

2020.

Rüdiger
Wischenbart



“Covid-19 Special Edition **Brazil**”

A **Bookwire** Insights Report

A digital transformation in fast forward

Measuring and understanding the impact of Covid-19 and lockdown on digital consumer book sales and consumption in Brazil

On January 30, 2020, the Director General of the World Health Organization (WHO) declared the novel corona outbreak a public health emergency of international concern. Nine weeks later, on April 4, 2020, WHO reported that over 1 million cases of Covid-19 had been confirmed worldwide, with a tenfold increase in March alone.

By mid-March, numerous countries, notably across Europe, had declared a lockdown, limiting drastically the movements of their citizens to break the rising wave of new infections.

In view of the size of both its population and territory, Brazil opted for a different approach, defined not by a central government, but by the Brazilian Federal States, with no formal lockdown imposed, yet widespread isolation taking place, encompassing around 60% of its population, according to an analysis of telecommunications data.

From a perspective of books and reading, the resulting changes in the most basic features and routines in daily lives were the equivalent of a huge social and economic experiment, which allowed to study changes in consumption and consumer preferences before, during and after the period of Covid-19 triggered isolation.

In a nutshell, the Brazilian team of the country's leading distributor of digital books saw the expansion of reading on digital screens that was expected to occur over several years, to be compacted into just a few months.

Overall, purchases of ebooks grew at an impressive pace, with very distinct patterns differing between genre categories, as clearly new audiences started to discover electronic books, and even once the period of isolation came gradually to a close, average levels remained significantly higher than just a few months before the onset of the crisis.

Also we noted that several patterns in this accelerated digital transformation echoed those identified in a similar study from July 2020, already based on digital sales data from Bookwire, for Germany, Austria and Switzerland in a Covid-19 Special of the Digital Consumer Book Barometer series.

About

The Covid-19 Special Brazil Digital Barometer

Bookwire Brazil delivers today around 50,000 digital products, of which ebooks account for 99%, and audiobooks just 1%. For the current study, only ebooks have been included, as the audiobook penetration of the Brazilian book market is still in its very early stages.

The aggregated sales data for this report reflect the digital offer from about 500 Brazilian publishers, which we believe represents around 70% of the Brazilian digital editorial market.

The subsequent analysis spans three distinct periods:

- Pre-isolation: 29/12/2019 – 14/03/2020
- During isolation: 15/03/2020 – 31/05/2020
- Post-isolation: 01/06/2020 – 16/08/2020

All data have been aggregated, and are displayed in the figures of the following pages to reflect market dynamics – and not absolute sales numbers both overall and broken out along a timeline from January to mid-August 2020, by total generated monthly revenue, by genre category, by paid versus free copies, and to mirror the impact of dedicated marketing campaigns and their impact on sales.

The analysis was carried out in September and October 2020.

Key Findings

- A direct comparison of revenue development from ebook sales in Brazil for the first eight months of the year of 2020 (January to mid-August) clearly highlights a massive shift, resulting not only in a significant increase of sales in the isolation period (March to May), but shows that the much higher level of monthly turnover prevails after the isolation period;
- The increase impacts on both value (revenue) and volume (consumed units), indicating a solid commercial foundation of the development;
- But huge differences in market dynamics can be identified between genre categories, as for instance general fiction saw a largely steady growth, while science-fiction or fantasy fiction, to take two other extremes, enjoyed only short-lived peaks;
- Free offers were hugely successful during the height of the isolation period, cooling off thereafter, as would be expected, but still their appreciation by consumers helped clearly to connect new audiences to (paid) digital reading materials even after the isolation;
- Dedicated marketing campaigns very successfully propelled products to consumers and backed up a sustainable growth dynamic that continued to bear fruit even after the isolation had been largely relieved.

In More detail

- Juvenile & Young Adult ebooks saw 227% more sales after the peak in isolation. During the isolation, sales grew exponentially, and they keep stable so far. We attribute this phenomenon to distance learning due to schools closing, and isolation itself. Parents had to rely more on technology for education and entertainment, so more ebooks were bought.
- Nonfiction ebooks had a 154% increase in sales during the peak in isolation, and we seem to have reached a new plateau in units downloaded for this genre. This is mostly a result of well-being and self-care campaigns – some publishers had strategic marketing campaigns with authors and influencers and personal growth was a trendy subject for people isolated in their homes.
- Even though a lot of marketing efforts were put into the first two months of the pandemic, it slowed down afterwards, and the numbers kept rising. This shows us that the pandemic itself created new readers and brought those who already read constantly closer to the digital format.

Comparing two radically different book markets: Brazil, and Germany + Austria + Switzerland

The Brazilian and the German language book markets in Europe are vastly different by several key indicators, including size of territory and population, urbanization and share of middle-class, average income and education. And yet, several core findings from the Covid-19 impact on market and consumption dynamics relevant to ebooks can be recognized from the Covid-19 studies in the Digital Barometer series, which are based on sales data provided by Bookwire as a major digital distributor and aggregator in both markets.

- The growth curve triggered by the fall-out from the pandemic is by and large not short lived, but indicates a more sustainable shift in the appreciation of digital reading;
- Different genre categories show clearly distinct growth dynamics, as notably Children and Young Adult literature, Nonfiction (which includes Self-help) as well as Fiction benefit from the biggest increase in sales by both value (revenue) and volume (sold units), while notably Science Fiction and Fantasy enjoy only very short lived gains;
- The combination (or back up) of strong contextual forces like the pandemic with isolation or lockdown, together with targeted and well-timed marketing campaigns can hugely push consumption.

