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A BIMONTHLY REPORT ON RESEARCH LIBRARY ISSUES AND ACTIONS FROM ARL, CNI, AND SPARC

THE STATE OF THE LARGE PUBLISHER BUNDLE: FINDINGS FROM AN ARL MEMBER SURVEY

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Introduction

The bundling of scholarly journals and the marketing practices of the largest commercial publishers are a source of concern within the library community for a variety of reasons. These publishers receive substantial proportions of research libraries' overall spending on serials and they are often seen as trendsetters by smaller publishers. One of the earliest and most public expressions of concern about journal bundling was made in 2001 by Kenneth Frazier, the Director of Libraries at the University of Wisconsin–Madison.¹ As Frazier noted, a key feature of journal bundling is strict limits on a library's ability to cancel titles. This restriction of cancellations creates challenges for budget management, for collection management, and for the marketplace of scholarly journals. As library budgets are locked into large bundles, cancellation pressure on unbundled titles increases and funds to acquire new journals outside of bundles are squeezed out.

In addition, the size of the largest bundles has been growing. There is a history of significant consolidation among the largest publishers in recent years, reducing libraries' choices among journal bundles. In the three years since ARL last surveyed its members regarding e-journal subscriptions, several of the largest players have merged: Academic with Elsevier, and Kluwer Academic with Springer. The consequence of these mergers is that a short list of publisher bundles account for substantial and growing proportions of library budgets. A short list of negotiations increasingly determine sales terms and access to hundreds of titles and consume the majority of a research library's journals budget.

Given these changes in the marketplace, the time is ripe for updating the community's understanding of the landscape of large publishers' journal bundles.

Background on the 2005 Survey

ARL's 2005 member survey on journal bundling practices focused on the five largest publishers of journals and gathered data related to members' contract terms and perceptions of their current journal bundles. Market analyses have shown that these five largest publishers account for considerably more market share than the next tier of competitors.² All five are commercial publishers; there are no not-for-profit publishers of similar size.

Data were provided by 89 of the 123 (72%) ARL member libraries during November and December of 2005 using a Web-based form. Responses were requested only for bundles held by the responding library. One consequence of this flexible design was that response rates varied considerably between questions. In addition, responses were only provided where there was no conflict with nondisclosure agreements, creating further variations in response rates between questions. Finally, some libraries were still negotiating their contracts for 2006 late in 2005; this further limited responses to some questions. Consequently, in the following analysis, the number of respondents for given questions is provided regularly to give context for interpreting the percentages reported.

Picking up Journal Bundles

As was the case in the previous two ARL e-journal surveys, large-publisher journal bundles are a near ubiquitous feature of the research library collection of 2006. The 89 respondents reported 283 contracts among the five publishers. Ninety-three percent of

TABLE 1: RESEARCH LIBRARY UPTAKE OF JOURNAL BUNDLES FOR 2006, BY PUBLISHER

Publisher	Have licensed	Planning to license for 2006	Total
Blackwell	48%	13%	62%
Elsevier	60%	18%	78%
Springer	44%	33%	76%
Taylor and Francis	12%	9%	21%
Wiley	72%	9%	81%
Libraries with no bundled licenses			7%

respondents indicated they held bundles with at least one of the five publishers in the 2005 survey. The majority of libraries reported bundle contracts with multiple publishers. On average, respondents licensed bundles with three of the five publishers, with 49% reporting either four or five publishers. Four of the five largest commercial publishers have been offering bundles for many years. Wiley, Elsevier, and Springer bundles have achieved over 70% market penetration, while Blackwell's bundles are held by 60% of research libraries. Taylor and Francis, a relative newcomer to journal bundling, has achieved a 21% market share. (See Table 1.)

As earlier ARL surveys have shown, consortia play a significant role in journal bundle acquisition. Certainly the vast majority of research libraries' bundles (81% of contracts) are acquired through consortia.

While bundle uptake is high, there have been variations over time, across publishers, and even between customers in how journal bundles are defined. The most common definition of a bundle for the contracts reported was the publisher's entire title list (42%). Taylor and Francis seems to be the only bundling publisher to consistently define their bundle only as their entire list. A substantial number of bundles (35%) were defined using pooled lists of consortial subscriptions. A relatively small percentage of bundles (10%) were defined by a single institution's historic holdings. The other definitions (14% of contracts) were largely variations on these three with very minor modifications to the list having been negotiated. A few libraries noted licensing only Blackwell's Science, Technology, and Medicine bundle.

