

Pandemic, Paper Crisis, Consumer Slump - How is the Book Market Faring in 2021/2022?

Annual Business Press Conference

Frankfurt am Main, July 7 2022

The Book Market in Times of Crisis

Successes and challenges

CENTRAL DEVELOPMENTS

Books Strong During the Corona Pandemic

Rising sales in 2021, higher spending on books among young people

Changing Consumer Behaviour, Loss of Diversity

More online instead of buying in physical stores, targeted instead of spontaneous purchases, focus on bestsellers, decline in consumers

Industry is Innovative and Digital

Bookstores' online shops grew more strongly than Amazon, more ebook and audio book downloads

Economic Situation Puts Industry Under Pressure

High burdens and low yields in the pandemic, plus now: cost increases, paper crisis, consumer slump



01

The Book Market in 2021

Total Market, Sales Channels, Digital Purchases



Turnover in the Book Industry 2006-2021

KEY MARKET FIGURES 2021

Estimated Turnover

TURNOVER

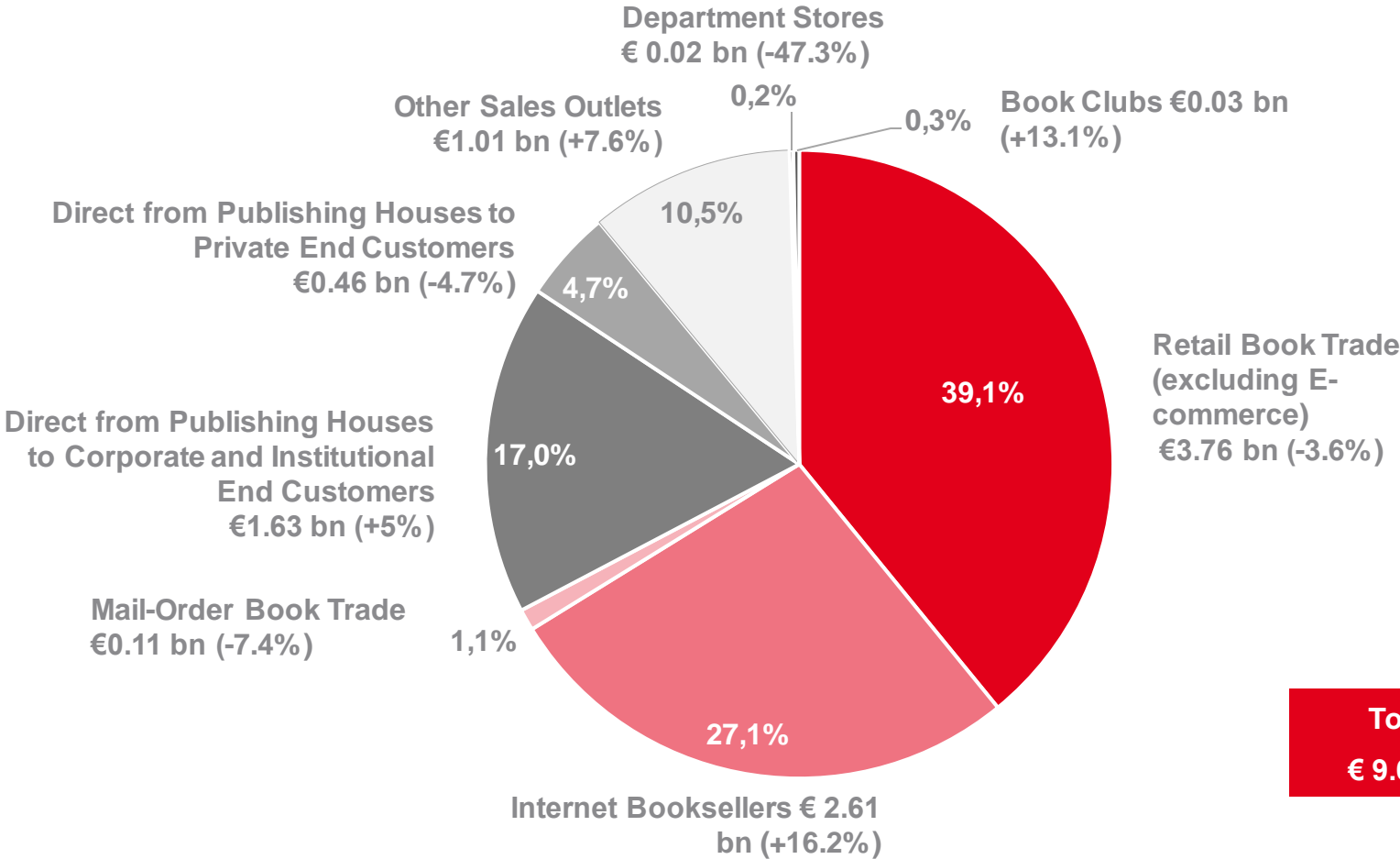


Source: Börsenverein des Deutschen Buchhandels



Share of Turnover by Sales channel 2021

Estimated turnover with development compared to previous year (in brackets)



