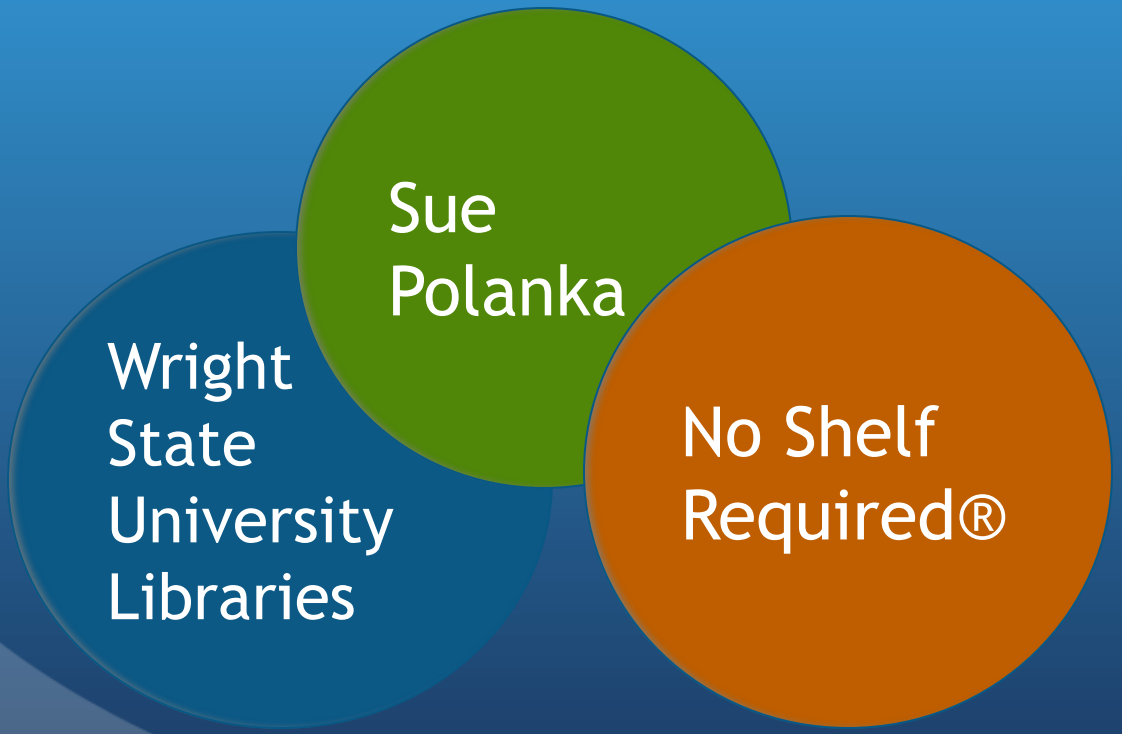
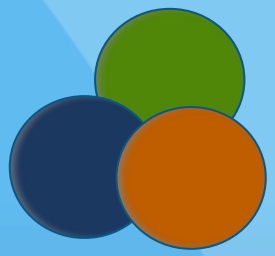
21st Century Publishing and the Impact of the eBook

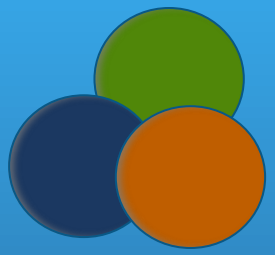
@noshelfrequired



Items for discussion



- Industry and Library Data
- Distribution paths, pricing, business models
- Academic Publishers – challenges
- Trade Publishers - challenges
- What to expect



Industry Statistics

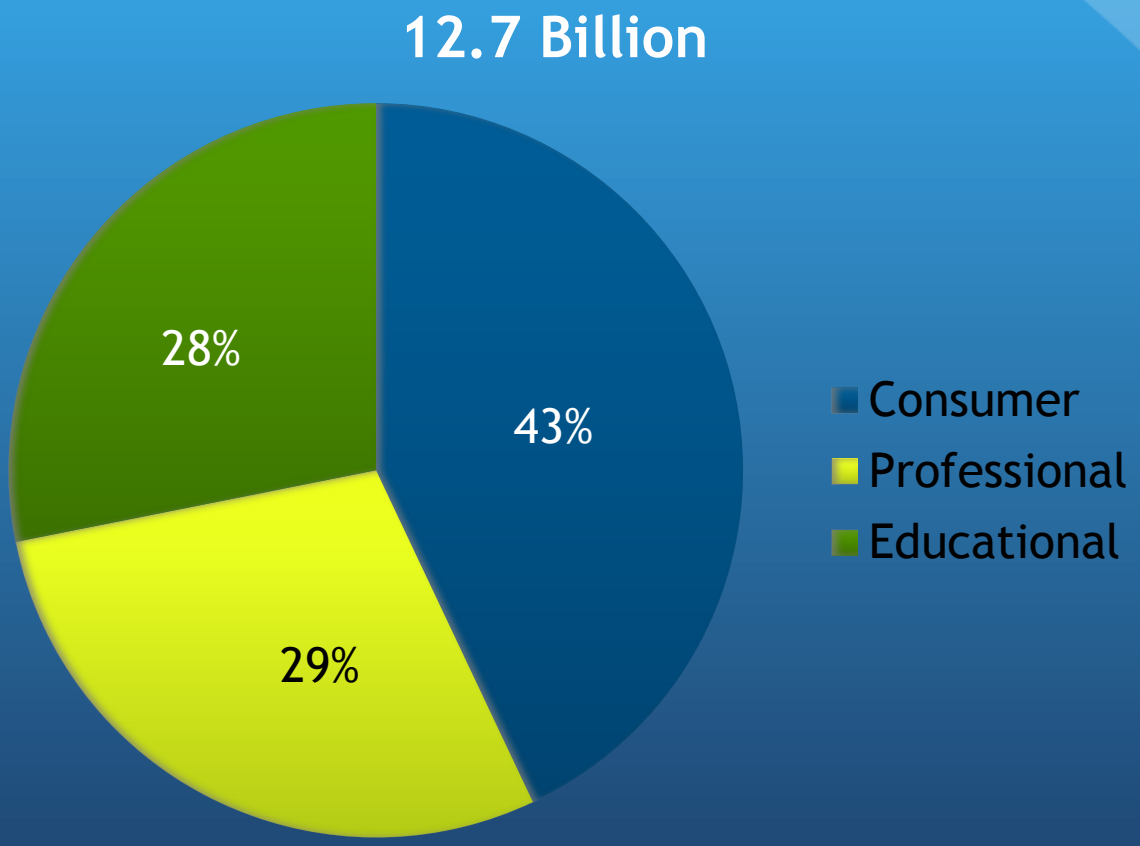
Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

