
CHAPTER 1
Competitors or partners?
A study of the changing nature of
subscription agents and its effect on MCB
University Press

Changing nature
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agents

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Timmie Duncan

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Introducing the author – Timmie Duncan

The idea for this study took shape following an MCB University Press board “think tank” in June 1992 which resulted in a plan, dubbed Vision '94, targeting growth through revitalization of the organizational structure with the focus on the customer rather than the product. This created a radically new structure. New departments were set up that, rather than controlling all aspects of a subset of journals, took control of particular functions across all journals. Thus Publishing Logistics was established to control editorial input to the journals, Sales Prospecting to sell journals to new subscribers, Customer Development: Librarians to encourage renewals and cross-sales to existing librarian customers, and Customer Development: Non-Librarians to encourage renewals and cross-sales for the remainder of the customer base. The new structure became operational on 1 November 1993, and Timmie assumed the role of Director of Customer Development: Librarians.

This changed and enhanced Timmie’s previous position of Associate Director: Agents and Librarians Services, with responsibility for managing all subscription agent relationships as well as setting up and managing Library Link, a “club” for librarian customers with the objective of building up customer relationships.

As the great majority of librarians ordered their journals via subscription agents, seven of which dominated worldwide, Timmie was given the responsibility of developing and managing these relationships by regular field sales visits around the world. She negotiated agreements with them whereby they promoted MCB journals to non-MCB customers on their own databases who subscribed to compatible titles. The results of these relationships will be shown later in this study.

At the time of submission, Timmie was responsible for sales of new and renewed subscriptions to all MCB’s existing librarian customers worldwide. This included the management of “key customers” (who represented 1 per cent of customers and 15 per cent of gross sales revenues), and the Anbar Library, a document delivery service mainly used by librarian subscribers to MCB’s Anbar suite of journals. Library Link had become a brand image for MCB titles to the librarian segment and this continued to be developed. Timmie retained responsibility for the development and management of agents worldwide even though ostensibly this fitted into Sales Prospecting.

Introduction

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To what extent has the emergence of global data networks affected the traditional distribution channel of scholarly information dissemination, and what are the critical issues – generated by the new technology – currently facing subscriptions agents? These are the key questions this study seeks to explore. The answers to these questions, together with an assessment of agents' future plans, should enable MCB University Press to develop a strategy which will maximize its revenue profitably. Currently sales via agents account for 70.5 per cent of MCB's total revenue.

There are two distribution channels within MCB-UP. The first relates to librarian customers who act as brokers for their users – academics and researchers. MCB publishes a number of titles for librarians as individual professionals but these are still, of course, ordered through their agents. The second distribution channel is for those titles targeted at individual practising managers. The only difference is that the librarians' channel has an additional member – the subscription agents. I have restricted this study to this latter member of the distribution channel, and have reviewed the changes in technology which could affect their traditional relationship with MCB. It is, however, understood that the other members of the distribution channel, i.e. authors, librarians, users and practitioners, will also be affected by the emerging new technology.

The move amongst librarians to view access to information as being as valid as ownership is at the heart of this study. If access is being sold, it brings into question the revenue streams of the publishers and the traditional relationship of publisher, librarian and subscription agent.

The major agents have all entered into document delivery service (DDS), mainly by forming alliances, and are aware that their survival depends on their ability to cope with an ever-increasing diversity of supply. They believe there are significant growth opportunities for both traditional subscription services and electronic publishing and document delivery.

Although the “superhighway” is seen by some as a threat to both publisher and agent, given that authors will not need these intermediaries, being able to disseminate their scholarly information directly over the networks, this appears to be a minority view. Peer review and intellectual property rights are obvious weaknesses in such practice.

In the study I have reviewed the theories of traditional distribution channels, moving on to those relating to the emerging electronic channel. I have also conducted in-depth interviews with five major international subscription agents, namely:

- (1) EBSCO, Alabama, USA;
- (2) Faxon, Massachusetts, USA;
- (3) Swets, Lisse, Holland;

Timmie Duncan (4) Blackwell, Oxford, UK; and
 (5) Dawson, Folkestone, UK.

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These were selected as being representative of the sector as a whole. (The two major agents in Japan, Maruzen and Kinokuniya, were excluded as MCB has come to no special arrangements with them since opening its offices in Tokyo in 1992. In addition, the culture of the Japanese and the working methods of these two agents are very different to those of the agents listed above.) The interviews aid in identification of the changing nature of current channels of distribution in the publishing arena. The five agents selected account for 71 per cent of revenue generated via agents and 62 per cent of total revenue in 1994. It can be seen, therefore, that they have a significant effect on MCB's revenue stream. It is essential that MCB protects and grows its revenue stream and the outcome of this study will provide the intelligence on which to base the most advantageous strategy.

My analysis also takes into account the results of a recent survey of 100 librarians in the USA. The results identify the level of their 1995 budgets and highlight their plans for electronic publishing which are thought to be significant to this study.

Reviewing traditional roles

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In this section, my aim is to discuss the role of each channel member and the value added throughout the chain.

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The role of the author

The author is the originator of the raw material. This is generated by using previously published material for research, thus closing the loop of the supply chain. The author adds his/her own views and original research activities and creates new material for publication. The motivation of the authors is dissemination of ideas and, for academics, this is crucial to their career advancement.

The role of the editor within MCB

The editor is responsible for:

- agreeing editorial aims with the publishers;
- developing an appropriate network of contacts from which “leading edge” copy will flow;
- appointing and involving the editorial advisory board;
- organizing review of articles – refereeing process – which gives the articles credibility in the eyes of other academics;
- controlling the content quality;
- timely delivery of copy to an agreed schedule; and
- completion of a journal article record form for each article (this is particularly important to MCB as, in the main, it transfers the copyright of the article in that form from the author to the publisher).

The editor’s contribution to the quality of published output is essential. It is the editor who makes tangible the publishing objective. MCB’s editors are autonomous in the selection of copy for their journals.

The role of the publisher (MCB-UP)

MCB’s role is to:

- originate ideas for a journal by researching the market-place to identify new needs amongst academic researchers;
- assemble the team best qualified to pull together the most important material to address these researchers’ needs;
- promote the journal so people are aware of its existence;

- ensure high-quality inputs in terms of production value so that the material is as accessible as possible, e.g. through the provision of keywords, abstracts, cumulative indices;
- ensure high-quality design and production of the physical product;
- arrange for the journal to be indexed and abstracted, and cited in external sources;
- co-ordinate copyright;
- ensure timely delivery;
- provide archiving services through back issue stock; and
- make a profit to fund further journals.

The role of the subscription agent

Agents add value for the librarian by providing:

- one-stop shopping to consolidate, organize and report on all their serials acquisitions;
- consolidation of despatches (particularly important in geographical areas with poor postal services);
- maintenance of accurate and accessible records;
- simplification of foreign currency payment, sending librarians an annual invoice in their own currency;
- organization of claims for missing issues;
- an interface between publisher and librarian providing information on new titles, changes in titles, prices and frequency;
- reports to assist in librarians' budgetary planning; and
- sourcing of obscure titles.

The value added by the agent for the publisher is by:

- being a single reliable source for a large number of subscriptions from a large number of libraries;
- collecting new orders and renewals, and eliminating the need for the publisher to send out renewal reminders;
- taking responsibility for collecting payment from librarians and assuming the risk inherent in buying and selling in a multiplicity of different currencies; and
- handling librarians' claims and enquiries so that the unnecessary ones are eliminated.

Cox (1993) states that, "The journal market is worth over \$2.5 billion per year, and comprises approximately 120,000 titles in print from over 12,000 publishers. Eighty per cent of these subscriptions pass through subscription

agencies. They are there because librarians need a service that consolidates, organises and reports on all their serials acquisitions". In other words, the subscription agent is the typical middleman, adding value to the distribution process. They simplify and rationalize that process. The value of the service depends on the librarian's need for one-stop shopping, and is in proportion to the difficulty librarians face in dealing with a variety of publishers, and that publishers face in having to cater for the individual requirements of each library customer.

The role of the librarian

The librarian's role is to:

- understand the existing and changing needs of their customers;
- ensure a balanced collection of material is maintained within their library to match the needs of their customers;
- be continually aware of their customers' changing needs and be continually proactive in adjusting the balance of their material; and
- encourage full use of their material by services such as selective dissemination of information (SDI) to maximize the value gained for the money spent.

The role of the reader

It is the reader's requirement for information which acts as the catalyst for the entire chain. The reader requires this information because she/he is both the beginning and the end of this chain. They read the material in order to augment their original research activities and thus generate further contributions to the body of knowledge.

The usage of the journals by the reader indicates their value to the librarian and can influence the renewal decision. Feedback from users is important for publishers in maintaining quality and credibility of their products. Feedback from authors is captured on MCB's Literati Club database as well as by new launch and cancellation questionnaires issued by the Customer Development departments. This assists in improving the quality of the journals to meet customer expectations.

Problem or opportunity?

The emergence of global data networks promises to bring about one of the last great revolutions in human networking – the ability to communicate using any mixture of text, graphics, motion video or sound with any number of like-minded individuals world-wide – to be able to communicate one-to-one, or one-to-many, interactively and in real-time. That is what the future holds.

(Arnold, 1994)

Librarian customers ordering through subscription agents account for 70 per cent of MCB's total revenue this year to date. The advent of "information superhighway" technology is transforming the way the library provides access to its storehouse of information and knowledge, speeding up this access and making it more viable. The move amongst librarians to view access to information as being as valid as ownership now poses a challenge.

If, as already noted, access is being sold rather than ownership, this brings into question the revenue streams of the publisher and the traditional relationship of publisher, librarian and subscriptions agent. Research by librarians which has entered the lore of this business estimated that only 10 per cent of a journal is actually ever used. MCB is currently paid for 100 per cent of the ownership but would only be paid for 10 per cent of the access.

Will MCB-UP see the metamorphosis of its traditional intermediaries? Will they become competitors or partners?

Subscription agents under the spotlight

"The marketplace is undergoing constant change. What may be deemed to be appropriate five years ago may no longer be relevant and appropriate today. Therefore, review current structure in the light of current and future market developments" (Hofer and Schendel, 1989). This statement is particularly appropriate in light of current advances in the technology for disseminating information and their effect on both publishers and their traditional distribution channels. A review of the current body of knowledge in the field covered in this study aids understanding of the extent and nature of current practice and the existence of theories and concepts which are relevant to the direction of this study.

Distribution channels

"The term 'distribution channel' describes the commercial arrangements established to enable a product to flow from the point of production to the point of ultimate consumption. It is important to note that the physical product and its title (that is, the rights of ownership) may not necessarily follow the same route. The question of whether an organization should itself undertake all of the many activities involved in the distribution function is of extreme importance" (Gattorna, 1990). Gattorna emphasizes that developing a channels strategy is probably the most strategically significant issue facing many

organizations today and states that progressive organizations, including banks, airlines and insurance companies, are realizing the vital role channels strategies play in profitably servicing diverse market segments.

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The activities performed by a distribution channel fall into three categories:

- (1) activities concerned with changes in ownership – that is, negotiation, buying and selling: the trading channel;
- (2) activities concerned with the physical supply of the product – including transportation and storage: the physical distribution network;
- (3) activities that are auxiliary to or facilitate either of the above, such as collecting and disseminating information, risk-taking, financing and promotional activity.

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There are three main determinants of channel structure:

- (1) the requirements of the final customer, which when aggregated give a grouping of customers with similar requirements – a segment;
- (2) the capabilities of the originating organization;
- (3) the availability and willingness of appropriate intermediaries (if needed) to participate in the channel (Gattorna, 1990).

