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Europeana Space Project

Market Analysis For Open And Hybrid Publishing: Extract From D5.1

5th February 2015

This document contains an extract of the main points referring to OPEN AND HYBRID PUBLISHING (OHP) from the Europeana Space report D5.1 (Market analysis) circulated in July 2014. For full reference, please see the full D5.1 final report.

1. Introductory Overview

In a world of publishing that is deeply changing, the e-book currently plays a key role. In Europe Germany is leading the trend, while on a worldwide level English language e-books are dominating the market. The space of possibilities in the context of publishing can unfold along three kinds of business models: open writing, self-publishing and e-book sales¹. With respect to business models, three areas emerge as relevant in the publishing industry, starting from the open writing business model that focuses on the possibility given by the collaborative publishing.

¹ For more detailed information on market size and potential, please refer to paragraph 8.1.2 and 8.1.3 of the D5.1 final report.

In the logic of this industry, the natural output will be an e-book that should get value from the hybrid publishing system. Also, one should not neglect the importance of collaborative writing in both terms of marketing and visibility for the educational sector. Multimedia files will enrich the opportunities given by the traditional publishing. This is the reason why some focus was dedicated on the opportunity provided by self-publishing and e-book sales, with their main business models applicable and some examples of those processes. Examples are provided in order to better explain the logic that understates the different business models. This sector is in constant growth, so then it is also provided some examples of firms that operate differently in the industry, without being classified in one of the specific three areas.

The main business models can be grouped as follows:

- Open writing has many possibilities of monetization through subscription fees, targeting the educational sector as universities (professors and students) who are interested in collaborative publishing to discover new opportunities/trends to be discussed in the community of experts. From a student perspective, open publication could be relevant to find resources (examples: Andotherstories, Booktrope);
- Self-publishing is constantly evolving, despite a reduction in book sales. Here the key aspect is to provide authors with tools to publish, with the output likely to be an e-book possibly enhanced by multimedia contents that can be read via tablets, e-readers, smart-phones or laptops. Marketing and graphic services can be provided as optional/premium offers. Different revenue models can be applied, depending on the type of service offered (examples: 7write, Aquafadas). The 'Open Book of Photomediations' within the pilot applications is an example of this kind;
- E-book sales are the core of the publishing domain. In Europe, as in the US market, there are several opportunities provided by the e-book selling business model. It is possible to sell them via subscription fees, on a freemium basis (part free part at a cost), direct selling on a store, through app selling and in-app purchase. Examples of this kind are 24symbols, Bardowl, Bookbuzzr, Bookmate.

The business models are highlighted using the structure of the business model canvas (as proposed by Osterwalder & Pigneur 2010).

2. Business Models: Open Writing Business Model

One of the reasons for publishing on open access platforms is the peer recognizing of the authors, by colleagues. Community creation started to grow when groups of people with a shared goal or passion wanted to reach their target or exchange opinion on which could be the best practices in a determined topic. For this reason in academic research joint contributions, drawing upon the experience of several authors, makes the process stronger and also helps with academic recognition. This process continues to grow in importance for the respective communities on a day-by-day basis making it more important when dealing with consistent results in a wide range of activities.