12.7 Billion

Estimated worldwide eBook market sales for 2013

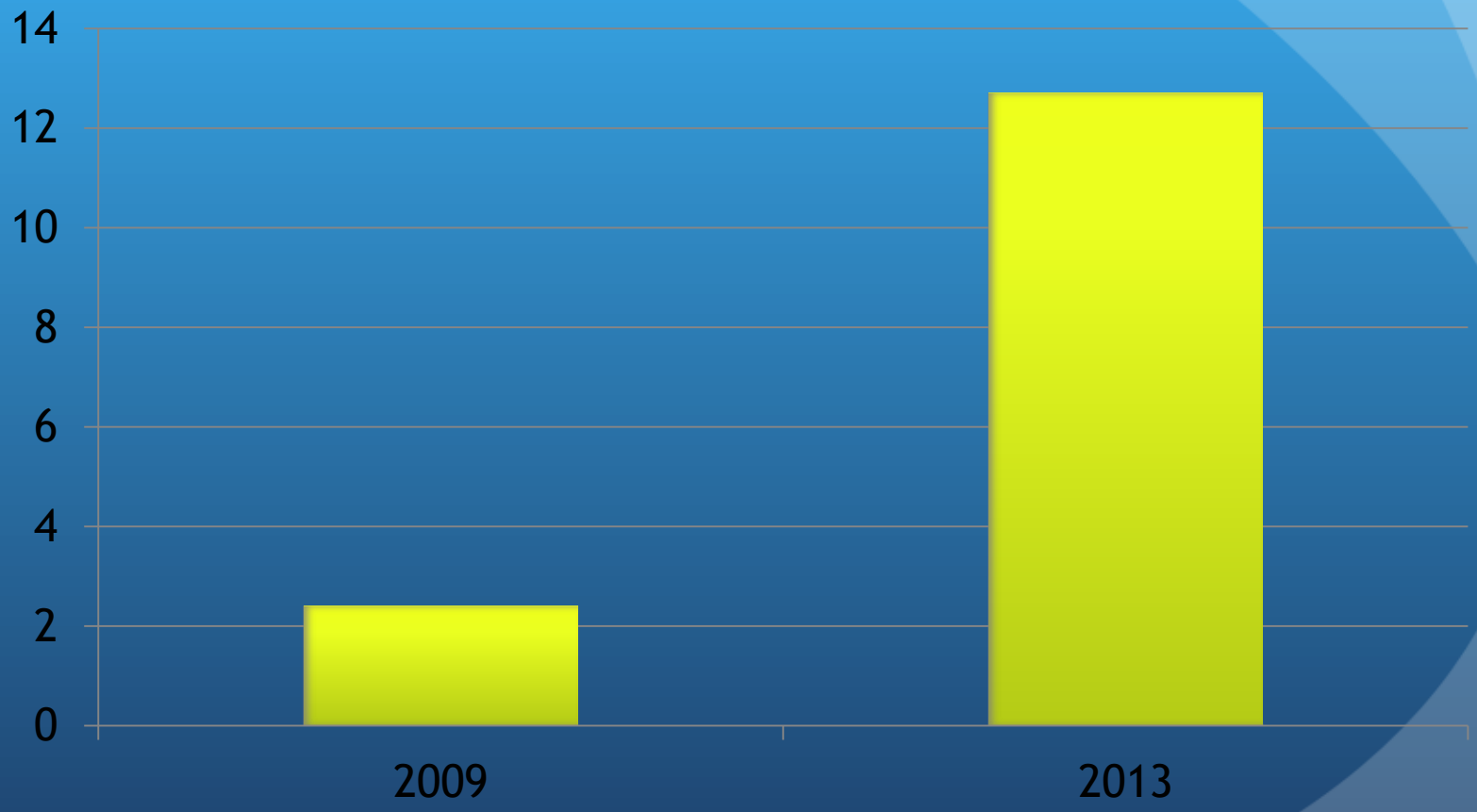
Source: Outsell Report, 2013

2013 Worldwide eBook Market



Source: Outsell Report, 2013

Worldwide eBook Sales Growth



Source: Outsell Report, 2013

Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

23% of executives said that digital sales have already overtaken print sales at their companies

Source: Forrester Research Report, 2012

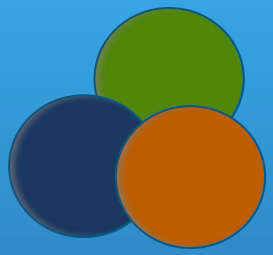
28% of executives think their company will be better off because of the transition to digital

Source: Forrester Research Report, 2012

51% last year

28% of executives think their company will be better off because of the transition to digital

