



Department
of Business and management

Course of Creative Industries and Business Model Innovation

Evolution of the publishing industry's
business model in the digital era.
Research of winning patterns and strategies.

Prof. Francesca Tauriello

SUPERVISOR

Prof. Luca Pirolo

CO-SUPERVISOR

Domenico Ciarcellut ID No. 712591.

CANDIDATE

Academic Year 2019/2020

Abstract

Digitalization has totally revolutionised the way the publishing industry creates, delivers and captures value. Despite the recent sector's crisis that drastically reduced the readers segment, especially in the last year are born new business model that could be able to reverse the trend. The concept of books itself is changed: now reading is an activity enjoyable in several formats and with different kind of devices. It follows that to study this industry are mandatory new paradigms since an increasing share of readers would not be considered so without considering who use to enjoy e-books, audiobooks, editorial content on social networks and any other form of reading but physical books. The goal of this thesis is to highlight winning patterns used by innovative publishing firms and to utilize them to design a "winning" business model able to create positive value even if with inside an environment in which books have to gain space among new ways to enjoy free time and a wide range of free or close-to editorial content and consequently reduced profit margins.

The main sources for this research have been: interviews with managers of Edizioni Centro Studi Erickson, an Italian publishing firm utilized as an useful business case for this thesis and with Alessandro Spaventa, CEO of Internazionale S.P.A.; furthermore it has been fundamental the analysis of data taken from national statistic institutes such as ISTAT, associations of category such as the Italian publisher association, the firms point of view and the use of the business model canvas tool to delineate winning patterns for an innovative publishing firm.

Table of contents

Table of figures.....	1
INTRODUCTION.....	3
CHAPTER 1 – THE PUBLISHING INDUSTRY’S DIGITALIZATION, NEW DEVICES AND TECHNOLOGIES.....	5
1.1 PREMISE	5
1.2 DIGITALIZATION OF THE PUBLISHING INDUSTRY	6
1.2.1 OVERVIEW OF THE ITALIAN MARKET	7
1.3 CHANGES IN THE PUBLISHING INDUSTRY VALUE CHAIN.....	10
1.3.2 THE SELF PUBLISHING PHENOMENON.....	13
1.4 NEW DEVICES AND TECHNOLOGIES	16
1.4.2 THE E-BOOK.....	16
1.4.3 E-READERS.....	19
1.4.4 AUDIOBOOKS.....	21
1.4.5 POSSIBLE USES OF THE QR CODE.....	22
1.4.6 AUGMENTED REALITY APPLICATIONS.....	23
1.5 THE BUSINESS MODEL CANVAS	25
1.5.2 THE BMC STRUCTURE	26
1.5.3 THE CUSTOMER SEGMENT.....	27
1.5.4 THE VALUE PROPOSITION.....	29
1.5.5 CHANNELS AND RELATIONSHIPS	30
1.5.6 THE REVENUE STREAM AND COST STRUCTURE.....	33
1.5.7 KEY RESOURCES, KEY ACTIVITIES AND PARTNERS.....	35
1.6 CONCLUSION	38
CHAPTER 2 - EDIZIONI CENTRO STUDI ERICKSON BUSINESS CASE, BMC APPLICATION	40
2.1 Premise	40
2.2 EDIZIONE CENTRO STUDI ERIKSON OVERVIEW	41
2.2.2 SWOT ANALYSIS	42
2.2.3 FINANCIAL AND ECONOMICAL ANALYSIS.....	43
2.3 INTERVIEW WITH LAURA PULICI AND FABIO DI PIETRO.....	47
2.3.1 PREMISE.....	47

2.3.2 COMPANY VALUE COMMUNICATION	47
2.3.3 PARTNERSHIPS AND COMMUNITY	52
2.3.4 MANAGING A CRISIS.....	54
2.4 A "LONG TAIL BUSINESS MODEL"	62
2.4.2 3 MACRO-TARGET: PROFESSIONALS, TEACHERS AND FAMILIES.....	64
2.4.3 A SOCIAL AND SCHOLAR INCLUSION PROPOSAL	67
2.4.4 MANY KIND OF CHANNELS AND A LIFE-CYCLE RELATIONSHIP	69
2.4.5 THE VALUE CREATION PROCESS	72
2.4.6 MORE THAN 150 PARTNERS FOR AN INCLUSIVE ORGANIZATION.....	73
2.4.7 REVENUES STREAM AND COST STRUCTURE	75
2.4.8 EDIZIONI CENTRO STUDI ERICKSON'S BUSINESS MODEL CANVAS	76
2.5 CONCLUSION	79
CHAPTER 3 – CHANGES IN THE READER’S NEED AND BEHAVIOUR.....	80
3.1 PREMISE	80
3.2. READERS IN ITALY	81
3.2.2 THE ITALIAN READER IDENTIKIT	83
3.2.3 READING INDEXES AND TOTAL COUNTRYES WEALTH.....	84
3.3 THE DIGITAL READING	86
3.3.2 NEW READING’S PARADIGMS	88
3.3.3 READING ON SOCIAL NETWORKS.....	89
3.4 WHY PEOPLE DO NOT READ? THE MAIN REASONS	93
3.4.2 POSSIBLE SOLUTIONS: THE AMAZON VISION.....	96
3.5 CONCLUSION	99
CHAPTER 4 - A WINNING PUBLISHING INDUSTRY BUSINESS MODEL.....	101
4.4.1 PREMISE	101
4.2 AN OPPOSITE OPINION: INTERVIEW WITH ALESSANDRO SPAVENTA	102
4.2.2 CONSIDERATIONS IN A BMC PERSPECTIVE.....	104
4.3 THE PUBLISHING INDUSTRY BUSINESS MODEL EVOLUTION.....	106
4.4 FINAL CONCLUSIONS - A WINNING PUBLISHING INDUSTRY BUSINESS MODEL	109
References	115

Table of figures

Figure 1 – TITLES COMMERCIALY ALIVE IN THE ITALIAN MARKET	8
Figure 2 – ITALIAN PUBLISHING HOUSES: NUMBER AND COPMOSITION.....	9
Figure 3 – BOOK LIFEYCLE.....	11
Figure 4 – PRINT ON DEMAND (POD) VALUE CHAIN	13
Figure 5 – ITALIAN SELF-PUBLISHING TITLES	14
Figure 6 – ITALIAN E-BOOK CATALOGUE	18
Figure 7 – ITALIAN BOOKS AND E-BOOKS PRODUCTION.....	19
Figure 8 – THE BUSINESS MODEL CANVAS.....	26
Figure 9 – PHYSICALS AND DIGITAL SALES CHANNELS	31
Figure 10 -TOTAL EMPLOYEMENT IN U.S. PUBLISHING INDUSTRY 2000 - 2020 .	36
Figure 11 – EDIZIONI ERICKSON’S SWOT ANALYSIS	43
Figure 12 - EDIZIONI CENTRO STUDI ERICKSON’S BALANCE SHEET	44
Figure 13 - EDIZIONI CENTRO STUDI ERICKSON'S INCOME STATEMENT.....	45
Figure 14 - EDIZIONI CENTRO STUDI ERICKSON - FINANCIAL RATIOS	45
Figure 15 - ERICKSON'S BUSINESS MODEL CANVAS	77
Figure 16 - ERICKSON'S VALUE CANVAS	78
Figure 17- ITALIAN READERS TREND.....	82
Figure 18 – ITALIAN READERS PYRAMID	84
Figure 19 – EUROPEAN AND U.S PERCENTAGE OF READERS	85
Figure 20 – EUROPEAN UNEMPLOYEMENT RATE	86

Figure 21 – READING DEVICES PERCENTAGE	87
Figure 22 – READERS CONSIDERING EVERY FORM OF READING	89
Figure 23 – SURVEY: WHICH ASPECTS DO YOU APPRECIATE MORE ABOUT SOCIAL NETWORKS?.....	91
Figure 24 SURVET: WHY DON'T YOU READ?	93
Figure 25 SURVEY: WHY ARE YOU READING LESS THAN 3 BOOKS EVERY MONTH?	94
Figure 26 - TRADITIONAL MODEL VS LULU.COM MODEL.....	108
Figure 27 – A WINNING BUSINESS MODEL FOR THE PUBLISHING INDUSTRY	112

INTRODUCTION

The digitalization and the other disruptive technologies born and developed between the XX and the XXI century have changed radically both the way creative industries create, deliver and capture value and the customer's needs and behaviours. The publishing industry more than the others has been revolutionized by this transformation. The way books are produced, commercialized and read didn't have a so radical change probably since the printing press of Gutenberg; even the concept of book is somehow changing its meaning.

The goal of this thesis is to analyse this transformation through a theoretical framework, business cases, interviews and surveys, understanding how publishing companies are changing their business model to adapt themselves to this transformation and using the Business Model Canvas tool to design an "ideal" business model for this industry, able to let publishing industries survive to the digital era and creating value for customer through an economically and socially sustainable business model.

There will be hence discussed the values to offer and to communicate to customers, how to segment them, the usage of social channels, paying attention to the kind of relation aimed to establish with customers and the consequent tone of voice; afterward which new resources and operations occurs to create value, and which partners are needed to make the business model work. Last but not least the change in revenue streams, trying to spot alternative to the classical sales by unit such as subscription fees. It will be crucial to consider new approaches to rethink about the production chain and consequently the cost structure of a publishing firm.

The research will start with a theoretical framework about the publishing industry environment. It will be delineated the evolution from a traditional industry to a model based on online channels and new paradigms. Therefore, which are the strategies of incumbents to react to this transformation and the new roles and players inside the value chain that digitalization has created. For writers from all over the world, in fact, having a publishing firm is not compulsory anymore. As it will be discussed, this situation brought to several consequences: first of all authoritativeness and credibility of writers is harder to demonstrate

(as well as for journalists with the advent of social network) since everyone, as we said, could produce a book in a digital format with no costs or impediments, and consequently publishing firms, to survive, have to find urgently an added value over the mere production of physical copies. Afterward, it will be outlined the business model Canvas tool applying it to the Publishing industry and focusing on the Italian market to have a concrete example of the digital revolution's strength.

The study will keep on investigating about the main traits of a winning publishing house's business model through the business case of Edizioni Centro Studi Erickson SPA. It is a firm leader in its segment and based in Trento, that has published books and educational tools for more than 30 years focusing on the social and scholar inclusion, especially of the most vulnerable children. Thanks to interviews with to key figures inside Erickson's structure, Laura Pulici and Fabio Di Pietro, it will be possible to go deep into the company's vision and strategy, particularly regarding the changes and evolutions in their structure and operative mechanisms to ride the wave of revolution brought from digitalization and new technologies. The data obtained from the company's analysis will be used to design the Edizioni Centro Studi Erickson's Business Model Canvas, evidencing which peculiar characteristics made it a winning business model.

There will be then a point of view's change, starting to analyse the industry throughout the reader's perspective. Sector surveys and interviews such as the one made by Pepe Research for the Italian publishing houses association (AIE), with a sample of more than 6000 individuals, will be utilized to delineate several kinds of "readers personas", to spot changes in the way they approach and use to read, why they choose to purchase books through an online website or a physical store, if they prefer to utilize a physical book or an e-reader and so on. As it will be discussed, to better comprehend the new environment, new paradigms and metrics are needed, and even the concept itself of reader has to change. In the conclusion of this paper will be designed as a "winning business model canvas" that should contain a strategy able to make a typical publishing firm able not only to survive to the digitalization, but able to create more value than before, spotting new opportunities thanks to these disruptive technologies that made the book value chain multidirectional and with the potential to be the most valuable creative industry in the future.

CHAPTER 1 – THE PUBLISHING INDUSTRY’S DIGITALIZATION, NEW DEVICES AND TECHNOLOGIES

1.1 PREMISE

According to UNESCO¹, the publishing industry is part of the broader family of creative industries, defined as activities ‘whose principal purpose is production or reproduction, promotion, distribution or commercialization of goods, services, and activities of a cultural, artistic or heritage-related nature’. This definition perfectly matches the concept of the publishing sector, that is, paraphrasing the words of Treccani Enciclopedia, the industry whose object is the publication and distribution of books of several genres and, more broadly, the complex of editors, firms and other activities linked with this industry. This definition has been entirely accurate for more than 6 centuries, but nowadays it should be included in digital players, in all the steps and aspects of the value chain since digital disruption revolutionized the whole value circle of this industry, even the concept of the book itself. The result of these massive transformations is the necessity of incumbents to adapt their business model, changing their way to create value with new operational structures and revenue flow, (that will be extensively discussed in this research), and defend their market share from new players that can be count on the advantage to be born already digital.

This chapter will start from an analysis of the current situation of the main changes in the publishing industry’s production processes, structure and offering due to the digital revolution. Then there will be overview of the Italian publishing industry sector, focusing on the effects of these changes, supported by relevant statistics and data to understand the main impacts and how this industry is reacting and leveraging the current situation and what brought this market, from a recession period around the start of the second decades of this century to an increase in revenues and players in the market.

To better understand the main the change in the publishing firm’s business model it will be used the Business Model Canvas tool, an innovative way to show the main component of a

¹ UNESCO, *Creative economy report*, 2015

business. For this purpose it will be provided an introduction of the business model canvas and a focus on the firms of this sector.

1.2 DIGITALIZATION OF THE PUBLISHING INDUSTRY

Talking about digital reading, first things that come in mind could be e-books, audiobooks, or blogs, but those formats as many others are just the results of a process started almost 50 years ago when Micheal Hart, with its "Project Gutenberg", created the very first e-book. Being able to use a primitive version of a personal computer by Xerox, he typed the U.S Declaration Of Independence. Since there, from the foundation created by the father of the digital reading have been edited more than 60000 books. At the base of the idea of reproducing books virtually, there was what Micheal Hart called the "Replicator technology"², a concept a simple as true: "once a book or any other item (including pictures, sounds, and even 3-D items can be stored in a computer), then any number of copies can and will be available". It's remarkable the similarity with the concept of the Gutenberg's commercial printer, where once there is the character of a book, it is possible to produce an infinite number of copies (only physical in 1448).

Between the physical and digital books, of course, the first remarkable difference is the price: technically an e-book could be edited and distributed at the price of nothing. This situation brought several advantages to the final users: he has just to type the name of the book on the internet and in a few minutes he could have already started to read the book he chose. A totally different process compared even with just 20 or 15 years ago when the same customer had to go to a physical store, paying an added value for the costs of a physical value chain and if lucky he could find the book he was looking for, if not he had to book it, wait several days or weeks and come back to the physical store. While the advantages for the readers all over the world are more than clear, the same cannot be said for the Publishing industry players.

The author considers that this is the first of 3 major revolutions that impacted this industry. The first one has been, as said before, the born of the Gutenberg press machine; the second

² Micheal Hart, The history and philosophy of Project Gutenberg, 1992

one has been the progressive literacy of the masses, going from books seen as a mere prerogative of high social classes such as nobles and clerks, to a commercial and variegated product available to almost the whole population. Of course, the third revolution is the digitalization, once again while the other revolutions created just new opportunities and an exponentially bigger market, the digital revolution is a vital challenge for the survival of this industry.

The crucial themes are the revenue streams, the author rights, communication and marketing, and the authority since with the possibility to everyone to edit and distribute a book could be not easy for a reader to understand which source is trustworthy and which not, a crucial problem for the news industry as well.

Indeed, incumbents have to face 2 kinds of new players: self-published authors, and above all digital platforms such as amazon, that have the high advantage to be born digital and have the availability of huge found to invest in the digital economy, both in term of marketing and technology.

It is evident the urge of a business model innovation to adapt the structure of the publishing firm's business model to this environment.

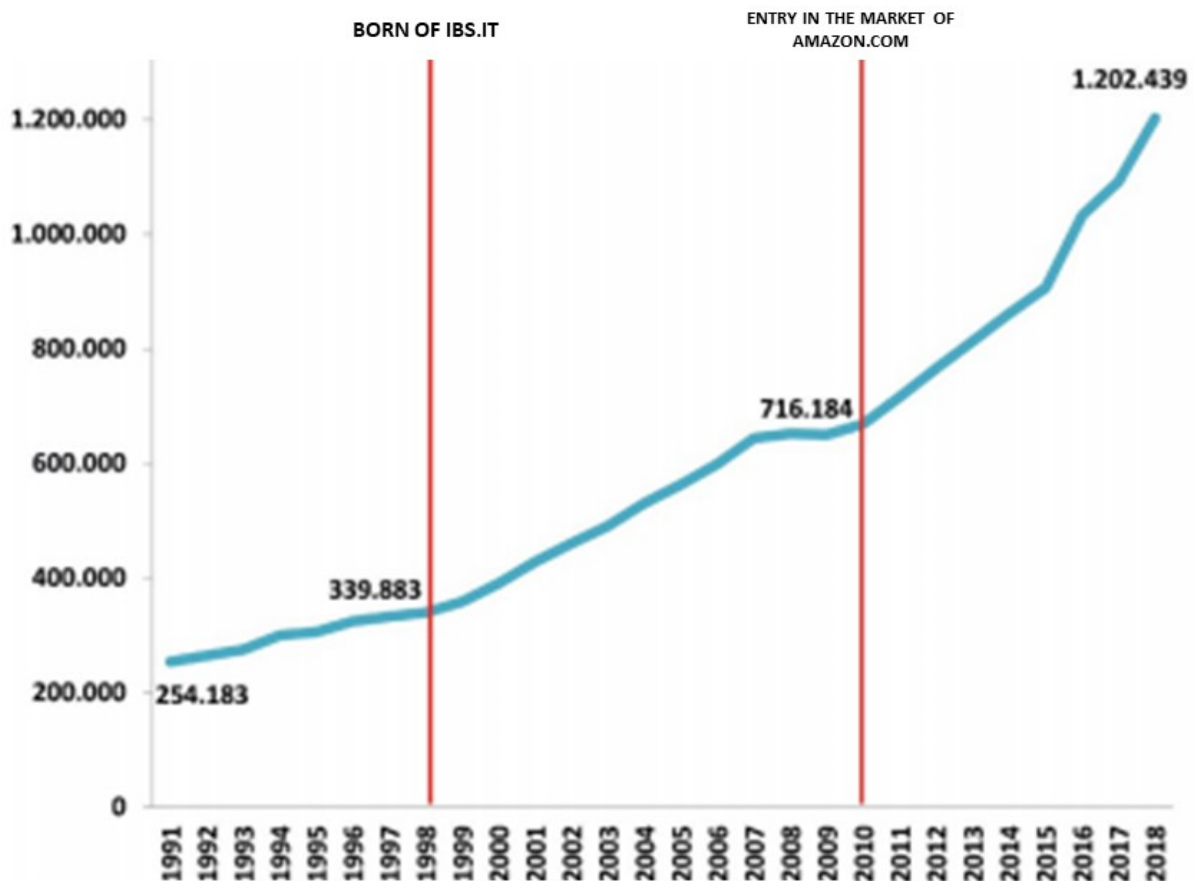
1.2.1 OVERVIEW OF THE ITALIAN MARKET

According to "Associazione Italiana editori" (AIE), the Italian publishing industry is growing for 5 years consecutively, both in digital and physical formats, following the European trend. The revenues grew by one percentual point, and the active publishing firm (meaning that published at least one titles int the current solar year) grew by 1% too, arriving at 4972. Book readers are about 60% of the population, interestingly less than the e-books and audiobooks readers which are 62% of the population.³

The titles currently on the market increased by 10%, arriving at 1,2 million (just 300000 twenty years ago), while active e-books in Italian are 419000 (+13,3%). The increase of the offer is due to several factors, some of them mentioned before such as the digitalization of the

³ Ufficio studi associazione italiana editori, *Rapporto sullo stato dell'editoria*, 2019

production processes, digital market places and change in consumers behaviour, and other that will be discussed in next chapters such as the production on demand, but in the Italian market there are particularly 2 digital entrances that increased exponentially the size of the catalogue. The first one is IBS.it which added more than 300 thousand titles, and successively it's remarkable the advent of Amazon.it, that impacted almost 10% of the whole market nowadays.



Source: Rapporto sullo stato dell'editoria 2019 – Associazione Italiana Editori (AIE)

Figure 1 – TITLES COMMERCIALY ALIVE IN THE ITALIAN MARKET

Just in 2018 have been published 78875 books, the genres that are impacting more are the educational and the children's books. while the growth of the first one is explainable due to a cyclical need to update scholar books, the high increase in the number of titles for children (+52% respect to 2010) it's not easy to explain in a country with a declining birth rate and higher average rate respect to other European countries. A tangible risk is overlapping the offer without a correct brand strategy and the right positioning. Indeed the offer for children

is alone the 9,6% of the market, adding the young adult segment we arrive above 11%. More than half of this offer is addressed to 0-6 years old. This last data can be explained with two reasons: this segment is relatively immune to digital devices such as smartphones, and because there is an increase in the budget that young parents utilize for children's cultural tools.

Who is publishing books in Italy? The publishing houses, considering the ones that have at least one active title on the market are 13.201, with an increase of almost 100% respect to 2010. This trend has been similar for the whole industry, independently by the size. Publishing houses with just 1 book in the catalogue, intuitively created ‘ad hoc’ for a book publication are 2856, with industry share of almost 20% respect to the total.. There has been a similar increase for publishing houses with less than 10 books in catalogue, that have a share of the 33% . Publishing houses with a bigger catalogues are almost doubled too but with they have a minor market share similar each other, with publishing houses with more than 1500 books that are just 127 and are the ones that can leverage more niche market and guarantee a more distributed and variegated offering. It is noticeable that nonetheless the crisis in the sector and the advent of e-book and new technology the grow of the players in the industry is positive and constant in all the segment.

	2010		2016		2017		2018		Δ%
	Italian publishing houses								2018/17
Total	7.028	100%	12.196	100%	12.345	100%	13.201	100%	+6,9%
1	1.177	16,7%	2.818	23,1%	2.723	22,1%	2.865	21,7%	+5,2%
2-10	2.321	33,0%	4.333	35,5%	4.406	35,7%	4.703	35,6%	+6,7%
11-20	792	11,2%	1.217	10,0%	1.241	2,0%	1.302	9,9%	+9,9%
21-30	440	7,0%	645	5,3%	662	5,4%	707	5,4%	+6,8%
31-50	496	6,7%	726	6,0%	769	6,2%	806	6,1%	+4,8%
51-100	587	8,4%	866	7,1%	876	7,1%	967	7,3%	+10,4%
101-200	500	7,1%	661	5,4%	688	5,6%	745	5,6%	+8,3%
201-300	219	3,1%	261	2,1%	278	2,3%	317	2,4%	+14,0%
301-500	209	3,0%	283	2,3%	298	2,4%	333	2,5%	+11,7%
501-1.000	156	2,2%	210	1,7%	218	1,8%	246	1,9%	+12,3%
1.001-1.500	57	0,8%	73	0,6%	75	0,6%	83	0,6%	+10,7%
<1500	74	1,0%	103	0,8%	110	0,9%	127	1,0%	+15,5%

Source: Rapporto sullo stato dell'editoria 2019 – Associazione Italiana Editori (AIE)

Figure 2 – ITALIAN PUBLISHING HOUSES: NUMBER AND COPMOSITION

What is drastically going down since 2000th is the number of physical copies printed with 116 million copies printed since the beginning of this century. The reasons most intuitive are of course the advent of e-books and the not already recovery of the book's industry crisis between 2011-2014, but there is something more. the physical production chain is more efficient thanks to new technologies aimed to reduce storage costs and new trends such as the production on demand that we'll discuss in the next paragraphs.

1.3 CHANGES IN THE PUBLISHING INDUSTRY VALUE CHAIN

The publishing industry has always struggled with operational and particularly logistics costs. Already in 1998, a KPMG report noted that warehouse costs were much higher compared with other similar b2c businesses since they were on average the 13% of sales. This is due to 2 main reasons: the high cost of printing and the impossibility to know ex-ante the number of copies wanted by demand, causing whole stocks stuck in warehouses. Evolution of technology helped to minimize both these problems: thanks to new metrics have been possible to optimize processes being able to print for a lower cost and predict better the size of the demand.

Other structural problems are the several and diverse kinds of players involved in the supply chain. If we consider just the production process, at the beginning there is the printer/manufacturer that sends the stock to the publisher/warehouse, from here it's delivered to the warehouses of a wholesaler, a bookstore chain, or an online retailer. Usually, from the last one, the book will be delivered directly to the final client. From the bookstore chain and the wholesaler warehouses instead will be delivered to a chain or independent book store, or a library and ultimately to end customer. After the reading, he could sell it again, so the book would come back to the previous step to be sold again like a used book, both through physical and online channels.

The supply chain is even more complex if we consider the creative and launching layers in the process. Everything begins from the idea of the author, that starts to write both for a creative impulse or a specific scope (i.e. academic, research). Then is usually approached by an agent, both because he appreciates the value of the writing or because the author is already

well known. At this point, the agent will show the work to an editor who will value if the project is feasible and profitable, in this case, he will approve the production process, physical or digital described before. The editor will find a creative in duty to design the cover and the interior of the book since is fundamental that the work will be visibly appetible for the audience. Here will star a fundamental phase that will be discussed deeply in the next chapters: the marketing. It will be crucial indeed to utilize the right channels, in the right way respect to the customer segment that the offer wants to reach. For this specific reason, there will be involved in several kinds of other players such as SEO specialists, marketing agencies, journalists, critics, and so on.

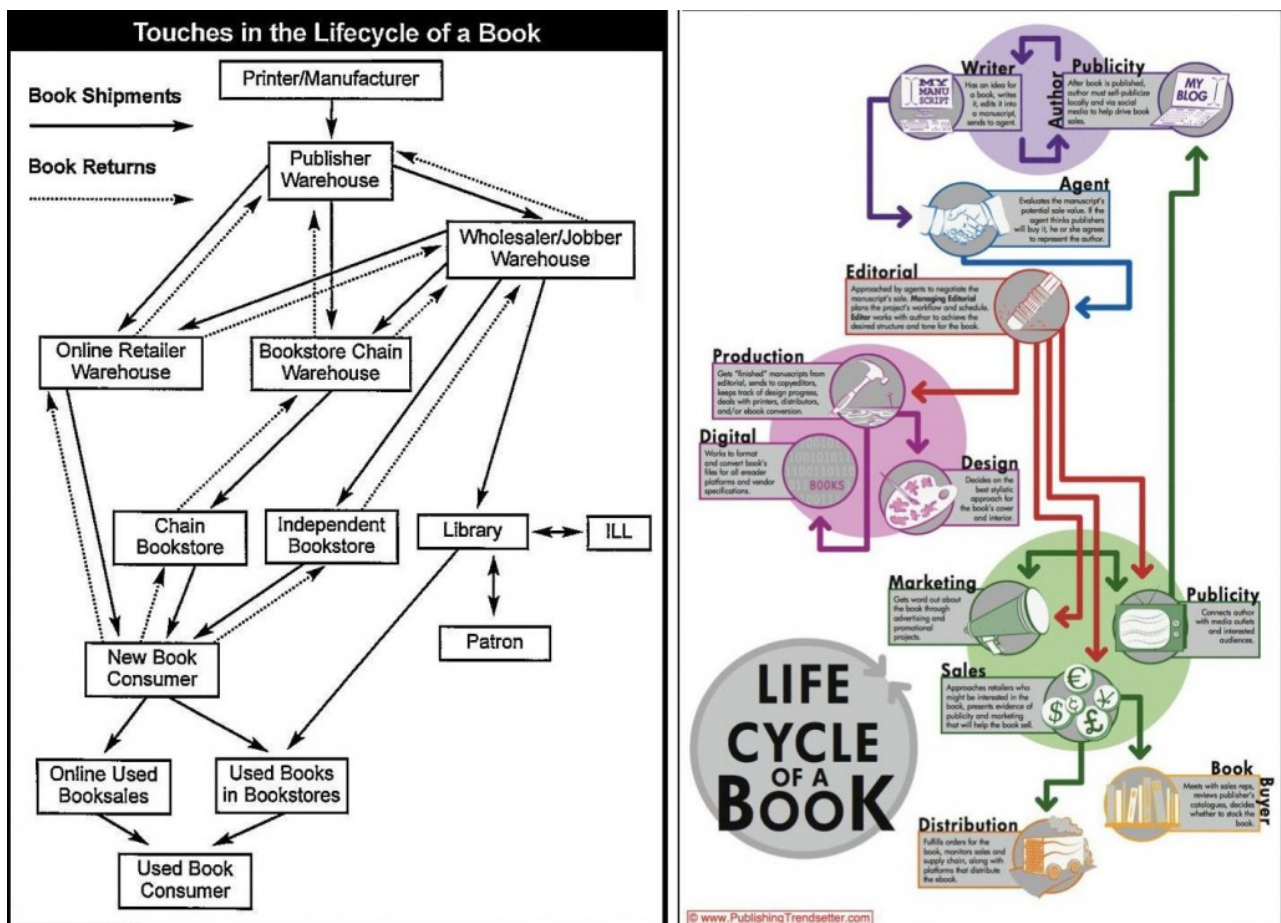


Figure 3 – BOOK LIFEYCLE

Another interesting lifecycle is the translated books one, that accounts for almost half of the whole distribution in Italy. It's important to start for the definition of territory, that according to publishingtrendesster.com is "A legally defined area for which a publisher may purchase the right to translate and republish a book that was originally published elsewhere. May be

defined geographically: (e.g.: China), or linguistically (e.g. Spanish). Only one publisher per territory may hold translation rights at any one time."⁴ From this definition, a concept that is worth to be mentioned is that only one publisher per territory can hold the rights of a book. It follows that it occurs in specific roles to manage this process. first of all, there is the right owner that could be the author, an agent on and editor, or even their heirs. it follows the figure of foreign right agent, specialized in working with the original right owner to find a new extra-territorial market for its book, trying to meet the right "scout", that works for a foreign publisher interested in finding international titles for its territory. At this stage, the foreign publisher acquires the right and assigns the work to a professional translator.

Intuitively, It's easy to understand why the operational cost of this industry has been traditionally so high, giving the high number and several roles needed to go from the author of a book to the final customer. It's even more intuitive to understand why the internet and the other disruptive technologies have completely revolutionized this industry, theoretically nowadays, for the whole digital book production process, it's necessary just one person, the author. Obviously is literally just in theory, because with an infinite number of competitors and a catalogue of millions of titles, a book will have enough acceptable resonance just if it will be found the right customer segment and the product will be appetible. That's where the publishing industry can still create and added value. Furthermore is fundamental to make the production process more efficient. To this purpose, there are new technologies that come in help; a really revolutionary one is the publishing on demand.

It is inside the bigger trend of the print on demand, and according to Joel Friedlander, it is "a book distribution method made possible by, and inseparable from, digital printing. It prints books only in response to orders, and only prints the exact amount ordered. Due to the capabilities of digital printing, print on demand is capable of filling an order for one book profitably."⁵ The process is fast and simple: the right's owner sends two files to the print on demand supplier (PODS), one containing the text and the other one containing the cover. The PODS will send a physical copy to the right's owner and after his confirmation, the title will be available in several kinds of channels. Every copy will be printed just in time, right after

⁴ www.publishingtrendsetter.com

⁵ Joel Friedlander, *The Book Blueprint: Expert Advice for Creating Industry, Standard Print Books*, 2018

the client's order. This technology allowed to reduce drastically logistic costs for this industry and to allow publishing industries to be lightened, but bring some disadvantages as well: the cost per unit is higher and the quality lower respect to printing on series, making this operating system not ideal for high-quality versions.

