

The Current Budget Environment and its Impact on Libraries, Publishers and Vendors

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ABSTRACT

The economic downturn and continuing budget concerns have libraries, publishers and vendors making strategic changes as they seek to provide a high-level of services at a time when uncertainty continues to dominate planning and development. Creative thinking has become the norm as organizations seek to challenge long-held views and uncover and implement needed changes. Librarians, publishers, and vendors have all experienced a period of assessment, strategic review and reaction as a result of the continued evolution from a print-based model to one dominated by electronic dissemination of scholarly information and the new role eBooks promise to play. This paper addresses some of the important actions taken by librarians, publishers and vendors to cope with changes forced by both the economy and budget pressures, by the continued migration of scholarly resources to electronic formats and by current and planned eBook activities and new eBooks models. It explores patterns in library content selection and spending trends, publisher prices and pricing models, as well as vendor strategies and challenges.

Introduction

While the economic climate has not dramatically rebounded, there are signs that budgets are beginning to moderate, stabilize or increase slightly. The results compiled herein are largely from two surveys conducted in February 2011. When compared to similar surveys sent in 2010, figures indicate that while many libraries are still anticipating decreases, fewer decreases of more than 10% are expected. (EBSCO Library Survey, 2011) Also, while 175 of libraries had budget increases in 2009-2010, more than 23% saw increases for 2010-2011. Libraries are also showing a willingness to solve their budget problems by moving to electronic content or canceling databases that contain duplicate content and negotiating multi-year deals with vendors that can provide full solutions. Some of those choices are impacting spending with increases being anticipated in

individual eBooks, electronic journal subscriptions, eBook and e-journal packages and full-text databases.

Driving these decisions are factors such as usage statistics and faculty recommendations.

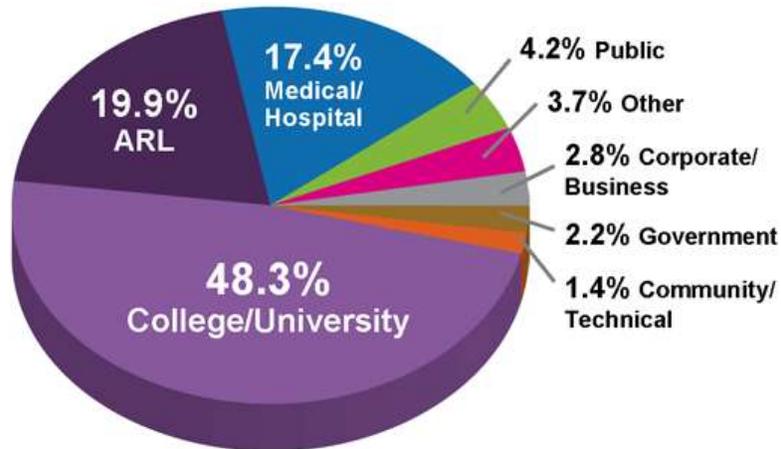
Publishers are also seeing changes with many noting declines in their overall business, which have them considering new business models as well as changes to “big deals” and existing business models. The migration from print to electronic content is not just being seen in libraries. Vendors too are seeing the bulk of their sales migrating to electronic formats with electric only and eBooks purchases expected to increase as print declines. (EBSCO Publisher Survey, 2011)

Libraries, publishers and vendors have many common goals, the key being to increase usage. That notion is well in line with the latest advancement in research—discovery. With discovery services gaining acceptance, libraries are looking to provide users with one search box that can drive researchers to all of the content a library has to provide—increasing the *findability* of resources that may often go overlooked and under used. Publishers are looking to leverage discovery in order to be where the users are and not have their resources be the ones that are overlooked and under used. Vendors, especially those that provide a discovery solution, are looking to pull together the most resources in the most intuitive and easy to use way—integrating content in a platform that provides the richest search experience for the end user.

EBSCO’s Library & Publisher Survey Results

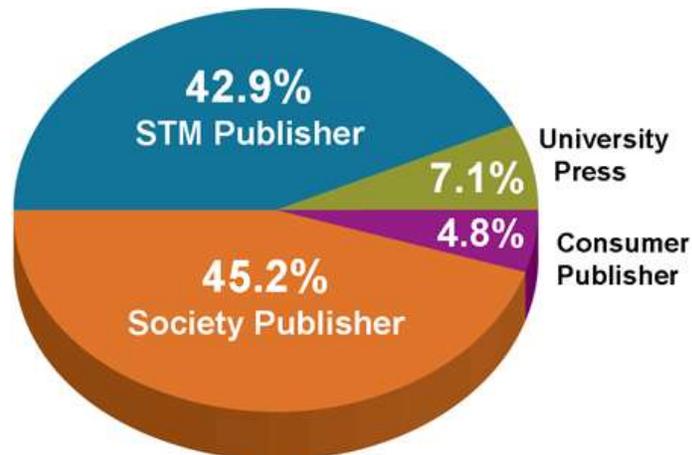
To gain a current (2011) perspective on where libraries and publishers stand relative to the state of the economy, EBSCO sent customized surveys to a total of 1,747 library and publisher contacts, (EBSCO, 2011) resulting in a 26% overall response rate. The responses from the library survey were dominated by academic libraries with medical and hospital libraries also participating at a high level. (EBSCO Library Survey, 2011)

Library Survey Responses - Library Types (EBSCO Library Survey, 2011)



A similar survey was also sent to publishers with STM and society publishers responding at a higher rate than university press and consumer publishers. (EBSCO, 2011)

Publisher Survey Responses – Publisher Types (EBSCO Publisher Survey, 2011)

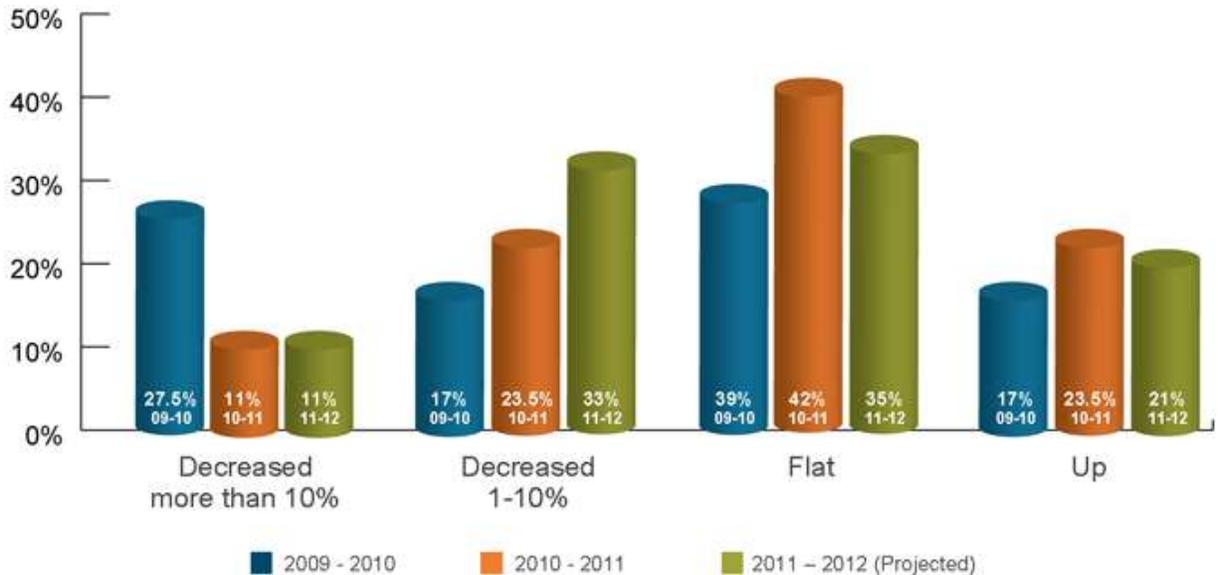


Library Budgets

The largest percentage of library budgets has remained flat for 2010-2011, with the smallest percentage showing a decrease of more than 10% while 25% of library budgets having increased over the 2009-2010

