The Big Shift

Public Library Strategies for Access to Information in Any Format

A letter from the Big Shift program team

The increasing volume and availability of digital content, growing prominence of personal information technologies and near ubiquity of Internet access are all transforming the way Americans live, work and play. The shift is pervasive; it impacts what and how we learn—and how we connect.

In response, libraries are investing in digital materials for their users with plans to incrementally increase their investments in the future. The digital shift is fueled by increased user/consumer demand and increased availability of digital content, but it's not happening fast enough. We need a big shift.

Meanwhile, the prominence of e-books brings new challenges to long-held tenets of public library service. Publishers, authors and libraries are exploring new ways to change their models to move along with the digital shift. But until these emerging models are better formed with publishers, distributors and retailers, libraries must work within the current environment. This environment can include inconsistent and often restrictive licensing and purchase models, which can result in a cumbersome user experience. While electronic resources are highly desired by patrons, this fluid environment creates challenges for both libraries and their users.

In 2012, OCLC received a planning grant from the Institute of Museum and Library Services (IMLS) to more fully explore the challenges that U.S. public libraries are facing in providing e-book content, and to convene library leaders to identify and discuss possible strategies for addressing those challenges.

The American Library Association (ALA), Public Library Association (PLA), Urban Libraries Council (ULC) and ALA's Digital Content Working Group contributed to the coordination of the project, to ensure that the work would align with complementary work in this domain. Public library directors, IMLS officials and other interested parties formed an advisory group to provide guidance to the project. The project team also closely followed the work of ReadersFirst, so that our work would not duplicate efforts.

In the first stage of the project in late 2012, market and original research was conducted to inform the discussion. The resulting digest contained information about the top commercial organizations in the e-book ecosystem and findings about demand for e-books in public libraries, as well as public library purchasing projections and public library reach.

On January 24, 2013, the program team hosted a meeting with 30 public library leaders at the Seattle Public Library to discuss the report and formulate possible strategies for addressing e-book issues and opportunities. The half-day program was designed to help participants:

- advance knowledge required to make concrete decisions that advance the goal of public access;
- collaboratively derive realistic solutions/approaches to current barriers to public access, and;
- commit to working together to apply those solutions/approaches.

Following the meeting in Seattle, OCLC, PLA and ULC organized two additional sessions to gain broader feedback on participants' strategies that resulted from the Seattle meeting. These strategies are outlined in the last section of this report and represent a diverse set of strategies that working groups of public librarians are now actively pursuing.

We hope you'll join the conversation and the efforts.

You can learn more by visiting http://www.oclc.org/bigshift.

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The Institute of Museum and Library Services is the primary source of federal support for the nation's 123,000 libraries and 17,500 museums. Through grant making, policy development and research, IMLS helps communities and individuals thrive through broad public access to knowledge, cultural heritage, and lifelong learning.

Context

The shift to digital is profoundly and rapidly changing the size and structure of the U.S. market for books. In the U.S., the total revenue generated by e-books in 2012 was $3.04 billion, a 44.2% increase over the year before (*Los Angeles Times* 5/15/13). This trend is supported in a December 2012 Pew Internet study that found that "23 percent of Americans ages 16 and older read an e-book in the past year, up from 16 percent the year before. The share that read a print book declined to 67 percent, from 72 percent " (Pew 2012). Amazon.com reported that Christmas Day 2012 was its biggest day ever for downloads from Amazon's "digital ecosystem" (Amazon 12/27/12). Similarly, OverDrive, a leading supplier of e-books for the library market, reported that Christmas Day 2012 broke all records for OverDrive's digital lending platform (OverDrive 12/26/12).

While the decline in print sales moderated a bit (at 9 percent) in 2012, the number of people who reported having read a book on an e-reader or tablet increased in 2012 to 33 percent, which is almost double the 18 percent who said they had read an e-book in 2011 (Pew 2012).

In the fourth edition of "Consumer Attitudes Toward E-book Reading," published in April 2013, the Book Industry Study Group (BISG) reports that the trend of e-reading continues to rise and that tablets are rapidly becoming the device of choice over dedicated e-readers. The study also found a "consistent upward swing in preference for e-books over print. About 82 percent of Power Buyers (consumers who acquire e-books on a weekly basis) say they prefer e-books over print and nearly 70 percent of Non-Power Buyers say they now prefer e- over print" (BISG press release 5/5/13).

Libraries are evolving to serve these new reading and learning habits, but still struggle to meet demand for e-book content.

In its 2012 exploration of e-book use in public libraries, *Library Journal* found that more than 79 percent of public library staff respondents noted that their libraries had experienced a "dramatic increase in demand for e-books" the previous year. According to the report, e-book circulation in public libraries "doubled from 2009 to 2010 and quadrupled from 2010 to 2011" (*Library Journal* 2012).

Outlined in the International Federation of Library Associations and Institution's (IFLA) 2012 paper on the topic, issues around access to e-books for libraries include "questions about the library's role in ensuring freedom of access to information for all, which has at its core the belief that the ability to pay should not dictate who can read or view specific works." The report goes on to note that the issues are compounded by patron privacy concerns and by the fact that "a range of practices and policies which were under the exclusive control of the library are now a matter of negotiation with publishers and/or distributors" (IFLA 2012).

While demand for e-books continues to rise, libraries continue to work with publishers, authors and retailers to arrive at workable purchasing models that can provide library users with access to the widest collections of e-books possible.

The e-book ecosystem

Between August and November 2012, OCLC contracted with strategy consulting firm, Seasholtz Consulting, Inc., to research the most prevalent publishers, distributors and retailers in the current e-book ecosystem. Advancing the sales of e-books to libraries will require that the public library community has information about the strategies and activities of the leading participants in the value chain from authors to readers—and must consider library strategies that include any or all of these influencers.

"Big Six" publishers

Often referred to as the "Big Six," publishers Hachette Book Group, HarperCollins, Macmillan, Penguin, Random House and Simon & Schuster account for just over 50 percent of the U.S. publishing industry (*Bookseller* 5/25/12). Hachette Book Group, HarperCollins, Penguin and Random House all make their entire catalogs available for library purchase. Both Macmillan and Simon & Schuster are piloting access to their e-books to libraries at the time of this report.

> ***E-books have grown 45 percent since 2011 and now constitute 20 percent of the Trade market, playing an integral role in 2012 Trade revenue. The most pivotal driver of e-books remains Adult Fiction, with Children's/Young Adult also showing strong numbers*** (BookStats press release 5/15/13).

According to a March 2013 article in *Publishers Weekly*, e-book sales in 2012 bolstered the bottom lines of five of these publishers (Macmillan was not included). While e-books are currently curtailing revenue growth, the growing sales of e-books should lead to higher margins in the future (*Publishers Weekly* 3/29/13).

