

# 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.