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The Merry-Go-Round Revisited: Libraries Buying Books Online

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Simultaneous Users vs. FTE Pricing
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This is frustrating for the “lockoutee,” who can often be seen madly clicking every few seconds, attempting to find an empty seat in a computerized game of musical chairs. In the call back technique, when all seats are taken, the producer informs the lockoutees of the situation in a separate browser window, and asks whether they would like to be informed when a seat becomes available. If a positive response is received, the lockoutees can continue browsing other sites. When a seat becomes available, the aforementioned window pops up to become the topmost window, and the user is connected. Waiting becomes much less painful, and lockout statistics become much more meaningful.

Putting it into Perspective

While we hope we have presented an even-handed critique of the simultaneous user and FTE model, producers should be aware that there is a great deal of dissatisfaction with the FTE model among librarians. Many of us feel it is unfair and exists primarily to increase income rather than deliver a service. To that end, here’s a classic joke that illustrates our frustration with FTE pricing:

A husband and wife are traveling by car from Key West to Boston. After almost 24 hours on the road, they’re too tired to continue, and decide to stop for a rest. They stop at a nice hotel and take a room, but they only plan to sleep for four hours and then get back on the road.

When they check out four hours later, the desk clerk hands them a bill for $350.

The man explodes and demands to know why the charge is so high. He tells the clerk although it’s a nice hotel, the rooms certainly aren’t worth $350.

When the clerk tells him $350 is the standard rate, the man insists on speaking to the manager. The manager appears, listens to the man, and then explains that the hotel has an Olympic-sized pool and a huge conference center that were available for the husband and wife to use.

“But we didn’t use them,” the man complains.

“Well, they are here, and you could have,” explains the manager.

He goes on to explain they could have taken in one of the shows for which the hotel is famous.


“But we didn’t go to any of those shows,” complains the man again.

“Well, we have them and you could have,” the manager replies.

No matter what facility the manager mentions, the man replies, “But we didn’t use it!”

The manager is unmoved and eventually, the man gives up and agrees to pay.

He writes a check and gives it to the manager. The manager is surprised when he looks at the check. “But sir,” he says, “this check is only made out for $100.”

“That’s right,” says the man. “I charged you $250 for sleeping with my wife.”

“But I didn’t!” exclaims the manager.

“Well,” the man replies, “she was here, and you could have.”

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Libraries Buying Books Online

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In the April 2000 issue of Against the Grain, the authors compared purchasing new books from a traditional library book vendor and from one Internet bookseller. The Internet bookseller did not fare well in the comparison, failing to provide lower prices or demonstrable speed in supplying the 81 books studied. Three years later, given the rapid change in libraries, book selling and the online world, it is time to revisit the question: is it more advantageous for libraries to purchase books from an Internet bookstore or from a traditional library book vendor?

What has changed? The dot.com bubble has burst. No longer is the great world-changing promise of the Internet touted at every turn. No longer do state employees with job security bemoan the lack of the juicy perks once offered to dot.com workers — private gyms and cafeterias to which they could invite their families, stock in the company, etc. Along with the bursting bubble, the hype has faded and been replaced with the fact that the Internet has proven itself to be a viable means of doing business. Business Week reported that, contrary to the experience of mall merchants, online retailers experienced a holiday sales revenue increase of more than 20% in 2002.2 When the SUNY Albany Purchasing Department decided to permit placement of direct online orders for office supplies, foregoing the cumbersome process of Internet requisition and slow approval process, it was a clear sign that the hype was over.

Online commerce is now business as usual.

This is as true for libraries as it is for businesses and individuals. Informal inquiries indicate a gradual increase in the number of libraries with credit cards. With experience, website designers have learned how to make sites more user friendly and functional, and librarians have become more comfortable placing orders over the Internet. More booksellers, even local brick and mortar book stores, have websites. And there are altogether more sites on the Internet, making it the “largest buyer’s marketplace in the history of the world.”3

Moreover, there is now more accommodation of libraries, at least by some of the most prominent and familiar Internet bookstores. Both Amazon.com and BarnesandNoble.com now offer corporate accounts and make them available to libraries. The application process is not onerous but not quite as friendly as that found at a traditional library book vendor.

