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# Buying from Secondary Markets: Acquiring Dollars and Sense

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Buying from Secondary Markets: Acquiring Dollars and Sense

by

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## **Abstract**

Between 2004 and 2008, Morris Library's monographic budget has been reduced by over \$400,000, a fifty percent reduction between those two years. The increase in serial prices forced the shifting of monograph funds to the serials budget. Despite this shift, the increase in serials costs combined with an otherwise flat budget resulted in two serials' cancellation projects in a span of four years.

Faced with these economic realities, the acquisitions unit at Southern Illinois University's Morris Library has sought alternative schemas to save money. One decision was to consider purchasing materials from secondary and used-book sources. For FY09, a database was constructed of purchases to track how much money was saved buying from these resources versus buying from commercial vendors. The authors then tracked how often the preservation unit within the library was consulted to determine whether the materials were in acceptable condition and/or could be reasonably repaired. From this tracking, we hoped to determine and evaluate the trade-offs between the money saved and the additional burden placed on Preservation resulting from this approach to purchasing.

Keywords: Acquisitions, Preservation, cost/benefit analysis, secondary sources, used books, budget, acquiring, work flow

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## **Introduction**

Shrinking budgets. Dwindling staff numbers. Weakening buying power. These are just some of the trends that all librarians address in their everyday work. As we go further into the twenty-first century, acquisitions librarians have the unenviable task of balancing and stretching the budget between print sources that remain popular and the explosion of electronic resources while also maintaining a balanced collection to meet or exceed our patrons' needs. Similarly, preservation librarians are beginning to find creative and economical ways to stabilize collection materials. Increasingly, libraries are opting for phasing conservation treatments by providing basic stabilization in the form of enclosures or boxes. Preservation units also are being asked to expand their responsibilities as libraries turn toward digitization for access and preservation purposes.

Between 2004 and 2008, Southern Illinois University's Morris Library has reduced its monographic budget by over \$400,000. Two factors have led to the reduction: a flat acquisition budget and an increase in serial prices. The latter has caused the reallocation of funds from monographs to serials. Despite shifting funds to the serials budget, two major serials' cancellation projects in a span of four years have been conducted.

One way to potentially cut costs while increasing buying power was to buy used materials from secondary and used-book sources. Although done previously, there was no tracking of how efficiently orders were filled, savings realized by ordering from these sources, or the effect such purchasing would have on the preservation unit due to items being graded incorrectly and requiring preservation work.

## **Underlying Assumptions and Hypothesis**

We started with a set of working assumptions and hypotheses at the beginning of this project. A test was needed to determine how readily available items were in the secondary book market, if these items were less expensive than those purchased through a primary vendor, and if they could be acquired efficiently given shipping time and extra processing time required in acquisitions' workflow.

As used materials were being acquired, the second goal was to evaluate incoming materials and pass along damaged items to the preservation unit. Although the avenues through which these items were purchased (Amazon, Biblio.com, Alibris.com, and ABEBooks.com) had guidelines on grading, the grades assigned were subjective. Thus, what might be graded by one person as "Very Good" may be graded by another as "Fair." Acquisitions staff tracked the items to see how many required preservation's care.

The final goal was to determine if it was economical to purchase used materials considering availability, cost, and added workflow for acquisitions staff, as well as potential additional work for the preservation unit.

### **Literature Review**

The literature on the secondary market of books is sparse and focused on the economics of selling rather than a library or other entity buying. In 2003, Rappaport noted that while the book industry's sales as a whole were flat, used book buying saw growth for a second consecutive year (Rappaport, 2003). Rappaport explained the reason that the secondary market was growing was the changing demographics of book buyers. In years past, households that made over \$75,000 per year were the main book buyers that bought only new items. As the availability of the Internet increased, availability of books increased, prices dropped, and households that made less could afford to buy from these markets (Rappaport). Of the Internet book sites that are used, Tafuri revealed through a survey completed in 2009 that 86.1percent of responding libraries used Alibris, 74.3percent used the Amazon

Marketplace, and 56.9percent used ABEBooks (Tafari, 2009). The same survey asked if librarians foresaw increasing their purchases from used or secondary markets to stretch their budgets; 64.6percent said “No”(Tafari). In 2005, Holley and Ankem revealed that the impact of the Internet had increased the availability of used and out-of-print books while decreasing the price (Holley & Ankem, 2005).

