10 Things to Consider in Developing your Digital Publishing Strategy
Introduction

Every day brings more evidence of the growth of e-reading and the movement by publishers to control their own destiny, whether it is Harper Collins offering e-books direct to readers or Chegg’s stock sale proclaiming the growth of digital textbooks. The adoption of e-readers and tablets is spurring this growth, creating new ways for readers to discover, purchase, and consume content.

Publishers today are faced with many choices when mapping out their digital publishing strategy, including:

- Will e-books be an afterthought or will they lead with “digital-first” content?
- Do they want to cede control over their audience to Amazon and Apple or will they build direct relationships with readers?

This paper will explore these questions and 10 things publishers should consider when developing their digital publishing strategy.
By now, most publishers are convinced of the importance of digital content. However, as you are mapping out your digital publishing strategy, there are some important trends to keep in mind:

**Popularity of Digital Content:**
- 457 million e-books were sold in the U.S. in 2012 (Source: AAP/Book Industry Study Group)
- 30% of all books sold in the first half of 2013 were e-books (Source: Bowker)
- In 2012, e-books were the number one individual format for Adult Fiction (Source: AAP/BISG)
- Over 1 million e-book titles are available on Amazon.com (Source: Amazon)
- 21% of Americans have read an e-book (Source: Pew Research)

**Growth of E-Readers:**
- 43% of U.S. adults own a tablet or e-reader (Source: Pew Research)
- 41% of people surveyed report reading more since getting an e-reader or tablet (Source: USA Today/Bookish poll)
- Tablet and e-readers age 15-39 report reading 21 books in the past 12 months, versus 13 for non-tablet/e-reader owners (Source: USA Today/Bookish poll)
Online Purchasing:

- 44% of books, both paperback or electronic, were purchased online in 2012 (Source: Bowker Research)
- 11% of people surveyed say they have purchased direct from a publisher (Source: Tools of Change)
- Amazon dominates with 65% of the U.S. market for e-books and Apple follows with 20% (Source: Ruediger Wischenbart)

What does all this mean for publishers? You need to build a brand beyond individual books and foster relationships with your readers, or face the risk that your content will be commoditized over time.

Now let's take a look at the 10 most important factors to think about when moving beyond digital adoption to making digital a strategic part of your business.

10 Factors to Consider when Developing your Digital Publishing Strategy

1. Audience
2. Distribution Strategy
3. Monetization
4. Discovery
5. Flexibility & Direct Control
6. User Data & Analytics
7. Premium Content
8. Technical Staff
9. Scalability & Reliability
10. Future-Proofing

#1: Audience

Audience drives both sides of your publishing business. It informs your content and editorial, while it also impacts how and where you deliver your content. Any publisher lacking a deep understanding of its audience will falter.

Nathan Hull, digital development director at British media group Pearson’s Penguin business said, “Big retailers know our customers better than we do.” That is a problem.

In today's economy, readers are buying online, writing reviews online, and getting ideas on what to read from online sources including social
media. If you want to avoid being disintermediated by online powerhouses, you need to develop a relationship with your audience.

You need to investigate the following questions:

1. What are the demographics and psychographics of your readers?
2. What types of content do they prefer?
3. Do they want interactive content that goes beyond text?
4. What devices are they using to read content including laptops, tablets, e-readers and smartphones?
5. How do they move between these devices?
6. Who do they buy from?
7. Where do they find out about new books?
8. Where do they share reviews and recommendations?
9. How can you build a better relationship with your readers?

#2: Distribution Strategy

You've probably heard in the news recently that many publishers are beginning to sell direct-to-consumers through dedicated websites or branded mobile apps, including HarperCollins, Sourcebooks, F+W Media, and others. Other publishers are holding off in fear of competing with their retail channels, but are establishing relationships through direct marketing and social media.

There are pros and cons to either the direct sales or channel approach, but it’s critical to find the right balance for your organization. Usually this ends up being a hybrid of the two.