Respondents were asked to suggest what motivated their acquisition of journal bundles. By far the most common reasons given were "Content and access offered were a good return on the investment" (reported for 205 contracts), "Alternative non-bundled forms of access to the content were prohibitively expensive" (reported for 114 contracts), and "Pressure from faculty and/or others on campus" (reported for 47 contracts). While it is impressive that so many libraries report a sense of good value obtained by their contracts, it is disturbing that so many reported

that they did not have affordable alternatives (often for the same contract). This suggests that libraries may be making the best of a bad situation. A deal may be perceived as a good one simply because there are no other deals to be had.

Terms and Conditions

Experience with past surveys has shown how difficult it is to obtain comparable price information on journal bundles. Because of nondisclosure clauses, the diversity in the structure of pricing models between publishers and among customers, varying practices for allocating of costs within and between institutions, and occasional funding from sources outside the library budget, it is nearly impossible to construct a rubric for reporting pricing that is not unbearably burdensome for libraries to use.

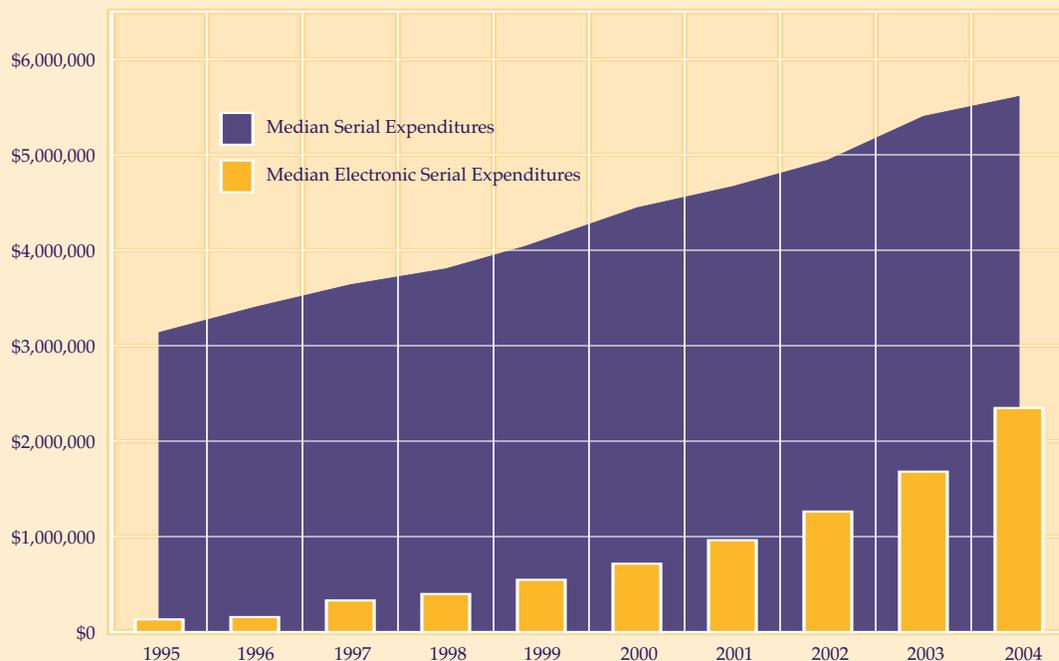
Leaving aside pricing details, there are however significant contract terms that affect pricing, with nondisclosure, cancellation terms, and contract length being the most important contract terms. Nondisclosure matters because it determines whether information is available beyond the contracting library or consortium regarding important contract terms. Contract length and cancellation terms are closely related to each other because they are commonly related to the pricing libraries can obtain. There is an assumption that longer-term commitments should correspond to greater price discounts or some other high-value facet of the bundle. Longer-term commitments are often explicitly tied to restrictions on cancellation, and it is typically restrictions on cancellations that fix the prices libraries pay for their bundles.

