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The Italian Educational Publishing Market

Industry Sector Analysis [ISA]

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Regions: **EUR; Europe; Southern Europe; Mediterranean; European Union**Country: **Italy**Industry: **Information & Communication**

by: **Barbara Lapini**
approver: **Linda Archer**

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The purpose of this report is to give an overview of the Italian Educational Publishing Market and present the most recent market data.

Summary

The overall Italian publishing market had a turnover of Euro 3.621 million (\$4.4 million) in 2003 with 54,000 titles published and 254 million copies printed. School textbooks alone made up 18 percent of the market and the educational share of the overall publishing market was close to 30 percent when supplementary materials, specialized publications, and multimedia products were taken into account. The educational publishing market as a whole in Italy is not growing due to demographics. Today there are 4.9 million 5-13 year-olds in Italy while there were over 5 million four years ago. However, there is an ever-increasing demand for more specialized materials over general texts and for materials translated from English. These trends coupled with the reform of the Italian school system are creating some overall shifts in the educational publishing market, which may result in some new market niches in the years to come.

Market Overview

The Italian educational publishing market offers some interesting opportunities despite a declining number of school age kids. The overall size of the market is shrinking along with the size of Italy's population. For every 100 kids in school (K-12) in 1990, there were only 85 in 2000. Despite this demographic trend, the demand for specialized publications and supplemental materials is increasing.

According to a report describing European school systems by the Bologna Children's Book Fair organizer, each year, Italian textbook publishers propose their texts to teachers between January and May during the Campagna di propaganda (promotional campaign). Italian teachers choose textbooks and materials based on curricula set by The Ministry of Education, (MIUR) which is responsible for the education system in Italy. In primary schools, the textbooks are free of charge for all families, who receive a voucher from MIUR. In middle and high schools, families purchase the books and materials chosen by teachers at scholastic bookstores. The MIUR establishes a price ceiling at a national level for every book, and financial assistance is provided to underprivileged students at a regional level. A recent survey of Italian parents indicated that they considered schoolbooks a priority spending item. 78 percent of parents listed only housing as superior to school books as a worthwhile use of their money.

General textbooks chosen by teachers remain a prime resource for Italian students; however, the Association of Italian Publishers (AIE) reports an increase in the number of specialized educational titles being printed with smaller print runs. According to the AIE, "In 2000, the latest year for which production data is available, almost 6,600 titles of school books and supplementary materials were published in Italy." The average print run fell 30 percent between 1990 and 2000 while the number of titles published actually grew by 36 percent over the same period. This decade-long trend has continued in the years 2000-2004.

In 2003, Italian publishers sold 54,000 titles for € 3,621 million (\$ 4.4 billion) with 254 million copies printed and placed in the sales channels. Overall growth of the publishing market from 2002 to 2003 was 1.8 percent. Sales at bookstores (excluding textbooks and used books) comprised 81.9 percent of market value with € 958.6 million (\$ 1,179.078 million). Large-scale retailers sold 15 percent with € 175.4 million (\$ 215.742 million) and newsstand sales comprised 3.1 percent of the market with € 36.7 million (\$ 45.141 million). Market value trends showed when comparing 2003 to 2002, bookstores increased their market share +1.39 percent, large-scale retail trade dropped 2.28 percent, and newsstands dropped 5.90 percent of the total market value.

In bookstores and stationary shops, school textbooks made up 18 percent of the market with € 642 million (\$ 789.66 million) in sales. This was a 1.3 percent raise over the previous year. Italians purchased 64 percent of all their children's books in bookstores-- 21.4 percent in supermarkets, 21.4 percent in stationery shops, 11.8 percent through mail order, 7.4 percent over newsstands, 6.5 percent in department stores, 1.7 percent through other channels, 1.3 percent in toy stores, 1.1 percent door-to-door and 0.2 percent in motorway service areas.

Market Trends

In 2003, the Italian parliament passed a reform, which will restructure the Italian school system over the next few years. Children can now begin preschool education at the age of two and a half, primary education at the age of five and lower secondary (middle) school at the age of ten and a half for three years. Thus, compulsory education now lasts for at least twelve years, all free of charge. At an upper secondary level, students choose from eight different types of schools based on preference: artistic, classics, human sciences, economics, linguistics, musical, scientific, and technological. The reform divides high school into two two-year programs and a fifth year of in-depth study.

Two particular areas of opportunity for American educational publishers are in English language learning and educational software markets. The recent reform of the education system in Italy will make English a requirement at the elementary and middle school levels and will even introduce English in pre-school.

With regard to the use of information technology in Italian schools, approximately 97 percent of Italian schools have at least one computer and 89 percent of schools have access to the Internet—thanks to European Union financing and a 1997 government program to get ICT into Italian schools. The demand for software is greater at the secondary school level where there is one computer for every 18 students than at the primary level where there is one computer per 34 students.

