

Electronic Journals: How Should They Be Priced?

Chair:

Jill Day

Williams & Wilkins
Baltimore, Maryland

Panelists:

Robert Kidd

Ovid Technologies Inc
New York, New York

John Sack

HighWire Press
Stanford University
Stanford, California

Reporter:

Lisa Dittrich

Academic Medicine
Association of American Medical Colleges
Washington, DC

After introductory comments by session chair Jill Day, Robert Kidd outlined how traditional pricing models are being applied to new electronic journals (e-journals). Journal publishers are tending to use a combination of the 2 traditional pricing models: cost-based and market-based. However, Kidd asserted that pricing strategies for e-journals need to be value-based.

Kidd explained that most publishers, in pricing and marketing their e-journals, have focused on protecting print versions (bundling print and electronic access, discounting electronic access if print subscription is retained, and so on). Print journals, however, are probably not in danger, particularly at the library or institutional level. Librarians view print and e-versions of journals as serving 2 very different functions and are likely to continue to purchase both until such matters as archiving e-journals are ironed out.

Kidd predicted that consortial pricing and journal aggregators will shape the insti-

tutional market of the future. Aggregation offers customers the ability to search across resources, the convenience of one licensing agreement and one search software, the ability to link information, and a reduction in administrative work.

John Sack echoed Kidd's assertion that pricing of library and institutional subscriptions is the central and most difficult

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concern of e-journal (and print) publishers. However, publishers need to keep in mind that pricing is just one link in the publication chain; in the effort to bring information from author and publisher to reader and institution, publishers must consider content, delivery, marketing, pricing, and support. Ignoring any one of those factors (or focusing too heavily on content and delivery) can lead to serious problems that no pricing model can solve.

In developing a pricing model, e-journal publishers should consider carefully their individual goals and business objectives; these might include increasing readership or "citation-ship", opening new markets, and reducing costs. Publishers also need to gain a clear understanding of who their current subscribers are, who their most important competitors are, and so on. Small scholarly publishers might also want to look at what larger commercial publishers are doing on line and what their experiences have been.

Sack concluded by noting that the model of bundling print and online subscriptions seems to be the best way to go right now; publishers that use some version of the unbundled model might reap greater gains in the long run — but it will be a very long

run.

Day spoke last. As editor at a for-profit press, she is faced with the understanding that although online delivery is the way to go, it will be very costly. She and others in the for-profit world must then ask, How the heck do I make money at it?

Day offered many concrete recommendations, although her central message was that publishers must think about e-journals and print journals very differently; they should "forget it's a journal" and consider e-journals as a new way "to contribute to your company's database of content". Publishers must ask, How can we "induce self-selection" of our e-journal? What special features can we offer customers to induce them to pay the appropriate price? What profit margin can reasonably be expected (keeping firmly in mind that the bottom line is recovering single-copy cost)?

Like Sack, she recommended that publishers thoroughly review their overall goals in creating a pricing model for online publications. Publishers should consult the experts, both inside and outside the publishing world; consider the investment to be one in specialty content; and be optimistic that conversion costs will go down. Her list of "don'ts" consisted of (1) don't skimp on data-conversion efforts, (2) don't skimp on customer support, and (3) don't use traditional profit hurdles. Furthermore, keep separate budgets for print and online publications to keep clear records of how each is doing, and consider partnering with your competition on projects that might benefit both of you.

Day concluded with the heartening statement "We will survive and thrive", a sentiment echoed by the other panelists. The useful advice of the panelists should help all of us do just that. 