

# CHARTING

★★★★★ *the* ★★★★★

# FUTURE

*of Books in the*

# PHILIPPINES



A PUBLICATION OF THE  
BOOK DEVELOPMENT ASSOCIATION OF THE PHILIPPINES



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# Table of Contents

A MESSAGE FROM THE BDAP PRESIDENT	6
EXECUTIVE SUMMARY	8
CHAPTER 1. INTRODUCTION	22
CHAPTER 2.	26
2.1 THE VISION	26
2.2 THE MISSION	27
2.3 METHODOLOGY	28
CHAPTER 3: THE WORLD OF BOOKS	30
3.1 INTERNATIONAL BOOK PUBLISHING	30
3.2 BOOK PUBLISHING IN ASEAN AND BEYOND	47
CHAPTER 4. BOOK PUBLISHING IN THE PHILIPPINES	56
4.1 COUNTRY OVERVIEW	56
4.2 PUBLISHING INDUSTRY OVERVIEW	59
4.3 OVERALL INDUSTRY PERFORMANCE	67
4.4 DRIVERS OF GROWTH	76
CHAPTER 5. INDUSTRY ANALYSIS	90
CHAPTER 6. GOAL SETTING	96
CHAPTER 7. CONCLUSIONS AND RECOMMENDATIONS	108
CITATIONS	116
ACKNOWLEDGMENTS	121
APPENDICES	122

# List of Figures and Tables

## FIGURES

Figure 1: Top Down Model for the Philippine Publishing Industry Road Map	28
Figure 2: Contribution of Core Copyright Industries to GDP	31
Figure 3: Contribution of Core Copyright Industries to the GDP by Country	32
Figure 4: Contribution of Core Copyright Industries by Industry in Specific Countries	32
Figure 5: Contribution of Core Copyright Industries to Employment by Industry	33
Figure 6: Book Purchase Influences for Teens	39
Figure 7: Publishing House Value Chain	42
Figure 8: Traditional Supply Chain for Books	46
Figure 9: ASEAN Population in Comparison with China and India	48
Figure 10: Textbook Value Chain (DepEd Model)	60
Figure 11: Textbook Value Chain (Free Model)	61
Figure 12: Trade Book Value Chain	63
Figure 13: Academic Books Value Chain	63
Figure 14: Digital Publishing Value Chain	65
Figure 15: Number of Registered Literary Artists per Region	66
Figure 16: 2010 Percentage Distribution of Press and Literature in Terms of Value Added	69
Figure 17: 2010 Distribution of Press and Literature by Total Employment	70
Figure 18: Copyright Industries Contribution to National Employment	71
Figure 19: Labor Productivity Index for Copyright Industries	71
Figure 20: Copyright Industries GDP and Employment Quadrant	72
Figure 21: IPP Mandatory Industries.	76
Figure 22: Readership of Different Reading Materials in 2003, 2007, and 2012.	81
Figure 23: Distribution of Selected Bookstores in the Philippines.	84
Figure 24: Metro Manila Bookstore Cluster.	85
Figure 25: Distribution of Precious Hearts Romances Sales per Major Account	86
Figure 26: Road Map for the Philippine Publishing Industry	102
Figure 27: 15-Year Plan for the Philippine Publishing Industry	103
Figure 28: Summary of New Titles Published Projections	105
Figure 29: Summary of Value Added Projections	106
Figure 30: Summary of Export Revenue Projections	106
Figure 31: Main Reason for Reading Non-Schoolbooks.	111

## TABLES

Table 1: Top 20 Book Markets of the World.	30
Table 2: 2012 Global Media and Entertainment Share Comparison	34
Table 3: Market Share of eBooks in Selected Markets	34
Table 4: Estimated market share of online bookselling and of Amazon and local platforms for print and eBooks	35
Table 5: Comparison of Sales for Brick and Mortar and Online in the US from 2010 to 2013	35
Table 6: Big Five Trade Publishing Groups: EBook Related Key Parameters	36
Table 7: Disaggregation of Learners in the Philippines for Private and Public Schools.	40
Table 8: ASEAN Population 2013	47
Table 9: ASEAN GDP 2013	48
Table 10: ASEAN GCI 2014-15 Rankings	49
Table 11: Comparative Number of Titles Ratio per One Million Inhabitants	55
Table 12: Number of Registered Stakeholders in Various Organizations.	66
Table 13: Printing and Publishing Industry Contribution to the Philippine Economy, 1991-2009	67
Table 14: Value Added for Core Copyright Industries.	68
Table 15: Employment for Core Copyright Industries.	69
Table 16: Comparison of New Titles per Year in the Philippines, Malaysia, and Singapore.	73
Table 17: Importation of Books and Publications from 2011 to 2013	73
Table 18: Philippine Book Exports to the World	73
Table 19: Number of Establishments, Wholesale, and Retail of Paper Products	74
Table 20: Year-on-Year Growth Rates for the Publishing and Printing Industry.	75
Table 21: Volume of Production Index (VoPI), Volume of Net Sales Index (VoNSI) and Producer Price Index (PPI) for Manufacturing Sector	75
Table 22: 2014-2015 Global Competitiveness of Selected ASEAN nations	77
Table 23: DTF Score and Doing Business Ranking for ASEAN.	77
Table 24: Cost of Doing Business Indicators.	78
Table 25: Trading Across Borders Indicators.	78
Table 26: Technological Readiness of the Philippines	82
Table 27: Approximate Number of Bookstores in the Philippines.	83
Table 28: Libraries in the Philippines	87
Table 29: Trade Books SWOT Analysis	91



Table 30: Textbooks SWOT Analysis	92
Table 31: Academic and Scholarly Titles SWOT Analysis	93
Table 32: Value Chain SWOT Analysis	94
Table 33: Goals and Performance Indicators	96
Table 34: Conservative Disposition for New Titles Published	104
Table 35: Moderate Disposition for New Titles Published	105
Table 36: Aggressive Disposition for New Titles Published	105
Table 37: Number of Public Libraries per 100,000 Inhabitants for ASEAN	107
Table 38: Goals for Libraries in the Philippines.	107

## Change is upon us.

And, to be able to keep up with the demands of an ever-dynamic industry, so must we change as well. But where do we begin? We must start by taking a hard look at where we are in terms of achievements and gaps, looking at the ways we do business, our systems and processes, where we need to improve while drawing a picture of where we want to go, or what we want to achieve after a given amount of time. In other words, we need a plan.

If we are to be honest with ourselves, we know that book publishing in the world has evolved more rapidly than local stakeholders have been able to keep up. This is considering the many issues we have had to face living in a society such as ours, dealing with the cataclysmic developments that continue to unhinge our industry's equilibrium: the adoption of the public school system of K to 12; the rapid rise of digital technology; and the inevitable ASEAN economic integration. Aside from keeping pace with the industry's developments, we must address, as an industry, the many issues that beset our respective businesses as part of the Philippine society. Thus, the Book Development Association of the Philippines conceived of a project to put together a road map of the industry to outline our collective vision and enumerate what we must do to achieve such a goal. In the process of doing so, we also had to take stock of where we are and what we have become after 35 years as an organization.

Though we have come a long way from our humble beginnings, the Philippines is already lagging behind in its development efforts: we have one of the lowest production of books in the world; we have very poor distribution systems for our books, including a low number of bookstores and libraries that is barely responsive to the needs of the country's huge population; and we have barely attempted to sell Philippine made and authored books beyond our shores. While we have been comfortable with the usual way of doing business, some of our neighbors, and much more so the players of Western countries, have been forging ahead. It has now become imperative for each one of us to be more aggressive in working towards the achievement of our targets.

This study shows us the beginnings of what we must endeavor to achieve, foremost of which is a change of mindset that looks both inward to the domestic market without ignoring international markets. It shows us how much harder we must work to be responsive to the needs of our audience with the creation of more content. We must target at least 8% year-on-year growth rate on average until 2030 to achieve moderate growth, and 12% to target aggressive growth rate, instead of the incremental increase of 5% we have been doing for the

past years. In terms of new titles, we will need a 260% increase of new titles from 2014 to 2030, or a 71% increase of new titles from 2014 to 2020 to achieve moderate growth. We need tremendous improvement in our distribution systems to reach more Filipinos beyond the NCR, and the courage to go into the world to sell our products.

I know we can do this as surely as we have weathered past problems. We will overcome and succeed because we are a talented and enterprising people. This is a given if we put our minds to gearing up for the work ahead.

This study should be considered a work in progress, given its limitations, foremost might be the lack of industry information from industry stakeholders themselves, a limitation we can certainly cure ourselves with a more open and trusting attitude to share information with our own organization and government. I trust, in time, we will be able to achieve this.

At this point, I personally express my gratitude to Atty. Andrea Pasion-Flores and company for taking on this thankless job. It took several discussions, interviews, researches, revisions and her extensive experience as the former Executive Director of the National Book Development Board to come up with this Road Map. The National Book Development Board led by its Chairman Neni Sta. Romana Cruz and Executive Director Graciela Cayton provided enormous help and guidance in its crafting. Other stakeholders who are properly identified somewhere in this study provided insights and monetary contributions. They also deserve our sincerest appreciation.

But this is merely a map and we are merely in the beginning of our journey. I am confident that all together, as we embark on the road ahead, we will achieve the goals we will set for ourselves and triumph over adversities.

A handwritten signature in black ink, appearing to read 'Lirio P. Sandoval', with a stylized, cursive script.

Lirio P. Sandoval  
President  
Book Development Association of the Philippines

# Executive Summary

The objectives of the ASEAN Economic Community (AEC) 2015/2020 reveal a vision for the region's economic environment to unify one of the most diverse regions in the world. It is envisaged as a single market and production base; and a highly competitive region geared towards equitable economic development and fully integrated to the global community. As a single market, the Association of Southeast Asian Nations (ASEAN) would be characterized by the free flow of goods, services, and investments, as well as a freer flow of capital and skills. The second goal of becoming a highly competitive economic region is intended to benefit not only investors and businesses but also consumers. This vision for the ASEAN is shared by the book publishing industry for itself.

However, the Philippine publishing industry must answer a number of caveats as it becomes a participant in 2015. For one, the country is geographically and historically isolated from the other ASEAN members. It also stands out as the only country in the region colonized by the United States of America. Thus, in the division of markets in the world, specifically the book market, the Philippines is aligned with the US market and culture and acquires the US editions of international titles as opposed to other ASEAN nations, most of which are either aligned with the UK market and obtain the British/European editions of book titles, or are strongly rooted in their own cultures to have built a solid insular industry, such as in the cases of Indonesia, Thailand, and the giants—China and India.

The Philippines, for a long while now, has been a contained market, wherein most players have not found enough reason to reach out to other markets outside its borders. This attitude is most prevalent in the textbook industry, where the local market has so far has been lucrative or more than enough for its players. Thus, there was very little reason for the larger publishers to go to the world's book fairs and sell Philippine-authored content. The protection afforded by the Book Development Publishing Industry Act (RA 8047) towards local publishers, which privatized the supply of textbooks of the Department of Education (DepEd) and required it to source textbooks from local publishers, to make them primary suppliers of the public school systems' textbooks and supplementary materials, might have strengthened the industry's insularity. There is a need for stakeholders to be more open among themselves and to establish avenues for cooperation and unity for communal growth. The lack of unity among stakeholders shows in the discordant organizations that jockey for positions in negotiating bodies versus the DepEd. Lack of openness is also demonstrated by the general distrust among stakeholders to share data within their own private organizations and with government to establish a database from which to benchmark the industry's growth. There is also, until recently, a seeming hesitation to reach out to the global community.

Aside from a recalibration of mindsets to be more open, the industry faces numerous challenges that keep it from sustaining a healthy momentum of growth: the small pool of talent from which to source publishing professionals and content creators; the hard stance of the DepEd to suspend the lifting of the moratorium on the purchase of supplementary materials until graft and corruption are eradicated from the procurement of books by the government; the rush to develop books appropriate for the new grade levels that will be

opened because of the K to 12 program of the government; the need to produce more and higher quality content; the necessity to broaden distribution systems and identify new distribution outlets to make books more available to the populace; and the nurturing of talent and increase in the capacities of publishing professionals and organizations.

There is, quite palpably, the sore lack of infrastructure support in the country that could significantly ease the hurdles towards development. Low spending on education is the biggest hurdle that must be overcome, given that the growth of the book industry is dependent on the affluence of the society, coupled with the fact that the country's book industry is primarily a textbook market. Moreover, there has been no push for school-based libraries other than the library hubs in the public sector. The expansion to the K to 12 from a 10-year system will provide a boost to the industry; however, distribution remains one of the greatest hurdles that the industry has had to overcome given that the Philippines is an archipelagic country. The Internet should have created greater access to eBooks by the populace, which sadly did not happen because of the lack of Internet access to Filipinos in the rural and remote regions.

## **International Book Publishing**

The International Publishers Association (IPA) estimates the total market value of books to be about €95 million, with the 20 largest markets accounting for 84% of the publishing business or total of monies spent on books. The US remains at the top of the publishing industry, followed by China and Germany. However, the UK has the highest number of new titles per million inhabitants, exhibiting domestic production at its most efficient. The UK also tops book exports with absolute exports amounting to €1,515 million, followed by USA at €1,014 million, and Spain at €331 million. However, the export growth of the UK and Spain has been slowing down at -4% and -5%, respectively, whereas the USA grew by 7.2% in 2012 against the previous year (IPA, GCI 2013-14, 18). Economic growth is also reflected in the higher contribution of copyright industries to the GDP as shown in the WIPO Economic Contribution Report, which demonstrates the positive relationship between competitiveness and economic contribution.

Among the copyright industries, press and literature is consistently shown to have a significant contribution to the GDPs of numerous countries. Press and literature includes the economic activities of authors, writers, and translators, newspapers, news and feature agencies, magazines and periodicals, book publishing, cards, maps, directories, and other printed materials, wholesale and retail of press and literature, and libraries. The IPA has determined that book publishing comprises 15% share in the total value of global publishing, media and entertainment world, worth about US\$ 151 billion, which makes it the largest industry among entertainment products.

The introduction of the digital platform in the publishing and entertainment industries has led to major changes in the manner through which businesses have distributed and marketed their products worldwide. Although the impact upon the book market was initially not as severe as in the music industry, the effects of these changes, the introduction of major players, —such as Amazon, and the development of digital self-publishing, such as Wattpad and Smashwords, are gaining traction.

The force of these changes varies from region to region and country to country. Across continental Europe,

the overall sales for print books have declined, and digital sales have yet to compensate the loss (Rüdiger Wischenbart 14). The US and UK markets reveal a more complex picture. Print sales are declining, but digital sales seem to be rising in particular segments, such as adult and genre fiction. In the US, eBook sales were dynamic in 2010, but plateaued by 2013 with the rest of the publishing industry, especially print which declined. This decline, however, has been slowing down as both print and digital sales stabilize. In the most recent 2014 Nielsen data, the US reports an increase of 2.4% in print sales, topping 635 million in unit sales compared to 2013's 620 million (Milliot).

The entrance of the digital format in the book market has had very different effects upon local markets. Although Amazon seems to be dominating not only online print sales but also, and to a greater extent, eBook sales, it is not the top platform in all areas where local webstores seem to be more successful owing to specialization in local languages. However, Amazon is on its way to addressing this lack as more and more local publishers from various countries consign their products with Amazon to obtain a wider audience.

EBook and online sales have had a major effect on brick-and-mortar stores, with bookstores sales in the US dropping by 7.5%, and eBook sales increasing by 7%. In 2012, the digital platform in the US accounted for 44% of total sales. Self-publishing has gained a foothold with publishing platforms like Smashwords and Wattpad. Though the Big Five publishers of the world have taken strides to answer the needs of a changing market, their successes have been dwarfed by digital platforms such as Amazon, Google, and Facebook. They have also had to contend with the telecom companies who have entered the digital content arena, looking at subscription-based models replacing the traditional publishing business model.

This brings focus to two emerging business models in publishing: self-publishing and subscription platforms with reading communities. A controversial report claims that indie authors are outselling the Big Five, though this cannot be verified given Amazon's refusal to divulge sales data. The various claims and verifiable data only point to the fact that such models have reconfigured the publishing value chain and stakeholders must give these their attention.

## **Book Publishing in ASEAN and Beyond: A Regional Overview**

Inequitable economic development among the ASEAN countries is one of the major problems that the AEC seeks to address. The World Bank reveals that, in 2013, Singapore had the highest GDP per capita among the members of ASEAN at 55,182 US\$ while Myanmar had the lowest at 869 US\$. With a GDP per capita of 2,790 US\$, the Philippines is ranked 6 out of the 10 nations.

The comparative GDP per capita of the ASEAN members is reflected in their global competitiveness. The Global Competitiveness Index “[defines] competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country” (WEF, GCI 2013-14, 4). According to the 2014 GCI, the overall competitiveness ranking of ASEAN range from a top rank of 2 out of 144 in the case of Singapore to a low rank of 134 in the case of Myanmar. Out of the eight ASEAN economies included in the report (no information is available for Brunei), the Philippines is ranked 5th, above only Vietnam, Lao, Cambodia, and Myanmar.

Singapore's ranking is only surpassed by Switzerland due to Singapore's consistent performance in the GCI measures. Much of Singapore's success is attributed to the efficiency of its goods market, development of its financial market, and strength of its institutional frameworks. All of these, in addition to its excellent infrastructure and focus on education, allow Singapore to be the leading country in Southeast Asia despite the small size of its population and landmass (WEF, GCI 2014-15, 12). Following Singapore, Malaysia has reached the top 20 of the GCI for the first time, making it the highest ranked emerging economy studied by the GCI. The country's focus on economic and government programs mitigates the prevalence of corruption and red tape. Moreover, Malaysia's infrastructure is ranked 11 out of 144, which is particularly impressive as infrastructure is one of the major hurdles faced by developing countries (WEF, GCI 2014-15, 27). Although considerably behind Singapore and Malaysia in rankings, Indonesia proves to be continually progressing under new leadership and economic momentum. Infrastructure, connectivity, and public and private governance are all improving while corruption has been on a decline. However, the state of Indonesia's labor market, public health, and technological readiness remain unsatisfactory and must be addressed before the country can further progress (WEF, GCI 2014-15, 28).

The Philippines is ranked 52 out of 144 countries, placing it at 5th among the ASEAN and 8th among the emerging economies (WEF, GCI 2014-15, 34). The positive trend across the GCI measures and the rise from rank 59 from the previous GCI reveals the continuous progression of the country. This advancement is attributed to the improvements in governance, especially regarding corruption, efficiency, and the protection of property rights. The Philippines' technological advancement is also notable, and it is behind only Malaysia and Thailand in digital connectivity among the developing nations. However, innovation and infrastructure, specifically airport and seaports, remain major issues in the country. Issues regarding the labor market, which have not improved since 2010, and security, which discourages business due to terrorism, also hinder further development (WEF, GCI 2014-15, 28).

## **Book Markets Overview**

Book publishing in Asia and the Pacific has taken major strides in developing its market base within the global arena. Several literary festivals and book fairs, such as the Beijing and Shanghai book fairs, the Singapore Writers Festival, the Asian Festival for Children's Content, the New Delhi World Book Fair, the Sydney Writers Festival, and the Jaipur Literary Festival have placed the spotlight on the region's books and writers. Having them alongside the big literary names of the world brought attention to the region and succeeded in marking Asia as a major destination for literary and publishing events. Beyond their growing markets and their demand for books both local and international, Asia's population combined is the world's biggest market.

An interesting development in Asia is the fact that it has become one of the most promising markets for US print and eBooks. The importance given to English-language literacy and education has created a thriving market for US published young adult (YA) fiction and books on business, finance, commerce, and technology. In fact, the Philippines and Singapore are among the top countries that contributed to the sales of US publishers (Nawotka "US Export").

The growth of eBooks in Asia varies. It is foreseen that growth will come from mobile rather than eReaders, especially in Korea, Thailand, Indonesia and Viet Nam. In Korea, for example, the market for eBooks is estimated at 583 billion won in 2013 compared to 325 billion won in 2012. The 80% increase is attributed to the availability of mobile devices sized 5-inches and above, a development mostly credited to Samsung, a Korean brand (Nawotka “Surveying EBook Adoption”).

The most succinct picture of the ASEAN market’s book industry is revealed in the number of books produced by a country per million. Singapore leads at 1843 new titles and re-editions per one million inhabitants, followed by Malaysia at 639 and Vietnam at 273. Based on the 2013 number of ISBN applications to the National Library, the Philippines has only 70 new titles and re-editions per one million inhabitants, which places the country at rank 8 among ASEAN.

In other parts of Asia, China, India and Japan have some of the largest book publishing markets in Asia and are typically viewed as the forerunners. China is second only to the US in rank in terms of market size; Japan is ranked fourth, and India is at number thirteen, though ranking third in terms of the English language market, after the US and the UK.

## **Book Publishing in the Philippines**

Despite the Philippines’ positive GDP growth and low inflation rate in 2013, such economic expansion has not successfully contributed to poverty reduction. Based on the Annual Poverty Indicators Survey (APIS) conducted in July 2013, the poverty incidence among Filipinos remains high at 24.9% during the first semester of 2013 (PSA). Moreover, unemployment rate has increased from 7.1% in January 2013 to 7.5% in January 2014, and underemployment rate remains high at 19.5%. A total of 38% of the employed population are actually part of the informal sector in 2013, revealing a lack in the quality of work available for employment (ADB 216). In comparison with its neighboring ASEAN countries, the Philippines has the highest unemployment rate, followed by Indonesia at 6.1% and Malaysia at 4.5% (UN 163). This high incidence of poverty, calculated at a quarter of the population, or a substantial 24 million, shows non-inclusive development. This has been so since 1986, where 70% of the poor lived in the rural areas and 43% worked in the informal sector (Victor, et. al 10).

Beyond the pervasive issues on poverty, education is also a major concern in the Philippines. According to the latest data of the National Statistics Office (NSO), the completion rate for primary and secondary schools are 73.67% and 74.81% of those who enrolled in SY 2011-2012, which indicates a high dropout rate and out-of-school population (NSO, Philippines in Figures, 38). Government spending on education is considered one of the major hurdles in improving education in the country. Although the budget allocated for education has had an over 16% increase in the 2014 budget, the Philippines is far from the recommended UNESCO threshold of 6% of the country’s GDP. In 2010, the Philippines allotted only 2.5% of its GDP on education and the budget increase in 2014 does not substantially increase that percentage. In contrast, Malaysia, for the same year, had the highest allocation at 6.3% of their GDP (ADB 53).



Today, the Philippine publishing industry is a complex industry playing a significant role in the formation and education of the Filipino people. Being both business and advocacy makes necessary its continuing development amidst a rapidly changing and globalizing world.

## **Economic Contribution**

According to the National Book Development Board, Publishing and Printing industries contributed a total of PhP 3.02 billion in 2009, which has 0.21% share in the country's total GDP. This is placed in context by Paulyne Jusay Castillo, who published a study in 2012 on the creative industries in the Philippines given the upcoming AEC in 2012. She attributes this small share in the GDP to the poor performance of the industry in the last two decades:

Printing and publishing services have accounted for less than half a percent of the Philippines' GDP and GNP—an average of 0.34% and 0.33%, respectively from 1991 to 2005, which is even higher than its average share in the more recent years of 0.24 % and 0.21%, respectively in 2006 to 2009. The industry's contribution to the Philippines' manufacturing sector, while subject to the same declining trend, is more than one percent during the same time period—an estimated 1.4% from 1991 to 2005 and 1.01% from 2006 to 2009. (276) Castillo's findings matches that of the update to the 2006 WIPO study on the economic contribution of copyright-based industries (CBIs), which reveals that the Press and Literature industry's contribution to the country's GDP has decreased to 0.98% from its highest contribution in 1999 at 2.13%. On the other hand, with a contribution of 2.67%, the Radio and Television industry has taken a tremendous leap, overtaking the contribution of Print and Literature (Francisco et al. 32).

The average growth rate for the core CBIs from 1999 to 2010 is 12.28% with some industries showing remarkable growth, such as Radio and Television, leading with a growth of 23.92%, as well as Photography at 23.38%. Press and Literature shows the lowest growth among the core CBIs at 2.76% despite having the second highest contribution to the GDP in 2010. Although the total value added of Press and Literature grew from 1999 to 2010, the importance of the industry to the national GDP has lessened. The update conjectures that traditional print publishing has become obsolete in the digital and information age (33), which may be connected to the negative growth of the paper industry at -4.87%; however, no study has been conducted to verify that claim as of yet.

Within Press and Literature, wholesale and retail of products has the highest value added to the GDP of the country at 76%, followed by pre- and post-press and printing of products at 6%. Book publishing has a value added of 4% while Authors, Writers, and Translators contributing 2% (33).

In its most recent economic contribution analysis, WIPO also noted the significant contribution of the copyright industries to national employment. It averages at around 5.32% around the world, with three quarters of the countries falling between 4% and 7%. However, the Philippines and Mexico prove to be exceptions with contributions of up to 11%, followed by countries that have copyright industries contributing significantly to their GDPs. However, the WIPO report notes that countries with the highest

calculated Labor Productivity do not necessarily have a high contribution to GDP. The high productivity index indicates increased monetary value per unit of labor. In some cases, the values of the index can be explained with a relatively low share of formal employment in the creative sector (5).

## **Imports and Exports**

In 2012, book exports garnered US\$ 2.881 million as opposed to the high amount of book imports, which obtained US\$ 61,493 million (NBDB). In 2011, most books exported were dictionaries and encyclopedias as well as other books, specifically to Indonesia, Singapore, and the US. The US also imports children's picture, drawing, or coloring books from the Philippines. However, such exports are negligible in comparison to the Philippine's large quantities of book imports from all over the world (NSO, "Specific Book Imports").

Printed books, together with other printed material, such as brochures and leaflets, are classified under HS Code 49.01. Imports of products under HS 49.01 have been relatively flat from 2011 to 2013 with most imports coming from the US and Singapore. In contrast, items under HS Code 49.03, which includes children's picture, drawing, or coloring books, saw a significant decrease of 76% from 2012 to 2013 (NSO). Philippine book exports, which has a mere .01% share in all exports, is notably lower than imports with a ratio of 1:15 exports to imports in 2013. However, book exports did increase by 17.63% from 2012 to 2013. This low number of book exports becomes problematic because book publishing is one of the determined mandatory priority products under the government's annual Investment Priority Plans (IPP). However, Usui's report on industrial upgrade and diversification in the Philippines reveals that, from 1997 to 2010, Book Publishing has not exported products with revealed comparative advantage, which determines the competitiveness of a product in the world market (51). As such, Book Publishing has so far failed to contribute to the diversification of the country's export structure.

## **Titles per Year**

The NBDB gauges the number of titles published every year through the number of applications for ISBNs with the National Library. An international standard book number is the unique numerical 13-digit number that identifies a book. According to the National Library, in the last 6 years or since 2008, there has been a little more than 35,166 number of titles published every year, only 29 of which are textbooks titles for the DepEd. The ISBN applications to the National Library reveal that, from 2007 to 2013, the average number of new titles published per year in the Philippines is 5,812, which is significantly below that of Singapore's average of 10,935 from 2006 to 2012 and Malaysia's average of 14,630 from 2006 to 2010. This low number of titles produced by the Philippines in comparison to the smaller populations of Malaysia and Singapore may be correlated to an imbalance between book import and exports.

## **Production**

The Year-on-Year Growth Rates for the Publishing and Printing culled by the National Statistics Office also reflect the lack luster growth of the industry. In 2013, the NSO revealed a decline of 3.8 in the Volume of Production Index (VoPI), which measures the change in the volume of manufacturing production of the publishing and printing industry. However, the Value of Production Index (VaPI), which is the change in production values of the industry, grew by 10.6 from 2011 to 2012 and by 4.7 in 2013.

The overall VoPI index in 2013 was 47.9, revealing a year-on-year growth rate of -7.3. Similarly, the year-on-year growth rate of the Volume of Net Sales Index (VoNSI) declined at -10.5. It must be seriously noted that the production and net sales volumes reveal a continuously declining trend in the industry. However, the Producer Price Index (PPI), which measures the average changes in prices received by domestic producers, has a year-on-year growth rate of 11.1 despite the constant 316.6 throughout 2013 and in the first quarter of 2014. This shows that, although fewer products are created and fewer sales are attained, the prices for these products are continuously rising (NSO “Printing and Publishing Industry”).

Coupled with the negligible increase in the production of books as shown by the NBDB data from the National Library showing the industry’s very conservative production of titles throughout the years, the lack of players registered with the NBDB, and poor distribution systems that do not provide access to the populace, the current Philippine scenario shows a need to grow a book-reading public and the imperative necessity to revitalize and rejuvenate the industry is necessary.

The most glaring problems of the industry that must be addressed immediately are as follows:

1. Low production of titles/products, with an average growth rate of 5% since 2010;
2. Undervalued labor. Though a great majority of Filipinos are employed in the creative sector, their output is undervalued, as shown by how little they contribute to the GDP, not being employed in the formal sector;
3. Tremendous lack of distribution channels outside of NCR as shown by the lack of bookstores and libraries;
4. Low spending on education;
5. Negative exports, with no revealed comparative advantage of goods exported by the book industry;
6. A large import/export deficit;
7. Lack of openness to create industry data to better quantify problems;
8. A need to diversify its products to cater to the diverse population of the Philippines and the region;
9. A need to diversify the textbook publishers’ products and widen its market base;
10. Lack of unity among major players.

## **Future Directions for the Industry**

In articulating the future of the book industry, stakeholders must aim to achieve an ideal that reflects the circular relationship of creator, seller, and consumer that should exist within the industry to realize its vision of a dynamic and robust industry that is part of the global publishing community. Thus, the Vision:

*The Philippines, a country of enormous creative potential and a viable market for books, must become a major participant in the global book industry.*

Built on three themes to CREATE, CONSUME, and SELL, the vision recognizes the country’s rich creative potential upon which a creative industry like book publishing is anchored, the huge market that the Philippines is given its population, and the need for industry stakeholders to sell content both in the local and international markets.

With this vision in mind, this roadmap states the Mission of the industry:

*To be a major player in the world's book industry, industry players must develop their competitiveness, integrate themselves within the regional and global publishing stage, while strengthening gains in the local market, and aiming for equitable growth within their ranks.*

Although the industry must act as an integrated whole, it is also an industry uniquely anchored on the creativity, the level of skill and training, and the expertise of the individual who created or was commissioned to create the work. Thus, there is a necessity to increase the industry's competitiveness by developing an environment that feeds creativity and upgrades the skills and expertise of the individuals the industry depends on for content. In so doing, stakeholders may continue to produce and market the intangible products the industry creates to local and international consumers.

There should be a healthy recognition of intellectual property rights by creators, publishers, and consumers. This includes the promotion of ethical practices in the acquisition of content, mainly an improvement in contractual relations between content creators, publishers, and distributors.

Given the many problems besetting the industry, the work of government and stakeholders is cut out for them. The main goal of the industry to make real its vision to become a major player in the world stage of publishing, given the onset of the AEC, is to improve its competitiveness. To achieve this, the attack on issues and problems must be proactive and multi-pronged, developing a constant desire to innovate. For both traditional and alternative publishing models/methods, the goals to achieve competitiveness might be enumerated as follows:

Goal 1: Develop a mindset for innovation to keep up with constant change

Goal 2: Improve quality of its products and processes

Goal 3: Fulfill diverse domestic demand for quality books that are reasonably priced.

Goal 4: Instill within its creators and content processors a desire for excellence and productivity

Goal 5: Integrate with the international community: ASEAN and Beyond

Goal 6: Achieve equitable distribution of wealth through the viability of the publishing process at every stage of the value chain, even caring for the well being of its consumers (Filipino market primarily, which is the main market).

**Vision**  
**The Philippines, a country of enormous creative potential and a viable market for books, must become a major participant in the global book industry.**

**Mission**  
**To be part of the global book publishing industry, industry players must develop their competitiveness, integrate themselves within the regional and global publishing communities and aim for an equitable distribution of wealth among their ranks.**

Improve Competitiveness			Integrate within the Regional and Global Community		Equitable Growth within its Ranks
Mindset for Innovation	Quality of Products and Processes	Desire for Excellence and Productivity	Diverse Domestic Demand	Integration with International Community	Viability of the Publishing Process at Every Stage of the Value Chain
Constant Research and Development	New, High Quality, and Sustainable Raw Materials	Further Skills Development	New Products Responsive to the Diversity of the Philippine Market	Create a Philippine Presence in the International Book Scene	Environment of Respect for Intellectual Property Rights
Improve Access to Diverse Markets	Source both Local and International Content and Talent	Creation of Specialities	Expand Availability of Books—Remove Silos within the Industry	Export/Sell Rights Abroad to Fulfill Demands of the International Market	Creation of High-quality Textbooks
New Technologies to Diversify and Create New Content	Develop High Quality Workforce		Exploration of Distribution Systems Within and Outside the Country		Building a Reading Culture
Remove Silo Mentality	Creation of Products to be Branded as Unique to the Philippines				Create Legislative Infrastructure that feeds development

Thus, a 15-year plan is suggested to achieve regional and global competitiveness.

Stabilization	Sustainable Growth	Competitive Goals
<ul style="list-style-type: none"> <li>• counter the stagnant growth from the past decades</li> <li>• establish long-term solutions and mechanisms to address pervasive issues in the industry</li> </ul>	<ul style="list-style-type: none"> <li>• maintain positive growth for all measures</li> <li>• active participation in the regional and global book market</li> </ul>	a globally competitive publishing industry with an active role in the direction of the global book community
Short Term (2015-2020)	Medium Term (2020-2025)	Long Term (2025-2030)

To achieve these goals, Indonesia and Thailand are set as benchmarks. These two Southeast Asian nations have been increasingly active in the global book industry with Indonesia as the country in focus at the 2015 Frankfurt Book Fair, and Thailand as the 2013 World Book Capital and the site for the 30<sup>th</sup> IPA Congress in 2015. Specifically, Indonesia's publishing industry is set as a moderate benchmark because it has almost double the amount of new titles published per million people per year compared with the Philippines. Notably, the Indonesian government has contributed to this growth due to its high investment in education at 20% of the national budget. Thailand, which has a per capita income that is almost twice that of the Philippines, is set as an aggressive benchmark. The Thai government seems to see value in creating a culture of reading in their country as evinced by its establishment of the national reading decade from 2008-2013. Following these benchmark countries, measures for new titles per million, value added, and export revenue are set as shown below in 5-year increments.

New Titles per Million						
	2010	2015	2020	2025	2030	Y/Y Growth Rate
Conservative	5855	8237	10061	14427	20498	6.47%
Moderate	5855	8679	13414	19236	28184	8.17%
Aggressive	5855	10306	23475	36067	57650	12.11%

Value Added for Press and Literature (Thousand Pesos)					
	2010	2015	2020	2025	2030
Conservative	88,316,156.00	124,245,973.86	151,758,983.01	217,615,231.87	309,189,507.38
Moderate	88,316,156.00	130,913,051.74	202,335,254.75	290,153,642.50	425,124,259.73
Aggressive	88,316,156.00	155,454,535.22	354,094,237.76	544,030,537.74	869,586,062.07

Export Revenue (in USD)					
	2012	2015	2020	2025	2030
Conservative	2,881,000.00	3,408,128.25	4,162,823.64	5,969,292.98	8,481,220.45
Moderate	2,881,000.00	3,591,009.48	5,550,155.68	7,959,057.30	11,661,367.80
Aggressive	2,881,000.00	4,264,194.46	9,712,979.32	14,923,025.56	23,853,173.92

Attaining these measures might seem daunting; however, there are a few recommendations that industry might want to look into to move forward:

### Establish Data Gathering Initiatives

- Create an **environment of trust and openness** for the initiative
  - Publishers must see themselves as **allies rather than competition** to be able to develop the industry.