Source: Forrester Research Report, 2012



Library Data

Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

23% of Americans age 16 and older who read ebooks

Source: Pew Internet, 2012

Up from 16%

23% of Americans age 16 and older who read ebooks

Source: Pew Internet, 2012

31% of Americans age 16 and older are aware libraries offer ebook loans

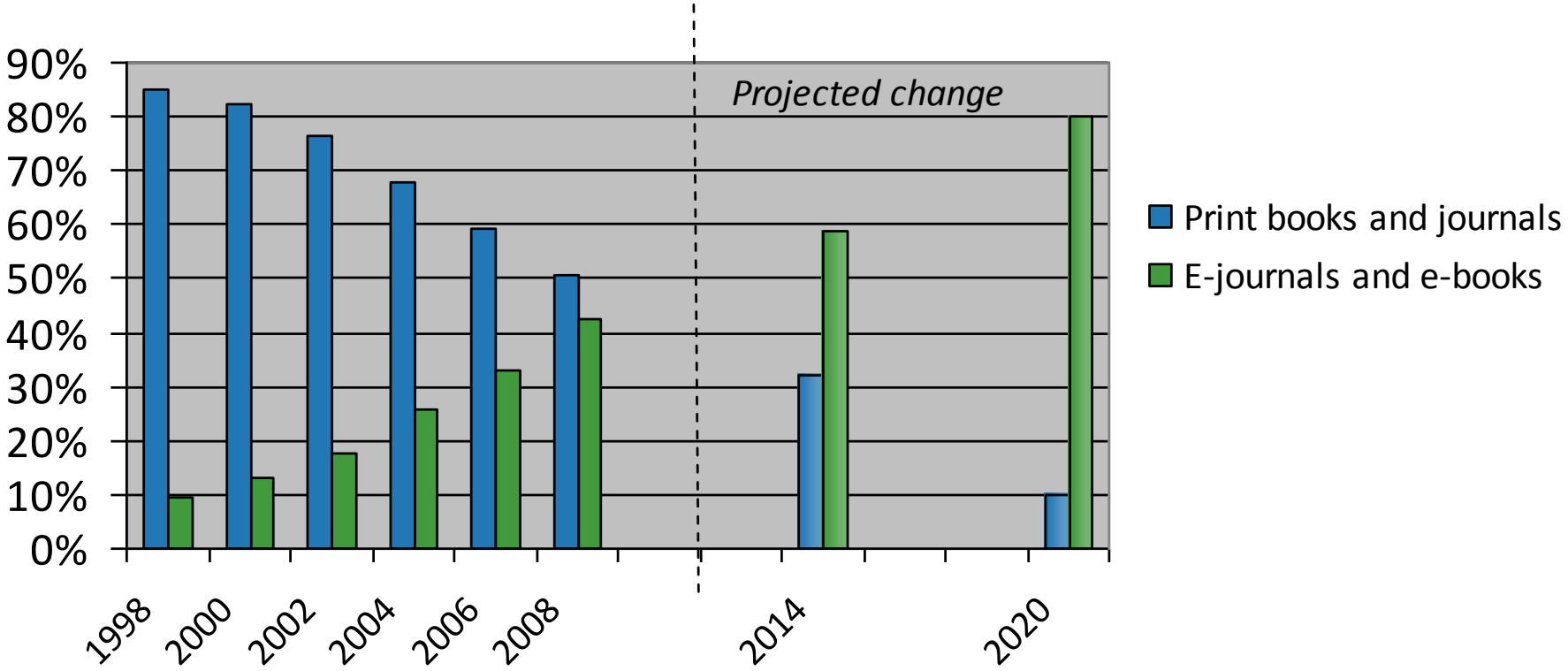
Source: Pew Internet, 2012

Up from 24%

31% of Americans age 16 and older are aware libraries offer ebook loans

Source: Pew Internet, 2012

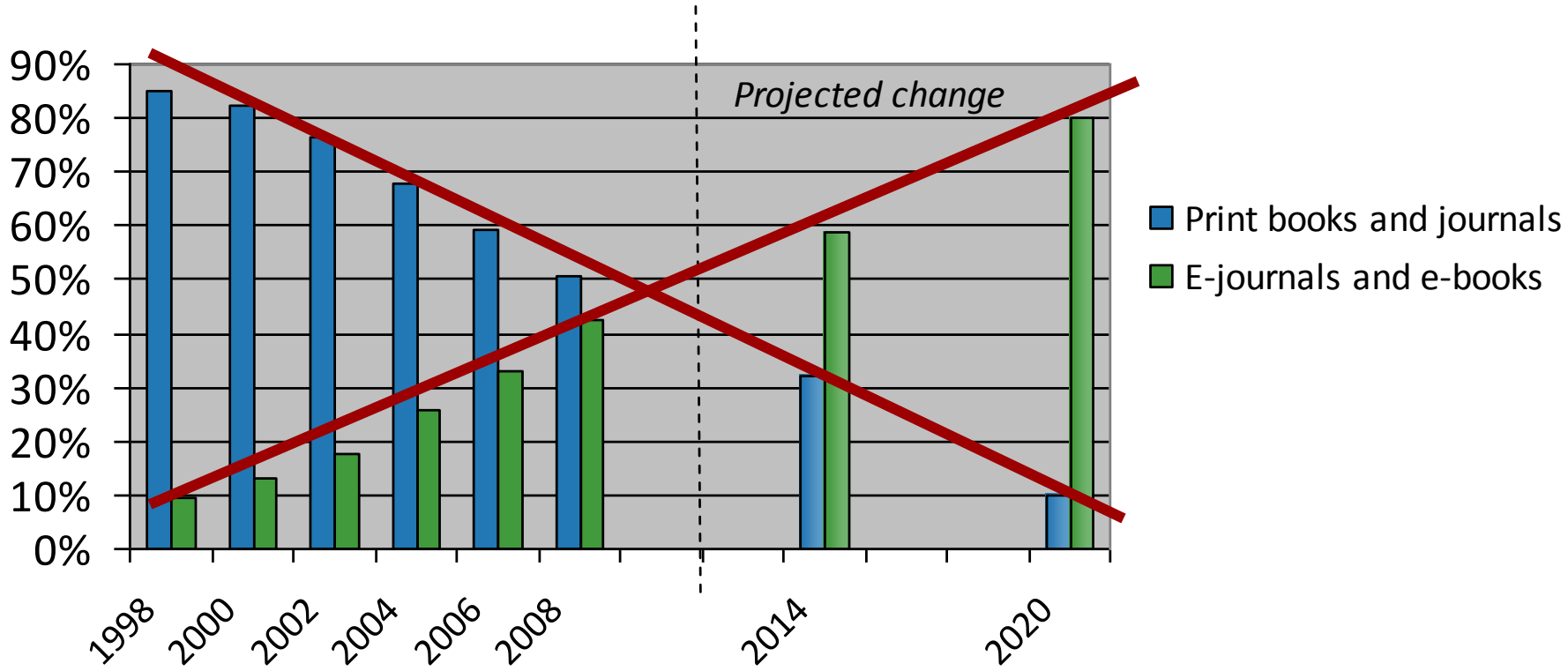
Academic Library Expenditures on Purchased and Licensed Content



Source: US Dept. of Education, NCES, Academic Libraries Survey, 1998-2008

Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

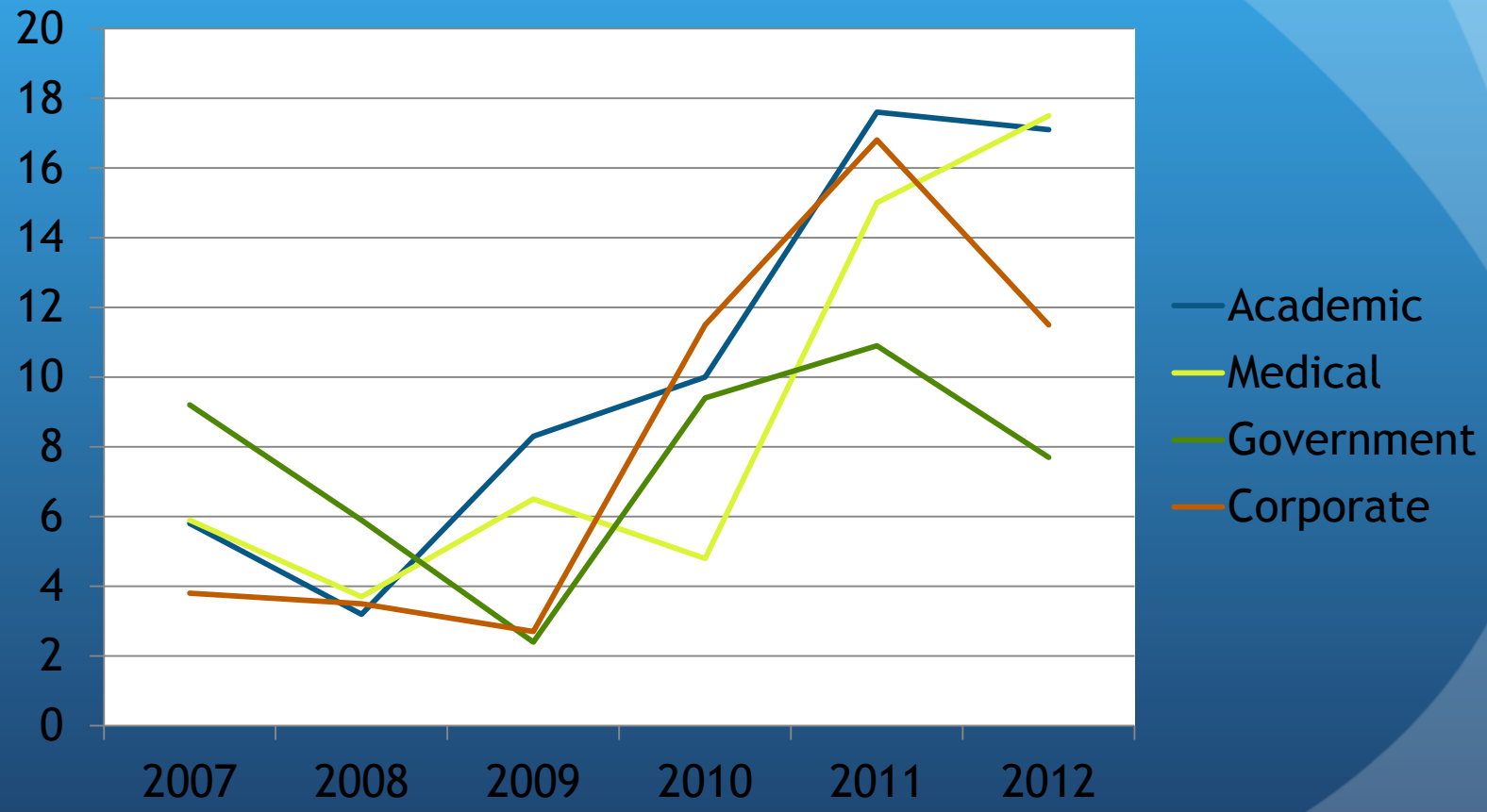
Academic Library Expenditures on Purchased and Licensed Content



