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The Global Ranking of the Publishing Industry 2008: An overview and analysis.

The future of the book has arrived, and we have learned to live with it. We don't always notice it though. This is how one could summarize some of the insights revealed by the figures and developments on the publishing industry in 2007 as mirrored in this ranking.

The new leader of the industry, the professional information giant Thomson (renamed Thomson Reuters after the acquisition of the news wire agency in early 2008) flatly boasts on its web site that "ca. 88% of total revenues derived from electronic products, services and software, and ca. 86 % of total revenues derived from products and services that are recurring or subscription based." But also last year's leader, Reed Elsevier, said at the presentation of its annual report of 2007 that growth as well as profits are by now driven clearly by digital products, and that preferably the company relies on continuous streams of income from subscribers – rather than on volatile advertising markets - and therefore decided to sell off its ad based professional magazine division Reed Business.

A strict re-focusing on core activities with dynamic potential for (digital) growth had already in 2006 triggered a wave of re-alignments, when information companies such as Wolters Kluwer, and then Reed Elsevier and, in 2007, Thomson put their entire educational divisions up for sale. This paved the way for a new, globally oriented type of learning companies who foreseeably will in the near future re-define education and, even more, the standards behind education, with their testing scoring materials, thereby re-shaping the global knowledge economy.

Companies like Cengage – the now independent, privately owned former Thomson Learning division – or Houghton Mifflin Harcourt (who had gobbled up Reed's educational branch), but also Pearson Education (who had acquired the testing part of Reed's Harcourt in 2007) or Wiley move far beyond their original national and cultural boundaries which, in a not so distant past, had usually defined education as a national sanctuary for most countries.

This will further enhance the pressure on the more traditional, mainly national institutions with a long history in their home market, but who are facing a very tough and competitive future, like Scholastic in the US, or the three companies dominating learning in Germany for half a century now, Cornelsen, Klett and Westermann.

So much emphasis on (digital) professional information and on education does not mean that good old books – the widely differentiated landscapes of trade publishing – would be only at the margins of the future of global publishing. Not at all, but some amazing things have happened, bringing quite an about face of old traditions in this conservative domain as well.

The German Bertelsmann company with its two relevant divisions, Random House and its ailing book club business in Direct Group, is by far the world's leading trade publisher. Number 2 is its French counterpart, Hachette Livre.

More than ever before, the publishing of books for the general reading audience has become a clearly European enterprise. The US divisions of Bertelsmann (Random House) and Hachette (formerly the Time Warner Trade Group) are in a head-on competition for the lead in North American consumer publishing. But also the pack behind it is very much from the Old World, with the British Penguin (a division of Pearson), another German family owned company, Holtzbrinck, or – the new rising star, the Spanish Grupo Planeta. Since long the uncontested leader in Spain and across Latin America, the Barcelona based company has vowed in early 2008 to take over the French number 2, Editis, a move that will bring Grupo Planeta on a level almost equal to Random House.

Going further down the ranking, to the variety of publishers with relevant income for this chart between half a billion and one billion Euros, this is the domain of regionally rooted companies who, over the past few years, are subject to often impressive growth in terms of international reach, and sometimes also in terms of scope.

This is the turf of Simon and Schuster who had build up considerable strength in Asia, or the Swedish Bonnier group that has successfully acquired a good slice of the German book market, or the Italian group RCS Rizzoli with its operations in the USA and in France (with Flammarion).

Globalisation has become a reality for books, with internationally synchronized releases of potential bestsellers and global rights deals as a routine by now, and originally local books going global – be it Stieg Larsson's Swedish Millennium trilogy, Ildefonso Falcones' Barcelona celebration "La cathedral del mar", or Afghani-British-US Khaled Hosseini's "Kite Runner", to name just 3 defining novels of 2007. And of course, 2007 was the last year with a new (and last) volume of the Harry Potter series, doubling revenues of its original publisher, Bloomsbury in London.

However, not by far all publishing is either Anglo-Saxon or European. More and more Asian groups have grown in their domestic markets into heavyweights who are now getting onto the global stage. Japanese publishers have already conquered the planet since the 1990s with an entire new style of graphical books – Manga, that spell by now also Man Hua in China and Manhwa in Korea. Korean publishers have created substantial educational materials and books for children. And now, a number of Chinese groups nourish a real big bang of reading and learning in their home country, which has arrived, with 233.000 new titles per year and revenues of 7 bn $ at an average retail price of only 1.5 $ per book arguably, among of the world's 5 largest publishing markets.

How this ranking was made

Initiated by the French book trade magazine Livres Hebdo, the Global Ranking of the Publishing Industry has been researched for the first time in 2007 (then based mostly on 2006 sales figures) by Rüdiger Wischenbart Content and Consulting and co-published by buchreport (Germany), Publishers Weekly (US), Svensk Bokhandel (Sweden) and The Bookseller (UK).

For the 2008 update presented hereby, revenue data as well as mergers and acquisitions are included only as far as they are integrated in the companies' financial reports of 2007, generally based on 2007 data, yet with a few exceptions indicated as such, when only 2006 data were available.

Most data are retrieved from company reports or direct communications from the companies, or alternatively national company databases or reliable trade magazine reports.

Accounted as "publishing" were all activities based on the publication and, in a secondary degree, the distribution of books of all kind, scientific journals and professional information in commercially run databases, while newspapers, wire services and magazines, as well as non-publishing revenues within those companies have been excluded in this ranking. As far as possible, only revenues from divisions falling within this definition have been represented in the list. Research has been completed by the end of May 2008.

More information at www.wischenbart.com/publishing