

2018.

Rüdiger
Wischenbart



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European e-book barometer.

a report on e-book sales
in Germany, Italy, The
Netherlands and Spain

2018.

Written by Rüdiger Wischenbart, with e-book data provided
by Bookwire, CB, edigita, Libranda and Readbox.

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The European E-book Barometer: A data map and information platform for digital books

This new survey provides handy insights and guidance to sales of e-books in Germany, Italy, The Netherlands and Spain.

E-books are different. To better understand the specifics of digital book sales to consumers, publishers must learn about when readers pick up e-books along the year, what characterizes popular literary genres, or how sweet pricing allows to optimizing marketing strategies.

The new European E-book Barometer provides an intuitive and easy to read map for the e-book segment, based on precise aggregated sales data and chart-driven trend information to publishers, retailers, authors or anyone interested in digital consumer books.

With a unique set of reliable sales data, the Barometer visualizes four leading European e-book markets. Sales trends and consumer habits can be compared in a broader cross-market perspective. This opens entirely innovative perspectives in a book market and consumer segment that is highly specific and different from the general entertainment markets.

It is an innovative collaborative initiative by e-book distributors in Germany, Italy, The Netherlands and Spain who otherwise are direct competitors on the respective territories. The strategic aim of this unique cooperation is to produce more detailed and reliable insights into today's increasingly complex and competitive digital content markets.

The Barometer has been launched and sponsored by Bookwire, CB, the International Publishing Distribution Association, IPDA and Libranda. It aggregates data provided by the following e-book distributors: Bookwire (Germany and Spain), CB (formerly Centraal Boekhuis, The Netherlands), edigita (Italy), and Readbox (Germany).

Researched and produced by Rüdiger Wischenbart Content and Consulting and the Global e-book report, to add more in-depth data and urgently needed orientation for the next phase of digital consumer publishing.

The annual calendar of e-book sales shows striking differences from print book seasons

Consumers make e-books peak twice every year: By buying summer reading in July, and then again increasing purchases for the end-of-the-year holidays. The year round bottom line indicates a solid ground in the digital market, though with a slight lull in February and March. These patterns can be used to develop more accurate promotion strategies for digital reading.

Four European markets have been surveyed: Germany (including Austria and German-speaking Switzerland, or 'DACH'), Italy, The Netherlands and Spain (the latter including export sales, mostly into Latin and North America).

For Germany, Italy and The Netherlands, sales data for all of 2016, 2017 and the first half year of 2018 could be analyzed. For Spain, data are available just for the full year of 2017.

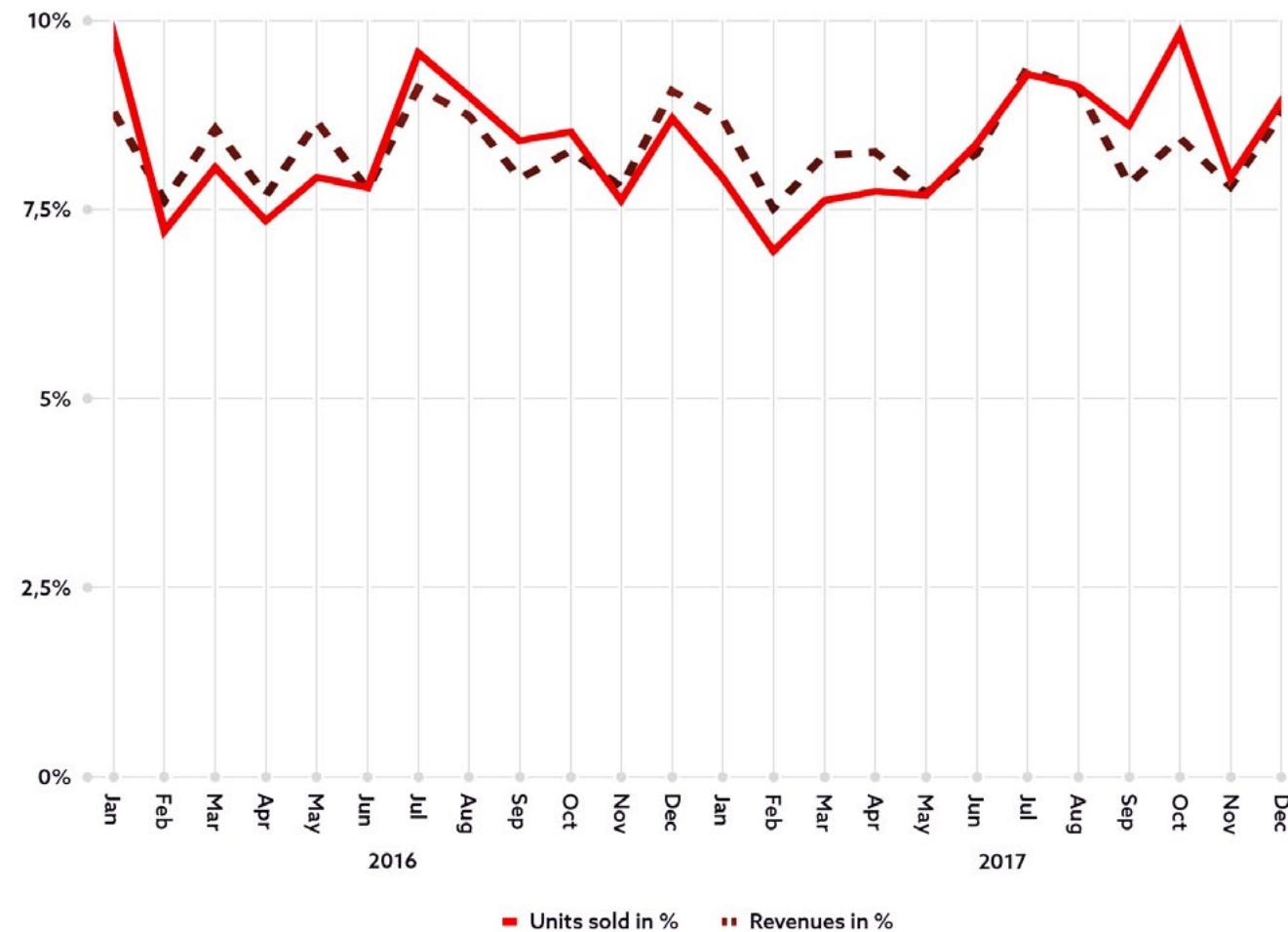
In Germany, peaks are less prominent than in the other markets.

