SURVEY OF TAIWAN'S PUBLISHING INDUSTRY FOR 2013-2014

SUMMARY

This Survey of Taiwan's Publishing Industry for 2013-2014 was undertaken by the Ministry of Culture (MOC) to gain a comprehensive understanding of the economic status of the industry and to recognize the development of industry information. It differs from previous surveys in that previously, three separate surveys were conducted respectively for book publishing, magazine publishing, and digital publishing. On account of the complicated operation models in the industry, and to prevent overlapping surveys, this year the MOC integrated the three aforementioned sectors into one industrial survey for the first time, and altered the survey cycle from once every two years to once every year, the better to stay abreast of industry development and make cross-year comparisons on the basis of serial figures and data, saving administrative expenses and making the surveys more valuable.

This Survey of Taiwan's Publishing Industry for 2013-2014 was conducted primarily through quantitative and qualitative studies, and secondly through literature review and secondary information analysis. The quantitative research covers responses from book and comic publishers, magazine publishers, bookstores, digital access companies, and the general public; the qualitative research involves in-depth interviews with publishing industry insiders, focus groups, and forums. Major findings are summarized and detailed in the following sections.

I. Quantitative research: major findings

■ Books and comic books

<u>Compared with figures from 2012, 2013 and 2014 both witnessed a drop in the quantity of new titles published and total printing output. Test-preparation books account for the largest share of new book titles.</u>

Utilizing information and data provided by the ISBN Center of the National Central Library, this research covers 874 publishers (those that have released four or more titles, excluding governmental organizations and individuals) that requested ISBN numbers for a total of 27,479 and 27,906 new titles in 2013 and 2014, respectively. Based on the sources of this survey, it is estimated that in 2013, 27,369 new titles were actually published, which accounted for 99.6% of the total requests made; in 2014, a total of 27,642 new titles were published, accounting for 99.1% of requests made.

In 2013 and 2014, textbooks made up the largest category (22.0% in both years) among all new titles, followed by comic books, novels, and children's picture books, each accounting for about 10%.

Compared with figures from 2012, the most significant change in the categories of new book titles in 2013 and 2014 was that textbooks and children's books took up a much greater share, while other categories—medicine and health, leisure, sight-seeing, diet, and lifestyle—suffered a conspicuous drop in publishing output.

The estimated annual printing output for 2013 and 2014 was 58.05 million and 56.80 million, respectively, almost 9 million fewer than the estimated number for 2012, which was 66.92 million. New titles saw a decline in first impressions, down from 2,680 copies in 2012 to 2,000 on average.

In addition, this Survey shows that prices of new titles published in Taiwan were on the rise, from NT$350 in 2012 to NT$380 in 2013 and NT$385 in 2014.

<u>In 2013 and 2014, the overall output value of the book publishing industry was estimated at NT$28.1 billion and NT$24.3 billion respectively, indicting a significant recession from 2012.</u>

As estimated on the basis of survey sources, the overall output value of the book publishing industry in Taiwan was NT$28.1 billion in 2013 and NT$24.3 billion in 2014. A comparison between the two figures and the figure of NT$35.2 billion[1] from 2012 indicates a conspicuous downturn.

In terms of annual profits, one-third of the publishers suffered losses, one-third

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[1] To compute the output value of the publishing industry, the median of class interval of total business turnover in 2012, which was received from the interviewed publishers, is taken as the basis of computation. Where a publisher failed to reply or write back, the quantity of ISBNs it requested is adopted as a dimension index, which is then used to substitute for the business turnover for interpolation. Book publishing output value = ∑k=1n Total business turnover of book publishers in 2012 (n represents the amount of book publishers)

reported profits, and the other one-third had balanced accounts.

Total copies of new titles sold were approximately 53.98 million in 2013 and 45.83 million in 2014. Among new titles, textbooks accounted for the largest share of sales.

As estimated on the basis of survey sources, total copies of new titles sold in 2013 were approximately 53.98 million, which was 92.9% of the total printing output of new titles in the same year. In 2014, approximately 45.83 million copies of new titles were sold, which was 80.7% of the total printing output of new titles. In terms of reprinted titles and books in stock, the number of copies sold was 22.16 million in 2013 and 22.34 million in 2014. Therefore, the overall number of copies sold was estimated to have dropped from 90.07 million in 2012 to 76.14 million in 2013 and 69.17 million in 2014.

