

CONSUMER ATTITUDES TOWARD **E-BOOK READING**



An ongoing survey of U.S. e-book consumer behavior and preferences

VOLUME TWO

REPORT 4 OF 4
NOVEMBER 2011

Consumer Attitudes Toward E-Book Reading
Volume Two | Report 4 of 4 | November 2011

THIS DOCUMENT CONTAINS SAMPLE PAGES FROM THE
BOOK INDUSTRY STUDY GROUP'S (BISG'S)
CONSUMER ATTITUDES TOWARD E-BOOK READING:
VOLUME TWO (REPORT 4 OF 4).

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SAMPLE PAGES: "Preface" & "Introduction" (pp 2-7 of original report)

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CONSUMER ATTITUDES TOWARD E-BOOK READING

A comprehensive study of U.S. e-book consumer behavior and preferences

**Prepared by the Book Industry Study Group, Inc.,
with reporting and editorial analysis by
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Preface

Consumer Attitudes Toward E-book Reading is an ongoing project of the Book Industry Study Group. Volume One consisted of three reports covering surveys fielded from November 2009 through May 2010. Volume Two features four survey fieldings and reports from October 2010 through August 2011. This is the fourth report of Volume Two, covering the findings of the survey fielded between August 24, 2011, and September 1, 2011. The demographic characteristics of the 750 people who participated in the survey for this report can be found in the Data Dashboard in Appendix B. The first survey in Volume Three will be fielded in November, to measure consumer purchasing behavior during the 2011 preholiday period.



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CONSUMER ATTITUDES TOWARD E-BOOK READING

Single copies of this PDF Summary Report from Volume Two of BISG's *Consumer Attitudes Toward E-Book Reading* are available to BISG members for \$250 each (\$500 for nonmembers). All four PDF Summary Reports from Volume Two can be purchased in a bundle at a discounted price.

For complete access to the detailed survey data, online Real-Time Reporting (RTR) is available bundled with the PDF Summary Reports to BISG members for \$3,300 (\$6,500 for nonmembers).

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Introduction

Since the Declaration of Independence was typed on a Xerox main-frame 40 years ago, e-book publishing has been a revolution waiting to happen. For well over a decade, people have been asking if the next year would be the year of the e-book. By the turn of the millennium, the idea of e-books had sparked the imagination of technologists and pundits, but mainstream publishers and consumers were not yet on board. Companies and products like Franklin eBookMan, Everybook, Cybook, and Icarus appeared—only to face widespread indifference and eventual market failure. At BookExpo America 2001, nearly 70% of those polled had heard of e-books, but less than 5% said they were “very likely” to purchase one. Three-quarters of those polled said that they did not see e-books as part of their future.¹

In an October 2006 article published in *The Guardian*, Nick Bogaty, then executive director of the International Digital Publishers Forum (IDPF), predicted, “Four factors need to be in place for the market to take off. You need a device that makes reading pleasurable, content at the right price, a great selection of content, and e-books that are easy to use.”² Sure enough, subsequent developments in the e-book industry support his hypotheses.

The release of the first Amazon Kindle (\$399) in November 2007 was arguably the primary event that triggered substantial growth in digital content sales. Two years later, Barnes & Noble introduced its first NOOK for \$259. In 2010, Apple launched the first iPad tablet, the most basic version priced at \$499, which was soon followed by a wide range of tablets based on Google’s Android operating system. Adoption of the improved IDPF EPUB standard by most major e-reader companies has fueled publishers’ participation in e-book publishing as well.

Amazon, Barnes & Noble, Google, and Apple have developed large inventories of digital titles for their devices. They have also created sophisticated online bookstores that make it easy for consumers to acquire e-books and executed innovative marketing strategies to encourage ongoing e-book purchases.

As a result of these changes, some believe that e-books have finally arrived. The late Michael Hart, for example, in a July 1 blog post this year, declared 2011 as The Year of the E-Book.³ He cited as evidence Amazon’s report that there are now eight authors who have sold more than one million e-books across their portfolio of titles. He concluded, “There is no longer any doubt

¹ Mike Letts, “Quietly Growing the E-book Market,” *The Seybold Report*, vol. 1, no. 6 (June 18, 2001), p. 20.

