



10-1-1994

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Recommended Citation

Tenopir, Carol, "Connect Time Variations" (1994). *School of Information Sciences -- Faculty Publications and Other Works*.

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BY CAROL TENOPIR

Connect-Time Variations

ALL OF US HAVE at least one pet peeve about online pricing. You may think prices are too high, or prices are too hard to predict, or pricing doesn't reflect the value of the information retrieved, or pricing unfairly rewards (or punishes) searchers with high-speed modems. There is still no standard pricing policy and no real agreement about what is best, but online firms continue to tinker with ways to calculate pricing.

Pricing has to be equitable to searchers, database producers, and the online systems—a balancing act that is difficult, if not impossible. Major changes have occurred this year and more are on the horizon as online systems play this balancing act and try to attract new users and more use.

Early days

In the early days, most online systems used pricing based on straight connect time, charging only for every minute a searcher stayed connected. The exact rate per minute varied from database to database and the final cost of an online search was impossible to predict.

But by the mid- to late 1980s, connect-time pricing was no longer the most efficient method: higher speed modems, widespread downloading, novice end users, and the incorporation of remote online searching into online public access catalog (OPAC) menus or corporate inhouse information systems pushed customers, database producers, and online systems to look for alternatives. In 1988, I called connect-time pricing "obsolete" ("Is Connect-Time Pricing Obsolete?" *LJ*, March 1, 1988, p. 48-49), after many systems rethought its wisdom and introduced alternative ways to charge.



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Ignoring connect time

Only a few systems ignore connect time altogether, and they are extremely popular with consumers and many libraries. Prodigy, for example, has more than two million customers who pay a monthly subscription fee for all they can search. E-mail may invoke an additional charge.

OCLC's FirstSearch is now widely used in libraries because it offers a choice of all-you-can-search subscription pricing or a low-cost per search option. Both of these options make online costs predictable and allow libraries to offer end user online searching (see "Flat-Fee Pricing and Other Choices," *LJ*, February 1, 1993, p. 58, 60.) LEXIS/NEXIS introduced a "zero connect" per search option in 1992 as one of several pricing choices, providing law firms with monthly subscription pricing for selected databases.

Dow Jones News/Retrieval

This spring Dow Jones News/Retrieval (DJNR) eliminated connect-time pricing completely. It made the switch to what it calls "information pricing" because, as a Dow Jones spokesperson said, "we are an information company, an electronic publisher, so we think you should be charged for information," not telecommunications or time. Customers can spend as much time online as they like, paying only for viewing the results of a search. The more you view, the more you pay. Base charges are \$1.50 per 1000 characters for most files, with some services implementing additional special charges. Disclosure, for example, adds \$9 per document; Tradeline adds \$5 per report.

Information pricing encourages reading onscreen and browsing because the online meter is not running. Overall costs remain comparable, but DJNR customers no longer are charged differentials based on the time of day they search or the speed of their modems. The information-based pricing "has gotten a great reception," according to Dow Jones representatives. New customers find it easy to understand, and experienced searchers have learned to adapt

strategies to take advantage of no connect charges.