**Retail Book Trade
2021 to 2019:
-12.3%**

**Total Turnover:
€ 9.630 bn (+3.5%)**

Source: Börsenverein des Deutschen Buchhandels, 2022

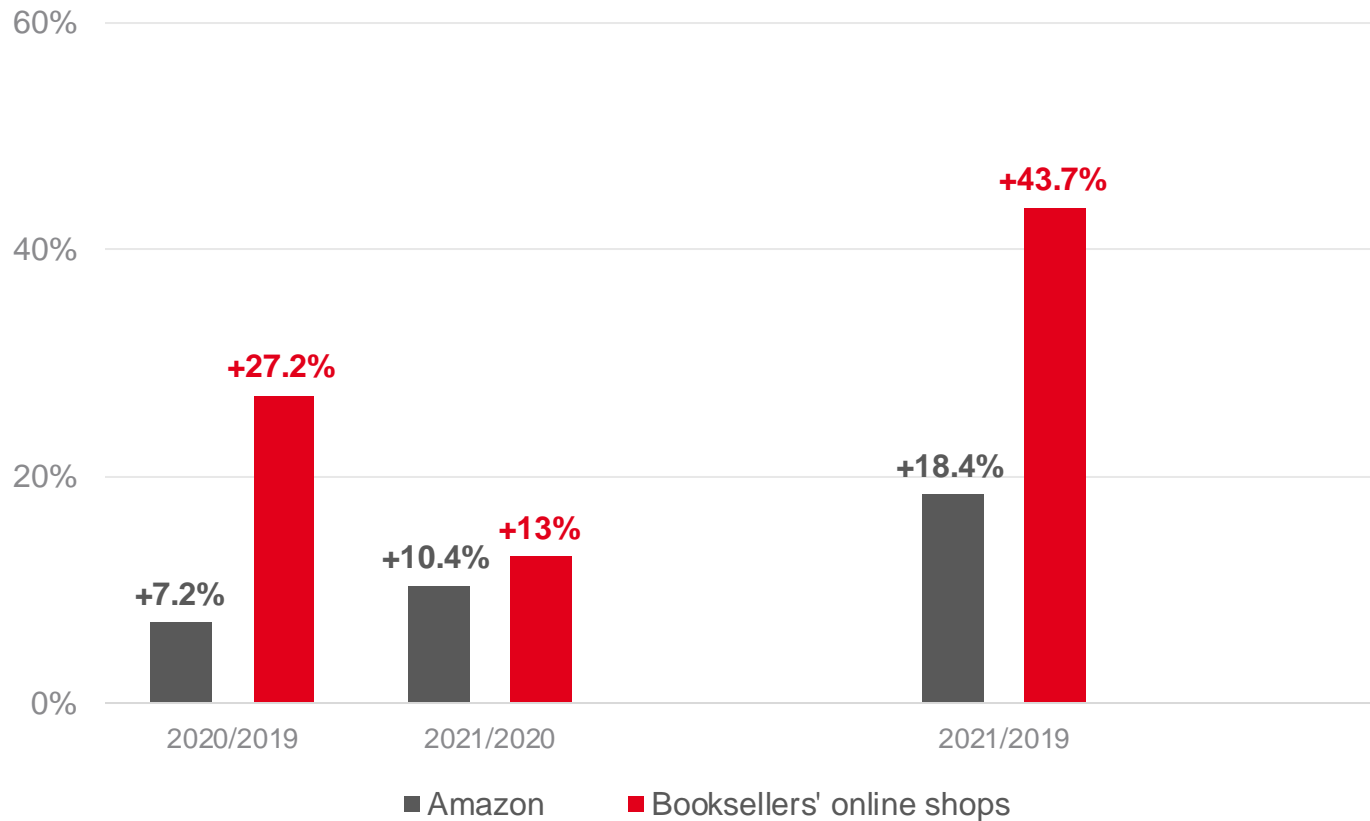


General Public Book Market: Development of Online Stores 2020 and 2021

KEY MARKET FIGURES 2021

INTERNET BOOK TRADE

Turnover growth in the internet book trade by channel

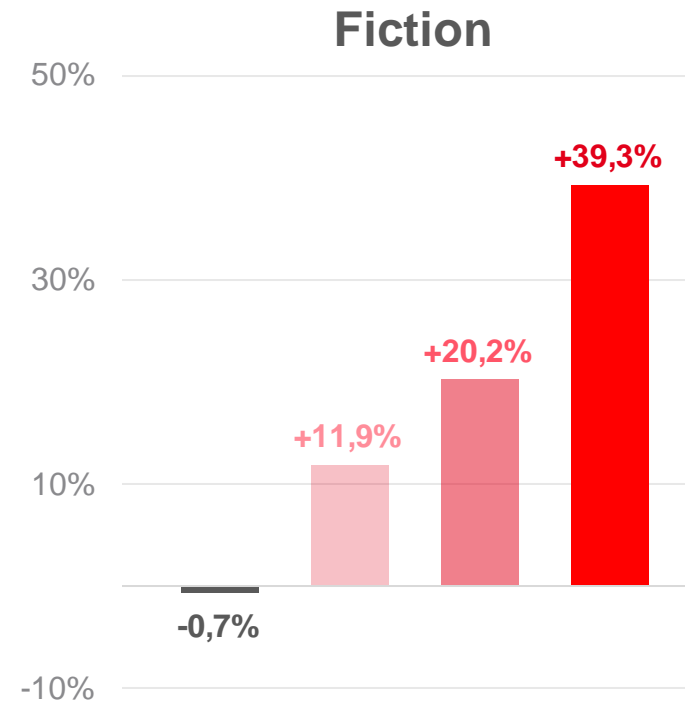
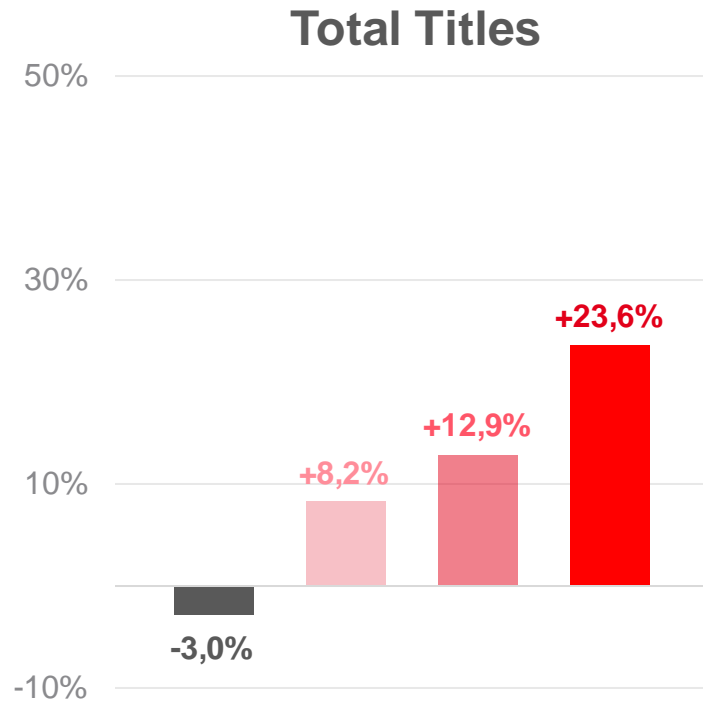


After bookstores' online sales in the general public book market (excluding textbooks and reference books) grew almost four times as fast as Amazon in the first Corona year of 2020, they increased by a further 13 per cent in 2021.

Compared to the normal year of 2019, their growth was more than 40 per cent.



Sales Development 2021 to 2019: Top Titles



- Sales Title total
- Top 50
- Top 25
- Top 10

Bestseller concentration: While overall sales declined slightly, sales of the top-ranked - i.e. best-selling - titles increased significantly.

Overall, sales of the top 10 ranked titles increased by 23.6 per cent, in fiction by almost 40 per cent.

