
Serials Price Projections for 2016

September 29, 2015

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 based upon careful analysis, we recommend customers exercise caution when using these projections as they rely on historical trends and current estimates.

2016 Price Projections

At the time of writing, we expect the overall effective publisher price increases for academic and academic/medical libraries for 2016 (before currency impact) to be in the range of **4 to 6** percent.

Market Dynamics Overview

Within the U.S. academic library market, budgets are showing modest improvements. Outside the U.S. we are still seeing a number of instances of continued library budget contraction. This varies country by country but even in countries seeing on average flat or slightly increasing budgets, budget pressures continue as budget growth for materials is not keeping pace with the increase in serial costs.

Libraries continue to spend large sums on publisher electronic journal packages (also known as "Big Deals,") which continue to consume a higher percentage of the library spend year over year. This leaves less of the library's materials budget available for a shrinking number of smaller publishers. Librarians continue to favor the purchase of e-content over print and packaged content over individual subscriptions. Librarians are analyzing the use and cost-effectiveness of purchased content on a granular level and evaluating if package content options provide value for spend. Mergers and acquisitions occur frequently which further consolidates the publishing of scholarly serial information. An example is the Springer - Macmillan merger that took place in early 2015, creating the second largest publisher.

The bankruptcy of Swets had negative impact on many libraries and publishers in late 2014 and early 2015. Thankfully, the timing of the bankruptcy was such that the overall financial losses of libraries were greatly mitigated. However, a few libraries were significantly negatively impacted and most former Swets customers faced the challenge of quickly finding an alternative service provider in time to renew their 2015 subscription and package orders. For the 2016 subscription year, it is clear the new norm requires librarians and purchasing staff to conduct a thorough review of the financial standing of their serials service provider.

Finally, this past year has seen relatively dynamic movements of currency exchange rates. It is expected these movements will have a significantly negative impact on the purchasing power of customers located in countries whose currency has weakened in comparison to the U.S. Dollar,

British Pound and Euro as the majority of major scholarly publishers are located in the US, Great Britain and countries in the European Currency Union (ECU).

E-Journal Packages and Usage-Driven Content decisions

The debate on e-journal packages is likely to continue for some time. The pricing and cost-effectiveness of these purchases continue to be examined with a more critical view because they consume a larger proportion of library material budgets as their annual price increase generally continues to outpace library budget growth.

Another reason for the intense review of large packages is the increasing availability of title-level usage statistics within a package or collection. As online usage statistics have improved, librarians are better able to analyze the use of their collections to determine the cost-effectiveness of individual electronic journals. Perhaps more importantly, title-level usage data enables evaluation of the content within a package. This, in turn, can lead to discussions of whether it is better to keep buying a package or eliminate the package in favor of buying only the most used or highest impact titles within the package.

Emerging alternative metric tools are also now being employed by librarians to add additional data points regarding the quantify use of materials. Available tools that both consolidate usage across content providers while also capturing the cost of content are making usage and cost-per-use analyses easier. With these tools, librarians are able to understand precisely what content is absolutely critical and what content may be expendable.

Open Access

Publishers continue to explore Open Access (OA) models, whether gold or green OA or some form of increasingly popular hybrid models. Publishers continue to search for a way to incorporate OA models into their offerings in a way which works for both libraries and publishers. One new pricing model that appears to have gained some traction in select areas is the notion of Gold OA where the article is funded by the author's institution and then the institution receives a credit from the publisher off the cost of the publisher's package for all articles from that institution's authors published in the package and for which the author's institution paid an Article Processing Charge (APC). It remains to be seen if this model will hold or whether other alternative approaches to OA will emerge and change the playing field.

Swets and the Changing Market Conditions

The bankruptcy of Swets Information Services resulted in upheaval for libraries, publishers and the information industry. In the Swets annual report, the bankruptcy was described as "an effect of changing market conditions—the shift from individual print orders to e-journals or e-journal packages and a corresponding change in the publisher commission structure; changes in order placement patterns either to directly with the publisher or via other groups such as consortia." These factors in combination with a heavy debt load and lack of a solid financial foundation created a situation from which the company could not recover. While the timing of the bankruptcy was somewhat fortunate being just before most invoices to libraries were generated, still many publishers and libraries experienced significant financial loss.

