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Being Earnest with Collections — What Happens After Short-Term Loan Withdrawal

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Column Editor's Note: *If your library is managing a demand driven acquisitions program then you have probably experienced the frustration caused when publishers decide all or some titles will not be available for short-term loans. At* ***The University of Alabama****, we began a vibrant DDA plan early in 2016. Initially the plan was set to purchase on first trigger. We later changed to the STL model because we wanted to determine over the long term if STL would be more cost efficient than outright purchase. Our decision resulted in the removal of several titles from our DDA pool on the* ***EBSCO*** *platform. Fortunately,* ***EBSCO*** *manages that process so it was not labor intensive. However, it left us wondering what impact this change would have on coverage within certain disciplines and whether or not the bulk of lost titles would come from small and university presses. We continue to review our plan and evaluate it based on a number of factors. The size of our DDA program necessitates that we use due diligence to ensure that title selection is as diverse as possible. I was pleased when* ***Carol*** *agreed to provide* ***ATG*** *readers with the results of her study at* ***Wake Forest University****. This article will answer some questions and lead others to pursue similar studies. —* ***MA***

My library loves the Short-Term Loan (STL) model of Demand-Driven Acquisition (DDA). Publishers, however, may have mixed feelings. So a publisher pulls its frontlist (<1 year old) content out of the STL program. We react by dropping the affected content from our DDA pool. What happens next?

The **Z. Smith Reynolds Library** at **Wake Forest University** supports a relatively small FTE enrollment, but we have a relatively generous monograph budget when viewed on a per-FTE basis. Under those circumstances, a DDA and STL purchase plan makes a lot of sense. We have a broad-ranging plan in terms of subject coverage and per-loan spending caps. The only content restriction is on books flagged as "Juvenile" or "Popular" by **GOBI Library Solutions**. Because our pool is so large compared to our FTE, only a tiny percentage of the books in the pool ever receive any use. As publishers increased their prices for STLs over the last few years, we watched this trend with dismay (no one wants to pay more), but we reluctantly realized that the prices we enjoyed back in 2011 were probably unsustainable for publishers.

Sometime in our fiscal year 2015, a major trade publisher ("Publisher A") removed its frontlist titles from the STL model with our provider **Ebook Library** (or "**EBL**" as it was then, now known as **ProQuest Ebook Central**). Therefore, to keep these books in the DDA pool, we would have to purchase the book at full price upon the first use. In what was perhaps an emotional reaction, the **Reynolds Library** decided to remove the frontlist books from our DDA pool entirely. We also removed content of any subsequent publisher who enacted the same or similar restrictions. We knew price increases were inevitable. However, setting the price at 100% for the first use was just too high. Even as we were removing these titles though, we recognized that we could be making a huge mistake. Sure, our DDA spending with Publisher A would go down, but what if our 28 subject liaison-selectors simply purchased more print from this publisher to compensate? After all, we knew that some (although not all) liaisons would notice in **GOBI's** system that we had a DDA book available and would choose another book — thereby punishing publishers who made their frontlist available. On the other hand, by not having their titles before our users in our DDA pool, perhaps Publisher A would realize even less revenue than before. This was all speculation however. What really happened? I set myself to find out.

As I mentioned, the change occurred in fiscal year 2015 (July 1, 2014-June 30, 2015 — henceforth FY15). So I chose to compare the sales that Publisher A realized from **Reynolds Library** in the year before the change, FY14, to the year after, FY16. Then I pulled the same data for another trade publisher, "Publisher B," who did not change their participation in STLs before June 30, 2016.

Table 1 presents a few basic facts about our campus size and book budget. I have given two FTE numbers, as we have law and medical students who are served by independent campus libraries. However, these students may use our DDA pool, and we do not restrict law and medical content from our pool. Across the study period, the **Reynolds Library** had budget increases that we could partially apply to monographs. As indicated in Table 2, we directed most of these increases toward the DDA slice of the budget, while keeping firm-order funds flat and slightly cutting approvals.

The Collection Management unit does not dictate to our liaisons any policy regarding duplication of titles. Liaisons may purchase both print and electronic — or only one preferred format — depending on the needs of their specific department. Likewise, when Publisher A and other publishers dropped out of STLs, I announced the change, but did not dictate any specific action that liaisons needed to take in response. Therefore, I could assess what happened naturally.

Data Collection

Since the DDA decision had no impact on our journal subscriptions, I confined my project to the monographs side of the budget. I also ignored STL/DDA spending on backlist books, since backlist books were not impacted by Publisher A's decision. Therefore, I examined these types of purchases:

- Approval shipments of print
- Firm-order print purchases
- STL spending on frontlist titles
- DDA triggered purchases of frontlist titles
- Firm-order eBook purchases

To keep the focus on books, I excluded non-text formats such as films and music scores. I retrieved our total spend on monographs from our Voyager ILS, in which we use reporting funds to flag content types.

To see specifically what we purchased from Publishers A and B, we requested imprint-level data from **GOBI Library Solutions**.[1] **GOBI** identified which imprints corresponded to these two publishers. While we do use other book vendors beside **GOBI**, practically all of our frontlist purchases from these two publishers would be sourced from **GOBI**. Statistics on **EBL** eBook usage and costs came from the **EBL** statistics module.

