



E2 “Digital education for Enhanced Editorial products”

WP5 Research & Didactics

National Research Report

DENMARK

**by Miguel Bustos Vergara / P4
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Executive Summary

Disclaimer

Due to the fact that we are not familiar with the publishing sector we need to recognize there is a lack of precision in our data. This is a completely new of the topic for us and therefore a relative lack of time assigned to this task. Therefore this report represents more our first view of the Danish publishing sector as marketers rather than a precise research carried out by experts in the field. However we have been developing during this process a strong contact network with relevant national players, so we know now where to go and ask to get the right answers in further stages of the project. That will give us the possibility of collect more precise data and better statements about the digital publishing sector in Denmark to use in the future.

Introduction

This report is mainly based on information and documents produced by the "The Danish Publishers Association", which is the leading trade association representing Danish Publishers. The association was founded in 1837 and its members represent roughly 85% of the industry by turnover.

As a consequence and the importance of the developments in technology in the digital era, the Danish publishers association has created two special groups to address two main areas of digital publishing:

1. - Copyright group, dealing with the challenges in trade market
2. - The educational group dealing with the digital challenges in the market for schools and textbooks.

The Danish Publisher Association has for several decades collected data from its member about annually publishing revenue. This information is supplemented with estimates of the turnover of the publishers, which are not members of the association, in order to present an assessment of the overall publishing revenue for the publications that may be considered relevant to the turnover in the bookstores in the whole country. Some of these data will b exposed later in this report.



1. Context and background

Background

Denmark and Scandinavia in general are considered as among the biggest IT nations in the world which reflects in several statistics as the highest penetration of internet, the fastest internet connections, the highest penetration of smart phones, tablets and the first Facebook country in the world to name a few.

In this context, several initiatives have been taken both in the private and the public sector, in order to make it possible for the country to keep its leading position in the years to come.

Despite the fact that at this moment the digital market for literature - as is the case for other non-English speaking countries - remains small in Denmark the expectations are of a huge growth in the coming 2 to 5 years.

Although the digital market for literature today represents only 2% to 3% of the total market, enforcement of online rights is a central focus point. Piracy, file sharing and copyright are central and discussed topics for not only publishers, but also writers, distribution channels and other players as for instance national and local libraries and book clubs.

The industry focuses strongly on development of new distribution platforms and concepts, but the experience of the music industry shows that it is not in itself sufficient to stop the illegal copying. For instance in Sweden, where the stream based music distribution service Spotify is very popular, a recent study has shown that despite the gratis service model the level of piracy has grown.

Data 2007 (Source The Danish Publishers Association)

The total book sale in consumer prices and inclusive tax was 4,020 billion DKK in 2007 against 4,135 billion DKK in 2006. This represents a decrease of 3% in 2007.

Expressed in number of pieces are estimated at just under 31 million pieces in 2007 to 32 million pieces in 2006, 34 million in 2005 and 31 million in 2004.

The distribution channel based on quarterly statistics showed that bookstores accounted for 57%, supermarkets and drug stores accounted for 8%, direct sales to end customers accounted for 19% and direct sales to book club members 15%.



It is estimated that booksellers including internet bookstores account for 65% of the book market, that the direct book club sales in 2007 accounted for 10%, supermarkets and kiosks for 8%, while the publisher's direct sales to consumers, educational institutions etc. amounts to 16%, and finally abroad sales represent only 1%.

Estimates of share per gender showed literature represents a 28% in 2007 compared to 29% in 2006, children's and youth books share remained unchanged at 14% and professional books share fell from 27% to 26%. School and school textbooks share was also unchanged at 30%.

Record for children's books

The number of published children's books rose to 1,992, which is the absolute record. Of these, there were 1,728 first editions, which is also a record. It is quite remarkable that the number of published children's books could set record in 2007.

Data 2011 (Source The Danish Publishers Association)

Decrease in publishers' turnover in 2011:

4th quarter of 2011 ended with a decline in circulation of 3.3%. Thus 2011 ended with an overall sales decline of 4.3%. The greatest decline in sales is to bookstores.

Compared to the sales channel, the largest drop in fourth quarter in sales is to bookstores, where sales fell from 350.9 million DKK in 2010 to 330.2 million DKK in 2011, representing a decrease of 5.9%. For the full year, sales at bookstores fell by 7.3%, bringing the total sales to booksellers down to 991.6 million, corresponding to 52% of publishers' total revenue.

