Associazione Italiana Editori

Report on the state of publishing in Italy 2018

Consolidated 2017 and a look at the first half of 2018

by AIE Research Department

Summary

The book market in 2017, standing at 2.773 billion euros, confirms the recovery after a long period of recession. For the third consecutive year, the trend was positive and, moreover, with steadily increasing growth: +0.2% in 2015; +1.2% in 2016; +2.8% in 2017 (excluding Amazon).

Taking into account sales by Amazon (as estimated by AIE) and used books (the so-called "second-hand market"), turnover in 2017 was 3.104 billion euros, +4.5% compared to 2016.

Since the crisis years, Italian book publishing has certainly become more international, with a greater capacity to promote and sell rights for Italian authors on foreign markets (no longer just titles for children and adolescents, but also adult fiction) and to produce co-editions. These are some of the features highlighted in the **Report on the state of publishing in Italy 2018**, edited by the Research Department of the Italian Publishers Association (AIE). Looking at both positive and negative aspects, it focuses on how the sector is emerging from the storm, although with growth rates that are too weak to restore the values of 2010 (i.e. pre-crisis) and also without having solved some of the structural issues that impact on our publishing industry and its development. Since the crisis, the size of the market has in fact been reduced by more than 300 million euros, falling to 181 if we consider only the trade channels (those aimed at the public: bookshops, online and large-scale retail).

Below are the main indicators for 2017 and a look at the first half of 2018:

The number of active publishing houses is growing – 4.902 publishing houses published at least one title during the year (+0.5% compared to 2016). Compared to 2010, 755 new publishing houses are active on the market and have to try to position their brand and publishing projects in bookshops, in distribution channels and among more or less specialised segments of readers.

Production of titles on paper is growing - In 2017, Italian publishing houses published 72.059 titles (new titles and new editions of miscellaneous adults' and children's books, in addition to educational titles, numbering 4.037, excluding e-books), up by 9.2% compared to 2016. DTP programmes, new digital printing and packaging systems, greater familiarity with foreign markets and new generations of authors make it much easier than in the past to access production and build catalogues. The real barriers to entry are now more to do with communicating with readers and distribution. In Italy, no more titles are published, in proportion to the population, than in the case of other major continental publishing industries.

Production is growing in all macrogenres - Among miscellaneous books (68.022 new titles, +8.7%), Italian and foreign fiction is growing (+9.6% including Young Adult fiction) and practical non-fiction (manuals: +4.9%). Children's books, after the slowdown in 2016, are up 13.7%; general non-fiction is up 1.9% and specialist (professional) non-fiction is up 2%. Today, readers can find at their disposal more titles (from small as well as large publishers) and a bigger range of catalogues, prices and formats to choose from compared to what was available years ago. The catalogue of books on the market ("commercially viable titles") has reached 1.092 million (+5.7%). An important role in maintaining a catalogue of "living" titles is played by e-commerce stores while digital printing technologies allow a publisher to print even just a few dozen copies of catalogue titles and keep on the market a larger proportion of its past production.

Production of e-book titles falls in 2017 - The reduction is -15.9% and only 6.419 (13.7%) are published by publishing houses. The remaining part is published by platforms or by companies that confine themselves to selling publishing services (even sophisticated ones) to authors (or aspiring authors).

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The growth of the book market is confirmed - For the third consecutive year, and at progressively increasing rates, the book market (miscellaneous new and educational, e-books and digital, second-hand, exports, rights etc.) has confirmed its growth, with +4.5% and 3.1 billion euro sales (including the AIE estimate for Amazon). While this is certainly a positive figure, it is still not enough to take a breather, especially when comparing the figures with those of 2011, when the turnover was 3.2 billion (without Amazon). If we consider only the trade channels which handle miscellaneous new books (and thus without second-hand, exports, educational etc. and Amazon, for which we only have an estimate), growth stands at +5% compared to 2016.

Digital is not only e-books - E-books have experienced the first slowdown since 2010. Growth continues but only by single digits (+3.2%). Digital as a whole (e-books + web services + databases) represents 16.3% of the total market in 2017 (12.6% in 2016).