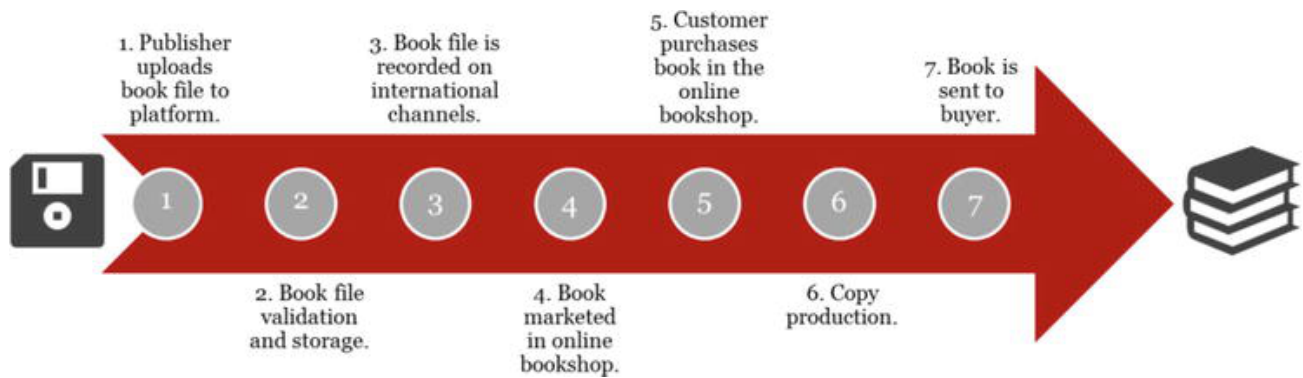


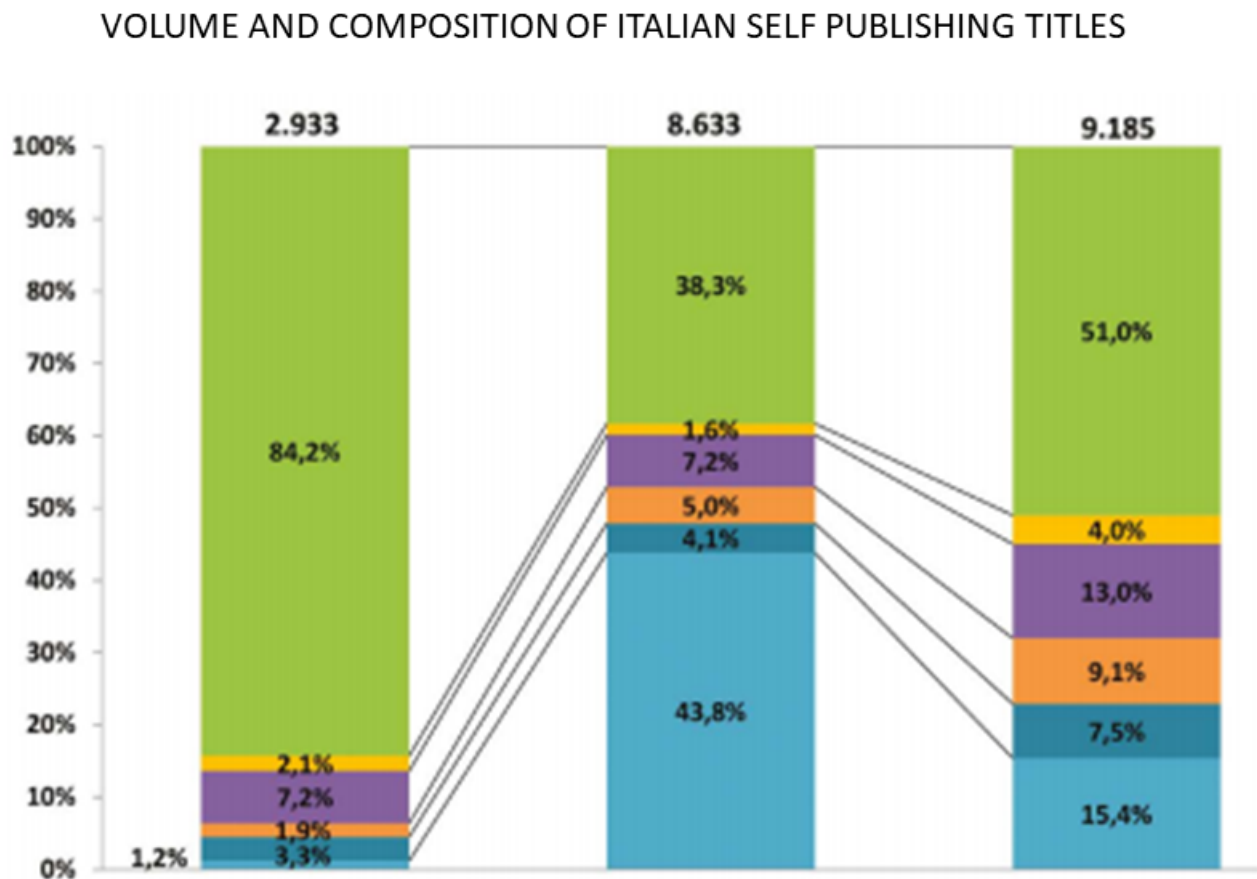
Figure 4 – PRINT ON DEMAND (POD) VALUE CHAIN

1.3.2 THE SELF PUBLISHING PHENOMENON

In the romance "Il Pendolo di Foucault", Umberto Eco narrates ironically about "authors at their own expenses" (autori a proprie spese), talking about a publishing firm that used to cheat those naive men convincing them to be talented writers, and then publishing their books but with the deal that they were in charge of all expenses. After a few months, since no one would buy their book, the editor used to call back them to ask if they want to buy copies of their own book. Between this romance set in the 70s and nowadays everything is changed. Until twenty years ago it was almost impossible to write a book and commercialize it without an editor.

Considering only the Italian market, in 2018 have been published 9.185 self-published titles, +6% respect to the year before and +212% respect to 2010.¹ The green segment of the next table represent the fiction segment, made by romances and other written fantasy ideas of people, most of whose not professional writers, the yellow one is literacy for children and boys, purple is not fiction general literacy, the orange one is non fiction practical; this segment comprehends books written to teach something practical, that as the trend shows is having a constant increase since the demand for learning material of practically every possible field is increasing since always more people want to learn autonomously without needing a teacher

or a tutor. This kind of book are part of a wider tool set that comprehend other kind of material such as podcasts and video-tutorial utilized to learn online. Another interesting segment to evidence is the ‘non classified’ segment since in a few year it has impacted from just the 3.3% to almost the half of the total self-publishing production because new technologies and the possibility to publish just in digital format brought to the situation in which every idea can be translated in an e book.



Source: Rapporto sullo stato dell'editoria 2019 – Associazione Italiana Editori (AIE)

Figure 5 – ITALIAN SELF-PUBLISHING TITLES

those huge numbers are due to several causes but the most important are certainly new technologies such as internet and the e-book format as said before that made possible for everyone to publish a book and considering that, according to S. Carolan and C. Evain "it is reported that eighty percent of people believe that they have a book in them and the opportunities provided by new technologies and the increasing importance of self-publishing

is responding to their needs."⁶ who wouldn't like to have an audience ready to read our creations? Indeed the same authors keep going saying that there are three kinds of self-published authors: "the big fish in the big pond", "the big fish in the small pond" and "the small fish in the big pond". The first category is comprehensive of successful and well-known authors, both self-produced or with an editor but in charge of the marketing process. In the second category, there are well-established authors of small niches, and this is another important trend for this industry. With the advent of digitalization, many professionals of most disparate areas are monetizing selling their competences and knowledge on Internet through video-courses or e-books since it's an activity with almost zero risk due to the expenses of the project closed to 0, but with infinite potential. In the third category, there are all the writers with no or very few public that try to engage a possible audience online that can sell, differently from the "authors at their own expenses" of Eco, physical book thanks to the POD.

⁶ S.Carolan, C.Evain, Self Publishing: Opportunities and Threats in a New Age of Mass Culture, September 2010, Publishing Research Quarterly

1.4 NEW DEVICES AND TECHNOLOGIES

Following the overview regarding the main impacts of digitalization on the publishing industry and after an analysis of the changes in the supply chain and the players involved, this section will regard devices that let customers use digital reading technology. This is not an easy duty, given that, citing Biancarosa and Griffith (2012), "The lack of clarity in part reflects the rapid advance of technology, with newly released options almost immediately being modified or merged with other options. Such change contributes to confusion as distinguishing features become vague or obsolete"⁷. Certainly from this article published in 2012th and nowadays technology is improved and new devices and software are available but the concept didn't change. It's difficult to find a right and comprehensive definition because many devices are multitasking and except e-reader like Kindle all the devices can perform several digital activities. Because of this reason, the definition that those authors use is general but useful to understand the concept: "We use e-reading technology to refer to hardware and software used to display and interface with digital text." This section will analyse the most used and disruptive ones.

1.4.2 THE E-BOOK

Several studies, such as Carreiro (2010) agreed that the publishing industry is not dying at all, It's just adapting fast to the rapid changes of the environment. In this view, the e-book is "another supplementary option to paper books rather than a replacement"⁸. To go deeply it's essential to spot differences and similarities between a book and its digital version. The author goes on to say that, using the definition of the New American dictionary, a book can be defined as "a number of sheets of paper, parchment, etc. with writing or printing on them, fastened together along one edge, usually between protective covers", or "a literary or scientific work, anthology, etc. so prepared, distinguished by length and form from a

⁷ Biancarosa, Griffith. *Technology Tools to Support Reading in the Digital Age - The Future of Children* 22(2):139-60, 2012

⁸ Erin Carreiro , *Electronic Books: How Digital Devices and Supplementary New Technologies are Changing the Face of the Publishing Industry*, Published online: 26 October 2010 Safe Creative 2010

magazine, tract, etc". A book hence could be defined based on its physical composition, or for its substance. In the second case there no difference with its digital version.

Focusing only on the e-book, Britannica Encyclopedia defines it as "digital file containing a body of text and images suitable for distributing electronically and displaying on-screen in a manner similar to a printed book. E-books can be created by converting a printer's source files to formats optimized for easy downloading and on-screen reading, or they can be drawn from a database or a set of text files that were not created solely for print."⁹ It's important to evidence several points in this definition. First of all the similarity with a physical book since they have the same scope. On the other hand, there are differences in the sources that can be digital for the e-book, such as the database, and the way to visualize it, namely any kind of display.

An industry for this kind of device born in the 90s when companies like Peanut press started to distributed digital books for the computer of the epoch, the personal digital assistant (PDA), obviously with a very restricted market compared with today and far less appeal. Then there has been a contraction due to the dot com bubble in the early 2000s and a new impulse around 2006-2007 when thanks to improvements in technologies, there was released e-readers such as kindle, that will be discussed in the next paragraph. Those devices boosted sales rapidly contributing to affirming this digital revolution. As is it shown in the next table There are 3946 publishing houses that have published at least one e-book in 2018, 3000 more respect to 2010.

⁹ www.britannica.com

Italian publishing houses – e book catalogue 2010-2018

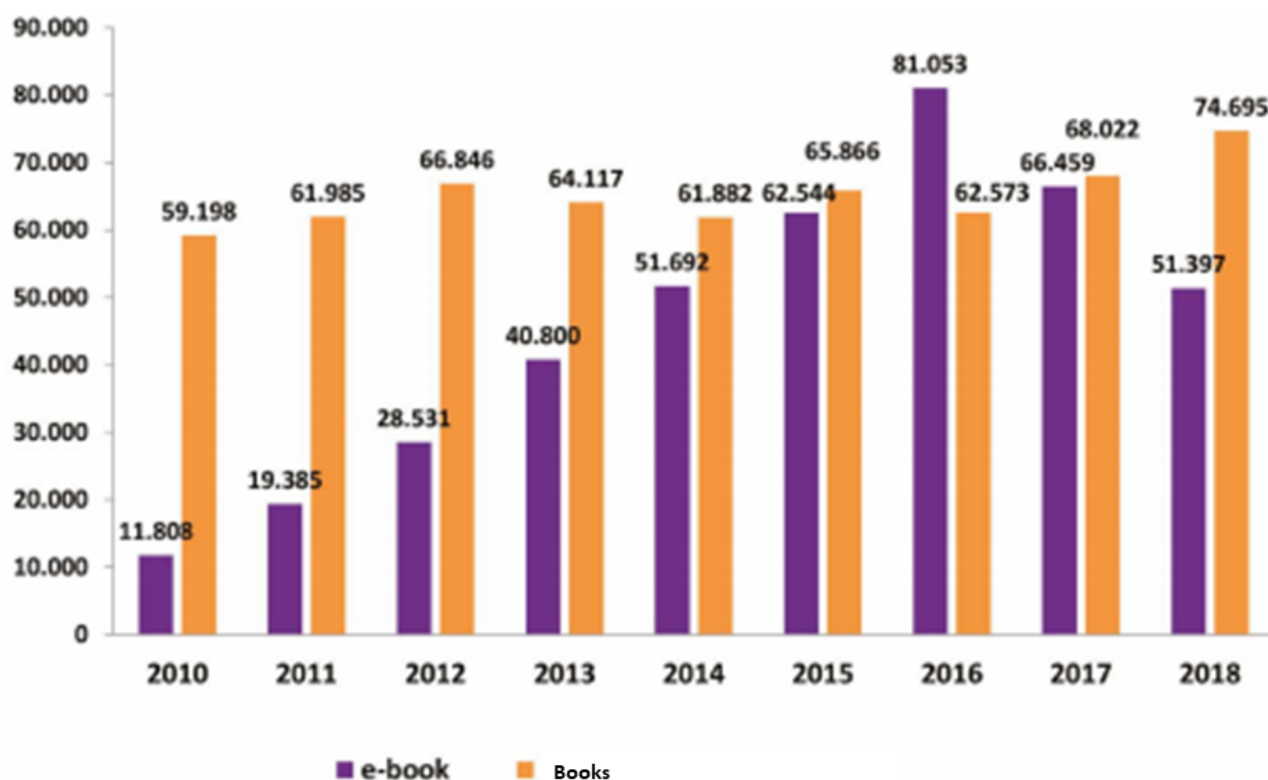
	2010		2016		2017		2018		Δ%
	Publishing houses	%	Publishing houses	%	Publishing houses	%	Publishing houses	%	2018/17
Totale²	457	100%	3.512	100%	3.658	100%	3.946	100%	+7,9%
1	114	24,9%	897	25,5%	924	25,3%	1.011	25,6%	+9,4%
2-10	186	40,7%	1.427	40,6%	1.486	40,6%	1.596	40,4%	+7,4%
11-20	50	10,9%	330	9,4%	340	9,3%	381	9,7%	+12,1%
21-30	27	5,9%	183	5,2%	184	0,5%	185	4,7%	-0,5%
31-50	23	5,0%	200	5,7%	203	5,5%	216	5,5%	+6,4%
51-100	26	5,7%	196	5,6%	214	5,9%	230	5,8%	+7,5%
101-200	16	3,5%	117	3,3%	124	3,4%	130	3,2%	+4,8%
201-300	2	0,4%	51	1,5%	57	1,6%	60	1,5%	+5,3%
301-500	8	1,8%	38	1,1%	50	1,4%	48	1,2%	-4,0%
501-1.000	4	0,9%	38	1,1%	41	1,1%	48	0,2%	+17,1%
1.001-1.500	0	0,0%	16	0,4%	14	0,4%	20	0,5%	+42,9%
<1500	1	0,2%	19	0,5%	21	0,6%	21	0,5%	0

Source: Rapporto sullo stato dell'editoria 2019 – Associazione Italiana Editori (AIE)

Figure 6 – ITALIAN E-BOOK CATALOGUE

Clearly, the distribution channel is on the internet, but with the possibility to read e-book offline once downloaded. Some authors interestingly notices that the file source and the metadata are separate: this means that usually, the file source is just in one plays, on the hand of the creator, but digital sales channels have the link that brings, once the payment is done, to the original source to download the e-book. This process implies that even if the digital stores will manage the transaction, the e-book's source will remain in the hands of the right's owner.

Regarding the Italian market, Publishing houses produced 51.397 ebooks in 2018, going down respect to 81000 of 2018, even if those data can be distorted by self-publishing since this segment accounts for 11000 e-books, the 11% of the total offer. indeed in 2016 and 2017 e-books titles equalled and surpassed the physical books, following a trend of constant growth since 2010. After those years that saw a boom in the digitalization process of this industry, there has been a retrenchment bringing the size of the e-book market slightly below the physical one.



Source: Rapporto sullo stato dell'editoria 2019 – Associazione Italiana Editori (AIE)

Figure 7 – ITALIAN BOOKS AND E-BOOKS PRODUCTION

It's important to notice that the disruption of this industry evidenced new criteria of primary importance to consider: the accessibility. In Italy, an example of a project that has this concept as a central value is the LIA-foundation, that during the last decade created a catalogue of several editors with titles native accessible; meaning that they are available with several formats, digital and physical, considering the need of readers with disabilities. As proof of the importance that this theme will have in the future, It has been discussed by European institutions, with the European accessibility act.

1.4.3 E-READERS

We could define e-readers as electronic hardware able to memorize and display text documents. This definition though is wider enough to comprehend every modern smartphone, tablet, or laptop since they own those features intrinsically. To be more specific, we can define e-readers as those devices designed and programmed specifically for the reading, and so optimized for this purpose, particularly regarding the reading comfort and battery life.

An important element of distinction respect to the other kind of devices is the technology behind: usually, e-readers utilize the display technology called electronic paper, respect to the LCD display used for the majority of the other digital device's displays. The scope of this technology is to imitate in every way the experience of reading a physical book. At the very basis of this technology, there are millions of tiny ink capsules, named e-ink, just black and white in the basic model but with different scales of grey in the next one, activated through a negative or positive charge. This technology is indeed called electrophoretic display (EPD) technology because there is a physical fluid, the ink, activated by an electronic impulse. The first advantage of this technology is that it doesn't need a constant flow of electronic energy since it is needed just when the ink has to change the form, contrary to the case of common LCD technology that has to refresh the display 30 times per second, so it consumes energy just when the readers change the page. Another key feature of the e-ink technology is that is reflexive: just like a physical book, the environmental light is reflexed to the display from the user's eye, that thanks to this reason can read even in front of the sunlight and with a lower eye-strain respect to the utilize of an LCD display.

Obviously, this technology presents some disadvantages compared to tablets and modern smartphones, such as the lack of colours except grey tonalities and the inability to download and display other kinds of applications. Even if already in the 30s Bob Brown theorized about a machine able to read several books and documents with just one display' (he thought about a technology based on the microfilm-style ribbon), the creation of devices able to do that is thanks to the experiment in the Xerox's Palo Alto laboratories of research and The studies of E links corporation, a company that optimized the electronic paper's technology described before. In the last years of the century has been tried the launch of the first e-reader, but due to technology not ready yet, online channels not developed and above all a customer segment not mature yet the first e-reader, E-rocket book has been a failure. In the next decade, the situation changed radically. Sony launched its e-book in 2004, probably the first commercial success of a device that incorporated the electronic paper technology, the Sony Librie. Then in 2007 it has been released Amazon kindle, sold out in just 5 hours and a half.

From the kindle launch to nowadays, the market is boomed. Amazon, Kobo and Pocket book are the 3 top vendors, but even publishing houses are trying to enter this market, an example

is Barnes&Noble with the e-reader called Nook. This technology is keeping to innovate, from the first models, the major changes have been the increase in the number of colours, the openness respect to several applications, even if not owned by the producer and the possibility to be self-illuminated to make possible to read without natural light.

1.4.4 AUDIOBOOKS

Unlike the e-books, the technology to produce audiobooks, that is registering a voice that is reading a book, is available around the same time of the invention of modern photography and the radio. What it was missing was channels and devices since, without those instruments, this market until fifteen years ago has been composed of a small niche.

Currently, the market has totally changed. According to a Deloitte study, this year the audiobook market will grow about 25% arriving around \$3.5 billion. Even if it's still a small market compared with other media industries such as radio or television, we should consider that the average growth in the media market is around 4%.

Certainly, a central role in the development of this market, particularly in the production and distribution thanks to the new digital channels has been taken by companies such as Audible, OverDrive, Downpour, Scribd and Hoopla Digital (most of them distribute e-books too). The case of Audible is emblematic. When it has been bought by Amazon in 2008 for 300 million (84 millions of revenues last year) it was already the market leader, selling its product through several channels and devices such as iPods and smartphone. According to Paulo Pinheiro (2020),¹⁰ another crucial factor for the boost of this market has been the contributions of associations, a U.S example is Audio Publishers Association (APA), that defend the publisher's right against big market players and institutions. One of their major success has been to support an American law, then followed by Europe and other states around the world, that have been equated the VAT of physical book with that of audiobooks, the 7%.

Digitalization influenced this sector more than others. It suffices to think that in 2011 only 50% of audiobooks were purchased via download, at the moment the percentage is almost 90. There has not been enough time for a general standardization, as a consequence in some states, the copyright norms are clearer, in other less. But, as a matter of fact, many audiobooks

¹⁰ Paulo Pinheiro, Audiobooks Business Model – Technologic Challenges, Instituto Politécnico de Bragança (IPB), Bragança, Portugal, American Library Association, 2020

software allow the user to reproduce just the audiobooks in their catalogues, hence with right's owner safe and respected. On the other hand, there are several ways and channels that the crowd can use. One of them is Youtube.com, where is possible to find tens of thousands of audiobooks, available in several languages. The majority of them is produced by amateurs, book lovers, that record and spread their voice just for passion, but that anyway steal a considerable portion of the market from the official and legal distribution channel.

Another crucial point to consider is the change in habits and behaviours arisen in the last two decades. To this day is common and normal do everything, both hobbies and jobs with a pair of headphones, to listen music or to learn and discover something new. Using the words of Duncan Stewart, Mark Casey, Craig Wigginton (2020): "Silence may be golden, but it's not necessarily the most interesting thing to listen to while commuting, doing chores, or working out." Duncan Stewart, Mark Casey, Craig Wigginton (2020).

1.4.5 POSSIBLE USES OF THE QR CODE

Another disruptive technology brought with the wind of innovation of the last two decades is the Quick response code, maybe more known as the QR code. The Collins dictionary defines it as "a pattern of black and white squares that can be read by a smartphone, allowing the phone user to get more information about something." Indeed, they are two-dimensional barcodes able to contain a wider quantitative of information respect to normal barcodes. Furthermore, they can be readen by every kind of camera. This technology brought several advantages in several supply chains and physical stores, making simpler recognition of storing processes. Even in publishing industry applications are numerous, above all in physical libraries. According to Jharotia (2018) examples could be: "Art shows, or permanent art in libraries, where it's possible to affix a QR code that, when visualized, it can give information about the paint, such as the history or some anecdotes, or about the artist, maybe with a link to his website. Another utilization is to optimize catalogues registration since thanks to the QR code is possible to have basic information about the object quickly, to speed up and to make more efficient the process.

Infos about a book could include the location and call number, really useful because a potential user or workers involved in the supply chain can just scan the code rather than writing or printing.

Another author Parabhoi ¹¹(2017) claims that basically, the only disadvantages of this kind of technology is that is not yet well known, hence is not yet fully exploited; it needs software in the reader device and an internet connection, but the last two things nowadays are really common and easy to have.

The same author lists 5 primary elements that allow QR code to work: Pattern, Alignment Pattern, Timing Pattern, Quiet Zone and Data Area. the pattern is composed of squares designed in the corners of a QR Code that identifies size, position, and angle. The Alignment Pattern "It is used for modifying the distortion of QR code". Timing Pattern is the composition of black and white lines. Used for "determining the central coordinate of each cell in the QR code. Then there is the Quiet Zone. Namely, it is composed of margin space and it is thanks to this part that the QR code can be recognized and detected by the reading software. The last element is called the Data Area. Composed by rows and columns, with this element the QR code is able to store data and transform them into a binary code readable by specific software. Many studies, as well as this author, agree in saying that QR code technology will be always more known and utilised thanks to its quickness and easiness to use.

1.4.6 AUGMENTED REALITY APPLICATIONS

One of the keywords in the digitalization process of the last two decades is communication. This term doesn't refer just to the improvement in the communication systems human-to-human thanks to the internet and new devices, but even to the interactions that are possible to have with objects, approaching them in more dimensions compared with the past.

In this context has a primary role the so-called augmented reality, defined as "the enrichment of the objects and spaces in the physical world through the use of computer-generated artificial, virtual and synthetic 3D elements. Different from virtual reality, AR does not

¹¹ Lambodara Parabhoi, Indian Institute of Advanced Study, Shimla (2017)

replace the actual world, but rather it enriches the actual world environment with 3D digital elements" (Altinpulluk 2018).¹²

Regarding the publishing industry's applications, this technology has an "analogic" ancient: the pop-up book. They were books that inside had physical 3d constructions, mostly used for children's publications. The concept is really similar, but everything is made by a digital tool. Like the QR code utilizes, it's needed software or an app and a camera pointed on the book. At this point, the software will recognize the book and in the screen will appear animations such as a character or a landscape described in the book. It's important to evidence the difference with the virtual reality, where everything on the screen is digital. On the contrary, in this case, except the virtual animation projected, everything else is real meaning that around animations is visualized the real environment. A child could see is favourite super-hero flying around its dining room. Being a totally new technology, it is not easy to find accurate quantitative data but to understand the potential and the disruptiveness of this technology it worthy to evidence that in few years AR is gone from being an experimental technology to a market of more than 5 billion dollars.

¹² Hakan Altinpulluk , current trends in augmented reality and forecasts about the future, 2017

1.5 THE BUSINESS MODEL CANVAS

The purpose of this thesis, as stated before, is to design a publishing industry's business model that owns the right characteristics to be sustainable and to create value in the new digitalized environment. First of all, it's needed a definition of a business model, that could be: "A business model describes the rationale about how an organization creates, delivers, and capture value"¹³. It is, therefore, the design and the description of all the aspects regarding the processes and resources that a firm needs to create value for its shareholders. The PhD student Alexander Osterwalder with its Professor Yves Pigneur elaborated a tool able to sum up all the crucial aspect of a business model in nine building blocks, visualizable in just one page. The first time this tool has been discussed from those two authors in a doctoral dissertation, but since it has been shown a general interest from other academics, firms and business insiders they decided to explore this argument in a book called "Business model generation" that has been created using a crowdsourcing formula since as well as the two authors have contributed more than 400 authors. Using the words of Osterwalder taken from an interview: " The Business Model Canvas is used in very many different ways. It's really used the way we envisioned it to be: to visualize and assess an existing business model or to create Model Canvas to systematically think through the business model. The best practitioners use all of the best tools out there, and they combine them" From that time, it has been created several variants of the canvas, to be adaptable to every kind of business and even because "a business tool should do one thing, one job to be done really well, and that's it. When you have several jobs, you should use several tools." This tool has been used worldwide, from thousands of organizations of different size and kind, even thanks to a website created by the author, strategyzer.com. This way of doing things is the answer for a world that does business in a fastly change environment, so firms need to adapt themselves rapidly, trying several alternatives and solutions to be always able to transform themselves as fast as the market and the consumer's need and behaviour. This perspective of seeing business as fastly change entities with an agile business model, both for a new startup or well-established organizations that are creating a new business or restructuring themselves is proper of the so-called lean

¹³ A. Osterwalder & Yves Pigneur, Business model generation, Hoboken, New Jersey, John Wiley & Sons, Inc, 2010

startup. Some of the first authors that theorized this business philosophy are J.P. Womack, D.T. Jones (1997)' who summarized the lean startup in 5 principles: create value for the customer, identify the value stream, create flow, produce only what is pulled by the customer and pursue perfection by continuously identifying and eliminating waste. The central team is to find a way to have a business model in a constant transformation. In this context found application techniques such as the minimum viable product (MVP) that Eric Ries defines as a new product, or a new version's product built and sold with the minimum features and costs possible with the aim to learn the maximum amount of information about customers. In this context, the canvas Is the tool that allows recognizing the crucial element of a business to create value for shareholders.

Figure 8 – THE BUSINESS MODEL CANVAS

1.5.2 THE BMC STRUCTURE

As it has been stated previously, the business model canvas is a lean startup tool able to describe how a new business or an existing one is able to create, deliver and capture value for and from one or more customer segment. It's organized in 9 building blocks, divided into two

parts. The right part's blocks are those that customer can see, indeed they are composed of the value proposition that the business offer, the customer segments that the firm aims to reach and serve, the channels through which the business interact, the kind of relationship that the firm wants to establish with its customers and the revenue stream, namely the price that the customer segment have to pay to buy the product or use the service. We can say that this side regards the value creation, and that is more dynamic since it has to be constantly adaptable to customer wishes and exigences. The left part instead is composed by all the resources, processes and partnerships that the firms need to work and to create value, it's visible just for the business interns and it's called efficiency side since the purpose is to create processes scalable and repeatable to maximize the value for the business. It's composed of the key resources that the business need, that can be human, physical and know-how regarding processes; the key activities that the firm has to perform to make its business work, the key partners that are of different nature to fulfil several necessities of the business and the cost structure, where are listed all the costs, variable and fixed, that have to be sustained to make all the process work. Giving the nature of this tool, that is to be adaptable for every kind of innovation and business, with the time many variants have been designed, adding or removing some blocks modifying the structure. An example is the value canvas, that focuses on the value created by the firm and the customer segment to which it is addressed this value. It is composed of two sides; on the left side are explained the characteristics of the value offered, particularly which is the product or service offered, which are the gain for the customer and from which is relived. Specularly, in the right part there are three parts that correspond to the gains that the customer obtains and pain from which is relieved; this model is perfect to show in a synthetic and impactful way which advantage will bring the product/service to the customer segment.

1.5.3 THE CUSTOMER SEGMENT

A customer segment is composed of the group of people that the organization aims to reach and serve with the product/service offered. Even if there is no fixed order in presenting the nine business canvas blocks, usually this is the start since all the aspect of the business have to be designed as a function of the client's wishes and behaviours. Obviously, a company, or a business inside a company, could aim to serve different customer segment, hence with

different characteristics. In this case, it is fundamental to create different "identikits", and from here on out design two different value propositions, relationships kind, channels and so on since different customer segments will have different needs and behaviour so they will need a customized offering. Furthermore, they will have a different profitability and they will be attracted and hence they will pay for different aspects of the offer. Depending on the kind of the business, customers can be segmented in various ways such as their age, the profitability, geographically and so on. Considering the size of the market, different kinds of customer segment that we could find are: the mass market, the segmented market, multi-sided market and the niche market. The first kind of segmentation considers practically the total spectrum of potential customer available, ideal for a non-customized offer. Indeed it consider client having similar needs and for which is offered the same value proposition. Another kind is the segmented market, that consists, as discussed before, in a market segment with partially different needs, with value proposition and channels that can be adaptable to every segment. In the multisided market, the firms aim to serve, linking them, two or more totally different market segment. This is the classical model used by web platform that match the demand and the offer of a giving sector. The niche market instead, is the opposite of the mass market. The businesses that operate in this kind of market structure used to create a really personalized offer to gain customer with really specific needs and behaviours and that usually form a nice community with a shared passion. As said before, depending on the customer segment that a firm aims to reach, it will vary the rest of the business model canvas design as well as the vision and the mission giving that more and more companies nowadays tend to be as more customer-centric as possible.

Regarding the publishing industry, the offering can be addressed to the mass market through the so called "best seller", that are books that attract the mass, meaning that the product is purchased from several kind of people of all the ages and kinds, usually is a product not specialized and easy to read, usually a romance or other entertaining literature. This means that a publishing houses want to reach with its offering as many people as possible creating a product that can be appetible independently of the singular characteristics of the reader, meaning that the customer segment of a best seller's book, for example "Games of Thrones" that only in U.S, in 2013 sold 24 million of copies, or the "Harry Potter" saga that sold the astonishing number of more than 500 million copies worldwide. To reach these numbers, the

customer segment number is substantially every person able to read in the world, that's why is named mass market.¹⁴ On the other hand, a publishing industry could segment a specific niche of people interested in singular field such as scientific literature, academic titles, school books and so on. In this case the offering is addressed to a customer segment with very specific behaviours and needs, or many niches at the same time with a multiple offering, with a so called "long tail business model" that will be discussed in the next chapter.

1.5.4 THE VALUE PROPOSITION

Using Osterwalder's word, the value proposition, that is the core of the BMC, it can be defined as the bundle of products and services that create value for a specific customer segment. The key aspect is to state clearly the value that the business is creating to its customer segment through a gain that customer can obtain, that in the publishing industry can mean a reading useful to learn something, to have entertaining moments, to develop communication and mnemonic skills or in many cases a mix of those advantages. Which are the factors that create value of customers? an intuitive answer could be: there are as many factors as the number of needs that move people to utilize something. Anyway, the most relevant are: the newness, that can be understood both as the creation of a totally different product or service that didn't exist before, that in this industry means new author's releases in an existing genres or the creation of a new one, such as the literature regarding web's topics or otherwise an innovation, above all if radical, of an existing product/service such as e-book or e-readers analysed early, that are keeping to evolve themselves, every year there is a renewal in the offering with new models, even if really slight innovation respect to the previous models, but it will bring to a drastic reduction of the value of the product even only a few months after the launch. Another important factor that can attract a strong client base is the personalization inside the offering. Of course it can regard the feature of the product, visual such as colours, forms and so on, or regarding the characteristics if there is the possibility to be adaptable as much as possible to a single customer, for example interactive books that allow the reader to choose the path, here the concept of personalization is central as well as for other industries like the vocal assistant market. Alexa And Siri for example, utilize the I.O.T. technology to

¹⁴ www.Fortune.com

control several devices and of course adapt themselves to the customer routine, fulfilling many subjective needs of the customer and improving themselves through the environmental data analysis. Even if this block should be the core of this model, it's important to notice that the value the company is creating has to be directed to its specific customer segment, otherwise, the product/service will not be rewarded for the value created and it will not obtain a fair market share. From this perspective, there are questions that can help to find the right direction, such as: What is the value that we are delivering to our customer? Which problem are we solving and which needs are we satisfying? Giving an answer to those questions is the key to design a customer's centred business model

1.5.5 CHANNELS AND RELATIONSHIPS

Once that we have discussed the first two blocks of the BMC, that are the customer segment and the value proposition offered, the 2 successive blocks that have to be designed are channels through which customer are reached and the kind of relationship that the firm aims to structure. Obviously, even the design of this part of the business strictly reliant on the characteristics of the customer segment that the firm aims to reach. Channels could be defined as the ways through which are reached the customer segment and it's communicated the value proposition, and from where are managed the requirements of the clients, from the first so-called moment of truth' to the post-sales assistance. Channels can be of two kind, digital and virtual. Depending on the kind of business, a firm could use a mix of them or just one kind. While there are more and more firms that can create value with a totally digital business, that offer an online service and meet its customer only through online channels, the contrary is not so true. Indeed even if small physical business needs to have an online presence, usually made by several social networks and other different channels designed precisely for businesses, an example is the google business listing, that, as well as many other tools, are easy to use, without the need to code or something like that, making possible to create an online presence even for who is without web development skill.

