Report on publishing in Italy: Highlights

2016

Associazione Italiana Editori

Giornale della libreria

Contents

This Summary features a selection of numbers regarding the publishing market in 2015 and in the first months of 2016. The figures and a detailed analysis of the facts that characterized last year are published in the Report on the state of publishing 2016 available in digital version in the main online stores.

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

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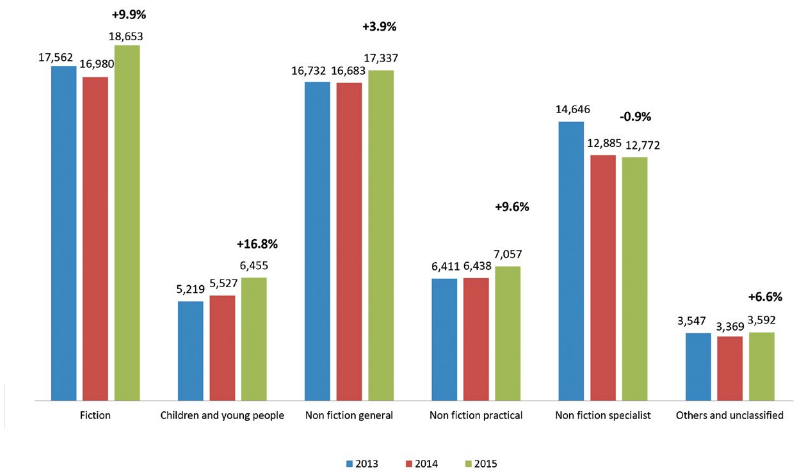
The year of return to growth

For the first year since 2010 Italian publishing (including books and digital publishing content, miscellaneous, educational books etc.) returned to positive figures. Growth of barely 0.5% was modest but nevertheless a turning point which was also confirmed in the first half of 2016. There remains a wide gap to fill. In 2011 the total value of the market at cover prices was 3.236 billion euros. Last year it rose to 2.680 billion from the 2.667 billion to which it had fallen in 2014 (+0.5%). In four years the industry as a whole lost almost 556 million euros. The trade channels (bookshops, large scale retailers, online bookstores), the ones which are best monitored, witnessed lost sales of 230 million euros and 18.2 million copies.
Weak and slow growth (also in 2016) delays recovery of preceding values to some time in the future. A requirement which has to be faced up to throughout the entire industry is the need to do more with fewer resources. This is also because the structural problem of our market remains unresolved. Among the major publishing industries we are the one which has the weakest potential market (i.e. readership). Although growing in 2015 (+1.2%), it still consists of a mere 42% of the population who are readers (about 24 million people).
Besides, the economic environment - including economic growth in the country (with GDP in 2016 forecast to be about +1%), the propensity of households to consume, the climate of confidence about the future, loss of purchasing power and levels of employment (although they may be improving) – does not yet provide a sufficient base to have a positive impact on the industry.
Can we console ourselves with the digital market? Yes, partially, although it isn't able to turn the situation around. It is certainly true that the e-book market is growing in terms of sales and value. Nevertheless it continues to be slower than anticipated. And it does not compensate for the loss of value (and volumes) in paper. The digital market as a whole (e-books, databases and b2b web services for the professional sector) is worth 279 million euros, 11% of the total market. But not even this is enough to rebalance overall performance.
The fact is that Italian publishing suffers from certain "genetic faults". First among them is the fact of being the only publishing industry among major western nations which has a market limited to its own linguistic area and one, furthermore, with low levels of readership, given that 58% of the population say that they read no books. In addition, the level of general literacy is continually below the average for OECD countries. One thing is certain: if we are to talk about recovery, it's taking place against a competitive background – both domestic and international – which is radically different from that of 2010: new assortments and literary genres; changes equally great in numbers of titles and print runs; commercial spaces and services profoundly re-imagined; customer communications aimed at a more fluid public. Traditional forms of exchange have been overtaken by ones which go beyond simple economics. Meanwhile the data that the sales network is beginning to offer tends increasingly towards a redefinition of traditional marketing levers from the perspective of "one-to-one mass marketing".

