



Digital Publishing Strategies: the US Trade Book Experience

March 26th, 2015

Chantal Restivo-Alessi Global CDO

HarperCollins Publishers, New York, NY

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- Organization changes:
 - Publishing / production
 - Marketing
 - Sales
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Introduction

- About Me: Global Chief Digital Officer for HarperCollins Publishers
- About HarperCollins: One of the largest trade publishers in the world, HarperCollins is a subsidiary of New Corporation. HarperCollins has annual revenues of \$1.7Billion and global operations in English language in the US, UK, Canada, India, Australia and New Zealand, now expanded to include global operations with HarperCollins Christian Publishing and Harlequin.

 HarperCollins Publishers



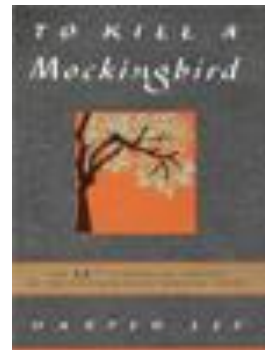
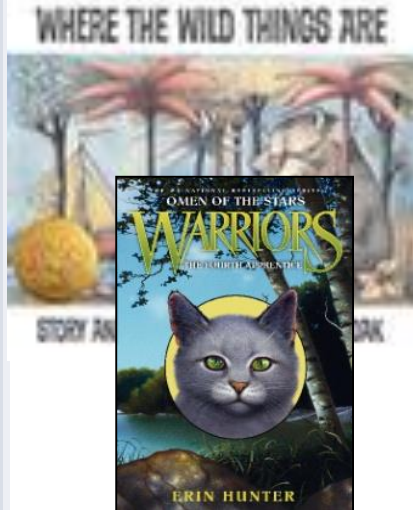
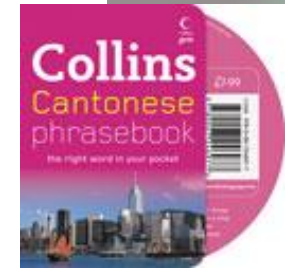
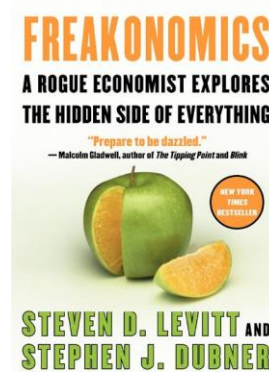
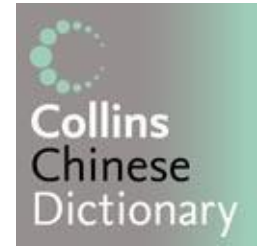
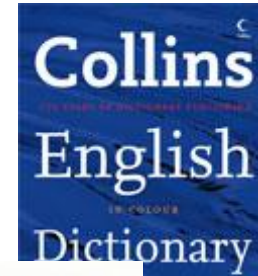
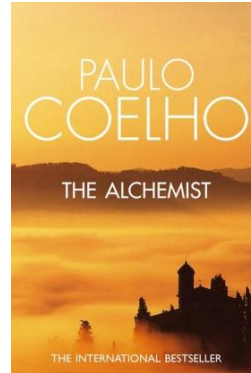
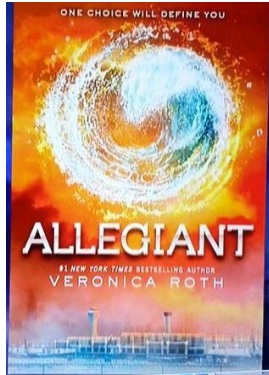
Insert HC map – locations / languages

