END-USERS: DREAMS OR DOLLARS

by Stephen E. Arnold
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The phrase end-user has been bandied about the online industry for years. Online services, database producers, software companies, modem manufacturers, and most recently the compact disk prophets have pursued this elusive creature with increasing sophistication, agressiveness, and zeal. How many of them are there?

The August 12, 1986, ***USA Today*** compared the size of the computer industry in 1981 and 1986. One staggering forecast is that the value of personal computers shipped to all market segments in 1986 will approach $14.6 billion, compared with $1.9 billion in 1981. In 1986, 6.6 million PCs will move from manufacturers to business, science, education, and home customers. Business customers bought 362,000 PCs in 198 1. This year the number of units will approach 3.25 million. Even the home market which most online information companies have written off seems strong. In 1981, only 151,000 PCs were purchased for home use. Contrast this with 1986's estimated 2.2 million. One week before the ***USA Today*** article, the ***Wall*** Street ***Journal*** reported that shipments of personal computers for the home-use buyer are likely to rise 28 percent this year, to $2.77 billion.

Last year, ***Personnel Journal*** offered an observation which reminds us to view such heady statistics with caution. In its July 1985 issue, Philip Harris reported that only about three percent of the 25 million managers and white collar professionals in the United States used computer workstations. The August ***PC World*** summarized a nationwide survey conducted by Dataquest, an American consultancy. Suzanne Pumell, an analyst for the firm, said, "PCs are not as ubiquitous as many assume." Ten percent of the companies with 1000 or more employees had no PCs, 37 percent had fewer than 11, and PCs were "nowhere to be found in 19.2 percent" of the companies with IBM mainframes.

Mead Data Central's success offers convincing evidence that users outside the law library can be hooked on online. According to the August 1, ***IDP Report,*** 25 timesharing services have more than 1.6 million customer passwords. These password holders represent a market of companies and individuals who do search or plan to search online.

Judy Wanger, Vice President, Cuadra Associates, believes that end-users can and will make use of online. She says, 'The trend for companies building their own internal databases and the increasing awareness of external databases are feeding one another. Customers of our STAR database are learning to use Boolean logic. But the marketing techniques for reaching end-users are not crystal clear."

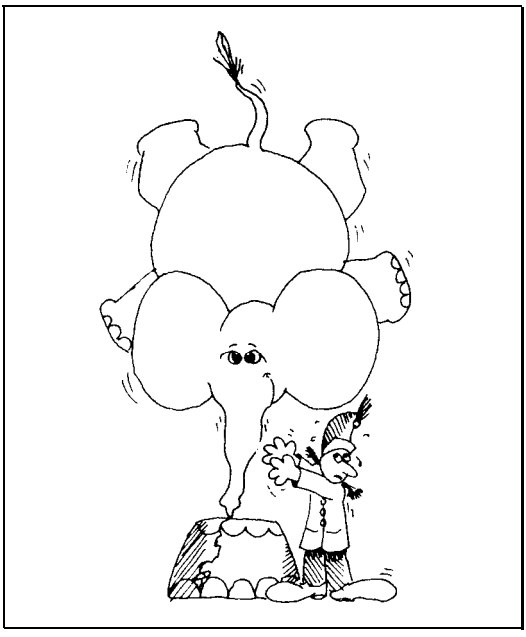
In the pages which follow, I offer a fresh look at attracting new users to online bibliographic information. Online access of textual databases has migrated from the special library and librarians to other parts of organizations and professionals in non-library disciplines. The ideas presented here are my preliminary effort to look at non-librarian online searchers in an objective way.

WHAT IS AN "END-USER?"

At ONLINE '8 1, sponsored by Online, Inc., Steve Goldspiel, Vice President of Marketing, Disclosure, said, "There are end-users out there all right. They just don't know who they are."

For bibliographic database producers and online services, an end-user market means online searchers who are not special librarians. Special librarians comprise a market consisting of skilled searchers with a degree in library science or extensive online training. The $300 million online bibliographic industry derives the bulk of its revenue from about 3000 firms with large organizations contributing the bulk of the revenue.

Although the potential market is huge, the online bibliographic industry is like an elephant balancing on its trunk. The massive effort to get end-users online is the elephant's body, and the special librarian, the trunk that supports the industry. The animal trainer hopes the trunk holds out, or the creature will come crashing down.



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The special library market is sharply defined and well-known. The search for the other market of end-users has become for database producers and online services a modern day Manifest Destiny. The dream of large numbers of end-users frequently accessing bibliographic information offers hope to the database producer, seduces the venture capitalist, and promises profits to the timesharing companies. It is the information industry's American Dream: There's gold in the next valley where the end-user lives.

