

E-books: the publishers' dilemma

Tom D. Wilson, wilsontd@gmail.com

Swedish School of Library and Information Science, University of Borås

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Research paper

Abstract

This paper reports on a study of publishers' attitudes towards e-books in the context of the global situation of e-book publishing. Comparative data are drawn from a replication of a survey carried out in Sweden, in Lithuania and in Croatia. The great contrast between the rise of the e-book in English speaking countries (and those with significant English speaking readers) is shown and contrasted with that in 'small language markets'. This three country survey reveals a number of similar responses from publishers on several key issues, i.e., self-publishing, the future role of bookshops, and relationships with public libraries. The results also reveal that publishers have certain ambivalence on these issues. The overall conclusion is that there is a marked difference in the growth of e-book publishing in small language markets compared with the English language market.

KEY WORDS: e-books, publishers, small e-book markets, Sweden, Lithuania, Croatia.

Introduction

In 1971 Michael Hart typed into a computer at the University of Illinois the text of the American Declaration of Independence and sent it to everyone on the network, and this became the founding text of Project Gutenberg, the first digital library (Hart 1992).

For as long as digital texts were restricted to the screens of dumb terminals or, later, desk-top computers, their impact on the world of publishing was limited. After all, Project Gutenberg only digitised texts that were out of copyright, and publishers had nothing to fear. However, the e-book, when combined with more portable devices such as laptop computers and, subsequently, tablet computers and smart phones, emerged as a disruptive technology (Christensen 1997) for the publishing industry.

We can describe the e-book and its associated technologies as disruptive because of the uncertainty and ambivalence it appears to have introduced into the publishing industry. On the one hand it offers an additional revenue

stream, since both electronic and printed versions of a book can be sold, but, on the other hand, it offers opportunities for piracy that could not exist to the same extent with the printed version.

The global situation

Most countries around the world are experiencing the impact of the e-book to some extent: some more, some less. Most work on that impact has been done in the USA, where a relatively high proportion of the population has used e-books, but other countries have experienced even greater penetration than the USA.

For example, a study by Bowker (2012) reported on the extent to which e-books were known of and used in ten countries. As may be seen from Figure 1, India emerged as the country with the greatest proportion of people having used e-books, at 24%, compared with the UK and Australia at 21% and the USA at 20%.

Two countries, however, had below 10% usage: Japan and France. These latter figures are rather surprising, given that French, if not a world language on the scale of English or Spanish, at least has speakers of the language around the world, and the position of Japan appears oddly at variance with the known adoption of advanced technologies in that country.

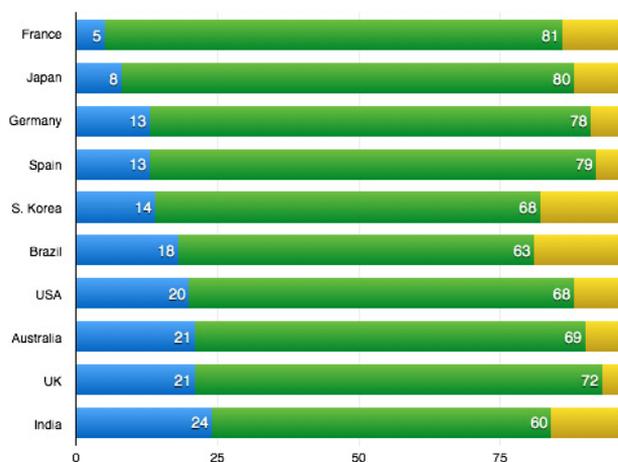


Figure 1: Awareness and use of e-books in ten countries (Bowker 2012)

The conclusion we can draw from these figures is that, while the impact of the e-book is worldwide, it is everywhere different. India is significant in that English is one of the two official languages (the other is Hindi) and is spoken by 24% of the population (Vyas 2014), which amounts to more than 304 million people, meaning that the English language e-book market is strong in India.

The publishers' position

The position of publishers, at this point in the emergence of e-books is rather similar to that of music publishers when the Napster program and Website introduced file-sharing to the world of pop music. Music publishers reacted in various ways to the perceived threat of piracy, with very little in the way of supporting research evidence to justify their actions. According to a study by Agular and Martens (2013) of more than 16,000 European consumers:

Taken at face value, our findings indicate that digital music piracy does not displace legal music purchases in digital format. This means that although there is trespassing of private property rights (copyrights), there is unlikely to be much harm done on digital music revenues (p. 17).

They also note that,

clicks on legal purchase websites would have been 2% lower in the absence of illegal downloading websites (p. 16),

suggesting that people are using illegal downloading to 'filter' what they want to buy.