Number of channel levels

Frequently, distribution channels consist of chains of institutions. With the exception of the original supplier and end user, these institutions are intermediaries. Each intermediary undertakes a number of activities which either directly move a product and/or its title closer to the end users, or facilitate such a move.

Boyd and Massey (1972) state that designing a channels system that will achieve the producer's objectives in a fully optimal fashion is seldom feasible and that most systems are built a step at a time with the expectation of sub-optimal results. Meanwhile, Kotler (1994), Gattorna (1990) and Wills *et al.* (1989) all discuss the number of "levels" of intermediaries and the strategic importance of their choice, and are, in my opinion, more optimistic in their approach. The ultimate purpose of the distribution channel is to reach the customer in a way appropriate to his or her requirements and to the firm's capabilities. The channel, in other words, finally brings together these requirements and capabilities, and the best choice of channel is the one that does the job effectively at the least possible total cost.

Nature of marketing channels

Gattorna (1990) states that the trading channel is very much a variable in the marketing mix, although it is not often seen as such. It is therefore vital that marketing management takes the lead in channel design and management. Kotler (1994) uses Stem and El-Ansary's (1992) definition:

Marketing channels can be viewed as sets of independent organizations involved in the process of making a product or service available for use or consumption. Intermediaries

smooth the flow of goods or services . . . This procedure is necessary in order to bridge the discrepancy between the assortment of goods and services generated by the producer and the assortment demanded by the consumer. The discrepancy results from the fact that manufacturers typically produce a large quantity of a limited variety of goods, whereas consumers usually desire only a limited quantity of a wide variety of goods (Kotler, 1994).

This is relevant to this study in that librarians purchase limited quantities of a wide variety of publications through the subscription agent intermediary.

It is interesting to note the semantic differences between Gattorna (1990) and Kotler (1994). I believe the use of “marketing channel”, even though bracketed by “trading or distribution channel”, shows Kotler’s bias towards marketing – adding value to increase the bottom line. Gattorna favours “distribution channel” and appears biased towards logistics – the planning and physical distribution side – although both realize the importance of motivating intermediaries to achieve results. The difference in approach is hardly surprising when reading both authors’ biographical details. Kotler is one of the world’s leading authorities on marketing, has written many books on this subject as well as over ninety articles for leading journals, and is the recipient of many prestigious and coveted marketing awards. Gattorna is director of the Effective Logistics Management programme at the University of New South Wales, the author of several books, monographs and articles, and is considered a world authority in the areas of distribution and logistics. I find Kotler’s approach more helpful than Gattorna’s, probably because I am marketing-oriented.

Christopher *et al.* (1983) sit somewhere between Gattorna and Kotler. They suggest organizations have difficulty in deciding how precisely to position the distribution activity as it combines elements of both production and marketing. To be effective it must cross conventional organizational lines. It involves two flows – a flow of materials across the organization to the customer and the flow of information from the customer back across the organization.

Kotler (1994) describes the marketing channel function and flows as:

- *Information*: the collection and dissemination of marketing research information about potential and current customers, competitors and other actors and forces in the marketing environment.
- *Promotion*: the development and dissemination of persuasive communication about the offer designed to attract customers.
- *Negotiation*: the attempt to reach final agreement on price and other terms so that transfer of ownership or possession can be effected.
- *Ordering*: the backward communication of intentions to buy by the marketing channel members to the manufacturers.
- *Financing*: the acquisition and allocation of funds required to finance inventories at different levels of the marketing channel.
- *Risk taking*: the assumption of risks connected with carrying out the channel work.

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- *Physical possession*: the successive storage and movement of physical products from raw materials to the final customers.
 - *Payment*: buyers paying their bills through banks and other financial institutions to the sellers.
 - *Title*: the actual transfer of ownership from one organization or person to another.

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The marketing aspect of distribution was strongly reiterated by Askew (1994), at a recent AIC conference on “Multimedia in Publishing: Choosing Distribution Channels”, who believes that:

Distribution is the final and crucial “P” of the four classical marketing edicts: Product; Price; Promotion; PLACE . . . It is one of the dominant factors in defining a business’s position in its marketplace. Its importance cannot be overstated. In the consumer goods business, as products blur and pundits chant the familiar warning that “the brand is declining” companies are focusing on distribution prowess to gain market advantage.

Distribution can make the difference between market leader and market laggard. An example of this is the current trade war between Coca-Cola and Cott. The author of a book about Coca-Cola (Pendergast, 1993) revealed the secret recipe. The marketing director of Coca-Cola was not flustered. He insisted that the product’s market dominance had less to do with taste than its huge marketing and distribution machine. He confidently predicted that no competitor (other than Pepsi) could achieve the same price, quality and distribution across the markets in which they traded. Cott, a small Canadian soft drinks maker, has proved otherwise. It is using multiple-chain supermarkets to distribute its product through own-brand labelling, at a product quality very near to Coke’s.

Although not global, Cott’s channel strategy has highlighted the fact that it is possible for newcomers to the market to take a substantial market share from the well-established producers by having similar products and choosing the right channels. In a changing environment with new channels emerging, I consider this to be of significance to this study.

Adding value in the channel

“Products reach customers in many different ways, often through distributors and other intermediaries. In these cases, customers are frequently more loyal to their distributors than to their suppliers” Gattorna (1990).

Given that distributors can be powerful differentiators and influencers, organizations must learn how to bias the distributor network in their favour. Distributors that feel they are in partnership with their suppliers can influence customers to purchase one supplier’s product over another.

Frequently, however, the customer will be influenced by the service given in the past and the relationship with the distributor. In these cases, the distributor provides the value added by promoting one supplier’s products over another. This is confirmed by Novich (1991) as a result of a survey conducted by the University South Florida which showed that service-related vendor

Timmie Duncan characteristics, such as on-time deliveries and one-stop shopping, were more frequently cited in vendor choice than such issues as product quality and price. He stated that, "Customers buy three things from their vendors: product features, product quality and service".

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Strategic partnering

It is clear to me from the above that organizations and their distribution/marketing channels must work closely together if they are to achieve targeted goals. Strategic partnering is a method of systematizing the relationship between two members of a distribution channel, providing profound benefits for both parties. Also known as "trade marketing" or "partnership marketing", this technique gets its name from the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing market opportunities (Dowling and Robinson, 1990). Simply put, customers and suppliers work towards common goals. Strategic partnering is concerned with keeping the flow going and reducing the incentives to switch suppliers.

These partnerships need not be exclusive but must fit with the cultural environment of each partner to ensure that the process is accepted by both organizations' people. In some companies strategic partnering has resulted in the introduction of specifically constructed training programmes, run on site at the client's workplace. Terpstra (1985) cites the Ford Motor Company as a leader in using this kind of approach:

Ford Motor Company (Overseas Tractor Operations) conducts training programs in Latin America for its own and dealers' employees. The training is in repair, maintenance, and utilization of tracts and equipment. The program has paid good returns in dealer relations. Prestige has been associated with training at a large Ford facility as well as with the foreign travel often required to attend training programs.

Gattorna (1991) identifies the steps to be taken towards strategic partnerships as:

- (1) vision formulation;
- (2) internal and environmental scan;
- (3) issues identification;
- (4) issues listing and articulation;
- (5) issues prioritization; and
- (6) issues break out to objectives, strategies and action plans.

He states that NZI Insurance, Vinidex, Mars and Uncle Ben's in Australia have all benefited from adopting this progressive approach. This is a significant theory which I will expand upon later in this study.

Managing channel relations

Mentzer (1993) believes that there is growing evidence that channel relations will be an increasingly important in the study and practice of logistics in the

twenty-first century, and notes that wholesaler-distributor sales are expected to grow faster than the economy throughout the entire decade of the 1990s. Clearly, the efficient management of channel relations will continue to increase in importance.

Hardy and Magrath (1988), discussing the success of computer company Compaq which, in 1987, within four years of its launch, had sales topping a billion dollars, the fastest any firm has ever reached this plateau, putting it number two behind IBM. One of the reasons for its success is the skilful development and management of an outstanding dealer network: "Channel management requires considerable finesse because consumers frequently switch channel allegiances . . . Being astute at managing a channel system is of equal importance in consumer markets and international settings". Mentzer (1993) reiterates their view on cross-cultural channel management, identifying the problems of channel management in Japan where cultural barriers are a factor in the way consumers shop and channel members distribute products.

Stimulating channel members to top performance must start with an understanding of the middlemen's needs and wants, says Kotler (1994). McVey (1960) listed the following propositions to help understand middlemen in order to motivate and manage the relationship:

- [The middleman often acts] as a purchasing agent for his customers and only secondarily as a selling agent for his suppliers . . . He is interested in selling any product which these customers desire to buy from him.
- The middleman attempts to weld all of his offerings into a family of items which he can sell in combination, as a packaged assortment, to individual customers. His selling efforts are directed primarily at obtaining orders for the assortment, rather than for individual items.
- Unless given incentive to do so, middlemen will not maintain separate sales records by brands sold . . . Information that could be used in product development, pricing, packaging, or promotion planning is buried in non-standard records of middlemen, and sometimes purposely secreted from suppliers.

A review of the general theories of distribution channels suggests the key issues are:

- the importance of developing and implementing an appropriate channels strategy to maximize the organization's objectives;
- obtaining intermediaries' loyalty to ensure they influence customers in the company's favour;
- strategic partnering with intermediaries; and
- managing channel relations.

The above four issues will be expanded upon later in this study.

Weighing up electronic distribution

So what is the potential of the electronic distribution channel? This technology is relatively new and is changing the nature of traditional publishing and its intermediaries.

The Internet

Addyman (1994) defines the Internet as a network of computer networks, probably the largest intellectual resource in the world. He goes on to describe the main computer protocols which link the networks, but suggests users do not need to know how they are linked together, although an awareness of the interconnections will lead to more effective use. The interconnections often create performance bottlenecks: just as the roads between different places vary in their ability to cope with traffic, so do the network connections that make up the Internet.

De Bruine (1994) states that, “An improved information communications infrastructure is essential. This is especially so in a world which is increasingly becoming a global trading place with more and more business being conducted electronically. Computer communications networks are no longer the domain of science, but also of government, industry and ordinary citizens, with a direct impact on economic competitiveness”.

The Internet has spawned a plethora of books on the subject, from *The Internet for Dummies* and *The Complete Idiot's Guide to the Internet* for the less computer literate amongst us, to *Internet System Handbook*, providing important and useful technical information and also focusing on the Internet architecture.

Arnold (1994), stripping away the technical jargon, states that:

[The Internet] is self-organizing. No single person or group is in charge. Therefore, the data structure, services, technologies evolve to become “good enough” or “workable” . . . As a result, the innovative power of the Internet has been overlooked . . .

The Internet is big. No one knows how big, but it is perhaps 20 times larger than CompuServe which has about one million passwords. The Internet is growing about 12 per cent per month.

The Internet is magnetic. Whether the media hype, its low cost or the amount of data is the key factor, is not ascertainable. The irrefutable fact is that the electronic information available on the Internet, regardless of its form, acts as a giant magnet. Users are drawn towards its data pools in such numbers that certain servers are unable to keep up with the demand and must limit access to the data on their node . . .

The Internet is anchored in advanced technology. The main transmission lines or backbones are among the most capacious available anywhere outside of transmission test beds or research laboratories . . .

The Internet provides a mechanism for collaborative communication – interaction among people on the Internet on a hitherto impossible scale is richer, involving many voices and people from all over the world.

The Internet is organic . . . For example, a single computer linked to the Internet is a user of existing information on the network, a trigger or catalyst for the production of information by other users, and a publisher of information.

