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Rüdiger Wischenbart

White Paper

Business of Books 2018: New tunes for an old trade.

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Book publishing is facing many challenges as it adjusts to new consumer habits, new players and new business models. This white paper explores the underlying trends shaping the transformation, and takes a closer look at a number of case studies that show how new actors are managing to innovate in the business of books. In conclusion, the paper identifies a set of principles governing how the publishing industry is pushing back its horizons in an age of platform-based interactions, community-driven business dynamics, and crossmedia exploitation of intellectual property.

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The Business of Books 2018: New tunes for an old trade.

1. The big picture

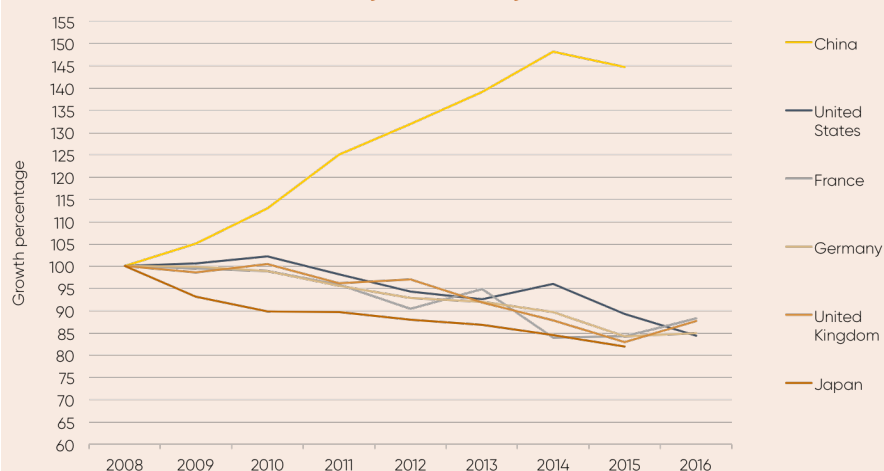
In 2018, book publishers face a number of challenges that have built up steadily in recent years. First and foremost, the great majority of book markets have declined over the past decade. Secondly, book reading now contends with an array of mostly mobile activities that compete for the consumers' attention and appeal to their budgets and tastes. And thirdly, the segmentation of the world of books and of the media universe in general has created a complex set of dynamics, specific trends and scenarios, which confronts a fickle audience with an abundance of choice.

This means that, in order to build strategies for any given action and at any moment in time, publishers need to balance often contradictory priorities:

- / They must maintain the stability of their ongoing business, yet innovate and explore new opportunities, new models, new target audiences.
- / They must keep their focus on revenues from printed books, while extending their digital portfolios with e-books and digital audio downloads, and through subscription and streaming platforms.
- / Ultimately, they have to reach the end consumer directly, which requires a highly sophisticated integrated digital workflow in-house, while competing with actors such as Amazon, or self-publishing communities of authors and readers, who are simultaneously a traditional publisher's key business partners and fiercest competitors.

A cold wind is blowing in the book-lover's face.

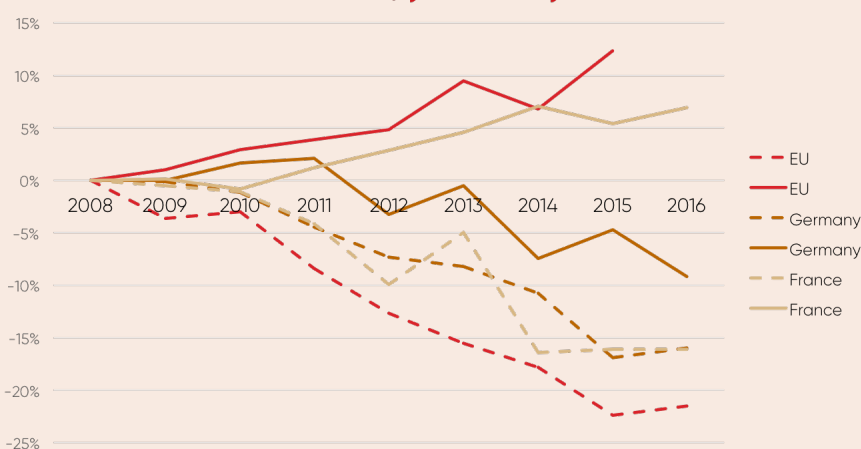
Development of 6 leading publishing markets, 2006 to 2016, in %, year-on-year, deflated.



India with a market value of 6.7 bnUS\$ in 2015 (est. By Nielsen), should be included, but no detailed yearly values are available.

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Revenue vs. production in the European Union, Germany and France (2008 to 2016, year-on-year in %)



Data source: National publishers associations and FEP; Analysis

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In Germany alone, over six million book buyers disappeared in the five years from 2012 and 2016, reducing the publishers' target audience to 30.6 million, its lowest level in a long time. This was the alarming finding of a study conducted by the German Publishers & Booksellers Association and the market research firm GfK, in early 2018 (www.boersenblatt.net/markt/marktdaten).