Take-away and practical learnings

For any professional in the publishing and reading ecosystem, the current digital transformation, which took off already well before the pandemic, results in a steep increase in complexity.

A traditionally linear workflow in book publishing, aiming at bringing an author's work into one format, the printed book, handed over to book retailers who will connect with the consumer, is now giving way to something different. Ebooks, and soon also audiobooks, are not just additional technical formats – like print with hardcover and paperbacks. The digital supply chain also brings a coexistence of multiple distribution channels (through bookstores, but also direct-to-consumers, or D2C) and business models (download sales but also ongoing subscription and streaming services), and a direct competition between reading and other media consumption, notably movies, music and games where subscription has become the standard rather than the exceptional niche.

To navigate such complexity requires to monitor multiple dynamics and drivers, engage in precisely targeted and timed campaigns with the end-consumer always in the focus.

By analyzing sales data by various parameters, such as season, genre category, business model or pricing, the Digital Barometer provides a handy toolbox and a framework for such navigation, and a set of benchmarks for an organization's inhouse data.

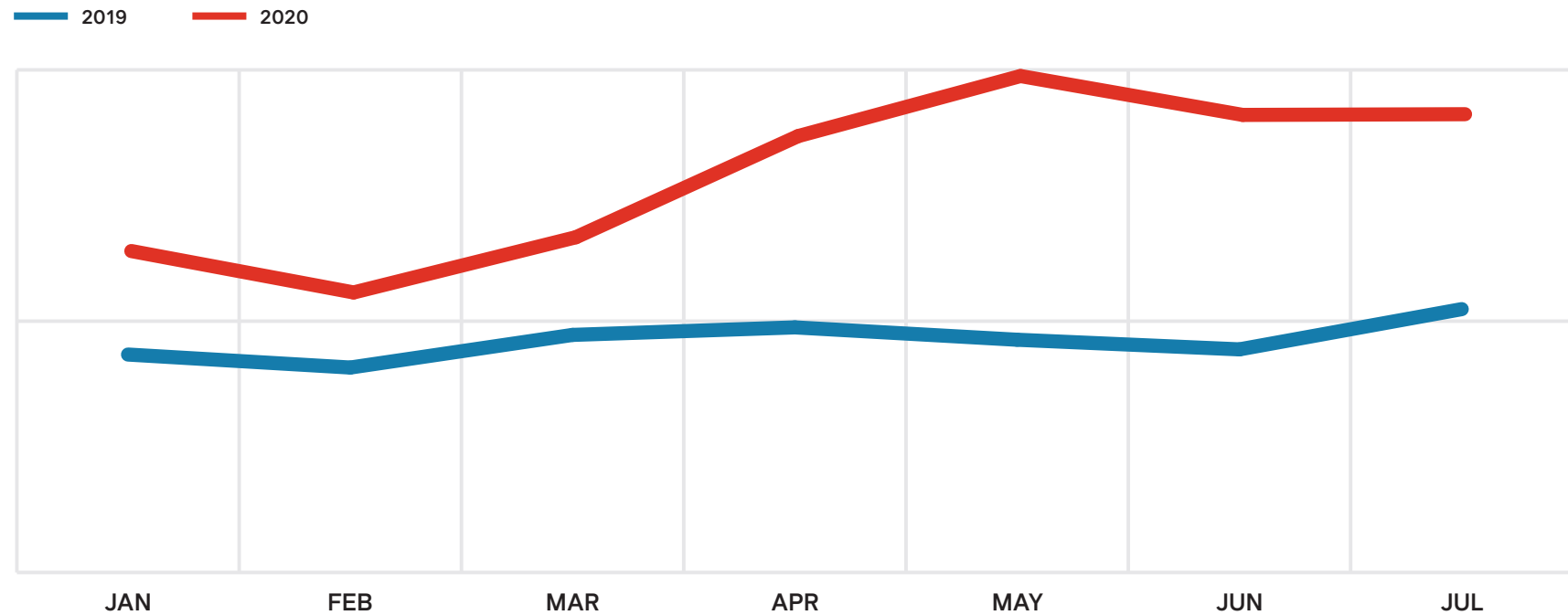
This can support both practical day-to-day routines such as the assessment of marketing campaigns or the efficiency of distribution plans. But its insights also support a more systematic development of strategies, and their assessment along the way.

When in times of a pandemic, acceleration of change is added to the challenges deriving from the increased complexity, such instruments can make all the difference between navigating the storm, or risk to getting blown away.

DIGITAL SALES IN BRAZIL, 2019 VERSUS 2020

As expected, we can see a growth in sales from 2019 to 2020, but we see the steepness of the curve from March onwards in 2020 due to the pandemic

