



nielsen

AN UNCOMMON SENSE
OF THE CONSUMER™

US CHILDREN'S BOOK LANDSCAPE

**BASED ON DATA FROM
QUARTER 4, 2014**

APRIL 2015



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METHODOLOGY

DATA SOURCES USED



DEMOGRAPHIC INFORMATION

Q4 2014 CHILDREN'S BOOK BUYERS

BOOKS & CONSUMERS
RACE / ETHNICITY HOUSEHOLD INCOME GEOGRAPHY GENDER AGE



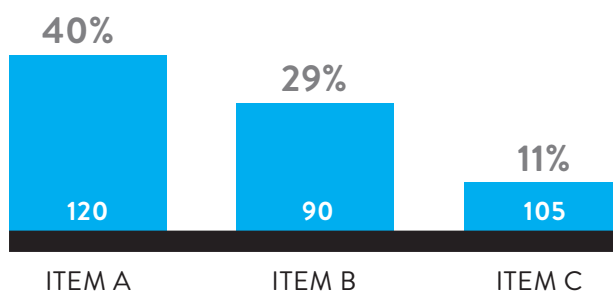
BOOK LANDSCAPE INFORMATION*

BOOKS & CONSUMERS	BOOKSCAN
AWARENESS REASONS FOR PURCHASE PURCHASING PLATFORMS RETAILERS PLANNED VS. IMPULSE FORMAT DEVICE DOWNLOADED TO ETC.	Q4 2014 BEST SELLERS

*Based on new, purchased (paid for) books only; excludes Young Adult books

READING THE CHARTS

- % values in black at the top of each column represent the percentage of children's book buyers to which the item applies
- The numbers at the base of each column are indexes, calculated as % children's book buyers / % of all US book buyers. An index of 100 means that children's book buyers are in line with the national average, whereas the below index of 120 means that these groups are 20% more likely than the US average to purchase item A (as seen in this example graph). An index of 90, by contrast, means they are 10 percent less likely than the average American to purchase item B.



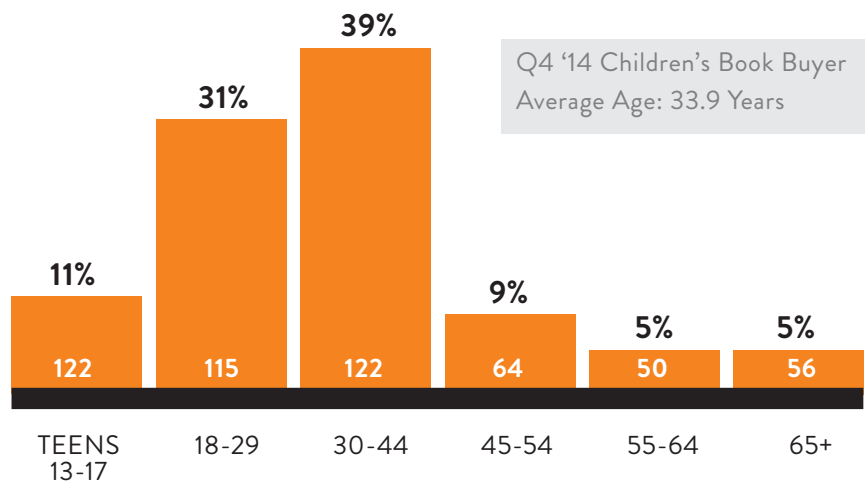
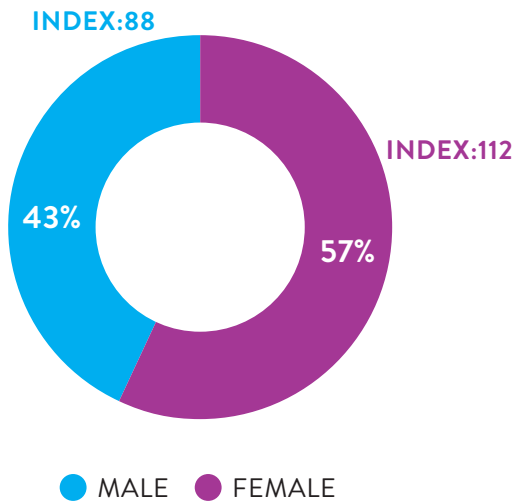
Source: Nielsen





DEMOGRAPHIC PROFILE

Females are the primary purchasers of children's books. These buyers also over-index in the 45 age group and non-white ethnic group, specifically Hispanic.



GEOGRAPHY			HHI			RACE/ETHNICITY		
	Index	%		INDEX	%		Index	%
Northeast	105	21%	\$0-\$24,999	94	16%	White	96	77%
Midwest	105	21%	\$25,000 - \$49,999	97	28%	Black, African American	111	10%
South	94	34%	\$50,000 - \$74,999	100	23%	Hispanic	127	14%
West	104	24%	\$75,000 - \$99,999	119	19%	Asian	117	7%
			\$100,000 - \$149,999	100	11%			
			\$150,000+	100	4%			

Percentages reflect % share of Children's book buyers, Indices are % children's book buyers / % All book buyers * 100











Source: Nielsen 2014 Books and Consumers: Q4 2014.



BOOK BUYING LANDSCAPE

TOP 10 CHILDREN'S BEST SELLERS

PRINT BOOKS Q4 2014

	BOOK TITLE	AUTHOR	
	The Long Haul	Jeff Kinney	
	Elf On The Shelf	Carol Aebersold & Chanda Bell	
	The Blood Of Olympus	Rick Riordan	
	Minecraft: Construction Handbook	Matthew Needler & Phil Southam	
	Dork Diaries: Tales From A Not-So-Fabulous Life	Rachel Renee Russell	
	Frozen: A Little Golden Book	Victoria Saxon	
	Laugh-Out-Loud Jokes For Kids	Rob Elliott	
	Minecraft: Combat Handbook	Stephanie Milton, Paul Milton Soares Jr., Jordan Maron	
	The Book With No Pictures	B.J. Novak	
	Rush Revere And The American Revolution	Rush Limbaugh	

