For AECB, March 2009:

Trends in Ebook Export Markets, Marketplaces, and the Digital Publishing Environment

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Background

The digital marketplace is a fluid one, rippling with new user habits, new tools, and new distractions, so reports like this can only be a snapshot in time.

That said, Jack Illingworth's excellent report to the AECB ("The Creation, Management, and Export of Digital Books" http://www.aecb.org/galleryLarge/AECB.Report.on.Digitization.E.pdf, and http://www.aecb.org/galleryLarge/AECB.Report.on.Digitization.Part2.E.pdf) provides a rich, deep overview of the fundamental technologies, marketplaces, and Canadian perspectives on the export of ebooks, and its conclusions are still solid. It would be a waste of your time for me to reiterate what he's written. The fundamental dynamics of digital library markets, digital aggregators, and even digital book formats, have not changed dramatically, as of March 2009.

The following report therefore will focus on nascent and developing trends in the US and world marketplace, and the tactical and strategic responses that follow from those trends. While some attention will be paid to specific technologies, formats, and major existing markets, I encourage readers to reread Illingworth's report as a companion piece to this one; my treatment of these topics within this report are contextual rather than proscriptive; strategic, rather than market-specific; and will lean more toward the individual marketplace than toward the aggregator marketplace.

Online culture, 2009-2010
As a publisher, I've been watching the online culture develop since the late 80's, and many of my perspectives are as much sociological as they are technical. I've watched the tips of many tipping points – fax, email, Gopher, Websites, POD, open source software, cellphones... and each of them has had impacts on publishing markets and methodologies.

This strikes me as a watershed year for the digital marketplace, and the potential for "export" into new salable niches by Canadian publishers seems to me to be very high.

I use "quotation marks" around "export" because that term is mired in the physical world – the transporting of physical goods across borders – which is functionally invalid, when thinking about online markets for ebooks and documents.

This is a watershed year for several reasons: the wide acceptance of high-resolution, Web-enabled handhelds (iPhones, Blackberries, Kindle, and especially the emergence of the Android opensource handheld operating system), and the solidification of social computing as a new cultural operating system, with Twitter, Facebook, and MySpace being only a few of the many mechanisms that people use to connect to communities. These tools are leading to a tipping point for an always-on, always-connected culture of device independence.

While ebooks were less than a few percent of all book sales in the US in 2007 and 2008, the trend is on the increase, and clearly key to our future. Increasingly, there are competitors with Amazon; increasingly, there is acceptance of ebooks among the reading public; increasingly, standards are gelling within our publishing world. There will be a plethora of new online "bookstores," all competing against Amazon. They are all hungry for content they can sell. They are hungry for new ways to enlist participation from the vast multitude of potential online readers. There will clearly be a variety of experiments in pricepoints, and in user desires, will proliferate, market-wide.

What that will likely create is a growth in what I think of as "preference communities": segments of the billion-strong connected public, who by their habits coalesce into loose networks and markets. That is, some people will use Google Book Search (GBS) as their online purchase and reading preference, others Amazon, others LibraryThing, others iTunes, or ShelfIt, or others. Some people will want to own an ebook, and have it where they put it; others will be happy to only subscribe to resources they can find at will; others will want to keep their ebooks in repositories, or as a searchable subcollection on a remote server.

There are no borders in this world; distibution and aggregation and sales can take place on any device, for any purpose, from any location. As I'm sure is clear to anyone reading this, the English and French-speaking world is now our marketplace. The substantial expatriate Canadians of the world is also our marketplace. The US market is only the richest, largest, busiest concentration of smart English-speakers who read good books.

It's important to state early in this report that *print will not go away*; it's likely to remain the major vehicle of sales for another five to ten years. The market for real books is aging, but will remain loyal in sufficient proportion to allow us to survive this transition. But getting shelfspace for that Giller Prize winner in a bookstore in Zanzibar is prohibitively expensive; getting it noticed, discussed, and purchased as an ebook by someone in Zanzibar is not. That reality should drive much of our thinking.

In the following pages, I'll try to outline and analyze the existing systems underlying a growing digital marketplace, and provide a publisher's perspective on them.

Digital Formats

PDF
The first thing most publishers think of, when they think "ebook," is PDF, the Adobe Acrobat format. To some extent, it looks like a book, and quacks like a book – it has been designed with that in mind, being as close to a page-by-page representation of final composition as possible.