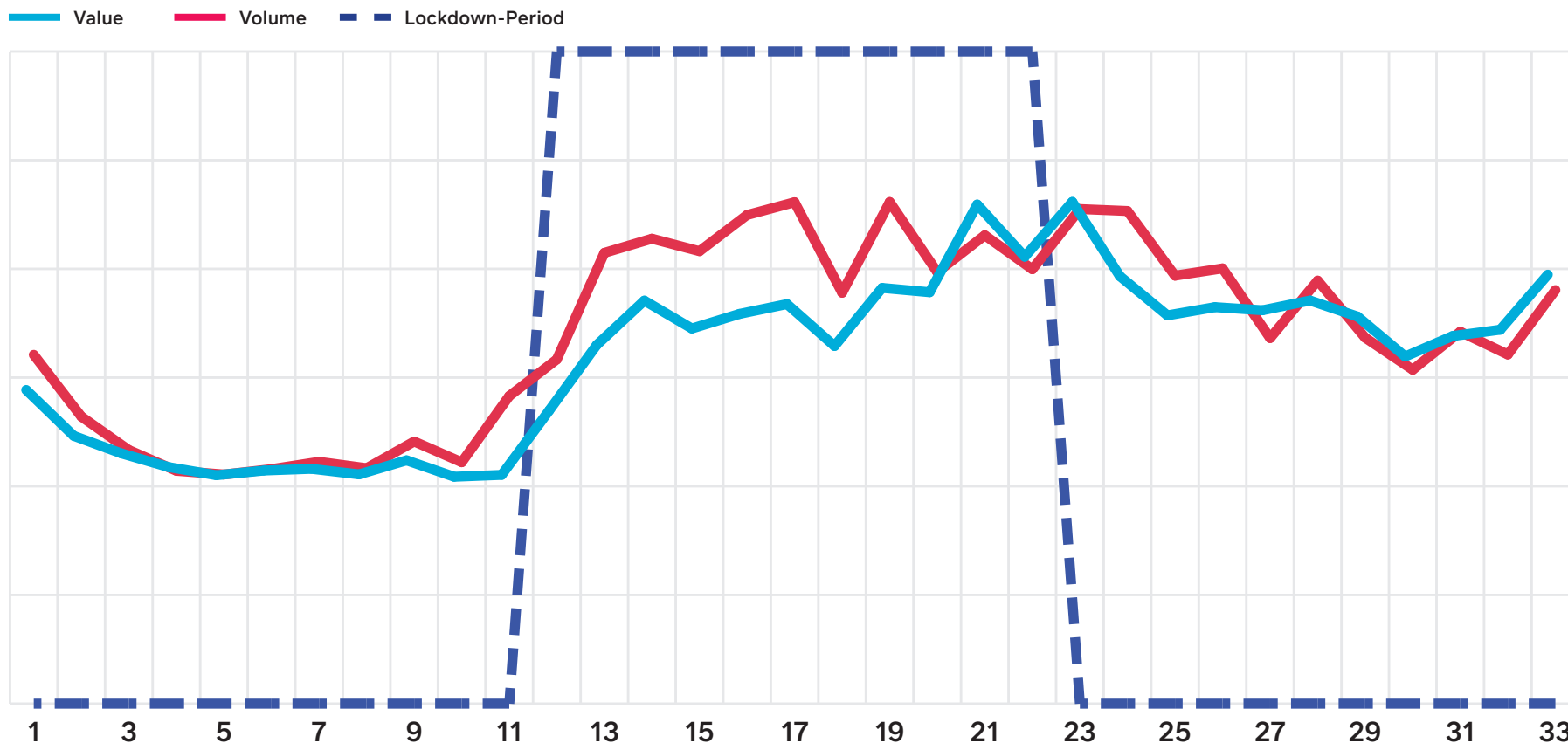
January - July 2019 vs. 2020



EBOOK SALES IN BRAZIL: BEFORE, DURING AND AFTER ISOLATION

Ebook sales had a constant growth before, during and after the isolation peak, both in units and revenue. We can consider that a new plateau has been reached after the isolation, which shows that publishers should always take contextual opportunities into account for their marketing.

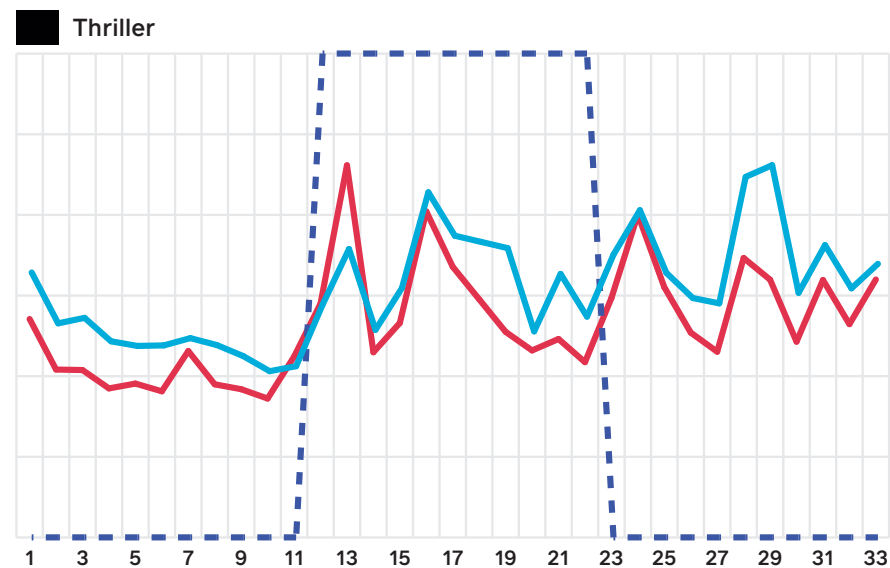
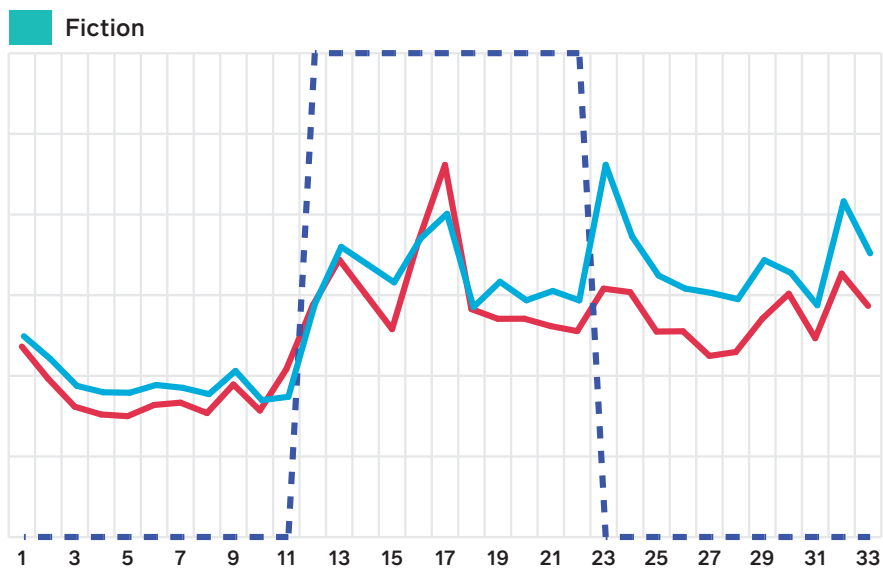
Ebook sales per week in Brazil: before, during and after isolation peak caused by COVID-19