For the past decade, however, shrinking book markets have been a common feature around the world. Of the six largest publishing markets worldwide, only China has escaped this trend, at least once inflation is factored in.

Spain, which was particularly strongly hit by the economic crisis, has lost over a third of its turnover from books. The fall-out would have been even worse without a steady volume of exports to North and South America, which still account for up to half of the big publishers' revenues. Italy has achieved a level of relative stability only in the last couple of years, following a steep nosedive. Even most of the emerging economies ran into significant difficulties. Countries such as Brazil, Mexico and Turkey had been considered promising new markets, with new middle-class readerships hungry for better education and more entertainment.

However, these economies were hugely strained in recent years, which has had an impact on consumer spending on books.

Numerous publishers chose to pursue the risky strategy of compensating for their reduced sales by increasing their output of new titles – and by raising prices. The sustained high level of production led to a widening gap between the number of new books competing for the readers' attention, and the shrinking sales figures. This pattern can be seen across Europe, with Germany a rare exception.

Ultimately, declining average print runs reduced incomes and hit the bottom line, especially for many of the mid-sized publishers. The option of setting higher prices has brought slightly better news, at least in the UK and Germany for the time being, where despite selling fewer copies, the raised prices have still generated a slight increase in revenues.

A much more profound challenge has come from a fundamental shift in consumer behaviour. "Mobile is eating the world," said Silicon Valley analyst Ben Evans, as early as in 2014, when he pointed out that, especially among the younger generation, smartphones are now by far the pre-

ferred means of accessing content, and increasingly also for consumption and shopping. Most traditional book readers still take a different approach, and the publishers have yet to learn how to broaden and optimize their presence, and that of their products in the mobile universe.

For the 'millennial' generation, and increasingly for all consumers, mobile is a crucial point of access for their engagement with content – for exploring choices, identifying their personal options, discussing and sharing content with friends and peers, and making purchasing decisions.

In the past few years, millennials have steadily increased the amount of time they spend online on mobile devices. But traditional readers have also exhibited a similar trend, albeit at a lower level. Publishers need to understand this development as a crucial strategic challenge: the smartphone has become the most important point of access for people's consumption in general, including the books they choose to read – even if they ultimately decide to buy a (printed) book. Publishers must find out how to have a strong presence on mobile devices.

Mobile Time Rising Steadily

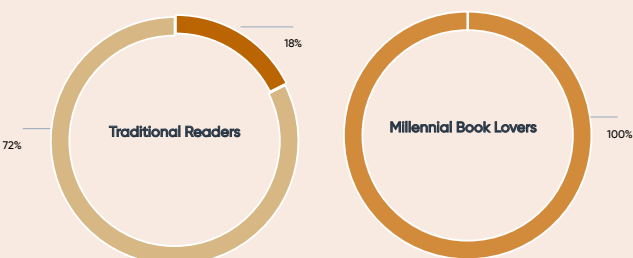


Fig. 3, GWI 01

% of online activities that are more likely to be carried out on mobile vs. PC/laptop © GlobalWebIndex 2018.

Mobile Time Rising Steadily

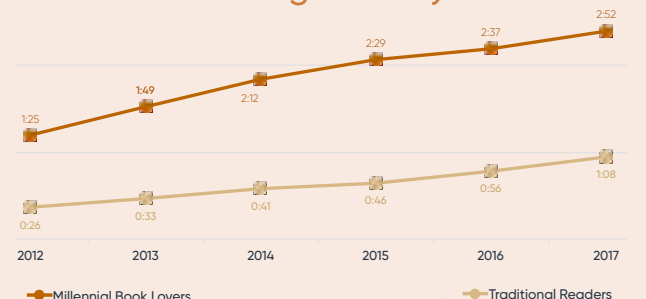


Fig. 4: Even though older 'book lovers' still spend less time on their mobile devices than millennials, the share is steadily increasing for both these target audiences of publishers. © GlobalWebIndex 2018.

2. The many ways of reading (and viewing) books today

There have always been significant differences between the book markets in different countries. The consumers' choices in allocating their time and spending on books – for educational materials or entertainment, or as gifts to their children – reflect not only profound cultural habits, but also the aspirations and affluence of the respective societies.

The share of children's books and textbooks varies from 24 % in Italy and Brazil, to well over 40 % in Spain, Australia and New Zealand. Reading for pleasure, which arguably drives sales of fiction, accounts for less than a quarter of spending on books in New Zealand, Australia, South Africa and India, compared to an impressive 39 % in Italy.

In recent years it has become ever more challenging to map book markets, as the consumption of books and the cultural habit of reading have become more segmented. Publishers are no longer the only providers of books. Self-publishing

and various online communities for creating and consuming stories have soared in importance. Newspapers and magazines have become less influential as providers of information about new titles and topics to consumers, who now prefer to discuss their daily intake among themselves on social media.

