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Problems in the Pipeline: Forces of Change for Publishers, Distributors and Libraries

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Against the Grain
“Linking Publishers, Vendors and Librarians”

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CHARLESTON CONFERENCE ISSUE

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Problems in the Pipeline: Forces of Change for Publishers, Distributors, and Librarians

by Robert W. Birch (Director of Sales, Greenwood Publishing Group, 88 Post Road West, Westport, CT 06881; Phone: 203-226-3571 x. 3383) <bbirch@greenwood.com>

The genesis for this series of papers came to me somewhat unexpectedly at the beginning of this year. I was in my office, tending in an almost mechanical way to my part of the pipeline that brings academic products to our ultimate users, when the phone rang. It was the head of acquisitions of a major research university calling to see if we would be interested in selling her institution all of our books as they were published. I was stunned. Certainly this was an idea filled with opportunities for Greenwood. If nothing else, we would be directly linked with a prestigious university and all of our titles would be guaranteed to be in their collection. Her reasons made sense — they had noticed they were not receiving full coverage of our list through their accustomed source and tracking down the gaps was becoming too great a problem.

All she asked was a reasonable discount and an assurance that we would supply her with information about our titles prior to publication so they would be prepared when they arrived.

Still, there was something vaguely unsettling about the proposal. I, like most everyone else in our industry, was accustomed to a rather orderly process that included familiar players, each performing what seemed a necessary role. This old model, the hallmark of what might be considered by some the golden age of academic publishing, was really quite simple: publishers contracted with authors to produce academic works and then sold them to distributors; distributors provided a variety of services, including cataloging, and sold the works to libraries; and libraries made them available to their patrons.

There have always been pressures on and among the three key players in the pipeline with each regularly seeking some new leverage or concession from one of the others. After all, the title of the Charleston Conference recently was the librarians’ mantra “We want more for less.” But by and large, this model had worked well for all involved, a theme I stressed in a talk at Charleston a few years ago when I urged publishers, distributors and libraries to work together, not against each other, in the face of the new pressures coming to bear from the possibilities of electronic publishing. Not surprisingly, then, when that librarian made her offer earlier this year, I not only recognized its possibilities, but also the

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If Rumors Were Horses

Y’all, I’ve been agonizing with how to begin. Rumors for the November issue of ATG after the atrocious happenings of September 11. There was an editorial cartoon that ran recently in the Charleston Post & Courier (10/6/01, by Mike Thompson) copyright by the Copely News Service) of a surreal airport patrolled by militia of all sorts and a lone female passenger with her baggage. One of the militia types asks her: “Where do you wish to travel to?” “September 10th,” the woman answers. Ain’t it the truth?

Anyway, to all the people in New York and Washington and elsewhere in the world who were affected by these horrible events, you are in our hearts, thoughts, and prayers. May you and we all recover and be better in spite of these events.

Even though our world seems insignificant against the backdrop of what has happened, still a lot has been happening.

Well it seems to be true. netLibrary is up for sale after they failed to raise funds which they needed. (Boulder Daily Camera, 10/13/01, “NetLibrary put up for sale,” by Erika Stutzman) The 230 employees of the company, who were paid through Friday, were also told that they are welcome to return on Monday, but at a drastic cut in pay. According to the article, netlibrary, which was founded in 1998, had employed about 400 at its peak, had raised $109.8 million in venture backing from Houghton Mifflin, McGraw-Hill, Liberty Digital and others. Each employee from receptionist to president will be paid $360 a week (with no medical benefits). Here is the link to the complete article: www.thedailycamera.com/. Rob Kaufman (President and CEO) and Rich Rosy (Executive Vice

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risks of disturbing relationships with others I considered partners.

However, since that talk at Charleston, the pressures I mentioned then and other, new ones, have accelerated. At the time, I was tempted to characterize that phone call as an intriguing anomaly. But then a second, similar call came a couple of months later. Clearly, something was changing. And as I surveyed the industry, it was all too apparent that there were, indeed, problems in the pipeline.

