2021.

Rüdiger
Wischenbart

the digital consumer book barometer.

**Ebooks and audiobooks in
Canada, Germany, Italy, Spain, Brazil, Mexico**

in co-operation with
Bookwire, DeMarque, edigita, Libranda, Readbox and the International Publishing Distribution Association

the digital consumer book barometer

A report on ebook and audiobook sales in Canada, Germany, Italy, Spain, Brazil, Mexico

2021

www.global-ebook.com

Written by Rüdiger Wischenbart and Michaela Anna Fleischhacker

with sales data provided by Bookwire, DeMarque, edigita, Libranda and Readbox

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About this report
Summary of findings and learnings from analyzing digital market data under the specific contexts of the Covid-19 pandemic. Planned updates for this report

About

The Digital Consumer Book Barometer, started in 2018, providing intelligence on sales and consumer developments in the ebook and audiobook segments for download, streaming, subscription and lending in a number of relevant international markets outside of the well documented English-language territories.

The Digital Barometer is based on aggregated sales data on (French-speaking) Canada, Germany+Austria+Switzerland (DACH), Italy, Spain, Brazil, and Mexico, provided by a group of digital distributors and aggregators, including Bookwire, DeMarque, edigita, Libranda, and Readbox.

The Barometer is an initiative by Rüdiger Wischenbart Content and Consulting (www.wischenbart.com), and sponsored by Bookwire, DeMarque/Libranda, and the International Publishing Distributors Association (IPDA).

General observations:

With digital sales data spanning from 2016 to the full year of 2020, the new edition of the Digital Barometer 2021 allows an in-depth analysis of how the special contexts of the Covid-19 pandemic have impacted on digital consumer book sales in a half dozen of exemplary international markets.

By its data driven approach to trends and developments, this report provides a rich resource of references and insights in this regard.

With this first part, released in June 2021, the Barometer puts a focus on the fundamental transformation of digital book markets:

- A tremendous increase of digital book consumption overall (e.g. the rise of educational as well as children and young adult reading);
- Shifts in pricing preferences as well as in the popularity of certain genre categories, and
- A remarkable expansion of digital books (ebooks and audiobooks) via (credit) subscription platforms and digital lending schemes from libraries. (Note: We differentiate between ‘credit’ subscriptions and ‘flat’ - or streaming, or all-you-can-eat - subscriptions.)

A second edition of the Digital Barometer, prepared for release in September 2021, will follow-up by providing deep dives into developments in specific genre categories, and analyze the continuity of trends into 1Q2021, exploring perhaps more lasting effects in digital book consumption.

The acceleration of pre-Covid trends

All three trends have existed already before the pandemic had struck, but were often ignored or mis-interpreted as niche phenomena.

Ebook sales for instant had stalled, or even slightly declined for a few years. Rarely, the debate took into account that audiences had become more specialized, as well as ‘hybrid’ in their preferences. The new framing conditions of lockdowns found a well prepared audience that quickly changed course.

Pricing has been regarded as offering little space for experimentation, especially in price-regulated markets. However, publishers had begun already for both ebooks and audiobooks to find ways in using low-price offerings of backlist titles to promote new works of serial fiction for a while.

Subscription and e-lending from libraries, long blamed to be just cannibalizing publishers' sales. Perhaps wrongly, as the continuous gains of the past year have shown, hinting that this shift in consumption could be here to stay.

The new bookish 'multi-versums'

When ebooks had gained a mainstream presence for reading audiences, they were often considered as just another format for books, alongside hardcover and paperback editions.

But in recent years, it had become increasingly clear that 'digital books' are much more, by offering various digital formats (notably ebooks and audiobooks), distributed through various digital channels - and commonly without any physical support - through an array of different business models, like download sales for individual titles, as well as subscription and streaming services or digital lending provided by libraries.

In spring 2020, as the Covid-19 forced bookshops and other non-essential retail outlets to close for weeks and months, alongside with schools, and significant parts of the workforce working from home, digital consumption of books in any form saw an instant peak which often was massive.

The label of 'digital consumption' includes both purchases of physical books from e-commerce platforms as well as digital delivery of any bookish content.

This abrupt shift required instant changes in the entire trade. Small bookshops sent their staff to bring book packages on bicycles to their customers' doorsteps. Large brick-and-mortar retail chains opted for 'omni-channel' portfolios. Wholesalers - like in almost any other industry - confronted steep challenges in making delivery work under the new conditions, which required soon to re-structure much of the supply chains.

The imminent question asked by most actors was what would happen once these exceptional conditions would return to some state of 'normal': Which routines - among consumers, but also in the supply chain - would persist, and where would pre-pandemic norms and habits return, and when.

The Digital Barometer as a tool box for all digital book sales

The Digital Consumer Book Barometer provides a granular and detailed toolset for understanding all these complexities and shifting patterns, segment by segment and territory by territory. It shares insights that allow learning lessons between different international markets as well as specific to the expanding models of reaching and growing audiences in streaming, subscriptions, and lending. It fosters the professional debate and helps to steer organizations across resulting business challenges.

With the Digital Barometer, we want to encourage digital book professionals - authors, publishers, distributors and marketeers in particular - to use our work as a template and benchmark for comparisons with respective in-house company data.

This will provide a valuable instrument for fine-tuning digital strategies as well as planning and evaluating marketing and distribution.

Outlook and thanks to our sponsors

The Digital Barometer has been made possible by the support of our sponsors,

- Bookwire (www.bookwire.de),
- DeMarque (www.demarque.com), and
- IPDA (www.ipdaweb.org)

Downloads of the Digital Barometer will be available at our sponsors' websites and at www.global-ebook.com

Contact: ruediger@wischenbart.com

Vienna, in June 2021

Digital growth in the year of the pandemic

2020, as year one of the Covid-19 pandemic, saw significant growth in any digital market segment in all surveyed territories. This included e-commerce – or online sales, for both printed books and digital publications -, as well as downloads of ebooks and audiobooks, and various sorts of subscription and streaming services of both ebooks and audiobooks.

By any measure, 2020 saw an overall uptick in e-commerce worth of several years, within just a few months.

This fundamental pattern is obviously reflected in the data collected for this report, too.

Broken out by quarters, 2Q2020 is standing out as a particularly strong period. In most territories, the initial wave of lockdowns hit around April, with brick-and-mortar stores often closed from mid or late March until well into spring.

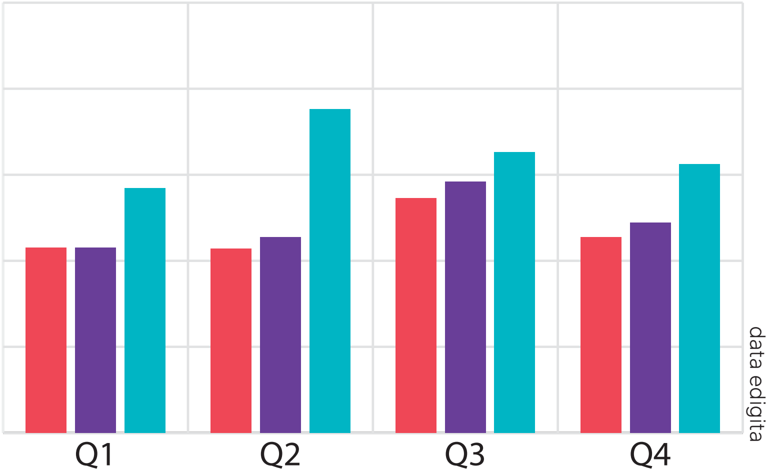
Remarkably, many national book markets, driven primarily by print, have seen a strong recovery in the second half of the year, without a decline in digital sales around the end of the year, or in early 2021.

In more mature markets such as Germany – portrayed here together with German language markets in Austria and Switzerland – the overall increase in ebook sales however did not show a spectacular peak, but rather prolonged a mid-term upwards trend which only had been interrupted intermittently in 2019.

2020 – DIGITAL GROWTH IN THE YEAR OF THE PANDEMIC

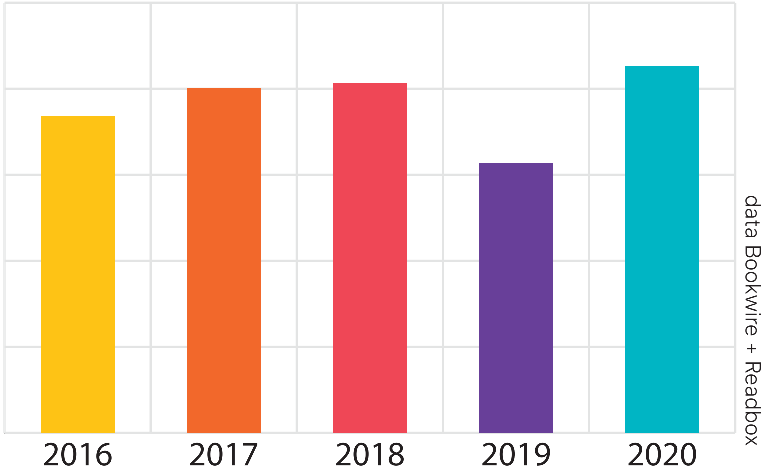
#ITALY

Italy Quarterly ebook download sales, volume (units), 2018 to 2020



#GERMANY + AUSTRIA + SWITZERLAND (DACH)

