

From 20 to 200 volumes

a commercial perspective

Contents

1. Scarcity
2. Value chain
3. The future

Scarcity

- Scarcity fundamental in economics, and a function of supply and demand
- Scarcity determines if something is an economic good
- When something is both demanded and scarce it has value, and can be considered an economic good

- What happens when there is demand and no scarcity?
- → Not an economic good

The creation of value

Labour Theory of value



Utility theory of value

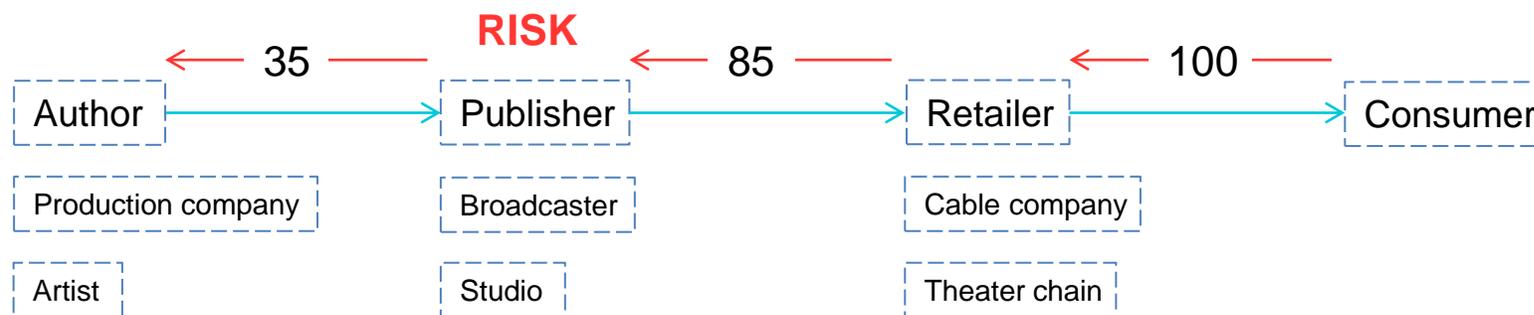
- Value is subjective
- The value depends on the person desiring to use, consume or process a particular good

Why am I stating the obvious?

- The content industry has always been defined by scarcity
 - Limited broadcast frequencies
 - Limited number of pages in a magazine or publication
 - Limited number of issues in a year
 - Etc
- Producing more has always come with **increased costs**
 - Editorial costs, printing costs, distribution costs...
 - Alternative costs

Example: traditional content value chain

- Value is created with each step of the axis
- The internet enables authors and producers to skip a few steps in the value chain...
- The publishers are in the middle of the chain, funding productions and establishing distribution channels
- But a value chain does produce economic value



