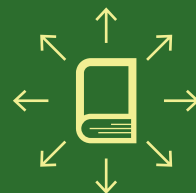




LIVRES CANADA BOOKS®

Audiobook Streaming and Subscription Models for International Distribution



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Introduction

This report will support the conclusion that it is not too late for publishers to exploit the ongoing growth of the audiobook market. New distributors and distribution models continue to be a conduit for introducing new, non-book-reading consumers from younger age brackets to the format. Global players in the non-book audio world (i.e., music and podcasts) are showing greater interest in the product and introducing the audiobook format to a broader range of listeners. The prolonged growth of title counts, subject matter, and the emergence of the unlimited subscription model for sales facilitate drawing in new listeners.

There are also potential new ways of exploiting rights to markets outside the traditional book circle. Monetization through podcasts, NFTs, and other adjacent audio products alongside the main audiobook property adds to future revenue potential. Since digital content is the dominant product format, publishers can offer titles globally without the supply chain and logistics issues that affect printed books. Furthermore, publishers can exploit audio rights globally in multiple languages and different markets and channels with relative ease.

Audiobook production has benefited from the general rise of the digital office. Efficiencies are appearing in all areas of the process, including the delivery of scripts as a PDF versus a hard copy sent through the mail, the use of AI software to help identify mistakes in the reads, and the emergence of home recording studios, which are multiplying and becoming more sophisticated. This trend has been in place for the last decade, and all signs indicate that production efficiencies will continue to improve.

North American Audio Publishers Reported Net Sales (millions)

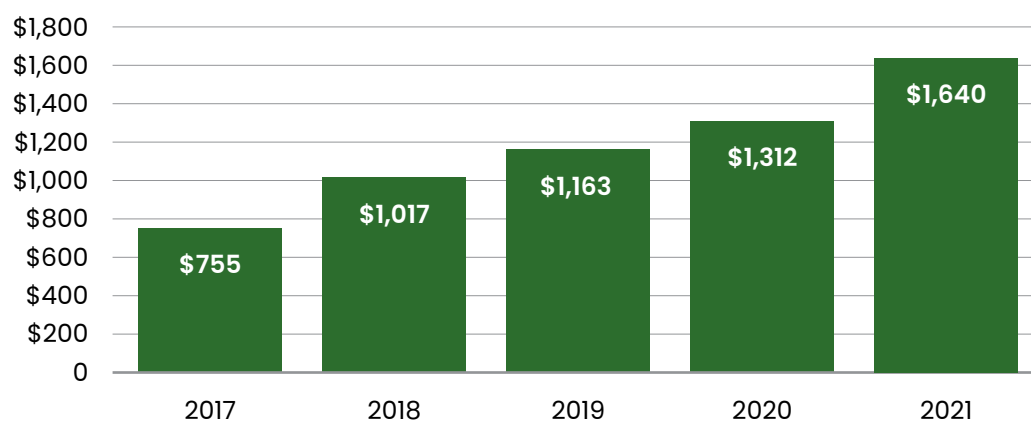


Figure 2. The growth of audiobook sales from 2017 to 2021.

The audiobook industry continues to generate more revenue, which helps fund new investments in title growth from the biggest publishers to the smallest authors. The uptick in sales and interest in the format has made it easier for publishers with audio programs to expand into their audio list. It also encourages publishers who focus on the audiobook format to acquire a more extensive range of titles, create more audio programs outside of the traditional book format, and increase the size of their non-book audio list. Publishers who did not previously have audio programs have started them. We even see authors keeping audio rights and creating their own audio via do-it-yourself platforms, aggregators, and even directly with voice talent.

With the surge in title availability, publishers often look to distinguish themselves and their titles with a higher emphasis on production. We see more multi-voiced performances, celebrity narration, and full-cast recordings—which are often standalone original programs or involve text adaptation, sound effects, and music. This is exciting for the listening public but can present challenges for the publishers as the costs of producing these titles are higher.

Audio consumers benefit from having more choices as the number and type of content providers increase. There is a broader range of titles, recording styles, and authors.

