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Book Publishers and Libraries:

Historic Partners Facing a Disruptive Technology

By Tom Allen

Book publishers often say, “Digital changes everything.” They mean that the astonishing growth of digital content, the constantly expanding range of devices for reading, and the rapid development of digital educational, scholarly, and scientific materials are disrupting established business models and relationships between publishers, authors, agents, retailers, and others. In addition, e-books constitute a disruptive technology that is altering the terms of engagement with publishers’ historic partners such as libraries and universities, and complicating new ones with “frenemies” such as Amazon, Apple, Google, and Microsoft.

Over many decades, book publishers and community libraries evolved a relatively uniform business model for books in print. Publishers sold copies of print books to libraries at established prices with the understanding that those books would be available to some people who could not afford or would otherwise not purchase them, and to others whose interest would be stimulated enough to purchase a copy. Libraries would loan books sequentially to one reader at a time, and the customer would visit the library to check out books and return them. This carefully managed arrangement suited the interests of libraries and publishers and carried substantial benefits for the public.

Enter e-books. They don’t wear out, so they can be loaned indefinitely. Customers don’t need to go to the library to check one out. E-books’ retail costs are less than those of hardcover books. The problem of digital piracy, particularly the widespread distribution of pirated library copies, is a significant risk. In our

current digital culture, it’s clear that the old publisher/library model cannot be replicated without eroding book sales in the broader market or diminishing copyright protection for those who create content.

Book publishers and librarians agree that new business models for e-lending are essential. But what would these be? And how do these longtime partners reach some middle ground?

A major hurdle for both is that there are not two sides in this issue, but thousands of them. There are more than 9,000 separate community library systems in the United States, each with its own unique priorities, capabilities, and customers. Although the American Library Association (ALA) represents many of their interests on this issue, there are other organizations such as Readers First that bring different points of view to e-lending.

Yet though libraries, as not-for-profit institutions, can convene to develop shared business strategies, publishers cannot. Antitrust laws bar publishers from discussing among themselves any kind of commercial relationships, which include sales to libraries. My organization, the Association of American Publishers (AAP), is similarly prohibited from representing business issues of our members, who are competing publishers. Within the limits allowed by antitrust laws, AAP has provided library industry leaders with forums to express their concerns to audiences of leading publishers. Opening lines of communication between ALA and other library groups and the publishing industry is all AAP can do.

Apart from the structural limitation, there are core strategic priorities that separate libraries and publishers in any advancement of the e-lending concept. In its report entitled “EBook Business Models for Public Libraries,” ALA (2012: 2) acknowledged that “a major concern of publishers is that e-book borrowing from libraries will be so easy as to erode consumer sales.” Nevertheless, the library report lists three so-called essential features that they claim are “ultimately essential” to their goals. These are defined as the “inclusion of all titles” of a publisher, “enduring rights...to transfer (these titles) to another delivery platform and to continue to lend them indefinitely,” and “integration,” which they define as “access to metadata and management tools provided

by publishers or distributors to enhance the discovery of e-books” (ALA 2012: 2–3). These three essential features are precisely the kind of factors that lead publishers to believe that the sale of e-books to libraries will significantly erode sales, threaten copyright protection, and encourage piracy.

Book publishers and librarians would each like to preserve the elements of the print model that are best for them. Publishers need assurances that e-book lending will not depress sales or encourage theft. Librarians would like the same control of the “book” as they have with the print format. At the same time, the ALA’s ideal scenarios contradict current consumer realities in the acquisition of digital-format content in books, film, music, television, games, and other creative areas.

The e-lending issue is complicated by the diversity of digital formats. Libraries acquire e-books just as consumers do: in a particular digital format designed to work only on a specific device such as a Nook or Kindle. The device manufacturers want their customers married to them for all their e-book usage. The dialogue about e-lending, therefore, necessarily requires participation not just between publishers and libraries, but with an entirely different industry.

Since libraries are unencumbered by the antitrust laws that bind publishers, they would stand a better chance of making progress if they floated some pragmatic proposals for library–publisher agreements concerning e-lending. Despite offering to do so, the ALA has not provided a workable plan for e-lending that takes account of publisher concerns.

In an effort to advance the e-lending concept, a number of major publishers have entered into individual agreements, some on a pilot project basis, with varying terms of use and compensation. These include Penguin, HarperCollins, Random House, Hachette, and most recently, Macmillan. These publishing houses are exploring such core elements as price, number of uses, length of time used, piracy safeguards, and so on. If business models emerge over the next few years, it will be only because these projects between individual publishers and libraries have come to be seen as advantageous to both.

The historic mission of promoting literacy, encouraging the love of reading, and providing books to a

wide audience is still shared by publishers and librarians. But the disruptive technology of e-books, with all its promised opportunities and its inherent risks, requires new thinking about the mission and how to implement it thoughtfully, reasonably and fairly. 🐟

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Photo: Stephen Voss

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