Marketing electronic information in the 1990s

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'Marketing information' is one of the litanies of electronic publishing in the 1990s. But who really knows how to market electronic information?

According to Theodore Levitt (1986), guru of American marketers, marketing is a matter of thinking straight with imagination. This is simple enough for even a B-School aspirant. Better yet US executives think marketing has therapeutic powers. The practice of good marketing can make sick electronic information products healthy.

What is 'electronic information?' It is my contention that electronic information is a new construct, a new type of deliverable that is simultaneously a product and a service. Some of the old how-to-market rules don't map to this new territory. That's why much of electronic information marketing is referred to as 'missionary marketing,' — the process of doing something, anything, to get revenue and usage up.

A list of marketing tactics appears in Table 1. I know that I have been guilty of selecting an item from the list and implementing. I say to myself, "Ready, fire, aim! Strategy be damned!"

Without an integrating scheme or strategy, these tactics are like superstar footballers sitting on the bench in a charity game. When an information company selects a tactic and wins an award for marketing excellence, we admire the player, not the strategy.

To illustrate: the European Space Agency rolled out a bold new pricing scheme a couple of years ago. The concept was that by reducing the cost of searching, the user would print more full records online. According to a proprietary customer survey conducted by ESA/IRS, users like lower prices. Database producers, however, find that their revenue has dropped or remained flat under the new scheme. Good PR but weak marketing. Marketing must build revenue or profits to pay its keep. One cannot confuse PR with marketing. Marketing makes use of PR, but news clips aren't negotiable currency where I work.

What makes life difficult for electronic publishers is that when talking about the marketing of electronic information products/services, we must remember that some products and services are marketed at quite modest levels. Some near-magical electronic products/services seem to sell themselves. Relatively sophisticated central devices like VCRs, voice mail, audio CD-ROM, fax, and cellular telephones gather customers by the million. Each of these products/services gathers customers by the million. Have I been invited by Murata or Panasonic to a fax training session? Nope. Has Sharp tried to teach me to use my VCR? Nope. 1 don't receive newsletters from my cellular telephone company giving me instructions for dialing the new 708 area code for the Chicago suburbs. The video rental store doesn't call me on the telephone and telemarket a video rental for a rainy Friday night.

Electronic information is hard to explain. The Editor of Computer. Systems *News* says, "No matter how impressive a computer system is, data never seems quite real until it's on paper" (Lazar 1989). Furthermore each different type of electronic information product/service requires slightly different marketing strategies and tactics. Why should electronic information be any more difficult to sell than any other intangible service? Here are seven reasons:

Advertising
Association committee work
Booths at trade shows
Brochures
By-lined articles
Contests
Direct mail
Focus groups
Free trials (free time, CD-ROM on approval)
Incentives (for example, frequent searcher programs)
Joint seminars with other companies
News releases
Newsletters
Personal letters
Position papers
Prices
Product presentations
Rebates
Reference cards
Sales calls
Seminars
Special offers
Speeches
Surveys
Telemarketing
Television/radio appearances
Toll-free customer service support
User manuals
Videos (news releases on tape and promotional information on tape)

Table 1: *Information marketing tactics*

(1) Everyone is an expert consumer of electronic information. No one has to be taught how to watch television. Americans are the world's most insatiable consumers of information. But some marketers confuse knowing how to consume information with knowing how to market information.

(2) Information is a unique construct. Too few people realize that electronic information is poorly understood even by the experts who build large data constructs (databases) and use them every day.

(3) Life in an industrialized country exists in an environment saturated by electronic information. Those in the USA and most countries of Western Europe live in a datasphere choked with information of all types. One has a difficult time in the United States escaping electronic information. Information bombardment blinds many to the accuracy of particular datum.

(4) Information velocity increases with each technological enhancement to the delivery channels. Living in this datasphere conditions us to want information at ever-increasing speeds. But the speed with which information flows erodes the value of information. The velocity can cause a potential buyer to postpone the decision to use a particular product/service.

(5) Electronic information's value depends upon a single person's need at a single moment in time. Perception governs the worth of a particular piece of information. Marketing information, then, must link the potential of data to a current or future, real or perceived need in each customer's mind. This is the opposite of mass marketing a consumer product.

(6 Without technology, electronic information cannot be consumed. No matter how effective the marketing campaign, a customer cannot spend money if the hardware is dead or the software unusable. Electronic information requires a significant investment of time and money before the prospect can become a customer.

