

Print on Demand from the Big Shed to the Espresso: impact on Publishing and Library Acquisitions

M. QUINN

Coutts Information Services, Melbourne, <mquinn@couttsinfo.com>

ABSTRACT

This paper will explore definitions, supply chain and scale of Print on Demand (POD) operations and its impact on publishing and library acquisitions. Publisher case studies will be presented from the Lightning Source POD programme. The benefits of POD will be explored including the end to end - of - print, reduction of carbon footprint, virtual warehousing, increased speed and increased consumer options for book format. The scale of POD operations will be explored from a large facility which produces 60,000 books per day to the Espresso Book Machine (EBM).

PAPER

Print on Demand (POD) as a delivery model will continue to have an impact on traditional publishing and library acquisitions in a book industry that is experiencing rapid change in business models, technologies, formats and consumer demands.

POD as a publishing model is the opposite of the traditional model. Instead of estimating how many titles will be needed, as publishers did traditionally, with print on demand publishers sell the book first then print it. POD developed only after digital printing technology because it was not possible to do this with letterpress and offset printing. POD is both a printing technology and a business model.

POD equals big numbers. Currently in our POD programme we have 3.1 million titles and this is accelerating. There are around 12,000 publishers in the programme 1.5 million books are produced every month and that is growing at 20% per year. The average print run is 1.5 copies – POD numbers are growing fast.

In the traditional supply chain the author, publisher and printer would create the work and supply it via the wholesaler (in overseas markets) or distributors and the book would move through different supply channels such as Chain and Independent Booksellers, Internet retailers and Library Suppliers and then on to the book buyer. So, only publishers are sending orders to printers. With the traditional supply chain, a single book can be transported six times before reaching a customer, involving up to an estimated twenty five different transactions.

When we talk about POD we are most often talking about the market driven model. Where the POD supplier sells titles on behalf of the publisher and sends books to the distribution channel and pays the publisher wholesale price less the costs of printing. Each month the publisher is sent a cheque - in essence compensation for the use of copyrighted content with very little effort on behalf of the publisher. So, examples of distribution partners could be Amazon, Barnes & Noble, Gardners and so on.

There are also publisher driven models. Many publishing houses rely on the POD supplier to be their invisible partner in order fulfilment with a print and ship approach. Shipping tags and logos can be applied so that it appears that orders are coming directly for the POD customer. The POD supplier is paid for printing, handling and shipping.

Print to warehouse is used for consolidation of stocked and non stocked titles. The POD supplier integrates print and distribution with the warehouse for cross docking with other orders so allows for consolidation of stocked and non stocked titles. An example of this would be if a library were to order five copies of a particular title and only two were in stock with their chosen Library Supplier then the other three could be produced quickly and shipped to the library.

POD is used by publishers to maintain availability, so if one print run is sold out and another has not yet been scheduled, then this maintains the availability of older titles whose future sales may not be great enough to justify a further conventional print run. POD also reduces uncertainty for publishers it reduces the risk when dealing with surge titles that are expected to have large sales but a short sales life. These titles can offer publishers good profitability but also there is a high risk if they get the numbers wrong. Publishers can go for lower numbers and use POD to make up the difference quickly to meet the short sales window. At Lightning Source there have been a number of famous examples of this. The publisher PublicAffairs used Lightning Source to help meet an extraordinary volume of bookseller's orders for Scott McClellan's book "What happened: Inside the Bush White House and Washington's Culture of Deception". The spike in orders was driven by intense media interest in the new title which resulted in the initial printings selling out. The key to success here is speed to market. Publishers more and more will set up their front list in POD programmes as both a risk mitigation and sales maximization tool. POD is a good solution to fill the gaps in case of delays in offset and is used instead of that last print run that sometimes is a mistake. One only need look at the numbers of discarded printed books to see this is a solution. Another example is Sarah Palin's biography. McCain's announcement that she was to be his vice presidential running mate in the 2008 US election made for an unexpected demand for her biography.

Publishers also use POD for niche publications such as specialist titles with high retail price but limited sales opportunities. Also for variable formats such as larger fonts, special formats and personalised fonts. One company that works in this area is Read How You Want.