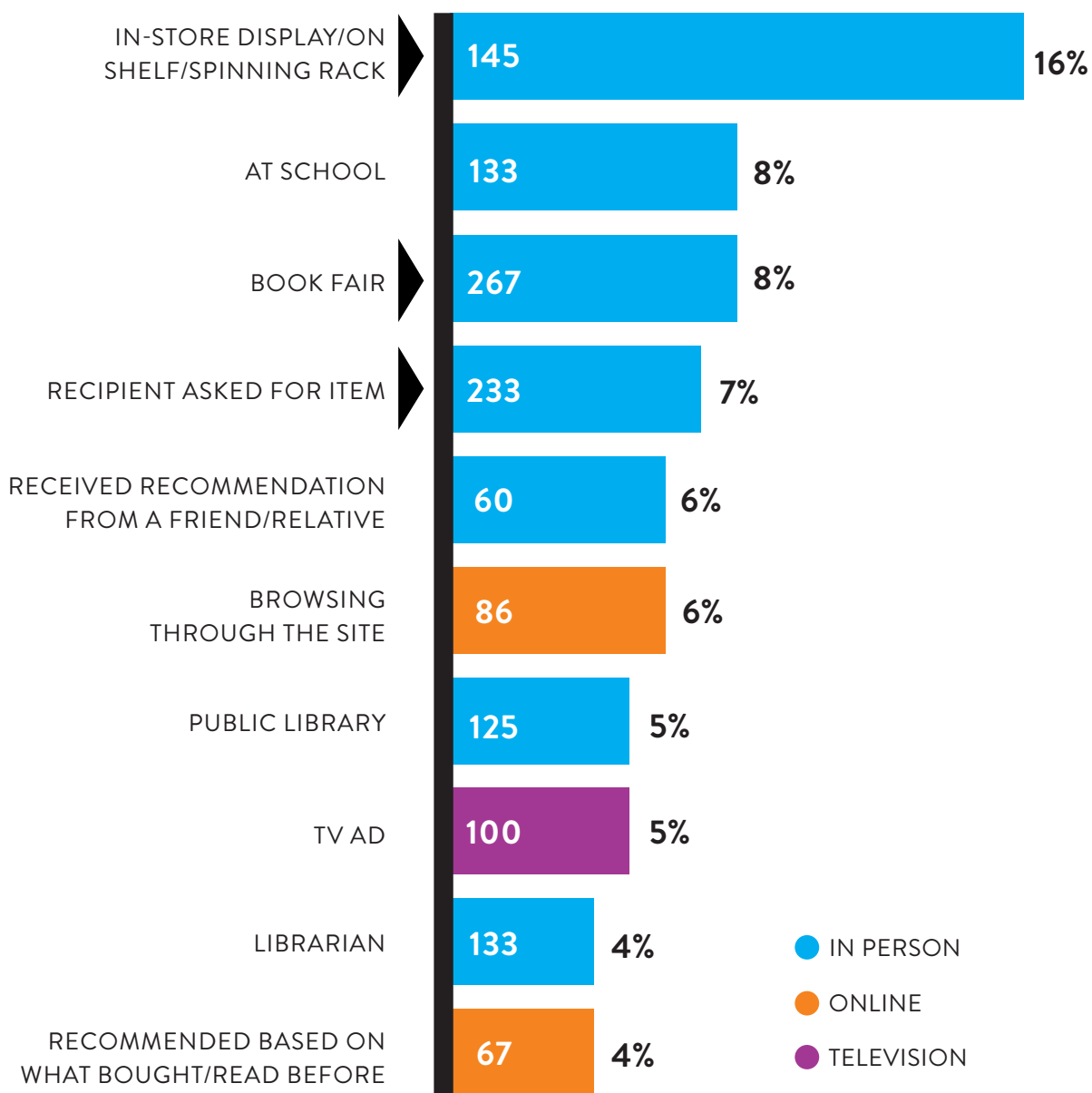
● 5 MINECRAFT TITLES IN THE TOP 25

● 6 FROZEN TITLES IN THE TOP 25

Source: Nielsen 2014 BookScan. Q4 2014

BOOK AWARENESS

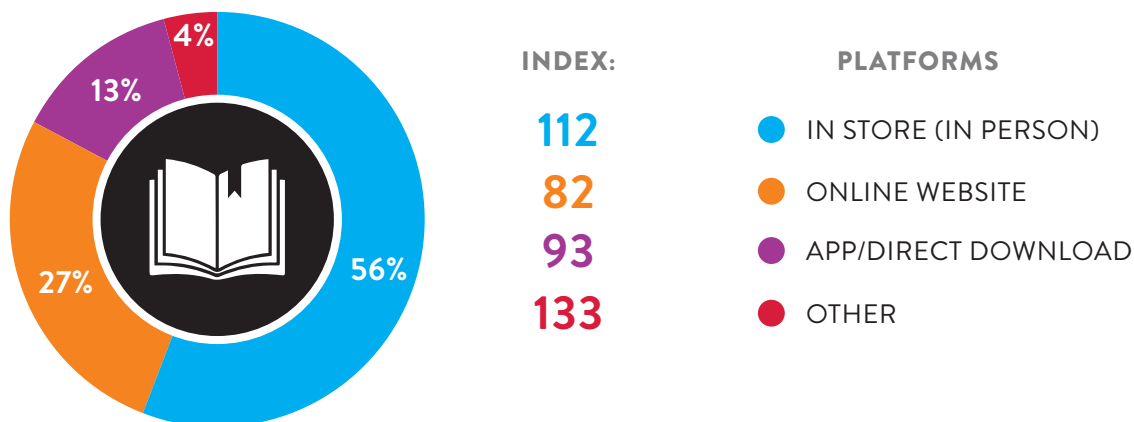
There are many ways to make buyers aware of children's books. Of the top 10 factors, all but one in-person method of awareness over-indexes, with book fairs & recipient requests over-indexing the most.