(7) Many consumers expect information to be free or low cost. Without money or unwilling to spend money, a prospect cannot become a customer. A marketer must impart value to that which the prospect views as of low value. Misreading these signals about price leads to price cutting which makes the financial payback increasingly unlikely. Low prices do not guarantee increased revenue. Don't believe me: show me a low-cost timesharing service, and I will show you an operation in the red.

An information product/service marketer can easily stumble on one of these 'if...then' statements:

If a marketer delivers information and does not have a market which values it, then the marketer fails.

If the person who needs the information does not know how to operate the delivery technology, then the marketer fails.

If the person who needs the information does not understand the information, then the marketer fails.

If the information retrieved is not what the customer needed in the first place, then the marketer fails.

For an online service seeking end users, it cannot sell one byte of data if the customer doesn't know what a modem is, can't get the device to work, or doesn't have comms software. If the prospect doesn't need the information offered on the CD-ROM, no brilliantly implemented tactic in the world will sell the product/service.

What's hot in the USA?

The major marketing excitement at the Special Libraries Association June 1990 meeting in Pittsburgh, Pennsylvania, was the Disclosure booth. Staff wore nifty Team Disclosure jackets and dressed for tire changing at the Monte Carlo Grand Prix. Pasteboard Formula One racers squatted at the periphery of the stand.

Glitz and blitz paid off handsomely. Steve Goldspiel, Disclosure's President, captured 12 column inches on the front page of the Pittsburgh Press business section. He received envious stares from his competitors and appeared in a spot on the holiest-of-holies, the six o'clock evening news. With a snarl of high-compression salesmanship, marketing burned rubber at SLA. Two weeks later, UMI unveiled a roulette wheel (I kid you not) at its booth. Lucky winners could take home a CD-ROM drive or select from other wonderful prizes. In 199 1, the booth wars will escalate. Will I watch battling gladiators in the H.W. Wilson & Co. stand or bear baiting in the Maxwell Online booth next year?

The increasing interest in marketing information products/services, marks an end and a beginning. The Age of Innocence for electronic publishing is over. Examples which come to mind are the draconian end to McGraw-Hill's real-time news service in the first quarter 1990 and the pattern of dramatic reorganization in large and small electronic publishing operations. The backfire of sagging revenue in online will escalate the marketing warfare in the trenches -that is, the corporate, public, and special libraries -for the foreseeable future. With competition heating up and techno-flash giving off short-lived bursts of revenue, the marketers get their turn at bat. Shucks, they may make up the whole team. Can they make electronic publishing a money-making proposition? The beginning? Marketing is taking over the controls in many electronic publishing operations.

At the National Online Meeting (New York City) in May 1990, dozens of database producers with online files quietly exchanged notes about usage and revenue. At the same time as the leaders of the online world assembled in the Big Apple, CompuServe — rarely seen at the official online and electronic publishing shows — crowed. This subsidiary of H&R Block, the income tax consultancy, has found the pulse of the non-library online market. The Columbus, Ohio-based company continues to expand its technical and consumer database offerings. Among the most recent additions are several hundred full-text magazines from Information Access Co. (Foster City, California) and a dramatically expanded desktop publishing forum. CompuServe markets with four-color advertisements, massive direct mail campaigns, and point-of-sale password kits in bookstores. Each month a slick four-color CompuServe magazine thumps into the mail boxes of more than 500,000 password owners.

At the opposite end of the marketing spectrum is a CD Plus (New York). This newcomer has grown rapidly with a Medline-based CD-ROM which offers more data on fewer discs at a competitive price. Their implementation uses advanced compression techniques and sports a nifty user interface. Sales have come at the expense of Dialog Information Services' and Silver-Platter's CD-ROMs which require more disc swapping. To say that CD Plus markets modestly is an overstatement. The company fielded a sparse 10x10 foot booth at the National Online Meeting. Its single representative sat in the booth and showed the product to anyone who would stop. Nevertheless, CD Plus became one of the most talked about companies at the show.

What's going on?

One company spends megabucks on marketing, skips the National Online Show and most other 'serious' electronic publishing shindigs and wins when others whine. Another firm spends as little money as possible yet chomps into the medical market previously held by larger, more visible companies. Why does CompuServe have to spend so much? What are the secrets of its marketing success? Can those strategies and tactics be applied to Dialog Information Services, BRS, or any other timesharing service with equal effectiveness? What would CD Plus achieve if it spent more? How does management at both companies formulate a marketing program? What tactics are most appropriate for a particular information product/service? What's the right mix of tactics? How does a particular market segment respond to certain tactics? Which will deliver the optimal return? These are not easy questions to answer. Or to ask.

