

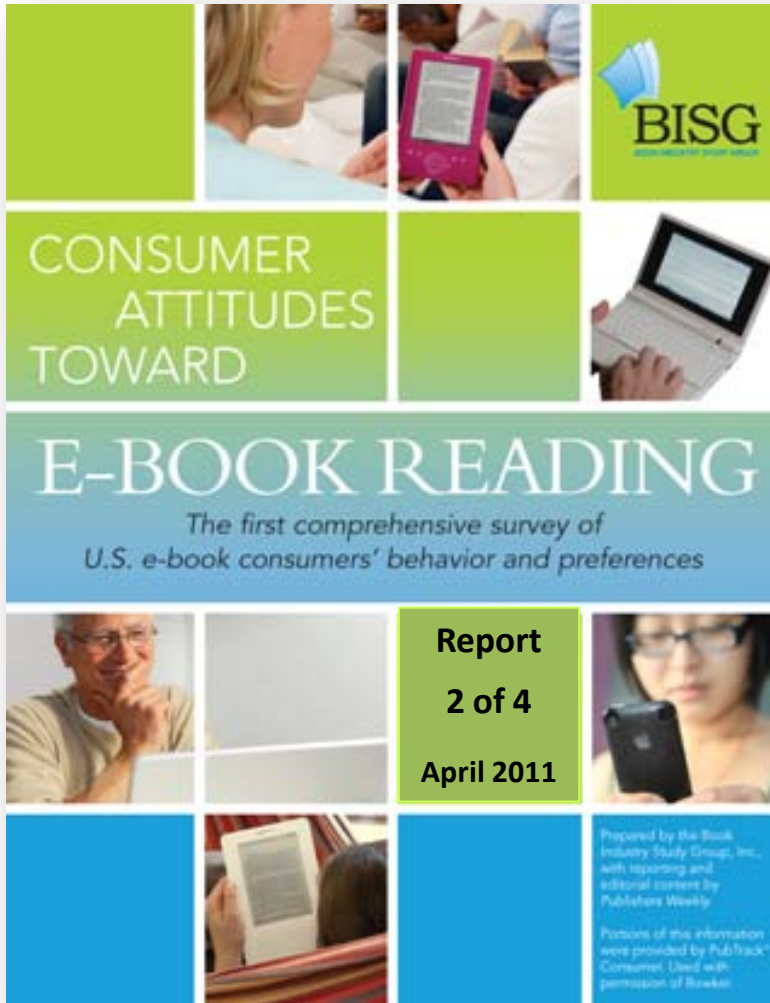
# The E-Book Era is Now:

What does it look like from a consumer perspective and what do we do about it?

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BEA | May 24, 2011

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# Two Studies...

## Methodology

PubTrack™ Consumer panel of U.S. book buying men, women and teens balanced to US Census

Survey pool of ~78K book consumers at the time of last fielding

95% probability threshold

2-Year Study – 5 publications to date

# Two Studies...

## Student Attitudes Toward Content in Higher Education

May, 2011

Seeking high value content at the lowest possible cost



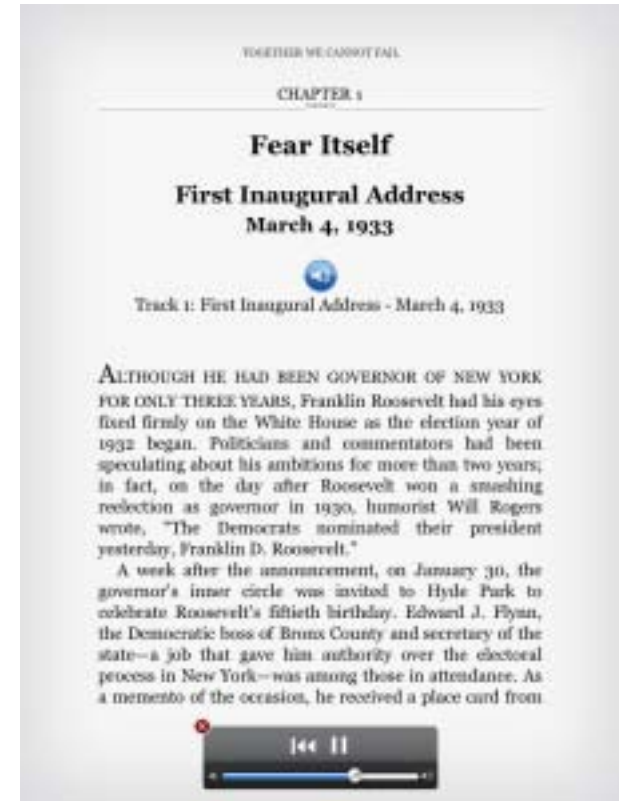
## Methodology

PubTrack™ Consumer panel of U.S. college students – All institution types – all grade levels balanced to statistics from American Council on Education

1,500 students per fielding

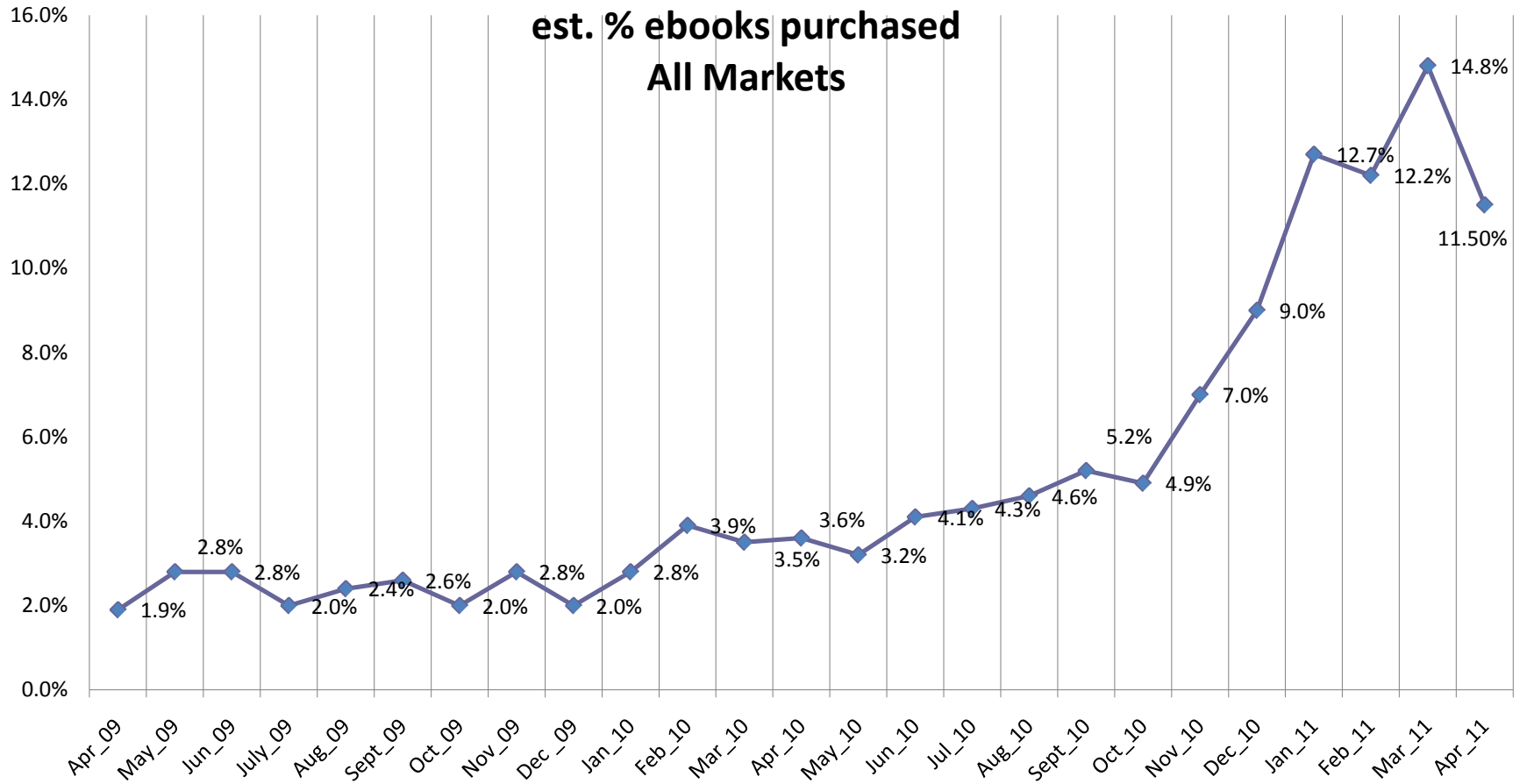
95% probability threshold

2-Year Study – 2 publications to date



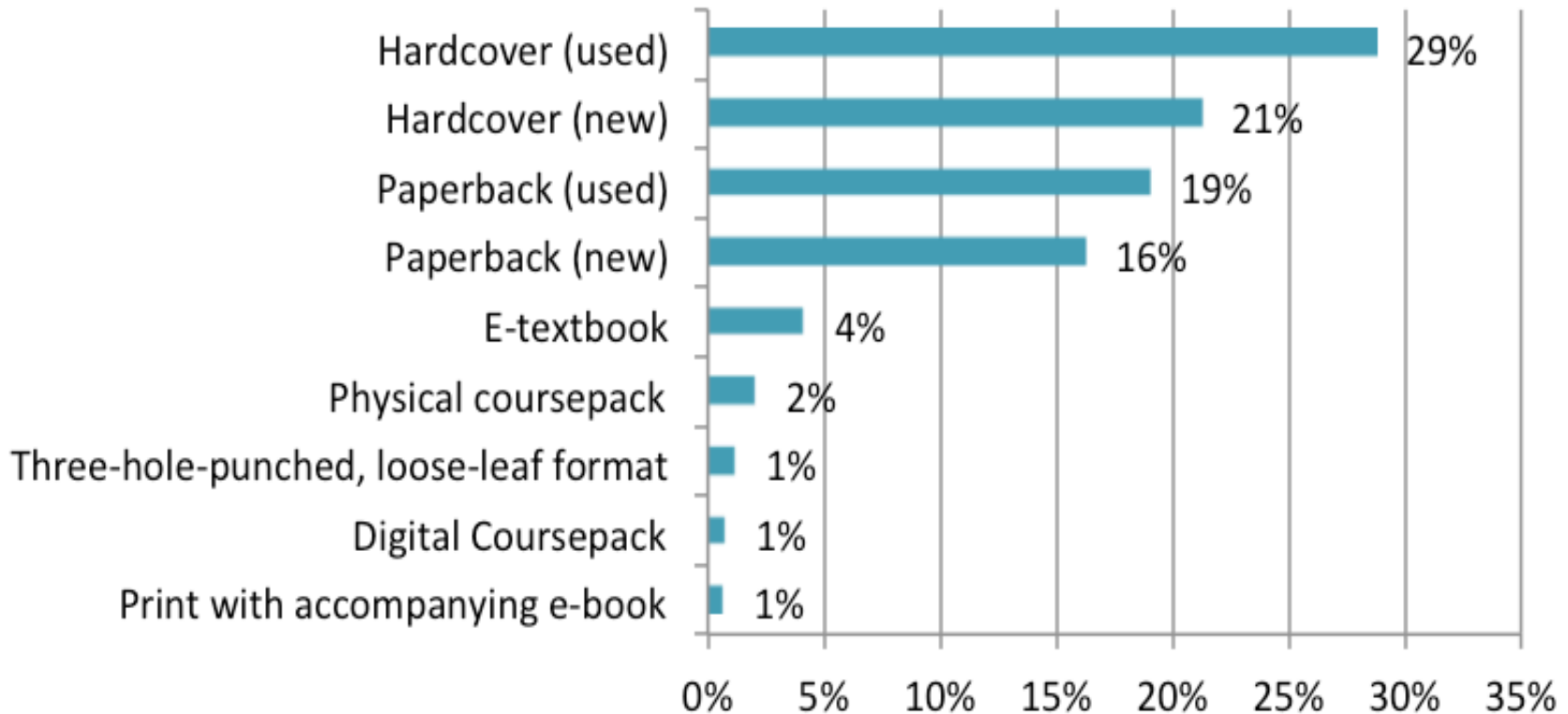
## ***'Amazon's Kindle E-Books Outselling Paper Books'***

# Trade E-Book Market Growth Rate



# Higher Ed Textbook Market Spring 2011

## Format of textbook you purchased





# How do you define E-Book?

The screenshot shows the Xplana website dashboard. At the top, there's a navigation bar with the Xplana logo and links for Home, Browse, Shop, Communities, Friends, and Inbox. A prominent banner reads "Did You Know? You can study with classmates when outside of class by forming study groups." Below this, a sidebar lists various subjects like Agriculture and Animal, Architecture, Arts and Humanities, etc. The main content area features "Popular Content" with items like "David (by Bernini)", "shelly cooper design", and "Magenta - Ken Nordine Animated Type". On the right, there's a section for "Create your FREE personal learning space" with steps for browsing, uploading, and sharing. A "Sign Up Now" button is visible.

