

2019 Annual Report of China's Book Market:

Annual Bestsellers and Market Trends

The annual OpenBook Conference was held on Jan 8th during Beijing Book Fair. The theme of this year was “Exploring the Future of Book and Publishing Market,” which indicated that as 5G era and intelligence era approaching, the emerging new technologies would bring more possibilities to the industry .



Source: OpenBook

Guests and Speakers represented in the bookstore sector include:

- Limin Ai, President of the Books and Periodicals Distribution Association of China (BPDAC), gave the opening speech for the conference;
- Yunfei Jia, Vice President of Beijing OpenBook Co.,Ltd, announced 10 winners of the 2019 “Future Bookstore” campaign, with the initial aspiration of the discovery of sustainable development model of bookstore, in order to inspire bookstores in China.
- Min Liu, Deputy Manager of CITIC Bookstore, shared experience on bookstore operation. Book selection is closely associated with positioning strategy of the bookstore, in order to reach target reader group. As a case, CITIC opened a natural science themed bookstore on the top floor of the plant museum of World Horticultural Exhibitions in Beijing in 2019. With its positioning of tourists group, they implemented book selection principle that focused on plants, with all creative products and food related to nature or plants.
- Jianfeng Li, Chairman and General Manager of DaHe Bookstore, created a reading solution for schools and students that effectively enrich reading resources and update

reading materials on time. The school library will be transformed into a campus reading center, an integrated and functional space for reading class, library, study room, afterschool classroom and campus bookstore.

- Jinpeng Yang, founder of Winshare Kids, shared the strategy of operating a children's bookstore. Winshare Kids target family consumers who have 0-12 age kids, with three main features, attracting appearance, having fun and delicious. For attracting appearance, Winshare Kids offer 10,000 different varieties of children's books in a 1200 square meter space; for having fun, Winshare Kids offer various activities for families, including baking, handcrafting, movie theatre, etc; for delicious, the bookstore offer foods and drinks for family readers.
- Wei Yang, Vice President of Beijing OpenBook Co.,Ltd, announced the release of OpenBook's intelligent book selection tool for bookstores at the conference.



OpenBook Network in China's Book Market. Source: OpenBook

Guests and Speakers represented in the publishing sector include:

- Shulin Wu, Deputy Director General of the Publishers Association of China, gave the opening speech for the afternoon section;
- Min Wang, President of Anhui Publishing Group, shared the group's strategy of enhancing quality instead of quantity development of book products;
- Jianzhong Xu, Chief Editor of Foreign Language Teaching and Research Press (FLTRP), shared the main strategy and publication output of the publisher. FLTRP specialized in publication of education products, serving for tens thousands of students and teachers. FLTRP's international departments in over 11 countries have established solid platform for cultural exchange and interaction with global readers.
- Jiawei Gu, Co-founder and CEO of Ling, a technology company focused on

application of AI technology on educational products. “Luka” the AI robot reading illustration and comic books was based on Interactive scenario.

- Hongbin Zhai, President of Guomai Cultural, presented three challenges in current publishing industry, which are challenges of reaching target readers, lack of data support, and branding and IP. Guomai has transformed its target from B2B marketing to B2C marketing by connecting readers. In addition, data become a key solution for Guomai on topic selection and decision as data reflects reader’s preference and market trend. With regards to IP, Guomai extended its business line to film and television adaptation products, with a cumulative box office of 4 billion Yuan RMB, which would support more quality and popular publications in the future.
- Zhiying Zhou, Founder of MXR Software Technology Pte Ltd, which specialized in augmented reality (AR) production of book publishing, emphasized that Internet new media technology and augmented reality (AR) technology will further expand the means and methods of knowledge dissemination, bring more efficient and more perfect reading experience for readers.
- Hong Chen, General Manager of Beijing Duyu Culture and Technology Co.,Ltd, shared that big data and data algorithm offer opportunity for the startup to provide solution on marketing and distribution.
- Lei Yang, Vice President of Beijing OpenBook Co.,Ltd, shared OpenBook’s future strategy by raising the question “How to converse data into productivity?” Data created value for publishing industry at various levels, including strategic level, R&D level, distribution, operation management, etc. In 2020, data analysis in more dimensions would be presented by platform, including performance of books by authors, actual sales value, tags, and daily data, etc.