End-users play a role in the computer industry, which has gathered some facts about them. For example, the August 1986 ***Information Center*** ran an advertisement which said, "End-users want today's skills yesterday," and, "...your end-users [can] learn just about anything, except patience."

The June 1986 ***MIS Information Quarterly*** reported the results of a survey by Tor Guimaraes and Vasudevan Ramanujam of data processing managers' ten most urgent concerns:

1. Lack of user education regarding company-wide and long term planning for personal computing.
2. User requests for assistance overwhelming the MIS department.
3. Lack of user knowledge or concern about microcomputer data-integrity control measures such as backup.
4. Lack of integration in microlmainframe data exchange and control.
5. Poor maintainability of user developed systems.
6. Mismatching of user problems and computing alternatives for systems development.
7. Lack of centralized management over corporate data resources to support user personal computing.
8. Lack of integration in MIS management of personal computing and mainframe user computing.
9. Lack of user concern about personal computing equipment security.
10. Lack of user-friendly mainframe software packages to compete successfully with micros.

To my knowledge there is no comparable study for the end-user of online bibliographic information, so I have recast these findings for the online bibliographic industry:

1a. Lack of searcher education regarding company-wide and long term planning for internal and external online information.
2a. Searcher requests for assistance overwhelming the special library.
3a. Lack of searcher knowledge or concern about copyright.
4a. Lack of integration in microlmainframe data exchange and control.
5a. Poor maintainability of searcher developed retrieval systems.
6a. Mismatching of searcher problems and computing alternatives for systems.
7a. Lack of centralized management over corporate information resources to support online searchers.
8a. Lack of integration in personal and mainframe searching.
9a. Lack of searcher concern about personal searching equipment security.
10a. Lack of user-friendlv software for searching on the mainframe or personal computer.

What struck me when I completed this exercise was that these are the same issues which come up when bibliographic database producers and online services discuss their end-user experiences. This list of ten items omits two special bibliographic challenges: (1) the cost of online, and (2) the frequency of bibliographic file use.

In one of our conversations about getting end-users to come to our joint training seminars, Steve Goldspiel recently said to me, "End-users are people who ask questions. They take action on the information someone gets for them. Online is for the people who get the information and present it to an end-user. These *getters' are really ***end-user patrons."***

"There are two problems associated with these new users," he continued. "First, they hate the library because it is too much work to explain what they need. And, second, these end-user patrons are hard to locate. Our problem is that we don't know who they are."

An observation by Donald Baker, managing director of ICC Information Group Ltd., is worth noting: "In the world of discretionary databases, that is, ones people don't absolutely have to have, the end-user is a bit of a myth. A more proper term is ***distributor,*** and this person is rarely an executive."

I agree with these observations, but I would for the purposes of this essay like to translate ***end-userpatron*** and Donald Baker's ***distributor*** into the term new ***intermediary.*** I reserve the phrase ***end-user*** for the person who asks the questions, and I use the term ***special librarian*** to refer to the librarians who now search online. The market the online bibliographic industry seeks is one which, if it exists, will consist of ***new intermediaries.*** These people will perform many of the same functions as special librarians, but they will have non-library backgrounds and such titles as "market researcher," "analyst," "corporate planner," "consultant," "administrative assistant," etc.

WHY DOES SOMEONE BECOME A NEW INTERMEDIARY?

There are five reasons why someone will become a new intermediary.

- First, someone is told he has to learn how to search online. His superior allows no choice.
- Second, online searching puts money in the new intermediary's pocket. Thus, a small consultant will use online information to prepare proposals faster or create reports to sell to his clients.
- Third, the individual likes to work with a computer. I have a friend who takes great pride in his rapid advancement from an Apple II to an IBM AT. On his AT, he personally maintains information about his company's inventory of fasteners. Though this man owns the company, he does this work himself because he loves personal computing.
- Fourth, peers pressure one another to master word processing, spreadsheets, and online information retrieval. At large consulting firms it is not uncommon to hear MBAs say, "Everyone in my class at Harvard did it, so I did it too." Peer or career pressure forces people into learning bibliographic retrieval when they would rather be merging and acquiring, or whatever MBAs do for fun.
- Fifth, someone has a problem and an online computer application solves it. A new intermediary is created when a "compelling need"—a phrase used by Loene Trubkin, the former president of Data Courier-is satisfied. For example, a medium-sized trucking company cannot calculate freight rates manually because of growth, and online information offers a way to do this work more rapidly without adding additional staff.