It is now possible to purchase new and used books, even new and used copies of the same book, at a single site, blurring the once separate realms of new and used book selling. Three years ago, the Internet bookseller we studied offered the option of requesting an OP search, the results of which were sent to the requester. Without making this request, it was not possible to see the list of available copies and sellers, nor was there the opportunity to purchase second hand copies of in-print titles. While this raises a number of questions for libraries, it does consolidate information regarding specific books.

Three years ago, shipping costs were a significant factor in the equation. Today, two of the prominent Internet booksellers, Amazon.com and BarnesandNoble.com, offer free shipping, the former based on the total cost of the order, the latter based on the number of items in the order. However, it should be noted that in both cases the free shipping offer applies to “qualifying” titles only. For example, both companies exclude electronic books, used and out of print books from this offer. And both companies include the common clause of retaining the right to alter or discontinue this offer at any time. Still the selection of “qualifying” titles is quite broad and could be beneficial to all types of libraries while the offer lasts.

Another change from three years ago has been the representation of Internet booksellers at library events such as ALA conferences and even participation on a panel at the Charleston Conference. One major Internet bookseller further demonstrated its desire to attract the library market by creating an additional arm of its website specifically for libraries. Unfortunately, we were unable to find many services that would be of real value. Some libraries might be able to take advantage of the additional discounts offered when purchasing 50 or more copies of the same title. More might be interested in the “Purchase Orders Accepted” application. Beyond these two features, others are tied to promotional categories (i.e., bestsellers, hot picks, various book club picks and new writers). There is also a feature by which one can read the first chapter of selected titles before deciding whether to purchase them. However, continued on page 60

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titles for which this is available are simply those for which the publisher or author has provided descriptive text. At present the site only adds titles with this feature; it does not remove any.

The Price Comparison Study

As noted at some length in our previous article, the SUNY Albany University Libraries are constrained by their status as a state agency. The need to buy from vendors that will ship and bill, the *New York State Books Contract*, and the library’s negotiated terms with the library book vendor studied here remain as they were three years ago. The library does not pay shipping or sales tax. Each library will have its own constraints and its own “deals” that will affect invoice amount.

The methodology of this study was essentially the same as in the previous one, except that 100 (rather than 81) titles were chosen, and two Internet bookstores (including the one used in the previous study) were compared with the same library book vendor used before. The tremendous increase in online purchasing options that have materialized over the past three years prompted the decision to include two rather than just the original one Internet bookseller in the current study. Titles of *new in-print, English language books available in North America* were chosen from recent invoices for materials purchased by the *University Libraries*. This was done simply by selecting titles from invoices with a mix of types of books as well as some recent purchases from the library’s staff account in order to add some more popular titles. Overall, these titles would be found at many academic and public libraries.

Each title was searched by ISBN (obtained from the invoice) in the three online databases (two Internet booksellers and one Internet access to traditional library book vendor). All were searched in January and February 2003 and each title was searched in all three sources within a 24 hour period in an attempt to avoid possible price differences at different dates. Table I shows the results, based on the price the library would have paid for a new copy of each title from the seller (not a third party) when taking advantage of all available benefits, including free shipping arrangements. (Some Internet booksellers offer clubs or other special discount programs not available to libraries.) Obviously, if we were to place an order that did not qualify for free shipping, the total cost for that order would rise. The list price was taken from the Internet bookseller that consistently showed a list price. For the most part, all used the same list price. Variations are noted in the table.

**Discussion**

The table on p.62 shows a dramatic difference between the three sources, with the best overall total cost for this list offered by the traditional library book vendor, $4,194.45 vs. $4,622.06 and $4,761.20. It is also clear that one major Internet bookseller (IBS) offers, for these 100 titles, a better price than does the other. In the case of only 16 titles, one of the Internet booksellers offers a price lower than that offered by the library book vendor (LBV), for a total savings of $40.49. The second Internet bookseller (IBS2) offers a better price than IBS1 for only seven items for a total savings of $43.44. Moreover, IBS2 offers a price lower (by $1.75) than the library bookseller in only one case, although it beats IBS1 in seven instances. Despite losing the price race on these few titles, the library book vendor wins overall because of the number of books for which it offers the lowest price and because of the amount of the savings on individual titles.

