

The Future of Subscription Agencies in the 1990's

The Agents' Point of View

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If we examine the essential elements of a successful business we find:

- * sound financial status and investment capabilities
- * adequate profit margins
- * effective performance and related customer satisfaction
- * management awareness and creativity
- * clear views on aims and priorities
- * willingness to experiment and take controlled risks
- * market awareness and capacity to respond to changes
- * grasp of relevant new technology

All the above factors have impact on the operations of the subscription agent. For example many major agents have in the past decade:

- * invested large sums in automation
- * provided an increased number of customer services with enhanced performance
- * achieved greater speed in response times
- * improved performance in the communication process with both publishers and customers
- * been concerned to develop and diversify
- * kept wider developments in new technology under close observation.

Publishers, agents and librarians have all felt the influence of politico-economic change in the last decade and it seems unlikely that the pace of change will slow down in the 1990's. The change in evidence suggests that:

- * public funding will be contained or reduced
- * income generation will be encouraged

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- * public-private sector interaction will accelerate
- * there will be simultaneous moves towards tougher intervention from central government paradoxically combined with a devolution of power at the local level
- * there will be a general toughening of attitudes in business with a resulting harder edge to competitiveness and the fight to retain a place in the market
- * lack of performance will be more severely punished
- * there is a trend towards increasing control of powerful monopolies and transgression of traditional boundaries

We can illustrate any of the above by drawing from developments in the present decade. We have all seen the Minister's Green Paper; have studied the wider implications of the work of FD3 and the LIP's proposals; are currently absorbing the impact of the new Education Bill; and have observed the demise of ILEA and the march of the polytechnics towards corporate status. We have also uneasily observed the way in which large publishing groups have become more interested in the control of distribution networks. Exhortations to encourage closer interaction between the profit-making and service sectors have flowed from government and certain entrepreneurial quarters. Although outcomes have been limited, nevertheless the trend is established and could become more significant in the 1990's. It is my experience that many librarians are less affronted than they used to be by the taint of commercialism.

Within the context of the politico-economic scene it is hardly necessary to record that the 1990's will provide many with new opportunities in Europe. Agents already having a major base there will be well placed to intensify sales efforts on the mainland. There is a predicted Community increase in GDP of 4-6% which can only extend the market for books, periodicals, information and systems. Some of the newer European

partners, previously held back by weak economies, are now gaining strength by enlarging their industrial bases and raising productivity. This development goes hand-in-hand with increased educational activity and an associated demand for printed material and information systems. If sections of the UK market are to contract, there should be compensatory growth in the rest of Europe. The persistence in demand for English-language material around the world will continue to expand the agents' wider markets. The promptings of international finance, through such organisations as the World Bank, combined with the opening up of previously closed societies, are already providing major new openings for the subscription agent.

If we add to this scenario current financial developments which have direct impact on the agent and library customers we find the problems of:

- * continuing uncertainties in exchange rates
- * persistently heavy inflation in published works
- * the squeeze on margins brought about by the publishers' manipulation of accounts
- * the intensifying fight for library funding following changes in the control of academic and school finances
- * increased demands on library funding as services diversify.

These influences embrace the entire spectrum of financial management from the international to the local level. It is predicted that the American dollar will depreciate by 10-20% in the next few months as a Republican president and Democratic congress struggle with budget and trade deficits. Inflation, after having looked good for a couple of years, is now dangerously close to excessive levels. At the business end, agents and publishers are not seeing eye-to-eye on discount margins. At the local level, academic librarians, managing what is seen as a support service, may find it difficult to persuade departments and faculties to divert the necessary funds into the library's coffers. There is also anxiety surrounding the future maintenance of school libraries following the possible devolution of powers to individual governing bodies.

The whole scene adds up to a period of uncertain investment in library services and the printed word. There is considerable nervousness in the educational sector as to the adequate protection of existing standards, while subscription agents

are increasingly unhappy about the decline in profit margins.

