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Demand-driven acquisition and the sunk cost model

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Abstract

Purpose – This paper aims to examine demand-driven acquisition (DDA) models that require an initial or minimum investment through the University of Wyoming's experience with Elsevier's Evidence-Based Selection model.

Design/methodology/approach – In an attempt to avoid title-by-title selection and a desire to explore an alternative to all or nothing e-book packages, the University of Wyoming Libraries (UWL) participated in Elsevier's Evidence-Based Selection purchase model for 2011 and 2012 e-book content in the 2013 calendar year. After an initial investment, the library was given access to the content. At the end of one year, UWL was provided with use data for the content and could choose an amount of content to retain up to Elsevier's established "access fee".

Findings – Many studies have shown that print monographs in academic libraries do not circulate in high volumes. The use data for the titles included in the Evidence-Based Selection model was congruous with studies of print monograph circulation. Through a review of the literature and an account of the UWL' experience with Elsevier's Evidence-Based Selection model, this paper advocates for libraries to exercise caution when considering a DDA model requiring an initial investment.

Originality/value – DDA is a purchase model that is becoming immensely popular, and in some libraries, the primary mode of acquisition. The value of this paper lies in the examination of a DDA model of a major academic publisher and the account of one library's experience with that model.

Keywords E-books, Academic libraries, Collection development, Demand-driven acquisition

Paper type Case study

Demand-driven acquisition (DDA), evidence-based acquisition and patron-driven acquisition are all different terms used to describe an acquisition model where data gathered from actual library users is used to make decisions about purchasing content. DDA has been used to purchase print and electronic monographs, media and, in some cases, electronic journals through the pay-per view model. Regardless of the format involved, librarians and vendors who support the DDA model assert that it is a money saver for libraries that allows them to choose and pay for content with hard data to back up the purchase decision. In many situations, DDA does allow libraries to save significant amounts of money, and with the perceived growing popularity of e-books, different DDA models for academic libraries have arisen. However, not all models offer the same benefits. Publishers and vendors have several different approaches to a DDA model, but one approach requires libraries to invest a certain amount of money up front to have access to the content for a specified amount of time. At the end of that time, the library can examine use data to choose content that adds up to the initial amount invested. Depending on the vendor, funds invested in a DDA program may or may not be repurposed for other products offered by the same vendor. This model creates a sunk cost for libraries and commits those funds to be used with that particular vendor regardless of the actual use the content ends up receiving.

A DDA model that requires a substantial initial investment, and consequently sunk cost, requires that libraries pay for the use before they have seen the use data. Such models should be approached with caution. If a library or consortia is able to negotiate a very low or no initial investment for a DDA program that includes only content in which the library is interested, the model may very well be worth the investment. But a model that requires some form of down payment or minimum purchase has the potential to force libraries into paying for more than only the content that is used only to make use of the sunk cost of the initial investment, which is often non-refundable and may not be allowed to be repurposed for other products from the same publisher.

The author works at the University of Wyoming Libraries (UWL) in the Collection Development Office, and in 2013, UWL participated in Elsevier's Evidence-Based Selection (EBS) model in an attempt to avoid title-by-title selection and a desire to explore an alternative to all or nothing e-book packages. This model requires libraries to invest an amount upfront for an "access fee" to gain access to an agreed upon amount of content for one year. At the end of the year, libraries can choose content that adds up to the access fee after examining the use data. UWL's agreement with Elsevier included loading MARC records for Elsevier's 2011 and 2012 e-book content into the UWL catalog for the 2013 calendar year. The use of the content at UWL in Elsevier's EBS model was congruous with many of the studies that have been done

on print circulation in academic libraries that show print monographs do not circulate in large volumes. This article will examine existing literature on circulation data in academic libraries, e-book availability and visibility as well as UWL's experience with Elsevier's EBS model.

Literature review

Academic libraries have known for decades that a significant percentage of their monographs do not circulate, and this knowledge has been reinforced by several studies. While the difference between the circulation and use of e-books versus print books is a matter of some debate, the discovery mechanisms for both print and electronic monographs are often virtually identical – both have MARC records in the library catalog and may be searchable through a discovery layer such as ProQuest's Summon, but e-books do not require users to physically locate the book on the shelf. One seminal study on circulation data is called "Use of Library Materials" and published in 1979 by Kent *et al* (1979). When discussing the findings of this study, the authors say:

> When the complete circulation history of the 36,892 books and monographs acquired by the Hillman Library in the calendar year 1969 was traced through the end of calendar year 1975, it was found that 39.8 per cent or 14,697 of these 36,892 books and monographs had never circulated during the first six years on the library's shelves (p. 9).