As the Internet environment evolves, the year 2000 will bring few surprises. Unlike those who believe that an information highway will permit different and technologically incompatible businesses to converge, Arnold (1994) predicts that the Internet will not:

- be a data superhighway accessible to everyone equally: the poor and uneducated will continue to be excluded;
- converge telephones, televisions, computers, entertainment and publishing into one mega business;
- drive commercial services out of business;
- transform business.

There is a perception among many in the software and publishing business that the Internet will alter certain fundamental business. The Internet is a new medium, and it is not well understood. There are few signposts to success or failure. The Internet phenomenon underscores the hunger among certain individuals and organizations for a collaborative information environment. Books will still be printed, software will be distributed in carefully controlled ways, motion picture studios will manage the release of blockbusters. The Internet will offer new options within the present context (Arnold, 1994).

The Internet is a fast-growing electronic distribution channel, and as such it is very relevant to this study. This technology and the surrounding and growing software are the main drivers in the changing nature of traditional publishing and distribution channels.

Kehoe (1994) reports that the Internet at that time linked an estimated 2.2 million computers with over 25 million users in 137 countries. New users were hooking up at the rate of about one every two minutes. Feldman (1994) quotes recent Forrester Research figures for the growth of online subscribers in the United States as 3 million in 1992 and 4.2 million in 1993, and forecasts 6.6 million in 1994, 9.1 million in 1995, 13.2 million in 1996 and by 1997 a hefty 19.5 million people plugged into the global village. Gasson (1994) states that 120 million users worldwide are expected to be hooked up by 1997. However, while consumer online subscriptions account for 63 per cent of all US users currently, they generate less than 10 per cent of the revenues. The centre of gravity in hard commercial terms remains the business and professional services, especially financial services which account for over 75 per cent of worldwide online revenues.

“Netiquette”: cyberspace is not a mass market

Businesses venturing into cyberspace are well advised to observe the “netiquette” established by the community of researchers and users, says

Kehoe (1994). Rule number one is that any attempt at unsolicited business promotion is unacceptable, except in areas of the Internet specifically designated for commercial activity. A US legal firm, for example, has been ostracized by the Internet community for posting on thousands of news groups messages that advertised its services to immigrants seeking US visas. Outraged Net users bombarded the law firm with messages, most of them complaints, crashing the computer of the local Internet access service through which the law firm accessed the Internet. This incident, together with rising concern about the distribution of sexually explicit messages on the Internet, has created broad debate about freedom of speech in the world of electronic communications. Until more specific guidelines are developed, businesses looking for customers on the Internet should tread carefully. Perhaps the “cult” may become eroded with the huge numbers of new users of the Internet but I can find no evidence in the literature.

Mecklermedia, a US technology publishing group, has launched “MecklerWeb”, an electronic communications and marketing system aimed at businesses that want to have a “corporate presence” on the Internet (Kehoe, 1994). For US\$25,000 per year MecklerWeb will provide companies with a billboard on the electronic highway – a place to present their product information, corporate messages and news. This is unlikely to cause offence in the anti-advertising culture of the Internet as the group will not distribute promotional materials. Instead it will provide a commercial catalogue that users may choose to browse at will. MecklerWeb intends to create discussion groups that could lure potential customers.

This is the first industry-backed corporate communication and marketing system on the Internet, and as robust encryption and client authentication technologies become available, MecklerWeb plans to support an environment for direct online monetary transactions over the Internet.

Cambridge University Press (CUP) has opened two servers on the Internet. These will have different but complementary functions. The first will provide general information about CUP, including how authors should present typescripts, to whom they should send them, leaflets detailing new publications and lists of agents and stockists, as well as e-mail addresses. The second World-Wide Web (WWW) server enables images to be placed in documents. Included were an illustrated history of CUP and information on a selection of its key titles (*The Bookseller*, 26 August, 1994).

Threat to the traditional publishing chain.²

Internet providers charge a flat fee for access to their leased lines linking them with other major Internet providers. These include the JANET system which joins all the university campuses in the UK and the NFSNet which provides the backbone of the network in the USA, and around 25,000 smaller networks on linked computers around the world. The JANET system is paid for out of the higher education budget and the National Science Foundation pays for NFSNet. This means that for the users moving around it, the Internet appears to be free.

Gasson (1994) says that, although the academic networks on the Internet were primarily set up to provide a new means of scholarly communication, there is a strong feeling that they should also work to replace the traditional means of disseminating research. He identifies John Smith, national project officer for UK OLIN: The Office for Library and Information Networking, as one of the most aggressive advocates of free information in the academic sphere. Although he acknowledges the role that publishers play, Smith believes that the Internet will eventually make it possible for academic communications to be carried out without the need for an intermediary. He predicts that the whole mechanism of refereeing, selectivity and distribution, previously the publisher's role, can be replaced by the network. This would, of course, eliminate both publisher and subscription agent.

Gasson (1994) also quotes Alan Singleton, editorial director of Institute of Physics Publishing, who agrees that academics may try to use the Internet to get around the need for publishers (and subscription agents), although he is confident that the role of the publisher will always remain: "What will happen is that people will say, 'actually for the people that are interested in this area we would like a special road to this information. We will set up a user panel. We will give it some name, we might even call this thing a journal.' You start fashioning packages, you need experts, at some point you need somebody to pay for that and get back to a publishing scenario".

Vitek Tracs, chairman of the Current Science Group (in Gasson, 1994), dismisses the idea that academics could bypass publishers by using the Internet, claiming that low-price off-prints will not be a substitute for journal subscriptions. The role of publishers would necessarily resurface because the editorial process involves an enormous sifting process and objective choice of referees. He says that journal publishers are moving towards a crisis: "When the paradigm is changing from the power of the libraries to the power of the individuals, the world is suddenly new".

A. de Kemp of Springer Verlag says that although the prediction of the paperless society has been around for at least 15 years, paper production has increased significantly (de Kemp, 1993) and considers it possible and probable that more, rather than less, will be spent on information. De Kemp highlights a typical problem in publishing: how to select the best material from a large number of professionals who are all working in more or less the same development or the same area. Reviewing is absolutely necessary, he says, and the rejection rates for many publications are high and get higher along with the increase in scientific activity. Abstracting and indexing services carry out comparative analyses and identify duplicate records in their databases or between databases, but it is then already too late. Only handbooks, where literature is checked and compared over a period of time, can filter and optimize the information that is finally to be documented in the handbooks. This is very time-consuming and expensive.

A Green Paper on intellectual property rights is under preparation for a European Council decision. The proposal for a Council Directive on the legal

protection of databases is critical to the development of an appropriate regulatory environment for networks and the Council has been invited to adopt this as a matter of urgency (de Bruine, 1994).

Ginsbarg (1994) initiated the e-mail address for the first of a series of automated archives for electronic communication of research information. The “e-mail archive” began as an “experimental means of circumventing recognised inadequacies of research journals, but unexpectedly became within a very short period the primary means of communicating ongoing research information in formal areas of high energy particle theory”. It currently has 3,600 regular users, the archiving software has been expanded to serve over 20,000 users from more than 60 countries and it processes over 30,000 messages per day for a number of research disciplines that find it “an indispensable research tool . . . effectively eliminating their reliance on conventional print journals”. Some users have specifically requested that hard copy no longer be sent to them since the electronic distribution has proved reliable and more efficient.

Ginsbarg poses some contentious questions which could radically affect the role of both publisher and librarian and would therefore have a knock-on effect on the subscription agents. Some of these are:

- Who will ultimately be the prime beneficiaries of electronic research communication – researchers, publishers, libraries, or other providers of network resources?
- What role will be played by publishing companies and how large will their profits be? (If such companies do adopt fully electronic distribution, will they pass along the reduced costs associated with the increased efficiency of production and distribution to their subscribers?)
- What role will be played by library systems? (Will information be channelled somehow through libraries, or instead directly to researchers?)
- What role will be played by the conventional peer-refereeing process in the electronic field, and how will copyright law be applied to material that exists only in electronic form? At the moment publishers have “looked the other way”, living with the dissemination of the electronic pre-print information as they did with the earlier pre-printed form, claiming that it would be antithetical to their philosophy to impede dissemination of information. Will they continue to be so magnanimous when libraries begin to cancel journal subscriptions?

Ginsbarg (1994) states that these systems cost so little to set up and maintain, and since information access is typically via the users’ own desktop terminals, the roles of the publisher and librarian are currently at risk.

Odlyzko (1994) allows more time. He states that the scholarly journal will disappear within ten to 20 years. He is convinced that future systems of communication will be much better than the traditional journals, although the transition may be painful. There is also the promise of a substantial increase in

the effectiveness of scholarly work. He expects that scholarly publishing will move to almost exclusively electronic means of information dissemination. This will be caused by the economic push of having to cope with the increasing costs of the present system and the attractive pull of the new features that electronic publishing offers. A mathematician, he states that in 1870, 840 papers were published in mathematics. Today, about 50,000 papers are published annually. Even maintaining this growth would mean 2 million papers would be published in 20 years. It is already possible to store all the current mathematical publications electronically at an annual cost much less than that of a subscription to a single journal. An important point he makes for researchers is that electronic journals will make access available around the clock from the convenience of the scholar's study. They will also make literature searches much easier. For journals without subscription fees, access will be available from anywhere in the world.

Franks (1994) explores some alternative electronic distribution channels for an electronic research journal and comments on the strengths and weaknesses of these alternatives. He states that not all these distribution channels would be appropriate for a scholarly journal, but until such time as a standard emerges for browsing and downloading electronic documents, it is a wise choice to make documents available via a variety of mechanisms. He suggests there are three functions which constitute the primary value added for the author who publishes in a journal rather than using a purely electronic model, namely certification, archiving and marketing.

Document delivery

Document delivery has been an option for librarians for decades. The inefficiencies of early systems have been the main block on their extensive utilization. The entry of new players, e.g. UnCover, has revolutionized such systems. Their increasing use of electronic means for distribution of individual articles further increases the attractiveness of the "access rather than ownership" model.

John Cox of Blackwells Periodicals, in his seminar at the "Knowledge of Europe" Conference (1993), stated that librarians see themselves as facilitators, providing access to information, rather than as passive owners and archivists of scholarly information. This change is at the very heart of this study. A large number of librarians are already involved in inter-library loan and document delivery joint ventures (see the section "Interviews with the agents").

In the Joint Funding Councils' Libraries Review Group report (1993), points 81-83 cover the changing nature of the traditional view of the "library" as the sole repository and supplier of information need to support teaching, learning and research and says this is no longer adequate: "Everywhere, the emphasis will shift away from the library as a place, away from the books and periodicals it holds, and towards the information to which it can provide access.

Information management will be directed towards giving access to information rather than storing it, and it will be possible to provide access to it in many different ways”.

Points 259 and 277 discuss networking, electronic documents and article delivery. Once implemented, SuperJANET, an advanced fibre-optic network that will have the potential for a thousand-fold increase in JANET performance, will provide an excellent basis for mounting networked information and will facilitate the delivery of multimedia documents, images and the full text of articles directly to individual workstations in different institutions. The increasing availability of electronic indexing tools will also make the use of electronically delivered documents much easier and more flexible. Given the major advantages which electronic document delivery can bring to users and the potential savings of storage space, the Review Group recommended that funding of £1 million a year over three years should be provided for:

- the establishment of subject-based consortia to collaborate in developing electronic document delivery routes;
- the establishment of metropolitan and regional consortia to collaborate in similar document delivery services; and
- the development of the necessary technical tools which might be used by libraries to send and receive electronically transmitted articles.

A major concern is “intellectual property”, and the Review Group has made recommendations about how this can be addressed, namely that the funding councils should sponsor a pilot initiative between a small number of institutions and a similar number of publishing houses to demonstrate in practical terms how material can be handled, stored, and distributed electronically while protecting the legitimate copyright interests of publishers and authors (point 257).

