



Global Market Spotlight: Italy

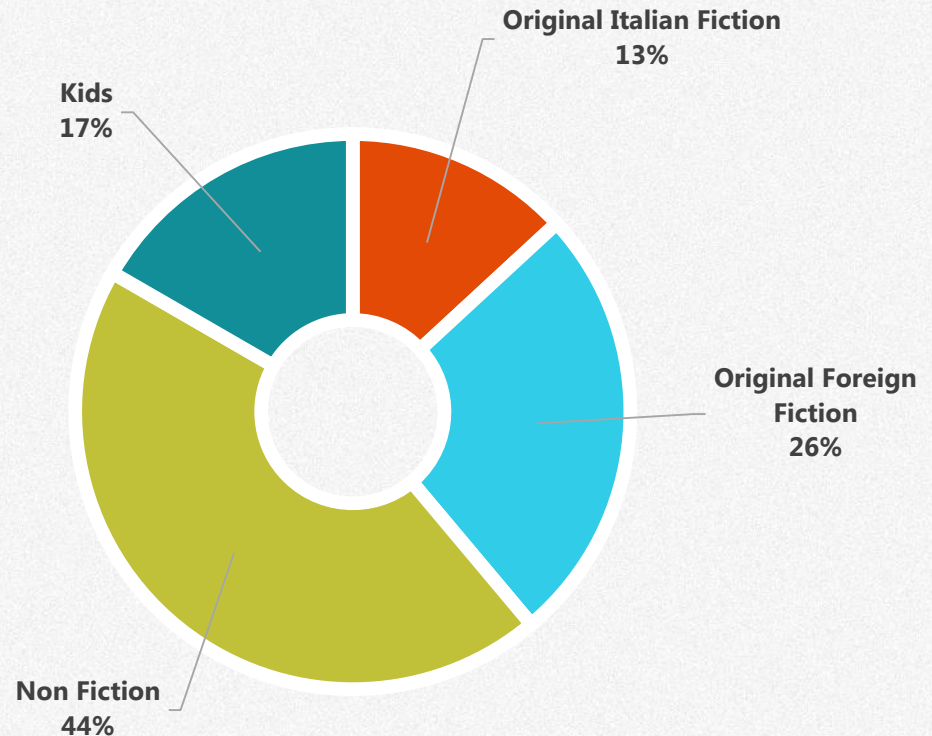
Digital Book World Conference 2015
New York City
January 15th 2014

Marcello Vena
Founder and Managing Partner
All Brain

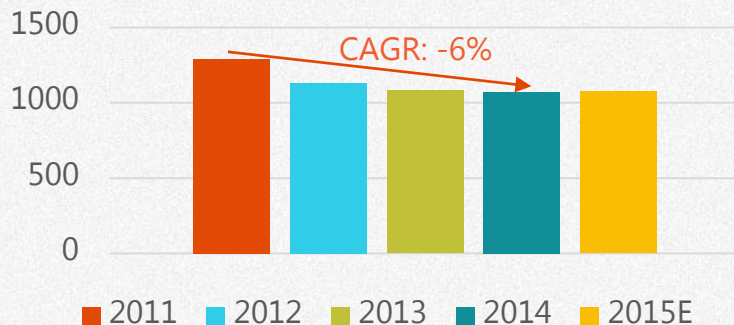


2014 Trade Print Book Market (Italian language)

- € 1.1 Bn sales
- 87 millions books sold
- Avg. price €12



Trade Print Book Market Trends
2011 – 2015° (€ mln)