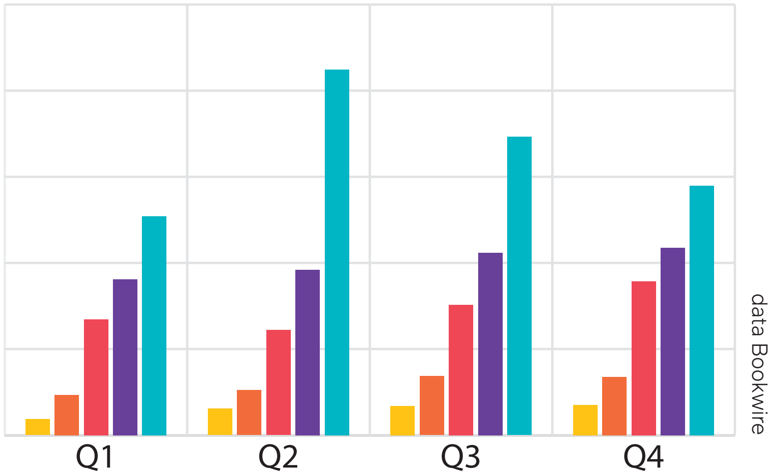
Germany, Austria and Switzerland: Ebook download unit sales 2016 to 2020



2016 2017 2018 2019 2020

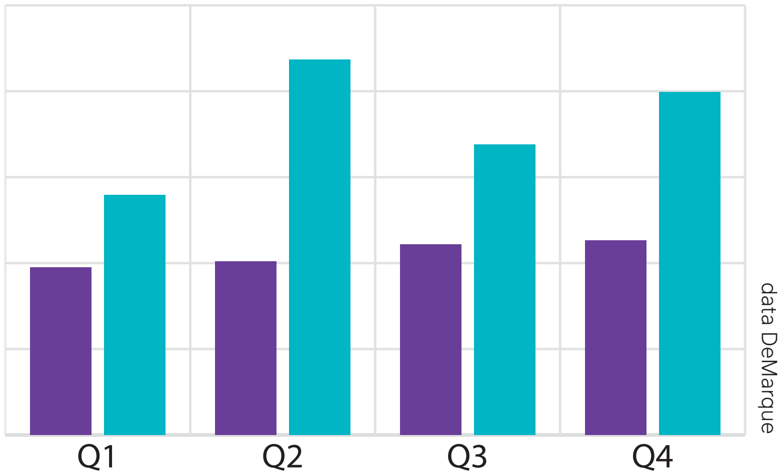
#BRAZIL

Brazil Quarterly ebook download unit sales, 2016 to 2020



#CANADA (fr)

French Canada ebook quarterly downloads in units 2019 > 2020



Italy versus Germany

Pricing strategies have been the subject of much debate and experimentation, notably in price regulated book markets such as Italy or Germany.

Italy at first had seen ebooks as favouring the lowest price points, not the least due to the market share of romance and fantasy titles in digital. This is prominently reflected in the consistent peak of unit sales in the range of 2 to 2.99 euros, while the mid-price segment around 4 to 5 euros has continuously declined. But still, a third range of pricing, around 10 euros, mostly for fiction from traditional publishers has maintained strong sales over the years, which remained stable also under pandemic contexts.

Germany sees a more broadly balanced spectre. The lowest price ranges have continuously gone down in consumed units. Meanwhile, the zone of 4 to 5 euros has shown a fair amount of robustness. This is also the range for most price marketing campaigns, which are permitted by regulators only under strictly limited models.

Under Covid-19, two quite different sweet spots can be identified, at around 11.99 euros and 14.99 euros, for books of general trade fiction launched as digital editions by traditional publishers.

The second chart, which displays value – or generated revenue – in respective price ranges indicates that the market segment of ebook downloads has found a clear balance and stability.

All price ranges that stand out by volume also reward publishers with relevant income. Some zones in between are thinning out, such as the range of around 6.99 euros in Italy, or 8.99, or 12.99 in Germany.

Zones around 4 to 5.99 euros as much as 11.99 and 14.99 are driving income.

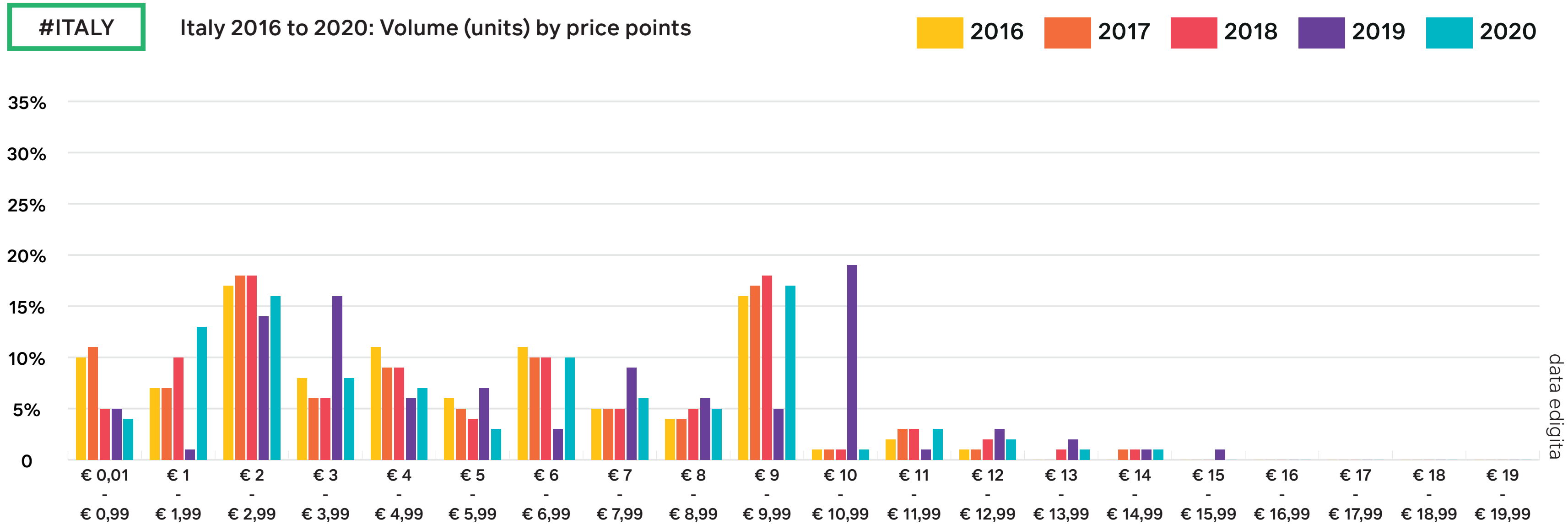
The key take away is straight forward: Publishers are well advised to be clear in their pricing approaches, by settling for those sweet spots that match their title offers precisely with consumer expectations – which combines different price options according to genre with respective volume sales.

A more in-depth analysis of such pricing strategies, broken out by genre categories, will be included in the fall edition of the Digital Consumer Book Barometer in September 2021.

ITALY VERSUS GERMANY – A COMPARISON IN PRICE SENSITIVITY (PART 01: VOLUME) EBOOK DOWNLOAD UNIT SALES BY PRICE 2016 TO 2020

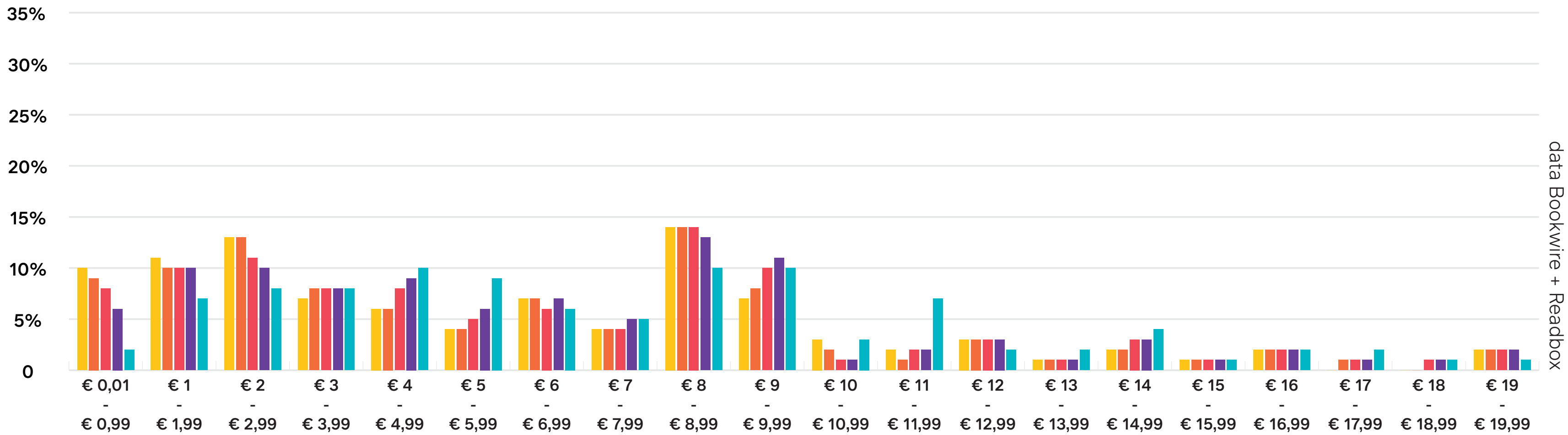
#ITALY

Italy 2016 to 2020: Volume (units) by price points



#GERMANY + AUSTRIA + SWITZERLAND (DACH)

