

**Study on the Management
and Economic Impact of
e-Textbook Business Models on
Publishers, e-Book Aggregators and
Higher Education Institutions:
Phase One Report
(Public Version)**

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While every effort has been made to ensure its accuracy, the authors make no representations or warranties as to the accuracy or completeness of information contained in this report.

1. Context

- 1.1. Over the last few years, there has been major growth in the supply of academic e-books via libraries. E-book collections are now available from all major publishers including Cambridge University Press, Elsevier, Oxford University Press, Palgrave, SAGE, Taylor & Francis, Springer, and Wiley-Blackwell.
- 1.2. There has also been a growth in aggregator services that provide a single interface and point of access to e-books from a wide range of different publishers. E-book aggregators currently supplying the UK HE market include Dawson (via Dawsonera), EBL (eBookLibrary), ebrary, MyiLibrary, and NetLibrary.
- 1.3. However there remain ongoing issues and barriers with respect to the supply of e-versions of core textbooks via libraries, with libraries reporting that they are unable to get e-access to many of the titles they require for their users.
- 1.4. The JISC Collections E-Book Working Group is driving the e-textbook agenda on behalf of the UK library community, and has commissioned a series of reports including “A Feasibility Study on the Acquisition of E-Books by HE Libraries and the Role of JISC” (Higher Education Consulting Group, 2006). This study concluded that:
 - There is significant demand for e-versions of course texts and core textbooks within higher education institutions that is not currently being met.
 - Publishers are nervous about providing course texts online via libraries as there is considerable concern about the possible impact on their print sales, and a high degree of uncertainty about realistic and sustainable pricing and licensing models.
- 1.5. These issues are currently being addressed by the JISC national e-book observatory project, launched in January 2007, where 36 e-books relevant to higher education courses in 4 subjects have been licensed by JISC Collections, and are now available free to UK higher education institutions via the MyiLibrary and Ovid platforms. See Appendix 2 for more information.
- 1.6. At the JISC Collections National E-textbook debate in April 2008, it was made clear by publishers and librarians that uncertainty about sustainable business models for widely adopted core textbooks was a key barrier in terms of enabling libraries to participate in e-textbook provision to the degree that they would like.
- 1.7. As a result, a study on the management and economic impact of e-textbook business models was commissioned by the JISC Collections E-Book Working Group in November 2008. Following an open tender and subsequent discussion, it was agreed that there should be a phased approach to the study, and that the first stage should explore the current status of e-textbook provision in the UK higher education sector, and surrounding issues, in order to inform recommendations about possible business model trials to be undertaken in Phase 2. Phase 1 of the study has been undertaken by Content Complete Ltd and OnlyConnect Consultancy. Phase 2 of the study will be undertaken by Content Complete Ltd, with OnlyConnect providing consultancy services as required.

2. Objectives of Phase 1 of the study

- 2.1. Through interviews with key stakeholders and desk research, the objectives of Phase 1 of this study are:
- To provide an overview of the current status regarding the supply of textbooks in electronic form in the UK, drawing on experience from the US as appropriate;
 - To understand what the barriers are to library provision of widely-adopted core textbooks in electronic form;
 - To establish the level of interest in business models trials for widely-adopted core textbooks in the institutional market amongst key stakeholders including librarians, publishers, e-book aggregators, and booksellers;
 - To put forward recommendations about options for business model trials for widely-adopted core textbooks in order to provide data to inform future strategy for all stakeholders, and to suggest a timescale for implementation and review, and the budget required to support this.

3. Process

- 3.1. Between November 2008 and February 2009, the project team has sought feedback about e-textbook provision (both in general and by libraries) from a wide range of stakeholders – through face to face meetings, by telephone, and via surveys.
- 3.2. A full list of those organisations that have contributed to this report is provided in Appendix 1.
- 3.3. The project team has also undertaken desk research relating to issues and developments in the UK and US textbook markets as appropriate.

4. Executive summary

- 4.1. Unlike monographs and journals, a “student pay” model is the established model for textbook sales in print form. The consensus amongst the publishers we interviewed is that between 70 and 90% of overall revenue comes from students. Whilst some librarians are very sceptical about these percentages, they accept that student purchases currently account for the majority of revenue for textbooks. Unfortunately, it does not appear to be possible to verify the percentages.
- 4.2. A shift in e-textbook provision to libraries would therefore represent a significant change in the economic model for textbook publishing.
- 4.3. The publishers we interviewed reported that overall revenue from print sales of textbooks is either static or increasing but that, in some cases, unit sales are declining.
- 4.4. It is the view of the library community, however, that spending by students on textbooks is declining, and that students are increasingly looking to the library to provide textbooks. In view of the current economic situation, librarians expect this trend to continue.

- 4.5. In contrast to the US, there is a great deal of diversity in the approach to learning in UK universities, and in the way individual lecturers teach their courses. This makes it very difficult to define what constitutes a core textbook in the UK academic sector. An adopted textbook which is required reading at one university might well be considered supplementary reading at others – or indeed not used at all. As a result, it is hard to progress e-textbook initiatives at a national level.
- 4.6. It is impossible to get definitive revenue figures for textbooks due to the fundamental issues over the definition of a textbook mentioned above and that textbooks are not defined separately in book sales statistics. However, according to the Publishers Association, undergraduate spending on books was £219.5m in 2006/7 and growth was 5% over the period from 2004/5. According to Nielsen BookScan, sales of “academic specialist non-fiction” titles through UK bookshops (including online booksellers) was £197m in 2008, and there was 9.7% growth over the period from 2005. See 5.1 for further details.
- 4.7. Given that it appears that the existing cap on tuition fees (where applicable) is unlikely to be removed in the near future, and in view of the likely impact of the current recession on library budgets, it is hard to see how libraries (and indeed institutions more generally) will be able to take on the scale of additional expenditure required to provide access to e-textbooks on the unlimited user/perpetual access basis that our (and previous) research has indicated libraries would like to offer.
- 4.8. It is apparent from usage analysis that many titles licensed for the JISC e-book observatory project have been well used, particularly in the area of business studies. However, feedback from librarians and publishers during this study suggests that, on the whole, demand from UK lecturers and students for e-versions of textbooks is low. Publishers report that it appears that the availability of an e-version of a textbook is currently not a key factor in securing adoptions – despite the fact that they consider that the availability of online extras (such as test banks and other supporting materials for students and lecturers) is very important in this respect. Publishers also report that activation rates for e-access bundled with print textbooks is low. Students (responding to a limited and informal questionnaire) indicated that having access to a print textbook was their preferred option. However, it is also clear from our research that, as is true for printed textbooks, the lecturer is a key determinant in terms of student demand. If the lecturer is enthusiastic and recommends e-access, demand from students is very likely to follow. As a result, it is clear that we need to engage with lecturers during business model trials.
- 4.9. Many publishers are already offering e-access to textbooks (including market-leading core textbooks) through a variety of routes but, as with print, student-pay models are the norm. However, although print editions are available to libraries to purchase according to their requirements, e-versions of textbooks are in many cases not being made available to libraries under any access models.
- 4.10. There are many reasons why the majority of publishers are nervous of making e-versions of widely-adopted textbooks available via libraries (see 5.5 for details). However, those we interviewed were keen to find a way of satisfying library demand provided that revenues overall were at least maintained.