- Create a **central database** for basic information on industry stakeholders to be updated yearly
  - **BDAP or NBDB** to be considered as the keeper of the database
- **Strictly enforce submission of data** through incentives and penalties for lack of compliance
- Create **annual industry performance reports** on the publishing industry for the benefit of all players
- **Proactive submission of data to international publishing associations** to create an image of a dynamic and engaged industry willing to be part of the global publishing community

## Pursue a Clear Legislative Agenda

- Examine international models that implement the **Fixed Book Price** Law to prevent problematic practices that distort the market
- Examine the current legislation (**RA 8047**) to answer the current needs of a changing industry
- Reconsider the DOJ Opinion that defines **Book Publishing as Mass Media**, which prevents the influx of foreign direct investment
- Reconsider **Section 109 of the National Internal Revenue Code**, which exempts books from VAT
  - Current definition of the book, “a printed non-periodical publication of at least 48 pages” do not encompass non-print format books and books with less than 48 pages

## Create Wider Distribution Channels

- Develop the **library system** of the country
  - Create policies that favor the creation of libraries in schools and local communities
  - Ensure the purchase of up-to-date books instead of reliance on donations
- Encourage **small, related business**, such as independent and niche bookstores and online outfits
- Consider **alternative distribution channels** that extend the reach of the industry to the remotest corners of the country
- Prioritize the identification of **international and regional distribution channels**
- Foster closer ties with other market players by regularly attending **international book trade fairs**
- Consider **digital distribution** as a viable model by encouraging digital access, especially in the regions, and affordability
- Create **public and private grant systems** to encourage the development of Philippine titles and their distribution and publication abroad

## Increase and Develop Sources of Content

- Ensure **proper compensation for content creators** through fair contract relations and to attract more and improved talent to the industry
- Consider **sourcing international content and selling local content abroad**
- Identify **international award-giving bodies** for Filipinos to join as a way of boosting the image of Filipino content creators and the valuation of Philippine titles
- Produce **diverse titles** to meet the demands of the diversity of cultures in the country as well as internationally
  - **Translation** as a key component
- **Encourage more individuals throughout the country to go into publishing**
  - **Identify key persons from the regions** to participate in activities in Manila and internationally
- Create and strengthen **writers and editors groups**
  - Aid in the creation of mechanisms that focus on creators’ welfare to encourage more talent consider careers in the industry

- Create value for created works with fair compensation through equitable contracts and copyright awareness

### Develop Concern for Consumer/Reader Wellbeing

- Importance of reading books should be supported by **both public and private sectors**
- Establish **long-term reading campaigns** that encourage reading for enjoyment such as Singapore's annual Read Singapore! and Thailand's National Reading Decade
- Develop **consumer-oriented leisure reading materials** to encourage the idea of reading for enjoyment
- Establish creative reading campaigns that **target the vast majority** instead of particular segments to establish the idea of reading as an enjoyable activity

### Mindset Change

- Recognize that the Philippine publishing industry is **part of the global publishing scene**
  - **Join international associations** to interact and learn about the kind of content Filipinos can create that would appeal to other markets
  - Encourage **government support for participating in international publishing activities** such as book fairs
- Identify as part of the ASEAN community and **actively find opportunities for exchange and trade**
- Change the “Filipinos for Filipinos” mindset to **“Filipinos for the World and the World for Filipinos”**

It is important to take note that the activities to achieve the goals stated above must be done simultaneously in order to reach the measures that have been determined.

This roadmap is created under the belief that the Philippine publishing industry can become a major contributor in the country's economy and a major player in the world book market. After all, the Philippines is equipped with the creative talent and experience to become a publishing haven for both local and international players. As it addresses local issues, it needs only to open itself up and take hold of the possibilities that a growing local economy and the changing landscape of publishing worldwide can offer.





# Charting the Future of Books in the Philippines

A Roadmap of the Book Industry of the Philippines

## *Chapter 1. Introduction*

With a population of over 100 million, the Philippines' greatest resource is its people. However, the excitement over the supposed sweet spot the country is entering, because a large number of its population is at its most productive, gains currency only if the population is highly skilled and educated so they may be productive; otherwise, this same people imbued with much potential becomes the country's burden if not educated. In its 2013 report, the International Publishers Association (IPA) saw a direct correlation between the development of a country and the consumption of books: the more developed a market, the better it is for books.

Books and the industry that creates books, cognizant as such of its responsibility of educating and enriching the minds of the populace, play a crucial role in the development of the country (Declaration of Policy, RA 8047). Thus, this industry is the backbone of all other industries dependent upon a high quality workforce. This exercise of creating a road map not only sets directions for the eventual economic integration of the Philippine book publishing industry within the ASEAN Economic Community (AEC) but also awakens within its stakeholders a desire to take advantage of the opportunities not previously identified in the usual way of doing business that takes on a more insular outlook even as industry fearlessly articulates issues and identifies gaps that affect its growth. Any grand plan that hopes to chart the industry's future cannot be done without the support of other sectors, in this case government, which plays a crucial role in the growth of the industry's players.

However, even as industry embarks on the road to internationalization, it is in the midst of cataclysmic changes. Within the world of book publishing, digital formats have dictated the constant search for new business models. Moreover, the Philippine educational system is in the middle of transitioning to a K to 12 curriculum and is pushing for mother tongue-based learning, rocking an already unhinged and transitioning industry. If industry stakeholders want to survive these changes, they have little choice but to innovate and adopt new technologies while creating exciting products for a more sophisticated and discerning consumer—all within the looming deadline of the AEC integration of 2015 and 2020. There can be no doubt that the need to explore options is urgent.

Players in the international markets have already made radical changes in their organizational structures, adopted innovative business models, diversified with new imprints, and acquired various businesses to complement their own. Locally, some stakeholders have addressed a number of these changes, but there are those who have yet to acknowledge the numerous problems faced by industry. With the merger of Penguin and Random House, the closure of large brick and mortar stores, and the rising dominance of Amazon, it seems that the global publishing industry is slowly finding its balance. However, this cannot be said of the book industry of the Association of Southeast Asian Nations (ASEAN), which is still beginning to find its footing in international markets. This is even more evident in the Philippines where the industry is still nascent by standards that measure the top book markets of the world. Perhaps it is with the goal of integration with the ASEAN community that the Philippine book industry might begin to mature and find its footing in the world stage.

The objectives of the AEC 2015/2020 reveal a vision for the region's economic environment to unify one of the most diverse regions in the world. It is envisaged as a single market and production base; a highly competitive region; geared towards equitable economic development; and fully integrated to the global community. As a single market, ASEAN would be characterized by the free flow of goods, services, and investments, as well as a freer flow of capital and skills. The second goal of becoming a highly competitive economic region is intended to benefit not only investors and business but also consumers. As such, ASEAN leaders commit to pursue not only regional agreements, work plans, and programs, but also the ambitious implementation of recently enacted national laws and policies. The ASEAN is also committed to reducing the development gaps within the region and is looking towards the equitable economic development, aiming to develop small and medium enterprises (SMEs) through the ASEAN Blueprint for SME Development to strengthen the implementation of technical assistance and capability building. Finally, ASEAN envisions a region that is fully integrated into the global community by becoming a more dynamic and stronger segment of the global supply chain, determined to look beyond the borders of the AEC (ASEAN Economic Community Blueprint).

However, the Philippines faces a number of caveats as it becomes a participant in 2015. One of these is the geographic and historical isolation of the country from the other ASEAN members. The Philippines also stands out as the only country in the region colonized by the United States of America, unlike a number of the other member-countries who were strongly under British colonial rule. This is significant in that, in the division of markets in the world, specifically the book market, the Philippines is aligned with the US market and acquires the US editions of international titles. The Philippines is also tuned into its US culture unlike the rest of the region (all the way up to South Asia in the west, and Australia and New Zealand to the south), all of which are either aligned with the UK market and obtain the British/European editions of book titles, or are strongly rooted in their own cultures to have built a solid insular industry, such as in the cases of Indonesia, Thailand, and the giants—China and India.

In the envisioned AEC, this isolation becomes a hurdle in the exchange of goods and services within the market for books. The Philippines, for example, follows US English, while the region follows UK English. The most obvious cost component here is the adoption of UK-English for Philippine titles to be sold in the ASEAN region and beyond except for those sold to the US market. It might be interesting to note that Singapore acquires both the US and UK editions, as well as Malay and Tamil books in the original and in translation as well. However, this is merely one small component amidst the hurdles the Philippine book industry must acknowledge.

Foremost among these numerous challenges is a lack of global outlook among stakeholders. The market is insular, considering only the Philippine market as its only market. This is especially prevalent in the textbook industry, where the local market so far has been lucrative and constantly changing that publishers are sufficiently rewarded though still hard put to respond to the needs of the Philippine market. If any exports are ongoing, it is small and mostly confined to Philippine schools abroad under the Department of Education's (DepEd) jurisdiction (Santiago interview). Moreover, the textbook market especially has been very protected under the Book Development Publishing Industry Development Act (RA 8047), so much so that its biggest customer is the Philippine government, through the DepEd's Central Office, which purchases for nationwide consumption, and its regional and local school divisions, which buy supplementary reading and learning materials for the public schools through the local government's Special Education Fund. A good number of these publishers rely on the DepEd and has it as their only customer. They also become prey its policies. This exclusivity was created by RA 8047, which privatized the production of textbooks, removing it from the DepEd, and mandated the DepEd to buy locally produced books.

This inward, insular perspective might have created the mindset among stakeholders that the Philippine book industry is especially vulnerable to the AEC integration. Many, especially those who supply supplementary materials, have given little to no effort in diversifying their products for sale to other customers outside the local school system. There is an urgent need to diversify and invest in the development of new products and highly skilled content creators to increase the competitive edge of publishers to be able to compete locally and internationally. In relation to this, very few publishers, except for Rex Bookstore, Inc., have been regularly going to international book fairs and taking part in international book organizations, thus the limited exposure to international markets.

Though the integration provides a greater consumer base for Philippine books, the fear of an influx of competitors from other ASEAN members is a valid concern given the disparity between the large amount of book imports vs. exports in the country: pegged at US\$ 61.493 M book imports as opposed to the US\$ 2.881M obtained from exports in 2012 (NBDB). One of the Philippines' perceived strengths, fluency in English, acts as a gateway for the entry of books without need for translation, unlike in other Asian markets. English is considered one of the official languages of the Philippines for communication and instruction, and the country has 45,900,000 speakers or half of the population. The importation of published material in English becomes a concern for local publishers who must compete with high quality English-language books locally available.

Furthermore, despite its young demographic, the drop in the reading population of the Philippines from 94% in 2003 and 92% in 2007 to 88% in 2012 (NBDB) reveals several problems within the country's reading and publishing ecosystem that must be addressed: the need for the Philippine book publishing industry to strategize and revitalize to ensure that the youth are encouraged to read books in the first place. In addition, this problem must be perceived as one that should be addressed by industry and not the market, in close coordination with government. Urgent also is the need for stakeholders to be more open with information for industry to accurately measure its gains and plot

its development. At this onset, it can be seen that the hurdles that must be overcome are tremendous: addressing individual and organizational mindsets resistant to integration and openness, targeting a diverse and changing world market, fixing organizational problems to address the local market, and educating Philippine consumers to be more receptive to local books to create a future market of readers of Philippine books.

## Chapter 2. Vision and Mission Statements

In 1997, ASEAN envisioned the region as “a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, investment and freer flow of capital, equitable economic development and reduced poverty and economic disparities by the year 2020” (AEC Blueprint). This is the larger vision within which the book industry is aligning itself, although the target of 2015 is seen more of a milestone rather than a hard and fast target. Even the original target of 2020 is somewhat too soon to see changes within the industry, given the many challenges the industry is facing. For the book industry, there is a long difficult road ahead with many of the challenges outlined in this study that might be hopefully addressed by or before the year 2020.

Given the current flux of changes in the fronts of technology, economy, and internationalization, the roadmap seeks to situate the industry in relation to global publishing communities and determine the possible directions that the industry players could take in response. Focused on the three major divisions of the industry (textbook, trade, and academic publishing), this road map identifies and analyzes the industry stakeholder universe, examines its current issues and trends, determines its limitations and potentials, and provides recommendations towards its sustainable growth. Moreover, this study pays particular attention to the rise of the eBook publishing and its potential in the Philippines, though its growth is somewhat curtailed by the infrastructure challenge the country faces in this aspect.

In articulating the future of the book industry, stakeholders must aim to achieve an ideal that reflects the circular relationship of creator, seller, consumer that should exist within the industry. Thus, its vision:

### 2.1 The Vision

***The Philippines, a country of enormous creative potential and a viable market for books must become a major participant in the global book industry.***

**The vision is built on three themes:**

**CREATE**—a country of enormous creative potential

This is a recognition that the Philippines is a country of vast creative potential on which the book publishing industry is necessarily anchored on. This availability of creative resource is embodied by content creators and publishing professionals valued for their creative output and capacity to build knowledge and articulate ideas, which is the product of the book industry, and is valued by domestic consumers of content and, hopefully, around the world.

**CONSUME**—a viable market for books

The book publishing industry in the Philippine is, at the moment, insular and inward-looking. In large part, this is because the country, over the years, has proven itself to be a viable market for content for the substantial number of stakeholders comprising the industry.

Consistently, it is a major importer of foreign books, which demonstrates that the Philippines remains a market that reads, and is one of the largest markets that book publishers around the world hope to penetrate. Even if local publishers have a strong foothold in the market, they have yet to ably reach the vast majority of Filipinos eager to read books.

**SELL**—a major participant in the global book industry

To achieve this goal, the vision of having industry stakeholders participate more actively in the global market can be achieved if industry players look towards its neighbors and markets beyond the Philippines and the ASEAN as possible consumers of their products. One of the key changes to be undertaken is to change mindsets within the industry so that stakeholders look outward, aside from within, to see the many opportunities they can take advantage of as members of the world community.

## 2.2 The Mission

***To be a major player in the world's book publishing community, industry players must develop their competitiveness, integrate themselves within the regional and global publishing stage, while strengthening gains in the local market and aiming for equitable growth within their ranks.***

The vision to become a participant in the global publishing community is anchored on an assessment of the industry's strengths and weaknesses vis-à-vis the many challenges it faces both locally and internationally. An assessment of the industry's position, as shown by available data, testimonies, observations and research, compared with that of various international publishing communities, will show the gaps within the local industry and help identify areas for improvement primarily in content processing and marketing.

The approach also recognizes that the Philippine book industry is unique in that it is a creative industry, oftentimes tied with other creative industries. Its products, which are books and learning materials, are *sui generis*, imbued as it were, with a “significant role in national development, considering that books which are its products are instrumental in the citizenry's intellectual, technical, and cultural development—the basic social foundation for the economic and social growth of the country” (RA 8047 Sec. 2). Though the industry must act as an integrated whole, it is often uniquely anchored on the creativity, level of skill and training, and expertise of the individual who created or was commissioned to create the work. Thus, there is a necessity to build an environment that feeds creativity and develops skills and expertise to allow those individuals on which the industry is dependent to flourish so that stakeholders may produce the intangible products the industry creates fit to market to local and international consumers. Given that the country employs the most employees within the creative industries among other countries shows a creative work force. Thus, a lucrative and competitive work environment for creators must be achieved.

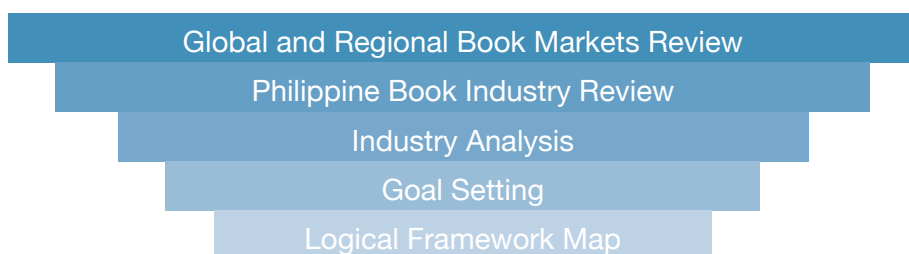
There is also a need to upgrade the quality of local trade books so that it may compete with the imported books that are sold side by side with the local products in the bookstores. The upgrade in the quality of books in the textbook market must also follow the switch to K-12. The need to increase the capacities of publishing professionals must also be addressed.

The need to integrate with the regional and global publishing world can no longer be ignored. More publishers should attend international book fairs. The industry must be part of global publishing organizations to be part of the conversations that address pressing international publishing issues. It must build a network that it will tap to sell its products, and be more open in the exchange of rights.

The efforts must be multi-pronged and simultaneous. Issues that affect the industry's performance in the local and international markets must be addressed with the various organizations within the industry working together to bring about a unified front that will allow the industry to move forward quicker and more efficiently.

## 2.3 Methodology

This road map aims to set directions for the Philippine publishing industry given the recent fluxes in the global, regional (ASEAN), and local environments. To do so, looking at the publishing world as a whole is necessary to determine the local industry's place in the world of books before identifying possibilities of growth given its locus. Thus, a top down approach is utilized in order to explore the current states and best practices of the global and regional book markets as a means of comparison and integration with that of the local. Each of the steps in the approach informs the next, leading to an analysis and road map that considers not only the current state of the Philippine publishing industry but also—and more importantly—how the local industry and each of its stakeholders can achieve the common goal of building a world class book industry responsive to the needs of local and international markets.



**Figure 1: Top Down Model for the Philippine Publishing Industry Road Map**

### *Step 1: Global and Regional Book Markets Review*

This review of the global and regional book markets consolidates available market data and industry practices of both major players in the world book market and those of neighboring countries. This becomes foundational in determining the state of the Philippine publishing industry in comparison with the rest of the market.

### *Step 2: Philippine Book Industry Review*

Following the global and regional review, the local book industry is critically studied to determine the current performance of the industry, especially in comparison with that of the rest of the world. Here, available statistics, such as readership surveys, official records (i.e., country demographics, registries, etc.), data from other markets, existing laws and incentives related to the publishing industry, and other quantitative and qualitative data are used as the basis for the evaluation. Stakeholder conferences are accessed and industry experts are consulted to determine the status and the needs of the industry.

### *Step 3: Industry Analysis*

The Philippine publishing industry is then strategically analyzed following the reviews of the global, regional, and local markets. Specifically, SWOT analyses of the major divisions of the industry and the industry as a whole are conducted to clearly delineate the areas in which these players can further develop toward a global market. Although the specificity of the Philippine market is noted, the researchers believe that it should be an opportunity rather than a barrier for the continuing progression of the industry.



#### *Step 4: Goal Setting*

With the global, regional, and local in mind, concrete goals and targets for the Philippine publishing industry are set. These goals are based on the reviews and analyses conducted in the previous steps of the report. Moreover, benchmarks and metrics are suggested to determine the progress of the publishing industry in achieving such goals.

#### *Step 5: Mapping*

Informed by the previous steps, the final output of this road map are recommendations for the publishing industry in order to adequately respond to the changes rapidly occurring not only within the country but also in the global and regional markets.

## Chapter 3: The World of Books

### 3.1 International Book Publishing

The IPA estimates that the total market value of books around the world adds up to 95.6 billion, with the 20 largest markets accounting for 84% of the publishing business or total of monies spent on books. In explaining this table, the IPA asserts that, “Books and publishing thereby closely reflect the evolution of a global knowledge society. Together with access to the Internet and to modern communication networks, published book content is a measure of a country’s or a region’s position in the global commercial exchange of knowledge, which must be seen as the true global currency in the early 21st century.” This table attempts to juxtapose market size with the number of new titles released per one million inhabitants (as a measure for domestic production), and to the GDP per capita (PPP or Purchasing Power Parity) as an indicator of a country’s relative affluence (IPA 2012-2013, 16)

Country	Year	Publishers' total net revenue (m€)	Total market value at consumer prices (m€)	New titles & re-editions per 1m inhabitants	2012 GDP per capita PPP in US\$ (Worldbank)	Population
World			114,000		12,189	7,046,368,813
USA	2012	20,750	29,643	1,080	49,965	313,914,040
China	2012		14,200	306	9,233	1,350,695,000
Germany	2012	5,407	9,520	1,115	40,901	81,889,839
Japan	2012		7,878	617	35,178	127,561,489
France	2012	2,771	4,534	1,321	36,104	65,696,689
UK	2012	3,736	3,975	2,459	36,901	63,227,526
Italy	2012		3,072	1,049	33,111	60,917,978
Spain	2011	1,820	2,890	1,692	32,682	46,217,961
Brazil	2012	1,884	2,810	339	11,909	198,656,019
Korea, Rep.	2012		2,734	1,257	30,801	50,004,000
India	2010	1,675	2,500		3,876	1,236,686,732
Canada	2010	1,535	2,342		42,533	34,880,491
Turkey	2012	1,096	1,682	564	18,348	73,997,128
Australia	2011		1,520	877	44,598	22,683,600
Russian Federation	2012		1,494		23,501	143,533,000
Netherlands	2012		1,363	1,412	43,198	16,767,705
Poland	2012	654	1,053	775	22,162	38,542,737
Belgium	2011	519	850		39,788	11,142,157
Switzerland	2011		806		53,367	7,997,152
Norway	2012		743	1,486	65,640	5,018,869
<b>Top 20 Publishing Markets</b>			<b>95,609</b>			
<b>Other Markets</b>			<b>18,391</b>			

Table 1: Top 20 Book Markets of the World. Ranking is based on the market value at consumer prices. (Note: (Source: IPA, *Global Publishing Statistics 2012-2013*.)

The table reveals that the US remains at the top of the publishing industry, followed by China and

Germany. However, the UK has the highest number of new titles per million inhabitants, exhibiting domestic production at its most efficient. In the more recent IPA Annual Report for 2013-2014, the UK also tops book exports with absolute exports amounting to 1,515 million €, followed by USA at 1,014 million € and Spain at 331 million €. However, the export growth of the UK and Spain has been slowing down at -4% and -5%, respectively, whereas the USA grew by 7.2% in 2012 against the previous year (18).

An interesting observation by the IPA is that the growth of book markets reflects the economic growth of economies and the affluence of the societies within these economies mirroring the demand for books and educational materials.

China alone, by now the second largest publishing market worldwide, accounts for more than half of the BRIC countries' global market share (to be exact, over 12% of global publishing). The Chinese publishing industry is expected to grow further, driven by domestic consumption and the aspiration for a better education of the expanding middle class in China's large urban regions. Meanwhile, other BRIC countries, notably Brazil, have recently hinted that the expansion of their book sectors could be coming to an end (IPA, *Annual Report 2013-14*).

This observation also mirrors the slowing down of an economy's growth (IPA, *Annual Report 2012-13*) wherein the demand for books wanes as the economy slows. Economic growth is also reflected in the higher contribution of copyright industries to the GDP, as shown in the 2014 WIPO Study on The Economic Contribution of Copyright Industries, citing 2006 data, which demonstrates this positive relationship between competitiveness and economic contribution.

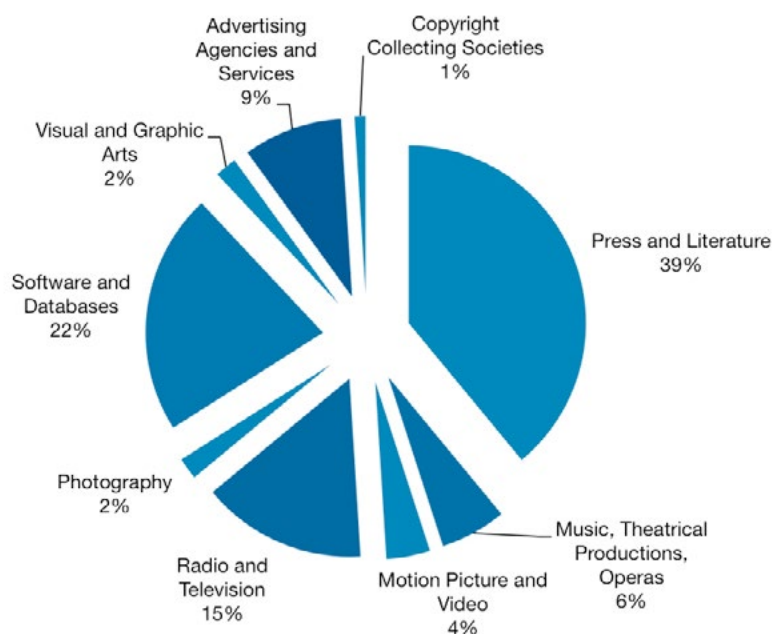


Figure 2: Contribution of Core Copyright Industries to GDP (Source: WIPO)

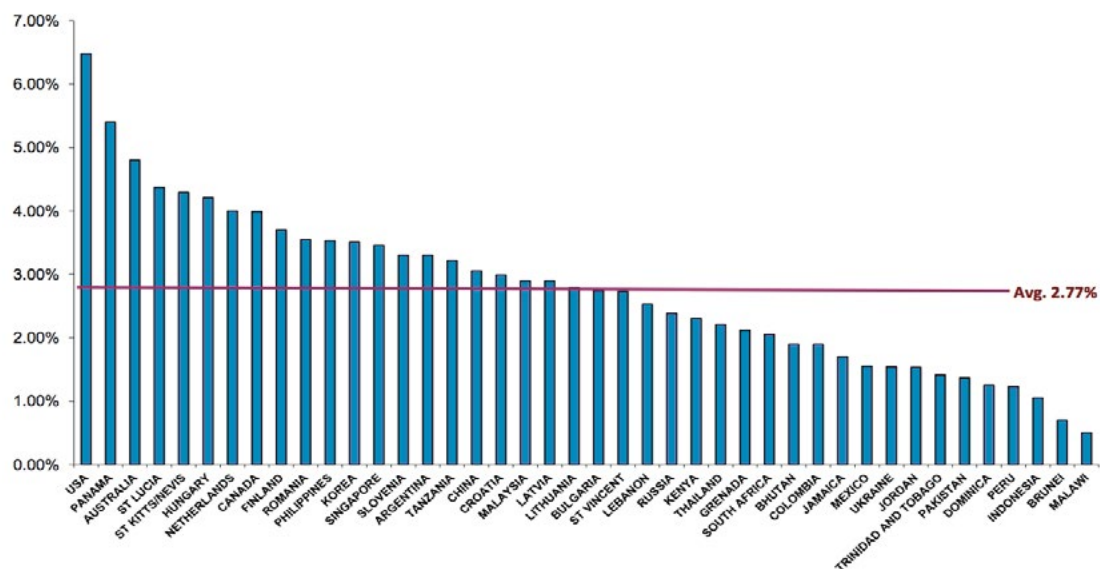


Figure 3: Contribution of Core Copyright Industries to the GDP by Country (Source: WIPO)

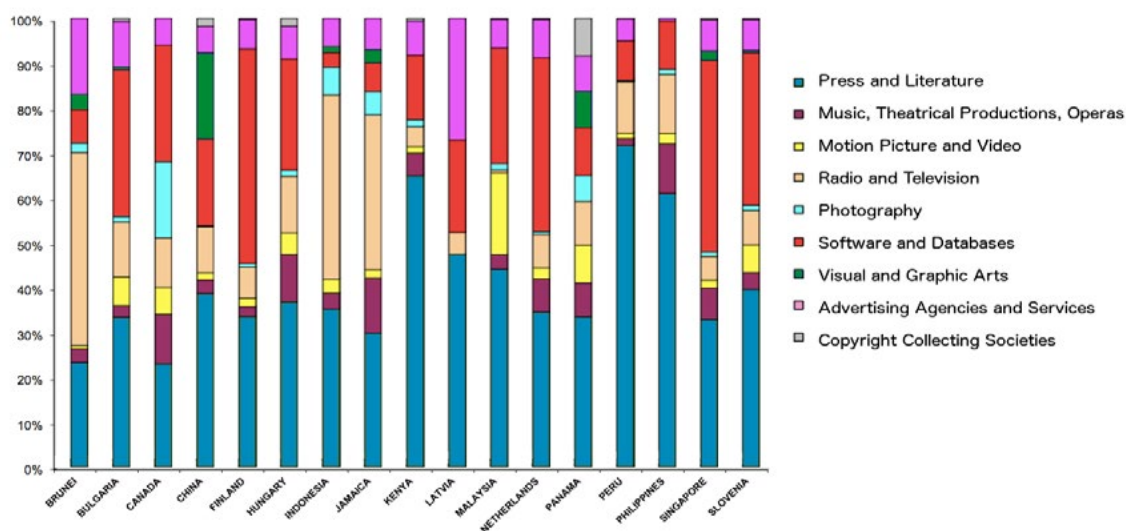


Figure 4: Contribution of Core Copyright Industries by Industry in Specific Countries (Source: WIPO)

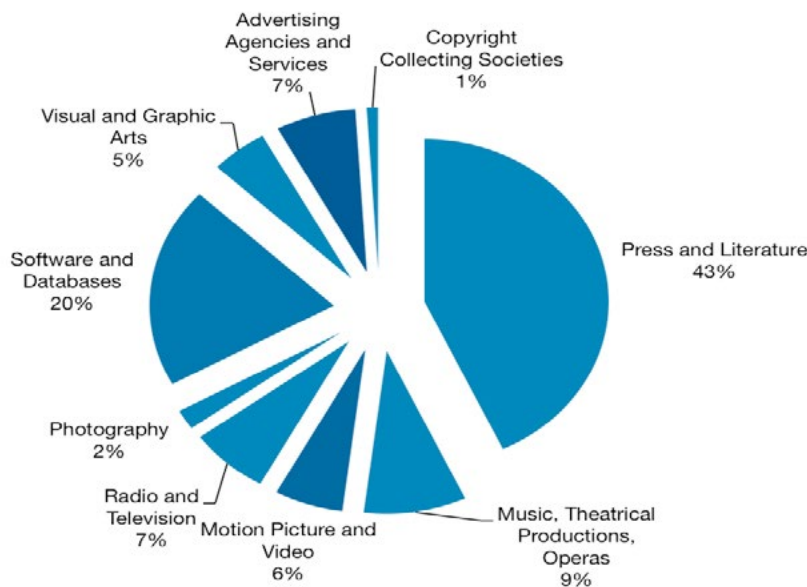


Figure 5: Contribution of Core Copyright Industries to Employment by Industry (Source: WIPO)

Book publishing is a core copyright industry under the category of Press and Literature that is very much fueled by creativity, knowledge, and innovation. The category of Press and Literature includes the following economic activities:

1. Authors, writers, and translators
2. Newspapers
3. News and feature agencies
4. Magazines and periodicals
5. Book publishing
6. Cards, maps, directories, and other printed materials
7. Pre-press, printing, post press of books, magazines, newspapers, advertising materials
8. Wholesale and retail of press and literature (book stores, news stands, etc.)
9. Libraries

In 2012, the IPA determined that the publishing industry has a share of 15% in the total value of global publishing, media, and entertainment world. Publishing is worth 151 billion US\$, which makes it the largest industry among entertainment products and almost thrice the worth of the music industry (IPA, *Annual Report*, 18-19).

Category	US\$ billion	Share in %
TV Subscriptions	172	17%
Newspapers	170	17%
TV Advertising	162	16%
Publishing (Trade+Education+STM)	151	15%
Movies and Entertainment	133	13%
Magazines	107	11%
Video Games	63	6%
Music	50	5%
Total publishing, media, & entertainment	1,008	100%

Table 2: 2012 Global Media and Entertainment Share Comparison (Source: IPA 2012-13)

### *Digital Book Market*

The introduction of the digital platform in the publishing and entertainment industry has led to major changes in the manner by which businesses have distributed and marketed their products worldwide. Although the impact upon the book market was initially not as severe as the music industry, the effects of these changes, the introduction of major players, such as Amazon, and the development of digital self-publishing, such as Wattpad and Smashwords, are gaining traction.

The recently published *Global eBook: A Report On Market Trends and Developments* states that the force of these changes varies from region to region and country to country. Across continental Europe, the overall sales for print books have declined, and digital sales have yet to compensate the loss (Rüdiger Wischenbart 14). The US and UK markets reveal a more complex picture. Print sales are declining but digital sales seem to be rising in particular segments, such as adult and genre fiction. In the US, eBook sales were dynamic in 2010 though plateaued by 2013 with the rest of the publishing industry, especially print, which is similarly declining. This decline, however, has been slowing down as both print and digital sales stabilize. In the most recent 2014 Nielsen data, the US reports an increase of 2.4% in print sales, topping 635 million in unit sales compared to 2013's 620 million (Milliot).

In the UK, eBook sales were able to compensate for print losses in 2012; however, the gap between the decline of print sales vs. the rise of digital sales grew in 2013, resulting in a -2% loss in the overall UK book market (16). The table below shows the market share of books in selected markets in the US and Europe.

Market	% of eBooks in total market	% of eBooks in trade market	% of eBooks in special segments
US	13%	21%	Up to 50%
UK	11.5%	25%	40%
Germany	3.9%	9.4%	15 to 20%
France	1.5%	-	2.3%

Table 3: Market Share of eBooks in Selected Markets (Source: Rüdiger Wischenbart 17)

The entrance of the digital format in the book market has very different effects upon local markets. Although Amazon seems to be dominating not only online print sales but also, and to a greater extent, eBook sales, it is not the top platform in all areas where local webstores seem to be more successful owing to specialization in local languages (16). This allows for the possibility of developing

a competitive local online retailer, especially in areas with a strong non-English reading population and where Amazon has not yet established a foothold. The table below shows the market share of Amazon vs. the top local online retailer in selected markets.

Market	Market share online retail	Amazon: Market share in online book retail	Amazon: Market share in eBooks	Number 1 local online retailer	Market share local number 1	Notes
US	26%	-	67%	Barnes & Noble	12%	(1) BISG: Online is 26% of direct publishers' revenues, yet almost half of retail is now online; (2) B&N in eBooks perhaps equal to Apple iBookstore
UK	-	-	79%	Waterstones	3.3%	Apple ca. 16%, Kobo 10.4% (The Bookseller)
Germany	16.5% (BöV), 26% (GfK)	18% of total market	43%	Tolino Alliance	37%	Apple: 15%
France	18%	-	-	-	-	-
Spain	-	35%	40%	Casa del libro, El Corte Inglés, Fnac, et al.	-	Apple: 40% (est. DosDoce)
Italy	10 to 12%	35 to 40%	-	-	-	Online share in retail market: 30.8% (istat, 2013)
Netherlands	-	-	-	BOL	50 to 70%	BOL: Print + eBook; Amazon expected to launch NL website in fall 2014
Sweden	30%	-	-	Adlibris	-	Amazon only from abroad

Table 4: Estimated market share of online bookselling and of Amazon and local platforms for print and eBooks  
(Source: Rüdiger Wischenbart 17)

EBooks and online sales have also had a major effect on brick-and-mortar bookstores. In the US from January to May 2014, bookstore sales dropped by 7.5% despite the rise of total trade net revenues by 3.9% with eBook sales increasing by 7%. In 2012, the digital platform accounted for 44% of total sales. In 2013, online retail sales at \$7.54 billion surpassed brick and mortar sales at \$7.12 billion. The table below compares the sales between the two channels in the US from 2010 to 2013 (Rüdiger Wischenbart 20).

	2010	2011	2012	2013
Brick and Mortar Sales (bn\$)	9.83	8.04	7.45	7.12
Online Retail (bn\$)	3.72	5.74	7.21	7.54

Table 5: Comparison of Sales for Brick and Mortar and Online in the US from 2010 to 2013  
(Source: Rüdiger Wischenbart 21)

However, the latest data from the Association of American Publishers (AAP) shows that eBook sales have begun to stabilize in 2014. In November 2014, adult eBook sales in the US had a flat growth



rate, but total eBook sales grew by 4.5% due to the children's and YA market. From January to November 2014, the total eBook sales amounted to US\$ 1.386 billion (Publishers Lunch).

EBook sales seem to be driven by bestsellers from major publishing groups as well as some especially successful self-publishers. The Big Five global trade publishing groups are Penguin Random House, Hachette Livre, HarperCollins, Simon & Schuster, and Macmillan. The table below shows the revenues of these publishing groups for eBooks.

	<b>Penguin Random House</b>	<b>Hachette Livre</b>	<b>Harper Collins</b>	<b>Macmillan</b>	<b>Simon &amp; Schuster</b>
Group revenues from publishing (2013)	€2655m	€2066m	€1369m	€721m	€809m
Revenues from eBooks	20%	10.4%	23%	27%	27%
Revenues from eBooks (details, 2013)	RH Germany: 10%; Penguin US 33%	30% rev. in US trade; 27% in UK adult trader	-	-	-

**Table 6: Big Five Trade Publishing Groups: EBook Related Key Parameters (Source: Rüdiger Wischenbart 18)**

The Big Five have also taken strides to answer the needs of the changing market due to both the entrance of the eBook and the call for globalization through consolidation and integration. However, their successes remain dwarfed by digital platforms, typically US-based, that have direct access to end users such as Amazon, Google, and Facebook. These publishers also have to contend with the telecom industry, which has entered the digital content arena, as well as the possibility that subscription-based models may replace the traditional publishing business model (Rüdiger Wischenbart 18).

The digital platform has given rise to two business models that were previously mentioned: self-publishing and subscription platforms with reading communities. Although seemingly still in its infancy, these two models have been gaining ground in the publishing industry. According to a controversial report written by Hugh Howey and published in February 11, 2014, “indie authors are outselling the Big Five [...] Indie and small-press books account for half of the e-book sales in the most popular and bestselling genres on Amazon” (qtd. in Rüdiger Wischenbart 107). Although many question his claims and methodology, especially given Amazon’s refusal to divulge detailed sales data, Howard’s report reveals that not only has self-publishing achieved enough growth and confidence to assert itself against traditional publishing models, but also that alternative models must be given attention due to how such models have reconfigured the publishing value chain.