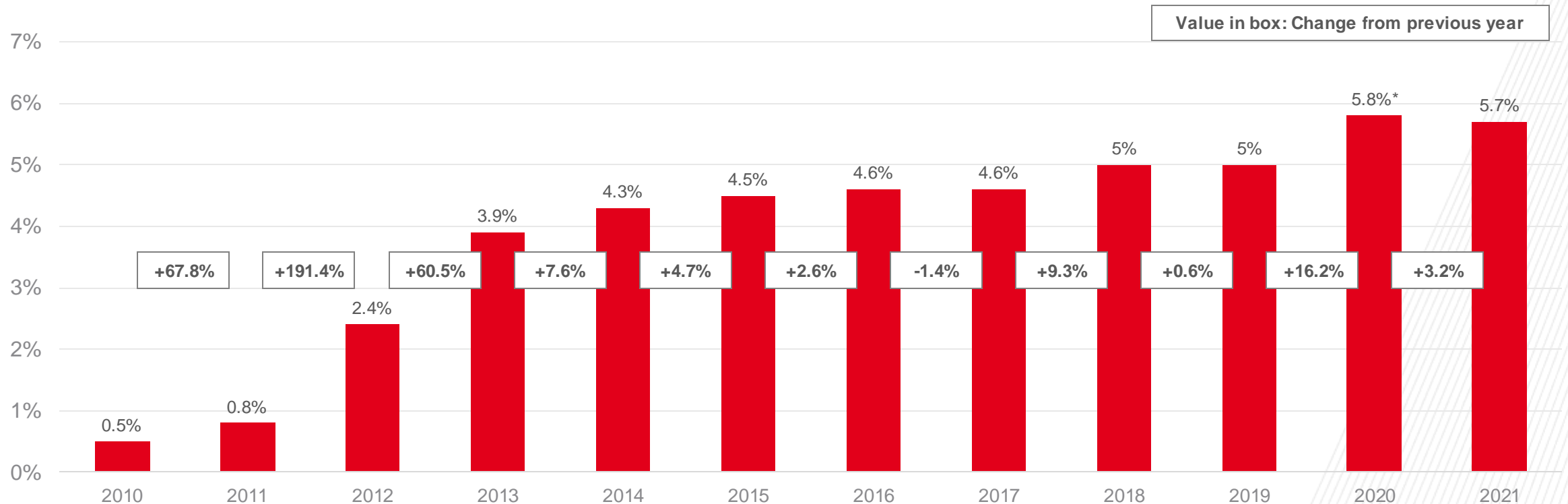
Sales Channels: Retail bookstores, train station bookstores, department stores, electrical stores and drugstores as well as e-commerce, **Edition formats:** Hardcover, softcover; paperback, audio book

Source: Media Control, 2022



EBook Development 2010-2021

Percentage of turnover and turnover development



* Due to a change in the GfK Consumer Panel Media*Scope book, the percentages of 2020 differ slightly from previous publications.

Basis: Representative of 66.5 million people (German resident population aged 10 and over),
Excluding textbooks and reference books,
Includes all purchases of individual eBooks from a sales price of 0.49 euros
Source: GfK Consumer Panel Media*Scope Book



Development of Digital Book Formats 2019-2021

Turnover in millions and turnover development

KEY MARKET FIGURES 2021

DIGITAL FORMATS



E-Book Downloads

↑ +16.2% ↑ +3.2%

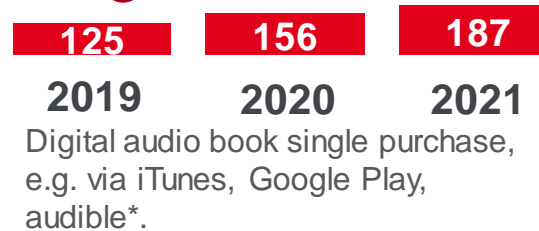


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Audiobook Downloads

↑ +24.5% ↑ +20.4%



Digital audio book single purchase, e.g. via iTunes, Google Play, audible*.

*Counted under downloads, as the subscription model is based on individual downloads.



Book Downloads in Total

↑ +19.3% ↑ +10%



Subscriptions

↑ +28.4% ↑ +24.1%



→ Ebook Subscriptions

+15.5% (2020: +247%)

Flat rate providers, e.g. kindle unlimited, Nextory, storytel

→ Audiobook Subscriptions

+106,5% (2020: +78,3%)

Flat rate providers, e.g. BookBeat, Nextory, storytel



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The Book Market 2021

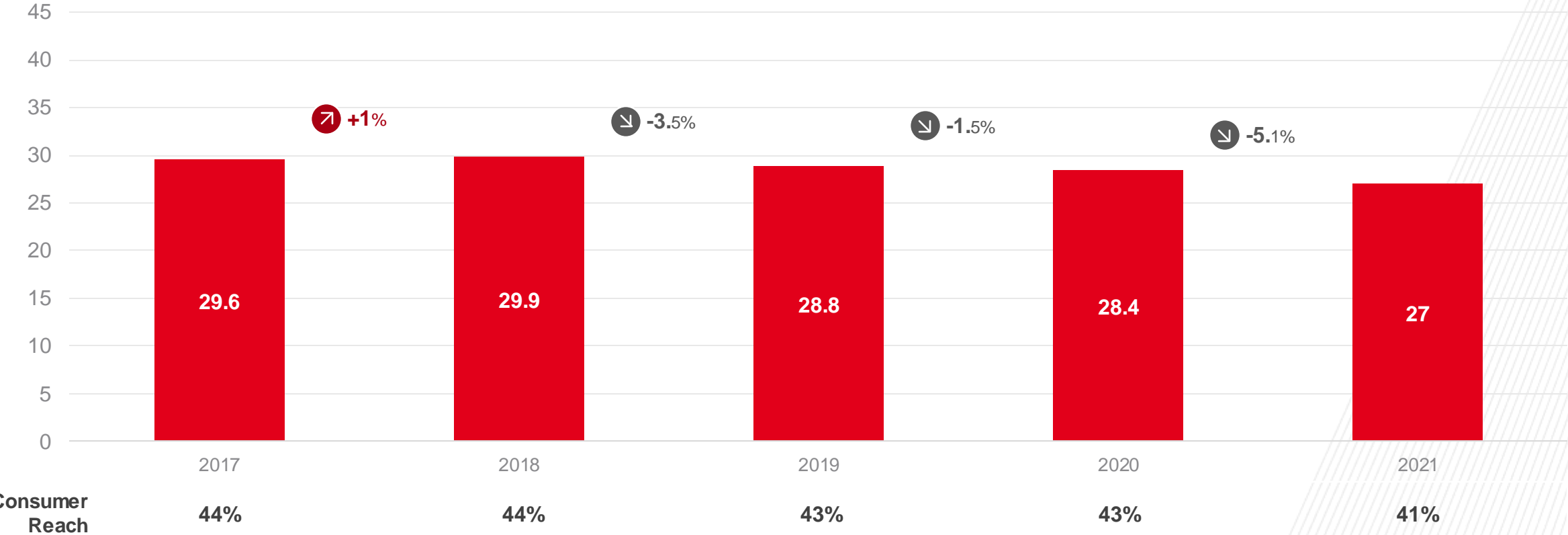
Consumers



Consumer Development 2017–2021

Book consumers in the general public book market: Amount, Change compared to previous year, Reach

Number of people in millions



Basis: Representative of 66.5 million people (German resident population aged 10 and over), Excluding textbooks and reference books, including downloads (audio books and ebooks), **Source:** GfK Consumer Panel Media*Scope Book