Data archaeology and marketing

Getting hard, reliable answers to marketing questions is a slippery job at best. Research, consultants, guessing — each plays a role. But what are the best sources to mine for marketing information? Three come immediately to my mind:

(1) The electronic product/service itself.
(2) The printed materials about that particular product/service — documentation, tape manuals brochures, and sales collateral — prepared by the organizations producing the information.
(3) Speeches, articles, books, dissertations, and monographs written by the employees of an electronic information company.

Weird marketing schemes for electronic information products/services point to one painful fact: the people involved do not understand the product/service. Period. They are trying to sell something without internalizing its nuances, often without using the information product/service itself. When I see wild-and-crazy marketing schemes, I think, 'These folks don't know what this product/service does'. The key to effective marketing tactics is to understand the product/service one wants to sell. How does a marketing manager learn about an electronic product/service? Here are the steps I follow:

1. Master a database

The conceptual base on which to build knowledge of marketing requires first-hand data collection; for example, using daily for an extended time a specific database or CD-ROM produced by the organization whose marketing one studies. The most thorough preparation for understanding the marketing of a company is to master that company's product/service in all its forms. In more practical terms, one must use, not watch.

Let me give an example. If I were to study the ABI/INFORM database to prepare marketing collateral, I would follow these five steps:

(a) Understand the history of the ABI/INFORM provice. I would answer, for example, these questions: What was the paper form of the database. Why were 5 inch x 8 inch index cards used? What changes in production had to be made before the database could go online in 197 I?
(b) I would study how the ABI/INFORM product/service is delivered at the present time. Questions for me to answer are: What impact do the different types of delivery systems have on the ABI/INFORM database? Is the product/service the same on professional systems like Dialog, end-user systems like Mead Data Central, novice-oriented systems like EasyNet (Telebase), and European systems like ESA/Quest? (Hint: the ABI/INFORM online product/service is different on each system because each system's software redefines the database its own way.) How does the CD-ROM version of the database compare structurally and conceptually with the online versions of the file? (ABI/INFORM on CD-ROM bears only a superficial resemblance to the ABI/INFORM on Dialog because bound-phrase searching — the heart of ABI/INFORM — is not available on the CD-ROM. Clever!) How has ABI/INFORM changed when blended with the Business Periodicals OnDisc product, the CD-ROM image version of this database? (This product/service is different from both the basic CD-ROM implementation of the product and the online version of the file.)
(c) I would analyze the record structure and its constraints and strengths. Key questions are: What limits are engineered into the database by the structure of the record? (Hint: study the ABI/INFORM tape manual. The tape manual for ABI/INFORM details the fields and the size of the fields for each data element in the database.) How does the basic ABI/INFORM record differ from Business Dateline and PROMT records?
(d) I would examine the editorial policy and processes. What is the editorial policy of ABI/INFORM? How has it changed through the four editions of the user guides for this database? How does the Controlled Vocabulary and term assignment differ in the ABI/INFORM and Business Dateline databases? What are the significant differences in indexing between ABI/INFORM and PROMT?
(e) I would gather information about prices. Key questions to answer are: How have prices for the ABI/INFORM

product/service changed? What events triggered the changes? How did the customers react? Are prices consistent across delivery media? How do the ABI/ INFORM prices compare with the competitors' prices? Has pricing been a marketing tactic or a means of generating revenue?

When questions like these are answered the marketer is ready to examine larger questions of selling strategy and tactics. It is tough, if not impossible, to market the ABI/ INFORM product/service — or any information product/ service for that matter — without mastering this level of detail. Unfortunately many information marketers feel that such inquiry mastery is inappropriate or beneath them.

2. Study collateral materials

As a second step, I would gather the existing marketing materials, including direct and indirect competitors' collateral as well. I would read the collateral materials as marketing documents. Questions for me to answer in this phase of the research are:

(a) What is the content of this document?
(b) What message does it convey?
(c) How is the message packaged?
(d) What communication and rhetorical techniques are used? Which are effective? Which are ineffective?
(e) Has this piece of collateral made sales?

Marketers can overlook promotional material as concrete data about how the product/service has been sold in the past. We must to remember that collateral — printed material — gives the product/service its tangible form. Marketing materials are the information producer's own metaphor for the product/service they offer. Collateral, of course, is not the product/service itself; it is the product/service through the eyes of the marketer.

3. Find out what employees say or write

Another step is for me to read articles or listen to presentations by employees of the company making the product/service. Until a few years ago, I did this research first. Now I do it last. Without the technical foundation in step 1, the words of the various authors cannot be measured against what the employees write or say about the product/service.