18 COUNTRIES



17 LANGUAGES

HarperCollins is home to many great books & authors

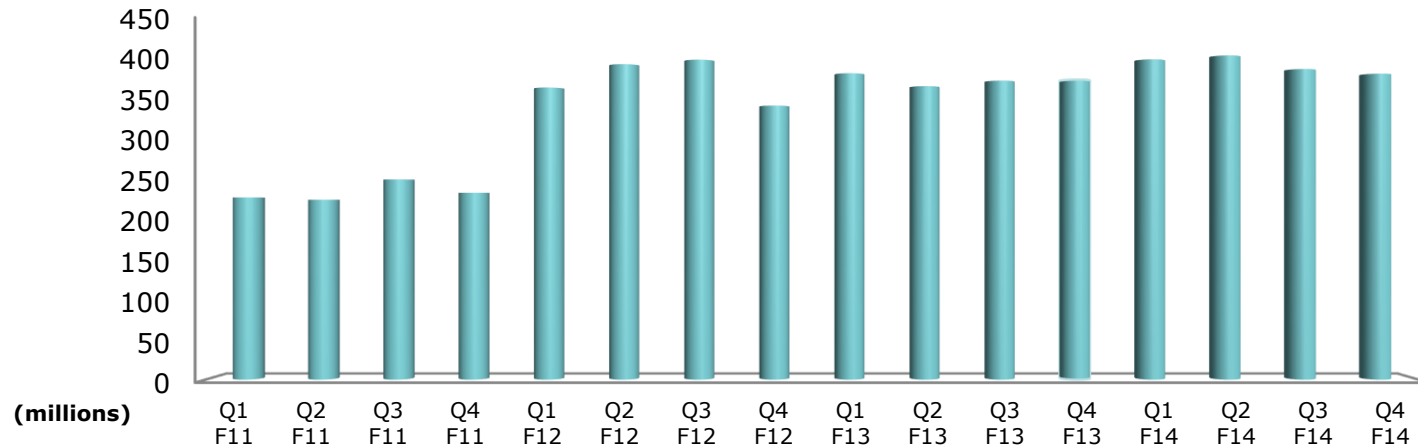


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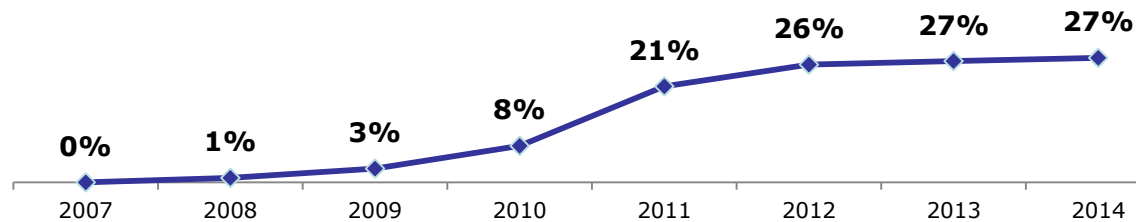
EBOOK MARKET OVERVIEW

In the US the ebook market growth slowed recently

US Reported E-book Sales By Quarter



Ebooks as a % of Trade Adult Titles



Key drivers for growth

- Publishers :
 - Large ebook catalog
 - Offer of the right genres in the catalog
 - Merchandising / promotions
 - Standards-based approach to file format and metadata
 - DRM
- Retailers :
 - Ease of transaction:
 - One-click purchasing
 - Wireless delivery of content in a few seconds
 - Ability to read across multiple devices
 - Content synced across devices
 - Breadth of selection :
 - All titles on the print book bestseller list available in ebook format
 - Ebooks available on the same day as the print book
 - Competitive pricing

Case Example: Digital Transition of Individual Books

Unit Sales Through 5 Weeks



Impact of Digital Transition Over 4 Years

- Rachel Gibson titles
- Print Format: 38% decline
- E-Book Format: 8,000% growth
- Combined Unit Sales Through 5 weeks: 75% growth

Impact on Authors

- More readers, faster
- More royalties, faster

Impact on HarperCollins

- More profit per unit
- Paid faster by retailers
- Earn back royalties faster
- Less inventory / working capital

Challenges

- New marketing capabilities required
- New author services
- New competition from self publishing
- Organization must adapt