According to sales data provided by practitioners, a dramatic change in the ranking of book categories took place in 2013 and 2014. With new titles, test-preparation books accounted for the largest share, followed by children's books, comic books, and self-help books accounting for the second-, third-, and fourth-largest share. Novels and comic books, however, suffered a drastic decrease in sales figures.

43.4% of publishers purchased book rights overseas, while 25.2% sold book rights overseas

From 2012 to 2014, the purchase of book rights from other countries and the sales of book rights to outside of Taiwan by domestic publishers mirrored each other. According to figures for 2014, 43.4% of the publishers purchased book rights (including the right to print and translate) from other countries or regions; 25.2% sold book rights outside of Taiwan, and 5.2% conducted book rights authorizations inside Taiwan.

For the last three years, there were no major changes in the countries from which book rights were purchased. The US was the leader (51.5%), followed by Japan (42.6%), and mainland China (39.6%). In terms of copyright exports, mainland China remained the biggest market for book rights trading and authorization, although the figure dropped from 88.6% in 2012 to 77.2% in 2014.

1,420 and 1,505 titles of comic books were published in 2013 and 2014, respectively, down from 2012

This Survey also finds that for Taiwan's book publishers who also published comic books, on average, this category accounted for 72.1% of their overall business in 2013, and 71.2% in 2014. Comic and anime products accounted for 2.9% of total sales in 2013 and 4.1% in 2014. As for "light" novels, the figures were 15.8% and 16.8%, respectively, for 2013 and 2014.

As estimated on the basis of survey sources, the number of comic book titles published in 2013 and 2014 was 1,420 and 1,505 respectively, a sharp drop from 2,553 titles in 2012.

In terms of the total printing output of new comic book titles, as estimated on the basis of publishing quantity interpolation, approximately 4.62 million copies were printed in 2013, and 4.07 million in 2014, a 50% drop from the 2012 figure. The number of first impressions on average also dropped slightly, from 3,000 copies in 2012 to 2,600 and 2,400 copies in 2013 and 2014, respectively.

50.0% of comic book publishers exported rights to outside of Taiwan, with Hong Kong and Macau being the largest markets

Among the leading comic book publishers in Taiwan interviewed for this survey, none imported comic books directly for sale; however, 50.0% exported rights outside of Taiwan. The markets for rights export included Asia's four ethnic Chinese regions: Hong Kong and Macau (80.0%), Mainland China (40.0%), Singapore (20.0%), and Malaysia (20.0%).

In terms of categories, science fiction and fantasy accounted for the largest share (68.0%), followed by humor (15.0%), and romance and melodrama (12.0%).

71.4% of comic book publishers purchased rights from outside of Taiwan, and 55.6% sold rights to other countries and regions

As this Survey shows, among comic book publishers interviewed, 71.4% purchased rights (including the right to print and translate) from other countries and regions; 55.6% sold rights outside of Taiwan. However, no publisher conducted comic book copyright authorization inside the country in 2013 or 2014.

Comic rights were sold to mainland China, Thailand, Malaysia, and other Asian countries.

The overall output value of the comic book publishing sector in 2013 and 2014 was estimated at NT$830 million and NT$690 million, respectively

As estimated on the basis of survey resources, the output value of comic book publishing sector in Taiwan was NT$830 million in 2013, falling to NT$690 million[2] in 2014, indicating a recession in the comic book market.

■ Magazine

Business models for magazine publishers were diversified; only 47.2% of magazine publishers were exclusively engaged in the publication and issuing of magazines

This survey finds that in terms of business scope, 47.2% of magazine publishers were exclusively engaged in the publication and issuing of magazines, while 19.4% also published books, and 33.3% had business operations related to exhibitions and activities, forums and lectures, educational training, cultural creative commodities, further education, as well as game peripherals.

Fashion was the largest category in magazine publishing, followed by finance and business administration; for these categories, approximately half were sold through subscription

This survey finds that if the quantity of issues of periodically issued magazines is taken as the base unit, for all categories of magazines periodically issued by publishers, fashion accounted for the largest share (11.9%), followed by finance and business administration (10.3%).

In terms of distribution channels, for all periodically issued magazines in 2013, 54.2% were sold through subscription, and the remainder through retail channels. In 2014, the percentage accounted for by subscriptions dropped slightly to 53.0%, retail sales thus gaining.

[2] Leading comic publishers' non-comic book revenue and other incomes were not included. The figure for this in 2012 was estimated at NT$800 million.