Of course the fundamental physical channels for a publishing firm are the libraries, owned by the firms or from other activities that offer a physical place to show and sell the offering. According to the “Associazione Librai Italiani” in Italy there are 3222 libraries, 2422 of them independent and not owned by publishing firms or chains, while 870 of them with more than one physical store making totally more than 1400 physical unit, estimating that around 500 of them have an annual revenue stream of more than 270000 euros.¹⁵ Regarding online channels there are three principal kind: the owned website, social media profile and an online store owned by third parties. Regarding the website, it is a space owned by the publishing firm where customers can see all the offering, news and so on, with the possibility to purchase and let books arrive directly to the customer’s house, examples are the website of Feltrinelli or Mondadori. Social media are useful both to communicate with the customer segment news, values and so on and even to have another marketplace with platforms such as Facebook. Third parties Platforms such as Amazon and Ibs are the places that as it has been discussed before have boosted this market, worldwide and in Italy to guaranteeing and offering only in Italy of more than 120000 books giving the possibility to publishing houses and singular authors to showcase their books. The next table shows clearly the importance of online channels; indeed, one book every four is sold online, with the highest growth rate respect to every other channel with an increase respect to the previous year of the 11%.

	2016 (.000)	2017 (.000)	2018 (.000)	Δ % 2018/17
Libraries	818.000	841.000	827.000	-1,6%
Papershops	44.000	44.000	43.000	-2,3%
Large retailers	131.000	109.000	90.500	-17,0%
Online channels	199.000	257.000	277.500	+11,4%
Newsstands	11.500	11.000	9.000	-18,0%
Museums book shops	22.600	23.400	26.000	+11,0%
Festivals and others	22.600	23.400	24.000	+2,6%
E-book	62.000	64.000	67.000	+4,7%

Source: Rapporto sullo stato dell’editoria 2019 – Associazione Italiana Editori (AIE)

Figure 9 – PHYSICALS AND DIGITAL SALES CHANNELS

¹⁵ Associazione librai italiani – Osservatorio librerie italiane 2020

Once established the channels through which will be reached customers, the next step is to choose the kind of relations that is aimed to establish with the clients. Of course even in this case all is dependent by the kind of business and the customer "persona". The main goal, hence what the firm aims to reach designing the right kind of relationship is to gain customer and so increase sales in the first instance, but more important, designing it in the right way, is to have a high percentage of retention rate, that is the percentage of customer that keep buying the product/service respect to the total number of customer that purchased it once. Even if there could be an infinite number of interaction kinds, the most used, above all in the last decades with the digital era advent, are the personal assistance, that could be physical in the stores or through a virtual communication; an automated service such as a bot able to solve customer problem via chat and self-services solutions, indeed with the modern technologies is easier create websites and software that allow customers to be autonomous in the purchase process. Other two kind of relationships, related each other, that is taking the high spot are the creation of communities, that are a group of enthusiasts about the product/service that love to show their loyalty to the brand and speak about that. This loyalty can bring, to a co-creation process; the so-called crowdsourcing process. As the name suggests, it consists of the decision of the firm to take innovation idea outside the firm, with the help of expert around the world to create a new product or innovate something that already exists; an example is Alessi, a design firm that not rarely it relies on the help of designer external to the company. Even in the publishing industry co-creation is a way to release books with an highest value and knowledge to spread, a clear example is one of the core source for this research: "Business Model Generation" which, even if as first firm bring the names of Osterwalder and Pigneur, it has been created with the contribution of more than 500 other authors that inside the book shared their experience utilizing the business model canvas too. The relation that the publishing firms want to obtain with their customer is generally oriented in the long period since, considering a business model that is adapted to the kind of customer segment that wants to serve, in the publishing firm sector the reader tend to keep to aliment its passion so it will keep to buy books for the his whole life.

1.5.6 THE REVENUE STREAM AND COST STRUCTURE

The last block of the BMC'S right part is the revenue stream, that is the design of the process through which the business to capture value from customer. New technologies have brought several new ways to monetize from clients, but every pricing mechanism can be traced back to two main mechanisms: the fixed pricing and dynamic pricing model. In the first case, the as the name suggests the price is fixed and predetermined, while in the dynamic pricing model there is a negotiation between the firm and its customer, that usually are business too since this model is frequent in B2B contexts. Some of the new business models born with the digitalization are: the advertising model, that is to offer to the customer a free product/service within advertising inside the website. Often those products/services offer a premium version, that the customer has to pay but with the possibility to utilize the product/service in an addfree version, often with more features respect to the free version, those model are called "freemium". Another model is the subscription fees one, already used in industries such as newspaper, that consist on having a revenues flow from customer that constantly use the service month after month and pay a fee monthly or annually. This model is often used in the premium version of freemium model. Internet made pricing models incredibly flexible and variable, hence as well as the model described above there are many other that business can utilize. The key focus anyway should be to design the pricing model that better fit customer's needs and preferences.

Even in the sector object of this research firms are using a mixture of the classical revenue stream, that is a fixed unit price per book, and they are spotting opportunities related to new ways to capture value from their customers thanks to new online tools. A born-online service that can be utilized as a clear example of new revenues model is Scribd.com; it is a multi-side platform based on crowdsourcing since users can upload books to share with other user and in exchange they can use the service for free, at the same time users that just want to read the e-books have to pay a fixed price per month independently by the material utilized, so subscription fees substitute in this model the classical revenue per item typical in this sector. At the same time this model can be defined, using Osterwalder and Pigneur's words "freemium" since it allow user to utilize the service for a certain time for free, but to have a

complete utilize of the platform they have to pay. Even the firms born before the digital era are trying to spot new ways to monetize from their customers. An example are the bigger publishing firms that offer discount and promos for user that create accounts in their website, because another way to monetize it is the acquisition of data, useful to address better the offering. Giving that thanks to e-book technology is drastically cheaper to deliver a book to customer, for the oldest publishing firm too it is not uncommon to utilize both freemium revenue model, for example offering the first e book to read for free, and a subscription model with which customers for a fixed price per month have the possibility to have several advantages such as having discounts and the possibility to read books for free. For instance Amazon.com through subscription models allow user to read a wide catalogues of e-books for free or for just 99 cents, being a profitable revenue stream given the costs closed to 0 in reproducing digital materials

Opposite to revenues stream, there is the cost structure, that this the total amount of cost that that business has to sustain to be operative. Costs can be fixed, so independent respect to the production and the variable, whose, on the contrary, tend to grow proportionally to the size of the business. The main model kind are cost driven and value driven. In the first case, the goal is to utilize economies of scale to increase the profit margin or value-driven model that have as a purpose to make the product/service offered really valuable in the customer's eyes, even if this means to have a higher cost per unit respect to the average. The cost structure has to be coherent with the rest of the business model structure, since of course, the goal is to create value not only for customers but for the business too, hence all the process have to be financially sustainable designing businesses with a positive net present value that it a true total creation of value

While the traditional cost structure for this industry has been cost driven, utilizing economies of scale to print as many unit as possible of the same book trying to lunch a bestseller to reduce the unit cost, thanks to new technologies

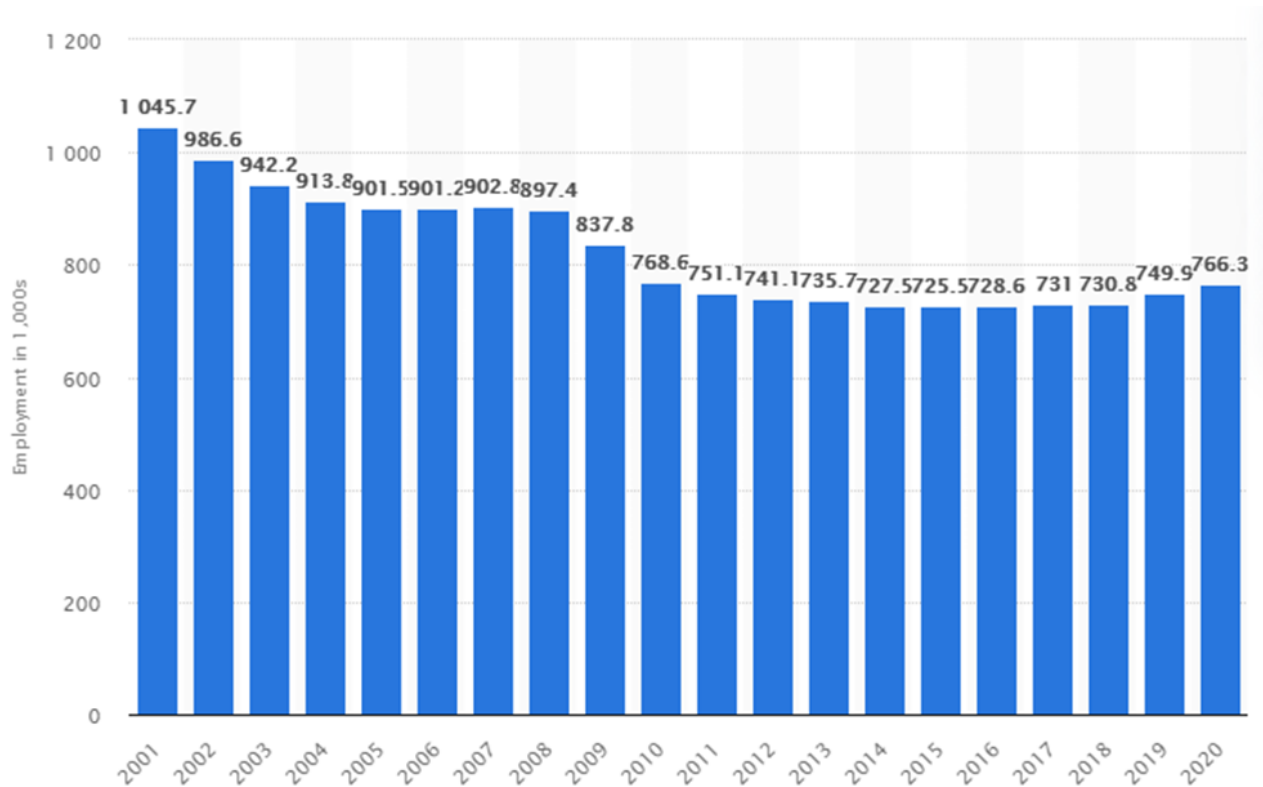
1.5.7 KEY RESOURCES, KEY ACTIVITIES AND PARTNERS

Key resources, key activities and key partners are part of the left side of the BMC, the part visible only to intern member of the firm, the so-called efficient side since, as discussed before, it consists on all the elements that the business need to create value. Key resources indeed are all the resources, that can be human, physical, digital and financial that the firms need. Reasoning in business model canvas therm, we could say that key resources are those that make possible to discover and attract customer, to realize the value proposition and to create channels to create a strong relationship with customers. These resources are utilized to perform the key activities fundamental to make the business work.

In the publishing industry the resources needed to make the business work are different and of various nature. First of all factories and warehouse are needed for the production and logistic process for physical books, linked to a delivery system that brings the stocks to the sale channels. Even in this field innovation plays an important role making more efficient this process thanks to logistic software and analysis of data that allow the fulfilment of the quantity needed avoiding to create more books respect to the number needed. Offices are another asset needed to guarantee a space for human resources, maybe the most important asset in this industry. Human capital is fundamental in all the aspect of the business: the production and distribution process, the selection of authors, public relation and contact with partners and so on. Being a creative industry, for definition the hearth is the creativity and the talent of writers, that will remain in the core asset of every publishing firm independently from the advances in technology.

To go deep into the trend in the employment of human resources in the publishing industry is emblematic the situation of the U.S. Market in the last 20 years. According to the Us Bureau of labor statistics, “In January 2020, over 766 thousand people were estimated to be working in print or software publishing companies, up from the 749.9 thousand people recorded in January of the previous year. Whilst the number has been increasing for the most part over the last five years, the number of people employed in publishing is still far lower than the one

million recorded back in 2001,”¹⁶ Meaning that even if the employment rate didn’t come back to the level before the digitalization and the following crisis, it looks like that the decline in employment rate is stoppet since the industry started to utilize people for new roles, spotting the opportunities given by new technology; another proof that this industry is not declining, it is just adapting itself to the new environment.



Source: Bureau of Labor Statistics. (2020). Total employment in U.S. publishing industries from 2001 to 2020 (in 1,000s).

Figure 10 -TOTAL EMPLOYEMENT IN U.S. PUBLISHING INDUSTRY 2000 - 2020

It's important to evidence that not always key resources are owned by the company. Often firms recur to outsourcing solution or joint ventures, sharing resources with other companies that have similar necessities. Key activities consequently are the fundamental processes that the firm have to perform to make the business work, utilizing the key resources. In a business environment always more globalized and integrated, it's almost impossible to think about creating a business model that don't comprehend entities external to the firm the fulfil resource and activities that the firm alone could not obtain. The publishing firm Edizioni Centro Studi

¹⁶ Bureau of Labor Statistics. (2020). Total employment in U.S. publishing industries from 2001 to 2020 (in 1,000s). 2020

Erickson that will be analysed in the next chapter is a clear example since 3/4 of its cost are addressed to outsourced services.

These external entities and resources are called key partners, that Osterwalder and Pigneur define as "Network of suppliers and partners that make the business model work" because as well as key resources and key activities, key partner are a fundamental part to make the business model work. The 4 main kinds of partner-related about the kind of partner that a business could need are: strategic alliance between non-competitor, cooperation with competitors, joint venture to develop new businesses or improve existing offers and buyer-supplier relation. In a BMC perspective, a business need external help when is not able, or it's not convenient to perform alone activities that make the business work. Fundamental partners, for example, are the financial partner, that could be of several kinds. A classical example is the bank that if interested could fulfil the financial need of the business, another one is shareholders that decide to invest their capital to the business. In the last decade, however, have been developed new ways to obtain capitals. In the startup world is common the so-called pitch, that is discussing the business idea in front of an audience of investors, above all in the tech field. Another new way to ask capital is the asking help to the crowd, there are indeed several digital platform that offer the possibility to propose online the business idea and asking financial help offering shares of the business, discount or a gift (most used in non-profit initiatives).

Another kind of partners needed are the "brand ambassadors", that are people that spread the business's value proposition and offering through social channels. Until a few years ago, brands tended to have a small amount but very famous of influencer, while now a new tendencies is the "micro-influencing" that is asking the help of a less know people, but financially less costly so with the possibility to have many more ambassador around the world, of course in this business the best ambassador for a brand is the author himself.

1.6 CONCLUSION

In this chapter it has been provided an analysis of the evolution of the publishing industry due to the environmental digitalization that changed the reader's behaviour and need, the offering and the concept of book itself since now written information can be assimilated in several ways. Then it has been done an overview of the Italian publishing industry market, that comprehend more than 3000 firm that not only are increasing by size, but even the revenues and the offering. Of course the digital revolution not only impacted the final offering but the value chain too, both in the production process with new methods and tools such as the print on demand (POD) that have simplified and made less costly the supply chain, but even the players involved in the distribution process; a clear proof is the fact that the main increase in the books commercially alive in the Italian market that arrived to be more than 1.2 Million are due to the entry in the market of IBS.it and Amazon.it. Such factors made the publishing industry faster and economical creating new opportunities for old and new firm that are able to create a less costly product and deliver it to a wider range of costumers. Not only firm, but even individual can share their ideas publishing digital books with potentially 0 costs but time, making digital reading tools available to every one. Thanks to these characteristic e-book as well as other digital technologies are taking the high spot in the publishing industry.

The digital revolution have drastically reduced the cost of this industry and consequently the average expenses per customer, intuitively it could seems that such an environmental change could bring to a reduction of the value created from this industry, this a reduction of revenues and of market size; but, on the contrary, after a though period for the sector during the first year of the second decades, the publishing Italian market, following the global trend, it seems to have adapted itself to the digital revolution spotting and leveraging new opportunities born with the digitalization. There are several proof such as the fact that firms in the sector are almost doubled, with an average profit in the last 3 years. Through the time, publishing houses should adapt themselves always more to technological trends leveraging new tools such as the Audiobooks, the Qr code and the augmented product that allow the final user to more entertaining and passionate experience.

The adaptation of the industry to new technological trends have had an impact on their business model, in the way these firms create, deliver and capture value from their customer. Through the business model Canvas it is possible to analyse these changes dividing the business model in 9. It's important to notice that especially with new technologies and with the digital adaptation firms tend to be always more customer centric, trying to satisfy their exigences that are evolving as fast as technology

In the next chapter the business model canvas will be applied to the publishing firm Edizioni Centro Studi Erikson SPA, the market leader the specialized educational literature in Italy, to spot the main characteristics that allowed this company to perform better than its competitor and to understand where and how there are their main source of value creation.

CHAPTER 2 - EDIZIONI CENTRO STUDI ERICKSON BUSINESS CASE, BMC APPLICATION

2.1 Premise

The main purpose of this chapter is to analyse the business model of Edizioni Centro Studi Erikson Spa, a publishing house, research and consulting centre born in 1984 in Trento, specialized in teaching, education, learning disabilities, special needs, full inclusion. After a company overview, the firm will be analysed deeply thanks to two interviews with Fabio Di Pietro, publishing director, and Laura Pulici, head of press office and communications. The goal will be to design a business model canvas for this firm, trying to spot the characteristics that have created the conditions that brought them to be the Italian leader of their market segment. The focus will be on how they leveraged the digitalization to improve their offering to cover the student needs, above all for the one with disabilities, thanks to many added product features and a 360° vision. It will be important to understand the several links between the blocks, so how they are able to support each other. In fact, in a winning business model, and this is the case, every aspect of the business structure has to go in the same direction to make possible to create, deliver and capture the value stated in the value proposition. Indeed, digitalization and new technologies not only have impacted on the value offered, but to all the aspect on the business. For example the way offering is communicated to customer is totally changed thanks to new online channels that allow a different kind of communication and relations with customers.

To create a business that can generate positive value and reach a fair market share, it's not necessary to have innovative and unique features in every blocks; on the contrary a winning business model could have many components similar to competitors, but if total value is higher than the sum of its component, it means that every block is able to support the others, creating a special offering for the customer segments, since every part support and it is coherent with the value proposition. But, in this case, even if this company is born decades before the digital revolution, it utilizes innovative patterns such as the “long tail structure” that is a characteristics of the most modern business model, and even the core values, as it

will be discussed, are focused on the “life cycle” inclusion, a value that with the time has been shared by all the player in this market

2.2 EDIZIONE CENTRO STUDI ERIKSON OVERVIEW

Edizioni Centro Studi Erikson is a Publishing house and a research and formation centre born in 1984 and based in Trento, with another hub in Rome. It has been founded by Dario Ianes, ordinary Professor of pedagogy at Libera Università of Bolzano and Fabio Folgheraiter, ordinary Professor of methodology at Università cattolica del sacro cuore of Milan. The editorial offering is divided in catalogue and the Italian national institute of statistics (ISTAT) consider it a "big editor" since it usually produce more then 50 volumes per year.

indeed at the moment it has more than 2500 book in its catalogues, with an offering that increase of around 150 new books per year, translated for 12 different countries; Their effort has been recognized in foreign countries and they are at the moment the official Italian editor of the International Classification and functioning, disability and Health, made by the world health organization. The team is composed of 150 employees and an hub of 2000 authors and educators. They have been able to gain a solid market share, even thanks to conventions that allow professional and workers of the educational environment to know this reality; Indeed, from 1997 it have been organized more than 50 big events and many other conventions for professionals and teacher.

The mission and the core of the company, as we'll see through the interviews, is the social and scholar inclusion, obtained through the development and the diffusion of competences, methods and tools characterized, using the firm statement's word, by quality, innovation and pragmatism. Indeed, Despite the wide range of product offered between books, courses and other didactical material the quality is guaranteed thanks to the attention to theories applied attendibility and the research of the best authors. The innovation is a really interesting aspect: it is not only mean as an upgrade of didactical theories but the development of new or improved products that are able to personalize the user experience. It is the so called augmented product, which is the ability of a product to be personalized to guarantee a better experience for the end user. An example is the possibility that teachers have to personalize

the didactical experience, choosing autonomously the path based on which arguments he or she consider most important and of course based on the student needs. It's important to evidence that personalization is a concept that perfectly matches with inclusion since according to Laura Pulici everyone can create a value for the society if put in the right conditions; for a student with disabilities this means to have the possibility to utilize material that is perfectly designed for him, so personalized for his needs.

2.2.2 SWOT ANALYSIS

Since digitalization is having a remarkable impact on the company core business, both opportunities and strengths as well as threats and weaknesses are changing rapidly. The main strengths of Erickson are the market share, since it is the leader of its segment, the brand image that as we'll see with the next interviews is well established inside its niche even if it is not well known into the mass market; the partnerships established with several entities and with more than 2000 between authors and formators and its wide offering, with several digital products such as games and augmented product that combine the latest scientific theories and new technologies. The main opportunities are first of all the possibility to keep to enlarge the customer base and to invest in the digital offering, creating tools that fulfil always more the exigence to learn through smart objects: then the gain of market share in the foreign market, a road already taken through Erickson International.

Regarding the weaknesses of this company, one of the main problems is the low presence with owned stores that at the moment are only 2 in Italy. Brand image for the mass is another critic point since according to Laura Pulici only people inside its niches have in mind this brand while the rest of the population still associate the company's name with a mobile firm. This low brand recognition for the mass could be an obstacle especially if the company would project to enter inside new markets or to amplify its offering to new segments. The main threats are intrinsic to the nature of this company. Having to interact with many typologies of clients and partners, most of them experts respect to their field and consequently really severe and with high expectations, there is always the risk to make communication mistakes when interacting with them. Another risk is related to the quality management duties of the research

& development department that have to approve the editorial offer that increases of more than 150 books per year and formation courses. There is always the risk to utilize obsolete theories or do mistakes in the catalogue composition; a situation that could potentially generate conflicts between the company and one of its niches, as we'll be described in the next parts.

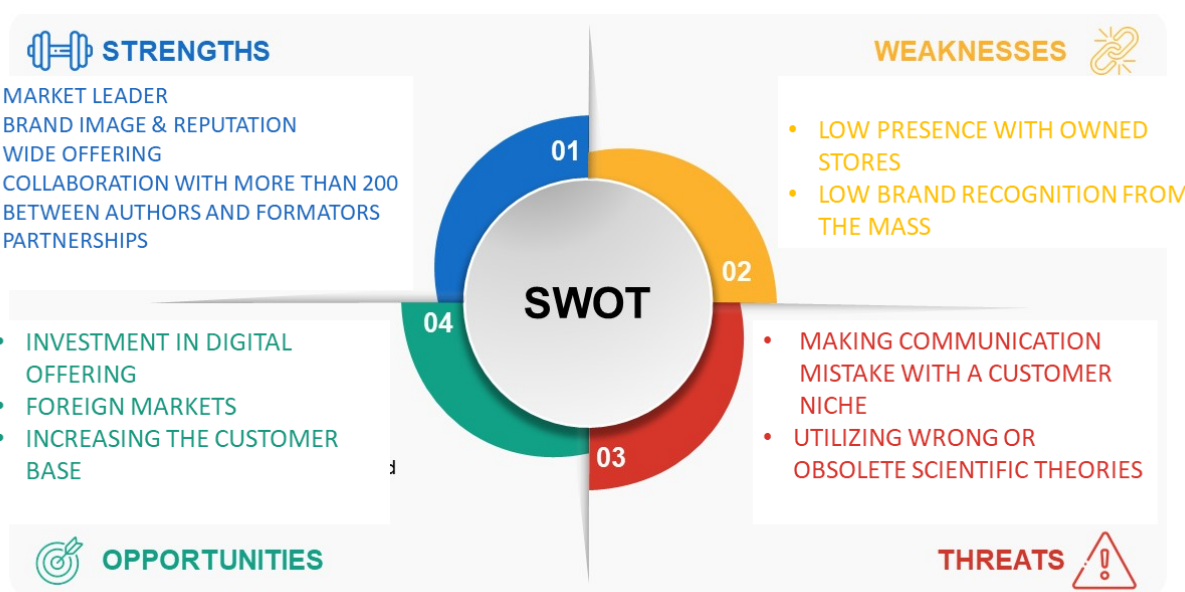


Figure 11 – EDIZIONI ERICKSON'S SWOT ANALYSIS

2.2.3 FINANCIAL AND ECONOMICAL ANALYSIS

Edizioni Centro Studi Erickson is a public limited company not listed with registered office in Trento. The positive economic and financial results are another proof of the value that the firms is generating for its internal and external shareholders. As it is shown by the balance sheet,¹⁷ It can count on total asset of 23.928.148 of which, almost the half is composed by physical asset such as the two stores in Trento and Rome, the offices and the warehouse. Inventory is another valuable voices since it counts for more than 5000000 euros, around the 20% of the total value, while debt on asset ratio is around 44%.

¹⁷ Camera di commercio di Trento – Bilancio d'esercizio 2019 Edizioni Centro Studi Erickson S.P.A.

Edizioni Centro Studi Erickson balance sheet	31/12/2018	31/12/2017
FIXED ASSET	10.519.565	9.721.638
Intangible asset	630.752	204.567
Physical asset	9.551.698	9.186.542
financial asset	337.115	330.529
WORKING CAPITAL	13.408.583	13.336.028
Inventory	5.657.956	4.418.968
Other liquidity	7.570.583	7.327.697
Cash	180.044	1.589.363
TOTAL ASSET	23.928.148	23.057.666
EQUITY	10.275.939	9.721.638
Share capital	200.000	200.000
Reserves	10.075.939	9.910.443
Long term debt	4.825.709	3.882.451
Short term debt	8.826.500	9.064.772
TOTAL	23.928.148	23.057.666

Source: Camera di commercio di Trento

Figure 12 - EDIZIONI CENTRO STUDI ERICKSON'S BALANCE SHEET

Regarding the income statement, revenues are 19.811.760 with a net income of 765.496. It's interesting to notice that almost the 75% of total expenses are for outsource services, meaning that this firm can adapt fastly to environmental changes since it can reduce quickly the costs for external services when the demand for its offering decreases, and at the same time it can pay more for external services when it's needed. There are Another 2 points in favour to the production outsourcing strategy, a trend always more followed in several industries: the first one is that, not owning machinery, it is possible to always choose the most innovative production system and, at the same time, the management can focus more on other aspect of the business such as the relation with customers and partners, a key aspect in the Erickson's business model.

INCOME STATEMENT	31/12/2018	31/12/2017
Revenues	19.811.760	19.691.152
Internal production	1.469.554	1.357.080
Total revenues	21.281.314	21.048.232
External operative costs	13.939.225	13.042.395
Added value	7.342.089	8.005.837
Cost of employees	5.638.191	4.928.694
EBITDA	1.703.898	3.077.143
Ammortization and depratiation	772.115	773.573
EBIT	931.783	2.303.570
EBIT	(27.586)	43.744
Financial results	10.227	2.473
Normalized EBIT	914.424	2.349.787
Extraordinary revenues	153.664	168.825
Integral EBIT	1.068.088	2.518.612
Integral EBIT	24.613	21.435
EBT	1.043.475	2.497.177
Taxes	277.979	657.353
NET INCOME	765.496	1.839.824

Source: Camera di commercio di Trento

Figure 13 - EDIZIONI CENTRO STUDI ERICKSON'S INCOME STATEMENT

Below there are other important ratios to analyse the financial and economical situation of this firm: the ROE of 7.45%, higher respect to the average of the industry even if it has been contracted respect to the previous years due to recent investments in physical assets with the new store and convention centre in Rome, and ROI adjusted that is 3.82% as it can be seen in the next table.

Principali indicatori di bilancio	31/12/2016	31/12/2017	31/12/2018
ROE	30	18,2	7,5
ROA	16,8	10,9	4,4
EBITDA/REVENUES	20,6	15,6	6,7
ROI ADJUSTED	14,3	9,9	3,2
RETURN ON SALES	19,6	12,8	5,3

Source: Camera di commercio di Trento

Figure 14 - EDIZIONI CENTRO STUDI ERICKSON - FINANCIAL RATIOS

It is noticeable that investment, research and development are one of the core activities for this company, as it is stated in the annual report. During 2018, the company kept to strengthen its offering, product innovation, services and internal processes investing in infrastructure, new technologies and the acquisition of competences in order to reach the company's goals. In 2018 it has been relevant the investment in the project for Rome that created a new library, formation rooms and offices, furthermore it has been amplified and renewed the historical headquarter in Trento. Other field of investment have been the research project "expert teacher" that aims to create an innovative method of teacher's formation based on the development of new competences and the idea of new games and tools regarding children learning skills. Research projects have been developed with universities as well such as university of Parma. Even through the financial analysis is clear the importance of the innovation, the research and partnership to guarantee quality and excellence. Below there are the consolidated income statement and balance sheet.

2.3 INTERVIEW WITH LAURA PULICI AND FABIO DI PIETRO

2.3.1 PREMISE

Laura Pulici is in charge of Edizioni Centro studi Erickson's communication. Thanks to her help it has been possible to analyze deeply the communication strategy of the company that aims firstly to share its mission and values, above all about the importance of inclusion and how to let as many people as possible reach this life condition. There will be than a discussion on how to manage web and social channels, regarding the right channel and tone of voice to utilize based on with wich customer segment the company is addressing the communication to. There is a key aspect above all in businesses, and that's the case, that interface themselves with various and different customer segments, that use to want different things, act in different ways and give a different value to the company since they are different niches. The way it has been possible to create such community thanks to the creation of the right brand identity, the parteniships established through the years and the events organized to establish a professional and emotional links with the different community of professionals, teachers and families with children will be another interesting argument in this interview. Below there is the commented full interview

2.3.2 COMPANY VALUE COMMUNICATION

C. From the born of your firm in 1984 to nowadays are there been changes in the concept of inclusion and the best practices about finding a strategy to let feel a child or teenagers with disabilities included?

P. Yes, there is surely been a change and an evolution regarding the meaning of this concept. In the 80' and the 90' inclusion has been strictly related just to disability. Indeed, it has been considered as a modality to manage children, teenagers or adults with disabilities, while nowadays inclusion is a concept that involves everyone, 360 degrees, because the goal of inclusion is to valorise the personality and capacity of each one, from the cradle to the

covering of the whole life cycle. Given those reasons, we take care of both the scholar inclusion and social since they are two essential elements that start with activities such as the activities for babies between 0-6 years old, then for elementary kids and so on till activity for adults, and that's why we talk about a "life project"

C. So there is not a boundary line anymore

P. Exactly, there isn't a boundary line since everyone has its peculiar characteristics and personality, placed in the proper condition can express the best of himself. That's why as a research centre and a publishing house our goal is to help children to be themselves.

We can see how in just few decades there has been an evolution of the central values and consequently the firm had to design a business model that is able to spot changes and to adapt its structure to guarantee an high value delivered to its customer segment. Beliving that inclusion is a lifetime values, is not just a theoretical idea but the willingness to design a structure able to create tools that can be books, courses, didactical programm games an so on that can help people to be in the right conditions to express properly themselves, not only focusing on children, but thinking about and consequently creating tools to help the inclusion process for people of any age.

2.2.3 VARIOUS CHANNELS AND TONE OF VOICES FOR SEVERAL MARKET NICHES

C. How are you able to communicate those values?

P. We have several channels. One of the first is surely the web site. Then we have a presence on social networks such as Facebook with various pages and groups, Instagram, Youtube and to a lesser extent in Linkedin and Pinterest. We have then press office activities, useful to have a relations with journalist and blogger to promote our new publications and formative offers but above all the world's vision that we propose. The attentions is moved on from the so called "corporate social responability" to the communication of. the firm's purpose, meaning our values and world's vision, even if for us is not a so new way to communicate

since we have always acted so. From this point of view this has been an advantage for us in a communication level.

C. You have a ‘communication advantage’

P. Exactly. We found ourselves forward since we are focusing on inclusion for 30 years, but just nowadays inclusion is a trend topic company for medias and firm’s press office. From this point of view our values look like more authentic and already concretized in the editorial propose that we do. This authenticity is well recognized and rewarded by our clients, above all in social networks.

We can notice the importance to be the innovator in the own market rather than a follower. It is not only about innovation in product or service features. In this case for example Erickson has been able to spot the importance to promote the so called social responsibilities that in the field of this company it regards, as it has been already said, the importance of inclusion. From this point is easier to create the proper line of products/services that fulfil customer needs and create a high value for the community.

C. Hence you customer segments know that those are your values and you are not just following the wave.

P. That’s true. Even if as you can see Centro Studi Erikson has a niche market. The customer segment that we are addressing to are quite specific. This situation obviously condition the business image. If you ask around about what is Eirckson? People outside this sector will usually think about mobile phones since they still have a well known brand, but at the same time, our communication works really well inside our niche.

