Publishing and Library E-Lending: An Analysis of the Decade Before Covid-19

Michelle C. Sisto

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Abstract
This paper delves into the complex history of e-lending, specifically between the Big Five publishers and public libraries. It is commonly thought that the relationship between publishers and libraries is contentious, with publishers being obvious aggressors who see libraries as their enemy. The reality is not so clear cut. This paper aims to comprehensively document and analyze the history of the publisher-library relationship in the decade before COVID-19—specifically focusing on the individual relationships that formed between libraries and each publisher, the sales and e-lending trends during that time, and the media’s role in painting the publishers collectively as libraries’ rivals—so readers can understand the significance of the March 2020 library closures and the transition to a fully digital library lending world.

Keywords e-Lending · Ebooks · Libraries · Publishers · COVID-19

Introduction

In March 2020, the COVID-19 pandemic started spreading rapidly throughout the United States. Public libraries, for the first time in their history, closed their doors and library patrons could only access digital content. This meant an ebook was the only type of written book a patron could borrow. But patrons weren’t the only ones affected—both the publishing and library communities were nervous about what this change meant for their businesses.

In the years leading up to the pandemic—particularly the decade of the 2010s—the ebook lending (e-lending) business was complicated, especially between the Big Five publishers and public libraries. The Big Five, unsure of how to protect the financial prosperity of the disruptive technology, grappled with how to have ebooks...
in libraries without impacting their sales figures. Libraries, on the other hand, were simply trying to fulfill their social mission. However, they were frustrated by the Big Five—who they perceived as being weary to enter the market—and found the various licensing provisions from the publishers largely unacceptable.

The question “does e-lending negatively impact ebook sales?” went largely unanswered until 2020. That March, both sides of the industry held their breath and tried adapting to the new normal, where ebooks were the sole lending option for written material—and fortunately, both libraries and publishers saw success during this turbulent time. Libraries thrived—seeing unprecedented increases to e-lending—and publishers’ ebook sales increased for the first time since the mid-2010s. Significantly, in an effort to help libraries, the Big Five publishers made favorable changes to their library ebook prices, policies, or catalogs, and helped libraries reach their communities digitally in a variety of other ways. These assistances allowed libraries to meet the new demand they saw for ebooks, and e-lending broke record numbers, while publishers’ ebook sales simultaneously increased. Thus, in a historically beautiful moment, both publishers and libraries came out of the COVID-19 library closures as winners.

In order to understand the significance of this feat, however, it’s essential to know the context surrounding it. Current literature has made the relationship sound simple: the Big Five supposedly have a contentious relationship with libraries, as both have naturally contrarian goals, and 2020 represented the first time these publishers chose to play nice with libraries.

Unfortunately, it’s not that simple, as the history of this topic is more complicated than the current literature makes it seem. Thus, the goal of this paper is twofold: to comprehensively document all the important milestones within the overall history of e-lending—which includes an analysis of the data, trends, and role of the media in telling this narrative—and detail the histories of each of the Big Five’s e-lending practices. Contrary to current literature, each of the Big Five forged their own relationship and e-lending practices with libraries over the years. It is critical to unravel each Big publisher’s e-lending history and relationship with libraries, as this full and complex history will help readers understand the significance of the 2020 library closures.

1 Ref. [37]: Overdrive, “33% Growth for Digital Books from Public Libraries and Schools in 2020 Sets Records,” news release no. 1869. January 7, 2021. https://company.overdrive.com/2021/01/07/33-growth-for-digital-books-from-public-libraries-and-schools-in-2020-sets-records/.
2 Ref. [30]: Michael Kozlowski, “ebook sales increased by 12.6% in 2020.” Good e-Reader (blog). February 1, 2021. https://goodereader.com/blog/e-book-news/ebook-sales-increased-by-12-6-in-2020.
3 Ref. [6]: Andrew Albanese, “Is the Covid-19 Crisis a Watershed Moment for Library E-books?” Publishers Weekly Online, March 27, 2020. https://www.publishersweekly.com/pw/by-topic/industry-news/libraries/article/82834-is-the-covid-19-crisis-a-watershed-moment-for-library-e-books.html.
4 Ref. [15]: Association of American Publishers, “What Publishers Are Doing to Help During the Coronavirus Pandemic.” 2021. https://publishers.org/aap-news/covid-19-response/.
A Profile of the Big Publishers

The previously Big Six publishers—HarperCollins, Random House, Penguin, Hachette, Simon & Schuster, and Macmillan—loosely fall into three categories: pioneers, followers, and resisters. HarperCollins and Random House are in the first category, as they were the first to challenge traditional e-lending models. They set precedents that the other Big publishers followed. Hachette and Penguin fall into the second category, by acting according to the standards set by the former. Simon & Schuster straddles the line between follower and resister. While they were one of the last Big publishers to start e-lending, their personality closer aligned with Hachette and Penguin’s than Macmillan’s. This leaves Macmillan as the only publisher placed solely in the resister category, as they were the only publisher in the late 2010s to take an aggressive step away from e-lending.