During OpenBook’s annual “Reading X” Conference, Xiaohui Feng, manager of OpenBook research department released the 2019 annual report of China’s Book Market.

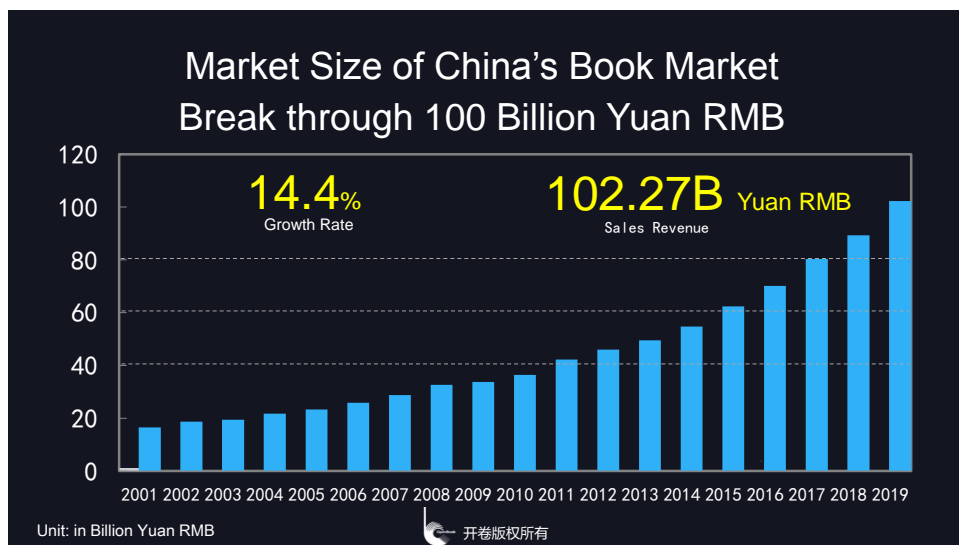


Xiaohui Feng, manager of OpenBook research department

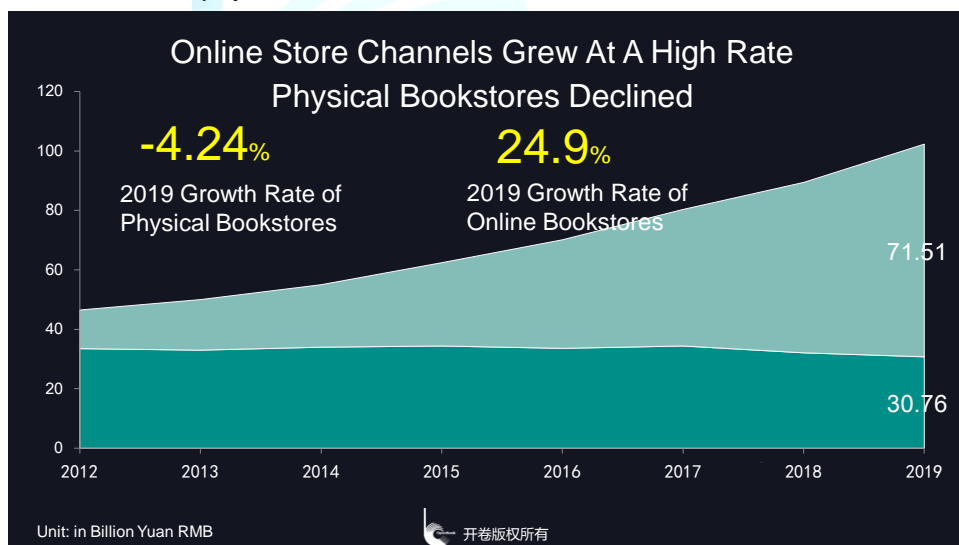
Growth Rate of China’s Book Market reached 14.4% in 2019

The size of China’s book retail market reached 102.27 billion Yuan in 2019 (Revenue based on units sold*list price, excluded diverse discount pricing), a further increase from

2018.The overall book retail market maintained a double-digit growth rate at 14.4% in 2019.