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THE HISTORY OF THE TRANSFORMATION OF OUR BUSINESS

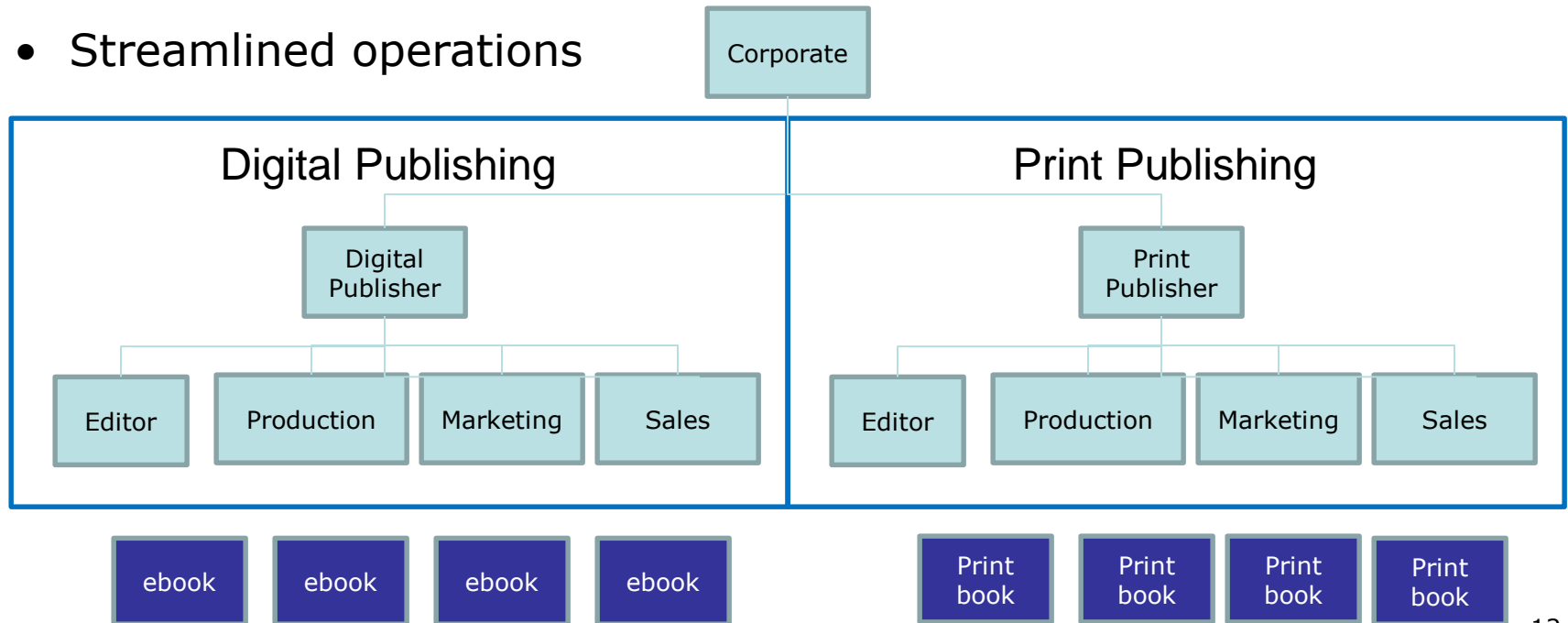


Managing the transformation of our business

1. Business Structure
 - Phase 1 -- incubator
 - Phase 2 -- integration
2. Update job descriptions
3. Upgrade systems for global access and distribution

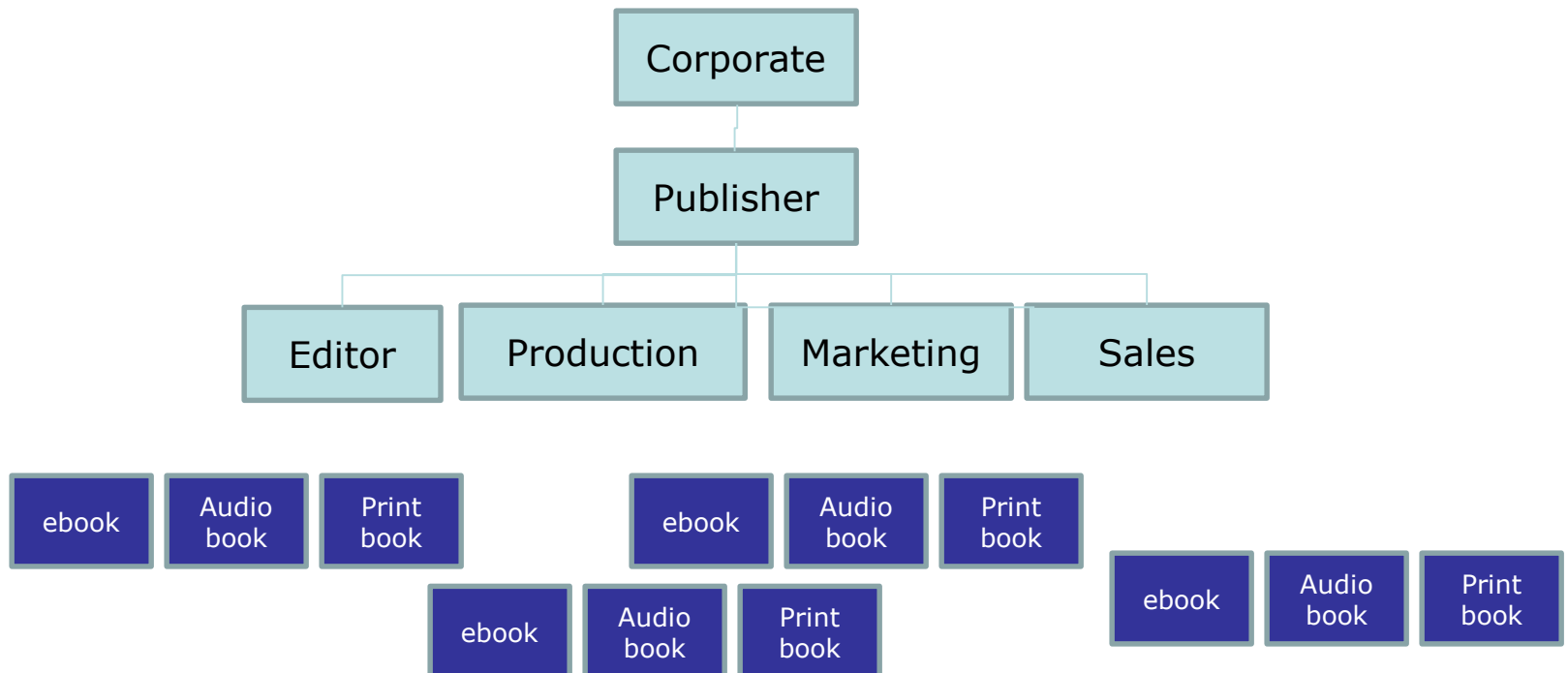
1. Business Structure Phase I: Incubation