Source: Nielsen 2014 Books and Consumers: Q4 2014

PURCHASING PLATFORMS

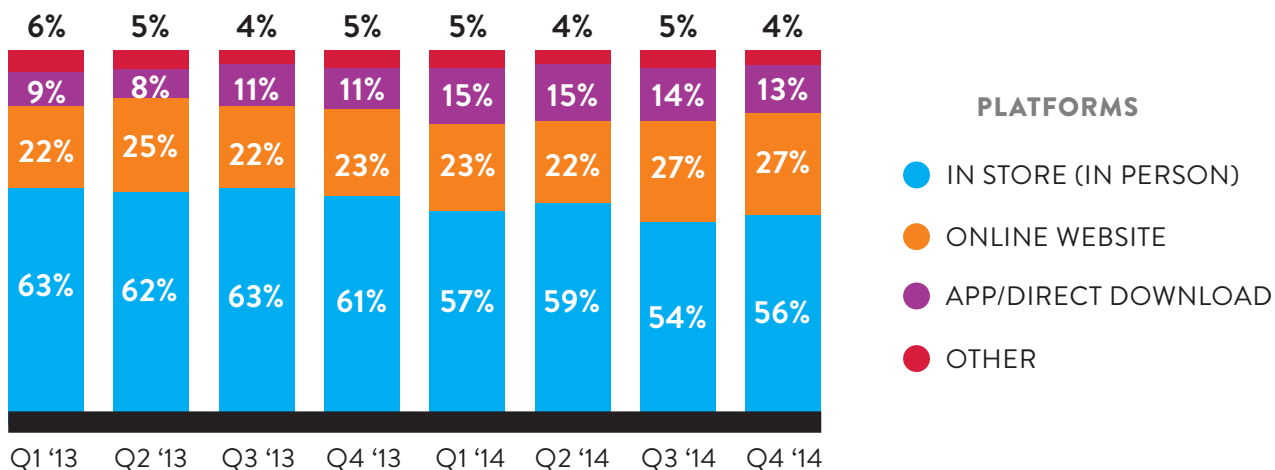
Children's book buyers buy more than half of their books in person. Online and direct downloads under-index for this group compared to the general market.



Source: Nielsen 2014 Books and Consumers. Q4 2014

PURCHASING PLATFORMS: TRENDED

The share of in-store purchases has slightly declined since Q1 2013, with online and direct downloads seeing increases since Q4 2013.

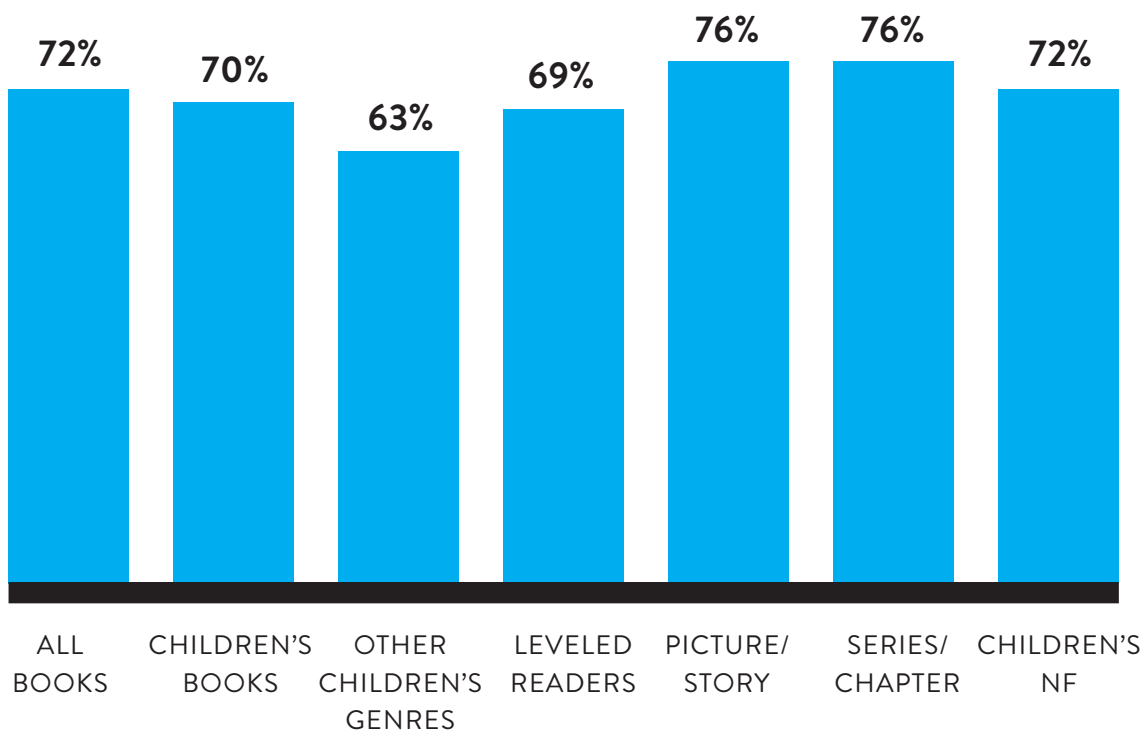


Source: Nielsen 2014 Books and Consumers. 2013-2014

PRINT BOOKS: WHERE DISPLAYED

Placement on a shelf is the runaway leader in this category, with more than 60% of books in each genre having been found there.

