

Information Marketing

Second Edition

Jennifer Rowley

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Second Edition



Jennifer Rowley

ASHGATE

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Introduction

The nature of the information marketplace is under continual evolution. Two of the most powerful drivers for change in ‘the new economy’, information and communications technology and the internationalization of marketplaces, are impacting even more strongly on the marketplace for information products and services than on other business sectors. All organizations in the information industry, irrespective of whether they are in the public or private sector, need to form new strategic alliances, identify new market segments, evolve new products and, in general, manage changing relationships between suppliers and customers. If organizations in the information marketplace are to survive and flourish, they need to be confident about their mission and role, and to be continually alert to technological, economic, political and social factors that are re-shaping the context in which they seek to serve users, contribute to communities, attract and retain customers, and establish and maintain relationships with other organizations.

In such an environment, suppliers need to employ the full armoury of marketing concepts, approaches and tactics. At the heart of marketing practice and theory is the ‘marketing concept’. An organization that embraces the marketing concept tries to provide products that satisfy customer needs through a co-ordinated set of activities that also allow the organization to achieve its goals. Customer satisfaction is the major aim of the marketing concept. The marketing concept should affect all areas and activities of the organization and not just promotional activities, or those activities performed through the marketing department. Marketing needs to permeate the organization; it should influence operational, tactical and strategic decision-making and actions.

This book takes as its focus ‘information marketing’. We define information marketing as *the marketing of information-based products and services*. The focus is on marketing in contexts and organizations in which information-based products and services are a significant product category. Typical information-based products include books, DVDs, CDs, journals, journal articles, databases, electronic journals, newspapers and databanks. Typical information-based

services include public libraries, academic libraries, workplace information centres, services providing access to databases, electronic current-awareness services, business consultancy services, subject gateways and portals, and web-based information services. Libraries, bookshops, database producers, online search services, business intelligence services and portals act as the interface between the consumer and the producer in respect of these products. Within the marketplace there are also a host of other organizations which often interact with the consumer through one of these 'retailers'. These organizations are important in business-to-business transactions within the marketplace, but in a changing marketplace their relationship with consumers may be more direct. Examples are interlibrary loans providers, national libraries, publishers, and library consortia. A major theme of commentaries on e-commerce is the potential for disintermediation in all e-marketplaces; the role of the intermediary is being re-assessed. Intermediaries in all e-commerce marketplaces will survive if they 'add value' to the product offering of a kind that is not available from the manufacturer, producer or wholesaler. In order to explore the traditional ways in which 'retailers' such as libraries have added value, and the continued relevance of their role in the information marketplace, it is necessary to explore the nature of information products more fully. Chapter 4 explores the concept of information products, and Chapter 2 continues the discussion of the changing nature of the information marketplace. For the purpose of defining the scope of this book, the emphasis is on the interface between the consumer and the information provider, which leads us to stress the role of library and information services. However, in considering the marketing strategies and activities undertaken by these organizations and also in considering the changing nature of information products and the information marketplace, it is important not to neglect the roles of other organizations in the information marketplace.

This book, then, seeks to make a contribution to thinking about marketing by managers and marketers in a wide range of different organizations. Some of these organizations will have dedicated marketing departments, whilst others will have only part-time marketers. Some are in the public sector and are a part of another organization, whilst others are significant commercial concerns in their own right. In seeking to bridge this wide spectrum of organizational sophistication in relation to marketing, the book draws together ideas that challenge all such organizations to reflect on the nature of their product, their relationships with customers, and the changing landscape of the information marketplace. The overarching approach of the text is designed to encourage marketing thinking that will bridge different levels of previous involvement with marketing activities. For those less well acquainted with marketing who would welcome practical advice and ideas, 'practical tips' are included throughout. 'Reflect' points here and there offer opportunities to review ideas and apply them in the reader's own

context. These could be used to focus individual thinking or as the basis for group discussion.

Whilst retaining broadly the structure of the first edition, the second edition introduces a number of new topics and shifts of emphasis, which reflect the changing nature of information services, and also practical and theoretical perspectives on marketing. The increasing importance of the blended information service that delivers services both face-to-face and remotely, and in which both print and digital documents are significant, impacts on approaches to information marketing. The second edition explores the changing nature of the information marketplace. Themes that are developed more fully in this second edition include e-service, self-service, customer relationships, online branding, online marketing communication, integrated marketing communications, measuring online activity and customer relationship management systems. This second edition also examines the relationship between marketing and service delivery as a continuing theme throughout the book. In addition the text has been thoroughly revised and updated.

The book is divided into ten chapters. Chapters 1 and 2 explore basic concepts such as the nature of marketing and the structure of the information marketplace. Chapter 3 explores the concept of the customer, the use of segmentation to target specific customer groups and some general models of consumer behaviour. Chapter 4 emphasizes products and services as the offer, and explores the relationship between information products and information services, and considers product portfolios and their evolution. Chapter 5 draws together a number of themes associated with customer relationships including relationship marketing, customer lifetime value, customer loyalty, and managing the customer or service experience. Chapter 5 bridges customer and organizational notions of what the information service seeks to achieve, and leads into Chapter 6 on branding and corporate identity. Then Chapter 7 explores the marketing communication process, with its emphasis on message, channels and media, as well as discussing integrated marketing communications, the need to manage both implicit and explicit communications, and marketing communications through the Web. Price is discussed in Chapter 8, along with issues such as pricing strategies, licensing and contracts and free information which are important aspects of the marketing mix. The collection of marketing data, otherwise known as marketing research, and marketing information systems are reviewed in Chapter 9. Specific reference is made to customer or user data collection in online environments including customer relationship management systems. Finally, Chapter 10 demonstrates how all of these elements can be drawn together in marketing planning and strategy.

This book's unique perspective is of interest to students and professionals involved in the information marketplace. Specifically, this includes students on

INFORMATION MARKETING

undergraduate and postgraduate courses in information management, library and information studies, business information, marketing, e-commerce and communication studies.

1 Marketing

AIMS

This chapter sets the scene for the remainder of the book, by introducing a number of key marketing concepts, and by explaining how the elements of marketing practice that are discussed in greater depth in the later chapters can be drawn together to inform marketing strategy. This chapter:

- explains why marketing is important to information organizations and in the information marketplace
- explores the nature of marketing
- promotes marketing orientation or the marketing concept
- introduces the marketing mix.

INTRODUCTION

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

(Kotler et al., 2004, p. 5.)

Librarians and information professionals will need to recognise that developing effective marketing strategies is more difficult today, not because of the digital revolution, but because of a society in which customers are becoming more sophisticated and knowledgeable, maybe even cynical, about marketing activities.

(De Saez, 2002, p. 3)

Organizations and professionals in the information marketplace have a wide range of different levels of experience with marketing. These experiences, both as professionals and consumers, will colour reactions to the concept of marketing. Responses to marketing fall into two groups typified by one of the following:

- 'Marketing is concerned with encouraging people to buy things that they don't really need or want, and interfering with people's behaviours, attitudes and values.'
- 'Marketing is designed to bring you the products you do want, when you want them, where you want them, at prices you can afford, and with the information that is necessary to make informed and satisfying customer choices.'

Most people could cite examples of marketing that fit both of these descriptions. Aggressive marketing tactics pursued by some of the organizations in the consumer marketplace have had a major influence on what we eat, what we wear, how we spend our leisure time, and a host of other dimensions of our social and cultural experience. In addition, privatization and corresponding marketization of the public sector in recent years have justifiably made employees in the public sector (in sectors such as education and public libraries) sceptical as to the relevance and impact of marketing in these environments. Unquestionably, there are significant ethical issues associated with marketing. Marketing is designed to influence, and where there are significant commercial gains at stake, high-profile advertising campaigns can be very attractive. Yet this very statement is merely a confirmation of the importance of marketing in our society. All organizations, whether they be in the public or private sector can and are expected to use marketing to enhance the success of their organization. As De Saaz (2002) suggests, consumers (people/users/citizens) are exposed to ever more sophisticated marketing; their expectations of the ways in which organizations communicate and interact with them (and seek to deliver value and benefits) are coloured by their experience of marketing. Information organizations need to embrace and embed marketing in pursuit of their various commercial, economic, social, educational, scholarly, knowledge-based and cultural missions.

As the earlier definition from Kotler et al. (2004) suggests, marketing has moved on from its emphasis on products to focus on the delivery of customer value, and benefits that the customer appreciates. Key aspects of this perspective on marketing can be summarized as follows:

- Marketing is a social and managerial process, and is about people and communication.
- Marketing is an exchange process through which individuals, groups and organizations obtain benefits and value, defined in their own terms.
- Marketing is a process through which relationships with customers or users can be developed.

The stance that is developed throughout this book is that marketing is about everything that an organization does or says. Actions and words are both important; marketing is concerned with communicating to others what you are

about, and using their response to that message to evolve what you are and what you do. Because an organization involves numerous product and service exchanges and communication episodes, enacted through many different individuals, marketing needs to intervene to align and integrate these processes across an organization.

In summary, then, marketing for information organizations is a process in which customers' needs for information and knowledge are met through matching these against appropriate information resources and services. This involves:

- researching and understanding customers' needs and other factors in the marketplace
- selecting and defining the customer or client groups that the information service will serve
- defining the offering, in terms of products, and associated elements of the marketing mix, and doing this with reference to the potential value that offerings can deliver to the customer
- delivering the product or service in line with user expectations and needs
- ensuring communication and engagement with the user community
- establishing strategic direction and making plans that support this continuing engagement.

Delivery and the messages that it communicates are a key element of marketing, and influence customer expectations and perceptions. Whilst elements of marketing, such as planning a public relations campaign or involvement in a branding exercise, may be the responsibility of 'marketing' staff, marketing needs to be embedded in the psyche of the organization and its staff. Marketing is everyone's business.

THE NATURE OF MARKETING

This section develops further notions of the concept of marketing as both an activity and a philosophy, using two widely used definitions of marketing as a starting point:

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

(Chartered Institute of Marketing)

Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

(American Marketing Association)

These definitions draw out a number of aspects of marketing, which will now be reviewed.

Marketing is an organizational process, and as such needs to be executed. This execution requires time and resources. Larger organizations have dedicated marketing departments that take responsibility for managing and executing elements of the marketing function. Such departments have a responsibility for understanding the marketplace in which the organization operates, and can act an interface between other departments in an organization, and with the external environment. In organizations in which there is no specialist marketing function, responsibility for marketing still needs to rest somewhere in the organization.

REFLECT: Who takes responsibility for the marketing function in your organization?

Marketing is about meeting customer requirements and delivering customer value. All marketing activities should be customer-focused. Customer requirements need to be understood and met, using the resources at the disposal of the organization. These organizational resources define the product offering that the organization is in a position to make to the customer. They constrain the market in which the organization can function, but within these constraints the organization needs to tailor its resources and its use of those resources to meet the needs of an appropriate customer group. Often, meeting customer requirements means anticipating those requirements, as when new products are launched or new customer groups are courted.

Marketing meets the organization's objectives, by assisting the organization to fulfil the customer requirements efficiently and profitably. Efficient use of resources is important to success in both profit and non-profit sectors. Most businesses exist to create a profit, but where this is not a key objective, as in some public sector situations, there is still a need to control costs and adhere to budgets, and generally to maintain the financial health of the organization.

Marketing is an exchange process. The exchange process can be very straightforward. The organization offers a product or a service, and the customer offers a sum of money in return for it. For example, if you buy a book, the bookseller has a book to offer, and you browse it to assess whether you are interested in the book's content, and then pay for it. In other situations the exchange process may be a little less obvious. So, for example, citizens pay taxes to support public library services. In exchange they expect the opportunity to access quick reference services, and leisure reading, amongst other facilities. Exchange processes also do not always have to involve money. A volunteer may give time, and political parties are interested in votes. Both parties must **value** what the other is offering. This reciprocated value is the basis for customer

satisfaction and further exchanges. Repeated exchanges can lead to what marketers describe as a relationship between the customer and the supplier. The concept of customer relationships is explored more fully in Chapter 5.

Marketing applies to ideas, goods and services. The generic term for ideas, goods and services is 'product'. However, the dominance of goods marketing in the consumer marketplace has led to a popular usage in which goods and products tend to be treated as synonymous, and so it is often necessary to make explicit reference to the service component in a product offering. Ideas are typically promoted by political parties, pressure groups and others who wish to change attitudes and beliefs. Goods include any physical objects that can be exchanged, such as cars, pens, apples or videos. Services include personal services, such as hairdressing and retailing, and professional services, such as information services, accountancy and legal advice. As we shall discuss further in Chapter 4, many product offerings comprise a complex mixture of goods, services, ideas, and possibly information, if this can be regarded as distinct from these other three product types.

REFLECT: Describe some other exchange processes relevant to the information industry; who are the two parties, and what do they give to each other?

MARKETING ORIENTATION

The organization that develops and uses its understanding of customer requirements to shape its activities and strategy has a **marketing orientation**. Otherwise described as the marketing concept, marketing orientation is a philosophy that places customers and their needs at the heart of what the organization does. The purpose of marketing is not to find the right customers for the product, but rather to create the right products for the customers or potential customers. The assumption is that customers are looking for the offering that best fits their needs, and therefore the organization has to understand and interpret those needs and develop appropriate offerings. These offerings are defined in terms of product, brand, price, delivery options and any other relevant elements of the marketing mix. Customers are individuals, and each person's or organization's needs may be different. In order to respond in an efficient way, organizations define customer groups and seek to meet the needs that can be associated with those groups. If organizations do not create and hold customers, clients, users or members, they undermine the reason for their existence.

When expressed in these terms, marketing orientation may seem the obvious way forward. However there are other orientations that organizations can take towards their marketplace:

- **production orientation**, where the emphasis is on making products that are affordable and available; price is seen as the differentiating factor between products and customers are assumed to buy the cheapest product;
- **product orientation**, where the focus is on quality of the product, and consumers are assumed to seek the highest level of quality for their money;
- **sales orientation**, where the assumption is that consumers are reluctant to purchase and therefore need encouragement to purchase, and products are pushed towards them.

REFLECT: Taking an organization that is familiar to you, describe the impact that these different business and marketing philosophies might have on that organization.

Marketing orientation should sit comfortably with the traditional public service ethos in which there has always been a concern for user needs. There is, however, an ever-present danger that information services may slip back into an approach that is more consistent with a sales orientation. The enormous resources and archives held by libraries and the backlists held by publishers means that such organizations will tend to sell their resources or products to the public, rather than persisting with a true marketing orientation. In addition, the speed of technologically led change in the information industry is inclined to encourage either a production orientation or a selling orientation.

Two more recent extensions of the marketing orientation also capture messages that are useful in some contexts.

- **Customer orientation** is where, instead of working at the customer segment or group level (as in marketing orientation), organizations develop offers for individual customers. This is most possible where companies collect a considerable quantity of transaction and other information about individual customers (individuals or organizations), and can use this information to re-package their offering to suit the individual. Whilst full customer orientation may not be possible for many organizations, all organizations should reflect on the quality of the match between their offerings to customer groups, and the needs of individual members in those groups.
- The **societal marketing concept** brings to the surface the relationship between satisfying customer needs and longer-term societal welfare. It holds that the organization's task is to determine the needs, wants and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and society's well-being. It promotes the consideration of social and ethical issues in marketing strategies and activities.

THE MARKETING MIX

The 'marketing mix' is one way of profiling the offering that an organization seeks to make to its chosen customer groups. The marketing mix is frequently described in terms of the combination of four major tools of marketing – product, price, promotion and place – known widely as the 4 Ps. For services the extended marketing mix adds people, process and physical environment (the 7 Ps).

Before the parameters in the marketing mix can be discussed and explored, the organization needs to undertake a range of processes in order to identify customer needs. One valuable source of such information is customers' responses to current product offerings, which will be evident through sales and usage levels, customer surveys, complaints and other channels through which the organization listens to its customers. Other data may be collected on customers' attitudes to potential new products, services or communication messages, and to competitors' products. Chapter 3 explores ways in which organizations can 'know' their customers, including the segmentation of customer populations and customer behaviour, whilst Chapter 9 discusses approaches to collecting and managing customer data through marketing research activities, marketing information systems, and customer relationship management systems.

PRODUCT

This is the aspect of the marketing mix that deals with the creation, development and management of products. A product is everything that is received by the customer in a marketing exchange. Products can be ideas, goods, services, experiences, organizations, persons or places, or a combination of two or more of these. The information industry offers access to information goods, such as books and databases, and also to services such as libraries, market research services and alerting services. A service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything (Kotler et al., 2004, p. 276). As differentiation from competitor offerings becomes more difficult on the basis of goods or services, organizations are increasingly looking to 'experiences' as their core offering. Experiences are memorable and personal, and extend beyond their component goods or services.

Most organizations have many products, described as their product portfolio. They may, for example, offer a number of different information services or licences for a range of different databases. Information products are products whose core or primary product is information or knowledge. There is some discussion about whether information products should be treated as a separate category of product, due to the unique nature of information.

Products have both functional characteristics and psychological characteristics; the latter are captured by the brand. For example, an MP3 player has product attributes such as storage capacity, size, colour, design, software, sound quality and battery life. It will also have psychological characteristics based on the user's perceptions of the benefits that it offers, such as ease of use, quality, innovative features, stylishness and reliability. There is typically a relationship between the functional and psychological characteristics of a product, and for services it can be particularly difficult to differentiate functional and psychological characteristics. For example, the customer's perspective will define whether helpfulness of staff or accessibility of information sources are functional or psychological characteristics.

Product decisions are important because they directly involve creating products that satisfy customers' needs and wants. An organization needs to maintain a satisfactory set of products; this involves introducing new products, modifying existing products and eliminating products that no longer satisfy customers and/or yield acceptable profits.

PRICE

This covers activities associated with establishing pricing objectives and strategies and determining product prices. Price represents the agreed value of an exchange. Price may be used as a competitive tool and it is one of the marketing mix variables that can be changed relatively quickly to respond to changes in the environment. Price plays both an economic and a psychological role. From an economic perspective, price is closely associated with costs and profits. From a psychological perspective, price may be used as an indicator of quality. In the service sector, the psychological role of price is magnified because consumers must rely on price as the sole indicator of service quality, because the intangible nature of services means that other quality indicators are absent.

In the information marketplace, price is not only a concern at the point of use, but needs to be considered throughout the information industry value chain. Information products and services depend on the compilation and re-presentation and packaging of information by a range of intermediaries, including booksellers, libraries, advice centres, subscription agents and online portals. Pricing needs to accommodate complexities associated with the relationship and cost structure of the industry. Contracts and licences, with their terms and conditions, are as important as consumer pricing strategies. In addition, public sector library and information services have long traditions as free services, and this has been extended to access much of the digital information to which they provide access. This approach forms expectations of free information and presents ambiguous messages about the value of information.

PLACE

Products must be available at the right time and at a convenient location. Place is concerned both with consumer service delivery points such as retail outlets and libraries, but also with the distribution network that ensures that products make their way from the producer or creator to the user or consumer. Delivery channels are significant factors within an industry and involve a complex web of organizational relationships, in which collaboration and competition are equally important. Dimensions of these issues are explored in Chapter 2, which discusses the structure and nature of the information marketplace.

Distribution involves making products available in sufficient quantities to satisfy as many customers as possible, and keeping the total inventory, transport and storage costs as low as possible. Distribution, in the sense of offering the right service at the right time and in a convenient location is particularly essential for services, where value may be viewed as transient. Libraries, both academic and public, are usually situated centrally to their target market, occupying central locations on university campuses and city centre or shopping centre locations. The chief difficulty arises from the fact that some of these locations were chosen in excess of fifty years ago, and may no longer be central to the target market. Additional branch libraries and mobile libraries may seek to alleviate this situation, but do not offer complete resolution. Digital delivery of documents and information offers delivery to the desktop in the home or the office. Developments in mobile technology promise delivery to the location that the person occupies.

PROMOTION

This can also be termed marketing communication and relates to activities used to inform one or more groups of people about an organization and its products. Promotion can be used more generally to increase public awareness of an organization and of new or existing products or, alternatively, it can be used to educate consumers about product features, or to maintain public awareness of existing products. Promotion includes advertising, public relations, personal selling, online marketing communication and direct marketing. Promotion is one element of the two-way communication with customers that forms the basis for customer relationships.

Promotion of services presents specific difficulties because of their intangible nature. The intangible element is difficult to depict in advertising, so service advertising needs to emphasize tangible clues, such as physical facilities or other concepts that project an image that reflects services. Tangible clues may be embedded in the environment, such as the building and service points occupied

by a library building or the professionalism of the appearance of staff, but may also be used in picture form on publicity and websites. Personal selling is potentially powerful in services because this form of promotion allows customers and salespersons to interact. Customer contact personnel therefore have an important promotional function.

PEOPLE

Most services use people in service delivery, often creating and delivering the product in interaction with the customer. The quality of the interaction between the service agent and the customer is a major influence on satisfaction. In services where the level of contact is high, as in dentistry or physiotherapy, the customer needs to feel comfortable with the service agent, to trust them, and to develop a rapport with them, probably over a service relationship that comprises several service episodes. Even where the service is less intimate, as in a shop or a library, the attitude and responsiveness of the staff can make a difference to the acceptability of the service experience, and the customer's evaluation of service quality.

PROCESS

Services are manufactured and consumed live, and because they involve an interaction between two people, it is more difficult to exercise control and ensure consistency. The service process needs careful design; it may include queuing arrangements, processing customer details and payment, as well as elements of the core service delivery. For example, call centre operators and helplines may have a standard set of questions that they ask each caller. Once a customer has experienced a service process once, they will start to learn 'the script'; this helps them to feel more comfortable with the process. In self-service environments, as, for example, with a public access kiosk, the customer is taken through a process by the prompts on the computer screen. These prompts form the dialogue or the online script. The quality of the service delivery in online environments depends on customer competence even more heavily than in physical service delivery. It is important to remember that customers, as well as service agents, are part of service delivery.

PHYSICAL EVIDENCE

This is concerned with the physical surroundings from which a service is delivered, and with the other tangible elements in a service episode. Physical evidence is important in service delivery because it is usually the only tangible

clue that the customer has about the quality of the service experience. Thus information services should pay attention to the presentation of staff, atmosphere, ambience, design of premises, cleanliness, colour palettes, tidiness, signage, heating, seating, accessibility and lighting. In online environments physical evidence is extremely limited. This is a very significant challenge in the marketing of digital information services since the absence of physical clues removes an important channel of communication with customers, and for customers an important source of evidence on which to base their preliminary judgement. In multi-channel or hybrid environments physical evidence from the 'bricks' channel may be used to support impressions relating to online channels. Where this is not possible, other elements of the marketing mix, such as products and their attributes and branding, become all the more important.

REFLECT: Discuss the physical evidence that customers encounter in your organization. What messages does this physical evidence communicate about the organization and the products that it offers?

The marketing mix is an important tool in creating and maintaining an offering that is of value to customers. Successful marketing depends on 'the right mix'. In other words, a product that lacks visibility amongst the potential customer group will fail; a marketing message that is not consistent with the value that customers perceive the product to offer will mean that the promise does not match the delivery; this will lead to dissatisfaction and may damage customers' attitudes to the organization or the brand. All elements of the marketing mix are interdependent, and must be consistent with one another. The most appropriate marketing mix depends upon the customer and is influenced by the marketing environment. An organization needs to design and combine elements of the marketing mix in such a way as to create an offering that differentiates it from its competitors and creates a competitive advantage.

The elements of the marketing mix can be changed. However, changes to most of the elements of the marketing mix are constrained by the organization's existing resources (including its existing customer base), and the rate of change that is possible may at times be frustratingly slow. For example, libraries often occupy specific buildings; these are not always in the best locations to ensure the optimum level of visits, but a new building must be negotiated over many years and through complex political processes.

CONCLUSION

Marketing as a philosophy and an activity can make a significant contribution to organizations in the information industry, whether they are in the public or

private sector. Marketing is defined as a social and managerial process that is about people and communication. Marketing is about everything that an organization does or says. The marketing concept or marketing orientation emphasizes the importance of understanding the benefits that customers seek, and developing shared notions of value. This knowledge and understanding can act as the platform for the development of the organization's offering. The extended marketing mix is a useful tool for describing the offer. The 7 Ps of the marketing mix are: product, price, place, promotion, people, process and physical evidence.

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2

The information marketplace

AIMS

This chapter encourages reflection on the context in which customers and information providers interact, first by profiling aspects of the information marketplace, and then by considering aspects of the marketing environment for that marketplace. Key areas explored include:

- the nature of information as a product
- customers
- profiling the information industry
- the marketing environment.

INTRODUCTION

For any company to command a strategic business posture towards the EP [electronic publishing] business, it must have an understanding of the EP role in books, periodicals and newspaper publishing; in corporate, financial and bibliographic services; in the computer, consumer electronic, TV, cable and telecommunications sectors.

(Blunden and Blunden, 1994, p. 6)

Although the above quotation relates specifically to the electronic publishing industry, it is equally applicable to the knowledge industry in general. The powerful point embedded in this quote is the breadth of the industry. The knowledge industry embraces both electronic and print products, and a range of organizations with different roles and market niches. Whilst the Internet and associated electronic information sources are relatively new entrants to the information marketplace, the traditional print marketplace remains significant. Indeed, information products such as books and CDs represent a significant

category of products in e-retailing ventures. Blended information services that manage access to networked information resources, as well as a collection of print resources, will appeal to users for the foreseeable future. The roles of all stakeholders in the information marketplace are undergoing revision. Users are expected to be more information-literate, and the roles of information professionals are undergoing an evolution. In some arenas, services previously provided by libraries are being superseded by access to electronic information resources through the Internet. On the other hand, the wider availability of information resources over the Internet may heighten awareness of information and create a more discerning public which both recognizes the central value of information and is more discriminating in its use of information. Exposure to a wealth of information to the extent of overload is likely to provoke a sharpened perception of the quality of structure and guidance in knowledge bases, and demand for powerful search engines.

Marketplace issues play a significant role in determining access to information and the role that information professionals play in facilitating such access. What is the electronic information marketplace? Schwuchow (1995, p. 123) warns that:

... the very definition of the information sector is in flux. It is, indeed, very difficult to define this sector of economic activity because of the dramatic development in the technologies and all of the recent mergers in the entertainment, telecommunications and information industries.

Nevertheless it is important that information professionals understand key characteristics of this marketplace, however elusive and changing its boundaries might be. The opportunities offered by enhanced electronic information and communication systems have affected the way in which businesses operate; they also affect both internal communication and communication with suppliers and customers in the arena of e-business. The application of such systems also fuels the drive towards a knowledge-based society. All parties in the information industry are on the front line of such changes. Whilst in other organizations effective knowledge management may be a means to an end or an internal product that supports staff in achieving organizational objectives, the primary products of most of the players in the information industry are central to knowledge creation, dissemination and management, either in the form of a service (such as information management consultancy or library service) or as a product that provides packaged information (for example, in a database or a printed directory).

Product and service quality are usually defined in terms of meeting the customer's needs; the importance of analysing more carefully the structure of the marketplace for information is evident. Each organization in the information marketplace must develop a more acute awareness of the needs of its specific client group and, correspondingly, develop a unique portfolio of services. It will no longer be sufficient, for example, to assume that because one information

organization is providing a service successfully, that service will work elsewhere. Whilst initiatives will clearly be informed by the sharing of best practice, 'me-too' services must be a thing of the past.

Key factors in determining the character of any marketplace are the nature of the product, the customer base and the competitive profile of the marketplace; that is, the size of players and their basis for competition. Subsequent chapters develop several of these themes more fully. Chapter 4 encourages reflection on the nature of the information product. Chapter 3 explores customers and their behaviour, and the segmentation of customer markets with the aim of better understanding and responding to customer needs. Approaches to understanding industry structures are revisited in Chapter 10, in the context of marketing strategy. This chapter also reviews other factors that characterize the information marketplace, and reviews aspects of the marketing environment.

INFORMATION AS A PRODUCT

The product is at the heart of the marketing exchange. Customers buy products to solve problems or to enhance their lives. The product must deliver the benefits and value that the customer wants, and the ability of the organization to deliver the right product is the ultimate test of whether the organization has understood and responded to its customers' needs. This, in turn, influences its success, either as a public sector service or as a business entity. We use the definition of a product as offered by Brassington and Pettitt (1997, p. 254):

A product is a physical good, service, idea, person or place that is capable of offering tangible and intangible attributes that individuals or organizations regard as so necessary, worthwhile or satisfying that they are prepared to exchange money, patronage or some other unit of value in order to acquire it.

Aspects of this definition will be further explored in the next chapter, but for the moment it is useful to note the wide definition of 'product' as the entity at the core of any marketing exchange between a customer or user and an organization. In particular, it is important to note that information products embrace both tangible goods (such as books) and services (such as market research services and supply of information).

The departure point for this book is that information as a product has a range of unique features that affect the nature of the relationship between customers and information providers, and the nature of the information marketplace. Although Chapter 4 will explore the nature of information as a product in greater detail, it is useful to note at this stage some of the distinguishing characteristics of information as a product before proceeding to consider other aspects of the marketplace. These characteristics are as follows:

- Information as a product is distinct from any other product.
- Information is not only a product, but something that can be used to promote products and to influence individuals.
- Information products take a variety of different forms.

THE DISTINCT NATURE OF INFORMATION AS A PRODUCT

Central to an understanding of the information marketplace is the recognition that information is neither a good nor a service, and that the exchange of information is different from the exchange of other commodities. Eaton and Bawden (1991) summarize some of the special characteristics of information:

- Information is not lost when it is given or sold to others. Boulding (1968) gives an appropriate example: 'When a teacher teaches a class, at the end of an hour the pupils know more, and the teacher usually knows more as well.'
- The value of information is not readily quantifiable. Information has no intrinsic value, and value depends upon context and user.

Additional factors that influence the marketing of electronic information include the following:

- Information can have multiple lifecycles, as ideas and authors move in and out of fashion (Cronin and Gudim, 1986).
- Technology facilitates and constrains the delivery of information. It is crucial to delivery.
- Demonstration for, say, marketing purposes may involve revealing the information, and thus the exchange may be made before the contract has been agreed.
- Information may be acquired, as with purchase or lease of a DVD, or accessed, as with access to Internet resources.
- Information may be repackaged in very many different ways.

INFORMATION IN PROMOTION AND SOCIETY

The significance of information in a range of applications derives from its intimate connection with communication. Communication is at the core of promotion of products. Thus, for example, a multimedia kiosk that provides evaluated consumer information on gardening products and plants might be made available to customers in a garden centre to help them in the selection of products. Such information is valuable beyond the immediate context of the purchase; in making a purchase the consumer not only gathers information to support the decision-making embedded in the purchase process, but also learns more about the product and aspects of the application in which the product is used. In non-

commercial contexts, communities use information in education; the same happens within the public sector to ensure the smooth operation of hospitals and other community services – information can affect the effectiveness and efficiency with which such services can be delivered. Government policy is informed by a range of demographic and economic statistical data. In a knowledge-based society and economy, states and organizations will seek to use knowledge to competitive advantage. In summary, not all information is distributed as a product: in other words, not all information is available in the public arena or available for purchase. Some is not available for a variety of reasons, whilst other information is distributed free to the end-consumer.

THE RANGE OF INFORMATION PRODUCTS

Information is packaged into a range of print and electronic products – often these are documents, such as books, DVDs, newspapers, directories and journals. Both consumers and libraries, and other organizations, then purchase and collect such documents. Consumers make these purchases because they intend to use an individual document, libraries make purchases in anticipation of use by one or more of their clients.

Often the same basic data may be packaged in more than one format to meet the requirements of different market segments. Thus many encyclopedias are available in print, web-based and CD-ROM format. The various versions are not identical: the electronic format might, for example, include additional articles and video clips which cannot be featured in the print format, and certainly the approaches to searching and navigating in the two products will be different. Encyclopedias are an example of a product that may be available in different versions for different audiences, with the possibility of a children's version as well as the full (adult) version. Pricing arrangements may be on a different basis, and there may be different price ranges for different versions of the same product. Newspapers are available in both print form and through Web access. Whilst distribution channels are different, with print newspapers being sold through bookstalls and news-stands and web-based versions requiring access to a computer workstation, the nature of the product in terms of the benefits that can be derived is also different. The web-based version of a newspaper can be personalized, and may include added-value services and access to an archive of the newspaper.

The examples used in the discussion above all relate to documents. A document is a knowledge package that:

- has been designed (in terms of style, level and content) for a specific audience (such as students studying GCSE Chemistry, chemical engineers or researchers in chemistry);

- has been structured at both the micro (detailed structure of text and graphics) and macro (chapter structure and index) levels to support navigation and comprehension.

Information services support access to information, typically relying upon information goods, such as documents and web sources as a key element of service provision. Typically, information services are engaged in making available, controlling access to, retrieving, selecting, organizing, presenting, interpreting, tailoring, personalizing and targeting information resources to support user activities. A range of different types of information services (also products in their own right) structure and package information into forms that suit their audiences. Some of these services, such as market research services and management consultancy, couple information and advice, drawing on both implicit and explicit knowledge, and specialize in providing tailored information to organizations.

Other information services rely more heavily on published information that is in the public domain, and assist information and document users in the location of information to assist in decision-making, learning and knowledge acquisition. Amongst such services are those offered by public, academic and workplace libraries and information consultants. Document delivery services are one type of information service that specializes in making documents available to users. They are discussed in more detail below as a means of illustrating the links between the stakeholders in the information industry.

Some examples of products and services that come within the scope of the information industry are given in Figure 2.1. This is in no sense intended to be a comprehensive catalogue of such products, but merely serves to illustrate the diversity of the products in this industry. Attempts to generate comprehensive lists of products are frustrated by difficulties in defining the boundaries of the information industry (and, indeed, the wisdom associated with defining those boundaries differently for different purposes) and keeping up with continual product innovation.

In addition to the goods and services which might be used by individuals and organizations to extend their knowledge base as discussed above, there are many other products embedded in the supply chain. These include software to run library management systems, document publishing and distribution software, document delivery systems, search engines, telecommunications networks and their services, computer hardware, training programmes and a host of other professional services (such as cleaning, accountancy and marketing) which contribute to the operation of the organizations in the information industry. Some of these might be regarded as information products in their own right.

Goods and documents (most exist in both print and electronic formats)	
Periodicals	Learned journals/academic journals Professional journals Magazines Newspapers Newsletters and bulletin boards
Reference documents	Encyclopedias Dictionaries Bibliographies and bibliographic databases Directories and databanks
Books	Adult fiction, classics Adult fiction, popular Adult non-fiction, learned, textbooks Adult non-fiction, popular Children's fiction Children's non-fiction Paperback books Hardcover books
Others	Published reports from government and other agencies Videos Music CDs DVDs Multimedia documents Government publications Corporate reports – technical and business Patents Conference proceedings
Services	
Information services	
Document delivery and interlibrary loans services	
End-user training	
Market research agencies	
Information service providers (ISPs)	
Alerting services	
Helpdesk services	
Consultancy services	
Financial and business information services	
Entertainment services	
Computing services	

Figure 2.1 Some product categories

CUSTOMERS

Customers are the other party in the marketing exchange. Who are the customers in the information marketplace? Everybody uses information, either to support their business and professional activities or for education, leisure or community involvement, so that every member of a population is a potential customer for some

type of information product or service. A person becomes a customer for a specific information product when he or she makes a purchase, makes use of an information service, or accesses a database. The first of these applies to a relatively restricted range of information products that are available in the information marketplace. In many other instances, information and documents are accessed through an intermediary, such as a library, an information broker or some other corporate purchasing arrangement. Users of information exhibit reluctance to pay for something as ephemeral as information (unless it is packaged as a product, such as a book, a DVD or a CD), and it is therefore often the case that the user of the information is not the purchaser. Purchasers are typically information intermediaries, such as library and information services or knowledge centres.

The concept of the customer is explored more fully in Chapter 3, which deals with the interpretation of the customer concept in a public service context, and the distinction between organizational and consumer markets and their customers. Figure 2.2 offers a simple perspective on the different terms used for the customer in various contexts, and emphasizes the all-embracing nature of the term ‘customer’ which, whilst useful in discussing concepts such as marketing orientation, needs to be interpreted according to context.

Context	‘Customer’ term
Public library	Readers, borrowers
Academic library	Users, readers, learners
Bookshop	Buyers
Website	Surfers, visitors
Newspaper	Readers
Workplace library	Clients
Professional body information service	Members
Journal	Subscribers

Figure 2.2 Some terms for the customer

Figure 2.3 lists some categories of customers, which might be helpful in thinking about the nature of the customer in this context. It is important to emphasize, however, that in order to respond effectively to the needs of groups of customers, organizations must segment their customers into groups of people with similar needs, and then create a profile of that group.

Customers may have a number of different contract arrangements with an information provider, for example:

- purchase, in which the buyer acquires the right to use the item thenceforth, including, should they so choose, sharing it with others;
- borrowing, in which the user has rights of use for a limited period of time –

borrowing is thus a way of rationing and sharing scarce resources (normally in a public service context);

- licence, in which terms of use are specified – the right to use usually terminates at the end of the contract period.

The nature of such contracts will affect customer behaviour and issues associated with building relationships with customers, which are explored in Chapters 3 and 5.

Organizations are also customers in the information marketplace. Every organization in the supply chain, from the producers of intellectual content to redistributors and users, are both suppliers and customers.

General public	Adults Children Special groups, such as the housebound or the blind
Professional groups	Dentists Hospital doctors Accountants Lawyers
Academic users	Children Adults – students Adults – staff
Business users	Research and development scientists Marketers Managers Administrators
Information intermediaries	Knowledge agents within organizations Information brokers and consultants

Figure 2.3 Some categories of information customers

PROFILING THE INFORMATION INDUSTRY

Figure 2.4 lists some of the key stakeholders in the traditional publishing process and describes their roles in terms that are applicable in both a print-based and an electronic environment. The environment influences both the way in which the product is created, as in, for example, electronic refereeing or editing, and the nature of the final product, as in for example, a multimedia encyclopedia. In some contexts some of these roles may be merged, or one organization may adopt more than one role. Many of the stakeholder categories can be split into other sub-categories: thus in the redistributor's role we might also include national document delivery centres, cooperative interlibrary loan services, commercial document delivery services, offprints and reprints, and alerting service suppliers.

Role	Examples
Producers of intellectual content	Authors, illustrators, composers, performers multimedia creation teams
Controllers of intellectual content, with reference to quality standards and suitability	Editors, referees, reviewers
Publishers establish a corporate brand image and act as an interface between producers of intellectual content and the distributors	Publishers, printers, database producers, website designers, market research agencies
Distributors ensure that the document/ information reaches the potential customers and engage in appropriate promotion	Library supply agents, booksellers, websites of organizations, online search services, distributors and retailers of DVDs, MP3 websites
Archivers maintain archival copy for later retrieval	Libraries, archives, private collectors
Redistributors make documents or information available to others	Libraries, educational institutions through copying for students, information consultants
Users	Corporate and individual users

Figure 2.4 Stakeholder roles in the electronic information marketplace

Each category of stakeholders hides a whole sector of organizations that will be concerned to stay in business and to develop their existing competencies, product and service range and customer base to secure a position in the developing marketplace.

Figure 2.4, in focusing on roles, does not draw out another important feature of the information marketplace: the diversity of the objectives and funding bases of the players in this marketplace. For each different group of players, a number of organizations are either in competitive or collaborative relationships with one another. Many organizations fulfil a number of the roles in Figure 2.4 through different products or services in their portfolio, and may therefore have relationships across different product areas in the information marketplace. An important feature of the information marketplace is that it embraces both commercial organizations such as publishers and public sector organizations such as government agencies and other bodies and public libraries. For example, organizations might design a web portal to support their users in locating useful information, but their motives for doing so might be quite different. In creating

such a portal, publishers, probably in collaboration with a bookseller, will be seeking to encourage consumers to make a purchase. A public library will be seeking to fulfil its function as a public service, and to offer guidance to members of a community on useful and evaluated sources of information. Large organizations also have sizeable publishing operations, often now embedded in their knowledge management initiatives. They might design a portal on their intranet so that employees can have access to the information they need to support research and development, market research or decision-making. The word 'web' is an appropriate term to use to describe a network of resources with hyperlinks between them. It would be an equally appropriate description of the relationships in the information marketplace.

COMPETITORS, PARTNERS AND CONSORTIA

Early economic theory viewed different businesses as being in a competitive marketplace, in which all businesses were in competition with each other for customer attention and transactions. As is explored more fully in Chapter 10, a more sophisticated view recognizes that for continued business success, organizations need to differentiate themselves from one another by offering products and services which are either different, or perceived by customers as such. Through this process of differentiation, each organization seeks to fill a unique niche or role in the marketplace. Organizations may differentiate themselves on the basis of their product portfolio, brand portfolio, price range, promotional activities (such as audience and marketing message), service (including the features and quality of service), and place or mode of delivery (such as print or electronic). Key assets in maintaining successful differentiation are the competencies of the company, which reside in its people, its processes, its physical assets and its knowledge base, together with its capacity to respond to competitive challenges. Successful businesses are aware of their assets, their strengths and their weaknesses, and are able continually to develop their strengths in order to ensure that they continue to be relevant and adequate.

When an organization recognizes that it requires additional competence, perhaps in terms of technology or familiarity with a different marketplace, one solution is to enter into a partnership, strategic alliance (including merger or acquisition) or joint venture. The success of such an initiative depends on the expectation and achievement of mutual benefits, and on shared objectives and culture. In other words, successful organizations work proactively with others to deliver a solution to the marketplace.

REFLECT: Identify the organization that you regard as your most significant competitor. How would you convert them to a partner?

The information world abounds in collaborative ventures, embracing both the public and private sectors. Driven by a commitment to public good, the academic and public library community worldwide set up the early library cooperatives, now library consortia. Such networks have played a major role in resource-sharing and in the development of library management systems.

These consortia have made significant contributions to the realization of the digital library, through the continuing evolution of library management systems and the creation of large shared bibliographic databases, digital document delivery, electronic journals and a variety of web-based facilities that provide access to a wide range of other databases and information resources.

In the past few years, a range of UK and EU government and government agency initiatives associated with creating a knowledge-based society and economy (covering themes such as lifelong learning, digital citizenship, the global marketplace and social inclusion) have encouraged collaboration within the public sector, and between the public and commercial sectors.

CHARACTERISTICS AND CONSTRAINTS

There are a number of issues that characterize the information marketplace, and a range of constraints on its continued development. Some of these have been implicit in the earlier discussion in this chapter; here they are stated more explicitly.

Dynamic technology

The impact of information systems and the data and information that they deliver is becoming both wider and deeper. More individuals and communities across the world have access to and the ability to use digital information services and to perform business and community transactions and communication, and the application of this technology is impacting on increasingly wide areas of their lives. For example, at one time computers existed only in large corporations and offices; some while ago they started to invade our homes; and now access to the Web can be gained through kiosks in public concourses and the mobile device in the pocket. In addition, search technologies are under continual development to make it easier for users to navigate the ever-increasing quantity of information to which they can have access. Information technologies are under continual evolution, and with each new development emerge new applications and new ways in which the technology can impact on the way in which communities communicate, learn, work, and do business.

The ultimate scenario of the virtual society, where all communication is electronic, and processes such as teleworking, e-learning and videoconferencing substitute for actual person-to-person contact, has significant implications for the way in which human beings satisfy their need for interaction with each another. The pace of change and the impact of innovation make the information marketplace particularly challenging and unpredictable.

Consumer engagement

Consumer engagement with or behaviour in relation to information products is undergoing radical transformation with the advance of information and knowledge-based technologies. Consumers are accustomed to receiving digital information for free, either because it is on the website of an organization that is keen to communicate with them, or because they access information through libraries which provide such access for free. In addition, they are faced with an increased volume of information, but less time to retrieve the information that is useful to them. They have great 'information potential', but may not achieve 'information realization'. Also, with digital information, customers have greater control over selection of information, and much easier navigation than was available through print sources. On the other hand their experience is highly dependent on their information literacy skills.

Globalization

Communities and businesses are increasingly functioning in a global society and marketplace. E-commerce through global networks, such as the Web, has further fuelled globalization. The information marketplace has always been global. Publishers, database providers and online search services have long since ceased to operate within national boundaries, and even public sector organizations such as the British Library have a worldwide customer base. However, some participants, such as public libraries, are established to serve specific communities, usually within one geographical district. This approach to providing access to knowledge is not consistent with the fact that improved telecommunications allow people to gather information irrespective of geographical location (although language continues to present a barrier). In a global marketplace, information and knowledge providers are open to global competition, and, in addition need to take a global perspective to production and delivery. Currency fluctuations may present serious threats to business stability. Further, certain types of information and knowledge will be available to global audiences; this information will not provide organizations or states with competitive advantage, but will be a necessary platform on which to build further knowledge that may, in turn, differentiate them in the marketplace.

The network enterprise

The nature of corporations is undergoing change. Global corporate strategic alliances have had a significant impact on marketplaces, employment and national economies. Information technology has increased organizational capacity to form business networks and networked enterprises. This will affect the customer base of specific information producers.

Knowledge-based economies

As governments recognize the significance of their knowledge assets, both explicitly in formal knowledge repositories and implicitly in the skills and abilities of their citizens, they are becoming increasingly proactive about ensuring that appropriate information is available to support education, learning and training, and other aspects of capitalizing on the value of knowledge. The UK Department for Culture, Media and Sport, in its *Framework for the Future*, has identified roles for public libraries in the following areas: books, reading and learning, digital citizenship, and building community and civic values.