- Took an incubator-style approach for the first 10 years.
- Digital products published by a separate business unit
- Strategic decision-making
- Consistent approach in negotiating contracts and publishing
- Streamlined operations



1. Business Structure Phase II: Integration

- Ebook publishing integrated throughout the organization
- Revenue going to the imprint who originated the title
- Print editors encouraged to develop new kinds of products
- Reengineered the process and constantly improving it



2. Update job descriptions

Editorial excellence –
From acquisition through
product release

- Create faster & more flexible workflows for all products
- Create new product types
- Try new business models
- Improve process quality & efficiencies
- Deliver content and information earlier to the market

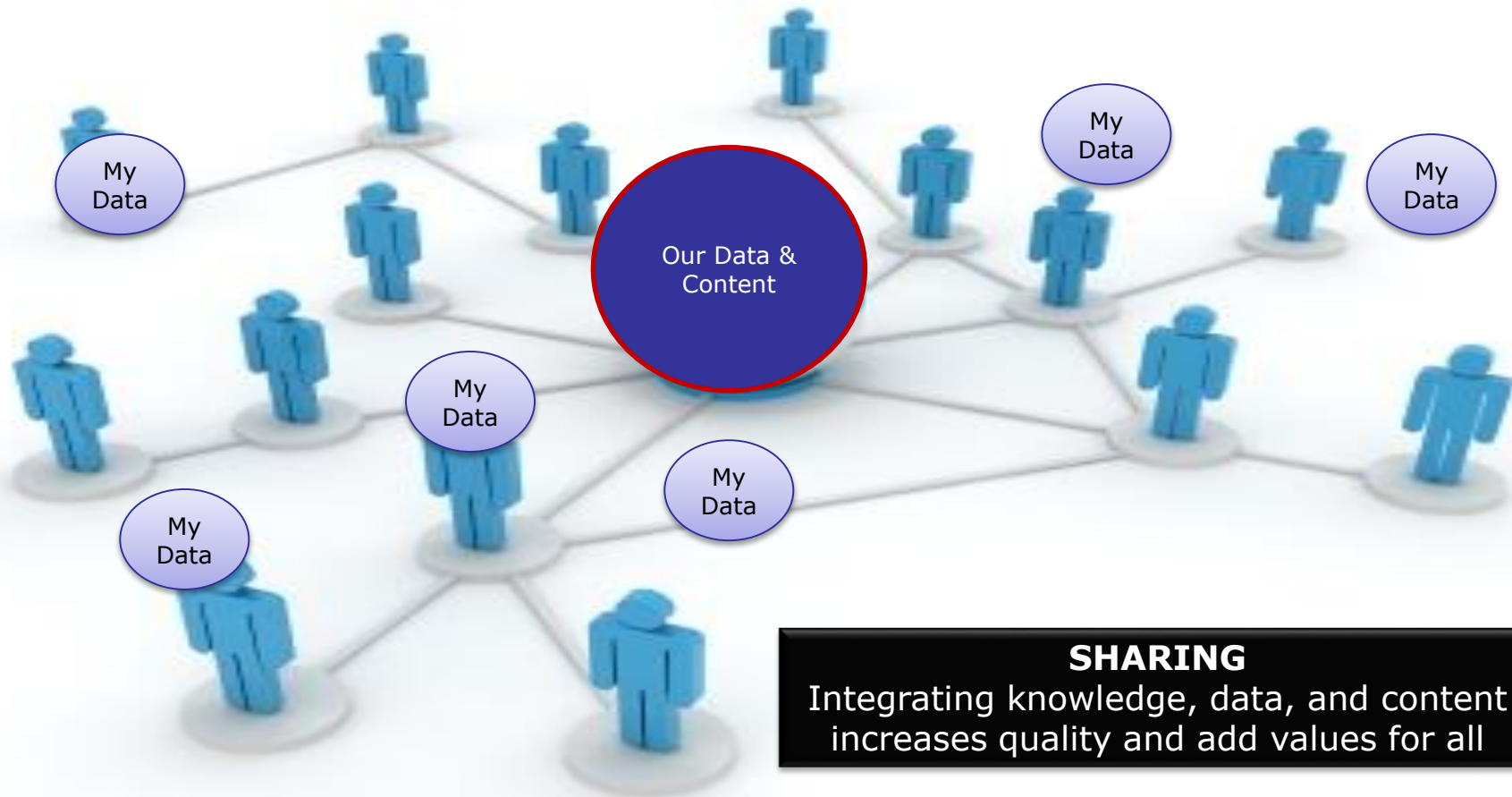
NEW "CRITICAL PATH" DATE "ZIPPER" THAT LINKS PRODUCTS AND MARKETING

- Do earlier and more product sampling
- Leverage size and scale of our human organization in new channels (social!)
- Stop doing things that no longer scale well
- Upgrade our communication and sharing tools and methods