Source: US Dept. of Education, NCES, Academic Libraries Survey, 1998-2008

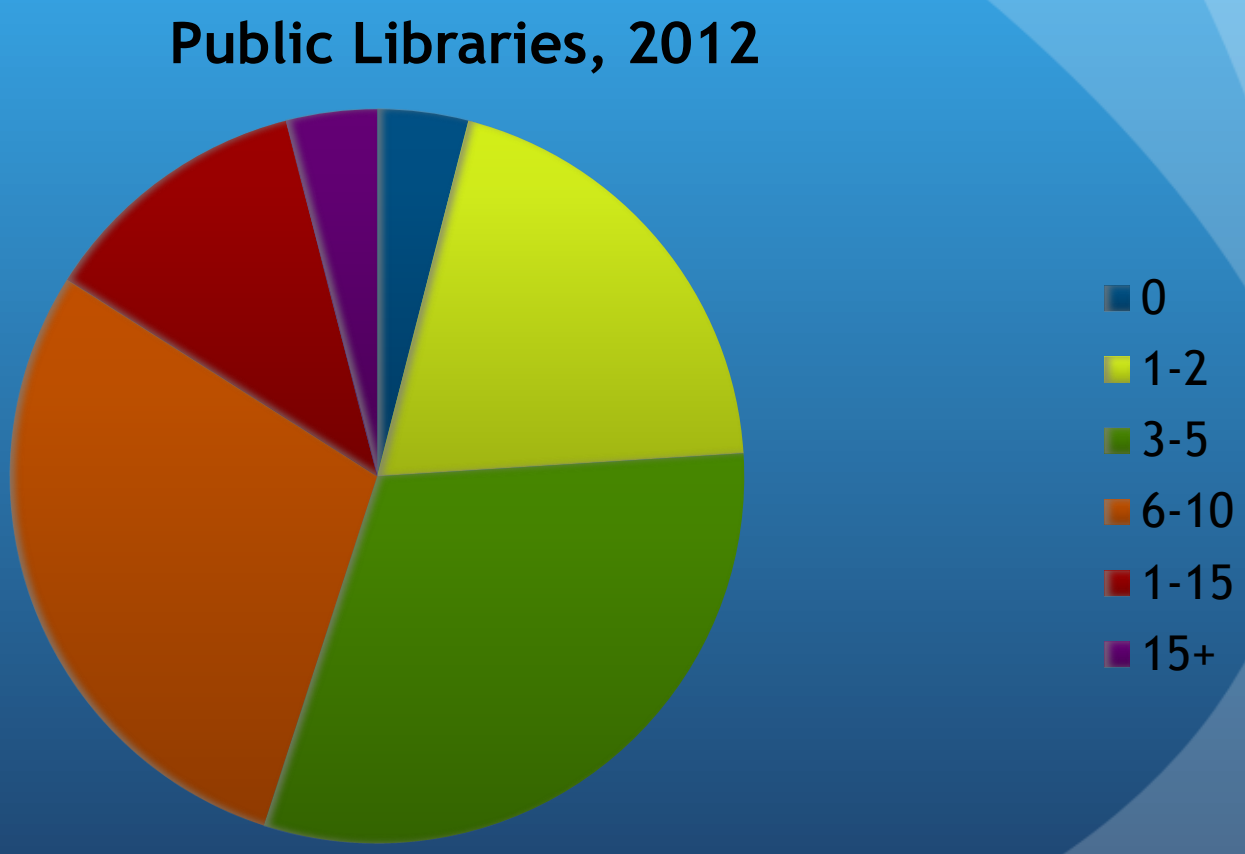
Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

% book budget spent on eBooks



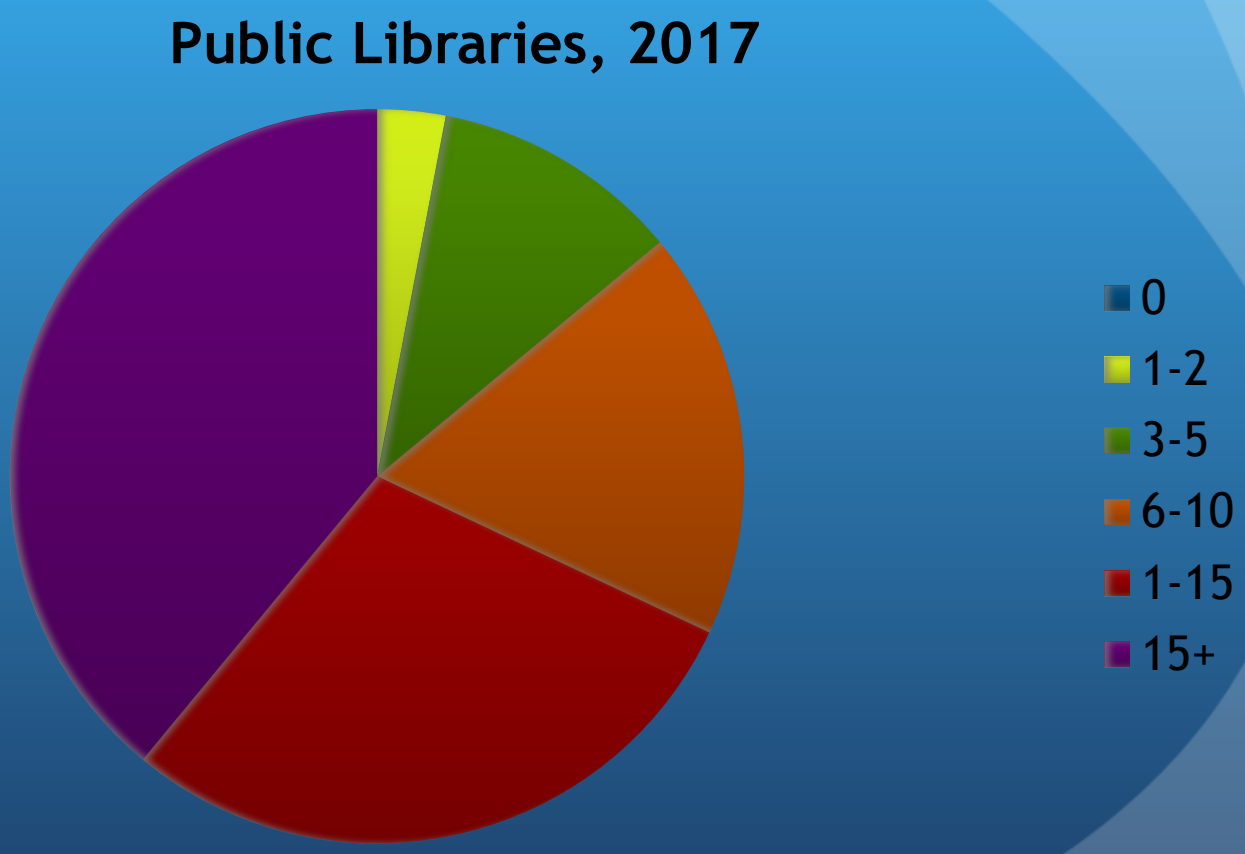
Source: Publishers communication Group, Library Budget survey, 2013

% book budget spent on ebooks



Source: Library Journal 2012 Survey of eBook Usage in Public Libraries

% book budget spent on ebooks



Source: Library Journal 2012 Survey of eBook Usage in Public Libraries

Library Services in the Digital Age

Pew Internet Research Study, 1/22/2013

- Three most popular services according to library staff are:
  - Classes on e-borrowing
  - Classes on handheld reading devices
  - Online ask a librarian service

Public Priorities for Libraries

Pew Internet Research Study, 1/22/2013

Libraries should “definitely do” this

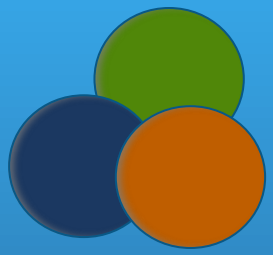
85% - coordinate more closely with local schools
82% - free literacy programs to help young children
59% - comfortable spaces for reading, working, relaxing
53% - offer a broader selection of e-books

Black and Hispanic Communities

Pew Internet Research Study, 1/22/2013

Are more likely to use these services:

- Cell app
- Ask a librarian service
- Service to test new technology and devices
- Classes on downloading e-books
- Kiosks/red boxes
- Media lab to create e-books, movies
- Borrow loaded e-book readers
- GPS app to locate materials
- Classes on e-readers
- Customized online recommendations