For graphically or typographically complex books, PDF is functionally the only affordable faithful representation of the book in digital form, with line, page, and chapter breaks identical to the final printed book. It's used, after all, by most publishers and compositors as "final files" for printers, and therefore leads many publishers to believe they are "ebook ready."

The PDF comes in a number of flavours and subformats (from print-ready PDF derived from composition files, to static PDF from scanned archival page images with raw text behind it); further, it has gone through several evolutions in the last decade. Adobe, the company that makes Acrobat (and Photoshop, and Pagemaker/InDesign), has been striving mightily to make it the de facto format for all digital publications.

Advantages: ready to hand; nearly free to produce and collect. Easy to distribute to some digital intermediaries and resellers, such as GBS, NetLibrary, Ebrary. Note that most of these aggregators lean away from direct-to-consumer, have their own digital rights management systems to prevent misuse, and lean away from "ownership" models in favor of a subscription model.

Disadvantages: PDFs, once created, are difficult to edit, update, or repair directly (a file must be re-composed, or require much slow, expensive hand-editing of digital files). Because PDFs are so print-centric, they're generally not optimal for reflowing and reading in smaller handheld devices. Adobe is trying to solve this, but its complex and self-referential underpinnings means that it remains mostly a fixed object, rather than a flexible object. If PDF is the only version of your books that you have to sell, you will likely miss out on some key developing markets.

I recommend PDF **and** .epub formats for all ebooks going forward, and getting offshore XML for as much of your archive as you can afford. More on that below.

XML
As most of the readers will know, XML is the structured markup that defines the elements of a document; that structure can then be read by a computer program and represented on a device. XML is infinitely flexible, and can be as densely or as lightly coded as one chooses; this makes it very powerful, and makes it potentially confusing.

There are many existing standard "flavours" for XML markup (TEI and TEI-Lite, NLM, .epub) that are open and free to be used and modified. The flavour matters less than the density of the markup.

If you were, for example, to "get all your publications into .epub format," you would have a good thing for the future, and have your publications in a format that would import readily into Amazon and other online resellers. But if you're a publisher of science, or other table-heavy content, .epub is likely too lightweight a format for your "master version." You would likely not have all the table item information necessary to, for example, produce a rich, dynamic PDF from that XML.

It's a little like the limits of image files: one can not simply "size up" a Web image, or enlarge a halftone, and get the same resolution quality. With XML, like for digital images, the higher resolution the original, the better the resulting derivatives can be.

TEI-Lite and NLM DTDs (document type definitions, the master index for the XML codes within a file) are high-resolution, very well-documented standards that you can tell a digital vendor to produce for you. Depending on the complexity and volume of the documents, the vendor can produce XML from a PDF that you provide, for somewhere between a dollar and three dollars a page, in two to four weeks after receiving your PDF. Costs can vary significantly depending on complexity, turnaround time, overall contractual volume, and other factors.

At these prices for digitization, implementing "XML workflow" begins to lose its appeal, unless the markets for your ebooks are immediate and then rapidly fall off, or unless your product is a periodical of some kind. Increasingly, compositors can offer XML formats for a small add-on fee. I address "XML Workflow" in more detail in one of the essays posted on the AECB site.

With offshore vendors who take your PDFs for transformation to rich XML, it's generally a tiny add-on cost to have them provide you with .epub, .mobi, or other salable versions of the publication at the same time. For that table-heavy book mentioned above, the table heads, cells, and rows are uniquely identified, coded up, and ready to be treated as a salable or licensable objects itself – and ready for any other format that may develop in the future.

What that means strategically is that an investment in getting recent backlist, strong deep backlist, and all frontlist into XML formats is likely to be affordable, especially in the context of the growing online arenas, and means that you as a publisher can hold and directly sell the digital products you publish.

ISBNs and Ebook Products
Just as we have unique ISBNs for paper vs. cloth, I recommend having different ISBNs for our ebook formats: one for PDF, one for .epub, etc. While it is tempting to put all ebook formats into the same bucket, at the NAP (and elsewhere) we concluded that we wanted to be able to discriminate between different kinds of sales. We want to know if .epub is selling more than PDF,

and since many ebook vendors only deal in one format or the other, we want to be able to aggregate those patterns.

