Bookwire Report 2018

Digital Evolution (ebooks and audiobooks) in Spain and Latin America

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Bookwire

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1. EXECUTIVE SUMMARY / MAIN FIGURES FOR 2017

This report, which has been drawn up for the fourth consecutive year by the Bookwire.es, the leading ebooks and audiobooks distribution platform in the Spanish Markets, in close collaboration with Dosdoce.com, reveals a set of trends, indicators and perspectives concerning the evolution of the digital content market (ebooks and audiobooks) in Latin America and Spain.

The purpose of this report is to provide publishers, agents, booksellers, authors, the media and publishing professionals with a tool to help them understand the changes occurring in these markets, as well as the business opportunities that those changes can bring to companies which operate in the Spanish publishing markets.

An analysis of sales figures for 2017 of close to 400 Spanish and Latin American publishers which distributed their ebooks and audiobooks via Bookwire.es, has revealed immensely valuable information, making it possible to establish the current trends in this market with the help of other studies and reports. The extensive network of digital distribution channels (local and international) on both sides of the Atlantic has made it possible to analyse figures in relation to the structure of the digital book market.

Below is an analysis of the most significant features and trends in 2107 in the Spanish digital book world.

Main figures for 2017

- If we take into consideration all the information provided by the three reports mentioned later on in this dossier, as well as other complementary sources, digital book sales surpassed the double-digit figure in 2017, representing up to 12% of total sales. This figure includes sales of academic books in digital format, as well as ebooks belonging to trade publishers (literature, novels, essays, comics, poetry, etc.) and lastly, but very importantly, sales of self-published books.

- Spanish publishers represented by the Bookwire.es platform, close to 400 publishing houses between Spain and Latin America, have experienced a 52% increase in ebook sales from 2016 to 2017.

- 47% of their digital sales were generated outside Spain. Again, Mexico has the highest sales figures for digital content published by Spanish publishers (15%), as was the case in 2015 and 2016, whereas the rest of ebook sales are shared among other countries in the area (Argentina, Colombia, Chile, etc.)

- Sales resulting from self-publishing in the Spanish markets are valued by different sources to range from €8,000,00 to €10,000,000 annually, thus generating between 15% to 20% of the total of digital sales in the Spanish Markets.

- Although sales via online bookshops such as Amazon, Apple and Kobo, among others, continue to be the main sales channels (91%) for Spanish publishers, the 2018 report suggests that sales via subscription platforms, particularly in the U.S., Germany, Spain and Mexico, are becoming increasingly significant for publishers, reaching a total of 6% of digital sales in 2017 in comparison with 5% in 2016. The sale of ebook licences to libraries accounted for 3% of total digital sales in 2017 compared to the 2% sales in 2016.

- While there has been an increase in prices in Spain, in Latin America they have actually dropped. The average sale price of an ebook sold in Spain in 2017 by a Spanish publisher came to €7.72 (including VAT), whereas it amounted to €7.57 in 2016 (including VAT). Moreover, the average price of an ebook sold by a Latin American publisher in 2017 was €6.92 (including VAT), compared to €8.96 (including VAT) in 2016. The most significant growth in ebook sales in the Spanish market ranges from €4.99 to €9,99.

1.1. Comparison in the evolution of digital sales from 2016 to 2017

In comparison with English speaking countries, where digital sales are allegedly at a standstill or in decline, the situation in the Spanish speaking market (Latin America, the U.S. and Spain) is radically different since sales figures clearly point to a substantial increase both in the Latin American and Spanish markets.

