Abstract

In order to understand the current status of the publishing industry in Taiwan and gain an effective grasp of the context of the industry, the Ministry of Culture conducted the 2016 Taiwan Publishing Industry Survey. Unlike previous surveys in which books, magazines, and digital publications were surveyed individually, this year's survey takes into consideration the complex management styles of the publishing industry and avoids overlapping investment of survey resources. As a result, the questionnaire was structured to combine books, comic books (manhua/manga), magazines, digital publications, and book marketing channels, the five major categories of the industry, into one survey. It is hoped that the survey will provide readers a quick grasp of industry trends. The results can be compared to continuous data from previous years, and used to cut administrative costs and to broaden the benefits of the publishing industry survey.

The 2016 Taiwan Publishing Industry Survey mainly combines quantitative and qualitative survey methods, supported by literature and secondary data-analysis. Quantitative surveys were conducted with books and comic book publishers, magazine publishers, digital publishers (including digital publishing companies and digital platforms), marketing channels (including chain stores and digital bookstores, as well as single/independent bookstores), and the reading and buying habits of the general public. The qualitative survey includes in-depth interviews with businesses and focus discussions. Quantitative and qualitative survey findings are summarized below:

A. Overview of Publishing Market Development

In 2016, the overall publishing industry in Taiwan, including books, comics, and magazines, saw a decrease in revenue. This shows that the overall publishing market has demonstrated a continued slowing trend.

In terms of market performance for print publishing, the publishing end saw a total sales revenue of c. 32.51252 billion NTD for printed publications (books, comic books, and magazines) in 2016: Book revenues (including comic books) in 2016 totaled 19.29209 billion NTD, a 3.2% decrease from 2015; Magazine publishing revenues (including all revenue related to magazine publication) totaled 13.22043 billion NTD, a 16.5% decrease from 2014. On the retail end, the 2016 sales revenue for printed publications (covering books, comic books, and magazines) totaled c. 37.70846 billion NTD: Books revenues (including comic books) in 2016 saw a

decrease of 2.7% since 2015; Magazine revenues (including all revenues related to magazine publication) totaled 14.49926 billion NTD. There are no retail end statistics for 2014.

In terms of digital publishing market performance, the publishing end saw overall revenue of c. 433.89 million NTD for digital publications (covering books, comic books, and magazines). The 2015 survey only covered a part of revenues from domestic digital platforms, and there was a 21.1% drop in revenues from 2015 to 2016. On the retail end, overall revenues for digital publications (covering books, comic books, and magazines) totaled c. 723.15 million NTD. The 2015 survey only covered a part of revenues from domestic digital platforms, and there was a 9.8% drop in revenue from 2015 to 2016.

As for combined sales of both printed and digital publications, on the publishing end, total revenue for printed and digital books (including comic books and digital comic books) was c. 19.5552 billion NTD, while sales revenue of printed and digital magazines totaled c. 13.39121 billion NTD. On the retail end, printed and digital books (including printed and digital comic books) had a combined total revenue of c. 23.64772 billion NTD; printed and digital magazine sales revenue totaled c. 14.78389 billion NTD.

Poor overall sales performance in the publishing industry, combined with the industry's uncertain future, has impacted employment in this field. In 2016, there were 32,656 people working in the publishing industry, a 4.2% decrease from 2015, and a continuation of the decrease in the overall number of people employed in the publishing industry over the past few years.

B. Major findings of the quantitative survey

I. Book and comic book publishing industry

Overview of book imports and exports for the past three years

Overall, the gross import of books fluctuates each year, with 2.96 billion NTD in 2014, growing to 3.04 billion NTD in 2015, then dropping to 2.95 billion NTD in 2016. On the other hand, there is consistent growth in gross export, from 2.3 billion NTD in 2014, with growth to 2.58 billion NTD in 2015, then a further improvement to 3.56 billion NTD in 2016.

In terms of the class of imported books, "miscellaneous books, booklets, pamphlets or similar printed products" had the highest value, and relatively steady development. "Books, booklets, pamphlets or similar printed products" and "dictionaries and encyclopedias" had far lower value than the previously mentioned genre, but also relatively less fluctuation. Although the import value of "children's books" ranked only third, their value has grown 72% from 63 million NTD in 2014 to 109 million NTD in 2015, with a further 20% growth to 131 million NTD in 2016, a rate that surpasses all other classes.

As for book exports, "miscellaneous books, booklets, pamphlets or similar printed products" had the highest export value, and showed an upward trend. "Children's books" ranked second in export value. Their value jumped from 34 million NTD in 2014 to 909 million NTD in 2016, for an impressive growth rate of 2584.31%. The export value of "books, booklets, pamphlets or similar printed products" and "dictionaries and encyclopedias", on the other hand, has fluctuated in recent years.

Number of new books published and total number of books printed both declined in 2016; test-preparation books make up highest percentage of new books published

This study takes inventory of the ISBN application information provided by the National Central Library ISBN Agency, and surveys a total of 38,807 books published in the year, of which 60.98%, or 23,666 books, were sold in the four largest Internet bookstores.

Test-preparation books made up the highest percentage of new books published in 2016 (at 11.8%), followed by social/liberal arts (9.1%), while literature, miscellaneous, computer books, children's books (including picture books), leisure/travel/food & lifestyle, and marketing/management accounted for 5% to 9%; Finance & investment, light novels, self-help books, and art & design genres made up around 5%.