Context: Why E-Lending Causes Tension Between Publishers and Libraries

Despite their differences, one similarity among the Big Five is why e-lending causes tension between them and libraries. Even publishers that have mostly positive relationships with libraries have struggled with the issues outlined here because, ultimately, publishers are for-profit businesses, while libraries are community institutions meant to serve their patrons free of charge. This dynamic, naturally, creates a strain amongst the two parties.

The root of the tension, of course, is financial: if a book is lent instead of purchased, the publisher is not making a sale and therefore no profit. This sales concern existed long before ebooks, but the publishing industry found methods early on that solved the issue with print books. For one, print books are physical products that over time become too worn and fragile to be lent anymore. This means libraries eventually have to repurchase print books from the publishers to keep them in their collection. Also, there is a certain level of inconvenience—or what the industry calls “friction”—involved when a library patron wants to borrow a print book: they have to physically travel to the library both to check out and return the book, and if the book is already being lent to someone else, the patron is placed on a waitlist for that book. In the eyes of publishers, these frictions may deter some library patrons from borrowing books, and instead they may be encouraged to purchase their books.

The problem with ebooks is many of these safeties do not apply. Ebooks are a software product; they never deteriorate, so libraries theoretically never need to buy

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5 Ref. [22]: Sari Feldman, Carrie Russell, and Robert Wolven, “E-Book Business Models for Public Libraries: A Response to Publisher-Library Differences,” in Library and Book Trade Almanac, ed. Dave Bogart, vol. 58. (Medford, NJ: Information Today, Inc., 2013), 4.

6 Ref. [24]: Shawnda Hines and Alan Inouye, “They Resisted: How Pushback on Changes to E-Book Licensing Terms for Libraries Went Viral,” in Library and Book Trade Almanac, ed. John B. Bryans, vol. 65. (Medford, NJ: Information Today, Inc., 2020), 5.

7 Ref. [22]: Feldman, Russell, and Wolven, “E-Book Business Models,” 4–5.
a new copy.\textsuperscript{8} Also, the process of borrowing an ebook has significantly less friction.\textsuperscript{9} There is no need to travel to the library; a patron can have immediate access to an ebook title on virtually any smart device. In the early 2000s, this concerned some publishers, but librarians and scholars felt their fear was invalid because ebook devices and software at the time made e-lending rather difficult.\textsuperscript{10} But over the years, the technology and process have significantly improved, reaffirming the validity that there is not enough friction in the e-lending process.\textsuperscript{11} Also, like with many disruptive technologies, a new problem arose: no one knew how to price ebooks.\textsuperscript{12} Amazon set a precedent early on that ebooks should have a retail price of $9.99,\textsuperscript{13} but the question of what they should be priced for libraries largely remained unanswered. This question around pricing, combined with the lack of physical deterioration of ebooks and friction in e-lending, has resulted in publishers cautiously experimenting with various tactics and pricing models over the years.

Lastly, it has proven difficult for publishers and libraries to find uniform solutions. On the publishing side, the Big Five cannot collaboratively create an industry-wide approach because of anti-trust concerns.\textsuperscript{14} On the library side, each one has different needs based on size, budget, and other related factors, so an arrangement that works well for a large library system may not work for a smaller library.\textsuperscript{15} This flux in each library’s needs has made it difficult for publishers to find a consistent model that works, and has historically caused some publishers to be unclear of how to enter the e-lending business at all.\textsuperscript{16}

**Pre-2011: The Early Days**

While ebooks and e-readers were created in the 1990s, they were not mainstream until the mid-2000s.\textsuperscript{17} By 2009, library patrons expected their libraries to offer ebooks.\textsuperscript{18} But, because of the tensions outlined above, libraries struggled to get ebooks from publishers who were weary to sell them to libraries. Despite these concerns, four of the Big Six publishers—HarperCollins, Random House, Penguin,
and Hachette—started selling ebooks to libraries to meet the demand. Meanwhile, Simon & Schuster and Macmillan did not start e-lending until 2013.

In the early days of e-lending, it closely resembled print book lending. At first, it was common for publishers to sell ebooks on perpetual terms—meaning libraries had bona fide ownership of ebooks and could lend them out an unlimited number of times—on a one book/one user model, meaning each ebook file represented a single book and could only be lent out one user at a time. Although this was standard pre-2011, publishers had mixed feelings about the perpetual terms, lack of requirement for libraries to repurchase ebooks, and lack of user friction.