Having dealt briefly with politico-economic and financial developments it is necessary to consider also the impact of new technology before bringing the three strands together.

We shall probably agree that:

- * the pace of technological change is on the increase
- * the commercial and library take-up of new technology is also accelerating
- * there is an increasingly global feel about developments in communications and computerisation
- * there are larger numbers of personnel in commerce and library service who have the skills necessary to introduce, operate, manage and develop computer operations
- * there is a small but steady shift of library funding towards computer operations which will probably accelerate in the 1990's
- * the early, under-funded, faltering attempts to introduce computerisation are increasingly giving way to serious levels of investment and major adjustments in working practices.

Hours could be spent providing examples of change, but briefly we might note the advance of the low-cost microcomputer which today is as powerful as the costly minicomputers of 2/3 years ago. We are aware of the advantages of the optical disk and the coming developments in digital techniques. We are aware of the evaporation of the early problems associated with high-cost, inefficient on-line communication following the introduction of greater choice and flexibility of systems. It is increasingly unlikely that the librarian will be able to retain parallel provision of both printed and machine-readable services: economics and technological advancement will bring about changes in favour of computer-based services. Finally, there are signs that the powerful forces of higher education, publishing and computer world will increasingly join forces to create entirely new kinds of user services.

But before we conclude that the 1990's will herald an era of drastic change, let us examine counter forces. Possibly the strongest influence in favour of the status quo is the collective ignorance of the potential for change. Influential individuals in libraries and business will continue to feel more comfortable with existing methods and systems

and will not be inclined to move significantly into new areas particularly if heavy investment is part of the deal. The safe traditional approach to business has its attractions in that managers are dealing with understood operations and predictable budgets. In library terms, the speed of change has accelerated in the 80's, with the promptings of central government and the impact of new technology, but the librarian does not find it easy to produce new, dedicated funding for innovative projects and also has to take into account the innate conservatism of many library users.

In times of pressure, the academic users of the polytechnic or university library are generally inclined to protect the traditional stock and services, particularly the periodical. There is suspicion of the replacement of the printed word by other sources; earlier there was heavy resistance to the use of microfiche in libraries and who is to say that resistance was entirely misguided. The act of browsing and serendipity is a hallowed pursuit and will not be easily replaced by terminals, on-line connections and computer print-out. Thus it seems likely that the bedrock of orthodoxy will continue to exercise its influence. It must also be acknowledged that many publishers are wedded to traditional methods of production and distribution. The owners of a successful list of titles generating decent profits will not lightly switch energy and resources to new untried methods without first being involved in some careful cost and market analysis.

But the pressures for change are real and becoming more dynamic. If we start from the consumer end it is not difficult to diagnose a considerable degree of discontent with existing services. Users of libraries are frequently frustrated by problems of access to wanted materials. Limitations of budgets are reducing the number of service points, contracting the hours libraries are open and placing heavy restrictions on the range of stock available. The less libraries have been able to provide multiple copies of periodicals and books the greater has been the frustration of the readers. In my own recent library experience the task of providing the right book to the right reader at the right time had become embarrassingly impossible. Despite the use of short-loan collections and planned and legal photocopying, the persistent problem of mass demand by groups of students for literature needed within a short time-scale was never solved. As fewer books are purchased and periodicals cancelled the demands on inter-library lending is increasing. The typical

student is faced with the double problem of finding cash to purchase key books and having to use libraries which are steadily reducing the range of their acquisitions. If the library's aim is to satisfy a specific reading programme over a three-year period of study it can be argued that the traditional library, with its collection of books and runs of journals on open display, is perhaps not the ideal vehicle for meeting these needs. The downloading of information from a large central store might be more effective. Similarly the needs of teachers and researchers are not best met by large impenetrable libraries. Desk-top access at self-chosen times makes much more sense.

If we taken a gloomy view of the future it is possible to envisage a serious decline in the place of the library brought about by financial pressures and the impact of new methods of access. A drift away from collection building towards other means of provision seems likely. This in turn would have dire consequences for the agent where markets would shrink away and be taken to the point of collapse. Presumably, the survivors would be those having sufficient business acumen and investment resources to become involved in the new modes of access and sufficiently diversified in their operations as to surmount these considerable market adjustments.