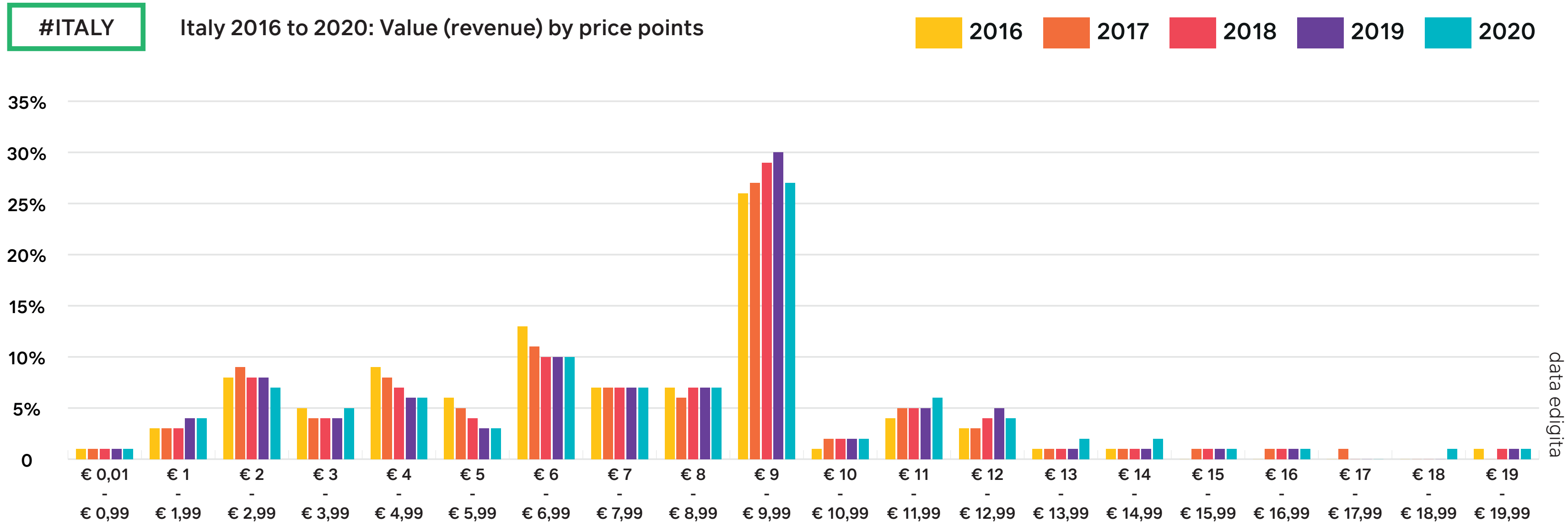
Germany, Autria + Switzerland 2016 to 2020: Volume (units) by price points



ITALY VERSUS GERMANY – A COMPARISON IN PRICE SENSITIVITY (PART 02: GENERATED REVENUE) EBOOK DOWNLOAD REVENUE BY PRICE 2016 TO 2020

#ITALY

Italy 2016 to 2020: Value (revenue) by price points



#GERMANY + AUSTRIA + SWITZERLAND (DACH)

Germany, Autria + Switzerland 2016 to 2020: Value (revenue) by price points

Deep dive Spanish language markets in Spain and Latin America

A deep dive into Spanish language ebook markets – covering Spain and Latin America with data provided from the two regionally leading distributors, Bookwire and Libranda – points to shifts in habits of digital book consumption that could have a sustainable effect. The first peak in digital consumption in 2Q2020, when the first wave of the pandemic hit, is even more remarkable than in Germany. The peak is, as could be expected, short-lived at first. But even by the year's end, a new fundamental level for ebook consumption had been reached that seems to be here to stay.

The second surprise comes from ebook subscriptions which had a very modest market penetration until 2019, yet in 2020 rose twice as much, year-over-year, by comparison to ebook download sales.

The novel dynamics of consumption from subscription and streaming services is even stronger in markets such as Mexico or Brazil, where digital book consumption is still in its earlier stages, by comparison to Spain.

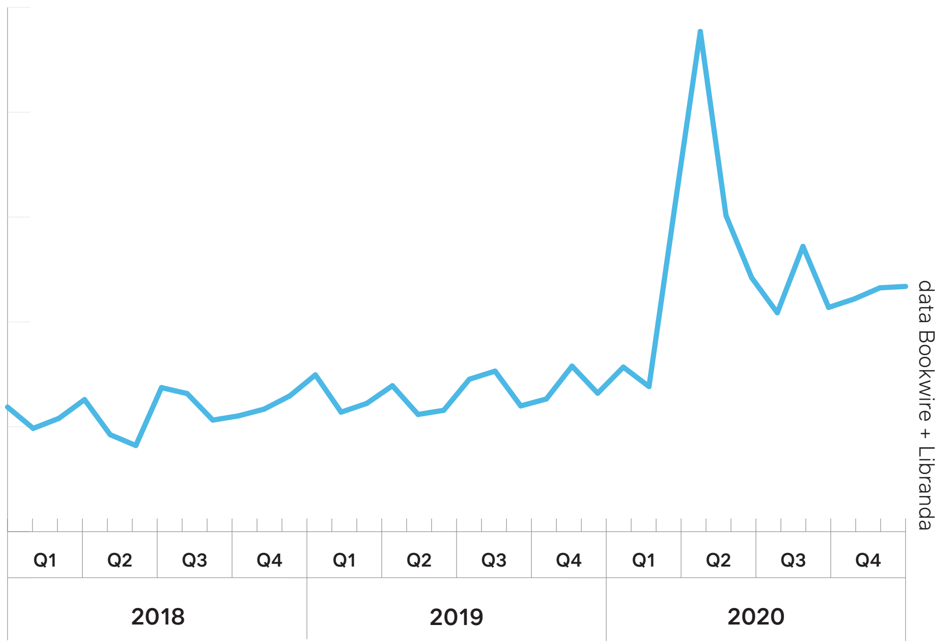
For these charts, unit sales had been used – as opposed to revenue -, for a more consistent consolidation between download sales and 'full consumed units' counted in subscriptions.

The Spanish language markets are traditionally primarily driven by sales of printed books, while ebooks account for not more than 5 percent of all revenue. The surge in digital however seems to hint at new audiences that could be reached during the pandemic, which can be seen as a trend that might be both promising and lasting.

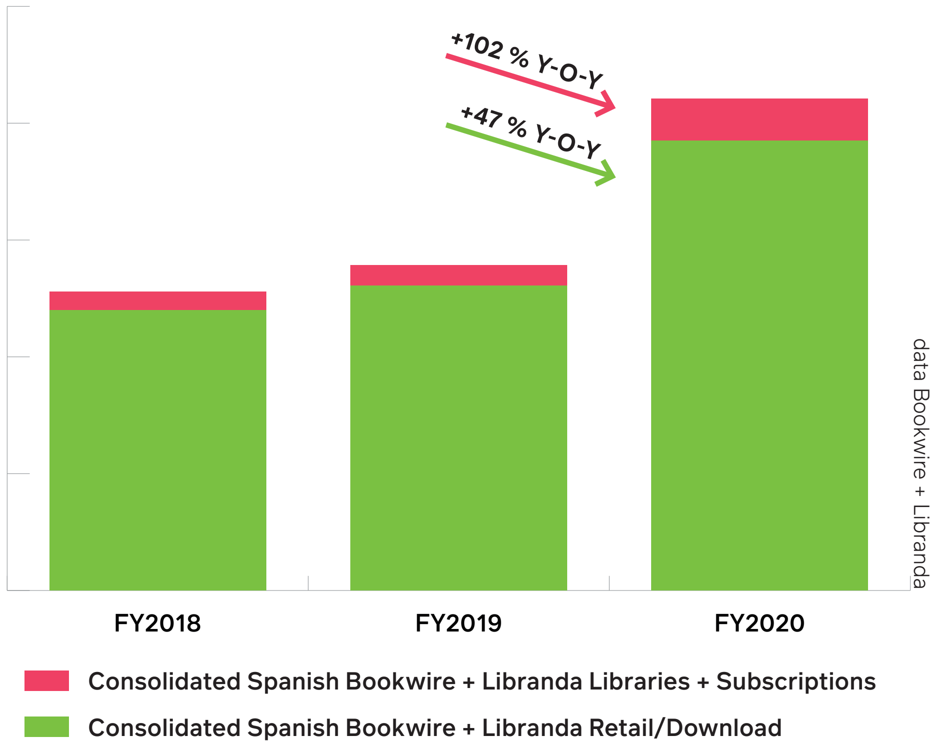
EBOOKS IN SPANISH LANGUAGE MARKETS (SPAIN, HISPANO AMERICA): STRONG OVERALL GROWTH AND A SPECTAULAR PUSH FOR SUBSCRIPTION AND LIBRARY LENDING.

#SPAIN

All Spanish ebooks Spain + Latin America, 2018 to 2020
Retail download + subscriptions + libraries



All Spanish language ebooks (Spain + Latin America, 2018 to 2020
(retail, download // subscription + libraries)



Brazil versus Mexico

Comparing two fundamentally different markets in Latin America, Brazil and Mexico, consolidated in price ranges in euros, an entirely different picture emerges.

Almost all ebook sales occur at price points lower than 12 euros.

Driven by price centric marketing campaigns in the first "self-isolation" period in 2020, Brazil is home to massive ebook consumption for free titles or ebooks under 2 euros. But remarkably, a substantial increase can be seen for the pandemic year of 2020 at sales between 2.99 and 8.99 euros, hinting at a stronger role of professional publishers becoming more relevant in digital consumption, and the increase of their share has been building up already over 3 years in a row, from 2018 to 2020.