Results

The results for Publisher A (which dropped out of STLs) are summarized in Table 3. As you can see, for Publisher A the $3,094 in STL spend from FY14 was almost exactly displaced by $3,151 in firm-order eBook purchases. So **Reynolds Library** spent practically the same money, but got access to many fewer books for our pains. Interestingly, there was practically no effect on spending on firm-order print books, which means that liaisons did not respond to this situation by choosing to buy more print from Publisher A.

The results for Publisher B (which remained in the STL program) are summarized in Table 4. Publisher B had a sharp increase in DDA spending. A look at the title-by-title data revealed that Publisher B responded to the STL crisis by dramatically raising the per-STL price instead of dropping out of program entirely — at least during the time under study. At **Reynolds Library**, the median STL cost from Publisher B rose from $13.82 to $32.33 per STL instance. As a result, the total amount

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spent with Publisher B increased despite accessing fewer titles.

Another way to look at this data is to think about each publisher's share of **Reynolds Library's** monograph spending. As I stated above, our book spending had risen in FY16 as compared to FY14, and most of that increase came from the DDA category. Table 5 shows what happened to each publisher when viewed in the light of our entire book spend. So for Publisher A, dropping out of DDA meant a decline in their "market share" of our spending. Publisher B also dropped in "market share," but not as sharply.

Discussion and Conclusion

So what did we learn? In a way, all parties lost. Both publishers lost in "market share." (I did not investigate whether this was due to a single "Publisher C" gaining more sales, or sales spreading out among more publishers, or some other combination of factors.)

Publisher A's strategy of dropping out of STLs worked in the sense that we purchased individual eBooks that offset FY14 spending. However, Publisher A missed the opportunity to gain more sales as **Reynolds Library** directed budget growth in the direction of DDA. Publisher B also lost "market share," but its strategy of raising STL prices was more successful than dropping out of the STL model entirely. **Reynolds Library** spent the same amount of money with Publisher A, but lost access to a broad swath of titles. Had **Reynolds Library** not dropped Publisher A's offerings, we would not have been able to afford the program — especially as other publishers also dropped out of the STL program.

Since the study period ended, **ProQuest** has re-branded **EBL** as **EBook Central** and more recently has released the "Access-to-Own" model. By setting a higher price for the first use, **ProQuest** is moving closer towards the model adopted by Publisher B during the study term. The long list of publishers that have agreed to participate in the Access-to-Own model[2] implies that publishers are willing to try this model.

Wake Forest University may not be a typical customer. Is it more normal in this day and age for libraries to cut monograph budgets instead of increasing them? Publishers may be designing their pricing strategies based on a customer profile that is very different from us. Also, the publisher's profit margin is almost certainly not identical across different distribution channels, e.g., DDA through **ProQuest** vs. sales on its own eBook platform. However, as I was not made privy to these differential profit margins, I could not take them into account.

Since **Reynolds Library** gleans a lot of value from the STL and DDA models, we will continue investing in it as long as possible. However, as purchasing options evolve, we will need to adapt our selection practices in response.

Endnotes

1. I am grateful to **Steve Hyndman** and his colleagues at **GOBI Library Solutions** for their assistance in gathering data for this analysis.

2. Available publicly at *http://media2.proquest.com/documents/access-to-own-publisherlist.pdf.*

Table 1: FTE and Monograph Spending FY14 vs. FY16

	FY14	FY16
Total FTE, Wake Forest University	7,487	7,676
FTE, Reynolds Library Service Population	6,105	6,197
Monograph Spend (Reynolds Library Only)	$741,833	$833,094
Monograph Spend per FTE (All Wake Forest)	$99	$109
Monograph Spend per FTE (Reynolds Library Service Population)	$122	$134

Table 2: Reynolds Library Monograph Spending by Type: FY14 vs. FY16

	FY14	FY16	Two-Year Growth/Decline
Print Approvals	$204,963	$177,089	-14%
Firm-Ordered Print	$342,210	$342,002	0%
Short-Term Loans	$88,389	$174,817	98%
DDA Triggered Purchases	$59,365	$81,097	37%
Firm-Ordered E-books	$46,905	$58,089	24%
Total	$741,833	$833,095	12%

Table 3: Spending for "Publisher A," who Dropped STL

	Publisher A FY14	Publisher A FY16
Print Spending	$9,506	$9,572
Titles Acquired	125	130
Firm E-book Spending	$0	$3,151
Titles Acquired	0	16
DDA Spending (Frontlist)	$3,094	$0
Unique Titles Accessed	111	0
Total Spent	$12,600	$12,723

Table 4: Spending for "Publisher B," who Retained STL

	Publisher B FY14	Publisher B FY16
Print Spending	$43,951	$40,865
Titles Acquired	430	380
Firm E-book Spending	$0	$0
Titles Acquired	0	0
DDA Spending (Frontlist)	$1,564	$6,398
Unique Titles Accessed	128	105
Total Spent	$45,515	$47,263

Table 5: Share of Reynolds Library Monograph Spending for Each Publisher

	FY14	FY16	Decline of
Publisher A (Quit STL)	1.70%	1.53%	10.09%
Publisher B (Continued STL)	6.14%	5.67%	7.53%