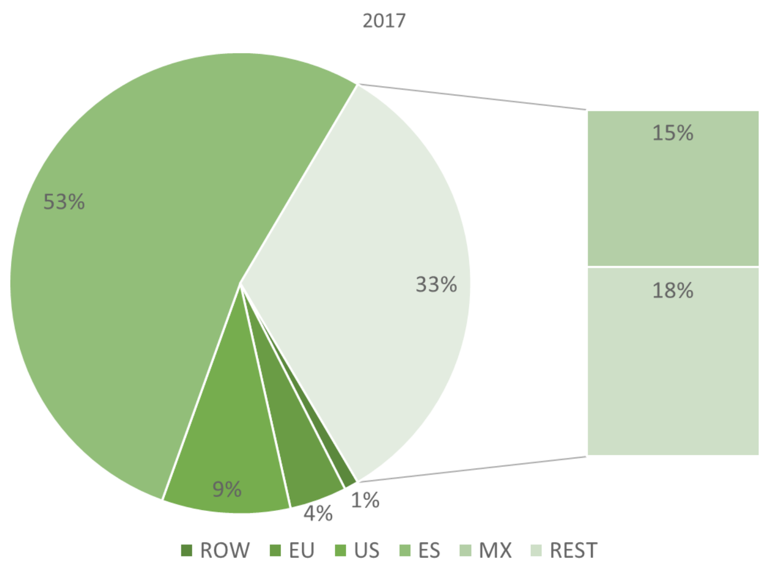
The Spanish publishers represented by the Bookwire.es platform, close to 400 between Spain and Latin America, experienced a 52% growth in ebooks in 2017 with respect to 2016.

In the same period, Latin American publishers have experienced a 39% increase in sales due to the broader offer of ebooks and the local relevance of their catalogue for readers of the main Spanish speaking markets (Mexico, Colombia, Hispanic market in the U.S.).

1.2 Digital exports: 47% of digital sales are generated outside Spain

Apart from exporting large amounts in print format, Spanish publishers also export considerable digital content. 47% of digital sales are generated outside Spain, consolidating the export trend of Spanish publishers.

Throughout 2017, 53% of ebooks by Spanish publishers were sold in Spain, whereas the rest of sales occurred in Latin America (33%), the Hispanic population of the U.S. (9%), Europe (4%) and the rest of the world (1%).



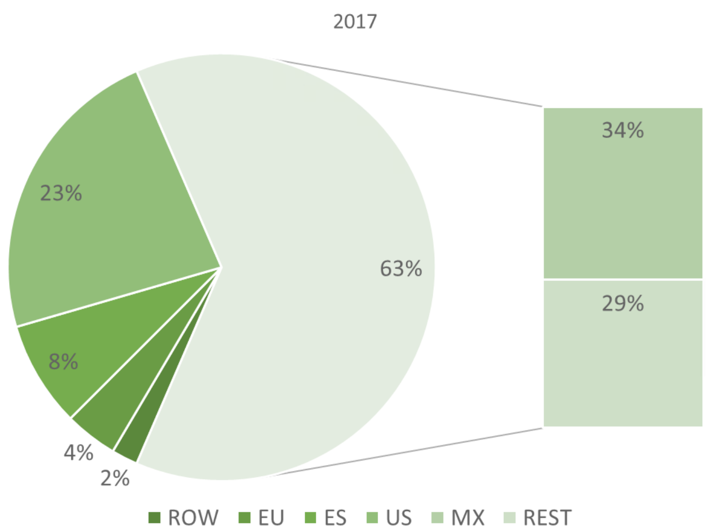
As was the case in 2015 and 2016, México led sales of digital content published by Spanish publishers (15%) in 2017, while the rest of ebook sales was distributed among other countries in the area (Argentina, Colombia, Chile, etc.)

This particular growth trend indicates that digital sales exceeded double-digit figures in the Spanish market. Although official figures in the publishing sector are still unavailable, various sources in the book world claim that digital sales figures exceeded double-digit figures in 2017, reaching 12% of total sales. This includes the sale of academic books in digital format as well as ebooks belonging to general publishers (novels, essays, poetry, etc.) and self- publishing. Sales derived from self-publication in the Spanish market are estimated by different sources to range from €8,000,000 to €10,000,000 annually, representing 15% to 20% of total digital sales by general publishers.

1.3 Emergence of a digital Latin American market and growth of the Hispanic market in the U.S.

The number of independent Latin American publishers strongly supporting the distribution of books in digital formats (ebooks and audiobooks) with a view to reaching readers all over the world is increasing daily. We are all aware of the obstacles and difficulties involved in the distribution of books in print format. Fortunately, ebooks know no boundaries thanks to digital distribution. In this context, independent publishers such as Rey Naranjo or Cangrejo Editores in Colombia, Amanuta in Chile, Malaletra, Almadía or CIDCLI in México, among many others, have seen how their digital books are not only being sold in their countries of origin, they are also getting to markets which would be unreachable in print format.

