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An earlier article of mine for *EContent* on content revenue models (*August/September* 2000 *EContent*, "The Joy of Six: Internet Content Revenue Models") stimulated a number of comments from readers. My hope that price lists would be posted on Web sites has been disabused. Pricing is getting more difficult to figure out. Some enterprise information companies today are resorting to a battery of tactics that forces the buyer to wake up and take notice. Buyers and sellers are entering an era that will see an increased focus on contract negotiation and price awareness. The economic downturn has created a group of thrifty and demanding buyers on one side and, on the other, information providers who are becoming desperate for direct contributions to their subscriber base and the bottom line. Buyers should watch out for increasingly aggressive and clever pricing models.

POSTED PRICES ARE EASY

Let's begin with an example of a hard price; that is, the customer knows exactly what the cost of an item is before making a purchase decision.

Buying a yard vac at Home Depot is an exercise in explicit pricing. Wander the aisles until you see a pile of yard vacs. Look at the 2 x 4' yellow sign with red letters. Read the price for an Echo PB-1200. Lever the carton into a shopping basket. Queue to pay for 45 minutes. Charge \$149 plus tax to the Visa. Go home and vac your yard.

Contrast the Home Depot experience with Microsoft Encarta's premium content deal.

Log on to Microsoft's Encarta. Enter a query along the lines of pricing information in the search box. Wait for the results to appear. Click on a title. Read the Electric Library information about the "30-day free trial." Fill in the demographic data blanks. Get a password. Click on the newspaper article. Get it free.. today! But how much will it cost in 30 days? Gotcha!

When you buy it in 30 days, the gotcha gong rings in the owner's cash register. The user, well, the user pays.

Welcome to Gotcha Pricing 2001. The metatrend for 2001 is that pricing is going to be an ever-craftier procedure or practice. If not meant to deceive or defraud, pricing will be credit Tennessee Williams' word choice in *Cat on a Hot Tin Roof*—mendacious. The denotation of mendacious is spot on: given to or characterized by deception or falsehood or divergence from absolute truth.

FUZZY MATH

Many prices and fees are negotiable. Potential buyers find that when a firm price quotation is required, the potential seller wants to understand the specific use of the information. Some companies provide a published price list that offers a list of charges that do not match what the grapevine quoted in a contract prepared for another organization. Some companies offer one price for an individual and another for the institution. The difference between the two numbers can be interesting, even amusing.

Arnold on

PRICING

Disturbing Trends

PRICING

From my redoubt in rural Kentucky, I surmise that people selling content are not certain what the price will be for a **specifid** deal. The variables for Web-accessible information can be numerous. With the revolving door in the chief executive **office** at many information companies, the hapless sales representative knows that each price quotation is a journey into the unknown.

JUST GIVE IT TO ME STRAIGHT

Chief information officers, information professionals, and even a few consultants just want a pricing “approach” that allows them to determine if a particular online **in-**formation service can be shoehomed into tight budgets. Making every request for a

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I price a negotiating process is often inconvenient or impossible due to time pressures imposed by the potential buyer’s or licensee’s organization. Despite blood-curdling confidentiality clauses in contracts for electronic information use and reuse, the terms do leech into the fertile soil of information professionals’ curiosity. When a better deal is discovered, resentment often follows. Negotiated prices set certain companies up for alleged charges of unfairness at best and sheer stupidity at worst. The blame for the present pricing muddle must be shared among buyers, sellers, and content creators. The mercantile spirit of 2000 demands that a focus on price is a primary focus. Quality, timeliness, reliability, and a handful of other content attributes ride in the back of the bus. Price is in the driver’s seat.

Even the dimmest financial bulb understands that banks, venture capitalists, and others with a stake in a commercial enterprise want their money back-and a profit. The battering of the dot corns makes the scent of fast cash and triggers a reptilian survival instinct. “Get the money now” seems destined in the next nine to eighteen months to be a must-have goal.

