

Serials Price Projections

2019

Each year, EBSCO surveys a wide range of publishers and reviews historical serials pricing data in order to provide our customers with serials price projections to assist them in budgeting for the upcoming renewal season. While the serials price forecasts are based upon careful analysis, we recommend customers exercise caution when using these projections as they rely on historical trends and current estimates.

2019 Price Projections

At the time of writing, we expect the overall effective publisher price increases for academic and academic medical libraries for 2019 (before any currency impact) to be in the range of **five to six** percent.

Market Dynamics Overview

The 2019 serials marketplace continues to see steady annual publisher price increases, with no indicators this will change. Library budget growth remains a top concern, with materials budgets lagging behind annual inflation in journal and e-journal package pricing, in spite of the price increase caps applied to many e-journal packages. The serials market is a mature market and many of the drivers that influence the scholarly information marketplace and prices of journal content remain the same (library budgets, government mandates, political climates, collection assessment and evaluation tools, Open Access (OA), publisher consolidation, publisher business models, and organized piracy).

According to current economic indicators, the U.S. economy is doing well with steady growth, low unemployment, and little inflation. Though library budgets in many parts of the U.S. are now showing modest improvements, this does not always translate into increases in serials materials budgets. Outside the U.S. we are still seeing several instances of continued library budget contraction. The library budget landscape varies country by country and is largely based on country-specific economic fundamentals and government funding. Even in countries where libraries are seeing on average flat or slightly increasing funding, budget pressures continue as budget growth for materials is not keeping pace with the annual increase in serials costs.

The U.S. dollar has strengthened relative to other world currencies over the past year, which has the potential to add additional pressure for libraries outside of the U.S. who purchase publications priced by publishers in U.S. dollars. As of this writing, the British pound and euro are trading at exchange rates close to fall 2017 rates, when most publications are purchased. If this holds, it means minimal currency impact for euro-funded libraries purchasing titles priced by publishers in pounds and vice-versa. This indicates the impact of Brexit is already largely built into currency market expectations.

Europe is Leading in the Open Access Movement

The rise of Open Access (OA) and its potential to disrupt scholarly publishing is significant. However, the transition to full open access has been slow and its impact on budgets is still minor. Government policymakers and other stakeholders, including research funders, are taking an increasingly active role in shaping open access policies across Europe. There are now multiple Pan-European OA plans which seek to quickly move a large part of European scholarship to OA within the 2020-2021 timeframe. Despite this, there is still much debate in how actual costs will be managed in these new models over the long term. And while the goal of moving from the “pay to read” model to the “pay to publish” model (Gold OA) would have the effect of making reading free to all, there remains uncertainty if this will also translate into lower overall costs or if the same costs will just have shifted from consumer to producer. There are still costs in the value chain that must be recouped whatever the model or approach. Hybrid OA journals, titles paid for by subscription individually or in a subscribed e-package in which some of the articles are open access, is one mechanism that has been used to provide options of both open access and paid access within one publication. It remains to be seen if there will be a place for hybrid journals as the OA landscape continues to mature. While Europe is on the forefront of attempting to migrate existing scholarship pipelines to OA, other countries with rapidly developing research bases are also gravitating to OA. For example, more than 16 percent of all OA journals are published in the BRICS countries (Brazil, Russia, India, China and South Africa). Overall, OA could eventually change the game for researchers and publishers by shifting funding sources of scholarly information. Likewise, this shift to “pay to publish / free to read” could also have significant impact on librarians in the form of reduced budgets as the materials portion of their budgets become less necessary as information becomes free to the consumer.

Licensed Deals

The advent of e-package agreements (also known as “site licenses”) was rooted in the goals of publishers to protect revenue and expose additional content to consumers of information. Publishers bundled customers’ purchased titles with previously un-purchased content and sold them under multi-year agreements. In exchange for multi-year commitments on bundled content, publishers offered annual price increases below historic averages. Even publishers with small portfolios of titles have offered capped annual price increases as low as 3 to 5 percent for institutions who agree to purchase for multiple years (lower annual percentage increase caps are usually offered for longer-term purchase guarantees). As these multi-year packaged deals are renewed, publisher list prices for the individual journals become opaque. And, as an institution enters more of these deals, tracking details such as individual journal cost per use becomes very difficult.

EBSCO transacts tens of thousands of e-package orders annually and based on our data the average price increase has held steady at approximately five percent for the past five years. Based on various EBSCO surveys, institutions may have from 60 to 75 percent or more of their subscription spend covered under a license that specifies the percentage price increase for the upcoming year. Many large publishers report that between 40 to 50 percent of their total annual revenue is derived from these license deals and over 60 percent of the subscriptions EBSCO transacts are from license deals. The pricing, use of content and overall cost effectiveness of these purchases continue to be examined with a critical view because they consume such a large proportion of library material budgets and their annual price increases generally outpace annual library materials budget growth.