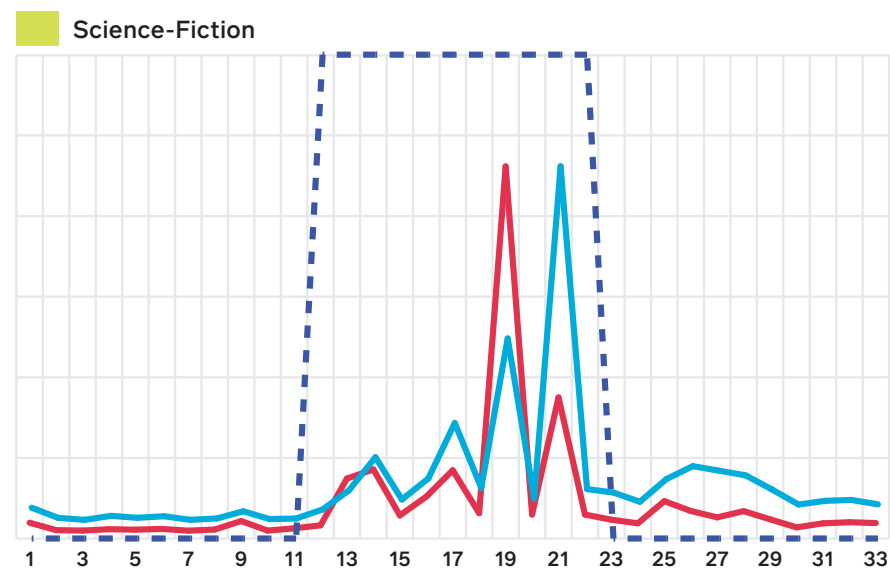
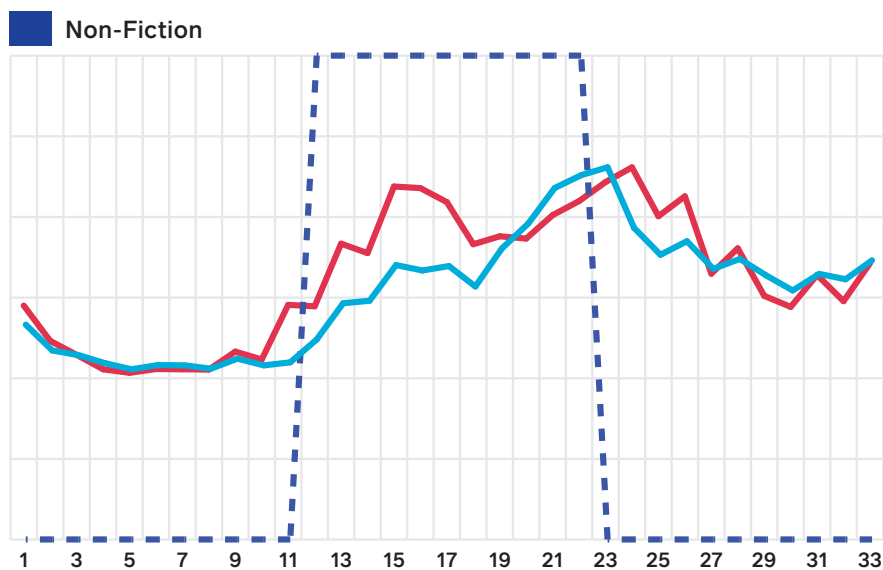
EBOOK SALES BY GENRE CATEGORY IN BRAZIL, BEFORE, DURING AND AFTER ISOLATION (PART 01)

While Fiction saw an expected growth, Nonfiction also grew exponentially.

As for Science Fiction, a noticeable peak resulted from one specific ebook release, while peak in Thrillers mirrored marketing campaigns.



