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Michael Levine-Clark, Stephen Bosch, Kim Anderson, and Matt Nauman, "Rethinking Monographic Acquisition: Developing a Demand-Driven Purchase Model" (2009). *Proceedings of the Charleston Library Conference*.
<http://dx.doi.org/10.5703/1288284314790>

RETHINKING MONOGRAPHIC ACQUISITION: DEVELOPING A DEMAND-DRIVEN PURCHASE MODEL

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Abstract

Librarians must reconsider how they collect monographs. Traditionally, academic libraries purchase as many books as possible to support their curricular and research needs, without much consideration of use. Even though 40% or more of books in most academic libraries never get used, this model makes sense in a world in which books go out of print, shelf space is available, and collections budgets are stable. But the world has changed: as publishers shift to an electronic publishing model, books will not go out of print; libraries are under pressure to convert shelf space to study space; and libraries have fewer and fewer funds to purchase books annually. In this session, we will discuss two projects in which libraries are rethinking this traditional model: 1) The University of Denver's development, with Blackwell Book Services, of a demand-driven acquisition model for print monographs. Records for books that show up as forms on the approval plan will be loaded into the catalog, allowing users to discover them and request purchase as needed. The library will pay Blackwell for profiling and metadata and will order books from the fastest and cheapest source. Titles that show up as automatic approval books will continue to come to the library without user mediation. This will work in conjunction with a demand-driven e-book plan to allow the library to provide access to a large number of books while purchasing only those titles that will see use. 2) The University of Arizona's development and past implementation of similar approaches to demand-driven business models including short term loans for e-books leading to purchase, demand-driven plans for streamed video content, as well as continuing demand-driven programs for e-books which is now extending into print monographs.

Academic libraries have always built collections for current and future scholars; librarians have selected books based on their content without much concern (if any) about use. This approach made a lot of sense when academic books quickly went out of print, when browsing the shelves was a standard means of discovery for monographs, and when tracking circulation data on a broad scale was difficult. In a time when materials budgets are shrinking, when library shelves are full, when it is relatively simple to identify circulation patterns, and when the development of e-books makes it unlikely that books will go out of print, it is time to reconsider this traditional model. For core scholarly monographs, libraries need to ditch the just-in-case model and replace it with a just-in-time approach.

During this panel, we will discuss approaches to demand-driven acquisition of monographs at two institutions: the University of Arizona and the University of Denver. While discussing plans being developed at these libraries, we will discuss implications for libraries in general as well as the broader implications for scholarly publishing, for book vendors, and for academia in general.

Why Demand-Driven Acquisition Makes Sense

The annual worldwide publishing output is so vast that even the largest and wealthiest academic libraries cannot come close to purchasing everything. Libraries and approval vendors such as Blackwell have worked together for years to try to get the best books into library collections. Despite the fact that these collection development decisions have been based on strong understandings of local research and curricular needs, many books that are purchased through this model never get used, and libraries ultimately end up purchasing or borrowing through interlibrary loan many books that were initially rejected by selectors or were never included in approval plans in the first place.

At the University of Denver, 208,248 titles were added to the book collection between January 1999 and May 2008. Of these, 99,480 (47.77%) have not yet been used, and most of those probably never will be. In fiscal year, 2008, the university spent approximately \$1 million on monographs, so, given a 47.77% rate of non-use, approximately \$477,700 was spent on books that will never see use. Furthermore, the vast majority of books that will circulate will only be used once.

The University of Denver purchases approximately 21,000 books annually. This is a small portion of what is available for purchase, however. In 2008, 170,663 books were published in North America alone.ⁱ During fiscal year 2008, Blackwell treated 53,869 books on approval in North America. In addition to the books that were sent automatically, the University of Denver received form notification for 23,097 from Blackwell and ordered 4,687 of them. We buy a very small portion of the books that are available to us, and an even smaller portion of those books ever gets used. We should be allowing our users to choose which titles we purchase instead.

And user expectations have changed anyway. They are used to having almost infinite choices of information available to them; the local collection as built by librarians is no longer enough. We need to provide them with whatever they want for their research needs, and the way to do that is by giving them a choice about what to purchase.

From the University of Arizona perspective, there are two basic reasons for changing models:

- ROI – return on investment.
- In a digital world dominated by network level discovery and access- it is not about the local collection anymore, follow the users.

