Charleston Conference
Prices, Models, and Fairness: A (Partly) Imaginary Phone Conversation

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[Phone rings.]

**Librarian**: Hello?

**Sales Rep**: Hello! Robert from Acme Scholarly Journals here. As you know, for the past year we’ve been working on a new pricing model for our journal package, and now that it’s ready my boss and I would like to come visit your library and explain it to you.

**Librarian**: Things are pretty busy here. Can’t you just explain it to me quickly over the phone, or send me the information by email?

**Rep**: We’d really like to deliver the explanation in person, since the new model is kind of complicated and we want to make sure you and your staff understand it.

**Librarian**: The thing is, the logic and structure of your pricing model is going to be very expensive for us. If I’m there with three of my staff, and the meeting takes an hour, that ties up four staff hours — that’s half a day’s work that won’t get done while we learn about your pricing model. At the end of the meeting we might understand the model, but how does that really help me?

**Rep**: It will help you because you’ll understand why the pricing model is changing and how it works. You’ll understand that your new price isn’t just a number that we picked out of the air.

**Librarian**: I’ll take your word on that. I’m sure you guys invested a lot of time and thought in coming up with your new pricing model. The thing is, the logic and structure of your pricing model don’t ultimately make much difference to me. What matters is the price my library ends up with. If the price is acceptable, then how you guys arrived at the price doesn’t matter. And if it’s not acceptable, then the model still doesn’t matter. Ultimately, all that matters is the price.

**Rep**: But one of the purposes of our new model is to make pricing more equitable. Doesn’t it matter to you whether we’re setting prices fairly across institutions?

**Library**: All other things being equal? Yes, I like fairness a lot. But I strongly suspect that “more equitable pricing across institutions” really just means higher pricing for my institution, and that kind of complicates my feelings about fairness and equity.

**Rep**: The problem is that some very similar institutions are paying radically dissimilar prices. Doesn’t it matter to you whether we’re setting prices fairly across institutions?

**Library**: And I have no problem with that, especially if you plan to normalize it by lowering the prices for some of your customers. But I’m guessing that isn’t your plan, because if it were, you wouldn’t be flying reps all over the country to explain it. No one would ask you to justify a price decrease.

**Rep**: Actually, the price will decrease for some customers — but you’re right, in your case the model results in a higher price. It’s a price that we feel more accurately reflects the true value of our product.

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