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The Web and Content Companies

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The Web and Content Companies

IF YOU INVEST IN high-technology stocks or just follow the stock market, the woes of high-profile dot-com companies are hard to escape. I seem to get asked several times a week if the information industry will survive or whether it's wise to plan for a future career in it.

Most of the high profile dot-com failures are not really information companies—they are (or were) using the web to sell tangible goods. Even Amazon.com doesn't sell content, it sells objects in the form of books. *Newsweek* says that over 20 percent of the dot-com failures are "content" companies (although examples weren't provided), while the rest that failed used the web either to sell products to shoppers or eyeballs to advertisers.

Many of the content company failures relied on advertising dollars. NBC, for example, announced this spring that it would shut down the Internet subsidiary (NBC Internet) owing to sharp declines in online advertising revenues. The directory Looksmart now charges a fee for listing companies because of declining advertising revenue. Even companies that mix advertising with a low subscription fee may be in trouble. Dow Jones announced at the end of March that it would cut staff and shelve plans to expand content for its WSJ.com service because advertising revenues didn't meet expectations.

The library market

Most of the companies that market content to libraries are smaller and rely on subscription or usage fees rather than advertising. In preparing for this year's annual *LJ* Database Marketplace 2001 survey ("Racing at Full Speed," *LJ* 5/15/01, p. 45), we seriously considered not asking these companies, "How

has the web impacted the way you do business?" It seemed trite, because we figured it goes without saying that the web impacts database companies.

I'm glad we decided to keep the question. The answers were not at all trite—the web continues to affect these companies in many, mostly positive ways and is beginning to have a profound impact on the way all do business.

The web is their *only* business

The web is the only business for several companies that market content to libraries. NorthernLight, Paratext, Project MUSE, ingenta, and netLibrary, for example, differ greatly from each other but could not have been born without the web.

They all entered the information business when the web was already a fact of life in libraries. Johns Hopkins's Project MUSE uses the web to disseminate scholarly information. NorthernLight saw an opportunity to provide access to web sites and journal articles through a single web-based service; netLibrary pioneered in providing e-books to libraries; and both Paratext and ingenta provide low-cost indexing and full texts.

These new, format-dependent companies can be more agile than older enterprises but also may be more at risk. If the technology that created them loses its luster, they may not adapt and thrive. For example, RoweCom, parent company of InfoQuest, has seen its stock prices fall along with other dot-coms. New web-based content companies that market directly to end users and rely on these sales to make a profit will still face a hard road.

A long history

Other information companies have a long history of creating and distributing content in whatever formats their customers want. They adapt, change, and add new products as technology has changed from print to microforms to online, CD-ROM, and the web. In the information business, longtime for-profit companies like H.W. Wilson thrive, just as do nonprofits like OCLC and Chemical Abstracts Service (CAS).

H.W. Wilson has supplied information products to libraries since 1898. For many of those years, print-on-paper was the only format; since the mid-1980s, Wilson has offered print, online, and CD-ROM. CAS has created content for chemists for almost as long a period and recently announced it will retrospectively convert and make available online all Chemical Abstracts indexes. OCLC was present at the birth of library automation over 30 years ago and has adapted from proprietary systems through online and the web.

In the last few years, the web has become the main distribution method for all these companies' products. A Wilson spokesperson says the WilsonWeb service is "experiencing tremendous growth in both subscribers and database usage." In just a year, search volume rose more than 460 percent.

All CAS electronic services are now on the web. The company views the web as "an opportunity to offer more convenient access to scientific databases and reach new audiences with little or no experience in traditional online searching." OCLC believes "the web has allowed OCLC and libraries to think in new ways about virtually every aspect of their operations: cataloging, reference, and resource sharing." OCLC is aiming for web versions of all of its services; this year it will introduce a web interface to its interlibrary loan service.

More than a distribution method

Yet the web has had an impact beyond distribution. It has changed the way many content companies do business and caused all of them to rethink what they do and how they do it.

One vital change is enhanced communication with customers. Wilson, for example, believes "that the web has provided us with greater communication and connectivity opportunities with our users as it permits us to respond more quickly to their needs and desires. Prior to the web, direct interaction with end users occurred less frequently."