Thirty-four years later, Joyner Cramer (2013, p. 88) has similar findings:

> At Wake Forest University, I ran a rather crude analysis of the circulating collection and concluded roughly 50 per cent of the books have not circulated since local collection of circulation data began in 1991.

Cheung *et al.* (2011, p. 430) examined circulation data for a 15-year period at Lignan University in Hong Kong. The authors concluded that:

> Not all books acquired by academic libraries are checked out, at least with 15 years of acquisition; books that are checked out when initially acquired will continue to be circulated in the future.

Cornell University Libraries' (CUL, 2010) Collection Development Executive Committee Task Force on Print Collection Usage submitted a report examining the use of CUL's collection of circulating print monographs. One of the major findings of the study was that:

> [. . .] approximately 45 per cent of print monographs in the CUL Collection published since 1990 have circulated at least once to date; approximately 55 per cent of these books have never circulated (p. 2).

With all of these studies reporting similar findings, academic libraries are well aware that a substantial portion of their monographs do not circulate. Lack of high circulation figures is exactly why DDA is a desirable model, but it is also exactly why the sunk cost DDA model may not always be the best option for libraries. The sunk cost model requires libraries to take a gamble that the content will receive at least enough use to justify that initial investment which is no different from the gamble libraries take when they buy monographs in the traditional way. Due to the nature of e-books and the ability to view them at the moment of discovery, e-books are a better match for the DDA model than their print counterparts. However, some researchers have asserted that the traditional mechanisms in place for search and discovery may not be enough to promote use of e-books to high levels.

Slater (2010, p. 305) claims "patrons do not use e-books because they find the experience of using e-books incongruous with their experience of using other electronic resources". Slater (2010, p. 311) goes on to say:

> Simply providing access to bibliographic records does not provide the type of full-text content searching users have come to expect in electronic texts, largely informed by their use of full-text journal databases and Web search engines.

While it is true that users may expect full text searching capability within a large database of e-books, it is very unlikely that publishers would enable that kind of functionality across e-book platforms anytime soon. Also, bibliographic records for e-books go one step further than records for print books by providing direct access to the content. Libraries provide the level of access to e-books that is possible given the structure of current library systems and publisher limitations. DDA has likely gained popularity because of the limitations on the kinds of e-book access libraries can provide, and libraries know their print titles do not circulate.

Regardless of whether libraries are firm ordering titles or using a DDA model, there is a great deal of monograph content that is not made available electronically. According to Walters (2013, p. 188) "no more than half of all scholarly titles are available as ebooks is well supported by the literature as a whole." Many collection development librarians have likely had the experience of trying to hunt down an e-book that a professor has requested for a class only to find that it is not available as an e-book, or the publisher refuses to sell it under a multiple or unlimited user license. E-books are still a format that poses many challenges for libraries, and there are several scenarios in which a print book is the better option – sometimes the only option.

If the number of monographs available electronically make up only a fraction of what is available in print, academic library print collections circulate in low numbers, and publisher restrictions prevent libraries from meeting users' e-book expectations with regard to access and function of electronic content, libraries cannot anticipate what use a monograph will receive until that monograph is in its collection unless a user has requested it. The author has advocated for DDA models in place of all or nothing e-book packages (Proctor, 2013), and she still holds the belief that DDA is a more cost-effective and beneficial model than purchasing a large package of e-books to clear shelves or fill gaps in a collection. However, through the author's experience trying to find a suitable alternative to e-book "big deals", it became clear that not all DDA models are structured in a way that enables libraries to consistently receive the maximum value for their funds.

E-books at UWL: duplication and title by title selection

Before the author started her position as Electronic Resources Librarian (ERL) at UWL in the spring of 2012, UWL already had subscriptions to e-book products such as eBrary's Academic Complete, Safari Technical Books, Knovel and Stat!Ref. However, UWL lacked the staffing to consider many of the promotional e-book offers it received.