In order to help publishers digitise their catalogues, Bookwire signed last year an agreement with the National Chamber of the Mexican Publishing Industry (CANIEM) to encourage the conversion of digital books. This agreement will enable Bookwire to provide Mexican publishers with preferential prices they share with the main world conversion suppliers, saving publishers over 50% of what is offered by other local conversion companies.

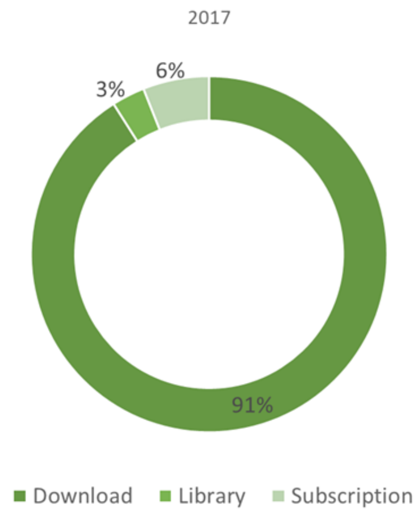


According to preliminary figures obtained from the "IV Annual Bookwire Report on the Evolution of digital books and audiobooks in Latin America and Spain", 63% of the digital products sold by Latin American publishers were generated in Latin American countries, whereas 37% of sales occurred outside the region: 23% in the U.S., 8% in Spain, 4% in Europe and 2% in the rest of the world.

As in 2015 and 2016, the Mexican market topped sales of digital content published by independent Latin American publishers in 2017, 34% of which were produced in the entire region, whereas the rest of sales were shared among the remaining countries (Argentina, Colombia, Chile, etc.).

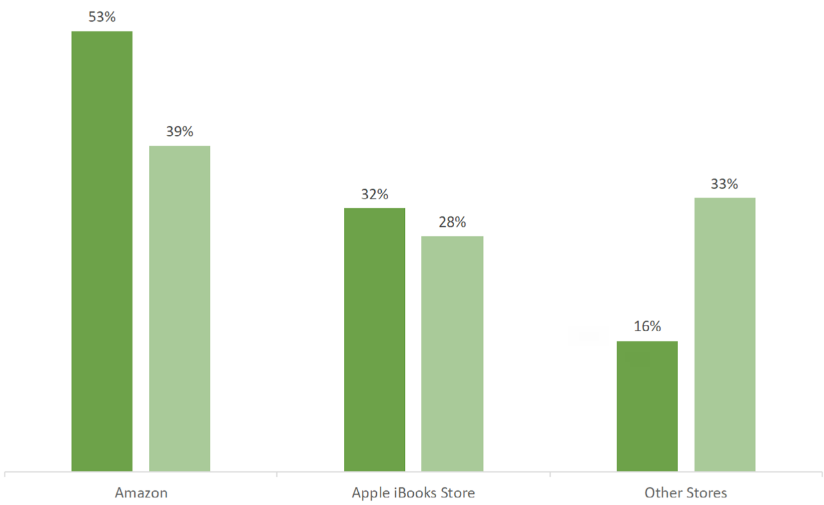
1.4 Consolidation of subscription culture in the Spanish markets

Although most sales for Spanish publishers (91%) are generated via online bookstores such as Amazon, Apple, Kobo, among others, the 2018 report indicates that sales generated by subscription platforms, particularly in the U.S., Germany and Mexico, are becoming increasingly significant, reaching 6% of total digital sales in 2017, as opposed to 5% in 2016. The sale of ebook eLending licenses to libraries came to 3% of total digital sales in 2017, compared with 2% in 2016.



1.5 Greater balance between the major international sales channels

Several international reports indicate that "Big 5" publishers generate up to 60% to 75% of their digital sales from Amazon, where as midsize and independent publishers have a much more balanced and diversed distribution of their digital sales among the main international sales channels (Amazon, Apple, Google, Kobo, etc). In other words, midsize and independent publishers do not depend so much on one single channel to reach their readers.