NAP sells chapters of our publications as well – though it hardly pays for the overhead costs – as a service to our readers. For each book, we have applied a single ISBN for *any* chapter of that particular book, rather than a unique ISBN for each chapter. This has simplified our recordkeeping, and has meant we can discriminate between chapter-only sales income and whole-book sale, and adapt our presentation and sales strategies accordingly. The determinant for us is what information we want to have: since nearly all backend publishing sales and distribution reporting systems are keyed on ISBNs, we have adapted our choices to those limits.

Open Standards
There is a strong trendline toward open standards, rather than proprietary standards, in the online world. That is playing itself out in the ebook "format wars" currently rumbling between Amazon (with its semi-proprietary format and business model), PDF (with its semi-proprietary format), and truly open international standards (like .epub). Each will have its proponents and detractors, its devices and resources and add-ons, its business models and user experiences. We are stuck with needing to work with all of them.

But open standards will win in the long term, at least for the "object" that is purchased by a digital reader. The way proprietary systems will retain market share is through personalized, subscriber-based services that publishers will likely have little to do with, and may need to do little for.

GBS is certain to develop user systems in which individuals can purchase full access, and deep searchability and taggability, for books via their service. NetLibrary will also continue to improve the toolset provided to their subscribing institutions, with proprietary tools.

But the objects themselves–the PDFs, the .epubs – that individuals buy for themselves, will lean continually toward the open standards. This has played itself out in nearly all instances of digital content, over the last twenty years.

The international standard for books that has become, in the minds of most digital publishers, the dominant player, is .epub – the format promoted by the IDPF (International Digital Publishing Forum). Amazon accepts it as a salable

object, as does Sony; free iPhone readers, Android readers, and laptop readers of the .epub format are also available, and becoming stronger all the time. If you were to choose a single open XML standard for your digital publications, I – like the Association of American Publishers recently – would recommend .epub.

DRM

Among the most fraught of decisions when considering ebooks is how to handle the management, protection, and restriction of use. Known generically as DRM (for Digital Rights Management), it is the subject of much passion in the user community, and much frustration to many publishers.

The fear of losing control, of "selling only one copy, and then it's everywhere," of being pirated, has driven many publishers to strive to lock down their ebooks via some form of DRM. They are willing to sell only through Amazon, because the book is "locked down" through their Kindle system.

It's possible to seem to "lock down" printing, viewing, sharing, or stealing an ebook in nearly any format. But what you're really doing is making it clumsy to do these things – not truly locking it down. Any DRM that provides both a key to the lock (a necessary precondition for reading on a device) must be considered insecure. A Canadian enfant terrible, Cory Doctorow, has spoken and written eloquently and fiercely on this topic (http://craphound.com/msftdrm.txt).

For a publisher selling to individuals, I believe it's a mistake to engage in false protection, in the current and developing environment. We made a decision at the National Academies Press in 2002 to eschew DRM on the PDF ebooks we sold. While there have been some limited instances of likely lost sales because our DRM-free publications have been passed on, or illegally posted on a pirate site, we have not changed our belief that it's the smartest approach overall (I expand on these themes in an essay on the AECB website). This open approach, however, has changed our thinking about the products themselves.

DRM in an Abundant Content Environment

While it's possible for Bob to send the entire ebook to Sven and a dozen other colleagues, we try to take advantage of this eventuality, and recognize that most

of those people would not have purchased the book – they are just *potential* customers.

As Tim O'Reilly has written in "Piracy is Progressive Taxation" (http://tim.oreilly.com/pub/a/p2p/2002/12/11/piracy.html?page=1), the biggest danger for a publisher isn't online piracy, it's online invisibility. When the marketplace is the world of massive free abundance, and the competition is for attention of potential readers and purchasers (rather than shelfspace), a different philosophy is likely necessary.

At NAP, we treat potential filesharing as viral marketing, and think of the content as an advertisement for itself, and for other related books. Within every PDF, for example, we can link to other books of likely interest to the secondary customer who was sent the shared file.

Further, we are devoid of customer service calls from frustrated purchasers who are unable to move a file from one device to another; who move computers and are suddenly unable to open their purchased ebooks; who find the online-validation system isn't working in an offline laptop. That has saved us substantially in staff and wasted time.