Professor Sir Brian Follett, vice-chancellor of the University of Warwick, member of the Higher Education Funding Council for England (HEFC) and chairman of the Review Group said that the HEFC would provide about £20 million for building projects in 1995-1996 aimed at relieving serious pressure on space in libraries. Student numbers have grown by about 70 per cent in the past six years against only a few per cent increase in space across institutions as a whole. The Review Group estimated that approximately £140 million would be required to build additional space required by the increase in student numbers. The funding councils have also agreed to allocate £4.75 million in 1994-1995 to support developments in information technology, which will include looking at questions of copyright in relation to developments in electronic publishing. The Library Association (LA) thought the proposals modest and that Follett has not gone as far as most people would have liked (News page, *The Bookseller*, 26 August, 1994).

I agree with the LA and would assume that more funds should be available for research into electronic dissemination of information as inevitably this will lead to students using desktop PCs networked into the library rather than physically entering a building.

Changing nature
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British Library Document Supply Centre

The British Library Document Supply Centre (BLDSC) has been delivering documents for years but with the advent of competition it has had to smarten up its act and it is now at the forefront of innovation. The BLDSC's increasing use of alliances points to its realization that it cannot undertake every aspect of such innovation and instead is seeking to consolidate its strengths.

Service 21 is the working title for a new CD-ROM-based current awareness and rapid document delivery service being developed by the alliance of the British Library and Mercury Communications, which wanted to add value to its services. Planned for launch in early 1995 the new service will be a joint venture between the two partners with Mercury being the majority shareholder. Full image documents will be delivered direct to the user's desktop computer or via fax, initially within two hours and eventually in seconds for documents held in the electronic store.

Every document ordered will generate royalty income for the publisher who will determine the royalty level. Service 21 will not levy an administration charge so publishers will receive 100 per cent of the royalty fees plus user/usage information. BLDSC is inviting publishers to enter into an agreement which allows Service 21 to satisfy customer requests for documents via an electronic store.

Williams (1994) discusses BLDSC, the world's biggest document delivery service, which handles 15,000 requests per day, 25 per cent from overseas, and asks the questions: "Could document delivery spell the end of some printed journals?" The BLDSC receives around 5 million articles per year in the periodicals it acquires but it receives requests for only 2.5 million. The implication is obvious: if at the world's busiest document delivery operation, the chances of any one article being read are only 50:50, the actual readership achieved by many thousands of currently published articles must be minimal.

Williams goes on to say that some publishers have sensed the danger and are offering their own document delivery services. The Netherlands-based ADONIS consortium of scientific, medical and technical publishers which distributes sets of periodicals on CD-ROM is one prominent example. Also coming onto the scene are the big subscription agencies; sensing that document delivery is a growing business, they are beginning to offer this service.

The virtual library

As conceived in library literature, the Library Without Walls (also called the Virtual Library, the Cybrary, or the Global Electronic Library) provides ubiquitous access to the world's knowledge. Its services and collections are not constrained by the physical walls of a single

building. Rather, they represent the collective resources of all libraries and information providers, seamlessly integrated into a user-oriented whole. Less a place than a phenomenon (Clement, 1994).

Clement (1994), Science/Information Services Librarian at Florida International University, is clearly excited by this vision, and says:

while the growth of libraries on the World-Wide Web has exploded in the last several months, current trends suggest this is only the beginning . . . Libraries recognise that the Internet is not itself the Library Without Walls. What we do see is that the Internet is a revolutionary new medium, transforming the way libraries provide access to information and the way library patrons find and use it. In this way the Internet is creating the Brave New Library. Whether the Internet will prove to be the essential force that shatters the library's wall remains to be seen. However, one thing is certain. We can watch the transformation unfold anytime, anywhere, from our own network-connected computers.

Lett (1994) asks, "Will there be a 'library' in the future?" and contends that the activity of librarians re-labelling themselves as information managers (rather than passive owners and archivists of information) is the most significant current development in library organizations, offering a stimulating pointer to the future. Access-versus-storage debates have resulted in information services design being geared to meeting the needs of the user. Lett envisages a transition from an industrial society to an information society with highly informal network organizations focused around projects. The basic information unit of the future will be the information worker, not the library.

I could come to terms with Lett's arguments and conclusions rather more than the sci-fi nature of Clement's article, a problem exacerbated by the three sketches, illustrating some of the possibilities opened up by technology of the virtual library, in a Joint Funding Report (1993) namely, "An Undergraduate's Day" (Alice); "The Academic" (Professor Higgins); and "The Virtual Librarian" (disappointingly un-named, although the Head of Cataloguing was called Mary).

I was intrigued by the following quote from "The Virtual Librarian" sketch:

Publishers had abandoned their warehouses – they too could adopt just-in-time management – their role was now in packaging, marketing and brokering. The actual storage of knowledge – the articles, texts, interactive experiences – had been passed back to its creators in the universities and elsewhere, to be retrieved, reformatted into the house style, and delivered to whoever ordered it. So the Library had gradually picked up both ends of the chain . . . managing the University's backlist and negotiating its sales and delivery world-wide.

At no time were subscription agents mentioned.

Conclusion

Only a selection of readings on the Internet are quoted in this literature review due to time and volume restriction. However, I believe they fall into three groups.

Firstly, those by academic authors and librarians who see the Internet and its continued growth as the Nirvana of the publishing world – free information for all – cutting out publishers who charge too much for their work (Smith, Ginsbarg, and Clement).

Secondly, those by academic authors and librarians who see the pros and cons of electronic publishing, and are particularly concerned about the editorial process of refereeing (Tracs, Odlyzko, Franks and Lett).

Thirdly, those by publishers who believe they will retain their role as publishers but will need to expand into electronic publishing (de Kemp, Singleton). MCB University Press would certainly fall into this category.

The future, it is said, lies with much-reduced serials collections, supplemented by information services on journal contents and the delivery of individual articles from remote suppliers. This scenario assumes the availability of current awareness services based on the contents of individual journals, providing online access to journal resources not only to the librarians, but to the individual researcher as well. It relies on the willingness of the publishers to allow their articles to be used in this way. That service acts as a menu for documents which will then be delivered to the customer, on paper, by mail, by fax, or eventually direct to the customer's personal computer.

John Cox (1993) and Gasson (1994) believe that the role of the middleman will be no less important and, with an increasing diversity of supply, the role will be enhanced.

Past, present and future

Historical background

From the early 1970s to the late 1980s MCB's relationships with subscription agents were somewhat erratic. Although the information available is very patchy, I have gleaned that various agreements were set up with many smaller agencies around the world as well as the major agents that still operate internationally today. Commission has ranged from 10 per cent to 100 per cent in an endeavour to increase sales.

There were two major agent relationships in Australia and North America with exclusive agreements drawn up in 1982, whereby promotion, order receipt and processing, and customer service were carried out by International Subscription Agencies (ISA) in Brisbane and Publisher Promotion & Fulfilment (PP&F), an autonomous subsidiary of the major international agents, EBSCO, in Alabama, USA. The relationship with ISA was cemented when a founder partner of MCB moved to Brisbane to set up MCB's Australian office in the same building as ISA. The exclusivity was broken in 1994 as ISA did not wish to enter into a database marketing agreement with MCB and the major agents, who were working on MCB's behalf, were being penalized as they were not receiving any commission on their Australian sales. PP&F pays the major agents \$10 for each US customer's MCB subscription.

In 1988 MCB made a decision to cut agent discounts to zero thus saving over £500,000 at one fell swoop. It was considered by the board of directors that librarians would continue to order new and renewed subscriptions through agents in response to MCB promotion, so why pay agents anything?

There was an outcry from the agents and MCB reversed the decision, but only for the major agents who consolidated their orders on magnetic tape which speeded up MCB's processing procedure. Percentage discounts were dropped in favour of "handling charge" flat fees. The rationale behind this was that it required the same amount of effort to process and renew a £50 subscription as a £500 one. Also, due to MCB's aggressive pricing policy, major savings were made by adopting the flat fee policy.

However, MCB was quite definitely out of favour and it was understood that the major agents could influence librarians' purchasing decisions, as well as refusing to consolidate orders on magnetic tape. Therefore, to resurrect the good relationships, in 1989 the board appointed the ex-marketing manager to manage agent relationships and to initiate discussions with the major agents to identify the range of services MCB could expect in return for discount.

The major agents in 1989 were EBSCO (PP&F), Blackwell, ISA, Dawson, Swets, Maruzen, Bumpus & Haldane, Baileys, Faxon, Kinokuniya and Collets. (During the past three to four years Dawson has acquired Bumpus & Haldane and Faxon Inc., Swets has acquired Baileys and Faxon Europe, and Collets went out of business.)

To enable agents to earn high commission they were offered database marketing agreements whereby agents promoted MCB titles to their own database of customers who took compatible titles.

I assumed this role in 1990 and experienced a range of attitudes to the proposal of using agents' own customer databases for one specific publisher. They ranged from being stimulated at the thought of 75 per cent commission on new sales to being vociferously against the proposal, it being "unethical" to use their customer database for one publisher's gain. It is interesting to note that the agent who thought it unethical has sold the highest level of new and renewed subscriptions. However, it took nearly two years, a new innovative marketing manager, and a few visits from me to convince them.

Over the past five years, I have built up trust and good relationships with all the major agents via sales and follow-up visits, "wining and dining" them, and networking at exhibitions and conferences. Even though initially some were sceptical, they all now believe in my confidentiality with regard to other agents which has generated some very useful "soft" information. This information is passed to the board and relevant senior managers on an *ad hoc* basis.

A major saving to the organization was made by solving the consolidation problem. MCB has a differential pricing policy for the UK and the rest of the world, i.e. 50 per cent lower in the UK. One of the major overseas agents was purchasing journals via a consolidation address in the UK. The net effect for MCB was not only the loss of actual sales revenue but the loss of potential sales revenue as the customers' details were being withheld. This agent purchases MCB titles to the value of £1.5 million on behalf of its librarian customers. I visited the agent to discuss this issue which was sorted out reasonably amicably in MCB's favour.

My own network is continually increasing through introduction to other agents, librarians and publishers. I find "soft" information valuable in maintaining good relationships.

Potential markets

South America

In March 1994 I followed up initial visits to agents in Brazil, Argentina and Chile by the founder partner responsible for this region, to negotiate database marketing agreements. Exclusive agreements were set up but these did not achieve the desired results, so the founder partner, regional marketing manager and I had a "brainstorming" session to pull together a more realistic strategy for this region. The outcome was the "South America model" whereby agents receive 20 per cent commission on new sales and 10 per cent on renewals in their region by carrying out the following activities:

- providing a local support office with "help desk";
- promoting MCB titles to their own customer database (MCB's prospects) on their own letterhead;

- translating and contextualizing promotional materials (for use by MCB where relevant) plus organizing despatch if necessary;
- identifying external lists to which MCB can promote from the UK using the translated promotional materials;
- collecting Library Link and Literati Club data;
- telephone chasing as agreed;
- fulfilling sample copy requests; and
- providing monthly reports on all activities.

This is a more realistic model as agents do not wish to risk large budgets on promotion for MCB even though the 75 per cent commission is attractively high. The above model ensures that MCB controls the promotional spend but the agent provides the information and help to ensure this is focused.

In Buenos Aires, the agent is also a publisher and will be producing a monthly publication of a selection of Anbar abstracts translated into Spanish. The full articles will be copied and despatched from their local office. The sales revenue will be divided on a percentage basis. The first issue will be published in January 1995.