WHY PEOPLE DON'T BECOME NEW INTERMEDIARIES

A chilling rumor circulates every year at Comdex. For every 100 personal computers sold, 75 sit unused. ***Computer Decisions,*** September 10, 1985, reported that high-ranking executives are the employees most likely to resist the computer. Part of the fix, according to Robert Becker of Rabeck Inc., is that systems must duplicate the way managers work, not force the managers to adapt to the computer. Computers do not yet work like executives. I have gathered six other reasons and added a marketing corollary to each.

- First, the person does not have a strong need. Just because a marketer requires a new crop of prospects each month doesn't mean that person needs online to get them. Online marketing rule # 1: Any need, no matter how powerful, is always met the easiest way without taking into account time and money.
- Second, the prospective new intermediary has a habit which he does not want to break. Online marketing rule #2: Once an information gathering habit is established, it's tough to change without dropping a ton of money on the head of the prospect. Even then, the old habit may persist.
- Third, without understanding online and without the ability to differentiate among databases, the online customer will never: (a) spend the time to learn how to be an effective searcher, and

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(b) be able to grasp the nuances of digitized information. The reasoning goes 'This work can be done by my secretary. Let him learn;" or "This stuff is never exactly what I want." Online marketing rule #3: Online searching is always pushed downward in the organization.

- Fourth, online information does not fit a prospect company's financial practices. When I worked for a nuclear and environmental consulting firm, I marveled at the sophisticated computer monitoring equipment we installed at client locations, yet there wasn't a single computer in our building. The president of the company explained it to me this way, "We only buy capital equipment when the client pays. I don't want those asset expenditures on my balance sheet." Online marketing rule #4: If a company has neither equipment nor a willingness to pay for information, there is no prospect, no sale.
- Fifth, the person who will search may not have the aptitude for the task. Online marketing rule #5: You can talk to a Cocker Spaniel all day, but it won't learn Boolean logic.
- Finally, the prospect objects to that which he finds easiest to complain about. When asked in the course of a market research product about online bibliographic databases, the interviewee responds, "It's too hard to use. Make it easier to use, and I'll buy it." When the researcher or salesman says that online is easy to use, the new intermediary replies, "It's too expensive. Make it cheaper, and then I'll use it." What this individual really means is "I haven't any reason to use this stuff. Go away." People like this spark new product concepts in the online industry; for example, user-friendly front ends and deep discounts. Online marketing rule #6: Uninformed prospects cannot explain their problems, others lie.

MAPPING USERS -SPECIAL LIBRARIANS, NEW INTERMEDIARIES, AND OTHERS

In the last five years I have spent considerable time trying to make sense out of the crazy quilt of online services, types of users, and markets.

What are the principal markets, what do they buy, and what type of searcher is in each? For the online bibliographic industry I have identified three genera1 markets-Libraries, Professions, and Business. Each of these has several segments:

The Library Market

- Public libraries (little online searching)
- Special/corporate libraries (special librarians)
- Academic libraries (some online searching)

The Professional Market

- Doctors (good PC penetration, little online)
- Lawyers (pockets of online searching)
- Consultants (online in major firms)
- Finance/Accountants (online to internal data only)

The Business/Technology Market

- Corporate planners (starting to accept online)
- Sales/Marketing (little online searching)
- Research/Technical (pockets of online searching)

What databases enjoy substantial market success? Each year Martha Williams drops hints at online shows about what companies in the online industry are leading the revenue race. Industry gossip and trade show chatter suggests what files are used and by whom. Figure 1, Business information market, illustrates a competitive profile.

Based upon my experience in the online industry, I have indicated the penetration of specific databases into particular markets. A quick glance reveals that more than 90 boxes have a 0, which indicates little online usage for particular files. The pattern of file usage shows the origin of my assertion that a few dedicated users in specific segments support the online bibliographic industry.

What characteristics do online users share? To help answer this difficult question, I cross tabulated frequency of searching with the searcher's general role in an organization. At one end of the spectrum is the person who asks questions, the decision maker. At the other end is the individual who gets answers, an order taker.