EBSCO urges all librarians and purchasing departments to research the financial capabilities of all their major vendors and service providers as part of their buying decision. This research could include a review of key financial data such as the overall equity of a company, the overall available borrowing lines of a company, financial ratios such as debt to equity, and consulting credit rating resources such as Dun and Bradstreet (which provide financial ratings on

companies for a nominal fee). It is very important that any financial review include an evaluation of the overall parent company in order to ensure debt or other liabilities related to the vendor are not obscured.

EBSCO remains a privately held family business and follows conservative financial principles. This approach has served us well through many challenges such as the 2008/2009 recession, the migration of information from print to electronic, and the negative market dynamics resulting from bankruptcies of both RoweCom and Swets. While EBSCO may not always offer the lowest prices, we believe we offer the best overall value and we are committed to offering competitive pricing for quality services and products backed by a company with a record of financial integrity, safety and dependability.

Publisher Landscape

Looking ahead, publisher tactics to “win” their share of the library budget pie appear largely unchanged. Most large publishers are still focused on selling some form of bundled e-package content. However, in a recent EBSCO survey, 25 percent of publisher respondents indicated their belief that packages may be unbundled in the future. This correlates with the increasing scrutiny librarians are applying to renewal decisions regarding e-packages as they evaluate cost versus usage of individual titles within these packages. Nevertheless, for the moment, e-packages remain the primary selling model for large publishers, causing librarians to be faced with funding these Big Deal purchases often by cutting material expenditures in other areas.

Currency Impact

Whenever the value of a customer’s domestic currency decreases relative to major currencies in which publishers set prices, especially the U.S. dollar, British pound, and the Euro, this is negative news. As of this writing, the U.S. dollar and British pound have significantly increased in value against most other major currencies when compared to the late fall of 2014 when customers were invoiced for 2015 subscriptions. Additionally, even though the Euro has lost value against both the U.S. Dollar and British Pound, many other currencies have weakened against the Euro. This will mean significantly higher price increases for customers located outside of the U.S., Great Britain and ECU countries in cases where publishers set prices for customers in these countries in dollars, pounds and euro.

If exchange rates hold at or near their current values, customers whose local currency is not U.S. dollars or British pounds can expect to see prices increase well above the 4 to 6 percent base rate of increases for material prices in other currencies other than the dollar and pound.

It is important to note that only a portion of a customer’s spend is for material priced by publishers in a currency that is not the customer’s local currency. The percentage of non-local currency spend varies by country and institution based on the library’s collection. For example, a relatively small proportion of non-U.S. titles are priced by publishers in a non-U.S. currency for the U.S. market. Therefore, even though the U.S. dollar has strengthened considerably against the Euro, U.S. customers should not expect a significant favorable impact on prices for titles published by publishers located in the ECU. Customers in other countries can expect a more significant currency impact as a higher proportion of their titles will be priced by publishers in currencies that are not the customer’s currency. For the U.K., approximately 45 to 55 percent of titles are not priced by publishers in British Pounds and for the ECU countries, roughly 55 to 65 percent of titles are not priced by publishers in Euro. However, this is not the case for other markets such as Canada, Australia, New Zealand, South Africa and other countries who generally have much higher ratios of spend for titles priced in other currencies by publishers. These countries can expect to see

currency impact a much higher proportion of their serial expenditure.

In the table below, Projected Price Increase by Customer Billing Currency, an increase of more than 4 to 6 percent reflects an adverse currency impact, and an increase of less than 4 to 6 percent reflects a favorable currency impact.

Projected Price Increase 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	29 to 31	24 to 26	15 to 17
British pound	6 to 8	4 to 6	11 to 13
Canadian dollar	21 to 23	16 to 18	9 to 11
Euro	14 to 16	12 to 13	4 to 6
New Zealand dollar	29 to 31	24 to 26	15 to 17
South African rand	30 to 32	25 to 27	16 to 18
U.S. dollar	4 to 6	2 to 4	-6 to -4

Conservative Budgeting

The currency exchange environment is difficult to project. As always, EBSCO recommends customers add an additional 2 to 4 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. 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.

These price projections are primarily intended as a general indication for an “average” academic or academic/medical library’s overall serial collection. While we have taken into account the impact of price caps included in multi-year e-package licenses now in effect for so many of our customers, terms specific to a particular customer’s license agreements could result in effective spending increases above or below the averages presented in the table.

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 \(2011-2015\)](#) 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.