Consolidation

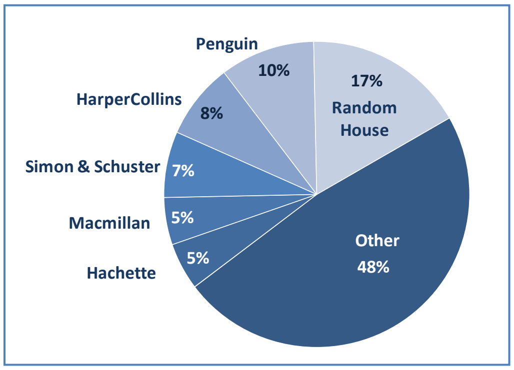
On October 29, 2012, Random House and Penguin announced that they would merge the two companies with Random House parent company, Bertelsmann, controlling 53 percent of the company and Penguin parent company, Pearson, controlling 47 percent of the company (*New York Times* 11/29/12). The merger was approved by both U.S. regulators and regulators in the European Union (*The Guardian* 5/5/13). The deal is expected to be finalized in the second half of 2013 (*Library Journal* 10/29/12). This or other activity will likely spur additional consolidation, partnerships and new entrants as evidenced by the announcement in November that HarperCollins/Simon & Schuster have entered into preliminary discussions over a merger (*Wall Street Journal* 11/21/12). These mergers may temporarily provide pricing power to the merged companies. The consolidation is likely to continue in the traditional publishing industry beyond Random House/Penguin as publishers fight to maintain profitability, scale and relevance with authors.

The combined Random House/Penguin will have a dominant market share with over three times the share of the next largest publisher.

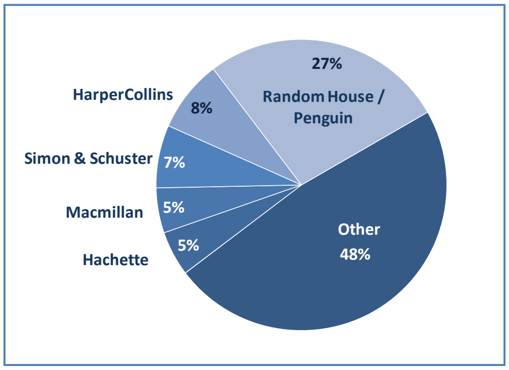
The changing shape of Big Six publishing market share

Estimated market share of leading publishers as of May 25, 2012

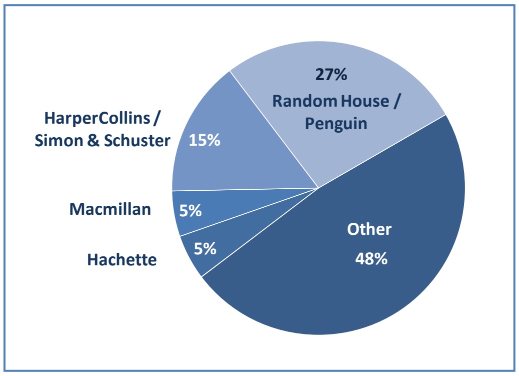
Market Share



Pro Forma Market Share Pending a Merged Random House/Penguin



Pro Forma Market Share Pending a Merged Random House/Penguin & Potential Merger of Harper Collins/Simon & Schuster



Source: *Bookseller 5/25/12*, Issue 5530 (derived from Source: Nielsen BookScan US: 19 weeks to week ending 5/13/12)

Self-publishing as emerging competition to traditional publishing

Self-publishing has become a viable option for many authors in recent years. Amazon, Apple, Google and others have self-publishing tools and platforms. Several larger publishers have also entered into self-publishing by establishing self-publishing units.

Many authors see self-publishing and e-books as a viable and sometimes more profitable alternative to traditional publishing. Many consumers are attracted to self-published works as they are generally priced lower.

While the long-term trends are unclear, self-publishing has gained traction in the U.K. *Forbes* reports that findings done from a study in the United Kingdom, 15 out of the top 100 best-selling Kindle books in 2012 were self published (*Forbes* 1/14/13).

As self-publishing grows as a viable model for authors, mainstream publishers will continue to monitor and respond**.**

Public libraries will need to identify how they fit in the emerging self-publishing model.

Publisher briefs

For context, and to support public library director discussions, each of the prevalent publishers was briefly profiled.

Hachette Book Group – As of spring 2013, Hachette Book Group (HBG) has approximately 5 percent of the total market share of the U.S. publishing industry.[1] On a worldwide basis, e-book revenue accounted for 8 percent of Lagardère Publishing's total sales last year, up from 6 percent in 2011. E-book penetration is greatest in the U.S. and U.K., accounting for 23 percent of sales in each area—including audio. Digital made up 26 percent of HBG revenue last year (*Publishers Weekly* 3/7/13). Hachette Book Group makes its full catalog available for library lending at one copy per user at three times the cost of the primary physical book. Price will drop by half one year after publication. (*Publishers Weekly* 5/1/13). Hachette Book Group e-books are available via distributors.

HarperCollins Publishers – HarperCollins Publishers has approximately 8 percent of the total market share of the U.S. publishing industry. E-books accounted for approximately 15 percent of total sales for HarperCollins in FY 2012 (*Publishers Weekly* 6/25/12). According to News Corporation's annual report, e-books represent approximately 25 percent of HarperCollins' U.S. general book revenues—total book sales of both traditional and e-books in the U.S (News Corporation 2012). HarperCollins releases titles to libraries via distributors. A 26-loan cap for library e-book lending has been in place since February 2011 (*Los Angeles Times* 3/7/11). HarperCollins titles are available via distributors.

Macmillan Publishers – Privately owned Macmillan Publishers has approximately 5 percent of the total market share of the U.S. publishing industry. According to Macmillan CEO John Sargent, 26 percent of Macmillan's revenue comes from digital content (*Publishers Weekly* 12/19/12). Macmillan announced in January 2013 that it was beginning a two-year pilot program for lending 1,200 of its Minotaur imprint's backlist e-books. Each title is available for $25 and can be loaned 52 times or for two years, whichever comes first (*infoDOCKET* 1/24/13). Macmillan e-books are available via distributors via this pilot program.

Penguin Group – The Penguin Group has approximately 10 percent of the total market share of the U.S. publishing industry. The Pearson Group owns Penguin and earned around 17 percent of its revenues worldwide (and 30 percent in the U.S.) from the sale of e-books in 2012, up from 12 percent of worldwide revenues in 2011 (Pearson 12/31/12). In April 2013, Penguin lifted its six-month embargo on lending of new e-book titles to libraries. Libraries can buy and lend e-books at the same time they can buy and lend the hardcovers of new Penguin titles. Penguin titles are available via 3M and Baker & Taylor. Libraries can purchase titles at prices comparable to retail, and circulate each purchased copy to one patron at a time for one year. After one year, the title will expire, regardless of checkout frequency (*The Digital Shift* 3/27/13).