Year-on-year, variations in the annual curve indicate that the e-book market is still volatile - hinting at opportunity for specific marketing initiatives, to exploit the full potential of readers' appetite for digital books.

In all four markets, the trending curve for generated revenue ('value') and for units sold ('volume') are remarkably in synch - which is not always the case, as will be seen down below.

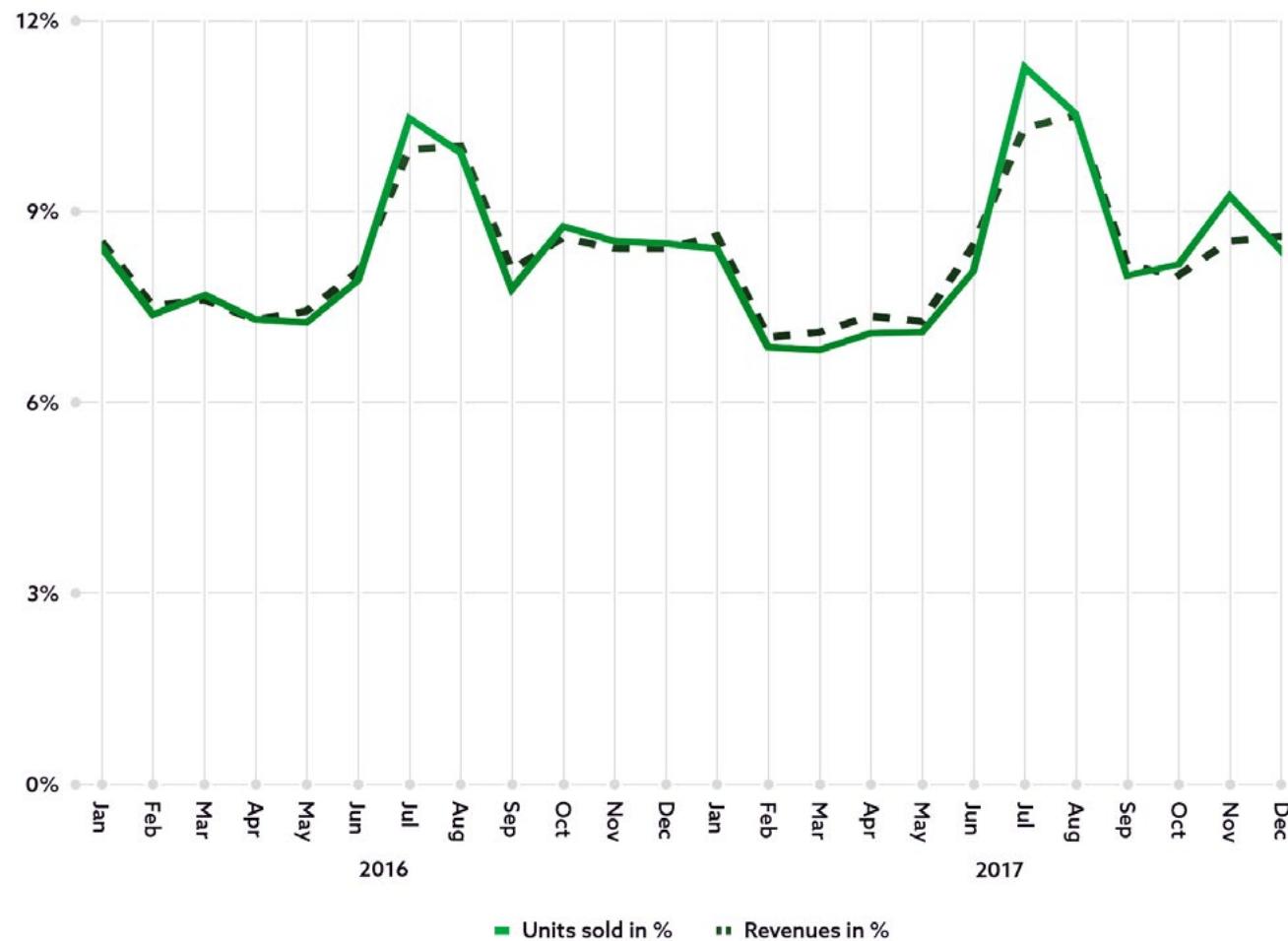
MONTHLY SALES '16/'17

GERMANY



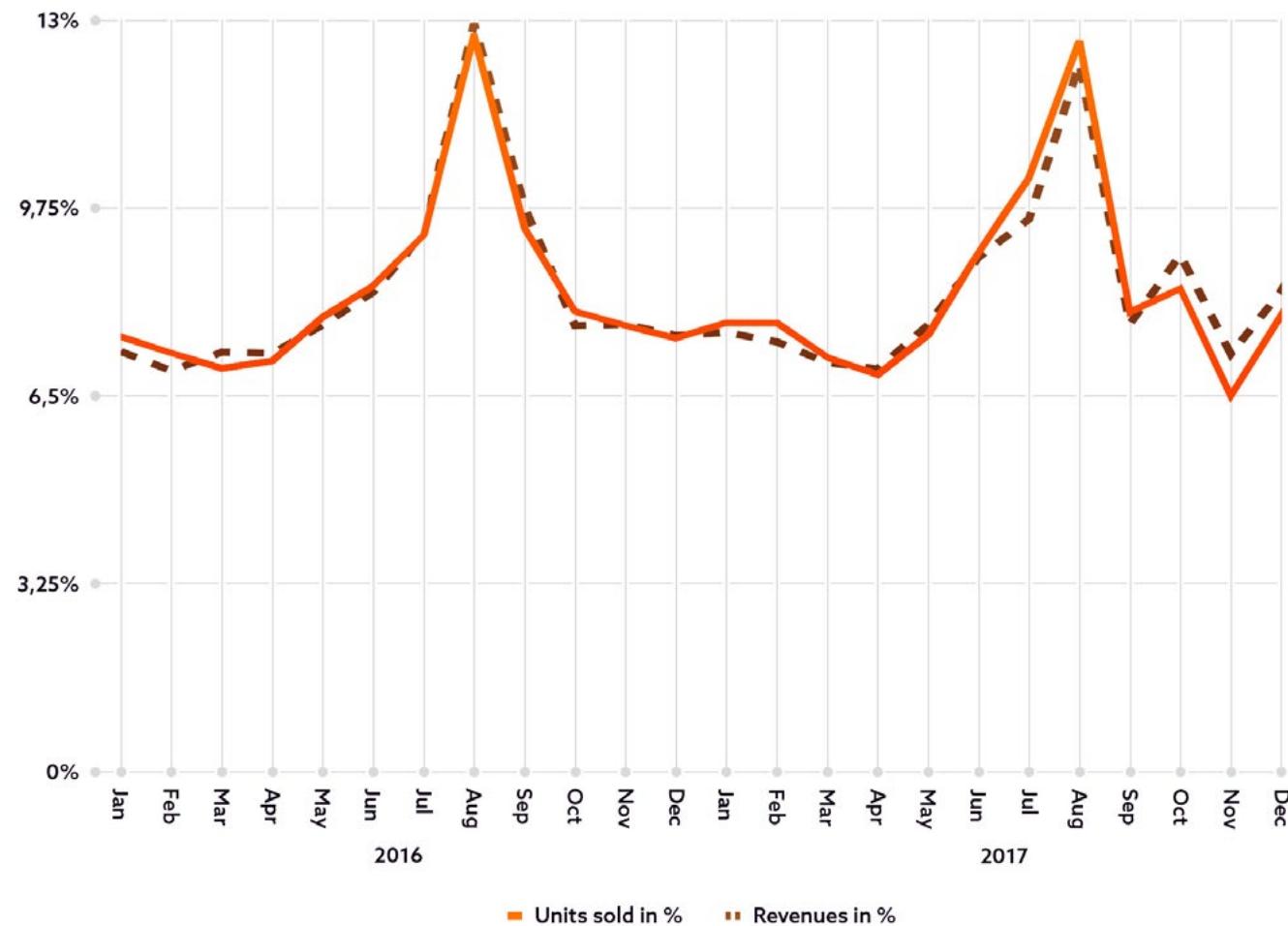
MONTHLY SALES '16/'17

ITALY



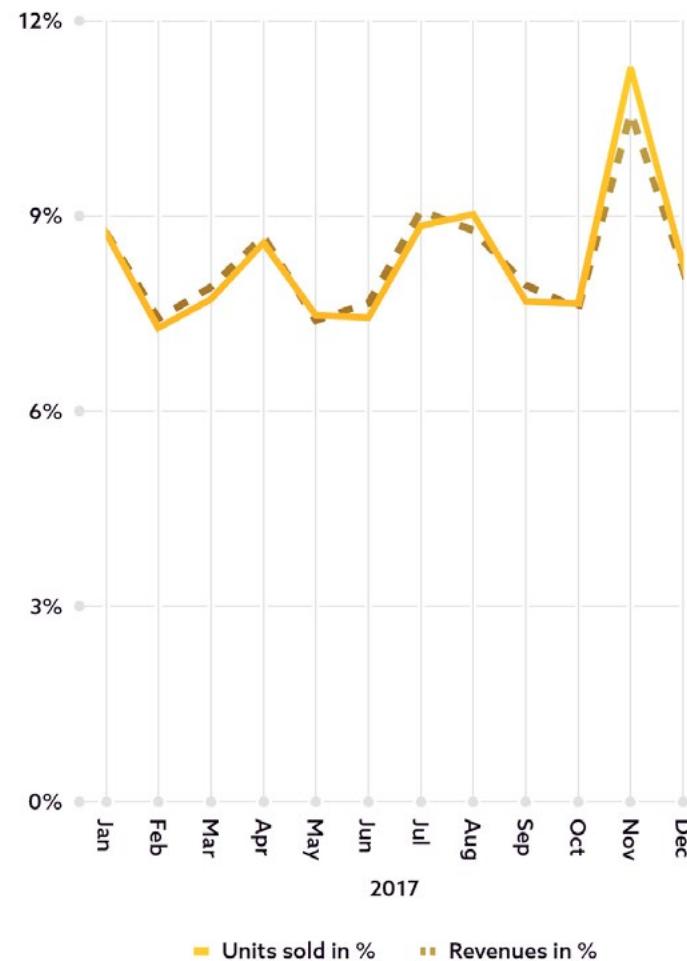
MONTHLY SALES '16/'17

THE NETHERLANDS



MONTHLY SALES '17

SPAIN



Sales by price segment '16/'17 and '18: Consumers have very diverse price sensitivities and buying preferences