Seven titles that one of the Internet booksellers could not supply and one that it could supply only as a used copy were excluded from the study, but it is worth noting that of the three, only one stated the inability to supply what appeared to be normal titles, readily available elsewhere. Indeed, the *University Libraries* purchased these titles not long before the study was conducted so we know they are not nonexistent.

Prices do change over time, often but not always for the worse. Although that in itself was not the focus of this study, the authors found that by late March, eight of the titles in the study showed price changes at IBS2, five increases and three decreases. In addition, one title was no longer available. Of the eight titles, IBS1 showed three increases while the other prices remained the same. The bookseller showed only third party sellers for the title that had become unavailable from IBS2. Meanwhile, the library book vendor showed a price increase for only one of the eight titles, along with an increased list price.

Sometimes price variations, including list price discrepancies, reflect restocking realities where one bookseller receives a new shipment at a higher price or with less discount than it previously paid. Meanwhile, another bookseller may be selling inventory purchased at an earlier time, under more favorable terms. Thus, the second bookseller may offer a better price to the buyer than the first, but when it restocks, its price too will rise. The reverse can happen as well, with restocking resulting in a lower price for the buyer. This general situation may account for the changed prices noted above.

The study included six titles with ISBNs ending in "x." All were discounted only by the traditional library bookseller.

**Other Factors to Consider**

The stock status of an item can be a very important consideration when placing an order. In many cases, speed is assumed to be a feature of Internet purchasing, no matter what the item might be, but speed of shipment is dependent on availability. Stock information is given by all three sellers studied here, albeit not in the same format. In one case, the item is presumed to be in stock unless otherwise stated (although sometimes it urges immediate purchase because only a few copies are left). In the second case, "in stock" is noted, while the traditional library book vendor shows actual numbers in stock in specific warehouses.

**Delivery Time**

Although an Internet bookseller may offer local delivery or in-store pickup, libraries usually rely on the mail or shipping services to receive materials. Delivery time is certainly worth paying attention to when it matters to the library. In many cases, speed is not critical, but there are times when materials may be needed on a rush basis for class reserves, to satisfy customer demand, for a discussion group, lecture, special event, because the director wants it or for other reasons. Thus it is useful to have a reliable means of gauging how long it will take an item to arrive. The Internet booksellers studied here make general statements such as "usually ships in 24 hours" or "in stock" or "unavailable, try again later." They may warn that when shipped free of charge, the item may take longer than usual to arrive, and also provide an estimate of a range of days that will elapse before shipment occurs. In fact, personal experience has shown that such books tend to arrive in less time than expected, sometimes in a week, and that promised delivery before the December holidays does not necessarily happen. The library book vendor provides more specific information, showing actual inventory. Experience shows that an item in stock will be shipped in 24 hours and will arrive consistently within a week without special shipping arrangements. The difference is in predictability and reliability, not only speed itself.

**Pairs**

The promotion of "pair" purchasing by one Internet bookseller appears to be strictly a marketing feature with the hopes of encouraging impulse buying. Within our study there were three sets of "pairs." In each case, the "pair" was advertised as a "Great Buy." Investigation revealed that the "pair" price was simply the sum of the prices of the two separate titles, so there was no additional savings to be had by purchasing them as "a pair." It should also be noted that the titles change depending on the title one finds first. For example, Title A is being advertised as a "pair" with Title B. The page advertising Title B shows it paired with Title C. Title C is then paired with Title D. Title D proved to be the end of the trail because it is paired with Title C.

Following such trails may be enjoyable, but it is of no use to libraries with the possible exception of instances where the "pair" promotes a title that a selector was previously unaware of. However, none of the ones in this study would be considered particularly esoteric or hard to find.

Purchasing the paired books in this study from the traditional library book vendor would save the library $22.61 over the total that would be paid to the Internet bookseller offering them as pairs. All but one of the six paired books costs less from the traditional library bookseller. Purchasing them all from the second Internet bookseller would save $2.13 compared to the total cost from the Internet bookseller promoting the titles as pairs.

**New & Used & Issues for Libraries**

This study deals only with new books, that is, titles recently published and in print in North America. Such books may also be available "used" on the Internet. Libraries generally want new copies, if possible, preferring to inflict their own damage rather than buying someone else’s.