No preservation-related literature that discussed the issues of purchasing used books and the impact on preservation units was found at the time this article was written. The mission of most academic preservation units is to repair and stabilize existing, general circulating collections and special collections or archives by ensuring that the information is available to patrons. Though the idea of preserving used collection materials is not new, the purpose of this study was to determine if buying used books would significantly add to treatment costs and time restraints of an already busy preservation unit.

Preservation literature, especially that pertaining to preservation management, planning, and maintenance, includes discussion of the impact that circulation, cataloging, and acquisitions has on preservation. The literature mostly concentrates on the impact from circulation; however, there is some literature that recognizes the cost impact of acquisitions and new purchases. Carolyn Clark Marrow states that preservation funding should be an integral part of the acquiring process. When purchasing a new (or at least new to the institution) item for the collection, consideration for preservation issues and costs should be factored in, and preservation decisions should be made at the time of acquiring (Morrow, 2000).

## **Methodology**

Acquisitions staff members were instructed to keep a ledger of 200 random titles to be ordered and purchased from secondary/used sources. When ordering, acquisitions staff adhered to these guidelines:

- Item remained in print
- Purchase from ABEBooks.com, Amazon.com, Alibris.com, or Biblio.com only
- Amazon vendor had to have a 95percent approval rating.
- Alibris and ABE vendor had to have four out of five-star fulfillment rating.
- Biblio vendor had to have at least a 90percent fulfillment rating
- Condition of the item had to be “Very Good”, “Like New”, or “New”

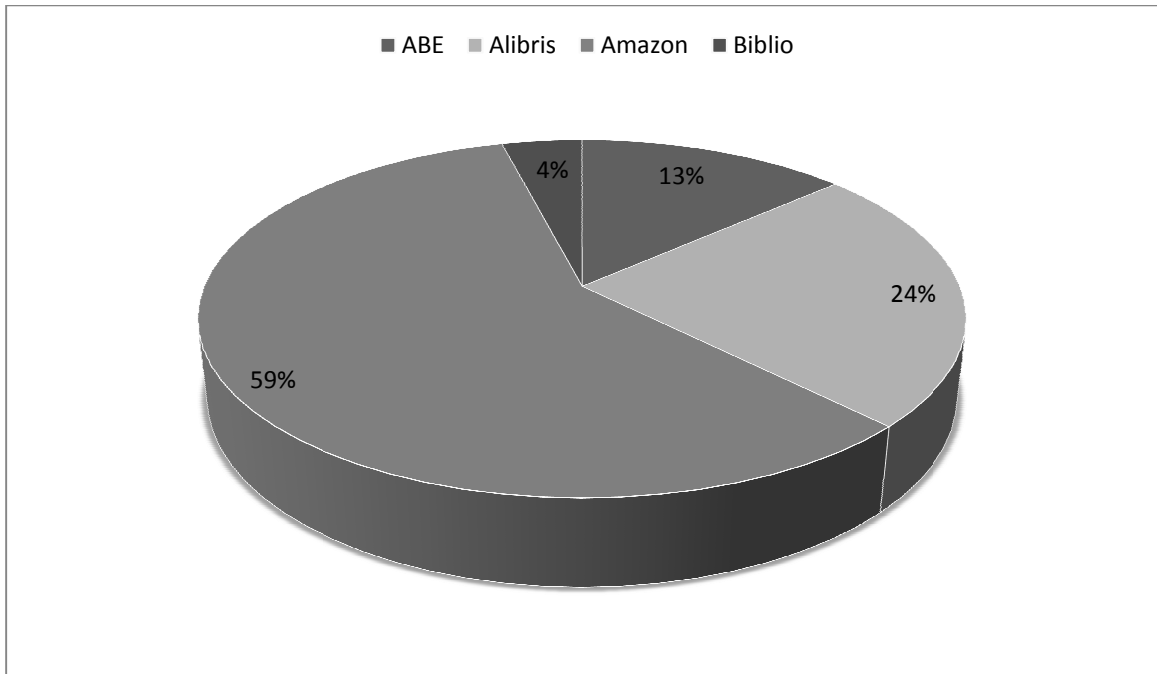
These stipulations helped narrow the choices for the staff and focused on materials that were in better condition and on vendors that had a favorable track record in customer satisfaction and/or fulfillment of orders.

