

TOWARDS READMAGINE 2021

Business models for the European Publishing in post-pandemic markets



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Introduction

This document contains a descriptive and analytical summary, as well as general reflections gathered from the debates held in Readmagine 2020. These debates, crafted by an international group, focused on analysing business models within the book industry.

This executive summary is one of three papers created by specialists on last year's Readmagine. In this case we will be focusing on that of the work group coordinated by Marifé Boix (Vice-president of the Frankfurt Book Fair) and José Manuel Anta (Director of the Spanish Federation of Distributors and of the IPDA). We will be parting off of these conclusions when working on Readmagine '21, directing around the issue:

From our present perspective of the positive figures in markets and reading figures during the 2020 crisis, how can we ensure this pattern continues throughout the next few years? Moreover, how can we overcome some threatening trends that underlie beneath those good results?

That's why we use the shape of god Janus as the image for Readmagine 2021 edition; precisely the roman divinity of beginnings, endings, doorways and also duality.

Methodology for the “Homeric” 2020 edition

Readmagine marks the Week of Innovation of readership, libraries and books organised by the Fundación Germán Sánchez Ruipérez since 2005. In 2020, Readmagine had to adapt to the pandemic by taking up a completely online format.

The work strategy took the following steps:

We based the strategy off of the classic diagram of SWOT which would also help outline the plan for this year’s Readmagine.

Subsequently a ‘heterodox canvas’ was created: instead of analysing a specific model, we searched for a general strategy for all new models.

Strengths



The strengths are based on the traditional skillset of the book industry

When discussing strengths, points were generally classified on one hand, those relating to creativity and on the other the customary 'branding image' of books (culture, educative, art etc).

Another strength being this industry's specialists themselves and their knowledge regarding readers, particularly their interests and profiles.

The conclusion reached when gathering the points above is that paradoxically strengths derive from tradition rather than innovation, contrary to previous sections. This point manifested in the basic points of strengths:

- **Trustworthy industry**
- **Brand recognition (prestige)**
- **Professional expertise**

Weaknesses



The identified weaknesses centre around resistance to innovation, inefficient flaws in the value chain and a decline in reading habits.

When analysing weaknesses, three main faults were uncovered which could limit the ability of the editorial industry to compete with large platforms:

- **Firstly, the apprehension towards innovation or R&D within the sector. Though the resistance may not be blunt opposition but rather a lack of a premeditated strategy, too rigid and stable in today's environment that rewards the bold rather than projects set into their own strict ways.**
- **Secondly, inefficient patterns present in work output and therefore affecting the chain of value. Such patterns are also connected to this resistance to change, however threaten to lower the industry's standards significantly.**
- **Thirdly, another set of variables that significantly weaken the industry being declining global readership habits (this, however, may be out of the industry's control).**

Opportunities

Amongst the opportunities that were prioritised earlier, the universal digitalised shift was depicted as a major opportunity for growth. This being interesting considering the stress on traditional tactics and branding mentioned above as strengths.



The digitalization of society can be linked to changes in readership habits and provide the possibility of forming alliances outside of the 'silo'

Three other great ideas were pointed out regarding opportunities in today's context, namely the current crisis

- **The rapid speed at which a digitalised society aligns with the possibility of acquiring new tools for innovation.**
- **Alliances with external players are indeed compatible within cooperation within the publishing value chain.**
- **Newfound changes in readership habits, if aptly managed can provide room to enhance quality of analog experiences.**

Threats



Threats linked to the role played by GAFA platforms and changes amongst consumers

The specific threat that follows the GAFA model can be summarised as the following:

- **Monopolistic profile of browsers and retailers (Amazon).**
- **The emergence of new players with increasingly aggressive tactics.**

Moreover, we can also specify two more threats in correlation to the latter; these, however revolving around technology within the editorial industry:

- **Low investment into the publishing industry. The lack of funds hindering progress and innovation and thus, forcing players to adopt safer methods for resilience rather than experimenting.**
- **The small size of CCI companies**

The second set of threats that was mentioned in detail, are those relating to behavioral patterns amongst readers both in social and cultural contexts. These all come down to the basic need to compete for the consumer's attention.

Conclusions

In order to create future business models, the European industry needs a way to compete against larger platforms. This new status could be produced through collaboration between players within the industry as a compensation of the small size of the publishing companies. This would have to be coupled with fast assimilation of current digital tools and processes.

These new business models should make use of the advantageous traditional skills found in the industry. The latter skills in conjunction to creativity and establishing personal relationships with readers through technology, could drastically improve user experience.

