

The European Publisher

Europe and North America: Two markets or one?

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I would like to preface my contribution by stating that I speak from the background of an established, medium-sized publisher of learned journals (and books) in physics, IOP Publishing Ltd. IOPP is based in the UK and is wholly owned by a learned society and professional institute, the Institute of Physics. Its journal publishing roots extend back to 1874; it now has an annual turnover of some £6m, of which nearly 90% is accounted for by journals.

In outline, I plan to cover the following ground:

1. An analysis of the historical behaviour of the two markets, drawn largely from IOPP statistics.
2. Some conclusions from this and other evidence.
3. The strategies we adopt at IOPP to respond to some of these conclusions and to meet the journal publishing objectives we set ourselves, generally and in these two markets.
4. Some comments on 1992.

In beginning to answer the question, we can get some broad picture from macroeconomic indicators. The two markets - and in everything that follows I include the UK within Europe - are indeed of comparable size. Gross domestic product is much the same. Europe's population is somewhat larger so GDP per head is a little smaller. I have not researched university or student numbers, nor research funding, but in physics one small indicator is society membership, with the American Physical Society and the European Physical Society west of the Iron Curtain being very close in numbers. A further indicator might be research output as counted by number of papers published where, in physics according to a recent Royal Society study, the output of the three largest European countries - France, Germany and UK - amounted

to two-thirds of that of the USA, with the European proportion rising.

All in all, then, a pretty clear indication that, at least potentially, we have two very comparable markets.

To dig a little deeper, we have to look at how the markets have behaved and how the relative behaviour is changing. For this, I draw on historical statistics from IOP Publishing primarily, over a period of some ten years. To give these a little more credibility, I have also carried out a small, informal survey of society and commercial publishers of learned journals in the sciences and medicine. For IOPP figures, North America means USA, Canada and Mexico because of our particular distribution arrangements, and Europe means countries covered by the European Physical Society, including the UK, a fairly comprehensive coverage of Europe.

I look first at the library circulations of an established group of seven core journals [Fig 1], showing the familiar depressing trend, here seen over a period of 10 years: all sectors in decline, but North America outperforming the total, and doing much better than Europe. As a consequence [Fig 2], the North American share of the total circulation has outpaced the European share, although there are indications that Europe is recovering. The decline in the UK share is small but definitely continuing.

Not quite such a depressing picture is shown by the library circulations of all our journals taken together - established and new [Fig 3]. The world-wide circulations have now recovered. North America has consistently done better. Europe performed very badly until about six years ago and is now on the mend. The same cannot be said of the UK. The picture [Fig 4] of the share of total circulations taken up by North America, Europe, and the UK on its own, is similar to before, with North America doing rather better than for the older journals.

The conclusions to be drawn from these few figures are as follows:

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1. At least until 1988, North American purchasers have been more faithful to established journals than have European ones.
2. Since the recovery of total circulation in the last five years is largely due to new journal launches, the figures suggest that North America is more responsive to launches than Europe. This needs to be qualified a little, because of the way we 'package' our journals in the different markets, so that North America may well have a head start. However, it is certainly the case for the overall result.
3. Nevertheless, in Europe, too, new journal launches have arrested declining sales.
4. The UK is a contracting market, and not one that readily supports new journal launches. In physics, at least, projected developments in the university sector are likely to accelerate these trends.

Before moving on, I would just like quickly to refer to two other indicators: price and reduced-rate circulations. We are all familiar with constant price increases for journals [Fig 5]. The table shows the price of the same group of established journals I referred to before. It is clear that Europe has been worse off, with North America enjoying static or even declining prices for some five years. The stability of the North American price of course was a direct result of the strengthening of the dollar in the period 1981-86. This may *in part* explain the different sales patterns but it is very difficult, I contend, to draw a direct correlation between price and circulation. As an aside, I would not recommend reducing price; it only appears to reduce revenue!

We could make two supplementary comments on this. The first is that in practice we *have* been treating the North American market as different in the sense of pricing the same product differently. For us, the reason has been primarily the sometimes very rapid change in the exchange rate. The second is that I do not know whether purchasers in Germany or Italy have fared as badly as the sterling price trend would suggest, when it is translated into their own currencies. We have not paid much attention to this, and perhaps we should.