# Merging of Software, Hardware, Retail, and Content

The screenshot shows the Amazon Kindle Store homepage. At the top, there's a navigation bar with the Amazon logo, a search bar containing "Kindle Store", and links for "Cart" and "Wish List". Below this is a secondary navigation bar with categories like "Kindle Store", "Buy A Kindle", "Kindle eBooks", etc. A banner for "The New York Times Limited Edition Kindle Covers by Verso" is visible. The main content area features a "Kindle Store" heading, a description of the product line, and a central image of a Kindle device with the text "Kindle The #1 bestseller and the most 5-star reviews of any product on Amazon". Below the device image are three product listings: "NEW Kindle with Special Offers" for \$114, "Kindle" for \$139, and "Kindle 3G" for \$189. On the left, there's a "Browse" sidebar with sections for "Buy a Kindle" and "Kindle Reading Apps". On the right, there are promotional boxes for "Kindle Daily Post", "Great Deals on Kindle Accessories" (with an 18% off badge), and "New on Kindle: Hangman".

# Who is Today's Core Trade E-Book Buyer?

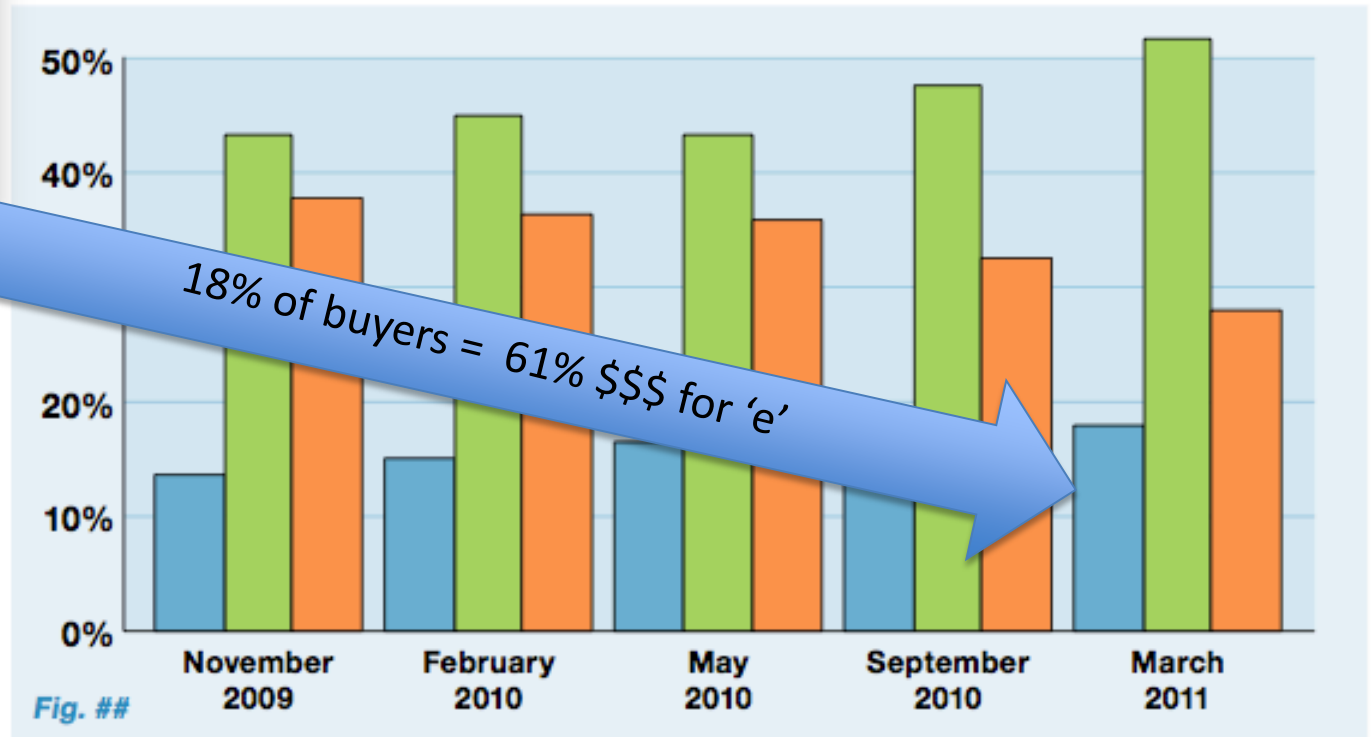


- Woman (66%)
- ~44 years old
- HH Income ~\$77K Yr
- Predominantly Fiction (58% of all 'e' sold)  
Buyer – mostly  
Romance

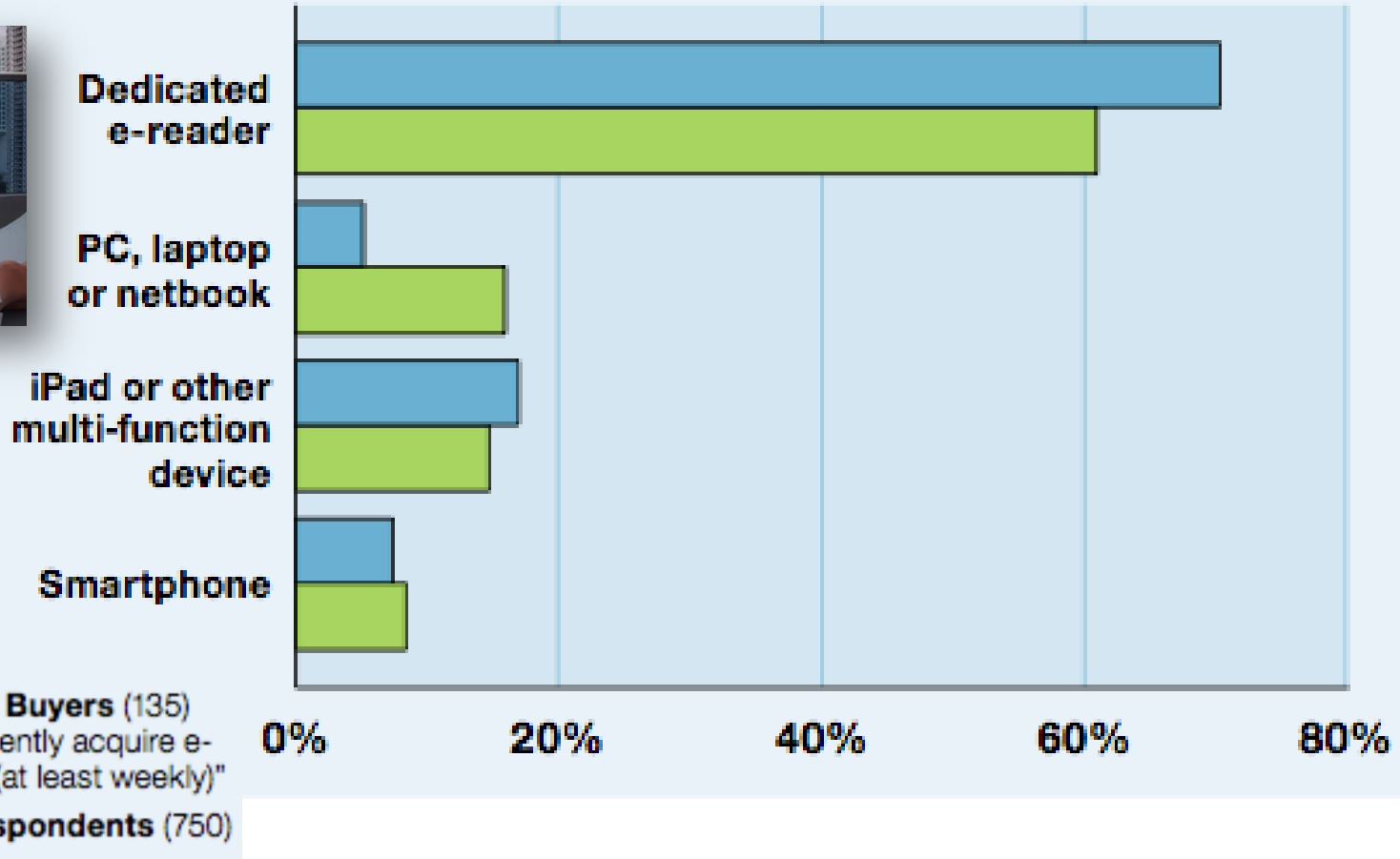
# Core buyer of trade E-Books is growing and has tremendous buying power!



Frequency of Purchase



# Tracking the Trade Power Buyers for Clues

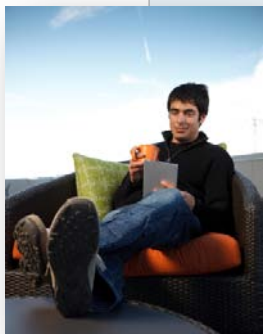
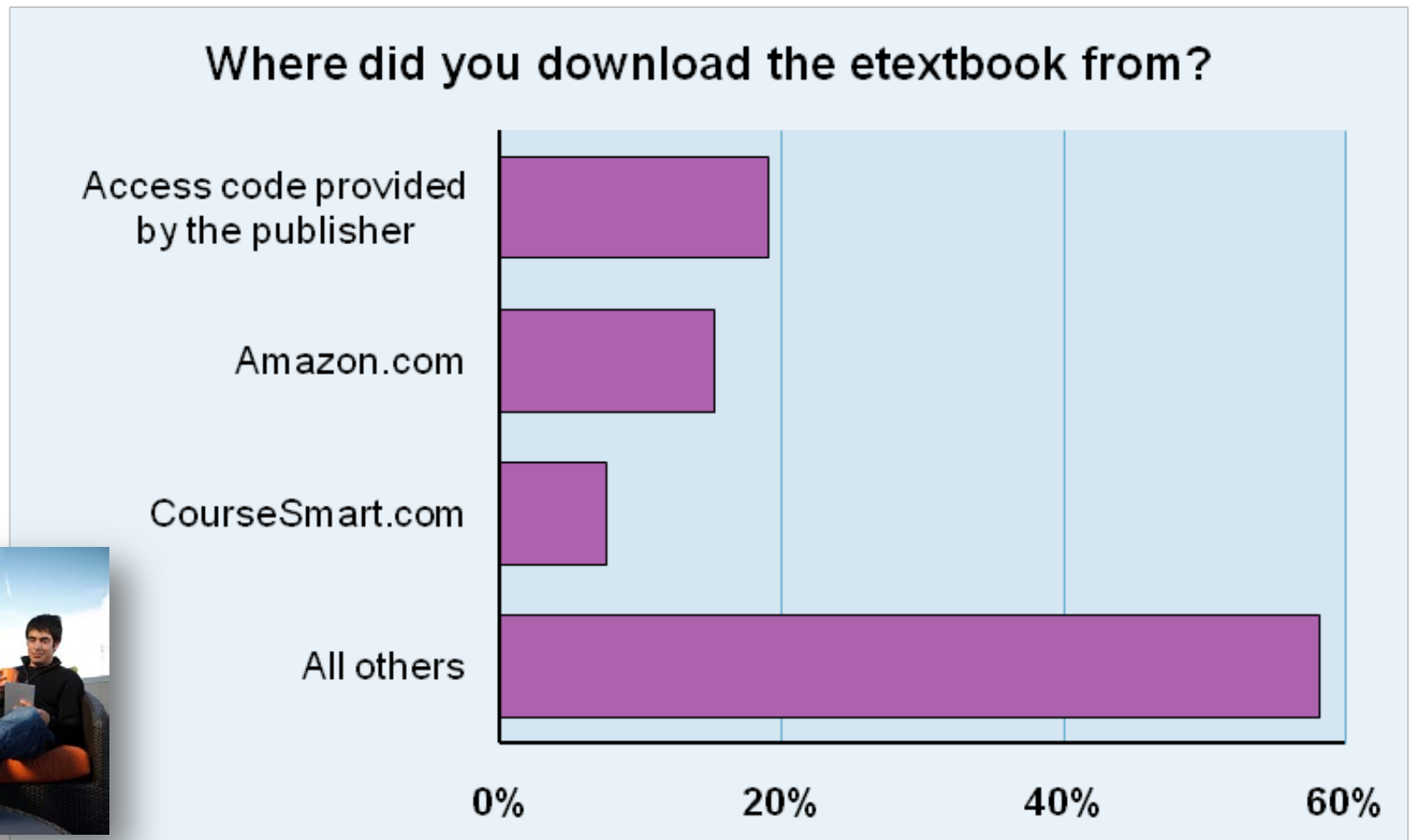