As for the total copies of books printed in 2016, it is estimated that 53.41 million copies were printed, c. 2.38 million less than the estimated 55.79 million printed in 2015. The average initial print run of new titles corresponded to that of 2015, at c. 2,256 copies.

Also, the survey shows that the average price of new books has increased slightly, from 378 NTD in 2015 to 401 NTD in 2016.

Total revenue of publishing-end book market (paper books) in 2016 estimated at 19.29 billion NTD; retail end estimated at 23.209 billion NTD

Making an estimate from the 35,949 new titles published in 2016, overall revenues for the publishing end (paper books) of the book market are estimated at 19.29209 billion NTD, while the market size of the retail end (paper books) is estimated to be 23.2920 billion NTD.

Examining annual profits of publishing units, the percentage of publishers who reported profits in 2016 (23.8%) increased by 1.6% from 22.2% percent in 2015. Among those running deficits (36.4%) or breaking even (37.1%), the rates increased by 3.1% and decreased by 1.0%, respectively, since 2015.

c. 45.97 million new books sold in Taiwan in 2015; "social/liberal arts" category the highest percentage of new books

According to survey data, about 43.33 million copies of new books were sold in 2016, making up 67.4% of new books printed that year. Books reissued in 2016, along with books in inventory, sold c. 27.82 million copies. Overall book sales for the year are estimated at 71.15 million copies.

From sales data provided by publishers, it is observed that in terms of the types of books sold, 2016 saw little change in the book market. Within the new books category, "social/liberal arts" books made up the highest percentage (14.5%), followed by miscellaneous (9.5%), literature (9.3%) and self-help books (9.0%). Sales of children's books (including picture books) decreased drastically.

53.6% of publishers bought book publishing rights from overseas; 34.0% of publishers sold books publishing rights overseas

The survey shows that conditions surrounding publishers' buying and selling of copyrights from abroad saw little change from 2014 to 2016. In 2016, 53.6% of publishers bought publishing rights from other regions or countries (including translation and printing rights), 34.0% had sold printing rights to other regions or countries, and 12.4% had licensed rights domestically.

There has been little change in the past three years as to the source of overseas copyrights. Publishers in Taiwan currently buy copyrights most frequently from the US (23.6%) and China (22.5%), followed by Japan (21.7%), then 20.0% and 8.2% from other countries and Canada. Copyrights bought from Korea, Singapore, and Malaysia took up 3.7%, 0.2%, and 0.1% respectively.

The primary overseas country that Taiwanese publishers sold book licensing rights to was mainland China, at a percentage that rose dramatically from 61.0% in 2015 to 92.8% in 2016. The percentage for Korea has dropped from 14.6% in 2015 to 5.2% in 2016, followed by Japan and other countries, at rates that have dropped below 1%.

3,292 new comic book titles published in 2015, a decrease from 2015; average copies in first print run decreased from 2015

According to the survey, shows that the main sales revenue source for Taiwanese comic book publishers in 2016 was non-comic book related sales (26.1%). It is worth noting that, compared to book publishers, comic books publishers saw a higher revenue, both in other comic book related sales (33.6%) and "non" comic book related sales (12.7%).

It is estimated based on survey data that 3,292 comic book titles were published in 2016, slightly lower than the 3,387 titles published in 2015.

As for the total number of new comic books printed, it is estimated according to interpolation of publishing numbers to be c. 6.12 million copies in 2016, an decrease of 200 thousand copies from 2014 (at 6.32 million copies). The average number of copies printed in the first print run decreased from 1,865 copies in 2015 to 1,860 copies in 2016.

25.0% of comic book publishers export comic books overseas, mainly to Hong Kong and Macau

Domestic comic book publishers interviewed for this survey did not import comic books to sell directly, while 25.0% exported comic books overseas. An examination of export countries shows that the comic book publishers interviewed exported mainly to communities with concentrations of Chinese-speaking people such as Hong Kong and Macau (100.0%), China (50.0%), Malaysia (50.0%), and Singapore (25.0%).

In terms of genres exported, young adult books (33%) made up the highest percentage, followed by BL/GL (26.0%) and shounen manga (25.0%).

75.0% of comic book publishers have bought copyrights from overseas; 50.0% have sold copyrights to other regions/countries

The survey shows that in 2016, out of comic book publishers interviewed, 75.0% had bought copyrights for comic books from other regions or countries (including translation and printing rights). The percentage of publishers selling licensing rights to other countries dropped from 75.0% to 50.0%. Licensing of domestic comic books stayed steady at 50%.

In 2016, comic book publishers in Taiwan licensed the greatest portion of copyrights to China (50.0% of publishers), followed by Japan, Thailand, and other Asian countries (25.0% percent of publishers each). There were no copyrights licensed to Hong Kong, Macau, or Malaysia.

Total publishing-end manga revenues in 2016 estimated at 520 million NTD; retail end manga revenues estimated at 680 million NTD

According to survey data, 2016 revenues for the publishing end of the paper copy comic book market were 521.69 million NTD, while the revenues for the retail end of the paper copy comic book market were 682.20 million NTD. Compared to the 550 million NTD revenue in 2015 for the publishing end of the comic book industry, 2016 saw a 5.5% decrease.

