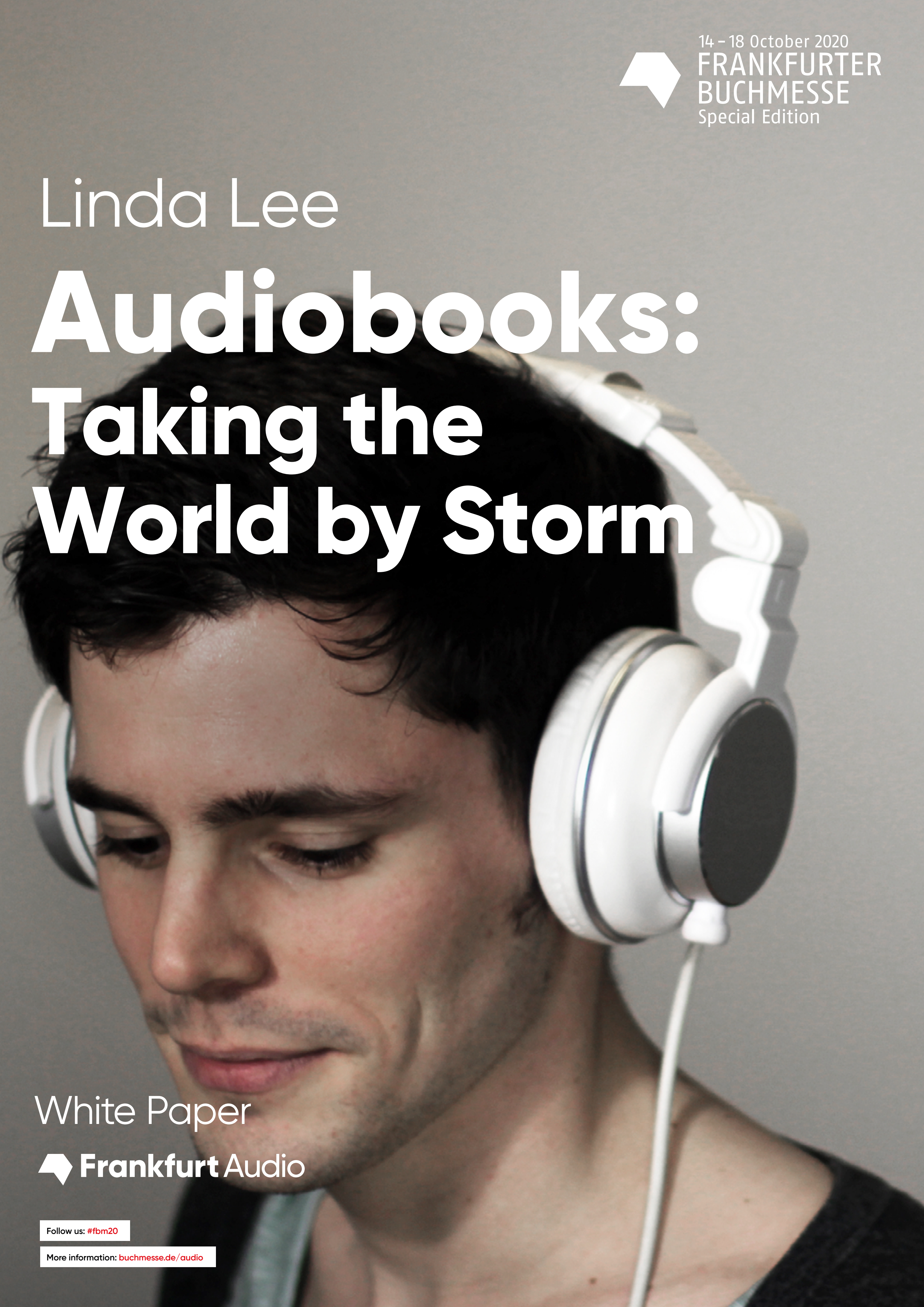

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Linda Lee

Audiobooks: Taking the World by Storm

White Paper

Frankfurt Audio

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Abstract

Audiobooks are the current darling of today's publishing industry. This paper will examine the trends shaping today's audiobook market as well as look at what the future may hold for the industry in the era of increasing audio proliferation. In considering new sales and distribution models, this paper looks to illuminate the different models currently available and how they are supporting and shaping the audiobook market's growth.

The paper is written in partnership with Zebralution, which was founded in 2004 as the first digital distributor for independent music labels in Europe and entered the audiobook market in 2010. Zebralution has gathered interesting data regarding consumer behaviors, which can be used to understand what is driving market growth. Since there is no international standard in data collection and some online retailers withhold sales data as proprietary information, the data provided by Zebralution gives a useful but admittedly partial snapshot at one segment of the consumer market, hoping that publishers and further interested parties will be able to use this information as guidance for their future publishing plans.

Table of Contents

1. An overall look at the global market today and factors that are driving growth

THE MARKET TODAY

While audiobooks are still a relatively small segment of the book publishing market when compared with print and e-books, worldwide this slice of the publishing pie has seen double-digit sales and market growth for at least the past 5+ years. According to Deloitte, the global audiobook market is predicted to grow by 25% in 2020 to $3.5 billion USD and it is estimated that the number of current audiobook consumers across the globe exceeds half a billion.[1] Gone are the days where audiobooks are relegated to a niche market like large print, and publishers in Europe and elsewhere are increasingly attuned to the demands and desires of readers who listen to their offerings.

TRENDS

Several trends have contributed to the market growth of audiobooks which has also been fueled by changes in consumer habits in the way audiobooks are accessed and listened to:

Increased Title Count:

Publishers are publishing more audiobook titles overall. According to a 2018 sales survey of members of the US Audio Publishers Association, title production from 2014-2018 almost doubled[2]: Growth in titles is not just a US phenomenon but has been mirrored globally. According to a report by Livres Canada in 2018, the number of titles being published globally has been skyrocketing.[3] Many publishers are not only increasing the number of frontlist titles being simultaneously issued in print and audio, but they are also digging into their backlists to find additional titles to release in the audio format.