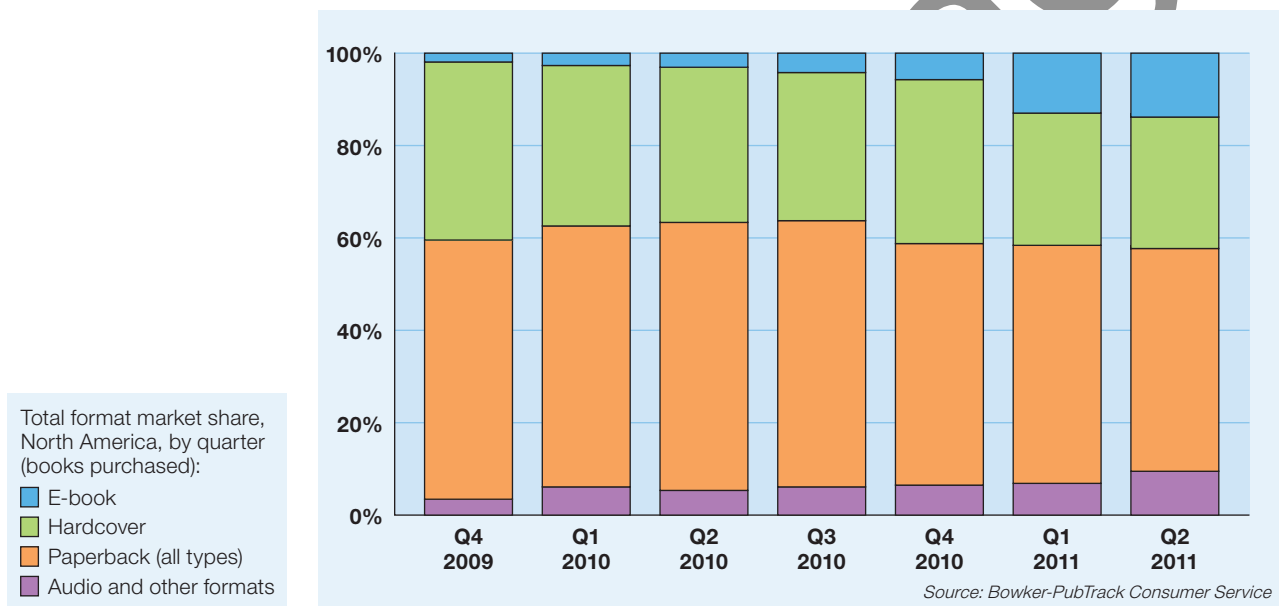
² George Cole, “Will the E-Book Finally Replace Paper?” *The Guardian*, October 4, 2006; <<http://www.guardian.co.uk/technology/2006/oct/05/guardianweeklytechnologysection4>>.

³ Michael Hart, “2011 Is the Year of the EBook and Also Its 40th Birthday,” *Project Gutenberg News*, July 1, 2011; <<http://www.gutenbergnews.org/20110701/2011-is-the-year-of-the-ebook/>>.

of the power of the e-book, quite literally the only thing to do now is to watch to see how the time passes as more and more e-books are digitized.”

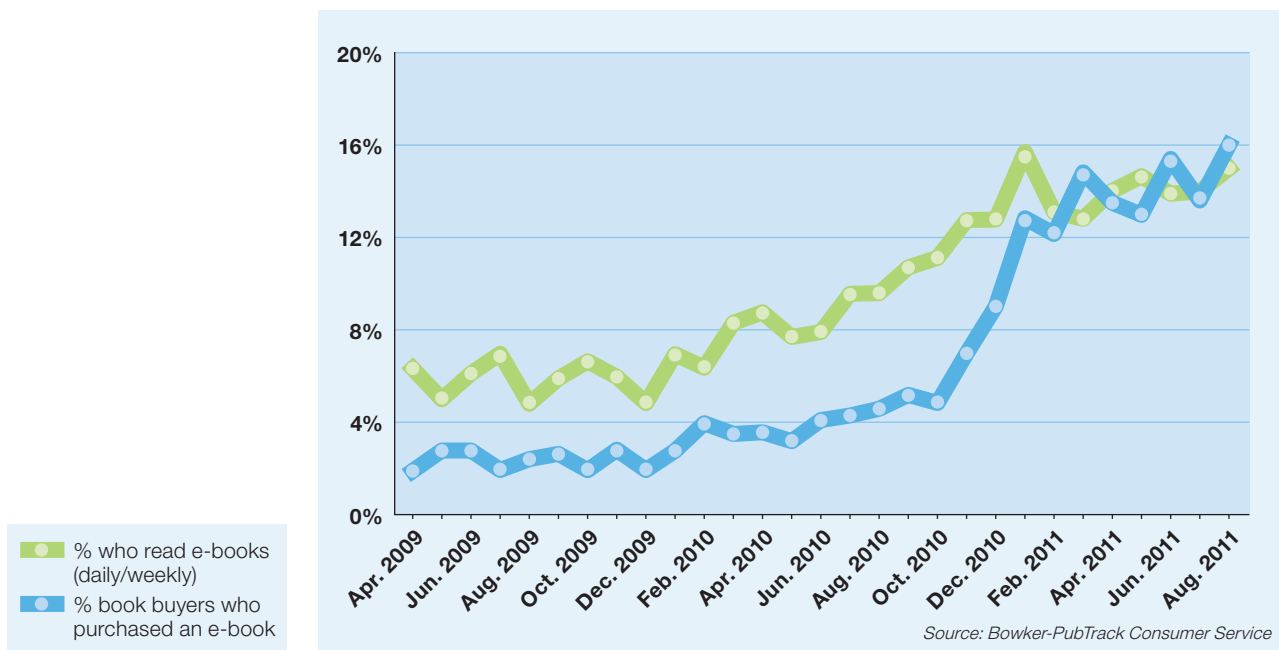
The BookStats project (www.bookstats.org), first published in August 2011 by the Association of American Publishers and the Book Industry Study Group, reports total e-book revenue growth of just under 132% for the three-year reporting period from 2008 to 2010. Total net revenue for e-books (for all market segments, including enhanced e-books) in 2010 was almost \$1.62 billion. E-book revenues account for almost all the publishing industry’s growth over the last three years.

