

Technology and the future of pornography



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Pornography and the Internet: A Healthy Marriage

To say that pornography is a profitable industry is to terribly understate reality. Though it does not have its own NAICS 'code', estimates of the extent to which sex sells range from at least \$1 billion to up to \$50 billion dollars annually (Byers 2004, p. 6; Cronin & Davenport 2001, p. 38; Davidson 2003, p. 92; Murray 2004, p. 9; Simpson 2003, p. 1). Clearly, the estimates are wide ranging, due in large part to the lack of formal reporting methods for such occupations as "prostitute" and "exotic dancer" while adult bookstores may, from an industry accounting perspective, may simply be viewed as a "bookstore". In addition, it is important to note that the pornography pseudo-industry is not just a multi-billion dollar force, it is a growing industry.

Market Overview

The principal reason for its recent explosive growth is in many ways similar to reason for pornography's first "boom", the invention of the printing press. The press permitted wide scale distribution and subsequent access of not just Bibles and books but other 'subjects of interest' which allowed the public's latent desires to be aroused. In more recent times, the internet represents the application of disruptive technology in that it is a form of distribution that, especially for pornography, presents additional advantages over the pornography of yesterday with regards to a distribution that is an order of magnitude larger than the press is capable (Davidson 2003, p. 91). Pornography that is online represents a significant portion of the broader category of pornography in general which also includes print, television and music media. This category in turn is part of an even larger segment of "

sex” which further encompasses adult clubs, escort services and other products and services that are estimated to contribute the almost half a trillion dollar global industry. Of this, though estimates are difficult due to the nature of the industry, analysts suggested in 1999 that between \$2-2.5 billion is from online sources, a figure which constitutes perhaps ½ of all online revenues (Cronin & Davenport 2003, p. 38; Byers 2004, pp. 6-7, Thompson 2005, p. 32). Concurrent with the growth in revenue is the proliferation of a pornographic web content which witnessed an eightfold (8x) growth between 2001 and 2005 (Thompson 2005, p. 32).

One net effect of this is an overall industry is that it is both an attractive industry with regards to margins yet is highly competitive and fragmented. In further consideration of the industry, the following analysis is presented:

- Strengths – Pornography is perhaps as recession-proof an industry as the funeral home business. The product is backed by a millennia of biological imperative and fueled by a never-ending thirst for satisfaction and pleasure. When enabled by ubiquitous internet technology, it is easier to access and this access breeds familiarity which in turn creates a creeping social acceptance.
- Weaknesses – Clearly pornography is not ‘embraced’ by society as a whole. While there is evidence that its consumption may lead to a host of social ills such as violence or exploitation of children, this industry faces a stigma greater than industries such as alcohol, tobacco, gambling or firearms.
- Opportunities – Though there are some signs that, in its current iteration, the industry is maturing (Cronin & Davenport 2001, p. 45).

Despite this, there should be little doubt that, “...the digital age is porn’s golden age” (Byers 2004, p. 8). Additionally, the nature of both the industry and the technology presents a very low cost of entry to a trade for it seems there is an insatiable demand.

- Threats – Perhaps the greatest threat is simply negative stigma attached to pornography as being obscene, indecent, perverted, ‘dirty’ or other negative label. Though consumers are relatively assured of anonymity, there remains a fear of being discovered whether by one’s spouse, supervisor, congregation, neighbors or others. Worth mentioning is the threat of being “outlawed”. Though pornography functions under a broad interpretation of the US first amendment concerning free speech, illicit pornography still manages to flourish, especially in the age of the internet.

Overall, though pornography may be a maturing industry, due in large part to the omnipresence of the internet, it is an evolving one due to the fact that 2/3 of Americans have internet access (*Management Today* 2005, p. 19: Thompson 2005, p. 32). Of this online activity in 2004, excluding pornography, the market for paid online content was almost \$2 billion of which “personals and dating” and “entertainment & lifestyles” construed approximately half (Thompson 2005, p. 32). This evolution is a consequence to the interest to facilitate the distribution anonymous, affordable and on-demand pornography. This broad distribution, while meeting an apparent pent-up consumer demand, has had the side effect of ‘decentralizing’ a formerly constrained industry. For example, whereas one previously had to venture to seedy locales that were, for the most part, geographically

