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1998 From a Book Vendor's Perspective

by Daniel P. Halloran (President, Academic Book Center) <danh@acbc.com>

1998 was an interesting year for people who follow books. It saw three important players in the book supply chain—**Bertlesman**, **Barnes&noble.com** and **Ingram**—consolidate into a single multi-faceted entity. **Amazon.com** continued to make waves (but no money), and **Random House** reduced all of modern literature to a pop culture top-100's list. And the first commercially viable, hand-held electronic books came to market.

It was the year that the Web matured into a true merchandising channel for reaching the consumer market. Getting the most attention and the most play are the native-born Internet portal babies, like **Yahoo!**, **Amazon**, **Northern Light**, but even **AOL** has succumbed to the supremacy of the Web, with its purchase of **Netscape**. And closer to home, the traditional library vendors are retrofitting their legacy systems to accommodate the customer expectation that if it doesn't exist on the Web, it doesn't exist.

Among the trends that have most dramatically affected the library bookseller's business this year, I've identified the following as the most worth watching as we head into the next.

The trend toward consolidation in publisher and book distribution is stronger than ever.

This is driven by a need for a larger volume of business to create administrative and other fixed cost savings. Consumer price sensitivity means that list prices for books cannot go higher, so revenue, of necessity, must come from savings on the expense side of the ledger.

This same imperative is driving discounts offered to distributors down to all-time lows. Fortunately there is a rising awareness in the library market that ruinously high discounts to libraries will result in the demise of the book vendor, or at least severely limit his ability to grow his business. The services that vendors supply to libraries have value beyond price discounts. Libraries realize that losing the vendor that has carefully customized its approval plans, managed its standing order list, and streamlined its shelf ready processing, results in a loss that more than off-sets any savings gained from very high discounts.

On-line bookstores have inflated expectations for speed of delivery and discount pricing.

Amazon.com pioneered the Internet consumer movement. They have the resources (and the burn rate) to create for themselves an extraordinary market presence and a front end that has captured the imagination of an increasingly savvy public.

The downside is that the service has not kept pace with the marketing hype. Speedy delivery is dependent on the warehouses (**Ingram** and **B&T**) that are available to every other book distributor. For those materials, my company offers speedy delivery too. **Amazon's** shipping charges often offset the savings gained from low prices. In addition, booksellers offer a wide range of efficient value added services, customized to the library. **Amazon**, *et al.* are focused on the consumer/retail market where those services are not required.

Nevertheless, there are some important lessons to be learned by watching the online bookstores. **Peter Jacso**, in a provocative article in the November issue of *Information Today* suggests that **Amazon.com** is positioned to do virtually everything currently done by third-party vendors in the library market place. In Jacso's opinion, the **Amazon.com** search engine is superior to any of today's library OPAC.

By offering libraries customized versions of its software, Amazon could not only provide library links to reviews and book jackets (and purchases through amazon.com), but could, in Jacso's words, "offer a nicely integrated acquisitions, circulation, and online public access catalog system for a fraction of the price that libraries pay now." (*Information Today*, November 1998, p. 29)

Is Jacso right? After all, isn't the library market really about providing services to end-users? Aren't online vendors like **Amazon** and **Barnes&noble** perfectly positioned to produce services that historically have been made available through third parties like booksellers and libraries?

We may be going there, but we're not there yet. Just as **Amazon.com** hasn't replaced the library (yet), neither have they figured out how to provide the value-added services to libraries that companies like **Academic Book Center**, **YBP**, **Blackwell's**, etc., do yet. At the present time, it appears that they are not interested in this market. That may change.

What we do know is that Web-based tools are invaluable aids in collection development and management. Online ordering query, management reviews, fund accounting and electronic links to library system vendors come essential services vendors.

"If it doesn't exist on the Web, it doesn't exist..."

The effect on book vendors of the growing consortia movement is still unknown.

The first consortia were created in order to share resources among libraries and even as recently as 10 years ago that meant printed resources, books primarily. Because of a lack of effective delivery mechanisms for moving materials around, resource sharing among libraries never really took off until the new electronic media made delivery irrelevant. Affiliation with a consortium is an efficient and powerful way for libraries to negotiate licenses for electronic resources.

But for books, the delivery mechanisms continue to present an obstacle to widespread adoption of cooperative purchases. This is both good news and bad news for the book vendor. Consortia participants are unlikely to reduce their total number of book purchases (good news), but there are no operational

economies of scale for the book vendor when he enters into a contract with a consortium (bad news).

He still must work with each library individually to bill and ship materials. So, for the book vendor, the attraction of a consortial contract may be the assurance of volume business over some period of time. For the consortium, it's the expectation of standardized discounts (at the most favorable rate) for all members, as well as shared access to purchase information.

The **OhioLINK** statewide approval plan, awarded to **YBP**, was the first consortia contract to address resource sharing and cooperative buying of books. However, the **OhioLINK** contract may be unique because **OhioLINK** is unique. The consortium shares a common integrated library system, has a sophisticated interlibrary lending infrastructure, and represents a highly diverse group of libraries. The **OhioLINK** contract is in its initial stages. We'll all be watching as it develops and we await its success or failure with interest. In the meantime, we know that other consortia are beginning to look closely at their relationships with book vendors

Publishers are selling directly to libraries.

