

# Serials Price Projections

2018

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.

## 2018 Price Projections

At the time of writing, we expect the overall effective publisher price increases for academic and academic/medical libraries for 2018 (before currency impact) to be in the range of **five to six percent**.

## Market Dynamics Overview

Many of the drivers that have influenced the scholarly information marketplace over the past several years remain in place (for example, library budget challenges, Open Access (OA), government mandates, shifts in political climates, new assessment and evaluation tools, and alternative distribution networks). Some new forces, such as organized piracy, are threatening disruption, but have not had a significant impact to date. However, the fundamentals of publisher business models have not changed, and libraries continue to face increases in serials pricing.

With the U.S. presidential election now well behind us, the U.S. economy is generally considered healthy based on key economic indicators. It is showing some stability with steady growth, low unemployment and minimal inflation. Budgets in the U.S. academic library market show modest improvement, but outside the U.S. there are still 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, financial pressures continue as budget growth for materials is not keeping pace with the increase in the cost of serials.

The U.S. dollar has weakened relative to some world currencies. Although some forecasters predicted otherwise, the euro has increased in value against the dollar over the past year. In late 2016, the British pound fell to its lowest level in more than 30 years against the U.S. dollar and versus the euro since its inception, following the U.K.'s vote to leave the European Union (EU) – also known as Brexit. With the vote a year behind us and the official separation still

more than a year off, the pound has also strengthened against the U.S. dollar, but there is still uncertainty about the ultimate impact of Brexit. At this time, we see nothing to indicate a significant change in currency trends in the near term. For libraries paying in euro and pounds sterling, strength of local currency against the dollar should lessen some pricing pressure on titles priced by publishers in U.S. dollars for customers in the ECU and UK.

The biggest challenge for librarians with regard to journal prices remains the same – library budgets for materials are not keeping pace with publishers’ annual price increases. During October 2016, EBSCO conducted the EBSCO Budgeting and Trends Survey, asking more than 500 of our largest customers a series of questions about overall budget, collections and staffing. In response to the budget questions, 11 percent of respondents reported an increase of five percent or more, 64 percent reported budgets that were increased between zero percent and 4.9 percent, while 25 percent reported a real budget decrease. The respondents predicted more of the same for next year, with only five percent expecting a budget increase of five percent or more, 70 percent anticipating a flat budget or one with increases of less than five percent and 25 percent expecting yet another budget decrease.

## Publisher Landscape – Price and Value

While the focus within library circles is often publisher price increases, publishers are the intellectual content distribution mechanism upon which the system of scholarly communication is based. Publishers have the challenges of meeting the needs of a mature library marketplace and balancing revenue needs with economic reality. Publisher tactics to “win” their share of the library budget pie remain unchanged. Publishers continue to try varied approaches to pricing content—such as prices based on population served or FTE (full-time equivalent), using tiered pricing based on Carnegie Classification, utilizing new models and other defining criteria. One example is the “database” model which gives libraries access to all titles from a publisher or to subsets (collections) of titles for a single price – and the price may not necessarily be based on the individual prices of the journals included. This move away from historical title purchasing and collection development begins to blur the lines between individual title value and cost in favor of a combined, multi-journal value and cost. In the end, new pricing approaches and models simply seek to bridge the gap between publishers’ revenue goals and libraries’ budget realities. Most large publishers continue to focus on selling some form of bundled e-package content and librarians are still closely evaluating content use, value and quality compared to the price. 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. Publisher consolidation continues with smaller publishers being acquired by larger ones. This continued consolidation has resulted in an increasing number of the highest

impact journals being concentrated with fewer and fewer publishers which in turn has a significant impact on librarians' management of collection development and materials budgets.

### Impact of Sci-Hub to the Information Industry

A relatively new player, and one with the potential to disrupt at least some revenue-generating subscriptions, is Sci-Hub. This site and other similar sites are essentially pirating articles from scholarly journals and offering them for free. Sci-Hub claims to provide access to more than 80 million scientific academic papers and articles. Sci-Hub and others like them are not just a threat to publishers, but also undermine the system of copyright and scholarly communication. The controversies surrounding Sci-Hub touch on many hot-button topics in librarianship—from open access to copyright law to frustration with high dollar journal prices. While some see these sites as a way of “pushing back” against commercial publishers for serials price inflation, the intellectual shoplifting of unpurchased content has the potential to impact scholarly publishing just like physical shoplifting in a retail environment—ultimately resulting in more restricted access and higher prices for everyone. Sci-Hub is currently being sued by Elsevier and American Chemical Society for copyright infringement.

### Open Access (OA)

OA remains a topic in the scholarly information industry, but still accounts for a relatively small percentage of library holdings. Thus far, it has not been the disruptive force on commercial publishing once predicted. The growth of the gold OA model (in which the author pays to have an article published as OA) has allowed publishers to become large producers of OA content. Some of the large publishers, such as Springer, Elsevier and Wiley have embraced OA as another means of generating revenue and appear to have been successful in integrating OA into their offerings.

### 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 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. 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 significant impact on their prices.

As mentioned above, we are currently projecting price increase in the publishers' base currencies of five to six percent. In the table below, Projected Price Increase by Customer Billing Currency, an increase of more than five to six percent reflects an adverse currency impact, and an increase of less than five to six 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	1 to 2	9 to 10	9 to 10
British pound	-4 to -3	5 to 6	7 to 8
Canadian dollar	-3 to -2	5 to 6	6 to 7
Euro	-3 to -2	4 to 5	5 to 6
New Zealand dollar	3 to 4	10 to 11	11 to 12
South African rand	-1 to 0	5 to 6	8 to 9
U.S. dollar	5 to 6	9 to 10*	10 to 11*

**\* Note, less than five percent of U.S. customer's content is priced by publishers in a currency other than U.S. dollars.**

### Impact of Publisher 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 serial collection. While we have taken into account 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, 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 difficult to project. 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. 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 \(2013-2017\)](#), 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*.