

VISIONS FROM THE SPANISH PUBLISHING INDUSTRY IN THE EXPONENTIAL ERA

Executive summary

English version

RENODO

ABSTRACT

Visions from the book sector in the exponential era.

An in-depth analysis of the challenges and opportunities of the publishing sector in a new context of digital transformation, based on the Germán Sánchez Ruipérez Foundation's research built upon its studies and giving voice to authors and professionals in publishing, distribution and bookselling system in Spain. This analysis may be used as a basis for the design of a new narrative and for a strategic proposal for the book sector and to reflect on the challenges of creative industries in Spain and Europe. The two main proposals are:

1. A new narrative consists of balancing the weight that emotional elements have in communication and that of functional components when explaining the type of value contribution that the book world makes to society and enhancing its weight in the agenda of public policies.
2. A strategic proposal attempts to underline a series of strengths that would allow the book sector to enhance its position in front of both the platform business model and the transformations experienced in cultural practices of people.

The download of the
FULL TEXT IN SPANISH ↓
of the Foundation's resources is available on their website:
www.fundaciongsr.es

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1. THE RESEARCH

THIS EXECUTIVE SUMMARY is a brief presentation of the document that the Germán Sánchez Ruipérez Foundation has published and that proposes both a new way of explaining the contribution of value that book professionals and companies make to society and a strategy to enhance the strengths of the book sector facing the challenges from the growing dominance of digital platforms. These big platforms work with a different parameter from that of the cultural industry: their fundamental asset is not creative content, but users.

This Foundation's research is based upon two elements:

- The analysis and creation of a hypothesis from the results of a qualitative study, carried out with the opinions of writing, publishing, distribution and bookshop professionals on the situation of the Spanish book system.
- The contrast of the analysis of the field work with the document archive and experience of the Foundation, so as to build an understandable scheme and present a strategic proposal for the Spanish book system in the exponential and intervention context of the large platforms of the GAFA model.

The analysis of the results of the questionnaires, interviews and focus groups present a panorama in which professionals try to combine a vocational vision—which we have called 'the mystique of the book'—with the need to provide economic viability to their activities.

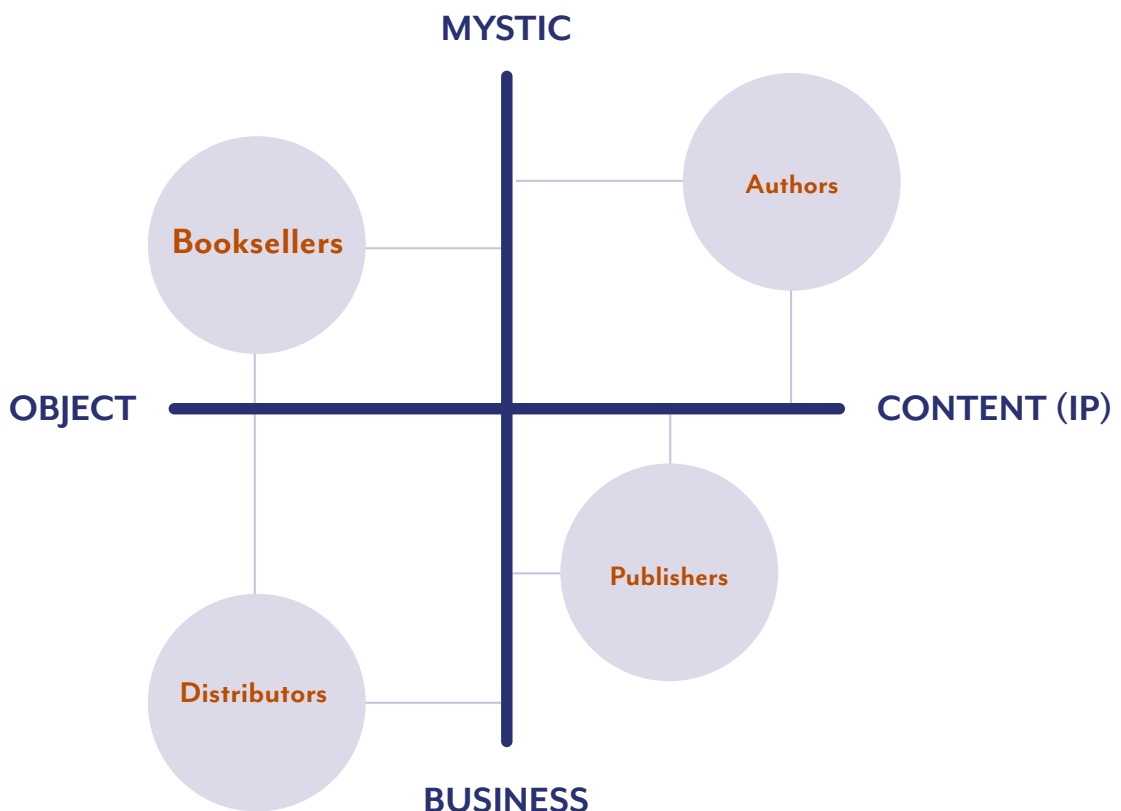
The varied typology of opinions has been classified into two groups, into two kinds of 'discourse' from the publishing world:

- On the one hand, the components that we identify with the **emotional and traditional aspect of the value proposition**.
- On the other hand, the components of the **value proposition referring to a more functional level**, that is, to economic viability as an industry.

The dialectical vision between these two categories of components arises when the participants have referred to the impact of the transformations affecting, above all, the most 'functional' part of the book business.

The research has taken advantage of nearly 700 questionnaires and many dozens of hours of interviews and discussion groups in which a large amount of ideas has been harvested from professionals. These voices capture a vision of the book world at a time that we could consider as 'axial,' that is, in the context of an era of exponential transformations.

As can be seen in following graph (G1), an attempt has been made to place each of the four groups within the publishing's value chain (content creators, publishers, distributors and retailers) in one spot on the map that would synthesize their prevalent verbatim captured in the field work (for example: the authors are those who would be closest to the "mystical" vision and perception of intellectual property as the centre of the value proposition). The tension between the "sacred value of the books" and the need that the successive contributions of value are paid, would explain an important part of the difficulties in presenting an image to society understandable and that does true justice to the role of this sector in the economy and in Spanish society.



2.

**CONCEPTS
USED REPEATEDLY
IN THE DISCOURSE**

SCALE OF IDEAS: FROM THE EMOTIONAL TO THE FUNCTIONAL

If these visions and concerns are ordered starting from the most emotional aspect until reaching the variable most closely linked to the functional, the complete relationship of the labels with which the ideas extracted from the field work are classified is the following:

1. 'Book' is conceived as a synonym for literature and artistic enjoyment.
2. Reading mainly identified as a leisure activity.
3. Publishing system as a very complex environment and very different from any other industry.
4. Great weight of the human element and inefficiencies in the value chain.
5. Conflicts in the interactions amongst various links in the value chain.
6. Resistance to change by the publishing industry.
7. High fragmentation of the sector.
8. No scalability of the processes.
9. Inability to attract external investment.
10. Absence of risk financing.
11. Intensive use of human resources.
12. Little vision and activity outside the publishing 'silo.'
13. Regulatory inconsistency.
14. Proliferation of parallel and hybrid circuits.
15. Emergence of new players: the platforms.

These labels collect and group the huge number of references that the field work has provided us with when speaking with professionals in the Spanish book industry.

3.