period. Questions requesting projections for 2011-2012 show similar percentages for budget decreases between 1 and 10% and budgets remaining flat (about 32% in each instance), with just over 20% projecting budget increases for the period. (EBSCO Library Survey, 2011)

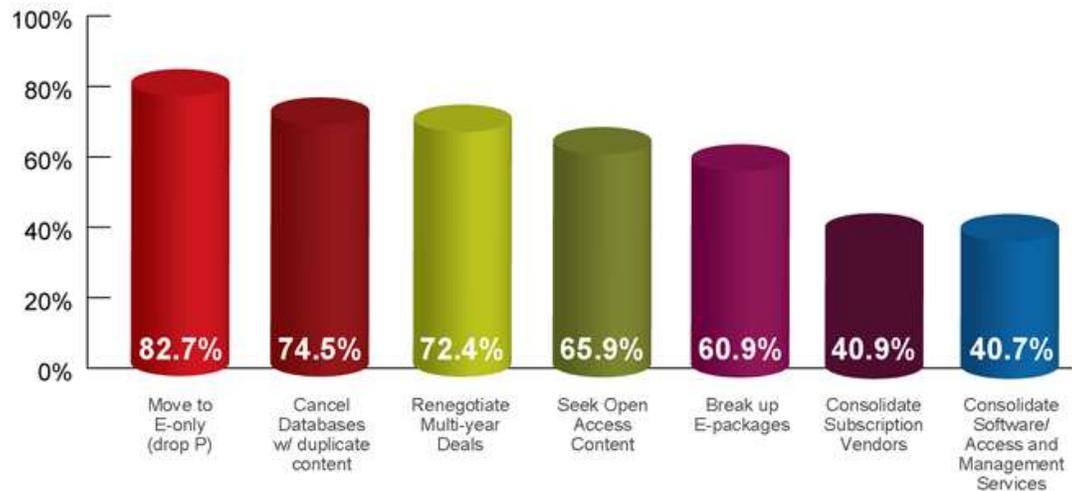
Library Survey Responses – Past/Current/Future Budget Trends (EBSCO Library Survey, 2011)



Approaches to dealing with budget realities

Library respondents showed a strong tendency toward eliminating print resources in their strategic planning designed to adjust to the “new reality” they face. Following closely is the concept of eliminating the duplication of content where possible in databases, as well as renegotiating multi-year contracts more favorably. Breaking up electronic resource packages and looking for free, “open source” content access were also shown as being of interest in library’s plans for coping effectively with funding challenges. Additional options such as vendor consolidation are also seen as helping save money while likely having the side benefit of streamlining services.

Library Survey Responses – Reactions to Budget Changes (EBSCO Library Survey, 2011)



Increasing User Satisfaction by Transitioning from print to online resources

A new study called “Funding and Priorities: The Library Resource Guide Benchmark Study on 2011 Library Spending Plans,” takes a look at how budget constraints are manifesting in all types of libraries across the United States. Research was conducted in October and November 2010 among libraries listed in ITI’s American Library Directory, and according to the study:

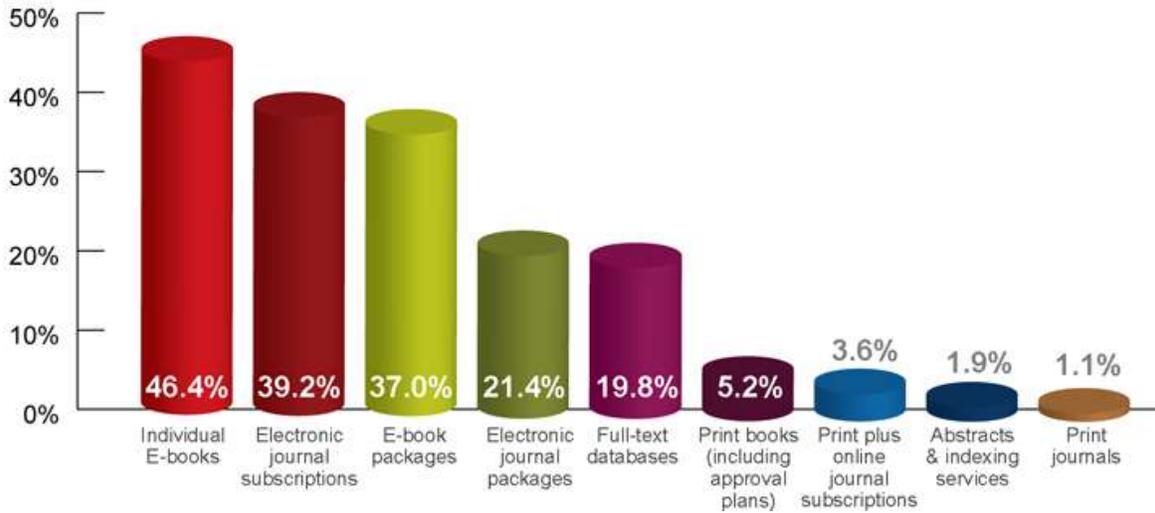
“Libraries report almost twice as much of an increase in demand for electronic or digital resources than printed materials. However, print still commands a lion’s share of annual budgets.”

(McKendrick, 2011)

Where will libraries spend the money they do have?

Clearly, libraries see the emergence of eBooks as the “tip of the iceberg” in terms of user/patron favorites. Respondents reported that eBooks would see the greatest percentage of growth, or expenditure increases. eBooks are closely followed by the anticipation of increased expenditures for electronic journal subscriptions and eBook packages, while print books, print plus online journal subscriptions, abstracts & indexing and print journals all came in at less than 6% projected expenditure increases.