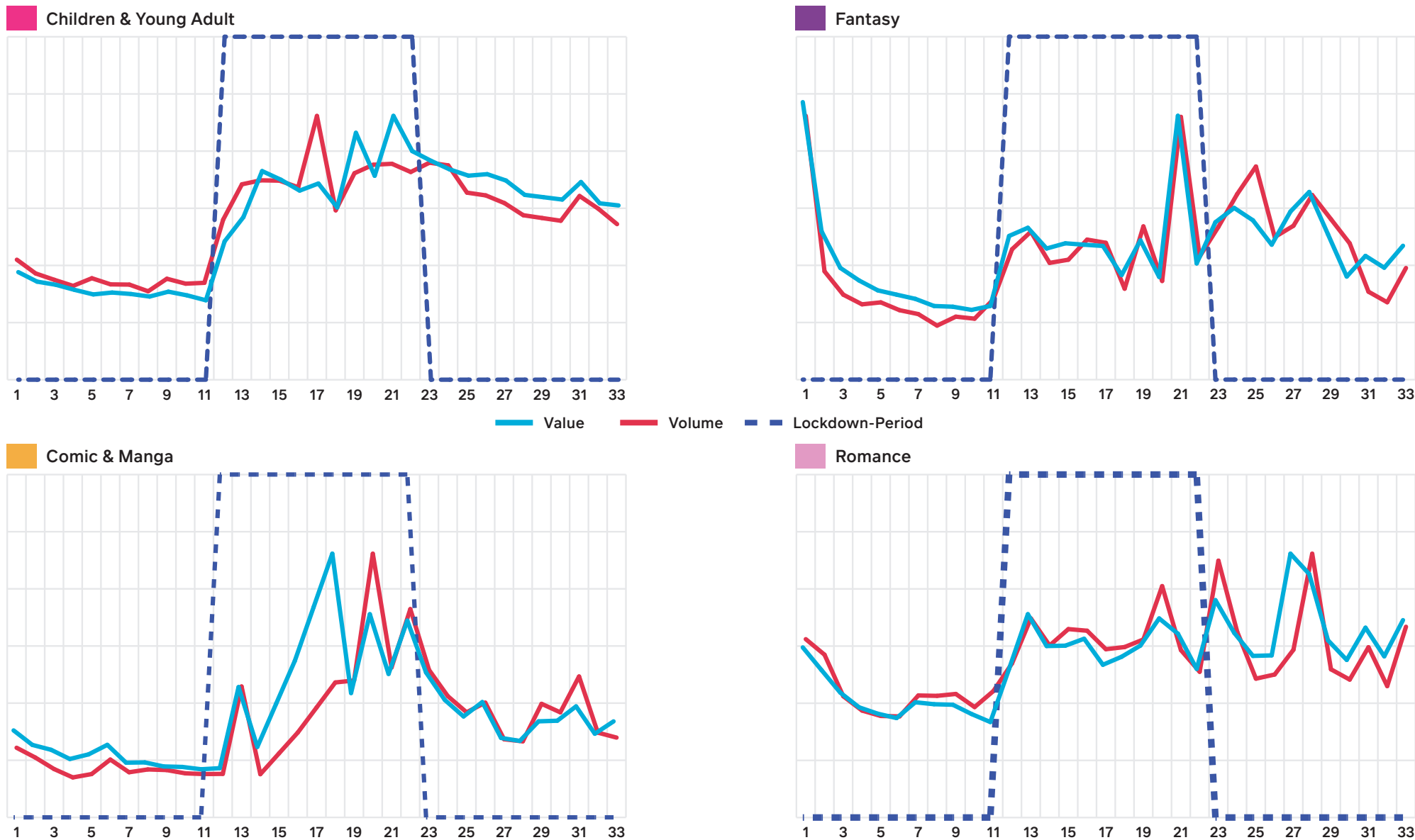
Value Volume Lockdown-Period



EBOOK SALES BY GENRE CATEGORY IN BRAZIL, BEFORE, DURING AND AFTER ISOLATION (PART 02)

Children & Young Adult literature had an outstanding performance during and after the isolation peak, even without an increase in the number of available titles, underlining the growth potential in the digital genre category.

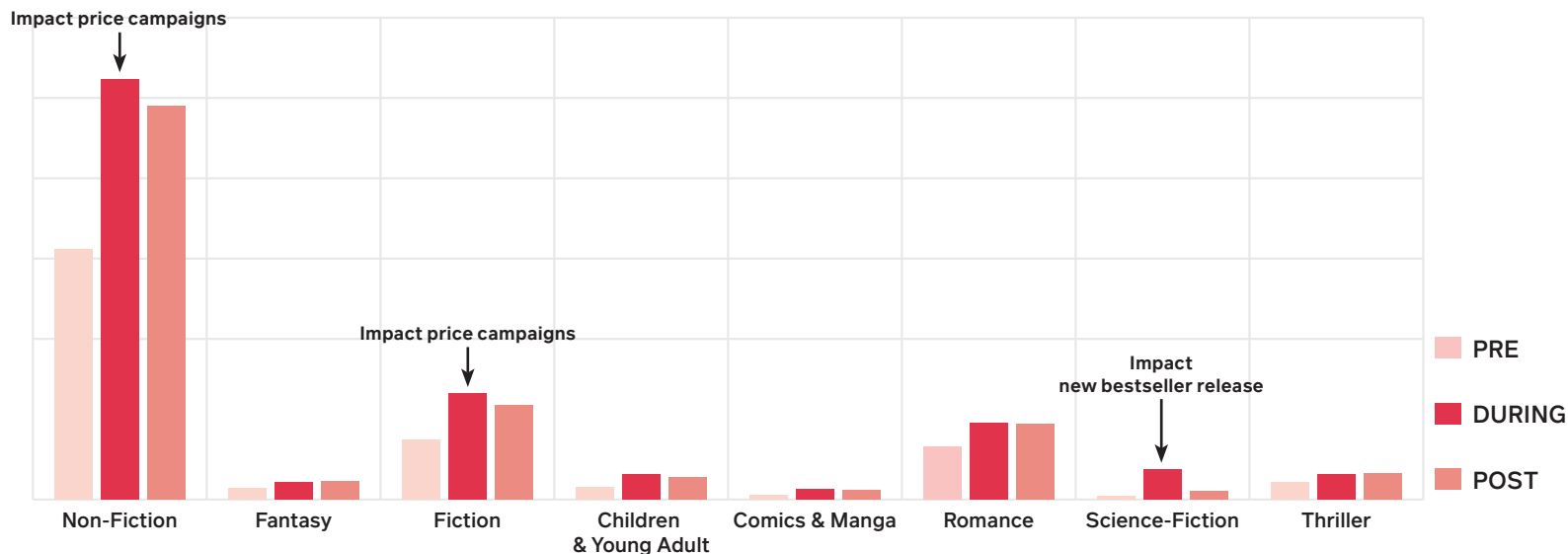
Peaks and overall growth in Fantasy, Romance and in Comic & Manga are related to dedicated marketing campaigns.