Marketing excellence -
From sampling through scaling

3. Upgrade systems for global access and distribution

- Content & information will be centrally stored & commonly searchable
- Major work processes will be digital and collaborative – not serial or manual
- Data is at the core of what we do and is essential across all processes



SHARING
Integrating knowledge, data, and content increases quality and add values for all



3. Upgrade Systems: Global Product Manager

Press Release, October 11, 2012

“HarperCollins to Launch New Global Publishing System Streamlining Worldwide Operations and Data

“HarperCollins Publishers today announced that it will roll out a new global publishing system....will enable HarperCollins to unify editorial, marketing and business data around the world, widening the reach of its print and digital publications in its core target markets....

“...It will transform the way staff view, manage and share product information throughout the publishing lifecycle.”

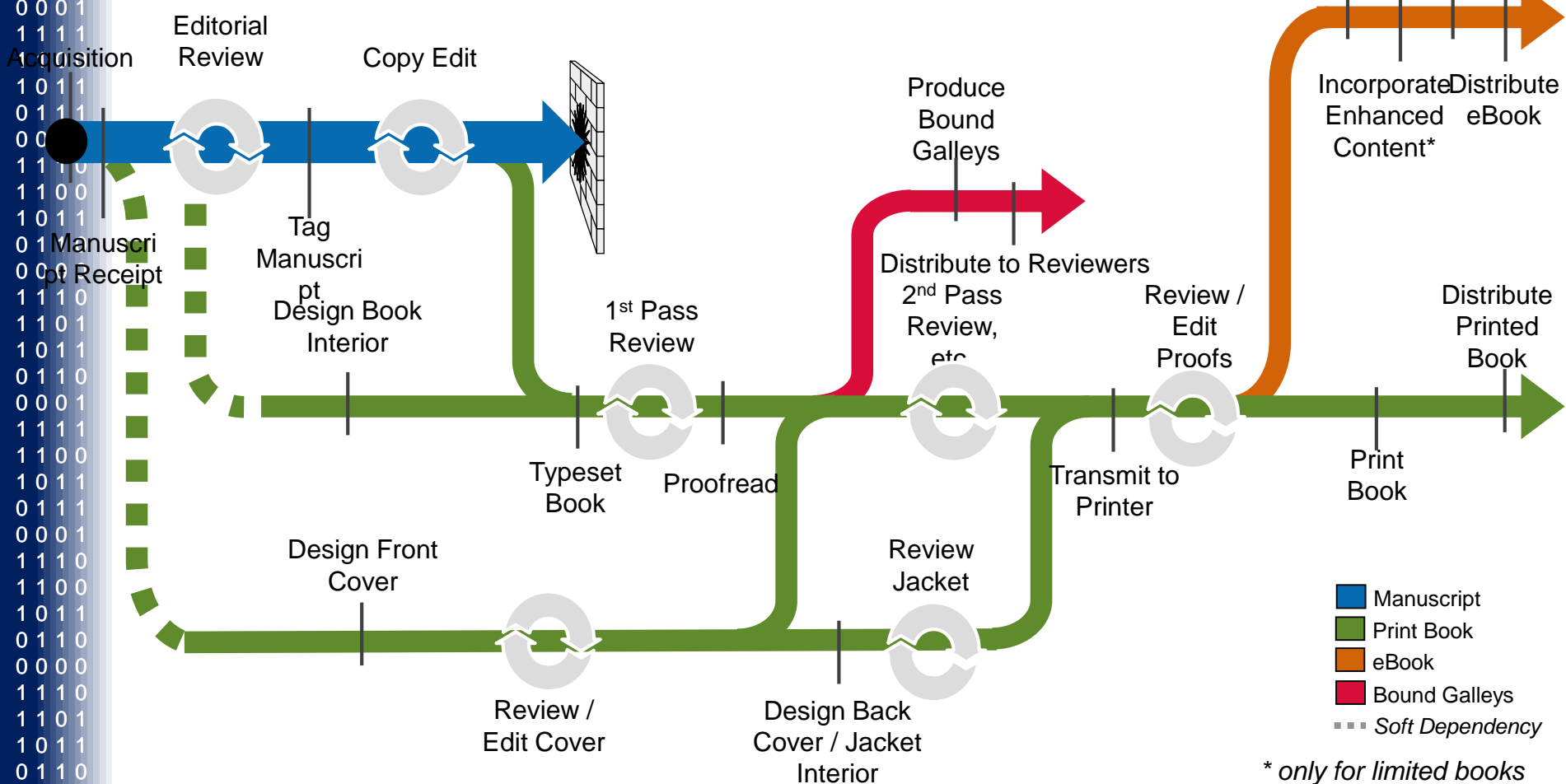
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ORGANIZATION CHANGES

Publishing / production process - Before

ILLUSTRATIVE

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* only for limited books

Production process - After

EDITORIAL PROCESS

All content creation and editing happens using a familiar, standardized tool - MS Word. Allows editorial staff to have control of the content throughout the book production cycle.

