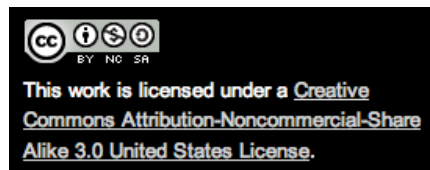




End of Control, Chapter 1, 2 & 3
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Chapter 1, October 1, 2007

Attention is the New Currency - Forget the idea of “controlling distribution”

Let’s face it: In our increasingly networked world, the vast majority of media content simply cannot be kept away from its audience. Publishers can no longer create more demand by injecting artificial scarcity — in other words, by attempting to control distribution. That’s how it used to work when media was simply a product: as a content creator, if you did not have distribution you were — literally — nowhere to be seen or heard. That is how the major record labels ended up controlling 80% of the world’s music market: they controlled distribution. And production. And promotion (via radio). And pricing. Everything.

Today, in our world of Googles, Facebooks, YouTubes, and iPhones, all content is just zeros and ones, and trying to prevent its “leakage” is simply futile. There are countless potential points of leakage in the pipeline of production, packaging, distribution, marketing, and promotion – now, Friction is Fiction, indeed!

Today, distribution (legal or not) is simply a given, and it is attention that is getting scarce. We are witnessing a complete reversal of Media 1.0, when we had plenty of available attention — after all, supply was limited — but severe limitations in distribution (e.g., shelf space, shipping, storage, radio frequencies, and TV channels).

Music, films, TV shows, radio broadcasts, books, and other content now becomes available to a global audience immediately after it is published (or quite literally, “released”) for the very first time. The nature of digital content is to flow to wherever gravity will take it, and trying to stem that tide would be like telling the ocean to stop making waves.

Today, the good old, safe and simple old way of charging by the unit (be it CDs, DVDs, a la carte downloads, or premium TV channels) feels seriously “illiquid.” Ask anyone under 25 years old and they will only snicker at the thought of buying a CD! Their capacity for media consumption is only limited by their available attention - many Digital Natives may download 10,000 songs only to actually listen to a total of 40 or 50 per month.

A New Ecosystem: Media 2.0

To prosper in this new digital media economy, we must support a new ecosystem built on giving the users easy, cheap, and unfettered access to content. We need to woo the users, not barge in pitching pieces of fancy plastic or copy-protected media files. These Digital Natives are much more likely to first opt-in to a comprehensive digital service (yes, including wireless), and only then buy a physical product. Furthermore, packaged media isn't off the table; it's just not the first course anymore. If you don't offer some free — or rather, feels like free — starters, they'll eat elsewhere.

Therefore, we must create media ecosystems that will simply give the “people formerly known as consumers” (i.e. those that no longer just consume but also interact and create, themselves) the official green light to do what they would do anyway — serve themselves from this wealth of content whenever they want, wherever they are, and in whatever manner suits them. Once they have paid attention in this way (note the word “paid”), a content creator or media provider can harvest a myriad of opportunities. The tollbooth has moved up the road a bit but this is now a trusted and reliable road that will inevitably lead to the monetization point. Put the tollbooth too early and 95% of digital travelers will turn around and look for other ways to get there!

In its most basic form, this challenging new economy of “selling attention” will require a highly intelligent yet easy and efficient flat-rate system. The goal is to get most users to accept — or rather, expect — these payments as something akin to a totally acceptable “toll” (but not tax!) to enter this superhighway of media and entertainment. This is similar to how Americans have accepted bridge tolls as a fact of life a long time ago, or how most Europeans have accepted their obligatory payments of public TV and Radio license fees. Having said that, I think this toll will be so well hidden, dressed-up, and bundled that it will feel no different from today's practice of accepting software licenses with a quick click on the checkbox — but more on that later.

The clinching argument for a full embrace of the principles of the Attention Economy in Media is that most of us are much more likely to quickly explore new content — and, provided that it's great content, engage with it — if we can get it on our “already subscribed for” digital networks, portals, or communities. Of course this kind of build-in engagement then creates the network effects that every media company wants to tap into, as well. For example, if Facebook could offer music based on a flat-fee-per-user license that can easily be wrapped into other offerings and therefore be more or less invisible to us, then all of us Facebook users will be simply a click away from trying new music in a comfortable, trusted and fully ‘shareable’ environment.

This dramatic lowering of the exploration threshold (which is not to be confused with a flat-out commoditization of content – more on that later) is absolutely critical to the Media 2.0 ecosystem. That's because creating hundreds of millions of explorers of new content is the indisputable starting point for all new content commerce, and only a flat-fee system that covers every user on any network allows us to achieve this kind of liquidity.

Beyond that, rest assured people will still buy the plastic or a la carte digital offerings. Exposure drives attention drives revenues!

What's more — and this is very important for a unilateral adoption of any flat-fee system — the uniformly accepted flat fees will, in fact, be paid on our behalf in the not-too-distant future. Why? Because every telco, every operator, every online portal, every social network wants attention in order to monetize their other offerings, and good content is guaranteed to get that.

As soon as the incumbent rights holders are woken up from their blissfully disconnected hibernation and finally get around to providing the required licenses, snagging a loyal and appreciative customer for a low monthly fee that also covers his basic use of music (and media!) content will simply become a customer acquisition expense and ad-supported feature. This is a dream come true for the media purveyors of the future — search engines, advertising networks, digital network operators — as well as for many hardware and software companies.

Just imagine a next-generation iPod-like device with built-in access to “feels-like-free” music services, video clips, or movies; or a PSP with built-in, auto-updated game and TV clip subscriptions; or a Nokia phone with hundreds of recordable digital radio channels. That would create true liquidity and generate mass-market audiences (not to mention a huge pipeline of up-selling opportunities). And it would immediately be apparent that “feels like free” services would be just the very beginning of media consumption, not the final destination (as a good many of today's still seriously disconnected media executives are fearing): the very tip of the iceberg of the users' lust for content.

So why exactly will so-called ‘Big Media’ license its content to such a device or service? The answer is simple: because we, as the newly recognized and seemingly omnipotent users, are worth a lot more as active users than we are as inactive bystanders, to any and all players in this ecosystem. Our attention is their lunch. And at the same time, our inattention nukes their quest for control. Our clicks have brought The End of Control — and media providers urgently need another way of getting into our wallets.

What's more, as active participants those Net Generation users create mountains of user data, product feedback, and marketing information, and that creates many new advertising opportunities, as well. We click and therefore the providers of media are able to know what goes on in the network. What's more, we even contribute our own content, be it as prosumers and amateur producers, remixers, commentators, playlisters, or just as “supernodes of recommendation” or active netizens. In many instances, we — the users — actually are the content - note the success of MySpace, eBay, Wikipedia, etc.

The rise of the Attention Economy in media does not just bring about The End of Control, it also brings light to what I like to call the twilight zone of content: those very large catalogs of music, films, TV shows, and books that have been out of distribution or out of print for a long time, and that languish in the archives as if they'd never been created in the first place. What better revival of their work can any content creator hope for? Soon, they will finally be able to harvest substantial and recurring revenues via these flat-fee subscriptions (be they voluntary or built-in via public levies), in addition to the revenues flowing from integrated, intelligent, and highly customized advertising formats.