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A WHITEPAPER ON

The Impact of Digital Transformation in Publishing: Challenges and Tech Tips

EXECUTIVE SUMMARY

CRITICAL CHALLENGE 01

Traditional models of publishing are seeing declining revenues as customer preferences go digital. But merely digitizing content will not solve the problem.

The introduction of the Kindle spurred the rise of eBook, but soon the sale of eBooks plateaued at about 30% of a publisher's overall revenue

TECH TIP #1

Publishers will have to relook at their strategies with eBooks. One potential area is using interactive publications which combine text, images, audios and videos.

CRITICAL CHALLENGE 02

Marketing teams are having a greater say in what gets published. What content gets published will be based on insights gleaned from data analytics.

Jeff Bezos' acquisition of the Washington Post and its subsequent transformation showed how data analytics can positively impact a business

TECH TIP #2

Using big data analytics to analyze and understand audience preferences can increase reach and sales.

CRITICAL CHALLENGE 03

Audience have got the tools and the power to influence what is being published.

Online communities are becoming trendsetters to understand audience sentiments

TECH TIP #3

Build online communities around popular publications and books and have a presence in social media platforms such as Goodreads to encourage conversations.

CONCLUSION

Publishers need to get creative to stay afloat. They need to shed their traditional models of doing business and move from an editorial-driven approach to a market-driven approach.

- o   Embrace technology and understand the devices in which their books are being read
- o   Create new product offerings that are digital-first
- o   Build and channelize audience voices

WHITEPAPER

Digital transformation is impacting the publishing industry in curious ways. While the focus has been to shift online, merely digitizing content is not enough. What should publishers do to thrive in a digital, disruptive age?

Critical Challenge #1:
THE METAMORPHOSIS OF BOOKS

PwC media outlook reports that eBooks will generate over $9 bn in revenues by 2018 at a CAGR (Compounded Annual Growth Rate) of 13.9%. While eBooks are popular, the current technology that is powering eBooks works well enough for text-only content. But what about books in color with interactive or dynamic capabilities? With Apple and Amazon strongly leading the pack, eBooks are being read on ink-based e-readers, tablets and mobile devices, and publishers should ensure the eBooks are well adapted to each device.

DT IN ACTION
ENHANCING USER EXPERIENCE

A Closer Look: Interactive Publications
Publishers are exploring new ways of delivering richer content using audio, videos, animations and interactions. This blended approach is perfect for engaging a distracted audience of the smartphone generation. Guardian released an interactive extract of Harper Lee's Go Set a Watchman which combined stunning visuals with text.

Editions at Play is an initiative by Google's Creative Lab and Visual Editions to create interactive books, based on location, time, weather, among other variables. Its narratives are visually driven, gripping and interactive. The potential of such interactive journals/books are estimated to generate over $3 bn in revenues, of which half would be incremental revenues over and above cannibalization of existing physical books.
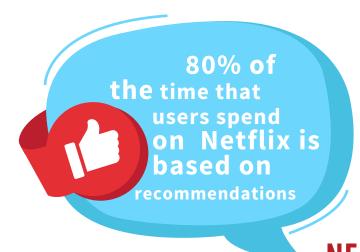
TECH TIP #1

Publishers need to think digital: building up the ebooks and interactive publications; offering innovative pricing bundles for digital and print combos; partnering with OEMs to push content through in-built apps; and finding new ways for generating advertising revenue.

Critical Challenge #2:
ABILITY TO LEVERAGE DATA AND INSIGHTS

80% of the time that users spend on Netflix is based on recommendations. Publishers can also tap in to the same sentiment to boost revenues through sales and targeted advertising. For this, editorial teams in publishing houses will have to leverage the data and insights generated from marketing to figure out what content works with the audience. Leveraging data analytics tools is an important area of focus for publishers. Ironically, most of the analytics is being done by the tech giants Google, Facebook and Amazon.

