Renewals and Cancellations Trends Over the Last Five Years

Our telesales team regularly contacts publishers’ lists of lapsed subscribers around the world in their native language to collect extensive feedback in order to increase the likelihood of recapturing subscriptions. Between July 2007 and July 2012, PCG has completed nearly 300 “Renewal Campaigns” for various publishers. During these campaigns, PCG determined if a lapsed journal subscription was renewed, cancelled or pending and probed further to gain some insight into the reasons that led to the librarian’s decision.

The geographic scope of these campaigns includes calls to subscribers in North America, Latin America, Europe, Australia, Africa, and the Middle East. The data derives from calls covering over 45,000 subscriptions. Lapsed subscriptions from academic institutions, not-for-profit and government agencies, corporations, hospitals, and to a much lesser degree individuals are represented in the sample analyzed below. The following findings are provided as an example of our results and there is no suggestion, implied or otherwise, that it will predict the results of any given campaign.

Renewal Trends

The graph below details the renewal, cancellation and pending rates for the subscriptions data collected over the last five years. “n” represents the number of subscriptions included in each cycle.

Overall, between 25% and 35% of the lapsed subscriptions included in this sample were in fact renewed. The renewal rates remained moderately consistent over the 3-year period from 2007-2010. In 2011 renewals showed a relative decrease, but increased once again in 2012.

Similarly, the rate of subscriptions for which a final decision is still pending remained stable from 2007-2010, fluctuating from 13% to 14%, but experienced an increase during 2011 and 2012, reaching 17% and 16% respectively. These subscriptions are often delayed as librarians reported that they either needed further assistance in order to process their renewal or that the final decision had not yet been reached. Many librarians contacted stated that they were not aware that their subscription had lapsed and were grateful for the call bringing this issue to their attention. Additionally, longer processing periods have become increasingly common in recent months as budget restrictions have led to more in-depth collection reviews and administrative delays.

The cancellation rates have continued on a slow but steady upward trend since the 2007-2008 cycle, dipping only slightly during 2011-2012. It is evident that libraries around the world have faced some tremendous budgetary pressure in recent years and have had to re-evaluate their journals collections several times. Additionally, the prominent availability of online content has also helped to create a climate that has required a redistribution of resources in the library’s collection at a substantial number of institutions. As a result, it is valuable to understand the specific factors that affect scholarly journals subscriptions and to identify new emerging trends.

**Cancellation factors**

The evolution of the four most commonly cited factors (format change, budget cuts, low usage and faculty recommendations) over the last five years is examined in more detail in the graph below. However, most recently, the major factors influencing renewal trends have been directly related to shrinking library budgets as the challenging financial climate throughout most of the world has had a significant impact. Librarians are continuing to conduct cost-cutting exercises and are relying increasingly on usage statistics as well as faculty members and researchers feedback to prioritize titles.

Our team consistently hears examples of the pressures libraries face and their increased focus on analyzing ROI for their collection. For example, librarians will consult and compare cost-per-use across a variety of subject areas and/or content providers. Some will also analyze Inter-Library-Loans, Pay-per-View and faculty requests statistics in order to decide which resources will be eventually renewed or added back to their collection.

It is interesting to note that the most common reason provided to explain why a subscription was cancelled prior to 2009-2010 was linked to the electronic availability of the content. This trend had been prominent for several years, as many libraries looked to increase electronic holdings and adopted policies in order to avoid duplication of content between formats from the publisher or a third party database. Since the 2009-2010 cycle, however, it appears that this factor is becoming less influential in renewal campaigns as many subscriptions have indeed been converted in previous years to the preferred format.
Conclusion

This data reflects the choices that librarians had to make in the last five years in light of repeated budget cuts. The cancellation and renewal rates have not varied at a significant rate, although renewals have increased within the last year and cancellations have decreased modestly. It should be noted that while financial concerns are still extremely influential, the proportion of cancellations due solely to budget cuts has decreased from 18% in the 2010-2011 cycle to 15% in the 2011-2012 cycle.

While budget influence is still quite high, the hope is that this will become a downward trend as librarians are able to take other factors into consideration for collection decisions after the substantial economic crisis of the last few years. Beyond budget considerations, the main factors librarians study when deciding which subscriptions to maintain and which to cancel have remained prominently the same: availability of content from multiple channels, usage statistics and faculty recommendations.

By building relationships with librarians around the world, publishers can gain a strong understanding of the complex selection and de-selection process, which in turn will allow them to react quickly and meet their customers’ needs. Renewal Campaigns are an important tool for recapturing lapsed subscriptions and collecting invaluable market research on the purchasing behaviors and preferences of libraries around the world. When the information gathered through a Renewal Campaign is integrated into a broader marketing and promotion campaign, publishers can respond appropriately to the changing market dynamics impacting scholarly publishing.

For more information about these trends and on how PCG can help you run this type of campaign, please contact Chris Mirakian, Account Manager, at cmirakian@pcgplus.com.