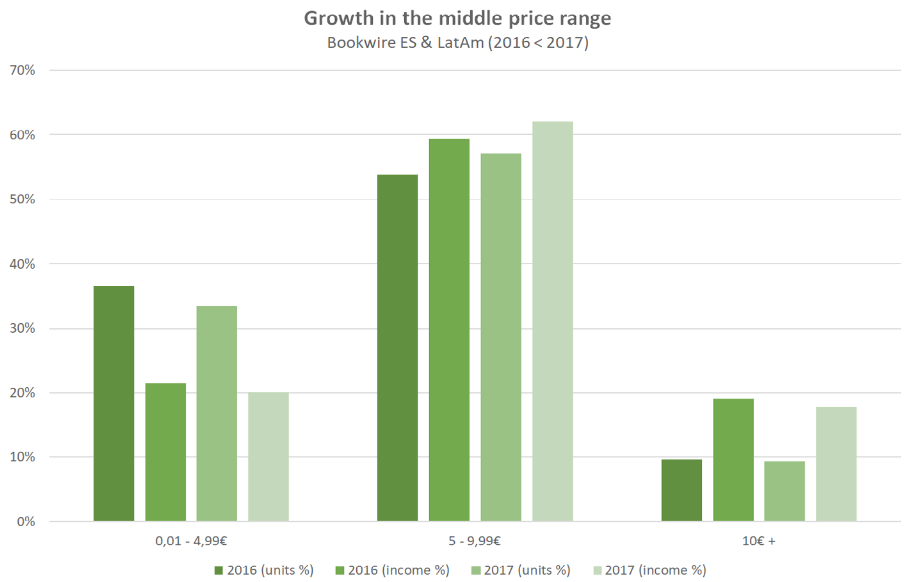


According to the figures published in this report, between 39% and 53% of digital sales by mid-size and independent Spanish and Latin American publishers are generated via Amazon, whereas 28% to 32% are prompted by Apple; remaining digital sales are distributed among the remaining channels (Casa del Libro, Gandhi, Kobo, FNAC, etc.).

1.6 Price increase in Spain as opposed to price drop in Latin America

The average sale price of an ebook sold in Spain in 2017 by a Spanish publisher came to €7.72 (including VAT), whereas in 2016 it was €7.57 (including VAT).

On the other hand, the average sale price of a digital book sold by a Latin American publisher in 2017 came to €6.92 (including VAT), whereas the previous year the price came to €8.96 (including VAT).



Bearing in mind both markets, the average price of digital books in Spanish speaking markets (Spain and Latin America) came to €7.60 (including VAT) in 2017, whereas in 2016 it had reached €7.83 in 2016 (including VAT).

The main area of growth of digital book sales in Spanish markets ranged from €4.99 to €9.99.

According to the Bookwire report, there was a slight increase in ebook sales of over €10.00 in 2017 although they were mainly academic and scientific in nature, along with other specific categories such as art, cookery and architecture.

1.7 The arrival of audiobooks in Spain and Latin America

The increasingly strong interest by agents and publishers in this new format and the arrival in Spain and Latin America of streaming and a-la-carte platforms specialising in the marketing of audiobooks such as Audible, Storytel, BookChoice, Kobo, Google, etc., among others, coincides with the trends in other markets where this format has registered a 20% annual increase in sales in the last three years, becoming the fastest growing digital model in the entire book world.

Audiobooks have gained a firm foothold and increasing acceptance in the Spanish publishing sector, evidenced by the 33% increase in the number of titles on offer in this format from 2016 to 2017. According to a study published by Dosdoce.com on the evolution of audiobooks in the Spanish Markets, there are currently over 4,000 titles on offer compared to the scarce thousand only a few years ago. Although there had been a tendency to associate audiobooks in the Spanish market with a more functional purpose, such as language learning or self-help, the recent study shows quite another story. In fact, over 77% of available Spanish audiobooks come under the fiction category (novels, literature, etc.), as opposed to 23% non-fiction audiobooks. According to the Dosdoce.com's analysis, 60% of audiobooks in Spanish are produced in Castilian Spanish, whereas 40% are produced in "neutral Spanish", thus providing a broad range our audio experiences to Spanish readers in both sides of the Atlantic.

