



Talking point



The e-book: A talent can't develop on its own!

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E-books offer users many benefits and provide major development potential for the book sector. But the sector will only benefit if it adjusts its business model to customers' new reading habits.

The currently successful "Kindle" e-book reader from online retailer Amazon is not only considerably less bulky than the printed version of the new Frank Schätzing novel "Limit", it is also 1/3 of the weight. Nevertheless, there is room for over 1,000 Schätzing novels on one e-book reader. The printed book is facing a serious competitor who is gradually gaining a foothold in several segments of the book market.

These include segments

- with particularly technophile customers,
- where e-books offer particularly major advantages over conventional books, and those
- that only arise thanks to the e-book in the first place.

Technophile customers are to be found for example in the children's book segment. Young people easily learn how to operate new devices and thus make particularly good use of their benefits. This can enable the e-book to make literature more appealing to young people and bring the sector new customers. Moreover, technophile customers' openness towards new technological innovations helps new products and distribution channels to become established in the market.

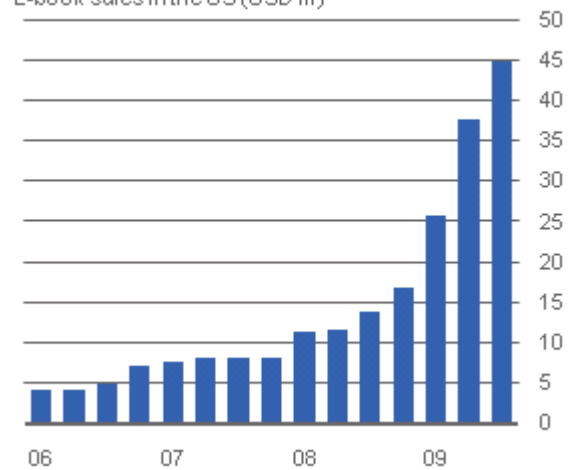
E-books provide obvious advantages in technical literature, school books and academic publications. Studying source literature can now be performed anytime, anywhere, and electronic search and filing functions also make it easier for readers to find their way. It is also worth mentioning that with e-books – in contrast to printed books – wear and tear is virtually nonexistent. Furthermore, in the case of school books and technical literature the sheer physical volume of the material is often a burden for schoolchildren and students; this burden is lifted by e-books. Simply imagine how many parents would be relieved to see their children going to school with one e-book reader under their arms rather than carrying a heavy satchel full of books in future.

The e-book is undoubtedly also a boon for people travelling or commuting since as well as being very light it can store a large selection of reading material. Just like the development in digital music data, e-books allow users to carry around their entire private collection of literature. The e-book could thus change our reading habits, in a similar way to how MP3 technology has changed how we consume music. From the moment that daily and weekly newspapers started offering their content on the internet their articles have become shorter and punchier. With non-fiction books and magazines it is also conceivable that the e-book will prompt more frequent reading of individual chapters/articles and will result in readers' spontaneous mood becoming more important for their decisions on what to read. This opens up new markets – for individual chapters of non-fiction books, for example.

Whereas in the US e-book sales between January and August 2009 already exceeded USD 100 m (equivalent to about 1% of total book sales at last count), electronic books have not generated even 0.1% of Germany's total book sales of about EUR 9 bn. The supply of e-books has to become more economically more interesting in order to make greater market penetration a reality. Firstly, the price of e-book readers has to fall from its current level of over EUR 200. The pricing policy of the publishers is also a decisive factor. If the publishers want to earn money from e-books, they will have to cut prices. Many customers already plump for inexpensive paperbacks rather than the expensive hardbound alternatives. These buyers will probably not like it if an e-book with variable

E-books on the rise

E-book sales in the US (USD m)



Source: AAP

manufacturing costs of virtually nothing is not sold at a lower price than a printed book. If the costs to users for illegal procurement should remain low – as in the MP3 world of music at the beginning of the decade – such customers will possibly be lost to book publishers.

In addition, a large selection of e-books will need to be made available via customer-friendly platforms. The importance of good sales platforms has been shown in the music sector. Until iTunes began in 2004, the market had barely developed at all. It would therefore make sense for e-books to be exempted from fixed book price agreements in order to promote the best sales ideas. What is also important is a harmonisation of the technical standard, like for example the reading data format. E-book users could then easily collect data from different vendors on a single device and take the old data with them when replacing the device.

In order to be able to offer e-books cheaply online publishers have to consider new revenue models. For example, online distribution of e-books provides lots of advertising space and the facility for personalised advertising. Since e-books can be copied in just a few seconds a new payment model is also conceivable in libraries, where the library makes a payment to the publisher after an e-book has been lent out. The advantage of this arrangement is that supply adjusts perfectly to demand. With a printed book, by contrast, the library stock has to be geared towards expected demand that often cannot be satisfied during the busiest periods.

The e-book will in future probably become an integral element of several segments of the book market. It might then become a part of our lives in the same way as MP3 files and iPods today. Publishers must, however, develop new sales solutions that are in tune with the new technology. Otherwise customers will soon not only save themselves the bother of carrying around the weighty next Schätzing novel, but also of paying charges to the publisher and the author.

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