As the value of information becomes more widely recognized and access is made more straightforward, the gap between those who have access to information and those who do not will widen, and sections of society will be exposed to even higher levels of exclusion. This division into the 'haves' and the 'have-nots' is termed the digital divide. Disadvantaged groups may be served by community libraries, neighbourhood resource centres and public networks. In order that citizens can capitalize on the information available to them, governments must support lifelong learning and the development of information literacy.

Intellectual property and copyright issues

Quality information, whether it be text, statistics or multimedia, costs time, effort and money to create. Producers seek to recoup their investment. Yet, with advances in technology and the advent of electronic documents, it is difficult to enforce appropriate copyright protection. It is too easy to copy or download sections of databases, MP3 and other music websites, ring tones, games and other digital content.

Security, data protection and privacy

Some data, including, for example, financial transactions, national security and commercially sensitive data, need to be protected. As organizations are increasingly opening up extranets that give customers and partners access to sections of their corporate data, the issue of security for these organizations

becomes more pressing. Within organizations, knowledge management initiatives require that organizations formulate a clear view of what knowledge is made available to which audiences. Adequate security measures are necessary to protect knowledge from those who should not be able to access it.

In addition, it is necessary to safeguard the privacy of the individual. Commercial organizations already have the capacity to build databases that extend beyond mailing-list details (such as name and address) to complete profiles of purchasing habits. Loyalty cards in supermarkets and library registration cards generate data that can be used to profile the behaviour and interests of individuals. E-commerce applications can generate complete profiles of the searching and e-purchasing behaviours of individuals. Tutors who need to investigate potential cases of plagiarism can check which sites a student has visited. Organizations can check whether employees are visiting legitimate sites that contribute to their job, and credit card details supplied as part of a purchase transaction have the potential to provide unwarranted access to personal financial information. Data protection and freedom of information legislation seeks to promote the acceptable use of personal information.

Standards

Competitive advantage can be achieved by a significant business in the software or technology area of the information marketplace if it can make its standards for a new technology the *de facto* standard for the industry. On the other hand, adherence to standards is an essential feature for all participants in a networked information community. Successful mechanisms for establishing standards are essential. Standards bodies have a role to play, but it is also the case that the market/power struggle in relation to standards is likely to recur with each new advance in technology.

Archiving and bibliographical control

One of the cultural functions of art galleries, museums and libraries is the maintenance of an archival record of cultural assets, including documents and other representative items. The maintenance and storage of such archives in a form that makes them accessible to scholars and the general public is a resource-intensive enterprise. Many of the individual items in such archives may only be accessed infrequently, if at all, and it may be difficult to justify their retention on the basis of use. Libraries house significant collections of print documents, some of which can be archived in electronic or microfilm format. Conversion to electronic format may make rare documents and special collections more easily accessible to a global audience, but it does not always eliminate the need to retain and preserve the original. Special collections of documents, manuscripts and

other items, sometimes associated with famous literary, political or scientific figures, may be extremely valuable on the open marketplace; such collections represent hidden assets that may form the basis of a unique service with a global audience.

Electronic documents pose many problems for the maintenance of an archival record. Such documents may be dynamic and changing, and the creation of a number of different versions is relatively easy. Information on the Web is notoriously volatile. Which version should form the archive document? Clearly it is difficult to decide what constitutes a document; it is also difficult to maintain bibliographical control over these documents. Other problems include:

- what data should be archived?
- which storage media should be used?
- how long will the document last without deterioration?
- how can individuals access archived documents?

THE MARKETING ENVIRONMENT

The wider context in which the information marketplace functions, referred to as its marketing environment, has an important influence on the way in which customer needs evolve and the options available to the organization to meet those needs. The environment comprises a macroenvironment and a microenvironment. The microenvironment comprises the actors close to the organization that affect its ability to serve its customers, and it includes suppliers, marketing intermediaries, customer markets, competitors and publics. The macroenvironment embraces the wider societal forces that affect the microenvironment; these include demographic, economic, natural, technological, political and cultural forces. The factors in the macroenvironment are often experienced by all organizations in a specific sector, but the impacts may be different. These factors (see Figure 2.5) are represented by the acronym PESTEL. There is considerable interdependence between these groups of factors. For example, licensing regulations that are formulated between major database suppliers and library consortia are influenced by the options offered by technology in terms of downloading information, and the societal need for access to knowledge in support of learning.

The PESTEL factors are subject to continual change; the marketing environment is dynamic, and it is important that organizations are aware of these changes. In order to achieve this, organizations, and individuals on their behalf, need to engage in **environmental scanning**. This is the collection and evaluation of information from the marketing environment that might affect the organization

Political factors

Central and local funding decisions for public and national libraries
 Funding decisions for higher education
 Increases in student numbers in further and higher education
 Governmental and institutional controls that suggest that library services should be provided 'free' to the customer

Economic forces

Changes in income and consumer spending patterns
 Subscription rates for journals
 Prices of books
 Licence fees for bibliographic databases and electronic journals

Social factors

Age distribution of target market
 Changes in educational levels
 Changes in family structures
 Increases in diversity in relation to ethnicity, race, sexual orientation and disabilities
 Changes in beliefs about the relationship between individuals and society
 Diversity of culture, as exhibited through preferences for music, art, drama and literature

Technological factors

Telecommunications standards and protocols
 New software products, such as improved search engine technology
 Innovations in telecommunications, including digital television, and mobile technologies

Environmental factors

Sustainability agenda
 Availability and depletion of natural resources

Legal factors

Health and safety legislation
 Legislation defining the roles of libraries
 Legislation relating to employment
 Copyright legislation
 Licensing agreements in respect of the use of data downloaded from databases

Figure 2.5 Significant factors for information services in the macroenvironment

and its strategic marketing activities. Such information may be embedded in a number of different types of sources, including personal contacts, experience, published market research reports, marketing information systems, government statistics, trade associations, the trade and professional press and commissioned market research. Extracts from such sources should be gathered to form the knowledge base of the organization, and made accessible to those involved with organizational and marketing decision-making. The issues of information sources and the management of environmental scanning are explored more fully in Chapter 9 on collecting marketing data.

CONCLUSION

The information marketplace has many unique features that derive from the nature of information products, coupled with the wider role of information in the social, cultural and business life of a community. Although the competitive structure of the information marketplace is such that most players have identified a unique role and niche, these niches are continually under threat. Relationships between organizations are complex and multi-faceted. Collaborative and cooperative alliances and consortia feature significantly. Whilst technology is a major force for change, other PESTEL factors also contribute to the dynamic nature of the information marketplace.

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3 Customers

AIMS

This chapter reviews a range of concepts associated with the customer, organizational markets and consumer buying behaviour. An understanding of customers and the benefits they seek from an organization is central to marketing. The following topics are explored in this chapter:

- the distinction between organizational and consumer markets
- the customer concept in the public sector
- customers, benefits and segmentation
- consumer behaviour and decision-making
- the buying process in organizational markets.

INTRODUCTION

Customers, defined broadly as the stakeholders of an information organization, are key to the success of the organization. In some contexts, information organizations will be engaged in commercial transactions with customers or users, and the models in the consumer behaviour literature that use the rhetoric of buyers apply directly. In other contexts the models need to be adapted to consider different types of interactions, such as use or, in the case of other stakeholders, delivery of value to the organization or society. Chapter 2 illustrated the range of different customer groups associated with different information organizations, using terms such as members, subscribers, readers, surfers, visitors or clients; each of these terms represents a slightly different kind of relationship between the organization and its customers, and this has consequences for the nature of the engagement between the consumer and the organization. Nevertheless, an exploration of marketing topics such as segmentation, targeting, consumer behaviour and decision-making generates

a host of key points that should assist the information manager to know their customers better, and thereby support the delivery of a more effective service.

What do we know about our customers? Have we thought about what makes them use an information product or service in the first place and, later, what factors ensure customer retention or return? Do library managers think not just in terms of which services customers use, but more fundamentally in terms of the benefits that customers seek from an information service?

This chapter starts by making a distinction between consumer and organizational markets. Many information organizations operate in both consumer and organizational markets, and need to manage their engagements with these markets differently. In organizational markets they may be both suppliers and customers. The following section focuses on the nature of customers in the public sector, and revisits the societal marketing concept. Segmentation and targeting, which can be used to match customers with products or services, are covered in the following section. The chapter then turns its attention to consumers and their behaviour; the traditional consumer behaviour models are interpreted for their relevance to a range of information product or service acquisition contexts. It is important to note that many of the wide range of factors that may influence consumer behaviour can also affect approaches to engagement with information products and services. A final section visits the buying process in organizational markets.

ORGANIZATIONAL AND CONSUMER MARKETS

Dibb et al. (1994) define consumer markets and organizational markets thus:

Consumer markets are comprised of individuals who consume for benefit from the purchased product, and do not buy the product with the main purpose of making a profit. Organizational markets consist of individuals or groups who buy for one of three purposes: resale, direct use in producing other products, or use in general daily operations.

It is generally recognized that there are significant differences between organizational markets and consumer markets. Any business that is confronted with operating in both types of marketplaces (and this includes many information providers) needs to appreciate these differences, and the consequences for marketing management. Consumer and organizational markets can be compared in terms of the following characteristics, based on Bernard (1995), and Kotler (2003).

- **Customers** – organizational markets are characterized by a smaller number of customers than usually exist in consumer markets. This typically results in a smaller number of transactions or interactions, but these are likely to be of higher aggregate value. Customers, although scattered, may be relatively easily identifiable. In consumer markets the potential customer base may be large, it may be difficult to identify customers, and customers are frequently geographically scattered.
- **Demand** for organizational customers is derived from various stages in the distribution chain. Consumer demand tends to be triggered more directly.
- **Technical complexity** of product being offered is often greater in organizational markets that are highly specialized in their requirements. Marketers need familiarity with product specification and functionality. Whilst this may be less necessary in consumer markets, with complex information-based products the need for user-friendly features and helplines starts to mirror the support required in organizational markets.
- **Buying processes are more complex** in organizational markets than in consumer markets, as discussed below. Organizational buyers are likely to be able to exercise greater expertise in their assessment of the product offering.
- **Marketing communication** – personal selling and other targeted methods of communication, such as direct marketing and database marketing, are prevalent in organizational markets. There is some focus on the development of relationships between organizations, sometimes to the extent that personalized products are created for the buyer, and product development may be a collaborative venture. ‘Marketing communications’ in consumer markets embraces mass media, such as television and billboards, but for most information products it involves communication with targeted groups.
- **Price** – in organizational markets the pricing strategy is central to defining and maintaining the relationship between the buyer and the seller. Negotiation, contract arrangements and discounts are common. Most consumer markets expect pricing to be one-off for goods, and on a subscription or payment-for-use basis for services.
- **Competitors** – organizational markets comprise a limited number of competitors, each with carefully honed technical expertise, reputations, market positions and relationships, and there are benefits to be derived from mutual support between buyer and supplier. Consumer markets that are subject to rapid technological change and have low entry barriers, as is the case for many information products, are likely to witness a relatively high level of new products, and competition may be severe.

CUSTOMERS AND THE PUBLIC SECTOR

In addition to the differentiation between organizations and consumers as customers, a significant issue in many information environments is the public sector context in which information provision is managed. Information, and more recently knowledge access have been seen, and will continue to be seen, as socially, politically and economically significant because they have far-reaching implications for the economic and social welfare of countries and states. Accordingly, in a public sector context there are often a number of interested parties, in addition to the user of the information, who may have an interest (or represent the interests of others or society in general) in information and knowledge provision and access. This requires a more sophisticated perspective on the nature of a customer.

The **societal marketing concept** recognizes organizations' ethical and social responsibility as part of a global community and challenges businesses and specifically marketers to address the potential conflict between consumer wants, consumer interests and long-run societal welfare in their marketing policies and strategies.

There is a wide range of stakeholder groups, including local government officers, the electorate, local and national businesses, political parties and pressure groups, in addition to the end-consumer, their families and friends. This diversity of stakeholders provokes questions about who is the customer, or who represents the customer in a specific marketing context. The different groups of stakeholders in the public sector each have a different experience of the public sector service. These stakeholders all have different roles in service definition, the evaluation of service quality and participation in the service experience. For example, in education, although all stakeholders are concerned with the 'end product', they are concerned to varying extents with the process associated with the creation of the product. Employers and society in general are concerned primarily with the 'product' of the system, whereas students and arguably their families will also be concerned with the process.

In addition many public services are engaged in offering services to other public services. For example, academic libraries offer services to students and staff. In the case of students, libraries offer a component of the total service experience that a student undergoes in a further or higher education institution. Academic staff have a different relationship with the library from that enjoyed by students. Whilst they are in some senses customers in their own right, the quality of the information service that they receive will indirectly affect their delivery to the students. Their experience will affect not only the knowledge that they impart to students but also, because the efficient delivery of library services will affect their work patterns and loading the time that they have to devote to them. The

provision of a service to such customers and the quality of relationships with them are, then, often central to efficient and effective operations within the organization, and hence to customer service delivered by other parts of the organization.

Another useful distinction is that between citizen, customer and consumer:

- **Citizens** generally have rights of access to public services, and may be vociferous through political channels and pressure groups in ensuring that appropriate services are available. Thus citizens' rights might include access to education for children between 4 and 18, and access to hospitals when needed. Most citizens do not exercise these rights most of the time, but they still expect the service to be available to them when they need it.
- **Customers** is the generic term for any stakeholders, individuals or groups for whom the organization in some way provides a good or service.
- **Consumers** are the users of the service.

There is clearly an overlap between these groups, and members of one group will influence the attitudes and behaviours of members of other groups through word of mouth across family and social networks. Consumers for public sector organizations are generally a subset of customers. Most customers are citizens but, due to geographical boundaries and other factors, they may not always have right of access to the public services over which they have some influence. The issue of customer roles is explored more fully below in the context of consumer behaviour.

REFLECT: List the stakeholders for a public sector service with which you are associated. If possible give the role, job title and name of these stakeholders.

CUSTOMERS, BENEFITS, VALUE AND SEGMENTATION

Customers seek **benefits**, **solutions** or **value**, not products. Customers assess products for the benefits and value that the product will deliver to them. When they buy or access a product, whether a good or a service, they buy a cluster of product features, but may only want one or two of these. Generally customers are seen as members of a market. A **market** is an aggregate of people who, as individuals or in organizations, have needs for products in a product class and the ability, willingness and authority to purchase such products.

Normally undifferentiated marketing is unsuccessful, and some kind of **segmentation** is introduced as an aid to profiling customers and gaining a better understanding of them and the benefits they seek. All members of a **market segment** have some relevant characteristics in common. Segmentation offers:

- a better understanding of customers and their needs
- a better understanding of competitors
- more effective targeting of resources, and tailored marketing communication to specific target markets.

Market segments are defined in terms of a set of criteria, and the choice of appropriate criteria is critical to the design of an appropriate marketing offering. There is a range of segmentation variables, or ways to segment markets. Demographic variables such as geography and location, age, sex, occupation and social class have traditionally been used for market segmentation. These have been popular, not because they are necessarily the best segmentation variables, but rather because the data on these variables are relatively readily available. Good segmentation relates to customer needs, and should be informed by the factors that influence the consumer purchasing process as summarized towards the end of this chapter in Figure 3.8.

Marketers have explored psychographic or lifestyle segmentation, which seeks to segment consumers not only on demographic characteristics, but also on attitudes to life, beliefs and aspirations, activities and interests. Customer relationship management systems (CRM) and database marketing have pushed the precision of market analysis further with (in some cases) the capacity for **mass-customization**, or treating each consumer as an individual target based on previous search or acquisition behaviour. Intelligent agents can create profiles of individuals' information interests, and thereby support their search for information on the Web. Information products are often delivered interactively to consumers, and consumers are sometimes prepared to participate in the personalization of these products. Search tools and other aids assist personalization. There is a significant group of information products for which the most appropriate market segmentation is microsegmentation, in which customers are treated as individuals.

Behaviour segmentation seeks to focus on the individual's relationship with the product. Factors such as end-use, benefits sought, usage rate, loyalty, attitude and buyer readiness may be taken into account.

Market segments must be:

- Measurable and identifiable, so that they can be characterized (in terms of segmentation variables such as age or profession); the best situation is when members of the segment can be listed, and the size of the segment is known.
- Sufficiently large to justify expenditure associated with service and product delivery, promotional activities and, in commercial contexts, to ensure a profit. However, not all segments need be large; sometimes, small segments can have a significant effect on profit or on influencing funding decisions.

- Accessible, with an appropriate marketing mix and, in particular, there must be channels of communication, such as newsletters, mailing lists and television channels which support targeted communication with this group. This criterion tends to constrain organizations to work within segments already identified by editors, producers and others involved with communications.
- Relevant to the type of market; for example, segmentation on the basis of pets owned is relevant in the pet food market but not in the paperback book market.

Figure 3.1 shows some characteristics that may be used for segmentation of information users.

1. Age – public libraries often segment into early readers, teenagers and adults, and recognize the need to offer different services for these groups, and to communicate with appropriate language and imagery.
2. Location – often relates to the physical location of service provider with respect to the home or office location of the potential user. For public libraries, the issue of distance may be significant, whereas for a workplace library a global user community may mean that the service and marketing communications are delivered over networks.
3. Frequency of use – loyalty benefits may be available for regular customers, or inducements might be helpful for non-users or infrequent users/customers.
4. Day and/or time of use – service access, such as opening times, may need to accommodate times when users are able to use the service.
5. Ability or willingness to pay – may be an important factor in services where there is a charge to the end-consumer.
6. Job function or status – in a workplace library, different marketing incentives might be appropriate for staff, depending upon their job role.
7. Subject interest.
8. Preferred information delivery mechanism – personal contact, telephone, fax, or e-mail.
9. Purpose of information use – options include recreation, education, businesses, professional and research.

Figure 3.1 Some characteristics for segmenting users of information services

REFLECT: Are the characteristics listed in Figure 3.1 likely to generate segments that reflect the benefits sought by customers?

The conventional focus for segmentation activities is on the user or the customer. Some public sector services may be required to ensure that any segmentation is wider than this, and includes all citizens.

The purpose of segmentation, and the link between segmentation for service or product design and for marketing communications, may affect whether segmentation is determined by the user base, or the potential user base. One group should not be overlooked in any segmentation exercise – the array of stakeholders who may affect funding or business opportunities. If these stakeholders are non-users, the segmentation of such customers is not relevant to

service delivery, but its purpose is to inform the design of marketing messages addressed to this group. Many of these messages will be embedded in management information and reports on successes and progress. All management information conveys a marketing message!

Segmentation is also applicable in organizational markets, and fulfils a similar function of allowing the supplying organization to profile its customers. However, the number of organizations that form the customer base of any one organization can vary considerably. Some organizations work with only one or a few other organizations, and will therefore treat each of them as if they were in a segment of one. These organizations are important to the supplier, who will therefore take time to ensure that they understand the customer's business, collect information on product portfolio, applications, technology, production processes, purchasing policies and decision-making processes, and cultivate good relationships. Suppliers of specialist market research information or scientific and technical information may have this type of relationship with their customers.

Other organizations, such as the large online search services, have a large customer profile that embraces both organizations and individuals. They may find it helpful to segment their markets on the basis of criteria such as size, location, usage rate, and product and service orientation.

TARGETING

Once an organization has identified appropriate market segments, it needs to select those for which it will seek to provide a product or service. This process is known as **targeting**. An organization may adopt a single-segment strategy or a multi-segment strategy. The former allows specialization and is a good way of entering the market. This is an approach adopted, for instance, by various business information providers or DVD publishers that specialize in children's games. A multi-segment strategy involves two or more segments, for which the organization develops differing marketing mixes. Most library and information services need to accommodate a number of the different market segments, and offer specialist services for groups such as children and the housebound. In other areas, there is perhaps scope for developing a more elaborate segmentation of customers, attaching priorities to these different groups. For example, academic libraries might reflect on whether all part-time students can be regarded as one segment, or whether this segment needs to be subdivided and, if so, how and for what purposes? Figure 3.2 lists some of the characteristics that might be used for segmenting academic library users. An academic library needs to decide which of these characteristics to use in order to ensure that services and marketing communication are appropriately targeted, while creating segments that are

Segmentation characteristic	Examples of values
Mode of study	Part-time, full-time, distance learning, e-learning
Subject of study	Science, social sciences, business, health studies, humanities
Age	Under 25, over 25
Place of residence	Halls on campus, other student accommodation, own home
Year of study	1, 2, 3, 4, sandwich year, completed students (alumni)
Level of study	Undergraduate, postgraduate, research
Disabled students	Nature of disability

Figure 3.2 Some characteristics for segmenting students in an academic library

sufficiently large to be viable. Consideration of the list in Figure 3.2 demonstrates that the profile of the individual user will affect:

- the type of information sources they use
- the purpose of using a library or a range of information sources
- the support offered by academic tutors and the degree of independence in information use that can be anticipated
- the type of support that they will accept, ranging from training sessions or answers to inquiries, through to detailed one-to-one problem-solving sessions.

All these factors influence the services that should be available, but they also affect:

- marketing objectives, including the type of relationship that the organization seeks to build with its customers, the role of the information service in the learning process, the frequency of use of library service, and the market penetration of the service;
- communication channels available for communication with users, including personalized channels such as face-to-face, telephone, and e-mail, as well as public channels such as noticeboards, leaflets, electronic newsletters and learning materials;
- messages to be conveyed to users, including messages with an emphasis on support, availability of computer facilities and study space, 24-hour access, and special services such as short-loan service.

Multi-segment targeting strategies offer potential for increasing aggregate sales or, in a public service context, increasing the range of services offered to the public, but it is particularly important to recognize that they pose more complex

management challenges. At the very least, multi-segment targeting requires an understanding of the distinct benefits sought by several different segments, and the development of strategies for delivering those benefits in product packages.

Since in most information environments it is impossible to respond to the individual needs of each customer, segmentation and targeting can be important elements in understanding customer groups and building relationships with them. However, whilst segmentation is a useful device for categorizing users and their information needs (and the associated planning and allocation of resources), it is no substitute for attention to individuals' needs and appropriate customer care. Individuals approach information products and services with a problem, to which the information can contribute a solution. Information providers need to understand the customer's problem, and in individual interactions with the customer to make judgements as to when to personalize the service. They should try to stand aside from the service delivery perspective and adopt the customer viewpoint. Customers will have a variety of problems to solve at different times and in their different roles. They will, accordingly, be members of various segments, and may use a range of information providers. They must decide which of these information providers or products is the most effective in delivering the package of benefits that they seek at a given time. They also benefit from building a relationship or gaining familiarity with a limited range of favourite information providers or sources, since this reduces the learning associated with locating and using information in different contexts. Some practical tips on segmentation and targeting are listed in Figure 3.3.

1. Identify a range of characteristics which affect the use of services or the purchase of products.
2. Consider on which of these characteristics it might be possible to collect information.
3. Consider the market research activities or the analysis required of the data in marketing information systems needed to create customer profiles.
4. Choose some segmentation variables.
5. If possible, create a customer database which records the segmentation variables for at least a significant sample of customers.
6. Using this database, or any other, create a profile of the segments and an estimate of the size of each. This profile must include benefits sought and products likely to be of interest to members of the segment.
7. Choose segments for targeting.
8. Design or review key elements of the marketing mix, such as marketing objectives, product and price.
9. Design and review key elements of the marketing communications mix, including marketing communications objectives, marketing messages and communication channels.
10. Implement the marketing strategy.
11. Review the success of the segmentation approach.

Figure 3.3 Practical tips: segmentation and targeting

CONSUMER BEHAVIOUR AND DECISION-MAKING

This section focuses on the decision-making process associated with consumer buying and take-up of services and the factors that influence that process. Not all information services are concerned whether consumers make a purchase in the conventional sense of buying. However, all information services exist for their users, and their continued existence depends on users continuing to engage in a series of individual transactions with the service. Such transactions might mean browsing a current-awareness service, the use of a subject gateway, a visit to the coffee bar or the use of a self-service terminal. Each of these transactions can be loosely regarded as an interaction, engagement or acquisition episode that has some parallels with, but some differences from, a consumer-buying episode.

Models of the consumer decision-making process are useful in emphasizing that users go through a decision-making process when they seek information or an information product. As discussed later, the process will be more prolonged and conscious in some types of decision-making or buying situations than in others. The cumulation of these transactions will form the basis of a relationship between the customer and the organization, as discussed in Chapter 5.



Figure 3.4 The consumer decision-making process

Figure 3.4 shows a commonly used model of the consumer decision-making process. It involves the following stages:

- **Need identification** – the process is initiated when the consumer identifies a need or a problem.
- **Information search** – at this stage the consumer searches for a solution to the need. This search typically includes an internal search covering the consumer's own previous experience, and an external search involving information-gathering from friends, colleagues and other public sources, such as the Internet, printed documents, and published evaluations.

- **Evaluation of options** – the consideration of alternative solutions against selection criteria, taking into account the levels of importance of the various criteria. If one product is clearly better than all others, a decision can be made at this point.
- **The decision** is made on the basis of the criteria, but is also influenced by other random factors, as discussed below. The seller (retailer, intermediary) from whom the purchase will be made may not be selected until this stage. Here the consumer must finalize the deal. With complex purchases such as a PC, final details of the contract may be agreed at this stage or, if the purchasing or acquisition process is inconvenient, raises barriers or is delayed, the purchaser has the opportunity to reconsider their decision. Lack of appropriate assistance or other problems with the service transaction at this stage may lead the customer to refrain from making a purchase, or may affect their attitude towards making subsequent purchases or acquisitions.
- **Post-purchase evaluation**, including whether the customer is satisfied with their purchase. During this phase, cognitive dissonance, or the feeling that the purchaser has not made the correct or best decision, may arise. These doubts may be aggravated by positive marketing messages about alternative products, but may be allayed by any messages or experiences that support the purchaser's decision. Thus marketing messages, after-sales support and other interactions with the supplier are important in helping the purchaser to feel comfortable with the purchase. A positive post-purchase evaluation is important in the continuing relationship with the customer, and will influence subsequent purchase decisions. More significantly, dissatisfied customers share their dissatisfaction, and will influence other actual or potential customers.

These stages are illustrated in the example in Figure 3.5.

- **Need identification** – child with frequent homework which requires the use of basic reference sources. Insufficient time or notice to visit public library.
- **Information search** – collect information on the different types of electronic encyclopedia available on the marketplace by looking in magazines, browsing in bookshops and computer stores, scanning the Web and talking to friends.
- **Evaluation of options** – collate information about encyclopedias and learn about typical features, such as price, multimedia components, indexing, presentation and design, style of entries, extent of detail offered, availability of an atlas. Informally formulate criteria relating to acceptable price range, importance of multimedia, extended authoritative text-based entries, preference for UK publication.
- **The decision** – choose a specific title which best matches the criteria formulated in the previous stage.
- **Post-purchase evaluation** – use the encyclopedia and discover its strengths and weaknesses. Note that coverage of recent history and events is rather limited, but there are interesting botanical entries. Explore the limitations of the index, and discover that more hyperlinks between entries would be helpful.

Figure 3.5 Example: consumer purchase decisions for an electronic encyclopedia

REFLECT: Identify three different circumstances in which customers are likely to acquire information products. Explore the problems that might arise during the ‘purchase decision’ stage of the purchase decision-making process.

This model of the decision-making process points to some important messages:

- The process begins several stages before the actual purchase or use.
- Not all identified needs lead to a purchase or engagement, and the consumer may choose to end the process at any stage.
- Users or buyers may revisit certain stages and, in other circumstances, omit some stages.
- After-purchase service or use support contributes significantly to satisfaction and the likelihood of re-use or re-buy.

All organizations need to recognize that consumers use the decision-making process in Figure 3.4 in different ways at different times. Some of this variation is due to the differing types of purchases. Figure 3.6, for example, presents a well-established typology of consumer decision-making based on two dimensions: the extent of decision-making and the degree of involvement in the purchase.

	High-involvement purchase decision	Low-involvement purchase decision
Decision-making (information search, consideration of brand alternatives)	Complex decision-making	Limited decision-making
Habit (little or no information search, consideration of only one brand)	Brand loyalty	Inertia

Figure 3.6 Typology of consumer decision-making

This perspective on the varying nature of consumer behaviour leads to the development of slightly modified models of the decision-making process for different types of buying decisions:

- **Routine response behaviour** occurs with low-cost purchases, which involve little cost and decision effort. Items that are purchased frequently, such as baked beans or toothpaste, fall into this category. Regular access to databases or use of the loans service in a library might fall into this category. The marketer’s role is to reinforce habits, build brand loyalty, and capture new customers by special offers and other measures that encourage impulse

buying. The problem for those who want customers to try a new product or service (or switch) is to encourage consumers to engage in a decision-making process, rather than abide by their habitual responses.

- **Limited decision-making** occurs when a product is bought occasionally, and the purchaser finds it necessary to collect information about an unfamiliar brand or product. The purchase is important to the individual consumer, and it may relate to an item that they have not purchased in the last few years, such as a washing machine or a hairdryer. They will collect information from retailers, friends and consumer sources to inform their decision, and could be disappointed, but not devastated, if their decision is unsatisfactory in some way. With new electronic information products, such as access to a new database, or a new information literacy programme, marketing messages are often necessary to move potential consumers into limited decision-making mode, so that they start to consider a new product and how it might meet their needs.
- **Extensive decision-making** occurs when purchases that are unfamiliar, expensive or infrequent are under consideration. Typically, the consumer feels exposed to a much higher risk. These purchases often involve some kind of long-term commitment. Examples are the decision-making processes associated with purchasing a car, a house or insurance products. The purchaser is motivated to collect as much information as possible, and to think carefully about decision-making criteria.
- **Impulse buying** is unplanned. Environments which encourage browsing, such as libraries and bookshops, are designed to encourage this kind of 'buying'. Impulse buying or acquisition of information products is more common where the need arises in a leisure context. Here the need or problem is often not well defined and might, for example, be expressed as: 'I need something to read while I'm on the plane.' Other contexts in which impulse 'buying' may take place are those in which the user does not know exactly what they want, or even know that they have a need, before they receive some marketing messages that suggest some new need. Impulse buying in retail contexts and impulse information acquisition is often associated with browsing.

All these approaches may be applied in respect of any specific service or product, since different customers may use different approaches to the same service. Thus for some, a visit to a library involves routine response behaviour, as they are regular visitors. For others, such a visit may be tantamount to impulse buying, when they find themselves in a town centre with time to kill.

Extending the typology of consumer decision-making situations in Figure 3.6, it is possible to develop a model which considers information use behaviour, as

shown in Figure 3.7. Here, the concern is to specify the issues of the information-seeker's inclination and motivation in relation to information-seeking. For example, a student search for information for an essay could fit into any of the categories identified in Figure 3.7, although it might be argued that the best approach would always be complex searching. The grid could also be used to categorize types of search tasks, in the sense that different information behaviour may be more appropriate for some search tasks than others in being most likely to produce optimal results (from the user's perspective). Complex searching is not required if one source, such as a public access terminal or a reference book, gives the answer. More extensive searching across several sources might verify the information or produce a more critical perspective on the original information, but often the user does not deem this to be necessary (even if the information professional might disagree!). The literature on consumer behaviour explores these different approaches in terms of financial, social and psychological risks. Rowley (1999) develops further the parallels between information use behaviour and the concepts associated with consumer behaviour.

FACTORS AFFECTING CONSUMER BEHAVIOUR

Key influences on consumer behaviour derive from the product offering: the product and its benefits; the brand and packaging; the place of availability and the

	High-involvement search task	Low-involvement search task
Decision-making (choice of source and strategy)	Complex searching (uses range of sources and search strategies); for example, bibliographic search, when a comprehensive collection of literature and information is required, as over the Web, bibliographic databases, etc.	Limited searching (explores some alternatives) for example keeping up to date, as in scanning electronic and print sources for new developments at work, or new products for leisure purposes
Habit (uses source of habit or easiest convenience)	Quality searching (identifies one tried and tested source – searcher must be convinced that this is right); for example, search for facts, addresses etc. (as in a quick reference source, or a database of artefacts in a museum)	Lazy searching (takes what searcher finds) first – no evaluation); for example, browsing, talking to friends, using an available and simple public access terminal

Figure 3.7 Typology of information use behaviour

Personal

1. Demographic – result of gender, age, race, ethnic origin, income, occupation, life cycle stages; for example:
 - bachelor stage
 - newly married couples
 - full nest I – youngest child under 6
 - full nest II – youngest child 6 or over
 - full nest III – older couples with dependent children
 - empty nest I – older married couples, no children
 - empty nest II – older married couples, retired, no children
 - solitary survivor I – in labour force
 - solitary survivor II – retired.
2. Situational – external circumstances at the time of the purchase decision; for example:
 - unemployment
 - immobility due to small children
 - shortages, such as petrol or food products
 - amount of time available for decision.
3. Level of involvement; for example:
 - level of interest
 - emotional commitment and time spent searching for a product in a particular situation.

Psychological

1. Perception – the process of selecting, organizing and interpreting information inputs to produce meaning and how this is achieved.
2. Motives and motivation
 - Motives are the internal energy that directs a person's activities towards satisfying a need or achieving a goal.
 - Motivation is the set of mechanisms controlling towards goals.
3. Ability and knowledge
 - Ability in relation to information-processing relating to a specific product
 - Knowledge encompasses familiarity with product and expertise.
4. Attitude
 - Attitude constitutes the knowledge and positive or negative feelings about an object or activity
 - Attitudes are learnt through experience and interaction with other people
 - Negative attitudes, which may need special management
 - Marketers need to measure attitudes to price, packaging, brand and location.

Social

1. Roles and family
Role refers to a set of actions and activities that a person in a particular position is supposed to perform, based on expectations of individuals and surrounding persons; for example, women may adopt one or more of the roles of wife, grandmother, part-time university student. Many of the roles that an individual is called upon to adopt are related to the family.

2. Reference groups

- A reference group is one that an individual identifies with to the extent that they adopt many of the values, attitudes and behaviours of group members. It acts as a source of information and a point of comparison.
- Most people have several reference groups; for example, families, friends, religious, civic and professional organizations.
- The most influential reference group is the family.

3. Social classes

- A social class is an open group of individuals who have similar social rank; people move in and out.
- The criteria for grouping vary between countries; for example, occupation, income, wealth, race and ethnic group, possessions.
- It is assumed that those in the same class have common patterns of behaviour, such as attitudes, values, possessions, likelihood of having children.

4. Culture

- Culture is evident in everything in our surroundings that is made by human beings, such as food, furniture, buildings, clothing, tools and concepts such as education, legal system, healthcare and religion.
- Culture determines what people wear and eat, where they live and travel, and other features of their lifestyle.

Figure 3.8 Factors influencing the customer buying process

channels through which the product is distributed; marketing communications; reputation; and price. These factors are largely within the control of the marketer. However, a range of other personal, psychological and social factors also intervene in the consumer decision-making process. Figure 3.8 offers a list of these factors.

Personal factors are those associated with the individual, such as demographic factors, lifestyle, and the specific purchase decision; for example, situation and level of involvement in the decision. Psychological factors are concerned with cognitive processing, based on knowledge and information-processing, but influenced by attitudes and perception. Individuals do not operate alone in the decision-making process. Social factors that influence purchasing include their roles, reference groups, social class and general cultural factors. For example, purchasing is often a family process, in which it is possible to identify the different roles of initiator, influencer, decision-maker, purchaser and user. Decision-making is not divorced from the context.

These factors are equally applicable in information use. For examples, students' use of a search engine or a collection of e-journals may be affected by:

- their level of commitment to finding information
- the time that they have available

- their know-how in relation to the information sources available and how to search them
- their attitude to study and information-searching
- what their friends do
- what their tutor tells them to do.

Importantly, many of these personal, psychological, and social factors are outside the control of the marketer, but must nevertheless be taken into account when designing products and promotional strategies.

REFLECT: Who are the initiators, influencers, decision-makers, purchasers and users in the following acquisition and consumption situations:

- *a student identifying some journal articles to read to inform the development of a dissertation?*
- *a mother purchasing a children's book for her nephew?*
- *a person acquiring an article from a document delivery service over the Web to provide information about the latest medical advances on diabetes, a complaint from which they suffer?*

Engagement with new products or services will also be influenced by attitudes to risk and innovation. A simple model of the diffusion of innovation is shown in Figure 3.9. This divides customers into five categories. **Innovators** will seek out new products or ideas and enjoy trying them; they want to be trendsetters. They have an important role in encouraging others to ‘come on board’, and are excited by the opportunity to be at the leading edge. Take-up next widens to **early adopters**, and then to the **early majority**. The remaining half of the potential customer population will respond more slowly, with **laggards** often only catching up once innovators have moved on to the next new trend. This model is a reminder that diffusion can be slow, and that there are different stages in the diffusion process. Members of a customer group will gradually transfer to new information services or, if such services replace other services and they have no option but to transfer, satisfaction with the service will only emerge gradually. Overnight successes and wholesale praise are rare events!

Innovators	2.5%
Early adopters	13.5%
Early majority	34%
Later majority	34%
Laggards	16%

Figure 3.9 Diffusion of innovation

REFLECT: Choose a specific information product or service with which you have been involved. What effect might social factors have on the usage or purchase level of that product?

Usage and loyalty are also important factors. Customers may be categorized by their usage status; for example, non-users, ex-users, potential users, first-time users and regular users. Usage rate may be heavy, medium or light. Clearly usage levels reflect previous experience with a service and, therefore, the type of decision-making and the level of information at which a decision is made. For services, a higher usage level provides an opportunity for building a relationship with the customer. A mature relationship will include positive episodes, less satisfactory episodes, recovery, and continuing commitment and communication.

REFLECT: What impact does previous frequency of visit or usage have in the following contexts:

- *children using a children's department in a public library to select books for a project for school?*
- *an engineer accessing an engineering-based subject gateway with a view to locating background information for a new research project?*
- *a consumer seeking information on the Web to inform the purchase of a musical instrument?*

THE BUYING PROCESS IN ORGANIZATIONAL MARKETS

As stated earlier, a significant number of purchase transactions, as distinct from use interactions, in the information industry involve organizational buying. Whilst there are a number of models of the organizational buying process, there is widespread agreement that this process is more complex than its equivalent in consumer markets. Buying processes are part of the business processes in the organization, and each organization controls and expedites its purchasing activities differently. In addition, different products and services demand different approaches. Organizations have products that they buy on a routine basis (re-buy), after limited decision-making (modified re-buy), and after extensive decision-making (new task buying). Figure 3.10 shows an example of an organizational buying process.

If Figure 3.10 is compared with earlier figures relating to the consumer buying process, it is possible to identify two key differences:

1. **Specification** – the organization must generate a specification of the product that it requires. Components in a manufacturing process must perform the

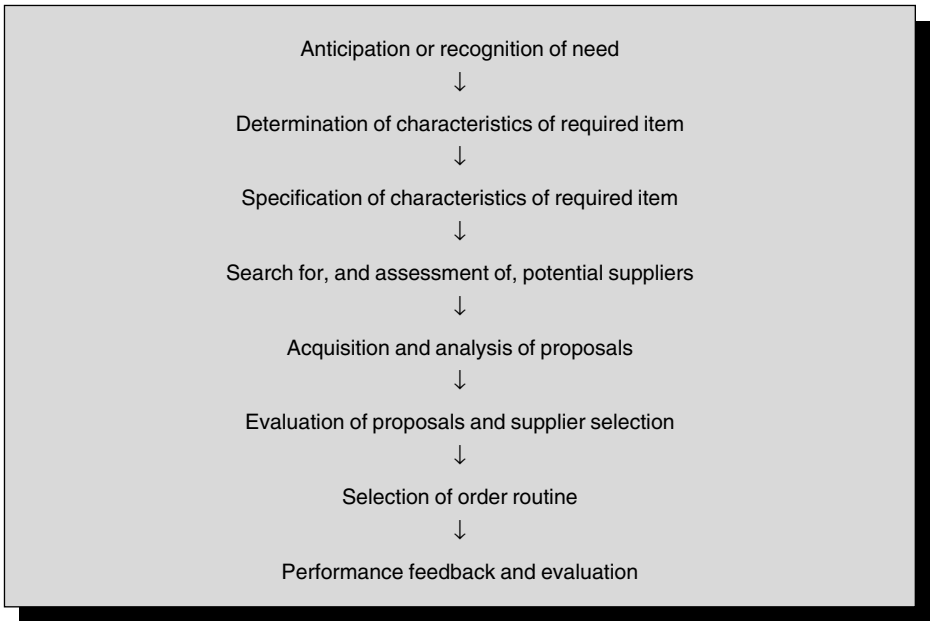


Figure 3.10 The organizational buying process

function for which they are acquired, they must meet technical and quality specifications, and they must be compatible with other components. Similar criteria apply if a business is specifying a brief for an information or marketing research agency. Such specifications are common in the design of a library management system or other significant systems acquisition. Contracts between some organizations are now in terms of bundles of benefits, rather than specific products. Thus a rail operator may design a specification which asks for the capacity to move a certain amount of coal from A to B over the next ten years, rather than specifying the quality and quantity of the rolling stock.

2. **Supplier selection and relationships** – organizations often seek out suppliers with whom they can establish a long-term relationship. Existing suppliers may be preferred because the relationship already exists and they are a known quantity. The continuation of relationships will depend upon the supplier's ability to deliver on their promise. Some buyers adopt formal appraisal procedures for their suppliers, covering key aspects of performance such as delivery and quality.

Another aspect of the organizational buying process that makes for greater complexity is the different roles of the actors involved:

- **users** of the product or service;
- **influencers**, particularly those with previous experience of the service or some other relevant and recognized expertise, whose opinion might be sought;
- **decision-makers**, who have the authority to make the use/purchase decision and who may be informed by influencers and users;
- **buyers**, who have the formal authority to buy and act as gatekeepers for purchasing within the organization – they handle the interface with suppliers.

Further complexity can be added to this model when there are collaborative arrangements which affect purchasing decisions. So, for example, if a library acquires access to online databases through its membership of a consortium, the purchasing process for those databases does not rest entirely within the library, but may be controlled by decision processes within the consortium.

CONCLUSIONS

This chapter has reviewed a range of concepts associated with the customer and consumer decision-making behaviour. An understanding of the customer and the benefits that they seek from an organization is central to marketing. An analysis of customers in terms of benefits can inform effective segmentation, which in turn can act as a basis for more efficient targeting of resources. However, customer benefits are only part of the picture. The consumer decision-making process is important in determining consumer behaviour; therefore some models of the process and an analysis of the factors that determine consumer behaviour have been introduced. These factors include usage levels and loyalty, concepts that are useful in seeking to critically analyse the relationship between information providers and their users and customers. The chapter concludes with a brief review of buying process in organizational markets.

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4

Information products and services

AIMS

This chapter explores the nature of information products. It:

- identifies examples of information products
- explores the definitions and applications of the concept of core, actual and augmented products
- reviews the unique features of information as a product
- introduces the product lifecycle
- explores the management of product portfolios.

THE FIRST STEP

The product is the key component in the marketing exchange. Successful marketing rests on the ability of the product to deliver a solution to the customer's problem, or to deliver the bundle of benefits that a customer seeks. The range of products in the information marketplace is vast, and to make the picture yet more complex, there is a myriad of different relationships between these products. This section starts with simple definitions and examples, but the next two sections demonstrate that the definition of the product is not as straightforward as it might first appear. The ideas presented in these sections are designed to encourage thinking about the nature of information products, and specifically those products offered by your organization.

So, what is an information product?

An information product is any product (either good or service) whose core or primary product is information or knowledge.

This statement could be read as an invitation to explore the nature of information and the relationship between information and knowledge. There are multiple

definitions of information which have their origins in a variety of disciplines (Rowley 1998 Info Phil), and whilst all information professionals should be acquainted with the multifarious nature of information and the impacts that it may have for individuals, organizations and societies, for the purposes of this book we are interested in information as it is packaged into information products.

Returning to the definition of product that was used in Chapter 2:

A product is a physical good, service, idea, person or place that is capable of offering tangible and intangible attributes that individuals or organizations regard as so necessary, worthwhile or satisfying that they are prepared to exchange money, patronage or some other unit of value in order to acquire it.

This definition reminds us that products include ideas, goods and services. Figure 2.1 listed some examples of information products. Any one information provider will offer a subset of such products and services. Figure 4.1 lists just some of the products offered by Thomson ISI. These include:

Citation Products
Web of Science
Science Citation Index expanded
Social Sciences Citation Index
Arts and Humanities Citation Index
ISI Proceedings
Derwent Innovations Index
BIOSIS Previews
Current Awareness
Current Contents Connex
ISI Discovery Agent
ISI Personal Alert
Patent Profiles
Delphion Research
Specialized Content
CAB Abstracts
INSPEC
PsycINFO
Food Science and Technology Abstracts
Biological Abstracts
PubMed
AGRICOLA
The Cochrane Library
AIAA Meeting Papers
NASA Astrophysics Data System
AskEric
Popline
Evaluation/Analytical Tools
Derwent Analytics
Essential Science Indicators
Journal Citation Reports
Research Services Group

Custom Information Services
 Weekly Market Intelligence Alerting
 Scientific Direct – Customized Mailing Lists
Document Delivery
 Document Solution
 Techstreet Industry Standard
 Thomson Patent Store

Figure 4.1 Products available from Thomson ISI

Source: based on www.isinet.com

- indexing and search products such as the citation products, the alerting services, and specialized hosted and external content
- evaluation/analytical tools to support evaluation of research and journal performance, and data mining in patent databases
- custom information services, for market intelligence and mailing lists
- document delivery, providing the full text of documents identified in searching.