II. Magazine publishing industry

In 2016, most magazine publishers were for-profit corporations (78.5%), of which almost 75% are non-group members. In terms of funding, the majority (73.7%) were completely funded by domestic individual investors

As of 2016, most magazine publishers were for-profit corporations (78.5%); 21.5% were non-profit organizations. Of the for-profit magazine publishers, 23.4% were members of a group, while 76.6% were non-group members. An examination of their funding shows that 73.7% of magazine publishers are completely funded by domestic individual investors, 17.5% are completely funded by domestic corporations, 2.0% are funded by foreign individual investors, 3.9% by foreign corporations, and 2.9% by other investors.

In 2016, domestic magazine publishers employed around 5-9 people in full-time positions (29.0%); for part-time positions, the highest bracket of people employed was 2-4 people (40.9%). This shows that the magazine publishing workforce is centered on full-time workers.

For full-time posts, 29.0% of magazine publishers centered on employing 5-9 people; this was followed by 27.4%, who employed 2-4 people. Other employment statistics are as follows: 19.4% employed 10-24 full-time employees, 11.3% employed 25-99 full-time employees, and 6.5% only employed 1 full-time employee. Magazine publishers that didn't employ any employees, and those that employed over

100 full-time employees, both accounted for 3.2%.

As for part-time labor, 40.9% of magazine publishers employed 2-4 part-time employees; 36.4% employed no part-time labor. The rest of the employment statistics are as follows: 9.1% only employed 1 part-time employee; 6.8% employed 5-9 part-time employees; 4.5% employed 10-24 part-time employees; 2.3% employed 25-99 part-time employees.

Publishing schedule for domestic magazine publishing in 2016 primarily monthly, making up 47.1%, followed by quarterly magazines (17.2%) and bimonthly magazines (16.1%)

Compared to 2014, the structure of publishing schedules remained the same in 2016, but the percentage of monthly magazines show signs of a decline, while publication of quarterly and bimonthly magazines are on the rise.

Periodical magazines published by domestic magazine publishers in 2016 mostly in Chinese, making up 93% Nearly 80% are self-published (79.5%)

The percentage of domestic magazines published through purchased copyrights was not high, as most magazines are self-edited and -published. But compared to 2014, there was a slight rise in the percentage of publishers buying copyrights for publication. As of 2016, magazines that are published after buying foreign copyrights and translation into Chinese made up 12.3%; those published after purchasing copyrights and self-editing content made up 8.2%.

2016 saw drastic drop of 16,673 copies printed for periodical magazines; main sales channel was still subscribers (58.2%)

Compared to 2014, the number of copies printed for domestic periodical magazines dropped nearly 50%, but the sales rate reached 86.7%. The main sales channel was subscriptions, which had an increase of 5.2% since 2014.

Compared to 2014, 2016 had drastic drop of 6,702 copies printed for special issue magazine publications; yet pricing showed upward trend, to average 183 NTD per copy. Main sales channel is retail, accounting for 66.4%

Compared to 2014, there was a near 30% decrease in the number of special issue magazines published domestically in 2016. Although sales rates reached 54.7% or so, sales channels differed greatly from periodic magazines, with retail portion (66.4%) clearly outdoing subscriptions (33.6%).

Sales model for domestic printed magazines in 2016 was mainly partial

consignment (65.5%). The source of sales was mainly subscribers (58%)

Compared to 2014, the percentage of domestic printed magazines being sold through partial consignment in 2016 rose slightly, with an increase of 4.4%. Also, the main source of sales for printed magazines was subscribers, who increased by almost 10% since 2014, followed by brick-and-mortar bookstores at 24%.

Domestic magazine publishers' 2016 marketing budget distributions focused on brick-and-mortar bookstores, making up 36.7%

In 2016, domestic magazine publishers marketed magazines mainly in brick-and-mortar bookstores (36.7%), followed by digital platforms (13.7%) and online bookstores (12.7%). Also, compared to 2014, the percentage of marketing budget allocation for newspaper, magazines, and the Internet decreased significantly, with a drop of 29.1%.

2016 saw dramatic increase of magazine publishers branching into digital publishing; nearly 75% have published digital magazines, and over 60% of digital magazine publishers edited and produced magazines independently

Of the magazine publishers surveyed in 2016, 74.1% branched into digital publishing, a growth of 25% since 2014. As for production models, most did independent editing and production (61.8%), followed by outsourcing completely (23.5%), while partial outsourcing made up 14.75%.

Among digital magazine publishers in 2016, up to 90% used published using a paper-with-conversion-to-digital mode. In digital magazine profits, sales revenue for digital magazines accounted for 5.6% of total revenue, showing the digital market is not yet mature

Most digital magazines in 2016 were converted from printed copies, but compared to 2014, the percentage of original digital magazines has increased by 5.8%, which shows that the publication models of digital magazines were changing. Also, up to 80% of publisher pointed out that digital magazines have low profitability, with sales making up less than 10% of overall sales revenue.

Online digital magazine publications in 2016 still dominated by PDF files, with monthly publications as the main publishing schedule

Online PDF format was still the most prevalent way of publishing digital magazines in 2016, making up 74.7%, while the EPUB format heavily promoted by major publishers in the past few years made up 10.6%. As for publishing schedules, like printed magazines, most prevalent was monthly magazines, making up 60.9%, followed by bimonthly magazines (15.2%), and quarterly magazines (13%).