For non-periodically issued magazines, the major categories were leisure, finance, and business administration.

This survey finds that if the quantity of issues of non-periodically issued magazines is taken as the base unit, for all categories of special issues or special editions of magazines issued in 2013, the largest categories were leisure (24.8%), finance and business administration (17.9%), and fashion (8.5%); for 2014, the largest categories were finance and business administration (22.9%), leisure (24.8%), and health (11.4%).

38.3% of magazine publishers exported rights to overseas markets, of which the largest was Hong Kong and Macau, followed by mainland China.

This survey shows that 2.3% of interviewed magazine publishers directly imported magazines for sale, and 38.3% exported magazines directly to overseas markets. In terms of imports, Singapore (66.7%) and Japan (66.7%) were the source of the greatest imports of magazines in 2013; in 2014, Japan took the lead (75.0%) ahead of Singapore (50.0%).

For export markets, Hong Kong and Macau were the largest markets. Both in 2013 and 2014, the percentage exceeded seventy percent (72.1% in 2013, 76.6% in 2014). The second-largest market was mainland China, with approximately fifty percent (52.5% in 2013, 48.4% in 2014).

12.4% of magazine publishers purchased magazine rights from other countries and regions; 6.2% sold rights outside of Taiwan

This survey shows that in 2013 and 2014, 12.4% of Taiwan’s magazine publishers purchased rights from other countries and regions, while 6.2% sold rights outside of Taiwan.

In terms of the source countries of overseas rights, the largest percentage--36.7%--of publishers purchased rights from Japan. Mainland China was the largest market for overseas copyright authorization, accounting for nearly 70%.

<u>The overall output value of the magazine publishing sector in 2013 and 2014 was estimated at NT$16.5 billion and NT$15.8 billion, respectively</u>

By observing various sources of income and the shares thereof, this Survey finds that among all sources, publishing-related business accounts for over eighty percent (86.3% in 2013, 86.7% in 2014) of publisher's income, other revenue not generated from magazine publishing accounted for approximately ten percent (12.7% in 2013, 12.4% in 2014), and other non-business income (rents, interest, etc.) accounted for approximately one percent.

For publishers that did not reply or provide answers, interpolation was conducted based on the data gathered from respondents. On such a basis, the overall output value of the magazine publishing sector in 2013 and 2014 was estimated at NT$16.5 billion and NT$15.8 billion, respectively.

Overall, the survey for 2013 shows that 30.3% of magazine publishers generated profits, while 34.2% suffered losses, and the other 35.5% had balanced accounts. The survey for 2014 shows a similar distribution: 31.2% reported profits, 36.9% reported losses, and 31.8% had balanced accounts.

n Digital publishing

<u>34.0% of publishers have published e-books, of which nearly 60% were issued between 2012 and 2014</u>

This survey finds that 34.0% of Taiwan's publishers have published e-books (including digital comic books and app e-books), 18.4% planned to publish e-books in the future, and 47.1% are not considering issuing e-books for the time being.

For publishers that have issued e-books, nearly sixty percent (57.4%) released their first such publications between 2012 and 2014; 25.2% started digital publishing prior to 2011, and 17.4% did not respond.

<u>Through the end of 2014, publishers had, on average, obtained copyrights for 20.4% of printed books that were already published; however, the number of copies issued in e-book form only accounted for 5.2% of the total copies</u>

Through the end of 2014, nearly half of publishers had not obtained digital copyrights from any author; 14.2% had acquired digital copyrights for less than one-fifth of books; 9.2% had obtained copyrights for 21-50% of books; 17.6% had obtained copyrights for over half of books; and 11.0% did not respond. Excluding those who did not respond, publishers in Taiwan have on average obtained digital copyrights for 20.4% of printed books that were already published.

Despite this, figures at the end of 2014 show that the cumulative number of titles of e-books varied from one to 1,300, and copies of e-books that were published accounted for a small proportion (5.2%) of total book copies.

47.1% of e-book publishers compiled books on their own, and 54.2% administered digital copyrights on own

In terms of compiling and editing e-books, 47.1% of the publishers conducted compilation on their own, 33.5% fully outsourced the task, 15.5% partly outsourced the task, and 0.6% used scanning to produce digital versions of printed materials. In other words, for all publishers that have issued e-books, only 60% were able or partly able to compile their own e-books.