The 2010 court case *Vernor v. Autodesk* disrupted this business model by challenging the “you bought it, you own it” notion that had long been the standard for physical books. Resulting from this case, ebooks were deemed computer software that only needed to be licensed, rather than physical products owned by the purchaser. This verdict meant publishers did not need to sell ebooks to libraries with the same freedoms and rights as print books.

### 2011: HarperCollins’ Historic 26-Loan Policy

In March 2011, after the *Vernor v. Autodesk* verdict, HarperCollins made a historic change to their library contracts: rather than sell ebooks to libraries on perpetual terms, they would license their ebooks for a maximum of 26 loans, after which libraries could choose to repurchase a license to that ebook at a discounted price. This applied only to new ebooks. The ebooks were available to libraries at the same time as the public, priced close to the consumer retail cost, and lent via the one book/one user model. In an open letter to libraries, HarperCollins reaffirmed their belief that libraries are an important place for book and author discovery. However, they also explained that with their new policy, they were trying to protect authors and ensure the ebook market remained valuable as it grew.

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19 Ref. [46]: Paul Whitney and Christina de Castell, *Trade eBooks in Libraries: The changing landscape*. Ed. Michael Heaney, vol 172. (Boston, MA: Walter de Gruyter GmbH: 2017), 14. EBSCOhost.

20 Ref. [42]: “S&S Offers E-Book Lending, Purchase Via New York City Libraries.” Publishers Weekly Online, April 15, 2013. https://www.publishersweekly.com/pw/by-topic/industry-news/libraries/article/56826-s-s-offers-e-book-lending-purchase-via-new-york-city-libraries.html.

21 Ref. [36]: Jim Milliot. “Macmillan to Begin E-book Library Lending Pilot.” Publishers Weekly Online, January 24, 2013. https://www.publishersweekly.com/pw/by-topic/digital/retailing/article/55630-macmillan-to-begin-e-book-library-lending-pilot.html.

22 Ref. [17]: Bosman, “Publisher Limits Shelf Life.”

23 Ref. [13]: American Library Association. “Ebooks and Copyright Issues,” in State of America’s Libraries: A Report from the American Library Association 2014. (American Libraries: 2014), 25–26. https://www.jstor.org/stable/10.2307/26197736.

24 Ref. [40]: Calvin Reid, “Librarian Unhappiness Over New Harper e-Book Lending Policy Grows.” Publishers Weekly Online, March 2, 2011. https://www.publishersweekly.com/pw/by-topic/digital/content-and-e-books/article/46333-librarian-unhappiness-over-new-harper-e-book-lending-policy-grows.html.

25 Ref. [17]: Bosman, “Publisher Limits Shelf Life.”

26 Ref. [22]: Feldman, Russell, and Wolven, “E-Book Business Models,” 3.

27 Ref. [17]: Bosman, “Publisher Limits Shelf Life.”
At first, the new policy caused widespread fury that sparked the “Boycott Harper-Collins” campaign.\textsuperscript{28} Many librarians and leaders in the American Library Association (ALA) felt the new model made ebooks unjustifiably expensive for librarians.\textsuperscript{29, 30} However, not everyone shared this belief: \textit{New York Times} reported some librarians had no issue with the loan limit, and argued the policy “benefits the most parties because it gives library access to the latest titles in e-book form while still protecting the financial interests of publishers, authors and booksellers.”\textsuperscript{31}

HarperCollins was the first publisher to challenge the e-lending status quo, which initiated a grander conversation about the best way to sell (or license) ebooks to libraries. And in time, they heard positive feedback about their license terms from libraries.\textsuperscript{32} The policy, as a result, remained unchanged until the COVID-19 crisis, when HarperCollins made favorable adjustments to their e-lending program in an effort to help libraries.\textsuperscript{33}

\textbf{2012: Random House’s Drastic Price Increases}

Random House made history in March 2012 by making a price increase that was, interestingly, meant to be a positive change for libraries. The increase was for the distributors who sell ebooks to libraries—such as Overdrive, Baker & Taylor, 3M, and Ingram—but it impacted how much libraries had to pay those distributors for Random House titles.\textsuperscript{34}

When the news first broke, it was met with praise. \textit{Publishers Weekly} famously touted, “Never has a price increase been such \textit{good} news for libraries.”\textsuperscript{35} Even Steve Potash, the president and CEO of Overdrive, supported the increase.\textsuperscript{36} What made the news so positive was nothing else about their policy would change: they would continue selling ebooks to libraries on perpetual licenses, with a one book/
one user model. Similarly to HarperCollins, Random House reasserted their belief that libraries are vital to the reading community, but they sought a policy that benefited both authors and libraries. Random House realizing the value of their perpetual licenses was welcome news in the aftermath of the HarperCollins change. But despite the praise, the price increase was hefty—between one hundred and two hundred percent—and many in the library community, including then-ALA president, Molly Raphael, were appalled.