80% of the time that users spend on Netflix is based on recommendations

NETFLIX

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DATA-DRIVEN APPROACH

Jeff Bezos' acquisition of the Washington Post personifies the tech giant's entry into the industry. Since the purchase, the Post has updated its website and mobile apps, created a range of analytic tools and has taken a more data-driven approach to see what headlines and story frames get better audience responses. Posting over 1200 articles a day, the Post's monthly web traffic stands around 78 million unique visitors. The Washington Post has been profitable for the last two years and has been earning ad revenues in excess of $100 million. While the paper's physical circulation is on the decline, online readership increased by 22% over last year.

TECH TIP #2

Publishing houses need to start investing in analytic capabilities, either in-house or source it from a third party. Third party tools, like Kadaxis, offer publishers tools to find audience driven keywords based on emotion and sentiment. They also provide topic analysis which helps categorize books and position them in the market. Trajectory is another analytics tool that allows publishers or booksellers to offer recommendations. It uses sentiment graphs, Natural Language Processing, and attributes analysis to offer recommendations.

Critical Challenge #3:
UNDERSTANDING READER SENTIMENTS

For a long time, the traditional models of publishing did not allow companies to interact with their customers. The advent of online sales and eBooks has not done much to help publishers stay in touch with their readers as etailers are fiercely protective of their customer data. Online book clubs, social media pages and websites present publishers with a new way to reach out to customers and interact with them.
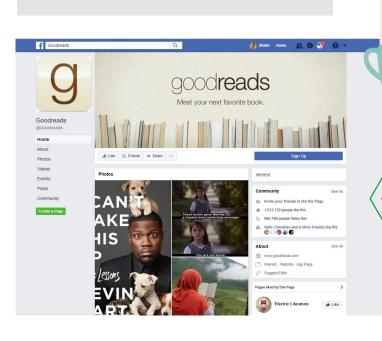
TECH TIP #3

Publishers will have to create or adopt online communities to listen in on what the audience prefers to read. There are over 65 million users and 68 million book reviews on Goodreads, making it the largest congregation of book enthusiasts. Publishers can trawl through the data to get feedback and insights.

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NES BUSINESS MODELS

When Lilian Carmine struck a deal with Random House UK to publish three books, she was an amateur author in Wattpad, an online writing community. Her first draft of her planned novel had received over 33 million views and got picked up by an editor from the publishing house. In fact, Random House Children's Books acquiring Figment, an online writing community in 2013, reinforces the importance for publishers to engage directly with readers as well as scout for new talent among emerging writers.

There are over **65 million** users and **68 million** book reviews on Goodreads

CONCLUSION

HOW DO PUBLISHERS EMBRACE DT TO ADAPT TO THE DIGITAL FUTURE?

Publishing is at the crossroads of art and innovation, with technology opening up the possibilities of the future. They will need to understand the implications of increased use of mobile devices for reading by their audiences. **Publishers will have to cater to these target segments by creating digital-first publications that are both adaptive and interactive**. This would mean that publishers need to overcome their inhibitions, embrace technology, and understand mobile devices they are catering to.

Data will be at the heart of publishing. There are plenty of tools to tap in to the data available online. **Publishers will have to find a way of integrating online data of reviews and conversations with their internal tracking metrics to generate insights.** Keyword analysis, sentiment graphs and attributes are important factors to be considered to define a book's target audience.

Publishers need to encourage formation of online communities around their books and publications. They should be able to leverage their audience both as a sounding board for new ideas as well as providing word-of-mouth publicity. This would require a change in mindset as it means publishers need to relinquish control and allow the readers a seat in the editorial process.

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Suyati is a fast-growing digital transformation solutions company that helps you rebuild your customer experience for the digital consumer. We collaborate with businesses to strategize and implement impactful digital initiatives that position our clients ahead of the competition. We are digital-first and we focus on delivering digital transformation solutions that support your various engagement strategies.

Our three-phase approach to implementing digital transformation for you ensures that you win stakeholder support, secure early wins through competitive advantage, and transform your business for future growth. And our tailor-made platform, Mekanate, helps you discover your business DNA from your passive and active data, and use it to initiate, integrate and accelerate your DT implementation.

With our niche and rich expertise in a wide range of technologies and services - CMS, CRM, e-commerce, Cloud, IoT, Data Analytics, and Product Engineering - we help companies across the globe leverage their best on web/cloud/mobile platforms.

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