- 4.11. There are a lot of unknowns (for example the impact of access via the library on print sales) and, as a result, publishers were very positive about participating in a range of trials (assuming they were carefully-formulated to address key issues) at a small number of institutions in order to inform business strategy going forward.
- 4.12. A wide range of libraries and e-book aggregators have also expressed interest in participating in business model trials.
- 4.13. On the basis of our discussions and research, we recommend a range of trials in Section 6.5. Some of the trials suggested reflect the models we see as realistic and sustainable for key stakeholders. Others are designed to shed light on key aspects of student and lecturer preferences which we feel will provide publishers and librarians with important information regarding future pricing and licensing models in order to move the e-textbook agenda forward.
- 4.14. In order to model the impact of e-textbook business models as accurately as possible, it is important to take into account the selling cycles and patterns of student use of textbooks. Spring is the key time for publisher approaches to booksellers and lecturers so we need to have confirmed information about trials available by the end of May at the latest. All forms of access need to be available well in advance of the start of the academic year, and we recommend that trials are in place until the end of the 2009-10 academic year.

5. Overview of findings

5.1. Market size

- 5.1.1. As mentioned previously, there are fundamental issues over the definition of a textbook, and they are not defined separately in book sales statistics. As a result it is not possible to get definitive figures relating to the size of the textbook market.
- 5.1.2. However, according to the Publishers' Association's Academic & Professional Market Statistics, expenditure by undergraduate students in the UK on books was as follows:

2006/7:	£219.5m
2005/6:	£218m
2004/5:	£209.2m

5.1.3. According to Nielsen BookScan, sales of “academic specialist non-fiction” titles through UK bookshops (including online booksellers) was as follows:

2008:	£197m
2007:	£186m
2006:	£190.4m
2005:	£179.6m

5.2. Characteristics of the market for print editions of textbooks which impact on e-textbook provision by libraries in particular

5.2.1. There are key differences between the business models and sales channels for print textbooks - as compared with those for academic monographs and journals - which have an impact on the supply of e-textbooks through libraries:

- Unlike journals and monographs, the value of sales to libraries represents a relatively small proportion of total revenue from printed textbooks. The consensus amongst publishers is that sales to students account for 70-90% of overall revenue from textbooks, with the remainder coming from libraries, typically purchasing copies for the short loan collection. Libraries dispute these figures but agree that there is a significant gap between student and library spending on textbooks. As a result, e-textbook provision via libraries would involve a major change to the economic model of textbook publishing, and could lead to a significant loss of revenue for publishers – particularly if access via libraries resulted in a major fall in print sales.
- Textbook business is repeat business, with adopted titles (titles which are “required” reading for students) potentially selling to students every year in which they are adopted. This has an impact on the price libraries might be expected to pay for e-access, particularly for perpetual access to titles.
- Bookshops play a key role in the supply chain for print textbooks. A concern for certain publishers is that selling e-textbooks direct to libraries will cut booksellers out of a major source of income, and might thereby have a negative impact on their willingness to promote other books from the publisher’s range. For example, the US library consortium OhioLINK has recently made an agreement with an online supplier of e-textbook content (see <http://textbooks.uso.edu/sources/coursesmart>), and we understand that it has provoked a negative reaction from booksellers.

- 33% of new textbook sales now go through Amazon and Amazon Marketplace (see <http://www.thebookseller.com/news/55640-amazon-captures-33-of-student-textbook-sales-.html>). This means that it is increasingly difficult for publishers to track “sell through” from adoptions at individual institutions in order to come up with a fair price for e-access. “Sell through” is a term used by textbook publishers and booksellers to describe the relationship between the number of copies of a textbook sold in comparison to the number of students on the course for which it has been adopted.

5.2.2. Unlike the US, there are very few titles in the UK that are widely recognised as “core” textbooks:

- There is no core curriculum in the UK and an adopted textbook which is required reading at one university might well be considered supplementary reading at others – or indeed not used at all.
- There is a widespread preference in UK universities not to be prescriptive, and to encourage students to read around the subject with a focus on recommended and supplementary reading, rather than “required” textbooks. This is particularly true of undergraduate social sciences and humanities courses.

5.2.3. These factors, amongst others, make it difficult for any national initiative regarding e-textbooks provision to proceed.

5.2.4. As indicated previously, expenditure on books by UK undergraduates was estimated at £219.5m in 2006/7 (the latest year for which figures are available). For publishers, this means that a significant level of revenue is potentially under threat if offering e-access to textbooks through libraries leads to a significant reduction in print sales.

5.2.5. Feedback from librarians is that students are buying fewer textbooks and that they are asking for them (in print form) in the library. However, although some publishers reported a slight downturn in unit sales of textbooks, revenue levels were reported as static or growing slightly. Figures from the Publishers Association listed in 5.1 show a 5% increase in undergraduate student spending on books in general over the period from 2004/5 to 2007/8. Nielsen BookScan figures show a 9.7% increase in spending in UK bookshops on books in their “academic and specialist non-fiction” category between 2005 and 2008.

