

# Consumer and Educational Book Publishing

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Extracted from the Global Entertainment and Media Outlook: 2008–2012†

†Page numbers refer to the page numbers in the full Outlook publication.

## Global Entertainment and Media Outlook: 2008–2012

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For additional information and to order this publication, visit [www.pwc.com/outlook](http://www.pwc.com/outlook).

The publication is available for sale as follows:

- The full global forecast, which includes the Executive Summary, is sold in both print and electronic formats.
- The Executive Summary is available separately in either print or electronic format.
- Individual industry segments are sold in electronic format.

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To our clients and friends both in and beyond the Entertainment and Media industry:

As leaders of PwC's Global Entertainment and Media (E&M) Practice, we are pleased to welcome you to the ninth annual edition of PricewaterhouseCoopers' *Global Entertainment and Media Outlook*, covering the forecast period 2008–2012. While we have modified the description of a number of the industry segments covered in this edition to better reflect the accepted global definitions, we have maintained a largely consistent format and have included in-depth forecasts and analyses of 15 major industry segments across five regions of the world: the United States, EMEA (Europe, Middle East, Africa), Asia Pacific, Latin America, and Canada. Due to the importance of access to the Internet, be it wired or wireless, as a driver of many of the developments in the industry as a whole, we have dedicated a chapter to this area.

Overall, the E&M industry achieved the strong growth in 2007 that we had forecast in last year's *Outlook*, and we believe that the next five years will deliver a similar story. Short-term economic uncertainties do exist in some markets, but the advertising markets in 2008 benefit from this being an election year in many key E&M countries and from the Beijing Olympics.

The emerging-market growth story is driving overall growth rates in the E&M industry in the Asia Pacific and Latin America regions, which will continue as the fastest growing. India and China are delivering on the potential that we have featured previously and are destined to enter periods of sustained significant growth. They will be joined by the next wave of emerging markets, and there is no doubt that the global E&M industry is becoming increasingly global. The challenge for many in the industry is how to take advantage of those growth opportunities in often highly regulated markets where local content is a must. For others the issue is how to apply learnings from local markets to the broader marketplace.

The digital future is now clearly the digital reality, and its impact is seen across many of the sectors. The industry is grappling with a range of emerging business models, a number of which reflect the transition to more free, ad-supported, on-demand, and online distribution of their products. Notwithstanding such trends, traditional and physical formats are still growing and continue to form the backbone of many of the industry segments covered in the *Outlook*, and managing both the digital transition and the threats of piracy is increasingly challenging.

Changes in consumer behavior, particularly within the Net generation, will start to have a profound impact on media consumption habits. Staying close to the consumer will be vital in ensuring that product offerings and business models are transitioned.

We see that overall advertising growth will remain robust. Internet advertising will remain the fastest-growing significant ad medium and is being supplemented by new modes of advertising such as within video games and on mobile platforms.

There is no question that the ever-expanding E&M industry continues to provide opportunities for entrepreneurial innovation as well as for collaboration across the entertainment, media, and communications value chains. All of us at PricewaterhouseCoopers continue to stay on top of new trends and developments that may impact your business now and in the future, and we look forward to working with you and sharing our thoughts with you further through a range of events that we hold in many territories, through other publications, and through future editions of the *Outlook*.

We appreciate your feedback and ask that you continue to tell us what we can do to make the *Outlook* more useful to you. If you wish further clarification on any matters included in the *Outlook* or believe that we can be of service to your business in any way, please contact the PricewaterhouseCoopers E&M regional professional nearest you (see facing page) or visit our Web site ([www.pwc.com/e&m](http://www.pwc.com/e&m)) for details of the contact in your territory.

Finally, we thank you for your support and wish you an exciting and rewarding year ahead.

Sincerely,



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## Methodology

Historical information is obtained principally from confidential and proprietary sources. In instances when third-party sources are consulted, their information is used either indirectly, as part of our calculus for the historical data, or directly, from government agencies, trade associations, or related entities that seek to have their data disseminated in the public domain. The sources of such information are explicitly cited.

Recent trends in industry performance are analyzed, and the factors underlying those trends are identified. The factors considered are economic, demographic, technological, institutional, behavioral, competitive, and other drivers that may affect each of the entertainment and media markets.

Models are then developed to quantify the impact of each factor on industry spending. A forecast scenario for each causative factor is created, and the contribution of each factor on a prospective basis is identified. Proprietary mathematical models and analytic algorithms are used in the process to provide an initial array of prospective values. Our professional expertise and institutional knowledge are then applied to review and adjust those values if required. The entire process is then examined for internal consistency and transparency vis-à-vis prevailing industry wisdom.

Forecasts for 2008–2012 are based on an analysis of the dynamics of each segment in each region and on the factors that affect those dynamics. We provide compound annual growth rates (CAGRs) that cover the 2008–2012 forecast period. In the calculation of CAGRs, 2007 is the beginning year, with five growth years during the forecast period: 2008, 2009, 2010, 2011, and 2012. The end year is 2012. The formula is:

$$\text{CAGR} = 100 * ((\text{Value in 2012} / \text{Value in 2007})^{1/5} - 1)$$

All figures are reported in nominal terms reflecting actual spending transactions and therefore include the effects of inflation. Segment spending consists of advertising and end-user spending directly related to entertainment and media content. We do not include spending on hardware or on services that may be needed to access content.

Spending is counted at the consumer or end-user level, not at the wholesale level, and includes retail markups when applicable. Advertising is measured net of agency commissions in all territories except the United States and Russia, where gross advertising is measured to be consistent with the way advertising is generally reported. Each chapter introduction begins with a definition of which spending streams are included in the segment.

Figures for EMEA, Asia Pacific, Latin America, and Canada are presented in US dollars by using the average 2007 exchange rate held constant for each historical year and forecast year. This means the figures reflect industry trends and are not distorted by fluctuations in international exchange rates.

## Regions/Countries Covered

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### United States

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#### EMEA

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##### *Western Europe*

Austria  
Belgium  
Denmark  
Finland  
France  
Germany

Greece  
Ireland  
Italy  
Netherlands  
Norway  
Portugal

Spain  
Sweden  
Switzerland  
United Kingdom

##### *Central and Eastern Europe*

Czech Republic  
Hungary  
Poland  
Romania  
Russia  
Turkey

##### *Middle East/Africa*

Israel  
Saudi Arabia/Pan Arab†  
South Africa

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#### Asia Pacific

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Australia  
China  
Hong Kong  
India

Indonesia  
Japan  
Malaysia  
New Zealand

Pakistan  
Philippines  
Singapore  
South Korea

Taiwan  
Thailand  
Vietnam

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#### Latin America

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Argentina  
Brazil  
Chile

Colombia  
Mexico  
Venezuela

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#### Canada

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†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

The following exchange rates were used for the individual countries in EMEA.

### Exchange Rates per US\$ (2007 Average)

EMEA	Currency	Exchange Rate
Western Europe		
Austria	Euro	0.73082
Belgium	Euro	0.73082
Denmark	Krone	5.44490
Finland	Euro	0.73082
France	Euro	0.73082
Germany	Euro	0.73082
Greece	Euro	0.73082
Ireland	Euro	0.73082
Italy	Euro	0.73082
Netherlands	Euro	0.73082
Norway	Krone	5.86422
Portugal	Euro	0.73082
Spain	Euro	0.73082
Sweden	Krona	6.75991
Switzerland	Franc	1.20042
United Kingdom	Pound sterling	0.49987
Central and Eastern Europe		
Czech Republic	Koruna	20.32852
Hungary	Forint	184.01874
Poland	Zloty	2.76865
Romania	New leu	2.44717
Russia	Ruble	25.57944
Turkey	New lira	1.31148
Middle East/Africa		
Israel	New shekel	4.11440
Saudi Arabia/Pan Arab†	US dollar	1.00000
South Africa	Rand	7.06926

†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates. Figures are estimated in US\$.

The following exchange rates were used for the individual countries in Asia Pacific.

### Exchange Rates per US\$ (2007 Average)

Asia Pacific	Currency	Exchange Rate
Australia	Dollar	1.19540
China	Yuan (renminbi)	7.61720
Hong Kong	Dollar	7.80255
India	Rupee	41.35699
Indonesia	Rupiah	9,138.50192
Japan	Yen	117.81453
Malaysia	Ringgit	3.44714
New Zealand	Dollar	1.36154
Pakistan	Rupee	60.81631
Philippines	Peso	46.21397
Singapore	Dollar	1.50720
South Korea	Won	935.26976
Taiwan	Dollar	32.88259
Thailand	Baht	32.53008
Vietnam	Dong	16,421.39288

The following exchange rates were used for the individual countries in Latin America.

### Exchange Rates per US\$ (2007 Average)

Latin America	Currency	Exchange Rate
Argentina	Peso	3.12180
Brazil	Real	1.95159
Chile	Peso	522.36740
Colombia	Peso	2,119.61879
Mexico	Peso	10.93657
Venezuela	Bolivar	2,148.88625

The following exchange rate was used for Canada.

### Exchange Rates per US\$ (2007 Average)

Canada	Currency	Exchange Rate
Canada	Dollar	1.0744

## Consumer and educational book publishing

The consumer and educational book publishing market consists of retail spending by consumers on consumer books; spending by schools, government agencies, and students on elementary, high school, and college textbooks, including graduate textbooks; and spending on books in electronic formats, or so-called electronic books or ebooks. Print sales include audio books. Educational books do not include supplemental educational spending, administrative software, or testing materials. Professional books are covered in the “Business-to-Business Publishing” chapter.

## Market size and growth by region

We project spending in the United States, Europe, Middle East, Africa (EMEA), Asia Pacific, Latin America, and Canada will grow at a 2.8 percent compound annual rate, rising from \$112.9 billion in 2007 to \$129.8 billion in 2012. Asia Pacific will be the fastest-growing region, expanding at a 3.9 percent compound annual rate to \$29.7 billion in 2012 from \$24.5 billion in 2007. EMEA, the largest region in 2007, at \$49.6 billion, will increase at a 2.5 percent compound annual rate, reaching \$56.2 billion in 2012. The United States will rise from \$32.7 billion in 2007 to \$37 billion in 2012, also growing at a 2.5 percent average annual rate. Spending in Latin America will rise at a 2.4 percent compound annual rate, totaling \$5 billion in 2012 from \$4.5 billion in 2007. The market in Canada will expand from \$1.6 billion in 2007 to \$1.9 billion in 2012, growing at a 3.3 percent compound annual rate.

## Market size and growth by component

Print consumer books, the largest component, at \$71.9 billion in 2007, will grow to \$79.8 billion in 2012, a 2.1 percent compound annual increase. Print educational books will expand at a 1.7 percent compound annual rate from \$39.7 billion to \$43.3 billion. The overall print market will increase to \$123 billion in 2012 from \$111.6 billion in 2007, a 2.0 percent gain compounded annually. Electronic books totaled \$1.3 billion in 2007, accounting for 1.2 percent of total consumer and educational books. Spending on electronic books will rise to \$6.8 billion in 2012, and the electronic share will increase to 5.2 percent. Electronic consumer books will total \$3 billion in 2012—3.6 percent of total consumer book spending—and electronic educational books will generate \$3.8 billion in 2012—8.0 percent of the overall educational book market. Consumer book sales as a whole, including print and electronic, will increase from \$72.5 billion to \$82.7 billion, a 2.7 percent compound annual increase. The educational book market will grow at a 3.1 percent compound annual rate to \$47.1 billion from \$40.4 billion in 2007.

## Principal drivers

Electronic browsing technologies will raise awareness of titles and stimulate consumer book sales in all regions except Latin America. An expanding electronic book market will cut into print book sales during the latter part of the forecast period except in Latin America, where we do not expect the electronic book market to be material. Declining school-age populations will dampen print sales of educational books.

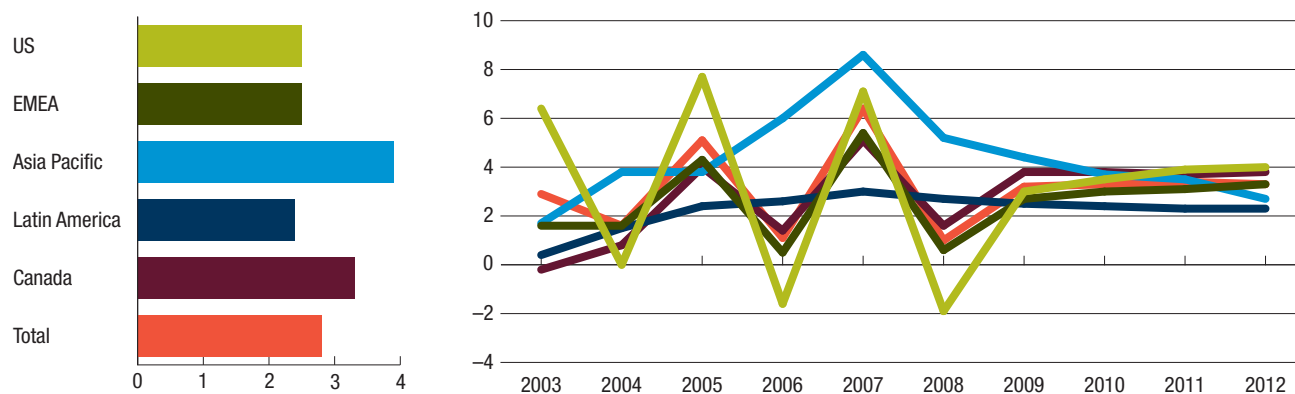
## Global Consumer and Educational Book Publishing Market by Region (US\$ Millions)

Region	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008-12 CAGR
United States	28,877	28,871	31,085	30,579	32,740	32,114	33,062	34,232	35,584	36,996	
% Change	6.4	0.0	7.7	-1.6	7.1	-1.9	3.0	3.5	3.9	4.0	2.5
EMEA	44,152	44,868	46,781	47,034	49,570	49,874	51,210	52,771	54,405	56,183	
% Change	1.6	1.6	4.3	0.5	5.4	0.6	2.7	3.0	3.1	3.3	2.5
Asia Pacific	19,761	20,512	21,294	22,570	24,503	25,775	26,907	27,906	28,879	29,667	
% Change	1.7	3.8	3.8	6.0	8.6	5.2	4.4	3.7	3.5	2.7	3.9
Latin America	4,066	4,129	4,229	4,341	4,471	4,591	4,706	4,819	4,930	5,041	
% Change	0.4	1.5	2.4	2.6	3.0	2.7	2.5	2.4	2.3	2.3	2.4
Canada	1,445	1,457	1,516	1,537	1,615	1,641	1,704	1,769	1,835	1,904	
% Change	-0.2	0.8	4.0	1.4	5.1	1.6	3.8	3.8	3.7	3.8	3.3
<b>Total</b>	<b>98,301</b>	<b>99,837</b>	<b>104,905</b>	<b>106,061</b>	<b>112,899</b>	<b>113,995</b>	<b>117,589</b>	<b>121,497</b>	<b>125,633</b>	<b>129,791</b>	
% Change	2.9	1.6	5.1	1.1	6.4	1.0	3.2	3.3	3.4	3.3	2.8

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Trend Analysis of the Outlook for Consumer and Educational Book Publishing

Compound Annual Growth Rate (CAGR) (%)    Percent Change (%)



## Global Consumer and Educational Book Publishing Market by Component (US\$ Millions)

Component	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Print Consumer Books	62,299	63,101	66,702	67,261	71,859	71,205	73,031	75,294	77,586	79,776	
% Change	3.4	1.3	5.7	0.8	6.8	-0.9	2.6	3.1	3.0	2.8	2.1
Print Educational Books	35,655	36,192	37,466	37,798	39,700	40,946	42,025	42,648	43,075	43,265	
% Change	1.5	1.5	3.5	0.9	5.0	3.1	2.6	1.5	1.0	0.4	1.7
<b>Total Print</b>	97,954	99,293	104,168	105,059	111,559	112,151	115,056	117,942	120,661	123,041	
% Change	2.7	1.4	4.9	0.9	6.2	0.5	2.6	2.5	2.3	2.0	2.0
Electronic Consumer Books	110	176	297	475	682	1,033	1,458	1,868	2,370	2,965	
% Change	144.4	60.0	68.8	59.9	43.6	51.5	41.1	28.1	26.9	25.1	34.2
Electronic Educational Books	237	368	440	527	658	811	1,075	1,687	2,602	3,785	
% Change	137.0	55.3	19.6	19.8	24.9	23.3	32.6	56.9	54.2	45.5	41.9
<b>Total Electronic</b>	347	544	737	1,002	1,340	1,844	2,533	3,555	4,972	6,750	
% Change	139.3	56.8	35.5	36.0	33.7	37.6	37.4	40.3	39.9	35.8	38.2
<b>Total Consumer</b>	62,409	63,277	66,999	67,736	72,541	72,238	74,489	77,162	79,956	82,741	
% Change	3.5	1.4	5.9	1.1	7.1	-0.4	3.1	3.6	3.6	3.5	2.7
<b>Total Educational</b>	35,892	36,560	37,906	38,325	40,358	41,757	43,100	44,335	45,677	47,050	
% Change	1.9	1.9	3.7	1.1	5.3	3.5	3.2	2.9	3.0	3.0	3.1
<b>Total</b>	98,301	99,837	104,905	106,061	112,899	113,995	117,589	121,497	125,633	129,791	
% Change	2.9	1.6	5.1	1.1	6.4	1.0	3.2	3.3	3.4	3.3	2.8

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

# United States

## The outlook in brief

- Digital browsing and electronic books will revitalize the consumer book market.
- Enrollment growth and the transition to electronic books will boost college textbook spending.
- Adoptions by major states in the near term and enrollment growth over the longer run will drive the elementary and high school (elhi) textbook markets.

