

Marieke van der Donk (PricewaterhouseCoopers)



“As soon as good e-reader becomes available, the market for digital content will grow”

“Still no sense of urgency”

Despite increasing book sales, it is high time that book publishers find some form of alliance with the growing power of market players such as online booksellers. The development of e-readers and printing on demand are also subjects that book publishers can no longer avoid, says PricewaterhouseCoopers media expert Marieke van der Donk.

“The book market is going well. Sales of both general and educational books are increasing. Nevertheless, there are visible shifts in the market that in time will erode the power of book publishers unless they respond to them soon.”

“As an example we can look at the US e-commerce company Amazon.com. The enormous online book sales numbers enable the company to take over more tasks from the publishers. So Amazon.com decided to begin offering the top hundred titles from The New York Times best sellers list for \$9.99 per book. Amazon.com chose the titles, decided on the print run and the price - until now all tasks for

the publisher - and the volumes meant that they could insist on a higher margin. All that is left for the publisher in this model is searching for and selecting authors, advising and marketing them, and editing the content.”

“In addition to their control of a huge distribution platform, the Internet booksellers excel at Customer Relationship Management; think about the way in which visitors to the online store receive offers of products related to the interests they revealed in their previous purchases. Furthermore, Amazon.com has demonstrated that they also expect to make the distribution of digital books their own. The titles they offer can only be read on their own e-reader, the Kindle. The sale of digital books is growing. Especially revenues of digitalised educational material are growing fast. But as soon as a device comes onto the market that makes reading from the screen as pleasant as reading from paper – and such a device is certainly coming – it speaks for itself that the market for digital content will grow faster. Traditional book publishers who fail to take advantage of this trend will have to relinquish a higher margin to the developers of these e-readers.”

“In spite of all these developments, most book publishers are still not showing any sense of urgency. Yet also in the Netherlands a growing bol.com is sure to eventually stipulate

a bigger discount, just like book stores that have united together into buying groups have done. Book publishers can still try to continue to pull the strings as far as possible by looking for forms of collaboration with these growing market players. But a shotgun wedding with companies that show how strong they are in distribution and CRM can't be ruled out any more in my opinion. For any form of collaboration to be successful, the publishers will need to ensure that their organisation is capable of quickly and fully digitising all their content. Another development that publishers will soon have to address is printing on demand. It is now already possible to have a book rolling off the presses within five hours. Enormous reductions in inventory costs can be made in this way."