Increased In-House Publishing:

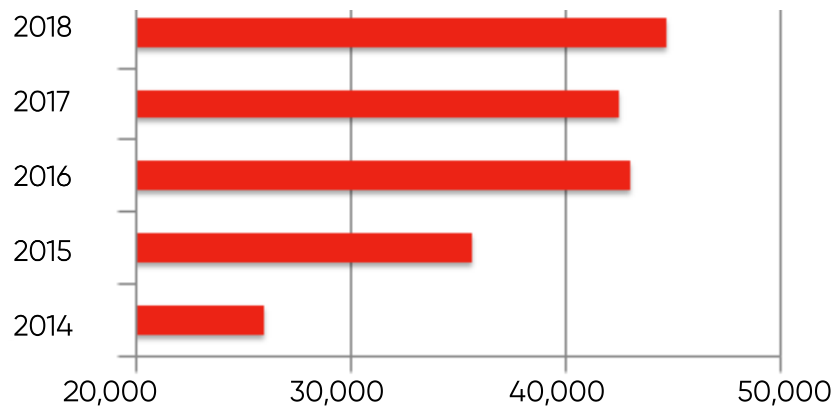
More publishers are starting audio divisions vs. licensing out titles to audio production and distribution companies. One country that has seen remarkable growth in this area is Canada. More than 61% of Canadian publishers are now producing digital audiobooks — up from 37% in 2016.[4]

New Digital Distributors:

A wave of new digital distributors has emerged in the past decade, helping broaden the consumer reach of the format. While Audible (founded in 1995) has dominated the audiobook distribution market for more than two decades, there have been many new audiobook services launched in the past few years – either brand-new or as an extension of already existing digital delivery services for other formats like music. BookBeat, Kobo, Nextory, Playster, Scribd and Storytel are just some of the subscription streaming services adding revenue to traditional download models such as Audible. Many of these new services are flourishing, showing double-digit growth (see figure 1):

Figure 1 US audiobook publishing 5-year growth

Audiobook Titles Published



Source: 2018 APA Sales Survey Data from Management Practice Inc

- Nextory: 94% in growth in Q1 of 2020 [5]
- Storytel — reporting a 45% increase in revenue in Q1 2020 for both e-book and audiobook sales [6]
- BookBeat – grew by 114% to EUR 30 million (SEK 311 million) in 2019 [7]

NEW SALES MODELS:

With this growth comes more diversification in digital delivery sales models, resulting in the medium becoming more accessible to a greater range of users. The spread of audiobooks to sites that previously had primarily targeted music listeners, podcast listeners and e-book readers (e.g. Spotify, Apple Music, YouTube Music, Deezer, Tencent, and Tidal) show just how widespread the audiobook phenomenon is – and how it is capturing consumers that were previously not considered 'traditional audiobook readers'. For example, Zebralution reported in January 2020 more than 2 million music streaming subscribers playing audiobooks.[8] In total there were 310m subscribers to music centric services globally in the end of 2019 – a huge market that is only beginning to be tapped.[9]

New User Experiences:

With these new consumers come changes to how audiobooks are experienced. Now augmenting traditional download models is the growing popularity of Streaming-

Books-On-Demand (SBOD) Models, which offer monthly subscriptions to reader-listeners. These new consumers are both more familiar and arguably more comfortable with streaming media than owning it. Streaming media does not place a file in a device's memory and lowers the barrier to access more content for a fixed price point, especially through unlimited subscription services. It's therefore not surprising to see that audiobooks being available to consumers at more affordable rates driving the growth of SBOD models and increasing the number of listeners.

TECHNOLOGY

Growth is also being fueled by advances in and the spread of technology. In numerous surveys, consumers report that one of the reasons they like listening to audiobooks is that they can multi-task while listening, thus allowing them to 'read' more books. And as described below, advances in how audiobooks can be accessed are making multitasking easier than ever.

Ian Small, CEO of Audiobooks.com, puts it this way:
"What we know for sure is that connected devices and spaces are becoming more mainstream, and with them, new listening opportunities in new environments. With the more recent adoption of smartwatches, smart home speakers and other connected devices, audiobooks are able to integrate with people's lifestyles more than ever before."[10]

At home use has quickly become the most important location for listening. The ever-increasing IoT (Internet of Things) and proliferation of smart devices means that it has never been easier to listen to audiobooks.

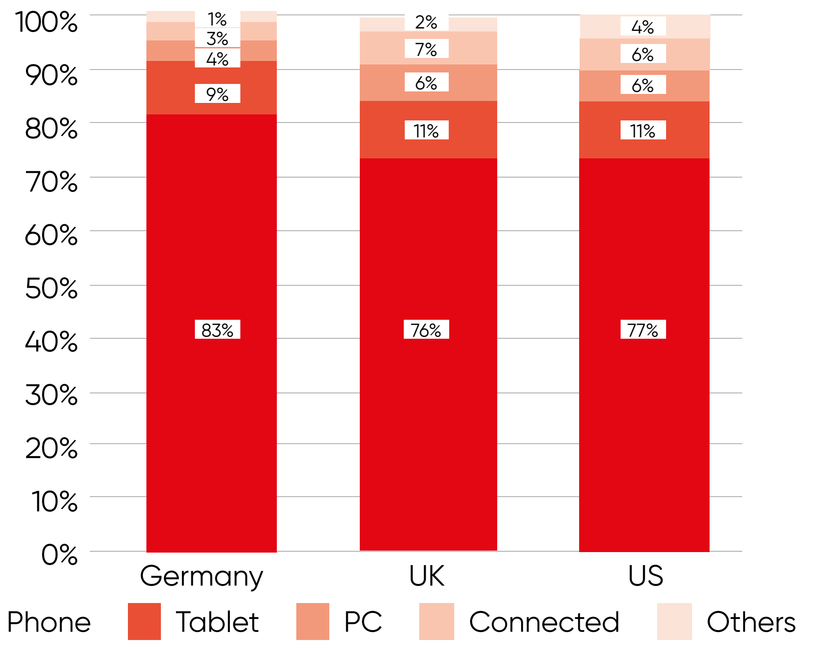
Smartphones
have become the number one device consumers use to listen to audio. The following graph (figure 3) on the right side shows research from the US APA consumer survey of 2019:

A look at data from Zebralution's subscription-based consumers from Germany, the US and the UK shows the phone was also dominant in all their territories, used by between 76% and 83% of their subscribers. Tablets were a distant second place in all territories, but with double the usage compared to PCs. While the consumer bases for each of these charts is not exactly comparable, they show similar results in the preferences for devices used to listen to audiobooks.

