(E-)Book Publishing in Spain: The Paradoxes of a Dual Business Model

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Abstract

Electronic publishing has transformed the business model of publishing houses in Spain in such a way that two models currently co-exist. There are, on the one hand, traditional publishers of mostly paper-based volumes, whose business models are based on having large catalogues of titles and large print-runs, though print-runs are increasingly smaller and returns increasingly larger. Intermediary agents operating under this model, for instance booksellers, are subject to ever-greater economic pressures, especially in the current crisis. On the other hand, digital publishing models are on the rise in Spain, at least partly as a result of digital projects by traditional publishers who are either digitalizing their catalogues or who are creating entirely new digital catalogues. However, within the rising digital sector, independent publishers have a significant share of the market. They have launched entirely new collections, use cloud-based business models and use sales and distribution systems fully in tune with a constantly-changing readership that increasingly values social networking and collaborative reading. In a rigorous and thorough study, the specificities of each of these models were studied and the consequences of each model for the future of electronic publishing in Spain were analyzed.

Key words. business models, cloud-based reading, digital reading, electronic publishing, sales platforms, Spain.

0. Introduction

As a proving ground for studying how new digital information and communication technologies in general and electronic book publishing in particular fare against conventional publishing, Spain is a very unique example. Spain has a longstanding tradition in book publishing, dating back over five hundred years to the arrival of the first printing press, and it currently has a vibrant publishing industry, which luanches tens of thousands of titles per year, mostly in Spanish. With the world's fourth largest publishing sector, Spain's multinational book producers have a large foreign trade business. Despite these objectively favorable circumstances, seemingly conducive to high reader rates, Spain's reading rates are comparatively lower than neighboring countries. Increasing reading rates has always been a goal of policymakers and program administrators and a challenge for private industry, but the timid inception of electronic books on the Spanish publishing market two years ago and a later exponential growth in electronic book sales forced publishers of printed books to redefine their publishing strategies in the short term and modify the business models that had prevailed up to then. Spanish publishers were forced to counteract competition from large internet sales and distribution platforms of electronic books which included Amazon, Apple, Barnes and Noble and Google, who were entering the national market. What became of this realignment of Spanish publishers was on the one hand a massive migration towards digital formats of all existing publishers and on the other the creation of a whole array of new publishers of digital books. Planeta, Anagrama, Ediciones B, and other consolidated Spanish powerhouses faced the challenge by making short-term tactical moves within a long-term comprehensive strategy of adopting digital formats for all publications. In 2010, sales of digital-formatted publications surpassed for the first time those of print publications, according to the 2011 annual report on digital contents in Spain by the Observatorio Nacional de las Telecomunicaciones (in Spanish, the National Observatory for Telecommunications; ONTSI, 2011).

This report states that in 2010 digital newspapers reached 342 m euros in sales, a 29% increase with respect to 2009, and that income from digital book and digital magazine sales topped 213 m and 58 m euros respectively. E-book readers and tablet computers are described as the technological tools that are transforming the business models in all of these publishing sectors, and they are linking publishers with other content producers and activities that add value to digitally published contents. All of these developments translate into innovative business opportunities for the digital publishing industry.

The figures continue to grow in 2011, permanently consolidating the migration towards digital contents. In the specific case of book publishing, the migration from print-based to digital-based business models has also become consolidated, and in the process has proven that a new generation of readers familiar with digital contents has emerged. These new-generation readers have made the hand-held computer screen their window into written communication, using social networking to enhance the experience.

The study report that follows, we attempt to analyze the characteristics behind these changes and learn to what extent these changes will affect the future models of publication and reading in Spain. This analysis is particularly timely, given the fact that print-based and digital-based models both coexist, during this time of economic stagnation, with receding sales over the last two years in the case of the former and ongoing, permanent sales growth in the latter.

1. Methodology.

Sources of statistical data on digital book publication, and on publishing house practices in particular, have always been scarce. In the same manner, sector-specific research, and research on digital publishing in particular, has also been excessively scarce. There indeed exist publishers guild studies conducted for the sake of internal use by members, though most of these studies were produced at irregular intervals or had not continuity, or they were very scarcely broken down into useful categories. The last two years, however, have witnessed a considerable change, and reliable data has been produced by Spain's Ministry for Culture, and in particular by Spanish publishers' guilds. Currently available professional sector studies reveal to what extent currently available professional studies and reports have shown to what extent digital publishing is becoming widespread.

