

# Spanish Market Ebook Evolution Report 2016

Bookwire 

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## 1. EXECUTIVE SUMMARY

Although digital publishing is evolving at highly different speeds in Spain and Latin America, ebooks and audiobooks offer a broad spectrum of business opportunities for publishers, agents, booksellers and libraries in the region.

The soaring number of ebooks published in those countries, the growing importance of digital reading and the increasing role of the Internet as a distribution and marketing tool for books, all lead to the assumption that the evolution of the digital market is a reality in most Latin American countries.

Having looked closely at digital and publishing trends in various countries (Argentina, Brazil, Colombia, Chile, Ecuador, Spain, Mexico, Peru), this report, compiled by Dosdoce.com in collaboration with Bookwire, offers a series of indicators and prospects regarding each of these markets, with the purpose of offering a tool for publishers, booksellers, authors, investors, the media and experts to understand the changes being experienced by Spanish-speaking and Portuguese markets, together with the business opportunities these changes offer professionals in the publishing sector worldwide.

### Evolution of digital market

The growing amount of data, business intelligence and market information available in relation to digital sales and distribution makes it possible to analyse in detail the evolution of the Spanish and Latin American digital markets.

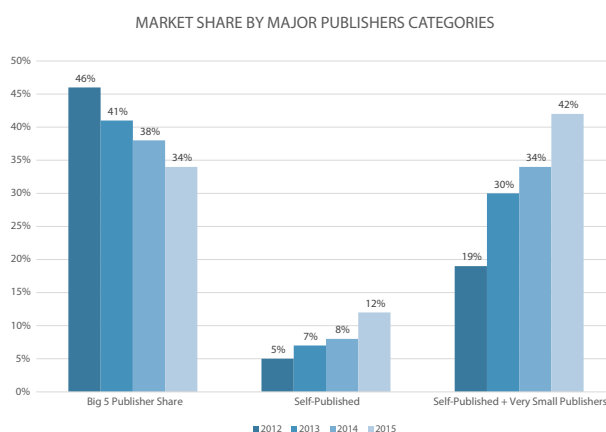
As occurs with print books in physical bookstores, independent publishers' behaviour is different from that of big publishing houses in online stores. As more and more independent

publishers strongly invest in the digital distribution of their books, peculiarities of that nature are once again being detected. One of the main conclusions of this Report, is that there are extremely different behaviour patterns between small and large publishing companies.

At a first glance, we have observed a massive trend by independent publishers to become more involved in the production and marketing of digital books, especially in Latin America. In the Spanish speaking markets, independent publishers are experiencing a growth of between 20% to 35%, whereas big publishers in the region have experienced a "plateau" in some markets or moderate growth with respect to certain business models in comparison with other years.

### 1.1. Increase in sales by independent publishers and self-publishing in the Spanish markets

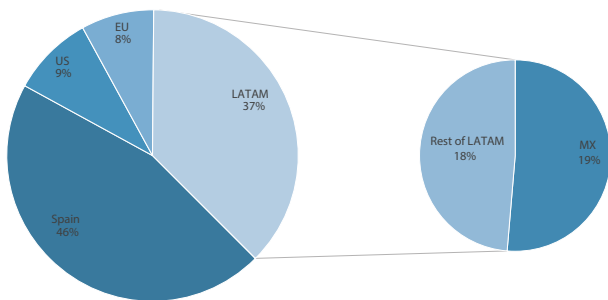
Sales increases in ebooks sold by independent houses, as well as indie authors, have been highly significant and are presumably due to a better understanding and acceptance by them of price dynamics on the Internet. The increase in these kind of publishing products has altered figures pertaining to the digital book market, particularly in cases of products without ISBN numbers.



According to the above chart from Nielsen's most recent report, published for the BookExpo America Fair, the digital market share for the five largest US publishers has decreased year after year. In 2015, sales for the "Big 5" represented 34% of the digital market in comparison with 46% in 2012. However, the market share for independent publishers did nothing but increase in the same period. In 2015, ebook sales by small independent publishers – with a staff of 1 to 5 people - reached 30% of the digital market, whereas in 2012 it barely rose over 15%. Simultaneously, the sale of self-published ebooks by self-publishing authors rose from 5% in 2012 to over 12% in 2015.

## 1.2. The digital markets in Spain and Latin America are growing at different rates

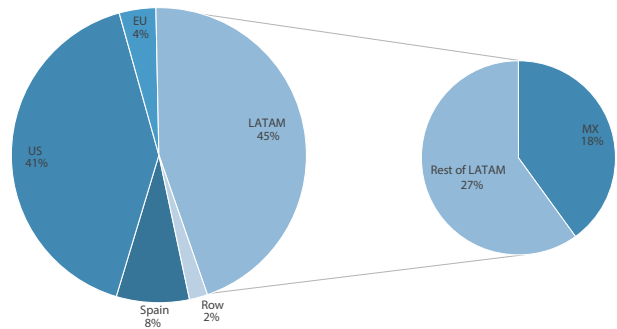
Sales in 2015 by over 170 independent Spanish and Latin American publishers using the Bookwire.es platform to distribute their ebooks revealed that about 45% of the ebooks published in Spain were sold on Spanish territory, whereas 55% were sold outside Spain, i.e. Latin America (37%), the US (9%), Europe (8%) and the rest of the world (1%).



Mexico takes the lead in sales of digital content published by independent Spanish publishers (19%), whereas remaining sales are distributed among other countries in the region (Argentina, Colombia, Chile, etc.).

## 1.3. Latin American and Hispanic digital market boom in the US

There are more and more independent publishers strongly committed to the distribution of their ebooks in order to reach readers all over the world. We are all aware of the difficulties involved in distributing print books in the region due to the various setbacks and shortcomings of analog distribution. Ebooks are fortunately boundary-free thanks to digital distribution. As a result, independent publishers such as [Rey Naranjo](#) in Colombia, [Amanuta](#) in Chile, [Malatetra](#) in Mexico, among many others, have seen how their digital books are not only being sold in their countries of origin, but also in unreachable paper format markets.



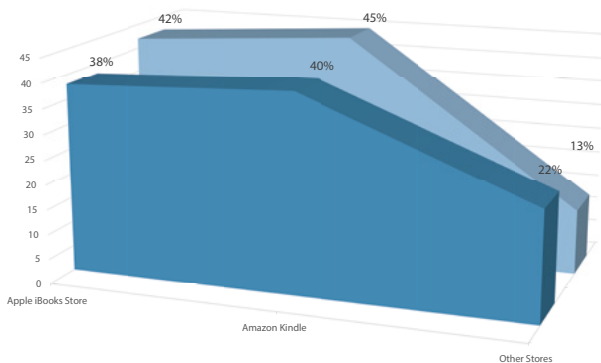
According to recent figures, 45% of independent Latin American publishers' digital sales were made in Latin America, whereas 55% occurred in markets beyond that region: 41% in the USA, 8% in Spain, 4% in Europe and 2% in the rest of the world.

## 1.4. Less dependence on Amazon

According to numerous international reports, the big publishers generate from 60% to 75% of digital sales through Amazon, whereas independent publishers' digital sales are more equally distributed among the main international digital channels (Amazon,

Apple and Google). In other words, independent publishers do not depend so heavily on one sole channel to reach readers.

In 2015, 40% to 45% of digital sales by Spanish and Latin American independent publishers are processed via Amazon, whereas 38% to 42% are made through Apple; remaining digital sales are distributed equally among other channels (Casa del Libro, Gandhi, Kobo, FNAC, etc.).



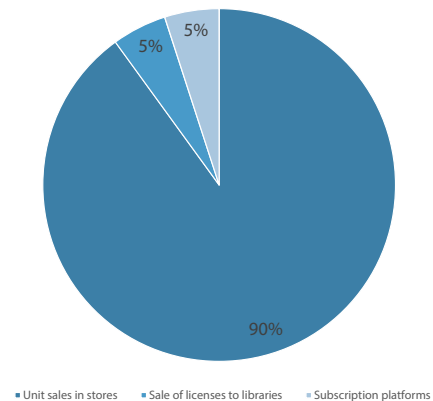
The reasons for the decreasing dependence on Amazon are due to certain common characteristics of independent publishers and may be summarised as follows:

- Amazon launches a large number of campaigns to promote new releases. Independent publishers offer much fewer new releases per year than big 5 publishers.
- Amazon launches various campaigns offering large discounts. Independent publishers are more reluctant to offer big discounts on their ebooks since their titles usually have a longer life-span (backlist) than those offered by major publishers.
- Marketing campaigns beyond price discounts. Apple, Google, Orbile and Kobo, among other online stores, are

investing in campaigns to promote transversal content rather than price discounts. Independent publishers have an extensive backlist on which to base such campaigns.

## 1.5. Diversification of business models

Although unit sales in online stores continues to be the dominant business model, library and subscription channels are becoming more and more relevant. Several sources indicate that the public and academic library channels may shortly experience a huge increase in the region.



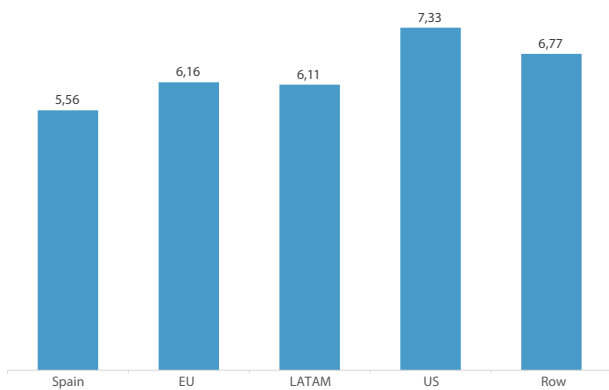
Although sales by stores such as Amazon, Apple, Kobo, among others, continue to be the main sales channels for independent publishers (90%), the sale of ebook licences to libraries surpassed 5% of digital sales in less than a year. In the same period (2015), we saw how profits from subscription platforms, especially in the US and Germany, are becoming more and more relevant for independent publishers.

## 1.6. Most competitive sales prices

As opposed to the major publishers, who on average have increased the retail price of

their new releases to over €9.99 euro, reaching the price of €14.99 on many occasions, independent publishers and indie authors offer more competitive retail prices inline with the current supply and demand of digital contents.

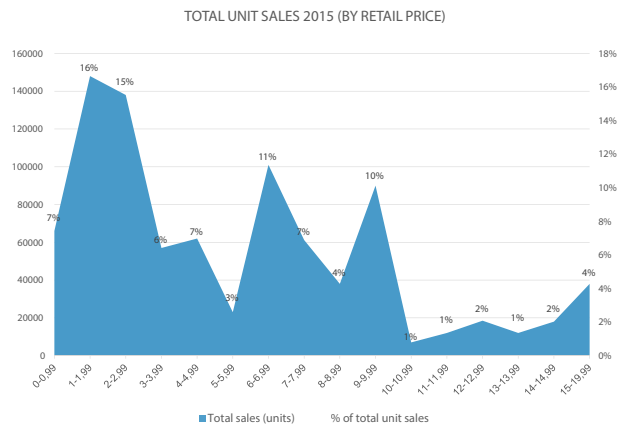
According to the chart below, the average price of an independent publishers' ebook in Spain is about 5.56 euros, whereas the highest prices for independent publishers' ebooks in the USA reached an average of 7.33 euros. It may be worth considering whether a greater price adjustment in the Latin American market would be advisable in 2017, essentially due to the decrease in exchange rate with in the last year.