By increasing prices so drastically, Random House set a precedent for what the value of a perpetual ebook license should be. In light of HarperCollins implementing a lending limit, Random House’s perpetual license was worth more than it was before, and they chose to price it accordingly, while still positioning themselves as a friend to libraries.

2012–2015: The Remaining Four of the Big Six Publishers Begin E-Lending

By 2015, the remaining four of the Big Six publishers had entered the space, the Big Six became the Big Five, and each Big publisher had created an e-lending policy that remained intact until the late 2010s. While each of the remaining publishers’ e-lending contracts took different forms, many borrowed elements from the precedents set by the other publishers.

Penguin (later Penguin Random House)

Before the mid-2010s, Penguin did not sell their full ebook list to libraries. Then in February 2012, Penguin terminated their relationship with Overdrive. The decision seemed driven by Penguin’s concern about the Overdrive-Amazon relationship, rather than a sales concern. Penguin attempted to continue e-lending with distributor 3M, but Overdrive’s dominance in the market meant Penguin’s ebooks were virtually nonexistent in libraries during that time. Further, Penguin implemented two unsavory changes to their licensing terms: their licenses would expire after one year, and all ebooks would have a six-month embargo period.

37 Ref. [28]: Kelley, “Random House Reaffirms Commitment.”
38 Ref. [4]: Albanese, “Fair Trade.”
39 Ref. [14]: American Library Association, “New focus on ebooks,” 17.
40 Ref. [41]: Calvin Reid, “Penguin Severs Ties with OverDrive.” Publishers Weekly Online, February 9, 2012. https://www.publishersweekly.com/pw/by-topic/digital/content-and-e-books/article/50579-penguin-severs-ties-with-overdrive.html.
41 Ref. [41]: Reid, “Penguin Severs Ties with OverDrive.”
42 Ref. [39]: “Penguin Launches E-book Library Lending Pilot Program.” Publishers Weekly Online, June 21, 2012. https://www.publishersweekly.com/pw/by-topic/digital/content-and-e-books/article/52645-penguin-launches-e-book-library-lending-pilot-program.html.
43 Ref. [38]: Laura Owen, “Penguin makes its ebooks available to libraries through Overdrive once again.” Gigaom, September 25, 2013. https://gigaom.com/2013/09/25/penguin-makes-its-ebooks-available-to-libraries-through-overdrive-once-again/.
44 Ref. [39]: “Penguin Launches E-book Library Lending.”
Fortunately, in late 2013, Penguin resumed their contract with Overdrive and ended the embargo. But, in a significant stance, they kept the one-year expiration rule. While HarperCollins introduced the concept of a lending limit in 2011, Penguin broadened the definition of what a limit could be by using a time limit instead of a number-of-loans limit.

Also in 2013, Penguin and Random House merged, thus the Big Six became the Big Five. At first, their library contracts were kept separate, but in 2015, the legacy-Random House policy—with its valuable perpetual licenses—prevailed. Even though they lowered their library ebook maximum cost from $85 to $65, not all were pleased, including then-ALA president Sari Feldman. Despite the mixed opinions, this continued to be their policy until 2018.

### Hachette

In 2010, just when libraries started seeing a demand for ebooks, Hachette stopped selling frontlist ebooks to libraries. Thus, the relationship was strained until 2013, when they resumed licensing their frontlist ebooks. In a statement that resembled other publishers’ positive views of libraries, Hachette’s CEO stated, “we’re looking forward to working with public libraries.” They borrowed their licensing terms from Random House—they sold their ebooks with perpetual licenses on a one book/one user model, and charged three times more than the retail price for new release ebooks—but were slightly more generous: if libraries waited to buy an ebook until one year after its release, the price would lower to one-and-a-half times the retail cost.

Despite the good news that Hachette was reentering the business, their policy provisions and prices faced some criticism. Hachette declared their intent to keep the discussions with libraries open, and promised they would assess their pricing annually. Some on the library side were pleased by this, including then-ALA president

