

# Market Forces: Driving Digital Demand

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Arcadia House  
San Francisco & Toronto

Presented to  
BookNet Canada Technology Forum  
Wednesday, March 21, 2007

# Outline

- My background
- The problems of a digital world
- Printing
- Paper
- Newspapers (as example)
- eBooks
- Internet advertising

# My Background

- 8 years in bookselling & publishing in Canada; 4 in the U.S.
- 18 years studying the intersection of technology and print publishing, working with publishers, printers & vendors
- 5 years with Seybold Seminars
- Now also a Gilbane senior associate (content management)

# More Recent Background

- 10 years studying the impact of the Internet on graphic communications
- Major focus now:
  - The future of publishing
  - Workflow (JDF)
  - Publishing automation (XSL-FO)
- Writing for *PrintAction*, Gilbane.com, TheFutureOfPublishing.com

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## About Thad

### Industries

[Entertainment](#)

[Publishing](#)

[Games](#)

[New Industry](#)

[Telecommunications](#)

[Toys](#)

### Influences & Impacts

[Interesting Fact Test 1](#)

[Influence](#)

[interesting Fact \\*Test](#)

search

## New tablet PC shrinks down to size

Industry: [Publishing](#)

Fujitsu may be experimenting with Frankenstein prototypes, but it remains fully grounded in reality where ultra-portable notebooks are concerned. To wit: Fareastgizmos points out that Fujitsu has introduced a new tablet PC that's less than 1 inch thick and weighs 3.5 pounds, complete with Intel's Duo Core processor, 1GB of memory, 80GB hard drive and a choice of 10.4- or 12.1-inch screens. It doesn't fold away into your pocket, but with those dimensions you made not need it to--proving that contortionism isn't necessarily for

## Five must-have PS3 accessories

Industry: [Games](#)

he PlayStation 3 is finally available for sale--in theory, anyway. Those fortunate few who were lucky enough to get their hands on Sony's bleeding-edge console will find

## Latest Blog Entries

08.11.06 by [thad](#)

In an October 27th entry on Dave Mainwaring's [Full Story...](#)

08.11.06 by [thad](#)

I'm at the CIP4-JDF technical meetings in Quebec [Full Story...](#)

## News

### 'Borat' comic nominated for Kazakh arts award

ALMATY, Kazakhstan (AP) -- A leading Kazakh writer has nominated actor Sacha Baron Cohen for a national award