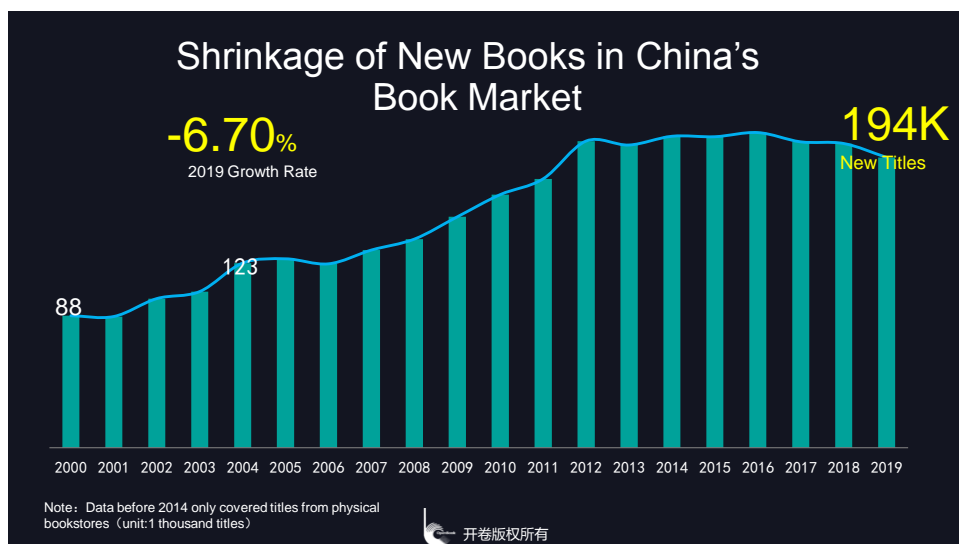


Online bookstores continued to maintain a high growth rate of 24.9%, a slightly increase from the growth of 2018. The sales from online bookstores reached 71.51 billion Yuan. Meanwhile, physical bookstores showed a negative growth, decreased by 4.24% in 2019. The sales from physical bookstores reached 30.76 billion Yuan.



Market Trend: Shrinkage of New Books Published in 2019

In 2019, the total varieties of new books reached 194,000 titles, decreased by 6.70%. The shrinkage of new books published in 2019 reflected the expectation on high quality development instead of high quantity development of the book market. The decreased growth was also indicated by the restriction on ISBN regulation at institutional level.



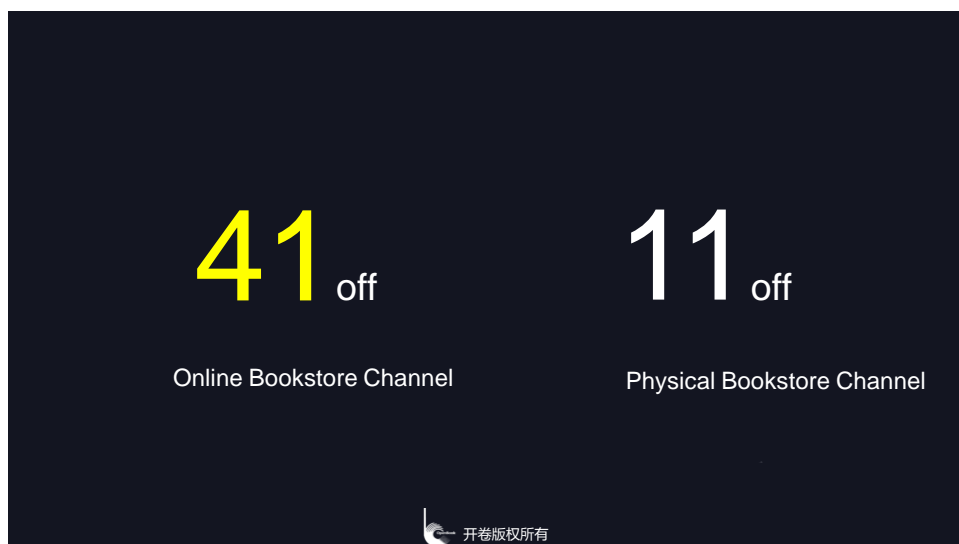
Market Trend: Constant Increasing of List Price

The price of book in China continued to grow at steady rate. The medium of new book price was increased from 40 Yuan RMB in 2018 to 45 Yuan RMB in 2019, which approximately 6.5 USD per new book.