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45 Ref. [38]: Owen, “Penguin makes its ebooks available.”
46 Ref. [13]: American Library Association, “Ebooks and Copyright Issues,” 24.
47 Ref. [38]: Owen, “Penguin makes its ebooks available.”
48 Ref. [9]: Andrew Albanese, “Penguin Random House Unifies E-book Terms for Libraries.” Publishers Weekly Online, December 3, 2015. https://www.publishersweekly.com/pw/by-topic/digital/content-and-e-books/article/68838-penguin-random-house-unifies-e-book-terms-for-libraries.html.
49 Ref. [9]: Albanese, “Penguin Random House Unifies E-book Terms.”
50 Ref. [8]: Andrew Albanese, “Penguin Random House Changes Library E-book Lending Terms.” Publishers Weekly Online, September 4, 2018. https://www.publishersweekly.com/pw/by-topic/industry-news/libraries/article/77904-penguin-random-house-changes-its-library-e-book-terms.html.
51 Ref. [18]: Enis, “Hachette Expands eBook Access for Libraries.”
52 Ref. [18]: Enis, “Hachette Expands eBook Access for Libraries.”
53 Ref. [25]: Nate Hoffelder, “Hachette Joins the ‘I Hate Libraries’ Club—Now Raising eBook Prices Through the Roof.” The Digital Reader (blog), September 13, 2012. https://the-digital-reader.com/2012/09/13/hachette-joins-the-i-hate-libraries-club-now-raising-ebook-prices-through-the-roof/.
54 Ref. [18]: Enis, “Hachette Expands eBook Access for Libraries.”
Maureen Sullivan. But even with that promise, Hachette did not make significant changes until 2019.

**Simon & Schuster**

Simon & Schuster was one of the last Big publishers to enter the e-lending business. Their wariness to allow e-lending came from a sales concern. But they eventually began e-lending in 2013 via pilot programs. During the pilots, Simon & Schuster introduced a new element: they required libraries to display an option for patrons to buy ebooks if they did not want to wait for the ebook to be available in the library. By summer 2014, Simon & Schuster completed the pilots and began licensing their full ebook list to libraries with the “buy it now” requirement implemented, but it was removed in 2015 after stirring controversy in the industry. Instead, Simon & Schuster made it optional for libraries to offer this to their patrons.

By that point, Simon & Schuster’s standard license was also a variation of those implemented by other publishers: they had a one book/one user model and their license had a time frame maximum of one year, at which point libraries could choose to repurchase the ebook. There was no major criticism of this policy, which may be because Simon & Schuster was one of the last Big publishers to enter the e-lending business, and libraries were accustomed to these types of restrictions. While Simon & Schuster did allow select titles to have two-year licenses, this was their standard policy until 2019.

**Macmillan**

Macmillan was the most reluctant Big publisher to be involved with e-lending; they actively—and loudly—resisted e-lending for as long as possible. They also never echoed the positive sentiments said by other publishers, who recognized the value

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55 Ref. [19]: Matt Enis, “Hachette to Sell Frontlist Ebook Titles to Libraries.” Library Journal, May 1, 2013. https://www.libraryjournal.com/?detailStory=hachette-to-sell-frontlist-ebook-titles-to-libraries.
56 Ref. [5]: Andrew Albanese, “Hachette Book Group Changes Library E-book Terms.” Publishers Weekly Online, June 17, 2019. https://www.publishersweekly.com/pw/by-topic/industry-news/libraries/article/80486-hachette-book-group-changes-library-e-book-terms.html.
57 Ref. [44]: Stross, “Publishers vs. Libraries.”
58 Ref. [42]: “S&S Offers E-Book Lending.”
59 Ref. [45]: Vassallo and Maier, “The Evolving E-Book Landscape,” 34.
60 Ref. [21]: Matt Enis, “Publishing: S. & S. Drops ‘Buy It Now’ Requirement.” Library Journal 140, no. 1 (January 1, 2015). EBSCOhost.
61 Ref. [34]: Anthony W. Marx, “E-Books and Democracy.” New York Times, May 1, 2013. https://www.nytimes.com/2013/05/01/opinion/e-books-libraries-and-democracy.html.
62 Ref. [32]: Rob Maier, “Simon & Schuster Offers Two-Year Ebook Discount: Is it right for your library?” American Libraries Magazine, November 30, 2015. https://americanlibrariesmagazine.org/blogs/e-content/simon-schuster-ebook-discount/.
63 Ref. [10]: Andrew Albanese, “S&S Changes Library E-book, Digital Audio Terms.” Publishers Weekly Online, July 1, 2019. https://www.publishersweekly.com/pw/by-topic/industry-news/libraries/article/80602-s-s-changes-library-e-book-digital-audio-terms.html.
of libraries: Macmillan’s then-CEO John Sargant once famously said of the ebook and e-lending business, “‘It’s like Netflix, but you don’t pay for it. […] How is that a good model for us?’”.64

Macmillan started with a pilot program in early 2013,65 and by the close of the year, they offered their backlist ebooks.66 Their license, which also had a one book/one user model, was a hybrid of several others: instead of having a time limit (like legacy-Penguin) or a number-of-loans limit (like HarperCollins), Macmillan had both: a limit of two years or 52 loans, whichever came first. They finally started offering their frontlist ebooks in mid-2014, at which point they also charged more for their frontlist ebooks than their backlist (like Hachette).67

The industry was buzzing with excitement when Macmillan began licensing their ebooks, but their price point and lending limits unsurprisingly garnered critics.68 Even though Macmillan claimed after the pilots, “‘we feel comfortable expanding our offering to our full catalog,’”69 that comfort level only lasted until 2018, when they took a stance against e-lending.70

The Big Five Publishers: Public Enemy Number One

By the mid-2010s, as each Big publisher began e-lending in varying ways and times, the media, interestingly, stopped portraying the publishers as individual entities with individual library relationships. Discussions around e-lending policies and developments focused on the negatives, and painted the Big Five publishers collectively, with one personality, as the adversary to libraries. And in time, scholars and the media mistakenly portrayed this opinion as fact.