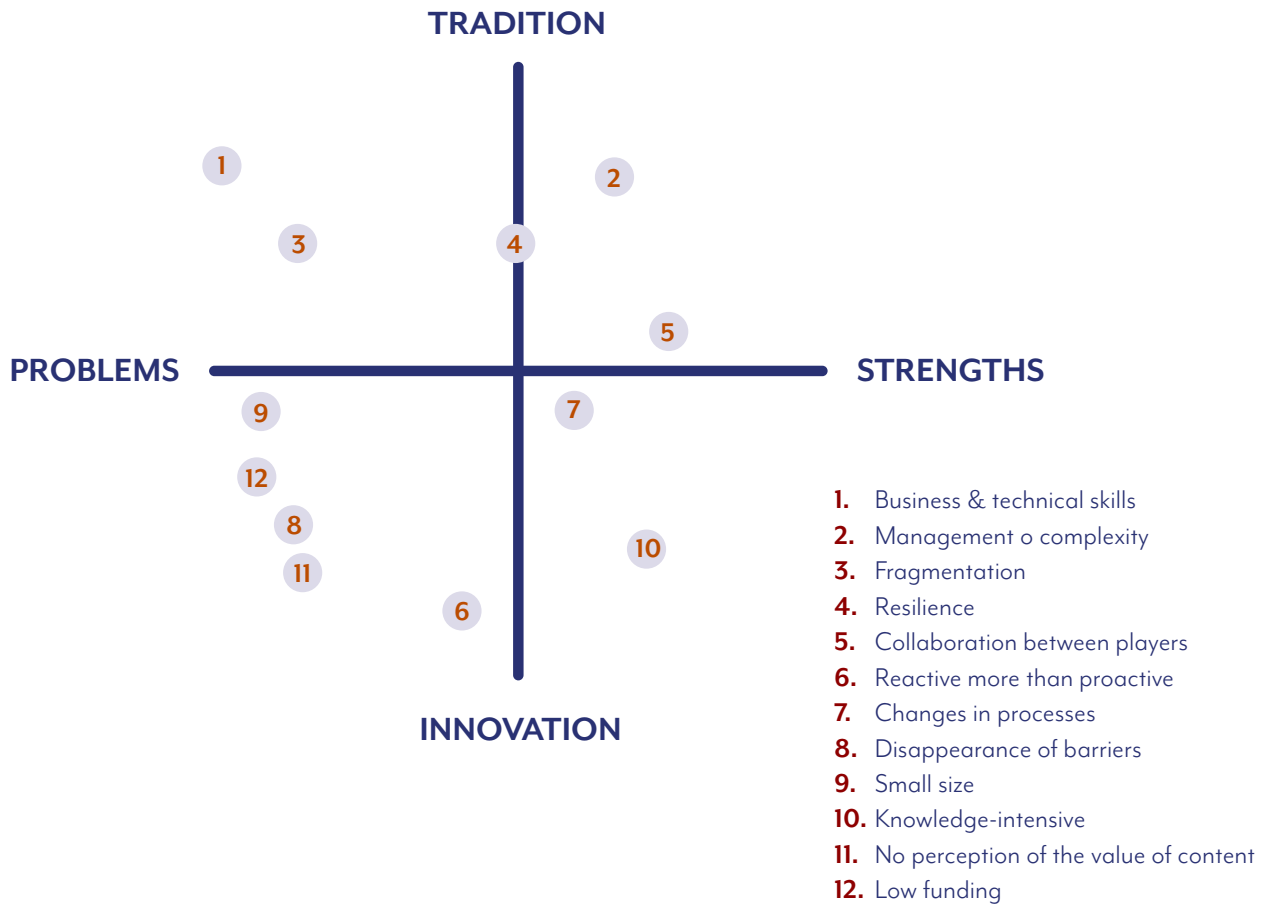
**THE TWO MAIN
CHALLENGES FOR
THE PUBLISHING
INDUSTRY**

IT IS INTERESTING TO CONTRAST these experiences with the general framework of a conflict, which the Foundation has been identifying for years around **two major challenges for the publishing sector (and the cultural industry in general)**:

- Making cultural creations **visible** on the Internet morass.
- Ensuring that such cultural creations are **rewarded**.

The factor that makes these challenges tougher is the business model of large digital platforms, which dominate visibility in search engines and operate with cultural content to attract users and take advantage of their data. In other words, the conflict implied by the risks of these platforms is to promote the free nature of the content and, therefore, the non-remuneration of the authors' work and the rest of the contributions of the book sector (publishers, distributors and booksellers).

Those two challenges are also linked to the most of the verbatim harvested during the field work and the model that FGSR built to describe the situation of the publishing sector. A dozen of variables (G2) have been considered as those with the greatest heuristic power to explain the relationship between tradition and innovation within this world. Some of the following variables may be more a strength or problem for the future of the publishing system in Spain.



4.

**THE TWO KIND
OF ELEMENTS
FOR THE
PROTECTION OF
THE BOOK SYSTEM**

BASED ON THE ANALYSIS CARRIED OUT, the Foundation has identified two **types of variables with the capacity to protect the book system** from the impact of the ‘platform capitalism’ model:

- On the one hand, there are some variables that exceed the capacity of the book sector to act and, for this reason, the report proposes a line of communication for the advocacy of political entities which would actually have instruments to influence them.
- On the other hand, there are the factors that can be influenced by organisations and professionals in the book sector, which is why this report makes a proposal for a programme of actions to be undertaken by the book world itself.

