

## DIGITAL PUBLISHING IN ROMANIA: A FOCUS ON TRENDS, CHALLENGES AND OPPORTUNITIES

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*Abstract: This research analyzes the importance of publisher's electronic interface to launch new online products, instead of printed books and interprets consumer behavior. Withal, this study will assess in what way the use of electronic publishing versus classical publishing increases the company's standing on the market. In this article we will provide a general overview of the situation of the digital publishing in Europe and the U.S., concentrating also on the Romanian digital publishing situation.*

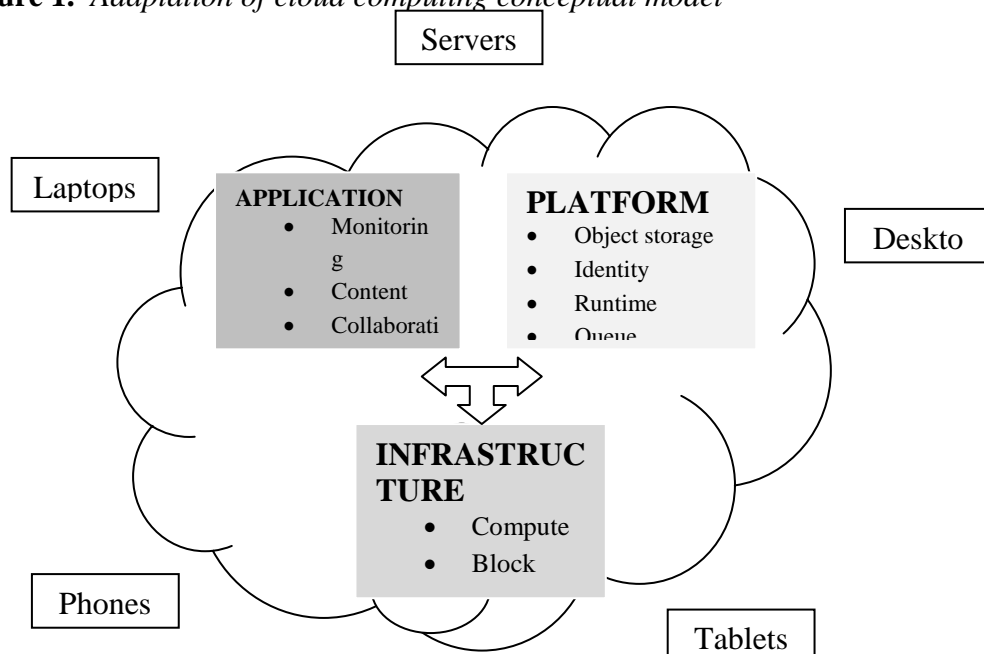
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*Jel Classification: M31, L81, L82*

### Introduction

Romanian online publishing industry follows natural world trend to get access to international market. Still, Romanian market of online publishing is low compared to other industries or the overall market average worldwide. However, the major obstacle to penetrate this niche are the low entry barriers in the industry that generate a high degree of fragmentation and competition. Given the speed with which new technologies and digital challenges advance, online publishers have continually to develop new products and adapt them to the needs of digital transformation . From this point of view, publishers must be innovative players who create online business models viable for electronic publishing to attract users: portals with specialized information, free special reports with basic information, paid subscription to access content on mobile devices , laptops , tablets or hybrid devices on paywall system: freemium (pay for premium content), metered (free to read a number of articles ) etc. In Romania, however, this model is still one exotic and are only a few publishers that have introduced premium subscription strategy. Currently, publishing industry and online advertising can be helped by another innovative service, *the cloud computing*. Cloud computing means flexibility and its use can reduce costs considerably. Using cloud computing services and also guarantees safety and the possibility of extending applications globally in a very short time.

**Figure 1.** *Adaptation of cloud computing conceptual model*



Source: adapted from <http://www.summersoc.eu/summersoc2011/wpc-content/uploads/2011/06/IBMCloudArchitectureforCrete052011b.pdf>

### General overview in specialized literature

In specialized literature, publishing can be defined as the process of production and dissemination of information, making it available for public view. It refers to the distribution of works such as books, magazines, newspapers and sound recordings in printed or electronic

form. The publishing sector is a competitive industry at level of European Union contributing to development and preservation of major areas like culture, education or information society.

