

Seven trends in the publishing industry

当当副总裁为书业画像：值得出版人深思的七大趋势

By Chen Lijun (Dangdang's Vice President)

From the changes in the book retail market and new product trends over the last five years, it is clear that the book industry has been transformed by the new economic forces. Influenced by external factors such as technological change, consumption upgrading and media evolution, the book industry has launched a new type of competition in the areas of topic planning, marketing, branding and other competitive methods. There are seven trends we can see in the publishing industry.

1) New online channels are emerging.

Smartphones shift people's shopping habits from the computer to the mobile side, while 4G technology has brought mobile e-commerce to a new stage of development. Many Chinese writers, freelancers, public teams quickly transformed into KOLs in their fields. During the outbreak of the coronavirus in early 2020, online live-streaming events combined with goods sale emerged, directly affecting the book industry's sales model. The ongoing expansion of 5G technology means the beginning of a new marketing revolution. Take social science books as an example, in 2019, over 10,000 new titles were published, and those promoted on social media have a higher chance of becoming the bestseller.

2) High quality social media contents become the resources for publishers.

With the marketing advantage of many Chinese social media platforms, it has become a phenomenon in the publishing industry for influencers with a large number of fan base and operators of WeChat official accounts to become writers, and for publishers to develop high-quality resources on such official accounts.

3) Readers' awareness of publishing brands has been gradually strengthened, and the development of high-quality product lines has promoted brand promotion.

In each sub-category of the book market, the

reader's awareness of the brand has gradually increased. With the gradual enrichment of a brand's product line, readers gradually have the need of collecting the whole series of books. In 2019, Social Sciences Academic Press put all books from their *Oracle Series* and produced a collector's edition with the price of 15980 RMB. The publisher promoted the series on social media platforms such as WeChat and Weibo, and sold thousands of copies within months, with a total revenue of 16 million RMB.

4) The average age of readers is becoming lower, this puts forward the need for a redesign of the book bindings.

The millennials have a major power in the consumption of books, this has driven a redesign of the book bindings and covers to attract the younger generations. Data shows that many books by writer Da Bing have sold millions of copies, and the majority of the purchasers are young readers. There are many similar young writers, and their works directly support the rapid growth of literary and artistic books in recent years. There is also a trend in books of social science subjects to have a younger cover design.

5) Under the background of internet economy, price competition is unavoidable, but this also promotes the market prosperity.

With the increasingly fierce price competition on online platforms, as an integral part of the market economy, the price of books on retail market has inevitably been gradually lowered. Price competition is the result of market evolution and a "double-edged sword". It stimulates consumption to a certain extent and is conducive to the expansion of the publishing industry.

6) With the upgrading of consumption, readers' demand for more quality content is a trend.

The dual attributes of material consumption and spiritual demand of books determine that there are

two directions to the upgrading of book consumption: First, the upgrading of the total expenditure of book consumption by readers. Second, with the improvement of reading level, readers put forward higher requirements for content, especially the demand for high-quality content. The once-popular supermarket books are almost extinct now and replaced by highly readable and beautifully framed high-quality books.

7) Promoting books on short videos and live streaming is good news but also challenge on the profitability of the publishing industry.

Information asymmetry creates a demand for recommenders of books in the publishing industry. For the average reader, it is very difficult to select the right book for them on the dazzling pages of e-commerce platform. As a result, recommendations of book emerged as the time demands on WeChat accounts, short videos and live streaming events. These recommenders can bring many benefits to publishers, such as directly reducing marketing costs. The book information can be spread to the customer side more quickly, the scope of dissemination is wider than ever, so that more good books meet with readers. Writers can also participate in the book recommendation process. Moreover, recommendation by the third party can better use the "weak communication" effect and promote reading into the everyday lives of the public. However, promoting books with short video and live streaming recommenders will bring a new challenge for publishers, that is the commission rate of the book recommender. In the era where online traffic means everything for promotions, live streamers and book recommenders with large fan bases will have strict requirements on the price at which books are sold and how much commission they will get from the sales. This will eventually become a new challenge for publishers and other book retailers in terms of net profit.

JD Book User Behavior Report (2019-2020):

The medium and low-tier market is heating up while sales of both print and e-books grow simultaneously

京东图书用户行为报告(2019-2020): 中低线市场提速 纸电同步销售趋热

On Apr 23rd, the World Book Day, the 2019 Reading Behavior Report (and Reading Report During the Coronavirus Pandemic) was jointly issued by JD Big Data Research Institute and JD Books. Based on the analysis of JD's big data, it is concluded that there have been four changes in reading habits of the Chinese population in 2019 and during the pandemic in 2020.

The medium and low-tier market (for people with relatively low income) has become the engine of the whole book market, and the driving force of social media is prominent.

Celebrities and social events have a significant impact on the sales of related books.

Among cities of different size, there is a conduction of books. Where the conduction is from top down or bottom up depends on the genre of the book.

During the coronavirus lockdown, children's books, education and calligraphy books were in high demand, and people were more willing to read big books.

In 2019, book sales on JD increased significantly compared to the year before, and this is true in every segments of the market. The list of books with highest year-on-year growth rates is more diverse, reflecting the growing diversity of people's reading habit. Compared to 2018, the reading habits of the whole population in 2019 have further shifted to being more

practical, refined and diversified. The evidence is that imported books from foreign countries, Hong Kong and Taiwan sold more copies than ever and there was a significant increase on the sale of self-help books.

In terms of the volume of sales, the strong position of first and second-tier cities is still absolutely unshakable, but in 2019 sales in medium and low-tier cities, especially in central China, have become the new engine for book market. Another trend is the simultaneous growth in both the paper and electronic editions of book. According to the research conducted by JD and third parties, of all books sold online in China in 2019, 94.1 percent was e-books, 77 percent was physical copies, 64.1 percent was audiobooks and 55.6 percent was papers or journals. In terms of reading frequency, ebooks and audiobooks are more convenient for readers, therefore having a higher reading frequency. In every month, in average a consumer read physical books for 35.8 times, read ebooks for 50.2 times and listen to audiobooks for 40.9 times.

The market of children's books is increasingly driven by social media and word-of-mouth recommendations, while the conversion rate in lower-tier market is more significant.

The market structure of Chinese book market in 2019 share some similarities with the American market in areas such as higher education and professional publishing, but the proportion of trade publisher is

turning down. In addition, the share of K-12 education is significantly higher than that in the US and continue the trend of going up. This, on the one hand, shows the Chinese book market is still very young and energetic. The potentials of K-12 education books are still huge. On the other hand, the growth of the lower-tier market is considerable. According to the mother-child industry report issued by JD earlier, the amount of money spent by parents in medium and low-tier cities on toys and clothing for their children is similar to parents in first and second-tier cities, but the money spent on knowledge-related product and services is much less. This situation has gradually improved in 2019. It is worth pointing out that the consumers of medium and low-tier cities are 35 percent more sensitive to the comments and reviews of a book than their counterpart in first and second-tier cities. The percentage is larger as you go down the tier. In general, despite the increasing diversity of lifestyles, the competition for consumers' fragmented time is still the main battle ground for content providers. China is still the world's fastest-growing book market, and the publishing industry, whose main advantage is to provide reading of quality content, has a more vigorous vitality than other traditional media including newspapers and magazines. The value of deep and systematic reading is recognized by more and more people in a world full of fragmented information.

(translated by Xiao Jianpeng)