5.3. What e-textbook content is available now, and what are the models?

5.3.1. Many leading publishers are already making their textbooks available in electronic form. On the whole, however, business models replicate the “student-pay” models established for print – for example:

- E-versions of textbooks (including, in many cases, market leading core texts) can be bought and downloaded to students’ computers via software such as VitalSource through a variety of channels. These include CourseSmart (currently operating in the US only), publisher e-book stores, and some bookshop chains in the UK, notably John Smith and Son. E-versions of titles are typically only on offer as part of print/e-book bundles in the UK, and the e-version is available to download via an access code supplied with the printed book. In most cases the print/e bundle costs more than the print edition alone, but sometimes the e-version is available at no additional charge. In the US, e-only access via downloads is widely available.
- John Smith and Son, a leading chain of campus booksellers in the UK, is very active in the area of e-textbooks. Over the last 12 months, they have negotiated e-licences for a significant number of core textbooks from leading publishers which they are making available both in stores and online as part of a package with the print edition. In most cases there is an extra charge for the e-version (generally £5), but in some cases it is free. John Smith and Son is also working with a number of institutions (including Regent’s College and Anglia Ruskin University) on an initiative called Aspire where students receive an allocation of funds to spend on books, e-book bundles, stationery etc in the campus bookshop or online. Information about the scheme at Regent’s College is available at <http://www.jscampus.co.uk/shop/branch.asp?branchid=38&collectionid=%400000000164>.
- Some online retailers (including www.sellstudentstuff.com, www.ebooks.com, and CourseSmart in the US) offer download options to students on a rental basis.
- One publisher we interviewed offers students the opportunity to purchase and download content of e-versions of textbooks at the chapter level as well as complete titles.
- Some publishers have also launched student-focused initiatives which include access to complete e-editions of textbooks using a student-pay model and offering print plus online or online-only access for periods of 3, 6 or 12 months.

- 5.3.2. As with print, the importance of lecturer-engagement in terms of ensuring good sell through is recognised in the e-textbook arena – for example:
- Two leading STM publishers that we interviewed have developed online learning and interactive teaching resources to assist both lecturers and students when a textbook is adopted by a lecturer for a particular course.
 - In the case of one of the services, lecturers get free access to the site and they can add their own material, monitor progress of students etc. Students purchase the print version of the textbook bundled with a registration code and, when they receive the website details from their lecturer, they use the code to access the content. The price is the same as that for just the print. It is also possible for students just to purchase the registration code, and some university departments have chosen to purchase the codes on behalf of their students.
- 5.3.3. Some publishers offer lecturers the opportunity to create custom textbooks. Students can purchase the customised title in print, and some publishers also offer e-book options. However, although customisation appears to be proving increasingly popular, feedback from publishers suggests that this is still primarily a print-only model.
- 5.3.4. Most universities now have Virtual Learning Environments (VLEs), delivering learning resources to students via the web, and allowing students on site or at home to make use of the materials. Students are increasingly being directed to the VLE for learning resources, and VLEs are playing an increasingly important role in terms of e-textbook provision within higher education institutions in the future – for example:
- Many university departments are choosing to approach publishers directly to licence textbook content. Several publishers reported that such approaches were on the increase, and one publisher estimated that 20-30% of UK higher education institutions are now buying textbook content in this way.
 - Supplementary e-resources that support adopted textbooks are increasingly being made available by publishers as pre-formatted ‘cartridges’ for uploading into the VLE as well as online.
- 5.3.5. Open access models are becoming increasingly prominent in the e-textbook arena (particularly in the US where textbook pricing is a very high-profile issue) with academics making course material available free of charge online. For example www.textbookrevolution.org lists a vast range of open access textbooks on subjects ranging from biology to world history.
- 5.3.6. Some textbooks are also available to libraries by subscription, or to purchase, as part of e-book collections offered by publishers and also via aggregator platforms, most often on a limited concurrent user basis. However, in many cases, libraries have reported that they are not able to purchase or subscribe to “e-copies” of the adopted textbooks that they are able to purchase in print form - either on an institution-wide basis, or on a limited concurrent user basis which might be considered to be the electronic equivalent of the short loan collection.

5.4. Feedback from libraries

- 5.4.1. It is very clear from our research, as well as previous research, that libraries are keen to provide institution-wide online access to textbooks on an unlimited simultaneous user basis, and that this is high on their agenda. Providing access to e-textbooks is considered particularly important for distance and workplace learning programmes.
- 5.4.2. However there is widespread concern that, as things stand, library budgets are unlikely to be able to accommodate the cost of offering this level of access – particularly as the current model for textbooks is a student-pay one with revenue from libraries representing a relatively small proportion of the overall total. The recent downturn in the UK economy and the likely impact on library budgets could well exacerbate this problem. Also, if the cap on student fees (where applicable) remains (as a number of interviewees think is very likely to be the case) it is not going to be possible in the near future to raise and “ring fence” additional funds for the purpose of e-textbook provision. But, it is also important to note that, unless publishers tell libraries what e-access to widely-adopted core textbooks will cost on an unlimited or limited concurrent user basis, it is difficult for libraries to make a case for special funds.
- 5.4.3. Librarians feel that publishers should be moving more quickly to offer e-access to textbooks via libraries, and that they should be making partners of libraries in the age of online information in order to secure their future revenue.
- 5.4.4. The expressed preference of librarians is to purchase titles on an unlimited concurrent user basis, and in perpetuity. They also want to be able to select at the level of individual titles. However, the core textbook content they want is often not available to them - so much so that one library with a special budget for e-textbook purchase has reported that it has been unable to spend the allocation.
- 5.4.5. Feedback we received from librarians suggests that access to e-textbooks via aggregator platforms would be widely welcomed. However the number of aggregated platforms offering different titles and pricing models was raised as an issue. Libraries are also concerned that it is hard to transfer titles bought from one supplier to another aggregated platform, and the fact that each aggregated platform has a different interface is an issue for their users. These issues were also raised by libraries in the exit interviews for the JISC national e-book observatory project.
- 5.4.6. Some libraries also mentioned that they would like to be able to offer access via established publisher platforms, particularly in order to enable cross-searching of book and journal content.