Before you decide on your digital strategy, here are some pros and cons to weigh:

<table>
<thead>
<tr>
<th>Direct-to-Consumer</th>
<th>Channel</th>
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<tbody>
<tr>
<td>Ability to build 1:1 relationships</td>
<td>Broad audience reach &amp; scale</td>
</tr>
<tr>
<td>Direct marketing to consumers</td>
<td>Channel sales teams</td>
</tr>
<tr>
<td>Retain profits</td>
<td>Give up 30% of revenue</td>
</tr>
<tr>
<td>Control pricing, presentation and packaging</td>
<td>Limited control over pricing, pay for discoverability</td>
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<tr>
<td>Protect against channel cannibalization</td>
<td>Channel diversification extends reach</td>
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<tr>
<td>Audience reach without platform limitations</td>
<td>Built in audience</td>
</tr>
<tr>
<td>Flexibility to experiment with</td>
<td>Limited control over distribution</td>
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pricing strategy (e.g. subscription, bundling, sampling, promotions...) and promotions

Technical skills or partnerships required Hands off technology approach

#3: Monetization

The entire publishing industry has been experimenting with pricing and delivery models, from the Netflix-like subscription services such as Oyster and Scribd, to bundling of e-books with print editions, to offering samples or chapter-at-a-time pricing. This experimentation is evident in e-book pricing, which has been fluctuating dramatically of late, with bestsellers changing as much as $2.00 from week-to-week as publishers start new contracts with retailers and e-tailers prepare for the holiday season.

![Average Price of an Ebook Best-Seller](chart.png)

Source: Digital Book World

No single, dominant pricing model has emerged. Therefore, if you decide to sell content direct to consumers, you will want the flexibility to experiment with your pricing strategy and adapt quickly to market fluctuations. You will need a commerce and delivery solution that supports experimentation and a wide variety of pricing options.

When preparing your digital strategy, you’ll need to ask:
• Does our pricing strategy need to change depending on customer type?
• Will we offer discounts and promotions?
• Will you be selling to schools, corporations or other institutions with special technical needs?
• Will you try subscriptions, free trials, sample chapters, chapter at-a-time, shared access, bundles, or other strategies?
• Will you be selling internationally and need to support multiple currencies?

#4: Discovery

The way readers discover new books and content is changing. Discovery is moving from bookstores and face-to-face conversations to online discovery and referrals from others through social networks. As a recent study from Bowker Market Research shows, this is particularly true of e-books:

O'Reilly Tools of Change published findings from a survey in January 2013 on book discovery and found that:
• 39% discovered books online
• 27% discovered books from an online publication
• 14% discovered books through social media such as Goodreads, LibraryThing, Facebook, etc.

A Codex Group study took it a bit further to look at how frequent book buyers are discovering books online and found that of the 52 percent that come to a site without a specific author or topic in mind:
• 33% found their book from a list (bestseller, etc)
• 23% discovered it from a price or promotion
• 19% found it from the “also bought” recommendations

As a publisher, you have many marketing tools at your disposal to boost e-book discovery including:
• Direct marketing / email campaigns
• Social media
• Promotions and samples
• Related content and “also bought” lists
• SEO / metadata

#5: Flexibility & Direct Control

If you believe that you need a direct channel to your marketplace, then you also need the expertise, tools and commitment to build this connection to your audience. Developing this connection takes both marketing power and technical expertise to promote, sell and deliver your content online.

For expediency, some publishers start by outsourcing the digitization of their backlist and development of an online sales and delivery platform. Others take a more strategic, long-term view and want to build the skills and resources in-house to ensure the flexibility and control they desire. To save time and lower up-front costs, other publishers take a hybrid approach, partnering with a digital publishing platform provider to avoid rebuilding the wheel, while maintaining control in-house.