# The State of our Industry

# Software is More Intrusive

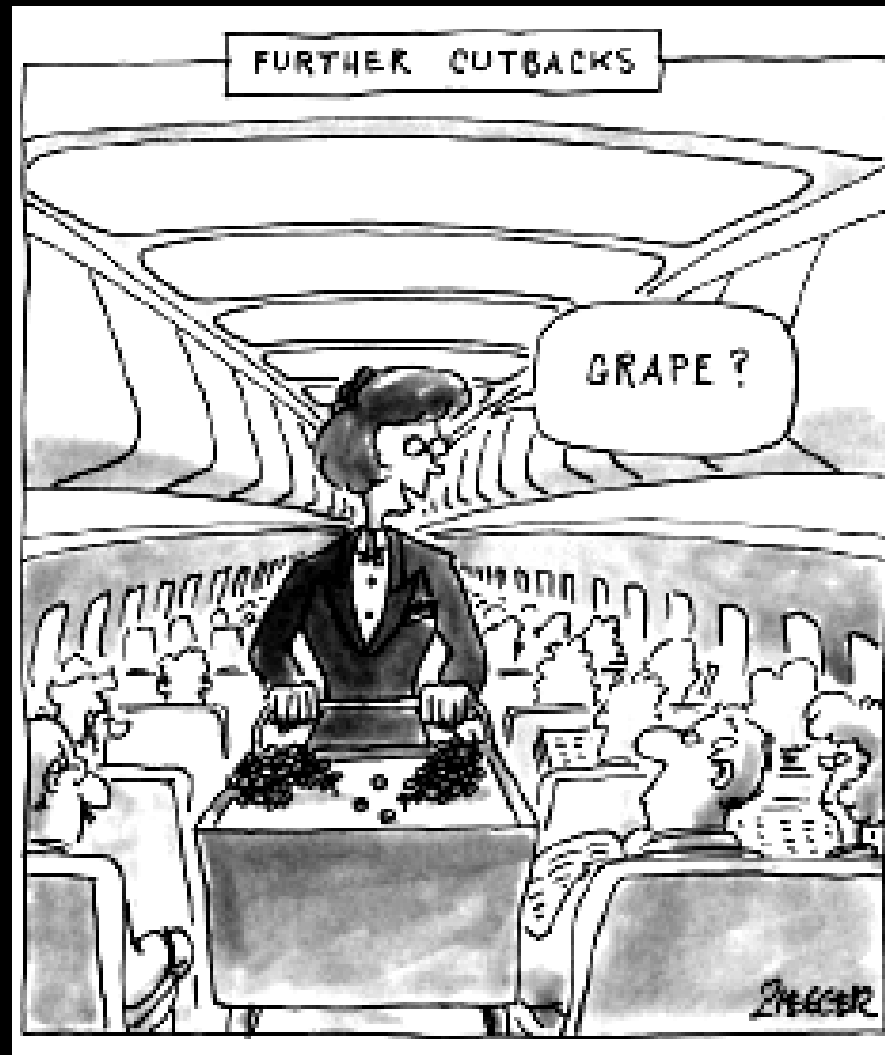


# Spam is Out of Control



MICROSOFT ISSUES WORD ZERO-DAY ATTACK ALERT | NEWSWEEK  
• Spam soars by 150% in 2006 | Computer Business Review

# Flying Gets Worse



# I've Got the Scars to Prove It



# Dealing with a Digital World

# 20 Years Later

idea&s

*the arts & science review*  
University of Toronto  
spring 2006  
volume 3 : number 1

## ERRATUM

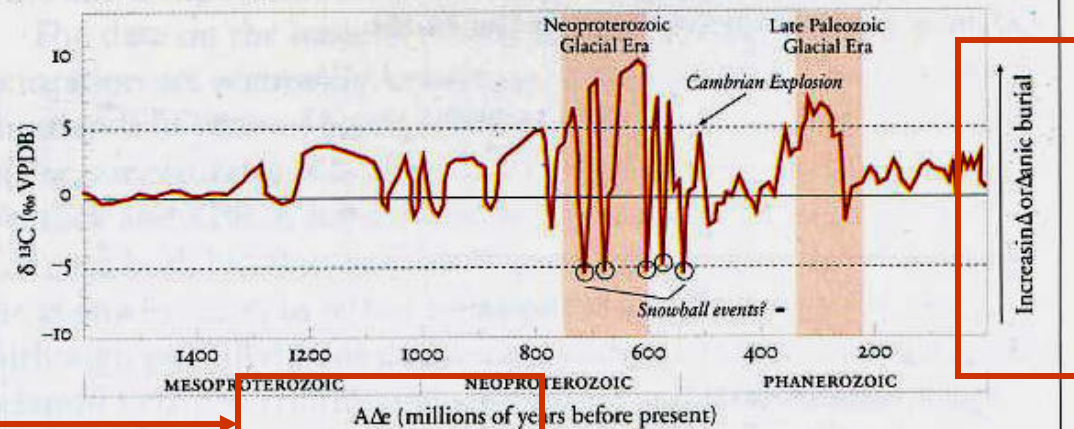
Due to a computer-related error at the time of printing, the letter “g” in “Age” and “Increasing organic burial” (figure 1, page 13) and in “Land-Use Change” (figure 4, page 16) were incorrectly rendered as a delta symbol ( $\Delta$ ).

Any other errors you may encounter in this issue are strictly human-related.

# What do You Mean, "Erratum"?

**Figure 1**

The variation of  $\delta^{13}\text{C}$  measured in sequences of carbonate rocks from 1.6 billion years ago until the present.



