



2016 Top Markets Report **Media and Entertainment** Sector Snapshot

Publishing

The U.S. book publishing market reached \$60 billion in 2015 measured across professional, educational and consumer genres. Consumer books cover the largest sector, but education books have the highest growth. The U.S. publishing sector is the largest in the world and three times as large as Germany's. By 2019, digital publishing will account for 45 percent of all publishing.

Print publishing is declining rapidly in the United States as witnessed by the demise of the major bookstore chains. Interestingly, Amazon has now opened physical book stores (for both physical and e-books) as the industry explores what consumers want most: a digital or physical experience. E-books and e-readers have not taken off at the speed expected; consumers like devices with multiple capabilities for reading, watching, listening, streaming and interacting.

More than 68 percent of Americans own a smartphone, and roughly 45 percent own a tablet. Demographics make a difference in smartphone ownership; being young or wealthy puts the statistic in the 80 percentile. Only one in five adults owns an eReader. Many simply prefer the old-fashioned book. The United States has a prolific publishing sector with many world-renown authors. They too are now competing in a digital market place that encourages self-publishing and challenges the notion of what is a quality book and why you need a literary agent (the latter which is more unique to the United States than many of our trading partners around the world).

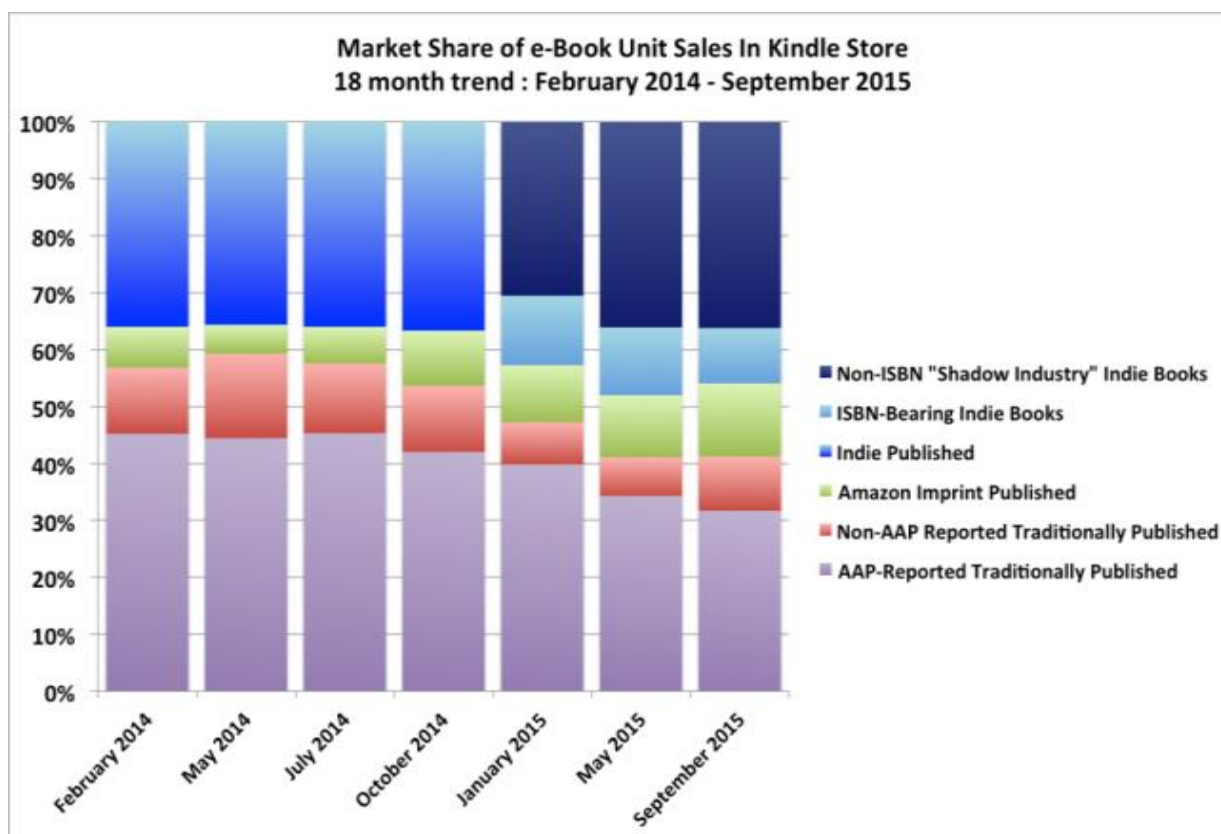
In 2014, e-books accounted for 27 percent of all book publishing revenue (across the three major sectors: consumer, educational and professional),

and digital is expected to account for 45 percent of total books revenue.

Consumer books print and audio revenue has fallen, as a result of the marketplace disruption with the closing of physical book stores, from US\$14.1 billion in 2010 to \$9.9 billion in 2014, declining by 8.1percent to\$6.5 billion in 2019. In 2017, the market will be dominated by e-books, and by 2019, e-books will constitute 41 percent share of total consumer books revenues, which itself will reach \$16.06 billion in 2019. By 2019, digital will account for 45 percent of the US total books revenue.

E-books have also disrupted consumption patterns in the same way that digital content has disrupted the consumption of other media; consumers have binged on box sets since the launch of all-you-can-watch streaming sites, and readers are binging" on books. Consumers expect immediate access and seek instant gratification, just like with music and video content. Subscription services have come of age, and consumers like being able to quickly move to the next book in a series without having to visit a store or wait for a shipment to read it. This has affected business planning, and some publishers release e-books on shorter cycles. 2014 e-best-sellers included *The Fault in Our Stars*, *Gone Girl*, *Divergent* and *The Goldfinch*. More than 600,000 e-books are available via Amazon Kindle Unlimited and providers such as Bloomsbury, Open Road Medi, Houghton Mifflin Harcourt and Scribd.

E-books will expand at high rates across all sectors, however, consumer print and audio books registered at just under \$48 billion worldwide in 2015. This trend is not continuing, but it does underscore the fact there is still a strong physical book sector in certain markets and genres.



Source: Fortune Magazine¹

Self-publishing is attractive not only as it could expedite a book's release to the public; under traditional publishing deals, authors receive 15 percent in royalties after they have repaid their advance. Self-publishing on Amazon offers a royalty split of up to 70 percent with authors earning money from day one. It also comes with the risks of not being viewed as a professional release, get lost among hundreds of other self-published authors, and making little to no income from one's efforts.

Total educational books will reach \$14.86 billion in 2019, up from \$12.67 billion in 2015, yet schools are challenged with limited budgets, and the cost of buying tablets and educational apps eats into book budgets. E-books in the education genre will grow from \$1.8 billion to \$3.8 billion by 2019 precisely because schools are investing in iPads and similar tools for students. College e-book revenues will reach \$3.08 billion in 2019. Europe, the Middle East and Africa constitute the largest publishing region

globally, although it is growing the slowest of all. In contrast, Latin America is growing the fastest worldwide despite being the smallest region for publishing globally.

Across the three publishing categories, EMEA is the largest market for consumer books, followed by Asia Pacific and North America. Latin America will see the strongest growth in total consumer books revenue over the next five years. North America is the largest market for educational books, followed by EMEA and then Asia Pacific. On the other hand, EMEA will remain the largest market for professional books followed by North America, Asia Pacific and Latin America. These positions will not change over the forecast period.

For more information on global publishing markets, please consult the [Global Media & Entertainment Team website](#) for the forthcoming 2016 U.S. Publishing Export & Licensing Guide that covers 15 global markets (due out June, 2016).

Following the direction of flow