Figure 2

Device

Audiobook streaming usage in %



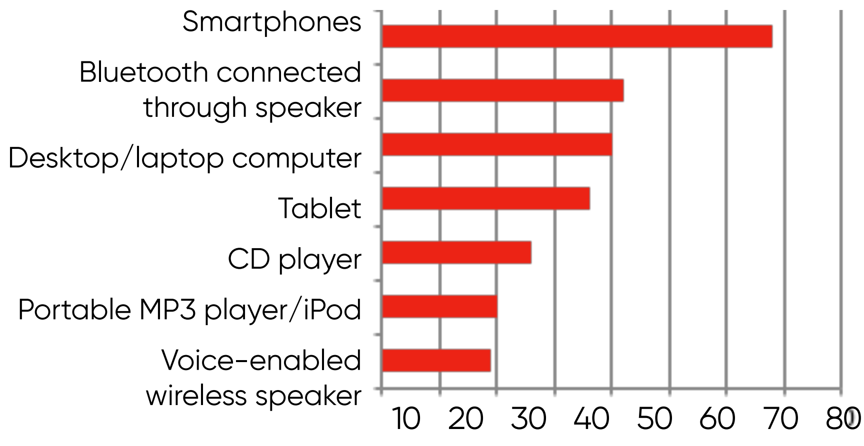
Source: Zebralution Audiobook Analytics, Data Q1 2020 based on streams

Smart Speakers
are also changing the game. It's no exaggeration to suggest that the voice-activated convenience of these devices ("Alexa, play my audiobook") has been a huge factor in how people experience all forms of media. In a *Content Marketing Institute* article it was predicted that in 2019 smart speakers would increasingly impact the global audiobook world, with 24% of listeners saying they had listened on a smart speaker and five percent saying they listen most often on a smart speaker.[11] For smart speaker owners in the US market, two out of three say they listen to at

Figure 3

Usage by device

Device by territory in %



Source: 2019 APA Consumer Data from Edison Research least one audiobook or podcast a week on their device. [12]

In other global territories in 2019 it was reported that smart speakers are most widely used in the UK, at 22.4% of internet users, followed by Germany (17.2%) and France (14.0%).[13]

Amanda D'Acierno,
President and Publisher,
Penguin Random House Audio Publishing Group

Amanda D'Acierno sums up the technological changes affecting rapid growth of audiobooks:

"Digital technologies, from iPods, to smartphones, tablets, and smart speakers, have allowed audiobooks to reach anyone, anywhere, at any time. As more listeners adopted the audio format, they formed new habits that went beyond the traditional use case of listening on their commutes and road trips: audiobook devotees can and do listen while doing the dishes, folding the laundry, working on a craft project, running on the treadmill or to wind down before bed."

SIZE OF MARKET

The size of the global audiobook market is difficult to gauge as statistics about the same data points are hard to come by. Nevertheless, a sense of the size of the audiobook market can be discerned from known market statistics by territory.

The United States

is the biggest market in the audiobook segment with sales predicted to be at $1.5 billion in 2020.[14] In data from Edison's 2019 Infinite Dial Survey[15], it was reported that 50% of the US population ages 12+ have listened to an audiobook.

China's market

is second to the US, and it is generally agreed that the US and China make up about 75% of the global audio market. According to a report in the *Shanghai Daily*, its market is expected to be about $1.15 billion in 2020 – more than double its size in 2017.[16] According to researcher iiMedia, China is expected to have 562 million audiobook users in 2020.[17] In 2017 40% of the units sold were for children.[18]

Europe's market

is about $500 million[19]:

/ **France:** According to a March 2019 report in *The New Publishing Standard* (tnps) newsletter, there are 7.7 million audiobook users in France and 51% of these are first timers.[20]
At last year's Frankfurt Audio Summit at Frankfurter Buchmesse,

Valérie Lévy-Soussan,
founding director general,
Hachette Livre's Audiolib

Valérie Lévy-Soussan stated that beginning in 2019, 14% of audiobook users in the French population are in the 15-and-older age bracket, up two points compared to 2018.[21] France is considered to be among Europe's most rapidly developing markets.[22]

/ **Germany:** In 2019 it was reported that there were about 16 million units sold annually with young listeners driving "significant growth". Germany is considered one of the strongholds for audiobooks in the European market.[23]

/ **Spain:** According to the March 2019 study "Profile of the Spanish Audiobook Market", it was predicted that sales in Spain would be as high as 7 million Euros. Much of this growth in revenue has been fueled by growth in available titles – in 2019, the publishers participating in a survey expected to produce 2,300 new titles in Spanish, representing a 250% growth in 3 years.[24]

/ **Nordic Countries (Sweden, Denmark, Finland, Norway)** have a market estimated to be at $100 million.[25] These countries lead the European audiobook market. In a *tnps* September 2018 report, digital subscriptions (powered by audiobooks) were the fastest growing model in book publishing in this territory, increasing by 36.9% over the prior year. According to Mark Williams (editor of tnps), there is the distinct possibility that in the not too distant future, the preferred format of book consumers in Scandinavia will be audio.[26]

/ In the **UK**, Deloitte has predicted that for 2020 audiobooks will generate revenues of £115 milion, up 30% from 2018.[27] UK sales have doubled every year for the past five years, while at the same time there has been a decline in the UK of print and e-book sales.[28]

Other countries of interest to watch as ripe for audiobook growth include **India** because of its rich tradition of oral storytelling coupled with the fact that it has one of the highest daily commute times in the world. **Russia** is also seen as having tremendous potential given its vast geographical footprint and the fact that mobile applications have allowed audiobooks to reach remote cities that many books in print can't reach. The news is good when businesses enter emerging markets. For example, **Turkey** has seen rapid growth, with Storytel reporting a 315% increase in consumption in 2019 only a year after launch.[29]

DISTRIBUTION

In recent years there has been a shift towards new formats for consumers to access audiobooks. When audiobooks first came onto the scene their primary medium was physical CDs; but today the preferred format is digital, with the US Audio Publisher's Association reporting in 2019 that 91.4% of audiobook revenues come from this format.[30] Digital delivery subscription models that offer titles through download are still recognized as the dominant format for purchasing audiobooks, and the largest purveyor of this model is Audible with their credit distribution approach. In this model a subscriber pays a monthly fee for which they are granted 'credits' to use in their purchase of each book they want to read.

Access to audiobooks through streaming and unlimited subscription models is currently an up and coming model beginning to make significant inroads in the market alongside the download/credit subscription or A la Carte purchase model approach and will continue to grow in importance as a means of audio distribution. These seem to be more widely accepted by European publishers vs. publishers in the West (primarily US and Canada) and the UK.

Arguments in favor of download sales typically include:

/ The value of the audiobook is upheld.
/ Authors are more fairly compensated.