## Overview

- We project spending on consumer and educational books will grow at a 2.5 percent compound annual rate, increasing from \$32.7 billion in 2007 to \$37 billion in 2012.
- Consumer print books will increase from \$21.7 billion in 2007 to \$22.5 billion in 2012, an 0.8 percent compound annual increase.
- Elhi print textbook spending will rise to \$5.4 billion in 2012, up 3.3 percent on a compound annual basis from \$4.6 billion in 2007.
- Spending on print college textbooks will expand from \$5.5 billion in 2007 to \$6.2 billion in 2012, growing at a 2.4 percent compound annual rate.
- The overall print educational book market will increase from \$10.1 billion to \$11.6 billion, a 2.8 percent compound annual increase.
- Total print sales will rise from \$31.8 billion in 2007 to \$34.2 billion in 2012, averaging 1.5 percent growth compounded annually.
- The electronic book market will expand from \$965 million in 2007 to \$2.8 billion in 2012, a 24 percent compound annual increase.
- Consumer electronic books will increase at a 29.7 percent compound annual rate to \$1.3 billion from \$340 million.
- College electronic books, the largest electronic component, will reach \$1.5 billion in 2012 from \$600 million in 2007, a 20.1 percent compound annual gain.
- A small electronic elhi market will expand from \$25 million in 2007 to \$80 million in 2012, a 26.2 percent annual gain.
- Consumer books as a whole (print plus electronic) will average 1.6 percent compounded annually to \$23.8 billion in 2004 from \$22 billion in 2007.
- The overall elhi market will grow at a 3.5 percent compound annual rate to \$5.5 billion.
- The overall college textbook market will be the fastest-growing component, with a projected 4.8 percent compound annual increase to \$7.7 billion in 2012 from \$6.1 billion in 2007.
- The educational book market as a whole will rise from \$10.7 billion to \$13.2 billion, a 4.2 percent increase compounded annually.

## Consumer and Educational Book Publishing Market (US\$ Millions)

United States	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012
<b>Print</b>										
Consumer Books	19,541	19,266	20,635	20,128	21,655	20,370	20,570	21,155	21,840	22,530
Elhi Books	4,290	4,295	4,745	4,470	4,590	4,900	5,100	5,150	5,250	5,400
College Books	4,710	4,795	5,050	5,191	5,530	5,654	5,837	5,982	6,109	6,236
<b>Total Educational</b>	<b>9,000</b>	<b>9,090</b>	<b>9,795</b>	<b>9,661</b>	<b>10,120</b>	<b>10,554</b>	<b>10,937</b>	<b>11,132</b>	<b>11,359</b>	<b>11,636</b>
<b>Total Print</b>	<b>28,541</b>	<b>28,356</b>	<b>30,430</b>	<b>29,789</b>	<b>31,775</b>	<b>30,924</b>	<b>31,507</b>	<b>32,287</b>	<b>33,199</b>	<b>34,166</b>
<b>Electronic</b>										
Consumer Books	100	150	220	275	340	460	670	850	1,050	1,250
Elhi Books	1	5	10	15	25	30	35	45	60	80
College Books	235	360	425	500	600	700	850	1,050	1,275	1,500
<b>Total Educational</b>	<b>236</b>	<b>365</b>	<b>435</b>	<b>515</b>	<b>625</b>	<b>730</b>	<b>885</b>	<b>1,095</b>	<b>1,335</b>	<b>1,580</b>
<b>Total Electronic</b>	<b>336</b>	<b>515</b>	<b>655</b>	<b>790</b>	<b>965</b>	<b>1,190</b>	<b>1,555</b>	<b>1,945</b>	<b>2,385</b>	<b>2,830</b>
<b>Total Consumer</b>	<b>19,641</b>	<b>19,416</b>	<b>20,855</b>	<b>20,403</b>	<b>21,995</b>	<b>20,830</b>	<b>21,240</b>	<b>22,005</b>	<b>22,890</b>	<b>23,780</b>
<b>Total Elhi</b>	<b>4,291</b>	<b>4,300</b>	<b>4,755</b>	<b>4,485</b>	<b>4,615</b>	<b>4,930</b>	<b>5,135</b>	<b>5,195</b>	<b>5,310</b>	<b>5,480</b>
<b>Total College</b>	<b>4,945</b>	<b>5,155</b>	<b>5,475</b>	<b>5,691</b>	<b>6,130</b>	<b>6,354</b>	<b>6,687</b>	<b>7,032</b>	<b>7,384</b>	<b>7,736</b>
<b>Total Educational</b>	<b>9,236</b>	<b>9,455</b>	<b>10,230</b>	<b>10,176</b>	<b>10,745</b>	<b>11,284</b>	<b>11,822</b>	<b>12,227</b>	<b>12,694</b>	<b>13,216</b>
<b>Total</b>	<b>28,877</b>	<b>28,871</b>	<b>31,085</b>	<b>30,579</b>	<b>32,740</b>	<b>32,114</b>	<b>33,062</b>	<b>34,232</b>	<b>35,584</b>	<b>36,996</b>

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer and Educational Book Publishing Market Growth (%)

United States	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008-12 CAGR
<b>Print</b>											
Consumer Books	7.0	-1.4	7.1	-2.5	7.6	-5.9	1.0	2.8	3.2	3.2	0.8
Elhi Books	2.5	0.1	10.5	-5.8	2.7	6.8	4.1	1.0	1.9	2.9	3.3
College Books	3.6	1.8	5.3	2.8	6.5	2.2	3.2	2.5	2.1	2.1	2.4
<b>Total Educational</b>	<b>3.1</b>	<b>1.0</b>	<b>7.8</b>	<b>-1.4</b>	<b>4.8</b>	<b>4.3</b>	<b>3.6</b>	<b>1.8</b>	<b>2.0</b>	<b>2.4</b>	<b>2.8</b>
<b>Total Print</b>	<b>5.7</b>	<b>-0.6</b>	<b>7.3</b>	<b>-2.1</b>	<b>6.7</b>	<b>-2.7</b>	<b>1.9</b>	<b>2.5</b>	<b>2.8</b>	<b>2.9</b>	<b>1.5</b>
<b>Electronic</b>											
Consumer Books	150.0	50.0	46.7	25.0	23.6	35.3	45.7	26.9	23.5	19.0	29.7
Elhi Books	—	400.0	100.0	50.0	66.7	20.0	16.7	28.6	33.3	33.3	26.2
College Books	135.0	53.2	18.1	17.6	20.0	16.7	21.4	23.5	21.4	17.6	20.1
<b>Total Educational</b>	<b>136.0</b>	<b>54.7</b>	<b>19.2</b>	<b>18.4</b>	<b>21.4</b>	<b>16.8</b>	<b>21.2</b>	<b>23.7</b>	<b>21.9</b>	<b>18.4</b>	<b>20.4</b>
<b>Total Electronic</b>	<b>140.0</b>	<b>53.3</b>	<b>27.2</b>	<b>20.6</b>	<b>22.2</b>	<b>23.3</b>	<b>30.7</b>	<b>25.1</b>	<b>22.6</b>	<b>18.7</b>	<b>24.0</b>
<b>Total Consumer</b>	<b>7.3</b>	<b>-1.1</b>	<b>7.4</b>	<b>-2.2</b>	<b>7.8</b>	<b>-5.3</b>	<b>2.0</b>	<b>3.6</b>	<b>4.0</b>	<b>3.9</b>	<b>1.6</b>
<b>Total Elhi</b>	<b>2.5</b>	<b>0.2</b>	<b>10.6</b>	<b>-5.7</b>	<b>2.9</b>	<b>6.8</b>	<b>4.2</b>	<b>1.2</b>	<b>2.2</b>	<b>3.2</b>	<b>3.5</b>
<b>Total College</b>	<b>6.4</b>	<b>4.2</b>	<b>6.2</b>	<b>3.9</b>	<b>7.7</b>	<b>3.7</b>	<b>5.2</b>	<b>5.2</b>	<b>5.0</b>	<b>4.8</b>	<b>4.8</b>
<b>Total Educational</b>	<b>4.6</b>	<b>2.4</b>	<b>8.2</b>	<b>-0.5</b>	<b>5.6</b>	<b>5.0</b>	<b>4.8</b>	<b>3.4</b>	<b>3.8</b>	<b>4.1</b>	<b>4.2</b>
<b>Total</b>	<b>6.4</b>	<b>0.0</b>	<b>7.7</b>	<b>-1.6</b>	<b>7.1</b>	<b>-1.9</b>	<b>3.0</b>	<b>3.5</b>	<b>3.9</b>	<b>4.0</b>	<b>2.5</b>

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer books

- Consumer book print sales rose 7.6 percent in 2007, the largest gain during the past five years and principally the result of a 26.9 percent jump in juvenile trade books stemming from huge sales of J. K. Rowling's final Harry Potter installment, *Harry Potter and the Deathly Hollows*, which sold 8.3 million copies in the first 24 hours it was on sale.
  - The absence of a Harry Potter edition in 2008 will lead to a 22.4 percent drop in juvenile trade books in 2008. Sales in 2008 also will be adversely affected by a declining economy that will cut into discretionary purchases such as consumer books. We expect all categories except specialized university press titles to decline in 2008. Consumer book print sales as a whole will decrease by 5.9 percent.
  - Thereafter, several positive developments in the consumer book market will contribute to a rebound in spending, one of which is digital browsing.
  - Major publishers such as HarperCollins, Penguin, Random House, and Simon & Schuster have digital versions of their titles on their Web sites that visitors can browse. Amazon, Google, and Microsoft also have digital browsing services. The premise of digital browsing is that consumers can find books that meet their interests, which in turn can generate incremental print sales.
  - In late 2007, Google introduced a continuous browsing feature that allows readers to view consecutive pages up to a maximum of 20 percent of a book's content. Previously, readers were not permitted to view consecutive pages.
  - In early 2008, Penguin announced it plans to offer free download of the first chapter of every new fiction title it publishes, and HarperCollins and Random House began putting entire books online for free. The goal is to replicate the bookstore browsing experience in an online environment, and the hope is that people will be drawn into a new book by being given free online access to sample titles. The expectation is that print sales will not be cannibalized, because people generally will not want to read a 300 to 400-page book at the computer, and printing books is not necessarily cost-effective once toner and paper costs are factored in. A bound book also is more convenient to read than a stack of 8.5- by 11-inch pages from a printer. These initiatives are intended to attract interest to new books and to drive print sales.
- Bookstores are using their membership programs to promote new titles and to drive sales by offering discounts. Members receive weekly e-mails with coupons that can be redeemed at the store.
  - Borders in 2008 began reducing by around 20 percent the number of titles it carries, thereby allowing more titles to be displayed with their front covers facing out to attract readers. Initial results were promising, as unit sales increased. Borders is looking to sell stores in a number of countries to shore up its financial position while seeking to make its existing stores more efficient.
  - To promote the digital download of audio books, audio book publishers are beginning to offer downloads without digital rights management (DRM) software. Although CDs still dominate, digital download of audio books is a growing component of the market, accounting for around 20 percent of purchases in 2007 compared with 9 percent in 2005. DRM-free downloads can be played on any device, making them a convenient alternative. After falling by 7 percent in 2008 following inflated sales in 2007 by Harry Potter books, we look for the audio book market to expand at mid-single-digit rates during 2010–12 to \$1.2 billion in 2012.
  - The overall print/audio market will begin to increase in 2009 and by 2011–12 will expand at rates in excess of 3 percent to \$22.5 billion in 2012. Compared with 2007, spending will expand at an 0.8 percent compound annual rate.
  - Enhancing the print/audio market is an expanding electronic book market, which was given a boost by the launch of new eReaders. The Sony Reader entered the market in late 2006, and the Kindle from Amazon was introduced in the fall of 2007. Both devices use electronic ink, which reads like paper and is much easier on the eyes than backlit images used on other

portable devices. They can also be read in full sunlight. The Sony Reader can store up to 80 books; the Kindle has a capacity for 200.

- A key feature of the Kindle is that it is wireless. Users can download books from any location and do not need access to a computer. The device operates on the Sprint Nextel high-speed wireless network that is paid for by Amazon. Users pay only for the electronic book itself; there is no charge to users to access the wireless network. The cost, around \$9 for a new book, is billed to a credit card. Books purchased through another vendor can be sideloaded to the Kindle. Despite the \$400 price point, initial demand for the Kindle exceeded the supply.
- Publishers are increasing their electronic book offerings. Random House expects to offer 6,500 titles in ebook formats in 2008, up from 3,500 in 2007. Simon & Schuster has an online ebook service; Harlequin introduced a subscription ebook service in 2006; and digital versions from virtually all publishers can be purchased in ebook form.
- Electronic books also are available on mobile phones. Mobifusion has deals with Houghton Mifflin, Simon & Schuster, and others for distribution to mobile phones. Harlequin on the Go sends short stories to mobile phone readers, and a number of other mobile phone services are now available.
- Publishers also are providing enhanced content in their ebook editions. Penguin's ebook version of *Pride and Prejudice* contains information about Jane Austen, examples of period recipes and rules of social etiquette, and video content showing fashion, architecture, and home furnishings of the period.
- We expect these initiatives—and the favorable price points compared with print books—to drive the consumer electronic book market during the next five years. Consumer electronic book sales in 2007 totaled \$340 million—1.5 percent of total consumer book spending. We look for that share to expand to more than 5 percent by 2012 as spending increases at a 29.7 percent compound annual rate to \$1.3 billion.
- These gains notwithstanding, decreased reading levels will hold down spending growth even after the economy improves. Surveys generally show that fewer people regularly read books compared with two decades ago, a decrease that coincides with the emergence and expansion of the Internet. Accordingly, even once the adverse economy is no longer a factor, we do not expect growth to exceed 4 percent during any of the next five years.
- The overall consumer book market will rise to \$23.8 billion in 2012 from \$22 billion in 2007, a 1.6 percent compound annual increase.

