Research on Chinese E-book Market and Developing Strategies

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Keywords: Digital Publishing, E-book Market, Copyright Protection, Regulating Standards.

Abstract. With the rapid development of digital publishing, Chinese traditional publishing industry has experienced profound changes in recent years. The development of digital publishing has not only led to the changes in the content carrier, form of expression, mode of transmission and methods of reading, but also extended the scope of the digital publishing to nearly all digital content industries. The paper firstly analyzed the current scale and competition of Chinese e-book market, and then discussed the three big bottlenecks in developing e-book market in China. Based on these analyses, it proposed that strengthening copyright protection and regulating related standards are the only ways for China to develop e-book market rapidly and healthily. In the future for a long time, Chinese book market tends to be the convergence of traditional media and new media.

Introduction

Ever since Johan Gutenberg invented the printing press, the mass distribution of the written word has been used to inform, educate, entertain, and enlighten the world. Traditional publishing, that is printed publication, has worked well for centuries, but the advent of technology, particularly the Internet, is adding a new dimension to the ways people communicate. Digital publishing is the new online equivalent of the printed copy, and the digital publishing industry is growing faster than you can ever image.

At the early years, the emergence of e-book industry was accompanied by great hype and enthusiasm by industry experts, IT companies, publishing executives and many people in the information filed [1]. The hasty growth of information and communication technologies has dramatically drives the development of publishing. Electronic publishing has emerged as a fast growing phenomenon in the revolution of new media. Just as Gates said: “E-books promise to revolutionize the way the world reads”[2]. The way of traditional paper reading is facing great challenge of electronic reading. As a typical representative of digital publishing, the rapid development of e-book is notable and draws people’s high attention in publishing industry. With sufficiently robust digital rights management in place, libraries might even disappear, replace by ftp or web servers [3].

E-books mean a kind of digital books which are accessed by PCs, mobile phones and e-readers. At present, e-book market is still in its initial stage. Not only the publishers, digital providers, e-book sellers, e-book manufacturers, but also the telecom operators are all making an effort to explore the new way to expand the e-book market. Compared with the printed publication, e-book’s advantages are as follows: low cost and high benefit; easy to spread and update; space saving; convenient to retrieval; hypertext and hypermedia; well interactive experience; shopping online; offering personalized service like print on demand (POD) and so on. All of those merits make more people involve in digital publishing and digital reading.

In recent years, Chinese e-book market has also developed rapidly and the development of e-book market in China becomes a heatedly discussed topic. However, as China is still at the initial stage of electronic publishing, these factors such as business model, profitability mode, and copyright protection are still affecting the development of e-book market. This paper aims at providing insights into the status quo of Chinese e-book market, existing issues and developing strategies.
The Current Situation of E-book Market in China

1. The current scale of Chinese e-book market

With the development of digital publishing, it is becoming common to distribute contents to consumers through tablet reading devices. E-book market has increased by millions each year. According to the “The Twelfth Annual Nationwide Reading Survey in 2014” by the Chinese Academy of Press and Publication (CAPP), 58.0% Chinese adult population reads books, and among them 58.1% reads books digitally. With the expansion of China’s mobile internet sector, the spread of mobile phones and other devices, and the changing habits of the Chinese reading public, the Chinese e-book market has experienced intense competition.

The latest data from the “Annual Report on China’s Digital Publishing Industry 2011-2015”, released by CAPP show that the scale of the Chinese e-book market has increased greatly from 2.48 billion yuan in 2010 to 4.5 billion Yuan in 2015 [5]. The report reveals that total annual revenue for the Chinese digital publishing industry was 338.7 billion yuan in 2015, revenue from e-books reached 4.5 billion yuan. The combined revenue for e-books, online periodicals, and digital newspapers is about 7.0 billion yuan; which accounts for 2.0% of total digital publishing revenue in China, so there is clearly ample room for growth. Although e-books account for a small portion of Chinese digital publishing revenue, e-book sales have been rising faster than that of any other sector of the digital publishing industry. Therefore, judging from the present condition, the market appears poised for rapid growth in the coming years.