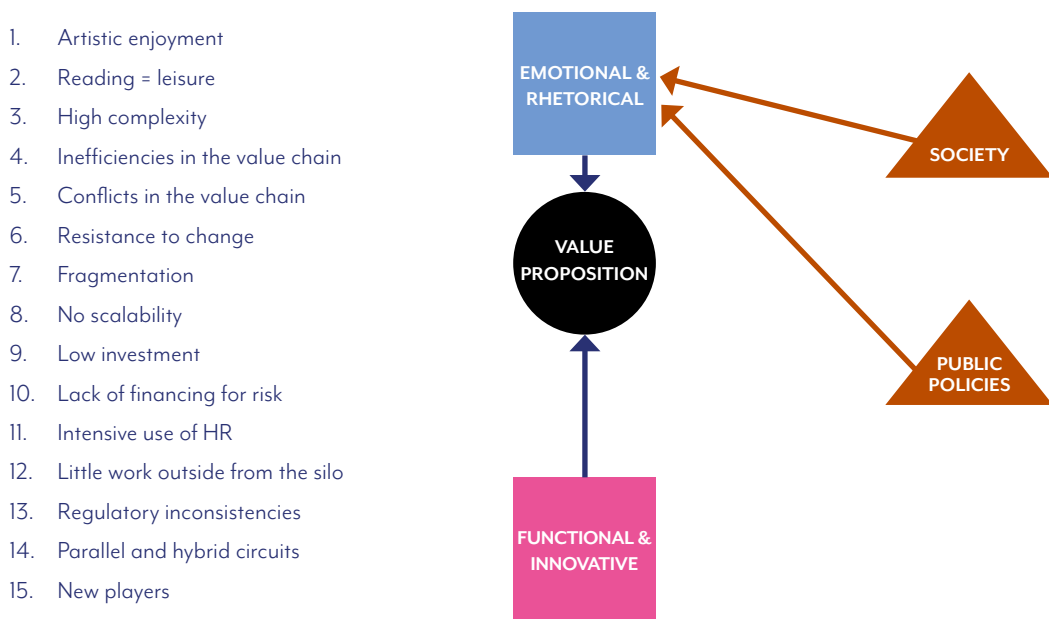
We call the first response ‘new narrative’ and the programme of actions is labelled as ‘strategic proposal.’

5.

**THE NEW
NARRATIVE FOR
THE PUBLISHING
ADVOCACY**

AS HAVE BEEN SAID, the **current narrative** today focuses on the emotional aspects and the vision linked to the tradition of the value proposition from the publishing sector. This perspective oriented towards the emotional “mystique” of the book prevails in society (public opinion), as shown by the opinion studies published and the research that the FGSR has developed on the values and attributes of reading among different demographic groups.

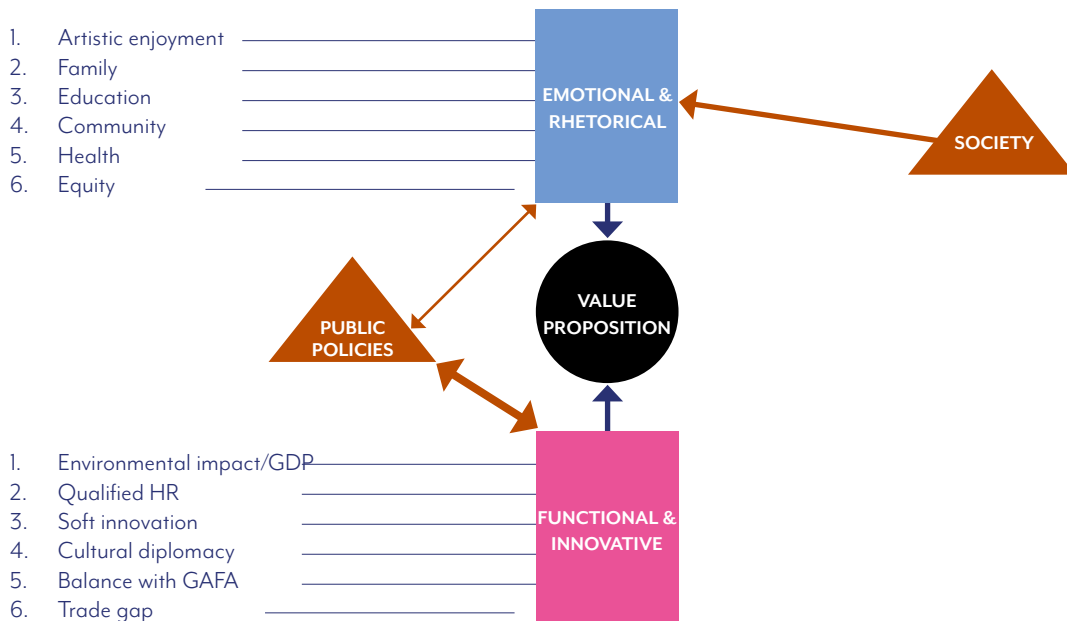
But it also prevails in the design of public policies and it is on this issue that the analysis of the FGSR and one of the areas of this study focuses. From this situation arises the proposal of a questioning of the foundations of the current narrative for this industry. Thus, the current narrative is made up of the elements that professionals have used to explain the situation of the publishing system in Spain and we can summarize it with the following diagram.



