

# THE DEMAND FOR JOURNALS: FACTS VERSUS FICTION

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*Although the change to electronic journals has not been as rapid as predicted, subscription agents are investing heavily to ensure they have an important role to play in the future.*

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*Question* : Are the sales of printed journals seriously affected by the availability of digital alternatives?

*Answer* : Not yet!

## **Introduction and background**

When I first entered the industry ten years ago, most of the conferences that I attended heavily promoted the technology and technological products of our industry. In part, this was due to the fact that technology is exciting and at the cutting edge, which makes it more interesting than discussing claims and renewal cycles. Although electronic formats of published material were certainly at the forefront of many people's minds, when I looked into what constituted our revenue I found it was print-based subscriptions with just a handful of CDs and diskettes.

Ten years on, we still describe electronic media, most particularly electronic journals, as being in their infancy. When will electronic media come of age?

In ten years, however, there has been a multitude of developments. The technology itself has moved on and is unrecognisable from the technology of a decade ago. Publishers have been working to take advantage of electronic methods of publishing, as well as dipping a toe into the uncharted waters of provision of electronic formats. Librarians have looked long and hard at their IT infrastructure and networks, as well as the needs of their clients. They have tended predominantly to provide links to free electronic journals through their Websites rather than anything more sophisticated. Multi-disc towers, juke boxes and networks have provided improved access to CD-ROMs.

So what of the intermediary, the subscription agent? Are sales of printed journals affected by availability of digital alternatives? Are the companies themselves affected?

### Effect on the business

Firstly, the effect on the companies: the agent has been caught in the position of always trying to second guess the market. We have seen a wide variety of formats emerging over the years from print, through microform, diskette, CD-ROM and electronic journals. We have subscription options, as determined by publishers, for virtually all combinations of these. For example, there are subscriptions that offer paper with CD-ROM and the electronic journal.

These combinations can change year on year. Often it is not just the format that will change but also the cost, as publishers introduce new pricing models. A combination of paper and electronic journal, where paying for the paper allows free access to the electronic version, may alter so much that the electronic version accounts for 10% of the total price. Agents have had to enhance their own computer systems to handle VAT on a proportion of a subscription price. They have to be able to hold new data, including ranges of IP addresses, platform options, passwords and licence information.

All of these are reactive to the changing market, whereas the main international agents have been proactive as well as reactive in forecasting market trends and investing in their future.

Blackwell's have invested in Web-based services and market a whole family of products including CD-Complete, Electronic Subscription Provider and Electronic Journal Navigator. Swets, EBSCO and Dawson/Faxon have all invested in a similar way.

The conclusion from this must surely be that there is a revenue stream and a trading profit to be made, otherwise why would four such sizeable organisations be taking this path? Significant trading profit may be the eventual outcome, but this is not the case at present. The reality is that they all see this as long term opportunity to retain and continue to build a role as an intermediary in this industry. They have all tried to read the market, based on their knowledge of what publishers are doing and what librarians want, and have concluded that ultimately paper subscriptions, the basis on which their businesses were built, will slowly disappear. This should be considered alongside the fact that publishers' terms to agents are not as they once were.

Librarians also have greater expectations of service as well as seeking the best deal for their budgets, many of which are in decline. The advent and growth of purchasing consortia, in particular in the US and UK, is a sure sign of financial squeeze on the industry, which is already seeing pressure on its margins coupled with a strong demand to invest in the future. Tenders dedicated to electronic serials only are also beginning to emerge from the marketplace.

### Effect on sales

Looking at how sales of printed journals are affected by the availability of digital alternatives demands that we see a number of issues:

1. what is being made available digitally?
2. what is the demand for the digital alternatives?
3. what initiatives exist or are planned to increase both the availability and the demand?
4. what is the resultant effect on subscription agents' order lines?

#### 1. *What is being made available digitally?*

As an agent, we are constantly receiving details about publishers' electronic media publishing plans. 1999 is forecast to be a year of dramatic growth in availability of electronic media as many publishers plans head towards fruition.

#### 2. *What is the demand for the digital alternatives?*

Demand can be measured in a number of different ways. The growth of CD-ROM titles is in itself staggering with over 10,000 titles available. So much for transient technology!

CD-ROM was accepted rapidly and, as databases for secondary content, are invaluable. Of course access to CD-ROM databases on the Internet is gradually doing away with the need for much of the hardware, and negates problems such as long delays in institutions' computer services departments getting the latest release installed on the network. The use of both primary and secondary content available on intranets is also increasing.

Demand clearly varies in different geographies and sectors of the market. The US, Australia, Singapore and the UK are tending to lead the way.

