Peaceful coexistence? Library-delivered e-textbooks and traditional student purchases: findings from a series of trials during 2009–10

During the 2009-10 academic year, eight textbook publishers, three aggregators and ten UK higher education institutions came together in a series of trials to help inform future pricing models for library-delivered e-textbooks to students. Funded by JISC Collections and co-ordinated by Content Complete Ltd, the trials were designed to help identify the drivers and resistors to making core and adopted e-textbooks available to higher education libraries. For publishers, access to their content via libraries is a risk given that the dominant business model is one of student purchase. For libraries, finding funds to purchase this content has always been difficult, given the protection afforded the serials budget. What sort of compromises might be possible to meet the needs of both parties? This paper reports on the trials themselves and the key issues that emerged for the principal stakeholders

PAUL HARWOOD
Deputy CEO
JISC Collections

Since 2006, JISC Collections has sought to take a leadership role in the discussions about licensing e-books in UK higher education (HE). Arguably, its most notable contribution to date has been the national e-books observatory project[1].

A consistent theme throughout the various projects and initiatives has been the frustration expressed by librarians regarding the absence of core e-textbooks, regularly demanded by students, from the collections offered by publishers and aggregators.

In autumn 2008, JISC Collections engaged Content Complete Ltd and OnlyConnect Consultancy to prepare a landscape report on the current status of the HE textbook market in the UK.[2] Part of this report outlined the feasibility of undertaking a series of trials involving a selection of textbook publishers, aggregators and UK higher education institutions (HEIs), using, wherever possible, 'adopted' or core e-textbooks.

The overall objectives of the trials were:

- to analyze the economics of a selection of business models for e-textbooks in terms of impact on publisher print sales/revenue and library budgets
- to assess the management of a selection of business models for e-textbooks in terms of administrative burden and ease of implementation
- to make recommendations about business models for e-textbooks following the trials, that are sustainable both in terms of profitability for publishers and value for money for libraries.

Lurking beneath these issues and objectives is the fact that the dominant business model for content of this kind in UK HE is based on student purchase, and publishers need to think carefully about how offering e-access via the library can co-exist or complement the traditional student-purchase model.

The trials brought together eight textbook publishers:

- Cambridge University Press
- Cengage Learning
- McGraw-Hill
- Oxford University Press
- Palgrave Macmillan
- Pearson Education
- SAGE
- Wiley-Blackwell,

ten UK higher education institutions:

- University of Northampton
- UCL
- University of Bath
- University of Birmingham
- University of Greenwich
- University of Leicester
- University of Newcastle Upon Tyne
- University of St Andrews
- University of Surrey
- University of the West of England

and three aggregators:

- Dawsonera
- EBL
- MyiLibrary.

The trials commenced in September 2009 and concluded in May 2010. A total of 17 e-textbooks were made available by the participating publishers.

Overall findings

Participating libraries, aggregators and publishers were asked to provide the following data at commencement and during the trials themselves:

- historic sales information (publisher)
- library circulation data (library)
- library acquisitions of editions of books featuring in the trials (libraries)
- usage data of the e-versions used in the trials (aggregators)
- at the commencement of the trials, participating publishers were asked to create a theoretical price that each library would be expected to pay for e-access to the relevant textbook outside of the trials. These prices/models would be reviewed at the end of the trials, based on the various data elements collected. No charges were made by publishers for access to the e-textbooks throughout the duration of the trials.

With a few notable exceptions, the data analysis failed to provide firm evidence that would help participants resolve the core issues and objectives that were advanced at the outset. One reason put forward by the librarians involved was that one year was simply not a long enough period to test usage and behaviour, whilst others reconfirmed that students will follow exactly what their lecturer tells them to do and that if a given lecturer is not yet convinced about the pedagogic or other value of e-books, they will not recommend their use. Librarians also stated that e-books are still relatively new for students and that the scale is small. A further three to five years is likely to elapse before a critical mass of content is achieved and even then, there is no certainty that the technical developments, like linking and standardization across platforms so prevalent in the world of online journals, will have come to fruition.

Despite the absence of clearly defined trends that would enable the participants to draw valid conclusions in many areas, there was evidence in two of the trials of the 'lethal combination' that might spell a drop-off in student sales for publishers. In one of the trials where the author of the book in question was also the lecturer at the institution, usage was amongst the highest of all the books in the trials and sales to students showed a corresponding decline. A similar situation occurred in one of the other trials which involved a custom book, authored by the lecturer at the institution. Where library staff engage effectively with teaching staff about the availability of an e-book delivered via the library and, if the lecturer is also an author or co-author of the book, student sales made by publishers are likely to decline markedly.