## Consumer Book Market (US\$ Millions)

United States	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012
<b>Print/Audio</b>										
Adult Trade	7,516	7,766	8,160	8,665	8,960	8,900	9,000	9,300	9,650	10,000
Juvenile Trade	3,600	3,285	4,440	3,655	4,640	3,600	3,650	3,800	3,950	4,100
<b>Total Trade</b>	11,116	11,051	12,600	12,320	13,600	12,500	12,650	13,100	13,600	14,100
Religious	3,350	3,535	3,320	2,980	3,135	3,100	3,125	3,200	3,300	3,400
Mass-Market Paperbacks	2,385	2,175	2,180	2,280	2,235	2,200	2,210	2,225	2,250	2,275
Book Clubs and Mail Order	1,545	1,410	1,315	1,260	1,225	1,175	1,150	1,125	1,100	1,075
University Press	495	450	350	365	385	395	410	425	440	455
Audio	650	645	870	923	1,075	1,000	1,025	1,080	1,150	1,225
<b>Total Print/Audio</b>	19,541	19,266	20,635	20,128	21,655	20,370	20,570	21,155	21,840	22,530
<b>Electronic</b>	100	150	220	275	340	460	670	850	1,050	1,250
<b>Total</b>	19,641	19,416	20,855	20,403	21,995	20,830	21,240	22,005	22,890	23,780

Sources: Audio Publishing Association, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer Book Market Growth (%)

United States	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Print/Audio</b>											
Adult Trade	-1.4	3.3	5.1	6.2	3.4	-0.7	1.1	3.3	3.8	3.6	2.2
Juvenile Trade	10.9	-8.8	35.2	-17.7	26.9	-22.4	1.4	4.1	3.9	3.8	-2.4
<b>Total Trade</b>	2.3	-0.6	14.0	-2.2	10.4	-8.1	1.2	3.6	3.8	3.7	0.7
Religious	50.2	5.5	-6.1	-10.2	5.2	-1.1	0.8	2.4	3.1	3.0	1.6
Mass-Market Paperbacks	-1.6	-8.8	0.2	4.6	-2.0	-1.6	0.5	0.7	1.1	1.1	0.4
Book Clubs and Mail Order	-9.1	-8.7	-6.7	-4.2	-2.8	-4.1	-2.1	-2.2	-2.2	-2.3	-2.6
University Press	8.8	-9.1	-22.2	4.3	5.5	2.6	3.8	3.7	3.5	3.4	3.4
Audio	12.5	-0.8	34.9	6.1	16.5	-7.0	2.5	5.4	6.5	6.5	2.6
<b>Total Print/Audio</b>	7.0	-1.4	7.1	-2.5	7.6	-5.9	1.0	2.8	3.2	3.2	0.8
<b>Electronic</b>	150.0	50.0	46.7	25.0	23.6	35.3	45.7	26.9	23.5	19.0	29.7
<b>Total</b>	7.3	-1.1	7.4	-2.2	7.8	-5.3	2.0	3.6	4.0	3.9	1.6

Sources: Audio Publishing Association, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## College textbook market

- The print college textbook market rose 6.5 percent in 2007, the largest increase during the past five years. Growth was fueled by a 1.9 percent increase in enrollment—up from the 1.4 percent average annual gain during 2005–06—and a 4.6 percent rise in spending per full-time student.
- Rising textbook prices have driven a number of students to purchase used books. Used books, which are not included in the totals, account for around \$1.7 billion in sales in 2007, representing about 30 percent of print college textbook sales.

- When new editions are issued or when new textbooks are published, students buy fewer used books and more new books, which leads to an increase in spending per student. The relatively high growth in spending per student in 2007 and in 2005 reflects an increase in the share of new books in overall book purchases.
- Some students refrain from buying all required texts, and others rely on college libraries or simply do not use the assigned text. These strategies help keep print spending per student below the levels they would have reached if all textbooks were purchased new.
- Colleges and publishers are increasingly looking to electronic textbooks as a way to save costs. In 2007, the University of Dayton and Miami University of Ohio assigned electronic textbooks instead of print versions. Students at both schools purchased pass codes from their college bookstores that entitled them to access textbooks through the statewide OhioLINK network of college libraries. The University of Denver also assigned electronic textbooks for 20 courses in 2007.
- A number of major college textbook publishers formed CourseSmart in 2007 to promote electronic textbooks. The advantage for publishers is that they participate in electronic sales—in contrast to the used-book market, wherein they lose sales. This is because, if a student purchases a used textbook from a college bookstore (or any other source), the publisher loses the potential sale of a new book. Electronic textbooks also are much less expensive to produce and distribute than print books, and they eliminate the used-book aftermarket.
- CourseSmart provides more than 2,000 titles, and the software permits students to highlight passages and make notes; students need a password to access books from the CourseSmart site. Digital pages can be printed for personal use and reference in connection with course work but are not permitted to be shared with others. The company expects to introduce downloadable books in the future. Prices are around half those of print versions.
- College students are already digitally sophisticated and have begun to embrace electronic textbooks, spending \$600 million in 2007, which represented nearly 10 percent of total college textbook spending. We expect this market to expand to \$1.5 billion in 2012, a 20.1 percent compound annual increase. Electronic textbooks will constitute nearly 20 percent of textbook spending in 2012 and will account for 56 percent of total college textbook spending growth during the next five years.
- We expect the migration to electronic textbooks to cut into print spending growth. Annual spending on print books per student will grow much more slowly during the next five years compared with the past three years. We expect that growth to average less than 1 percent annually, with a slower increase in 2008, reflecting the weak economy. In 2012, the average student will spend \$392 annually on new print textbooks compared with \$378.90 in 2007, a 0.7 percent compound annual increase. From 2004 to 2007, by contrast, annual spending per student rose at a 3.3 percent compound annual rate.
- When electronic books are included, annual spending per student on all new textbooks will increase from \$420.01 in 2007 to \$486.30 in 2012, a 3.0 percent compound annual increase.
- Actual spending on print textbooks will grow faster than per capita spending because of enrollment growth. During the next five years, the number of full-time students will increase at a 2.1 percent compound annual rate to 12.4 million in 2012 from 11.2 million in 2007. The number of part-time students will increase at a slower, 0.6 percent compound annual rate from 6.7 million to 6.9 million.
- The total number of full-time-equivalent students (FTEs), whereby two part-time students are equivalent to one full-time student, will increase at a 1.7 percent compound annual rate to 15.9 million from 14.6 million in 2007.

## Higher Education Enrollment (Thousands)

United States	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Full-Time	10,312	10,610	10,797	10,982	11,233	11,496	11,756	11,996	12,222	12,442
Part-Time	6,589	6,662	6,691	6,690	6,724	6,768	6,811	6,844	6,884	6,932
<b>Total</b>	<b>16,901</b>	<b>17,272</b>	<b>17,488</b>	<b>17,672</b>	<b>17,957</b>	<b>18,264</b>	<b>18,567</b>	<b>18,840</b>	<b>19,106</b>	<b>19,374</b>
FTE†	13,607	13,941	14,143	14,327	14,595	14,880	15,162	15,418	15,664	15,908

†Full-time equivalent: 2 part-time students = 1 full-time student.

Sources: National Center for Educational Statistics, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Higher Education Enrollment Growth (%)

United States	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2008–12 CAGR
Full-Time	3.7	2.9	1.8	1.7	2.3	2.3	2.3	2.0	1.9	1.8	2.1
Part-Time	-1.1	1.1	0.4	0.0	0.5	0.7	0.6	0.5	0.6	0.7	0.6
<b>Total</b>	<b>1.7</b>	<b>2.2</b>	<b>1.3</b>	<b>1.1</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.5</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>
FTE†	2.5	2.5	1.4	1.3	1.9	2.0	1.9	1.7	1.6	1.6	1.7

†Full-time equivalent: 2 part-time students = 1 full-time student.

Sources: National Center for Educational Statistics, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Buoyed by rising enrollment, overall spending on print college textbooks will increase at a 2.4 percent compound annual rate to \$6.2 billion in 2012 from \$5.5 billion in 2007.
- The college textbook market as a whole, including electronic textbooks, will increase from \$6.1 billion to \$7.7 billion, a 4.8 percent compound annual advance.

## College Textbook Market

United States	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2008–12 CAGR
FTE† Enrollment (Thousands)	13,607	13,941	14,143	14,327	14,595	14,880	15,162	15,418	15,664	15,908	
% Change	2.5	2.5	1.4	1.3	1.9	2.0	1.9	1.7	1.6	1.6	1.7
Annual Print Textbook Spending per FTE† (US\$)	346.16	343.95	357.08	362.32	378.90	380.00	385.00	388.00	390.00	392.00	
% Change	1.1	-0.6	3.8	1.5	4.6	0.3	1.3	0.8	0.5	0.5	0.7
College Print Textbook Spending (US\$ Millions)	4,710	4,795	5,050	5,191	5,530	5,654	5,837	5,982	6,109	6,236	
% Change	3.6	1.8	5.3	2.8	6.5	2.2	3.2	2.5	2.1	2.1	2.4
Electronic	235	360	425	500	600	700	850	1,050	1,275	1,500	
% Change	135.0	53.2	18.1	17.6	20.0	16.7	21.4	23.5	21.4	17.6	20.1
<b>Total College Textbook Spending</b>	<b>4,945</b>	<b>5,155</b>	<b>5,475</b>	<b>5,691</b>	<b>6,130</b>	<b>6,354</b>	<b>6,687</b>	<b>7,032</b>	<b>7,384</b>	<b>7,736</b>	
% Change	6.4	4.2	6.2	3.9	7.7	3.7	5.2	5.2	5.0	4.8	4.8

†Full-time equivalent: 2 part-time students = 1 full-time student.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Elhi textbook market

- The elhi print textbook market rebounded in 2007 with a 2.7 percent advance to \$4.6 billion. Purchases of elementary school science books in California, of computer and language books in Florida, and of high school books in all subjects in Illinois contributed to the increase.
- In 22 states—including California, Florida, and Texas—school textbooks are purchased at the state level for all public schools. These so-called adoption states can influence the market because a large number of books are purchased at once. In other states, school districts generally make purchasing decisions, and generally, they are not coordinated.
- In 2008, California plans to purchase mathematics books for grades K(kindergarten)–8, and in 2009 reading books for those grades. No purchases are scheduled in California during 2010–11 and adoptions have not yet been approved for 2012.
- In Florida, reading books for K–12 are scheduled for purchase in 2008; mathematics books for K–12 will be purchased in 2010; science books for K–12, in 2011; and social studies books for K–12, in 2012.
- In Texas, purchases for 2008 are pending legislative approval. Purchases scheduled for 2009 were postponed, and adoptions scheduled for 2010–12 are pending legislative action.
- Enrollment is another driver of elhi spending. At the elementary school level, enrollment increased during the past two years at a 0.6 percent annual rate and will grow faster during the next five years, averaging 1.0 percent compounded annually to 41.4 million in 2012.
- At the high school level, enrollment, which has grown during the past five years, will reverse course beginning in 2008 and will decline through 2011. Although increasing by 0.1 percent in 2012, enrollment will be lower than in 2007.
- Total enrollment growth will average 0.6 percent compounded annually through 2012, rising from 55.8 million to 57.3 million.

## School Enrollment (Thousands)

United States	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2008–12 CAGR
PK–8	38,990	38,951	38,941	39,166	39,376	39,678	40,029	40,454	40,915	41,372	
% Change	–0.1	–0.1	0.0	0.6	0.5	0.8	0.9	1.1	1.1	1.1	1.0
9–12	15,649	15,977	16,285	16,358	16,386	16,287	16,158	16,026	15,943	15,966	
% Change	1.8	2.1	1.9	0.4	0.2	–0.6	–0.8	–0.8	–0.5	0.1	–0.5
<b>Total</b>	54,639	54,928	55,226	55,524	55,762	55,965	56,187	56,480	56,858	57,338	
% Change	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.7	0.8	0.6

Source: National Center for Educational Statistics

- Purchases during the next two years in California and Florida will lead to a rebound in the elhi market. The lack of spending in California during 2010–11 and uncertainty regarding Texas lead us to project slow growth during those years.
- Faster enrollment growth during 2010–12 will partially offset reduced adoptions because more copies of books will need to be purchased.
- We project the print elhi market to expand at a 3.3 percent compound annual rate to \$5.4 billion in 2012.
- Electronic books are also beginning to play a role in the high school market. Spending on electronic books in 2007 totaled \$25 million. Computer-based learning programs are being introduced in some schools. Those schools report fewer disciplinary problems and better academic performance. As more schools adopt

these programs, the market for electronic textbooks will expand. We project electronic book sales to rise to \$80 million by 2012, a 26.2 percent compound annual increase.

- The total elhi market, including electronic books, will rise to \$5.5 billion in 2012, a 3.5 percent compound annual increase.

### Elhi Textbook Market

<b>United States</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2008–12 CAGR</b>
Print	4,290	4,295	4,745	4,470	4,590	4,900	5,100	5,150	5,250	5,400	
% Change	2.5	0.1	10.5	-5.8	2.7	6.8	4.1	1.0	1.9	2.9	3.3
Electronic	1	5	10	15	25	30	35	45	60	80	
% Change	—	400.0	100.0	50.0	66.7	20.0	16.7	28.6	33.3	33.3	26.2
<b>Total</b>	<b>4,291</b>	<b>4,300</b>	<b>4,755</b>	<b>4,485</b>	<b>4,615</b>	<b>4,930</b>	<b>5,135</b>	<b>5,195</b>	<b>5,310</b>	<b>5,480</b>	
% Change	2.5	0.2	10.6	-5.7	2.9	6.8	4.2	1.2	2.2	3.2	3.5

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Europe, Middle East, Africa (EMEA)

### The outlook in brief

- Digital browsing will boost consumer book sales.
- Growing college demand for electronic books in some countries will expand the educational book market.
- The total print book market will grow by 2.0 percent compounded annually to \$54.8 billion in 2012 from \$49.6 billion in 2007.
- The electronic book market will increase from \$12 million in 2007 to \$1.4 billion in 2012.

### Overview

- We project that the consumer and educational book publishing market in EMEA will grow at a 2.5 percent compound annual rate, rising from \$49.6 billion in 2007 to \$56.2 billion in 2012.
- Print consumer books will increase at a 2.4 percent compound annual rate, rising to \$37.5 billion in 2012 from \$33.4 billion in 2007.
- Spending on print educational books will increase from \$16.2 billion to \$17.2 billion, a 1.3 percent compound annual increase.
- Consumer electronic books will total \$506 million in 2012, and educational electronic books will reach \$899 million.
- The overall consumer book market, including both print and electronic, will expand at a 2.7 percent compound annual rate to \$38 billion.
- The overall educational book market will total \$18.1 billion in 2012, a 2.3 percent compound annual increase.

