

SEGMENTING THE INFORMATION SERVICES MARKET: A Special Report from MLS

Information providers, hardware sellers, and other publishing organizations are eager to help librarians reach prospective information consumers. The reason? Technology is one key to increasing patron services, getting new sales, and creating excitement in the library and information businesses.

Almost two years ago in 1988 a feeding frenzy of mergers and acquisitions marked a fundamental change in the information industry. The number of information industry mergers and acquisitions transactions reached 28 with a total value of over \$2 billion, according to the January 8, 1987, IDP Report.

The pace of acquisition slowed in 1987, but many companies hungry to cash in on information businesses stayed on the acquisition trail in 1987 and will remain there in 1988. VNU is an odds-on favorite to obtain control of Disclosure, Inc. Other non-U.S. companies are likely to take advantage of the U.S. economic climate to strengthen their stake in the information-rich American market.

One consequence of the visibility given information as a business has been a concomitant surge of awareness about electronically-delivery vehicles. For example, CD-ROM information products--largely vaporware in 1986--have made significant headway in corporate, academic, and public libraries. CD-ROM products are dropping in price as titles proliferate. Microsoft has sent strong signals to the marketplace about its commitment to optical technology. Lotus Development Corporation's One Source combines weekly CD-ROMs containing financial data with an option for instant updating. The firm's recent acquisition of Datext, a CD-ROM company, demonstrates Lotus's faith in optical storage technology. For 1988, product testing is giving way to CD-ROM overload.

Even bibliographic timesharing companies experienced rapid change. Recent events include Dialog's reporting that new sign ups to the Dialog service are mostly non-librarians. In response, Dialog's Business Connection simplifies considerably log on and retrieval of numeric and factual business information. A simpler interface to Knowledge Index is likely to be one of 1988's hottest online products. The senior management changed at BRS. In January 1987, Mead Data killed its Reference Service, and is launching itself into 1988 with a legal challenge to West Publishing.

It is too soon for 1987's online earnings estimates from Information Market Indicators, a firm which tracks revenues and usage of bibliographic databases. Rumor has it that the rate of growth for bibliographic databases is slowing while financial databases thrive. In spite of the generally poor track record of new textual databases, new products continue to make their way to market. The most recent Cuadra directory tallies more than 3,000 files.

What's all this mean to libraries?

For Information specialists, the vendors' and database producers' concern for continued growth means greater marketing support to People who can reach new Information consumers. It also means a more receptive audience with greater awareness of the value and Importance of electronically-delivered Information.

One excellent source of marketing assistance comes from companies selling compact disc Information products. Since some of these products bridge the gap between printed reference materials and online access, they can be used to learn electronic Information retrieval more easily than some traditional online systems. For example, Datex'o and Dialog's CD-ROM products offer the capability of going online to obtain the most current Information. Some CD-ROM or laser disc offerings, notably IAC's InfoTrac II, are available on a no-charge trial installation basis. The hope is that use of the product will lead to a sale.

Thus, vendor and database producer marketing support to libraries is likely to be greater in 1988 than in 1987. Information providers will bend over backwards to help librarians attract new customers to their products. The challenge becomes making the best use of available resources, but this job is not easy.

The seminar explosion

In 1985, Dow Jones News/Retrieval, Dun's Marketing Services, and UMI/Data Courier offered free seminars in a dozen major U.S. cities. The intended audience was "end users* or people interested in online searching who did not have professional training in Information science or text-based Information systems.

The "Joint" seminars attracted enough media attention and attendance to spark a renewal of interest in this marketing approach. In 1987, a number of Information companies offered "cooperative" seminars as well. These include BIOSIS, Chemical Abstracts, Derwent, and others. Seminars market Information effectively. Procter & Gamble has created an online and computer training facility used by P&G Information specialists and database companies to teach P&G employees how to get the most value from specific electronic resources.