Nondisclosure agreements have caused much concern within the research library community. As the academic journals market has moved from publicly available subscription prices to negotiated contract-based access, the ability of libraries to assess the market value of the content they are purchasing is greatly inhibited by the inability to monitor market prices. Nondisclosure may also cover a range of other contract terms that affect libraries' efforts to negotiate needed access to the journals they license. It has been difficult to determine how frequently research libraries are accepting nondisclosure, or the extent to which publishers are promoting it. Some

TRACKING CHANGES IN RESEARCH LIBRARY JOURNAL COLLECTIONS

The nature of research library journal collections has changed rapidly during the past decade. Throughout that period ARL has collected expenditure data from its member libraries as part of its annual ARL Statistics survey, but has occasionally supplemented this broad-brush tracking with surveys on various facets of members' subscriptions and license terms.* The annual Statistics have documented the regular increase in the proportion of journal budgets dedicated to electronic journals (see Figure 1). The periodic surveys have shown how practices for selling and acquiring titles have changed radically.

FIGURE 1: MEDIAN EXPENDITURES ON ELECTRONIC SERIALS AND ON ALL SERIALS IN ARL LIBRARIES



Source: Martha Kyrillidou and Mark Young, comps. and eds., *ARL Statistics 2003-04* (Washington, DC: ARL, 2005).

ARL conducted a new survey on e-journal subscriptions in 2005; the accompanying article reports the preliminary findings of that survey. The previous ARL survey on e-journals was conducted in 2003, covering 2003 subscriptions. That survey documented the very rapid development of electronic journal collections in research libraries and showed that the research library community was already providing broad access to electronic versions of the journals published by the largest publishers of scholarly journals. The 2003 survey also confirmed that the research library community was rapidly contracting with large publishers for bundles of journal titles.

—Karla Hahn

* Mary M. Case, "A Snapshot in Time: ARL Libraries and Electronic Journal Resources," *ARL Bimonthly Report*, no. 235 (August 2004): 1-10, <http://www.arl.org/newsltr/235/snapshot.html>.

TABLE 2: CONTRACT LENGTHS FOR JOURNAL BUNDLES (N=96)

Contract length:	1 year	2 years	3 years	4 years	5 years
Number of responses:	21	2	39	11	23
Percentage of responses:	22%	2%	41%	11%	24%

TABLE 3: CANCELLATION TERMS REPORTED FOR CONTRACTS (N=260)

Cancellation terms:	Any title any time	No cancellations	Only in "financial emergency"	Less than 5% per year	Other	Can't disclose
Number of responses:	9	81	34	74	32	30
Percentage of responses:	3%	31%	13%	28%	12%	12%

states have various forms of "sunshine" laws that may prevent public institutions from accepting nondisclosure terms. A previous ARL survey showed that 35% of public institutions are limited in their ability to sign nondisclosure agreements.

This survey found that out of 263 member reports on licenses, one third are covered by nondisclosure clauses. The frequency with which nondisclosure is a contract term varies considerably by publisher. Springer customers reported nondisclosure rates of 17% while 61% of Wiley customers reported nondisclosure agreements. Out of the 83 respondents with some bundle under contract, 51 (61%) had signed at least one contract with nondisclosure terms. Those 51 libraries averaged 1.69 contracts with nondisclosure terms, far fewer than the average number of contracts, suggesting that the variation has more to do with publisher pressure than library resistance.

Multiyear contracts are also a common feature of the bundled journal landscape. Although nondisclosure prevented reporting on some contracts, the average reported contract length was just over three years. (See Table 2.) Three-year contracts were also the most common overall, but survey results suggest that some publishers are largely restricting access to their journal bundles to libraries committing to multiyear contracts while others are more open to shorter-term contracts. Elsevier clearly is pressing the practice of long-term contracting: no respondents reported having less than three-year contracts with Elsevier. Wiley is also clearly pressing in this direction, with the majority of customers reporting contracts in the three- to five-year range.

A key feature of current journal bundles is typically restriction on reductions in the number of titles purchased. Since the bundle is usually defined by a library's past purchase patterns, cancellation restrictions effectively fix the library's expenditures for the length of the contract.

The survey showed that very few research libraries have contracts allowing them to make any substantial

reductions in the number of titles purchased, although publishers vary somewhat in their willingness to accept small adjustments to bundles. Nearly a third of respondents reported outright bans on cancellation. Thirteen percent reported cancellation permitted only in the case of a financial emergency, but a large number of "other" responses were descriptions of financial-emergency clauses. It is not clear why these respondents skipped over that option in the questionnaire. Another 28% reported the ability to cancel a very small percentage annually (less than 5% of expenditures). Nondisclosure prevented some reporting on this question. Various types of content swapping with no price savings were also frequently described in the "other" category. (See Table 3.)