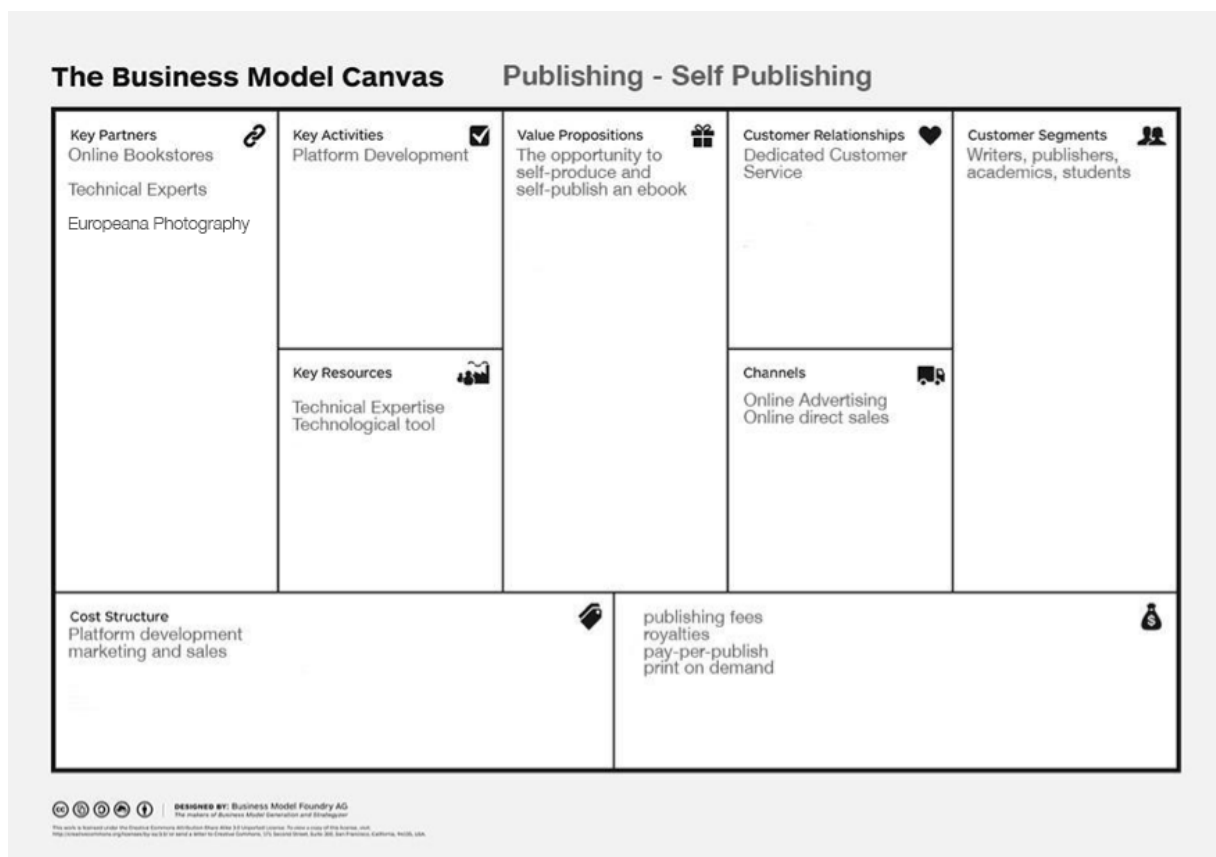


Fig.1: Business Model Canvas for the Subscription Fees

Andotherstories creates connections between communities of readers and also translators. It is a literary publishing house that works on the principle that great new books will be heard about and read thanks to the combined intelligence of a number



of people: editors, readers, translators, critics, literary promoters and academics. They want to be a home for such collaboration. The business model is the yearly subscription.

Booktrope allows a writer to get in touch with experts like editors, proofreaders, book-managers and cover designer to complete the book, to be published.

3. Business Models: Self-Publishing

Self-publishing is a strong trend that is growing and deeply changing the world of publishing. It enables both the production of an e-book and/or a book, exploiting the opportunity of the print-on-demand process. Many firms are now providing their own tools that provide authors the opportunities to develop, share, publish and earn money with their creations. Even Barnes & Noble, one of the leading companies in the publishing world industry, provided Pubt!, a tool useful for people that want to approach the self-publishing process. In the past year, self-published e-book at Barnes & Noble accounted the 25% of the whole offer, a trend that is coherent with 2012 estimates of 20% of the UK market [The Guardian, 11 June 2013]. 18M self-published e-books were bought in UK during 2013 [The Guardian, 13 June 2013], for a value of £59m, over a total value of £300M. Up to 2013, self-published e-book accounted for a tiny proportion of the market, 5% of the 323M total books bought and only 3% of the £2,185M spent on books. In the same research, it is supposed to be increasing the trend of this particular sector: books are falling while e-books are rising, and a possible overtake will take effect not before 2018, said PwC, reaching the £1bn of revenues share. Small publishers in 2013 received revenues by their e-books mostly from Amazon (85%), followed by B&N (4%) and Apple (2%) [www.sellbox.com].