According to various international reports, one of the reasons for the drop in ebook sales by major publishers is the increase in prices over the last few months. Although most of the new releases proposed by the big publishing companies were offered at an average price of €9.99 at the beginning of 2015, prices rose at the end of the year from €12.99 to €14.99.

Based on the business intelligence derived from Bookwire's platform which distributes more than 100.000 titles from 1.000 publishers worldwide, ebooks costing less than €6.00 represented 54% of the total sales incurred in 2015 and the first half of 2016. Ebooks with a

sales price between 6,99 and 9,99 euros represent 21% of the sales. As prices of ebooks rise above 9,99 euros, sales plummeted, which is indicative of users' perception on assessing prices.



## 1.7. One in five e-books sold in Spain is self-published

Higher book prices by publishers have caused readers to focus their reading time on self-published books, which are sold at remarkably competitive prices.

Despite confusing figures and the controversy raised by self-published book sales, these ebooks are enticing more and more readers and becoming increasingly relevant on the market. In 2014, the first five most widely sold titles in France were self-published books. In 2015, the ratio in the UK and Spain was of one self-published book per four ebooks sold, the new market being ruled yet again by Amazon. Once more, this player has scored a new business advantage in the book world. The scarce attention and reaction by publishers to Amazon's self-publishing strategy is startling, particularly when their long-term objective is to reduce paper.

Despite the lack of statistics in relation to potential market sales via self-publishing in

Latin American region, it would appear likely that it will become a relevant option, according to ISBN data in certain Latin American countries.

## 1.8. Consolidation of library channels

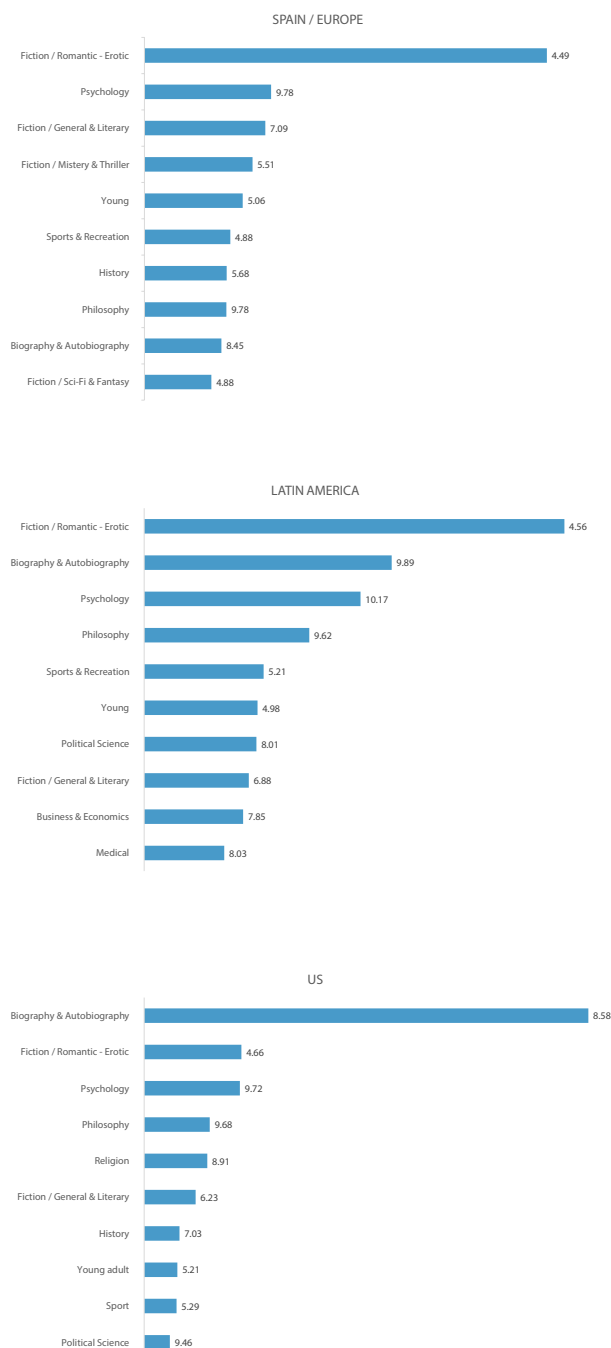
The cuts incurred last year in purchase budgets of public and university libraries is causing digital purchases to surface relatively slowly. The slow kick-off of Public Library eLending services in many Latin American countries has delayed the growth of this channel in the region. Nevertheless, various library networks in the region (Colombia, Chile, México, Spain etc.) are nonetheless beginning to implement eLending services, either by way of their developing their own proprietary platform such as eLiburutegia in the Basque Country or licensing a library software. As far as commercial enterprises are concerned, both Librandia and Odilo or Xercode in Spain, as well as Overdrive in the US, are striving to make a niche in the region, which may lead to a massive increase in digital content purchases within those channels, bringing about very rapid changes.

The change in digital purchasing among library channels is an undeniable fact in the coming years, mainly due to the saving in prices this will represent, together with the automatization of a service made available by libraries to devices owned by users who will be able to access thousands of titles in their smartphones or tablets with a couple of clicks.

## 1.9. Pricing behaviour by markets

When comparing the most highly sought-after genres in Spain, LATAM and the USA, it has been observed that the US market allows

publishers to set a higher pricing for their ebooks than Spanish speaking countries. A comparison of specialised materials in Spain and LATAM revealed that perhaps a more flexible approach to price policies in the latter may lead to a strong increase in demand.



### 1.10. Emergence of the audiobook market in the region

The worldwide audiobook marketing phenomenon has led publishers to envisage a significant source of income. The penetration of the smartphone among users is fuelling the explosion of audiobooks in many markets. According to the Association of American Publishers, US market figures revealed that 3.88 million audiobooks were downloaded in 2015, leading to a sales figure of 205.8 million dollars. The Association of Audiobook Publishers also corroborates those figures, as well as a 24% increase in sales and 9,630 more titles with respect to the previous year, 76.3% of which corresponded to fiction and 23.7% to non-fiction.

A large number of Spanish and Latin American publishers is currently analysing the podcast phenomenon with a view to monetising this format, which is thriving worldwide. To increase demand of audiobooks, Spanish markets must face the challenge of raising the quantity of the catalogue which is still rather limited, representing less than 4.000 titles in Spanish.

Bearing in mind that all new car models will be connected by 2020, the prediction that this format may end up becoming a major success may not be far from the truth. The growth of audiobooks (at a rate of about 32% per year according to Audioteka) is not just a fact in English speaking markets, it is also happening in Germany and Northern European countries, whereas Spanish publishers continue to hold that there is no market for that format, with the marked exception of Penguin Random House's new audiobook collection and initiatives such as Narradores, Blue Planet Tales, Seebok or Literaudio, among others.

Audible, a company belonging to Amazon, monopolises the audiobook market, representing 85% of sales in that format. A few of those are available through other distribution channels in the form of the cards, such as those offered by Seebok as a way of transferring the sale of audiobooks to physical bookstores.

The audio format is popular in certain Latin American countries such as Argentina, Mexico and Colombia, where companies like Deezer, specialising in music streaming, are beginning to incorporate audiobooks to their business proposals and launch their platform throughout Latin America. In some cases, telephone companies are including ebook and audiobook packs with their starting offers. The thought that the format may become widely used in Spanish region therefore appears to be quite plausible.

### 1.11. More books without DRM

Although most ebooks are still distributed with hard DRM, more and more publishers in the Spanish market are distributing with social DRM or no DRM at all in order to make it easier for readers such as Sinerrata, Herder Editorial, Rey Naranjo Editores, Arpa Editores, Páginas de Espuma, Roca Editorial, Gigamesh, Trama Editorial, Valdemar, Baile del Sol, Ediciones B, among others.

Furthermore, we have seen how stores such as Lektu, who only market ebooks without DRM or social DRM, have taken off in recent years. Publishing without DRM not only makes the whole purchase and reading process of ebooks friendlier for readers, it also allows publishers, bookstores and libraries to save the money they require nowadays to pay for highly priced DRM licenses.

## 1.12. Growing innovation: new players in the sector coming to the fore

Innovation is constant in the Spanish book world. Every month, book professionals see the birth of new digital initiatives aspiring to transform the publishing sector.

Although no one holds the key to success, advantage should be taken of the good health perspective enjoyed by most of the Spanish markets start-ups to create greater and more common links between them and the publishing sector world. It is expected that investments by Spanish start-ups will exceed €500 million euros next year and create at least 7,000 new jobs within the next 4 years.

There are plenty of initiatives leading to the discovery of innovation, either via Book Fairs such as The Frankfurt Book Fair, LIBER or FIL Guadalajara International Book Fair, hackathons, conferences such as Congreso del Libro Electrónico de Barbastro (Huesca), or the European Ecommerce Conference organised by Adigital (as a way of opening up to other fields which equally affect book evolution). There are also more and more incubators in the Spanish markets similar to those created by Pearson or The New York Times, allowing the possibility of working hand-in-hand, instead of doing so independently with a total disregard for the other party's needs and no way of assessing them.

In a nutshell, rather than a lack of innovation, there is a lack of desire to take the final, big step into the digital world which is just a matter of attitude and strategic vision. In order to really embrace the digital market, there is a need to understand those responsible for steering the business towards technology and to stop viewing them as pilots or trials. This already occurred with the first web

pages and social networks and now there is no brand name today that can function without them.

As evidence of the fact that there are plenty of people with ideas, here are 12 innovation proposals for different areas in the Spanish book world:

1. [Tekstum](#): Artificial Intelligence and Big Data for the Publishing Sector. Technology that identifies, measures and analyzes the feelings of readers to achieve better editorial decisions.
2. [RelatosRevueltos](#): platform allowing the fragmentation and blend of over 1,000 short stories to create your own ebook.
3. [Seebook](#): sale of ebooks and "tangible" audiobooks in bookstores, libraries and museums.
4. [The Spanish Bookstage](#): an online platform for the purchase and sale of worldwide rights in Spanish.
5. [El placer de la lectura](#) (The Spanish "GoodReads"): A social network with over 2 million readers across the Spanish markets.
6. [Komilibro](#): book recommendation app based on readers' real tastes.
7. [Librotea](#): platform with over 2,000 book recommendations.
8. [Bibliomanager](#): an alliance of Spanish and Latin American entities has launched this "sell-first, print-later" POD platform to deliver books locally, cutting production and distribution costs.
9. [CreativeChain](#): independent platform

for the free registration and distribution of culture on the net, enabling users to visualise and finance creators working with copyleft licenses.