### **What Secondary Markets Offer**

Typically, secondary markets consist of sellers placing their inventory onto larger sites such as Amazon and act as an alternate choice to purchase materials. These vendors can range from an individual working at home to larger companies who carry hundreds of thousands of books in stock, to the antiquarian bookseller specializing in rare and older print sources. Transactions are processed via the host company, so no extra paperwork is needed to begin ordering from secondary sources if an account exists with the main site.

### **Results and Discussion**

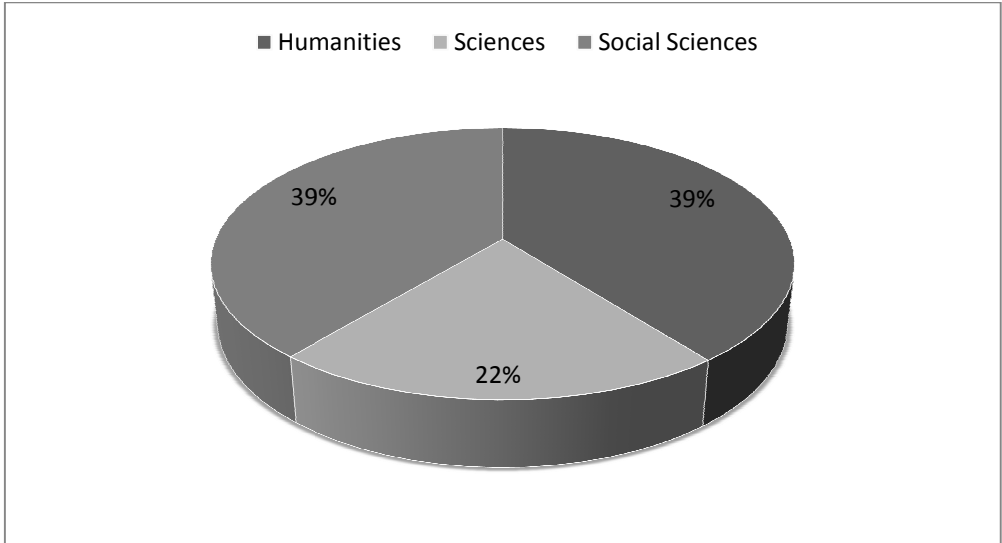
Data was compiled as the materials were purchased and received. Acquisitions staff kept a spreadsheet of the titles purchased and recorded the following information: title, author, ISBN, year published, list price + shipping, actual purchase price + shipping, fund codes, and time from order to receipt. Almost 60percent of the orders were purchased through Amazon, as their selection and prices frequently beat the competition.



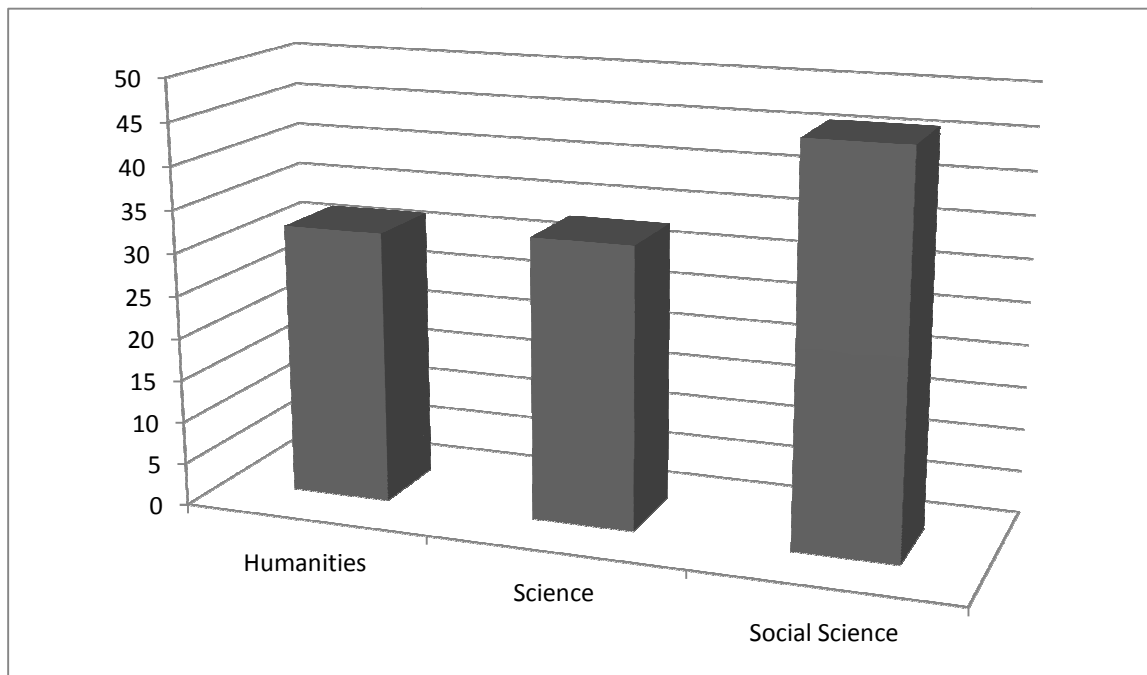
Acquisitions staff had to be careful not to funnel all orders to Amazon, not only because the State of Illinois stipulates that libraries cannot spend more than \$49,999 per fiscal year with one vendor, but also because we wanted to compare prices and average savings of the other sites.