In terms of administrating digital copyrights, 54.2% of the publishers managed it on their own, 44.5% entrusted it to an e-book circulation platform, and 0.6% opted for other methods.

PDF was the dominant format for e-books; over 75% of e-books were readable on desktop or notebook computers

In terms of format, PDF remained dominant in Taiwan's publishing industry, accounting for over 70%; ePub accounted for about 20%; other formats were far less popular.

As for devices compatible with e-books, over 75% of files produced by publishers who have published e-books were readable on desktop or notebook computers; approximately 70% were readable on tablets (72.7% in 2014) or mobile phones (66.2% in 2014) loaded with Android systems, which had slightly greater compatibility than those loaded with an iOS system.

It is estimated that 1,998 titles of e-books were published in 2014, of which 272 were by Taiwanese authors

As estimated on the basis of information provided by those in the industry, 1,671 titles of e-books were published in 2013, among which 258 were written by Taiwanese authors. In 2014, 1,998 titles were released, and the number of titles by Taiwanese authors was estimated at 272. Some 90% of the e-books, whether published in 2013 or 2014, were printed in Traditional Chinese.

In terms of categories, novels--including “light” novels--were the largest category in both 2013 and 2014, accounting for 23.8% and 22.1% of all titles, respectively.

As estimated by publishers, e-book output value in Taiwan amounted to approximately NT$510 million in 2013 and NT$530 million in 2014.

Half of magazine publishers published e-magazines, of which nearly 60% compiled the contents on their own

This survey shows that in 2014, half of Taiwan’s magazine publishers had issued e-magazines; 12.4% had not but planned to do so; while 37.6% had no plan to issue digital publications.

For publishers who had issued e-magazines, nearly sixty percent (59.1%) compiled the contents on their own, 23.9% partly outsourced the task, and 17.0% fully outsourced the task. In terms of digital rights management (DRM) for e-magazines, over sixty percent (61.4%) of publishers conducted the management on their own, and 36.4% entrusted the task to agencies or circulation platforms.

Computers and tablets with Android systems were the dominant portable device for reading e-magazines

As this Survey shows, portable readers compatible with e-magazines issued by domestic magazine publishers could be read on computers (95.4%) or tablets loaded with an Android system (90.8%); e-magazines readable on Android mobile phones, iPads, or iPhones accounted for 80 to 90%; roughly 26.4% could be read on Amazon.com Inc.’s Kindles and other devices.

PDF was the dominant format for periodically issued e-magazines, over half of which were issued later than the print version

In terms of format, approximately 70% of periodically issued e-magazines were released online in PDF format (69.5% in 2013, 71.4% in 2014), followed by ePub format (16.0% in 2013, 15.8% in 2014). Other formats (.txt, app, or other) all accounted for less than 10 percent.

51.4% of e-magazines were issued on later dates than their printed counterparts (an average of 13 days) in 2013, while 47.7% were published simultaneously, and 0.9% were published earlier. In 2014, 53.9% were issued on later dates (an average of 11 days), while 45.2% were published simultaneously, and 0.9% were published earlier.

An estimated 184 titles were published for e-magazines in 2014, in addition to 8 titles that came only in a digital format

In terms of the number of titles, only six titles of digital-only e-magazines were published in 2013, versus 181 titles for printed and digital magazines combined. The estimated number of titles for e-magazines published in 2013 was thus 187. In 2014, eight titles of digital-only e-magazines were published, as well as 184 titles of printed and digital magazines combined, making for a total number published of 192.

As estimated by publishers, the output value of e-magazines in Taiwan amounted to approximately NT$130 million in 2013 and NT$280 million in 2014.

Among digital marketing channels, e-book sales (rental-sales) accounted for 92.6%, e-magazine sales (rental-sales) accounted for 66.7% of all products sold

Among digital products and services offered by digital marketing channels, this Survey found through a multiple-choice questionnaire that e-book sales or rental-sales accounted for over ninety percent (92.6%) of total sales, followed by e-magazine sales (rental-sales) (66.7%) and e-book apps (63.0%), access to e-databases or compact discs accounted for 25.9%, free rental services for books and magazines accounted for 22.2%, self-publishing accounted for18.5%, and e-newspaper sales accounted for 7.4%.

For e-books sold via digital marketing channels, 69.0% had a print version issued first; 63.0% of publishers conducted digital rights management (DRM) on their own

This survey shows that for e-books sold via digital marketing channels, 69.0%

had earlier print versions (P first), while 19.7% were published in electronic version first (E first); 11.3% had print and electronic versions released simultaneously (EP concurrently).