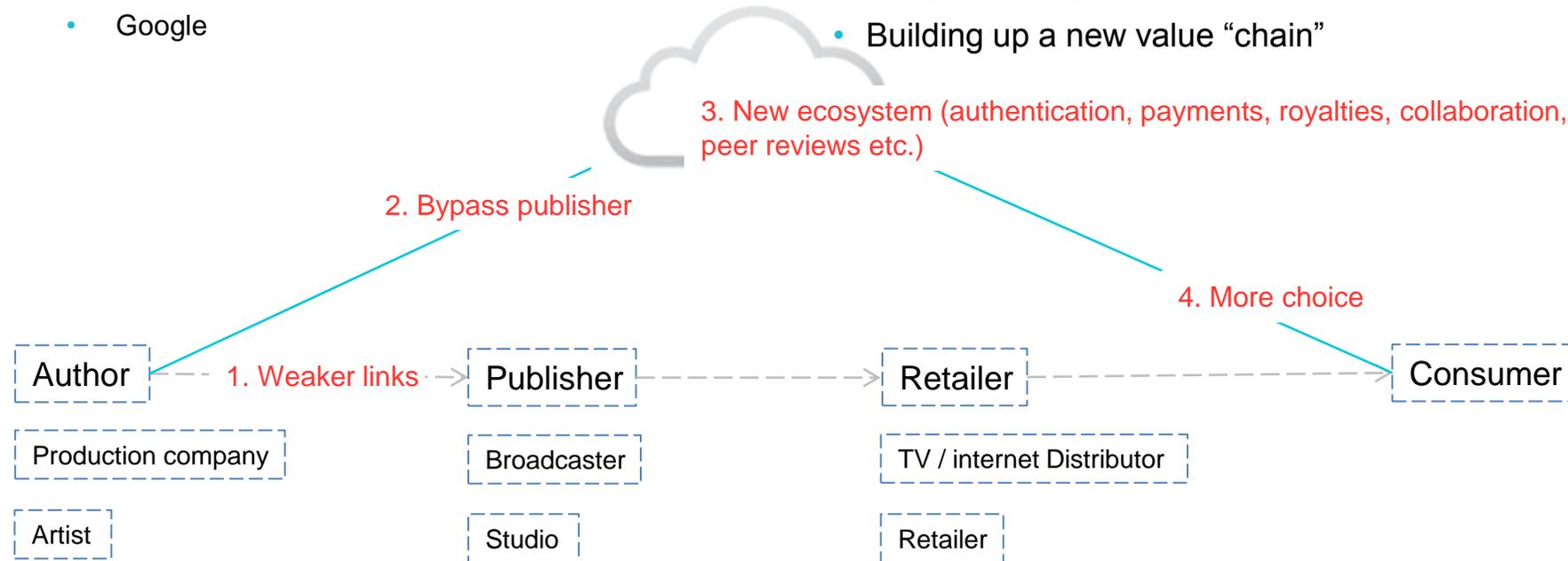
No longer the case

- Content is abundant
- Content is (mostly) “free” (you pay with your browsing habits)

A new value chain

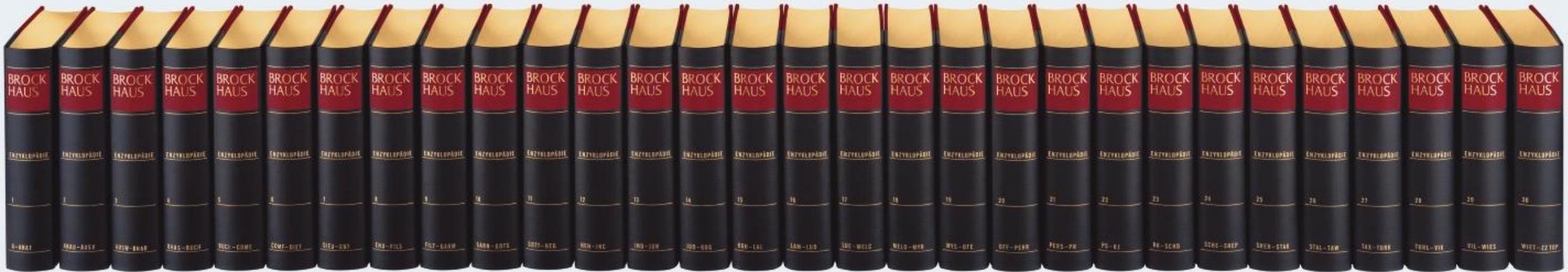
- Value chain can be “bypassed”
- The “publisher” role can be automatically taken by # of likes, shares, posts etc.
- Companies making money from other goods or services have changed the content industry
 - Apple
 - Amazon
 - Google

- But it has been the “chain” that has allowed producers to produce
- Polarisation (either an author or a distributor)
- Retailers, distributors become commoditised
- New publishers (Amazon, Netflix, Apple etc.) controlling what used to be controlled by retailers and distributors
- Building up a new value “chain”



The encyclopedia...

- “education in all branches of knowledge.” *Encyclopedia* is formed from two Greek words, *enkyklios*, meaning “circular, recurrent, ordinary,” and *paideia*, “education.” *Paideia* is itself a derivative of *pais*, “child.”
- → Summarise all that is worth knowing in one product
- Initially this could be made in six volumes, then 11, then 20...



Abundance



- In June 2015 the English version of Wikipedia was made into print format, resulting in 7750 volumes...

The encyclopedia (2)