A further worrying development in recent times which has had an impact on the agent and which would ultimately hurt libraries is the publisher's attitude towards subscription agent discounts. The ASA and individual agents have adequately rehearsed the arguments against declining discounts, and it would be superfluous to present once more the added value the agent brings to the work of subscriptions. The time and cost savings, which benefit the publisher and librarian, brought about by the middleman role of the agents and their very real impact on marketing and sales are no longer being fairly rewarded. In order not to lapse too much into generalisation I can report that my own company's discount margins have reduced by over 1% this year. Discounting from the USA has slumped to a miserable 5% and British discounts are not a great deal better. If this process continues it will be a powerful incentive for change and could accelerate the progression towards new approaches and greater diversification in agent activity.

At the same time the greater-than-inflation rise in periodical prices continues to concern everyone on both sides of the Atlantic. The supposition that librarians will soldier on, reluctantly paying

inflated prices, may not be a reliable scenario for the 1990's. Their attitude to collection building could well alter in the face of such pressures and their views on the make-up of the core collection radically change.

To be fair, the publishers have their own problems to face: for example subscription cancellations, rising costs of raw materials and labour, costs of installing new technology, competition among titles, the proliferation of subjects to be covered and continuing changes in the patterns of sales. New titles are launched to considerable risk and are generally slow to show profit. Furthermore, the old market in sales to individual researchers has largely disappeared only to be replaced by a dwindling library market.

Consequently, everyone can point to financial pressures and an uncertain future. The conditions for change are obviously present. It is possible that the 1990's will see a major shift in approaches to periodical provision.

It is reasonable therefore to assume that the next decade will bring changes in attitudes and practices, although gradualism and evolution are commonly preferred in this country to approaches more dramatic. The agent might look to present indicators and take comfort from them. We know that:

- * librarians' reliance on direct supply from publishers is on the decrease and those using direct supply in part are gradually switching most of these orders to the agent.
- * as a result of intense financial pressures librarians are making increasing service demands on the periodicals agent and the book supplier and are heavily reliant on them.
- * recent investment in new technology by the agent is providing the customer with enhanced services - witness the improved access to bibliographical data, speedy claims services and a range of other refinements.
- * in avoiding the use of agents, the library and the publisher would massively increase their workloads and costs and would have to invest heavily in extra workforce and new technology.

It would therefore seem unlikely that the demise of the agents' role is being seriously contemplated by those directly involved in distributing or purchasing journal literature. At this moment in time the librarian places enormous value on the maintenance of traditional services which have at their heart a strong element of personal service and good publisher-agent-library contact. The

large investment in computerisation has not knowingly been at the cost of any deterioration in human contact and the free exchange of information. Customer service departments are exactly that and form a most important part of the agent-library interaction. Whatever the developments in document delivery and the distribution process, the successful agent will endeavour to look after the detailed interests of clients. Whatever the structural/organisational changes, there will be a role for the agent in the area of marketing, publicity, distribution and general management of subscriptions. Payment and currency problems will best be handled by the agent, whose role as trouble-shooter and promoter is likely to remain of considerable importance.

But diversification into what might be called the frontiers of agent activity is bound to feature large in the 1990's plan of things.

If an increasing amount of material is to be produced, delivered and accessed electronically, the agent will have to be involved in systems and software development. If I can be forgiven a commercial plug, the newly-formed Dawson Technology Ltd is already deeply involved in systems development and will be marketing an extended range of products in 1989-90. The foundations for this activity were laid down two years ago and considerable effort and resources have been expended in reaching the present position, which can be viewed as the beginning of preparation for the 1990's. It has also been an excellent example of public-private sector interaction.