We also wanted to ensure that a broad spectrum of subject areas was covered in the data collecting. This would allow us to determine whether one or more discipline would yield a higher percentage in savings. Humanities had the most orders placed, whereas the sciences had the least.

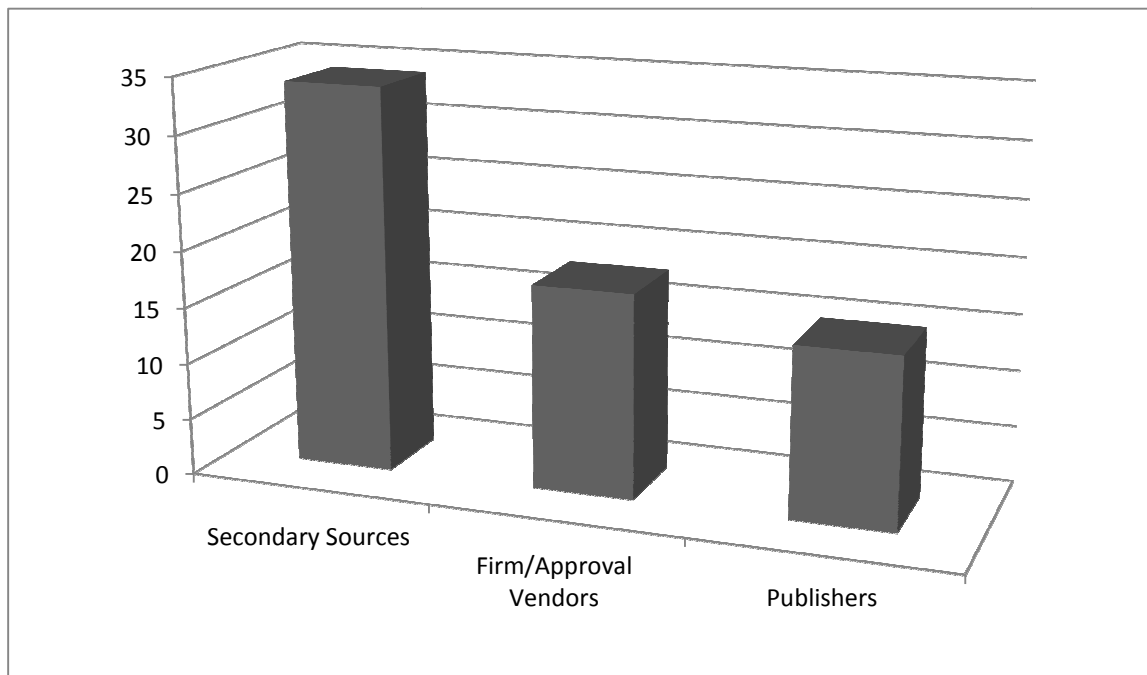




We also were interested in determining whether any particular broad subject area would have a deeper discount than others. By attaching in-house fund codes to each order, we were able to separate purchases into the three areas: Humanities, Social Sciences, and Sciences. Humanities had the lowest average discount percentage (32%). Science was close to Humanities (33%) and Social Sciences was the highest (46%).