The four markets surveyed in the Barometer show huge differences in consumers' preferred price points for e-books. In Germany and Italy, a drastic split between very low priced (mostly self-published) literature, and a second peak around paperback price levels dominate. In The Netherlands, consumers accept high priced offers more easily. In Spain, e-books must be priced lower than elsewhere.

So publishers have many good options to optimize their pricing strategy.

For a well-founded understanding of e-book pricing, generated value (or revenue) must usually be compared to volume (or units sold), for a proper understanding of different genres and targeted consumer audiences.

The following charts highlight significantly varying trending patterns between Germany, Italy, The Netherlands and Spain (the latter with data for just 2017).

Broadly, most e-books are picked up by consumers at less than 10 euros. 5 euros is the line dividing self-published literature and promotional offers (to drive volume). But there is one more sweet pricing spot at 13 euros, for high-quality titles from established publishers.

The development over time, from 2016 to the first half year of 2018, indicates also that in the low price ranges, consumers' price sensitivity has increased. This cannot be said however for the higher price ranges of around 10 euros and above.

The data allow adjusting strategies and lower risk.

SALES BY PRICE '16/'17 AND '18

GERMANY



SALES BY PRICE '16/'17 AND '18

ITALY



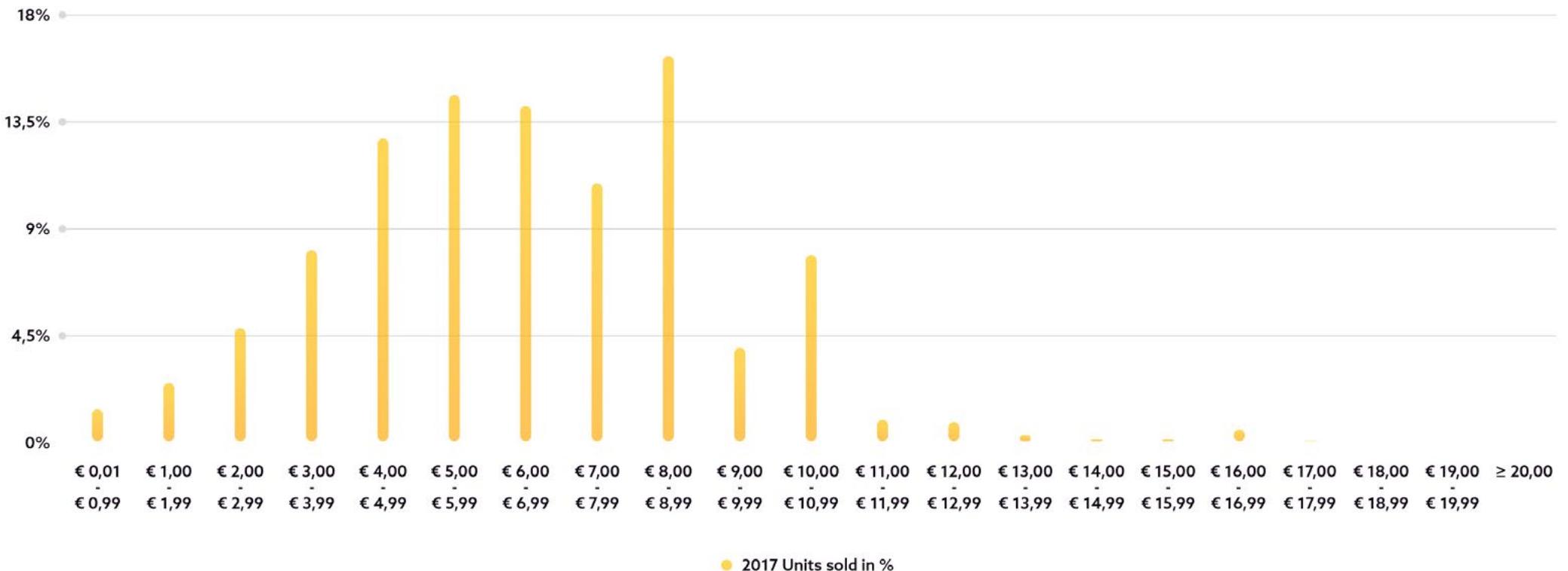
SALES BY PRICE '16/'17 AND '18

THE NETHERLANDS



SALES BY PRICE '17

SPAIN



Country comparison: Value and volume, or revenue versus units sold

High unit sales at low prices can be profitable, as well as low volume sales at higher prices. However, a good overall strategy and the finetuning must be right.

A careful direct comparison between Germany, Italy, The Netherlands and Spain allows to identify sweet spots – e.g. at 5 and at 10 euros – that seem to make commercial sense across the board.

At a first quick glance, 10 euros seem to be the perfect price target for all: Both volume and generated value seem to coincide. Well, not in Spain and its export markets of the Americas, where 5 to 9 euros is where the music plays, before it falls silent over the red line of 10.