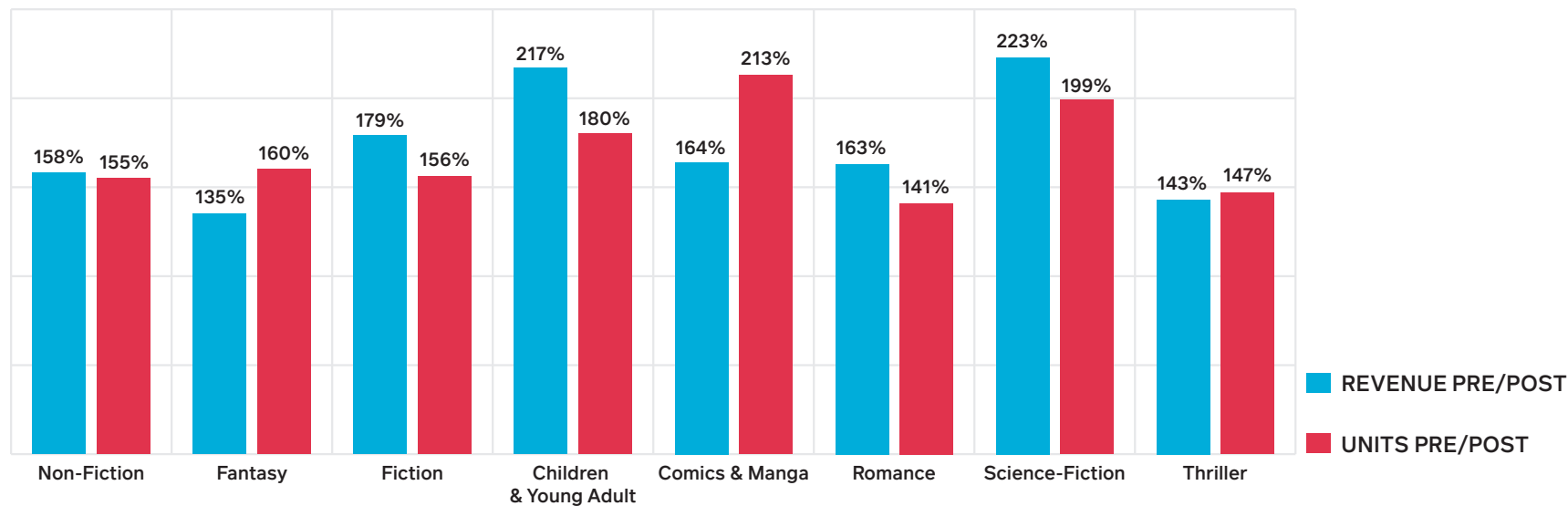
COMPARING EBOOK SALES BY GENRE CATEGORY

The growth in downloaded units after the peak of isolation hints at both the impact of dedicated marketing campaigns and at new readers reached during the pandemic.

Average of paid units pre, during, and post the peak of isolation caused by COVID-19



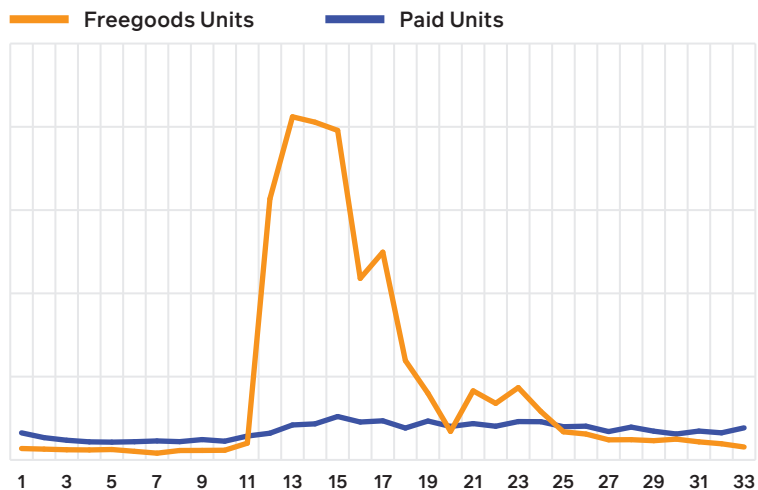
Pre vs. Post isolation: percentual growth in revenue and paid units



