

IPA CONGRESS

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“Digital Revolution in Book Publishing: the best is yet to come”

Keynote speech by Arnaud Nourry
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Ladies and gentlemen, dear fellow publishers, good morning.

It is a great honor for me to have been asked to share with you a few remarks about the present and future of our industry.

Please only consider these remarks as my personal thoughts.

I believe that in the fast changing media world we now live in, nobody really knows what the future holds in store for us.

I am Arnaud NOURRY, the Chairman and CEO of Hachette Livre, the 3rd largest trade and Educational Publisher in the world.

Hachette was born in 1826. Some of our imprints – Larousse, John Murray, Stock, Little, Brown are of the same age or even older, and I’d like to start with this.

Do you know many industries are led by companies as old as Hachette?

The wine and food industries and not many others as far as I can tell.

The process of making wine remains basically the same since the Romans started producing it: the search for a soil, a climate and grapes, and the technique of transforming grape juice into a sophisticated beverage have remained unchanged.

Isn’t book publishing of a similar nature? The search for a text, a meeting between the creator and a publisher, then the hard work of transforming the raw material into a readable project and object haven’t changed much either.

Nobody is asking questions about the future of wine, so why can’t we stop agonizing about the future of Books?

It is all the more bewildering for the fact that by any standard, our industry is doing well.

Books have proven, again, their staying power in the face of the social, economic and technological transformations that have affected the world since books were invented 560 years ago.

The only other unsurpassed human artifact I can think of that goes back further than the book is the wheel. Or perhaps the spoon.

Is anyone organizing conventions about the future of spoons and wheels?

More than ever, books are the preferred medium for learning and teaching, for theorizing and musing, for demonstrating and arguing, for creating and entertaining.

For all its glamour, the motion picture industry takes a back seat to publishing in economic terms, worldwide.

I would like to submit that books are *not* about communicating. They are a one-way street and endure criticism and praise, fury and adoration, without batting an eyelid.

Their indifference to the reactions they produce, or lack thereof is precisely what makes them so precious in an online world where no statement or opinion goes unchallenged.

But emails, tweets, no matter how personal or viral when sent and read, are quickly forgotten, driven into oblivion by a new fad or a new wave of controversy.

On the other hand, the memory of a particular book can linger in a reader's mind for decades, regardless of how many other people share that special relationship with it.

And decades later, that reader can go back to it and find it unchanged.

That is probably why books and online media coexist so peacefully and, I might add, so productively.

Instead of competing, they feed each other.

Books have so far successfully overcome the digital challenge of the 21st Century, and turned what was a catastrophe for many industries into a source of incremental revenue.

E-books now account for something like 10% on average of our business worldwide, more like 20%-25% in the USA and here in the UK.

That percentage is actually shrinking, as a result of various factors: saturation of the installed base of e-reading devices, end of the heavy discounting period - the e-books bubble – and lack of high enough perceived added value for consumers beyond the price point.

As recently as five years ago, all manner of self-proclaimed experts predicted the demise of the printed book.

Publishers, they said, would at best have to scrap their distribution facilities and become little more than online marketers.

At worst, they would disappear altogether, swept away by the wave of self-publishing. It just did not happen.

We are the only “media” industry to have successfully ridden the first digital wave...

The end of the bubble notwithstanding, our industry is stronger than ever, and you know why:

In a world overflowing with data, works and opinions, people need familiar landmarks more than ever - brands that act as quality labels and ensure that the goods on offer have been curated, checked, approved and deemed worthy of their attention and money by people who put their reputation and livelihood on the line by doing so.

That is not to say we’ve seen the end of the digital revolution, and I would like to strike an optimistic note here.

The best is yet to come, because with black and white text brought in digital form to consumers making up almost 100% of our digital business, we have not unleashed our creativity yet!

Digital Education:

It is still in its infancy, yet its potential is huge: online and offline learning materials, assessment tools for schools, adaptive learning for science as well as the humanities, e-learning, gamification...

We, publishers, are best positioned to take advantage of digital Education because we control the content and our brands are trusted by teachers and professors.