In Brazil the exclusive database promotion agreement has been extended to the end of 1995, with the agent promoting and providing full customer service at its expense in return for high commission on new and renewed sales. The agent has loaded Electronic Anbar on CD-ROM onto its system which has a gateway to DIALOG for a one-year experiment to measure the level of article requests. If significant results are not achieved, the agent will be offered the "South America model".

It is only possible to offer this model in regions with low sales as MCB spends approximately £3 million on direct mail worldwide. Librarians order through agents so it is difficult to trace sales to individual promotions. MCB only pays commission to major agents who work on its behalf, either in obtaining brand new customers' subscriptions, which they have to validate, or renewing existing customers.

In line with the new field sales visits/relationship strategies discussed in detail by Bruce *et al.* (1994), editorial workshops have been arranged through agent introduction to key academics at the major universities and business schools in South America. The objective of investing in these workshops is to provide high-quality publishable articles and long-term sales revenues.

It is intended that the regional marketing manager for Australia and South America will spend two months in South America early in 1995 assisting and ensuring all promotional activities are implemented.

South Africa

One of MCB's founding partners is regional director for South Africa and has been assisted by a regional manager. They have launched a local title, *Empowering Black Managers*, and pioneered a different pricing approach

(lower prices) in an endeavour to increase sales. Two database agreements have been set up and MCB is awaiting the outcome. I work in an advisory role to the regional manager of South Africa regarding agents' activities.

Changing nature
of subscription
agents

China and India

I was asked to carry out some research into these two countries as they were seen as potential growth markets. I visited China's most prominent agent, China National Publications Import and Export Corporation, at its London offices, and met its key people from Beijing at the Frankfurt Book Fair. They were enthusiastic about our planned visit and agreed to make all our arrangements and introduce us to relevant librarians and faculty members. I will visit the regional consultant who plans to meet academic authors to arrange editorial workshops, discussed above.

The regional director and I met the major agents in India, who have branch offices in all the states but no UK branches. India has never been targeted and represents less than 1 per cent of MCB's total business. These agents are interested in working with MCB but want exclusive agreements.

Visiting these agents on their home territory is considered the best way to assess the viability of investing in these countries.

Interviews with the agents

Face-to-face interviews were conducted with representatives of the five agents selected. Quantitative data on sales via agents and results from agents' database promotional activity gives an idea of the level of agent involvement in MCB's organization.

Swets & Zeitlinger BV

New subs:	446
Value(£):	234,761
Renewals:	2,166
Value(£):	1,208,883
Total subs:	2,612*
Total value(£):	1,443,644
Head office:	Lisse, Holland,
Branch offices:	UK, Germany, France, Italy, Scandinavia, Belgium, USA, South America, Japan

* includes Faxon Europe acquisition

A visit was arranged to discuss how Swets' acquisition of Faxon Europe could benefit MCB as well as its database marketing arrangements. Swets had not been as active in 1994 as in 1993 and it is my experience that constant chivvying is required to keep up the momentum. Whenever this slips for any reason, the agent's promotional activity on MCB's behalf decreases, leading to loss of sales. This is to be expected in view of the large number of publishers agents are involved with, although as far as can be ascertained no other publisher offers such a strong incentive. The major problem experienced in using agents' customer databases to promote MCB titles is that their systems are not structured to lend themselves to this type of marketing.

An important outcome of this meeting was Swets' agreement to invite its customers to demonstrations of Electronic Anbar at its European offices at the agent's own expense. The company employs skilled IT personnel who understand CD-ROM products and support software. This product is priced at £4,500 and will have more chance of selling through demonstration. Swets will receive commission on all new and renewed sales.

Swets believes subscriptions agents are intermediaries who have talents in handling information. They deal with volume customers and publishers. As electronic products grow, the intermediary role will grow stronger. CD-ROM products will be around for many years but there will be stages of networking. Growth of electronic access in developing countries will take around ten years. Therefore, selling the printed journals will still be a requirement.

Swets considers its strengths to be experience and huge knowledge of the librarian market, skills in international currencies and transactions, and strength in the "many to many" role.

The company's weakness lies in it not having a role at all if it does not adapt to being a distributor of off- and online electronic information. Swets realizes it needs help to continue to be successful in this changing market-place and has commissioned consultants. They recommended Swets employ staff solely to keep an eye on electronic/networking/CD-ROMs/storage methods of computers as well as library budgets. This will be implemented once the Faxon Europe acquisition is completed.

The critical issues facing Swets are:

- (1) reduced library budgets;
- (2) growth of scholarly publishing in electronic form; and
- (3) increased importance of delivering information to end users/academics.

The company's major priority is ensuring that it develops a structured policy for electronic products, not forgetting the conventional printed products. Swets is developing a strategy for increased market share in the USA, e.g. it currently has only 30,000 subscriptions in the USA against 150,000 subscriptions in the UK. (Swets declined to provide the total number of subscriptions worldwide.)

Swets believes the currency is changing from journals to articles, mainly in the STM (science, technical and medical) areas, and that librarians would prefer to access one database for all their requirements.

Swets has a current awareness service, SwetScan, whereby contents pages are scanned under an agreement with PICA, the library automation centre of a consortium of academic and research libraries in the Netherlands. The SwetScan database has 7,000 titles which provide on average a monthly total of 5,363 contents pages with 111,073 articles. This is provided online or by weekly diskette. Swets is planning to complement SwetScan with SwetDoc, a document delivery service with 48-hour delivery. It is consulting with the British Library Document Supply Centre and major publishers to ensure this is as comprehensive as possible.

EBSCO (PP&F)

New subs:	1,309
Value(£):	277,956
Renewals:	3,144
Value(£):	1,621,333
Total subs:	4,453
Total value(£):	1,899,289
Head office:	Birmingham, Alabama, USA
Branches offices:	Ten throughout the USA, and in Australia, New Zealand, Brazil, Canada, England, France, Spain, Italy, the Netherlands, Germany, Hong Kong, Thailand, Taiwan, southern Africa, and Turkey
Total turnover:	c. US\$600 million

Publisher Promotion & Fulfilment (PP&F) is a division of EBSCO Industries Inc. MCB has an extremely good relationship with PP&F. EBSCO has had an exclusive agreement with MCB for the past 12 years – all MCB subscription sales are directed through PP&F apart from Faxon Inc. (from 1992). PP&F is MCB's representative office in North America and promotes, processes and renews orders, and provides customer service. EBSCO entered into a Database Promotional Agreement with MCB in 1990 with selected titles. It recently signed up for 1995 and wishes this to continue on an ongoing basis.

EBSCO believes its business is dissemination of serially published information and that this is currently undergoing consolidation. There is a definite shift towards the currency changing from journal to article, particularly in the scholarly and scientific areas. It remains to be seen how these major shifts will affect publishers but EBSCO believes this is in large measure controlled by publishers anyway.

EBSCO views electronic publishing as a logical growth which provides an opportunity rather than a threat, and it expects to play a major role with entry into the table of contents and document delivery business. EBSCO has expanded its ability to provide a document delivery service for its customers with the acquisition of Dynamic Information Corp. of Burlingame, California, which has been delivering all types of documents to academic, corporate and public libraries worldwide for 14 years. Jim Stephens, EBSCO's President, believes that the joining together of the two organizations will fulfil the increasingly important need for current awareness of serial information and convenient, full-service document delivery. The new company will be a subsidiary of EBSCO and will be called Dynamic Information/EBSCO Document.

EBSCO CASIAS (Current Awareness Service Individual Article Service) has recently completed beta testing and is now undergoing recommended modifications. Access to the system should be available by autumn 1994. CASIAS contains a database with article citations for more than 10,000 journals from two sources: the British Library Document Supply Centre's Inside Information, a database with article citations from more than 10,000 journals containing those articles that are most requested, and the ADONIS database including article citations from more than 500 biomedical titles. The CASIAS database can be searched by author, article title, journal title, volume and issue, ISSN, SICI (Serial Item and Contribution Identifier) and keyword. CASIAS users can order articles by entering a credit card number or EBSCO deposit account number. The data included in CASIAS will be available through the EBSCONET Online Subscription Service, which can be accessed via the Internet and is also available on CD-ROM (minus ADONIS data). EBSCO will supply search software for a wide range of environments including: DOS, Mac, Windows, X-Windows (UNIX) and character-based UNIX, and the host is designed to comply with compliant search software such as MOSAIC.

EBSCO believes its strengths are customer services and support, financial resources, global presence, marketing and sales technology, and telecommunications. It believes it is conservative but still innovative. The company's weaknesses include its dependence on publishers, lack of control of the environment and sometimes seeming inconsistency between its offices around the globe due to differing perceptions of communications.

The critical issues EBSCO believes are cost control (it must ensure continued emphasis on cost-containment through development of new procedures which improve operating procedures as well as efficiency), changing relations with publishers and the ability to adapt to purchasing pattern shifts in the customer base. The company must successfully navigate the changes in the ways serially produced information is delivered to the end user including the intellectual property (copyright) issue. EBSCO believes the issue most worrying librarians is the extent to which the end users go directly to information producers or gain access to information through large databases, which in effect will allow them to bypass the library.

However, EBSCO firmly believes that there are significant growth opportunities for both traditional subscription service business and electronic publishing and document delivery, and that as a company it is well positioned to take advantage of these future growth opportunities. EBSCO will send a sales representative into a potential geographical growth market to evaluate it before setting up a branch office.

Faxon Inc., USA

New subs:	123
Value(£):	53,088
Renewals:	1,421
Value(£):	1,334,514
Total subs:	1,544
Total value(£):	1,387,602
Head office:	Westwood, Massachusetts, USA
Branch offices:	Canada, UK, France, the Netherlands, Germany, Japan, Korea, Moscow, Taiwan, Singapore, Australia, Brazil, Chile and Colombia
Total turnover:	c. US\$500 million worldwide (in 1993)
Total number of subscriptions purchased by Faxon USA = approx. 3 million (in 1993)	

On 7 October 1994 Dawson Holding plc acquired the Faxon Company Inc. and all subsidiaries apart from Faxon Europe. In September Dawson also acquired two Faxon subsidiary companies – The Turner Subscription Agency and Faxon Canada. This makes Dawson the second largest library information services organization in the world; the first is EBSCO. Faxon will be a wholly owned subsidiary and will continue to operate from its Westwood, Massachusetts location under the Faxon name.

Swets & Zeitlinger recently purchased Faxon's European business which has been absorbed into Swets' own customer database. Wennengren & Williams (Sweden) and Kunst & Wissen (Germany), acquired by Faxon in 1991/2 and now part of the Swets' European acquisition, will continue to operate under their own names in 1995.

Faxon has been experiencing turmoil. EBSCO and RR Donnelley were contenders before Dawson clinched the deal. Faxon believes its downfall was caused by simultaneously investing in geographic expansion (Kunst & Wissen and Wennengren & Williams), setting up new offices in Moscow, Korea, Hong Kong, Singapore and Latin America, and heavy investment in technology – US\$18 million in its new computer system. As this was a privately owned company, these decisions caused a great deal of frustration at senior level.

Faxon believes, as a distribution channel, that its business is providing its customers with information about publishers' information and providing services par excellence. It is currently planning to link into the Federal Express (Fedex) system in order to have all freight details online to answer its customers' missing claims queries immediately. Fedex is very keen on this, particularly as Faxon mails 20 million pieces per year. Fedex quoted 35 cents per piece (this is incremental income for Fedex as it already distributes worldwide). Faxon plans to sell this service to publishers.