An increase in production

In 2015 Italian publishing houses published 69,886 titles (new books and new editions of miscellaneous adult and children's books as well as educational titles, excluding e-books) with a value which grew (+1.5%) compared to 2014. The engine of growth in the miscellaneous field came from the children's sector (+16.9%, excluding YA), fiction (+9.9%) and practical non-fiction (+9.6%). The fall in specialist non-fiction continued with almost two thousand fewer titles over three years. In 2015 906,481 titles were on sale (+5.2% over 2014, excluding e-books). In the five years since 2010 the stock of titles declared as available grew by over 237,000 works: +35.4%.
146.3 million copies were printed and distributed, a fall of -18.5% on the previous year.
New books accounted for 63.2% of titles and 59.8% of copies (previously 67.9% and 64.3% respectively).
Average cover prices (on production), which had fallen consistently since 2010 (-14.7%), showed a slight growth in 2015, rising from 17.37 to 18.41 euros.

Composition and trend in production of miscellaneous books
Values in numbers of titles and in %



* Excluding production of educational books
Source: Elaboration by Ufficio studi Aie of data from IE-Informazioni Editoriali

Also in the 2016 Report:
- production of books by sector (Fiction, Children, Specialist non-fiction etc.) and sub-sector
- trend in average price
- paperbacks, supercheap editions, self publishing

How production is changing: e-books and translations

In 2015 56,145 e-book titles were published (44,733 in 2014, 30,382 in 2013).
If we look at the production of e-books including all the various publication formats ("manifestations" such as ePub etc.), 62,544 titles were put on the market in 2015.
E-books (in all "manifestations") represent today 25.1% of titles on sale; in 2010 the figure was 2.5%.
The average price of an e-book is 6.65 euros (-1.6%). The 6.65 euro e-book price (excluding promotions etc.) compares with an average hardcover price of 18.41 euros and paperback price of 10.39 euros.

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

E-book titles published	56,145
E-books published in all manifestations	62,544
E-books in catalogue	227,450
% e-books of titles on sale in 2015	25.1%
% e-books of titles on sale in 2010	2.5%
Average cover price of an e-book	6.65 euro (-1.6%)
Average cover price of a book	18.41 euro (+6.0%)

Source: Elaboration by Ufficio studi Aie of data from IE-Informazioni Editoriali

Language areas for translations of miscellaneous adult and children's books
Values in %

% translations from other languages	17.6%
Languages from which they are translated:	
English	56.5%
French	14.2%
German	8.8%
Spanish	4.1%
Slav languages	1.3%
Other languages	15.0%

Source: Elaboration by Ufficio studi Aie of data from Istat

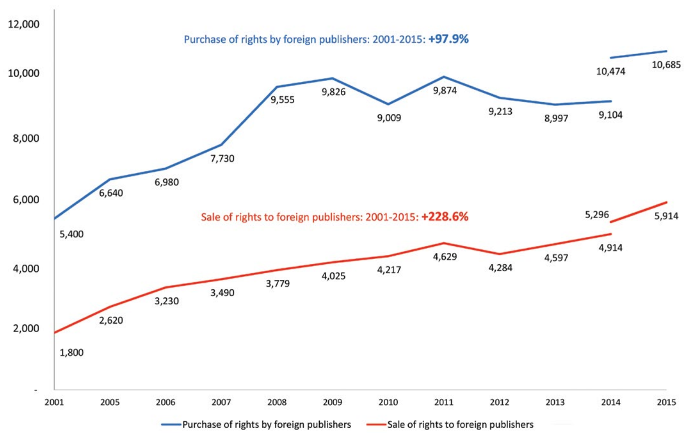
There has been a significant drop in titles published which are translations from other languages: from 25% in 1995, 23% in 2000, down to 17.6% today.
The languages of the historically important publishing industries, and English in particular, remain the majority (84.9%), although down from 91.2% in 2005. An indication of the growing interest of Italian publishing, and its readers, in becoming involved in other forms of literature and culture is the proportion of translations from "other languages", up from 5.9% in 2010 to 15% of titles published today.

How sale and acquisition of rights is changing

Together with a declining dependency on foreign publishing in building up catalogues there's an increase in sales of rights abroad (especially in the sectors of illustrated books and books for children and young people): +228.6% (since 2001) as opposed to +97.9% in acquisitions of rights.
In 2001 3.2% of titles published by Italian publishing houses found an export market. By 2015 this figure had risen to 9.5%.

