

The Changing Economics of Academic Journals

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Outline of talk

- Trends in prices and numbers of journals
- Self-archiving
- Site Licenses, Bundling, Price Discrimination and Bargaining.

A curious market structure

- Private profit-maximizing firms and non-profit publishers are *both* significant players.
- Most of the workforce--authors and referees--work for free.

Econ Journals by Publisher: 2004

For Profits:	Number of Journals	Price/Page
Elsevier	63	\$0.91
Blackwell	16	\$0.88
Taylor & Francis	32	\$0.96
Springer-Kluwer	48	\$0.97
Non-profits	112	\$0.31

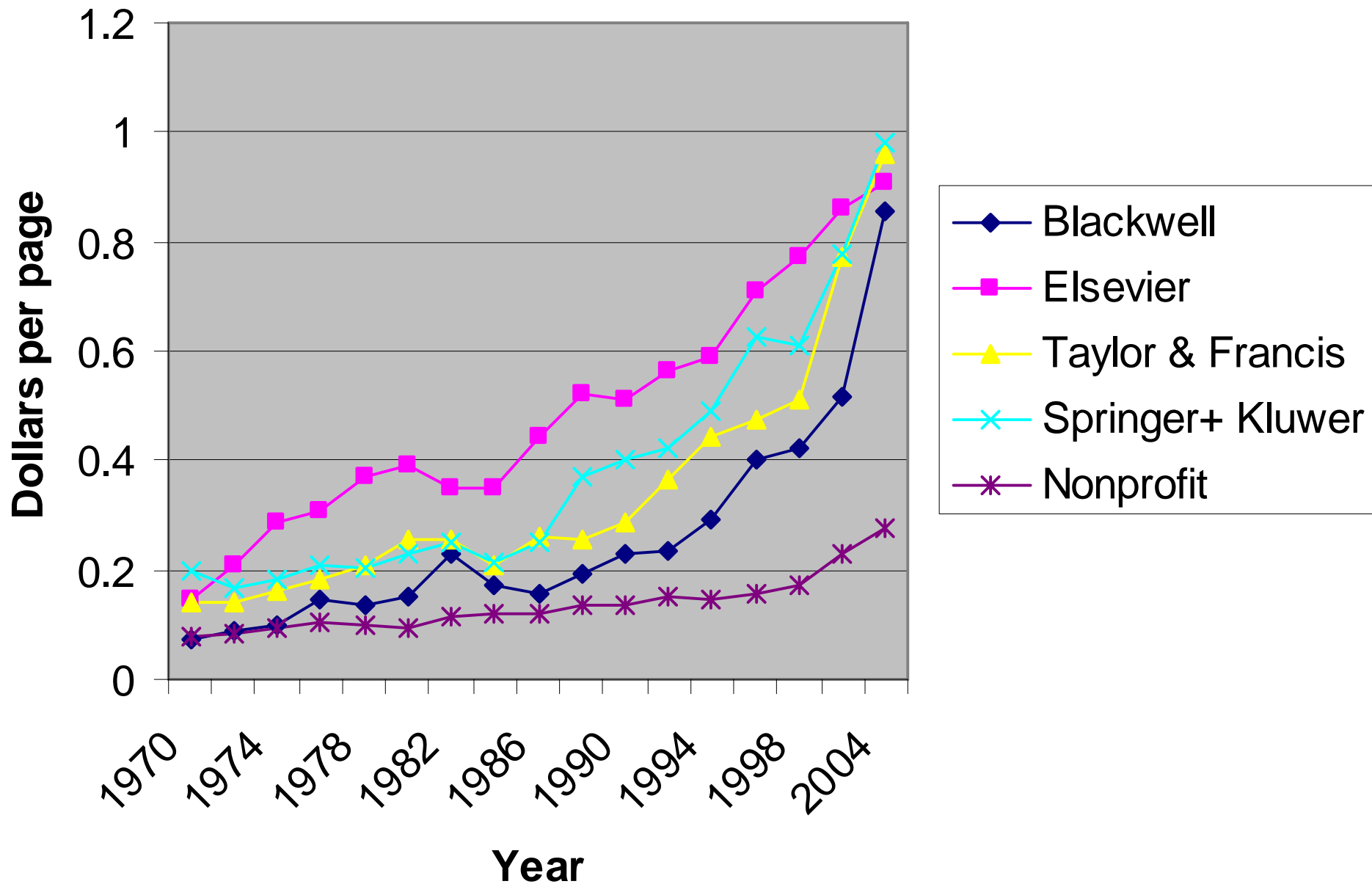
Price per Recent Cite in 2004

For Profits	
Elsevier	\$2.62
Blackwell	\$3.20
Taylor Francis	\$4.49
Springer Kluwer	\$4.56
Non Profits	\$0.56

Cost and benefit shares for a complete economics collection in 2004

	Share of Cost	Share of Pages	Share of Cites
Nonprofit	11%	32%	45%
For profit	89%	68%	55%

Trends in Publishers' Price Per Page



Has Elsevier turned over a new leaf?

