Macmillan CEO Responds to #ebooksforall Advocates in a Letter to Librarians

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Macmillan Publishers CEO, John Sargent has issued a letter in response to #ebooksforall advocates. Beginning November 1, 2019, Macmillan Publisher's eBook embargo will go into effect. The new Macmillan lending policy will allow libraries to purchase only one copy of each new eBook title for the first eight weeks after a book's release. Advocates have been signing the #ebooksforall petition and contacting Macmillan's CEO to urge Macmillan to abandon this new lending model. On Tuesday, October 29, Macmillan issued a response in a "Letter to Librarians" from CEO John Sargent. Stay tuned for more news on #ebooksforall advocacy. Read the full text of the letter here:

Dear Librarians,

Many of you have written to me over the last weeks about our terms change announcement. Responding to each of you is a daunting prospect, so I thought I would try to reach you all at once. Thanks for writing, and for the frank (and occasionally brutal) feedback. A special thank-you to the plain ole regular guy extraordinaire from Florida; I appreciate your original approach.

First, I would like to apologize. It is clear to me that I should have written to all of you directly with our terms change. I meant no disrespect. Also, please know that this change was well considered and deeply discussed with over 35 library systems, with your suppliers, and with the ALA. We shared the analysis we performed and the data we collected.

In our talks, many of you asked for perpetual access, so we gave you that for the first copy of each e-book. We wanted to address your concerns about the breadth of your collections and the extra work of renewals. You also asked us to drop the price, so we cut the price in half for the first copy ordered. According to our calculations, 26% of libraries will save more than 40% on their Macmillan e-books. For those smaller libraries we have given a substantial price cut and perpetual access across our entire front list. For those smaller libraries we have cut the price almost in half and given perpetual access going forward.

And now to address the windowing. We believe the very rapid increase in the reading of borrowed e-books decreases the perceived economic value of a book. I know that you pay us for these e-books, but to the reader, they are free. In the pre-digital world reading for free from libraries was part of the business model. To borrow a book in those days required transportation, returning the book, and paying those pesky fines when you forgot to get them back on time. In today's digital world there is no such friction in the market. As the development of apps and extensions continues, and as libraries extend their reach statewide as well as nationally, it is becoming ever easier to borrow rather than buy. This is causing book-buying customers to change habits, and they are fueling the tremendous growth in e-book lending.

This causes a problem across the publishing ecosystem (authors, illustrators, agents, publishers, libraries, retailers, and readers). We are trying to find a solution. Many of you have asked to talk further about the issue. We are talking with the ALA and the COSLA. And we will talk to as many of you as we can. To make these discussions easier, I will be coming to Philadelphia in January with other senior execs from Macmillan.

We decided to change our terms after a year of talking, listening, testing, and analyzing. We looked at two separate issues: 1) the difference in the revenue we get between a lend and a sale and 2) the perceived value of a book upon publication (when its value is highest).

We have two variables we can adjust to address the problem: price and availability. You have been adamant with us on the issue of price, and when we looked at it we understood why. In the long run, we felt ever-increasing prices to libraries would be detrimental and would not address the perceived value issue in any case. So we decided on the other variable, availability. In our tests, it seemed to work and the response from some of you seemed understanding. So we announced an eight-week window (along with the first copy price drop and perpetual access for that copy). And there was no change in policy for school libraries.

I realize the lack of availability in the first eight weeks will frustrate some e-book patrons, and that will make your jobs more difficult. Your patrons would be happy if they could get any book they wanted instantly and seamlessly, but that would be severely debilitating for authors, publishers, and retailers. We are trying to find a middle ground.

We are not trying to hurt libraries; we are trying to balance the needs of the system in a new and complex world. We believe windowing for eight weeks is the best way to do that. I am the first to admit we may be wrong. But we need to try to address this issue. We look forward to talking with many of you in the weeks and months ahead as we all begin to understand the effects of our new policy.

Finally, let me say that we are great believers in libraries. We have supported library programs for decades. We realize the role libraries play in discovery, in literacy, and in building readers. We have given away millions of books to people who are learning to read or can't afford to buy. We have long stated that we will offer e-books at radically low prices or even free if a library can provide a means test. We delivered on that promise as a founding publisher of Open eBooks, and would be delighted to continue down that path with you.

Thanks again for writing.

With respect,

John