Data for the Neoproterozoic Era until the present are from J.M. Hays et al., "The Abundance of  $\delta^{13}\text{C}$  in Marine Organic Matter and Isotope Fractionation in the Global Biogeochemical Cycle of Carbon During the Past 800 Ma," *Chemical Geology* 161:1999. Figure adapted and modified from N. Eyles and N. Januszczak, "Zipper Rift: A Tectonic Model for Neoproterozoic Glaciations During the Breakup of Rodinia after 750 Ma," *Earth Science Reviews* 65:2004.

## **PALAIS DES CONGRES BRUSSELS**

The *Palais des Congrès* in the heart of Brussels will be completely renovated! Housing state of the art auditoria, numerous modular rooms and two public restaurants with a breath-taking vista of the capital of Europe.

The newly created SA Palais des Congrès seeks

**ONE OR MORE PARTNERS TO MANAGE THE MICE AND CATERING ACTIVITIES IN THE RENOVATED PALAIS DES CONGRÈS IN BRUSSELS.**

*Announcement of assignment published in the Official Journal of the European Union (<http://ted.europa.eu>) and the Moniteur belge ([http://www.ejustice.just.fgov.be/cgi\\_bul/bul.pl](http://www.ejustice.just.fgov.be/cgi_bul/bul.pl))*



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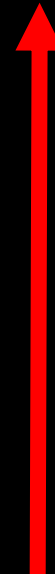
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# The Printing Industry: A Clear Picture is Emerging!

## **NAPL Research Points to Further Evidence of Slowing in Market**

PARAMUS, N.J., Nov. 29, 2006 (Press Release) -  
reaching signs of slowing here, the same more.

## **PIA/GATF Ratios Show Printing Industry Profits Increasing**

Pittsburgh, PA, November 30, 2006—

# Paper Outlook Equally Certain

The Conference Board of Canada  
Insights You Can Count On



News release 05-15

## Paper Industry Profits to Almost Triple by 2006

OTTAWA, September 23, 2004 – Profits in Canada's paper industry

News release 07-35

## Paper Products Industry to Lose Money for Second Straight Year in 2006

Ottawa, November 10, 2006 – The struggling pulp and paper sector

# Canadian Printing Snapshot

EXPORTS	2006	2005	Change
August	\$132.5 million	\$145.6 million	-8.9%
Year to date	\$1.03 billion	\$1.12 billion	-8.1%

IMPORTS	2006	2005	Change
August	\$124.3 million	\$108.3 million	14.8%
Year to date	\$833.9 million	\$770.8 million	8.2%

# U.S. Imports

**Table 13. U.S. Imports of Printed Material—  
Top 10 Countries**

<b>Country</b>	<b>2003 (in Actual Dollars)</b>
Canada	\$1,393,941,186
China	\$745,082,464
United Kingdom	\$459,586,492
Hong Kong	\$282,595,286
Mexico	\$210,097,114
Italy	\$138,383,446
Germany	\$131,516,070
Singapore	\$129,724,003
South Korea	\$86,790,701
Japan	\$85,641,525