A more careful analysis reveals however, that Dutch, and to a degree German readers are prepared to buy a good read for 11 or even 12 euros too.

In return in Italy and in otherwise high-price Germany, quick reads as cheap thrills for 2 or 3 euros sell lots of units, adding up significant euro amounts, too. Which proves that price marketing works, as one low priced backlist title can successfully drive attention to a high priced new title of an author.

Analyzing such trends across different countries can result in new ideas for experimentation. Testing with some good benchmark data like from the Barometer lowers the incurred risk and produces faster results.

COUNTRY COMPARISON

europaean e-book barometer.

GERMANY # ITALY # THE NETHERLANDS # SPAIN

REVENUES '17



UNITS SOLD '17



E-book sales differ wildly by genre. Mistakingly the format is often qualified as just niche literature

The format of e-books has succeeded primarily in a few literary genres: In 'romance', it can account for up to half of all sales. In general, literary bestsellers and thrillers see a fair share of digital, also outside of the English language markets. And fan communities of fantasy and science fiction also have embraced e-books.

But breaking out genre sales also confronts issues of missing standards.

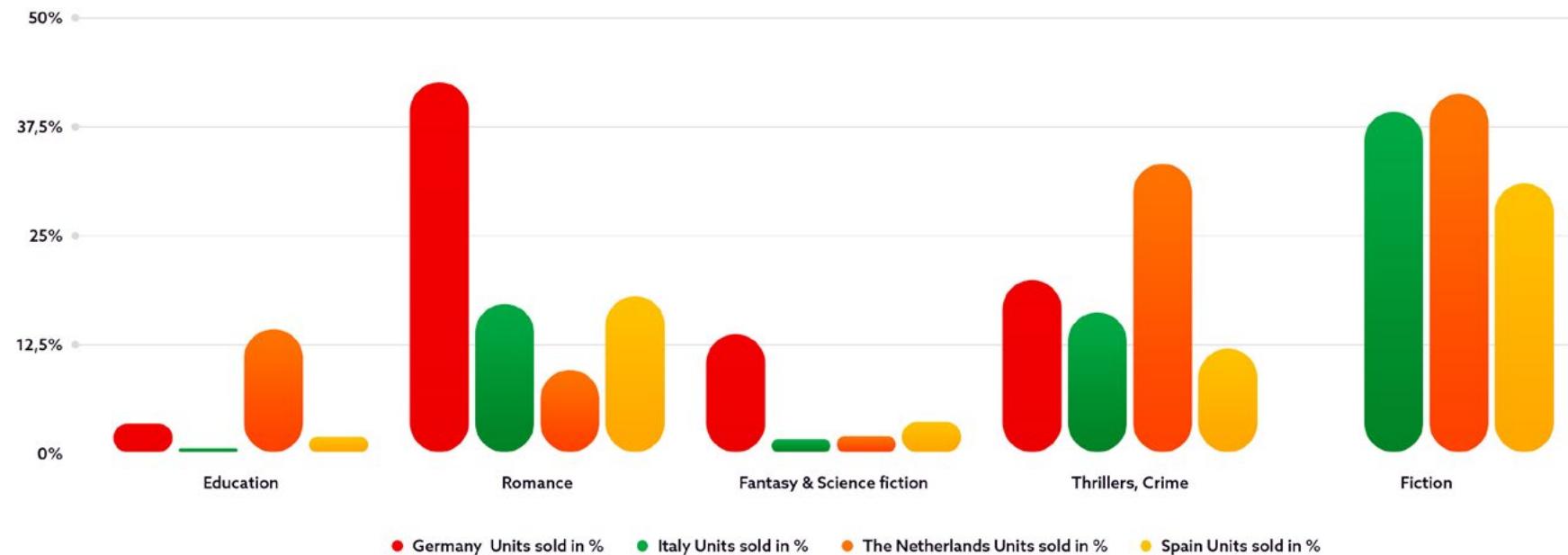
A quick summer read of a crime thriller has a significant chance of producing an e-book purchase in the higher pricing segment. Flipping through a romance novel on a commuter train often involves an e-book bought at a few euros on a smartphone.

Along the value chain, respective specialists have emerged, from publishers dedicated to a specific genre, to distributors for optimizing those low margin, yet high volume sales. Consumer audiences also specialize for a genre, which requires respectively separate marketing strategies. That overall patterns apply to most non-English markets in relatively similar ways. But making valid comparisons across different markets turns out to be a challenging exercise.

The difficulties start with missing universal standards, as the Barometer had to find out. A title of romance may be counted once in one territory, or by one provider, while it is maybe counted as general fiction too, because romance is a subcategory of fiction, no doubt. Thus mapping such details will require further improvements. Also adding further formats, especially audiobooks, will increase the survey's value in future editions of the European E-Book Barometer.

SALES BY GENRE '17

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Drilling deeper: Genre splits and pricing. Optimizing the returns in every segment

Comparing income from titles of different genres more specifically, by price range produces confusingly bizarre illustrations – and valid guidance for publishers, distributors and authors.

In an ideally simple world, the more you sell, the more you would earn. In digital markets, you better sell very specifically, by genre, to a dedicated audience, at exactly the right price. Challenging, except if you are guided by the right data.

At once, every surveyed country produces a distinctly different fingerprint: Certain genres produce rich returns to authors and their publishers if catered in very targeted ways to the right audience. The number of sold copies and the generated revenue do not necessarily coincide at all.

