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Mini-Presentation

SPPI for

ISIC4 Group 581

*Publishing of books, periodicals and other publishing
activities*

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1. Introduction

At the previous Voorburg Group meeting in Warsaw in 2012, it was decided that ISIC Group 581 *Publishing of books, periodicals and other publishing activities* would be on the 2013 meeting agenda and would be covered by a mini-presentation.

The structure of this paper is according to the Content Development Framework set out by the Voorburg Group, which formed the basis for the presentation at the 25th Voorburg Group meeting in Vienna, Austria.

According to the previous classification ISIC Rev. 3, *Publishing activities* was included in Section 22, in *Manufacturing*. Therefore, this activity was not included in the inventory of the Voorburg Group PPI Activity and no paper on that topic has been presented until now. The updated version of the OECD-EUROSTAT methodological guide for developing SPPI will include a new section for this activity.

Publishing activities in Israel were measured in the *Manufacturing* PPI according to the previous classification. As of 2013, with the revision of the PPI and the classification, *Publishing activities* moved to *Services*, and *Printing activities* remained in *Manufacturing*.

The index for Group 581 – *Publishing of books, periodicals and other publishing activities* has been published since 2013 on the base of 2012 = 100.0 and on a monthly basis.

2. Definition of the Service

Publishing activities (Publishing of books, periodicals and other publishing activities) is now a component of the new Section J in both the NACE (Rev. 2) and the ISIC (Rev. 4). Section J combines the activities of information and communication, due to the fact that the information field is increasing in the economy and society. The creation of this section is a major change of ISIC Rev.4.

The previous classification *Publishing and printing* (22.1 in ISIC Rev. 3.1) has been removed from *Manufacturing*, but *Printing and reproduction of recorded media* still remains in *Manufacturing*.

Publishing is the process of production and dissemination of literature, music, or information – the activity of making information available to the general public. In some cases, authors may be their own publishers, i.e.: originators and developers of content also provide media to deliver and display their own content. Also, the word publisher can refer to the individual who leads a publishing company or imprint or to a person who owns a magazine.

Traditionally, the term refers to the distribution of printed works such as books and newspapers. With the advent of digital information systems and the Internet, the scope of publishing has expanded to include electronic resources, such as the electronic versions of books and periodicals, as well as micropublishing, websites, blogs, video game publishers and the like.

Publishing includes the stages of the development, acquisition, copy editing, graphic design, production – printing (and its electronic equivalents), and marketing and distribution of newspapers, magazines, books, literary works, musical works, software and other works dealing with information, including the electronic media.

3. Pricing Unit of Measure

The pricing unit of measure depends on the activity.

In book publishing, the unit of measure is a book and the definition includes the target readers (children, youth) the category of book (literary, cooking), the title, the author, the size of the book, the number of pages and the format of the book.

In the publishing of newspapers, the definition includes the newspaper or magazine, weekday or weekend, the distribution channel (distribution to shops or subscriber by mail and home delivery).

In selling advertising space the unit of measure is an ad (e.g. price for half page ad) or an average unit value (e.g. price per inch).

4 Market Conditions and Constraints

4.1 Size of the Industry

In 2011, the turnover of Group 581 – *Publishing activities* amounted to NIS 5.566 billion (approximately USD 1.555 billion). This group accounts for approximately 0.4% of the total revenue of trade and services in Israel and about 6% of the total revenue in Section J – *Information and communication*.

In 2011 there were 985 companies in *Publishing activities* occupying 11,500 employees.

Distribution of Revenue among the Classes in 2011

ISIC	Class Description	Revenue (NIS millions)	Percentage
5811	<i>Book publishing</i>	1,978	35
5812	<i>Publishing of directories and mailing lists</i>	213	4
5813	<i>Publishing of newspapers, journals and periodicals</i>	3,327	60
5819	<i>Other publishing activities</i>	48	1
581	Total	5,566	100

The two biggest classes are *Publishing of newspapers journals and periodicals*, which accounts for 60% of *Publishing activities*, and *Book publishing*, which accounts for 36%. The smallest classes are *Publishing of directories and mailing lists* – only 3.8% of total publishing and *Other publishing activities*, which accounts for only 1% of all publishing activities.