The most effective seminars present Information about Information. Although many different approaches to teaching people about this difficult and elusive product are in use today, there are common threads which run through the programs. Seminars are rarely open to the public. The list of invitees is carefully screened in order to ensure an appropriate audience. The programs--regardless of length--are time scheduled. The emphasis is upon content and polished presentation.

Promotional efforts rely almost exclusively upon direct mail. Costs and contacts can be tightly controlled.

The principal drawbacks of the seminar as a marketing technique are:

- . Each new program is unproven and, therefore, might be perceived as a waste of time;
- . People often do not have the time to attend a full-day or even a half-day program";
- . It is not often the role of a librarian to suggest to an end user that he should attend an information-or library-oriented seminar.

Since the "corporate intelligence" programs began, electronic information retrieval has become more widely known. An increasing number of libraries have marketed their services to their users using the pull of new technology or the push of direct marketing.

Sizzle is not lacking in the information retrieval business, but attracting and keeping users remains a very hard job.

Roger Summitt, writing in the December 1986, Chronolog newsletter, made a penetrating observation: "Unlike such metaphors as 'Electronic Mall,' 'Desktop Publishing,' 'Computer Conferencing,' and the like, there seems to be no ready metaphor in everyday life to label the process of information retrieval." The key to continued success of electronic information retrieval rests with the most important link in the information chain--the librarian.

The other side of the coin

The January 8, 1987, PC Week, reported four reasons why senior executives shun PCs:

- . "The belief that PCs are not well suited to an executive's actual job activities"
- . "The absence of user-friendly software that can either provide senior executives with timely, summarized information or assist them with strategic planning"
- . "A prevailing attitude that PCs are support devices that use a lot of desk space"
- . "Concern over training, and a need to overcome the widespread fear of appearing 'behind the times' because of a lack of PC knowledge."

Echoing this last point is Paul Erlhoff, information manager for Varlan Associates, a Palo Alto, California, manufacturer of microwave communication products. He said in PC Week: "I've suggested to my senior executives that I would come in on a Saturday and in a clandestine kind of way teach them how to use the PC. They give every kind of excuse, none of which is valid. The biggest problem is fear of exposure of ignorance, and I'm not sure how to get over that."

"They can tiptoe around the problem, make **declarations** and say It's not user-friendly or there are no **applications** for them, but none of that is really true. They like to pretend they're using PCs to have the company look **progressive**, but most of the **senior managers** in **business** today grew up in the era before PCs, and to catch up with the technology and knowledge seems insurmountable to them."

But what about middle managers? Do they too resist computers and online information retrieval?

David Nicholas, Kevin Harris, and Gertrud Erbach writing in the Journal of Information Science Principles & Practice, Number 4, 1988, report on their **experiment** in teaching end users how to search.

After six months of training book researchers at Time-Life International to use online databases, it became clear that they would not become end users overnight, despite plentiful training, good facilities, and user-friendly interfaces. The reasons include the end users' lack of time, their general reluctance to abandon conventional information retrieval methods, and the low priority given to the information-seeking part of the job.

Time-Life's online experience does not support the belief that there will be wide scale end user searching in the near future. The authors observe that online will find its place in the range of information retrieval methods available to the user and will undoubtedly be used where manual methods have failed. It is unlikely, however, to replace manual systems that work well and are well liked. One of the most interesting findings is that secretaries do seem to be qualified and in an excellent position to become a major end user group. They might even pose a threat to the librarian intermediary in the near future.

One Answer--More and More Education

The educational task needed to convert a *potential* information user into a real information consumer or searcher parallels the job a traditional data processing department has in teaching someone to use a personal computer. Naomi Karten spells out the types of training needed in the Fall 1988, Information Strategy: The Executive's Journal:

- . Literacy training. A basic overview of personal computer technology and operations is provided by computer literacy training, which becomes the basis for all computer training.
- . Product-oriented training. This emphasizes product features and functions and the mechanics of operating a particular package. It is not strongly related to business objectives.
- . Business-oriented computer training. Here the emphasis is on business problems; with it, there is no gap between what is learned and how to apply it.
- . Generic business training. The instructional approach addresses specific financial techniques used by a company but does not cover techniques for analysis of marketing data.