Most importantly, boundaries related to the culture and business of books have become highly blurred. One book's fiercest competitor may not be another book, but rather a video, a TV series, a game, or something entirely different – a chat online with friends or anyone connected to one's virtual neighbourhoods.

The direct result is a radical segmentation in the business of books. New actors are emerging (first and foremost, the not-so-new Amazon), new business models such as subscription and streaming services are spreading, and habits of the fickle audience are becoming more fluid. At different times of day, or at differ-

ent points in their lives, people may opt for a self-published quick read or watch a TV episode when commuting in the morning; they might choose more complex leisure time reading when on a vacation, and educate themselves for a new job in between. Publishers and traditional retailers must find a dynamic and competitive approach that enables them to address all these new offers. But at the same time it is becoming more and more difficult to maintain an overview over these multiplying offers.

2.1. Juxtaposing the perspectives of publishers and consumers

Among the professional observers of publishing markets, and certainly among the trade media, many still consider the bestseller charts for hardcover fiction as the gold standard when it comes to identifying important new works that merit media attention as well as marketing budgets.

International Markets by genre

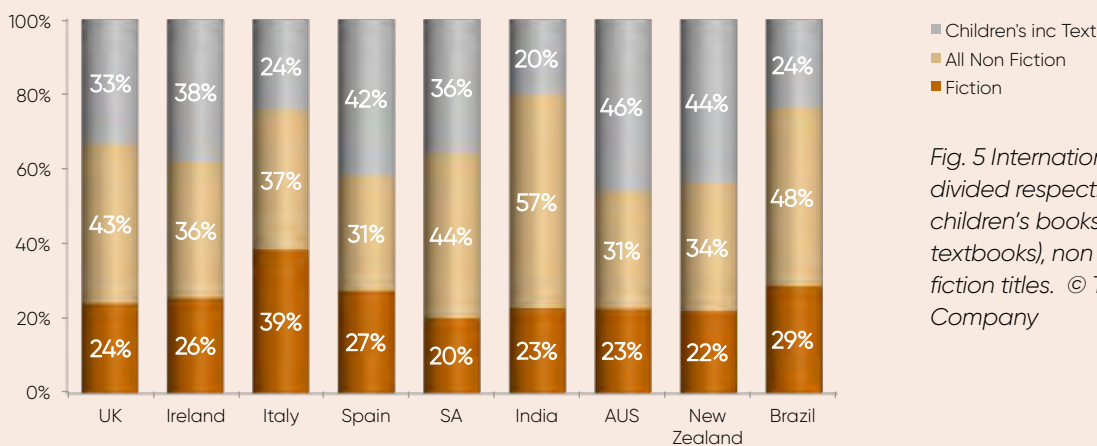


Fig. 5 International markets divided respectively into children's books (including textbooks), non fiction and fiction titles. © The Nielsen Company

By mid-February 2018, when the spring programmes entered the bookshops, four new titles had entered the top ranks of hardcover first editions in Germany – all of them written by authors with an already high international reputation: “Still Me”, the third volume in British writer Jojo Moyes’ widely acclaimed Lou Clark series; the fourth volume of Elena Ferrante’s globally hyped saga of Neapolitan women; German star author Bernhard Schlink’s “Olga”, the story of another heroine struggling to find herself; and Japanese Haruki Murakami’s latest gift to his world-wide community of dedicated fans, “Killing Commendatore”.

A more realistic bestseller list, including not just novels but any output from publishers across the board, is certainly less flashy. By mid-January, Bernhard Schlink’s “Olga” was number one, followed by a tale about the meaning of life from superstar counsellor John Strelecky, a surprise hit from the Norwegian Maja Lunde, “The History of Bees”, and a guide to healthier aging by a doctor and a TV personality. At number five in this list was the paperback edition of a basic law volume, which always records high sales figures.

Indeed, all these books sold more copies than any other new fiction from traditional publishers in Europe’s largest book market. These lists aggregate point-of-sale data from a representative mix of bricks-and-mortar stores and online purchases, including Amazon, which is Germany’s leading book retailer and the largest point of access to reading, world-wide.

The online retailer’s own perspective is clearly different, though, as its notion of the book-buying market includes all kinds of books, be they from traditional publishers, self-publishers or from Amazon’s own publishing services. Charts based on point-of-sales data in both traditional and online retail reflect the products

offered by traditional publishers. They exclude most of the self-published market segment, despite its continuous growth in recent years. They are also ‘tidied up’ to exclude titles the editors think might distort results, notably all educational and related materials, as well as calendars and books from non-conventional sources, like most of the production from Amazon Publishing.

By contrast, Amazon’s listings portray precisely this mix in its raw form, just as the consumers pull it into their virtual shopping baskets, including self-published titles, and – increasingly relevant – sales of all formats: print, Kindle and audio. In this respect, Amazon’s charts look at the business of books through a consumer’s eyes.