- 5.4.7. Librarians would also like to be able to purchase textbook content for institution-wide use at a chapter level. Some mentioned that they felt this would be a cheaper option. However, this might not be turn out to be the case if publishers consider that offering access to certain chapters of a book is likely to cannibalise the sales of the whole book in print. But it is important to note that a number of libraries have indicated that they are using the rights granted under the CLA's [Comprehensive HE Licence](#) to scan extracts from printed books and journals that they have purchased, and to make them available in their e-reserve collections or VLEs. This licence now also allows the copying and re-use of digital material such as electronic or online publications.
- 5.4.8. Some libraries mentioned that they might be prepared to subsidise “pay-per-use” of e-textbooks for students, or to pass on access fees to students (charges for photocopying were mentioned in this respect).
- 5.4.9. Regional Purchasing Consortia in England, led by SUPC, are poised to go out to tender for printed and online books in 2009 (including textbooks). A similar initiative undertaken by universities in Scotland will also take place this year.
- 5.4.10. A wide range of HE libraries have expressed interest in participating in business model trials of e-textbooks.

5.5. Feedback from publishers

- 5.5.1. It was clear from our interviews that publishers are keen to satisfy library demand for core textbooks online. However, it is also clear that they do not want to risk a drop in revenue overall. Textbooks are a lucrative source of income and, as one publisher commented, “We would like to protect and hopefully grow our textbook business as it migrates from print to online”.
- 5.5.2. But there are a lot of unknowns in terms of this migration from print to online, particularly with respect to library provision. As a result, publishers were universally positive about participating in trials at a small number of institutions in order to find out as much useful information as possible to feed into their business strategy going forward – for example, how much usage of e-editions of core textbooks available through libraries will there be under different models, and to what extent will different types and levels of availability impact on print sales over the life of the edition?

- 5.5.3. As mentioned in Section 5.3, the majority of publishers we interviewed are already making some e-textbooks available to libraries as part of their own subject collections as well as via aggregated collections. But many are not making their core textbooks available to libraries because they consider it too risky in terms of the impact on print sales and/or authors are not agreeable.
- One publisher reported that there had been a significant decline in sales of their print textbooks available on an unlimited user basis as part of the JISC national e-book observatory project. In contrast, initial analysis by CIBER suggests that the availability of e-access has not had a negative impact on the print sales of titles licensed for the project overall.
 - However another publisher that is making core textbooks available on a limited concurrent user basis through aggregated platforms believes that this access has not had a detrimental impact on print sales, and that this channel represents an additional revenue stream.
- 5.5.4. A number of issues were raised with respect to pricing, particularly in terms of unlimited concurrent user and perpetual access licences:
- As referred to earlier, it is increasingly difficult for publishers to track sell-through of adopted textbooks at individual institutions due to the growing importance of Amazon and other online booksellers. This makes it hard to determine an appropriate price per institution for an unlimited user licence for an e-textbook.
 - Given the varying degrees of “adoptions” and sell through of individual textbooks at different institutions, and the wide variations in course enrolments, it would be very difficult to come up with a standard pricing model for unlimited concurrent user access which would be considered acceptable to all institutions.
 - Sales of adopted textbooks to students are made every year in which the title is adopted so making e-versions available for purchase in perpetuity to libraries could impact on several years of print sales. It is likely that this would need to be factored into the price.
- 5.5.5. Core textbooks are updated regularly and new editions released in order that they remain relevant to courses and the needs of students. It could be argued that perpetual access models are therefore less appropriate for textbooks than for other types of content such as academic monographs.
- 5.5.6. As previously mentioned, a concern for some publishers interviewed is that selling e-textbooks direct to libraries will cut one of their key business partners, booksellers, out of the supply chain and might thereby have a negative impact on their willingness to promote other books from the publisher’s range.
- 5.5.7. The importance of, and rights of, authors of best-selling textbooks was also mentioned by some publishers. The royalties some authors receive can be considerable, and they may take the view that making e-versions available through libraries will have a negative impact on their print sales and therefore withhold their permission.

- 5.5.8. Piracy was mentioned by all publishers as a serious concern, and DRM for e-versions of textbooks (whether delivered online or via a download) is considered essential. However it is accepted that illegal scanning of print copies is also a serious issue with file-sharing sites such as Textbook Torrents encouraging users to scan printed textbooks and upload the files. One publisher mentioned that they would like to see JISC/JISC Collections taking an active role in this area, working with libraries to build awareness amongst students of the illegality of using pirated books in print or e-format.
- 5.5.9. Given the pressure on library budgets and the possible shortfall in overall revenue resulting from offering e-access to textbooks on an institution-wide basis, many publishers expressed the view that ring-fencing of student fees (where applicable) to pay for textbook content would be a way forward. However, given the increasing probability that the cap on fees will not be lifted, it was generally felt that this is unlikely to happen in the short term at least.
- 5.5.10. However, the following positive ideas emerged from our conversations with publishers overall which we have taken into account in terms of our recommendations for business model trials:
- Offering access to e-versions of core textbooks to institutions via aggregated platforms under a range of different models might not in fact lead to a decline in print sales, and would give libraries the flexibility to select levels/types of access according to demand at their institution.
 - Making an e-version of an adopted textbook available on a limited access basis via libraries might serve to improve sell through of the print edition.
 - Offering single-user e-only and print/e download options via sites such as CourseSmart (possibly subsidised by libraries) might reduce losses in terms of the second-hand market and file-sharing sites, and have a positive impact on revenue overall.

5.6. Feedback from aggregators

- 5.6.1. E-book aggregators have developed a wide range of access and pricing models for the library market, and publishers have the flexibility to specify models and prices on an individual title level.
- 5.6.2. However, whilst aggregators report that there is clear demand from libraries for e-textbook content to be delivered via their platforms, they report that they have been unable to get agreement from publishers to make e-versions of core textbooks available - even on a limited concurrent user basis - in the majority of cases.

5.7. Feedback from booksellers

- 5.7.1. Because of their importance in the supply chain for print textbooks and the size of the market, a great deal of revenue is at stake for booksellers if sales of print textbooks decline.

- 5.7.2. As mentioned in Section 5.3, one UK bookshop chain (John Smith and Son) has responded to this challenge by approaching publishers to make print/electronic package offers available, both in their bookshops and also online.
- 5.7.3. A shift towards e-textbook provision by libraries could also threaten sales through bookshops, and we understand that there has been a negative reaction from booksellers to the US consortium OhioLINK's deal with CourseSmart.