There are several established indie/self-publishing platforms that aid writers in publishing their works. In the US, the largest is Smashwords, which has added 25,000 writers and a title count of 276,100 in 2013. According to Smashwords founder Mark Coker, the US self-publishing market can be estimated at around \$180 million, which is 11% of the total eBook market. In 2012, Amazon also revealed that a fourth of its top 100 Kindle eBooks is written by indie authors (Rüdiger Wischenbart 108).

By looking into the output of self-published titles based on ISBN registrations, the ProQuest affiliate *Bowker* also revealed that, in 2013, self-published titles increased to over 458,564, which is 17% more than from 2012 and 437% more than 2008. Bowker’s Director of Identifier states:

Our general conclusion is that self-publishing is beginning to mature. While it continues to be a force to reckon with, it is evolving from a frantic, wild-west style space to a more serious



business. The market is stabilizing as the trend of self-publisher as business-owner, rather than writer only, continues (qtd. in Bowker).

Similar to the US, around 12% of eBook sales in the UK are self-published titles. This is even higher in particular genres, such as crime, science fiction, and fantasy, where the share reaches 20% (*Bowker Market Research* qtd. in Rüdiger Wischenbart 108). In other European nations, self-publishing has also begun to spread as either an alternative publishing model or as something that has reached mainstream status (Rüdiger Wischenbart 109).

Beyond self-publishing, subscription-based publishing models have also drawn attention and criticism in the field of digital consumer publishing. The recent expansion and transformation of companies, such as Oyster Books, which offers 500,000 titles from 1,600 publishers at US\$9.95, and Scribd in the US as well as the launch of Amazon's subscription service Kindle Unlimited, have spurred the debate on. Most of the concerns with the model revolve around how it challenges the traditional publishing model of buying one book at a time: "Questions raised included the returns from such subscriptions, to both publishers and authors, and the dynamics of power between publishers on the one side, and reading platforms, and here especially Amazon, on the other" (Rüdiger Wischenbart 111).

This rising trend in publishing is integrated in context of the emerging "Subscription Economy" that is affecting industries worldwide. A report in *The Economist* states:

In the 21st century, changing consumption habits are changing the global business landscape, perhaps forever. There is a massive shift underway in the way we—as both consumers and business—are looking to consumer goods and services. In particular, we now value the convenience and flexibility of subscribing to services rather than buying products outright. (*The Economist* qtd. in Rüdiger Wischenbart 111)

Subscription-based publishing models revolve around online reading communities, which can serve not only as a market base but also as a data collection platform. Such communities have grown as of late. Goodreads, for example, claims to have over 25 million members, who have contributed 750 million titles and 29 million reviews in their database in early 2014. Major stakeholders have established reading community platforms such as Amazon, which owns Shelfari and has a stake in LibraryThing. Leading publishing houses have also established their own reading community platforms. By combining reading communities and subscription, *The Global eBook Report* states that two aspects of strategic and disruptive potential are opened:

- To organize the complete value chain, or ecosystem, of author, books and reading from the reader's angle—and not from that of the author or the distributor, and by doing so,
- To produce massive amounts of data about readers' usage of books, and their discussions and exchanges around those activities. And to replace the old business model by a subscription, through an *all you can read* flat rate. (Rüdiger Wischenbart 112)

Due to the novelty of the model, sales and revenues data remain lacking, and no trends can be accessed at this point to assess its development, potential, and impact to the industry (Rüdiger Wischenbart 115).

### *Print and E-books*

Although the entrance of eBooks has clearly influenced the book market, print remains the preferred medium in some market segments, particularly children's literature and scholarly titles. Moreover,

contrary to popular assumptions, digital natives, whose ages range from 16-30, are partial to reading in print for certain kinds of texts. This seeming paradox in medium preference for the tech-savvy demographic seems to lie in the advantages of immersive print books over accessible digital texts.

A study conducted by the Digital Book World reveals that parents prefer print children's books, especially when reading with their children. This may stem from either the belief that reading in print enhances literacy more than reading in eBooks, or the familiarity parents have with the printed medium that they used when they were children. However, enhanced eBooks, which have interactive features, can engage children more than print books, particularly when such enhancements are focused on literacy (Greenfield, "Parents Prefer Reading Print Books").

Children have also been noted to have much influence in book purchases. An interview with Kristen McLean, co-chair for Nielsen's Children's Book Summit, reveals that parents previously bought books based on recommendations from sellers or teachers; however, the answer "my child asked for it" has been increasingly driving sales since 2010, and has become the main driving force for children's book purchases. McLean states that publishers may see that as parents merely giving in to childish tantrums, but she believes that it may have more to do with the increased engagement of parents with their children. While parents have been listening more to what their children want, children have gained the ability to obtain information for themselves to determine what they want, which influences their parents' consumer purchase decisions. McLean thus encourages publishers to become more aware of the various sources that may influence children's interests, and to market their products in multimedia platforms (Nielsen "Nielsen TV").

Parents' belief in print may not be surprising; however, teenagers and those that fall under the appellation of "digital native" reveal an enlightening preference for print, highlighting the importance of the type of media used in consumption. According to Nielsen, teenagers prefer reading in traditional print compared to digital. Although this may be caused by their parents' similar preference for print or lack of credit cards for online purchases, Nielsen believes that it is more likely due to practices of sharing and borrowing as well as discovery by browsing in bookstores and libraries. However, digital media does come into play in discovering books for reading, especially through social networking and online browsing. However, the study also points out that there is a cause for concern given the lower rates of reading for pleasure among younger readers (Nielsen, "Don't Judge a Book").



Figure 6: Book Purchase Influences for Teens (Source: Nielsen, “Don’t Judge a Book”)

Beyond trade books, students also prefer reading particular textbooks in print instead of digital. Washington Post’s student monitor shows that only 9% of students purchase digital copies and 4% download books from file-sharing sites. In contrast, 36% use new print textbooks; 36% use used textbooks; and 15% rent. This is attributed to the more immersive world of print as opposed to digital texts because “[r]eaders tend to skim on screens, distraction is inevitable and comprehension suffers” (Rosenwald). A book published by Naomi S. Baron entitled *Words Onscreen: The Fate of Reading in a Digital World* points out that reading habits on webpages, where readers spend less than a minute, are emulated in reading digital texts. However, not all textbooks require the traditional print. Students seem to find lengthier and more conceptual texts more attractive in print, but science and math textbooks, especially those with online portals that create digital learning environments to supplement learning and allow for ease in finding information (Rosenwald).

### Industry Products

With the goal of illustrating the broad range of publishers who publish an infinite number of books on different topics, William Germano, who writes a how-to on getting scholarly work published, defines five categories:

#### A. Trade

Publishing in the mind of a layman is the publication of trade books, or books mostly read for pleasure or information. The goal of most trade publishers is to reach the most number of readers and, for the large part publish bestsellers. “In the era of conglomerates, there are fewer independent trade publishers and more divisions, imprints, lines, and series within larger trade houses.” (Germano). As a matter of fact there are, as the book publishing world defines the biggest book publishers, the Big 5 in the United States: Hachette Book Group, Harper Collins, Macmillan, Penguin Random House, Simon and Schuster.

In 2013, in the US market, there was a slight decrease in the sales of trade books (-6.1%=\$2B v \$2.13B). This was attributed to a significant decrease in sales of children's and YA books (-26.8%), due in large part to the phenomenon that was *Hunger Games* in 2012, which was a blockbuster in every sense of the word given its movie revenues (AAP Statshot First Quarter 2013). These numbers brought about by the titles of a single author illustrate the workings of a creative industry best—how one creative work by one author, with the machinery of industry backing it up, can severely affect the whole industry.

The large contribution of the children's and young adult markets to the world's book industry is again demonstrated in 2014's US figures, where John Green's *The Fault In Our Stars* tops print sales at 1.8 million copies, followed by Jeff Kinney's *Diary of a Wimpy Kid's The Long Haul* at 1.5 million (Swanson). From January to November 2014, total trade book sales in the US was US\$6.039 billion, which shows an increase of US\$ 232.5 million or 4% from the previous year. The AAP claims that such growth is due entirely to children's and YA sales. On the other hand, adult trade books sales fell due to the 8% decline in hardcover sales. As with 2013, the children and YA market remains the main factor for growth (Publishers Lunch).

Trade publishers traditionally rely on consignment to bookstores as the primary method in selling. This is a sale or return method that allows the bookseller to return unsold books in saleable condition to the publisher in exchange for credit or other books (Clark and Philips 200).

## B. Textbooks

The sales of textbooks are driven by the needs of educational institutions and trends in course selections. The government bodies that develop the education sector have a huge influence in book sales. It is identified as the most profitable endeavor in book publishing because it is a required text, term after term.

Textbook publishing addresses real curricular needs, and attacks those needs with all the powers at its disposal—high-quality production, prestigious authors and advisors, sales reps who knock on professors' doors urging them to adopt a particular title, and a painstaking review process (Germano).

The Philippine DepEd estimates the number of learners enrolled in basic education for the school year 2013-2014 to be around 24 million, encompassing both public and private school learners, disaggregated at 20,880,791 million learners for public schools (87.37%) and 3,017,180 learners (12.63%) for private schools (DepEd).

School	No. of Learners in Basic Ed.	Percentage
Public	20,880,791	87.37%
Private	3,017,180	12.63%
TOTAL	23,897,971	100.00%

Table 7: Disaggregation of Learners in the Philippines for Private and Public Schools. (Source: DepEd)

The heaviest periods for textbook publishers are during the start of the school year or the semester. Educational representatives typically present their catalogue of texts to the heads of educational institutions to compete against other publishers and secure the task of providing the necessary texts to the student body. Moreover, they ensure that their books are available in the libraries of these

schools (Clark and Philips 204-205).

However, new avenues and technologies for selling, such as the eBook and print-on-demand technologies, have arisen, which poses both new challenges and opportunities for book sales. Furthermore, international sales have become more prevalent, opening up the global book market to publishers. Succeeding internationally entails a certain amount of calculated risks, such as training field agents to market abroad, coordinating warehousing distribution arrangements, limiting production costs, and meeting industry standards (210). A more robust international rights trade has also been seen in the international book fairs in Bologna, Frankfurt, Shanghai, and London giving way to wider translation markets for those titles that are able to cross borders.

### *C. Scholarly and academic*

Unlike trade books and textbooks, academic books have a significantly smaller print run and are usually sold in university bookstores or to library suppliers. These books are usually subsidized by universities and are aimed towards scholarship rather than sales. Thus, academic books require a different method of internationalization, focusing on partnerships with other universities, academics, and conference organizers (203-204).

For most of the past century, scholarly publishing has been devoted to exactly what the term describes, scholarly publishing. The term monograph persists as a description of the kind of book published by a scholarly press. Not that many years ago, a scholarly house might refer with pride to the monographs it was about to publish. “Monograph” is not a term heard quite so often these days, but that does not mean that this kind of book is no longer crucial to learning and research.

A monograph, forty years ago as now, is a specialized work of scholarship. All university presses continue to offer some monographs, and some commercial houses have found creative ways to publish them, too. Monograph publishing is about hardback books at high prices, marketed to a few hundred key purchasers, most of which are libraries. (Germano)

### *D. Reference*

Two kinds of reference books are published: hard and soft reference from trade. Germano distinguishes between the two:

Soft reference may show up in bookstores or at a discounted price from an online bookseller. There are lots of soft reference books, from paperbacks on spelling demons to handy manuals on repairing sink traps. The Penguin Guide to Recorded Classical Music is soft reference, as is, on a more scholarly note, The New Princeton Encyclopedia of Poetry and Poetics (at 1400+ pages it’s soft, but heavy.) In other words, things one might buy, usually in paperback, and keep around the house.

Traditional, printed dictionaries and encyclopedias were at one time the heart of hard reference publishing, and librarians are their key purchasers. The very largest reference projects are often cooked up by the publishers themselves or by “packagers,” basically independent companies that think up big or complicated book projects and take them as far as a publisher would like, even all the way to printing

them” (Germano).

### *The Book Publishing Business Process*

Adding value to original content is the main means of yielding a profit in the book publishing industry. To do so, the raw material submitted to the publisher must undergo a rigorous process of editing, design, production, and marketing to ensure that the final product garners the necessary sales to justify the investment of the publisher (Clark and Phillips 67). This is accomplished through a variety of methods: (1) Brand, the publisher lends its mark to the work to signify the quality of content; (2) Product Development, the raw material is refined aided by the publisher’s knowledge and experience in the book market; (3) Packaging, the content is presented in the best and most lucrative media; (4) Supplier Reach, the production of the book is planned by the publisher through his network of third-party suppliers such as freelance editors, printers, and other necessary companies; (5) Market Reach, the publisher’s understanding of the market would allow the strategic promotion and release schedule of the content; and (6) Business Model, the publisher establishes a profitable model through which the financial risk of publishing is mitigated and can deliver sufficient returns (69-70).

These methods in adding value become the basic skeleton of the book publishing business process. In *Inside Book Publishing*, Clark and Phillips provides a value chain model that most publishing houses follow or outsource to third parties:

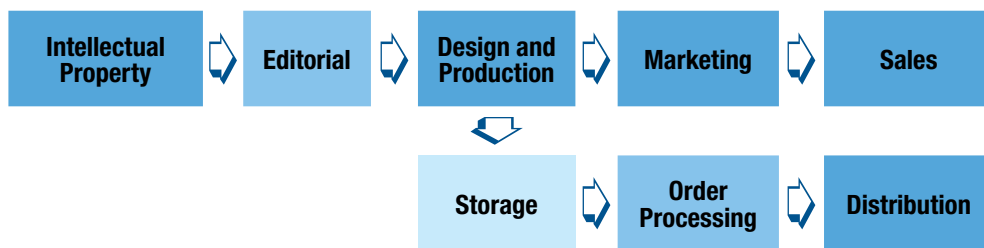


Figure 7: Publishing House Value Chain (Source: Clark and Phillips 68)

The specific actors in this model can be further subdivided into their particular functions based on the publishing house and the kind of content being published. However, the key elements of the value chain are the content creator or producer of the intellectual property, the editorial process, design and production, marketing, and sales and distribution (68).

### *Creator/s*

To gain a competitive edge, the publishing business process ideally begins by acquiring the best intellectual property. As such, most publishers ensure that they have the best individuals in commissioning roles in order to obtain the trust and eventually the material of promising content creators (68). However, obtaining such content differs based on the type of book that the publishing house typically produces. For instance, trade writers normally send manuscripts or work samples to publishing houses or literary agents in the hope that their work would interest the publishers enough to invest in them. Academic writers, who require published material in order to advance in their career, send articles and monographs to trusted journals, and book proposals to prominent university presses or trade publishers that specialize in academic content. Unlike trade or academic writers,



textbook content creators are usually solicited by the publishing house before creating content based on the requirements of the education sector (86-87).

However, the publishing landscape is currently undergoing changes that may eventually alter the relationship between the content creator and the publishing house. The ubiquity of the Internet provides content creators, specifically trade writers, with an alternate option to the often unrewarding task of wooing publishers: self-publishing. The low cost of publishing online and the advent of print-on-demand publishing allows the content creator to bypass the publishing house in order to directly access readers. Several companies, such as Amazon's CreateSpace, Lulu, and AuthorHouse, have taken advantage of this trend in publishing, providing authors with even easier means to disseminate their work. Consultancy companies have even started to offer marketing and editorial services. Of course, the value added by the publishing house, such as branding and the editorial process, is absent from this publishing method. However, self-published works may find their way into the traditional publishing business model if proven to be popular and lucrative in the online market (88-91).

### *Literary Agent*

Although not always a part of the traditional publishing business process, literary agents or author's agents are increasingly becoming vital as mediators between the content creators and the publishing house. They provide "a degree of continuity in the face of changing publishers and editors" (94), and may sometimes even take on the role of the commissioning editor. Literary agents receive commissions from the earnings of content creators that they have chosen to represent, and their main role is to manage the commercial aspect of the career of the content creator. According to Clark and Phillips, the literary agent does so "by placing the author's work with the right publisher or fuelling competition between publishers (on major books by holding auctions); negotiating deals to secure the best terms; by submitting their own contracts to licensors weighted in the author's favor; checking or querying both publishers' advance payments against royalties, and royalty statements, and chasing debts" (93). The literary agent thus ensures that the creators they represent acquire the best contract they can obtain (124), especially given the lack of knowledge that content creators may have regarding the intricacies of the publishing industry. Moreover, literary agents have taken the role of scouts due to their understanding of the pulse of the book market, and could even expand the content creator's market by pitching their work to other media providers such as film or television (94).

### *Editors*

The editorial process in book publishing covers several levels in the production of the book. Each editor has a specific task in the process although some editors may play more than one role at a time. The editorial process ensures both the quality and profitability of the content from the signing of the contract between the creator and the publishing house to the marketing and distribution of the final product.

#### *Acquisition/Commissioning Editor*

The acquisition or commissioning editor is given the task of signing content creators into the publishing house. In order to perform the role, the commissioning editor must not only

understand his/her market but also have a wide network of relevant industry contacts, most important of which are the writers. They must present and defend any content creator that they believe suitable to the upper management of the publishing house. Some factors that influence the decision to publish include the suitability of the content to the publishing house list, the author's qualifications, the content's unique selling proposition, the state of the market, the contents frontlist/backlist potential, the foreseen investment and return, the risk and innovation for the publisher, and the suitability and quality of the content.

The commissioning editor also has the task of handling the contract between the publishing house and the content creator or the literary agent. The role of the commissioning editor in publishing houses that specialize in textbooks and that follow the educational market is twofold: to create marketable ideas and to find the best writers to execute those ideas. The publishing process is thus initiated by the publisher instead of the creator, and the commissioning editor must ensure the steady influx of publishable material (96-103).

#### *Manuscript Editor/Copy Editor*

According to Butcher et al., "Good copy-editing is invisible: it aims to present the book the author would have written if he or she had had more time or experience--not, as some new copy-editors think, their own improved version" (qtd. in Clark and Phillips 131). As such, the copy editor has one of the most crucial tasks in the book development process. He/she reads the entire work and ensures that everything, from texts to illustrations, are ready for printing. The main task of the copy-editor is to check the grammatical consistency of the work usually following the house style of the publishing house. Moreover, the copy editor must also ensure the accuracy of the text in relation to other elements such as citations, cross-references, and page numbers. Thus, copy-editors must have "a meticulous eye for detail, a retentive memory, sustained concentration, patience, commonsense [sic] detective work and an ability to check one's own and others' work consistently" (132).

#### *Developmental/Substantive Editor*

The developmental or substantive editor focuses on the content of the work and may be part of the creator's writing process at the onset. As such, this editor must have a clear understanding of the creator's intent, and should work closely with the copy editor in order to ensure that the content remains parallel to the creator's vision. The developmental editor also pays close attention to the organization of ideas, clarity in writing, and factual consistency. At times, the editor may suggest changes to the content creator in order to further refine the work. He/she ensures that the content matches the demographic to which the book is to be marketed (133-135).

#### *Line Editor*

As the title of the position implies, the line editor meticulously goes through the content line by line in order to improve the tone and style of the work, following the creator's original intent. Fact checking and accuracy, which fall under copy and substantive editing, are assumed to have been polished; thus, the line editor focuses on stylistic concerns that may have been missed. A reader's report and a style sheet may be prepared by the line editor for



the content creator as a way of organizing any issues that the content creator may need to address (Greco et al. 213-14).

### *Managing/ Production Editor*

The managing editor takes on the role as supervisor in the editorial department, and acts as the mediator between the editorial and the other departments concerned with the production of the book such as the design and production and the marketing and sales departments (Greco et al. 301).

### *Design and Production*

Design and production have become just as critical as the editorial process. These processes aid in determining the marketing and sales strategies for the content, and set the initial tone and reception of the content once published. The design and production of the content becomes even more crucial in highly illustrated, such as the children's book, and art book markets (Clark and Phillips 140).

### *Production Management*

The production department performs a myriad of tasks the book production process. They mediate among the editors, designers, and external suppliers. As such, they handle the purchase of raw materials for the final physical or digital product, and ensure not only quality but also adherence to the budget. Moreover, they are responsible for hiring editors and designers if none are available in-house.

### *Book Design*

Book design is concerned with the visual planning of the content provided the type of content, the content creator's vision, the views of the editors, time and technical constraints, costs, and marketing concerns (142-143). Thus, a book designer or design team is given a design brief as a means of ensuring the success of the design. In traditional publishing, typesetting and layout are given much importance due to its four functions: readability or comfort in reading, organization or the clarity of structure, navigation or ease in finding information, and consistency or a unified overall effect (Mitchell and Wightman qtd. in Clark and Phillips 143).

### *Marketing*

Traditionally, marketing primarily involved the promotion of new books through networking with literary editors for good reviews for trade publishing or through direct sales for textbook publishing. However, marketing in the publishing industry today has become considerably more complex given the changing landscape of the industry. The marketing manager or team may be involved in the editorial and production processes in order to align these with the target readership. In doing so, the marketing manager or team can strategize the necessary promotional materials, media coverage, and publicity to boost the sales of the final product. The marketing department is also in charge of handling market research, which has become exceedingly important in understanding the tastes and purchasing behavior of the target demographic. This does not only affect marketing and promotions

but the entire book production process from the first act of signing a content creator. Market research may also determine the pricing, placement, and promotion of the product (Clark and Philips 169-179).

Given the heavy competition faced by publishers today, the branding and promotions of the published product has developed several techniques. Literary editors and reviewers remain important in affirming the quality of the work, but they are no longer enough to ensure sales. Emarketing, for example, has become standard due to the prevalence of the Internet as well as the presence of major players such as Amazon and Google. Emarketing thus comes in varying forms from paid-for banners and adverts to providing sample pages. Other marketing techniques include author interviews and book signings, catalogue preparation, invisible marketing by providing bibliographic information, public relations, creating point-of-sale material, media advertising, accessing teachers and academics for inclusion in class reading lists, and direct marketing campaigns (179-191).

### *Sales*

The sales division in book publishing has been transformed by the changes in the industry, including “the decline in independent bookselling, the dominance of the chains and their shift to central buying, and the rise of supermarket and internet sales” (194). As such, sales have been focused on key accounts in order to distribute to chains as well as on marketing and public relations. The sales strategies of publishers are determined by the type of content being sold; however, one important aspect of the process that is common to all is sales forecasting and inventory control as a means of minimizing the risk of determining a print run. As such, the sales division requires the market research just as much as the marketing department (194-197). The traditional supply chain for books has four areas:

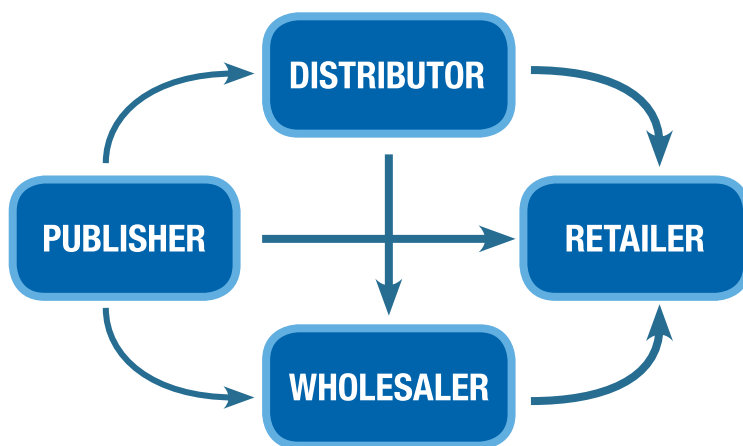


Figure 8: Traditional Supply Chain for Books (Source: Clark and Philips 213)

## 3.2 Book Publishing in ASEAN and Beyond

### *Regional Overview*

The ASEAN is composed of ten countries from a vibrant region: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. However, the members of

ASEAN cannot be more diverse from each other in culture, language, and economic achievements, which, though contributing to the richness and multicultural wonders of the region, also act to deter the difficult task of integration.

Country	Total Land Area (sq. km)*	Total Population (millions)**
Brunei Darussalam	5,769	.42
Cambodia	181,035	15.4
Indonesia	1,860,360	248
Lao PDR	236,800	6.8
Malaysia	330,290	29.6
Myanmar	676,577	64.9
Philippines	300,000	97.5
Singapore	716	5.4
Thailand	513,120	68.2
Viet Nam	330,958	89.7
ASEAN	4,435,624	625.9

Table 8: ASEAN Population 2013 (Source: \*Country Meters 2013; \*\*WEF, *GCI 2014-15*)

In 1992, a treaty created the ASEAN Free Trade Area (AFTA) among the pioneering six ASEAN countries. It granted preferential tariffs to one another for intra-ASEAN trade with the goal to abolish tariffs and non-trade barriers (NTB) within a certain timeframe. Eventually, with the increase of the ASEAN to ten member-countries, they all committed to integrating the regional economy. Many things were undertaken to achieve this, significantly the removal of custom duties on most intra-ASEAN trade. The member states have also pledged to remove nontariff barriers (NTBs). They have adopted a Customs Code of Conduct, the national and regional Single Window systems, the ASEAN Harmonized Tariff Nomenclatures, and the WTO's mode of customs valuation. Agreements on the liberalizations on trade, services, investments, interstate transport, and ICT have been concluded. Though far from perfect, the agreements demonstrate a desire of the members to integrate (Das et al. 11).

In 1997, a vision for ASEAN 2020 was created: an "ASEAN Economic Region in which there is a free flow of goods, services and investments, a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities" (Das et al. 4). It is motivated in large part by the need to funnel in more foreign direct investments (FDI) into the region, which have since diminished due to competition from developing countries like China and India, which, have become attractive investment areas, because of their formidable populations (Bhaskaran qtd. in Das et al. 16). The realization of ASEAN that integration is imperative to achieve long-term development has long been overdue. As Bhaskaran notes, the investor who can sell to the region would achieve economies of scale for investors and efficient resource allocation. The integration also effectively provides a consumer base of over 600 million for ASEAN countries, allowing them to compete with Asia's giants—India and China.

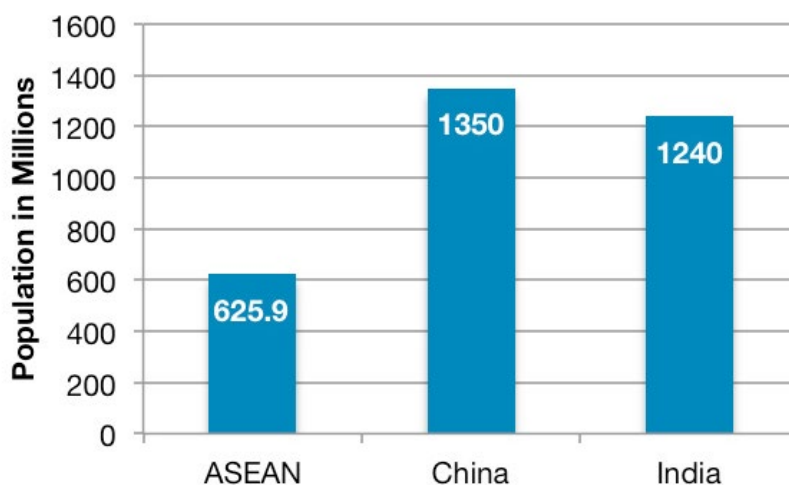


Figure 9: ASEAN Population in Comparison with China and India (Source: WEF, GCI 2013-14)

However, as can be expected, many obstacles hinder the region from fully integrating, such as skepticism among businesses, lack of awareness of the AEC, domestic hindrances, including vested interests that curry protectionist favors for government protection from regional competition, animosities, territorial disputes, mutual suspicions, and the cultural diversity (Das et al. 19).

Inequitable economic development among the ASEAN countries is another one of the major problems that the AEC seeks to address. The World Bank reveals that, in 2013, Singapore had the highest GDP per capita among the members of ASEAN at 55,182 US\$ while Myanmar had the lowest at 869 US\$. With a GDP per capita of 2,790 US\$, the Philippines is ranked 6 out of the 10 nations.

Country/Economy	GDP (US\$ billions)	GDP per capita (US\$)	Ranking among ASEAN
Singapore	295.7	55,182	1
Brunei	16.11	38,563	2
Malaysia	312.4	10,514	3
Thailand	387.2	5,779	4
Indonesia	870.3	3,475	5
Philippines	272.0	2,790	6
Vietnam	170.6	1,911	7
Lao PDR	10.0	1,646	8
Cambodia	15.7	1,008	9
Myanmar	56.4	869	10

Table 9: ASEAN GDP 2013 (Source: World Bank)

The comparative GDPs per capita of the ASEAN members are reflected in their global competitiveness. The Global Competitiveness Index “[defines] competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country” (WEF 4). According to the 2014 GCI, the overall competitiveness ranking of ASEAN ranges from a top

rank of 2 out of 144 in the case of Singapore to a low rank of 134 in the case of Myanmar. Out of the eight ASEAN economies included in the report (no information is available for Brunei), the Philippines is ranked 5th, above only Vietnam, Lao, Cambodia, and Myanmar.

Country/Economy	Rank out of 144	Score (1-7)	GCI ranking among ASEAN
Singapore	2	5.65	1
Malaysia	20	5.16	2
Thailand	31	4.66	3
Indonesia	34	4.57	4
Philippines	52	4.40	5
Vietnam	68	4.23	6
Lao PDR	81	4.08	7
Cambodia	95	3.89	8
Myanmar	134	3.24	9
Brunei	-	-	-

Table 10: ASEAN GCI 2014-15 Rankings (Source: WEF, *GCI 2014-2015*, 12)

Singapore's ranking is only surpassed by Switzerland due to Singapore's consistent performance in the GCI measures. Much of Singapore's success is attributed to the efficiency of its goods market, development of its financial market, and strength of its institutional frameworks. All of these, in addition to its excellent infrastructure and focus on education, allow Singapore to be the leading country in Southeast Asia despite the small size of its population and land mass (WEF, *GCI 2014-15*, 12). Following Singapore, Malaysia has reached the top 20 of the GCI for the first time, making it the highest ranked emerging economy studied by the GCI. The country's focus on economic and government programs mitigates the prevalence of corruption and red tape. Moreover, Malaysia's infrastructure is ranked 11 out of 144, which is particularly impressive as infrastructure is one of the major hurdles faced by developing countries (WEF, *GCI 2014-15*, 27). Although considerably behind Singapore and Malaysia in rankings, Indonesia proves to be continually progressing under new leadership and economic momentum. Infrastructure, connectivity, and public and private governance are all improving while corruption has been on a decline. However, the state of Indonesia's labor market, public health, and technological readiness remain unsatisfactory and must be addressed before the country can further progress (WEF, *GCI 2014-15*, 28).

The Philippines is ranked 52 out of 144 countries, placing it at 5<sup>th</sup> among the ASEAN and 8<sup>th</sup> among the emerging economies (WEF, *GCI 2014-15*, 34). The positive trend across the GCI measures and the rise from rank 59 from the previous GCI reveals the continuous progression of the country. This advancement is attributed to the improvements in governance, especially regarding corruption, efficiency, and the protection of property rights. The Philippines' technological advancement is also notable, and it is behind only Malaysia and Thailand in digital connectivity among the developing nations. However, innovation and infrastructure, specifically airport and seaports, remain major hindrances in the country. Issues regarding the labor market, which has not improved since 2010, and security, which discourages business due to perceived terrorist activity, also hinder further development (WEF, *GCI 2014-15*, 28; see Appendix 1 for full country report).

### *Book Markets Overview*

Book publishing in Asia and the Pacific has been taking major strides in developing its market base

within the global arena. Several literary festivals and book fairs, such as the Beijing and Shanghai book fairs, the Singapore Writers Festival, the Asian Festival for Children's Content, the New Delhi World Book Fair, Sydney Writers Festival, and the Jaipur Literary Festival have placed the spotlight on the region's books and writers. Having them alongside the big literary names of the world has brought attention to the region and succeeded in marking Asia as a major destination for literary and publishing events. Beyond their growing markets and their demand for books, both local and international, Asia's population combined is also the world's biggest market.

An interesting development in Asia is the fact that it has become one of the most promising markets for US print and eBooks. The importance given to English-language literacy and education has created a thriving market for US published YA fiction and books on business, finance, commerce, and technology. In fact, the Philippines and Singapore are among the top countries that contributed to the sales of US publishers (Nawotka "US Export").

The growth of eBooks in Asia varies. It is foreseen that growth will come from mobile rather than ereaders, especially in Korea, Thailand, Indonesia and Viet Nam. In Korea, for example, the market for eBooks is estimated at 583 billion won in 2013 compared to 325 billion won in 2012. The 80% increase is attributed to the availability of mobile devices sized 5-inches and above, a development mostly credited to Samsung, a Korean brand (Nawotka "Surveying EBook Adoption").

### *China*

China has undergone considerable change over the past decade as it solidly ranks as second in the world's top book markets despite remaining under heavy government control. All 581 official publishers are state-run and may not be open to foreign investment, but international cooperation can still be seen (Biz Peking). Moreover, China is seen as a new hub for children's books given its focus on developing high-quality books that portray China's unique and diverse culture as well as those of other nations. To do so, heavy government support is provided for the children's book market, with collaboration between Chinese and foreign content creators encouraged with the end goal to create quality children's books that can be exported to the international community (De Giuli). China is the country in focus for AFCC 2015 and has seen support from government for its children's book market, specifically for the Shanghai International Children's Book Fair, which was held in a larger venue, the Shanghai Mart Exhibition Centre, in 2014.

### *India*

Similarly, India's book market remains competitive, being one of the few major world markets with a growing publishing industry in both print and digital. This can be partly attributed to their high book reading population of 83 million youths or a fourth of the entire youth population. India's 19,000 publishers publish an impressive 90,000 titles per year. Most of these titles are either in Hindi (26%) or English (24%), which places India at third behind UK and US in English-language publications (GBO New Delhi).

### *Japan*

Japan's usually thriving publishing industry is downsizing in terms of trade book sales over the last decade. For instance, book sales dropped by 2% in 2012. This trend may be attributed to the challenges identified for book publishers. The proliferation of free books and discounts as well as the prevalence of the digital medium provide options for consumers beyond buying the traditional

print format. Sales have also been hurt by the increase of VAT from 5% to 8% in April 2014, and its further estimated increase to 10% in a couple of years. However, bookstores remain relatively stable in comparison with other countries despite struggling to retain their customer base. Japan has 16,576 bookstores, 1,626 of which are located in Tokyo. Unlike trade books, education book sales remain stable because alternate options are less prevalent than in trade and the preparation of digital materials, which may be introduced in primary and secondary levels (Yamamoto).

China, India, and Japan have some of the largest book publishing markets in Asia and are typically viewed as the forerunners. However, the book markets in Southeast Asia, particularly those within ASEAN, reveal a dynamism that is partly spurred by the upcoming AEC 2015. While there is a clear struggle within these book markets to cope with increasing demand for competitive books in terms of quality and price due to a variety of reasons, most of these book markets reveal a potential for, if not a reality of progress.

The ASEAN publishing industry is represented by the ASEAN Book Publishers Association (ABPA), established in 2005. ABPA has eight member organization across ASEAN: Brunei Book Publishers Association, Indonesian Book Publishers Association (IKAPI), Laos Publishers Association, Malaysian Book Publishers Association (MABOPA), Philippine Educational Publishers Association (PEPA), Singapore Book Publishers Association, Publishers and Booksellers Association of Thailand (PUBAT), and Vietnam Publishers Association (VPA). Through the cooperation of these organizations, “ABPA aims to provide its members with information and advice to help them succeed in business. We represent members at book fairs throughout ASEAN and further afield. It is also our aim to provide a friendly community in which ASEAN-based publishers and related industry partners can pool knowledge and experiences” (ABPA).

### *Brunei Darussalam*

Going by available data, it can be perceived that the Brunei market is young. In a report dated 2012, it was stated that Brunei has only over 20 commercial publishers, with most of the books published in Brunei done with co-publishing deals with government and government agencies. Thus, there is a lack of books on Brunei art, culture, and lifestyle. With a small population, the industry is highly competitive. There seems to be a lack of publishing professionals, such as writers, photographers, illustrators, book and graphic designers, highlighting a need for investments in developing these skills and upgrading technology (Koo and Bendar 2012).

### *Cambodia*

Cambodia has only emerged from the brutal regime of the Khmer Rouge in 1978, the end of the rule of Pol Pot. Those dark days saw the death of 1.8 million people, including the execution of almost all the educated in Cambodia. While 80% of the 14 million Cambodians go to school, only about 32% of them proceed to secondary education, a condition that can be attributed to child labor. It was only in 1993 that the Cambodian government opened the country to the free market, which was the only time writers had the opportunity to turn their manuscripts to published books. Majority of the works that flourished were fiction. Given the civil unrest that lasted for decades, there is a dearth of materials in the humanities and social sciences. Many academic and scholarly materials available, mostly in English and French, were from foreign publishers.

