



## DIGITAL RIGHTS MODEL – MAGAZINES

### Accompanying notes July 2011

- The Digital Rights Model aims to provide a framework which libraries may use to determine under what circumstances it is appropriate to make an additional digital charge.
- It is not intended to tell libraries what to charge as an additional digital fee; the accompanying Member Survey illustrates the wide range of fees currently being charged and it is up to individual libraries to determine their own pricing.
- The underlying principle is whether the magazine will be making significant additional revenue – through sales or advertising – from the digital version.
- An identical PDF version is unlikely to generate additional revenue as it is offering the same product in a different format; consumers will not buy the print and PDF version.
- By contrast, a tablet app offering additional functions and content which the consumer pays for will generate additional revenue – from some who will buy alongside the print version and others who will buy the app but wouldn't have previously bought the print.
- There is, of course, no reason why you can't charge additional fees for all digital use, regardless of whether it is generating new revenue for the publishers; but be prepared for tough negotiation as most publishers genuinely don't yet have the budget to cover this.
- It is very important to keep digital pricing under regular review; we are at a very early stage with digital magazine publishing and we anticipate a period of rapid evolution.
- Revenue from digital publishing is still relatively low meaning publishers are reluctant to increase budgets. But the expectation is revenues will rise as mobile devices become more widely owned and the impact of international and back issue sales (which are much easier digitally) kicks in.
- If digital revenues rise then so should the fees libraries charge for the digital use of their images.
- Libraries might consider building a review clause into their price agreements and try to secure a commitment from publishers to release readership/sales figures as part of the review.
- There are still a large number of magazines with no digital presence. Existing print rates should still be used for these but it is very important to emphasise that these are for print only use. Any additional digital use will require at the very least a change in the terms of the licence and quite possibly an additional fee.
- The majority of the model is based on magazines re-using pictures from the print versions in a digital format: hence the additional digital charge on top of the existing print fee.
- However, we anticipate that digital only use will rise as publishers look to add value to their digital products by offering additional content.
- Digital only rates will be the subject of a future BAPLA report but here are some initial points to consider when magazines contact you:
  - Traditional space rates may not work – images tend to be used small or large, often both with a thumbnail 'navigation' image linking to a larger use of the same image.

- Consider a simpler pricing model based on small/large or resolution of the digital file or a flat rate for all sizes.
- Don't assume because it's digital that it can automatically be viewed worldwide; some digital publications will be published in specific languages which will limit territorial reach and others will only be available to buy in specific territories (such as the Murdoch Daily app).
- Difficult to price on 'unit run' – in effect the publisher only creates one copy – they may sell one or one million but they won't know in advance.
- Options to get round this: a royalty deal based on sales; ask for a predicted unit run based on their sales forecasts (these will become more accurate as sales stabilise); use your judgement based on the nature of the publication – it's unlikely The Lady is going to start outselling the Radio Times just because it has a digital edition.