



Ebook Pricing Update

Date:	January 25, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

In December 2015, the publisher, Penguin Random House announced a new purchasing model for their ebooks – lower prices and permanent licenses. In addition, the price is capped at \$65 CAD for Canadian libraries and \$65 USD for U.S. libraries, in recognition of the impact of the low Canadian dollar. The move was welcomed by libraries as a positive step and it is hoped that other multinationals will follow suit. With its partners, Toronto Public Library will continue to advocate for changes through the campaign, *Canadian Public Libraries for Fair Ebook Pricing*.

The other Big Five¹ multinationals' high prices and restrictive terms cause significant budget pressures for Toronto Public Library because of the public's large and increasing appetite for digital content. In 2015 the use of the Library's downloadable and streaming content grew by 26% to 4.4 million or 13.5% of total circulation.

FINANCIAL IMPACT

Penguin Random House's pricing cap of \$65 CAD for Canadian libraries means that there is no exposure to fluctuations in the exchange rate, although the cap may change if the Canadian dollar drops significantly. As most ebooks are purchased in U.S funds, the weak Canadian dollar has increased pressure on the library materials budget.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

ISSUE BACKGROUND

Digital content use is growing faster than that of any other format, but the high prices and restrictive terms imposed by the Big Five multinational publishers make meeting customer demand for their products impossible and jeopardize libraries' ability to provide universal

¹ Hachette Book Group, HarperCollins, Macmillan Publishers, Penguin Random House and Simon & Schuster

access to content and information. In response, Toronto Public Library is leading an ongoing campaign that launched in June 2015, *Canadian Public Libraries for Fair Ebook Pricing*.

COMMENTS

Penguin Random House New Purchasing Model

In 2013, Penguin Group and Random House publishers merged to form Penguin Random House. However, each retained its individual purchasing model for ebooks. Penguin charged relatively low prices but titles had to be re-purchased annually. Random House titles were very expensive but were permanently licensed. Random House described this as an “ownership” model and supported a library’s right to transfer their titles between different lending platforms, the only one of the Big Five to do so. In December 2015, Penguin Random House announced a new model, again an “ownership model” with lower prices and permanent licenses. In addition, the price is capped at \$65 CAD for Canadian libraries and \$65 USD for U.S. libraries, in recognition of the impact of the low Canadian dollar. Penguin Random House Canada has also expressed interest in further discussions with Canadian libraries to address other issues.

The move was welcomed by libraries as a positive step and it is hoped that the rest of the multinationals will follow suit. However, there still remain other components in the libraries’ preferred model, specifically the ability to purchase copies for the short-term at a lower price and in perpetuity at a premium price. With its partners, Toronto Public Library will continue to advocate for changes through the campaign, *Canadian Public Libraries for Fair Ebook Pricing*; the Board was updated concerning this campaign at its October 2015 meeting.

TPL’s Econtent Use

The multinationals’ pricing causes significant budget pressures for Toronto Public Library because of the public’s large and increasing appetite for digital content. In 2015, the use of the Library’s downloadable and streaming content grew by 26% to 4.4 million or 13.5% of total circulation. This is a 2,800% increase from 2009. The Library’s 2015 circulation of 3.1 million ebooks and eaudiobooks through the vendor, Overdrive, was the highest in the world. Use would be greater still if the Library were able to purchase sufficient copies to meet customer demand, that is, to provide the same level of access offered for the physical collection.

In addition, use of the Zinio online magazine service rose by 18% to 850,000 and is, again, the highest of any library in the world.

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SIGNATURE

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