Teacher training is contributing to growth in the use of information technology in Italian schools. In a 2003 survey by the Association of Italian Publishers (AIE), 84 percent of teachers reported that they knew how to use a computer, 73 percent knew how to use the internet, 37 percent used the internet regularly to prepare lesson plans, and 20 percent used the internet to present lessons. Over half of all teachers (55 percent) reported that they had improved their computer skills over the last year (2003).

Media bundled with books are becoming an increasingly important part of the educational publishing market. 19.4 percent of books with CD-ROMs and videocassettes are textbooks or educational books. Between 1995 and 2001, media book/packages rose from 944 to 2,559 (+171 percent). Computer-related media has also experienced growth from 1.9 percent of overall titles to 4.6 percent in six years. Research by the Association of Italian Publishers (AIE) in 2003 states that out of more than 5,800 individuals, 62 percent of the people interviewed use the Internet for access to educational materials for school or work.

Import Market

Italy has one of the largest appetites for translated works in Europe; nearly one in every four works published in Italy is a translation. In the children's books sector, this trend is even more pronounced with 1 in every 2 books originating abroad. Works translated from English account for most of the imports and are printed in much larger print-runs than translations from other languages. In 2003, 23 percent of all titles published in Italy were translations from foreign languages. 65 percent of foreign titles published were translations from English equal to 7,900 titles. French translations were second with 1,800 titles, while Germany was in third with 1,100 titles. These figures suggest that the growth of the overall number of titles on the Italian market resulted in large part from the acquisition of foreign publishing rights.

The average print runs for translated works also exceed those of local authors whose print runs in 2002 averaged 4,200 copies. Translated works averaged 6,600 copies (8,000 copies for English translations, 4,970 for French translations and 3,500 copies for German translations).

Research by Idest, a communication agency active in the overall coordination of translation projects, compares books for children and teenagers in terms of the country in which the rights were bought. Italy purchased 990 titles comprising 45.9 percent of the market in 2002. The United Kingdom purchased 414 titles (19.2 percent), The United States purchased 247 titles (11.5 percent), France purchased 229 titles (10.6 percent) and Germany purchased 63 titles (2.9 percent).

Competition

The widening gap in the demand for English language materials over materials in other languages has boiled competition for Italy's import market down to two main competitors: the United Kingdom and the United States. Traditionally, there has been a preference for materials from the U.K particularly in materials for teaching English as second language. In the children's market as a whole, titles originating in the U.K. made up 53 percent of the titles from abroad and those from the United States accounted for 25 percent of imported titles in 2002.

Market Access

As a member of the European Union, Italy applies the EU common external tariff to goods imported from non-EU countries. However, no tariffs or import duties are levied on books or computer software products entering EU countries from the United States. A Value Added Tax (VAT or IVA) of 20 percent is assessed on products based on their Cost, Insurance, Freight (C.I.F.) value, plus the import duty at the port of entry.

On July 1, 2003, a new European Union Directive relating to Value Added Tax (VAT) on digital services came into force. The legislation now requires any seller of electronically supplied services and broadcasting services from a non EU member state to charge and collect VAT on those products and services sold online to EU private consumers. This would include e-books and other publications delivered online. For additional information please contact the U.S. Mission at the European Union in Brussels or visit http://europa.eu.int/comm/taxation_customs/taxation/ecommerce/vat_en.htm

Another issue publishers should consider is the protection of intellectual property. Despite the continued implementation of the 2000 Copyright Law and increased enforcement actions in 2003, piracy and counterfeiting rates in Italy remain among the highest in Western Europe. Widespread piracy continues in virtually all copyright-based sectors. Publishers can register copyrights in Italy with the Italian Society for Authors and Editors (SIAE). See Key Contacts section for contact information.

Market Entry

When approaching the Italian market, there are a number of key questions U.S. firms must face. The first is translation for print media or localization for multimedia products. With the exception of English as a second language materials (and even in this case teachers guides and instructions may need to be translated), a translation will be necessary and, therefore, building a strong relationship with an Italian publishing house is key. Ideally, this will be a partner that is experienced in translations and already well-introduced in the Italian school system. Issues to be negotiated will include the licensing of texts, images, and graphics as well as licensing fees, advances, and royalties. It is strongly advised that publishers seek local legal counsel before entering into an agreement. In the educational publishing field, perhaps the best place to identify an international partner is the Bologna Children's Book Fair, the world's largest fair for the children's publishing industry held every year in Bologna. See Trade Events section for more information.

