

**Publishing  
Post Pandemic:  
What Does the  
Future Look  
Like?**

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# Executive Summary

The publishing industry has undergone many changes over the past decade. While some segments that previously held the biggest share of the industry have shrunk to the smallest, newer segments have continued to bring opportunities. The industry has been continually seeing a massive shift in its primary sales channels, preferred formats, and consumer habits. Digital transformation in the industry by online publishers was already on a consecutive year-on-year growth. However, COVID-19 accelerated the pace of transformation as digital publishing transitioned from being a competitive advantage to being a necessity for survival. Being a print-heavy industry, the publishing space has been hit significantly by the effects of COVID-19. It has forced the industry toward an accelerated focus on going digital, which could not be achieved for many years.

This white paper offers a single source for understanding the big and small changes in the smaller segments of the industry and in the industry as a whole. It sheds light on how consumer preferences have changed since the pandemic and how it has impacted digital and print publishing. To prepare for the changes yet to come, this white paper combines data on newly emerging trends across different sectors of the industry.

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# The Publishing Industry: Post Pandemic

The publishing industry was affected dramatically by the widespread closure of bookshops, railways, high streets, and malls. The five largest markets for books in Europe—namely, the UK, Germany, France, Spain, and Italy—saw a huge dent in their sales. Bookstores saw an estimated drop in sales between 75 and 95 percent during lockdowns.

Before COVID-19, nearly 66 percent of all book sales came from physical bookstores alone (ALDUS, 2020). This has changed now, as consumers have started switching to online sales channels. The majority of book sales for the year shifted to digital channels, and e-book sales rose at an unprecedented rate after years of continual decline (CS Monitor, 2020).

According to the year-on-year data published by Kobo for 2020, it saw a total of 60 percent growth in e-book sales between March 2019 and March 2020. This growth is expected to sustain over the coming years even when the restrictions due to the pandemic are gradually reduced (Old Mate Media, 2020).

Another major player in the digital books marketplace, Libro.fm, saw an immediate and dramatic increase in its audiobook sales in the early stages of the pandemic. Libraries all over the world suffered extensive closures and started to shift their resources onto digital platforms and toward creating more e-books (Los Angeles Times, 2020).

The lockdowns also severely affected the print newspaper industry, as the primary sales channels remained shut down for months. The *Financial Times* recorded their biggest circulation decline of the decade as sales slumped by 38 percent (Editor and Publisher, 2020). According to the Audit Bureau of Circulations, the *Financial Times* suffered the biggest losses with a year-on-year sales decline of 42 percent. The *i* newspaper suffered a sales decline by a third; *Daily Record* and *Sunday Mail* lost a total of 18 percent sales in the same period. Most national newspapers saw at least a 20 percent decline on a year-on-year basis (Daily Business, 2020). The majority of this decline came from the closure of railway stations, airports, and high streets (Editor and Publisher, 2020).



30%

*increase in e-book app readership amid pandemic lockdowns (Forbes)*

33%

*increase in fiction book sales at the start of the pandemic (BBC)*

# Global Publishing Trends Post Pandemic

It is predicted that the shift to online sales will not end with the pandemic but will become the future of book sales. COVID-19 has changed consumer behavior on a very deep level, and they may never revert back to physical sales once the situation eases (*Scroll*, 2021) :

- There will be a major shift in who the major distributors will be; COVID-19 shifted the sales and market power to the hands of online retailers. In India, 75–85 percent of book sales came from Amazon and Flipkart only (*Scroll*, 2021) .
- Newspaper publishers are seeing a shift in their primary stream of income with the growth in digital sales. As print declines even further, digital subscription revenue is gradually replacing advertising as the major source of revenue (*Press Gazette*, 2020) .
- According to a 2020 study by the University of Oxford, more than 50 percent of revenue comes from subscription and membership. Digital subscriptions are expected to become the top source of magazine revenue (PaperLit, n.d.) .
- The preference for self-publishing has seen continual year-on-year growth, becoming a significant part of the publishing industry (PaperLit, n.d.) . Roughly 17 out of every 100 books published on Kindle are self-published (Linchpin, 2021) . This trend is predicted to grow at a compound annual growth rate (CAGR) of 17 percent with the rise in digital publishing platforms that streamline the publishing process for independent authors (PaperLit, n.d.) .
- Global marketing budgets in all major industries have been cut since the onset of this pandemic. Magazines and newspapers that rely on advertising for travel and tourism and entertainment are predicted to suffer the biggest losses in the industry, with a respective 31 and 29 percent cut in advertising budget. Overall advertising revenue will be down as well with 18 percent budget cuts in financial services and 15 percent in the retail sector (WNIP, 2020) .

*The COVID-19 pandemic shifted the sales and market power to the hands of online retailers.*



Online sales will keep growing post pandemic and in-store sales might drop significantly.

The pandemic has changed the way publishers and distributors operate.

Newspaper publishers are seeing a shift in their primary stream of income with the growth in digital sales.