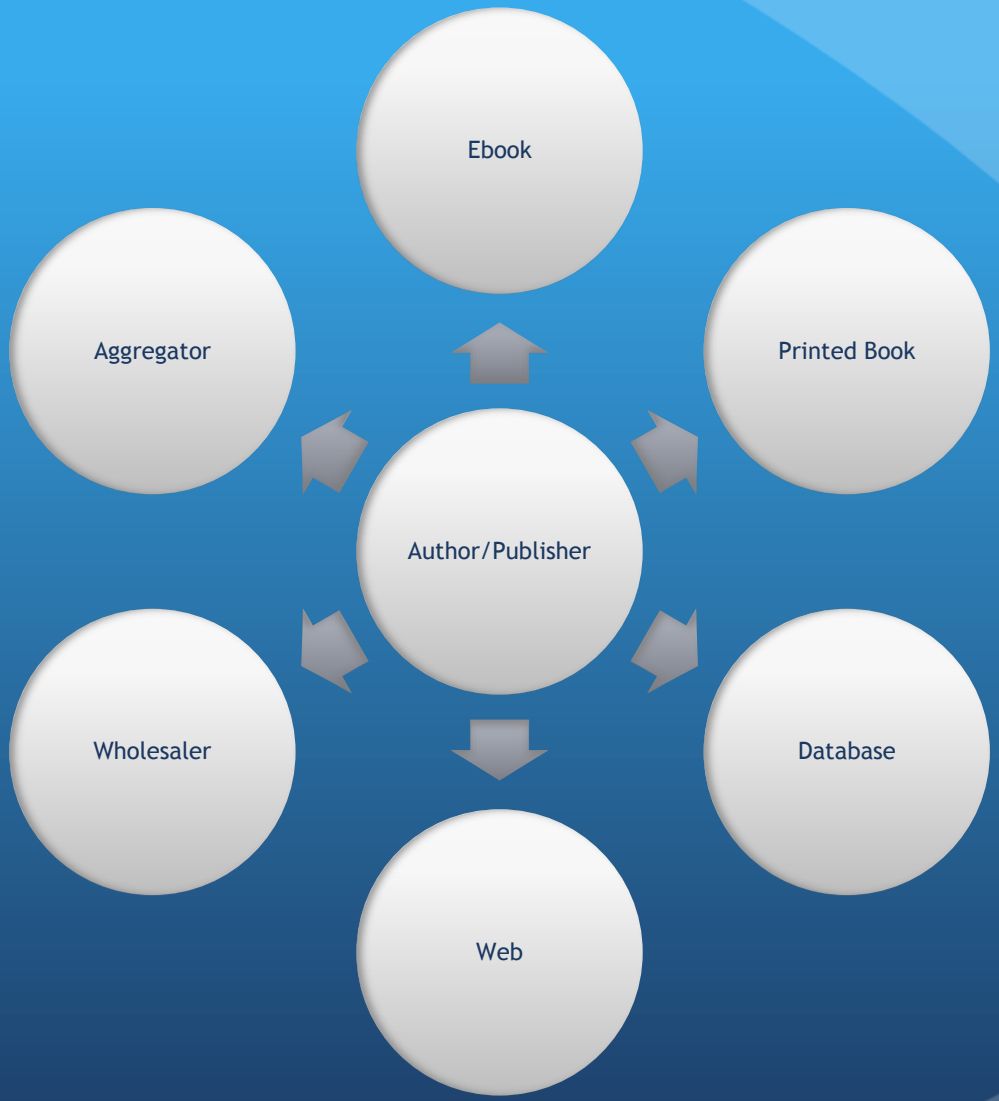
Distribution Paths, Pricing & Business Models

Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

Old Path to Readers

Adapted from Niko Pfund, OUP, SOCHE Conference, May 2012

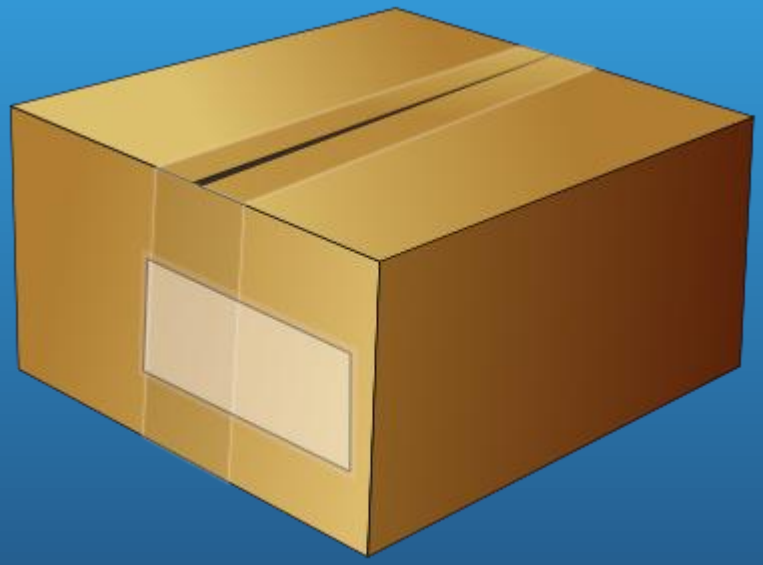
New Path to Readers



Adapted from Niko Pfund, OUP, SOCHE Conference, May 2012

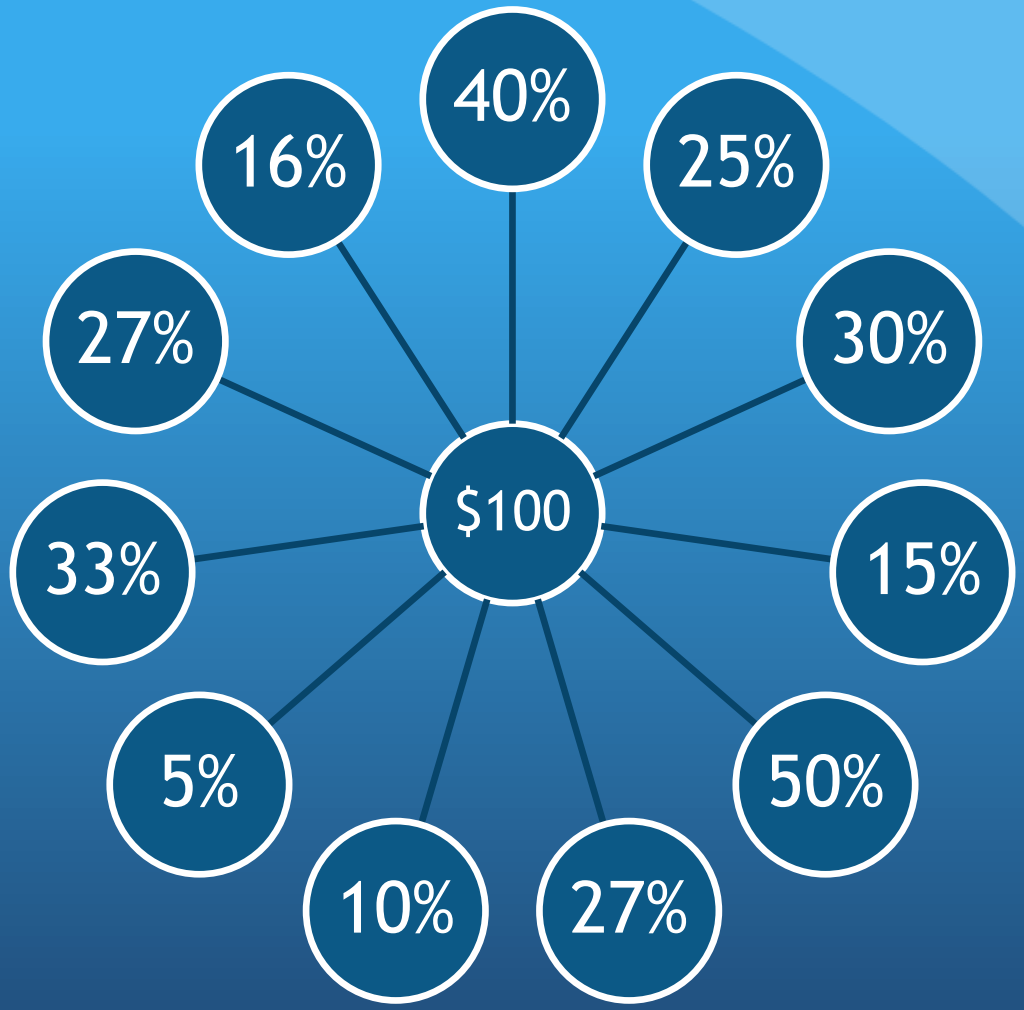
New Path to eBook Reader

Static pricing was easy



List Price = $100
20% discount for libraries and bookstores

Elastic pricing is not


40%
16%
25%
27%
30%
$100
33%
15%
5%
50%
10%
27%

$100 book revenue then and now

1500 x $100 = $150,000

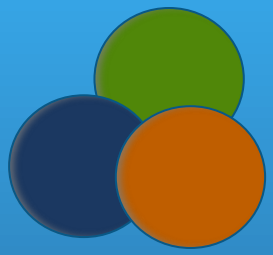
- 20% discount

= $120,000

1500 x $100 = $150,000

- 300 copies at 20% ($24,000)
- 70 copies at 10% ($6,300)
- 300 copies at 40% ($18,000)
- 140 copies at 15% ($11,900)
- 90 copies at 25% ($6,750)
- 600 copies at 35% ($39,000)

