

# III Edition of the Spanish Markets Digital Evolution Report 2017



**Bookwire** 

 **dosdoce.com**

# CONTENTS

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<b>1. Executive Summary</b>	<b>3</b>
<b>2. Evolution of digital market in the Spanish Markets</b>	<b>4</b>
2.1 Good news: growth of the Spanish Domestic Market	4
2.2 The Hispanic digital market booms in the US	4
2.3 Sales Channel equilibrium and local bibliodiversity	5
2.4. Diversification of business models	5
2.5. Pricing dynamics in the Spanish markets	6
2.6. Pricing behaviour by markets	6
<b>3. About the Report and The International Digital Distributors Meeting</b>	<b>8</b>
About the Report	8
About Dosdoce.com	8
About Bookwire	8

## 1. EXECUTIVE SUMMARY

Although digital cultures are evolving at highly different rates in the Spanish Markets, digital publishing (ebooks and audiobooks ) offers a broad spectrum of business opportunities for publishers in Spain and Latin America.

The soaring number of new ebooks published in the Spanish Markets (more than 50,000 in 2016), the growing importance of digital reading in the region and the increasing role of the Internet as a distribution and marketing tool for print books, as well as ebooks and audiobooks, all lead to the assumption that the rapid evolution of the digital market will be reality in most Latin American countries by 2020.

Spanish publishers represented by Bookwire, more than 200 in Spain and Latin America, have experienced a 41% sales growth in 2016 compared to 2015. During the same period, Latin American publishers have experienced an even greater growth (110%) due to the increase of their digital catalog offering, local relevance of their catalog to local readers, as well as more competitive pricing than larger publishing houses.

Having looked closely at digital and publishing trends in various Latin American countries, this report, compiled by Dosdoce.com in collaboration with Bookwire.es, the

leading ebook and audiobook distribution platform in the region, aims to become an annual reference tool for publishers, booksellers, authors, 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.

During the last three years, we have seen an ongoing growth of digital content in the Spanish Markets. More and more Latin American publishers are converting their print books into ePubs to serve their local markets, but specially to be able to export their titles worldwide. For example, in 2016 more than 20 Mexican publishing houses of all sizes decided to increase their digital catalog offerings, both ebooks and audiobooks.

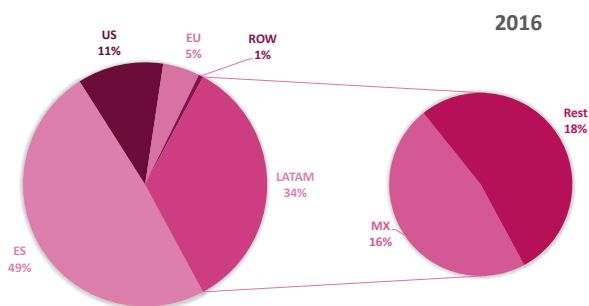
Thanks to this positive evolution, there is now enough amount of sales data in the Region to be able to compare the digital singularities of the Spanish and Latin American digital markets. As occurs with physical bookstores, independent and midsize publisher's sales behaviour in the digital marketplace is different from that of a major publisher. As more and more independent publishers strongly push towards the digital distribution of their books, peculiarities of that nature have been detected and analysed in this Report..

## 2. EVOLUTION OF DIGITAL MARKET IN THE SPANISH MARKETS

### 2.1 Good news: growth of the Spanish Domestic Market

49% of the ebooks published in Spain were sold on the Spanish domestic market in 2016 compared to 45% in 2015. This small growth of four points indicates that Spain is finally recovering from the huge financial crisis that has eroded more than 700 million euros in print sales in the last 6 years (2009-2015)

The 200 plus independent and midsize Spanish and Latin American publishers using Bookwire.es platform to distribute their ebooks and audiobooks have indicated that 51% of their ebooks were sold outside Spain, i.e. Latin America (34%), the US (11%), Europe (5%) and the rest of the world (1%).



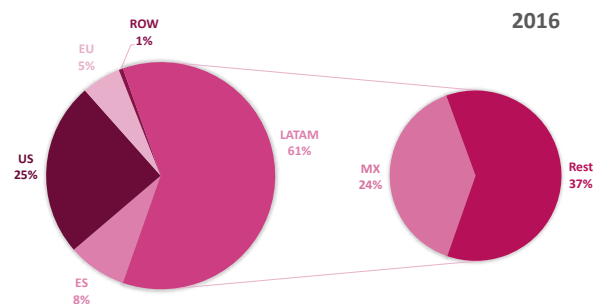
Mexico takes the lead in sales of digital content published by independent Spanish publishers (16%), whereas remaining sales are distributed among other countries in the region (Argentina, Colombia, Chile, etc.).

### 2.2 The Hispanic digital market booms in the US

There are more and more Spanish and Latin American independent publishers strongly

committed to the distribution of their books in digital format in order to reach readers all over the world. We are all aware of the difficulties involved in distributing paper 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 and CIDCLI** 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, 61% of independent Latin American based publishers' digital sales were made in the Latin American continent, whereas 39% occurred in markets beyond that region: 25% in the US, 8% in Spain, 5% in Europe and 1% in the rest of the world.