In addition, it is important to note that the ‘solutions’ can be tailored to the main user groups: academic, government, non-profit and corporate.

Figure 4.2 shows the information services available from a major university library, as presented on its web page.

Distance Learning Service
 Enquiry Services
 Interlibrary Loans
 Issues Desk
 Learning Support Service
 Library Article Request Service
 Periodical
 Printing and Photocopying (Reprographics)
 Guides to library services, and other information
 Short Loan Collection
 Other special collections
 University of Bath Archive Collections

Figure 4.2 Services from Bath University Library

Source: based on www.bath.ac.uk/library/about

In Figure 2.1 we listed some different kinds of services. Some exist to provide access to the goods, such as books and periodicals, whilst others act as umbrella services for a set of more ‘minor’ services. For example, a photocopying service is commonly offered within an academic library. Most organizations offer a

collection of information services and goods. Clarity about the products that an organization offers to its customers is essential, and where, as is often the case, different packages of products are being offered to different market segments, the product offering should be designed to suit those segments. In particular, even if a given market segment is being offered a product which draws on several different departments, the consumer should not be aware of this organizational structure from the way in which they experience either marketing communications or operations.

As far as customers are concerned, **products are bundles of benefits**. Figures 4.3 and 4.4 illustrate the important concept of benefits for an information product and an information service, respectively. It is important to note that whilst features are associated with the product, the benefits can be specified differently for different client groups.

Statement of features of *ISI Web of Knowledge*

Your organization can rely on *ISI Web of Knowledge* because it is:

- Comprehensive – access to relevant content from journals, patents, proceedings, and Web sites via ISI resources, ISI-hosted resources, and freely available sources
- Powerful – simultaneous searching of resources through a single interface; measure intellectual impact with unique cited reference searching; links to Related Records® and more
- Convenient – links that integrate the digital desktop through a centralized resource; connect to your institution's local holdings and more
- Secure – a secure interface, offering confidence to users within this environment
- Customizable – easy integration with your existing in-house portal.

A single, unique environment, *ISI Web of Knowledge* has the applications users need to easily access, search, analyse, and manage relevant information from a variety of sources, streamlining the entire scientific research process.

Statement of benefits of specific ISI products for specific user groups

DEPARTMENT HEAD

Benefit from exclusive research data and statistics that will enable you to measure the performance of your department or university and track trends in science and the social sciences.

ISI Essential Science Indicators *ISI Essential Science Indicators*SM Web product is a resource that enables researchers to conduct ongoing, quantitative analyses of research performance and track trends in science. Covering a multidisciplinary selection of 8,500 journals from around the world, this in-depth analytical tool offers data for ranking scientists, institutions, countries, and journals.

LIBRARIAN

Use *Journal Citation Reports*® to help manage and maintain journal collections and budget for subscriptions. *WebFeat Prism*® enables your users to simultaneously search your institution's databases including catalogue holdings, subscription resources, proprietary and free databases through one interface.

Journal Citation Reports *Journal Citation Reports* presents quantifiable statistical data that provides a systematic, objective way to evaluate the world's leading journals and their impact and influence in the global research community.

RESEARCHER

Experience the power of cross-content searching of the world's largest multidisciplinary platform of research information in the world, *ISI Web of Knowledge*. Find out who is citing your work, then link seamlessly to publishers' full-text text documents. Set up a weekly e-mail alert to stay up to date with discoveries in your field. Find new sources of grants and funding by searching relevant content from hand-picked Web sites. Search, manage and format your bibliographies using software tools from ISI ResearchSoft.

ISI Web of Knowledge *ISI Web of Knowledge* provides access to essential information for all levels of academic, corporate, and government research. It offers a comprehensive, fully integrated platform that empowers researchers and accelerates discovery.

Figure 4.3 Benefits of selected ISI products for specific user groups

- Access (lifts, assistance)
- Reserved car parking spaces
- Toilet facilities accessible to people with mobility impairments
- Staff help with photocopying
- Book retrieval service
- Material in different formats
- Reading service
- Flexible loan periods

Figure 4.4 'Benefits' offered to users with disabilities in Manchester academic libraries

A considerable proportion of information products and services are digital. As discussed in Chapter 2, these products are revolutionizing the landscape of the information industry, and are triggering the reformulation of the role of the various players in the information marketplace. In recognition of the growing importance of these products in the commercial landscape, Koiso-Kanttila (2004) has proposed the new sub-discipline of digital content marketing.

Much of the discussion about the relative merits of digital and print information sources when (say) making comparisons between print books and e-books or between print journals and e-journals is couched in terms of the relative benefits of electronic resources. For example, Lawal (2002) identifies the following benefits of electronic resources:

- Electronic files are more accessible than their print counterparts.
- They encourage exchanges of ideas because authors can refer to papers stored in other archives.
- Electronic archives make information available to researchers in developing countries who otherwise could not have access.
- They have the ability to ask new questions which research will be framed to answer.
- Their dynamism and fluidity and the ability to re-shape information.
- Multimedia opportunities are created to integrate text, images, sound and video.
- The opportunity is created to make drafts of articles available for commentary throughout the scientific community.
- Publication time is reduced.

WHAT REALLY IS THE PRODUCT?

The three-level model of product can be useful in the analysis of what customers actually receive, and why they might select one product or service in preference to another. Figure 4.5 defines products as having three levels: core, actual and augmented. These are now defined in detail opposite:

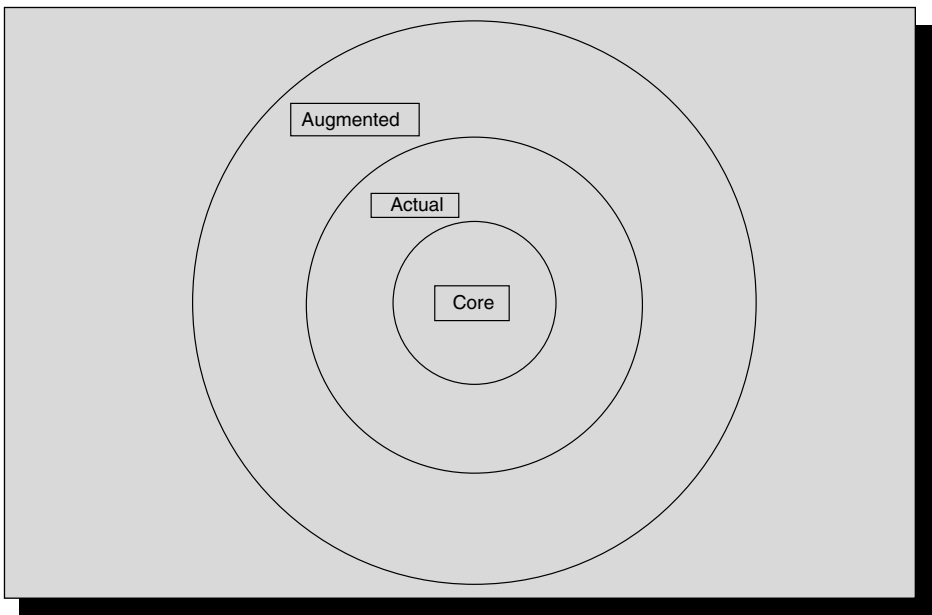


Figure 4.5 Core, actual and augmented products

- The **core product** is what actually meets the consumer's needs. In this context, the core product is always information. In most cases the user seeks information on a specific subject, and to fulfil a specific purpose (leisure, education, writing a report, undertaking a market research exercise). In the commercial context of a can of baked beans, the core product is the baked beans.
- The **actual product** is what is delivered to the consumer. For information products this will be the various ways in which information can be packaged into products, such as books and journals, or into a service, such as database access. In the case of baked beans, the actual product is the can of beans (the beans of a given quality, colour and flavour and the can of a specified size, with a label, and the branding and information that is printed on the label). In other words, brand names, design and style, packaging, and characteristics such as size are typical features of the actual product. In the case of information products the actual product may have structuring, indexing, quality, presentation, design, style and physical characteristics. For example, an entry in an encyclopedia in print form may contain similar information to the same entry in electronic form, but layout, presentation, and the ways in which the information can be manipulated may vary. In addition, the electronic version may have other multimedia elements, such as a video clip which allows a multidimensional expression of the information.
- The **augmented product** includes any other features that constitute part of the product and add value to the exchange. For the can of baked beans, augmentation is limited because the product is simple, but typically includes a quality guarantee. With more complex products, such as a computer, the augmented product includes a warranty, after-sales service, installation arrangements and customer helplines. The augmentation in an information product is the added-value components. For an online search service, the actual product might be database access through a user-friendly interface. The augmented product might embrace a document ordering and delivery option, an alerting service and training seminars. Some elements of the augmented product may be charged for; others may be available free.

In many product categories, the boundaries between core, actual and augmented are not fixed for all time, and are, in any case, more difficult to draw for services (and probably for electronic information products) than for physical products. Organizations in the same marketplace all share the same core product. They differentiate themselves on the basis of the actual product. In the many marketplaces where the opportunity for innovation is limited (all washing machines exhibit a similar range of washing cycles), differentiation may be on the basis of the augmented product. This augmentation may be added by the

producer, with a view to achieving differentiation from the products of other producers, as well as by the retailer.

REFLECT: How might a subject gateway on the Web augment the databases to which it provides access?

Generally, the core product will be coincident with one of the core businesses of the organization, but with the advent of e-commerce, many more organizations are redefining their role and entering the knowledge business. Thus an organization such as a supermarket, whose core service is retailing, may find that e-commerce activities allow them to generate 'rich' customer information. If they choose to market this information to other organizations, then that information becomes one of their core products.

REFLECT: What are the core, actual and augmented products offered by an academic library when it makes a collection of electronic journals available to its users?

Chapter 5 explores the concept of the customer experience in a public library: each user has a different experience of a library depending on which of the offered services and products they use. The consumer has scope for personalizing the service: the benefits that they derive from an information service are unique to their needs, the route that they choose to satisfy those needs, and their success in travelling that route. In marketing such an experience, a library would normally choose to market the institution and its facilities. As discussed further in Chapter 7, marketing communication may focus on specific products and services, or on cultivating awareness of and a positive image for the organization. Marketing messages (including negative publicity) about the organization will affect the products and services that the organization offers, and vice versa. On the other hand, whilst all customers and users want to know that the organization with which they are doing business is reputable, professional, and visible in the marketplace, their real concern is with the services and products they can obtain from the organization, and the benefits they can derive from those products.

THE PLURI-SIGNIFIED PRODUCT

Recent thinking about the relationship marketing paradigm has caused marketers to revisit the concept of product, and to explore the true nature of the core product from a consumer perspective, rather than from the producer perspective which is dominant in the model discussed above.

The most basic level of the product is the core product, or the fundamental service or benefit that the customer is buying. For example, in the case of a hotel, the guest is actually buying rest and sleep, but this is achieved through the purchase of the actual or generic product, which may be the rental of a hotel room. Saren and Tzokas (1998) argue that core benefits cannot be predetermined by the marketer, but that core needs have been replaced by a complex constellation of 'needs activities'. So, for example, hotels have evolved as conference centres, fitness and leisure centres, and locations for dining and wedding receptions. In a similar vein, a public library might host displays of museum pieces and children's artwork, house a retail gift shop, or offer accommodation for public events and entertainment. This concept of a constellation of needs activities is consistent with the proposition that consumers do not consume products for their material utilities but, instead, consume the symbolic meaning of those products (Baudrillard, 1988). This symbolic meaning of products is not fixed, but free-floating, and each individual may ascribe different and inconsistent cultural meanings to a product. Saren and Tzokas (1998) introduce the concept of the pluri-signified product, in which 'the product is the outcome of a continuous tripartite signification process between buyers, suppliers, and the "object" '. Further, 'the relationship between the three actors (buyer-supplier-object) defines the product' (p. 451). The product itself does not exist independently of this tripartite relationship. It is created and becomes at any point in time realized, interpreted and reinterpreted by means of the continuously negotiated relationship between these three actors in what is traditionally termed the 'market exchange process'.

These concepts suggest a perpetual evolution of the concept of product, and emphasize the need to consider not only the organization's definition of the product, but also how the customer perceives, and interacts with, the organization's offering to satisfy the needs they bring to the interaction. As a key component in the interchange or relationship between customer and supplier, the product is continually subject to redefinition, in order to respond to the dynamic nature of the complex bundles of benefits that customers seek from products.

INFORMATION AS A PRODUCT

This book focuses on the information products defined by organizations, many of which will be a combination of goods, service and information components, and might be described as an experience product.

Freiden et al. (1998) argue that the unique nature of information as a product demands a new approach to marketing, which they describe as **information marketing**. They stress that it is important to understand the unique nature of

information as a product. This has implications for the marketing of all information products and services. The characteristics of information are particularly likely to influence information products, in which the core product is information, but will also have an impact on any other products that use information as a part of their offering. One of the challenges of presenting information as a product package is to overcome these inherent characteristics. For example, although information may have no intrinsic value, customers need to be persuaded that in the contexts in which they are acquiring it, information does have value. Further, if a price for the exchange is to be agreed, the values that the supplier and customer, respectively, attach to the product must coincide.

Key to the marketing of information is the early recognition that its exchange is quite different from that of other commodities. Transmitting information involves no loss, so that the usual means of control of resources – legal protection, secrecy and monopoly – are inapplicable here. In addition, the value of information to the purchaser is not known or verifiable until it has been received, and it may be many months or years until a purchaser fully appreciates the value of the original information.

Discussion of the special nature of information products can range through some of the characteristics that are unique to information, to those that have been used to differentiate between goods and services: perishability, homogeneity, inseparability and intangibility (based on Eaton and Bawden, 1991 and Freiden et al., 1998):

1. **Value is contextual.** Information has no intrinsic value. Its value depends upon its context and its use by particular users on specific occasions, and cannot be determined in advance. It is also difficult to predict how the value will change over time. In general a distinction should be made between cost and value, but the relationship between these is ill-defined.
2. **Reproducibility and multiplicability.** Information is not lost when it is given to others, although its usefulness for particular purposes may be reduced. Nor does it diminish when 'consumed'; its sharing and transmission may, and indeed almost always will, cause its increase. In economic terms, then, information has a self-multiplicative quality, since its exchange does not necessarily imply redistribution, loss or consumption. This characteristic of information is supported by its reproducibility. Information may be easily copied for and by other consumers, using photocopying and electronic technologies. Further, information can be transformed from one medium into another, as when it is scanned into electronic databases, or printed out from them.
3. **Interactivity.** Information is a dynamic force for change to the systems within which it operates and must be viewed within an organization as a formative,

organizing entity rather than as an accumulated stockpile of facts. Information is not, then, something that an organization acquires in the way that it might acquire other products. It is often acquired so that it can be integrated with information from other sources, and either used to inform decision-making, plans and actions, or to create other information products. At an individual level, information is integral to the learning process, and its use enhances the learner's cognitive ability to absorb other information.

4. **Repackageability.** Information comes in many different forms, and is expressed in many ways. For example, one unit of information, such as a reference, may be located in a range of sources, and these sources themselves may differ in nature. Several different products may be generated from one database to meet the needs of various audiences. Since new knowledge is created from existing knowledge, it can be difficult to decide when information is original or different. Differentiation may depend on the level of analysis of the information, and the purpose for which it is required.
5. **Delivery and technology.** In the context of electronic information, technology constrains and facilitates the delivery of information. Telecommunications technology with greater bandwidth and storage capacities supports additional information flow, and generates greater demands for the structuring and filtering of information. The user's ability to use the tools that provide the interface to the information influences their experience of the product.
6. **Perishability.** One characteristic that distinguishes between goods and services is perishability. Goods have varying levels of perishability, but services only have value when they are produced and consumed. Information, on the other hand, is essentially non-perishable. Information does not deteriorate over time (permanence), although the medium in which it is stored may do so. On the other hand, the value of information can vary with time. Information can have multiple lifecycles, as ideas come into, move out of, and finally come back into, fashion. The uncertainty associated with how long information is of value after it has been created, distributed and even purchased provokes the collection and archiving of information. Some documents and the information that they contain may be required many years after they were first published. On the other hand, some information becomes obsolete, and different kinds of information have different lifespans (obsolescence). Information, then, has various levels of perishability, like goods, but unlike services.
7. **Homogeneity.** Goods demonstrate a high level of homogeneity, but services, due to the personal elements in delivery, are much less consistent. Information products are at the extreme end of the homogeneity spectrum, since each copy is identical to each other copy, and to the original. Managers of information have the opportunity to emphasize a standardized, quality controlled product.

- 8. **Inseparability** refers to the physical and institutional distance between the originator of the product and the final consumer. Goods may pass through several intermediaries between manufacture and purchase by the customer. Services, on the other hand, are inseparable because the producer and the consumer need to interact in creating, delivering and consuming the service. Information is more akin to a good than a service in that it is produced, stored, transported and can exist without being consumed. Information must be distributed, either through telecommunications networks or through bookshops, libraries and other intermediaries.
- 9. **Tangibility** refers to the product’s physical properties and the extent to which it can be seen, felt, heard, tasted or smelt. Goods have physical attributes such as size and colour, whereas the performance of a service is largely intangible. The only tangible element of information rests with the medium through which it is conveyed. Thus information products, such as books and magazines, are tangible, although the information that they contain is not.

The discussion above relates to information itself, but also starts to touch on how information is packaged into products and services. Whilst these features are important, because information is threaded through all the products in the information industry, the nature of the product and, accordingly, marketing options depend to a significant extent upon the way in which the service, good and information components are drawn together to create the information product.

Focusing specifically on digital content Koiso-Kanttila (2004) proposes the characteristics of digital content to be those listed in Figure 4.6.

Characteristic	Definition
Information recombination	Integration of different types of information in the same system; modularity and hypertext functionality
Accessibility	Electronic proximity of content offered through electronic channels
Navigation interaction	How the flow of activities proceeds in an electronic store and when consuming digital products
Speed	Time dimension of the process: fast transactions and the prospect of receiving content instantly
Essentially zero marginal cost	Potential for a near zero increase in spending resulting from an incremental transaction or customer

Figure 4.6 Key characteristics of digital content and their definitions

Source: after Koiso-Kanttila, 2004

QUALITY INFORMATION

When information is packaged into products, the quality of those products will be judged by some of the underlying characteristics of good information. The characteristics that form the basis for the quality assessment of goods and services are widely recognized. Consumers tend to judge the perceived quality of many goods by criteria such as performance, product features, conformance with specification, reliability, durability, serviceability, and fit and finish (Garvin, 1984). Similarly, the quality of services can be evaluated by the criteria of reliability, empathy, responsiveness, assurance and tangibility (Parasuraman, Zeithaml and Berry, 1985). The characteristics of good information define benefits that are often sought by those acquiring it. They include objectivity, explicitness, currency, relevance, structure and systems.

OBJECTIVITY

The debate associated with the objectivity of information is relevant to all types of information and all disciplines. All information is a product of the societal, organizational and cultural environment in which it is created. However, the issue of objectivity has been most hotly debated in the social sciences. Social science researchers and information users are acutely aware of the difficulties associated with creating a shared reality, which could be regarded as valid and transferable objective information. Science and technology, on the other hand, often investigate problems and environments where experiments can be repeated under similar conditions to give consistent results and consensus on what can be described as objective information. Related to the issue of objectivity are those of reliability and accuracy. **Accuracy** means that information is correct. **Reliability** implies that the information is a true indicator of the variable that it is intended to measure. Users often judge reliability of information on the basis of the **reputation** of the source from which it has been drawn.

ACCESSIBILITY AND FORM

Accessibility refers to the availability of information to potential users. The factors that contribute to accessibility may be of significance here; for example, the form and style of the storage and communication media. Form refers to the mode and medium through which information is made available to users. Information may be stored and communicated via people, print or electronic media. Marketers should make information available to users in the form that they prefer; this will often lead to the replication of information in different forms. The style must be understandable by users. The user's information environment, language and user preferences all influence the success with which the message is received.

RELEVANCE

Information available to an individual must be appropriate to the task in hand; that available to an organization must be relevant to its current direction, vision and activities. Relevance means that the information meets requirements. It can be assessed in relation to many of the other characteristics listed in this section, such as currency and accuracy, but may be judged specifically in terms of level of detail and completeness. **Completeness** is normally judged in relation to a specific task or decision; all the material information necessary to complete a specific task must be available. In addition, the **level of detail**, or **granularity**, of the information must match that required by the task and the user.

CURRENCY AND LIFESPAN

In relation to information, these are important for two reasons: some information may supersede other information; and the most current information is required (outdated information must be discarded). Each type of information has its own lifecycle and rate of obsolescence. At one end of the timescale there is a core of relatively stable information for each discipline, such as the way in which the heart functions, or the process for the refining of steel. Other information is outdated within hours. Examples include the weather report and international exchange rates. The challenge is to be able to recognize the positioning on a timescale of specific information and to manage that information accordingly.

STRUCTURE AND ORGANIZATION

All information has a structure. At the individual cognitive level, the brain holds associations between specific concepts. This cognitive structure is reflected in the way in which individuals structure information in their communications in the form of verbal utterances, text and graphical representations. Some disciplines have inherent structures: biology, for example, is organized to reflect the structure of living matter, and documents on biology can be arranged consistent with this structure. Newspapers group information into categories, such as news, politics and sport. The two important features of structure are:

- the way in which items are grouped into categories
- the relationships between these categories.

THE PRODUCT LIFECYCLE

The product lifecycle (PLC) model suggests that products go through a cycle comprising four stages: introduction; growth; maturity; and decline. This lifecycle

can be applied to an individual product (a specific information literacy programme), a brand, or a product class (all information literacy programmes). Marketing actions might depend upon the stage that a product has reached in the PLC, which can therefore be a useful guide in thinking about the future for a product, and the characteristics of each stage in the PLC. Unfortunately, analysis based on the PLC is problematical, because it is difficult to assess the stage that a product has reached. In addition, it is every business's objective to maintain a product in the growth phase of the lifecycle for as long as possible. Nevertheless the model emphasizes that different marketing strategies are appropriate at each stage in the PLC.

INTRODUCTION

During this phase, sales and user take-up are relatively low, with (if appropriate) low or negative profit, but if the product is to survive to the growth stage, this stage is likely to require a significant investment of marketing resources. The marketer's priority is to generate widespread awareness of the product among the target segment, and to stimulate trial. If the product is truly innovative (for example, a technological innovation) there may be no competition, but there is the additional problem of establishing a demand for this new category of product. When a new product is an improved version of an existing one, entering an existing marketplace, success depends significantly on the USP (unique selling proposition) and the effectiveness with which this can be communicated.

GROWTH

The growth stage should witness a significant increase in customer engagement and (as appropriate) sales and profits; product awareness has improved and, depending on the product, there may be repeat purchases. However, during this stage, competitive pressure will mount as competitors respond with their offerings. Building a loyal customer community and market share is a key issue at this stage. Towards the end of it, the organization should have collected significant information about the strengths and weaknesses of the product and customer reaction. This information can be used to inform the next phase of product innovation.

MATURITY

The growth of interest and engagement levels off, and there is a stable set of loyal repeat users and buyers. Customers will leave this group, and others will join, but sales and profits will hold steady. There is a high degree of customer understanding of the product, and customers have decided what they like about it. Sales and use may decline if customers switch to alternative products. Marketing efforts should focus on retention of a loyal customer base. Eventually the stability of

the maturity phase will pass, and customer interest will go into decline. This may be provoked by a weakening competitive position or by changing customer expectations of products in the class, which signals the need for further innovation.

DECLINE

When decline is on the horizon, the organization must decide whether to seek to rejuvenate the product, perhaps by changing the product, its image or the target market. If rejuvenation is not an option, and the decline has arisen from market conditions, the only marketing intervention available is the development of a new product.

LIMITATIONS OF THE CONCEPT

Although the product lifecycle offers some useful ideas on marketing strategies, it has a number of limitations. The length of the product lifecycle will vary for each product, and it is very difficult to identify when a product moves from one phase to another. In addition, for different products the shape of the PLC will vary depending upon the maximum use or sales levels that the product achieves, and the length of each phase. For example, a product failure may never achieve growth, a fashion product may have a rapid growth and an equally rapid decline, with a virtually non-existent mature phase, but other products may linger in the mature phase for twenty or thirty years.

REFLECT: Name some examples of the following:

- *consumer products that have been in the mature phase for several years*
- *information products that have been in the mature phase for several years.*

PACKAGING AND LABELLING

Packaging and labelling are part of the product that have both functional and communication purposes. Packaging has limited relevance in parts of the information industry, but book jackets and DVD and video cases are important.

Packaging is often the consumer's first point of contact with the product and, in the information products described previously, often plays a significant role in determining whether the customer proceeds with a purchase, or the user looks further into the contents of the document.

Packaging is any container or wrapping in which the product is offered for sale. Its functional role is to protect the product in storage, shipment and, sometimes, in

use. It may have several layers, and from the consumer's perspective, it should be convenient and easy to use. Packaging also has a very important role in communicating product information (contents), communicating a brand image, attracting attention and, in general, determining whether the consumer will explore the product further. Some of these objectives may be achieved through the container that forms the packaging, whilst other information and messages may be communicated through labels. Labels often carry warnings and instructions.

PRODUCT PORTFOLIOS

Most organizations offer a variety of products and variations of each individual product, perhaps designed to meet the needs of different product segments. Figure 4.2 listed the services offered by Bath University Library. The **product mix** is the sum of all the products offered by an organization. On occasions it can be useful to divide this mix into groups. For example, a **product line** is a group of products that are closely related to each other, and a **product item** is an individual product or brand, which has its own unique features and benefits. A product line normally consists of a number of product items. In a dynamic environment, products in the product mix will be at different stages in their PLC; the product mix will not be static. The management challenge is to create a dynamic product portfolio that embraces a balanced mix of products at different stages in their lifecycle. Managing a product portfolio involves:

- maintaining and supporting established products so that they continue to perform well in the marketplace
- modifying and adapting existing products to take advantage of technological and other marketplace developments
- deleting old products that are in decline
- developing and introducing new products to maintain or improve sales, and to provide a foundation for the future.

The first of these is achieved through the manipulation of various elements in the marketing mix to ensure that the product is regarded as attractive relative to its competitors in the target market. In what follows we reflect briefly on some of the other areas of product portfolio management.

MODIFYING EXISTING PRODUCTS

Modification of existing products is often associated with repositioning or, in other words, changing the characteristics of the product that differentiate it from its competitors. Such repositioning may be triggered by changing customer needs, developing technology or new offerings from competitors. Repositioning

and product modification are often focused on one or more of three aspects: quality, design (from an aesthetic perspective) and technical performance.

Another approach is not to change products, but to develop the product range, using existing products as the basis for new ones.

DELETING PRODUCTS

Once products have reached the final stage of their lifecycle they are candidates for deletion. The decision to delete products from the range is often difficult, and there may be legitimate reasons for retaining a product even if it does not attract much customer attention. Some products and services may provide an infrastructure for the delivery of more recently introduced products, and organizations may be keen to retain a wide product range. Similarly, when production processes of products are interlinked (as with the multiple products from a database), it can be difficult to cost the production of specific products in the range and to assess whether they are making a sufficient contribution.

DEVELOPING A NEW PRODUCT

If product modification is not sufficient, organizations may engage in the development of new products. The extent of newness can vary from a completely new technical innovation, launched as a distinct product, to a product that, whilst new to the organization, may already have an established niche in the marketplace. Products that are new to the market must win customer interest and confidence. Customers must be persuaded that they need this new product that they have done without up to now. Significant risks are associated with this level of innovation, because development and marketing costs are likely to be high, and customers need convincing. Success with significant innovations requires a large commitment to research and development, and a proactive approach to innovation. A lower-risk alternative is to develop an innovation, but using a familiar core product concept. An example might be the first mobile phone to access the Internet. Customer interest is easier to cultivate because the product concept is familiar, and the main marketing task is to communicate the benefits of the innovation to the target market. At the other end of the spectrum new product innovation may replicate a product that is already available. Innovators bear heavy development costs. Later entrants to the market may benefit from their innovation, and copy a product, but perhaps offer the product at a lower price and thereby gain a foothold in an existing market. Both of these last two approaches could be described as reactive, where an organization responds to a competitor's innovation and allows others to lead in establishing the market for the core concept, and then seeks a position in that market.

New product development requires a significant planning process, the length of which is highly dependent on the product and the specific marketplace. The process starts with idea generation. Ideas may emerge from research and development activities, competitors' activities or dialogue with customers, employees or partners. They should be screened in order to assess whether they can be developed to be consistent with the strategic plans and directions of the organization. Once the idea has been accepted in principle, concept testing can be used to test the idea with potential customers. Drawings, storyboards and mock-ups are used to describe, profile and visualize the product so that the reaction of a group of potential customers can be assessed. The next stage, business analysis, involves the development of production, marketing and financial projections. Product development involves product design and the development of production processes so that the product can actually be made. One of the first outcomes of this stage will be products that can be used in product testing and the next stage, test marketing. The purpose of test marketing is to indicate whether the target market will actually buy the product, and whether they are likely to be converted into loyal customers. Commercialization and product launch is the next stage. Finally, to complete the cycle, and to provide input to the next round of product innovation, attention needs to be paid to monitoring and evaluation. These stages of the new product development cycle are summarized in Figure 4.7. Two key points emerge from this consideration of the process (see p. 74):

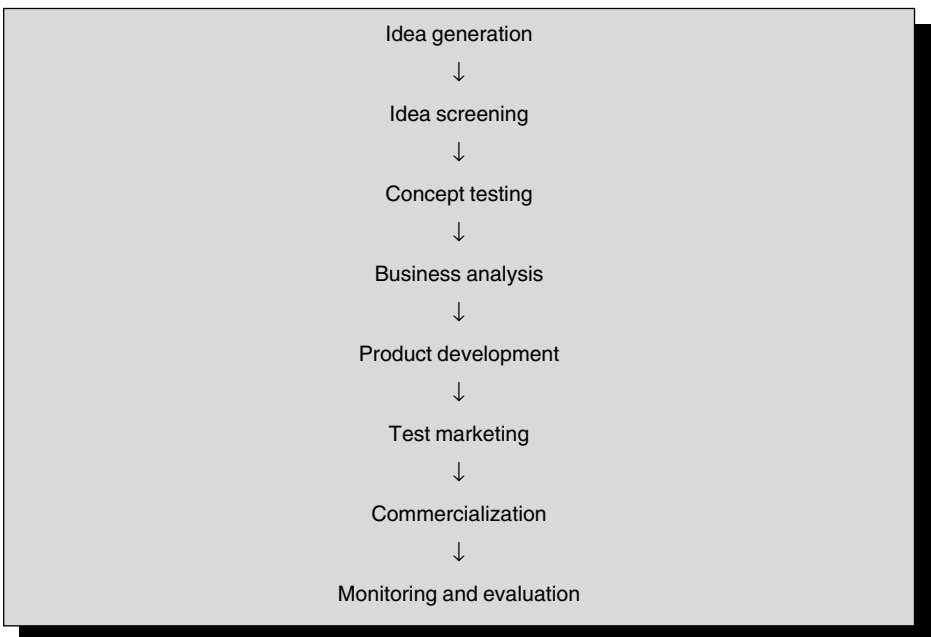


Figure 4.7 The process of developing a new product

- new product development is complex;
- new product development starts with consideration of markets, involves consideration of business processes, and revisits the marketplace for its reaction, before launch.

CONCLUSION

There is a wide range of information products, including elements of goods, services and information. An information product is one in which information is the core product. Products are continually redefined in interaction with customers. In the context of information, we have seen that it has a number of unique features that translate in different ways into information products. We then introduced the product lifecycle, which is useful for assessing marketing options. Organizations operate with product portfolios, which are dynamic and need to be managed. Product modification and innovation is an important element of product management.

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5

Building customer relationships

AIMS

This chapter is concerned with building relationships with customers. In a sense all elements of the marketing mix are concerned with the building of relationships, but the focus in this chapter is on the recognition and management of two-way marketing relationships. Accordingly this chapter explores:

- the underlying concept of relationship marketing
- some dimensions of the concept of customer loyalty
- the role of the service experience in building relationships.

INTRODUCTION

Marketing is no longer simply about developing, selling and delivering products. It is progressively more concerned with the development and maintenance of mutually satisfying long term relationships with customers.

(Buttle, 1996b, p. 1)

Relationship marketing differs from transaction marketing (see the definitions offered in Chapter 1) in that the focus is on relationships rather than individual transactions. Singh (2003) warns that most information services still have a transactional approach to service delivery and do not pay sufficient attention to the services and interactions that build relationships with customers. In other words, they do not sufficiently take an overview of repeat service encounters in terms of resources, facilities, services and service providers. This quote perhaps captures the philosophy of relationship marketing:

They knew about the documents which I had requested, and whenever I visited the library, without checking my record, they smiled and said, 'So, you have come to collect such and such a document...'

(Singh, 2003, p. 39)

Figure 5.1 poses some relationship marketing questions.

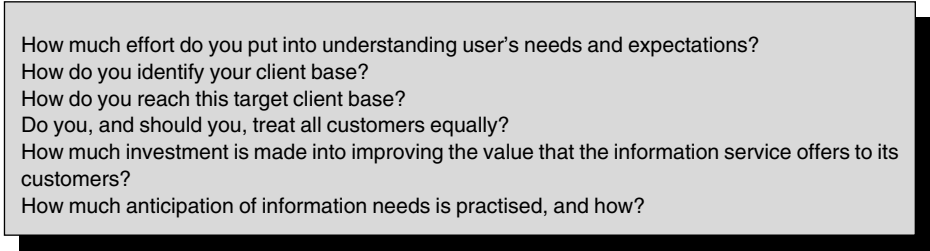


Figure 5.1 Practical tips: some relationship marketing questions

Source: based on Singh, 2003

Relationship marketing is concerned with building and developing relationships with customers. Gronroos (1994, p. 355) offers a general-purpose definition of relationship marketing:

Marketing is to establish, maintain, and enhance relationships with customers, and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises.

Perhaps one way to encapsulate the difference in emphasis between transactional and relationship marketing is in terms of the measures of success that are applied in the two approaches. In traditional marketing, market share is used to assess marketing success, whereas relationship marketing measures customer retention. Gronroos (1991) suggests that all marketing strategies lie somewhere on a spectrum from the transactional to the relational. A further difference between traditional marketing and relational marketing is that the earlier role of marketing was to create customers, whereas in relationship marketing the emphasis is on customer retention.

Relationship marketing encourages organizations to take a longer-term perspective. Investment in customer relationships creates a community for and with whom the organization can develop its products and marketing communication strategies. Enduring relationships with customers cannot be duplicated by competitors, and therefore provide a unique and sustainable competitive advantage.

Loyalty is seen as a key characteristic of relationships with customers. It can be regarded as a measure of whether the customer behaves and has attitudes that suggest a relationship with an organization. Organizations are concerned to secure as significant a loyal customer base as possible, because of the perceived link between loyalty and business performance. Loyal customers form a stable target market, and do not require the same level of marketing attention as customers who need to be wooed.

The service experience can play a significant role in shaping relationships, as it is the interaction between the customer and the supplying organization. An understanding of the service experience offers an additional insight into one important arena in which customer relationships are honed. The literature on the service experience tends to focus on episodes (although there is reference to a more longitudinal perspective in the literature on quality), whereas the literature on loyalty is concerned with the longer-term relationship between the customer and the organization.

CUSTOMER RELATIONSHIPS

Library and information services recognize the importance of establishing an appropriate relationship with the customer, as is evidenced, for example, in public libraries through an emphasis on customer care, and in academic libraries through the appointment of subject specialists. Staff can be the cheapest and most effective way of marketing an organization, but they also have the potential to have a damaging effect on reputation. People remember poor service. Relationships between staff and customers are a key aspect of the relationship between the customer and the organization. Staff are the public face of the organization. This commitment to customer service is well established. Nevertheless, some of the ideas from relationship marketing offer new perspectives.

Piercy (1999) encourages marketers to remember that not all customers want a relationship with their suppliers. He proposes four different categories of customers, based on the relationships that they wish to form with the supplier:

- relationship seekers – customers who want a close and long-term relationship with suppliers
- relationship exploiters – customers who will take every free service on offer but will still move their business when they feel like it
- loyal buyers – customers who will give long-term loyalty, but do not want a close relationship
- arm's-length, transaction buyers – customers who avoid close relationships and move business based on price, technical specification or innovation.

In other words, blind dedication to relationship marketing is no panacea. Marketers and managers still need to segment their markets and understand the needs of these different segments, as discussed in Chapter 3. The type of relationship that customers want is a further basis for segmentation. Organizations also segment their markets on the basis of the profitability of different customer groups, and define those segments they wish to court.

REFLECT: Use the above categories to characterize the relationship that you as a consumer want to develop with different brands, service outlets or products.

A number of metaphors and models have been used to explore the nature and the stages of relationships. Dwyer, Schurr and Oh (1987) suggest that supplier–customer relationships are marked by five stages: awareness, exploration, expansion, commitment and dissolution, and Christopher, Payne and Ballantyne (1991) developed the idea that there is a relationship ‘ladder of customer loyalty’. The relationship progresses through identified stages: prospect, customer, client, supporter and finally, advocate. Advocates are so deeply committed to the organization that they are not only very loyal long-term purchasers, but they also influence others through positive word of mouth.

Adcock et al. (1998) suggest four stages in relationships: meeting, friendship, courtship and marriage. They map these stages against the customer pyramid as follows:

- meeting: new business prospects, previous enquiries, former customers
- friendship: new sales
- repeat customers: courtship
- advocate: marriage.

Czepiel (1990) explores the link between relationship-building and service encounters. He argues that relationships are developed in a number of stages:

- accumulation of satisfactory encounters
- active participation based on mutual disclosure and trust
- creation of a double bond (personal and economic)
- psychological loyalty to the partner.

These stages include other factors that are characteristic of healthy relationships: concern (for the welfare of customers); trust (confidence that one partner has in the other’s reliability and integrity); commitment (an enduring desire to maintain a relationship); and service (or the desire to provide excellent service) (Buttle, 1996b).

Many commercial organizations collect considerable quantities of customer data using customer relationship management systems (CRMSs); these are discussed more fully in Chapter 9. Using this data organizations are able to identify their most profitable customers, and are then able to give these customers preferential treatment. It is useful for an information organization to be aware of committed and engaged customers or users, because they are likely to be influential in decision-making processes, and willing to work in partnership to enhance services. The concept of **customer lifetime value** (CLV) represents the

value of customers to an organization over the lifetime of the organization’s relationship with a customer. In commercial contexts, a simple way of calculating customer lifetime value is:

$$\begin{aligned} &\text{Recency (of last engagement)} \times \text{frequency (of engagement or purchase)} \\ &\quad \times \text{monetary value (of purchase)} \end{aligned}$$

The measures in this model would need surrogates in a non-commercial service environment, but nevertheless there is much merit in understanding the value of specific customers or customer groups.

REFLECT: Which of the above models of stages and types of relationship would assist in thinking about the benefits sought by your customers?

LOYALTY

What is loyalty? The theoretical literature on customer loyalty conceptualizes loyalty as an interaction of attitude and behaviour. In other words, loyalty (or the absence of it) is exhibited through both customer behaviour and attitude. For example, in the context of a library, loyal behaviour might be repeat and relatively frequent patronage. Such behaviour may or may not be associated with a loyal attitude, which reflects the value that a customer attaches to a library. Such attitudes may, in the case of public libraries, for instance, not necessarily lead to repeat patronage, but might provoke loyalty behaviours such as participation in a petition to resist closure of a public library service point. Dick and Basu (1994) argue that loyalty is determined by the strength of the relationship between relative attitude and repeat patronage, and that it has both attitudinal and behavioural elements. On the basis of the attitude–behaviour relationship they propose four conditions related to loyalty: loyalty; latent loyalty; spurious loyalty and no loyalty (see Figure 5.2):

Repeat patronage			
Relative attitude		High	Low
	High	<i>Loyalty</i>	<i>Latent loyalty</i>
	Low	<i>Spurious loyalty</i>	<i>No loyalty</i>

Figure 5.2 Definition of categories of loyalty
Source: Dick and Basu (1994)

- **Loyalty** signifies a favourable correspondence between relative attitude and repeat patronage.
- **Latent loyalty** is associated with high relative attitude, but low repeat patronage.
- **Spurious loyalty** represents a low relative attitude, with high repeat patronage.
- **No loyalty** is associated with a low relative attitude, combined with low repeat patronage.

There is a debate about the relationship between attitude and behaviour, and there is some support for the belief that attitude causes behaviour. On the other hand, East (1997) comments that attempts at establishing causal primacy may be unrealistic. He states that thoughts and feelings are interwoven and that changes in one component may affect others in the system.

Much of the literature on customer loyalty has looked at brand loyalty. There is a consensus (for example Zeithaml, 1981) that loyalty to service companies is likely to be easier to maintain than that to goods companies, as consumers perceive the costs of switching services to be higher. These higher costs may be associated with the acculturation or learning that is embedded in the use of services. Clearly the use of library resources involves learning about IT-based services, location of stock, and loans and reservations services. In addition, services that a customer has used regularly, such as a bank, or a library, may have generated interpersonal relationships with service agents that are an integral part of the customer's life, as discussed below. Also, switching service providers carries a risk. Due to the absence of tangibles, the risk associated with switching to a new service is perceived to be high, or, in other words, the customer cannot easily estimate the quality of the service delivery of a new service provider until they have sampled that service.

What happens in situations where customers have no choice, and are constrained to continue to use a service? Loyalty as a concept has its origins in consumer marketing, where it is assumed that customers have choice and may switch to another brand or product. What is the relevance of loyalty to marketing in other contexts, such as organizational marketing and marketing within the public sector?

Loyalty is built into supplier–customer relationships in organizational marketing. Often customers are presented with only a limited number of possible suppliers, and great inconvenience is associated with a change of supplier. On the other hand, the loss of a major business contract may spell disaster for the supplier. Relationship-building and marketing in which ‘the deal’ between the supplier and the purchaser is negotiated and evolves over a period time ensures loyalty; sometimes the relationship is such that the supplier actually manufactures

to the purchaser's specification. Loyalty is crucial, and almost taken for granted in this context. In addition, the relationship is often more continuous and the contact more regular than in many consumer purchasing situations. Because changing the relationship between the supplier and the purchaser may have significant consequences for the continuation of business and production for both parties, loyalty is effectively embedded in their relationship.

In several other situations, particularly in the public sector, the consumer has little or no choice of provider. Here loyalty is effectively imposed, unless the customer is able to seek a substitute (for example a different leisure activity) or to turn to the private sector (for example private health care), but often the customer is at the mercy of the public service provider. Poor service might affect loyalty at the attitudinal level, but there may be no option for a change of behaviour. The customer is compelled to stay with the same supplier, and can only express discontent through being angry, uncooperative or otherwise disruptive. In these contexts, customers may respond as 'captive loyals' (Rowley, 2000). Captive customers continue to patronize a brand, service, or service outlet because they have no real choice. These customers have few opportunities for switching, or alternatively they experience what they perceive as a high switching cost (either in terms of convenience or finance). Organizations could make the mistake of viewing these customers as unlikely to switch, but captive customers can be poached by competitors with alternative offerings, or may switch when there are changes in their personal circumstances or in market structures.

MANAGING LOYALTY

What are the factors that affect the development and maintenance of a loyal relationship? Dick and Basu (1994) propose a framework for customer loyalty that identifies the antecedents of a loyalty relationship. These antecedents can be categorized as:

- **cognitive** antecedents, which are associated with 'rational' decision-making based on informational determinants
- **affective** antecedents, associated with feelings about the product or service
- **conative** antecedents, or those associated with a behavioural disposition.

Dick and Basu (1994) argue that the management of loyalty can be viewed with reference to these factors; this would involve:

- determining the loyalty status of a target in terms of the strength of the relationship, and comparing it with competing offerings
- identifying relevant antecedents and consequences in a given market context
- determining the relative impact of antecedent factors and the likelihood of different consequences

- identifying the causal variable on which the target is underperforming compared with competitors, and from which increases in loyalty can arise.

Given these antecedents, it might be suggested that library and information services need to consider the following:

1. The **images** (brand images) **and expectations** that users hold with respect to the nature and quality of their services. Construction and retention of images and expectations may be achieved through promotion and other communication with customers and potential customers. Customers need to be encouraged to hold strong images, value their library service, and have a clear attitude towards it.
2. The **emotions and levels of satisfaction** that are provoked by the library service. These may be enhanced through a focus on service operation efficiency (for example speed of interlibrary loans fulfilment) and customer care. Customers should enjoy and feel affection for their library.
3. The **behaviour patterns of users**. Most people are creatures of habit, and only change their behaviour or switch to another service outlet if some environmental factor provokes the change; inertia is significant. In libraries, the most important sunk cost is the learning that users need to undertake in order to be able to make effective use of the range of services offered. Such services include the use of the photocopier, rules for borrowing and return, use of OPACs and access to the Internet through library web pages. Libraries have always suffered from low user expectations in respect of their present and future product offerings. These expectations must be raised if customers are not to be captured by attractive, competitive product offerings from new vendors entering the marketplace.