[1] Publisher market share data is reflected in the charts on page 4 and current as of the week ending 5/13/2012 *Bookseller* 5/25/12.

Random House – Random House is currently the largest of the Big Six publishers, with approximately 17 percent of the total market share of the U.S. publishing industry. E-books made up about 27 percent of Random House's U.S. revenue and 22 percent of worldwide sales for the first half of 2012 (*Publishers Weekly* 11/30/12). Random House currently offers its entire selection of e-books to public libraries. Random House has specific pricing for e-book distributors like OverDrive. It released these prices in February 2012, and the average price is two to three times the consumer retail price of the e-book (Public Libraries.com 10/29/12). Random House titles are available via distributors.

Simon & Schuster – Simon & Schuster has approximately 7 percent of the total market share of the U.S. publishing industry. Revenues from Simon & Schuster's e-book sales finished 2012 representing 20.4 percent of worldwide revenue, up from 15.4 percent a year ago. For some types of books, such as commercial fiction, e-books account for at least 50 percent of sales (*Publishers Weekly* 2/14/13). On April 13, 2013, Simon & Schuster announced an e-book lending pilot program with New York Public Library, Brooklyn Public Library and Queens Library. The pilot will include full access to all of Simon & Schuster's catalog. The libraries will be able to lend each book purchased an unlimited amount of times and prices will be competitive with retail e-book prices. E-books loaned through this program will contain explicit offers to buy the book. This will help the publisher ascertain whether library lending leads to sales (*Forbes* 4/15/13). Lending for this pilot is available via 3M, electronically processed by BiblioCommons (Baker & Taylor will support both functions for the Queens Library).

OverDrive – the largest e-book distributor

OverDrive is a U.S.-based company that leads the English-language market for library sales of downloadable e-books. Approximately 92 percent of public libraries that lend e-books report that they're using OverDrive, according to the latest *Library Journal* e-book usage survey report (*Library Journal* 2012). OverDrive reports that its catalog now includes 1 million e-book, audiobook, music and video titles in 65 languages, including 300,000 titles added in 2012. Seventy million digital titles (which includes all formats, not just e-books) were checked out in 2012 (up from 35 million in 2011 and 15 million in 2010). In 2012, OverDrive had 192 million registered visitor sessions, up 93 percent from 2011 (OverDrive 1/15/13).

OverDrive promotes relationships with "over 1,000 publishers," including all of the Big Six publishers (OverDrive website 1/20/12). In its background paper, IFLA notes that "OverDrive imposes license terms and conditions…which establish the policy parameters for how libraries make e-books available, including loan regulations and borrower eligibility" (IFLA 2012). Some of these terms are set by OverDrive, others by OverDrive's partners.

Online e-retailers

Amazon, Apple and Google have large individual stakes in the digital market. Although each reports a different strategy and operates under different business models, they are all actively competing for market dominance in selling digital content and devices.

In 2012, Amazon led the e-book market in North America with an estimated market share of 60 percent (IFLA 2012). E-books sold from Amazon can be accessed via a Kindle device or a device-agnostic Kindle app.

Apple's digital market, iTunes, allows users of its iOS to buy and access e-books from its iBookstore, Apple products and Apple's iCloud (*Information Week* 3/6/12).

Google Play is Google's cloud-based service formed from the merger of Android Market, Google Music and Google eBookstore. Google Play stores content on Google servers and makes that content available to users via Android phones, computers with Web browsers and other mobile devices through a service-specific app or the device's mobile browser (*Information Week* 3/6/12).

According to the latest forecasts from Forrester, Americans were expected to own 60.7 million tablets and 40.2 million e-readers by the end of 2012 (*The New York Times* 9/6/12). End-of-year news indicated that while dedicated e-reader sales were off, tablet sales were rising (*Wall Street Journal* 1/4/13). Amazon, Apple and Google are all racing to make their platforms and devices the most consumer-friendly, not only with pricing, but also with customized platforms that are aimed to build consumer loyalty with the retailer for online purchases.

Complete 2012 holiday sales numbers are not available for e-readers and tablets. However, while Apple devices still dominate the tablet market, their market share went down by over 7 percent to 78 percent for the 2011 holiday season. Meanwhile, the Kindle Fire's went up by just over 3 percent to 7.5 percent and Google's Nexus went up by almost 1 percent to 2 percent of the overall tablet market (*CNET* 1/2/13).

Google, Apple and Amazon have ample resources to make acquisitions, fight legal battles if necessary and expand offerings to drive content sales, cloud subscriptions and advertising revenue. Their individual and collectives strategies will shape the future of the e-book industry in the U.S. and beyond.

Demand for e-books in public libraries

In November and December 2012, a survey was sent to the directors of the 100 U.S. public libraries with the largest materials expenditures (IMLS Public Libraries Survey, 2010). The survey sought information about current and future spending for print books and e-books; spending and circulation of best-sellers in print and e-book format; what libraries are currently doing or would be willing to do to further promote e-books; and their opinions and ideas around sharing aggregated data with publishers, distributors and retailers.

Sixty-five of the 100 libraries participated in the survey.

> ***The 100 libraries asked to participate in this survey represent 36 percent of the nearly $1.3 billion spent on library materials by the 9,000+ U.S. public libraries in 2010. Collectively these libraries serve a population of over 90 million—almost one-third of the U.S. population.***

The following table is a composite of IMLS Public Library statistics for the 100 libraries with the largest materials expenditures, including e-book expenditures.

Findings from the survey follow; they indicate that e-book spending, circulation and demand are growing for public libraries. Public library respondents report that if e-books were made more readily available to public libraries, the libraries would not only increase their spending on e-books, but would also be willing to work with publishers to help promote e-books, as well as share aggregated data critical to understanding library e-book use and demand in public libraries.

Top 100 Public Libraries by Materials Expenditure, Public Libraries Survey (IMLS, 2010)

Library Name	Rank by Total Material Expense	Population Served	Total Circulation	Print Material Expenses	Total Material Expenses	Total Material Expense per capita	Book Volumes
All 9,308 libraries listed in the 2010 IMLS data files		307,776,767	2,465,999,291	$846,105,872	$1,259,261,956	$4.09	812,499,215
Top 100 libraries		90,590,489	841,900,101	$302,380,497	$457,565,487	$5.05	220,462,663
Top 100 as % of the 9,308		29%	34%	36%	36%		27%
New York (NY)	1	3,313,573	26,667,083	$29,858,263	$29,874,549	$9.02	20,919,629
Chicago (IL)	2	2,896,016	9,983,590	$17,800,000	$17,800,000	$6.15	5,266,209
King County (WA)	3	1,330,955	22,380,802	$7,352,277	$11,886,136	$8.93	3,116,322
San Francisco (CA)	4	856,095	10,740,528	$6,109,151	$9,909,765	$11.58	2,956,061
Cleveland (OH)	5	445,805	6,777,902	$4,067,771	$9,470,344	$21.24	3,402,414
Brooklyn (NY)	6	2,465,326	19,473,773	$6,654,862	$9,326,834	$3.78	3,631,313
Hennepin Co (MN)	7	1,168,983	17,535,595	$6,485,674	$9,033,713	$7.73	4,465,681
Cuyahoga Co (OH)	8	568,306	20,389,443	$4,049,471	$8,811,740	$15.51	2,263,980
Mid-Continent (MO)	9	668,428	9,455,412	$4,481,305	$8,793,641	$13.16	2,621,567
Cincinnati & Hamilton Co (OH)	10	851,494	16,311,136	$3,447,324	$8,008,016	$9.40	3,840,698
Baltimore Co (MD)	11	788,994	10,130,476	$5,251,549	$7,912,020	$10.03	1,478,561