There remains very few publishing houses, editors, writers, and translators, especially for the production of academic materials. At the moment, most raw materials used for publishing, including



paper, are imported. There is a limited pool of editors and translators. The national distribution system is unreliable and erratic. Cambodians have yet to develop a reading culture. It is only as recently as 2010 that a group of publishing professionals, mostly from non-profit academic and scholarly establishments, have banded together to set up Norkowat, a publishing company with the ambition to lead in the creation of a viable Cambodian publishing industry. Norkowat publishes children's books, comics, fiction, non-fiction and research documents (International Institute for Asian Studies). According to the non-profit organization Room to Read, Cambodia has 1,651 established libraries, 163 book titles published, 25 schools (Room to Read).

### *Indonesia*

Indonesia is poised to become one of the leaders among the ASEAN publishing industries given its upcoming role as the guest of honor in the Frankfurt Book Fair 2015. The book fair's director, Juergen Boos, reveals that Indonesia was chosen because of "the vibrant literature, talents and rich culture of one of the most populous and 'young' countries in the world, of which little is known in Germany" (qtd. in Frankfurter Buchmesse). Indonesia is also seen to have one of the most promising book markets in Southeast Asia due to government's strong focus on education, which has been allotted 20% of the national budget since 2003. Of particular interest in the book fair is Indonesia's "grand tradition of oral storytelling, [expressive] tradition of poetry, [and] great prose literature" (Frankfurter Buchmesse).

The book market of Indonesia has shown an average growth trend of 6% per year from 2007-2012 owing to the rapidly developing middle class, which caused the overall economic growth of the country. An average of 30,000 titles are published per year excluding self-published books and other published material that do not require the issuance of ISBNs. In 2013, 33,199,557 books were sold. Most of these were children's books (23%), followed by fiction and literature (13%), religion (13%), and other educational texts (13%). The dominance of the children's book market may be due to the fact that 25% of the Indonesia's 240 million population comprises school-age children. Book exports also grew by 19% from 2007-2012. Most of these exports were to Pakistan, Singapore, United Kingdom, Nigeria, and Hong Kong. Digital sales in Indonesia prove promising due to the increasing number of Internet users. A number of major publishers in the country have begun to publish books in the digital format. However, the growth of the eBook industry remains slow at less than 2% of the local book market (IKAPI).

### *Lao PDR*

Lao PDR may have a young book market, but it is taking steps and cooperating with other members of ASEAN in order to develop the industry. In August 10, 2013, Lao PDR signed a memorandum of understanding with Vietnam as a way of strengthening the publishing industries of both countries. The agreement includes the aid of Vietnam in drawing a publishing plan until 2020, focused on developing human resources and publication exchange, for Lao PDR. Increase in translations between the languages of both countries as well as popularization of the other's books have also been given priority (Voice of Vietnam). In May 19, 2014, a project entitled "Philippine—Lao PDR Cross Cultural Exchange on Children's literature" was undertaken with the collaboration of the NGO Room to Read at the Philippine Embassy in Vientienne. Led by Adarna House, a Philippine children's book publishing house, and with the cooperation of the Lao Ministry of Information, Culture and Tourism, the National Library of Lao, and the National Institute of Fine Arts, stakeholders in the publishing industry of Lao were able to converse with those from the Philippines regarding publication and copyright issues, content creator development, and encouraging Laotians to read (DFA Philippines).



## *Malaysia*

The growth of the Malaysian book publishing industry has been widely credited to the support of its government. In 2012, there has been an estimated 500 publishers mostly based in Kuala Lumpur, mostly small and privately owned. In 2005, Malaysia was annually publishing around 10,000 titles. By 2009, they were up to 16,000 with a 92% literacy rate for a population of 28 million. In their National Book Policy, adopted in 1985, strong focus was placed on producing books for education.

Over 50% of books published in Malaysia are schoolbooks for children, while over 60% of books used in the tertiary level are imported. Government-launched reading campaigns boosted the local publishing industry to make up for the decline in reading and book ownership. Government also focused on library development and translation to boost book reading. A growing trend in reading beyond education-based books is also helping the market become a more general, leisurely market.

Books are published in three languages: Malay, English, and Chinese. On a policy level, government encourages the publication of books in Malay. Fiction and religious books are the biggest sellers, 20,000 for fiction, while fiction and religious books in Malay can sell as much as 50,000-100,000 copies.

E-publishing in Malaysia seems robust, with the library system opening an e-book lending system. The Malaysian print industry is reportedly in the top five manufacturing industries in Malaysia (Mallya).

However, this rosy scene is contrasted by the country report of the Malaysian Publishers Association, which state a sluggish growth due mainly to inflation, a stagnant disposable income due to the increase in prices of basic necessities, a slowing global economy, government cutbacks in the purchase of books. For trade publishers, the slowdown is attributed to less shelf space in bookstores and the importation of remainders and “grey market” books.

For textbooks, a change of curriculum spelled a slowdown, especially as there still are old curriculum books available, though they are looking forward to new curriculum orders. Locals are struggling with eBook orders of higher education institutions, where libraries and institutions are purchasing more digital books and subscriptions (MABOPA 2011).

## *Myanmar*

The abolishment of strict censorship laws in 2012 has promised new life to the publishing industry of Myanmar. However, state control remains prevalent as the government maintains a close watch on writers and artists.

## *Singapore*

Publishing in Singapore is grouped into the publishing of books, brochures, musical books, and other publications, journals, periodicals and magazines, directories and databases, publishing activities in general, and news agency activities. In 2006, the Singapore Standard Industrial Classification (SSIC) reported that there are 713 establishments that fit this category, down from 888 in 2002, showing a trend in the consolidation of businesses. The Singapore Book Publishers Association (SBPA) counts 73 member-establishments. There has been a steady increase in the number of publications deposited with the National Library Board (NLB) of Singapore, the official repository of the country, reporting more than 12,000 titles in 2007, up from over 9,000 in 2006. The Singapore Yellow Pages lists over

300 retail book distributors, ranging from large chains to small independents shops. (SBPA Country Report 2010-2012, 18-21) The National Library Board of Singapore, which has 26 branches and the National Library's main branch on 100 Victoria Road with 60,000 square meters, is well funded with an annual budget of about S\$182 million in 2010 (Wiki).

Singapore's titles are published in four languages: English, Chinese, Malay, and Tamil, with a majority of their titles published in English. There is a concerted effort to develop Singapore as an international center of information, culture and publishing, visual art, and literary activities, with a lot of resources poured into the Singapore Writers Festival, the Asian Festival for Children's Content, the Singapore Arts Festival.

The Singapore book publishers' community aims to encourage the development of Singapore as a nation of book readers, soliciting the help of three main partners to do so: schools, retail bookstores, and the national library system. In 2003, the NLB conducted a survey to measure the reading habits of Singaporeans involving 1,500 participants. It found that 52% of Singaporeans read solely for leisure. This prompted a reading campaign in 2005 with a campaign theme called *Read Singapore!* which has been done annually under different themes every year since (Singapore Infopedia).

Singapore book publishers have been generally successful in diversifying their market, with Singapore itself accounting for only 36% of total sales, and other markets being made up of ASEAN (20%), Asia (15%), and the US/EU (10%). The SBPA has, however, noted a lack of a systematic listing of all books published in Singapore. Print runs run from 7% of publishers printing 800 or less, an average of 18% of them running between 2,000 to 3,000, to a high of 6,000 copies for about 6% of book publishers (SBPA 34-36).

A number of government agencies support industry stakeholders to boost the publishing profile of Singapore, providing grants to support the various stages of the publishing value chain, from the initial stage of encouraging writers to produce quality manuscripts, to technical assistance to improve various aspects of production, through to upgrading sales, marketing and distribution channels. Aside from the SBPA, there is the Media Development Authority (MDA), with its broader mandate to cater to the entire range of industries within the media sector. Other associations, as well as a number of government agencies, that provide various assistance schemes: The National Arts Council (NAC) partners Singapore Press Holdings, the Singapore Press Holdings Foundation, and the Arts House in organizing the NAC-SPH Golden Point Award, the premier national creative-writing competition, held in conjunction with the Singapore Writers Festival (SWF).

The National Book Development Council (NBDCS) is another key player in encouraging new writers in all fields. The NBDCS is a non-profit umbrella body that brings the book industry and literary community together. Another organization is the Economic Development Board (EDB), whose focus is on attracting big media players to locate themselves in Singapore. The EDB promotes Singapore as a location for media companies across the entire sector value chain, aiming to create a self-reinforcing, inter-dependent system that attracts talent, ideas, capital, and enterprises to Singapore. The EDB mandate is to add value to the entire media sector, of which publishing is one component. Aside from broad support for the entire media sector, the MDA has assistance schemes targeted at the publishing industry to encourage more interconnectivity between publishing and some of the other media industries (SBPA 40-41).

Though there has been a shrinking in retail book space in Singapore with a decrease estimated at 30% between 2010-2012 (note not to 30% but by 30%) due to the closure of chain bookstores like Borders and Page One, and a reduction of chain bookstores MPH and Times the Bookshop, as well as the

reduction of space allotted to books by existing shops, online book sales from overseas make up 22% of their local sales in trade books. In 2013, Amazon introduced free shipping to Singapore, and with the rule that books coming in under S\$400 do not incur Goods and Service Tax (GST), the likelihood of Amazon gaining a foothold in the Singapore digital book market is very likely (SBPA 34).

### *Thailand*

In 2011, the Thai publishing industry is estimated to be worth between US\$70-74 million, growing at a rate of 5% yearly, as it was estimated to be worth between US\$60-\$70 million in 2010, which is a growth of 5% from \$64 million in 2009. This growth is attributed to a strong economy, government support of the industry, including a campaign called 2008-2018: National Reading Decade, a budget allotment for materials in support of non-formal education, a taxation scheme that encourages book donations to libraries. However, according to the Bangkok International Book Fair, Thailand, has one of the lowest reading rates in the ASEAN at 10 books per year. The campaign aims to increase the reading level of Thais, including increasing the number of books. Other countries have reading levels of 60 books per year in Viet Nam, 40-60 books per year in Singapore, and 40 books in Malaysia.

In 2010, there were 567 publishers, 15,086 new titles published (up from 13,624 in 2009, 13,348 in 2008), 3,333 bookstores. Most publishers publish fiction, followed by children's books, study and exam guides, educational comic books, and general titles. At the moment, the rise in eBooks has had little effect in Thailand.

### *Viet Nam*

Viet Nam is a smart phone market. There are little to no e-readers or tablets around. Due to the fear of piracy, very little books have been converted to digital. The strong presence of smartphones has allowed companies like Wattpad to grow in Viet Nam (Nawotka, "Surveying EBook Adoption"). Also, like many people from developing countries they distrust or are not accustomed to using their credit cards to pay for books online or anything at all.

Country	Year	Population	Number of Titles	New Titles and Re-Editions per one million inhabitants	Ranking
Singapore	2012	5.312	9,952****	1843	1
Malaysia*	2012	29.24	19,171	639	2
Vietnam*	2009	86.02	24,589	273	3
Brunei Darussalam	2009	394,400	91	231	4
Thailand*	2010	66.4	14,000	215	5
Indonesia*	2013	249.9	30,000	119	6
Myanmar	2000	48.45	4,000**	80	7
Philippines	—	—	—	—	8
Lao PDR	1995	4.871	88	18	9
Cambodia	-	-	-	-	-

Table 11: Comparative Number of Titles Ratio per One Million Inhabitants (from various sources: \*IPA 2013-2014; \*\*ADB; \*\*\*National Library of the Philippines; \*\*\*\*Singapore Cultural Statistics 2013; \*\*\*\*\*World Bank source for year indicated; \*\*\*\*\*derived computation for PH. Population should be looked at as illustrative when compared with the IPA computation of books per million as they will not match given the different sources.)

## **Benchmarking Indonesia for Moderate Growth**

Benchmarking against an ASEAN country, the industry could look at the country of Indonesia to aim for moderate growth, which has a higher ranking in competitiveness than the Philippines among the ASEAN countries, though in the world, Indonesia is ranked number 34 compared to the Philippines's 52. The significant demographics that Indonesia has comparable to the Philippines is, with a population of 240 million, a large and very young population, a GDP per capita of 3,475 compared to the Philippines' 2,790 (WEF). Like Indonesia, a quarter of the Philippines's population is of school age.

Historically, the Philippines's used to rank higher in competitiveness than Indonesia, but the Philippines's weak infrastructure support and socio-political environment have contributed to the country's lag in competitiveness. Like Indonesia, the Philippines has a strong storytelling tradition and a rich cultural base that could be tapped for content.

Annually, Indonesia produces an average of 30,000 titles, not counting self-published books and other published materials produced that are not issued ISBNs. In 2013, it sold 33,199,557 books, mostly children's books (23%), followed by fiction and literature (13%), religion (13%), and other educational texts (13%). It has 120 books per million, compared with the Philippines's 70 titles per million, which would rank the Philippines among the lowest within the IPA's study of countries. From 2007-2012, Indonesia's book exports grew by 19%. Indonesia exports to Pakistan, Singapore, the UK, Nigeria, and Hong Kong (IKAPI).

Indonesia is also the first Southeast Asian country to be a country in focus at the Frankfurt Book Fair this year. The growth of Indonesia's book industry is hinged primarily in the allotment of 20% of its national budget to education, a practice they've been doing since 2003. Though UNESCO prescribes a 6% budget allotment for education, the Philippines has been allotting only 2.5% of its budget to education. However, in recent years, the Philippines has been increasing its education budget and, with the K to 12 system, an improvement of the educational system in the Philippines is expected and, consequently, a growth in the book industry is also expected.

The book market of Indonesia has shown an average growth trend of 6% per year from 2007-2012 owing to a rapidly developing middle class, which caused the overall economic growth of the country. The Philippines, likewise, must grow its middle class and significantly lessen its wealth-poverty gap, being that the Philippine labor force has the highest copyright contribution in copyright-based industries. An average of 30,000 titles are published per year excluding self-published books and other published material that do not require the issuance of ISBNs.

### **Benchmarking Thailand for Aggressive Growth**

To target aggressive growth, the Philippines could also benchmark Thailand, which is an emerging market recognized by the international community with its designation as 2013 World Book Capital and the holding of the 2015 IPA Conference in Bangkok, which is slated for March 2015 right after the Bangkok International Book Fair. Among ASEAN, Thailand is ranked third, following Singapore and Malaysia, with a rank of 31 out of 144 countries due to financial development and market efficiency. Thailand is considered the fourth largest emerging economy worldwide and has a GDP per capita of 5,674, which is about double that of the Philippines (WEF, GCI 2014-2015).

In 2009, Thailand published 13,607 new titles, a number comparable to that of Malaysia and considerably higher than the Philippines at 2013, with 205 new titles per one million inhabitants. From 2004-2009, Thailand's number of new titles grew an impressive 26% in just 5 years (ABPA). In 2010, Thailand's number of new titles rose to 14,000 with 215 books per one million inhabitants

(IPA 2013-2014). The bestselling books in Thailand include dharma (Buddhism), travel books, and romance novels written by Thai authors (Chongsatitwatana).

Publishing in Thailand receives support from its government in making the nation into a world reading capital as evinced by the establishment of the decade of reading (2009-2018) as part of its national agenda. Moreover, the Thai government has created policies to stimulate book spending, including the Thai Strong Policy Action, which ensures government budgets to be spent on books and educational materials for schools and libraries, as well as reduced taxes for book purchased for donations (Chongsatitwatana).

## *Chapter 4. Book Publishing in the Philippines*

### 4.1 Country Overview

The Philippines is an archipelago of 7,107 islands divided into three major areas: Luzon in the north, Mindanao at the south, and the Visayas at the center. Located just above the equator in peninsular Southeast Asia, it boasts of high diversity in both its biosphere as well as its cultural communities. As of July 2014, the Philippine population is estimated to be over 107 million, the 13th largest in the world (CIA, World Factbook), with a birthrate of 2.5%, one of the highest in Southeast Asia, two thirds of which under the age of 35. The majority of the population is Christian (92%), 80% of which is Catholic and with a 5% Muslim population. In keeping with its Catholic beliefs, abortion is illegal, and the Reproductive Health Act was only recently passed into law.

Due to its archipelagic character, various disparate communities or ethno-linguistic groups have developed within the country and are primarily characterized by linguistic differences. Currently, the Filipino language, which is heavily based on Tagalog, is the official language of the country despite the concerns of other linguistic groups. English is another official language widely spoken in the country with significant numbers of publications and official documents also written in English.

Professor Richard HK Vietor, Carol Dominguez, and Tully Moss of the Harvard Business School prepared a case study *The Republic of the Philippines: The Next Asian Tiger?* that acknowledged the hurdles the Philippines was able to overcome and enumerated several milestones in the country's growth. First, the Philippine economy grew by an impressive 7.8%, which was faster than China's 7.7%. Second, the Philippine Stock Exchange Index was up by 24% for the year. Third, the Fitch Ratings in late March of the same year elevated the nation's credit rating to investment-grade status, with the expectation that Moody's Standard & Poor would follow by year-end. This expectation was reached and the Philippines BBB, with a stable outlook from a BBB- (DOF, 09 May 2014). Finally, Hong Kong Shanghai Banking Corporation (HSBC) projected that the Philippines would become the world's 16th largest economy by 2050. Vietor et al. pointed out that this scenario was a far cry from what the Philippines was in the 1960s when the country's per capita income was second only to Japan's:

[The country] descended steadily into near-failed status. The country became protectionist, nationalistic, and inward-looking. Crony capitalism and rampant corruption stacked the deck in favor of a select few. Crime and terrorism created serious concerns about personal safety. Power shortages led to frequent blackouts. The Philippine peso (Php), which

had started at parity with the dollar, depreciated to 56 pesos to the dollar. The country's foreign debt equaled more than three-quarters of GDP much of which was dollar-denominated. Foreign debt, combined with a deteriorating peso, caused ever greater portions of government revenues to be siphoned from badly needed investments in infrastructure, security, education and health care into debt service. (1)

From this dark scenario, the Philippines grew steadily with a gross domestic product (GDP) of 3.6% in 2011, which peaked at 7.2% in 2013. This placed the country as second in growth speed among ASEAN countries, and third in Asia. However, the growth rate is expected to moderate in the following years with a forecast of 6.4% in 2014 and 6.7% in 2015. On the other hand, inflation has had a receding trend from 2011 (4.6%), reaching its lowest at 3.0% in 2013. The forecast for 2014 and 2015 are 4.3% and 4.0%, respectively, which similarly moderates the decrease and stabilizes the rate (ADB xxi-xxii). Private consumption and investment are seen as the major contributors to the country's economic growth in 2013. In particular, remittances from overseas Filipino workers and employment growth in services and construction are seen to have significantly contributed to the 5.6% increase in consumer spending. Fixed investment similarly increased by 11.7% in 2013, driven by activities in construction and the rise in investment in machinery and equipment (ADB 215).

Despite the positive GDP growth and low inflation rate in 2013, such economic expansion has not successfully contributed to poverty reduction. Based on the Annual Poverty Indicators Survey (APIS) conducted in July 2013, poverty incidence among Filipinos remains high at 24.9% during the first semester of 2013 (PSA). Moreover, unemployment rate has increased from 7.1% in January 2013 to 7.5% in January 2014, and underemployment rate remains high at 19.5%. A total of 38% of the employed population are actually part of the informal sector in 2013, revealing a lack in the quality of work available for employment (ADB 216). In comparison with its neighboring ASEAN countries, the Philippines has the highest unemployment rate, followed by Indonesia at 6.1% and Malaysia at 4.5% (UN 163). This high incidence of poverty, calculated at a quarter of the population, or a substantial 24 million, shows non-inclusive development. This has been so since 1986, where 70% of the poor lived in the rural areas and 43% worked in the informal sector (Viotor, et. al 10).

The natural disasters that commonly plague the country play a small part in the lack of improvement in poverty reduction; however, the impact of these disasters, specifically the earthquake at 7.2 magnitude and the typhoon Haiyan that hit Central Philippines, may only show its effect in the economy by late 2014 and 2015 (ADB 216). The rehabilitation of the affected areas is apparently hindered by the systems of the highly centralized national government.

Income inequality remains a greater contributor to the increased poverty rate. The Philippine GINI index or income equality coefficient, which "measures the extent to which the income distribution

## QUICK FACTS

Population May 2010	92.34M
Inflation August 2014	4.97%
GDP 2000=100 2nd Qtr. 2014	6.4%
GNI 2000=100 2nd Qtr. 2014	7.3%
Exports July 2014	\$5.46B
Imports July 2014	\$4.72B
Per Capita Poverty Threshold (Annual) 1st Sem. 2013	P 9,626
Employment July 2014	93.3%
Unemployment July 2014	6.7%
Underemployment July 2014	18.3%
LFPR* As of Jul 2014	64.4%

Source: Philippine Statistical Authority  
([psa.gov.ph](http://psa.gov.ph))

\*Labor Force Population Rate



within an economy deviates from a perfect income equality” (ESCAP 114) with 100 as a marker of complete inequality, is one of the highest at 43.0 in the Asia and Pacific Region, topped only by Malaysia at 46.2 (111).

Domestic conglomerates and oligopolies accounted for a significant portion of the economy. As of January 2013, the ten largest conglomerates and their affiliated companies accounted for 72 percent of the total market capitalization of the Philippine Stock Exchange. These conglomerates held leadership positions in virtually every key sector of the economy, yet there were no major Filipino multinational corporations. The eighth Filipino companies on the Forbes Global 2000 list were all local conglomerates or partially owned by local conglomerates. They all had varying levels of foreign penetration (mostly Chinese and Southeast Asian markets), yet none had a truly global brand (Victor, et. al 6).

The country’s economy is shored up by remittances from Overseas Filipino Workers (OFWs), approximated by the Commission on Filipinos Overseas to be at about 10 million. In 2012, personal remittances of Filipinos amounted to US\$22.3 billion, or 10% of the GDP, providing a steady source of revenue when despite the stagnant growth in the other sectors of the economy. The other significant sectors in the Philippines are mining, manufacturing (mainly food and beverage), electronics, tourism, gaming, real estate, medical tourism, and as a retirement destination for foreigners (7).

Insufficient and inefficient infrastructure remains one of the greatest barriers in the growth of the Philippines. The country’s having been dubbed with the worst airport in the world for the years 2011 and 2013 (“Guide to Sleeping In Airports”) is but a peek at the weak infrastructures the country has. The poor quality of roads, airport, electrical supply, and Internet access significantly hinder development. Luzon, where half of the population lives and where manufacturing and service industries are based, only has 300 kilometers of highways. Flood control and sewage disposal are dismal, with unreliable supplies of safe drinking water outside of Metro Manila (Victor 9). Outside Metro Manila, blackouts regularly occur, and water supply is limited. Such issues in infrastructure are seen to be even greater hindrances to the country’s economic growth than the corruption that has plagued the government. However, the government has acknowledged the need to improve and invest in infrastructure, even identifying 57 projects, including improvements in transportation, such as highways, airports, ports, and the rail system, all over the country (Whaley).

Power generation in the Philippines suffers from lack of capacity and prohibitive cost, with the Philippines having one of the most expensive electricity rates in Asia. The Luzon grid is also near capacity. The high cost and inadequacy limit investments in the manufacturing sector. Inefficient power plants, reliance on diesel generators, small-size islands that cannot house large power generation stations, inefficiency of energy cooperatives have been blamed (Victor, et al. 9). However, after having been neglected, investment in infrastructure rose from 1% of GDP in 2005 to 3% in 2012 (10).

Telecommunications, an industry deregulated under the Ramos administration is the country’s bright spot. The fiber optic network interconnected with international cables enabled the growth of the call center industry even if the country lagged behind in Internet service and mobile phone consistency, which, despite being the slowest in the ASEAN, is also one of the most expensive (Santos).

The identified human capital advantages of the Philippines is a young, English-speaking population

with a literacy rate of over 90%. According to the Business Processing Association of the Philippines, there are over 770,000 Filipinos working in this sector, generating US\$13 billion in service exports in 2012, accounting for almost 5% of GDP. However, the brain drain during the Marcos era and the country's economic growth left a significant gap in managerial, entrepreneurial, and scientific talent, observed quite keenly in the BPO sector, which the Philippines leads in terms of manpower resource, stalled only by the inability of the Philippine educational system to produce graduates willing to enter this sector. In contrast, 2.8 million Indians were generating US\$100 billion in BPO revenues, an average of \$36 thousand per worker, compared to only \$17 thousand per Filipino BPO worker. Moreover, Indian entrepreneurs have established several globally-prominent BPOs, including Infosys, Tata, and Wipro, whereas the only large, domestically owned BPOs in the Philippines are those that have grown by acquiring BPOs headquartered outside of the country (Victor et al. 6, 9).

On a positive note, the Philippines has a high literacy rate of 97.5% based on the 2010 Census on Housing and Population (CHP) (NSO "School Attendance"). This marks an increase of over 5% from the 2000 CHP (NSO, *Philippines in Figures*, 39). In this case, literacy is simple or basic literacy where "a person is considered literate if he or she is able to read and write a simple message in any language or dialect" (NSO "School Attendance"). However, functional literacy rate is only at 86%. The pedagogical approach used in Philippine schools emphasizes rote learning to the detriment of critical thinking. Out of 144, the GCI ranked the quality of primary education at 60 with an 88.2% net enrollment, and the quality of the education system at higher education and training at 29 with 84% net enrollment at the secondary level and 28.2% net enrollment at the tertiary level. Alarming is the low quality of math and science education, ranked 77 (WEF, *GCI 2014-15*, 309). This is evident in the lack of scientific talent in the country with only 10% of university graduates holding degrees in engineering and technology. This lack of talent is best illustrated by the paltry number of PhD graduates in natural sciences, numbering only 18 PhDs and 8 in math.

In a presentation done on 15 August 2014 to illustrate Philippine competitiveness, co-chair of the National Competitive Council of the Philippines Guillermo Luz claimed that, aside from all of the above factors that must be improved to increase the country's competitiveness, the Philippines is beset with the dilemma of having to compete for its own people. The book publishing industry, a core creative industry, is based on the creativity of individuals and likewise competes for talent. The industry must learn to compensate its talents to keep them and attract more creative people into the industry.

## 4.2 Publishing Industry Overview

The industry has taken major strides in recent decades. In the 1970s and 1980s, Philippine book publishing revolved around academic and scholarly works. At that time, publishing was centered in Panay with Renato Constantino doing monographs and Gilda Cordero Fernando doing coffee table books. Filipiniana trade was virtually non-existent, barring some literary titles, and most trade books were imported from the US. The 90s proved to be a definite shift in this trend as Anvil Publishing and other trade publishing houses were established to answer this lack. These trade publishers pioneered with various Filipiniana genres, paving the way for a more diverse publishing industry that promotes content created by writers in the country (Bolasco).

Today, Philippine publishing industry is complex and thriving with a significant impact not only in the economy but also in the formation and education of the Filipino people. This recognition of the publishing industry's place as both business and advocacy makes necessary its continuing



development amidst a rapidly changing and globalizing world.

### *Value Chains and Processes*

There are three major types of books published in the Philippines: trade books, textbooks, and academic books. Due to the complex and specific needs of each type, there are differences in the processes and value chains of each in order to answer the demands of their consumers.

#### *Textbooks*

The textbook value chain proves to be complex due to the involvement of the DepEd in the entire process. As such, two value chain models can be determined.

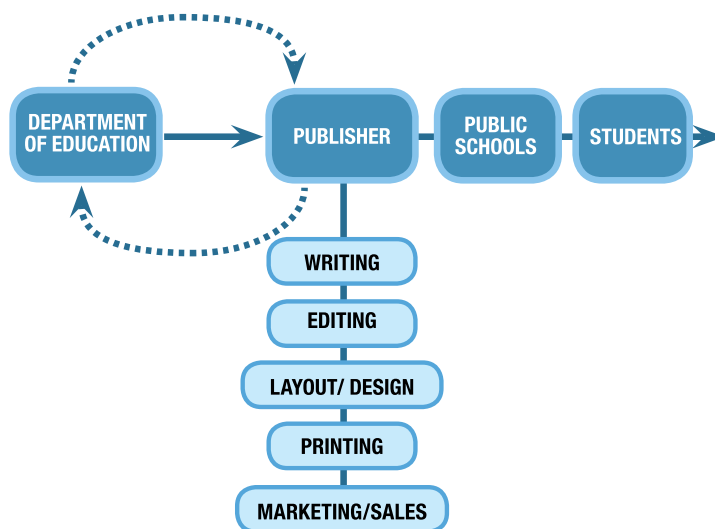


Figure 10: Textbook Value Chain (DepEd Model)

The first model begins with the (1) DepEd, which decides the kinds of texts needed for primary and secondary students. Given this order, (2) the publisher hires writers and creates a text to be bid to the DepEd. If successful, (3) the DepEd mandates the use of the chosen textbook to public schools by either purchasing the books from the publishers, or by coming out with approved lists from which schools determine which supplementary materials to purchase.

Given the uncertainty of this model, textbook publishers also create supplementary materials, publish their own textbooks, or obtain rights to foreign publications that might be determined suitable for the schools. This is, to a certain degree, still the value chain adopted by publishers supplying the private schools. This second model (free model) for the textbook value chain allows the textbook publisher to create and sell texts that have either not been mandated by the DepEd by direct purchase or through a list of approved titles, or are sought after by private schools, colleges and universities, and institutions that require specialized texts.

The source of funds for the purchase of textbooks for the public school system is from the general appropriations of the national government given to the DepEd's central office for the procurement of books for national use, and the Special Education Fund (SEF) of the local government unit under the jurisdiction of the local government, from which supplementary reading and learning materials are procured.

The current source of friction between the DepEd and the private sector is Department Order No. 44 that enacts a moratorium in the purchase of supplementary materials by the public schools and local government units. Various issues have come to fore, namely the avoidance of supposed corrupt practices involved in the sale and purchase of these materials, the appropriateness of the materials themselves for the use of learners, the need to develop the competency of local school officials to help them determine which instructional materials they need and how to deal with the multiplicity of instructional materials available.

A recent development is a meeting held between the DepEd and the private sector wherein DepEd Secretary Br. Armin Luistro who stated that the practice involved in the peddling of supplementary materials and the significant budget of publishers that goes to agents' activities that breed corruption in government as well as DepEd personnel must be addressed, calling them underhanded marketing tactics that will eventually kill the publishing industry, especially publishers who produce quality materials and observe legitimate rules (Sta. Romana-Cruz).

During this gathering, as cited by Sta. Roman-Cruz, DepEd Undersecretary for Programs and Projects Dina Ocampo enumerated the Department's concerns with regard to literacy: the lack of quality curriculum materials offered to the DepEd; the standards for classroom libraries for K to Grade 3; the standards for school libraries for elementary school, junior high and senior high; read-aloud and practice reading materials for K to 3 in the mother tongue, Filipino and English; the creation and use of mobile libraries; and the increasing usage and improvement of Library Hubs.

Ocampo also enumerated concrete ways of engagement with the DepEd, such as participation in workshops, proposals for new ways to provide libraries that are more relevant, effective, and useful; creation of systems to maintain and monitor the use of books, and to make Library Hubs function, preparation of lists of books suitable for content, leisure reading, research, and for use in the classroom, and the assurance in the quality of creation, review and market study of instructional materials (Sta. Romana-Cruz).

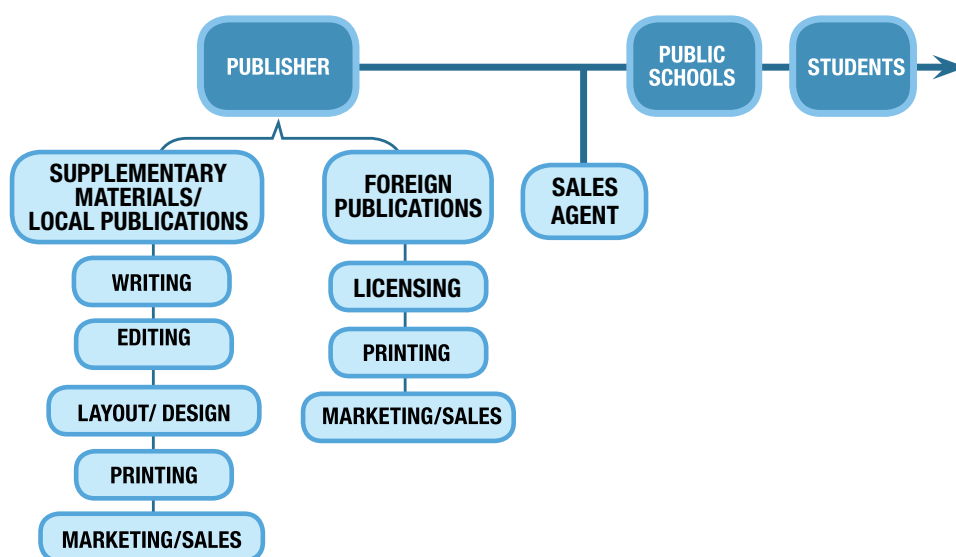


Figure 11: Textbook Value Chain (Free Model)

The textbook business process below is based on the business process of St. Mary's Publishing

House, as generously provided by its owner Gerry Catabijan.

1. [The publisher] publishes textbooks by commissioning authors. [The publisher] will complete the manuscript authors submitted by laying out, encoding, and illustration. [The publisher] pays authors a percentage royalty.
2. [The publisher] then selects an outsourced printer [...] from several quotations submitted. Selection of printer happens from December to March every year. [The publisher] awards the lowest printing quotation by issuing a purchase order. Terms with printers usually [extend] up to 90 days.
3. Upon receipt of the procured printing contract, [the publisher] consigns sample copies to its sales agents [...] for their promotion and actual product sampling. [The publisher] charges the sales agents only [a percentage] of the selling price and gives them until [a particular date] of every year.
4. Sales agents sell the textbooks by consignment basis to private schools and public schools. This process usually happens from April to July of every year [following the pre-K-12 academic calendar]. Terms normally given by sales agents to their private and public schools ranges from 60 days to 150 days.
5. Sales agents also sell to LGUs, DepEd Division Offices and Congressmen/Senators. Once P.O. from these agencies is released, [the products are delivered] then [the publisher collects and gives] the corresponding “share.” Average AR period in this market category is 250 days.

Instead of producing additional instructional/textbook materials beyond those approved by the DepEd’s central office for the local schools, the idea of developing the classroom and school libraries has been suggested by Ocampo. Citing a study by the International Reading Association measuring the impact of textbooks versus libraries on the education achievement of state schools, it was found that having libraries in schools made more of an impact on learning. For the longest time now, the public school system has been relying on library hubs to provide the library needs of the public schools instead of having in-school libraries. It is suggested that, instead of the purchase of supplementary materials that duplicate the function of textbooks, library books that supplement the curriculum should be made the priority.

Another concern is the quality of the textbooks locally produced. Erroneous textbooks have long been a problem of the system. Several suggestions have been made, such as having publicly-known reviewers who will be appropriately compensated for their expertise and a transparent system from within which they will be working (Ocampo), another is an institutional evaluator, which could be a third party that is neither the DepEd nor the publisher (Catabijan). In this instance, the NBDB has been suggested as the third party evaluator that might also serve the function of the go-between the DepEd and the industry.

### *Trade Books*

The trade book value chain follows a more traditional process, which begins with the writer or content creator to be refined by the publisher and then given to distributors to reach the reader. A new development in this value chain is the literary agent, who connects the creator with the most appropriate publisher and ensures that the creator is given his or her due. However, the involvement

of the literary agent is not yet prevalent in the Philippines, which has only one known literary agent.

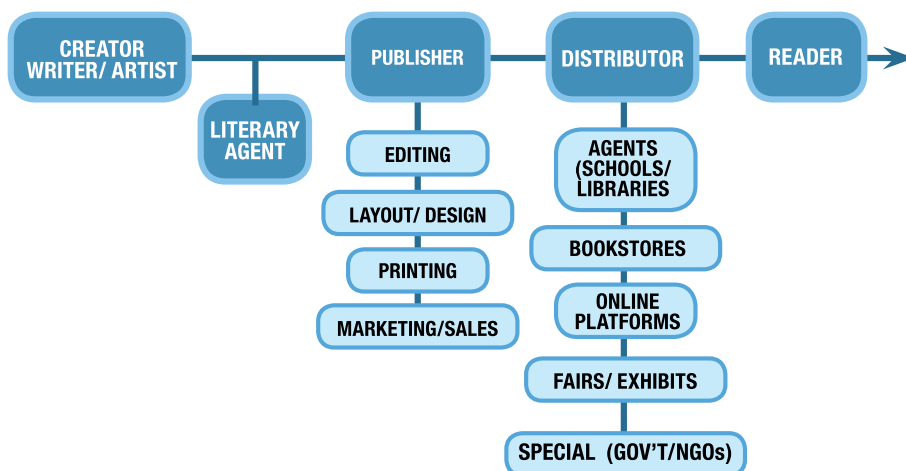


Figure 12: Trade Book Value Chain (adapted from the NBDB Publishing Industry Supply Chain)

### *Academic Books*

Similar to the trade book value chain, the academic book value chain is straightforward, beginning with the creator, usually an academic either within the university funding the press or invited by the university. Although some particularly popular academic books may find their way to commercial bookstores, most are sold either in the university press bookstore or in partner institutions.