10. [Lektu](#): platform for the sale of ebooks without DRM via more than 8 extremely innovative sales models.
11. [Lectora futura](#): platform allowing book readers of every genre to keep up-to-date on their preferences as well as being at the disposal of professionals to develop their activities.

12. [EmprendeLibro](#): this is a programme geared towards supporting emerging Spanish digital initiatives. Developed by Fundación Germán Sánchez Ruipérez in conjunction with Factoría Cultural with the support of the Spanish Ministry for Education, Culture and Sport.

These proposals, like many others, offer innovative solutions and perspectives with a view to helping professionals in the book world (publishers, agents, bookstores, libraries, etc.) to achieve a greater understanding of the digital era and use it to encourage their companies to grow.

## 2. EVOLUTION OF DIGITAL PUBLISHING TRENDS BY COUNTRIES

### 2.1. Argentina

Economic indicators for Argentina have revealed a strong decline or even potential recession, judging from the 1% fall in GDP. However, this is a country with a population of over 41 million people and the highest standard of living, human development index and income per capita in the subcontinent. It is Latin America's third largest economy, behind Brazil and Mexico, and the second largest in the whole of South America. In any event, the way in which neoliberal policies may influence the world of culture and the book industry with a view to transforming certain macro-economic imbalances raises certain doubts. The decision to liberate book imports leads to questions such as the role of the State and the public policies to be developed for the purchase of texts, bookstore support, tax incentives and promotion of books and reading.

The impulse towards national publishing has been consistent in recent years. Over 90 million books (worth 1,700 million pesos) are estimated to have been purchased by the State, for all the library and educational establishment networks, most of which were sold by independent and small publishers, consequently raising the reasonable doubt as to the policies to be implemented in the future.

#### Book and culture markets

According to the report issued in 2015 by the Argentine Chamber of Publications<sup>1</sup>, the pro-

duction level of titles has risen considerably, growing from 20,084 in 2008 to 28,966 in 2015.

Evolution of interannual production	
Year	Titles
2008	20,084
2009	20,308
2010	22,781
2011	27,365
2012	26,367
2013	27,757
2014	28,010
2015	28,966

It may be observed that the number of copies experienced great stability although a significant decrease was experienced in 2015:

Evolution of interannual production	
Year	Millions of copies
2008	82.5
2009	75.1
2010	60.1
2011	102.6
2012	94.2
2013	88.1
2014	128.9
2015	82.6

Among the 28,966 new releases published in 2015, 83% (23,960 titles) were published in paper and 17% (5,006 titles) were digital.

If we analyse production from the standpoint of commercial publishers, 12,171 new releases were produced, among which 85% (10,310 titles) were published in paper and 15% (1,861) in digital format.

<sup>1</sup> [http://www.camaradellibro.com.ar/images/2.NOVEDADES/Noticias\\_CAL/2016/2016.03.28\\_Informe\\_de\\_Producción\\_Anual\\_2015\\_final.pdf](http://www.camaradellibro.com.ar/images/2.NOVEDADES/Noticias_CAL/2016/2016.03.28_Informe_de_Producción_Anual_2015_final.pdf)

There was a 17% increase in digital publishing from 2012 to 2015, and a slight decrease between 2014 and 2015, i.e. from 18% to 15%.

As to the genres which were published (both paper and digital), there are three which stand out well above the others, i.e. Literature, accounting for 29%, Social Science for 19% and Children's and Young Adult Literature for 15%.

There was wide variety of figures in relation to digital publishing by genre, most of which were covered:

Digital publishing by genre	
Literature	16%
Social Science	22%
Children's and Young Adult Literature	5%
Texts	20%
Law	8%
Art	15%

It was observed that the large publishing companies publish 42%, self-publishing companies publish 11%, and 37% is published by private and public universities, entities and institutions.

The following information was secured in relation to the commercial publishing sector (CPS) (or (SEC) in Spanish), i.e. commercial publishing companies who distribute via bookstores, sales outlets and distributors:

- Published new releases: 12,171
- Millions of published copies: 29.1
- Digital format: 15%

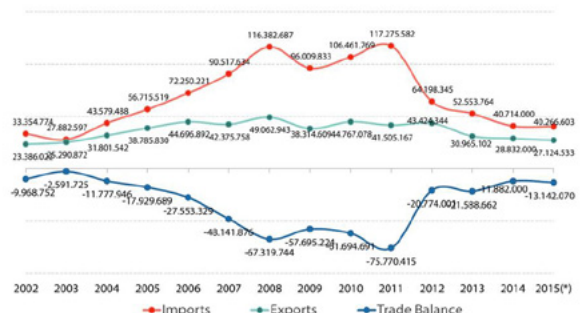
- The most widely published genres were Literature (26%), Children's and Young Adult Literature (23%), Social Science (15%), Law (7%) and Texts (6%).

The level of concentration in the commercial sector was found to be relatively low as the different genres were distributed pretty equally.

CPS concentration		
Companies	New releases	Copies
Planeta	7.88%	15.30%
Penguin Random House	5.76%	15.53%
Grupo Prisa	5.31%	5.55%
Thomson Reuters	2.36%	0.42%
Holtzbrinck	1.40%	3.41%
Longseller	0.71%	1.45%
Others	76.60%	58.35%

Foreign trade figures revealed a marked decline in imports due to the protection policy for national publishing and resulted in a healthier trade balance, from -75 million dollars in 2011 to -13.1 million dollars in 2015. It should be noted that 89.7% of imports continued to be received from outside Latin America. However, a relative decrease in exports was simultaneously observed.

EVOLUTION OF INTERNATIONAL BOOK TRADE  
2002 – 2015 in US\$



In the absence of figures by the Book Chamber relating to market volume, they may be considered to be in the region of about 3,700 million pesos, i.e. about 264 million dollars.

## Digital publishing

Digital publishing experienced an unsteady growth rate, the percentage of digital versus paper representing 15%, a rather low percentage vis à vis other Latin American countries. Digital books ultimately failed to really take off in a country with high reading figures. The sales volume percentage of digital books versus paper books was about 2%, evidently indicating there is room for improvement. The Book Chamber is currently working to enable publishers to publish in both formats and digital platforms are indeed emerging to the point that we should be able to envisage a rise in digital books. There are various examples, such as Bajalibros<sup>2</sup>, Librería Santa Fé<sup>3</sup>, Tematika<sup>4</sup>, Boutique del Libro<sup>5</sup> and Librería Boris (created by the prestigious Eudeba)<sup>6</sup> which has launched its own eReader called Boris, as a tribute to one of its most renowned publishers, Boris Spivacow. Bibliografika<sup>7</sup> is a digital platform involved in selling and printing ebooks on demand with international coverage in Argentina, Colombia, Mexico, Ecuador and Spain, which has launched Bibliomanager, a network which intends to integrate more countries in the area and share a common catalogue making it possible to adjust production to the demand, eliminating costs such as asset transaction and stock management.

2 <https://www.bajalibros.com/>

3 <http://www.lsf.com.ar/>

4 <http://www.tematika.com/>

5 <https://www.boutiquedellibro.com.ar/>

6 <https://www.libreriaboris.com.ar/>

7 <http://www.bibliografika.com/default.cfm?>

## Conclusion

Although over 50% of Argentines read at least one book a year, contributing to the highest percentage of readers in Latin America, those who decide to use an ebook are few and far between. Prices, which are almost the same as those of paper books in many cases, represent one of the main reasons for the low demand, together with the scarcity of devices at reasonable prices as well as the meagre presence of international business platforms. However, this is not the case with regard to digital reading figures, which may be considered similar or even higher than those of Brazil and Mexico, representing a market with a highly promising perspective.

Although the decision to liberate book imports raises hopes, it also brings up certain questions. It will evidently lead to a period of massive imports, invading the space taken up by national publication and may lead to an increase in prices and unemployment in the national publishing sector.

The challenge faced by the publishing industry is to increase exports and design a plan to internationalise the Argentinean publishing sector, for which reason it will be essential to create and implement public policies to support books in Argentina.

## 2.2. Brazil

Brazil has the most powerful economy in Latin America as far as its GDP is concerned and the second largest in the whole of America. It is the seventh world economy, having experienced continuous growth until 2011. Economic stagnation followed and led to a recession in 2016. With a population of about 200 million people, the country has managed to lift thousands of people out of

Statistics, Brazilian Publishing Sector				
	2013	2014	2015	Variation 15/14 (%)
<b>Titles</b>	62,235	60,829	52,427	-13.81
<b>Copies</b>	467,835,900	501,371,513	446,848,571	-10.87
<b>Total Billing (in BRL)</b>	5,359,426,184	5,408,506,141	5,231,396,423	-3.27
<b>Market</b>	3,885,004,146	4,169,658,915	4,003,182,263	-3.99
<b>Government</b>	1,474,422,037	1,238,847,225	1,228,214,159	-0.86
<b>Total No. of copies sold</b>	479,970,310	435,690,157	389,274,495	-10.65
<b>Market</b>	279,662,399	277,387,290	254,680,102	-8.19
<b>Government</b>	200,307,911	158,302,867	134,594,394	-14.98

poverty and enormously increased its education, library and cultural spending budgets. However, its economic stagnation, prompted by the fall in price of its raw materials exports, the slump in domestic consumption caused by housing debts and the fall in investments, all lead us to forecast a standstill on social spending. The country continues to be the one with the highest inequality figures in the world and an unemployment rate of 7.5%.

## Book and culture markets

Brazil is the largest market in Latin America in spite of its current recession. An enormous impulse has been given to culture and increasing the number of readers<sup>8</sup> in the country as well as its library network, which holds over 6,700 books with 98% coverage although there are only 3 libraries per 100,000 inhabitants. Consumer reports reveal that around 4 books are read on a yearly basis per person although 50% of the population are still non-readers.

Statistics revealed by the Brazilian Book<sup>9</sup> are

<sup>8</sup> <http://prolivro.org.br/home/>

<sup>9</sup> <http://www.cbl.org.br/>

conclusive. The book market ground to a halt due to the recession. Figures plummeted, prompting a big drop in titles, copies and billing.

## Basic figures

Title production fell by 13.81%, copies dropped 10.87 %, sales of copies suffered a 10.65% decline and total billing dwindled 3.27%, largely due to the drop in sales in bookstores and the fall in purchases by the government for its school library programmes.

Production figures in publishing categories also experienced an overall decline in every category.

Publishing production by genres			
	2014	2015	Variation 2015-2014 %
<b>Educational</b>	13,945	12,152	-12.86
<b>General</b>	23,171	18,319	-20.94
<b>Religion</b>	7,938	7,241	-8.78
<b>CTP</b>	15,775	14,715	-6.72
<b>Total</b>	60,829	52,427	-13.81

The drop in sales also affected the number of copies sold which naturally decreased.