# Who is Today's Core E-Textbook Buyer?

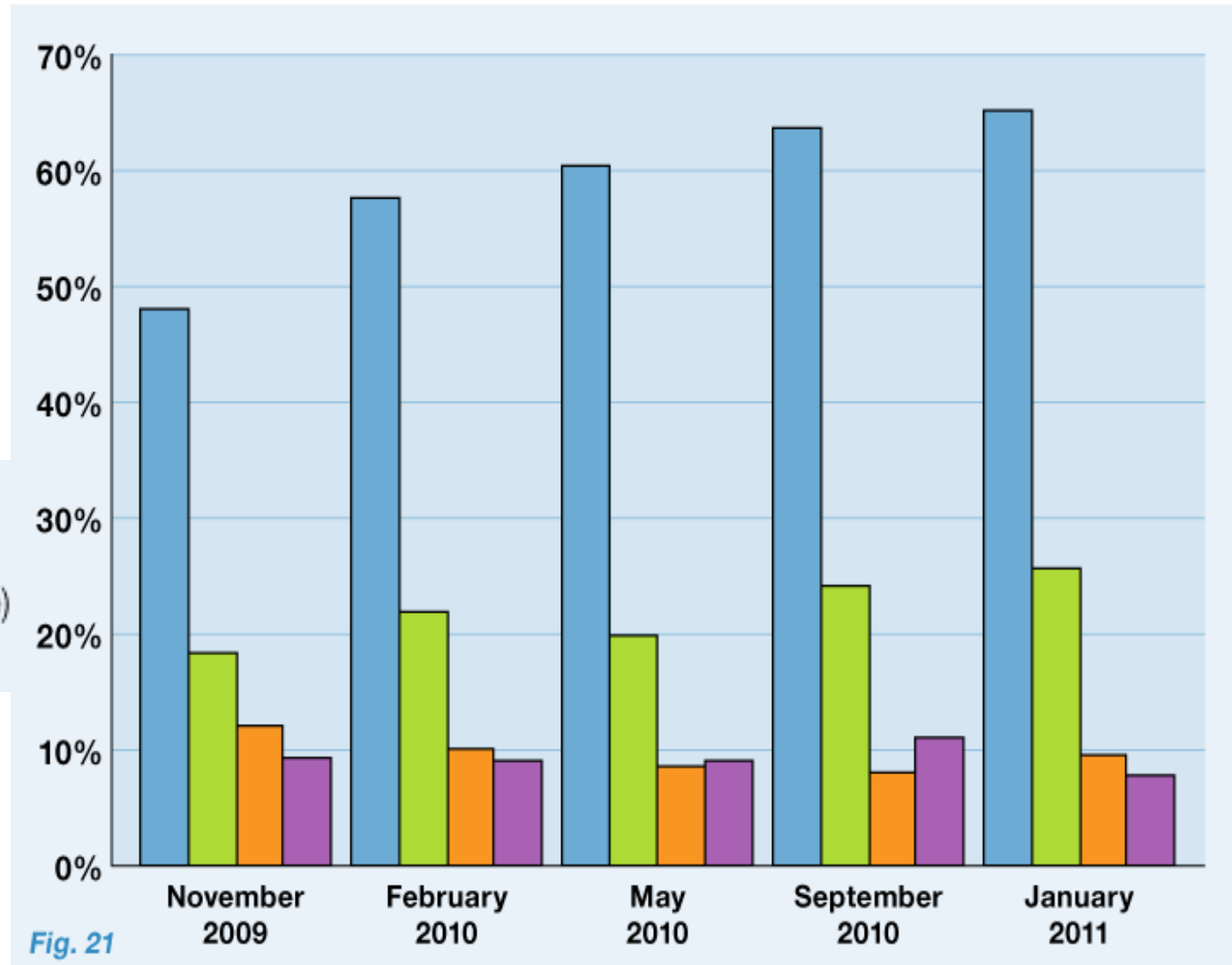


- Male
- ~23
- Graduate Student or Distance Learner
- More likely 'pirate' print or digital texts than under-classmen
- Still only buys a small portion of his texts 17% as 'e'

# E-Texts do not have a clear source for download



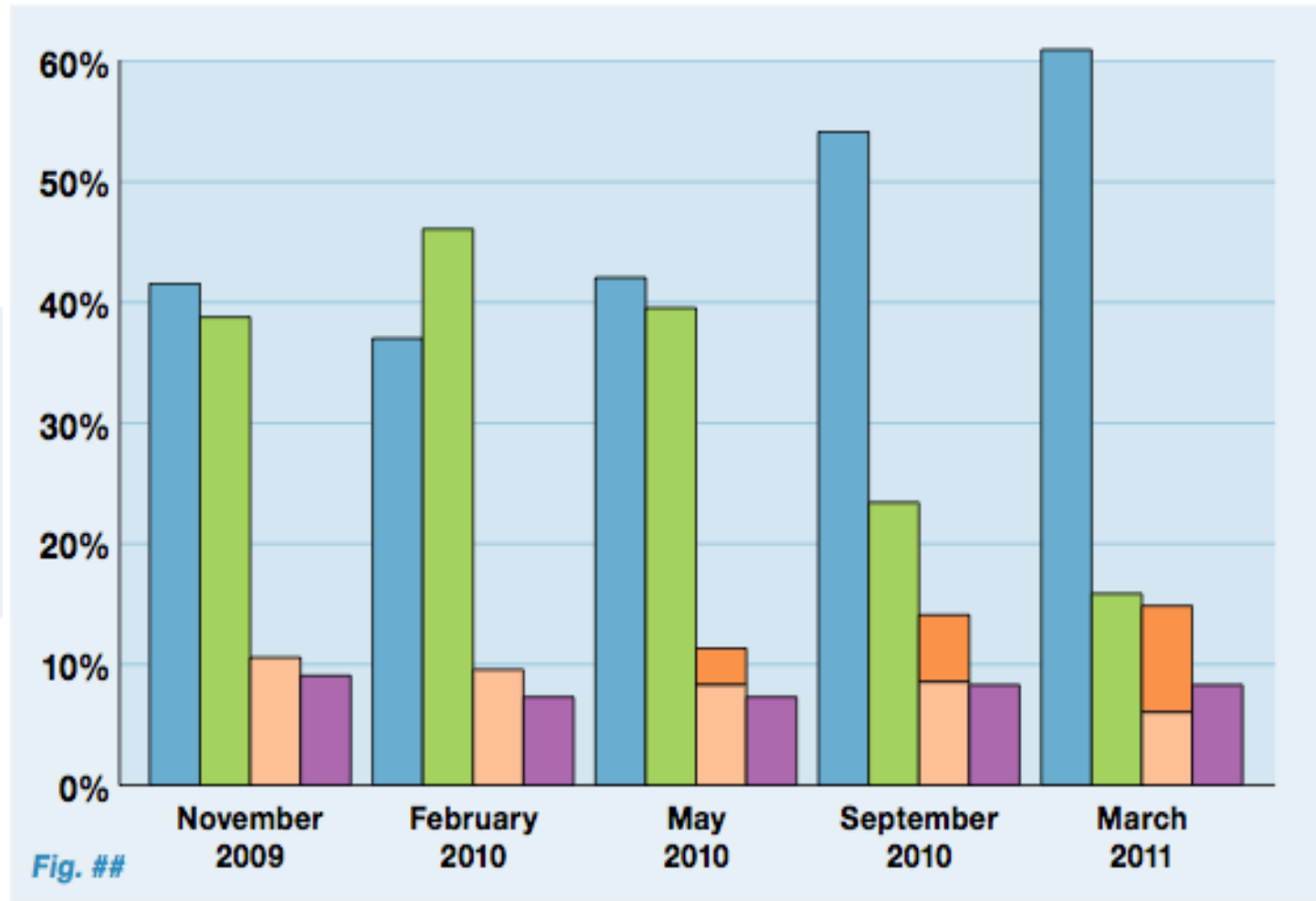
# Kindle is the dominant source for Trade E-Book downloads...