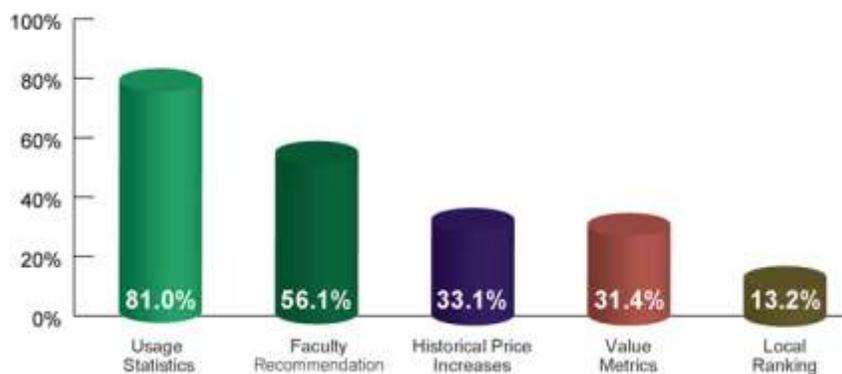
Library Survey Responses – Spending Plans (EBSCO Library Survey, 2011)



Usage as a Key Driver in Decision-making

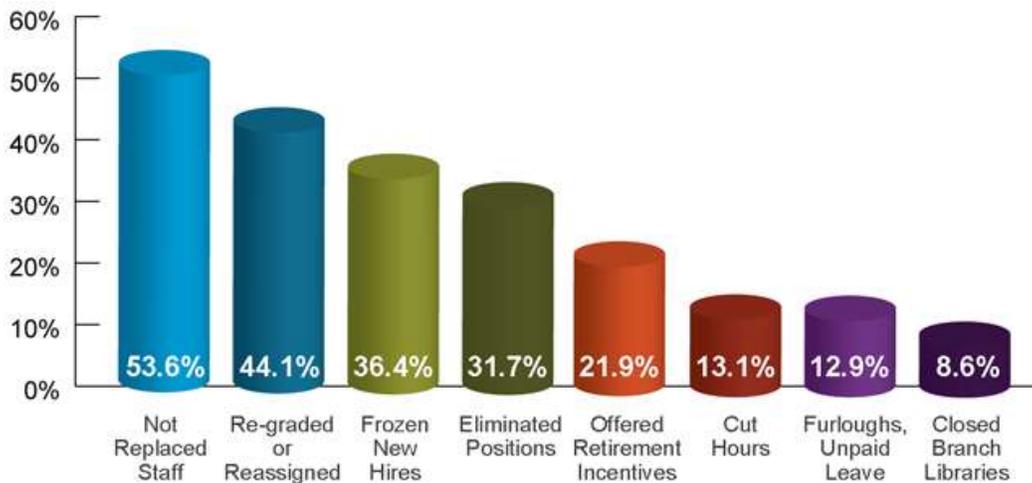
Librarians continued to show a strong allegiance to usage statistics as the most credible way to demonstrate the value of their content resources, with 81% of respondents indicating that usage statistics are *Very Important* when making content decisions. The importance of recommendations from faculty is solid at 56.1%, while price increases, local ranking and typical value metrics scored significantly lower with those librarians surveyed.

Library Survey Responses – Determining Content Value (EBSCO Library Survey, 2011)



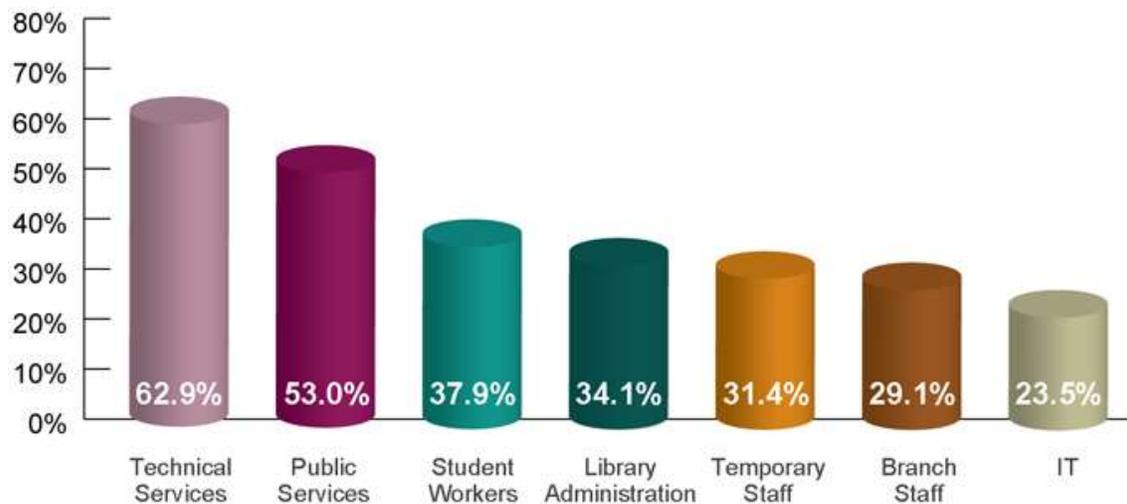
Determining where to cut spending is challenging, and decisions to cut in certain areas may lead to cuts in others. Staffing changes and branch closings continue to be a factor but staffing changes are being handled through attrition and closings are reportedly down. Despite the continuation of budgetary constraints and challenges during the 2010-2011 period, librarians appeared to approach the concept of staff cuts without enthusiasm, deciding instead to forego replacing departing staff members (nearly 54%) or eliminating positions (31.7%) as ways of adjusting to overhead challenges. As far as branch closings are concerned only 8.6% reported closing branch libraries.

Library Survey Responses – Planned Spending Cuts (EBSCO Library Survey, 2011)



The hardest-hit of staff position types for libraries were technical services, with 62.9% of librarians planning to reduce staff, indicating that this group would be the most highly-targeted of all groups included in the survey. It is interesting to note, however, that IT staff cuts were cited as the least likely reduction to be made, with 23.5% of respondents choosing this option.

Library Survey Responses – Staffing Cuts (EBSCO Library Survey, 2011)



Impact on Publishers

Publishers are also becoming more creative in their approach to business, in response to the continuing economic challenges they faced in the 2010-2011 period. Of the publishers surveyed, approximately 45% of respondents indicated a decline in their overall business. More than half indicated that the decline in budgets has caused them to make changes, and 62.5% of publishers indicate the economic downturn has changed the way they do business. (EBSCO Publisher Survey, 2011) Publishers have reacted to the economic pressures by finding ways to regain lost business and grow their businesses. A decline in the print business has accompanied the economic downturn and created some new avenues to explore with the advent of e-content. Existing business models are also being reconsidered as publishers deal with customers that have fewer and fewer funds.

The Declining Print Business

A substantial figure—60% of publisher respondents—indicated that they had experienced a decline in print-only business with half of those reporting declines from 5-10% while the other half of that figure reported

declines of more than 10%. In addition to those numbers, nearly 27% of the publishers queried reported a decline in their print-only business between 1 and 5%.