Finally, technology is rapidly making DRM moot: scanners, specifically designed for print books, have become available at around the price of a Kindle; in about an hour, a searchable PDF can be produced for mass distribution on pirate sites.

With all these elements converging, it's becoming clear that we are competing for convenience and simplicity, for known authority and certainty of product.

At NAP, we are able to build brand, find new readers, and encourage upselling by promoting associated recent titles that an interested reader – one who has demonstrated *interest in the particular kind of thing we publish*. That's a demographic that publishing marketers pay handsomely to try to reach, and we're able to reach them for pennies of potential lost revenue (since only a small fraction of those reached virally would have ever known about the book, much less purchased it, and so the "cannibalization cost" is likely low). This is a strategy informed by "content abundance thinking."

Publishing has a long history of just the reverse: for most of our lifetimes, books were relatively scarce and expensive; vendors and bookstores were relatively

scarce and costly to reach; readers were relatively scarce and difficult to find. In the online marketplace of ebooks, a different perspective is required. There is, and will continue to be, an incredible surfeit of valuable content in the online world – and most of it will be free to the customer. **Our challenge in selling our books in this environment is how to find the readers who are willing to pay for our products.**

The online audience will pay for convenience, for added value, for certainty of authority and quality, for differential access, for convenient just-in-time access, for personal ownership, for flexible ownership (the DRM-free version), and for simplicity. As we have found at the NAP, they will also pay an additional fee for the e-version *as well as* the print version, as an upgrade upon ordering.

There is a rapidly-growing audience whose growth is I believe outstripping the proportion now unwilling to pay for anything. That is, readers are increasingly engaging online, and are finding the limits of free content – and becoming more comfortable with reading onscreen. Unless one was a geek, it was difficult to build a personal library, prior to the last year's developments. That limitation is rapidly changing.

iTunes has changed the model of music distribution, and changed what people expect, because they made it simple and cheap to conveniently collect music people wanted on their devices. The profit margins are not as high per sale, but there are still millions being made by music publishers and by musicians themselves.

Book publishing differs from music publishing significantly, of course. But there are still lessons worth learning: the price point the customers were willing to pay seems clearly to be about a dollar a song. For ebooks it's still unclear what the optimal price points are, though it feels to me that $5.99 to $9.99 is likely to be where ebooks fall, when selling to individuals, by 2010.

Kindle Opportunities
The Kindle, while still less than a percent or two of the overall publishing market, has attracted a great deal of interest in the US. Because the handheld and its infrastructure is not available in Canada, the media coverage is unlikely to have been as strong.

Far from being the be-all and end-all of digital devices, even in its Kindle II form, it does, however, represent a microcosm of handheld reading. In essence, it's a vertical market among many. Some users are passionate about their Kindles; the sales of Canadian books through Amazon, however, represents a marginal market, yet it is one that is low-risk for Canadian exporters.

It is likely that, as WiFi becomes more ubiquitous, and contractual relationships between Amazon and Rogers et al. are resolved, the Kindle will become available in Canada – but for now, it remains a predominantly US market.

US readers don't care where a book comes from, of course; for the most part, it is the topic and content (and language) that matters. This topic is addressed in more depth in an AECB website essay.

Promotion and Marketing
Connecting with individuals has never been easier – or more complicated. Should you have a Facebook page? Should you have a blog? Should you look into Twitter? What about SecondLife and other virtual realities? Does anyone read emails anymore?

As we move inevitably to an always-on, always-connected culture, the answer to all of those is "yes." But not immediately, nor all at once.

A complex media ecosystem is developing before our eyes, and while there will be dominant players, there will also be a rich array of small markets and players who find niches, subcultures, and communities. Because our customers are more continuously connected every day, they are forming networks within the vast, impossible scale of the available information online.

Recently, I posted on my "Facebook status" that I had just finished reading *Cry, the Beloved Country*, by Alan Paton, and that it made me weep several times. Because of that, my network of friends are alerted to/reminded of that classic book, and to my implicit review. I could do the same with a Twitter feed, which would reach a different audience, in a different set of communities. I could the same with listservs I'm on, or post a note on my blog, etc... Each of these would reach different audiences and communities, and have different possibilities of impact.

This example points out the importance of networked communities in virally promoting our books, but also is relevant to the likely recommendation networks we're seeing developing.