One study of e-books suggested that illegal downloading *could* lead to an increase in sales. A publishing consultant, Brian O'Leary conducted the study for O'Reilly Media:

Surprisingly, he found that sales actually increased after their books showed up on pirate sites. Piracy seems to have boosted sales. O'Leary says people may have been using the pirated editions to sample books before they actually opened up their wallets (Misener 2011, April 19).

That notion of 'sampling' books equates to the idea of Agular and Martens, that music lovers were using download sites to 'filter' before buying.

Clearly, any piracy, in any field is a matter of concern for the producer of creative products such as music, books and films, but the fear that it will, necessarily, be detrimental to profits does not appear to have much support. The fear is perhaps fear of the unknown and of the uncertainty, rather than of some objective threat.

A three country survey of publishers

We have explored some of the issues of e-book publishing through a survey of publishers in Sweden and, with the help of colleagues in these countries, Lithuania and Croatia. These are countries, like Sweden, with a 'small language market': Lithuania has a population of only 2,900,000 and Croatia one of 4,253,000 (Sweden has a population of 9,593,000) (all 2013 data from the World Bank 2014).

The questionnaire designed for the survey in Sweden was translated into Lithuanian and Croatian, by colleagues there, and administered in the same

way in all three countries: publishers were sent a printed questionnaire (an English language version of which is given as the Appendix) and offered the alternative of completing an online Survey Monkey® questionnaire. When printed questionnaires were returned, the data were input to the Survey Monkey version, to enable easy analysis. This mode of operation was used because the pilot survey in Sweden had a low response rate to the online questionnaire alone. The response rates for the surveys were, 55.6% in Sweden, 58.6% in Lithuania, and 23.6% in Croatia.

From the results, three issues are selected for comparison. First, the Swedish results showed that a small majority (51%) had published e-books, whereas in both Croatia and Lithuania a minority had done so: 40% in Croatia and only 34% in Lithuania. In all three countries, however, a majority of those who had not already published e-books intended to do so, usually over the next two years: 54% in Sweden, 72% in Croatia and 64% in Lithuania. The direction of change is obvious; over the next two to three years it is likely that the great majority of publishers will be producing e-books. In all three countries, the preferred format for e-book production is EPUB, followed by PDF.

The nature of the e-book makes it a relatively easy proposition for publishers to sell directly to consumers through their Websites. The Swedish publishers lead in this, with 50% of those producing e-books selling directly, while in Croatia and Lithuania the proportions are lower at 27% in both countries.

The benefits of direct selling are perceived differently in the three countries: in Sweden 67% of those selling directly think that the chief benefit is an increase in sales, while in Croatia 67% think that it is increased knowledge of buyers, and in Lithuania 83% regard the opportunity to sell other products at the same time is the main benefit.

One of the major outcomes of the rise of the e-book has been the increase in author self-publishing (Flood 2013; eBook sales 2014; Young 2014) and a number of self-published authors have been extremely successful, some going on to be picked up by publishers and published in print. Such authors are in the minority, as Weinberg notes ('hybrid' authors are those both self-publishing and traditionally published):

While most of the survey respondents clustered at the lower end of the income distribution, some authors did report earning \$200,000 or more from their writing, the highest income choice on the survey: less than one percent (0.6%) of self-published authors, 4.5% of traditionally published authors, and 6.7% of hybrid authors who reported on their income (Weinberg 2013).

Our survey sought responses from publishers on their attitudes towards self-publishing, with the result shown in Table 1.

Statement	Sweden (n=98)		Lithuania (n=52)		Croatia (n=43)	
	% Agree	% Disagree	% Agree	% Disagree	% Agree	% Disagree
Self-publishing has little relevance for the publishing industry	54	46	78	22	65	35
Self-publishing can help to identify new authors	84	16	74	26	72	28
Self-publishing forces us to market products more effectively	34	66	57	43	40	60
Self-publishing is a threat to our market position	11	89	24	76	9	91
We need to develop our own self-publishing channel	28	72	69	31	66	34

Table 1: Publishers' views on self-publishing

Statement	Sweden		Lithuania		Croatia	
	% Agree	% Disagree	% Agree	% Disagree	% Agree	% Disagree
Booksellers will continue to function as outlets for both printed books and e-books.	53	47	64	36	63	37
Only online bookshops will sell e-books.	48	52	53	47	54	47
The role of the bookseller will decline as e-book sales increase.	64	36	59	40	46	54
Sales of e-books will increasingly shift to direct sales from publishers to readers.	57	43	82	18	89	11

Table 2: Publishers' views on the role of bookselling

The same ambivalence about self-publishing appears to exist in all three countries, thus, the majority agree that self-publishing has little relevance for them, but also agree that it can help them to identify new authors. The majority also do not feel that self-publishing is a threat to their market position but, at least in Lithuania and Croatia, feel a need to develop their own self-publishing channel.

