



**Interview with Rüdiger Wischenbart
Global 50, The World Ranking of the Publishing Industry**

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KENNEALLY: A ranking of top players in publishing isn't only a numbers game. Assessing the current state of the market in the middle of a pandemic and in the throes of digital transformation requires complex calculations far beyond spreadsheets.

Welcome to Copyright Clearance Center's podcast series. I'm Christopher Kenneally for Velocity of Content.

A thorough understanding of global publishing in 2020 considers not only the bottom lines for companies, but also what underlines their business. Questions about publishing formats – books, mangas, and graphic novels, even magazines – must be raised. Cross-pollination in media entangles the story further, as book titles can extend IP across film and television as well as gaming.

Raising these points and offering thoughtful analysis is what distinguishes the latest edition of Global 50, The World Ranking of the Publishing Industry, from Rüdiger Wischenbart, who joins me now from Vienna.

Welcome back to the program, Rüdiger.

WISCHENBART: Thank you, Chris. It's very nice to be back here.

KENNEALLY: Well, we look forward to exploring those points. We'll get to the numbers in a moment. But first, I do want to approach this almost philosophical question of what we mean by publishing in 2020. It is in part because the extension of intellectual properties across media formats and around the world has really changed the business. But digital is also transforming publishing. Explore that with us.

WISCHENBART: I like that point of entry, because it's very important. A couple of years ago, I wrote together with two colleagues and friends a research paper titled "What is a Book?" Basically, the research paper consisted of explaining why even between the few researchers of us, we were unable to find, number one, a clear definition that fits really what is going on, and second, to really agree on one approach, one methodology, but we rather could explain our difficulties and disagreements. Why is that?



Start with the latest frenzy in publishing, audiobooks. Books are understood to be about reading, but certainly audiobooks are not about reading. If you discuss that question with a brain researcher, he will explain to you that entirely different brain processes and different regions of the brain are involved in reading a book and in listening to an audiobook.

Suddenly, a very simple industry where we had authors writing something of a certain length, giving it to other people who turned that into a physical object, forwarding it again to another part, the booksellers, who were exploring to find an audience for that thing – that suddenly has been transformed over the past only 10 years or so into a multilateral, multifaceted, fascinating, but complicated thing. And guess what? The COVID crisis – during the pandemic, with all the transforming consumer behavior, will very, very strongly, deeply, and I'm sure also in a lasting way transform and accelerate that change even more.

KENNEALLY: And it is a technologically driven change, but it's a change that has affected the business in really key ways. You referenced booksellers. Because of the pandemic, but also because of digital transformation, publishers – authors, too – are more closely in contact with their readers, with the consumers. That means a great deal.

WISCHENBART: Yes. I guess direct to consumer is one of the catchphrases for the moment. Not only publishers need to learn, which is very complicated for many, how to understand the people who actually consume, buy, and read their books, but even authors have to change their role and their way of understanding what is their job.

We saw that beforehand in the music industry, where suddenly the sale of physical objects – CDs, vinyl records – has lost in importance, and the performance, the actual, again, direct contact to the fans, to the audience, is the one that produces the revenue for the artist. I guess many similar things are happening right now in the pandemic.

KENNEALLY: And this lack of clear lines, it must be a challenge for someone like yourself who's trying to assess the size, the scope, the breadth of the marketplace at this moment. Tell us about that. Tell us about your work as an analyst – how this graying of roles has changed the work you've done for the Global 50, which is a longstanding report.

WISCHENBART: Just an anecdote – a few weeks ago, I did some research for a research company in Dubai in the Arab Emirates. They had the task to screen the creative industries across the board to explain what is going on between music and books and movies, etc. Like all research companies, they had a little questionnaire, and I couldn't even fill in some of the most banal and trivial-looking questions, like how big is the publishing industry? What's the turnover with books, and is it bigger today than five years ago or smaller? Because it's such a fragmented and changing and fluid business, we are



riding waves, and we never have an understanding of the foundations, the numbers, the parameters for the full, complete picture. But that's also part of the fun.

Obviously, like any researcher knows, when you talk to a handful of knowledgeable people, experienced people, and when you look at the trends over a certain period of time, over several years, you identify easily and quickly both what is leading from A to B and where are just contradictions that you cannot explain and where, obviously, you have some mistakes or some wrong numbers, etc. That's doable in a more reliable way than you might think.