Let’s take a look at the pros and cons of these approaches:

<table>
<thead>
<tr>
<th></th>
<th>Outsource</th>
<th>In-house</th>
<th>Hybrid</th>
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</thead>
<tbody>
<tr>
<td>Fast time-to-market</td>
<td>Slower</td>
<td>Faster</td>
<td>Faster time-to-market than build it</td>
</tr>
<tr>
<td></td>
<td>time-to-market</td>
<td></td>
<td>yourself</td>
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<tr>
<td>Smaller initial</td>
<td>Larger</td>
<td>Smaller</td>
<td>Smaller initial investment</td>
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<tr>
<td>investment</td>
<td>initial</td>
<td>investment</td>
<td>investment</td>
</tr>
<tr>
<td>Can ramp up/down as</td>
<td>Strategic</td>
<td>Strategic</td>
<td>Strategic commitment required, but</td>
</tr>
<tr>
<td>needed</td>
<td>commitment</td>
<td>commitment</td>
<td>less resources</td>
</tr>
<tr>
<td></td>
<td>required</td>
<td>required,</td>
<td></td>
</tr>
<tr>
<td>Lack of control</td>
<td>In-house control</td>
<td>In-house control</td>
<td>In-house control</td>
</tr>
<tr>
<td>Changes take time</td>
<td>Changes done immediately</td>
<td>Changes done immediately</td>
<td></td>
</tr>
<tr>
<td>Limited flexibility</td>
<td>Flexibility but may require development</td>
<td>Very flexible</td>
<td></td>
</tr>
<tr>
<td>No internal</td>
<td>Dedicated, active team</td>
<td>In-house</td>
<td></td>
</tr>
<tr>
<td>resources with extensive technical as well as marketing expertise</td>
<td>marketing/design team, but no software development.</td>
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The worst choice of all is to bring everything in-house but then let it languish due to lack of commitment and resources. You don’t need to make a huge commitment, but you do need to get in the game. Someone within your organization should be empowered to learn and manage the process. You should also test and learn as you go by experimenting with unbundled and remixed content, bundling print and digital, and other models.

**#6: User Data & Analytics**

If done right, digital publishing can generate a wealth of usage data. It’s critical that publishers take advantage of it in a rigorous and disciplined way that is fully integrated into their product development and marketing processes.

![Graphs of New Visits and Unique Visitors over time](image)

![Map of global visits](image)

To start, publishers engaging stakeholders in framing the questions that it’s important to have answered. For example...

- What are the best sources of qualified traffic?
- What promotions are generating trial?
- Which products are most successful in engaging users?
- Which products sell the most?
- Which combinations of products cross promote each other most effectively.
• What creative elements have the most impact on conversion rates?

From here, you can move to thinking about the best data sources, and analysis tools to help you find answers and keep those answers up to date.

You should also think about which tools your team is already comfortable working with and ensure any new data collected can be exported and manipulated in the required formats within these tools.

Some measurements to consider include:

• Page views
• Page views/Visit
• Click-throughs from key landing pages.
• Total unique visitors
• Time spent on site
• Content viewed
• New vs. repeat visitors
• Traffic sources
• Conversion rates
• A/B testing variances
• Bounces and shopping cart abandonment rates
• Effectiveness of cross-selling mechanisms
• Adoption and conversion of various pricing models

The goal should be combining the most important metrics into regularly distributed dashboards that help stakeholders contribute to informed decisions, and in turn help you optimize return on investment.

#7: Premium Content

Going digital is not just about taking your print backlist and creating e-books. As devices and consumers become more sophisticated, they are looking for content that will add value to the reading and learning experience, such as rich media and interactive assessments. When developing your strategy, think about where your organization wants to go in the future.

• Will your audience pay more for value-added content?
• Which of your existing titles lends itself best to enhancement, both in terms of content, and potential ROI?
• Are there areas where it makes sense to develop entirely new, digital-first titles?
• Which production, technical and creative skills does it make sense to develop in house, and which should you outsource?