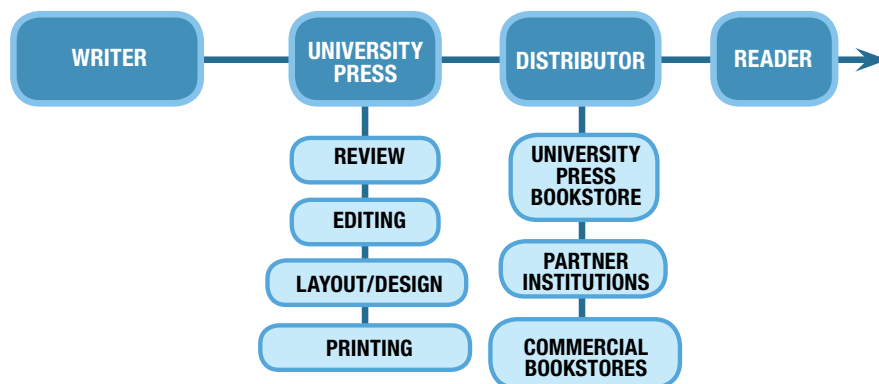


Figure 13: Academic Books Value Chain

For most publishers of literary and scholarly/academic books, most of the elements in producing a book are outsourced. The in house staff would be very lean, and would be overburdened with responsibilities. Pacifico Aprieto, former director of the UP Press, lists the typical duties of the copyeditor, which is the only editor found in a small publishing operation.

The following are some of the typical functions of a university press copy editor which [Aprieto] has complied:

1. Advise the author on how to prepare the manuscript for printing purposes. This cover typing of copy, spacing, indentions, and placement of quotations, footnotes, and all kinds of illustrations.

2. Examine and read the manuscript thoroughly and make the necessary changes or corrections involving:
  - a. Errors in grammar or usage, such as dangling modifiers, vague or unclear antecedents, lack of agreement between verb and subject, wrong tense, faulty sentence construction, overuse of author's pet word or phrase, unintended repetition of words, etc.
  - b. Errors in spelling, punctuation and capitalization.
  - c. Factual errors or inconsistencies in historical data, formulas, names of persons and places, etc.
  - d. Inconsistencies in the use of abbreviations, numbers (in figure or words), as well as mathematical, statistical and other symbols.
3. Improve the presentation of ideas through:
  - a. Substitution of more suitable words or recasting of faulty phrases, clauses and sentences.
4. Proofread or supervise the proofreading of galley proofs, page proofs and machine runs and explain to the author which of his corrections cannot be entered.
5. Help the author in securing the services of an artist or draftsman in preparing illustrations.
6. Prepare and lay out the materials for the preliminary pages which include the half (or bastard) title page, copyright page, dedication page, table of contents and list of illustrations. Excluded are the foreword (which is written by a third party) and the preface (which is written by the author).
7. For the back matter, check the appendices and bibliography but leave preparation of the index to the author or professional indexer.
8. Visualize the design of the book and prepare the printing specifications covering the following:
  - a. Type faces and sizes for headings, sub-headings, body text, quotations, footnotes, tables, captions and labels running heads and pagination.
  - b. Margins, sinkages and spacing between body text and quotations between body text and illustrations and other artwork.
  - c. Text area of page, including widths and depths of chapter and continued pages; indentions and leading.
  - d. Placement of illustrations and other artwork.
  - e. Printing process to be used and type of binding desired.
  - f. Paper stocks and printing inks required.

9. Visualize the book jacket for the artists execution.
10. Follow up the job with the printer through the production process to see to it that specifications are complied with and schedules are observed.
11. Act on production problems that inevitably crop up during the printing and binding stages.

### *Self-Publishing*

Self-publishing in the Philippines is very strong with the online platform Wattpad as the most preferred platform used. Reportedly, seven million Filipinos visit Wattpad every month, coming second only behind Americans. In 2014, there were 300,000 completed stories written by Filipinos, growing by 10 percent per month. Twenty-three percent of Wattpad's Android traffic also comes from the Philippines, and when a Filipino user joins Wattpad, 50 of their Facebook friends are already on Wattpad, of the eight users of the platform with more than 100,000 followers, five are Filipinos. The most popular Wattpad user with 255,000 followers is a Filipino writer Denny who goes by the Wattpad username "HaveYouSeenThisGirl" (Philstar).

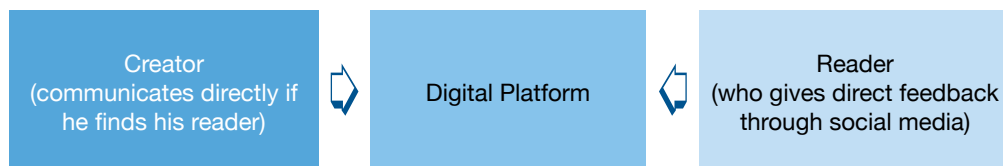


Figure 14: Digital Publishing Value Chain

### *Stakeholders*

There are currently 250 publishers registered with the NBDB. Other registrants include 145 book importers, 164 sellers/retailers/distributors, 57 book printers, 7 exporters, 1 raw material manufacturer, 7 exporters, 8 non-print info material wholesaler/retailer, 1 non-print info material developer, 2 eBook wholesaler/retailer, 2 eBook importers, 3 eBook publishers, 151 authors, 3 designers/illustrators, and 5 book industry associations. Although required by law (RA 8047), registration with the NBDB is, in effect, voluntary because the non-registration of a book industry stakeholder is not penalized. Instead, fiscal and non-fiscal incentives are created by the NBDB to encourage the registration of publishing stakeholders with the agency. Incentives such as the tax- and duty-free importation of raw materials used in publishing, income tax holidays for certain activities involving content development under the BOI, and invitations to NBDB events and capacity-building seminars, and others.

The National Commission for Culture and the Arts (NCCA) lists 109 artists in the various fields of art. According to the NCCA registry, there are 1059 registered writers from all over the country who write in the various languages of the Philippines. The Filipinas Copyright Licensing Society lists 559 authors, 36 publishers, and one publishing association.

Stakeholder	NBDB	NCCA	FILCOLS
Publishers	250 (371*)		36
Book Importers	145		
Sellers/Retailers/distributors	164		
Book printers	57		
Exporters	7		
Non-print info material wholesaler/retailer	8		
Non-print info material developer	1		
EBook wholesaler/retailer	2		
EBook importers	2		
EBook publishers	3		
Authors	90 (442*)	1059	559
Designers/illustrators	3		
Associations	5		1

Table 12: Number of Registered Stakeholders in Various Organizations.

(\*Registered at least once as of August 2014, may not have renewed, some may no longer exist.)

The NCCA also lists the literary artists in the Philippines based on region, majority of which are centered in NCR at a count of 401. However, this does not reflect the total number of literary artists in the Philippines. It only shows the writers who have either worked with or registered with the NCCA. Although it does include writers from all of the regions, the disproportion is notable and reveals that most literary talent from other regions are not given the opportunity to grow on a national level either because of geographical distance, language barriers, or lack of literary development programs beyond NCR. The graph below shows the disaggregation and numerical comparison of registered writers across the regions.

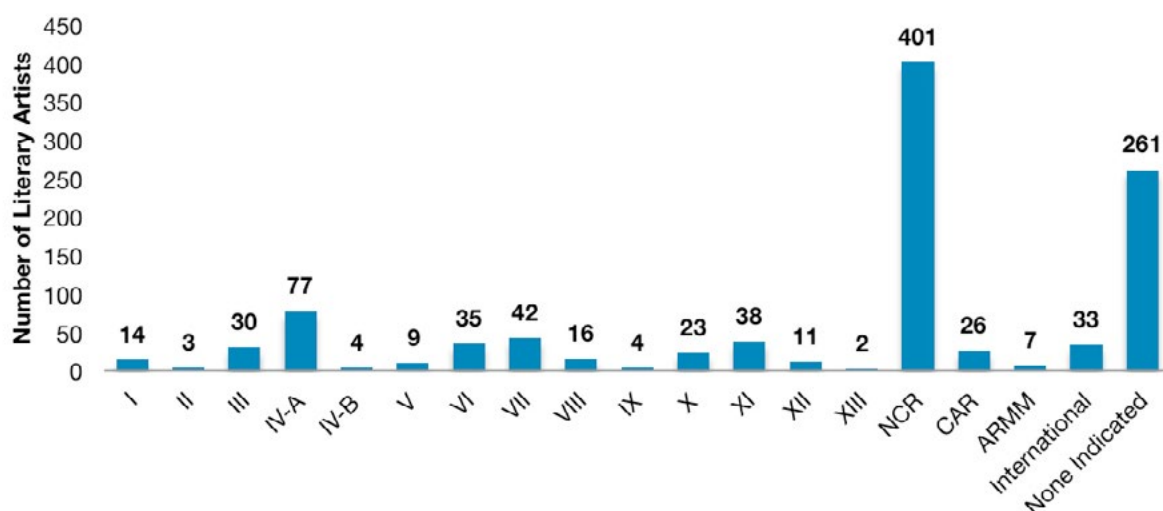


Figure 15: Number of Registered Literary Artists per Region (Source: NCCA)

## *Current Initiatives*

Established in 1995 under R.A. No. 8047 or the “Book Publishing Industry Development Act”, the National Book Development Board is the government’s arm in developing and supporting the book publishing industry. Thus, the NBDB is at the center of government initiatives in ensuring that the industry does not stagnate and continues to grow.

Among the current initiatives of the NBDB are the following:

### 1. Amendment of the Implementing Rules and Regulations for Yearly Accreditation/Registration with the National Book Development Board

The necessity of amending the IRR for registering with the NBDB is necessary because of the current voluntary nature of registration due to the lack of penalties for non-compliance. This is an inefficient measure in ensuring that the stakeholders of the book industry are accounted and in gathering data required for studying the industry and the market in the country.

### 2. Review of Existing Guidelines for Registration with the Board of Investments (BOI) for Availing Fiscal Incentives under EO 226 or the “Omnibus Investments Code” as amended by R.A. No. 7918

As part of the government’s mandatory list of Inventory Priorities Plan (IPP), enterprises registered with the NBDB and the BOI are entitled to applicable fiscal and non-fiscal incentives for book publishing and related activities. An endorsement from the NBDB is necessary to apply for registration per book or title basis.

### 3. Annual National Book Development Trust Fund

The NBD Trust Fund annually provides grants as an incentive for authors specializing in less popular fields of research and publication. The IRR for “The National Book Development Trust Fund Act” or R.A. No. 9521 states:

The National Book Development Trust Fund is established exclusively for the support and promotion of Filipino authorship and the completion of local manuscripts or research works for publication, especially in Science and Technology and in subject areas where locally-authored books are either few or nonexistent. (Section 2, IRR for R.A. No. 9521)

### 4. Limbag Kapihan

NBDB’s Limbag Kapihan is a series of meetings that provides various industry players a venue to learn more about the industry, share information, and discuss pertinent issues.

Beyond government initiatives, the private sector has also created a number of organizations that aim towards the development of an industry that is both business and advocacy. Each of these organizations caters to specific concerns that affect the various stakeholders of the book industry.



## 4.3 Overall Industry Performance

The performance of the Philippine publishing industry is determined by looking at the Economic Contribution and Productivity of the industry. These indicators are meant to provide a holistic picture of how the industry is faring not only locally but also following international standards. These indicators also provide the baseline data necessary for analysis in the latter part of this road map.

### *Economic Contribution and Growth*

According to the NBDB, Publishing and Printing industries contributed a total of PhP 3.02 billion in 2009, which has 0.21% share in the country's total GDP.

In 2012, Castillo published a study on the creative industries in the Philippines given the upcoming AEC. She noted that “printing and publishing services have accounted for less than half a percent of the Philippines’ GDP and GNP—an average of 0.34% and 0.33%, respectively from 1991 to 2005, which is higher than its average share in the more recent years of 0.24 % and 0.21%, respectively in 2006 to 2009. The industry’s contribution to the Philippines’ manufacturing sector, while subject to the same declining trend, is more than one percent during the same time period—an estimated 1.4% from 1991 to 2005 and 1.01% from 2006 to 2009,” referring to the table below (Castillo 276).

Indicator	1991-1995	1996-2000	2001-2005	2006	2007	2008	2009	2006-2009
Printing and Publishing GVA (in constant 1985 PHP billions)	2.93	3.09	3.34	3.29	3.36	3.12	3.02	3.20
Manufacturing GVA (in constant 1985 PHP billions)	187.60	224.27	226.37	305.66	315.71	329.01	314.40	316.20
GDP (in constant 1985 PHP billions)	747.64	904.28	1,094.99	1,276.87	1,368.41	1,417.09	1,432.12	1,373.68
GNP (in constant 1985 PHP billions)	762.75	951.31	1,182.15	1,392.01	1,501.81	1,591.11	1,654.94	1,535.22
Printing and Publishing GVA Growth (%)	1.05	-0.69	2.87	-2.14	2.01	-7.00	-3.27	-2.71
Manufacturing GVA Growth(%)	2.70	3.17	3.34	4.20	3.29	4.21	-4.44	1.82
GDP Growth(%)	2.88	3.96	4.49	5.40	7.19	3.54	1.06	4.30
GNP Growth(%)	3.45	4.74	4.94	5.45	7.96	5.88	4.01	5.83
Printing & Publishing Share to Manufacturing (%)	1.56	1.38	1.25	1.08	1.06	0.95	0.96	1.01
Printing & Publishing Share to GDP (%)	0.39	0.34	0.30	0.26	0.25	0.22	0.21	0.24
Printing & Publishing Share to GNP (%)	0.38	0.33	0.28	0.24	0.22	0.20	0.18	0.21

Table 13: Printing and Publishing Industry Contribution to the Philippine Economy, 1991-2009. The Castillo study cites the 2010 Philippine Statistical Yearbook, NSCB, noting that 1991-1995, 1996-2000, and 2001-2005 values are averages for the indicated years.

“The dwindling share of the printing and publishing industry to the economy’s national income is a

result of the sector's lackluster performance in the past two decades.” (Castillo 276) The table above also shows that an average expansion of 1.05% in the sector's gross value added (GVA) was recorded for 1991-2000, the industry's output has been steadily going down at an annual average rate of 0.69% in 1996 to 2000 and 2.71% in 2006 to 2009.

According to an update to the 2006 WIPO study on the economic contribution of CBIs, the Press and Literature industry had the highest contribution to the country's GDP in 1999 at 2.13%; however, the contribution of Press and Literature in 2010 decreased to 0.98%. The Radio and Television industry overtook Press and Literature with a contribution of 2.67%. The table below shows the value added, GDP contribution, and change per year of core CBIs for 1999 and 2010 (Francisco et al. 32).

Industry	1999 VA (Thousand Pesos)	% of GDP	2010 VA (Thousand Pesos)	% GDP	% Change per Year
Press and literature	63407733	2.13	88316156	0.98	2.76
Music, theater, opera	11726015	0.39	71733219	0.80	15.09
Motion picture and video	2233413	0.08	9289765	0.10	11.88
Radio and television	13629900	0.46	240471317	2.67	23.92
Photography	122461	0.00	2025666	0.02	23.38
Software and databases	11444727	0.38	42596043	0.47	10.95
Visual and graphic arts	3837	0.00	1558685	0.02	50.06
Advertising	2882825	0.10	4349356	0.05	3.43
TOTAL CORE	105450912	3.54	460340207	5.11	12.28

Table 14: Value Added for Core Copyright Industries. (Source: 2010 ASPBI qtd. in Francisco et al. 32)

The average growth rate for the core CBIs from 1999 to 2010 is 12.28% with some industries showing remarkable growth such as Radio and Television, leading with a growth of 23.92%, as well as Photography at 23.38%. Press and Literature shows the lowest growth among the core CBIs at 2.76% despite having the second highest contribution to the GDP in 2010. Although the total value added of Press and Literature grew from 1999 to 2010, the importance of the industry to the national GDP has lessened. The update conjectures that traditional print publishing has become obsolete in the digital and information age (Francisco et al., 33), which may be connected to the negative growth of the Paper industry at -4.87%; however, no study has been conducted to verify that claim as of yet.

Within Press and Literature, wholesale and retail of products has the highest value added to the GDP of the country at 76%, followed by pre- and post-press and printing of products at 6%. Book publishing has a value added of 4% while Authors, Writers, and Translators contribute 2%.

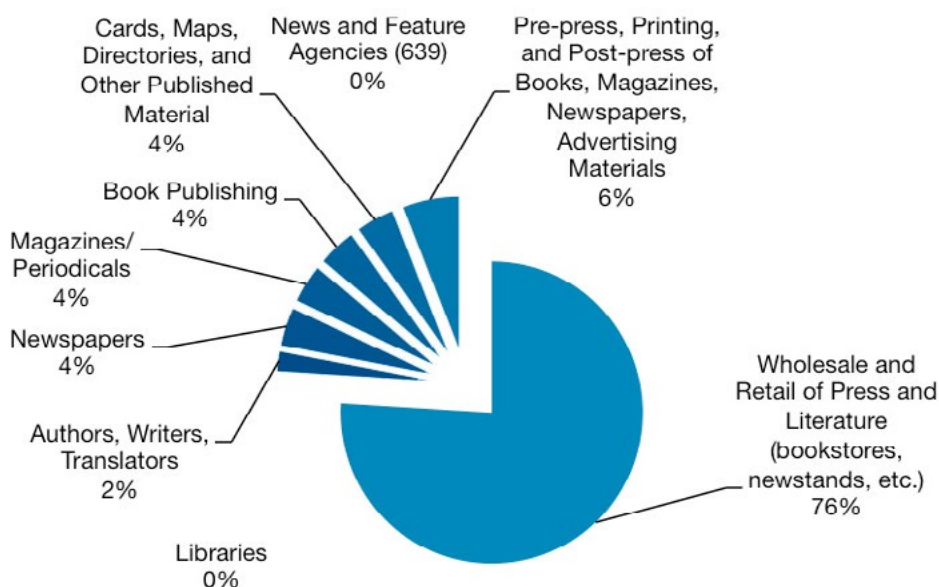


Figure 16: 2010 Percentage Distribution of Press and Literature in Terms of Value Added (Source: 2010 ASPBI qtd. in Francisco et al. 51)

## Employment

Press and Literature has the highest contribution for both 1999 and 2010, but this contribution decreased from 6.22% in 1999 to 2.6% in 2010, leading to a decline in growth by -4.01%, which is the only negative growth among the core CBIs.

Industry	1999 Employment (Number)	% of Total	2010 Employment (Number)	% of Total	% Change per Year
Press and literature	177376	6.22	109654	2.76	-4.01
Music, theater, opera	23099	0.81	72489	1.83	9.53
Motion picture and video	3022	0.11	13464	0.34	12.45
Radio and television	12777	0.45	62146	1.57	13.18
Photography	1002	0.04	6740	0.17	15.88
Software and databases	27607	0.97	70969	1.79	7.87
Visual and graphic arts	85	0.00	7972	0.20	37.84
Advertising	6502	0.23	6848	0.17	0.43
<b>TOTAL CORE</b>	<b>251469</b>	<b>8.81</b>	<b>350282</b>	<b>8.83</b>	<b>2.76</b>

Table 15: Employment for Core Copyright Industries. (Source: 2010 ASPBI qtd. in Francisco et al. 32)

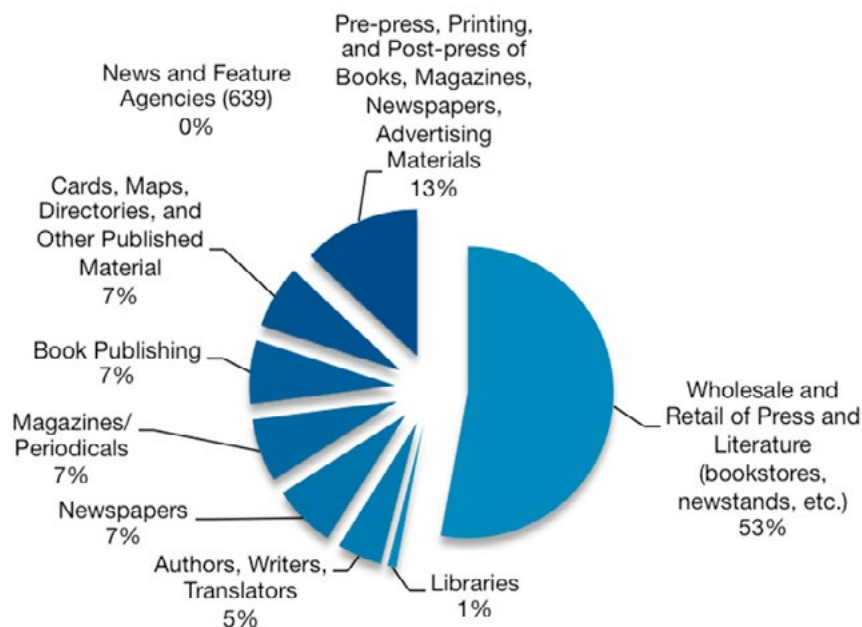


Figure 17: 2010 Distribution of Press and Literature by Total Employment (Source: 2010 ASPBI qtd. in Francisco et al. 50)

## Productivity

### *Labor Productivity*

In its most recent economic contribution analysis, WIPO has noted the significant contribution of the copyright industries to national employment. It averages at around 5.32% around the world, with three quarters of the countries falling between 4% and 7%. However, the Philippines and Mexico prove exceptions, with contributions of up to 11%, followed by countries that have copyright industries contributing significantly to their GDPs.

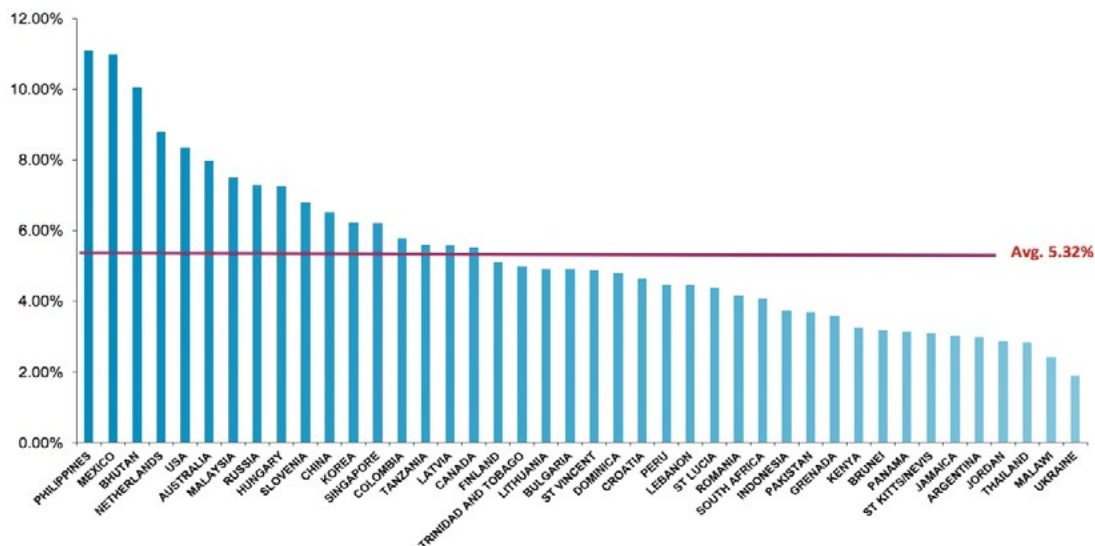


Figure 18: Copyright Industries Contribution to National Employment (Source: WIPO)

However, the WIPO report notes that countries with the highest calculated Labor Productivity do not necessarily have a high contribution to GDP. The high productivity index indicates increased monetary value per unit of labor. In some cases, the values of the index can be explained with a relatively low share of formal employment in the creative sector (5).

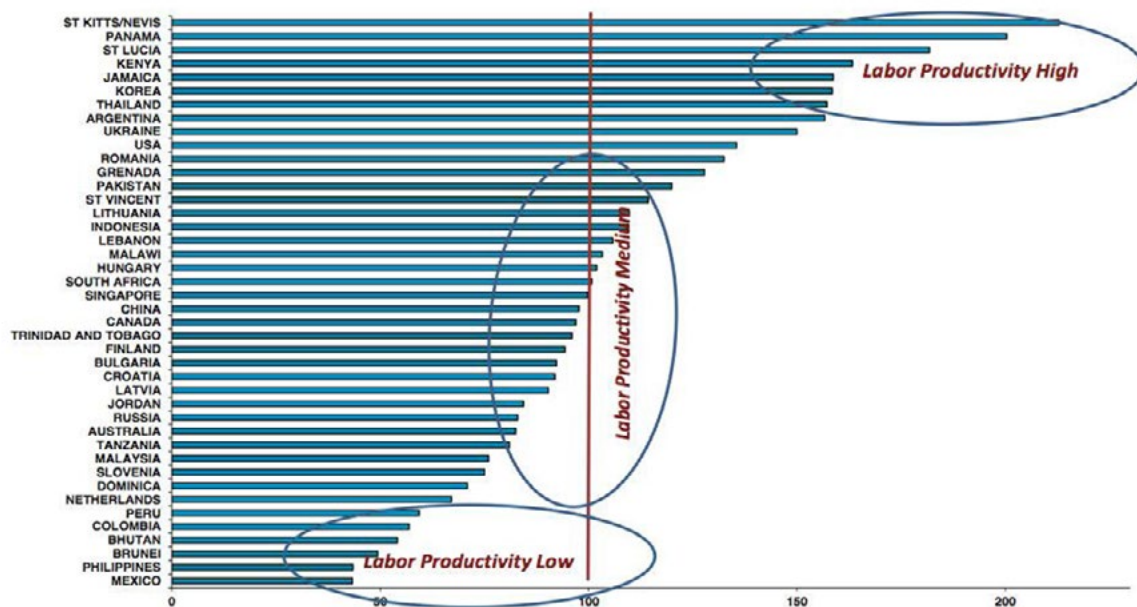


Figure 19: Labor Productivity Index for Copyright Industries (Source: WIPO)

The next WIPO chart shows the country positioning on GDP and employment. It shows the majority of countries in the upper right quadrant with high GDP and high employment, or in the lower left quadrant, showing a low share in GDP and low share in employment. The WIPO report implied how this might show patterns in the development of copyright industries over time (6).

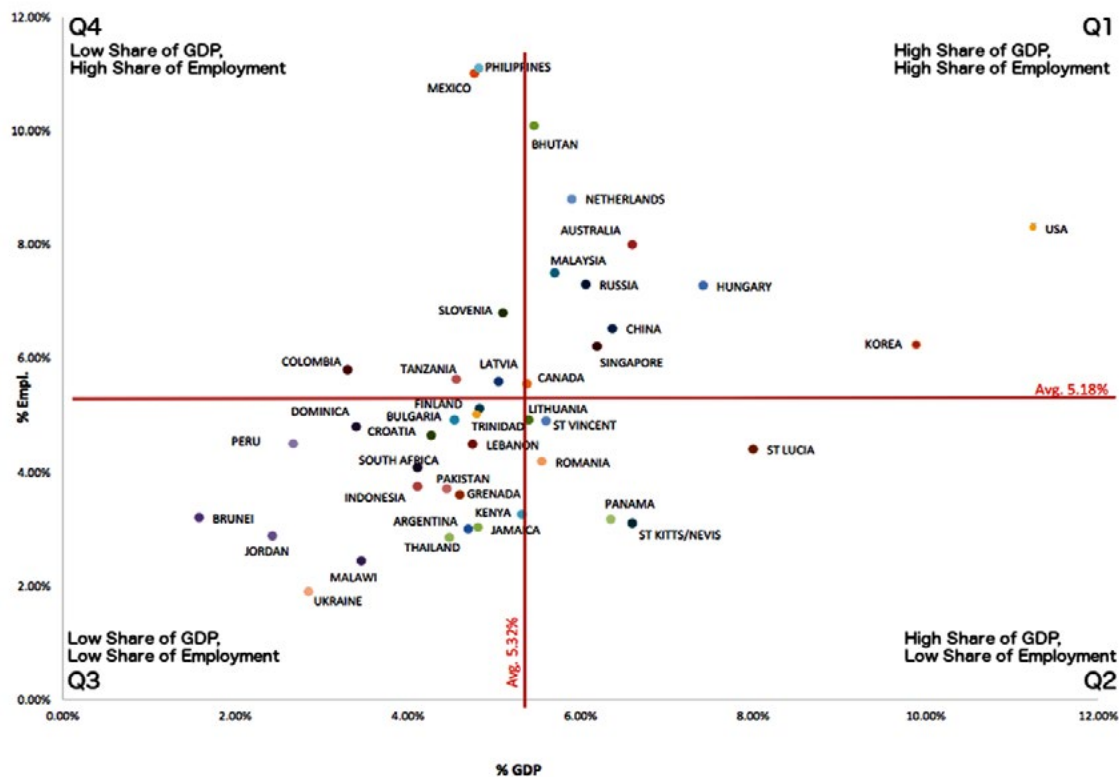


Figure 20: Copyright Industries GDP and Employment Quadrant (Source: WIPO)

In relation to Asia, Australia and the Middle Eastern countries, the contribution of the copyright industries to employment and GDP can be shown in this WIPO chart.

### *Titles per Year*

The NBDB gauges the number of titles published every year through the number of applications for ISBNs with the National Library. An international standard book number is the unique numerical 13-digit number that identifies a book. According to the National Library, in the last 6 years or since 2008, there has been a little more than 35,166 number of titles published every year.

As a means of comparison with the Philippines, the chart below indicates the titles published per year in Singapore from 2006 to 2012 and Malaysia from 2006 to 2010.

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Philippines* (Number of ISBN Applications)	-	5,518	5,819	3,342	5,855	6,327	6,963	6,860	7,825
Malaysia** (Books Registered)	14,563	11,023	16,044	15,767	15,756	-	-	-	-
Singapore*** (Number of Legal Deposits)	8,778	14,490	11,930	12,608	10,498	8,290	9,952	-	-

Table 16: Comparison of New Titles per Year in the Philippines, Malaysia, and Singapore.  
(Sources: \*National Library of the Philippines; \*\*MABOPA; \*\*\*MCCY)

The low number of titles produced by the Philippines in comparison with the smaller populations of Malaysia and Singapore may be correlated to an imbalance between book import and exports.

### *Imports and Exports*

In 2012, book exports garnered US\$ 2.881 million as opposed to the high amount of book imports, which obtained US\$ 61,493 million (NBDB). In 2011, most books exported are dictionaries and encyclopedias as well as other books, specifically to Indonesia, Singapore, and the US. The US also imports children's picture, drawing, or coloring books from the Philippines. However, such exports are negligible in comparison to the Philippine's large quantities of book imports from all over the world (NSO).

Printed books, together with other printed material, such as brochures and leaflets, are classified under HS Code 49.01. The Philippine Statistics Authority reveals that imports of products under HS 49.01 have been relatively flat from 2011 to 2013 with most imports coming from the US and Singapore. In contrast, items under HS Code 49.03, which includes children's picture, drawing, or coloring books, saw a significant decrease from 2012 to 2013.

HS Code (FOB Value in US\$)	2011	2012	2013
49.01 Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets	53,232,803	61,384,841	50,398,691
49.03 Children's picture, drawing or coloring books	131,834	108,176	31,508

Table 17: Importation of Books and Publications from 2011 to 2013 (Source: NSO)

Philippine book exports, which has a mere .01% share in all exports, is notably lower than that of imports with a ratio of 1:15 exports to imports in 2013. However, book exports did increase by 17.63% from 2012 to 2013.

	2012		2013		
	Value	%Share	Value	%Share	%Change
Books	2,881,569	0.01%	3,389,698	0.01%	17.63

Table 18: Philippine Book Exports to the World (Source: NSO)

The table below shows the wholesale and retail book sales of the Philippines in 2006, 2008, and 2009.

Year	Industry Description	Number of Establishments	TOTAL SALES OF GOODS				TOTAL REVENUE	TOTAL COST
			TOTAL SALES OF GOODS	SOLD TO DOMESTIC MARKET	DIRECT EXPORTS	SOLD TO EXPORTERS		
2009	Wholesale of books, magazines and newspapers	72	2,914,430	2,905,445	8,985		2,977,649	2,474,175
	Books, office and school supplies, including newspapers and magazines, retailing	1301	18,591,163	18,585,067	6,096		18,739,922	15,730,193
2008	Wholesale of books, magazines and newspapers	46	1,819,331	1,819,331			1,845,396	1,613,741
	Books, office and school supplies, including newspapers and magazines, retailing	1230	14,192,328	14,192,328			14,421,955	13,197,530
2006	Wholesale of household goods (paper, paper products, stationeries, books, magazines, newspapers and other household goods)	1668	18,591,163	172,070,361	567,489	723,139	178,000,086	159,159,797
	Books, office and school supplies, including newspapers and magazines, retailing	1248	16,184,394	16,173,967	7,961	2,466	16,494,199	14,270,967

Table 19: Number of Establishments, Wholesale, and Retail of Paper Products (Note: Value in thousand pesos. Details may not add up to total due to rounding and/or statistical disclosure control.) (Source: NSO)



## Volume/Value of Production Index

The Year-on-Year Growth Rates for the Publishing and Printing culled by the National Statistics Office also reflect the lack luster growth of the industry. In 2013, the NSO revealed a decline of 3.8 in the Volume of Production Index (VoPI), which measures the change in the volume of manufacturing production of the publishing and printing industry. However, the Value of Production Index (VaPI), which is the change in production values of the industry, grew by 10.6 from 2011 to 2012 and by 4.7 in 2013.

Year	Value of Production Index (VaPI)		Volume of Production Index (VoPI)		Value of Net Sales Index (VaNSI)		Volume of Net Sales Index (VoNSI)	
	Index	Year-on Year growth rate	Index	Year-on Year growth rate	Index	Year-on Year growth rate	Index	Year-on Year growth rate
2011	136.3	-0.9	49.8	-0.9	125.7	-0.4	45.9	-0.4
2012	146.9	7.7	51.7	3.7	142.6	13.4	50	8.8
2013	151.6	3.2	47.9	-7.3	143.1	0.1	45.2	-10.8

Table 20: Year-on-Year Growth Rates for the Publishing and Printing Industry. (Source: NSO)

The table below reveals the VoPI in both production and net sales in more detail. As mentioned, the overall VoPI index in 2013 was 47.9, revealing a year-on-year growth rate of -7.3. Similarly, the year-on-year growth rate of the VoNSI declined at -10.5. It must be seriously noted that the production and net sales volumes reveal a continuously declining trend in the industry. However, the PPI, which measures the average changes in prices received by domestic producers, has a year-on-year growth rate of 11.1 despite the constant 316.6 index throughout 2013 and in the first quarter of 2014. This shows that, although fewer products are created and fewer sales are attained, the prices for these products are continuously rising.

Year/Month	Volume of Production Index (VoPI)		Volume of Net Sales Index (VoNSI)		Producer Price Index (PPI)	
	PUBLISHING AND PRINTING		PUBLISHING AND PRINTING		PUBLISHING AND PRINTING	
	INDEX	Year-on-Year Growth Rates	INDEX	Year-on-Year Growth Rates	INDEX	Year-on-Year Growth Rates
2013	47.9	-7.3	45.3	-10.5	316.6	11.1
Jan 2014	56.5	48.5	45.7	17.1	316.6	0.0
Feb 2014	74.4	91.7	59.8	53.5	316.6	0.0
Mar 2014	94.4	148.1	77.7	115.9	316.6	0.0

Table 21: Volume of Production Index (VoPI), Volume of Net Sales Index (VoNSI) and Producer Price Index (PPI) for Manufacturing Sector: January 2013 - March 2014 (2000=100) (Source: NSO)

Coupled with the negligible increase in the production of books as shown by the NBDB data from the National Library reflecting the industry's very conservative production of titles throughout the years, the lack of players registered with the NBDB, and poor distribution systems that do not provide access to the populace, the need to grow a book-reading public in the Philippines is imperative, the need to revitalize and rejuvenate the industry is necessary, the improvement of distribution systems can no longer be ignored.