Those in favor of streaming argue that:

/ The model supports heavily backlist, too, so people can easily dive into the authors backlist and become a fan

Frankfurt Audio Stage at Frankfurter Buchmesse 2019

/ Audiobooks are fighting for the time of users against Netflix, music and other media. Bringing audiobooks to users instead of users to audiobooks brings direct value to audiobooks and authors.

/ The volume of subscribers will make up for the income lost on a single title purchase offered in the more established download subscription services.

/ It allows for a greater reach to young listeners who can't afford premium prices, and for a more diverse diverse user base, coming from music-centric services as an example.

Although audiobooks are still in third place as a means of book access behind print books and e-books, it is generally agreed that the growth of the global audiobook market is not detracting from other book format sales but in fact increasing the overall book market.

Oliver Beldham, Account Manager at Nielsen Book Research, has said:

"Audiobook growth is an encouraging sign that the book consumer in 2017 had a good appetite for content in many formats. The differing consumer profile also shows the reach that audio formats can have among buyers beyond the traditional book customer."[31]

Claire Thorp, a reporter for *BBC Culture*, summed up the situation this way:

"While audiobook sales are up and physical book sales down, it's not a given that the two things are related. In fact, audio is pulling in new audiences – whether that's listeners who don't usually buy books, or readers listening to genres in an audio format that they wouldn't pick up in print."[32]

2. Consumer behaviors

Understanding the needs of consumers is a key element in grasping the dynamics of any market, including audiobooks. In light of the popularity of unlimited subscription streaming models in the music industry a closer look at that trend in audiobooks seems warranted. By taking a closer look at one company's data, we can get a better sense of the potential for this format and for audiobooks in general.

The following findings have been pulled from **Zebralution's Audiobook Analytic**. Their clients include some of the biggest publishers in the UK, the US, the Netherlands and Germany. The company works globally with all relevant streaming and download services, both ones from the book world like Apple Books, Google Books, BookBeat, Storytel and OverDrive as well as music-centric services like Spotify, Apple Music, YouTube, Deezer and Napster. While this data is from a distinct pool of Zebralution's users, which includes user data based on **2.24 million subscribers from music-centric streaming services** from Germany (2.0 million subscribers), the US (165,000 subscribers) and the UK (73,000 subscribers) the findings mirror assumptions gleaned from other global news sources covered in this paper.

CONSUMER TRENDS

In particular it confirms several informative trends reflected by other studies referenced previously:

/ The youth demographic is dominant among audiobook users, with the 18-44 age range as the 'sweet spot'.

/ There exist similarities in user behaviors across territories.

/ Popularity of Mystery, Thriller and Suspense as the most dominant genres.

The data reveals other useful trends worth noting:

/ the slight dominance of female to male users

/ the categories of Fiction and Self-Help being mainly female driven, while male users prefer Science Fiction and Comedy

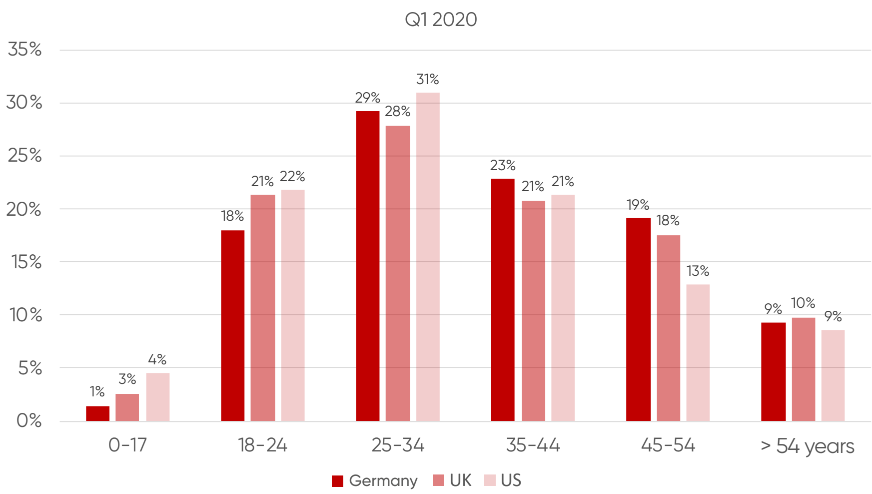
/ highest completion rates in the genres of Teen/Young Adult and Children's content.

Perhaps the most interesting revelation comes from the product life cycle data, revealing that over a 24-month period the popularity of a title steadily increases on a month-to-month basis.

Figure 4:

Age

Usage in the top 3 territories in %



Source: Zebralution Audiobook Analytics, based on Streams Q2 2020

The lack of publicly accessible data has bedeviled the audiobook industry since its inception. However, one of the great gifts of streaming digital products is usage data.

Nils Hollmann,
Managing Director Audiobooks, Zebralution:

"Streaming-enabled data gathering is giving us valuable insights into customer behavior nearly in real-time to support our publishers' decisions in content selection, production and marketing. We are not only seeing usage on a daily basis – we are able to see how many users actually have been listening to a specific genre, author, narrator or title, and also at which sections people stopped an audiobook and how many users completed a title. Furthermore, data about the demographics of our users and about when, where and how content has been streamed provides further information about consumer habits."

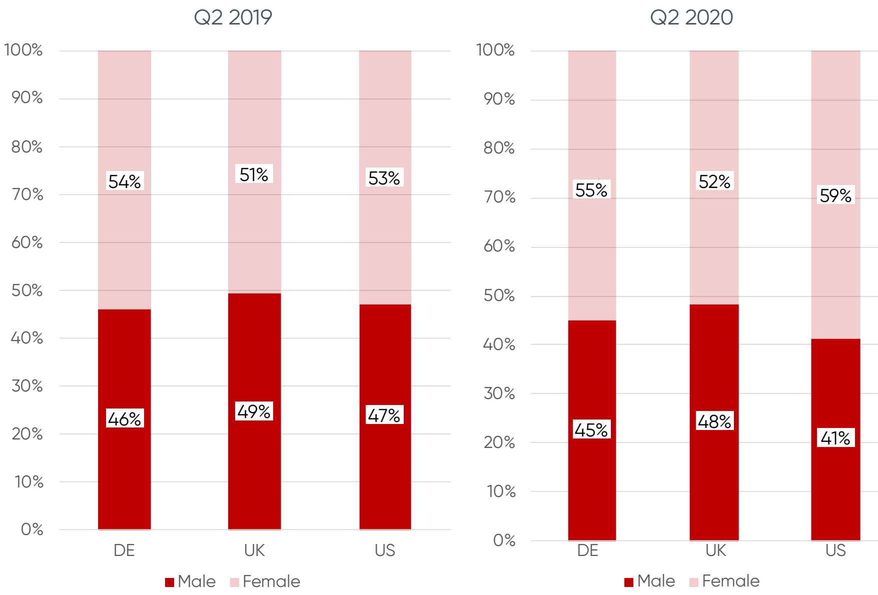
A deeper dive into Zebralution's information will hopefully prove to be useful as well as inspire others to share their data more broadly.