5.8. Feedback from senior university management and teaching staff

- 5.8.1. There remains an expectation at UK universities that students will need to purchase some of their course material, and most prospectuses make mention of this and suggest a notional figure.
- 5.8.2. If the cap on tuition fees (where applicable) was removed, universities would have greater scope to include the provision of core learning materials in the fee. However, it is considered unlikely that this cap will be removed in the near future.
- 5.8.3. Interviewees felt that for specialist and professional courses, where costs are much higher than the standard, it would be appropriate to provide core learning materials to students as part of their fee.
- 5.8.4. According to one interviewee, there is no evidence of national bodies representing the higher education sector trying to address this issue by way of ring-fencing tuition fees.
- 5.8.5. Because the views of individual academics regarding the delivery of teaching and learning are so different, and that there is no core curriculum, there is very little common content and approach across the higher education sector.
- 5.8.6. Creating custom textbooks - drawing on material from a number of different books and making them available in an online format which can be linked to a lecturer's own content - is attractive to teaching staff and carries pedagogical benefits.
- 5.8.7. Clear evidence of the pedagogical benefits for researchers and students might increase the take-up of e-textbooks over printed counterparts.
- 5.8.8. Preference was expressed by a lecturer for "tethered" or downloadable textbooks as opposed to those available online, since these appeared to offer greater functionality.

5.9. Demand for e-textbooks from students and lecturers

- 5.9.1. Despite the initial results from the JISC national e-book observatory project which show good usage of licensed e-texts, libraries and publishers both report that currently there is limited demand from lecturers and students in general for e-versions of textbooks. However, where individual lecturers are enthusiastic about e-textbooks, demand from students follows.

- 5.9.2. One publisher mentioned a trial they had undertaken for a best-selling textbook with a large adoption at a university where the author is located. Of 200 students on the course in question, only 11 chose to purchase the print plus online bundle and just one purchased the online-only version.
- 5.9.3. Publishers have also reported that activation of free downloadable versions of textbooks available via an activation code included in the printed book has been very low.
- 5.9.4. There is a lot of competition amongst textbook publishers in terms of providing free supplementary content online to support both students (for example test banks of questions) and lecturers in order to gain adoptions. However, the consensus from publishers is that having an online version of the book itself is not currently a key factor in terms of securing adoptions.
- 5.9.5. Whilst we have not actively sought the views of students, respondents to a limited and informal questionnaire suggested that their preference is for print but that they would consider an e-version if it was substantially cheaper.

5.10. Feedback about format and delivery methods

- 5.10.1. Feedback from libraries during the course of the research suggests that currently format is not a key issue. Although concerns have been expressed by librarians about PDFs from the point of view of accessibility (and use of screen readers in particular) and also the need for reformatting, the message is that being able to offer their users access to textbook content in this format is better than nothing. However, it is important that the TechDis guides for PDFs (www.techdisc.ac.uk) are followed.
- 5.10.2. As mentioned in Section 5.3, some publishers are seeking to exploit opportunities offered by online delivery to make their textbooks available online with added value features.
- 5.10.3. As mentioned in Section 5.3, students are increasingly directed to VLEs for their learning materials so there is likely to be greater demand for publishers to deliver e-textbook content (whether the textbook itself or supplementary materials) via cartridges and plug-ins.
- 5.10.4. Being able to access e-textbook content on handheld devices was mentioned by several interviewees but the general consensus was that laptops (on which students prepare assignments etc) are more appropriate places for textbook content. However, with the increasing availability and take-up of e-book readers plus talk of the launch of the textbook Kindle (see <http://news.digitaltrends.com/news-article/17659/amazon-aiming-to-kindle-textbook-market>), this is an area which is likely to need further exploration in future.

6. Recommendations regarding Phase 2

6.1. Introduction

- 6.1.1. The key to the success of the trials is to reflect the real life environment as far as possible, to get publisher buy-in, and to generate as much useful data for all stakeholders as possible in order to inform their strategy going forward.
- 6.1.2. All publishers interviewed were interested in principle in taking part in business model trials for access to e-textbooks via libraries. However, it was clear that the majority would be very unlikely to commit to trials of core textbook content if they were on an unlimited and/or UK-wide basis because of the level of risk/revenue at stake. As a result, most would only consider taking part in business model trials if, in addition to yielding useful results, they are undertaken at a small number of institutions on a limited access basis. It is important to recognise this in terms of designing business model trials as, without publisher buy-in, it will not be possible to proceed.
- 6.1.3. During the research process and interviews with stakeholders, the options outlined in Section 5.5 emerged as possible candidates for trials. Some are designed to test a range of business models which, following our discussions, we think could prove to be realistic and sustainable for all stakeholders, and which offer libraries the flexibility to choose the level and mode of access appropriate for their institution. However, other possibilities emerged during our discussions which we feel could address issues important to publishers and libraries, and which we think could help to move the e-textbook agenda forward.
- 6.1.4. The trials proposed in this document were selected by the JISC e-Books Working Group out of a list of 6 options that were presented in the original version of this report.
- 6.1.5. Although various options for trials have been discussed at a very “in principle” level with potential participants as appropriate, we need to have a series of further discussions with all parties now that the trials have been selected by the JISC E-Books Working Group in order to confirm participation.
- 6.1.6. As part of this process, we will also need to finalise arrangements and schedules for Phase 2, assess likely levels of expenses for which funding would be sought, and to agree the bases for measurement and analysis (for example circulation data, natural attrition rates, source of print sales figures, usage statistics etc).
- 6.1.7. Following these discussions, we suggest that a meeting is held with the JISC e-Book Working Group to report back, and to secure final approvals.

6.2. Timescales

6.2.1. In order to model the impact of e-textbook business models as accurately as possible, it is important to take into account the selling cycles and patterns of use for print textbooks. Spring is the key time for approaches to booksellers and lecturers so we need to have confirmed information about trials available by the end of May at the latest. All forms of access need to be available well in advance of the start of the academic year, and need to continue until April 2010 at the earliest.

