

ACADEMIC JOURNALS: PRICING STRATEGIES, ALTERNATIVE MEDIA AND THE MAXIMISATION OF VALUE

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The 'raison d'être' for the commercial publisher; the factors which influence the way journals are priced with special reference to MCB University Press Ltd

Introduction

Every year librarians receive notification of the price levels which will be charged for individual academic journals in the coming year from their subscription agents. And every year they are faced with the difficult - sometimes impossible - task of balancing their stable or shrinking budgets with the increasing cost of their journal subscriptions. Unsurprisingly, the obvious targets for their ire are the publishers who have increased the prices of the journals apparently arbitrarily, in excess of the general rates of inflation, in ways which do not provide any obvious comparison between different publishers and with no thought given to the difficulties faced by their principal customers - the librarians. As an academic librarian for a number of years I well remember the conundrum and the temptation to believe that, were it not for the greed of the publishers, everything would be all right.

Would that it were so simple!

Of course, publishers have nobody but themselves to blame for the profligate image which sticks to them to this day. In the heady days of the '70s and early '80s academic publishing was a very lucrative business, with an academic body desperate to be published and a support structure of libraries generously funded and able to purchase as many journals as were required. Times have changed, however, and whilst there are many who believe that the publishers are trying to behave like nothing has happened - doing their Nero impressions whilst the flames burn brighter - , there is simply no future for any publisher who cannot demonstrate that the journals published represent good value for money and that ways are being sought to revitalise the academic communication process.

This article is an attempt to show how one academic publisher - MCB University Press Ltd - is managing the development of its portfolio and the strategies which are being applied in terms of price, product development and value maximisation.

Why are we here?

A question which is being increasingly asked is whether the publisher actually performs a useful service. Interest in the answer has been fueled by the burgeoning belief that the Internet will

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allow academics to publish their article for themselves more quickly and certainly more cheaply than the current printed process. This is a possibility, the seriousness of which can be measured in the huge amounts of money that publishers are pouring into Internet development - not because they necessarily know what they are doing but because they believe they have to be in there trying to find out.

But a look back at the development of commercial publishing is instructive in terms of understanding why publishers exist and perhaps providing some hints and tips on how they might add value to cyberspace.

In the beginning the body of knowledge was sufficiently small that a single individual could, if s/he were clever enough, have a good understanding of the bulk of the global knowledge base. It did not take long for the size of the body of knowledge to outstrip the capabilities of any one individual and so interested individuals started grouping themselves together in learned societies and academic institutions. Still the body of knowledge and the numbers interested in its individual limbs remained small enough so that communication within the academic community could be efficiently effected by word of mouth and the personal circulation of various papers within the group.

There were two problems with this approach however. Firstly, the group could be very efficient in communicating within itself but it had not the ability, and probably not the interest, in disseminating knowledge to the wider world. They would spread the word to a chosen few who were their students but if it went any further than that, it was a happy accident rather than a grand plan. Secondly, the learned societies and the universities were not set up as publishing houses so their focus, quite rightly, was on research and teaching with information dissemination as a secondary distraction. Consequently they were not very good at it. (I hasten to add that the learned societies are nowadays in the main very efficient publishers but that has more to do with their current income streams than their original remits.)

Hence the growth of the commercial publishers who saw that they could make a profit by

disseminating information more efficiently and to a wider audience. They would have to add value by gathering together the best articles, presenting them in the most appropriate format and providing indexing and other retrieval mechanisms. They would also have to invest a considerable amount of money in spreading the word about their journals through promotion but, if they were smart, there was still a margin.

As the journal became the primary method of dissemination the publishers got a further boost in that the acceptable way of measuring an individual academic's level of achievement came to be his or her publication record. This is still the case, though it remains a mystery that the powers that be can continue to deem publication to be the accepted measure whilst simultaneously reducing the libraries' purchasing power and thus the commercial viability of the publication process. However, the power to affect that contradiction lies neither with you or me so this is not the place to debate the question.