Billing in BRL			
	2014	2015	Variation %
Total	5,408,506,141	5,231,396,423	-3.27
Billing, No. of copies			
	2014	2015	Variation %
Total	435,690,157	389,274,495	-10.65

The fact that average prices in the publishing sector have increased despite the drop in figures is contradictory.

Average publishing prices by genre			
	2014	2015	Variation 2015-2014 %
<b>Educational</b>	25.26	27.30	8.08
<b>General</b>	9.59	9.86	2.83
<b>Religion</b>	7.60	8.17	7.49
<b>CTP</b>	33.57	37.22	10.87
<b>Total</b>	15.03	15.72	4.57

A breakdown of marketing channels revealed a market share drop for bookstores and distributors and increasingly fragmented retail channels.

Sales, marketing channels				
	2014	Percentage 2014 %	2015	Percentage 2015 %
<b>Bookstores</b>	2,507,579,259	60.14	2,336,629,670	58.37
<b>Distributors</b>	879,782,010	21.10	837,805,595	20.93
<b>Door-to-door sales</b>	224,509,753	5.38	243,150,003	6.07
<b>Supermarkets</b>	67,606,891	1.62	71,139,667	1.78
<b>Online bookstores</b>			70,523,355	1.76
<b>Schools and colleges</b>	66,929,062	1.61	70,474,211	1.76
<b>Churches and temples</b>	59,592,439	1.43	62,891,261	1.57
<b>Exports</b>	59,341,856	1.42	48,811,082	1.22
<b>Direct Marketing</b>	49,587,150	1.19	39,247,896	0.98
<b>Companies</b>	27,494,632	0.66	32,495,279	0.81
<b>Private libraries</b>	1,720,050	0.04	30,018,827	0.75
<b>Internet (publisher's direct sales)</b>	25,894,558	0.62	27,418,318	0.68
<b>Newsstands</b>	31,197,530	0.75	13,471,185	0.34
<b>Sales in conjunction with newspapers/magazines</b>	21,140,564	0.51	4,131,004	0.10
<b>Other</b>	147,283,153	3.53	114,974,902	2.87
<b>TOTAL</b>	4,169,658,915	100.00	4,003,182,263	100.00

Export statistics supplied by Cerlalc<sup>10</sup> revealed a value of 18.7 million dollars and imports worth 167.6 million dollars. 96% of imports came from outside Latin America. Both of these figures have dropped in the last two years.

The most significant observation is that the Brazilian publishing sector has been badly hit by the economic recession since 2015 and that it may deteriorate even further by the end of 2016, putting a damper on the results achieved in the previous years of prosperity.

## Digital publishing

Digital publishing results were obtained via a questionnaire supplied by the Chamber (189 publishers), in which case certain digital production and marketing figures may not be included.

Digital content				
	No. of titles (on catalogue)	New ISBN numbers	Units sold	Billing in BRL
<b>Total</b>	34,625	7,832	1,213,062	16,793,242

Digital production represents around 20% of the total number of titles produced annually. Billing experienced a remarkable increase from 3.9 million BRL in 2012 to 17 million BRL in 2015. However, various sources indicate that these figures do not reflect the truth due to the lack of transparency of the main players in the digital market. According to those sources, the digital market may be double of what official figures actually reflect. The most reasonable estimates establish that the digital market represents about 5% in units and

3% in value of the total volume, reaching a total marketing volume of 35 million BRL and a catalogue of about 70,000 titles. Turning to the main players' market shares, Amazon is deemed to have a 60% share, Apple a 15% share, Saraiva and Google hold 15% and Kobo holds 5%. The evolution of the digital market in Brazil is nonetheless highly promising and digital billing appears to suffer a lot less than that of paper publishing.

## 2.4. Chile

Chile's economy has been one of the fastest growing economies in Latin America in the last decade. However, it has suffered a significant drop in the last two years with growth rates of 1.9% and 2.1% in 2015, affected by a significant slump in the mining industry due to the end of the investment cycle, lower copper prices and the drop in private spending. Unemployment rates have also risen slightly, reaching 5.8% in 2016. It is nonetheless expected that there will be a gradual recovery as prospects in the private sector improve. The decrease in poverty has been significant during recent years due to improved policies in the redistribution of incomes, which has had a remarkably positive effect on the consumption of cultural content, leading to the creation of libraries and campaigns to increase the number of readers.

## Book and culture markets

According to a report issued by the Chilean Book Chamber<sup>11</sup>, a total of 6,268 titles was registered in 2015, representing a 9.9% increase with respect to 2014. This increase has been virtually consistent in the last few years.

10 <http://cerlalc.org/?s=libro+en+cifras>

11 <http://camaradellibro.cl/agencia-isbn/estadisticas/>

No. of titles registered at Chile's ISBN Agency	
Year	No. Titles
2008	3,908
2009	4,462
2010	5,107
2011	5,720
2012	6,045
2013	5,952
2014	5,702
2015	6,268

The most important statistics revealed in this report are the following:

- The most relevant genres are Literature, with 2452 titles, representing 39.12% of the total number of titles, Education, with 747 titles representing 11.92% and Social Science, with 547 titles, representing 8.73% of the total number of titles.
- Basic level school texts were the leaders with 437 registrations, followed by General Interest, with 202 registrations. In third place we have Intermediate Level Texts with 91 registrations and Advanced Level Educational Texts holding 17 registrations.
- Turning to Literature, Children's literature occupies first place with respect to Chilean Literature, holding 624 registrations, followed by Prose Fiction with 559; Poetry was third on the list, with 360 registrations; Essays came fourth with 118 registrations.
- From 2000 to 2015, Chilean literature accumulated a total of 15,716 registrations. Chilean Prose Fiction was the leading genre with 4,675 registrations; followed by Poetry, with 4,403 titles. In third place

we have Children's and Young Adult Literature with 4,322 registrations, followed by Essays with 2,316 registrations.

- Paperback editions represent about 75.7% of all published works.
- The highest print run average was from 1 to 500 copies, with 3,148 registrations, representing 50.2%, and the second was in the range of 501 to 1000, with 1,360 titles, at 21.7%.
- Please note that new publishing agents joined the ISBN system for the first time during 2015, 124 of which corresponded to urban areas, representing 72.09%.

It is worth bearing in mind that 872 books were self-published in 2015, representing 13.91% of the total number of registrations in the country. Self-published titles represented 9,728 registrations from 2000 to 2015, i.e. 14.22% of the total amount within that period.

Self-published	
Year	No. Titles
2000	363
2001	376
2002	377
2003	438
2004	435
2005	510
2006	484
2007	565
2008	653
2009	664
2010	702
2011	776
2012	814
2013	881
2014	818
2015	872

The most prolific publishers were the following:

Publisher	No. Titles	%
Santillana	393	6.27
Penguin Random House	598	4.75
Pontificia Universidad Católica de	250	4.00
SM de Chile S.A.	185	3.00
Editorial	181	2.89
Copesa	114	1.82
Legal Publishing Chile	111	1.78
Red Internacional del Libro	97	1.55
Zig Zag S.A.	90	1.44
Lom	68	1.08

The fact that Chilean Universities published 749 titles 2015, representing 11.95% of the total amount, is significant.

The Chilean Book Chamber did not provide marketing figures. According to other sources, such as Cerlalc<sup>12</sup>, exports represented 4.5 million dollars and imports reached 71 million. 76% of imports came from outside the continent.

## Digital publishing

Digital publications accounted for 812 titles in 2015, representing 12.95% of the total number of registrations. 560 titles corresponded to ebooks, representing 8.93% of the total amount.

The digital market volume for publishers in Chile is expected to reach 1,5%, although the demand observed in library channels

(Dibam<sup>13</sup>), with a 150% growth rate in digital products purchased outside the continent, lead to the assumption that there will be a rather mature digital market in B2B channels. The digital catalogue available to library users currently includes over 12,000 titles.

The Chilean market may be estimated as being worth about 200-220 million dollars, including both official and unofficial consumption. Again, this figure is an educated guess and therefore subject to interpretation.

## Conclusion

The most significant project development to bear in mind is the forthcoming National Policy for Reading and Books (PNLL)<sup>14</sup> 2015-2020, promoted by the Minister for Culture and other institutions, a plan which seeks to stimulate reading in the country focusing on five main fields: reading, creation, library heritage, industry and internationalisation of the institutional legal framework.

According to the Reading Habits Questionnaire, 51% of Chileans read at least one book per year, a figure the plan intends to increase by 10% by 2020.

## 2.6. Colombia

Strong economic growth in recent years has promoted a powerful take-off in digital publishing although current economic prospects anticipate a drop in growth since the country is facing a diversification process of its economy.

<sup>12</sup> <http://cerlalc.org/publicacion/el-libro-en-cifras-n-8/>

<sup>13</sup> <http://www.bpdigital.cl/opac/#indice>

<sup>14</sup> <http://www.cultura.gob.cl/wp-content/uploads/2011/08/plan-nacional-lectura-2015-2020.pdf>

Production and publishing								
	2008	2009	2010	2011	2012	2013	2014	Variation 2013/2014
<b>Titles published</b>	12,566	12,175	13,185	14,450	14,395	16,168	16,030	-1%
<b>Copies produced nationally</b>	32,603,131	30,336,833	28,010,402	27,858,904	29,850,182	23,463,158	23,836,729	2%

The third largest market in Latin America, behind Mexico and Brazil, it has tremendous consumer potential and is situated in an ideal geostrategic location for the development of the book market in the continent. There are relatively few readers among its population of 48 million inhabitants, although numbers are increasing year by year as a result of serious reading support plans and the creation of libraries, leading the country into a particularly interesting cultural transition.

## Book and culture markets

A report issued by the Colombian Book Chamber<sup>15</sup> in 2014 revealed the following figures.

There has been a constant increase in titles since 2008 although a certain drop in the production of copies, probably due to purchases by state bodies.

As far as sales are concerned, the total slump in the number of copies sold is related to the volume of imported copies, highly inflated in price due to the devaluation of the peso against the dollar and the drop in exports.

Copies sold			
	2,013	2014	Variation 2013/2014
Domestic trade sales of nationally published goods	27,039,739	27,481,385	1.60%
Domestic trade sales of imported goods	5,899,415	5,454,798	-7.50%
Total number of copies sold, domestic trade sales	32,939,154	32,936,183	-0.01%
Copies sold nationally, foreign trade	5,206,898	4,943,017	-5.10%
Total copies sold	38,146,052	37,879,200	-0.79%

An analysis of the copies sold by publishing genre clearly demonstrates that the very slight total drop was felt by the "General Interest" genre, and that there was a significant rise in Educational, Religious and University publications.