There was a decrease in all genres. However the largest decrease was of 29.5% for the whole of 2011 in the category of digital publications, corresponding to 4.8 million DKK. The nominal largest decrease in DKK during 2011 was in the categories of fiction and professional literature, which have fallen respectively 26.5 million DKK and 25.5 million DKK

Decline in sales of children's and youth books

Sales of books for children and youth account for the largest percentage decline in the fourth quarter 2011 with 15.1% decrease. Sales have been struggling the year, and decline for the whole year was of 15.2%. The largest percentage decrease in 2011 is in sales to supermarkets (31.6%) and in the publishers' direct sales (31.4%). The nominal biggest decline in sales to bookstores, which is 13.2 million DKK, and hence sales of juvenile books to bookstores ended at 152.7 million DKK in 2011.



The digital revenue increases in the 4th quarter 2011

The digital revenue increases in the 4th quarter by 16.8%. It is primarily the direct sales, which account for the increase, as sales here rose by 77.3% compared to the fourth quarter of 2010. The digital sales to bookstores have increased by 2.1% while sales to supermarkets fell by 26.5%.

Due to decrease in other quarters, the total digital sales for the entire 2011 virtually unchanged compared to 2010. Measured in number of publications, there is an increase of 22.9%. Sales direct to the consumer in 2011 rose from 22.8 to 27.5 million DKK, corresponding to an increase of 20.6%. Thus the direct sales represent 54% of total digital sales. This suggests that the increase in digital sales in particular happens in schools.

The total digital market share for 2011 in terms of revenue ends at 2.7% and measured in number of volumes of 3.8%.



2. National analysis of best practices related to e-publishing

The Experiences from the music industry

It is astonishing and remarkable the number of analogies that are made between the process through which the publishing sector is going to world wide, and what have been happening in the music industry since the beginning of the millennium when file formats as MP3 became accessible for every body and several internet portals gave the opportunity to anybody with a computer to upload, download, stream and share music files. This revolution came along with the development of new software of easy-to-use music software and faster and faster Internet connections. The result was an Armageddon for the traditional record labels, an atomization of the business model and huge lost in revenues for the whole industry.

Even though there are some differences, something very similar is already happening although it is clear publishers have learned how wrong it can go and are already taking all actions to avoid the same to happen with the book and e-book market. Thus the topic of digital rights, copyright and piracy are with no doubt the biggest threat the whole sector, including writers want to address.

Among other here are some points of similitude mentioned in several articles, discussions groups, unions and associations.

- Piracy:

Do we need to give more details about this? We can just mention the Google case, where the giant company had plans of digitize books and put them online so everybody could have access to them. As far as we know the court in USA opposed this initiative and since Google has dropped the project.

- Booksellers and the records shop:

We have experience that there is a quiet real fear of physical booksellers/stores having the same destiny than record shops for 5 to 7 years ago. That is disappearing because of the possibility of download files from a online shop, any time, from any where and for much less money if not for free.

- Pricing strategies:

Apple's once again, was the first company that made it possible for the masses to purchase single tracks instead of always the whole album. The platform was iTunes and the device was the iPod. One cannot exclude the idea of downloading only one chapter of a book instead of the whole book. Why to purchase the whole book of biology if you are only interested in cells biology? The platform is here the iBook and the device is the iPad



- Press v/s digital. Vinyl v/s file. Book v/s E-book:

There are several authors that already are against e-books with the legitimate concern of the printed book nearly disappearing, as it has been the case first with the vinyl and then with the CD

- The Spotify model:

One of the two market leaders in Denmark has recently announced the launch of a service for books based on the concept of the Swedish Streaming and distribution portal Spotify. The Danish service should be available already during 2012. The concept is an Internet portal with a cloud of content accessible from several devices anywhere and anytime. The artist and labels (authors and publishers) get incomes through streaming and downloads. Spotify business model is integrated with facebook, which adds the social media and viral effect to their model.

- The Old School and the New School authors:

Several of the "star authors" in the country oppose the idea of digitizing their works, where the new generation of authors has a very positive attitude about the e-books. The ones see a threat the other opportunities. The same happened with producers in the music industry.

- D2C Direct to consumer:

"You can also be a musician, produce and distribute your music" You need the software to produce it and an internet connection to upload your music, input your credit card and bank info and start distributing it. Everybody can here and now, download iBook Author and go ahead writing his/her first e-book. There hundreds of templates available that include video, images, text, etc. Once you are ready, you can submit your masterpiece to iBook and make it available on the store for free or paid download.

Scaring or ?

Educational sector and digital learning for future primary school

There is in Denmark a strong focus on the opportunities and possibilities that the digital era offers to the teaching process and model. Many small and medium size publishers are very active on going digital and there are already a few portals with primary school content. Cooperative learning, interactive white board, e-books, e-libraries are already quiet common in the country.