4. Understand the customer-s arid the competition

At last I am on traditional marketing ground. Library research, competitive analysis, and qualitative and quantitative research can provide data. When analyzed, the result will be an archaeological treasure store of marketing insights. Marketing electronic information cannot be separated from the environment which produced it nor from the people who bought it. With knowledge of the product/service or a range of products/services, the marketer can begin thinking about a marketing strategy.

Strategic marketing patterns

Electronic information marketing has a history, a brief and dull one, but history nevertheless. In the 1970s, electronic information marketing was technical documentation and conversation among far-sighted people. In the 1980s specialist-to-specialist marketing was in vogue. At the outset of the 1990s, electronic information marketing borrowed from consumer marketing: splashy four-color magazine advertisements; radio spots; four-color, die-cut brochures; and telemarketing campaigns. These changes in marketing emphasis reflect a shift from a series of well-defined markets to somewhat larger, less homogeneous markets. I cannot call these 'mass'or 'consumer'markets because a typical online market is measured in the hundreds, thousands, maybe hundreds of thousands customers. Habitual users, the big-time spenders are much scarcer animals. For example, the numbers of students who use CD-ROMs are not a market for optical information products. A couple of thousand library managers are the market.

How can one devise a conceptual glue to bind together a diverse set of marketing tactics? This essay is not the place for a discussion of strategy formulation; that's a job for management consultants. I have identified five (and I know there are many more) strategic organizing principles applicable to the marketing electronic information. The five strategic principles or patterns (I will use the words interchangeably in this essay) are:

(1) Innovation marketing
(2) Key account focus
(3) Building relationships
(4) Presence
(5) Promotion

Let us look at each.

1. Innovation marketing

Innovation marketing is marketing by rolling out new or enhanced products. The strategy works because consumers want to know about the most recent innovations and changes in a product. News of a new product or enhancement pulls customers. Even an incremental change in an information product/service can be an event in the hands of a skilled marketer. Innovation marketing is market- and technology-driven. At the June 1990 American Library Association conference in Chicago, Illinois, Information Access Co. unveiled five new business information products, two software enhancements which added boolean to the InfoTrac CD-ROM workstation, and six or seven strategic distribution deals, including direct access to the company's databases by OPACs (online public access catalogs).

The downside of innovation marketing is that market expectations can exceed reality. Customers expect too much. If the product disappoints them, they may not buy. Innovation also extracts a price from the employees of the organization which lives by innovation. It is not easy to follow a blockbuster (or even a marginally successful) product with an equal or better performer. New products have bugs. The first to market has the opportunity to squash them or be squashed. Constant innovation is a potent marketing strategy, and one which is difficult for managers to control.

The tactics used by innovation marketers typically involve publicity and visibility: news releases, product presentations, and trade show activity. In the last few years, innovation marketing has become more difficult than in the early years of the 1980s. At the beginning of the decade, just about everything associated with electronic information was new. By 1986, it was no longer enough to roll out a new file every few months, as Predicasts learned when usage and revenue reports for their new databases rolled in. After some waffling, management firmly mashed all the new databases into PROMT and publicized the result — the world's first megafile. Sorry, Chemical Abstracts, Medline, and Compendex.

Online searchers have more and more difficulty differentiating the 'new and improved' information products/services. In the last five years, die-hard innovators make frequent use of direct mail, face-to-face training, and toll-free customer service to give their strategy more zip. innovation gets marketing attention. It is a powerful strategy but one which is difficult for managers to carry out successfully for extended periods.

2. Key account focus

The second strategic marketing principle made its debut with the LEXIS product/service in the late 1970s. Mead Data's full-text product was new (and foreign) to lawyers. The information in the database was highly specialized and carried a hefty price as well. Mead Data Central chose to sell directly to the most important law firms. Key account means nothing more than making a direct sales call on a big spender and working with the influence centers in that organization to sell the information product/service. Key account marketing has many advocates because the richest and largest organizations buy the most goods and services. It makes sense, therefore, to get sales from the Fortune 1000 companies.

The tactics for collateral, telemarketing, and direct mail to support the key account strategy are relatively low cost, especially when compared with the expense of a field sales force. Thus, one downside of the key account approach is that the staff and travel costs are onerous. There is also a risk of alienating prospects who are not given enough attention and support. Mead Data correctly adopted such a strategy in the mid-70s. Company marketers defined the market as lawyers, not law librarians. Unwittingly, the company alienated the special library market, a problem which persists today.