Copies sold by genre			
	2013	2014	Variation 2013/2014
Education	14,738,885	14,962,657	1.50%
General Interest	15,853,599	14,599,268	-7.90%
Professional and University	2,650,136	3,112,994	17.50%
Religion	4,903,432	5,204,281	6.10%
Total No. of copies sold by genre	38,146,052	37,879,200	-0.70%

15 CÁMARA COLOMBIANA DEL LIBRO. *Estadísticas del libro en Colombia, Informe del año 2014*. <http://cam-libro.com.co/historico-informes/>

Billing in the Colombian market, estimated at around 258 million dollars, was quite stable although also slightly sluggish. The segment that pulled down growth was national publishing which was also probably affected by a certain rise in prices.

Billing			
	2013	2014	Variation 2013/2014
Domestic trade sales re. nationally published goods	399.343.535.051	388.300.022.702	-2,80%
Domestic trade sales re. imported goods	164.673.171.314	175.628.608.138	6,70%
Total number of copies sold, domestic trade sales	564.016.706.365	563.928.630.840	-0,02%
Copies sold nationally, foreign trade	54.766.039.482	54.502.408.701	-0,50%
Total billing in pesos	618.782.745.847	618.431.039.541	-0,10%

Our attention has been drawn to the fact that 40% of billing was prompted by the Education category, i.e. text books.

Foreign trade figures revealed a significant drop in exports and imports leading to a rather negative outlook in that aspect. As far

as exports are concerned, the top five recipients are Mexico, Ecuador, Panama, the US and Peru. 75.8% of imports came from outside Latin America.

Foreign trade				
	2012	2013	2014	Variation 2013/2014
Exports (in millions of USD)	83.9	64.1	52.4	-18%
Imports (in millions of USD)	75.5	90.4	80.5	-11%
Surplus (in millions of USD)	8.4	-26.3	-28.1	7%

Employment statistics revealed a decline in human resources in the sector, more pronounced on comparing the number of people who worked in the sector in 2008, which amounted to 5,599 people.

Employment				
	2012	2013	2014	Variation 2013/2014
Total No. of jobs, publishers and importers	5,004	4,828	4,396	-8.90%

Billing by genre				
	2013	2014	Variation 2013/2014	Participation
Education	239,040,400,649	249,743,273,984	4.50%	40%
General Interest	216,589,224,734	190,159,460,665	-12,20%	31%
Professional and University	122,531,991,968	139,837,846,093	14.10%	23%
Religion	40,621,128,496	38,690,458,799	-4.80%	6%
Total No. of copies sold by genre	618,782,745,847	618,431,039,541	-0.10%	100%

As to the number of copies in marketing channels, it may be observed that library channels represent 38.6%.

Marketing channels	Copies
1 Bookstores and chain stores	10,486,171
Own bookstores	4,148,448
2 Subtotal bookstores	14,634,619
3 Direct sales (school textbooks)	7,610,154
4 Exports	4,943,017
5 Book fairs	447,104
6 National, Departmental and Municipal Government	3,965,072
7 Universities (private and public)	1,310,321
8 Ebooks and other formats (other than paper)	538,905
9 Online (Internet platforms)	393,440
10 Placism	4,036,568
Total	37,879,200

If we analyse channels per sales figures, the huge importance of physical or brick-and-mortar bookstores is evident, representing 45.3% of total billing, whereas the percentage for online bookstores still remains quite low.

Marketing channels	Sales
1 Bookstores and chain stores	221,537,505,637
Own bookstores	53,468,587,097
2 Subtotal bookstores	280,006,092,734
3 Direct sales (school textbooks)	161,592,129,167
4 Exports	54,502,408,701
5 Book fairs	10,295,496,155
6 National, Departmental and Municipal Government	19,507,943,252

7 Universities (private and public)	42,503,398,945
8 Ebooks and other formats (other than paper)	21,161,028,541
9 Online (Internet platforms)	12,278,870,105
10 Placism	16,583,671,941
Total	618,431,039,541

## Digital publishing

Digital publishing has undergone a highly relevant consolidation process in Colombia, with a 93% increase in production from 2012 to 2014. Digital production represents 23.15% of the total number of published titles, i.e. 16,030, one of the highest percentages in Latin America.

Titles in digital format						
2008	2009	2010	2011	2012	2013	2014
709	1,123	1,546	1,904	1,913	3,933	3,711

Billing figures for digital books increased 22% from 2013 to 2014. On changing sales figures from Colombian pesos to dollars, we noted that the digital market has already reached the figure of 17.5 million dollars. As far as formats are concerned, PDF represented 47.6% of 3,711 titles whereas ePub represented 22.6%.

Sales in digital format			
2012	2013	2014	Variation 2013/2014
21,650,844,509	34,184,464,335	41,799,034,722	22%

Format sales							
	2012		2013		2014		Variation 2013/2014
	Sales figures	%	Sales figures	%	Sales figures	%	%
Paper	574,730,488,262	96.40%	584,598,281,512	94.50%	576,632,004,819	93.20%	-1%
Digital	21,650,844,509	3.60%	34,184,464,335	5.50%	41,799,034,722	6.80%	22%
Total	596,381,332,771	100%	618,782,745,847	100%	618,431,039,541	100%	-0.10%

You will note that whilst paper appears to have reached a standstill, there was a 3.6% increase in digital sales in 2012, rising to 6.80% in 2014.

The most significant genres sold in 2014 were Professional and University texts.

Subgenre	Copies	Sales figures
Educational (school textbooks)	394,657	12,308,831,265
General interest	309,427	7,361,799,269
Professional and university	515,451	22,099,426,538
Religion	1,562	28,977,650
Totales	1,221,097	41,799,034,722

As far as library networks are concerned, information provided by Cerlalc<sup>16</sup> indicates that 96% of municipalities have a public library, a percentage surpassed only by Brazil, with 98%. However, there is room for improvement since there are only 2.8 libraries per 100,000 inhabitants, a highly significant ratio on comparing the library scenario among the different countries. The number of loans per registered user came to 1.5. Numbers of readers are rated to be in the region of 48.4% which meant a 1.5% increase with respect to 2012.

16 <http://cerlalc.org/wp-content/uploads/2014/12/El-libro-en-cifras-no.-6-final.pdf>

The country's effort to improve its library network and implement serious and scrupulous reading plans should soon bear fruit. The strong investments by the Ministry for Culture in these areas are an example to be followed in Latin America.

## Conclusion

Colombia's emerging publishing industry continues to grow in importance, along with its thriving cultural industry. The magnitude of the incentives promoting digitisation and digital entrepreneurship and the state policies aiming to turn the country into a regional leader in the digital sector have turned Colombia into a promising market with very particularly interesting conditions for the increase and development of digital markets.

## 2.7. Ecuador

Ecuador has an estimated population of 16,000,000 inhabitants. 66% of the population is mainly concentrated in cities and the rest is scattered in rural areas. High GDP growth since 2010, in the region of 4.5%, has greatly increased the population's purchasing power, giving rise to an important middle-class. Although economic growth has suffered a slump in the last two years, macroeconomic indicators are favourable. The Ecuadorian economy has experienced

constant growth since its dollarization in January of 2000 and has managed to avoid a recession during the global economic crisis of 2009, most probably thanks to not having its own currency. Ecuador has concentrated its efforts into diversifying its energy matrix and increasing public investment in infrastructures: hydro electrics, roads, airports, hospitals, schools, etc.

Even so, Ecuador's economy, which is estimated to drop 1% this year, is complicated due to its dependence on external financing. It will also be less competitive as a result of the revaluation of the dollar. Despite its difficult economic situation given the drop in oil prices and the appreciation of the US dollar, which is having a strong negative impact on trade, Ecuador is maintaining the dollar as its currency.

## Book and culture markets

A point worth taking into consideration is that for the last decade, 35 new publishers have been created on a yearly basis according to the Ecuadorian Book Chamber<sup>17</sup>. Figures for 2015 show a census of 533 publishers registered with the Ecuadorian Book Chamber.

Publisher's Census	2008	2015
	246	533

Production figures for 2015 showed a 3.6% increase in titles and a 10% decrease in numbers of copies, due to market fragmentation and a 26% drop in textbooks.

<sup>17</sup> <http://www.celibro.org.ec/frontEnd/images/objetos/ESTADISTICAS%20ISBN%202015.pdf>

Titles and copies per publishing sub- genre				
	Titles		Copies	
	2014	2015	2014	2015
General interest	2,169	2,045	3,557,626	3,683,810
Educational	1,092	1,196	3,066,059	2,321,422
Science, technology and professional	1,072	1,258	1,107,746	882,786
Religion	79	72	89,238	155,750
Total	4,412	4,571	7,820,669	7,043,768

The publication of new releases as opposed to reprints and republications represented 81% in 2015. Social Science and Literature were the most published genres, representing 69%.

## Digital publishing

Digital book production represents 15.5% and a volume of about 700 titles.

Evolution of digital book production	2012	2015
	239	709

As far as foreign trade is concerned, Ecuador exported books in the amount of 6.7 million dollars (FOB) in 2014, a slightly larger figure to that of 2013. Imports in 2014 increased to 49.3 million dollars (CIF), 7.6% less than in 2013. Imports outside Latin America Latina represent 60% of the total amount.

Exports were highly diversified although the most significant recipients were Mexico (23%), Guatemala (22%), El Salvador (16.8%) and Peru (9.2%). Imports were received mainly from Colombia (19%), Mexico (15.3%), the US (14.3%) and Spain (13.7%).

The main problems in this market are:

- The high prices of imported books.
- About 30% of publications are not registered with the ISBN agency.
- Around 15% of the titles offered in bookstores are pirated, implying a parallel publishing industry where various individuals who cannot have access to legal merchandise due to a low income find refuge.
- A bookstore network with room for improvement. The last public census revealed the existence of 471 bookstores throughout the country, i.e. one bookstore per 34,000 inhabitants, 40% of whom live in the province of Pichincha (scarcely 18.5% of the population) leading to a situation where 14 out of the 24 of the provinces in Ecuador have one or two bookstores per 100,000 inhabitants.

## Conclusion

It is difficult to analyse the country's market figures since the Ecuadorian Book Chamber does not handle statistics of that nature since they are exclusively managed by publishers and bookstores. Hence, the need to resort to rough estimates to get a general picture of the Ecuadorian market.

An approximate figure as to its size may be estimated to be in the region of 110 and 125 million dollars, in line with current 1% digital sales. Again, this is an educated guess.

An interesting source of information is the magazine "Leo"<sup>18</sup>, published by the

Ecuadorian Book Chamber, which is freely downloadable.

## 2.8. Spain

There has been a huge decline in the Spanish book market in the last 5 years due to the financial crisis and the change in Spanish consumers' habits. The almost €1,000,000,000 drop is a clear indicator of the serious impact both phenomena have had on the book market. Official FGEE (Spanish Publishers' Federation) figures for 2015 reflected a 2.8% increase, mainly derived from a change in the Educational Law that forced schools to buy new textbooks, since the remaining publishing areas (trade, nonfiction, YA, etc) have suffered once again sales drops. The only thing that is certain; is that the digital market is experiencing a gradual, yet continuous growth.

