

Southeast Asia's book market

An interview with Stan Gunn, Edge Ventures

Stan Gunn is Principal and Owner of Edge Ventures and recently served as CEO of Phuong Nam Culture Corporation, Vietnam's largest media company and as CEO of Sun Flower Media, Vietnam's largest print and digital magazine group. With long experience running print & digital publishing and broadcast media businesses throughout Southeast Asia, we spoke to him about how the region's book market is changing.

IPA: How are market conditions for book publishers in Southeast Asia now?



Stan Gunn: The market in Southeast Asia is following the same trends as in most other Asian countries. While the overall demand to access and read books and magazines is increasing substantially as disposable incomes grow, the majority of the demand is being fuelled by pirated copies, both in print and in digital form, concomitant with increased pass-on rates.

There has been a substantial increase in licensing agreements across SE Asia between several major international publishers and local publishers who wish to tap into the growing demand for local language editions of their books. Most large bookstores across the region are displaying substantially more translated books from major international licensors than 5 years ago.

IPA: Which sectors/genres/countries are performing best?

SG: The largest growth trends in print appear to be in **educational books** of all genres, particularly for young children and university students, followed closely by language skills training books and story books for young children. There appears to be a concomitant increase in the number of local language books e-books for young children on Amazon Kindle, iTunes, and pirate sites, particularly in Vietnam, Thailand and Indonesia.

Countries such as Thailand, Vietnam, Indonesia and the Philippines are experiencing substantially larger growth in reading trends than economically lower performing countries such as Cambodia and Myanmar. The Singaporean print market is in steady decline, with only one major bookstore, Kinokuniya, still operating. Malaysia appears to be experiencing a similar decline in print. The market in Laos continues to be extremely poor due to the economic situation and the small population.

IPA: What are the biggest or most common challenges facing publishers?

SG: The primary challenge facing publishers is **piracy, both print and digital**, which is rampant in the four largest markets in SE Asia, namely Indonesia, the Philippines, Vietnam and Thailand. This will remain the largest impediment to growth in these markets and with virtually no government clampdown on piracy in these countries, this will remain the primary long-term challenge.



Print distribution channels are stable and becoming more reliable across most SE Asian countries, but there has been a steady increase in the number of **bookstore closures**, particularly in the major metropolitan areas, where premises leases are substantially higher. An interesting phenomenon in Vietnam is that several small family operated specialist print bookstores are doing particularly well as compared to their larger competitors, Fahasa and PNC. The instantaneous downloading of e-books is slowly eroding the need for these traditional distribution channels and these channels will face increasing financial pressures as digital downloads increase over time.



Kinokuniya bookstore, Singapore

Economic conditions will always impact the legal sales of both print and e-books. While the larger economies such as Indonesia, Malaysia and Vietnam are showing steady economic growth, publishers will not see a concomitant increase in legal book sales, as piracy will largely erode these economic gains. The largest economic issue for print publishers remains the **ever increasing cost of paper**, which is driving up printing costs out of proportion to the general economic increase in SE Asia and this will over time further accelerate the move to digital distribution.

Needless to say, censorship is still a major obstacle to book publishers across SE Asia. While in general, censorship in Singapore, Malaysia and the Philippines is minimal, there is still widespread censorship of certain genres of books in Thailand, Vietnam, Myanmar and Indonesia.

IPA: How are book-buying and reading habits changing?

SG: The major book buying trend is of course the increasing demand for e-books, as can be expected, which is also resulting in a general change in the manner in which books are being read. In the medium to long-term, this will become the dominant book-buying trend as it is generally cheaper and also supports the **unstoppable trend of reading books from digital devices**. It is not uncommon to see young and middle aged people in SE Asia reading eBooks from their digital devices while out socializing or waiting to meet someone. This trend is underpinned by the substantially larger device screens that manufacturers such as Samsung and HTC are producing cheaply, which greatly facilitate the reading of eBooks. Kindle does not appear to have taken hold in SE Asia, as it appears that SE Asians have skipped that generation of technology by going directly to large mobile devices with large screens and multiple apps.

While demand is rocketing, the legal sale of e-books is showing only a small increase because of the ease of piracy. Looking at a similar industry, while all the major magazine publishers in Vietnam have digital versions of their magazines, none of them are charging for downloads of the e-magazines, as the demand for paid downloads is virtually non-existent – so these magazine publishers simply use their e-magazines as marketing tools.

IPA: What are the biggest opportunities you see for publishers in Southeast Asia?

SG: The big growth markets for publishers in the medium term will be **Thailand, Vietnam, Indonesia and Myanmar**. In the long-term, the major markets will be Indonesia, Vietnam and in particular Myanmar, which is a totally untapped market.

With print in steady decline, publishers should focus their efforts on e-books, developing technology that will defeat piracy and enable the mass distribution of their e-books.

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The 30th International Publishers Association Congress will take place in Bangkok on 24-26 March 2015. For details visit www.ipa2015bangkok.com