Key account marketing makes the most sense when the company using the technique can close business with customers who can and will spend large amounts of money for the electronic information. Key account marketing separates the customers into two classes and permits a concentration of resources on the ones who spend the most. The key account strategy is now a hot marketing strategy at Dialog Information Services and Lotus Corp.

3. Building relationships

'Get close to the customer' vies with 'we need more marketing' as the most frequently-recited business litany. Successful marketers of services discovered, as early as 1917, when Edwin Booz pioneered high-level selling of professional services in Chicago, that relationships closed sales.

Building a relationship, however, is not easy, nor a strategy with a rapid payback. It is also expensive and subject to the whims of individuals. Many professional consultants compare it with going on a first date in high school: fear of rejection and uncertainty are constant companions.

There are several techniques which can be used to establish relationships with customers. A program of direct contacts with key decision makers is one of the most widely used strategies. The contacts are positioned in such a way that their goal (sales) is not overtly pursued. Key account marketing has relationship building as a tactical aspect of making a big sale. Relationship building goes beyond managing a key account in that the strategy can apply to joint ventures, partnerships, or other business liaisons in organizations of all sizes and types. Relationship building pivots on a single individual's impact. High-level consulting firms rely upon the notoriety and visibility of their senior people to provide an entree to a company. Another approach is to market through old-boy and old-girl networks.

To illustrate: senior government officials use a revolving door to move from industry to public service and back. In the USA, organizations marketing to the Department of Defense have one or more high-ranking retired military officers on staff to deliver instant relationships like microwave pizza.

Electronic information products/services marketing is a promising area for the relationship strategy. The information industry has grown rapidly. It is often hard for leaders in one segment (for example, text retrieval software) to have appropriate contacts with companies in another, unrelated business or technology sector. Relationships can help reduce this issue. Another impetus to relationships is the business environment itself. Acquisitions, mergers, and outright business failures have produced increased uncertainty in some companies. Good relationships give the feeling of belonging to a larger community than one's own organization. Relationships between individuals transcend employers.

The benefits of the relationship strategy include valuable contacts and first-hand knowledge of competitor actions. The downside of relationship marketing is the amount of time required to build it. The pace of life in the USA and pressure for short-term performance work against this approach.

4. Presence

Most organizations, particularly when they have a strong, positive reputation in a business sector, can engage in presence marketing. This approach to selling information products/services is to get one's name and brand linked with high-visibility, positive activities. Awards, leadership in major associations, and active educational programs are typical of a presence marketer's tactics. But the best way to build presence among information professionals is to offer a quality product/service.

Usually each market segment can support one, possibly two organizations which can effectively use a strategy of presence. Without apparent, conscious effort, a presence marketer's organization seems ubiquitous. Other people talk about the organization, its brands, and its product/services. Articles appear and routinely mention the organization. It is as if the writers and speakers are on the payroll of an organization with presence. A customer cannot easily escape this web of influence.

In the information industry, presence flows from three streams. First, entering early: those who helped start the information industry have presence. Second, buying talent: an organization can hire experts to develop, refine, and market the product/services. The American Psychological Association, Oracle Corp., and Ziff Communications are information companies which have built presence through key hires. Third, delivering quality: presence comes when strategic enhancements are made to an important information product/service. An excellent example of this is development of STN's chemical structures online.

Getting presence has been the goal of most organizations. Some companies achieve notoriety, not presence for their efforts. Of the four marketing patterns, presence is the second, most-easily pursued. It is the hardest to achieve. The fuzzy nature of the information industry makes presence marketing difficult. What is the information industry? It is hard to generate industry-wide presence when we don't know what business we are in. A practical goal for most electronic publishers is to achieve presence in a niche.

5. Promotion

By far the easiest strategy to carry out is promotion. "Promote anything, something", corporate executives say. Employees quickly get busy putting out fires. They do not see that they are working within a pattern expressly designed to keep each marketing activity separate and unrelated to what precedes or accompanies it. Promotion marketers often have the most detailed planning documents. How else can they budget for so many different actions? Senior management reviews and changes the Annual Marketing Plan with solemnity and ritual.