According to European Commission, publishing industries accounts are quantified “for some 0.5 % of the gross domestic product across the EU27 Member States, employs around 750,000 jobs in more than 64,000 companies across today’s 27 Member State Union”. Technological and economic evolutions imput maximum from publishing providers relating to new contents, new business models and last but not least to new technological devices required by publishing sector. These changes affect both the consumption patterns of publishing products and production processes

**Figure 2.** Management stages in publishing



Source: Own creation

Evans D.S. (2007) emphasizes the role of online advertising as a significant instrument for web-based sellers. In his opinion, internet-based advertising straighten also to “a gale of creative destruction”. But returning to online publishing, this pattern must not be taken in consideration as long as SME-s publishers bring easily virtual e-book consumers directly to their web pages in order to browse for products and services and purchase them with a click.

The Federation of European Publishers (FEP) realized in 2012 a study that analysis the overall economic significance of the publishing industry based on reports from the 28<sup>th</sup> national associations of publishers from the European Union and the European Economic Area Member States. Romania was represented by Federația Editorilor din România (Romanian Federation of Editors).

**Figure 3. European Book Publishing Statistics 2012**

<b>European Book Publishing Statistics 2012</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Publishers' revenue from sales of books (bln)</b>	22.5	22.8	23.5	23	23.75
Educational (school) books	19.80%	18.70%	17.90%	17.60%	15.90%
Academic/Professional books	19.70%	19.50%	20.50%	20%	21.50%
Consumer (trade) books	48.70%	49.80%	49.60%	50.50%	50.60%
Children's books	11.80%	12.10%	12%	11.90%	12%
<b>Sales by area</b>					
<b>Sales by distribution channels</b>					
Trade (retail and wholesale)	80.20%	80.90%	78%	79.50%	77.50%
Book Clubs	4.70%	6%	5.70%	5.60%	5.90%
Direct	15.10%	13.10%	16.30%	14.90%	16.60%
<b>Number of titles published in period</b>					
New titles	535,000	530,000	525,000	515,000	510,000
Number of titles in print (active catalogue)	9,000,000	8,500,000	7,400,000	6,400,000	6,100,000
<b>Number of persons in full-time employment in book publishing</b>	130,000	135,000	135,000	135,000	135,000

Source: *adapted from* [http://www.fepfee.eu/IMG/pdf/european\\_book\\_publishing\\_statistics\\_2012\\_2\\_.pdf](http://www.fepfee.eu/IMG/pdf/european_book_publishing_statistics_2012_2_.pdf)

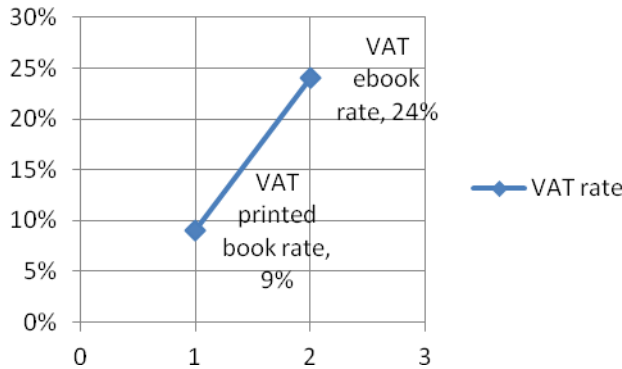
### **Current state of Romanian e-publishing market versus European and U.S. markets**

Rüdiger Wischenbart Content & Consulting conducted in early 2014 a market research on latest data, comparisons and analysis on the evolution of ebook markets across Europe and in the US.

As we are aware, the Romanian book market haven't record a significant increase since the major downturn around 2008–2009. An ebook segment only started to emerge in 2012, and for 2013, it is estimated that the market share will be above 1%. The study concludes that 65% of newly published fiction books are sold as ebooks. Industry specialists estimate that 10 to 12 trade publishing houses have started to release ebooks. Among publishing houses in Romania that sell digital content, can be reminded Polirom, Humanitas, and Litera. The leading ebook distributor is Elefant. Besides local authors, Tracy Chevalier and Haruki Murakami were e-best-sellers in the first half of 2013. In other European countries, the VAT on ebooks is much higher than the VAT on printed books.

