MORE THAN MONEY CAN BUY

Locating Value in Spreadable Media
by Xiaochang Li
More Than Money Can Buy: Locating Value in Spreadable Media

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Executive Summary

In last year’s foundational white paper *If It Doesn’t Spread, it’s Dead*, we argued that participatory culture and the networked information society are making more visible systems of value which are not predicated on the demands of market economies and the exchange of commodities. In moving discussion about how content spreads online away from a model of “viral” media to one of “spreadable” media, we brought attention to the role users and communities play in the production, aggregation, and circulation of content. The digital media landscape, we argued, is based on principles of collaboration, collective intelligence, and social participation. Companies looking to succeed online should find ways to engage consumers and audiences that respect their practices of community building and recognize the role consumers play in the production of value online.

Building on the work we accomplished last year, this paper gives a deeper, more nuanced and systematic account of how value is created and exchanged in socially driven systems. To do so, it looks at comparing the underlying mechanism of how value is created in systems that privilege social exchange and those that privilege monetary exchange to suggest ways we might more clearly understand how media moves across and between these types of systems as it spreads. Understanding the way content moves between these systems provides insight into how to develop brands online, court communities, and produce successful digital media strategies that can address both the social and economic demands in these mixed economies.

Some of the most successful and innovative new media companies and projects -- YouTube, Wikipedia, Flickr, Facebook, Twitter, and Google -- rely on content and data produced through collective efforts of many networked individuals and the relationships they build with one another. Kevin Kelly of *Wired Magazine*, discussing the work of Clay Shirky, identifies four categories of collective production, circulation and information gathering behavior online: sharing, cooperation, collaboration, and collectivism. As more companies move into spaces predicated upon and shaped by principles of sharing and collaboration, we are seeing the emergence of mixed economies and models. Sites like Facebook, YouTube, or Hulu, for example provide services to users at no monetary cost, and in exchange monetize attention, labor, and the data of those users through more indirect means such as advertising. These companies, however, face challenges in responding to audience practices that run counter

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to expectations about media use. In some cases, this may result in “diminishing the level of trust within participating parties, and perhaps even wearing away the mechanisms which insure the legitimacy of economic exchanges” (Jenkins et al. 2008).

These challenges are the result of fundamental misunderstandings between the way value is created by the socially driven circulation of content by consumers, and the way value is created by the market-driven interests of media companies and content owners. We must therefore find new ways to understand meaningful and fair interactions between consumers, producers, media companies, and advertisers in the contemporary media landscape. To do so, it becomes vital to understand the nuances and principles behind how different types of social value are generated online.

**Gift Economy and the Fallacy of “Free”**

A striking aspect of social sharing and collective activities online is that the participants gladly contribute their labor, creative content, and time without expecting any sort of monetary payment in return. People are uploading images under Creative Commons licenses on Flickr to be shared and used by all, or contributing their expertise and time to articles on Wikipedia, or writing fanfiction and editing fan videos to be enjoyed by the community at large, free of cost.

The gift economy provides a better way to frame and understand the types of exchanges that are increasingly being labeled “free” under the currently popular discourse of the “freeconomy,” or what Wired editor Chris Anderson has called “the economics of giving it away” (Anderson 2008). To understand how media spreads online, it is especially important to understand that whether paying for a good or service with cash, or being given a gift with social obligations attached, both transactions involve the exchange of some form of value. The key is not that one has a monetary cost and the other doesn’t; Both demand a form of “payment” in return, though what is deemed a valuable and acceptable form of “payment” is different in each system. Many systems of sharing, cooperation, and collaboration online generate value through creating mutual ties, reciprocal expectations, and social “payments.” Like the offer of coffee from your neighbor, these “free” content producers and laborers do actually expect a form of (social) payment in return for their work.

**To do business online, we must recognize that nothing is absolutely free.** Rather, there are only things that operate under systems of exchange in which money is not the main or immediate form of value exchanged. Value production and exchanges online involve a complex web of
different transactions, through different systems of value that are codependent. Sites like Facebook and YouTube could not generate revenue, for example, if users were not using the sites to create social worth for themselves, and in the process producing the data and attention advertisers desire. The framework of the gift economy thus gives us a way to analyze social worth as a core value. By acknowledging that what is happening is not a “giveaway” but another form of value exchange operating under a different set of standards and regulations, we can begin to examine what those standards and regulations are, and how they are formed and negotiated, and how they can be most useful.

Spreadable Media Across Market and Non-market Exchanges

To truly begin to understand how media spreads, we must come to understand how it comes to move across social systems, cultural forms, technological platforms, and modes of market and non-market exchange. All things used in exchanges carry three basic forms of interrelated value: use-value, symbolic-value, and exchange value. This is true both for physical goods and for more intangible things such as services, information, or experiences.

- **Use-value**: An object’s use-value is most plainly the material characteristic of an object. Use-value is, however, subject to social or conditional regulations.

