Periodical Price Survey 1999: Serials Publishing in Flux

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I t used to be simple: Scholars wrote articles; publishers edited, printed, and distributed the writings in journals; indexers created access tools for their content; librarians purchased both indexes and journals, usually through vendors; scholars came to the library to read the journals; these scholars wrote articles; and the cycle began again. The serials marketplace was defined and stratified by predictable roles. Publishers competed with publishers, indexers with indexers, vendors with vendors. Strata by strata, all competed for the library’s dollars. End users, though important, were rarely direct consumers.

Not any more. The web and the electronic journal are deconstructing the serials landscape. Scholars can now publish without publishers, publishers can distribute without vendors, and end users can get access to the scholarly literature without going through the library. From a technological perspective, what is possible may not prove to be profitable or affordable. One might say we are in a learning market, which makes for risky, interesting times.

The web and the electronic journal are deconstructing the serials landscape. Scholars can now publish without publishers, publishers can distribute without vendors, and end users can get access to the scholarly literature without going through the library. From a technological perspective, much is possible. From a business perspective, what is possible may not prove to be profitable or affordable. One might say we are in a learning market, which makes for risky, interesting times.

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Avg. Price Per Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physics</td>
<td>$1,717.24</td>
</tr>
<tr>
<td>Chemistry</td>
<td>1,641.78</td>
</tr>
<tr>
<td>Astronomy</td>
<td>1,109.22</td>
</tr>
<tr>
<td>Engineering</td>
<td>981.62</td>
</tr>
<tr>
<td>Biology</td>
<td>931.11</td>
</tr>
<tr>
<td>Math &amp; Computer Science</td>
<td>896.57</td>
</tr>
<tr>
<td>Technology</td>
<td>863.29</td>
</tr>
<tr>
<td>Geology</td>
<td>795.13</td>
</tr>
<tr>
<td>Zoology</td>
<td>723.02</td>
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<tr>
<td>Botany</td>
<td>720.01</td>
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<tr>
<td>General Science</td>
<td>718.98</td>
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<tr>
<td>Food Science</td>
<td>620.90</td>
</tr>
<tr>
<td>Health Sciences</td>
<td>618.31</td>
</tr>
</tbody>
</table>

Costs and strategies

This year’s periodicals price study will look at some of the strategies that publishers and librarians, in particular, are developing in response to the rapidly changing world of serials and serials distribution. In addition, we will analyze economic and other trends that may impact on the cost of periodical subscriptions in the year 2000. Three Institute for Scientific Information (ISI) databases—Arts and Humanities Citation Index, Social Sciences Citation Index, and Science Citation Index—provide the 5,497 titles used in the core pricing study. These databases typically reflect the subscription lists of large research libraries. For smaller academic libraries, we have included an analysis of 2,511 journals from EBSCO’s Academic Search. Public and school libraries will find useful data in the brief analysis of EBSCO’s Magazine Article Summaries.

Cost history and other information for the study were pulled from EBSCO’s database of 260,000 serial title listings. For practical reasons, the study was limited to preprint titles (as opposed to standing-order or bill-later titles) that can be ordered through a vendor. The data is current as of February 16, 1999.

Destroying the cyber myth

Is it too late to ask what it’s gonna cost? The myth was compelling: Convert the journals to cybernetic formats and the costs of subscriptions would go down because printing and postage costs would disappear. Unfortunately, the myth left out the part about the cost of converting all the accompanying systems from print to electronic. That cost is sizable, as publishers and librarians are discovering. The larger STM (scientific, technical, and medical) publishers have invested heavily in technology at the insistence of their authors. Librarians, concerned over archiving and other important issues, are currently trapped in the transition phase, forced to maintain dual systems of print and e-journals.

There are about 5000 web-based electronic journals on the market today, most of them from scholarly publishers. Recognizing the slow buy-in from libraries, the majority of commercial publishers currently provide e-journals for no additional charge with a print subscription. The past year saw net migration, in fact, from print-plus-a-percentage pricing to print-plus-free pricing of combination packages. There is little doubt, however, that libraries are paying...
for development costs. One of the largest U.S. publishers, for example, raised print prices last year by 19%, while continuing to offer the electronic version for no additional charge.

**Branding: not just for cowboys**

Market uncertainty is forcing publishers to invent new strategies to subsidize revenue streams and reduce or recover research and development costs. Two models seem to be emerging, each of which has broad implications for the future. In the more conservative model, an electronic publisher contracts with aggregators and other service providers to supply some or all of the text conversion services, billing and marketing support, and user gateways for their journal products. This approach spreads the cost of R&D and gives broad exposure to a publisher’s journals through dual pricing.