- . **Customized training.** This addresses the needs of a specific organization's groups and individuals.

Ms. Karten concludes by observing that in-house training programs can be tailored to specific user needs and can offer convenient course times, but they require trainers who have specialized skills. While vendor-supplied training may be more expensive, it offers a wide range of courses. A firm may find it best to use both techniques.

There is a belief that unless libraries take increasingly positive action, data processing departments, the personal computer support center staffs, or the strategic planning units will try to take responsibility for information retrieval because it is clearly a critical corporate activity.

What Can a Library Do?

The problem facing a library that wants to market itself requires a balancing act. Demand and resources must match so that new information consumers are created without overloading the staff and budget. Before promoting electronic information retrieval, a librarian needs to segment the market within his particular organization. With an idea about to whom to market, a plan of action can be developed which combines internal and external resources.

Segmenting means little more than chopping a market into manageable groups. The market for a popular television show is measured in the millions. For information found in libraries, the market may be measured in far smaller numbers particularly if one is trying to reach a particular group of library patrons or customers. The keys to segmenting are:

- . A common need
- . Shared characteristics
- . Ability to identify the group
- . Communications media to reach the target audience.

A common need provides a hook or an appeal on which to hang the marketing program. The InfoTrac II CD-ROM product sells itself because it has an arresting technological form and lets people wanting citations to the popular literature get references to lay periodicals and newspapers in one place.

Shared characteristics allow the marketer to generalize about preferences, beliefs, and desires. These subjective factors can be woven into the marketing program prepared for the group. For example, business executives expect agendas and a high polish on visual materials. College students expect an explanation, a discussion, and then an assignment approach to mastering material.

"If you can't find them, you can't sell them" paraphrases a sales truism in the insurance business. You need to know who you want to sell and how to communicate with them.

It goes without saying that you have to get your message to your target.

The segments

The potential market for a large number of Information- or technology-based products has three principal segments: The Acceptors, Receptors, and Resistors. Recognizing the characteristics and size of each segment is a starting point for more effective marketing of electronic Information retrieval. Figure 1, Marketing Needs by Segment presents a summary of the segments and selected marketing techniques for each group.

The Acceptors comprise the smallest and most desirable group. These are the individuals who are most excited about electronic Information retrieval. Acceptors usually have PCs, are familiar with the concept of online Information, and may have hands-on experience with timesharing services. Generally speaking, about ten per cent of any organization's staff will fit this category. These people are not hard to find and can be reached through an item on the bulletin board or publicity in the organization's employee newsletter.

The next group is the Receptors. In an organization about 40 per cent of the professionals will fit into this category. These are people who have an interest, curiosity, or need for better Information retrieval. A few in this classification will have single-application PCs in their offices and be looking for another use for their computer. Individuals in this category respond to announcements for seminars, presentations, and hands-on demonstrations. However, they will require a greater level of handholding, and they may be too impatient to master the skills required to conduct online research themselves.

The final and largest group is the Resistors. These are colleagues who may pay lip service to PCs, online, and CD-ROMs but resist--sometimes vociferously--any concept with which they are not comfortable. Other Resistors will be lukewarm to the idea of things electronic, often undermining the value of Information retrieval at the water cooler and in meetings. These people are easy to identify; they are the ones who do not respond as Acceptors or Receptors. Providing Information to Resistors will be more manageable in one-on-one talks.

Phases In Marketing Information

Getting someone to use an Information retrieval product which is different from what the person has been using for many years requires four steps.

First, the person must have a need or be convinced that he has a need for the new process. This is the Selling Phase. To sell online to Acceptors, they need only a hint that something new is available, and they will seek it out. Acceptors want system commands and the basics; they will do the rest on their own. Receptors need more convincing, applications, and handholding. After learning about the process, Receptors need to be resold periodically. Resistors should not be a target in this first phase of selling. Regardless of the segment to

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which the prospect belongs, the **Selling Phase** must change the prospect's habits.