= $105,920



Academic Publishers

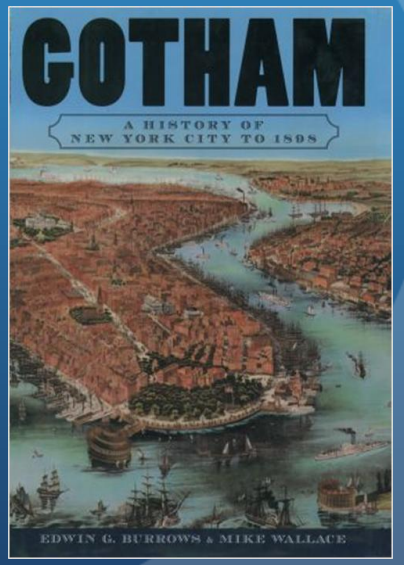
Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

Adjustments Made for E

- XML Conversion
- eRights
- Determine print run (lower runs, higher costs)
- Implement technology to self-host or license content to aggregators
- Partner with new distributors

Efficiencies Gained with E

- eDistribution more cost effective
- No returns with ebooks = no storage
- Discounts are lower than print (academic)
- New publishing models activate old books
  - OUP case study
  - Gotham, 1998



Academic Market Challenges

- Build platform or aggregate content?
- Collections or title selection?
- Whole/one-time or part/short-term?
- Is the house in order?

Build or Aggregate Content?

- Build your own/host
  - Million dollar question
  - More control, more revenue
  - More expense – tech/people
  - Journal/book content platform
- Aggregate Content
  - Who do we partner with?
  - Discounts
  - Greater exposure?
  - Lose branding
  - Content lost in noise

What do your users need?

Collections or Titles?

- Collections
  - Publishers prefer
  - Easier to manage
  - Difficult to sell

- Title by Title
  - Transactional nightmare
  - Libraries prefer/demand
  - Lower cost, individuals purchase
  - Higher cost, higher decision

Whole/Once or Part/Short-term?

- Whole/Once
  - Publishers like to sell the whole
  - Easier to manage

- Part/Short-term
  - Transactional nightmare
  - $ .99 times 200 uses
  - Breaking book into chapters
  - Reach new user group

Flexibility is good for users

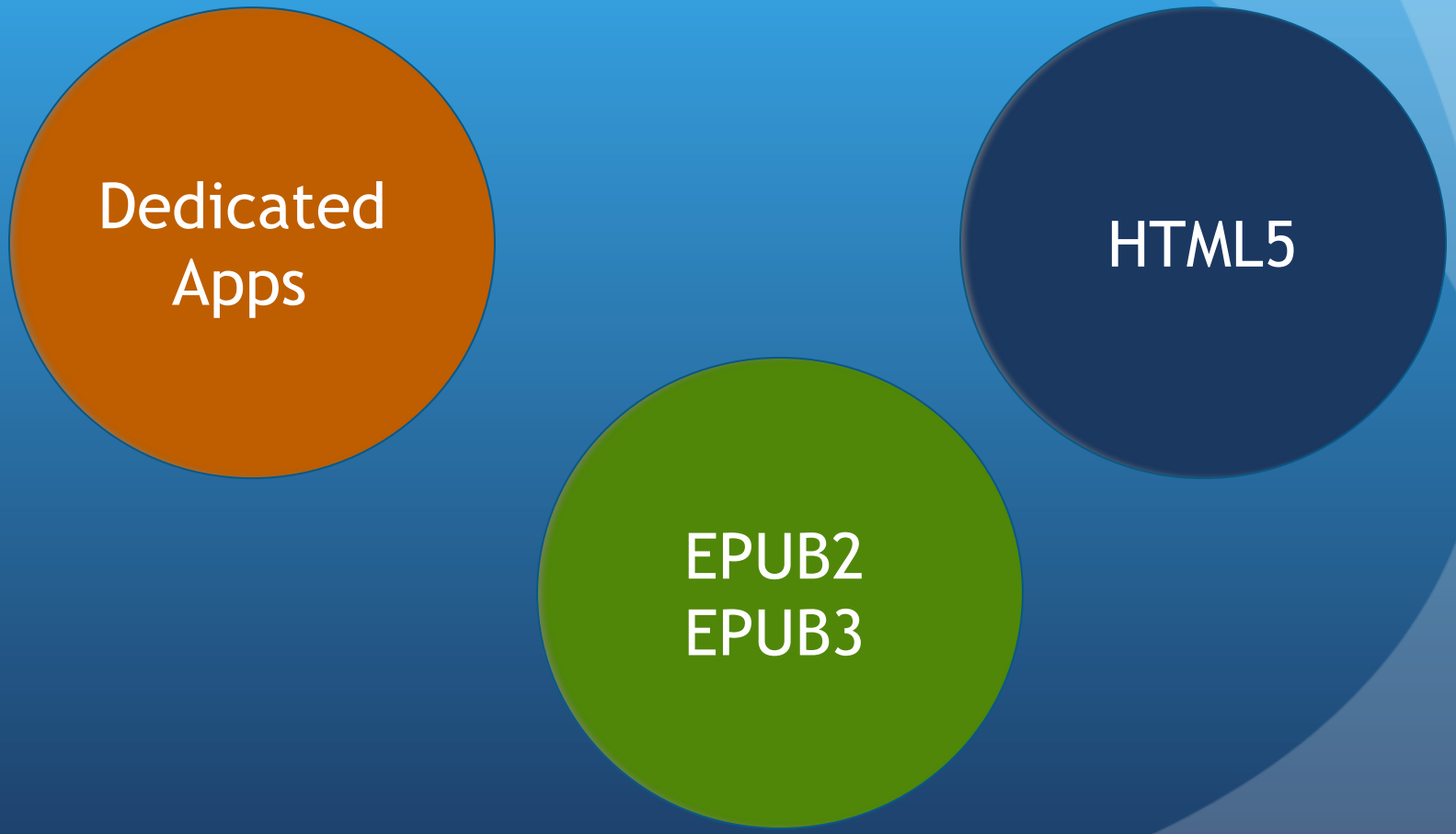
Is the (Publishing) House in Order?

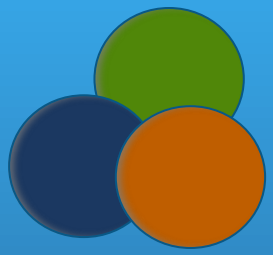
- Streamline
  - Print and electronic workflow
  - Technology in place
  - Variety of business models
  - Rich metadata
  - Capable of managing transactions
- Get 3rd party help
- Adapt

Trade Publisher Challenges

- Conversion to electronic
- Discovery
  - Brick and mortar gone
  - Online discovery (Amazon, Goodreads, Bookish)
  - Marketing, SEO, metadata
  - Customer purchasing data/trends
- Monetization
  - $9.99 was a wake-up call
  - Agency Pricing
  - Lawsuits
  - Wholesale model

Formats of the Future?





What's Next?

Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

Continued Rise in Self Publishing

kindle direct publishing

Xlibris
WRITE YOUR OWN SUCCESS

createspace

Lulu
Publish
eBooks

Smashwords™
your ebook. your way.