Source: All Brain 2015

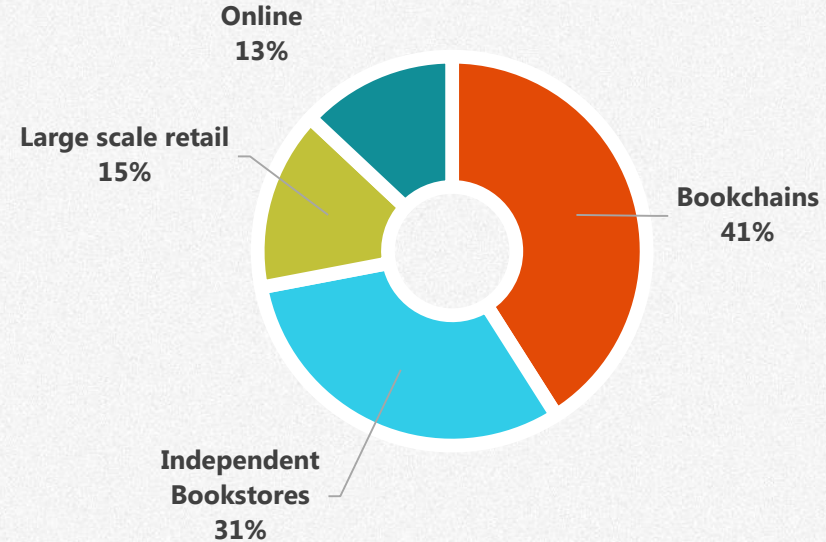
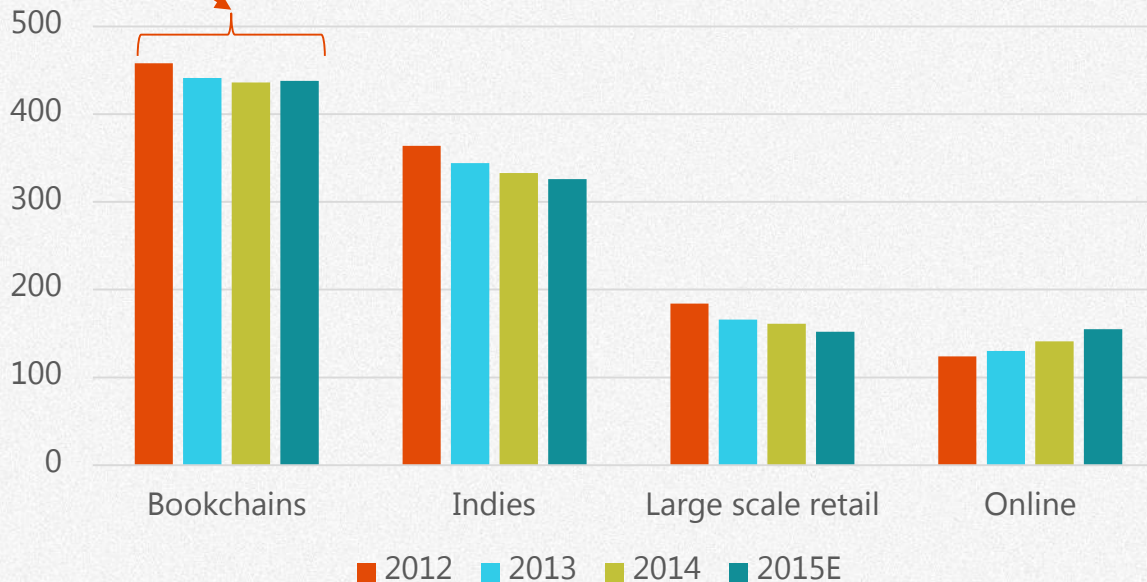
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Outlook 2015
Market size poised to be
same as 2014 ($\pm 1.5\%$)

Retail Channels Breakdown and Trends

Owned by major publishing groups such as: Feltrinelli, Mondadori, Giunti, Messaggerie

Print book sales trends
2012-2015 (€ mln)



87% of total 2014 sales (value) are made offline

Online is the only growing channel: 8% yoy in 2014

2015: Online will overtake Large scale retail with sales of €150+ mln.

The country of mobile phones

Italy is the leading country for mobile penetration among the western economies.