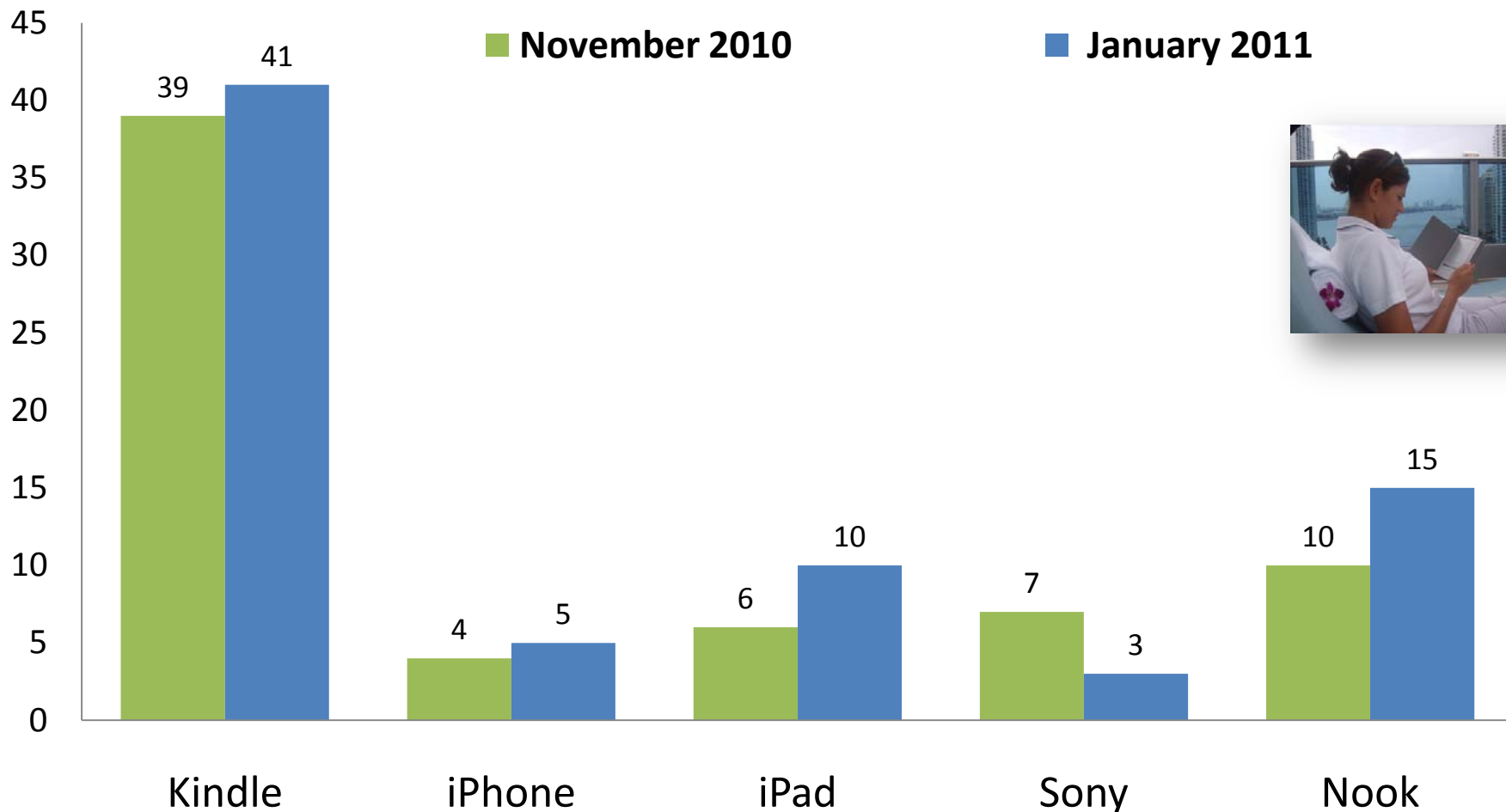
# Dedicated e-readers Now Dominate the Trade Market...



- Dedicated e-readers (Kindle, NOOK, etc.)
- PCs (desktops, laptops and netbooks)
- iPads (dark orange) & other multi-function devices (e.g., iPod Touch)
- Smartphones

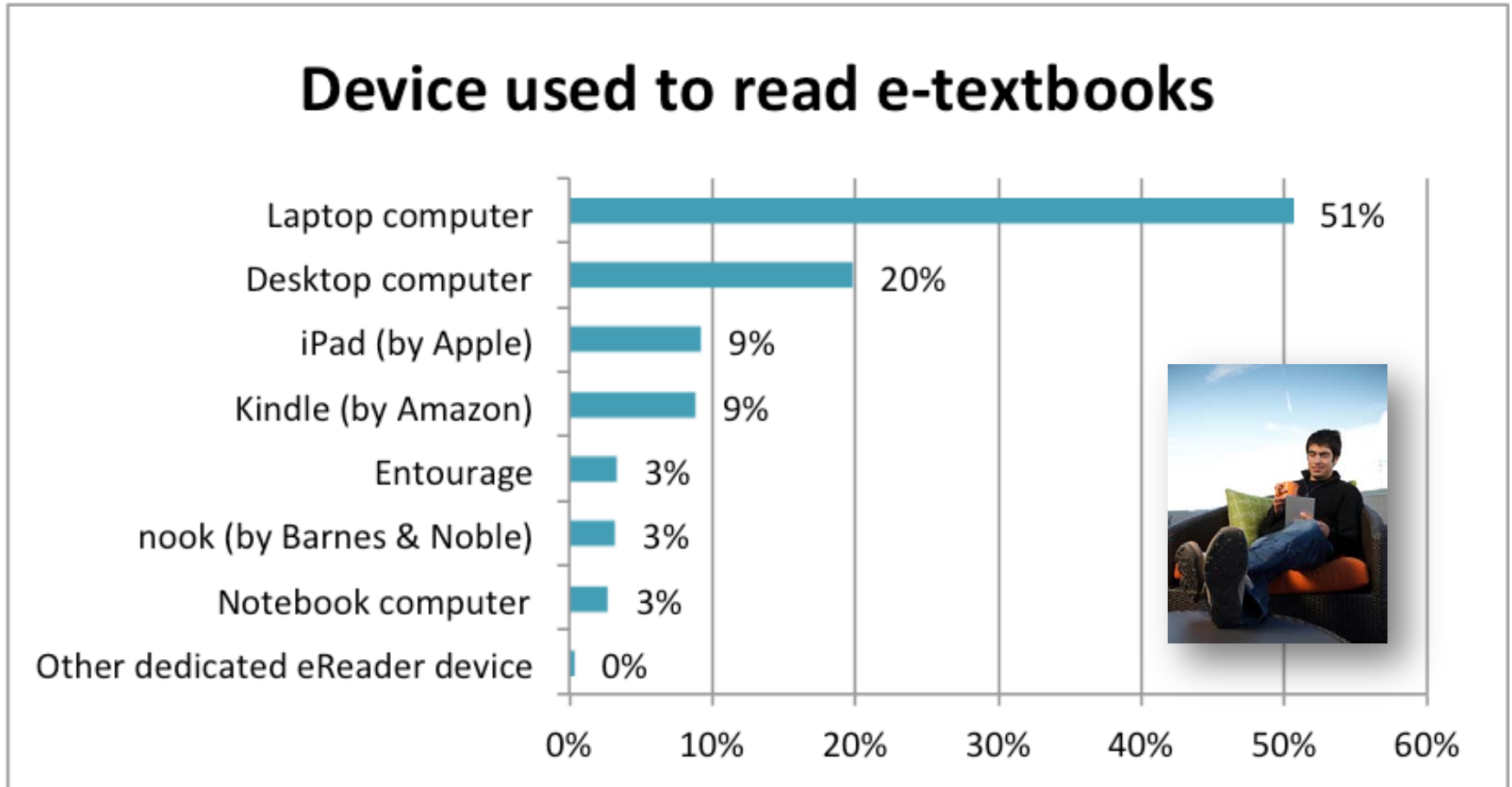


# ...And Kindle still dominates the trade device market...



# ...Not So in the Higher Ed Market

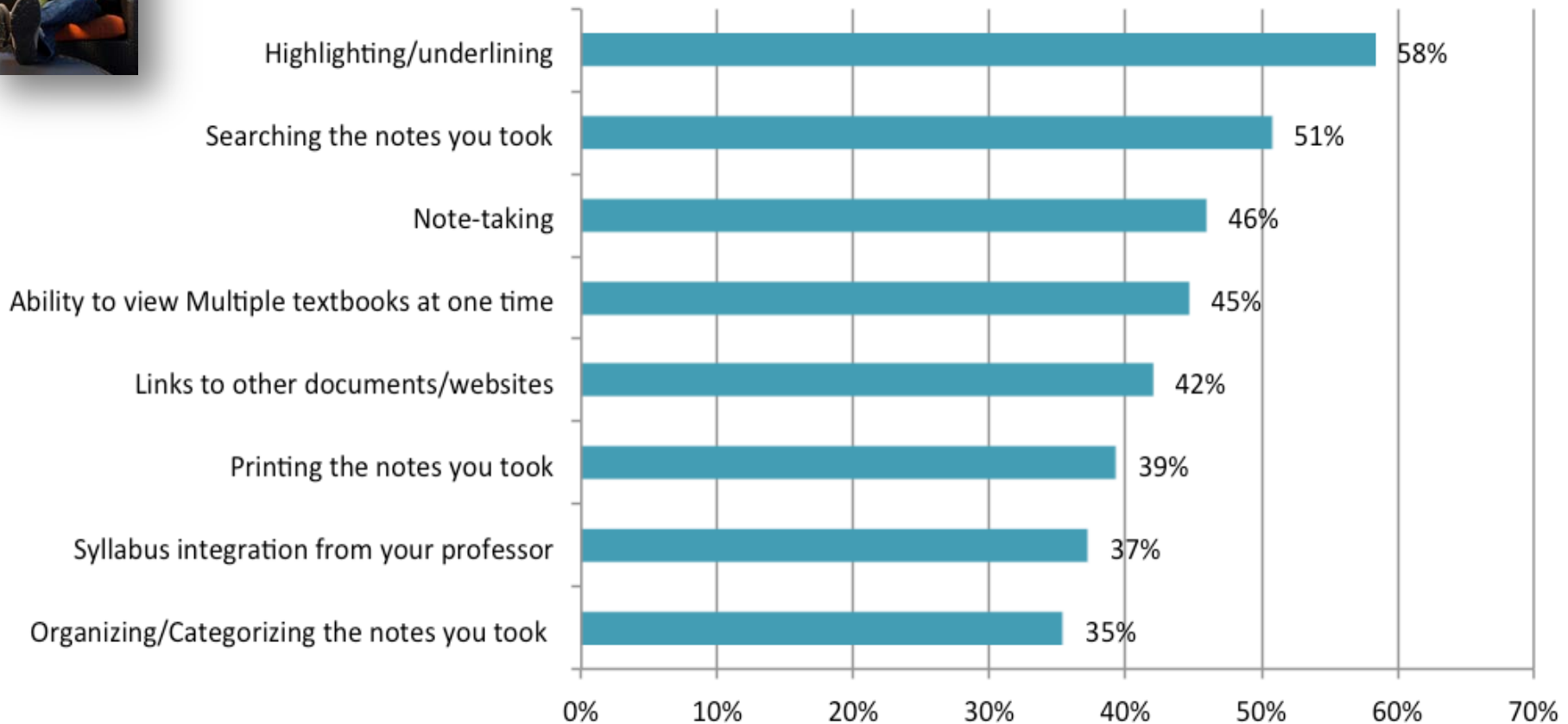
Spring Semester 2011



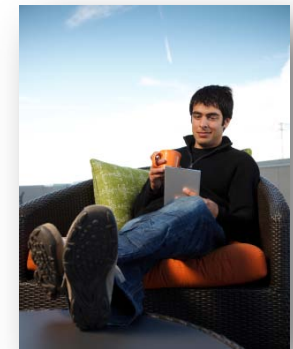
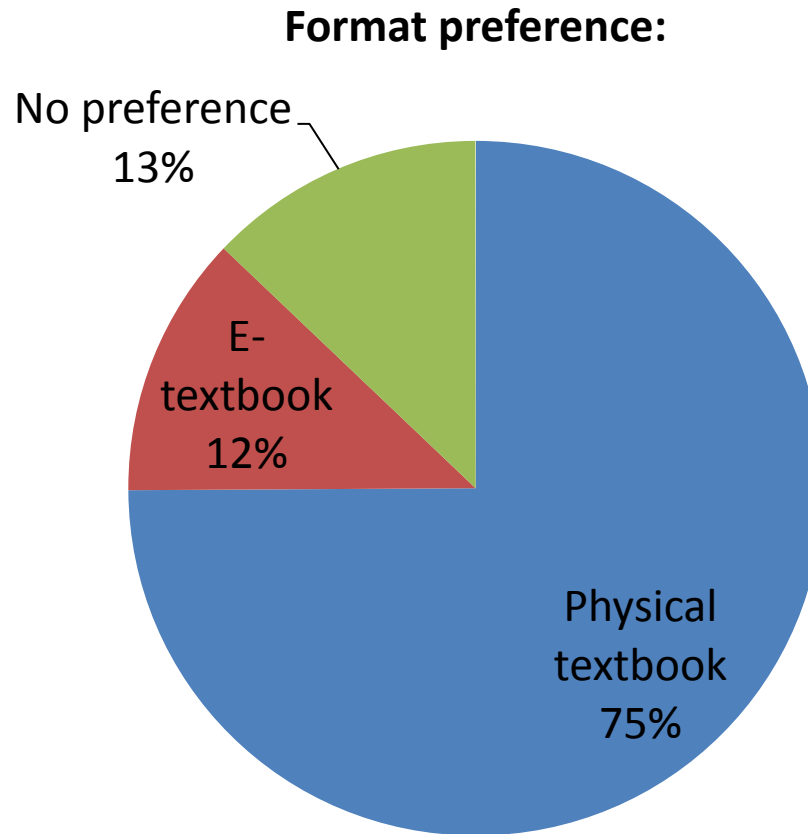
# Feature requirements from students are demanding on E-Books