Figure 2, Online customer profile depicts relationships between different market segments. I have mapped several markets, including truck rate estimators, automobile parts dealers, chemists, special and public librarians, accountants, data processing professionals, attorneys, marketers, and execu-

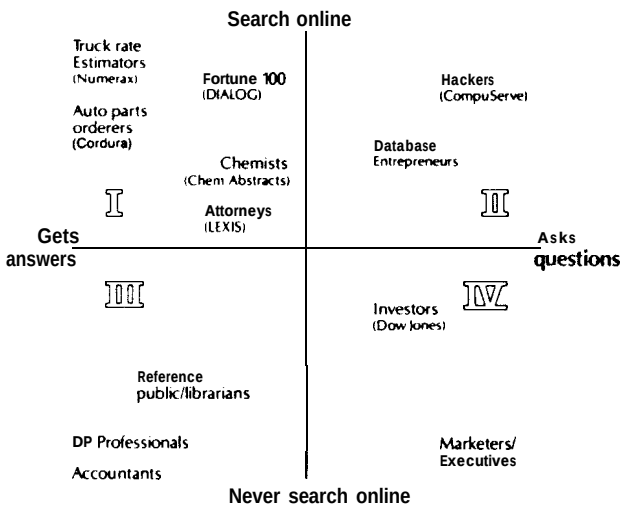
FIGURE 1: Business information market (Hypothetical)

Five types of information products	libraries			Professional				Business/ Technology		
	Pub	Spec	Acad	* Dr	• Law	* Consult	* Fin	* Plan	* Sales	• Research/ Tech
Index databases/ pointer files										
• Magazine Index (IAC)	Y	O	S	O	O	O	O	O	O	O
• WilsonLine (Wilson)	B	O	B	O	O	O	O	O	O	O
• OCLC	Y	S	Y	O	O	O	O	O	O	O
Abstract databases/ informative abstracts										
. ABI/INFORM (Data Courier)	O	Y	S	O	B	Y	Y	B	O	Y
• Promt (Predicasts)	S	Y	S	O	O	Y	Y	B	O	Y
• Claims (Plenum)	O	S	O	O	Y	Y	O	O	O	Y
Text & numbers										
• Disclosure (Disclosure)	O	Y	O	O	Y	Y	Y	B	O	O
• Investext (Business Research)	O	Y	O	O	Y	Y	Y	O	O	O
Statistics										
. DMI (D&B)	O	O	O	O	O	S	Y	Y	O	O
• I.P. Sharp	O	O	O	O	O	S	Y	Y	O	S
• Stock quotes (DJN/R)	O	S	O	S	O	O	S	S	O	O
Full text										
• Business Dataline (Data Courier)	O	Y	S	O	B	Y	Y	B	O	Y
• LEXIS (Mead)	O	S	O	O	Y	Y	Y	S	O	O
• Wall street Journal	O	Y	O	O	B	S	S	O	O	O
• MEDIS	O	O	O	O	O	O	O	O	O	S

0 — Never Y — Yes S — Sometimes B — Beginning • End users • New

A few dedicated users in specific segments support the online bibliographic industry.

FIGURE 2: Online customers profile



Online revenue flows from Quadrant I segments where online is job related. ►

tives. What Figure 2 shows is that online revenue flows from Quadrant I segments where online is job related.

Quadrants II, III, and IV promise opportunities and problems. For example, public librarians do not use significant amounts of online information, but there are several hundred thousand of them who could. Accountants and data processing professionals do not use online to obtain external information either. Although accountants do use computer services for internal analyses, they are not now searchers of external bibliographic data. Which of the seven barriers is most important for each group? How can one economically make them online consumers of bibliographic information?

Based on my experience, I have ranked each of these four quadrants in terms of the amount of online revenue they yield:

Quad	Market Size	Barriers	Revenue
I	Very small	Applications	High
II	Smallest	None exist	Little
III	Largest	No need, money	None
IV	Small	Time, interest	Small

The implications of these two figures are:

- Each market has different online information needs which must be researched and analyzed before a product is offered. Failure to understand the factors influencing use can lead to product failure.
- Online users have some distinct characteristics; therefore, likely market segments must have them too. Segments without these characteristics are more difficult, if not impossible, to sell.
- Specific applications seem more attractive than broad sweeping information services.
- It is more difficult to sell large numbers of new intermediaries because they have diverse needs and are harder to support.

MAKING NEW INTERMEDIARIES INTO HEAVY CONSUMERS

Building usage is a problem which can be approached from a variety of viewpoints. The most common line-of-attack is to rely upon marketing to increase usage, but marketing online requires money and time to pull a numberof different strings. The revenue return, if any, is not easily traced to a specific promotion the way a department store can measure its January White Sale. What sells online bibliographic information?

