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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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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) <rbirch@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 their ultimate users, when the phone rang. It was the head of acquisitions of a major research university library 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

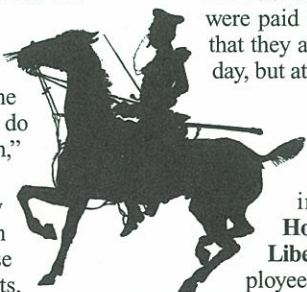
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If Rumors Were Horses

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* (10/5/01, by **Mike Thompson**, copyright by the Copley 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 pub-

lisher 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, decreasing discounts and charging for services to libraries while demanding improved terms from publishers. And as the pressures on them increase and their margin decreases, 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 1906 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-too—**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 lis-e-journals@jiscmail.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.13#3, p. 42*). With effect from January 2002 all titles will be published on a regular calendar year basis with a single annual renewal invoice. Hooray! 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 member publishers with more than 3.5 million articles 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 Ciecierski** <aciecierski@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!

Was 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 distributors 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 distributors, they too will seek alternate channels. Just this year, apart from the libraries that have approached me about buying direct, I have been asked by several librarians if Greenwood 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 distributors; if distributors yield to the pressure, they in turn will demand higher discounts 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. Changing terms, entirely new business models, and disintermediation are all realities in an increasingly 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 more sober assessment of the prospects of e-publishing 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 distributors, transactions free from any material transfer; for libraries, broader access for patrons. And these are only a few of the promised benefits. Print on demand has also inflamed the imaginations 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 formerly hard to find books.

However, some have also noticed that behind all the gleaming opportunities offered by these new technologies is the ultimate threat of disintermediation. 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 publishers? Or may not publishers choose to distribute their e-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 e-delivery? And ultimately, isn't it possible that the value of libraries themselves will vanish as patrons can get the materials they need anywhere with assistance from the type of faceless on-line help of which tech companies seem so fond?

Personally, I find the above both a bit extreme and unlikely. Publishers offer an array of services, from editorial to production to marketing, that will be of value in any publishing environment. Distributors, almost accidentally 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 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 with this, what some would consider Panglossian, conviction 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 perspectives, with representatives from libraries, distributors, 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 ultimately, 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 Pfund**, of **Oxford University Press**, has produced a polished, thoughtful piece that focuses on e-books and e-publishing in general as a catalyst for change in the basically conservative world of academic publishing. **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 Library Services**, **Jay Askuvich** and **Forrest Link** take an ultimately optimistic position in a refreshingly hard-nosed, candid essay that argues for the centrality 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 Bustion**, of **George Washington University**, explores the way pressures applied only lead to new pressures and urgently calls all involved to understand each others' 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 pressures 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, collectively they are a wonderful portrait of where we are now in the library marketplace we share. 