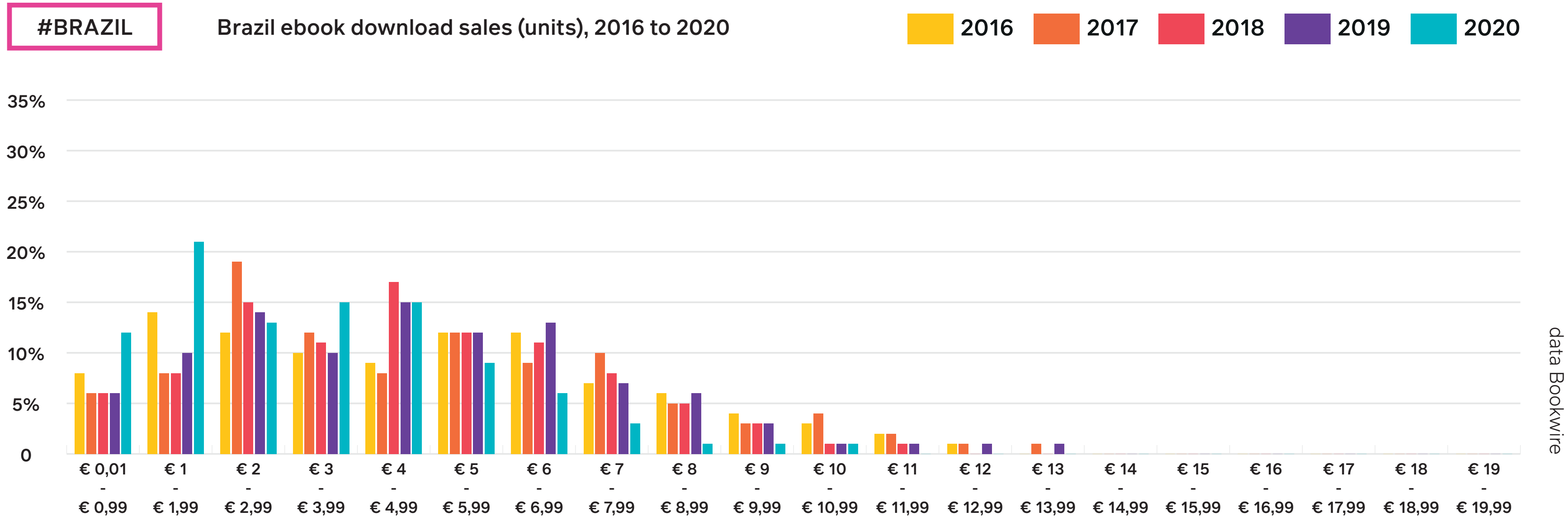
That transformation unsurprisingly translates in significant increases in income in those same price ranges in Mexico.

In Brazil, the equivalent of 3 to 5.99 euros becomes a similar sweet spot, revealing a similar trend of a stronger commercially sustainable ebook market segment.

BRAZIL VERSUS MEXICO – A COMPARISON IN PRICE SENSITIVITY (PART 01: UNITS) EBOOK DOWNLOAD UNIT SALES BY PRICE 2016 TO 2020

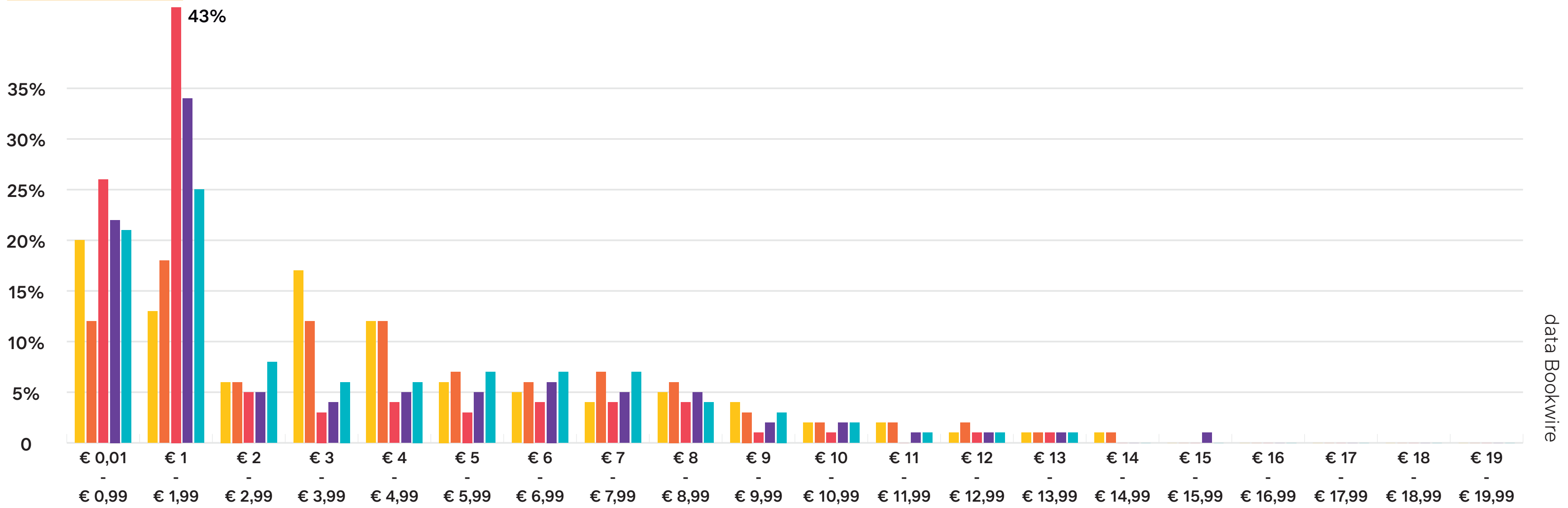
#BRAZIL

Brazil ebook download sales (units), 2016 to 2020



#MEXICO

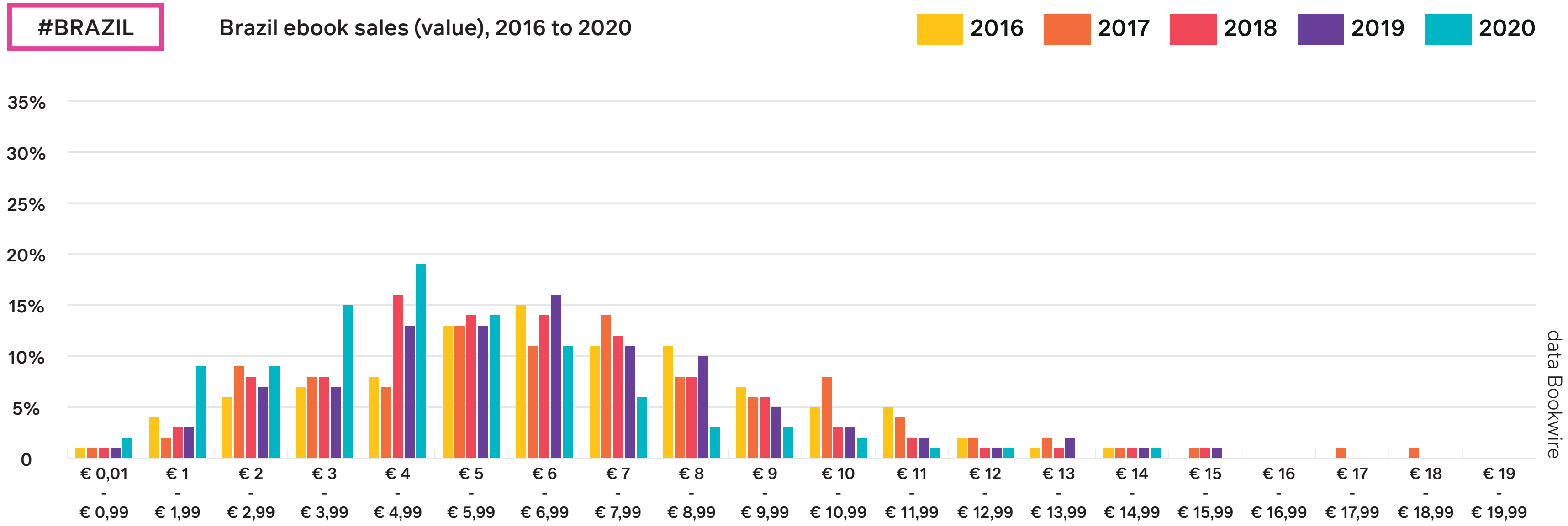
Mexico ebook download sales (units), 2016 to 2020



BRAZIL VERSUS MEXICO – A COMPARISON IN PRICE SENSITIVITY (PART 02: GENERATED REVENUE) EBOOK DOWNLOAD REVENUE BY PRICE 2016 TO 2020

