

Two Dollars Per Hour

By Kevin Kelly

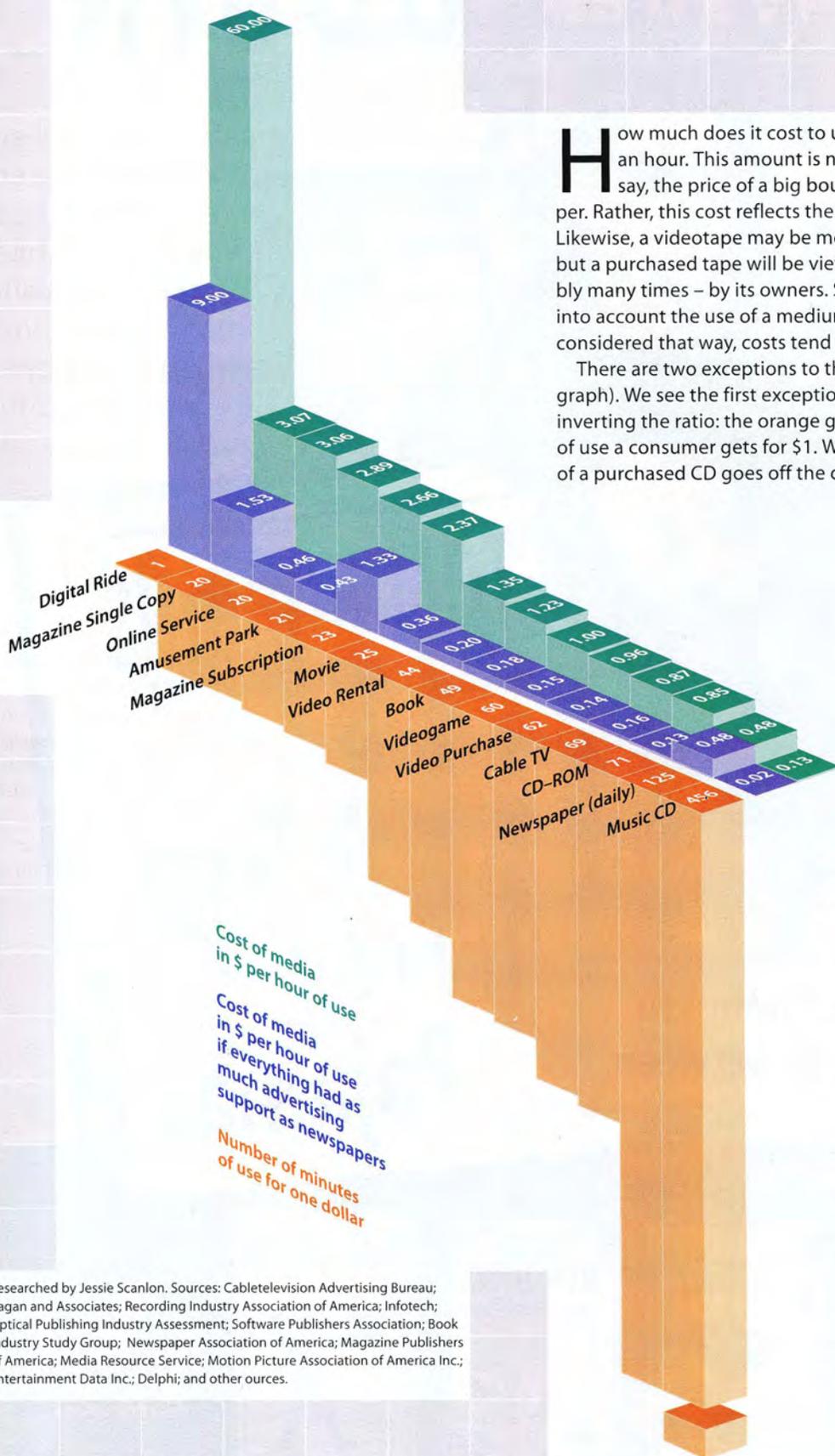
How much does it cost to use media today? Try two bucks an hour. This amount is not merely an average between, say, the price of a big bound book and a daily newspaper. Rather, this cost reflects the fact that the book lasts longer. Likewise, a videotape may be more pricey to buy than to rent, but a purchased tape will be viewed more than once – probably many times – by its owners. So the \$2-per-hour figure takes into account the use of a medium over its functional lifetime; considered that way, costs tend to converge.

There are two exceptions to the two-dollar rule (the green graph). We see the first exception by taking the data and inverting the ratio: the orange graph maps how many minutes of use a consumer gets for \$1. When viewed this way, the value of a purchased CD goes off the chart. A dollar's worth of this

thin disc yields many hours of use. In fact, the true value of CDs is still in flux, because few of them have reached the end of their usefulness.

The other anomaly in media costs is the high price of digital rides, such as arcade virtual reality games, or of high-tech "location-based entertainment" theaters. At \$1 per minute, such experiences are hugely overpriced compared with other media, including amusement park rides bought with a day-pass. We can expect the cost of digital rides to drop quickly – otherwise, they'll never become popular. This will probably be done by increasing the duration of the experience.

Advertising already subsidizes many broadcast and publishing media; the blue graph shows what various media would cost if their advertising revenues matched that of newspapers. A hardback book with as many ads as a newspaper would cost \$3, a music CD \$2, and a movie only 60 cents. On the other hand, if a magazine (say, this one) didn't have advertising, you'd pay about \$15 an issue for it. Including advertising may be yet another way that makers of rides and virtual reality games can price their wares for the eager masses.



Researched by Jessie Scanlon. Sources: Cabletelevision Advertising Bureau; Kagan and Associates; Recording Industry Association of America; Infotech; Optical Publishing Industry Assessment; Software Publishers Association; Book Industry Study Group; Newspaper Association of America; Magazine Publishers of America; Media Resource Service; Motion Picture Association of America Inc.; Entertainment Data Inc.; Delphi; and other sources.