Cancellation Protection Afforded to Bundles

Cancellation terms come into play only when a library is actively canceling titles. To better understand how frequently and intensively research libraries run cancellation projects, respondents were asked to report whether they had run cancellation projects during any of the previous three years (affecting subscriptions for 2004, 2005, or 2006). Fifty of the eighty-four libraries responding (60%) reported running cancellation projects at least once in this period. For the 50 libraries reporting cancellation projects, 2.14 cancellation projects in three years was the average. This suggests the responding community tended to be either insulated for some reason from cancellations or subject to relatively regular cancellation projects. Cancellation projects, while common in most research libraries, are far from universal.

Libraries that had run cancellation projects reported widespread protection of bundled titles. Of the 50 libraries reporting cancellation projects, 33 (66%) reported that they had protected a bundle at least once. Those same libraries, on average, collected bundles from 3.33 of the 5 publishers and had protected 2.42 bundles from cancellation. Presumably at least some of the libraries that did not

TABLE 4: FINANCIAL RETURN FOR CANCELING PRINT (N=243)

Financial return:	None	1–10% savings	11–25% savings	Other	Nondisclosable
Number of responses:	33	117	9	51	33
Percentage of responses:	14%	48%	4%	21%	14%

TABLE 5: NEXT NEGOTIATION OF CURRENT CONTRACTS (N=133)

Year of next negotiation:	2007	2008	2009	2010	2011
Number of responses:	67	21	34	7	4
Percentage of responses:	50%	16%	26%	5%	3%

protect bundled titles were able to keep cancellation rates to those permitted by the terms of their contract or perhaps were able to exercise their “financial emergency” clauses.

Moving to E-Only and Concerns about Enduring Access to Content

While there has been a widespread perception that research libraries are rapidly canceling print copies of bundled journals to rely only on access to the electronic formats, there has been little documentation of how widespread this practice is. Reporting on bundle contracts, research libraries reported that they had cancelled print equivalents for 153 out of 266 contracts (58%) for 2006. Clearly there is rapid movement away from collecting print versions of bundled titles.

There is evidence in the survey responses that, by and large, publishers are encouraging this movement from print to electronic journals. However, savings incentives are generally reported to be modest or even nonexistent. A few libraries reported that their contracts required them to keep print versions of the bundled titles (4% of contracts reported). For libraries that are permitted to cancel print as part of their bundled journal contract, most commonly discounts are 10% or less of the print subscription price (or its equivalent under flip pricing). Many of the respondents indicating other arrangements stated that a single, consortial, print subscription was maintained or that discounts in the 20–25% range were offered. (See Table 4.)

Such high rates of print cancellation raise many questions about long-term access to bundled e-journals, and research libraries have clearly been paying attention to these concerns: in the vast majority of contracts libraries have negotiated some term ensuring that, if they cease to subscribe to an individual title in the future, they will retain backfile access to the equivalent electronic issues (98% of contracts have this right).

The picture is more mixed with regard to assessments of publishers’ archiving arrangements to protect content

in the case of business failure or other loss of content on the publishers’ side. A strong majority of libraries (71% of contracts) reported that they had investigated a publisher’s archiving plans. However, for those who checked, the publisher’s arrangements were found satisfactory by only 60% of the respondents. While a 40% dissatisfaction rate represents a minority assessment, it is a substantial customer base to be expressing “no confidence”. It may be that until publishers increase customer confidence in their archiving arrangements, substantial numbers of libraries will continue to retain print subscriptions out of concerns about long-term access to electronic journals.

It is important to note that a few respondents are members of consortia that are receiving digital copies of publisher files or are even loading these on local systems. These libraries likely are less concerned about publisher participation in archiving programs since they control their own copies of the content.

How Do We Think We’re Doing?

The survey also collected data describing where libraries were in their negotiation cycle and how satisfied they were with past and present negotiations. Libraries have gained a lot of experience acquiring journal bundles in a relatively short period of time. Libraries reported that they had held a prior contract for more than 80% of current contracts. The data suggest that there is strong periodicity in journal negotiations. As described earlier, libraries have bundled journal contracts of quite varied lengths; however, 2007 looks like it will be a very active year for journal bundle negotiators, with just over half of the existing contracts reported expiring in 2007. (See Table 5.)

