

SPREADABILITY

MORE THAN
MONEY
CAN
BUY

Locating Value in Spreadable Media
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Introduction

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* recently pointed to the continued and remarkable growth of collaborative systems such as wikis, open-source software, creative commons, and collective news aggregators like Digg and Reddit as prime examples of how "the communal aspects of digital culture run deep and wide" (Kelly 2009: 118). Kelly, discussing the work of Clay Shirky,¹ identifies four categories of collective production, circulation and information gathering behavior online: **sharing**, **cooperation**, **collaboration**, and **collectivism**. While Kelly's hierarchical organization of these categories from least to most communal implies a sort of "ideal" participation or engagement that might not be as helpful as he suggests, the

¹ Particularly Shirky's 2008 book *Here Comes Everybody: The Power of Organizing without Organizations* (New York: Penguin Press).

distinctions between the types of activities he identifies are, themselves, useful for thinking about how people organize and interact online.

- **Sharing:** Sharing is one of the most fundamental logics of social participation online. We use YouTube to share videos, Twitter to share status updates, Flickr to share images, Delicious to share links, blogs to share ideas and information. As we argued in *If It Doesn't Spread, It's Dead*, this sharing of content and information is used to express, regulate, and affirm social relationships and build communities.
- **Cooperation:** Kelly points to complex systems like Flickr, which are created not only through the sharing of images, but activities like tagging, grouping, and organizing, many under a Creative Commons license. Through cooperation, Flickr becomes not only a platform to share these images, but a highly structured image archive and resource. Similarly, aggregation sites such as Digg, Reddit and Slashdot -- sites new media scholar Axel Bruns (2008) refers to as spaces of “produsage” where ‘production’ and ‘use’ are blurred -- rely on the cooperation of many voters and contributors to collect and display news that can “steer public conversation as much as newspapers or TV networks” (Kelly 2009: 120).
- **Collaboration:** Collaboration describes efforts that are more focus and organized than those of more ad hoc cooperative undertakings. Henry Jenkins (2006) argues in *Convergence Culture*, that the scale of collaboration enabled by a networked society results in the emergence of a form of collective intelligence, where groups of individuals pool resources and intellect towards common goals that result in ends far more successful than any individual could achieve alone. Open-source software is an example of collaboration par excellence, where people contribute their labor and expertise towards specific software development projects. Similarly, the practice of fansubbing, or amateur subtitling of television and films, relies upon highly coordinated collaboration efforts between translators, timers, editors, and coders.
- **Collectivism:** Collectivism, finally, describes a “system where self-directed (sic) peers take responsibility for critical processes and where difficult decisions, such as sorting out priorities, are decided by all participants” (Kelly 2009: 120). Projects like Open Source Software is a good example. Collectivist efforts are at their most basic more explicitly and rigorously structured -- and potentially ideologically directed -- systems of sharing, cooperation, and collaboration.

These types of activities have existed in various forms throughout history, but what is striking is the current pervasiveness and scale of sharing, cooperation, and collaboration online. These are not ideological hopes or predictions for what media will become; These “new social arrangements,” as Kelly calls them, describe the realities of the contemporary media landscape.

People appropriate, adapt, remix, quote, link, and share media with one another for a range of social reasons not accounted for by traditional, profit-driven models that depend on centralized production and one-to-many broadcast and distribution. Whether we like it or not, these practices are not only commonplace in the new media landscape, they are inherent to it. As Kelly points out, “Youtube claims some 350 million monthly visitors. Nearly 10 million registered users have contributed to Wikipedia . . . more than 35 million folks have posted and tagged more than 3 billion photos and videos on Flickr” (Kelly 2009: 120).

In addition, having realized significant portions of their audience and consumer-base are participating online, corporations, brands, and media producers are pushing to establish an “online presence” through “viral” and interactive campaigns, Facebook groups, Twitter feeds, and user-created content platforms. As a result, the increased presence of socially driven and collective media production, circulation, and use online is reshaping the relationships media audiences and consumers have with media, media producers, and one another. 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.

As we’ve suggested in previous work, including *If it Doesn’t Spread, it’s Dead*, shifts in technological tools and infrastructure disrupt the moral economy which governs relationships between companies and consumers. The increasing struggle of companies to respond to audience practices that run counter to expectations about media use is forcing a shift in the way we think about the dynamics between production and consumption. 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).

Consider, for example, the recent controversy around Facebook’s attempts to change their Terms of Service agreement. Facebook altered the agreement with their users in a desire to retain their rights to user data and content after users deactivated their accounts and ceased using the service. While we will consider this case in greater depth later in this paper, it is worth pointing out it is a lucid example of the difficulty companies have navigating mixed economic systems built upon both monetary value and social worth. In this instance, Facebook’s attempt to retain user data, which seemed legitimate within relationships predicated on economic exchange, violated the

implicit social contracts between the site and its users, users whose socially motivated activities and connections drive the site's ultimate value. While Facebook's quick reversal in the face of user-backlash helped ensure the company's continued success, it also illustrates the challenges even market leaders face when attempting to monetize social behavior online.

