

## ITR5 Information Usage

### Lecture 12

Thomas Krichel

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### Rights management

Copyright holders are afraid of the Internet. They think that current law does not deal adequately with digital contents.

But: every new reproduction means, from printing press to VCR, has brought forth prediction that an industry will be ruined.

#### Digital technology and the publisher

- digital technology reduces the reproduction cost of information
- digital technology reduces the distribution cost of information

Don't confuse the two. Examples

- tape recorder
- AM broadcast

New technology is powerful because it attacks both.

lower distribution costs: samples

We know that information is an experience good. Example: the cappuccino book store.

Giving away a part of the contents is helping the seller. In many cases even complete online version held to sell off-line products.

lower distribution costs: repeats

Song heard on the radio advertises a song. Buying the song has option value.

Example: Barney the dinosaur, distributed freely in day care centers and preschool. Multi-player lock-in strategy.

Disney threatened to sue day care centers where children painted characters on the wall. For them there is no such thing as a "Mickey Mouse" law suit.

lower distribution costs: similar contents

Free samples to sell similar products. Example: Playboy magazine. Playmate of the month given away free (\$10,000 charged for banner ad)

Digitally watermarked images, spider software can help find out where the pictures are held. Logos direct customers back to Playboy.

## illegal copying

amid all the new technology, there is fundamental problem. Material to be copied has to be advertised.

Transactions can be anonymous, but advertising can not be.

Advertising will attract law enforcement.

## lower reproduction costs: history

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As history passes, with each new means that made reproduction cheaper, the information industry has grown.

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For example: the photocopier has probably increased the total production of printed material.

There are two other examples of the opportunity created by lower reproduction costs.

example: the library

18th century, only wealthy people could buy books. 80,000 regular readers in England at start of 19th century.

1741: Pamela, racy tale of a young girl's life.

Demand for rent increases, circulating libraries "slop shops of literature" are developed by book shops. By 1850, there were 5 Million readers. People buy books.

example: video

1980 VCR cost more than \$1000, and tape more than \$90.

Video rental store brings video to the masses. First Hollywood objects

Later Hollywood sells videos.

Far from being a death knell, videos were Hollywood's savior.

attaching terms and condition

Fundamental tradeoff between control and customer value.

A product that can only be accessed by one person, once, under certain conditions, is less valuable than a product that can repeatedly accessed, shared, rented out.

As the conditions become more relax, fewer people will buy but it becomes more valuable.

Example: divx, site license for software, NY-times license to a whole organization.