Using this evaluation, a generic strategy for the book industry between 2021-2025 was devised. This would then serve as a plan of action to design new models.

Plan of action for business models in the next five years

The draft of a plan was structured into the following six points of discussion of which participants were tasked to consider:

- **Current challenges for the book industry.**
- **Strategies or objectives one should aspire to reach.**
- **Course of action.**
- **Guiding principles.**
- **The type of activities selected to reach mentioned objectives.**
- **Methodology to measure the outcomes.**

Challenges

The group of experts began by identifying that specific elements should be the focus of attention when adopting new business models more established for the current pandemic.

The following conclusions were reached:

- **The publishing industry should base their visibility of reading behaviours.**
- **It is imperative that we improve user experience when dealing with any digital activity.**
- **In order to compete against larger platforms, the industry should overcome issues such as lack of interest on solutions like Blockchain or Artificial Intelligence.**
- **The chain of value should be constant in sharing the same formats such as epub or DRM.**
- **It is of utmost importance that the industry changes its response to one of an innovative nature.**

Aspirations

In order to develop a line of 'aspirations', experts carried out an exercise similar to the one above but focusing on the solutions rather than the diagnostic.

A series of grounding points were established to substantiate such aspirations:

- **Improve user experience.**
- **Increase efficiency in all areas of work.**
- **Embrace digital in every process.**
- **Make things easy for the value chain users, using standards.**
- **Form alliances with other creative and/or cultural industries.**
- **Radical assimilation of a digitalized context where readers live.**
- **Lead innovation from inside the publishing.**
- **Monetization of value of fragmented content.**
- **Work online so that the industry can gain control over its own future.**
- **Increase efficiency and communication between agents.**

Focus areas

Specific areas were identified as those considered to be the most useful targets to base any action on. Specialists named the following areas as priorities:

- **Improve marketing skills, social network presence and data management.**
- **Take advantage of the power lying behind print; paper considered as another technology.**
- **Harness metadata and standards.**
- **Improve skills in order to exploit intellectual property as a raw material.**
- **Improve training on use of information gathered through the each of the processes.**
- **Improve efficiency within the chain of supply.**

Guiding principles

The guiding principles are the set of few orientations that should be paramount to overcome the challenges that the publishing industry is facing.

Experts were asked to enunciate these principles in a sort of 'motto':

- **Adopt what already exists in a concise manner (standards, tools etc.).**
- **Work ethic should be based on reader behavioural patterns and address the client's needs.**
- **Control the entire process without delegation of any of them to the platforms.**
- **Let's engage in this new model the CEO instead of tech guys.**
- **Truly embrace digital as a whole.**
- **Collaboration within and outside the editorial industry.**
- **Take full advantage of cooperative projects as well as the creativity developed during lockdowns to shape future business models.**

Prioritising actions

- **Embrace a trial and error dynamic.**
- **Learn a diverse array of skills outside of the book world.**
- **Evangelize and share knowledge on standards, data, tools, etc., to all the publishing industry.**
- **License IP as a raw material: licensing of granular content.**
- **Develop a digital strategy including production, metadata and marketing.**
- **Build alliances to contrive better, more accessible negotiating terms.**
- **Look for readers and acquire strategic information and operative about them.**

Evaluating the outcomes

- **Proportion of editorial companies truly immersed in the digital or transformed into plainly digitalised competitors.**
- **Percentage market participation of companies (excluding Amazon).**
- **Adoption of basic standards (such as Epub3, Onix and others) by all companies in the sector.**
- **Number of logistic alliances consolidated in each country.**



A few points regarding Readmagine '21

Keeping the latter in mind, one of the final conclusions reached was that the most relevant business models for the industry in the coming years will be:

- **The transformation of companies so as to reach a more advanced exploitation of information.**
- **The integration of the digital throughout all phases of the process.**
- **The improvement of economic efficiency of workflows.**

These three types of actions of transformation should aim to take advantage of the broad specialization on creativity within this sector. This, alongside the development of intellectual property and maintaining a nurturing relationship with readers, are two qualities many (GAFA) platforms lack from their business models.

The Readmagine debate participants all agreed that the industry should renew its focus into digital platforms considering the global crisis experienced in 2020.

According to the experts present at Readmagine 2020, business models in the next five years should prioritise four main strategies:

- **Cost reduction thanks to the incorporation of innovation within processes using digital standards and tools.**
- **Improvement of user experience by promoting widespread cooperation to eliminate any frictions.**
- **Compensate lack of size of companies by establishing alliances with other companies**
- **Integration of readership information marketing and the strategies in communities around content.**

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