In 2005 the University of Arizona established some performance measures that would be used to gauge the success of collection management programs – the key one for this topic: 60% of all monographs purchased would circulate at least once in 4 years. This would also count in-house use, which is tracked if the book is re-shelved by library staff.

In the last 4 years overall 53% of all books circulated at least once. Books received on approval plans did slightly worse at 50%, and direct orders did even worse at 43%. For only English language materials, the numbers are a bit better at 66%. An argument is frequently made that it takes longer for books to become bibliographically significant especially in the humanities and social sciences, but when the data from the past 10 years are included, the rates of circulation change very little:

- All Books 47%
- Approval 51%

- Orders 42%
- English Only 67%

ROI : at the University of Arizona an analysis of monographic purchasing and circulation in since 2000 shows:

- The total number of books purchased (based on ARL Reports): 448,840
- Total expenditures for books (based on ARL Reports): \$24,531,340
- The total number of books that did not circulate: 237,885
- Total expenditures for 0 circ books (% of ARL figure): \$13,001,610
- Shelving costs: \$2,440,582
- Processing costs: \$3,394,622
- Total cost of 0 circ books: \$18,836,814

These figures are based on data that were developed locally and are used in strategic planning and space planning. These data show that it costs \$1.75 per title annually to house/shelve a book. The costs for ordering, cataloging, etc. were determined to be \$14.27 per item.

Another basic reason for patron initiated models: in a digital world dominated by network level discovery and access, it is not about the local collection anymore. Libraries need to follow the users to remain competitive organizations. When most use data of electronic resources is reviewed, a huge percentage of use is originating through network browsers not library catalogs. This is where our users are working and we need to have business models that support that type of user experience, shifting the focus from building local collections. Patron-initiated models directly support that type of user experience. Users must have the broadest possible access without dead ends. One way or another they need to be able to quickly obtain the discovered information. With the growth of e-books, print on demand, and similar services this approach is now feasible. As the “digital natives” age do we really think they will use local print archives heavily or will they gravitate to “if it isn’t digital I don’t really care about it?”

How We’re Implementing Demand-Driven Acquisition

The University of Arizona

How does the patron initiated (PI) model work at the University of Arizona? Since the business and technology models for the book trade are still basically all about print, the starting point for PI models overlays traditional processes with the new work. We are looking at coordinating PI plans with several e-book providers with a print plan from Blackwell. The basic process is fairly straightforward: MARC records are produced by a supplier based on an established profile. For the e-books, these profiles reflect the “book” approval profiles we have as much as possible. For the print program with Blackwell we are using our current forms profile. Once a record set is received from a supplier we load it into our local catalog using a record loader that checks for duplicates. We don’t load duplicates and essentially load the first version of the title and others will bounce out and won’t be loaded. ISBN lists from the e-book providers will be batch searched against the approval plan to be sure there are not titles already in process from that supply chain. Records that are successfully loaded to the local catalog are then exported to OCLC so we can set local holdings in OCLC. This is done so that users can access the content through WorldCat Local and gain network level access. Once OCLC has processed and returned the files with the matching OCLC numbers the records are updated in the local catalog.

For the e-books – after X number of uses, the item is purchased and local records and OCLC are updated to show that the item is now owned. Accounting processes will track the expenditures against established accounts. For the forms program, the patron request will be reviewed before the item is actually purchased. For all of these approaches these are first iterations and we believe that as the model matures there will be significant changes in how things work.

The University of Denver

At the University of Denver, patron-initiated purchase of monographs will involve both print and electronic books. At this point, only a small portion of the scholarly books published annually are available in digital form. Until the shift to digital is complete, we must continue to buy significant amounts of printed books. Since we are never going to be able to purchase more than a tiny portion of the scholarly monographs published in a given year, it makes sense to allow our users to purchase those that make the most sense to them. We will continue to receive automatic approval books, but for many subject areas – the humanities (excluding fiction), a few areas in the sciences, and a few social science subjects – we will no longer order books off of slips. Beginning in January 2010, we will pilot a project in which we will load MARC records for the slip notifications in these areas into our catalog and will allow users to request purchase.