ON SHELF PLACEMENT

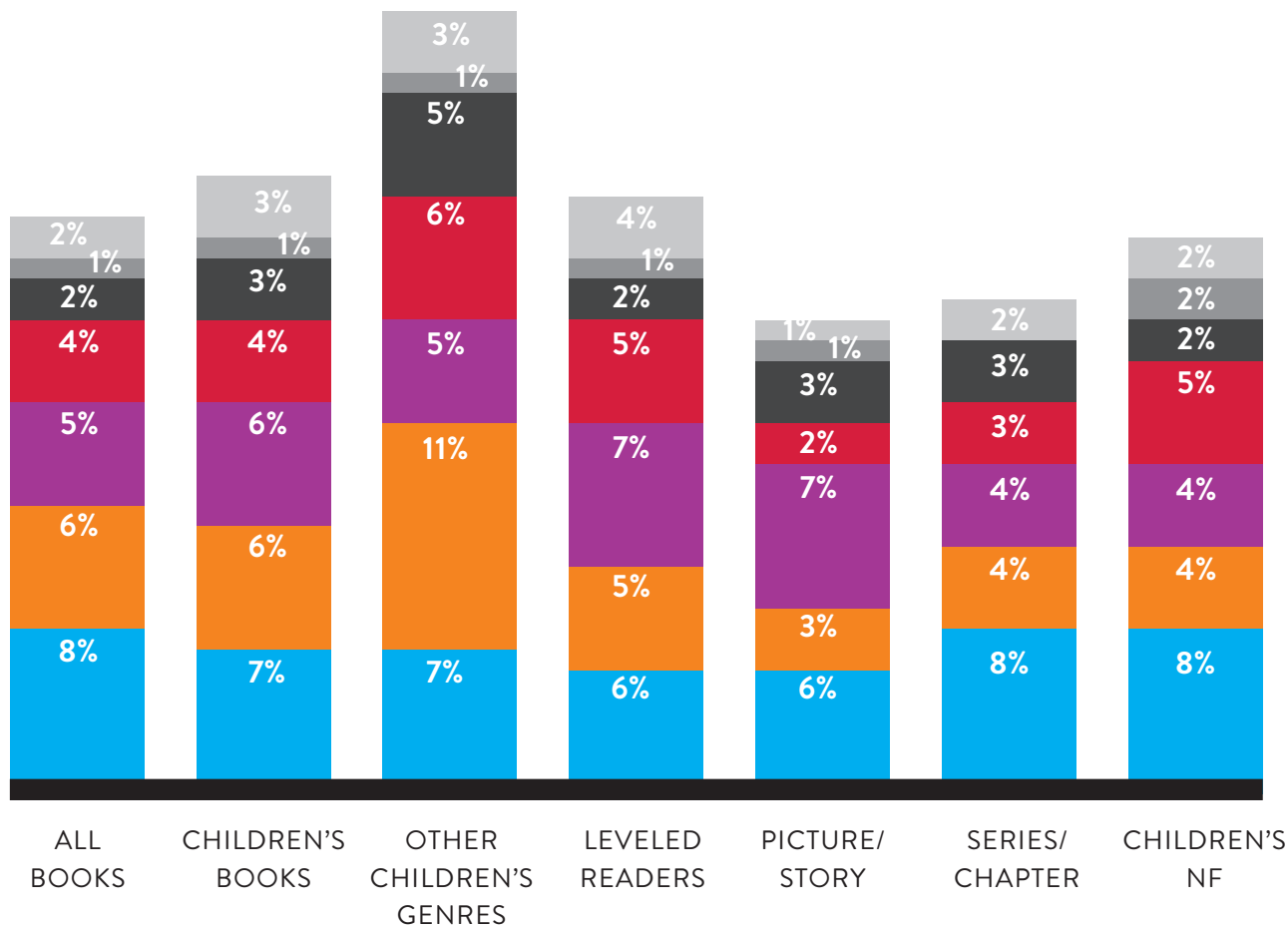


*Other Children's Genres includes genres such as: Coloring books, Sticker books, Activity books/Workbooks, Craft/Hobby books, Puzzle books, etc

Source: Nielsen 2014 Books and Consumers: Q4 2014.

WHERE DISPLAYED (CONTINUED)

With on shelf removed, the importance of promotional table, front window, and clearance table placement can be seen; the check-out counter's presence for children's books is negligible.



WHERE DISPLAYED

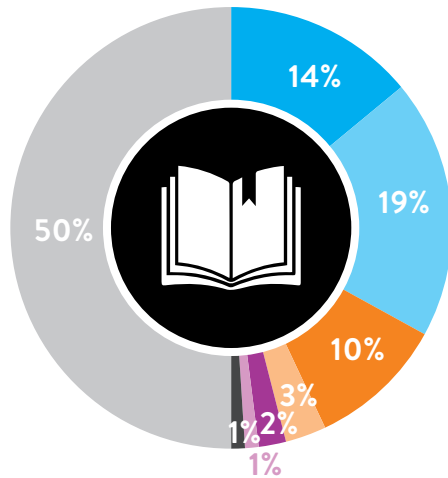
- ON A PROMOTIONAL TABLE
- IN THE FRONT WINDOW
- IN THE BARGAIN BIN/CLEARANCE TABLE
- ON A SPRINNING RACK
- IN A CARDBOARD DISPLAY
- AT THE CHECK-OUT COUNTER
- OTHER

*Other Children's Genres includes genres such as: Coloring books, Sticker books, Activity books/Workbooks, Craft/Hobby books, Puzzle books, etc

Source: Nielsen 2014 Books and Consumers: Q4 2014.

BOOK RETAILERS

43% of purchased children's books are from Barnes & Noble, Amazon and Walmart together, while the rest of the market is highly fragmented.



TOP RETAILERS FOR CHILDREN'S BOOK BUYERS

- BARNES & NOBLE
- AMAZON
- WALMART
- TARGET
- BOOKS-A-MILLION
- COSTCO
- APPLE
- OTHER RETAILERS

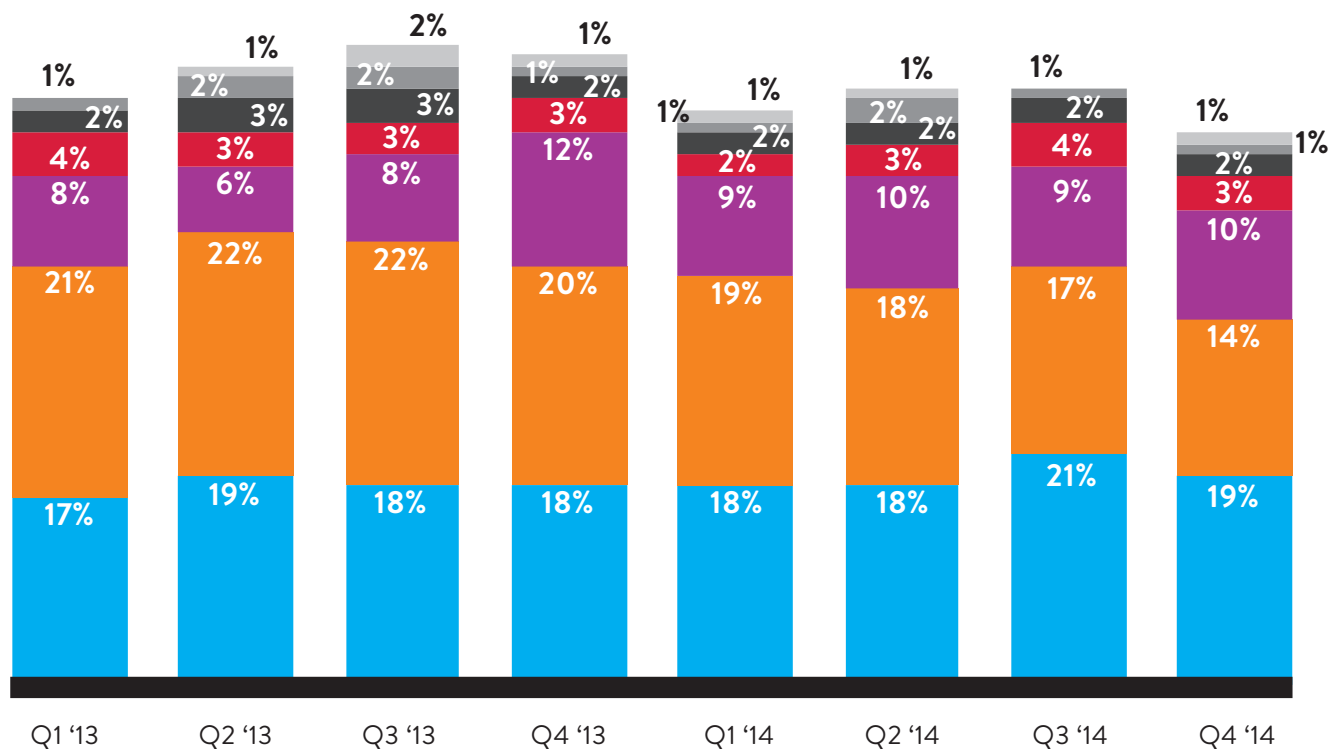
* 50% "OTHER RETAILERS" DISPERSED AMONG MORE THAN 150 VARIOUS RETAILERS

Source: Nielsen 2014 Books and Consumers: Q4 2014.