Key Analysis: Average 41% off Discount on Online Bookstore Channel

Average discount on online bookstore channel continued to enhance in 2019, increased from 38% off to 41% off, which reflect only discount set by the publisher, excluded platform coupons and other campaigns. Discount promotion became a large factor of the high growth rate of online bookstores. While the discount on physical bookstores was only 11% off on average. In such case, we could see the gap between online and physical bookstore sales.

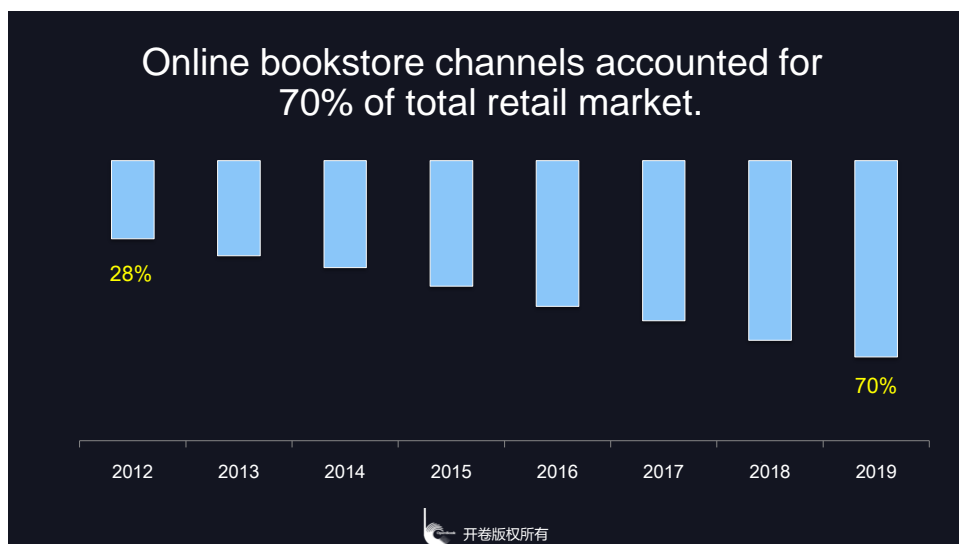


Furthermore, we could see diverse discount levels with regards to different market segment. In online bookstores, most categories offer 30-40% off discount. Engineering and Technology, Computer and Laws books remain lower discount levels at less than 30% off. While Children's books and Academic & Cultural books offer 40-50% off. In particular, Self-Help books offer more than 60% off discount.



Principle Of Book Selection For Bookstore Has Changed Over Time.

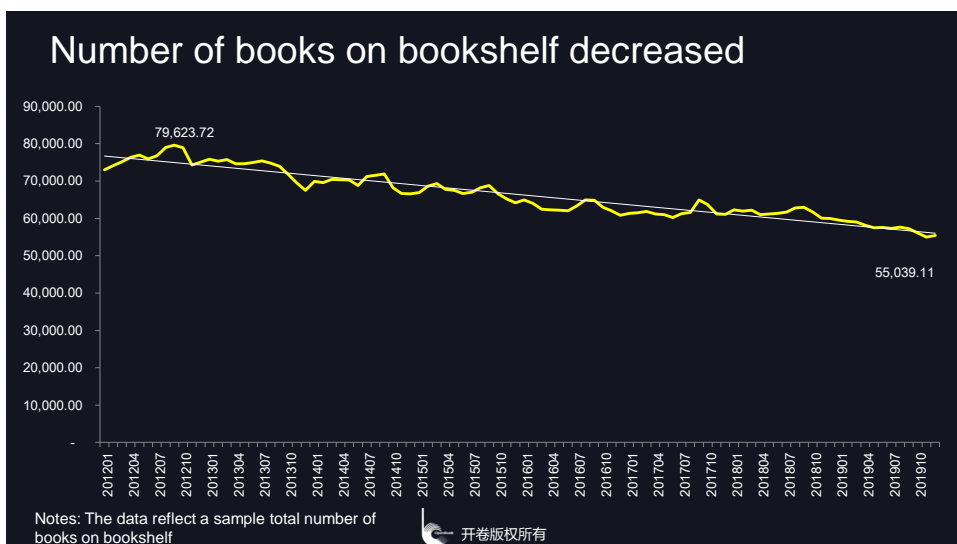
In the process of the development of all channels, the size online bookstore channel has constantly expanded over time. In 2016, the size of online stores exceeded the physical stores for the first time. In 2019, market size of online bookstore channels accounted for 70% of total retail market.



