Changing Perceptions of a good book price: comparing the net price system of the 1900s to contemporary e-book pricing debates

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A little bit about me…

- **Dissertation topic:**
  - Academic librarians’ selection process of e-book products;
  - The impact of librarians’ selection criteria on e-book providers’ product development.

- **Why a historical study:**
  - Price as one of the most important selection criteria;
  - “Publishing repeated itself”: inspired by Professor James West III’s talk in last year;

- The net price system: 1901-1914
Book trade prior to the system

- Number of bookstores declined significantly due to the competitions from:
  - other types of book distributions: dry goods stores, department stores, and mail-order agencies;
  - direct sales from publishers;
  - circulating libraries;
- Publishers suffered too!
Establishment of the net price system

- Formation of two trade organizations:
  - the American Publishers’ Association (APA)
  - the American Booksellers’ Association (ABA)

- The net price system: based on the net book agreement in UK:
  - Net books= all copyrighted books (except fiction/school books) published after May 1, 1901;
  - Publishers set the price within the first year after publication;
  - Publishers only provided books to the booksellers that maintained the net price;
  - Exception for library copies: < 10% discount;
Changes in the net price system

- 1902: discount for library fiction books < 33.3%;
- 1904: restriction of sales only apply to copyrighted books;
- 1907: all regulations as recommendations;
- 1909: “net fiction” campaign;
- 1913: the Supreme Court: infringement of the Sherman Anti-Trust Law;
- 1914: APA dissolved the system.
Librarians’ changing attitudes (1)

- Concerns: impact of the new system on library book prices;
- Expected 8% of increase in prices;
- Initially supportive:
  - The new system was “for the interest of the libraries that the booksellers be not driven out of business”.
  - Libraries could “accept[] with reasonable grace […] as a proper advance in the interest of the bookseller”.

Librarians’ changing attitudes (2)

- Became wary shortly:
  - prices increased more than the expected 8%;

- Wait-and-see:
  - still “in an experimental stage”;
  - “some careful consideration of these varied interests at an early date would save considerable wrangling in the future”.
Librarians’ changing attitudes (3)

- Dissatisfied and questioned the real goal of the system:
  - “not so much for the benefit of the bookseller as for the benefit of the book publisher”;
  - it was unfair for publishers to “bolster up the business of the retail bookseller by imposing a tax on the public library which can so ill afford to bear it”.
“We should support, not *the* net-price system, but *a* net-price system”:

- Lower the prices;
- Increase the discount;

Librarians’ justifications:

- large purchasers with good reputation;
- as educational institutions supported by public funds;
Responses from publishers/booksellers

- Responses to request for reduced net prices
  - APA: cannot dictate the prices;
  - Publishers: increasing cost of publishing;
  - Booksellers: discouraged exorbitant net prices;

- Responses to request for increased library discount
  - ABA and booksellers: opposed the requests and proposed a more radical system:
    - cannot afford a larger library discount;
    - custodians of public funding ≠ larger discount;
    - removal of library discount would be beneficial to the whole book trade;
    - examples from UK and Germany;
  - APA: no changes in the system
Libraries: mitigate the hardships

- The ALA Committee on Bookbuying
  - Established in the ALA annual meeting at Waukesha, WI, 1901:
    - to promote relationships with the booktrade;
    - to provide librarians with info and advice on measures to reduce the financial hardships;

- Measures taken in book purchasing
  - fewer net books;
  - more old books;
  - purchasing second-hand books;
  - importing books;
  - purchasing from remainder/auction lists;
Shift in libraries’ book selection philosophy

- Reduced reliance on net books:
  - Net books were not necessarily equal to good books;
  - Good books were not only net books;

- Reconsideration of book price
  - Total cost = book price + preserving/caring cost
  - Take projected usage into consideration;
Books/e-books as cultural commodities

- **Cultural commodities:**
  - Non-utilitarian objects: uncertain demand;
  - One purchase = repeated experience;

- **Contradiction to book/e-book providers:**
  - Maximize audiences to accumulate high marginal revenues;
  - Limit the access to books/e-books to create scarcity;

- **Unpredictable prices due to the uncertain demand**
  - Power relations are the genuine reasons behind pricing.
Power and pricing

- Professional associations
- Consortia purchasing
- Explore alternative acquisition channels
- Collective protest

Libraries

- Professional associations
- Industry-level actions
- Consolidation

Book providers
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