C. How does the tone of voice change? Respect to the channel you are using (physical or virtual) and the customer segment to which you are talking. Which relation are you trying to establish?

P. Regarding the social channels, we are trying to respect principles of these platforms like to have a communication style friendly and direct, but at the same time we try to do some differences. For example while with the school and teacher side we try to be more friendly, with the utilize of emoticon and colloquial forms, when we interface with professionals we try to be very careful about the language that we utilize, for example it isn't correct to write disable person rather the person with disabilities and there is a different channels choice. We tend to utilize more Facebook for educational side, Linkedin is more utilized for the professionals side, while a channel utilized for all the segments is Instagram, that is more transversal. Above all regarding an age segmentation: on Instagram the main segment is the 25-35 years old while on facebook we are on 35-45 years old. On Instagram, that even if we opened the account just one year ago we have a good number of follower (more than 18000). Even if the average age is low, we noticed that young professionals are following us such as psychologists, educators, speech therapists, so we are utilizing this channel even to communicate with them, utilizing a more colloquial tone of voice since their young age, even because they are using the same tone of voice.

C. There is a sort of mirroring. Do you try to utilize a different kind of relationship based on which kind of professional are you talking to?

P. We try to have more or less the same kind of relationship with all our segments, What it changes is our offer and we try to focus our attention to the segment for which we are working on a new product. We are now a catalogue's publisher, and offer more than 100 new publishing books per year, with a total offer of titles commercially alive of more than 3000. Being a catalogue publisher means that we have not a lot of titles that sell thousands of copies as soon as they are launched but at the same time our title keep to be alive for many years and they are choose from the catalogue by professionals.

In this passage, there are several interesting aspects to discuss. In a BMC design point of view, it's important to evidence that for every customer segment, in this case for every market niche, the communication goes through various channels and with different tone of voices. Furthermore the communication style has to be adaptable to the channel used.

The website is the perfect place to communicate the values, the offering and everything else the firms consider important to address to the various customer segment. The press office feeds the relations with the journalists of the sector and several kinds of partner such as insitutions, category associations and other companies that as we'll see later they are a fundamental element (and a BMC block) to make this business work.

Facebook is the ideal platform to share written content such as products or services releases or to give useful information to customers, to organize and promote events and convention for the community and so on. Here The customer segments more involved are educators and families. The educational offering can be shown in a detailed format to teachers or families that could be intersted in buying or being infomed. Another powerfull tool are facebook's group joined by the community that want to share its thoughts and desires, to know people with same interest and to interact with the brand. Saying it in fewer words. it is an very efficent to know better and to interact with its own community and enables the company to increase the brand image and to spot new market opportunities.

To establish a working relation with all the figure needed such as employers, authors, translator and so on it is utilized linkedin, the well known social networks designed for the labour market. Considering that this is a multi-niche market, hence users are expert about the product/service that they are purchasing, it is crucial to count on professionals that fulfil severe standards. Using the words of Fabio Di Pietro, "We give an absolute priority to editorial offer based on empiricals and scientific evidences, to the innovation of contents and formats, and we have as well an obsessive attention for who will utilize the product born by the editorial idea. The author that join our project satisfy all those aspects and more that add other point of strenght that justify our offer's size and variety." To guarantee this quality level, the communication of Linkedin has to be done in the proper way to attract the right resources needed.

Since Instagram focuses on visible content, the segmentation type is different. This social network doesn't focus on a particular niche but it used mainly by youngest generations. According to Laura Pulici, young professionals and educators of several categories are

interested in the content created by Erickson within this social network. In less than 2 years they reached almost 20000 followers.

There are general tone of voice principles when utilizing social networks, such as to be friendly, informal or the utilize of the emoticons; adding that, particularly in a niche market, there has to be a high attention the language and the specific words utilized. It's emblematic the example of Laura Pulici that says that it isn't correct to talk about a disable person but a person with disabilities. Even if it could be a not important detail to a less informed person, if the other communication's party is a professional it could be considered as a tremendous language's mistake. On the other hand, depending on the social network's structure and the segment addressed, there are different formulas, for example the company will be more friendly on Facebook while it will utilize a more professional tone of voice on LinkedIn. But, no matter which channel we are considering, according to Laura Pulici a valuable strategy is to mirror the behaviour of the interlocutor, to be sure to have a clear and positive communication.

The relation that this firm aims to reach instead is similar for every kind of customers. Given that the strength of the company is that it users are a sum of different niches and it is a catalogue niche, meaning that they offer consist in a large and specialized number of books that are produced and sold in a not huge quantity, the logic goal is that people of every niche contribute to a part of the total revenues stream establishing a constant relation with all kind of customers.

2.3.3 PARTNERSHIPS AND COMMUNITY

C. In which measure events for your community such as conferences and formation days regarding disabilities have contributed to your growth?

P. The relation with insiders, professional and expert such as support teachers is what allowed us to growth over time and to be able to give our actual offer. Educator and support teachers indeed have been one of the first reference target and through the time, with the evolution of the concept of inclusion that evolved even thanks to the effort of our company and the founders. For example in we are trying to propose an inclusion vision that want to go beyond

the distinction between curricular and support teacher, trying to stop the practice to let go outside the class children with disabilities while the other one do a normal lesson and so on, trying to purpose a new concept of inclusion.

C. It makes a lot of sense if we see inclusion as a life cycle goal. Children with disabilities should learn how to live a normal life within society.

P. exactly, what should they learn outside the class? Since we are working in a life cycle prospective, it's fundamental to think about the passage between the childhood and the adult life. That's why as Erickson we have established several partnership with inclusion associations and Such as "associazione italiana persone down " (AIPD) or "federazione italiana epilessie" and we developed editorial project with them. For this reason we consider those association both stakeholder and partners since we are developing project together.

C. Could we go deep about the importance to have key partners that support the business? Such as the example of Rizzoli educational.

P. From a communication point of view, partnership are fundamental to create a community. We indeed organize convention together, webinar or ad hoc event. Those partnerships allow us to reach more people and have a larger reference target, that regarding marketing is a key aspect. Indeed we could know that potential number of people that could be interested in our offer, but not all of them know us, so of course one of the main goal of our marketing strategy is to enlarge the customer base that know us.

It's evident the crucial importance to have a community and partners that able to support the business. From the very start of the company, teachers and professionals have been engaged thanks to dedicated events that focused on important themes regarding their professional interests. Those meetings have enabled Erickson to gain several advantages. First of all the creation of a community that can recognize clearly the value created by this firm. Professionals and teachers have not only been potential customer but the perfect testimonials to increase Brand awareness and to be able to reach people potentially interested to know the Erickson's value proposition and offering. Indeed, in a niche market, the word of mouth is

one of more effective ways to boost sales and brand awareness. To enlarge the customer base is of course a central goal for the marketing strategy; using Laura Pulici's words: "Indeed we could know that potential number of people that could be interested in our offer, but not all of them know us, so of course one of the main goal of our marketing strategy is to enlarge the customer base that know us."

Partnerships established with well know firms, institutions or associations with the same sphere of interests play a principal role to make the business work. First of all, they fulfil the needs that the firm is not able to accomplish alone. As we saw in the first chapter, they can be of different nature to reach different scopes. In this case, collaborations with category associations and other publishing houses allow to know better what customer segments want thanks to a constant dialogue with them. Furthermore, it is possible to design better quality product/service counting on a network of experts that guarantee to be over the sever standards that the demand of this market require. As we'll see in the next chapter, partnerships and alliance can helo to save the day in crisis situation, above all where there is the concrete risk of a brand image damage.

2.3.4 MANAGING A CRISIS

C. Now I would like to do a less happy question that a the same time ragards a really interesting theme, the management of a crisis. I noticed that on Facebook you had a conflict with one of your segment, the speech professionals, regarding a catalogue issue. I'm taking this situation as example to ask you wich is the best way to manage a potential conflict with the customer segment. It is better to admit our own mistakes, explain our point of view or what else? Which is the best way to protect the brand image?

P. I'll explain you how this situation is evolved, indeed your are talking to the one that managed this situation in first person. The conflict that we have had with speech professional has been generated by an our mistake. We have upgraded a catalogue, especially regarding some test that speech professional used to utilize for their work. Problem is that we made the mistake to write that the recipients of these tests were psychologists, that is true, teachers, that is in part true but speech professionals in our description were totally missing. Clearly this

was a catalogue directly addressed to social-health professionals, above all to speech professionals. We noticed the mistake directly on Facebook where one morning we started to notice many bad reviews that were coming with one or two stars. From those reviews we started to understand which catalogue they were talking about. The first thing that we have done it has been to check if the wording was correct, so if reviewers were right and it was our fault. Found that it was effectively an our own mistake, we started to say sorry, unfortunately with delay since timing is fundamental in these situation. The first reviews arrived around 8 a.m. and our first replies started around 2 p.m

C. Just few hours later

P. Yes, but it was already too late. To avoid the problems came with this conflict we should have arrived with replies at maximum 2 hours after, not more. So in managing conflict situation timing is fundamental. Our community manager immediately noticed the problem, evidencing that probably there was a problem since weird and bad reviews were coming. So we can say that our monitoring process were working efficiently. We have been slow in the answer since in those situation you have to confront the strategy with the management, even if we tried to work as fast as possible to answer back in the proper way. In the meantime speech professionals organized themselves together, sharing our mistakes inside their community, inviting other professionals to protest with other bad reviews and copying and sharing a protest's message that they were sharing. So even when we started to give replies explaining the situation bad reviews were still arriving. At this point we have a contact with the FLI (Italian speech professionals federation) with which we have a partnership and an editorial line together to do a joint declaration to say sorry and to explain the mistakes, speech professional. At this point we personally contacted all the speech professionals that leaved a bad reviews on Facebook with private messages and the majority of them understood the good faith of our mistake. At the end the problem has been solved and and there has been a reconciliation with the category. Problem is that Facebook don't allow user to delete reviews, thus we had many professionals that was grateful for our attention and wanted to change their reviews but they couldn't. We had even another situation similar to this one.

C. I understand that with a so big offer is almost impossible to totally avoid mistakes, above all in a niche market where the customer segment knows perfectly and is able to value correctly what he is buying.

P. We have added precaution systems, above all for transversal products, addressed to different customer segments. At the end of the story still remains the problem that we are not able yet to come back to our original Facebook review's rate considering that before this inconvenient we had an average rate of 4.8 stars, than we lowered to around to 3.2, in just one morning. In one day we received around 800 negative reviews of 1 star.

C. But maybe in a niche market such social reviews are less important.

P. Exactly, we can say that this controversy didn't take a wider dimension and it has been confined to this social network. Moreover from the debate an external reader can easily understand the situation. During the resolution of this conflict we did mistakes too. For example due to the pressure to answer quickly to hundreds of reviews we had to use less personalized replies, even if it's important to say that those messages were mainly a mere copy and paste of the same one. I think that another communication strategy that we could have used, analyzing the situation in "times of peace" should have been to communicate as soon as possible a stronger statement about explaining the whole story and our reason utilizing our social channels. We explained our position just through the replies without doing any posts about saying sorry to our community for the mistake

C. You choosed to have a defensive position

P. We valued to go public with an excuses post, but we thought that we wouldn't be able to manage a so huge mole of comments and posts.

C. And the risk was to enlarge the dimension of this conflict.

P We choice has been to confine the situation as much as possible.

C At the end of the story, Which factor are the most important to manage a crisis situation?

P we could conclude that the key factors to solve an emergency situation are the timing, that in our situation could have been less but anyway we acted in few hours, considering that the community manager immediately notice the problem, from them the control process to understand if it was our fault or not has been really fast too; at this point I elaborated a communication strategy that consisted in choosing which line to take, how and what to answer to the bad reviews and so on that I have shared with the whole management team, and they have been really fast too that in those situations they have to give a feedback and to give a response in maximum 20 minutes. It is also important to have a predefined and well organized “boundary strategy”. From this point of view, we have been advantaged by the fact that we have a backup strategy for those situations. Summing up the main important factors are to notice the problem as soon as possible, be fast, a predefined specific strategy for these situation able to manage all the flows, obviously planning the strategy “in times of peace”. Then it is important to admit the mistakes and to be transparent.

C And having good partnership too helped in this situation

P. Yes, they have been an added help. Clearly the first to call were them to ask what did we do but being in a good relationship with them helped a lot: the common thought has been we estimated and respect each other a lot so let's see how we can solve this situation.

With a wide range of product and services offered and many customer segments to manage it's almost impossible to don't commit mistakes. Due to a single catalogue description, the trust and the endorsement of an entire category has been undermined. A web presence can surely boost exponentially the value of a company, but on the flip side errors and distractions are amplified in the same size. The strength of a community is that it can express a collective intention creating a chain through the word of mouth, so it's able to express the same message gaining a spreading resonance. Here the community used the Facebook's valuation tools, the reviews, to complain about something that disappointed them.

How to manage a conflict that is spreading largely and can potentially destroy an entire customer segment? Laura Pulici described both the strategy used in this particular situation and the adjustment that she and her collaborators designed for the future potential problems. To be sure to be able to manage conflicts and crisis, several tools and resources have to be organized and planned in a well-predefined strategy; all the organization's member that will take part in the problem-solving process have to know what do do in advance. In addition to the strategy, the insides communication process must be quick and efficient; according to Laura Pulici the management has been able to have a decision process in just 20 minutes. Besides, it's necessary a quick response to the public, in fact it has been a regret to don't have acted quickly and with more incision.

Once again partnerships play an important role. Erickson already used to collaorate with the FLI, the Italian federation of speech professionals that is the reference association of this kind of professionals. Thank to their help, a joint communication to say sorry and explain the situation has been done, a great help to solve the conflict given that the company has been endorsed by another entity trusted by professional speech.

To conclude, the key aspect to solve a conflict situation are "to notice the problem as soon as possible, be fast, a predefined specific strategy for these situation able to manage all the flows, obviously planning the strategy “in times of peace” ". The only way to be such covered is to design the proper business model.

Fabio Di Pietro is the editorial editor of Edizioni Centro Studi Erikson. Thank its contribution to this study has been possible to analyze deeply the customer segmentation, the importance of personalization through the augmented product, the organization of the product/service offered in different categories and the key activities needed to make the business work, with the central role of authors and collaborators selection process; last but not least it's evidenced once again the importance of partnerships.

C. With one of the vastest catalogue in Italy, how is it possible to segment customers? Through which characteristics based on which customers type is addressed?

D.P. We can say that are customer that segment us, meaning that Erickson since its fundation has always tried to be at the service of professional and families, thus the way they operate in their routine and trying to find solutions to their problems. We have organized all the our editorial and formative activities in five categories that are Education, Social, Health, Culture and Society and they intersect within our production lines: books, journals, tests, games, digital and so on. They can be divided deeply between product for professionals (thought for a public that uses them for their profession and universals, that can be used by professionals but even by families and other people interested.

C. Following on from my last question, Erickson is really focused on "augmented product". For example giving to theachers the possibility to personalize the teaching paths, or through persoanalized educational plans putting attention above all to the learning process of student with more difficulties or with disabilities- EiWhich are the strongest point of this kind of product.

D.P Scholar and social inclusion is the principles that guides Erickson since its fundation. No road is a must and no rigid form can be inclusive. Hence, our product have to be as flessible and modular as possible, and the consequent intervent's action have to be able to fulfil the infine kind of necessities that the user can have. The costant in our formula are people, not a specific product feature or characteristic.

Regarding customer's segmentation, Since Erikson focuses on helping people to improve their learning and inclusion process that are really specific personal, it will have very specific customer segments. This means that customer require a specific product or service and are kind of segmenting themselves. The main three customer segment could be delined as professionals, teachers and families. Those 3 categories require a very specific and particular offering that is fulfilled by one or more product/service category that are " books, journals, tests, games and digital". Even if some product are inside the range of interest of more customer segments, the distinction line between their need and behaviour is strongly marked. It's clear that personalization is a key aspect. For example support teachers have to take care of students with different and peculiar needs that utilize different mental process to learn and

to interface themselves with the external environment. Interactive books or educational program that thanks to digital innovation can be highly personalized based on the specifics of the students. A support teacher could design with just one tool a different path that perfectly match the student's personal needs; using the word's of Fabio di Pietro. "The constant in our formula are people, not a specific product feature or characteristic."

C. with the increase of the catalogue's size, the author's need is increasing too. How do you select and manage the several kind of people needed in the production process such as writers, translator and so on?

D.P. We give an absolute priority to editorial offer based on empiricals and scientific evidences, to the innovation of contents and formats, and we have as well an obsessive attention for who will utilize the product born by the editorial idea. The author that join our project satisfy all those aspects and more that add other point of strenght that justify our offer's size and variety.

C. Which are the main routine activities that you need to make your business work?

D.P. Of course the respect of our values start with the choice of the authors, the themes and approaches. Our production process start with the alimentation of the editorial plan with strong ideas that then go through a projection step through which we design the main aspect of the product, and at the end there is the physical production. Every step include verification process to guarantee the scientific and industrial quality that have to respect our severe standards. We have the luck to be covered by a research and development division that guarantee a constant supervision and respect of our values and the most recent research theories.

C. During years you developed partnerships such as the one with Rizzoli or with institutions such as the project SOFIA. Could you talk about the importance that you give to partnerships and which partenrship are you planning to create in the future?

D.P. Erickson is constitutionally inclusive and relational, we will be always committed in strengthen and adding new relationships, doing networks, to build new relationships that are focused on our values and projects that will help and create substantial values for people that really need us. If the relationships are complementary what we will obtain it will be a mutual gain.

This interview have delineated the key aspects to create and to sell the editorial product. The value chain involves many actors of various nature, internal and external to the firm. Regarding the first category, the structure have to be supported by a R&D department able to recognize the newest scientific theories and to control that all the catalogue's books satisfy the Erickson's high quality standards and values. For example, It wouldn't be positive if an author sustains a code that expresses principles against inclusion value. That's why the quality of the production process has to be tested in every steps.

Authors are undoubtedly a crucial external partner in the production process. At the moment there are more than 2000 authors who collaborate with Erickson in Italy with a constant reasearch for new editorials idea to be able to cover massive offering made by authors with very different and peculiar competences. Inclusion is the central value to establish relations with other entitites. It's interesting that Fabio Di Pietro consider that a relation is positive if and only if the needs of the two entities are complementary and are able to be satisfied each other. Only complementary relations can bring to mutual gains, creating a positive value for all the companies shareholder.

2.4 A "LONG TAIL BUSINESS MODEL"

After an overview of the company, spotting the key elements throughout the interviews of the last chapter, it is now possible to try to design the Edizioni Centro Studi Erickson business model canvas, to evidence the key factor that make this business able to work and to create a positive value for all the shareholder. In the already cited book, central for this research, Business Model Generation by Osterwalder & Pigneur (2016) have been found 5 patterns individuable in business models with similar characteristics and dynamics. Hence they can be translated in business canvas models to spot comparable parts.

Erickson business model canvas perfectly match the "Long tail Pattern"¹⁸. This term has been coined by Chris Anderson to describe the switch in several industries between selling a few hit targeting mass markets in large volumes to selling a large number of products to a multitude of small niches. Even if this model has been theorized studying the media market, that with their transformation created this kind of business model with new organizational structure's or new firms such as Youtube, the concept of selling "less of more" is now applicable in many other fields. The author finds the causes of long-tail businesses spreading in 3 main reason. He calls the first one the "democratization of tools of production" which means, for instance in the Erickson's industry, that while until not many decades ago, to be financially able to sustain books publishing firm costs, it was needed huge amounts of capital, both to have enough liquidity for the production chain and because it was needed several physical assets such as machinery, factories and warehouses, and also it had to be covered the risk of market flops. Only through the production of bestsellers, it was possible to leverage economies of scale and hence to generate positive value, meaning that the target used to be the mass. Nowadays, since digital reading system and new technologies made possible to design more efficient production systems such as the already discussed print on demand, has been possible to reduce production's time and costs. Anderson calls the second factor "Democratization of distribution" because of Internet and the related network which made

¹⁸ •Alexander Osterwalder and Yves Pigneur (2016), Business Model Generation ,John Wiley and Sons Inc., Hoboken, New Jersey

possible possible to create a commodity for the digital product services distribution addressed to the high percentage of customer that watched the orientation toward e-books creating a market with a drastically lower unit cost. The third reason is the "falling search costs to connect supply and demand" since one of the main challenge in switching from a mass target to several segments since now a part if not all of the customer value journey is online, where for a firm is can create a better and less costly method to acquire customers and deliver value to them.

To sum up, using the words of Ostewalder and Pigneur, the main two advantages of this model are that "Aggregate sales of niche items can be as lucrative as the traditional model whereby a small number bestsellers account for most revenues", meaning the sum of a multitude of niches can be as valuable as the mass segment; and "Long tail business models require low inventory costs and strong platforms to make niche content readily available to interest buyer." From this word, it can be stated that at that a multi-niche approach can create more revenues and less cost at the same time, without the risk to bet on a small portfolio of titles can could be not luck enough to gain an enough number of readers. There are noticeable differences between the long tail model theorized by Anderson and the Erickson's business model; for example it not could be possible to let users generate content since the niches require hight quality and scientific material made by professionals and Anderson theorized a business model than relies basically on just digital tools, while in this case there are strong physical partnerships and activities. Nevertheless, as it will be analysed the next pages, core concepts are the same. The value created is delivered through a multitude of niches with different behaviours and needs, selling less product volumes to a wider number of people. Hence the BMC will reflect this structure with all the block that try to maximize the value created for the various niches and the people reached.

The Long Tail Business Model

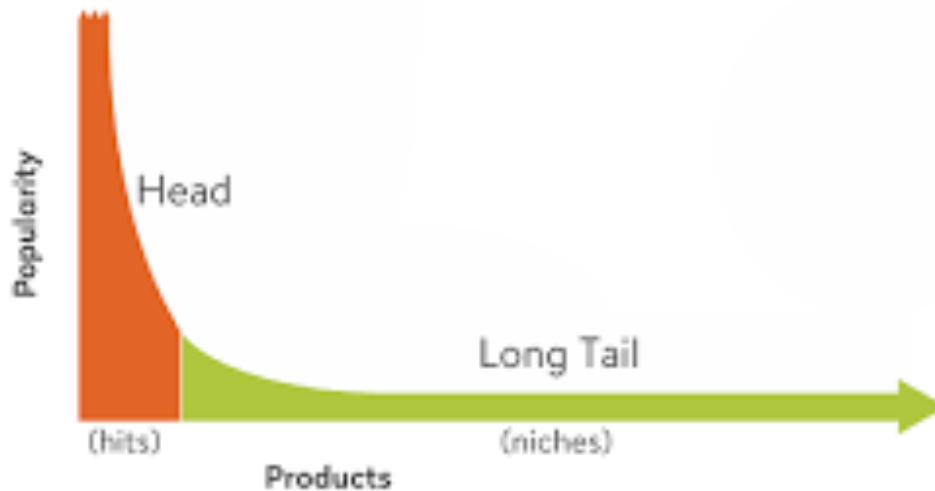


Figure 15- THE LONG TAIL PATTERN

2.4.2 3 MACRO-TARGET: PROFESSIONALS, TEACHERS AND FAMILIES

Even if this firm count on several niches with peculiar and very specific needs and behaviour, it can be evidenced 3 main customer segments that are professionals, teachers and families. The groups inside the first segment are all the professional categories that have to deal with the learning and the inclusion process, above all for people that have more difficulties in these aspects. The main categories are speech Professionals, who are more than 11000 in Italy according to Tiziana Rossetto, the president of "FII", the federation of the category. psychologist, social assistants, pedagogues and all the professional categories that have to deal with the learning and the inclusion process.

Teachers are of course an important segment, considering that as reported by ISTAT (Italian national statistic institute) there are more than 800000 teacher and around 140000 of them are support teacher, whose use to follow on average only one or two students per time. Even if some authors digitalization has a particular impact in the teaching system". Selwyn sustains that digitalization could absurdly mean "further development of non-digital processes and practices /.../ creat[ing] new opportunities while bringing new limitations and unwanted

consequences"¹⁹, since the wrong use of digital tools could worsen the education quality, at the same time leveraging properly the technological innovation and the environmental digitalization have the potential to create more efficient, easier and personalized paths for teachers, above all when they have to interface with students that need particular stimuli to learn and to overcome obstacles. The utilization of digital tools and has because they could potentially not only help to learning systems, but additionally they let the students, even the youngest one, approach to the digital and technologic environment and they can start to develop skills and an intuition related to the most modern technologies; otherwise there is the concrete risk that the younger generations perceive smart devices and all the related features just as a mere entertainment activity. Erickson describes the catalogues of learning apps and programs as "software which has been specially created to combine the educational and recreational spheres, enabling children to develop, whilst playing, the main competences which lie at the basis of learning processes".²⁰

Thanks to the new customer's needs just delineated, the demand of digital educational content, even in a worldwide perspective, appears to be a high-value area inside the publishing market. According to a Zion market research, the "global digital education publishing market" accounted for USD 7.9 billion in 2017 and is expected to reach USD 17.9 billion globally by 2026, at a CAGR of around 9.7% between 2018 and 2026."²¹ It's a remarkable market share considering that the total educational publishing industry accounts for around 80 bn according to a PWC report. It's important to notice that in the Italian school public system, every teacher has a direct contact with editorial houses through sales reps and he can choose freely which editorial series to buy and from which firm. This means that the school publishing sector could look like a b2b because it commercializes products that will be utilized mainly inside institutional places, but the reality is that the firm has to be able to communicate its offering to every single user: the teacher. At the moment Centro Studi Erickson has an offer of more than 1100 products that include school books, from the preschool to the secondary, instructive games and picture books, since the concept of reading and e-book is in evolution and could be extended to a more wide range of learning activities.

¹⁹ Selwyn (2014), Digital technology and contemporary university: degrees of digitalization

²⁰ www.Erickson.it

²¹ Zion market research (2016) Digital Education Publishing Market by End-User (K-12, Higher Education, Corporate, or Skilled-Based): Global Industry Perspective, Comprehensive Analysis, and Forecast, 2017 – 2026"

for instance, a child could learn to read not only throughout normal books, but using digital book that have additional features such as the possibility to test the comprehension of the text through tests during the lecture, the possibility to save progress or to choose how the advancing of plot will be thanks to interactive making the experience funnier. The real revolution is that until now the reading has been a one-direction communication, while the reader can now interact, feeling itself the protagonist of the experience. teachers and other education professionals can choose several educational proposal. Furthermore physical and digital conventions, courses and formation days dedicated to a deeper understanding of central thematics about this field are perfectly complementary to the didact offering since are able to give the right tools to maximize the learning process efficacy of their students.

The second segment comprehends the professional categories that through their work have to deal with disabilities and learning problems such as Dyslexia, ADHD, Autism, other special educational needs and professionals that work in the social work and welfare field, such as social assistants in retirement houses. According to ENPAP (national providence Italian psychologists institution) psychologists that currently practice the profession are around 70000²². Adding social professionals that work in a non-profit association that are more than 800000 according to ISTAT and social assistants that are around 50000 (data from CNOAS, the category's national order) we arrive to a complessive segment size of almost one million customers that need to continuously upgrade their knowlege to be updated with the most recent theories creating many commercial opportunities for firms in this market.

The last segments, not for importance, are families with children, above all the one with special learning needs. Student with disabilities in Italy are currently 284000 of 8 million of total students. Only the preschool comprehends a segment of more than one million of student, that have to integrate through educational and learning material the hours spent during the morning at the kindergarten to start to develop basics and fundamental competencies such as reading and writing, maths, creativity and digital skills. This means that Erikson has to serve the demand with a constant upgraded and enlarged offer that follow the newest scientific learning theories and at the same time to be attractive for the younger customer. Parallel to

²² • ENPAP (2019) -Demografia, redditi e trend degli psicologi italiani Edizione Luglio 2019

the offering addressed for preschool children, there is the editorial offering for their parents, that is defined by Erickson as the wider public and it aims to design and to offer to them " **material** in order to help them understand and deal with personal and relationship situations from every-day life in the most psychologically correct way, such as: education, emotions, issues related to growing up and parent-child relationships etc"

If we consider just the more restricted segment and only the Italian population, Erickson can count on an aggregated market segment of at least three million of people, that the company, according to Fabio Di Pietro, aims to put at the centre of its business model, and that's why this BMC analysis started from the customer segment's block. It will follow the value proposition block, to have a deepening understanding about how Erikson aims to serve them and which kind of value wants to create for them.

2.4.3 A SOCIAL AND SCHOLAR INCLUSION PROPOSAL

Osterwalder & Pigneur describe the value proposition in terms of "the reason why customers turn to one company over another. It solves a customer problem or it solves a customer need"". Hence, before to design a product or service it's necessary a strong "why". The answer is inside the mission of the company, that Erikson itself defines as "to offer ideas, methodologies and practical tools in support of those who, on a daily basis, deal with the integration of people with disabilities, learning difficulties, remediation and support, social problems and issues related to adolescence." It can be deduced that the main purpose can be synthesized in just a few words: social and scholar inclusion. From this starting point, having in mind the "why", it is possible to discuss "what" the company will offer and "how" it will realize it. the products and services through which the firm aims to satisfy the customer needs can be divided in 5 categories that according to Fabio Di Pietro are "Education, Social, Health, Culture and Society and they intersect within our production lines: books, journals, tests, games, digital and so on. They can be divided deeply between product for professionals (throughout for a public that uses them for their profession and universals, that can be used by professionals but even by families and other people interested.""

It's meaningful to note that the scope of these 5 activities, which is aiming to solve the same kind of problems and sharing common values, it's the same. Thus, they are not separated business areas, on the contrary they are intersected into 5 lines. that have generated jointly more than 20 million of Euro in 2018. To offer a wider range of product/services instead of just specializing on just one aspect (such as the mere book's selling), especially if all the single branches are able to generate a positive value, will bring the company to be able to generate a higher value respect to the arithmetic sum of all the products line. In a BMC point of view, promoting social and scholar inclusion through a bundle of product and services could be summed up in a syntetized saying that Edizioni Centro studi Erikson's value proposition, meaning how the firm wants to solve customers problem, is to provide tools and method to improve the learning and social and scholar inclusion, above all for men and children with particular needs. Even if the main activity is the publishing business is maybe the core of this business model, is only a vehicle that serves to bring the true value.

The advantage is clear even if the scenario is analyzed in a marketing prospective, for instance using the AIDA model from Lewis"²³, which describe the customer journey to buy the a product/service in 4 steps that are: Awareness, interest, desire and action. Even if this model has been reviewed and modified from several other marketing researchers and professionals, the core concept is still valid e valuable. Every consumer, to buy a product/service, has to pass throughout several phases. At first the consumer has to be aware about the product or even the brand, and only from there he could go until the decision to buy the product (other similar models added after sales valuations).

The marketing cost to let a new customer be aware of the offering or about the brand, or the final cost to let a customer actually arrive to the purchase phase, can be quantifiable, especially with the modern analysis and digital tools, or integrated services such as google ads with which is possible to both purchase advertising and have a statistic tool that can provide sensitive data about marketing costs and customer engagement. It is possible to reduce acquisition costs and hence to make the business more efficient and profitable if a firm has related businesses such as Edizioni Centro Studi Erickson that offers a large book's

²³ Elias St. Elmo Lewis (1872 – 1948)

catalalogue offer but in addition there are games, tests and teaching and learning methodologies and courses, all of them rotating around inclusion and learning. The costs are evidently reduced since the amount used to acquire a new customer will be payed once, but this customer, if satisfied about the purchase, will probably buy multiple kind of products because all of them aims to fulfil the same range of interests. An example could be parents that reach the offer through advertisment and at first buy a book about educating a child and then, happy for the choice, they buy a second book or another kind of product/sercice related to the educational field and of course it's more probably that they will be loyal to the brand since they are already aware of Erickson and there is not a need to double the cost to double revenues.

2.4.4 MANY KIND OF CHANNELS AND A LIFE-CYCLE RELATIONSHIP

Once that value proposition and channels have been delineated, the next step is to analyze the places where the value is communicated to customers. As it has been discussed before, these meeting places are called channels and thanks mainly to the previous interviews it is possible to decline all the physical and virtual places that Erikson utilize to deliver value.

Regarding physical channels, there are two kinds of places through which Erickson interfaces with its customer segment. The first kind are the store. At the moment they have two stores. The first one is where the company is born, In Trento, while the second one is in Rome; both of them are specialized of the educational field, thus they are thought with the intension to create places that guarantee a better purchase experience and improve the child, families and professionals knowledge of all the bests tools and methodologies that could satisfy their learning needs. Moreover, Erickson has been able to create partnerships with other libraries that gave the possibility to deliver the offering in those "Friend libraries". more than 100 around Italy. Furthermore, since one of the principal business is the commercialization of learning software and apps, it has been established info points where is possible to test the Erickson's technology news. The second kind of physical channel are the spaces used to organize convention and events that have been and probably are, the best ways to enlarge the firm's customer base. They are usually organised in Rimini, and even if it is now possible to assist virtually, it is the physical presence the one with major impact since it is really

beneficial to the brand image and the community strength, moreover., it is possible to cross-selling since even if a teacher or an educator go there for a specific upgrade need, can potentially be attracted by the products exposed in a temporary exposition inside the convention and buy something inside the editorial business line.