This circumvents the traditional role of the vendor. As consolidation within the publishing industry continues, the economics of the direct approach become more and more appealing to publishers. This means that as booksellers, we

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ATG Annual Report Survey

by Barry and Judy Lee (Research and Reference Services)

The **Third ATG Annual Report Survey** gathered answers by participants of the **Charleston Conference** and **ATG** readers on a variety of issues: budgets, organization, staffing, and the future. Over eighty percent (84%) of the respondents consider

themselves academic librarians, while just fewer than ten percent identified themselves as working in Reference. One third of the respondents have been a librarian between eleven and twenty years. Following is a summary of some of the results.

Budgets

Two fifths (40%) of the respondents reported an increase in their materials budget. Another two fifths reported no change. One third reported an increase in their book budget. Three fifths reported increases in both their journal and electronic resource budgets.

The percentages of the monies devoted to books was 42 % and journals were 34% making total profit resources 76%, down slightly from 80% last year. The remaining budget was spent on non-print, split between online (5%), CD-ROM's (7%) and electronic serials (12%).

Very few respondents, approximately twenty percent reported a decrease in their

overall materials budgets. Two fifths of the respondents reported an increase in their journal budgets.

Almost two thirds reported an increase in their budget for electronic users.

Personnel & Staffing

One third of the respondents reported outsourcing for approval. Twenty percent have outsourced cataloging and one third does not outsource anything.

Eighty percent of the respondents provide training for their Library Technical Assistants. Over half (56%) provide this training by in-house classes by existing staff. Forty percent do continuing education in-house. Half fund travel to conferences and workshops and twenty eight percent find credit courses for staff.

Almost ninety percent of the respondents reported being able to absorb the additional workload. One fifth (20%) are now teaching end-users to be more self-reliant and do research of their own.

Approximately two fifths of the libraries reported being downsized, and of those, three-quarters have reported decreasing their professional staff. Ninety percent have reduced the paraprofessional staff. One third of the libraries reported negative effects, up from one-sixth last year.

A full hundred percent use a subscription agency. Approximately one third (30%) have switched agencies in the past five years. Half reported an increase in their book budgets.

Concerns and Issues

Librarians continue to find a variety of ways to incorporate the Internet into their daily lives.

Ninety-two percent of the libraries have workstations in their work areas.

Twenty percent of the respondents have implemented paperback only approval plans, eighty percent have not.

As with last year's survey, forty percent of those responding reported canceling paper for new media. As to the archiving issue, ten percent say that they will keep electronic information in whatever format they can use it in. Another ten percent believe it is some other library's problem. Forty percent are keeping paper for the present.

Respondents read a variety of library related publications. The majority read *Against the Grain*. Eighty percent read *Library Journal*. Approximately half read *C&RL*, *Publishers Weekly*, *Library Acquisitions*, and *Choice*.

The Future

The top issues for the new Millennium in this year's survey are information overload, electronic archiving, adequate training, publisher monopolies and adjusting to change (20% each).

In addition, as promised, we have selected two winners from this year's survey. These people were chosen at random from those of you that took the time to fill out the survey. **John Thomas Minor**, Director, Reeves Library at Moravian College and **Anthony Raymond**, Head, Acquisitions Department at Michel Orradre Library. 🐾

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must continuously promote the value of our services to publishers, just as we do to libraries. We have sophisticated Websites that are visited by thousands of library decision-makers each day. We have collection management products and services that wed libraries to us and make us an indispensable part of the library workflow. We have sales representatives in the libraries spreading the word on publisher promotions. We have a presence within the library community that a publisher would be hard pressed to duplicate. We have market reach that works to everyone's advantage—ours, the publisher's, and the librarian's.

Outsourcing has matured.

We've moved beyond "should we do it?" to "how do we get it done?" And we're seeing outsourcing moving beyond the easy and

obvious areas, to more specialized and demanding functions like shelf-ready processing for standing order titles. Nevertheless "outsourcing" as a concept continues to make some people uneasy. Outsourcing is still seen by some as a threat to the library profession. In my mind nothing could be further from fact. As long as I've been associated with the library industry, we've been debating professionalism. Embracing outsourcing as an efficient way to release library staff to attend to more intellectually complex activities seems to me to be the very hallmark of a highly evolved profession. A 1993 **Coopers and Lybrand** study found that companies that outsource generate 22% higher revenues than their non-outsourcing counterparts. What private industry recognized five years ago, we in the library industry are finally accepting: outsourcing makes an organization more productive by allowing it to do what it does best and leave the non-mission central work to others.

Increased competition for collection development dollars with electronic information continues.

Electronic resources are easier to share than books, but they are expensive. Wise purchasing by consortia and creative licensing agreements from information providers are helping libraries spread their dollars further. Eventually it is possible that the widespread digitization of scholarly materials may actually result in savings for libraries that may affect their book buying budget positively. Not all library materials are suited to electronic formats, at least not as they exist today. There is little interest as yet in moving to a strictly electronic environment, and in fact, more books are being published today than ever before in history. We've heard from more than one large academic library that university administrators, worried about the decline of library book collections, have allocated new funds earmarked for print purchases. 🐾