Diagram 1. The Development of Revenues 2006-2010

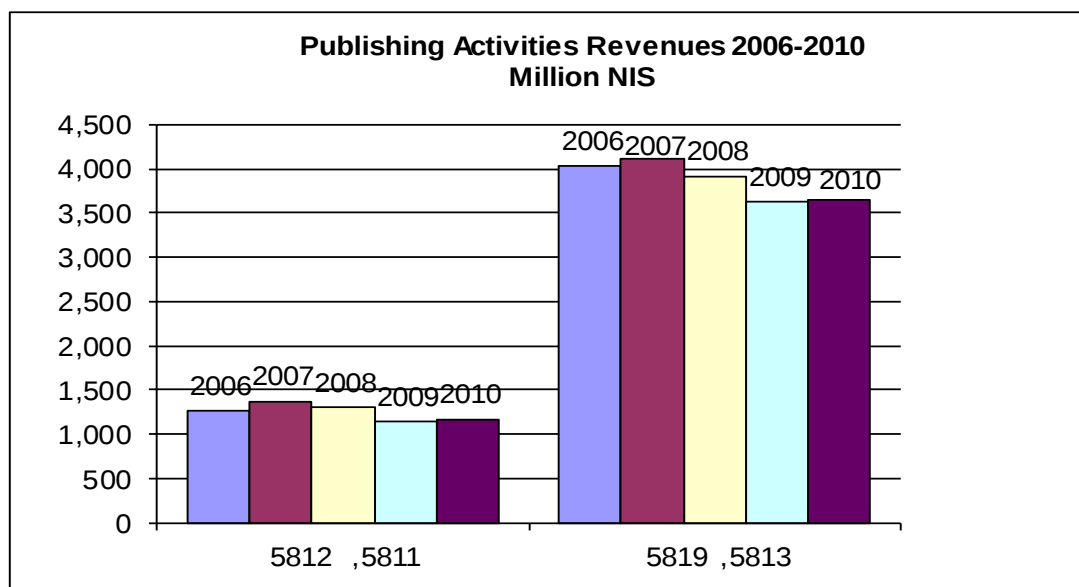


Diagram 1 describes the development of revenues during the years 2006-2010. As can be seen, there was a decrease in turnover in all *Publishing activities*: In Classes 5811 and 5812: *Book publishing* and *Publishing of directories and mailing lists*, and in 5813 and 5819: *Publishing of newspapers, journals and periodicals* and *Other publishing activities*.

4.2 Special Conditions and Constraints

Newspaper Publishing

In Israel there are two main newspapers that dominate the market the first one in term of circulation is a free newspaper and the revenues are from selling advertising space. The second is very big in terms of revenues and circulation. There are few other major newspapers but much smaller in term of circulation and revenues.

Circulation of Newspapers in Israel in 2012

Name of Newspaper	Circulation	Type / Language
Israel HaYom	39.3	Free Hebrew
Yediot Aharonot	37.5	Hebrew
Maariv	10.8	Hebrew
Jerusalem Post	8.6	English
Haaretz	6.5	Hebrew and English version
Globes	4.5	Financial

*According to TGI Israel survey

The increasing share of the internet in the media and advertising has caused the big daily newspapers to develop an online version.

The market is very concentrated. Each big group has its own journal, magazine or economic newspaper, in addition to the daily newspaper, and in some cases its own book publishing company and printing company. Each big newspaper has its own online newspaper.

Newspapers are sold through three main channels: retail shops, home delivery, or subscription by mail.

Book Publishing

The market for book publishing in Israel is very competitive. There are a lot of book publishing companies; some of them are large and well-known and others are small and private. The competition causes a decrease in prices and various types of discounts. For example, the second book for half price, two books for the price of one, four books for NIS 100 (about \$28).

Books are sold mainly through two big books chain stores that form a duopoly. The structure of the market lead to price reduction to the retailers and various quantity discounts to the consumers.

In 2013 a new law "book law" was established that fix the price of a new book for 18 month in order to protect new creations.