One way to answer this question is for the organization to pick a market segment populated with prospects who need online information to do their job. The segment cannot be so large that appropriate support is impossible. Too many poorly qualified prospects create hidden marketing costs; for example, printing and mailing newsletters, billing andcollections, or exhibiting at trade shows which do not reach potential users.

An alternative market approach is to offer a private file. Prospects are individuals who have a need for the information, and users are restricted to specific individual groups who may have to pay an upfront fee to obtain access to the information.

Somewhere between these two approaches is a public file offered to a restricted user base. Two examples are Interactive Market Systems, the advertising expenditure data service and Mead Data Central's LEXIS. Prices are usually higher than those of other systems in order to discourage password proliferation. Direct selling cultivates big spending accounts.

Based upon estimated revenues and the number of passwords each has issued, we can speculate about some online services' per password revenue. First, consider a databank with online revenues of about $2 million and 185,000 passwords. If 20 percent of these passwords return 80 percent of the firm's revenue, 37,000 passwords annually yield about $40 per password. The other 80 percent of the users contribute about $2 per year in revenue yet must be supported. Billing and routine communications will erode the financial resources of the databank.

Contrast that with a databank who has revenues of about $12 1 million and approximately 9,500 passwords. Twenty percent of this company's customers yields revenue of about $97 million, or an average annual return per password of $5 1,200. The smaller customers which comprise 80 percent of the passwords contribute approximately $3000 each per year.

These examples suggest that online services should seek fewer, larger customers. Selling a big account may be harder but simplifies customer support and increases revenue.

Figure 3: Market segment profile offers a simplified way to visualize the implications of these two examples. The x axis represents a prospect's online needs from the simplest to the most complex. They axis presents the online experience range, from noexperience with online to online mastery. Each of the four quadrants has been labeled. The boxes represent the relative number of each group of prospects in that market.

The A quadrant (the general segment) shows that the general market is larger than any other universe. To reach a mass market requires con-

sumer selling- benefits, sizzle, brand identity, etc. Each time a password is sold in the general market, education about online is required. Such educational support is expensive and, at best, equips the customer to decide if online is something he needs. For some consumer-oriented online companies, the general market is anyone with a computer. Since marketing cost will be high and non-usage predominate, online usage alone cannot repay this investment.

The B quadrant (the high expectation segment) represents an easier sale but a more difficult support problem because of the prospect's high expectations for online bibliographic information. This individual wants results yesterday. The challenge is to capitalize on this interest in a cost-effective way without killing it. Marketers who oversell online to motivated yet unsophisticated people run the risk of losing customers if the support is not on target. Different companies do this in strategically different ways. Services with a consumer orientation stress an easy-to-use system and low prices. Mead Data Central relies on sales representatives who teach and sell in their clients'offices. This approach requires a small customer base able to return substantial revenues.

Quadrant C (the corporate or organizational segment) is a desirable target because it has a population with some computer capability, money, and needs online information. Marketing focuses upon applications because the prospects may use a computer for one dedicated function, for example, word processing or spreadsheet analysis. The sales program should be need-oriented and pivot on education about online, database differentiation, features, applications, and benefits. Organizations employing the prospects are not hard to find, but the individual prospect is. Decisions about how much to spend are often made on supplier price, reputation, and service. This group requires broad-based support. Winners in this segment will be companies which take advantage of the market's tendency to use one or two databases for particular applications.

Online services and database producers sell most effectively to Quadrant D (the expert segment). People in this segment know online so well they seem as if they work for the database producers and timesharing companies. They are information sensitive, interested in complex applications, and respond to technical information. Unfortunately, this is a static, select group of professionals which many companies pursue hotly.

Figures 4, 5, and 6 illustrate the marketing strategies of three hypothetical timesharing services.

Figure 4: A Consumer strategy presents an unsuccessful marketing approach for selling. The sales effort is skewed toward a market drawn from all four quadrants. This strategy promises a large user base but attracts people who will (a) never use the service or(b) use it infrequently for very short periods of time. When an online company sells passwords, it is in the credit collection, not the online business. Eventually hundreds of thousands of inactive accounts must be maintained, billed, added, and deleted. The technical group, which usually provides customer support in the form of telephone help and documentation, is overwhelmed. The market's needs are all over the map, making support impossible.

Figure 5: A Corporate niche strategy illustrates a marketing winner. The sales objective is to build big accounts. Direct sales is the foundation of customer support for its largest clients. If some high expectation customers or some expert searchers contribute revenue, that's okay, but they receive minimal support from the direct sales force. A handful of companies employ this strategy because most online services and database producers do not have information tailored to this type of market.