This pilot project for demand-driven acquisition of some print monographs will happen in conjunction with the introduction of a patron-initiated rental/purchase program for e-books. This e-book project will include two e-book vendors at the start, and may ultimately include others as the project continues. On the first X uses, the library will rent the e-book for the user. Purchase will be triggered after X uses. In cases where the print book and multiple e-book versions are available, the user will have the option to choose the format and platform that he/she prefers. After the initial purchase of an e-book, versions of that title on other platforms will be blocked from purchase. The library will, however, allow users to duplicate print and electronic versions of the same title when the other version is preferred by that user. The key here is that this duplication will happen intentionally, and only as needed.

In order to make this process – demand-driven purchase of e-books and print books – work, we need help from our approval vendor. We need management of the universe of titles we are providing the potential to purchase. Blackwell will help us manage those lists of titles and will provide MARC records. And we intend to pay for those services, but we don't expect to pay Blackwell for the books. We will pay someone else – a used-book vendor, Amazon, a local book store, a Print-On-Demand (POD) vendor – for the books because we will be ordering them as needed, and will generally have them rushed.

Ultimately, the University of Denver will move away from purchase of print books. We will purchase e-books on demand and use a POD machine to provide nearly instant access to any title to our users.

Creating the Profile

One of the fundamental questions to consider in the Demand Driven Purchase Model is what titles do you want to expose to your patrons as available to request. That is, what universe of title records will you choose to populate the OPAC? You may want to be broad in scope and include as many titles as possible, or given specific collection development goals, you may wish to focus on particular subject areas or types of books, or you may want to have greater emphasis on particular subject areas and less on

others. You are essentially creating a discovery service for patrons, which is very similar to that provided to library selectors through the notification service of an approval program.

In each of the projects Blackwell has underway, an approval profile is in place and will continue to run delivering core materials for the collection. We have used those approval profiles as a starting place for creating a profile that will generate records destined for the library's OPAC. However, in the long term, we would like to expand the number of titles available for Demand Driven Purchase to include the entire universe of academic publishing, including books that have not traditionally been covered by any approval program.

Let's discuss the University of Denver profile as an example. (Slide 1) DU has a fairly comprehensive LC based approval program in place. Michael decided that for the purposes of this project, we should utilize those areas of the approval profile that delivered weekly electronic notification of newly published titles to create the basic profile for Demand Driven Purchase. (Slide 2) Here, for example, is the Art subprofile. This slide shows the subjects covered for notification, (Slide 3) Here are the publisher exceptions, and (Slide 4) these are the Non-Subject Parameters that apply to the Art subprofile.

But the approval profile is a bit different than a Demand Driven profile in its mission and the population it serves. Consequently, Michael wanted to exclude certain types of materials from displaying in the OPAC. These exceptions included textbooks, reprints, sets, and popular fiction. We altered the existing approval profile accordingly and created a separate profile, which will generate a weekly record file of titles for DU to import into their OPAC. (Slide 5) Here's an example of titles from the Art subprofile we saw earlier.

For the purposes of this project then, we took the notification parts of the existing approval profile and modified them to exclude certain types of materials. Of course, the Demand Driven profile could change as necessary once we begin to measure patron response to the service.

Demand Driven Purchasing

During the next few minutes I want to go over what Blackwell and EBL are doing to get these pilot projects going. So this is a very basic look at the vendor workflow from 30,000 feet – or maybe higher. I also think it is important to remember that these are pilot projects. By that I mean that all of us – Arizona, Denver, EBL and Blackwell are learning as we go. The final may look somewhat different – but this is how we hope to get there. So let's quickly look at three slides showing Discovery, Patron Activity and Order Fulfillment.

Slide 1: Discovery File Creation

For these pilots, Blackwell will generate weekly MARC21 discovery records for print titles based on a revised New Titles announcement profile specific to each participating library. Files of these records will be delivered to EBL. EBL will add the titles to their own database and link them to existing ebooks. Before delivering records to the library, EBL will also add a URL to the 856 field of each discovery Marc record. The purpose of this URL is to direct the user to the EBL/Blackwell Demand Driven platform when the title is selected. Also, a note will be added in an appropriate place in each Marc record indicating the title is not owned by the library but is available for request.

Weekly record sets will be made available for pick up by the library on an agreed server. Library staff will be responsible for picking up and loading the discovery records and discarding records with duplicate existing library holdings.

Through cooperation with OCLC, workflows that begin with discovery in OCLC Local can be supported. Records must be downloaded to WorldCat. Through realtime queries to the library OPAC, the 856 URL and the requisite note identifying the title as available for request will be shown to the Local user.