restricted to a certain area of town to partake of pornography, pornography is now *virtually* everywhere (Davidson 2003, p. 97). Subsequently, this decentralization has resulted in a broader acceptance manifested by both wider recognition of its existence and the ‘pushing back’ of the line of what constitutes socially acceptable “pornography”. For example, consider the 1995 release of music from convicted felon Snoop Doggy Dogg in which group and oral sex was ‘advocated’ (!). Prior to this controversial release, one might have thought that the fundamental laws of economics and the general sensibilities and tolerances of even youth would essentially squelch such ‘filth’ yet, to the surprise of many, the songs in question hit the top of the charts and sold over 300,000 copies within weeks (Davidson 2003, p. 100). Clearly, such an example illustrates the slipping lines of what is tolerated, accepted and even embraced by society.

Technology Enabled Pleasure Marketing

With this degree of financial impact pornographers, regardless of perceived social virtues, there is a penultimate combination of marketing- and technology-savvy that is driven by the motivation of the obtaining just a piece of the fortunes that seemingly stand to be taken. Beginning with a virtually irresistible and attractive product, modern pornographers have been at the forefront of profitably e-commerce almost since the inception of the internet. Pornographers are widely regarded as the first and most profitable internet business models (Davidson 2003, pp. 191-192; Vinas 1996, p. 11). Though they are marketing a highly desirable product, pornographers have both employed technology and been facilitated by the nature of the technology of the internet in a number of ways to enable their business.

Key to facilitating online pornography are the following characteristics of e-commerce (Cronin & Davenport 2001, pp. 36-37):

- Transparency – The internet as a consumptive product is truly “WYSWYG”, the compu-speak acronym for “what you see is what you get”.
- Immediacy – With the internet, one’s delay in gratification is limited solely by the size of one’s wallet (or purse), the bandwidth of connection and the speed at which one can click.
- Disintermediation – Clearly, the internet is a medium which readily lends itself to a direct-to-consumer business model in which profit-taking, cost-increasing middlemen are eliminated.
- Price Competition – A key aspect of the ability of the internet to facilitate comparable prices for comparable products is the speed and availability of consumers to ‘price shop’ and vote with their financial patronage for the product which grants them the greatest utility.
- Convenience – 24/7. No clerks. No “Closed” signs.... And you never have to even get dressed and leave the house.
- Accessibility – The internet is not only in your home, it is also in your office (a fact that has been the bane of some), it is on the road and if you do not own a computer, you can likely borrow a public access terminal at the local library.
- Modularity – A consumer is not forced to ‘one-stop shop’ – they can fulfill one fetish of their pastiche identity at one site and another at a different site.... Something for everyone, or rather, everything for almost anyone.

- Low Switching Costs – There is little “lock-in” through contracts or any other means. A consumer can, with little or no direct or indirect cost incursion, switch from “this-is-my-fantasy” to “that-is-my-fantasy”... they can even likely have both, maybe, bandwidth permitting, simultaneously.
- Impersonality – This factor is one of the most salient in that, within reason, anonymity is relatively assured. For ‘respectable’ persons to be able to acquire smut desires of their heart without having to risk discovery is likely a key driver of the how technology is driving the financial success of pornography.

Similar to the nine factors above, other theorists similarly summarize the key drivers of the proliferate success of online pornography such as Cooper’s ‘Triple A Engine’ in which access, affordability and anonymity come together for tremendous synergy (Byers 2004, p. 1). An additional factor that is present in online pornography is found in the very nature of internet technology itself: the ability to gather, analyze and act upon actual consumptive data (Davidson 2003, p. 181). Pornographers are perhaps among the world’s greatest marketers in their ability to mine data and utilize this information to drive additional sales or, as one report puts it, charge and collect a fee for the customer to have the opportunity to spend even more money (Weber 1997, A1)..

Thorns of E-Commerce

Though surfing the internet is perhaps functionally anonymous, there are nonetheless bits and pieces of data left behind of which many cases are involuntarily and unknowing. For example, if a certain user, identifiable

initially by a specific IP address visits one certain site, porn marketers make use of computer algorithms to predict additional sites of interest which are then presented as pop-ups or other intrusive internet marketing techniques. For consumers who voluntarily submit information such as might be utilized for “club”-access, the pornographer has access to even more information in addition to information gleaned from recurrent visits such as which web pages were viewed, etc.