On the other hand, the online channels that we discussed widely with Laura Pulici, can be summed up in 3 main categories that are the website, social network and even if with different characteristic, the press office.

The web site is the more complete space since inside it is possible to find everything about the company and the offering. In the landpage page are highlighted all the editorial and formative new releases; scrolling the page are shown the principal categories, such as learning material, the analogical method, proposal infancy an so on. Going down there is a selection of product/services in foreground of the 3 main categories that are, in order: new editorial offers, especially the proposals for school, then there are tools and games focused on learning and eventually courses and events dedicated to teachers and educators; at the end are present all the contacts and link to explore the main areas of the website and link to visit the other company's social networks. Through the navigation, it's not possible only to have detailed info about all the offering, divided per field of application and comprehensive of the main objectives and values and reviews from other users, but even people that don't have the need of an immediate purchase but want to be updated about the field of education and the didactic can enjoy wide range of information about. Such a channel guarantee not only to boost sales, but at the same time feeds and keep alive the relation with customers.

Social networks, as it has been discussed previously, are the channel with the highest growth rate. In less than 10 years Erickson built a social community with more than 200000 members, sharing content not only related to its offering but also initiatives, events and news that can deliver valuable content to the users. Every social channel focuses on a kind of segment or external professional that the firm needs. Linkedin to spot work collaboration and more about the professional side, while instagram and Fabebook can be diversified through an age segmentation, with instagram used as a transversal channel for all the younger teachers and education professionals, while facebook more for the 35-45 segment. It's importat to notice that facebook is more business-friendly, for the reason that it has more feature such as events planning, get reviews from customers and be able to edit more esplicative decription for the

offering. The tone of voice changes based on which kind of segment the message is addressed to, trying to be more serious when speaking with professional and at the same time having a more colloquial form with families. It has been observed that the most important patterns to utilize are to have a friendly tone of voice and mirroring the interlocutor.

The press office has a key role since that Erickson has to deal with a wide range of interlocutor. There is the need to follow a coherent line and, no matter the counterpart, communicate the same value transpiring the "social responsibility" goals described with Laura Pulici.

Despite the heterogeneity of segments and channels, the kinds of relationships established tend to be generally similar to each other. Such as state of this can be explained through several factors. First of all, it's important to start from the fact that Erickson is a catalogues editor that serves a niche, more specifically a multiple niches attracted by the same field of interest. This means that, according to Laura Pulici, with more than 2000 titles commercially alive and 150 yearly new releases the common goal is to obtain a long and stable relationships with all the customer niches. It is not important to have many bestsellers in the catalogue but to be sure to offer the more advanced tool and learning approaches to gain an high loyalty rate and to be considered the reference point in the publishing educational market. Structuring the relationship with customer in a long and stable basis makes this block coherent with the rest of the Erickson's BMB. Inclusion is perceived as a life-cycle goal, hence potential customer should receive a benefit in every phase of their life. Moreover, this company is born almost 40 years ago and it's likely that some children that have used Erickson's didactical material to learn are now teacher or parents that, loyal to the brand since they recognized the value created for them, still utilize the brand's product for the people they are caring of. To maintain a valuable brand image, as well as to perform all the other aspect needed to deliver value that have been discussed in the right part of the BMC, need a structure able to make the business work. This structure is described in the left side, the object of the next part of the chapter.

2.4.5 THE VALUE CREATION PROCESS

It has been analyzed how Edizioni Centro Studi Erickson creates value for its various customer segment through a wide range of product and services that help to solve the same range of problems, but being able to do it, especially in a digitalized business, the firm must have the right resources, both internal and external. These resources are utilized to perform routine and exceptional activities needed to make the business work.

The Most important physical assets to guarantee to create and deliver value to customers are the libraries, warehouses and the offices, indeed their value alone is equal to 1 third of the total asset value. Both in Trento and Rome's buildings offices and the library are in the same place. It is not a rare structure. above all in the last decades, where is arisen a customer-centric vision; indeed, having background employees closer to the end customer will make the worker more focused on customer needs. Libraries are the perfect meeting point with the customer, especially in this market where many users could have potentially need a figure that guides them in the purchase process, giving advice about the best learning tools based on the peculiar customer's exigencies. Giving the high importance of these physical resources, Erikson is keeping to invest on them. Besides the new library in Rome, even the library of Trento, historical house of this company, has been renewed and enlarged. As well as the website, the shops are not just a purchasing point, but they are a place to be upgraded professionally discovering new theories and methods. Events are another core activities inside libraries. Authors and educators have a space to meet their readers and other people interested to these themes. The human contact and the possibility to physically meet and have a confront with people that share the same interest could be the major added value to physical shops compared to new online channels, because they are not only shops but a niche meeting point.

Regarding the intellectual resources, the most valuable is the brand itself. Even according to Laura Pulici, in a niche (or multiniche-market) the brand image is seen in a different way. Edizioni Centro Studi Erickson is indeed at the same time non well known for the mass, that still associate this name to the phone industry but it is a reference point for its market share.

To consolidate its and enlarge the customer base, a declared marketing objective, it's crucial to have a strong and well associated with the brand's values.

Human resources, above all in a business that focuses on give to its customer the best learning and inclusive tools, the human capital it's at the core of the business. Erickson can count on more than 120 employees among which there are managers, the communication and marketing team, sales staff, webmasters and so on. A proof that they are considered as the most valuable gear of the structure is the fact that more than 1/4 of the total revenues are used to pay the workers of this firm. One of the core activity that they have to perform is the research and development; in this field, even according to Fabio Di Pietro is fundamental to guarantee an editorial material based on scientific and empirical tested theories in every field of interest of the various niches. Managing relations with association of category, partners, authors, the customer's communities and all the other several kind of external shareholders is another crucial duty to be performed through the press office, social media and the customer assistance. Another key activity is the organization of convention, courses and events aimed to upgrade teachers and professionals knowledge and enlarge the customer base.

2.4.6 MORE THAN 150 PARTNERS FOR AN INCLUSIVE ORGANIZATION

To introduce the block that is maybe the most valuable, both for the value created and because it makes possible to fully realize the company's value, the words of Fabio di Pietro are really useful since it says: "Erikson is constitutionally inclusive and relational, we will be always committed in strengthen and adding new relationships, doing networks, to build new relationships that are focused on our values and projects that will help and create substantial values for people that really need us. If the relationships are complementary what we will obtain it will be a mutual gain." As a proof of such declaration, and moreover to evidence the wide range of niches that this firm aims to serve with its range of products/services, It's noticeable that Erickson can count on more than 150 partners (more than its own employees) of different size and nature, all around the Italian country, that's why in the BMC that will be designed for this company will be present only the macro categories and the most important

partnerships give the synthetic nature of this tool. It's noticeable that Erickson spend more less 2/3 of the revenues in outsourcing services, both for the production process and for external human resources such as authors and Formators that indeed are more than 2000. It's not illogical given that at the core of the company there is the inclusion concept, that it has not only to be at the centre of the learning tool's innovation process, but it has to transpire even in the internal or external firm's communication. The main partnership categories are with other publishing houses, with libraries, with association of category, institutional, communities created with the main customer segments and as said before, human capital such as authors and formators.

Regarding the first category, A valuable partnerships with Rizzoli Educational, one of the most important firm inside this market, has been established in the 2014. Thanks to this partnership has been possible to create more valuable editorial offer, such as a book line for elementary school that combine the know how of the two firm, for example with the project "Che magia" in which the Rizzoli technical knowledge has been added the Erickson philosophy, creating path through which teacher can diversify the program based on the class level and exigences.

Libraries, as said before, Erickson established partnership with many libraries around Italy to guarantee that the offer can be reached through physical channel in every part of Italy. Partnerships with the several associations of category of professionals that are in the field of interest of Erickson are important both to increase the customer base and to communicate with their own segment, especially in crisis situation as has been described Before by Laura Pulici where has been fundamental to have the trust and the help of "FLI" to manage the conflict.

Partenrships with institution can be of different nature. An example is the convention with the "Bonus Docenti", that is a state subsidy for the teacher that have 500 euro to spend in physical and digital tools that help them in their profession. Thanks to this partnership it is possible to use this bonus to buy Erickson products and services. Another example of how combining resources and knowledge with institutional entities can create a great value for user is the project "SOFIA", a software created by the Instruction ministry in collaboration with Erickson

to allow teachers to create personalized didactical program to satisfy at best the student's exigences thanks to specific questions that create a path.

Niches community are the core of this firm and probably the factor that more than the rest increase the brand awareness and the market share. Since the Erickson foundation, conferences and event dedicated to explore learning and inclusion themes have attracted the many segment such teachers and professional.

2.4.7 REVENUES STREAM AND COST STRUCTURE

As it has been shown before, Erikson revenues have been more than 20 millions last year. Given the many lines of different products and services offered from this company is not easy being able to understand the unitary value of a single product, even because same niches are interested in different lines of products and services, increasing the total value thanks to economies of scope. The price mechanism is fixed, price depend on the production and purchase cost and it is based on the segment. For instance, books for children tend to have a lower cost respect to those for professional, and at the same time, formation courses have a higher price. On the other hand, costs can be divided into fixed and variable. The main fixed costs are the salaries, whose as it has been already discussed are around 1/4 of the revenues, the expenses related to amortization and manutention of physical assets and other routine managing costs.

Variable costs impact on the income statement for more than the double respect to fixed cost. This structure can be explained through the open structure of this company that utilize outsourcing in many aspects of the production process. First of all, it is included the payment of authors and formators that collaborate with Erikson for the editorial offer and courses. Than costs for research and development that according to Fabio Di Pietro is fundamental in being able to utilize the latest theories in the educational and inclusion field and consequently to have a solid theme that is able to choose the right team through which collaborate. Outsourcing is an advantage in the physical production process as well, since in a market that can have high year-to-year revenues variations, a structure that based on the contingent situation can choose the quantity to produce, without being constrained to sustain a structure

with high fixed costs, can guarantee the creation of a positive value even in more difficult periods.

2.4.8 EDIZIONI CENTRO STUDI ERICKSON'S BUSINESS MODEL CANVAS

After analyzing all the BMC blocks and links, it is now possible to design the complete Erickson's business model canvas, which confirms that this firm follows a long tail pattern and it's highly customer-centric.

Indeed, the customer segment is composed by several niches that are part of three main categories that are teachers, education professional and families. Even if every niche need different ranges of products/services, the value that they are looking for regards different aspect of similar scopes. For this reason the value proposition with which Eirckson aims to create value for its shareholder can be only one (typical for long tail businesses) that expresses the value create for all the customers, and it can be defined as "learning and social inclusion tools and methods at 360°". To deliver this value are needed an used many channels, physical and digital; some of them focus on specific segment while other are more transversal; the physical channel, trasversal since thay can attract all the segment are the 2 Erickson store in Trento and Rome, moreover there are friend-library around Italy. Regarding digital channels the most important are the website and the social networks such as Instagram, Linkedin, Facebook and several other in a lesser measure. Through all this channel and in every contact with client, the relationship that the company aims to establish with its customer is similar; it aims to be constant during the time and accompany the user through a social and a learning inclusion that has a life cycle view. The resources needed to sustain this business model are various, but they can be sumed up in physical assets that are stores, offices and warehouses; then human, indeed Erikson can count on more than 150 employees, and financial resources needed to sustain the business. These resources are utilized to fulfil the business needs, to organize the value creation process, the communication with customer and above all the management of the network with customers and partners, the core of this business.

Regarding partners, Erikson can count on more than 150 different entities, the main categories are other publishing houses, libraries, with association of category, institutional, communities created with the main customer segments and and human capital such as authors and

formators. the revenue is obtained through 5 different offering that are the editorial catalogues, tests used by teachers, formation courses, games and teaching material. Below there is the complete Edizioni Centro Studi Erickson's business model canvas, designed after an analysis of this company and thanks to the two interviews with Laura Pulici and Fabio Di Pietro.

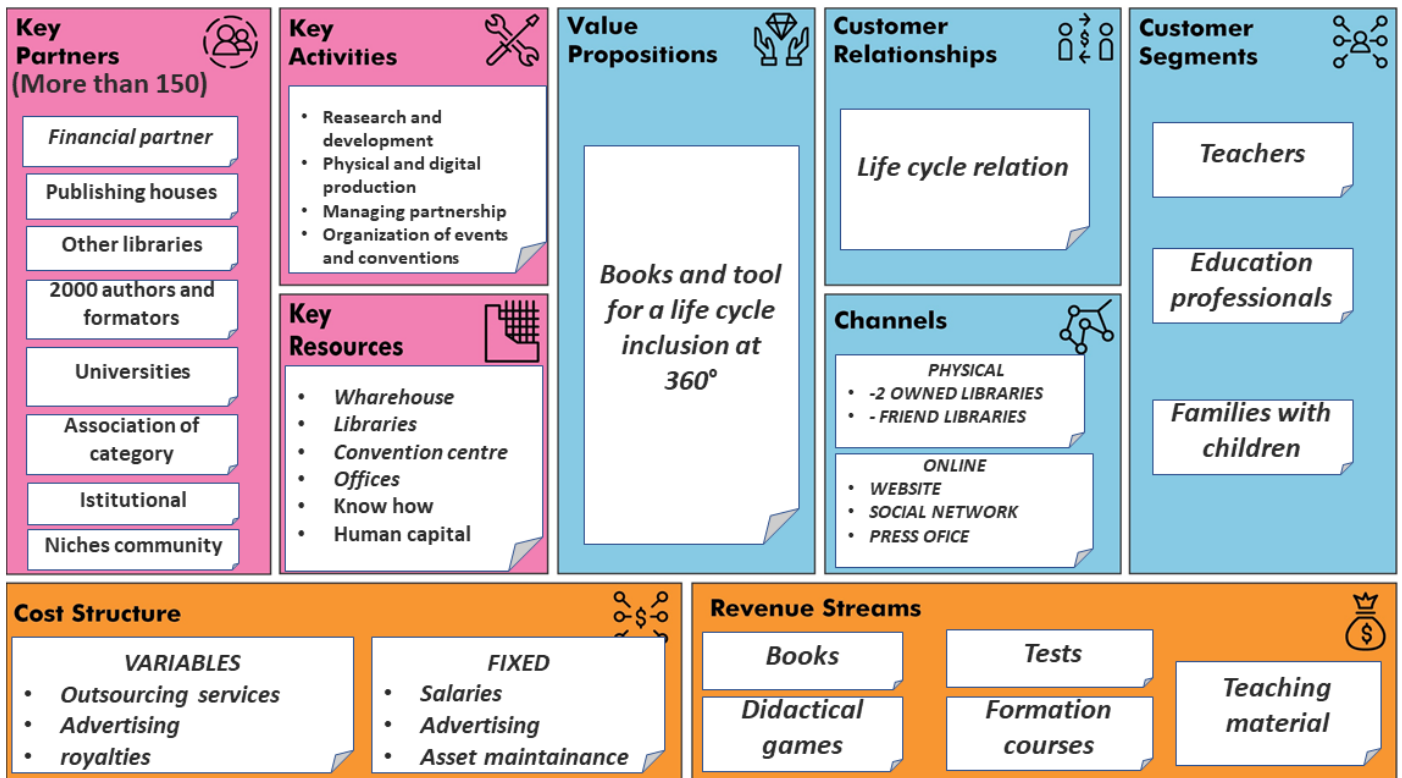


Figure 15 - ERICKSON'S BUSINESS MODEL CANVAS

2.4.9 THE VALUE CANVAS

Another way to Express the core element of the business in a synthetic way, that state the gain obtained and the pain relieved for the customer is the so called Value Canvas. The service offered can be summed up as editorial offer, courses and digital tools to gain inclusion and learning skills at 360° for teachers, education professional and children, above all whose with disabilities. What creates the main gains in this offering are the application of the latest theories empirically and scientifically tested, the several catalogues that creates a wide offering perfect to guarantee personalized path for the peculiar characteristics of every

segment and digital tools that amply the learning experiences and communities created for every niche. Customer can reach this offering through digital channels such as the web site or physical store, owned by Erickson or by “friend libraries”. This offering is able to relieve its customer from several pain. Obsolete learning books and courses didn’t focus on personalization, even if as Laura Pulici says, every child put in the right condition can expresses the best of himself, but if he has to utilize material that doesn’t consider its particular needs, or utilize scientific theories that are obsolete and not functional to fulfil at best its learning exigences only children that are able to adapt themselves can obtain value

from the learning experience while all the other will feel themselves not comfortable and there is the risk that they will see themselves as not able to learn as well as their friend, keeping to stay behind.

EDIZIONI CENTRO STUDI ERICKSON VALUE CANVAS

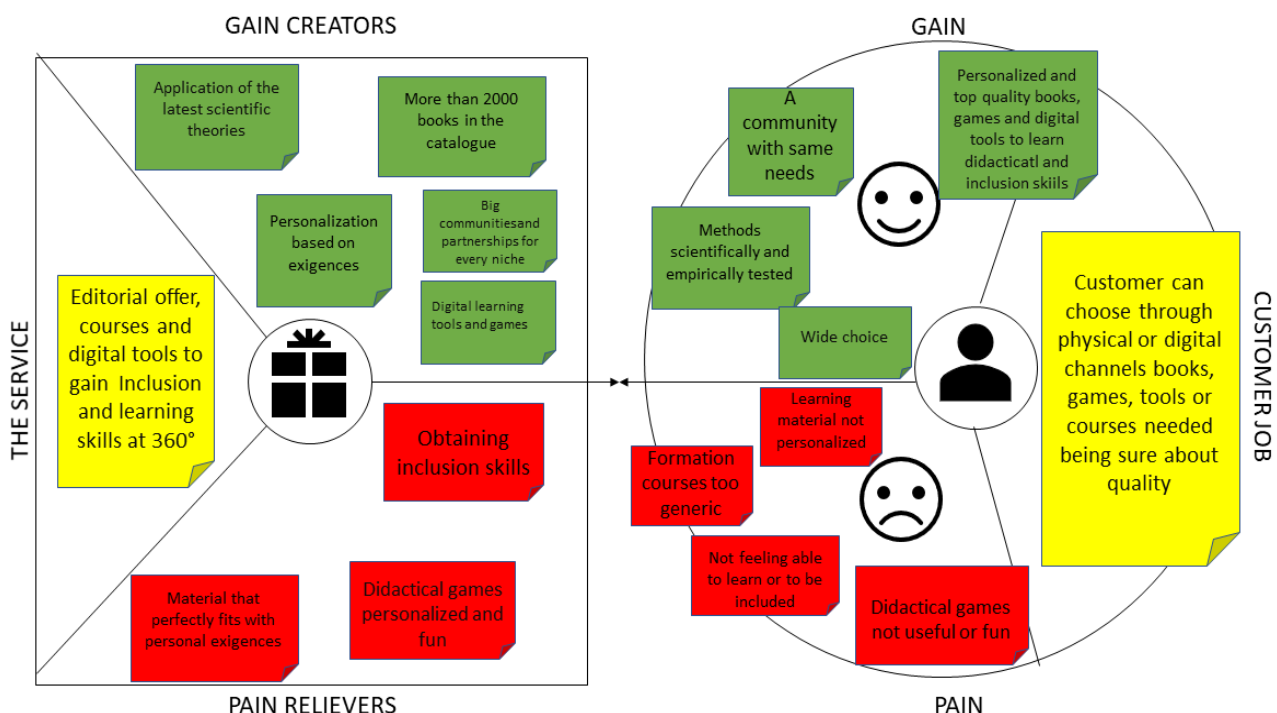


Figure 16 - ERICKSON'S VALUE CANVAS

2.5 CONCLUSION

Analysing a market leader in the Italian publishing industry with the possibility to have the management point of view allows to evidence which are the factors that have created the competitive advantage of this company that has been consolidated through the transition to the digital era that have totally revolutionized this industry. The most important aspect is to have positive and coherent values and consequently believe and pursue the corporate social responsibility, that in this case is to create and to deliver the right tools to guarantee an inclusion at 360°, starting with children in the school period and consequently to professional and teacher with the duty to drive this process, being able to deliver them to the customer base. To do that it is fundamental to utilize the right structure, that in this case, as it has been already discussed, is the ‘‘long tail business model’’ that guarantee to fulfil the needs and requests of several niches through a dedicated and personalized offering and a wide catalogues, pointing on selling a less volume of a higher number of books. Another important aspect is the quality of the product/service offered since, in the publishing industry, due to the digitalization and the less expensive capital requested to enter in this industry, the competition is more and more aggressive. To do that Erickson count on a research and development team that monitor and check the quality of every title published by this company in every step of the production process to be sure to deliver product and services scientifically and empirically tested. With an offering that cover the demand of several niches with different behaviour and needs, it’s fundamental to communicate and to interact in the right way with all of them. Erickson do that through a physical and an online communication not only with the single customer that can be a teacher or an education professional, but even establishing relationship with association of category that can be a really useful both regarding the goal to enlarge the customer base and to avoid or solve conflict situation as it has been discussed with Laura Pulici. Leveraging digital tools means, in this point of view, to enrich the offering guaranteeing that the values and the consequent offering proposed is enriched with new tools such as e-books, games personalized and interacted program and so on; doing everything without forget the main value, social responsibility and purposes.

CHAPTER 3 – CHANGES IN THE READER’S NEED AND BEHAVIOUR

3.1 PREMISE

This chapter aims to delineate the main changes in the customer’s base needs and behaviours considering new channels, reading’s devices, book formats and pricing mechanisms born with the digitalization process. The Analysis focus will be on the Italian market that can be used as example to describe the global situation of the publishing industry since it followed two key macro trends that are: the exponential alphabetization process developed through the XX century and the sector crisis due to digitalization that completely revolutionized both the industry value chain and the customer perception. Different from other similar countries is that Italy is maybe the only high industrialized nation with less than 2 reader out of three, making it a perfect case to purpose new solutions to increase the reading rate.

In developing this chapter, Data from the Pepe Research²⁴ questionnaires for the AIE have been of key importance. The survey has considered the Italian population between 15-74 years old, that consist in 45.474.772 people²⁵. The sample has been divided in two waves with 6000 total interviews done used as a champion for the total population.

Furthermore, the Amazon’s participation to a parliamentary discussion about the main challenges and problems regarding publishing industry in Italy is another useful source for this chapter. Indeed, it has highlighted other new traits of the user base and consequently new possible ways to engage with them and to stimulate the readers, both enlarging the segment and to bring ‘weak readers’, that are people that use to read less than 3 book per year, to read more books, increasing the Italian reading rate.

Through the aforementioned sources in this chapter it will be tried to outline the new reader’s characteristics, such as his new preferences about channels and device to utilize, taste, the favourite reading formats and so on. A key aspect will regard the research of the main and deeper reasons about people not attracted by books. A crucial challenge for modern nation

²⁴ Pepe research (2018) – osservatorio nuove forme di consumo editoriale e culturale

²⁵ Demoistat - 2017

since, as it will be shown, there is a clear correlation between the reading rate and all the other social-wealth indicators.

3.2. READERS IN ITALY

The crisis of this industry that around the 2010 drastically impacted the Italian market as well as the rest of the world is imputable not only to the digitalization and the consequent minor demand for physical books but, even worst, to the impressive reduction of the number of Italian readers that drop down of almost 3 million of people.²⁶

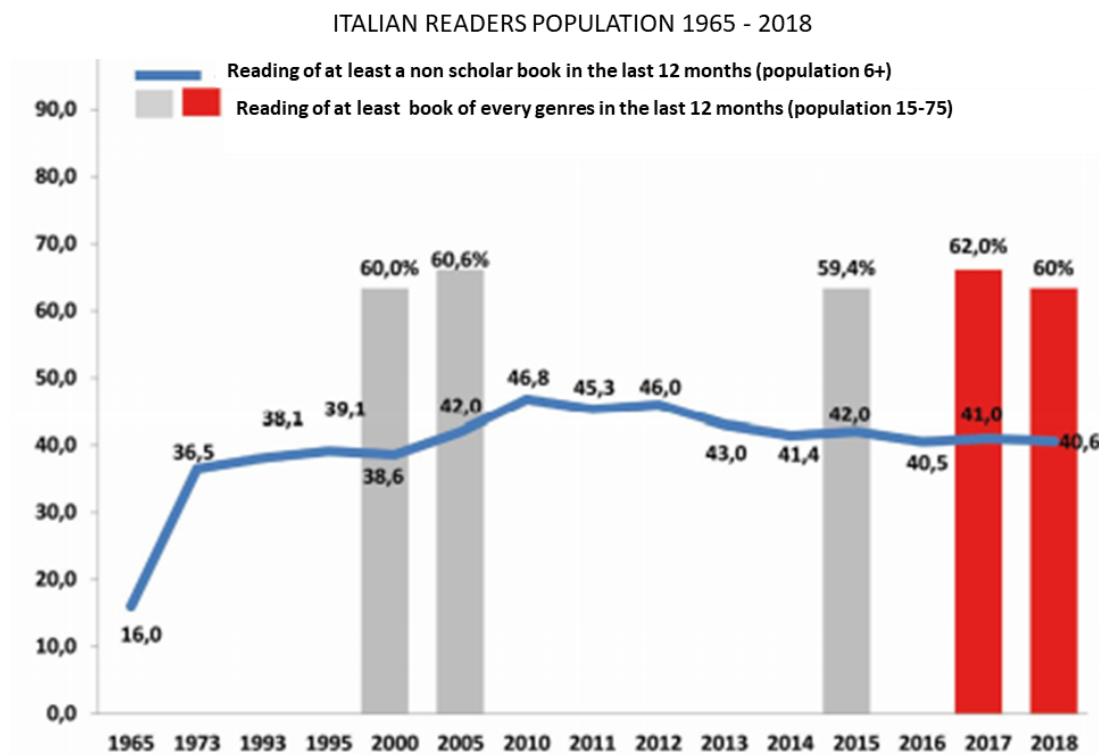
Readers are defined, in the annual report of AIE²⁷, from which it have been taken data for this part of the research, as people between 14 and 75 years old that have read at least one book, of any genres, even partially, in the last 12 month. While revenues of publishing industry have returned positive in last year even if they didn't come back to pre-crisis level, the readers percentage didn't follow this positive trend staying at the same post-crisis level or even decreasing, depending on the sample analysis. At the moment there are around 27 million of readers in Italy, arriving at around 34 if youngest reader (0-14) are considered in the number arriving at around 62.9% of the whole population, even if only the 41% of the population use to read more than one book every 4 month. Regarding digital, just the 24% of readers integrate physical books with e-books and only the 6% of the population utilize just electronic devices to read. The percentage is impressively low considering that the Italian economy is one of the richest in the world, but it have to be considered that the year after the second world war, less than 75 years ago the percentage of population that declared to read a book, (or just to be able to read) was just the 16%.

It's interesting the AIE's analysis about those data from ISTAT that noticed a correlation between the historical period and the trend of readers in Italy. The development of the country and the consequent transformation from an agricultural to an industrial country and the internal migrations around industry created the perfect condition from a standard Italian, while before in every region it was spoken a particular and different dialect, this means that

²⁶ ISTAT (2019), Produzione e lettura di libri in Italia

²⁷ Ufficio studi associazione italiana editori- Rapporto sullo stato dell'editoria 2019

the publishing houses customer segment grow exponentially and could offer a ranges of product for the mass, such as the Oscar Mondadori or scholar books utilized all around the country. As it can be visible by the next table, this condition saw percentage of readers, even excluding scholar books, more than doubled in just ten years. From there the growth has been slightly positive since the 2000, in these decades there has been an increase of the instruction level, with more student attending high school and universities. At the start of the new millennium, the trend has reversed for several reason already analysed, but above all for because people in general and consequently readers, see and utilize time in different way meaning that the recent crisis will not mean the future disappearing of books, but just new ways to utilize them, with the auxilium of digital tools and utilizing them in different times and ways.



Source: AIE, Pepe Research (2017-2018)

Figure 17- ITALIAN READERS TREND

3.2.2 THE ITALIAN READER IDENTIKIT

Basing on the number of books read, readers between 1 and 3 books per year are the 41%, around another 25% use to read a number between 4 and 6 book while within the readers that read the highest number of books, a 17% use to read between 7 and 11 book per year while another 17% use to read more than 12 books per year. Another problem is evident here: every 100 people that declare to be reader, the 40% says that use to read less than 3 books, even if on the contrary are present a percentage of ‘‘strong readers’’ in which the 3% declares to read between 25 and 35 books per year while the 2% read more than 36 book per year, accounting for around 1.500.000 people.

As it has been said before, in the habits changed through the time a critical factor is the time that people declare to have available to read. Inside the segment of reader interviewed for the Pepe Research (2017 – 2018), in the 2017 just the 12% of them said to read a consecutive hour per day, in the 2019 the percentage has decreased to 9%. Already in the 1997, Levy sustained that It was argued that the development of digital libraries “is participating a general societal trend toward shallower, more fragmented, and less concentrated reading”²⁸ The situation is critical especially in the younger segment; regarding elementary students and teen ager that have always been the most important segment of this industry with the 87% of them that considering themselves readers, only the 5% of them dedicated more than one hour per day to read, in the 2019 the percentage dropped down to 1%, meaning that 0.7 out of 100 children and teen ager use to read one hour per day. Obviously the situation is even more alarming meaning that these young generation will be the adults of the future, and if the next generations will follow the same trend the whole percentage of readers in Italy will decrease always more.

²⁸ Levy, D.M. (1997), “I read the news today, oh boy: reading and attention in digital libraries”,

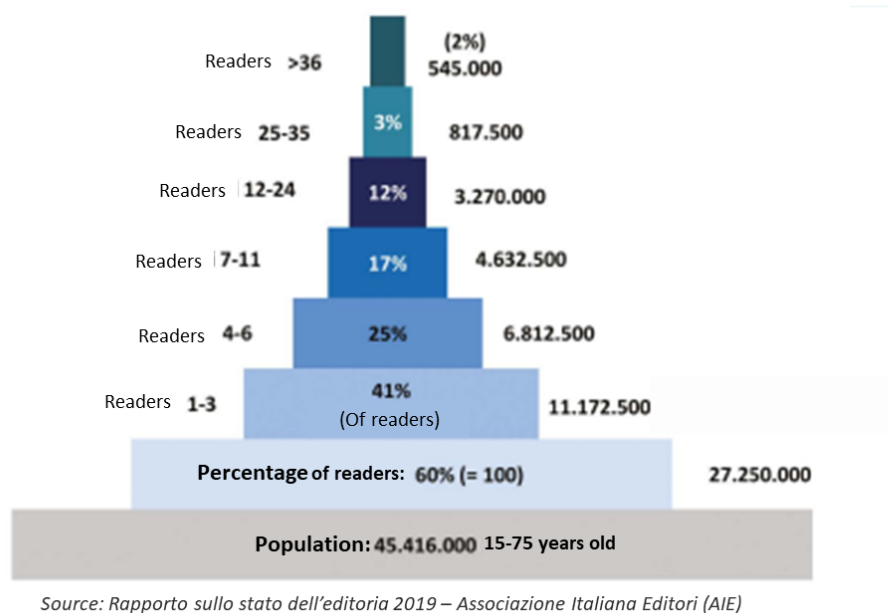


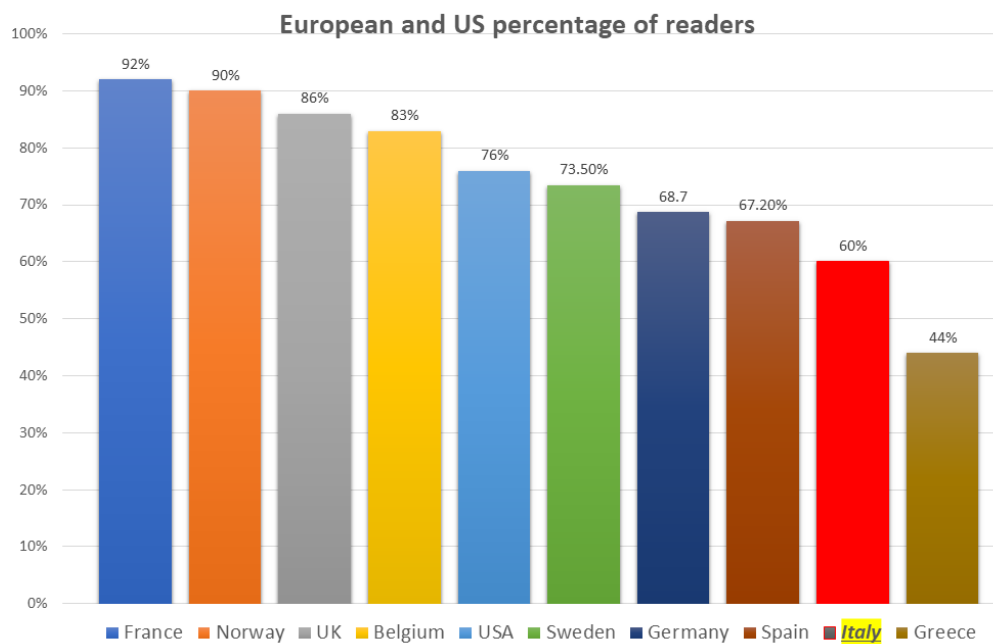
Figure 18 – ITALIAN READERS PYRAMID

As it has been noticed before, the youngest segment are the most interesting and active regarding reading. Indeed the 82% of children between 0 and 14 years old declares directly or through an interviewed parents that uses to read through physical books, e book and for the youngest the utilization of the first reading tools such as illustrated books or dedicated applications.