Thus commercial publishers became an intrinsic part of the academic information chain by enabling the publication process and allowing any individual academic or institution, who would not or could not join the inner circle, access to the body of knowledge in return for the subscription fee to the relevant journal.

What price a journal?

As commercial entities, the publishers have to decide how they are going to finance the journals they publish in such a way as to provide a margin of profitability. There are a number of ways of doing this depending on the target market at which a journal is aimed.

Pay for it through the advertising revenue

One way to finance a journal - either wholly or in part - is to include advertising within it. As an item which is perused by a self-selected group of individuals brought together by a particular interest, the journal is an ideal vehicle for the presentation of promotional messages. The value of the subscriber database increases according to the level at which participants need to commit themselves to gain access. Thus a journal which is sent out free to a group of people whom the

publisher has selected may be a cheaper place to advertise than a journal for which readers have to pay and have, therefore, selected themselves.

So, if all academic journals took advertising they could be made cheaper for the libraries to buy. This seems like an excellent idea and is fine as long as the concomitant effect on editorial independence is acceptable. At the furthest extreme, those journals which rely solely on advertising revenue for their income will slant their editorial so that it is of maximum attractiveness to their advertisers. Thus, a journal which wants to get a lot of advertising from the motor manufacturers will publish articles on vehicle fleet maintenance and the role of the company car within remuneration packages. Unsurprisingly, none of these articles will be putting forward the idea that it is more effective to maintain a fleet of bicycles or provide your employee with a bus pass. Any academic articles published in such a journal will be selected to support the interests of the advertisers.

It is reasonably easy to spot the articles which have been published as a boost to the advertising copy and apply the appropriate pinch of salt. More covert is the exclusion of articles because they are likely to upset potential advertisers or their business partners. Would you publish an article which commented adversely on Company X's environmental policy when Company X has booked the outer back cover of six issues of your journal at £10,000 apiece? Hardly.

So, advertising revenue can be used to finance a journal but is really only valid if editorial independence is not an important issue.

Hook up with a professional body

This is a route much favoured by many publishing houses. Not only does your journal get the imprimatur of being published "in association with the Royal Society of Z" but you can sell bulk copies of the journal for distribution to the society members. Thus, the income stream from the society provides sufficient revenue to cover the journal's costs and the sale of the journal to other interested parties is pure profit.

This sounds like a very good idea but the drawback, once again, is editorial independence. If the society with which you are publishing is interested in a non-contentious subject area in

which there is broad agreement as to approach and the articles to be published are concerned with interpretations of generally-accepted truths, then there is probably no problem. Equally, if the society is of international standing or working in a field where regional interpretations of the state of play are unimportant, then the society is unlikely to seek to interfere with the content of the journal. However, what happens if your editor wishes to publish an article debunking a central tenet of the society's beliefs? Can the "International Journal of A" be sponsored by the Ruritanian Society of A and still take a non-parochial view?

Many excellent journals are published on the basis of such financial arrangements and do an excellent job in disseminating the latest thinking on the subject concerned. However, they still represent a particular view.

Finance your journal entirely with subscription revenue

If you want your journal to be totally editorially independent then the only revenue stream on which you can base the financial success of your title is that derived from the subscriber base. As a publishing house founded by a group of academics, MCB University Press has always adopted this strategy except for a small number of practitioner-oriented titles. All MCB's major academic journals are supported by subscription income only.

This focus on the needs of the academic consumers of MCB journals has allowed our editors to publish articles which other journals would not touch for fear of offending powerful business interests. Equally it is perfectly permissible for them to include articles which take issue with central tenets of academic belief (but assuring academic rigour for such new ideas via a comprehensive review process).

This is very laudable but there is (quite literally) a price to be paid for this independence. And that price is paid by the libraries which have to find the funds to acquire the journals every year.

What does the price increase represent?

