

Getting serious about e-books

They may not like it, but retailers know they can't afford to ignore digital publishing

Christian retailers are taking the rise of e-books more seriously. They are embracing the technology for themselves, with some planning to adopt a method of selling digital books to customers. Many, though, have expressed disappointment over the failure of an effort to find an industry-wide e-book platform.

The shifts in attitudes and actions are revealed in our latest Vital Signs survey of issues critical to the Christian products industry, which revisits the e-books issue last looked at two years ago.

E-BOOK ADOPTION

Forty-four percent of retailers now say they own some type of e-reader, compared to just 20% who did in January 2010, and the number of retailers who read only books "printed with ink on paper" has declined from 65% in 2010 to 54%.

That behavior mirrors results indicating 52% of all respondents to the survey—including other industry professionals—own an e-reader, up from 26% who did last time we asked.

The "convenience of reading" e-books remains the dominant reason people use the devices (56%), while "convenience of buying," at 20%, is second. Recent price increases for many e-books may have contributed to a slight decline in the number of people who ranked "lower prices" as their primary reason for reading digital books.

E-BOOK USAGE

E-books got rave reviews from almost nine out of 10 of all respondent-users who either "like" or "love" the devices (87%) and the experience scored similar praise from Christian retailers who own one, with 85% saying they "like" or "love" their device.

Not only did we find more people using digital books, but they also told us that they are using them more frequently. The amount of digital content consumed doubled from 2010. For all who use e-books, 35% of the books they read are on digital devices, up from 14% two years ago.

E-BOOK SYSTEMS

The number of Christian retailers who sell digital book content has increased only slightly since 2010—from 24% to 29%—and those selling any type of e-book reading device has declined. In 2010, one in 11 stores in the survey had e-book readers for sale (8.7%), a share that dropped to one in 33 (3%) in 2012.

But stores are beginning to consider options that would allow them to offer digital book sales to their shoppers. No single system has yet penetrated even 10% of the market, but more than a third of retailers (35%) said they are "somewhat likely" or "very likely" to adopt one of the four options currently available.

A task force convened by CBA to help find an industry-wide e-book platform solution was disbanded in 2011 when an agreement couldn't be reached. Reaction from retailers to the committee's failure ran from "frustration" and "disappointment" to indifference, as in this response, "No problem. We're not really that interested anyway."

E-BOOK SALES

Virtually all books (96%) sold in Christian stores in 2010 and 2011 were in traditional ink-and-paper format. Sales of digital books were at less than 1% in 2010 and just under 2% in the first three quarters of 2011, with the balance comprised of audiobook sales.

Many taking part in our survey pointed to a lagging economy as the leading culprit for an overall drop in book sales, but some were taking steps to regain lost shoppers by adding e-books to their websites, more in-store hand-selling and an increased emphasis on products not available in digital formats such as gifts, kids' products, church supplies and general merchandise.

E-BOOK QUESTIONS

We asked retailers the questions they have for other stores when talking about e-books. Here is what they told us:

- » Are there other areas in which to build business that are not so easily accessible outside brick and mortar retail?
- » Will the impact on book sales be greater than the impact on CD sales?
- » Is the digital emphasis being over-inflated?
- » Will consumers tire of system incompatibilities, system crashes?
- » Is it really worth the time and money for the Christian retail store to invest in digital books and readers?

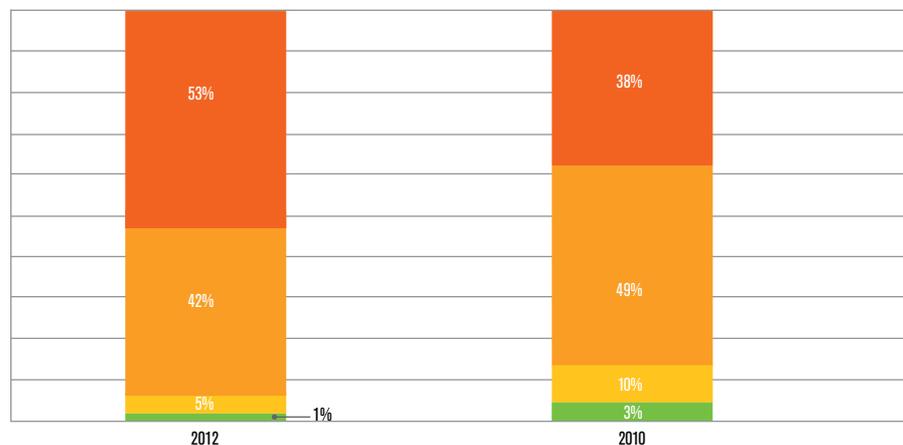
Read more of their questions online at vitalsigns.christianretailing.com. **CR**

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E-BOOK IMPACT

How significant will digital publishing be for stores?

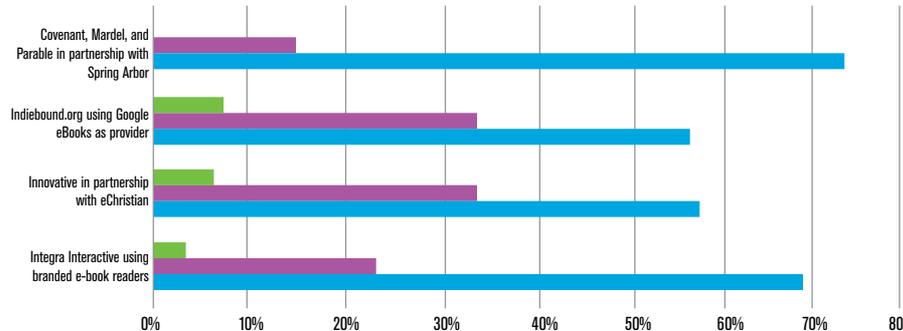
■ Not at all significant ■ Not very significant ■ Somewhat significant ■ Extremely significant



E-BOOK SOLUTIONS

Retailers assess which e-book sales solution they are most likely to use:

■ Not likely ■ Likely ■ Already using



LOOKING FOR A WAY AHEAD

Respondents commented on the CBA industry task force's inability to find a possible industry-wide platform for e-book sales:

RETAILERS:

"E-books will only increase, not decrease. A solution must be found—it's not an option to give up."

"The whole process was a waste of time. We cannot, in a brick-and-mortar store, compete with digital technology. If we are to remain solvent, we must focus on product diversification."

"Digital content works well when sold in large numbers. Independent retail stores all having different needs and systems—there is no one-size-fits-all answer to the problem."

"Not surprised ... too many different levels of technical efficiencies to make a single solution work."

"Let's try it again. We have to develop solutions that will help stores move forward with digital solutions."

"It's the publishers' job to put this together, not the trade association. Why? Because you will not get any agreement between independents, small chains and large chains, where trust is scarce (sadly)."

NON-RETAILERS:

"This is best left to digital provider companies such as Integra Interactive."

"A digital content solution is but one part of the experience, and retail stores need to think about the experience they can control and influence."

"Retailers seem shortsighted—more interested in protecting their turf than nurturing the new frontier."

"I had hoped it would end differently, but I must believe that during the process much about the world of digital content was learned and will in the end be of benefit to some, if not all in the industry."

"Christian retail stores cannot compete with e-books. It is a different business. They should serve with 'physical' products, service, information and a comfortable gathering place."

Read more comments online at vitalsigns.christianretailing.com.