- Note the lower percent increases in price per page for Elsevier than for others, including non-profits.
- What is going on?

Percent and Absolute

	Price/Page 2004	% Change 2000-2004	Absolute Change
Blackwell	0.86	66%	\$0.34
Elsevier	0.91	5%	\$0.05
Taylor-Fra	0.96	24%	\$0.19
Society & Univ Press	0.27	20%	\$0.05

Two things going on

- All major for-profit publishers converging to Elsevier's per-page prices.
- Mergers have reduced number of players. Is there collusion or just imitation?
- Since 2000, non-profits have increased prices by about \$.05 per page and added online access.

How often do economists self-archive?

- Studies show papers that are free on the web tend to be cited more often than those that are not.
- Many readers have no access to publisher-posted copies.
- Small universities, private sector, and third world countries.

Most authors want their papers to be read.

- Labor economists show strong effect of citations on salaries.
- Professional influence depends on citations, downloads, presence on course reading lists, correspondence with online readers.

Our study

- We sampled 25 economics journals and looked at the table of contents of the two most recent issues—total of 545 articles.
- We Google-searched for a free online copy of each article (same title, same author(s))

Results

- About 73% of economics articles are available.
- Much higher percentage of self-archiving for major journals than for minor journals.

- 100 percent posted:
 - J Political Economy
 - Quarterly J Econ
 - J Financial Econ
 - Review Econ Studies
- More than 80 percent posted:
 - Economica
 - J Finance
 - J Econometrics
 - J Public Econ
 - Am Econ Rev
 - J Econ Theory
 - J Monetary Econ

- **60-75 percent posted:**
 - European Ec Review
 - Int J Game Theory
 - J Labor Econ
 - Economic Journal
 - Kyklos
- **Less than 50 percent posted:**
 - Public Choice
 - Ec Inquiry
 - Public Finance Rev
 - Resource & Energy Ec
 - Theory & Decision
 - Ecological Econ
 - Health Econ

Regression of Journal characteristics on Probability of Self-Archiving

Variable	Coefficient	Std Error
Impact Factor	.039**	.015
Price/Article	.014**	.006
Number Subs	.00056**	.00025

A Small Paradox

- Authors of papers in top journals are more likely to self-archive
- This is paradoxical, since top journals are more widely available.
- If you publish in an obscure journal, you need to self-archive to be widely read.

Implications

- With free access to most articles available, value to faculty of high-priced subscription is much reduced.
- This should increase price elasticity of demand and exert downward pressure on prices.

Prices of Leading Journals

For Profits	Price	Price/Article	% Posted
J Finance	\$2084	\$31	100
J Econometrics	\$2728	\$33	91
J Pub Econ	\$2234	\$19	90
J Ec Theory	\$2629	\$27	83
J Monetary Ec	\$1810	\$29	81
Leading Nonprofits	~\$330	~\$5	85-100

Why subscribe?

- Ensure that you have final version.
- Convenience and certainty of search.
- How much is this worth for a single library?
- Enough to allow non-profits to maintain current high prices? ~\$30 per article
- Enough to sustain prices of major non-profits? \$2-\$10 per article

The monopolist's problem

- Diversity of demand protects us from exploitation by monopolists.
- If we all had same value for his product, monopolist could extract entire benefit by charging that price.
- If our values differ and monopolist doesn't know who has which value, he cannot extract full consumers' benefit.

Three Monopolists devices

- Two strategies commonly used by monopolists in effort to extract more from consumers.
- Price Discrimination (with secret prices)
- Group Sales
- Product Bundling

Price Discrimination

- Charge more to those who are likely to be willing to pay more.
- Libraries more than individuals
- Big universities more than small

Group Sales

- Electronic site licenses rather than individual electronic subscriptions.
- Also consortia of small colleges.
- Paper editions: Need to share a single copy in a single location--library.
- Electronic site licenses: Main reason is fiscal. Monopolist has better estimate of average willingness to pay than of individual willingness can extract more revenue.

Bundling

- All-or-nothing deal for large journal bundle
- Easier to predict average value of a bunch of journals.
- Monopolist can extract bigger share of surplus.
- Makes entry more difficult and reduces competitive pressure.

The librarian's problem

- Ken Frazier: “You read that right. Don’t buy the Big Deal...the Big Deal serves only the Big Publishers.”
- Tough choices for librarians. How do you evaluate the Big Deal package? Will your faculty get addicted to online junk journals?
- Big Deal increases journal expenditures and availability.
- Favors big journal publisher. Crowds out books, other journals
- Reduces librarians’ role in selection.