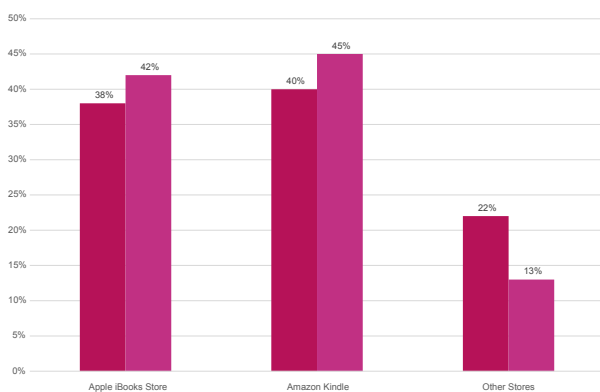


Once again, Mexico takes the lead in content production and sales of digital content published by Latin American based publishers (24%), whereas remaining sales are distributed among other countries in the region (Argentina, Colombia, Chile, etc.).

## 2.3 Sales Channel equilibrium and local bibliodiversity

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 on one sole channel to reach readers.

In 2016, 40% to 45% of digital sales by Spanish and Latin American publishers are processed via Amazon, whereas 38% to 42% are made through Apple; remaining digital sales are distributed among other channels (Kobo, Casa del Libro, Google, etc.).



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

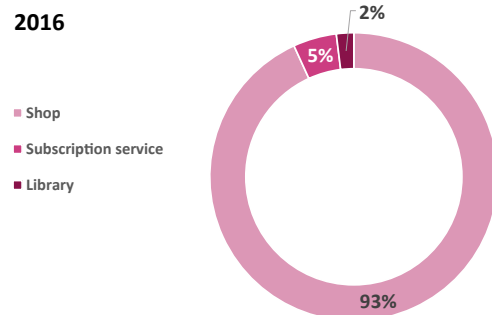
- Amazon launches a large number of campaigns to promote new releases. Independent publishers offer much fewer new releases per year than major publishers.
- Amazon launches various campaigns offering large discounts. Independent

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, FNAC, Orbile and Kobo are investing in campaigns to promote transversal content rather than price discounts. Independent publishers have an extensive backlist on which to base such campaigns.

## 2.4. Diversification of business models

Although unit sales in online stores continue to dominate marketing choices, library and subscription channels are becoming more and more relevant. The quota in relation to libraries may shortly experience a huge increase.



Sales in libraries and subscription platforms are slowly on the increase. Although sales by stores such as Amazon, Apple, Kobo, among others, continue to be the main sales channels for independent and midsize publishers. During 2016, we saw how profits from subscription platforms, especially in Mexico, US and Germany, are becoming relevant for independent publishers surpassing 5% of

total digital sales. The sale of ebook licences to libraries remaining flat during this period at 2% of digital sales.

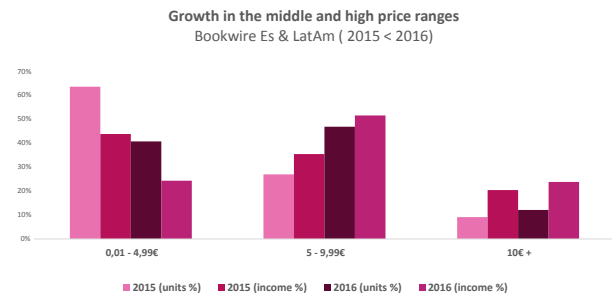
## 2.5. Pricing dynamics in the Spanish markets

According to various international reports, one of the reasons for the drop in ebook sales by major publishers is derived from 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 in the first two quarters of 2016 from €12.99 to €14.99, experiencing a drop in sales. Due to this reader's sensitivity to higher prices, most publishers decided to reduce the prices of their new releases back to 9,99 euros (VAT included) range.

As indicated in the table below, the average sale price of an ebook sold in Spain published by a Spanish publisher amounts to 7,57 euros (VAT included), almost a 1 euro increase in sales prices. On the other hand, Latin American publishers have reduced their sales prices in 2016 by 44 cents to be more competitive in the marketplace due to the economic stagnation of most countries in the region. The average sales price of an ebook sold by a Latin American publisher is 8,96 euros (VAT included)

Publishers Average Prices (VAT included)	2015	2016
Spain	6,59	7,57
Latin America	9,40	8,96
Average prices in the region	6,91	7,83

According to the chart below, the main growth area of sales of ebooks in the Spanish Markets is located from 4,99 to €9,99 euros range. There has been a small sales growth in ebook priced above 10,00 euros, but these titles are most academic/reference ones, as well as very niche categories such as art books, cooking books, architecture...