Faxon believes that the change to electronic publishing will be gradual and that the hard-copy journals will not be replaced for quite a while. In some ways the currency has always been the article (between two covers) and it is even more important to maintain quality. The electronic medium is more suitable for secondary information (on ASCII) as primary information takes too much time and space, needing to accommodate facsimiles of printed articles with graphics, etc. In response to whether higher charges could be made for more illustrious authors' articles, Faxon states that this policy would be dependent on the imprimatur of the title, e.g. "Brain Research". Authors do not want price barriers as they want their articles to reach as wide an audience as possible.

Joel Baron, vice-president of Faxon, suggested that, rather than individual publishers bringing out more titles, publishers should join together and publish quality articles in subject areas on CD-ROM as this would be acceptable to the market-place.

Faxon has expanded its information services by providing a table of contents service – FaxonFinder. This current awareness service contains over 10,500 journal and other serials titles and licensing options are online, on-site (updated weekly), or on CD-ROM (updated monthly). After searching, orders may be generated to be sent by fax.

Joel suggested a low-tech solution for MCB would be to dump its bulletin board table of contents on Faxon's WWW server which could then be accessed by anyone on the Internet. Joel suggested MCB put the BBS on all agents' WWW servers for maximum coverage as the higher the visibility, the higher the likelihood of volume purchase.

Faxon could consolidate all orders for articles and send them to individual publishers on a weekly basis including customer details. Publishers could either bill Faxon, which would invoice its customers or, alternatively, customers could lodge an amount with the company from which it would deduct article costs. Faxon would then send payment with article requests. Currently the minimum order for a Faxon customer is 20-30 subscriptions. Its customers would have a minimum level spend on articles to make this service viable.

Faxon's strengths are its customer base, its size and technological sophistication, together with its closeness to its clients. Its weakness is the financial instability caused by the simultaneous investment discussed above.

The critical issues facing the company are:

- (1) To sort out Faxon US by putting a stable management team in place and a strategic plan for the next three to five years. Even though it may not be worth the paper it is written on, it is considered necessary to articulate a group vision which the group will work on and change as and when necessary depending on market forces. Faxon is a major distribution channel for the majority of publishers in the world and financial instability puts them at risk.
- (2) To complete the investment in the new computer system which is only months away from being finished. Dawson has set aside US\$2 million for this. It is designed as a global system with a good marketing facility. Dawson should be able to access it in the UK and France, and I anticipate this should facilitate easier database promotion. Dawson's current system is not suitable for database marketing.
- (3) To stay alive in a fairly static market as regards library budgets and to gain more of the target market's electronic funding budget which is believed to be increasing.

Faxon sees the growth areas for the company as being the Middle East, Russia and Mexico. Joel reviews data from the World Bank which can create a market as its funding is so high, and also from the Economic Year Book to see how much countries are investing in education against their GDP. Electronic media offers market expansion, given that some countries will purchase £10 articles rather than £200 journals. The technology for electronic retrieval will become more widespread to meet market demand. Joel likened this to the spread of cellular telephones.

Blackwell

New subs:	475
Value(£):	153,406
Renewals:	3,578
Value(£):	1,712,980
Total subs:	4,053
Total value(£):	1,866,386

university chancellors urging that papers in its e-journal are given the same status as papers in established hard-copy journals. This is not yet accepted practice.

- (4) Good presentation implies good content. This is the case with hard copy and is highly likely to be the case with e-journals. The integration of physical appearance and belief in the content and its quality seems to be strong. Text on screen straight from the Internet is poor quality and difficult to read for any length of time. End users want quality of presentation to be similar to that of a typeset page. Set in MOSAIC by the publisher and retrieved by the end user with MOSAIC requires both publisher and end user to have the same software. This is currently available on the Internet for Microsoft Windows or UNIX but if the publisher wants to include half tones, colour, etc. then the demands of technology are higher and something more than MOSAIC may be required.
- (5) Most of the major publishers believe that the future of electronic publishing is as an addition/supplement to hard copy. The customer will subscribe to both the hard copy and the electronic version. They will receive notification of articles as soon as they are accepted for publication and they will retrieve these articles if they wish. In addition they will receive the hard copy as an archive. Thus customers and the publishers get the benefit of early transmission of information, all authors still see their names in print, and the revenue flows stay the same, i.e. advantageous to publishers. Publishers could charge a subscription for a journal or for the whole publisher's database or a portion thereof. The publisher may decide that is simpler and more advantageous for its cash flow if the customer pays a subscription to receive/have access to all the articles published in a calendar year, which would mean that this economic model is the same as for hard-copy journals with guaranteed cash up-front. There is a problem in that foolproof technology does not yet exist to prevent any except subscribers to access the database.

Blackwell does not believe that e-subscriptions will be cheaper for the customer as the information is not cheaper to publish. Economies of scale for multi-use sites could be offered. They prefer the MIT model: its *Chicago Journal of Theoretical Computer Science* is only available as an electronic version. Customers pay an annual subscription fee and order through a subscription agent. The agent passes the order to MIT Press including the customer e-mail address; MIT sends article details and abstracts to the customer as an e-mail message; if the customer is interested they will download articles from MIT by FTP (file transfer protocol). Unlimited local use is allowed but there is no right to document delivery. The right to conduct inter-library loans is explicitly allowed.

Blackwell believes the paper journals will survive for the following reasons:

- (1) The market is currently for print on paper and there is a great inertia in the system.
- (2) The human aspect: it is easier and more pleasant to read a printed journal.
- (3) The problem of organizing and managing this huge body of information, and the associated financial flows.
- (4) History: hard-copy journals have been around for 300 years and have developed:
 - a production process;
 - a reward system for authors;
 - a legitimization process;
 - standardized methods of refereeing articles;
 - established maintenance of archives;
 - worldwide ease of access.

Blackwell believes it will have to change to:

- inform its customers that it can handle electronic publications;
- have a division “expert” who can handle queries on access to and use of e-journals;
- ensure that the e-mail number of customers is held on the system;
- ensure that ICEDIS standards (for magnetic tape production) include space for e-mail numbers – Blackwell has changed its system to accommodate e-mail addresses, i.e. up to 58 characters, and will ask for MCB customers’ e-mail addresses and pass them on;
- encourage publishers to go the way of MIT Press which basically safeguards the role of the agent in the distribution of learned information.

Regarding the definition of growth markets, Blackwell actively solicits the World Bank which provides aid contracts for education materials to developing countries. The company was successful in winning the US\$4 million contract for Nigeria in 1994. It is understood that the World Bank would rather pay a reputable third party, such as Blackwell, rather than a Third World government!

UnCover Company Limited

UnCover is a joint venture between Blackwell and CARL Systems Inc. of Denver, Colorado. With over 5 million articles, increasing by 3-4,000 articles daily, UnCover is the largest online current awareness and document delivery database in the world. Searching is by contents page, author or key words in the article title. “Open access” was introduced on 1 September 1994, offering

unrestricted access to its database free of charge with no password required, no search charges and no connect time fees. In the first month, 6,000 users registered online UnCover profiles. UnCover still charges a range of annual fees for password and gateway access from US\$900 to more than US\$10,000 for customized, dedicated access channels and discounted article fees. As all the major publishers have signed contracts to put the contents pages of their portfolios on UnCover, the company is anxious for MCB to sign up and has offered a one-year contract to “dip our toes in” – if subscription revenues fall, MCB need not renew.

Dawson

	Dawson	Faxon	Dawson + Faxon
New subs:	329	123	452
Value(£):	82,720	53,088	135,808
Renewals:	1,953	1,421	3,374
Value(£):	731,081	1,334,514	2,065,595
Total subs:	2,282	1,544	3,826
Total value(£):	813,801	1,387,602	2,201,403
Head Office:	Folkestone, UK		
Branch offices:	France, Spain, USA (2)		
Total turnover:	c. £400 million (including Faxon acquisition)		

I visited the European marketing manager at Dawson’s office in France to discuss the Faxon acquisition, particularly whether the new Faxon system would be networked with Dawson France and UK and to identify how MCB could benefit. Although very willing to participate in database marketing for MCB, Dawson’s current system has curtailed this activity as it is difficult to extract selections for personalized mailings. The company has a “Dawson Club” of 600 high-spending libraries and has promoted 25 MCB titles to them, plus promoting MCB’s HR and training titles to its list of corporate libraries. As the acquisition was so recent, detailed information was not available on how this was to be managed apart from leaving Faxon’s existing operation structure in Massachusetts; merging Turners New York, with Dawson’s Oregon office; and evaluating all other Faxon branch offices to decide which to keep, close or merge.

Dawson considers its subscriptions business to consist of sourcing, ordering, and distributing information in the form of learned journals, magazines, books, CD-ROMs, electronic abstracts and documents, etc., and researching and supplying the other information needs of libraries, information centres and individuals. Dawson, unlike other major agents, accepts orders for single journals from individuals. It will evaluate this policy in 1995.

The company believes that technology will bring about more choices for its customers, but thinks that equipment will be a problem for a large number of libraries – “not many libraries will be able to cope with the new technology as there are no standards”. Dawson has already invested £3 million in actively

Timmie Duncan developing electronic publishing techniques, has appointed an e-publishing specialist and set up an e-publishing department. It realizes it has to invest and believes it has no choice but to work with publishers.

Dawson has entered into an agreement with OCLC to make its FirstSearch collection of information databases available to its European customers via the Dawson OnLine network. FirstSearch gives researchers access to over 40 databases covering a wide subject range. WorldCat is the OCLC online union catalogue with over 30 million items on books, journals, maps, conference papers, etc. ContentsFirst has the tables of contents from issues of over 11,000 journals and ArticleFirst contains the references, notes and abstracts. Dawson sells the OCLC databases as well as the documents. Customers are sold a subscription for 300 tickets (300 article retrievals). Each time a customer orders an article it is deducted electronically from their 300 tickets. This is, therefore, not an annual subscription as it depends on usage. Currently Dawson sends orders to OCLC for document delivery but it is planning to carry out this service itself.

Dawson does not foresee the demise of hard copy but believes that electronic distribution of published articles will complement the printed journal. It views e-publishing as an opportunity rather than a threat and believes its strengths are in its history which bestows credibility, its customer service and its financial position. The biggest weakness is its computer system. The company has been developing a group subscription system for some time (discussed on my first visit in 1990!). The system in Folkestone does not network with the system in France so there is a lot of duplication. An IT consultant is being commissioned to look at this whole area. I believe Dawson will surely capitalize on the Faxon system.

The critical issues facing the company are:

- (1) to manage the Faxon acquisition, which will require a strong management team; and
- (2) to consolidate and work out a common business strategy which must be implemented.

Dawson wants to be an intermediary for document delivery and realizes the company must work closely with publishers to set up standards and build confidence.

Dawson does not consider the impact its critical issues have on librarians and academics to be the problem. Agents have to adapt to the market. The company feels that librarians do not know what they want and that its job as an agent will be that of a consultant to give advice, and help them identify and order their requirements in terms of CD-ROM systems, networks and journals/books. The academic world is not proactive and agents will have to be more professional. Dawson believes that this could be the change for agents and training will be required in order to deal with hard/software houses.

Dawson sees its growth markets as Asia, eastern Europe, South America and China. It carries out market surveys and field sales visits to potential

growth markets, usually starting business by initially working with another local agent and supplying sales support to customers purchasing European and US titles, e.g. in Japan Dawson works with Maruzen.

The company wants to strengthen its position in Spain and the Spanish language market and is concluding negotiations for the acquisition of a Madrid-based subscription agent and bookseller which will be integrated into Dawson Iberica. The company is keen for MCB to work with it in Spain to increase the customer base. It plans to charge potential customers list price plus the handling charge, rather than the current practice of Spanish agents who follow the Japanese model of increasing the list price of journals. Dawson has agreed to test demonstrations of Electronic Anbar in France.