The author was hired as an ERL with a focus on e-books, and she began to examine promotional e-book packages and perform title searches to determine the level of duplication these packages had with UWL's existing electronic and print monograph collection. The author discovered that many of the e-book offers she examined had a great deal of overlap with UWL's existing collection.

The first e-book promotional offer in which the author participated was a Gale Cengage Spring 2012 sale that offered a selection of over 3,000 e-book titles for the same prices as their print counterparts. The author sent the title list to the subject librarians in order for them to make their selections, and the author organized the purchase by checking the selections against the catalog for items UWL already owned. UWL ended up purchasing approximately 180 titles from Gale Cengage's spring 2012 sale. The experience of organizing title by title selections in a large e-book promotional offer and checking for duplicates along with considering many e-book packages that contained duplicate content or forced libraries to purchase everything or nothing led the author to seek a less labor-intensive means of acquiring e-book content.

In the spring and summer of 2012, the author was tasked with reviewing a large, multifaceted e-book package offer constructed by one of UWL's Elsevier representatives that included 2011 and 2012 subject collections as well as Elsevier's Major Reference Works, and book series. The author analyzed the Elsevier offer, and determined there was not a great deal of overlap with UWL's existing monograph collection, but there were still too many titles to make title by title selection feasible option. Rather than purchase everything in the offer or select individual titles, UWL opted to purchase the major reference works and use Elsevier's EBS model to purchase the 2011 and 2012 content.

EBS: results after a year of unfettered access

In January of 2013, UWL loaded 880 records for the Elsevier 2011 and 2012 e-book content into the UWL catalog. At the end of one year, UWL could choose content to keep that added up to the amount of the EBS access fee that Elsevier established. In December of 2013, the author began examining use data to make the selections. Out of those 880 e-books, 194 received at least one use – roughly 22 per cent. Out of the 194 used titles, 56 titles were used only once, 50 titles were used twice, 17 titles were used 3 times, 9 titles were used 4 times, 7 titles were used 5 times, 5 titles were used 6 times and 5 titles were used 7 times. The remaining 45 titles received uses ranging from 8 to 121 with 15 titles receiving over 20 uses. These data appear to align with studies on print monograph circulation – a small number of titles received a majority of use, and less than half of the titles received any use at all.

If UWL bought every e-book that was used at least once, the total cost would not have added up to the EBS access fee, and there would still be money left from the access fee to use on titles that received no use. Librarians in UWL's Collection Development Office examined the overall use of subject areas to determine how to choose the remaining titles based on

conjecture regarding research activity of UW academic departments and which subjects may receive the most use.

Conclusion

The titles with one use made up the largest number of titles within the Elsevier EBS program. Librarians at UWL asked the question: does one use justify a purchase? However, with the studies showing circulation of print monographs in academic libraries, it is clear that one use is more than what a significant number of monographs receive. Given the immediacy of access with e-books, libraries seem to be under the impression that they will receive more use, or that our current access and discovery mechanisms are insufficient, even though they are equal to that of print, and more research is needed to examine those assumptions.

The fact that libraries know print collections do not circulate is precisely why DDA is so appealing to libraries. It allows libraries to purchase content that has already proven useful with the assumption that it will continue to do so, at least for a period of time. However, a DDA model that forces libraries to pay an amount up front and essentially guess the amount of use content will receive negates the value of DDA itself and has the potential to force librarians to buy content that has not been used to make use of the sunk cost required for this model. When librarians are choosing titles only to make use of money that is already in the hands of the vendor, this position is more detrimental than creating an e-book profile for an approval plan or ordering an individual e-book through a firm ordering system.

DDA is becoming a legitimate and widely used mode of monograph acquisition. Libraries can happily purchase e-books that only received one use and rest assured that that money is likely better spent than a large percentage of monograph funds. When firm ordering, libraries purchase titles based on what they think will receive use and the "just in case" philosophy, but when employing a DDA model, libraries intend to eliminate conjecture and to purchase titles that have received use and proven themselves to be in demand. A DDA model that requires an initial investment also requires a certain amount of conjecture on the library's part. There may be cases where this model works to the benefit of a specific library if content and cost align, but libraries should carefully consider all components before utilizing such a model.

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