The most influential factor in determining the price increase which is to be applied to a

particular journal is its attrition rate. The proportion of subscribers who fail to renew their subscriptions leave a hole in the revenue which will be filled up primarily via a price increase. Thus, if 35% of a journal's subscriber base fails to renew, a price increase in the region of 25-30% will be needed to maintain revenue.

Despite a number of studies undertaken over the years it has been impossible to establish a direct correlation between the extent of a price rise and the number of subscribers who fail to renew. If it were possible to establish such a relationship then the pricing question would be much easier to answer. However, journal subscriptions are prone to many other factors and, when we have experimented by not raising a price or by raising it very slightly, renewals have not increased when compared to years when prices have had to go up more significantly.

A further factor in the pricing equation is the number of issues which an editor wishes to publish in a given volume. If there is considerable interest in a particular topic then the number of papers submitted will inevitably increase. In order to maintain an acceptable lead time between submission and publication the number of pages or issues included in a journal will be increased. Even then, however, there are some subject areas where the volume of important material cannot be accommodated and a lead time of up to two years can develop. This is not in the best interests of scholarly communication.

Thus the combination of subscriber attrition and the increase in the number of articles provide an inevitable upward trend in subscription costs. Because MCB specialises in niched publications which other publishers would not find economically viable but which represent important areas of academic endeavour, the effect is more marked than for other publishers.

Wherever possible MCB endeavours to add to the value of each journal through the provision of significant enhancements. These are designed to help librarians justify to other members of the purchase decision making unit continuation of subscription to the journal concerned. These enhancements provide material benefits which add to the value of the individual subscription but cannot be attributed with the increase in journal cost. That increase is caused by the economics of the publication process and reflects

the value of the material which each journal contains.

Can any comparisons be made between publishers?

It is difficult to compare the raw prices of individual journals from different publishers unless one is aware of the combination of revenue streams used to support an individual title. There may be a combination of all three mentioned above, plus income from other sources, such as reprint sales, document delivery sales etc.

At a corporate level it may be possible to examine how well an individual publisher is performing relative to others. A short article in *The Bookseller*, 22/29 December 1995, pp 7&8¹, is useful in that it shows the margin a number of academic publishers achieved against pre-tax profits in the previous year. Whilst the article does provide a series of caveats with which the information should be used, it is a reasonably reliable guide. MCB University Press is not included in that listing but achieved a margin of 11.7% in 1994 which compares with 25.7% for Reed Professional, 10.9% for Oxford University Press, 12.9% for Chadwyck-Healey and 25.4% for Taylor & Francis. Thus MCB is an average performer in comparison with other publishers.

How can the prices of academic journals be justified?

The simple answer to this question is - by the quality of the journals' content. How, however, can such quality be measured?

MCB suffers a disadvantage in terms of the most common measure of quality which is provided by the citation indices. It is considered a sign of quality if an individual article is quoted by other academics in subsequent work and - for high level academic research - this is quite appropriate. The majority of MCB journals seek to provide a different service than the simple communication of academic thought. The aim of most of the journals is to provide an outlet for academic research placed in the context of its application. It is MCB's belief that the major benefit of academic research lies in the effect it has on business practice and, vice versa, that academic research should be placed within the

context of issues confronting the business world. This chimes in with the increasing number of linkages between academic institutions and corporate bodies as evidenced by the number of academics who are sponsored by individual companies. This is a most valuable development and should have the effect of slowing, and hopefully reversing, the divergence between academic activity and the business world as reported by Gopinath and Hoffman in their recent article in the *Journal of Management Studies*².

The net effect of this policy of MCB, however, is that the articles published in its journals reflect more the state of play in management subjects now, rather than the more abstruse and future-oriented material which is bound to be quoted in further research literature.