# What About China?

Table 14. U.S. Imports from China by Category

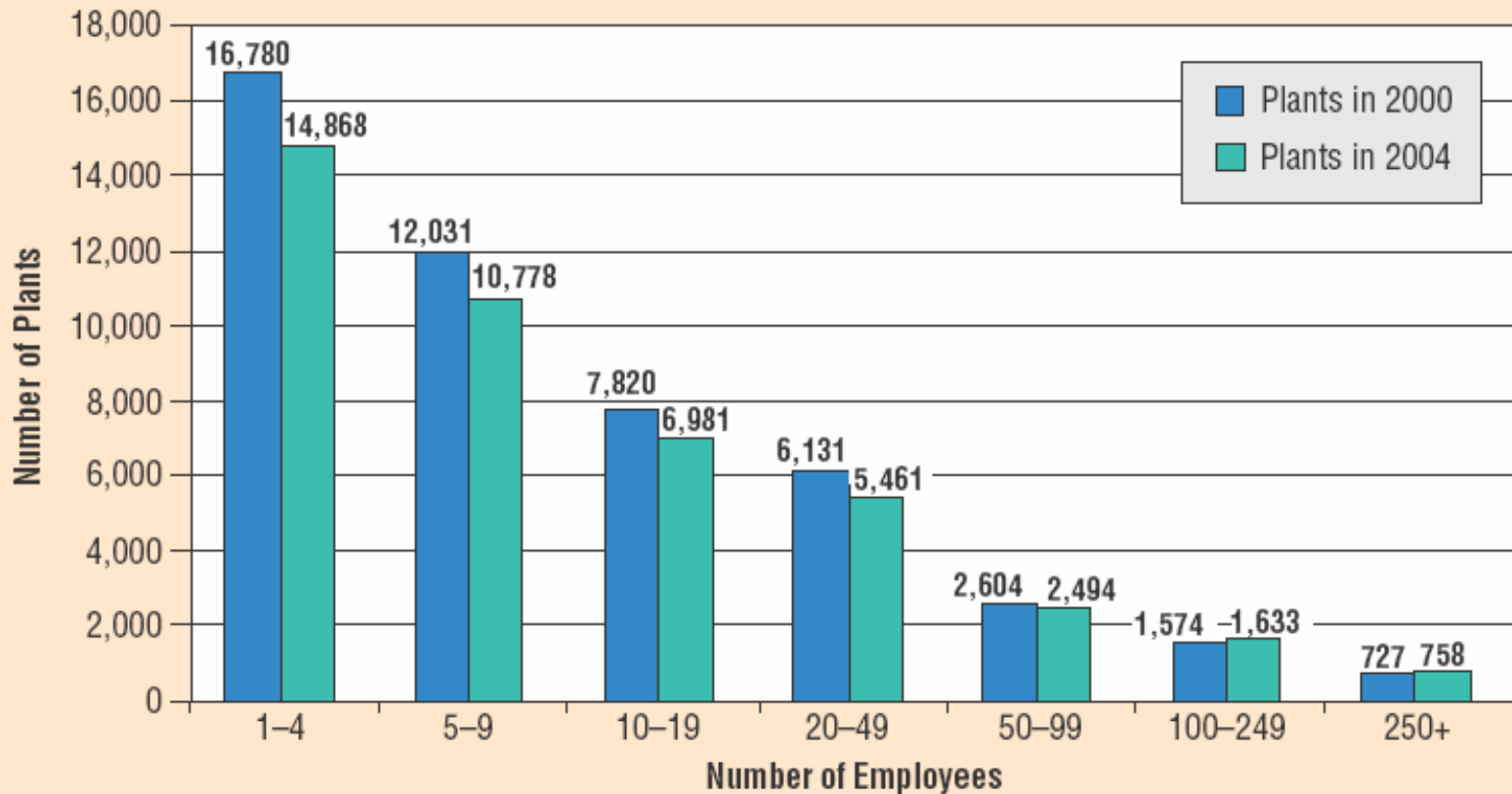
Category	2003 Amount	% of Total U.S. Category Imports
Hardbound books	\$164 million	30%
Children's drawing/ coloring books	\$89 million	42%
Printed matter not elsewhere specified with 5-48 pages	\$89 million	63%
Greeting cards	\$81 million	42%
Printed matter not elsewhere specified with 49+ pages	\$80 million	22%

## Printers' View of Global Competition (October 2004)

Are your customers looking for global sourcing for their printing needs? (% answering "yes")	39%
During the first nine months of 2004 did your firm lose a print job to a foreign competitor? (% answering "yes")	29%
If your firm lost a print job to a foreign competitor during the first nine months, which country was the competitor in?	47% China

# Print Consolidation

Figure 4. Number of Printing Plants by Size  
(Changes from 2000 to 2004)



— Ronnie H. Davis, PIA/GATF, *Over the Horizon: The Economy and Print Markets—2005–2007*

# Newspapers

## **Newspapers Report Circulation Declines (11/03/2006)**

Many major market daily newspapers reported

### **The future of newspapers**

## **Who killed the newspaper?**

Aug 24th 2006

From The Economist print edition

# Newspaper Readership

“Did you read a newspaper yesterday?”