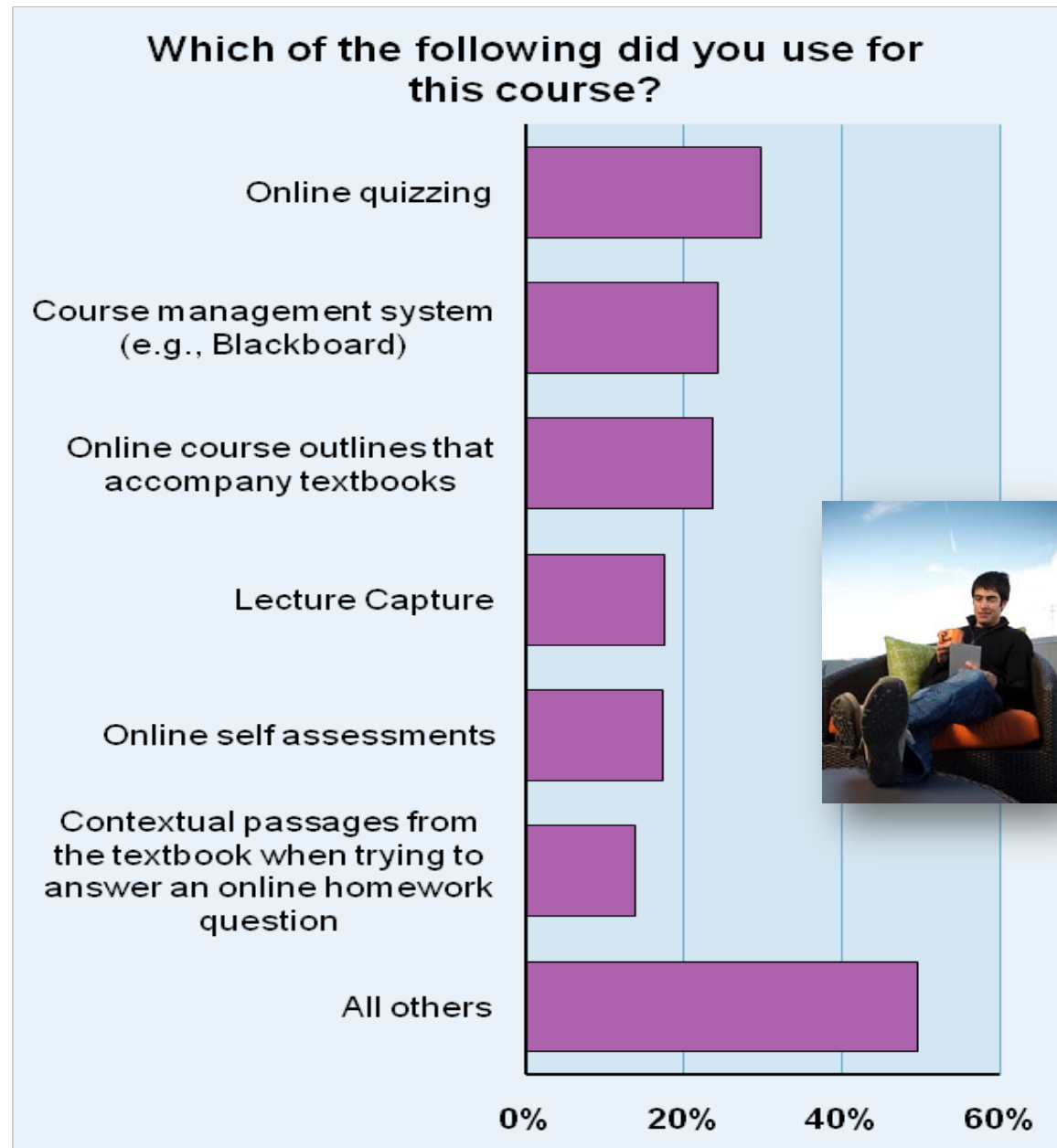
Most important features in an e-textbook



# When given a choice, students choose print over 'e' 3 out of 4 times...



...And find  
'other'  
forms of  
digital  
content  
more useful  
than E-  
Books



# For now, devices are meeting the expectations of trade E-Book buyers



**Portability** (was #1 in the previous survey)

**Ability to carry multiple e-books on a single device** (was #2)

**Instant access to e-books** (was #4 in the previous survey)

**Large selection of e-books** (was #3 in the previous survey)

**Ability to download e-books via wireless connection** (was #5)

**Lightweight** (was not asked in the previous survey)

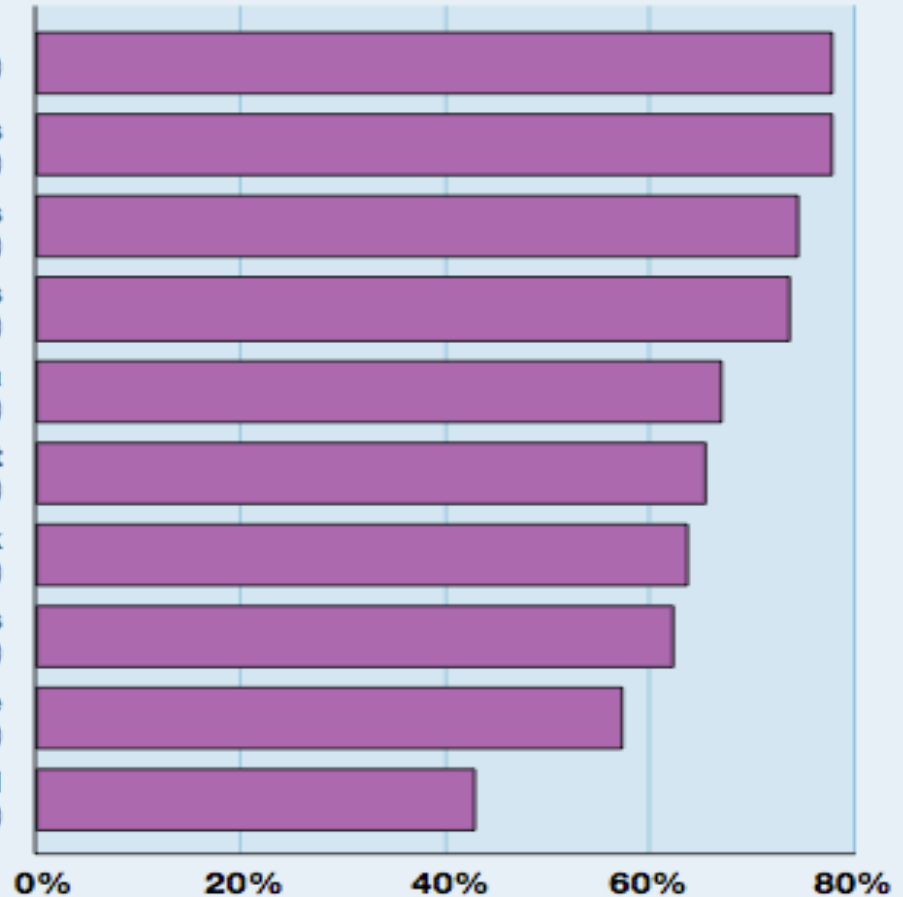
**Lower cost of e-book vs. print book** (was #6 in the previous survey)

**Ability to search for e-books as needed** (was #7 in the previous survey)

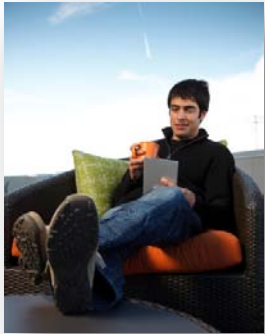
**Ability to change font size** (was #8 in the previous survey)

**Availability of free/promotional e-books** (was #9 in the previous survey)

High Benefit



# While still lacking functionality, students perceive similar value points to trade



Prefer not lugging a big textbook around

E-textbooks are more convenient

E-textbooks are easier to carry around

E-textbooks allow easy search and reference

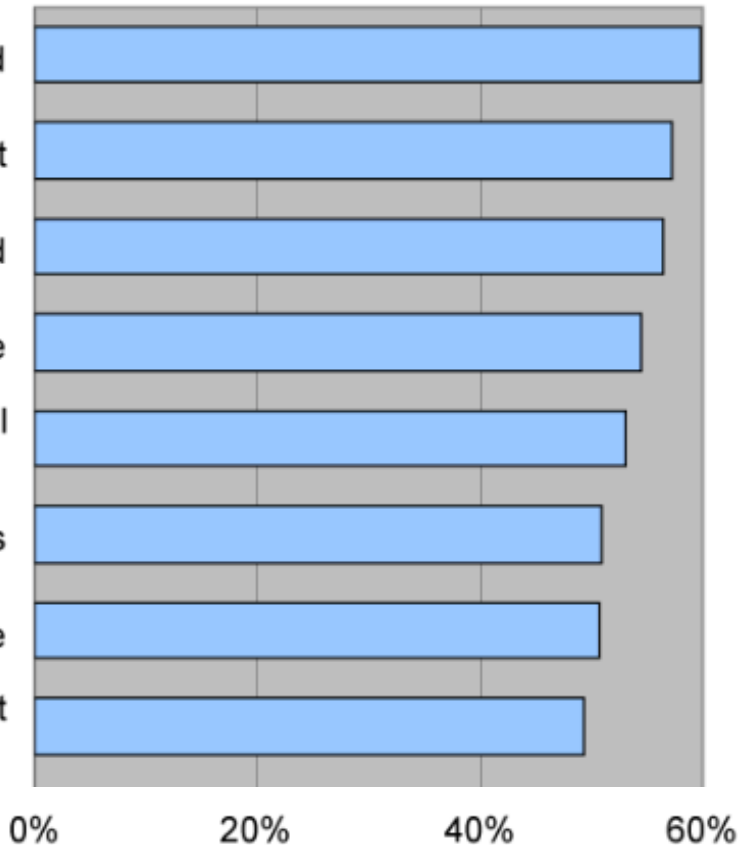
Content can be obtained more quickly (when I need it)