2. The current competition in Chinese e-book market

Rapid development and intensifying competition have transformed China’s e-book market: once small and diffuse, it now boasts a number of competing e-book brands, such as Dangdang, 360buy, CNP reading and Amazon.cn, have managed to attract large readerships and capture the majority of mobile phone screens.

Dangdang, an online bookstore and retailing platform, offers a mobile reading app with exclusive access to copyrighted content. According to Dangdang’s management department, the platform’s current user base exceeds 15 million, and the number of new subscribers is expanding by over 200% per year. The average Dangdang user spends over 50 minutes per day reading with the app. Media reports indicate that the company’s goal is to become the clear leader in China’s e-book market, both in terms of number of users and number of downloads.

360Buy, a well-known player in China’s e-commerce market, has also been developing its e-book presence. In 2014, the company’s e-book sales exceeded 10 million units, and revenue was over 10 million Yuan [4]. The company is working on improving its app’s user experience and is steadily adding new users and in 2015, the number of digital works on Jingdong’s platform is estimated to grow by between five to eight million.

In addition to domestic e-book companies, there are also global online service platforms based in China, such as the CNP eReading, a digital resource business and service platform. CNP eReading platform provides integrated promotion and sales plans for publishers, as well as one-stop services for purchasing, accessing, managing, and integrating for institutional clients.

Amazon’s e-book business in China has also posted fairly good results. In December 2012, when Amazon’s flag ship Kindle store went online in China, the company also launched a Chinese version of its free Kindle e-reader software for various devices and operating systems. In 2013 and 2014, Amazon released three generations of e-readers and a Fire tablet for the Chinese market. On Mar. 31, 2015, Amazon announced the release of a white Kindle e-reader for the Chinese market. Amazon China’s 2014 report on online shopping trends shows that, in terms of sales volume, Kindle e-books are one of Amazon China’s fastest expanding product categories.
Current Issues in Chinese E-book Market

Although Chinese e-book market has great potential and broad prospects, the number of user’s reading devices is still limited compared with the terminal markets such as mobile phones, multimedia players at the moment. Three big bottlenecks in e-book market are currently hampering market expansion and further development.

1. Lack of content resources supply

The content is the core of e-book industry chain. The content of the current domestic digital resources are very limited. Neither the books preset to the terminal devices nor can books downloaded from online platforms meet the needs of users. It’s hard for readers to find the classic or best-selling books, and also to read by e-book reading devices. The key issues of e-book content resources are due to imperfect copyright protection and business model. Currently the revenue on digital rights for publishers or other content providers is mainly shared with the digital copyright in installment buyout, terminal manufacturers and communication operators. Compared with terminal devices manufactures and communication operators, publishing houses only gain the limited profits, and the market value of the content is not fully reflected. The attitude of some traditional publishing houses toward digital books is not very active because they are afraid that the sale of digital copyright will affect their paper book sales.

2. Lack of unified shared content platforms.

Referring to foreign experience on e-book industry development, the business model of digital book copyright should establish an open shared platform for copyrighters and readers to do free trade. Copyright party should provide pay downloading for end user if the format is supportive. Currently, the imperfect digital copyright protection and content competition between publishers reduces publishers’ initiative to establish sharing platforms. Terminal manufacturers, such as Han Wang E-book, EDO Library, etc., are creating various content platforms for selling e-books. Many communication carriers are not satisfied only as a channel, also began to participate in the platform competition. The e-book market in industry chain is overlapped, the companies operate separately and the platform is lack of unified management, which restricts the development of the open shared platforms.

3. Users’ low satisfaction toward expensive eReaders and poor reading experiences

At present, the market price of all kinds of handheld e-book readers is generally around two or three thousand Yuan, which is far more than that an ordinary consumer can accept psychologically. Most consumers expect the price of e-book readers should be less than one thousand Yuan. Therefore, currently people just regard e-book readers as gifts to friends and relatives, and few will buy it as a learning tool for their own daily use. In addition, many readers, still reading traditional paper books, are worrying about the harms from eReaders radiation, unclear screen and visual fatigue for long time reading.

Strategies for Improving Chinese E-book Market

To increase the rapid development of the e-book industry, we must further expand market and meet the needs of readers. Copyright protection and improved related standards are the only ways to make a breakthrough in Chinese e-book market expansion.