The precise agenda will be different for each information service, but managers might find the perspective offered by the loyalty literature to be a useful basis for progressing towards enhanced customer loyalty, associated positive attitudes and behaviours, and a more secure client base.

SERVICES

Libraries, information providers, information intermediaries, online search services, database producers, software designers, interface designers and telecommunications providers can all be regarded as providing a service. Services marketing is distinct from goods marketing due to the unique characteristics of services:

1. **Intangibility** – services cannot be seen, touched, tasted, smelt or possessed. They cannot be displayed or communicated. Intangibility makes it difficult for a customer to appreciate the service that is being offered or to compare one service with another. On the other hand, services are rich in **experience qualities**, or those qualities that can only be assessed after purchase and consumption. They also feature **credence qualities**, qualities that cannot be assessed even after purchase and consumption.
2. **Inseparability** of production and consumption – services are normally produced at the same time as they are consumed. This consumer involvement can make it difficult to standardize and control the service.
3. **Perishability** – unused capacity in one period can rarely be stockpiled or inventoried for future periods. This also means that mass production is not an option.
4. **Heterogeneity** – people typically perform services, and do not always perform consistently. In addition, there are three parties involved in the service experience: the service agent; the customer; and other customers. Thus, again, standardization and quality are difficult to control.

These characteristics of services mean that marketing and delivery of services are interwoven and that both need special attention. Some practical tips on marketing services are given in Figure 5.3.

1. Make sure that marketing occurs at all levels, from the marketing department to the point where the service is provided.
2. Allow flexibility in providing the service. When there is direct interaction with the customers, customize the service to meet their wants and needs.
3. Hire and maintain high-quality personnel and market your organization or service to them; it is often the people in a service organization who differentiate one organization from another.
4. Manage the servicescape, or the aspects of the physical environment in which the service is delivered.
5. Consider marketing to existing customers to increase their use of the service or create loyalty to the service provider.
6. Quickly resolve any problems in providing the service, to avoid damaging your organization's reputation for quality.
7. Think high-tech to provide services at lower cost.
8. Continually evaluate how to customize the service to each customer's unique needs.
9. Brand your service to distinguish it from that of the competition.

Figure 5.3 Practical tips: marketing services

THE SERVICE EXPERIENCE

Each customer has a different experience of a library or information service. This uniqueness derives partly from the variability of service delivery, but also from the different elements in the total information service with which the customer interacts.

Often a **service experience** comprises a series of **service encounters**. In many environments, customers can combine the service encounters into a service experience by selecting encounters and the order in which they are experienced. In a public library, for example, users can choose to use a range of information sources – the photocopier, web-based information sources or the library staff. Each user will have a different total customer or service experience on each visit. Service providers need to be aware of these various experiences and the effect on the overall customer experience of fitting them together in different sequences. One approach to developing an understanding of the total customer experience is the use of a walk-through audit (see the practical tips for this in Figure 5.4).

A walk-through audit is one that can be conducted by managers in order to assess customer experience. Typically such audits comprise a number of questions to be answered by managers, which take the manager through the customer experience stage by stage. Questions may be asked about issues such as waiting times, ambience, quality and speed of service. The objective of such an audit is to focus on the total customer experience, rather than merely to frame a questionnaire that focuses on specific issues. The total experience, with sub-experiences in typical sequences, can be examined. Any service outlet, such as a library, would need to design a series of walk-through audit frames to reflect typical customer experiences. The exact design of these is not generally critical, provided that they reflect reasonably accurately typical customer activity and cover all the significant facilities and services offered by the library.

Figure 5.4 Practical tips: understanding the total customer experience via walk-through audits

To offer a framework for considering the extent and variety of the customer experience, three case studies are offered in the Appendix to this chapter. They are designed to demonstrate the range of customer experience within the information context. Often libraries as service outlets seek to cater for a variety of uses and users within one service. This leads to compromises that are unlikely to be tailored to the needs of the individual. The case studies also demonstrate that users do not just want information and documents from a library. They seek an experience, which may embrace leisure and recreation, culture, education, space and social interaction as well as documents and information.

Work on customer reaction to, or evaluation of, the service experience focuses on the issue of **service quality**. The construct of quality as conceptualized in the

services literature and as measured by SERVQUAL (see below) centres on **perceived quality**. Perceived quality is defined as the consumer's judgement about an entity's overall excellence or superiority (Zeithaml, 1987), or a form of overall evaluation of a product. This focus on perceived quality has led to the formulation of quality that defines quality as the difference between customer expectations and customer perceptions (Parasuraman et al., 1985):

$$\text{Quality} = \text{customer perception} - \text{customer expectation}$$

In the service quality literature **expectations** are viewed as consumers' desires or wants, or what they feel a service *should* offer rather than *would* offer. **Satisfaction**, on the other hand, is a transaction-specific measure (Oliver, 1981). The two constructs are related in that incidents of satisfaction over time lead to perceptions of good service quality.

Managing service quality is concerned with reconciling the gaps between expectations and perceptions for managers, employers and customers. The most important gap is that between customers' expectations of service and their perception of the service actually delivered, shown as Gap 5 in Figure 5.5; much of the work on the measurement of service quality focuses on this gap.

Gap 1	The difference between what customers expect of a service and what management perceive consumers to expect
Gap 2	The difference between what management perceives and consumers expect and the quality specification set for service delivery
Gap 3	The difference between the quality specifications set for service delivery and the actual quality of that service delivery
Gap 4	The difference between the actual quality of service delivery and the quality of that service delivery as described in the firm's external communications
Gap 5	The difference between customers' expectations of service and the perception of service delivered

Figure 5.5 The service quality gaps

THE E-SERVICE EXPERIENCE

Much information access and delivery is digital. In this context the user or customer does not interact with a person face-to-face, or experience the physical surroundings of a library building. Rather all interactions are virtual and are facilitated through a computer screen. This type of service delivery has been described as e-service. E-service is defined as:

... e-service is deeds, efforts or performance whose delivery is mediated by information technology including the Web, information kiosks and mobile devices. Such e-service includes the service element of e-tailing, customer support and service, and service delivery.

Websites deliver three 'information-based' components that might be delivered separately in traditional physical (p-service) contexts: marketing communication, information, and service. These components are intertwined with each other, and together contribute to the interaction between the user or customer and the organization, or, in other words to the e-service experience.

In e-service the user's interaction or contact with the organization is through the technology, such as the website. Technology is a constant factor, which is sometimes supported by communication with human service agents, via e-mail and other means. Since person-to-person interactions are a central component of service delivery, e-service is sometimes described as a relatively impoverished service experience. On the other hand, e-service, unlike traditional service, is not constrained by distance and opening hours, and it can, if all goes well, deliver convenience and a greater level of customer control.

The e-service or online service experience is defined by:

- the design of the interface (website), including its ease of use and the 'goodness of fit' between the tasks that the user wants to perform and the tasks available through the interface;
- service information, such as help guides, FAQs, and information about help services;
- opportunities for dialogue between the user and the service agent through e-mail, newsgroups, chat rooms and message boards, feedback forms and telephone helplines.

Many authors have characterized e-service as self-service. Typically self-service is defined as 'service in which there is no direct assistance from, or interaction with, a human service agent'. In self-service, users need to learn their role, and in many instances of e-service there is no service agent easily accessible to assist the user in negotiating the script. Both during the early stages of learning and later, the way that the user experiences a service may be significantly influenced by customer performance. This could have unpredictable (and uncontrollable) consequences for customer expectations and the evaluation of service quality. Information organizations need to go beyond good website design, clear instructions and navigation; they must reach an understanding of the learning processes that they expect of their users, and the different approaches that users will adopt to learning.

The e-service experience and associated expectations of user learning will be shaped by the elements or components of the e-service experience. These

elements will be significantly affected by the tasks that the user seeks to perform through the web interface. A major element of information service relates to searching, identification of, and location of information resources and documents. Users may conduct searches for different purposes (perhaps education, business or leisure) and on different themes, and for documents in different forms (such as websites, journals, books, directories, graphics and images, videos and music).

Each search delivers a unique e-service experience, as the user negotiates different websites, different links between websites, and accesses a blend of digital and print document delivery. For example, in accessing the full text of journals from a university library website, the user might need to, say, perform a bibliographic search on ISI Web of Knowledge, and visit the web pages of several publishers of full text journal collections. Elements of this overall e-service experience are delivered by different websites designed by different organizations.

In summary, different users, with their varying skills, experience and tasks, have different e-service experiences, and those experiences have components that are designed by a number of different organizations. Information services need to be aware of this variability, and seek strategies for managing it.

In many contexts information service users engage with both e-service and p-service delivery. In other words, information users interact with services that are delivered in digital mode, and also services that are delivered in the conventional face-to-face mode in physical environments (p-service). It is necessary to consider e-service alongside other channels through which service can be delivered, including face-to-face, telephone, postal, and other remote services. The concept of the one-stop shop or portal (in which one digital information service provides seamless access to all of the information resources that might be beneficial to a user community) is hindered by a number of key characteristics of documents, information and their delivery. These include the following:

- **Format and delivery** – Information and documents are available in both electronic and print form, and even where all necessary documents are in electronic form, the user will often print the documents for reading. Format has consequences for delivery channels.
- **Identification of documents and information** – Convergence would suggest a much greater level of standardization of search options for the identification of documents and information. A thorough search will often involve using a number of search engines on different websites, and using different interfaces and search algorithms.
- **Authentication and access rights** – Users have a variety of different access rights to information depending on their membership of an academic, business or other group. Access often also requires users to engage in authentication routines.

- **Payment** – Linked to access is the notion of payment. Some information is available free because businesses or public service organizations want the public to have that information. Much more information is available free when an individual is a member of a subscribing organization, but charged for when that individual is not. Whilst payment is necessary to support authors, publishers and others with their endeavours, it must be acknowledged that the need for payment is another barrier to seamless delivery.

The information manager has a significant role to play in negotiating any 'information blockages' that arise from any of these factors, and in integrating service delivery across multiple channels.

SERVICE QUALITY DIMENSIONS

These have evolved from work on customer reaction to the service experience and factors that influence customers' assessment of the quality of that experience. Service quality dimensions or attributes are those that contribute to consumer expectations and perceptions of service quality. Knowledge of these dimensions and, possibly, the ability to measure them, can yield insights into more effective ways of improving service quality.

Work on the service quality scale, SERVQUAL, has generated several general dimensions that apply across a number of service contexts:

1. **tangibles** – physical facilities, equipment, appearance of personnel
2. **reliability** – ability to perform the promised service, with dependability and accuracy
3. **responsiveness** – willingness to help customers and to provide prompt service
4. **assurance** – knowing customers' wants, and being courteous and able to inspire confidence
5. **empathy** – caring individual attention.

Although these dimensions have been much quoted and empirically tested, it is important to note that they provoke active debate. For example, Dotchin and Oakland (1994) observe that the range of services used by Parasuraman et al. (1985) was rather narrow. They indicate that there is little representation of types of services that provide much opportunity for consumer contact or intervention in the process. If other service categories had been included, particularly professional services, which are high in terms of opportunities for consumer intervention and adaptation, other factor groupings might have emerged associated with one or more of the incorporated dimensions: competence, credibility, security or knowledge. Earlier work by Sasser et al. (1978) identified seven service attributes:

1. **security:** confidence as well as physical safety
2. **consistency:** receiving the same each time
3. **attitude:** politeness and social manners
4. **completeness:** availability of ancillary services
5. **conditions:** clean and comfortable facilities
6. **availability:** access, location, frequency
7. **training:** propitious execution.

Such scales act as checklists for thinking about service experience and service quality, and can be useful, for example, for comparing service delivery in two different contexts, such as online and in person. They do not, however, offer much insight into customer reaction to specific elements of service delivery. For example, it was noted above that in a library and information service users normally define or personalize their own experience from a range of components on offer. Managers will often want to assess customer reaction to specific components of this customer experience, such as an enquiry service or a document delivery service. Generic scales for service quality do not operate at this level of specificity. The research and data collection approaches discussed in Chapter 9 may be employed to gather such data.

REFLECT: How would you as a customer rate an information service in respect of the dimensions on one of the above attribute scales?

See Figure 5.6 for practical tips on managing the service experience in a library.

1. Train front-line staff in customer care.
2. Examine the environment, giving special attention to directional signs and the messages conveyed by the environment or any marketing communications within the library.
3. Investigate accessibility issues for any customers with disabilities and, if necessary, take expert advice.
4. Take some time to watch and gather data on how users make use of the library – are they alone or in groups? Do they browse or are they completing a specified task?
5. Specify what customers can expect in a Customer Charter or Service Level Agreement.
6. Use suggestion boxes, and consider and take action on suggestions. Inform users about how you have responded to their comments.
7. Institute a complaints procedure, and respond quickly and effectively to complaints. Service recovery is an important element in maintaining long-term relationships.
8. Smile and talk to customers – make friends!

Figure 5.6 Practical tips: managing the service experience in a library

E-SERVICE QUALITY DIMENSIONS

Work on service quality for e-services has led to the identification of a number of service quality dimensions. These dimensions offer one way of characterizing effective e-service experiences. In the past few years there have been a number of studies of service quality reported in the business and information systems literature. Some of these, such as those on WEBQUAL (such as Loiacono et al., 2002) focus on website quality, whilst others have taken a wider service quality perspective (for example, Jayawardhena, 2004; Rust and Lemon, 2001; Yang et al., 2003; Zeithaml et al., 2002). This work has failed to converge to a common list. There is considerable variability in the dimensions being identified. The roots of such variability may lie with factors that also contribute to the variability in the e-service experience between users, and between contexts. The level of customer experience of e-service and consumer usage frequency is a factor in e-service evaluation (Iqbal et al., 2003). Nevertheless, it is useful to consider the kinds of dimensions and factors that are being surfaced. Drawing on this work, Rowley (2005) proposes the following core dimensions as a working list: site features, security, communication, reliability, customer support, responsiveness, information, accessibility, delivery and personalization.

More specifically in the context of digital libraries, the LibQUAL instrument has been developed to incorporate measures appropriate for measuring the performance of digital libraries (Heath et al., 2003). There are also a number of projects working on e-metrics that support the evaluation of the performance of digital library environments (Gadd, 2002; Young, 2001) and other projects examining the long-term impact of ICT use in libraries (for example, www.mala.gov.uk/action/pn/logitude.asp). The whole area of measurement in digital information environments is one of 'work in progress'.

THE CUSTOMER'S ROLE IN THE SERVICE EXPERIENCE

Two alternative perspectives on the service experience, associated respectively with perceived control and scripts, may have particular applicability in interactive computer-based environments.

Psychologists have argued that in modern society, where people no longer have to concern themselves with the satisfaction of primary biological needs, the need for control over situations in which they find themselves is a major force driving human behaviour (Bateson, 1984). Perceived control can be conceptualized as a superfactor, a global index that summarizes an individual's experience with a service. The basic premise of this perspective is that during the service experience, the higher the level of control over the situation the customer feels they have, the stronger their satisfaction with the service. Similarly, it is proposed

that there is a positive correlation between the service provider's experience of control and their job satisfaction. Similarly, it is important for the service firm to maintain control of the service experience, so that the economic position of the firm is not threatened. There is a three-way tension between the firm, the contract employees and the customer.

Research further shows that behavioural control or the ability to control what is actually going on is only part of the picture. Cognitive control, where consumers perceive that they are in control, is even more important. Such perceptions can be encouraged, primarily through providing appropriate information to consumers and offering them a balance between predictability and choice.

A role is defined as

... a set of behaviour patterns learned through experience and communication, to be performed by an individual in a certain social interaction in order to attain a maximum effectiveness in goal accomplishment.

(Solomon et al., 1985)

The central assertion is that in a service encounter customers perform roles, and their satisfaction is a function of role congruence – or whether or not the enacted behaviours by customers and staff are consistent with the expected roles. Satisfaction of both parties is likely when the customer and the service provider enact behaviours consistent with each other's role expectation. When this is not the case, both parties may be upset by the interaction. From a managerial perspective, role theory identifies two tasks:

1. to design roles for the service encounter that are acceptable and capable of fulfilling the needs of both customers and service providers; and
2. to communicate these roles to both customers and employees so that both have a realistic perception of their roles and those of their partners in the interactions.

Because role theory is not directly concerned with perceptions in the service encounter, it does not fit with concepts of service evaluation and customer satisfaction. The theory has been adapted to accommodate these issues, and developed around the idea of a script.

Script theory argues that rules, mostly determined by social and cultural values, exist to facilitate interactions in daily repetitive events, including a variety of service experiences (Smith and Houston, 1982). These rules must be acknowledged and obeyed by all participants for satisfactory outcomes. Script theory takes into account the whole service experience. Unlike roles, which are extra-individual, scripts are a function of the individual's experience and personality. Part of the job of the service provider is to uncover the script and enact it with the customer, if appropriate, or otherwise revise it in partnership with the customer.

CUSTOMERS TOGETHER

Libraries and other information environments are often public arenas in which several customers partake of the experience in parallel. As the study of the service experience within a wide range of service environments has matured, there has been increasing recognition that customer satisfaction often depends on the customers' direct or indirect interaction as they share the service facility's physical environment (for example Bitner, 1990; Johnston, 1989). Customer-to-customer interactions can either enhance or impoverish the service experience. For example, a kind word or a pleasant smile from a fellow customer may make the service experience more enjoyable, whereas rowdy and obnoxious behaviour is likely to have the opposite effect.

Since customer-to-customer interaction may significantly affect customer satisfaction and thereby the likelihood of a return visit, it is important for service managers to be sensitive to these relationships, and the behaviours that strengthen and weaken them. More specifically, managers need to appreciate what can be done to manage or positively influence the way customers affect one another and the mechanisms by which they can support each other's experiences.

Customer-to-customer interactions may take place in a variety of contexts. Clearly, in the context of a library, the interaction may be positive either because it assists the user in the use of the information service; or because the user enjoys the social exchange for its own sake. In other instances the exchange may be so negative that it overrides other elements of the experience that may be more than satisfactory. Such experiences can only be classified as potentially negative or potentially positive, since the actual nature of the experience is influenced by the perception of the customer. Note, also, that there will be occasions when some parties may perceive the interaction to be positive whilst others may perceive it to be negative. To take a simple example, as one student assists another student with change for the photocopier, these two might view the experience as supportive and positive. Others waiting in the queue for the photocopier may view the delay caused by this transaction as unwarranted, and yet other customers may find the exchange distracting.

The instinctive reaction of a service provider is to assume that customer-to-customer interactions are beyond their control. In environments such as retailing and banking, the duration of the coexistence in the shared environment may be quite short. However, in many leisure and educational environments, where the customer spends a longer period of time, typically from 30 minutes to a few hours, the significance of customer-to-customer interactions is greater and, indeed, may be more significant than customer-to-service agent interactions. Johnston (1989) stressed the importance of the customer's role in service operations and

suggested that customer management should be approached in a similar way to employee management. He identified the following customer roles:

1. Provision of explicit services in the following three forms:
 - self-services, as in supermarkets
 - services to other consumers, as in participation in a seminar or syndicate group
 - services provided for the organization, such as returning library books.
2. Creation of the environment in contexts where the atmosphere is partly due to other customers.
3. Training other customers – since customers observe each other's conduct.
4. Provision of information in specifying customer requirements and providing feedback about satisfaction.

Johnston further argued that customer management might encompass deciding upon the type of customer that is wanted and how to go about customer selection. Service organizations also need to have procedures for 'dealing with' customers who do not 'fit'.

Customers also interact in the context of digital information environments. They may do one or more of the following:

- Interact with each other in a physical environment as they support and help each other to use digital information facilities.
- Use communication facilities on portals, websites and webmail to communicate with each other about personal, social or work- or study-related matters.
- Become members of virtual or online communities. Several thousand virtual communities are accessible over the Web, and the development of an online customer community is seen as an essential characteristic of a successful e-business website, or of a web portal, such as a search engine or subject gateway. Online communities are driven by shared social needs, which are strengthened by personal interactions and relationships. Indeed an essential aspect of community creation is the provision of opportunities for customers to develop a web of relationships.

Just as in the physical world, customer interaction through digital channels can have both positive and negative effects on the quality of the customer experience, and relationships with the organization.

REFLECT: For a long time, customer compatibility in libraries was managed through the silence rule. This rule is now commonly contravened in many libraries. What other strategies for customer compatibility management can libraries employ?

CONCLUSION

Building customer relationships develops a 'customer portfolio' alongside the organization's product portfolio, and might be viewed as the ultimate realization of marketing orientation. Organizations should consider the types of relationships that they wish to build, and the groups with whom they wish to build them. A network of relationships, including customer-to-customer relationships, contributes to the creation of a community. Organizations need marketing strategies that make this dynamic community self-perpetuating. Loyalty is an important measure of the extent and nature of relationships. The service experience offers a unique context for their development and honing. Work on service quality has offered a number of perspectives on optimum features of service environments. The future will involve tackling the issues of relationship-building, community-building and maintenance in the electronic information marketplace.

REFERENCES AND FURTHER READING

Note: For additional references on loyalty schemes and customer relationship management systems, see Chapter 9.

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APPENDIX: SOME CUSTOMER EXPERIENCES OF LIBRARY AND INFORMATION SERVICES

CASE STUDY 1: A PUBLIC LIBRARY USER SEEKING LEISURE READING

Mrs Brown finds a parking space close to her local branch public library, pays for the parking ticket and walks to the library. She enters the library at 10.45 on a Saturday morning, accompanied by her two school-age children. They join the queue at the counter in order to return the books they borrowed two weeks ago. They queue for three minutes and meanwhile chat to neighbours who are also in the queue. Child 1 disappears to examine the children's books, whilst Child 2 is waiting to help to place the books for discharge on the counter. When their turn arrives, the assistant points out that fines of 20p are due on the books because they are one day overdue. Mrs Brown pays the fines. She then moves on to the children's section to check that Child 1 is fruitfully engaged and not disturbing other people. Child 2 is seeking some information for homework in an encyclopedia. Mrs Brown assists with the use of the index and helps to locate the appropriate section. Together Mrs Brown and Child 2 visit the photocopier, only to discover that they do not have the correct change. A visit to the change machine rectifies the situation, and after examining the photocopier instruction they copy two pages. Meanwhile Child 1 has selected five books, but can only borrow four. Negotiations ensue to reduce the set of books to four. Child 2 goes to select her own books. Mrs Brown heads for the adult science fiction section, with Child 1 following and asking to 'get my book stamped'. After a quick browse of the science fiction stock, Mrs Brown selects some reading for herself and her husband. She then browses through leaflets on display about local activities. They then all three queue for a short while to have their books issued and leave the library at 11.20 to return to their car.

CASE STUDY 2: A STUDENT USER SEEKING READING FOR AN ESSAY

Mr Green enters the university library at 2.00 after a light lunch with friends in the student refectory. He consults the OPAC to check the locations and availability of items on the reading list that he has been issued in respect of an assignment which is due in three days' time. A number of the books on the reading list have already been borrowed by other more diligent students who are tackling the same assignment, so Mr Green conducts a wider subject-based search on the OPAC to identify other potentially useful books. With a list of these titles and their shelfmarks, Mr Green visits the shelves, and is successful in locating some, but not all, of the books he requires. He then visits the short-loan collection to ascertain whether the study packs that have been prepared by his lecturer are

available. These are all booked, so he books one for 10.00 am the following day. He takes the books that have been located in the study area and settles down to obtain a broad grasp of the key issues of the assignment. After browsing through the books he selects three for borrowing and reads short sections in and takes notes from two other books. After an hour of study and approximately two hours in the library Mr Green decides that it is time for a coffee. Leaving his work in the library, he leaves the library and visits the nearest student coffee bar, to return approximately 20 minutes later, having also visited the toilets on his way back. He then seeks some of the periodical articles that are on his reading list. Once he finds these he decides to photocopy three of them. The photocopier is busy, and he needs to wait 15 minutes. By now it is getting towards the end of the afternoon. Mr Green returns journal volumes to the shelves, and takes the books that he intends to borrow to the issue desk, together with the notes and photocopies he has made. He now has a collection of materials that he will take home and use to study further in the evening.

CASE STUDY 3: A BUSINESS MANAGER SEEKING INFORMATION ON COMPETITORS FROM A BUSINESS LIBRARY

Mrs Black telephones the information services associated with the business library with which her organization is a registered user. She requests financial profiles for three of her organization's competitors. After a brief 'reference interview' during which the information officer seeks to clarify the question, the information officer undertakes to locate the required information and to e-mail details in about half an hour. Half an hour later Mrs Black receives an e-mail with attachments giving the summary details as requested. At the end of the month, the organization receives a monthly invoice for services used.

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6

Branding and corporate identity

AIMS

Branding allows producers to differentiate their product from that of their competitors, and assists customers in the selection of an appropriate product. Branding is concerned with the creation of images and expectations in the mind of the consumer. These expectations may have a significant effect on the product or service selection, and in the case of services, on the development of the service interaction. This chapter:

- defines some basic concepts associated with brands, branding and corporate identity
- discusses the challenges for brands in the information marketplace, with specific reference to online branding
- explores the benefits and disadvantages of branding
- outlines the stages in the process for the creation of a brand and corporate identity.

INTRODUCTION

Branding is concerned with positive reputation-building and visibility in the marketplace. It bridges marketing communications and product. Branding is part of marketing communication in the sense that brands are designed to communicate messages, and branding is an integral component of any marketing communications campaign. In addition, brands have a significant effect on how users or customers perceive a product, since the brand captures the psychological characteristics of the product. Branding, by emphasizing values such as high quality, reliability or excitement, can persuade consumers that a product will meet their needs, and deliver benefits. Since information can be viewed as a good experience, and it certainly has a high level of intangibility, branding and

reputation-building are particularly important for information products and services. In addition, where a user or consumer is likely to engage in re-purchase, re-visit or re-use, branding plays a central role in building and crystallizing expectations.

Well-recognized brand names are often taken by customers or potential customers as an indication of quality and expertise in a specific product range, and they assist in the selection of a specific good or service. Branding allows producers to differentiate their product from that of their competitors and assists customers in their selection of an appropriate product. Branding is thus an essential extension of a product; it creates a character for a product that can be recognized in consumer markets. Although these concepts originated in the commercial world and, in that context, were originally primarily associated with goods rather than services, increasingly services are seeking to differentiate themselves from competitors through effective branding. Both public and private sector services have developed an increased awareness of the importance of marketing in the creation of effective communication with customers and potential customers. At a basic level, branding ensures that customers can immediately recognize the originator of the communication. Users should be able, through the use of elements of brand and design, to recognize a library's communications and identify positively with the brand. For example, the Wigan & Leigh public library service recently launched their 'Explore' brand, which aims to make libraries 'more inviting and exciting centres of learning and discovery for all members of the community'. The creation of a brand is an important element of the promotional process, and is central to the use of promotion to convey a consistent message to customers about the nature of the organization and its products.

Kotler's (2003) p.418 definition of a brand is a useful starting point:

A **brand** is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

A brand can be viewed as the seller's promise to consistently deliver a specific set of benefits and services to the buyers. The brand enables the purchaser to obtain products that satisfy highly specific wants, without having to resort to a detailed description of them. As a shorthand expression, a brand, then, facilitates the communication process between the producer and their customers. This shorthand expression may take the form of a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers. Typically, a brand may have one or more of the elements summarized in Figure 6.1: a brand name, a brandmark, a trademark or a trade name.

A **brand name** is that part of a brand that can be spoken, including letters, words and numbers. A brand name is a significant identifier of products; for example, 7-UP or Coca Cola.

A **brand mark** is that element of a brand that is not made up of words – often a symbol or design, such as the symbols used to denote many car brands, the yellow arches of McDonald's and the Microsoft Windows symbol. These can also be registered as trademarks.

A **trademark** is a legal designation in the form of a brand name, symbol or logo that is registered and protected for the owner's sole use. Organizations can register smell, sounds, product shapes and packaging as well as brand names and logos. Examples include the shape of the Toblerone bar, the Nike symbol and the Jif lemon juice packaging.

A **trade name** is the full and legal name of an organization, such as Lever Brothers or Cadbury's. A trade name may or may not play a role in brand identification.

Figure 6.1 Elements of brand identifiers

REFLECT: Examine a professional information magazine or a programme for a major conference or exhibition, and list some of the brand names used. Do they also have associated trademarks or brand marks?

THE MEANING OF BRANDING

The simple definition of a brand given above belies the significance of the role of branding in consumer marketplaces. Branding is at the interface between product design, customer relationships and marketing communication. De Chernatony and Dall'Olmio Riley (1998) drew together 12 different definitions of brand, as shown in Figure 6.2. The first five definitions in Figure 6.2 are covered by the basic definition of brand, but the next seven definitions emphasize the role of brands in defining relationships with customers.

The purpose of branding is to facilitate the organization's task of getting and maintaining a loyal customer base. In this context, the key definition is that of brand as an expression of a relationship between the consumer and the product. Indeed many of the other definitions of a brand could be viewed as supporting the relationship between the brand and the customer. Thus logo and company are concerned with the first stage of relationship building – awareness and recognition. Shorthand, identity and image are perhaps characteristic of the courting phase in a relationship where a brand needs to make the first move. Risk reducer is concerned with facilitation of the early stages of a relationship, possibly associated with cognition. In the concepts of identity system, image, value system,

Brand definition	Brief explanation
Legal instrument	Mark of ownership as in trademark, name or logo
Logo	Recognized name, term, design or symbol
Company	Recognizable corporate name and image
Shorthand	Represents characteristics or values that are associated with the brand
Risk reducer	Brand as a contract with the consumer
Identity system	Holistic, consistent, integrated vision
Image	Image in consumer's mind is the brand reality
Value system	Brand values to match relevant consumer values
Personality	Brands as symbolic devices with personalities that users value beyond their functional utility
Relationship	Extension of brand personality; brand is an expression of the relationship between the consumer and product
Adding value	Added-value differentiates brands; added-value is the range of non-functional benefits that are offered in addition to functional benefits. Consumers imbue brand with subjective meaning that they value sufficiently to cause them to buy the brand
Evolving entity	Brand concept changes by stage of development of the brand

Figure 6.2 Alternative definitions of the brand construct

personality, relationship and adding value, a two-way dynamic is introduced, in which the consumer inputs into the brand, and the brand is consumer-centred. At this stage the brand managers will be seeking to generate an affective orientation or an affinity towards the brand.

In summary, then, brands should be considered as much more important than just a symbol or a clever bit of design. They symbolize various desirable product characteristics such as quality, reliability and professionalism, and act as a platform for establishing and extending relationships with customer groups.

REFLECT: For the information product brands that you have identified above, can you identify some personality traits that you associate with the brand?

APPROACHES TO BRANDING

There are a number of different approaches to branding. Branding may relate to individual products or groups of products, or to the organization or company name, as summarized in Figure 6.3. Although service sector industries may on occasions seek to brand their products, in general there is significant emphasis on branding the company or, in other terms, creating a corporate identity and seeking to influence the corporate image. The creation of a corporate identity is, then, one type of branding, which is likely to be particularly appropriate in the context of information organizations. It is useful to distinguish between the two concepts of corporate identity and corporate image:

- **Corporate identity** is how the company or organization sees itself, in terms of achievements, values, mission and aspects of products such as product range, price, and quality.
- **Corporate image** is how the customer or potential customer or other target audience perceives the organization, in respect of some or all of the above features.

Individual branding – naming each product differently means that a poor product does not affect others. This may be good for multiple segments; for example, Apple use iPod and Mac for different product ranges.

Family branding – all products are branded with the same name; for example Microsoft, Nokia. Sometimes the company name is included and this can be useful when physical differentiation is difficult and markets are relatively small.

Family line branding – family branding for products within a specified line, such as Dairy Milk.

Company name branding – such as British Airways or American Express; this technique is often used in the service sector.

Brand extension – use of an existing brand name as part of a brand for an improved or new product.

Brand licensing – permitting approved manufacturers to use a trademark for a licence fee; for example, Disney, Jaguar, and Intel.

Own label brands – initiated and owned by resellers (wholesalers or retailers); the manufacturers are not identified on the product. Attractions are more efficient promotion, higher gross margins and improved store image.

Generic brands – no branding, economy packaging.

Figure 6.3 Approaches to branding

Thus, for a library and information service, corporate identity might emerge from general professional concerns associated with public service, customer care and accessibility to a wide range of different information sources in both electronic and print media. Corporate image, in the eyes of the customers, may, at the worst be associated with shelves of dusty and dry books, inconvenient opening hours

and the need for silence. More positively, Lilley and Usherwood (2000) suggest some shift from traditional perspectives of the role of public libraries towards an association with public access to information technology.

Image, then, in common with the expectations that may colour customers' quality judgements, is shaped to a considerable extent by previous experiences of a specific service point or of the category of service in general, such as, in this case, libraries. The challenge for managers and marketers is to align corporate identity with corporate image. This needs to start with an assessment of both identity and image, and the development of a vision of potential identities and images.

Another important aspect of brands and branding emerges from this discussion of identity and image. Specifically, brand is a concept in the mind of the customer. Managers and marketers may choose to try to promote a specific brand identity, but they cannot entirely control brand image.

CHALLENGES FOR BRANDS IN THE INFORMATION MARKETPLACE

Branding is most easily associated with high-profile international consumer brands. Only a few brands will achieve such consumer familiarity. Many other brands are established in specific market segments and with specific professional or consumer groups. Accordingly there are a number of such brands in the information marketplace. Organizations such as libraries may be concerned with brands from two different perspectives:

- the creation of a corporate identity for their own products and services;
- the evaluation of branded products and services from others in the information marketplace in the selection of goods and services that support their activities with end-consumers.

Branding can be conducted at the product or corporate level. Service sector industries often promote corporate brands and associated corporate identities and images. Corporate brands in the information industry include such long-standing brands as: OCLC, ISI, Cambridge University Press and ERIC. Many organizations also maintain a list of product brands, such as OCLC's FirstSearch, Biological Abstracts Inc's BIOSIS Previews and The British Library's Zetoc. Awareness of such brands is likely to vary with experience of information products, discipline and geographical location. At a more parochial level there will be a host of brands promoted by organizations that wish their own user group to recognize and respond to their brand when they use it in their publications, on websites and in service settings.

One of the challenging characteristics of branding in the information environment is that technology has driven through rapid change. This means that

it is necessary for organizations to continually update their image and identity, and to evolve the meaning of brand names. Some brand names have a considerably longer life than others. In addition, brand names must have international validity, since many organizations are operating in international marketplaces.

The significant effect of the digital revolution on information services and other cybermediaries in the information industry means that such organizations and their brands are at the forefront of online branding. If a brand were no more than a sign or symbol, this would present no challenges other than the appropriate display of the brand mark, and names on web pages. However, if the brand is seen as central to the relationship with customers, and integrally connected with loyalty, then brand messages, values and even personality need to be communicated through the web page. There are a number of aspects of branding in digital environments that need to be carefully considered:

1. Brands can be used as **search keys** in locating the sites of the organization. Consistency between domain name and brand name can reinforce familiarity with the brand.
2. **Web pages** and their brand messages. Web page design should not be viewed as being restricted to usability and functionality, but also needs to be considered from the perspective of the messages conveyed by the web page and the service that it delivers. The brand message needs to be integral to the website design, and all of its elements (including brand logo, graphics, text and copy, currency and news, colour, shapes, layout and combination of images, relationship features and download speed), need to contribute to the communication of the brand message.
3. **Integration** of branding and marketing communication across channels. Most information services operate in multi-channel environments using both digital and traditional service delivery. For such organizations a robust multi-channel branding strategy is necessary, in which shared brand messages are communicated through the different channels, and the different channels reinforce and extend a common message, both through what they say, and what they do.
4. Linking and **brand webs**. Traditionally, brands have been defined at organizational level. Leitch and Richardson (2003) propose the concept of the brand web to accommodate the alliances and networks in which organizations are enmeshed, as a core part of their identity. In their multidimensional brand web model, brand relationships are mapped out both within and between organizations. They argue that brands do not stand alone and that it is necessary to manage the network of brand relationships. As discussed in Chapter 2, the information industry operates through a range of relationships, and many of these are visible to the end-user through a library website. For

example, a typical university library website, through the display of links to associated websites, displays links to the brands of a number of journal publishers and aggregators, JISC services, bibliographic databases, subject portals and other commercial organizations. Each of these product or corporate brands (representing a different organization) or node in the brand web has its own corporate identity and brand values. The information service needs to assess the compatibility of respective corporate identities and brand values, not only with the information service's corporate identity, but also between nodes in the brand web. This radically different perspective, which focuses on managing meaning, has the potential to provide important new perspectives on partnerships and alliances.

5. **Globalization.** Websites are globally accessible and, whatever targeting marketers may intend for an online brand, the website will be seen by other audiences. Language, colour and symbols often translate poorly between countries and cultures. The audience for online brands is less predictable and more diverse than the brand audience encountered through many other channels.

BENEFITS OF A BRAND

The benefits of a brand fall into the two interrelated categories of benefits to sellers and benefits to buyers.

SELLER BENEFITS

One of the primary advantages of a brand is the extent to which it can be used to differentiate a product or service from that of the competitors. One way of identifying this differentiation is to plot some well-known brands on a positioning map. Such differentiation allows the development of imperfect competition and thereby competitive advantage, in such a way that brands can sustain a price premium because customers perceive added value. In addition, brands can encourage repeat purchasing of the same or similar products. So, for instance, if customers have a good experience with one product that they associate with a brand, they are likely to seek other products with the same brand, and have a sense of the type of quality, specification and value for money that they associate with the product. If customers have favourable experiences with a brand this is likely to lead to a degree of brand loyalty when considering repeat purchases. Any product that a customer needs to acquire or access on a regular basis, such as a visit to a library or a supermarket, depends significantly upon brand loyalty for return custom.

Another advantage of a brand is the opportunity for brand promotion so that a series of products can be promoted simultaneously. One promotional campaign can thereby cover a range of products. So, for example, in promoting the brand 'Ford' a range of cars is promoted, and although this range may change over time, the brand can remain consistent over a number of years. In the same way, a publisher or a library and information service may seek to promote a collection of products under the one brand, such as Oxford University Press, Norfolk County Council or GEAC.

BUYER BENEFITS

Some of the benefits to the seller derive from the benefits to the buyer and, accordingly, we have touched on these above. It is useful, however, to reiterate that a brand assists the customer with the purchase process. In particular, brands help to reduce buyers' perceived risk of purchase and help them to feel more confident in their purchase. This is largely due to the fact that quality perceptions transfer from one product to another with the brand. A special case of this are prestige brands, such as Rolls Royce, which are perceived to add status to the buyer in the eyes of their community, friends and family, and therefore for which customers are prepared to pay even more. So, for example, if a library has been successful in offering speedy interlibrary loan services, then users might be more inclined to believe that the library might also be able to offer timely electronic access to business information.

REFLECT: What benefits do you think branding might confer on an information service?

DISADVANTAGES OF BRANDS

If brands lend support to both the buyer and the producer, why are there not many more strong brands? Part of the answer to this question lies in the limit to the number of brand images that individuals can retain, but there are also disadvantages to brands from the producer's perspective:

- Brands are expensive to establish; they need a lot of promotion before the customer group recognizes a brand and associates specific attributes with a brand. Most successful brands have been built and maintained over a considerable period of time (often many years).
- Being associated too strongly with particular products or market positions can mean that it is difficult for a producer to change the attributes of their product offering and be associated with that change. So, for example, when Skoda

sought to create a higher quality product, which was more costly to produce than the earlier models, they faced a real challenge in convincing the market that quality had increased to such an extent that customers should consider paying higher prices for the product.

- Protecting a brand. Brands need to be maintained and protected. The brand image needs to be continually drawn to the attention of the customer.
- Asset value of a brand. A brand may lead to differentiation and the opportunity to set higher prices, but calculating the asset value of a brand is difficult. This is, however, necessary if a convincing case is to be made for investment in the creation and maintenance of a brand in a tight financial environment.

CREATING A BRAND IMAGE OR CORPORATE IDENTITY

The creation of a brand image or a corporate identity must be prefaced with a consideration as to whether such branding is likely to be beneficial. This involves consideration of the objectives of branding as identified below and an assessment of whether those objectives can be realistically achieved. It is important to recognize that some products will not benefit from branding, either because branding will not lend any advantage over competitors' products or because the nature of the product is such that a reputation will not assist users in their selection of the product. In addition, in all brand development and building it is important to remember that a brand is only as good as the brand image that it generates in the minds of customers. The task of the brand builder is to tease out and communicate brand values that take the organization where it wants to go, whilst building on any existing value attributes or personality traits that existing users associate with the organization. On the other hand brand building needs to provide leadership, and not just echo how an organization is currently perceived.

The process of creation of a brand is intimately associated with promotional activities, as promotion will often be a significant element of the process whereby a brand is created in the mind of the customers. We now explore some aspects of this process, but first there are two other important considerations to take into account in the brand creation process:

1. Brands are rarely created from a blank sheet. Most products or services will have a prior brand image in the mind of the consumer, and this must be taken into account in seeking to develop any new image. Consistency and credibility are important in this process. The extent to which any prior brand needs to be taken into account depends upon the strength of the earlier brand identity.
2. The brand identity needs to be carried through both internal and external communication, so, for example, if a specific form of name is chosen for an

organization, such as Leisureforce, then this form must be used in both internal and external communication, and variants, such as Leisure Force or Leisure force or LF must not be tolerated. Furthermore, the identity must be something that all staff can understand and translate into their role in the organization.

ORGANIZATIONAL CONTEXT

Any brand mark, such as that for a public or an academic library, needs to be designed taking into account, and possibly echoing, the corporate brand. Values embedded in the corporate brand need to be translated into the library brand, but interpreted to match the unique service offered by the library, and the values associated with that service that are shared by managers and their staff. In addition, any existing brands for the information organization or its services need to be reviewed and, where appropriate, consideration given to how the brand can be operationalized in different channels.

OBJECTIVES AND MESSAGE

What is the objective of the brand and the branding exercise? Typical objects of any promotion exercise can often be grouped into the following categories:

- raise awareness of online and physical services
- encourage a higher level of use of services
- enhance the effectiveness of communication between users and service provider
- encourage more frequent visits to a library or website
- encourage users to use a wider range of online services
- get people to remember the brand mark, and increase their recognition
- change attitudes towards the information organization.

Branding might contribute to the achievement of any of these objectives, but it is important to identify where priorities should lie.

The identification of the characteristics of the target audience forms part of the objective-setting process. Is the brand message to be communicated to customers or potential customers? Is the message a 'mass' message or should it be focused on specific groups? How might these groups be defined or segmented?

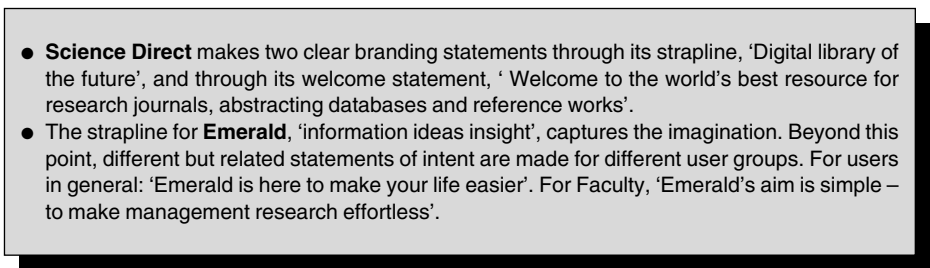
The final stage in objective-setting is to consider the message. The message must initially gain attention, subsequently hold the interest of the audience, and possibly lead to action in the form of purchase or use on their part.

DESIGNING A BRAND NAME AND VISUAL IDENTITY

The brand name is an important component of the brand identity, and is important in creating an immediate and lasting impression for the brand. Brand names should be:

- easy for customers to say, spell and recall and, for the global marketplace, acceptable in different languages;
- appropriate for use as part of a URL, so that users can easily identify websites in the electronic marketplace;
- distinctive and standing out from the competition, whilst appealing to the target market and being appropriate to the product;
- compatible with all products in the line;
- suitable for use in all types of media;
- capable of protection through registration, and not subject to becoming generic: descriptive brand names such as Aspirin, Liquorice Allsorts or Weetabix have been particularly vulnerable to becoming generic;
- not subject to brand counterfeiting or copying;
- if possible and appropriate, indicative of major benefits.

Normally the brand name will be incorporated into the visual identity or the physical embodiment of the corporate identity. This visual identity normally also includes a colour, and a typeface and possibly a logo. The physical embodiment of the corporate identity must be distinctive, usable, have immediate impact and be suitable for use in a variety of different contexts and media. Figure 6.4 considers how websites for two publishers match up to these demands.



- **Science Direct** makes two clear branding statements through its strapline, 'Digital library of the future', and through its welcome statement, 'Welcome to the world's best resource for research journals, abstracting databases and reference works'.
- The strapline for **Emerald**, 'information ideas insight', captures the imagination. Beyond this point, different but related statements of intent are made for different user groups. For users in general: 'Emerald is here to make your life easier'. For Faculty, 'Emerald's aim is simple – to make management research effortless'.

Figure 6.4 Branding messages from two publishers' websites

Source: based on Rowley (2003)

COMMUNICATION CHANNELS

These can be described as personal or non-personal. In the service sector personal communication channels are especially important. These fall into two

groups: customer-to-customer communication channels and service agent-to-customer communication channels. Both of these categories are embedded in the service process; service experiences will influence images. Non-personal communication channels include the press (both local and national), brochures and pamphlets, the television, the Internet and other public access information points, posters, radio and the cinema.

