

CAP & MIKEY PRESS NEGOTIATION CASE STUDY

VENDOR ROLE

THE SITUATION

It is the last week of 2023 you are Sara, a sales representative for Cap & Mikey Press. You were contacted by Andy, the manager of acquisitions at Public University Library. They want to meet next week to discuss the options on the proposed renewal that you emailed a week ago. You go back to review the proposal, as well as other information you have on the customer's use. In 2023, that library paid \$14,500 and had a total use of 1,273 from the last 12 months, providing a cost per use of \$11.39. Exhibit 1 outlines three renewal options for a 1-year, 2-year, and 3-year deal. Exhibit 2 outlines the 2023 (Sept 2022-Aug 2023) use per journal, and the cost to purchase each title separately for Public University Library. Multi-year deals are paid on an annual basis.

Exhibit 1. Proposed Renewal Prices for Cap & Mikey Press Journal Package

Vendor Proposed Pricing	2024 Price	2024 Est \$/Use	Annual % Increase	2025 Price	2026 Price	Total Contract Price
2024 Proposed Pricing - 1 YR	\$15,950	\$12.53	10%			\$15,950
2024 Proposed Pricing - 2 YR	\$15,515	\$12.19	7%	\$16,605		\$32,120
2024 Proposed Pricing - 3 YR	\$15,225	\$11.96	5%	\$15,990	\$16,785	\$48,000

BACKGROUND

This past year, 2023, is the final year of a 3-year deal where the price increased by 6% per year. When preparing the proposal, you considered that many libraries are moving away from journal packages. Due to this, you were able to lower the price increase to 5%, if Public University Library decides to sign another 3-year deal in the opening offer. It is very important to your organization to try to maintain the larger journal package. This is because breaking the journals into more customized packages would be more difficult to manage, though your sales manager has indicated that they would be willing to do this for a longer-term deal (at least 5 years). EXHIBIT 2 examines use over the last 12 months and the 2024 pricing for journals. Based on this analysis you believe the opening offer is fair, but you anticipate some pushback.

Exhibit 2. Price & Use Analysis for Public University Library

Title	September 2022 – August 2023 Use	2024 Journal Pricing	2024 Price/Use (Sorted by this column)
Journal 1	121	\$167.00	\$1.38
Journal 2	119	\$235.00	\$1.97
Journal 3	65	\$182.00	\$2.80
Journal 4	70	\$211.00	\$3.01
Journal 5	64	\$195.00	\$3.05
Journal 6	31	\$148.00	\$4.77
Journal 7	37	\$209.00	\$5.65
Journal 8	135	\$915.00	\$6.78
Journal 9	46	\$354.00	\$7.70
Journal 10	53	\$420.00	\$7.92
Journal 11	14	\$136.00	\$9.71
Journal 12	25	\$266.00	\$10.64
Journal 13	39	\$437.00	\$11.21
Journal 14	26	\$342.00	\$13.15
Journal 15	47	\$681.00	\$14.49
Journal 16	19	\$280.00	\$14.74
Journal 17	51	\$755.00	\$14.80
Journal 18	12	\$179.00	\$14.92
Journal 19	17	\$288.00	\$16.94
Journal 20	24	\$408.00	\$17.00
Journal 21	18	\$357.00	\$19.83
Journal 22	21	\$424.00	\$20.19
Journal 23	9	\$187.00	\$20.78
Journal 24	20	\$422.00	\$21.10
Journal 25	27	\$588.00	\$21.78
Journal 26	19	\$426.00	\$22.42
Journal 27	8	\$199.00	\$24.88
Journal 28	12	\$302.00	\$25.17
Journal 29	5	\$134.00	\$26.80
Journal 30	20	\$548.00	\$27.40
Journal 31	4	\$136.00	\$34.00
Journal 32	7	\$245.00	\$35.00
Journal 33	13	\$516.00	\$39.69
Journal 34	16	\$810.00	\$50.63
Journal 35	12	\$714.00	\$59.50
Journal 36	4	\$318.00	\$79.50
Journal 37	3	\$275.00	\$91.67

Journal 38	6	\$604.00	\$100.67
Journal 39	10	\$1,035.00	\$103.50
Journal 40	2	\$265.00	\$132.50
Journal 41	5	\$663.00	\$132.60
Journal 42	3	\$458.00	\$152.67
Journal 43	4	\$611.00	\$152.75
Journal 44	1	\$207.00	\$207.00
Journal 45	1	\$211.00	\$211.00
Journal 46	1	\$217.00	\$217.00
Journal 47	1	\$373.00	\$373.00
Journal 48	1	\$421.00	\$421.00
Journal 49	3	\$1,265.00	\$421.67
Journal 50	2	\$1,339.00	\$669.50
Total	1273	\$21,078.00	\$16.56
2023 Actual Package Price		\$14,500.00	\$11.39

JOURNAL PACKAGE ANALYSIS

Based on recent conversations with librarians at conferences, you know that Andy is likely going to request to strike the non-disclosure agreement from the contract. Your manager has indicated that a non-disclosure agreement must be kept in place for any customized packages or deviations from the initial proposal. You do have permission to strike the clause if they decide to sign any of the initial 1-year, 2-year, or 3-year deals you presented.

You also know from your networking at recent conferences, and other negotiations that many institutions are moving away from packages and moving to an a la carte acquisition model. Your management is very concerned about this. They are currently working on a plan to potentially shift entirely to open access in 2026 or 2027. Your manager would prefer a multi-year agreement to lock folks in while they are figuring out the shift in business model. However, you also know that management does not want the customer to cancel and that you can get approval for renewing for a two-year period at 0% increase (\$14,500 a year), especially since you did not provide price concessions during the Covid-19 pandemic that many other publishers offered. (Overall, price increases dipped for electronic resources to 3-4% during the Covid-19 pandemic, Library Journal is predicting prices to increase to 5 to 5.5% in 2024, returning closer to the averages seen (5-6%) prior to the pandemic.¹)

If Andy pushes is for a smaller package, you have received approval to offer journals 1-20 for \$6,500, small discount from their list price total of \$6,808, but you must sign a 5-year agreement, with 5% increase per year.

¹ Bosch, S., Romaine, S., Albee, B., Elliott, C. M. (April 11, 2023), "Going for gold, deep in the red: periodical price survey 2023," Library Journal, Accessed October 25, 2023 at <https://www.libraryjournal.com/story/going-for-gold-deep-in-the-red>

ACTION NEEDED

You sit down with several colleagues to develop a negotiation strategy prior to your conversation with Andy. During this strategy meeting, you will need to:

- Determine priorities
- Identify alternatives
- Determine the BATNA (best alternative to negotiated agreement)
- Predict the Public University Library's counteroffer.
- Define the ZOPA (zone of possible agreement)
- Pinpoint concessions