1. Strengthening copyright protection

In the initial stage of Chinese e-book market, copyright infringement and piracy are common, especially for some new best sellers, and readers are still accustomed to download books for free. Therefore, piracy is a problem that impeded the development of Chinese entire e-book industry. The
two biggest offenders in this category are Baidu Library and Sina’s “IASK” platform. Now both of them are working to clean up its practices. Today, copyright issues in Chinese e-book market are gradually being clarified; the awareness to the copyright of manufactures and consumer has greatly improved.

In March 2013, China began implementing regulations in three areas of intellectual property rights law: patents, trademarks, and copyright. These measures have exerted a greater deterrent to piracy. Thanks to government’s foresight and the active participation of intellectual property rights alliances, Chinese e-book market has been able to strengthen copyright protection technology. Increasing awareness of copyright protection has significantly reduced the incidence of piracy and has also prompted Chinese e-book companies to purchase more copyrighted works through proper channels, in a bid to attract more customers by offering higher-quality contents.

Dangdang owns the rights of more than 200,000 e-books. In 2014, the company sold more than 66 million e-books via its platform, accounting for 20% of total Dangdang book sales. Purchasing and reading e-books on mobile phones have become common practice for Dangdang’s customers. At present, the company is buying the copyrights of more than 100,000 books per year. Among these, approximately 20% are online-only works, a share that continues to rise. More and more Chinese print publishers are requiring that contracts for print and digital rights be signed simultaneously, especially in the case of new books, and the number of digital rights contracts is increasing. In March 2015, Amazon China’s Kindle store had more than 210,000 titles in Chinese and other languages on offer.

2. Regulating and improving related standards

In the past, inadequate standards led to duplicated efforts and difficulties in exchanging digital information and restricting the healthy development of the industry. But during the past few years, a series of efforts to establish digital publishing standards in China has provided a strong base for supporting the development of the country’s e-book business.

To speed up the work of formulating e-book standards, the National Committee on Technical Standards for Press and Publication has established the E-book Content Standards Working Group. The group established six project teams, each dealing with a specific topic, including e-book content format, metadata, copy right protection, quality monitoring, and service platforms. The aim was to come up with a list of 12 new proposed standards. In May 2011, the list was approved by the State General Administration of Press, Publication, Radio, Film and Television (SAPPRFT), thus allowing standards officially begin to improve the work. In 2011, the E-book Content Standards Working Group began drafting the 12 proposed standards, and by November 2013, four of these proposals—those regarding terminology, standard systems, metadata, and basic format requirements for e-books—were approved by SAPPRFT to be implemented. The remaining eight proposals have been submitted to SAPPRFT and are currently pending approval. When the project comes to an end, Chinese e-book publishing industry will have its complete standards to guide.

Summary

Although digital publishing benefit readers a lot, it can’t completely replace the printed book. Transitioning from print to digital publishing is not an either/or proposition. Rather, it is a way to combine the best of both the offline and online worlds. The strength of online media is in its potentially free and borderless distribution, and the way in which it can enhance the relevancy of the materials through links to other information. However, no screen in the world can replace the feeling one gets when sitting comfortably in an armchair enjoying a favorite novel. So, printed book is also essential for us. Under the impact of e-book and online bookstore, however, the entity bookstores are in crisis. Many of them have to close down and avoid continues to lose money. We all know that a good bookstore is the culture landmark of a city, the disappearance of the entity bookstore is the disappearance of an attitude toward life and the way. So, we must protect it through some policies,
such as tax cuts, less rent, support the development of the private bookstores and so on. Apart from it, the entity bookstore itself also needs to change. Good bookstore should consciously transform into public cultural activity center of the community, it should be held to raise public interest in reading, and not just selling books and paper.

With the influence of Internet thinking, at present, a new trend was around the corner—the convergence of traditional media and new media. Many traditional Chinese publishers are actively expanding their digital book divisions. Chinese e-book businesses are taking advantage of the rapid expansion of the mobile Internet market to meet rising consumer demand for high-quality reading material. E-books will rapidly develop while printed books will not come to an end [7]. Therefore, in the future for a long time, printed books and e-books will exist and develop at the same time.

Acknowledgement
This research was financially supported by Beijing Municipal Commission of Education (Grant NO. 18190115/003).

References