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Addendum to Elsevier Title Level Pricing: Dissecting the Bowl of Spaghetti

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This addendum updates the University of North Carolina at Chapel Hill (UNC) 2020 journal pricing data in Thorton & Brundy (2021). After the authors requested and reviewed UNC’s 2021 pricing and subsequent discussions with UNC, it was determined that the 2020 final net price provided by UNC and used in the original analysis [in Table 4] was incorrect. The 2020 final net price provided by UNC was based upon invoicing for eight months. In this addendum, the 2020 final net price for UNC is annualized for twelve months to reflect the full years’ costs. As a result, Tables 4, 4.1, and 5 and the associated narratives have been revised.

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FMV Metrics (ALP and ACJ) varied widely among institutions

3. What is the total adjustment from list price (ALP) by institution?
4. What is the average cost per journal (ACJ) paid by institution?

The final net price was below the published list price for three institutions (Iowa State, UNC-Chapel Hill, and West Virginia). For two institutions (Florida State University and Institution A), the final net price was above the published list price and resulted in a premium paid above the list price. The average ALP for all institutions totaled -3.6% (discount from list price). The minimum ALP totaled 7.2% (premium above list price). The maximum ALP totaled -14.6% (discount from list price). The standard deviation (variation from the average) was +/- 9.8% (see Table 4 and Table 4.1).

The ACJ across all institutions was $4,793. The minimum and maximum ACJ were $3,673 and $6,239, respectively. The standard deviation (variation from the average) was +/- $1,109 (see Table 4 and Table 4.1). The average number of unbundled subscribed titles was 308. The minimum and maximum number of unbundled subscribed titles were 150 and 405, respectively (see Table 4 and Table 4.1).
Do libraries achieve savings when moving from the Big Deal to title by title subscriptions?

All institutions in our sample realized significant savings from unbundling. The average unbundled savings was $795,200. The minimum and maximum unbundled savings were $369,000 and $1,104,000, respectively (see Table 5 and 5.1).
Implications for Academic Libraries

Similar to research on Big Deal pricing (Bergstrom, Courant, McAfee, & Williams, 2014), our findings demonstrate pricing discrimination by Elsevier for its unbundled, title by title pricing to libraries. Price discrimination is demonstrated across both metrics used in the analysis, ALP and ACJ. The differences being charged by Elsevier are troubling and show an opaque journal market devoid of FMV concepts. This has allowed Elsevier to construct its final net price from a confusing array of pricing components, leaving similar institutions paying widely varied prices for the same content. With its -14.6% ALP, Iowa State paid only $1,803 for Acta Biomaterialia in 2020 while Institution A, with a 7.2% ALP, paid $2,262 for the same subscription.

The pricing data reviewed in this study shows that the components Elsevier uses to arrive at a final net price unnecessarily add complexity and opaqueness to title level pricing. Absent comparable metrics like ALP and ACJ, Elsevier’s variable pricing components make it very difficult for a library to know whether they are paying anything close to FMV. Using ALP and ACJ, libraries can get at least some idea of how their pricing compares to their peers. However, the ultimate solution is for Elsevier to establish title level pricing

<table>
<thead>
<tr>
<th>Institution</th>
<th>Unbundled Savings</th>
<th>Year Unbundled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida State University</td>
<td>$1,103,000</td>
<td>2019</td>
</tr>
<tr>
<td>Iowa State University</td>
<td>$600,000</td>
<td>2020</td>
</tr>
<tr>
<td>University of North Carolina at Chapel Hill</td>
<td>$1,104,000</td>
<td>2020</td>
</tr>
<tr>
<td>Institution A</td>
<td>$369,000</td>
<td>2019</td>
</tr>
<tr>
<td>West Virginia University</td>
<td>$800,000</td>
<td>2018</td>
</tr>
</tbody>
</table>

Table 5. Unbundled Savings

<table>
<thead>
<tr>
<th>Unbundled Savings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>$795,200</td>
</tr>
<tr>
<td>Minimum</td>
<td>$369,000</td>
</tr>
<tr>
<td>Maximum</td>
<td>$1,104,000</td>
</tr>
</tbody>
</table>

Table 5.1 Unbundled Savings Descriptive Statistics
that is simple and transparent. This would allow easy pricing comparisons between institutions, and we highly recommend Elsevier move in this direction.

The wide ranges of ALP and ACJ encountered across our small sample suggest libraries have an opportunity (if not obligation) at the negotiating table to achieve more favorable pricing. The 21.8% ALP difference between the sampled institutions getting the best and least favorable pricing is significant. This range can be considered the playing field across which negotiations will establish title level pricing. Libraries can achieve significant savings by negotiating an ALP towards the favorable end of this range. The ALP range found in this study also shows how much work Elsevier has to do if they are going to undo, rather than perpetuate, their pricing spaghetti.