In looking at age, in all three territories audiobook streaming usage was highest in the 25-34 age range, with the largest percentage of users falling within the overall age range of 18-44. (Figure 4)

Figure 5:

Gender

Usage by gender in the top 3 territories in %
(Q2 2019 vs. Q2 2020)



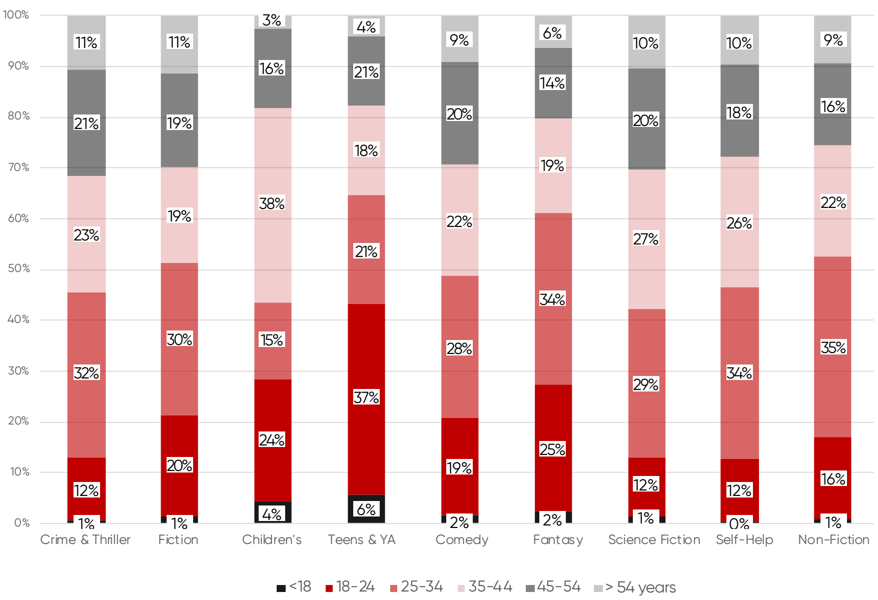
Source: Zebralution Audiobook Analytics, based on Streams Q2 2020

In all three territories usage by gender reveals females make up slightly more than 50% of the users, with their share increasing in the last year, particularly in the US. (Figure 5)

Figure 6:

Genre by age

Usage in %



Source: Zebralution Audiobook Analytics, based on Streams Q2 2020

Looking at the two most popular genres, 55% of the Crime & Fiction and 49% of the Fiction users are 25-44 years old.

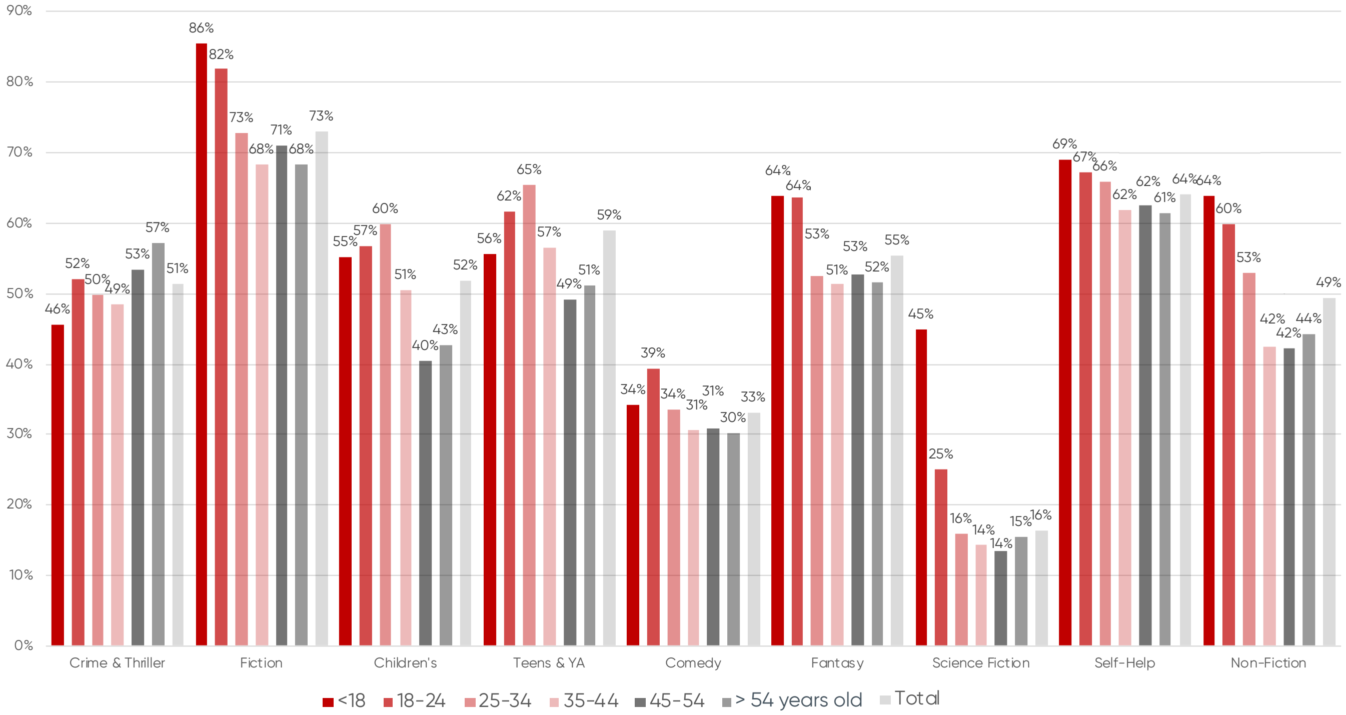
/ Fiction users are younger than Crime & Thriller readers, and 20% of the Fiction users are 18-24 years old.