The cycle in which publishers, distributors and libraries attempt to put pressure on each other at times seems a bit like life in an Escher drawing: in turn, they each choose a path, thinking they are going up past the others, only to find they have descended. And often, they’ve actually moved nowhere at all. The pressures each faces are real, but the solutions to those pressures are often illusory. A brief look at the problematic interplay among these erstwhile partners will illustrate this.

Libraries exist in what sometimes seems a perpetual state of siege, with patrons voicing ever new demands and budgets that have difficulty keeping pace with these demands, if they are not actually being cut. Seeking relief from their pressures, they turn to distributors demanding better discounts and more services. As the pressures increase, they look for other outlets. The use of credit cards, in the past unthinkable, is becoming more common and opens up new sources of supply through major retailers, including those on-line. Further, some of these retailers are now accepting purchase orders which increases their accessibility to libraries and the potential volume of business they can do with them. Another option for libraries is buying direct from publishers, something that has always been done but usually in small quantities. However, the calls I received earlier this year indicate that some libraries are beginning to contemplate buying direct in a big way, especially if the discount is attractive and the publisher is large enough to compensate for the loss of consolidation that distributors offer.

Distributors are then faced not only with pressures in the terms and services they offer libraries, but also from new channels of supply that completely bypass them. For years, their response has been to increase services at no or only a nominal cost and to improve their discounts, while receiving no compensating relief from publishers. This course could not be sustained; where once there were many distributors of all sizes and shapes, there now are far fewer, with the prospect that still others will disappear, through consolidation or simply closing shop. For those that remain, relief had to be found from the pressures they faced in ways other than merely getting big. Caught in the middle of the pipeline, they are pushing back in both directions, increasing distribution and charging for services to libraries as demand grows.

This pressure on them increase and their margins decrease, I can envision a future where selling books becomes quite incidental for distributors and where their real money is made on the services they provide and which they no longer subsidize.

These pressures find their way to publishers, a group for which I have particular sympathy. Where there had once been what seemed a workable equilibrium between publishers and distributors, there is now uncertainty. The old
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AUTHOR'S BIO

Robert W. Birch is Director of Sales at the Greenwood Publishing Group. Prior to that, he was the Director of New Media at the Combined Book Exhibit. In an earlier and entirely different life, he taught English and Philosophy for many years. He has written the Great American Novel (well, it’s not quite finished). He lives with (and adores) his wife, Emily, who, incredibly, is an Acquisition Editor at Greenwood. Both are kept in line by their Sheltie, who is convinced they are her sheep.

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Society of North America (IESNA) located at 120 Wall Street, Floor 17. New York, NY 10005. Sue says they were very lucky (they are at the far end of Wall Street). They were closed following the WTC disaster until Sept. 17th. FYI—IESNA was founded in 1966 to establish scientific lighting recommendations and to disseminate this information to all interested parties. The Society’s diversified membership includes engineers, architects, lighting designers, educators, students, contractors, distributors, utility personnel, scientists, physicians, and manufacturers. There are approximately 9,000 individual members and 400 sustaining members in IESNA. http://www.iesna.org/

Just heard from the awesome Glenn Jaeger (Absolute Backorder Service, Inc.) <jaeger@absolute-inc.com> who tells me he won’t be attending the 21st CC. Glenn has recently undergone total hip replacement on his right side. Recovery is going well, but he’ll be laid up for 2 to 3 months. I want to know what you are reading, Glenn! We expect a full report!

And speaking of the Jaegers, Don—the awesome one—Jaeger <jaeger@ajaeger.com> will be in Charleston presenting a paper. It’s amazing that he can spare time from his son’s great hockey career to be with us!