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Some of the used copies offered alongside new ones provide significant cost savings and can be very tempting to libraries short of funds. Some of these used copies are offered by third parties that are not book dealers at all, are unfamiliar with the terminology used to describe condition, and may be less than reputable. In addition, libraries without credit cards may find it impossible to do business with such sellers. See Stephen Windwalker’s book for a sobering (albeit amusing) foray into the world of third party sellers, including examples of condition descriptions littered with oxymorons.

Returns

The Internet bookseller we studied promise easy returns within thirty days for materials in original condition. The library book vendor will generally honor returns within six months. This is something that can make a huge difference to a library, particularly a large one where there are several processes and hands that an item will travel through before postal delivery and the point when it is determined that the item should be returned. And then it has been determined that an item should be returned there is often a whole other set of processes that the item goes through before actually being postmarked by the post office. This makes thirty days a very narrow window within which to operate.

Payment Time

This is one area that seems to differentiate clearly between being the courted audience from being the accommodated audience. Written documentation from all three sellers states payment terms as Net 30 days. However, traditional library booksellers have consistently worked with libraries and allowed them great latitude, understanding that, particularly in large bureaucratic institutions, it is not often possible to get a check delivered within thirty days of receipt of invoice. In fact, this library has never experienced a traditional library book vendor demanding a late payment fee. The State of New York pays late fees automatically when payment is not made within its own parameters. When this happened some years ago, the vendors who received the payments returned them!

By the same token, one of the Internet bookseller’s representatives stated that they also understand this and do not take any action on library accounts until after ninety days have passed without payment. However, the other seems to be working under the credit card philosophy and begins assessing additional fees from the thirty-first day onward. Some discussion of this issue appeared on the Acqnet listserv in 2002 and may be of interest to some readers. One librarian participating on the Acqnet discussion posted a description of a conversation with the Internet bookseller’s representative about this issue. The response was that “the corporate account is a credit account, just like a credit card, and payment is expected within thirty days. Period.”

Negotiating around these types of constraints is one of the main ways traditional library book vendors separate themselves from Internet booksellers. Internet booksellers may “allow” libraries to take advantage of their offerings, but libraries remain subject to the constraints imposed by the bookseller and by the library’s parent institution. Any business that lacks an understanding of how libraries operate and for which libraries form a very small part of the customer base has little reason to offer special treatment (such as extending payment due date) to libraries.

Personal Experiences with Internet Booksellers

As individual purchasers, our experiences with the major Internet booksellers have been positive. Between us, only once did we have a problem when we tried to purchase a used book from a third party seller. A third party seller offers a listing on a major Internet bookseller’s site, but handles the actual sale independently of that major bookseller. When this particular seller became unresponsive, the Internet bookseller did nothing beyond forwarding the third party’s email address which was already known and from which there had been no response. The end result: no refund and no book.

It should be noted that, in this case, when the purchases are made through a third party, the Internet bookseller is the one who charges the purchaser’s account immediately and assumes that the third party seller will ship the item. There are many places that provide this service in the Internet world, some more library oriented than others, and there are varying degrees to which the Internet bookseller will work on the purchaser’s behalf to correct the problems, whether it is an individual or an institution, to know the Internet bookseller’s policy ahead of time. In fact, it was good experiences with third party purchases through a more library oriented bookseller’s Website that led to trying another site with the sorry result noted above.

Conclusion

In this study, the traditional library book vendor again provided the best overall prices for the list of one hundred new book titles studied. Despite changes in the industry, this vendor has kept pace, becoming an effective Internet seller, serving libraries better than similar businesses not geared specifically to libraries. Of course, libraries will make use continued on page 64
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of whatever sources suit their particular situations and Internet booksellers are certainly among those sources. They have opened up new and useful possibilities. They are particularly useful for locating used and out-of-print books. Some may provide useful reviews, access to out of the way titles, specialized subjects, or other desirable features. Nevertheless, some things remain the same — buyer beware. As this study shows, for this sample of new books in print in North America, the traditional library book vendor was able to provide better prices on all but sixteen items. The greater library-oriented services available from the traditional library book vendor certainly further tips the scales in its favor.