Key Process Change: All editing in MS Word format, instead of print-specific desktop publishing tool (InDesign).

CONTENT STORAGE, WORKFLOW AND TRANSFORMATION

Content is ingested into a centralized, global content management system and routed via pre-defined workflows for approval.

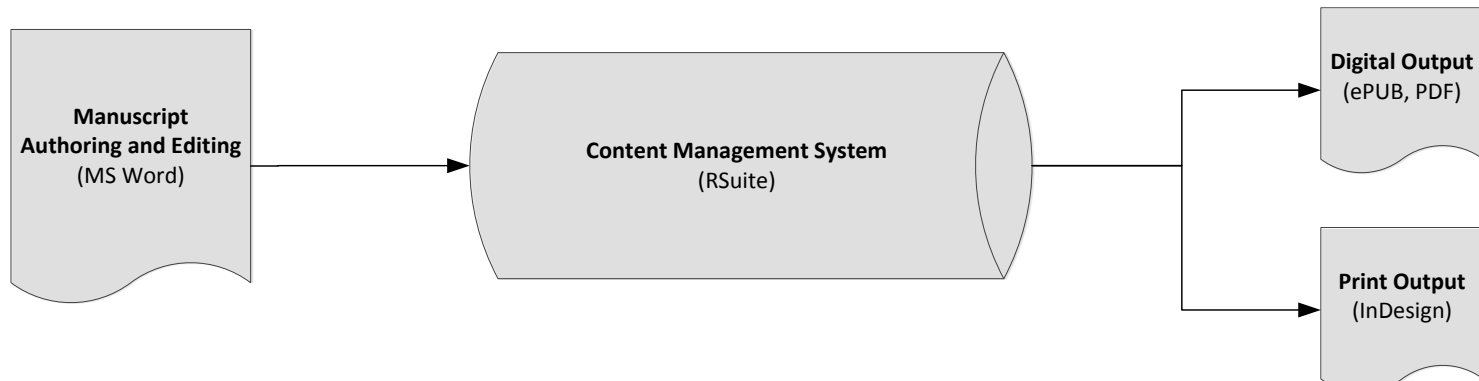
Once content is approved, it is transformed from MS Word to XML and output simultaneously for both print and digital.

Key Process Change: Implementing a centralized CMS; digital workflows and routing; adopting XML as content storage format.

COMPOSITION

Content is output from a single source for both print and digital composition. No longer dependent on finalizing the print product in order to create the digital.

Key Process Change: Separating content from design/style; eliminating editorial corrections in InDesign; standardizing eBook output