The **new narrative** for the Spanish book system would be based on communicating—on settling in the public imagination—the ten elements that make up a balanced vision of the value contribution that this sector makes to society:

1. Creation of a cultural heritage from the selection and editing of a great diversity of books.
2. Elaboration of the primary means for learning and for the transformation of information into knowledge.
3. Provision of an instrument for personal growth and in the family environment, as well as for participation as critical citizens.
4. Tool to enhance quality of life and health, as well as social equity.
5. Creation of GDP with an environmental cost far lower than that of other sectors.
6. Creation of more qualified jobs than the average in the economic system.
7. Creation of a ‘soft’ and sustainable innovation through austere decisions and collaboration amongst the actors of the book system.
8. Construction of assets for the prestige of the ‘brand’ of Spain on the international scene.
9. Counterweight against the GAFA model and generation of wealth and tax income in the local environment.
10. Foreign trade balance with a clear positive net balance.

As can be seen, the proposal for a new narrative made by the FGSR seeks to balance the more emotional aspect with the functional one for the design of public policies (G4). For the elaboration of this proposal, the analysis of the concepts with greater acceptance among the participating professionals has been integrated with the elements that the FGSR incorporates from its research and from the analysis of the role and contributions of the Spanish publishing industry in society. These elements have been simplified and summarized in twelve ideas: six integrated under the label of “emotional” and another six under the rubric of “functional / innovative”.



6.

**A STRATEGIC
PROPOSAL**

6.1 CHALLENGES

As previously noted, along with the variables that exceed the capacity of the publishing sector to act (which is why the new narrative has been proposed), there is a series of elements, identified as challenges and strengths of the book system, on which agents in the book sector could have an influence by introducing innovations. For these types of factors, the Foundation's report makes a **strategic proposal**, aimed at enhancing the viability and relevance of the book system in our society.

To begin with, the main **challenges** that make up the risk zone have been identified and subsequently selected in a new strategic map designed to strengthen the book world in the exponential context.

The most relevant challenges are the following:

- It is an industry that faces a weak commitment from the market, from demand, due to competition for 'attention.' The need to strengthen the presence of the reading practice in European societies and the perception of the books' value is appreciated.
- Difficulties for rapid access to technology and the weakness of professionals and companies in the publishing sector in the ability to take advantage of it and make it profitable with an efficiency equivalent to that of other sectors.
- It is a sector with greater dexterity when reacting to threats than to innovating based on endogenous capabilities.
- Insufficient knowledge of and attention to changing consumer practices and the readers' needs.
- High costs as a result of the high rate of distribution and diversity of the content, that is, of the works of the authors, which is the true raw material of the sector.
- The complexity derived from the breakdown of work processes in the sequence of successive economic agents in the book value chain, which implies a greater propensity for human error.
- Tendency to an isolated approach to solutions from the book-industry 'silo,' without adapting solutions from other sectors or industries that have proven effective.

- Insufficient implementation and discipline in relation to standards to prevent the loss of information throughout the book chain.
- Extremely long periods for the production and placing on the book market.

6.2 STRENGTHS

The strategic proposal is based on the **strengths** of the book system as elements that the Foundation proposes to promote so that the sector can guarantee itself a solid position in a time of great transformation and in an exponential context. At this time, business models have appeared that play by different rules of the game, and the proposal is a reflection that tries to provide an answer based on the diagnosis of the professionals themselves and the comparative analysis by the Foundation's team.