The first stage of our study consisted in locating studies that would allows us to obtain useful indicators and statistic data regarding publication in Spain. We have used the Ministry of Culture's annual studies entitled *Panorámica de la Edición Española de Libros,* a yearly overview of book published in Spain (the latest of which was published in 2011*)*, which consistently contain a section on digital publishing, itemized by formats, publishers, geographical areas and other and other useful data break-downs.

The latest volume of *Mercado Interior del Libro (2011)*, a compilation of domestic book market statistics published by the Spanish Federation of Publishers Guilds (in

Spanish, Federación de Gremios de Editores de España, FGEE) was used, as were other materials published by this same institution. The most recent *Estadística de la producción editorial en España* (2011), which is produced annually by the Spanish National Instutute for Statistics (in Spanish, Instituto Nacional de Estadística). A number of other widely varied sources generated by a range of actors in field of book publishing, reading and culture, including Anatomía de la Edición, a must-see blog that produces publishing sector reports and releases eye-catching graphs, charts and tables on the industry in Spain, Dosdoce.com, an observatory of new technologies within the arts and culture established in 2004, and the Dirección General del Libro, Archivos y Bibliotecas (in Spanish, Directorate General for Books, Archives and Libraries), an official central government body for the promotion, preservation and management of books (see below).

In order to identify the various types of collections publishers are currently offering and the business models the companies are currently using, an analysis of the major, independent digital publishers and platforms was conducted.

The second stage of our study consisted of extracting from the sources cited above all data relevant to the study. To wit, these were the number of electronic books published, the major publishing houses offering electronic publications, the major platforms currently selling electronic books, presently available electronic reading devices, the rates of reading on all devices, reading rates itemized by age and educational background, and general tendencies in digital publishing and e-reading. A unified set of criteria for classifying was agreed upon and common measurements were adopted for a uniform analysis of the data from differing sources. This data was compared and contrasted with ISBN data from the Ministry for Culture; this data base provides all bibliographical data and publication figures for each work, including e-books, for which an ISBN has been requested.

Because all ISBN registries for the last two years were available for study, our inquiry is comprehensive.

2. Spain's Book Market: A Dual Reality

Spain's publishing industry is the fourth largest in the world. The private publishing sector is comprised of roughly 1000 companies, though this figure tends to fluctuate some year after year; nearly all new affiliates entering the sector and joining the sector guilds are small businesses. In fact, new technologies applied to publishing are thought to act as a stimulus which encourages new actors on the publishing scene. The stark reality of the sector is that roughly two-thirds of the market in Spain (65.7%) are covered by a mere 34 large companies, while the remaining one third is comprised of 855 small publishers, of which 540 generate annual sales of less than 600,000 Euros. It is within this segment where there is the greatest fluctuation, as new companies are created and others go out of business, and it these smaller companies that contribute the greatest diversity and pluralism to the Spanish publishing market as a whole. Concentration of ownership in Spain is, nonetheless, a significant factor within the industry. Just over one fourth (26.8%) of the companies in the sector (238) are subsidiaries of a single holding company; 100% of the very large publishers, 95.2% of the large publishers, 52.9% of the medium-sized business, and 19.3% of the small publishers belong to group of corporations.

In 2011, Spain's publishing industry generated a 3 bn euros in sales and employed more than 30,000 people. Rather uniquely, the book publishing sector, which accounts for approximately 0.7 % of Spain's GDP, is the only culture industry which is comprised of a majority of Spanish companies.

Of all Spain's publishers, 34.6% produce non-print books. Digital publishing generates 70.5 m euros in turnover per year, with 68.9% stemming from Law and Economics books. During 2011, a total of 11,748 e-books were published (64.7 % of which were in pdf format), 25,927 existing print books were digitized, and copies of 25,570 of these titles were sold (68,1% via computer). 8.5% of e-book sales were made from publishers' websites, 80.2% from e-distributors, 0.5% from bookshops, and 10.8% were sold through other channels.