BOOK RETAILERS: TRENDED

While B&N, Amazon, and Walmart together consistently account for close to half the children's book market, Q4 2014 represents their smallest share since Q1 2013.



TOP RETAILERS FOR CHILDREN'S BOOK BUYERS

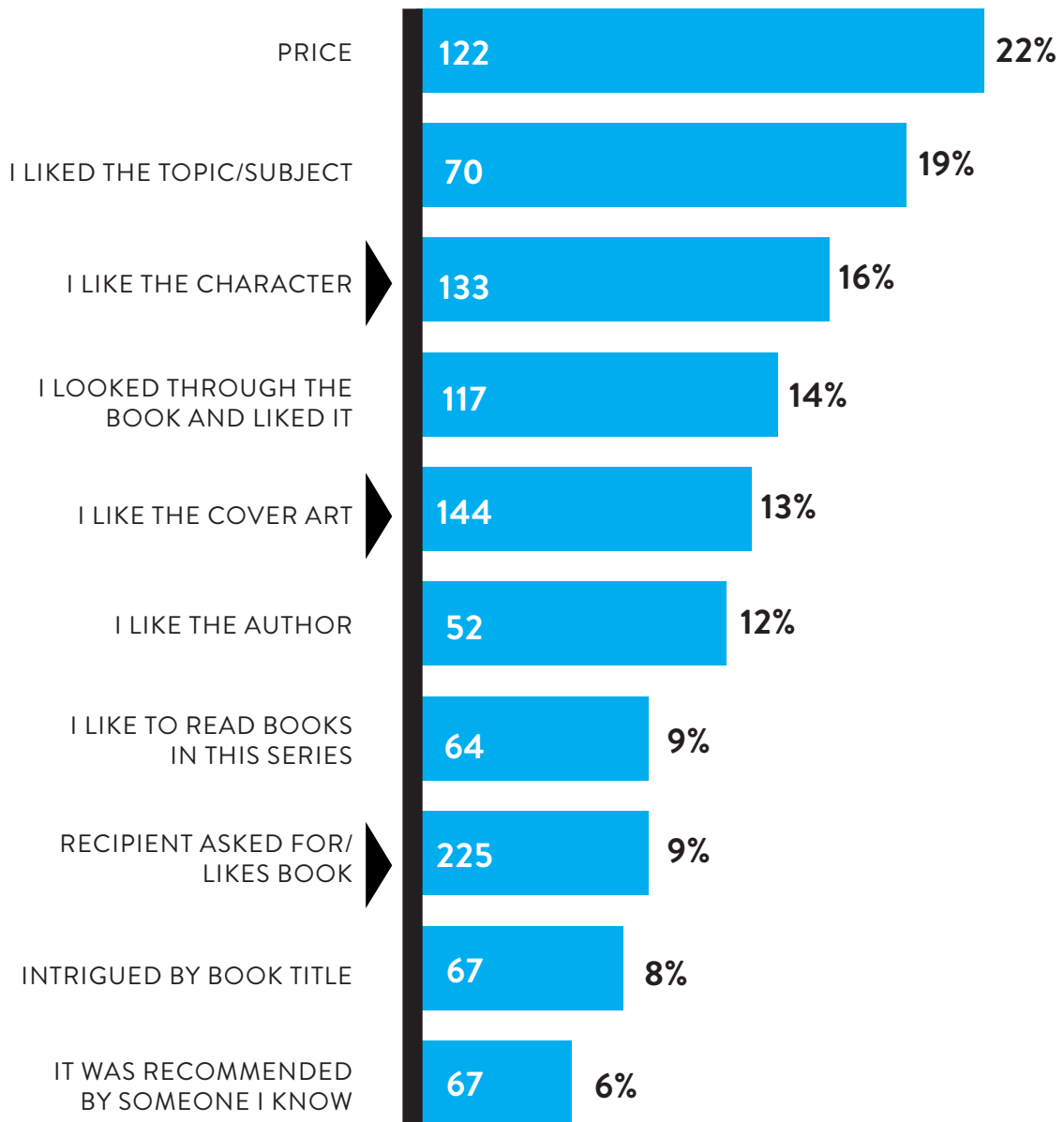
- AMAZON
- BARNES & NOBLE
- WALMART
- TARGET
- BOOKS-A-MILLION
- COSTCO
- APPLE

*BARS DO NOT REFLECT THE FULL MARKET, REMAINING PERCENTAGES
DISPERSED AMONG MORE THAN 150 VARIOUS RETAILERS

Source: Nielsen 2014 Books and Consumers. 2013-2014

REASONS FOR PURCHASE:

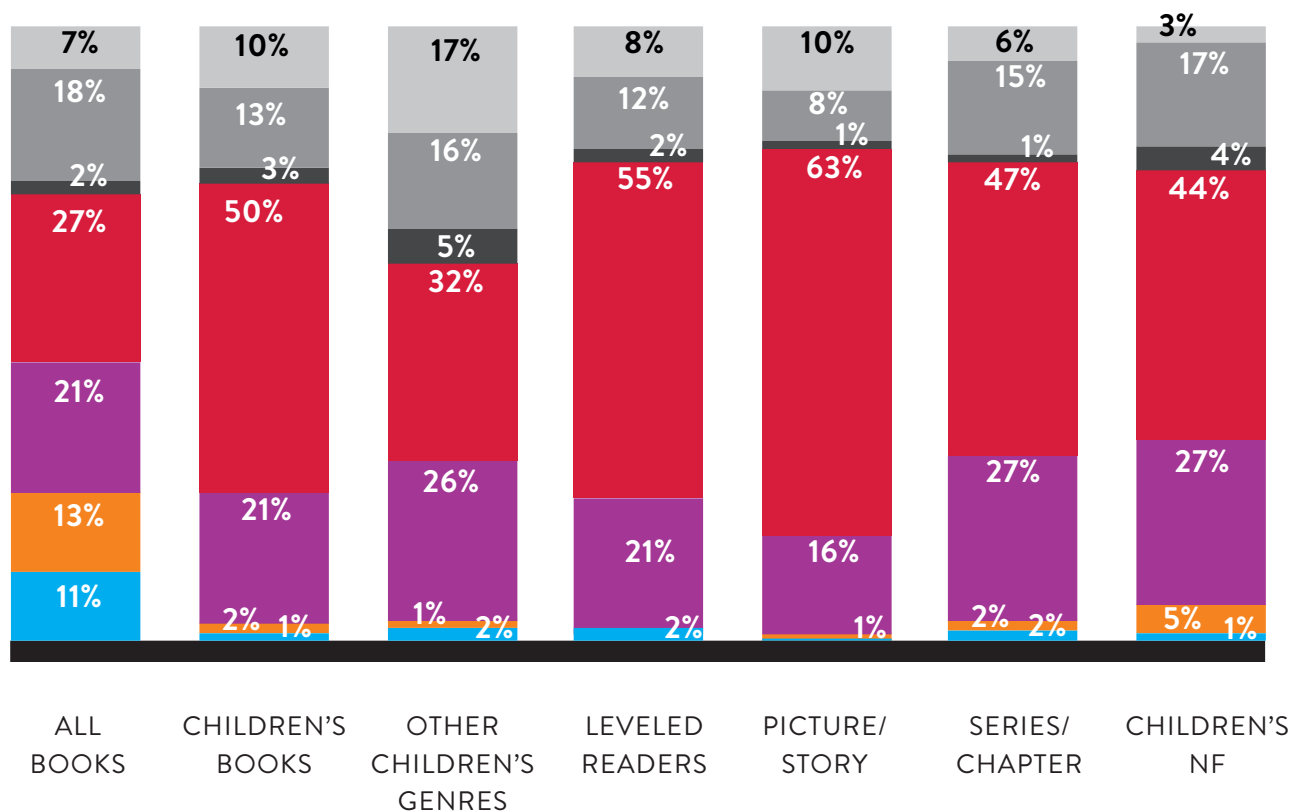
Price is the primary factor when considering purchase; recipient asking for the book & liking character/cover art highly over-index.



Source: Nielsen 2014 Books and Consumers: Q4 2014.

FORMAT SNAPSHOT

More children's books are bought in hardcover than any other format – overall, and within sub-genre too.



FORMAT TYPE

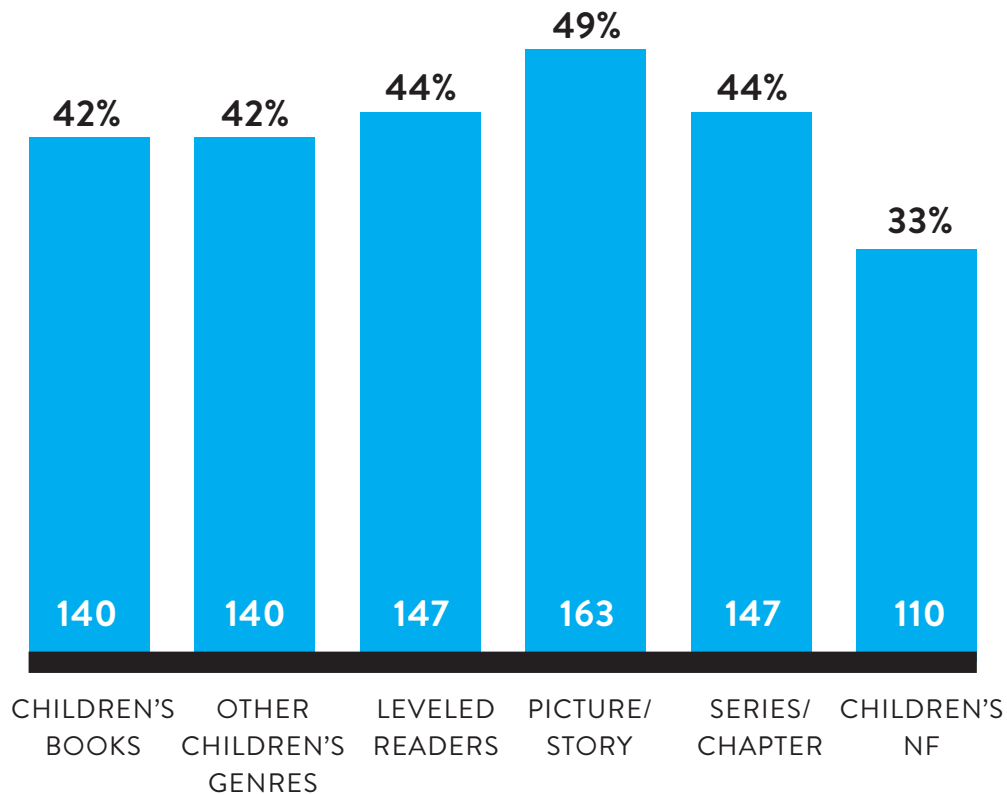
- OTHER BINDINGS
- MASS MARKET PAPERBACK
- TRADE PAPERBACK
- HARDCOVER
- AUDIO
- E-BOOK
- SPECIAL CHILDREN'S BINDINGS

*Other Children's Genres includes genres such as: Coloring books, Sticker books, Activity books/Workbooks, Craft/Hobby books, Puzzle books, etc

Source: Nielsen 2014 Books and Consumers: Q4 2014.

BOUGHT WITH ANOTHER ITEM

Compared to all books, children's books over-index when it comes to "bought with another item," especially picture/story books.