A second trend I want to draw attention to is sales at member rate - mostly members of the Institute and the American Institute of Physics, plus selected other societies. It does appear that individuals are beginning to buy journals again. Admittedly, at IOPP they get them at run-on

prices, very cheaply, and it is true that Institute of Physics membership has been increasing during the last few years. The point I want to make, referring again to our established set of journals, is that an equivalent set of North American society journals has a *much* bigger proportion of its circulation to society members - an indication, perhaps, of the fragmentation of the European society scene despite the existence of bodies like the European Physical Society.

I have deliberately taken a long-term view of these figures. It is true that our experience in North America in 1988 has been a little below expectation, and outside North America a little above, but we don't yet have enough information to extrapolate this as evidence of a new trend.

I would like to conclude this review of statistics by looking at authorship. I take again the group of seven established journals. The total number of authors has grown by about 20% over the period, which hides the fact that these journals gave rise to a number of independent new journals which absorbed the rest of the growth in authorship. North American authors have increased, UK authors have decreased, and Europe as a whole has remained steady - so Europe *minus* the UK has also grown. As a consequence, North American authors now amount to about 15% and European ones to 50%, and clearly the proportion of good material from outside these regions has increased. It is instructive to compare these proportions with the behaviour of sales, with North American authors still at quite a low level but sales having apparently shown rather more promise.

We can conclude from this that:

1. The UK is declining steadily as a source of authors.
2. North America continues to show potential for growth in authorship.
3. Western Europe excluding the UK is perhaps under-exploited as a source of authors.
4. North American libraries are not buying us for North American authors!

You may find this account of our own experience interesting or relevant, but I thought I should test it against the experience of some other publishers, who have been very helpful in supplying me with information. I am not an experienced designer of questionnaires, but the following points emerged with some clarity:

1. For all publishers, North America is a very substantial market, but for some it is larger than Europe, and for others smaller.
2. Most, though not all, expect an increase in the European share of circulation.
3. Europe tends to supply more authors than North America, but if publishers see a trend, it is not a clear one, with some seeing an increase in Europe and others in North America.
4. All publishers offer reduced subscription rates to members of societies - and most have agreements with other societies internationally. The proportion of the total circulation is about the same as for the IOPP, but more see it decreasing than increasing.
5. Most, though not all, price in dollars in North America and don't intend to change.

Finally, in this account of market behaviour, let me just list a few factors, mostly well known:

1. **'Not invented here'**, despite the international character of research, appears still a potent factor. The home market tends to account for a disproportionate share of sales, and authorship. The difference is that for North American publishers, the home market is vast. For most European ones, it is the market of the home country rather than Europe as a whole. As Fred Kobrak put it in Publishers Weekly recently: "Most US publishers have such a vast domestic market that they haven't felt the hunger for additional market that the British have always had." The point could be made even more forcefully for the Dutch science publishers.
2. **Language** is clearly a factor, though decreasingly so. We used to offer publication in French and German, and still do, though only a miniscule proportion of authors now take advantage of it. And many of the non-British European science publishers now publish in English.
3. **Page charges** are much more prevalent in North America than Europe, giving North American not-for-profit publishers an edge in terms of competitive pricing (though we were able to use the *absence* of page charges as a competitive advantage in attracting authors). Their significance in North America appears to be lessening, and in Europe they are no more politically acceptable than before. So, perhaps, the gap is decreasing.
4. **Everything is bigger in North America.** The American Physical Society is one huge

organisation. The European Physical Society is a confederation of national bodies, with a small (10%) number of individual members. This is a decided advantage for North American publishers who are society-owned or tied in with societies.

5. **Citations** are being used more extensively in decision making on journal purchases and research funding allocations. In physics, the American Physical Society and Institute of Physics comfortably lead the pack. At IOPP we do not do too badly, and one or two commercial publishers put in very good performances with some of their journals. The reasons for this pattern may be much the same as those I have already referred to.

Let me try to draw some interim conclusions from what I have said so far, and give a brief account of what we have done to date to respond to the different requirements of the two markets, as we see them, before moving on to some strategies for the future.