Library Name	Rank by Total Material Expense	Population Served	Total Circulation	Print Material Expenses	Total Material Expenses	Total Material Expense per capita	Book Volumes
Houston (TX)	12	2,257,926	7,446,271	$5,255,433	$7,688,299	$3.41	2,536,050
Los Angeles Public (CA)	13	4,094,764	18,052,130	$4,891,314	$7,553,629	$1.84	6,275,388
Queens (NY)	14	2,229,379	21,901,954	$6,114,632	$7,410,194	$3.32	5,658,275
Broward Co (FL)	15	1,748,066	10,418,486	$6,821,274	$7,320,592	$4.19	2,834,652
Las Vegas – Clark Co (NV)	16	1,461,985	13,744,009	$4,475,138	$7,088,696	$4.85	2,099,179
Salt Lake Co (UT)	17	805,231	15,706,171	$4,467,899	$6,927,019	$8.60	1,663,085
Philadelphia (PA)	18	1,517,550	6,530,662	$3,989,561	$6,324,707	$4.17	3,385,781
Multnomah Co (OR)	19	724,680	22,715,292	$3,484,875	$6,298,129	$8.69	1,650,040
Palm Beach Co (FL)	20	876,834	8,551,190	$4,279,075	$6,252,570	$7.13	1,376,355
County of Los Angeles (CA)	21	3,680,838	16,804,616	$5,157,576	$6,205,053	$1.69	6,252,074
Saint Louis Co (MO)	22	873,483	11,038,358	$3,560,752	$5,803,145	$6.64	1,585,418
Hillsborough Co (FL)	23	1,229,226	10,037,974	$3,337,103	$5,452,854	$4.44	2,047,638
Seattle (WA)	24	612,000	11,376,194	$2,753,272	$5,317,668	$8.69	1,714,380
Indianapolis – Marion Co (IN)	25	832,693	16,578,849	$3,032,392	$4,995,325	$6.00	1,536,596
Sno-Isle (WA)	26	671,075	9,852,589	$2,656,835	$4,946,939	$7.37	975,138
Jacksonville (FL)	27	864,263	9,087,192	$3,912,057	$4,857,555	$5.62	2,484,796
Orange Co (FL)	28	1,102,353	14,226,728	$2,092,155	$4,729,952	$4.29	1,224,669
Columbus Metro (OH)	29	850,213	14,600,437	$2,538,683	$4,711,617	$5.54	1,789,074
Santa Clara Co (CA)	30	426,516	11,814,552	$2,764,997	$4,701,878	$11.02	1,437,779
Pierce Co (WA)	31	556,520	8,235,988	$3,806,970	$4,683,704	$8.42	1,071,699
Phoenix (AZ)	32	1,504,330	14,447,110	$2,683,713	$4,627,092	$3.08	1,385,403
Pima Co (AZ)	33	957,920	6,096,111	$2,499,278	$4,614,278	$4.82	1,061,827
East Baton Rouge (LA)	34	436,265	2,379,307	$2,776,732	$4,608,095	$10.56	1,551,845
Boston (MA)	35	645,169	3,612,923	$3,164,702	$4,357,376	$6.75	8,892,950
Denver (CO)	36	600,158	9,292,311	$2,060,435	$4,203,115	$7.00	1,909,680
Metro Library System (OK)	37	716,704	6,114,327	$2,742,749	$4,133,758	$5.77	1,040,309
Harris Co (TX)	38	1,580,478	11,485,172	$3,177,084	$4,023,855	$2.55	1,973,175
Maricopa Co (AZ)	39	726,122	7,459,989	$1,372,370	$4,020,411	$5.54	693,819
San Jose (CA)	40	1,023,083	14,918,873	$2,383,968	$3,958,499	$3.87	1,858,964
Pikes Peak (CO)	41	571,336	8,442,873	$1,641,134	$3,931,180	$6.88	872,910
Toledo – Lucas Co (OH)	42	440,456	6,876,365	$2,289,314	$3,899,616	$8.85	2,330,099
Jefferson Co (CO)	43	534,543	7,494,561	$2,161,356	$3,870,000	$7.24	1,121,962
San Diego Public (CA)	44	1,376,173	7,706,431	$2,263,206	$3,795,631	$2.76	5,491,543
Ocean Co (NJ)	45	509,638	4,845,379	$2,406,472	$3,763,770	$7.39	1,064,921
Richland Co (SC)	46	320,677	4,125,654	$2,277,768	$3,695,583	$11.52	1,267,471
Allen Co (IN)	47	331,849	7,831,650	$2,830,907	$3,680,102	$11.09	3,411,084
Montgomery Co (MD)	48	930,813	12,105,851	$1,970,000	$3,564,174	$3.83	2,401,834
Tulsa City-County (OK)	49	601,961	5,697,443	$2,662,522	$3,473,690	$5.77	1,619,784
Sacramento (CA)	50	1,373,874	7,730,513	$1,978,532	$3,382,105	$2.46	1,881,696
Prince George's Co (MD)	51	834,560	4,242,150	$1,871,676	$3,311,205	$3.97	1,639,106
Pittsburgh (PA)	52	446,308	3,438,831	$1,896,784	$3,310,161	$7.42	1,566,000
Douglas Co (CO)	53	285,465	8,275,481	$1,635,687	$3,279,029	$11.49	520,352
Gwinnett Co (GA)	54	825,818	7,038,931	$2,298,581	$3,274,453	$3.97	959,490
Dayton Metro (OH)	55	465,127	7,539,171	$1,786,889	$3,266,618	$7.02	1,585,214
Lee Co (FL)	56	618,754	5,854,188	$1,736,921	$3,242,115	$5.24	1,221,178
San Antonio (TX)	57	1,597,075	6,601,175	$1,997,374	$3,241,195	$2.03	1,959,719
Pinellas (FL)	58	893,496	6,710,449	$2,256,380	$3,205,304	$3.59	2,239,866
Johnson Co (KS)	59	414,097	6,978,616	$1,791,041	$3,161,677	$7.64	879,923
Miami – Dade Co (FL)	60	2,147,079	9,224,050	$1,990,515	$3,158,830	$1.47	3,451,186
Akron – Summit Co (OH)	61	379,436	5,934,615	$1,518,441	$3,101,660	$8.17	1,611,916
Saint Louis (MO)	62	348,189	2,443,527	$1,777,804	$3,021,973	$8.68	2,830,332
San Diego Co (CA)	63	1,091,536	10,788,181	$1,472,685	$2,996,157	$2.74	1,300,076
Fairfax Co (VA)	64	1,035,727	13,879,073	$1,750,274	$2,962,412	$2.86	2,297,884
DC Public (DC)	65	601,723	2,712,775	$1,628,964	$2,961,752	$4.92	1,904,030