More than 50% of the revenue for newspaper publishers comes from subscription and membership fees.

The preference for self-publishing has seen continual year-on-year growth.

Global marketing budgets in all major industries have been cut down since the pandemic.

# Market Landscape and the Challenges

The global publishing industry recorded total revenues of US\$258.7 billion in 2019. While some segments, including audiobooks and digital subscriptions, have shown consecutive year-on-year growth, the overall industry has shrunk at a compound annual rate of change (CARC) of 0.2 percent between 2015 and 2019. In 2019 alone, nearly half (49.6%) of the total industry revenue came from book publishing, contributing at least US\$128.2 billion (MarketLine, 2020).

## Market Size and Growth in E-books

The global market for digital books recorded an annual revenue of US\$18.13 billion in 2020. The figure is predicted to grow further by 2026 with a total value of US\$23.12 billion, showing a CAGR of 4.9 percent in a span of five years only (Business Wire, 2021).

## Market Size and Growth in Print Books

Annual revenue from print books brought in US\$22.6 billion in 2018, making 87 percent of total book sales in the United States (CNBC, 2019). The global revenue is forecasted to reach US\$49 billion by the end of 2024, growing at a CAGR of more than 1 percent (Arizton, 2019).

## Market Size and Growth of E-magazines

Readership in e-magazines increased from 36.8 percent in 2015 to 42.4 percent in 2018, showing a 15 percent

jump (NxtBook Media, n.d.). The global market for digital magazine publishing recorded total revenues of US\$628 million in 2020 and is expected to grow to US\$892 million by 2025, showing an increase of 42 percent in a span of only five years (GlobeNewswire, 2021).

## Market Challenges

The widespread access to mobile devices and the internet has made publications more replaceable. Magazine readership fell by 6.9 percent between 2015 and 2018 (NxtBook Media, n.d.) and continues to fall at a higher rate as more agile, data-driven, and instantaneous sources of information are made available online (CCCB, 2015).

Textbooks have become highly substitutable, with free educational content online and e-lending libraries. Entertainment and leisure books of the past are being devalued with the constant growth in the number of games, video content, information, and music available online for free (CCCB, 2015).

Consumers are being oriented toward free entertainment or access for a small fee with the rise in digital publishing platforms. More consumers than ever expect to pay only very small amounts to access a wide variety of content (CCCB, 2015).

# Digital versus Traditional Publishing: Which Will Boom More?

## Future and Current State of Digital Books

Digital books, including the e-book format only, make up an estimated 19 percent of total book sales revenue. While they do not make up a majority of sales in terms of revenue, a total of 36 percent of unit sales come from e-books only (The Bookseller, 2020). Services such as e-lending provide a low-cost alternative to buying books, which is predicted to become a key driving factor in the growth for digital publishing across the globe (Mordor Intelligence, 2021).

Publishers taking initiatives in the digital space are receiving positive responses from consumers globally (Mordor Intelligence, 2021). HarperCollins recorded a 20 percent increase in digital revenue compared to their 2019 quarterly revenue. In the same period, e-books and audiobooks showed an 18 and 26 percent increase in sales, respectively. Digital sales made up 23 percent of the publisher's total revenue, bringing in nearly US\$100 million (*Publishers Weekly*, 2020).

According to the Publishers Association, while print sales fell by 17 percent, digital sales jumped by at least 13 percent in the first half of 2020 alone. Audiobooks were the fastest-growing

segment, as they recorded a total of 47 percent increase in sales in the same period (*Sky News*, 2020).

## Demand for Print Books

While sales for print books plummeted steeply, there is still demand for these books. Instead of a complete switch to e-books, consumers are demanding print books to be made available online. Online retailers such as Amazon, Flipkart, and individual publishing houses including ABA publications reported a huge surge in demand in 2020. ABA's online website received 250 percent more traffic after the pandemic. Another recently launched website, Bookshop.org, saw a 400 percent increase in print book sales (*Los Angeles Times*, 2020).

While e-books are showing tremendous growth in multiple genres and consumers are becoming more inclined toward instantaneous access, they are highly unlikely to overtake print books. According to St. Martin's Press, consumers are not expected to switch their preferences and buy e-books despite their irreplaceable benefits during the pandemic. It also predicted that consumers will find other ways to access books in print format when faced with restrictions (*CS Monitor*, 2020).

## Decline in Print Newspapers

The global newspaper industry has seen a steep, long-term decline since 2011. Annual revenue fell from £4.7 billion in 2011 to £4 billion in 2015 in the UK, the second biggest market for newspaper circulation in Europe (PwC, 2016). The majority of newspaper readership has shifted from print to digital, since the start of the pandemic. It is predicted that newspaper print sales are unlikely to return to normal levels once the pandemic is over (*The India Forum*, 2021). It is also expected that print sales might not attract a new readership in the future with the growth in news and information available online (*The India Forum*, 2021).