For digital magazines converted from printed versions, digital version often published at same time as, or later than, printed magazine

Of digital magazines in 2016, 54.2% published digital and printed copies simultaneously; 27.1% published the print versions first. But compared to 2014, the percentages of simultaneous digital-print publication and digital preceding print both grew, by 9% and 17.9% respectively. Also, an examination of the digital converted to print with special issues in 2016 shows that, compared to the2014 survey, the percentage of digital-first publication rose dramatically by 20%, while the rate of simultaneous digital-print publication rose by 7.5%. This shows that publishers are paying attention to digital publishing.

Aside from the percentage of publications that did not conduct copyright transactions, most magazine copyright transactions in 2016 were domestic authorizations, making up 19.6%, followed by magazine copyrights bought from other countries, making up 18.8%. Overseas copyright transactions mainly consisted of 'copyright purchased for publication only after translation into Chinese', with the US and Japan as the main copyright sources.

Compared to 2014, the percentage of domestic magazine publishers importing or exporting copyrights in 2016 both increased, by 6.4% and 2.1% respectively. For overseas copyright transactions, 36.4% were deals in which 'copyright purchased for publication only after translation to Chinese', which increased 7.8% since 2014. As for the source of copyrights, 40.3% of magazine publishers purchased copyright from the US, making up the highest percentage, followed by Japan at 28.1%.

Overseas selling of domestic magazine copyrights in 2016 was mainly to Hong Kong and Macau

In terms of regions where domestic magazine copyrights were exported to in 2016, 95% was Hong Kong and Macau, followed by Singapore at c. 50%. Survey results spanning 2014 and 2016 show that domestic copyrights were mainly licensed to Chinese-speaking markets.

Domestic magazine publishers in 2016 mainly operated as small and medium-sized enterprises; up to 50% of publishers had business revenues of less than 10 million NTD.

In 2016, 35.2% of domestic magazine publishers had annual sales revenue of under 5 million NTD, and 18.3% had between 5 and 10 million NTD. But viewed from a greater scale, there was a slight rise in annual turnover for domestic small and medium-sized magazine publishers.

Main source of income for domestic magazine publishers in 2016 was magazine-publication related sales; yet compared to 2014, percentage of income sources not related to magazine publications saw significant growth, showing that magazine publishers were gradually changing their profit models

In terms of domestic magazine publishers' sales revenue in 2016, 45.2% was related to magazine publishing, of which advertisement revenue (22.7%) and sales of printed copies of periodical magazines (18.1%) were the main sources of magazine-related revenue. Compared to 2014, the percentage of revenue unrelated to publishing rose dramatically, by 41.5%. It is conjectured that magazine publishers have found ways to profit outside of magazine sales.

2016 domestic magazine publishers' sales revenue totaled 13.22043 billion NTD on the publishing end and 14.49926 billion NTD on the retail end

According to 2016 sales tax statistics for magazine publishers and data analysis of this year's survey, the total publisher-end revenue for magazine publishers is estimated to have been c. 13.22043 billion NTD, a 16.5% decrease from 2014. Total revenue on the retail end was c. 14.49926 billion NTD.

Most domestic magazine publishers had losses in 2016; further analysis of printed and digital magazine profits shows that compared to printed magazines, digital publications still have potential for growth

According to the 2016 survey, over half of magazine publishers reported losses (56.8%), and only 13.7% reported profits. Compared to 2014, surveyed publishers reporting profits decreased by 17.5%, which shows that not many publishers were able to rely on magazine sales to turn a profit.

Further analysis of printed magazine profits saw that 61.7% of publishers ran losses, a drastic increase of 16.5% from 2014, which shows a serious decline in the printed magazine business. As for digital publications, there were still a substantial percentage of publishers reporting deficits (46.4%), but compared to the deficit suffered by printed magazines, digital publishing models had relatively greater profit margins.

Looking to the future, most magazine publishers pessimistic about printed magazine industry; in comparison, publishers more optimistic about future of

digital magazines

According to the 2016 survey, nearly 40% of magazine publishers expected print magazine sales to drop over the next three years (37.1%). On the other hand, over 90% of publishers expected digital magazine sales to increase (22.2%) or remain the same (70.4%) over the next three years.

III. Digital publishing industry (publishers and digital platforms)

By end of 2016, publishers had acquired digital rights for 30.5% of published printed books; most ebooks were published in traditional Chinese (95.2%)

By the end of 2016, almost half of publishers had not acquired digital copyrights from any author. 7.0% had acquired digital copyrights for under a fifth of books published; 9.1% had acquired digital copyrights for 21-50% of books published, and 25.2% had acquired digital copyrights for over half the books published. Aside from those that did not answer, an average of 30.5% of publishers in Taiwan had acquired digital copyrights for published paper books.

As for the languages in which ebooks were published, out of all publishers that had published ebooks, 95.2% had published ebooks in traditional Chinese, 0.2% had published ebooks in simplified Chinese, 4.0% had published ebooks in English, 0.4% had published ebooks in Japanese, and 0.2% had published ebooks in other languages.

25.0% of publishers that publish ebooks produce everything on their own; 9.4% self-manage digital copyrights

In terms of the production of ebooks, 25.0% were entirely self-produced, 68.8% were completely outsourced, and 6.3% were partially outsourced. No publisher used paper scanning or other methods to conduct digital publishing. In other words, of the publishers that had published digital magazines, only c. 30% were capable of digital production.

