

Publisher Discounts to Subscription Agents

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I shall be speaking on my own behalf as well as on behalf of the Association of Subscription Agents. Recently the Association has made some changes in that by inviting associated membership we have opened our door to foreign agencies. The Association will thus represent a substantial part of the world's trade in subscription services. Our voice will formulate our concerns, and we will invite dialogue with all who, in our view, are shying away from our problems, who pretend our problems do not concern them, or who at best, sit on the sidelines waiting to see what others will do. I have been asked to speak on publishers' discount to agents. If the world were an ideal place I could just say - well, of course, publishers must give reasonable discounts to agents to recognize the work they do in making their journals flow to the end user. Everybody knows that - it is a truism! Then we could finish here and go for a walk or have a game of chess. But we do not live in an ideal world - I have to make a case.

Only at last year's conference one of the speakers, Alan Singleton, stated, "Agents are increasingly looking in both directions, to libraries and publishers, trying to provide services, to justify the payments or discounts they often receive. It is, however, quite difficult for the agent to act on behalf of the publisher, since the agent is, in reality, the purchasing agent - it is the library who chooses which agent to use ... The agent can hope to offer improved efficiency, e.g. an automated transfer of orders, claims, etc., but can very easily get into a dilemma if he tries to offer promotional services. The library may not like it and other publishers may not like it. Some seem to be able



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to get off the horns of this dilemma, others do not." (1) I cannot see that there is any dilemma here and intend to prove it. What a librarian states - e.g. Mr. Lambie at last Friday's ALPSP seminar - "A subscription agent is indispensable to the library system - no matter what publishers might say" is only one side of the story. You need to listen also, for example, to Mr. de Kemp representing a very large journal publisher, Springer Verlag, who said also last Friday "We as publishers regard the work of the agents as essential and support them with reasonable agent's discount. We could not imagine our work without them." Of course I am choosing the quotations to suit my case - but only partly. Essentially they are representative of commonly held views, which are often conflicting. We hope to be able to start eliminating the conflicts.

To view an agent as essential to the library only is a narrow and outdated view. We, too, have gone through fire and water in the last ten years and we have become dynamic and modern. We have become attuned to the goods we service, we have learnt the essentials and the nitty gritty of journal publishing. Compare us not with the old-fashioned bookseller, with dusty shelves, always ready to discuss a book and not worrying whether sales are made, but with the most modern, brightly lit, computerised bookshop, with publishers' window displays and turning over sales to the mutual benefit of publisher and vendor. We have the most modern equipment, we are modern, we study our markets. The necessity to go with the times and survive has given us newly found enthusiasm. What possible dilemma can there be if we find our own ways in this process to promote publishers' lists? It is the most natural thing and we are determined to become an even more integrated part of an industry which has grown so spectacularly in the last ten years.

Perhaps there is a dilemma here. Why is it that there is a coincidence of a large growth in journal publishing in a period of economic recession? Could it be that attempts at revival generate sudden activity? Things cannot remain as they are; there is a need for innovation, new technologies, new understanding of the processes

- where else to start the ball rolling than in journals? So we have an explosion in journal publishing. Let us look at another aspect. Maybe journal publishing is one of the few cases in the economy where demand does dictate supply. The publisher is busy trying to identify it constantly and the agent can be a useful ally who either confirms trends or sounds a warning - and who can promote journals in situations which are best known to him alone and where demand could be identified only by him.

A digression, on the supply and demand - we even have a case of it operating in what was traditionally a regulated economy - the USSR. I am referring to the spectacular growth of journal publishing and print runs in the Soviet Union today. It is widely recognised that journals and newspapers are playing an active role in the new period of *perestroika*. But back to subscription agents. Allow them to play an active role in increasing sales of your journals. Discuss with each individual one where and how. We do not need to justify our expertise; we, too, have something legitimate and tangible to sell.

I hope I have begun to establish that subscription agents are of dual importance - both to librarians and to publishers. The true demand for journals is ultimately measured by sales achieved. Even if there were no budgetary restrictions, the demand for every journal would be more or less finite. With budgetary restrictions, prices of journals play a key role. Inordinately high prices can price journals out of the market, especially if we bear in mind the increased number of lobbies, such as the Southern Universities Purchasing Consortium on periodical prices. The findings may result in boycotts similar to those which have occurred in the United States. Librarians as business managers are finding agents cost-effective - staff and equipment overheads would far exceed the cost charged by the subscription agent.

In spite of clearly defined roles for the agent and the potential of further roles, the entire process of journal provision is very delicately balanced. The margins provided to the dealer are traditionally very low indeed. Any increase in costs of the service are viewed with mistrust. The time to clear the mist hanging over some areas has come, so let us begin.