In the face of a domestic market declining in terms of value and copies sold, Italian publishers have sought to exploit the "made in Italy" (or "copy in Italy") reputation, based on exceptional publishing qualities in illustration, narrative, photography, graphics etc.
In certain sectors (children's books, illustration, lifestyle and some fields of fiction) "copy in Italy" is the finest expression of the variety and range of a quality offer.

Sale and acquisition of rights : 2001-2015*
Values in numbers of titles and in %



*From 2001 to 2007 surveys carried out by Doxa for ICE and Aie; 2007-2014 Aie surveys only of numbers of titles; 2014-2015 Aie-Ediser survey for Italian Trade Agency ICE Agenzia for the internationalisation and promotion abroad of Italian companies. For 2014 values of the two surveys have been maintained.
Source: Elaboration by Ufficio studi Aie

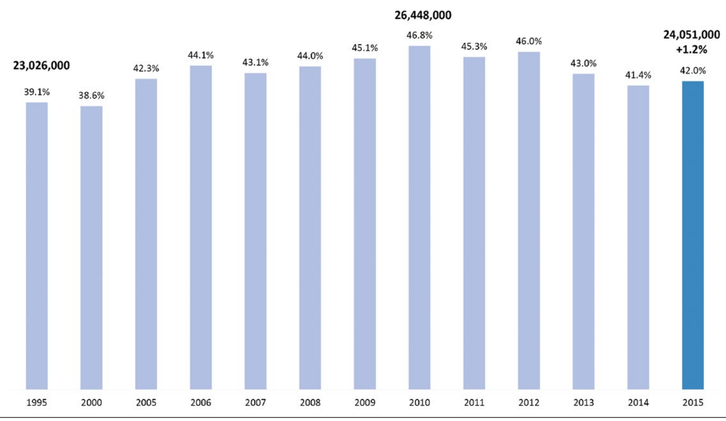
Also in the 2016 Report:
- imports-exports of rights for Italian authors
- trends in publishing geopolitics and support for translations
- trade fair effects and missions abroad

Book reading on the rise...

For the first time since 2010 there has been a halt in the decline of the number of people (6 years +) who say they have read "at least one non-school book" over the previous 12 months. The rise was +1.2% compared to 2014.
The number of weak and occasional readers rose (+2.4%) whereas strong readers (over 12 books per year) recorded a fall of -3.2%. This indicates that book reading retains a certain "value" even among those who have felt the effects of the crisis most severely, have educational qualifications and low incomes. It is not clear to what extent these results are the fruit of processes connected to changing uses of people's time, to mobile technologies (smartphones), to substitution (abandonment of the book for the e-book) or rather integration between different forms of reading done on different devices.
Paper and digital have become simply part of the environment in which the reader/customer exists, not rivals but interchangeable depending on the occasion or needs of the moment.
The low reading index represents the main problem for growth in Italian publishing in that it means having a market which is potentially more restricted than that of other comparable European publishing industries.

Also in the 2016 Report:
- book reading by age band, gender and geographical area
- the "quality" of reading
- reading in the major countries
- the relationship between reading books and use of technologies (web, devices etc.)

Trend in book reading: 1995-2015
Values in %

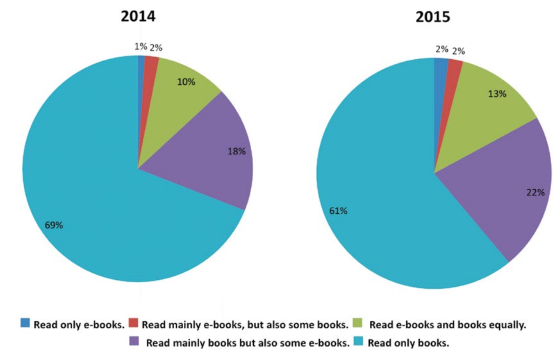


Source: Elaboration by Ufficio studi Aie

...and e-books form part of the diet

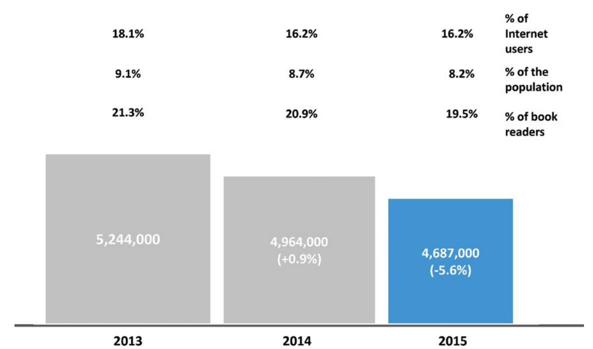
In 2015 almost 4.7 million people claim to have read at least one e-book in the last three months, 8.2% of the population (6 years +). In 2011 this figure was 2.3%. Nevertheless, after the early years of strong growth, e-book reading shows signs of slowing down, although those who read a mixture of paper and digital represent about 20% of readers. Those who read only e-books are 4%.