Figure 6: The expert strategy depicts a marketing effort aimed at the special librarian. Marketing explains technique, not applications. Expert customers have diverse needs which require a supermarket of databases. Pricing follows a normal distribution with expensive, economical, and moderately priced databases. There is less price flexibility than enjoyed by the company illustrated in Figure 5. Like the consumer online service, periodic sales forays to Quadrants B and C (the high expectation and corporate segments) are made to attract new intermediaries. These efforts also contribute to holding prices down. But shotgun marketing gradually increases the number of passwords and the costs of carrying a larger password base. Training and customer support are geared to the technical needs of the experts. This strategy yields approximately one-tenth the return of the winning strategy because of lower dollar return per password.

One consequence of the industry's effort to reach end-users and new intermediaries has been an anti-online reaction. When a prospect in Quadrant B tries to search online, they are frustrated and disappointed. We are not sure how to market to a happy, new intermediary, let alone one who says, "I've tried this, and I don't like it. Go away."

THE PRICING ISSUE

The online industry believes that the cost of online is one of the greatest barriers to in-

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creased usage. The barrier is finding someone to pay. The LEXIS approach is interesting—maybe unique because the cost of the search is passed on to the lawyer's client. "When a search is not billable to the client, we use books," observed one Louisville attorney. "Online's just too expensive.'

In these terms, price is only relevant when the money comes from your own pocket. The Mead Data Central model works in consulting firms, some special libraries where a budget allocation is debited or a charge back to the patron occurs, researchers funded by government grants, etc.

The stockbroker's use of online presents an interesting case. Online information services increase the broker's turnover, and turnover equals commissions. In this case, the cost of the service is not an issue when online yields money to the user. The marketing job is to ensure that the searcher understands the profit generated by online usage, not the costs of using the service. The payoff to the user can be real or imagined.

A third pricing twist is now taking shape. Large banks'commitment to online electronic banking sets the stage for a pricing innovation. Banks and their partners can easily offer a range of information services to consumer and business customers. Electronic banking can pay for itself if it helps reduce paper handling.

As an incentive for customers to bank online, "free" online business information can replace coffee pots, gift certificates, and calendars. Banks can offset the costs of this free information by deducting a service fee.

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One thread which runs through these three pricing variations is that the money to pay for online information appears not to come from the user's pocket. They are, what I call, masked ***pricing.*** It suggests that the charges for online service are not paid by the person doing the search.

Services with masked pricing techniques have captured the most revenues. Contrast this with the struggles of online services with overt pricing. Although some information companies have tens of thousands of potential customers, these companies sell to individuals-and individuals are price sensitive when it comes to non-essential information. Dollars spent online must compete with buying shoes for the baby. As Loene Trubkin former President of Data Courier, puts it, "The person doesn't have a big enough incentive to get information online."

The misconceptions about price continues to put downward pressure on online access charges. As we have seen, price cuts do not yield greater volume. When the number of passwords goes up, the online service spends more than comes in. One key to online success is marketing through masked pricing. People who want free or low cost online information can use bulletin boards or the emerging bank services. Price cutting will erode the earnings of many companies.

HAVE WE FORGOTTEN THE SPECIAL LIBRARIAN?

In the late 70s, the nerve center of the online industry was the librarian responsible for technical information in large U.S. corporations. From this core group, today's online bibliographic industry has grown.

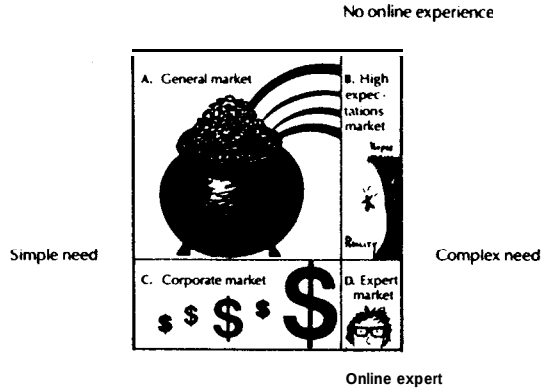
The special librarian was the only person who linked the information with the person who wanted it. If one considers the technical information function, it was often a single person like Ben Weil (former Director, Exxon Engineering Research Center, now a Consultant in the information industry) who was the catalyst for online action. In a number of information-sensitive organizations, online searching spread from the special library to the chemist or engineer when that person expressed an interest in conducting the search himself.