80% “YES” in 1961

58% “YES” in 1999

# Newspaper Credibility

undergone a significant shift—one that is on a markedly downward spiral. A 2005 poll by the Pew Research Center for the People and the Press, for example, reported that the percentage of Americans saying they can believe most of what they read in their daily newspaper dropped from 84 percent in 1985 to 54 percent in 2004. For televised news,

# U.S. Book Publishing: Brighter!

	2002	2003		2004		2005		Compound
	Census	\$	% Change	\$	% Change	\$	% Change	Growth Rate
								2002-2005
Trade (Total)	6,027,658	6,534,828	8.4%	6,267,199	-4.1%	7,828,050	24.9%	9.1%
Adult Hardbound	2,111,628	2,060,949	-2.4%	2,190,788	6.3%	2,221,700	1.4%	1.7%
Adult Paperbound	1,020,015	1,013,895	-0.6%	1,042,284	2.8%	1,140,989	9.5%	3.8%
Juvenile Hardbound	2,114,091	2,718,721	28.6%	2,264,695	-16.7%	3,614,748	59.6%	19.6%
Juvenile Paperbound	781,924	741,264	-5.2%	769,432	3.8%	850,613	10.6%	2.8%
Book Clubs & Mail Order	1,946,640	1,771,443	-9.0%	1,613,784	-8.9%	1,505,661	-6.7%	-8.2%
Mass Market Paperback	1,207,630	1,187,100	-1.7%	1,081,448	-8.9%	1,083,611	0.2%	-3.5%
Audiobooks	143,410	161,049	12.3%	159,922	-0.7%	206,299	29.0%	12.9%
Religious	588,153	883,406	50.2%	932,877	5.6%	875,971	-6.1%	14.2%
E-books	29,979	80,793	169.5%	123,695	53.1%	179,110	44.8%	81.5%
Professional	3,155,191	3,268,778	3.6%	3,334,153	2.0%	3,300,812	-1.0%	1.5%
EI-Hi (K-12 Education)	5,795,044	5,939,920	2.5%	5,945,860	0.1%	6,570,175	10.5%	4.3%
Higher Education	3,025,029	3,133,930	3.6%	3,190,340	1.8%	3,359,428	5.3%	3.6%
All Other	136,488	153,932	12.8%	161,629	5.0%	158,558	-1.9%	5.1%
<b>Total</b>	<b>22,055,222</b>	<b>23,115,180</b>	<b>4.8%</b>	<b>22,810,907</b>	<b>-1.3%</b>	<b>25,067,676</b>	<b>9.9%</b>	<b>4.4%</b>

<http://www.bookbusinessmag.com/story/story.bsp?sid=47549&var=story>

# Book Business

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## 2006 Book Sales Remain Steady at \$10 Billion

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Add a note...

Annual book sales last year were right on par with those of the previous year, with more than \$10 billion in net sales, according to figures released by the book industry's largest trade association, the Association of American Publishers.

Overall sales saw a .02 percent year-over-year dip, or about \$16.3 million less in 2006 compared with 2005 sales, the report stated.

Tina Jordan, vice president of the AAP, tells Book Business Extra she believes that \$10 billion sales is a healthy mark for the industry.