MONITORING BRAND CREATION

It is important that the effectiveness of any brand creation process or campaign be evaluated, both so that the effectiveness of the use of resources can be monitored, and also so that the organization continues to have a sound understanding of its brand image in the minds of its customers upon which to base further promotion. In addition, it is important to remember that, to avoid brands becoming dated, they must be changed and developed over a period of time, even if they retain certain core values, such as a commitment to quality.

BRAND EXTENSION

If a brand has been created to cover specific products and marketplaces, as product ranges develop or there is a need to move into new marketplaces, organizations might be keen to use the reputation and relationships associated with established brands in these different contexts. The process of using the same brand name for different products and audiences is described as brand extension. In the information marketplace, services and products can change relatively rapidly, when compared with the several years that it might typically take to establish a brand. An important element of the maintenance of a brand is the consideration of brand extension, and the effect on the brand of a changing portfolio of products.

CONCLUSION

This chapter has explored elements of the concepts of branding and the creation of a corporate identity. Although these concepts originated in the commercial world and, in that context, were originally primarily associated with goods rather than services, increasingly services are seeking to differentiate themselves from competitors through effective branding. Both public and private sector services have developed an increased awareness of the importance of branding in the creation of effective communication with customers and potential customers. For information organizations the challenges of online branding are particularly

significant. The creation of a brand is an important element of the promotional process. Brands have a key role in conveying a consistent message to customers about the nature of the organization and its products. The benefits of branding include those for both seller and consumer, and in general benefits outweigh disadvantages. The main disadvantage of a brand is being associated with outmoded images. The process associated with the creation of a brand image or corporate identity involves consideration of the objectives of branding, and the context in which it is being undertaken. The design of the brand name and visual identity and the selection of communication channels are important elements in this process. Finally, the success of the brand creation needs to be monitored.

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7

Marketing communications

AIMS

Marketing communications or promotion is used to communicate with customers in connection with product offerings. Marketing communications has a key role in determining profitability and market success and is one of the key '4Ps' of the marketing mix. This chapter explores:

- the promotional mix, including its tools, and integrated marketing communication campaigns;
- the stages in the design of communications strategies, including a discussion of concepts such as target audiences, marketing messages, communication channels, promotional budgets and monitoring promotional performance;
- approaches to the use of key elements in the communications mix, including public relations, advertising, online marketing, communication through the physical environment, direct marketing, sales promotions, exhibitions and events, sponsorship and personal selling,

INTRODUCTION

Marketing communications or promotion is used by organizations to communicate with customers and to inform and persuade customers of the value of their product or service offering. Marketing communications is one side of the communication process with customers. Whilst the focus in this chapter is on the organization 'talking', communication is a two-way process, in which organizations must also 'listen'. Communication design must be informed by the response to earlier communications, and evaluation of the impact of communication is an important aspect of the marketing communication process. Marketing research (Chapter 9), in which suppliers seek to elicit information on consumer requirements, complements promotion. Figure 7.1 depicts this very simply.



Figure 7.1 Promotion and its complement, market research

Customer relationship management, both through face-to-face interaction and through data collection by means of customer relationship management systems, bridges both marketing communication and marketing research. Exchanges between the service agent and the customer can elicit information about customer requirements, and also enable the service agent to explain how the organization's products might meet them. Similar kinds of exchanges can occur in organizational marketing transactions, where the salesperson is a significant agent in the establishment of relationships between the customer and the organization. Customer relationship systems, including loyalty and reward systems, are also an arena in which organizations can both talk to and learn from customer actions and behaviour.

Mercer (1996, p. 309), in emphasizing that communication must be a two-way process, says:

The ideal form of promotion is the conversation which takes place between the expert sales professional and his or her customer. It is interactive and conversation is specific to the needs of both. Other forms of promotion, which deal in the 'average' needs of groups of people can only hope to approximate to this ideal.

Nevertheless, as Mercer acknowledges, much promotion, especially in consumer markets, can appear to be predominantly a one-way process, in which the producer decides upon a marketing message and selects channels through which to communicate that message.

In such contexts, there is feedback on the effectiveness of the promotional strategy, but since this is largely in the form of sales, it can be difficult to differentiate between the role of promotion and the contribution of other factors in the marketing mix to market success.

The information marketplace is an interesting mixture of consumer, internal and business-to-business marketing. For example, public and academic libraries are often concerned to promote services to end-users or consumers, and also need to engage in internal marketing to convince budget-holders within their

organization to invest in information services. On the other hand, library suppliers, online search services, database producers and publishers of journals and abstracting and indexing services have often viewed their primary market to be other organizations, such as libraries, businesses and public sector organizations. As discussed in Chapter 5, the information industry operates through a network of relationships that are becoming increasingly transparent to end-users in digital environments. This has implications for marketing communications strategies at two levels:

- different approaches are appropriate in consumer, internal and business-to-business markets;
- organizations need to be alert to, and manage the relationships between, their marketing communication strategies and actions and those of their suppliers or partners.

All organizations communicate messages to their customers, whether explicitly or implicitly, through service and physical environments. Yet even some large information organizations, because they have small marketing budgets and much of their marketing communication is embedded in actions, sometimes pay insufficient attention to marketing communication. Marketing communication is all-pervasive. Every organization can benefit from an explicit focus on issues such as audiences, communication objectives, messages and media.

This chapter first explores the marketing communications mix and the role of marketing communications. It then emphasizes the need to take a systematic approach to marketing communications, and discusses this in the context of integrated marketing communication campaigns. The stages in designing communication strategies are outlined. Finally, the characteristics of specific elements in the marketing communications mix are described.

THE MARKETING COMMUNICATIONS MIX

Marketing communication is concerned with ensuring that customers are aware of the products that the organization makes available to them. More specifically, the objectives of any promotional strategy will be drawn from an appropriate mixture of the following roles of promotion:

1. to increase sales
2. to maintain or improve market share
3. to create or improve brand recognition
4. to create a favourable climate for future sales
5. to inform and educate the market

6. to create a competitive advantage relative to competitors' products or market position
7. to improve promotional efficiency.

REFLECT: Rewrite the above objectives in terms that apply to a public library seeking to promote its services to its users.

An appropriate marketing communications mix must be created in order to meet the objectives of any given promotion strategy. This mix is the combination of different channels used to communicate a promotional message. Libraries may perhaps focus on public relations, personal selling and online marketing. Selection is made from the range of tools that are available as part of the promotional mix, including:

- **Public relations and publicity**, which includes programmes and initiatives designed to promote and/or protect an information organization's image, or that of its products, including product literature, exhibitions and articles about organizations' products in professional or in-house newsletters.
- **Advertising**, which includes any paid form of non-personal presentation and promotion of ideas, goods or services by any identified sponsor. The pages of professional newsletters and magazines are common avenues for advertising information products.
- **Online marketing**, which includes all of the marketing communication through the Web, typically based on the organization's website, and the mechanisms that it uses to direct traffic to that website.
- **Communication through physical environments**, which includes use of space, the integration of museum pieces, artwork and entertainment into library buildings, as well as the building design and signage.
- **Direct marketing**, which includes the use of mail, telephone or other non-personal contact tools to communicate with or solicit a response from specific customers and prospects. Mailshots and leaflets inserted in professional magazines are used to promote information products.
- **Sales promotion**, which includes short-term incentives to encourage trial or purchase of a product or service, such as discounts for access to a database over a limited period.
- **Exhibitions and events**, which includes exhibiting at major information or other professional and trade exhibitions, through to stalls at local business exhibitions and events to launch new initiatives.
- **Sponsorship**, which includes financial or external support of an event or person by an unrelated organization or donor, such as is common in the arts, sports and charities. Large organizations, such as major publishing groups like Reed Elsevier, or software houses such as Microsoft, may engage in

sponsorship, but in education and libraries, public sector organizations are more likely to be the recipients of sponsorship.

- **Personal selling**, which includes face-to-face interaction with one or more prospective purchasers for the purpose of making sales. This is common within the organizational marketing transactions in the information industry, where sales representatives, often also with a support function, are the norm. In building relationships with users, some of the more positive aspects of personal selling techniques can be used to encourage positive responses from users.

Typically, organizations will use a combination of these strategies. Indeed, one promotional strategy may be used to support another promotional event; for example, an organization might take out a newspaper advertisement to announce its sponsorship of a sporting event. All elements of the marketing mix must be integrated, so that together they communicate and reinforce the message. Marketing communications initiatives for specific products may have a product-specific message, and indeed some media may permit more elaboration on the message than others, but all these variations on the message must be elements in an integrated communications strategy.

The choice of elements in the marketing communications mix is determined by:

- The nature of the product and, specifically, how much personal support is needed in the decision-making process associated with the choice of the product, and other factors that determine the need to establish a relationship between the customer and the provider. In many information environments, the user needs support and training in the use of products, and in service contexts a relationship is important in encouraging repeat visits and continued patronage.
- The target audience for the communication, and the medium through which they can most easily be reached.
- The lifecycle stage of a service or product. Promotion for new products is concerned with raising awareness; later in the lifecycle, sustaining relationships and fending off competition might require different media channels.
- The marketplace situation and, in particular, the degree and nature of the competition and the promotional channels used by competitors.
- The available budget!

INTEGRATED MARKETING COMMUNICATIONS CAMPAIGNS

Consistent messages must be driven through all media and channels. Both implicit messages (say, about commitment to customers) evident through aspects

of service delivery, and the quality of any online and printed documents, must be consistent with explicit messages. Equally, messages communicated through online, print and face-to-face channels must be consistent with each other. Whilst this is important for all businesses, information organizations need to pay special attention to consistency of messages across multi-channel environments. The approach that emphasizes the need to integrate channels for optimum impact is known as integrated marketing communications (IMC). IMC recognizes the value of an integrated communication plan that takes into account the various roles and contributions of the different marketing communications tools. IMC produces stronger message consistency and has greater impact.

At the heart of IMC is the concept of planning. Organizations that seek to communicate with large consumer audiences plan and execute marketing communications strategies, an element of which is often an advertising campaign. These ensure that a common theme is communicated through a series of messages placed in selected channels and media, chosen for their expected cumulative impact on the target audiences. Specific campaigns may run for varying lengths of time. Public libraries might run such campaigns for National Book Week; academic libraries might have an awareness-raising campaign (sometimes called Induction) around student enrolment periods to heighten awareness of new students to library resources. A library management system supplier might run a campaign centred around a major annual exhibition. Typically such annual campaigns have a common theme, but the theme needs to be communicated in different ways in each year.

Many information organizations do not have their own marketing departments, and so the responsibility may often lie with an information manager, who also has a range of other responsibilities in respect of the information service. On the other hand, many information organizations exist within organizations that do have marketing departments, and it is important to work with these, as they can offer a range of expertise and contacts. In addition, any promotional activities associated with an information service must take into account corporate marketing messages being disseminated through the organization's marketing department. Other organizations in the information industry may have specialized marketing departments. Many such departments use advertising agencies to support the design and implementation of a marketing campaign.

DESIGNING COMMUNICATIONS STRATEGIES

Figure 7.2 summarizes the stages in the design of communications strategies to support the realization of promotional objectives.

- Identify target audience
- Determine communication objectives
- Design the message
- Select communication channels
- Establish promotional budget
- Decide on promotional mix
- Evaluation

Figure 7.2 Stages in designing communications strategies

In the launch of a new, redesigned or rebranded product these stages would form the steps in the planning of a promotional campaign. However, many organizations are not only concerned with specific promotional campaigns, but also with maintaining a continued awareness and positive attitude to their products or services. In such circumstances, whilst each of these stages remains important, they will not necessarily always be visited in the sequence shown in the figure. The discipline of exploring audiences, communication objectives, channels and the marketing communication mix, and evaluation is important for all managers. In the next few sections, the purpose of each stage is described in further detail.

IDENTIFICATION OF TARGET AUDIENCE

The first stage is to characterize the **target audience**. This audience may include the complete market segment for the product or the organization, or a specific promotional strategy may be targeted more narrowly at a niche within the broader segment. Messages and channels may be selected accordingly, but care must be taken to ensure that other groups in the market segment are not alienated by the messages that might be associated with a niche strategy. Public libraries, for example, when targeting specific ethnic groups, need to seek to minimize any potential conflict with the messages for other groups, such as teenagers. The characteristics of the audience need to be understood. Segmentation might be applicable here, but in addition it will be important to understand the types of marketing messages to which the audience is likely to be susceptible. For example, what are children's relative priorities for an information service: convenient opening hours, up-to-date book stock or good Internet access? Also the marketer needs to be aware of the audience's current image of the

organization and its products. The concept of brands and brand image captures some of these issues, and was explored in Chapter 6.

DETERMINING COMMUNICATION OBJECTIVES

Below the level of the **objectives** of the marketing strategy are the objectives of the marketing communications strategy. How these can be categorized depends on the model of the communication or promotional process that is regarded as appropriate. Figure 7.3 compares four different models of this communication process.

Stages	(a) 'AIDA' model	(b) 'Hierarchy-of-effects' model	(c) 'Innovation-adoption' model	(d) 'Communications' model
Cognitive stage	Attention 	Awareness Knowledge	Awareness 	Exposure Reception Cognitive response
Affective stage	Interest Desire	Liking Preference Conviction	Interest Evaluation	Attitude Intention
Behaviour Stage	 Action	 Purchase	Trial Adoption	 Behaviour

Figure 7.3 Models of marketing communication

Sources: (a) F.K. Strong, *The Psychology of Selling* (New York: McGraw-Hill, 1925), p. 9; (b) Robert J. Lavidge and Gary A. Steiner, 'A model for predictive measurements of advertising effectiveness', *Journal of Marketing*, October 1961, p. 61; (c) Everett M. Rogers, *Diffusion of Innovations* (New York: Free Press, 1962), pp. 79–86; (d) various sources.

Each can be identified as having three stages:

1. the **cognitive** stage, during which potential customers become aware of products
2. the **affective** stage, during which customers form opinions and attitudes concerning products
3. the **behaviour** stage, during which customers take action (such as making a purchase) on the basis of their experiences in the first two stages.

Arguably the best known of these models is the AIDA model. This includes the following four elements:

- **Attention** – when the customer becomes aware of the product
- **Interest** – when an interest in the product develops
- **Desire** – when the customer has developed a sense of wanting the product
- **Action** – when a purchase is made.

It is important to decide whether the objective is to draw to attention, cultivate interest, stimulate desire or provoke action. In formulating communication objectives, account should also be taken of the structure of the consumer decision-making process, as discussed in Chapter 3.

REFLECT: Pick up a leaflet from your information service. Is the leaflet designed to: increase awareness, change opinions and attitudes, or provoke action? In your opinion, is it likely to be successful?

DESIGNING THE MESSAGE

Each communication strategy must have a message that is consistent with its communication objectives. Or put more simply, the organization must know what it wants to say to its communities. A major marketing project for public libraries in the UK, managed by the Museums, Libraries and Archives Council, has developed a marketing strategy for public libraries. Important messages from consultation are built around the positive impact that library services can have on peoples' lives and personal development, and their role as places in which people can satisfy a number of needs, including reading, learning and recreation (Meeson, 2005).

The chosen message will often strongly reflect the **unique selling proposition** (USP) of the products. The USP is the unique set of benefits that the producer believes is provided by their product, and which will be of interest to their customers. Where promotion focuses on a brand or corporate image or identity, this forms the basis of the marketing message. Another factor that needs to be taken into account is message consistency between different campaigns. An organization should promote a consistent, if evolving, image through all its separate campaigns; otherwise the audience will become confused and no overall clear message will be communicated.

The elements of the message that need to be considered are:

- message content – what message to communicate (such as 'We are offering free public access Web services');
- message structure – how to express the message (for example, 'Want to learn how to browse the Web for free?');

- message format – how to represent the message in symbols (such as whether to include pictures, more complete text details, embedding the message in catalogues, posters, presentations);
- message source – who should communicate the message, or act as the spokesperson, either in person, or by signature; the options are other customers, significant public figures, or the service agent (for example, ‘Would you like to try our new Web service?’).

Examples of potential message content for library and information services are given in Figure 7.4.

SELECTING COMMUNICATION CHANNELS

Communication channels can be divided into personal and non-personal. The former are those in which two or more people communicate with one another, and **word of mouth** is the primary means of communication. This communication may occur face-to-face individually or in groups, or in online environments through discussion groups, chat rooms, and bulletin boards. Electronic word of mouth can be very powerful, since comments, whether positive or negative, are recorded and there for all to view. Vociferous minorities can make their voices heard, with a variety of consequences.

There are three types of personal communication channels:

1. advocate channels, such as company salespeople
2. expert channels, such as independent experts, including software and CDROM reviewers
3. social channels and consultants, such as friends, professional colleagues and professional networks.

Exhibitions are an important arena in which advocate channels, such as salespeople, can come into contact with customers. These are widely used in promotion to organizations. In this context personal conversation will be supplemented, for example by leaflets, posters, videos and samples (such as sample discs).

Non-personal communication channels are those in which communication is through some other medium other than person to person. These include the following:

1. **The Press**, including national and regional newspapers and magazines, but also (most significantly for the information industry), trade, professional and technical journals.
2. **Television**, including satellite, cable and digital television. The expensive nature of this medium means that it is only an option for major advertisers.

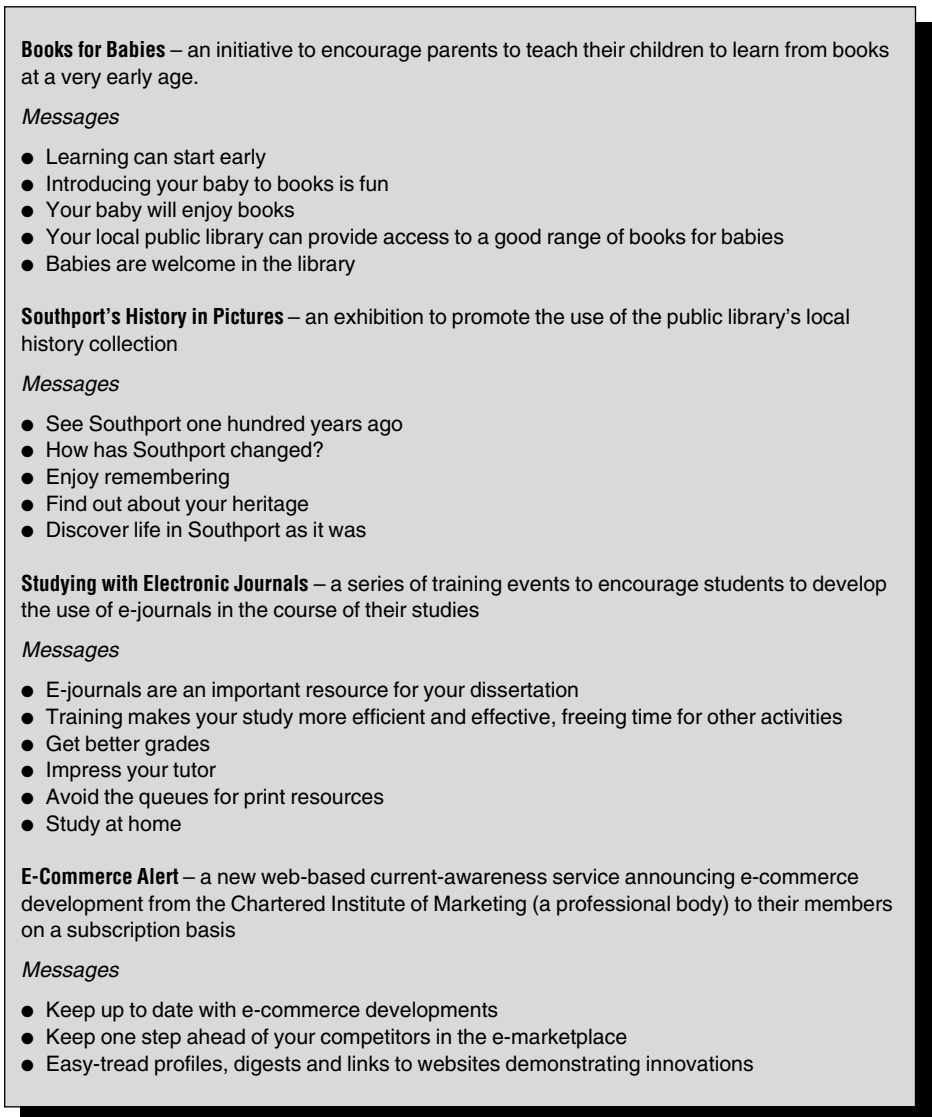


Figure 7.4 Examples of potential message content for library and information services

3. **Radio** offers a wide range of competitively priced promotional options. In general it is deemed to have less potential impact than television since there is no visual image, but local radio is very valuable for announcing local events, such as the launch of a new service or the opening of a new community building.

4. **Posters** can be placed in a wide variety of different environments, from billboards at the roadside to the Underground, Metrolink and Light Rail stations and other public places, such as libraries and notice boards within organizations.
5. **Leaflets and publicity** are important 'takeaways' that can act as reminders of products and contact points.
6. **Electronic channels**, including not only the organization's web page, but also the links to the web page, and the resources that this web page points to. It is important that the web presence is seen as being not simply about information provision, but also explicitly about marketing communication.

ESTABLISHING THE BUDGET

The available budget has a significant effect on the range of communication activities that can be pursued. For many libraries marketing budgets are extremely limited, but commercial organizations in the information marketplace have marketing budgets that are consistent with (if not sufficient for!) the market segments with which they need to establish and maintain communications. This chapter seeks to embrace both ends of this spectrum by reviewing the full range of options, whilst also identifying options that are relatively low cost. As will be discussed later, some channels in the marketing communications mix are inherently more expensive than others, and some incur only hidden costs, such as those associated with staff time. Managers must be aware of the costs of communication activities, even when they do not generate a separate invoice, and should continually monitor the value and impact associated with marketing communications activities.

Where formal marketing budgets are available, most are a compromise! The basis for the calculation of a promotional budget is one or more of the following:

1. the resource that can be made available for marketing communications;
2. a percentage of sales (say, 5 per cent);
3. the budget necessary to seek to achieve 'share-of-voice' parity with competitors (for example, if a competitor has a regular advertisement in a local newspaper, it *might* be advisable to seek the same level of exposure);
4. the budget necessary to meet the desired objectives, taking into account the required activities (known as objective, task or activity budgeting).

The last of these approaches is the most rational, but there are constraints on all budgets, and affordability is often a prime consideration.

DECIDING ON THE MARKETING COMMUNICATIONS MIX

The marketing communications mix will normally include a selection of strategies from more than one of the following: public relations, advertising, online marketing, communication through the physical environment, direct marketing, sales promotions, exhibitions and events, sponsorship, and personal selling. The factors that should be considered in establishing an appropriate promotional mix include:

- the available budget
- the marketing message
- the complexity of the product or service
- market size and location
- distribution of the product
- the stage in the product lifecycle
- competition.

To return specifically to the issue of the distribution of the product, promotional activities can focus directly on end-users or may, alternatively, be directed to intermediaries in the distribution channel, as shown in Figure 7.5. Promotional activities to intermediaries such as libraries, teachers and lecturers are described as push strategies, and rely upon intermediaries ‘selling’ the product to the end-

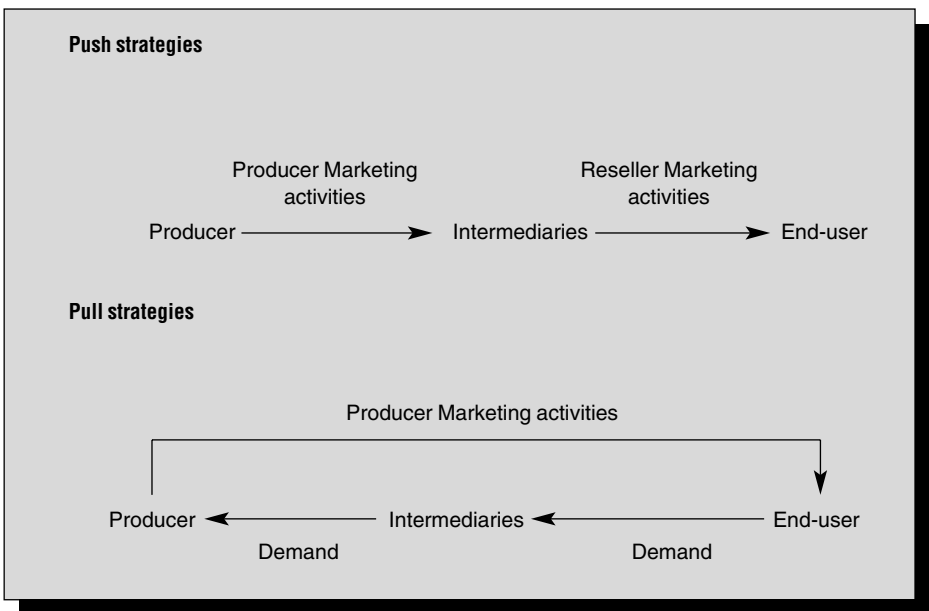


Figure 7.5 Pull and push promotional strategies

user. Direct promotion to end-users is designed to encourage them to ask for certain features or products so that intermediaries experience a demand to which they would be wise to respond.

In particular, the decision to use a pull or a push strategy determines whether promotion is focused on organizational marketing or on end-user/consumer marketing; the appropriate communication channels in these two markets are very different.

The media plan should be one by-product of this selection of communications media. This should specify the exact media and times and dates of appearance of advertisements.

MEASURING MARKETING COMMUNICATIONS RESULTS

Marketing communication can incur considerable investment. It can frequently be difficult to differentiate between the effect of promotion and the other elements of the marketing mix. Nevertheless, it is important to monitor the effects of promotion by looking at sales figures, usage statistics, hit rates, customer satisfaction survey findings, and any measures of reputation or changes in customer behaviour that are available.

PUBLIC RELATIONS

Organizations cannot function effectively without the support and cooperation of financial backers, employees, trade unions, suppliers, legal and regulatory bodies to which they are answerable, interested pressure groups, and the media. There is no direct trading relationship between the organization and many of these 'publics'. In communicating with them the organization must focus on explaining what it stands for, and creating a strong positive corporate image.

Public relations (PR) deals with the quality and nature of the relationship between an organization and its publics. Its objective is to generate communication, thereby influencing attitudes and opinions, and to achieve mutual understanding. PR may be concerned with activities such as:

- the creation and maintenance of a corporate identity and image
- the enhancement of the organization's standing in the community
- the communication of the organization's philosophy and purpose
- relationships with the media
- attendance at trade exhibitions.

PR, then, comprises press releases and other relationships with the media, events, publications, lobbying, house journals and newsletters, and briefings. It has the following positive characteristics when compared with advertising:

- **credibility** – editorial comment carries more authority and credibility; readers expect advertisements to be partisan;
- **reach** – PR may reach wider or different audiences, including managers, community leaders and other stakeholders, who may or may not be users or customers: PR can lend sponsors good publicity, and leave a positive image with others who have influence in political and financial arenas;
- **cost** – no advertising costs are incurred, although PR is not free: effective PR requires commitment to and resources for a planned programme;
- **excitement** – PR is, by definition, news, and must be written so that it attracts readers' interest.

The major disadvantage of PR is that it is uncontrollable. Editors control what is published, and it is not always the case that all publicity is good publicity! Publicity and relationships with the media are a major component of PR. A primary tool for communicating with the media is the press release, but an integral element of PR is the building of relationships with editorial staff of newspapers (often regional and local newspapers), trade and professional magazines, and radio and television. The two sets of practical tips (Figures 7.6 and 7.7) give an insight into some key issues for managing and organizing PR, and creating a press release, respectively.

- PR channels must be selected to reach the target audiences. An awareness of the media channels used by target audiences is a prerequisite for effective PR.
- Details of potential media channels such as the name and address of the editor, copying date for issues or programmes, and profile of readers, listeners or viewers, can be gleaned from a media pack
- Cultivate a relationship with specific media by trying to understand the type of copy that an editor is seeking. Specifically:
 - note any upcoming theme issues and offer to contribute in advance
 - focus on news
 - offer human-interest stories, such as focal student success or conference presentation by a manager
 - organize events
 - talk to editors and get feedback on the items that have been submitted

Figure 7.6 Practical tips: developing a PR strategy

ADVERTISING

Advertising can be defined as any paid form of non-personal promotion transmitted through a mass medium. The sponsor should be clearly identified, and the advertisement may relate to an organization, a product or a service. There are two types of advertising, product and institutional, and it is useful to differentiate between the typical objectives of these two types. For example,

- Use clear headings to indicate that it is a press release; give the originator
- Include date
- Give the piece a title
- Use a double-spaced text
- Summarize the whole item in the first paragraph, which can be scanned quickly
- Use jargon-free language
- Give contact details for readers, including a website address
- Give contact details for follow-up calls from the press

Figure 7.7 Practical tips: content and format for a press release

advertising a specific database, such as Web of Science, seeks to develop the visibility and use of that database. Promoting the parent company, ISI Thomson, positions ISI Thomson as a brand in the information industry and helps to establish its reputation. In practice, very often corporate brands and product brands are promoted simultaneously, and there is a significant interaction between the visibility and reputation of a corporate brand and its associated product or other sub-brands.

Objectives of product advertising	Objectives of organizational advertising
<ul style="list-style-type: none">● Explain a new product● Emphasize unique benefits● Compare with competition● Remind customers about a product benefits● Reinforce customers' perceptions● Encourage repeat purchase or engagement with the service	<ul style="list-style-type: none">● Disseminate information on new developments● Reinforce the organization's image● Create and maintain the character of the organization● Communicate a view on an issue

Figure 7.8 Comparison of the objectives of product and organizational advertising

REFLECT: Which of the objectives identified in Figure 7.8 are being achieved through an academic library website that offers pointers to a collection of web-based subject resources?

Public sector organizations have only embraced active advertising relatively recently, and for information organizations within the public sector, advertising budgets are often still tight.

Although advertising in the ‘mass media’ is expensive, advertising in local and regional newspapers, general and special interest trade and professional magazines, and the use of billboards and notice boards offer cost-effective avenues for communicating with niche audiences. In addition, although payment is inherent in the definition of advertising, in-house newsletters, electronic notice

boards, and websites are opportunities for free advertising. Some of these channels may also be particularly useful for internal marketing and communicating messages to staff in large organizations.

One form of advertising that all organizations engage in from time to time is that associated with staff recruitment. Typically these advertisements are placed by personnel departments, and will be presented in the corporate style. They offer an opportunity to communicate with a target audience different from that which might be reached through other channels. For secretarial, administrative and assistant posts, such advertisements are an opportunity for visibility in the local and regional press. For professional posts, they will be visible to the professional community, who may be significant opinion-formers in a wider marketplace.

REFLECT: List all the media in which your information service might usefully place advertisements. Describe the target audience that those advertisements would be designed to reach.

Advertising reaches communities and individuals beyond those with whom the organization already has a relationship, or with whom direct contact is difficult or expensive. Examples of situations in which advertising is useful include:

- where there are large target audiences (such as those associated with public libraries)
- when the name of the most appropriate contact in an organization is unknown
- when libraries need to widen their marketplace, perhaps for one particular service or product, for example, a subject gateway or public access to the Internet.

In these contexts advertising is good for:

- communicating simple messages, such as announcing the launch of a new service, an open evening or extended opening hours
- establishing and reinforcing brand image and loyalty, through bringing the product or organization to the audience's attention
- visibility in the marketplace, especially if competitors do not advertise
- selling specific items, such as a search service or a publication.

Most advertisements in the information marketplace are placed in magazines and newspapers. Although such media are less glamorous than broadcast media, they have powerful advantages. With such media, people have selected what they want to read, have an interest which they are actively pursuing, and thus pay attention and absorb what they read. Print media are also often circulated to other readers, and may be retained for later reference. Practical tips for creating good print advertisements are given in Figure 7.9. Examples of recent marketing messages in the information marketplace are shown in Figure 7.10.

- Create a heading to catch the eye with informative or emotional appeal
- Follow the headline with limited and carefully phrased body text
- Use illustrations effectively – these are sometimes more important than the text
- Sell the benefits
- Communicate to the individual, and show an understanding of the target audience
- Be credible – avoid clichés and oversell
- Keep the message and style simple, clear and concise
- Offer contact points, including names
- Pay attention to design and layout

Figure 7.9 Practical tips: creating good print advertisements

ONLINE MARKETING

In the digital world, marketing communications has become more complex, and extends beyond one-way transmission. Communication is interactive, and the objective is to achieve two-way communication, by pulling the customer into engagement with the organization. In addition, online marketing communication is often linked to further information or transactions. For example, an online advertisement can be clicked on and immediately lead to other information or

Organization	Product	Message
Dialog Corporation	Online databases	Revolutionize the way you work
OCLC	Online search service	Worldwide library cooperative
Ovid	Full-text electronic journals	If you use Ovid you have the world at your fingertips
EDINA	Subject gateway	Producing national online resources for education and research
WilsonWeb	Abstract and full-text databases	The industry leading online reference database service
Ingenta Connect	Full-text journals and related products	The most comprehensive collection of academic and professional publications
Yahoo	Search engine	The most essential global Internet service for consumers and business
Reed Elsevier	CD-ROMs, databases	Indispensable global information
MINTEL	Marketing research	Insight + Impact

Figure 7.10 Examples of recent messages in advertisements in the information marketplace

action. In the digital world marketing communications are concerned with the three steps of creating presence, creating relationships, and creating mutual value (Rowley, 2002).

Creating presence is concerned with the awareness-building phase of marketing communication. The first task is to draw attention to the organization's website. This is typically achieved through a web traffic building campaign using, for example:

- announcements of the website on affiliate organizations' websites, including hyperlinks from other websites: such announcements may be in the form of banner advertisements, which may be paid for or placed on a reciprocal basis
- word-of-mouth recommendations of the website (say, in classes or training sessions or between individual users)
- the choices of domain names that users can remember
- visibility of the website address in print media, such as posters, leaflets, business stationery and advertisements
- registration with portals and search engines, to ensure that traffic is driven to the site from these 'entry points' to the Web
- communication with users can also be supported by e-mail and e-newsletters.

Once users arrive at the website, the next task, from the point of view of marketing communication, is to focus on the messages that the site conveys. Messages are conveyed by all of the elements of the design of the website, as listed in Figure 7.11. It is also important to cultivate regular visits to the website, by keeping its content topical. This might include the use of announcements, new content, news, promotions, offers, quizzes, treasure hunts and prize draws.

- Brand mark or logo
- Graphics, including pictures, logos and other images
- Text and copy, including content and style
- Currency and news, suggesting dynamism and activity
- Colours and consistency of colour palette
- Shapes, including shapes of pictures or graphics, shapes of buttons, shapes of menu option displays
- Layout and combination of images, including any use of metaphor

Figure 7.11 Web page elements important in marketing communications

Creating relationships occurs when relationships are built because interactions increase. Organizations and users or customers learn more about each other through interactions and transactions. Information organizations can use the data that they collect about customers from their record of their

transactions and search paths to customize marketing communications. For example, an information organization might use such data to deliver an alerting service, and an online bookshop might use it to create a customized 'ten best buys' list.

Creating mutual value occurs when customers and organizations work together to create value in a way that is beneficial to both parties. One arena for such activity is the online community. For example, an online community might bring together library and academic staff with IT support staff to create a community that communicates both in virtual and physical environments, and supports the development of learning materials, and other elements of virtual learning environments.

Customer relationships and communities have been discussed in Chapter 5. They are mentioned again here, to emphasize the interactive nature of online marketing communications and its consequences.

COMMUNICATION THROUGH PHYSICAL ENVIRONMENTS

The physical environment is often overlooked as a source of marketing communication, with libraries competing with the Internet in the minds of many of their users as sources of information. The hybrid nature of libraries, delivering through both 'brick' and 'click' channels, should be capitalized upon. Library buildings and face-to-face contact with information staff are important differentiators. The physical environment can impact on both service delivery and customer satisfaction, and the messages that they take from that physical environment. Elements of the physical environment in library buildings that potentially communicate messages about the service include:

- the use of space; for example the balance of consumer space versus product or stock space and the quality of that consumer space
- the use of merchandizing techniques, such as power spots (that grab attention), end-caps (use of the ends of aisles) and theatre displays (staging a presentation in 3-D)
- layout and design of library buildings, including the location of helpdesks
- the quality and extent of PC facilities
- signage, leaflets and posters, in terms of both their presentation and tone.

Figure 7.12 shows 'how not to do it'. Based on practice in academic libraries identified by a 'mystery shopper', the figure gives some examples of bad practice, and thereby identifies some of the details that need attention in some physical environments.

- Many doors marked: 'Don't knock here – go to issue desk for enquiries about PCs'
- No specific identification of library staff
- Lots of posters on behaviour codes, lending a disciplinary tone
- Lack of posters indicating where help can be sought
- Tatty and unprofessional notices
- Staff desks a long way from many parts of the library
- 'Usual Dewey with ridiculously long, uninformative class marks such as 808.066651021'
- Library building that 'looks like a squatted 1980s DHSS building – crumpled carpets, dirty and peeling magnolia walls, old furniture, dirty windows and window sills'
- Bad lighting and old, uncomfortable furniture
- 'Shabby boxes left on window sills with other discarded library materials, bookends, etc., including bits of old chairs piled up against walls'

Figure 7.12 Communicating through physical environments – how *not* to do it

Source: based on Brockhurst, 2005

REFLECT: Examine the environment in which you are currently working. What does it say about the organization to (a) staff (b) any visitors, regular users, or customers?

DIRECT MARKETING

Direct marketing is an interactive system of marketing which uses one or more advertising media to effect a measurable response at any location, forming a basis for creating and further developing an ongoing direct relationship between an organization and its customers. A typical approach in direct marketing (and possibly the one most widely used) is **direct mail**. In this form, the direct marketing is:

- personalized and targeted, and normally addressed to named individuals; the targeting inherent in direct mail means that it can communicate more focused and complex messages than can be carried in advertising;
- interactive, in that a response is requested from the recipient; this response must be identifiable and measurable, thus enabling accurate assessment of the impact of direct mail;
- part of the establishment of a relationship between the organization and its customers; a series of positive experiences or interactions can increase customer confidence and loyalty.

In addition, direct mail is flexible in terms of what can be included in the package: DVDs, videos, gifts and samples all add a further dimension to the communication experience. Other offers, such as free exhibition tickets, or an invitation to a

reception to celebrate the opening of a new building, or an invitation to be one of the first participants in a pilot trial of a new alerting service, may be used to prompt a response.

The success of direct marketing depends on careful targeting and branding. To be able to create and sustain quality relationships with many individual customers, an organization needs to know as much as possible about each customer, and must be able to access, manipulate and analyse this information. An effective database is central to building effective relationships and knowing customers. Unfortunately, creating and maintaining a database of appropriate contacts can be time-consuming. In the library context, the database should include people from all of the various stakeholder groups. Some details of registered library users may be available from the registration or borrower database. An interesting subgroup might be lapsed users. Other contact names and details may be drawn from correspondence, internal telephone directories, intranet membership lists, newsletters, trade directories, yearbooks, and press and professional contacts. The electoral roll and mailing lists that can be purchased from suppliers of such lists may be useful in some circumstances. As information providers increasingly interact with their users through electronic means, it will be possible to collect contact addresses from these communications. Typical details in a database might include:

- name
- job title
- department
- address
- telephone
- fax
- e-mail
- website address
- nature of organization
- market sector
- interests.

These data would support contact (for direct mail or other purposes) by mail, telephone, fax or e-mail. Individuals could, for example, be selected from this list on the basis of their job title, website address, geographical location, market sector or interests.

Ideally such a direct marketing database should be an integral component of a CRM system (discussed in Chapter 9). The organization should have one customer database that it uses as the basis for transactions, communications and any other interactions with its customers, and which can also be analysed to generate management information.

In addition to direct mail, two other forms of direct marketing are **direct response advertising** and **telemarketing**. The first of these is associated with the placing of advertisements that carry a response section; its completion and return provide the data to create a marketing database of the respondents. Telemarketing using the telephone is a direct, personal approach. It is a planned and controlled activity that creates and exploits a direct relationship between the customer and the seller. Many customers find telemarketing intrusive, because they feel forced into a dialogue. Used sensitively, it may, however, have application in marketing communication and service evaluation.

REFLECT: In what circumstances would you find it acceptable to be contacted by an information service provider and be prepared to discuss their services?

SALES PROMOTIONS

The aim of sales promotions is to add extra value to a product, service or experience over and above the normal product offering, so as to create an extra inducement for customers to buy or try it. Although individual sales promotions are usually short-term tactical measures, sales promotion is an important strategic element in the marketing communications mix. Promotions may be designed to increase traffic, frequency and amount of purchases, to even out demand, to encourage trial of new products or services, or to counter competition. The range of promotional offers is endless. They include price-related offers, free extra product or free samples, customer loyalty schemes, contests and sweepstakes. The commercial organizations in the information marketplace engage in a number of sales promotion activities. Contests and draws are common at trade exhibitions. Special discounts may be available for subscribing to a database over a limited period, or for specific groups of users. For libraries, where revenue is unlikely to be significantly increased through sales promotion, it can be difficult to justify the expenditure, but there are ways in which the user experience might be enhanced for short periods in order to encourage a higher level of participation in information activities. If a workplace library offers lunchtime ‘sandwich’ or ‘brown bag’ seminars to brief people on new developments in patents and intellectual property, is this sales promotion?

REFLECT: List some examples of sales promotion activities that might be relevant for a new ICT skills initiative being launched by a public library.

EXHIBITIONS AND EVENTS

Exhibitions are time-consuming and can be expensive. Nevertheless they are a useful way of making contact with a targeted community. Many organizations that offer services to other libraries or information professionals take the opportunity to exhibit at those exhibitions that attract information professionals.

Exhibitions are opportunities to:

- build customer relationships – by meeting customers with whom communication is normally by phone or e-mail. Contacts may also be made with potential customers;
- display new products – by demonstrating and discussing new products and services with existing and potential customers. At exhibitions visitors have a sense of purpose and absorption that would be difficult to achieve in the workplace; they are there to gather information and to make contacts;
- learn about the marketplace – by meeting representatives of other exhibitors or partners in collaborative ventures, and examining stands, in terms of both products and promotional messages;
- build market presence – by participating, the organization is demonstrating a commitment to the market and to interaction with the exhibition audience;
- create PR spin-offs – which arise from using the exhibition in other forms of promotion, such as press releases, advertising ('See us at stand 200'), direct mail (including exhibition details and tickets).

Public library business information services might typically participate in a business exhibition; library consortia and national libraries may exhibit at library technology or Internet exhibitions; but for other libraries exhibition stands at smaller events may be more appropriate. An academic library might set up a stand in public concourse areas to encourage the use of new web-based subject gateway services. The library of a professional body might use a small portable stand that can be erected at any meeting of members or potential customers. All organizations have a use for a portable exhibition stand, publicity packs and a portable PC (to demonstrate access to services or support a simple presentation).

Information organizations may:

- organize events, to launch new services or a new building, or announce a new corporate identity
- make presentations at events held by other groups, such as groups of managers within an organization, community groups or meetings of professional bodies.

Exhibitions and events are arenas for face-to-face contact, and as such are increasingly important in a world in which much communication is conducted electronically and remotely.

SPONSORSHIP

Sponsorship is the provision of financial or material support by an organization for some independent activity not directly linked with the organization's normal business; the organization expects to benefit from this support. The main purpose of sponsorship is to generate positive attitudes by associating a corporate name with sport, the arts, a charitable enterprise or some other community or high-profile activities. The sponsor hopes to benefit through media coverage of sponsored events and initiatives. Libraries are more likely to be the recipients of sponsorship than the initiators, but in a world where partnerships and collaboration are commonplace, it may sometimes be difficult to differentiate between the sponsor and the recipient! Sponsorship may take the form of monetary support, but sponsorship in kind is also widespread. Recent examples from the public library sector include free advertising space for a special event, materials for a summer play scheme, and structural steel for building an art gallery and library.

PERSONAL SELLING

In one sense personal selling is the channel of least relevance to library–user relationships in the information marketplace, but in another sense it underpins the embedding of marketing orientation. It is therefore appropriate to conclude this chapter with a few comments on personal selling.

Personal selling is an interpersonal communication tool which involves face-to-face activities undertaken by individuals, often representing an organization, to inform, persuade or remind an individual or group to take appropriate action, as required by the sponsor's representative. The particular attraction of personal selling is that, unlike any of the other promotion mix elements, it is the basis for a two-way, interactive dialogue between buyer and seller.

Personal selling generally has a much more important role in the sale of a high-priced infrequently purchased industrial good than in the sale of a routinely purchased consumer product, but estate agents and car salesmen are good examples of personal selling in the consumer marketplace. What relevance does personal selling have in library and information contexts, since a sale is not normally in prospect and consumer interactions tend to be more concerned with a series of ongoing transactions than a significant one-off decision or interaction? In the information industry most individuals combine selling with other roles. Examples are sales consultants for publishers and library management systems, who often also have training roles. To generalize the concept of personal selling, if an organization subscribes to a marketing orientation, all staff, and especially

front-line service staff, are salespeople, and every transaction should be approached as a sales transaction.