**Figure 4. VAT printed book rate versus VAT ebook rate in EU in 2014**

VAT printed book rate versus VAT ebook rate in EU



Source: adapted from

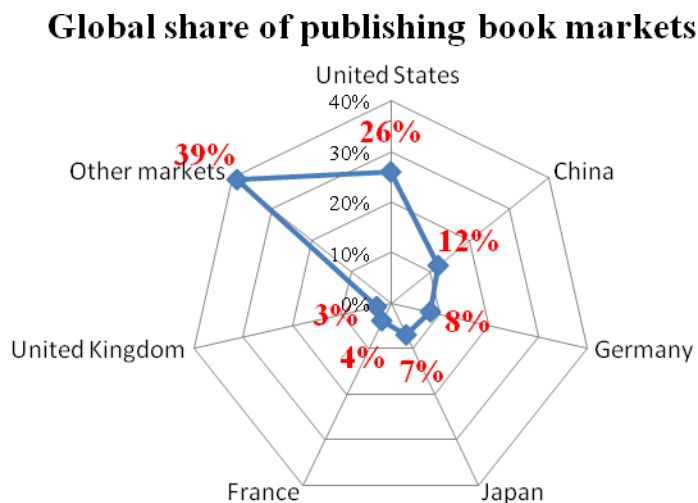
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Book publishing remains a special sector, different from other cultural industries by its value for the exchange, and trade of ideas. The most noticeable changes were the digitization of content, and its delivery over the Internet, proving that world of books has resisted its digital transformation longer than other sectors, like music or film. No Kindle editions are produced, as Romania is currently not among the officially supported languages.

This year, United States has recorded the largest book share market at global level, being followed by Asiatic continent. Only then come Europe together with Germany, France and United Kingdom, European leaders in publishing. Together, the six largest book markets account for roughly 60 percent in value of global book publishing.

In Global Ebook Market: Current conditions and future projections (2013), the European trade authorities perceive ebook selling as a licensed software rather than a product to purchase by consumer. The inventors Dicke R. and Freedman G. (2011) show how digital books are structured as virtual frames presented on a display device. They take into account that a “user may turn or change from one virtual frame or “page” to another and...another convenience that is associated with digital books is the ability to purchase and download, or download and store, a reading selection directly from a digital library”.

Figure 5. Global share of publishing book markets



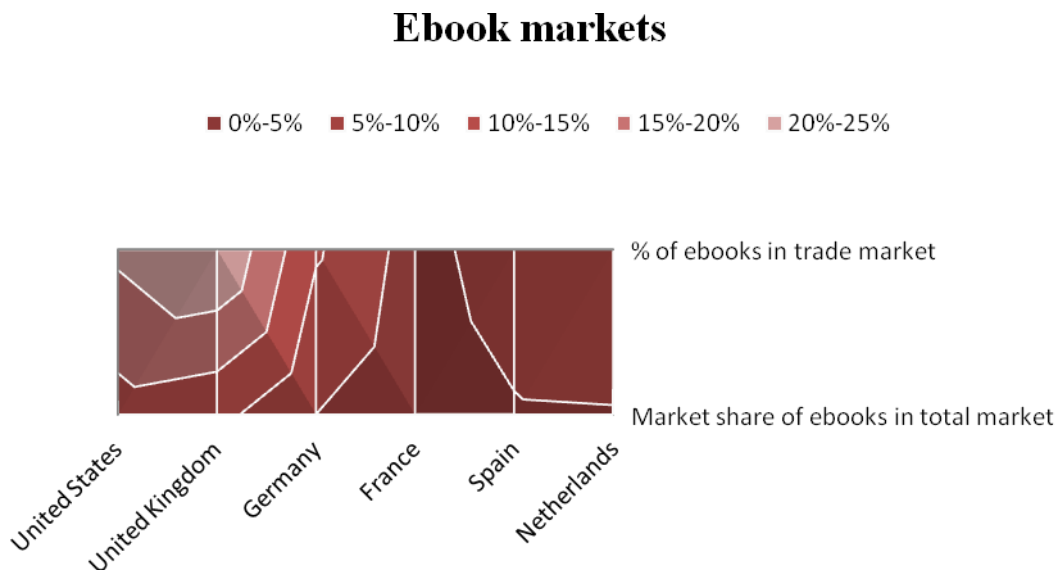
Source: adapted from various sources, compiled by RWCC for the International Publishers Association, IPA, 2013.

