

Editorial

Is scholarly publishing becoming a monopoly?

It seems to be but scientific culture must take part of the blame

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In August this year the *Financial Times* reported that Wolters Kluwer ([<http://www.wolters-kluwer.com/>]), the Dutch publisher, was considering a bid for Harcourt General ([<http://www.harcourt.com/>]), the US textbook producer [1]. Wolters Kluwer is the third largest commercial professional publisher in the world with a 1998 revenue of over US\$2,380 million [2]. Harcourt is sixth largest with a 1998 revenue of over US\$525 million (see tables 1, 2 and 3). Combined, they would make a formidable force within professional publishing but, according to the *Financial Times*, "US antitrust authorities would be unlikely to allow Harcourt's sizeable medical division to be combined with Wolters'." It would have to be sold off.

In recent years merger mania has dominated the professional publishing landscape - a landscape made up of medical, legal, business, and science/technology sectors.

Between January 1998 and June 1999, the number of leading publishers in science/technology fell from 13 to 10 as Wolters Kluwer swallowed up Ovid Technologies and Plenum publishing, and the Thomson Corporation left the medical field entirely (see table 4). At the same time, the medical publishing industry was reduced from eight to five leading publishers (see table 5).

However, all this activity would have paled to insignificance had a proposed merger between Reed Elsevier ([<http://www.elsevier.nl/>]), who publish *The Lancet*, and Wolters Kluwer taken place in 1998. This would have created the largest player in the professional publishing industry, leap-frogging the Thomson Corporation (which has little activity in the science/technology or medical markets). The merger failed after facing regulatory scrutiny [4] but the companies continued to make acquisitions of smaller companies, Reed Elsevier making up to 70 in 18 months. (see table 6)

Leading Commercial Publishers(2) Ranked by worldwide professional publishing revenues (US\$ in millions) [Return to where cited]

Company	1998	1997	% change
1. Thomson Corp.	4,448.0	3,954.0	12.5
2. Reed Elsevier	3,144.4	2,924.9	7.5
Science	1,021.5	937.8	8.9
3. Wolters Kluwer	2,385.1	2,049.3	16.4
Medical/Scientific	518.0	353.9	46.4
4. McGraw Hill	1,582.5	1,431.1	10.6
5. Bertelsmann AG	666.0	552.0	20.7
6. Harcourt	527.5	451.0	17.0
7. John Wiley & Sons	389.3	351.9	10.6
8. IHS Group	415.0	324.0	28.1
9. Burea of National Affairs	268.8	244.1	10.1
10. Taylor & Francis	64.7	48.4	33.7
Total, 10 companies	13,891.3	12,330.7	12.7

Leading science/technology publishers in the USA(2) Ranked by estimates of worldwide professional publishing revenues (US\$ in millions) [Return to where cited]

Company	1998	1997	% change
Elsevier Science	995.0	953.8	4.3
American Chemical Society	211.5	217.3	-2.7
John Wiley & Sons	204.0	196.2	4.0
Wolters Kluwer	198.0	190.5	3.9
Academic Press	192.0	185.0	3.8
McGraw-Hill	181.5	175.0	3.7
Springer-Verlag	170.0	160.0	6.3
IEEE	76.9	76.0	1.2
American Institute of Physics	65.3	63.0	3.7
Taylor & Francis	61.0	45.7	33.5
Total, 10 companies	2,355.2	2,262.5	4.1

Leading medical publishers in the USA(2) Ranked by estimates of worldwide professional publishing revenues (US\$ in millions) [Return to where cited]

Company	1998	1997	% change
Harcourt I	425.0	312.0	36.2
Wolters Kluwer	415.0	402.0	3.2
Ingenix Publishing	62.2	51.5	20.8
Appleton & ange	40.0	37.0	8.1
McGraw-Hill2	25.0	22.0	13.6
John Wiley & Sons	20.0	18.0	11.1
Total, 6 companies	987.2	842.5	17.2