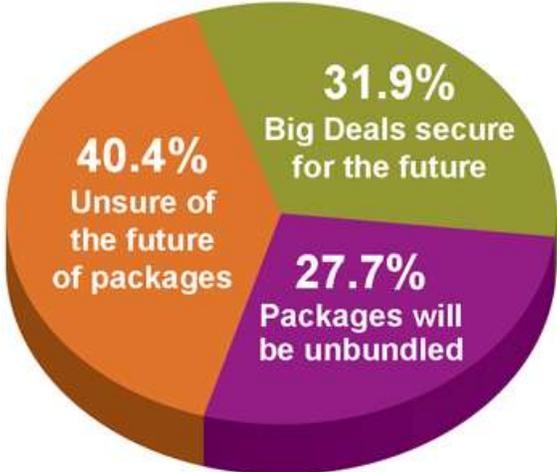
Publisher Survey Results – Declines in Print Business (EBSCO Publisher Survey, 2011)



The future of “big deals”

The declines in print-only business experienced among publishers have brought about a tendency to believe that packages either do not have a future (more than 40% of publishers are unsure of the future of these packages), or will have to be unbundled (nearly 30% responded this way). This ties in to changes in library planning as 60.9% of librarians have indicated that they will break up e-packages, and 72.4% plan to renegotiate three-year deals. (EBSCO Publisher Survey, 2011)

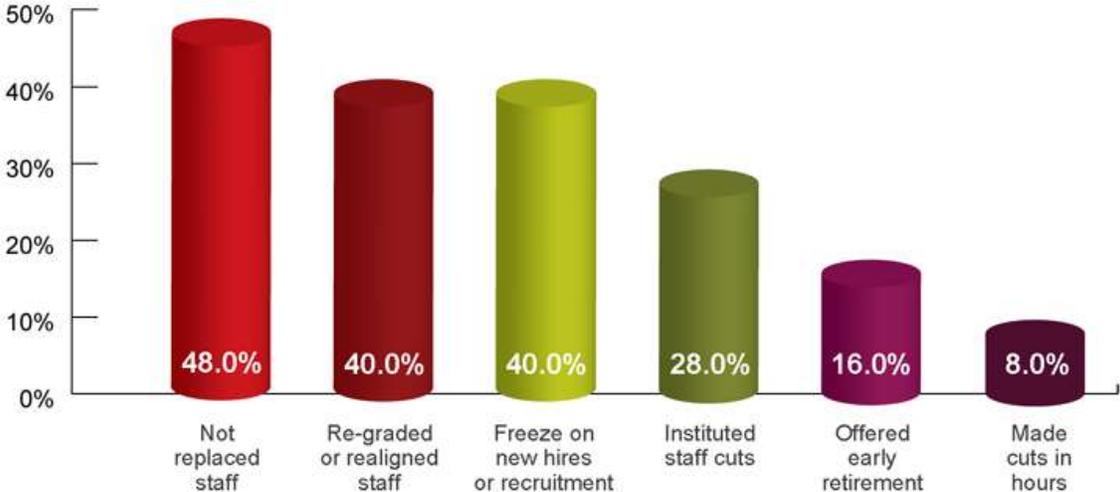
Publisher Survey Responses – Future of “Big Deals” (EBSCO Publisher Survey, 2011)



Publisher Staffing

Like librarians, publishers seemed reluctant to cut staff across the board, instead opting not to replace departing staff (48% reported having chosen this action in 2010), whereas only 8% indicated that they had actually eliminated staff in 2010. Realigning staff and freezing new hires were evenly ranked, at 40% during the period, as actions taken by publishers.

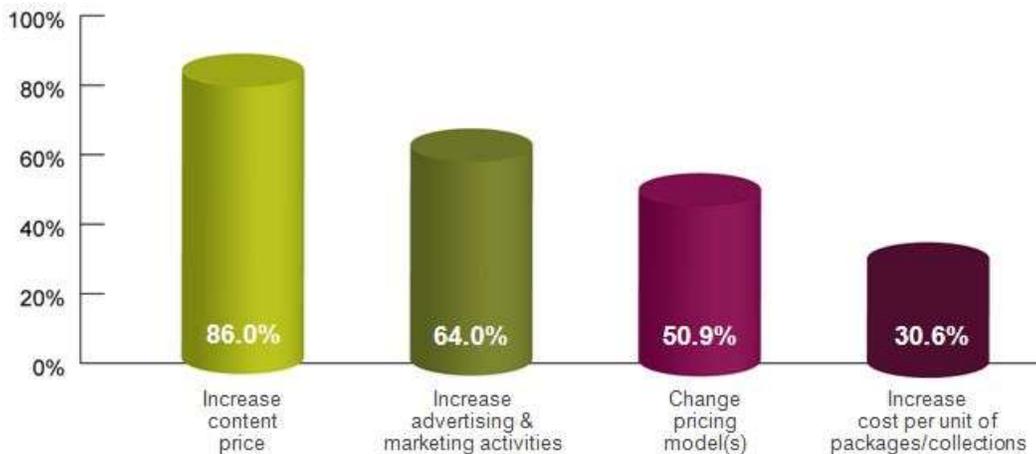
Publisher Survey Responses – Plans to Cut Staffing (EBSCO Publisher Survey, 2011)



Publishers focused on trying to increase revenue

Historically, publishers have increased their content prices annually. This year a greater percentage of the publisher survey respondents plans to increase content prices at a higher percentage than in any of the other categories for increasing revenue, or 86% of all queried. However, publishers also plan to boost their marketing and advertising activities in efforts to increase revenue, at 64% of those polled. Just over half of the respondent publishers indicated that they would change their pricing models, while just over 30% chose the option to increase the cost per unit of packages and/or collections as a hedge against inflation.

Publisher Survey Responses – Plans for Increasing Revenue (EBSCO Publisher Survey, 2011)

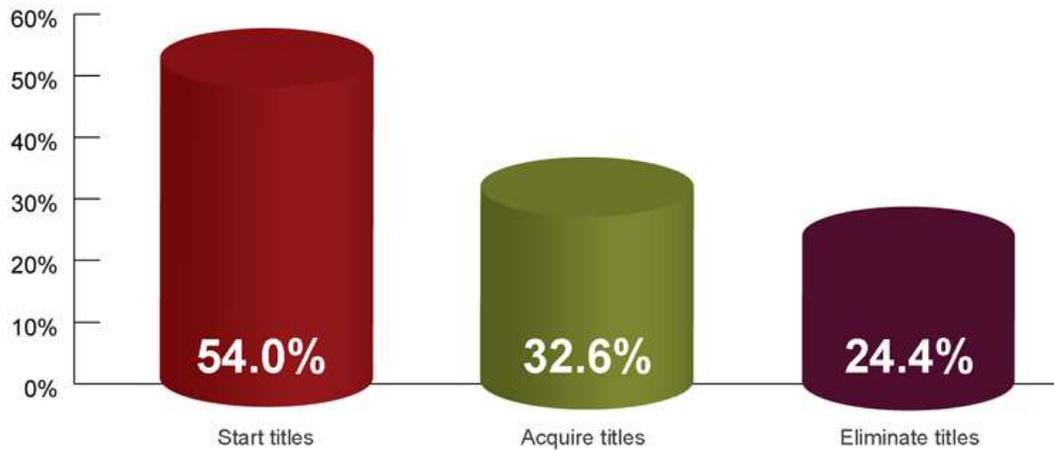


Publishers Focused on Trying to Increase Revenue

Publishers were asked about their plans to increase revenue for 2011-2012, and their responses show that creating new titles and adding to content offerings through acquisition are more popular than eliminating titles. More than half of the publishers surveyed plan to start their own titles, while more than 32% will acquire titles, and nearly 25% will eliminate titles, in order to try to increase revenue for the period.