1. It is a truism that North America is much less fragmented as a market than Europe. The North American conferences, for example, at which one exhibits one's journals, attract thousands of delegates; the European ones hundreds. The North American journals, too, tend to be bigger, drawing on a much larger author base than the European ones - with some notable and successful exceptions. We lack, to a large degree, the substantial societies and the mobility of scientists - except perhaps between the few large international laboratories in Europe.
2. Despite the relative lack of North American authors in European journals, North America is keen to buy European journals, keener almost than Europe. Clearly, we have something to sell if we publish the best of European research. One impediment however, is that many Europeans prefer to publish in the American journals if they can, and that is one of the difficulties of attracting authors from the large European laboratories, unless they have a policy to publish in European journals.
3. It is possibly the case that for North American publishers, Europe is an underdeveloped market. For European publishers this suggests opportunities for attracting North American authors and for developing distribution arrangements for North American publishers, although there is a commensurate threat to their effectiveness in the market from their North American competitors.

4. Despite complaints, from academics and libraries, about the proliferation of journals, new journals *are* supported by both, and indeed may be the only way in which journal publishing businesses can survive in the long run. Journals that truly meet a market need, will succeed.

5. If price is a factor in purchasing decisions - and it is difficult to dispute this, although correlations are difficult to establish - then we need to do something about this. New journals will take the pressure of established ones, but we need to strive for a larger customer base, become more productive, use available technology to keep costs down and become more rigorous in what we publish. Increased quality should help increase sales. All this will help to protect European purchasers. North Americans may gain or lose, but unfortunately the factors that influence the exchange rate are quite outside our control. The only thing we *can* do is not to take unfair advantage of it.

6. Perhaps we should not ignore page charges all together. The case for them is that research is not complete until it is published, and that part of the cost of research should be a contribution to the cost of publication. That case is clearly accepted in North America, and gives the North American publisher an edge. In Europe they are rare, and one might consider whether we should accept this state of affairs. I appreciate, though, that in today's climate in the UK, it might be difficult to get a hearing.

7. It is questionable whether language is a factor that makes it more difficult to succeed in Europe than in North America, at least in the sciences. Our own experience and anecdotal evidence is that European authors want to publish in English - if only so that they are read in North America!

In IOP Publishing we start from the premise that we need to make a profit for our sole shareholder, the Institute of Physics which, in turn, uses it to support the prosperity of the subject. We have to do this in what we see as a very competitive market, less for sales than for authors: if we have the latter, the former should follow. We know, and you will have seen this from my illustrations, that we have been losing out to the competition over the last ten years or so - competition often from the large commercial publishers in Europe - and to recover that lost ground is a key question to us.

We *are* a European publisher, so our broad strategy has the dual purpose of exploiting that strength in Europe, and overcoming that

weakness in North America. At a more detailed level, our strategies include the following, not all of which distinguish between the two markets.

1. In North America we use our chief competitor as exclusive distributor. That somewhat contradictory approach sounds less strange when we realise that the American Institute of Physics is a federation of societies like our own, and is sufficiently larger in publishing terms not to see us as an immediate threat. The advantages are substantial.

2. We do not pretend that we are North Americans. Where we do invite North Americans on to our Editorial Boards we do so because without them the journal in its particular discipline would not be credible. We do however use North American referees extensively, with the indirect marketing advantage that has.

3. We do the same, except more so, in Europe, with an extensive referee list on the Continent. And we *do* see ourselves as European. We have an increasing number of continental physicists on our Editorial Boards, and pay for them to come to meetings in the UK, or sometimes elsewhere.

4. We run our own refereeing system in-house and see it not only as a filter for quality, but as a service to authors. Many an author has thanked us for helping to improve the paper, and because all authors can appeal to the Editorial Board as the ultimate authority, the system is perceived to be fair. At the same time, since our system leaves day-to-day control of the process in the hands of professional staff, we have begun to introduce mechanisms for intervention by the Editorial Boards in the case of papers that the referees consider correct but not very significant.

5. The experience of the last ten years has shown us that, while our large core journals continue to attract authors and sales, they have been and are under threat. The circulation base has been crumbling, and new journals launched by other publishers have attracted authors we might otherwise have published. We are responding in three ways. First, by keeping content and market constantly under review, and adapting content if it meets a market demand. Secondly, by building on strengths in growing journals and launching new ones on their backs if a growth area identifies itself naturally. Finally, by seeking to extend our range into both specialised and interdisciplinary areas by new launches where we can identify an opportunity.

