

Trends and developments on the Book Market. Particularities of the Romanian market

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Abstract: *The book market suffers major and rapid changes under the incidence of digital technology and of the internet. The main actors of the book market, the publishing houses and the brick and mortar retailers find themselves in a new context, faced with completely new players on this market. They must establish priorities and identify opportunities as soon as possible, in order to adapt to the new conditions. Two interconnected main trends are registered in the book industry: the online sales and the e-book sales register an important increase. The Romanian book market, a very small one given the global context, adheres to the general changes, but to a different extent, under the influence of local factors.*

Key-words: *book market, book sales, bookstore market, online book market, e-books*

1. Introduction

Under the influence of new technologies, the internet, new media, social networks and open sources the world is rapidly changing to a significant, sometimes even dramatic extent. We are part of and assisting to major changes in all spheres of our lives. The way in which we search to satisfy our needs acquires new shapes and means of expression and this obviously leads to major changes inside markets in the economic field, changes at the level of products and services that we consume, of the way we obtain and buy them.

Among the most vulnerable markets, more sensible to extremely rapid and consistent changes of the technological environment, is the book market. The digitalization of information enables us to bring into discussion today contents separated from the physical, material, paper shape of the book, which we have known for hundreds of years.

If we consider history, the shape of a book varied from papyrus, to bound books, hand copies written by monks, to books typed in the printing press. Hundreds of years later, the books were to be printed in many copies and afterwards books could be found online, read online for free or downloaded as an e-book in English or

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any other language. Practically, the book has evolved from papyrus to electronic book. (1) Until the internet and the e-book, the changes were extremely slow. Today, digitalization produces rapid changes to the entire system of printing, distribution and reading books.

2. Current Trends and Developments on the Global Book Market.

We can identify two main interconnected trends, which have major implications on the publishers, distributors, authors and, last but not least, the book consumers, the readers.

First of all, the internet has generated the development of e-commerce, and the book proved to be very suitable to this type of trade. Consequently, an important change on the book market is represented by the diversification of the way in which this product can be sold. Apart from the brick-and-mortar bookstores, the online selling of books gained popularity. In other words, an important part of the transactions done on the book market migrated from retail to e-tail, virtual commerce.

The online competition triggered major changes, primarily at the level of traditional distributors, the bookstores. The number of independent distributors noticeable decreased. The number of big distributors' stores significantly decreased. The shelf space in physical bookstores is also decreasing. The mega-bookstores with 75,000 and 100,000 titles or even more represented the greatest attraction for book buyers in the '70, '80 and '90. The interest in these huge spaces was lost as a consequence of the development of book e-commerce, with millions of books made available to anyone who owns a computer. (2) Very powerful global online platforms developed. Amazon is the best known of them and there is a multitude of other distributors specialised in selling books online. The existence of these new actors on the market triggered the traditional retailers to develop their own online stores. It is obvious that, on a market which is strongly affected by the economic crisis, the increase of competition and the fight between the offline and online generates high pressure.

The threat that the online selling posed to the entire book distribution system became extremely real and quite shocking in 2011, when Borders Group Inc., an important American book retailer declared bankruptcy, closing down the 399 large bookstores that it held. (3)

Secondly, strongly connected to online retail, a new shape of the book gains popularity, namely the e-book and the associated devices, the e-book readers. The digital books, which are far more accessible to the consumer, gain space on the market biting of paper books market. At the end of 2007, Amazon launches Kindle, the e-book reader which is best sold worldwide and the e-book readers market develops alongside it. (4)

The migration of readers towards the digital book made it possible that, on the American book market, for example, the e-books selling increase between 2008 - 2010 up to 1,260 percent, so more than 12 times (5). This impressive increase alarmed both distributors and publishers, because it triggered significant changes of the market: sales decrease of printed books, an unfavourable situation for the entire book distribution system, especially for retailers, the necessity of rethinking publishing, new players on the market, who dedicate themselves exclusively to the e-book.

These changes generated an increase of uncertainty on the market. The retailers found themselves in the situation of having more visitors than buyers, with book consumers only using bookstores to find titles that they would later buy online. The publishers and authors were afraid that the cheaper versions of the printed book, the e-books would cannibalize their business. There was the great fear that the book market was to have the same fate as the music or film market. (6) The global book market had an estimated value of 85.6 billion euros in 2013. (7) Brought together, the sales in the USA and Europe made approximately half of the value. The book market in the USA had an estimated value of 20.8 billion euros, in 2013.

The trade books segment, which excludes the educational, science, technical and medical books (STM), was 13 billion euros, 62% of the total book market. 44% of trade book sales were online sales. A spectacular increase of the e-book market is estimated, with e-books reaching 50% of the total market in 2017. (8) The e-book segment represented 28% of the total sales. (9) The European market in 2013 reached 22.5 billion euros. More than 60% of sales were trade book sales. (10) The e-book sales represented 4.5% of the total and it was estimated that they would grow to 21% of the total in 2017. (11) According to the Global eBook Report for 2014, the global book market estimated value was 134.4 billion euros. The book market still is the most important part of international content and entertainment industries. The American market remains by far the largest national market, holding 26% of the total market. It is followed in order, by: China (12%), Germany (8%), Japan (7%), France (4%) and Great Britain (3%). Together, the six national markets sum up 60% of the worldwide market (12).