The watershed for the special librarian was 1980, the year which marked the industry's discovery that without more online searchers, revenue and growth predictions could not be met. Until 1980, the industry-regardless of segment-knew who its customers were, where they went to school, and where they worked. The online searcher had these characteristics:

- Library background.
- Technical search instruction in system commands and file content by timesharing companies and database producers.
- Information sensitivity.
- Technological awareness.
- Service orientation.

In short, it was marketing heaven-a homogeneous, close-knit, well-educated community

FIGURE 3: Market segment profile



A. General segment

Sales approach—Consumer sales techniques and missionary marketing

- Extensive support needed
- Low and infrequent usage
- High overhead

B. High expectation segment

Sales approach-React to customer inquiries with password sales

- First online experience critical
- Training and tutorials necessary
- Potential large users
- High likelihood of customer dissatisfaction

C. Corporate/organization segment

Sales approach-Direct sales/professional services sales

- Formal proposal and contract sometimes required
- Frequent use
- Usage concentrated in an application area
- Fast customer support required

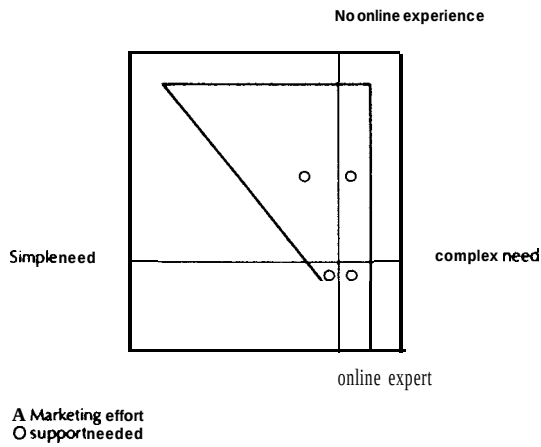
D. Expert segment

Sales approach-Technical sale

- Detailed documentation required
- Technical seminars, newsletters, data sheets increase usage
- Several thousand large users who use 5 to 10 databases heavily and supplement with specialized files
- Desirable market subject to overselling and confusion about products and services

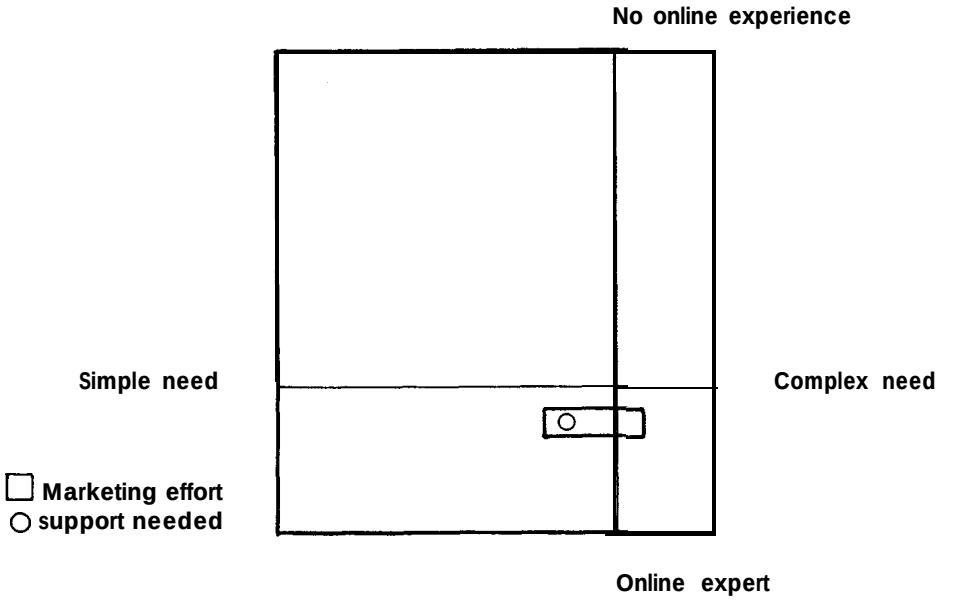
Selling a big account may be harder but simplifies customer support and increases revenue.