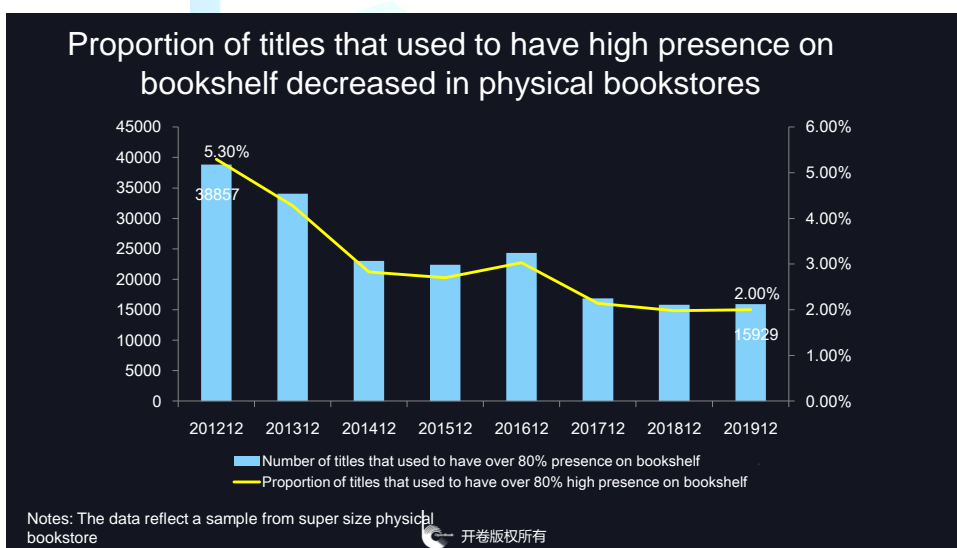
This figure indicated the increasing preference of readers to purchase from online stores, especially for top products or bestsellers, under the context of favorable discount of online bookstore channels.



At present, physical bookstores have actively involved in transformation and upgrading process, with introduction of more variety of books, reducing free areas in the store. Based on OpenBook’s observation on book selection for bookstores, the number of books remain on bookshelf has decreased over time, so does the proportion of titles that used to have high presence on bookshelf. Even so, sales of physical bookstore are still declining.



Under this context, it is important to evaluate the books to be selected on the bookshelf. Specifically, bookstore should implement personalized book selection strategy that suitable for bookstore visitors. Meanwhile, publishers should select suitable physical bookstores channels that their books can take full advantages of different bookstores.



To live ranked first on annual bestseller two years in a row

OpenBook continues to present three bestseller charts in fiction, non-fiction, and children in 2019.