In their excellent, broad analysis of Internet booksellers, Kruse and Holtzman discuss both the increased options and added administrative costs libraries encounter and offer wise counsel to libraries purchasing books of many types over the Internet. They note price competition as one advantage to Internet purchasing. Our particular focus on prices for new books reveals that Internet booksellers are not even price competitive for such materials.

It also worth remembering that relationships matter. Having developed a relationship with a vendor over a period of time creates an atmosphere of trust beneficial to both parties. A book vendor acquainted with the acquisitions librarian at a particular institution will know much about that library's track record — how quickly payments are made, whether the library is likely to be affected by a state budget crisis, whether there are many returns and why items are returned, will know that the librarian is reliable and fair, etc. If a problem arises, it can be talked through. Slow payment may be tolerated. Special requests may receive a more serious hearing. An out-of-print dealer with whom the library has a long-standing relationship will know that the library actually purchases most items for which it requests searches and will likely pursue new requests with more enthusiasm than for a library that seldom follows through after an item is found. This kind of knowledge base and relationship is nearly impossible to build while clicking through cyberspace. In both cases the Internet booksellers offered no contact person like the customer service representative one tends to get from the traditional library book vendors. In fact, one bookseller doesn't even offer a telephone number; instead one is offered several FAQ screens and a pathway leading to an email option, but even then the email address remains hidden.

Bottom line: Although the hype of three years ago has cooled and the Internet has become a routine vehicle for commerce, our basic conclusions of 2000 still stand. Librarians must do their homework, make their own studies and comparisons and place orders based on national examination of service and price from various sources. And just as one needs to remain wary of hidden costs, it is also necessary to remain alert to genuine value. Again, the basic tenets of the profession demand that librarians make the best use of the resources entrusted to them. It takes some effort to do this, but that is the nature of the job and certainly part of what makes it interesting and of civic consequence.

Citations
4. Windwalker, 54.

ATG Interviews Gary Shirk
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ATG: Gary, what does this acquisition of YBP's parent company, B&T by Willis Stein & Partners mean in practical terms for those of us doing business with YBP?

GS: While the process of selling B&T took many months to proceed, the time between the announcement at the close of the sale took just a matter of days. We announced the sale on July 3rd and it was completed on July 18th. The new CEO, Richard Willis, immediately took the reins and announced the appointment of a new CFO, Bob Agers whose experience in publicly traded companies confirmed Willis Stein's intention to aggressive grow the corporation and, when conditions permit, take it public. I hesitate to speculate what this might mean for our customers. I suppose that in the short term the answer is simply, "business as usual." In practical terms, our customers will continue to see the same faces, talk to the same people, and — most important — enjoy the benefits of our first-class service and continued investments to benefit our customers. In the long term, who knows, maybe we'll all be able to buy stock in a terrific company. I'm lining up for the opportunity already!

ATG: What are some of the businesses that Willis Stein & Partners own? Are they compatible with B&T, or are they very different?

GS: We've learned that Willis Stein & Partners is a leading private equity investment firm specializing in negotiated investments in profitable, well-managed and growing companies. They support excellent management teams in acquiring and building middle-market companies focused generally in the media, business services, information technology, telecommunications, manufacturing and health care industries. They have extraordinary experience in information services and media related companies. Baker & Taylor is their 11th investment in media-related companies. It's now part of their business services portfolio which also includes Aurum Technology, Protocol Communications, USApubs, WAN Technologies, Inc., and Zeborg.

Willis Stein & Partners portfolios include about 40 companies in total and while none are specifically in book distribution they are all active, well-managed companies with substantial growth potential.

ATG: Are there any plans for operating changes in either company? Will management remain the same?

GS: As I've said, Willis Stein came to B&T with their own CEO and CFO. Changes at that level are normal business procedures in acquisitions like this and was fully expected. We should expect and welcome the fresh perspective and urgency that these new executives will bring to the organization. It's probably too soon to tell if other changes to management will be necessary. At YBP, we've got a terrific team and it remains intact. We expect no changes as a result of the acquisition. Willis Stein appreciates what we've achieved and has assured me of their support. I'm excited about being part of company's growth, and I'm already charting a path for the years ahead. Regarding other changes in operations and business relationships, I'm sure that we'll see some. But we expect them to originate from within YBP. We are always looking for changes that will lower costs, improve services, and gain market place advantages.

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