

Serials Price Projection Report

2021

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.

2021 Price Projections

At the time of writing, we expect the overall effective publisher price increases for academic and academic medical libraries for 2021 (before any currency impact) to be in the range of **2 to 3 percent for individual titles**. Also important is the role of e-journal packages in the information marketplace. More than half of EBSCO's sales for 2020 were from e-journal packages; likewise, library budgets are, in large part, spent on these collections. As a result, their impact on the overall serials price increase is significant. We expect the overall average price increase for **e-journal packages**, including provisions for mandatory take-over titles, upgrades, etc. to be in the range of **1 to 3 percent**.

The Impact of Pricing Due to COVID-19

Libraries worldwide are no strangers to economic hardship. The 2008 financial crisis took a significant toll on library budgets, which even before the collapse had been increasing at a percentage lower than that of serials prices -- a state of affairs commonly referred to as the serials crisis. In the years following 2008, as world economies struggled toward recovery, many libraries saw severe budget cuts resulting in large serials cancellations, and in some places budgets never fully recovered. Librarians are now preparing for another wave of cuts prompted by the economic contraction tied to the COVID-19 global pandemic.

Also, with the economic collapse in 2008, publishers were faced with losing significant sales revenue or accepting lower annual price increases. Most publishers responded with lower price increases acknowledging that lower revenue increases were better than revenue decreases. In a sense, a "new norm" was created whereby the effective average annual serials price increase range dropped to the mid-single digits. Fast forward more than a decade later, many publishers are keeping prices flat or implementing the lowest annual price increase in their history, but any price increase at all in the current budget environment clearly presents difficult purchasing decisions for librarians.

All institutions are experiencing major financial problems due to the COVID-19 pandemic. The financial loss faced by universities around the world might mean that some, especially smaller ones, will close permanently or possibly merge. Revenues at many institutions are dropping as students (particularly international ones) remain home or rethink future plans.

In the US, the CARES federal stimulus package included \$14 billion in aid for higher education, but according to the *Brookings Institution's Brown Center Chalkboard*, that stimulus will replace only about two percent of the \$700 billion of academic institutions' revenue. The amount will help, but it is not enough to cover all losses. In the UK, it looks like some 20 percent of students will defer their entry to university this term and that, coupled with a precipitous drop (50 percent) in the number of international students means UK universities are looking at a potential £2.5 billion loss in income in 2020/21. Continental Europe might be less impacted given the lower VAT introduced in 2019 on online resources, the widespread support of programs and the more favorable US dollar/ Euro exchange rate for the past few months. In Australia, it is estimated universities will lose between \$3-\$4.6 billion in 2020.

Potential university cuts of majors, programs, or even entire schools, will likely also mean budget reductions for the library. Librarians are increasingly being forced to consider even more fundamental changes to their purchasing and operating strategies given accelerating funding pressures and are implementing a variety of tactics to bridge the declining budget. Though the migration of print to electronic format has been underway for more than two decades, the COVID-19 pandemic has skyrocketed the use of electronic resources, and print collections became almost irrelevant overnight. The elimination of print and print-plus-online formats in favor of electronic-only content has become an even bigger focus as a budget reduction strategy.

Discussions about the value of e-journal packages are not new, and as e-journal packages continue to have the most significant impact on the disposition of libraries' budgets, they are the natural target to downsize or outright cancel as budget pressures continue. Librarians are closely evaluating content use, value and quality compared to the price. They are using this information when making renewal decisions, especially to evaluate cost versus usage of individual titles within these packages. With significant budget reductions, many librarians are looking to revert to subscribing to e-journals individually as there is often a long tail of journal titles that are not regularly accessed in bundled collections. The targeting and scrutiny of e-packages is likely to extend to the 2022 ordering season.

The Rise of Open Content Due to COVID-19

Though the COVID-19 pandemic increased the need and desire for Open Research and Open Access (OA), the economic fallout from the pandemic is making progress difficult and slow. While OA relies on the concept that knowledge is meant to be openly shared, there are costs required to support those efforts. As a result of the quest for a COVID-19 cure and the emphasized importance of immediate access to scientific information, many publishers temporarily lifted their paywalls and made their COVID-related content publicly available. The open nature of articles allows for broad sharing and third-party aggregation and categorization, increasing the audience and use of the articles. The volume of COVID-19 papers being submitted is overwhelming for some journals, increasing their costs, and coming with an implied need to publish accepted papers faster. The demand for faster journal publication also brings more demand for quality control and stress on the already troubled peer review system for journal articles. Obtaining the benefit of speed without compromising quality is extremely challenging. While OA has steadily gained momentum over the past few years, and the COVID-19 pandemic has increased the desire to improve the way research results are communicated, the same fundamental question of where the money required to support OA publishing will come from remains unanswered.

Planning for the Unplanned

The COVID-19 crisis has revealed planning for the unplanned is not enough. It is critical for institutions to have vendors and service providers in place that can be responsive and offer flexible tools and processes during an event such as an unplanned pandemic. It is imperative for vendors to be financially stable, safe, dependable and able to assess market conditions and adapt operations quickly to support subscription management needs, whether that means working with the library to quickly move resources online, troubleshooting “e” access or working on the behalf of libraries to halt or claim print subscriptions.

Currency Impact

It is important to note that only a portion of most libraries’ 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 5 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 50 to 60 percent of content spend is priced by publishers in their local currencies. Libraries in Canada,

Australia, New Zealand, Turkey, 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 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.

As mentioned above, we are currently projecting price increases for individual titles priced in the publishers' base currencies of 2 to 3 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 2019 during the ordering and invoicing season for 2020. An increase of more than 2 to 3 percent reflects an adverse currency impact on the billing currency. An increase of less than 2 to 3 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 | -1 to 0 | -3 to -2 | 4 to 5 |
| British pound | 4 to 5 | 2 to 3 | 8 to 9 |
| Canadian dollar | 3 to 4 | 2 to 3 | 8 to 9 |
| Euro | -3 to -2 | -5 to -4 | 2 to 3 |
| New Zealand dollar | 0 to 1 | -2 to -1 | 5 to 6 |
| South African rand | 16 to 17 | 15 to 16 | 20 to 21 |
| U.S. dollar | 2 to 3 | 0 to 1 | 7 to 8 |

**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 non-e-journal package serials collection. We have separately indicated an estimated price increase for e-journal packages. While we have estimated the impact of annual price increases 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 to publishers’ acquiring or disposing of journals, and the percentage of their overall serials spend consumed by e-journal packages. These factors could result in a library’s effective spending increase being above or below the average increase forecasted for e-journal packages 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 \(2016-2020\)](#), which shows price fluctuations over the last 5 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 Five-Year Price Analysis by Title shows the last 5 years of order history for titles on subscription, with year-to-year price variance (amount and percentage).
- 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).

- Collection Development and Assessment reports, which allow customers to evaluate the importance of particular titles to their collections.