The 2014 *State of America’s Libraries* reported, “publishers see libraries as the enemy. […] Major publishers and publishing associations seem to fear that libraries could circulate ebooks to thousands of readers, decimating their profits.”71 One *New York Times* article from 2013 stated, “[Publishers have] been mostly unwilling
to sell e-books to libraries to lend, fearful that doing so would hurt their business.”  

Similarly, a 2014 article from Los Angeles Times reported, “Librarians say publishers refuse to make some titles available, or set prohibitive terms for libraries […] for fear that free downloads will cut into their sales.”

Further, when all the Big publishers began e-lending their full catalogs in 2014, the library community gave virtually no credit to publishers for ultimately choosing to participate in e-lending. Instead, praise was given almost solely to the ALA. As stated in one article by American Libraries Magazine, “Let’s be clear, we got here through the leadership of ALA […] It took teamwork, determination, and tenacity, and ALA came through.” Even though the ALA undeniably took action to encourage publishers to engage in e-lending, it was painted as a fact—rather than an opinion—that pressure from the ALA was the only contributing factor into these publishers’ business decisions.

This discourse demonstrates how librarians and media spectators took the legitimate financial concerns of publishers, discussed earlier, and blew them out of proportion. What started as a search for the proper way to value eBooks and ensure their prosperity so all parties (including authors) could benefit, morphed into a widespread belief that all the Big publishers disliked libraries, only saw negatives in e-lending, and only begrudgingly started e-lending after they were coerced by the ALA. But a thorough assessment of the history shows that generalizing the Big publishers in this way was largely unfounded and inaccurate. HarperCollins and Random House—the pioneers—did not view libraries as “the enemy.” They both publicly stated how much they valued libraries, and were merely trying to protect the value of eBooks (not only for themselves, but for their authors) as they became mainstream. Hachette and Penguin were simply uncertain how to proceed, and thus followed precedents set by HarperCollins and Random House. Even Simon & Schuster, who expressed a sales concern in the early 2010s, quickly ended their widely-criticized buy-it-now requirement in an effort to keep libraries happy. The only publisher who legitimately viewed the library e-lending business as a serious threat to sales—and thus implemented arguably the strictest policy—was Macmillan, and even they started e-lending in 2013. Regardless of its inaccuracy, however, this ill-informed view of the Big publishers dominated the literature and pervaded the media coverage of e-lending developments.

**Ebook Sales and E-Lending: Theory vs. Reality in the 2010s**

Before moving forward in the history, it is necessary to discuss the trends of e-lending and eBook sales that emerged during the mid-2010s, as e-lending became

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72 Ref. [34]: Marx, “E-Books and Democracy.”
73 Ref. [16]: Bailey, “Libraries are offering more e-books.”
74 Ref. [31]: Maier, “Macmillan’s Full Catalog.”
75 Ref. [22]: Feldman, Russell, and Wolven, “E-Book Business Models,” 5.
76 Ref. [3]: Andrew Albanese, “As ALA Midwinter Closes, A Crucial Moment Looms For E-Books.” Publishers Weekly Online, January 24, 2012. https://www.publishersweekly.com/pw/by-topic/digital/content-and-e-books/article/50328-as-ala-midwinter-closes-a-crucial-moment-blems-for-e-books.html.
standard. Many studies, in theory, debunked the myth that e-lending impeded on ebook sales. Research conducted in 2011, 2012, and 2013 found that library patrons often purchased books by authors they discovered at the library. Significantly, the 2012 research found that library patrons frequently buy books, which provided evidence that sales, supposedly, were not negatively impacted by e-lending. Also, a 2015 study revealed most library patrons purchased ebooks significantly more often than they borrowed them via e-lending.

While these studies are informative, assessing the true ebook sales and lending patterns during this time paints a fuller picture, though it is one that raises questions. It’s not surprising that after the launches of the Sony Reader and Amazon Kindle in 2006 and 2007, ebook sales skyrocketed: they increased three hundred fifty-five percent between 2008 and 2009, but their sales growth dwindled to only thirty-five percent between 2011 and 2012. Further, market research from 2019 revealed that “e-book sales have dropped every year since 2014.”