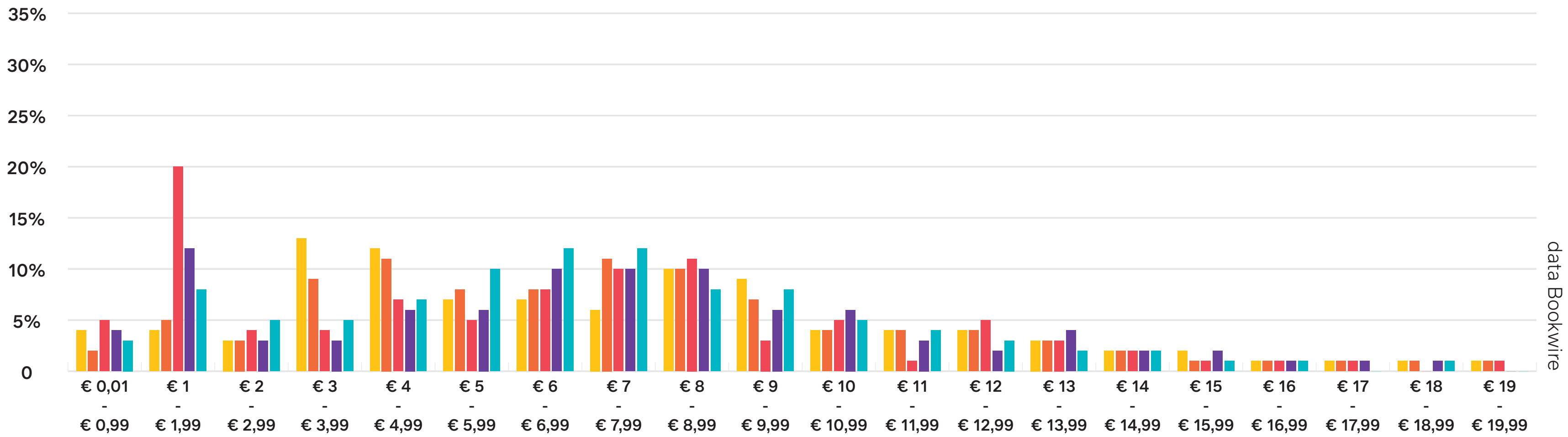
#BRAZIL

Brazil ebook sales (value), 2016 to 2020



#MEXICO

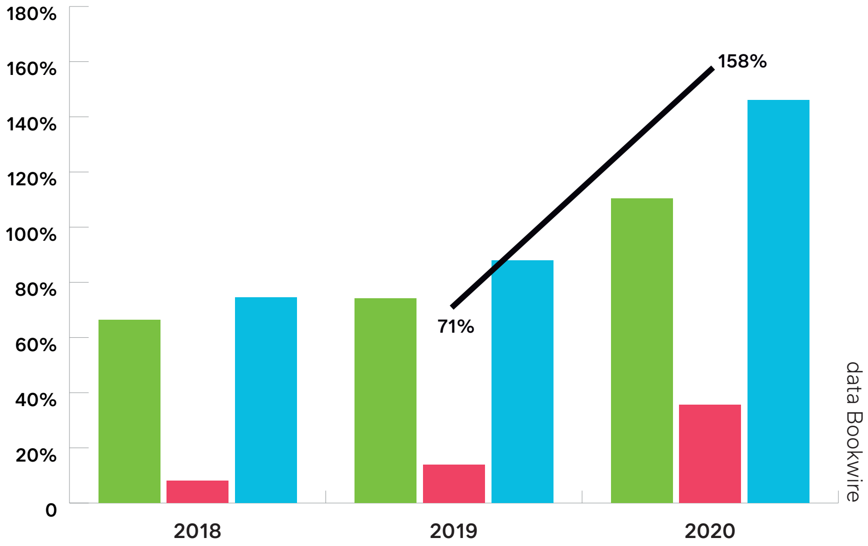
Mexico ebook sales (value), 2016 to 2020



EBOOK UNIT SALES IN MEXICO AND BRAZIL: STRONG OVERALL GROWTH AND A SPECTACULAR PUSH FOR SUBSCRIPTION + LIBRARY LENDING. 2018 TO 2020

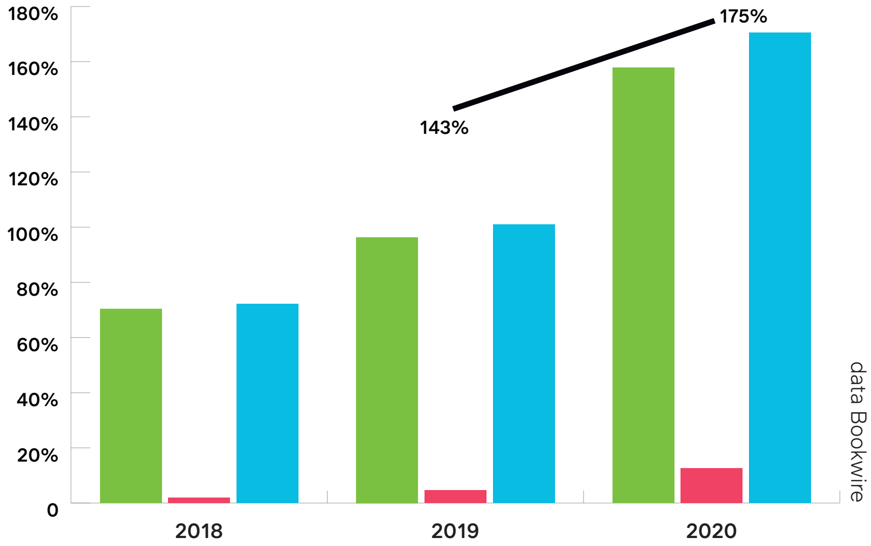
#MEXICO

Mexico: Ebook volume sales
(download / subscription / all consumed units)
2018 to 2020



#BRAZIL

Brazil: Ebook volume sales
(download / subscription / all consumed units)
2018 to 2020



Volume download | Volume subscriptions | Total Volume (download+subscriptions) | Subscription growth y-o-y (%)

Ebook sales in French speaking Canada

2020 as the first year in the pandemic was strongly characterized by price marketing campaigns based on free – or next to free – ebooks, which seemed to have paid off in early 2021, when paid ebook consumption picked up again across all price ranges.

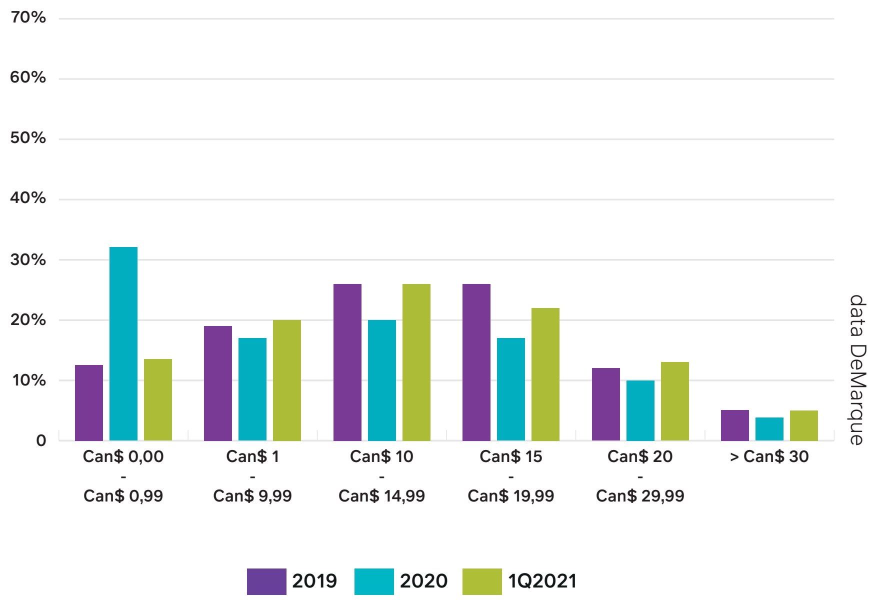
Remarkably, mid-price ranges between 10 and 20 Can $ had a strong showing, in units, across all traditional genre categories for adult digital reading, notably romance, thrillers and crime, general fiction, and even nonfiction.

Campaigns to give away content free of charge for both education as well as children and young adults could have opened new title and audience segments for digital, and it will be interesting to observe if this triggered also subsequent paid ebook downloads in 2021.

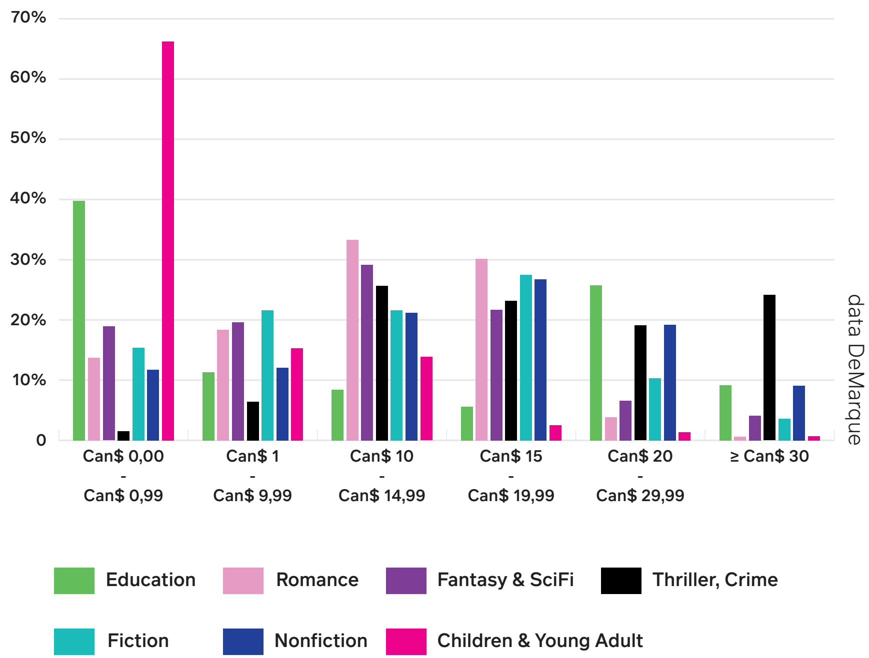
FRENCH SPEAKING CANADA: EBOOK UNITS DOWNLOADS BY PRICE RANGE AND GENRE

#CANADA (fr)

Ebook units download 2019 - 1Q2021
by price range
(Prices in Can$: 1 Can$ = 0.65 EUR)



Ebooks download 2020
by volume, price range and genre category
(Uncategorized titles not included; prices in Can$: 1 Can$ = 0.65 EUR)