The views of students

Librarians at participating HEIs helped with the creation and dissemination of a survey to students regarding their use of the e-textbooks made available in the trials. The level of response was low and therefore caution should be exercised when considering and drawing conclusions from the responses below.

The overwhelming qualitative feedback was that printed textbooks remain a necessity, particularly for annotating and marking text (although a number of publishers do offer this facility in their e-versions). Their feedback also suggested that students use the print and e-versions in different ways and with different objectives in mind.

Those students who did use the library-delivered e-book did so for relatively short periods of time and seemingly encountered few problems in navigating around the book. Surprisingly, a number of comments from students related to the discomfort issues of reading e-books for prolonged periods of time, which surprised participating publishers.

Participating librarians commented on the student feedback and remarked that student behaviour will to some extent be determined by the subject they are studying: some subjects have very few core textbooks associated with them and in these cases, students tend to purchase their own print copy. Where a subject has a much broader reading list, however, students will not be in a position to purchase them all, and will look instead to the library to meet their needs.

Publishers and pricing

As described, participating publishers were invited to put forward a theoretical price or pricing model at the outset of the trials and the list below summarizes the main approaches adopted:

- list price of the textbook less a discount for e-only, multiplied by course student numbers, less a discount based on the size of enrolments
- list price of the textbook multiplied by the number of print copies the library would generally acquire
- a combination of numbers of print sales and library loans, and applying a 'banding' based on numbers of students
- list price of the textbook multiplied by 50% of course student numbers, less an overall discount (e.g. 20%)
- list price of the textbook multiplied by numbers of course students, plus a % premium
- a simple fixed fee (e.g. £10) multiplied by numbers of course students
- pricing based on a mix of numbers of course students and the general size of the institution
- numbers of course students multiplied by the list price of the textbook, and applying 65% to the result.

In the post-trials meetings, the issue of pricing was revisited and although the variable nature of the data from the trials precluded publishers from applying an evidence-based approach to possible revised pricing models, a lively discussion ensued, which picked up on a number of pricing-related themes:

- generally, publishers were uncomfortable with pricing models that allowed for unlimited access across a university
- there was relatively little interest generally from publishers in models that allowed for access to just chapters or parts of books
- if libraries simply wished to provide e-textbooks as a safety net for students, then simple flat PDFs might be sufficient, rather than a range of additional functionality.
- rather than just setting a price for one book, libraries could purchase a bulk number of 'credits' that could be used against any title offered by a publisher
- the issue was raised that perhaps publishers could set a price for offering access to core textbooks only at a small number of peak periods in the year, to enable libraries to meet students' demands (e.g. at revision times). There was only a lukewarm response from publishers for such a model. It was pointed out that EBL and Dawson Books do already offer short-term lending
- could textbooks be treated by librarians as serials (by their nature as annual requirements) and therefore be covered by the serials budgets?

Potential pricing models for library-delivered e-textbooks

Based on the findings from the trials, both in terms of the data and feedback from participants, the following were considered by the report's authors as potential pricing models for e-textbooks. In the main, they are models in which the library plays a major, or increasingly higher, role in providing e- textbooks for students. Students would still have the option to buy print versions, varying by the extent of provision by the library and personal choice:

Enrolment model: the basis of the model is the number of students enrolled on the relevant course, multiplied by the price of the print version of the textbook, with discounts relating to the scale of enrolment and the extent of conversion to the digital version. Pricing to vary depending on the extent of limited concurrent user access.

Safety net model: as enrolment model, but with the option by the library to extend access rapidly if required at key times of the year, based on a known pricing multiplier, to cover those peak demand periods. (The format of the book could, for example, be flat PDF files as opposed to a more enhanced version.)

Multi-title historical spend model: pricing based on the current expenditure by the library on print versions of a set of required textbook titles from a publisher, with an agreed price mark-up. Students continue to purchase own print versions if required. Option for 'extra' copies of the titles to be purchased at an agreed price if usage reaches an agreed level. Limited concurrent access basis.

'Textbook choice' model: a model based on the library paying an agreed upfront amount that allows for users to access content within a range of different e-textbooks from a publisher, with each session drawing on the pre-paid deposit.

Institutional e-book loans: loans of e-books or e-book chapters to institutions or students. Of possible concern for libraries here are the potential administrative overheads in managing the loan arrangements and setting up and removing access at the appropriate times and in the various places where students will expect to find the content.