LibraryThing, for example, is a web-based tool for passionate readers to keep track of their own personal libraries, with the added benefit of easy access to every other member's information about those same books. LibraryThing (and its equivalents) can match up one's library to others' collections, identify similarities, and suggest books you might like.

Google Book Search is working on their own systems for this sort of thing, based on their own massive bank of books and user data. And there are dozens of other systems being devised to help make sense of the content abundance before us, which will be applied to books, as well as to the rest of the Web.

It may be that the universe of books is quite well positioned for the future, because the ebook universe is so much smaller – and of much more assured quality – than the rest of the Web.

So for a future environment of even greater abundance, it behooves us to make smart use of our position in the world now. We have quality, and our survival depends on being able to sell the quality works we publish. We should all be experimenting with as many digital tools as we can afford.

Twitter, Blogs, and Social Networking
Twitter is generally called "microblogging" – any message is limited to 140 characters, and because one can follow many other people's "tweets," a new kind of communication is possible. It's finding new uses in conferences, for harvesting other peoples' reactions to a speaker, for example, in real time. It is currently finding a great deal of favor in the technology community, but is also now becoming routine for much of the connected world.

There are problems of scale – just as in Facebook, there are only so many people whose thoughts, or links, or passing fancies I want to pay attention to. That said, it's likely to become a fairly permanent dissemination engine. Like instant messaging systems, and RSS feeds (Really Simple Syndication) before it, its technical simplicity means that personal-choice aggregation mechanisms will be able to pull it into our personal digital environments.

For example, if someone knows a book is coming out from you, she might set an alert for your Twitter feed (or the RSS feed from your blog) so that she will know when it's released. Afterwards, she probably removes your feed from her alerts – but perhaps does not, and so is accidentally alerted when the next book is released, if she looks at it. These are new "serendipitous discovery" mechanisms that we should be attentive to.

Full-fledged blogs are a lot more work: you're not just tweeting someone, you're expecting someone to read, so you have to give them something worthwhile to read. Some publishers are finding value in having blogs, but it is more about brand than about initiating sales. If you have a strong brand, or a strength in a particular topic or theme, then attention to a publisher's blog may be worthwhile.

Facebook also takes tending and feeding, but it's possible to have a page that other people can "fan" and follow, which doesn't necessarily take all that much staff time. Still, as plenty of writers have opined, you have to give something of value if you expect to be returned to – information, updates, links to reviews, links to content, etc.

In terms of social media and viral promotion, I recommend ensuring that every book has a robust "catalog" Web page on your own Website, with substantive free content (deep descriptions, or the first chapter, for example, in PDF), that has a short URL you can digitally promote. Some means for US and other purchasers to buy the ebook *at the moment of interest* needs to be available on that catalog page – either to purchase directly from you, or via a link to Amazon's Kindle purchasing system, or Google, or the many other ebookstores and reading systems and markets that are developing. There should also, of course, be that same ability to buy the print book.

Every publisher should have an RSS feed of book releases, special sales, or other major events of note, with links to your catalog pages. That same information can be fed through something like Twitterific, Twitterfeed, or other systems to populate your Twitter feed. These are cheap and relatively easy to do, and needs to be folded into standard marketing processes.

Unless you've got a great *and* stable staff, I don't recommend blogging deeply on every book, simply because the time is better spent elsewhere. But brief

informational blog posts, and a Facebook and Myspace page, would be prudent, almost as a placeholder to build from.

Moving to the Personal
One thing that most publishers haven't historically done well is individual sales. We haven't had a long habit of dealing with customers directly, and don't sell to individuals much – historically less than 5-10%. But the existence of ebooks changes that: when someone purchases an ebook from you directly, you have the opportunity to capture a great deal of information – email address, personal address, and much more – that can help you build a customer database. There is also, of course, no discount to the vendors, nor any unit cost. This, combined with the digital product, means that your risks are smaller: if someone cheats, it's only some bits that they got, not the paper. There is little cost to you, and the potential upside is higher, per sale.

This opens up some challenges, of course: online bookstores that can securely take credit card information, customer service staff unaccustomed to individuals, new habits of email interactions, and the like. But it also opens up some opportunities: an email message sent a week post-purchase, not unlike the concierge coming by the table to ensure that your meal was satisfactory; follow-on messages suggesting other related publications; a group of purchasers whose demographics and interests you can later put to use.