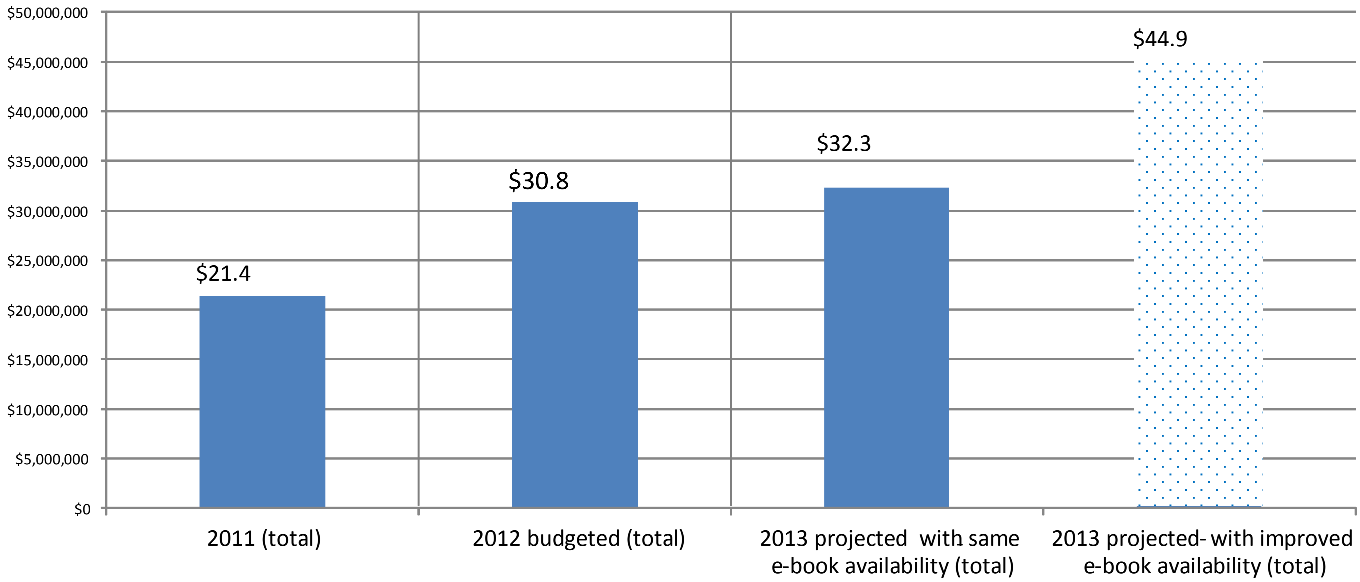
Library Name	Rank by Total Material Expense	Population Served	Total Circulation	Print Material Expenses	Total Material Expenses	Total Material Expense per capita	Book Volumes
Fort Worth (TX)	66	727,575	4,111,647	$1,696,202	$2,953,242	$4.06	903,320
Hawaii State (HI)	67	1,295,178	6,959,313	$2,129,270	$2,930,469	$2.26	3,465,926
Saint Charles City-County (MO)	68	283,883	7,083,579	$1,187,176	$2,921,408	$10.29	846,314
Detroit (IL)	69	951,270	2,498,440	$1,815,224	$2,898,285	$3.05	8,047,765
Monmouth Co (NJ)	70	399,613	3,888,503	$2,135,146	$2,871,505	$7.19	1,305,220
Contra Costa Co (CA)	71	967,425	6,944,422	$2,215,764	$2,827,749	$2.92	1,357,120
Orange Co (CA)	72	1,573,564	7,629,436	$2,130,325	$2,703,283	$1.72	2,808,173
Louisville (KY)	73	721,594	3,725,258	$1,814,904	$2,660,139	$3.69	1,260,424
Harford Co (MD)	74	239,993	4,884,167	$1,622,411	$2,650,950	$11.05	833,708
Nashville (TN)	75	635,710	4,148,419	$1,551,330	$2,648,417	$4.17	1,650,544
Enoch Pratt (MD)	76	637,455	1,252,996	$1,185,700	$2,550,371	$4.00	2,446,310
Pioneer (OK)	77	348,031	2,762,022	$1,791,386	$2,531,000	$7.27	494,827
Delaware Dept of Community Services (DE)	78	355,979	5,794,745	$1,284,758	$2,497,648	$7.02	687,987
Howard Co (MD)	79	273,669	6,747,764	$1,341,835	$2,475,183	$9.04	854,562
Fresno Co (CA)	80	923,487	3,667,648	$1,449,837	$2,457,644	$2.66	2,543,324
Charlotte Mecklenburg (NC)	81	894,290	7,093,974	$1,887,260	$2,451,260	$2.74	946,381
Arapahoe (CO)	82	244,938	5,198,606	$1,157,134	$2,447,689	$9.99	451,827
Kent (MI)	83	365,669	6,388,208	$1,631,758	$2,424,603	$6.63	898,567
Wake Co (NC)	84	892,409	11,305,626	$2,260,270	$2,360,270	$2.64	1,639,740
Volusia Co (FL)	85	494,593	4,369,468	$1,387,762	$2,350,308	$4.75	859,749
Naperville (IL)	86	144,560	5,005,498	$1,251,494	$2,328,411	$16.11	642,445
St. Joseph Co (IN)	87	172,627	2,657,255	$1,647,286	$2,300,158	$13.32	546,019
Austin (TX)	88	786,382	4,316,785	$1,506,813	$2,207,788	$2.81	1,172,599
Atlanta Fulton (GA)	89	1,047,216	3,802,492	$1,667,913	$2,185,945	$2.09	2,361,825
Kansas City (MO)	90	239,525	2,309,153	$1,307,702	$2,179,503	$9.10	989,798
Central Arkansas (AR)	91	311,250	2,298,456	$1,413,506	$2,144,896	$6.89	864,279
Timberland Regional (WA)	92	468,295	5,210,610	$1,272,240	$2,138,842	$4.57	1,029,201
San Mateo Co (CA)	93	286,569	4,160,245	$1,122,097	$2,126,586	$7.42	648,736
Riverside Co (CA)	94	1,111,924	3,718,343	$1,329,951	$2,078,778	$1.87	1,421,388
Charleston Co (SC)	95	331,917	3,834,143	$1,442,453	$2,056,575	$6.20	1,157,723
Fort Bend Co (TX)	96	517,820	3,387,440	$1,266,497	$2,042,926	$3.95	645,173
Knox Co (TN)	97	435,725	2,672,142	$1,765,327	$2,038,631	$4.68	1,010,963
Dakota Coy (MN)	98	381,161	5,504,160	$1,409,423	$2,005,386	$5.26	755,294
DeKalb Co (GA)	99	760,651	4,156,993	$1,450,283	$1,964,845	$2.58	808,682
Virginia Beach (VA)	100	433,033	3,522,707	$1,150,162	$1,961,640	$4.53	748,701