Alternatively, there may be opportunities for institutions (universities themselves or library consortia), to provide support to students in provision of digital textbooks content, particularly where expectations by students are increasingly that universities should provide access, and if student fees increase significantly. For example, a consortium could seek to negotiate with suppliers (aggregators or publishers themselves) preferential pricing for digital downloads (e.g. full textbooks or chapters) for its students, based on the numbers of students across the member institutions of a consortium. The ability to obtain the discount is in return for the potential sales by suppliers to many thousands of students. A possible variation to such a model could be some level of funding provided to the supplier by the consortium, in return for greater discounts.

A further variation of this might be where faculties and departments at universities increasingly strike agreements with publishers for their students, both in respect of textbook delivery for students via mobile devices and also for the growing number of web-based integrated content/ learning management systems. The position of the library might at that point be that they see no role for them in student textbook provision.

The viability of large-scale library provision of e-textbooks

Library funding is the key issue in considering the potential for library provision of e-textbooks. The current textbook model is based almost wholly on student purchases and therefore any move to switch to e-textbooks, provided by libraries, would require a massive increase in library funding, bearing in mind that the current scale of student purchasing in the UK amounts to some £220m a year. This problem has now been magnified as a result of the economic recession. The HE sector is required to achieve savings of £200 million as part of the Department for Business, Innovation and Skills' share of the government's £6.2 billion of in-year savings in 2010–11 across government. Budgets of university libraries will undoubtedly be cut as part of this exercise.

Looking ahead, librarians participating in the trials reported that money for e-textbooks would simply not be available and certainly not at the levels proposed by most of the publishers in their theoretical pricing models.

There would appear to be almost no possibilities, therefore, of libraries taking on the additional financial commitment to provide e-textbooks in the near future and a number of publishers see little opportunity for library involvement in this area.

It should be borne in mind that the impending increase in student fees resulting from Lord Browne's independent review of student funding may lead to pressure being put on libraries to provide access to e-textbooks. One librarian commented, however, that any extra income received by its university from increased fees would almost certainly be spent on laboratories and equipment and not textbooks for students.

Some publishers recognize that the current model will begin to change as new developments in the delivery of digital textbook and course content evolve further. Institutions may increasingly become the purchasers of services and platforms that provide a combination of learning management tools and course content, and suitable business models will be needed that address the provisions of publishers' textbook content in such services.

Developments in digital course material and learning management systems

Textbook publishers are actively involved in developing and launching services based on the provision of digital textbook content, both for students and teaching staff. The increasing adoption of these new services may result in the longer term in the decline of print textbooks as they are currently known.

In May 2010, Outsell Inc published a report on *The Future of the Textbook Marketplace*[3], which gives a very useful analysis of these developments, the publishers and suppliers involved and Outsell's views on the timing of the adoption of digital services. In Outsell's opinion, by 2020 the textbook market will be nearly unrecognizable from the way it looks today, but they also indicate that that there is a long way to go before they displace long-established print offerings. In December 2008, for example, Outsell found that 87% of information end-users (across a variety of markets) preferred to access textbook content in print rather than electronic formats. This matches the findings from these trials based on the limited student feedback which was obtained.

Outsell reports that change has been, and will continue to be, relatively slow in this market because of factors such as 'the inherent conservatism of educators and the relatively low degree of centralised purchasing.' The company estimates that the digital textbook market will grow at around 25% compound annual growth rate to 2012, while the print textbook market will decline by 1% over this period.

One indicator that Outsell states may be useful in predicting the way in which digital textbook offerings may evolve is the increasing importance of proprietary publisher offerings such as WileyPLUS, Pearson's MyLab series, and McGraw-Hill Connect. For example, Pearson's MyLab series of text-specific online products accompanies Pearson Education textbooks for a variety of courses. Each MyLab product provides a set of course materials to accompany the textbook, along with course-management tools (powered by CourseCompass) so that educators can customize their online courses. Pearson provides students with pre-paid access when they purchase a new, participating textbook. A further challenge could come from proprietary teaching and learning environments such as WileyPLUS, which could come to replace e-textbooks that simply mirror a print edition.

Conclusions

Whilst the trials failed to produce the sort of evidence required to help publishers (and librarians) advance the case of affordable library-delivered e-textbooks, they did provide a useful focus for the principal players to debate some of the key drivers and resistors in the process.

How rapidly and to what extent some of the changes described by Outsell happen (and to what extent they happen in the UK compared with North America, which is a very different market) and how quickly fee-paying students start to exert their rights as customers and put greater pressure on university libraries to deliver course textbooks will clearly both be key to how this market develops over the next three to five years.

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Paul Harwood
Deputy CEO, JISC Collections
Unit 7, North Leigh Business Park
North Leigh, Oxfordhire OX29 6SW, UK
Tel: +44 (0)1993 880044
E-mail: p.harwood@jisc-collections.ac.uk

The DOI for this article is 10.1629/2443. Click here to access via DOI:
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