But we will lead this transformation only if we keep a few facts in mind:

- *Education is local and not global.*

Spain, France and the UK, all members of the EU, do not use the same methodologies, languages and curricula. Their teachers are not trained in the same way, their students are not assessed in the same way.

No single global technology can address the unlimited diversity of classrooms, families and kids.

- *Education must be results-oriented and not technology-driven.*

I remember the speech of a star Educational scientist a few years ago.

After a long presentation of all the new features of digital technologies applied to Education, she said : *"this is question-rich and answer-poor"*.

We, Educational publishers, must bring answers, results, productivity. Not technology.

Illustrated books: Epub 3, Portable Web Publication, geo localization, gamification are coming and will dramatically enhance our ability to use our creativity beyond 2D and double page based products. ...

Isn't it a paradox to be in an industry with no growth and to eschew the booming market of digital content consumed on tablets, be them serious games, freemium-based content sites or service providers.

With the massive output coming from the talents we nurture - *authors, publishers, designers, marketers*,-we have most of the skills needed to be players in adjacent industries that are attractive to audiences we no longer reach with our traditional books.

I also think we haven't yet seen the full potential of print on demand.

That technology is doing wonders for us at Hachette. It will soon come with 4 colors at reasonable prices.

So all things considered, I am more than optimistic about our future as publishers.

Because the future of Books is Books.

And because we have not yet been really creative in transporting our talents, creativity, brands and contents to territories where the book industry has been absent for decades.

However, there are serious clouds on the horizon, threats that will have to be dealt with if we want my optimistic scenario to come about.

First of all, the European Commission's senseless attack on copyright.

Richard Malka, the lawyer who is spearheading our efforts to defeat the proposed directive in Brussels, will talk about it in depth later this morning, and I do not want to steal his thunder.

Vast exceptions to copyright law for libraries, for education, for fair use...

Think of the devastating consequences they would have on European publishers if they were allowed to pass.

It is as if the Commission had made it a priority to weaken the only European cultural industry that has achieved worldwide leadership.

Need I remind you that nine of the twelve largest publishing companies in the world are European?

How long will we be able to retain that position if Brussels lets the GAFAs help themselves to our content free of charge?

The GAFAs, or for that matter any other yet to come major tech company aiming at building audiences or e-retailing capacity by using our catalogs and front lists as loss making / free products?

All things considered, I would say that Google is the player the most likely to pose a clear and present danger to our industry.

By now, the millions of books they have scanned without our consent make up the world's largest virtual library.

If the European Commission caves in to the demands of their proxies, what's to stop them from defining themselves as a library and making all those books available for free on a non-profit basis?

They could claim their profit derives from advertising, not from charging browsers an access fee.

And who's to stop them if the European Commission, no less, has given them its blessing?

Defeating the Commission's plans must be the N°1 priority for the IPA, an institution that, as you may recall, was founded more than a century ago to enforce international copyright as established by the Bern Convention.

Copyright protection is the IPA's core mission.

Although the issue of freedom to publish is not on my agenda as a speaker, I feel compelled to mention it at a time when it seems to improve in some places, only to deteriorate elsewhere.

Turkey, Egypt and now Poland seem to be sliding backwards, while Myanmar is clearly making terrific progress.

As for China, where some disturbing developments have been taking place of late, well, let me turn to Richard Charkin.

Richard, I hope you knew what you were doing when you supported the Publishers Association of China's application to become members of the IPA in Frankfurt last year.

It was a generous and optimistic initiative, and generosity and optimism come high on my list of favorite qualities.

I just hope we'll still be comfortable with it in the months and years to come.

Books have always been at the forefront of the battle for freedom, democracy and progress, and throughout history, many a power has been tempted to suppress them, tame them or exploit them.

Which is why we publishers must, more than ever, make sure our voice is being heard, for we do not speak only for our industry.

We speak for our authors and their work, and that responsibility is what sets the business of publishing apart and makes it so special.

Ladies and gentlemen, dear fellow publishers, thank you for your attention.

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