Planned or unplanned, the strategy of selling through uncoordinated or loosely-integrated tactics is the chosen path for many electronic publishers. The reason is that tactics aim at the fast-return. The benefit of promotional marketing is that the organization is visible to its customers. Clever posters with pictures of food and computers, snazzy give-aways at trade shows, and 16-ounce four-color brochures are three of the devices favored by the promotional marketer. I still have my red-and-blue MARS database coasters, which cause me to log on to that database when I have a Diet Pepsi and search online. I am proud of my pig-and-computer poster as well though it does not call me to take any particular action. People talk about the freebies and special offers from the tactics-oriented electronic publisher. Customer feedback fuels more price-cutting, coupons, and special deals. To optimize return, companies show different faces to

Innovation marketing

Autodesk Inc., 2320 Marinship Way, Sausalito, CA 94965
Product: Software
Strategy: Innovation marketing
Tactic: Publicity

Information Access Co., 362 Lakeside Drive, Foster City, CA 94404
Product: InfoTrac
Strategy: Innovation marketing
Tactic: Publicity

Key account marketing

Dun's Marketing Services, Three Sylvan Way, Parsippany, NJ 07054
Product: Company information
Tactic: Telemarketing

Lotus Corp., 1 Cambridge Center, Cambridge, MA 02142
Product: CD/Corporate
Tactic: Collateral

Presence marketing

Dow Jones News/Retrieval, PO Box 300, Princeton, NJ 08543-0300
Product: Dowquest
Tactic: Advertising

Chemical Abstracts Service, 2540 Olentangy River Road Columbus, OH 43210
Product: STN International
Tactic: Presentations

Promotional marketing

CompuServe, PO Box 202 12, Columbus, OH 43220
Product: Online service
Tactic: Monthly magazine

Dialog Information Services Inc., 3460 Hillview Avenue, Palo Alto, CA94304
Product: Online information
Tactic: Update seminars

Relationship marketing

Disclosure Inc., 5 16 1 River Road, Bethesda, MD 208 16
Product: Compact Disclosure
Tactic: Direct mail, trade show

Online Inc., 11 Tannery Lane, Weston, CT 06883
Product: Online Chronicle
Tactic: Timeliness

UMI/Data Courier, 620 South Third Street, Louisville, KY 40202
Product: Business Dateline database
Tactic: Joint seminars

Table *2: US organizations and their marketing strategies* their customers within the same market segment at different times.

The more negative side of promotional marketing is that it confuses the markets. No one is sure in what direction the organization is going. One unexpected result is that competitors have a difficult time trying to predict what the other group's next move will be. There is an element of surprise associated with promotional marketing, which seems to be an advantage for the group using the strategy. But surprises increase uncertainty, so the promotional marketer often suffers an image problem. There may be nothing 'wrong' with the promotional marketer's organization, but the market is uneasy about the tactics. This type of discomfort is difficult for the customer to verbalize.

Three marketing traps

1. The pricing trap

In a pair of articles published in 1989, I argued that pricing electronic product/services is a marketing weapon — and a powerful one (Arnold 1989). The question I am most often asked by colleagues and peers is, "How do we price our electronic information?" The truth is that pricing is often little more than a guessing game about what the other fellow is guessing.

Let me give an example: a useful reference book for students seeking an MBA is *The MBA Toolkit.* published in 1985. Among its hundreds of formulae, procedures, and suggestions is a 12-page section on pricing. None of the authors' remarks is relevant to setting a price for online database, a CD-ROM, or a facsimile information product/ service (Hilker & Gee 1985).

Timesharing vendors typically set the retail price of information without consulting the database producer or the customer. Some information providers have agreements which allow them to specify their royalties by percent or dollar amount. But increasingly, timesharing companies have been seeking contracts which wrest this modest intluence on pricing from the information provider. The distributors of data want this nuclear-bomb marketing weapon in their B- 1 bomber. Thus, a publisher or database producer-the manufacturer of the information product/service — has less intluence on the price of the database distributed now through a commercial timesharing service than in 1980.

And timesharing companies can determine the competitiveness of a particular online product. In fact, a timesharing company can give one database an advantage over competitive databases in dozens of ways difficult for the customer to perceive. Customers of timesharing companies see only the retail price. Customers usually lay blame for a high price on the database producer, not the real culprit. Thus, the database producer takes the brunt of customer dissatisfaction.

An information marketer who calculates the price of his product/service using traditional marketing tools is trying to repair an F-15 with a stone hammer. Consider CD-ROM pricing: plot all of the retail prices for commercial CD-ROMs. What do you find? Two bulges like the humps on a camel's back: hundreds of products priced *below* $1000 and hundreds priced *above* $5000. In the middle, comparatively few products. A normal curve has most of the data in the middle...but not for electronic information product/services. Two-humped pricing curves show the folly of thinking that CD-ROM product pricing is 'normal.' The CD-ROM pricing curves are like our friend the two-hump camel-an oddity.