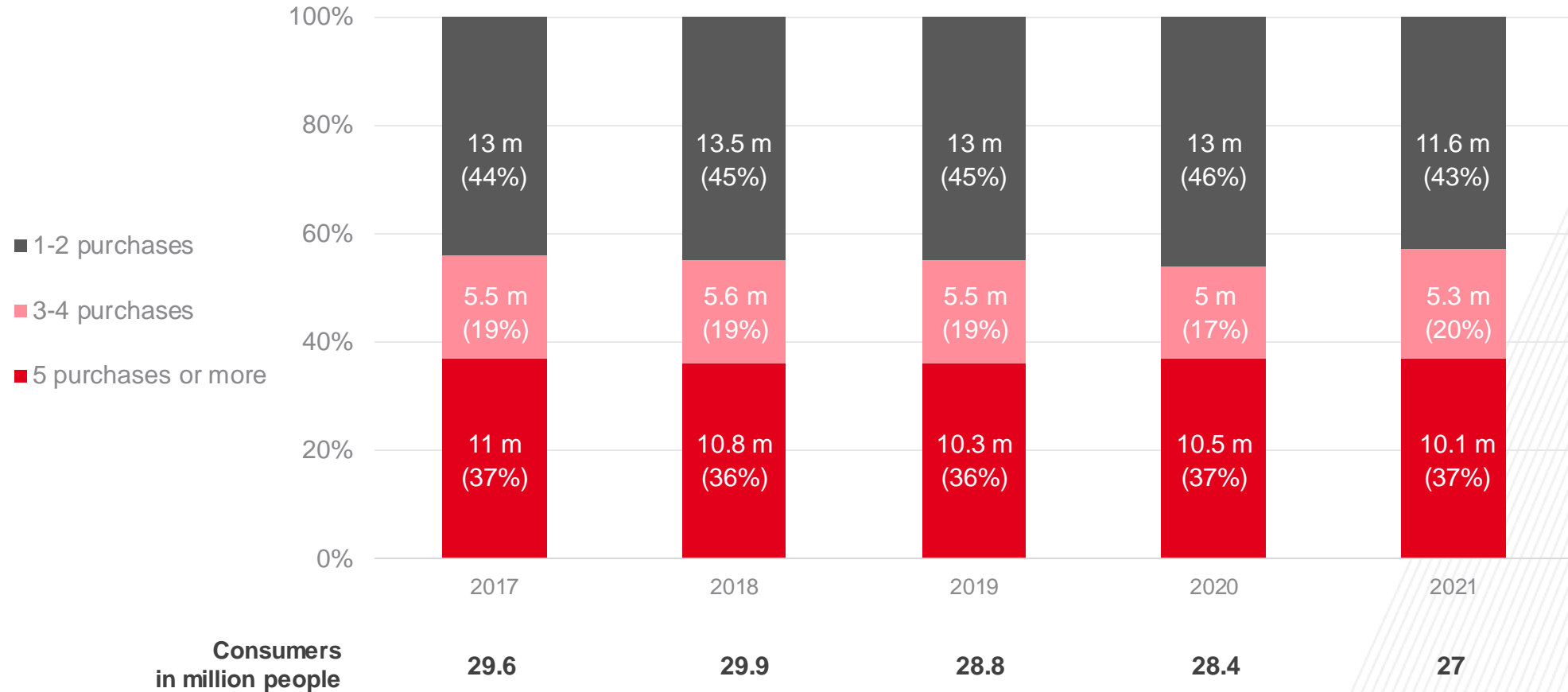


Development of Purchasing Intensity

KEY MARKET FIGURES 2021

Book consumers in the general public book market in millions and percentages

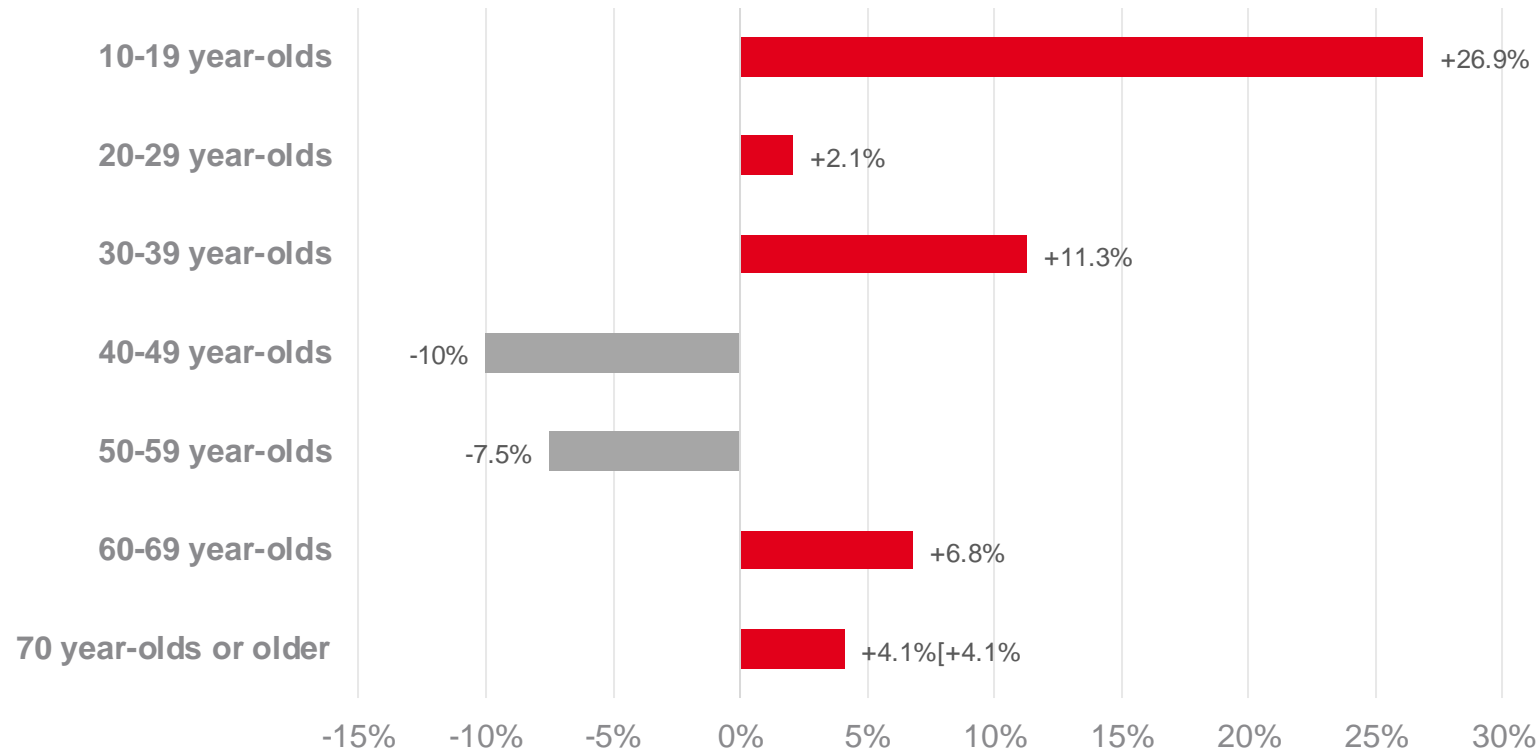
PURCHASING INTENSITY



Development of Spending in 2021 compared to 2019

Development of spending in the book market according to age groups

Spending



Spending by young book consumers grew significantly in 2021 compared to the pre-Corona year 2019.