Spanish publishing houses brought out more than 103,000 titles in 2011, according to data from the Spanish ISBN Agency. This figure includes all formats (paper-printed, electronic and others) and all languages (not only Spanish but Spain's regional languages –Catalan, Basque, Galician, and others—and foreign languages), but it does not include self-published books. Spain's ISBN Agency recorded a total of 17,843 digitally-formatted works, a figure which is 38% higher than the figure recorded by the Ministry of Culture's *Panorámica de la Edición Española de Libros* for the same year. The Spanish ISBN data shows that 17% of the total number of books in 2011 were in digital formats and they prove the growing interest of the sector in offering e-books to the readers it serves.

The growth of digital publishing continues to grow in 2012, as virtually one in four books registered with the national ISBN Agency are formatted for use on electronic devices. A glance at the statistics for the first quarter of 2012 reveals that a total of 24,173 titles were published, 5,203 of which were eBooks. The resulting 22% of published books in electronic formats in early 2012 is higher than the percentage for the preceding year, 17%.

These figures show that Spanish publishers continue to back the eBook, as their collections welcome an increasing number of new eBooks as well as digitized formats of existing titles. Spanish publishing companies continue to invest in digital format, despit the fact that eBook sales are still a fraction of the sales of tradicional printed formats. In 2010, 2.4% of sales in the industry came from digital publications, a percentage on a par with other European countries.

Since 2000, the FGEE has published an annual report called *Hábitos de lectura y compra de libros en España*, which compiles data on Spanish readers, their reading habits and their purchasing patterns, dividing this data in such parameters as age distribution, frequency of reading, preferred topics, reasons for not reading, Internet usage and library visits.

These reports are reliable tools for assessing what titles are available in Spanish in digital formats during a particular year. In order to ascertain which were available as eBooks in 2010, the list of the top 20 best-selling paper-format books from the annual Federación de Gremios de Editores de España volume on reading habits and purchasing patterns was used (FGEE, 2011). These twenty titles were then tracked on major sales platforms in May 2011 and again in March 2012 in order to determine not only which of these 20 titles were available as eBooks but also to record whether this availability had remained flat or had increased. By tracking the top 20 FGEE titles from 2010 at two different points in time, it was discovered that while not all of them could be purchased as eBooks their availability in 2011 was notably higher than the year before. In addition, while in May 2011 slightly over 50% were available as eBooks, though when these were not available on Spanish platforms they could be found on international online retailers; however, in March 2012 80% of the titles tracked were available as eBooks, and these were easily available on the first Spanish platform consulted.

The supply of electronic books in Spanish is gradually rising as the different online sales platforms start to cater to the clearly growing market of eBook readers. This enables us to forecast that in the short term purchasing electronically formatted books will be as widespread as purchasing a paper-printed copy.

3. New Publishing Platforms, New Business Models

One of the most compelling changes that has taken place in the Spanish book market involves how eBooks are sold and distributed. Newly created sales and distribution platforms have contributed to a narrower channelling of the supply of eBooks by Spanish publishing houses and to reinforcing the visibility of authors and their works in the digital environment.

This is the case of Todoebook, Leer-E, Laie, and especially Libranda. Launched in 2010, Libranda is a joint venture by several major national publishers who joined forces to create a common sales and distribution platform for their digital publications. Since then, the norm has been to create new platforms which are either joint investments or group-specific. This is the case of Booquo, a cloud-based web sales platform and book club which is operated by Planeta, the largest publisher in Spain. Tagus, another such platfrom, was created by one of the major booksellers in the country, i.e. Casa del Libro. Ediciones B has launched B de Books, the first digital platform in Spain to forego DRM for all titles it sells. The international group RandomHouseMondadori created the Endebate and RMH Flash collections, purposely designed for digital publications; these collections publish short texts which are reasonably priced between 2 and 4 euros each and are delivered by streaming. Digital distribution initiatives have also emerged from institutional settings. Enclave Editores-BNE, launched in 2009, is an experimental private-public cooperation between the FGEE and the Spanish National Library [Biblioteca Nacional de España, hence BNE]. The project is designed to stir up innovation among all actors in the traditional book production and sales chain. For this to take place, the joint collection makes calls for participation among its members and helps conventional publishers incorporate and market digital formatted works which are copyrighted through the Biblioteca Digital Hispánica [Hispanic Digital Library].