## Book and culture markets

A preview of the "2015 Domestic Trade Report"<sup>19</sup> revealed the following main findings:

- Billing figures in the publishing sector experienced an increase of up to 2,257 million euro, although they are still 30.8% below those for 2008.
- This increase is the result of a higher number of sales in non-university, science and technology and university textbooks. The enforcement of the new Organic Law for the Improvement of the Quality of Education (LOMCE) for Primary years, the 1<sup>st</sup> and 3<sup>rd</sup> years of

<sup>18</sup> <http://www.celibro.org.ec/frontEnd/main.php?id-Section=103>

<sup>19</sup> <http://federacioneditores.org/img/documentos/resumeninterior2015.pdf>

Secondary, and Baccalaureate courses led to an increase in sales and a lowering of prices although they were still far-removed from those enjoyed before the crisis.

- Bookstores and bookstore chains are still the main distribution channels for books. Educational books were the most widely sold.
- A total of 80,181 publications were published with an average print run of 2,810 copies per title. Spanish publishers boast a catalogue of 586,811 titles. The average price was about €14.52.
- Billing figures for digital books came to about 115 million euro, i.e. about 4.9% more than last year, and represented a total of 5.1% of total billing figures in the publishing sector. Books in digital format have maintained billing figures along the same lines as the surrounding countries. 12.7 million copies were sold at an average price of €9.10. These figures exclude sales from many small independent publishers and indie authors. For example, 1 of every 4 ebooks sold in Spain is a self-published book. This data is not included in the official market reports.
- Billing figures for paperbacks are still decreasing and experienced a 9% drop in sales a 15.3% decline in copies sold.
- Export figures for the book sector reached 552.36 million euro and an increase of 3.2%. The trade balance net figure continues to be positive: 324.38 million euro.

If we also bear in mind the figures revealed before the “2015 Publishing Panorama Report”<sup>20</sup>, it may be observed that:

- There was a 0.2% increase in production with respect to the previous year (from 79,224 in 2014 to 79,397), paper book publications increased by 0.4% (57,117 books published in 2015, as opposed to 56,867 the previous year); publication in other formats decreased 0.3% (22,280 formats in 2015, as opposed to 22,357 in 2014).

Registered ISBNs	2011	2012	2013	2014	2015
Paper	72,673	66,437	53,775	56,867	57,117
Other formats	24,189	24,541	23,028	22,357	22,280
Total	96,862	90,978	76,803	79,224	79,397

- There was a 10.6% decrease in ISBN numbers vis à vis public publications and an increase of 1.4% in relation to public publications, representing 9% and 91% of total production, respectively, in 2015.
- More textbooks were published (15.3%), science and technology (14.7%) and children’s and young adult (5.5%); and Social Science and Humanities (4.8%) and Literature (4.4%) experienced a slump.
- Digital publications suffered a 0.1% decrease with respect to the previous year, representing 28.1% of registered ISBNs for 2015 and 26.3% of total production.

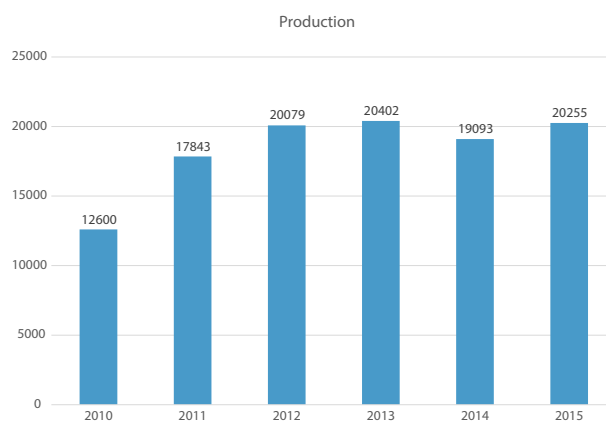
20 <http://www.mecd.gob.es/cultura-mecd/areas-cultura/libro/mc/pee/contenedora/datos-mas-significativos.html>

Registered ISBNs	2011	2012	2013	2014	2015
Format					
Digital publishing	23,766	24,322	22,946	23,310	22,279
Videobooks	320	143	45	25	0
Audiobooks	103	76	36	22	0
Devices	0	0	0	0	1
Total	24,189	24,541	23,028	22,357	22,280

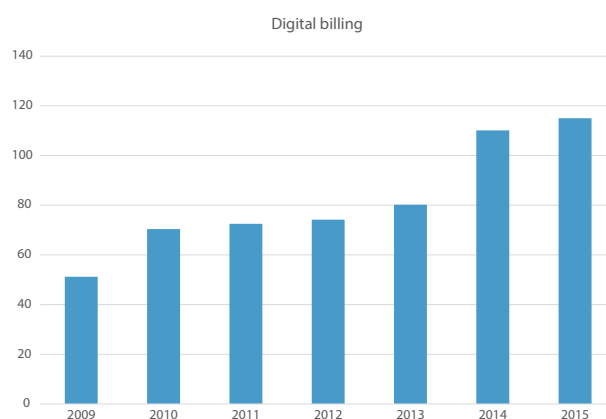
- Translations represented 16.2% of production, English being one of the main languages (51.7% of translated works).
- Production in the autonomous communities of Catalonia and Madrid represented 62.1% of the total amount; 36.3% in Madrid and 25.8% in Catalonia, followed by Andalucía (13.2%) and the Community of Valencia (7.4%).
- 31.8% of private production was published by 96 publishers, representing 3.2% of those which were active in 2015.

## Digital publishing

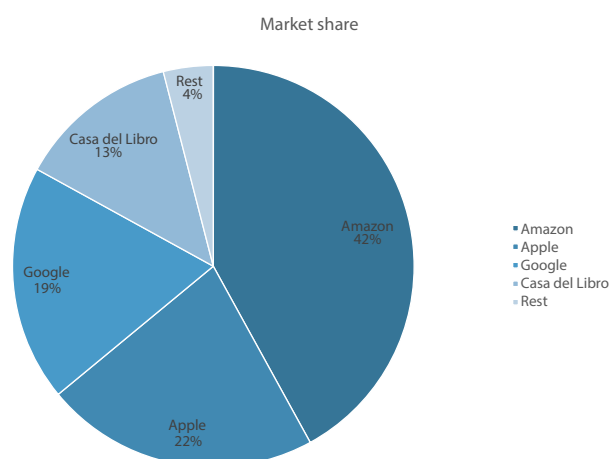
The production of digital books in Spain has not quite taken off as quickly as expected, although it has maintained a steady pace of 20,000 titles per year, according to figures provided by the ISBN Agency. This has led to a paper versus digital rift inasmuch as there are thousands of titles that have not been published in digital format - an incentive for piracy. A funding plan for the digital conversion of catalogues could be an important way of encouraging the creation, organisation and maintenance of a highly prolific digital catalogue and establishing the foundation for a solid digital market.



According to the figures provided by the Spanish Publisher's Federation (FGEE) in relation to billing volume, the fact that digital books are on the increase is worthy of note:



Market shares continue to show an oligopoly capturing most of the market. Independent bookstores, whose quota is diminishing dangerously, are scarce.



The fact that 35% to 50% is sold in Latin America, revealing a highly promising digital market in that continent, is particularly relevant.

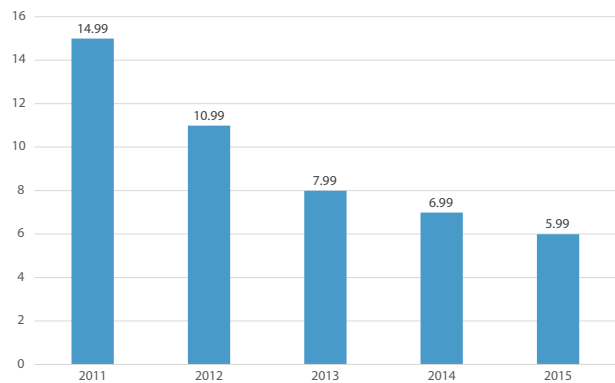
A comparison of the digital market in Spain with other international markets shows rather similar percentages between Spain and its European counterparts, excluding the UK and, of course, the US:

- US: 30%
- UK: 22%
- Germany: 8.2%
- France: 6.5%
- Spain: 5.1%
- The Netherlands: 4.9%
- Italy: 4.3%

The divide between domestic sales versus international sales may be highly related to pricing. If prices for Spanish paper books are unaffordable for most readers in LATAM, digital prices, which are 35% to 50% cheaper, make this choice much more affordable for a larger market.

Average book prices have dropped considerably, including those of self-published books. However, this trend appears to have reached its peak and it seems that the massive boom in self-publishing has forced the market to establish rather low prices, giving rise to a deep reflection as to the sustainability of certain publishing projects. It also calls for an analysis of the need to consider pricing as being something dynamic that is subject to continuous change as a way of increasing demand.

Average prices



### Average Prices

### Sustituir comas por puntos

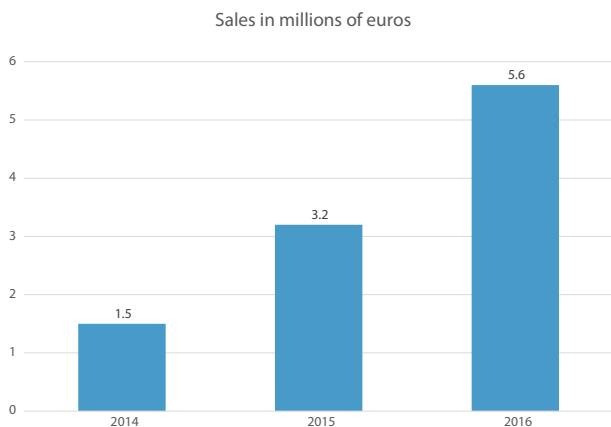
Turning to billing figures by genres, there are certain categories which are more popular, such as:

- Literature: 17.7%
- Children's and young adult literature: 5.3%
- Textbooks: 23.5%
- Science/Technology: 3.9%
- Social Science and Humanities: 45.3%

A final, but no less essential, point to bear in mind is the evolution of direct sales from publishers themselves, which decreased by 14.5% in 2015, from the previous figure of 21.5% in 2014. The most popular channel for publishers is selling through digital distribution and direct sales via major ecommerce platforms.

Sales to libraries and institutions experienced an important increase although they did not reach expectations. The rapid development of digital lending services in public and university libraries, both in Spain and LATAM, lead to the conclusion that there will be a

massive increase in sales. Bearing in mind the purchase by these channels in paper format, the mutation by those same channels to digital purchase may prompt a huge increase in the market.