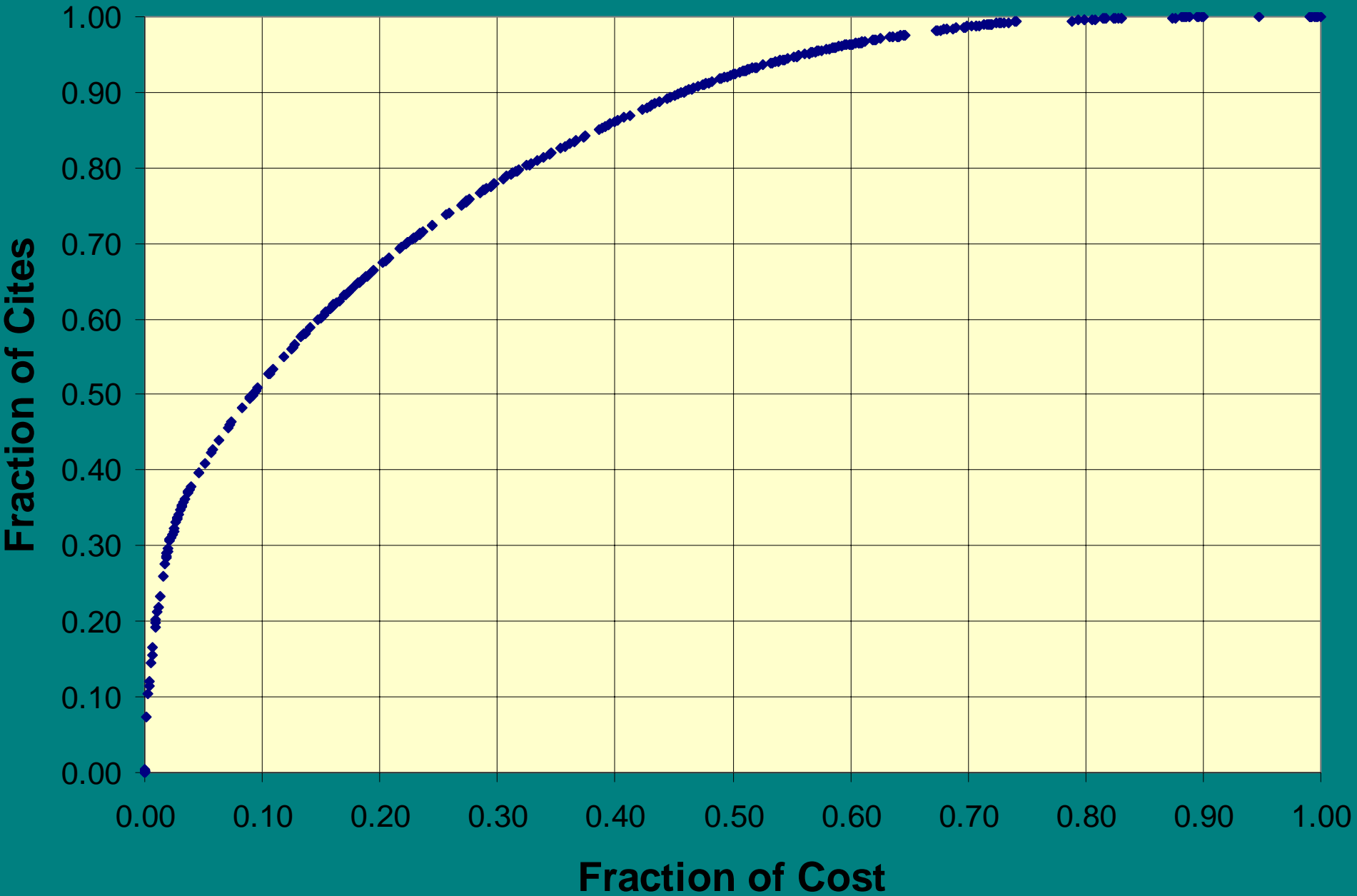
How can librarians cope

- Bargain hard. Understand your position if you reject Big Deal.
- Take the publisher's Big Deal offer price and divide by 2. See which of the publisher's offerings you would buy if you spent that money on individual journals. (Simple way: Rank journals by cites per dollar. Choose top ones until you run out of money.)

The coping librarian

- Remember: If you don't subscribe, Faculty can still get articles. Many are posted by authors. Most are just an email request away. And pay-per-view is available when quick response is necessary.
- Site licenses to most of the stuff in the Big Deal bundles isn't worth much.
- Offer such a low price for the bundle that you would be glad to get it.