FIGURE 4: Consumer strategy



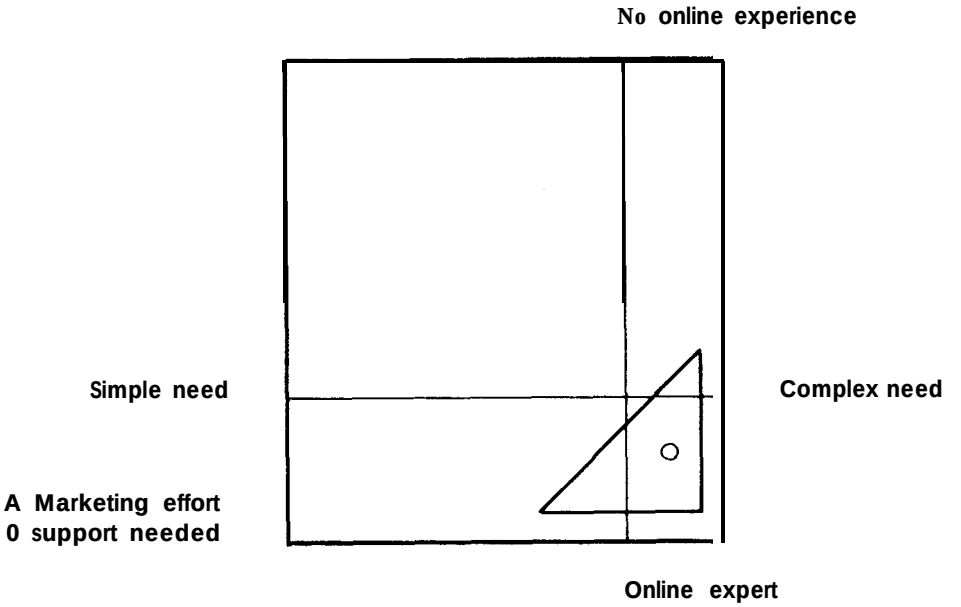
To sell new users, these marketers use consumer product campaigns, try to pull customers from the four market segments, incur high customer support overhead, and base their unique selling proposition on economical data with wide interest and an easy-to-use system.

FIGURE 5: Corporate niche strategy



To develop new customers and grow usage, these marketers use direct sales calls, demonstrate an essential application, ignore requests for technical user support, and restrict the number of customers with high prices.

FIGURE 6: The expert strategy



To find new users, these marketers casually seek customers from Quadrants B and C, emphasize technical support, develop a diverse market of experts who need a supermarket of specialized databases, and have an international market.

with loyalty to their profession, particular databases, and databanks.

BOOM. The computer revolution and its myths and dreams about end-users swept over the information industry. The online services began drifting from this heartland, seeking a new user community which would be hundreds, maybe thousands of times larger than the universe of special librarians. The special library market consisted of several thousand online searchers who used online to answer questions. In contrast, the markets outside the special library had hundreds of thousands of potential customers in advertising, law, personnel, data processing, corporate planning, accounting, management, purchasing, product development, and other disciplines.

In 1980—and in some information companies today—the reasoning was that if just 10 percent of the people in marketing or corporate finance searched databases, online companies could make millions upon millions of dollars. As we have seen, reality and the dream are not the same.

To catch the new intermediary, the information industry continues to rely upon the "customer as fish" model. We have dangled our bait in the water, but not many fish have bitten. When that does not work, some companies use a Seventh Avenue strategy-cutting prices to build demand. Price cutting devalues information.

To net different markets, database producers make new files. The number of databases has risen from several hundred in 1980 to more than 3000 today. Few people are able to keep up with the confusing array of online products and services.

In 1983, the online industry realized that the available systems were too difficult for the new markets. The crusade for user-friendliness started. The innovators have included Menlo Corporation, EasyNet, DIALOG, Mead Data Central, BRS, Business Computer Network, InnerLine, and Dialcom. In addition, the new users cannot differentiate one database from another. In response, the online industry is making the source of information generic with homogenizing front end software. Among the consequences of these actions are the:

- Diluting of the special library market with individuals who are untrained and lack an information commitment.
- Alienating expert searchers with marketing programs that say, "You are not important to us any longer."
- Reducing technical support to improve sagging profitability caused by the addition of customers who do not spend money.
- Weakening of database brand identity.
- Undermining file loyalty through heightened competition for the available dollars.

The big question still remains, 'Where are the end-users and new intermediaries?" I believe that a small percentage of these people will integrate online into their work. However, they will use one or two files and not as frequently as special librarians. I agree with Eric Bradshaw, Assistant Director of Marketing for Dow Jones News/Retrieval, who says, "People are not conditioned to using online sources as the primary means of gathering information. They don't think online first. They use other ways to which they're accustomed. This is complicated by a generation/technology gap, ease of use considerations, and a feeling of intimidation. Also, online products themselves as a group are not geared to end-users."

New online users will make increasing use of the information industry's products and services. The journey, however, will be a long one, and we will probably lose our way, spend more time than we want, but eventually we get beyond the next hill to more markets and new users.

THE AUTHOR

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