This is from the <library.journals@iscmail.ac.uk> (9 October, 2001) and comes from your friend and mine, Keith Courtney (Group Sales Director, T&F)—As we all know, Taylor & Francis recently acquired Gordon & Breach Publishers (see ATG, June 2001 v.1393, p.42). With effect from January 2002 all titles will be published on a regular calendar year basis with a single annual renewal invoice. Hooyah! Many journals will have a significant price reduction in 2002 and many others will remain unchanged. In addition, a few titles which have consistently failed to achieve any regularity in publishing will be canceled. All Gordon & Breach titles will be published under one of the Taylor & Francis imprints with effect from the 2002 volume. Online editions will also be available from 2002. Address any queries or concerns to <enquiry@tandf.co.uk>. http://www.tandf.co.uk/journals/

Swets Blackwell has the added article-level links to over 100 electronic journals published by IEEE and Wiley from SwetsnetNavigator, their electronic journal service. Linking of this nature is possible because of the combined CrossRef and DOI technologies. Swets Blackwell joined CrossRef’s Affiliate program in December 2000 and was the first subscription agent to do so. Gaining affiliate status enabled Swets Blackwell to obtain Digital Object Identifiers (DOIs) from CrossRef’s metadata database for articles published by CrossRef member publishers not included in

SwetsnetNavigator. By incorporating these DOIs into SwetsnetNavigator’s Tables of Contents and search results, users can seamlessly link to the corresponding article at CrossRef member publishers’ sites. Because Swets Blackwell’s subscription administration system is completely integrated with SwetsnetNavigator, links to fulltext articles will only appear if users hold subscriptions to the corresponding journals. IEEE and Wiley are among the first CrossRef publishers for whom Swets Blackwell has implemented these links, and more publishers will be added to SwetsnetNavigator in the future thanks to this technology. CrossRef currently has 83 members, with titles from over 5,100 journals in its database. www.crossref.org or http://www.crossref.org/

And speaking of T&F, got an email on September 25 from Ande Cienciarski <cienciarski@taylorandfrancis.com> who writes from NY that the Big Apple is even weirder than usual—normal in many neighborhoods and tragic and surreal in others. Ande has booked a flight for this year’s conference, and just wanted to be sure that we are not canceling. Well, we will be here and we hope all of you are coming too!

Just browsing in http://www.bookbrowser.com/ BookBrowser is the creation of public librarians Janet Lawson, Cynthia Orr, Jo Peters and numerous reviewers and volunteers. You can email them at <BookInfo@BookBrowser.com>.

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relationships for now seem to hold. But publishers are bound to feel uneasy, for the fewer
publishers there are, the more potential leverage the remaining ones have. So, faced
with this pressure, publishers may well seek new channels for the flow of their products.
Further, as libraries feel pressure from distribu-
tors, they too will seek alternate channels. Just
this year, apart from the libraries that have ap-
proached me about buying direct, I have been
asked by several librarians if Green-
wood would be interested in selling books through
consortia. And some of the
consortia with whom I have spoken seem to be
interested in selling more than serials and
electronic products.

Thus, the pressures flow up and down the
pipeline, building until they elicit what seem
to be necessary responses. But often in this
Escher world nothing really changes. Take,
for instance, the simple case of discounts.
Libraries demand higher discounts from dis-
tributors; if distributors yield to the pres-
sure, they in turn will demand higher dis-
counts from publishers; publishers may
concede the discount, but to protect their
margin will raise the prices of their books.
The result is a zero sum game in which no
one really achieves anything.

It is true that for all three of us there are
new opportunities, but with each there are also
worries as the old relationships fray. Chang-
ing terms, entirely new business models, and
disintermediation are all realities in an increas-
ingly fluid marketplace. And the pressures
I have mentioned are only the ones that have
been with us for a while now.

The source of the greatest pressures in the
last few years has come from technological
advances and options in publishing. E-books
have been almost an obsession at times for all
three players in the pipeline. And while a mere
sober assessment of the prospects of e-pub-
lishing has followed the recent tech crash, e-
books are here to stay and their presence will
only increase in the coming years. They seem
to offer wonderful opportunities for all: for
publishers, lower inventory costs; for distribu-
tors, transactions free from any material trans-
fer; for libraries, broader access for patrons.
And these are only a few of the promised ben-
efits. Print on demand has also inflamed the
imagination of the three pipeline partners.
Publishers see the possibilities of smaller print
runs. Distributors see publishing possibilities
for themselves with out of print and low print
run titles; indeed, some have already set up
shop. And libraries see greater access to for-
merly hard to find books.