Mobile phone penetration
(number of active mobile subscribers/total population)

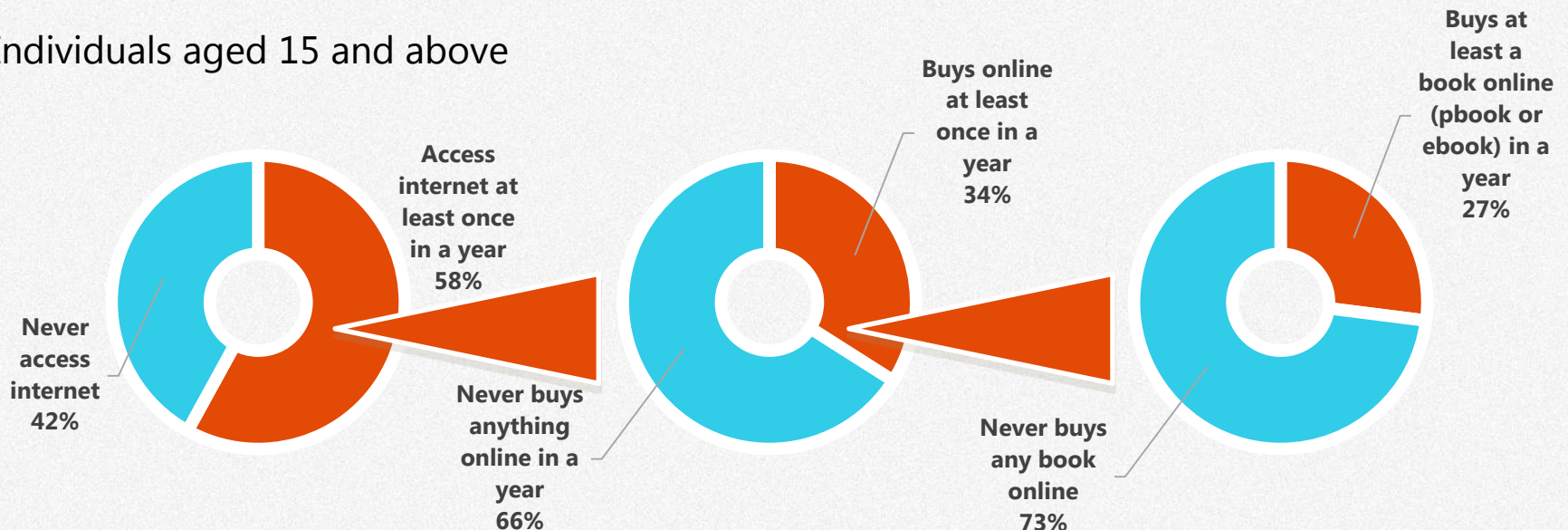


Total digital book audience

54% of all Italian households owns one or more Smartphone(s). Only 6.8% of all Italian households owns at least one eReader in 2014. The growth rate of households owning at least one eReader is about 26% yoy.

80% of adult population never purchases anything online.

Individuals aged 15 and above



58% x 34% x 27%



5.3% of (15+) population buys books online every year

Mobile vs Desktop Internet

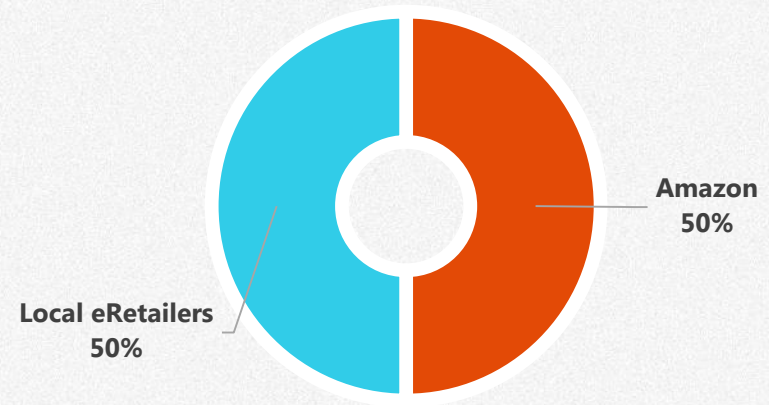
In Italy, Mobile Internet beats Desktop Internet.