Additional Factors that May Impact Journal Pricing

Publisher consolidation, increased publisher competition for content and related title churn, and piracy may also impact the price of content. Publishers are competing for a share of the library budget. This continues to lead publishers to look for opportunities to acquire both titles from publishers and publishers themselves. Additionally, learned societies look for publishers who can promote their content and provide optimal revenue to support society activities. Publishers who want to add top society titles to their portfolios must compete against each other on multiple levels, including service and monetary value offered to the society. While the addition of content acquired from publishers and societies can lead to economies of scale, which should have a downward impact on per unit cost to publish, often the financial cost to acquire this content (which must be recouped) can have an upward impact on journal prices. In addition, the piracy threat from sites like Sci-Hub are a big concern. The shoplifting of

copyrighted intellectual content ultimately results in more restricted access and higher prices for those purchasing the content.

Currency Impact

It is important to note that only a portion of a library's spend is for material priced by publishers in a currency that is not the library's local currency. The percentage of non-local currency spend varies by country and institution based on the library's collection. For example, less than five percent of non-U.S. titles are priced by publishers in a non-U.S. currency for the U.S. market. As a result, currency fluctuations have a very minimal impact on prices for U.S. librarians. Customers in other countries likely have a more significant currency impact due to a higher proportion of their titles being priced by publishers in currencies that are not the customer's currency. For customers in the U.K. and Eurozone countries, generally 40 to 50% of their content spend is priced by publishers in their local currencies. Libraries in Canada, Australia, New Zealand, South Africa and other countries generally have much higher ratios of their spend allocated to titles priced in other currencies by publishers and therefore can expect currency fluctuations to have a more significant impact on their prices. As always, EBSCO recommends customers add an additional two to four percent to the estimated price increases when budgeting to protect themselves from a possible weakening of the currency in which they are invoiced between now and the time subscription payments are made.

As mentioned above, we are currently projecting price increase in the publishers' base currencies of **five to six** percent. *Projected Price Increases by Customer Billing Currency* shown in the table below are based on currency exchange rates as of this writing vs. exchange rates in late fall of 2017 during the ordering and invoicing season for 2018. An increase of more than five to six percent reflects an adverse currency impact on the billing currency. An increase of less than five to six percent reflects a favorable currency impact.

Projected Price Increases by Customer Billing Currency

Billing Currency*	Journals Priced by Publishers in U.S. Dollars %	Journals Priced by Publishers in British Pounds %	Journals Priced by Publishers in Euros %
Australian dollar	12 to 13	10 to 11	11 to 12
British pound	7 to 8	5 to 6	6 to 7
Canadian dollar	8 to 9	6 to 7	7 to 8
Euro	6 to 7	5 to 6	5 to 6
New Zealand dollar	10 to 11	8 to 9	9 to 10
South African rand	11 to 12	10 to 11	11 to 12
U.S. dollar	5 to 6	3 to 4	4 to 5

* Customers should consider the amount of their purchases priced by publishers in currencies other than their local currency when applying these estimates to their collection expenditures for purposes of estimating potential overall annual price increases. For example, generally less than five percent of U.S. customers' content is priced by publishers in a currency other than U.S. dollars.

Impact of Publishers E-journal Packages on Budgeting

These price projections are primarily intended as a general indication for an “average” academic or academic medical library’s overall serials collection. While we have considered the estimated impact of annual price increase of multi-year e-package licenses, each library will have different factors to consider related to the impact of their e-packages on their overall serials budgeting. These include the individual annual price increases built into their licenses, the timing of their renewal, requirements related publisher’s acquiring or disposing of journals, and the percentage of their overall serials spend consumed by e-journal packages. These factors could result in a libraries effective spending increase being above or below the averages presented in the table above.

Conservative Budgeting

The currency exchange environment is often dynamic and difficult to project. EBSCO continually communicates with major publishers regarding projected price increases and monitors world currency exchange rates. Should we see major developments in these areas, we will update our information regarding projections.

Other Budgeting Tools

EBSCO provides price projections as one tool in the budgeting process to assist customers in forecasting the effect of future serials costs on their budgets. EBSCO offers other budgeting and collection analysis tools that provide information specific to a customer's collection. Some of the most popular are:

- The Five-Year Journal Price Increase History (2014-2018), which shows price fluctuations over the last five years for typical library lists invoiced in U.S. dollars. Data for each library type is based on a merged list of titles ordered by representative libraries purchasing in U.S. dollars. Each list is based on the actual ordering patterns of the libraries in the sample;
- The Historical Price Analysis report, which tracks the retail cost of all titles ordered through EBSCO over a specified period of time and provides percentage-of-change comparisons;
- The Customized Budget Analysis report, which provides specific price projections for customers' titles ordered through EBSCO;
- The Online Availability Report (with estimated prices), which lists journals on order with EBSCO that are available online either in combination with or separate from the print subscription (displays each publisher's access requirements and the institutional rate for the online journal); and
- Collection Development and Assessment Reports, which allow customers to evaluate the importance of particular titles to their collections.

Please contact the EBSCO Regional Office nearest you for more information about these reports. The Historical Price Analysis report, the Online Availability report, and the Collection Development and Assessment reports are also available directly through *EBSCONET® Subscription Management*.