Average Pricing

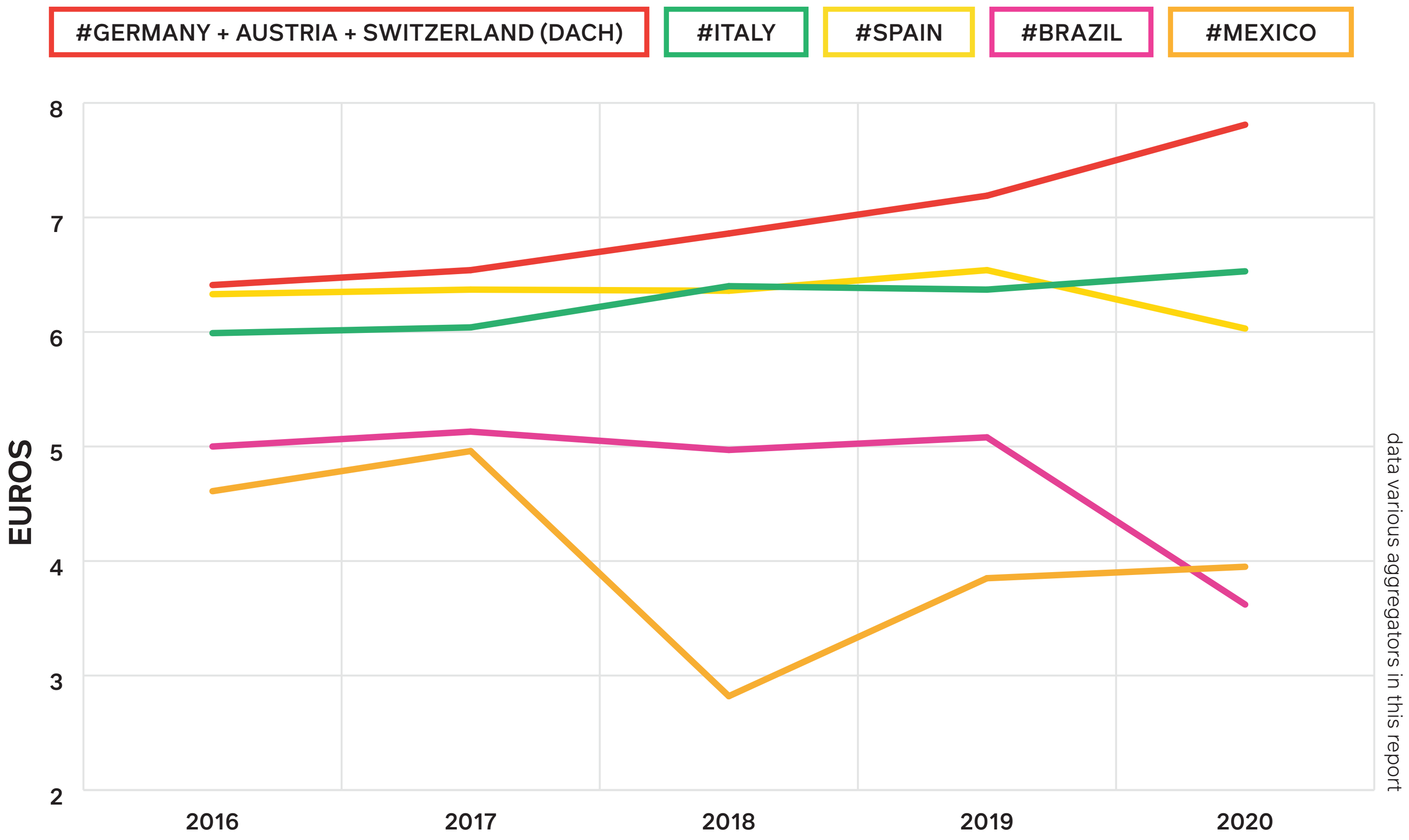
Unsurprisingly, average pricing trends indicate two distinctly different developments, arguably reflecting respective markets' overall performance over the past half decade or so.

Germany saw consumers willing to pay more for their digital reading, which may reflect also gains in general fiction, especially in 2020, relative to 'genre fiction' typically consumed during a commute.

Italy, traditionally a market with low price levels in digital saw a slight, albeit continuous upwards move in payments for ebook downloads, while Spanish consumers took a more cautious approach in digital spending.

The situation is all different in Brazil and Mexico where the economy has been much more fragile, or in the case of Brazil, even adverse over the past years, which included significant inflation.

ALL SURVEYED MARKETS:
AVERAGE RETAIL PRICE PER EBOOK UNIT, IN EUROS, 2016 TO 2020.



	2016	2017	2018	2019	2020
ITALY (EDIGITA)	5,99	6,04	6,40	6,37	6,53
GERMANY, AUSTRIA, SWITZERLAND (BOOKWIRE)	6,41	6,54	6,86	7,19	7,81
SPANISH LANGUAGE (LIBRANDA)	6,33	6,37	6,36	6,54	6,03
MEXICO (BOOKWIRE)	4,61	4,96	2,82	3,85	3,95
BRAZIL (BOOKWIRE)	5,00	5,13	4,97	5,08	3,62

Audiobooks

Audiobooks had a breakthrough year in 2020 in many ways and in many different markets.

Not only did download sales soar, pushed up by lockdowns, when most consumers – and in particular those in office jobs - were forced into home office, and had their children stay at home, too. Anyone had less opportunities to purchase content of any sorts other than digitally. These audiences also probably spent more time to entertain themselves – and supported their children's home schooling – through digital channels.

Audiobook consumption was further accelerated by more consumers than ever before complementing their digital (download) purchases with various forms of (credit) subscriptions for accessing curated title selections, library lending schemes, as well as (flat fee, all-you-can-eat) streaming platforms.

In Germany, Austria and Switzerland, audio download sales also from a few extremely successful price marketing campaigns, driven by large digital vendors who quickly reacted to lockdowns by promoting - not only discounted - audiobook content through their points of sale.

All data collected for this report indicate that this upward trend was beneficial for all these models and options, in any surveyed market, with a strong indication that this shift is here to stay.

Overall, audiobook consumption had already experienced a robust growth perspective for several years, which received a sensible acceleration in the first half of 2020, when lockdowns set in.

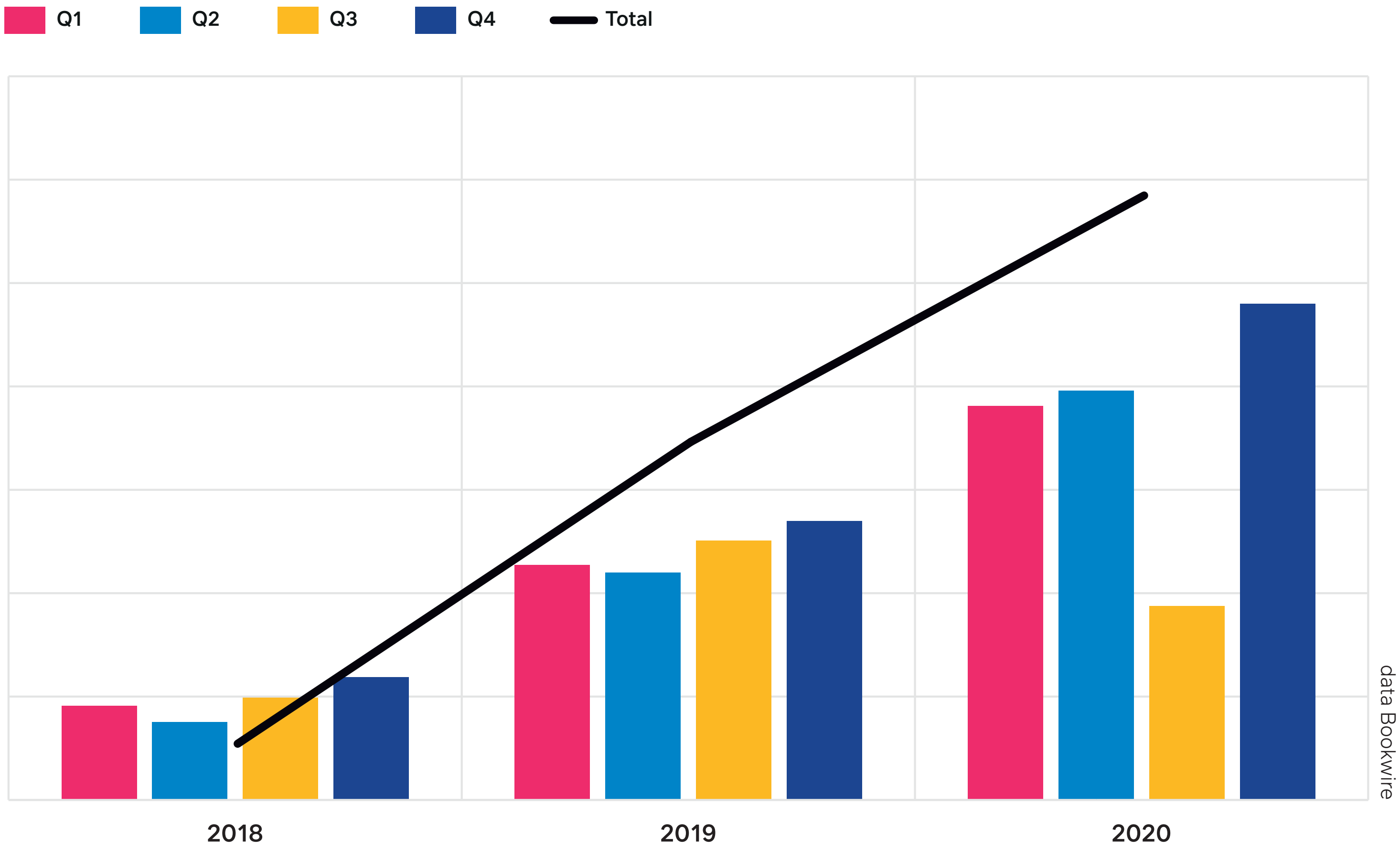
Often, that development slowed down, or even halted in 3Q2020, during the summer break, which coincided in most countries with a pause between the first wave of Covid-19 infections and respective protective measures, and the second wave later in fall.

In 4Q2020, the interruption was more than compensated, shaped probably by a mix of new lockdowns and people staying more at home around the end of the year (with Brazil, in the Southern hemisphere, being an obvious exception to this Northern calendar effects).