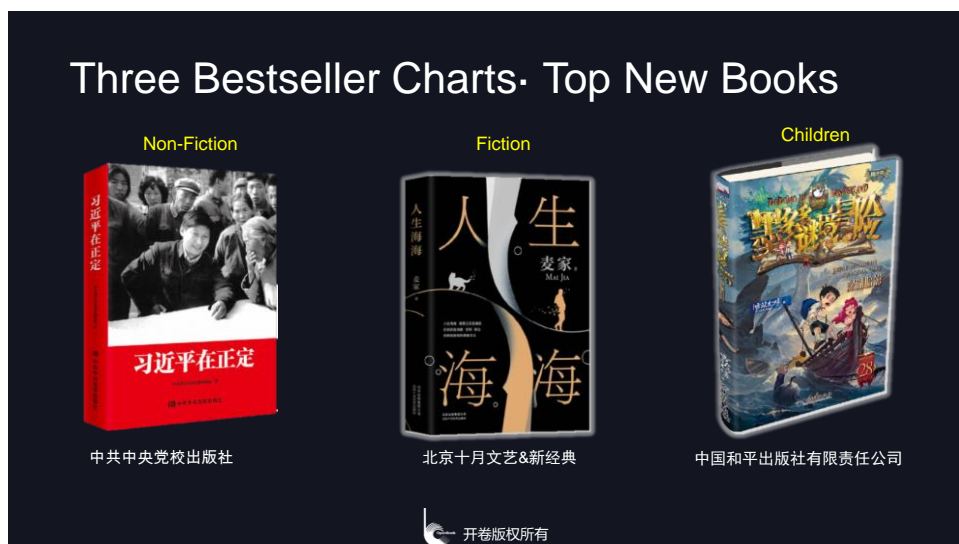
Xi Jinping in Zhengding, No. 1 on non-fiction bestseller chart of 2019, became bestseller title in March, one month later of its publication. In April, the book reached its top record at No.2 of non-fiction bestseller chart.

To Live is the Top 1 title on both the fiction bestseller chart and overall annual bestseller chart. Published by China Writers Publishing House, the book became bestseller since 2012. It has become top 1 title on monthly bestseller chart for consecutive 11 months since March 2018 till January 2019. The book was also Top 1 in September 2019. Since TFBOYS member YiYangQianXi mentioned the book *To Live* when sharing his reading list on the April 23rd Reading Festival last year, celebrity effect caused a boom in sales and ranking of *To Live* for a long period.

Totto-Chan The Little Girl At The Window by Tetsuko Kuroyannagi was Top 1 on Children's bestseller chart. This new edition, published in June 2018, has become bestseller since September 2018, and reached its best performance at Top 1 in November 2019. In total, this book with varies editions has become bestseller for more than 200 times since May 2003.

New books of bestselling series perform well, especially driven by the adaptation of film and television series

In addition to the annual bestseller list, OpenBook also tracked 2019 bestsellers of new book published in current year.



Xi Jinping in Zhengding was the top book on the annual bestseller of new books in 2019. While majority of top 10 new books are serial books of bestselling series, such as Da Bing's *The Kids* and Chen Lei's "30 Minute in Comics" series.

Life is Like Ocean was top on fiction bestseller of new books in 2019. After its publication in February 2019, the book has entered the top 30 fiction bestseller chart since March 2019. In the top 10 fiction chart, adaptation of film and television drama plays an important role in sales of books, such as *Go Go Squid*, *Guardian*, *Uninhibited*, and *Better Days*.

Regarding children's new books, *Dodomo in Wonderland: Eerie Figure in Abyssal Lake* published in April 2019 was the top title. In the top 10, the performance of "Dodomo in Wonderland" series dominate the bestseller chart. In addition, we see a number of imported translated titles enter bestseller of new books, including *My Book of Africa* and *The Great Blue Yonder*. *The New Avengers 4: The Collective* was also well received by readers for its famous film and television IP brand. Extending to the top 100, bestselling new books were mainly new edition of bestselling backlist books.

Bei Mao Became the Most Influential Author of 2019 in Retail Market

OpenBook also released its list of most influential authors for 2019, all domestic authors.



For fictions, Tang Jia San Shao was a writer of online literature, with a specialization on fantasy fictions. In December 2008, he started his work *Soul land*, which became a well-known IP or brand in China. The serial story is still in production in 2019, and became his bestselling book of the year.

For non-fictions, Chen Lei was known as his informative comic published on his own social media account “Hun Zi Yue”. Since his first publication of “30 Minutes of History in Comic” series in March 2017, Chen Lei gradually extended his work to Tang poetry, economics, and life common sense and so on.