The key strengths of this study are the following:

- The content derived from the authors' creativity is the great asset of the sector and can be worked on so as to enhance its value, as it is not replaceable.
- The book industry still maintains a quality accreditation status, through selection, care for works and strong relationships of trust or prescription with readers.
- 'Book occupations' entail a highly specific know-how and are a high-quality attribute to enhance the perception of value in the market.
- Passion for content generates most of the interactions on the Internet and the book world can empower communities through that medium to retain readers.
- The information generated around books is another asset that can be strengthened by taking care of quality and management to retain control of the data.
- The collaboration of agents in the publishing sector around their own standards and their permanent renewal is a strategic asset for product visibility and cost reduction.
- Regular readers make up an audience with enormous prescribing power; it is necessary to 'obsess over' readers rather than business models.
- The exclusivity and high quality of content segments (the authors' works) and the objects that contain them (the books) must be embedded in the communication as an added value attribute.
- Collaboration amongst agents in the sector has proved to favour the competitiveness of the book system.
- 'Book occupations' are a solid basis to complement them with training in the sector's non-traditional skills.
- The design of experiences, research on human interaction and in physical and digital spaces through their reflection in experience maps favour the appearance of memorable emotions around books.
- The strength of the analogue grows in a digitised context and technology can be integrated so as to multiply the visibility of the excellence of the analogue.

7. CONCLUSIONS

A general conclusion of this document is that the Spanish and European book system are facing a phase of challenges, evidenced by the stagnation in the volume of the market during the last decade and the loss of positions in favour of platforms.

Nonetheless, **platforms do not explain by themselves the difficulties this sector** is going through. Although it is true that they both work with more beneficial rules than those applying to traditional book agents and deploy a strategy in which content is not the true value proposition around which income is generated.

Along with this unequal competition, the **difficulties also stem from a series of transformations in cultural and consumer patterns**, as they pose highly relevant challenges for the sector. Such problems can be successfully tackled by the protagonists of the book value chain, if they work towards reducing inefficiencies and cost overruns, derived from fragmentation, excessive complexity and inertia.

There are also great **opportunities** in collaboration amongst sector agents to strengthen their own standards, in innovation driven by technological tools that are now accessible, in learning solutions developed by other industrial sectors, in nurturing and care for communities of readers, as well as in the search for new ways to enhance the experience of reading and buying books, supported by the capabilities of the publishing sector for the creation, selection and curation of quality cultural content.

The publishing system risks its future and the guarantee of a quality offer for readers in the context of the 'exponential era,' namely an environment of progressive changes causing a transformation of people's cultural behaviour. This exponential era is driven by the spread of connectivity and the generation of information on a global scale, it is precisely in this context that **reading is consolidated as the decisive strategic tool** to transform the huge array of information into knowledge, as well as the generation of wealth and opportunities for people. These reasons are more than enough to underline the importance of the publishing sector to our society.

SUMMARY OF THE DOCUMENT'S CONCLUSIONS:

1. Book professionals convey a **vocational aspect** in the vision of their activity, which explains that the projected image of the book industry is closely related to the special value of books and their role in the enjoyment of leisure.
2. The professionals' predominant narrative reiterates the existence of **difficulties** for the sector, related to the weakness of reading habits, the fragmentation of the system, the lack of agility when taking advantage of standards and technology and conflicts in the value chain and the costs derived from the great complexity of the processes.
3. Despite the fact that professionals recognise a greater ability to react than to transform when there are no imminent threats, their own experiences reveal a significant **capacity to innovate** and implement new common work systems, which have entailed improvements in the value chain's operation.
4. The Spanish book system faces two types of **threat**: there are challenges that it cannot overcome on its own and there are other difficulties that can actually be faced by carrying out joint actions. For the first case, the Foundation has drafted a series of argumentation and ideas for a new narrative to convey the contribution of the publishing industry to society and, for the second type of threat, the Foundation has outlined the structure of a strategic proposal to enhance the sector's strengths.
5. The **new narrative** consists of balancing the weight that emotional elements have in communication and that of functional components when explaining the type of value contribution that the book world makes to society and enhancing its weight in the agenda of public policies.
6. The **strategic proposal** attempts to underline a series of strengths that would allow the book sector to enhance its position in front of both the platform business model and the transformations experienced in cultural practices of people.

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