3.2.3 READING INDEXES AND TOTAL COUNTRYES WEALTH

There isn't a commune European or international statistic about reading books. To confront different nations, the way utilized, even by the AIE is to utilize national report and confront them. From this analysis is clear that, even if the method consider slightly different concept of reader, the Italian index of reader is one of the lowest in Europe, and the situation is even worst if it is considered that within this segment almost the half use to read less than 3 books per year. It's astonishing to notice that between France and Italy there is a spread of 30%, 30 people every 100 more with the neighbouring state. Digitalization came together with globalization, even in the kind of demand of cultural products wanted. It follows that reasons

can't be found in a less attracted public; the Italian country has been one of the nations with the highest readers growth rate and at the same time some of the biggest publishing firms in Europe such as Feltrinelli, Rizzoli or Mondadori are born and grown inside this market. Thus, the main reasons for this crisis must be structural and related to the process through which people, especially children, approaches, learn and enjoy reading. The disappearing of more than 3 million of readers without signs to come back means that the environment needs to invert the trend, trying new solutions and proposing structural changes.



Source: national statistics institute

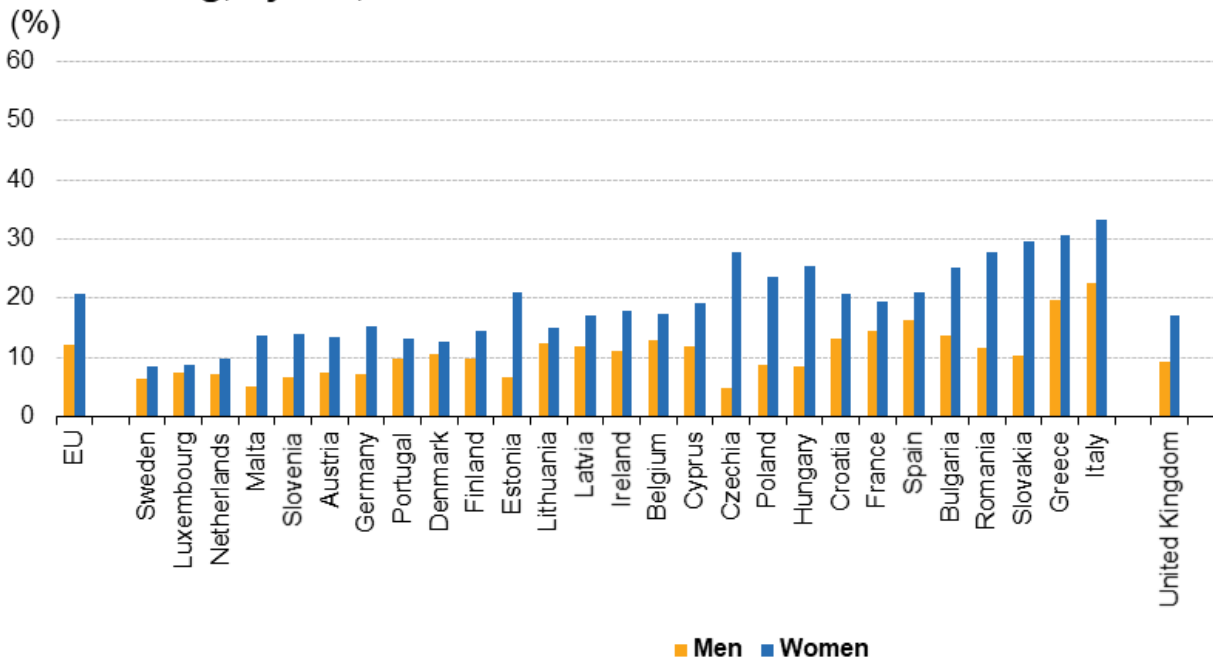
Figure 19 – EUROPEAN AND U.S PERCENTAGE OF READERS

The correlation between the reading index and other country social and economical wealth indicator are evident. Unfortunately, Italy is not in the last place only for the readers percentage. Giuseppe Laterza (2014)²⁹, Already wrote about the narrow correlation between books and economic prosperity. He highlighted that the European countries with the highest reading index are at the same time at the top of social wealth rankings. For instance, basing on GDP, the last 2 countries for the percentage of readers are the last in growth production rankings in the decades between 2004-2014 too and in almost every other index related with

²⁹ Giuseppe La Terza (2014) - La stretta relazione tra libri e benessere economico, Il sole 24 ore

education level, social wealth and so on. Here below another example to show how measurers to fill the gap

Young people (aged 20–34) neither in employment nor in education and training, by sex, 2019



Note: ranked on the average share for men and women (aged 20–34).

Source: Eurostat (online data code: edat_ifse_20)

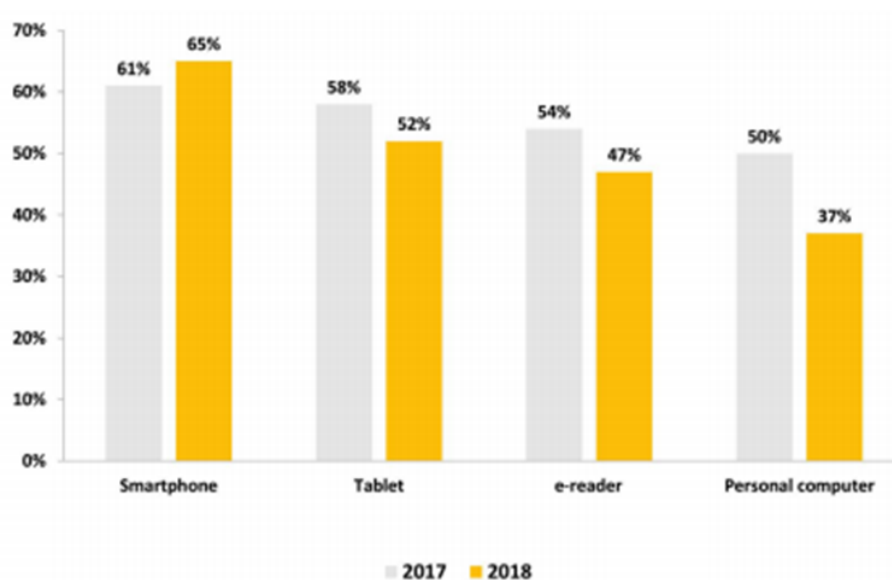
Figure 20 – EUROPEAN UNEMPLOYEMENT RATE

3.3 THE DIGITAL READING

Even if physical books are still and by a large measure the most used way to read, digital reading tools have taken a considerable market share, indeed e-books are utilized by the 24% of the total readers, and another 11% use to listen books through audio-books. Through the Pepe research interview, it has been noticed that between readers, the 44% has no e-book inside its digital device, another 47% has between 1 and 25 e book, another 7% has between 26-100 e-books and with the highest catalogue there is a 1% that has between 101 and 400 e books and another 1% has more than 400. It is evident that these people have a well higher number of books respect to the average book read in on year since the average of the whole readers population is around 6-7 book per year. This disequilibrium can be explained with the

fact the e-books are cheaper, if not free and easily downloaded with a couple of click meaning that if someone is interested in an argument can read into an e-book just the part of interest without loosing too much time. In the next chapter there are the share of the different kind of reading tools through which it can be seen that more than the half of reader do it through the traditional book, a small niches utilizes only e-books and audio-books while the 36% of the total read both physical and digital ways to read.

Not all the digital devices are the same in terms of the reading experience and the kind of user. Smartphone is the device leader utilized both for reading and for audiobooks with the 65% of user, followed by tablet (52%), e-reader (47%) and personal computer with just the 37% of reader that utilize this device.



Pepe research (2018) – osservatorio nuove forme di consumo editoriale e culturale .

Figure 21 – READING DEVICES PERCENTAGE

As it has been said before, the reading intended as listening is always more a metabolized concept for a segment that keep to be enlarging due to reason such as the less time that people dedicate to reading, since that with this method it is possible to “read” performing other activities at the same time. Moreover, in the recent years dedicated platforms such as Audible and Storytel are arrived in Italy boosting the market that is arrived to the 7% of the total readers population. From the Pepe research conducted for the AIE, is emerged that Inside the

segment of audio – readers the usage are varied: around the 9% listen self-help material, another 6% romances, while there is both a 14 % that listen radio lectures and another one the uses to participate to public reading.

3.3.2 NEW READING'S PARADIGMS

The data and the consequent situation delineated with this analysis would not be truthful and a fair representation of the reality without stating that not only are changing the percentage of readers, the tools through which is possible to assimilate a book and so on, but, as the concept of book is changed, the meaning of reading is changing with the same speed creating new paradigms for the reading experiences. The whole digital words with the world wide web, social networks, application and so on is made by written texts and images. Where are the 3 million less reader disappeared during the crisis of this industry as well as every person interviewed that sees himself as non-reader? It's logical to think that it is practically impossible that these people have completely stopped to read since it's a skill utilized in every aspect of life. The answers to the questionnaire by Pepe research shows that most of them said that they don't use to read books, especially physical, anymore. But, at the same time, it has to be considered that these people keep to read through social networks, work papers, blogs an so on and that's what it means to speak about new reading paradigms.

As it is visible from the next table, the readers of material other than books let arrive the readers population to the 84% of the whole Italian population between 15-75 years old. Here 20 percentage points more that make the situation new more than just alarming, asking why is possible that in one of the countries more economically advanced less than 2 person every 3 read a book; it's just that another 20% is reading different material, hence is necessary to study them through a new paradigm. The key is to understand which kind of material these person utilize through which channel and device they are reading this content.

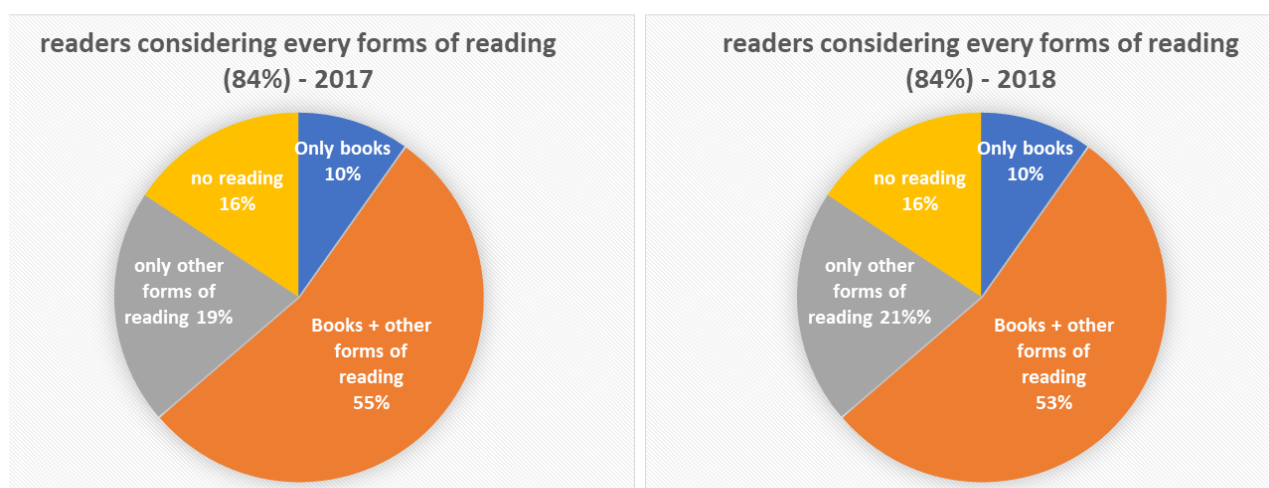


Figure 22 – READERS CONSIDERING EVERY FORM OF READING

It is noticeable that only the 10% of the readers utilize only books, while the vast majority utilize every kind of tools since as it has been stated before it's almost impossible to live without using such a skill in a so digitalized world. It's logical to think that this 10% is made by mainly the oldest part of the population analysed that are usually less friendly with modern technologies, the core of new reading paradigms, and they use to conduct a kind of life in which a constant utilize of a smartphone or similar is less necessary or appealing. On the other hand, it is still alarming that through the time the percentage of book read is going down while that non readers percentage is still constant if not slightly increasing.

3.3.3 READING ON SOCIAL NETWORKS

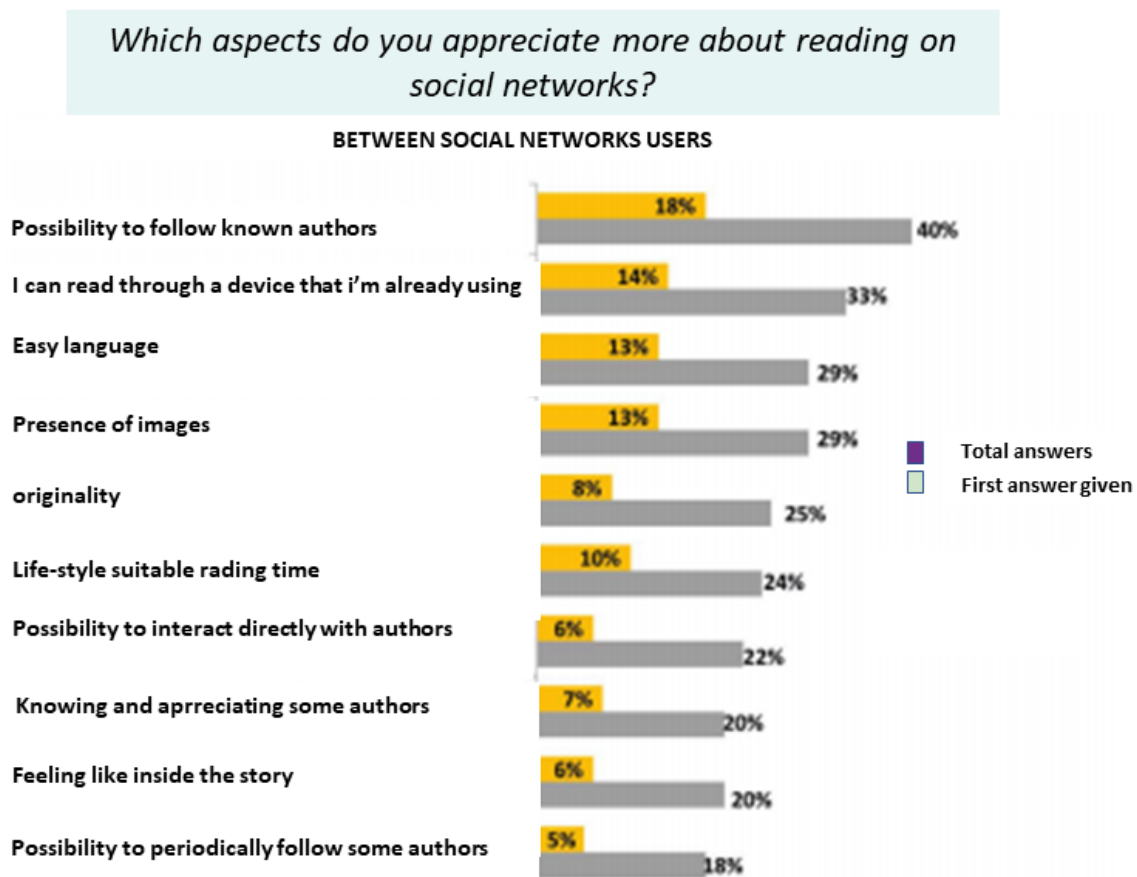
Regarding non books readers, is interesting that the majority of social networks users can be put into this category. Indeed, there are almost 5 billion³⁰ people that currently use social networks, and the vast majority uses to read editorial content through those channels, of whose around 35 million just in Italy. Through the Pepe research made by AIE observatory has been reported that the 65% of active social network users, defined as people that utilized social in the last 15 days, read editorial content.

³⁰ We are social & Hotsuite (2019) - Global Digital Report

The question has been: <<You declared that you use to utilize Facebook or Instagram. As you know here some people posts periodically narrative content, tales, even personal, stories in forms of text, or composed by text, pictures or videos. Could you tell me if did you ever read such kind of content in the last 12 months?>> The 65%, of users, that are the 45% of the whole Italian population between 15-75 years old answered positively. The AIE research office correctly points out that the 29% of these reader, whose therefore enjoy this kind of content, didn't read a book of any kind in the last 12 month. It is another key aspect to be able to design new ways to increase the user base of the publishing industry: these segment could enjoy the product offered because from publishing houses since they already uses to such kind of product, but this time is made by other social users, that mostly are non professional and so don't generate any value. This impressively huge segment should enjoy more a higher quality and professional made product. It is evident that in this case the absence of appeal has to be found in factors that doesn't regard the content but the format, the structure, the tools utilized to enjoy the product and the acquisition channels.

Through the question made within the sample that uses to read editorial content on social network << Which aspects do you appreciate more about this kind of narration, starting from the most important, then the second and so on?>> it is possible to do the state of play. The first major finding to come out is that the answer, gave as first in the 18% of the cases and by the 40% of the total sample is that they use to read editorial content on social network because the content is made by friend or people that they know. Such a data is another proof about the importance of personalization of content since in this case is not important only that the content is made by a specific niche but even the author is in some ways 'personalized' since the reader enjoy more the material just because he knows something personal and/or it has an emotive attachment. Such a kind of appeal can be useful above all for not well known and/or self published authors. Indeed, in a value chain completely revolutionised by the digitalization, using the Carolan's words discussed in the first chapter, to be a 'small fish in the big pond' it is better to count on a group of people that supports and utilizes the product even because there is an emotional links with the author. This kind of personalization is obviously hard if not impossible for a publishing house, but at the same time some of the next answers could well address where the industry is going and what aspects firms can leverage to create a positive value. The fact that this kind of reading can be enjoyed with a device that

the user is already utilizing is indicated as the first answer by the 13% giving the second main appeal factors after personalization and emotional attachment. The average user has become more and more accustomed to metabolize an wide flow of different information just scrolling down our mobile phone and it has been reported that is information overflow narrowed the average global attention span.³¹ The predictions made by authors such as Healy, J.M. (1990), regarding the correlations between the spread of hypertext language and modern problem about the so called ‘‘sustained reading’’³² or Ziming Liu that wrote about ‘‘younger generation growing up in the digital environment lacks the ability to read deeply and to sustain a prolonged engagement in reading. ‘’³³ seems to be right.



Pepe research (2018) – osservatorio nuove forme di consumo editoriale e culturale .

Figure 23 – SURVEY: WHICH ASPECTS DO YOU APPRECIATE MORE ABOUT SOCIAL NETWORKS?

³¹ Technical University of Denmark (2019) - Abundance of information narrows our collective attention span

³² Healy, J.M. (1990), *Endangered Minds: Why Our Children Don't Think*, Simon and Schuster, New York, NY

³³ Ziming Liu (2004), - *Reading behavior in the digital Environment :Changes in reading behavior over the past ten years* School of Library and Information Science - San Jose State University, San Jose, California, USA

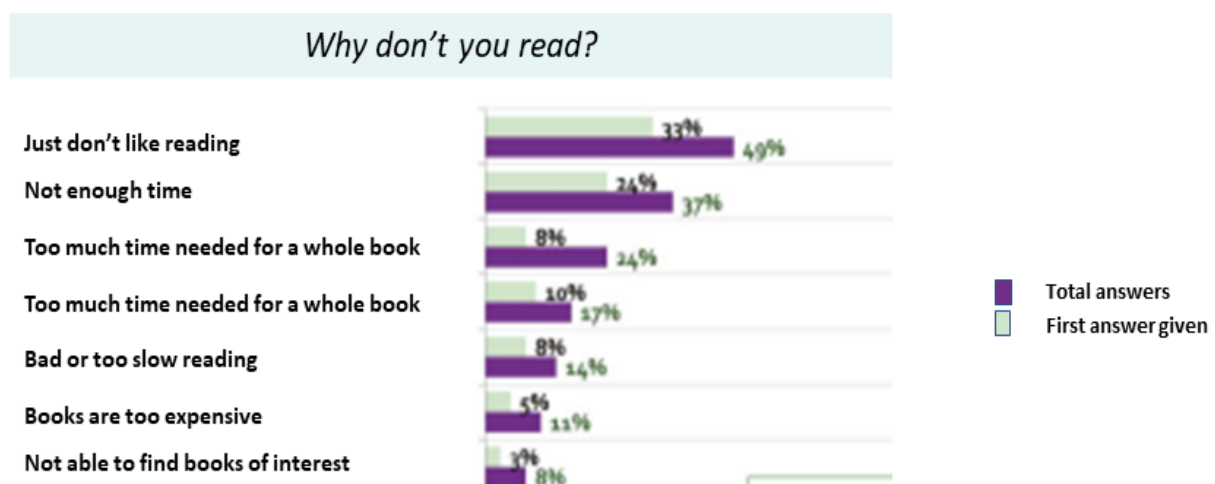
The average user dedicates proportionally less time to every information and it will be more and more comfortable to read several short and different written text instead of a few pages of the same book, so a dissertation of the same argument. On the other hand, short information imply that usually they include just superficial aspects of the topic, furthermore would be both more useful for a learning process and more enjoyable a book reading, but as it is analysed in the previous chapter the predisposition to read books depend on the education and habit as well as so structural changes in the education and scholar systems are needed.

Other answers have been that people prefer content with pictures and simple texts, and this aspect could translated saying that inside social is easier to find content with these characteristics while books are perceived as ‘harder’. In the first instance, the truth is that is a manner of perception matter since given the really specific-niche addressed offering, there are books of every genres and for every kinds of reading skills. At this point, more than the lack of certain content’s characteristics, there something wrong in the offering’s communication to the customer and a lack of tools and ways that let users be able to access to a book or other editorial content as fast as they read a narrative post written by a friend online. Other interesting answers are that it is appreciated the originality of the content and, regarding the importance of to use the right format, that more than one in five of the respondents speaks about the length of the content that fit with the time they want to invest and that social network are platforms in which it is possible to follow periodically an author, a trait totally missing in normal books, above all physical, where after the purchase there aren’t any more links with the authors. To sum up, the factors that created a market for editorial content inside of social networks are the personalization the usability and the adaptive editorial format.

3.4 WHY PEOPLE DO NOT READ? THE MAIN REASONS

The Pepe research interviews did several interesting questions about the reason that brought people to read less and less through the time, arriving at the low indexes discussed before, above all in Italy. The first part of the interview regards the reason about why people don't read and consider two groups: Which are the main reasons that make people not-reader and what obstacles the reading of books for "weak readers" (less than 3 books per year).

Regarding the first category, at the question "why do you do not read?" the 33% gave as the first answer, that goes to 49% in complex, that they don't like to read. Here it could be addressed several reason to the lack of predisposition about reading: in the report about the publishing industry by AIE the main reasons considered are of "social" nature, for example the scholar institution that don show enough the pleasure of reading, the absence of institutional plans and initiatives about reading, the lack of a right routine organization, but even eye's problems or lack of reading skills. Another reason to add is the nowadays offering of easier alternatives and the fact that the reading is a skill to develop with time and training, as well as every other discipline and it's practically impossible being able to pe passionate about a book or an argument if there is a consecutive time of neither a hour.



Pepe research (2018) – osservatorio nuove forme di consumo editoriale e culturale .

Figure 24 SURVET: WHY DON'T YOU READ?

The second category group, namely people that read less than 3 books per year speak about reasons that can be conducted more or less to the same contingent situations. Indeed, the first answer chosen by more than the half of participants, accounting for the 69% of the total have been that they don't have enough time to read. Here come back the same argumentation about the fact that there are more activities and thus choice about how to spend the free time, above all regarding that can be done inside houses. Thinking about an average reader of just 20 years ago, the only alternatives respect to read a book that had as goal to have a fun moment or to learn more about an argument were the television, that at the moment had just 6 main channels and primordial version or personal computer that anyway weren't more than one per family. Just 20 year after, in our days, there is an average of more than one device every person and for every and there is a almost infinite online catalogues of movie and series that can entertain people without asking them the effort to be focused. Here again, it would be crucial to create ad hoc social and scholar politics and strategies that aims to let discover people the importance of reading and at the same time create and enforce a book offering that considering that the nowadays user want to have an editorial offering easier and quicker.



Pepe research (2018) – osservatorio nuove forme di consumo editoriale e culturale .

Figure 25 SURVEY: WHY ARE YOU READING LESS THAN 3 BOOKS EVERY MONTH?

There are at the same time deeper reason about the impressive low reading index in the Italian country. Another way to explain this problematic situation it is to correlate this situation with another alarming index: Italy is in fact one latest country in Europe about text comprehension with just the 24.8% of Italian have the right tools to comprehend properly a written text; 11

points under Norway and ten respect to French And Germany.³⁴ Those are the basis to an alarming problem and difficulty for an average member of the population to be informed about social and political problems and to create its own opinion considering that probably three person every four will have probably opinion pledged by other members of the community or at least distorted. Moreover, with this index can be better explained why the average person in the Italian country doesn't feel attracted about reading since in most of the cases he doesn't have, or he just partially have the right tools to enjoy the experience. It is not a case that the average master degree too is far lower respect to other countries with an Italian percentage of 27.8% respect to the EU that is of 40.7%.

A positive and hopeful trend in this almost catastrophic situation regards the percentage of parents that use to read books to their children between the first and the tenth year of life; indeed they are the 78% of the total interviewed by the Pepe Research, and the percentage increase more if are considered only the strong readers (>12 books/year) arriving at the 89%. While the percentage of parents that declared themselves 'non readers' that read books to their children drop down to the 62%, that at least it says that 2 people out of thre that don't use to read book because they are not interested, they don't have time or they don't have the tools to do that gave at least the right importance to the books inside the education process. Even inside the only positive trend about the Italian reading environment there are some negative aspects. For example, children that between 6 and 10 years old during 2010 used to read the 75.5% of children that grow up with 2 readers parents, this percentage drop down drastically to the 34% for children with non readers parents. Just few years later these percentage are going down with an alarming speed nonetheless the worst year of the editorial crisis should be far away: in 2018 the first group went down to the 64% (ten points) while the second group arrived to the 27% with the national average that went down to from the 54% to the 44.2% in the same period. Maybe those data too can be explained with the same reasons: children, that always tend to mirror their parent, once use to saw them more often with a book while now they tend to see them with a more fascinating tablet or smartphone.

³⁴ OCSE-PISA REPORT 2019

3.4.2 POSSIBLE SOLUTIONS: THE AMAZON VISION

Possible solutions to invert the trend through institutional or private investments, initiatives and changes in the offering and channels have been discussed by Amazon that participated to a parliamentary debate on 14th of May 2019³⁵. This report made by the e-commerce giant regards promoting and sustaining reading in Italy. It has the same starting point of this part of the research that are ISTAT and AIE data and analysis.

Naturally, the first topic is about the challenge of increasing the reading rate in Italy, both in the percentage of readers and the average books read in one year. Here, the 3 million readers disappeared 10 years ago, whose were part of both “weak readers” (1-3 books per year) and “strong readers” (>12 books per year) are imputable to the fact that there has been a growing availability of diverse entertaining activities to spend the free time. To support its thesis, Amazon mentions the data of the crisis around 2010-2015, and the fact that in the same period there has been the widespread of smartphone and other electronic devices. Problem is that as it has been already discussed both the publishing industry crisis and the digital boom have been global, and not just Italian phenomenon. It follow that these reasons don’t justify that fact that there are 30 readers less respect to other European countries such as Sweden and France.

Which are the main activities that Amazon declares to have performed to promote reading in Italy? The firms divides them in three specific categories that are: to expand the access modality, to engage new readers and to develop the supply chain. Regarding the first point, Amazon focused on guaranteeing a very large catalogue, with more than 600.000 immediately available books and e reading tools and software such as Kindle Unlimited that offer a digital catalogue with 7 million titles, 220000 of them in Italian and Audible with audiobooks both in English and in Italian; investments in areas without physical libraries covering evidencing the fact that the 40% of Amazon’s books delivery have been addressed to geographical areas without physical stores. Another key point stated is the importance of partnership with third parts. 4000 publishing houses sold more than 10 books in 2018. At the same time, to involve

³⁵ CAMERA DEI DEPUTATI, VII° Commissione Cultura, Scienza e Istruzione (2019) - Contributo scritto nell’ambito dell’analisi dei Progetti di Legge (PdL) recanti Disposizioni per la promozione e il sostegno della lettura 14 Maggio 2019

new readers an important factor evidenced is the potential of new digital reading tools such as audiobooks, even weak readers that subscribed to this service declared to listen more than 18 book per year. Indeed, Amazon argues that subscription fees are a mechanisms that have the potential to attract a huge part of the non-readers segment. A proof is that the half of Italian Kindle subscriber didn't purchase any book in the last year. About supply chain's development, the main strategy of this company regard the possibility given to self publisher to utilize the Kindle Direct platform to create their e-books. Audible to is investing in an expansion through an increase of the human capital involved and establishing partnership with Italian association of category and giving the possibility to authors to be the voice of their own books. The print on demand, already discussed in this research, is another aspect to which Amazon gives primary importance to the publishing industry supply chain improving and development.

What should institutions and players involved do to stimulate Italian readers? In this discussion Amazon highlights 3 principal aspects. The first one regards how to directly stimulate the market. Considering its economical interest it's not surprising that this company agrees to every financial contribution to seller and purchaser while it is contrary to every move that can potentially make higher product prices. In this field, initiatives taken as the 18 app, that contributed complexively fir the cultural sector for about 160 Million dollars, 130 of whose for book purchases. The mechanisms to increase the demand have been to provide a budget for free to buy cultural products, such as books, reading devices and cultural experiences. Amazon sustain that such an initiative should be expanded enlarging the user base arriving to comprehend all the families with undergraduate sons (15- 24 years old). Another way that Amazon highlights to stimulate directly the market is the cross-selling, that the company noticed is a positive mechanism to increase the industry value. The second way to sustain and to stimulate the readers segment is indicated as ways to innovate the offer, focusing on access channels and developing the digital offering. The third point cares about the core aspect to reverse the trend: try to let younger generations fell in love with reading. It's important to notice that Amazon speaks about "systemic initiatives" since it's impossible to talk about macro trend solutions without proposing general measures. Two main measures, performed even with direct partnerships with school are sustained and addressed to 2 main categories: scholar students and pre scholar children. For the first group are

proposed initiatives that should involve student from all the Italian schools such as competition for writers that will be awarded with physical and digital publication. For pre scholar children the company proposed book's box, an idea that has already shown its potential in the US market. It consist in a subscription service of books delivery after a selection made by age. The aforementioned report has delineated very well which are the main challenges and possible paths for the publishing industry trying to spot new opportunities through digital channels and the new needs and wishes of the customer base and the rest of the population that didn't read any book in the last year.

3.5 CONCLUSION

Through this chapter it has been possible to evidence several important factors to understand the new trends inside the readers segment. First of all, the Italian situation has been emblematic to observe how digitalization impacted this industry, causing deep crisis that accounted for a loss of 3 million of readers and, more than the total number, is even worst that, inside the segment declares to read, almost the half read less than 3 books per year; just around two million of Italian readers are considered “strong” because they read more than 12 books per year. Worst than that, the Italian reading index dropped down of more than 30 points respect to top European countries such as France and Norway, with an evident correlation with other indexes such as the unemployment rate that indeed is another important problem for the Italian economy. The only positive trend regard youngest generations: children and teenager segment is the highest for reading rate since its close to 90% and it has been reported the percentage of parents that use to read for their children is really high too, proving that even non readers know the importance of this skill, opening to the possibility of enlarging again the readers segment.

To conduct a fair analysis, it has to be highlighted that these statistics are based on a kind of reading that considers only traditional ways, without including people that use to enjoy a different editorial content. Considering that the only way to read were physical books, new devices and channels have brought the necessity to speak about new paradigms. A clear example are social network since the 65% declared to read editorial content online. This data is really interesting since it shows that a large piece of the people that declare to do not read any books or to just read less than 3 book per year, just keep to read without using traditional ways. For instance, if the concept of reader would be something like “a person that read any kind of editorial content, even if other than a book, in the last 12 month”, the Italian readers percentage would be far above the 80% of the population, gaining more than 2 person every 10. That is why new paradigms and new ways to define what a reader is are necessary to analyse correctly the changes in this industry; a winning publishing industry business model should be designed with the aim of modelling it to best match these new paradigms.