For children’s category, Bei Mao became the most influential writer and he was top 1 author in terms of sales performance of his books in the retail market. His representative series “Mi Xiaoquan in School” has become a super-best-selling book, which become a veritable hot IP. Meanwhile, his other series also performed well in the market.

Appendix: 201901-201912 OpenBook Bestseller Charts TOP10 of Fiction, Non-Fiction, Children’s Books

201901-201912 OpenBook Fiction Bestseller Chart TOP10

No.	ISBN	Title	Publisher	Author	List Price
1	9787506365437	活着	作家出版社有限公司	余华	28
2	9787536692930	三体	重庆出版社	刘慈欣	23
3	9787536693968	三体(II)-黑暗森林	重庆出版社	刘慈欣	32
4	9787229030933	三体(III)-死神永生	重庆出版社	刘慈欣	38
5	9787530216781	平凡的世界(全三册)	北京十月文艺出版社	路遥	108
6	9787500601593	红岩	中国青年出版社	罗广斌,杨益言	36
7	9787208061644	追风筝的人	上海人民出版社	卡勒德·胡赛尼	36

8	9787544270878	解忧杂货店	南海出版公司	东野圭吾	39.5
9	9787544291163	白夜行(2017版)	南海出版公司	东野圭吾	59.6
10	9787020090006	围城	人民文学出版社有限公司	钱钟书	39

201901-201912 OpenBook Non-Fiction Bestseller Chart TOP10

No.	ISBN	Title	Publisher	Author	List Price
1	9787503565397	习近平在正定	中共中央党校出版社	中央党校采访实录编辑室	66
2	9787550268517	正面管教(修订版)	北京联合出版有限责任公司	简·尼尔森	38
3	9787201094014	浮生六记	天津人民出版社有限公司	沈复	32
4	9787539999883	半小时漫画中国史(全新修订版)	江苏凤凰文艺出版社	二混子	39.9
5	9787201088945	皮囊	天津人民出版社有限公司	蔡崇达	39.8
6	9787540492380	小孩	湖南文艺出版社有限责任公司	大冰	39.6
7	9787544382052	半小时漫画中国史(3)	海南出版社有限公司	陈磊	39.9
8	9787509837412	中国共产党的九十年(全三册)	中共党史出版社	中共中央党史研究室	150
9	9787544382045	半小时漫画中国史(2)	海南出版社有限公司	陈磊	39.9
10	9787559418111	半小时漫画世界史	江苏凤凰文艺出版社	陈磊	39.9

201901-201912 OpenBook Children Bestseller Chart TOP10

No.	ISBN	Title	Publisher	Author	List Price
1	9787544288590	窗边的小豆豆(2018版)	南海出版公司	黑柳彻子,岩崎千弘	39.5
2	9787532767373	夏洛的网	上海译文出版社	E.B.怀特	26
3	9787533274269	猜猜我有多爱你	明天出版社有限公司	山姆·麦克布雷尼,安妮塔·婕朗	38.8
4	9787531332091	小猪唏哩呼噜(上)	春风文艺出版社有限责任公司	孙幼军,裘兆明	15
5	9787531333227	小猪唏哩呼噜(下)	春风文艺出版社有限责任公司	孙幼军,裘兆明	15
6	9787534618727	草房子	江苏凤凰少年儿童出版社	曹文轩	22
7	9787534256301	狼王梦(升级版)	浙江少年儿童出版社有限公司	沈石溪	26
8	9787559706522	没头脑和不高兴(注音版)	浙江少年儿童出版社有限公司	任溶溶	18
9	9787536574366	米小圈脑筋急转弯-脑力挑战赛	四川少年儿童出版社有限公司	北猫	16
10	9787536587694	米小圈上学记(一年级)-我是小学生	四川少年儿童出版社有限公司	北猫	25

Note: In 2019, the sampling scale of physical bookstores in the OpenBook sampling system is rising steadily, while that of online bookstores continues to expand. As of January 1, 2020, OpenBook's sampling scale of China's book retail market has covered more than 10,000 physical bookstores and online bookstores.