

# [Flat fee vs pay-per-use 5539](https://assignbuster.com/flat-fee-vs-pay-per-use-5539/)

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Flat Fee vs. Pay-per-use

Most Internet users are either not charged to access information,

or pay a low-cost flat fee. The Information SuperHighway, on the

other hand, will likely be based upon a pay-per-use model. On a

gross level, one might say that the payment model for the Internet

is closer to that of broadcast (or perhaps cable) television while

the model for the Information SuperHighway is likely to be more

like that of pay-per-view T. V.

" Pay-per-use" environments affect user access habits. " Flat fee"

situations encourage exploration. Users in flat-fee environments

navigate through webs of information and tend to make serendipitous

discoveries. " Pay-per-use" situations give the public the incentive

to focus their attention on what they know they already want, or to

look for well-known items previously recommended by others. In

" pay-per-use" environments, people tend to follow more traditional

paths of discovery, and seldom explore totally unexpected avenues.

" Pay-per-use" environments discourage browsing. Imagine how a person's

reading habits would change if they had to pay for each article they

looked at in a magazine or newspaper.

Yet many of the most interesting things we learn about or find come

from following unknown routes, bumping into things we weren't looking

for. (Indeed, Thomas Kuhn makes the claim that, even in the hard

sciences, real breakthroughs and interesting discoveries only come

from following these unconventional routes [Kuhn, Thomas, The Structure

of Scientific Revolutions, Chicago: University of Chicago Press, 1962]).

And people who have to pay each time they use a piece of information are

likely to increasingly rely upon specialists and experts. For example,

in a situation where the reader will have to pay to read each paragraph

of background on Bosnia, s/he is more likely to rely upon State Department

summaries instead of paying to become more generally informed him/herself.

And in the 1970s and 1980s the library world learned that the introduction

of expensive pay-per-use databases discouraged individual exploration and

introduced the need for intermediaries who specialized in searching

techniques.

Producers vs. Consumers

On the Internet anyone can be an information provider or an information

consumer. On the Information SuperHighway most people will be relegated

to the role of information consumer.

Because services like " movies-on-demand" will drive the technological

development of the Information SuperHighway, movies' need for high

bandwidth into the home and only narrow bandwidth coming back out will

likely dominate. (see Besser, Howard. " Movies on Demand May Significantly

Change the Internet", Bulletin of the American Association for Information

Science, October 1994) Metaphorically, this will be like a ten-lane

highway coming into the home and only a tiny path leading back out

(just wide enough to take a credit card number or to answer multiple-choice

questions).

This kind of asymmetrical design implies that only a limited number of

sites will have the capability of outputting large volumes of bandwidth

onto the Information SuperHighway. If such a configuration becomes

prevalent, this is likely to have several far-reaching results. It will

inevitably lead to some form of gatekeeping. Managers of those sites will

control all high-volume material that can be accessed. And for reasons of

scarcity, politics, taste, or personal/corporate preference, they will

make decisions on a regular basis as to what material will be made

accessible and what will not. This kind of model resembles broadcast or

cable television much more so than it does today's Internet.

The scarcity of outbound bandwidth will discourage individuals and small

groups from becoming information producers, and will further solidify

their role as information consumers. " Interactivity" will be defined as

responding to multiple-choice questions and entering credit card numbers

onto a keypad. It should come as no surprise that some of the major players

trying to build the Information SuperHighway are those who introduced

televised " home shopping".

Information vs. Entertainment

The telecommunications industry continues to insist that functions such

as entertainment and home shopping will be the driving forces behind

the construction of the Information SuperHighway. Yet, there is a

growing body of evidence that suggests that consumers want more

information-related services, and would be more willing to pay for these

than for movies-on-demand, video games, or home shopping services.

Two surveys published in October 1994 had very similar findings. According

to the Wall Street Journal (Bart Ziegler, " Interactive Options May be Unwanted, Survey Indicates," Oct. 5, 1994, page B8), a Lou Harris poll found that " a total of 63% of consumers surveyed said they would be interested in using their TV or PC to receive health-care information, lists of government services, phone numbers of businesses and non-profit groups, product reviews and similar information. In addition, almost three-quarters said they would like to receive a customized news report, and about half said they would like some sort of communications service, such as the ability to send messages to others. But only 40% expressed interest in movies-on-demand or in ordering sports programs, and only about a third said they want interactive shopping."

