Researchers find some universities are getting poor value from bundled academic journal publishers

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(Phys.org) —A small team made up of four economists from four universities in the U.S. has found that some university libraries are getting a raw deal from companies that sell them bundled academic journals. In their paper published in *Proceedings of the National Academy of Sciences*, Theodore Bergstrom, Paul Courant, Preston McAfee and Michael Williams contend that by requiring university librarians to sign confidentially agreements, academic journal publishers are artificially inflating the prices of bundled journal packages and are charging universities widely different prices for the same content without any reason, other than that it brings them greater profit.

Academic journals are periodicals where researchers publish articles describing their work. They are published by companies such as Springer, Taylor & Francis, Sage, and Elsevier. Such periodicals can be sold on an individual subscription basis, to a university, or other group, or, they can be bundled together, like channels on cable TV and sold as a package deal. When they are bundled and sold to a university library, both sides engage in bartering—publishers want the highest price they can get, while libraries want to pay the lowest. An interesting part of the bartering process is that the final price that is agreed to by both sides, is kept secret, due to a confidentially agreement the publishers insist the librarians sign. That means that librarians don't know how much other institutions are paying for their bundles. In this new effort, the researchers used the Freedom of Information Act, to force several public universities to reveal their contracts, so that they could compare them.

In looking at the contracts, the researchers found widely different charges to universities for the same bundles. They found for example, that the University of Michigan paid $2.16 million in 2009 for a bundle from Elsevier, while the University of Wisconsin, paid just $1.22 million the same year for the same bundle from the same company. They note that the two universities are similar in the size of their staffs and the number of PhD students, yet one school paid considerably more than the other.

The researchers attempted to use other metrics to see if a pattern might emerge that could explain publishers charging some institutions more than others—they report that they were not able to find any, which to them suggests, that pricing was based on the knowledge and negotiating skills of the individual librarian, which meant that schools that did not have librarians with such knowledge or skills, tended to get very low value for the bundles they purchased compared to other schools.

More information: Evaluating big deal journal bundles, Theodore C. Bergstrom, [DOI: 10.1073/pnas.1403006111](https://dx.doi.org/10.1073/pnas.1403006111)

Abstract
Large commercial publishers sell bundled online subscriptions to their entire list of academic journals at prices significantly lower than the sum of their á la carte prices. Bundle prices differ drastically between institutions, but they are not publicly posted. The data that we have collected enable us to compare the bundle prices charged by commercial publishers with those of nonprofit societies and to examine the types of price discrimination practiced by commercial and nonprofit journal publishers. This information is of interest to economists who study monopolist pricing, librarians interested in making efficient use of library budgets, and scholars who are interested in the availability of the work that they publish.