One of the questions asked for the questionnaire about changes in editorial demand by Pepe research has been crucial to understand why people don't read. It's emerged that the reasons are different and variegated but they can be addressed to particular and specific causes. For instance, the fact that the half of the sample of non-readers declares that they simply don't like to do it could mean that there have been some missing point in their education process proving the contingent urgency to adopt systemic and institutional measures about. Another considerable percentage declares that he doesn't read because of no available time, or uses to do so through smartphones because they are already utilizing it. In this case it is clear the exigence to bet on devices and reading format that perfectly the needs of an average reader that usually has less time to read and he wants to do it in a fast and comfortable way.

The Amazon opinion discussed during a Parliamentary debate about stimulating Italian readers has been able to delineate the main traits, characteristics and challenges of this industry. Their conclusion are the same of this research; to stimulate the reading in the Italian country a joined action between institutions and private player it's needed. During pre-scholar and scholar years, it is fundamental to help children to developing this skill letting them feel comfortable in reading as an average strong reader and establishing partnership between schools and publishing houses through competitions and events as Amazon suggest. Furthermore, it is necessary to consider the changes of preferences about devices and formats of new generation, investing on formats and products that fulfil their new needs. Even the product pricing has to be adapted to the digital environment. Users feel comfortable increasingly more to subscription models, personalized to their exigencies. Because of this the publishing industry value capturing mechanism has to be pointing on the same direction. The possible solution hypnotized above by the author of this research, by The Associazione Italiana Editori and private players such as Amazon have the same goal: to increase in quantity and quality the Italian readers population, both because there is a market that can potentially doubled up and because has been proved that a reader population is a population that performs averagely better than the ones with less reader every 100 people, meaning that investing in measure to stimulate reading and create an environment adaptable to digitalization and new trend could improve not only this sector but the whole Italian economy and social wealth.

CHAPTER 4 - A WINNING PUBLISHING INDUSTRY BUSINESS MODEL

4.4.1 PREMISE

In this final chapter, the aim is to utilize the information analysed during this research to design a winning business model for a publishing firms applying the BMC tool. First of all, it will be discussed the interview with Alessandro Spaventa, CEO of a well known Italian magazine that has a different opinion about digital disruption respect to the conclusions of this research, maybe because news are the business more impacted by the digital transformation. There will be outlined then theories from authors that have a different point of view and have proposed a new approach to create value in the publishing industry with a customer centric perspective.

It will follow a comparison between the main patterns of the old and new publishing firms business model utilizing the business model canvas Tool. It will be shown as the main revolution, as well as the Edizioni Centro Studi Erickson's business model main pattern, is a "long-tail" approach, switching from the research of best-seller to publish multitude of authors for several kind of niches. New technologies as print on demand, in this context, are even more valuable since, if they are combined with a long tail approach, make possible to create a positive value for a business that sell an average low number of copies per authors, a system that without digitalization would never be profitable. With this new structure it can be designed an "unbundled" structure, namely a business model that focus on just few aspects of the creation value process, outsourcing all the other production processes.

Eventually it will be possible to delineate the main pattern of a winning business model for a publishing firm. This model has to consider, first of all, the changes even in the concept of book, that now is enjoyable to several formats, device and even with new sense with audiobooks, and at the concept of reader since, as it has been shown, the almost the totality of reader use these new ways to enjoy the experience, with more than 1/3 that read only with digital format through e-books, audiobooks or editorial content on social networks.

4.2 AN OPPOSITE OPINION: INTERVIEW WITH ALESSANDRO SPAVENTA

The next pages will report the interview made with Alessandro Spaventa; economist, books author and CEO of Internazionale S.P.A, owner company of the weekly magazine Internazionale. This interview has brought a valuable contribute to this research since, as it will be discussed, it has an opposite view respect to some ideas of this thesis, especially regarding the role of some aspect of digitalization in this industry. Some of the causes of such a divergence are related to the fact that the news industry seems to be one of the most damaged by digitalization, a reason could be that while books, even if with less profitability and with a huge effort in business model adjustment, are just changing format and way to enjoy the experience, for the magazine industry the situation is different.

C. In a world ever more digitalized, are the values changing with the same speed?

A.S. Answering with the Internazionale's perspective, The answer is no, Values are not changing, on the contrary the effort is to enforce and to enrich them nonetheless strong environmental's change.

C. Regarding the relationship between the customers and digital, how is it changed? And which are the best approaches?

A.S. I can say it didn't changed so much. For us, digital is fundamentally a way to make the copy available as soon as it is ready. It's helpful to avoid delays with postal delivery. Digital subscriprion are increasing, but they are still just the 20% of total subscriptions. The selling of Single digital copies are just residual. For us, digital is just another distribution channels with benefit such as the lower price and the instant accessibility. The bigger disadvantage is that the reader can't leaf through the magazine. This is the reason why the percentage interested in the digital offering, even if important, is till low. Another interesting possibility that the digital offers, both for us and for our readers, are short time subscriptions, an offering not feasible with physical copies since it is not economically valuable.

C. Which are the most effective channels for a firm that works inside the editorial industry?

A.S I'd say that generally the most important one are Facebook and Instagram and, depending on the product, printed magazines and radio. The best and most obvious thing to do is promote the product where you find your public. If produce a printed journal, it makes sense to promote the product inside similar offerings. Facebook and Instagram allows to address quite precisely your target but, in our experience, the best channels is the word of mouth. For this reason, Internazionale doesn't use to do much communication The only advertising that we use to do is once a week on Repubblica (national Italian newspaper), Facebook and Instagram advertising. That's it, at least for now. Even the tone of voice that we utilize is pretty much the same.

C. which will be the most important technologies for the editorial industry future?

A.S. I'm a bit conservative, but I reckon that there is not a lot to innovate. The only thing is to make the product more enjoyable for digital devices. At the end is only a matter of creating a most device-friendly and saleable format, but basically editorial industry is keeping to be on paper.

C. The demand that is keeping to be closer to digital product, in which measure is changing the revenues flow of the editorial industry? Will the industry be sustainable in the long period?

A.S The impact has been strong and it will continue to change the industry. Sadly it is not a matter of changes in the demand, but product are decreasing. There are two fundamental elements. The first one is that the day is made by 24 hours. If the entertaining alternatives increase, the space for editorial products consequently decreases. If I watch more series I will read less newspapers, books, just because I don't have time. The second reason is that news have became a free good. For publishing houses is a matter of finding a new equilibrium, There will always be a hard core segment of readers. The editorial industry will probably

become a niche market. Consequently price will grow and costs will be reduced and it will learn to live with reduced advertising incomes.

4.2.2 CONSIDERATIONS IN A BMC PERSPECTIVE

Despite the opposite vision respect to several topics, according to Alessandro Spaventa as well as in Edizioni Centro Studi Erickson's vision, Values are central and don't change with innovation; actually technology is used to strengthen them. Oppositely, opinions regarding the potential of digital are different. As it has been analysed, while digitalization is revolutionising all the 9 building blocks of Edizioni Centro Studi Erickson's BMC, For Internazionale only few blocks are changing: the revenues stream and the cost structure to be adaptable to the 20% of customers that want to enjoy the product in digital and therefore all the resource needed to create a digital product. It is interesting to notice the impact of new technologies where subscription model was already largely used. While short term subscriptions were too costly for firms, the reduced cost of a digital product has offered the possibility to buy the service for just few months. To demonstrate once again how much the average user is comfortable with this kind of purchase, it's indicative the fact that while this revenue stream accounts alone for the 20% of total customers, according to the respondent, people that purchase just a single only copy are quite uncommon.

Even if the social networks most used are still Facebook and Instagram, the marketing strategy and the customer relation are different respect to Edizioni Erickson particularly, but even for disruptive business models such as the long tail pattern in general. Here the market effort is minimal and above all it doesn't divide customers in several niches but, on the contrary, the advertising is made on these social networks or through other journals such as Repubblica addressing the whole segment. The relation, even if hopefully constant and long-term oriented, is unilateral. A point in common is the word of mouth of users that appreciate the content, nowadays amplified throughout online channels.

The evolution of the product instead, even if it is an editorial content anyway, is different. First of all, many news are free on Internet and obviously the segment that is willing to pay

is reduced, and even Alessandro Spaventa remembered the crisis that hit this industry. On the other hand, it is important to notice that, according to Audipress, Italian weekly magazine's readers account for 13,2 million, a considerable number since it is around the 25% of the adult Italian population.³⁶ Another structural problem is that, compared to books, technologies are even farthest to guarantee to the user the same physical experience, using Alessandro Spaventa words: "the bigger disadvantage is that the reader can't leaf through the magazine", a problem that regards the most peculiar characteristic of this editorial product.

Some authors have different opinions. Texeira and Pinechota (2019)³⁷ for example, sustain that the main evolutions are not new technologies, but the customer's new perspective: to fulfil their needs company have to change from a firms-centric to a customer-centric view, starting from the customer value chain. Indeed, the customer value chain it is always be considered as the series of step that an user has to perform to purchase a product/service. According to these authors, the key is to the "decouple" their offering, being able to deliver, thus create, just the value that customer need without forcing him to buy something he doesn't need or want, the core activity is to spot only the customer's value point. An example made by these authors and the value chain of their customers: many of them go to physical shops to give a look to the product they want and then they purchase it on Amazon, that in fact it has decoupled it's value chain entering just in the purchase step. This company has been compared to the publishing industry too. While The famous publishing house McGraw&Hill offer a wide range of students books, but many of them is interested in just a specific part of the book, furthermore they are paying a whole product even if they want just a part of it. Amazon, as well as other firms of the sector, are selling single chapter to adapt themselves to the customer point of view. Even in the magazine industries this perspective's change could be possible trying to spot the value point in the customer value journey and trying to deliver to them just the part of the product that creates value for them.

³⁶ Audipress release 2019/II

³⁷ T.S. Texeira & Picheota (2019) , Unlocking the customer value chain, Currency New York

4.3 THE PUBLISHING INDUSTRY BUSINESS MODEL EVOLUTION

“We have all heard about aspiring authors who carefully craft and submit manuscripts to publishing houses in the hope of seeing their works in print – and face constant rejection. This stereotypical image of publishers and authors holds much truth. The traditional book publishing model is built on a process of selection whereby publishers screen many authors and manuscripts and select those that seems most likely to achieve minimum sales target. Less promising authors and their titles are rejected because it would be unprofitable to copyedit, design, print and promote books that sells poorly. Publishers are most interested in books they can print in quantity for sale to large audiences.”³⁸ This description perfectly outlines the main limits and problems of the publishing industry value chain and confirms the critical factors of this industry highlighted during this research. There were, and there still are inside publishing houses that use to work with a traditional business model, 3 main linked critical points: the production process was too costly and allowed to be convenient just the best-sellers release; therefore only a little share of the total authors could arrive to produce a book. This situation has brought to the most critical problem: just readers that wanted a specific kind of lecture we satisfied, all the rest that were looking for a specific knowledge had to find the information needed somewhere else like internet.

It follows that, inserting this structure in a BMC, the authors report as value proposition the offering of a broad content (Ideally hits), addressed to a broad audience and sold through a retail network without the aim to have any kind of relation. The main resources are of course the content and physical assets that will be used to activity that will regard the production, marketing and the sales process that are indeed the main parts of the costs structure. Partners are not important given that all the key activity are internal.

³⁸ Alexander Osterwalder and Yves Pigneur (2016), Business Model Generation John Wiley and Sons Inc., Hoboken, New Jersey

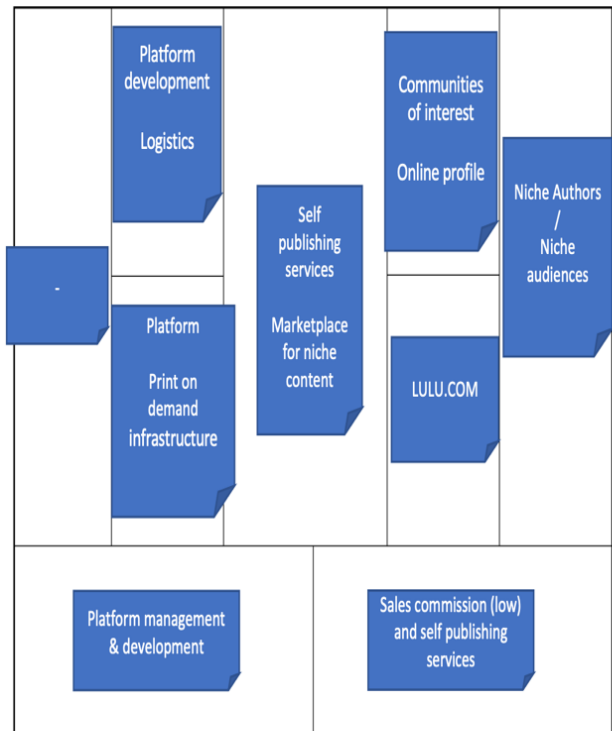
As it has been outlined throughout this thesis, the digital revolution have implied that the publishing firms, to survive, have to revolutionise all the blocks of their businesses. The same authors used as example of a new model the case of Lulu.com, a platform that has main strengths possible solutions for the aforementioned critical aspects of the old publishing industry business model. Its business model is ‘‘based on helping niche and amateur authors bring their works to market. It eliminates traditional entry barriers by providing authors the tools to craft, print, and distribute their work through an online marketplace. This system contrasts strongly with the traditional model of selecting ‘‘market-worthy’’ work. In fact, the more authors Lulu.com attracts, the more it succeeds, because authors become customers.’’ Here the logic is reversed: There is no the need of a best seller anymore. Thousands of authors sell an averagely low numbers of copies to a wide range of specific niches and, who manage the process, in this case a multisided platform, will benefit for this low volume sales mechanism. Another crucial advantage is given by the usage of the print on demand: a modern technology analysed in the first chapter of this research that consist on printing the book just after it has been purchased, reducing drastically logistic and production costs.

Below are shown, through the BMC, the main differences between the traditional model and the one created by LULU.COM. The first difference to highlight is the difference of point of view. The first value proposition is firm’s centric: selling bestsellers is the way to maximize the firm’s revenues, but, above all today, customers want specific and really valuable content, even if for a publishing firm means to reduce margins. For the same reason, it is fundamental to produce as much material as possible, in this case through a platform that allow user to publish themselves without the judgment of an editor, leaving to user the role to decide what is valuable for them. It follows a whole structure that revolve around the attitude to be customer-centric.

TRADITIONAL MODEL



LULU.COM MODEL



Source: Alexander Osterwalder and Yves Pigneur (2016), *Business Model Generation*, John Wiley and Sons Inc., Hoboken, New Jersey

Figure 26 - TRADITIONAL MODEL VS LULU.COM MODEL

4.4 FINAL CONCLUSIONS - A WINNING PUBLISHING INDUSTRY BUSINESS MODEL

Through this research has been possible to go inside an environmental analysis of the publishing industry, considering evolutions in technologies, production value chain and customer needs and behaviours. The study investigated in two different direction: from the customer point of view it has been analysed the readers evolution both in a macro-perspective, studying Italian readers trend an in a micro-perspective, analysing the new value journey and new exigences and new ways to enjoy the experience; in the firm's perspective it has been highlighted the exigence of a busines model revolution able to offer a sustainable value for customer despite the many alternatives to books created by new technologies and the resulting crisis within this industry

Starting from the main patterns most used by business that are riding the digital wave, the ones that have a higher potential for the publishing industry are surely the already discussed long tail structure and the unbundled structure. To sum up, nowadays a winning publishing business model has to be able to have a profitable way to publish a multitude of authors for several niches, and at the same time outsourcing all the physical production activities to focus only to the core business. These considerations agree with Piechota's point of views, indeed he declared " "We are no longer in mass media business, we are in niche media business. And it has a profound impact on our strategy,"³⁹ A niche media business it's a precise definition of what it means to serve a wide number of customers anyway, but through an specific offer for every niche. For these reason, in a BMC'S point of view, a winning business model should be unbundled and focus only on the main creative part, outsourcing all the other production processes.

Below there is the complete Business Model Canvas design for a publishing firm, comprehensive of the main patterns that are demonstrating to be winning solution to ride the digital wave. The value proposition could be defined as multi niche offering and the customer segment would be consequently the several kinds of different niches. The goal would be to publishing a number of authors as large as possible, both in quantity and in variety of content,

³⁹ Digital innovation summit 2017, Berlin, Future Media Lab session by Greg Piechota

creating an ecosystem that thanks to modern technologies such as new reading format and devices and print on demand that, thanks to the low costs of this procedure, is able to have an economical advantage for every new author that joins the system, even if he will sell just a bunch of copies to a very strict niche. The channels utilized should be a mix between physical and real. Regarding the first category of course there are the library, even if are friends libraries like in the case of Erickson. Regarding digital, the website is the most powerful resource since it is a blank space where the firm can highlight everything creates value for customers. Social networks too have a fundamental importance since, as it has been discussed, around the 20% of the total readers use just this channel to read editorial content. Despite their free nature, it will be fundamental to spot ways to leverage this channel. An example could be publishing part of books on social and allow the full reading with the product purchase. Even the firm's press office, as well as for Erickson's business model, it is fundamental, especially for managing partnerships, as it will be discussed later.

The relation with customers should be life cycle oriented since a reader tend to keep to enjoy this activity for all his life. The ideal would be to create an offering able to pass the Google's toothbrush test. It consists, as the name suggest, in investing in business that customer would like to use more than once per day; using Larry Page's words reported by D'onfro (2014): "Is this something you will use once or twice a day, and does it make your life better?"⁴⁰ Publishing houses too should find a way to create an offering that customer can enjoy everywhere and every time they want, above all because reading is a matter of practicing. If the industry goal, as macro-system, is to improve in quality and quantity the reader segment, it should adapt the offer to new consumers ways to enjoy the product creating a service able to let user enjoy a content that fit with their exigences.

The advantages to adapt an unbundled are visible more than everywhere else in the left part of the model, that contains the systems through which the firm can create value for customers. According to John Hagel and Mark Singer⁴¹, firms perform three main activities, furthermore they are the sum of 3 distinct businesses: the customer relation business, product innovation

⁴⁰ Jillian D'onfro (2014), Here's The 'Toothbrush Test' Google's CEO Uses To Make Acquisition Decisions, Business Insider

⁴¹ John Hagel III , Marc Singer (1999), Unbundling the corporation, Harvard Business Review

business and infrastructure innovation business. New winning business model, following the logic of decoupled businesses⁴², focus only on one of the three businesses, outsourcing the activities needed to perform the other 2. For a publishing firm, it would be ideal to focus on the customer relation business, and in a larger sense, relations with all the shareholders such as authors and other partners since the core of a creative business is of course the talent of people. Furthermore, the firm should focus on investing on channels to communicate with them, a research and development department able to guarantee the quality of the content and the product usability and adaptability. All the other resource such as the production value chain should be outsourced to other unbundled company that in turn focus just on this aspect.

Partners are one of the most important blocks. There are several kinds of them, whose are of different nature and fulfil several firm's exigences, above all if it is considered a long tail and unbundled business that, given its nature, it will need to outsource many key activities and at the same time it will need to establish relationship with several kinds of different niches. The main macro-categories are financial partners, competitors, authors, associations of category and institutional partners. Digitalisation have impacted eveng the ways that a firm has to finance itself. Other than the traditional way such as banks and other financial partner, Internet created the possibility to ask to a wide audience for a financial contribution, as it has been discussed in the first chapter. Partnerships with competitors in this field can be useful for project that the firm wouldn't be able to pursue alone, or joining platforms that can host a wider catalogue with and a consequent higher value for customers. Author of course are the core of this kind of business. Starting from the assumption that a winning publishing industry business model should be long tail, the firm has to be able to manage a multitude of authors, everyone expert in a specific argument to fulfil a specific niche's need. In this sense, it is optimal if the firm can be able to establish relationships with association that represents these niches like in the case of Erickson. Last but not least, partnerships with institutions are fundamental to pursue the the already mentioned macro-goal of this industry, reverse the trend of a decrease in quality and quantity of the readers segment. According even to big industry's players such as Amazon and Erickson, the challenge is to stimulate the demand through a process that has to start in the very first years of the scholar education to educate new

⁴² See note 36

generations to fell in love with reading once again, even if with new formats, devices, and topics. An effort that has to be done not only to improve the performances of this industry but because, as it has been discussed during this thesis, an higher average of reader it is often a synonymous of a nation with a lower unemployment rate, a higher GDP and a substantial better quality of life.

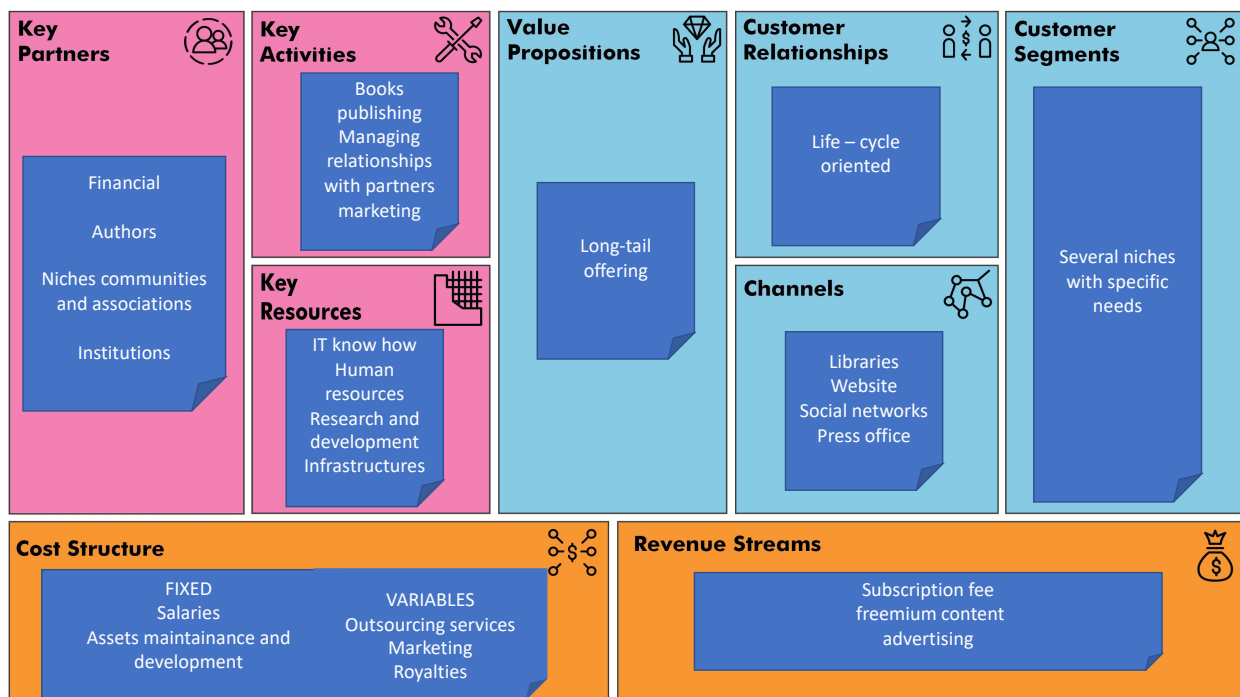


Figure 27 – A WINNING BUSINESS MODEL FOR THE PUBLISHING INDUSTRY

References

A. Zolnowski, C. Weiß and T. Böhm, "Representing Service Business Models with the Service Business Model Canvas -- The Case of a Mobile Payment Service in the Retail Industry," Hawaii International Conference on System Sciences, Waikoloa

Adam Rowe, 6 Facts About The \$26 Billion That U.S. Publishers Earned In 2018, Forbes

Alex Osterwalder & Jim Euchner (Business Model Innovation, Research&Technology Management, 2019

Alexander Osterwalder and Yves Pigneur (2016), Business Model Generation ,John Wiley and Sons Inc., Hoboken, New Jersey

Anderson, Stephanie, "The Small Publisher's Guide to Audiobooks" (2019). Book Publishing Final Research Paper. 42

ASSOCIAZIONE LIBRAI ITALIANI – OSSERVATORIO LIBRERIE ITALIANE 2020

B Kovarik - Revolutions in communication: Media history from Gutenberg to the digital age,

Bloomsbury Publishing USA, 2019

Banou, Christina (Re-Inventing the Book: Challenges from the Past for the Publishing Industry, 2016),

Biancarosa, Griffith. Technology Tools to Support Reading in the Digital Age - The Future of Children 22(2):139-60, 2018

Bureau of Labor Statistics. (2020). Total employment in U.S. publishing industries from 2001 to 2020 (in 1,000s).

CAMERA DEI DEPUTATI, VII° Commissione Cultura, Scienza e Istruzione (2019) - Contributo scritto nell'ambito dell'analisi dei Progetti di Legge (PdL) recanti Disposizioni per la promozione e il sostegno della lettura 14 Maggio 2019

Carreiro E. Electronic books: how digital devices and supplementary new technologies are changing the face of the publishing industry. Publ Res Q. 2010;26:219–35.

Chen Y. Application and development of electronic books in an e-Gutenberg age. Online Inform Rev. 2003

Digital innovation summit 2017, Berlin, Future Media Lab session by Greg Piechota

EFFERIES, Janis. 1. Publishing Industry In : Whose Book Is it Anyway? A View from Elsewhere on Publishing, Copyright and Creativity [en ligne]. Cambridge : Open Book Publishers, 2019 (31 march 2020)

ENPAP, Demografia, redditi e trend degli psicologi italiani Edizione Luglio 2019

Erin Carreiro, Electronic Books: How Digital Devices and Supplementary New Technologies are Changing - the Face of the Publishing Industry, Published online: 26 October 2010 Safe Creative 2010

Giuseppe La Terza, La stretta relazione tra libri e benessere economico, Il sole 24 ore, 2014

Hui-Yi Hoa, Luh-Wang Wang, Hsueh-Ju Cheng - Authors, Publishers, and Readers in Publishing Supply Chain: TheContingency Model of Digital Contents Production, Distribution, and Consumption, 2011

Jillian D'onfro, Here's The 'Toothbrush Test' Google's CEO Uses To Make Acquisition Decisions, Business Insider (2014)

John Hagel III , Marc Singer, Unbundling the corporation, Harvard Business Review, 1999

Joseph, Marris. *Victorian Literary Businesses : the Management and Practices of the British Publishing Industry* /. Cham, Switzerland :: Palgrave Macmillan,, 2020. Print.

Journal of Business Venturing Lucy McCarraher, (2018), *The quiet revolution in business book publishing*, 2019

Levy, D.M., “I read the news today, oh boy: reading and attention in digital libraries”, 1997

Magadán-Díaz, M., Rivas-García, J.I. *Digitization and Business Models in the Spanish Publishing Industry*. *Pub Res Q* 34, 333–346, 2018

Manuel Díaz-Madroño Josefa Mula, Raúl Poler - *Sustainable Supply Chain Management in the Book, Publishing Sector*, Escuela Politécnica Superior de Alcoy Plaza Ferrándiz y Carbonell, Universitat Politècnica de València (UPV), Alcoy, Alicante, Spain, 2012

Micheal Hart, *The history and philosophy of Project Gutenberg* –1992

Neufeldt V, Guralnik DB, editors. *Webster’s new world dictionary of American English*. 3rd ed. Cleveland: Webster’s New World; 1988

Joel Friedlander - *The Book Blueprint: Expert Advice for Creating Industry-Standard Print Books*, 2018

Riccardo Franco Levi, *Il mercato del libro e altro su cui riflettere*, rapporto annuale associazione italiana editori, 2020

Rilevazione AUDIPRESS 2019/II

S.Carolan, C.Evain -*Self Publishing: Opportunities and Threats in a New Age of Mass Culture*- - *Publishing Research Quarterly*, September 2018

Samira; Babor , The future of global research: A case study on the use of scenario planning in the publishing industrydi Rhoods, Anca Learned Publishing, 07/2018, Volume 31, Fascicolo

Selwyn, Digital techbology and contemporary university: degrees of digitalization, 2014
T.S. Texeira & Picheota (, Unlocking the customer value chain, Currency New York

Technical University of Denmark, Abundance of information narrows our collective attention span, 2019

Ufficio studi associazione italiana editori, Rapporto sullo stato dell'editoria 2019
UNESCO and the Book in the Developing World Sarah Brouillette, 2014

We are social & Hotsuite, Global Digital Report 2019

Wladawsky , Berger, It's all about Business model innovation, not new technologies, Wall stree journal, 2 Novembre 2018

Ziming Liu , Reading behavior in the digital Environment :Changes in reading behavior over the past ten years School of Library and Information Science - San Jose State University, San Jose, California, USA ,2004

Zion market research ,Digital Education Publishing Market by End-User (K-12, Higher Education, Corporate, or Skilled-Based): Global Industry Perspective, Comprehensive Analysis, and Forecast, 2017 – 2026", 2016

SUMMARY

INTRODUCTION

The goal of this thesis is to understand how publishing companies are changing to ride the digital transformation wave, considering that the way books are produced, commercialized and read didn't have a so radical change probably since the printing press of Gutenberg. The concept of book itself is somehow changing its meaning. It will be designed an "ideal" business model for this industry that contains winning patterns from innovative companies, that is able to fulfil the conditions for the survival of the publishing industry in the digital era, creating economically and socially sustainable value for customers.

The research starts with a theoretical framework about the publishing industry's environment. It is delineated the evolution from a traditional industry to a model based on online channels and new paradigms. Therefore, which are the strategies of incumbents to react to this transformation and the new roles and players inside the value chain that digitalization has created. Indeed, authoritativeness and credibility of writers is harder to demonstrate (as well as for journalists with the advent of social network) since everyone could produce a book in a digital format with no costs or impediments, and consequently publishing firms, to survive, have to find urgently an added value over the mere production of physical copies. Second, industry's margins have been drastically reduced due to a wide range of free products and services and the lower willingness to pay for e-books respect to physical books. These new technologies will be analysed after a focus on the Italian industry situation, that can be an useful example to outline global trends since it has been drastically affected by the industry crisis that around 2010 has drastically reduced readers, whose are 3 million less⁴³

¹ and consequently firms revenues. Afterward, it will be outlined the business model Canvas tool applying it to the Publishing industry to start to understand how digitalization has impacted in the several parts of the businesses structure.

The study keeps on investigating about the main traits of a winning publishing house's business model through the business case of Edizioni Centro Studi Erickson SPA. It is a firm leader in its segment and based in Trento, that has published books and educational tools for more than 30 years focusing on the social and scholar inclusion, especially of the most vulnerable children. Thanks to interviews

⁴³ ISTAT (2019), Produzione e lettura di libri in Italia

with to key figures inside Erickson's structure, Laura Pulici and Fabio Di Pietro, it will be possible to go deep into the company's vision and strategy. The data obtained from the company's analysis will be used to design the Edizioni Centro Studi Erickson's Business Model Canvas, evidencing which peculiar characteristics made it a winning business model.

In the third chapter there is a point of views' change: the focus is on the reader's perspective. Sector surveys and interviews will be utilized to delineate several kinds of "readers personas", to spot changes in the way they approach and use to read, why they choose to purchase books through an online website or a physical store, if they prefer to utilize a physical book or an e-reader and so on. As it will be discussed, to better comprehend the new environment, new paradigms and metrics are needed, and even the concept itself of reader has to change.

In the conclusion of this paper will be designed as a "winning business model canvas" that should contain a strategy able to make a typical publishing firm able not only to survive to the digitalization, but able to create more value than before, spotting new opportunities thanks to these disruptive technologies that made the book value chain multidirectional and with the potential to be the most valuable creative industry in the future.