Survey findings: spending on e-books could reach $45 million in 2013

According to the survey of the top 100 public libraries based on materials expenditure, spending on e-books was expected to jump 44 percent in 2012 over 2011. Total spending on e-books in 2011 was reported at $21.4M and is estimated to reach approximately $30 million in 2012 based on survey projections. Libraries surveyed expect to spend just 5 percent more on e-books in 2013 than in 2012 if e-book availability remains as limited as it was at the time of the survey. However, should e-book content become more available to libraries, the public libraries that participated in the survey would expect their spending on e-books to go up 46 percent over 2012 levels.

Actual and Projected E-book Expenditures of Top 100 U.S. Public Libraries by Materials Expenditure

(n=52 of 100 surveyed in December 2012, dollars in millions)



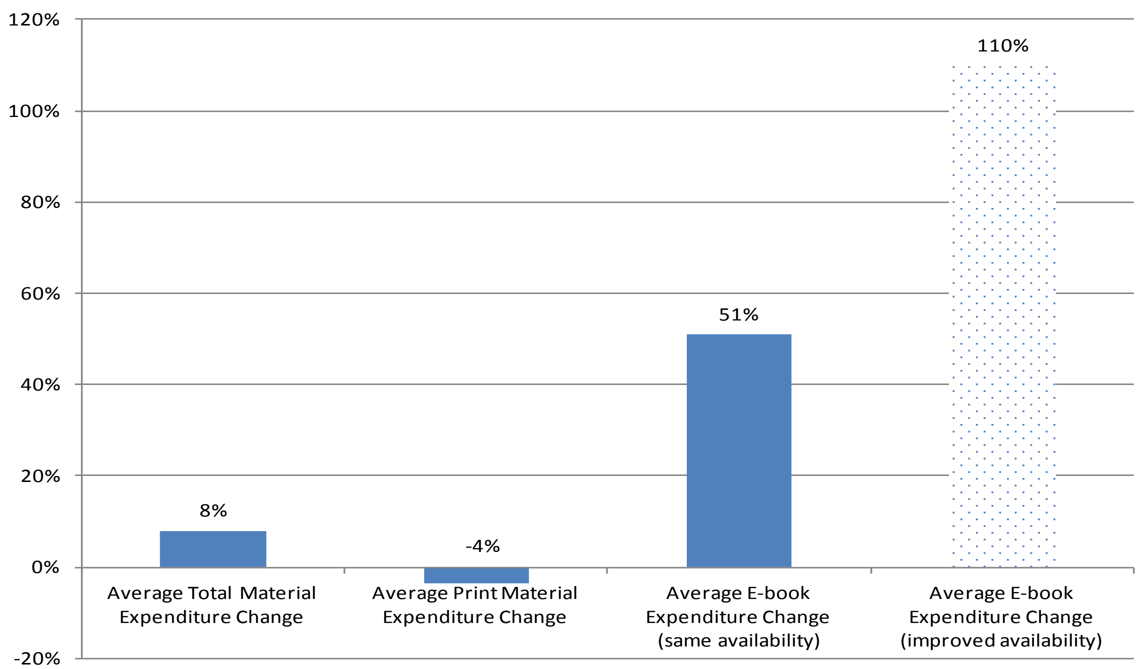
Percentage of average materials expenditures expected to decrease for print and increase for e-books

The public library survey respondents expect to continue to spend on printed materials, but the expected print purchases are anticipated to be slightly less: an estimated decrease of approximately 4 percent from an average of $2,480,500 in 2011 to an average of $2,394,000 in 2013.

Survey results suggest that this projected decline in print expenditures will be offset by an increase in e-book expenditures, which are expected to increase by 51 percent in 2013 (if e-book availability remains as it is today) or by 110 percent (if availability improves). Total materials expenditures, across print and e-books, are expected to increase 8 percent.

Expected Percentage Change in Average Total, Print and E-book Expenditures of Top 100 U.S. Public Libraries by Materials Expenditure

(n=55 of 100 surveyed in December 2012)



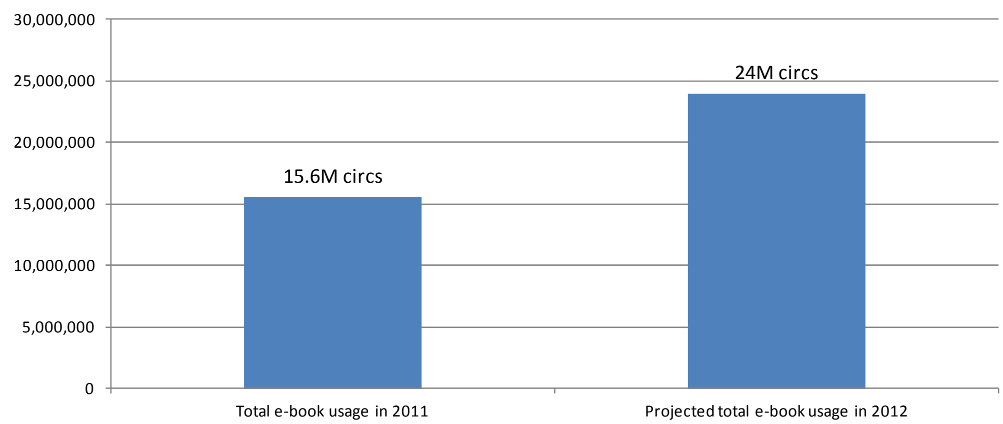
Percentage change shown indicates the average expected change from 2011 to 2013.

E-book usage increased by more than 50 percent in 2012

As libraries increased their spending on e-books in 2012, the popularity of e-books in libraries also increased, with usage up 54 percent over 2011. As more people have access to e-readers and tablets, this use will likely continue to accelerate.