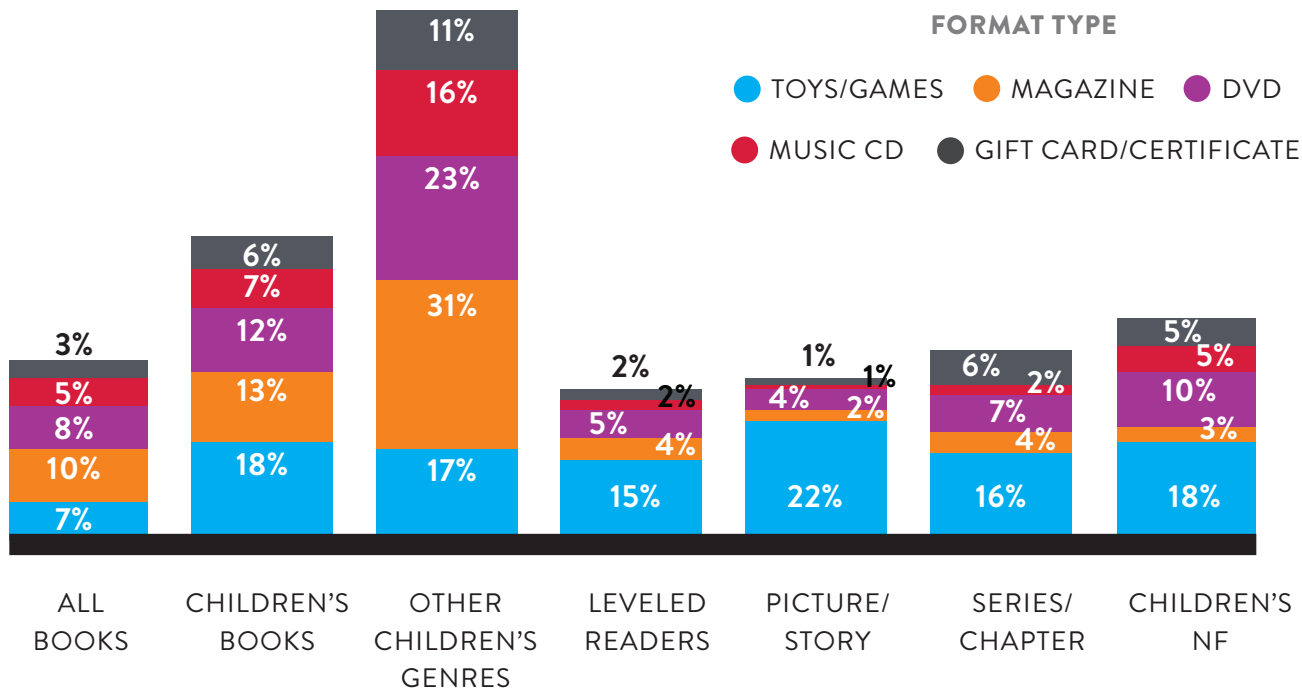


*Other Children's Genres includes genres such as: Coloring books, Sticker books, Activity books/Workbooks, Craft/Hobby books, Puzzle books, etc

Source: Nielsen 2014 Books and Consumers: Q4 2014.

OTHER ITEMS BOUGHT

Aside from another book, the top items bought along with a children's book appear to be either toys/games or items typically displayed near registers.



 THE #1 ITEM BOUGHT ALONG WITH A CHILDREN'S BOOK IS ANOTHER BOOK

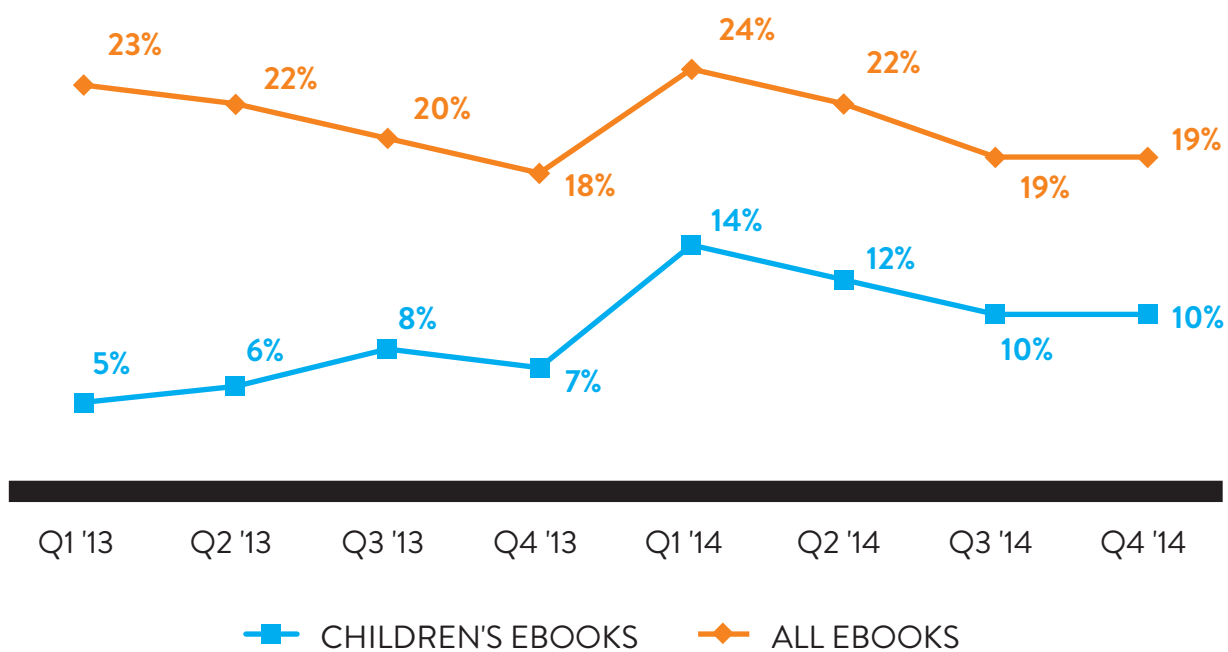
ANOTHER BOOK	
All books	59%
Children's books	56%
Leveled Readers	66%
Series/Chapter	65%
Picture/Story	64%
Children's NF	63%
Other Children's Formats	41%

*Other Children's Genres includes genres such as: Coloring books, Sticker books, Activity books/Workbooks, Craft/Hobby books, Puzzle books, etc

Source: Nielsen 2014 Books and Consumers: Q4 2014.

E-BOOK PERCENTAGE OF TOTAL

Children's books are not being purchased as eBooks to the same extent as all books are, though the gap between the two is shrinking.