### Consumer and Educational Publishing Market by Component† (US\$ Millions)

EMEA	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012
<b>Print</b>										
Consumer Books	28,559	29,197	30,988	31,237	33,363	33,293	34,273	35,356	36,447	37,535
Educational Books	15,593	15,671	15,793	15,796	16,195	16,539	16,829	17,089	17,199	17,243
<b>Total Print</b>	<b>44,152</b>	<b>44,868</b>	<b>46,781</b>	<b>47,033</b>	<b>49,558</b>	<b>49,832</b>	<b>51,102</b>	<b>52,445</b>	<b>53,646</b>	<b>54,778</b>
<b>Electronic Books</b>										
Consumer Books	—	—	—	—	2	13	51	109	260	506
Educational Books	—	—	—	1	10	29	57	217	499	899
<b>Total Electronic</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>12</b>	<b>42</b>	<b>108</b>	<b>326</b>	<b>759</b>	<b>1,405</b>
<b>Total Consumer</b>	<b>28,559</b>	<b>29,197</b>	<b>30,988</b>	<b>31,237</b>	<b>33,365</b>	<b>33,306</b>	<b>34,324</b>	<b>35,465</b>	<b>36,707</b>	<b>38,041</b>
<b>Total Educational</b>	<b>15,593</b>	<b>15,671</b>	<b>15,793</b>	<b>15,797</b>	<b>16,205</b>	<b>16,568</b>	<b>16,886</b>	<b>17,306</b>	<b>17,698</b>	<b>18,142</b>
<b>Total</b>	<b>44,152</b>	<b>44,868</b>	<b>46,781</b>	<b>47,034</b>	<b>49,570</b>	<b>49,874</b>	<b>51,210</b>	<b>52,771</b>	<b>54,405</b>	<b>56,183</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer and Educational Book Publishing Market Growth by Component (%)

EMEA	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Print</b>											
Consumer Books	2.4	2.2	6.1	0.8	6.8	-0.2	2.9	3.2	3.1	3.0	2.4
Educational Books	0.0	0.5	0.8	0.0	2.5	2.1	1.8	1.5	0.6	0.3	1.3
<b>Total Print</b>	1.6	1.6	4.3	0.5	5.4	0.6	2.5	2.6	2.3	2.1	2.0
<b>Electronic Books</b>											
Consumer Books	—	—	—	—	—	550.0	292.3	113.7	138.5	94.6	202.4
Educational Books	—	—	—	—	900.0	190.0	96.6	280.7	130.0	80.2	145.9
<b>Total Electronic</b>	—	—	—	—	1,100.0	250.0	157.1	201.9	132.8	85.1	159.2
<b>Total Consumer</b>	2.4	2.2	6.1	0.8	6.8	-0.2	3.1	3.3	3.5	3.6	2.7
<b>Total Educational</b>	0.0	0.5	0.8	0.0	2.6	2.2	1.9	2.5	2.3	2.5	2.3
<b>Total</b>	1.6	1.6	4.3	0.5	5.4	0.6	2.7	3.0	3.1	3.3	2.5

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- The consumer and educational book market in Western Europe will rise to \$49.6 billion in 2012 from \$44.2 billion in 2007, a 2.3 percent compound annual increase.
- Central and Eastern Europe will be the fastest-growing portion of EMEA, with a 5.1 percent compound annual advance. Spending will total \$5 billion in 2012, up from \$3.9 billion in 2007.
- Middle East/Africa will expand from \$1.5 billion in 2007 to \$1.7 billion in 2012, averaging 2.6 percent compounded annually.
- Germany had the largest consumer and educational book market in EMEA in 2007, at \$9.9 billion. France was second, at \$8.1 billion, followed by the United Kingdom at \$6.9 billion, Italy at \$5.9 billion, and Spain at \$5.2 billion.
- An expanding electronic book market will contribute to a 3.6 percent compound annual increase in the UK during the next five years, the highest in Western Europe. Italy will be the next-fastest-growing territory in Western Europe, at 3.5 percent compounded annually and boosted by a 3.9 percent compound annual increase in consumer books, continuing its steady expansion of the past five years.
- We expect Spain to expand at a 2.1 percent annual rate, with compound annual increases of 1.6 percent and 1.5 percent for Germany and France, respectively. In Spain and Germany, consumer books will be the faster-growing category, while in France, educational books will grow faster. The slower, consumer market in France principally reflects an adverse comparison with 2007, when strong Harry Potter sales inflated the market. During 2009–12, France's consumer book market will expand at a 2.4 percent compound annual rate. The consumer book markets in Spain and Germany will also be adversely affected by the comparison with 2007 but will grow faster than educational books.
- Russia was the leading market in Central and Eastern Europe in 2007 and sixth-largest overall in EMEA, at \$2.1 billion. We expect Russia to be the fastest-growing territory in EMEA, with a projected 6.7 percent compound annual increase to \$2.9 billion in 2012. The print market is currently growing rapidly, and emerging electronic book sales will contribute to growth during 2011–12.
- Austria and the Netherlands were the only other territories in EMEA with revenues in excess of \$1 billion. Electronic books will contribute to a projected 2.8 percent compound annual growth in the Netherlands, while Austria, where we do not expect electronic books to play a role, will expand at only a 1.0 percent rate compounded annually.
- Israel has the largest market in Middle East/Africa, at \$725 million, constituting half of that area's total. Growth will average 1.8 percent compounded annually, with much of that increase coming from electronic books.

## Consumer and Educational Book Publishing Market by Country† (US\$ Millions)

EMEA	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Western Europe</b>											
Austria	1,250	1,257	1,280	1,291	1,320	1,329	1,344	1,359	1,374	1,389	1.0
Belgium	611	609	624	629	656	662	675	695	714	740	2.4
Denmark	719	732	821	791	860	826	847	870	892	913	1.2
Finland	664	664	680	685	709	715	727	743	764	786	2.1
France	7,033	7,115	7,649	7,525	8,101	7,984	8,169	8,361	8,552	8,744	1.5
Germany	9,362	9,400	9,675	9,541	9,920	9,955	10,146	10,352	10,550	10,742	1.6
Greece	365	365	374	376	387	389	397	405	413	421	1.7
Ireland	137	134	138	140	164	161	165	171	179	188	2.8
Italy	4,848	4,980	5,325	5,487	5,939	5,966	6,226	6,486	6,759	7,047	3.5
Netherlands	1,172	1,178	1,194	1,204	1,245	1,252	1,283	1,329	1,376	1,432	2.8
Norway	773	789	847	893	965	980	1,011	1,040	1,067	1,076	2.2
Portugal	256	256	261	263	270	268	271	274	277	279	0.7
Spain	4,658	4,801	4,892	4,999	5,174	5,246	5,370	5,495	5,624	5,754	2.1
Sweden	794	795	809	811	829	830	841	860	885	918	2.1
Switzerland	728	736	748	754	774	783	796	818	844	878	2.6
United Kingdom	6,340	6,480	6,700	6,702	6,936	7,016	7,218	7,520	7,840	8,267	3.6
<b>Western Europe Total</b>	<b>39,710</b>	<b>40,291</b>	<b>42,017</b>	<b>42,091</b>	<b>44,249</b>	<b>44,362</b>	<b>45,486</b>	<b>46,778</b>	<b>48,110</b>	<b>49,574</b>	<b>2.3</b>
<b>Central and Eastern Europe</b>											
Czech Republic	300	304	314	316	326	328	334	342	351	361	2.1
Hungary	285	292	303	309	316	321	329	337	346	355	2.4
Poland	649	679	713	735	772	793	820	850	885	917	3.5
Romania	132	141	151	159	170	175	183	193	203	215	4.8
Russia	1,515	1,587	1,677	1,803	2,062	2,196	2,319	2,481	2,662	2,852	6.7
Turkey	200	205	210	216	225	228	233	239	248	258	2.8
<b>Central and Eastern Europe Total</b>	<b>3,081</b>	<b>3,208</b>	<b>3,368</b>	<b>3,538</b>	<b>3,871</b>	<b>4,041</b>	<b>4,218</b>	<b>4,442</b>	<b>4,695</b>	<b>4,958</b>	<b>5.1</b>
<b>Middle East/Africa</b>											
Israel	699	700	712	707	725	731	744	761	777	792	1.8
Saudi Arabia/Pan Arab‡	395	395	402	411	426	439	452	470	490	512	3.7
South Africa	267	274	282	287	299	301	310	320	333	347	3.0
<b>Middle East/Africa Total</b>	<b>1,361</b>	<b>1,369</b>	<b>1,396</b>	<b>1,405</b>	<b>1,450</b>	<b>1,471</b>	<b>1,506</b>	<b>1,551</b>	<b>1,600</b>	<b>1,651</b>	<b>2.6</b>
<b>EMEA Total</b>	<b>44,152</b>	<b>44,868</b>	<b>46,781</b>	<b>47,034</b>	<b>49,570</b>	<b>49,874</b>	<b>51,210</b>	<b>52,771</b>	<b>54,405</b>	<b>56,183</b>	<b>2.5</b>

†At average 2007 exchange rates.

‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer books

### Print books

- The print/audio consumer book market rose 6.8 percent in 2007, the largest increase during the past five years. The gain reflects the success of the seventh and final Harry Potter installment, *Harry Potter and the Deathly Hollows*. In the UK, for example, it sold 2.6 million copies in its first 24 hours. The absence of a Harry Potter title in 2008 will lead to a drop in sales compared with the inflated totals in 2007. Thereafter, growth will average around 3 percent annually.
- The market will benefit from digitization projects that allow readers to browse through books electronically on the Internet as they might do in a bookstore.
- Google introduced the Google Library Project in 2006, a browsing service in Europe that is in the process of digitizing thousands of books.
- Libraries are teaming up with private companies, including Google, to develop the European Digital Library. The European Commission is contributing €60 million (\$82 million) to develop a system that will enable national libraries to access the European Digital Library. The actual cost of digitization, not covered by the European Commission's contribution, is estimated at €250 million (\$342 million).
- On their Web sites, HarperCollins and Random House are introducing digital versions that enable users to sample a book online. HarperCollins is digitizing 25,000 titles and expects them to be available by the end of 2008. By the end of 2007, several hundred titles were available for browsing on the HarperCollins Web site.
- In France, Gallica 2 is competing with Google by offering around 100,000 titles from the National Library of France. Gallica 2 is also working with publishers and has rights to more than 10,000 copyrighted books.
- In Germany, Börsenverein in 2007 introduced Volltextsuche Online (VTO), subsequently renamed Libreka, which enables readers to browse books electronically. Participating publishers provide VTO with an electronic file of the book and pay a €3 (\$4) fee for each book submitted, down significantly from the former charge of €17 (\$23). Files are then incorporated into a search engine.
- The creation of digital libraries is one of the goals of the European Information Society 2010 strategy adopted by the European Commission in June 2005. Digitization enables readers to browse books online as they do in a bookstore. Through browsing, consumers find books that may be of interest.
- Digitization also enables books to be included in online searches through the use of key words. Keyword searches had been limited to Web sites, newspapers, magazines, and other sources. With books now included, potential consumers will become aware of information contained in books, and that knowledge could lead to increased book sales. There are also links to publishers' Web sites that will allow readers to be exposed to other titles from a selected publisher.
- In other developments, discounted books, where permitted, are driving print sales. In the UK, discounted books accounted for a majority of sales in 2007. Purchases through supermarkets and over the Internet fueled growth. Tesco partnered with Random House in 2007 to create the Tesco Book Club. Each month, a special version of a Random House title will be offered through the club for £3.73 (\$7.46).
- Switzerland is discontinuing its fixed-price policy, whereby books in all outlets must be sold at the same price, which will enable sellers to offer books at a discount. In Sweden and Norway, discounted books are now being sold at supermarkets, newsstands, and discount stores.
- We expect that electronic browsing and discounting, where permitted, will enhance the print consumer book market during the next five years. In Western Europe, spending will increase at a 2.3 percent compound annual rate to \$33.6 billion in 2012 from \$30.1 billion in 2007.
- Central and Eastern Europe will expand at a 4.1 percent compound annual rate from \$2.4 billion in 2007 to \$2.9 billion in 2012.

- In Middle East/Africa, digital browsing services are not yet available. We project that this area will be the slowest growing in EMEA, with a 1.5 percent compound annual increase to \$960 million in 2012 from \$890 million in 2007.
- We project the print consumer book market for EMEA as a whole to grow at a 2.4 percent compound annual rate, rising to \$37.5 billion in 2012 from \$33.4 billion in 2007.

### Print/Audio Consumer Book Market† (US\$ Millions)

EMEA	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Western Europe</b>											
Austria	753	766	787	794	821	828	842	855	869	883	1.5
Belgium	359	363	376	376	397	397	404	410	417	424	1.3
Denmark	606	619	702	670	736	698	716	735	753	771	0.9
Finland	475	479	493	493	513	513	520	527	534	540	1.0
France	4,543	4,652	5,227	5,076	5,624	5,473	5,610	5,747	5,884	6,021	1.4
Germany	5,428	5,414	5,640	5,740	6,048	6,021	6,157	6,315	6,472	6,630	1.9
Greece	197	201	208	209	219	219	226	233	239	246	2.4
Ireland	48	49	53	52	63	57	59	60	62	63	0.0
Italy	3,537	3,694	4,037	4,173	4,598	4,598	4,830	5,063	5,309	5,569	3.9
Netherlands	703	706	721	722	753	746	762	780	798	816	1.6
Norway	631	651	682	671	701	690	704	725	743	743	1.2
Portugal	141	142	146	145	151	148	149	151	152	153	0.3
Spain	3,099	3,175	3,255	3,336	3,492	3,544	3,649	3,753	3,857	3,961	2.6
Sweden	510	512	525	525	541	540	547	555	562	570	1.0
Switzerland	462	471	483	487	504	508	516	525	533	541	1.4
United Kingdom	4,367	4,509	4,721	4,721	4,909	4,951	5,101	5,301	5,501	5,701	3.0
<b>Western Europe Total</b>	<b>25,859</b>	<b>26,403</b>	<b>28,056</b>	<b>28,190</b>	<b>30,070</b>	<b>29,931</b>	<b>30,792</b>	<b>31,735</b>	<b>32,685</b>	<b>33,632</b>	<b>2.3</b>
<b>Central and Eastern Europe</b>											
Czech Republic	178	182	192	192	202	202	207	212	216	221	1.8
Hungary	194	201	211	215	226	231	239	247	255	264	3.2
Poland	397	415	442	459	489	506	527	549	571	592	3.9
Romania	75	82	90	96	106	110	117	124	131	138	5.4
Russia	903	950	1,005	1,087	1,231	1,271	1,329	1,407	1,486	1,564	4.9
Turkey	130	133	137	141	149	149	152	156	160	164	1.9
<b>Central and Eastern Europe Total</b>	<b>1,877</b>	<b>1,963</b>	<b>2,077</b>	<b>2,190</b>	<b>2,403</b>	<b>2,469</b>	<b>2,571</b>	<b>2,695</b>	<b>2,819</b>	<b>2,943</b>	<b>4.1</b>
<b>Middle East/Africa</b>											
Israel	437	440	452	445	458	456	461	465	470	475	0.7
Saudi Arabia/Pan Arab‡	225	225	230	235	245	250	255	260	265	270	2.0
South Africa	161	166	173	177	187	187	194	201	208	215	2.8
<b>Middle East/Africa Total</b>	<b>823</b>	<b>831</b>	<b>855</b>	<b>857</b>	<b>890</b>	<b>893</b>	<b>910</b>	<b>926</b>	<b>943</b>	<b>960</b>	<b>1.5</b>
<b>EMEA Total</b>	<b>28,559</b>	<b>29,197</b>	<b>30,988</b>	<b>31,237</b>	<b>33,363</b>	<b>33,293</b>	<b>34,273</b>	<b>35,356</b>	<b>36,447</b>	<b>37,535</b>	<b>2.4</b>

†At average 2007 exchange rates.

‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, Publishers Association, Wilkofsky Gruen Associates

## Electronic books

- There is a small electronic book market that is emerging in a number of countries in EMEA. We do not expect electronic books to gain a foothold in countries with strict retail price maintenance (RPM) programs—including France and Germany—because discounting is either not permitted or very limited. We do not believe people will buy electronic books unless such books are less expensive than their print versions. In other countries—and in countries where RPM provides some price latitude, as in the Netherlands—we expect an electronic book market to become established.
- The United Kingdom is currently the most active market, even though distribution channels remain limited and portable readers have not yet been introduced. W. H. Smith sells electronic books; Penguin is introducing electronic versions of such classics as *Pride and Prejudice*; publishers are launching ebook services; and eReaders are entering the market.
- Sony and Amazon each announced launches of their new devices—the Sony Reader and the Amazon Kindle, respectively—in 2008. Each device uses electronic paper that is easy to read, can be viewed in direct sunlight, and is not backlit, so it does not cause eyestrain. The Kindle will permit wireless access, enabling readers to download a book anywhere and without requiring a computer.
- Waterstone is planning to introduce ebooks in the summer of 2008, and HarperCollins is launching a service that will be available to iPhone subscribers.
- In the Netherlands, the iLiad ebook reader was launched in December 2007 and quickly sold out despite the €649 (\$888) price point, suggesting there is demand for electronic books.
- Although the electronic book will not become a major component of the consumer book market, we expect it will gain traction during the next five years. We project consumer ebook sales in the UK to increase to \$286 million in 2012, and the Netherlands market to rise to \$41 million. Together these two countries will account for 65 percent of the total consumer ebook market in EMEA. Overall consumer ebook spending will increase to \$506 million in 2012.