**Challenges and opportunities of ebook markets versus printed book markets**

Making a comparison between ebook markets and printed book markets, it can be revealed the fact that in most countries ebooks have significant market share. According to Global Ebook Report (2014), Germany has started to evolve along a curve that is similar to the English language market. In Spain occurred a impulsive start, rather the slow digital penetration in previous years. Sweden is one of early adopters of digital transformation, libraries offering to readers significantly more ebooks than retail does. Netherlands is somewhere in the middle of digital trends to share market and pricing levels. The dynamic remains to US, as benchmark leader. The emergence of an ebook market segment however goes together with a fundamental shift between sales channels for (printed) books, with particularly the large chain book stores, as well as super markets and department stores losing ground to online. Obviously, Amazon is the predominant platform for selling print books, and with an even larger impact in ebooks. But it is not a leader all over the world, being popular in Europe (mostly U.K., Germany, France, Spain and Italy), being notified that in Nordic countries is absent.

Ebook markets so far have been driven very much by bestselling titles from either the largest publishing groups, or from a small number highly successful selfpublished authors. On a global level, and in some of the largest book markets in North America and in Europe, a few publishing groups have started to re-invent themselves from market leaders into global enterprises through a mixture of consolidation.

**Figure 6. Ebook markets**



Source: adapted from

[http://www.google.ro/books?hl=ro&lr=&id=XFmKE7rsKqwC&oi=fnd&pg=PP1&dq=ebook+market+&ots=vaCMPzFr3L&sig=FqVKCgsjR0CB\\_akGXY79Twmj1Gk&redir\\_esc=y#v=onepage&q=ebook%20market&f=false](http://www.google.ro/books?hl=ro&lr=&id=XFmKE7rsKqwC&oi=fnd&pg=PP1&dq=ebook+market+&ots=vaCMPzFr3L&sig=FqVKCgsjR0CB_akGXY79Twmj1Gk&redir_esc=y#v=onepage&q=ebook%20market&f=false)

Below are revealed the revenues from selling ebooks from Big Five trade publishing groups. Even these mamuts are conducted by Internet platforms that control the direct access to users, putting their footprint onto a digital content market, where digital books and book distribution might find themselves seamlessly embedded next to music or movies, thereby struggling to maintain their traditional business model by offerings from subscription based service. Mussinelli C. (2010) defines as a success indicator for e-book market when young digital natives read ebooks for pleasure, not for school. Knufinke J.K. (2012) reveals the fact that the adopting of digital formats in Spanish publishing has been slow, although in present there are start-ups that exploit new business models of digital content.

**Figure 7.** *Top 5 trade publishing groups*

	Group revenues from publishing mil. €	% Revenues from ebooks 2013
Penguin Random House	2655	20%
Hachette Livre	2066	10.40%
Harper Collins	857	39%
Macmillan	1608	27%
Simon & Schuster	583	n.a.

*Source:* *adapted* *from*  
[http://wischenbart.com/upload/1234000000358\\_04042014\\_final.pdf](http://wischenbart.com/upload/1234000000358_04042014_final.pdf)

## Conclusions

First of all, an empirical research has been done to analyze the publishing market in Europe and across the world, taking into account the specificities of the local market. The methodology consisted in desk research including companies involved in the sector, media, national, european and international statistics, ministries, other state authorities, international institutions and associations.

Digital transformation has gathered the entire publishing ecosystem between author and reader visible enough for an effort to chart those waters. It can be concluded that online editorial market in Romania has a small share. Therefore, in coming years, if Romanian industry will follow natural world tendency, it will be implemented 100% the paywall model to access content online. Analyzing the global situation, the online publishing market is difficult due to fierce competition with interactive media companies like Facebook or Google acquiring increasingly more market share of individual players publishers.

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