As for digital copyright management, 9.4% of publishers developed their own DRM system, while over 80% of publishers (84.4%) used DRM systems developed by ebook distribution platforms.

PDF still the most common format for ebooks; around 95% suited to reading on desktop or laptop computers

In terms of the format in which ebooks were published, publishers in Taiwan still used mainly PDF files, which made up around 60% of the total; The EPUB format (including EPUB 2 and EPUB 3) made up c. 40%, while other formats were not widely used.

In terms of compatible devices, over 95% of ebooks were compatible with desktop or laptop computers. Over 90% were compatible with Android tablets (90.6% in 2016) or cell phones (93.8% in 2016), slightly lower the compatibility rates for iOS devices (93.8% for tablets; 93.8% for cell phones).

Internet tally shows 5280 new ebook titles published in 2016, with 1091 original ebook titles.

An internet tally shows that 5280 new ebook titles were published in 2016, with 1091 original ebook titles. It is worth noting that domestic original book titles accounted for c. 20.66% of all ebooks published; this was due primarily to the influx of international original creators on digital platforms.

Test-preparation books made up the largest segment of ebook sales in 2016 (22.8%), followed by literature (16.6%), social/liberal arts (11.0%), and novels (9.3%), then followed by children's books (including picture books) (7.1%). All other ebook types made up less than 5% of sales.

Over 90% of ebook sales completely outsourced; 63.9% signed individual contracts with distribution platforms

Over 90% of publishers in Taiwan outsourced ebook sales, a percentage that climbed by 17.8% to 92.3% from 74.5% in 2015. 7.7% of publishers sold their own ebooks (a decrease of 15.5% compared to 2015), while no publishers used both self-selling and outsourced modes for ebook sales.

When it comes to selling ebooks, up to 63.9% of publishers signed contracts with distribution platforms, with only 5.6% outsourcing all sales to distributors, 11.1% setting up their own ebook platforms, and 19.4% signed contracts with distribution platforms and outsourced to distributors at the same time.

The survey shows that ebook in Taiwan were primarily sold to individual consumers (90.6%), and to libraries (87.5%).

50.0% of publishers publishing digital comic books produced everything on their own, while 50.0% outsourced digital copyrights

As for the production of digital comic books, 50% of publishers produced all comic books on their own, while 25% partially outsourced production. This showed higher digitization capabilities than general publishers, who were developing digital publication businesses (31.3%).

As for the management of digital comic book copyrights, in 2016, 25% of comic book publishers developed their own DRM system, while 50% outsourced or used the DRM systems of digital distribution platforms.

Digital comic books have overcome all device restrictions; can be viewed on any device

The survey showed that of devices compatible with digital comic books, nearly all digital comic book publishers had overcome device limits by 2016; only other reading devices had lower compatibilities (67%).

Digital comic books make up a low percentage of revenue for publishers; most comic book publishers sign individual contracts with distribution platforms

According to data offered by publishers, prices for digital comic books were about 50% to 70% of their print counterparts.

Of the primary comic book publishers in Taiwan, 57.0% completely outsourced digital comic book sales, and 43.0% conducted sales on their own. However, the number of digital copies sold was still clearly low, only making up an average of 0.5% or so of printed comic book sales.

Of publishers selling digital comic books, 50.0% signed individual contracts with distribution platforms, while 25.0% set up their own digital comic book platforms.

Relatively large variety of core business types in digital publishing industry, largely publishing-related businesses

There was a relatively large variety of core business types in the digital publishing industry, but publishing-related businesses still made up the largest percentage (totaling 84.6%), followed by digital platforms (20.5%), and online bookstores that sell printed copies (10.3%), with book distributors and information service businesses both accounting for 7.7%.

66.3% of ebooks in digital publishing and marketing channels first published in print; 84.4% of digital copyright management managed by ebook distribution platforms

The survey shows that most ebooks in Taiwan were still preceded by printed books (66.3%), the percentage of which has again risen compared to previous years (with 40.5% in 2015). Only 7.0% of titles were published digitally first, and 26.7% of titles were published through print and digital means simultaneously.

In how digital copyright management, only 9.4% of publishers developed their own DRM system, while over 80% (84.4%) used DRM systems developed by ebook distribution platforms.

Novels were the primary type of books published in digital marketing channels

Novels were the largest segment of ebooks published in digital marketing channels (35.7%), making up more than 30% of all platforms. They were followed by miscellaneous books and light novels, which both made up 7%-20%, then followed by ebook versions of comic books, literature, and children's books, each of which made up more than 5%.

Ebooks mostly charged for individually; price averages 70% of paper copy

As for how ebook prices were charged, digital marketing channels mostly charged for each book individually (85.7%), followed by monthly, quarterly, or annual subscriptions (57.1%), and fees charged per view (42.9%). There were no businesses applying other fee structures at the time.

Looking at the broader picture, ebooks in digital marketing channels were sold at a lower price than their print counterparts (100.0%). Pricing usually fell between 60% and 70% of their printed counterparts, averaging c. 70% overall.

Digital magazines mainly charged individually or with unlimited plans; prices average 70% of print counterpart

As for how digital magazine prices were charged, the primary methods on the market were charging each issue individually and by subscription. In 2016, the percentage of digital magazines charged by volume reached 75%, and quarterly or annual subscriptions both made up 75%, a 21.7% increase from 2015; fees charged per view made up 25%, showing a declining trend in their proportion of the whole.

