



## Serials Price Projections for 2017

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***September 7, 2016***

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.

### ***2017 Price Projections***

At the time of writing, we expect the overall effective publisher price increases for academic and academic/medical libraries for 2017 (before currency impact) to be in the range of **5 to 6** percent.

### ***Market Dynamics Overview***

The U.S. economy is expanding slowly, and budgets in the U.S. academic library market show modest improvement. While the U.S. economy has shown some stability, there is a presidential election looming which creates an element of uncertainty in the near term. The continued strength of the U.S. dollar, relative to other world currencies, has added additional pressure for libraries outside of the U.S. who purchase publications priced by publishers in U.S. dollars. Notably, the British pound has fallen to its lowest level in more than 30 years against the U.S. dollar and the euro, following the U.K.'s vote to leave the European Union (EU) – also known as Brexit. Much has been discussed about the U.K. separation from the EU, but the real impact is not yet known and may not be for some time as the UK will continue to be an EU member for at least two more years.

Library budget growth, which continues to lag behind annual journal and e-journal package price inflation, remains the biggest concern. There seems to be no end in sight to this trend which started well over two decades ago. Librarians are closely evaluating content use and quality compared to price and are using this data to make tough collection decisions as they seek to support their institution's students, scholars and researchers.

Large e-journal package deals (also known as the "Big Deal") continue to consume an ever-increasing share of library budgets. The "Big Deal" has recently undergone a marketing facelift and some publishers are now offering a "Database Model" for their e-journals. It is clear publishers desire to sell content in bulk based on the publisher's name recognition and brand quality. In some instances, the price and content offering for these Big Deals or Database Models make sense for a library. In other cases, the value for spend is judged

incongruent and the librarian is left to find a solution that meets their institution's needs while remaining fiscally responsible. One thing is for certain, acquisition of large publisher packages is often funded by cutting non-packaged titles and titles from smaller publishers. This puts pressure on the publishing ecosystem as smaller publishers fail or merge with larger publishers.

The consolidation of the publishing industry continues with smaller publishers being acquired by larger ones, and with large mergers like the Springer and Nature merger. This continued consolidation has resulted in an increasing number of the highest impact journals being concentrated with fewer publishers. Moderate-sized publishers, perceived as lacking top quality content, will most likely see librarians cancelling their journals which in turn puts pressure on their revenue forcing them to consider a merger. And smaller publishers who have quality content, not purchased at a sustainable volume, are also merger candidates as they do not have the scale necessary to leverage costs like the larger publishers.

It's been two years since the upheaval of the Swets' bankruptcy, but librarians and publishers indicate they remain vigilant when it comes to choosing vendors and service providers. Appropriate financial due diligence must be a cornerstone of the vendor selection process. Historically, "not putting all of your eggs all in one basket" (or not investing all of your resources in one company) was seen as a method of reducing risk. However, now "putting most of your eggs in the safest basket" is seen as a very viable risk reduction strategy. When determining which "baskets are the safest," research should include a review of key financial data, such as overall equity and debt positions of a company which indicate how well a company could likely weather an economic downturn. And as discovered with Swets, it is critical that financial evaluations be done on the parent company, as subordinate or subsidiary business units' financial information can sometimes be misleading and result in inaccurate assessments of overall financial health.

Open Access (OA) as an alternative publishing model continues to develop, but has not been the disruptive force on commercial publishing once predicted. The Gold OA model (where the author pays to have the article published as OA) is gaining traction, and some publishers have embraced it as another means of generating revenue. However, OA does not appear to be relieving the pressure of limited library budgets not keeping up with the costs of scholarly serial information.

### ***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 euro, generally this is negative news. As previously stated, the British pound has fallen to its lowest level in more than 30 years against the U.S. dollar and euro. The British pound also stands significantly lower than other major currencies. Accordingly, U.K. libraries can expect substantial price increases for non-U.K. material if the value of the British pound does not rebound. While the euro is much stronger against the British pound, it remains relatively stable against the U.S. dollar when compared to the 2015 ordering season for 2016 publications. Libraries whose invoicing currency is euros can expect to see lower prices on publications

priced in British pounds and prices in the base increase range of 5 to 6 percent for publications priced in U.S. dollars for their region of the world.

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. Therefore, even though the U.S. dollar has strengthened considerably against the British pound, U.S. customers should not expect a significant favorable impact on prices due to titles published by publishers located in the U.K. 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 50 percent of titles are not priced by publishers in British pounds and for the ECU countries, roughly 50 to 55 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 5 to 6 percent reflects an adverse currency impact, and an increase of less than 5 to 6 percent reflects a favorable currency impact.

<b>Projected Price Increase by Customer Billing Currency</b>			
<b>Billing Currency</b>	<b>Journals Priced by Publishers in U.S. Dollars %</b>	<b>Journals Priced by Publishers in British Pounds %</b>	<b>Journals Priced by Publishers in Euros %</b>
Australian dollar	1 to 2	-15 to -14	5 to 6
British pound	18 to 19	5 to 6	22 to 23
Canadian dollar	3 to 4	-12 to -11	7 to 8
Euro	3 to 4	-15 to -14	5 to 6
New Zealand dollar	-3 to -2	-20 to -19	1 to 2
South African rand	7 to 8	-9 to -8	10 to 11
U.S. dollar	5 to 6	-11 to -10*	9 to 10*

*\* Note, less than 5 percent of U.S. customer's content is not priced by publishers in U.S. dollars.*

### **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 \(2012-2016\)](#) 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*.