The second phase is **Meeting Demand**. For the **Acceptors**, the library will have to provide technical support and someone to answer specific questions. For the **Receptors**, small group training, hands-on practice, and staff support are **essential**. The person's **first experience** with **electronic** information retrieval predetermines future receptivity. In a sense, it is similar to one's **first visit** to the dentist. If it is not good, subsequent trips offer little charm.

The third phase is **Saturation**. The initial marketing and training activities have reached the **Acceptors** and some percentage of the **Receptors**. The growth in demand for **electronic** information retrieval peaks, and the new users are newly-hired employees. The **Acceptors** have moved to a new technology. The **Receptors** have reduced **electronic** information retrieval to a routine either by **delegating** the task or by automating their **searching**. When **saturation** of the two primary segments is reached, marketing shifts to the **Resistor** segment. Some **Resistors** will have become converts because **Acceptors** and **Receptors** will have **demonstrated** the value of the **electronic services**. An **internal groundswell** is **essential** if **Resistors** are to be won over.

Maturation marks the final phase of the **electronic** revolution. The library can repeat the cycle for another information retrieval technology.

Preparation

Before **beginning** any online information retrieval marketing program, an action plan is **needed**, and it goes without saying that this plan must be closely matched to the staff and financial resources of the information center. The plan will state the marketing program's **objective**; for example, train non-technical personnel in the **Engineering Department** to use online information retrieval, or teach three corporate planners to use the **Disclosure CD-ROM** product.

The keys to **success** include having an **achievable** goal, a **realistic** timetable, and the appropriate resources.

It is a good idea to involve any other group within the organization which has a **vested** interest in **electronic** information retrieval. In most large companies, the data processing department also is in the online information business but may not embrace textual information or compact disc products. Some companies have a corporate information officer who may or may not be involved in online **searching** of the dialog-type databases. Most organizations, large and small, have online influence leaders who act as **unofficial** information experts.

Finally, assemble the needed reference materials and prepare the **small-group** training programs. Database producers and vendors can be extremely helpful. Request product and training-related materials. Vendors can provide no-cost or reduced-cost time; database producers often make **available** demonstration passwords for training purposes. Other support includes:

- UMI/Data Courier provides upon request copies of our training manuals and such introductory materials as "On Online," a overview of electronic information retrieval.
- Some vendors and database producers offer trainers who will travel to an organization for presentations. These companies typically provide online time to the attendees. Fees vary.
- Some companies will install a CD workstation to permit field testing.

The Action Plan

The Action Plan maps the steps necessary to reach the targeted segments and uses the techniques shown on Figure 2: Marketing Vehicles by Segment. Although the implementation varies from organization to organization, the principal components are: Preparation, Publicity, Acceptor Training, Receptor Orientation and Training, and Ongoing Publicity. The implementation of a marketing program includes:

- **Initial Publicity.** Announce the program to the target market segment. The most effective publicity is sharply focused. A single telephone call or a one-page flier with a limited distribution may be all that is necessary to reach Acceptors, for instance. Too broad a distribution will pull a disproportionate number of Resisters.
- **Acceptor Training.** The most electronically adept individuals are the ones targeted first. A combination of printed information, small group training sessions, and individual instruction will get this segment using electronic information retrieval. This group will typically exhibit a keen technical interest.

Receptor Orientation. This segment requires more basic instruction in all phases of electronic information retrieval. The orientation program ideally should explain the equipment needed, teach about important databases, and introduce basic system commands. This information is the foundation for online searching. If the group will be using CD ROM products or front-end software, it may be helpful to mix how-to instruction with applications. Once the basics have been covered, the continuing support will be similar to that offered to Acceptors.

- **Ongoing publicity.** Identify departments in the organization and promote the electronic information retrieval capability to ensure a flow of prospects.

Ensuring Success

The marketing push given to online information retrieval and compact discs has set the stage for increased marketing opportunities for an information specialist. The process seems deceptively simple. The principal problems which can be encountered are:

- Too many **people** respond and want **individualized instruction** or the searches done for them
- The **electronic** Information is Inappropriate to the needs Of the prospects, or
- The cost **is** prohibitive.

