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The content republic /

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The content republic / Ad-funded? Ad-created? Ad-curated? FREE? Content isn't king, it's now a republic. How can media owners turn a profit given that all things digital are expected to be free? /

By Faris Yakob /

Since the earliest days of what we used to call the information superhighway, a refrain has echoed across industries. A mantra, a koan, an aphorism of our age, that guides development and business models, showing us all how to proceed, chanted regularly, religiously, by traditional media companies especially, and increasingly by technology companies.

'Content is King!'

There are various other contenders for the royal positions on the web. Context is a contender to the throne itself, technology, user interfaces, linking, RSS, and XML have all been proposed as Queen. Increasingly it would seem that community and connectivity both have valid claims to the crown.

Nicholas Negroponte suggested in *Being Digital*, that connections were more important than content in the 90s: 'The true value of the network is less about information and more about community.'

The rights and powers of the King are unclear but I think the expression is supposed to mean something like 'Content is the most important thing on the web and if you have excellent content you will be able to make money, either by selling it or getting some ads around it'. This, of course, isn't true. Nor is it entirely untrue. That's the way the world works with a lot of things.

Previously, we had two basic content monetisation models: people pay for it, or advertisers pay for it in return for interrupting it with commercial exhortations.

Usually this was split by whether or not you could keep it. Broadcast content was usually ad supported. Content contained within a storage medium, like CDs, you paid something for. Print usually sat in the middle, funded by both consumers and advertisers. Other hybrid models sprang up as new communication platforms developed, subscriptions to broadcast channels like HBO, and entirely ad-supported newspapers attempted to compete with 'free' news online.

The [traditional] newspaper model is threatened by aggregation, as Google pulls all papers together via Google News. The response requires re-thinking how media businesses make money, not attempting to protect content. So *The Guardian* opens up an API to its content, attempting to use content as a platform that, like Google Maps, others can build on. Tina Brown's new venture *The Daily Beast* accepts that web news requires aggregation and so part of its offering is curated aggregation and conversation – all the news that's fit to debate.

Some content some people will pay for, in some contexts, and some content some people won't.

Advertising will support some of it, but there's only so much advertising to go around.

What's more, there are some very specific challenges to monetising content online, that are already tearing apart content industries whose output, digitally, has low storage and bandwidth requirements. Once something exists digitally, it can be copied, perfectly and for free, and redistributed, which introduces

a new content model, where no one gets paid – peer to peer transmission.

[Proposals to charge subscription fees, via ISPs, to monetise p2p downloads, using a similar music rights service that ensures artists get paid when their music is on the radio, whilst eminently sensible, have been largely ignored by the music industry because, up until recently, the mindset has been one of protecting their existing business of selling plastic discs.]

'As the economics of cultural production continue to be radically decentralised, as more and more 'consumers' become 'producers' of content, content monetisation comes under the renewed threat of free. It's economically very difficult to compete with people who don't do things for the money.'

Fundamentally, this challenges how content business models work. Previously, content and medium were inextricably bound. This is reflected in the fact we call these combined social constructs television and newspapers, when they are in fact two things; content and a distribution platform. Digital content is platform agnostic and this is driving a host of experiments in new ways to monetise it.

The prevailing wisdom has been that



once consumers get used to something for free, they don't want to pay for it. iTunes came along and disproved this. It further demonstrated that the way to control content wasn't reactionary Digital Rights Management, but rather making buying it simple and cheap *enough*.

But iTunes doesn't stop piracy. And all the lawyers of the RIAA and MPAA cannot stop piracy, which means that the content ecosystem will incorporate some free content floating around the web. There are, after all, many ways to skin a content cat.

YouTube has begun to experiment with alternatives to straight advertising. In February it announced a test initiative to allow partners such as Khan Academy, household hacker and Pogobat to charge for downloads. For about \$1 you get a good quality version of the content and the copyright holder can set licensing rights as they please. Now, think about what you are buying here – not the content, exactly, more a set of permissions and a convenient way to re-use that content offline. This is an obviously unmet need, filled by web based providers like Vixy.net or flash video rippers like Tubesock. It's indicative of thinking outside the old model – if you aren't selling the content, what else will people pay for? What makes content more useful?

Bloomberg information services sell information you can get on Google for free. It's not selling the content, per se, it's selling extra time.

In fact, people could record songs off

the radio if they wanted – but they bought discs because that was more convenient. Then MP3s came along, and even though they were relatively poor quality, they were way more convenient.

There is going to be room for many different monetisation models, based on context and consumer desire, but it's impossible to know what will win out.

Hulu and Spotify have adopted the broadcast interruption model, but by limiting the amount of ads and interruption they still provide a compelling user experience.

Asking consumers what they want directly is, as usual, not very enlightening – people don't really know what they want, and are very bad at predicting what they will want in the future.

Hence Accenture's Global Broadcast Survey indicates that 49% of consumers would rather pay for content online and avoid advertising, whilst a similar survey undertaken by KMPG suggests that 60% of people would prefer to watch ads to get the content for free. Some will pay and some won't.

As the economics of media remain in flux, we shall continue to experience a Cambrian explosion of business models. Media agitator Chris Morris recently announced his scheme to crowdsource funding of his new film, a satirical comedy about British Jihadists, because Channel 4 declined to do so.

This hints at another model. Just as the T-Shirt website Threadless produces

T-shirts at almost no risk, by gauging interest in advance of production, content producers can reach out into the crowd and see if people will microfinance niche content that would never get made through the mass economics of studios.

As the economics of cultural production continue to be radically decentralised, as more 'consumers' become 'producers' of content, content monetisation comes under the renewed threat of free. It's economically very difficult to compete with people who don't do things for the money. Among the media of the masses, content isn't king, it's a republic.

But, as we have seen from the music model, free and paid for and ad supported content can all mutually co-exist, because some people will pay and some people won't.

'Content is Royalty and the Republic' doesn't have the same ring to it though.

Of course, there is another sector that produces content, one that is less concerned about models of content monetisation, because it is one: advertising. Brands have been creating the content that pays for the content. However, most advertising isn't seen as content – hence the term branded content – because it is assumed to be undesirable. Advertising is about selling products – content is about, well, anything that makes people voluntarily spend time with it.

This suggests we need to take a long hard look at what we want 'advertising' to be. Either we continue to fund other people's content or we begin to shift the emphasis in the industry. If we spent 80% of budgets on production, instead of using it to buy space, just imagine what kind of content we could create. ☺

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