A certain caveat needs to be included in quarterly snapshots. Reporting of sales in audiobooks, and particularly for subscriptions, is done in many cases in varying intervals, resulting in certain aberrations. But overall mid-term and long-term trends allow a fair and solid assessment.

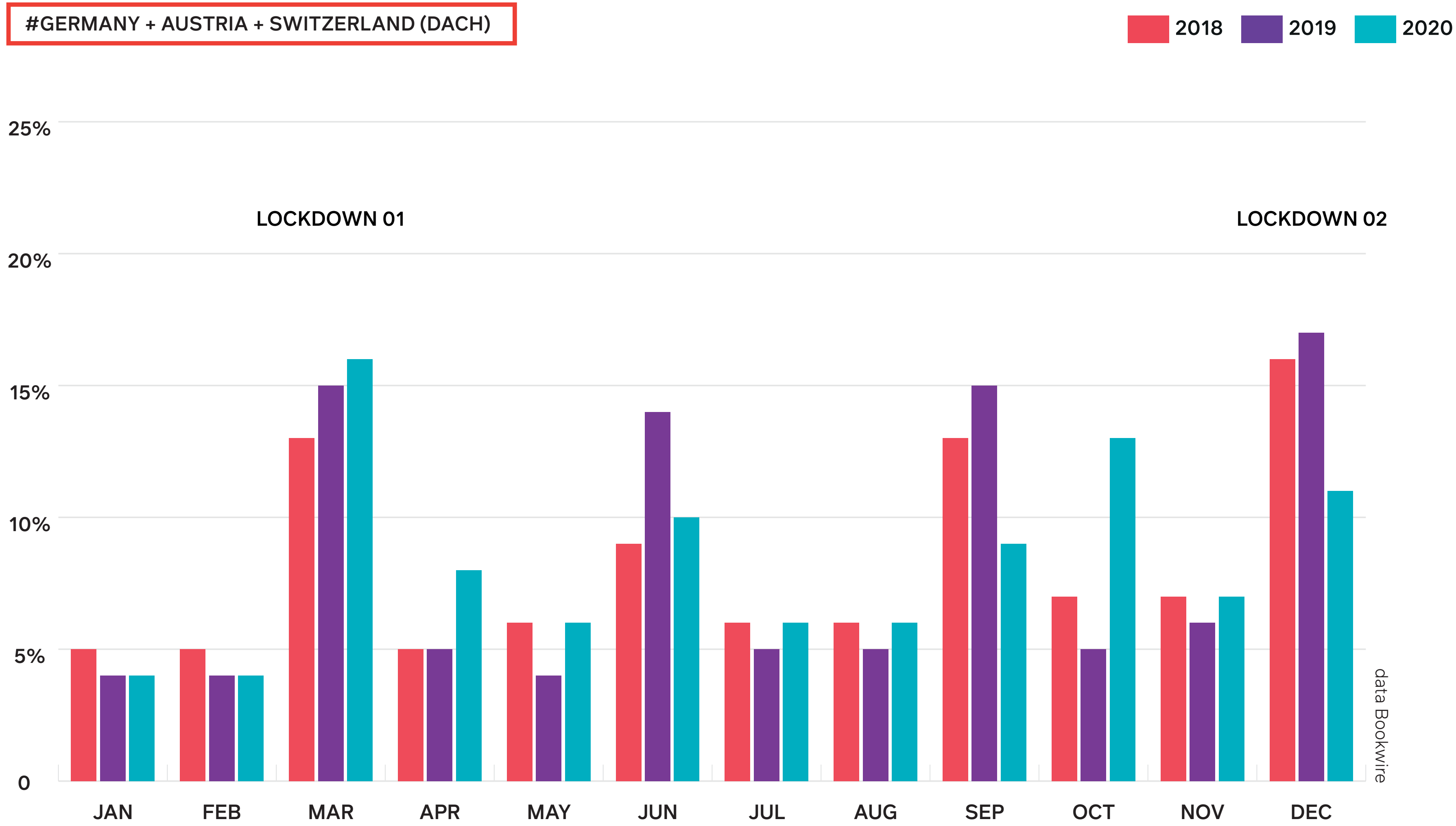
GERMANY, AUSTRIA, SWITZERLAND: AUDIOBOOK DOWNLOAD SALES (UNITS), 2018 TO 2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)



GERMANY AUSTRIA, SWITZERLAND
AUDIO DOWNLOAD UNITS IN % PER MONTH

#GERMANY + AUSTRIA + SWITZERLAND (DACH)



Audiobook pricing in Germany

Comparing audiobook download sales by units and revenue in various price segments highlights – similar to what has been seen in ebooks, too – the emergence of sweet spots at certain price points.

Between 4.99 and 7.99 a low price segment for downloaded audiobook titles seems to solidify, with high volume sales during the pandemic resulting also in significant generated income.

Between 11 to 12 euros, the year 2020 has created an attractive landing area in both volume and value results.

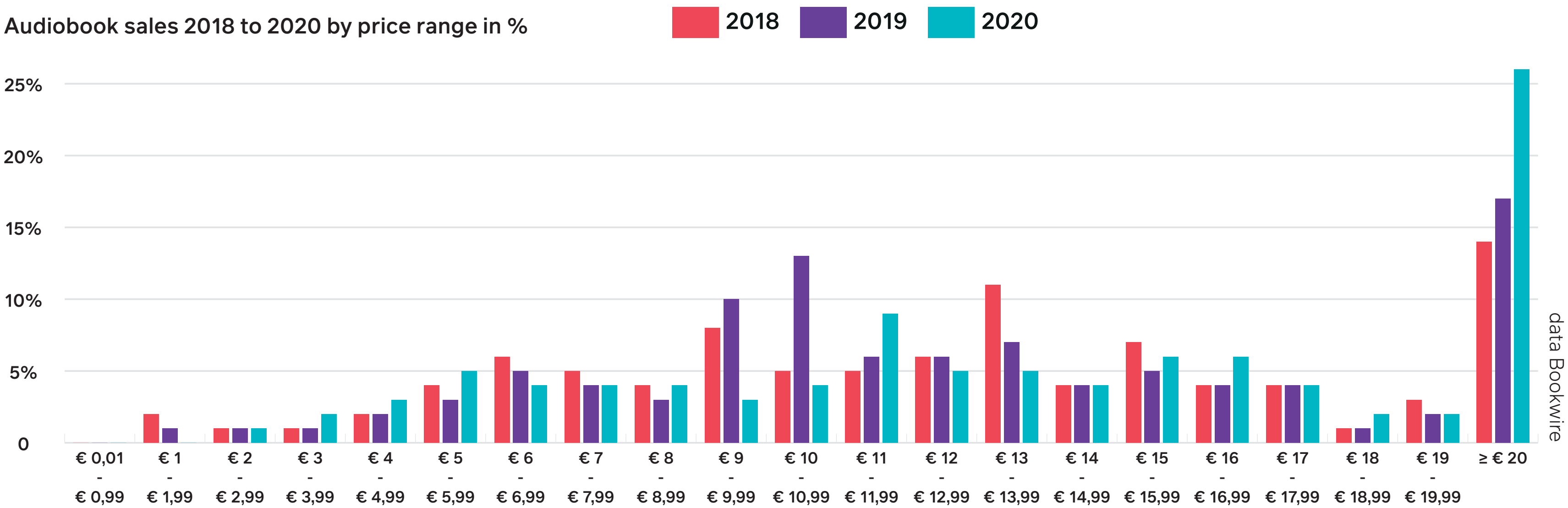
Different from ebooks, the sphere over 20 euros is attractive for publishers releasing either substantial works of fictions or also educational materials at the equivalent of several CDs in earlier years, when digital content was still consumed on a physical support.

GERMANY, AUSTRIA AND SWITZERLAND: AUDIOBOOK DOWNLOAD SALES IN % BY PRICE SEGMENT, 2018 TO 2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

Audiobook units 2018 to 2020 by price range in %

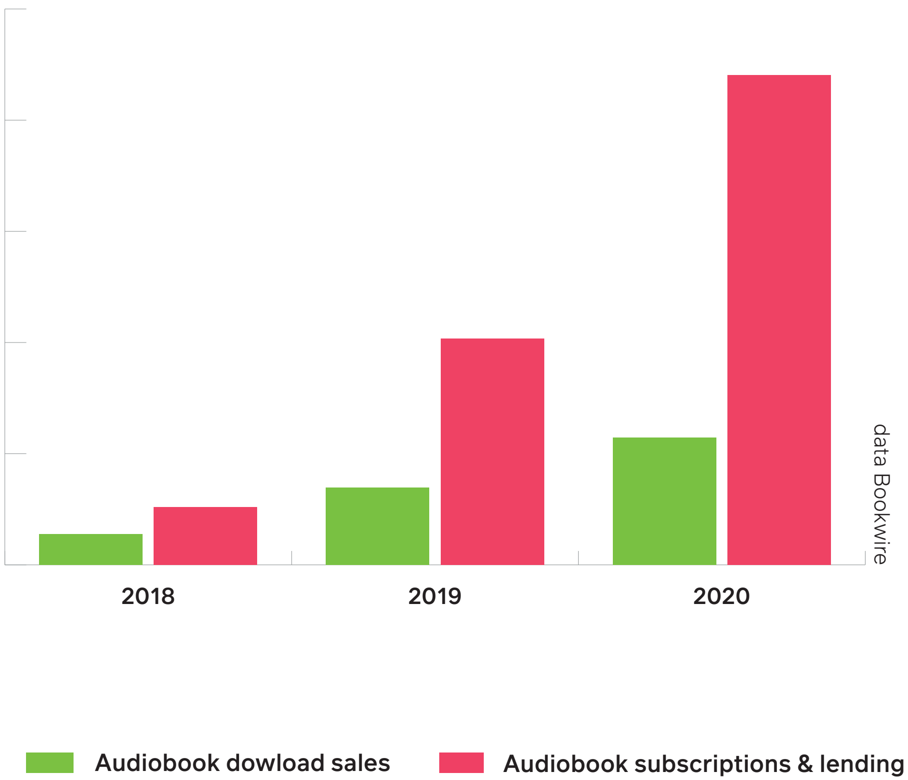
Audiobook sales 2018 to 2020 by price range in %