In addition, the average purchase intensity among the youngest group of consumers has increased significantly from an average of 6.8 books in 2019 to 8 books in 2021.

Basis: Representative of 66.5 million people (German resident population aged 10 and over),
Excluding textbooks and reference books, including downloads (audio books and ebooks),
Source: GfK Consumer Panel Media*Scope Book





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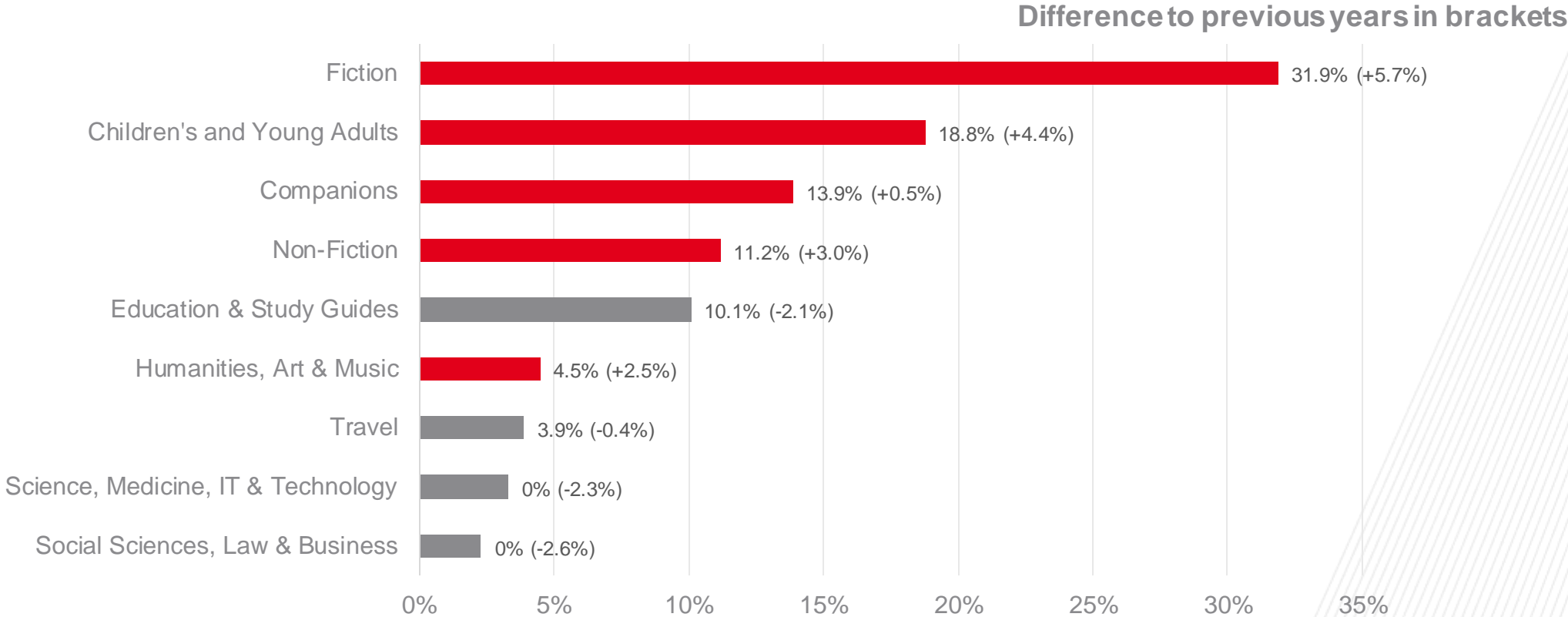
The Book Market 2021

Publishing Houses



Share of Turnover by Product Groups 2021

Incl. development compared to previous year



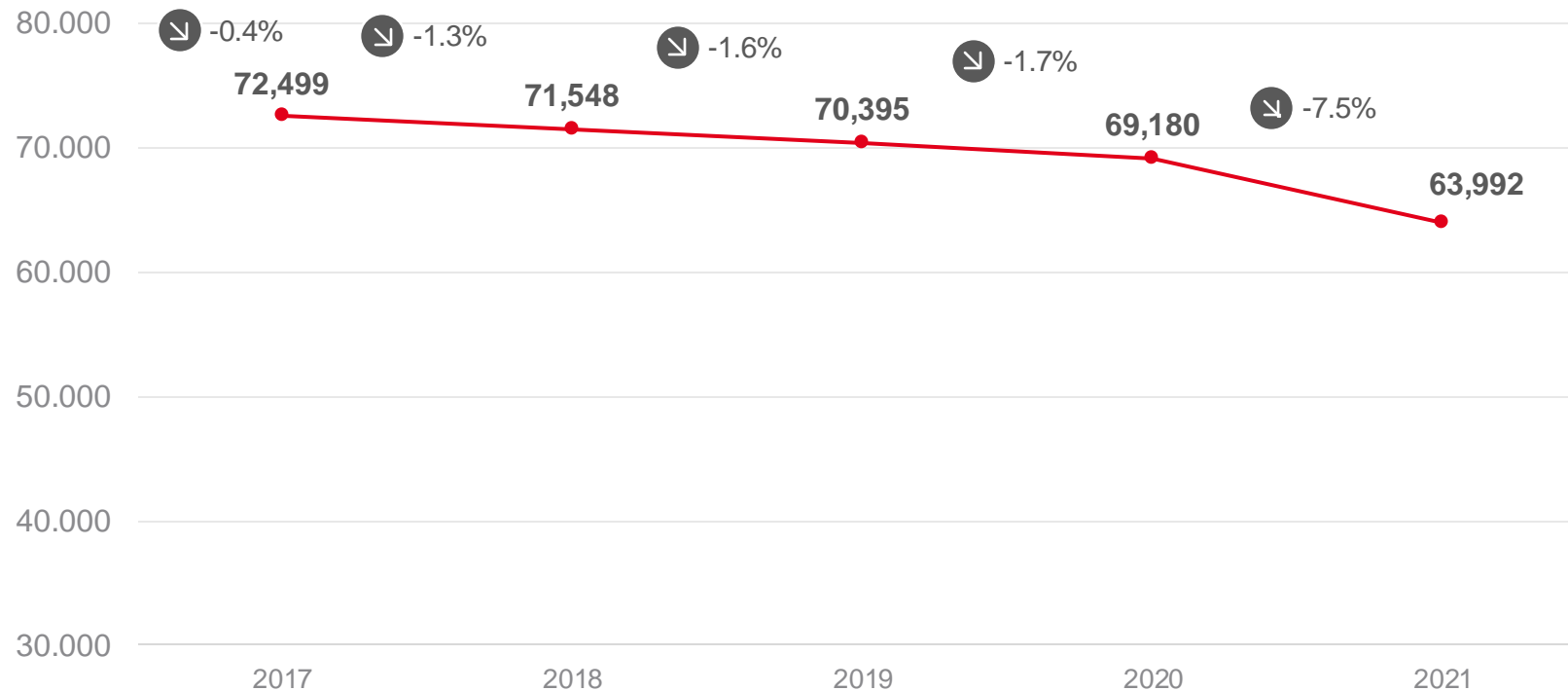
Sales channels: Retail bookstores, train station bookstores, department stores, electrical stores and drugstores (cash turnover in each case) as well as e-commerce. In order to show the change in purchasing and delivery behaviour during the shop closures, the turnover for books ordered by public from physical bookstores for delivery was also taken into account during the "lockdown" weeks.