Changing nature
of subscription
agents

Electronic publishing initiatives

During the interviews with agents recorded in the previous section, a quantity of information was gleaned regarding various publishers' forays into electronic publishing. In this section I outline some of these initiatives.

The publishers

American Chemical Society (ACS)

Chemistry On-line Retrieval Experiment (CORE) is a project conducted jointly by the American Chemical Society, the Chemical Abstracts Service, OCLC, Bellcore and Cornell University. It provides networked access to nearly a million pages of machine-readable text and graphics from ACS journals. The project has looked at the technical, logistical, economic and sociological issues involved in the shift from paper to electronic dissemination of scholarly research and has shown that it is feasible to mount the information and make it accessible, although for the publisher the economic question has not been resolved.

American Institute of Physics (AIP)

Applied Physics Letters On-line is published weekly by AIP and distributed by OCLC. It is a complete, searchable, hypertext version of the printed journal *Applied Physics Letters*. The cost is \$1,195 for the electronic or the hard-copy version, or \$1,395 for both electronic and hard copies.

Cambridge Scientific Abstracts

All subscribers to hard-copy subscriptions will receive free of charge, as a value added service, access to the current and previous five years' volumes in electronic format.

Elsevier Science Publishing

The University Licensing Project (TULIP) is an experiment to deliver electronic versions of 46 journals in materials sciences to nine customers around the USA. It commenced in March 1991 and is due to run until December 1995. Elsevier has decided not to extend the project. The customers all contracted not to cancel titles involved in the experiment. A major problem experienced was the length of time the bit mapped articles take to go down the line, together with the space on the librarian's hard disk to accommodate all the information.

Institute of Electrical Engineers (IEE)

Electronic Letters On-line, published twice-monthly by IEE and distributed by OCLC, is a complete, searchable hypertext version of the printed journal *Electronic Letters On-line*. The cost is £435 for the electronic version. Articles appear in electronic form four weeks after submission.

The Johns Hopkins Press

The Johns Hopkins Library and Johns Hopkins University Press have collaborated to establish project MUSE. In January 1995 it will be available on a subscription basis. All social sciences journals from JHUP will be available electronically at rates slightly lower than for individual print subscriptions.

MIT Press

Chicago Journal of Theoretical Computer Science is only available in an electronic version. Customers pay a subscription fee for one year. Orders via agents are passed on to the publisher including customer e-mail number. The publisher sends article details and abstracts to customers as e-mail messages; if the customer is interested they will download the article from MIT by FTP (file transfer protocol). Unlimited local use is allowed but there is no right to document delivery. The right to conduct inter-library loan is explicitly allowed.

On-line Computer Library Center Inc (OCLC)

On-Line Journal of Current Clinical Trials is a joint venture between the American Association for the Advancement of Science and OCLC. The journal is available only in electronic format. It publishes medical findings within 48 hours of acceptance. It has been around for two years and has so far published about seven peer reviewed papers. It seems people are not willing to entrust their important work to a non-paper journal, as suggested in the section on "Weighing up electronic distribution".

Springer Verlag

Red Sage, Springer Verlag, AT&T Bell Labs and the University of California at San Francisco are collaborating. Springer provides electronic subscriptions to 30 titles in molecular biology and radiology to the UCSF Library. Users can access the journals via Right Pages which gives document browsing and alerting facilities. Articles can be printed on demand on local laser printers. The customers have contracted not to cancel the hard-copy subscriptions to these titles. The experiment is to see how usage of electronic information develops when the hard copy is available in the library.

UK academic publishers

Super Journal Project – nine UK-based publishers have worked together to show that a body of information from diverse sources could be collated and mounted on SuperJANET, although this was not the forerunner to joint electronic publishing. They were able to co-operate in this way because they were all in the pre-competitive phase of electronic publishing.

John Wiley

This company is currently choosing ten journal titles to be produced and published electronically in conjunction with hard copy.

The various methods of delivery used in the electronic publishing initiatives above are as follows:

- (1) Publishers send all the information to a host system, e.g. Red Sage, OCLC, AIP, IEE journals.
 - Customers can then access material via the Internet.
 - Large storage space is required at the host end but not at each library.
 - Subscription fees are paid for annual access, agents receive a discount for handling subscriptions.
 - The publisher has control over information and decides what it will look like on the users' systems.
- (2) Publishers send all the information to a campus-wide information system, e.g. TULIP.
 - The librarian then organizes and distributes it to end users. Archiving and storage problems for the library result and there is a need to control, organize and store the information.
 - An organization is in control of the information on behalf of its users.
 - Local resources must be available to support the service.
 - Individual librarians with different systems will handle information in different ways. The publisher has lost control over how the information is handled.
- (3) Publishers automatically send all information published in that database to all subscribers.
 - Depending on the format of the information being sent there can be major problems. If the publisher only has bit mapped images, the sheer length of time for articles to go down the line would preclude this.
 - Librarians need sufficient space on their library hard disk to accommodate all the information which the publisher sends.
 - The TULIP experiment has shown that this is not feasible for large publishers with complex journals.
- (4) Publishers establish a list-server to subscribers and subscribers then pull out the articles they want.
 - The MIT model is to e-mail all subscribers with the name of the author(s), title of the article and a brief abstract as soon as articles are available in the MIT database. Subscribers can then request just the articles they want and FTP them to their own PCs.
 - Pricing is similar to the cost of a printed journal. Annual subscription fees are paid for the service and agents receive their standard discount for handling such subscriptions.

Evaluating the options

Changing nature
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The objective of the analysis is to draw together the main points of the data gathered to provide the basis for organizational action. In a very broad sense, Howard and Peters (1990) suggest that the purpose of analysis can be divided into two categories of exploration and explanation. Phenomenology was considered the best approach for the “exploration” part of this study which by its nature is very descriptive – qualitative rather than quantitative. Quantitative analysis has been undertaken to highlight the importance of the agent relationships to MCB’s revenue stream.

Quantitative analysis

The analysis of sales split into libraries, non-libraries and agents is shown in Table 1.1. This highlights the significant impact librarians ordering via subscription agents has on total sales.

A detailed analysis of total sales via all named agents, ranked by sales revenue, shows 360 agents order MCB subscriptions to the value of £10,489,892 on behalf of librarians. The five major agents interviewed are responsible for ordering 71 per cent of total agents’ sales.

Agents’ database promotion

As discussed earlier, the agents worked with MCB in undertaking promotional campaigns by matching the company’s titles against non-MCB compatible titles taken by their library customers. Their overall performance on MCB’s behalf has been excellent and they want to continue and, in some cases, provide additional resources to demonstrate and sell Electronic Anbar on CD-ROM. The entry into database promotion with the major agents resurrected MCB’s relationship with them in 1989/90 and has provided an excellent base for

All customers	%	No. of subs %	Sales value %
Librarians	27	39	59
Non-librarians	73	61	41
Total	100	100	100
<i>Via agents</i>			
Librarians		61	73
Non-librarians		39	27
Total		100	100
<i>Not via agents</i>			
Librarians		13	25
Non-librarians		87	75
Total		100	100

Sales via agents = 70.5%

Direct sales = 29.5%

Table 1.1
Analysis of MCB’s
1994 subscription sales

56 **Timmie Duncan** marketing intelligence and sales. It is my intention to recommend not only that this should be continued, but that additional resources should be made available. Table 1.2 is an index of the results from 1990 to 1994.

Qualitative analysis

Common elements identified from the interviews with agents include the following:

- (1) There is a definite shift towards the currency changing from journals to articles, i.e. document delivery. The agents are expanding, and investing, in current awareness and document delivery systems, by joint ventures or by acquisitions (see Table 1.3). The competition from the above agents prompted the British Library's joint venture with Mercury giving them the leading edge at the present time. Some publishers have sensed the danger and are offering their own document delivery on CD-ROM.
- (2) It is generally believed that hard-copy printed journals will continue, with electronic publishing an addition/supplement to hard copy. There are significant growth opportunities for both traditional subscription services and electronic delivery of published material by single article or otherwise.

Table 1.2
Index of librarians' agents' sales achievements for MCB University Press

Year first sold	1990	1991	1992	1993	1994
Renewals year on year	%	%	%	%	%
1990	100	–	–	–	–
1991	72	100	–	–	–
1992	64	76	100	–	–
1993	75	82	100	100	–
1994	67	72	88	71	100
Gross income thus far as percentage of first-year income	460	409	356	189	100

Table 1.3
Agents' current awareness/document delivery systems

	Joint venture	Acquisition
EBSCO	CASIAS with The British Library	Dynamic Information
Dawsons	OCLC	Faxon (FaxonFinder)
Blackwells	UnCover with CARL	
Swets	SwetsScan with PICA SwetsDoc – consulting with BLDSC	
Faxon	Own System FaxonFinder	

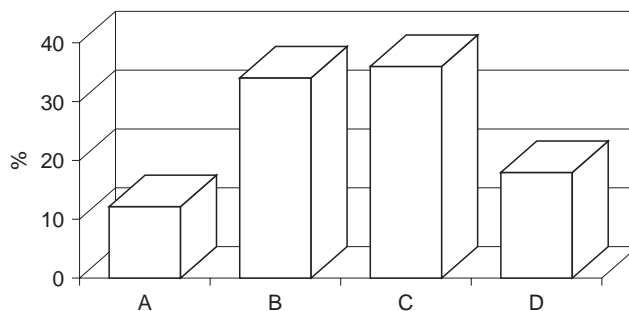
- (3) The biggest deterrent to authors publishing scholarly research directly over the networks is the lack of peer review process.
- (4) All agents have dedicated staff researching into the multiple facets of electronic publishing. They all realize the significance of keeping abreast of these activities – in order to survive.
- (5) All agents wish to continue to work with publishers and see their role as intermediaries between publishers and librarians.

It is my understanding that publishers see document delivery as a threat to their revenue stream which they wish to protect. Agents wish to maximize their customers' purchasing ability by offering a very wide choice of material at a variety of prices. The publishers wish to maintain a system whereby an entire collection of articles is held as a journal subscription without concern at the level of the actual usage of the articles. What do the librarians want?

MCB library data collection

I commissioned a survey of 100 library institutions in the USA with the intention of rolling this out if successful. This was primarily to identify the decision-making unit, but the opportunity was also used to collect additional information, e.g. electronic journal plans. The qualitative data were split into four categories (see Figure 1.1) and the research also generated information on library budgets for 1995 (see Figure 1.2).

The information gathered in this survey has provided an insight into how librarians see the future of electronic journals. However, it is realized that the number selected is only 0.75 per cent of MCB's librarian customer database and



Key

- A Extensive use of electronic journals
- B Minimal use of electronic journals, but planning to increase usage
- C Don't use electronic journals at present, but have plans to provide access in the near future
- D No plans to provide access to electronic journals at present

Figure 1.1
MCB library data
collection: electronic
journals plans 1995

is insufficient to be definitive, but my “gut” feeling, based on considerable experience, is that if this was rolled out to all customers, the percentages and perceptions would be very similar.

The majority of librarians questioned will have decreased purchasing power in 1995, but will be allocating a greater proportion of their budget to the purchase of electronic journals. This is seen by the libraries as a means of increasing information resources at lower cost.

Two main issues need to be addressed before the use of electronic journals in libraries will substantially increase, namely:

- (1) the cost of providing the required hardware to allow widespread access for patrons; and
- (2) the academics need to be convinced that the quality of e-journals is equal to that of their paper counterparts.

The philosophy of librarians on the subject of e-journals is that they must be easier to use, equal in quality, easier to disseminate, relevant and of a comparable price.

Options

Based on all the data gathered and analysed, four options were generated and evaluated in terms of the achievement of the stated objective: to develop and implement a channels strategy which will maximize MCB’s corporate objective. This corporate objective is to seek and exploit opportunities in management publishing which will continue growth profitably to achieve a planned target of £20 million by 1997.

