



## Serials Price Projections for 2010

Each year, EBSCO strives to help customers plan by projecting publisher price increases for the upcoming year.

We use recent information received from both large and small publishers as well as historical price data to calculate these projections.

We recommend that subscribers exercise caution when using these projections as they rely on historical trends and current estimates.

Overall effective publisher price increases for academic and academic / medical libraries for 2010 (before currency impact) are in the range of 4 to 6 percent.

### The Economy

This year has been a particularly difficult one in which to project publisher price increases. Early in 2009 most publishers indicated that they expected their price increases for 2010 to be in line with traditional ranges. Shortly thereafter, as the global economic crisis continued and it became clear that budgets for information expenditures for the coming year would be negatively impacted, some publishers changed their initial price projection indications. In response to the global economic crisis and specific requests for price moderation, some publishers have begun to indicate lower increases and in some cases no increase for the upcoming year. We have adjusted our price projection model to take these known changes into account.

### Publisher Packages

In addition to the economic environment, the continued move to bundled electronic packages and collections makes predicting price increases on a broad scale increasingly difficult. Publisher pricing on e-packages, especially those for which multi-year licenses have been negotiated, vary widely. These multi-year license deals often carry specific price escalation clauses that lock in or "cap" annual price increases at fixed percentages that can vary from one to ten percent. Additionally, these deals may include further price adjustment complexities based on factors such as volume of consortia member participation or customer decisions to cancel or change the mix of licensed titles. Such variables mean that titles from a single publisher might have dozens of different price increase percentages due to custom pricing arrangements with a wide range of customers.

### Less Transparency

Both the economic environment as well as the often variable nature of licensed publisher deals create a veritable "minefield" for projecting prices for the upcoming year. It should be noted that these licensed deals will very much determine the effective overall price increase experienced by many institutions. This is because a relatively few large publisher packages may consume a large portion of a customer's annual library budget. Since these packages represent such a large proportion of the overall budget, the annual price increases on these packages are often the best measure by which to gauge expected serials price increases for the coming year.

A further issue to consider regarding licensed packages is that the transparency that previously existed with per-title pricing is sometimes lost as deals become based on factors such as historical spend, publisher title acquisitions and divestments, title de-selection, etc. The inherent value and consistency in title pricing has become somewhat compromised in this new pricing environment.

As a result of a lack of transparency and consistency, we are observing "pushback" from customers, especially as their ability to measure usage of electronic resources improves. As the measurement of usage of electronic material is captured it can be compared with the individual prices of titles that are components in these large packages to create a cost-per-use measure that many see as key to effectively managing their collections going forward. Based on conversations with customers we expect this trend to gain momentum and wider adoption as budgets continue to be adversely impacted by the current economic climate.

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We encourage customers who have these multi-year publisher deals to carefully examine the licensing parameters contained in their agreements for guidance when projecting publisher price increases for the upcoming year.

## 2010 Price Projections

It is with the backdrop outlined above that we do our best to estimate publisher price increases for 2010. At the time of writing we expect the overall effective publisher price increases for academic and academic/medical libraries for 2010 (before currency impact) to be in the range of 4 to 6 percent.

## Currency Impact

A major factor affecting price increases for many customers during the last year was the fluctuation of the world's currencies. Exchange rates can be volatile and make it especially difficult to project their impact on publisher prices. For example, over the past twelve months, the U.S. dollar has strengthened roughly 9 percent against the Euro and 20 percent against the British Pound. Today, however, the U.S. dollar is approximately 10 percent weaker against the Euro and 8 percent weaker against the British Pound than in the latter half of 2008 when customers were invoiced and publishers were paid.

What is in store for the world's currencies in the short term? While the expected recovery may take a lengthy period of time, some see hope for a turnaround in many of the regional economies around the world. This hope of a global economic upturn could stabilize the relative value of the major currencies in 2010.

Whenever the value of a customer's domestic currency decreases relative to major currencies, especially the U.S. dollar, British Pound, and the Euro, this is negative news. For example, customers whose invoicing currency is the Euro would likely see price increases above the base increase for U.S. journals if the U.S. dollar were to strengthen. Conversely, a weak U.S. dollar relative to the British Pound or the Euro could result in higher price increases for U.S. customers buying material priced by publishers in these currencies.

Based on the relative value of the U.S. dollar at the present time (August 2009), EBSCO estimates overall price increases of 12 to 14 percent for customers paying in U.S. dollars for Euro-priced titles and 11 to 13 percent for titles priced in British Pounds.

It is important to note that a relatively small proportion of non-U.S. titles are priced in non-U.S. currencies for the U.S. market. Most of the large international publishers that have traditionally been thought of as "European" now set their prices in U.S. dollars for the U.S. market. Therefore, in more recent times their price increases have been less impacted by the rise and fall of the U.S. dollar. Additionally, the globalisation of publishers and the lack of transparency in foreign currency hedging techniques that these publishers employ make projecting prices more difficult.

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 Euro
Australian dollar	-14% to -16%	-6% to -8%	-4% to -6%
British pound	-1% to -3%	4% to 6%	7% to 9%
Canadian dollar	-2% to -4%	1% to 3%	3% to 5%
Euro	-1% to 1%	1% to 3%	4% to 6%
Swiss Franc	-6 to -8%	0 to 2%	4 to 6%
New Zealand dollar	-12% to -14%	-4% to -6%	-3% to -5%
South African rand	-14% to -16%	-12% to -14%	-6% to -8%
U.S. dollar	4% to 6%	11% to 13%	12% to 14%

These price projections are primarily intended for individual print and electronic journals.

As always, EBSCO recommends customers add a further 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.