Figure 7.13 lists the stages in the personal selling process. These stages are a useful guide to the steps in any interaction with a user. The first, prospecting, is concerned with understanding the user and their needs; preparation and planning use this understanding to develop services and knowledge that will ensure that responses to user requests are effective and efficient. Users may need to be encouraged to interact with staff, particularly in initiating contact. Responding to user requests can be seen as a sales presentation, and needs to be professionally delivered, with an eye to the impact that this interaction will have on the continuation of an effective relationship with the user. Handling objections and negotiation are perhaps more appropriately interpreted as the stages concerned with supporting a dialogue, and, where appropriate, supporting learning. The transaction is completed when the user is satisfied, but in closing the sale foundations must be laid for the continuation of the relationship.

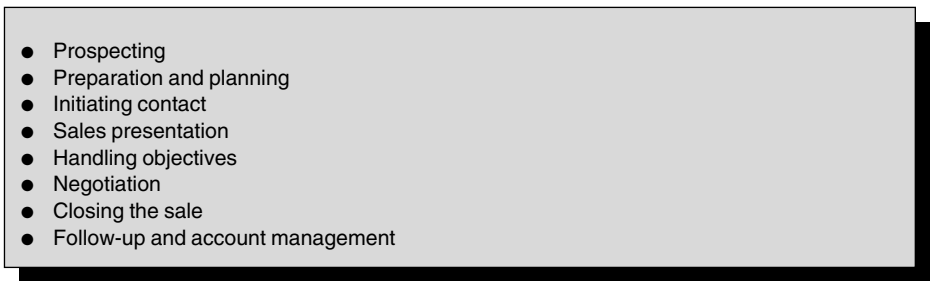


Figure 7.13 Stages in the personal selling process

REAFFIRMING THE MESSAGE

All aspects of service delivery communicate an image to customers. Signage, condition and ambience of the building, furniture, reliability of computer equipment, prompt answering of telephone calls and even the cleanliness of the toilets will affect users' perceptions of the organization. Ultimately, marketing messages must be reinforced by and be consistent with the customer's experience.

CONCLUSION

Marketing communication is an important component of the marketing mix. Promotional approaches include public relations, advertising, online marketing, communication through physical environments, direct marketing, sales

promotions, exhibitions and events, sponsorship and personal selling. The design of appropriate communication strategies involves a number of considerations, such as the target audience, communication objectives and the marketing message. Next, factors associated with the 'how' need attention. This involves the selection of communication channels, budget-setting and the design of the promotional mix. Finally, it is necessary to measure the outcome of marketing communications endeavours in order to establish whether the investment in promotion has been worthwhile, and to inform the commitment to and nature of future promotional activities.

A number of the elements in the marketing communications mix have been reviewed in this chapter. Although it has surveyed a wide range of options, approaches that are appropriate where marketing budgets are limited are specifically identified. The elements of the marketing communications mix that have been considered include public relations, advertising, online marketing, communication through physical environments, direct marketing, sales promotions, exhibitions and events, sponsorship and personal selling.

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8

Price and pricing policy

AIMS

Price is a key element in the marketing mix, and has a significant effect on the operation of the information marketplace. This chapter:

- explores the role of price
- discusses the classical relationship between price and supply and demand
- emphasizes the role of pricing objectives
- reviews the factors affecting pricing decisions, and discusses how these impact in the pricing of information products
- explains the different approaches to pricing policy, including the principles and expectations associated with free access to information at the point of use, and the role of portals on the Web.

INTRODUCTION

No one should think that the area of pricing, particularly of newer forms of information products and services, is stable or that there are any simple guidelines. Product pricing is fluid, changing and rather uncertain as technology is changing the relative economics of traditional forms of publication against optical media, and of on-line databases versus CD-ROMs, and so on. The market is in flux and only a limited number of significant players are yet making profits from these services.

(Brindley, 1993)

Although this statement was made in 1993, it remains true today, although the emphasis in the technology may have shifted from CD-ROM to web-based delivery of information products. Yet pricing is traditionally recognized to play a central role in the functioning of the economic system. The three macroeconomic functions of price are:

1. allocation or rationing, or the balancing of the quantities demanded and those supplied
2. stimulation – acting as an incentive for new players and products to enter a marketplace
3. distribution, whereby income is distributed between buyers and sellers.

The price mechanism is the dominant force in resource allocation, income distribution and size and composition of output. Pricing for information products, then, plays a significant role in availability and access to those products, and is central to the concept of an information society. Yet price planning is one of the most overlooked and poorly understood areas of marketing. In the public sector, the key issue is often the rationing of resources; price and charging can be effectively used as a rationing device, in order to control demand for some services.

Whilst pricing of traditional print-based information products and the services based upon them presents some challenges, the pricing of electronic information is even more challenging. The risk associated with pricing digital information for a consumer marketplace has driven journal publishers, reference book and database publishers into the arms of the library consortia, and confirmed a future for libraries as intermediaries in the information marketplace. Not only is the advent of e-commerce changing pricing structures, but it is revolutionizing business models. A relatively simple example is *Encyclopedia Britannica*, the print version of which was once priced as a prestige product and generated significant revenues for its publishers over many years. *Britannica* is now available online on a subscription basis for the home user at one price, and for schools at another price. It can also be acquired on CD or DVD for home use, or in the network edition for institutions and libraries, with prices dependent on anticipated usage levels. Other reference works are available free through search portals: for example, Houghton Mifflin's *American Heritage Dictionary of the English Language* is available on Yahoo (yahoo.com).

Why is price important in the information marketplace? The answer to this question requires a consideration of price in both profit and non-profit situations. The information industry embraces publishers, online service suppliers, database producers and other service suppliers that function as commercial organizations. Many of these businesses supply other businesses or libraries in the academic and public library sectors with information products. Price is a component of the contract in these business-to-business relationships. They may also offer services to individual consumers at a price. For these organizations, price is clearly important in determining their continuing commercial viability. Within workplace libraries, pricing may be an issue that arises in the context of re-charge mechanisms between departments, but it is unlikely that the end-user of a service

will be charged. Other organizations, most notably public and academic libraries, are non-profit organizations. In this context price can be understood in a number of different ways. Sometimes prices are charged for selected services, such as a business information service or interlibrary loans. These services may be regarded as additional to the basic public service, and it may be viewed as appropriate to seek to recoup costs or, alternatively, pricing services may be used to encourage the user to value the service more highly. On other occasions, allocation is by other criteria, such as perceived need, but even in these circumstances it is still necessary to understand the value that the customer places on the service and also, on occasions, to understand the 'price' to the user in accessing the service (in terms, for example, of sacrifices of time and energy). Increasingly, Internet portals are offering information content free, in order to create and maintain a customer community.

REFLECT: List the priced products or services that are offered by your information service.

In general, consumers appear reluctant to pay for information, preferring either to do without or to collect it from some free source. Traditionally libraries and more specialized public information and advice services and various professionals have acted as sources of free information. Today, the Web offers information on every topic and answers to every question; the use of information has become even more embedded in everyday life, and much of this information is available free. This has confirmed consumers in the view that there must be a way of avoiding paying for much of the information that they need. However, when they perceive that information to be of great significance they tend to seek information and advice, or evaluated information, and are prepared to pay considerable sums to financial consultants, accountants, legal advisors and others. They will, however, pay for information products, such as books, journals and newspapers. Pricing of information for consumers is not an issue in those arenas in which the consumer is not prepared to pay. Many of the information needs of individuals are met through organizations, such as their employer or their library. The quality of the services that these agencies are able to offer depends crucially on the pricing of information. Pricing in the information marketplace, as distinct from other aspects of marketing, is primarily associated with organizational marketing.

THEORY OF SUPPLY AND DEMAND

From a microeconomic perspective (the perspective of the individual organization), price is the single most important decision in marketing. This

derives from the fundamental relationship between profit and price, which can be expressed simply as:

$$\text{Profit} = \text{price} - \text{cost, on a per unit basis}$$

Sales volume is the other factor that affects profit. This is also intimately related to price, since price affects sales volume. A fuller expression of the relationship between these quantities is represented by the following equation:

$$\text{Profits} = \text{prices} \times \text{quantities sold} - \text{total costs}$$

Admittedly, these two equations express the relationship in very simple terms. They neglect the following:

- the realities of portfolio pricing across a group of products
- investment in the development of products
- the need to recoup that investment
- other more sophisticated financial ratios.

All of the above would need to be taken into account in order to reflect the true effect of price on the financial health of an organization. Nevertheless, they do emphasize the intimate relationship between price and profit. Ultimately, the higher the price can be raised, assuming stable unit costs and sales volume, the higher the profit. In both public and private sector organizations higher profit not only heralds higher returns, but in a changing marketplace it offers a much needed opportunity for re-investment in technological and other developments, which lend the organization the flexibility that it needs to survive.

These basic equations also flag the intimate relationship between price and cost. Issues of costing are not explored in any detail in this text, since it is argued that a range of organizational, customer and market factors determines the way in which organizations distribute costs across their portfolio of products. There are, for example, a number of different algorithms for allocating fixed costs to specific projects or activities. Nevertheless, in all supply chains the cost of one product has an impact on the cost of the next product in the chain, and thereby often influences the range of price options available to the business. Indeed, for electronic information products, the contract normally specifies a use agreement as well as price, so that any organization that wishes to re-package the information and embed it in another service will be constrained by pricing strategies further up the chain. The cost structure of the information industry is affected by the fact that information is expensive to produce, but cheap to reproduce. Snyder and Davenport (1997) offer a useful review of costing issues.

The final relationship that is evident in the above equations is that between profit and the number of units sold. Chapter 9 considers marketing research, which should yield an understanding of the customer needs upon which

projections of demand can be based. However, especially with new products and changing marketplaces, these estimates may be inaccurate. For example, for new e-information products it is difficult to predict:

- the magnitude and speed of uptake of new products, such as e-journals and e-books
- the magnitude and speed of the impact that these e-products will have on revenues from print products (remembering that this impact may not always be negative, if complementary products can be delivered through parallel media).

Price is also important in relationships with customers. It is the **value** placed on what is exchanged, representing the value at which a seller is prepared to exchange and the value at which the customer is prepared to participate in that exchange. Something of value, usually buying power, is exchanged for satisfaction or utility. Often that something of value is money, but other commodities of value to both parties may also be exchanged, such as other goods, time or commitment.

Classical economic theory has used the concepts of supply and demand to determine what is described as the **equilibrium price**. Specifically:

- **demand** is the quantity of a good which buyers wish to purchase at each conceivable price
- **supply** is the quantity of a good which sellers wish to sell at each conceivable price.

If a graph is drawn which shows supply and demand curves, the point of intersection of those curves determines the equilibrium price, or the price at which the exchange will take place. **Price** is seen as the balance between supply and demand.

This model works well in pure commodity markets with undifferentiated products (that is, products that are all the same, such as water or coal), but in real markets a number of the assumptions that underlie this model present problems:

1. The model assumes that the buyer has near perfect information about the alternatives and the market; a buyer is rarely that well informed (although some believe that this may be less true in e-marketplaces).
2. The model assumes that competing brands are reasonably close substitutes for one another. In real markets, suppliers devote considerable effort through strategies such as branding to differentiating their products, or encouraging consumers to view their product as different, in some way, from those of their competitors.
3. The model assumes that the demand curve is known; this is rarely the case because suppliers are rarely in a position to be able to test the market at different price levels.

4. The model takes no account of the ongoing costs of a purchase (such as, for example, subsequent subscriptions or maintenance costs), and focuses only on the initial cost.

It is hypothesized that real demand shows a steep demand curve and a two-part supply curve. In other words, demand is very dependent on (or elastic in respect of) price, and below a certain price suppliers are reluctant to enter the marketplace. Once that price has been achieved, many competitors may enter the marketplace, and thus supply may outstrip demand; in time, this will have a corresponding effect on price.

The relationship between supply and demand and price may also be influenced by the extent to which competition is based on price. In price competition, price is emphasized to the consumer as an issue and organizations will seek to attract customers from their competitors on the basis of price. In such an environment, an organization needs to be confident that it is a low-cost producer. Price is an easy variable to change, but if competitors respond similarly, then a price war results, and profitability for the industry drops. Accordingly, key players in a marketplace may explicitly or implicitly collude to avoid a price war.

Non-price competition, on the other hand, is based on distinctive product features, services, quality, promotion and/or packaging. In such markets, although differentiation may not be based on price, price is still critical, and may act as a qualifying factor.

Information products have medium fixed costs and almost zero variable costs; it is costly to produce the first copy, but reproduction is relatively cheap. This applies for all information products, but is especially the case with information services, where the majority of the resources for service delivery need to be put in place regardless of the actual or anticipated level of use. For digital content, since reproduction is not only cheap, but often easy and convenient, attention switches from the relationship between supply and demand, to control of the supply through access control, and intellectual property legislation and regulations. In such situations, variable cost may play a minimal role in determining profit, but managers still need to achieve accurate estimates of demand. Another factor that affects demand for information products is that people generally only buy one copy, and do not make repeat purchases of the same item.

REFLECT: What factors other than price would be considered in the following decision-making situations:

- *a library acquiring a children's book on the Romans?*
- *a parent seeking items to support a child undertaking a project on the Romans?*
- *a patient with diabetes, seeking information about how to manage and live with their complaint?*

PRICING OBJECTIVES

The first step that an organization needs to take in establishing its pricing strategies is to determine the objectives that it wishes thereby to achieve. These are called pricing objectives. Any such objectives must be consistent with the overall organizational objectives as expressed, for example, in its strategic plan. In addition, pricing objectives support marketing objectives. Many organizations seek to achieve more than one pricing objective simultaneously.

Some typical pricing objectives are:

- survival in the medium to long term, which depends on visibility and products that are valued by customers
- increased or maintained level of profitability
- achievement of a specified level of return on investment (ROI) or a specific value of some other measure of financial performance
- retention or increase in market share, which ensures an established customer base for the future, whether the agenda is public service or commercial gain
- cash flow and liquidity, so that the organization is in a position to stay in business: break-even often constrains public sector organizations and projects
- creation of illusions of high product quality, and the related issue of strengthening the brand and relationships with customers.

Such objectives are often set and reviewed on an annual basis, but underlying strategic objectives which drive pricing objectives are likely to be stable over several years. Timescales for pricing objectives associated with specific projects will be influenced by project timescales.

FACTORS AFFECTING PRICING DECISIONS

A number of factors might affect pricing decisions and determine the approach to pricing policy that is taken. Organizations should take some of these into account when setting their pricing policies, and this introduces a considerable element of judgement and risk into any pricing decisions. Factors can be broadly grouped into organizational factors, customer factors and market factors, as shown in Figure 8.1. Organizations need to consider the resources available to them, and how they can be utilized to support specific pricing policies.

ORGANIZATIONAL FACTORS

The organizational factors that might influence price decision-making are related to the organization's objectives and resources, coupled with the existing product

Organizational factors	Customer factors	Market factors
Product lifecycle	Inherent or generated demand for a product	Competition
Product portfolio	Demand-oriented pricing	Environment
Product line	Benefits	
Segmentation and product positioning	Value	
Cost	Distribution	

Figure 8.1 Factors affecting pricing decisions

portfolio and the organization’s potential to develop that portfolio. Organizational factors that might influence price are described below.

Product lifecycle

This refers specifically to the course of any given product in terms of sales and profitability from its launch to its decline.

Organizations often choose a **price-skimming** strategy for new products, where the price is set high initially with a view to creating an image of a desirable or quality product. Thus price-skimming is charging the highest possible price that buyers who most desire the product will pay. The advantage of price-skimming is that development costs can be covered relatively quickly, and demand can be kept consistent with production capacity or the capacity to support new users of an information service. Booksellers and movie producers frequently exhibit skimming strategies in which initial runs are more expensive (for example hard-cover editions or first-run movies). Over time the price is reduced until the market is saturated.

Later in the product lifecycle, volume sales may require that price be reduced as the product reaches maturity. In addition, a mature market is generally subject to greater price competition. **Penetration price** is a price set below the prices of competing brands in order to penetrate a market and produce a larger unit sales volume, thus gaining market share quickly. This pricing strategy is used for software. More sales mean that the software takes on the status of a *de facto* standard, and is therefore more valuable to both the buyer and the supplier. The disadvantage is that subsequently the organization has less flexibility in pricing, because whilst it is easy to lower prices, the market is normally very intolerant of raised prices (unless the initial price is seen as a promotional price).

Organizations sometimes use penetration pricing after skimming pricing so that they achieve a large market share if competitors are expected to enter the market quickly. This approach has been used with the introduction of many IT products, such as PCs, printers and scanners.

Product portfolio

The nature of the portfolio of products may influence price. Organizations often develop pricing strategies that extend across part, or all, of their portfolio of products and balance prices across products to optimize achievement of objectives. Large market players are in a particularly strong position to use portfolio pricing. Figure 8.2 shows the pricing of different versions of Britannica reference tools. The same core information is selected and re-packaged into different formats and for different audiences. These prices will be set with reference to each other in order to ensure profits across the whole portfolio of products.

Product	Price
Britannica Ultimate Reference Suite 2005 DVD	£59.99
Britannica Deluxe Edition 2005 CD-Rom	£39.99
Britannica Children's Encyclopedia 2005 CD-Rom	£19.99
Britannica 2003 Ultimate Reference Suite Network Edition CD-ROM	Variable (for institution and libraries)
Britannica Quizmaster	£9.99
Britannica <i>My Body, Myself</i>	£29.99 (Now only £14.99)
Britannica Special Offer 3 CD Pack: <i>My Body, Myself, The Wonderful Language of Nature; Touch the Sky, Touch the Universe</i>	£89.97 (Now only £29.99)

Figure 8.2 Britannica product portfolio pricing

Source: based on britannicashop.britannica.co.uk

Product line

Product line pricing is similar to portfolio pricing, but here, the price of one product may impact on others supplied by the organization, either through interrelated demand (such as hardware and software) or interrelated costs (for example, oil and petrol which come from the same process). Thus the various

printed and electronic products generated from a database share the costs, and prices of some products may be determined by the opportunity to recoup costs on other products.

Segmentation and product positioning

A prime benefit of segmentation and positioning is the reduction in price pressures deriving from severe competition. Many information products and information services have sought to differentiate themselves on the basis of locality or organizational base of users, or quality or subject base of product. Public and academic libraries have uniquely defined core communities. Also, there is, for example, very little duplication of major bibliographic databases covering specific subjects in the English language. Nevertheless, parallel products may exist with similar subject coverage in French or German, designed for linguistically distinct markets. These parallel products are a potential source of future competition.

Cost

Pricing may be based on production costs in a number of different ways. Two common approaches are as follows:

- In **cost-plus pricing** the price is determined by adding a percentage or a fixed amount to the supplier's cost. Cost-plus is suitable when production costs are unpredictable, and in markets in which price competition is not severe (for example, government defence contracts). In most marketplaces, customers will not tolerate the variability that might be inherent in cost-plus pricing.
- In **mark-up pricing** the price is derived by adding a predetermined percentage of the cost. Often different product ranges merit or attract different mark-ups. Mark-up pricing is common in retailing, and is used in bookselling.

Information intermediaries may use either or both of these strategies, in, for example, re-charging users for access to online search services or downloading electronic information, but these approaches assume that marginal costing is used as the basis for pricing. In reality it is challenging to calculate the cost of providing a unit of information service, such as a training session, an issue transaction, or a document delivery relating to three journal articles. This is fundamentally because the specific service transaction in which the customer participates is only possible because the library has the resources and expertise to manage access to a large collection of information resources, amongst which is the item, or opportunity to access the item, that the user wants.

CUSTOMER FACTORS

Customer factors also influence price, simply because, as already discussed, there is a close relationship between demand and price. It is not surprising, then, that the main determinant of price from this perspective is what the customer is prepared to pay. In information marketplaces there is some reluctance on the part of consumers to pay for some types of information. In these contexts the key issue is the organization's willingness and ability to pay. Customer impact on price is related to the following factors.

Inherent or generated demand for a product

Particularly where supply is limited, such as in the housing market or the holiday market, increase in demand will push up the price. This factor has limited relevance for electronic products, since the essential nature of electronic information is the 'publication-on-demand' facility. Demand may have an effect on price, or the value attached to an information product where items are scarce, such as with rare and ancient books, special collections and other unique items which are irreplaceable treasures associated with our cultural heritage.

Demand-oriented pricing

Here the price depends on the anticipated level of demand. This form of pricing is used in many service sectors, such as the travel industry and the telecommunications industry, in order to attempt to level out demand. Effective use of this strategy requires accurate prediction of the demand at different price levels and at different times. Demand-oriented pricing allows suppliers to maximize their revenues during times of peak demand, and to make special offers to increase service use during otherwise slack periods. Optimizing revenues across all periods of service delivery means that there is greater potential for profitability than with cost-oriented pricing. Database vendors may try to maximize profit by charging the highest possible price during peak periods, whilst offering rebates during periods when demand is lower.

Benefits

Acceptable price will be determined to a considerable extent by the match between benefits that the product offers and benefits that the customer seeks. In particular, a premium price may be set if there are perceived to be additional benefits. Customer loyalty allows the setting of a premium price (see Chapter 5). Thus, software suppliers for, say, library management systems, who are known to provide an effective support service and to offer effective upgrades and maintenance of software, are likely to be in a stronger position to charge a premium price than those who do not.

Other added-value features, such as options for downloading information or sharing information with others, may also be perceived as benefits. Speed of delivery is sufficiently important to justify price differentials. Figure 8.3 shows the pricing for a number of document delivery options from the British Library.

Document delivery options	UK	Non-UK		
	£	£	€	US \$
Standard delivery of copy by mail, fax or secure electronic delivery	7.45	7.75	12.50	12.50
24-hour delivery by fax or secure electronic delivery	16.00	16.00	25.00	25.00
2-hour delivery by fax or secure electronic delivery	21.00	21.00	33.00	33.00
One item on loan	10.30	14.40	23.00	23.00
Renewal of loan	2.70	2.70	4.50	4.50
Search for alternative UK locations if not available from the British Library	5.35	5.35	8.50	8.50
Patents – per 100 pages	26.00	26.00	41.00	41.00

Figure 8.3 Pricing by speed/mode of delivery: British Library document delivery services

Source: www.bl.uk/docsupply

Value

Benefits can be conceptualized as the value that the customer sees in the product and, in theory, there should be a balance between this and the price asked. The concept of value in relation to information has been debated by Eaton and Bawden (1991). The value of information is not readily quantifiable. It has no intrinsic value. Its value depends upon its context and its use by particular users on particular occasions, and is impossible to determine in advance. It is also difficult to predict how the value will change over time. Accordingly, the concept of value is difficult to define in this context. Nevertheless, the following remain true:

- Value can vary between segments, depending to some extent on the way in which the information is used to generate wealth, and this accounts for the differential pricing of information to business and educational establishments. Different values may also be associated with different types of databases, and this factor leads to differential pricing between, for example, bibliographic databases, full-text databases, humanities databases and company databanks.

If differential prices are set for different segments it must be possible to categorize customers into clearly defined segments and, for electronic information, to ensure that customers in segments benefiting from lower prices cannot resell information to, or share information with, those in higher-priced segments.

- Buyers may have a range of acceptable prices, otherwise known as the 'reference price range', for a product type. They are unlikely to make a purchase outside this range. In some cases these prices are determined by what the customer is used to paying, such as 10p a sheet for photocopies.

Distribution

In many instances, producers do not interact directly with consumers. Database producers may make information available through web search services and portals who are able to act as 'retailers' and give the individual product more visibility as part of a portfolio of comparable products. In such circumstances, producers cannot determine the final price to the end-user or consumer because the intermediaries apply their own pricing strategies. Intermediaries will want to control their margins and to determine other elements of their relationship with the supplier, such as discounts for large orders, sale or return, support with promotion and so on. Exclusive distribution in the wider consumer market often means that both the producer and the distributor can benefit from higher prices.

MARKET FACTORS

Two components of the market, competition and the marketing environment, are also important factors in pricing decisions.

Competition

Price decision-making needs to take into account the prices set by competitors. This includes not only direct competitors or those producing similar products, but also indirect competition from different products that might meet the same needs or offer the same benefits. So, for example, some public library services are concerned with leisure, and in this context, public libraries need to consider the wider costs and benefits to the public of the library as a leisure activity, compared with the services offered by other leisure service providers. An organization may choose between charging the same price, undercutting the price charged by the opposition, or presenting the service as better in some way so that higher prices can realistically be set.

Competition-oriented pricing may be used to achieve a range of different objectives. It is often used to increase market share, or to enter a new market segment.

REFLECT: Compare a visit to a public library with a visit to the local swimming baths as a leisure experience. What determines the price that you are willing to pay for each of these?

Environment

A range of social, technological, economic and political factors may shape the marketplace in which a producer operates. These may influence price. So, for example, inflation will often cause prices to rise, whilst recession (in which both public and consumer spending is under tight constraints) is likely to lead to price cuts. The interesting feature of the wider information market is that it is an international marketplace, so that international trade and economic trends may have an overall impact, yet individual players will be differentially affected by the impact of changes in national markets, in a way that is consistent with their market share in those individual markets. Such fluctuations may affect their behaviour in either or both local and global marketplaces. Journal publishers are, for example, vulnerable to currency fluctuations between countries, which can make journals from publishers based in countries with strong currencies difficult to afford in countries with weaker currencies. This has an effect on publishers' sales and revenues and, in turn, on access to information.

Historical pricing takes one significant element of the environment into account when raising or changing prices. Customers, especially organizational customers, who have records of how much they paid the previous year, may consider whether they wish to continue a relationship with an information provider if the gap between the previous price and a proposed price is too great. A sharp increase in price is an invitation to consider switching. In setting prices for subscriptions (discussed below), historical pricing is a key consideration.

SOME PRICING STRATEGIES IN THE INFORMATION MARKETPLACE

As indicated above, there are a wide range of factors that might be taken into account when determining price and approaches to pricing. Typically, the organization will use some of these in complex pricing models designed to achieve the pricing objectives of the organization. For some products, such as books, or the consumer market for DVDs, there will be a list price for the item, which is set after consideration of the pricing objectives, including financial and marketplace performance objectives. However, pricing strategies for electronic information products are notably complex, and a number of different approaches to pricing and payment for access to databases, electronic document delivery and access to digital content have been tried. The early online search services based pricing on combinations of connect time charges, display/print charges,

telecommunication charges, and charges for special services. This model has largely been superceded by approaches based upon subscriptions, contracts with consortia, and pay-per-view. In general there are three dimensions that affect purchase decision-making and pricing options and strategies in the information marketplace:

- 1. Who pays – this might be an end-user, or an intermediary, such as a library or a business, that acquires the information or the right to access the information on their behalf.
- 2. The duration of the contract – is the contract the basis for continuing access to a range of information resources and documents, or is it a one-off contract delivering a specific item or services or access to an item at a given point-of-need?
- 3. Access or ownership – does the contract give ‘ownership’ of the information product, or access to it for a specified period of time under specified conditions?

ITEM-BASED PRICING

Information products that are sold as one-off items to the consumer market, such as books, a local history publication or a tourist guide of an area, will have a price set for the item. This list price is typically a recommended price set by the publisher. The same book will normally be sold at a different price to the library marketplace, different editions may be available at different prices in different countries, and different formats (such as a large print version, or a talking-book version). In addition different retailers may set their prices differently, as is very evident in the e-marketplace for books (see Figure 8.4). Figure 8.5 shows some key aspects of pricing for a management report, which is priced in sterling, euros and US dollars, and available at different prices depending upon the format in which it is delivered. Although the price level may vary, and different prices are set for different versions and different market segments, the item-based pricing strategies are relatively straightforward.

Store	Price
Amazon	\$40.06
A1 Books	\$62.76
Powells	\$37.60

Figure 8.4 Item-based pricing for a book from different online bookstores

Note: the book used for comparison is *Harry Potter and the Philosopher's Stone*.

Delivery format	Prices
Print copy/copies	£845, \$1310, €1320
Single-user PDF (plus free paper copy)	£995, \$1545, €1555
Five-user PDF (plus free paper copy)	£1995, \$3095, €3135
<i>Free postage and packing. All prices subject to VAT.</i>	

Figure 8.5 Item-based pricing for a management report

Tips on how to price a library publication are given in Figure 8.6.

1. Determine pricing objectives, such as whether to cover costs or to make a profit, and reflect on the level of risk that is acceptable in respect of any losses.
 2. Calculate the cost of production, including any physical production costs and, if deemed appropriate, staff time devoted to the project.
 3. Estimate sales, based on the sale of previous publication or the size of the potential audience. This size of the audience may depend on the potential outlets, such as whether sale will be through a special event, or through a museum and library bookstand. Calculate print run on the basis of this estimate of sales.
 4. Estimate sales revenue, at different levels of sales, such as 50 per cent, 75 per cent and 100 per cent.
 5. Taking into account the acceptable level of risk, choose an estimated figure for sales revenue.
 6. Calculate unit costs and unit sales revenue and, taking into account the pricing objectives, set a price.

Figure 8.6 Practical tips: how to price a library publication

PAY-PER-VIEW

A variation on item-based pricing, for the electronic information marketplace, is where the user pays for the information when it is accessed. A business information website, for example, may provide access to some information free, but should an individual wish to download a list of several thousand addresses for marketing purposes the user will be charged for this on the basis of the information that has been downloaded. Similarly, document delivery services may allow consumers to order journal articles through their web-based services. The end-user will be charged for the item ordered. Payment may be by credit card, e-cash, or account and invoice.

SUBSCRIPTIONS

Subscriptions have been a well established means of ensuring a more persistent commitment to serials, such as journals, magazines and newspapers. In consumer

markets, subscriptions encourage customer loyalty and ensure some stability of revenue over the period of, say, a year. In the library marketplace, libraries have always sought to build a set of all of the issues of serial publications which are of interest to their clientele, and journal subscription agents have managed the interface between libraries and publishers. In addition, many web-based information services use subscription-based charging models. Such subscription arrangements are often designed to encompass options for both individual consumer subscriptions and subscriptions by libraries, where the library is typically providing access to a number of users, possibly located on several different sites. Business information providers that have an identifiable business customer base within specific industry sectors favour the subscription model for the provision of access to business, company and financial information resources.

CONTRACTS AND LICENCES

Access to electronic information, such as large bibliographic databases, electronic journal collections and business, statistical and other databanks is increasingly provided to the end-user through libraries. Libraries in both the academic and public sector have formed consortia, which are increasingly functioning as powerful purchasing forces, to negotiate with information providers. Contracts (which embrace price) and licensing arrangements (which specify how the information that has been acquired may be used) are agreed and reviewed, typically on an annual basis. Individual libraries then have contracts with the consortia for access to all of the negotiated products or an agreed subset. The advantages of such contracts to the information provider are a guaranteed revenue stream and visibility in the marketplace through association with significant academic and public libraries. In addition, licensing arrangements include controls on the use of the information which ensures protection of intellectual property. Whilst such controls are extremely difficult to police with individual end-consumers, it is in the interest of all parties in the consortia arrangement to take steps to honour the contractual terms that seek to control the use of the licensed information. For information organizations and their users the advantages of the consortium arrangement are wider access to electronic information and support in its acquisition and use from the consortium and its other members.

There has been a considerable body of work on licensing and related issues in recent years, with licensing guidelines and model licences having been generated by a range of different bodies. Subscription agents, library and publisher consortia and groups have taken a major role in the development of these guidelines and model licences. Since this is an international marketplace, work on licences and contracts has been international, and all guidelines and licenses need to include

optional clauses and statements that accommodate differences in legal systems and circumstances between countries and states. Licences have been developed for single academic institutions, academic consortia, public libraries, and corporate and other special libraries (www.licensingmodels.com). The Association of Learned and Professional Society Publishers website (www.alpsp.org) provides model licences and references to guidelines on licensing that include the following:

- *TECUP guidelines for negotiation by libraries with rightholders*, to help libraries negotiate over both retro-digitalization and licensing
- *ICOLC (International Coalition of Library Consortia) statement*, focuses on licensing by consortia
- *ECUP licensing guidelines (European Copyright Users Platform)*, which focuses on legal issues, and are intended to assist libraries in negotiating with publishers
- *Publishers Licensing Society guidelines*, which focuses on the relationship between publishers and authors.

Figure 8.7 shows an extract from the Joint Information Services Committee's (JISC) Licensing Principles, relating to access and use. The establishment of what is on offer from the publisher to the library is an important element in pricing strategy. Note that this extract deals with 'fair-dealing', the making of print and electronic copies, permanent rights and archiving. Issues such as these reflect the potential benefits that can be derived from the information resource, and as such further define the nature of the 'information product'. This discussion of licences and contracts illustrates the level of integration between product and price in the marketing mix for information products.

- Colleges and universities should be able to provide access, 24 hours a day, 7 days a week, to their students, faculty and supporting staff, irrespective of where they are located.
- Institutions should be able to provide walk-in access, on-site, to their other regular and registered users.
- The concept of 'fair dealing' continues to be relevant and must be retained in the digital environment. Licences should permit the 'fair dealing' of all information for non-commercial, educational, instructional and scientific purposes by authorised users, including unlimited browsing, viewing, downloading and printing, inclusion in course packs in print or electronic form, and private study in agreement with the provisions in current copyright law. Copies of such items which are included in on-line course packs will be deleted by the Licensee when they are no longer used for such purpose.
- Colleges and universities should be allowed to make print, fax or E-mail copies of the data delivered by the publisher for non-commercial document supply purposes, within the fair-dealing guidelines/the legal copyright regulations. The JISC is prepared to discuss specific conditions for document supply in the digital environment.
- The licence agreement should include permanent rights to information that has been paid for, including reimbursement if a subscription to material that initially was included in the agreement is subsequently cancelled.

- The publisher should accept responsibility for ensuring that an archival copy of publications in digital format is maintained. In the event that the publisher is not in a position to take direct responsibility for the maintenance of such archival copies, he [or she] should ensure that satisfactory alternative arrangements have been made.
- The licensee should have the right to preserve one copy of the files for archiving and for use in perpetuity; the licensee may also preserve such copies as may be necessary for back-up and security purposes.

Figure 8.7 Extract from JISC Licensing Principles, relating to access and use

Source: www.jisc.ac.uk

Using its model licences, JISC, through its managing agent NESLi2, negotiates subscriptions on an ongoing annual basis on behalf of UK higher and further education. JISC then charges subscriptions for access to specific sources to individual colleges and universities depending on their JISC banding (based on central funding received by the higher education institution). Figure 8.8, for example, shows the subscription fee for Literature Online for Higher Education (or LION), a searchable library of works of English and American poetry, drama and prose.

JISC charging band	Subscription fee for 2004	Subscription fee for 2005	Subscription fee for 2006
A–D	£6900 excluding VAT	£7134 excluding VAT	£7752 excluding VAT
E–H	£4300 excluding VAT	£4558 excluding VAT	£4831 excluding VAT
I–J	£2300 excluding VAT	£2438 excluding VAT	£2584 excluding VAT

Figure 8.8 Consortia pricing models – JISC pricing structure for LION for higher education institutions

Source: www.jisc.ac.uk

E-journals are an important element in the content covered by such licensing arrangements. Under these arrangements, many existing pricing models rely heavily on bundling, of which there are two types:

- bundling of the electronic journals available from one publisher or group of publishers – Ingenta is one example of such a ‘bundle’ of resources (see Figure 8.9);
- bundling of the electronic and print versions of journals.

Ingenta provides online access to abstracts and full-text academic and professional journals. Contains more than 6,000 electronic journals. Search for specific titles or browse by subject headings, which include: arts, history, literature, music and religion. Further options include a personalization tool and a facility to save searches. Users can also purchase articles from publications that their institution does not subscribe to.

Figure 8.9 Bundling of electronic journals – Ingenta

Source: www.ingenta.com

Such bundling means that it is often attractive for libraries to license access to journals for which they would not have chosen to place a separate subscription, because those journals are offered as part of a package. Bundling, and associated pricing strategies has an impact on library costs and budgets, and on their collection development and the resources to which they provide access. From the publisher's perspective, bundling, particularly of print and electronic versions of serials seeks to protect the publisher's revenue from journals, in a marketplace for e-journals that is both uncertain, and constrained by library budgets that will rarely extend to both print and e-journals. In the longer term, some believe that:

- pricing models for e-information must result in a significant reduction in the per use (or 'unit cost') of information
- publishers should offer multiple and flexible pricing modes to meet differing needs (as can be seen from the JISC website referred to).

Library consortia may also use their purchasing power with publishers when negotiating on the price of print material, computer equipment and various other items necessary to maintain effective information service points. Many of the issues relating to the pricing of e-journals are being revisited in the context of the pricing and charging mechanisms for other digitized texts, such as e-books. Five pricing or charging models are available as options:

- digitization fee/purchase
- subscription based on number of students enrolled
- subscription based on number of concurrent users
- fee for printing each page
- fee for access, viewing or usage.

Key considerations in choice of pricing model are predictability of fees and revenue, ease of use for end-user and ease of administration for all other parties.

FREE INFORMATION

The belief that no one should be excluded from access to information is fundamental to our democratic society.

(Olaisen, 1992, p. 239)

As discussed earlier in this chapter, many end-users of information (whether it be in their roles as consumers, employees or citizens) are able to draw on a wealth of free information. Although some of this information may be biased, coloured by the perspectives of its authors and publishers or, in general, not evaluated or authenticated, much of this information comes from authoritative sources and is potentially of considerable value. The Web has made this information much more accessible than previously. Price is not always an indicator of the quality or value of information.

Organizations have different motivations for offering information for free:

1. Public sector organizations offer information for free in the interests of the public good. In the context of national health information services this may be in the interest of supporting citizens to manage their own health more effectively, and to reduce the demand and expenditure on treatment services. Other agendas for offering free information may relate to cultural, economic and social concerns such as leisure, learning and digital citizenship.
2. Business organizations increasingly provide information or advice (customer service) as part of their augmented product, or to lubricate the wheels of the relationship between the consumer and the retailer or producer. Figure 8.10 shows one such offering. Product information also has an important role in promotion and marketing communications. The use of information in building communities and attracting attention is most evident in the web portals that are being established by increasing numbers of organizations. Such portals are interested in increasing traffic to their site, and use information (amongst other features) to entice consumers to make repeat visits to their site.

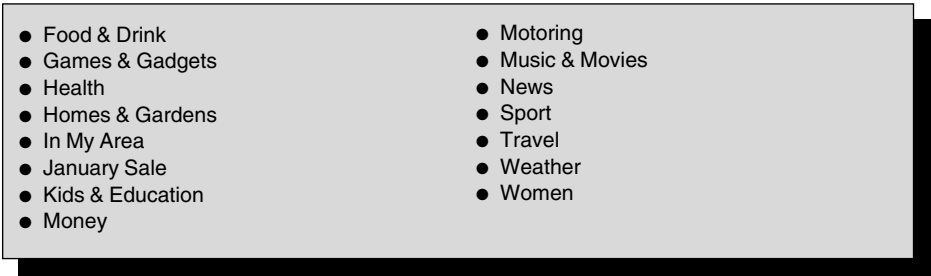


Figure 8.10 Free information from Tesco.net – a menu of topics

3. Organizations, including business, educational, public service and health organizations, provide access to information for their employees for use in their work, study and learning. Although the organizations often pay for any of this information that they do not generate, it is free at the point of use. Figure 8.11 shows an example.
4. Communities of interest or practice, such as professional bodies, make information available to their members, often both through access to more formal library resources or databases, and through exchange of knowledge and views in virtual and other communities.

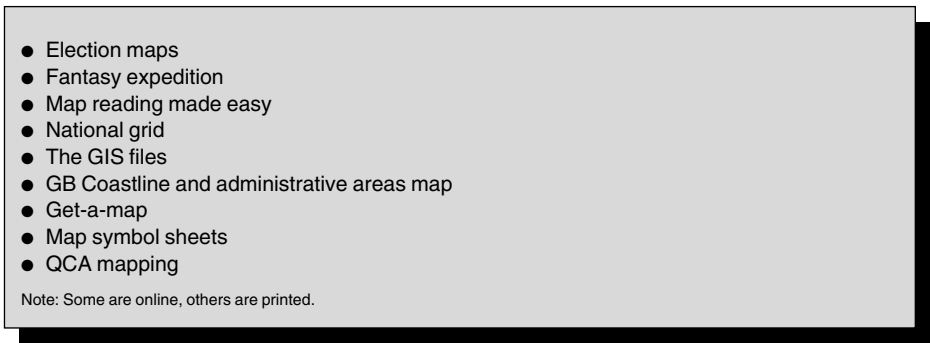


Figure 8.11 Free information resources for education available from the Ordnance Survey

Source: www.ordnancesurvey.co.uk

Publicly funded information services, such as public libraries, school and academic libraries and health information services, have always needed to make a distinction between those activities that are fundamental for all citizens, and those services (such as those to business) that could be regarded as added-value services for the benefit of specific segments of their community, and for which it might be appropriate to charge. Both public and academic libraries often charge for photocopying, some types of online or Web searching, interlibrary loans and document delivery from remote collections, but offer a free core service. Academic libraries may offer basic access to print collections free to alumni, but charge for access to electronic and other resources and services.

PROFESSIONAL PRICING

This is determined by custom and practice within the industry. So, for example, prescription charges are set at a standard rate, conventions for estate agents are that the fee is a percentage of the selling price of the house, and fees for dentists are determined by a scale. Information consultants will estimate their fees on an hourly rate on the basis of what they judge to be the going rate. Professional pricing is important because it reflects the way in which customers expect to be

charged for professional services. By operating in the way that the customer expects, the professionalism of the organization is confirmed, and the customer perceives the organization to be adhering to convention and to be reliable.

PROMOTIONAL PRICING

Special pricing tactics may be adopted in association with a promotion that is designed to draw attention to a specific product. From the customer relationship point of view, promotional pricing is designed to encourage switching from competitors' products. In the information industry this is most evident with promotions on special configurations of hardware. The options are as follows:

- **Price leaders**, which are priced below usual mark-up, at a level near cost, or below cost; revenue from other items should offset these cuts. Major current awareness services based on the contents pages of journals are offered free in order to encourage purchase or acquisition of journal articles, or books, from the document suppliers.
- **Special event pricing**, which is intended to increase sales volume and generate operating capital. Advertised sales or price-cutting linked to a special event may influence prices. Exhibition offers to subscribe to an information product within one month of visiting the exhibition are one type of special event pricing.

CONCLUSION

This chapter has considered a number of aspects of pricing, including the classical relationship between price and supply and demand, pricing objectives, factors affecting pricing decision and aspects of pricing policy and pricing methods. The following pricing strategies and issues within the information marketplace have been considered: item-based pricing, pay-per-view, contracts and licenses, free information, professional pricing and promotional pricing.

Pricing of information products is complex and fluid, in both consumer and business marketplaces. This generates significant challenges for both information providers (at whatever point they are in the supply chain) and users:

1. Publishers, producers and other vendors in the information industry would be in a stronger business position if they were better able to estimate potential revenues.
2. Purchasers, be they users or information services, would appreciate the ability to both compare the price of one information product with another, and to predict likely future investment required in an information product needed to meet their information needs before initial commitment.

Continuing technological innovation means that information can be formatted in a wide range of media and delivered through an increasing range of channels, for a variety of commercial, educational, social, entertainment and other purposes. It follows that pricing strategies for information are likely to continue to evolve.

REFLECT: Consider Figure 8.12:

- *What is the relevance of WAP digital content pricing to information pricing?*
- *Why are some items offered free?*
- *What other pricing strategies are in evidence?*

Vodafone live! WAP Charges

- Menu browsing is completely free on live! Portal
- Vodafone live! content cost 15c per page
- Non Vodafone browsing and content cost 2c per Kb*

Vodafone non-live! WAP

On non-live! GPRS enabled handsets**

- WAP Menus over GPRS are completely free
- WAP content over GPRS cost 5c per page
- Non Vodafone browsing and content cost 2c per Kb*

Java™ Games

Games prices are €2/€5/€7 depending on the quality and the complexity of the game
High scores can be downloaded for 15c

Ringtones & Pictures

- Monophonic ringtones cost €2.50 or €1.50 while on subscription
- Polyphonic ringtones cost €3 or €2 while on subscription
- Realtones cost €5
- Pictures cost €3
- Logos cost €1.50

Text Alerts

Text Alerts are charged up to 15c per Text Alert received

3G Services

View 3G Pricing

All prices are VAT inclusive.

Notes:

* Pay monthly only. Minimum charge 20c applies. Usage over 512Kb is charged at 0.5c per Kb.
** Standard speed WAP (non GPRS) is charged at 15c per minute.

Figure 8.12 Pricing of digital content available through mobile channels

Source: www.vodafone.com

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9

Collecting marketing data

AIMS

Marketing research and information systems are key approaches in the collection of marketing data. They provide insights into customer requirements and an awareness of the changing marketing environment, and help to inform better decision-making about all aspects of marketing strategies. This chapter:

- explores the role of marketing research and marketing information systems
- identifies marketing research questions, and approaches to marketing research studies
- discusses the collection of primary and secondary marketing research data
- reviews the issues associated with the collection of secondary data
- explores data collection methods for primary research
- explains the role and types of marketing information systems
- introduces customer relationship management systems and marketing knowledge competence.