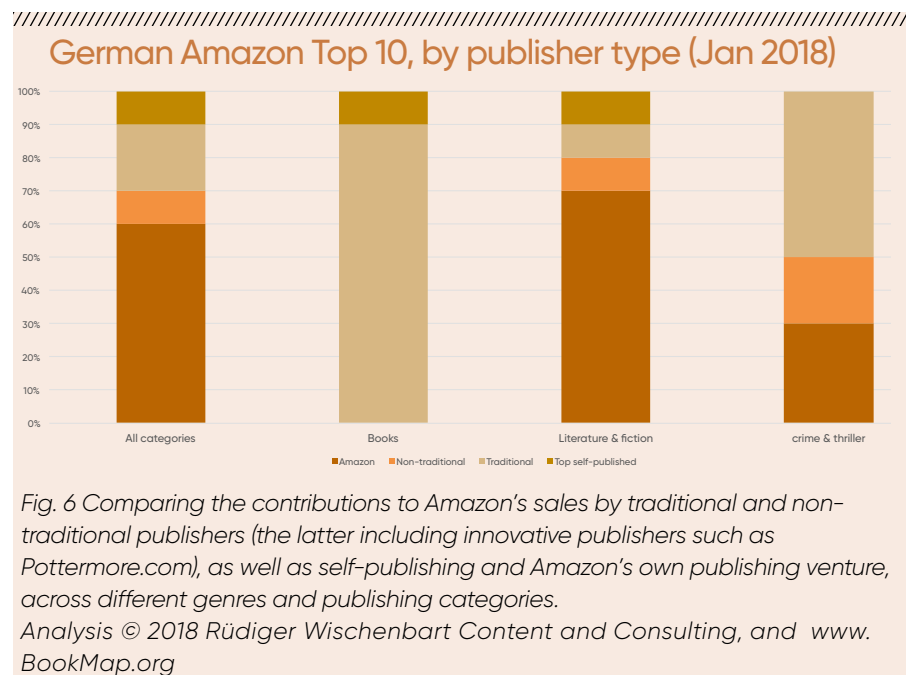
In Amazon’s list of top-10 titles for mid-January, the “Literature and fiction” category did not have a single author in common with the more traditional charts that excluded self-published works unavailable in ordinary bookshops. Instead, the list was headed by Catherine Shepard, a German crime writer with an English pseudonym, who focuses on her own community of readers and publishes through Kafel Verlag, set up specially

for this one author’s books. (www.catherine-shepherd.com)

Seven of the top-10 listed authors publish with Amazon directly, or with one of Amazon Publishing’s imprints. Six of the top-ranking titles fall in the “romance” genre. Only one author on the list is in translation: J.K. Rowling, with a set of digital editions for Kindle as well as digital audio downloads of her works, which have been translated from English and released by her own, innovative online platform, Pottermore. (www.pottermore.com)

In Amazon’s top-10 listing across all categories (books, Kindle and audio), Shepherd comes in second, behind Rowling. Two authors published by traditional houses made it into the higher ranks: the US journalist Michael Wolff, whose “Fire and Fury” about President Donald Trump is counted with combined sales figures for the English and German editions, and long-standing blockbuster author Dan Brown.

It was only in the “Books” category that a more conventional mix of publisher types could be found behind the top-listed titles, as nine of the bestselling books had been released