Over this same period of time, a number of other business models have emerged and are currently renovating traditional publishing by introducing business activities that involve digital formats. One of these is printing on demand (POD), a formula that eliminates problems associated with paper-based publishing such as storage and bookseller returns by responding directly to the needs of readers. Self-publishing has also increased considerably in all countries as a result of the same processes that are driving innovation in digital publication.

There are other cases in which communities of readers have taken the initiative and created systems of social reading. This is the case of Lecturalia and Libros.com, social reading platforms in which readers recommend books they would like to buy, and they operate both as reading networks and online bookshops. Libros.com has even developed some crowdfunding initiatives; a book by Lorenzo Silva, entitled *Los Trabajos y los Dias* [The Works and the Days] was funded in this way by the contributions of readers registered on the platform.

Independent publishing houses are an increasingly important presence in digital publishing, and a number of platforms that make these indie collections and services available have blossomed as a result of digital developments in Spain. An example of initiatives of this type are Contexto and Libros Sin Libro (in Spanish, Books without Books). Contexto is a sales point for Nordica Libros (specialized in northern European literature), Libros del Asteroide (specialized in out-of-print books and unpublished manuscripts), Impedimenta (specialized in recovering classical literature), Global Rhythm (which publishes works on music and non-fiction essays), Períferica (which concentrates on Latin American literature) and Sexto Piso (which is geared towards contemporary fiction and essay). Libros Sin Libro is a project which emereged from the alliance of Ediciones del Viento, Rey Lear Editores and Menoscuarto, which then joined forces with Bartleby Editores, Funambulista, Ediciones Cálamo, Cangrejo Pistolero, Descrito, Difácil, E.D.A. Libros, Proteus and Reino de Cordelia. All works available for purchase on Libros Sin Libro are sold without DRM at approximately 40% the price of the same works in print format.

Streaming reading is beyond a doubt one of the business models that has generated the highest expectations. Without the need to download files, streaming is a parallel development to Spotify in the music business and hopes to be similarly successful. Several companies are now developing streaming reading initiatives. The recently-created *24symbols* is based on a *freemium* business model (advertising+subscription); subscribers read for free and while doing so are exposed to non-intrusive contextual advertising, while *premium* subscriptions allow for ad-free reading off-line for a fee. This is an excellent way for publishers and authors to promote their books, because it provides free reading material within a for-profit business model. This may be a viable and realistic alternative for publishers, for it generates revenue from the subscriber via advertising or premium subscription and makes it possible for both tradicional Publishing and eBook Publishing to co-exist.

In what has preceded this, we have seen how the digital publishing environment has contributed to the emergence of new genres and new systems of written communication. Not long ago, a study that demonstrated that over the last two hundred years roughly two million words have disappeared (Petersen et al, 2011). Among the reasons behind this phenomenon, the study argues, is the tendency to shorten terms within all communication systems in an effort to facilitate information exchange and knowledge dissemination. This tendency to economize in matters of language has similarly been extrapolated to many of the most standardized forms of communication, such as narrative, with the result that ever briefer forms of communication are the norm. In line with what was suggested by Peterson et al (2011), we are now witnessing a reduction and schematization process in the arts and in the realm of culture, where increasing importance is attached to brevity in all manifestations of creativity, and where pre-existing genres in which brevity features prominently are exploited and new genres are developed because of their brevity.