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**TABLE 2: AVERAGE PRICE PER TITLE BY COUNTRY 1999**

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of Titles</th>
<th>Avg. Price Per Title</th>
<th>Country</th>
<th>No. of Titles</th>
<th>Avg. Price Per Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>463</td>
<td>$415.82</td>
<td>Australia</td>
<td>57</td>
<td>$246.15</td>
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<tr>
<td>Ireland</td>
<td>46</td>
<td>1280.74</td>
<td>Norway</td>
<td>30</td>
<td>$596.32</td>
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<td>Switzerland</td>
<td>128</td>
<td>1588.13</td>
<td>Scotland</td>
<td>10</td>
<td>$218.75</td>
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<tr>
<td>Austria</td>
<td>25</td>
<td>938.05</td>
<td>Sweden</td>
<td>18</td>
<td>$216.64</td>
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<tr>
<td>Germany</td>
<td>342</td>
<td>787.39</td>
<td>Hungary</td>
<td>6</td>
<td>$688.93</td>
</tr>
<tr>
<td>England</td>
<td>121</td>
<td>762.30</td>
<td>Italy</td>
<td>55</td>
<td>$559.83</td>
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<tr>
<td>Singapore</td>
<td>6</td>
<td>461.90</td>
<td>Czech Republic</td>
<td>6</td>
<td>$156.17</td>
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<tr>
<td>Denmark</td>
<td>58</td>
<td>438.40</td>
<td>Spain</td>
<td>10</td>
<td>$164.47</td>
</tr>
<tr>
<td>United States</td>
<td>2554</td>
<td>386.44</td>
<td>Canada</td>
<td>104</td>
<td>$135.45</td>
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<tr>
<td>Russia</td>
<td>34</td>
<td>360.41</td>
<td>Belgium</td>
<td>16</td>
<td>$122.69</td>
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<tr>
<td>New Zealand</td>
<td>27</td>
<td>348.86</td>
<td>India</td>
<td>9</td>
<td>$60.98</td>
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<tr>
<td>France</td>
<td>144</td>
<td>281.20</td>
<td>Brazil</td>
<td>6</td>
<td>$73.20</td>
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<tr>
<td>Japan</td>
<td>77</td>
<td>295.30</td>
<td>Mexico</td>
<td>8</td>
<td>$68.90</td>
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<tr>
<td>Israel</td>
<td>12</td>
<td>283.76</td>
<td>South Africa</td>
<td>12</td>
<td>$85.64</td>
</tr>
</tbody>
</table>

**AVERAGE COST OF AN ENTIRE TITLE: $304.93**
many gateways. It offers libraries multiple access points through many types of aggregator services. At the same time, it reduces publishers’ ability to build brand identity and loyalty to their products.

The second model dispensing with the old system of stratified partnerships. Publishers using this strategy believe that their “brand” has enough strength to grow market share as a stand-alone information universe. Further, they believe that the value of their brand will be leveraged in the homogenized environment of aggregated web services. Entry to their publications, therefore, is offered exclusively through a proprietary gateway. Beyond the gateway, the textual content consists entirely of products that the publisher owns or controls. This model’s success obviously depends upon the publisher’s ability to offer a critical mass of journals within one or more established content areas. It is riskier because it requires tremendous capital investment up front and gambles on users being able to find everything they need within the universe provided by a single provider.

Electronic publishers who are experimenting with the first model include Blackwell Science, MCB University Press, and Taylor & Francis. Practitioners of the second strategy include Academic Press, Elsevier Science, and John Wiley. Two other publishers—Kluwer and Springer Verlag—are apparently hedging their bets and developing the potential for both models. Early indica-
Acquiring the critical mass
Publisher buyouts are another re-

sponse to market uncertainty and are big
news in the serials market. Despite a
merger between Kluwer and Reed-Else-
vier being called off in the facc of grow-
ing attention from antitrust agencies on
both sides of the Atlantic, smaller, qui-
eter mergers have proceeded toward the
same end unnoticed. Large commercial
publishers are steadily absorbing small-
er publishers whose journals can round
out their offerings and help them achieve brand identity, or critical mass,
in specialty areas. In 1998 alone, Kluw-
er acquired Waverly/Williams &
Wilkins, Plenum, and Ovid Technolo-
gies; Taylor & Francis acquired Rout-
ledge and Cartax; Harcourt/Academic
Press acquired Mosby; Butterbeans,a
large entertainment conglomerate, ac-
quired Springer Verlag; and Elsevier
Science acquired six publishers, includ-
ing JAI Press, BioMedNet, and Bei-
stein. Smaller publishers undoubtedly
see these mergers as opportunities to get
their titles into the electronic main-
stream. For library customers, this trend
represents a loss of competition, which
does not bode well for prices.