## Electronic Consumer Book Market† (US\$ Millions)

EMEA	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Western Europe</b>							
Austria	0	0	0	0	0	0	—
Belgium	0	1	1	4	8	12	—
Denmark	0	0	0	0	0	0	—
Finland	0	1	3	5	11	16	—
France	0	0	0	0	0	0	—
Germany	0	0	0	0	0	0	—
Greece	0	0	0	0	0	0	—
Ireland	0	0	0	0	1	1	—
Italy	0	0	0	0	0	0	—
Netherlands	0	1	4	8	21	41	—
Norway	0	0	0	0	0	0	—
Portugal	0	0	0	0	0	0	—
Spain	0	0	0	0	0	0	—
Sweden	0	1	3	6	14	29	—
Switzerland	0	1	2	5	13	27	—
United Kingdom	2	4	26	54	138	286	169.8
<b>Western Europe Total</b>	<b>2</b>	<b>9</b>	<b>39</b>	<b>82</b>	<b>206</b>	<b>412</b>	<b>190.3</b>
<b>Central and Eastern Europe</b>							
Czech Republic	0	0	1	2	4	7	—
Hungary	0	0	0	0	0	0	—
Poland	0	1	3	5	12	18	—
Romania	0	0	0	1	2	4	—
Russia	0	1	3	7	15	31	—
Turkey	0	0	1	2	3	5	—
<b>Central and Eastern Europe Total</b>	<b>0</b>	<b>2</b>	<b>8</b>	<b>17</b>	<b>36</b>	<b>65</b>	<b>—</b>
<b>Middle East/Africa</b>							
Israel	0	1	2	5	9	14	—
Saudi Arabia/Pan Arab‡	0	1	1	3	5	8	—
South Africa	0	0	1	2	4	7	—
<b>Middle East/Africa Total</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>10</b>	<b>18</b>	<b>29</b>	<b>—</b>
<b>EMEA Total</b>	<b>2</b>	<b>13</b>	<b>51</b>	<b>109</b>	<b>260</b>	<b>506</b>	<b>202.4</b>

†At average 2007 exchange rates.

‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, Publishers Association, Wilkofsky Gruen Associates

## Total consumer books

- Including electronic books, the overall consumer book market will total \$38 billion in

2012, raising the growth rate to 2.7 percent compounded annually from 2.4 percent for print by itself.

## Total Consumer Book Market† (US\$ Millions)

EMEA	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Western Europe</b>											
Austria	753	766	787	794	821	828	842	855	869	883	1.5
Belgium	359	363	376	376	397	398	405	414	425	436	1.9
Denmark	606	619	702	670	736	698	716	735	753	771	0.9
Finland	475	479	493	493	513	514	523	532	545	556	1.6
France	4,543	4,652	5,227	5,076	5,624	5,473	5,610	5,747	5,884	6,021	1.4
Germany	5,428	5,414	5,640	5,740	6,048	6,021	6,157	6,315	6,472	6,630	1.9
Greece	197	201	208	209	219	219	226	233	239	246	2.4
Ireland	48	49	53	52	63	57	59	60	63	64	0.3
Italy	3,537	3,694	4,037	4,173	4,598	4,598	4,830	5,063	5,309	5,569	3.9
Netherlands	703	706	721	722	753	747	766	788	819	857	2.6
Norway	631	651	682	671	701	690	704	725	743	743	1.2
Portugal	141	142	146	145	151	148	149	151	152	153	0.3
Spain	3,099	3,175	3,255	3,336	3,492	3,544	3,649	3,753	3,857	3,961	2.6
Sweden	510	512	525	525	541	541	550	561	576	599	2.1
Switzerland	462	471	483	487	504	509	518	530	546	568	2.4
United Kingdom	4,367	4,509	4,721	4,721	4,911	4,955	5,127	5,355	5,639	5,987	4.0
<b>Western Europe Total</b>	<b>25,859</b>	<b>26,403</b>	<b>28,056</b>	<b>28,190</b>	<b>30,072</b>	<b>29,940</b>	<b>30,831</b>	<b>31,817</b>	<b>32,891</b>	<b>34,044</b>	<b>2.5</b>
<b>Central and Eastern Europe</b>											
Czech Republic	178	182	192	192	202	202	208	214	220	228	2.5
Hungary	194	201	211	215	226	231	239	247	255	264	3.2
Poland	397	415	442	459	489	507	530	554	583	610	4.5
Romania	75	82	90	96	106	110	117	125	133	142	6.0
Russia	903	950	1,005	1,087	1,231	1,272	1,332	1,414	1,501	1,595	5.3
Turkey	130	133	137	141	149	149	153	158	163	169	2.6
<b>Central and Eastern Europe Total</b>	<b>1,877</b>	<b>1,963</b>	<b>2,077</b>	<b>2,190</b>	<b>2,403</b>	<b>2,471</b>	<b>2,579</b>	<b>2,712</b>	<b>2,855</b>	<b>3,008</b>	<b>4.6</b>
<b>Middle East/Africa</b>											
Israel	437	440	452	445	458	457	463	470	479	489	1.3
Saudi Arabia/Pan Arab‡	225	225	230	235	245	251	256	263	270	278	2.6
South Africa	161	166	173	177	187	187	195	203	212	222	3.5
<b>Middle East/Africa Total</b>	<b>823</b>	<b>831</b>	<b>855</b>	<b>857</b>	<b>890</b>	<b>895</b>	<b>914</b>	<b>936</b>	<b>961</b>	<b>989</b>	<b>2.1</b>
<b>EMEA Total</b>	<b>28,559</b>	<b>29,197</b>	<b>30,988</b>	<b>31,237</b>	<b>33,365</b>	<b>33,306</b>	<b>34,324</b>	<b>35,465</b>	<b>36,707</b>	<b>38,041</b>	<b>2.7</b>

†At average 2007 exchange rates.

‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, Publishers Association, Wilkofsky Gruen Associates

## Educational books

### Print books

- The print educational book market in EMEA rose 2.5 percent in 2007—its largest gain during the past five years. A growing concern in the region is the inability of a significant percentage of the population to function in modern society. Studies in a number of countries show that many people are either functionally illiterate—in reading and writing—or functionally inadequate in mathematics. These shortfalls are putting pressure on governments to invest more in education.
- At the same time, the number of school-age children in EMEA is decreasing, which means that fewer copies of books will be needed to serve the market. In Western Europe, the 6- to 17-year-old population will fall by 3.0 percent during the next five years. Central and Eastern Europe will experience the steepest decline of the three areas in EMEA, with an 8.8 percent decrease, including double-digit declines in the Czech Republic, Poland, and Russia. Middle East/Africa will be the only area where the school-age population increases, as gains in Israel and Saudi Arabia/Pan Arab offset a 10.7 percent fall in South Africa.
- For EMEA as a whole, the school-age population will fall from 164.5 million in 2007 to 159.3 million in 2012—a 3.2 percent decline.
- We expect these population declines to cut into growth in the print educational market during the next five years.
- The exception will be Russia, where despite a 10.7 percent fall in the school-age population, spending on educational books is growing. We project a 6.8 percent compound annual increase in Russia, which will raise growth in Central and Eastern Europe to 4.2 percent on a compound annual basis.
- Middle East/Africa will grow at a 1.7 percent compound annual rate, led by a 3.5 percent increase in Saudi Arabia/Pan Arab. Spending will total \$608 million in 2012, up from \$560 million in 2007.

## Size of the 6- to 17-Year-Old Population (Millions)

Country	2007	2012	Percent Change (%)
<b>Western Europe</b>			
Austria	1.083	0.994	-8.2
Belgium	1.430	1.370	-4.2
Denmark	0.833	0.827	-0.7
Finland	0.748	0.704	-5.9
France	9.407	9.579	1.8
Germany	10.063	9.328	-7.3
Greece	1.241	1.230	-0.9
Ireland	0.675	0.707	4.7
Italy	6.550	6.433	-1.8
Netherlands	2.428	2.398	-1.2
Norway	0.735	0.711	-3.3
Portugal	1.436	1.433	-0.2
Spain	4.627	4.695	1.5
Sweden	1.295	1.181	-8.8
Switzerland	1.046	0.983	-6.0
United Kingdom	8.900	8.371	-5.9
<b>Western Europe Total</b>	<b>52.497</b>	<b>50.944</b>	<b>-3.0</b>
<b>Central and Eastern Europe</b>			
Czech Republic	1.267	1.140	-10.0
Hungary	1.319	1.212	-8.1
Poland	5.359	4.687	-12.5
Romania	3.015	2.774	-8.0
Russia	18.281	16.319	-10.7
Turkey	14.840	14.054	-5.3
<b>Central and Eastern Europe Total</b>	<b>44.081</b>	<b>40.186</b>	<b>-8.8</b>
<b>Middle East/Africa</b>			
Israel	1.316	1.343	2.1
Saudi Arabia/Pan Arab†	55.446	56.855	2.5
South Africa	11.137	9.946	-10.7
<b>Middle East/Africa Total</b>	<b>67.899</b>	<b>68.144</b>	<b>0.4</b>
<b>EMEA Total</b>	<b>164.477</b>	<b>159.274</b>	<b>-3.2</b>

†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, US Census Bureau international database, Wilkofsky Gruen Associates

- Western Europe will grow from \$14.2 billion in 2007 to \$14.8 billion in 2012, a 0.9 percent compound annual increase.
- Overall growth in EMEA will average 1.3 percent compounded annually, with spending rising to \$17.2 billion in 2012 from \$16.2 billion in 2007.
- Excluding Russia, growth in the rest of EMEA will average 0.9 percent compounded annually.

### Print Educational Book Market† (US\$ Millions)

EMEA	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Western Europe</b>											
Austria	497	491	493	497	499	501	502	504	505	506	0.3
Belgium	252	246	248	253	259	263	267	270	263	253	-0.5
Denmark	113	113	119	121	124	128	131	135	139	142	2.7
Finland	189	185	187	192	196	200	203	203	198	192	-0.4
France	2,490	2,463	2,422	2,449	2,477	2,511	2,559	2,614	2,668	2,723	1.9
Germany	3,934	3,986	4,035	3,801	3,872	3,934	3,989	4,037	4,078	4,112	1.2
Greece	168	164	166	167	168	170	171	172	174	175	0.8
Ireland	89	85	85	88	101	104	105	107	105	103	0.4
Italy	1,311	1,286	1,288	1,314	1,341	1,368	1,396	1,423	1,450	1,478	2.0
Netherlands	469	472	473	482	491	502	512	520	506	479	-0.5
Norway	142	138	165	222	264	290	307	315	324	333	4.8
Portugal	115	114	115	118	119	120	122	123	125	126	1.1
Spain	1,559	1,626	1,637	1,663	1,682	1,702	1,721	1,742	1,767	1,793	1.3
Sweden	284	283	284	286	287	288	288	287	281	266	-1.5
Switzerland	266	265	265	267	269	272	276	277	271	258	-0.8
United Kingdom	1,973	1,971	1,979	1,981	2,021	2,051	2,071	2,081	2,001	1,900	-1.2
<b>Western Europe Total</b>	<b>13,851</b>	<b>13,888</b>	<b>13,961</b>	<b>13,901</b>	<b>14,170</b>	<b>14,404</b>	<b>14,620</b>	<b>14,810</b>	<b>14,855</b>	<b>14,839</b>	<b>0.9</b>
<b>Central and Eastern Europe</b>											
Czech Republic	122	122	122	124	124	125	125	124	124	122	-0.3
Hungary	91	91	92	94	90	90	90	90	91	91	0.2
Poland	252	264	271	276	282	285	287	287	285	282	0.0
Romania	57	59	61	63	64	65	65	66	66	67	0.9
Russia	612	637	672	715	829	919	977	1,036	1,095	1,153	6.8
Turkey	70	72	73	75	76	78	79	79	80	81	1.3
<b>Central and Eastern Europe Total</b>	<b>1,204</b>	<b>1,245</b>	<b>1,291</b>	<b>1,347</b>	<b>1,465</b>	<b>1,562</b>	<b>1,623</b>	<b>1,682</b>	<b>1,741</b>	<b>1,796</b>	<b>4.2</b>
<b>Middle East/Africa</b>											
Israel	262	260	260	262	267	273	278	282	281	278	0.8
Saudi Arabia/Pan Arab‡	170	170	172	176	181	187	194	201	208	215	3.5
South Africa	106	108	109	110	112	113	114	114	114	115	0.5
<b>Middle East/Africa Total</b>	<b>538</b>	<b>538</b>	<b>541</b>	<b>548</b>	<b>560</b>	<b>573</b>	<b>586</b>	<b>597</b>	<b>603</b>	<b>608</b>	<b>1.7</b>
<b>EMEA Total</b>	<b>15,593</b>	<b>15,671</b>	<b>15,793</b>	<b>15,796</b>	<b>16,195</b>	<b>16,539</b>	<b>16,829</b>	<b>17,089</b>	<b>17,199</b>	<b>17,243</b>	<b>1.3</b>

†At average 2007 exchange rates.

‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Electronic books

- We expect the introduction of portable devices to jump-start the EMEA educational electronic book market, which focuses on college students. With portable devices, college students will not be limited to accessing books online.
- College students are looking to save money on print editions they are not likely to keep beyond the duration of the course, and such students are accustomed to accessing information electronically. Electronic books also enable readers to avoid the need to carry around heavy textbooks.
- For publishers, electronic books are much less expensive to manufacture and distribute than print books, and the publishers do not have to deal with returns or competition from used books.
- Where available, we expect electronic books to begin to cut into the print educational book market during 2011–12.
- We expect educational electronic books to total \$899 million in 2012, with the UK, Russia, and the Netherlands being the largest markets—at \$380 million, \$104 million, and \$96 million, respectively—together accounting for 65 percent of total spending.

## Electronic Educational Book Market† (US\$ Millions)

EMEA	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Western Europe</b>								
Austria	0	0	0	0	0	0	0	—
Belgium	0	0	1	3	11	26	51	—
Denmark	0	0	0	0	0	0	0	—
Finland	0	0	1	1	8	21	38	—
France	0	0	0	0	0	0	0	—
Germany	0	0	0	0	0	0	0	—
Greece	0	0	0	0	0	0	0	—
Ireland	0	0	0	1	4	11	21	—
Italy	0	0	0	0	0	0	0	—
Netherlands	0	1	3	5	21	51	96	149.1
Norway	0	0	0	0	0	0	0	—
Portugal	0	0	0	0	0	0	0	—
Spain	0	0	0	0	0	0	0	—
Sweden	0	1	1	3	12	28	53	121.2
Switzerland	0	1	2	2	11	27	52	120.4
United Kingdom	0	4	10	20	84	200	380	148.6
<b>Western Europe Total</b>	<b>0</b>	<b>7</b>	<b>18</b>	<b>35</b>	<b>151</b>	<b>364</b>	<b>691</b>	<b>150.5</b>
<b>Central and Eastern Europe</b>								
Czech Republic	0	0	1	1	4	7	11	—
Hungary	0	0	0	0	0	0	0	—
Poland	0	1	1	3	9	17	25	90.4
Romania	0	0	0	1	2	4	6	—
Russia	1	2	5	10	31	66	104	120.4
Turkey	0	0	1	1	2	5	8	—
<b>Central and Eastern Europe Total</b>	<b>1</b>	<b>3</b>	<b>8</b>	<b>16</b>	<b>48</b>	<b>99</b>	<b>154</b>	<b>119.8</b>
<b>Middle East/Africa</b>								
Israel	0	0	1	3	9	17	25	—
Saudi Arabia/Pan Arab‡	0	0	1	2	6	12	19	—
South Africa	0	0	1	1	3	7	10	—
<b>Middle East/Africa Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>18</b>	<b>36</b>	<b>54</b>	<b>—</b>
<b>EMEA Total</b>	<b>1</b>	<b>10</b>	<b>29</b>	<b>57</b>	<b>217</b>	<b>499</b>	<b>899</b>	<b>145.9</b>

†At average 2007 exchange rates.

‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Total educational books

- The addition of electronic books will raise educational book growth to 2.3 percent compounded annually compared with the 1.3

percent annual increase for print alone. Total spending on educational books will increase to \$18.1 billion in 2012. And electronic books will account for 46 percent of the increase during the next five years.