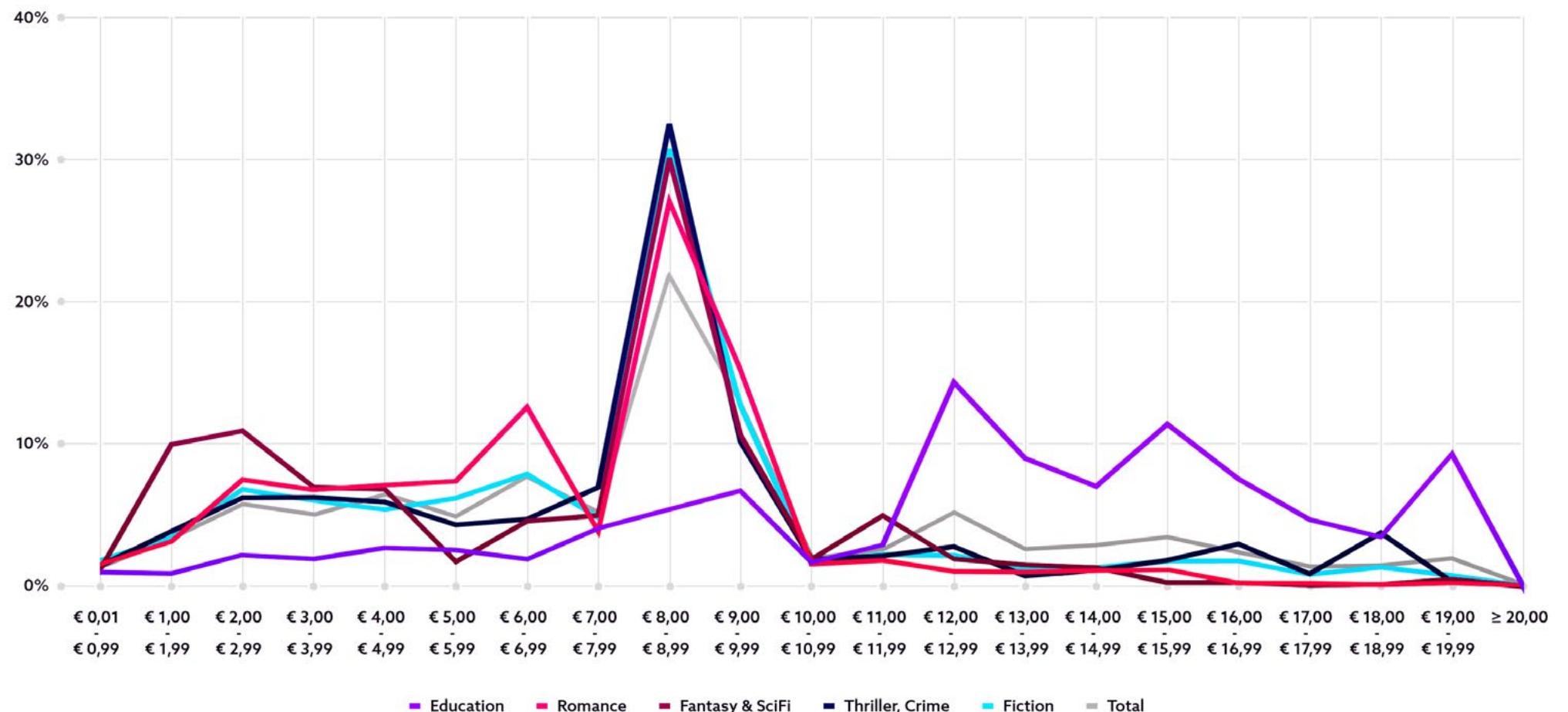
Only in The Netherlands, the market and the consumers have settled for a pretty consistent and simple recommendation: Sell your e-books at a little under 10 euros in general. But add some good products also at around 7 or 8 euros. And be not shy to ask 13 euros for high-quality stuff. For all other markets, you better drill deeper and look more carefully.

For such exercises, the Barometer provides simple and valid guidance – and will refine its approach rapidly, by adding more data and more experience in the analysis over time.

The graphics below show data from the first half year of 2018 for Germany, Italy and The Netherlands, and full year 2017 for Spain, including exports to the Americas.