The Danish Publisher Association's Section of Educational Publishers, whose members represent some 85% of the market for educational resources for primary schools, have read with interest the school Report "Tomorrow school - one of the world's best". In the report's recommendations it's stated, "the Ministry should identify, facilitate, update, and possibly also develop IT-based materials for teaching in all primary school subjects".



“It is necessary that all Danes continuously develop their skills, if the Danish welfare level must be maintained. Most Danes have also recognized that this is necessary. But in a busy life is not always that people have the opportunity to participate courses in skills development. With e-learning it is possible to create new forms of more flexible and continuing education”

The Internet provides new opportunities and challenging tasks when it comes to small publications such as union member’s magazine, magazines in general, employer’s magazine, annual reports, etc. More and more print publications are going digital, and this puts great demands on both communication experts, journalists and marketing departments. How do you translate the information from print to digital? How do we exploit the digital opportunities in our communications to members, employees and magazine readers? What opportunities, challenges and pitfalls are there when a lot of information goes out on the digital platforms? Are the print media a thing of the past?

Digital ambitions has been the driving force for Internet publishers as Clio Online, which has invested exclusively digitally since it opened its first Internet portal www.danskhistorie.dk in 2005. Since then, the company has grown from 3 newly qualified promoters to a company with 35 permanent employees. The company now publishes eight portals used by 1,479 subscribing schools. The company's success has been a great inspiration for the national publishing industry.

Internet portals and interactive books win onto the printed textbooks in primary schools and for some this is nothing less than a “Learning Revolution”, comparable for some with the invention of the print by Gutenberg. Ink and paper are becoming history in the country's educational publishing sector. Instead, interactive white boards used in teaching in the classrooms, iPad and the regular use of laptops in primary school trigger the digital fervor among educational publishers. Several publishers integrate interviews, video clips and interactive features in the digital publishing.

The newly formed Digtea is one of the educational publishers, which focuses on digital opportunities in education. It has recently launched digital education materials for primary schools in Danish, mathematics, natural science and engineering. Experienced publishing people established DIGTEA early 2011. The name is a contraction of DIGITAL and Teaching.

Gyldendal, the mayor national publishing company has also been leading this process and has a couple of subject portals as for instance www.dansk.gyldendal.dk dedicated to teaching Danish in the primary school

Other portals feature a large library with more than 600 online texts, photographs, sound and moving images Interactive Analysis Circles, training assignments and Genetic Sciences



The smell of a newly opened book, pulled down from the shelf bookseller, is probably a very special thing for most bibliophiles. But the arrival of e-books challenges this otherwise fine image. While the market for e-books in the United States has long since overtaken the hard-and paperback editions, the reaction of e-books at home is only in about two percent of total book sales. Despite this publishers on the digital front are optimists, because they expect that sales of e-books will increase soon and considerably

Danish publisher will make Spotify for books

Digital subscription services for e-books are the future, says publisher Lindhardt and Ringhof. And the Danish Authors Society feels quite confident that a streaming service for e-books is coming. Lindhardt and Ringhof's Director, Cliff Hansen, estimates that in 2012 they will launch a digital subscription service for e-books, where the titles can be streamed directly from the web. He believes that Denmark is getting ready to bring the books into the digital age.

"To operate a subscription service, with streaming of e-books we must have a digital content of a certain size, and we are close to have in Denmark. There are of course not several million Danish e-books, just as there are tracks on Spotify, but now there are many thousands of e-books available, says Cliff Hansen"

Norway is one step ahead. And although you still cannot stream e-books, collaboration between the Norwegian Publishers and authors has ensured an agreement that may create a subscription service for e-books. Authors Association in Denmark has no doubts about the future. The chairman of Authors Society of Denmark, Jo Hermann, has no doubt about that at some point also will be a Danish streaming service for e-books. One way to ensure revenue is through subscription price probably more expensive than Spotify. The Norwegian author association spokesperson Anne Oterholm, says that a subscription to the Norwegian e-book streaming probably will cost between 200 and 400 Norwegian crowns per month. So something more than in music service Spotify, where a month's subscription costs 99 crowns.

Swedish book publishers are aiming for the iPhone and the iPad

Book industry and digital development really takes off. Five Swedish publishing houses are launching books directly for the iPhone and the iPad. Some 200 Swedish titles to iPhone and iPad are already available on Apple's online stores iTunes and App Store. A figure that will gradually rise. Prices range between fifty and one hundred SKK per book.