During 2011, the explosion of e-books sales has continued. R.R. Bowker reports that e-books accounted for 14% of all units sold in North America in the second quarter of the year compared with 3% in the same period of 2010. E-book sales are particularly strong in fiction categories. In the mystery category, e-books have emerged as the best-selling media format.



Bowker also reports that the growth in the percentage of people who read e-books seems to have slowed somewhat since the beginning of 2011, perhaps due to seasonal fluctuation. However, the percentage of those who have purchased an e-book continues to rise, passing the 10% mark at the end of Q4 2010, and reaching the 15% mark in Q1 2011 (see graph, page 6).

As we have reported throughout Volume Two, current e-book sales are highly concentrated in fiction and narrative nonfiction categories. There is clear evidence that the market share for e-books in these segments is expanding and that readers are very loyal to their digital reading experiences. Once readers start to purchase e-books, they most often buy more e-books and fewer printed books. Most importantly, such readers buy more books than they had purchased previously and spend slightly more money on their overall book and e-book purchases. So, while 2011 might well be considered The Year of the E-Book for fiction and narrative nonfiction, what



about those categories in which books are heavily formatted and illustrated, such as juvenile nonfiction or education? As the market for categories such as these develops, will the products take the form of e-books or other types of digital offerings?

The popularity of digital content is often closely linked to the devices that consumers use to read that content. Innovative devices at low prices have helped fuel the rapid growth of e-books. The Kindle and NOOK continue to improve their functionality while their prices continue to decrease (to as low as \$79 at present). Tablet devices have exploded into the market, giving consumers an even greater number of options for high-quality digital reading platforms. These developments bode well for a very strong holiday season for e-book sales. In fact, the annual sales of both devices and e-books will reach record levels once 2011 has concluded.

Yet, the digital journey continues. The next generation of digital-first or digital-only content products (such as The Atavist, <http://atavist.net/>) are just starting to appear. Devices, platforms, and standards are continuing to evolve at a rapid pace. The industry may have reached a significant milestone, but for the publishing industry as a whole, the digital revolution has not fully arrived.

This PDF Summary Report on the final fielding of the 2010–2011 survey cycle covers the themes and trends established in the previous three reports:

- How did e-books and e-readers fare in the summer months preceding the 2011 holiday season?
- Are e-book sales driving increases or decreases in overall book revenues?
- Which devices do Power Buyers prefer for reading e-books? What are they planning to buy in the near future?

- Where are consumers buying their e-books?
- How are customers using e-readers versus tablets?
- What features are consumers seeking in the next generation of e-books and digital reading devices?
- Which digital devices are most popular with readers, and why?
- What factors will shape the evolution of this market for the next few years?

In addition, this report provides a final summary for the second volume and also suggests key questions for the agenda for the third volume, which will examine the trends related to the 2011 holiday.

A tremendous amount of valuable data has been gathered during this research project, and it can be sliced and diced in an almost infinite number of ways. While these reports attempt to capture some of the most important new trends as they emerge, it is not possible to represent all the findings. For those seeking greater depth of results, a subscription to the Real-time Reporting (RTR) service is highly recommended. Please visit www.bisg.org/publications/product.php?p=19&c=437 and www.bisg.org/docs/rtr.pdf for details about RTR.

Volume Two consists of four reports that present consumer trends in this rapidly evolving market. This is the fourth report in the series and focuses upon third quarter results. It presents a summary of the complete data set for Volume Two.

The BISG team is eager to consider the feedback of readers of this report. There are also opportunities for sponsoring organizations to participate in contributing questions for future fieldings of the survey. Please direct all suggestions and sponsorship inquiries to Angela Bole in the BISG office at angela@bisg.org.

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