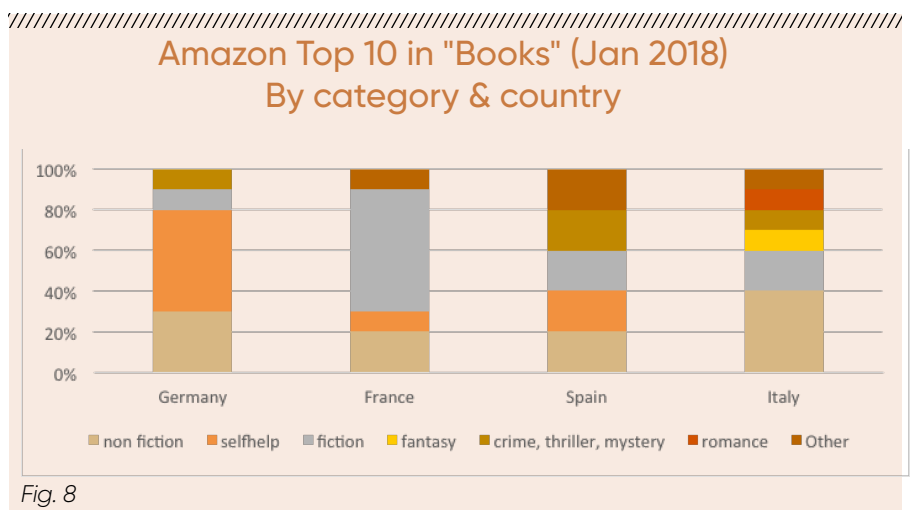
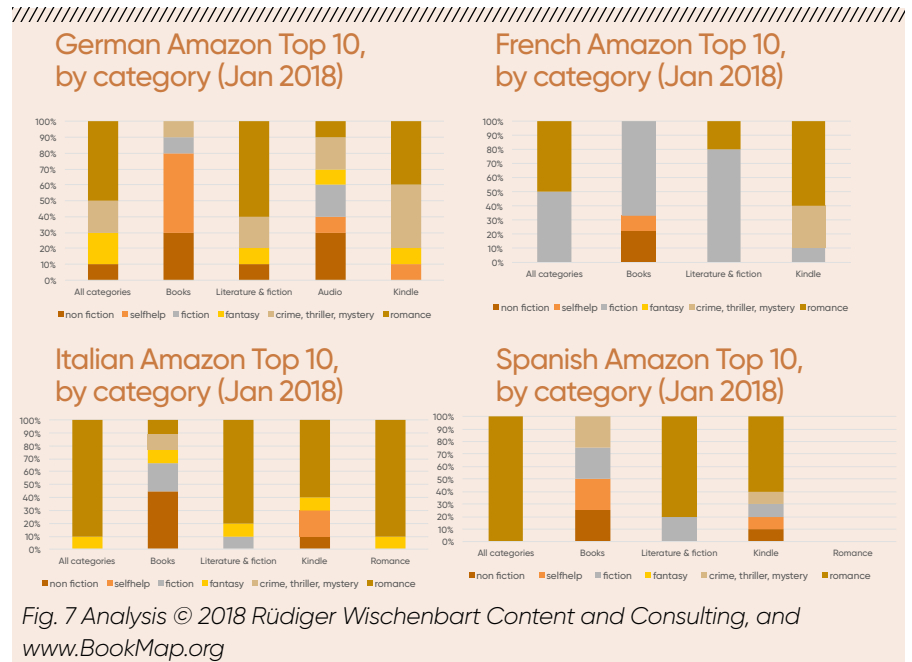


by traditional publishers, with just one author having self-published. Yet even here, half the titles fall into the subcategory of "self-help". Only two were fiction titles, one by Rita Falk, a hugely popular German author of local crime stories, and a modern classic written by the Swiss writer Friedrich Dürrenmatt.

In the wider perspective across four European markets, Germany, France, Italy and Spain, comparing Amazon's charts for different categories reveals a remarkable divergence. In all four markets, the hugely popular genre of romance fiction has risen to take an astoundingly prominent share of readers' purchases. With many of these titles being self-published and sold at very low prices, and backed by Amazon's marketing muscle, romance has become a large commercial segment in which traditional publishers now participate from an outside position.

In all four countries, titles from traditional publishers only maintained a dominant presence in the category "books" thanks to a strong showing by general fiction, crime fiction and self-help books. In fact, the book business has become segmented by publisher type – with a sharply competitive rift between publishers and Amazon's own production – as well by genre and format, with mass market publications, e-books and the growing digital audio section brought together under the widening umbrella unfurled by Amazon.

Amazon's charts from mid-January 2018 for four non-English-language European markets – Germany, France, Spain and Italy – are puzzling, yet they also highlight significant national differences. At the same time they reveal a unifying approach that promotes books independently of national preferences, across formats – with no strong bias toward print, Kindle or audio formats – and always with the clear aim of setting lower prices. The algorithms Amazon



uses to create these charts have been widely and critically debated, as they combine actual sales numbers with the statistics for loans and streaming through Kindle Unlimited, and more recently also the Amazon Prime programme, and it does not reveal details for each platform.

For the purposes of this paper, this allows the juxtaposition in a single case study of two divergent perspectives on the business of books, both of which are valid and meaningful. For a realistic assessment of the book business it makes a lot of

sense to use both perspectives. Comparing these detailed snapshots across countries helps us develop an understanding of country-specific developments, compared to those occurring across the board. For publishers, such analysis is therefore a crucial strategic exercise through which to gain a better understanding of the competition and of consumers' expectations, and helping them match their supply with demand.

3. The new story-tellers, and their new models for creating and sharing books

The continuous decline in overall book markets coincides with an astonishing growth in the number of new ventures and new concepts for bringing authors' work to audiences. Often enough, these 'new models' are hybrids, inasmuch as they team together true and bold innovation with well-established services.

One prominent example of such an unlikely combination is aimed at a surprising global audience – young girls. "Good Night Stories for Rebel Girls", first published in the autumn of 2016, contains biographical portraits of 100 outstanding women from around the world and throughout history, accompanied by colourful, expressive illustrations.

Created by authors Elena Favilli and Francesca Cavallo, the book has sold over a million copies worldwide. Its import can only be fully grasped if we look at the extent of the entrepreneurship that turned a brilliant book project into the seed for a new media company, Timbuktu (www.timbuktu.me).

