ARE BOOKS 'INFERIOR GOODS' OF LEISURE INDUSTRY ?

M.S. Sridhar[*]

Discusses the nature of leisure industry and composite commodity, explains four major determinants of demand analysis, namely, price, income of customers, prices of related commodities and tastes and preferences of customers, enumerates the concepts 'inferior', normal and luxury goods from the angle of income elasticity of demand, highlights the finding of western research that backs are inferior goods of leisure industry and concludes by stressing the need for recognition of books and libraries as part of leisure industry in the country and need for localised research about reading habits and use of libraries in the larger context of leisure industry.

KEYWORDS/DESCRIPTORS : Books; Libraries; Demand Analysis; Information; Leisure; Information users

1 INTRODUCTION

Books as well as libraries belong to two competing and complimentary industries, namely, information industry and leisure industry. They are competing in the sense that both try to claim the leisure time and leisure expenses of people. They are also complimentary because information technology is tending to increase the leisure time available without reducing the income from the work.

Leisure industry provides leisure services, goods and facilities. Library (particularly public library) could also be considered, if included in the mission statement, as one of the leisure facilities. Books, journals and other marketable reading materials constitute a small segment of plethora of leisure goods. Most of the time what a customer receives from leisure industry is a 'composite commodity' consisting of services, goods and facilities. Each composite commodity has unique ratio of 'goods' inputs to 'time' inputs. The two extremes are goods-intensive commodities and time-intensive commodities. The leisure services are often equated with leisure facilities. Leisure goods are of two kinds, They are durable goods like a TV set and non-durable goods like alcohol. Leisure services are quite similar in their characteristics to non-durable leisure goods.

2 DEMAND ANALYSIS AND DETERMINANTS OF DEMAND

The analysis of the demand for commodities of leisure industry is little complicated due to the 'composite commodities' nature explained above. The economics of demand analysis considers price of the commodity, income of customers, prices of other related/substitute

* *Head*, Library and Documentation, ISRO Satellite Centre, Airport Road, Vimanapura P.O., Bangalore 560 017, India.

commodities and tastes and preferences of customers as four major determinants of demand for a product or industry.

The price elasticity of demand measures the responsiveness of quantity demanded of good to a change in the price of that good. The rate at which quantity demanded expands for a given fall in price varies from product to product.

The income elasticity of demand similarly measures the responsiveness of quantity demanded of a good to a change in the income level of customers.

The prices of other related goods, the third major determinant, lead us to cross-price elasticity of demand i.e., the responsiveness of the quantity demanded of one good to the change in price of another good. If the cross-price elasticity of demand is zero, the 'other' goods are not related goods at all. Hence, we are left with two types of 'other' goods, namely, (i) *substitute goods* which have positive cross-price elasticity of demand meaning that increase in price of one results in an increase in demand for the other and (ii) *complimentary goods*, which have negative cross price elasticity of demand meaning that increase in price of one results in a decrease in the demand for the other.

The last major determinant of demand analysis consists of tastes and preferences of customers which vary widely depending on socio-economic variables such as age, gender, educational background, occupation, etc. It is difficult to measure tastes and preferences. The relationship of preferences and socio-economic characteristics are not stable over time. Economics has found it difficult to handle changes in tastes and preferences as they are not objectively observable. Yet refined social research techniques like scaling techniques do help in this direction.

3 INCOME ELASTICITY OF DEMAND AND NORMAL, INFERIOR AND LUXURY GOODS

Based on income elasticity of demand, goods are classified into following three categories: (i) *Normal goods*, where demand increases as income increases by a lower percentage (i.e., income elasticity of demand is positive but less than one) (ii) *Inferior goods*, where people switch to a better higher quality alternative as their income increases, thus associated with decrease in quantity demanded (negative income elasticity of demand) (iii) *Superior or Luxury Goods*, where demand increases by a greater percentage than increase in income (i.e., income elasticity of demand is positive and more than one).

It is in this context that the wide spread reading habit surveys and studies of public libraries at large have to probe more into the aspects like how people spend their leisure time? How consumers allocate their expenditure across the leisure market? What are the complimentary and substitute goods for reading material? Are books inferior, normal or luxury goods? etc.

In a recent study, Costa (1997, quoted from The Economist, 1997) investigated american recreational habits over last one century and found that people of all income levels have steadily increased the amount of time and money they devoted to having fun (fun is used almost interchangeably with recreation and leisure activities). Over the century, the distribution of income in America is skewed (increasingly unequal) but leisure spending is more evenly spread than ever before, i.e., since 1988, leisure has steadily become less of luxury. Interestingly, spending on recreation has increased from 1% of individual's income in 1888 to 6% in 1991. More interestingly, in the beginning of this century, spending on recreation tended to rise by 20% for every 10% rise in income. By 1972-73, a 10% income gain led to roughly a 15% rise in recreation. There

are extraneous factors like overall increase in income of americans, poorer might have had more time off for leisure activities, cheaper and more accessible leisure opportunities and technological innovation (technology has democratised entertainment with price cutting and mass distribution) as well as the way recreational expenditure is defined.

4   DEMAND ANALYSIS FOR BOOKS AND LIBRARIES

At the moment, there are no reliable estimates for price and cross price elasticities of demand for leisure activities including books and libraries. However, social surveys in the West have established a clear positive relationship between participation and income for most of leisure activities. It was also generally found that demand for leisure related goods and services was highly elastic with respect to income and leisure time but relatively price inelastic.