How does it affect online book sales ? Is mCommerce as good as eCommerce yet?

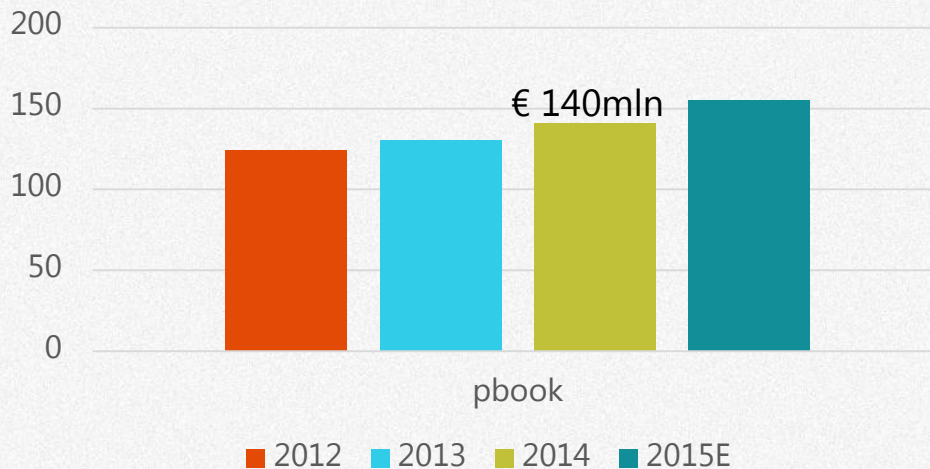
	Monthly	Daily	Monthly	Daily
Mobile Internet	17,2millions 37% of population aged between 15-74	14,5millions	37 _h 06 _m	1 _h 28 _m
Desktop Internet	24millions 52% of population aged between 15-74	12,5millions	20 _h 19 _m	1 _h 18 _m

2014 Online pbook sales estimates

- 50/50 value split between Amazon and local eRetailers
- Amazon's growing faster than the market
 - In Italy since November 2010



Online print book sales trends
2012-2015 (€ mln)