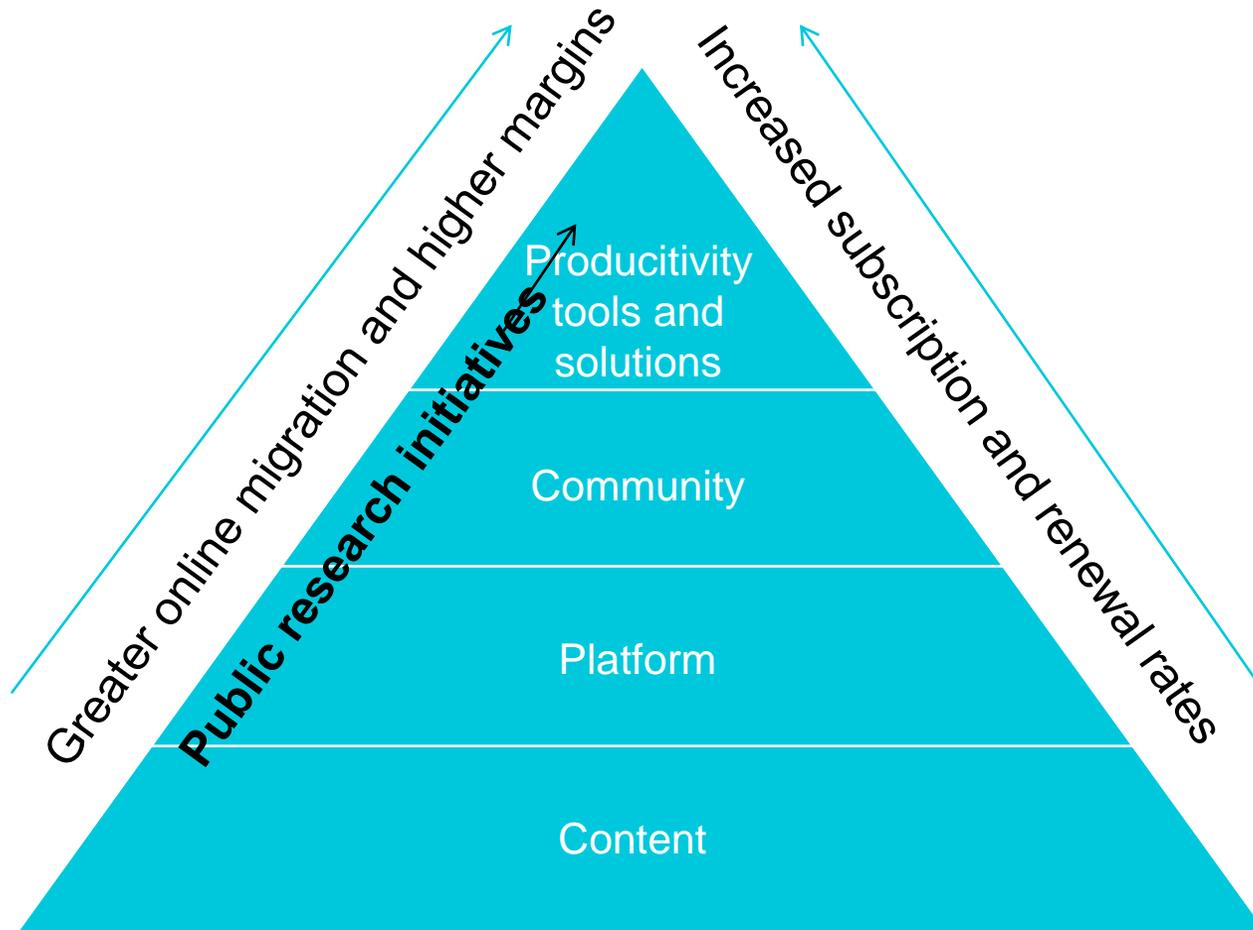
- But problems started already in the early 1990s, when most were bundled with Windows 95 and PC sales
 - For many buyers it was a “show-off” product
 - Saturation
 - The internet just pushed the sick patient over the cliff
 - Many tried the “ad” model of the internet
 - Google and Wikipedia have become the dominant sources of general (and sometimes specific) information
-
- **So how do you compete with “free”?**

You do not

Define your market

- Specific information → Specific audience = Good idea
 - Look at B2B publishers, a growth of 2x GDP over the past 16 years, with the leading publishers obtaining margins of nearly 40%
 - Relatively few customers willing to pay a very high price to command an advantage or stay on par with their peers
 - Economies of scale in tools, technology and administration since the sector has consolidated
- Specific information → General audience = Bad commercial idea
 - You would pay for marketing and distribution with a very low hit rate
- General information → General audience = Bad commercial idea
 - This was the business of the encyclopedia...
 - For most people, free works out fine
- General information → Specific audience = can work...
 - Which audience needs general, objective and fact checked content?

The future



- The power will continue to moving from raw content toward the “ecosystem”
- Volume of content vs. relevance
- Publishers need to be tech-savvy and use new technology as an opportunity, not a threat
- As publicly funded research initiatives move “up” the value chain into platforms, communities etc., there might be legal and commercial uncertainties (friction...) with commercial scientific publishers
- There will be more relevant content, time-saving processes and a more specific application of knowledge thanks to new technologies

Thank you for your attention