April/May 2009

- Contact publishers, libraries, e-book aggregators and booksellers that have agreed in principle to participate in trials in order to discuss the options available, and to seek agreement on a range of issues relating to each trial including the process and expenses for which funding may be sought.
- Following these discussions, update the JISC Collections Project Manager and the JISC e-Book Working Group regarding any substantial issues raised by project participants in initial discussions, and estimates of expenditure for which funding is sought, and reach agreement on how to proceed.
- Once agreements have been reached, hold kick-off meetings with each trial group to agree communication strategies, ongoing procedures, reporting methods, data to collect etc.
- Agree the necessary end-user communication activities required for each trial, and put in place a timetable for this.

June/July 2009

- Work with partners to ensure access is available in time for the start of the academic year.
- Liaise with partners over progress with activities schedules agreed at kick-off meetings.

September 2009 to June 2010

- Commence all trials.
- Hold regular meetings with partners to monitor usage, communication strategy etc.
- Consider commissioning an economic analysis of the models to substantiate findings from the trials.

July 2010

- Hold final meetings with partners to assess usage, feedback from users, value for money, ease of implementation etc.

August 2010

- Present final report.

6.3. Budget

- 6.3.1. The policy of the JISC e-Book Working Group in respect of this study, as confirmed at the Working Group meeting on 20 February 2009, is that the budget awarded for the study is being provided to help libraries, publishers and aggregators manage and administer the trials.
- 6.3.2. Funding is available for expenses incurred by stakeholders in the course of the trials, but no funding is available for licensing content or to cover any potential loss in terms of sales revenue.
- 6.3.3. As part of our discussions with trial participants in the early stages of Phase 2, we will seek estimates of the level of expenses for which participants may seek funding – for example for travel costs, staff time, and technical or system development.
- 6.3.4. We will review these with the JISC e-Book Working Group before moving forward.

6.4. Options for trials and rationale

Trial 1	Assessing the sustainability of offering access to e-textbooks via aggregated platforms and/or publisher-specific platforms under a range of access models
Background	<ul style="list-style-type: none"> • Many libraries have indicated that the ability to provide access to textbooks adopted at their institution via aggregated platforms, or publisher-specific platforms, would be welcomed. • However, key unknowns include what publishers would charge for different levels of access, and to what extent these costs would represent value for money for libraries in terms of overall usage and user feedback. • One leading textbook publisher has reported that making core textbooks available on a limited concurrent user basis has not had a negative impact on print sales, and a number of other publishers have expressed interest in exploring this in a trial situation.
Aims	<ul style="list-style-type: none"> • To assess whether offering access to e-textbooks via e-book aggregators and/or a publisher-specific platform under a range of access models is sustainable from the point of view of all stakeholders.
Process	<ul style="list-style-type: none"> • Identify libraries and ask them to specify textbooks (ideally in a range of subject areas) that are adopted at their institution, and which they would like to be able to provide as part of an aggregated service already available through the library. • Ask the publishers of these textbooks whether they are prepared to make them available and, if so, to set prices for a range of access options (for example session based, limited concurrent user and, if possible, unlimited concurrent user). These prices would not be charged during the trial but used, along with usage data, as the basis to assess value for money. • Contact the aggregator/s specified by the libraries to seek their participation. • Work with libraries, publishers and aggregators to inform academics and students of the trials. • Monitor usage and feedback from students and academic staff throughout the trial. Get feedback from libraries about the ease of implementation, and perceived value for money in view of usage and feedback. • Seek to analyse the impact of access via the library on publishers' print sales, as well as review revenue overall as it could be the case that, taken together, revenue from print sales plus income from library provision of the e-version proves to be at least equal to previous revenue from print alone.
Participants	<ul style="list-style-type: none"> • 2-4 libraries • 3-6 publishers • 1-2 aggregators

Trial 2	Libraries participating in offering students a range of access options
Background	<ul style="list-style-type: none"> Offering a wide range of access options to libraries (including session-based and limited concurrent user) and students (including pay per use, print only, e-only and print/e-bundles, access to individual chapters) will enable a number of interesting issues to be explored. For example, what do students want if they have a choice, and how can libraries help?
Aims	<ul style="list-style-type: none"> To assess whether a hybrid model is sustainable from the point of view of libraries and publishers, and to inform library strategy and budgeting by understanding more about the access preferences of students.
Process	<ul style="list-style-type: none"> Working with a single aggregator able to offer a wide range of access options, we will identify libraries for the trial (particularly those that have expressed interest in pay per use) and ask them to specify textbooks that are adopted at their institution which they would like to be able to provide access to. Ask the publishers of these textbooks whether they are prepared to make them available and, if so, to set “in theory” prices for different forms of access – for example limited concurrent user and session-based. Agree with libraries and the selected aggregator how additional elements such as pay per use would be handled. For example, if “seats” were not available at any particular time, students could be presented with options to purchase the print and/or the e-version, or to pay for time-limited access to the e-only version at the book or chapter level. Libraries could choose to subsidise these sales. Work with libraries, publishers and aggregators to inform academics and students of the trials. Monitor usage and feedback from students and academic staff. Get feedback from libraries about the ease of implementation, and perceived value for money in view of usage and feedback. Seek to analyse the impact of access via the library on publishers’ print sales, as well as review revenue overall.
Participants	<ul style="list-style-type: none"> 1 aggregator 2-3 publishers 2-4 libraries