Favilli and Cavallo originally moved from their native Milan, in Italy, to Silicon Valley, where they established an accelerator for a social community project labelled Timbuktu. Their ambition was to re-invent 'play' with ideas ranging from the architecture and design of playgrounds and a smart-phone app that enhances the experience of children playing outdoors, to the publication of bedtime stories. The guiding idea linking these diverse things is the wish to empower those who play through ingenious product development and ultra-professional marketing. They obtained their initial financial resources from record-breaking crowd-funding campaigns at Kickstarter.



Fig. 9 Good Night Stories for Rebel Girls, Vol 2, 2018.
Portrait of Beyoncé. © 2018 Timbuktu Labs.

For their principal product set-up and strategy they were betting on innovation, but to get the book published Favilli and Cavallo signed licensing deals with leading traditional publishers. These included Penguin Random House in the UK, and Mondadori and Planeta, the dominant houses on the Italian and Spanish markets respectively. In Germany, on the other hand, the independent literary publisher Hanser secured the deal, and in France it was the small Editions Les Arènes.

Remarkably, the book's title manages to highlight all the critical elements of the success story in just five words. "Good Night Stories for Rebel Girls" is a book for a target readership defined by age, ambition and vocation (and perhaps also the wishes of their middle-class parents); it is for young female readers who want to stand out, become empowered, and even rebel; and it is a book they should read at a time when nothing distracts them from reading, and when even their parents can be kept outside the room.

The very act of reading this special book binds the readers into a tight community. The sequel, "Good Night Stories For Rebel Girls Volume 2", was released in early 2018.

Most major markets have seen an explosion in the number and diversity of new publishing enterprises exploring new ways of doing business based on books, or of established older houses setting up new departments or acquiring start-ups. In Germany, many observers were surprised by the sudden success of the "Schmahamas Conspiracy", a story derived from the popular video game, Minecraft. It was co-authored by a YouTuber under the alias "Paluten" and a staff writer of the publisher, a spin-off of Bastei Lübbe founded in late 2016 with the specific remit of reaching an "influencer-driven" millennials market niche. The parent company, Bastei Lübbe, had been experimenting for a while with new business models, and making investments at the peripheries of traditional publishing. It even had to undergo deep restructuring after a series of failed strategic ventures.

In the UK, the boutique publisher Unbound, which was co-founded by author John Mitchinson, specializes in the crowdfunding of non-fiction books. As such, it always generates valuable data on its target audiences. Unbound has issued numerous successful books, such as "The Good Immigrant", devoted to specific communities and areas of activism. However, it halted its recent expansion into genre literature as it could not meet its initial expectations.

Quite a few innovative approaches to publishing focus on the development of characters, and illustrative storytelling formats. Examples include the internationally expanding London-based children's publisher Nosy Crow, and the Finnish Kaiken Entertainment, a spin-off of the marketing agency, Rovio, whose Angry Bird brand became a worldwide hit. Through its British subsidiary, the French corpo-

rate giant Hachette recently acquired another boutique publishing and marketing platform, Bookouture, which has been particularly effective at pushing genre fiction titles into the higher ranks of Amazon's Kindle list.

Meanwhile, the German arm of the Swedish Bonnier group has developed "Vorablesen", an online reading community based in Berlin, which now counts 52,000 members who get the chance to read excerpts of books prior to publication, and to win copies of new e-books. Impressed by its success, it has since decided to roll out localized versions of the community in the USA (Bookish First) and the UK (Readers First).

Most of these innovative models display the same distinctive traits and patterns:

- / They are all highly entrepreneurial, with a book, a series or a set of characters conceived in ways that allow for their exploitation across media formats and territories, driven by highly professional branding.
- / Platforms are a key concept, as they enable enterprises to cater directly to the end-consumers, allowing the distribution, not just of books, but of any products and services through digital channels, while at the same time optimizing marketing and sales activities by force of the user data they generate.
- / Through the creation of fan communities and personalized interactions with the audiences, the sale of items one-by-one is increasingly being replaced by continuous exchanges framed as subscription models, with streaming replacing delivery by download.

This bundling of new ways of organizing the entire value chain, from creation all the way to consumption, was pioneered by British author JK Rowling, with Pottermore.

Pottermore was initially conceived in 2008 to distribute digital versions of the seven Harry Potter books, built on a community of its enthusiastic readers. From these early and modest beginnings, an integrated digital publishing, e-commerce and entertainment company has evolved which is now re-defining the underlying driving forces of publishing. In the context of the 21st century digital industry, that is not unlike what Walt Disney achieved with Mickey Mouse in the first half of the 20th century.

Many more permutations of this platform approach have emerged over the past decade or so. In China, online communities that connect writers directly to readers began running several years before those in America, where digital publishing and self-publishing only started in 2007, when Amazon's Kindle Direct offered a publishing environment to aspiring authors. From its earliest days, this immensely popular publishing model has been fuelled by serialized fiction consumed in small packets, mostly on smartphones. With sound commercial logic, the online gaming company, Shanda, acquired the ground-breaking platform Qidian, just as the online community was gaining serious momentum, with millions of active – paying – users. However, this turned out to be just a passing phase, once Qidian's founder Wu Wenhui recognized the ultimate business potential of observing the authors and stories that caught on particularly well with readers. These contributors could be approached with incentives to turn their stories into other media formats, including games and video series, and even printed books. Following his intuition, Wu started an entirely new 'literature' division at Tencent, one of China's leading digital behemoths.