Option one: MCB should disseminate its published information to librarian customers entirely by document delivery, i.e. by individual article not by journal volume.

MCB’s subscription revenue in 1994 from librarian customers is forecast to be £10.5 million. In 1994 MCB will publish 130 titles, a total of 765 issues, with an average of seven articles per issue, totalling 5,355 articles. An average

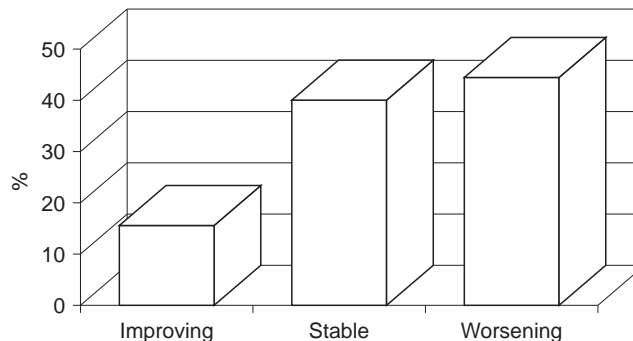


Figure 1.2
MCB library data
collection: library
budgets for 1995

document delivery service competitive charge per article is around £8.00. Therefore, to achieve the same revenue stream, MCB would have to sell 1,312,500 articles per annum.

MCB increases its journal subscription prices by around 25 per cent per year and relies on the high level of renewals from librarians to protect its revenue stream, i.e. a 79 per cent renewal rate for librarians, with 55 per cent for individual practitioners. Articles are one-offs so MCB would lose its renewal revenue. Currently cash is received with the renewed subscription orders prior to publication. This is vital for cash flow, forecasting and managing the business for the following year. It would be impossible to forecast the level of article sales which would therefore affect cash flow and business plans, e.g. acquisitions. Therefore this option has no stability and is not a viable economic model.

This option is not recommended.

Option two: MCB should completely withdraw from document delivery and embargo all MCB articles from such services.

This protects the revenue stream but if access triumphs over ownership there will inevitably be cancellation of journal subscriptions which will not be replaced by income from DDS. The literature and data gathered show there is a definite move towards document delivery with both publishers and agents accepting this change. Many agents are forming strategic alliances, e.g. Blackwell with CARL UnCover, which represents academic libraries with exempt status under copyright law. This means they are allowed to make single copies on demand for research and private study. The UK law states that only one article per journal issue may be copied per person. CARL is involving more and more universities to safeguard against this. Agents are aware of their reliance on publishers to give them copyright permission to develop and service their document delivery systems.

To be effective this option would entail all publishers being united in such an embargo. The probability of this is nil due to the competitive nature of organizations and the investment in document delivery already undertaken. This option would put MCB at risk from its more innovative competitors and is therefore unacceptable.

This option is not recommended.

Option three: MCB should dispense with agents' services and offer its own online independent document delivery service containing only MCB's portfolio of articles.

Anbar is already providing document delivery as a part of its subscription and therefore MCB has the facilities to provide such a service.

MCB produces 130 journals. This hardly compares with the service offered by Dawson, EBSCO and Swets of document delivery from between 7,000 and 11,000 titles and Blackwell UnCover of over 5 million articles. MCB is simply not big enough to offer a competitive service and it is questionable whether such a small online service would be used. Also, there is no real requirement for

this as MCB is developing EMRL (European Management Research Library) which will be an aggregation of the MCB portfolio to provide a library which can then be disaggregated into customer groups, e.g. marketing, HR and training, etc. The final element of this product will be individual archival CD-ROMs for all segments. The disk will provide the information both as searchable text and “dumb” pages (scanned facsimile pages) which the customer can laser print to look like the actual hard-copy version. This will be sold by subscription into libraries with anticipated sales far in excess of those from *ad hoc* requests for MCB articles.

This option is not recommended

Option four: Strategic partnering of MCB and agents whereby the new requirement for access rather than ownership is exploited to maintain and protect revenue streams by a new combination of product delivery.

This option would allow MCB to build on the existing good relationships with agents, to further exploit the current practices and seek to identify ways of working together to increase both companies' revenue streams.

Agents want to safeguard their role in the distribution of scholarly information. They would like publishers to continue to charge customers a subscription fee whether for hard copy or electronic delivery of product, and whether for the whole or part of their portfolio database. Agents want to continue to manage the distribution of hard-copy and electronic products, journals and articles. Document delivery augments the traditional periodical agent's role as they can now supply the customer either with ownership of a journal subscription or access to a journal article. Agents are of the opinion that the “one-stop shopping” they offer for the “many to many” librarian customers will still continue to be a valued service.

To be of benefit to MCB, agents must add value. The most valuable asset for MCB to exploit is the agents' own customer databases. MCB's librarian customers choose their agents; MCB has no control over that choice. Therefore, MCB must ensure the agent influences these customers in their favour. Strategic partnering with the right reward policy will go a long way to obtaining these intermediaries' loyalty. The benefits of strategic partnering have been discussed in the section on “Weighing up electronic distribution”.

MCB is already venturing into electronic publishing, organizing itself to be flexible to move into whatever the market wants. MCB is innovative and is aware that its business of information dissemination in hard-copy format is changing with advances in technology. It is understood that the company will have to change to ascertain and act on its customers' needs and desires, and will not fall into the same trap as the railroad and film industries that banked on the presumed longevity of their existing products (Levitt, 1975). The MCB Electronic Publishing Initiative is planning a series of electronic products which include:

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- hard copy plus electronic distribution (via list servers);
 - CD-ROM (allowing downloading of articles on demand);
 - Internet conferencing (for journals and “clubs” in the HR field);
 - the European Management Research Library (80 MCB core management titles on CD-ROM).

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All of these will be sold on a subscription basis to protect MCB’s revenue stream.

Agents are aware of the changing needs of the market-place and working with them will ensure MCB keeps a competitive edge which will maintain and grow the profitability of its organization. It is my opinion that the competitive advantage MCB should strive for is “differentiation”, whereby it will seek to produce its products at a comparable cost but in unique ways that create more buyer value than competitors and, hence, command a premium price (Porter, 1980).

This option is recommended.

Conclusion

The above data and analysis show that MCB has a good potential situation with agents as the latter are still very keen to continue their intermediary role and want publishers to work with them to expand their services into electronic distribution of information as well as the traditional printed form.

In addition to building on current practices, a bigger vision could emerge if MCB set up a series of strategic “brainstorming” discussions with agents, librarians and other publishers. This would point MCB in the right direction to take command of electronic publishing and identify the most advantageous joint venturing opportunities. Alliances will emerge from these discussions. Alliances have already been made by the agents with the British Library, OCLC and CARL. Can MCB capitalize on these?

Many ideas have come out of the interviews, from “dumping” MCB’s BBS onto all agents’ tables of contents on their World Wide Web servers and agents actively selling electronic products on MCB’s behalf, to the suggestion of publishers working together to produce electronic products in subject categories for sale by agents to librarians and academics. These should all be exploited. The objective would be to form a consortium with equal shares in the publishing and sales of information on CD-ROM.

Action plan

Strategic discussions

- Plan meeting with the study client to discuss detailed requirements for such discussion groups and diary dates.
- Contact agents to arrange meetings.
- Arrange follow-up meetings in liaison with client. This will depend on acceptable dates for first meetings but should be within four weeks of initial meeting.
- Work with client and selected agents on an ongoing basis until conclusion reached.

Table of contents

- I shall recommend that MCB’s portfolio of contents pages (not abstracts) be distributed to all major agents to be included in their contents page services. This means that MCB will have a higher visibility but would not necessarily mean automatic document delivery. Requests could be directed to MCB.
- If acceptable, arrange monthly distribution by either hard-copy contents pages for scanning onto agents online services, disk in ASCII format or access by FTP (File Transfer Protocol).

Exploiting current practices

Database promotional agreements. I shall make a concentrated effort and spend more time in 1995 maximizing this activity with the major international agents to increase sales by a minimum of 50 per cent. The next most important agents will be approached and encouraged to enter into database agreements. There are seven high-potential agents to target who have generated revenue in excess of £50,000 in 1994 to date. In addition to promoting on our behalf, further information will be requested at a negotiated rate on Library DMU, Library Link questionnaire completion and customer profiles. This information will be used to focus marketing activity. Customer profiles and any other relevant information will be passed on to Sales Prospecting to assist in increasing librarian sales.

Sales of electronic products. Agents have thousands of librarian customers and are potentially the best salesforce MCB could have. They are not keen on being partisan with one publisher as this could be prejudicial. However, Swets has agreed to invite its own customers to demonstrations of Electronic Anbar for 30 per cent commission on new sales and I will be liaising with the agent to draw up specific schedules and keep them on target. Swets was the first to offer customers a consolidation service. The others swiftly followed even though they said they would never offer such a service, so I am hopeful this will snowball. Blackwell and Dawson have agreed to demonstrate EA after hearing that Swets had agreed but I will need to persevere to achieve any action.

- I shall contact Swets on a monthly basis to check it has received the Anbar updates and monitor results.
- I shall send Blackwell and Dawson Electronic Anbar and commence monthly contact as above.

Growth markets

- I shall ensure the strategy that has been adopted in South America will be continually followed up throughout 1995. The promotion for the Spanish publication, *Anbar Castellano*, in Buenos Aires has recently been produced and a schedule set up to ensure articles are despatched for subsequent reproduction and sale. Monthly financial reports will be sent to me to allow me to monitor performance.
- As mentioned previously, training was an essential part of the successful start up of *Anbar Castellano*. The manager came to MCB's head office for ten days' intensive training in all aspects of Anbar. This has proved invaluable in building up knowledge of the product and MCB personnel and has produced an excellent working relationship with its attendant loyalty which will influence sales (Terpstra, 1985). I shall adopt this strategy for developing areas where possible.
- Visits are planned for India (with the regional director) and China (with the regional consultant) early in 1995. I shall make appointments with relevant agents, librarians and academics to maximize the value of these

visits. The options to be offered will be the South American model or database marketing agreements but we will be receptive to any viable option generated. The objective is to increase sales substantially in these growth markets.

- I have been asked to provide the board with a full sales plan for agent development following the findings of this study, including a budget based on forecast sales and revenue, together with any additional resources required to achieve the set target.

Final thoughts

This study has crystallized the critical issues affecting subscription agents and how they see their future role evolving as members of the scholarly information distribution channel. For MCB University Press it provides the necessary information to develop a strategy which will maximize its revenue profitably.

The results clearly show the move towards electronic publishing and document delivery which MCB has begun to address with its Electronic Publishing Initiative strategy. The chosen option, “strategic partnering”, will ensure MCB capitalizes on the agents’ experience and knowledge of the market to develop the most advantageous joint ventures. The outcome will be a strategy which will take the organization successfully into the “electronic age” of information dissemination. In addition, this study has highlighted the continued opportunity to expand upon MCB’s current activities with agents and, indeed, to develop new relationships. The importance of managing these relationships is implicit and I shall continue to manage them.

The theoretical part of the study identified the following key issues:

- the importance of developing and implementing an appropriate channels strategy to maximize the organization’s objectives;
- obtaining intermediaries’ loyalty to ensure they influence customers in the supplier’s favour;
- strategic partnering with intermediaries; and
- managing channel relations.

The option chosen fulfils the demands of the above key issues and its implementation will achieve the objective of this study – “to develop a strategy which will maximize MCB University Press Limited’s revenue profitably”. Agents are aware of the changing needs of the market-place, and working with them will ensure MCB keeps a competitive edge which will maintain and grow the profitability of the organization.

Bibliography

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