INTRODUCTION

Organizations need to collect data and information concerning customers, markets and the marketing environment. Marketing research is the term used to refer to the systematic collection of such data. It shares many characteristics of other research endeavours, and some of the same approaches and methodologies may be adopted. Its unique feature is that the enquiry is focused on the collection of information that may support an organization in the marketing of one or several of its products. Libraries have a long tradition of user surveys that investigate information behaviour and information-searching behaviour. Such surveys collect information about user behaviour and attitudes. They are a major category of marketing research activity in information service contexts, and share principles

and approaches with other marketing research endeavours. Marketing research can be viewed as one part of the two-way communication process with customers. Promotion is concerned with communication from the organization to the customer, and market research facilitates communication from the customer or potential customer to the organization. This customer-based information flow may also be supplemented by information from other sources concerning the marketplace. Marketing research is concerned with the collection of information, but it also forms part of the dialogue between the organization and its customers. Marketing research helps organizations and their managers to understand the marketing environment, and to make better informed decisions about marketing strategies. Formal market research is particularly valuable for producers, such as publishers, who often sell their products through intermediaries or retailers. Producers are one step removed from direct dialogue with their customers. In addition, formal market research can help to segment large consumer markets into viable segments, and then gather information on the needs and interests of those segments, and how the members of the segments can be reached with promotional activities. One of the tools used in the marketing research process is the marketing information system. Recent technological opportunities have led to developments such as database marketing, loyalty cards and Internet retailing. All of these approaches can be viewed as components in relationship marketing, and are approaches that may be utilized to enhance the organization's need to anticipate and respond to individual customer needs. Indeed, market research may merge with service evaluation (as discussed in Chapter 5), and other approaches that seek to monitor customer responses to offerings. Many of the approaches and techniques described in this chapter are also applicable in this context and other contexts where customer reactions and behaviour need to be investigated. In the next section we therefore consider some definitions of both market research and marketing information systems and databanks. The chapter then considers types of marketing research questions, and a range of approaches to the collection of primary and secondary marketing research data. Finally, the role of marketing information systems is discussed.

Marketing research may seem too grand a concept for a small knowledge centre in a medium-sized business, and alien to an academic library that works in close collaboration with academic staff. In such situations appreciation of customer needs is gathered in the process of service delivery through conversations with users and in discussions in meetings; it may be largely informal. These channels yield important qualitative insights (not unlike those that may emerge in formally constituted focus groups), which are difficult to draw out through some of the more formal marketing research techniques, and would be unlikely to become evident through the analysis of the data in a marketing information system. Even in such circumstances, and in others in which the

customer group is closely defined (as is often the case in organizational marketing), some of the techniques explored in this chapter are useful. They may, for example, be employed in the formal evaluation of new products and services, or in profiling (with more accuracy than informal methods permit) the significance of an issue across a group of users.

At the other end of the scale, large marketing research projects that may be undertaken prior to launching a new product, may involve regulatory and standards bodies, partners and marketing research agencies, together with the organization commissioning the research. Marketing research agencies serve the retail industry with both one-off investigations and regular reporting of customer responses, and these agencies form a significant element in the information industry.

REFLECT: How does your organization collect information about its customers and their preferences?

DEFINITIONS

Marketing research is concerned with collecting information so that an organization can better understand its marketplace and its customers. Collecting information on the actual and potential marketplace not only allows the organization to monitor trends and issues concerning its current customers, but also enables it to profile potential new customers and new markets. The better the planning, data collection, information management and analysis in market research, the more reliable and useful will be the outputs, and the better equipped the organization will be to respond to the changing environment in which it operates. Marketing research can be defined as:

... the systematic design, collection, interpretation and reporting of information to help marketers solve specific marketing problems or to take advantage of marketing opportunities.

Important features of this definition are that market research is concerned with the collection of information on a special project basis. Marketing research is concerned with solving specific problems and defining marketing opportunities. Typical examples of such problems are the need to launch a new product, a new competitor entering the marketplace, or a decline in sales volume. For example, a publisher might experience drop in sales volume of undergraduate texts; they would wish to investigate the cause of such a decline. Marketing research specifies the information necessary to investigate the situation, designs the methods for collecting the necessary data, analyses and interprets the data, and communicates the findings. The information that is collected is information that is

not otherwise available to the organization or, in other words, cannot be collected through marketing information systems.

Marketing information systems are the framework for the day-to-day management and structuring of information gathered regularly from sources both inside and outside an organization. Such systems encompass processes that convert information from a range of sources into information that can support marketing decision-making, as summarized in Figure 9.1. There are a number of different types of marketing information systems that offer varying levels of processing and packaging of the information.

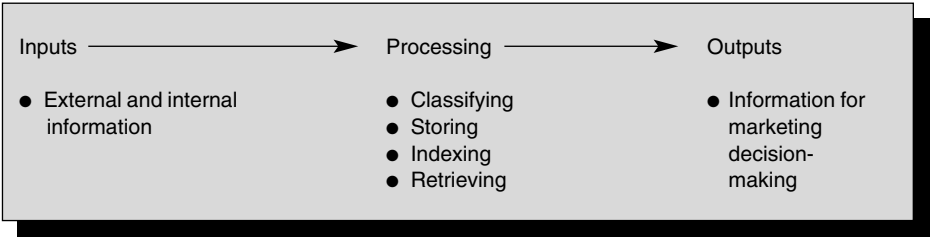


Figure 9.1 A marketing information system

Marketing knowledge repositories Market research and marketing information systems collect valuable information concerning the marketplace. Both types of information feed into a marketing knowledge repository. This knowledge repository, which is part of the wider knowledge repository of the organization, should form the basis of the **marketing intelligence** available to the organization. Marketing intelligence is the composite of all marketing information and ideas available within an organization, coupled with a perspective on the information that provides a competitive edge.

MARKETING QUESTIONS AND RESEARCH APPROACHES

A marketing research process will be triggered by a problem. Figure 9.2 is a list of the generic types of questions that often form the focus of marketing research activity. The initial problem needs to be converted into a research question, and then into research objectives. Figure 9.3 illustrates this process. Each stage demands considerable judgement and understanding of the context in order to convert a problem statement into a question, and then a research question into research objectives.

The different kinds of problems and research objectives give rise to different types of studies. These include (see p. 178):

WHO	<ul style="list-style-type: none"> ● are our customers? ● should our customers be? ● are our competitors?
WHAT	<ul style="list-style-type: none"> ● new/existing products and services should we develop? ● new/existing markets should we enter?
WHERE	<ul style="list-style-type: none"> ● should we develop? ● are our customers? ● should we distribute our products and services? ● are our competitors?
WHEN	<ul style="list-style-type: none"> ● should we launch new products and services? ● should we enter new markets or leave existing ones?
HOW	<ul style="list-style-type: none"> ● should we promote our products and services? ● should we distribute our products and services? ● should we handle consumer reactions/expectations? ● should we compete? ● should we maintain our performance and evaluate new opportunities?
WHY	<ul style="list-style-type: none"> ● should consumers buy our products and services? ● should we develop new products and services? ● should we remain in particular markets/businesses?

Figure 9.2 Fundamental marketing questions

Source: Beaumont 1991

Problem statement:	Decline in the sales of undergraduate texts.
Research questions:	<p>What is the cause of the decline in the sales of undergraduate texts?</p> <p>What strategies can be adopted to reverse this decline, or should the publisher's efforts be directed to other markets?</p>
Research objectives:	<p>To identify the market segments (on the basis of subject and library versus consumer) in which the decline has occurred.</p> <p>To collect data from those segments which offers insights into the reasons for the decline.</p>

Figure 9.3 Developing research objectives

- **Exploratory studies**, which generate preliminary data to help to clarify or identify a problem and define issues and directions for further research. They provide the initial assessment which supports the planning of more formal research. Typical questions that might be explored through an exploratory study include: What new products might be of interest? How can we increase footfall in the library? Are subject portals providing the right kind of navigational support?
- **Descriptive studies**, which describe market or customer characteristics, and thereby provide the marketer with a better understanding of a particular issue or problem. They may be used to profile customers, or to assess their relationship (in both attitudinal and behavioural terms) with the organization. Descriptive studies often involve a large-scale survey.
- **Causal studies**, which seek to investigate the effect of one variable on another, to establish a cause-and-effect relationship between two variables. Organizations, might, for example, be interested to assess whether there is any relationship between an increase in a promotional budget and sales volume, and to be able to identify the nature of that relationship. In practice, such relationships are difficult to establish, because in the real world environment there are usually too many other factors changing that may cloud the relationship between the two variables under examination.

Research can also be divided into two groups on the basis of whether it is qualitative or quantitative in nature:

- **Qualitative research** involves the collection of data that is open to interpretation. It is the usual approach for investigating motivation, attitudes and beliefs, and intentions. It is often based on small scale samples and can not be statistically extrapolated. The results are often subjective, tentative and impressionistic, but qualitative research may offer a depth of insight into complex situations that would be difficult to probe with quantitative research. Qualitative research helps in understanding the factors that influence consumer attitudes and behaviour, and can therefore be useful in the design phase of a qualitative study, or as a basis for projections about future actions and reaction.
- **Quantitative research** involves the collection of data that is quantifiable, such as sales figures, demographic information, market share, market size, number and type of customer complaints, number of helpdesk enquiries handled, and so on. Quantitative research requires a representative sample that is sufficiently large so that the researcher can be confident that results can be extrapolated to apply to the wider population. Market research agencies conduct a number of specialized continuous surveys on behalf of retailers and manufacturers. These include syndicated surveys of retail purchases,

consumer panels, home audits (of groceries purchased), and omnibus surveys (which collect data on a range of topics for a number of organizations). These agencies have a range of very sophisticated ways of collecting market research data, and are increasingly capturing this data at the point of the event, with the aid of various computer-aided data entry approaches.

COLLECTING DATA

There are two types of data that might be collected in market research, primary and secondary:

- **Primary data** is data that is observed and recorded or collected directly from respondents. Primary data collection or field research is undertaken by, or commissioned by, an organization for a specific purpose. The required information does not already exist so it needs to be collected, usually from customers and potential customers. The advantage of primary data is that it should be tailored to the problem in hand, but it can be expensive and time-consuming to collect.
- **Secondary data** is data that has already been compiled inside or outside the organization for some purpose other than the current investigation. The secondary data, often described as desk research, is much quicker and cheaper to access than field research, and may provide information, such as demographic trends, that the organization may not be in a position to gather. The main role of secondary data is in providing background information on industries and markets.

Figure 9.4 summarizes some of the key data collection methods that can be used in the collection of both primary and secondary data.

SECONDARY DATA COLLECTION

If secondary data exists that can be used to inform further research design or, alternatively, to answer some or all of the research questions, then it should always be used in preference to primary data collection. For these reasons secondary data collection normally precedes primary data collection. The precise sources to be consulted depend on the nature of the problem. Figure 9.5 lists some of the myriad of sources of secondary data. Most of these sources are published; some are available through business libraries, but other specialized sources, such as business and financial databases, may require a special subscription. All sources are updated regularly. Some of these sources provide useful data for publishers and other information providers.

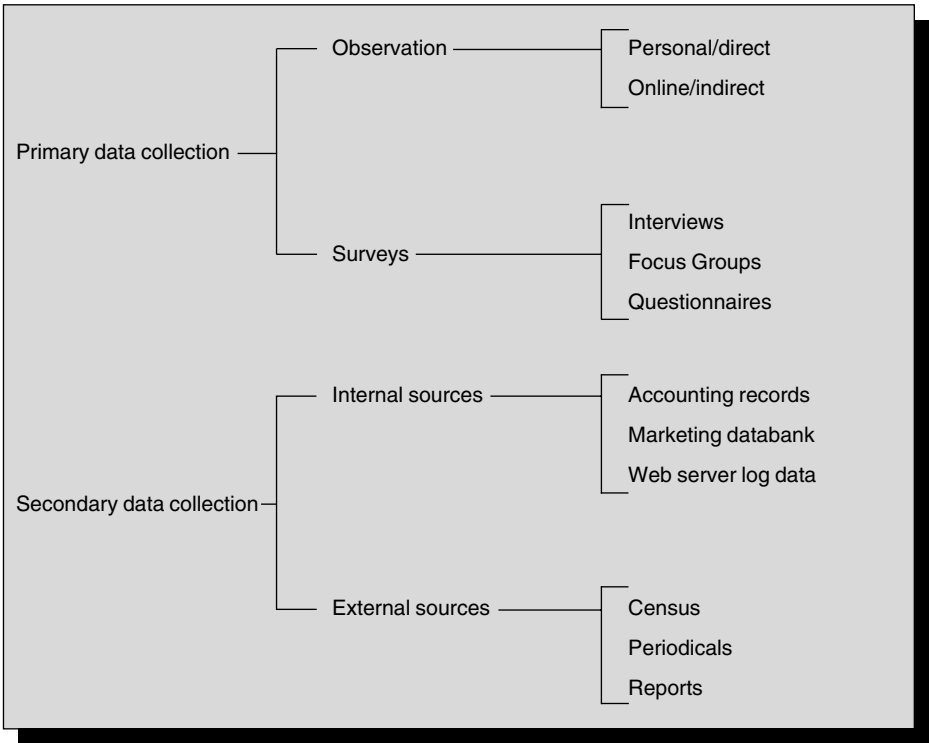


Figure 9.4 Data collection methods

In addition to these sources, data may also be gathered from:

- Management information systems, which provide summary data on the transactions effected within the organization. This data may relate to sales, costs, customer accounts and profits. In the library context, much of this data will be collected in the library management system, but it is important to remember that such data only relates to specified aspects of library and information use. In online environments data extracted from Web server logs, user registration, online transactions and cookies can provide additional data relating to online customer behaviour, as discussed below. (A cookie is a small file sent to a user's computer by a visited website: when the user revisits the site the cookie will remember the user's name, for example.)
- Syndicated data services can be contracted by client organizations to collect consumer information periodically. Typically, they may circulate market research questionnaires that cover a range of products and services from various organizations and feed selected information back to a number of organizations.

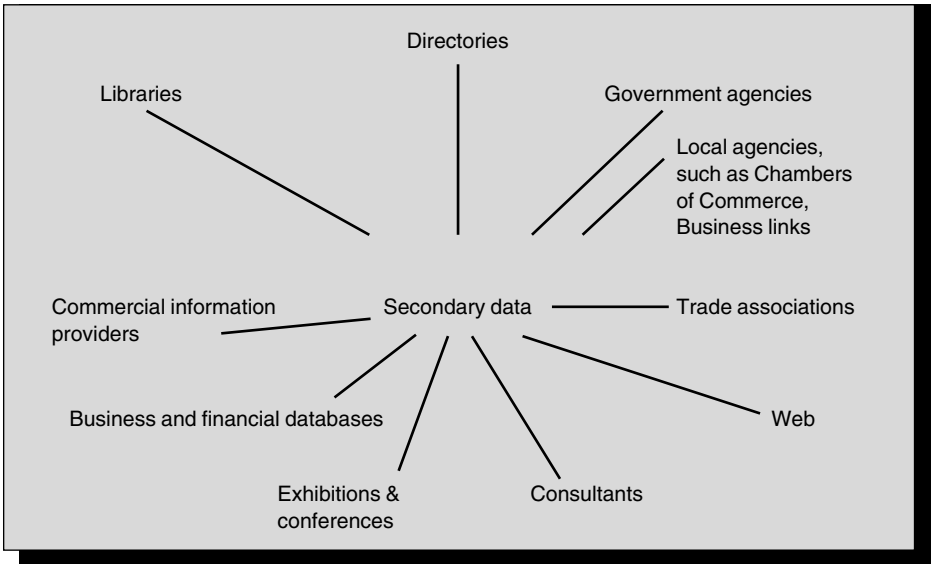


Figure 9.5 Sources of secondary data

- Demographic analysis, such as that performed by CACI and CCN, may provide customer profiles. There are various sources that profile local communities and these can be useful in the delivery of public services, such as public libraries, or online information or media providers that are seeking to reach a consumer market.

PRIMARY DATA COLLECTION

Primary research uses a range of data collection techniques which gather data from customers or users. It is important that the research is designed in such a way that it is:

- **valid**, so that the research is measuring what is required, given the purpose of the project
- **thorough**, so that the scope of the investigation is appropriate
- **reliable and consistent**, so that the same results would arise, with the same test conducted again on subsequent occasions, under the same conditions.

Sampling

Many populations are so large that it is not possible to interview or collect questionnaires from every member of the population. Most research is therefore based on a subset of the population, described as a sample, as the basis for data

collection. There are many ways of selecting a sample, and the most appropriate depends on the research objectives. Random or probability sampling is where each member of the population has an equal or known chance of being selected for the sample. The advantage of random sampling is that it is possible to specify the accuracy with which the sample data can be regarded as representative of the population. Random samples can, however, be difficult to identify. The researcher may not have a complete list of the population from which a random sample can be drawn, and even if such a list exists it may be expensive to contact the members of a random sample. Telephone interviewing members of a random sample of the users of a web information service might involve problems of language, as well as negotiation of time zones and long-distance telephone calls. Another approach might be online e-mail or chat room conversations, although this might not be perceived to be as flexible as a telephone interview. Non-random sampling is often used, since it is easier and more flexible. Two common approaches are:

- Judgemental sampling – in which the individuals to be contacted are specifically selected on the basis of the quality of the information it is perceived that they may be able to offer. This approach is common in organizational markets. The librarian, may, for example, talk to managers to get a view on the effectiveness of a current-awareness service to their staff. This might not, of course, provide the whole picture, but it is a useful starting point.
- Quota sampling is a convenient means of gathering a sample that has a composition that reflects that of the population being investigated, but without needing to pursue the individual members of a sampling list.

There is a range of different survey methods; the selection of an appropriate survey method depends upon the nature of the problem, the data needed, and the resources available. Below we briefly discuss some of the more common approaches: interviews, focus groups, observation and questionnaires. Brief mention is then made of prototyping and experiments. Whichever approach is selected, the principles suggested by Figure 9.6 should be kept in mind.

1. Define the nature, size and characteristics of the group to be surveyed.
2. Consider the research objectives, in terms of whether the research is exploratory, descriptive or causal.
3. Decide whether the research design needs to be qualitative or quantitative.
4. Identify a sampling frame (list of the members of the population). If this is not available, consider non-random approaches to gathering a sample that is likely to yield insights into the problem.
5. Select a sampling method, taking into account the balance between the need for representativeness, accessibility and convenience.

Figure 9.6 Practical tips: choosing respondents for marketing research

Individual interviews

These are useful for gathering facts and opinions; the data collected is generally qualitative in nature. The two-way communication that is a feature of interviews should provide a more multidimensional analysis of the situation, yielding qualitative data concerning not only what a user does, but also why they do it.

There are two main types of one-to-one interview: **structured interviews** and **unstructured or flexible interviews**, sometimes called **in-depth interviews**. Structured interviews are guided by a set of predetermined questions often recorded on an interview checklist. Structured interviews are easier to analyse and comparing the comments made by different people is more straightforward. Flexible interviews are guided only by a list of set topics; the interviewer allows the interview to develop in response to the interviewee's comments. Such interviews are useful for 'discovering the unknown' and identifying facts or attitudes that might not have been predicted to be an issue, and which therefore might have been omitted from a more structured interview based on a predetermined checklist. The main disadvantages of this type of interview are that it is time-consuming, needs to be conducted by a trained interviewer, and consequently can be very expensive. **Semi-structured interviews** are guided by a list of topics, but the way in which this list of topics is used depends upon the interviewee's responses; accordingly, the interview may progress along unpredicted routes.

Focus groups

These are group discussions with, say, 8 to 10 people, specially selected in accordance with a set of predetermined criteria. The members of the groups exchange attitudes, experiences and beliefs about the particular topic. Online focus groups often follow a bulletin board or discussion group form where different members of the focus group respond to prompts from the focus group leaders. Such groups eliminate the need to bring customers together.

The advantages of focus groups are that:

1. respondents experience a sense of safety in numbers and therefore have greater willingness to express insights and greater spontaneity;
2. the process highlights the possible range of different attitudes and behaviours in a relatively short time;
3. the group can be observed, with the aim of yielding data on reactions, vocabulary and perceptions;
4. group discussion triggers counter-responses, which might not surface in individual discussion.

The disadvantages of focus groups are that:

1. they may inhibit frank and confidential exchanges on sensitive issues;
2. minority viewpoints and less dominant personalities may be lost;
3. group leadership and facilitation requires training and expertise.

REFLECT: How might a school library use focus groups not only to encourage the use of the service, but also to better understand why the service is not being used as much as it could be?

Questionnaires and surveys

These can either be used to conduct a wider survey than might be possible with other methods, or to collect subjective data, such as user attitudes that customers might not be prepared to discuss in a person-to-person situation. User surveys have been widely used to capture data about use and user attitudes to information services. It is important to measure both use of traditional library services and those of digital services. Interestingly, a recent article highlighted the danger of measuring library use in terms of the number of loans, and pointed out the need to measure in-library use of stock (Seidler-de Alwis and Fuhles-Ubach, 2004). If users are scattered and it is impossible to conduct interviews, a questionnaire may elicit a quick response from a large number of people. Questionnaires may also be used to identify 'key' individuals, so that interviews can be focused on these individuals. Questionnaires provide quantitative data. This means that analysis is likely to involve at least some basic statistical processing. The nature of these analyses must be determined at the questionnaire design stage, and not after the data has been collected.

Questionnaire design is a skilled activity and the development of an appropriate questionnaire may take a considerable period of time. Several drafts, followed by pilot trials, may be necessary.

Questions can be **open** or **closed**. Closed questions, that list the range of potential answers, tend to reduce ambiguity and misinterpretation and are quicker to answer and analyse. These are often preferred but their effective use depends critically upon the appropriate selection of questions and potential answers. Open questions are useful where the range of possible responses cannot be readily predicted, and here they can assist in collecting ideas.

Questionnaires may be used in the following:

- **Postal and e-mail surveys**, in which respondents are requested to complete and return a questionnaire through the post or by e-mail. Non-response is a big concern with postal questionnaires. The advantages lie in the ease with which confidentiality can be maintained and the absence of interviewer bias. Such questionnaires are also a reasonably cheap means of gathering feedback from a relatively large number of people.

- **Telephone surveys** use a questionnaire as a basis for a telephone interview. These surveys are more flexible and can use semi-structured questions, but do require an input of interviewer time and skill.

Once questionnaires have been completed and returned to the researcher, any rating scales are converted to numerical values and appropriate statistical analysis is performed. Typically this may involve the calculation of descriptive statistics such as means and standard deviations, and cross-tabulations. More sophisticated analysis, possibly using multivariate analysis, will be necessary for surveys including members from a number of different market segments, and where one proposed outcome is a profile of the differences between such segments.

REFLECT: What are likely to be the limitations of e-mail questionnaires in collecting opinions on the effectiveness of a short-loan service in an academic library?

Observation

This involves the watching of particular individuals or groups (such as customers, potential customers, children or information systems users) by trained observers. The objective is to gather information on some aspect of consumer behaviour and reaction. Observation is not as straightforward as it may seem, since observers bring a host of preconceptions to the observation process; cross-checking analysis based on observation is important, and can be performed by using other research methods, or by other observers conducting parallel observations.

Direct observation is where users are observed in specific environments, possibly fulfilling specific tasks. They may be offered a new type of information product to investigate, or they may be asked to use a new piece of electronic equipment. Cognitive information (such as attitudes, beliefs and motivation or perceptions) cannot be observed. One way of gathering this information is **active observation**, where the subject is asked about their actions after the observation episode. Such discussions are also an option with **indirect observation**, in which a video recording of the subject is made, and the subject and the observer then discuss the video recording. These approaches have been used in usability testing of new interface designs, such as web pages, and are useful in testing the acceptability of the design of new information products. In organizational marketing contexts, observation or behaviour at exhibitions may reveal insights in customer response to the promotional activities and products of the organization and its competitors. Subjectivity, and the likelihood that a subject who is aware that they are being watched may modify their behaviour, are the key limitations of observation.

Web server logs, as discussed below, are one form of observation in online environments.

Experiments

These are normally conducted in laboratory environments in which it is possible to manipulate some of the variables and hold others constant, and they may determine the effect of changing aspects of a design for promotion purposes, or aspects of a product. An experiment might, for example, be used to investigate how a group of students make use of a subject information portal. Because well-designed experiments involve careful control of most variables so that other variables can be isolated, most experiments have a very narrow scope and are of limited applicability. **Walk-throughs** are a type of field experiment which are useful for assessing service experiences, whether they be real or virtual. In designing a walk-through, an expert determines the exact task, context and important characteristics of the user population. The evaluator then ‘walks through’ the necessary action or tasks that take users towards their likely goals, with a view to identifying the problems likely to be encountered and strategies used to solve the problems. Walk-throughs are widely used in testing the functionality of new information systems, and their use in a service context has been discussed in Chapter 4.

Prototyping

This is mainly used in the development of information products, rather than specifically in relation to other aspects of the marketing mix. It merits brief mention in this context, since it is an approach that encourages collaboration in the product design process. The customer (or sometimes experts as representatives of customer groups) and the producer work in partnership to produce a product that meets the needs of the user. The producer first makes a prototype – or the best product that they can produce on the basis of the available specification. The potential customer then evaluates this prototype and makes suggestions for improvement, many of which will then be incorporated into the final product. Customer-response Beta testing is a type of market testing that is common with new software products and other information products where it may be difficult to assess in advance whether the product matches customer needs.

Measuring online activity

Online activity can be measured at different levels: at the level of web traffic, or at the level of the behaviour of individual customers. In order to collect data about specific individuals it is essential to be able to identify them, through registration. Such identification is often associated with authentication for many online information services, so it is possible to build detailed profiles of users and their online activities.

Web traffic data can be collected automatically by software on the web server. Such software collects data on visits to specific web pages (or hits) or, more precisely, page impressions. It can also collect data on website visits, their length, the most frequent routes taken through the site, referring sites and exit pages from the site. Software is becoming increasingly sophisticated to accommodate many of the complexities of obtaining accurate records of web traffic.

Individual customer profiles (which can, of course also be aggregated into group data) can be collected through registration, through records generated by purchase and other transactions, and through cookies. Using a combination of these channels it is possible to generate data relating to:

- access – an analysis of hits, servers and sessions, and the identification of sites that refer the most traffic
- activity – an analysis of what visitors are doing and what actions are taken
- community activity – mailing list signings, traffic and volume of such lists, community participation levels
- sales transactions – analysis of which items people are purchasing and the level of sales of those items.

With all such data, it is important to remember that it is retrospective and offers no insights into why customers behave as they do, nor suggestions for improvements in services or resources. Nevertheless, there are occasions when very useful management information can be gathered from an accurate profile of usage levels of, say, links between web pages, specific index facilities and options, and web page or document viewing and printing activities. Indeed there has been considerable debate within the higher education sector concerning models of charging and pricing for digitized texts that relate to metered usage levels.

Concluding marketing research

Data collection needs to be planned so that the data can be easily entered into a data analysis process. The best collection methods are those where the subject enters the data in a form that is automatically fed into the data analysis software, such as online questionnaires or questionnaires using optical marks that can be scanned for data entry. Thus, an academic library customer satisfaction questionnaire that allows students to express their opinions through an online questionnaire, and then transmits the data straight to a database for statistical analysis, is a very efficient means of conducting data analysis. Such an approach is particularly useful with surveys that are conducted on a regular basis. Approaches to data analysis should be planned early in the research process. Appropriate data analysis depends on the hypothesis (or question), and whether the data collected is qualitative or quantitative. Quantitative data analysis will require the creation of data tabulation and associated statistical interpretations using both descriptive

and summary statistics such as means and standard deviations, plus multivariate analysis and hypothesis testing. Qualitative and quantitative analysis of significant data sets is extremely time-consuming. There are a range of computer-based tools, such as content analysis and statistical analysis packages, that can support these processes.

Research findings must be recorded in a form that is appropriate for their audience. Managers benefit from executive summaries and other lists of key points. Finally, all research findings have limitations. Acknowledgement of these limitations is important in the interpretation of the results. It may also serve to identify areas for further research or investigation. Practical tips for conducting a marketing research exercise are given in Figure 9.7.

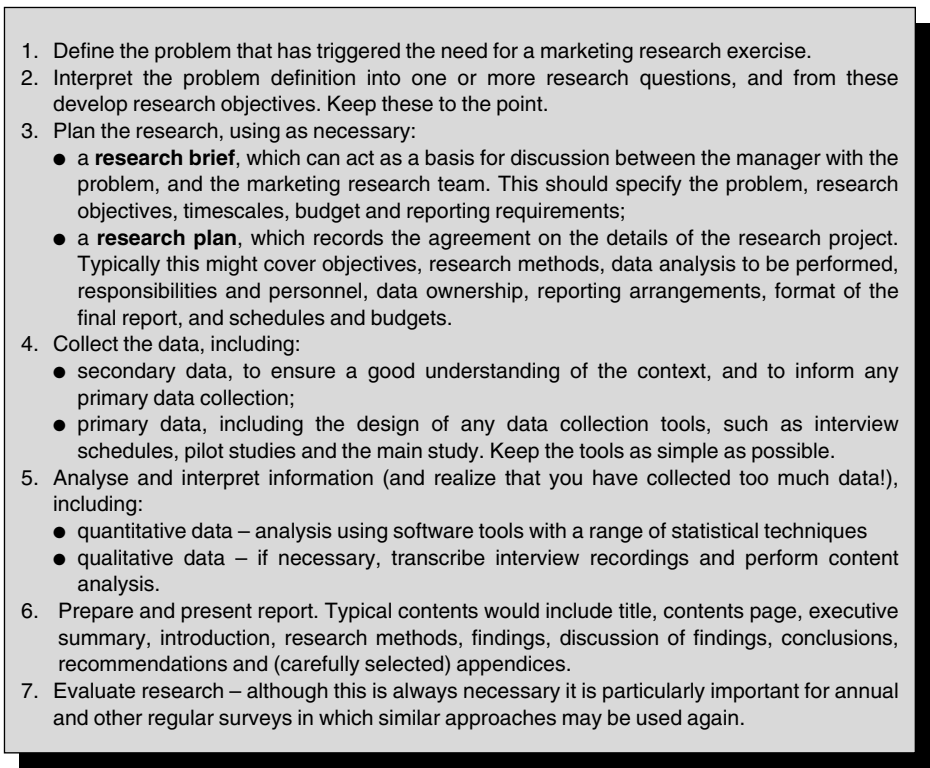


Figure 9.7 Practical tips: conducting a marketing research exercise

MARKETING INFORMATION SYSTEMS

Marketing information systems (MKIS) must be designed to support the types of decision-making in which marketers need to involve themselves. Information

comes in a variety of forms and from a variety of different sources. The problem is extracting relevant information, or information that might become relevant in the future, and making it accessible to those managers who might find it useful. Most organizations are drowning in information. As well as generating huge amounts of data from their day-to-day transactions (sales, customer details, incoming and outgoing orders), organizations are usually gathering information about competitors, and all of the PESTEL influences on the marketing environment (as described in Chapter 2). It is the role of the marketing information system to collect and organize this data. The information in marketing information systems comes from both internal and external sources. Internal sources include sales records, marketing research reports, sales representatives' reports, customer enquiries and complaints. For retailers and other service points, such as libraries, systems which identify customers and items using bar codes at the point of transaction have generated important ability to collect information about stock movement and customer activities. External sources include ad hoc market research studies, information from all of the sources in Figure 9.5, and also continuous feeds from syndicated studies, market research agencies, suppliers, partners and business and financial database providers.

Figure 9.2 listed some generic marketing questions. Using one of these questions as an example may help to illustrate the different types of data that are needed in a marketing information system. The question 'Where are our customers?' requires data to be collected on two levels. Data collected from existing customers that include characteristics such as age, family groupings, distance travelled to the store and buying behaviour, will yield a profile of existing customers. Potential customers can be located by using this profile and matching it against external demographic data, in order to identify the location of other members of the public with a similar profile to existing customers.

REFLECT: What information does your organization give to its suppliers, which might be used as input to their MKIS?

Marketing information systems (MKIS), like all other types of information systems, can be broadly categorized into four kinds: transaction and operational data processing systems, management information systems, decision support systems and executive information systems. These categories reflect the different levels at which marketing information is collected and analysed. The types of data embedded in such systems and the range of reports and queries that they can be expected to generate offer a further insight into the types of questions MKIS need to be able to answer:

- **Transaction and operational data processing systems** maintain records concerning the basic operations of the business. Examples include library

management systems, online document purchase systems, sales transactions and inventory systems. Such systems may assist the service agent in responding to individual customers and in customizing the service encounter.

- **Management information systems (MIS)** often make use of the data in transaction processing systems, but offer basic summaries and analyses of that data. Typical outputs from MIS are structured, scheduled, and/or exception reports on branch sales by product line, with associated exception reports highlighting important conditions such as below-average branch sales. They assist managers in ensuring that products are available to match customer demand. Library management systems generate details of user demand for books or electronic documents on a regular basis by, say, branch, collection or subject area. In a lifelong learning project, it may be necessary to design a data collection and analysis procedure to monitor and report on the impact of a project within the community.
- **Decision support systems (DSS)** assist managers with unique, non-recurring strategic decisions that are relatively unstructured. DSS use a database management system to store data, and a model-building and data analysis facility to allow the building of models to describe the inter-relationships between the important variables in a particular environment. A good example of a DSS that might be used in marketing is a geographical information system (GIS). One widespread application of GIS is in retail locational planning, but GIS are also used to support decisions about the location of public service delivery points. DSS, in general, assist senior managers to make decisions in relation to new products, new service delivery locations and messages and audiences for promotion and brand images. They gather and present data to guide decisions about major new initiatives.
- **Executive information systems (EIS)** are designed to assist top-level executives with the acquisition and use of the information that is necessary for strategic management. The emphasis is on presentation and ease of use in highly unstructured decision situations that need to draw on information from a wide range of sources. For example, a manager may wish to compare last year's sales figures with those of a competitor. In order to achieve this, the manager accesses reports on publicly held companies which are available from external financial databases and then accesses the yearly sales figures for his or her own organization. The EIS will compare, in graphical form, the competitor's sales with the organization's sales. An EIS would be a valuable tool for a publisher that wanted to monitor its success in electronic and traditional market places, and to compare sales and revenue figures with other publishers, and then compare these with trends in the marketplace as a whole.

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS

One important category of marketing information is concerned with customer data and information. Many of the processes discussed earlier in this chapter are concerned with the collection and interpretation of customer data. Customer relationship management (CRM) systems are a specific category of marketing information system that focus on the collection and interpretation of customer data. Such systems facilitate the development of customer relationships, as discussed in Chapter 5, and support the delivery of a marketing and customer orientation; and some would see CRM as an overarching business philosophy, whereas others take a more process- and systems-based perspective. For example, typically CRM entails:

- collecting customer data across all functions and points of interaction with the customer, including 'brick' and 'click' channels;
- acquiring and continuously updating knowledge on customer needs, motivation and behaviour over the lifetime of the relationship;
- applying customer knowledge to continuously improve performance through the process of learning from successes and failure;
- the implementation of appropriate systems to support customer knowledge acquisition, and the sharing and measurement of CRM effectiveness.

All these activities involve data collection, but they also extend to the development of information and knowledge from the customer, and to ensuring that the data is shared, disseminated and used effectively in moving the organization forward. This involves consideration of how knowledge is managed in the organization, or knowledge management. We return to this topic, but should note here that knowledge management and CRM have largely developed as separate systems and philosophies, although work on concepts such as customer knowledge management and marketing knowledge competence is beginning to explore the relationship between these two areas.

One major category of CRM systems are **loyalty or reward schemes**. Loyalty schemes (as often operated by financial services, travel, leisure and retail organizations) build significant collections of consumer data which they use to sustain customer relationships through rewards, product and portfolio development, and brand-building. When a customer joins a loyalty scheme they may be asked to complete a form which asks for details such as their name and address, and other contact information; these details are subsequently entered into a database. Once a customer has an entry in the database, further records of customer purchases and other transactions can be added, making it possible to build a profile of individual customer purchasing habits, and to relate purchasing activities to each of the other variables that registration has collected about the

customer. Data-mining techniques are then used to segment the retailer's or other service provider's customer base, for purposes of targeting both marketing communications and special offers and, more generally, for targeting the offer that the business makes to specific customers or groups of customers. The case cameo in Figure 9.8 illustrates one small application of such schemes, to influence customer behaviour in relation to an information service. Such schemes operated in digital channels, with or without a reward element, offer considerable insights into user behaviour on an ongoing basis.

The County Borough of Torfaen in South Wales has launched the Total Access Card Scheme. Against a background of rising levels of obesity in children, the scheme promotes the habit of healthier eating in pupils. Pupils can use their card to buy school meals electronically and to earn 'reward' points for choosing healthy eating options. The card also doubles as a library card for use in the public library. Pupils can borrow, renew or reserve books and can also collect reward points by returning books on time.

Figure 9.8 Case cameo: a reward card scheme

Source: based on 'Total Access Card Scheme', Y Ddolen, Summer 2004, p. 7

Discussion of CRM systems highlights the need for organizations to manage not only data but also information and knowledge. This need extends beyond customer knowledge management to the management of all types of marketing and other organizational data. IT systems, such as the MKIS and CRM systems discussed above, are good at managing data and, with human intervention, can be used to analyse and organize data into meaningful information. **Knowledge management (KM)** is, however, essentially a social process that draws on and uses data and information, and depends upon the quality of the data and information management processes in the organization. Kakabadse et al. (2003) suggest that a consistent theme in all definitions of KM is that it provides a framework that builds on past experiences and creates new mechanisms for exchanging and creating knowledge. Typically, knowledge management involves a range of processes, such as:

- knowledge construction, knowledge dissemination, knowledge use and knowledge embodiment (Demerest, 1997)
- knowledge capture, organization, refinement and transfer (Awad and Ghaziri, 2004)
- knowledge acquisition, creation and construction, knowledge articulation and sharing, knowledge repository updating, knowledge diffusion, access and dissemination, knowledge use and knowledge revision (Rowley, 2001).

Marketing research needs to be integrated into the knowledge management framework of the organization. This involves moving beyond asking the right

research questions, data capture and analysis to designing on-going systems, approaches and processes (including both technological and social elements) for monitoring all of the components in the organization's environment. This is a challenging agenda, which involves information organizations developing an understanding of their organizational learning and knowledge management processes.

REFLECT: How could the reward card scheme described in the case cameo in Figure 9.8 be used to help to build a relationship with library users? What behaviour is being modified? What data is being collected?

CONCLUSION

Marketing research projects are useful in collecting data to solve specific problems and to accommodate changes in product range, customer profile and the marketing environment. Data from such studies needs to be integrated with information generated from the analysis of the organization's activities and other internal and external sources of information. Market research data may be collected using interviews, focus groups, questionnaires and surveys, observation, experiments, prototyping and measurement of online activity. Marketing information systems are an important repository for marketing data, and embed tools from the analysis of such data. In terms of management information they can operate as management information systems, decision support systems or executive information systems. Customer relationship management systems have been introduced to collect and analyse customer data. The concept of knowledge management is important in understanding the business and organizational processes that translate data into information and knowledge.

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10 Marketing strategy and planning

AIMS

Marketing strategy and planning draw together the range of operational marketing concerns that have been explored earlier in this text. Specifically, this chapter:

- explores the nature of strategy and its relationship to planning
- explores some of the models used in marketing strategy and analysis to understand competitive positions in marketplaces
- reviews the stages in the strategic marketing planning process
- discusses the format and formulation of marketing plans
- explores the roles of objectives, budgets and controls and evaluation.

INTRODUCTION

From a practical perspective, marketing strategy should precede and inform virtually all of the activities discussed earlier in this book, such as promotion planning, product design, branding and pricing. This chapter is placed last because strategy is integrative, and it is not possible to engage in discussions of strategy without some appreciation of the elements of the marketing process, as have been explored in the earlier chapters of this book. All strategy, including marketing strategy, is concerned with matching resources to the environment and, through that process, iteratively enhancing resources to strengthen the organization for the future.

This chapter starts by exploring the nature of strategy, and then examines the relationship between corporate and marketing strategy. Because market success is so important to the success of all organizations, this relationship is complex, and some of the models and processes discussed in this chapter, with its focus on marketing strategy, might also be used in the context of corporate strategy. From

a marketing strategy perspective the processes and models described in this chapter are generic, can be applied to all organizations, and are widely used. Since many library and information services are working within a larger organization, it is important that they work with similar models and processes to those adopted elsewhere in that organization, but understand how to interpret and apply these models and processes to the information service. Many of the models discussed later in this chapter have their roots in commercial marketplaces, in which profit, market share, competition and competitive advantage are key agendas. Whilst information services are often non-profit, other organizations in the information industry (such as publishers) are certainly in business to make a profit, and all organizations need to ensure that their revenues can be balanced against their expenditures. Notions of marketplaces, competitors and market share can encourage a sharpened awareness of the visibility and impact of a public sector organization, and the factors and other organizations that might affect impact, visibility and effectiveness.

This chapter commences with a consideration of the relationship between corporate strategy and marketing strategy and planning, then pauses to explore the nature of strategy. This leads into an exploration of the strategic and marketing planning processes, including the stages in the strategic planning process. Finally, the chapter introduces a number of strategic planning tools and models that can be used in environmental, marketplace and situation analysis to assist in the identification of the most appropriate strategic option.

THE NATURE OF STRATEGY

There are three kinds of organisations: those that make things happen; those that watch things happen; those that wonder what happened.

(De Saez, 2002, p. 15)

Strategy is concerned with establishing and sharing long-term direction. Marketing strategy provides answers to question such as:

- Which markets should we be in?
- What can our organization offer that is distinct from what is offered by competitors or even collaborative partners?
- Does the organization have the skills, resources and other assets necessary to achieve its objectives?
- How will our marketplace position change over the next five years?
- What will our competitors be doing in five years?
- What benefits will our customers expect in five years?

Strategy is not only concerned with developing plans, but also with making them happen. Strategic management is essentially about planning and leading change, whilst ensuring that the organization has the capacity and capability to move confidently forward in the right direction. In today's dynamic environment strategy-making is an ongoing process that engages not only top management but all managers and team leaders and other staff. Managers need the ability to think, plan and act strategically on a continuing basis. The wider and ambitious policy agendas to which information organizations are being expected to respond demand visionary leadership, informed decision-making, and dynamic strategy-making processes.

Most organizations have a series of interlinked strategic planning documents and processes. Marketing strategy is often interwoven through this complex set of strategies and their documents. Many organizations have hierarchical structures, and this leads to the development of a hierarchy of strategies, with strategies matching the business units, departments and divisions within the organization. Corporate-level strategy is concerned with the overall purpose and scope of an organization. Below corporate strategy there may be strategies for each of the business units in an organization, as well as some overarching strategies for functions like marketing or finance. Each of these strategies will be the subject of a written document, and is likely to be considered and approved by various key stakeholders.

An information service is one of the business units within its local authority, university, school, organization or health service organization. The marketing strategy for the information service must be aligned both with the information services strategy and with the marketing strategy for the organization, which both, in their turn, contribute to the corporate strategy.

This discussion has already started to point towards the complexity of the strategic planning processes and the interdependence of specific strategies so, before we proceed to a focus on marketing strategy, it may be useful to explore the nature of strategy. Strategy is concerned with the long-term direction of an organization. Johnson and Scholes (2002, p. 10) define strategy as:

... the direction and scope of an organisation over the long term which achieves advantage for the organisation through its configuration of resources within a changing environment and to fulfil stakeholder expectations.

This definition derives from a number of aspects of the characteristics of strategic decisions:

1. Strategic decisions and strategy are usually concerned with the **long-term direction** of an organization.
2. Strategy is usually concerned with **strategic advantage**, or being able to offer a better value proposition to customers than competitors can offer.

3. Strategy concerns **strategic fit**, or the matching of the resources and activities of an organization to the environment in which it operates, in order to achieve maximum strategic advantage.

In turn this means that strategic decisions are typically:

- **complex** in nature
- made in situations of **uncertainty and risk**, since predicting the long-term future cannot involve certainty
- require an **integrated approach** across the organization
- have major **resource implications**
- affect a range of **operational activities** in the organization, and provide the context for operational decisions
- drive **change** within the organization, and the relationship between the organization and other organizations.

To summarize, strategic management is concerned with establishing fundamental parameters, has long-term implications and is organization-wide. This means that strategic planning and management is typically ambiguous, uncertain and complex.

Armed with these perspectives on the basic nature of strategy it is useful to return to discuss the relationship between corporate, or business unit (including the information service) strategy, and marketing strategy. Both are concerned with the way in which an organization responds to its marketplace and there is a dynamic relationship between the two, but typically:

- **Corporate strategy** is concerned with the allocation of resources within the organization in order to achieve the business direction and scope specified with corporate objectives. It specifies the organization's mission, defines organizational objectives, and identifies the portfolio of activities for the organization. Typical issues of concern to corporate planners are market expansion, product development, acquisition, divestment, diversification and maintaining a competitive edge. These are all issues which affect the market segments and product ranges with which the organization is involved.
- **Marketing strategy** indicates the specific markets towards which activities are to be targeted, and the types of competitive advantages that are to be developed and exploited. It may be concerned with issues such as customers and customer relationships, and the establishment of appropriate marketing mix strategies.
- Some organizations may also have a **marketing plan** which focuses on the operational detail, converting strategies into implementable actions. It is a detailed statement which specifies target markets, marketing programmes, responsibilities, timescales, resources to be used and budgets.