This tendency is yet another sign of the acceleration of time in our era. Speed, Milan Kundera states, is the form of *ecstasy* the *technological revolution has* bestowed on *man*. The moments we have for enjoyment are brief and therefore our means of enjoyment must also be brief. Short stories, kernels of wit and wisdom, and anthologies are the new stars and planets in this new literary universe, where even novels show signs of a growing tendency to get slimmer and slimmer. The success of Kindle Singles, brief texts sold online by Amazon, corroborates this tendency, as does the fact that Spanish eBook vendors EnDebate, TedBooks, SigueLeyendo, and a number of others are trying to mimic Amazon's success. The concept is not new, and it somehow seems to mirror what happens when tracks from a CD are sold separately rather than as a complete album. Actually, it seems to be indicative of length-restricted collections that address current affairs, though there are collections of limited-length creative works as well. In fact, collections such as these may be a way of balancing the acceleration of time in our era with counter-tendencies such as the trend towards slow reading which is gripping many of the most avid readers (Slow Books, 2012). The formula is based on how current the topic is and how soon a book on the topic can be brought out, and such texts seek a place within debates and analysis of the realities of our time. An example of this kind of text is John Hooper's Amazon Singles title *Fatal Voyage*, and eBook on the sinking of the Costa Concordia off the coast of an Italian island in January 2012. Hooper, correspondent for *The Guardian* and *The Economist* in Rome, is a veteran journalist who in 1986, the year Spain joined the European Economic Community, wrote a book entitled *The Spaniards* (and in 1995 wrote a sequel, *The New Spaniards*). His newest book, *Fatal Voyage*, reached number two on Amazon's Bestsellers list.

Spanish publisher Anagrama has inaugurated the Zoom collection, which is devoted solely to mini-eBooks that are between 10 and 50 pages long and priced between 0.99 and 1.99 euros. Genres that the Zoom collection publishes are short stories, investigative journalism reports, previously unpublished texts and fragments from particularly salient works by highly regarded authors. The collection's first title was *Diego Armando Maradona. Vida, muerte, resurrección y algo más* [Digo Armando Maradona: Life, Death, Resurrection and Something More], a football chronicle by Mexican author Juan Villoro extracted from his book *Dios es redondo* [God is Round]. Subsequently published titles are 'Fabricación casera', a Spanish translation of 'Homemade', by Ian McEwan, the first short story from his collection entitled *First Love, Last Rites*, first published in Spanish as *Primer amor, últimos ritos* in 1980; 'Entre las doce y la una' [Between twelve and one], by Quim Monzó, a cruelly sarcastic tongue-in-cheek tale about the relationships between men and women which originally appeared in 'El porqué de las cosas' [The reason why things are the way they are]; and 'Una breve historia de la peluquería' [A Short History of Hairdressing] by Julian Barnes, the story of Gregory told over the course of three momentous haircuts, which originally appeared in his short story collection entitled *The Lemon Table*.

As a consequence of this, the supply of digitally-formatted publications is growing in Spain, both in terms of quantity and variety. According to the consulting firm GfK the number of digital devices currently being used in Spain at the end of 2011 was roughly one million units; of all these, 285,000 were sold during the same year, which is a 50% increase with respect to 2010. This growing presence of digital devices that can be used for reading is also recorded in the latest FGEE report on reading habits and book purchasing patterns in Spain (Federación de Gremios de Editores de España, 2011). This tendency is being supported by a parallel initiative by the large publishing groups towards vertical integration of the digital publications created, sold and distributed by them with devices developed the groups themselves and also with online platforms that support communities of readers. This is the case of Casa del Libro, its Tagus e-reader, and its online readers' club; it is the case of Círculo de Lectores, its Oyo e-reader, and the Booquo social reading platform. The growing importance of social networks for contemporary communication does not go unnoticed by the world of publishing, and recent studies conducted by Forrester Research for Digital Book World (Pradier, 2012), Dosdoce (2005, 2007, 2009, 2011) and *Anatomía de la edición* (2010, 2011) confirm that many publishers are gradually taking steps in this direction. These studies show that outreach towards social networks from the publishing sector has become a consolidated practice. Spanish publishers have enriched their access platforms and have reached out to their readers using social networks, just as major international sites such as Amazon, Barnes and Noble and the Google ebookStore have done. The recent studies show that searching for eBooks and purchasing them has gradually become easier, and the socially networked reader-to-reader recommendation networks have also become more user-friendly. The online platforms have come to offer a diverse range of products in a variety of formats, mirroring the platforms that are setting trends internationally. The Forrester Research sutdy found a 30% increase in the presence of Spanish publishers on social networks between 2010 and 2011. It also found that most publishers are starting to ask authors to blog for them and use Facebook and Twitter to increase the information flow around their works. Publishers are currently bringing out eBooks enriched with more and more multimedia content. Examples of this are Simon and Schuster's read and watch Vooks, cloud-based streaming reading, improved connectivity and interoperability of e-reading devices, and social Reading initiatives such as Copia, Rethink Books, BookGlutton, GoodReads, Entrelectores, aNobii, among others. These developments and innovations will be the path forward in the upcoming years. This new digital roadmap in the field of digital publishing implies a change in mindset: publishers must envision books in a wholly different way, produce them differently, and promote them in ways unlike those that went before. Publishers have acquired capabilities and competences that will allow them to optimize digital device and content features and functionality and to walk down the road of success. Publishers should fully realize that innovation is an inherent and part of digital publishing, and they should think of renovation in digital media as a permanent need; digital publishers should conceive of the international repercussions of every innovation they make, and they should seek out opportunities to acquire knowledge management skills that will enable them to create, promote and sell their wares. A digital mindset and skillset will enable publishers to increase the visibility of their publications and entice readers on a multitude of platforms and social networks. Ultimately, this new mentality and skills will allow publishers to think of technology in terms of service, client outreach and the enrichment of the customer experience, all of which lead to user feedback and further increase the process of innovation and adding value to their products.