The timing of 2014 is certainly suspicious. After all, ebook sales had been steadily declining since all the Big publishers began e-lending. Meanwhile, research between 2012 and 2018 revealed that e-lending was drastically increasing. Despite studies attempting to show that e-lending did not pose a risk to sales, the data revealed that ebook sales decreased, while e-lending increased. This left the industry with a question that still has no clear answer: why did ebook sales decline in the mid-2010s, while e-lending grew?

The problem, and the answer, is multifaceted. Of course, it is possible that e-lending contributed to the decline, but numerous other factors must be considered. First, it was likely the fascination the public had with ebooks wore off after their first couple years in the market, and instead of switching solely to ebooks, lifelong book buyers started mixing between ebooks and print books. Ebook sales also may have dropped because of the continued rise of sales in other formats, such as...
as audiobooks.\textsuperscript{88} Further, some believe Amazon has been partly to blame: Amazon does not make the Big Five’s ebooks as visible on their platform as their own ebooks, and Amazon amplified the tensions between publishers and libraries when they claimed e-lending leads to less retail sales.\textsuperscript{89} Another possible contributor to the problem was the uptick in ebook subscription services—like Kindle Unlimited and Scribd—which let readers access numerous ebooks at once.\textsuperscript{90} Since payment is not made for each individual ebook, it lends to the issue.

While studies attempted to prove that e-lending did not impact sales, the data suggested ebook sales and e-lending were inversely correlated—ebook sales decreased while e-lending increased—but no one could prove causality, or determine how much the various factors outlined above contributed to the problem. Thus, the research profile available in the mid-2010s, while seemingly useful at first glance, did not provide any real answers for the industry.

\textbf{2018–2019: Policy Updates and Differing Opinions}

Heeded into the late 2010s, publishers did not seem to agree on whether libraries were to blame for their dropping ebook sales. These differing opinions were reflected in the changes four of the Big Five publishers made in 2018 and 2019. Macmillan announced a dramatic change, which stirred controversy that had not been seen in the industry in almost a decade. Other publishers—Penguin Random House, Hachette, and Simon & Schuster—reevaluated their licensing terms as well, but the outcomes of those assessments were starkly different.

In July 2018, Macmillan announced they would immediately start a pilot four-month embargo on ebooks published by their popular imprint, Tor. Macmillan stated, their “‘current analysis on eLending indicates it is having a direct and adverse impact on retail eBook sales.’”\textsuperscript{91} Librarians throughout the country were blindsided.\textsuperscript{92} Even more confusing, Macmillan was part of the Panorama Project—the recent industry-wide research project that aimed to get better data surrounding the relationship between e-lending and ebook sales.\textsuperscript{93} If Macmillan had data supporting their claim, why were they participating in the Panorama Project?

Then in November 2019, Macmillan implemented an embargo across all their imprints, in which librarians could only purchase one copy of an ebook during the first two months after its release date.\textsuperscript{94} While this was more generous than the four-month embargo used in the Tor pilot, the Big publishers had not implemented any

\textsuperscript{88} Ref. \[20\]: Matt Enis, “Librarians React to New PRH Ebook Terms: Two-year metered access model garners mixed reception.” Library Journal 143, no. 18 (October 11, 2018). EBSCOhost.

\textsuperscript{89} Ref. \[20\]: Enis, “Librarians React to New PRH Ebook Terms.”

\textsuperscript{90} Ref. \[29\]: Kelly, “E-books at libraries.”

\textsuperscript{91} Ref. \[12\]: Albanese, “Tor Scales Back.”

\textsuperscript{92} Ref. \[24\]: Hines and Inouye, “They Resisted,” 4.

\textsuperscript{93} Ref. \[24\]: Hines and Inouye, “They Resisted,” 4–5.

\textsuperscript{94} Ref. \[2\]: Andrew Albanese, “After Tor Experiment, Macmillan Expands Embargo on Library E-books.” Publishers Weekly, July 25, 2019. https://www.publishersweekly.com/pw/by-topic/industry-news/libraries/article/80758-after-tor-experiment-macmillan-expands-embargo-on-library-e-books.html.
embargos since Penguin’s short-lived embargo in 2012. Thus, this move by Macmillan represented an aggressive retroactive step in Macmillan’s relationship with libraries, and the #eBooksForAll campaign was born from the fury.95

Macmillan’s policy change prompted other publishers to assess their e-lending policies: the first was Penguin Random House. But in October 2018, they implemented a change that was meant to be positive for libraries: they lowered their ebook prices, but offered two-year licenses instead of perpetual licenses.96 The difference in these two publishers’ personalities became extremely evident: Penguin Random House’s change was based on continued engagement with libraries and intended to give libraries something they wanted, while Macmillan took libraries by surprise and implemented extremely strict lending rules with no discussion beforehand. Also significant, while Macmillan claimed to have data suggesting ebook sales were compromised by e-lending, “PRH apparently does not see such a connection.”97 The question now arose, which policy change would the remaining publishers adopt, if any?