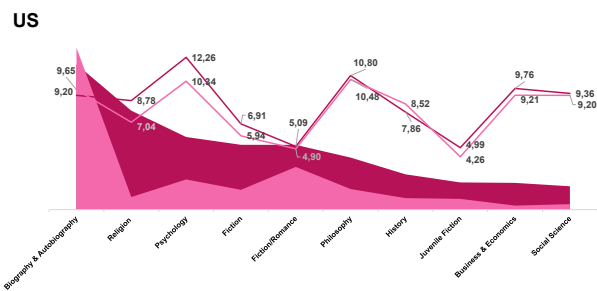
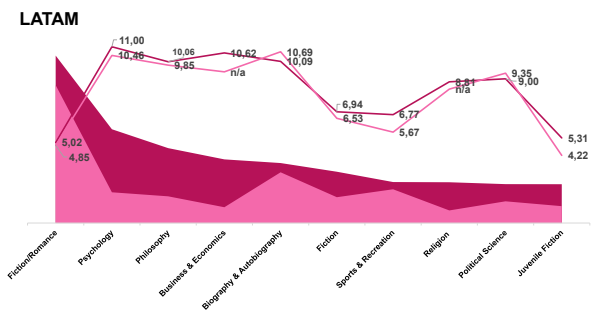
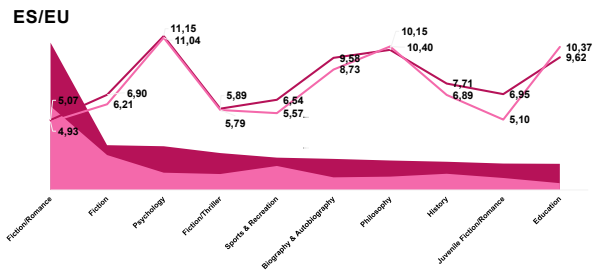
International sales figures reveals in the above chart that ebooks costing less than €9.99 represented over 75% of sales in 2016. It is also interesting to note that ebooks costing less than 4,99 euros have eroded their sales efficiency representing less than 40% of the units sold in 2016 compared to 60% in 2015.

## 2.6. Pricing behaviour by markets

On comparing the most highly sought-after genres in Spain, LATAM and the US, it has been observed that the US market allows higher pricing 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.

Analyzing the charts below, the average price of a fiction ebook in Spain is 5,89 euros, whereas that same category in the USA

reached an average price of €5.09 and in Latin American it peaked at 5,94 euros. It may be worth for Spanish publishers to consider whether a greater price adjustment in the Latin American markets would be advisable, essentially due to the decrease in exchange rate within the last year.



### 3. ABOUT THE REPORT AND THE INTERNATIONAL DIGITAL DISTRIBUTORS MEETING

This report has been drafted by Bookwire and Dosdoce.com for [The International Digital Distributors Meeting](#). IPDA is the international umbrella organization for the associations and companies that develop its activity in the field of publishing distribution (books, magazines, newspapers... both on print and digital versions)

After the success of the first three editions of The International Digital Distributors Meeting organized in Madrid at the premises of Casa del Lector (FGSR), the management team of the Spanish Federation of Book Distributors (FANDE) and the International Publishing Distribution Association (IPDA) has decided to organize this event on annual basis to allow distribution professional to share market information and digital trends.

On June 7<sup>th</sup> and 8<sup>th</sup>, close to 15 speakers from China, United Kingdom, USA, Germany, Sweden, Italy, and Spain as well as attendees from all over the world will participate in the meeting.

If you are interested in attending this year's meeting, you will find the details of the program, as well as the registration details at the IPDA website <https://www.ipdaweb.org/>

#### About the Report

This overview of the most relevant Digital Trends in the Spanish Markets is a preview of upcoming **The 2017 Spanish Markets Digital Evolution Report** which will include a range of essential figures and perspectives with a view to enabling professionals in the publishing sector around the world to

understand the transformation currently taking place in the Spanish- and Portuguese-language markets.

If interested in knowing more about the upcoming Report, meanwhile you may download the 2016 Report for free at <http://www.bookwire.es>

#### About Dosdoce.com

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, retailers, museums, librarians, etc.

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

For more information about Dosdoce, please visit their English version website <http://www.dosdoce.com/dosdoce-in-english/>

#### About Bookwire

Digital service provider Bookwire was founded in Frankfurt in 2009 as a service provider for publisher distribution of eBooks and digital content.



Publishers of any size can take advantage of the professional and independent, complete service, including conversion, supply, marketing and billing and consequently have access to all eBook shops. This service has since also been extended to the digital audiobook sector so that publishers can get all of their solutions from one point of contact.

The range of services for currently more than 1,000 publishing clients, with over 170,000 eBooks and 50,000 audiobooks, has been continually expanded into the sphere of marketing and, since October 2015, into print-on-demand products, in order to generate the best sales revenue with the publishers. This also includes customer service with the latest software solutions and a personal contact person to guarantee individual advice and support.

Bookwire represents close to 200 publishers in the Spanish Markets such as Acantilado,

Edhasa, Malpaso, Nórdica, Impedimenta, Herder, Turner, among others. In Mexico, it also represents about 20 publishers such as the Fondo de Cultura Económica, Grupo SM México, CIDCLI, Malaleta, Lectorum, among others.

Bookwire currently employs a 37 team and has offices in Germany, Brazil, Colombia, México, Peru, Spain and Russia.

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