As with any developing country, the problems are many and complex, with a need to address both the many gaps in the local scene, while priming the industry to adapt a mindset that both sources and sells to a world market.

The Revealed Comparative Advantage (RCA) of an industry is measured by looking at how much it is exporting relative to its total trade in comparison with the share of the product in global trade. To be a globally competitive industry, that is, a major exporter, the RCA must be greater than 1, which indicates that the product has an advantage in the global market. Otherwise, the product becomes a marginal export and does not contribute to the diversification of its country's exports.

Book publishing is one of the determined mandatory priority products under the government's annual Investment Priority Plans (IPP). However, Usui's report on industrial upgrade and diversification in the Philippines reveals that, from 1997 to 2010, Book Publishing has not exported products with RCA (51). As such, Book Publishing has so far failed to contribute to the diversification of the country's export structure.

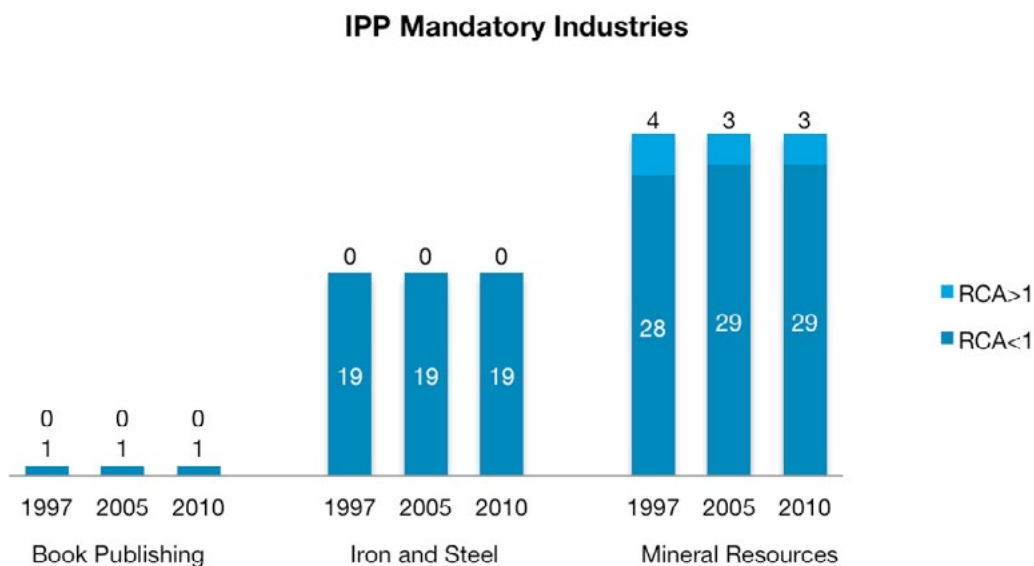


Figure 21: IPP Mandatory Industries. The green bar shows products exported with comparative advantage. The grey bars show products exported without comparative advantage. (Source: Usui 51)

## 5.4 Drivers of Growth

### *Global Competitiveness*

The Global Competitiveness Report prepared by the World Economic Forum provides a look into a country's economic state and business environment in comparison with other countries and aids in determining the barriers and areas of improvement for economic growth. The competitiveness of a country partly determines the success and growth of its industries as these factors not only directly affect such businesses but also either hinder or benefit foreign investment. The table below reveals the Philippines' ranking in 2004, 2009, and 2012-2014 compared with selected ASEAN nations.

Global Competitiveness	2004	2009	2012	2013	2014
Malaysia	29	21	25	24	20
Thailand	32	34	38	37	31
Philippines	66	71	65	59	52
Indonesia	72	54	50	38	34

Table 22: 2014-2015 Global Competitiveness of Selected ASEAN nations for 2004, 2009, and 2012-2014  
(Source: WEF, GCI 2004, 2009, 2012, 2013, 2014)

The table reveals the steady improvement of the Philippines' competitiveness from 2009 with a rank of 71 (out of 133) to 2014 with a rank of 52 (out of 144). However, the Philippines remains significantly behind other developing Southeast Asian nations with similar economic situations. Notably, Indonesia surpassed the Philippines in 2009 as it leaped from a rank of 72 in 2004 to 54 in 2009, whereas the Philippines dropped from 66 in 2004 to 71 in 2009. The 2014-2015 GCI report also shows that the most problematic factors for doing business in the Philippines include corruption, inadequate supply of infrastructure, tax regulations, and inefficient government bureaucracy among many others, all of which are pervasive problems in the country. An inadequately educated workforce is also stated as another factor that hinders the country's economic growth (WEF, *GCI 2014-2015*, 308).

The World Bank's most recent report, *Doing Business 2015: Going Beyond Efficiency*, which compares the business environments of countries, reveals that the Philippines has not improved in ranking from 2013 to 2014 with a rank of 95 out of 189 countries based on distance to frontier (DTF) score, which represents the distance of the economy comparative to the best observed performance of all economies since 2005. In ASEAN, the Philippines ranks 5<sup>th</sup>, considerably lower than top performing economies, Singapore and Malaysia, but above Indonesia, which has consistently been ranked higher than the Philippines in almost all indicators used in this roadmap. The table below shows the comparative scores and rankings among ASEAN.

Economy	DTF Score	Rank out of 189 economies	Rank among ASEAN
Singapore	88.27	1	1
Malaysia	78.83	18	2
Thailand	75.27	26	3
Vietnam	64.42	78	4
Philippines	62.08	95	5
Brunei Darussalam	61.26	101	6
Indonesia	59.15	114	7
Cambodia	55.33	135	8
Lao PDR	51.45	148	9
Myanmar	43.55	177	10

Table 23: DTF Score and Doing Business Ranking for ASEAN. (Source: World Bank, *Doing Business 2015*)

In the *Philippine Manufacturing Roadmap* prepared by Rafaelita Aldaba, the analysis on the cost of doing business in the Philippines reveals that the country, together with Indonesia, is lagging behind its neighboring countries in terms of corruption-related indicators. However, marked improvement can be seen in factors such as time to start a business and time to enforce a contract, both of which ease the process for emerging businesses (34).

Country	Number of start-up procedures			Time to start a business (days)			Cost to register business			Procedures to enforce a contract			Time to enforce a contract			Rigidity of employment index: 0 (less rigid) to 10 (very rigid)	
	04	09	12	04	09	12	04	09	12	04	09	12	04	09	12	04	09
Philippines	15	15	16	60	52	36	25	28	18	37	37	37	862	842	842	29	29
PRChina	13	14	13	48	37	33	16	5	2	35	34	37	406	406	406	28	31
Malaysia	9	9	3	30	11	6	25	12	15	30	30	29	600	585	425	10	10
Hong Kong	5	3	3	11	6	3	3	2	2	24	24	27	211	280	360	0	0
Indonesia	12	9	9	151	60	47	131	26	23	39	39	40	570	570	408	40	40
S Korea	10	8	5	17	14	7	16	15	15	35	35	33	230	230	230	27	38
Singapore	7	3	3	8	3	3	1	1	1	21	21	21	120	150	150	0	0
Thailand	8	7	4	33	32	29	7	6	7	35	35	36	479	479	440	11	11
Vietnam	11	11	10	56	50	34	31	13	9	34	34	34	356	295	400	33	21

Table 24: Cost of Doing Business Indicators. (Source: World Bank, *Doing Business Report 2005, 2010, and 2013*, qtd. in Aldaba 34).

Aldaba compares the requirements for businesses that deal with other countries using trading across borders indicators to determine the ease and expenses required. In the Philippines, she determines that most indicators have improved except in the number of documents needed to import, which saw no change from 2005 to 2012. Among the nations surveyed, the Philippines has one of the highest import costs though lower than that of South Korea and Thailand (34). Thus, the tax- and duty-free incentives given to the book industry through RA 8047 is an exclusivity not all industries enjoy (Sec. 12, RA 8047, *cf.* EO 226).

Country	Documents to export (number)		Time to export (days)		Cost to export (US\$ per container)		Documents to import (number)		Time to import (days)		Cost to import (US\$ per container)	
	2005	2012	2005	2012	2005	2012	2005	2012	2005	2012	2005	2012
Philippines	8	7	17	15	800	585	8	8	18	14	800	660
PRChina	6	8	18	21	390	580	11	5	24	24	430	615
Malaysia	7	5	18	11	432	435	7	6	14	8	385	420
Hong Kong	6	4	13	5	525	575	8	4	17	5	525	565
Indonesia	7	4	25	17	546	644	9	7	30	23	675	660
S Korea	5	3	12	7	780	665	8	3	12	7	1040	695
Singapore	4	4	5	5	416	456	4	4	3	4	367	439
Thailand	9	5	24	14	848	585	12	5	22	13	1042	750
Vietnam	6	6	24	21	669	610	8	8	23	21	881	600

Table 25: Trading Across Borders Indicators.

(Source: World Bank, *Doing Business Report 2005 and 2013*, qtd. in Aldaba 34).

## *Education*

As with many other countries, textbook publishing is more lucrative than publishing any of the other kinds of books. Textbook sales are usually done institutionally, with the government through the DepEd being the biggest single buyer of books from publishers. For the school year 2012-2013, DepEd allotted P2.13 billion for the procurement of 31.1 million textbooks and teacher's manuals. For the school year 2013-2014, the budget for textbooks amounted to P1.699 B; for 2015-2016, the budget for learning materials is at P3.462 B (DBM query). Aside from the national government, the local governments units (LGUs) also allot one percent (1%) of its real estate taxes for its Special Education Fund (SEF) from which many LGUs source their supplementary materials. Supplementary materials are generally those books not prescribed by the national government, or those books or learning materials not coming from the DepEd.

Before the adoption of RA 10533 or the “Enhanced Basic Education Act of 2013, the Philippines officially recognized only two languages: Filipino (Tagalog-based) and English. Thus, most books, especially picture books for children marketed for the 0-7 were bilingual, featuring these two languages. With the implementation of a Mother Tongue Based Multilingual Educational System (MTB-MLE), publishers are now coming out with books that also feature the regional languages for two modules: learning/subject area and medium of instruction. Incidentally, the Philippines has over 170 regional languages and around 500 dialects. However when the program was first implemented, only 12 mother tongue languages were determined for use in MTB-MLE system: Tagalog, Pangasinense, Iloko, Bikol, Cebuano, Hiligaynon, Waray, Tausug, Maguindanaoan, Maranao, and Chabacano. In 2013, seven more were included: Ivatan, Sambal, Aklanon, Kinaray-a, Yakan, and Surigaonon (DepEd). The basis for being classified as a mother tongue in the system stems from the identified major languages in the country, which is its use by at least one million people.

Private schools also provide the bread and butter of textbook publishers. A few of the biggest textbook publishers supplying private schools include Abiva, Phoenix, Anvil, and Rex. It is difficult to give an estimation of how much the textbook industry is worth in the Philippines because of the reluctance of publishers to talk about incomes. This reluctance to give hard data dates back to the time when Pacifico Aprieto, former director of the UP Press, conducted his own study of the academic and scholarly publishing in the Philippines in 1981. “The size of the textbook industry in terms of revenues is hard to determine because of the reluctance of publishers to give out sales figures. Persistent rumors are hardly denied, of ‘grease’ money being used to facilitate approval and payment for big orders, specially during the years before the advent of Martial Law, attesting to the lucrateness of the industry despite occasional complaints of hard times from publishers,” he said (25). Though there are a few who are willing to speak candidly about business processes and best practices, as well as give hard data, there is a general lack of openness among stakeholders to share best practices and key information—a fact not lost on Aprieto more than 30 years ago. There are also persistent rumors of corruption, which the industry and the DepEd are trying to resolve with the creation of a National Book Registry spearheaded by the Book Development Association of the Philippines (BDAP) that will list publishers, their books, and the prices of their books. This reluctance to give information is reflected in the absence of the Philippines in the IPA's report for 2014, with the IPA citing the absence of empirical data from the industry to rely on.

Before the privatization of textbook publishing in the country through the Book Publishing Industry Development Act, or Republic Act 8047, the Department of Education, Culture and Sports (now the Department of Education), through the Instructional Materials Council (IMC), was responsible for the conceptualization, development of textbooks for basic education for the whole country, with

only the printing and distribution of the materials bid out. The development of materials would take around three years: the first year was given to the development of the content, the second year for classroom testing and corrections, while the third year was devoted to printing and distribution. (Pilor) Thus, Philippine textbooks publishers before 1995 when RA 8047 was enacted, were largely printers supplying the needs of the IMC.

Industry stakeholders lobbied Congress to enact a law to privatize the development of textbooks in the industry, effectively removing the publication of textbooks from government. The law kept the participation of the government to a minimum, primarily to the determination of minimum learning competencies within the basic education system. (Sections 10 and 11, RA 8047)

This gave rise to large publishers supplying the national government with textbooks, with large and small publishers supplying regional public schools or local governments with supplementary reading materials. This system of having private publishers supplying the needs of the public school system with books has, as a main problem as identified by DepEd officials, the proliferation of many books full of errors. This is in stark contrast to the situation before privatization, wherein the public school books had very few to zero errors. This situation is attributed mainly to several factors: the government hired institutes of learning to develop the books, such as the National Institute for Science and Mathematics Education (NISMED), the now defunct Language Studies Center, and other proven experts in the particular field of study necessary, and the three-year period allotted to the development of textbooks, which includes a period for classroom testing. Now, publishers usually contract individuals who might be thought of as experts in the various fields of study,

One of the highlights of the law is the allowance of the tax- and duty-free importation of books and/or raw materials for publishing (Sec. 12, RA 8047). During more recent years, as printing and paper technologies have improved in the country, the only importer of paper for more than seven years now has been the Philippine Bible Society who has been regularly importing bible paper for their requirements. This is so only because bible paper, very thin material at around 40 GSM is not manufactured in the Philippines. Recently, Rex Bookstore has also applied for exemptions with the NBDB.

In 2013, the guidelines for the importation of raw materials were relaxed to anticipate the need of book publishers and printers to access better paper, their identified highest cost in the production of books, to be able to give consumers the best price.

### *Demand and Readership*

When the NBDB brought out a readership survey in 2012 to measure the reading habits of Filipinos, it was the third of its kind conducted within a ten-year period. The results were disheartening, showing how reading had declined across all types of reading materials: from 94% in 2003, 92% in 2007 and 88% in 2012. The drop in the reading of books in particular (measured in the surveys as the reading of non-school books) was from 90% in 2003, to 83% in 2007, to 80% in 2012. Moreover, the average number of non-school books read within the last 12 months number a mere 5.6. The graph below shows how the overall readership of different materials in the Philippines have steadily dropped from 2003 to 2012.

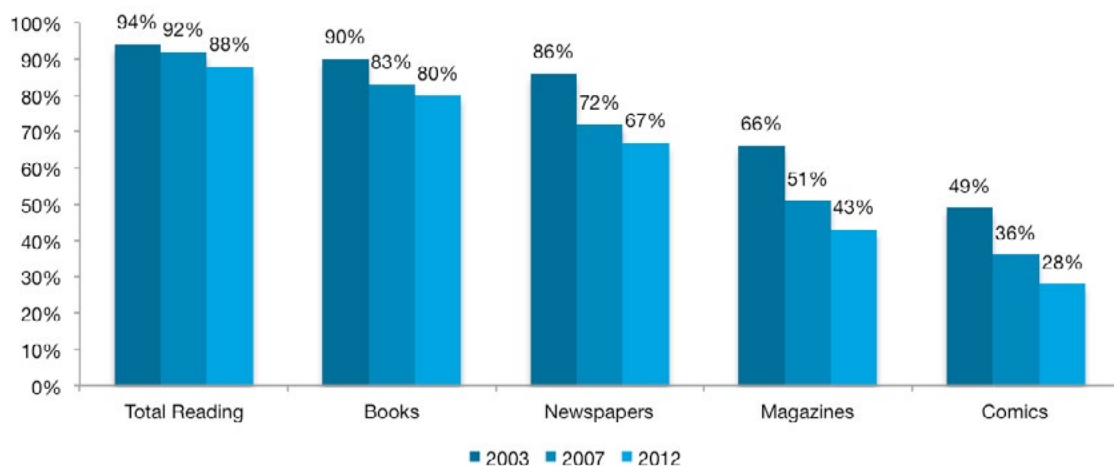


Figure 22: Readership of Different Reading Materials in 2003, 2007, and 2012.  
(Source: NBDB, 2012 Readership Survey)

Despite the decline in total readership in the country, the readership of non-school books (NSBs) in the Philippines for those who do read proves less disappointing as the percentage rose from 76% out of 90% book readers in 2003, to 96% out of 83% books readers in 2007. In 2012, readership of NSBs dropped to 92% out of 80% book readers. The top types of non-school books read remained constant: the Bible accounted for 58%, Romance/Love 25%, and Cookery 21% of all non-school books read in 2012. It should be noted, however, that the percentage reflects only those who read; therefore, such percentages do not reflect an increase in the amount of non-schoolbooks read.

The NBDB surveys also revealed some interesting facts: most Filipinos are comfortable shelling out about two hundred pesos for a book (P200 around USD\$5) compared to those within the higher income bracket who are not so price sensitive as long as the book is a title they want, they are willing to spend more than P1,200 or more for a book. Though the last NBDB survey showed that Filipinos are looking for bargains, with more people inclined to buying books if they are on sale (NBDB). During a publishing panel held at the University of Santo Tomas on January 29, 2014, Emmanuelle Sison, owner of Booksale, the ubiquitous bargain bookstore, validated this statistic, saying Booksale is the second largest book store in the country with 91 branches. According to Sison, Booksale imports around 10-12 container vans a month, each container van has around 45,000 books each, not counting the books he acquires from publishing companies that have folded up, that is between 450,000 to 540,000 used or bargain books entering the country for just one importer alone, all of them written in English.

The NBDB Readership Survey of 2012 also reveals that the drop in the reading of print could not be attributed to the switch to digital. Unlike the previous years, before the last survey in 2012, the reading of eBooks and other materials was not measured. eBooks were mistakenly thought of as responsible for the drop in the reading of print books. Now it is a known fact that, in the Philippines, the drop in the reading of print is not necessarily caused by the switch to reading digital books as illustrated by the results of the survey: only six percent of those who read books (7% out of a base readership of 80%) read eBooks and, as expected, they were readers who belonged to the AB economic strata who have access to various formats of content.



A major hurdle to the access of information and content, including books, is the lack of Internet access. According to the Global Competitiveness Report 2014, the overall technological readiness of the country is ranked at 69 out of 144 economies with a score of 3.78. The table below shows specific categories under the Technological Readiness pillar.

9 <sup>th</sup> Pillar of Competitiveness: Technological Readiness	Grade/Data	Rank (out of 144 economies)
Overall Technological Readiness	3.78	69
Availability of latest technologies	5.1	41
FDI and technology transfer	5.0	31
Individual using Internet, %	37%	91
Fixed broadband Internet subscriptions/100 pop.	2.6	46
Int'l Internet bandwidth, kb/s per user	57.6	46
Mobile broadband subscriptions/100 pop.	20.3	79

Table 26: Technological Readiness of the Philippines (Source: WEF, *GCI 2014-15*)

As of October 2013, the number of mobile phone subscribers in the Philippines number 106,987,098 out of an estimated population of 94,013,200 or 113.8 phones per 100 citizens (UN). One news agency estimated the mobile phone subscribers to hit 117 million by 2016 or a 114% subscription rate. This is ascribed to prepaid subscribers who own multiple SIM cards, though there is continued growth in fixed-line subscribers. Broadband subscribers are expected to reach 10.23 million by 2016.

This rise in the purchase of iPhones and iPads in the Philippines has yet to translate into the reading of books bought online. Though most publishers in the Philippines have digital counterparts of their print books, with some of the children's book publishers venturing into apps and having electronic versions of their books, some of them report sales as low as four units per title a year (Almario). However, for publishers with more titles selling in online bookstores, the numbers are more encouraging. According to the Director of the UP Press Neil Garcia, they have a modest income from their presence in the online bookstore, Flipside, considering there was no cost to the university to distribute online with this partnership. UP Press has about fifty titles selling with Flipside.

Outside of the NBDB Readership Survey, an informal survey done by the NBDB in 2014 (see Appendix 2) provides information on published print and digital book titles, book sales, and publisher revenues and employment from 2011 to 2013. However, the survey garnered only 17 respondents from its 257 registered book publishers. Among these respondents, 7 are textbook publishers, 6 are trade book publishers, and 2 publish other book titles. As such, no final analysis can be conducted at this point. Nevertheless, the survey showed the entry of some publishers into the digital arena.

One of the most notable developments shown is the rapid increase of digital titles from 89 titles in 2012 to 817 titles 2013. This increase is attributed to the entry of Precious Pages onto the digital platform with 710 new digital titles. However, new print titles increased by only a small amount from 1,185 in 2012 to 1,192 in 2013. The volume of books produced increased from 9,758,188 in 2011 to 12,666,710 in 2012. The entry of Precious Pages to the digital platform similarly increased book sales. While total print sales from all publishers only slightly increased from 10,566,173 in 2011 to 11,678,896 in 2012, total digital sales greatly increased from 652 in 2011 to 4,999 in 2012 and 7,110 in



2013. However, sales from print book export remains dismal with a decrease from 641 in 2011 to 522 in 2012 due to export reports from only two publishers: JFC Publishing House, Inc. and Visprint, Inc. The total gross revenues of the 17 publishers who responded out of the 251 publishers registered with the NBDB showed an increase by only 2% from 2011 to 2012 despite the rise in digital sales. The increased digital sales of Precious Pages did not significantly increase their revenue. If these publishers can be considered a sample for the publishing industry, the flat trend reveals a stagnating growth, confirming as well that the onslaught of digital technology is not the reason for the decline in the poor performance of the book industry in their print sales, given that the switch to digital by publishers did not increase their revenue. It seems despite the continued pouring of content online by publishers, readers are slow to respond with online purchases given the many hurdles online transactions present to a populace not yet as versed with internet transactions.

### *Accessibility*

In the Philippines, books find their way to the hands of readers in different ways: through new and used bookstores, schools, direct mail purchase, the library system, and digital. For both the trade and textbook business, distribution remains a weak point. Being an archipelagic country makes distribution a challenge, coupled with weak infrastructures: the lack of roads, low Internet penetration, very low library presence, and a small number of bookstores. A weak postal system is barely resolved by increased courier services that the populace cannot afford.

### **Bookstores**

National Book Store, the biggest bookstore chain in the country, has 150 bookstores all over the country. Pandayan has 29; Precious Pages, 32; Fully Booked, 17 (14 of which are in Manila); Rex Bookstore, 27; Central Bookstore – 6 (3 in Manila); Solidaridad, 1 (Manila); Popular, 1 (Manila); Booksale, 91; Books for Less, 12 branches and 6 affiliates. Uno Morato, 1 (Manila). National Book Store, depending on the profile of the shoppers where the bookstore is located, devotes about 30% of its space to books, the rest of the store space is dedicated to school and office supplies, from which it derives a large bulk of their sales. During the Christmas season, they will also have a significant part of their stores dedicated to Christmas decors, including Christmas trees. The rest of the stores dedicate 100% of their floor space to books. There are many other bookstores in the Philippines that carry both international titles and local titles. The other bookstores are, for the most part, dedicated solely to selling books.

Bookstore	Number
National Bookstore	150
Book Sale	91
Precious Pages	32
Pandayan	29
Rex Bookstore	27
Books for Less	18
Fully Booked	17
Central Bookstore	6
Popular	1
Solidaridad	1
Uno Morato	1
Total	373

Table 27: Approximate Number of Bookstores in the Philippines.

The distribution of the branches of major bookstores in the Philippines remains uneven with majority of the branches congregated within Metro Manila. The map below shows the distribution of major bookstores around the country.

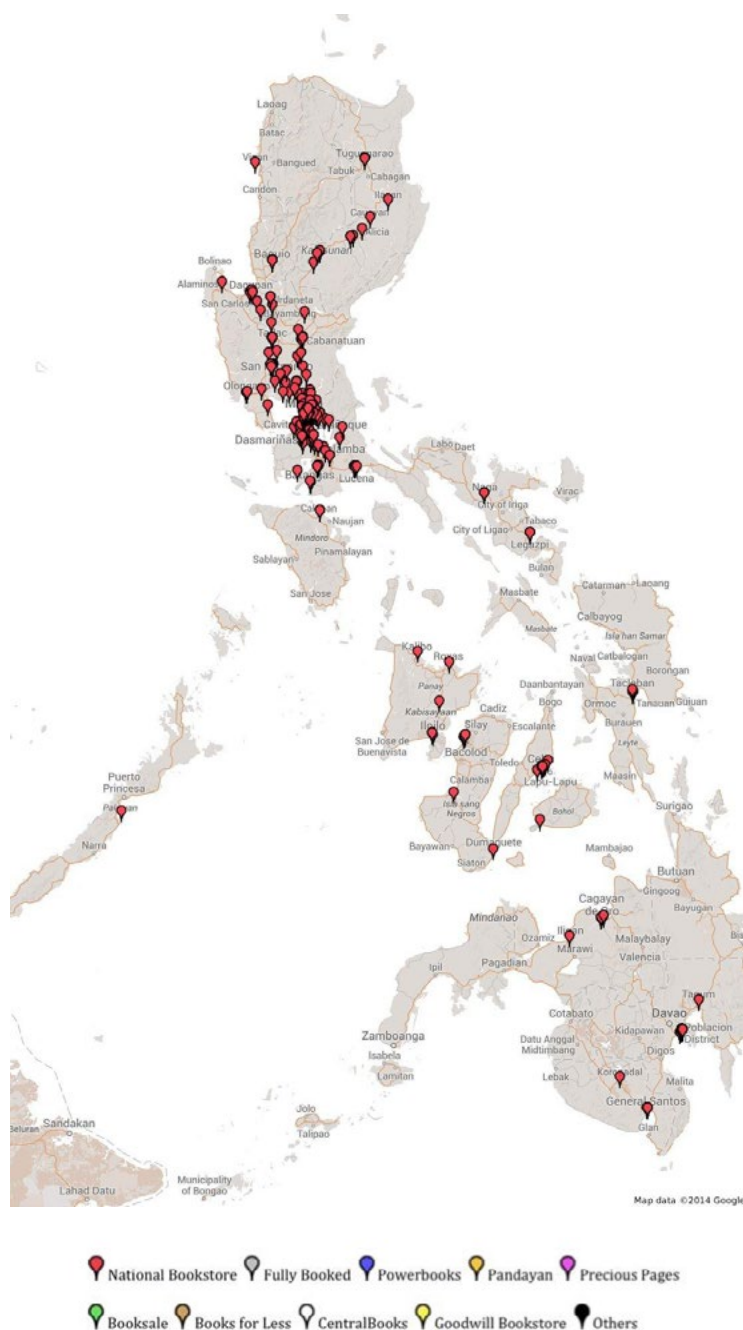


Figure 23: Distribution of Selected Bookstores in the Philippines. (Note: Markers may overlap for bookstores in the same area. Sources for bookstore branches are taken from the websites of the selected bookstores. An interactive version of this map can be accessed at <https://www.google.com/maps/d/viewer?mid=zi4TkXOMWLWU.k2GTk-KYsDPU>.)

National Bookstore and Booksale branches are the most widespread and are located in major shopping mall branches all over the country such as SM, Ayala Malls, Robinsons, and Gaisano. In Luzon, the Pandayan Bookstore chain is well-represented with most located along major highways. Smaller bookstore chains such as Fully Booked, Powerbooks, Goodwill Bookstore, and Books for Less are strategically located in major urban regions such as Metro Manila, Cebu, and Davao.

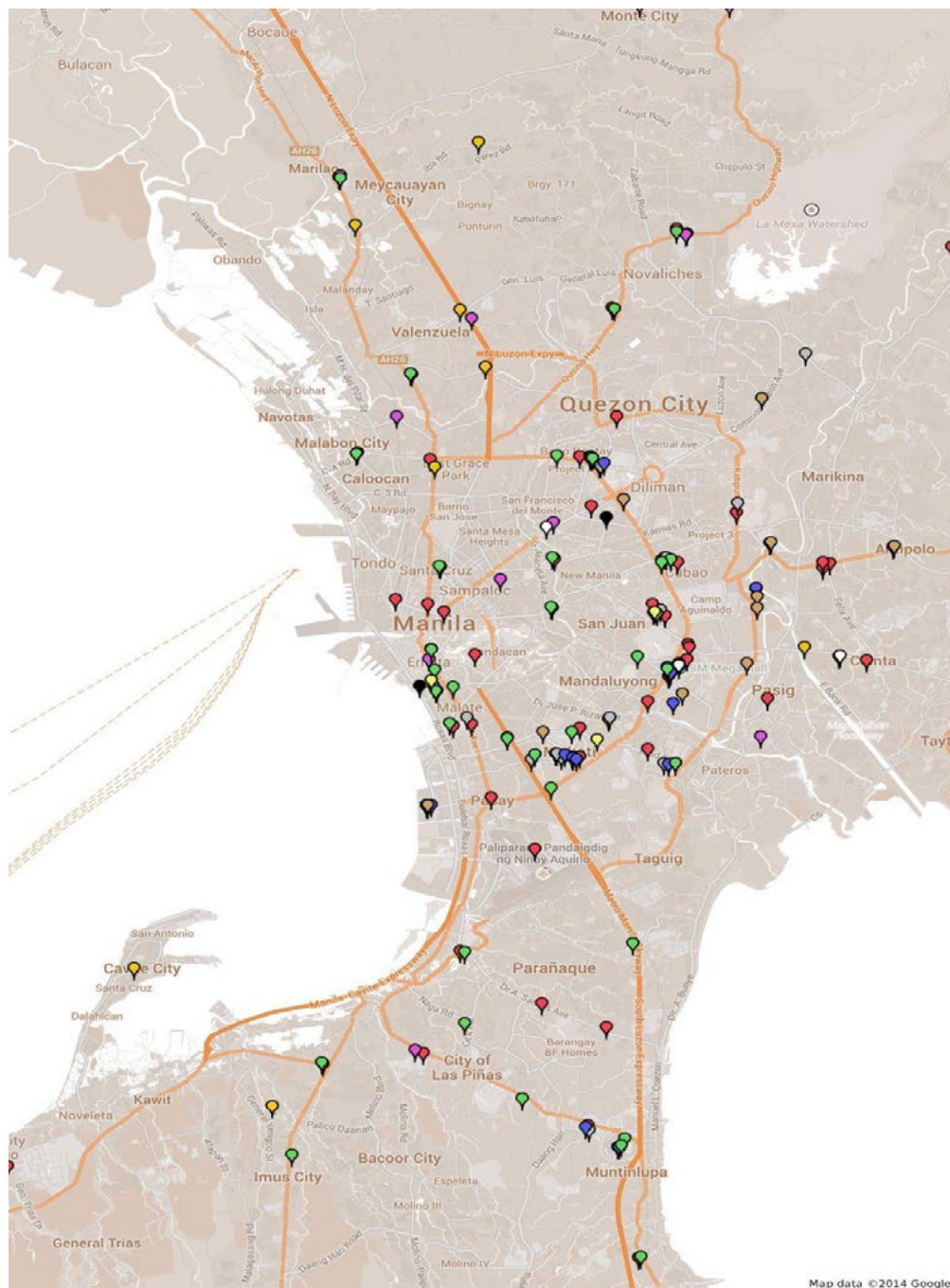


Figure 24: Metro Manila Bookstore Cluster. (Note: Markers may overlap for bookstores in the same area.)

The clustering of bookstores in the National Capital Region ensures that its population of over 11 million has access to books despite the increasing amount of store space dedicated to non-book materials. However, the rest of the population, especially those located in rural areas, do not have the same level of access. This underscores a dire need to strengthen the distribution arm within the business process of the industry.

During the 5<sup>th</sup> Philippine International Literary Festival and Book Industry Summit held in November 2014, Segundo “Jun” Matias, Jr. of Precious Hearts Romances reiterates the importance of developing a reading community, citing this as one of the reasons that the Precious Pages Stores were established. Their stores not only serve as a distribution hub for their books but also as a venue for readers to access their favorite writers, most of whom are active online and directly speak to their readers. Thus, there is a need created for readers to engage with their authors that is answered by the publisher. He also stated that 56% of their sales are based in Manila while the remaining 44% come from provincial areas. The graph below shows the disaggregated distribution of Precious Hearts sales per major account. The search for wider distribution mechanisms, specifically the establishment of more bookstores, helps make available to the populace more books and considerably increases publisher’s sales.

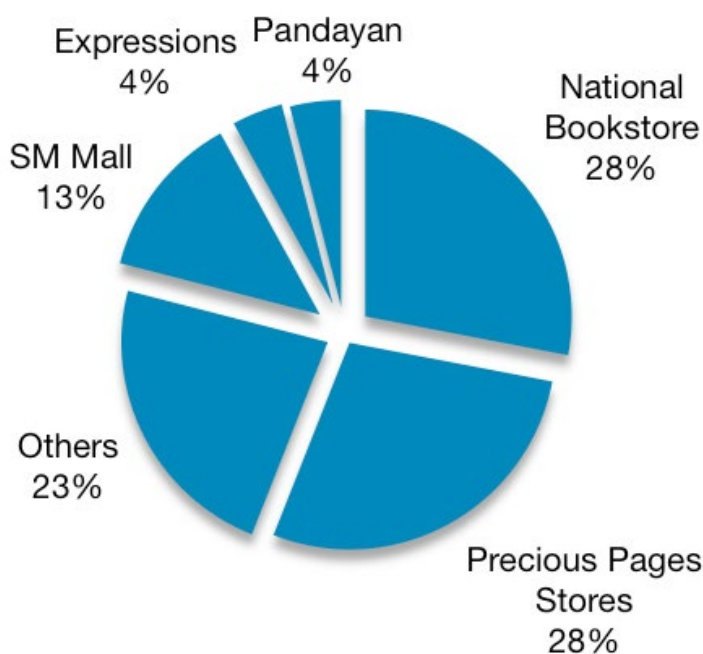


Figure 25: Distribution of Precious Hearts Romances Sales per Major Account (Source: Segundo Matias)

## The Library System

However, the democratization of access relies heavily on a strong library system, giving readers a chance to use a wider variety of texts and providing publishers another venue to sell institutionally. Beyond individual book purchases, libraries are traditionally the greatest buyers of books with a recommended update of titles every five years. The book supply of public libraries is handled by the National Library of the Philippines, which purchases and distributes necessary titles.

There are three kinds of traditional libraries. While the Public Library is open to general public, Academic Libraries are usually only accessible to those within the academic institution or to those granted special permission. Specialty Libraries, which archive texts under specific themes, typically require membership, entrance fees, or special permission before a reader is provided access.

In the Philippines, the number of libraries total 1,506. There are 1117 public libraries, 363 academic libraries, and 26 specialty libraries (PAARL). The table below shows the number of libraries and the disaggregation of public libraries.

Libraries	Number
Public Library System*	1117
Provincial – 51	
Congressional – 4	
City – 100	
Municipal – 535	
Barangay - 427	
Academic Libraries**	363
Specialty Libraries**	26
Total	1506

Table 28: Libraries in the Philippines (Source: \*National Library; \*\*PAARL)

It is interesting to note that, in the NBDB Readership Survey conducted in 2007, majority of respondents claimed to be unaware of the location of the nearest public library. This should come as no surprise, given the huge ratio of libraries to people, which, if the number of libraries is to be divided by the country's population of about 100 million, would be at a staggering 66,401 people to 1 library.







## *Chapter 5. Industry Analysis*

The challenges facing the industry are complex and are closely tied with the problems of a developing country. Though books are commodities, they are also educational and cultural materials that serve more noble functions other than merely consumerist. Thus, it is to the interest of this industry that the country develops, in particular that educational levels of the populace increase, that the purchasing power of Filipinos strengthen and, ultimately, for people to see books as worthwhile purchases, being good alternatives or complements to other forms of entertainment.

If indices would be relied upon, the IPO study of the creative industries showing the growth of the Radio and Television industries in the Philippines juxtaposed with the decline in Press and Literature, and the decline in readership among adult Filipinos as shown by the NBDB Readership Survey of 2012 give the impression that there is a dramatic and continuing loss of interest in reading in print, whether as a source of information or a form of entertainment. The reading of books requires an educated and affluent society. Given the demographic of the Philippines with the income/poverty gap to be so wide as to create a privileged class as revealed by a high GINI index of 43.0, the concentration of wealth within a few also contributes to a lessening of those interested in the purchase of print content among the masses.

This decline in print sales, as shown by all indicators, is not indicative of a switch to a preference of reading in digital formats, given that the NBDB Readership Survey only shows a miniscule 6% of those reading in digital, a number concentrated mainly within the AB economic strata of the adult respondents surveyed. Also, the infrastructure to make access to the Internet more affordable does not exist yet within the whole archipelago, but only within the more economically stable metro centers in the country. Thus, the distribution systems, concentrated mostly within Manila, and smaller key markets, mostly city centers, where the population can afford to buy books, must be widened.