Lightning Source®

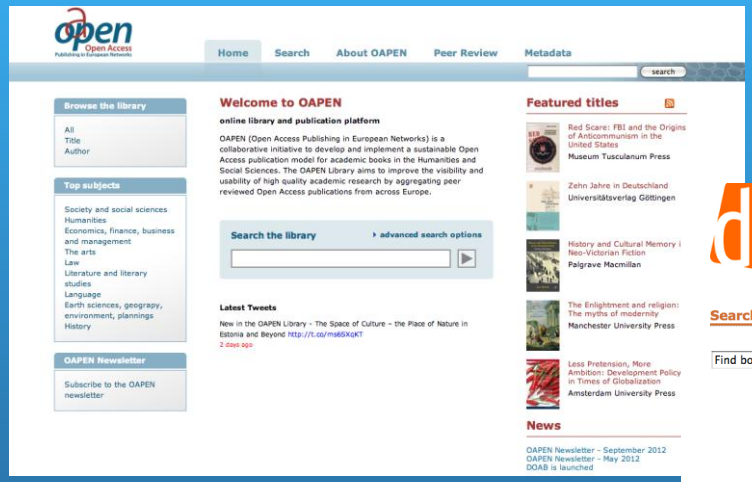
bibliolabs
preserving knowledge

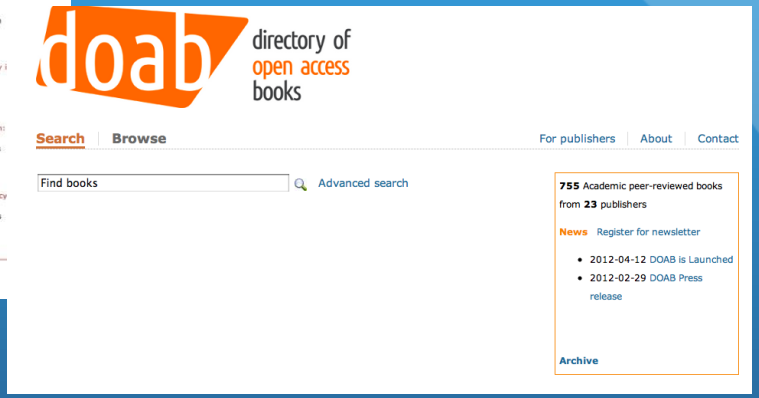
Tim O'Reilly on Self Publishing

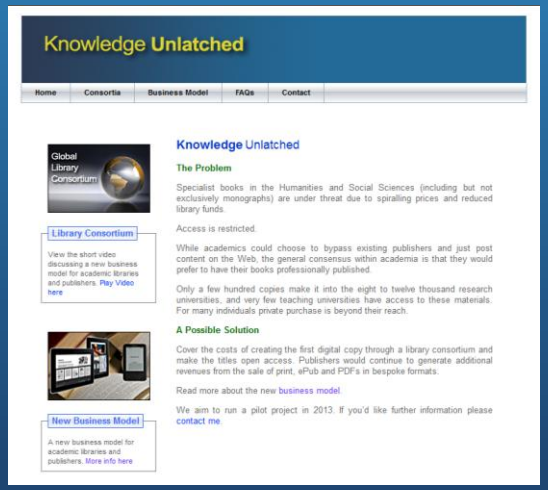
"There's no question in my mind that self-publishing is the wave of the future, with one big caveat: self-publishers will become publishers. You know, everybody sees the beginnings of a new democratization via technology. People take advantage of it, they get good at what they do, then they start to extend their services to others."

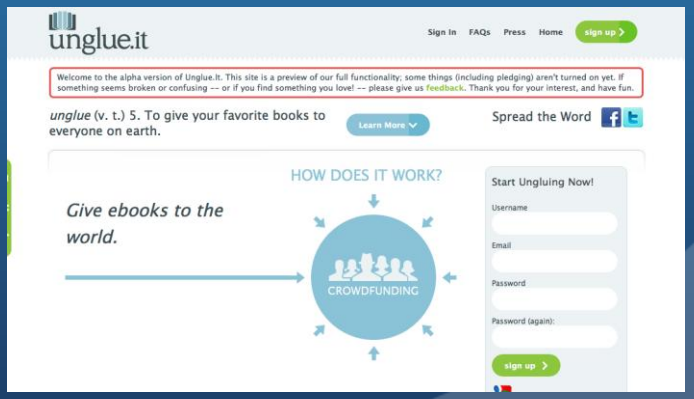
toc.oreilly.com/2013/03/tim-oreilly-toc-self-publishers-will-be-the-publishers-of-the-future.html

Rise in Open Access eBooks









Sue Polanka, WSU Libraries and No Shelf Required, March, 2013

Born Digital Publishers

- Identify new markets
- Think globally
- Sell direct
- Low pricing to build market share
- Identify new fields
- Small and lean staff

Source: Esposito, The Scholarly Kitchen

Publishing as a Function

- Barriers to book publishing have collapsed
- Google, Amazon, NBC, NYT, Libraries
- Everyone becomes a publisher
- Publishing strategies
- Reach our public with a common topic – publish it

Source: Shatzkin Files, 2013

What does it all mean?

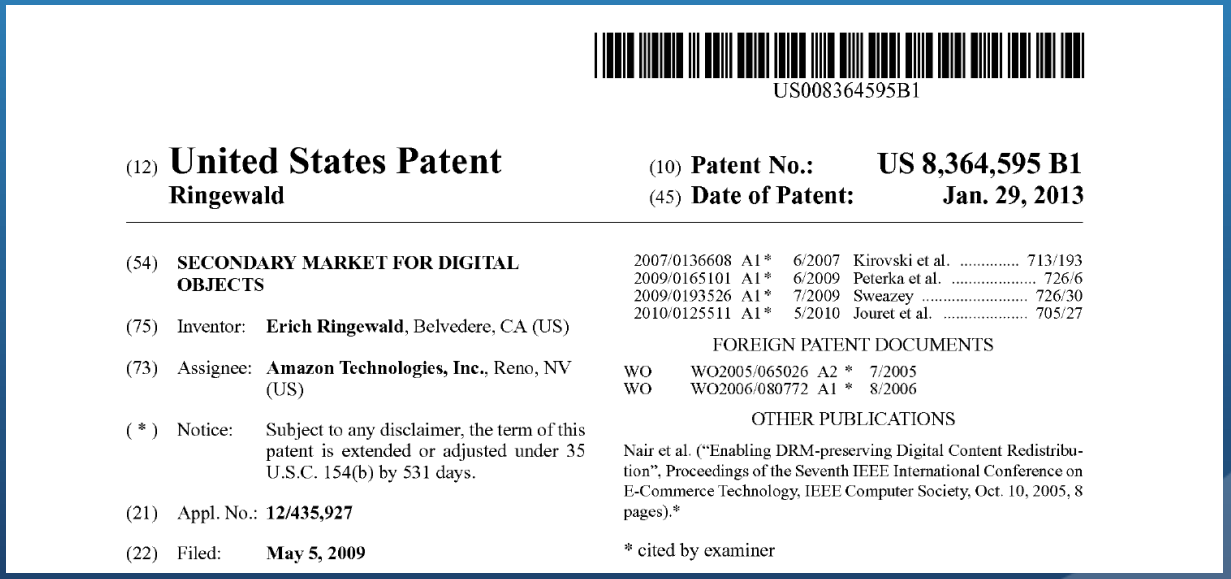
- Legacy players must adapt (libraries too)
- Consolidation will likely continue
- New, flexible players will innovate and fill void
- Experimentation will continue
- Libraries must become publishers (or assist users with publishing)
- Authors have greater control
- Amazon will continue to dominate

and the new elephant in the room is…

Used eBook Market

Used eBook Market

- Amazon patent issued
  - Secondary Market for Digital Objects
  - Centralized via Amazon



US008364595B1

(12) **United States Patent**
Ringewald

(10) **Patent No.: US 8,364,595 B1**
(45) **Date of Patent: Jan. 29, 2013**

(54) **SECONDARY MARKET FOR DIGITAL OBJECTS**

(75) Inventor: **Erich Ringewald**, Belvedere, CA (US)

(73) Assignee: **Amazon Technologies, Inc.**, Reno, NV (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 531 days.