When it comes to the Global 50 ranking, we do this now since, I guess, 2007, 2008, so quite a while. The main challenge at the beginning was that so many of the non-English-language companies – so all the Europeans, with a few exceptions – are privately owned. Big families own the largest company or media company in the Spanish-language world, and they don't need to report their numbers. But over time, you can talk to them, and they will reveal the main figures to you. That's how we work.

One of the main results is that we see on the one hand, quite surprising continuity and stability in that book market on a global scale. But at the same time, as soon as you approach it a little bit more in detail, you realize that over the past five, six, seven years, industry consolidation, one buying the other, has gained in momentum and in importance dramatically.

KENNEALLY: Isn't that an irony, really, Rüdiger, that despite all of the change that you've just been describing, the top tier in your Global 50 ranking hasn't really changed that much in the past few years?

WISCHENBART: Not really. Not really. We have the usual suspects which transform slightly, like the number one becoming the number two, number three becoming number two, things like this. But we have a few patterns that are redundant. First, the largest companies in that segment are not trade publishers, but scientific publishers and professional publishers. Reed Elsevier and Wiley and now Springer Nature – these companies are bigger than the trade publishers.

However – and that is the very new trend – the trade publishers consolidate very rapidly now. We used to have the big six, which became the big five in New York, and now with Penguin Random House acquiring Simon & Schuster, we'll have the big four, and perhaps very soon the big three. That is a big transformation in the core of the business.

KENNEALLY: It's interesting the way we count, though, because you mentioned big five, four, three. It's like we're doing a countdown. But in the midst of all of that, we have seen the



rise of other players that aren't styled as publishing companies, publishing houses, but are media companies, and they have become increasingly important, particularly in trade publishing. I'm speaking, of course, of Amazon, Apple, and others. Tell us about their importance.

WISCHENBART: There is one irony, you know? If I look into that sale of Simon & Schuster, one of the big traditional trade and general audience publishing houses of New York, they have been a division under a media company. Now, the sale to Penguin Random House turns that into more or less purely a book-driven empire – of course, Bertelsmann having also other media divisions, but the core is in the traditional part of the book industry. It's a focus on just books and not the trans-media frenzy that was expected to become the new rule of the day.

On the other hand, these other companies that you mentioned, starting with Amazon, but also companies like Wattpad, the online writing and reading community, they are cross-media. They suddenly said, well, OK, Amazon started by selling books, but then very soon they sold anything else, all the way down to groceries, and then they became a media company and do God knows what. At the core is not the publishers of the books, but the authors and the creators for them. So they introduced both the ebook and self-publishing in 2007 at the same time. That is the new model that is competing with the traditional houses. Unfortunately, again, this is one very, very fundamental trend, but we have absolutely no reliable number to quantify that. But it's massive.

KENNEALLY: This shapeshifting that you are describing, Rüdiger, it sounds a bit like science fiction, but it's happening across the board. You mentioned, of course, the work that has been underway in changing the trade section of the industry. But educational publishers, too, are caught up in this whole process of redefinition.

WISCHENBART: Yes, and they have a very hard time doing so. They are also the main losers of last year under the pandemic conditions, because the spending on learning, where they can gain and build an industry upon, that has been in very dire straits.

One of the big mergers that had been planned for quite a while, between McGraw-Hill and Cengage, had been called off. That was interesting as an illustration to your question. Cengage a while ago was in very bad shape, but the turnaround was driven by the CEO's conviction that he must focus on the students and the teachers and not the book publishing – on producing communities and on digitizing the entire process of learning. Now, everybody thought that is the new formula to regain traction. But that big merger that was planned, to really make that the big rule, had been called off because the roadblocks were so many and so hard to overcome that they called it off. So what we learned is that the transformation of learning – and I would rather call it from that side – the learning



transformation is so complex and so open and still in a state of formation that it's very hard to find the magic formula in that area.

KENNEALLY: Something else that is sort of continuing to evolve – it's an ongoing story, of course – is the COVID-19 pandemic. Your report touches on some of the first insights you were able to glean on the fallout from that. We have been surprised by the strength of the book market. Sales have done particularly well in the United States, but also well around the rest of the world. But I wanted to ask you about something you point out, which is that subscription services seem to be doing far better than you might have expected. Why do you think that's the case?

WISCHENBART: Remember that for, I don't know, five years or so, we have been told by many voices throughout the industry that subscription would be a model that is not applicable in the book business. Remember? Everybody told us so. Suddenly, we realized that's not the case.