Source: Media Control, 2022



Production of First Edition Titles 2017-2021

Development at publishing houses



Title production is clearly declining more significantly than in previous years.

In fiction (the most important category with a share of 21 per cent of all new publications), 3.1 per cent fewer new titles were published in 2021 than in the previous year, and in children's and young adults (share: 11.3 per cent) even 9.2 per cent fewer.

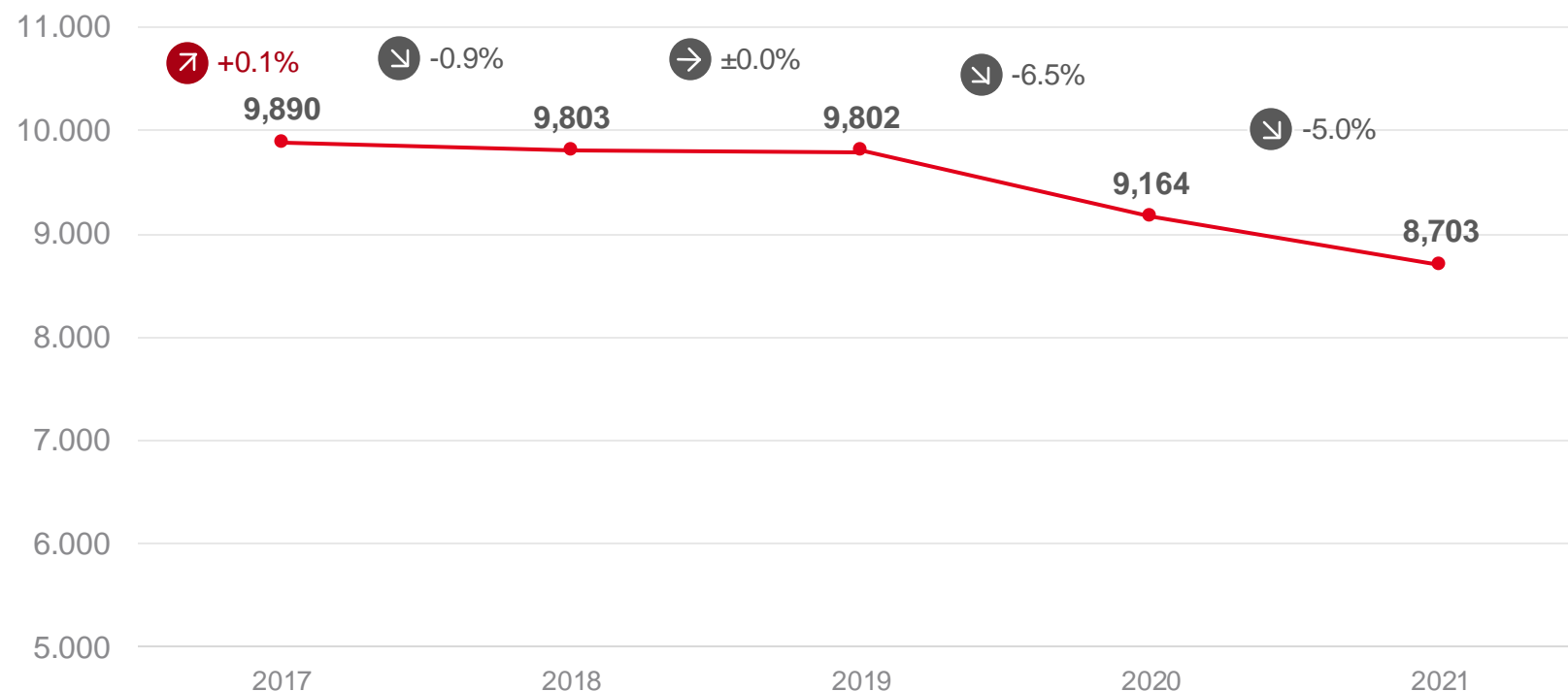
However, the decline was particularly sharp in some of the science subjects.

Source: German National Bibliography, VLB
Calculations: Börsenverein des Deutschen Buchhandels



Translations into German: First Editions 2017-2021

Development at publishing houses



Translations accounted for 13.6 per cent of all first editions in 2021. Their share of all new publications is thus about the same as in previous years.