Collaboration is the metaphoric backbone of the new system. The publishing sector has been one of the most benefited by welcoming user input into the creation, sales and distribution process. The accommodation of the ever more powerful and demanding user of e-books is now considered an essential part of popular and financial success in the sector. Collaboration is yet another manifestation of business innovations driven by knowledge-sharing and by user-provider cooperation in the process of product innovation and improvement. Readers, and hence consumers of cultural products, have started to take on a more active role in the development of the products they would be interesting in buying. They are also taking on an active developmental role by critiquing new products and sharing comments on them, whether this be in ordinary conversation and general forums or on specialized networks on the internet. These alternative circuits are causing traditional systems by which cultural products receive criticism, recognition and acclaim to lose much of the salience they once had, based not on conventional hierarchical relationships (expert-critic-reader) in traditional media, but rather on horizontal relationships (reader-to-reader) which harness the growing power of social networks (Cordón; Alonso, 2012)

Nonetheless, this industry has experienced four years of moderate losses resulting from the overall economic crisis and from the inroads made by digital publishing business models; according to Nielson ratings, there has been a 15% drop in sales. These figures show that the best-selling books are bringing in ever lower revenues, with differences of up to 50% in some cases. An example of how much paper-printed book revenues have dropped can be seen in the sales figures for the top 100 titles reported by CEGAL (Confederación Española de Gremios y Asociaciones de Libreros, i.e the Spanish Confederation of Booksellers Guilds and Associations). Since August 2011, figures have been dropping; in October, the third best month of the year, only 47,125 print books were sold; and in February 2012, only 37,569 books found buyers. If we look at the ranking of print book sales for the first week of May, 2012 (from April 30th to May 6th) the tendency is even worse: Eduardo Mendoza's *El enredo de la bolsa y la vida* (Barcelona: Seix Barral), is the top seller with a ridiculously low 825 copies sold, and the previous month's sales of 6,300 copies was also appallingly low. The remaining books sold during April and the first week of May 2012 leaves little doubt as to the state which print books are in: the industry is facing an unprecedented crisis:

TOP-SELLING AUTHORS, APRIL AND FIRST WEEK OF MAY, 2012 (NO. COPIES SOLD)			
AUTOR	**TITULO**	**1ST WK MAY**	**APRIL**
Eduardo Mendoza	El enredo de la bolsa y la vida	825	6,300
Suzanne Collins	Los juegos del hambre [The Hunger Games]	690	3,503
Suzanne Collins	En llamas [Catching Fire]	568	2,884
Jonas Jonasson	El abuelo que saltó por la ventana y se largó [to be published in English as The Hundred-Year-Old Man Who Climbed Out of the Window and Disappeared]	501	2,836
Almudena Grandes	El lector de Julio Verne	325	