During the 1980's experimentation and research in publishing and document transmission have been hampered by technological limitation, high costs, legal complications, eg copyright, and, finally, a lack of will and determination to introduce change. This is entirely understandable as there have been telling logistical and financial reasons for caution. The programme of technological advance at Boston Spa has been a cautious one and experimental efforts such as ADONIS have had a faltering history.

But I am not convinced that the same hesitancy will be a feature of the 1990's. Allowing for the continuing existence of orthodox publishing and a strong consumer interest in the printed word, I am, nevertheless, convinced of the potential for massive change before the end of this century. We read of a major switch to EDI (electronic data interchange) with over 1000 UK companies now relying on non-paper trading. There is a

projected growth of EDI trading in the UK alone to the value of £400-£500m by 1990. Some industries are now convinced that failure to become involved in EDI will mean exclusion from markets or, at the very least, a serious loss of business. Official acknowledgement of these trends has been indicated by the fact that SITPRO (*) and British Standards are to join forces to work on EDI Standards.

Another example from outside the publishing sector which underlines the massive changes being planned for the 1990's is that of the banks and major financial institutions, which despite their first-wave computerisation are hampered by cumbersome records available either in the branch or at the centre with slow retrieval capability. The major banks are all now investing between £300-£500m in Technology Projects. One aim is to create massive central databases, or customer information files, which can be used to serve individual or customer segment requirements and can equally be used for market planning or actual marketing activities.

This central data has to be supported by improved communications and all major British banks are at present redesigning their networks. One bank is introducing an integrated voice and data network designed to route information between data centres and 2400 retail outlets and is planning to have in place 30,000 terminals, many intelligent, by the end of 1989. We must consider whether similar developments will occur in the publishing - literature distribution sector, which obviously is an area of great complexity and volume, carrying unique problems.

There are the first indications that the problem of resourcing the huge costs of transforming the publishing/transmission operations will be solved by a bringing together of the major internationals variously associated with publishing, communications, computer and data transfer sectors. Although it is too early to predict the exact nature of likely outcomes, it seems to me that the necessary funds, technology and will are now in place to guarantee the introduction of major alternatives to methods currently employed in the publishing - distribution - reader chain.

The agent in the 1990's will, in part, be dealing with nothing more than steady change as libraries continue to buy the printed periodical. Large numbers of people will continue to browse happily in the Oxford bookshop and their local

library; they will continue to purchase their favourite newspaper and magazine - but there will be an increasingly large part of the market serviced by the agent which will reject old methods and rely on the instantaneous transfer of digitised information. Huge computer resources will store data which will be transmitted into the home, office and library. Low-cost, but powerful, electronic workstations will become commonplace and act as the main link with the outside world. Library collections will become less important and swift access to the world's literature will be the order of the day.

A major feature of the revised agent role will be that of a close working relationship with both publishers and end-users. Detailed studies of librarians' changing needs will be more closely integrated with public access and service. Assuming a steady switch of resources towards the electronic and optical and given the evident proliferation of reference services and databases in non-printed form, it behoves the agent to assist the librarian in the task of bringing these sources together in manageable clusters. The agent will be in a position to advise on equipment, communications, databases and offer manipulative software to assist in the processes of editing, downloading and re-structuring of information. Such a development suggests that agents having a strong Technology Division will be well placed to seek involvement in new services, while retaining their interest in more orthodox activity. The 1990's will not be for the agent, or the publisher and librarian, a modestly-adjusted 1980's. The under-funded, non-computerised agent will be left with dwindling niche markets, while major brethren will have to invest and develop new approaches if they are to survive and prosper. The future will consist of a mix of the orthodox and traditional together with barely predictable changes which could, over a relatively short period, transform the world of the publisher, librarian and the subscription agent. Ultimately, it is possible to envisage massively resourced publishing/communication monopolies sweeping aside most middleman functions. International mega-companies might rule the world. But, as my brief was to look into the 1990's, I am going to settle for a period of evolutionary change within a "mixed economy", with a much heightened technological input offering a new range of choices to the end-user.

* Simplification of Trade Procedures Board.