

Where is the Internet Content Economy?

Come out, come out
Wherever you are

The Background

- ✦ The Internet Content Economy has been one of the greatest non-starters in the Internet landscape
- ✦ Is this a failure to find the right formula or a more fundamental characteristic of consumer patterns on the Internet?

An Example: Internet Portals

- ✠ Model 1: Charge users to view aggregated and packaged portal content
 - ◆ Nope!
- ✠ Model 2: Free portal servers, funded by advertisers
 - ◆ Nope!
- ✠ Model 3: Portal uses advertising revenue to pay the user to use the portal
 - ◆ Even this has not worked!
- ✠ Model 4: No more portals

Internet Content – Model A

✦ Pay Per View Information & Entertainment

- The content economy is distinct from the access economy
- Users enter into arrangements directly with content providers to view restricted content
- Users fund content provision through subscriptions

✦ Not successful – users do not want a multiplicity of relationships with content providers

Internet Content – Model B

✦ Free to Air Entertainment

- ◆ Radio / Television model
- ◆ Content is interlaced with advertising
- ◆ Content is funded by advertising which in turn is funded by purchase of goods and services
- ◆ No user charge and no restriction on content availability

✦ Click-through rates dropping

✦ Advertising rates plummeting

✦ No clear placement demographic – goods and services tend to be associated with a locality and a demographic

Internet Content – Model C

- ✦ The Shopping Mall - Alternate retail channel for the sales of goods and services
 - ◆ Amazon
 - ◆ Air Tickets
 - ◆ Potentially – music & videos
- ✦ Sustainable retail models based on reduced overheads
- ✦ Focused approach to content to support retail

Internet Content – Model D

Access Plus

- ◆ Access Providers pay content providers to channel content to access subscribers
- ◆ Users have a single relationship with an access provider
- ◆ Provider differentiation factors include content as well as price and quality

- ◆ Outgrowth of online gamers ISPs
- ◆ Bundling of access and content into ‘walled gardens’

The User's Perspective

- ✦ Users do not have an infinite money supply
 - ◆ There is no elusive El Dorado of content money sitting in consumer's wallets
 - ◆ additional online revenues will come from displacement of existing spending patterns
- ✦ User's valuation of content
 - ◆ Value-per-bit is highest for personal point-to-point messaging
 - ◆ Value-per-bit is lowest for mass-produced replicated content

Speculation

- ✦ The 'content economy' remains elusive
- ✦ Service models that enhance messaging capabilities will be valued by users
- ✦ Service models that are based on replicated content will have little value to users
- ✦ The value of the Internet for many retail operations may well lie in the ability to provide cost effective alternatives for retail activities and cheaper forms of delivery of goods and services
 - ◆ same old business
 - ◆ new delivery medium