- **Symbolic-value**: The second dimension of value comes from an understanding of consumer culture. Symbolic-value is what differentiates goods or services that have similar use-values. Brands, for instance, are the bearers of symbolic-value.

- **Exchange-value**: Finally, exchange-value, is the translation of a good’s use-value and symbolic-value within a system of exchange. A good’s potential use-value to someone else determines the value that it can be exchanged for.

These are the three key dimensions of value present in any form of exchange, whether regulated by money and market logic or by social relations. The role each dimension of value plays in shaping the terms of exchanges help us to balance ways to understand and respond to the different perspectives of the various participants involved in both market and non-market exchanges.

The Social Dimension of Market and Non-Market Exchanges

The use-value and symbolic-value of an object is determined by its social context then translated into a monetary exchange-value. In a non-market gift exchange, it is the opposite where the context -- the social relations -- play the primary role in determining an object’s value. Rather than a question of whether something costs money or not, understanding the way people value
things in either market or non-market exchanges are a matter of determining where the core value of the good or service exchanged is determined, and for what ends.

There are three general distinctions that can be identified between market and non-market systems of exchange, as indicated in the table below.

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**Impersonal versus Socially Regulated Exchanges**

In general, market exchanges are impersonal while non-market exchanges are socially regulated. The use of money as the primary token of value in market exchanges is precisely what makes them impersonal -- The nature of the relationship between the parties involved in the exchange generally does not have an impact on the value of the good or service being exchanged. On the other hand, in a non-market setting, the value of an exchange is heavily determined by the relationship between the people involved.

**Discrete versus Ongoing Transactions**

Since market-exchanges are governed by asocial relations, they are also discrete; they don’t necessarily create ongoing relationships. That is, market-exchanges are oriented towards acquiring the goods available for the cash you have; their purpose is not to make friends, or create an ongoing relationship. Non-market exchanges, on the other hand, are undertaken “in order to evoke an obligation to give back a gift, which in turn will evoke a similar obligation — a never-ending chain of gifts and obligations” (Kopytoff 2006: 69). The completion of an exchange in a market-exchange situation finalizes and marks the end of the transaction. In a non-market situation, the idea is to build an ongoing social relationship rather than to simply exchange goods and obtain the “counterpart value.”

**Absolute Exchanges versus Legacies of Exchange**

A purchase from a vendor demands no further obligations after payment because the exchange is final and the producer of the good exchanged has no further say in how it can be used. In
contrast, a non-market exchange creates a legacy of exchange where even when someone has
given something, they have some expectations and claims to that gift and how it is used. In a
system of market exchange, the symbolic-value is part of the goods and services exchanged. Any
copy of a book purchased from Amazon has the same symbolic value as any other copy. As long
as what is exchanged is identical, so then is the value because the symbolic-value and the use-
value is also identical. In non-market transactions, such as gift giving, the symbolic-value is tied
to the actual exchange so that identical gifts given under different circumstances have different
values. A book given to you by a close friend therefore has the same use-value as any other copy,
but a totally different symbolic-value that is generated by the mutual ties expressed in the
exchange.

Companies that try to make money from user-created content must recognize that their
users still feel some sense of ownership over the content they create, even after they’ve agreed to hand over their data and content in exchange for use of the service. Companies
that fail to recognize this run the risk of alienating their user-base and leaving people feeling
exploited, rather than served. This paper explores this by looking at a series of recent and
unfolding controversies experienced by companies such as Facebook, Crunchyroll, eMusic,
imeem, Hulu, and Pandora radio. Each of these services has struggled to balance value produced
through market exchange with value produced through non-market exchange. Exploring each of
these, this paper discusses the challenges of balancing market and non-market value, and
provides insights into how to engage with sites built around user-created content and those which
offer ostensibly free services in exchange for user labor and attention.

Conclusions: Locating Value and Courting Communities

Final Principles:

- The difference between market and non-market exchanges is not that market exchanges
  are economically regulated and non-market exchanges are socially regulated; The
difference lies in where value is located: in the contents (market/commodity) or in the
  contexts (non-market/gift) of the exchange.

- Within market exchanges, goods enter the transaction with a set value. In non-market
  exchanges, however, the value comes out of the transaction. **Value in non-market
  exchanges is located in the context of the exchange.**
• Success in an era of spreadable media requires media producers to recognize both market and non-market systems of exchange and the types of value and worth produced. This is key to engaging audiences online.

• When seeking to build businesses around user created content, or when trying to engage in social media campaigns, companies must find a way to acknowledge and balance the value from both market and non-market systems of exchange. One system cannot simply be placed over the other.

• It does a potential disservice to media properties for content owners to simply apply the regulations of control from market systems to non-market ones. When issuing takedown notices for IP violations or preventing users from viewing content on their terms, it is important to consider whether or not these actions stop audience activities that potentially generate ongoing value -- social, marketing, or otherwise.

• Ultimately, courting audience communities and building enduring relationships with brands requires an understanding of the regulations of the non-market exchange systems fans and consumers regularly operate within. Effort should be made to create models that are mutually beneficial, and generate both market value and social worth.