HarperCollins made no changes to their 26-loan limit.98 But Hachette and Simon & Schuster, true to their tradition, followed in the steps of Penguin Random House. In July 2019, Hachette—who still standardly sold ebooks to libraries on perpetual licenses—changed to a two-year license with lower ebook prices.99 One month later, Simon & Schuster also implemented a two-year license, which was an improvement from their one-year license.100

Interestingly, negative feedback about these changes from librarians and the ALA indicated that librarians saw an industry-wide shift away from e-lending.101 While some criticism is to be expected—for example, some librarians did not want Penguin Random House to change their policy at all, or wished the price decrease had been larger102—most publishers were trying to make their e-lending policies better for librarians. The changes implemented by Penguin Random House, Hachette, and Simon & Schuster gave libraries e-lending terms that were more favorable than their original policies and, in some cases, were openly asked for by librarians. Macmillan was the only outlier, and other publishers did not follow in their footsteps.

But due to the opinion-turned-fact sensation of the mid-2010s, the changes the publishers made were criticized by the media, and the truth was warped. As one 2021 Author’s Alliance blog post stated, “Between 2018 and 2019, four of the Big Five publishers changed their licensing terms and raised prices of e-books for

95 Ref. [24]: Hines and Inouye, “They Resisted,” 6.
96 Ref. [8]: Albanese, “Penguin Random House Changes Library E-book Lending Terms.”
97 Ref. [8]: Albanese, “Penguin Random House Changes Library E-book Lending Terms.”
98 Ref. [24]: Hines and Inouye, “They Resisted,” 4.
99 Ref. [5]: Albanese, “Hachette Book Group Changes Library E-book Terms.”
100 Ref. [10]: Albanese, “S&S Changes Library E-book, Digital Audio Terms.”
101 Ref. [5]: Albanese, “Hachette Book Group Changes Library E-book Terms.”
102 Ref. [20]: Enis, “Librarians React to New PRH Ebook Terms.”
libraries.”103 A March 2020 Publishers Weekly article reported, in the prior eighteen months, “all of the Big Five publishers raised prices and imposed new restrictions on digital lending in public libraries.”104 These statements are factually incorrect, yet this perceived truth about 2018 and 2019 dominates the current literature.

But as COVID-19 spread, some of these policies changed again. By late March 2020, Penguin Random House and HarperCollins—in line with their tradition—announced positive changes to their e-lending policies.105 Macmillan, in an unexpected but favorable move, abandoned their embargo.106 Hachette and Simon & Schuster, true to their personalities, took a safer route and helped in other ways (such as assisting with virtual events).107

As e-lending soared, all the e-lending theories developed over the decade were put to the test. But as publishers’ ebook sales rose alongside libraries’ ebook loans, both sides of the industry learned, finally, there was nothing to fear. And maybe libraries finally understood that most of the Big publishers do not view them as adversaries; if that were the case, the Big publishers would not have adjusted their e-lending terms and policies in an effort to help libraries during their time of greatest need.

Conclusion

When I began researching the publisher-library e-lending relationship, I expected it to be straightforward. However, as I dug into the data from dozens of sources, I realized the literature on this topic is largely disjointed. I also found myself asking question after question about the supposed facts I was uncovering. I noticed conflicting information, and opinions inserted into publications that should have been reporting the facts. Data was cherrypicked, and articles were not reporting the whole truth.

Whether it has been intentional or not, the library community and general media have portrayed the libraries’ side of the story as indisputable fact instead of what it really is—opinion. It became clear as I researched that, historically, libraries seem to have much more of an issue with the Big Five publishers than most of those publishers have with libraries.

I have attempted to correct the error in the current literature by objectively analyzing the publisher-library e-lending events, news, policies, and research from the 2010s, in the hope that readers will gain a comprehensive overview of all sides of the story—not just one side—and see the full, complex picture of what e-lending was like during the decade.

103 Ref. [1]: Martin Adams, “Libraries, COVID-19, and E-book Lending: One Year Later.” Author’s Alliance, March 30, 2021. https://www.authorsalliance.org/2021/03/30/libraries-covid-19-and-e-book-lending-one-year-later/.

104 Ref. [6]: Albanese, “Is the Covid-19 Crisis a Watershed Moment.”

105 Ref. [6]: Albanese, “Is the Covid-19 Crisis a Watershed Moment.”

106 Ref. [6]: Albanese, “Is the Covid-19 Crisis a Watershed Moment.”

107 Ref. [15]: Association of American Publishers, “What Publishers Are Doing.”
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