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. They are creating, sharing, and collaborating to acquire social capital -- “credit, status, reputation, enjoyment, satisfaction, and experience” (Kelly 2009: 120) -- rather than monetary profit. Thus, as we suggested in *If It Doesn't Spread, It's Dead*, what might at first seem like the unregulated copying and sharing of compelling content online in fact comprises a range of different processes of passing, transforming, repurposing, and reframing content for social ends. Media content and cultural materials circulate across the new media landscape through systems regulated by exchange of tokens that have social worth rather than economic value. People share content to gain cultural and social capital, to increase their reputation, out of mutual obligation, or to establish or reaffirm ties.

Discussing the spread of media content in *If It Doesn't Spread, Its' Dead*, we suggested that, broadly defined, these socially regulated processes could be understood through the notion of a “gift economy.” In principle, gift-giving operates according on social norms and guidelines of reciprocity, rather than the transactional models of economic exchange. Gifts are not given for nothing -- they create mutual ties between giver and receiver, create obligations and motivate reciprocation. This is why when someone gives a Christmas present, we feel the need the give one in return. In the context of online communities, media scholar Howard Rheingold, author of the influential book *Virtual Communities*, suggests that gift exchange doesn't necessarily operate under direct one-to-one reciprocation, but as part of a larger system wherein individual contributions generate reputation and social capital amongst the group (Rheingold 1993). Someone contributing a review on Yelp, for instance, doesn't do so to get some kind of direct return for each review they post. Rather, if other Yelp users find the contributions useful, that person gains reputation and social standing within the community in return and their consequent contributions might carry more weight.

In *If It Doesn't Spread, It's Dead* we mapped the differences between gift economies and commodity culture exchanges thus:

Commodity Culture	Gift Economy
Contractual Arrangements	Social Norms
Reckoned Transactions	Reciprocity
Dynamic Social Relations	Dynamic Circulation of Goods
Motivated by Financial Gain	Motivated by Status and Reputation
Economic Value	Sentimental Worth
Fantasy: Freedom, Individuality and Transformation	Fantasy: Nostalgia, Community, Continuity, Tradition
Everything can be Bought and Sold	Not all gifts can be accepted

Table 1: Frameworks for the Commodity Culture and Gift Economy

The circulation of goods in gift economies online is motivated by status and reputation rather than profit. As a result, the value and circulation of goods is more dynamic than we see in economic exchanges, since the emphasis is on the social relationships the sharing of goods sustain rather than the inherent usefulness or the economic value of the goods themselves. Exchanges within a gift economy focus on the sentimental or social worth created in the exchange, rather than the monetary value of the good being exchanged -- This is why in gift-giving, we commonly employ the phrase “it’s the thought that counts” suggesting that the important aspect of the exchange is not the quality, quantity or economic value of the good itself, but the gesture of giving and the social ties this act creates. Of course, not all gifts are created equally. Some are worth too much: that is, they impose too great an obligation of reciprocation on the receiver, like a wedding ring given on a first date. As such, not all gifts are acceptable or appropriate in all situations because acceptance might mean accepting undesirable social expectations.

By contrast, the circulation of goods within commodity culture is regulated through contractual arrangements -- specific terms that set out the value of the goods and the obligations associated with the transaction -- and motivated by financial gain. This allows for the social relationships between the parties involved to be much more varied since the economic value of the goods being circulated is determined outside of the interaction between the individuals or groups that are taking part in any given transaction. As a result then, while not all gifts can be accepted, all goods within commodity culture can, in principle, be bought and sold since there are no other additional social expectations carried in the transaction.

The gift economy then emerges as a 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). Anderson discusses models where media producers and communications corporations are providing goods and services at no cost to consumers, and monetizing reach and attention through advertising, or generating revenues by offering premium “pay-to-play” offerings:

Once a marketing gimmick, free has emerged as a full-fledged economy. Offering free music proved successful for Radiohead, Trent Reznor of Nine Inch Nails, and a swarm of other bands on MySpace that grasped the audience-building merits of zero. The fastest-growing parts of the gaming industry are ad-supported casual games online and free-to-try massively multiplayer online games. Virtually everything Google does is free to consumers (Anderson 2008).

