

THE E-BOOK PRICING CRISIS

Solutions That Work For Libraries, Authors, and Publishers

URBAN
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COUNCIL



THE PROBLEM:

Demand for e-books is soaring. ULC libraries have seen an average 58% increase in electronic circulation since 2019, but the **cost of e-books for libraries is also soaring:**

Consumers pay \$13 in perpetuity for an e-book on average, while libraries typically pay \$55 or more for one 2-year license, limited to checkout by a single user, according to [industry research](#).

- Physical books are owned by the library, while **most digital content is licensed for a limited time**, much like a subscription
- More and more of taxpayer-funded library budgets are eaten up licensing e-books at unreasonably high prices, while libraries get less for their money: **many urban libraries spend 50% or more of their collections budgets** on e-books, audiobooks, and other digital content
- The bottom line: while some publishers have subscriptions that are sustainable for libraries, **the majority of current e-book licensing models are unsustainable for libraries**
- So far, the Big Five publishers have resisted engaging with libraries on alternative models that could be agreeable to libraries and creators – **resulting in legislation at the state and provincial level**

LIBRARIES ARE ESSENTIAL TO THE BUSINESS OF READING

The narrative that libraries operate at the expense of authors or publishers is false. Libraries are **essential to the publishing industry**, by increasing literacy rates, creating lifelong readers, purchasing millions of books annually, and promoting local and national authors.



- Libraries are big business for publishers and authors: a ULC estimate of our nearly 200 member base found that the largest library systems alone each spend over \$4 million on average annually on e-books and e-audiobooks, while their medium-sized peers spend \$2 million on average. **This means that for ULC member libraries alone, the total licensing costs for these materials is at least \$300 million (compared to about [\\$4.5 billion in overall US e-book and e-audiobook sales](#))**

- Library borrowers are also book buyers: access to a library has never meant customers stop buying books – [a study from Canada](#) found over half of library users also bought new books, and another study found [1 in 3 respondents bought a book](#) online or from a bookstore that they first found in a library
- High prices for libraries hurt emerging authors: if libraries cannot afford to build a balanced collection, they prioritize what’s currently popular over exposing customers to new or lesser known writers

SUSTAINABLE SOLUTIONS:

Libraries are eager for dialogue to develop mutually beneficial models with publishers, an open conversation about exploring alternatives acceptable to all parties – ones that use taxpayer funds responsibly while protecting the interests of creators and publishers.

Here are two potential concrete fixes to start a dialogue with the largest publishers:

1 Time-metered e-book licenses (e.g. 1- 2 year licenses) are rarely a responsible use of taxpayer funds – **library licenses should be based on usage.**

- The bottom line: **libraries are using taxpayer funds to pay for items they’re not getting full use out of**
- The current model makes the cost-per-usage higher, while taking a chance on new authors riskier

2 An option of perpetual licenses for mid- and backlist titles would work better for public libraries – and **many libraries are willing to pay a premium for such access.**

- Perpetual licenses are **not about ownership**. They’re about libraries maintaining their ability to **build and sustain a collection** after initial demand has waned
- As demand for popular works subsides, perpetual license options could present an attractive continued revenue stream for publishers and authors
- **Such licenses have a precedent:** all Big Five publishers once offered them, and several continue to provide perpetual access to audiobooks to this day alongside many independent publishers
- Greater flexibility means up-and-coming authors can find new audiences