Projected E-book Usage at Top 100 U.S. Public Libraries by Materials Expenditure

(n=54 of 100 surveyed in December 2012)



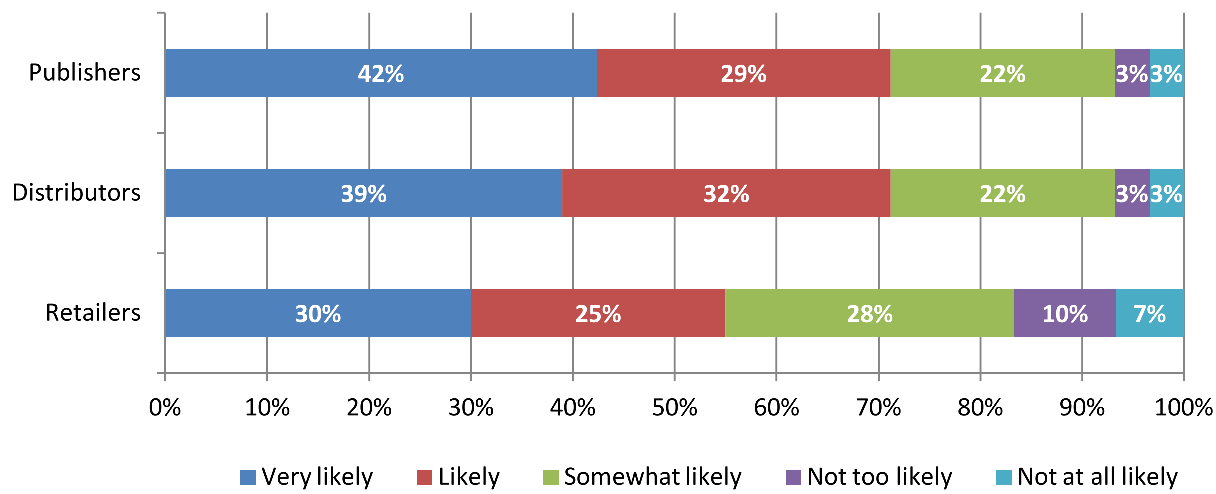
Most libraries are willing to share e-book usage data with publishers, distributors and retailers

The majority of survey respondents indicated that they would be likely or very likely to share anonymous, aggregated e-book usage data with publishers, distributors and retailers if this information would help increase library access to e-book content. Libraries indicated that they would be more apt to be "very likely" to share aggregated data with publishers than with distributors or retailers.

> ***Public library data could be a powerful resource as both publishers and retailers are interested in data trends about e-book usage.***

Likelihood to Share Anonymous E-book Usage Data with...

(n=55 of top 100 U.S. public libraries, by materials expenditure, surveyed in December 2012)



Libraries reliably purchase best-seller titles

To better understand public libraries' purchases of best-selling titles, survey respondents were asked a series of questions about the purchase and circulations of the top 20 hardback and e-book titles included in one week, selected at random (June 24, 2012) from *The New York Times* Best Sellers list.

Our survey findings indicated that the public libraries surveyed purchased, on average, 59 copies of each of the 20 *New York Times* hardback titles. Using an average purchase price reported by respondents on these titles, these expenditures represent nearly $2.4 million. These libraries also purchased, on average, 19 copies of these e-book titles, representing an additional $1.2 million.

Availability of e-book titles affected the libraries' ability to purchase these titles, as one quarter of the titles on the e-books best-seller list were not available for purchase at the time of the survey. Had the same sample of titles been available, and if libraries had purchased these titles in a similar volume, and at a similar price as other top-selling e-book titles, this would have represented approximately $0.4 million in additional e-book spending.

Libraries follow the demand for titles and often purchase additional copies when demand exceeds availability. More than three-fourths of the libraries surveyed indicated they purchase additional copies once the ratio of copies owned to holds outstanding reaches a specific point, with the ratios of 3:1 and 5:1 being the most utilized.

The tables on the following two pages provide details of the purchases of titles on the June 24, 2012 issue of *The New York Times* Best Sellers list by the public library respondents. The tables include total copies purchased through the date of the survey and circulation statistics on each title.

Library Hardback Purchase and Circulation Data from a Selected Title List of New York Times Best Sellers June 2012

(n=54 of of top 100 U.S. public libraries, by materials expenditure, surveyed in December 2012)

Hardback Books	Average Copies Bought To Date	Maximum/ Minimum Copies Bought	Median Copies Bought	Average Holds Outstanding Today	Average Circulation per Copy
KISS THE DEAD, by Laurell K. Hamilton	39	138/6	30	3	5.6
GONE GIRL, by Gillian Flynn	176	505/10	149	385	4.7
CALICO JOE, by John Grisham	116	956/7	79	8	8.7
THE STORM, by Clive Cussler and Graham Brown	57	251/7	40	2	7.0
SPRING FEVER, by Mary Kay Andrews	35	138/5	26	9	7.3
11th HOUR, by James Patterson and Maxine Paetro	136	1,000/14	84	15	8.1
STOLEN PREY, by John Sandford	86	500/10	57	7	8.3
THE INNOCENT, by David Baldacci	113	751/12	80	15	9.8
A DANCE WITH DRAGONS, by George R. R. Martin	40	112/2	34	11	13.0
DEADLOCKED, by Charlaine Harris	71	248/11	56	18	7.2
THE AMATEUR, by Edward Klein	31	114/0	25	21	5.3
THE GREAT DESTROYER, by David Limbaugh	12	60/1	10	3	4.4
WILD, by Cheryl Strayed	55	207/5	45	85	6.6
UNBROKEN, by Laura Hillenbrand	69	220/4	59	12	18.8
IT WORKED FOR ME, by Colin Powell with Tony Koltz	21	92/2	15	3	5.0
KILLING LINCOLN, by Bill O'Reilly and Martin Dugard	51	179/4	42	33	12.2
EAT AND RUN, by Scott Jurek with Steve Friedman	12	52/0	10	8	4.4
THE PASSAGE OF POWER, by Robert A. Caro	19	77/0	14	5	5.1
CRONKITE, by Douglas Brinkley	19	71/4	14	3	4.5
I HATE EVERYONE . . . STARTING WITH ME, by Joan Rivers	22	99/3	16	5	7.3

Library e-Book Purchase and Circulation Data from a Selected Title List of the New York Times Best Sellers June 2012

(n=52 of top 100 U.S. public libraries, by materials expenditure, surveyed in December 2012)