Looking more carefully at one of the most-used examples of the “free” economy reveals, however, that rather than simply “giving away” the album, Nine Inch Nails’s offer might be more accurately explained as a gift. While press buzz focussed on the cost of the album (nothing), and framed it as the band “giving away” their content, Nine Inch Nails (NIN) frontman Trent Reznor framed it slightly differently. On the official NIN site, Reznor called the free download “a thank you to our fans for your continued support” (Reznor 2008), adding “this one’s on me” (Visakowitz 2008). Rather than giving the album away for free, Reznor was giving *back* to the fans.

We can therefore think of Reznor distributing his album for free as giving a gift to his fans, both in return for what they’ve already given him -- their previous support and purchases -- and as an

implicit request that they continue to give to him in the future in the form of loyalty or future purchases. The act of gift-giving creates a sense of mutual ties and reciprocation between Reznor and his fans. What at first glance seemed to be “free” because of its no-cost nature, was in fact an exchange in which the payment was social worth: fan loyalty and support -- an ongoing relationship between producer and fans.

Reznor and NIN’s efforts are, of course, somewhat unconventional, yet the notion that no-cost exchanges aren’t truly free can be seen in even more common types of “giveaways,” such as branded swag like the pens you might get from a bank or vouchers redeemable for free goods and services. In the case of branded “free” products, the goal of the company offering them is that the receiver will incorporate the object into their everyday lives, the brand regularly reminding them of the company, while the utility of the free pen perhaps generates some sense of goodwill. Furthermore, the use of these branded goods turns the user into an advertiser for the brand, which is why useful objects such as pens, T-shirts, and keychains are popular swag items. In using the “free” gift, people incorporate the brand and logo into their daily activities, ideally promoting the brand and helping develop a lasting familiarity with it. In a sense then, these branded goods are not “free” -- there is some labor performed in exchange for them. While received for no-cost, there is a (small) price implicit in their acceptance and use.

This is precisely what anthropologist Mary Douglas, says about gift economies, reminding us that:

[T]he whole idea of a free gift is based on a misunderstanding. What’s wrong with the so-called free gift is the donor’s intention to be exempt from return gifts coming from the recipient. Refusing [repayment] puts the act of giving outside any mutual ties . . . For all the ongoing commitment a free-gift gesture has created, it might as well have never happened (Douglas 2000: vii).

In other words, despite these goods not coming with pricetags, they aren’t totally “free,” since they come with other forms of obligations and expectations. Consider, for instance, purchasing a cup of coffee at a café as opposed to sharing a cup of coffee with your neighbor. At the café, coffee is acquired through the exchange of money -- you must pay for the coffee, but after doing so you have no further ties to the vendor, barista or any of the other people present in the café. Once you’ve exchanged cash for a hot, tasty beverage in a cafe, your transaction is closed; you are under no social obligation to make small talk or smile or do anything else. If you accept a cup of coffee from your neighbor, on the other hand, it would be rude to just take the cup of coffee

and go about your day. While it might not cost money, the cup of coffee is not totally free; it comes with a set of social obligations -- it would be strange not to sit down and drink with your neighbor, or not acknowledge them later if you passed them in the hall. 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.

This is an especially important concept if we hope to understand how media spreads online, because many systems of sharing, cooperation, and collaboration online generate value through creating mutual ties, reciprocal expectations, and social "payments." YouTube users might upload content they've created at no cost, but they expect or hope for viewers and comments and social interaction around the content in return. Similarly, fanfiction writers, who also produce and share content without asking for cash remuneration, have been known to threaten to bar public access to their work when they feel that too many of their readers aren't leaving feedback and comments. Yelp reviewers hope to raise their reputation and status by contributing reviews. Users who contribute to cooperative efforts such as Wikipedia or Digg may contribute their knowledge, skills, and labor without any direct feedback but in the hope that, along with raising their overall reputation and social status, their contributions will be recognized through a more generalized exchange. Each person contributes under a sense of mutual obligation that others will be contributing similarly, creating an end product that everyone can benefit from (a repository of news about the Internet, a system of links to interesting content, a space for discussion around topics of their interest, in short, a diverse and vibrant community that supports their particularly interests). In all these cases, like the offer of coffee from your neighbor, these "free" content producers and laborers expect a form of (social) payment in return for their work.

Companies that hope to tap into the massive power of the social, networked web must therefore come to recognize and understand the parameters of these non-monetary exchanges. Users who accept purportedly "free" goods, content, or services generate some form of value in return -- often in the form of data, labor, content that attracts other users and expands the reach of the network. YouTube might offer its web platform to users at no cost, but in turn, people's efforts to create social value between one another through the site generates pageviews and data that YouTube can monetize. As a result, these exchanges create implicit social contracts that, when violated, creates a sense of being cheated similar to a worker having their wage changed on

payday. **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. All of these so-called “free” services, from free email to NIN’s free CD to pens you pick up at a bank, all come with some form of expected return or commitment involved within the exchange.