Overall, digital magazines in digital marketing channels were sold at lower prices than their print counterparts (100.0%). Pricing usually fell between 60% and 80% of paper magazines, averaging c. 70% overall.

Digital magazines in digital marketing channels: Miscellaneous; fashion; entertainment & celebrities; finance & management; and news & information

Further analysis shows that, just from the data of 2016 digital magazine types, miscellaneous (35.6%), fashion (8.5%), entertainment & celebrities (8.5%), finance & management (6.8%), and new & information (6.8%) made up most of the digital magazines in digital marketing channels.

Total publishing-end digital publishing revenues in 2016 estimated at 430 million NTD; books 260 million NTD (including 10 million from comic books), and magazines at 170 million NTD; retail-end digital publishing revenues estimated at 720 million NTD (c. 550 million NTD through domestic platforms, 170 million NTD through foreign platforms): books 440 million NTD (including 20 million NTD from comic books), and magazines at 280 million NTD.

According to the survey, revenues for Taiwan's digital publishing industry in 2016 (on the publishing end) were 433.89 million NTD, of which books made up 263.11 million NTD (including 12.08 million NTD from comic books), and magazines made up 170.78 million NTD. On the retail end (for digital marketing channels), the revenues were 723.15 million NTD (c. 550 million NTD through domestic platforms, and 170 million NTD through foreign platforms), Books made up 438.52 million NTD (including 20.15 million from comic books), and magazines made up 284.63 million NTD. Compared to the 318.21 million NTD in revenues (ebooks only) for the digital publishing industry in 2015 (on the publishing end), this was a decrease of 21.1%, and compared to the 611.32 million NTD revenues of the retail end of the digital publishing industry (domestic digital marketing channels, covering books, magazines and comic books) in 2015, there was a decrease of 9.8%.

IV. Publishing marketing channel industry (chain and online bookstores, as well as single/independent bookstores)

More than half of publishing marketing channel businesses sees online bookstores as biggest competitors

The survey shows that more than half of marketing channels believed that online bookstores were their biggest threats (80.6%), followed by chain bookstores (42.3%), then specialty bookstores (40.6%), single/independent bookstores (33.1%), bookstores in wholesale markets (25.7%), and combination bookstores (21.1%). Additionally, 2.3% believed that other industries were also competitors.

Percentage of publishing marketing channels in Taiwan depending completely on book sales decreased since 2015

In terms of publishing marketing channels and book sales as a proportion of their revenue, in 2016, 32.3% of marketing channels had book sales make up less than 30%

of their revenue, 9.0% had book sales make up between 30% and 50% of their revenue, and 58.7% had book sales make up more than 50% of their revenue. Overall, the percentage book sales contribute to overall revenues for marketing channels decreased slightly. 15.5% of publishing marketing channels relied entirely on book sales, a slight decrease from 2015 (16.3%).

Analysis of the single/independent bookstore segment shows that 28.0% of them had book sales as less than 30% of their revenue, 9.1% had book sales make up between 30% and 50% of their revenue, and 62.9% had book sales make up more than 50% of their revenue. Overall, book sales income made up a larger proportion of those channels' business revenue than it did for sales channels as a whole. 20.3% of single/independent bookstores relied entirely on book sales as their revenue source, a higher proportion than that for marketing channels as a whole (15.5%).

Books in the national language (traditional Chinese) make up largest percentage of all books sold in publishing marketing channels

As for overall sales of books, magazines, and comic books in different languages, books in the national language (traditional Chinese) made up the highest percentage in 2016, at up to 88.9%; English books made up 6.6%; books from mainland China (simplified Chinese) made up 1.4%; Japanese books made up 2.6%; and books in other foreign languages made up 0.4%.

As for magazines, 2016 also saw the largest percentage of magazines in the national language (traditional Chinese) at 91.2%, with English magazines making up 4.8%, Japanese magazines making up 3.4%, magazines in other foreign languages making up 0.1%, and magazines from China (simplified Chinese) at 0.4%.

As for comic books, domestic (traditional Chinese) comic books also made up the highest percentage at 99.1%; English comic books made up 0.2%, Japanese comic books made up 0.7%, with almost no comic books from China (simplified Chinese) or in other languages.

Purchase prices for all types of books in publishing marketing channels ranged from 60% to 80% of sales prices

In book sales, the average purchase discount for publishing marketing channels in 2016 was 34% off; the average sales discount was 16% off. The average best discount was 25% off.

In magazine sales, the average purchase discount for publishing marketing channels was 27% off; the average sales discount was 15% off. The average best discount was 16% off. In comic book sales, the average purchase discount for publishing marketing channels was 32% off; the average sales discount was 17% off. The average best discount was 20% off.

Overall, Taiwan's publishing marketing channels returned slightly more books and magazines than they did in 2014

In returns, publishing marketing channels returned an average of 40.4% of books given to publishers and retailers in 2016 (vs. 37.9% in 2015). The average return rate for magazines was 47.9% (vs. 45.3% in 2015), and the average return rate for comic books was 44.0% (vs. 44.1% in 2015).