María Dueñas	El tiempo entre costuras	267	
Carlos Ruiz Zafón	El prisionero del cielo	228	959
Clara Sánchez	Entra en mi vida	189	
Antoine de Saint-Exúpery	El Principito [Le Petite Prince]	178	
Mario Vargas Llosa	La civilización del espectáculo	147	
Jaume Cabré	Yo confieso		1069
Federico Moccia	Esta noche dime que me quieres		960
Paul Auster	Diario de invierno [Winter Journal]		874
Clara Sánchez	Entra en mi vida		777
Laura Gallego	Mago por casualidad		596

Table 1. Top-selling authors, April-May (wk 1 only), 2012. Source CEGAL. Compiled by authors.

What these figures leads us to wonder is whether the crisis-driven drop in purchasing power in Spain is partly responsible, or whether the drop is not due all to the current situation at but can be attributed to structural weaknesses. A number of other circumstances, therefore, must be factored in so as to determine an even more detailed understanding of the situation. Spain's new conservative government, which came to power in 2011, has dismantled the Dirección General del Libro [Directorate General for Books], and the mandate of the registry and its libraries are now part of the mandate of the Dirección General de Políticas e Industrias Culturales y del Libro [Directorate General for Culture and Book Policies and Industries]. By doing so, the new government transferred the competences which for over twenty years had been the mandate of a specific government body devoted solely to the book industry and libraries to a much more general conglomerate devoted to the broader and less specifically focussed industries of culture and books. In a single stroke, the book industry lost one of its major signs of sectorial identity and societal showcases, which had been untouched by preceding governments regardless of their political leanings. The budget allotment for culture has slipped from 1.22 bn euros in 2008 to 937 m euros in 2012, with cuts in all areas of cultural policy, including such essentials for the publishing industry as funding for the public library network and public campaigns promoting reading. Due to these drastic cuts, libraries are closing, opening hours especially during weekends are being cut down, and librarians are being dismissed. The drastic budget cuts over the course of the last three years also means that funds for new acquisitions and renewals of existing collections are scarcer, leading to the increased aging of both print and digital collections. The same effects are being felt in library services, where the number and quality of activities for fostering reading in the communities of citizens they serve has dropped noticeably.

Booksellers are another important link in the chain, and they too have been subjected to sleeping restructuring, as the figures provided by SIEGLE (Sistema de Indicadores Estadísticos y de Gestión de la Librería en España) for 2010 show. The data from this statistical and administrative indicator system for Spanish booksellers shows how specialized booksellers went from comprising 44.5% of the market in 2001 to 34% in 2010, and how general booksellers which stocked specialized sections went from 30% to 11% over the same timespan (SIEGLE, 2011). Figures such as these prove that the sales circuits for books of a more independent and less commercial nature have simply disappeared from the landscape of cultural production and commerce. On the other end of the spectrum, the opposite is happening: general booksellers and large retailers have experienced rapid growth, and this growth has somewhat safeguarded cultural diversity within the sector. The shrinking specialized distribution circuit has had negative repercussions on academic publishing, where sales of this type of books have dropped by around 10% across the board. Part of this drop is surely due to state budget cuts that affect university funding and prevent them from funding as many publications of didactic material and research reports as they formerly had done. There is also a diminished supply of manuscripts which stems from the same cause, i.e. slashed original research budgets. Nonetheless, this impoverishment of academic and scientific production is being addressed by specialized publishers through e-bbooks, which are significantly cheaper to produce and allow for continued publication of top-calibre books at lower prices.

The way booksellers have been adapting to new reading habits is indicative of these recent changes. In 2010, 16.5% of bookshops sold e-readers, up 1.1 % from 2009, though this marks a decline with respect to the 5.1 % growth in 2009 vs. 2008. The very large booksellers do the best trade in e-readers (with 52.6% of all sales), followed by the large booksellers (27.1%), then by the large-medium-sized (13.9%) and the medium-small booksellers (8.0%). These figures lead to the following observation: while the very large merchants sell significantly more devices than the large, large-medium, and medium-small-sized merchants, all booksellers except for large merchants experienced an increase in sales with regard to 2009. Conversely, only 14.7% of all book merchants sold e-books in 2010. This rather low percentage, as well as the e-book sales percentages for all four sizes of booksellers are closely correlated: Very large booksellers did 42.1% of all e-book sales, large merchants 24.1%, large-medium-sized merchants 11.0% and medium-small-sized booksellers sold only 8.8%.