Mix in forms of reading of books and e-books: 2014-2015
Values in % of the population 18+



*Population 18+
Source: Ufficio studi Aie

Trends in e-book reading:* 2013-2015
Values in numbers of people and % of the population



* Reading of e-books in the last three months in the population 14+
Source: Elaboration by Ufficio studi Aie of data from Istat

Also in 2016 Report:
- e-book reading by age band, gender and geographical area
- genres and average prices (at production and at sale)
- relationship between reading books and e-books
- book reading and use of technologies (web, devices etc.)

The impact of technology

Italians and technologies	
Users active over the month (,000)	42,000 (+2.2%)
Users active over the average day (,000)	21,500
Average time dedicated (hr:min:sec)	2:05:9 (+65%)
Reasons for Internet access (,000 of people of over 3 / 14 years):[1]	
Read newspaper / magazine / news websites	73.9% 17,485
Read, buy, download e-books (+14)	19.8% (4,687)
Watch TV programmes on the web	31.7% (7,483)
Watch films through streaming	35.3% (8,349)
Watch videos through streaming	46.1% (10,905)
Type of home connection (,000 of households):[2]	
ADSL	70.5% (11.4 Ml)
Mobile broadband, 3G, USB stick	43.7% (7.1 Ml)
Traditional "dial up"	3.1% (0.6 Ml)

[1] Istat, Households and technologies, 2015 (last three months among those who have used Internet)
[2] Istat, Households and technologies, 2015; multiple answers
Value calculated only for those in employment Source: Elaboration by Ufficio studi Aie of data from Istat, Audiweb, Netcomm

Over the last decade, and with particular acceleration in the most recent years, the spread of digital technologies has become the means by which the publishing industry seeks opportunities to consolidate its market, to affirm its own brand, to entertain its customers and get to know them better (following an earlier phase in which this development was seen as a confrontation).
Within the technological framework we can see a structural change in deep-seated behavioural patterns which have been the basis for publishing and distribution so far. New tools (notebooks, tablets, e-readers, smartphones) place the "customer at the centre" of the process.
Customers can decide what to read, when to do it (thanks to the growth of mobile tools giving access to publishing content), how much to pay (paper or e-book) and where to buy.
In 2015 having Internet access anywhere and by any means reached 87.4% of the Italian population (Source: Audiweb, Nielsen).
This involves about 42 million people, of whom 21.5 million (36.3%) record an average daily access of 2 hours and 5 mins (+65%).

Also in 2016 Report:
- trends and development in web use by age bands
- mobile access to publishing content
- the digital content market (books, b2b databases, mobile entertainment, news, advertising etc.)

Mobile technologies

In 2015 Italians bought just over 1 million e-readers (-3.4% from 2014), 2.7 million tablets (-15.1%) and, above all, 16 million smartphones, many with screen sizes from 5” to 7” and thus with a sufficiently improved range of functions and portability to become the device of choice for seeking information, news and services. And recently also e-books. Expenditure by Italians on e-readers in 2014 amounted to 99.8 million euros, a fall in value of -3.4%.

E-readers and tablets bought, expenditure and stock in use	
E-readers bought	1,005,000 (-3.4%)
Expenditure on e-readers (millions of euros)	99.8 (-3.1%)
Tablets bought	2,650,000 (-15.1%)
Expenditure on tablets (millions of euros)	821.5 (-16.6%)
Total stock in use (estimate):	
E-readers	3,480,000
Tablets	11,682,000