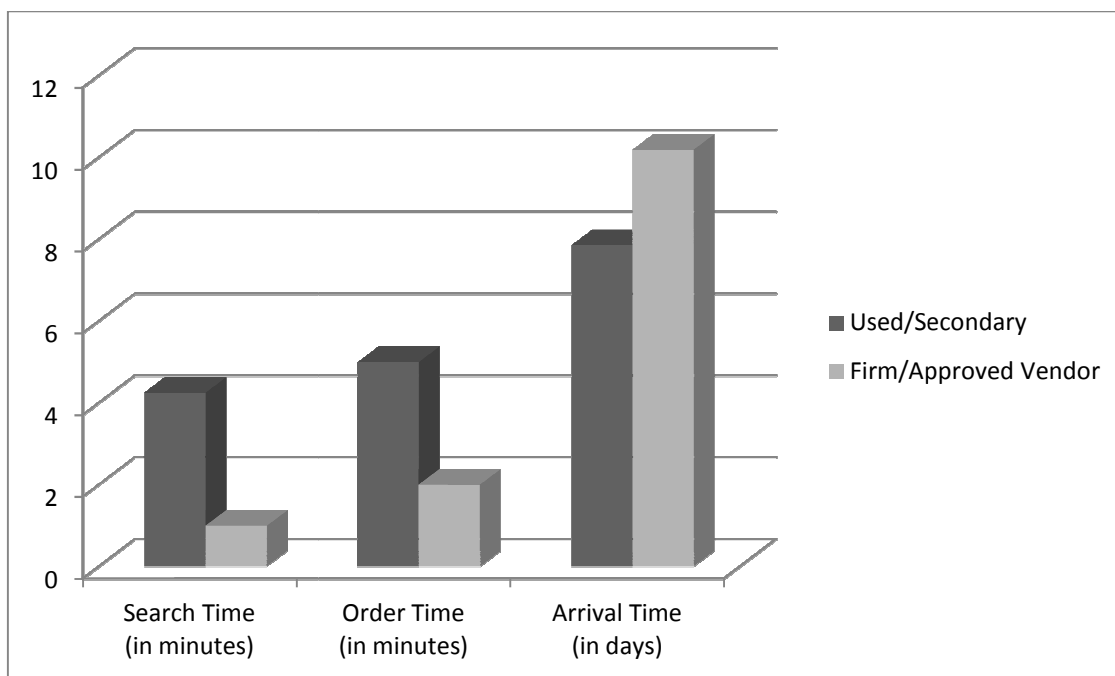


Most libraries receive some type of discount through a firm/ approval vendor, publisher, or distributor. In order to compare those discounts with the collated data from this project, an average discount from our firm/approval plan vendors was used from 2005 - 2008. Acquisitions staff called ten different publishers to obtain their average discount percentage on direct orders. This data was compared to the project savings. The result was a greater savings ordering through secondary sources (34%) than firm/approval vendors (18%) and publishers (15%).



The ultimate goal, from an acquisitions standpoint, was to determine how much money was saved by purchasing from secondary vendors. From 200 orders, a savings of almost \$4,000 off of the list price plus shipping was generated. The total cost of the retail price plus shipping was \$11,929.83. The actual purchased cost of the items plus shipping was \$7,934.47 for a savings of \$3,995.36. Had all those titles been purchased from a firm/approval vendor the savings would be \$2,147.37 and the discount from the actual publishers would have been \$1,749.87 based on the percentages above.

One of the initial concerns was the efficiency of ordering through secondary vendors. Did it take longer to locate an acceptable copy that met the designated parameters than it would have taken by ordering through our firm vendor's website? Did the shipping take longer? Would the local processing of orders and paperwork take longer? We decided to track this information by determining how long it took our staff to search for the item, complete the ordering process, and the time in transit.



As shown in the table above, acquisitions staff took, on average, one minute to search for the titles from the firm/approval vendor. This was reasonable, since searching merely involved completing the orders our collection development librarians had previously entered into the vendor’s electronic ordering system. The staff member then ensured that the item was in stock and not a non-cancellable title and completed a short form with a fund code and any notes. On average, the ordering took approximately two minutes. The shipping time was greater for the approval/firm vendor. In order to save on shipping costs, the approval/firm vendor ships once a week, causing a delay in the receipt of books depending on when they are ordered within the vendors shipping cycle. The average time from point of ordering to receiving through our approval/firm vendor was a little over ten days.