In terms of the digital rights management of e-books and e-magazines, the majority of publishers conducted management on their own (63.0%), while 33.3% entrusted it to digital marketing channels, and 3.7% outsourced the management.

Novels comprised the largest category among all titles sold online via digital marketing channels; the PDF format prevailed

Further analysis shows that based on data offered by the 59.0% of the publishers who provided statistics, novels comprised the largest category among all titles sold via digital marketing channels in 2013 and 2014, accounting for over 20% in both years.

In terms of format, 92.0% of responding digital marketing channel practitioners said that regulated formats had been adopted, and that among these formats, PDF was the dominant form (69.6%), followed by ePub 2.0 (56.5%), and ePub 3.0 (34.8%).

The majority of titles were charged by individual copy, at an average price that was 62% that of the print version

Charges for e-books were mainly per copy (67.3% in 2013 and 70.2% in 2014) on digital marketing channels, followed by monthly, quarterly, or annual subscription (20.2% in 2013 and 23.6% in 2014), and pay per click (approximately 4.5%).

Compared with print versions, the price of over eighty percent (83.3%) of e-books sold on digital marketing channels was low, falling between 30% and 80% of the price of the print version, and averaging 62% of that price.

For e-magazines, per-copy charges and subscription were the major modes, with an average price of 67% of the print version

For e-magazines, per-copy charges and subscription were the major modes. Per-copy charges accounted for 54.2% and 61.6% in 2013 and 2014, while subscription (quarterly or annually) accounted for 37.6% and 45.1%, respectively.

Compared with print versions, the price of over eighty percent (82.4%) of e-magazines sold via digital marketing channels was low, falling between 60% and 80%

of the price of print version, and averaging 67% of that price.

As estimated by distribution channels, digital publishing output value in Taiwan amounted to approximately NT$900 million in 2014.

Finance & business administration, family & parenthood, and tourist information comprised the largest categories among all titles of e-magazines sold online via digital marketing channels; the PDF format prevailed

Further analysis shows that, based on data provided by 59% of publishers, finance & business administration, family & parenthood, and tourist information comprised the largest categories among all titles sold via digital marketing channels in 2013 and 2014.

In terms of format, 94.1% of responding digital marketing channel practitioners said that regulated formats had been adopted, and that among these, PDF comprised the majority (68.8%), followed by ePub 2.0 (25.0%), and ePub 3.0 (18.8%).

n Reader and consumer behavior

In 2014, for people aged above 12 in Taiwan, 61.0% had read books, 19.5% comic books, 54.9% magazines, and 46.3% e-books or e-magazines

This Survey finds that during the period from January to December 2014, for people aged above 12 in Taiwan, 61.0% had read books, 19.5% comic books, 54.9% magazines, and 46.3% e-books or e-magazines.

Where a book is counted whether it has been partly or entirely read, among those who had read books in 2014, the number of books read on average has dropped from 21.0 books in 2012 to 18.6 books. If the entire population of those aged above 12 is considered, then the average number of books read among Taiwan's citizens in 2014 decreased from 13.5 books in 2012 to 10.2 books, meaning less than one book per month.

For magazines, among those who had read magazines in 2014, an average of 15.4 were read, which was slightly lower than the number of books read (18.6). If the entire above-12 population is considered, then on average, Taiwan's citizens read 8.2 magazines in 2014.

For e-books and e-magazines, where an e-book or e-magazine is counted whether it has been partly or entirely read, this Survey finds that those who had read e-books and e-magazines in 2014 read 15.4 e-books and 12.5 e-magazines on average. If the entire above-12 population is considered, then in 2014, Taiwan's citizens read 3.2 e-books and 2 e-magazines on average.

In books, leisure, sight-seeing, and diet & lifestyle had the largest reader base; the most popular genres for comic books were humor and action & adventure; tourism & food, and news & current events had the highest readership among magazine categories

This Survey shows that the most popular book genres were leisure, sight-seeing, and diet & lifestyle, which were read by 73.3% of respondents. Other genres that had over 40 percent readership included medicine & health (58.6%), literature & novels (57.7%), society & humanity (51.4%), self-help (46.2%), and language learning (41.7%).