E-textbooks cost less than physical textbooks

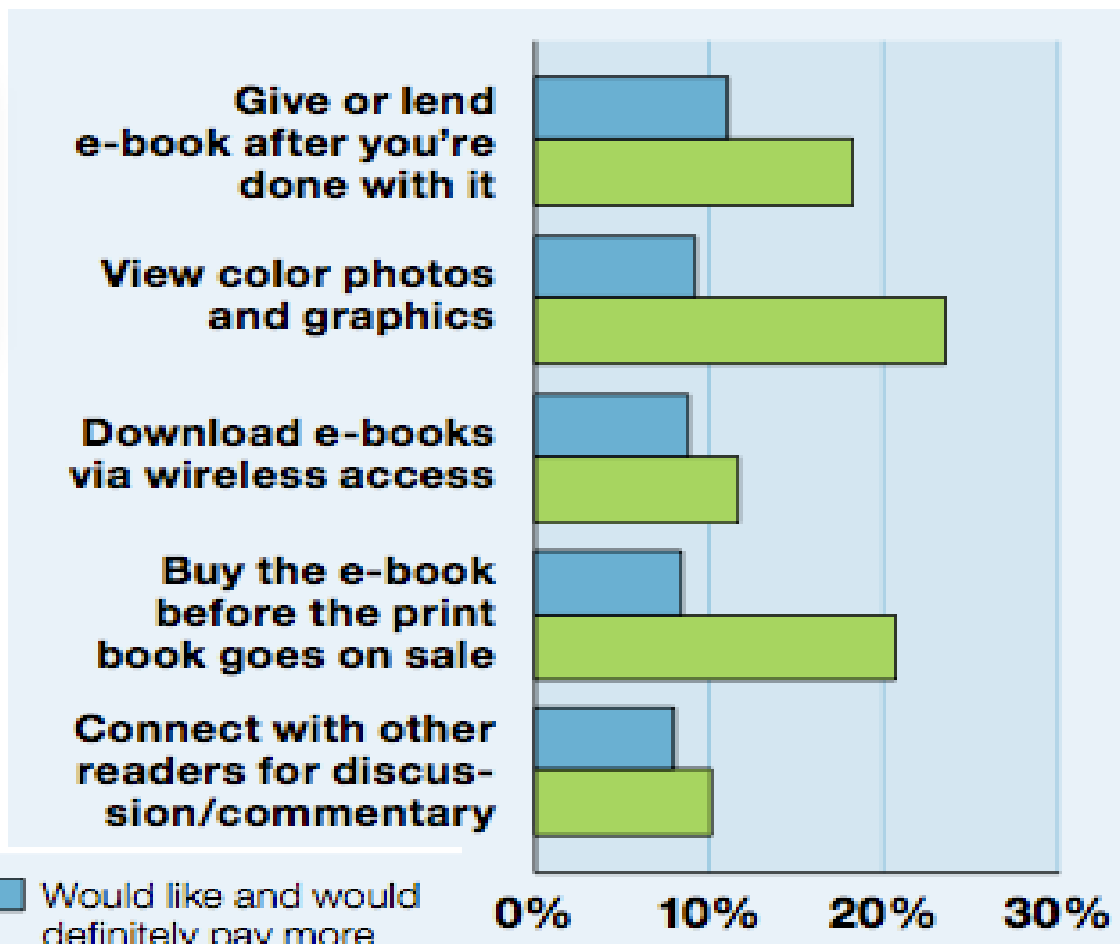
Can access e-textbook offline as well as online

E-textbooks allow you to interact with content (copy and paste to notes, etc.)

Very important reason

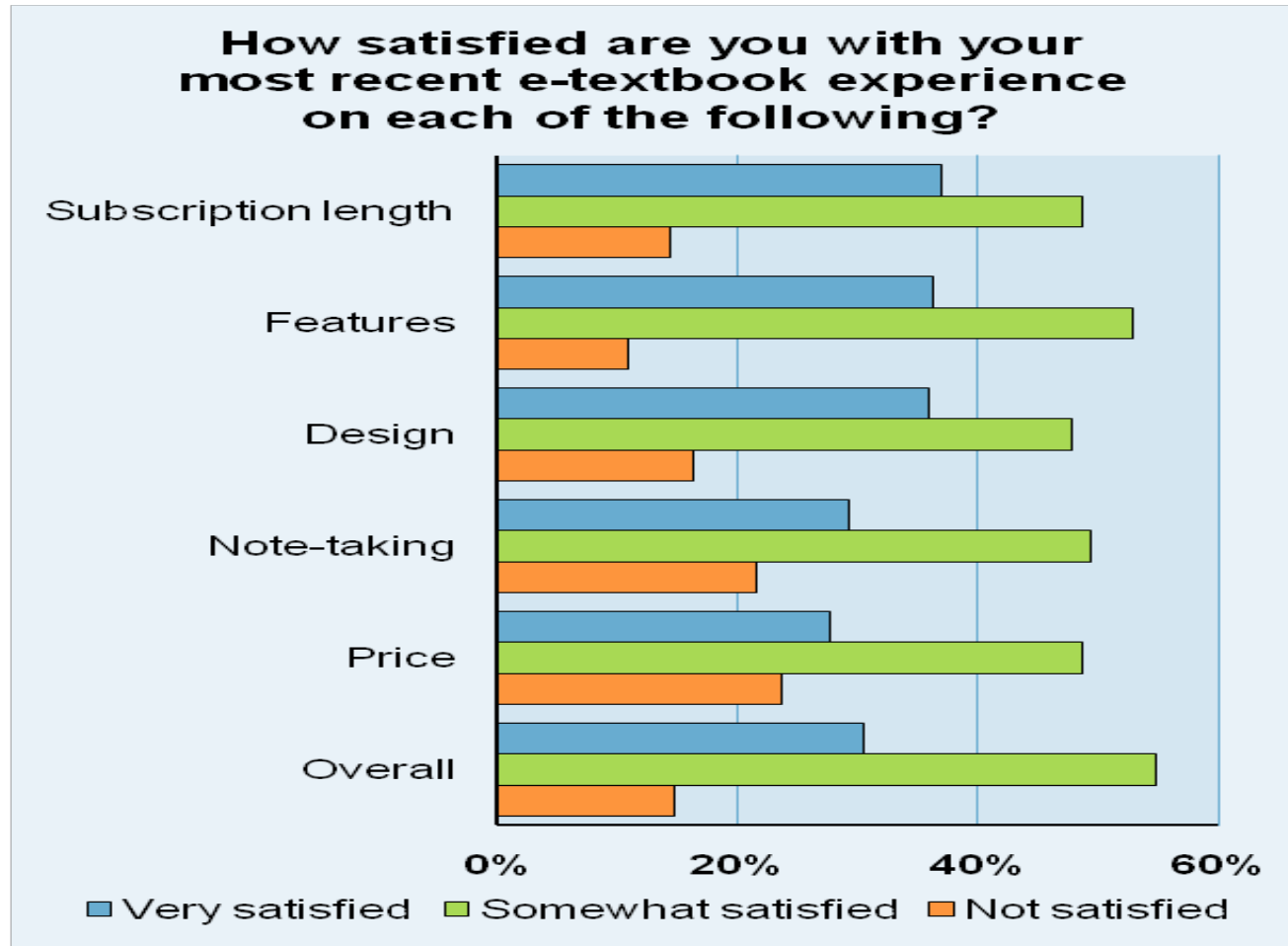
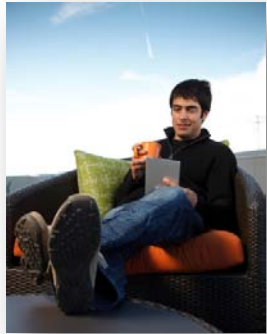