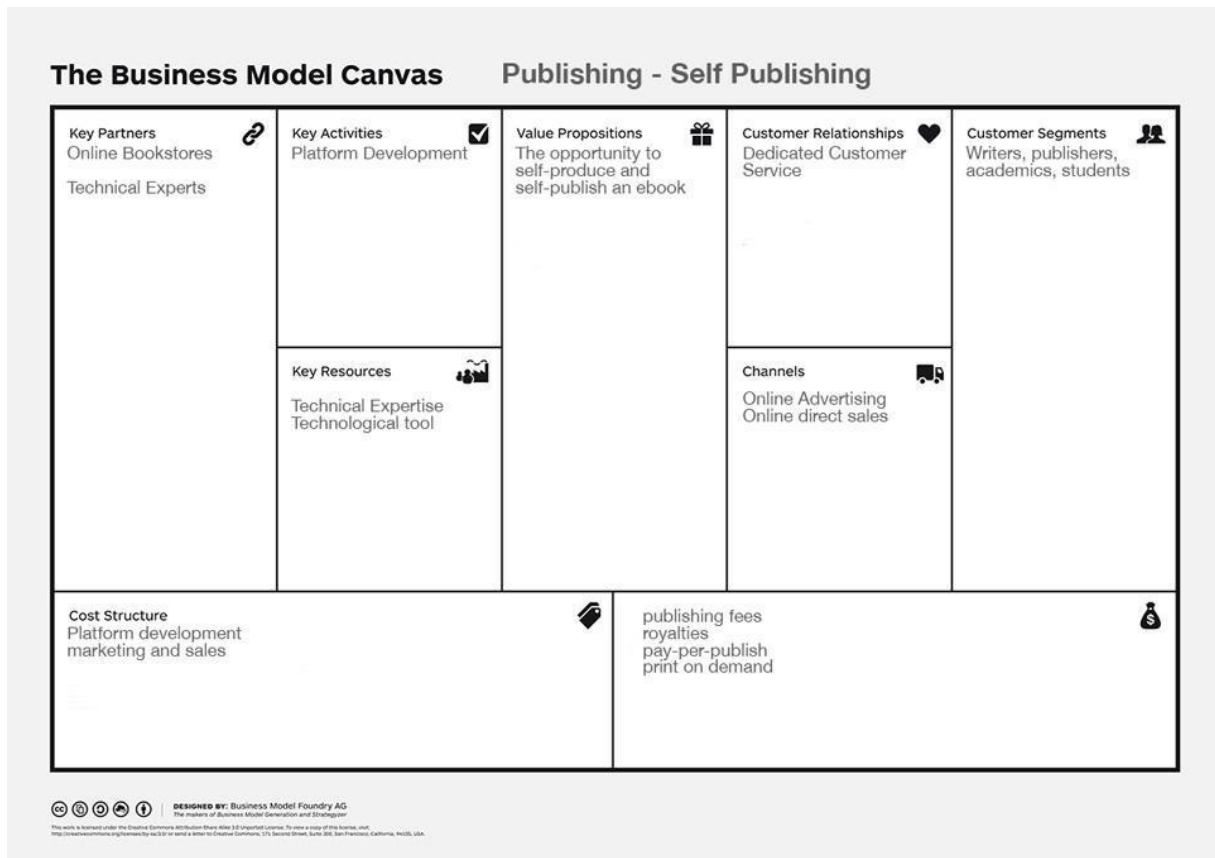


Fig.2:Business Model Canvas for the Self-Publishing

7write offers the possibility to for people to personalize their own e-book based on software that allows people to import their document. The business model offered is the subscription. 26\$ for annual publishing subscription including the entry package, that allow customers to assign a book, receive 55% of royalties, unlimited changes options, bookmaker, consolidated reporting and amazon distribution. Moreover there are two other packages, basic and premium (499\$ and 999\$) that also provide global distribution, 55% of royalties, isbn, print on demand and marketing pack, for the basic package. Book formatting, 60% of royalties and cover design for the top-level premium package. Every service can be also purchased stand-alone. Royalties are chosen by authors or suggested by 7write.

Aquafadas provides tools to publish content on tablets. The digital publishing system is a complete suite, from content design to cross platform analytics. Creating an e-book will costs at least 65\$, creating an app 500\$, a web reader 350\$, publishing a pdf starts from 200\$, with the possibility of enrichments options.

With instruments like those offered by the self-publishing environment it is possible to highlight the importance that creative industries are nowadays gaining. This is an emergent context in which people who are willing to publish their creative works can exploit more opportunities than before, as for example the case explored in the pilot ('The Open Book of Photomediations'). Thanks to online publishing it is easier to adopt multimedia files as video, audio, pictures or links in an e-book.

4. Business Models: E-Book Sales

Another type of business model is the sale of the e-book. Companies should carefully take into consideration the opportunity given by this topic that is changing the world of publishing. There are several opportunities given by the e-book selling business model. It is possible to sell them via subscription fees, freemium, direct selling on a store, through app selling, in-app purchase.