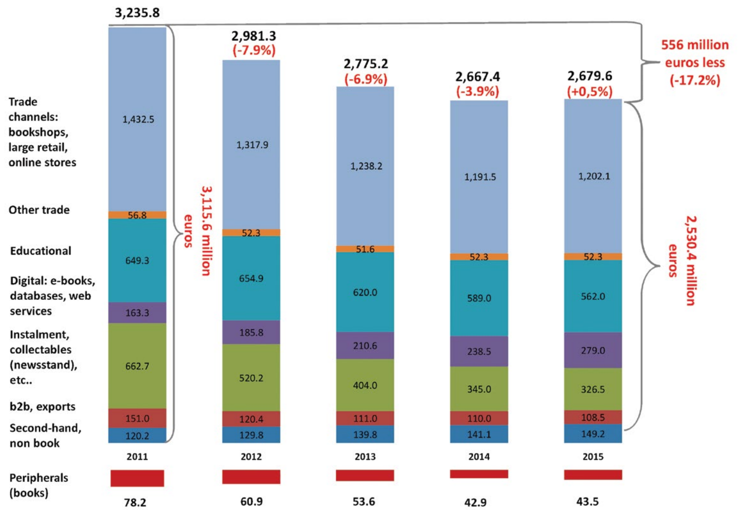
Source: Processing of Assinform data by the Italian Publishers Association Research Department

Also in the 2016 Report:
- **Italians and the web**
- **device market by unit sales and value**
- **trends and development in use of PCs and mobile devices among Italians**
- **technologies and purchasing behaviour, information, sharing**

2015: return to growth

In 2015 the publishing industry achieved a turnover of 2.530 billion euros (excluding second-hand and non-book products), a very slight increase of +0.2% (-2.2% in 2014 and -6.8% in 2013).
If we include "market peripherals": second-hand books, remainders and non-book products, the total value of the sector rises to 2.679 billion. These products are an important, and growing, element in the economic balance of sales channels (and primarily bookshops), with growth of +0.5% (-3.9% in 2014 and -6.9% in 2013).
Also significant, and indeed growing, is the value of book sales at newsstands as "attachments" to newspapers and magazines: about 43 million euros.

Market trend for new and second-hand books: 2012-2015
Values in millions of euros and in %



Source: Elaboration by Ufficio studi Aie

Also in the 2016 Report:
- **trade channels by copies and value**
- **the market for children's and educational books and other genres**
- **sales of publishing rights**
- **market shares of leading publishing groups in trade channels**
- **international markets**

The market for e-books and digital publishing

It is estimated that the e-book market in 2015 achieved a market share (trade) of 4.2% (other estimates put it at 70 million, 5.8%). These values are close to those of the major European publishing industries (excluding the UK) and show a process of much more rapid growth than that achieved by e-commerce for the physical book.

The e-book market: 2011-2015
Values in millions of euros and in %

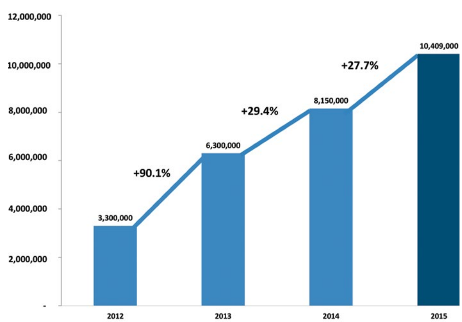
	2011	2012	2013	2014	2015
E-book	12.6	23.8	32.1	40.5	51.0
Δ%		+88.9%	+34.9%	+26.1%	+25.9%
Trade channels[1]	1,489.7	1,318.0	1,238.2	1,191.6	1,202.087
Δ%		-11.5%	-6.1%	-3.8%	+0.8%
% e-book/trade	0.8%	1.7%	2.8%	3.4%	4.2%

[1] Nielsen includes in this definition bookstores, mass distribution and online stores
Source: Elaboration by Ufficio studi Aie

Digital (e-books + web services to businesses and professionals) was worth 279 million euros in 2015 (+16.9%), 11% of the market (excluding second-hand). In 2010 it represented 6.5%.