Sales of rights continue to grow - In 2017 Italian publishing houses sold rights abroad for a total of 7.230 books to foreign colleagues and bought rights for 9.290 titles. Compared to 2016, there has been a 10.1% increase in sales abroad and a 2.5% drop in purchases. In a sector like this, it is over the medium to long term that we can best appreciate the transformations taking place relating to dynamics of internationalisation, and authorship. Sales of rights abroad have grown by an average of 18.9% per year since 2001. Purchases of publishing rights, on the other hand, showed a more modest +4.5%. The sale of rights is confirmed as a fundamental asset for the development of Italian publishing.

Book prices are not rising - Average cover prices (unweighted and at production) between 2016 and 2017 remain basically stable and continue to be almost 3 euros lower than in 2010 (18.77 euros in 2017; 21.60 euros in 2010). The average sale price also remained stable (gross of discounts and promotional campaigns): it was 13.66 euros in 2010 and 13.61 euros in 2017 (-0.4%).

Reading rates stable - ISTAT data from its five-year survey (which ends in 2016 and also includes "unaware" readers and reading for professional and educational reasons) and the data from the AIE Observatory (which covers people who have read, even if only partially, a book, an e-book or an audiobook, of any kind, in the previous 12 months) indicate basic stability in reading rates, both of books only (ISTAT: 59%; AIE Observatory: 61%) and of new mixes of formats and ways of reading on different devices. The AIE Observatory indicates a total of 29.8 million readers (65.4%) who have read at least one book or e-book or listened to an audio book. For the first time, readers from pre-school age up to the age of 13 are also included; they represent 82% of this age band (6.7 million). There are changes in the percentages of those who read only books (59%), only e-books (5%) and those who create a personal mix between paper and digital (36%).

Reading rates remain the central problem - The low reading rate is the main obstacle to growth in Italian publishing: it means having a smaller pool of potential customers than that of other comparable continental publishing industries. Most weak readers are also weak buyers (11.1 million people generate around 15.9 million copies sold). This is also demonstrated by the OECD-PISA data on reading comprehension skills, with Italy the lowest among advanced nations. Within the managerial and professional classes 38.1% do not read any books and even among graduates 32.3% do not read any books in their free time. Behind these numbers lie changes in people's use of time (trains and public transport are a good point of observation for changes in behaviour and habits), reductions in income and a sense of disorientation and mistrust in elements traditionally regarded as facilitators of social mobility: employment in the first place, but also education, qualifications, the habit of reading, cultural consumption and the possession of a home library.