In terms of reader preference for comic books, the results are consistent with those from 2012: among the genres, humor (63.0%) and action & venture (61.1%) remained the most popular, while science fiction & fantasy (50.2%), sports/games/board games (45.6%), detective & mystery (44.3%), and deities & spirits (41.5%) were read by over 40 percent of readers.

As for reader preference for magazines, tourism & food (59.4%) and news & current events (52.0%) were the most popular, followed by medicine & health (43.8%), and finance & business administration (41.2%).

Literature & novels were the most popular genres among e-book readers, while tourism & food was the most attractive genre for e-magazine readers.

In terms of e-books read among the public in 2014, the most significant difference from the print version case was that literature & novels was the most popular genre, followed by leisure, sight-seeing, diet & lifestyle (53.8%), and comic books (43.5%).

As for e-magazine preferences in 2014, the results were slightly different from the print versions, with the top five genres being tourism & food (66.7%), news & current events (60.7%), medicine & health (54.3%), finance & business administration (49.7%), and fashion (39.3%).

In 2014, 41.9% of the public bought books, while 6.7% bought comic books; on average, they purchased approximately 4.4 books and comic books, indicating a nearly 20% decrease in purchases, and 2.3 fewer total copies

This Survey finds that for those aged 12 and older, 41.9% had bought books and 6.7% had purchased comic books in 2014.

In comparison with previous (2012) book publishing industry survey results, the overall purchase rate dropped from 51.8% to 43.1%, a nearly 20% drop. Books were affected more, as the purchase rate fell from 50.6% to 41.9%, while comic books were less affected, witnessing a smaller decrease from 7.1% to 6.7%.

In terms of number of copies purchased, if the total population age 12 and above is considered, then Taiwan's citizens aged above 12 purchased 3.8 books on average in 2014, which was 2.1 less than 2012, and purchased 0.6 comics, down from 0.8 in 2012. In total, above-12 population bought 4.4 copies on average, or 2.3 less than 2012.

In 2014, 30.4% of the public had purchased at points of sale, rented, or subscribed to magazines; on average they bought 1.9 copies at retail locations, borrowed 3.7 copies, and subscribed to 0.4 copies

In total, 30.4% of the public had purchased at points of sale, rented, or subscribed to magazines in 2014. If the entire age-12-and-above population is considered, then Taiwan's citizens bought 1.9 copies at points of sale, rented 3.7 copies, and subscribed to 0.4 copies of magazines on average in 2014.

The average sum the public spent on books in 2014 was NT$1,240; books' output value, as estimated from consumer data, amounted to NT$25.6 billion, a nearly 20% fall from 2012.

In terms of the amount of money spent on books and comic books, considering the total above-age-12 population, Taiwan's citizens spent an average of NT$1,146 on general books and NT$94 on comic books in 2014, for a total of NT$1,240.

As estimated from consumer data, books' consumption value (for books and comics) amounted to approximately NT$25.6 billion, some NT$6.3 billion less than in 2012, or a nearly 20% decrease.

The average sum the public spent on magazines in 2014 was NT$598; magazines' output value, as estimated from consumer data, amounted to NT$12.3 billion.

This Survey finds that the public spent an average of NT$1,480 on magazine purchases, NT$1,170 on rentals, and NT$3,473 on subscriptions in 2014, for a total aggregate spent on magazines of NT$1,946. Where the total above-12 population is considered, Taiwan's citizens spent an average of NT$589 on magazines. The total output value was estimated at NT$12.3 billion.

The sum consumers spent, on average, on e-books in 2014 was NT$1,484, and that on e-magazines NT$1,921

On e-book purchases, consumers spent an average NT$1,484 on the purchase of e-books and NT$1,921 on e-magazines. Considering the entire above-12 population, on average each person spent NT$60 on e-books, and NT$49 on e-magazines. E-book output value thus was estimated at approximately NT$1.26 billion, and e-magazine output value at approximately NT$1.0 billion[3].

[3] This research attempts to infer output value of the publishing industry in Taiwan from information provided by publishers, marketing channels, and consumers. However, as the basis adopted for computation varies, the results differ. For example, the fact that estimated business revenue of book publishers is higher than that found from marketing channels may be attributed to the coverage of such channels, which only includes retail and online bookstores while excluding non-bookstore channels such as direct sales, libraries, and overseas sales. Similarly, the fact that the estimated business revenue of magazine publishers is higher than that accounted for by marketing channels may be because magazine subscribers receiving their copies at their place of employ are not included. As for why a mostly higher output value is inferred from consumer expenditures on books than the figure estimated from publishers' information, the reasons are as follows: first, consumer expenditure includes overseas consumption; second, figures on expenditures on e-books and e-magazines offered by consumers may actually be the fixed monthly charge for digital platform service, or that e-books are not completely separated from e-magazines due to limitations on the publisher's side, which then leads to double counting. Such are the restrictions this research confronts.