In 2019 alone, global newspaper revenue from circulation fell by US\$6.5 billion and is expected to decline further in the coming years. As per PwC, print revenue is expected to fall consecutively over the forecast period of 2020–2024. Circulation revenue is predicted to decrease from US\$1.9 billion in 2019 to

US\$1.5 billion by 2024 at a negative CAGR of 4.8 percent. Advertising revenue is expected to shrink more steeply from US\$1.1 billion in 2019 to roughly US\$600 million at a negative CAGR of 10.3 percent (*Press Gazette*, 2020).

While revenues from print circulation are falling and bringing in less advertising revenue, revenue from digital circulation has shown consecutive year-on-year growth. It is forecasted to grow to an annual revenue of US\$7 billion by 2024, registering a CAGR of 8.8 percent (*Press Gazette*, 2020).

## Growth in E-magazines

According to a report by Mequoda, US consumer spending on digital magazines has almost doubled since 2015. In 2015, digital subscriptions and single-issue purchases amounted to total sales of US\$1.2 billion. The figure doubled to US\$2.3 billion by the end of 2018 (Mequoda, 2018).

While revenues from print circulation are falling and bringing in less advertising revenue, revenue from digital circulation has shown consecutive year-on-year growth. It is forecasted to grow to an annual revenue of US\$7 billion by 2024.

# Approaches Adopted Post Pandemic

## Online Retailing

Faced with multiple challenges with physical sales, booksellers have undergone a major digital transformation. Many booksellers have started delivering print books through home deliveries (*Scroll, 2021*). For many years, distributors were reluctant to deploy a full-scale online sales strategy and stuck to offline sales as their main channel. COVID-19 has reversed this, and more publishers are now adopting an online-first strategy (*Scroll, 2021*).

In a reaction to disruptions in the supply chain and a shift in consumer behavior, HarperCollins took the initiative to provide e-book access to its readers. It partnered with Glose, a digital reading platform, to create e-book versions of its books and to manage its online sales strategy during the pandemic (*PR Newswire, 2020*).

## Virtual Publishing

For the past 25 years, *Time* magazine has relied on an offline-only subscription model (*Time, 2020*). *Time* adopted a digital subscription model for the first time after being hit with the pandemic's challenges. It digitized its *Time for Kids* magazine to support learning from home while kids stayed at home during lockdowns (*Red Tri, 2020*).

Another major publisher, Hearst, underwent a digital transformation as a reaction to the pandemic. Previously, 80 percent of company revenue came from print magazines only (*Campaign, 2020*). However, with the declining sales in print, it partnered with Digital Spy to launch a new digital magazine that helped it regain some of the lost print revenue (Hearst, n.d.). By the end of 2020, 40 percent of its revenue was coming from digital services, up from 20 percent in 2019.

*Chicago Sun-Times* adopted an online subscription model for the first time ever. Their e-paper was made available on a yearly subscription. To keep making newspaper sales during the pandemic, the company started offering seven-day home delivery to its customers (*Chicago Sun-Times, 2020*). *South China Morning Post*, a Hong Kong-based news agency, transitioned from a free online news model to a paid one; this approach has also been replicated by multiple premium newspaper providers globally (PwC, 2020). The *New York Times* has also seen positive growth in the digital space with a total of 5.5 million digital subscriptions in 2020. The subscriptions brought in a total revenue of US\$146 million in 2020 alone (PwC, 2020).

## Paywalls

With newspaper deliveries being blocked, publishers have expanded into online publishing and established paywalls to utilize the surge in online traffic. Publishers that were previously offering free e-newspapers quickly converted them to paid ones (KPMG, 2020).

The majority of publishers shifted toward home deliveries for their print newspapers; this initiative proved effective for avoiding any further losses in sales. Other newspaper titles have been more reactive; they started introducing paywalls for digital news and thus made up some of their lost revenue through digital publications (*BBC News*, 2020).



# Conclusion

The publishing industry has seen a slow decline in growth. However, the decline did not come from declining readership but a shift in consumer preferences. Consumers are now more accustomed to instant access to much information. This presents both a challenge and an opportunity for the publishing community. Publishers who have leveraged this changing need and adapted to a digital-and-print strategy have seen notable growth despite an overall slowing of growth in the industry.

The COVID-19 pandemic's effects have led to a digital-first approach in many industry segments. News publishers have a bright future ahead as they succeed in the effective monetization of online information. Book publishers are expected to see a stable demand in print books, but an online sales channel strategy has now become a necessity for all. E-magazines and audiobooks have been the highlight of post-pandemic effects on the industry and will likely become primary segments of the industry in coming years.

Despite the accelerated digital transformation, print still remains irreplaceable. Consumers are not switching entirely to digital platforms but want a more diversified mix of content now.



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# About Amnet

Amnet is a technabled services company with over 20 years of experience. For publishers and content aggregators needing reliable and efficient publishing services, Amnet provides technology-led end-to-end services and solutions. Amnet's relationship-centered, customer-obsessed approach provides clients with the certainty of meeting their requirements and compelling value.

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