

Supplement to Report on Pricing and Access to  
*Econometrica*:  
Subscription Data from 2004

October 27, 2004

## Subscriptions and Prices in 2004

Subscription data for 2004 has recently become available to us. Here we report on broad effects across countries. Later we intend to study subscription changes by type of institution within countries.

In 2004, the Econometric Society made significant changes in its pricing and product offerings. The institutional price, which was \$174 in 2002 and \$334 in 2003, was increased to \$500 in 2004. In 2004, for the first time, institutional subscriptions included site licenses for the online edition. Institutions were able to purchase a site license for online access without the print edition for \$475. For \$550, an institution could purchase a “premium” subscription that includes a print subscription to the current edition, plus online access to back issues from 1999. Individual subscription prices and student prices remained unchanged.

Table 1: Subscription Changes by 2004 Classification

<b>Econometrica Subscription Changes from 2003-2004</b>		<b>Institutions</b>	<b>Individuals</b>	<b>Students</b>
<b>2003</b>	<b>High Income</b>	1721	3118	757
	<b>Low Income</b>	366	226	74
	<b>Total</b>	2087	3346	831
<b>2004</b>	<b>High Income</b>	1603	3369	963
	<b>Low Income</b>	367	240	68
	<b>Total</b>	1970	3611	1031
<b>Change 03-04</b>	<b>High Income</b>	-118	251	206
	<b>Low Income</b>	1	14	-6
	<b>Total</b>	-117	265	200
<b>% change</b>	<b>High Income</b>	-7.4%	7.5%	21.4%
	<b>Low Income</b>	0.3%	5.8%	-8.8%

Table 1 reports changes in subscriptions by major category of subscribers between 2003 and 2004. We see increases in the number of individual subscriptions and in the number of student subscriptions, categories for which the price did not change. Institutional subscription prices in high income countries increased by 50%, and for these countries, subscriptions decreased

by 7.4%. In all other categories, price remained constant and subscriptions increased.

In 2004, the Society changed its definition of high income countries from OECD membership to a measure of per capita income published by the World Bank. This led several countries to be reclassified from low income to high income and a few from high income to low. Subscribers in these countries faced significant price changes because of reclassification. Thus it is appropriate to look separately at subscriptions in countries that were reclassified. Table 2 separates the countries that have been reclassified from those that have not and reports the relevant price change for each group. The group that faced the most dramatic change were the countries reclassified from the low income group to the high income group. In these countries, institutional subscription prices rose from \$35 to \$50, and subscriptions fell by about 33%.

Table 2: Accounting for Reclassification

	2003 price	2004 price	% change price	2003 subs	2004 subs	% change quantity	revenue change
<b>Institutional subs</b>							
low income both periods	\$35	\$35	0%	315	329	4%	\$490
switched from high to low	\$334	\$35	-90%	51	50	-2%	-\$15,284
switched from low to high	\$35	\$500	1329%	36	24	-33%	\$10,740
high income both periods	\$334	\$500	50%	1685	1579	-6%	\$226,710
<b>Individual subs</b>							
low income both periods	\$30	\$30	0%	183	238	30%	\$1,650
switched from high to low	\$59	\$30	-49%	43	42	-2%	-\$1,277
switched from low to high	\$30	\$59	97%	94	104	11%	\$3,316
high income both periods	\$59	\$59	0%	3024	3265	8%	\$14,219
Students	\$17	\$17	0.0%	831	1031	24%	\$3,400
<b>Total</b>				6262	6662	6%	\$243,964

While the response of quantities to price changes is generally in the expected direction, it does appear that short run price elasticities are very small. (Of course it is likely that price elasticities are much larger for small libraries and highly inelastic for large research universities.) Total revenue increased from each group of subscribers that had constant or increased prices and decreased from the group that faced a reduced price.<sup>1</sup>

<sup>1</sup>The revenue calculation in Table 2 assumes that all subscriptions were the standard print plus electronic package. A more detailed calculation would account for the fact that

Table 2 indicates that quantity is more responsive to price increases than to price decreases. It is plausible that a subscriber is more likely to notice an increase in the price of something he regularly purchases than a non-subscriber is to notice a price decrease of something that he is not purchasing. This suggests that price cuts for certain categories of potential buyers should be accompanied by a publicity campaign to make them aware of the change.