Also in the 2016 Report:
- trends in e-book production and titles on sale
- types of book published and average prices
- reading and purchasing of e-books
- readers of e-books and readers of books

Estimate of e-book copies downloaded:[1] 2012-2015
Values in numbers of purchasers and in %

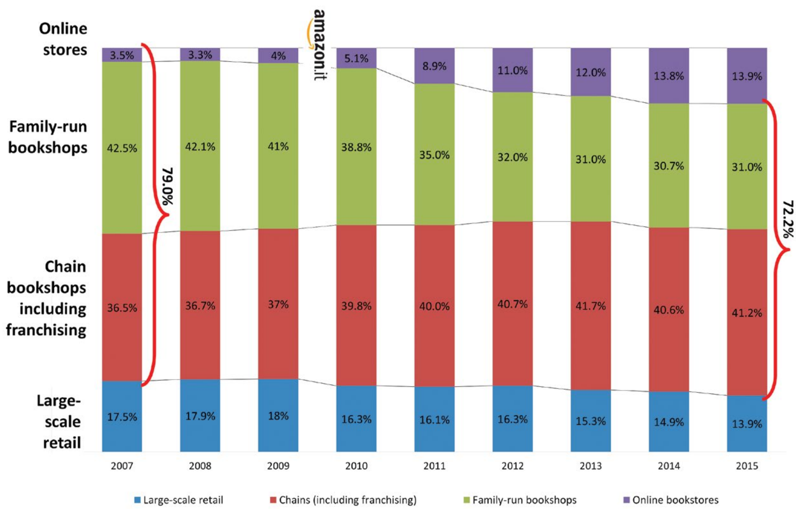


[1] The estimate includes free copies.
Source: Elaboration by Ufficio studi Aie and estimates based on data from Assinform - Netcomm

How sales channels are changing

Sales channels too are undergoing transformation and resizing of no less importance. This concerns primarily their relative weight, i.e. the market share which they hold, but also the sales formulas by means of which they approach their customers (for example, the arrival en masse of non-book products and food as goods for sale or as services).
We can see a loss of market share by physical bookshops, down from 79% in 2007 to the present 72.2%. While it is true that the bookshop remains the main channel through which publishers reach their customers, new formulas of online commerce have eroded significant market share and made these clients accustomed to new ways of buying. Online bookstores are growing: from 3.5% in 2008 to the current 13.9%, as much as large-scale retail.

Market shares of trade channels (excluding e-books): 2007-2015
Values in %



Source: Elaboration by Ufficio studi Aie

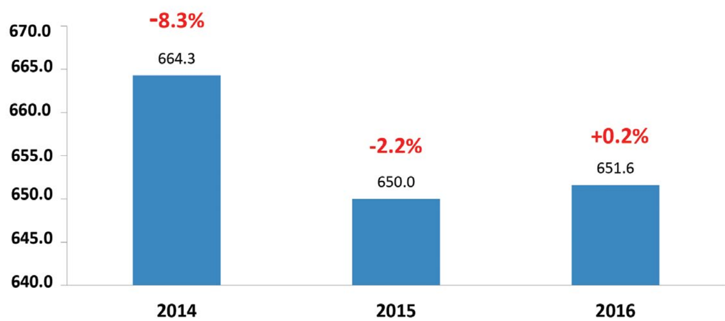
Also in the 2016 Report:
- transformation in number of sales outlets and growth of franchising
- reorganization of sales outlets: assortment, services, sales formats
- additional goods on sale: second-hand, remainders, stationery, devices, food

Growth continues in 2016, but remains weak

Looking just at trade channel statistics, two things are confirmed in the first half of 2016. While market recovery continues, its extreme weakness means that this is limited to just +0.2% (although this could rise to +0.5% / 0.6% if trade channels not monitored by research institutes are also included).

The weakness in growth is due in large part to a background economic environment showing little that is positive and which translates into recovery difficulties for consumers in all sectors.

Trend in trade channels by value in first half of year:* 2014-2016
Values in millions of euros and in %



*Excluding sales of educational and school books, databases and web services, instalment sales, b2b sales, book exports.
Source: Elaboration by Ufficio studi Aie of data from Nielsen

Also in the 2016 Report:
- **comparison with leading international publishing industries**

Our instant e-books

α **Amazon, Apple, B&N, Kobo. Il periodo dei regni combattenti**
E. Molinari, Ediser, 2012

β **Leggere in futuro. Rapporto sull'editoria per ragazzi 2013**
G. Peresson - L. Biava - E. Vergine, Ediser, 2013

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

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

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

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

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

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

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

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R. Esposito, Ediser, 2014

λ **I social salveranno la libreria? 21 buone idee per i librai di oggi (e di domani)**
E. Molinari, Ediser, 2015

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

ν **Lo specchio capovolto. Rapporto sull'editoria per ragazzi 2016**
P. Baccalario - G. Peresson, Ediser, 2016

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