Libraries appear slightly more satisfied than not with the prices of their journal bundles. Half of the responding libraries reported that their contracts are “somewhat reasonable” or “very reasonable” in terms of cost. Almost a third of respondents reported that they were neutral in

their assessment of their current price terms. An assessment that current contract terms were “somewhat unreasonable” or “quite unreasonable” was reported for 18% of contracts.

It is very difficult to define the extent to which the community believes it is making progress in improving contract terms over time. Research libraries have developed a great deal of experience with journal bundles in a short period of time, but the satisfaction data suggest there is little sense of progress.

Libraries reported an average satisfaction rating of 3.4 (on a 5-point scale) for the pricing of their first contract with any given publisher. They reported somewhat lower satisfaction with consecutive contracts—down to 3.25 for current contracts—suggesting a perception that, as contracts are renegotiated, perceptions of advantageous pricing are weakening.

While for just over half of their renegotiated contracts libraries reported that current contract terms were essentially the same as the earlier terms, for every publisher at least some libraries reported that they felt they had to make concessions compared to earlier negotiations. Overall, libraries reported better contract terms for 27% of renegotiated contracts and worse terms for 20% of renegotiated contracts.

While it may be unclear whether or not libraries are gaining ground overall, there is certainly no clear signal that libraries perceive terms as improving substantially over time.

Where Might We Be Going?

These data paint a fascinating but at times disturbing picture of the state of journal bundle acquisitions in research libraries. There is no doubt that large commercial publishers’ bundles are a substantial part of research library collections. It is also clear that significant changes in library collections are underway. Cancellation projects are common. Shifts to e-only collecting for journal bundles are proceeding rapidly.

At the same time, these data reinforce concerns expressed by many in the library community. Nondisclosure agreements are common, although more so with some publishers than others. Long-term contracts are similarly common. Cancellation of bundled titles has been effectively limited in recent years. Publisher’s archiving arrangements are unsatisfactory to at least a substantial minority of the community. Satisfaction with bundle pricing is decreasing through successive negotiations.

This survey documented that journal bundles have already enjoyed substantial protection from cancellation. With the majority of respondents reporting recent cancellation projects, the inescapable conclusion is that other segments of research library collections have been reduced to a greater extent in compensation for the protection afforded to bundles. This should be of concern

to the library community and to publishers without the market power to gain similar protection for their titles.

Despite long-standing concerns about many of the contract terms covered by this survey, there appears to be little evidence to support a view that librarians have gained substantial ground in the process of renegotiating contracts. A few libraries believe they have made some progress, but a nearly similar number believe they are losing ground. Perceptions differed some from publisher to publisher as well as from library to library.

This raises the important question of how much the variation in contract terms and the relatively common acceptance of some terms that the community has tried to discourage can be attributed to poor negotiating among the community? How much of it might be attributable to market power? Obviously this is a very difficult question to answer. For instance why are some publishers more commonly obtaining nondisclosure terms than others? Why are so many libraries accepting nondisclosure terms when there is widespread agreement that such terms are generally undesirable? Perhaps a better understanding of the current state of contract terms as well as the range of terms different negotiations have achieved will enable libraries to more successfully negotiate future contracts.

The survey data highlight the complexity of the challenges raised by the “big deal” (as this type of journal bundle is commonly labeled). The variation in responses supports the argument that the problem with big deals is not seeking to obtain a price for a group of titles per se, but in the practices surrounding bundling. In some areas there appears to be room for more assertive negotiating with publishers. If libraries could eliminate nondisclosure clauses, obtain more generous cancellation terms, and achieve better price structures, satisfaction with bundles would likely increase.

This survey focused on research libraries’ perspectives on journal bundles. It in no way measures publishers’ experiences with these business models. Presumably commercial publishers reporting excellent profitability are not pursuing a pricing model that is unsuccessful. Rather, it seems safe to conclude, journal bundling has been working quite well from the perspective of the bundling publishers. With libraries reporting relatively little progress in successive contract negotiations, it seems likely that there is room for concessions from publishers that increase library satisfaction without risk of substantial damage to “the bottom line.”

¹ Kenneth Frazier, “The Librarians’ Dilemma: Contemplating the Costs of the ‘Big Deal,’” *D-Lib Magazine* 7, no. 3 (March 2001), <http://www.dlib.org/dlib/march01/frazier/03frazier.html>.

² Leigh Watson Healy et al., *Competitor Assessment: STM—Revolution in the Land of the Giants* (Burlingame, CA: Outsell, 2004).