As technology has enable pornography, pornographers have quite likely made full use of this technology using, at best, ethically questionable marketing tactics. Such tactics are designed redirect unsuspecting internet surfers to either an explicit web site or to a gateway to one. Once there, pornographers often make it very difficult to leave yet *very easy*, i. e., automatic, to come back. While it is an accepted retailer strategy to take such steps as utilizing larger shopping carts, positioning commodities such as milk or toilet paper at the back of a store, and to utilized free samples, pornography-in-general has a reputation for ‘virtually’ kidnapping browsers through hiding or re-tasking exit buttons, unrequested software downloads, resetting home pages and other techniques designed to direct consumers to their sites, entice them with their wares and keep them there longer than they might want to stay (Murray 2004, pp. 63-67).

The increasing proliferation and acceptance of pornography represents a significant market force for marketers as this force works ‘both ways’. That is, as pornography gains a larger market, the ‘pie’ grows in size while, consequently, what was taboo becomes more normalized, pornographers must become increasingly creative in pushing the envelope. The downside for

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pornographic producers is that they are fundamentally limited by a fixed number of body orifices and the arriving at some new form of ‘sex’ would seem to be a finite proposition.

This dual-natured dilemma is also represented in the efforts of some in society to squelch or at least, contain pornography by the proposal of a “.xxx” internet domain designation for ‘x-rated’ sites. On one side, such a device would make it easier to filter out unwanted pornography yet it requires compliance from both the pornographic industry and a desire for compliance on behalf of the consumer. Additionally, in the event that such a requirement was enacted, it would serve the ‘undesirable’ purpose of legitimatizing an industry that many would just as soon pretend did not exist. Finally, such an action might have the ‘net’ effect of essentially doubling the available cyber-shelf space of pornography as marketers could simply operation two identical sites (one site with two IP addresses) (Trueman 2005, p. 12a).

As pornographers gain financially, they do not do so in isolation. In addition to generating revenue from targeted ad placements in pornographic media, other firms profit directly from its success and distribution. For example, payment intermediaries such as Visa, Mastercard, PayPal and similar firms capture a fixed percentage of every ‘dirty’ dollar and, as was indicated previously, there are ‘many-billion’ of them. Despite the massive financial gain, credit card firms may be under pressure from groups that would prefer pornography not to exist (Lubove 2003). Regardless of the hassles that the credit card oligopolies seek to impose, the sheer financial impetus of the

industry is assurance that the mother of invention, if needed, will create a solution that will deliver the goods to lonely, demanding consumers.

The Future of Pornography

Regardless of one's love or hate of pornography, it is the nature of fallen man to seek pleasure and avoid pain. It is the nature of the capitalism to meet the needs of any market with funds sufficient to cover the costs. Thus, the question is not whether pornography will exist, rather, the question is what will it look like and how will it be delivered? Currently, the continuing emergence of broadband and multimedia applications is fueling the growth of mobile telecommunications equipment. This segment resulted in over \$600M revenue in Europe in 2003 and is projected to grow 5x in less than three years to over \$3 billion (Booth 2003, p. 17).

With regards to the current version of online pornography, there is likely to be either increased regulation of marketing practices or the growth of third-party software providers to block aggressive attempts and the pornographers' online version of the telecommunications industry's 'slamming' practices. As cyber space becomes more crowded and competitive with seemingly indistinguishable offerings, more traditional marketing strategies such as 'adding value', emphasizing communities and clubs and niche marketing will be more extensively utilized. In addition, due to the social stigma associated with not only pornography but advertising it as well, marketers will likely focus on programs that are subtle, suggestive and semiotic (rather than 'in-your-face'). In addition, the continued integration of technology is likely to be a coming event. Mobile phone internet browsers that make computing at home, at the office or on the go a

nearly seamless digital environment in which you can be with either stored or streamed content of your choice anywhere.

Finally, it would seem as the next step of the industry and the ultimate future of online pornography will complete virtual sex experiences in which there is participation as well as sights, sounds and sensation. Though “teledildonics” is a well-explored concept, there are no commercially available products currently available (Balderson & Mitchell 2001). Regardless, the arrival in the homes of technology that currently exists with remote surgery apparatus will herald a new techno-sexual renaissance which, as history has witnessed, pornography will eagerly adopt.

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