A survey commissioned by MacWorld (Charles Piller, " Dreamnet", MacWorld,

Oct 1994, pages 96-105) which claims to be " one of the most extensive

benchmarks of consumer demand for interactive services yet conducted"

found that " consumers are much more interested in using emerging networks

for information access, community involvement, self-improvement, and

communication, than for entertainment." Out of a total of 26 possible

online capabilities, respondents rated video-on-demand tenth, with only

28% indicating that this service was highly desirable. Much more desirable

activities included on-demand access to reference materials, distance

learning, interactive reports on local schools, and access to information

about government services and training. Thirty-four percent of the sample

was willing to pay over $10 per month for distance learning, yet only 19%

was willing to pay that much for video-on-demand or other entertainment

services.

If people say they desire informational services more than entertainment

and shopping (and say that they're willing to pay for it), why does the

telecommunications industry continue to focus on plans oriented towards

entertainment and shopping? Because, in the long run, the industry believes

that this other set of services will prove more lucrative. After all, there

are numerous examples in other domains of large profits made from

entertainment and shopping services, and very few such examples from

informational services.

It is also possible that the industry believes that popular opinion can

easily be shifted from favoring informational services to favoring

entertainment and shopping. For several years telecommunications industry

supporters have been attempting to gain support for deregulation of that

industry by citing the wealth of interesting informational services that

would be available if this industry was freed from regulatory constraints.

Sectors of the industry may well believe that the strength of consumer

desire for the Information SuperHighway to meet information needs

(as shown in these polls) is a result of this campaign. According to this

argument, if popular opinion can be swayed in one direction, it can be

swayed back in the other direction

Popular discourse would have us believe that the Information SuperHighway

will just be a faster, more powerful version of the Internet. But there

are key differences between these two entities, and in many ways they are

diametrically opposed models.

Privacy

The metering that will have to accompany pay-per-view on the Information

SuperHighway will need to track everything that an individual looks at

(in case s/he wants to challenge the bill). It will also give governmental

agencies the opportunity to monitor reading habits. Many times in the past

the FBI has tried to view library circulation records to see who has been

reading which books. In the online age, service providers can track

everything a user has bought, read, or even looked at. And they plan to sell

this information to anyone willing to pay for it.

In an age where people engage in a wide variety of activities online,

service providers will amass a wealth of demographic and consumption

information on each individual. This information will be sold to other

organizations who will use it in their marketing campaigns. Some

organizations are already using computers and telephone messaging systems

to experiment with this kind of demographic targeting. For example, in

mid-1994, Rolling Stone magazine announced a new telephone-based ordering

system for music albums. After using previous calls to build " a profile of

each caller's tastes ... custom messages will alert them to new releases

by their favorite artists or recommend artists based on previous selections.

" (" Phone Service Previews Albums" by Laura Evenson, San Francisco Chronicle,

6/30/94, p D1) Some of the early experiments promoted as tests of

interactive services on the Information SuperHighway were actually designed

to gather demographic data on users. (" Interacting at the Jersey shore:

FutureVision courts advertisers for Bell Atlantic's test in Toms River",

Advertising Age, May 9, 1994)

Conclusion

No one can predict the future with certainty. But we can analyze and

evaluate predictions by seeing how they fit into patterns. And an analysis

of the discourse around the Information SuperHighway shows remarkable

similarity to that which surrounded cable TV nearly a quarter-century

before. Though there is no guarantee that the promises of this technology

will prove as empty as those of the previous technology, we can safely

say that certain powerful groups are more interested in promoting hype

than in weighing the possible effects of the Information SuperHighway.

The Information SuperHighway will not just be a faster Internet; in fact

it is possible that many of the elements that current Internet users

consider vital will disappear in the new infrastructure. Though the

average consumer will have many more options than they do from their home

television today, attempts at mass distribution will likely favor

mainstream big-budget programs over those that are controversial or appeal

to a narrower audience. It is possible that diversity available from all

sources will decrease and independent productions will be even further

marginalized. And the adoption of an asynchronous architecture

(a ten-lane highway coming into the library or home with a tiny path

leading back out) would pose a significant barrier to those seeking to be

information providers, and would favor a model of relatively passive

consumption. And the kind of massification and leveling of culture that

will follow is likely to be similar to the effects of broadcast television

on culture.