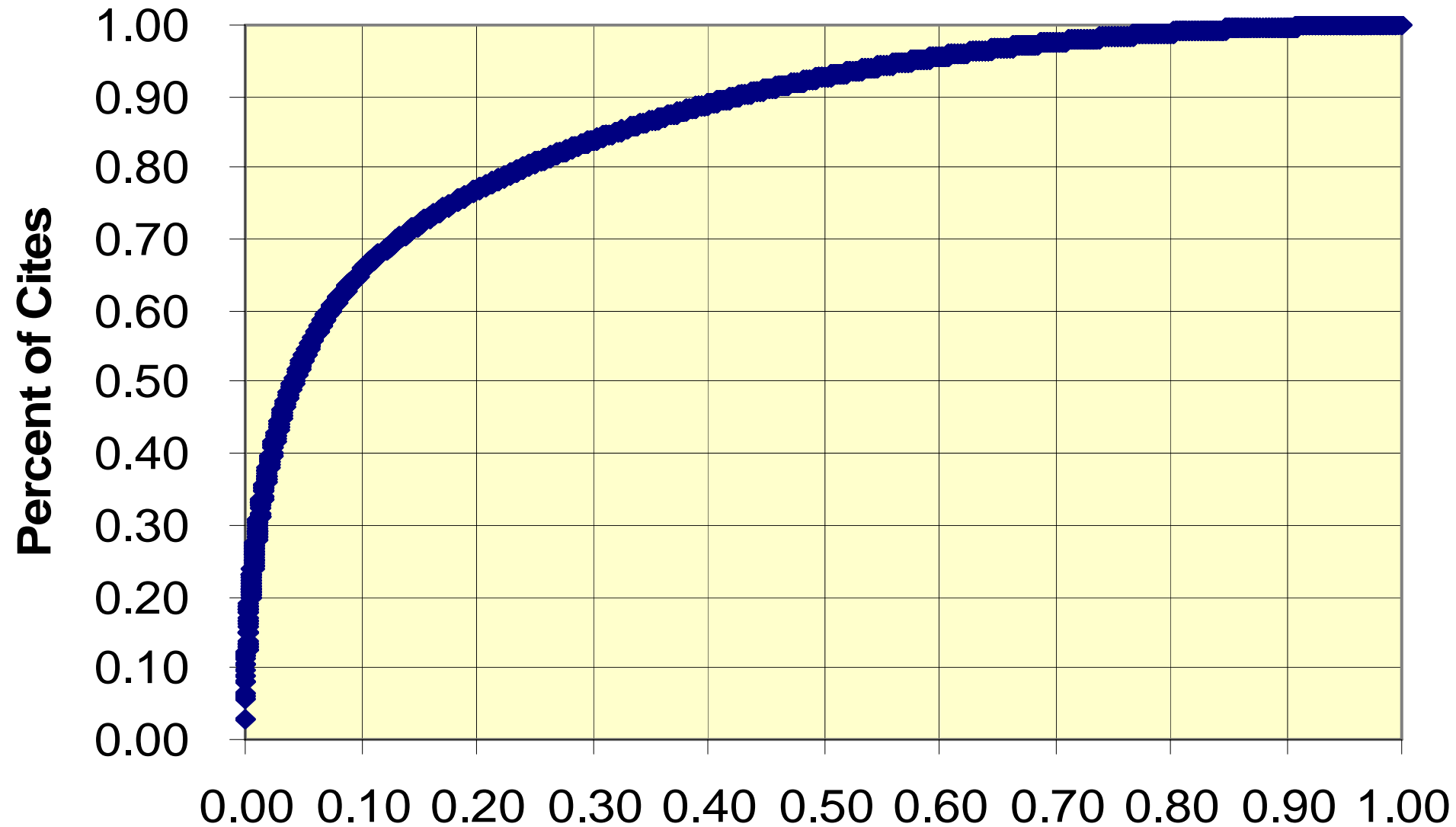
Economics Journals: Costs and Citations



Rewards to shopping

- The froth is not worth much.
- If you set cost per citation as criterion, you can get
 - 50% of cites for 10% of cost
 - 90% of cites for 46% of cost
 - 95% of cites for 56% of cost

Costs and Cites: All ISI Journals



For Entire JCR

- 6800 Journals from Bergstrom-Mcafee dataset
- 65% of cites for 10% of cost
- 92% of cites for 50% of cost
- 95% of cites for 60% of cost

Data on Journal citations and articles

- Preston McAfee and I maintain an online database of cost-effectiveness of about 6,800 academic journals at <http://www.journalprices.com/>
- We are happy to share more detailed information with libraries that want to use this for value-based shopping.

Want more information?

www.econ.ucsb.edu/~tedb

...papers, statistics,
weasel's manual, etc