Particularly linked with the development of the book industry and the development of the nation is the creation of access to books among the populace. The education and opening of minds of people are in the chicken-and-egg situation of bringing more books to the rural areas, however more businessmen will be encouraged to open more enterprises in these areas if the local markets can support the enterprise. Most books are distributed through bookstores—and many bookstores open within malls, busy city streets, and affluent communities, which are all sadly lacking in the rural areas. Aside from bookstores, the presence of libraries is direly needed. However there is very little support given to the library system. Alternative ways of bringing books to Filipinos are also necessary apart from the traditional ways of selling them in bookstores. The presence of commercial titles in convenience stores, supermarkets, and other non-traditional bookselling outlets are a welcome development, but more avenues are still needed. There must be a renewed aggressiveness in the ways that publishers and distributors bring books to readers. Companies must take a long hard look at the ways they are doing things and revamp traditional, inefficient business models.

As has been demonstrated in recent years, the distribution of books via online bookstores has not quite taken off in the Philippines unlike in more affluent, book-buying countries, such as the US, UK and Germany. However, this is just a small part of bigger challenges, which though seeing the glass as half full, can also be seen as opportunities to identify needs that enable businesses to flourish.

What follows is an analyses of the strengths and weaknesses of the industry, followed by various recommendations that might be undertaken within the short and long terms.



Strengths may be defined as the available resources, assets, and capabilities of stakeholders that will help propel the growth of the industry. These include tangible and intangible assets that create value. Weaknesses are deficiencies or limitations that impede performance. Opportunities are the positive developments that may also encourage growth or identify prospects. Threats might include unfavorable occurrences that threaten growth. Whereas strengths and weaknesses are internal factors that may stakeholders can control, opportunities and threats are environmental factors.

*TRADE BOOKS* are those books that are not textbooks. When the layperson thinks of the publishing industry, these are the kinds of books generally associated as the publishing industry's products.

SWOT	Philippine Book Industry
Strengths	<ul style="list-style-type: none"> <li>Established organizations that aid in the development of the book industry in the country (i.e., National Book Development Board, Book Development Association of the Philippines, etc.)</li> <li>Visibly involved in International Publishing Organizations</li> <li>No lack of local talent</li> <li>High level of English language proficiency among the purchasing class</li> <li>Large, young consumer base</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>Unable to compile significant industry data for further studies/analyses</li> <li>Supports a protectionist environment that prevents entry of foreign investments</li> <li>Lack of content processors (e.g., editors, book designers, translators) to bring up level of quality</li> <li>Lack of copyright knowledge among the young and new entrants into the industry</li> <li>Slow content creation as evidenced by low ISBN applications</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>ASEAN Economic Integration provides a larger market to publishers by allowing them to sell to other ASEAN members</li> <li>Current available large backlist for translation</li> <li>New income streams created through translations</li> <li>New formats and alternative distribution systems to be explored</li> </ul>
Threats	<ul style="list-style-type: none"> <li>ASEAN Economic Integration increases competition in the Philippine market as more booksellers from ASEAN members enter</li> <li>Lack of incentives to create because of low returns for the creator and publisher</li> <li>Weak library system that rarely purchases</li> <li>Low purchasing power of market</li> <li>Free content available in digital platforms</li> </ul>

Table 29: Trade books SWOT Analysis

*TEXTBOOKS* are the curricular texts as well as supplementary materials bought by the Philippine educational institutions to support the educational system.

SWOT	LITERARY (fiction, nonfiction, poetry)	GENRE (Romance, Crime, Horror, etc.)
Strengths	<p>No lack of talent</p> <p>VAT exempt sales</p> <p>Tax- and duty-free importation</p>	<p>No lack of local talent</p> <p>Plenty of readers and writers as shown through Wattpad and other platforms, as well as the emerging business model of the self-published author bringing his own work to market</p> <p>Bestsellers welcome in and supported by bookstores</p>
Weaknesses	<p>Low print runs resulting in writing not being a viable endeavor for writer and books becoming expensive</p> <p>Lack of content processors (e.g., editors, book designers, translators) to bring up level of quality</p> <p>Little to no marketing and publicity efforts by publishers</p> <p>Lack of consumer awareness of the book</p> <p>Not distributed widely locally and rarely distributed abroad</p> <p>Lack of government and private sector support to encourage their production</p>	<p>Lack of copyright basics among the young who create content online leaving them vulnerable to exploitation by big businesses that turn their content to movies and mobile content subscriptions</p> <p>Slow content creation as evidenced by low ISBN applications</p>
Opportunities	<p>International publishing (rights to be sold abroad for works that are not too locally-based)</p> <p>Earnings through FILCOLS</p> <p>New income streams created through translations</p> <p>New formats and alternative distribution systems to be explored</p> <p>Many festivals worldwide in which writers could participate would open up more if their books are available internationally</p> <p>Large, young consumer base</p>	<p>Tremendous potential for sale and cross media (i.e., movies) due to drawing power of genre</p> <p>Reading encouraged through availability of vernacular writing</p> <p>Current available large backlist for translation</p> <p>Sale of rights internationally</p>
Threats	<p>Lack of incentives to create because of low returns for the creator and publisher</p> <p>Chain bookstores unwilling to stock because of low returns</p> <p>Weak library system that rarely purchases</p> <p>Low purchasing power of market</p>	<p>Free content available in digital platforms (such as Wattpad) cutting sales to consumer base</p>

Table 30: Textbooks SWOT Analysis

## ACADEMIC AND SCHOLARLY TITLES

SWOT	Public schools	Private schools
Strengths	<p>Deep knowledge of consumer and their buying habits. Close personal relationships with customer base</p> <p>Many incentives, such as ITH, available to acquire raw materials for print and pioneering activities such as content development</p> <p>VAT-exempt print books. Tax- and duty-free exempt raw materials used for the publishing</p>	<p>Customer base open to new formats, such as tablets and internet-based learning</p>
Weaknesses	<p>Few offers of diversified product line, with only the public school system as a customer</p> <p>Generic and universal content. Difficulty in the development of uniqueness, except for very specialized topics, such as Mother Tongue Based Learning materials</p> <p>Perceived corrupt practices in the buying and selling of textbooks</p> <p>Lack of administrative capacity to engage in management of book purchases</p> <p>Weak quality control: proliferation of errors, lack of classroom testing</p> <p>Lack of libraries in the communities and within the school system</p>	<p>Higher pricing resulting from investment in research and development of new formats (opportunity to team up with other publishers, locally or internationally)</p> <p>Increase in prices of books and possible lowering of quality due to large discounts and incentives asked by private schools or school personnel</p> <p>Rights for high-quality textbook content more easily available due to AEC integration</p>
Opportunities	<p>Textbook publishers' books offered to other markets due to K-12 curriculum widening the market base (given alignment of educational system with many markets)</p> <p>Direct selling to markets or co-publishing opportunities</p> <p>Room for diversification of title offerings to sell to the school system, especially if the school systems decides to increase libraries within school premises</p> <p>Proposed answer for transparency to create a national registry of books for consolidation of the industry's products and creation of competitive pricing for books</p> <p>Translation opportunities for mother tongue-based books</p> <p>Opportunities for regional publishing</p> <p>Available annual budget allotment General Appropriations Act, as well as funds available from SEF</p>	<p>Publishers expanding to international markets on their own or with co-publishing deals if able to tap specific expertise</p> <p>Existence of branding of specific content to export abroad (e.g. "Singapore Math") for particular subjects, especially traditionally strong subjects (e.g. spoken/ conversational English as a second language (for BPO market and export for example))</p>
Threats	<p>Declaration of a moratorium threatening survival of companies reliant on public school system to purchase their products</p> <p>Lack of school libraries resulting in lack of library habit and reading culture among learners</p> <p>Short period of implementation of the K-12 and mother tongue-based education programs to lead to lower quality content</p>	<p>Proliferation of high-quality free/pirated digital content</p>

Table 31: Academic and Scholarly Titles SWOT Analysis

## VALUE CHAIN (*Published Content/ Creators*)

SWOT	Local Situation	Foreign Trends
Strengths	High quality, usually well-written, and funded by universities	Lack of urgency to make a profit due to sufficient funding Production of important, non-commercial titles
Weaknesses	Lack of content: need for more titles written by locals Need for more grants and access to funds such as the NBDB's Book Development Trust Fund Pressure to publish to attain academic advancement leading to lower-quality content	Not run as a business even if with funding No urgency to sell academic and literary titles in large quantities Very small print runs Lack of expertise in processing editorial content as professionally as international presses Presses run by academics rather than business-people: need for professional business staff to bring important titles published to both local and international markets
Opportunities	Sale through the world's library network with the hiring of the right distributors Consolidation by The Philippine Association of Scholarly and Academic Publishers (PASAP) of their respective markets within their own universities and distribution channels, to prevent dictates by commercial distributors	Network of university presses all over the world as a most natural venue to internationalize Co-publishing partnerships with other university presses to broaden market for local titles
Threats	Proliferation of non-peer reviewed academic journals that publish for payment	Publishing of more lucrative titles that do not pursue higher knowledge (e.g. textbooks) due to pressure to make money

Table 32: Value Chain SWOT Analysis



## Chapter 6. Goal Setting

The main goal of the industry to make real its vision to become a major player in the world stage of publishing is to be competitive. To achieve this, the attack on issues and problems must be proactive and multi-pronged, developing a constant desire to innovate. For both traditional and alternative publishing models/methods, the goals to achieve competitiveness might be enumerated as follows:

Goal 1: Develop a mindset for innovation to keep up with constant change

Goal 2: Improve quality of its products and processes

Goal 3: Fulfill diverse domestic demand for quality books that are reasonably priced.

Goal 4: Instill within its creators and content processors a desire for excellence and productivity

Goal 5: Integrate with the international community: ASEAN and Beyond

Goal 6: Achieve equitable distribution of wealth through the viability of the publishing process at every stage of the value chain, even caring for the well being of its consumers (Filipinos market primarily)

GOAL	OBJECTIVES/OUTCOMES	INDICATORS
Develop a mindset for innovation to keep up with constant change.	Constant research and development to come up with new product offerings.  Access. Find ways to reach diverse markets, locally and internationally.  Use new technologies to diversify and create new content.  Remove silos of information within industry.	An increase number of titles per year can be seen in the increase number of books per million people.  Increase in sales locally through new methods of distribution.  Increase in translated Philippine titles into various Philippine and international languages.  Availability of data within the industry to better paint a picture of the Philippine market for the industry's development.
Improve quality of its products and processes.	Find new, high quality and sustainable raw materials for printed content.  Source content and talent not just locally but from international sources to improve quality.  Provide value to the content by adding the high quality workforce: editors, book designers, marketing and publicity personnel.  Create products that may be branded internationally as unique to the Philippines but have international appeal.	Creation of products that are good enough to export, or the rights of which are bought by international publishers. More Philippine-branded products (example: Singapore Math) to have a comparative advantage. More competitive salaries/royalty-advance mechanisms to match regional/international standards, attracting the best talent locally and from the region and beyond. Increase of creative workforce, such as editors and designers, within the formal sector of the industry. Increase in exports or rights trading of Philippine titles. Increase in diversity of title offerings to the Philippine market. Increase in number of titles produced annually.

GOAL	OBJECTIVES/OUTCOMES	INDICATORS
Instill within its content creators and processors a desire for excellence.	<p>Uplift the standards of the workforce by developing their skills and create specialties that rival internationally available content.</p> <p>Development of environment that encourages exchange and creativity among content creators, publishers, and consumers.</p>	<p>More content created in diverse formats, increase in number of book titles.</p> <p>More convergence of products in transmedia channels.</p> <p>Win more international awards and recognition internationally as content creators.</p> <p>More participation of Filipinos in the international community through festivals, seminars, book fairs, etc.</p>
Fulfill diverse domestic demand for quality books that are reasonably priced.	<p>Create new products that are responsive to the diverse demands of the Philippine market.</p> <p>Expand the availability of books. Remove silos of information and thinking within the industry for people and companies to learn from each other.</p> <p>Exploration of distribution systems within and outside the country.</p>	<p>Availability of more translated titles all over the country, also increasing the books produced per year.</p> <p>Regular workshops and training seminars conducted by private and public organizations, avenues to share best practices.</p> <p>Increase in number of distribution channels, such as bookstores and libraries or other channels.</p>
Integrate with international community: ASEAN and beyond.	<p>Create a Philippine presence in the international book scene.</p> <p>Export/sell rights abroad and able to fulfill demands of international markets.</p>	<p>Regular attendance, exhibit presence in book fairs to exchange rights and share expertise (Frankfurt, London, Beijing/Shanghai book fairs; literary festivals such as Jaipur, AFCC, SWF).</p> <p>More international rights sales.</p> <p>Better perception of the country (better image of the Philippines by the world).</p>
Achieve equitable distribution of wealth through the viability of the publishing process at every stage of the value chain, even caring for the well being of its consumers.	<p>Create an environment of respect for intellectual property by publishers and consumers.</p> <p>Creation of high-quality textbooks.</p> <p>Building a reading culture among the people through reading campaigns.</p> <p>Focusing on the legislative agenda.</p> <p>Encourage the creation of libraries within local governments and schools.</p>	<p>An industry and a populace respectful of copyright: equitable publishing contracts, lessened piracy (increase the viability of FILCOLS).</p> <p>An educated populace, hungry for books and are willing and able to purchase them.</p> <p>The passing of or amendment of relevant laws, such as a Fixed Book Price law.</p> <p>The increase in the number of libraries, and the creation of school libraries.</p> <p>Increase in foot traffic within libraries and the borrowing of books.</p>

Table 33: Goals and Performance Indicators

## 1. Develop a mindset for innovation to keep up with constant change.

Stakeholders must keep abreast with the constant changes happening in the industry and must be ready with the fresh ideas needed to respond quickly to a market that constantly wants good value products, an attitude shown with their content purchases that do not distinguish between local or imported, only in which presents the better product for their money.

### a. Quality improvement

For a protected industry, the improvement of quality is, at times, not a priority when there is a ready market obligated to purchase the industry's products. This is true for both textbooks and trade books. An environment that allows for healthy competition ensures the viability of the best products--and the continued development of discerning consumers. Not improving one's products creates a stagnation of the market: the inability of the market to produce superior products more efficiently, and the inability of the consumer to discern whether the product is superior, giving him only substandard products at exorbitant costs. Thus, the education of the consumer, the reader, must be actively undertaken to create a more discerning citizenry demanding only of the highest quality from the publishers.

The fear that the ASEAN publishers will invade the Philippine market is irrational. Foreign books have long been available to Filipinos. What Philippine publishers have going for them is the strong foothold they have in the Philippine market. They know best what Filipinos want and their habits of consumption. Publishers must strongly capitalize on this knowledge to keep their competitive edge.

However, the fear might be based more on the thinking that the products of other countries are far superior to local books. Whether the fear has basis or not, publishers must work hard against this perception. Case in point might be Marshall and Cavendish's textbooks on Singapore Math. Marshall and Cavendish has obviously capitalized on the Singapore brand, a country that is number 2 in the WEF, second only to the US in competitiveness. There is an observation among publishers that there is nothing new offered in the teaching of Math in the books touted as "Singapore Math," but what the company has done is it branded the learning, capitalizing on the core values of Singapore's forward-looking economy. There is no such publishing company in the Philippines doing the same branding that MC has done with Math books and the learning of Math. This innovation to re-brand Math as a specialization of Singapore that can be bought only from one particular publisher can be similarly done for identified Philippine expertise. The Singapore Math books have penetrated all Jesuit schools, such as Ateneo, Xavier, Immaculate Conception Academy--and continues to be the preferred books in Math by a growing number of private schools, demonstrating the painful fact that the ASEAN integration deadline need not be here for the industry to feel a diminishing local market lost to a foreign player.

Philippine publishers competing in this sphere must develop and innovate in this same manner. They must find ways to produce products that are unique in the very un-unique or generic product offer of textbooks. Textbooks, except for those that might be distinguished only to particular local fields, such as those based in the regional languages, sell universal concepts. Thus, textbook publishers must look for ways to capitalize on the uniqueness of a Philippine brand or distinguishing feature to innovate to gain a competitive edge. Even in fields wherein local expertise can be relied on, the failure of the publisher to develop a good product will lead more and more users, especially institutional buyers, to those sellers that can offer the best value in terms of quality and price--as demonstrated by the influx of the Singapore Math books.

Corollary to this, publishers must keep in mind that though there might be a perceived protection of the industry when it comes to selling to government, government is not precluded from purchasing books from foreign suppliers, especially products such as textbooks, which is subsumed under an activity imbued with public interest, the education of Philippine learners.

Investments in personnel and capacity building among creators and publishing professionals not just locally but in international venues must be undertaken to bring up the standards of quality.



Publishers must invest in their employees to bring them to different venues. Government can also support this endeavor with subsidies or grants for creators and professionals. Industry organizations can also set up a scholarship fund to send people abroad. Many countries also host seminars for international publishing professionals to facilitate the exchange of ideas, learn more about other markets, and broaden their networks while encouraging these professionals to learn more about the publishing industry of the host country.

b. Innovation: The creation of new and more products/content and the exploration of distribution systems within and outside the country

One way to dominate a market is either to be first in a field, or be the best in it. Within the book industry, the pioneers of particular categories and genres: Adarna for Filipino children's picture books; Precious Hearts for Tagalog romance; Anvil for Philippine literary titles; Summit for pulp, young adult fiction; Phoenix for private school textbooks; Rex and Central Books for law books; Vibal for basic education textbooks; Abiva for SRA, etc.

Another way to lead is to innovate in a crowded field. Looking at how things are done, and doing them differently has always bode well for those with the vision and are unafraid to take risks. There is a plethora of examples internationally, but in the local book industry there is Nanay Coring for National Book Store in the selling of school and office supplies, books and textbooks; Jun Matias in the translation of the world's bestsellers into Filipino; Manny Sison in pioneering the selling of used books; Nida Ramirez in the introduction of Bob Ong, and Philippine graphic novels. More new and creative ways of getting content to the consumer must be undertaken.

## **2. Integration within the regional and global publishing community**

a. Internationalization of the industry

Internationalization in the competitive field of books will likely happen, as it has been happening already though not in the scale as it has in other countries. In Singapore, where large and small players exist comfortably side by side--and have helped build Singapore's local book industry. An example would be Pearson, which has been in Singapore since 1960s and McGraw Hill has been around almost as long. John Wiley and Sons, with its Asia Pacific office headquartered in Singapore, employs 450 publishing professionals. Their presence helps boost the publishing profile of Singapore, as well as develops the expertise of people in the industry. Singapore is an open market for books, without territorial restrictions (SBPA Country Report 2013 34).

Unlike the Philippines, which protects its domestic market especially in the sphere of textbooks, there is no such protection offered in Singapore. The Singapore domestic textbook market, which is dominated by Pearson and Marshall and Cavendish (MC operates in five countries, Singapore, Thailand, HK, Malaysia, US), have, between them, cornered 80%-90% of the textbook market. This can be seen as something positive, if it means Singaporeans are exposed to the best product the market has to offer at competitive prices, or a threat if the industry is not ready to compete in such a level.

Having identified these international businesses as market leaders, local players can exchange rights with these publishers or enter into agreements to service large contracts, while they are still in the process of developing their own expertise in certain fields. But as already seen with the influx of Singapore Math into the country, there is no hindrance to the purchase of international publishers' products by private schools. Though RA 8047 mandates that the DepEd procures its books locally,

these books are certainly open to the public sector as well under certain conditions (RA 9184, Sec. 43).

Atty. Dominador Buhain, a longtime representative of the Philippine Educational Publishers Association (PEPA) to international organizations whose company, Rex Bookstore, Inc. has been representing the country in various international book fairs, identifies the camaraderie created between organizations at these international gatherings to foster the proliferation of business opportunities, especially within the spheres of co-publishing deals, or in the exchange of translation rights within markets. However, he emphasizes the crucial role of government in supporting these exchanges by helping industry players reach the international market through book fair support, or making grants available so the industry establishes a regular international presence sorely lacking at the moment.

#### b. Improve Perception of Country

In the international publishing arena, there still is a negative perception of the country in terms of copyright compliance. The shadow of Presidential Decree No. 49 (1972) that used to allow, under certain conditions, the photocopying or reproduction, translation of copyrighted works, though this perception is slowly disappearing. The Philippine reputation of being an impoverished nation with a workforce not usually found in the publishing companies around the world but ubiquitous in blue collar positions does not inspire the confidence needed to propel the reading of content from the country, especially in insular markets such as the US. Thus, there is also a need for publishers to send local content to libraries abroad and, with the writer, identify competitions abroad that might bring Philippine work to the limelight.

There is also very little confidence demonstrated in the dynamism of the publishing industry of the Philippines, perhaps this is due to the lack of presence and impact of Philippine publishing in international fairs. More publishers and publishing professionals should go to international book fairs. There is little to no selling of Philippine publications happening abroad, as the effort on the part of trade publishers to sell Philippine titles abroad was negligible. As a matter of fact, in the recent IPA study, the Philippines, a country of over 100 million in population, was not mentioned among the 40 countries whose publishing industries were studied.

Among the largest markets—with populations of more than 100 million inhabitants—which we tried to document for this report, a few are missing, notably Nigeria, Bangladesh and the Philippines. Here, our efforts to find market data have thus far been in vain. At a later stage, however, we will develop a scheme for reasonable estimates to frame the size of such markets. For the moment though, we choose to list only those countries where empirical evidence could be found. (IPA, *Annual Report*, 13)

### **3. Develop a highly skilled, creative workforce within industry players and organizations dealing with the book industry**

In their study of the Philippine printing and publishing industry, Tullao and Habaradas identified “the lack of formal training of managerial and technical personnel and inadequate investment in new technology” (14), which is a determinant of the sector’s products as a one factor that hinders growth. There are many publishers and printers who have invested heavily in the upgrading of their equipment, however there is also a need to develop skills in the various areas in the publishing value chain, namely in the areas of content development and processing, and design. The development

of the creative sector, especially within the publishing industry, needs the infusion of new ideas and constant skills training not always found locally. Aside from formal schooling, stakeholders must involve themselves with the global community, especially since the expertise and the new thinking in the industry cannot be found in the Philippines. Aside from the attendance of festivals and publishing fora, workshops and various publishing “classes” that might be conducted by associations abroad, government and industry support in the training of publishing professionals may be undertaken to raise the level of the processing of content. Inviting over foreign publishing professionals as mentors might also be a way to bridge the gap between the expertise that exist abroad and locally.

When international players exist within the local context, there is a transfer of technology and infusion of creativity from within which is not happening in the Philippines at the moment. The international environment is propelling Singapore’s competitiveness in the industry and the heavy investment of government in bringing authors and publishing professionals from abroad into the country for events like the Singapore Writers Festival and the Asian Festival of Children’s Content are also uplifting standards in the country. The many publishing offices headquartered there also help upgrade their products, making the country a publishing hub in the region, a goal the Philippines once aimed to become.

#### **4. Equitable distribution of wealth among its ranks, including the consumer base**

a. Improve copyright knowledge and management, as reflected in the professionalization of contractual dealings among industry players.

There still are onerous contracts between publishers and content creators characterized by co-ownership provisions between the author and the publisher, a non-articulation of subsidiary rights and how these subsidiary rights are to be compensated for, no stated period within which the copyright of the author is to be exploited, which for most contracts is seemingly in perpetuity, no reversion rights when there has been a unilateral determination by the publisher that the book title is no longer commercially viable, no period in which the copyright of the author is within the proprietorship of the publisher, no author advances, et cetera. The publisher takes all rights, including world rights, when they have no capacity or intention to take the title to the world.

These provisions or lack of specificity are throwbacks to the time when there were no contracts at all governing the relationship of the author and the publisher. There are many instances when the author, relying on his friendship with the publisher, blindly signs the contract without thought to possible consequences, or there is a misplaced trust that is abused by the publisher.

b. Educate readers/consumers and general improvement of living standards to bring up reading levels

The affluence of the population determines the vibrancy of the book industry within a market. This observation of the IPA is supported by country reports that reflect the various economic standings of the countries shown in its report. Aside from the conduct of book reading campaigns to show the importance of book reading, the development of the market by both the private and public sectors is crucial to bring books to consumers, especially in a country where there are very little libraries and bookstores to help in the distribution of books among the populace.

<b>Vision</b> <b>The Philippines, a country of enormous creative potential and a viable market for books, must become a major participant in the global book industry.</b>					
<b>Mission</b> <b>To be part of the global book publishing industry, industry players must develop their competitiveness, integrate themselves within the regional and global publishing communities and aim for an equitable distribution of wealth among their ranks.</b>					
Improve Competitiveness			Integrate within the Regional and Global Community		Equitable Growth within its Ranks
Mindset for Innovation	Quality of Products and Processes	Desire for Excellence and Productivity	Diverse Domestic Demand	Integration with International Community	Viability of the Publishing Process at Every Stage of the Value Chain
Constant Research and Development	New, High Quality, and Sustainable Raw Materials	Further Skills Development	New Products Responsive to the Diversity of the Philippine Market	Create a Philippine Presence in the International Book Scene	Environment of Respect for Intellectual Property Rights
Improve Access to Diverse Markets	Source both Local and International Content and Talent	Creation of Specialities	Expand Availability of Books—Remove Silos within the Industry	Export/Sell Rights Abroad to Fulfill Demands of the International Market	Creation of High-quality Textbooks
New Technologies to Diversify and Create New Content	Develop High Quality Workforce		Exploration of Distribution Systems Within and Outside the Country		Building a Reading Culture
Remove Silo Mentality	Creation of Products to be Branded as Unique to the Philippines				Create Legislative Infrastructure that feeds development

Figure 26: Road Map for the Philippine Publishing Industry

Following this roadmap, a 15-year plan is proposed in order to achieve local, regional, and global competitiveness. This plan includes benchmarks through which the industry can determine its progress against neighboring countries.



Figure 27: 15-Year Plan for the Philippine Publishing Industry

## Benchmarks and Measures

Appropriate growth rates for the new titles published in the Philippines for different time periods (yearly, 5 years, 10 years, and 20 years) and different levels of growth disposition (conservative, moderate, and aggressive) are determined. By finding these growth rates and assuming that the opportunities surrounding the country in the next few years would positively affect the industry, these rates are used to project the possible levels of VA and exports of the industry (see Appendix 3 for guide).

Below are benchmark targets for the New Titles Published Per Million People of the Philippines on a 5-year basis (2020, 2025, 2030) for different levels of growth disposition:

### Conservative Disposition

	Target Level of New Titles Published	Yearly Growth Rate Required
2015	8237	7.07%
2020	10061	5.56%
2025	14427	6.20%
2030	20498	6.47%

Table 34: Conservative Disposition for New Titles Published

From 2010 to 2030, the New Titles Published must grow at a yearly rate of 6.47% to reach its conservative targets.

### Moderate Disposition

	Target Level of New Titles Published	Yearly Growth Rate Required
2015	8679	8.19%
2020	13414	8.64%
2025	19236	8.25%
2030	28184	8.17%

Table 35: Moderate Disposition for New Titles Published

From 2010 to 2030, the New Titles Published must grow at a yearly rate of 8.17% to reach its moderate targets.

## Aggressive Disposition

	Target Level of New Titles Published	Yearly Growth Rate Required
2015	10306	11.97%
2020	23475	14.90%
2025	36067	12.89%
2030	57650	<b>12.11%</b>

Table 36: Aggressive Disposition for New Titles Published

From 2010 to 2030, the New Titles Published must grow at a yearly rate of 12.11% to reach its aggressive targets.

	2010	2015	2020	2025	2030
Conservative	5855	8237	10061	14427	20498
Moderate	5855	8679	13414	19236	28184
Aggressive	5855	10306	23475	36067	57650

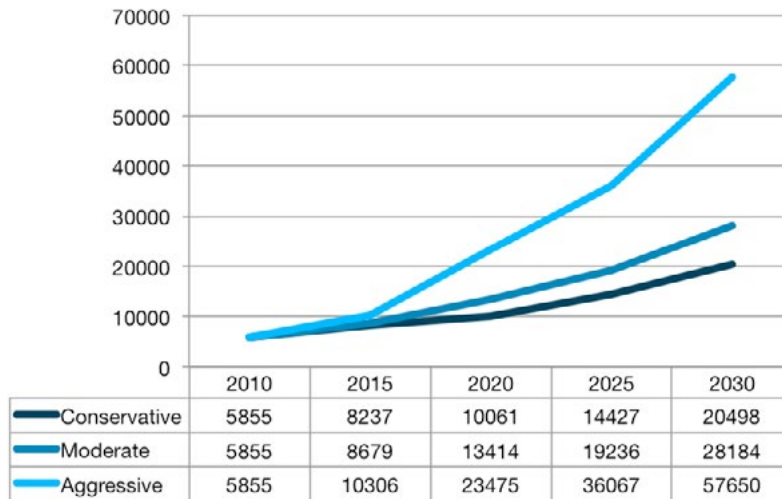


Figure 28: Summary of New Titles Published Projections

## Value Added and Exports

Following the growth rates determined for the new titles published per million, the value added and export revenue of the industry can be projected:

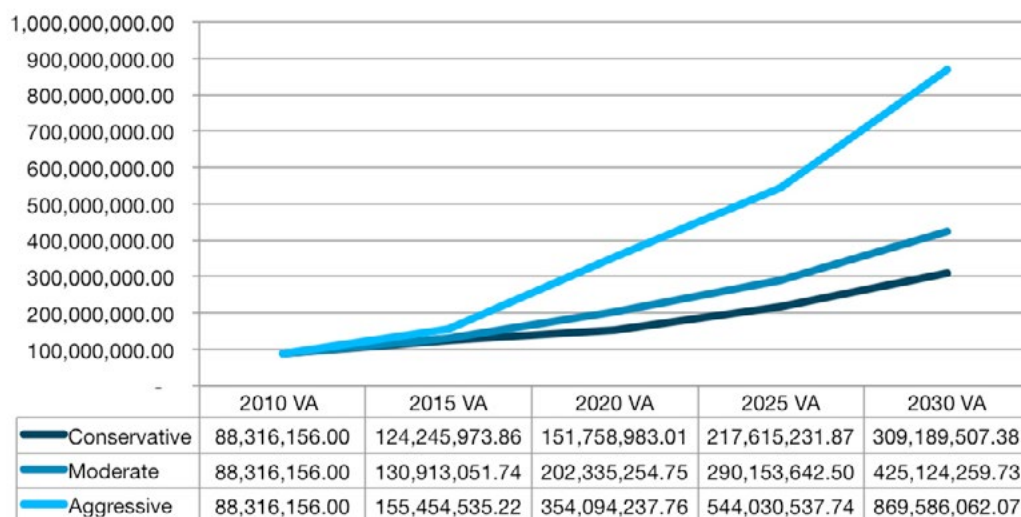


Figure 29: Summary of Value Added Projections

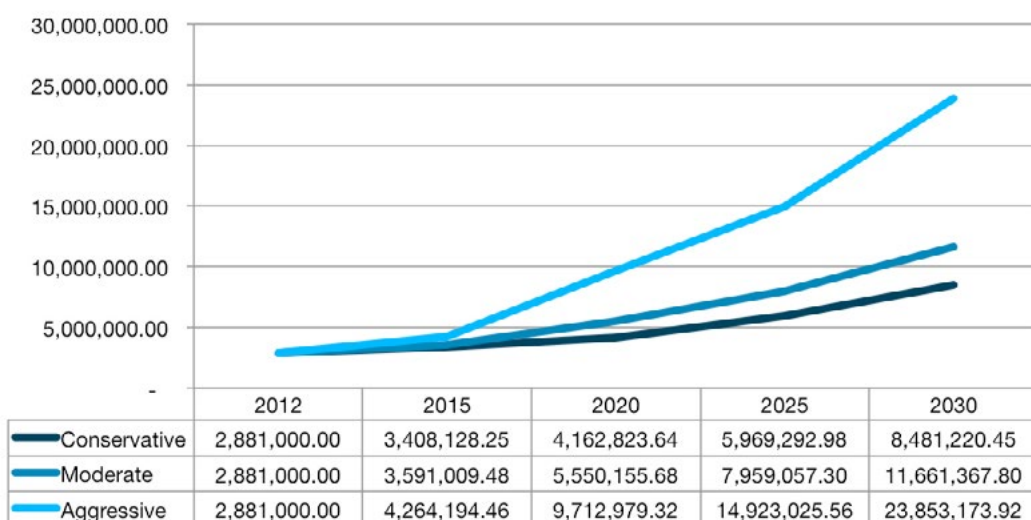


Figure 30: Summary of Export Revenue Projections

## Libraries

In order to determine the number of public libraries of ASEAN countries relative to its population, we use a variation of the same equation used to obtain New Titles Published Per Million People: Public Libraries Per 100,000 People. Below is a summary of these numbers among ASEAN countries:

	Number of Public Libraries	Population	Public Libraries Per 100,000	Rank	Year
Philippines	1224	91,890,000	1.33	6	2009

Singapore	23	5,076,700	0.45	8	2010
Vietnam	6691	86,025,000	7.78	2	2006
Thailand	2116	66,277,335	3.19	4	2009
Indonesia	1062	237,486,894	0.45	9	2009
Lao PDR	41	6,769,727	0.61	7	2013
Cambodia	1100	13,747,288	8.00	1	2007
Myanmar	1	53,259,018	0.00	10	2013
Malaysia	1392	27,790,324	5.01	3	2009
Brunei Darussalam	9	394,400	2.28	5	2009

Table 37: Number of Public Libraries per 100,000 inhabitants for ASEAN. (Source: Online Computer Library Center)

The Philippines's level of 1.33 Public Libraries per 100,000 people ranks us 6<sup>th</sup> among ASEAN countries. Given that access to public libraries is an essential factor in improving the literacy level of the country, the declining rate of readership in the country implies that there is a need to increase the number of public libraries in the country. Moreover, this increase would ensure institutional sales of books.

Since Indonesia is ranked lower than the Philippines, Thailand's 3.19 libraries per 100,000 is set as the target level. The table below shows the number of public libraries the country needs to build and the yearly growth rate required to reach that level (CAGR) for years 2020, 2025, and 2030.

	2009	2020	2025	2030
Public Libraries	1224	3566	3835	4087
Public Libraries Per 100,000	1.33	3.19	3.19	3.19
Population	91,890,000	111,784,600	120,224,500	128,110,000
CAGR	-	10.21%	7.40%	5.91%

Table 38: Goals for Libraries in the Philippines.



## *Chapter 8. Conclusions and Recommendations*

The road map has outlined the many issues industry has to address, a good number of which are tied with the ongoing development process. However, there are a few recommendations that industry might want to look into to move forward. The main difficulty encountered in putting together this study was the lack of available industry data. Stakeholders are not open in giving out basic information that could've given a clearer picture of the industry, other than the uncategorized number of titles registered with the National Library data such as the number of titles produced, print runs, number of employees, sales and other data that could accurately give a picture of the state of the industry are simply not available. Both the BDAP President Lirio Sandoval and the NBDB tried to fix this gap in information by sending out correspondences and survey forms to their members and registered stakeholders to no avail. Of the 257 registered stakeholders of the NBDB, 17 registrants returned their forms with information. Of the SWOT analysis chart given out by the researchers, only the Chair of the NBDB Neni Sta. Romana-Cruz returned the SWOT form. The lack of empirical data for the Philippine market has been pointed out not just by previous studies but by the IPA itself in its latest report that does not include the Philippines. Thus, the foremost recommendation to be able to move ahead is the creation of a database for basic information, updated yearly, that would accurately paint the picture of the industry.

Thus, beginning, as it were, with the numbers available from government sources, as shown by its export deficit and abrupt decline in contribution to the GDP, the Philippine book industry should begin targeting a growth that at least equals the rise of the country's GDP, currently estimated at 7.2%, reflecting a growing middle class and a higher consumer demand for products (US State Department). The growth, primarily brought on by the strong BPO industry, is certainly encouraging.

The large number of imports overwhelming local book production should also be examined. There are, currently, a tax- and duty-free and VAT-free incentive governing the importation and sale of books. Industry should study this matter closely and determine whether a more level playing field for locals should be created given the wide disparity between imports and exports.

### **Legislation**

#### *Fixed Book Price*

Aside from fiscal incentives that are made available to stakeholders, the examination of legislation that will help protect the creation, sale, and distribution of books in the face of the onslaught of stronger forces, such as Amazon, might be examined. Closely looking at international models that implement the Fixed Book Price law to prevent undercutting and unscrupulous incentive-giving that reportedly surrounds the industry—practices that distort the market—could also be examined. This might be closely looked into by the DepEd as well in its desire to cap unmerited incentives given to scrupulous agents that distort book prices and quality. The FBP law is implemented in many European countries, such as France, Germany, and the UK.