Trial 3	What impact does offering e-access via libraries have on print sales of textbooks, and what do students want if they have a choice?
Background	<ul style="list-style-type: none"> • Because of the difficulty in tracking sell through for adopted titles, as a result of the rise of online booksellers in particular, it is hard to get clear evidence of the impact on print sales which will result from e-access through libraries. Also, if different access options are available to students, what do they choose? • A trial involving a custom textbook only available from the campus bookshop will enable us to test these issues in as scientific a way as possible to inform library and publisher strategy. • One publisher we interviewed for this study has expressed interest in participating in a trial of a custom textbook which is required reading for a 2nd year undergraduate course with 200 students. No e-version has ever been available and, as the print version has only been available through the campus bookshop, precise sales figures are available going back several years. • The idea would be to offer limited concurrent user access via the library, and also to offer students the choice of purchasing e-only access (via a download) or a print/e-bundle in addition to print in the campus bookshop. • The aim would be to include other custom textbooks and institutions in this trial.
Aim	<ul style="list-style-type: none"> • Through excellent historical sales data, to establish what impact the availability of limited concurrent user online access via the library has on the print sales of an adopted textbook, and also to provide evidence about which options students prefer if they have a choice.
Process	<ul style="list-style-type: none"> • Approach publishers with custom textbooks to see if they are willing/able to participate. • Liaise with publisher/s to seek the participation of the university, campus bookshop and aggregator as appropriate. • Ask publisher/s to set “in theory” prices for access via the library, plus actual prices for options to be available to students via the bookshop. • Work to build awareness of the different forms of access amongst academics and students. • Monitor usage and feedback from students and academic staff. • Get feedback from libraries about the ease of implementation, and perceived value for money in view of usage and feedback. • Analyse the impact of access via the library on print sales, as well as review revenue overall.
Participants	<ul style="list-style-type: none"> • 1-3 publishers • 1-3 libraries – according to the custom textbooks made available for the trial • 1-3 aggregators – to be selected by institutions • 1-3 bookshops – these would be the campus bookshops at each institution

Trial 4:	Does making online access available through libraries improve sell-through of existing adoptions?
Background	<ul style="list-style-type: none"> • This trial looks at whether there might be spin-off benefits for publishers in providing e-access to adopted textbooks via libraries – for example might it lead to increased sell through of the print edition? If so, publishers may be more willing to make e-textbooks available through libraries, and also to take this into account when setting pricing. • One of the publishers we interested would be interested in investigating this in a trial at institutions where there is a history of low sell through and, given that the risk is relatively low, other publishers may also be interested in participating.
Aim	<ul style="list-style-type: none"> • To establish whether offering access to adopted textbooks through the library via aggregated platforms has spin-off benefits for publishers such as improving sell through of the print edition.
Process	<ul style="list-style-type: none"> • Ask publishers to suggest institutions where there is low sell through of adopted titles. • Approach institutions and their chosen aggregators to see if they would be interested in participating in trials. • Ask publishers to set “in theory” prices for various types/levels of online access for delivery via aggregator services already available in the libraries. • Work with libraries, publishers and aggregators to build awareness of the trial amongst academics and students. • Monitor usage and feedback from students and academic staff. • Compare print sales (and level of sell through) with previous years, and review revenue overall. • Get feedback from libraries about the perceived value for money in view of the proposed prices and usage and feedback. • This trial would present another opportunity to assess the value for money of the e-editions in view of usage and feedback, and to consider publishers’ revenue for print and e-textbooks overall.
Participants	<ul style="list-style-type: none"> • 1-3 publishers • 1-3 libraries – to be suggested by publishers on the basis of low sell through of adoptions • 1-3 aggregators – to be determined once institutions are selected

7. Appendix 1: Participants

The following organisations contributed to this report. Most of the feedback came from face-to-face interviews, although some discussions were undertaken by way of conference call. A focus group was held for librarians and feedback was also obtained via a library questionnaire.

7.1.1. Publishers:

- American Chemical Society
- Cengage Learning
- Cambridge University Press
- Elsevier
- Human Kinetics
- Taylor & Francis
- McGraw-Hill Education
- Pearson Education
- Oxford University Press
- Palgrave Macmillan
- Royal Pharmaceutical Society of Great Britain
- SAGE
- Springer
- Wiley-Blackwell

7.1.2. Aggregators and subscription agents:

- Credo Reference
- Dawson
- EBL
- Ebrary
- EBSCO
- EscriDoc
- MyiLibrary
- OCLC Netlibrary
- STAT!Ref
- Swets

7.1.3. Institutions:

- Bournemouth University
- Cardiff University
- De Montfort University
- Edinburgh Napier University
- Queen Margaret University
- UCL
- University of Bath
- University of Birmingham
- University of Bolton
- University of Exeter
- University of Leeds
- University of Leicester
- University of Newcastle Upon Tyne
- University of Northampton
- University of Nottingham
- University of Portsmouth
- University of St Andrews
- University of Southern Queensland, Australia
- University of Stirling
- University of Surrey
- University of Sussex
- University of Strathclyde
- University of Toronto, Canada
- University of Westminster

7.1.4. Other organisations:

- CIBER, UCL
- Copyright Licencing Agency
- CourseSmart
- Ingram Digital
- Information Automation
- John Smith's campus bookshops
- OhioLINK, USA
- Publishers Association
- VitalSource

8. Appendix 2: Business model trials currently underway

A number of initiatives are currently taking place in the e-textbook field – for example:

JISC national e-book observatory project (www.jiscebooksproject.org)

- 36 e-books relevant to higher education courses in 4 subjects have been licensed by JISC Collections as part of this project, and are now available free to 127 participating universities on an unlimited user basis via the MyiLibrary and Ovid platforms.
- User behaviour and demand has been monitored by CIBER through deep log analysis over the last 12 months and initial findings are available at http://www.jiscebooksproject.org/wp-content/jc_ebooks_observatory_summary-final.pdf.
- CIBER is currently running a survey of librarians and will be analysing library circulation data from 2008 of the print versions of each of the titles in the Observatory, with details of numbers of copies acquired. CIBER included a question in their survey of librarians, seeking their views on business models for e-textbooks and the responses to these have proved very valuable for this study. Additionally, CIBER is working with Book Data to review the pattern of sales of print editions during 2008.
- Information Automation Ltd (<http://www.i-a-l.co.uk/>) is managing the qualitative analysis of this project.
- Over 22,000 users responded to the first user survey undertaken in February 2008. The results of the survey are available at <http://www.jiscebooksproject.org/wp-content/e-books-project-first-user-survey-a4-final-version.pdf>.
- The impact of the availability of the e-books on publisher print sales will be evaluated as part of the project, and initial findings suggest that free-at-the-point-of-use access has not had a negative effect.
- JISC Collections has also undertaken 13 workshops across the UK as part of the project, and a range of business models was put forward and discussed by over 250 librarians.