The marketing literature simply does not address this fact of electronic information life. If one follows one of the traditional formulae in *The MBA Toolkit*, the results will be off the mark. This is one instance of how the marketing literature can be seriously out of step with the hopping, skipping, and jumping in the real world of information products/services. If pricing is out of whack, it should be no surprise when a company with spectacular marketing cannot make headway with their customers. Their pricing works against their other marketing efforts.

2. The Features-Advantages-Benefits (F-A-B) trap

Every insurance, vacuum cleaner, and retail sales person in the USA has been given some exposure to F-A-B. an acronym for Features-Advantages-Benefits selling. The problem for information marketers, however, is that it will not work when selling electronic information products. The information sale requires a different component before 'Features' makes much sense to the prospect. The first step is Education: explanation of the technology, the data, and the access processes needed to make the product/service come alive.

F-A-B does not get an individual in an organization or a consumer at home to habitually use an information product/ service. Sales training programs drive home the three-part approach of Features-Advantages-Benefits. It is catchy even if wrong. The 'F' process of describing Features lets the prospect know what the attributes of the product are: for example, "this database has 10 000 new records each update". The 'A' or Advantages step in the sales process lets the marketer ask questions and then respond by linking the answers to the prospect's needs: for example, "Do you think online search costs are rising?" The prospect says, "Well, yes, I think they may be". The marketer says, "This CD-ROM will save you hundreds of dollars every year". The 'B'or Benefits step lets the marketer relate the product to the specific needs the prospect has. The marketer adds. "You can use that extra money to add microfilm titles to your collection".

Advertising for the Prodigy information service (a joint undertaking by Sears and IBM Corp.) in the October, November, and December 1989 issues of *Personal Computing* and several other popular PC magazines featured this headline: "The little yellow box brings you hundreds of features for just $9.95 a month".

What is the point of having features if the prospect does not grasp the basic concept of online information retrieval? To be fair, the Prodigy advertisement I just quoted devotes one paragraph of copy to what the purchaser can do with the little yellow box. 'But serious conceptual trouble surfaces in the penultimate paragraph of the copy: "The Prodigy Service Start-Up Kit comes complete with everything you need to get on-line easily. There is also a Start-up Kit with a Hayes Personal Modem 2400 at a great price"

Wait a minute. If the first kit is complete, why is there a second kit that is more complete'? What is a modem? Do I have one already? Am I able to use it with the Prodigy modem? This advertisement does not cut the mustard because it assumes the reader knows what the ad is talking about. This is the underlying problem with many product/service messages. The 'E' part — Education — is omitted. Including 'E' data helps distinguish effective electronic information marketing from the feeble.

3. The guarantee or implied warranty trap

Most baffling to the traditional marketer is the problem of getting money for data. What knocks traditional marketers to their knees is that most information companies offer no warranty or money-back guarantee for their product/service. Dialog Information Services won't accept credit card billing for 'regular' Dialog service. Is it because consumer protection laws enable the person with aquestion about a charge to have the levy removed from the credit card statement? Even the much-maligned automobile industry has buckled to consumer demand for better warranties and lemon laws. Not in electronic publishing. Get bad data, too bad.

Assume that a prospect is in hand, and he or she wants your data. In some circumstances, those needing it will pay almost any price. The large brokerage firms and investment bankers consume prodigious amounts of fact, opinion, and analysis when a major deal starts to take shape. But for every Goldman Sachs there are hundreds, perhaps thousands of smaller companies, individual researchers, and curious citizens whose willingness and ability to pay are more modest. Most prospects may want the data without paying any fee at all. Traditional marketers use warranties to back up the sale and provide peace of mind to the customer. How can one offer a warranty for information? Reveal the information to prove that the product/service works. The prospect has the information and does not have to pay.

The process of marketing can rob data of their value during the sales pitch. Little wonder that those who sell tangible products roll their eyes heavenward when confronting the challenge of a high-cost, invisible product or service for which the customer must pay even if the data are wrong or inappropriate. CD-ROM minimizes this problem in some circumstances, but only Information Access Co. offers a no-questions-asked customer service policy. Other companies are finding themselves pressed by customers to emulate the IAC model.