1 1997 revenues do not include Mosby, which was acquired in May 1998 2McGraw-Hill became the third leading publisher in May 1999 after acquiring Appleton & Lange

Consolidation of science/technology publishing's leading players(2) [Return to where cited]

1st January 1998	June 30th 1999	
Reed Elsevier (Elsevier Science)	Reed Elsevier (Elsevier Science)	
American Chemical Society	American Chemical Society	
Thomson Corp.	----->	(leaves the field)
John Wiley & Sons	John Wiley & Sons	
Ovid Technologies		
Wolters Kluwer	Wolters Kluwer	
Plenum Publishing		
Academic Press	Academic Press	
McGraw-Hill	McGraw-Hill	
Springer-Verlag	Springer-Verlag	
IEEE	IEEE	
American Institute of Physics	American Institute of Physics	
Taylor & Francis	Taylor & Francis	
Leading publishers: 13	Leading publishers: 10	

Consolidation of medical publishing's leading players(2) [Return to where cited]

1st January 1998	June 30th 1999	
Times Mirror	----->	(no longer counted)
Mosby-Year Book		
Harcourt	Harcourt	
WB Saunders	WB Saunders	
Churchill Livingstone	Churchill Livingstone	
	Mosby-Year Book	
Wolters Kluwer	Wolters Kluwer	
Lippincott-Raven	Lippincott-Raven	
	RR Bowker	
Simon & Schuster	----->	(no longer counted)
Appleton & ange		
McGraw-Hill	McGraw-Hill	
	Appleton & ange	
Ingenix Publishing	Ingenix Publishing	
	Medicode	
	St Anthony Publishing	
Waverly Inc.	----->	(no longer counted)
John Wiley & Sons	John Wiley & Sons	
	Chronimed	
Leading Publishers: 8	Leading Publishers: 5	

Publishers and the approximate number of journals they publish. Ranked by 1998 revenues.(2)

Publisher	Total # journals in mid 1999
Reed Elsevier	1200
Wolters Kluwer	1100
Harcourt	500
American Chemical Society	26
John Wiley & Sons	460
Springer-Verlag	418
American Medical Association	11
American Institute of Physics	16
IEEE	105
Taylor & Francis	450

Why traditional merger analysis was getting it wrong

Mergers consolidate a company's position which, the companies argue, benefits consumers because larger, more profitable companies can be more safely relied upon for long term relationships [3]. They also argue that profits reflect a better understanding of the market they serve [3] however this latter point can only hold true if the markets they operate in are truly competitive.

In the USA, merger minding and analysis is done by the Antitrust Division of the Department of Justice ([http://www.usdoj.gov/atr/]). At the time of the proposed El-

sevier/Wolters merger, a member of the Antitrust Division was Mark J McCabe, now an Assistant Professor of Economics at the Georgia Institute of Technology ([http://www.gatech.edu/]). In his work, Professor McCabe explains how merger analysis looks at whether a merger will harm the consumer. If a market contains only two sellers, a merger between them is harmful because the resulting company can fix prices and restrict supply unopposed. According to Professor McCabe, in professional publishing the traditional approach to quantifying harm was to look at the content of the publications owned by the merging companies [4]. But in his work he realised that few biomedical books and journals cover exactly the same subject; atherosclerosis and stroke may overlap extensively but they are different subjects. Content alone left merger minders, such as the Antitrust Division, unconcerned by the reduction of big players in the professional publishing industry [4].

At the time of the proposed Elsevier/Wolters merger in 1998 the Antitrust Division began assessing the deal through traditional merger analysis. However, as Professor McCabe writes, "the staff had no experience with publishing markets," so they sought the opinions of those regularly exposed to the effects of journal prices - librarians [4]. This consultation process seems to have been a key influence in the decision to halt the merger [4]. The Association of Research Libraries ([http://www.arl.org]) estimates that its members in North America now spend 170% more on journals than they did in 1986. However, even though the total number of jour-

nals has increased, they are buying 6% fewer titles than they did in 1986 [5]. As Vicky Reich of HighWire Press (<http://highwire.stanford.edu/>) said at a recent conference, "From a librarian's point of view there's decreased diversity and that's happened through recent mergers and acquisitions. This is a bad thing" [6].