For chain bookstores, comic books and children's books (including picture books) most popular among book readers; language learning titles most popular with magazine readers

Comic books (17.2%) and children's books (including picture books) (14.5%) made up the highest percentage of books sold by chain bookstores in 2016, followed by literature (10.0%), and novels (7.1%). As for annual magazine sales, language learning (11.4%) made up the highest percentage, followed by finance & management (10.8%), fashion (10.6%), travel information (7.2%), liberal arts (5.8%), and ACG (5.8%).

For single/independent bookstores, parenting & family/children's books/young adult books most popular with general book readers

Parenting & family/children's books/young adult books made up the highest percentage of books sold by single/independent bookstores in 2016 (15.0%), followed by test-preparation books (14.3%), self-help/religion (10.5%), and comic books (10.5%).

Faced with a shrinking market, businesses increase promotional events, transition to diverse management styles

The survey shows that 53.7% of publishing marketing channels held promotional events or kept in contact with readers in 2016, a significant increase from 2015 (40.9%). 45.2% of marketing channels reported not having held any relevant events in the past two years, a decline from the 55.4% of businesses that did not hold any marketing events in 2015.

Of the businesses that did host events, events that were "themed sales events (such as annual sales & holiday sales)" made up the highest percentage of events (61.1%), followed by "seminars/forums/lectures" (31.6%), then followed by "new book releases" (28.4%), and "exhibitions" (27.4%).

Revenues of Taiwanese publishing marketing channels in 2016 estimated at 23.72 billion NTD

According to estimations based on revenue information from tax data, the 2016 revenues of the overall retail end (including both old and new books) of the printed book market (not including second-hand bookstores) were 23.6435 billion NTD, while the market value of the second-hand printed book market was 74.07 million NTD; the two totaled 23.71758 billion NTD.

C. Main findings of qualitative survey

I. Book publishing industry

(I) Overall development of the book publishing industry in 2016

Types of books published in main sales channels and revenue from book sales both declined, but across different types of stores, the number of publishers selling books expanded. Although market competition has increased, it is positive

Data analysis based on production and sales indexes show that in 2016, both the number of types of new books published and market revenues were in decline. This study reviewed the types of books published across four major online bookstores, and found that, though the number of publishers producing professional/textbook/government publications, literary novels, and test-preparation books declined, most other book categories instead saw an increase in publishers in 2016 as compared to 2015, raising the level of competition between publishers. The increased price for new books published in 2016, and the decrease in promotions and channel discounts, show that publisher competition has developed in a positive manner, rather than slashing prices in vicious competition.

(II) Analysis of important changes in the book publishing market in 2016

Specialty publishers more affected by the decrease in book revenues

For publishers that branched into retail, the retail end can sell products other than books to diversify revenue. So when overall book sales decline, specialized publishers that rely solely on book publishing will be impacted more than publishers who branched into channel management.

In 2016, price of many book types increased, while competitive promotions and discounts slowed

This study examined books sold at four major online bookstores. We discovered that in 2016, only lifestyle books, travel books, and light novels had lower average prices since 2014; all other genres of books showed an increase in average pricing. However, the degree of difference in retail pricing for most categories of books decreased in 2016. This shows that overall price competition between book retailers slowed since 2015.

Significant increase in percentage of translated books sold in major retailers (four major online bookstores)

In 2016, overall book titles and translated book titles both decreased as compared to 2015, but for books sold in the four major online bookstores, the percentage of translated books rose strongly from 28.96% in 2015 to 36.26% in 2016. This not only shows that translated books were gaining 'visibility' in major channels (the four major online bookstore), but also reflects how major retailers relied more heavily on translated works to create profits.

(III) Analysis of important industry development issues

In recent years, trends and the market for foreign copyrighted works have begun to change

As editors in publishing companies have refined their professional taste in selecting books; domestic publishers have begun to turn to engaging in segment markets; and readers' demands within those segments for wider and deeper reading that goes beyond issues that European, American, Japanese, or Korean works can offer, publishing companies have begun to take notice of works outside of English, Japanese, or Korean-speaking countries, such as books from France, Germany, Italy, Eastern European countries, and Russia.

An issue faced by cross-regional licensing: Licensing models

With the current state of copyright licensing for original works in Taiwan, and because of the disparity in revenue between publishing and entertainment/gaming industries, some creators and publishers will choose a blanket license when negotiating copyright authorization in cross-industry collaborations. Alternately, the licensing fails to have clearly spelled out limits of application. It is thus difficult to estimate the profits that can be made by using the licensed content in other fields. This is an issue that will need to be addressed or overcome in future attempts to promote cross-industry copyright licensing.

II. Comic book publishing industry

(I) Overall development of the comic book publishing industry in 2016

New titles published and revenue both declined, but with growth in exports

Whether in the publishing production index or the sales-related index, the performance of the comic book publishing industry in 2016 showed that the industry continues to face development bottlenecks. On the other hand, demand in overseas Chinese-speaking regions increased, causing exports from Taiwan's major comic book publishers to, on the contrary, grow in recent years.

(II) Analysis of important changes in the comic book publishing market in 2016

Clear derivative benefits from character economy

Due to decreasing sales in printed comic books in recent years, many comic book publishers are simultaneously also developing and selling comic book merchandise. Printed comic books and merchandise sales have become the main source of comic book-related revenue.