SOME GOOD NEWS

Free and subsidized information will be readily available in 2001, and new Web sites will continue to appear that offer **con-**tent as a condiment. A good example is the outstanding news search function at iWon.com. A cursory glance suggests that iWon.com is a blatant attempt to cash in on lottery or sweepstakes fever. A more thoughtful investigation reveals a powerful advanced search function driven by Inktomi and news from **Moreover.com’s** 1,500 information providers.

iWon.com’s meat and potatoes may not make the adrenaline flow for a veteran online researcher, but the spices are nice. Content, while not king or even queen on many sites, is deemed a useful magnet to

attract users and demonstrate respectability. With syndicators like **iSyndicate** and Screaming Media making content easier to include in a site, a mini-boomlet in putting beef and muscle on otherwise skeletal technology demonstrations will persist throughout 2001.

For a real content jolt, visit Yellow Brix. Click on Content Services. Click on Partners. Bingo. Hundreds of useful stories provided by name-brand sources await the researcher’s eyes. One caution: exercise good judgment when providing demographic information to certain content-rich sites. Some sites use these data to fuel the spam factories of the Internet.

SIX “GOTCHA” TACTICS

Things are not what they seem

The Internet, intranets, and extranets are mysterious, often hard-to-scope environments in the digital ecology of 2001. Visit a medical or health information site. The content is free. But is it objective, or is it an advertorial? Are the data really objective and accurate? What’s the ultimate

source of the data? Or, click on a source of high-value professional information provided by one of the largest newspapers in the United States. The content is free, but to get it, the researcher must provide name, demographic details, and other bits of information that the operator of a particular Web site can reuse, maybe even resell. Unless Mother Teresa’s spirit is infusing commercial information providers, money has changed or is changing hands. The **end-**user could be the last to know.

In 2001, if the information offer seems too good to be true, it is. There may be some people creating Web pages chock full of high-value, branded full text out of the goodness of their heart. Without payment to the copyright owners or authorized syndicators for the right to post third-party content, lean and hungry attorneys will flock, then strike. In 2001, buyers must look closely at what is available, how it is offered, what strings are attached, and when the offer sprouts fangs. Forewarned is forearmed.

McDonald’s Happy Meals

Most people are blissfully unaware of who owns scientific, technical, medical, engineering, patent, accounting, and legal information. As data for professionals become concentrated, prices will rise. For proof of this, check out subscription and access charges to medical and scientific journals or must-have accounting data. In 2001, the closet monopolists will introduce the online equivalent of the McDonald’s Happy Meal. The standardized burger, fries, and drink will be packaged in a colorful box. A cheap trinket is used to lure the wide-eyed to the bundled deal. In the world of professional publishing, bundles include a range of content and services. The customer perceives a better deal by buying the bundle, but in reality finds the “services” contained therein limit scope of action and suck up a substantial chunk of a budget. With fewer firms willing to spend unlimited and unaudited cash on information, the would-be monopolists will also

try to drive customers to longer-term contracts, offer linked products to make the deals look tasty, and herd customers to “solutions”. This ploy shifts the customer’s attention from content to a larger issue which naturally costs more. The idea is that a solution has obvious “value” to a customer. The added benefit of a solution is that the information provider is woven into the underwear of the customer. Try getting out of digital spandex tights fast. It is not easy, so try before you buy.

3 | “We’re from the Government. We are here to help you?”

The Internet ecology is a global kudzu. When the tendrils choke off air to government executives, the flow of blood to the brain is often impaired. In 2001, governments worldwide, not just those in the wired world, will offer Internet “products”. The good news is that many such services will be free. At worst, there may

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be some charges for certain types of data that can only be delivered in some antiquated format like a printed document in a three-ring binder or on a CD-ROM. The bad news is that many products will be incomplete, poorly implemented, or just plain unavailable. In 2001, there will be free government information that researchers will have to pay a commercial enterprise to deliver from point A (the government agency) to point B (the researcher).

4 | The 13-year-old’s ‘zinger

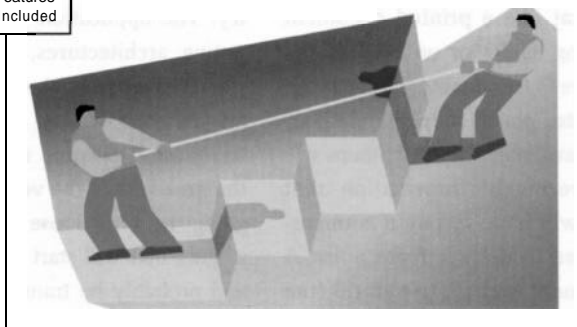
As things Internet become more widely available, clever young people will come up with information services that operate

like seismic waves. The Napster “problem” continues to confound the recording industry. The application of distributed computing architectures, peer-to-peer computing, and virtual databases grab the imaginations of kids. In 2001, innovators too young to come up on the radar of the greediest of the venture capitalists are going to turn loose some information zingers that will start out as free services and probably be transformed into for-fee services fast. Alternatively, a new service may charge a fee in a way and at a rate that is wholly unanticipated by the traditional information world. A word to the abstemious: watch the new services and take advantage of them while you can. Remember, in the Internet ecosystem, free lunches will be less plentiful.