An ABC-CLIO spokesperson says the web allows the company to be "in



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much closer contact with customers, including end users." Staffers also "now know much more about how librarians and end users are actually using our products—this knowledge helps us build better and more useful products in the future. Subscription, technical, and content questions can be addressed immediately. Analyzing usage of our web-based databases helps us identify potential areas for product development. Customer feedback both complimentary and questioning via e-mail is much more spontaneous and informative" than before.

Expanding to the world

Since the web is a standard and is available worldwide, some companies credit it with expanding their market base. SIRS, for example, says it "has revolutionized the way SIRS does business by enabling the firm to successfully reach a diverse global customer base." In response to this globalization, SIRS added a German version of its corporate web site and will soon add a Spanish version.

CISTI reports it has designed all of its services with the web in mind, and, as with SIRS, the web has helped it achieve an international presence.

More and more changes

The web has changed these companies in other ways. ABC-CLIO believes the web has "provided expanded marketing opportunities. We now have web-based catalogs with enhanced features (much more content and visual coverage)," which can be kept more up-to-date than print catalogs. Alexander Street feels that the importance of its web site as a marketing tool means it must be updated frequently, with much attention to details, such as links to product specifics and demos.

The acceptance of the web model in corporations has opened new doors for companies like Lexis-Nexis that are used heavily in the private sector. It has allowed the company to "customize our deliveries of information to our clients' needs, even integrating content and search forms into our clients' Intranets." External information from destination products like nexis.com and lexis.com can be more easily integrated with internal information in corporate intranets.

Gale believes that "because the web has changed libraries, it has changed Gale." Its spokesperson points to the consortial buying movement, which took off

Fee-based online services are not nearly as likely to fail as free content dot-coms

with the web and which "sparks new types of products that can satisfy the needs of broad groups of users." Consortial contracts "are now bringing broad Gale databases into even the smallest rural libraries."

CAB International has used the web to develop a series of niche products for specific communities (e.g., animalscience.com and nutritiongate.com). OCLC's web site is used as "a source of information for libraries, networks, distributors, job seekers, etc." IDEAL can provide online articles individually, before an entire journal is published and printed. These are new ways of doing business and new types of products—the impacts of which have only begun.

Investing in development

Even though most of the companies in the library marketplace existed before the web, development costs have risen, especially since the expectations of librarians, content providers, and patrons continue to expand.

Wilson, for example, reports that the growth in WilsonWeb "has resulted in Wilson devoting more resources to the development, support, and maintenance of the web service in addition to expanding our web content." Now focus groups of librarians and advisors are helping develop a new web version that will include detailed statistics and greatly enhanced reporting capabilities [and] provide intuitive navigation, natural language and Boolean searching, customizable buttons, and navigational aids, among other features."

OCLC has "begun work to transform WorldCat from a bibliographic database and online union catalog to a globally networked information resource of text, graphics, sound, and motion. This resource will interweave the World Wide Web with the physical and electronic collections of the world's libraries, museums, and archives."

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Biggest competition

Both dot-coms and fee-based content companies face increasing competition from some unlikely sources. High-quality free services from libraries, universities, and government agencies are proliferating and making some information companies nervous. For example, PubMed and PubScience (from the National Institutes of Health and Department of Energy, respectively) both offer high-quality indexing and abstracting of scholarly journals. Customers are asking why they should pay for fee-based versions of indexes for medicine or energy literature.

PubMed Central is adding some full texts of journal articles. Also, free scholarly journals via other systems such as HighWire Press pose at least a perceived threat to some commercial primary publishers. Free reference collections and reference services such as that offered by the Internet Public Library (www.ipl.org) are an attractive alternative to fee-based reference services like Paratext's Reference Universe.

Paying for value

Libraries and other nonprofit organizations likely will continue creating quality free services. After all, many believe that is the true spirit and value of the web. Continued development and maintenance of content is a big commitment, however, and there will long be a role for fee-based companies.

The companies in the 2001 Database Marketplace are true information content and distribution companies that market primarily to libraries. You pay for their search capabilities and the value of their content. It may seem odd to economists, but these fee-based online services are not nearly as likely to fail as the huge, product-based or free content dot-coms that rely on advertising.

Libraries will pay for information products that are valuable to their patrons. The web allows (and forces) these library-focused information content companies to improve their services regularly.

CORRECTION: The column "Are There Too Many Meetings" (*LJ* 4/1/01, p. 39-40) misidentified the publisher of the "Super Searchers" series of books edited by Reva Basch (www.supersearchers.com). The publisher is Information Today, Inc., not Online Inc.