For the publishers, less is more

But why does the scientific world find itself at the mercy of commercial publishers? The answer lies in the type of product. Scientific information is a 'need to know' product.

All produce can be described as elastic or inelastic. An elastic product is one where an increase in price will lead to a marked decrease in demand. 'Need to know' publications are a rather inelastic product. According to Professor McCabe, a 1% increase in price in 1999 resulted in only a 0.3% drop in subscriptions [4]. Having said that, even this 0.3% drop shows that consumers are not willing to tolerate drastic price increases. To combat this, publishers seem to have adopted a two tier pricing system.

Biomedical information can be divided into broad based and niche based titles. Broad based titles are for the generalist reader and are used a lot. Their prices are usually low, giving them a low cost/use ratio. Because they are considered value for money, most libraries buy them. Niche based titles are, by comparison, only used a little. This gives them a high cost/use ratio and so they are found in either well funded or specialty libraries.

Professor McCabe studied how libraries decide which journals to buy. Most libraries have to satisfy a variety of readers and so try to buy a portfolio of journals. To achieve this they omit the more expensive, niche based titles. However, specialty libraries have no choice but to buy the titles relevant to their field - a library at a stroke research centre would be incomplete without a leading journal on atherosclerosis. Hence, Professor McCabe suggests that commercial publishers have a core of consumers with no choice but to pay the marked price. He goes on to say that even though niche based titles could be sold to more libraries if their prices were lower, keeping the price high enables commercial publishers to maximise profits [4]. In effect, selling less for more makes more profit than selling more for less. If this is true, publishers are effectively restricting the dissemination of scientific information for commercial gain. How can they be getting away with it?

Prestige justifies the pricing - but science must pay

Within biomedical science it is generally accepted that the quality of research is reflected in the prestige of the journal it is published in. That prestige is based on an impact factor - a value calculated on the basis of the number of times the journal is cited. The drive for quality through prestige is at the heart of the scientific community, and commercial publishers take full advantage. As Brendan J Wyly from Cornell University (<http://www.cornell.edu/>), USA, points out, "the major impediment to competition [in professional publishing] is that all of the incentives for authors lead them to publish in well known channels ... without regard to the cost of those channels to the readers" [3]. New "channels" would mean new journals but these do not carry the prestige or clout of the established ones. If commercial publishers own the desirable channels, prestige chasing behaviour enables, perpetuates, and consolidates anti competitive behaviour.

Industry analysts estimate that the science/technology and medical publishing sectors worldwide will grow by around 20% between 1999 and 2002. This will take science/technology publishing revenues to US\$4.76 billion and medical publishing revenues to US\$2.69 billion [2]. A large part of this increase will come from science's limited budget. With more money being directed towards buying books and journals, less will be available to fund research.

Publishers behaving badly

Many believe that major publishing companies, such as Reed Elsevier and Wolters Kluwer, now exemplify the antithesis of good scientific behaviour. In a moment of self awareness last month, Reed Elsevier advertised "The New Elsevier," a company initiative claiming to take into account the "concerns of both scientific researchers and librarians" [7]. It promises "an end to double-digit" price increases, saying that this year the increase will be only 7.5% and next year only 6.5%. It is hard to see what comfort that will be for neurologists reading *Brain Research*, currently priced at US\$16,344 a year - especially as the current rate of inflation in the USA is less than 3% [8].

As the number of big players in the professional publishing industry decreases so too does competition. But the professional publishing industry has evolved around the consumers' demand for prestige. To that end, commercial publishers have served science well. In demanding prestige, however, scientists have inadvertently lost control of 'need to know' information. The weakened consumer voice has enabled commercial publishers to take advantage - and take it, they have.

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