The one sole and most serious reason for rising costs of the agent's service is the erosion of publishers' discount to agents. It is illogical and short-sighted. If publishers truly desire ongoing successful sales, without the temporary influence of meteoric rises, they need to enlist the agent

and recognise his role. For that a minimum discount of 10% should be the norm. If this were general practice, the agents would almost automatically settle on very similar terms, and you never know - they may even offer an agreement of universal terms. We are not so different even now. If all three sectors in the circle of journal provision to libraries aimed ultimately for something which I will call for the purpose of discussion NET JOURNAL AGREEMENT, any approximation would be an enormous step forward. If we do not consider the matter in these terms we shall remain locked in a vicious circle. We are offering our initiative to get out of the vicious circle.

I think we need to spell out again some basic aspects of journal provision.

What does the Subscription Agent do?

He works for the publisher and he works for the librarian.

- For the publisher

He collects new and renewal orders; lines up subscriptions to common expiry date; collects payment, often from difficult market areas; pays promptly; takes the credit risk; promotes actively the entire list and especially new journals; organises mail shots of catalogues and leaflets; provides market information, travels abroad and shares knowledge with publishers; administers claims, monitors claims and eliminates unnecessary claims; provides customers with price and bibliographic information, e.g. title changes; provides machine readable orders and electronic communication for status reports.

- For the librarian

He places orders with publishers; pre-pays the publishers; administers claims; informs of change in schedules; informs of title availability; informs of new journals; services with shelf mark; consolidates shipments, provides catalogues, back issues and microform services.

How does he do it?

- By investing heavily in qualified personnel and in the most modern computer technology, both for processing and library support.

- By personal services to answer day to day queries by letter, telephone, personal visits and attendance at conferences, meetings and exhibitions.

- By liaising with customers and suppliers in personal visits, at conferences, meetings and exhibitions.

How much does this service cost?

- **The Publisher?**
 - Very little in the way of a modest discount.
 - Nothing in the case of nil discount. The agent has invested heavily in staff and technology which has improved operating costs, and has been rewarded by a cut in discounts from many publishers.
- **The Librarian?**
 - A modest service charge, rising proportionally with declining publisher discount, together with value added services from the agents.

The vicious circle?

Publishers' sales depend on the level of librarians' orders. If growth and profits are jeopardised, the agents' discounts are squeezed. If budgets are cut and there is nothing left to squeeze, prices rise. When prices rise, fixed budgets bring decline in orders. The process is repeated and a downward spiral begins to operate.

What next?

We believe there is a way out.
For this we need co-operation from

- **The publishers**
 - To price their list realistically, i.e. price increases more or less in line with inflation.
 - To allow a minimum 10% discount to a subscription agent, in recognition of cost savings and increased efficiency brought about by machine-readable orders, electronic communication, and in marketing and promotion.
Realistic discount enables agents to reduce their service charges to libraries.
 - To improve overall service.
 - To notify agents of next year's prices by August each year.
 - To have equitable pricing policy which does not exploit particular markets which are thought to be rich.

After all, the publisher is paid for this in advance!

We need co-operation from

- **Librarians and end users**
Who should:
 - Look for value for money
 - Weed out journals hardly ever used
 - Evaluate quality and relevance of publications
 - Make use of the value added services offered by agents

and, of course the

- **Subscription agent**
Will pledge to remain committed to journal management and promotion and to provide high quality expertise, technology and caring service.

The agent must be seen as an indispensable part of the information process.

We believe that only by this way can we achieve stable, profitable and on-going business, fairly shared by us all!

If attitudes in the trade remain such that our role is underplayed, all sorts of things can happen. I will, in closing, ask you to consider the following verbal cartoon.

Agents will probably go over to selling fish and chips or to setting up marinas. Publishers will have to present their journals to the buyer somehow. They may have to invest in journal supermarkets where librarians will come with trolleys and pick journals off the shelf - *Nature* here, *Lancet* there, *Fishing Magazine* row 259, and the library will have to fork out more money for transport. Not every journal in the shopping list will be stocked; the librarian will have to nip off to the delicatessen shop, say for the *Journal of Orthodontics and Dentofacial Orthopedics*, etc., etc. After a short while he will not be able to cope. Publishers will sell less. There will be chaos ... Is this what we really want? Of course, life could be so easy - if only ...

REFERENCES:

1. Singleton, A. The last ten years in Serials - UK in *Serials '87 Proceedings of the UK Serials Group Conference, 1987*. UKSG. 1987 pp 1-17.