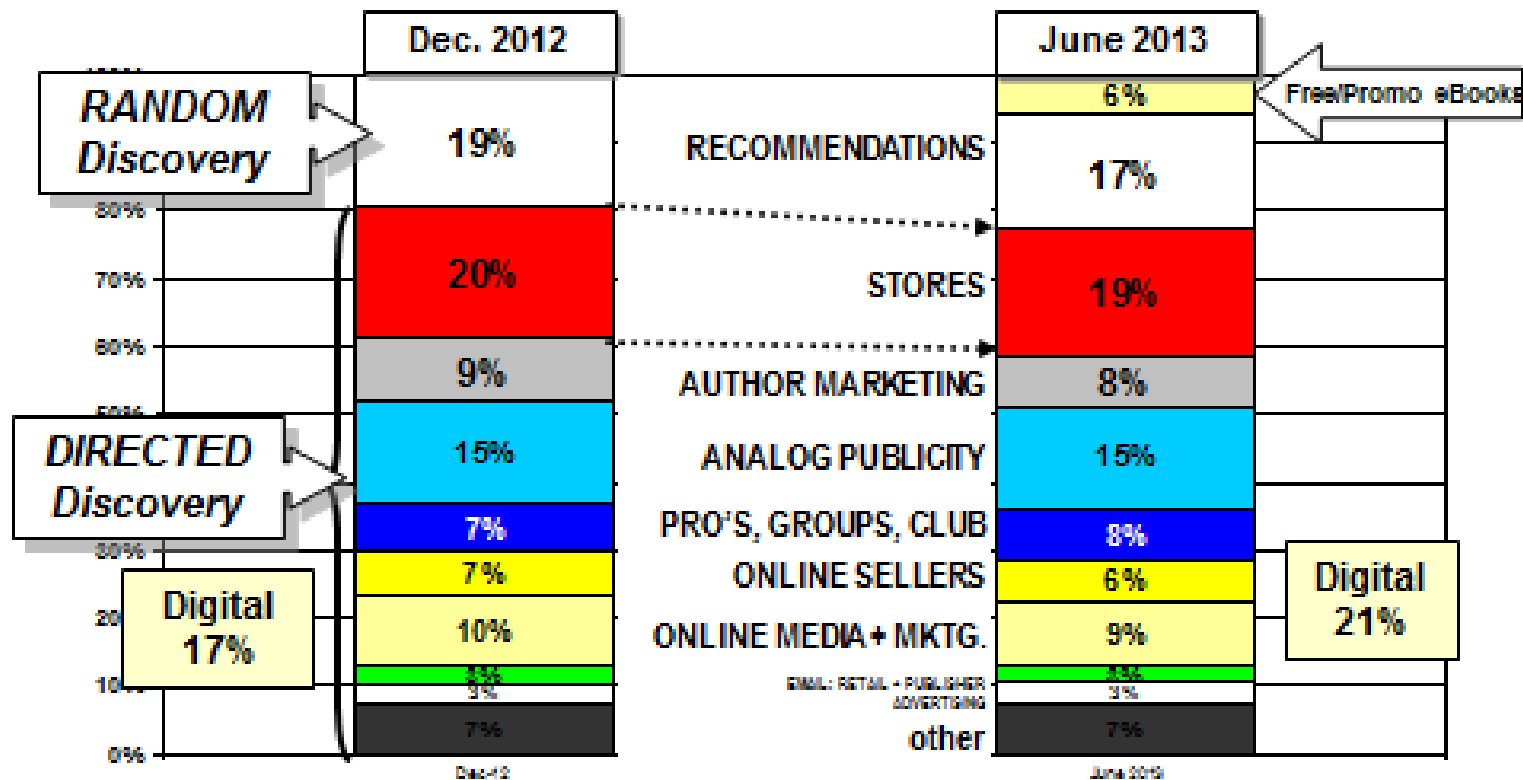
Marketing – the discovery challenge

BookIntelligence



New Book Discovery Share Last Book Bought: December 2012 vs. June 2013

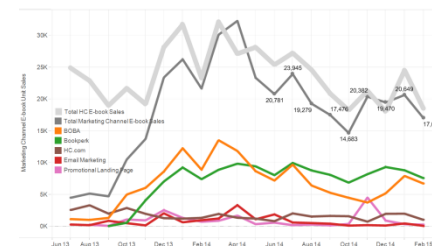
Q: How did you first find out about (the book you bought last)? (pick one)



Discovery source of last book bought from pre-holiday 2012 to June 2103 period, largely unchanged. Biggest new impact broken out – Free eBook Lists + Daily eBook Deals + Flash Sale Sites = 6% share.

Marketing – a continuous transformation

- From analog to digital
 - Needs to be integrated – analog and digital
 - Mixing paid, earned and owned media
 - Social is important but so is direct marketing – what matters is the objective
- From title marketing to relationship marketing
 - Building email marketing and CRM capabilities
 - Developing audience platforms
 - Developing continuous relationships on authors' behalf
- From product marketing to brand marketing
 - Understanding and planning author brand positioning
- From local to global
 - Looking at author brands on a global scale
- And all while keeping measurements, consumer insight and ROI in focus to learn and improve



Sales – increasing ability to manage complexity

Sales Before

Format : Print only
Relationship : Sell in to physical retailers
Activity : Merchandising products in physical stores – at seasonal intervals
Pricing : Limited decision making to physical format changes moments
Channel conflict : only amongst physical retailers of different kind – managed via exclusives / custom product



Sales After

Format : Print and Digital
Relationship : Selling and account management across many channels
Activity : Merchandising products on an on-going basis
Pricing : Continuous and to consumers as well as retailers depending on model
Channel conflict : managed across owned stores, digital retailers, physical retailers – with limited ability to differentiate products

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THE FUTURE

Monetize across many channels

1. Direct Sales from Publisher site
2. Subscription
 - Consumer pays a monthly fee for access to an unlimited library
3. Sales to libraries
 - Short-term access for library patrons
4. Sales to schools
 - Purchased by the schools for short-term access by students
5. Non Traditional channels



curriculet

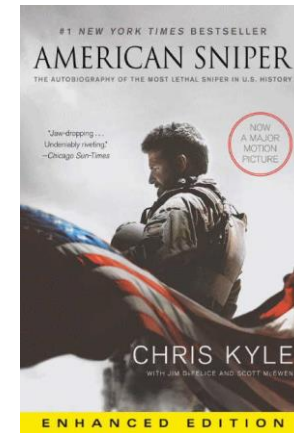
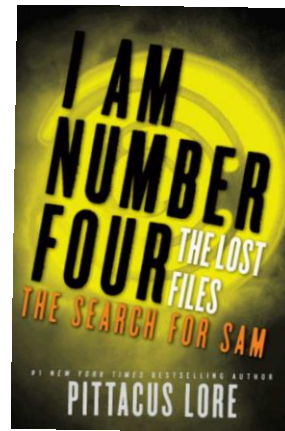
Google in Education