However, some have also noticed that be-
hind all the gleaming opportunities offered by
these new technologies is the ultimate threat of
intermediation. For what in the future will
prevent an author from publishing his or
her own book electronically and then having
it vetted by an independent group of scholars
in the relevant field, thereby bypassing pub-
lishest? Or may not publishers choose to dis-
tribute their electronic publications directly to
libraries, for the value of consolidated shipments,
which distributors offer in the print world, will
be lessened by the ease and rapidity of de-
livery? And ultimately, isn’t it possible that the
value of libraries themselves will vanish as
patrons can get the materials they need any-
where with assistance from the type of face-
less on-line help of which tech companies
seem so fond?

Personally, I find the above both a bit ex-
treme and unlikely. Publishers offer an array
of services, from editorial to production to
marketing, that will be of value in any publish-
ing environment. Distributors, almost ac-
cidentally it sometimes seems, have created a
value for themselves in the myriad services
they offer that has almost come to outweigh
the actual physical distribution that they do and
which will therefore be of value in an e-world. And
libraries need never worry, for I seriously doubt
that the best on-line resource, even if in the guise
of a friendly paperclip or an obedient dog, will
ever come close to the value offered by a trained,
knowledgeable librarian.

In fact, overall I remain convinced the present
model works, that we all three have been and
should continue to be partners. It was this,
what some would consider Panglossian, convic-
tion in mind that I went about gathering these
articles. There is no denying that there are pressures
that all of us in the library pipeline face. I wanted
to examine these pressures from different perspec-
tives, with representatives from libraries, distribu-
tors, and publishers discussing the problems and
issues they individually face, alternatives they may
be considering, and changes they have already
observed in the marketplace. I asked them to be
as candid and provocative as they could. For ulti-
mately, my goal was to stir things up, to put the
problems on the table, and to get people talking,
with the hope that some of the problems we all
face can be resolved in a way that reinforces, not
diminishes, our partnership.

The articles that follow have met and in many
cases exceeded my hopes. All of these writers have
given much of their time and have endured my
editorial comments and deadline pressures. What
they have produced will go a long way towards
clarifying the situation we all face and the options
we have. Going down the pipeline, Niko Pflanz,
of Oxford University Press, has produced a pol-
ished, thoughtful piece that focuses on e-books and
e-publishing in general as a catalyst for change in
the basically conservative world of academic pub-
lishing. Gary Shirk, from Yankee Book Peddler,
has written a wonderfully philosophical take on
the subject, in which he examines the dynamic of
the relationships in the pipeline, the necessity and
difficulty of understanding this dynamic, and the
need to be guided by basic principles in a world
where knowledge is so elusive. From Midwest Li-
brary Services, Jay Asuvakh and Forrest Link
take an ultimately optimistic position in a refresh-
ingly hard-nosed, candid essay that argues for the
credibility and good of competition in defining the
evolving nature of the library marketplace. Matt
Nauman, of Blackwell’s, draws from his years of
observing this marketplace and offers a succinct
overview of the evolution of the supply chain and
the ways in which technology is driving change.
From the library world, Marifran Bostain, of
George Washington University, explores the way
pressures applied only lead to new pressures and
urgently calls all involved to understand each oth-
ers’ needs. John Kistler from West Virginia State
College, presents a broad, at times, idiosyncratic
look at the various ways acquisitions have been
conducted over the years and the impact of the
changes that are beginning to emerge. Jeanne
Harrell, of Texas A & M, focuses on the perils
and promises of new avenues of supply and the
need for dialogue among all in the pipeline as pres-
sures increase.

So, yes, there are problems in the pipeline. But
my hope is that these papers will help to clarify
and in time to resolve them. If nothing else, col-
lectively they are a wonderful portrait of where we
are now in the library marketplace we share.