Publisher Survey Responses – Plans to Increase Revenue through Content Changes

(EBSCO Publisher Survey, 2011)

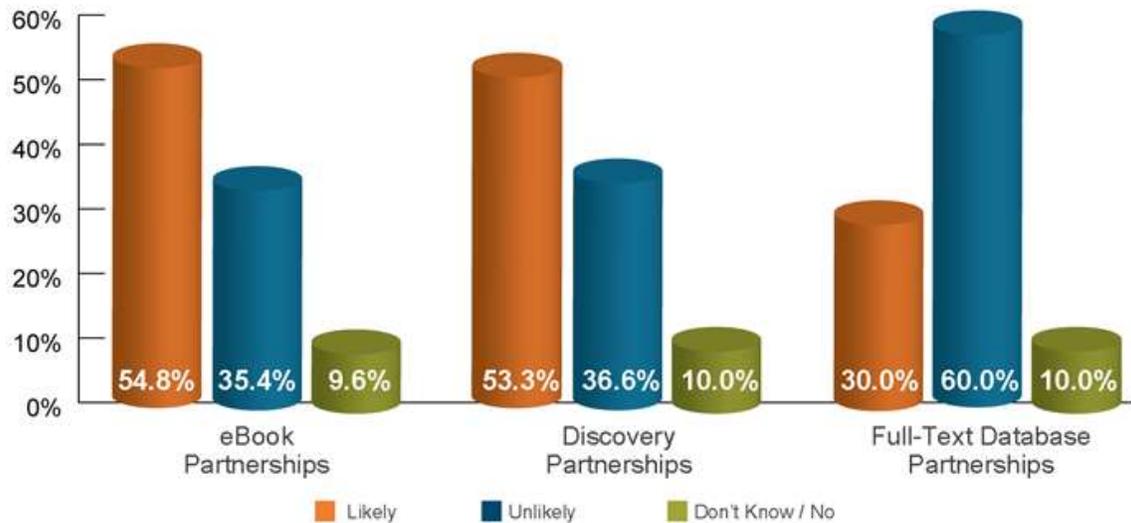


Publishers partnering in discovery and eBook space

Publishers are showing signs of embracing the creativity librarians are accustomed to using when it comes to maximizing their budget dollars. For example, primary publisher respondents indicated that they would be likely to engage with third-party aggregators in the areas of eBooks (54.8%) and Discovery (53.3%).

Respondents to a lesser extent also project involvements with third-party aggregators in full-text database partnerships (30%).

Publisher Survey Responses – Discovery and eBooks (EBSCO Publisher Survey, 2011)



Key Trends

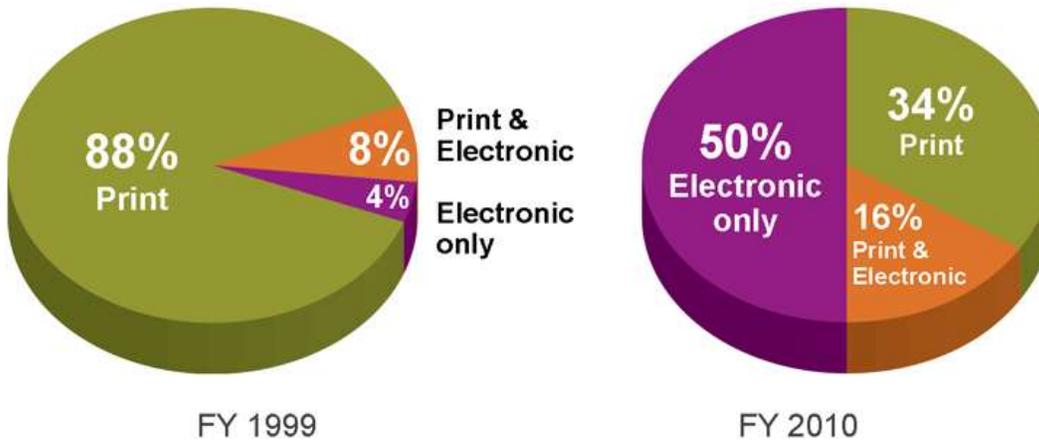
Libraries continue to focus on creative approaches to reducing costs, while publishers remain focused on methods to generate increased revenue. For librarians, this is likely to mean their eventual transitioning from print to online resources including eBook purchases that are expected to increase substantially and steadily. For libraries and publishers alike, “big deals” and publisher packages are at a crossroads and could potentially be in jeopardy. Libraries, publishers and vendors all agree that “Increasing usage” was essential. Increasing usage was overwhelmingly cited as the primary focus for publishers, which mirrors the sentiments of both libraries and vendors. Important factors influencing usage include cost-per-use which is the key evaluation metric being used and the growing acceptance of discovery services.

Whether driven by technology or budgets, content is changing. E-content in the form of books, journals and aggregated databases is superseding print content. Libraries are seeing the move to e-only as a cost-saving move. Publishers are seeing the rise of e-content as interest in print declines and vendors are just seeing customers wanting e-content and content integration more than print and content silos. User experience is

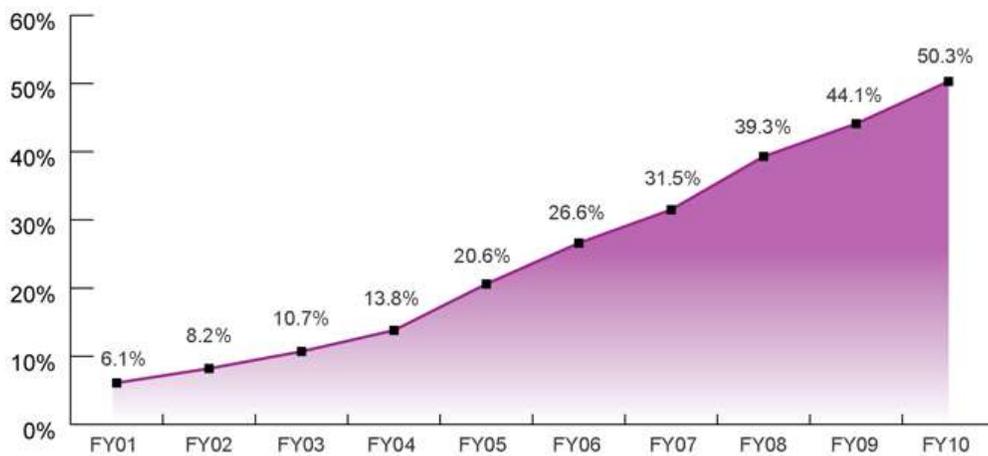
critical in locating, accessing and utilizing content. As electronic availability increases, usage increases and greater value is realized across the spectrum of resources. (EBSCO Library Survey, 2011)

One vendor seeing these changes is EBSCO Information Service (EIS). Looking at EIS sales by format it is clear to see that the decline of print in the past eleven years have been dramatic. Whereas 88% of sales were in print-only in 1998, now print makes up only 34% of sales while electronic only sales have gone from 4% of sales in 1998 to 50% of sales today.

