digital technologies has become, over the last decade, the yardstick by which the publishing industry establishes its brand, entertains and knows its customers better.
In 2014 access to the Internet (at least once a month; population +2 years), from any place and with any device, reached 53.4% of the Italian population (Source: Audiweb, Nielsen). This amounts to approximately 28.8 million individuals, of which 21.7 million (36.3%) in the average day (for 1h and 59m: +67% compared to 2013).
Tablets, if we consider the last three years, are the reading device (excluding developed smartphones) that has the highest installed base: 9.4 million pieces with the highest growth rate of +87.9% on annual average.
E-readers in terms of installed base (3.475 million pieces) are less than half, with numbers close to those of strong and usual readers of books, and with a decidedly lower growth rate.

Italians and technologies

Active users in the month (,000)	28,000 (+4.7%)
Active users on an average day (,000)	21,700
Average time spent (h:m)	1h 59m (+67%)
Access to Internet to (,000 of individuals aged over 3 / 14 years):[1]	
Subscribe to magazines, purchase e-books (+14)	25.1% (1,984)
Read news (+14)	50.5% (14,500)
Download films, TV series	22.0% (6,300)
Watch videos on streaming	31.3% (9,000)
Type of connection from home (,000 of families)[2]**:**	
ADSL	70.5% (11.4 Ml)
Mobile broadband connection, 3G, USB key	43.7% (7.1 Ml)
Traditional line	3.1% (0.6 Ml)

[1] Istat, Households and technologies, 2014 (last three months from those who have used the Internet)
[2] Istat, Households and technologies, 2014; multiple response
Value calculated only on employed people
Source: Processing of Istat, Audiweb, NetCom data by the Italian Publishers Association Research Department

In the 2015 Report also:
– the trend and evolution of use of the Web by age bracket
– access to publishing contents in mobile situations
– delays in the dissemination and use of digital technologies
– the market of digital contents (books, b2b databases, mobile entertainment, news, advertising, etc.)

Mobile Technologies

In 2014 Italians purchased just over 1 million e-readers (-9.6% on 2013), but they also purchased 3.1 million tablets (-8.2%), reducing the success that mini tablets had achieved in 2013 as price and multi-functionality are relevant. In particular, 14.1 million smartphones were purchased (+14.6%), which, thanks to their 6”-8” screens and greater functionality, are becoming one of the main devices through which to seek and find information, news and services.
The installed base of mobile devices in 2014 is represented by over 30 million smartphones; 9.4 million tablets but only 3.4 million e-readers.
The expenditure by Italian readers for purchasing e-readers in 2014 amounted to 103 million euro with a drop in terms of value of -13.2%.

E-readers and tablets purchased, cost and installed base	
e-readers purchased	1,040,000 (-9.6%)
Cost per e-reader (Ml of euro)	103.0 (-9.6%)
Tablets purchased	3,120,000 (-8.2%)
Cost per tablet (Ml of euro)	985.0 (-13.2%)
Installed base (estimated):	
e-readers	3,475,000
Tablets	9,430,000

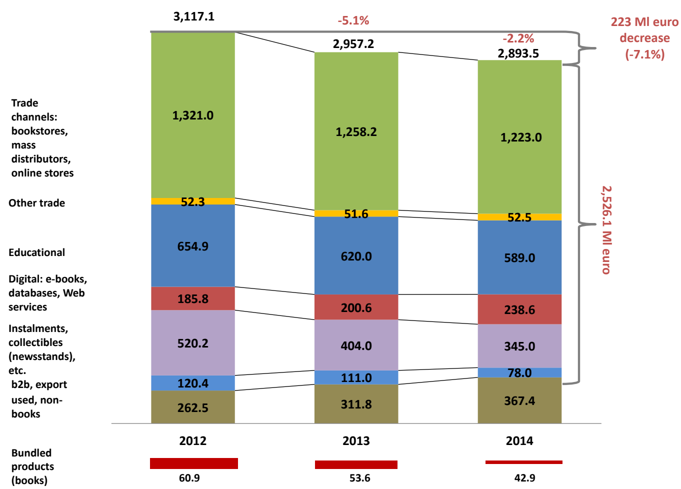
Source: Processing of Assinform data by the Italian Publishers Association Research Department

In the 2015 Report also:
– Italians and the Web
– the market of devices in terms of value and pieces
– the trend and evolution of the use of PCs and mobile devices in the Italian population
– technologies and purchase, information, and sharing behaviours

In 2014 the crisis halved

The publishing industry in 2014 recorded sales of 2.6 billion euro (excluding used books and non-books) with a decline of 3.6% (-6.8% in 2013). If we consider the "market scope" to include used books, remainders and non-books (367.4 million euro) which take the industry value to 2.894 billion euro - products that form an important and growing part for the economic balance of the sales channels (and primarily bookstores) - the decline halves by virtue of the replacement product categories: -2.2% (-5.1 in 2013).
The value of the sale of books in newsstands as a "bundled" product to newspapers and magazines remains important: approximately 42 million euro. For the second consecutive year, the sale of rights abroad once again increased (+6.8% in the number of titles).