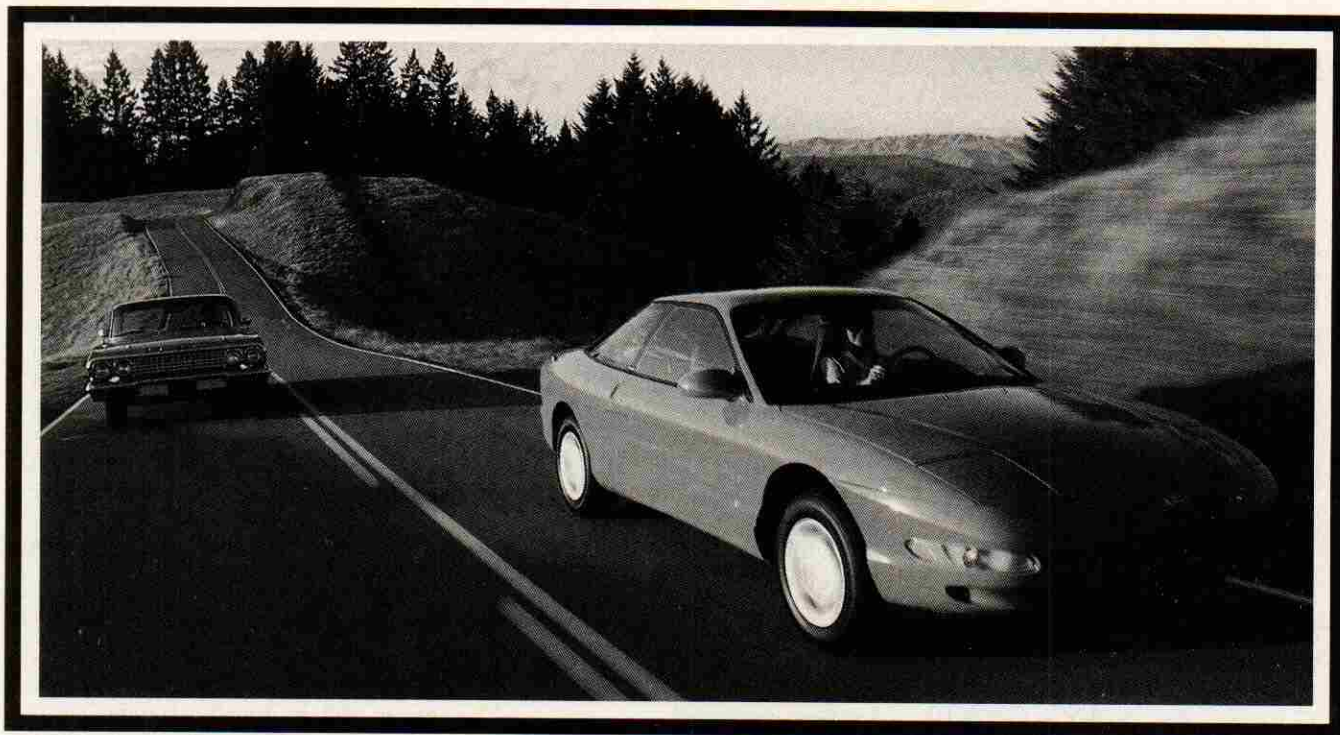
DJNR's recent move completes a changeover of pricing policies for the company that began more than a year ago. At that time it began offering a flat-fee option in addition to connect-time pricing. The subscription pricing remains a popular option. New customers pay a flat fee of \$500 per month for unlimited access to the clip, text, wires, business, and news files. After three months, Dow Jones compares the actual usage with the \$500 per month charge, and the monthly fee may be adjusted upwards. Dow Jones "splits the difference" by increasing subsequent monthly subscription fees by half of any usage over \$500. The monthly fee is reset every six months with this formula.

DIALOG

DIALOG has tinkered little with connect-based pricing over the years. Per record charges were added in the 1980s, but in most databases connect-time pricing remained the primary pricing element. The exact cost per hour varied widely among databases. Since DIALOG now offers well over 400 databases, this variation in prices had become confusing. Last year there were approximately 100 different per hour charges, ranging from \$15 per hour for DIALOG housekeeping files to \$354 per hour for CHEMSEARCH, with everything in between.

This past summer DIALOG announced new policies to simplify pricing, while at the same time offering users more pricing options. Users can still elect to pay only for what they use but with less emphasis on connect time. The new "pay-as-you-go" policy does not toss out connect-time pricing, but it shifts more of the emphasis to output and standardizes costs per hour. DIALOG's recent change in the way it calculates prices represents the company's first major pricing change in almost a decade.

Effective August 1, 1994, DIALOG reduced and simplified connect-time charges. Most databases now fit into one of six price tiers: \$0, \$15, \$30,



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