/ Fantasy users are much younger than Sci-Fi users with twice as high share of 18-24 and 61% younger than 35.
(Figure 6)

Figure 7:

Genre by gender and age

female share in %

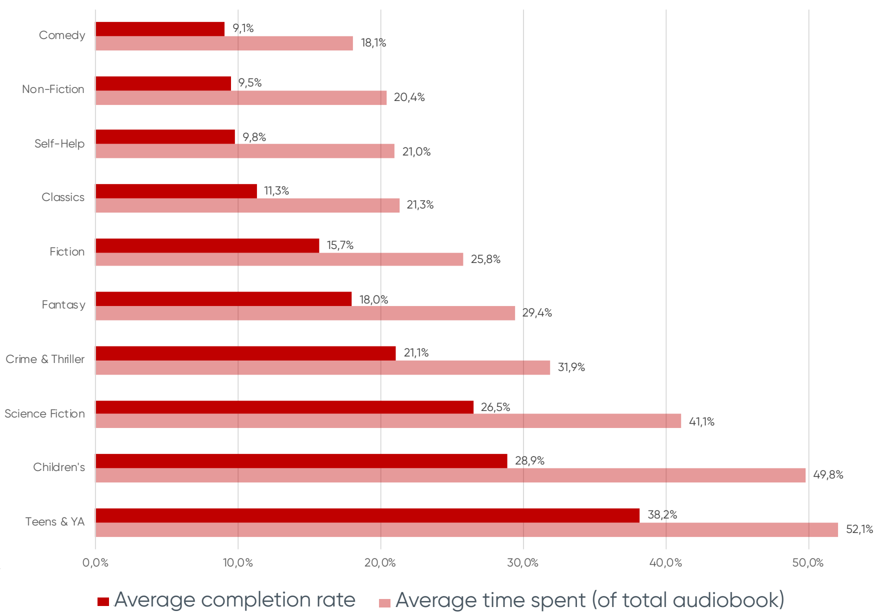


Source: Zebralution Audiobook Analytics, based on Streams Q2 2020

Figure 8 and 9:

Average time spent and completion rate

rate by genre



Source: Zebralution Audiobook Analytics, based on Streams Q2 2020

Genre and Gender: In looking at preferences by genre:

/ Fiction, Teens & YA, Fantasy and Self-Help are female driven

/ Comedy and Science Fiction are predominantly male driven

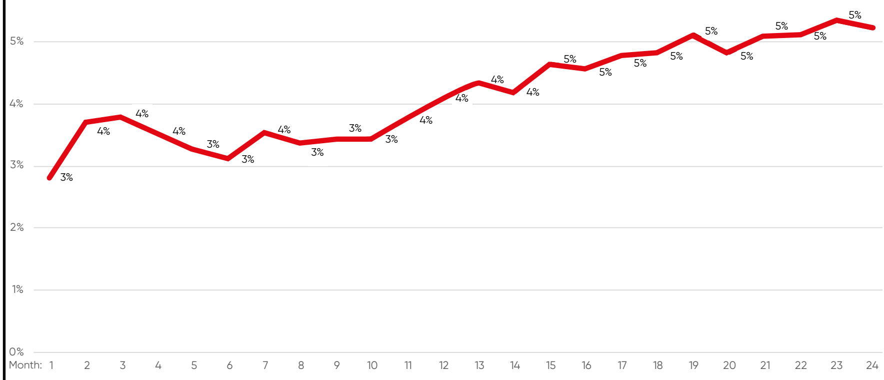
/ Crime and Thrillers are enjoyed by both male and female users (Figure 7)

The time spent shows the average time a user spends on a complete audiobook. Completion rates show the share and how many of the listeners have finished the title. Teens and YA had the highest rates of completion followed by Children's and Science Fiction.
Comedy, Non-Fiction and Self-Help had the lowest completion share while more than 1/3 of the Teens & YA users finished the audiobook, less than every tenth user finished a Comedy, Non-Fiction or Self-Help title.
Users spend in average 26% of the complete audiobook length inside Fiction titles and 32% in Crime and Thriller titles.
(Figure 8 and 9)

Figure 10:

Streaming Product Life Cycle:

Average monthly share of
20 bestsellers in the first 24 months
after release in streaming per month



Source: Zebralution Audiobook Analytics, 2018-2020

Streaming Product Life Cycle: Average monthly share of 20 bestsellers in the first 24 months after release per month in streaming:

/ Immediately upon release usage peaked driven by distribution marketing and the marketing impact of the Zebralution tools like app, voice, and playlists.
/ Generally, share per month in the 24-month period increased, from 3-4% per month in the first year to more than 5% in the second.
/ Usage increased almost monthly (excluding the initial marketing bump factor) which is different than the product life circle in download sales.

HOW THE CORONAVIRUS IMPACTS THE AUDIOBOOK USAGE

Zebralution has some intriguing data from the first weeks after the lockdown due to the Covid-19 pandemic. On a worldwide basis, the onset of the pandemic at first caused audiobook usage to drop, but once the realities of stay-at-home orders sunk in with consumers, usage began to surge. This trend offers reassurances that the audiobook industry will weather the changes wrought by the global pandemic.

In the first week of the lockdown in Germany (Monday, March 16th), usage initially declined among users in Zebralution's user base, but increased during the week ending with the same usage as the four-week-average before the lockdown. **Prior to the lockdown, Monday and Tuesday had been the strongest and the weekend days the lowest days, but since the lockdown, the average usage is more similar every day.**

But what people are listening to has changed significantly, seemingly linked to schools being closed and children being home. **Children's and Teens titles increased heavily** (+36% and 17% respectively), whereas **strong adult genres (Comedy and Self-Help) decreased.** Unsurprisingly, the Home-Office Self-Help genre developed well (e.g. Power workout in 10min, Meditation, and Home Office related Self-Help audiobooks).

Smart speaker usage went up 18% in the four weeks since lockdown (compared to before). While the share of kids content on smart speakers surprisingly did not relatively increase that much, the absolute share of smart speakers for kids content is generally more than three times higher than for other content.

Numerous sources have commented on the resiliency of both e-books and audiobooks during the pandemic, especially in the face of the general unavailability of physical books. In the *Live Mint* newsletter from India, the prediction is made that audiobooks will eventually supersede e-books due to their convenience of use and their ability to let a listener do something else while listening.[33]

Shailesh Sawlani, Country Head, Audible India thinks that customers are finding new ways to incorporate audiobooks and audio content into their lifestyles. He reports that:

"Instead of a peak in listening during morning and evening commute, people were now listening to our content while doing chores, for early morning mindfulness, pre-bedtime relaxation, and/or short, screen-free mental health breaks throughout the work day." [34]

This **shift in consumer behavior during the pandemic** is also echoed by statistics from BookBeat.