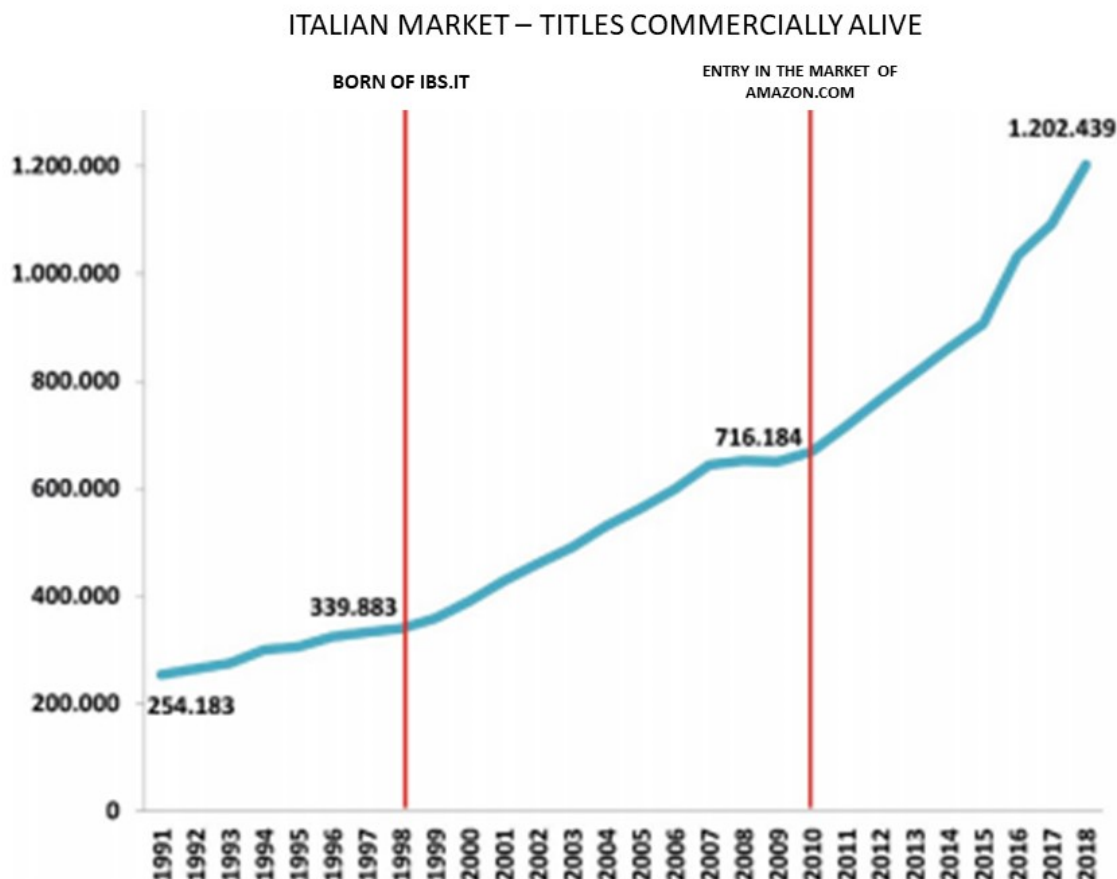
CHAPTER 1

This chapter provides an analysis of the evolution of the publishing industry due to the environmental digitalization that changed the reader's behaviours and needs, the offering and the concept of book itself since now written information can be assimilated in several ways. It has been done an overview of the Italian publishing industry market, that comprehends more than 3000 firm that not only are increasing by size, but even in revenues and the offering. Indeed, According to "Associazione Italiana editori" (AIE), the Italian publishing industry is growing for 5 years consecutively, both in digital and physical formats, following the European trend. The revenues grew by one percentual point, and the active publishing firm (meaning that published at least one titles int the current solar year) grew by 1% too, arriving at 4972. Book readers are about 60% of the population, interestingly less than the e-books and audiobooks readers which are 62% of the population.²

The titles currently on the market increased by 10%, arriving at 1,2 million (just 300000 twenty years ago), while active e-books in Italian are 419000 (+13,3%). The increase of the offer is due to several

² Ufficio studi associazione italiana editori, *Rapporto sullo stato dell'editoria*, 2019

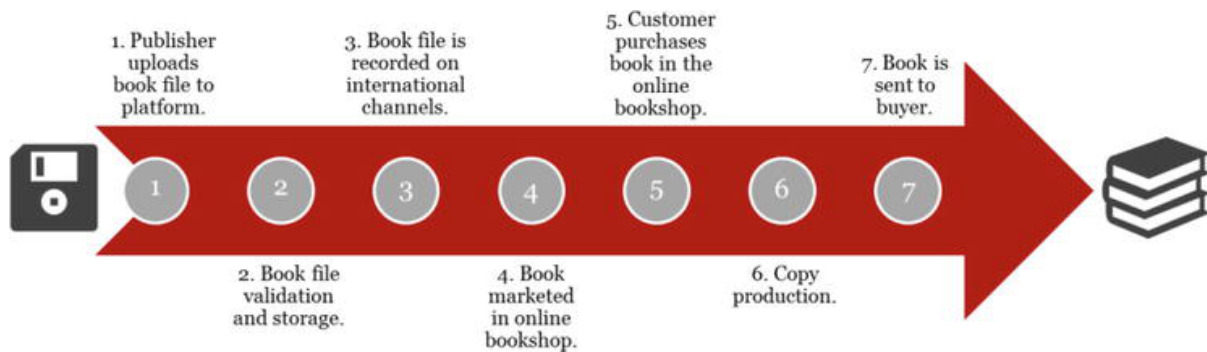
factors, some of them mentioned before such as the digitalization of the production processes, digital market places and change in consumers behaviour, and other that will be discussed in next chapters such as the production on demand, but in the Italian market there are particularly 2 digital entrances that increased exponentially the size of the catalogue. The first one is IBS.it which added more than 300 thousand titles, and successively it's remarkable the advent of Amazon.it, that impacted almost 10% of the whole market nowadays.



Source: Rapporto sullo stato dell'editoria 2019 – Associazione Italiana Editori (AIE)

Of course the digital revolution not only impacted the final offering but the value chain too, both in the production process with new methods and tools such as the print on demand (POD) that have simplified and made less costly the supply chain, but even the players involved in the distribution process; a clear proof is the fact that the main increase in the books commercially alive in the Italian market that arrived to be more than 1.2 Million are due to the entry in the market of IBS.it and Amazon.it. Such factors made the publishing industry faster and economical creating new opportunities for old and new firm that are able to create a less costly product and deliver it to a wider

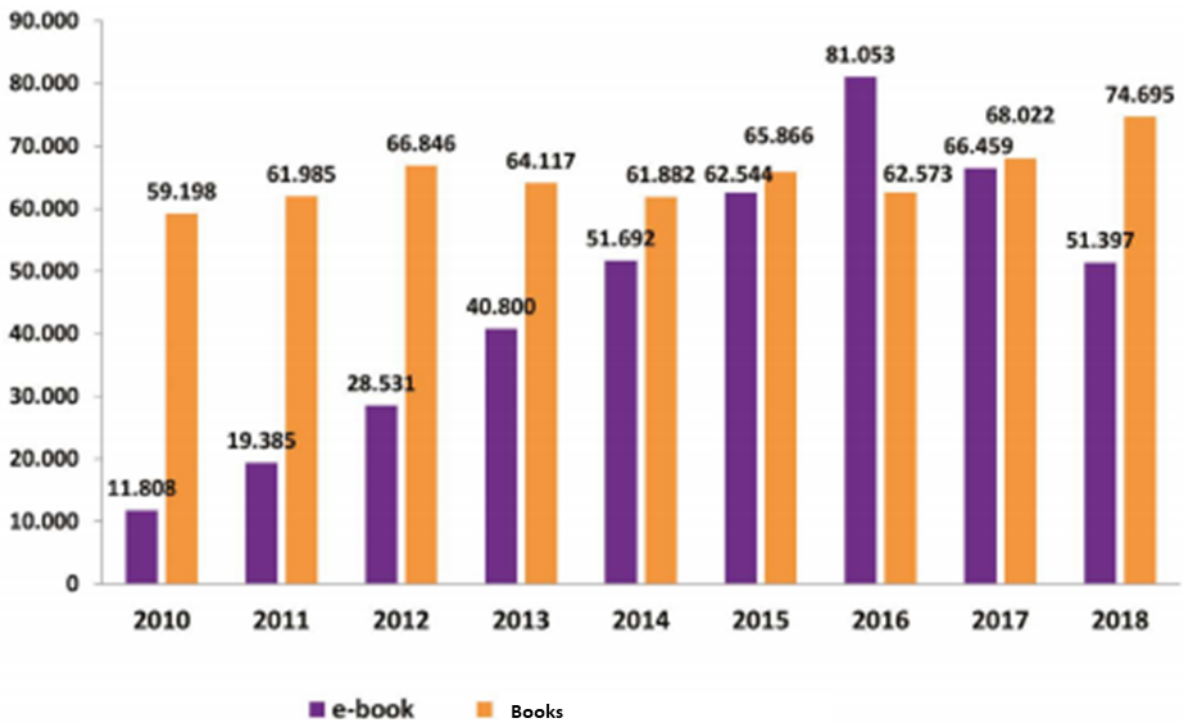
range of costumers. Not only firm, but even individual can share their ideas publishing digital books with potentially 0 costs but time, making digital reading tools available to every one. Thanks to these characteristic e-book as well as other digital technologies are taking the high spot in the publishing industry.



The digital revolution have drastically reduced the cost of this industry and consequently the average expenses per customer, intuitively it could seems that such an environmental change could bring to a reduction of the value created from this industry, thus a reduction of revenues and of market size; but, on the contrary, after a though period for the sector during the first year of the second decades, the publishing Italian market, following the global trend, it seems to have adapted itself to the digital revolution spotting and leveraging new opportunities born with the digitalization. There are several proof such as the fact that firms in the sector are almost doubled, with an average profit in the last 3 years. Through the time, publishing houses should adapt themselves always more to technological trends leveraging new tools such as the Audiobooks, the Qr-code and the augmented product that allow the final user to more entertaining and passionate experience.

The e-book publishing segment is a clear proof of the extent of this revolution: Publishing houses produced 51.397 e-books in 2018, going down respect to 81000 of 2018. These data are slightly distorted by self-publishing since this segment accounts for 11000 e-books, the 11% of the total offer but are still impressive; in 2016 and 2017 e-books titles equalled and surpassed the physical books, following a trend of constant growth since 2010. After those years that saw a boom in the digitalization process of this industry, there has been a retrenchment bringing the size of the e-book market slightly below the physical one.

Italian books and e-books production 2010-2018



Source: Rapporto sullo stato dell'editoria 2019 – Associazione Italiana Editori (AIE)

The adaptation of the industry to new technological trends have had an impact on their business model, in the way these firms create, deliver and capture value from their customer. Through the business model Canvas it is possible to analyse these changes dividing the business model in 9. It's important to notice that especially with new technologies and with the digital adaptation firms tend to be always more customer centric, trying to satisfy their exigences that are evolving as fast as technology

CHAPTER 2

The main purpose of the second chapter is to analyse the business model of Edizioni Centro Studi Erikson Spa, a publishing house, research and consulting centre born in 1984 in Trento, specialized in teaching, education, learning disabilities, special needs, full inclusion. After a company overview, the firm will be analysed deeply thanks to two interviews with Fabio Di Pietro, publishing director, and Laura Pulici, head of press office and communications. The goal will be to design a business

model canvas for this firm, trying to spot the characteristics that have created the conditions that brought them to be the Italian leader of their market segment.

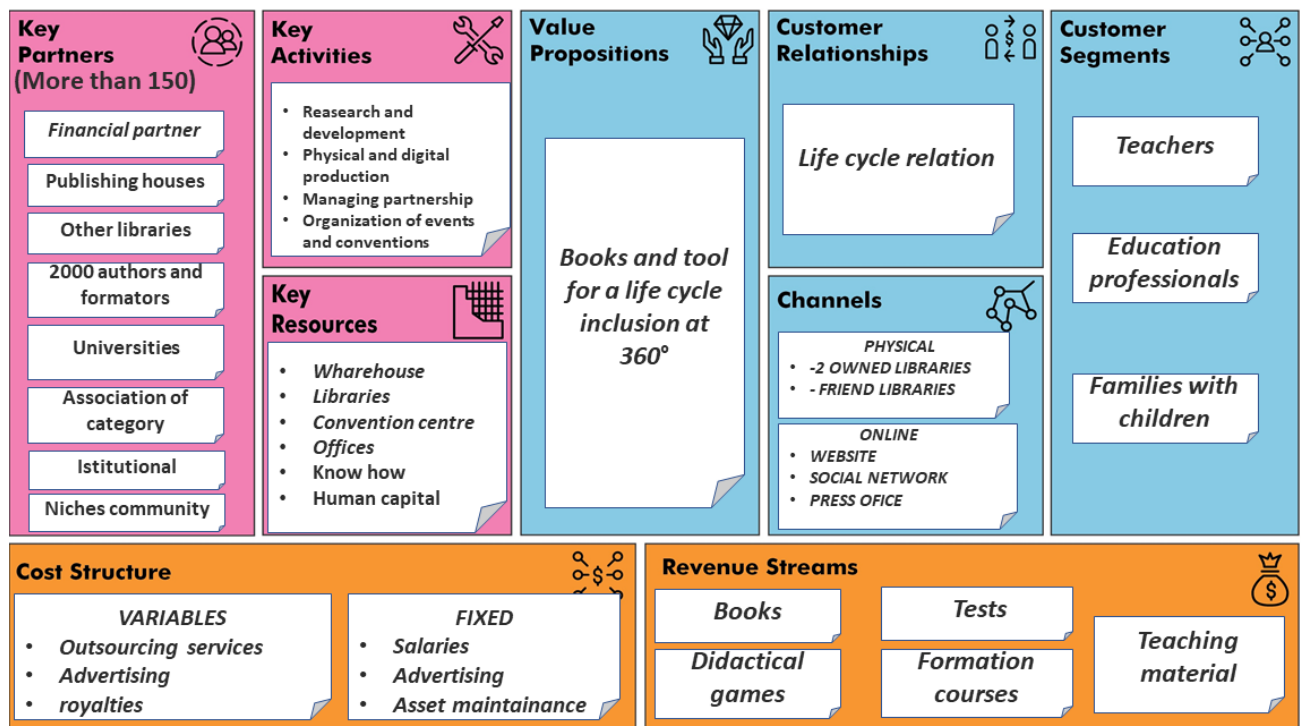
Osterwalder & Pigneur (2016) have been found 5 patterns inside business models with similar characteristics and dynamics. Hence they can be translated in business canvas models to spot comparable parts. Erickson business model canvas perfectly match the "Long tail Pattern"³. This term has been coined by Chris Anderson to describe the switch in several industries between selling a few hit targeting mass markets in large volumes to selling a large number of products to a multitude of small niches. Even if this model has been theorized studying the media market, that with their transformation created this kind of business model with new organizational structure's or new firms such as YouTube, the concept of selling "less of more" is now applicable in many other fields. The author finds the causes of long-tail businesses spreading in 3 main reason. He calls the first one the "democratization of tools of production" which means, for instance in the Erickson's industry, that while until not many decades ago, to be financially able to sustain books publishing firm costs, it was needed huge amounts of capital, both to have enough liquidity for the production chain and because it was needed several physical assets such as machinery, factories and warehouses, and also it had to be covered the risk of market flops.

Only through the production of bestsellers, it was possible to leverage economies of scale and hence to generate positive value, meaning that the target used to be the mass. Nowadays, since digital reading system and new technologies made possible to design more efficient production systems such as the already discussed print on demand, has been possible to reduce production's time and costs. Anderson calls the second factor "Democratization of distribution" because of Internet and the related network which made possible to create a commodity for the digital product services distribution addressed to the high percentage of customer that watched the orientation toward e-books creating a market with a drastically lower unit cost. The third reason is the "falling search costs to connect supply and demand" since one of the main challenge in switching from a mass target to several segments since now a part if not all of the customer value journey is online, where for a firm is can create a better and less costly method to acquire customers and deliver value to them.

³ Alexander Osterwalder and Yves Pigneur (2016), Business Model Generation, John Wiley and Sons Inc., Hoboken, New Jersey, 10\6

After analyzing all the BMC blocks and links, it is now possible to design the complete Erickson's business model canvas, which confirms that this firm follows a long tail pattern and it's highly customer-centric. Indeed, the customer segment is composed by several niches that are part of three main categories that are teachers, education professional and families. Even if every niche need different ranges of products/services, the value that they are looking for regards different aspect of similar scopes. For this reason the value proposition with which Eirckson aims to create value for its shareholder can be only one (typical for long tail businesses) that expresses the value create for all the customers, and it can be defined as "learning and social inclusion tools and methods at 360°". To deliver this value are needed an used many channels, physical and digital; some of them focus on specific segment while other are more transversal; the physical channel, transversal since they can attract all the segment are the 2 Erickson store in Trento and Rome, moreover there are friend-library around Italy. Regarding digital channels the most important are the website and the social networks such as Instagram, LinkedIn, Facebook and several other in a lesser measure. Through all this channel and in every contact with client, the relationship that the company aims to establish with its customer is similar; it aims to be constant during the time and accompany the user through a social and a learning inclusion that has a life cycle view. The resources needed to sustain this business model are various, but they can be summed up in physical assets that are stores, offices and warehouses; then human, indeed Erikson can count on more than 150 employees, and financial resources needed to sustain the business. These resources are utilized to fulfil the business needs, to organize the value creation process, the communication with customer and above all the management of the network with customers and partners, the core of this business.

Regarding partners, Erikson can count on more than 150 different entities, the main categories are other publishing houses, libraries, with association of category, institutional, communities created with the main customer segments and human capital such as authors and formators. the revenue is obtained through 5 different offering that are the editorial catalogues, tests used by teachers, formation courses, games and teaching material. Below there is the complete Edizioni Centro Studi Erickson's business model canvas, designed after an analysis of this company and thanks to the two interviews with Laura Pulici and Fabio Di Pietro.



Analysing a market leader in the Italian publishing industry with the possibility to have the management point of view allows to evidence which are the factors that have created the competitive advantage of this company that has been consolidated through the transition to the digital era that have totally revolutionized this industry. The most important aspect is to have positive and coherent values and consequently believe and pursue the corporate social responsibility, that in this case is to create and to deliver the right tools to guarantee an inclusion at 360°, starting with children in the school period and consequently to professional and teacher with the duty to drive this process, being able to deliver them to the customer base. To do that it is fundamental to utilize the right structure, that in this case, as it has been already discussed, is the “long tail business model” that guarantee to fulfil the needs and requests of several niches through a dedicated and personalized offering and a wide catalogues, pointing on selling a less volume of a higher number of books. Another important aspect is the quality of the product/service offered since, in the publishing industry, due to the

digitalization and the less expensive capital requested to enter in this industry, the competition is more and more aggressive. To do that Erickson count on a research and development team that monitor and check the quality of every title published by this company in every step of the production process to be sure to deliver product and services scientifically and empirically tested. With an offering that cover the demand of several niches with different behaviour and needs, it's fundamental to communicate and to interact in the right way with all of them. Erickson do that through a physical and an online communication not only with the single customer that can be a teacher or an education professional, but even establishing relationship with association of category that can be a really useful both regarding the goal to enlarge the customer base and to avoid or solve conflict situation as it has been discussed with Laura Pulici. Leveraging digital tools means, in this point of view, to enrich the offering guaranteeing that the values and the consequent offering proposed is enriched with new tools such as e-books, games personalized and interacted program and so on; doing everything without forget the main value, social responsibility and purposes.

CHAPTER 3

This chapter aims to delineate the main changes in the customer's base needs and behaviours considering new channels, reading's devices, book formats and pricing mechanisms born with the digitalization process. The Analysis focus will be on the Italian market that can be used as example to describe the global situation of the publishing industry since it followed two key macro trends that are: the exponential alphabetization process developed through the XX century and the sector crisis due to digitalization that completely revolutionized both the industry value chain and the customer perception. Different from other similar countries is that Italy is maybe the only high industrialized nation with less than 2 reader out of three, making it a perfect case to purpose new solutions to increase the reading rate.

In developing this chapter, Data from the Pepe Research questionnaires⁴ for the AIE have been of key importance. The survey has considered the Italian population between 15-74 years old, that consist in 45.474.772 people . The sample has been divided in two waves with 6000 total interviews done used as a champion for the total population.

Furthermore, the Amazon's participation to a parliamentary discussion⁵ about the main challenges and problems regarding publishing industry in Italy is another useful source for this chapter. Indeed,

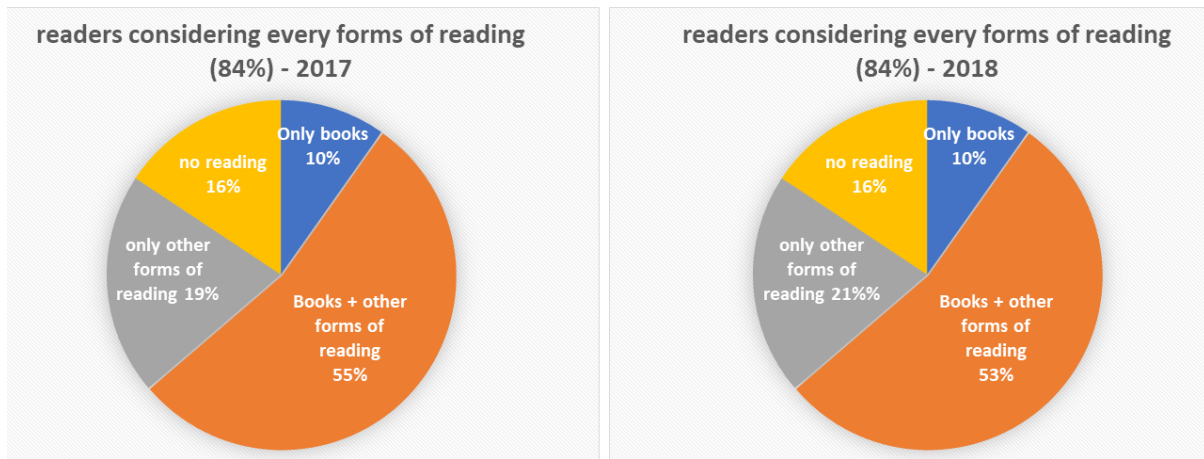
⁴ Pepe research , osservatorio nuove forme di consumo editoriale e culturale , 2018

⁵ CAMERA DEI DEPUTATI, VII° Commissione Cultura, Scienza e Istruzione (2019) - Contributo scritto nell'ambito dell'analisi dei Progetti di Legge (PdL) recanti Disposizioni per la promozione e il sostegno della lettura 14 Maggio 2019

it has highlighted other new traits of the user base and consequently new possible ways to engage with them and to stimulate the readers, both enlarging the segment and to bring “weak readers”, that are people that use to read less than 3 book per year, to read more books, increasing the Italian reading rate.

There are several important factors to understand the new trends inside the readers segment. First of all, the Italian situation has been emblematic to observe how digitalization impacted this industry, causing deep crisis that accounted for a loss of 3 million of readers and, more than the total number, is even worst that, inside the segment declares to read, almost the half read less than 3 books per year; just around two million of Italian readers are considered “strong” because they read more than 12 books per year. Worst than that, the Italian reading index dropped down of more than 30 points respect to top European countries such as France and Norway, with an evident correlation with other indexes such as the unemployment rate that indeed is another important problem for the Italian economy. The only positive trend regard youngest generations: children and teenager segment is the highest for reading rate since its close to 90% and it has been reported the percentage of parents that use to read for their children is really high too, proving that even non readers know the importance of this skill, opening to the possibility of enlarging again the readers segment.

To conduct a fair analysis, it has to be highlighted that these statistics are based on a kind of reading that considers only traditional ways, without including people that use to enjoy a different editorial content. Considering that the only way to read were physical books, new devices and channels have brought the necessity to speak about new paradigms. A clear example are social network since the 65% declared to read editorial content online. This data is really interesting since it shows that a large piece of the people that declare to do not read any books or to just read less than 3 book per year, just keep to read without using traditional ways. For instance, if the concept of reader would be something like “a person that read any kind of editorial content, even if other than a book, in the last 12 month”, the Italian readers percentage would be far above the 80% of the population, gaining more than 2 person every 10. That is why new paradigms and new ways to define what a reader is are necessary to analyse correctly the changes in this industry; a winning publishing industry business model should be designed with the aim of modelling it to best match these new paradigms.



One of the questions asked for the questionnaire about changes in editorial demand by Pepe research has been crucial to understand why people don't read. It's emerged that the reasons are different and variegated but they can be addressed to particular and specific causes. For instance, the fact that the half of the sample of non-readers declares that they simply don't like to do it could mean that there have been some missing point in their education process proving the contingent urgency to adopt systemic and institutional measures about. Another considerable percentage declares that he doesn't read because of no available time, or uses to do so through smartphones because they are already utilizing it. In this case it is clear the exigence to bet on devices and reading format that perfectly the needs of an average reader that usually has less time to read and he wants to do it in a fast and comfortable way.

The Amazon opinion discussed during a Parliamentary debate about stimulating Italian readers has been able to delineate the main traits, characteristics and challenges of this industry. Their conclusion are the same of this research; to stimulate the reading in the Italian country a joined action between institutions and private player it's needed. During pre-scholar and scholar years, it is fundamental to help children to developing this skill letting them feel comfortable in reading as an average strong reader and establishing partnership between schools and publishing houses through competitions and events as Amazon suggest. Furthermore, it is necessary to consider the changes of preferences about devices and formats of new generation, investing on formats and products that fulfil their new needs. Even the product pricing has to be adapted to the digital environment. Users feel comfortable increasingly more to subscription models, personalized to their exigencies. Because of this the publishing industry value capturing mechanism has to be pointing on the same direction.

The possible solution hypnotized above by the author of this research, by The Associazione Italiana Editori and private players such as Amazon have the same goal: to increase in quantity and quality the Italian readers population, both because there is a market that can potentially doubled up and because has been proved that a reader population is a population that performs averagely better than the ones with less reader every 100 people, meaning that investing in measure to stimulate reading and create an environment adaptable to digitalization and new trend could improve not only this sector but the whole Italian economy and social wealth.

CHAPTER 4

In this final chapter, the aim is to utilize the information analysed during this research to design a winning business model for a publishing firms applying the BMC tool. First of all, it will be discussed the interview with Alessandro Spaventa, CEO of a well known Italian magazine that has a different opinion about digital disruption respect to the conclusions of this research, maybe because news are the business more impacted by the digital transformation. There will be outlined then theories from authors that have a different point of view and have proposed a new approach to create value in the publishing industry with a customer centric perspective.

It will follow a comparison between the main patterns of the old and new publishing firms business model utilizing the business model canvas Tool. It will be shown as the main revolution, as well as the Edizioni Centro Studi Erickson's business model main pattern, is a "long-tail" approach, switching from the research of best-seller to publish multitude of authors for several kind of niches. New technologies as print on demand, in this context, are even more valuable since, if they are combined with a long tail approach, make possible to create a positive value for a business that sell an average low number of copies per authors, a system that without digitalization would never be profitable. With this new structure it can be designed an "unbundled" structure, namely a business model that focus on just few aspects of the creation value process, outsourcing all the other production processes.

Eventually it will be possible to delineate the main pattern of a winning business model for a publishing firm. This model has to consider, first of all, the changes even in the concept of book, that now is enjoyable to several formats, device and even with new sense with audiobooks, and at the concept of reader since, as it has been shown, the almost the totality of reader use these new ways to enjoy the experience, with more than 1/3 that read only with digital format through e-books, audiobooks or editorial content on social networks.

Starting from the main patterns most used by business that are riding the digital wave, the ones that have a higher potential for the publishing industry are surely the already discussed long tail structure and the unbundled structure. To sum up, nowadays a winning publishing business model has to be able to have a profitable way to publish a multitude of authors for several niches, and at the same time outsourcing all the physical production activities to focus only to the core business. These considerations agree with Piechota's point of views, indeed he declared " "We are no longer in mass media business, we are in niche media business. And it has a profound impact on our strategy,"⁶ A niche media business it's a precise definition of what it means to serve a wide number of customers anyway, but through an specific offer for every niche. For these reason, in a BMC'S point of view, a winning business model should be unbundled and focus only on the main creative part, outsourcing all the other production processes.

Below there is the complete Business Model Canvas design for a publishing firm, comprehensive of the main patterns that are demonstrating to be winning solution to ride the digital wave. The value proposition could be defined as multi niche offering and the customer segment would be consequently the several kinds of different niches. The goal would be to publishing a number of authors as large as possible, both in quantity and in variety of content, creating an ecosystem that thanks to modern technologies such as new reading format and devices and print on demand that, thanks to the low costs of this procedure, is able to have an economical advantage for every new author that joins the system, even if he will sell just a bunch of copies to a very strict niche. The channels utilized should be a mix between physical and real. Regarding the first category of course there are the library, even if are friends libraries like in the case of Erickson. Regarding digital, the website is the most powerful resource since it is a blank space where the firm can highlight everything creates value for customers. Social networks too have a fundamental importance since, as it has been discussed, around the 20% of the total readers use just this channel to read editorial content. Despite their free nature, it will be fundamental to spot ways to leverage this channel. An example could be publishing part of books on social and allow the full reading with the product purchase. Even the firm's press office, as well as for Erickson's business model, it is fundamental, especially for managing partnerships, as it will be discussed later.

The relation with customers should be life cycle oriented since a reader tend to keep to enjoy this activity for all his life. The ideal would be to create an offering able to pass the Google's toothbrush

⁶ Digital innovation summit, Berlin, Future Media Lab session by Greg Piechota, 2017

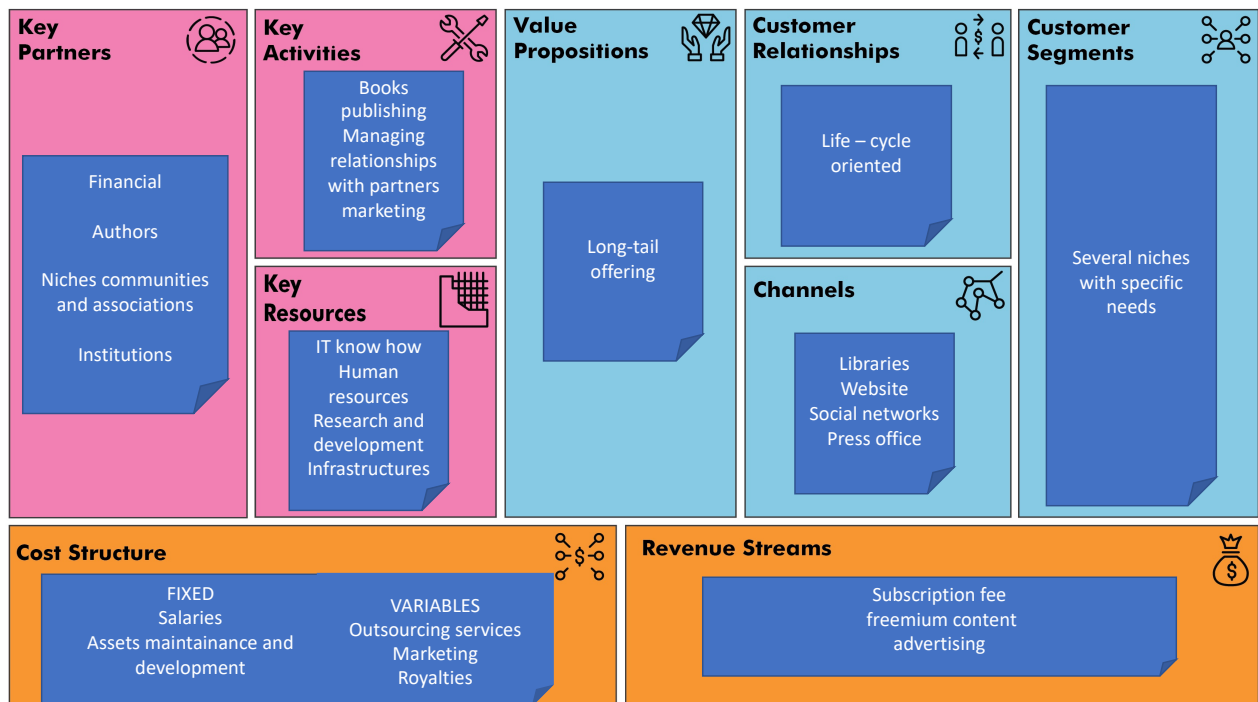
test. It consists, as the name suggest, in investing in business that customer would like to use more than once per day; using Larry Page's words reported by D'onfro (2014): "Is this something you will use once or twice a day, and does it make your life better?"⁷ Publishing houses too should find a way to create an offering that customer can enjoy everywhere and every time they want, above all because reading is a matter of practicing. If the industry goal, as macro-system, is to improve in quality and quantity the reader segment, it should adapt the offer to new consumers ways to enjoy the product creating a service able to let user enjoy a content that fit with their exigences.

The advantages to adapt an unbundled are visible more than everywhere else in the left part of the model, that contains the systems through which the firm can create value for customers. According to John Hagel and Mark Singer⁸, firms perform three main activities, furthermore they are the sum of 3 distinct businesses: the customer relation business, product innovation business and infrastructure innovation business. New winning business model, following the logic of decoupled businesses⁹, focus only on one of the three businesses, outsourcing the activities needed to perform the other 2. For a publishing firm, it would be ideal to focus on the customer relation business, and in a larger sense, relations with all the shareholders such as authors and other partners since the core of a creative business is of course the talent of people. Furthermore, the firm should focus on investing on channels to communicate with them, a research and development department able to guarantee the quality of the content and the product usability and adaptability. All the other resource such as the production value chain should be outsourced to other unbundled company that in turn focus just on this aspect. Partners are one of the most important blocks. There are several kinds of them, whose are of different nature and fulfil several firm's exigences, above all if it is considered a long tail and unbundled business that, given its nature, it will need to outsource many key activities and at the same time it will need to establish relationship with several kinds of different niches. The main macro-categories are financial partners, competitors, authors, associations of category and institutional partners.

⁷ Jillian D'onfro), Here's The 'Toothbrush Test' Google's CEO Uses To Make Acquisition Decisions, Business Insider, 2014

⁸ John Hagel III , Marc Singer, Unbundling the corporation, Harvard Business Review,

⁹ See note 36



According even to big industry's players such as Amazon and Erickson, the challenge is to stimulate the demand through a process that has to start in the very first years of the scholar education to educate new generations to fell in love with reading once again, even if with new formats, devices, and topics. An effort that has to be done not only to improve the performances of this industry but because, as it has been discussed during this thesis, an higher average of reader it is often a synonymous of a nation with a lower unemployment rate, a higher GDP and a substantial better quality of life.