Performance of the market of new and used books: 2012-2014
Values in millions of euro and in %



Source: Processing by the Italian Publishers Association Research Department

In the 2014 Report also:
– the trade channels in terms of copies and value
– the concentration of purchases
– the market of teenage and educational books and other genres
– the sale of publishing rights
– the market shares of the main publishing groups in the trade channels

The market of e-books and digital publishing

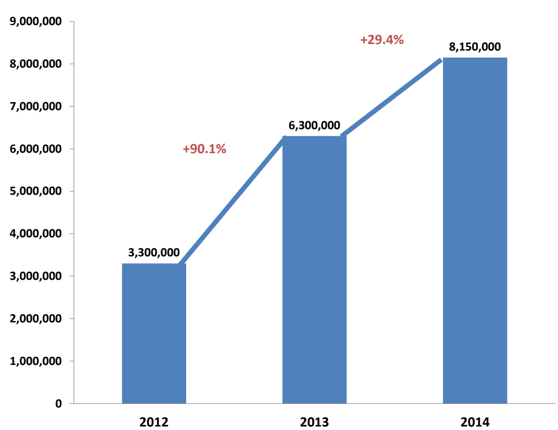
It is estimated (although the international players do not provide their sales figures) that the e-book market in 2014 reached a market share (trade) of 3.4%.
The digital (e-book + Web services to companies and professionals) market was worth 216 million euro in 2013 (+16.0% compared to 2012) and 8% of the market (excluding used and non-books). In 2010 this same market represented 3.9%.

The e-book market: 2011-2014
Values in millions of euro and in %

	2011	2012	2013	2014
E-book	12.6	23.8	32.1	40.5
Δ%		+88.9%	+34.9%	+26.1%
Trade channels[1]	1,489.7	1,373.3	1,238.2	1,191.6
Δ%		-7.8%	-6.1%	-3.8%
e-book/trade %	0.8%	1.7%	2.8%	3.4%

[1] Nielsen includes in this definition bookstores, mass distribution and online stores
Source: Processing by the Italian Publishers Association Research Department

Estimate of downloaded copies[1] of e-books: 2012-2014
Values in number of purchasers and in %



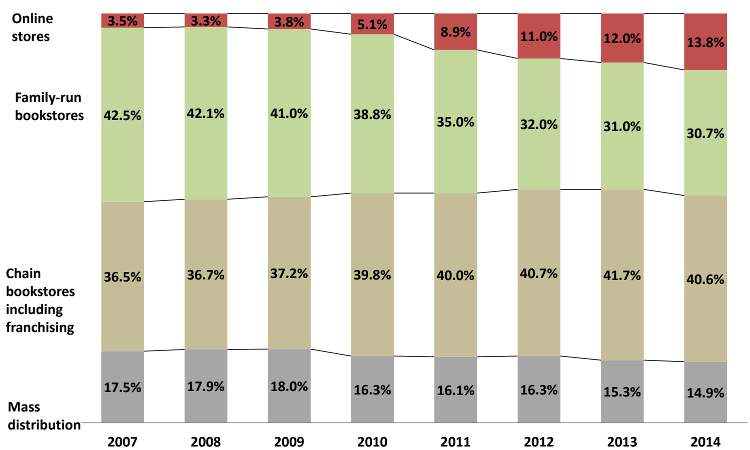
[1] They (probably) include free and illegal copies.
Source: Processing of Assinform - NetCom data by the Italian Publishers Association Research Department

In the 2015 Report also:
– the trend in production of e-books and titles on sale
– the most popular formats and the trend in average prices
– the genres published
– the reading and purchasing of e-books
– readers of e-books and readers of books
– the paper/ digital replacement processes

How the sales channels are changing

Sales channels are also undergoing a no less important transformation and resizing: primarily in weight, i.e. in the market share that they cover, and then, in the commercial formulas through which they make their offer to their customers (think of the huge entry of the non-book and food as product categories and as service).
We are witnessing a loss of market share of the physical bookstore (only miscellaneous, excluding school textbooks) which has decreased from 79% in 2007 to the current 71.3%. The bookstore is confirmed as the main channel through which publishers reach their customers; however, the new formulas of online trading have eroded important shares of market and have accustomed their customers to different ways of purchasing.
The share of online channels increases with regard to the sale of physical books: they were worth 3.5% in 2008 and today they represent almost 14%.

