

E-Commerce in the Publishing Industry: Trends, Consumer Preferences, and Outlook

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INTRODUCTION

Recent studies and reports focused on the publishing industry seem to offer divergent interpretations regarding the trends and the overall outlook for the sector. Over the last few years, e-book sales have shown sustained growth, gaining a rapidly increasing share of the United States (US) adult market, from just 1% of the total unit sales in 2008 (Bowker, 2012) up to 23% in 2012 (Greenfield, 2013). However, slower growth in 2013 combined with an apparent loss of market share in the first half of 2014 seems to have convinced some analysts that the booming advance of the printed book's rival has come to an end, as e-books become a mainstream product (Fallon, 2014; Greenfield, 2014).

This recent data has encouraged traditional publishers in the US to view e-books as less of a threat to printed books as was perceived in the years up to 2013. Given that the US book market is often seen as being the spearhead of the global publishing industry, some publishers active in European markets, where the digital content has a much lower penetration, are now viewing e-books as less of an opportunity for diversification (Agerpres, 2013). However, some experts suggest that the apparent slowdown may only be temporary and that increased sales of dedicated e-readers and growing public interest for digital content is likely to result in a continued upward trend of e-book trade (Fallon, 2014; The Guardian, 2015).

A much more significant change occurring in the global publishing industry is, however, the increasing role of e-commerce as a distribution and promotion channel. Online sales of books in all formats have had a major impact on traditional bookstores. With the collapse of Borders Group, Inc. (the second largest book retailer in the US), e-commerce became the top distribution channel in the US with a 39% share of unit purchases in 2011 (up from 31% in 2010), while bookstore chains dropped from 36% to 30% in the same period (Bowker, 2013). More recently, in 2013, online sales of books on the US market surpassed all offline channels combined (Schmidt & Park, 2013). As a result, publishers are finding themselves under increased pressure from large retailers such as Amazon (Pressman, 2014). The same situation applies in some national markets of the European Union (EU), where bricks and mortar bookstores have experienced a significant decrease in revenue and profits as e-commerce has emerged as the top choice of many consumers.

This chapter aims to provide an up to date assessment of the trends in sales and consumer preferences in several European markets, compared to those seen in the US. The impact that the progressive switch from offline to online retail has had on the various parties involved in the publishing industry (authors, publishers, bookstores, customers) will also be discussed. Finally, an outlook as well as some solutions and recommendations (especially in the case of e-book development and commerce) will be provided.

BACKGROUND



This chapter seeks to provide an up to date assessment of the trends in sales and consumer preferences in several national publishing markets, as well as a brief overview of the transition that the industry is experiencing at a global level. Assessing the preferences of book buyers and the changes in the way that the publishing sector functions can be done using traditional methodologies of primary and secondary data collection and analysis, as demonstrated in previous studies (Lin, Chiou, & Huang, 2013; Maxim & Maxim, 2012; Øiestad & Bugge, 2014; Pinto, Pouliot, & Cerdón-García, 2014). However, there are several methodological difficulties in assessing sales trends in the publishing industry, which are discussed below. These issues generate specific limitations that need to be taken into consideration when determining the outlook for the publishing sector.

Observing trends in the publishing industry (PI) is a difficult task due to several issues, such as the diverse methodologies used in collecting market data, the various approaches used in reporting information regarding the industry and the more recent issue of non-ISBN publications gaining a significant share of the market. First, data collection in PI market research is performed by parties such as associations of publishers, specialized research and consulting firms, or other parties directly involved in the industry. Over the last few years, several periodical reports have been notoriously referenced by journalists and researchers alike as part of assessments of the e-book and printed book market: The U.S. Book Consumer Demographics & Buying Behaviors report by Bowker, BookScan by Nielsen, BookStat by the Association of American Publishers in collaboration with Book Industry Study Group (BISG), Consumer Attitudes Toward E-Book Reading by BISG and others (Polanka, 2013). Alternate sources include reports by Deloitte, Jisc, PwC, Ipsos and others (Author Earnings, 2015; Deloitte, 2015; Ipsos MediaCT, 2010; JISC, 2009; PwC, 2014). However, data collection is performed differently for nearly all of these studies: voluntary surveys, data mining, estimations based on secondary data, or a mixture of these.

In addition, most sources only offer a fragmented picture of the PI and use various reporting approaches: turnover vs. unit volumes, segmented overviews of the market (e.g. adult fiction, adult non-fiction, educational, juvenile, trade paperback, mass market paperback, K-12 instructional, books and journals etc.). This issue, coupled with the high cost of flagship industry reports, represents a significant obstacle for independent researchers looking to gain an overall understanding of the industry trends. Moreover, one seemingly significant issue that has arisen is whether the increasing number of non-ISBN titles should (or even if they could) be taken into consideration when performing a market assessment (Author Earnings, 2015). This final issue raises questions regarding the accuracy of traditional PI market research (Doran, 2013; Publishing Technology, 2015).

The information provided in this chapter is based on secondary data and points of view presented in various publications, including academic research articles, market research reports, press releases by publishers and industry associations as well as other sources. A primary research approach in the form of a questionnaire based pilot survey was also used. The questionnaire was distributed online to a group of students enrolled at the Alexandru Ioan Cuza University of Iași and responses were offered voluntarily. The final sample consisted of 130 students, also referred to in the chapter as respondents.

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