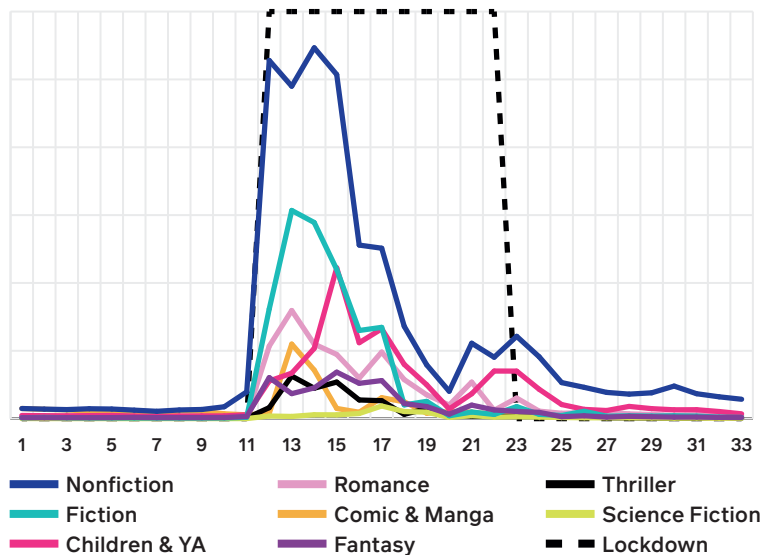
FREE GOODS DRIVING SALES

Free offerings represented a large portion of the downloads during the isolation peak. The strategy of free promotions boosted subsequent sales, increasing overall revenue.

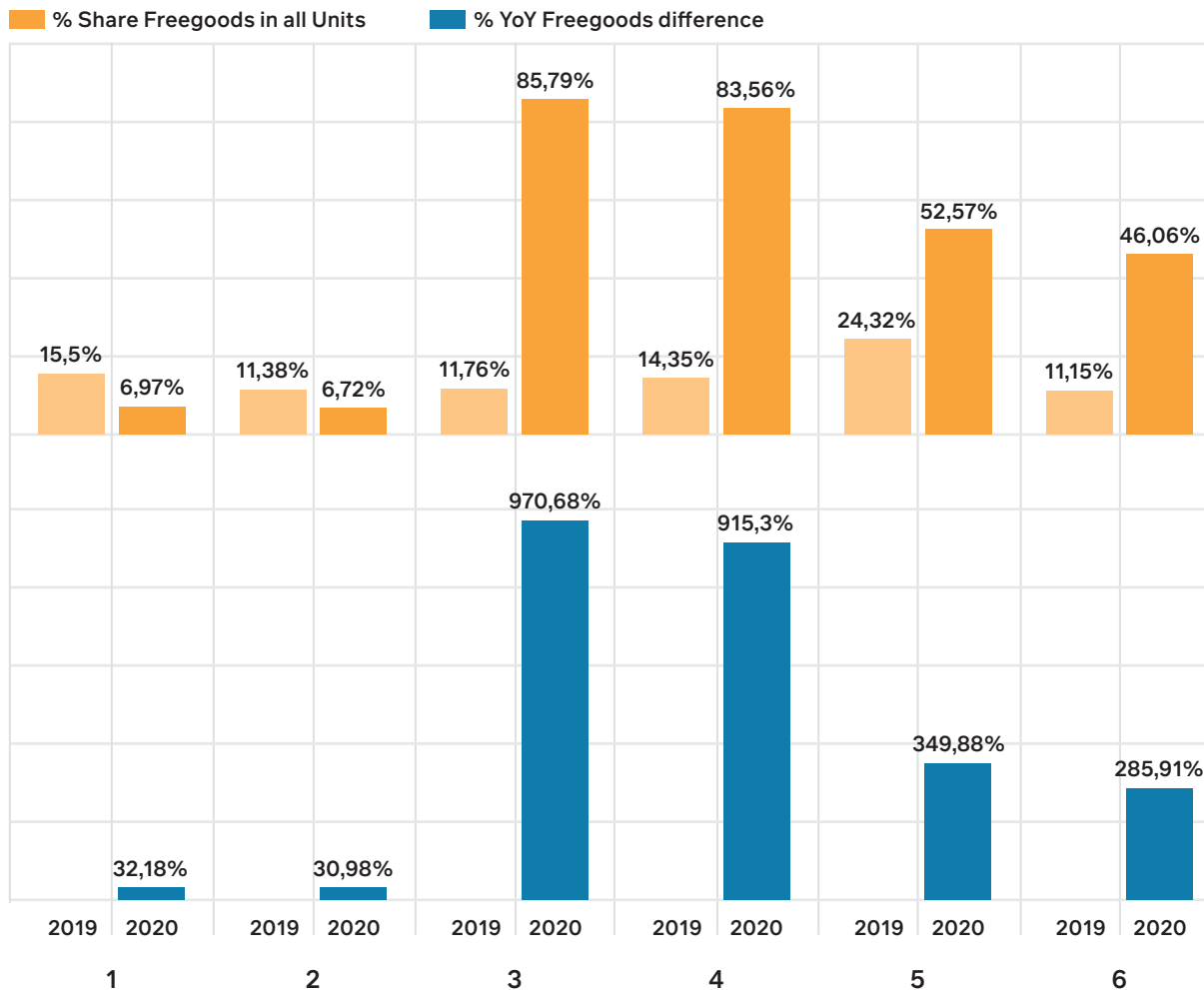
Paid units vs. Freegoods pre, during, and post the peak in isolation caused by COVID-19



Most downloaded genres pre, during, and post the peak in isolation caused by COVID-19