Note that so far I have only spoken about print and ebooks. As libraries acquire access to Espresso Book Machines and as content is added, EBL will also link POD records in the Demand Driven platform.

Slide 2: Patron Activity

Patrons of the participating libraries will be able to utilize their regular discovery methods (OPAC, OCLC Local – as shown in the slide) to find titles. When a title with a discovery record is desired, selection of the record will send the patron to the Demand Driven platform (the EBL landing page) via the embedded URL as described above.

Once at the Demand Driven platform, format and edition options will be presented. The patron may then request the edition of their preference. Information about the patron will be required to complete the request.

Slide 3: Order Fulfillment

For the pilot projects, library staff will have access to the Demand Driven platform to review all requests. Those deemed not appropriate for purchase will be rejected and a message sent to the patron.

For accepted orders, the following will apply.

Print orders will be forwarded to Blackwell from EBL. If not identified as RUSH, normal firm order processes will be used to acquire and deliver the title. While not shown on the slide, we can also accept RUSH orders via Blackwell or RUSH orders via an external source such as Blackwell's Online Bookshop or Amazon.

For e-book orders, Pilot libraries may take advantage of the ability to instantly purchase the book through EBL. Invoicing and workflow will then be consistent with the library's current purchasing directly through EBL.

If the library prefers to use Blackwell invoicing, MARC delivery and order status on CM, orders for e-books may be submitted to Blackwell. Blackwell will then process the order and send the request to EBL. Blackwell and EBL are exploring ways to provide access to Blackwell-billed e-books according to the usual quick schedule with invoicing to follow later.

Let me end by quickly mentioning Print-on-Demand options. For any Pilot libraries that have access to an Espresso Book Machine, any accepted request for POD titles on the Demand Driven platform will generate an order to On Demand Books. Delivery and invoicing will be based on ODB capabilities and workflows agreed with the library on an institution by institution basis.

Implications for Libraries, Publishers, and Approval Vendors

Libraries

There is much to think about; the shift to a new model will not be easy:

Collections of record. The entire concept of a collection as a permanent repository of knowledge has to be reconsidered. Obviously individual libraries that use patron initiated purchasing will not be following traditional collection development models. The creation of collections of record can occur but will probably require collective efforts to come to fruition.

Current structures and processes in collection management and acquisitions. Libraries will have to rethink how collection management and the acquisitions process are managed. We foresee staff savings in some areas. In the technical services areas savings may be offset by the work required to manage records and other processes.

Traditional user expectations. Some users may not accept the changing role of the library. The traditional role of knowledge warehouse is clearly supplanted with a deliver and access model and users who are comfortable browsing the stacks for content will be challenged by the new environment.

As we change models, we need to think not just about our current students and faculty, but also about future researchers. If we are only purchasing what is needed now, how do we make sure that books are available fifty or a hundred years from now? As we load records into our catalogs to allow our users to initiate demand-driven purchases, we envision regular removal of older records. This will keep a manageable number of titles available for potential purchase, something that is necessary to limit the potential for our budgets to be wiped out by a surge in purchases. However, if we remove older unpurchased titles from our catalogs – titles that we would have purchased just-in-case under the traditional model – then how will future scholars discover them?

And if most academic libraries were to move to a demand-driven model, with resulting decreases in sales for many titles, what will that mean for interlibrary loan? If only a handful of libraries own a given book, how will libraries that do not have budgets allowing for purchase of that book be able to borrow it?

This also clearly has huge implications for the publishing industry, something that will be addressed further below. One issue that clearly becomes more important is the quality of metadata and discovery tools. As libraries move to this model, it will make economic sense for publishers to pay for metadata creation. Publishers that can figure out how to make their books more discoverable could sell more books than other publishers – even when those other publishers have better books. Discoverability and ultimate purchase of books could be linked more to the quality of the metadata than to the quality of the book.