"Traditional booksellers must in turn adjust to the fact that they belong to an endangered species. It is true that the printed book will not die out completely. There will always find a few nostalgic enthusiasts who buy printed books, like people today collect vinyl records, but there will be only need a few specialty shops to serve the very limited clientele", says Jeff Gomez.



4. Reflections and Conclusions

The old school writers

"We have seen what has happened in the U.S., where e-book's entrance in the market have not added any good" Says Leif Davidsen, one of Danmark's most respected and bestseller author still holds to his decision. "I have so far said no, because my basic position is that I will not help to accelerate the e-book development. There are a number of problems, especially around business models that must be resolved before I would join. But I also wrote the feature article to start a debate, when all seemed to agree on e-books boom without thinking about the consequences for the entire book industry, "

The e-book is here - but Danes do not use it.

The electronic book will make its break through in 2 to 5 years, say media specialists, but we will still love to have books that we can touch and put on shelves.

The market requires cheap books. A large number of Danish publishers are experimenting now with much cheaper prices in the battle to sell e-books to the Danes. Publishers as Lindhardt and Ringhof, Rosinante & Co and People's Press has teamed up with Internet bookseller <http://da.riidr.com/> and lower in the prices of e-books marked for a limited period.

In fact the e-book is here, but it takes only a very small space in the entire book picture. Two-three percent of books sold as e-books in Denmark, where 20 percent of comparison, e-books on the book market in the U.S. The supply of interesting titles in Danish is growing, but still limit. E-book market is growing, but prices must fall before the e-book really breaks through.

But e-books can also give a different reading experience than the printed book. Especially new authors in the thriller gender choose only to come out digitally. For them this format opens new possibilities because the e-book can give a different reading experience than the printed book. Here the reader can for example click through to links to Google Maps and follow where the different people in the story are.

Copyright issue. Illegal file sharing, pirated copies and the Letter model

As for the music industry this is not a problem that will disappear by itself. On the contrary, studies show that the problem of illegal file sharing just gets bigger. A possible solution is the so called "Letter model" which is in principle an awareness campaign, which implies that citizens receive a letter stating that their Internet connection being used for illegal copying of copyrighted movies, music or literature. The letter also makes note of how a line can be protected from external abuse. The idea is that the letter may give rise to a talk in the household of what is allowed and what is illegal. The servers, which determine which IP addresses participating in illegal file sharing, and the



telecommunications company (ISP), are the ones that match the IP address with the subscriber, and thus can send a letter from the copyright's holders. If the subscriber has previously received two letters, the phone company does not send a third letter, but inform licensor that two letters have already been sent. The licensor can then decide whether the item must be the third recorded violation and the legal process to follow. There is expected to be emitted between 25,000 and 50,000 letters a year in Denmark.

It is now four years ago that in Denmark we really did open the debate on combating illegal file sharing on the Internet in the form of the so-called letter model, i.e. proposal to send information letters to households where there has been illegal uploading of such audio books and e-books to file-sharing networks. Since then the letter model has gone through no fewer than three public expositions: a working group, called a series of meetings within a range where among ministries, IT and telecommunications industry and right's holders was unanimous support for this letter model. Upon publication in spring 2011, there was also broad support among the political parties, both the government and the opposition, who have swapped roles since.

Illegal copying has eaten large percentages of the music market and is well on track to hit film market in the same way. Publisher Association is worried about these experiences. For how shall it be when publishers really come with the online market?

Big challenges waiting

Digitization opens up many opportunities for publishers. They can start making money on old works that have not been reprinted, by selling them as e-books, and the publisher's association also hopes that more people will begin to read books when they became available through the interaction with a tablet or Smartphone right at your fingertips.

"But publishers can with increasing digitization also look forward to tremendous challenges. There are great opportunities to sell digital content, but definitely also challenges. Publishers must find sustainable business models, and it is uncertain what expectations readers would have to the functionality of the digital literature, and how much they are willing to pay for it. As is seen, with music and movies, of course there is also a threat from piracy", says Christine Bødtche-Hansen, Director of the Danish Publishers association.

"Publishers are just now in the process of negotiating contracts in place with the authors of the digital content. The authors have long been ready to go digital", says Lotte Garbers, president of the Society of Authors. Publishers feel more pressure on their business model than the authors do, they have a lot of challenges. Some think that many authors believe that publishers have been a little slow in getting started with digital publishing



5. References & Bibliography

References & Bibliography : we will use Harvard Style referencing.

You can see in the following link the rules and some examples:

<http://libweb.anglia.ac.uk/referencing/harvard.htm>

In order to easily formatting the final complete bibliography, please compile it using a dedicated program (such as Zotero, Refworks, EndNote) capable to export in BibTex format and provide the BibTex file with your National Research Report.