We have been able to do some studies during the lockdown in this pandemic, and the audiobook subscriptions from companies like Spotify or Amazon or others have been continuously increasing. That was the tool to win over new audiences for audiobooks and partly also for ebooks. That was not ending and coming back down after the end of a lockdown in Germany or in Spain or in Brazil. That was continuing in a very linear way.

So we see that the strong reading audience has been connected to a pipeline for the first time. Not just the gas station, where you need to go there, but they're directly plugged and connected to like the water system, to the faucet. And they want to have that water or that reading continuously, at least for some paths of reading – so that quick entertainment reading, but also the reading that was, again, a new trend for kids. Kids love serialized stories – small kids and juveniles alike. That is a model that comes much closer to that need and that preference in the consumption than any other model. I'm sure at the moment that is still niche, but we will see significant growth.

And here again, if I'm talking about the platforms that you mentioned before – Amazon, Wattpad, whatever – they are a big driver in that shift, because the consumers on these very same platforms are already used to have their subscription of Netflix, of Amazon Prime, of Disney+, etc. and Spotify for music, so they add some reading stuff to that routine.

KENNEALLY: We will link to Global 50, The World Ranking of the Publishing Industry, on our website, and readers can download that for free and have a look not only at the numbers behind this analysis, but profiles of many of the companies that appear.



But I do want to speak about some other aspect of the book business that is changing, that is transforming, and it's an area where you have been active, Rüdiger. That, of course, is around book fairs, which have had to sadly suspend operations, and some of them even closing or retiring, as they said, at BookExpo. You have been the creator, the founder, of a new series, an online virtual book fair of a sort, ReBoot: Books, Business, and Reading, and you have several programs coming up beginning on February 18. Tell us about those.

WISCHENBART: When we started going through these turbulences of last year – lockdowns, pandemic, insecurity, new models – we thought we really wanted an industry conversation about what that all really means. So we started in September and October, first with a series of four workshops – online, of course – and then with a rather big conference with four different sessions on four different thematic lines. The model was very simple. We said we want people, really experienced professionals of the industry, to share their lessons learned over the past half-year.

The first thing was we had CEOs of companies with over a billion US dollars in revenue speaking at eye level to small publishers or retailers from Mexico, from Argentina, from Greece, and they found it very easy in a moderated conversation far away from the dull PowerPoint presentations to find common ground, because everyone had made very similar experiences and learnings.

One thing – we need to build communities. We need to figure out how to do direct to consumer. We need to work together between the big guys and the small organizations. In Germany, the largest physical book chain opened an online buying portal where they partnered with small independent bookstores around the corner. In Mexico and in Buenos Aires, these little publishers did exactly the same thing, but on their smaller scale, and told us how their learning curve was. That learning curve was strikingly similar between those who were there.

It was the Mexican colleague who coined the killer phrase, if you permit that little bit difficult term for that. He said, we are living in good times for those who survive. He was not emphasizing the COVID infection, but the business development. He said, we see how many companies find ways – very different companies in very different areas of the business find new ways to innovate, and others are really hitting the wall. That is where we are.

Because of that very strong lesson, we said, OK, we continue with the second run in the first half-year of 2021, and we start actually on Thursday, February 25 with the first workshop, where it's going to be about the numbers. We have reports with reliable numbers in print, in digital, in subscription services, etc., in a wide array of markets. And we do some analysis ourselves. We strongly believe in collaborative efforts, and we will



partner again with many data companies. So in the first workshop, we want just to map the field and say, what is really the summary of what we have seen, and what are the lessons to be deducted from that? That's the first round in February.

The second will be two months later, in April, where we say, OK, now we want to learn about the tools. What are the best tools for publishers, for retailers, for wholesalers to come to terms – for instance, in direct to consumer? That is what we call the ReBoot Repair Shop, because the roof is leaking, then it will be spring, and we want people to fix their roofs and find good ways and tools from us to make that job a little less hard.

Then in June, we have a third iteration, where it's going to be strategy and the forward-looking perspective again.

KENNEALLY: Rüdiger Wischenbart, co-author of *Global 50, The World Ranking of the Publishing Industry*, and co-founder of *ReBoot: Books, Business, and Reading*, thanks so much for joining me today on *Velocity of Content*.

WISCHENBART: Thank you, Chris, for having me.

KENNEALLY: Our co-producer and recording engineer is Jeremy Brieske of Burst Marketing. You can subscribe to the program wherever you go for podcasts and follow us Twitter and Facebook. I'm Christopher Kenneally. Thanks for listening and join us again soon for another *Velocity of Content* podcast from CCC.

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