# Wish list of trade E-Book buyers offer clues for the future

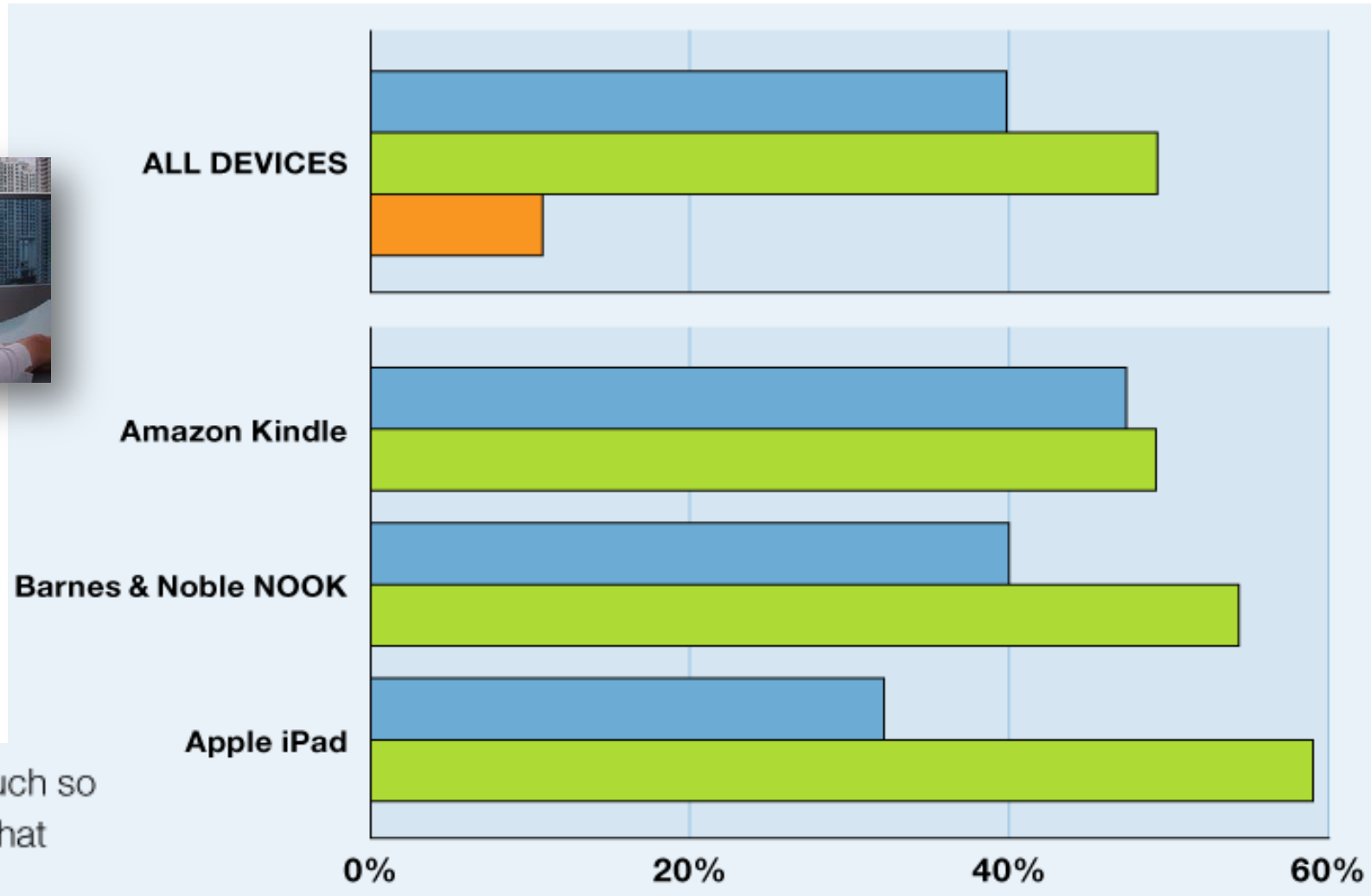


■ Would like and would definitely pay more  
■ Would like and might pay more

# Similarly, customer satisfaction can offer strong clues as well...

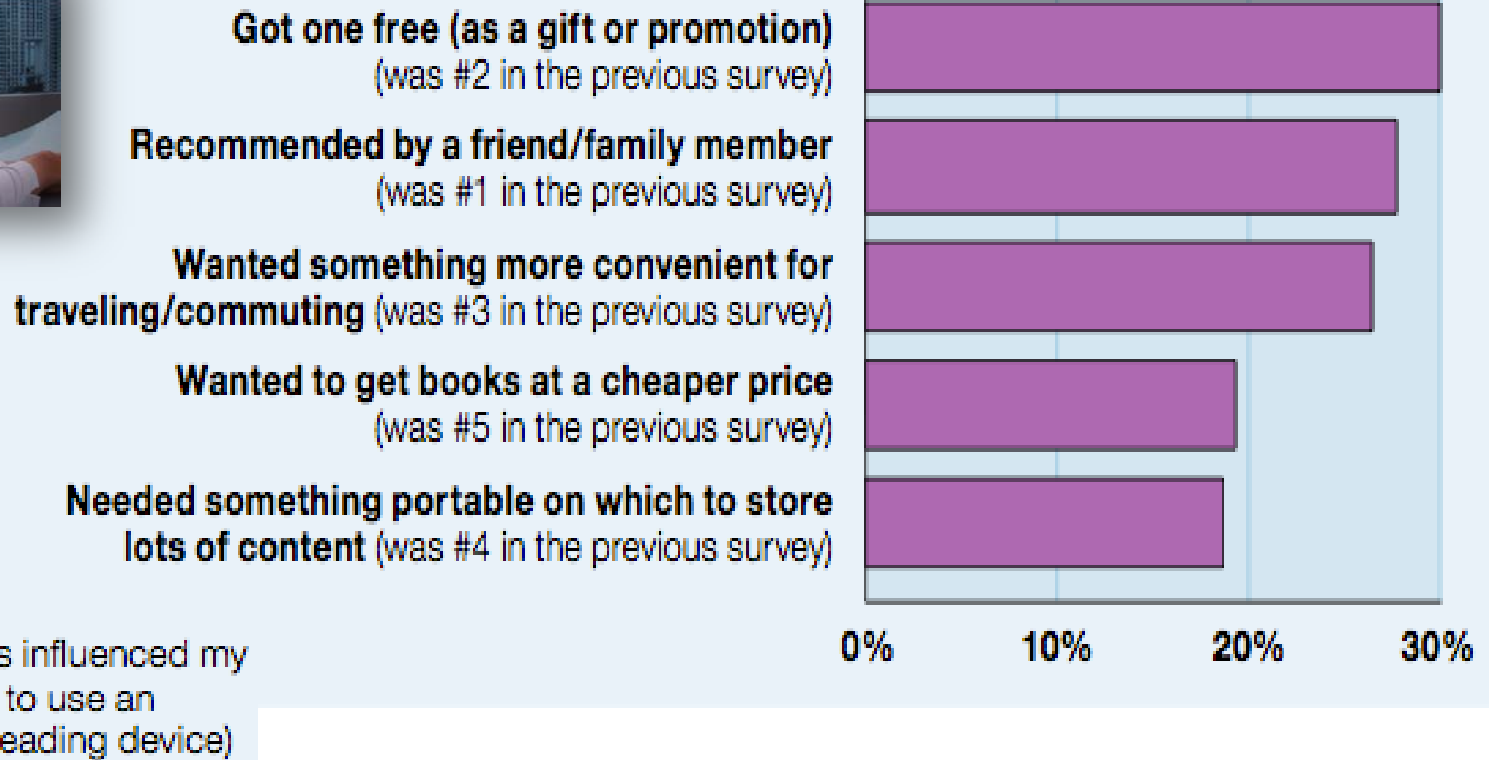


# Customer satisfaction can also play a big role in future purchase



■ Yes, very much so  
■ Yes, somewhat  
■ No

# Recommendation from a friend on device purchase plays important role



# At the end of the day... what impact are E-Books having on the HE market?

## Higher Ed Market –

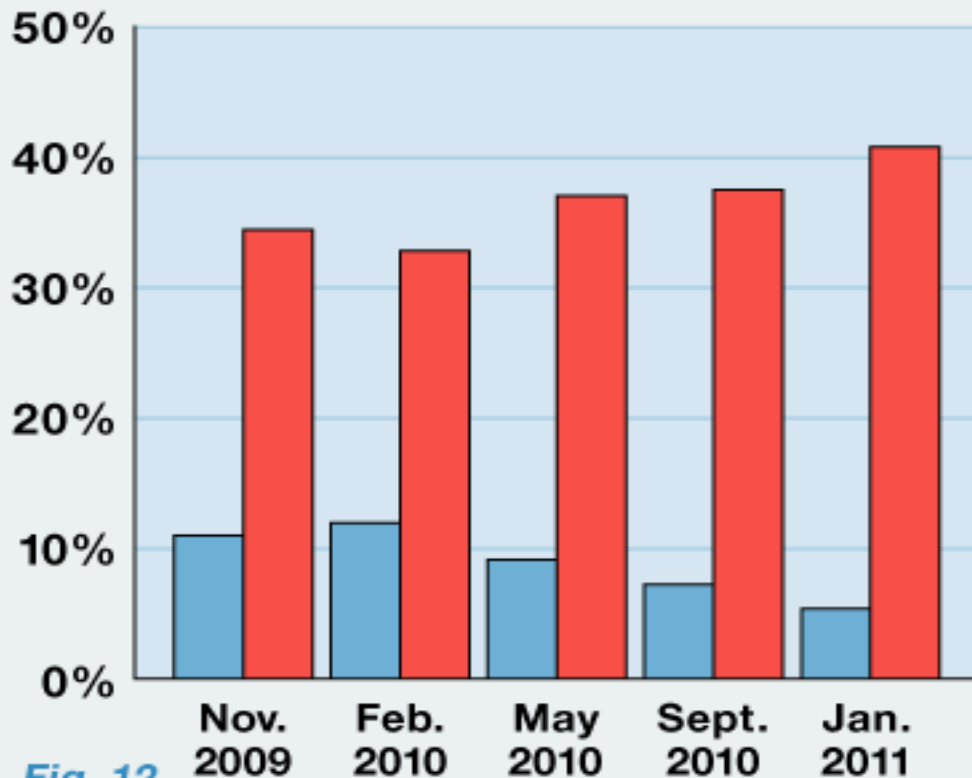
- Too early to tell
  - Device development
  - Entrenched Traditional Learning Models
  - ‘Digital Fatigue’
  - Cost Barriers
  - Maturing Content Platforms





# At the end of the day... what impact are E-Books having on the Trade market?

## HARDCOVER BOOKS



## PAPERBACK BOOKS

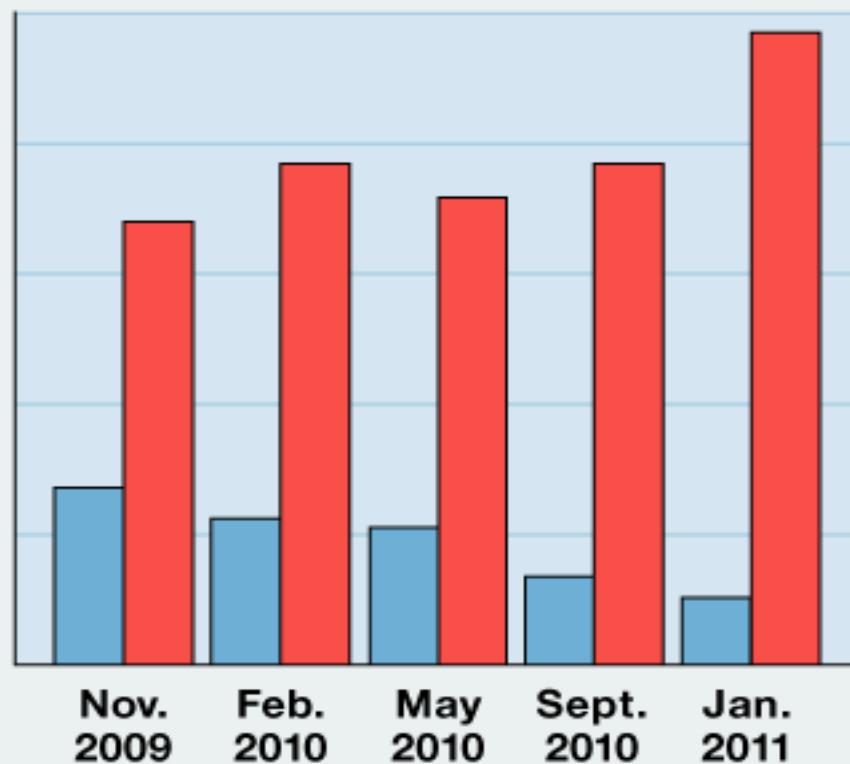
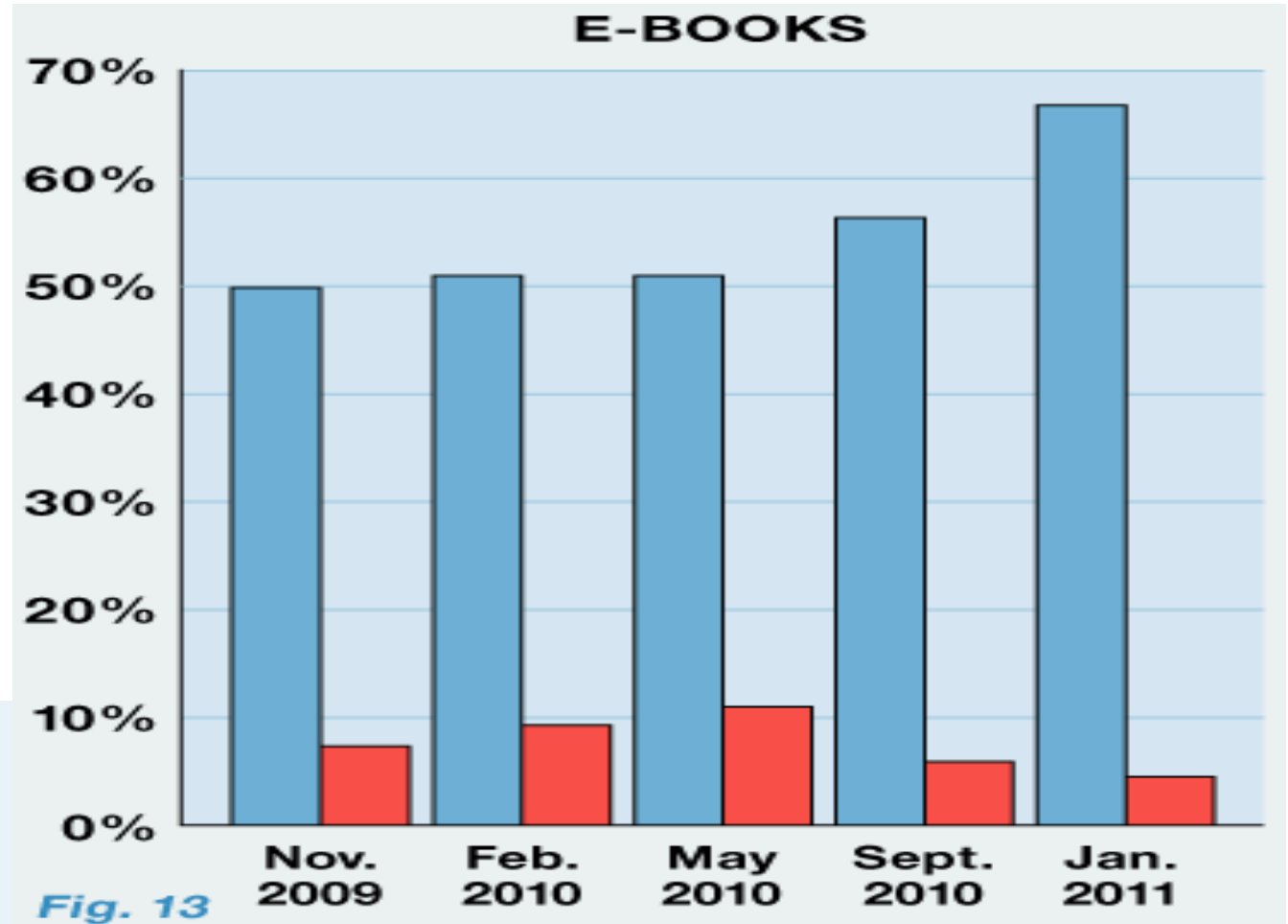
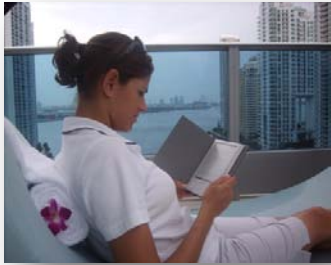