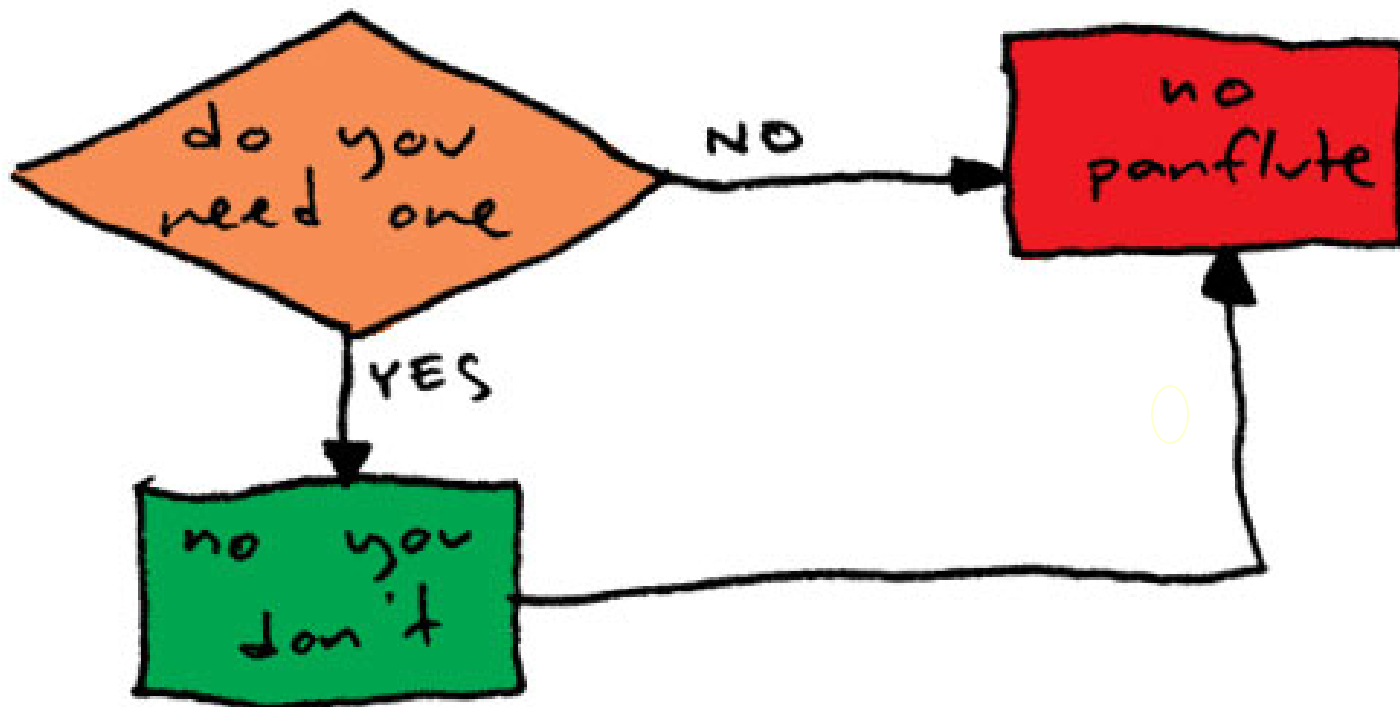
**What is to Be Done?**

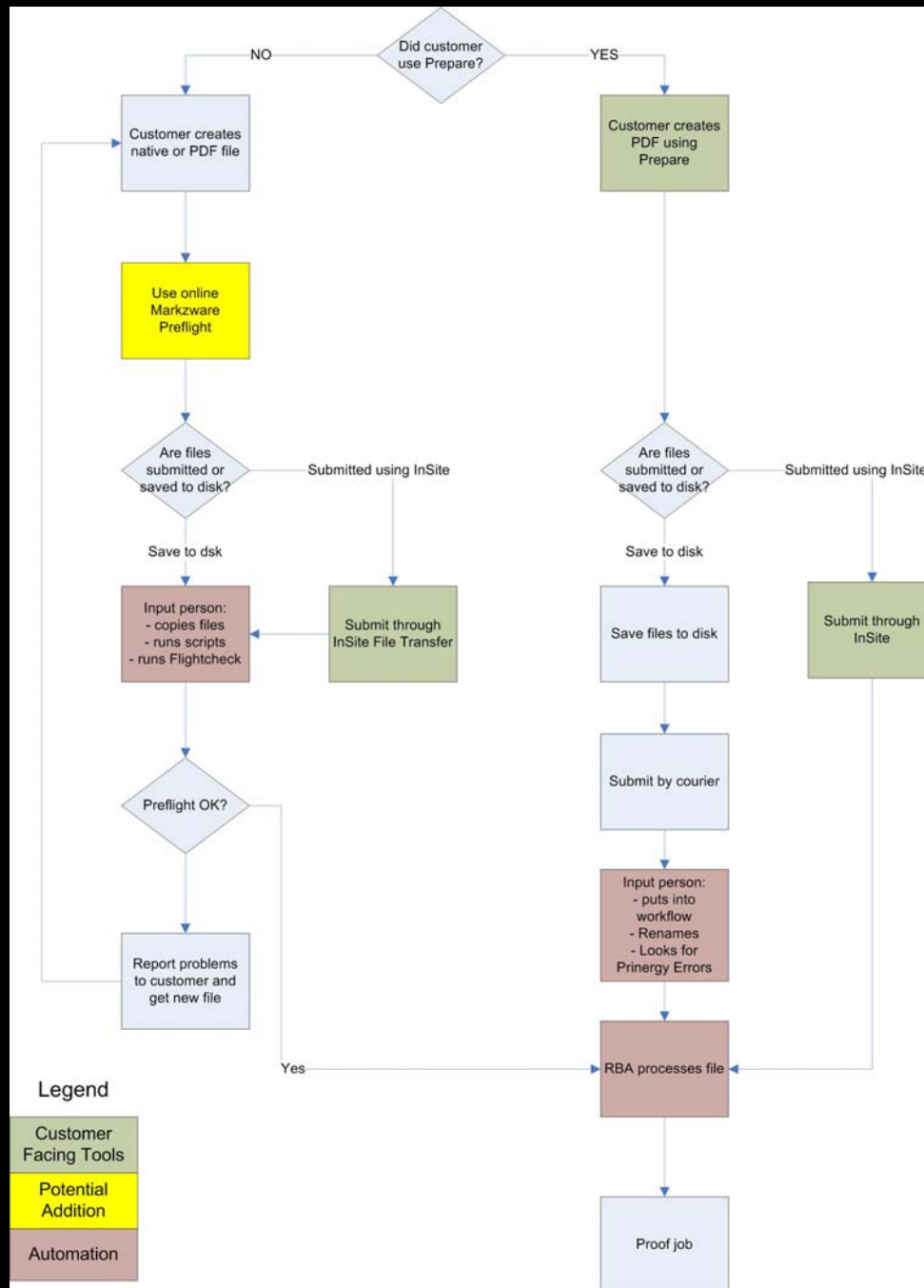
# The Tenets of Automation

- Full digitization: nothing on paper
- Full commitment: from management to sales to all operating staff
- All the software: the right applications (from creative through DAM/CMS and workflow enablers)
- Standards: full support for the standards that enable automation

**And Workflow Must  
Be Charted**

# PANFLUTE FLOWCHART





Did customer use Prepare?

Customer creates native or PDF file

Customer creates PDF using Prepare

Use online Markzware Preflight

Are files submitted or saved to disk?

Are files submitted or saved to disk?

Input person:  
- copies files  
- runs scripts  
- runs Flightcheck

Submit through InSite File Transfer

Save files to disk

Submit through InSite

Preflight OK?

Submit by courier

Report problems to customer and get new file

Input person:  
- puts into workflow  
- Renames  
- Looks for Prinergy Errors

Yes

RBA processes file

Proof job

- Customer Facing Tools
- Potential Addition
- Automation

# Some Touch Points

- XML
- Content management
- Digital rights management
- Full automation
- Cross-media publishing
- Cross-media promotion (blogs, etc.)
- Drive out costs

# The Internet & Advertising

“The Internet is the glue that binds customers’ experiences in our emerging experience economy.

“Advertisers know the old model is broken, and that the old rules do not apply... Consumers are finally in control, and they have become the programmers, consuming media when they want, where they want, and how they want.”

— Murray Gaylord, Vice President, Brand Marketing, Yahoo!