Secondary vendors are required to ship their items within two business days from receipt of an order or inform the buyer the item is currently unavailable.<sup>1</sup> But most packages are shipped using a slower method of travel (media mail) whereas the approval/firm vendor uses the quicker UPS ground shipping. The average time of shipping from secondary vendors was just under eight days. There was

<sup>1</sup> <http://www.amazon.com/gp/help/customer/display.html?ie=UTF8&nodeId=537734&#shiptime>

not much difference in the front end of the process, where our staff on average took a little over four minutes to search for the item and five minutes to go through the order process. The average time from point of ordering to receiving through the secondary vendors was eight days.

A word of caution: Our staff has been doing this kind of ordering for years, and those who are unfamiliar with sifting through the various grades, pricing, and descriptions may take more time than our staff. By becoming comfortable and familiar with these sites, efficiency can improve.

### **Preservation**

Acquisitions staff members have been trained to identify potential preservation issues for any item that comes through the workflow. For this project, the acquisitions staff considered the same preservation criteria that are normally used: damaged cases or covers, torn or discolored pages, broken spines, mold, and water damage. Any newly acquired used item that falls into one of the preservation selection criteria is brought to preservation during the acquisition check-in procedure. The Conservation Lab Supervisor or the Preservation Librarian inspected the item to determine if there was in fact a preservation issue and whether or not the item could be preserved in-house and at what cost. Any item that needed in-house preservation treatment was flagged to be routed back to the preservation unit once the item was checked-in and cataloged. If an item was not repairable, preservation instructs acquisitions to return the item; however, there were no such cases in this test. Twelve of the 200 items purchased for this project required preservation review. Of those only seven required preservation treatment, and the treatment was minimal.

For this project, the preservation unit was particularly concerned about the total number of items that required treatment. Another concern was the types of treatments that would be needed. To track the types of treatment and the time needed for each treatment, preservation staff used the Association of Research Libraries (ARL) preservation statistics “treatment levels”: level 1 treatments

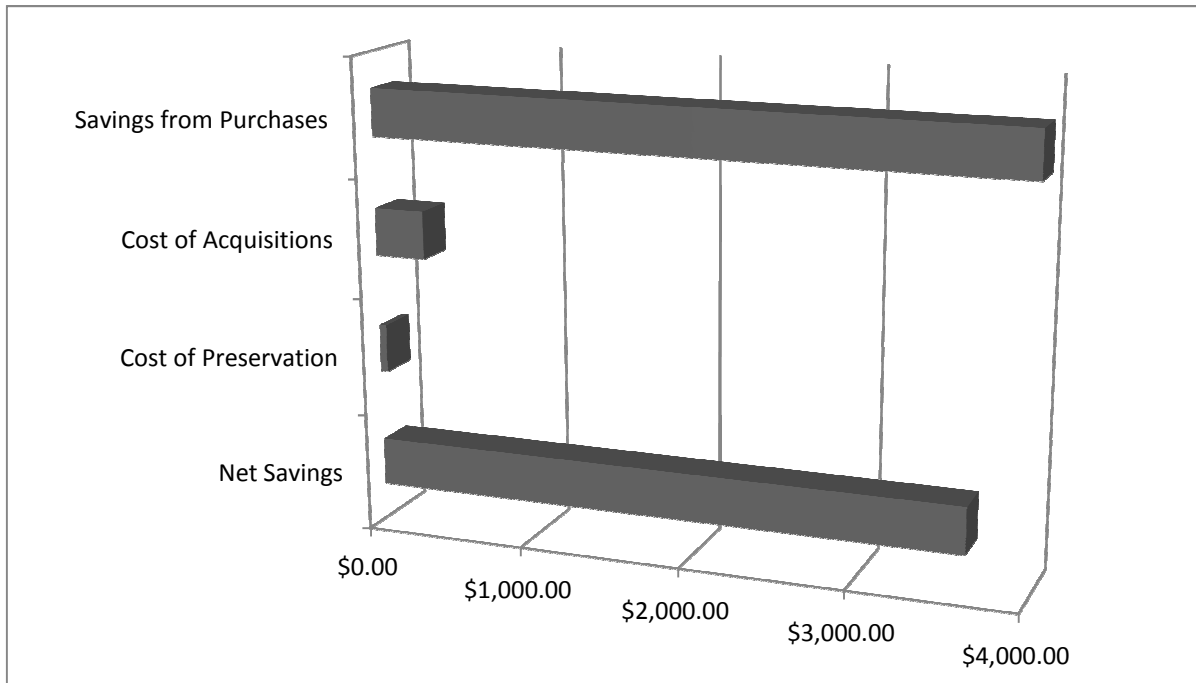
require 0 to 15 minutes to complete, level 2 treatments require 15 minutes to 2 hours, and level 3 treatments require 2 hours or more (ARL, 2009). Of the seven pulled for preservation, five books required level 1 treatment; three books needed hinge tightening, one needed the cover cleaned, and one needed the boards flattened. The only materials cost was for polyvinyl acetate (PVA) adhesive used to tighten the hinges.