Furthermore, MCB also believes in the expansion of the numbers of academics participating in the scholarly communication chain. The fact that academic survival is largely predicated on publication means that there is a huge number of academics eager to publish but many of them lack the ability and opportunity to make it into print. Thus MCB has undertaken a large number of author workshops throughout the world to help academics get published and has further encouraged them through initiatives such as the New Faces campaign created by MCB's Literati Club. The aim of these campaigns is to ensure that new voices get a chance to be heard in the academic debate and new ideas, properly refereed to ensure academic rigour, get an airing. But these new entrants to the field of publication often do not have the sort of clout which makes them likely to be cited in the work of others.

All of this has the negative effect of reducing the likelihood of citation for MCB journals and thus an apparent diminution of quality. This is an area which MCB is trying to address, not in terms of revising its publishing policy, but by developing an acceptable and appropriate alternative indicator of content quality in consultation with a number of external entities.

The comparison of MCB titles with those of other publishers is an ongoing task and a number of benchmarking studies have been undertaken recently, both in terms of the whole MCB portfolio and within particular subject areas. The

findings of the most major of these studies was published by Day and Peters in a special issue of the journal *Library Review*³ and provides many insights into the relative factors which the academic community considers when judging the quality of an individual publication.

How can publishers help libraries to justify subscription costs?

Many participants in the academic information chain are looking to new technological developments to drive the price of dissemination down. Senior figures within MCB have devoted much thought to the likely impact of technology on the publishing industry and the results of their studies have been widely published most notably in Gordon Wills' articles "Embracing Electronic Publishing"⁴ and "The Ins and Outs of Electronic Publishing"⁵. It is MCB's belief that technology's main role will lie in the maximisation of value for money through increased utilisation, rather than in terms of reducing the absolute cost of a journal subscription.

For 1996, whilst continuing to provide printed journal issues for current awareness, MCB included a CD-ROM archive with each of 84 of its journals. Many librarians have complained about this policy because no choice was given as to whether they could take the CD-ROM or not and, because of software royalties and the requirements of VAT, it appeared that an additional charge was being levied for the discs. This was not the case. MCB wished to provide the CD-ROMs free of charge and did not increase its prices to take account of their provision. In order to do this, economies of scale dictated that every subscriber be sent the discs rather than incur the hefty administrative costs of identifying which customers required CD-ROMs and then the complications of differing dispatches and numbers of issues. The fact that an element from within the subscription price had to be allocated to CD-ROM provision was dictated entirely by legal constraints and has severely compromised an initiative which MCB believes will significantly maximise the value for money obtained from a journal subscription. The value of each journal lies within the content not the delivery medium and it is for that content which MCB levies its prices.

Each of the CD-ROMs provides a dynamic archive which allows subscribers to maximise the utilisation of the journal's content. With full text of all articles published during 1994 and 1995, augmented by abstracts of articles published between 1989 and 1993, the CD-ROM transforms a dusty collection of bound print volumes into an easy to search archive which allows the individual to print off an exact copy of the most recent articles complete with all tabular and graphic content. The CD-ROMs are not just a messy collection of ASCII files but contain full images of the articles. This, combined with MCB's policy of allowing free photocopying of the articles for which it holds copyright up to a maximum of 25 copies per user, makes the CD-ROM the ideal source for material for teaching purposes. This opportunity is highlighted by the inclusion of indicators which allow the user to pinpoint exactly what sort of article is required - be that a case study or a literature review or whatever - as well as the subject area to be covered. Network licences are also available to allow an institution to make the CD-ROM content available at a number of locations.

If a journal costs £500 and is only used once that's an expensive resource. If the same journal is used 50 times then the cost becomes more reasonable. If 500 uses have been made of that journal's content it is a positive bargain. MCB is endeavouring to help its librarian customers ensure that their MCB journal subscriptions are used as much as possible, so that value for money can be maximised.

Are CD-ROMs the best we can do?