Market shares of the trade channels (excluding e-books): 2007-2014
Values in %



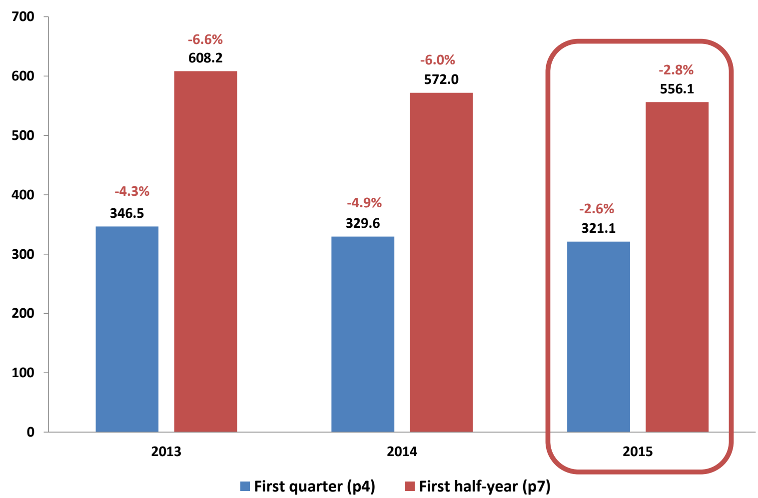
Source: Processing by the Italian Publishers Association Research Department

In the 2014 Report also:
– the transformation in the number of sales outlets and the growth of franchising
– the reorganisation of the sales outlets: range, service, commercial formats
– the supplementary product sectors: used, remainders, stationery, devices, food

In 2015 the crisis abates even further...

The first half-year of 2015 confirms the negative performance for the fifth consecutive year (although the Christmas bestsellers have not yet been issued): -2.8% in terms of value (16 million euro decrease in revenues between January and June of 2015) and -4.8% in terms of copies (2.1 million fewer copies purchased).
Since 2013 8.5% of the value has been lost in the first half-year (52.1 million euro decrease) and, above all, 12.6% of copies (6.2 million fewer books sold). E-books, some channels and sales outlets that are complex to monitor, in addition to the fact that the main online stores continue not to disclose their figures, are not included. It is thus likely that, overall, we have moved to a value that is perhaps not positive but is close to being so. It is a first step!

Trend in trade channels in terms of value in the first quarter and in the first half-year: 2013-2015
Values in Ml of euro and in %



Source: Processing of Nielsen data by the Italian Publishers Association Research Department

In the 2014 Report also:
– a comparison with the main international publishers

Our instant e-books

2015

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**
G. Peresson - L. Biava - E. Vergine, Ediser 2013

γ **La costellazione dei buchi neri. Rapporto sulle biblioteche scolastiche in Italia 2013**
G. Peresson - D.Ferrando - E. Molinari, Ediser 2013

δ **Prospettiva self publishing. Autori, piattaforme e lettori dell'editoria 2.0**
G. Peresson - L. Biava - E. Molinari, Ediser 2013

ε **Il ritratto dell'arte. Rapporto sull'editoria d'arte 2013**
G. Peresson, Ediser 2013

ζ **Romanzi disegnati. Rapporto sul graphic novel 2013**
G. Peresson - E. Vergine, Ediser 2013

η **Le librerie dalle sette vite**
G. Peresson, Ediser 2014

θ **Stili di studio degli universitari italiani tra carta e digitale**
M. Micheli, Ediser 2014

ι **Le voci dell'arte. Rapporto sull'editoria d'arte 2014**
AA. VV., Ediser 2014

Κ **Le isole dei pirati. Mappa ragionara della pirateria e dei suoi modelli di business**
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λ **I social salveranno la libreria? 21 buone idee per i librai di oggi (e di domani)**
E. Molinari, Ediser, 2015

μ **Il <DATO> è tratto. Guida all'uso dei metadati per l'editoria**
A. Lionetti, Ediser, 2015

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