So a number of factors are changing the traditional publishing model. The first is that books are being kept alive. Reprint Under Consideration (RPUC), Temporarily Out of Stock (TOS), Out of Print (OP) are all becoming meaningless. The economics has shifted with no minimum order number needed as with offset printing where around 300 copies were required to justify a print run. Taylor &

Francis have used POD to economically keep their valuable backlist in print and recapture lost revenue. Titles with annual sales of approximately 100 are placed in the POD programme. Of approximately 54,000 backlist ISBNs some 80% sell less than 100 copies per year and these titles now contribute around 25% of their turnover. From 2007 to 2008, Taylor & Francis saw a 5% revenue growth in print on demand in its UK operation and a stunning 282% in print on demand in the US.

The second factor changing the publishing model is that books are being resurrected. Out of Print books can be bought back to life. It is hard to predict what will sell and the out of print graveyard is very big. The Internet bookselling model and POD equals a new revenue stream for publishers.

A third factor changing the publishing model is that books are being published in a new ways such as self publishing, micro publishing and custom publishing. POD is fuelling an explosion in these new publishing models. A quote from David Taylor President of Lightning Source “The coalition between print on demand’s ability to allow a single copy of a book to be supplied economically and the internet’s ability to allow the individual customer to find and order these titles rapidly and easily is a match truly made in heaven”.

Globally distributed printing is the ability to print and deliver a book as physically close to the end customer as possible without the need to ship and hold speculative inventory on the off chance that you might sell the book. This is desirable and beneficial for publishers and consumers for many reasons, not least of which is the reduction in the carbon footprint. It is not however as simple as having a shed with some digital printing kit in it, but genuine print on demand capability is needed and that must be linked to a network of wholesalers, distributors and resellers. Requirements are single copy production to allow the move to micro or virtual inventory, speed, quality paper and case options and a secure repository of digital files along with customer direct fulfilment and a genuine global footprint.

The traditional model of publishing is shifting from one almost exclusively based on speculative inventory to one increasingly based on micro or virtual inventory and the fiscal impact of this is increasingly compelling. In addition the traditional model of book distribution is shifting from one almost exclusively based on large warehouses full of inventory to one that needs to be able either to offer or manage print on demand models of supply on a global scale.

The benefits are obvious - the reduction for the need to carry local inventory and reduction of capital costs, transport costs, carbon footprint and stock write offs.

The numbers of books produced in POD programmes is rapidly increasing – I don’t have exact figures but I can talk about numbers and scale of the Lightning Source operations. The Lightning Source programme has 3.1 million files in its digital repository. 1.5 million titles are printed per month and 93+ million books have been printed to date. There are Lightning Source operations in the United States, the United Kingdom and there is one being built at present in France and is a joint venture with Hachette, the second largest trade publisher. There are plans for expanding and it certainly would make sense for one of those operations to be based in this region.

In terms of scale the operation in the big shed in Nashville Tennessee produces around 60,000 books per day mostly single copy both hard copy and paperback. On the other end of the spectrum is the Espresso Book Machine (EBM) from On Demand which can produce a paperback book in five minutes. The quality while not as good as a book produced from an OCE machine, is improving and now these machines are looked after by Xerox which I think was an important development. The business model for these machines is different instead of printing to distribute, books will be distributed to be printed. I think we have only seen a small part of how these machines may be used and how widespread they may be in the future. Currently the company On Demand who produce the EBM list on their website about 40 locations around the world with installed or planned installations of EBM's in both libraries and bookshops.

Libraries that have bought EBM's are using them to create a revenue stream and have given the following possible uses: producing inexpensive reprints of public domain material from their collections; printing rare out of copyright books in special collections held remotely at other libraries or bookstores; for self publishing such as creative writing anthologies, printing by local authors; printing and binding course material; scanning of public domain books when a title is requested by a user - a patron driven eBook model but in reverse, taking the print and digitizing it then printing a copy on demand to ship to a user; these are some of the ways libraries have stated they will use or are using the EBM.

To look further at the impact of POD on library acquisitions POD gives library acquisitions departments and library users another choice of format. Rights are often negotiated for POD and e-Book format giving libraries options on format. Libraries are able to see that a book is available via POD and hence how quickly the title will be supplied. This has enabled libraries in the US to experiment with patron plans for printed books whereby the MARC records are made available to library users via the catalogue even though the library does not own the book. By clicking on a link the library user is able to get the library to buy the title so the library user is placing the order rather than the acquisitions department. One US library doing this uses a timeframe of two weeks but would like to shorten this and offer the user the same experience as they would have if they were buying via an Internet bookseller thus reducing this two week period to under a week.

POD is part of the changing landscape of publishing and there are many new ways publishers and libraries are doing business as a result of this and thus offering users further options and flexibility.