Audio listener's profile: under 35 with an average of 6,7 books per year.

Furthermore, an infographic recently published by Storytel.es, currently the leading audiobook streaming platform in Spain with a choice of over 1,200 audiobooks in Spanish, indicate that 30% of audiobook listeners are under 35. It is estimated that 43% of audiobooks users listen to an average of 6.7 books a year via their smartphone, the most widely used device to that effect. The huge mobile phone boom in every sector of society is one of the main reasons referred to by publishers and literary agencies for the popularisation of audiobooks. In fact, 52% of recordings are listened to on public transport or in the car on the way to work or the way home (27%), while practising sport or going for a walk (25%). The growth of mobile telephony in the Spanish Markets, as well as the emergence of more and more audio content, have become the two main pillars for the growth of this new reading method.

BASS feature – technical innovation in the audiobook world

Bookwire, which distributes over 50,000 audiobooks worldwide, has recently launched an innovative feature to enable the marketing of audiobooks in the main streaming portals such as Spotify, Deezer and Napster.

The new feature "BASS – Bookwire Audio Stream Snipping – allows publishers to "snip" audio-books with long track runtimes to generate a higher income in the main streaming portals.

Many audiobooks had considerably longer runtimes in comparison with music recordings and were therefore unable to generate fair income for this type of content. The new Bookwire Audio Stream Snipping (BASS) feature is a technical solution that "snips" individual audiobook titles into smaller track units allowing publishers the possibility of generating higher incomes on increasing the number of tracks. In terms of technology, Bookwire applies the same settlement logic that streaming services use for music titles and lays the foundations for optimum exploitation of audiobook content in these new models of consumption of digital content.

The new BASS feature is based on an algorithm that divides audiobooks into logical tracks during delivery. This feature was developed by Bookwire's in-house team of IT experts at the company headquarters in Frankfurt (Germany). Bookwire publishing clients will be able to use the BASS feature at no extra cost and without internal technical know-how. Streaming is another way of generating income for publishers, specially via audiobooks, which is why Bookwire is offering a practical and easy-to-use technical solution to enable their publishing clients to make full use of these new distribution channels.

2. EVOLUTION OF THE DIGITAL CONTENT MARKET IN SPAIN – AN ONGOING OF DEBATE

What is the current ebook market share in Spain? Has it plateaued at 5% of total sales or surpassed 10%, as other sources in the publishing sector itself claim? Why are certain figures considered valid or "official" while other sources which provide real sales data are ignored? Does this happen in other countries or just in Spain?

The publishing sector is doing itself no favours by allowing itself to be deceived by a partial interpretation of total sales figures instead of carefully analysing what is really happening in the digital book world. There are enough figures and reports bearing witness to the fact that the number of ebooks that are actually sold is greater than the "official" figures. Fortunately, more and more people in the publishing sector – and in the media – are analysing and contrasting different reports and sources in the market in order to interpret the real volume of digital sales in Spain.

What sources can allow us to work out the real sales volume of ebooks in the Spanish Markets?

During the last 5th National Ebook Congress, held last November 2017 in Barbastro (Huesca), a very intense and profound debate was held among the 100+ Spanish publishing professional attendees. During the two day conference, the attendees analysed in detail the evolution of ebooks and audiobooks in Spain with the aim to obtain a clearer picture of the real volume of digital sales in Spanish Markets.

To set the ground, the attendees analysed in detail the figures and interpretations of the three main reports currently published in Spain which provide ebook sales figures.

The three reports are:

- The annual report published by the National Federation of Spanish Publishers (FGEE),
- The annual report published by Libranda platform which represents publishers such as Planeta and Penguin Random House, among others.
- The annual report published by Bookwire.es platform which represents close to 400 publishers in Spain and Latin America such as HarperCollins Ibérica, Acantilado, Edhasa, Malpaso, Nórdica, Impedimenta, Kairós, Herder Editorial, Grupo SM México and Fondo de Cultura Económica, among numerous others, was also examined in detail.