(21) Appl. No.: **12/435,927**

(22) Filed: **May 5, 2009**

2007/0136608	A1*	6/2007	Kirovski et al.	713/193
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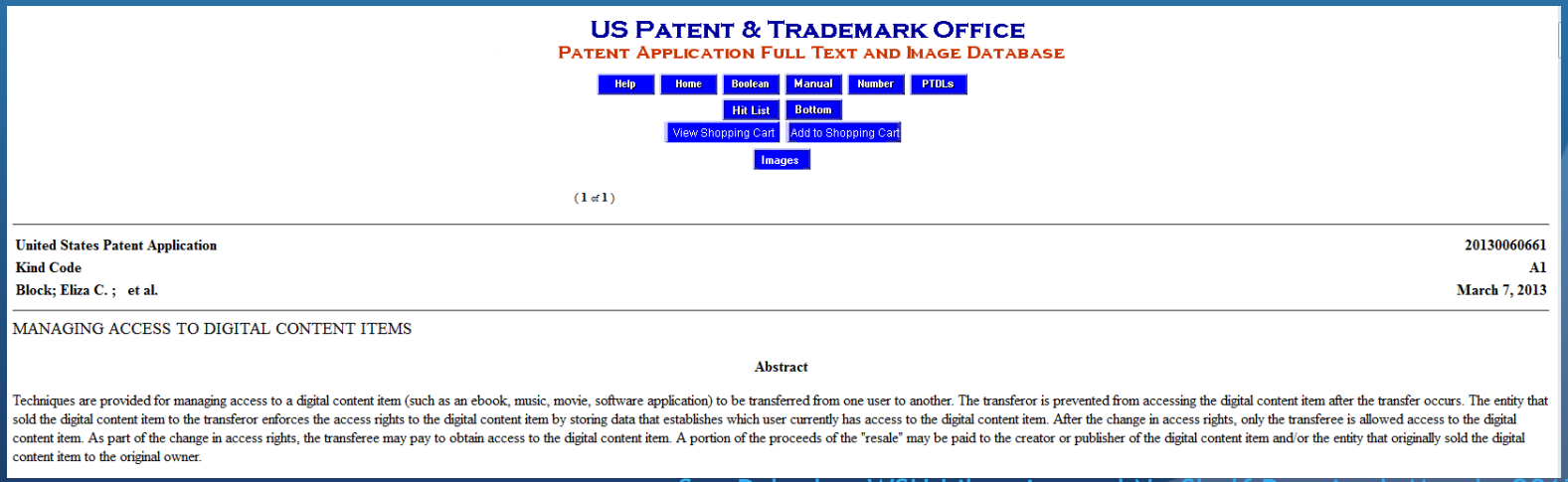
OTHER PUBLICATIONS

Nair et al. ("Enabling DRM-preserving Digital Content Redistribution", Proceedings of the Seventh IEEE International Conference on E-Commerce Technology, IEEE Computer Society, Oct. 10, 2005, 8 pages).*

* cited by examiner

Used eBook Market

- Apple patents in process
- Managing Access to Digital Content Systems
  - Resale/loan of digital content
  - Digital rights transferred
  - Distributed system, user's device manages



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PATENT APPLICATION FULL TEXT AND IMAGE DATABASE

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(1 of 1)

United States Patent Application 20130060661
Kind Code A1
Block; Eliza C. ; et al. March 7, 2013

MANAGING ACCESS TO DIGITAL CONTENT ITEMS

Abstract

Techniques are provided for managing access to a digital content item (such as an ebook, music, movie, software application) to be transferred from one user to another. The transferor is prevented from accessing the digital content item after the transfer occurs. The entity that sold the digital content item to the transferor enforces the access rights to the digital content item by storing data that establishes which user currently has access to the digital content item. After the change in access rights, only the transferee is allowed access to the digital content item. As part of the change in access rights, the transferee may pay to obtain access to the digital content item. A portion of the proceeds of the "resale" may be paid to the creator or publisher of the digital content item and/or the entity that originally sold the digital content item to the original owner.

A big thanks to:

- Emilie Delquie, Vice President, Publishers Communication Group
- Rolf Janke, Vice President and Publisher, SAGE Reference
- Niko Pfund, President, Oxford University Press

Resources Consulted

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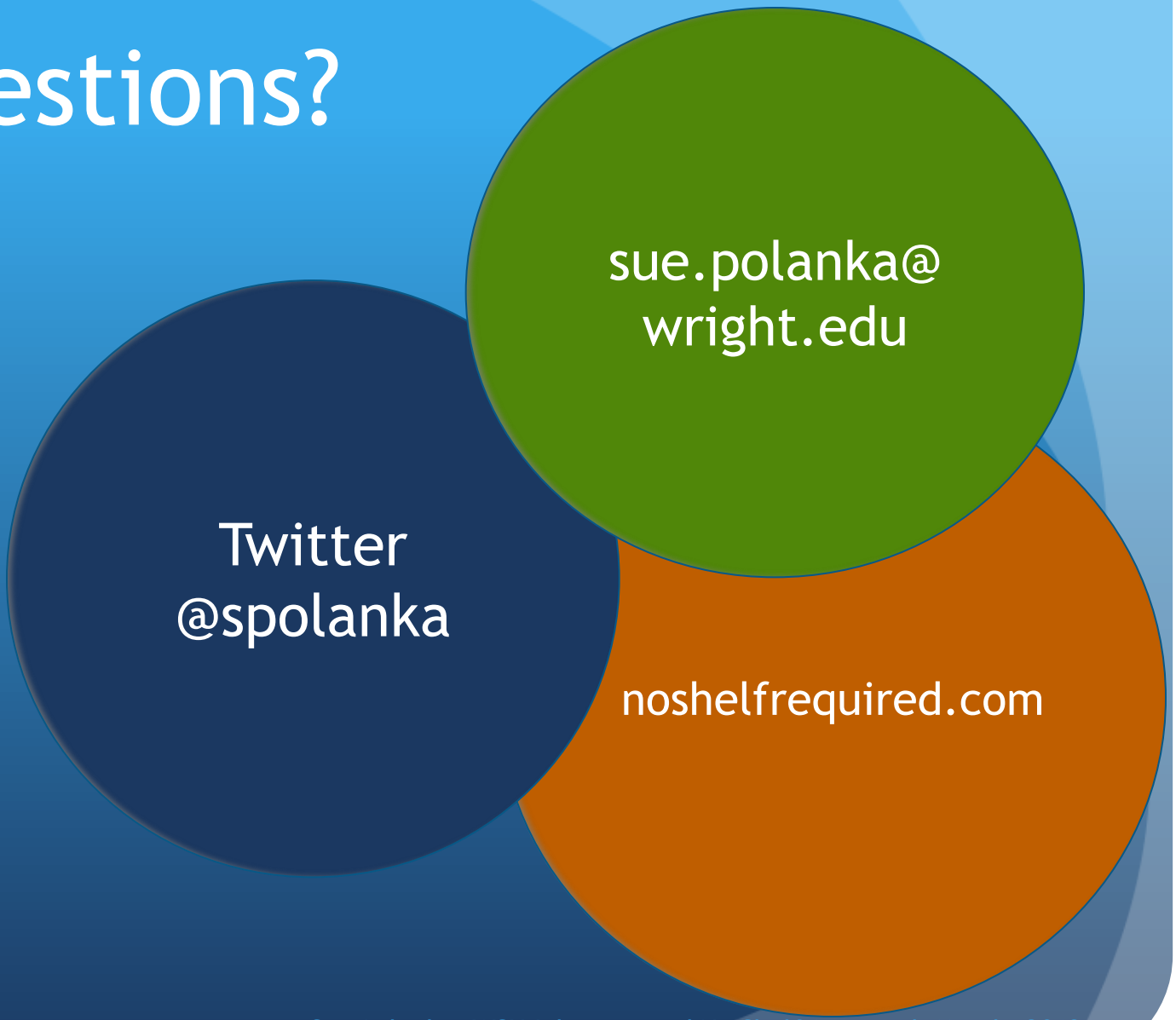
Questions?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