University College London/Cambridge University Press

- The Library at University College London and Cambridge University Press launched a 2-year trial of the use of e-books in September 2007. Just under 700 titles are being made available to course-taught students in the fields of Law and Biomedicine /Life Sciences. The titles are strongly recommended at UCL for teaching purposes. The aims of the collaboration are:
 - For Cambridge University Press: to develop appropriate business and licensing models aimed at the higher education community, based on analysis of actual usage and feedback from UCL.
 - For UCL: to provide users with a significant amount of material in e-format, and whose patterns of use and feedback will inform both immediate purchasing decisions and the longer-term development of the Library's e-books strategy.
- Access is via online reading lists, the library's catalogue and web pages, and their MetaLib gateway.
- The results will be analysed at the end of the project and will include looking at any correlation between availability at UCL of the print copy and usage of e-versions, as well as any impact on usage of UCL's print copies.

Northwest Missouri State University

(<http://www.insidehighered.com/news/2009/01/14/ebooks>)

- Northwest Missouri State University in the US has traditionally bought textbooks on its students' behalf, renting them in exchange for a \$6 per credit hour fee.
- The university is piloting a move away from purchasing print however and, in spring 2008, bought e-books for about 500 students on 10 different courses.
- In addition, McGraw-Hill is making digital access codes available to up to 3,000 more Northwest Missouri students who are using texts available in both formats.
- Students will primarily use their laptop computers, already provided to them by the institution, to read the e-books.
- The University says that print will probably always have some place, but believes that with the in-built interactiveness of e-books, students "will read more and will learn more, by using this medium."

University of Texas at Austin

(<http://eu.wiley.com/WileyCDA/Section/id-301452,newsId-2382.html>)

- The University of Texas at Austin has recently announced a partnership in a pilot project to license Wiley's digital learning material to students directly via the University.
- The materials include WileyPLUS, a suite of teaching and learning resources that include an online version of the textbook, homework management tools, an online gradebook, interactive tutorials and simulations, as well as image libraries.
- The University will purchase on behalf of every student enrolled in selected courses the licence to access or download the e-book. It is believed that Texas is paying \$25-\$45 (£18-£33) per book, and has negotiated roughly a 50% discount on the full price of the textbooks.
- Starting in spring this year, the multi-year pilot will give students enrolled in particular courses access to download a digitized version of the print textbook they may otherwise have purchased.
- In addition, students will be given access to the WileyPLUS version of the textbook which includes additional tools and resources.

9. Appendix 3: Brief overview of findings from the US market

It was beyond the scope of the study to examine the US market for textbooks in any depth. However, the following points emerged in the course of our research:

General information

- Teaching is much more prescriptive in the US than in the UK, with a lesser emphasis on supplementary or recommended reading. Instead students are most often directed to, and expected to purchase, a single core textbook.
- Textbook prices are considerably higher in the US than the UK and at a level that has been causing considerable difficulties for students. So much so that it has resulted in action at government level. The US Government announced plans to help students with textbook costs and in July 2008 Congress passed the final version of the *Higher Education Opportunity Act, HR 4137* which aims to make college more affordable and accessible for students. The Act takes effect in July 2010 and will include a number of measures to alleviate the costs of access to digital textbooks.
- According to the US consumer body, Student Public Interest Research Groups (SPIRG), university students spend an average of \$900 a year on textbooks, which is 20% of tuition at an average university. SPIRG states that textbook prices have increased at four times the rate of inflation since 1994. A coalition of SPIRG and Student Government Associations in 14 US states, working to make college more affordable, are running the 'Affordable Textbooks Campaign'. The campaign was started by students on one campus and is now running on 100 college campuses around the US. More than 1,000 academics from about 300 colleges in all 50 states have signed a statement declaring their support.
- According to the National Association of College Stores (NACS) in the US, 18% of students report purchasing or accessing electronic course material. NACS reports that, based on their surveys, 52% of students do not know if their campus provides electronic textbook options and the students indicated that they would pay 17% more for a printed textbook that is supplemented with an electronic version of the book. NACS also states that, from their surveys, one of the key remaining barriers to the adoption of digital course materials in the US is the willingness of faculty members to adopt them. Faculty are one of the largest influences on what course materials students acquire and in what format. Data from students indicate that even when students prefer digital textbooks, they may not adopt the digital version if they believe their lecturers use or prefer the print edition.
- E-only access to textbooks is widely available.

Open access

- The Student Public Interest Research Groups have also been petitioning university faculty since 2003 to switch to open access textbooks. Increasing numbers of academics are making course material available free of charge online – for example:
 - The Textbook Revolution website (<http://www.textbookrevolution.org>), a student-run volunteer-operated site lists hundreds of textbooks, on subjects ranging from biology to world history.
 - One California Institute of Technology economist has recently made his textbook, *Introduction to Economic Analysis*, freely available online. This is one of the first to be offered by Flat World Knowledge, a start up company which is promising free access to e-textbooks.
- Educause, the US non-profit IT organization in the education sector, puts the case for open access material in light of the high cost of textbooks on its website. Views from publishers, students, authors and institutions are given. The article is available at <http://connect.educause.edu/er>.

Piracy

- Piracy of textbooks is a massive problem for textbook publishers, taking place globally on a huge scale. It includes companies illegally selling scanned versions of printed textbooks, as well as US college students increasingly downloading illegal copies of textbooks online, employing the same file-sharing technologies used to download music and films. Students say the high price of college texts forces them to take the illegal action.
- Publishers have regularly instigated lawsuits to address the problem. In autumn 2008, McGraw-Hill Education, Pearson Education, John Wiley & Sons and Cengage Learning won a favourable ruling and damages in a copyright infringement case against two online booksellers. The publishers' lawsuit alleged that the online booksellers had engaged in the illegal importation, promotion and sale within the United States of foreign edition textbooks manufactured by the publishers for distribution only in certain overseas territories.
- Many students are already accessing free texts from e-book sharing sites such as www.scribd.com which publishers claim are allowing illegal sharing of copyrighted material. Another site, Textbook Torrents (<http://www.textbooktorrents.com/>), offers more than 5,000 textbooks for download in PDF format, complete with the original textbook layout and full-colour illustrations.
- The Association of American Publishers (AAP) has hired law firms to scour the internet for illegally offered textbooks, and has identified thousands of instances of book piracy.