Continue to drive new products and consumer experiences

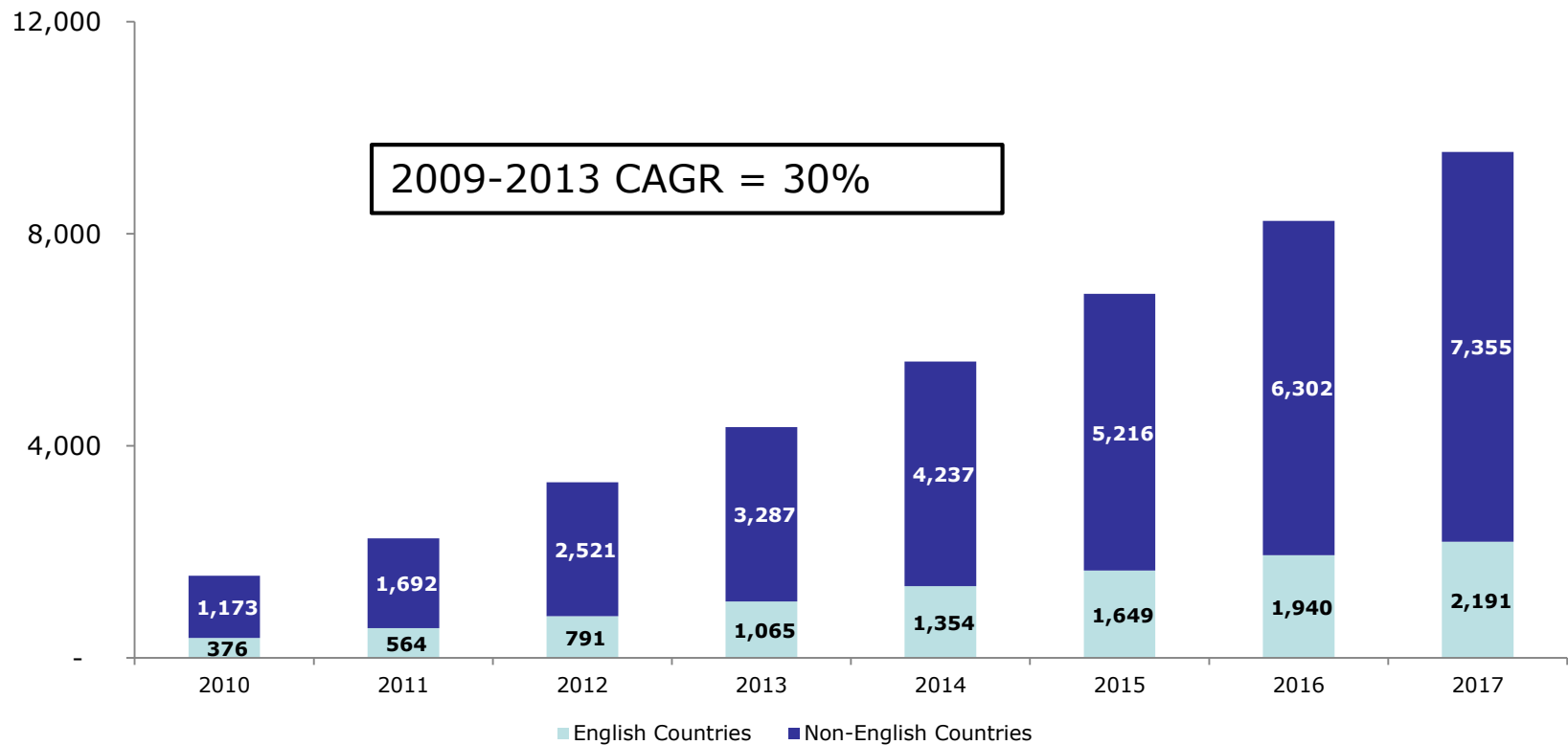


1. Bundles
2. Collections and parts
3. Audiobooks
4. Enhanced Ebooks
5. Apps



Global approach and growth opportunities

PwC International Ebook Growth - Publisher Value (USD millions)



But more in **local than in English language: Growing to \$7 Billion from \$1 Billion**

Source: 2013 PwC Global Consumer and Educational Book Publishing
English International Countries include the United Kingdom, Australia, New Zealand, Canada, and India

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- Questions?
 - Thank You!