EIS Print versus Electronic Resources (EBSCO Library Survey, 2011)



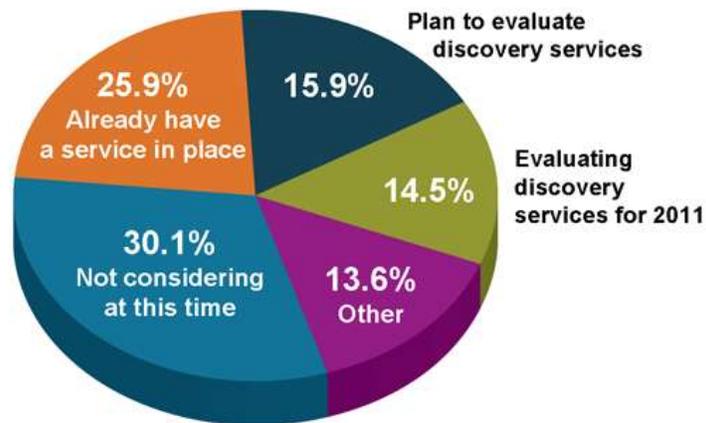
EIS Migration from Print to Electronic Resources (EBSCO Library Survey, 2011)



Emergence of Discovery Services given importance of content usage

Discovery services have come into their own in the last two years and offer libraries a way to pull together a variety of resources and offer users an easy way to access valuable library collections using the simpler search techniques users have become accustomed to while searching online. Libraries were asked to indicate their current status regarding discovery services. Results show that more than 25% of libraries have a discovery service in place while more than 30% are evaluating discovery services for future implementation.

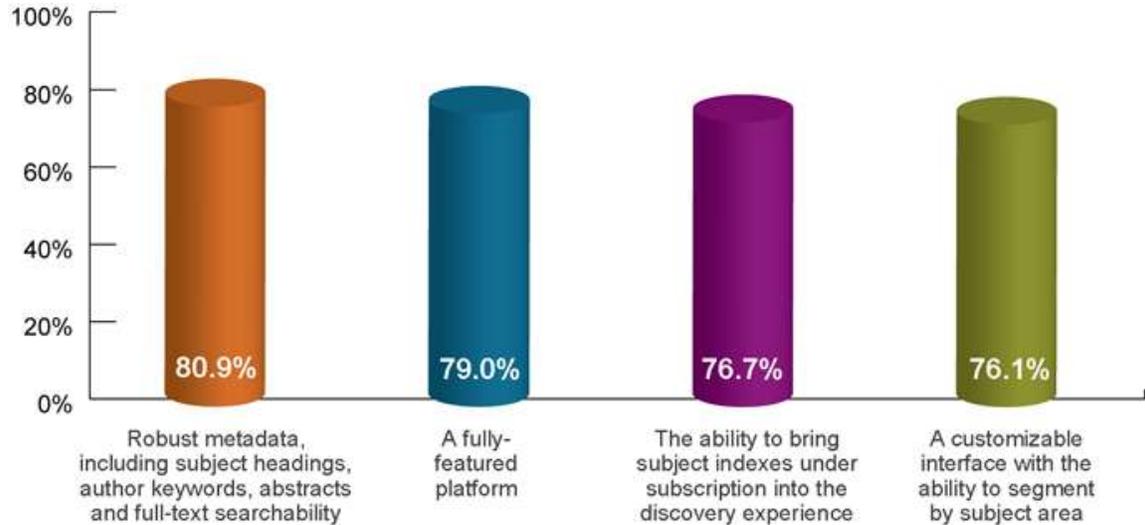
Library Survey Responses Concerning Discovery Services (EBSCO Library Survey, 2011)



When evaluating the importance of a Discovery Service librarians were asked to indicate which aspects of discovery were most important. The four elements that were seen as being vital to discovery were:

- Robust metadata (subject headings, author-supplied keywords and abstracts and the ability to search the full-text)
- A fully-featured platform
- The ability to bring subject indexes to which a library subscribes into the discovery experience
- A customizable interface with the ability to segment content by subject areas

Library Survey Responses - Importance of Various Aspects of Discovery Services (EBSCO Library Survey, 2011)



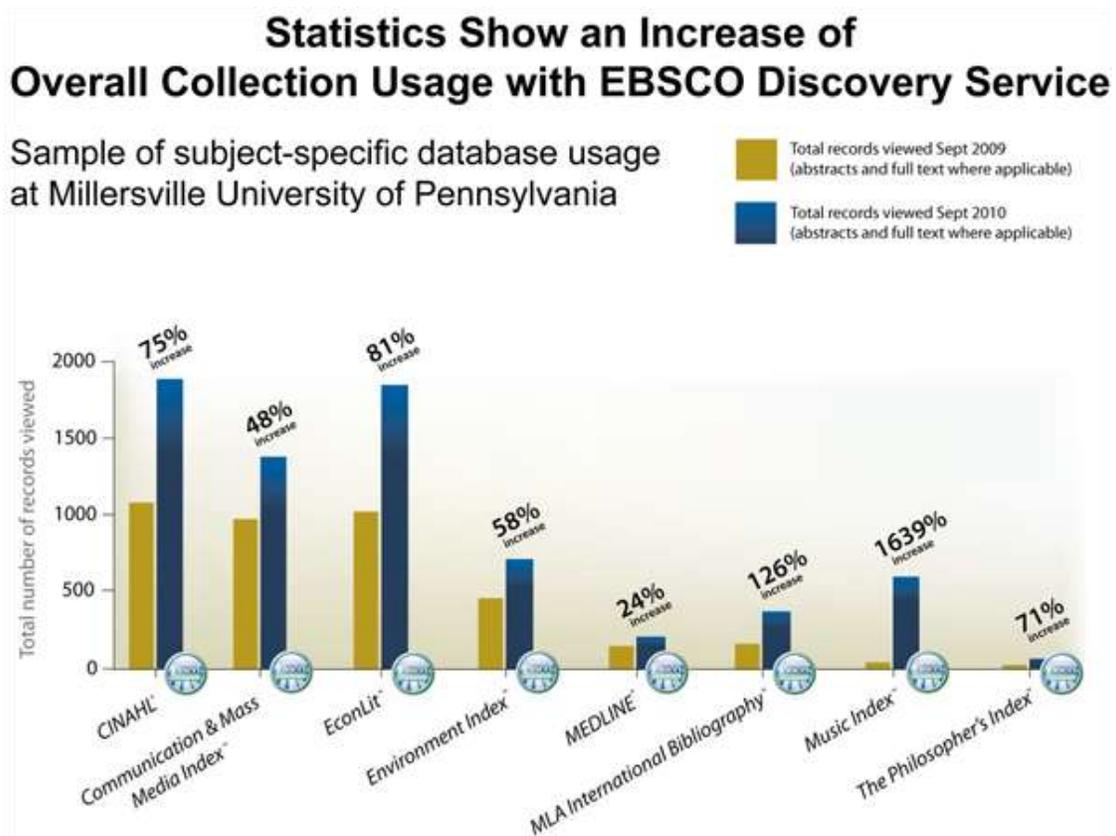
Increased usage of content is vital to libraries and publishers alike. Discovery services address this need.