It's worth initiating, for Canadian publishers. These themes are also addressed more fully in the AECB essays on the Website.

Aggregators
As I've written above, there is a recent blossoming of aggregators of many types and forms. Google Book Search is a browsing service, though rapidly will become (I predict) the biggest online personal bookshelf/library vendor in the world. It won't achieve hegemony for probably another ten to twenty years, if ever. But it will be substantially lucrative to publishers over the next decade, as they offer more ways for their readers to purchase ebook versions, provide subscription-like services to readers, and more.

Regarding putting your books into Google Book Search, it is to my mind a mistake to miss getting into their systems as early as possible. In general, sell ebook versions of your books through Amazon's Kindle, as well as in every

ebookstore you can identify. The older players of NetLibrary, Ebrary, and Questia are likely to still have some legs for several more years, but the newer players are likely to find new efficiencies of automation.

While Digital Asset Distributors (DADs) can take some of the labor of ebook and metadata distribution off the publishers, this is a very young field. Historically, the moving of digital objects, and information about those objects, has become both cheaper and simpler all the time; DADs like Ingram are capitalizing on publisher ignorance of this trend. The digital world need not be a scary one that requires great technical expertise or infrastructure – it's in some ways much easier to maneuver in, than the physical one.

There are many companies, both Canadian and non-Canadian, who can provide data services for Canadian publishers – provide ONIX feeds and other structured metadata, and their ebooks, to whatever aggregators and ebookstores you choose. The question, of course, is the cost/benefit for that service.

It's well worth crunching numbers to determine whether the prices charged by a DAD or information vendor is worth the price of what is functionally a mid-level technician's task. Much depends on size and scale of the publishing operation.

In general, getting your ebooks – in PDF, .epub, .mobi, or whatever – into as many aggregations as possible is a strategic necessity.

General E-book Business Models
In the print-centric world, there were only a few business model variants on the main theme: promote; ship to wholesalers, distributors, libraries, and bookstores; promote some more in other print-based media.

There is no similar basic strategy for digital publishing, and the marketplace is ever-more diverse. Finding the right strategy for your publishing operation depends on the characteristics of your content, your audiences, and the size and staff, your own publishing house.

A few frameworks for developing a business model for your digital content, especially in the next three years, include:

- **Lock it down tight, charge a high premium because of the high costs for promotion, protection, and displaced customer service.** For certain high-value products, this approach might be appropriate. For most "ebooks," I don't think it's likely to be a winning one.

- **Use aggregator/resellers primarily.** This model fits with our publisher habits and mindset, but is likely to be increasingly outmoded by digital ease. Every middleman and intermediator raises the price to the consumer, and in a universe of free, there are likely to be new, much lower, consumer pricepoints.

- **Sell directly to consumers and aggregators.** Few publishers feel comfortable with the idea of a flood of individual purchasers, since most data and staffing systems have been set up for intermediated sales. However, for many kinds of publishing, discounts and returns are a substantial enough set of costs that it's well worth investigating your own publishing house's possible options. Selling directly, however, also raises other issues (addressed elsewhere) that can have impacts on the cost structure: DRM (which forces substantial costs), format choices, digitization costs, infrastructure upgrades, credit card security and handling, and more.

For most publishers, the reality will be a mix of these, and unanticipated shifts may make any of these seem like the dotcom dreams of the go-go late 90s. Overall, I think it's clear that many publishers could be exporting ebooks to the Web-connected world profitably.

Future Landscapes: 2010, 2012, 2019

2010:
It's likely that e-ink and e-paper technologies will be dropping in cost and rising in utility. Touchscreens will continue to proliferate. Always-on is increasingly the main mode, for most intellectualy active people.

Markets:
Individual *sales* of ebooks continue to grow; perhaps 5-15% of publisher sales are through ebooks. "Communities of interest" are fairly broad ("wilderness camping," "antique lamps," "Canadian history").

Locating books of interest (both ebook and print) will, however, increasingly be performed online, through GBS, Amazon, Web searches, social networking, and the like. Several of my AECB essays (posted on the website) address means and mechanisms for enhancing your books' online findability, promotion, and the like.

2012:
E-ink and devices are now so routine as to not be discussed any more than monitors are today. The costs for handheld devices have dropped dramatically – indeed, may even have become similar to cellphones today ("sign up for 20 ebooks, get a free reader!")