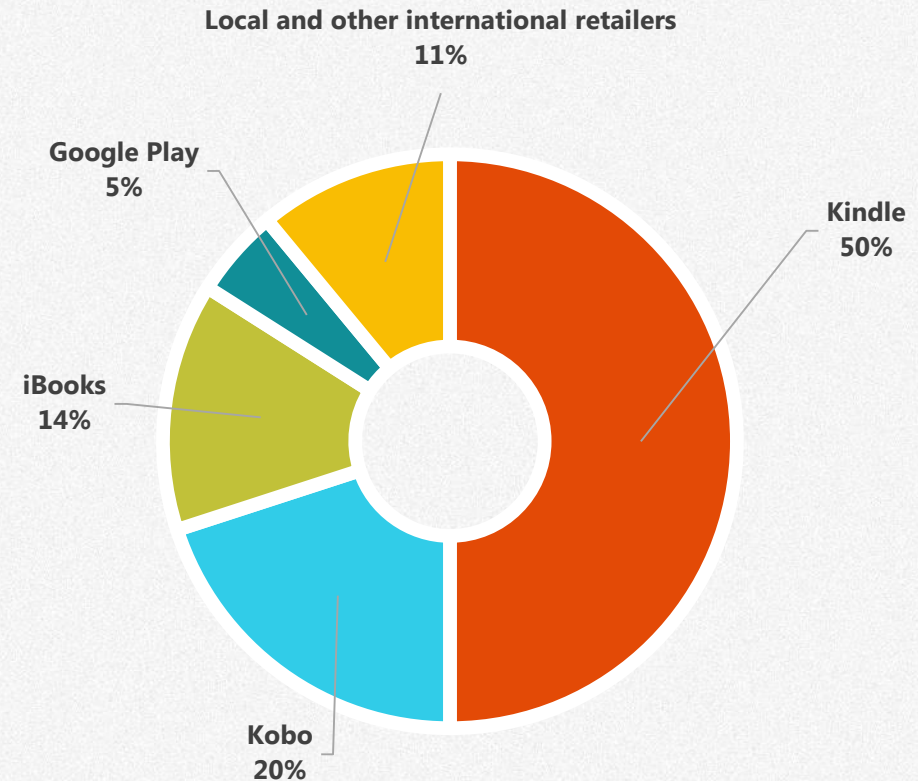
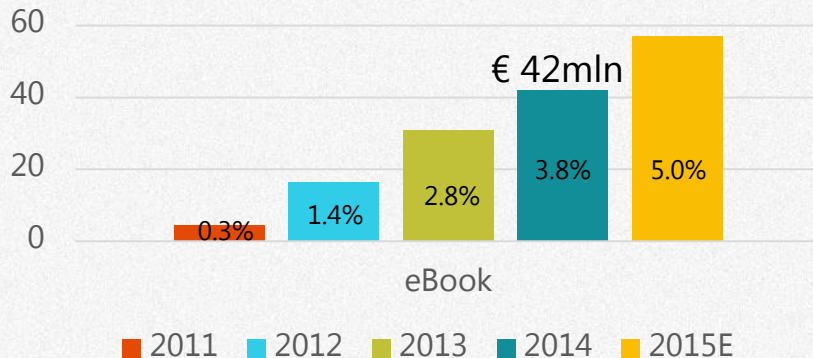
Top Local eRetailers are owned by main publishing groups

- www.ibs.it
- www.lafeltrinelli.it
- www.inmondadori.it
- www.libreriarizzoli.it

2014 eBook sales estimates

- €39-44 mln sales
- ~ 7 millions ebooks sold
- Avg. price ~€6
- Mostly fiction: romance and mystery/crimes above all

Digital book sales trends
2011-2015 (€ mln)



Mainly thanks to pivotal partnerships with leading bookchains: Mondadori, Feltrinelli

Outlook 2015

ebook market poised to grow by 30%-40% and to reach 5% of total book market (p+e)