Statistics show an increase of overall collection usage with EBSCO Discovery Service, for example. The chart below indicates the value of providing access to subject-specific databases within the discovery experience.

Millersville University of Pennsylvania saw dramatic increases in resources that had often been overlooked because content had been in silos rather than within a single search system and because often searching databases had required the user to know the specific name of the databases. With a discovery service in place, the end user does not need to know, for example, that *CINAHL* is a nursing database or that the library has a subscription to *EconLit*, *The Music Index* or *The Philosopher's Index*. The user only needs to know that the library's print and electronic content is available through one search box. For sake of clarity, the clear majority of these resources do not directly participate in discovery services, nor is it likely to be in the best interest for index-only database providers to do so. Rather EBSCO Discovery Service is unique in its approach to enhancing discovery for resources that don't participate in discovery by enabling results of important

indexes to be brought into the experience because customers subscribe to these on the EBSCOhost platform. The technique honed by EBSCO and used to bring these disparate sources together is referred to as “platform blending”.

Collection Usage via EBSCO Discovery Service at Millersville (EBSCO Library Survey, 2011)



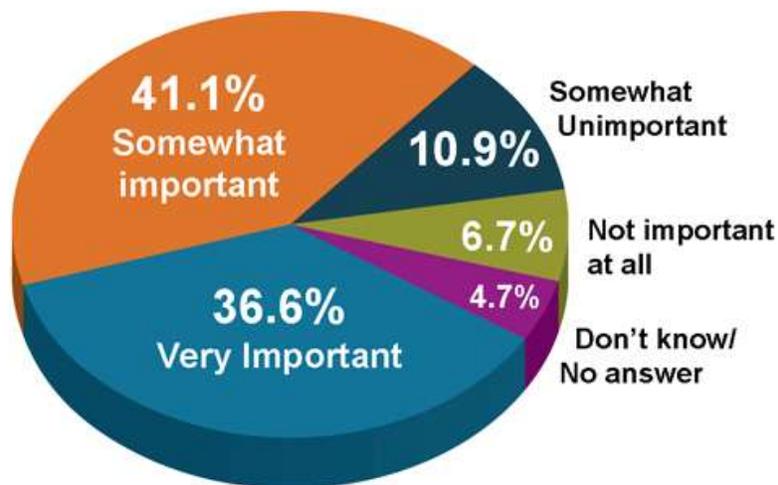
eBooks

The move from print to electronic is no more dramatic than in the move from print books to eBooks. While libraries have determined to increase their eBook purchases and publishers have seen a dramatic shift to eBooks over print, the issue of *findability* once again surfaces. According to a *Library Journal* independent

study, the number one barrier to eBook circulation is that, “Patrons are unaware of eBooks’ availability in their institutions.” (Singer, 2010)

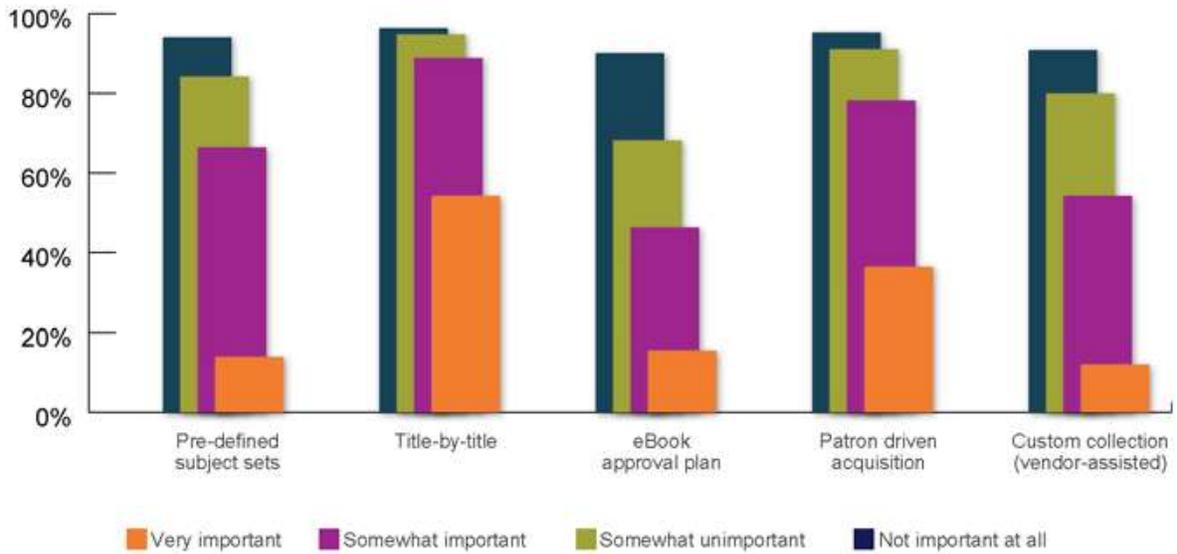
Polled librarians were asked how important is it to be able to access eBooks through the same integrated, single interface used to access all of their library’s electronic resources. Note that the majority (nearly 80%) indicated that this functionality was either somewhat, or very important.

Library Survey Responses - eBooks Accessing Methods (EBSCO Library Survey, 2011)



The percentages by which polled librarians indicated the importance of the following approaches for their library’s eBook collection development show a preference for choosing to add to their eBook collections on a conservative, title-by-title basis (about 50%) or by Patron Driven Acquisition (nearly 40%), in keeping with a creative and cost-conscious approach to resource management.

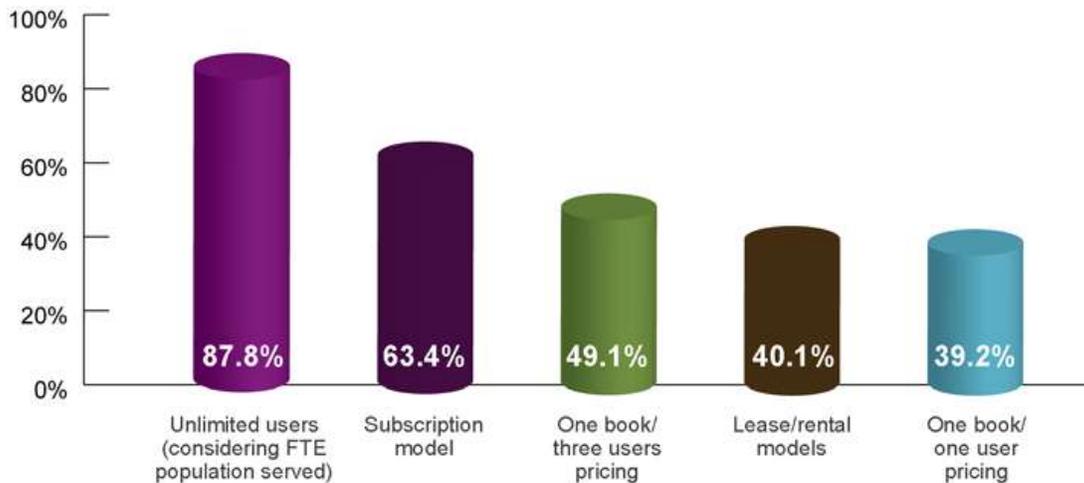
Library Survey Responses – Collection Development (EBSCO Library Survey, 2011)