6. We have attempted to increase our circulation base in a number of ways. First, by packaging,

where we offer groups of journals at a discount. In North America, for example, a substantial number of libraries buy a copy of everything. We have only just begun packaging by smaller subject areas for markets extending outside physics, eg mathematics, but that has yet to prove itself. Secondly we offer member-rate subscriptions to a whole range of kindred societies. The response is mixed, possibly because their members' loyalties lie elsewhere and the societies have no stake in the journals. We have begun to offer some journals at reduced rates to non-member individuals, but our experience is too recent to tell us much, and, in any case, I'm told today that I may be in trouble under the Single European Act. Thirdly, by entering copublishing arrangements with other societies. Here, both partners have defined responsibilities, sometimes share the risk and certainly share in the success. This has proved rather more successful in enhancing circulations and will continue to be a strategy for the future. We are of course not alone in this, as my little survey demonstrated, and publishing with or for other societies is a competitive business.

7. While we charge more for more pages, we do - within the context of an editorial service that is very heavy on overheads - try to keep our costs down. Our purchasing is concentrated amongst a few typesetting and print suppliers and we use our purchasing power to contain prices. We have begun to process articles on disc in the expectation that, over time, we shall make some impact on the heavy cost of mathematical typesetting. In doing so, it appears, we are offering a new service that may be attractive to authors, in both North America and Europe.

8. Importantly, we have been concerned with visibility in the market. In Europe we do so mainly through exhibiting at conferences, sending staff if the conference is large enough. As I mentioned before, though, you have to attend many of them in Europe to make an impact. In North America we have relied on the American Institute of Physics to do that, who have concentrated on the very large shows. We feel that more can be done and are beginning to be more adventurous.

9. We have learned patience. A new journal will succeed - or fail - over a fairly short period. It does seem difficult, though, to change the publishing habits of authors and the purchasing habits of libraries easily for established journals. Any single strategy is likely to be limited in effect, and the illustrations I presented earlier suggest

that only a combination of measures will, over time, have the desired effect.

I have been careful not to mention 1992 so far. First, this is because I don't know whether it will make any difference to learned journal publishing. Secondly, because those other publishers whom I asked had the same problem. Thirdly, because I think the world is probably simpler for learned journals than for washing machines or transistor radios, and some or even many of the barriers to trade that 1992 is intended to remove, just don't exist for journals, now. That being said, there are a few points (mostly not original) worth bearing in mind.

1. Where people have commented in response to my question, they saw society collaboration as one opportunity in Europe and the will for collaboration certainly seems to be there. The Royal Society of Chemistry has for some years been involved in a tripartite European publishing venture. We have more recently been engaged in a joint journal project involving four European partners. It can be made to work successfully, but it is hard work.

2. It is doubtful whether supranational societies of the scale of the North American societies can make an impact on the publishing scene. The one I know well, the European Physical Society, is of the right scale but has not found it easy to be effective, probably because of the proprietary publishing concerns of some of the national societies. However, its performance has been quite impressive in the realm of conference organising, so there may be some scope.

3. VAT, when or if it comes to affect journals, will have an impact, though it will probably be a one-off effect.

4. If 1992 has an effect on the mobility of products, it may have a beneficial effect on transnational advertising within the EEC and possibly from North America.

5. Academic and industrial institutions seem already to be advertising for staff internationally to a greater extent than they have before. The combined effect of freer movement of people, mutual recognition of qualifications, and well-known demographic factors are likely to increase this trend and should also see us employ more foreign nationals in our business.

6. It may be that our typesetting and print purchasing will become less parochial, though whether UK publishers will be able to buy more

cheaply on the continent, except for specialised services, remains to be seen.

7. In science, language does not appear to be a factor. However, in non-scientific disciplines it could well be that the increasing use of English will create new opportunities for scholarly publishing, and also for publishing related to professional training. Like it or not, however, if we do establish closer contacts within the continent, then we need to overcome our resistance to learning to speak other languages.

8. Finally, it may be that the approach to 1992 may influence the UK's stance towards the European Monetary System and that this could bring with it greater stability of sterling against the other European currencies, with possibly beneficial effects on sales. However, this is rather speculative and does not necessarily extrapolate to stability in the dollar/sterling exchange rate.

I am not sure whether, after all this, I have given a very helpful answer to the question posed by this seminar, except perhaps to say that the answer is

a bit of both. If 1992 does bring down barriers for journals, it is not easy to see what these barriers might be. Nothing I have said cannot be done, indeed is not being done, today. The really big factors that prevent Europe from being one single market for learned journals - mobility of scholars, transnational societies, concerted research funding policies, purchasing and publishing habits - will require culture change that takes a long time. At IOP Publishing, however, we take a bullish line, believing that change can be made to happen, and that we can play our part in doing so.