Fig. 12

- Increased number of titles purchased
- Decreased number of titles purchased

# What impact are E-Books having on the Trade market?

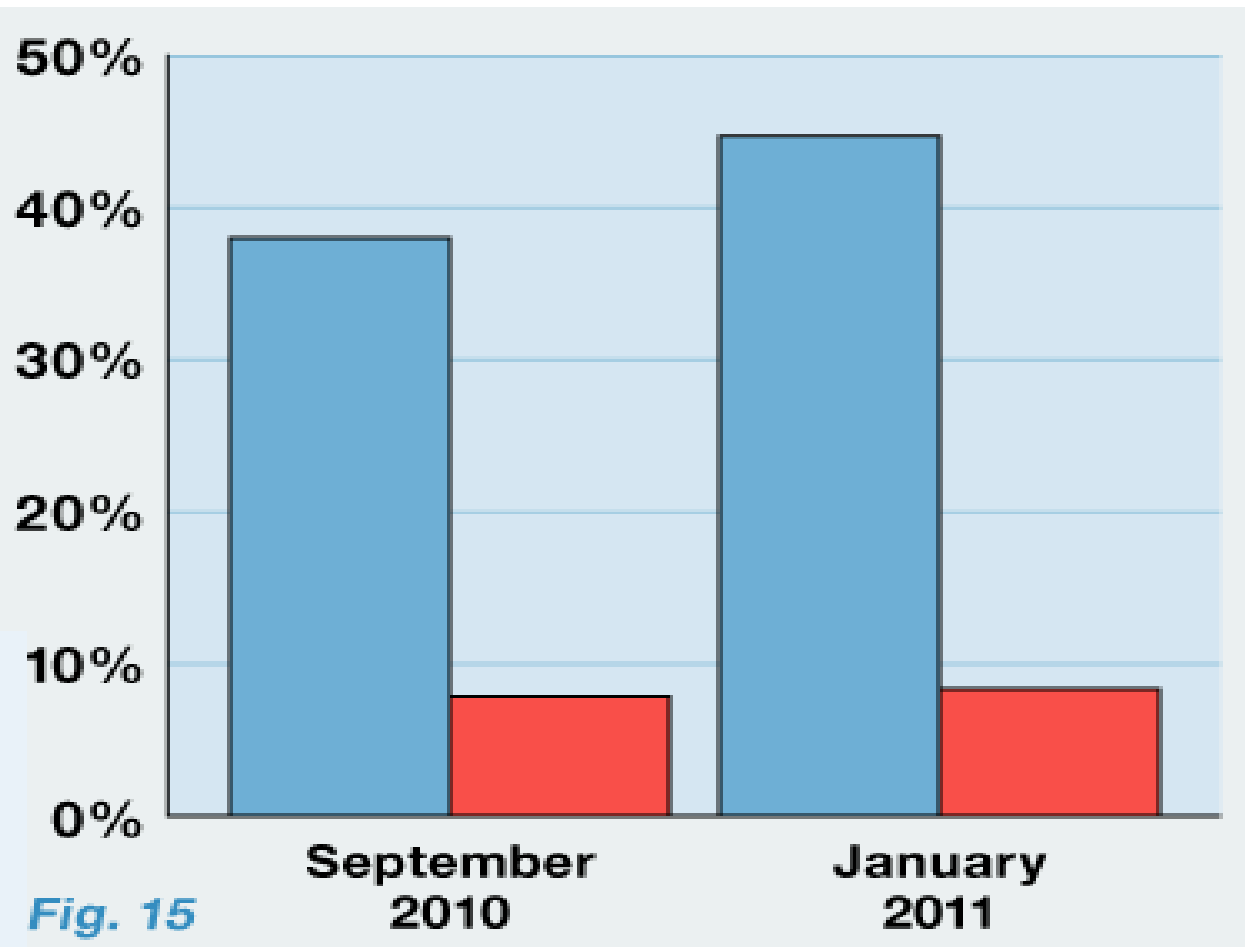


■ Increased number of titles purchased  
■ Decreased number of titles purchased

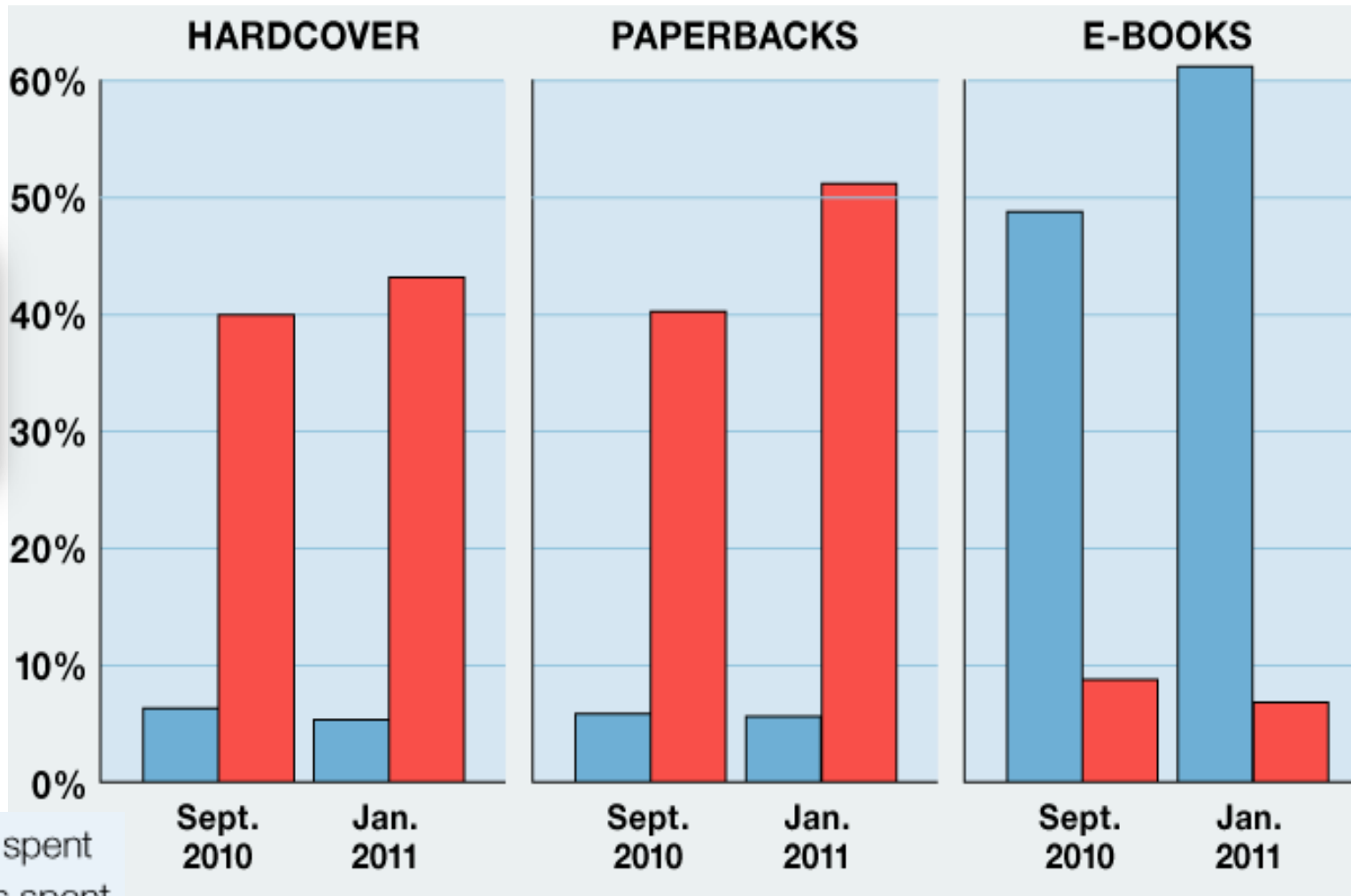
# Trade E-Book Consumers are buying more titles...



- Reported increase in number of titles purchased (all formats)
- Reported decrease in number of titles purchased (all formats)



# How does this show in the \$\$\$?

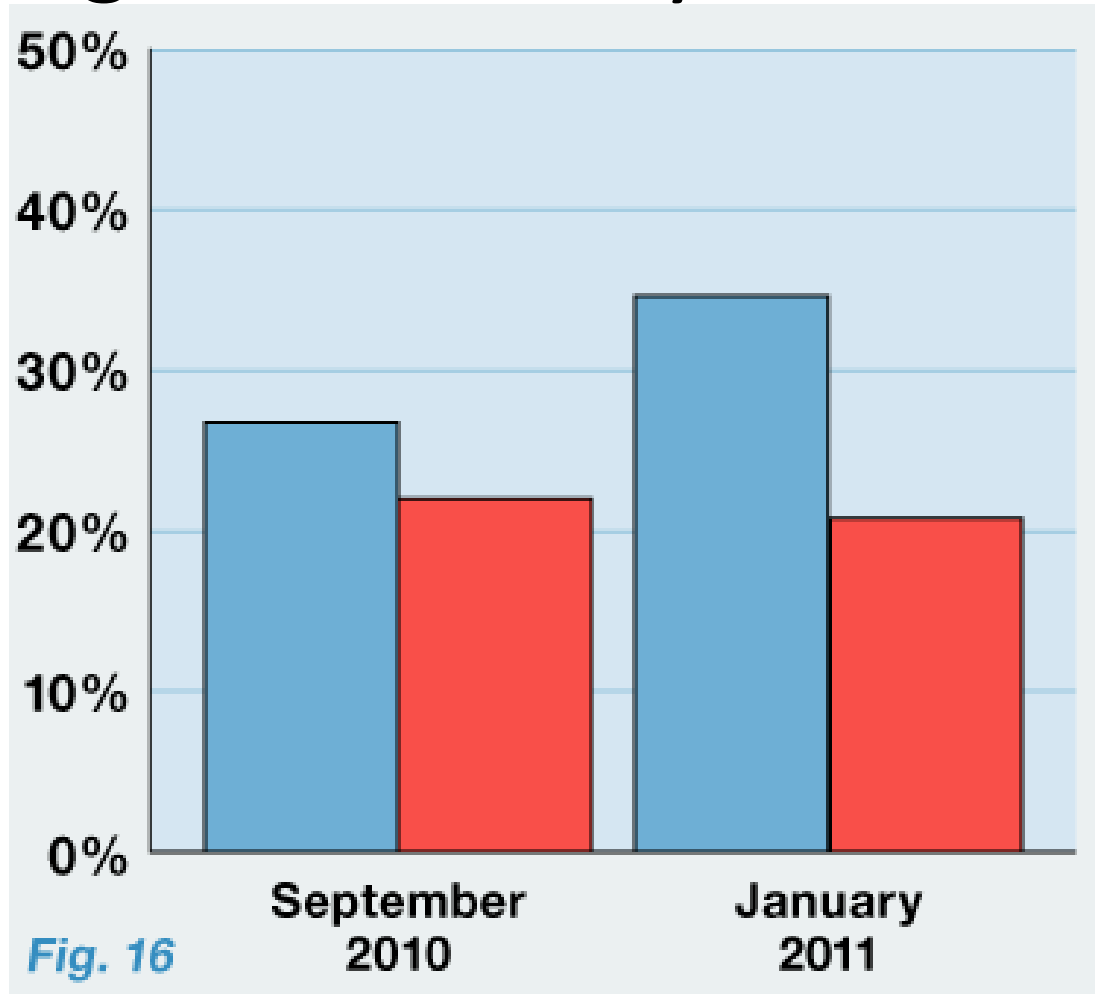


■ Increased dollars spent  
■ Decreased dollars spent

# ...Majority of trade consumers now report spending more money overall



- Reported increase in dollars spent (all formats)
- Reported decrease in dollars spent (all formats)



# The bigger the E-Book market gets...



# Thank you!

Kelly Gallagher

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For Consumer Attitudes Study

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