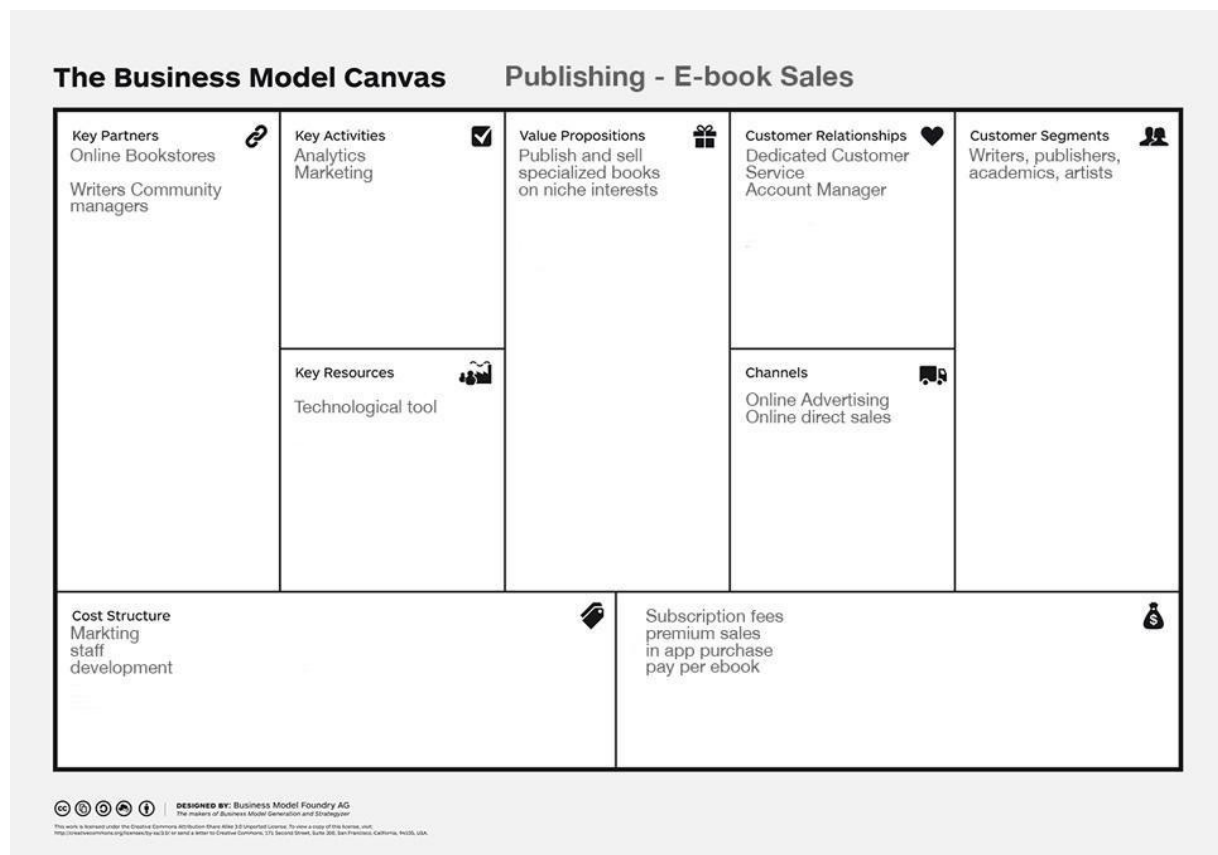


Fig.3: Business Model Canvas for the E-book sales



24symbols, as many others in the market, offers a catalogue of e-books for free, with a freemium business model. This means that users have access to part of the catalogue, which is online for reading and can receive ads during the service. If the customer chooses to pay a subscription, that can be annual, quarterly or monthly, he/she can have access to all the services without being online and without ads. 24symbols then offers the possibility to advertise on their e-books with a specific individuated series of space.

Bardowl offers unlimited audiobooks directly streamed on apple devices through their app. Subscription business model for £9.99/month.

Bookbuzzr provides marketing services to authors that are looking for emerging in the publishing world. Wide range of prices.

With a Bookmate subscription it is possible to read thousands of books using an app for mobile or tablet, or computer. But even building a personal library and watching what friends are reading. Bookmate is also a community builder that has a subscription business model running at 5\$ per month.