Micro-environments and confusion

Information is used by an individual, but it is sold into a micro-environment. A micro-environment is a marketer's version of a fish bowl. It is a complete. cohesive collection of present and future customers. I dislike the term niche because it does not suggest the forces which trigger the need for electronic information. Examples of micro-environments are:

— Special libraries in a specific industry, a region, or some other logical grouping.
— Public libraries with comparable book budgets, staff size, etc.
— Academic librarians at two-year colleges, four-year colleges, or national universities in particular functions: for example, business reference or acquisitions.
— Information brokers or information consultants.
— Marketing departments at Fortune 500 corporations.
— Timesharing companies serving the legal market.
— Technology companies manufacturing network hardware and software.

Finding and selling to a micro-environment allows the information marketer to offer targeted messages to the individuals in these various groupings. A micro-environment allows the marketer to make more individualized appeals without the cost of developing a one-on-one marketing program.

Obviously each micro-environment poses subtly different marketing challenges. The strategies and tactics appropriate to one application area will be inappropriate to another. To tailor a marketing program appropriately, knowledge of the each micro-environment's needs and application area is essential.

One result of the escalation of marketing hype is that peddlers of electronic information have made it harder for others to sell their product/services. Consumers of electronic information often can neither differentiate or discriminate among unfamiliar or new information product/services. How can one market when the customers are confused'? Eliminating confusion, however, is a costly and uncertain process when explaining a relatively simple product like two brands of laundry detergent. Making meaningful distinctions about two CD-ROMs which contain business information is the more challenging problem. Solving it costs money which must be regained by charging more for the information or selling quantities at a lower margin. Ironically, as the cost of hardware and software drops, the cost of information rises. Fast-talking and four-color ads cannot overcome the reality that some micro-environments believe that information should be a low- or no-cost commodity.

Ignore micro-environments and send a message like Prodigy's and the individuals in the micro-market may tune out the message. It is just not relevant to them. Consider the difference in marketing credit information to small businesses and selling online searching to law librarians. Each micro-market requires a different mix of marketing tactics unified under an appropriate marketing strategy. Building such a campaign is difficult, time-consuming, and expensive.

Information marketing is a complex process. There are some successful information marketers, but overall the successful marketers do not write about marketing. they do it. Therefore, the student of marketing must turn to what information companies do.

Ground rules for the 1990s

I have hinted at my ground rules for information marketing. Let me summarize them:

(1) A marketer cannot sell information by following textbook recipes. Amarket-sensitive approach is necessary to understand what to do. differentiate your information

from the competition's, and give it personal relevance to the customer.

(2) Information can lose its value when it is sold. Clumsy marketing can give away the product/service. Free time boosts usage; free time can put information companies out of business. One must use freebies judiciously.

(3) The value of the product/service depends upon the prospect's situation at a specific point in time, not the cost of making the information plus a mark up. Pricing is among the most difficult marketing tasks to undertake. Rush through pricing decisions. and a marketing manager will pay and pay and pay.

(4) Failure follows if the customer cannot apply the product/service. A product/service has to be resold each day. The customer makes a new choice about what information to access each time a new search is run. Brand loyalty and brand identity is hard to build for a tangible consumer product. It is almost impossible to build it for an information product/service.

(5) The product/service's quality depends upon (a) previous experience with the information product/ service or(b) what others have said about it. It is easy to talk about quality, but a good database can be bad mouthed into disrepute.

Outlook 1995

In the 1990s, competition for the customers' information dollar will come from many places: some expected and some from left field. Governments provide information as do enterprising teenagers operating home-brew online systems from their bedrooms. A woman with a Macintosh can create an electronic newsletter. deliver it by fax. and beat the pants off a similar service from a larger competitor like Dow Jones. There is a major role for the entrepreneurian marketer in the 1990s.

However. the next set of big winners will come from firms like Sony. Hachette. Reed Publishing and AT&T. To some electronic publishers, these organizations appear to be on the periphery of electronic information. In the next few years. they will make their presence felt in electronic information. acquiring many USA companies which cannot survive on marketing and tired product/services. The winners will be the organizations which can dominate multiple. significant micro-markets with innovative. useful. competitively-priced products.

By the middle of the 90s. electronic information marketing will be a discipline in its own right. The thirst for marketing information pertinent to electronic products/services is not slaked. As our knowledge about marketing product/services grows, the art and science of information marketing will move into the Bronze Age. Most important, our customers will be able to make more informed choices. The marketer will be able do his or her job with greater confidence and increased effectiveness. In a sense, information marketers at work now are inventing the tools which will shape much of the commercial life of the next ten years. Errors and missteps are to be expected...even encouraged. The benefit to those who follow is that their errors will be codified in the textbooks the next generation will study. For now. though, one must get one's hands dirty. There is no Cliff's Notes Electronic Information Marketing 101. Maybe in 1996?

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