There is a considerable body of opinion which says that CD-ROM is not the ideal vehicle for information dissemination because of the difficulties of networking. MCB is currently investing heavily to harness the power of the Internet to allow libraries and academics to access MCB material via this new technology. By 1997 we hope to be able to offer continuous publication of our journals via the World Wide Web, thus assisting in dissemination and simultaneously slashing the lead time between the acceptance of an article and its publication. This is a major initiative for which we cannot guarantee success

at this time but it is a goal which MCB has firmly in its sights.

Does the Internet need publishers?

This is without doubt the burning question of the hour. It would seem blindingly obvious that as:

- (1) academics create their work largely in digital form;
- (2) academic institutions have low-cost access to the Internet; and,
- (3) the medium can disseminate information much faster than the print version the printed journal and its publisher should share the fate of the dinosaur.

This may be the case and, if academics publishing on the Internet is more effective, then rightly so. However, a number of issues need to be resolved before this transformation can happen.

First and foremost, the act of placing an article on the Internet does not constitute publication. That article has been placed in the public domain but that is a passive act. Publishers spend the largest proportion of their costs on promotion to ensure that as many individuals as possible who are likely to be interested in a journal know that it exists. There are ways in which such alerting can be undertaken via the Internet but such techniques remain in their infancy and are only patchily successful, with the end result that the author's friends and colleagues may be alerted to the existence of the article but its discovery by a wider audience is a very hit and miss affair.

Secondly, the Internet is still very much a closed world for the majority of people. Leaving aside the question of physical capability through access to appropriate computing and telecommunications equipment, the very chaos of the Internet mitigates against the individual finding the material s/he requires. That, coupled with the unreliability of individual sites which are dependent on the interest and enthusiasm of a small number of people to keep them going, makes a voyage through cyberspace very much a hit and miss affair. It is fine, if you are already a member of the club and can swap URLs and navigate with ease but the reliability of the traditional journal still has many attractions for many people.

Thirdly, there is the question of the development of the body of knowledge. Internet publications come and go; the material undergoes many iterations; there is no agreed route for its archiving and storage - even when a definitive version exists. No doubt ways of overcoming this will evolve but there seems little interest at this time in authentication and preservation.

This is just a partial list but the gravity of the issues involved indicates that someone, maybe commercial publishers, maybe academics, maybe librarians, maybe even new players such as the software developers, will have to address these issues and become the de facto publishers of the Internet.

Does the Internet have a role in scholarly communication?

Without a doubt it has but as a complementary medium rather than as a replacement. The benefits of the Internet lie in its interactivity and immediacy. These facets must be harnessed to augment the virtues of the printed medium and reduce its vices. How this can be achieved is the major question and one which is occupying the deliberations of many.

MCB has joined with the University of Bradford Management Centre to organise a workshop in July 1996 at which a group of academics will debate the ideal features of the new communication media. It is hoped that this event will enable the academic community to enunciate its requirements and identify which combination of media, print, CD-ROM, Internet, whatever, is best suited to move scholarly communication into the next century by adopting the best of new technology and preserving the best of the traditional mechanisms. Individuals requiring further information about this event should contact KS Associates at 51 St Pauls Road, Shipley, West Yorkshire BD18 3EW (e-mail at 100672.2135@compuserve.com) or Sharon Parkinson at MCB University Press Ltd, 60/62 Toller Lane, Bradford, West Yorkshire BD8 9BY (e-mail at sparkinson@mcb.co.uk).

Conclusions

This article has been written as an attempt to indicate the strategies of one academic commercial publisher and the questions which need to be addressed. The main aim has been to show MCB's librarian customers that this organisation is not complacent about the tensions which bedevil the scholarly communication chain and that we continue to do our best to provide the best possible service to the academic consumers who use the journals we publish and the libraries who are our customers.

It is very much hoped that this article will help initiate a useful debate between this publisher and the customers and consumers of MCB's journals. Any feedback on the issues raised here, or further ideas which have not been included, would be very welcome. Please contact the author at MCB University Press, 60/62 Toller Lane, Bradford BD8 9BY by e-mail on jbarker@mcb.co.uk, or at the UKSG Conference at Keele.

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