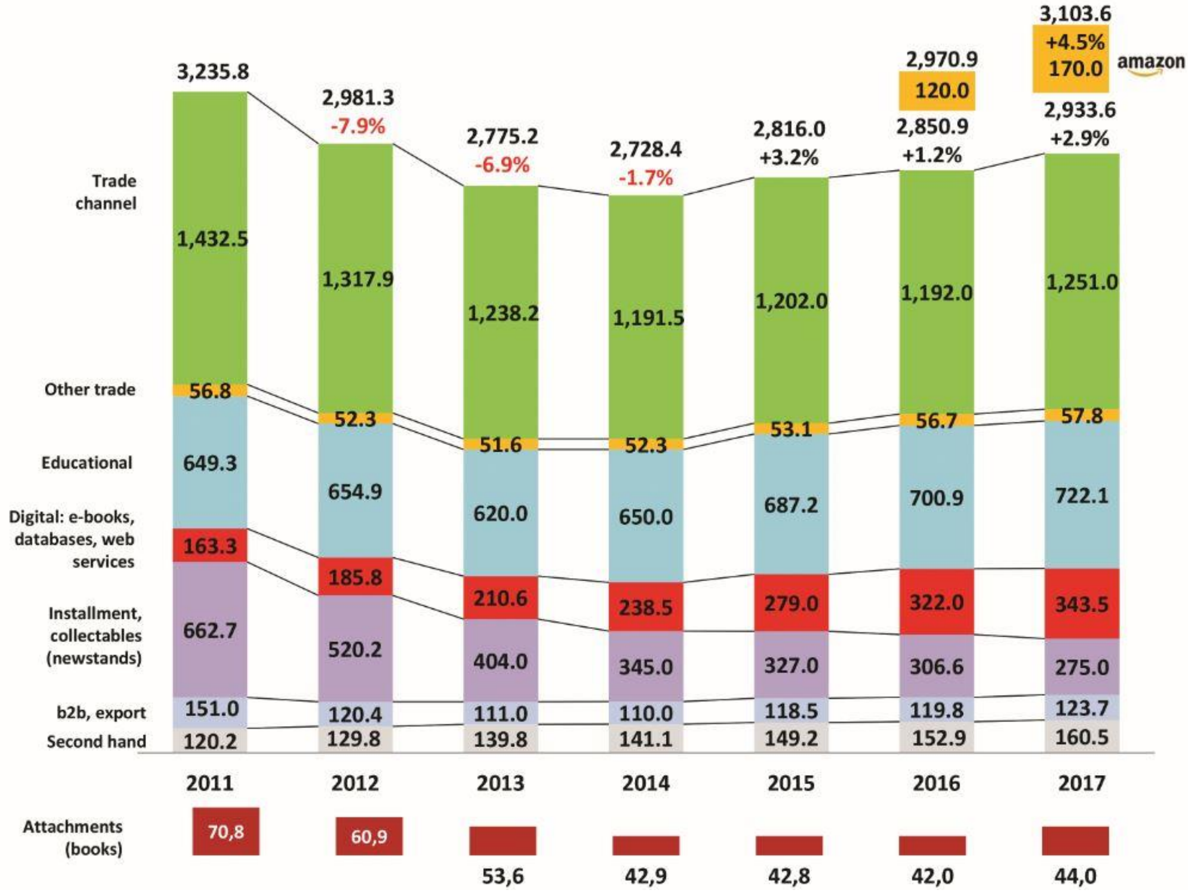
Reading on electronic devices - For some years now the book has not been the only medium allowing access to reading content (fiction, popular non-fiction, information: for study purposes or to address practical problems in everyday life). 62% of Italians (14+) say they read by means of books, 25% have read an e-book and 8% have read / listened to an audiobook. With regard to methods of digital reading, the eReader remains the main device used for reading (33%), followed closely by tablets (26%) and smartphones (26%). Some way behind is the computer (mainly notebooks and laptops) at 15%. The eReader itself is used more by women (37% vs 30% men), as is the tablet (30% vs 23%). Only smartphones are used more by males (32% vs 19%). A combination of multi-functionality and portability is shifting preferences significantly towards lighter devices, enabling tablets and smartphones to become the reference devices for reading and also for seeking information, news and services and for ordering and buying books and e-books.

Where are books bought? Bookshops are holding their place, e-commerce is growing, large retailers continue to decline - The channels through which readers buy books continue to undergo a process of transformation in readers' preferences. Online stores account for 21.5% of the trade in miscellaneous books. Nevertheless bookstores (whether chains or family-run), with a 70.8% share, represent the main channel for the supply of books. Large scale distribution (8.7%) reveals how difficult it is to capture a new public. If we compare these figures with those of 2007, when e-commerce of books (excluding e-books) stood at 3.5%, bookstores at 79.0% and large-scale distribution at 17.5%, it is clear how sales channels are changing along with people's buying behaviour and the benefits that readers seek at the moment of purchase.

Large-scale retail distribution remains the "sick" channel of Italian publishing and a large part of the reduction in turnover derives from this: fewer purchases in this channel that have not been transferred to others. Turnover is declining, but the role of this channel remains significant: bookshelves in supermarkets and department stores played a fundamental part in capturing a public that never entered a bookstore, although these customers then gradually migrated to channels offering larger assortments and services. Nevertheless, almost a million people claim to buy books only at large-scale retail outlets, which remain in some cases, such as small towns, the sales outlet where an assortment is available, however minimal it may be.

A look at 2018 - Figures show a fall of between -0.2% and -0.4% in terms of sales. This is the result once again of economic fibrillation in the domestic and international context (the ISTAT forecast of +1.4% GDP in 2018 compared with +1.5% in 2017), and the inevitable first effects on household consumption (only +1.2%) with a knock-on impact also on cultural consumption. It is expected for the end of the year, also for this 2018, a closure in a positive territory of the trade channels as a whole. As known, it is difficult, in the middle of the year, to offer forecasts for the whole current year because 40% of new titles are published between September and November.

The book market in Italy



The estimate for Amazon by AIE Research Department was carried out for the first time in 2016. It was not possible to construct a longer historical series.

Source: AIE Research Department