5 Classification Structure and Details

ISIC4. Section: J - *Information and communication*

Division: 58 - *Publishing activities*

Breakdown:

581 - *Publishing of books, periodicals and other publishing activities*

5811 - *Book publishing*

5812 - *Publishing of directories and mailing lists*

5813 - *Publishing of newspapers, journals and periodicals*

5819 - *Other publishing activities*

Group 581 – This group includes the activities of publishing books, newspapers, magazines and other periodicals, directories and mailing lists, and other works such as photos, engravings, postcards, timetables, forms, posters and reproductions of works of art. These works are characterized by the intellectual creativity required in their development and are usually protected by copyright.

Class 5811 – *Book publishing* includes

- publishing of books, brochures, leaflets and similar publications, including publishing of dictionaries and encyclopedias
- publishing of atlases, maps and charts
- publishing of audio books
- publishing of encyclopedias etc. on CD-ROM

Class 5812 – *Publishing of directories and mailing lists* includes

- publishing of mailing lists
- publishing of telephone books
- publishing of other directories and compilations, such as case law, pharmaceutical compendia etc.

Class 5813 – *Publishing of newspapers, journals and periodicals* includes

- publishing of newspapers, including advertising newspapers
- publishing of periodicals and other journals, including publishing of radio and television schedules.

Publishing can be done in print or electronic form, including on the Internet.

Class 5819 – *Other publishing activities* includes publishing (including online) of:

- catalogs
- photos, engravings and postcards
- greeting cards
- forms
- posters, reproduction of works of art
- advertising material
- other printed matter
- on-line publishing of statistics or other information

This division includes the publishing of books, brochures, leaflets, dictionaries, encyclopaedias, atlases, maps and charts; publishing of newspapers, journals and periodicals; directory and mailing list and other publishing, as well as software publishing.

Publishing includes the acquisition of copyrights to content (information products) and making this content available to the general public by engaging in (or arranging for) the reproduction and distribution of this content in various forms. All the feasible forms of publishing (in print, electronic or audio form, on the Internet, as multimedia products such as CD-ROM reference books etc.), except publishing of motion pictures, are included in this division.

This division excludes the publishing of motion pictures, video tapes and movies on DVD or similar media (Division 59) and the production of master copies for records or audio material (Division 59). Also excluded are printing (see 1811) and the mass reproduction of recorded media (see 1820).

ISIC Rev. 4 - CPC
Ver. 2

ISIC Rev.4	CPC Ver.2	Detail
581	322,323, 324, 325, 326	Printed contents (books, directories, maps & hydro graphics, charts, newspapers, and other publication printed)
	476	Audio, disks, tapes and other physical media recorded contents
	733	Licensing services for the right to use originals contents of various kinds
	8363	Sale of advertising space or time(except on commission) on various printed media
	843	On line contents (books, directories and mailing lists, newspapers and periodicals
	891	Publishing on a fee or contract basis

6 Evaluation of Standards vs. Definition and Market Conditions

The SPPI for 581 – *Publishing of books, periodicals and other publishing activities* includes:

Class	Title	Weight
5811	Book publishing	100
	a. Educational books	26
	b. Books	74
	1. Children books	19
	2. Dictionaries and encyclopedias	9
	3. Literature	26
	4. Other books (cooking, religious)	16
5813	Publishing of newspapers, journals and periodicals	100
	a. Daily newspapers	34
	1. Daily newspapers through subscribers	22
	2. Daily newspapers distribution	13
	b. Journal and magazine	10
	c. Advertising space in newspapers	56
	1. In daily newspapers	44
	2. In journals and magazines	11
	3. By Internet	1

The weights for the SPPI are derived from a special survey of companies. The sample includes big companies and some medium and small size companies that are classified in publishing activities.

7 **Pricing Methods**

The Pricing Method for 5811 – *Book Publishing*

The price for the publisher is at basic prices without delivery cost and without marketing costs. The type of buyer is the distributor or the retailer. The price for the distributor or retailer is 40%-70% less than the list price to the final consumer.

The pricing methods are direct prices for repeated services and contract prices.

The definition includes the book category, the title and author, number of binders, number of pages, size, and the type of binders.

The prices for educational books are mostly controlled prices.

The market is very competitive and there are various kinds of discounts for the final consumer.