E-books	Average Copies Bought To Date	Maximum /Minimum Copies Bought	Median Copies Bought	Average Holds Outstanding Today	Average Circulation per Copy
FIFTY SHADES OF GREY, by E. L. James	77	546/10	58	219	10.3
FIFTY SHADES DARKER, by E. L. James	42	263/5	30	113	10.2
FIFTY SHADES FREED, by E. L. James	38	233/3	28	114	9.4
GONE GIRL, by Gillian Flynn	48	243/4	33	268	6.3
FIFTY SHADES TRILOGY, by E. L. James	24	90/0	17	83	8.2
KISS THE DEAD, by Laurell K. Hamilton	Not available for purchase at time of survey				
ON THE ISLAND, by Tracey Garvis-Graves	Not available for purchase at time of survey				
THE MARRIAGE BARGAIN, by Jennifer Probst	Not available for purchase at time of survey				
11th HOUR, by James Patterson and Maxine Paetro	3	7/0	2	0	9.7
BARED TO YOU, by Sylvia Day	2	5/0	2	100	14.3
WILD, by Cheryl Strayed	20	123/2	12	36	9.2
THE AMATEUR, by Edward Klein	5	18/0	3	8	7.7
UNBROKEN, by Laura Hillenbrand	18	73/0	14	7	14.8
I HATE EVERYONE…STARTING WITH ME, by Joan Rivers	Not available for purchase at time of survey				
THE GREAT DESTROYER, by David Limbaugh	2	6/1	1	2	4.6
LET'S PRETEND THIS NEVER HAPPENED, by Jenny Lawson	Not available for purchase at time of survey				
KILLING LINCOLN, by Bill O'Reilly and Martin Dugard	2	5/0	1	1	12.6
HEAVEN IS FOR REAL, by Todd Burpo with Lynn Vincent	11	40/2	8	3	17.4
STEVE JOBS, by Walter Isaacson	1	1/0	1	0	4.0
EAT AND RUN, by Scott Jurek with Steve Friedman	1	8/0	1	3	2.1

The research and analysis generated by this project can be broadly summarized into three key areas for continued exploration and conversation.

Electronic and print will co-exist and will likely be mutually reinforcing. The survey results and subsequent discussions identified that, when available, libraries are likely to purchase both print and e-books. As outlined in the earlier tables, librarians had a strong appetite for purchases of both print and e-book titles. For example, while none of the *Fifty Shades* series was on the top 20 *hardback* best-seller list for the week of June 24, 2012, all three titles were purchased as e-books. These three titles were in the top four median e-book purchases by the libraries surveyed. Plans to publish in hardback came only after the series became a best-seller in the e-book format (*Huffington Post* 4/18/13).

Four of the best-selling e-books for the survey date were not available for purchase by libraries at the time of the survey (December 2012), but based on the purchasing patterns of other top selling e-books, the public library directors surveyed would likely have purchased these titles if they had been available. For titles that were on both lists, demand for both e-books and hardbacks outweighed supply, creating hold lists for titles in each format. The “friction” often referred to in library lending models (i.e., holds and wait lists) exists for both print and electronic formats. As libraries gain experience with e-book circulation and patterns can be understood and tracked, a collective title approach, across all formats, will emerge. It is certainly early, but the data and discussions of the groups indicate that a mutually supporting print and e-book purchasing pattern will result when and if electronic books are made more widely available for libraries and patrons.

Data drives decisions. Library director respondents indicated that they would like to continue to see data regularly collected on library purchasing and circulation of specific titles and across formats. There is an opportunity to gain from more data collection and sharing for both publishers and libraries. Library respondents of the largest public libraries indicated a willingness to share anonymous data with publishers and others in the e-book value chain. Although the data collected for this survey was limited to best-seller titles for one week in 2012, it provides insights to library researchers on what data could provide value to library directors making decisions about meeting public library and consumer demand.

Libraries could support consumer purchasing. Although the total purchasing potential of public libraries represents a small portion of the overall market, there are specific ways that libraries could add value to publishers under a new model. The majority of library director respondents indicate, for example, that their libraries currently offer or are planning to offer a “buy-it” option from their online public access catalogs. And for those directors who said that they are not planning to offer such an option, two-thirds of them said that they could be at least somewhat likely to offer the option, if offering it would mean an increase in libraries’ ability to access e-books.

More than 80 public library leaders met with the project team to discuss the information and findings from this research between January and May 2013. Together, the participants developed and prioritized suggested strategies that would increase awareness and action in the public library community toward the goal of furthering public access to e-books. Several library directors volunteered to organize and continue to lead discussions and efforts, and these are summarized in the following section.

We invite all public library leaders to join the coordinated effort and ongoing conversation.

Get involved!

Following are summaries of the key strategies or activities that were prioritized by the participants in this project, with contact information for leaders in each area. If you would like to get more involved, please contact individual leaders directly via e-mail.

Create NEW value in the e-book supply chain—Look at how libraries can work with emerging opportunities and technologies in order to be proactive in understanding what can be done to enhance the chain from author to reader. This may include developing a shared platform for e-book discovery and lending, and is led by Charles Pace, Director, St. Louis County Library.

Use data to articulate library value in the e-book supply chain—Understand and mine the aggregate data that libraries have that will help publishers, distributors and retailers understand the behavior of library users in aggregate. Bill Rodgers, Resource Services Division Manager, Hennepin County Library leads this effort.

Educate about the public policy issues around e-book access—Work with local, state and federal legislators, within the confines of your own library policies, to understand how legislators and community citizens might influence access to e-books, led by Bill Ptacek, Director, King County Library System. Similarly, Lynda Murray of the Ohio Library Council is coordinating an effort to educate and inform Ohio legislators.

Develop a common narrative—Develop common voice and messages about the importance of public libraries' access to e-books that are influential with a diverse set of players and influencers across the e-book ecosystem. This group does not have a current leader because the work gained immediate momentum (after the January meeting). By the time this report was published, members of our advisory group and the Urban Libraries Council had published talking points for all public libraries to use when talking to their elected officials about the importance of e-books. This work can be found in the "New E-Books Briefing Paper" published by the Urban Libraries Council.

Work with additional partners—Continue to work with new partners to expand libraries' ability to collaborate around access to e-books. Possible partners could include, but not be limited to, the Association of American Publishers, e-book distributors (such as OverDrive, Baker & Taylor, Ingram, etc.) and retailers (such as Amazon, Apple, Barnes & Noble, etc.). Although this strategy was prioritized, it does not have formal leadership or a working group at this time.

Coordinate and administer these plans—Create an administrative/consultative owner and action plan around the above strategies to ensure that each can be advanced. Martín Gómez, Vice Dean, USC Libraries, leads this group.

Suggested further reading

"21 Book Publishing Predictions for 2013: Indie E-book Authors Take Charge," Mark Coker, *Huffington Post*, 12/23/12.

"Three Predictions for Book Publishing in 2013," Jeremy Greenfield, *Forbes*, 12/21/12.

"Let the E-book Price Wars Begin: Three E-book Pricing Predictions," Jeremy Greenfield, *Forbes*, 12/10/12.

"E-book Reading Jumps; Print Book Reading Declines," Lee Rainie and Maeve Duggan, *Pew Internet*, 12/27/12.

"5 Trade Publishing Trends to Watch For in 2013," George Lossius, *Publishing Perspectives*, 1/10/13.

"Book Publishers Scramble to Rewrite Their Future," Evan Hughes, *Wired*, 3/19/13.

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