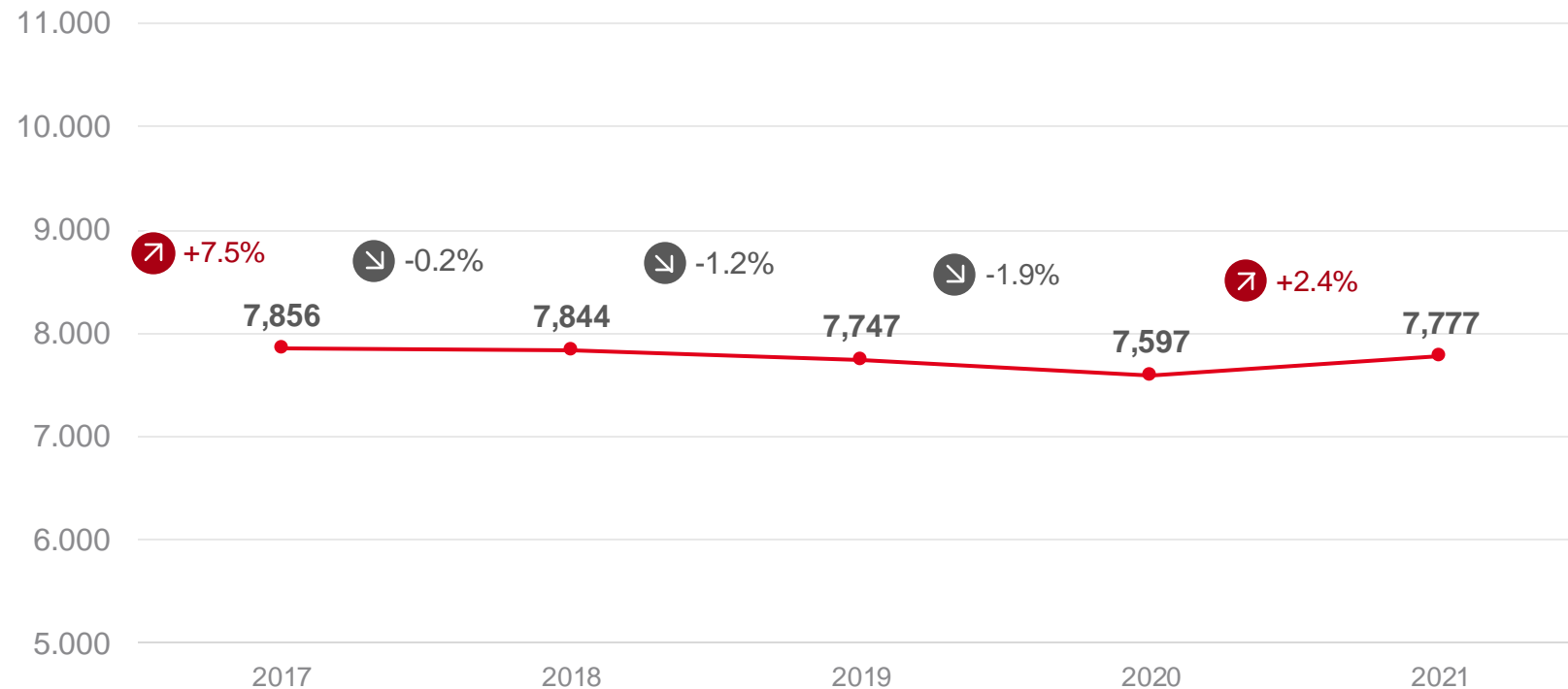
The most important source language for translations into German is English (62.6 per cent), followed by Japanese (10.8 per cent) and French (10.3 per cent).

Source: German National Bibliography, VLB
Calculations: Börsenverein des Deutschen Buchhandels



Licence Sales Abroad 2017-2021

Development at publishing houses



The most important product group in the German licensing business is books for children and young adults (40.7 per cent of licences), followed by fiction (19 per cent).

Both categories sold significantly more licences in 2021 than in the previous year (books for children and young adult: +10.8 per cent, fiction: +9.9 per cent).

Source: Licence survey, Börsenverein des Deutschen Buchhandels



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The Book Market 2022

General Conditions and Mid-Year Results



Framework of Conditions: Overview

- › In terms of the market:
 - Footfall in city centres nowhere near pre-Corona level (HDE: customer frequency in city centres in May 2022 in non-food shops 20 percent below pre-Corona May 2019)
 - Consumer sentiment at low point due to Ukraine war and economically uncertain situation, esp. inflation (GfK: new all-time low in consumer confidence in June 2022)

- › In terms of manufacturing:
 - Significant price increases for energy, fuels and raw materials and also staff
 - Paper is currently scarce, procurement bottlenecks
 - Continuously rising printing costs for books
 - Rising paper prices

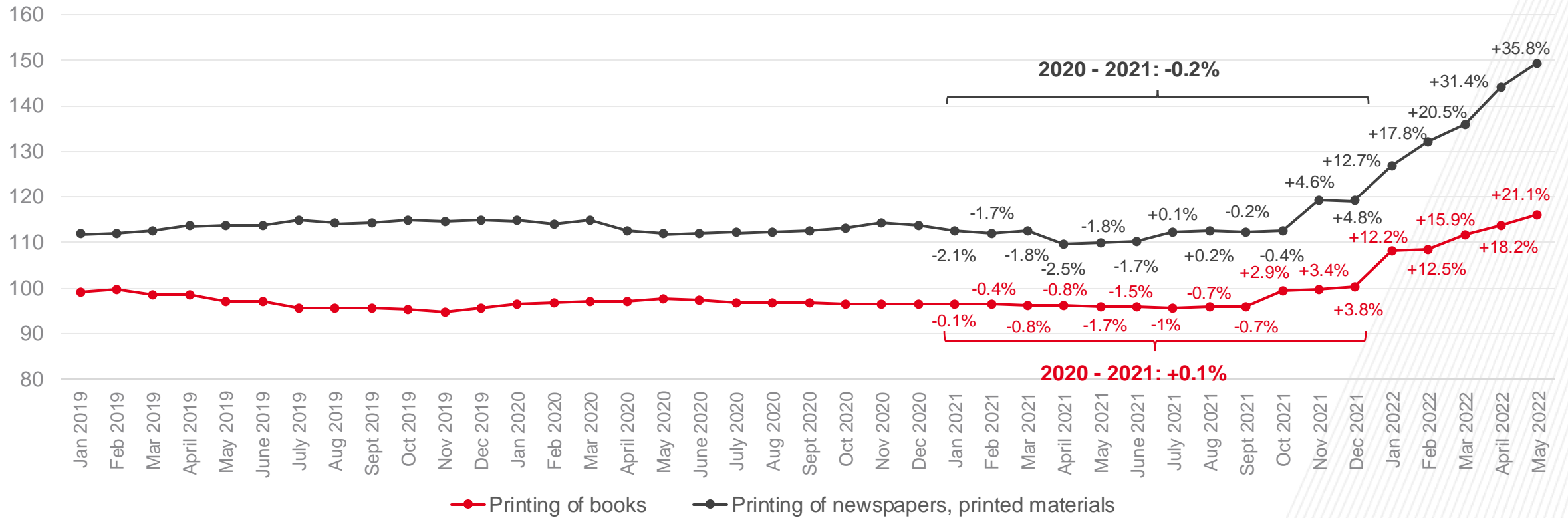


Development of Printing Costs

FRAMEWORK CONDITIONS

PRICE DEVELOPMENT PRINT

Graph Line: Producer price index industrial products, months (2015=100),
 Percentages: Development compared to same month of previous year



Source: Federal Statistical Office (Destatis)

