Understanding plate tectonics in the US book industry

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Book Industry Study Group
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The 12th LBF Supply Chain Seminar
Creating a more informed, empowered and efficient book industry supply chain for both physical and digital products.

BISG is committed to the development of effective industry-wide standards, best practices, research and events that enhance relationships between trading partners.
Improving the ratio of signal-to-noise in the book industry
Supply Chain to...

Customer-driven process
Customer Intimacy

Top concern of chief supply chain officers

**Insight:** Customers continue to have aggressive demands for differentiated products & services

We must combine SCM with CRM... get supply chain staff thinking in terms of a commercial customer mindset. Bringing the customer perspective into all facets of SCM will push us to further supply chain excellence.”

What are the most significant challenges in bringing new products and services to market?

- Correct identification of customer needs: 67%
- Reducing time-to-market: 62%
E-books are “looking up”
REPORT 1 of 4
Table of Contents

- Defining the Power Buyers
- Major E-Book Trends
- E-Reader Device Trends
- Conclusions
- Methodology
- Data Dashboard
- Sponsor Information
E-Book Purchase Trends

Units increase but revenues decrease as consumers seek value in more affordable digital formats.

QUESTION: Since you have begun acquiring e-books, how has your purchase of the following formats changed?

CROSS-TAB QUESTION: What device do you now use most frequently to read e-books? Select only one.

**HARDCOVER TITLES**

- People who say they most frequently use a **dedicated e-reader** to read e-books
- People who say they most frequently use a **PC** to read e-books
- People who say they most frequently use a **multi-function device** to read e-books
- People who say they most frequently use a **smartphone** to read e-books

* PCs include desktop, laptop and netbook computers
** e.g., Apple iPad

- More titles purchased
- Fewer titles purchased

- increase over time
- decrease over time
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## Hardcover Titles

- People who say they most frequently use a **dedicated e-reader** to read e-books
- People who say they most frequently use a PC* to read e-books
- People who say they most frequently use a **multi-function device**** to read e-books
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### Graph Analysis

- More titles purchased: **increase** over time
- Fewer titles purchased: **decrease** over time

## Paperback Titles

- People who say they most frequently use a **dedicated e-reader** to read e-books
- People who say they most frequently use a PC* to read e-books
- People who say they most frequently use a **multi-function device**** to read e-books
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## E-Book Titles

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E cannibalizes P
Student Attitudes Toward Content in Higher Education

Seeking high value content at the lowest possible cost
Report Fielding
Sample: 1,505

41.3% Male
58.7% Female

28.9% Freshman
31.2% Sophomore
19.3% Junior
17.1% Senior
3.4% MBA Program

69.0% Full-time
31.0% Part-time

At 95% Confidence Level, results have margin of error of +/- 4.4%.
Key Finding: Print vs. E-Textbooks

- 21% of students had purchased an e-textbook
- 75% of students preferred traditional printed textbooks over digital replica e-textbooks.
  - Like the look and feel of print
  - Potential for permanence of ownership
  - Opportunity for resale
- Online courses use many more e-textbooks
What’s the message in the headlines?

BISG Survey Finds Students Prefer Print

Students prefer text, US survey finds

Survey Finds 75% of College Students Stick to Print Textbooks
But, no one should get comfortable with that . . .
Do readers really prefer print?

Other publishing segments have asked the same question...

- **Newspapers**
  - 61% of people now read news everyday on the Internet vs. 50% who read newspapers [Pew Project]

- **Magazines**
  - 3 years ago only 1.5% of subscribers selected digital replica consumer magazines
  - Now 38% of iPad owners are reading digital magazines [Changewave research]
Do readers really prefer print?

- **Trade Publishing**
  - Four years ago almost no penetration
  - Now more than 10% and doubling annually
    - Only 17% say that they prefer print
    - And 17% say that they were not satisfied with the digital display.
Students reported low satisfaction with Replica E-Textbooks

- Current e-textbook offerings have yet to achieve consistently high levels of satisfaction
What students really do like

- Digital Products that:
  - Make good use of the digital platform
  - Offer features and value above and beyond printed versions
  - Offer better prices
Key Finding: E-reader purchase intent

- While there are many interesting new devices coming to market, most lack the computing power and applications required by students.
- Most students are unlikely to purchase and carry multiple devices.
Reasons for E-Textbooks

- When students say they prefer e-textbooks the reasons are:
  - price
  - convenience
  - portability

- As digital learning content becomes more sophisticated and functional, pedagogical advantages should emerge.
Conditions for rapid market expansion

Value
+ Innovative Platforms and Devices
+ Enthusiastic Channel Partners
= Rapid Market Expansion
Projected growth of digital textbooks

http://www.xplana.com/
Thanks!

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