## Total Educational Book Market† (US\$ Millions)

EMEA	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Western Europe</b>											
Austria	497	491	493	497	499	501	502	504	505	506	0.3
Belgium	252	246	248	253	259	264	270	281	289	304	3.3
Denmark	113	113	119	121	124	128	131	135	139	142	2.7
Finland	189	185	187	192	196	201	204	211	219	230	3.3
France	2,490	2,463	2,422	2,449	2,477	2,511	2,559	2,614	2,668	2,723	1.9
Germany	3,934	3,986	4,035	3,801	3,872	3,934	3,989	4,037	4,078	4,112	1.2
Greece	168	164	166	167	168	170	171	172	174	175	0.8
Ireland	89	85	85	88	101	104	106	111	116	124	4.2
Italy	1,311	1,286	1,288	1,314	1,341	1,368	1,396	1,423	1,450	1,478	2.0
Netherlands	469	472	473	482	492	505	517	541	557	575	3.2
Norway	142	138	165	222	264	290	307	315	324	333	4.8
Portugal	115	114	115	118	119	120	122	123	125	126	1.1
Spain	1,559	1,626	1,637	1,663	1,682	1,702	1,721	1,742	1,767	1,793	1.3
Sweden	284	283	284	286	288	289	291	299	309	319	2.1
Switzerland	266	265	265	267	270	274	278	288	298	310	2.8
United Kingdom	1,973	1,971	1,979	1,981	2,025	2,061	2,091	2,165	2,201	2,280	2.4
<b>Western Europe Total</b>	<b>13,851</b>	<b>13,888</b>	<b>13,961</b>	<b>13,901</b>	<b>14,177</b>	<b>14,422</b>	<b>14,655</b>	<b>14,961</b>	<b>15,219</b>	<b>15,530</b>	<b>1.8</b>
<b>Central and Eastern Europe</b>											
Czech Republic	122	122	122	124	124	126	126	128	131	133	1.4
Hungary	91	91	92	94	90	90	90	90	91	91	0.2
Poland	252	264	271	276	283	286	290	296	302	307	1.6
Romania	57	59	61	63	64	65	66	68	70	73	2.7
Russia	612	637	672	716	831	924	987	1,067	1,161	1,257	8.6
Turkey	70	72	73	75	76	79	80	81	85	89	3.2
<b>Central and Eastern Europe Total</b>	<b>1,204</b>	<b>1,245</b>	<b>1,291</b>	<b>1,348</b>	<b>1,468</b>	<b>1,570</b>	<b>1,639</b>	<b>1,730</b>	<b>1,840</b>	<b>1,950</b>	<b>5.8</b>
<b>Middle East/Africa</b>											
Israel	262	260	260	262	267	274	281	291	298	303	2.6
Saudi Arabia/Pan Arab‡	170	170	172	176	181	188	196	207	220	234	5.3
South Africa	106	108	109	110	112	114	115	117	121	125	2.2
<b>Middle East/Africa Total</b>	<b>538</b>	<b>538</b>	<b>541</b>	<b>548</b>	<b>560</b>	<b>576</b>	<b>592</b>	<b>615</b>	<b>639</b>	<b>662</b>	<b>3.4</b>
<b>EMEA Total</b>	<b>15,593</b>	<b>15,671</b>	<b>15,793</b>	<b>15,797</b>	<b>16,205</b>	<b>16,568</b>	<b>16,886</b>	<b>17,306</b>	<b>17,698</b>	<b>18,142</b>	<b>2.3</b>

†At average 2007 exchange rates.

‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Asia Pacific

### The outlook in brief

- Economic growth, digital browsing, and electronic books will fuel the consumer book market.
- Declines in the school-age population will dampen the educational book market.

### Overview

- We project spending on consumer and educational books will grow at a compound annual rate of 3.9 percent, increasing from \$24.5 billion in 2007 to \$29.7 billion in 2012.
- Consumer print books will increase from \$13.8 billion in 2007 to \$16.3 billion in 2012, averaging 3.4 percent growth compounded annually.
- Educational print books will rise at a 1.2 percent compound annual rate, increasing from \$10.3 billion in 2007 to \$11 billion in 2012.
- Total print sales will expand at a 2.5 percent compound annual rate to \$27.3 billion in 2012 from \$24.2 billion in 2007.
- Sales of electronic consumer books will total \$1.2 billion in 2012 from \$338 million in 2007, a compound annual growth rate of 27.8 percent.
- Electronic educational books will reach \$1.2 billion in 2012.
- Total electronic book sales will increase at a 46.3 percent compound annual rate to \$2.4 billion in 2012 from \$352 million in 2007.
- The consumer book market as a whole, including both print and electronic books, will increase to \$17.5 billion in 2012, a 4.3 percent compound annual gain.
- The overall educational book market will expand at a 3.3 percent rate compounded annually to \$12.2 billion.

### Consumer and Educational Publishing Market by Component† (US\$ Millions)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012
<b>Print</b>										
Consumer Books	11,402	11,830	12,199	12,975	13,814	14,465	15,032	15,550	15,996	16,338
Educational Books	8,349	8,655	9,016	9,390	10,337	10,717	11,038	11,132	11,158	10,968
<b>Total Print</b>	<b>19,751</b>	<b>20,485</b>	<b>21,215</b>	<b>22,365</b>	<b>24,151</b>	<b>25,182</b>	<b>26,070</b>	<b>26,682</b>	<b>27,154</b>	<b>27,306</b>
<b>Electronic Books</b>										
Consumer Books	10	26	77	199	338	555	727	889	1,023	1,154
Educational Books	—	1	2	6	14	38	110	335	702	1,207
<b>Total Electronic</b>	<b>10</b>	<b>27</b>	<b>79</b>	<b>205</b>	<b>352</b>	<b>593</b>	<b>837</b>	<b>1,224</b>	<b>1,725</b>	<b>2,361</b>
<b>Total Consumer</b>	<b>11,412</b>	<b>11,856</b>	<b>12,276</b>	<b>13,174</b>	<b>14,152</b>	<b>15,020</b>	<b>15,759</b>	<b>16,439</b>	<b>17,019</b>	<b>17,492</b>
<b>Total Educational</b>	<b>8,349</b>	<b>8,656</b>	<b>9,018</b>	<b>9,396</b>	<b>10,351</b>	<b>10,755</b>	<b>11,148</b>	<b>11,467</b>	<b>11,860</b>	<b>12,175</b>
<b>Total</b>	<b>19,761</b>	<b>20,512</b>	<b>21,294</b>	<b>22,570</b>	<b>24,503</b>	<b>25,775</b>	<b>26,907</b>	<b>27,906</b>	<b>28,879</b>	<b>29,667</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer and Educational Book Publishing Market Growth by Component (%)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Print</b>											
Consumer Books	0.8	3.8	3.1	6.4	6.5	4.7	3.9	3.4	2.9	2.1	3.4
Educational Books	3.0	3.7	4.2	4.1	10.1	3.7	3.0	0.9	0.2	-1.7	1.2
<b>Total Print</b>	1.7	3.7	3.6	5.4	8.0	4.3	3.5	2.3	1.8	0.6	2.5
<b>Electronic Books</b>											
Consumer Books	100.0	160.0	196.2	158.4	69.8	64.2	31.0	22.3	15.1	12.8	27.8
Educational Books	—	—	100.0	200.0	133.3	171.4	189.5	204.5	109.6	71.9	143.8
<b>Total Electronic</b>	—	170.0	192.6	159.5	71.7	68.5	41.1	46.2	40.9	36.9	46.3
<b>Total Consumer</b>	0.8	3.9	3.5	7.3	7.4	6.1	4.9	4.3	3.5	2.8	4.3
<b>Total Educational</b>	3.0	3.7	4.2	4.2	10.2	3.9	3.7	2.9	3.4	2.7	3.3
<b>Total</b>	1.7	3.8	3.8	6.0	8.6	5.2	4.4	3.7	3.5	2.7	3.9

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- The People's Republic of China (PRC) and Japan are the dominant countries in the region, at \$8.9 billion and \$7.6 billion, respectively. Together they constituted 67 percent of total spending in Asia Pacific in 2007. The PRC jumped by 16 percent in 2007, the fastest-growing territory in the region. Although that pace will not be maintained, a jump in educational electronic books and moderate consumer book gains will lead to a 4.8 percent compound annual increase during the next five years.
- A growing electronic book market in Japan will offset a decreasing educational print market and generate a 2.2 percent annual increase through 2012.
- South Korea and India were next largest in spending, at \$1.93 billion and \$1.90 billion, respectively, in 2007. South Korea also has a thriving electronic book market that will contribute to a 5.1 percent compound growth during the next five years.
- India has a dynamic publishing industry and is the third-largest producer of English-language books in the world, behind the United States and the United Kingdom. Around 60,000 titles are published in India each year in Hindi, English, and other languages. India will be the fastest-growing territory during the next five years, with a 6.7 percent compound annual growth rate.

## Consumer and Educational Book Publishing Market by Country† (US\$ Millions)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Australia	1,224	1,247	1,295	1,316	1,395	1,434	1,503	1,566	1,632	1,681	3.8
China	6,288	6,709	7,169	7,630	8,867	9,337	9,854	10,369	10,828	11,222	4.8
Hong Kong	167	171	175	182	188	193	199	205	209	211	2.3
India	1,214	1,281	1,436	1,671	1,902	2,056	2,224	2,370	2,500	2,631	6.7
Indonesia	46	47	48	51	53	55	57	58	60	61	2.9
Japan	6,841	7,046	7,083	7,467	7,636	8,001	8,161	8,256	8,400	8,497	2.2
Malaysia	47	49	49	51	53	54	56	58	61	63	3.5
New Zealand	453	459	474	480	499	504	518	534	548	558	2.3
Pakistan	25	26	27	28	29	30	31	32	33	33	2.6
Philippines	57	58	59	61	64	65	68	70	72	75	3.2
Singapore	240	245	251	256	264	268	273	281	287	293	2.1
South Korea	1,782	1,752	1,754	1,822	1,926	2,095	2,225	2,318	2,417	2,475	5.1
Taiwan	754	769	796	819	851	866	887	910	929	940	2.0
Thailand	623	653	678	736	776	817	851	879	903	927	3.6
Vietnam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	—
<b>Total</b>	<b>19,761</b>	<b>20,512</b>	<b>21,294</b>	<b>22,570</b>	<b>24,503</b>	<b>25,775</b>	<b>26,907</b>	<b>27,906</b>	<b>28,879</b>	<b>29,667</b>	<b>3.9</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer books

### Print books

- The print consumer book market in 2007 rose by 6.5 percent, buoyed by the latest Harry Potter installment from J. K. Rowling: *Harry Potter and the Deathly Hollows*. In Australia it sold 500,000 copies in the first 24 hours, and in India it sold 170,000 copies in the first 12 hours. Consumer sales in those and other countries where Harry Potter was released will grow more slowly in 2008 compared with the inflated sales in 2007.
- In Japan, which has the largest print consumer book market in Asia Pacific, at \$5 billion, Harry Potter books are released a year later than in most other countries. Consequently, the final Harry Potter release will boost consumer sales in Japan in 2008, with a subsequent fall-off in growth in 2009. The hugely popular *manga* (comics) titles are now published principally in book form instead of in magazines, thereby boosting book sales while hurting the magazine market. *Manga* titles will help sustain growth in print consumer book sales in Japan. The proliferation of secondhand bookstores that

are selling paperbacks for a third of the price of new books is cutting into the print market. Print sales are also facing competition from electronic books distributed both over the Internet and to mobile phones. On balance, we expect print sales in Japan to expand at a 1.8 percent compound annual rate to \$5.4 billion in 2012.

- Rapidly expanding economies are driving consumer book sales in India and the PRC. Both territories recorded double-digit gains in 2007, and we expect they will continue to be the fastest-growing markets during the next five years, with compound annual increases of 6.6 percent and 5.2 percent, respectively.
- In the PRC, the government is supporting the digitization of books as part of the Universal Library project, which was initiated in 2002. Colleges in the PRC, the United States, Germany, Sweden, and Egypt are participating. The effort is intended to acquaint the rest of the world with Chinese culture. The project targets the digitization of 10 million books. As of the end of 2007, 1.5 million books had been digitized. In 2006, Chapter One China, a Web

site that lets users access the first chapters of books, was launched. The goal is to stimulate interest that will translate into a print purchase. Print sales will rise to \$4.7 billion in 2012.

- In India, Google is digitizing Hindi-language books, enabling them to be included in keyword search results. Digital browsing should expand exposure to books and stimulate sales. The print market in India will total \$2 billion in 2012.
- After nine years of operation in Australia, Borders is looking to sell its stores to another bookseller. Expansion plans are on hold, and the expected stimulus that new stores would have provided will not materialize.
- Australian publishers that have exclusive rights to foreign titles are now required to publish those books in Australia within 30 days of their foreign publication. If they do not do so, publishers lose their exclusivity, and bookstores and other distributors can obtain the book from any other source. The exclusivity period keeps prices high, but it cannot be extended indefinitely. The policy encourages publishers to bring books to the market sooner in order

to preserve their exclusivity period and to avoid price competition, so the net impact is somewhat higher spending. We look for print books in Australia to expand at a 3.0 percent compound annual rate to \$1.1 billion in 2012.

- The print market in South Korea is facing growing competition from electronic books. Online print booksellers are now entering the ebook market, which should provide a further shift from print to digital. We expect South Korea to have the slowest-growing consumer print market during the next five years, with an 0.8 percent compound annual increase to \$1.2 billion.
- The Philippines is still dominated by the print market, which is expected to have a compound annual growth rate of 2.9 percent over the next five years. This sluggish growth may be attributed to the ongoing decline in book readership, which fell from 90 percent of the population in 2003 to 83 percent in 2007.
- For Asia Pacific as a whole, we expect print consumer book sales to expand to \$16.3 billion in 2012 from \$13.8 billion in 2007, a 3.4 percent compound annual increase.

### Print/Audio Consumer Book Market† (US\$ Millions)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Australia	820	834	866	870	929	945	983	1,021	1,054	1,079	3.0
China	2,573	2,757	2,967	3,190	3,610	3,807	4,070	4,332	4,529	4,661	5.2
Hong Kong	66	68	70	74	78	80	83	87	88	90	2.9
India	919	967	1,088	1,282	1,475	1,596	1,729	1,838	1,934	2,031	6.6
Indonesia	21	21	22	24	25	26	27	28	29	29	3.0
Japan	4,499	4,668	4,626	4,889	4,965	5,246	5,305	5,347	5,390	5,432	1.8
Malaysia	22	23	23	24	25	25	26	26	27	27	1.6
New Zealand	275	279	290	291	305	305	312	319	325	327	1.4
Pakistan	11	12	12	13	13	14	14	15	15	15	2.9
Philippines	28	28	29	30	32	32	34	35	36	37	2.9
Singapore	136	139	143	146	151	153	156	159	161	163	1.5
South Korea	1,192	1,155	1,144	1,155	1,160	1,144	1,155	1,165	1,198	1,208	0.8
Taiwan	432	441	458	471	493	502	517	532	541	547	2.1
Thailand	408	438	461	516	553	590	621	646	669	692	4.6
Vietnam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	—
<b>Total</b>	<b>11,402</b>	<b>11,830</b>	<b>12,199</b>	<b>12,975</b>	<b>13,814</b>	<b>14,465</b>	<b>15,032</b>	<b>15,550</b>	<b>15,996</b>	<b>16,338</b>	<b>3.4</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

PricewaterhouseCoopers

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## Electronic books

- The electronic consumer book market is concentrated in Japan and South Korea, which together constituted 97 percent of spending in 2007.
- The market is growing explosively in South Korea, and we expect it will surge past Japan in 2008. Online bookstores are now providing electronic books. Amazon began selling electronic books in September 2007. Yes24 now provides free electronic versions for purchasers of print editions, which is helping acquaint users with electronic books. SK Telecom provides an electronic book service for mobile phone subscribers, and LG Telecom and KTF announced they plan to launch their own mobile phone services in 2008. We expect the electronic consumer book market to increase to \$609 million in 2012, a 32.3 percent compound annual increase. Electronic books will account for 34 percent of total consumer book spending in 2012, up from 11 percent in 2007.
- In Japan, mobile distribution accounted for about 45 percent of the electronic consumer book market in 2007. Novels specifically intended for mobile phones are being sold for around \$10. Each page contains about 500 characters, and the typical book is several hundred pages long. Electronic *manga* books are also driving the market. We expect electronic consumer book sales in Japan to increase to \$424 million in 2012 from \$179 million in 2007, an 18.8 percent compound annual gain. Electronic books accounted for 3 percent of total consumer book spending in 2007 and will increase to 7 percent by 2012.
- The Sony Reader and the expected launch of the Kindle should generate interest in electronic books in other countries. We expect overall electronic consumer books to increase from \$338 million in 2007 to \$1.2 billion in 2012, a 27.8 percent compound annual increase.