CEO, **Niclas Sandin** of BookBeat *reports that:*

"The big shift we see is that we've lost the commuter peaks. They've been replaced by more listening at other times during the day. Overall, the average listening levels are the same and in some markets even higher than before. We actually had the highest listening hours ever for BookBeat on the Monday after the Easter weekend." [35]

3. A look at the future

Although the audiobook market had been enjoying a considerable uptick, with the advent of the coronavirus pandemic audiobook listening has seen a considerable surge. According to tnps's editor Mark Williams in a report published in April of this year, one of the hardest-hit countries — Spain — saw 50,000 transitions to digital reading (e-books and audiobooks) in just three weeks in March. During the first few months (March-April 2020) of the Covid-19 pandemic, Spotify reports that audiobook consumption is up 17%, while on the subscription platform Nubico content consumption is up 32%. Libranda is reporting a 50% increase in digital book engagement, while Kobo says audiobooks on its platform are up 254%.[36]

What will the reading world be like after the crisis ends (or at least abates)?

Will consumers' habits of relying on the digital format 'stick' after some normalcy returns and easier access to print books returns? People were increasingly turning to digital before the pandemic, but what the 'new normal' will be – especially in the light of the economic downturn – is the big question.

Javier Celaya
CEO and founder, Dosdoce.com

He put it in an Op-Ed for Dosdoce:

"Confinement is transforming the book disovery habits of thousands of readers, as well as their purchase and consumption on screens"

and Mark Williams from tnps stated:

"The longer the pandemic crisis continues, the longer dedicated print readers have to migrate to digital, even as print-based stakeholders like booksellers struggle to survive. Many will stay hybrid readers or even transition fully to digital afterwards...

To be clear, there's no suggestion this will be an extinction-event for print – but when this is over and we return to whatever the 'new normal' may be, digital books will play a far larger part in the lives of consumers and publishers than we could ever have imagined as this new decade began just a few short months ago."[37]

Even before the pandemic, all signs pointed to the continued growth of the global audiobook market. No one is sure when the crest will peak, but in gazing into the future, the following trends trends will certainly play a significant role in the growth of audiobooks.

FUTURE TRENDS

Technology

Smart speakers will continue to proliferate, which makes audiobooks increasingly easier to access. According to Deloitte, "smart speakers are expected to achieve more than 25 percent market penetration in the US and urban China by 2020."[38] Data from Strategy Analytics show that over one in five UK households had a smart speaker as of the end of June 2019 which translates into 5.8 million households and a reach of over 10 million users. Germany has also passed 11% with smart speakers in 4.8 million households with a population of about 9.5 million potential users. Households in Ireland are nearing 10% while France trails at 7.4%.[39]

Advances in technology will continue to drive the medium forward, not only in usability but also in production quality. Technologies such as Sonos (a popular multi-room audio system) will allow consumers a more pleasurable listening experience as **high fidelity listening** will be available wherever they want to listen. And with bigger sales, the **quality of narrations will continue to improve** as is evidenced by the recent waves of multicast performances, and participation of A-listers in the talent pool.

Demographics

Audiobooks have widespread appeal to younger audiences, making them a delivery format for the future. The 2019 APA Consumer Survey showed 55% of all audiobook listeners are under the age of 45, and 51% of frequent listeners are between 18 and 44 years old.

Amanda D'Acierno, President and Publisher, Penguin Random House Audio Publishing Group, is particularly buoyed by what she sees:

"I'm most excited by the growth in the number of young people listening to audiobooks, who are creating habits that last a lifetime and will be passed along to future generations of listeners."

Keeping an eye on this younger demographic and their preferences for emerging audio content interests as well as their mode of consumption and purchase habits will be important for publishers to follow and adapt to. In many cases, this will also require publishers to push the envelope of what type of works could be considered candidates for an audio format such as graphic novels or audio first (non-book based) content.

Distribution

The **diversity of various digital sales formats** suggests that publishers might re-examine distribution models such as **subscription streaming sales.** Platforms have shown the rising popularity of streaming sales in their music centric customer universe. What happened to the music industry might serve as a corrective to dire predictions that no one will pay for audiobooks anymore if streaming becomes the norm. What happens may simply be viewed as a shifting paradigm whereby people are no longer paying to own audiobooks, but are paying for access to audiobooks.

In 2009, U.S recorded music revenues were at $7.8b. Ten years later with the rise of streaming services, that number has risen by over 40% to $11.1b.[40]

Before the pandemic, Mark Williams from *tnps* stated, "Unlimited video streaming services are proliferating like wildfire, and unlimited e-book and audiobook subscription services are, depending on which part of the world we care to look, fast catching up. In the pre-pandemic era, the popular position of the big western publishers has been to dismiss subscription as something consumers are not that interested in, understandably wanting to protect their print interests."

If nothing else, the pandemic has certainly shown the potential for this model for publishers as they continue to broaden their format offerings going into the future. Download premium pricing may certainly still be the model of choice for top tier new releases, but streaming subscription services seem poised to be recognized as a viable alternative and become part of the publishing strategy, especially as a means to promote first in series, backlist titles, and lesser-known authors.

Other trends

Beyond these trends, several industry leaders see important developments in the audiobook market. In a recent APA survey it was reported up to 43% of respondents in the US reported they accessed their audiobooks from free library services.[41]

Steve Potash,
CEO of OverDrive

A supplier of audiobooks to the global public library market, was quick to observe the critical importance of libraries for exposing readers to audiobooks:

"As robust as the market has been growing, we have to remember that audio is still a very small segment worldwide. If you look at the whole world population, probably 90% or more have never listened to an audiobook. Libraries serve as an entryway into the medium. With this exposure, the ability of Public Libraries to help grow the audience is extraordinary."

Equally important will be meeting consumer needs at an individual level. According to **Niclas Sandin**, CEO of BookBeat in Sweden, they see two important components – personalisation and choice – as central to any strategy for audiobooks going forward:

"First, it is key to take leadership in product development and data analytics to stay ahead. We offer all our hundreds of thousands of users personalized recommendations to make sure that they always find something new to listen to in our app.