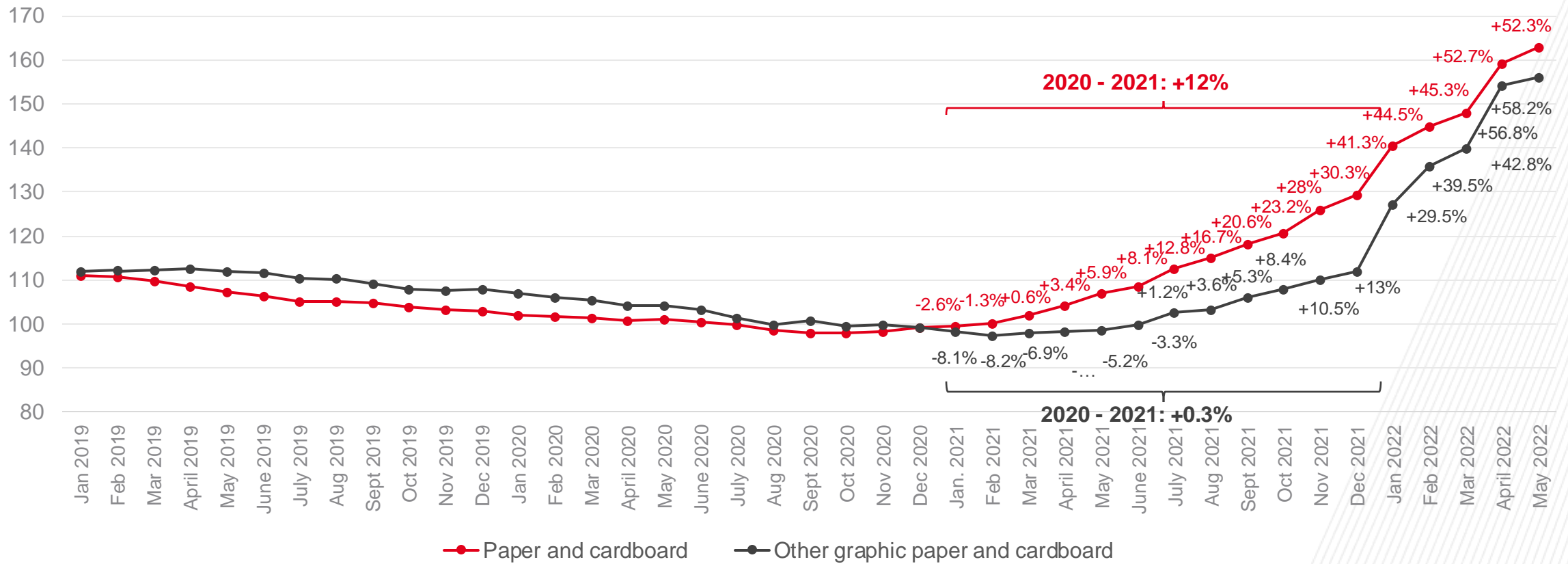


Development of Prices for Paper

FRAMEWORK CONDITIONS

PRICE DEVELOPMENT PAPER

Line: Producer price index industrial products, months (2015=100),
 Percentages: Change compared to same month of previous year

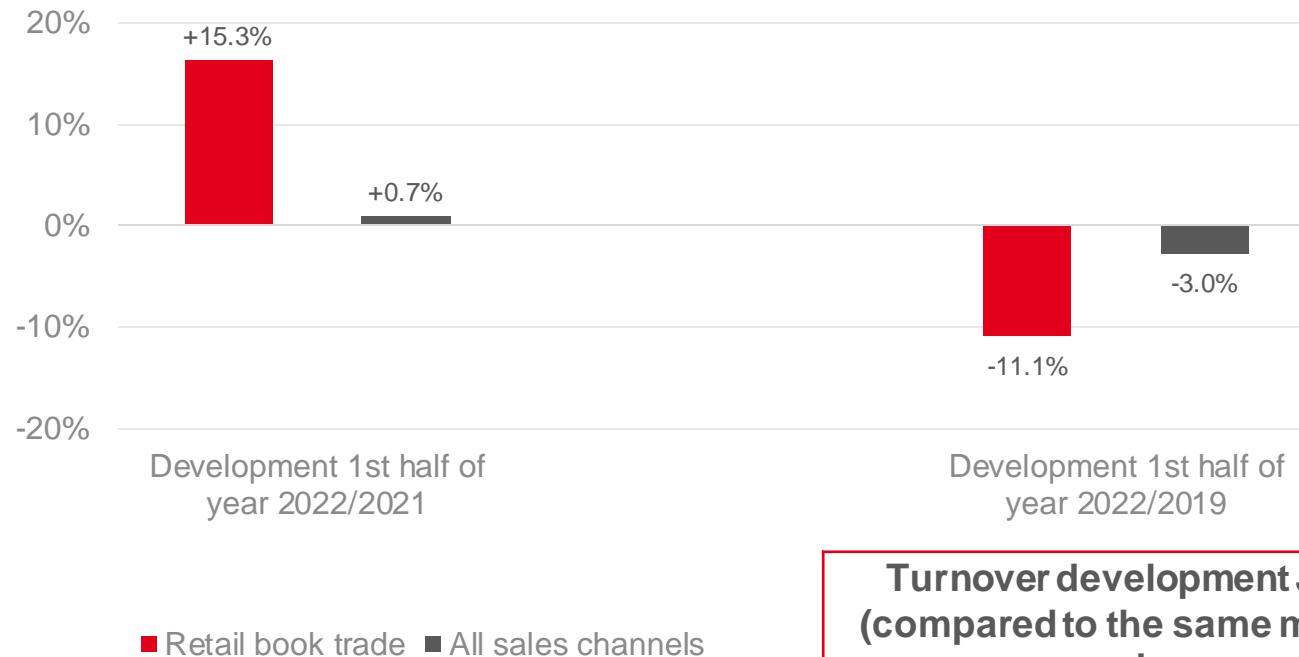


Source: Federal Statistical Office (Destatis)



Book Trade: Turnover Mid-Year Results

Cumulative turnover development of the book trade in the first half of 2022 compared to the first half of 2021 and the first half of 2019



Turnover development June 2022 (compared to the same month of the previous year)	
Retail book trade	-3.5%
All sales channels	-6,2%

The turnover of the book market in the first half of 2022 is behind the first six months of a normal year (2019) (minus 3.0%). The shortfall is particularly evident in the assortment book trade (minus 11.1%).

Compared to the first half of 2021, which was heavily impacted by the pandemic, the result looks better. However, June 2022 is the second month in a row showing a significant minus.

Sales channels: retail bookstores, train station bookstores, department stores, electrical stores and drugstores (cash turnover in each case) as well as e-commerce. In order to show the changed purchasing and delivery behaviour during the shop closures, the turnover for books ordered by public from physical bookstores for delivery was also taken into account during the "lockdown" weeks.

Source: Media Control, 2022



Outlook

Challenges, framework conditions and opportunities

› Challenges:

- Easing of paper bottlenecks, cost increases?
- Consumer slump: How much will it affect the book market? Significance of the autumn/Christmas trade

› Opportunities:

- Frankfurt Book Fair face-to-face event important for industry and dialogue about books
- Books are more important than ever as intermediaries of well-founded content, new perspectives and support.

› Framework of conditions:

- Government support needed for sectors severely affected by the crisis
- Zero per cent VAT on books
- Structural funding
- Inner city revitalisation programmes, role of bookstores

›



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