The needs of a public library are very different from that of say a researcher in a pharmaceutical company. According to the Electronic Serials in Public Libraries project, the average number of electronic serials held in a public library authority in the UK is six, the majority of these being newspapers on CD-ROM. In the academic community, physics and mathematics have been moving away from print at a surprising pace. The very nature of these subjects drives the change which the humanities and social sciences will take some time to achieve.

*3. What initiatives exist or are planned to increase both the availability and the demand?*

The clearest current example of an initiative intended to increase availability and demand of electronic journals is NESLI (National Electronic Site Licence Initiative). This is UK specific and is the planned successor to HEFC's PSLI (Pilot Site Licencing Initiative), which is officially due to finish at the end of December 1998. 180 higher education institutions should, through this new initiative, be able to gain access to a wide range of electronic content through a single licence. The appointment of a managing agent has allowed the process of negotiations with publishers to begin and pricing models to be determined. One of the

main differences between the PSLI and NESLI is that NESLI is an electronic only initiative whereas the PSLI involved both paper and electronic.

*4. What is the resultant effect on subscription agents' order lines?*

In the ten years that I have spent at Blackwell's, sales expenditure on electronic media has gone from next to nothing to a little bit more than next to nothing. However there has been growth in subscription numbers containing some form of electronic content, see Tables 1 and 2.

These statistics clearly indicate that although 6.87% of subscriptions have some element of electronic content, 6.41% are subscriptions for paper with free access to the electronic journal. This means that the 11.44% by value is still being spent on paper rather than the electronic product.

**Product switching**

A switch from paper to electronic, or pure growth from electronic, will only increase from its current steady pace if:

publishers are confident that overall revenues will not be affected by this move and the potential for transactional pricing and greater use of inter library loans and document delivery is carefully monitored and managed

	CD	EJ	Print + CD + EJ	Print + CD	Print + Diskette	Print + FOC EJ	Diskette
% of titles							
UK	0.28	0.02	0.002	0.015	0.007	1.61	0.008
Rest of Europe	0.02	0.005	-	-	-	0.58	0.001
USA + Canada	0.014	0.012	0.003	0.004	0.001	2.39	0.002
Rest of World	0.03	0.015	0.001	0.004	0.002	1.82	0.005
% by value							
UK	1.34	0.02	0.007	0.015	0.005	2.33	0.015
Rest of Europe	0.11	0.005	-	-	-	0.95	0.007
USA + Canada	0.08	0.014	0.025	0.025	0.002	4.47	0.002
Rest of World	0.14	0.012	0.008	0.005	0.002	3.70	0.011

*Table 1  
Percentage of titles and value of electronic publication by geography and product type.*

	CD	EJ	Print + CD + EJ	Print + CD	Print + Diskette	Print + FOC EJ	Disk	Total
The World								
% of titles	0.35	0.05	0.01	0.03	0.01	6.41	0.02	6.87
% of value	1.67	0.05	0.04	0.04	0.01	11.44	0.03	13.30

*Table 2  
Global percentage of titles and value of electronic publication by product type*

- publishers price to the market attractively
- publishers are confident that they will retain control over copyright
- publishers are confident that they can maintain the 'brand' of a journal
- intermediaries are granted full text access
- librarians are satisfied that it will be cost effective
- librarians are satisfied with the range of material being made available
- the question of access versus physical holding is resolved
- the archiving issue is addressed
- licensing arrangements are simplified
- networks and IT infrastructure is kept up to date
- readers demand it
- intermediaries are used to consolidate orders

#### How long?

The £2.5bn question is, of course, how long will it take? The rate of growth will directly relate to all the factors mentioned and will also be dependent on the continued role of the intermediary. But, in my view, paper will maintain its dominance, i.e. will account for 50% or more of the market, for a minimum of 15 years.

#### Overview

This makes it all sound very bleak, when in fact it is not. If publishers and libraries felt that there was, and is still, a need for an intermediary in the world of paper subscriptions, that need increases many fold in the complexity of managing and dealing in electronic formats. Agents can assist and support publishers by providing insight into the library and end user community; by limiting the points of access and interfaces for their products; by providing subscription or transactional management, sales and marketing, management information; and, of course, by offering a friendly face to negotiate the 25% discounts!

Libraries can be provided with a single point of access and interface for electronic format for live subscriptions, access to buying material on a transactional basis, technical, content and licensing advice, searching profiling and alerting services, and wide ranging management information.

The challenges are immense for all parties in this relationship. However, I believe that publishers and subscription agents, by working cooperatively and in partnership, can both aim to benefit from the future opportunities presented by digital alternatives to printed journals.