As far as leisure goods are concerned, it is temporary (but may not be correct) to conclude that leisure items are price elastic because they are luxury goods and essentials like food items are price inelastic because people have to buy them whatever the price. The essential determinant of price elasticity is the availability of substitutes. Whereas there are no suitable alternatives to rice, wheat and vegetables, consumers have the alternatives to reading a book or visiting a library. It is here that many of us are quite anxious and believe that the recent invasion of electronic media and televedio are steadily snatching the leisure time available for reading books and visiting libraries (Sridhar, 1996)

Unlike essentials, most of the leisure goods have income elasticities greater than one indicating that they are luxury goods. As people get richer they spend a larger proportion of their income on these items. Unfortunately books, magazines and newspapers are exceptions as they have negative income elasticities, i.e., expenditure on these items falls as income rises. (Grattonl, 1992) This is a devastating finding of West about books and libraries. There is a need to check the same in our own environment and make attempts to take combating actions, if any and if possible.

5   CONCLUSION

Leisure industry is not so well organised and recognised in India. Librarianship in general and Indian librarianship in particular is unnecessarily shy-ridden or indifferent to identify itself with leisure industry. Not even book trade considers itself competing with other players of leisure industry.

In America, there is an Academy of Leisure Studies with professors (The Economist, 1997). Leisure in America is considered to be efficient and with very high productivity and they pack more into leisure offers. According to the study mentioned earlier (Costa, 1997), reading was the most popular leisure activity for working men in 1888 accounting for one-quarter of total recreational expenditure but the same dropped to 16% by 1991.

Most of the past studies in librarianship look at the reading habit and use of libraries in isolation from other competing and complimentary/ substitute leisure activities. There is a greater need for integrated studies of use of books and libraries as well as reading habits in the context of demand analysis of leisure industry discussed above. All concerned with books need to explore and find out to which category of leisure commodity do books belong in our society.

Lastly, there is an important aspect in the leisure studies, namely the value system, which books can uphold better than others. Even when we think of well being, our perceptions become very important and people who spend more time and money on leisure activities do not necessarily enjoy life more. The ability to use

leisure wisely is considered by Bertrand Russel as the final test of civilisation and in this context even the most efficient and productive leisure activities of Americans are questionable as wise and civilised relaxation methods.

Further, it may be easier to measure how much people earn and spend but difficult to measure how well they live. It is much more difficult in a developing country like India where economy does not account for lot of labour intensive services and recreation. It is also difficult to operationally define and measure leisure (or recreational) expenditure. An example cited is need to segregate expenditure on textbooks and professional books from that on recreational books.

6   REFERENCES

1.   "The American way of leisure". *The Economist.* Vol. 1-7 March 1997; p42.

2.   "Fun for the masses". *The Economist.* Vol. 2-8 August 1997; p66.

3.   COSTA (Dora). "Less of luxury: The role of recreation since 1888". NBER working paper No. 6054. MIT, June 1997.

4.   GRATTON (chris) and TAYLOR (Peter). Economics of leisure services management. 2ed. London: Longman, 1992.

5.   SRIDHAR (M G). "Are demand forecasting techniques applicable to libraries?". *Library Herald.* Vol. 23 (2,3) July-October 1984; p84-89.

6.   -. "Is cost benefit analysis applicable to journal-use in a special library? ". *The Serials Librarian.* Vol. 15(1,2); 1988; p137-53.

7.   -. "Customer-characteristics as criteria for market-segmentation in libraries". In: Marketing of library and information services in India : Papers presented at the 13th National Seminar of IASLIC, Calcutta, December 20 - 23, 1988, ed. by S.K.Kapoor and Amitabha Chatterjee. IASLIC Special Publication No. 28. Calcutta : IASLIC, 1988, p43-52.

8.   -. "Non-users and non-use of libraries". *Library Science with a slant to Documentation and Information Studies.* Vol. 31 (3) September 1994; p115-28.

9.   -. "Understanding the user - why, what and how?". *Library science with a slant to Documentation and Information studies.* Vol. 32(4) December 1995; p151-64.

10. -. "Beware of electronic libraries/media". An invited paper for 15th Annual Convention and Conference of society for Information science on 'Digital Libraries', 18-20 January 1996. Indian Institute of science, Bangalore. (Malwad, N M et. al., ed. Digital libraries: dynamic storehouse of digital information. New Delhi, New Age International Ltd., 1996, p234-40).

About the Author

Dr. M. S. Sridhar is a post graduate in mathematics and business management and a doctorate in library and information science. He is in the profession for last 35 years. Since 1978 he is heading the Library and Documentation Division of ISRO Satellite Centre, Bangalore. Earlier he has worked in the libraries of National Aeronautical Laboratory (Bangalore), Indian Institute of Management (Bangalore) and University of Mysore. Dr. Sridhar has published four books ('User research: a review of information-behaviour studies in science and technology', 'Problems of collection development in special libraries', 'Information behaviour of scientists and engineers' and 'Use and user research with twenty case studies') and 74 research papers, written 19 course material for BLIS and MLIS, presented over 22 papers in conferences and seminars, and contributed 5 chapters to books. **E-mail:** sridharmirle@yahoo.com, mirlesridhar@gmail.com, sridhar@isac.gov.in **;** **Phone:** 91-80-25084451; **Fax:** 91-80-25084475.