In 2014, the best-selling categories for books were leisure, sight-seeing, and diet & lifestyle; for magazines, it was finance & business administration

Leisure, sight-seeing, and diet & lifestyle were the best-selling categories of book in 2014, followed by literature & novels. As for comic books, this Survey finds that the most popular genres were action & venture (32.1%), humor (31.2%), and love & melodrama (25.0%).

For magazines, the best-selling category was finance & business administration (34.7%), followed by tourism & food (32.5%), miscellaneous (23.4%), and medicine (23.3%).

For e-books, literature & novels were the best-selling category (40.4%), followed by finance & investment (31.7%), society & humanity (29.2%), and leisure, sight-seeing, and diet (29.1%). For e-magazines, categories that attracted over 30 percent of buyers were finance & business administration (54.3%), news and current events (40.7%), tourism & food (38.2%), fashion (33.6%), medicine & health (32.8%), and PC & network communications (32.5%).

Paid e-book or e-newspaper services remained less popular

In terms of reader's willingness to pay, e-books still witnessed a low level of acceptance by the public. Only 3.0% were very willing to pay, and 13.7% somewhat willing. In total, the acceptance rate was 16.7%, six percentage points less than the figure in 2012. Some 55.1% of the public was unwilling to pay for e-books, and 24.1% strongly unwilling. In total, 79.2% would not accept a pay model.

II. Qualitative research: major findings

Based on the interviews with industry insiders, printed magazines witnessed shrinking sales volume similar to the book market, and such changes were accelerating in the latest three years. The majority of practitioners believed that the shrinking market for printed magazine could be attributed to the Internet. For example, some of them analyzed what caused a fall by one-half of fashion magazine sales. The first reason given was that sources of information had changed; secondly, young females went directly to websites due to the increasingly sophisticated design of online shopping platforms. Therefore the problem may not lie in reduced readership, but rather in the growing number of digital reading tools--which has consequently dramatically changed how people choose to read--and the increasing number of free information sources.

However, most industry insiders believed that for the time being, business models that generate profits for e-books are not yet within sight, as e-book business revenues accounted for just 1 to 5% of total business volume. In terms of production, publishers continued to invest only haltingly, and remained short on both personnel and sufficient technical expertise; on the consumer side, the majority of readers have become accustomed to free online reading, and therefore were unwilling to pay for e-book downloads. As for digital marketing channels, for the time being, the following factors could create barriers to the further development of e-books and e-magazines: a modest market size, the lack of effective sales platforms, the lack of established rules and practices concerning e-books, and insufficiently transparent financial management.

Based on the suggestions provided by industry insiders contacted for the quantitative and qualitative research of this Survey, the government could implement the following to support the publishing industry:

1. Promoting reading and cultivating a healthier reading ethos

(a) Promoting reading and cultivating the habit of reading in children; and

(b) Implementing policies of continuing morning reading in schools to cultivate the habit of reading in adolescents.

2. Supporting the development of digital publishing

(a) The government should advance e-book programs and assist the publishing industry to transform and establish common e-book formats;

(b) The government should invest in the cultivation of individuals talented in digital skills;

(c) The government should formulate more specific policies to help traditional publishers transform into digital publishers, and should offer more financial and technical assistance;

(d) The government should invest in the establishment of systems for rendering assistance and of platforms and payment methods;

(e) The government should standardize and normalize back-end information of e-books by formulating an e-book equivalent of the ISBN, instead of having publishers number their own books;

(f) The government should assist in adopting the globally accepted format ePub 3.0 for documents and files, and offer publishers funding to train their employees in use of ePub 3.0;

(g) The government should clamp down on pirated e-comic books and protect the rights and interests of the publishing industry.

3. Providing an advantageous environment for the industry, including offering tax exemptions and rendering long-term overall assistance

(a) The government is advised to exempt books from taxes to ease pressure on the industry. Also, it is suggested that readers be allowed to claim the purchase of books as a tax deduction and be encouraged to declare such purchases.

(b) The government should formulate a long-term overall assistance plan.