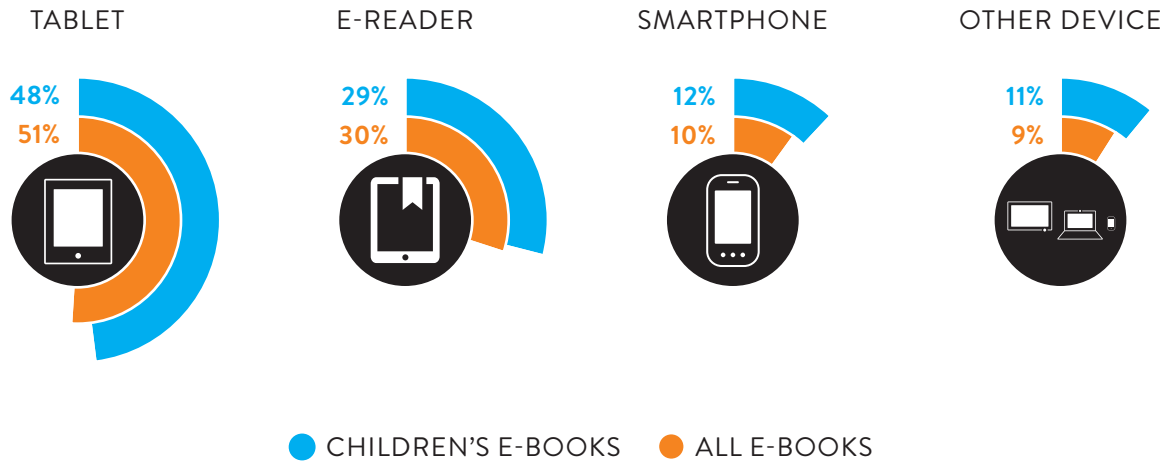



ONLY **10%** OF CHILDREN'S BOOK PURCHASES FOR Q4 2014 WERE EBOOKS, COMPARED TO **19%** OF ALL BOOKS

Source: Nielsen 2014 Books and Consumers: 2013-2014

E-BOOK DEVICES

Tablets & e-readers appear to be the most frequently used devices for children's e-Books.

CHILDREN'S E-BOOKS SEEM TO BE DOWNLOADED TO **SMARTPHONES & OTHER DEVICES** TO A HIGHER DEGREE THAN E-BOOKS IN GENERAL

Source: Nielsen 2014 Books and Consumers: Q4 2014



KEY TAKEAWAYS

KEY TAKEAWAYS & QUESTIONS

USING THE DATA TO BUILD YOUR BUSINESS

1. Hispanic families are 27% more likely to buy books for their children

What opportunities does this present for your business? Bilingual editions? New promotional partnerships? With a projected buying power of \$1.5 trillion, the *U.S. Hispanic population is worth watching.*

2. “Lifestyle” subjects are driving interesting growth in non-fiction

Titles such as Minecraft, as well as the presence of licensed characters like Disney Princess and Star Wars in non-fictional content are making non-fiction an important category to watch beyond the academic side of the business.

3. “In-person modes” of discovery remain critical for children’s books

Do not ignore store placement, book fair opportunities, and cultivating key connections with librarians & teachers. Are you investing in these areas?

4. The children’s market is becoming increasingly fragmented

Less market share at the top retailers, more market share in the bottom. Direct to consumer communication should be a central strategy moving forward. What are you planning?

5. When a book is “bought with another item” it is most often another book.

What opportunities does this present to make sure that OTHER book is yours too? Bundling? Special display strategies? BOGOs?

6. Roughly 10% of children’s books purchased are eBooks

Furthermore, when you look at slide 25, you will see that the pattern has settled into a mirror of print book sales. Does this indicate a mature market for children’s eBooks?



APPENDIX

ABOUT OUR DATA SOURCES

NIELSEN BOOKS & CONSUMERS MONTHLY TRACKER

- Online questionnaire of ~75 questions to 6,000 book buyers per month, selected from a nationally representative sample by age, gender, and location
- Panelists were provided by MetrixLab's "Precision Sample," a "TrueSample" approved vendor of quality panels
- From this tracker, children's book buyer data from 2013-2014 was analyzed, mainly focusing on a snapshot of Q4 2014. To serve as a benchmark, data on all book buyers during this time frame was also analyzed

NIELSEN BOOKSCAN

- International point-of-sale data monitoring and analysis service for English-language book industry worldwide
- Tracks approx. 85% of general retail sales for physical books within the USA on a weekly basis
- Data is acquired from growing list of retailers who send Nielsen scanned data on 500,000 ISBNs/14 million units from 16,000 locations a week

KNOW YOUR CUSTOMER, GROW YOUR BUSINESS

A FULL COMPLEMENT OF NIELSEN RESEARCH SERVICES FOR THE CHILDREN'S BOOK INDUSTRY

Nielsen PubTrack™ Digital

Introducing a simplified “e” sales collection process, fully independent of retail reporting, that provides a clear and realistic picture of the e-book business today. Data coverage spans three years and gives unprecedented access to two of the main market segments (e-Tail and Libraries/Distributors).

Proprietary Customer Segmentation Research for books, series, authors, and brands

- Who exactly are the customers for a specific book? (Demographics, locations, attitudes)
- What are the top markets for a book, series, or genre?
- What are the brand affinities for these customers?
- What TV channels do they watch, what cereal do they like, or what social networks influence them?

Competitive Research for your market such as:

- What segments of my readership are most influential?
- What segments of my customer base have the highest value?
- What does their decision-making process look like?
- What is the most effective way to reach them?

Understanding Key Trends

- What subjects or categories are forecast to be significant in the coming year?
- Where are the hidden opportunities in the market right now?

Publishers who subscribe to one of Nielsen's Children's Book Market Research Programs receive substantial discounts on the annual Nielsen Children's Book Summit.

Contact jonathan.stolper@nielsen.com for more information



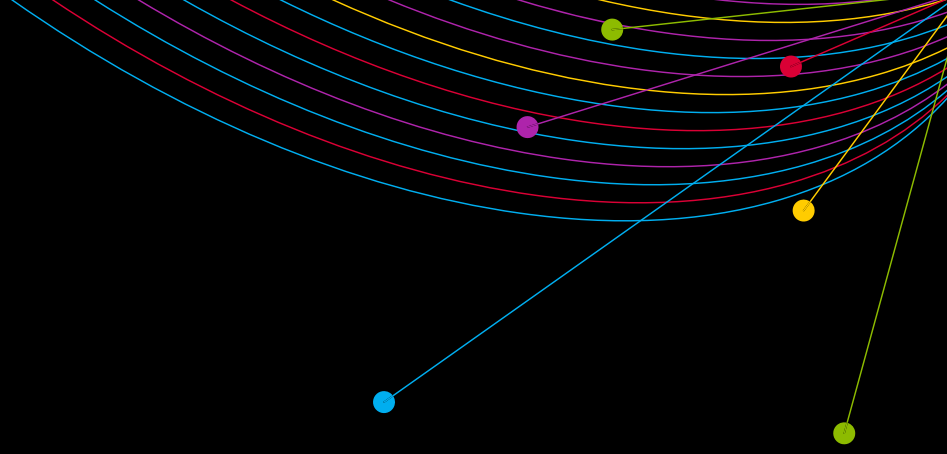
HOW CAN WE HELP YOU
BUILD YOUR BUSINESS?

ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90 percent of the world's population.

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