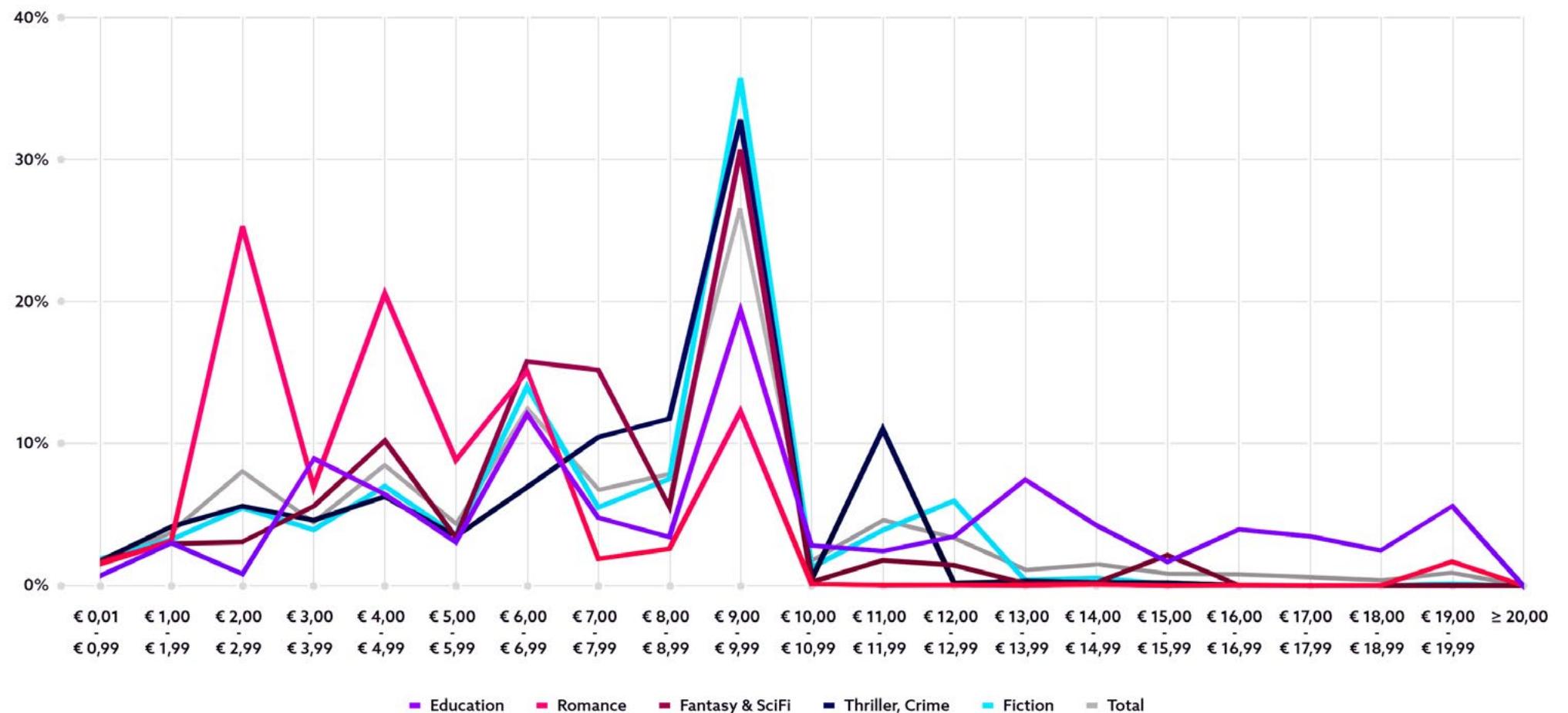
GENRE SPLITS AND PRICE '18 /'17

GERMANY



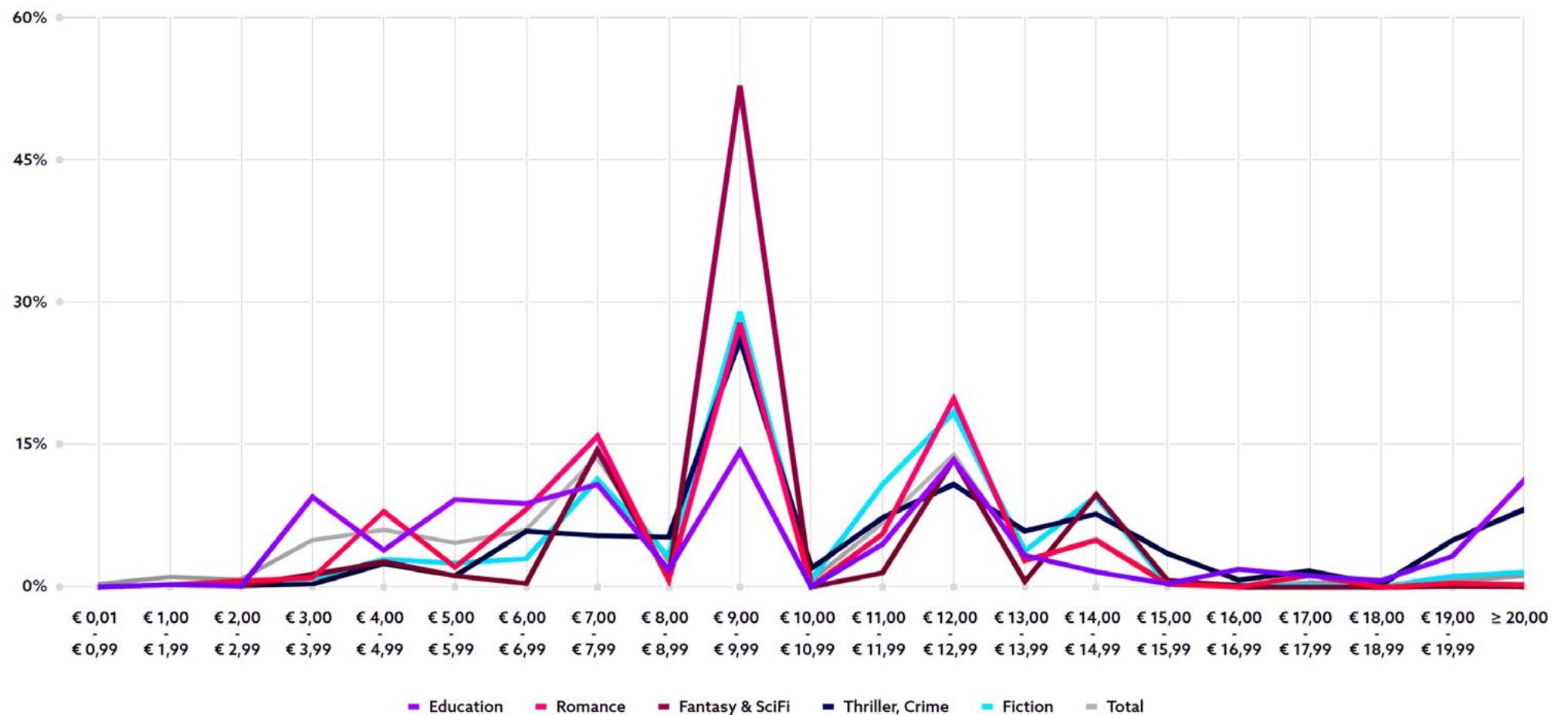
GENRE SPLITS AND PRICE '18 /'17

ITALY



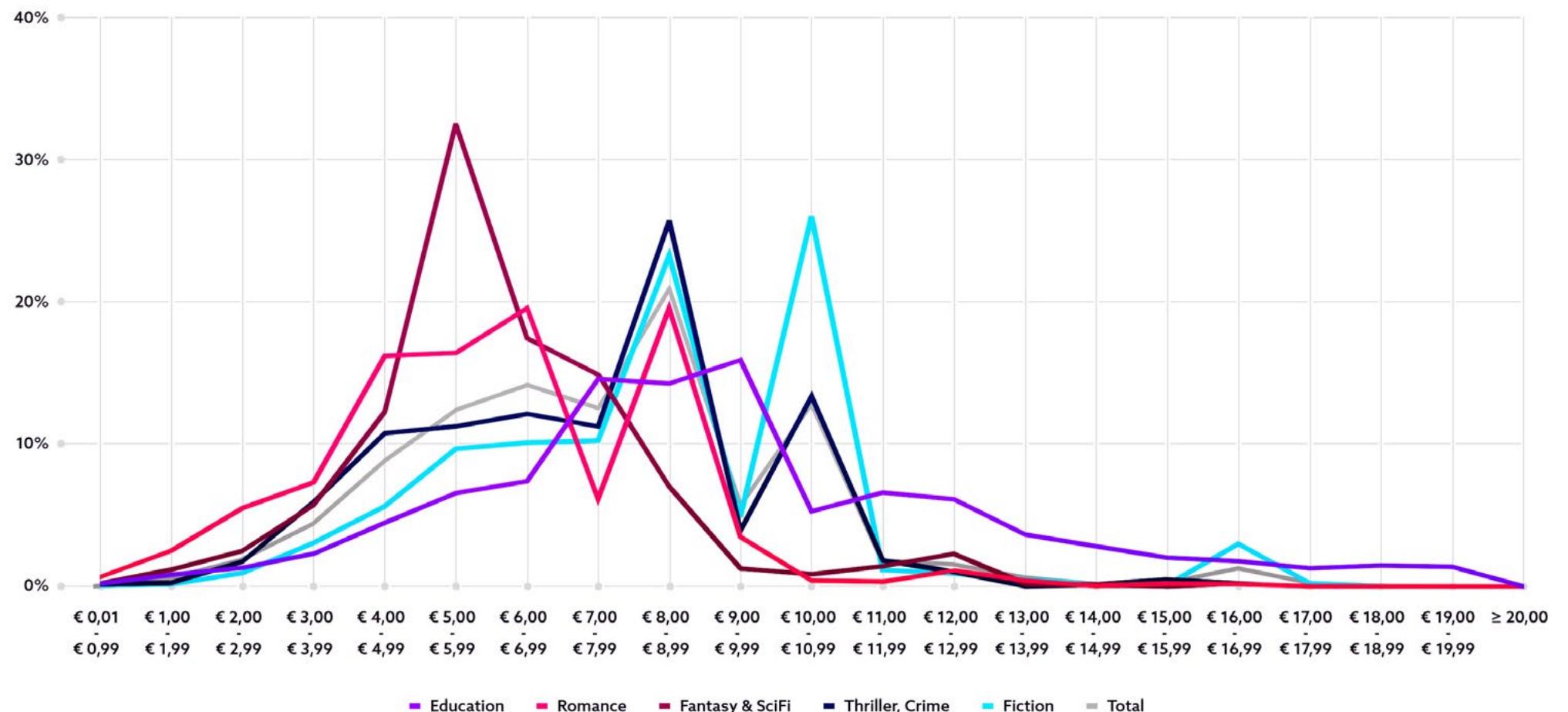
GENRE SPLITS AND PRICE '18 /'17

THE NETHERLANDS



GENRE SPLITS AND PRICE '18 /'17

SPAIN



How much does an e-book cost? The most overstated figured in digital sales

Two numbers prevail in most e-book reports: The share of e-book revenue, compared to all trade sales, and the average price on an e-book. Ironically, our data would suggest that e-books are most expensive in Spain, and most affordable in The Netherlands. Without good context, and more details, such numbers are misleading.

Overall, across all genres and splits, e-books have seen prices increase in Germany, and are flat in Italy or The Netherlands for three years since 2016.

What we see from more detailed data, as the Barometer can highlight, the ups and downs are very specific, according to price range, or genre.

Readers of the more expensive e-books tend not to bother too much about one euro up or down. At the lower end of the scale though, price has become a huge competitive driver for differentiation in sales.

The key lesson of the first European E-book Barometer is this: E-books are different. They are not one set of products at all. So logically, no one-price-fits-it-all, or no one super e-book marketing strategy will provide meaningful returns to publishers, distributors, retailers and authors.

In view of flat, or even declining e-book sales, this is an essential message: Know precisely what you have, and who you want to address as your best customer. The Barometer offers an instrument to better know, and generate better sales.

AVERAGE PRICE BY COUNTRY '16/'17/'18



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