Age of Audiobook Listener

per Pew Research study (February 2021)

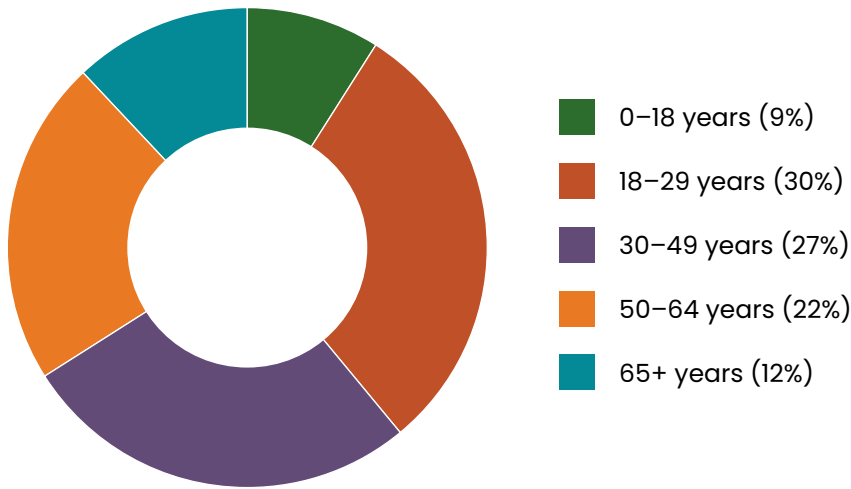


Figure 4. The age breakdown in audiobook listeners.

The audiobook industry is at a bit of a crossroads currently. Focus groups led by the Audio Publishers Association have clearly stated an interest in the unlimited subscription model, and although the data does not break down the type of subscription each consumer chooses, the rise in unlimited subscription offerings, along with the increase in unlimited subscription availability, leads to extrapolation that more consumers are taking advantage of this model. Additionally, the continued growth in overall market share for big distributors like Storytel that offer unlimited subscriptions, and the acquisition of Findaway by Spotify (using the unlimited subscription model for podcasts and music), indicate where the market is trending. The consumer, especially the avid audiobook listener, is naturally drawn to this selling profile based on economics and ease. Not only is it cheaper per unit of listening, listeners do not have to select a title each month to acquire but instead have access to an ongoing library of content. As we have seen in the other entertainment areas of subscription models, the steady flow of new, quality programs must be maintained or the service becomes stale for the listener, and they will unsubscribe.

On the other side of the audiobook economy are large publishers and bestselling authors looking to maximize profits, not necessarily grow author name recognition. Most of their sales will come from a specific search or purchase. The incremental volume for these authors and publishers would likely not offset the reduction in per-unit sale dollars. Thus, there is little incentive for them to offer titles in the unlimited subscription model. New authors, niche topic titles, working authors, and smaller publishers who are mostly left out of specific search purchases could benefit from the additional volume and accessibility of having their product available. This increase in volume is new sales revenue for them.

Audiobook Markets by Region

Worldwide, 1.5 billion people speak English. When accounting for native and second-language speakers only, that number comes down to around 840 million. Likewise, there are over 275 million people in the world who speak French. However, this number is reduced to 80 million when counting only native speakers. According to the February 2020 Storytel company presentation report, in Storytel's many markets, 85% of audiobook listening is done in the local language. Therefore, it is essential to know the French-speaking countries and the companies that distribute to them.

A global trend of increased male readership/audio listening suggests that men prefer listening to audiobooks over reading books. This trend is seen in some markets. The volume and variety of expanded audio titles will influence what type of content might be more successful in audio.

France

With a population of 65 million, France is the 23rd largest country in the world, and almost 100% French-speaking.¹ Approximately 23 million also speak English, almost entirely as a second language. France is one of the fastest-growing markets in Europe. Several recent events have helped the audiobook market grow in France, such as the vast rollout of 4G technology throughout the country. This has allowed citizens to stay connected from border to border and has increased the utilization of smartphones. According to Isabelle Humbert, smartphones are currently the device of choice in France for audiobooks, accounting for 56% of all digital audiobook listens.

1 According to the Organisation Internationale de la Francophonie (OIF; <https://www.francophonie.org/>), there are 321 million native and non-native French speakers in the world.

Appendix A

Key Associations by Market

France

Syndicat national de l'édition [National Publishing Union]: www.sne.fr

Mexico

Cámara Nacional de la Industria Editorial Mexicana (CANIEM)

[Mexican Chamber of Books]: www.caniem.online

Spain

Federación de Gremios de Editores de España (FGEE)

[the Spanish Association of Publishers Guilds] www.federacioneditores.org

International Publishing Distribution Association: www.ipdaweb.org

United Kingdom

Publishers Association (UK): www.publishers.org.uk

United States of America

Audio Publishers Association: www.audiopub.org

American Library Association: www.ala.org

Public Library Association: www.ala.org/pla