As the cells shaded with the diagonal lines show, there is a fair degree of consensus among the respondents from the three countries. The two obvious differences (cross-hatched) are, first, that Lithuanian publishers appear to be more likely to perceive self-publishing as a reason to market more effectively, whereas publishers in both Sweden and Croatia tend to disagree with this proposition. Secondly, Swedish publishers disagree with the statement, 'We need to develop our own self-publishing channel', which may be attributable to the existence of the collaborative eLib platform.

Bookshops in both the UK and the USA have experienced a reduction in numbers since the rise of the online retailer, Amazon, and it appears that the development of the e-book has increased the pace of decline. The situation in Sweden seems to have been somewhat more stable, according to the Nordic book statistics

report (2012) which shows book stores in Sweden holding steady at about 400 between 2003 and 2012. The trend may be downwards, but there are no firm data on this, as far as we can discover.

As in the case of the self-publishing issue, publishers are ambivalent about the future role of booksellers. On the one hand, a majority in each country hold that 'Booksellers will continue to function as outlets for both printed books and e-books', but on the other hand a greater majority believe that, 'Sales of e-books will increasingly shift to direct sales from publishers to readers'.

Finally, the relationship between public libraries and publishers has been a troubled one, since the introduction of the e-book, especially in the English language book market, where publishing is dominated by a small number of publishers. Publishers have been reluctant to make e-books available to public libraries on the same basis as printed books, and have either limited the number of loans that may be made of a copy, or have priced the e-books several times higher than the printed book (American Library Association 2013, Sullivan 2012, Vinjamuri 2012).

Table 3 shows an interesting consistency across the three countries in the attitudes of publishers towards public library lending of e-books. There is a clear majority in favour of selling e-books on the same basis as printed books, but also, a slightly closer majority in favour of limiting the number of loans for each 'copy'. On the other hand, differential pricing is not supported, and only a small minority believe that e-books should not be made available at all to public libraries.

Statement	Sweden		Lithuania		Croatia	
	% Agree	% Disagree	% Agree	% Disagree	% Agree	% Disagree
E-books should be sold to libraries in the same way as printed books.	67	33	67	32	77	23
E-books should be allowed to be loaned for a limited number of loans.	53	47	53	46	58	42
E-books should be priced higher for libraries than printed books because of the possibility of an unlimited number of loans.	47	53	47	53	39	61
E-books should not be made available to public libraries.	9	91	9	90	17	83

Table 3: Relationships with public libraries

Conclusion

The overall conclusion from this study is that the results are remarkably similar from all three countries on the issues selected for investigation. The slight variation in the Swedish position on developing their own self-publishing channel may result from seeing the possibility of developing the eLib platform in that direction, and the Swedish publishers' belief that not only online booksellers will sell e-books may relate to the majority believing that direct selling from publisher to reader will increase. The Lithuanian perception that self-publishing is a reason to market more effectively may result from local conditions in the e-book market.

Overall, however, the situation is one of remarkable agreement across the three countries, suggesting that our perception of 'small language markets' as different from the dominant English language market has strong support.

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Sažetak

E-knjige: nakladnička dvojba

Rad predstavlja istraživanje stavova nakladnika prema e-knjigama u kontekstu globalnog elektroničkog nakladništva. Dani su usporedni podatci na temelju istraživanja koja su istodobno provedena u Švedskoj, Litvi i Hrvatskoj. Prikazan je golem nerazmjer u zastupljenosti e-knjiga u zemljama engleskoga govornog područja (i onima sa značajnim brojem čitatelja engleskog jezika) i na tržištima tzv. malih jezika. Komparativno istraživanje provedeno u tri zemlje „malih jezika“ pokazalo je brojne sličnosti u stavovima nakladnika prema nekim ključnim pitanjima, npr. samostalnom objavljivanju, budućoj ulozi knjižara i odnosima s narodnim knjižnicama. Rezultati također pokazuju da nakladnici katkad imaju i proturječne stavove o pojedinim navedenim pitanjima. Opći je zaključak da postoji uočljiva razlika u porastu naklade e-knjiga na malim jezičnim tržištima u odnosu na tržišta engleskog govornog područja.

KLJUČNE RIJEČI: e-knjige, nakladnici, mala tržišta e-knjiga, Švedska, Litva, Hrvatska.