#### *RA 8047*

An examination of current legislation that affect books can be looked into for the long term, with a view for the inclusion of grants and incentives that encourage production and promotion of publication of Philippine titles abroad. RA 8047, the NBDB charter, is certainly up for amendment, starting with the definition of a book, which is no longer responsive to the times, and the identification of incentives that go with how a book and an author might be defined today.

Alternative forms of distribution and the encouragement of SMEs within the industry in the form of independent publishers, bookstores—which are key distributors in the West and encouraged by the publishers themselves—should be encouraged with incentives as well. The change in the educational system might also determine the ripeness for the law’s amendment to look for ways that the DepEd and the book industry are able to work together, including the policing of textbooks used in the public school system.

More importantly, given the broadly worded provisions of the NBDB and the lack of a specific mandate drawn for it after it fulfilled the main purpose of its creation—the privatization of textbook publishing in the DepEd—it seems there is always a constant quest to determine the relevance of the NBDB given the changing needs of the industry. A TWG is recommended to determine how might a government body dedicated to book publishing might answer particular needs of the industry that, over time, might also push the industry into producing good quality, accessible, and affordable Philippine books.

#### *DOJ Opinion that Defines Book Publishing as Mass Media Prevents the influx of FDI*

There is a lack of influx of foreign investment in the book industry primarily because of the closed, protectionist environment created by laws and regulations that protect existing large companies and the status quo that does not help the wealth-income gap. The lack of capital investment in the industry is also responsible for the slow expansion of distribution mechanisms, the slow production of titles, and the slow professionalism of the industry and the low value added to the economy of those employed within the industry. Policies that open the industry to integration should be encouraged to heighten the competitiveness of industry players.

#### *The 1987 Constitution*

The impossibility of amending the Charter is almost certain. However, there are several provisions in the Constitution that make the Philippine market unattractive to direct foreign investments. The most glaring for the book industry is the 100% ownership requirement for companies engaged in mass media, which, depending on how one looks at it, might have a positive or negative effect on industry. Books, given the DOJ opinion mentioned, is classified under mass media, putting this under the purview of the ownership prohibition. But the DOJ opinion is certainly just an opinion, which may be overcome given a persuasive submission if the industry is so inclined to do so.

#### *Section 109, NIRC*

Section 109 (n) and (y) of the National Internal Revenue Code detail the exemptions from the value added tax related to book publishing, they are as follows:

- (n) Sale by the artist himself of his works of art, literary works, musical compositions and similar creations, or his services performed for the production of such works;
- (y) Sale, importation, printing or publication of **books** and any newspaper, magazine review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of paid advertisements....  
(Underscoring provided.)

The Bureau of Internal Revenue has confined the meaning of books to the definition in Section 3 of RA 8047, which is, “*Book. As defined by the United Nations Educational Scientific and Cultural Organization (UNESCO), a printed non-periodical publication of at least 48 pages, exclusive of cover pages, published in the country and made available to the public.*” This definition removes from the purview of incentives those

books that are not encompassed by this definition, such as non-print format books, books in the print format that are less than 48 pages.

### **Create wider distribution channels**

Given the concentration of bookstores within Metro Manila and the dismal lack of libraries even within the public school system, the lack of access of the vast majority of Filipinos to books, especially to learners, is painfully palpable. There is a lack of reading and library culture within the vast majority of Filipinos, especially in the rural areas. This lack of libraries must be squarely addressed by the school system and the improvement of the school environment by making books available to both teachers and learners.

A significant boost in the industry's production will be seen almost immediately with policies that favor the creation of libraries within schools and local communities. This creates a synergetic relationship within the value chain as this significantly widens the market base, matures the market, and encourages creation.

*The encouragement of small, related businesses, such as independent and niche bookstores and online outfits.*

There is also a need to identify alternative distribution channels that reach an archipelagic country. The models of the West, wherein bookstores and libraries are the main source of books might not be wholly applicable to the Philippines. Industry must find a way to reach the remotest corners of the country bearing in mind the tremendous hurdles and expense that go with a territory that lacks farm-market roads and digital connectivity.

Aside from local distribution, international, particularly regional distribution channels must also be identified. Closer ties may be built with other market players if publishers go to international trade fairs, whether in Frankfurt or the regional fairs.

Though the infrastructure for the delivery of digital products is still weak and distribution within an archipelago entails tremendous expense, digital distribution is clearly a viable alternative for an archipelagic country that has yet to benefit from a wide system of farm to market roads. Thus, policies that encourage digital access in the regions and its affordability should be supported.

As shown by the WIPO study, libraries contribute zero income to the creative industry of Press and Literature, which is most surprising as it is one of the more viable mechanisms for distribution and access to consumers in other markets. The building of libraries within schools and community libraries within the local government systems should be pushed. As shown by data, the vast majority of Filipinos have no access to books, neither through bookstores nor libraries. This is a pressing need that should be addressed.

The identification of a means to distribute abroad should also be facilitated. Distribution as well as the trade in rights within markets open to Philippine titles should also be identified. Aside from a more aggressive stance among stakeholders in the penetration of these markets, public and private grant systems that encourage the publication, translation, selling, and distribution of Philippine titles can also be set up to bring Philippine titles abroad—including the provision of publishing grants to publishers abroad who are willing to publish Philippine content, as is done in many countries.

### **Increasing source of content, encouragement of creators and translators**

The increase of content creators and processors for book content should be encouraged. The number of writers vis-à-vis the number of Filipinos and, as a result, the poor showing in terms of production, show the lack of appreciation for the profession of the content creator with regard to

the book industry. The pool of creators is not widened when they have to wait for months, even years for royalty payments to trickle in for example. This reflects the perception of the public of the book industry and the lack of demand for its products, a perception that should change in order to attract more talent into the industry. Helping content creators earn from their craft should be made a priority with the professionalization of the industry through fair contract relations that help increase compensation for creators, the search for ways to widen distribution, and the improvement of the products as well as professionalization of the industry as a whole.

The lack of production also signifies the reluctance of the industry to source content internationally, reflecting an insular perception identifying for itself solely the local market as its consumers and local creators only as its source of content. This requires a change of mindset that is more internationally inclusive to identify content from abroad that can both be sold here and local content that can likewise be sold elsewhere. Aside from a mindset change, changes in corporate organizational structures to reflect both an inward and outward outlook should be adopted. This can be achieved through participation in international fairs, joining international industry organizations, invitation of international speakers and publishing professionals in local fora and, to keep up with international creative trends, sending of more creators in international festivals. The identification of international award-giving bodies for Filipinos to join—and succeed in—can also help boost the image of Filipinos abroad and the valuation of the Filipino writer and Filipino books. The publication of more Filipinos by international publishers can also help boost the image of the quality of content available in the country.

A diversity of titles must be produced to meet the diversity of cultures and a vast and divided population such as the Philippines. Translation is key, given the mother-tongue based learning policy of government, this should lead to the production of more local titles within the Philippine regions. Also, the encouragement of more publishers or more individuals to go into publishing, including independent publishers, schools and universities throughout the country must be done. This might be achieved by taking more festivals or sponsoring more participants from the provinces to come to Manila to give their market scenarios and suggest ways by which to reach their markets. The identification of key persons, such as writers, publishing professionals, opinion leaders and like-minded people to participate in various activities within Manila and other international fora.

Create and strengthen writers and editors groups to help them create mechanisms that work for creators' welfare to encourage more talent to have careers in the industry. Help create value in their products with fair compensation through equitable contracts and awareness of and respect for copyright.

### Concern for consumer/reader well-being

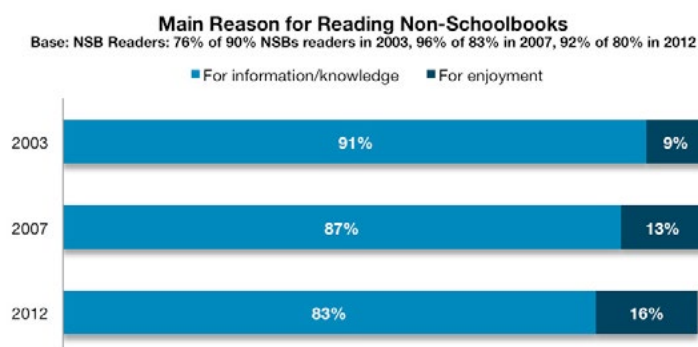


Figure 31: Main Reason for Reading Non-Schoolbooks. (Source: NBDB, 2012 Readership Survey)

Finally, though perhaps not a last among many recommendations that could be imagined by many concerned people and organizations that comprise the book industry that the researchers can only hope to be fulfilled, the industry can only benefit from reading campaigns that encourage Filipinos to read for enjoyment. Highlighting the importance of reading, *the reading of books in particular*, should be heavily supported by both the private and public sectors. The dismal numbers shown by the NBDB Readership Survey of 2012, posting only slight and miniscule increases in reading for leisure, 9% in 2003, 13% in 2007, and 16% in 2012, shows how low in the list of leisurely activities the act of reading has become in the minds of Filipino adults. The lack of valuation for the act of reading among the vast majority of the populace also reflects the low demand for books in the regions, the slow growth of distribution channels there even in key metro centers where the availability of books is to be expected but not realized show the sore lack of demand for books.

Certainly, this demand can also be addressed by providing the reading public with the leisurely reading content they are looking for and challenging publishers to publish more books for leisure so that it is created in the minds of consumers that reading for pleasure—and not just to gain knowledge or information—is a worthwhile endeavor. Creative and impactful campaigns like the *Tulaan sa Tren* targeting a vast majority might be done by the industry with the help of government to also help the industry develop into more than just a primarily a textbook-oriented industry.

### Mindset change

Of the more obvious things to be done, and most difficult, is to change mindsets. Publishers must see themselves as part of the global publishing scene. Certainly, the problems outlined in this study are near horrific, but they are certainly not impossible to solve. Change has already begun with the improvement of the educational system, a growth driver for the industry. With the increase in educational levels and the identification of the industry's most pressing problems, the growth of this important industry can only be expected. The change desired by stakeholders in the industry lies in a more inclusive and open outlook.

Filipinos for Filipinos. This phrase, actually articulated, demonstrates an insular attitude that exists among publishers who might be of the mindset that Filipino authors must write primarily for Filipino publishers. Of course this is not new in the world of publishing. Certainly there is a pro-Western mindset in this industry that must be changed, which is why the call for diversity in the publishing world is gaining ground in the West. Many local publishers do not see themselves as players within the region, let alone the world's publishing stage. It is a slow process that includes the encouragement of markets such as the Philippines to step into the world stage and be counted.

Locally, this kind of thinking shows how Filipinos do not identify themselves as part of the ASEAN community; they see themselves as Filipinos exclusively and not Asians too. Thus, there is a need to identify as being part of the region, with industry stakeholders thinking of themselves as part of the ASEAN community and actively find opportunities for exchange and trade with related stakeholders within the region. Many see AEC 2015 as a threat rather than an opportunity. They fear the onslaught of foreign publishers who might besiege the local market or lure Filipino creators to publish with them, given the more lucrative deals that can be offered by a publisher with larger distribution mechanisms. This is false. Many of the regional players who have a more international outlook are smaller players than the local industry players.

Unlike ASEAN counterparts, very few travel to book fairs around the world to look at trends, sell rights, buy/license rights. However, Precious Pages broke this trend when in 2012 the company,

under the leadership of Segundo Matias, Jr., acquired the translation rights for Little, Brown and Company's "Twilight" series by Stephanie Meyer and JK Rowling's Harry Potter series in 2013. He continued to acquire the rights to translate other bestsellers like Suzanne Collins' Hunger Games and EL James's Fifty Shades of Grey, Precious Pages' bestseller, which in Filipino has sold over 20,000 copies. He is set to release the translations to literary titles like Nobel Prize winner Gabriel Garcia Marquez's One Hundred Years of Solitude in 2015. (De Veyra 2014) Matias is a regular visitor to book fairs, particularly to the Frankfurt Book Fair and the Bologna Children's Book Fair. National Book Store, the country's biggest bookstore, which also owns Anvil Publishing, has only recently followed suit, acquiring rights to translate John Green's The Fault in Our Stars. A good outcome of this move is the realization that translation into widely spoken languages of the country to provide access to the world's books to more Filipinos is a viable endeavor.

This exchange of rights, including the derivative right of translation, has long been practiced by international publishers, but hardly done in the Philippines until introduced by Matias. Unlike Matias, many do not travel to spot business opportunities. Distributors who travel to the book fairs go to find out what might be acquired to re-sell in the Philippines. It is an inward, tunnel vision that the pioneering effort of Matias has changed. Another publisher is Rex Bookstore, Inc., which has a booth at Frankfurt every year and has in its organization an international division, reflecting both an outward and inward outlook.

As can be seen, aside from the opening of the market to the regional players, through more exchanges with key industry organizations and associations, publishers must go to the major book fairs around the world. They must join as many international publishing associations to interact more and learn about the kind of content that Filipinos create that might also be interesting for other markets by engaging with publishers, agents, content creators and industry associations. Players, especially those engaged in trade publishing, must be interested in what is going on outside of the local publishing industry.

However, participating in international book fairs is costly. Many publishers cannot afford the cost of going to book fairs, an activity that must be done regularly. Most country booths in the Frankfurt and London Book Fairs are either paid for in full or subsidized by their governments. The Philippines has long been missing out on building a presence in the international scene because of the lack of government support in this endeavor, or perhaps the lack of urgency in the past to be part of the world's book commerce. The world has little or no knowledge of the vibrancy of publishing in the Philippines, which can change given a regular Philippine presence in international book fairs. But perhaps all this will change when industry stakeholders themselves think that Filipinos are not just for Filipinos, but instead develop a thinking that Filipinos are for the world, and the world is for Filipinos, too. This would be a more inclusive and pluralist mindset that just might create unexpected, but pleasant changes for the industry.





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## Appendix 1: Philippines GCI Country Report 2014-2015

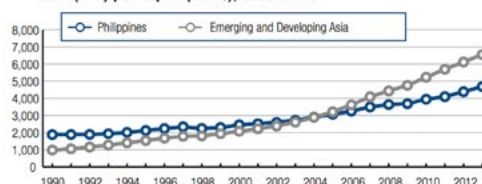
2.1: Country/Economy Profiles

# Philippines

## Key indicators, 2013

Population (millions).....	97.5
GDP (US\$ billions).....	272.0
GDP per capita (US\$).....	2,790
GDP (PPP) as share (%) of world total.....	0.53

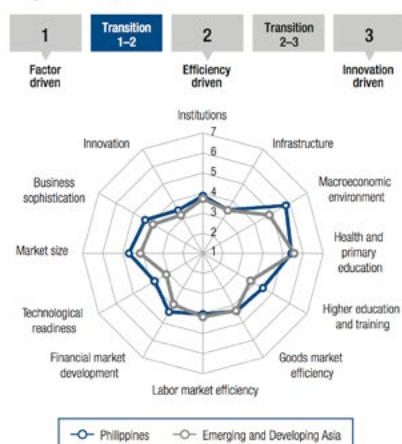
GDP (PPP) per capita (int'l \$), 1990-2013



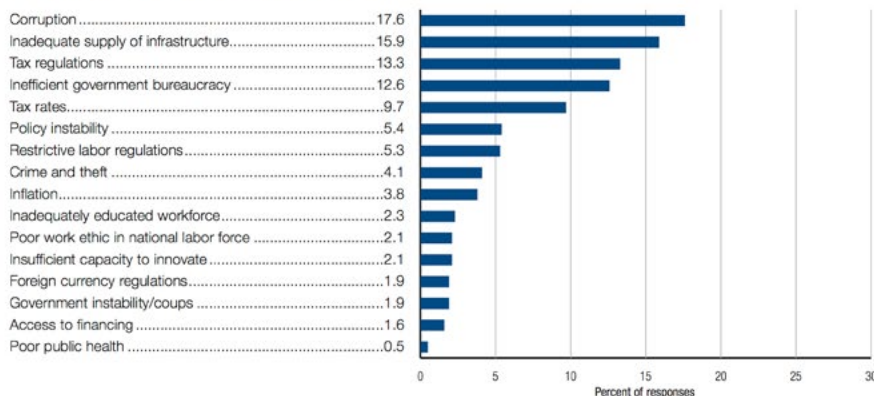
## Global Competitiveness Index

	Rank (out of 144)	Score (1-7)
<b>GCI 2014-2015.....</b>	<b>52</b>	<b>4.4</b>
GCI 2013-2014 (out of 148).....	59	4.3
GCI 2012-2013 (out of 144).....	65	4.2
GCI 2011-2012 (out of 142).....	75	4.1
<b>Basic requirements (44.2%).....</b>	<b>66</b>	<b>4.6</b>
Institutions.....	67	3.9
Infrastructure.....	91	3.5
Macroeconomic environment.....	26	5.8
Health and primary education.....	92	5.4
<b>Efficiency enhancers (46.9%).....</b>	<b>58</b>	<b>4.3</b>
Higher education and training.....	64	4.4
Goods market efficiency.....	70	4.3
Labor market efficiency.....	91	4.0
Financial market development.....	49	4.4
Technological readiness.....	69	3.8
Market size.....	35	4.7
<b>Innovation and sophistication factors (9.0%).....</b>	<b>48</b>	<b>3.9</b>
Business sophistication.....	46	4.3
Innovation.....	52	3.5

## Stage of development



## The most problematic factors for doing business



Note: From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.



# Philippines

## The Global Competitiveness Index in detail

INDICATOR	VALUE	RANK/144	INDICATOR	VALUE	RANK/144
<b>1st pillar: Institutions</b>			<b>6th pillar: Goods market efficiency (cont'd)</b>		
1.01 Property rights	4.3	61	6.06 No. procedures to start a business*	15	141
1.02 Intellectual property protection	3.7	66	6.07 No. days to start a business*	35.0	119
1.03 Diversion of public funds	3.1	78	6.08 Agricultural policy costs	3.7	86
1.04 Public trust in politicians	2.6	89	6.09 Prevalence of trade barriers	4.5	51
1.05 Irregular payments and bribes	3.6	86	6.10 Trade tariffs, % duty*	3.6	48
1.06 Judicial independence	3.6	77	6.11 Prevalence of foreign ownership	4.9	51
1.07 Favoritism in decisions of government officials	3.1	66	6.12 Business impact of rules on FDI	4.5	65
1.08 Wastefulness of government spending	3.3	60	6.13 Burden of customs procedures	3.5	99
1.09 Burden of government regulation	3.4	73	6.14 Imports as a percentage of GDP*	29.7	119
1.10 Efficiency of legal framework in settling disputes	3.7	68	6.15 Degree of customer orientation	5.2	25
1.11 Efficiency of legal framework in challenging regs.	3.5	56	6.16 Buyer sophistication	3.7	46
1.12 Transparency of government policymaking	3.8	85			
1.13 Business costs of terrorism	4.6	110	<b>7th pillar: Labor market efficiency</b>		
1.14 Business costs of crime and violence	4.3	77	7.01 Cooperation in labor-employer relations	4.9	29
1.15 Organized crime	4.7	69	7.02 Flexibility of wage determination	4.8	86
1.16 Reliability of police services	3.6	101	7.03 Hiring and firing practices	3.4	104
1.17 Ethical behavior of firms	4.3	49	7.04 Redundancy costs, weeks of salary*	27.4	124
1.18 Strength of auditing and reporting standards	5.1	46	7.05 Effect of taxation on incentives to work	3.9	47
1.19 Efficacy of corporate boards	5.1	29	7.06 Pay and productivity	4.5	27
1.20 Protection of minority shareholders' interests	4.5	45	7.07 Reliance on professional management	5.0	29
1.21 Strength of investor protection, 0-10 (best)*	4.3	105	7.08 Country capacity to retain talent	3.5	60
			7.09 Country capacity to attract talent	3.3	82
<b>2nd pillar: Infrastructure</b>			7.10 Women in labor force, ratio to men*	0.65	106
2.01 Quality of overall infrastructure	3.7	95			
2.02 Quality of roads	3.6	87	<b>8th pillar: Financial market development</b>		
2.03 Quality of railroad infrastructure	2.3	80	8.01 Availability of financial services	5.0	42
2.04 Quality of port infrastructure	3.5	101	8.02 Affordability of financial services	4.8	43
2.05 Quality of air transport infrastructure	3.6	106	8.03 Financing through local equity market	4.4	23
2.06 Available airline seat km/week, millions*	1,171.2	25	8.04 Ease of access to loans	3.5	30
2.07 Quality of electricity supply	4.2	87	8.05 Venture capital availability	3.3	31
2.08 Mobile telephone subscriptions/100 pop.*	104.5	86	8.06 Soundness of banks	5.5	46
2.09 Fixed telephone lines/100 pop.*	3.2	113	8.07 Regulation of securities exchanges	4.6	45
			8.08 Legal rights index, 0-10 (best)*	4	96
<b>3rd pillar: Macroeconomic environment</b>					
3.01 Government budget balance, % GDP*	-0.1	25	<b>9th pillar: Technological readiness</b>		
3.02 Gross national savings, % GDP*	22.9	51	9.01 Availability of latest technologies	5.1	58
3.03 Inflation, annual % change*	2.9	57	9.02 Firm-level technology absorption	5.1	41
3.04 General government debt, % GDP*	38.3	56	9.03 FDI and technology transfer	5.0	31
3.05 Country credit rating, 0-100 (best)*	55.5	59	9.04 Individuals using Internet, %*	37.0	91
			9.05 Fixed broadband Internet subscriptions/100 pop.*	2.6	93
<b>4th pillar: Health and primary education</b>			9.06 Int'l Internet bandwidth, kb/s per user*	57.6	46
4.01 Malaria cases/100,000 pop.*	23.8	23	9.07 Mobile broadband subscriptions/100 pop.*	20.3	79
4.02 Business impact of malaria	4.9	34			
4.03 Tuberculosis cases/100,000 pop.*	265.0	127	<b>10th pillar: Market size</b>		
4.04 Business impact of tuberculosis	4.4	114	10.01 Domestic market size index, 1-7 (best)*	4.5	30
4.05 HIV prevalence, % adult pop.*	0.1	1	10.02 Foreign market size index, 1-7 (best)*	5.1	42
4.06 Business impact of HIV/AIDS	4.9	94	10.03 GDP (PPP\$ billions)*	456.4	31
4.07 Infant mortality, deaths/1,000 live births*	23.5	95	10.04 Exports as a percentage of GDP*	28.0	102
4.08 Life expectancy, years*	68.6	101			
4.09 Quality of primary education	4.2	60	<b>11th pillar: Business sophistication</b>		
4.10 Primary education enrollment, net %*	88.2	105	11.01 Local supplier quantity	4.6	69
			11.02 Local supplier quality	4.4	65
<b>5th pillar: Higher education and training</b>			11.03 State of cluster development	4.0	51
5.01 Secondary education enrollment, gross %*	84.6	89	11.04 Nature of competitive advantage	3.4	77
5.02 Tertiary education enrollment, gross %*	28.2	82	11.05 Value chain breadth	4.1	44
5.03 Quality of the education system	4.5	29	11.06 Control of international distribution	4.4	43
5.04 Quality of math and science education	4.1	70	11.07 Production process sophistication	4.3	44
5.05 Quality of management schools	4.7	40	11.08 Extent of marketing	4.7	41
5.06 Internet access in schools	4.3	66	11.09 Willingness to delegate authority	4.7	24
5.07 Availability of research and training services	4.4	49			
5.08 Extent of staff training	4.6	27	<b>12th pillar: Innovation</b>		
<b>6th pillar: Goods market efficiency</b>			12.01 Capacity for innovation	4.5	30
6.01 Intensity of local competition	5.2	61	12.02 Quality of scientific research institutions	3.6	75
6.02 Extent of market dominance	3.5	85	12.03 Company spending on R&D	3.5	42
6.03 Effectiveness of anti-monopoly policy	4.0	72	12.04 University-industry collaboration in R&D	3.8	55
6.04 Effect of taxation on incentives to invest	3.9	52	12.05 Gov't procurement of advanced tech products	3.7	53
6.05 Total tax rate, % profits*	44.5	100	12.06 Availability of scientists and engineers	4.0	71
			12.07 PCT patents, applications/million pop.*	0.3	86

Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (\*). For further details and explanation, please refer to the section "How to Read the Country/Economy Profiles" on page 101.

(World Economic Forum, *The Global Competitiveness Report 2014-2015*, 308-309)

## Appendix 2: NBDB Survey of Philippine Book Industry Stakeholders



Republic of the Philippines  
**NATIONAL BOOK DEVELOPMENT BOARD**  
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 Tel./fax: +632-4388 1000 E-mail Address: aid@nbdb.gov.ph  
[nbdb.gov.ph](http://nbdb.gov.ph)

Dear Publisher:

Thank you for participating in this NBDB Industry Survey. This information will form an integral part of the updated Book Publishing Industry Report as of 2013, which we will share with you upon its completion. This will also serve as input to the Industry Road Map being created in preparation for the ASEAN Integration in 2015. Please submit this form via fax or email on or before April 11, 2014. Please be assured that all information gathered will be handled with strict confidentiality. Again, our deepest gratitude for your support and cooperation!

### NBDB SURVEY OF PHILIPPINE BOOK INDUSTRY STAKEHOLDERS

#### I. Information on Published Books (Production)

##### A. Number of TITLES of Published Textbooks, Trade Books and Other Kinds of Books

Total number of book titles (new and revised) published / produced in the past 2 calendar years according to Type and Form

TYPE	2012		2013	
	Print # of Titles	Digital # of Titles	Print # of Titles	Digital # of Titles
Textbook Titles				
Trade Book Titles				
Other Book Titles				
TOTAL				

#### Definitions:

TEXTBOOK - publications for school / classroom use

TRADEBOOK - publications for supplementary or leisure reading

OTHERS - references and others such as Bible, dictionary, Thesaurus, encyclopedia

##### B. Print Publications According to Type (Textbooks, Tradebooks, others)

Total Volume of Books produced according to Type in the past 3 calendar years

TYPE	2011	2012	2013
	# of copies	# of copies	# of copies
Textbook			
Trade Book			
Others			
TOTAL			

#### II. Information on Books Sold

##### A. TOTAL SALES (Domestic and Export) of Books (GENERAL, all forms and types)

Total Volume of Print and Digital Books SOLD in the past 3 calendar years

TYPE	2011		2012		2013	
	Print # of copies	Digital downloads / virtual copies	Print # of copies	Digital downloads / virtual copies	Print # of copies	Digital downloads / virtual copies
Textbook						
Trade Book						
Others						
TOTAL						

##### B. TOTAL SALES of PRINTED Books according to Market (Domestic and Foreign / Export)

Total Volume of Books SOLD in the domestic and export market, both print and digital, according to Form

Market	2011			2012			2013		
	Text Book # of copies	Trade Book # of copies	Others # of copies	Text Book # of copies	Trade Book # of copies	Others # of copies	Text Book # of copies	Trade Book # of copies	Others # of copies
Domestic									
Export									

\*sales of digital books not required here as origin of downloads made may be difficult to track

#### III. Information on Publisher

##### A. Total gross revenues (net sales from BOOKS) realized in the past 3 calendar years

Year	Gross Revenues (Net Sales from Books) Amount in Php
2011	
2012	
2013	

##### B. Publisher Operations

Total number of employees (permanent and contractual) in the past 3 calendar years

Year	Total No. of Employees
2011	
2012	
2013	

Accomplished by:

Date Prepared: \_\_\_\_\_

NAME \_\_\_\_\_ SIGNATURE \_\_\_\_\_  
 DESIGNATION \_\_\_\_\_ COMPANY \_\_\_\_\_  
 CONTACT NO. \_\_\_\_\_ EMAIL ADDRESS \_\_\_\_\_

NBDB CONTACT PERSON: JANELLE MAE FLORES  
 Submit to: [aid@nbdb.gov.ph](mailto:aid@nbdb.gov.ph)  
 Telefax: 570-61388



## Appendix 3: Projection Guide

Appropriate growth rates for the new titles published in the Philippines for different time periods (yearly, 5 years, 10 years, and 20 years) and different levels of growth disposition (conservative, moderate, and aggressive) are determined. By finding these growth rates and assuming that the opportunities surrounding the country in the next few years would positively affect the industry, these rates are used to project the possible levels of VA and exports of the industry.

### I. Deriving the Growth Rate

The growth rates for new titles published per one million people follows the equation:

---

$$\text{New Titles Published Per Million People} = (\text{New Titles Published} / \text{Population}) * 1,000,000$$

---

To determine the level of new titles published yearly, the variables are revised:

---

$$\text{New Titles Published} = (\text{New Titles Published Per Million People} * \text{Population}) / 1,000,000$$

---

With this revised equation, the target levels for new titles published on a yearly basis is determined by setting the appropriate benchmarks and population projections.

For the Years in Between 2013, 2020, 2025, and 2030:

Since no specific yearly expectations are determined, the difference in between the benchmark years is obtained and the difference is divided by the number of years in between. For example:

---

$$(\text{Conservative 2025 level of } \mathbf{120} - \text{Conservative 2020 level of } \mathbf{90}) / 5 \text{ years} = \mathbf{6 \text{ additional New Titles Published Per Million People Per Year}}$$

---

For population levels, the National Statistics Coordination Board's population projections are used as reference.

### II. Number of New Titles Published:

With this data in place, the equation

---

$$\text{New Titles Published} = (\text{New Titles Published Per Million People} * \text{Population}) / 1,000,000$$

---

is used to obtain the target yearly levels for New Titles Published. Below is an example of how the equation works:

1. *Conservative Level of New Titles Published 2020 = (Target New Titles Published Per Million People 2020 \* Projected Population 2020) / 1,000,000*
2. *Conservative Level of New Titles Published for 2020 = (90 \* 111,784,600) / 1,000,000*
3. *Conservative Level of New Titles Published for 2020 = 10,060.61*

### III. Growth Rates

With the yearly number of new titles published, the growth rates can be obtained using the equation:

$$(\text{Year 2} - \text{Year 1}) / \text{Year 1} = \text{Growth Rate}$$

In order to obtain the average growth rate for a specific time period, either the Compounded Annual Growth Rate (CAGR) equation or the average of the yearly growth rates for that time period can be used. Both would provide an approximately similar result.

$$\text{CAGR} = (\text{Ending Value} / \text{Beginning Value})^{(1/\text{number of years})} - 1$$

#### **IV. Projections**

With these growth rates, the projections for the VA and Export sales categories can be set.

#### **V. Library Statistics**

In order to determine the number of public libraries of ASEAN countries relative to its population, we use a variation of the same equation used to obtain New Titles Published Per Million People: Public Libraries Per 100,000 People. Since Indonesia is ranked lower than the Philippines in the rankings, Thailand's 3.19 libraries per 100,000 is set as the target level.

# Consolidated Action Plans for the Book Publishing Industry



## Consolidated Action Plans for the Book Publishing Industry

Major Goal	Specific Objectives	Action Plan
Create wider distribution channels	Increase number of public libraries (book consumption of public libraries)	Find a champion in congress who will legislate 25% of SEF goes to book purchases whether for a school or for a public library and for an improved bidding process for book acquisition
	Alternative distribution channels	Involve barangay chairman to provide online and community venues for reading
	Friendlier and encouraging distributor terms for local players	Tax incentives for bookstore for Filipiniana support (start-up companies)
Reader wellbeing	Long-term reading campaigns that target the vast majority	Pre- and post-reading data & incentives for improvement (community level)
	Encourage reading in all local languages	Develop local storytellers in the community
Clear Legislative Agenda	RA7743 Implementation (Establishing Public Libraries)	*Review the existing law *Creation of an enabling/implementing law (include in the DILG/League of Cities/Municipalities' Galing Pook Awards)
	RA8047 Review	*Look at the provisions and review needed amendments (UNESCO definition) *Review textbook issue with DepEd
Change Mindset	Go from Local to Global	Frankfurt Bookfair
	Translation of local titles to sell abroad	Encourage submission of translation works
		Translation submitted to Commercial Publishers
		Permanent Category in NBDB's NBDTF
		Create a Translation Commission
Establish data gathering initiatives	Establish a climate of trust and transparency in the industry	Mount a campaign involving publishers who are open about their data
	Create a central database for basic industry information	Get the commitment of different industry associations to turn in data
		Require all industry players to submit their data to NBDB as part of their membership requirements

Implementor (Who is responsible)	Timetable	Resources Needed	Success Indicator
NBDB and all book associations	Before 2016 elections	Budget for the lobby group	Amendment to existing bill
LGU (mayor & barangay captain)	Before 2016 elections	Incentives (monetary or otherwise) for best venue and implementor	75% (2016-2019) of all barangays compliant
NBDB, DTI, BIR	Before 2016 elections	Budget for technical working group	Tax incentive implementation
NBDB, DepEd, PBBY, RAP, colleges of education, writers associations, language orgs, LGUs, etc.	School year 2016-2017 (pilot), but should happen annually	Budget for endorsers and publicity materials, plus prize for most improved	Significant increase in literacy and readership and trade book sales
NBDB, DepEd, PBBY, RAP, colleges of education, writers associations, language orgs, LGUs, etc.	School year 2016-2017 (pilot), but should happen annually	Budget for endorsers and publicity materials, plus prize for most improved	Significant increase in literacy and readership and trade book sales
NLP, NBDB, Congressman Carlo Lopez and other legislators	July to December 2015 *Consultation with inputs from the industry *Participation in hearings	*Tap NGOs, support groups to handle the legislative agenda *Involve other legislators to support it	Ammendments to be completed
NBDB	3-5 years	N/A (ongoing)	Ammendments to be completed
BDAP, NBDB, PEPA	October, 2015	Tap DTI to support	Successful Participation
Industry Players	Ongoing	Info Campaign	Number of Submissions
Industry Players	Ongoing	Info Campaign	Number of Submissions
NBDB	December, 2015	Ongoing	Implementation
NCCA	To be determined	To be determined	Creation
NBDB and a committee of different representatives from industry associations	July 2015-July 2016	Budget for staff	75% of the industry will submit their data
NBDB and a committee of different representatives from industry associations	July 2015-July 2016	Budget for staff and hardware	Industry report every year that is available on the NBDB website
NBDB and a committee of different representatives from different industry associations	July 2015-July 2016	Budget for staff and hardware	Industry report every year that is available on the NBDB website

## Consolidated Action Plans for the Book Publishing Industry

Major Goal	Specific Objectives	Action Plan
Develop content	Establish grants or awards for emerging writers from the regions in different languages	Tap private corporations with regional interests to sponsor writing and publishing grants and awards
	Help jumpstart regional publishing and book distribution	Ask NBDB and publishing associations to hold workshops and information sessions on publishing, ask DTI to do business incubation workshops for small publishers and book distributors in the regions
	Establish grants for publishers to create books in the different mother languages	Tap NCCA, KWF, NBDB and/or private sector corporations to sponsor translation grants

Implementor (Who is responsible)	Timetable	Resources Needed	Success Indicator
University-based writing institutes and centers for excellence	August 2015-August 2017	Budget for marketing and promotions, judges' fees and the grant/award itself	Increase in the number of titles produced across the different languages
NBDB and a committee of representatives from different industry associations	August 2015-August 2019	Budget for workshops	Increase in the number of titles produced from the regions
University-based writing institutes and centers for excellence	August 2015-August 2017	Budget for marketing and promotions, judges' fees and the grant/award itself	Increase in the number of publishers doing translations



This road map is the Philippine publishing industry's working document to illustrate its development and industry goals. With it comes the hope of stakeholders that, through cooperation between the government and private sectors, a love for books and reading is instilled in the hearts of Filipinos while Philippine content finds its way into the various markets of the world.

This study shows us the beginnings of what we must endeavor to achieve, foremost of which is a change of mindset that looks both inward to the domestic market without ignoring international markets. It shows us how much harder we must work to be responsive to the needs of our audience with the creation of more content. We must target at least 8% year-on-year growth rate on average until 2030 to achieve moderate growth, and 12% to target aggressive growth rate, instead of the incremental increase of 5% we have been doing for the past years. In terms of new titles, we will need a 260% increase of new titles from 2014 to 2030, or a 71% increase of new titles from 2014 to 2020 to achieve moderate growth. We need tremendous improvement in our distribution systems to reach more Filipinos beyond the NCR, and the courage to go into the world to sell our products.

"I know we can do this as surely as we have weathered past problems. We will overcome and succeed because we are a talented and enterprising people. This is a given if we put our minds to gearing up for the work ahead."

-From the message of BDAP President Lirio P. Sandoval



**BOOK DEVELOPMENT ASSOCIATION  
OF THE PHILIPPINES**