The market is still strongly influenced by digital technology. The questions which arose at the beginning of the transition printed book - e-book and which are still to be answered were if and when the e-book would replace the print. They are still valid today, but recent information shows that at least for a while, the paperback and the e-book will coexist. For example, Nielsen analyses showed that e-book sales, which helped stabilize the book industry in a difficult economic time stopped for important categories, such as adult fiction and adult non-fiction. Likewise, the total amount of e-book sales fell by 6% on the American market in 2014, as compared to 2013. (13) Association of American Publishers, which collects data from almost 1200 publishing houses, shows that in the first months of 2015, the e-book sales fell by 10% on the American market. This means that some of the

digital readers are returning to print or becoming hybrid readers, who read both paper books and e-books. (14) The sales of e-reading devices also registered an important decrease. In 2014, on the American market they reached a volume of 12 million sales as compared to almost 20 million sales in 2011, as shown by the Forrester data. This thing is also due to the high interest of consumers for other mobile devices such as smartphones and tablets. (15) On the other hand, the number of bookshops which are members of the American Booksellers Association increased to 1712 in 2227 locations in the first half of 2015 as compared to 1410 in 1660 locations almost five years ago, and many of the large publishers made important investments in their print and distribution infrastructure. (16)

3. Developments and Particularities of the Book Market in Romania

In Romania, as in the whole world, the book market registered a serious decrease in 2008-2009 and has been at almost the same level since then. (17) The Romanian market was evaluated at 120 million euros in 2013. The trade book market was around 60 million euros, 40% less than the maximum value registered in 2007. The educational book sales and the kiosk editions registered a similar value of 60 million euros. (18)

The Romanian book market is very small given the European and global context. It is even less developed than the market of smaller countries of Eastern Europe. For example, it is more than twice smaller than the Hungarian market, a country with a population half of Romania's. The difference between the book sales on the Romanian market and the largest European national market, the one of Germany, is huge. The German market reached approximately 7 billion euros in 2012 and 9.5 billion euros in 2014. (19) In Romania, less than 5 euros a year per capita are spent on books. (20) The results of a study conducted by the European Commission show that 51% of the Romanians read less than a book a year, placing Romania on one of the last places in Europe. (21)

The online book sales were estimated at approximately 8-10% of the total trade books sales in 2013. Last year, the online book market represented 20% of the total. (22) Elefant.ro was opened in 2010. It was developed as a specialized virtual bookstore and currently lists over 18000 books. At the end of 2014 the representatives of the group which held the most shares of Elefant stated that 50% of the online book sales are operated by elefant.ro on the Romanian market and that they held a share of 10% of the total market and estimated an income of 6 million euros out of book sales (23). Another important player on the Romanian online market, eMag.ro entered the book market in 2011, following a partnership with Libris, and seeing the potential of this market. eMag currently lists over 100000 titles, also having a partnership with "Cărturești", one of the most important retailers in Romania (24). The online selling potential is high on the Romanian

market, the book niche consisting of approximately 2% of the total online market, a percentage similar to the one on the American market (25). Together with the specialized online sellers, both traditional distributors and the publishers developed their own virtual bookstores alongside their brick-and-mortar bookstores or publishing production. The e-book market share came in Romania rather late, was crystalized only in 2012 and was estimated to approximately 1% of the market in 2013, much lower than the share of the same sector, 4.5%, on the European market. 65% of the new fiction books published in Romania are converted to electronic format and can be sold as e-books. Nonetheless, only 10 to 12 publishing houses publish e-books as well, with “Polirom, Humanitas and Litera” being among the most important ones. Just like in many other European countries, the VAT for e-books is higher (24%) than for paper books (9%). (26)

Apart from the fact that the Romanian book market is least developed reported to the number of inhabitants, another specific aspect of the Romanian market is the feeble development of the distribution system. The publishers complain about the lack of traditional retailers. However, there are a few large retailers such as Cărturești, a main Romanian retailer with 18 bookstores now, or “Diverta”, with 24 bookstores now, who had declared bankruptcy not a long time ago, but managed to come back and reorganise itself. Another particularity of the Romanian market is the entrance of publishing houses in the retail area, via their own chains of brick-and-mortar bookstores, either large or small ones, for example “Humanitas, Litera” or via their own virtual stores.

4. Conclusions

For much of its history, the book printing has been regarded as a special industry, different from other cultural industries by its value for the exchange of ideas.

The digitalization of content and its availability on the internet made it almost impossible for this difference to continue to exist, even if the book market resisted the digital transformation far more than other sectors like music and film industry.

Digital technology and its applications, next to the internet have generated significant mutations on the book market as well. There are two main trends in this industry: the transition from offline to online commerce and from the paperback book to the e-book. If the online book market became stable and it seems impossible to see a regression process for it, the situation is not the same in the case of e-books. At the beginning there were spectacular increases and similar forecasts. The evolution registered afterwards has not confirmed these forecasts, the sales of e-books decreasing in favour of a comeback of paper books. The print and the e-book will coexist, at least for a while. The role, the power relations and the impact of the actors on the market is, however, significantly changed. The publishers and book retailers find themselves in a new context, faced with new players and new

opportunities. The Romanian book market generally follows the global trends. Both the online book market and the e-book market are developing in Romania.

A particularity consists in the fact that this development is belated as compared to other markets of the world. The online book market is becoming important in Romania, as well as on other markets. The e-book market is very small and slow to develop as compared to the global trend. Another particularity is represented by the weak development of brick-and-mortar bookstores and the strong involvement of publishers in retail.

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