Increasing options for eBooks acquisition

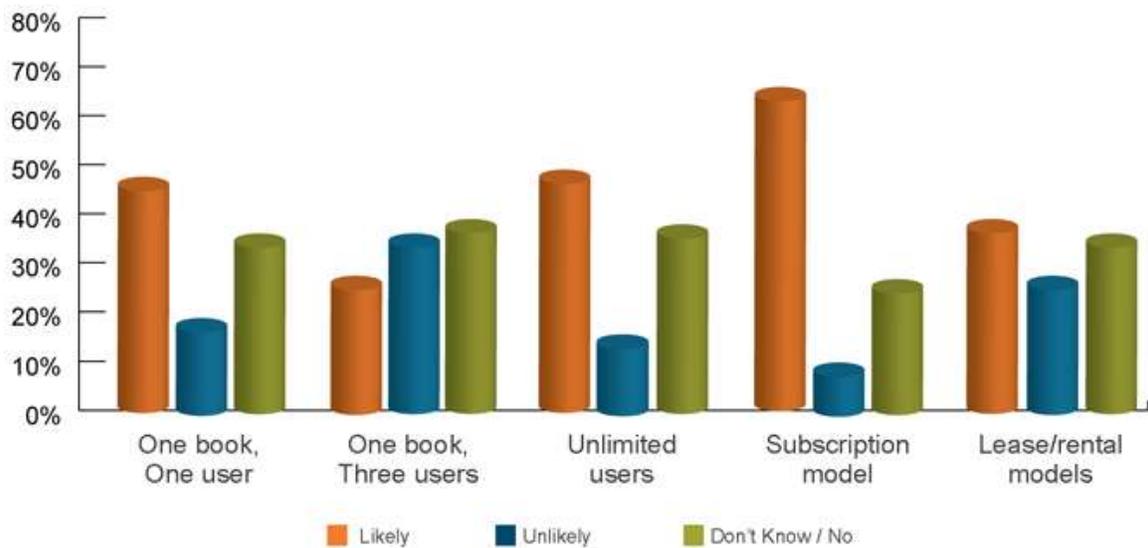
Librarians were asked which of the following purchasing methods they would consider, when thinking about acquiring eBooks, and the overwhelming majority favored the concept of unlimited user pricing, with consideration given to their populations served:

Library Survey Responses – Pricing Models for eBooks (EBSCO Library Survey, 2011)



As publishers look to increase opportunities for additional revenue, publishers are considering the various access models. While the number of eBook models could grow, eBook publishers have indicated a willingness to participate in the pricing models that are currently available or being considered with a preference shown in the subscription model and then the one book/one user category:

Publisher Survey Responses – eBooks Pricing Models (EBSCO Publisher Survey, 2011)



Have you ever purchased a book that was never used?

This is a common lament among librarians worldwide. Resources are carefully collected and budget dollars are spent, but value is never realized for books that go un-used. There is an emerging approach to side-stepping this dilemma which is both easy to implement and gaining in popularity - Patron Driven Acquisition (PDA). While the actual purchase is triggered by the user, librarians do the collection development by selecting which books are exposed to users. The difference between this approach and more traditional collection development is that books are not purchased until usage dictates. Essentially, PDA guarantees that any book that is purchased is also USED. In the instance of leveraging

PDA for eBooks on EBSCOhost, purchases are triggered through “meaningful use” of the title, such as ten minutes spent in a book, when a book is downloaded or emailed or printed. Further still, new *Smart PDA* options in EBSCOhost allow libraries to leverage various emerging business/access models within a PDA program, which in turn eliminate the frustration often experienced by users who are confronted with hold queues. For example, a library has a one book/one user access model and the single copy is currently “checked out.” A second user who requests the same book can automatically trigger the purchase of upgraded access, such as one book/three users, or unlimited users, rather than be notified that their choice is currently unavailable. With *Smart PDA*, libraries choose how and when to apply upgrade options (by title), providing the librarian(s) with full control over costs and book availability. And users are never met with need to “wait” for an eBook.

Conclusion

It is clear from the surveys conducted that librarians and publishers are operating in changing times. Librarians have determined that with limited increases and/or flat budgets the time has come to re-evaluate existing purchases. The move to e-content is precipitating the drop in print purchases and this is impacting publishers. Many sites that have subscribed to resources from multiple vendors regardless of overlapping content have been forced to reconsider their purchasing decisions given their new budget realities. By canceling databases with duplicate content and evaluating resources based on the amount of unique content, libraries can bring their end users more for less by leveraging purchasing power and consolidating vendors to those that can offer larger solutions. The desire librarians express to renegotiate multi-year deals ties in with a publisher view that packages and the “big deal” are in for a change.

The move to electronic content, whether precipitated by technology or by decreasing budgets and changing business models, is happening and will only accelerate from this point forward. Libraries are able to leverage new technologies such as discovery services along with the growth in eBooks to expand access to their library

collections, increase usage, and provide an improved user experience. Publishers can capitalize on the growth in eBooks and changing access models to find new ways to leverage their content. Vendors that provide information resources to libraries need to work with both libraries and publishers to deliver the content libraries want while creating access models both sides can use. With the common goal of increasing usage at the forefront, resources such as discovery services and the ability to load various types of content on to a single platform are providing the means for realizing these objectives and exposing the depth and breadth of a library's collection. The end result is increasing the value of collection development efforts by delivering content to end users where and how they need it.

Author Bio

Tim Collins, the President and founder of EBSCO Publishing, attended the University of New Hampshire, graduating with degrees in Business Administration and Economics in 1985. While at UNH in 1983, Collins co-founded a company specializing in indexing and abstracting periodical information, which was subsequently purchased by EBSCO Industries, Inc. of Birmingham, Alabama and became EBSCO Publishing. Today, EBSCO Publishing is the leading content provider for libraries, offering the world's most comprehensive discovery service (EBSCO Discovery Service, a.k.a., EDS), nearly 300,000 e-books, and more than 300 full-text databases & subject indexes via the EBSCOhost platform—providing unparalleled access to world-renowned content in all subject areas, for researchers at every level.

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Singer, Ian (2010). The Growing Importance of Ebooks in U.S. Library Collections. *Library Journal Independent Survey*. (Additional information on this survey can be found at the following website:
http://www.libraryjournal.com/lj/home/887020-264/ebook_summit_kicks_off_with.html.csp)