Educational publisher Goodheart-Willcox (G-W) recently introduced interactive editions of textbooks that include digital-first content such as videos, rich animations, interactive diagrams and illustrations, drills such as e-flashcards and games, as well as self-assessments. The company has moved its digital content creation upstream in its production workflow and now begins with digital in mind, teaming book authors and multimedia specialists in close collaboration.

Why premium content? Here are some points to consider:

• Digital-first content makes all kinds of content more engaging, and makes educational and professional content more effective. Readers stay involved longer, and come back more often, helping you to build your online audience.
• As competition and the pressure to lower prices increase, providing a premium experience through digital-first content allows you to maintain your profit margins and even increase them;
• As consumers fully adopt digital technologies throughout their day, in the form of games, consumer websites and other high-production-value digital experiences, their expectations get steadily higher for levels of interactivity and rich media;
• More and more leading publishers are making the strategic choice to provide digital-first content.

#8: Technical Staff

Before you start down the path of implementing a digital publishing strategy, you need to take a long, hard look at the technical staff you have in house, including their skills, market acumen, and availability. Do they have relevant digital publishing experience and demonstrable authority on digital publishing trends and best practices? What mix of web developers, software engineers, user experience experts and graphic designers do you have on staff?
You will also need to take an inventory of what tools and platforms your organization has already invested in to determine if they can be leveraged for your digital publishing business or if you will need to invest in new software and develop the skills to go along. For example, if your existing website and content management is relying on Drupal, can you find a way to integrate your digital publishing offering into the existing Drupal architecture?

After looking at these issues you will need to take into consideration your desired time to market and the advantages of outsourcing versus keeping the work in house. Many publishers find it easier to maintain a team of design and client-oriented developers, while utilizing an externally developed platform for the back-end software engineering and infrastructure.
#9: Scalability & Reliability

The last thing you want to worry about is if your content will always be available when customers want it. High availability and scalability should be a given no matter how you engineer your offering. To make sure you have the platform and infrastructure you need to deliver a consistent, positive brand experience, you’ll need to think about the following:

- How many e-books and documents will you publish?
- Will you have spikes of high volume traffic?
- Are there certain times of year, days of week, or times of day that see higher volume of downloads?
- How precisely can you forecast traffic?
- Will you need to scale rapidly?
- What is the cost of downtime in loss of revenue and brand equity?
- Can your existing infrastructure be relied on to perform under loads that may be difficult to predict?
- Do you have the skills and capital to develop your own infrastructure?
#10: Future Proofing

There are two aspects of future proofing when it comes to your digital strategy. The first is how do you future proof your organization to adapt to the ever-changing landscape. For decades, publishing didn’t change much. Yet in the last 10 years, and even more so in the past couple of years, the industry has been turned on its head and everyone is struggling to find the business model that works.

As we pointed out before, no one pricing or business model has emerged as a “winner.” However, the “losers” would be organizations that do not adopt a digital strategy. By developing a digital strategy you will begin to establish direct connections with your readers and start to experiment with the pricing and delivery that works for your audience.

The second aspect of future proofing is to ensure your content is adaptable to the ever-changing array of mobile devices including tablets, e-readers, and smartphones. Your best protection from obsolescence is to adopt widely used, open web standards and formats.

The important message to remember is that the market will continue to evolve. The only thing that will truly last are your brands and audience relationships.
About Tizra

Tizra offers a digital publishing platform that lets you manage, distribute and sell e-books and other digital content from within your own website and with your own branding.

In development since 2006, and in continuous production use since 2008, the Tizra platform is based on decades of experience building user-centered, high traffic and high availability websites for major publishers of professional, technical and scholarly content, including Oxford University Press, McGraw-Hill and the World Bank. It combines the reliability of a standardized and proven foundation, with flexibility and ease of use that empowers publishers to develop and test new products and marketing ideas rapidly, and extract maximum value from their content.


To learn more, request a demo at www.tizra.com, or contact us at info@tizra.com or +1 (401) 400-2989.

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