Table 3: High Income Countries With Most Institutional Subscriptions

	subs	subs	subs	% change
	1997	2003	2004	2003-04
<b>USA</b>	664	552	514	-6.9%
<b>Japan</b>	359	357	331	-7.3%
<b>France</b>	125	101	92	-8.9%
<b>Germany</b>	123	97	92	-5.2%
<b>Italy</b>	117	95	94	-1.1%
<b>United Kingdom</b>	157	85	82	-3.5%
<b>Spain</b>	61	70	63	-10.0%
<b>South Korea</b>	108	64	57	-10.9%
<b>Canada</b>	62	54	49	-9.3%
<b>Australia</b>	43	27	26	-3.7%
<b>Sweden</b>	29	25	24	-4.0%
<b>Netherlands</b>	41	22	20	-9.1%
<b>Switzerland</b>	26	21	22	4.8%
<b>Finland</b>	28	19	18	-5.3%
<b>Portugal</b>	11	16	14	-12.5%
<b>Belgium</b>	18	14	15	7.1%
<b>Israel</b>	9	14	8	-42.9%
<b>Denmark</b>	19	13	12	-7.7%
<b>Greece</b>	14	12	12	0.0%
<b>Norway</b>	18	12	11	-8.3%
<b>Austria</b>	16	10	12	20.0%
<b>Hong Kong</b>	8	10	7	-30.0%

Tables 3 and 4 show the number of institutional subscriptions by country

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30 institutional subscriptions were online-only and 37 were “premium” subscriptions. The former sold at a discount of \$25 and the latter for a premium of \$50. Also, about 500 individual subscriptions were online-only and sold at a discount of \$14.

for the major subscribing countries in high and low income countries respectively. Among high income countries, the United States and Japan together have about half of all subscribers. Japan has more subscribers than the sum of those in the next three countries, France, Germany and Italy. Israel and Hong Kong, were reclassified as rich countries in 2004 and we see that their subscriptions declined fairly significantly between 2003 and 2004.

Table 4: Low Income Countries with Most Institutional Subscriptions

	<b>subs</b>	<b>subs</b>	<b>subs</b>	<b>% change</b>
	<b>1997</b>	<b>2003</b>	<b>2004</b>	<b>2003-04</b>
<b>India</b>	54	61	62	1.6%
<b>China</b>	4	59	62	5.1%
<b>Taiwan</b>	35	51	53	3.9%
<b>Mexico</b>	22	22	20	-9.1%
<b>Turkey</b>	17	19	18	-5.3%
<b>Brazil</b>	11	13	11	-15.4%
<b>Iran</b>	4	11	9	-18.2%
<b>Poland</b>	18	11	14	27.3%
<b>South Africa</b>	15	10	11	10.0%
<b>Colombia</b>	11	9	8	-11.1%
<b>Thailand</b>	12	8	8	0.0%
<b>Russia</b>	1	7	5	-28.6%
<b>Argentina</b>	8	5	4	-20.0%

We see that India, China, and Taiwan are the leading sources of institutional subscriptions among low income countries. Subscriptions in China have increased dramatically, from 4 in 1997 to 62 in 2004. Taiwan seems to have been misclassified as a low income country. Per capita income tables show that its income to be well above that of many of the countries included in the high income group. It is our understanding that the Society plans to reclassify Taiwan as a high income country in 2006.

Table 5 reports the number of online and premium subscriptions sold in 2004. Fewer than 2% of institutions have chosen the online only option, while a bit more than 10% of individual subscribers have taken this option.

It is quite likely that these numbers will increase substantially as more users become aware of the availability of the online only option.

Table 5: Total, Online Only, and Premium Subscriptions

	<b>Total</b>	<b>Online Only</b>	<b>Premium</b>
<b>Institutional Subs</b>			
<b>High Income</b>	1603	30	37
<b>Low Income</b>	307	0	12
<b>Individual Subs</b>			
<b>High Income</b>	3369	464	
<b>Low Income</b>	239	36	