The second thing we know is that it is all about local premium audiobook content, and you need a lot of it. A big impact on growth in the next years is the widespread availability of all titles on all platforms, which offer a fair and sustainable business model for all parties, consumers, and publishers. A great title selection is key to not only attract new consumers to try out a digital service but also to keep them loyal and convert them to enthusiastic audiobook-lovers."

Susan Breeuwsma,
Head of Platform Business Development, CB BV

Huub van de Pol,
Co-Founder Luisterrijk,
audiobook pioneer Icontact BV
in The Netherlands

They even see the possibility that audiobooks might exceed the e-book market within the next few years. This could be due to a confluence of factors:

"Publishers have started to produce new titles for niche audiences, targeting areas other than the traditional commercial fiction and children's books. The audiobook and podcast worlds are expected to meet, enabling cross promotion and again increasing the audience.

Distribution via streaming music platforms like Spotify and Apple Music will lead to some serious competition for the existing subscription platforms, targeting a new, younger, generation of audiobook consumers. And finally, synthetic audio – apparently already good enough in the English language for non-fiction texts – might offer cheaper productions and even more new titles."

Jonathan Atkins,
International Director,
Pan Macmillan

Jonathan Atkins sees an interesting trend emerging for audiobooks for educational purposes:

"I expect to see growth in children's audio for educational purposes - learning English through entertainment for example - but as English continues to be spoken and listened to with greater facility in emerging markets, we will develop more of an adult audience."

Beth Anderson,
retired Executive Vice President, Audible

Beth Anderson is impressed by the market penetration of podcasts, and wonders what that means for the future of audiobooks:

"Podcasts have had a much more dramatic increase in listening than audiobooks in the past few years. While Edison reported that 50% of the US population had listened to an audiobook by 2019 (up from a plateau of 43-45% in 2015-2018), 51% of the nation has listened to a podcast at some time, up dramatically from 27% who had listened in 2015. Podcasts have benefitted from the same trends that have contributed to the increased consumption of audiobooks – more devices and greater supply of content. But the supply of podcasts has grown even faster and larger, with up to a million podcasts and 30 million episodes available as of April 2020. Podcasts also have attracted strong following more globally than audiobooks, with 58% of South Korea having listened in the previous month and 30% or greater having listened in Spain, Sweden, Australia, the US and Italy.[42] *It is too early to know if podcasts will bring new fans to spoken audio and audiobooks or if it will draw fans from audiobooks to the shorter and generally free content."*

She is more confident that text-to-speech (TTS) technology will have an impact on audiobooks:

"Today TTS technology is used primarily in navigation systems, personal assistants, and as adaptive technology, and we generally hear short informational clips generated via TTS, not long narrative pieces such as audiobooks. However, with Google, Microsoft, IBM, Amazon and other companies all pledging to make their TTS sound more natural and as people become more accustomed to hearing TTS, it could have a big impact on the audiobook business."

Kurt Thielen,
CEO, Zebralution

Kurt Thielen notes how the pandemic makes forecasting particularly challenging:

"There couldn't be a better time to look at a changing world for audiobooks because a lot of things are changing in the behavior of consumers, in the thinking of publishers, and in the ways audiobooks find their listeners. And there could not be a worse time as predictions so much depend on developments outside of our control."

Still, trends that were present before the virus have only been accelerated as a result. "Digitalization will continue to change our lives and businesses," he notes. In his view the negative impact of the virus on bricks and mortar booksellers has trickle-down effects on the physical side of the audiobook industry: "Audiobooks on CD might be a thing of the past soon even in countries like Germany where it still has a significant market share." And he has some encouraging words for writers and artists:

"Spoken Word experiences seem on an unstoppable rise. Creatives need to open up for new business models including streaming in order to reach an audience which is bigger than ever before, to reach people which have not been listeners before. It is for everybody's benefit and it will be rewarding in reach and in income."

And **Nils Hollmann**, Managing Director Audiobooks of Zebralution feels:

"There is no doubt that topics such as data gathering, streaming, connectivity, voice and AI are influencing the publishing industry. One can only consume so much media in a day. If we are where consumers are, we are able to reach new users. Alongside our established models, we should embrace new technologies that allow us to study powerful case studies. More than ever, data gathering and AI are providing greater insights into user profiles and preferences so that publishers can better supply the right content to the right people. At the same time voice-enabled interactive audio formats provide user with new experiences. Non-traditional audiobook channels introduce new users to the spoken word format. Together with our publishers we are looking forward to these quite exciting opportunities that will continue to fuel the growth of the audiobook market."

Conclusion

While audiobooks have taken the publishing world by storm, they have also been able to weather and grow in the storm of the pandemic. Publishers should now stop and take stock of how the market has evolved in the past few years, and look at the new and emerging trends. It is an excellent opportunity to learn about changes in consumer behaviors with the addition of so many new listeners joining the market and to look at and consider the viability of all the new forms of distribution that have been emerging. If publishers can have an open mind about how these new models can be embraced and integrated with existing models, the future of the audiobook market should continue to grow and thrive. Using the new models to capture the loyalty of the new demographic of audiobook listeners while continuing to support the listening habits of the existing base should be a key to the ongoing success and growth of the audiobook market into the upcoming years.

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About the author

Linda Lee is the Principal and CEO of Linda Lee LLC, consulting with businesses and individuals to manage intellectual rights and grow strategic partnerships.

She is the former Publisher and Vice President for Scholastic Audio and Vice President and Executive Producer for Weston Woods Studios, Inc., a wholly owned subsidiary of Scholastic Inc. Scholastic is the world's largest publisher and distributor of children's books.

With over 30 years experience in the children's multimedia publishing industry, she has served as a Board Member and President of the Board of Directors for the U.S. Audio Publishers Association, as President of the Weston Woods Institute, a non-profit foundation dedicated to fostering children's literacy, and as a Board Member, Chair and Treasurer of the National Media Market, a non-profit organization dedicated to promoting motion media use in the educational market.

About the data partner

ZEBRALUTION
DIGITAL MEDIA DISTRIBUTION

Zebralution was founded in 2004 as the first digital distributor for independent music labels in Europe and entered the audiobook market in 2010. With the formation of their podcast company Zebra-Audio.net in 2018, Zebralution rolled out its 'All Audio' media strategy. Their clients include some of the biggest publishers in the UK, US, Germany and the Netherlands. The company works globally with all relevant streaming and download services, both ones from the book world like Apple Books, Google Books, Bookbeat, Storytel and OverDrive as well as music-centric services like Spotify, Apple Music, YouTube, Deezer and Napster.

www.zebralution.com/de/audiobook-publishers

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