## Conclusion

In the last five years, the Spanish market has witnessed a dramatic 40-percent decline in sales because of the financial crisis. Fortunately, it seems that last year we reached the bottom of the downside cycle because there was a small increase in print sales in 2015. This notwithstanding, if we want to recover the €900 million turnover that has been lost in recent years, Spanish book industry professionals will have to accept that the key channels of growth will not involve mainly the sale of print books, but rather the sale of all kinds of digital content—ebooks, audiobooks, transmedia books, etc.

The fall in print book sales is not just because of the crisis. The Spanish society is currently in the midst of a major transformation of cultural habits that is dramatically altering reader behavior. This is not just a change of economic cycle, which usually corrects itself in a period of three to five years: we are entering a change of era that is radically transforming the cultural sector.

- Digital market growth does not compensate for the reduction in the paper market and this leads numerous publishers to refrain from investing in the new market despite the awareness of the fact that ebooks are encouraging growth in the publishing business in Spain and are the only way of compensating the drop in sales undergone by the printed book.
- As occurs with print books in physical bookstores, independent publishers' behaviour is different from that of big publishing houses in online stores. As more and more independent publishers strongly invest in the digital distribution of their books, peculiarities of that nature are once again being detected. One of the main conclusions of this Report, is that there are extremely different behaviour patterns between small and large publishing companies.
- At a first glance, we have observed a massive trend by independent publishers to become more involved in the production and marketing of digital books, especially in Latin America. In the Spanish speaking markets, independent publishers are experiencing a growth of between 20% to 35%, whereas big publishers in the region have experienced a "plateau" in some markets or moderate growth with respect to certain business models in comparison with other years.
- There has been a drop, or even stand-still, in the number of ebooks published by major publishers, whereas sales of self-published books have rapidly increased, due to the fact that they are

sold at rather low prices in comparison with the prices being set by traditional publishers, among other reasons.

- The professional and academic genres are foreseen to be the most popular genres vis à vis digital market sales since it is much more practical for professional users to have books in digital format than the printed alternatives.
- A foreseeable increase in income among young people should result in an increase in the demand for digital books.
- New library and institutional channels may have a direct influence on the increase in demand of ebooks within the next few years and lead to a slow but steady growth.
- Considering that ebooks currently represent about 5% of the sales volume, it would not be unrealistic to foresee digital content reaching close to 30% by 2020.
- Digital book production figures reflect the publishing industry's efforts, despite the crisis, to provide users with a significant digital offer, one which continues to be limited in Spain. Comparing that offer with that of titles in paper (84.300) and analysing the amount of new releases and first editions (71.315), it may be observed that the limited digital catalogue (about 20,000) is quite a serious obstacle to development in the market.
- The effect of a continuous increase in self-published books on the publishing sector would be difficult to foresee, excluding price pressure. The fact that

self-publishing is a very serious issue to be taken into consideration is undeniable. It has been estimated that 50% of the €10,000,000 generated by self-publication is clearly digital.

- As far as formats are concerned, the ePub format has made progress in digital production. In 2015 both ePub and Mobi represented 54%, as opposed to the 40% in PDF. The decision to publish in one format or another is related to the nature of the subject matter and the publisher's profile. Social Science and Humanities and university publishers are more inclined to publish.
- The increase in digital textbooks is also a significant factor worth mentioning. According to the Spanish Association of Publishers of Books and Educational Material (ANELE)<sup>21</sup>, books for the 2014-2015 6,334 titles were published for the 2014-2015 school year and increased to 12,616 for the 2015-2016 school year.
- The lack of interoperability between files in different platforms leads to certain contempt by users paying for the acquisition of contents. We believe that publishers should strive to set certain standards and pressurise platforms to facilitate interoperability of all kinds of content in users' libraries.

Last, but not least, is the notion of standardising criteria in relation to digital books for the entire Spanish-speaking market, from Spain to the Southern Cone. If there is a will to create a dynamic, sole market for the digital book, it would be essential to avail of the

<sup>21</sup> <http://anele.org/wp-content/uploads/2011/05/INFORME-EVOLUCI%C3%93N-PRECIOS-ANELE-2015-2016.pdf>

same legal, tax and judicial considerations of the concept of communication and availability of the digital book, with similar taxation. A digital book is either a book or a service. There is a pressing and essential need to establish harmonisation in the treatment of digital books in the Spanish-speaking market and suggest that all official book institutions take an active part in so doing. Standardising criteria, removing barriers and achieving a consensus are a challenge for the entire book ecosystem.

## 2.9. Mexico

Mexico's economy has continued to grow in 2016 although more slowly than in the previous decade. A growth increase of about 2.8% is forecast for 2016, according to GDP figures. Despite its steady growth, the number of poverty stricken inhabitants has risen to 53,000,000 (11,000,000 of whom suffer extreme poverty), its economy is highly dependent on oil and the devaluation of its currency against the dollar reached 25%, which leads us to express our reservations as to its macroeconomic evolution.

### Book and culture markets

Having analysed initial data supplied by the National Chamber of the Book Industry in Mexico<sup>22</sup>, we observed high copy production over the last few years, which may be broken down as follows:

- 2010: 346 million copies.
- 2011: 294 million copies.

- 2012: 329 million copies.
- 2013: 341 million copies.
- 2014: 306 million copies.

The private sector produced 141.4 million copies in 2014, 31% (44.3 million) of which were produced for government programmes supporting Classroom and School Libraries and Free Textbooks for Secondary Schools, and 97 million for the open market.

According to CONALITEG, production in 2014 reached 165 million copies.

Production (million copies)		
	2013	2014
Private sector production for the open market	102	97
Private sector production acquired by the government	44	44
Public sector production	195	165

It should be clarified, however, that in 2014, 54% of publications were produced by the public sector (Government) whereas private publishers produced only 46%.

Market	2008	2009	2010	2011	2012	2013	2014
Government	67%	62%	63%	55%	56%	57%	54%
Open	33%	38%	37%	45%	45%	43%	46%
Total	100%	100%	100%	100%	100%	100%	100%

The private industry published around 23,948 titles, 10.8% fewer than in 2011. Among these, 2,739 were digital, i.e. 11.4% of production and 60% more titles than in 2011.

<sup>22</sup> <http://caniem.org/estadistica/Informe>: Indicadores del sector editorial privado en Mexico 2014. CANIEM.

Title production data are as follows:

- 2008: 20.242 titles.
- 2009: 18.618 titles.
- 2010: 25.348 titles.
- 2011: 26.836 titles.
- 2012: 23.948 titles.
- 2014: 23.955 titles.

Other important parameters for 2014 in private publishing (figures obtained from 226 publishers) in Mexico are as follows:

- 23,955 titles produced, i.e. 21.7% fewer than 2013.
- 141 million copies produced, about 2.9% fewer than 2013
- 128.905 titles marketed in 2014, 15% fewer than 2013.
- 143 million copies marketed, a 3.2% drop with respect to 2013.
- The sales turnover increased to 10,693,612,226 (590 million dollars according to 2016 exchange rate) for printed publications, 1.8% less than 2013, and to 43.722.898 (2.4 million dollars according to 2016 exchange rate) for digital publications, 123% more than 2013.
- The sector currently employs 12.323 people, including full-time, part time and freelance employees, 4.5% less than in 2013.

Other production figures revealed the following information:

- 23,955 titles were produced in 2014, 21% fewer than 2013. This drop prompted about 2,700 fewer new releases and 3,800 fewer reprints.
- The production of copies also suffered a drop of 2.9%, generating 4.3 million fewer copies.
- The slump in production was exclusively experienced by new releases, prompting 8 million fewer copies or less than 18%.
- However, reprint production experienced an increase of 4.4%, prompting 4.3 million more copies.

According to the analysis of foreign trade figures provided by Cerlalc<sup>23</sup>, there appears to have been a 16% rise in exports from 2013 to 2014, generating an increase from 150 million dollars (FOB) to 175 million. Imports experienced a 2% increase, from 371 million dollars (CIF) to 379. Import figures for 2014 revealed that 94% of imports came from countries outside Latin America and only 6% of imports were received from Latin America itself.

Government channels continued to be the chief distributors for private publishers. In 2014 sales figures represented 34%, accounting for a 1.3% increase in sales participation.

In 2014, a quarter of publications were sold via bookstores, making this channel the second most significant although there has been an increasingly downward trend since 2011.

23 <http://cerlalc.org/coleccion/coleccion-documentos-cerlalc/>

Marketing channels (millions of copies)						
	2010	2011	2012	2013	2014	%
Sales to government	46,496	49,512	59,349	48,486	48,818	34.1
Bookstores	39,999	40,345	39,408	36,776	36,317	25.4
Sales to schools	12,476	13,512	17,974	25,152	23,868	16.7
Export	15,466	14,951	13,428	14,545	11,489	8.0
Self service and departmental	10,611	8,393	9,549	8,153	8,398	5.9
Own stores	3,870	4,494	4,311	5,356	4,873	3.4
Sales to private enterprises	2,426	3,761	907	1,968	3,210	2.2
Book fairs	1,170	1,032	1,413	1,101	1,415	1.0
Other	6,093	6,339	5,078	6,226	4,679	3.3
Total	138,607	142,339	151,417	147,763	143,067	100.0

Sales to schools represent the third, most significant channel since 2012. In 2014 this same channel generated 16% of copies sold, accounting for a 5.1% drop in comparison with 2013.

The National Chamber of the Book Industry in Mexico<sup>24</sup> provided the following figures for 2014:

- Among the 1,204 sales outlets surveyed, 43% were main stores and the rest were branches.
- 31% of the sales outlets are located in Mexico City, followed by the states of Jalisco and Mexico with 7% each.
- 62% are traditional bookstores, 19% are publishers' stores and about 7% corresponds to university bookstores.
- 33% of bookstores occupy at least 50 square metres, whereas another 20% occupy from 50 to 100 square meters.

- About 34% of the bookstores are from 10 to 20 years old and 25% have been in business for up to 10 years.
- 44% of the retail outlets are located within other spaces, mainly shopping centres and malls (33%), on campus, schools or research institutes (21%), museums, archaeological areas and cultural centres (17%).
- 55% of the outlets offer a general trade catalogue, whereas 26% offer a specialised catalogue.

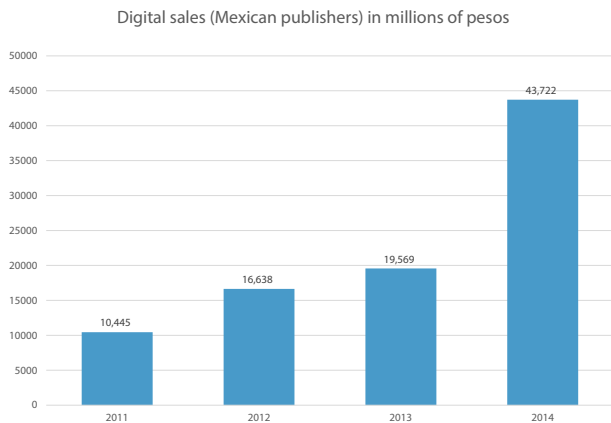
## Digital publishing

Billing figures for the sale of digital books in 2014 came to 43.7 million pesos. 55% of sales were prompted by publications placed on sale during 2014, whereas the remaining 45% came from sales of publications in the existing catalogue.

