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Blurring Lines: Patrons as the Drivers of New Products and Services

David Parker

Alexander Street Press NYC, dparker@astreetpress.com

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As most columnists must do, I spend a good amount of time following, scanning and reading the news about the e-learning and scholarly information industry, as well as news from industries and areas of interest that I believe impact or will impact the university and library world. Recently, I have seen a growing number of pieces addressing product offering and business model change driven by the market. The reader’s first reaction to this statement is often, of course, customers drive the design, packaging, pricing, etc. of the products they use. But over the course of my 15-year career in higher education product development, I have not seen a moment such as this where we (those who build the products) have been so directly influenced by the wants and expectations of our customers.

Allow me to delve a little deeper into this point. During the early years of my career as an acquisitions editor at Pearson Education, I introduced many new products and not one of them “bubbled up” from a clearly articulated or intuited customer need or market demand. The textbooks I launched were all planned and executed so that Pearson would have product offerings in the respective course areas to combat those offered by McGraw Hill Education, Wiley, Thomson Learning (now Cengage) and others. We launched numerous media products, principally with the intent of creating a package of textbook and media that would render the used book ISBN obsolete; the new book with media item created a “bundle,” which required a new ISBN, thus rendering the prior ISBN obsolete for the present course offering. Of course we hoped to create products that professors and students would value, but we were not engaging on the most commonly expressed wish and desire of students and faculty; namely, drive down the price of learning material. This request ran counter (or so it seemed at the time) to our financial mission, which was to render the balance between units sold and price per unit sold. There were exceptions, but these were exceptions that proved the rule; such as the automated math homework grading system My Math Lab, which took laborious grading out of the hands of faculty and delivered results directly to an online grade-book. Products like My Math Lab made the much more frequent media product failure all the more visible. Historically, the Holy Grail of new product development is achieved when a customer “pain point,” need or complaint results in the articulation of a product concept that the market then embraces. The customer didn’t know what they wanted, they just knew they had a problem, and a brilliant marketer figured out a solution. Companies like IDEO became legendary for applying anthropological methods to discerning the pain points of potential customers and proposing new products as solutions. And then there are the visionaries like Steve Jobs who famously quip that customers don’t know what they want and it’s their job to show customers what they want. There is still plenty of space for visionaries and innovative marketing research practices, but in our space — the space of digital learning and scholarly content and services — “the market that drives the model,” as I recently read in a soon-to-be-released Book Industry Study Group report, is increasingly becoming the norm.

Two seemingly incompatible forces are on a collision course; as my grandfather used to tease me when I was young, what happens when an immovable object meets an irresistible force? University libraries have long experience with a variety of purchasing and usage models for digital scholarly and learning content, ranging from short-term loan to perpetual ownership and from open access to single-copy/single-user, time-limited digital rights management regimes. But access to ever-improving usage data and general data analytics at a more macro-level are converging with awareness about commercial or consumer media access models (e.g., Netflix) and pushing all of us in the direction of just-in-time access based on a patron’s present need. The future will almost certainly be dominated by purchase models that are usage-based, such as patron-driven acquisition or viewing-time-metered and subscription models that are undeniably cost-effective from the perspective of actual, measured usage. This transition will be easier for some companies and company leaders and difficult for others.

In a recent article by Mitchell Davis, “Four Lessons Libraries Can Learn from Amazon,” Davis explores what has made Amazon so successful in its repeated launches of new products and services. In sum, he breaks it down to Amazon’s commitment to delivering the product or service faster, cheaper or in a manner that makes spending your money more pleasurable. How many providers of digital learning or scholarly content can claim to have such a reputation with university libraries? Davis points as an example to a panel he was on last year with a publisher who described the their efforts at business model innovation as:

a) marking up its list price dramatically and not time-limiting single-user access versus

b) lowering the list price but forcing the library to buy a second copy after a set number of checkouts.

This is a clear example of the publisher’s legacy business model (print list price) driving its business model “innovation” practices in a direction that is not at all aligned with what its customers really want.

Since I began this column, I have avoided making mention of the company I work for, Alexander Street Press, but I believe we offer a counter-point to the example above based on a business model innovation we introduced in the fall of 2013. We were hearing from our customers about the need for a patron-driven acquisition (PDA) model to access our ever-growing library of video. As we listened to our customers, we heard that a significant downside to PDA was the lack of librarian influence on the title purchase process beyond the initial content profiling; that is the selection of fields and topics to make video content available for patron access. For those unfamiliar with the specifics of PDA, a library establishes a purchase fund and a range of content to access and then after a specified number of views the content item is automatically purchased. But what if a librarian could view the usage data from the PDA access period and then apply some judgment to which titles are selected? Imagine a scenario where an obscure and expensive title gets viewed just enough times to trigger purchase by a scholar in a very esoteric field. Maybe the librarian knows this and decides to opt out on purchase. Perhaps a documentary video is viewed only once and thus not triggered for purchase but it turns out that one view was by a professor who then selected the film to show to hundreds of students in her fall anthropology course. Because of feedback like this we launched evidence-based acquisition (EBA). In this version of a demand-driven model, patron-usage data combines with reference librarian know-how to optimize the title selection/spend. EBA has been well-received, but that should not be a surprise as the model evolved not from prior ASP business models but from the specific requests of librarians.

We are on the cusp of an exciting time as the relationship between content and services providers and universities and libraries becomes ever more intertwined in the process of product and business model innovation. In the end we all win when we innovate in the direction of the customer as the customer knows a lot more than he or she has ever previously known about what to consume and how to pay for that consumption. So let’s all think a little more like Amazon, at least about product and service innovation, and aim for faster, cheaper and a purchasing experience that makes our customers happy to spend money with us.

David Parker, Managing Director, Alexander Street Press NYC; Phone: 201-673-8784
<dparker@astreetpress.com> Follow me on Twitter @theblurringline