For educational software companies, the first question faced is whether to invest in the localization before approaching the market or to search for an Italian partner who will handle localization. Italian firms weigh very carefully the costs of localization versus the size of the market for a given product before entering into a localization agreement and American companies should do the same before creating an Italian version of a product.

One option is a licensing agreement which allows an Italian distributor to sub-license the product already in Italian to third parties within Italy. Another option is a licensing agreement providing for the localization of the software in Italian.

In this case, the U.S. software company in effect "hires" the Italian company to do the localization and payment can be either direct or included in the contract in the form of a discount on the sale price paid by the distributor for the software. In this case, the distributor again would sub-license the product to third parties within the country. A third option is the sale of the rights to the product for a certain market. In this case, the U.S. firm would hand much control over the localized version of the product to an Italian partner.

End Users

The Association of Italian publishers collected data on the average expenditure per month for books and cultural products in 2002. The average Italian family spent 36 percent of their monthly expenditure for publishing products on school texts and other school publications. The total amount spent on texts for school and other school-related books by Italian families is € 212,599,360 (\$ 261,497,213) per month.

One bright spot, in a country with a generally low number of readers and a declining number of school kids, is the increasing rate of reading among children. Since the mid-eighties that rate has been climbing and reached a peak of 71 percent in the late nineties. The number has fluctuated somewhat over the last five years going down and then up again. In 2003, 65 percent of school-age children read at least one non-school books putting them in the "reader" category. This is quite a high number given that the reading rate among the general population was only 41 percent in 2003. The preferred books by Italian children are adventure stories (29%), fairy tales (26%), comic books (17%), fantasy (9%), horror (7%), coloring, cutout and construction books (5%), and crime and mystery novels (4%).

Key Contacts

Trade Associations

Associazione Italiana Editori (AIE)

Via delle Erbe 2 - 20121 Milano

tel + 39 02 86463091

fax +39 02 89010863

website: www.aie.it

email: aie@aie.it

The Italian Publishers Association is a non-profit private organization which is part of the General Confederation of the Italian Industry and represents the most important book publishers in the country. AIE counts around 400 members, representing around 95% of the total national book production.

Associazione Nazionale Editoria Elettronica

Via Larga, 23

20122 Milano

Tel. + 39 02 58308001

Fax + 39 02.58304457

email: asanee@tin.it

Website: www.anee.it

The National Association of Electronic Publishing (Associazione Nazionale dell'Editoria Elettronica) was created on 1 December 1992, in response to the issues confronting the Italian editorial world following the application of new technologies. ANEE has grown considerably in these years, along with the expansion of the sector and of the new technologies. It includes the most important representatives of the Italian editors and newspapers among its members, as well as hardware and software manufacturers and multimedia distributors.

Copyright Registration

S.I.A.E. Societa' Italiana degli Autori ed Editori

Viale della Letteratura 30

00144 Rome / ITALY

Tel +39-06-5990615 / +39-06-5990623/+39-06-5990806

Fax +39-06-5990435

Website: www.siae.it

email: urp@siae.it

SIAE (Italian Society of Authors and Publishers) is an organization for the protection of intellectual works whose aim has been for over a century, that of joining together authors, publishers and other copyright owners for the protection of copyright works in Italy and abroad.

Upcoming Trade Shows/Events

- **Global Learning Initiative**
- **Bologna Children's Book Fair**
- **April 13-16, 2005**
- **Bologna, Italy**
- **Websites: www.edpress.org,**
- **www.BolognaFiere.it/BookFair**

For educational publishers interested in the Italian market as well as other international markets, the U.S. Commercial Service is pleased to announce that it will work with the Association of Educational Publishers for the third year in a row to organize the U.S. exhibit within the Global Learning Initiative (GLI) at the Bologna Children's Book Fair to be held in Bologna, Italy, April 13-16, 2005.

The Bologna Children's Book Fair is the world's leading event for the children's publishing industry with 1,100 exhibitors from 63 countries. Over the past three years, the Association of Educational Publishers (AEP) and the Fair organizer, Bolognafiere, have joined forces to reinforce the educational publishing presence at the Fair through the creation of a new area known as the Global Learning Initiative (GLI). Much more than a space within the Fair, the GLI is a program to bring together educational publishers from around the world and includes workshops on doing business internationally, a speaker series, an awards program, networking receptions, market research materials, and more. The U.S. Commercial Service is proud to support this initiative and offers U.S. companies the chance to make the most of participation in the GLI by offering a package of promotional and business facilitation services including customized matchmaking appointments. For website information: www.edpress.org, www.BolognaFiere.it/BookFair For additional information, please contact: Barbara Lapini, Commercial Specialist, U.S. Commercial Service, American Consulate General, Florence, Italy, Tel. + 39 055 292266, Fax + 39 055 283780, email: Barbaralapini@mail.doc.gov.

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