Each of the above mention reports complement each other because they aggregate different sources and methodologies to interpret the evolution of the market.

The annual Report published by National Federation of Spanish Publishers Report (FGEE) is based on a questionnaire that is only completed by 322 of its 727 members. Although the respondent's quota is significant, the results are skewed towards the bigger publishing houses because the smaller and independent publishers clearly stated that they didn't have time to respond to the questionnaire. This report claims that digital sales have been stagnant in the Spanish Markets for the last 3 years at around 5% of total sales.

On the other hand, the annual report published by Libranda for the past two years clearly indicates that digital sales of their represented publishers have experienced an annual increase of around 12% per year. This report is based on real sales data derived from each transaction conducted via this platform.

Lastly, the annual report published by Bookwire.es also clearly indicates that the digital sales of their portfolio of publishers, close to 400 publishers, have increased an average increase of 50% per year for the last two years. This report is based on real sales data derived from each transaction conducted via this platform, not on a questionnaire. If the two main distribution platforms in the Spanish markets, which jointly control around 80% of the market, clearly indicate that the digital sales are in the double-digit growth path, how come some publishing professional still believe that digital sales are stagnant at 5%?

Taking into consideration all this information, the overall conclusion reached at the National Ebook Congress held last November in Barbastro was that in order to be able to calculate the real volume of ebook sales incurred in Spain, it is essential to compare the figures reflected in each of the three mentioned reports, since each of them contribute sales data from different sources that complement each other.

If we take into consideration all the data provided by the three mentioned reports, as well as other complementary sources, digital book sales surpassed the double-digit figure in 2017, representing up to 12% of total sales. This figure includes sales of academic books in digital format, as well as ebooks belonging to trade publishers (literature, novels, essays, comics, poetry, etc.) and lastly, but very importantly, sales of self-published books.

If a publishing professional or a media outlet only takes into consideration the data of the annual report provided by the National Federation of Spanish Publishers (FGEE), which claims that the ebook sales have been stagnant around 5.0 % of total sales for the last 3 years, will have a rather incomplete and outdated picture of the growth and real digital market in Spain. The publishing sector will do itself no favours by allowing itself to be deceived by a partial interpretation of digital sales data instead of acknowledging what is really happening in the digital book world in the Spanish Markets.

3. CREDITS AND ACKNOWLEDGEMENTS

This report has been drawn up by Bookwire.es in collaboration with Dosdoce.com.

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About Dosdoce.com

Dosdoce.com is a portal engaged in analysing the use of new technologies in the book world. From its origins in 2004, Dosdoce.com's objective is to encourage publishers, bookstores, libraries, museums, foundations, etc., to use technology of all kinds and to provide a better understanding of the digital era we are living in.

Throughout these years, Dosdoce.com has compiled over 50 studies and reports on the use of new technology in different spheres of the cultural sector.

More information at: www.dosdoce.com

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About Bookwire.es

Founded in Germany in 2009, Bookwire is an eBook aggregator specialising in marketing digital content (eBooks, audiobooks, print on demand) via over 600 sales channels worldwide.

Bookwire offers a full services package of delivery, reporting, quality management, shop marketing and conversion. The company distributes over 200,000 eBooks and 50,000 audiobooks for over 1,000 publishers from 30 countries.

Bookwire has offices in Spain, Argentina, Mexico, Colombia, Chile, Peru and Brazil.

Bookwire is the leading ebook and audiobook distribution platform in the Spanish Markets. It distributes almost 30,000 eBooks in Spanish of close to 400 renowned publishers in Spain and Latin America, such as Harper Collins Ibérica, Acantilado, Edhasa, Herder Editorial, Alrevés, Páginas de Espuma, Plataforma Editorial, Fondo de Cultura Económica, Nórdica Libros, Impedimenta, Siruela, Antonio Machado Libros, Herder Editorial, Ediciones Rey Naranjo, Paidotribo and Gedisa Editorial, Metaforic, among many others.

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