Librarians creating mass, too
In response, libraries, universities,
and learned societies are beginning to
experiment with creating critical mass
of their own to challenge commercial
publishers and drive prices down. Two
such experiments are drawing attention.
SPARC, the Scholarly Publishing and
Academic Resources Coalition founded
by the Association of Research Li-

baries, uses funds pledged by its mem-
bors to subsidize and support publishers
whose e-journals can go head-to-head
with very costly commercial journals
but at lower subscription rates. SPARC
has successfully launched electronic
journals from two well-known chemical
societies and a group of distinguished
ecologists. (For more on SPARC, see
Ken Frazier’s “Liberating Scholarship,”
lib.(10/1, 1998, p. 40-41,—Ed.)

HighWire Press was begun by
Sanford University Library in 1997 to
assist society publishers in getting their
journals online. With more than 100 ti-

tiles now among its offerings and with
growing markets in the United States
and abroad, HighWire is challenging the
assumption that full-featured web jour-
nals have to come from commercial
STM publishers. These library-driven
strategies, like the ones of the commer-
cial publishers, are fueled by hopes of
shaping future markets in their favor.

A global economy
Publishers and vendors have taken a
hit from the economic crises in Asia
and in Latin America. Reacting to the
thrust of significant cancellations in
many Asian countries and in Brazil,
some publishers attempted to protect
their subscription base in these countries
by extending credit directly to customers
and/or to their agents to keep them from
canceling titles. Other publishers decid-
ed to accept the cancellations and reduce
their exposure to losses from bad credit.

In the midst of the dilemma are agents,
whose profits have also been affected by
libraries that could not pay.

On the positive side, the advent of
the long-awaited Euro should have a sta-
bilizing effect on periodical pricing, par-

cularly for libraries in European coun-
donies, in that costs should become more
transparent with fewer cross-border cur-
rency exchanges. Given the diversity
among nations in the European Union
relative to unemployment, inflation, and
economic strength, experts split on the
question of whether the dollar or the
Euro will emerge as the favored curren-
	y in 1999. Either way, prices for seri-
als sold across the Atlantic will be af-
ected, just as they have in the past.

Cost trends
Despite the chaos surrounding
electronic journals, print subscriptions
still command most of the serials dollars
in libraries and, therefore, still require

Periodical Prices for Public and School Libraries

<table>
<thead>
<tr>
<th>Magazine Article Summaries (MAS), are</th>
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<tbody>
<tr>
<td>those most often subscribed to by school districts in the United States based on data from EBSCO Subscription Services. Table 7 provides historical data for about 350 titles in the index. Price increases for next year are expected to be in the range of five percent.</td>
</tr>
</tbody>
</table>
careful cost analysis in planning renewal budgets. Table 2 charts changes in the average cost of journals in each major discipline over the past five years. Price history for broad disciplines is detailed in Table 5. For the sixth year in a row, Physics holds the dubious distinction of having the highest average cost per title ($1,717), as Table 1 indicates. Country of origin analysis provides another useful indicator of price trends. Table 4 charts the changing costs of ti-
ties from countries around the world. European publications dominate both in number of titles and in the average cost of a single title (Table 3), making them the ones to watch for greatest budget impact. Depending on the currency-hedging practices of the various publishers, these titles are also the ones whose annual inflationary price increases are likely to be exaggerated or minimized by fluctuations in international currency exchange.

The relationship between currency and the cost of journals is illustrated in Chart 1, where increases in U.S. and non-U.S. subscription costs are plotted in comparison to the relationship between U.S. and European currencies. U.S. libraries benefit when the yellow currency line turns downward, because that means the composite of European currencies is losing strength against the dollar, driving the cost of European journals down. The degree of deviation between the blue and the yellow lines is an indicator of how much of the currency benefit is being passed along to U.S. customers in any given year.

**Budgeting for 2000**

These early projections assume that the U.S. economy will remain relatively stable and that the dollar will basically hold its strength against the Euro and gain some strength against the British pound. We believe that the cost of electronic journals will continue to fluctuate until a larger and more stable base of subscribers is established, over which publishers will be able to spread out development costs. In the meantime, we expect that many publishers will pass along those costs when they set prices for print subscriptions for the year 2000.

Increases in the 8%-11% range for print subscriptions are probable for STM publications. Publishers that are pushing to recover R&D costs will price on the high side of that range and perhaps beyond. University and society publications are expected to increase in the 6%-9% range. Strong advertising revenues will continue to underwrite publishing costs of consumer magazines, holding rate hikes for those titles to around 5%. We may begin to see advertisements in scholarly e-journals, as well, so powerful is their potential to offset costs for publishers and for subscribers.

We forecast an average overall increase of 9.4% for the ISI titles in the study. Separate projections for the broad areas covered in the three indexes are provided in Table 6. Factors to watch as the subscription season approaches include the developing Euro, the tenacious global economy, and evolving publisher strategies for marketing expensive new electronic products to a relatively unreceptive market.