Among its major assets Tencent owns WeChat, which combines the country's most popular messaging application with e-commerce functionality. As such, it provides digital, smartphone-based tools to almost all Chi-

nese for organizing their daily lives. Another asset of Tencent is its video streaming division, which commissions movie productions similar to Netflix in the West. Thus investing in a story-generating community for authors and readers presented a perfect opportunity.

In the second half of 2017, Tencent listed its now re-branded "China Literature" division on the Hong Kong Stock Exchange, thereby raising US\$ 1.1 billion and making it the "most profitable IPO debut in a decade," according to the South China Morning Post.

Comparable experiences of online writing and reading in the West are probably less spectacular, but they still follow the now-familiar tale of crossmedia exploitation of intellectual property generated in their communities.

The Canadian authors' community Wattpad was founded in 2006, a year ahead of the launch of the Kindle. With 2.5 million registered writers in January 2018, it has now been rebranded as Wattpad Studio to become a hub where, according to the company's mission statement, "the entertainment industry finds its next great idea." Several deals have indeed recently been announced in which Wattpad authors have signed contracts, not just to publish with the likes of Penguin Random House or Harper Collins, but also for subscription video streaming projects with Netflix and its peers.

4. How the new approaches are already reshaping different publishing segments

Big-brand authors creating and dominating specific market niches in an increasingly segmented environment – an environment in which readers attach their loyalty to authors rather than to formats like books; an environment in which those who succeed find opportunities to establish an even wider international reach. These factors – now familiar to readers of this paper – are the strongest forces shaping the most rapidly developing segments of the global book business.

4.1. The example of children's books

As Italy apparently recovers after a long decline, it is children's books that publishers must thank most for the light on the horizon. With "Good Night Stories for Rebel Girls", Elena Favilli and Francesca Cavallo, originally from Milan, returned to their home market with a bang, selling more than 300,000 copies in Italy alone. According to Nielsen, that is four-and-a-half times as many as the next bestselling children's title, Wonder, by RJ Palacio.

In China, the children's book segment grew by 17 % in 2017, after a staggering rise of 29 % the previous year, clearly illustrating the huge aspirations of parents (and grandparents) for the cultural education and entertainment of their offspring. A government drive to promote domestically produced books for younger readers over imports has so far produced few meaningful results. Nevertheless, the enthusiasm for global characters and brands, which already prompted a dedicated children's book fair in



Shanghai, has since been echoed in Beijing, where another international event for the segment will be launched in 2018.

This is far from being a universal trend, as the children's and young adult books segment remains largely flat in France and the UK, and is even declining slightly in the USA. (In the UK, on the other hand, the sub-segment of children's non-fiction has experienced unbroken growth for the past five years). Modest fluctuations often reflect the impact of a particularly strong title or author – or the lack thereof.

The German children's book segment recorded a decline of 2.2 % in 2017, which should be seen in the context of a 9 % increase the year before, largely due to the "Harry Potter effect" (Börsenblatt) arising from the release of "Harry Potter and the Cursed Child". The first four months of 2018 saw a return to the modest growth rate of 1.8 %. (Source: Börsenverein. Branchen Monitor Buch)

In the UK, JK Rowling is still one of the biggest selling authors. Her Harry Potter brand, including spin-offs and merchandising, achieved sales worth

GBP 16.9 million in 2017. She is followed by David Williams ("Mr. Stink" etc.; total sales of GBP 16.6 million) and Julia Donaldson ("Gruffalo"; GBP 14.9 million), both of which easily dwarf Disney's combined sales (GBP 2 million) and those of the "Wimpy Kid" (GBP 6 million), whose author Jeff Kinney has lost much of his momentum over the last five years. (Source: Nielsen)

Sector-specific initiatives are not limited to branding or promotions around specific authors, nor to the accompanying expansion of merchandising or crossmedia exploitation such as with the British "Peppa Pig" series, which targets four-year-olds with both books and videos. Entirely new business approaches promise that the transformation has only just started. Amazon has moved into this field by launching a paid subscription service with curated selections for three different age groups: 3 to 5, 6 to 8 and 9 to 12 years.

4.2. Learning platforms

TES is truly a veteran of British educational publishing. Founded in 1910 as a pull-out section, the Times Educational Supplement provided teachers with learning materials for almost a

century until it encountered severe problems in the early 2000s. Being entirely dependent on its declining print advertisements, it faced being closed down until, at the eleventh hour, it reinvented itself as TES, an online platform with a digital mission. Once again it targeted teachers with learning materials, yet this time exclusively in digital formats. A decade later, TES now caters to a community of over eight million teachers and has recorded more than a billion downloads. These include resources from educational publishers, as well as materials created by teachers for their peers.