Large tech corporations and international comic book platforms investing in development of Taiwan's original comics

In recent years, large tech corporations and international comic book platforms have begun to invest in the development of original comic books in Taiwan, creating a new phenomenon in the market. These businesses focus on post-development IP licensing and derivative profits for original comic book content, as well as using comic books to boost popularity for the platform in order to earn more ad revenue.

(III) Analysis of important industry development issues

Fanbooks are collectors' items, limited in quantity and availability, sold mainly in fan conventions throughout the year.

Fanbooks (tongrenzhi/doujinshi) are merchandise. Their unique limited quantities and availability make them collectors' items rather than mass-produced products. Another characteristic of fanbooks is that their sales are mainly focused on single fan conventions throughout the year. The ones with better sales performance at a single convention may sell even more than the first print runs of commercial comic books.

III. Magazine publishing industry

(I) Overall development of the magazine publishing industry in 2016

Revenues for magazine publication declined; only newly founded publications had lively activity

From this study's analysis of the launch dates for printed magazines published in 2016 (excluding special issues), it is clear that of the magazines published in 2016, most were founded in the past three years, which shows that the magazine publishing industry is still very active. In 2016, magazine-related income and average revenues for magazine publishers both decreased. However, from performance records over the past 6 years, average per-business revenues for magazine publishers still showed a trend toward growth.

(II) Analysis of important changes in the magazine publishing market in 2016

Clear increase in non-magazine publication related miscellaneous income as proportion of overall income

Compared to books, magazines are closer to media publications that offer real time information and in-depth analysis, causing them to suffer a much larger impact from the digital age. Though magazine publishing-related income, including profits from ad, were still the main source of revenue for magazine publishers, the percentage of non-magazine publication related miscellaneous income was on the rise.

Overall strategy for digital magazine publishing still tended toward conservative; only a fraction of publishers actively turned to digital magazine publishing.

Some magazine publishers began to realize that the business model of printed magazines as a product was unsustainable, and so began to publish digital versions alongside their newest issues, hoping to earn extra income. At the same time, digital magazines might in the future develop into e-commerce platforms, integrating other paid services as a channel for adding additional value to the content of digital magazines. That is why some magazine publishers actively turned toward publishing digital magazines.

(III) Analysis of important industry development issues

Five main strategies for magazine publishers to adapt to the digital era

Analysis of the five transformational strategies for magazine publishers to adapt to the digital era, including: Extending value chain activity centered on content; collaborating with well-known creators or Internet influencers; strengthening and utilizing the magazine's brand values; providing customized content to tap into customers' underlying needs and values; and introducing paid subscription plans in response to fragmented reading habits.

IV. Digital publishing industry

(I) Overall development of the digital publishing industry in 2016

Sales revenue for digital publishing in decline; number of titles published digitally far lower than printed publications, market development still in need of a breakthrough

Sales revenue for digital publications in 2016 decreased from 2015, and for both ebooks and digital magazines, the number of titles published digitally was continued lower than that of printed books and magazines. This has to do with the lack of definitive growth in the digital publishing market; digital market development is still in need of a breakthrough.

(II) Analysis of important changes in the book publishing market in 2016

Polarizing performance from digital publishing platforms in 2016

Overall, digital platforms managed by telecom companies performed relatively well, while small digital platforms not run by telecom companies had average sales revenue of 38.8 million NTD in 2016, a 7.6% decrease from the 42 million NTD in 2015. Overall sales revenue has yet to fully grow, except for the few digital platforms that have already seen substantial growth.

New strategies for digital platforms and addition of representative companies to push ebook market toward positive development.

Leading companies in Taiwan and abroad all gradually joined the ebook market. Though their addition brought competition, domestic ebook sales revenue was still small, and the addition of big players could be expected to help increase ebook supply and attract greater reader acceptance of ebooks.

V. Publishing marketing channel industry

(I) Overall development of the publishing marketing channel industry in 2016

Revenue from publishing marketing channels decreased, with exception of book distributor exports with trend toward growth

Affected by the overall decrease in publishing sales, publishing marketing channel revenues decreased in 2016 as well. Though average sales revenue performance for book distributors has showed signs of decline in recent years, export value and volume were on the rise. On average, the export value for each company increased from 6.03 million NTD in 2011 to 8.78 million NTD in 2016, while their percentages increased from 2.6% in 2011 to 4.7% in 2016.

(II) Analysis of important changes in the publishing marketing channel market in 2016

Retail channel performance differed between different types of books

Compared to 2015, aside from independent bookstores and second-hand bookstores in the six special municipalities, average per-company revenues from other retail book channels showed a decline. Long-term observations show that overall, from 2011 to 2016, average revenue for companies in book retail channels was in decline. Only independent bookstores outside the six special municipalities, companies that manage online bookstores, and secondhand bookstores showed increasing average annual compound growth rates.

VI. Policy suggestions

(I) Continue to encourage the publication of high-quality content

(II) Continue to promote policy suggestions actively promoted by the publishing industry

(III) Strengthen support for comic book contents

(IV) Make suggestions to improve methods of exporting copyrights to overseas publishing markets

1. Organize exchange forums ahead of international book exhibitions
2. Facilitate international exchange between domestic and foreign editors

(V) Compete for Taiwan to become a host of international book exhibitions; with the concept of cultural diplomacy, conduct overall cultural export by organizing art performance and exhibition series themed around Taiwanese culture

(VI) Use digital platforms to help domestic publications expand into overseas markets