# Online Ad Spend Growth Is Historic

MARCH 20, 2007

## These are flush times for online marketers.

Internet ad spending grew by a third from 2005 to 2006, according to the [Interactive Advertising Bureau](#) and [PricewaterhouseCoopers](#) (IAB/PwC).

Online ad spending revenues totaled \$16.8 billion in 2006, up from \$12.5 billion in 2005.

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### US Online Advertising Revenues, 2005 & 2006 (billions and % increase vs. prior year)

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2005	\$12.5
2006	\$16.8 (34.0%)

*Source: Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC), March 2007*

081664

[www.eMarketer.com](http://www.eMarketer.com)

eMarketer benchmarks its own online ad spending estimates against IAB/PwC data. The full-year actual total surpassed eMarketer's 2006 estimate of \$16.4 billion by \$400 million.

# eBooks

“The big problem with e-books is the name, with the implicit connotation that we should be reading lightweight paperbacks on heavy digital readers... I now refer to ‘e-content’ rather than e-books. There’s a lot of digital information — most of it much shorter than book-length — that makes more sense to be consumed digitally than it does to be printed before consumption.”



January 22, 2007

**REAL TIME**  
By JASON FRY



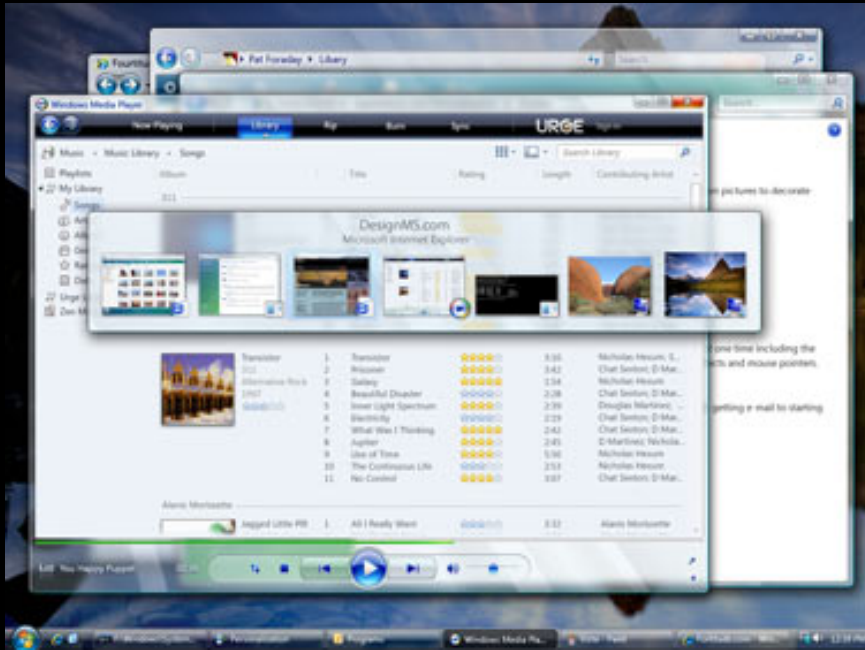
## Will the Digital Era Change Writing?

Rock Albums Have Given Way to Songs;  
Will Fiction Face a Similar Fragmentation?  
*January 22, 2007*

Not long ago I found myself having a familiar debate (OK, it's familiar if you're a music geek): Is the truest expression of rock 'n' roll the song, or the album?

It's an old argument between song guys and album guys, the Hatfields and McCoys of rock fans. (And at this level of geekery, most of the combatants *are* guys.) I'm a songs guy myself: To me, music is best enjoyed three or four minutes at a time, not as part of some larger artistic statement stretched out over a dozen or more songs. To the album guys, that kind of thinking practically makes me a pre-teen mall rat.

# Microsoft Vista



- Office 2007
- XML support
- Important new imaging technologies (XPS)

# Remember: Objects in Mirrors Are Closer Than They Appear!



— Wendy McCully

**Thank you**

**thad@theFutureofPublishing.com**