Let's **consider** each of **these** briefly. Too much response **is** worse than no **response**. **Professionals** who are **baited** and then not caught can form a negative opinion of **electronic** Information. The **best--and** perhaps Only way-to solve **this** problem is to **segment** the market and **limit** the number of people introduced to **electronic** Information **retrieval**.

The market's **expectations** be kept in check. It **is** easy for an Information marketer to **oversell his product**. The **prospect** has a real **information** need and **will** look for a **fast, flawless solution** to his problem. **Realistic explanation**s of the **limitations** of **electronic** retrieval are needed on an equal **footing** with the **benefits**. **Know the** vocabulary a **prospect** uses in his job and **use** his words in the way he does. For example, **competitive intelligence** means a **privately-held company's strategic plan** and **financial statement** to a corporate planner, not month-old **articles** about a company.

Information **is** no longer free. With **the shift** from an economy based upon **such** resources as coal and iron to **business** based upon textual and **numeric** data, Information **is** the raw **material** of **business**, and it has a **price**. The **effective** marketing of **electronic** Information **retrieval** hinges upon thorough preparation, careful **segmentation**, and attention to **detail**.

Figure 1: Quick Reference to Marketing Needs by Prospect Segment

MARKETS	APPROACHES & TACTICS	SELLING [Phase 1]	MEETING DEMAND [Phase 2]	SATURATION [Phase 3]	MATURATION [Phase 4]
Acceptors (10% of a market)	Application orientation	Not needed	Not needed	Not needed	Not needed
	Marketing costs	Low	LOW	LOW	LOW
	Simplified access	Not needed	Not needed	Not needed	Not needed
	Finding prospects	They come forward	They come forward	You have them all	You have them all
	Prospect orientation	Technical	Technical	Technical	Technical
	Training needs	None	None	None	None
Receptors (40% of a market)	Application orientation	Hard sell- ing plus how-to's	More appli-cations	Refresher classes	Refresher classes
	Marketing costs	Higher	Steady increases	Stable	Stable
	Simplified access	Essential	Essential	Essential	Essential
	Finding prospects	Direct calls and PR	Word-of-mouth	Word-of-mouth & PR	Word-of-mouth
	Prospect orientation	Content	Content	New content	Solutions to problems
	Training needs	Small group	Small group	Small group	Small group

**Figure 2: Quick Reference to Techniques
for Reaching Prospects by Segment**

MARKETING TECHNIQUES	SEGMENTS		
	Print	Acceptors	Receptors

Brochures	No	Yes	Yes
Bulletin Board Postings	Yes	Yes	No
Price Lists	Yes	Yes	No
Newsletters	Yes	Yes	Yes
Technical Bulletins	Yes	No	No
Technical Documentation	Yes	No	No

New Media			

"Loaner" PCs	No	Yes	Maybe
"Loaner" software	No	Yes	Maybe
Videotapes	No	Maybe	Yes
Online Bulletin Board	Yes	Maybe	No
CD-ROMs	Yes	Maybe	Yes

Direct Marketing			

One-on-One Training	No	No	Yes
Open House	No	Yes	Maybe
Personal Sales Calls	No	Maybe	Yes
Product Demonstrations	No	Yes	Yes
Seminars	Yes	Yes	No
Small Group Talks	No	Yes	No
Technical Classes	Yes	No	No
Telemarketing	No	Yes	No

Resistors (50% of a market)	Application orientation	Essential	Case exam- ples	Strategic examples	Competitive data
	Marketing costs	Very high	Very high	Very high	Very high
	Simplified access	Essential	Automate process	Automate process	Automate process
	Finding prospects	Easy	Easy	Easy	Easy
	Prospect orientation	Solutions to problems	Impatient with details	Impatient with details	Impatient with details
	Training needs	One-on-one	One-on-one	One-on-one	One-on-one