Two of the seven books were sent to the commercial binder because the covers were deteriorating. All paperbacks purchased by acquisitions would be sent to our commercial bindery after circulating once, congruent with existing library policy. Binding is an assumed added cost; though in most cases, it is less expensive for paperbacks to be bound commercially than it is to buy a hardback. Five of the twelve books were pulled for preservation review for faded covers and slightly discolored pages, but preservation determined that these books did not need treatment.

#### **Cost/Benefit Analysis**

From a cost/benefit standpoint, staff time, treatment, and binding were the factors considered in the final calculation. The average hourly wage of the acquisitions staff members was \$15.38. Per minute, they made \$0.26. If ordering from the approval/firm vendor, the ordering process would take three minutes, or \$0.78 per book. For 200 books, the staff cost would be \$156. Ordering from a secondary vendor, the cost per book would be \$2.34, and for all 200 books \$468. The difference between the two ordering processes is \$312. The preservation staff member who assessed and treated the books made \$19.50 hourly. Per minute, she made \$0.33. The time needed for assessing the condition of the twelve books was twenty-four minutes or \$7.92. Treatment time needed to complete the five level 1 treatments was seventy-five minutes or \$24.75. Binding costs for the two books sent to the commercial bindery was \$11.40. The cost accrued totaled \$356.07. With a total savings of \$3,995.36 from the ordering of books from secondary vendors, that still leaves a net savings of

\$3,639.29 after the costs are factored. We believe the savings and benefits generated from this project for the library and its patrons greatly offset any slight increase of staff and bindery costs.



### Conclusion

The practice of purchasing used books is not a unique or novel idea to libraries and has been used for decades in acquiring rare and out-of-print titles. Given the current financial strain libraries face, purchasing used copies of newer in-print titles may become more of a necessity. This study has demonstrated that not only could the dollar be stretched but that it could be done without adding significant burden to the preservation unit nor sacrifice efficiency. With any alternative to traditional procedures, there are pros and cons. The services provided by a primary academic vendor may help streamline workflow or offer the ability to download bibliographic records or invoices directly into an ILS. The vendors do the work of searching for available items, which may free up time for library staff to work on other projects. The results may lead to smaller discounts and slower delivery times.

Studies have shown that not only is the secondary market expanding, it is showing a profit. With new businesses and individuals entering the market, libraries can benefit from the increasing availability and options that competition affords. The positive aspects can be seen from the results of this study: increased savings per item across all subject matter and no significant increase in workload on the preservation unit. The work, however, depends upon choosing items of a desirable grade and price. Because in the secondary marketplace includes a variety of sellers with a lower quantity of stock, using the secondary market could lead to cancelled orders and returns if the grading is not correct. Without question, this mode of purchasing can save the library money without impacting other areas of technical services. However, if the staff is not experienced with purchasing from the secondary market, it may be wise to initially limit purchases to the grades "Like New" or "New" to reduce the likelihood that material ordered would be in an unacceptable condition.

Libraries must look for new ways to save money. We need a plan that does not incur additional work and costs for other units in the library. Using the secondary market for purchasing saves money and efficiently gets the items into the patrons' hands. Purchasing wisely from used and secondary markets is a sensible way for your library to save money.



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