## Electronic Consumer Book Market† (US\$ Millions)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Australia	0	0	1	2	3	5	10	20	32	44	71.1
China	0	0	0	1	1	2	4	9	14	19	80.2
Hong Kong	0	0	0	0	0	0	1	2	3	4	—
India	0	0	0	0	1	1	2	4	6	8	51.6
Indonesia	0	0	0	0	0	0	0	0	0	0	—
Japan	8	17	54	127	179	221	272	323	373	424	18.8
Malaysia	0	0	0	0	0	0	0	1	1	1	—
New Zealand	0	0	0	1	1	1	3	7	10	13	67.0
Pakistan	0	0	0	0	0	0	0	0	0	0	—
Philippines	0	0	0	0	0	0	0	0	0	0	—
Singapore	0	0	0	0	1	1	1	3	5	7	47.6
South Korea	2	9	22	67	150	321	428	508	561	609	32.3
Taiwan	0	0	0	1	2	3	5	11	16	22	61.5
Thailand	0	0	0	0	0	0	1	1	2	3	—
Vietnam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	—
<b>Total</b>	10	26	77	199	338	555	727	889	1,023	1,154	27.8

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Total consumer books

- The addition of electronic books will increase total consumer book spending growth to 4.3 percent compounded annually during the next

five years from 3.4 percent from print alone. Spending will rise from \$14.2 billion to \$17.5 billion.

## Total Consumer Book Market† (US\$ Millions)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Australia	820	834	0867	872	932	950	993	1,041	1,086	1,123	3.8
China	2,573	2,757	2,967	3,191	3,611	3,809	4,074	4,341	4,543	4,680	5.3
Hong Kong	66	68	70	74	78	80	84	89	91	94	3.8
India	919	967	1,088	1,282	1,476	1,597	1,731	1,842	1,940	2,039	6.7
Indonesia	21	21	22	24	25	26	27	28	29	29	3.0
Japan	4,507	4,685	4,680	5,016	5,144	5,467	5,577	5,670	5,763	5,856	2.6
Malaysia	22	23	23	24	25	25	26	27	28	28	2.3
New Zealand	275	279	290	292	306	306	315	326	335	340	2.1
Pakistan	11	12	12	13	13	14	14	15	15	15	2.9
Philippines	28	28	29	30	32	32	34	35	36	37	2.9
Singapore	136	139	143	146	152	154	157	162	166	170	2.3
South Korea	1,194	1,164	1,166	1,222	1,310	1,465	1,583	1,673	1,759	1,817	6.8
Taiwan	432	441	458	472	495	505	522	543	557	569	2.8
Thailand	408	438	461	516	553	590	622	647	671	695	4.7
Vietnam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	—
<b>Total</b>	<b>11,412</b>	<b>11,856</b>	<b>12,276</b>	<b>13,174</b>	<b>14,152</b>	<b>15,020</b>	<b>15,759</b>	<b>16,439</b>	<b>17,019</b>	<b>17,492</b>	<b>4.3</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Educational books

### Print books

- The print educational book market jumped by 10 percent in 2007, principally because of an 18 percent increase in the PRC and a 9.5 percent increase in India—two countries with strong economies. Governments are allocating more resources to education in the PRC and India, and the educational textbook was one of the beneficiaries of that spending. Excluding the PRC and India, growth was only 2.1 percent in 2007.
- As a result of the surge in spending in the PRC, many schools now have new textbooks, and the need for additional textbooks will lessen. The PRC also will experience an 11.6 percent drop in the school-age population during the next five years, which will further lessen

demand. And the government is promoting electronic books, which could cut into spending for print editions. We expect growth in the PRC to drop to 2.5 percent compounded annually during the next five years. The PRC will continue to have the largest print educational book market in Asia Pacific, at \$5.9 billion in 2012 from \$5.3 billion in 2007.

- India, by contrast, will experience a 3.9 percent increase in its school-age population, the largest gain in Asia Pacific. At the same time, the electronic book will not be a significant factor in India, as broadband penetration is low. We expect India to have the fastest-growing print educational book market during the next five years, with a 6.4 percent compound annual increase.

- Japan has the second-largest market, at \$2.5 billion in 2007. A 4.0 percent decline in its school-age population and the expansion of electronic books will cut into the print market, which we expect will decline at a 1.4 percent compound annual rate to \$2.3 billion in 2012.
- A 10.9 percent decrease in the school-age population in South Korea during the next five years and the emergence of an electronic market for college textbooks will lead to decreases in print spending during 2010–12. For the forecast period as a whole, spending will fall at a 1.3 percent compound annual rate to \$577 million from \$615 million in 2007.
- The Philippines will have the second-largest percentage gain in school-age population in Asia Pacific. Due to the low broadband penetration rate, electronic books are not expected to have a significant impact in the Philippine market.
- The school-age population in most countries in Asia Pacific will decrease during the next five years. The total number of people in the 6- to 17-year-old age-group will fall to 691.7 million in 2012 from 711 million in 2007, a 2.7 percent decline.
- With fewer students, fewer copies of textbooks will need to be purchased, which will dampen growth. We project the overall print market for educational books to expand at a 1.2 percent compound annual rate to \$11 billion in 2012 from \$10.3 billion in 2007.

### Size of the 6- to 17-Year-Old Population (Millions)

Asia Pacific	2007	2012	Percent Change (%)
Australia	3.282	3.232	-1.5
China	240.839	212.914	-11.6
Hong Kong	0.836	0.727	-13.0
India	276.600	287.292	3.9
Indonesia	53.075	53.778	1.3
Japan	14.622	14.041	-4.0
Malaysia	6.205	6.401	3.2
New Zealand	0.701	0.687	-2.0
Pakistan	47.146	48.024	1.9
Philippines	24.216	25.071	3.5
Singapore	0.606	0.558	-7.9
South Korea	7.930	7.069	-10.9
Taiwan	3.675	3.212	-12.6
Thailand	11.769	11.077	-5.9
Vietnam	19.547	17.591	-10.0
<b>Total</b>	<b>711.049</b>	<b>691.674</b>	<b>-2.7</b>

Sources: PricewaterhouseCoopers LLP, US Census Bureau international database, Wilkofsky Gruen Associates

## Print Educational Book Market<sup>†</sup> (US\$ Millions)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Australia	404	413	428	443	462	481	500	500	497	485	1.0
China	3,715	3,952	4,201	4,437	5,251	5,514	5,737	5,881	5,986	5,947	2.5
Hong Kong	101	103	105	108	110	112	113	112	108	103	-1.3
India	295	314	348	389	426	459	493	525	554	580	6.4
Indonesia	25	26	26	27	28	29	30	30	31	31	2.1
Japan	2,334	2,360	2,402	2,449	2,487	2,521	2,546	2,487	2,419	2,317	-1.4
Malaysia	25	26	26	27	28	29	30	30	30	30	1.4
New Zealand	178	180	184	188	192	197	201	198	194	186	-0.6
Pakistan	14	14	15	15	16	16	17	17	18	18	2.4
Philippines	29	30	30	31	32	33	34	35	36	37	2.9
Singapore	104	106	108	110	112	113	115	113	110	105	-1.3
South Korea	588	588	588	599	615	627	633	620	604	577	-1.3
Taiwan	322	328	338	347	355	359	360	353	341	325	-1.8
Thailand	215	215	217	220	223	227	229	231	230	227	0.4
Vietnam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	—
<b>Total</b>	<b>8,349</b>	<b>8,655</b>	<b>9,016</b>	<b>9,390</b>	<b>10,337</b>	<b>10,717</b>	<b>11,038</b>	<b>11,132</b>	<b>11,158</b>	<b>10,968</b>	<b>1.2</b>

<sup>†</sup>At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Electronic books

- The electronic educational book market is not yet developed. Spending totaled only \$14 million in 2007, with Japan and the PRC together accounting for \$10 million. In contrast with electronic consumer books, South Korea does not have a significant electronic educational book market.
- The electronic educational market will receive a major lift during the next few years in the PRC. The government is undertaking a program to provide digital readers for 165 million students so that students will have access to all of the reading material required for their courses without having to carry around heavy books. Schools will be adopting electronic books. We expect the electronic educational book market in the PRC to increase to \$595 million in 2012.
- In Japan, we expect the proliferation of portable readers to generate a market for electronic textbooks. Students are comfortable with accessing information online, and most are connected to the Internet via broadband. College students also are among the buyers of electronic consumer books, and we expect they will be open to accessing textbooks electronically. There is a large potential market in Japan, and we expect that publishers will introduce electronic textbooks to serve that potential market. We project electronic educational books in Japan to increase to \$324 million in 2012.
- The overall electronic educational market in Asia Pacific will rise to \$1.2 billion by 2012.

## Electronic Educational Book Market† (US\$ Millions)

Asia Pacific	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Australia	0	0	1	1	3	10	25	49	73	135.9
China	0	1	2	5	14	43	147	299	595	160.1
Hong Kong	0	0	0	0	1	2	4	10	14	—
India	0	0	0	0	0	0	3	6	12	—
Indonesia	0	0	0	0	0	0	0	0	1	—
Japan	1	1	2	5	13	38	99	218	324	130.3
Malaysia	0	0	0	0	0	0	1	3	5	—
New Zealand	0	0	0	1	1	2	10	19	32	100.0
Pakistan	0	0	0	0	0	0	0	0	0	—
Philippines	0	0	0	0	0	0	0	0	1	—
Singapore	0	0	0	0	1	1	6	11	18	—
South Korea	0	0	1	1	3	9	25	54	81	140.8
Taiwan	0	0	0	1	2	5	14	31	46	115.1
Thailand	0	0	0	0	0	0	1	2	5	—
Vietnam	NA	NA	NA	NA	NA	NA	NA	NA	NA	—
<b>Total</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>14</b>	<b>38</b>	<b>110</b>	<b>335</b>	<b>702</b>	<b>1,207</b>	<b>143.8</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

### Total educational books

- Electronic books will propel overall educational book spending to a 3.3 percent compound annual gain—more than twice the 1.2 percent

increase for print alone. The overall educational book market will rise from \$10.4 billion to \$12.2 billion. Electronic books will account for 65 percent of that increase.

### Total Educational Book Market† (US\$ Millions)

Asia Pacific	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Australia	404	413	428	444	463	484	510	525	546	558	3.8
China	3,715	3,952	4,202	4,439	5,256	5,528	5,780	6,028	6,285	6,542	4.5
Hong Kong	101	103	105	108	110	113	115	116	118	117	1.2
India	295	314	348	389	426	459	493	528	560	592	6.8
Indonesia	25	26	26	27	28	29	30	30	31	32	2.7
Japan	2,334	2,361	2,403	2,451	2,492	2,534	2,584	2,586	2,637	2,641	1.2
Malaysia	25	26	26	27	28	29	30	31	33	35	4.6
New Zealand	178	180	184	188	193	198	203	208	213	218	2.5
Pakistan	14	14	15	15	16	16	17	17	18	18	2.4
Philippines	29	30	30	31	32	33	34	35	36	38	3.5
Singapore	104	106	108	110	112	114	116	119	121	123	1.9
South Korea	588	588	588	600	616	630	642	645	658	658	1.3
Taiwan	322	328	338	347	356	361	365	367	372	371	0.8
Thailand	215	215	217	220	223	227	229	232	232	232	0.8
Vietnam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	—
<b>Total</b>	<b>8,349</b>	<b>8,656</b>	<b>9,018</b>	<b>9,396</b>	<b>10,351</b>	<b>10,755</b>	<b>11,148</b>	<b>11,467</b>	<b>11,860</b>	<b>12,175</b>	<b>3.3</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

# Latin America

## The outlook in brief

- Rising disposable incomes will boost a modest consumer book market.
- Declines in the school-age population will lead to slower growth in educational books.
- Consumer books will grow from \$2 billion in 2007 to \$2.3 billion in 2012, a 2.2 percent compound annual increase.
- Educational books will expand at a 2.6 percent rate compounded annually, reaching \$2.8 billion in 2012 from \$2.4 billion in 2007.
- There is no material electronic book market in Latin America.
- We project that spending on consumer and educational books will increase by 2.4 percent compounded annually, rising from \$4.5 billion in 2007 to \$5 billion in 2012.

## Overview

### Consumer and Educational Book Publishing Market by Component<sup>†</sup> (US\$ Millions)

Latin America	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012
Consumer Books	1,913	1,919	1,949	1,991	2,045	2,096	2,141	2,188	2,235	2,281
Educational Books	2,153	2,210	2,280	2,350	2,426	2,495	2,565	2,631	2,695	2,760
<b>Total</b>	<b>4,066</b>	<b>4,129</b>	<b>4,229</b>	<b>4,341</b>	<b>4,471</b>	<b>4,591</b>	<b>4,706</b>	<b>4,819</b>	<b>4,930</b>	<b>5,041</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

### Consumer and Educational Book Publishing Market Growth by Component (%)

Latin America	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Consumer Books	0.1	0.3	1.6	2.2	2.7	2.5	2.1	2.2	2.1	2.1	2.2
Educational Books	0.7	2.6	3.2	3.1	3.2	2.8	2.8	2.6	2.4	2.4	2.6
<b>Total</b>	<b>0.4</b>	<b>1.5</b>	<b>2.4</b>	<b>2.6</b>	<b>3.0</b>	<b>2.7</b>	<b>2.5</b>	<b>2.4</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Brazil is the dominant market in the region, at \$3 billion in 2007, 68 percent of the total.
- Mexico is second largest, at \$868 million, with Argentina a distant third at \$202 million.

## Consumer and Educational Book Publishing Market by Country† (US\$ Millions)

Latin America	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Argentina	175	181	188	194	202	209	218	224	231	237	3.2
Brazil	2,752	2,798	2,869	2,943	3,031	3,108	3,182	3,254	3,326	3,398	2.3
Chile	145	150	154	159	164	170	175	179	184	188	2.8
Colombia	165	168	173	179	186	194	202	210	217	224	3.8
Mexico	811	814	827	846	868	889	908	929	949	970	2.2
Venezuela	18	18	18	20	20	21	21	23	23	24	3.7
<b>Total</b>	<b>4,066</b>	<b>4,129</b>	<b>4,229</b>	<b>4,341</b>	<b>4,471</b>	<b>4,591</b>	<b>4,706</b>	<b>4,819</b>	<b>4,930</b>	<b>5,041</b>	<b>2.4</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

### Consumer books

- Spending on consumer books rose 2.7 percent in 2007, its largest increase during the past five years. Increases have accelerated during the past five years, boosted by rising disposable incomes that are freeing up resources to spend on leisure products. While pleasure reading is not a major activity in Latin America, consumer books have begun to benefit from the improved economic environment.
- Brazil, at \$1.4 billion in 2007, accounted for 68 percent of total spending in Latin America. Brazil is large enough to attract US publishers

such as Thomas Nelson, which partnered with a local publisher to create Thomas Nelson Brasil for tapping into the potential market for consumer books.

- Although rising disposable income will enhance the consumer book market, consumer books compete with other leisure activities that are more popular.
- Consequently, we are projecting a relatively modest, 2.2 percent compound annual increase during the next five years to \$2.3 billion in 2012 from \$2 billion in 2007.