2014 Online Sales (p + e)

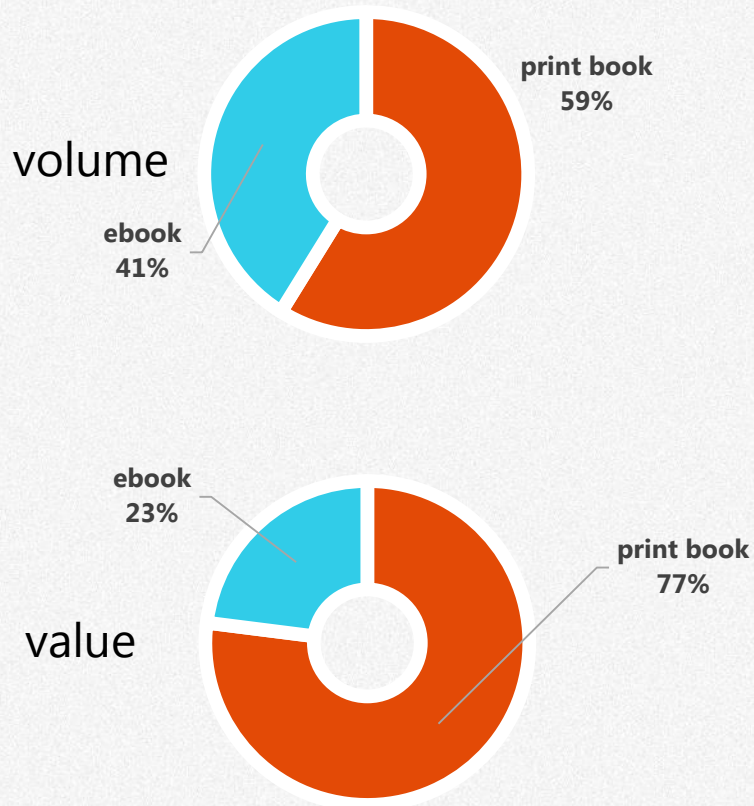
~ €180 mln sales

~ 17 millions p+e books sold

~ 16% of total book market value

~ 18% of total book market volume

only 5% of adult population buying books online (including non-trade books)



Outlook 2016

ebooks to surpass pbooks
(online volume sales)

p+e online 20%-25% of total
market value

Digital Distribution in Italy

Best way to distribute digital content in Italy is through one of the three local distributors. They will get your content into all local and international retailers operating in Italy.

- Distribution leader with about 50% market share (€ sales).
- Owned by three top publishing groups: RCS Libri, Messaggerie Italiane and Feltrinelli



- VAT currently is 4% for both print and digital books.
- Piracy mainly limited to top bestsellers, it can effectively be contrasted with the aid of tech services
- Soft DRM (watermarking) typical for the majority titles (except those published by the big publishing groups)

Typical price ranges for fiction titles



Max

Min

● Median



ALL BRAIN

Forging your Future

Digital Challenges and Opportunities

Contents translated into Italian language have the best chances to achieve a critical mass of readers. Working with a local publishing partner is the recommended way to enter the market from abroad.

CHALLENGES

The Long Tail is exhausted. Online content glut

- ❑ 500K pbooks in ITA
- ❑ 100K ebooks in ITA (~15k selfpub)
- ❑ 700K ebooks in ENG
- ❑ 2.8mln online book buyers

Local digital promotion

Online and social media dominated by national publishers, authors, agencies (in Italian language)

OPPORTUNITIES

Early Stage

Big opportunity for further growth as soon as Italy exits from economic downturn. Early entry allows for gathering specific local marketing knowledge ahead of time

eCommerce → Commerce

Independent physical bookstores to enter the digital market thanks to Messaggerie Italiane and Tolino triple play ecosystem. A new growth avenue and a new channel to traditional book buyers.

Contact



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Marcello Vena is the founder and managing partner of All Brain, the world's first on-demand leadership service for senior executives across the entire value chain of the media industry. Its single focus is on exploring, inventing, delivering and rolling out successful businesses, with a view to forging the future of all interested stakeholders: key media and publishing groups, as well as leading retailers, authors and agents.

Previously Marcello Vena founded from scratch and managed the entire digital trade book business of the RCS Mediagroup, one of Europe's largest publishers and the owner of prestigious publishing houses such as Rizzoli, Bompiani and Fabbri Editori.

Before entering the publishing industry in 2010, he worked on innovating product, service, process and organizations in a range of industries, including: aerospace, semiconductors, internet, pharma & biotech, home appliances, apparel and logistics. He has almost 20 years of business innovation experience across three continents (Europe, the US & Asia), encompassing the roles of designer, entrepreneur, venture capitalist, management consultant, negotiator and general manager.

Marcello Vena is one of only 80 Italian nationals to hold an MBA degree, with Dean's List Distinction, from INSEAD (France, Singapore). He also graduated, cum laude, in Electronic Engineering from the University of Palermo (Italy). He speaks all of the five main Western European languages, which together make up the native languages of about 1 billion people around the world.

He is also a renowned speaker at international publishing events (New York, London, Berlin, Frankfurt, Munich, Paris, Milan, Gothenburg) and a member of the Digital Book World 2015 Conference Council.