The slow growth thus far of electronic books in Spanish with respect to others, especially the English-speaking markets, and the commercial potencial of Spanish as a world language make the Spanish-language digital book market a very appealing objective for international platforms. The slow development of Spanish e-books thus far is due not only to such conventional aspects as negotiations with authors, translators and literary agents, but also to the need to find sustainable business models that will continue to allow for profitability of paper-printed books, the longstanding sustenance of the industry. The commonly-held fear is that e-books will compete against traditional paper formats, despite the fact that we predict that both formats will co-exist for the foreseeable future. Although markets that have attained more advanced stages of development show that these fears may have some foundation, evidence of the current situation in Spain does not support this happening in the short term, for online book shopping remains low, the preference for paper-printed books remains solidly rooted in Spanish culture, and digital reading habits, while on the rise, lag behind those of countries with higher levels of e-book implantation. Studies have shown, however, that the power of electronic books resides in their capability to increase reading levels, and therefore increase sales of reading material.

Spain is a world leader in publishing, the leading e-book publisher in Latin America, and a country with rising rates of e-book Leadership. Against this backdrop, Spain is the perfect port of entry for Spanish-language books offered by industry giants of the likes of Google Books, Apple iBooks o Amazon.com. Inevitable as their widespread implantation on the Spanish market may be, their presence here is a powerful force against which the Spanish publishing industry is trying to repel. Antonio María Ávila, Executive Director of FGEE, has addressed these fears by saying, "[Amazon] *is going to inject a large dose of dynamism into the sector, which is what we wanted. It is not to be feared, as it will created greater competition and empower market growth, which so often happens when new operators enter a market"*. However, the "dynamism" Ávila refers to is not risk-free, the greatest of which is that like in other countries these giants could fiercely compete against Spanish publishers and retailers and eventually dominate the entire local market. As Santos Palazzi, Managing Director Grupo Planeta's MassMarket, stated in the press, *"Amazon is also interested in acting as a publishers here in Spain, with a view to breaking into the Latin American market"*. In any case, given the minimum price limitations established by law in Spain, whether the largest online retailer in the world will make a success of its Spanish launch will depend on its ability to negotiate with authors, make the entirety of its titles available here, and convince Spanish customers to shop for e-books online.

Conclusions

1. In Spain, traditional analogue book publishing currently co-exists with digital publishing. In the former, more and more books are being produced with ever smaller print runs and slimmer profit margins, while the latter is emerging as an increasingly more important and viable publishing option, supported as it is by new publishing house initiatives, fresh business models and rising demand.
2. Readjustments are taking place across the publishing sector in an effort to integrate digital publishing and new business models within traditional book publishing processes. For a number of years, publishers have been aware of the need to accommodate e-publishing developments and its is the publishers who are backing an increasing number of digital projects.
3. An array of different means of access to content currently co-exist. In response to increasingly differentiated models of e-reading, there is a greater and greater diversity of access to contents, including on-demand printing, self-publishing, crowdfunding, and streaming reading. New sales and distribution platforms have also been developed by independent publishers who have joined forces. Though these are signs that digital publication in Spain is driving renovation in the sector, the final break-through of the e-book in Spain will come about as the result of greater ease of access to contents and the establishment of more competitive pricing.
4. There is a tendency towards end-to-end integration of all aspects of e-book publishing all under the auspices of each major publishing group, which will develop e-reading devices, generate contents and sell/distribute these contents, all under the same roof.

5. Social reading communities and complementary recommendation services for readers will yield value-added e-reading ecosystems comprised of all the different links envolved in book creation, book sales and book consumption.
6. Social networks are increasingly important in shaping the readership and reciente importancia de las redes sociales en la configuración del modelo de lector y en la actividad del sector editorial.

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