### Print Consumer Book Market† (US\$ Millions)

Latin America	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
Argentina	96	99	103	106	111	115	120	123	127	130	3.2
Brazil	1,307	1,312	1,332	1,360	1,396	1,430	1,460	1,491	1,522	1,553	2.2
Chile	64	66	67	69	72	75	78	80	83	86	3.6
Colombia	61	61	62	64	66	69	71	74	76	78	3.4
Mexico	379	375	379	385	393	400	405	412	419	426	1.6
Venezuela	6	6	6	7	7	7	7	8	8	8	2.7
<b>Total</b>	<b>1,913</b>	<b>1,919</b>	<b>1,949</b>	<b>1,991</b>	<b>2,045</b>	<b>2,096</b>	<b>2,141</b>	<b>2,188</b>	<b>2,235</b>	<b>2,281</b>	<b>2.2</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

### Educational books

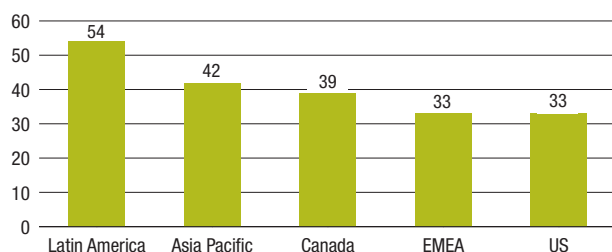
- Improved economic conditions have enabled governments to allocate more resources

to education. Part of those resources went to textbooks. During the past three years, spending on textbooks increased at a 3.2 percent compound annual rate, an

improvement over the 1.7 percent compound annual increase during the prior two years, when Latin America was just emerging from a sharp economic downturn.

- Latin America spends proportionally more on educational books than any other region, principally because the consumer book market is so small but also because education is viewed as critical to the region's economic growth.
- Educational books accounted for 54 percent of total consumer and educational book spending in Latin America compared with 42 percent in Asia Pacific, 39 percent in Canada, and 33 percent in EMEA and the United States.

**Educational Books as a Percent of Total 2007 Consumer and Educational Book Spending (%)**



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Although the drive to improve education will continue to fuel spending on educational books, declines in the school-age population in several countries will mean that fewer books are required, which will dampen growth.

- Decreases in the number of people in the 6- to 17-year-old age-group will reduce growth in Chile, Brazil, Mexico, and Argentina. On the other hand, increases in Colombia and Venezuela will have a positive impact in those countries. For Latin America as a whole, the school-age population will decrease from 94.2 million in 2007 to 92.2 million in 2012, a 2.1 percent decline.

### Size of the 6- to 17-Year-Old Population (Millions)

Country	2007	2012	Percent Change (%)
Argentina	8.115	8.026	-1.1
Brazil	39.733	38.291	-3.6
Chile	3.314	3.123	-5.8
Colombia	10.413	10.547	1.3
Mexico	26.135	25.677	-1.8
Venezuela	6.490	6.548	0.9
<b>Total</b>	<b>94.200</b>	<b>92.212</b>	<b>-2.1</b>

Sources: PricewaterhouseCoopers LLP, US Census Bureau international database, Wilkofsky Gruen Associates

- Accordingly, we expect the fastest growth in educational book spending in Colombia and Venezuela and the slowest growth in Chile and Brazil, the countries that will experience the largest decreases in school-age population.
- The overall educational book market in Latin America will increase at a 2.6 percent compound annual rate to \$2.8 billion in 2012 from \$2.4 billion in 2007.

### Print Educational Book Market† (US\$ Millions)

Latin America	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008-12 CAGR
Argentina	79	82	85	88	91	94	98	101	104	107	3.3
Brazil	1,445	1,486	1,537	1,583	1,635	1,678	1,722	1,763	1,804	1,845	2.4
Chile	81	84	87	90	92	95	97	99	101	102	2.1
Colombia	104	107	111	115	120	125	131	136	141	146	4.0
Mexico	432	439	448	461	475	489	503	517	530	544	2.7
Venezuela	12	12	12	13	13	14	14	15	15	16	4.2
<b>Total</b>	<b>2,153</b>	<b>2,210</b>	<b>2,280</b>	<b>2,350</b>	<b>2,426</b>	<b>2,495</b>	<b>2,565</b>	<b>2,631</b>	<b>2,695</b>	<b>2,760</b>	<b>2.6</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

# Canada

## The outlook in brief

- Discounted US books and an emerging electronic market will stimulate consumer book spending.
- Rising college enrollments and migration to electronic books will boost the educational book market.

## Overview

- We project spending on consumer and educational books will grow at a compound annual rate of 3.3 percent, increasing to \$1.9 billion in 2012 from \$1.6 billion in 2007.
- Print consumer books will increase from \$982 million to \$1.1 billion, a 2.1 percent compound annual gain.

- The print educational book market will rise to \$658 million in 2012 from \$622 million in 2007, a 1.1 percent compound annual gain.
- The print market as a whole will average 1.8 percent growth compounded annually, with spending increasing from \$1.6 billion in 2007 to \$1.8 billion in 2012.
- The electronic book market will increase to \$154 million in 2012: \$55 million for electronic consumer books and \$99 million for electronic educational books.
- The total consumer book market, including print and electronic, will increase at a 3.1 percent compound annual rate to \$1.15 billion.
- The overall educational book market will expand at a 3.7 percent compound annual rate to \$757 million.

## Consumer and Educational Publishing Market by Component† (US\$ Millions)

Canada	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012
<b>Print</b>										
Consumer Books	884	889	931	930	982	981	1,015	1,045	1,068	1,092
Educational Books	560	566	582	601	622	641	656	664	664	658
<b>Total Print</b>	<b>1,444</b>	<b>1,455</b>	<b>1,513</b>	<b>1,531</b>	<b>1,604</b>	<b>1,622</b>	<b>1,671</b>	<b>1,709</b>	<b>1,732</b>	<b>1,750</b>
<b>Electronic Books</b>										
Consumer Books	0	0	0	1	2	5	10	20	37	55
Educational Books	1	2	3	5	9	14	23	40	66	99
<b>Total Electronic</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>11</b>	<b>19</b>	<b>33</b>	<b>60</b>	<b>103</b>	<b>154</b>
<b>Total Consumer</b>	<b>884</b>	<b>889</b>	<b>931</b>	<b>931</b>	<b>984</b>	<b>986</b>	<b>1,025</b>	<b>1,065</b>	<b>1,105</b>	<b>1,147</b>
<b>Total Educational</b>	<b>561</b>	<b>568</b>	<b>585</b>	<b>606</b>	<b>631</b>	<b>655</b>	<b>679</b>	<b>704</b>	<b>730</b>	<b>757</b>
<b>Total</b>	<b>1,445</b>	<b>1,457</b>	<b>1,516</b>	<b>1,537</b>	<b>1,615</b>	<b>1,641</b>	<b>1,704</b>	<b>1,769</b>	<b>1,835</b>	<b>1,904</b>

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

## Consumer and Educational Book Publishing Market Growth by Component (%)

Canada	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Print</b>											
Consumer Books	-0.8	0.6	4.7	-0.1	5.6	-0.1	3.5	3.0	2.2	2.2	2.1
Educational Books	0.5	1.1	2.8	3.3	3.5	3.1	2.3	1.2	0.0	-0.9	1.1
<b>Total Print</b>	-0.3	0.8	4.0	1.2	4.8	1.1	3.0	2.3	1.3	1.0	1.8
<b>Electronic Books</b>											
Consumer Books	—	—	—	—	100.0	150.0	100.0	100.0	85.0	48.6	94.0
Educational Books	—	100.0	50.0	66.7	80.0	55.6	64.3	73.9	65.0	50.0	61.5
<b>Total Electronic</b>	—	100.0	50.0	100.0	83.3	72.7	73.7	81.8	71.7	49.5	69.5
<b>Total Consumer</b>	-0.8	0.6	4.7	0.0	5.7	0.2	4.0	3.9	3.8	3.8	3.1
<b>Total Educational</b>	0.7	1.2	3.0	3.6	4.1	3.8	3.7	3.7	3.7	3.7	3.7
<b>Total</b>	-0.2	0.8	4.0	1.4	5.1	1.6	3.8	3.8	3.7	3.8	3.3

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

### Consumer books

- The print consumer book market rose 5.6 percent in 2007, the largest gain during the past five years. The release of the seventh and final Harry Potter edition, *Harry Potter and the Deathly Hollows*, by J. K. Rowling boosted sales. During its first 24 hours, the book sold 812,000 copies. The absence of a Harry Potter book in 2008 will lead to a 0.1 percent drop in consumer books compared with the inflated total in 2007.
- The practice of US publishers of displaying a US price and a higher, Canadian price on book jackets to reflect the lower-valued Canadian dollar is facing resistance, now that the Canadian dollar has appreciated. By the end of 2007, the Canadian dollar was worth more than the US dollar.
- In 2008, Penguin and Simon & Schuster will have a single price on books shipped to Canada that will be only slightly higher than the US price—to account for export costs. The exchange rate differential will be eliminated, and prices in Canada will be reduced.
- Random House is maintaining its two-price policy but is issuing rebates that will allow booksellers in Canada to charge a lower price than the jacket price. Wal-Mart in Canada is simply charging the lower, US price.
- In effect, the stronger Canadian dollar is making US books less expensive, which should have a positive impact on sales.
- Discounts offered by big-box retailers such as Costco and Wal-Mart and by online sellers are also driving the market. Sales at bookstores are essentially flat (excluding the Harry Potter cycle), while the online and big-box market is growing.
- Audio books are also contributing to growth. Simply Audiobooks will make its content available for download without digital rights management software. Buyers will be able to download books to any device, which should make that option more appealing. Downloads account for around 20 percent of the audio book market.
- The market will also be helped by electronic browsing services. Random House of Canada provides Web site visitors with video material, information on authors, and other material to stimulate interest. Random House of Canada is also offering selected access to content that will enable consumers to browse books online as they would in a bookstore. We expect other publishers to introduce similar services in Canada, which should stimulate the underlying market.

- The Harry Potter cycle principally affected English-language books. Spending rose 6.2 percent in 2007, and we project it will fall by 0.6 percent in 2008. Thereafter, growth will improve and then moderate during 2011–12 as electronic books begin to have an impact. We project English-language print books will increase at a 2.0 percent compound annual rate to \$875 million in 2012 from \$791 million in 2007.
- The French-language market has not been affected by the Harry Potter cycle. Spending rose by 3.2 percent in 2007—only a modest improvement from growth in 2006—and we project a further, 2.1 percent advance in 2008. The economy will play a role in this relatively muted growth rate. Electronic books will also have less of an impact on French-language books because most of them will be in English. We therefore expect the print French-language market to grow faster than the English-language market during the next five years, with a compound annual increase of 2.6 percent to \$217 million in 2012 from \$191 million in 2007.
- We project total spending on print consumer books to increase at a 2.1 percent compound annual rate to \$1.1 billion in 2012.
- There is not yet much of an electronic book market in Canada. The new eReaders available in the United States have not yet been introduced in Canada, although launches are expected in 2008. A few publishers such as the Insomniac Press in Toronto are selling electronic books, but sales have been modest.
- The electronic book market will begin to expand as portable devices get introduced. We project that by 2012, electronic consumer books will generate \$55 million in sales.
- Electronic books will boost overall consumer book spending growth by an additional percentage point to 3.1 percent compounded annually.

### Consumer Book Market† (US\$ Millions)

	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
<b>Canada</b>											
English Language	710	713	750	745	791	786	814	838	856	875	
% Change	-1.1	0.4	5.2	-0.7	6.2	-0.6	3.6	2.9	2.1	2.2	2.0
French Language	174	176	181	185	191	195	201	207	212	217	
% Change	0.6	1.1	2.8	2.2	3.2	2.1	3.1	3.0	2.4	2.4	2.6
<b>Print Total</b>	884	889	931	930	982	981	1,015	1,045	1,068	1,092	
% Change	-0.8	0.6	4.7	-0.1	5.6	-0.1	3.5	3.0	2.2	2.2	2.1
Electronic	0	0	0	1	2	5	10	20	37	55	
% Change	—	—	—	—	100.0	150.0	100.0	100.0	85.0	48.6	94.0
<b>Total</b>	884	889	931	931	984	986	1,025	1,065	1,105	1,147	
% Change	-0.8	0.6	4.7	0.0	5.7	0.2	4.0	3.9	3.8	3.8	3.1

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Statistics Canada, Wilkofsky Gruen Associates

### Educational books

- Funding for textbooks is allocated at the provincial level, although local school boards retain discretion and can shift resources to other areas.
- The print educational book market increased by 3.5 percent in 2007, the largest gain during the past five years. Growth has accelerated during the past three years as tax receipts increased and more resources became available for purchasing school textbooks.

- A slower economy will lead to smaller increases in tax receipts, which in turn will have a negative impact on school funding and on spending for textbooks. A 3.3 percent decline in the school-age population will further dampen textbook spending, because fewer copies need to be purchased to serve the student population.
- In the college market, enrollment is the principal driver of spending, because books are purchased by students rather than school boards. The key college age demographic, the 18- to 22-year-old population, is expanding. During the next five years, the number of people in that 18- to 22-year-old age group will increase by 2.2 percent, which should have a positive effect on book purchases.

### Population Projections (Millions)

Canada	2007	2012	Percent Change (%)
6–17 Years Old	4.939	4.777	-3.3
18–22 Years Old	2.212	2.260	2.2
<b>Total</b>	7.151	7.037	-1.6

Sources: PricewaterhouseCoopers LLP, US Census Bureau international database, Wilkofsky Gruen Associates

- We also expect college students to shift a portion of their expenditures to less expensive, electronic books. College students are accustomed to accessing material digitally, and publishers have an incentive to offer electronic

books because they are less expensive to manufacture and distribute and do not create a used-book aftermarket.

- Beginning in 2010, electronic textbooks will begin to cut into spending on English-language print textbooks. We project English-language print textbooks to decline during 2011–12. For the entire forecast period, print English-language books will expand at a 0.6 percent compound annual rate to \$493 million from \$479 million in 2007.
- With most electronic books in English, we do not expect as much of an impact caused by competition from electronic books in the French-language educational market. The French-language market will rise from \$143 million in 2007 to \$165 million in 2012, a 2.9 percent compound annual increase.
- We project that the print educational book market as a whole will grow at a 1.1 percent compound annual rate during the next five years. Spending will rise to \$658 million in 2012 from \$622 million in 2007.
- Electronic educational books will total \$99 million in 2012, raising overall growth to 3.7 percent compounded annually. Electronic books will account for 71 percent of total growth in educational books during the next five years. Spending will increase to \$757 million in 2012 from \$631 million in 2007.

### Educational Book Market† (US\$ Millions)

Canada	2003	2004	2005	2006	2007p	2008	2009	2010	2011	2012	2008–12 CAGR
English Language	434	438	449	463	479	493	503	507	503	493	
% Change	0.2	0.9	2.5	3.1	3.5	2.9	2.0	0.8	-0.8	-2.0	0.6
French Language	126	128	133	138	143	148	153	157	161	165	
% Change	1.6	1.6	3.9	3.8	3.6	3.5	3.4	2.6	2.5	2.5	2.9
<b>Print Total</b>	560	566	582	601	622	641	656	664	664	658	
% Change	0.5	1.1	2.8	3.3	3.5	3.1	2.3	1.2	0.0	-0.9	1.1
Electronic	1	2	3	5	9	14	23	40	66	99	
% Change	—	100.0	50.0	66.7	80.0	55.6	64.3	73.9	65.0	50.0	61.5
<b>Total</b>	561	568	585	606	631	655	679	704	730	757	
% Change	0.7	1.2	3.0	3.6	4.1	3.8	3.7	3.7	3.7	3.7	3.7

†At average 2007 exchange rates.

Sources: PricewaterhouseCoopers LLP, Statistics Canada, Wilkofsky Gruen Associates

## Consumer and Educational Book Publishing

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