Market strategy considers all aspects of an organization's strategy in the marketplace, whilst a marketing plan is more normally focused on implementing marketing and promotional strategies, in the context of specific target markets and the marketing mix. Typically the strategic market plan offers a context for the development of the marketing plan. Organizations may develop both a marketing strategy and a marketing plan, or produce a plan which is an amalgamation of the two. Different models will be appropriate for different organizations. This will be influenced by the size of the organization, the scale of marketing activity, the strategic planning process, market structure and opportunities, and the extent of the marketing orientation of the organization.

PLANNING AND STRATEGY

One of the difficulties with the association between strategy and planning is that it tends to promote a rational view of strategy, which promotes models of strategy which suggest that all an organization has to do is have a plan and implement it, and all will be well. This is rarely the case. Strategy formulation involves many players (with different cultural, political and personal agendas), uncertainty, impartial knowledge of marketplaces and variable capacity of the organization to respond to the marketplace. Things often do not go to plan. Having a sense of agreed direction is not the same thing as arriving at the agreed destination, and in the time span of the plan the desirable destination may change, as knowledge improves and situations change. The complex and culturally and politically charged environment of strategic planning and formulation, coupled with the uncertainty of internal and external factors, means that there is often a difference between what managers plan to happen, and what actually happens:

- **Intended** strategy is an expression of desired strategic direction deliberately formulated or planned by managers.
- **Realized** strategy, on the other hand, is the strategy actually being followed by an organization in practice.

It may be that the realized strategy better meets the organization's objectives or defines a better place for the organization in the marketplace. Big differences between intended strategy and realized strategy can occur with significant changes in leadership and management, organizational structure or marketplace. There is nothing wrong with a mismatch between intended and realized strategy, providing that managers are aware of the difference and are taking appropriate actions to manage the situation. Much more serious is **strategic drift**, which occurs when the organization's strategy (intended or realized) gradually ceases to be an appropriate response to the organization's context and environment.

This difference between intended and realized strategy does not invalidate the value of planning. Planning offers the following benefits:

- It provides a structured context for a manager to analyse, think, question and challenge.
- It encourages forward thinking, possibly over a three- to five-year time window.
- It generates a context for communication and coordination.
- Involvement and representation can be structured and controlled.
- The planning document can be used for control and performance monitoring.
- The planning system creates a benchmark for the organization which gives it a shared sense of security and logic.

In conclusion, different models of the planning process will be appropriate for different information organizations, depending on the size of the organization, the nature of its activities and services, and the customer profile. However, all information organizations need to:

- understand the relationship between corporate or organizational objectives and their objectives
- understand the context, resources and constraints which impact on the achievement of objectives
- formulate a plan which includes a range of actions
- monitor progress with implementation of the plan, and the effectiveness of the plan and the planning process.

STRATEGIC ANALYSIS AND TOOLS

Marketing strategies are formulated by organizations with the objective of improving their competitive position, usually through developing a competitive advantage. The central objective of the marketing strategy for any organization is that it moves as far as possible from the conditions that underpin perfect competition, or in other words, the organization must seek to differentiate itself from its competitors, either in reality or in the perception of its customers. For information organizations this involves understanding the nature and structure of the marketplace, which was explored in Chapter 2, and understanding the specific factors that affect a specific service, and the extent and nature of competition for that service. Strategists have developed a number of tools to assist with this analysis. Below we discuss four categories of such tools: for analysing marketplaces and marketing environments; for competitor analysis; for situation audit; and for performance and impact analysis. Many of these tools can be used in a number of different ways, and applied to different units of analysis. For example, they might be used to analyse the current situation, or they might be used to specify a desired future state. Some may be used to analyse the market position or

potential for an organization (such as a local authority) or, in a different exercise, be used to conduct an analysis for the information service, or an element of that service, such as user training or a children's summer holiday reading club. The description of these tools in this chapter takes a pragmatic approach, designed to explain the principles underlying these various tools and to raise awareness of the various perspectives that need to be considered in strategic analysis and strategy formulation. The models or tools discussed in this chapter are a selection of those available. They provide a starting point; if one model does not provide useful insights, then a different model can be tried. Other texts that explore the details of these models in more detail and describe some alternative models are listed in the references at the end of this chapter.

MODELS FOR ANALYSING MARKETPLACES AND MARKETING ENVIRONMENTS

Pivotal to the models that aid in the analysis of marketplaces and marketing environments is the concept of competitive advantage. Competitive advantage summarizes what makes one organization more successful than others. The focus on marketplace and competition is essential, even for public sector organizations, because it encourages an analysis of the alternative routes that customers have to fulfilling needs, and the factors that might influence the information service's long-term ability to have the desired impact. This might be viewed in 'commercial' terms, such as when evaluating the relative position of a business information service, as compared with competitive business information services. Alternatively, it may also encourage consideration of the factors that will affect the impact that public libraries will be able to have in contributing to the digital citizenship agenda.

This section introduces two widely used models proposed by Michael Porter: his Model of Competitive Forces and his Comparative Advantage Model. The first model encourages thinking about the competitive forces in an industry, and is useful in generating a broadly-based perspective on the factors that might affect the future of the organization in its marketplace. The second model proposes two different approaches to achieving success (cost leadership and differentiation) and explains their consequences for marketing strategy.

Porter's Model of Competitive Forces

Porter (1980) developed a model which summarizes the key factors that affect industry attractiveness. This model, as shown in Figure 10.1 shows the competitive forces at work in an industry. A review of these factors makes it possible for an organization to assess how far it is possible to do better than, or create a competitive advantage over, its rivals. Attractive marketplaces are those in which the scope for the development of competitive advantage is high. Another

way of using this model is to encourage reflection on the factors in a marketplace and their impacts not only on the marketplace but also on the individual organizations in the marketplace. Each of the five forces in Porter's model identifies factors which move an industry closer to perfect competition (in which it is impossible for organizations to achieve competitive advantage) or further away from it. We now look at these forces in more detail.

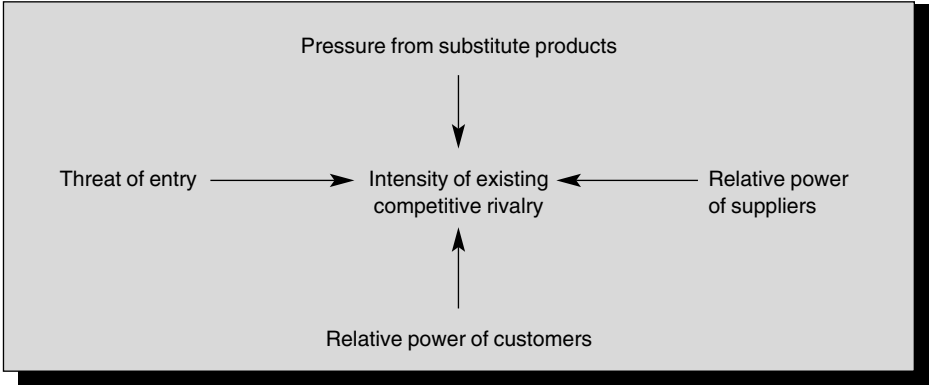


Figure 10.1 Porter's Model of Competitive Forces

Power of customers – Powerful customers, such as are often active in business-to-business markets, will be able to demand attractive terms. In the information industry such customers may be consortia of libraries or higher education institutions. On the other hand, if the product is much more important to the purchaser than to the producer, the producer has considerable freedom in the nature and terms of the product offering. This is the case if there are few substitutes or where there is a monopoly. Many public services, such as health, education and social services, fall into this category in which the direct power of customers is weak.

Power of suppliers – In markets in which the producing organization can credibly threaten to make its own components, or to cut out distributors and sell directly to end-users, then its bargaining power is strong when contracting with suppliers and distributors. The Web offers all businesses, including those selling information products, new opportunities to eliminate steps in the supply chain.

Threat of entry – This will be significantly reduced if the barriers to entry are high. Barriers to entry arise from both economic factors and product differentiation. Economic factors determine potential profits, and include any economies of scale that are achieved by large producers and their differential ability to raise capital. Product differentiation will be based on the ability to deliver benefits sought by customers. In the information marketplace, barriers to entry are often associated with the difficulties of establishing the intellectual capacity and skills involved with the generation of knowledge.

Pressure from substitutes – Products which represent unique packages of benefits that are sought by customers are those which are least vulnerable to substitution. In general, challenges from substitutes are in the form of sideways competition, which offers an alternate way of providing the same benefit. Rapid change in technological marketplaces has meant that there has been and will continue to be a range of ways in which users can access information. Electronic information can be seen as a substitute for print information, although these alternative media do not offer exactly the same benefits. Technological advances (such as electronic books and electronic encyclopedias) are designed to offer all of the benefits of the print equivalent, with additional benefits as well, and thereby have eroded the marketplace for the print equivalent. Ultimately, whether a product should be regarded as a substitute for another product depends on the bundles of benefits that are sought by customers; it is also important to remember that the availability of new products may shift customers' perceptions about the benefits that they seek.

Intensity of rivalry – The other four forces influence the intensity of rivalry in an industry. In addition, other factors also influence the intensity of rivalry. The key issue in rivalry is how important it is for companies to make a sale or sign a contract. This may be determined to a considerable extent by whether the industry carries significant fixed costs, which need to be covered. This will mean that companies will often be prepared to sell on a marginal costing basis during demand downswings, and competition will be fierce. Such competition is common in service suppliers, such as those in the airline and hotel industries where seats and rooms, respectively, must be filled. It is also likely to be encountered in any competitive context in the information industry for two reasons. First, where an information service is being provided, and staff are made available to provide that service (as in libraries or call centres), capacity will be determined in advance, and an organization will be keen to achieve that capacity either for reasons of profit or, in the public sector, the maximization of the utilization of committed resources. In addition, as discussed in Chapter 1, the costs of creating information are associated with the creation of the first copy. Pricing strategies will assume a specified level of sales, which information generators will be keen to achieve.

REFLECT: Use Porter's five forces model to identify some of the forces in the information marketplace that might impact on the Royal College of Nursing Library (www.rcn.org.uk).

Porter's Comparative Advantage Model

Organizations must adapt their marketing strategies in order to maximize their particular competitive advantage within their particular competitive environment.

There are a number of different strategies which organizations can adopt. Porter proposes a simple model, which is useful in considering the factors that impact on marketing strategy. He suggests that there are two key strategies that organizations can use as a basis for creating a competitive advantage – differentiation or cost leadership. **Differentiation** is concerned with identifying and delivering a product benefit or bundle of benefits that customers seek. Sources of differentiation can arise from any area of the market offering, including product, branding, price, place, promotion, and service quality and people. Figure 10.2 lists some of the approaches to achieving differentiation.

REFLECT: Review the options for achieving differentiation in Figure 10.2. Which of these are options in your organization?

- Create or re-enforce non-cost-based barriers to market entry, such as government regulations or import and export controls
- Pursue strong branding
- Employ a highly specialized or skilled salesforce, who perhaps have expertise in installing computer networks, which they share with customers
- Dominate a niche market
- Possess or cultivate specialist knowledge or technology, such as skills in capturing funds, or the ability to keep abreast of the latest business information
- Invest in intellectual property and protect that investment, through patents and designs
- Pursue exclusivity in links to a distribution network, or in other strategic alliances

Figure 10.2 Achieving competitive advantage by differentiation

Cost leadership is achieved by exercising tight control over production and distribution costs. This is normally achieved through one or more of the following:

- economies of scale, which allow fixed costs to be spread over several units – for economies of scale to have a significant impact they must be applied to an important part of the value-added chain;
- accumulation of experience, which leads to the development of more cost-efficient production and distribution methods;
- superior technology;
- operational logistics, where, for example, feedback on actual sales levels can trigger additional production.

A key limitation of cost leadership strategies is that there is only one cost leader.

The benefits achieved through cost leadership can be used as a basis for differentiation on the basis of price, quality or innovation.

These key dimensions, differentiation and cost leadership, have been used in the Comparative Advantage Model. This model can either be used to note the link between the optimum strategies for different marketplaces, or to profile different

marketplaces. For example, we might argue that in a market in which there are a few large players, organizations will need to exhibit both cost leadership and differentiation strategies. Figure 10.3 shows how marketing strategies can be identified on the basis of this model.

		Cost leadership	
		<i>Yes/High</i>	<i>No/Low</i>
Differentiation	<i>Yes/High</i>	A few large players, each focused on a particular market segment	Many small specialists, probably all making decent returns
	<i>No/Low</i>	Trend towards any monopoly supplier	Perfect competition and low overall returns

Figure 10.3 Porter's Comparative Advantage Model and industry structures

The different industry structures identified in the Comparative Advantage Model can be used to identify optimal marketing strategies. Figure 10.4 suggests some appropriate strategies in each of the different industry types and, importantly, suggests that strategies should differ on the basis of the role that the organization expects to play in the marketplace.

In practice, many organizations exhibit combinations of cost leadership and differentiation. Nevertheless the model can be useful in starting to analyse a marketplace. In addition, it may yield some insight into the marketing strategies that different competitors are likely to develop and, further, the marketing strategies that are likely to be successful in the particular industry sector.

A further basis for differentiation is the cost structure of the different competitors in an industry. Most industries have a traditional cost structure (or balance between fixed and variable costs) which is intrinsic to the nature of the activities that they undertake. Cost structure strategies seek to achieve competitive advantage by shifting from the industry norm. Franchising and subcontracting are such approaches, through which some of the risk and costs (that is, those associated with retailing) are shifted to another organization. In higher education, a distance learning institution such as the Open University would have a very different cost structure from that associated with a university involved in more traditional modes of student experience. Similarly, public access to information over the Internet has a different cost structure from that associated with delivery through local branch libraries or mobile services. In considering the opportunity for structurally based challenges, it is essential to consider the activities in the organization and their associated costs.

Strategies for industry leaders			
		Scope for cost leadership	
		High	Low
Scope for differentiation	High	<ul style="list-style-type: none">● Research/invest/specialize● Use cash flow from cost advantage to squash threat of entry	<ul style="list-style-type: none">● Research/invest/specialize● Extensive client contact and focus
	Low	<ul style="list-style-type: none">● Add differentiated products with common scale economies to core products● Use cash to squash threats of entry	<ul style="list-style-type: none">● Try to transform industry ground rules by seeking ways to gain cost leadership or specialist skills; if impossible then sell business and exit industry
Strategies for others			
		Scope for cost leadership	
		High	Low
Scope for differentiation	High	<ul style="list-style-type: none">● Seek to control niche markets where your scale is adequate to enable domination, but which are too small or specialized to tempt entry by market leaders	<ul style="list-style-type: none">● There are few disadvantages in being small or a non-leading player in this market. Strategies as per the market leaders: specialize to get close to customers
	Low	<ul style="list-style-type: none">● Exit (since you cannot match the cost leader) or drain cash from the business while ensuring that you do not provoke the market leader	<ul style="list-style-type: none">● It is not worth being in this marketplace

Figure 10.4 Porter’s Comparative Advantage Model and marketing strategies

COMPETITOR ANALYSIS

Competitor analysis is concerned with collecting information on and understanding specific competitors and their marketing strategies. The information provided through competitor analysis should be useful in establishing

competitive advantage. Industry awareness, as discussed in the previous section, contextualizes the perspective on a specific competitor.

One source of information is tactical information relating, for instance, to competitors' product changes, new products, product pricing, levels of discounts, and so on. If this information is collated, made accessible and accumulated over a long period of time, it may be possible to discern trends which are useful in interpreting a competitor's marketing strategy.

Strategic marketing intelligence is focused on gaining an understanding of the way in which a competitor is seeking to secure competitive advantage. Specifically, you are seeking to identify the competitor's weaknesses or points of leverage, and thus to spot areas in which it is possible to launch a competitive challenge. This involves not only developing an understanding of competitors' current weaknesses, but also making judgements about the options that are open to them. This requires:

- an understanding of the market's dynamics and competitive activity
- an understanding of the constraints that restrict competitors' movements
- an understanding of competitors' value chains, cost structures and cash flows
- evaluation of their strengths and weaknesses with regard to the key success factors in the industry
- the systematic collection and organization of information
- the timely analysis of information by senior managers who are in a position to make optimum use of the information in decision-making.

For a large organization, collecting, organizing, interpreting and presenting competitor intelligence is a significant activity. A range of business databases and market research organizations may also be useful sources of information. Figure 10.5 contains some tips and methods for analysing competitors' activities.

A significant factor in competitor analysis is investigation of competitor cash flows. This is significantly affected by the rate of growth within specific marketplaces, the relative market share held by a specific product, and the nature of the company's product portfolio. The Boston Consulting Group (BCG) matrix is a well known model which has been used to assist thinking on cash flows, in relation to specific products. Given information on relative market shares and industry growth rates, it is possible to use the model to reveal the cash-using or cash-generating nature of the products produced by two competitors. This model only predicts cash flows in industries with significant scale curves and experience effects; that is, industries in which demand evolution follows the conventional lifecycle of cash-hungry fast growth followed by cash-generating stability; where experience gains and scale benefits remain as competitive advantages for the firms who generate them, and where opportunities for product differentiation are limited. The BCG matrix is discussed more fully below.

1. Identify competitors for specific segments in your marketplace. For a large public library offering a wide range of services, competitors will be different for different services. For a document delivery service, customers may have a number of different options for obtaining a copy of a journal article. Electronic document delivery services may act as a substitute for interlibrary loans of printed journal articles.
2. Find out about their product range and analyse the difference between your products and theirs. For example, one competitor might be the local DVD outlet. What is the difference between the service that they offer and the one that the library offers in relation to such media?
3. Seek to understand the extent of their customer base, in terms of interests, job roles, information needs and geographical coverage.
4. Seek out their strengths and weaknesses, and collect any information on the volume of their activity in different marketplaces, as well as their profits and challenges.
5. Seek to understand competitors' objectives. These may be specified in annual reports, public policy statements, websites and other forms of marketing communication. An understanding of competitor objectives is a significant platform from which to predict their marketing strategy.
6. Note and observe competitors' responses to changes in the marketing environment. Which organizations lead in technological innovation or response to public policy change? What does this tell you about their capacity for change, and the significance with which they regard the change?
7. Collect and manage information about competitors, with the aid of a competitor information system (as part of a marketing information system).

Figure 10.5 Practical tips: analysing competitors

SITUATION AUDIT AND ANALYSIS

Strategists have developed a number of models and tools that focus on assessing an organization's capacity and potential to succeed in the marketplace. As discussed above, these models can be used at different stages in the strategic planning process, and to focus on different units of analysis. The models discussed here include SWOT analysis and the 7Ss framework, both of which can be used for a broad situation audit. SWOT is a useful general-purpose tool for assessing the capacity that an organization has, and might develop, for responding to its marketing environment. The 7Ss framework identifies and promotes discussion on the organization's strategic competencies. Two other models introduced in this section are the Boston Consulting Group (BCG) Matrix and Ansoff's Development Matrix. Both of these tools support portfolio analysis, or analysis of 'what the organization is doing'.

SWOT analysis

Otherwise described as opportunity/issue analysis, this is a widely used tool for situation audit. It encourages managers to summarize the position in terms of:

- Strengths
- Weaknesses
- Opportunities
- Threats.

Strengths and weaknesses focus on the present and past, and summarize 'Where we are now'. An assessment of strengths and weaknesses provides a capability audit of the present internal situation. Strengths should be developed as the basis for future success: weaknesses need to be acknowledged and overcome, or minimized.

Opportunities and threats encourage consideration of the present and the future, taking a more forward, outward-looking view of future strategic directions. They focus on the external factors. Opportunities can be taken: threats need to be overcome. They may be summarized as: 'Where we want to be', 'Where we do not want to be, but might end up' or 'Where we could be if we pursued certain courses of action'.

The gap between strengths and weaknesses and opportunities and threats represents, 'What we have to do to get there', and needs to be filled by managerial imagination, inspiration and leadership. An organization that is high in threats and low in opportunities faces an uncertain future, whereas an organization that has numerous opportunities but few threats has much potential. Most information services have their fair share of both opportunities and threats, with the balance shifting in one direction or another over time.

Practical tips for a SWOT analysis are suggested in Figure 10.6.

1. Formulate a clear view of the service or product for which the SWOT analysis is being conducted.
2. Decide on the time frame for the forward element of the SWOT analysis (for example, one year or five years).
3. Use a workshop to encourage participation in and ownership of the formulation of the analysis.
4. Recognize that shared and public acknowledgement of weaknesses is difficult and will need support.
5. Encourage a perspective which seeks to transform weaknesses into opportunities.
6. Encourage realistic thinking, with reference to resource issues, about the opportunities that can be grasped.
7. Consider strategies for minimizing threats.

Figure 10.6 Practical tips: conducting a SWOT analysis

The 7S framework

Developed by the McKinsey consulting firm, this approach identifies seven interrelated factors that determine the effectiveness of an organization and its ability to change. The factors identified are:

- strategy
- structure
- systems
- staff
- style
- shared values
- skills.

The first three of these are sometimes described as the 'hard' Ss, whereas the later four (which have to do with people) are described as the 'soft' Ss. The primary message of this model is that these factors are interrelated, and it is difficult to make progress on one dimension without progress on all of the others. The 7S framework can be used as a checklist to structure situation analysis, and to assess the link between strategic direction and implementation. Corral (2000) proposes a modified framework for information services, which has the following elements:

- seeker (of information)
- sources (of information)
- space (physical environment)
- service
- systems
- security (of physical asset and intellectual property)
- skills.

The Boston Consulting Group Matrix

This can be used for portfolio analysis at the organization, business unit, department, product or service level. Using the matrix an organization can map each of its business units, or products/services, in a way that supports an analysis of their current and potential future contribution to the organization, in terms of their market strength. Each business unit (department or service activity) is plotted on the matrix in such a way as to reflect:

- **market growth rate** – the annual growth rate of the market in which the business unit operates; this is a measure of the potential for growth of the business, on the assumption that it is generally easier to grow a business in an expanding market than it is in a steady state or declining market.
- **relative market share** – the specific business unit's relative market share relative to its largest competitor in the segment; this is a measure of its strength in that segment.

As shown in Figure 10.7, the matrix has four cells:

		<i>Relative market share</i>	
		<i>High</i>	<i>Low</i>
<i>Market growth rate</i>	<i>High</i>	Star <ul style="list-style-type: none"> ● Eats cash now ● Makes cash later as growth slows 	Question Mark <ul style="list-style-type: none"> ● Eats cash to grow ● Cost penalty relative to leader
	<i>Low</i>	Cash Cow <ul style="list-style-type: none"> ● Generates cash now ● Risk of decline later 	Dog <ul style="list-style-type: none"> ● Uses cash now ● Little further potential

Figure 10.7 Boston Consulting Group Matrix for analysing product portfolios

1. **Cash Cows** are business units that are in a market with little growth, but in which the business unit has a large relative market share. Such products are typically associated with a large positive cash flow or, in more general terms, a large value investment into the organization. Cash Cows need to be monitored and supported to ensure that they do not decline into Dogs.
2. **Stars** are in markets with high market growth, and have a relatively high market share. Because Stars are often newer business units their value contribution to the organization is relatively small, since they still require investment for promotion and innovation. Management of the cash flow associated with Stars can convert them into the Cash Cows of the future.
3. **Question Marks** (or Problem Children) are in markets with high growth, but have not achieved a significant relative market share. Supporting Question Marks may be expensive, and they are typically associated with a large negative cash flow. The optimal solution is to seek to grow market share, and to convert Question Marks into Stars, but this typically requires even more resource commitment.
4. **Dogs** are in markets with limited growth, and do not have a significant market share in that market. They deliver a modest positive or negative cash flow, and need to be monitored carefully to ensure that they do not drain resources from other businesses or products.

REFLECT: Use the Boston Matrix to analyse the products in your organization's portfolio.

This model can be used by an information service to review the different services that it offers, although the concepts of relative market share, market growth and cash flow might need translation. Cash flow might be measured in terms of resources committed to the delivery of a specific service element; relative market

share might be measured in terms of how important or significant the service is to the user community; and market growth might be replaced with some measure of the likely future importance of the specific service. Using the model would support an analysis of a service portfolio. It may help to identify services for deletion from the portfolio, and services that might justify further commitment of resources. It may also contribute to the assessment of the overall health of the service portfolio of the organization. A portfolio that has only Dogs and Question Marks is draining value and resources from the organization and the organization will eventually fail. A healthy portfolio has a mixture of Cows, Stars, Dogs and possibly Question Marks.

Ansoff’s Growth Matrix

This analytical tool categorizes the opportunities for developing an organization’s position in the marketplace (see Figure 10.8). It identifies four development strategies, on the basis of whether the innovation is in relation to the product or the target market:

Products			
Markets		<i>Existing</i>	<i>New</i>
	<i>Existing</i>	Market penetration	Product development
	<i>New</i>	Market development	Diversification

Figure 10.8 Ansoff’s Growth Matrix

1. **Market penetration** involves seeking to sell more existing products into existing markets or, for a public service, seeking to extend the user group within an existing market for existing services. This is always the least risky option towards the strengthening of market position, but it may not always be possible.
2. **Market development** involves seeking to sell more products by selling existing products into new markets. This requires investment in promotion and reputation-building with new market groups, and anticipation of the risks associated with achieving success in unknown markets.
3. **Product development** involves seeking to develop new products for existing markets. This incurs development and promotion costs, but does have the advantage that the organization has knowledge of the market.

4. **Diversification** involves the launch of new products into new markets. This is by far the riskiest option, because resources need to be invested into both product and market development, and the organization has limited prior knowledge on which to base its predictions of the level of success that the diversification will achieve.

Ansoff's model is useful for information services thinking about new services. It encourages an assessment of the level of novelty of a new service proposal, plus the associated level of predictability of success, and offers a basis for risk assessment. It may, for example, suggest a step-wise innovation strategy in which a new service is first implemented with an existing user group before being rolled out to new communities, even if it is recognized that the needs of the two groups might not be identical. For example, a new database or online catalogue interface may be made available to on-site staff and users before being launched to remote business users, where any problems with service delivery may be less easy to detect and to eliminate.

PERFORMANCE AND IMPACT ANALYSIS

Government agencies, as key stakeholders for public sector funded library and information services, require such services to evaluate themselves in terms of their performance, and more specifically their impact on the communities which they serve. This has a significant effect on the formulation of strategic objectives and on the strategic planning process in general. For example, Figure 10.9 shows the DCMS standards for public libraries. There is a clear link between these statements and strategic objectives. The clear agenda here is to establish performance measures that focus on effectiveness rather than efficiency. Efficiency is defined in terms of **service impact**, and assessed by means of **impact analysis** (Markless and Streatfield, 2004). Impact analysis examines the contribution that the library is making to organizational or societal 'success'. For

- Library authorities must enable convenient and suitable access for users of libraries
- Library authorities must provide adequate opening hours of libraries for users
- Library authorities must enable electronic access for library users
- Library authorities must ensure satisfactory services for the issuing and reserving of books
- Library authorities must encourage the use made of the public library service
- Library authorities must ensure user satisfaction with the service provided
- Library authorities must provide choice in books and materials made available to users
- Library authorities must provide appropriate levels of qualified staff

Figure 10.9 DCMS framework for standards for public libraries

Source: DCMS, 2001

example, academic libraries need to consider how they might measure their impact on learning; school libraries might seek to understand their role in promoting literacy; health information services would seek to understand their role in evidence-based practice, health education, and patient treatment and recovery; and public libraries would benefit from measures relating to social inclusion, learning and digital citizenship. The recent DCMS initiative *Inspiring Learning for All* is designed to stimulate practitioners working in museums, archives and libraries to focus on and improve the impact that they have in supporting learning. Figure 10.10 gives some idea of its scope.

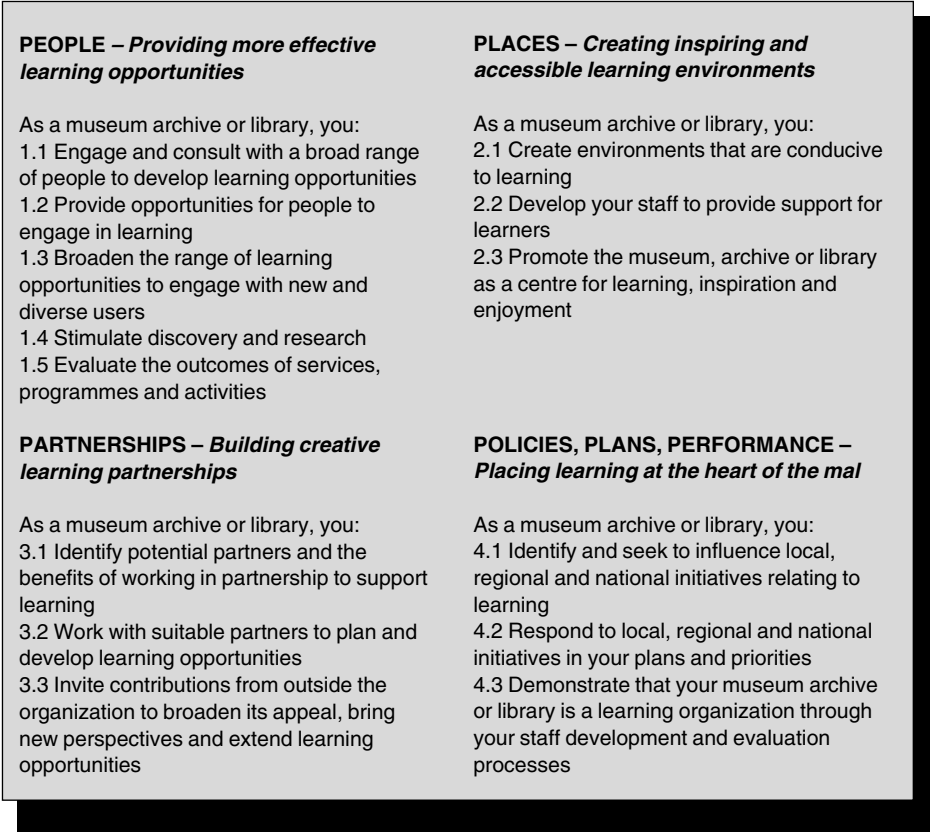


Figure 10.10 Impact analysis: elements of *Inspiring Learning for All*

Although the roots of impact analysis lie in the area of performance measurement, because the impact is defined in terms of its effect on communities, impact analysis has much to say about the quality of the relationship between

information services and their communities. Under the narrower definition of marketing that has as its focus marketing communication, marketing may have a significant role to play in enhancing impact, through enhancing communication between the organization and its communities. In addition, the reports generated from impact analysis are important public relations tools for working with communities and stakeholders. Taking a wider interpretation of marketing, impact analysis offers interesting insights which can be viewed as an alternative means of assessing the success of the information service in its marketplace, arguably the parallel of market share in a commercial marketplace. Impact analysis should be viewed as an element in the strategic marketing toolkit.

Impact analysis focuses on outcomes. Typical short-term results of a single library visit or use could include information gained, problems solved, time saved, information-seeking skills improved and IT skills improved. Long-term outcomes of using information services might be information literacy, improved academic success, better career prospects, or changes in information-related behaviour. Outcomes of libraries can also be measured in terms of economic value, and benefits that arise from storing information and documents and making them accessible (Poll, 2003).

Often, however, it is difficult to measure impact. For example, to measure the impact of a university library on student learning, it is necessary to be able to identify appropriate measures of student library use, and then to measure study outcomes and student achievement, and look for correlations between these two.

COOPERATION AND COLLABORATION

Traditional marketing strategy focuses on businesses which are vying for market position. In order to succeed they need to understand the competition. This allows them to define their position, to fend off attacks on their market from other organizations that are seeking to make inroads into their existing market share, or to launch such an attack themselves. It is not only businesses that are prone to such competitive tactics. Departments within organizations (such as the information management department and the information systems department) and two public sector organizations (such as two libraries in a large urban conurbation) can compete for customers, glory or impact, even when there is no direct profit motive. However, not all competitive behaviour is challenging and confrontational. Many situations are characterized by peaceful coexistence and cooperative alliances. In many marketplaces there is a benign and unwritten agreement that two potential competitors do not invade each other's territory, because there is a risk that such conflict would be damaging for both organizations. Strategic alliances are a more proactive approach to collaboration,

in which organizations seek to work together on projects, pooling expertise and resources. Such an alliance may be project-specific or span a number of activities. In the public information sector, EU-funded initiatives and other consortia alliances have been important in encouraging organizations to work together in both horizontal and vertical partnerships. Such alliances have encouraged technological innovation and application that would have been difficult to achieve through other channels, but there are challenges around the long-term commercial position of the products and other outcomes from such initiatives.

REFLECT: Identify one collaborative venture within the information industry. What have been the benefits for the partners?

STRATEGIC MARKETING PLANNING PROCESSES

The strategic marketing planning process is designed to ensure a systematic approach to planning. The marketing planning process must be consistent with circumstances. In an organization in which a marketing orientation is delivered largely through service delivery, rather than through specific promotional initiatives, the marketing planning process may be almost concurrent with the corporate planning process, provided that the corporate mission has an appropriate focus on customer relationships. Where marketing is a distinct activity with separate staff and significant budgets, the planning process will take longer and will need to specify objectives and proposed actions at a much greater level of detail.

All strategic management processes involve assessing the situation, deciding what to do, and then doing it. These stages are known respectively as strategic analysis and audit, strategic choice and strategic implementation (Figure 10.11).

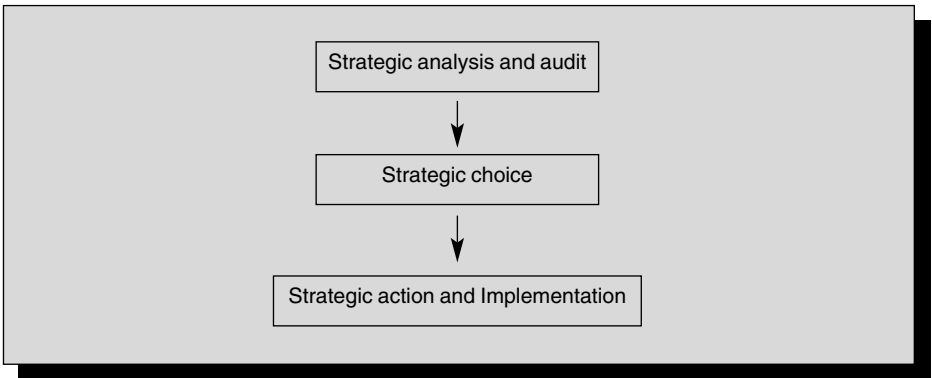


Figure 10.11 Stages in the strategic planning process

Strategic marketing planning includes each of these stages. Each stage involves the collection and analysis of a considerable quantity of data, information and knowledge relating to the organization's environment, competitors, activities, operation and resources. The resource base that informs decision-making is created by experience and history. Some resources will exist in explicit form in databases or as summaries of operational processes; other inputs will be implicit knowledge integral to the experiences and competencies of managers and others.

Strategic analysis and audit is concerned with the answer to the question 'Where are we now?' It is concerned with understanding the external environment, and internal resources and the match between these two, and conducting an environmental situation audit. The PESTEL model (Chapter 2) is useful for making sense of the factors in the external environment, and SWOT analysis (earlier in this chapter) can be used to create a broad picture of the match between internal and external factors. Other tools that might be used at this stage include competitive benchmarking, customer surveys and stakeholder mapping. The environment needs to be analysed in terms of the opportunities offered and threats posed to the organization. The internal resources should be analysed in terms of their strengths and weaknesses, to yield a profile of the strategic capability of the organization. More detailed analysis can focus on product or service portfolio, or on competitors and competitive position, with the aid of portfolio analysis tools and positioning maps.

Strategic choice has two components:

- **Deciding direction**, sometimes described as strategic profiling, which is concerned with setting the overarching direction. The key question is: 'Where do we want to be?' This involves discussion of fundamental issues, such as scope, purpose, objectives, future aspirations and goals. In strategic marketing it involves the articulation of marketing objectives, with reference to corporate objectives and mission statements, as discussed further below.
- **Method**, which is concerned with the identification of the most appropriate route to the destination, by means of the formulation and evaluation of options and choices. The key question is: 'How will we arrive at where we want to be?' This stage is concerned with the formulation and selection of marketing strategies, as discussed below. Scenario development may assist in the evaluation and comparison of different options. In addition, uncertainty in projections and forecasts may be accommodated through anticipating events that might happen and assessing their likelihood with the aid of sensitivity analysis and contingency analysis. Ultimately, this stage must conclude with the selection of a specific option.

Strategic action and implementation is concerned with putting things in place to ensure that the organization achieves its strategic direction. Strategic action is

concerned with the management of the dynamic between strategy and the key resource areas of an organization: people, information, money and technology. It is likely to involve marketing planning at the operational level, including the allocation of resources, budget setting and the specification of departmental or individual responsibility and targets. This stage specifies the marketing programmes, including aspects such as precise actions, responsibilities and timescales. Resource allocation through the marketing budget (see below) is pivotal to ensure that action can be successfully implemented. The final element of implementation is monitoring and control, which measures success in contributing to strategic direction in terms of fulfilment of objectives, and generates data, information and knowledge that feed into the strategic analysis and audit stage of the next (annual) strategic planning cycle (as discussed further below).

STRATEGIC MARKETING PLANS

The strategic planning process will normally generate a strategic planning document. This needs to record and communicate as much of the process and its outcomes as is helpful to managers and their staff, and on occasions to demonstrate accountability to funding bodies and others. As discussed earlier, it is possible to differentiate between a marketing strategy document and a marketing planning document, but many information services do not differentiate between a marketing strategy document and a marketing plan, and may produce a plan that is an amalgamation of the two. Figure 10.12 summarizes the sections in

1. Executive summary, indicating key points and direction
2. Introduction, providing the context against which the plan may be constructed. Content might refer to key achievements from earlier marketing activities, competitor position or marketplace development
3. Marketing audit, which reviews the marketing position of the organization, and in particular identifies opportunities for future development
4. Marketing objectives, which in the context of corporate objectives, identifies the achievements that are sought through the marketing plan
5. Marketing strategies, identifying key strategic options that are to be pursued. If appropriate this section may be integrated with the next section, on the marketing programme
6. Marketing programme and implementation, which specifies in some detail the actions, responsibilities and timescales to be undertaken during the period of the plan. This section might also indicate how the success of marketing initiatives is to be evaluated
7. Marketing budget, which indicates the resources necessary to implement the marketing plan
8. Evaluation, which explains the process whereby marketing achievements are to be evaluated

Figure 10.12 Practical tips: the essential sections for a marketing plan

such an integrated plan. It includes sections that report on audit, identification of objectives and the specification of strategies, which focus on setting direction. Final sections on marketing programmes and implementation, marketing budget, and evaluation may embed more operational detail. Different models for the structure of the marketing strategy and planning process and any associated documents will be appropriate in different circumstances. Plans may vary in:

1. Scope – whether strategic or operational, and functions, products and activities covered.
2. Timescale, which could be short-term (around one year or less), medium-term (one to three years) or long-term (three to twenty years).
3. Regularity – longer-term plans typically have annual cycles to monitor progress and review the plan. A campaign or project plan might have a limited duration and will be reviewed and evaluated to a timescale appropriate to the activity.
4. Ownership – marketing plans may be owned at a corporate level, often by a marketing department, or they may be owned by an information service. If marketing plans exist at different levels, it is important that the relationship between them is clear, and particularly that objectives are consistent with each other. When marketing plans are owned by a marketing department, special attention must be paid to the divide between promotion and other avenues for strengthening customer relationships, such as a responsive customer service.

REFLECT: What plans does your organization have? Which of these are important for determining the parameters for information management marketing planning?

OBJECTIVES, BUDGETS, STRATEGIES AND EVALUATION

Marketing objectives

The desire to exploit strengths and opportunities and to overcome threats and weaknesses builds a foundation for the definition and review of marketing objectives. Marketing objectives must be formulated in the context of corporate objectives and mission statements. Any attempt to formulate marketing objectives in the absence of such a strategic position for the organization, whether the organization is an independent business in the information marketplace or a public library within the context of a local authority, will fail. Public sector services are often tempted to try to be all things to all people. Focusing on the development of unique strengths will extend the audience and visibility beyond immediate publics and users. In an information world in which roles are being re-defined (and barriers between them are changing), this approach is a foundation for a more secure future.

Marketing objectives need to link closely with corporate objectives, and also with promotional objectives. They state what is to be achieved through the marketing activity proposed in the plan. Marketing objectives usually relate to one or more of the following:

- increasing or maintaining market share
- maintaining or improving profitability
- establishing a position in a new marketplace
- maximizing cash flow.

In character, objectives should be SMART; that is:

- **Specific**, or focused, giving details of products and market segments
- **Measurable**, or quantifiable
- **Achievable**, within the contexts and resources available
- **Relevant**, in that they contribute to organizational success, and are aligned with corporate objectives, and
- **Timely** so that actions are taken at the right time to achieve market success; this involves judging market readiness.

Quantifying objectives makes evaluation easier because it provides specific targets and standards of performance against which outcomes can be measured. It also encourages much more precise thinking about objectives, and is likely to produce more specific objectives. For example, the objective: 'To raise awareness of the small business information service amongst local businesses' might be a broad objective, but the generation of objectives which embed quantifiable measures requires consideration of:

- the specific market sectors in which awareness is to be raised, such as industry sectors or job roles
- the measures of raised awareness to be used; perhaps more enquiries, more businesses registered for the service, or more individuals citing the service as a useful source of information when surveyed
- the size of the increase in these awareness measures that is required
- the likely impact on any competitors, and how this could be measured.

Figure 10.13 suggests two examples of sets of marketing objectives. Are they valid in terms of the criteria discussed above? Could they be improved?

Marketing strategies

A marketing strategy is the means by which an organization seeks to achieve its marketing objectives. The main areas of focus are the definition of the target market and the marketing mix to be employed, including key messages and

Objectives for a subject portal

1. To increase the number of visits to the site by academic users in the UK by 50 per cent in the next year
2. To assure continued funding for the service through convincing funding stakeholders of the value of the service
3. To achieve an income of £100,000 through subscription arrangements with users beyond the UK higher education community

Objectives for a business information service serving the local community

1. To improve awareness of the library, its services and resources
2. To improve awareness of the value of business information to people and organizations in the city
3. To increase the number of users who visit the library to find information for themselves
4. To encourage greater use of telephone enquiry services
5. To increase revenue associated with 'business link' services
6. To be viewed as an integral component of the business community in the city
7. To ensure that local councillors understand the value of the service to the community
8. To establish a reputation for a professional and reliable service

Figure 10.13 Examples of marketing objectives

channels to be exploited. Chapter 3 explored the issues associated with target markets and the segmentation of customers. The choice of segments is influenced by the competitive structure of the market, and thus by the competitors' various roles in the marketplace. The issue of competitive positioning has been explored earlier in this chapter. Typically the organization has a range of strategic options which support the achievement of its objectives.

REFLECT: Choose an information product or service with which you are associated, and identify the basis on which it differs from its competitors.

Marketing budgets

It is essential to have a clear statement of the expenditure necessary to deliver the portfolio of marketing activities outlined in the plan. Costs included in such a budget are likely to include those associated with promotion, marketing research, sales force training and distribution channel development. The cost of marketing activity, relative to the anticipated effect on sales or service delivery, is often a significant constraint in the choice of medium used.

The budget is often a sticking point in many planning processes. Senior management need to agree both budgets and other elements of the plan, but it is not uncommon for a plan to be rejected on the basis of limitations on available resources. Absence of budget approval will often require the planner to review the earlier stages in the planning cycle; tactics need to be adopted to avoid too many

repetitions of the process, which undermine the ability to set a clear plan, and to ensure a wide awareness of and commitment to the plan.

Controls and evaluation

Finally, it is necessary to establish how the outcome of any marketing activity can be evaluated, and where the responsibility for that evaluation will lie. The processes associated with matching outcomes to projections and objectives need to be documented. Evaluation includes evaluation of individual marketing activities, which culminates in an annual review of progress in meeting marketing objectives. Although an annual review offers an opportunity to take an overview, progress towards objectives should also be monitored over shorter periods of, say, one month or three months. Failure to achieve interim targets should provoke a review of elements of the marketing plan. The knowledge-based organization will use this evaluation process, and the reports that emanate from the process, as the basis for learning about strengths and weaknesses, effective promotional strategies, the quality of their relationships with specific target markets, and the benefits that are sought by customers in specific segments. Feedback from being in a marketplace is a very powerful, if high-risk, form of market research.

CONCLUSION

This chapter has briefly reviewed some key issues and models in the areas of marketing strategy and marketing planning. Two factors are pivotal to the market and overall success of the information service:

- an understanding of the relationship between strategy and planning
- the recognition that, in dynamic environments, planning is not an annual event resulting in the generation of an annual plan, but rather an ongoing process that establishes, organizes for and delivers the strategic direction of the information service.

Strategy formulation involves analysis and audit, choice, and action and implementation. Some tools which help with this process have been added to those already introduced in earlier sections of this book in relation to specific aspects of the marketing mix. These tools assist the organization to analyse and continue to monitor and evaluate the information service's contribution, business position and impact. They encourage reflection and analysis on the context (otherwise described as the marketplace) in which the information service operates, the exact benefits being offered to customers and the other routes through which customers might extract similar benefits, the service and product

portfolio, and opportunities for its development, and wider strategic capabilities. A clear understanding and awareness of all of these factors is an essential prerequisite to the future success of the information service.

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