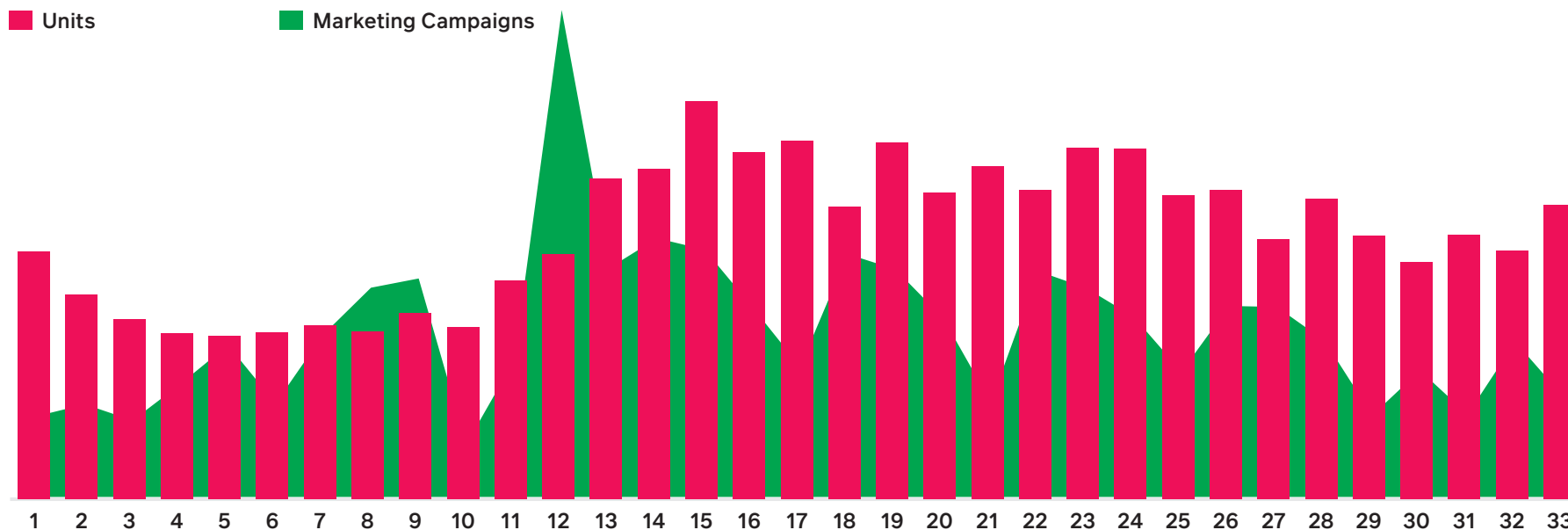


Year on Year: Freegoods analysis

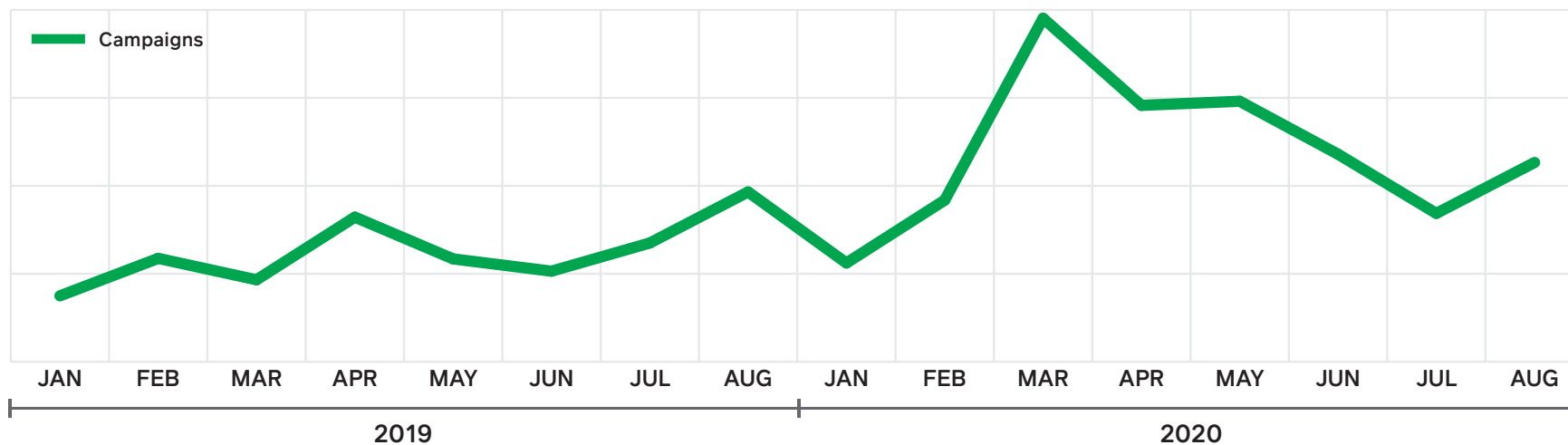


IMPACT OF MARKETING CAMPAIGNS ON SALES

Unit sales (in red columns) and the impact from dedicated targeted marketing campaigns in 2020



Number of marketing campaigns per month in 2019 and in 2020



Sources

All sales data, for both Brazil as well as Germany + Austria + Switzerland provided by Bookwire
(www.bookwire.de & www.bookwire.com.br)

WHO timeline on the spread of the ‘novel coronavirus’:
<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/interactive-timeline/>

Overview of the pandemic and especially of the scale of social isolation in Brazil:
<https://mapabrasileirodacovid.inloco.com.br/pt/>

Digital Consumer Book Barometer series
www.global-ebook.com

The Covid-19 Special of the **Digital Consumer Book Barometer** represents and analyzes data provided by Bookwire (www.bookwire.de) and Bookwire Brazil (www.bookwire.com.br) on ebook consumption in Brazil between January and mid-August 2020, in the aim of tracking the impact of both the direct fall-out from the social isolation in reaction to the Covid-19 crisis as well as from dedicated marketing campaigns coinciding with these developments.

The analysis has been conducted in September and October 2020 between the teams of Bookwire and of Content and Consulting.

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