The Pricing for 5813 – *Publishing of Newspapers, Journals and Periodicals*

The biggest newspaper in Israel is distributed for free and the revenue comes from selling space for advertising.

The price of newspapers depends on the distribution channel. The advertised price in the store is different from the price for mailed subscriptions or home delivery.

The price of a subscription depends on the period of the subscription; the monthly rate is cheaper for annual subscribers than for subscribers for only three months. The subscription for a new customer is less than for an old customer.

The pricing for selling advertising space in newspapers is a price for repeated services (e.g. an ad half page black and white) or an average unit value (e.g. an average price per inch). The main criteria of price are the newspaper (actual circulation) daily or weekly, the placement of the ad (front page, middle, left page before middle) and other characteristics of printing as colored or black and white.

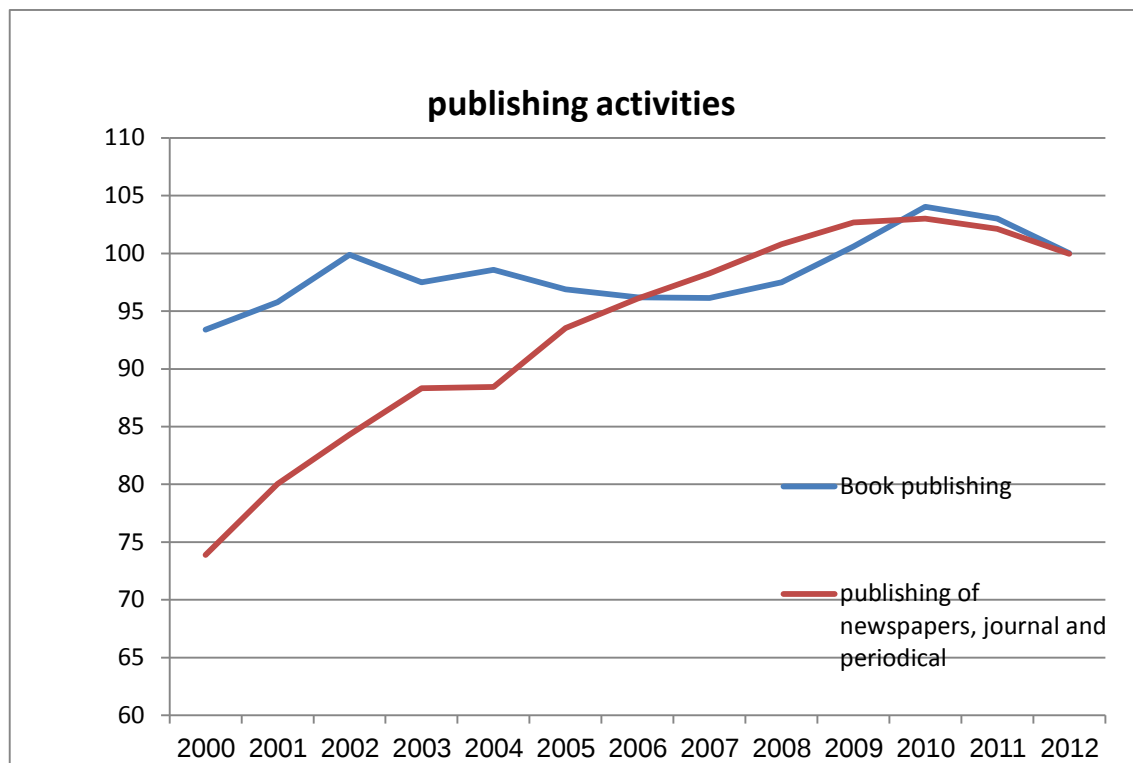
8 Quality Adjustment Methodology

In books the criterion for quality comparing are the target readers (adults, youth, children) the category of the book (literature, prose, science, cooking) the author, size and format of the book. .

For newspapers it is much difficult to define the quality or decide what part of price change is due to a change in quality. Newspapers are stable but over the time the newspapers change the format, the size, color and the part of advertising.

9 Some Results

Diagram 2: SPPI for 581 – *Publishing of books, periodicals and other publishing activities*



For newspapers prices tend to increase over a long period of time but from 2010 we can see a decrease in prices both for books and newspapers.