Digital sales in 2014 experienced a 123% increase, reaching 43 million pesos. This does

24 <http://caniem.org/estadistica/>

not even account for 1% of total billing contemplated on its own, but it exclusively corresponds to the sales figure for national publishers.



- Billing figures for digital sales doubled those for 2013, both for new releases and those in the existing catalogue, generating an increase of over 11 million pesos.
- 60% of billing registered in 2014 was for Science and Technology publishers, which increased billing figures by 13 million pesos.
- Publishers selling General Interest generated a 10 million peso increase in sales of digital publications. In 2013 these companies generated 35% of sales.
- In 2014, textbooks generated 0.1% of their total billing via digital publications for the first time.
- The sum of printed and digital publications came to a total of 10,737 million pesos, of which 0.4% corresponded to digital sales, as opposed to 0.2% obtained in 2013.

In any event, this is not the final digital figure for Mexico. According to various analysts, an average of 70,000 downloads are performed per month at an average price of 7 dollars, providing a billing figure of 5.98 million dollars, including sales by different online bookstores offering digital products by publishers throughout the world.

## Conclusion

The enormous vitality and the development and growth perspectives in Mexico make it the most important market in the entire Spanish speaking American market. The State enjoys huge power on book production. However, as is guaranteed by the General Law on Education in the country, it is the only way of having books reach the underprivileged population in any of its formats.

Many publishers who publish works in Spanish have revealed that out of all their sales in Latin American, Mexico represents from 40% to 65% of total sales. Mexico would therefore appear to be the main entrance to the Latin American book market from a strategic standpoint.

## 2.10. Peru

With around 30 million inhabitants, an average economic growth of about 6.5% in the last decade and an inflation rate of 2.5%, Peru presents highly promising business prospects, particularly in the book sector. Although its GDP has dropped considerably in the last two years, down to about 3.5%, due to the decrease in prices of raw materials prompted by a slump in demand, the Peruvian economy continues to be highly dynamic while maintaining a steady

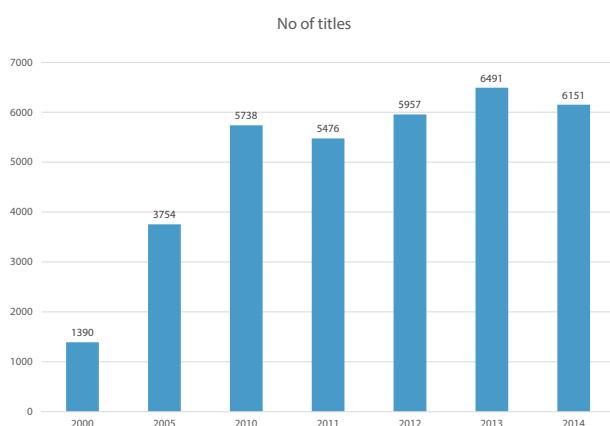
macroeconomic stability. This, in turn, has also led to a decrease in private consumption and raised some concern.

According to CERLALC, the country in Latin America with the highest reading figures is Argentina with 55%, followed by Chile (51%), Brazil (46%), Colombia (45%), Peru (35%) and Mexico (20%). In Spain the percentage is 61%.

The Peruvian Ministry for Culture and for the Economy and Finance called for the development of a Municipal Book and Reading Plan in Lima and the provinces for the period covering 2016 to 2021, with a view to democratising access and encouraging Peruvians to fully engage in the Law on Education and Information, with books and reading as the principal learning tools.

## Book and culture markets

The Peruvian publishing market<sup>25</sup> has experienced continuous growth in production volume since 2000, a year during which 1,390 titles were published, reaching 6,151 in 2014, i.e. an average of 17 per day or 2 titles per 10,000 inhabitants. This indicates a highly dynamic publishing industry and a significant, albeit slow and consistent, increase in book production ratios.



<sup>25</sup> Fuente de datos: [www.cerlalc.org](http://www.cerlalc.org)

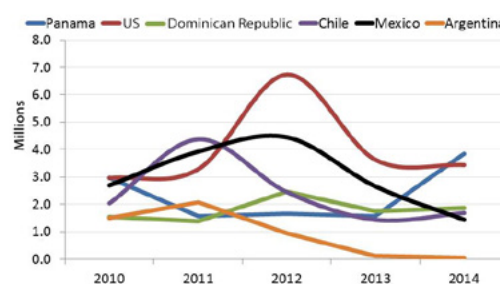
It is important to bear in mind that the commercial production percentage is extremely high. Recent figures for the first semester of 2015 show the following trends:

Titles per publishing agent	
Commercial publishers	58%
University publishers	15%
Foundations	13%
Author-Publisher	8%
Publications in the public sector	4%
Others	2%

There has also been a constant increase in digital production.

Turning to foreign trade exports, figures have shown an interesting increase, i.e. from 21.1 million dollars (FOB) in 2010, to 24.2 million dollars in 2014. This establishes Peru as being the fourth largest importer of books in Latin America. The main export destinations are Panama, the US, Chile, Dominican Republic, Mexico and Argentina.

Main recipients of printed book exports from Peru



There has also been a significant increase in book imports. In 2012 imports generated 62.6 million dollars (CIF), whereas in 2014 the

figure increased to 79.4 million dollars, 76% of which came from outside Latin America.

Despite the country's relatively low reading figures, i.e. 35%, in comparison with other Latin American countries, the efforts being made in this area to develop an efficient library network forecast a highly positive evolution in the future. The National Library, the governing body for the country's public library system, controls about 1,900 libraries and the plans for improvement of infrastructures and resources is one of its priorities. Moreover, the almost 4,900 specialised and university libraries are beginning to think about a digital migration of their acquisitions, leading to the conclusion that the digital business will grow significantly. The survey on Books and Reading Habits<sup>26</sup>, conducted by the Institute of Public Opinion in September 2015, has enabled us to establish the reading situation in Peru and how readers are confronting change in reading habits. According to the survey in question, 67% of young people from 18 to 29 have Internet on their smartphones and 49% have an Internet connection in their home. The survey also revealed that at least 30% had already read a digital book. However, it also disclosed that only 15.5% of Peruvians actually indulge in the habit of reading although this percentage is on the increase and depends on the socio-economic level of each family. Statistics in relation to reading habits are on the increase although they still represent a challenge for the country's public policies.

Peruvians read an average of 3.3 books per year, a rather low figure, although the fact that it is on the increase among young people is worthy of note.

26 [http://repositorio.pucp.edu.pe/index/bitstream/handle/123456789/52103/BoletinIOP\\_PUCP\\_137.pdf?sequence=1&isAllowed=y](http://repositorio.pucp.edu.pe/index/bitstream/handle/123456789/52103/BoletinIOP_PUCP_137.pdf?sequence=1&isAllowed=y)

Another interesting point to bear in mind is the creation of new publishing imprints and the launch of new bookstores, in shopping malls in some cases, which has contributed to expanding book marketing channels. The fact that Penguin Random House has established itself in Peru is significant.

It is also worth noting that the Lima Book Fair, a highly consolidated Fair in the region, attracts 450,000 visitors on a yearly basis, making it an important marketing incentive for the Peruvian publishing sector, coupled with the fact that books are exempt from the IGV (General Sales Tax), a measure which has been in force since 2003 and a significant way of strengthening the book sector in Peru.

## Digital publishing

27.9% of the respondents were familiar with ebooks and a large percentage had already partially or entirely read a book in digital format. The penetration of smartphones and a broader access to the Internet may contribute to their universal use.

Peru's population pyramid reveals a high percentage of young people, 65% of whom are under 35, and an online population of 5 million users who consume 22 hours of Internet per month, with a rather high presence on social networks. 38.8% have an account on Facebook, 8% on Twitter and 20.5% use YouTube, prompting highly interesting digital commerce prospects. The efforts by the Peruvian Book Chamber to train and digitally transform its publishers are also highly relevant.

Peruvian publishers have begun to establish a greater presence on the Internet in the national and international digital scenario. They have implemented online stores, blogs

and profiles on different social networks. Online ebook stores, such as Kiputeka<sup>27</sup>, Perubookstore<sup>28</sup> and Librosperuanos.com<sup>29</sup>, have also sprung up.

The development of digital self-publishing platforms, such as YoPublico<sup>30</sup>, is also significant. A strong impact has also been observed on Amazon and Scribd with respect to the increase of authors publishing their works on these platforms.

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27 <http://www.kiputeca.com/kiputeca/web/>

28 <http://www.perubookstore.com/>

29 <http://www.librosperuanos.com/>

30 Se puede acceder a YoPublico en este enlace:  
<http://www.yopublico.net>

### 3. ABOUT BOOKWIRE AND DOSDOCE.COM, CREDITS AND ACKNOWLEDGEMENTS

This report was compiled by Dosdoce.com in collaboration with Bookwire.

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#### About Bookwire

Founded in Germany in 2009, Bookwire is an ebook aggregator specialising in marketing digital content (digital books, audiobooks, print-on-demand) in over 600 sales channels worldwide. In 2011 Bookwire became the first certified European supplier for the Apple iBooksStore.

Bookwire offers a full service packaging of delivery, reporting, quality management, shop marketing and conversion. The company distributes around 200,000 ebooks and 30,000 audiobooks for 1,000 publishers from more than 30 countries. Bookwire has offices in Germany, Spain, Mexico, Colombia, Chile, Peru, Brazil and Russia.

The company's distribution platform holds almost 15,000 ebooks in Spanish for 170 independent publishers in Spain and Latin America, such as Acontilado, Páginas de Espuma, Plataforma Editorial, Fondo de Cultura Económica, Nórdica Libros, Impedimenta, Siruela, Antonio Machado Libros, Herder Editorial, Ediciones Encuentro, Ediciones Rey Naranjo, Paidotribo and Gedisa Editorial, Metaforic, among many others.

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## About Dosdoce

Dosdoce.com was launched in March 2004 for the purpose of analyzing the use of new technologies in the cultural sector and publishes annual studies related to trends in the creative industries.

Dosdoce.com provides strategic management consultancy services, as well as digital skills training sessions to a wide range of cultural sector professional: publishers, agents, retailers, museums, librarians, etc.

Throughout the years we have compiled over 50 studies and reports on the use of new technologies in different areas of the cultural sector.

Javier Celaya is the CEO and founder of Dosdoce.com, as well as the vice president of the Spanish Digital Magazines Association

(ARDE) and member of the Executive Board of the Digital Economy Association of Spain. He is also Managing Director of Bookwire Spain and Latin America as well as a strategic advisor and investor of leading publishing digital initiatives such as Tekstum, Seebook, The Spanish Bookstage, Vivlios, Komilibro, Slicebooks, among others.

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