Supply Chain Implications

So far this panel has looked at why academic libraries want to move toward a Demand Driven model and what that will mean for library and vendor workflows. But it is important to note that Demand Driven Purchasing will have major implications for the academic publishing supply chain. It certainly has the capacity to force major changes in how books are published. It will also force changes on how academic book vendors operate. So here is my editorial comment: I like this idea because I think the current model will not work for long. We can build in efficiencies at both publishers and vendors but I doubt that any of it will make monographic publishing or bookselling a profitable

venture. That said, here, again from 30,000 feet, are a few ideas about supply chain consequences for publishers and monographic vendors:

Academic Publishing

Let's start by looking at potential consequences for academic print publishing. Consider that in the current business model, libraries purchase large numbers of new titles via approval and/or slips plans and are, in effect, bearing the costs of carrying publisher inventories. The Demand Driven Purchasing model will shift the inventory risk to wholesalers and, ultimately, to publishers. If there is a shift to just in time ordering large quantities of printed books may no longer move from publishers via wholesalers to academic libraries. Speaking about Demand Driven Purchasing in his blog, *Publishing Frontier*, Joseph Esposito noted that "the full economic implications of this are not known, but it is likely to result in fewer books being published, fewer copies of books being printed, and higher prices for the books that do get published." Let's look at why this might be true.

First, as noted above, we believe that frontlist sales will be reduced. Steve has said that he does not intend to buy fewer books; he will just buy what will be used. That will rule against automatic shipment of books. This model will mean less predictable sales for publishers and vendors and a much longer time-line for selling new title print runs.

Second, there will be a reduced number of copies per title sold. Again, with the impact on new titles sales there will be far less predictability for book sales.

We can all agree that the library market is still critical for scholarly monographs. So if print runs, frontlist sales and the number of copies per title are all reduced, then it follows that the cost per title will increase. As Mr. Esposito speculates, these developments have the potential to make many titles non-viable. Those are probably the very titles that today are shipped automatically and then never see a single use. Maybe these titles don't need to be published – or, maybe they should be published in another format.

So far I have only talked about printed monographs. In all the pilot projects that I have been involved with, e-books are the preferred format. It may be that pressure on the print format as well as Demand Driven Purchasing will combine to finally push e-books sales to where we expected them to be. For that to happen, academic publishers will have to finally commit to e-books. University presses have been slow to adopt the format as a group. Then it may be that just as many books are published – they will just be in electronic formats.

Demand Driven Purchasing will also lead to increased opportunities for print-on-demand. Blackwell and EBL have been working with On Demand Books to add a POD component to the pilots. There is tremendous potential for collections to be built on e-books and POD. Some academic publishers are already thinking along these lines.

In his valedictory address to the AAUP last summer, outgoing President Alex Holzman, Director of Temple University Press, noted that the current distribution system for book-length academic scholarship is broken. But he also noted that "I can see an e-world – always backed up by print on demand, by the way – ...where ... the varieties of ways to sell, rent, or rent-to-buy are subject only to what the market tells us it wants."

Book Vendors – Once print, now e-book and print

I want to briefly talk about the impact on book vendors. With changes to the supply chain – what gets published, how fast it moves, what it costs, vendors will also be forced to make changes. We will have to deliver a new value and service proposition that fits the new purchasing model. First, as we have learned over the past few months, we have to provide an infrastructure for Demand Driven Purchasing. This includes:

- MARC records prior to purchase
- Rush order and delivery – although this can take various shapes
- Demand Driven workflows that make this possible
- Improved ebook discoverability and delivery
- Print-on-demand options

Vendors will also be forced to replace lost revenue and margins. Given the scenario outlined for publishers, it is probable that frontlist sales and sales per title will drop for vendors as well. However, in my view this is the most enticing thing for a book vendor because it opens possibilities for a more viable business model.

- The current model is based on margins from unit sales (not a reliable thing)
- Vendors are paid for the books when their real value is in the services provided
- In a new model, vendors will be able to charge for those services – that is, for providing the discovery database and delivery support.
- As mentioned there will be a vendor role in print-on-demand
- Vendors will be content neutral, providing print, POD and e-book format options
- As discussed with pilot libraries, the model can very well be one where vendors charge an annual subscription and a transaction fee
- The ability to decrease a library's cost per use will enable the new model

So, while this new model will be disruptive to the supply chain, there are also a number of potential benefits for all parties. If we can deliver library savings by supplying only those books that will be used we will have improved the entire supply chain. But it is important to remember that, for both publishers and book vendors, this development must be balanced with the existing business model. It will not happen overnight. In a low margin business we are being asked to develop a new model while using the old to pay for said development.

ⁱ Barr, Catherine, and Constance Harbison, "Book Title Output and Average Prices: 2004-2008," *Library and Book Trade Almanac* 2009, p. 506.