"Communities of interest" are more specialized ("mountain wilderness camping," "antique table lamps," "Ottowan history"), with their own folksonomies, experts, and collections of recommended resources.

Virtual worlds have become much more routine, but are still somewhat of a niche market, not unlike the gaming industry today (which, while niche, is still exceedingly profitable to certain game publishers).

Markets:
Proportions of sales via ebook formats vary depending on many factors; for many Canadian publishers, however, perhaps 15-25% of sales will come from ebook sales.

Amazon will, in all likelihood, still be trying to flog the Kindle as a proprietary "closed garden" world, with middling success. Other players, however, will have decreased their ability to be **the** dominant player. The .epub format is as routine as is PDF.

Google Book Search is likely to have expanded to become a very large market – as I write about elsewhere here, and in one of the AECB essays. Their skill, power, and influence should not be underestimated. They could very well be the dominant player in ebook browsing, reading, and purchasing, by this time.

For a publisher to be able to be prepared for this environment, the next two years needs to be one of experimentation, not profit maximization. As I write elsewhere, Canadian publishers should be digitizing publications into formats

that can be resold (PDF, .epub), and get your publications into the primary US aggregators and resellers (Amazon, Google Book Search, Sony, NetLibrary, Ebrary, etc.).

2019:

Any predictions ten years out are guaranteed to be wrong on some counts, but my general predictions have, for the most part, been reasonably accurate in the past. That said, take all of the following with a big hunk of salt:

Algorithmic recommendation engines routinely take advantage of broad demographic and reader patterns, as well as social networks, reviews, and commentary; they are robust and nuanced, and depended upon by every reader prior to making purchases of ebooks. Ebooks are providing between 50-60% of publisher income.

For most under-40 readers, the online world is now the preferred world (as climate change and resource pricing has dramatically changed transportation, paper, and other costs). The distinction between virtual, algorithmic worlds and the real world is becoming increasingly blurred.

Some of these virtual spaces will be closer to games; some will be remote conferences with virtual booths and sales opportunities; some will be a true "virtual offices" enabling easily-managed telecommuting with real-time conversations and "office resources" that we publish; some will be consciously-constructed "search spaces," and libraries of digital information that readers have built over time. Gestural and vocal interfaces will be habitual, and "ebooks" are part of our virtual private spaces, on every device we own (handheld, phone, screen, wall). These virtual spaces will be personal, and personally configurable, and as well as often partly public, not unlike today's blogs.

Different virtual arenas will appeal to different tribes – the researchers, the fantasy sports fans, the knitters, the specialists, the famous, the investors, the dilettantes. We each will routinely belong to (and understand the nuances of) multiple arenas. These "virtual social spaces" and "virtual private spaces" will be changing many social patterns, not least of which will be the habits of mind of that, and every subsequent, generation.

Conclusions

Canadian publishers have some significant new opportunities in the ebook market, but 2009 will be unlikely to provide a huge influx of digital loonies. Realistically, ebook sales are unlikely to be more than a few percent of your bottom line over the next two years.

Because of that, in this report I have tried to emphasize that 2009 and 2010 should be seen as development years, for each exporting Canadian publisher (and indeed, all publishers):

- Develop three-year strategies based on the upcoming inevitabilities of the digital environment
- Develop a backlist of digitized PDF- and .epub-format titles, not only by using specialist digitizing houses (onshore or offshore), but also by getting your current list into standards-based XML formats (with .epub as a minimum)
- Develop flexible internal information systems that make the export of metadata, in structured form, easy to accomplish
- Develop digital awareness and expertise within your staff in using Twitter, Facebook, RSS, and blogs
- Develop an ever-more-robust Website, with a rich page for each book, and the ability to purchase directly from you
- Develop an internal approach to experimentation, and self-teaching
- Develop a willingness to take risks with openness, and with viral upselling
- Develop a community of readers who will continue to value the quality publications you produce

Many of the above themes, trends, and discussions are addressed in more targetted detail in the essays appearing on the AECB site.

Overall, I'm optimistic that if, over the next two years, Canadian publishers can develop their digital capabilities for selling, distributing, and promoting ebooks, we will be better able to take advantage of these new export opportunities, and will prosper.