Ed. - In future issues of Serials we shall be publishing two further papers from the 1989 Fifth Learned Journals Seminar: The European Subscription Agent by C. Schuurman of Swets & Zeitlinger, and The European Library by Marc Walckiers, Librarian of the Faculty of Medicine, Brussels. The remaining papers from the Seminar are being published in Learned Publishing, The Journal of the Association of Learned and Professional Society Publishers.

FIG 1

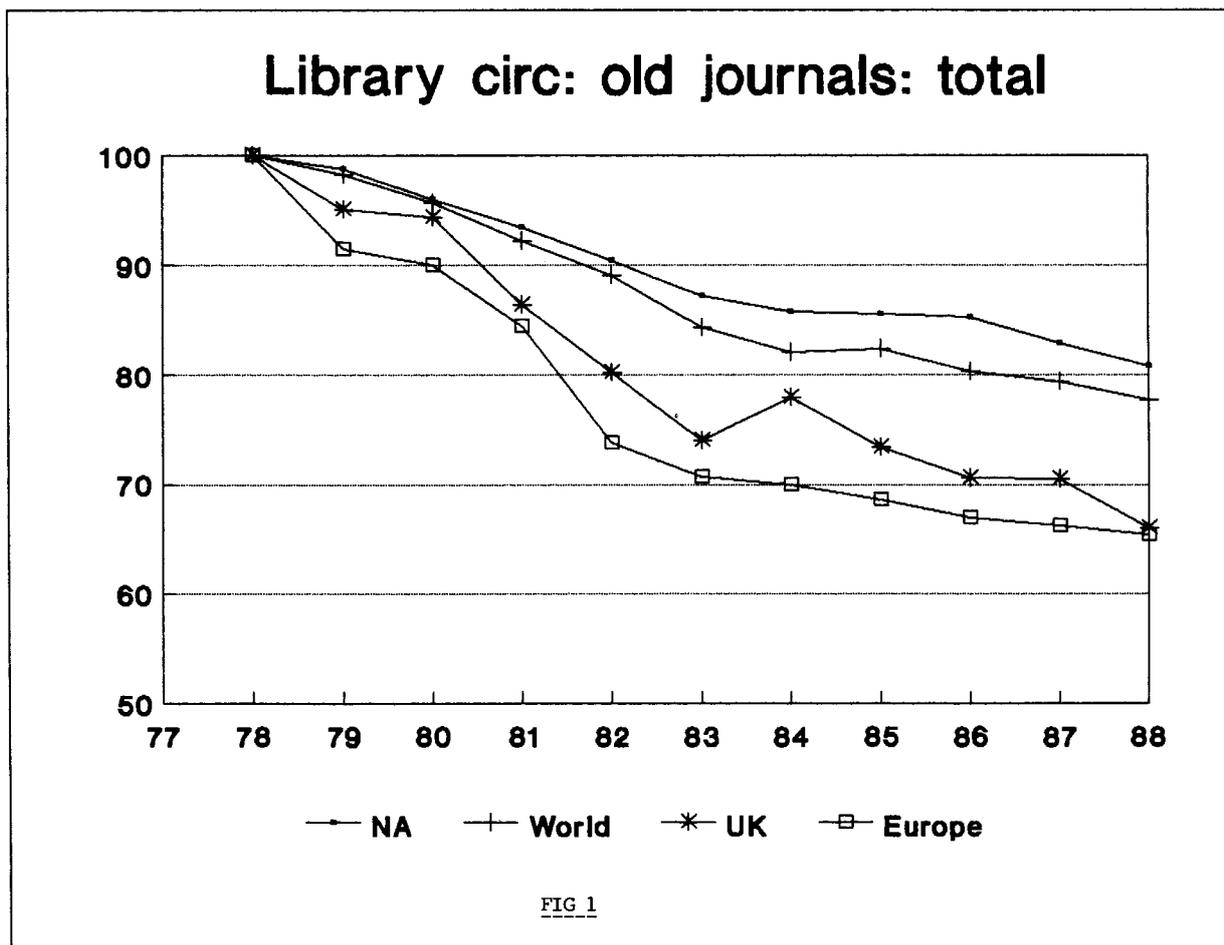


FIG 1