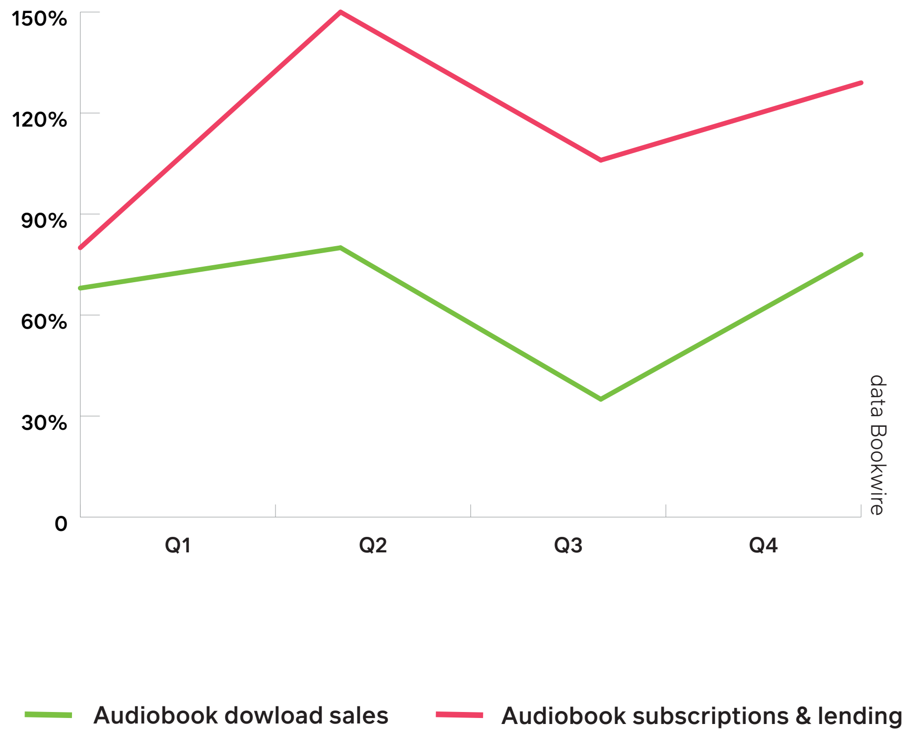
GERMANY, AUSTRIA, SWITZERLAND
COMPARING AUDIOBOOKS DOWNLOADS AND AUDIOBOOK SUBSCRIPTIONS + LENDING, 2019>2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)

Germany, Austria, Switzerland
Audiobook download units, by quarter, 2019>2020

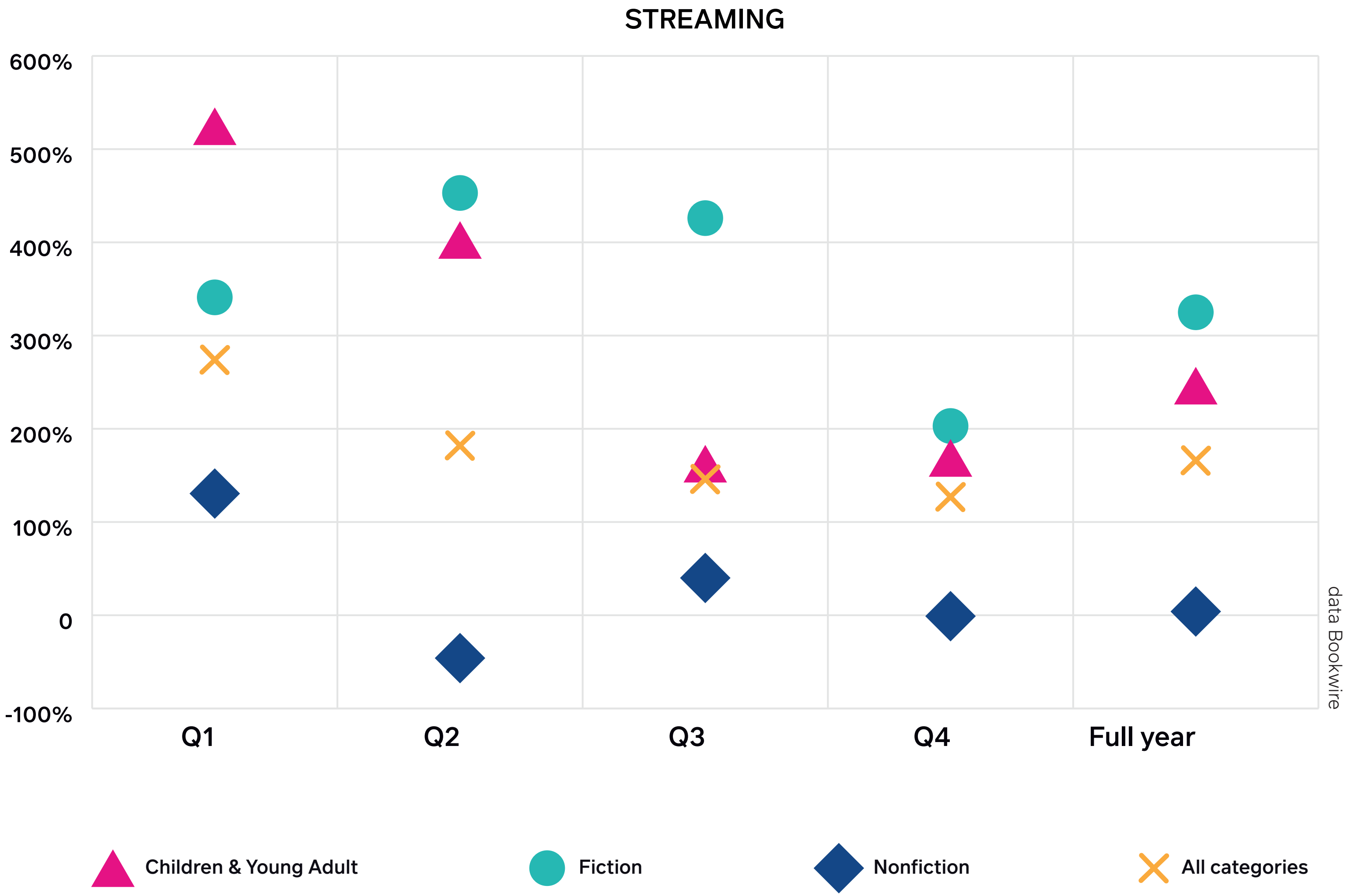


Germany Austria, Switzerland
Audiobook download units, absolute, by quarter 2019 > 2020



GERMANY, AUSTRIA, SWITZERLAND: AUDIOBOOK: CONSUMED 'TRACKS' (CHAPTERS) FROM MUSIC STREAMING PLATFORMS, Y-O-Y GROWTH IN %, BY QUARTER 2019 > 2020

#GERMANY + AUSTRIA + SWITZERLAND (DACH)



Conclusions and outlook

The Digital Consumer Book Barometer 202 provides tools for navigating a volatile digital landscape in an accelerated and deep transformation, highlighting the immediate impact of the Covid-19 crisis in 2020, yet in the wider context of preceding years.

This edition of the Digital Consumer Book Barometer observes trends in digital publishing in non-English territories under the unusual contexts, of an ongoing pandemic.

Much has been said about a remarkable 'resilience' of the book trade and of reading habits. Indeed, the wave of catastrophic incidents, anticipated by some observers at first, did not happen, not in the book business nor in the economy at large.

Initial steep losses in print book sales could often be recovered by and large within several months. 'Omni-channel' became the short-cut for booksellers bringing both physical and digital products to customers in various distribution and business models. Initial strains in the fulfilment could be fixed.

In-depth analysis however highlights multiple changes, some within the scope of the sales data used for this report, some beyond its scope.

3 specific developments can be listed here:

1. A widening gap between physical and online sales

A panoramatic look at book sales for print (combining brick & mortar and e-commerce sales) brings to light a rather dramatic shift. Overall, book markets by and large have stabilized. But almost everywhere, the share of e-commerce has risen significantly, to the detriment of brick and mortar. Also, some of the gains came from rising prices, while volume sales have seen a stronger decline.

2. Ebooks and audiobooks found new audiences, and became relevant outside of bestselling literary and of genre fiction.

Some of the gains resulted directly from bold and dynamic marketing campaigns, by promoting particularly titles aimed at children and young adults and for educational and learning purposes. This often included giving away content free of charge or at very low prices in 2020, in the hope that those new consumers might stay permanently.

3. Models offering continuous access have seen the heaviest and most continuous growth.

We could see across all observed markets a surge in all models offering continuous access to large libraries of digital content, both ebooks and audiobooks.

Several models co-exist, and will likely continue to be around. Credit subscriptions, especially created by large vendors, bring large, albeit limited numbers of titles to consumers, and often, these bundles are not exclusively holding books. More often, movies, TV series or games can be included as well.

Libraries more and more often follow a similar path.

All-you-can-eat (or flat fee) offerings, included for this report under 'streaming', are the third model that has emerged.

All three options have triggered heated controversies between all stakeholders in the trade. Experimentation is wide spread. With new distribution deals that even include music streaming platforms opening up for audiobooks, the debate will continue.

The next edition of the Digital Barometer is due for September 2021, in the ambition to provide hopefully relevant insights for safely navigating those uncharted waters.

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