Higher education needs its “Netflix moment”, declared Michael E. Hansen in an article for the World Economic Forum in Davos, in spring 2018. The CEO of Cengage can look back on his own challenging years, when he transformed the company, with annual revenues worth US\$ 1.5 billion, from a traditional educational publisher – formerly Thomson’s Education division – into a company focused on its end-consumers, the students. Despite having defended Cengage’s strong market position in an otherwise shaken educational sector, Hansen is currently facing a revolt from his authors. These are opposed to the subscription service “Cengage Unlimited”, which Hansen launched in December 2017.

Pearson, too, has opted for a subscription service aimed at the “Spotify generation”. It wants to replace hugely overpriced textbooks with a rental model to help make course materials affordable again – and to steer the world’s largest learning company out of the rough waters of recent years, when it had to reduce its staff on a grand scale.

Such transformation is not the exclusive territory of the larger corporations. Lean start-ups are popping up in many countries, proposing digital solutions to bring together teachers and learners, launching specific

solutions for specialized learning situations or specific topics – from medical training and beefing up maths skills in school, to helping establish collaborative approaches in the classroom and ensuring a professional level of organization. Some of these new entrants have successfully formed communities that attract hundreds of thousands of members.

Here, too, we see a business area in transition that has witnessed the entry of new competitors whose backgrounds and expertise do not lie in teaching and learning at all, but in technology. Amazon, Apple and Google are each pushing tools and distribution mechanisms for a new learning market, while yet another brand of start-ups are using machine learning and artificial intelligence to create an entirely new context of know-how, monitoring and optimization for the experience of knowledge generation.

The transition is well reflected in a changing language. The teacher-centric term “educational” is being replaced by “learning”, “textbooks” become “materials”, which can be “accessed” by students with a subscription, rather than purchased. These materials can be blended to form a digital learning environment with, ideally, more interactive exchanges between teachers and learners, who interact on “platforms” that allow the teacher to closely monitor a student’s performance. In the best case, personalized hybrid learning situations emerge that are more flexible, more efficient, and more readily adjusted to rapidly changing curricula and professional targets.

This at least describes the scenario in a perfect world. At present, everyone involved is still trying to cope with a period of transition characterised by massive uncertainty all round.

For the publishers, this translates into a set of challenges and ambiguities in

their business outlook, such as have already become familiar elsewhere in this paper. The various platforms offer them new distribution channels, but at the price of surrendering their contact to the end-users to the platform providers. They can slice and edit their content into smaller bits that can be re-combined and re-purposed. But that calls for new and costly technologies, which come from far outside the publishers’ core competency. Lastly, they must experiment with, and invest in entirely new business models, like streaming, renting or subscription, while trying not to lose their incomes from more traditional practices too quickly along the way. This again requires capital while raising the entrepreneurial risk, and it is leading to a wave of consolidation.

However, learning is by definition about making new choices and crossing frontiers. Interestingly, educational publishing is a sector that boasts a remarkable number of companies over a hundred years old, or companies with origins in family business created in the 19th century. They grew up by spearheading the revolution in knowledge and mass education in those times, finding new approaches backed up by the innovative technologies and organizations of their day. Perhaps this reference to a distant past represents their Ariadne’s thread to help them find a path through the labyrinth ahead.

5. Conclusions

Publishing needs to confront change. This mantra has been repeated in industry reports time and again over the past decade. Transformation is today's reality for any company involved in this old trade. While the details are only now taking shape along the way, a few clear patterns have already emerged.

The hybridisation and simultaneous combination of new and old practices that is so characteristic of this transformation can be seen at all levels of publishing:

- / In the role and reach of authors, as well as the empowerment of the recipients, the consumers, as they define the public space – the agora – in which publishers work
- / In the very concept of "storytelling", which no longer has a privileged connection to books, but has once again become detached from formats as the boundaries blur between different media and channels
- / Content is created across formats and media, by any participant in the community, by professionals and by amateurs, by industrial companies and by lone individuals
- / The power of digitisation has been unleashed through mobile devices, bringing reading, movies, games and social interactions seamlessly and coequally to the attention of consumers
- / The digital business models tend to privilege subscriptions and streaming over purchases and ownership.
- / In the end, the resulting dynamics favour corporate super-organizations, as well as individual actors, putting the hardest pressure on those occupying the middle ground, who have hitherto maintained dominant roles in the creative industries for a long time.

About the author and the materials quoted in the Business of Books 2018



Rüdiger Wischenbart is the founder of Content and Consulting (RWCC), which specializes in analyzing the transformation of international publishing, and related culture and media markets.

He also co-founded the non-profit BookMap service. His reports include the Global eBook reports (since 2011), the Global Ranking of the Publishing Industry ("Global 50", since 2007) and "How Big Is Global Publishing" (www.BookMap.org 2017). He serves as a director of the Publishers' Forum in Berlin.

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