The Pricing Divide

- Buyer**
- Free Browsing
 - Free Index
 - Free Abstract
 - Free Full Text
 - Saved Searches
 - Real-Time Updates
 - Messaging Functions
 - Multilingual Documents
 - Free Power Search Features
 - Complete Collection Included

- Seller**
- Access Fees
 - Charge Per Index View
 - Charge Per Abstract View
 - Charge Per Full-Text View
 - Charge Per Saved Search
 - Charge for Fast Updates
 - Charge for Messaging Functions
 - Charge for Multilanguage Services
 - Charge for Power Search Features
 - Pay Fee for Access to Complete Collection



5 Revenge of the Australopithecus

In 2001, they are back. Powerful shoulders, sharp teeth, compressed brain cavities, and bad tempers, the cave people of the pre-Internet online era want a pay-back. Their fondest memories are of charging for connect time, training, hits, reports, saved searches, and the accoutrements of the mainframe era.

Fees of all types for online access to premium information services will rise. Think about it: with fewer people able to justify six figure online information budgets each year, the remaining pool of customers have to carry the freight. Whine too much and the big-shouldered ones will make a sales call. No, they will make many sales calls, so resistance is futile. The trumpets of Madison Avenue will sound and the message will be, "Pay up. You have no choice." As search engines become less useful and more time-consuming to use, the heavy-browed Australopithecus offers an alternative—for a price. Want a bargain? Forget it. Pay up.

Talk Back

What are your experiences with pricing issues? Let us know what you think at: talkback@eccontentmag.com

6 Al Capone's Ploy

Al is generally viewed as a bad guy. He is one of the symbols of the collapse of law and order in the United States during the 1920s Prohibition era. Al Capone pricing is simple. Whatever the posted price is, the posted price is not what the user will pay. In 2001, the mechanisms are more subtle than brass knuckles to the stooge's jaw, but the effect is somewhat similar. Sign up for a service. Access one or more special features. Get the bill. Get a surprise. The cellular telephones with Internet access are showing information providers that they can Caponize their customers. The link between what the buyer thought he or she was paying and what appears on the invoice is tenuous at best. What are those code numbers? What are the charging units? Whatever the answer, it may not be the one in effect when the invoice is calculated next time.

MOUNTING TENSION AHEAD

The buyer wants the best value for his or her time and money. The person with the content wants to maximize his or her returns for the content. See the diagram of the Pricing Divide.

On one side is the buyer. In general, this person is on the side of truth, justice,

apple pie, etc. The goal is simple-get the necessary information for a fair price. What's a fair price? Some will say, "Information wants to be free." Others will say, "I have a budget and I want to spend it wisely."

On the other side is the digital equivalent of Darth Vader. The person or organizational entity with the information wants money or a token that will work just like money. (Demographic data, guaranteed long-term contracts with spending minimums specified, a monthly flat-rate subscription-these work well.)

Economists have a fancy term for this tension, which boils down to squabbling for value.

The diagram sums up the natural tension between the two camps. In 2001, the tug of war between the "free"- or "low-cost"- minded professional and the seller who wants hard cash will increase. An uneasy truce has been observed by both sides in the last two or three years. Although bloodshed is unlikely, some of the more-outspoken researchers are almost certain to take aim at the most prominent targets in the pricing wars. Watch for editorials, speeches, articles, and possibly legal action taken against de facto monopolies who have to crank up revenues.

In 2001, some interesting pricing themes will be given a new voice. Among the shibboleths will be:

- Monopolization of professional, scientific, technical, and medical information
- Discriminatory pricing
- Copyright and license-fee sharing between publishers and authors
- Price inflation
- Information dumping

In short, 2001 is likely to be remembered as the time when the pricing divide was openly discussed and hopefully bridged. [E]

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