The gift economy is a more useful model for discussing these sorts of exchanges precisely because it accounts for the value of things that generate social worth such as reputation, reciprocation, social capital, mutual ties and loyalty -- all values that these so-called “free” models rely upon. Things are only “free,” in other words, if we continue to think of them only generating value through direct market transactions. Value production and exchanges online, however, 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 that 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 analyze the underlying principles between systems of exchange premised on economic value and those based in social worth, we need a language that allows them to be compared. In *If It Doesn't Spread, It's Dead*, we broadly distinguished these different systems of value as “Commodity Culture” and the “Gift Economy.” As I suggest above, the Gift Economy is an extremely useful concept for understanding the socially regulated nature of no-cost exchanges. However, while contrasting the functioning of the gift economy with commodity culture provides a good base for discussing larger cultural phenomenon, when we look more closely at how they function, we see the differences are not as clean cut as they may appear. It is important to realize, for instance, that “commodity culture” and “gift economy” are not as easily comparable as we may have suggested. To start with, “commodity culture” focusses discussion on the social context of things, while “gift economy” is a metaphor for how things are *exchanged*. Trying to distinguish between the specific mechanisms of the two would be like trying to compare a type of car with how someone might negotiate traffic -- one is about a particularly type of good, and the other about the way that good (a car) moves through a particular system (traffic).

Our aim, then, is not to describe the differences and similarities between commodity culture and gift economy, but to discuss the distinctions between commodity exchanges and gift exchanges. In this context, “commodity culture” and “gift economy” might be considered more broadly as stand-ins for “market” and “non-market” exchanges, or what legal scholar Lawrence Lessig terms “commercial” and “sharing” economies (Lessig 2008). It is therefore more useful within the context of this paper to understand “commodity culture” and “gift economy” as systems guided by market and non-market exchanges respectively. In focusing on a comparison of the aspects of exchange within gift economies and commodity cultures, we can focus more closely on how and where value is created and exchanged.

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. While spreadable media may circulate by means of non-market exchanges, not all spreadable media begins that way, and not all spreadable media ends that way. Media spreads by virtue of its adaptability to different conditions and its ability to be adjusted to fulfill a wide range of needs and motivations. Clips from television shows — media created

within the logic of market-driven commodity culture — gets appropriated by fans and repurposed as a means to establish social relations within a gift economy. Many forms of user-created content created within a purely social exchange — within a gift economy — gets leveraged into commercial exchange when hosted on websites that generate revenue through investors and advertising and other promotional agreements with broadcast companies. Sometimes it is also used directly by companies as promotional content, as in the case of a Chicken McNuggets commercial by McDonald's which appropriated a user-created video of two friends beatboxing and rapping about Chicken McNuggets. The original clip, posted to YouTube three years before McDonald's acquired it, generated social value circulating through YouTube's channels. McDonald's appropriation left the clip mostly intact, except for some interspersed title cards and the addition of a tagline at the end. We might recall a similar incident where some friends experimenting and posting videos of adding Mentos to Coke resulted in a successful viral campaign. In these cases, content created within a realm of non-market social value and exchange was taken and moved into one of market value and exchange. In short, spreadable media isn't spreadable only within a single mode of exchange, but because it can cross between commodity and gift economies, between market and non-market exchanges.

Technology has made the flow of content across systems of exchange easy, allowing us to take content from one system and transplant it into the other without much difficulty. But as we have seen with the flare-up of controversies such as the fan backlash against Fanlib.com,² or the blowup over Facebook's Terms of Service agreement (or, on a smaller level, any time we encounter a video removed for copyright or terms of use violation on YouTube), these transitions aren't always smooth. This is why the clarification regarding "free" is so crucial, because the use of "free" suggests that we are trying to describe non-market transactions while clinging to the language of the market, obscuring the underlying social mechanisms in a way that invites conflicts and violations on both sides. It is not until we are able to fully recognize both market and non-market exchanges, both "paid" and "free," as distinct and valuable *modes of exchange*, that we may begin to map their differences and similarities in order to better determine how to do business between them.

The fluid spread of media between market and non-market exchanges also reminds us that particular goods or services don't inherently possess market or non-market characteristics. Nor

² For more details on the Fanlib.com case, see my pieces in the C3 Newsletter from 12/07/07 and 12/14/07

do these goods either cost money or not. Rather, these values and conditions are assigned to goods and services via the context of the exchanges they are involved in. Consider, for instance, purchasing a bottle of wine to bring to a dinner party. In the context of the store purchase, the wine is an object in a market-exchange where its value is communicated through price. However, when you give the wine to your host in exchange for their hospitality, it is considered a social faux-pas to not remove the price sticker. Even though no one would think that you've made the wine yourself, the dinner party exchange is a distinctly non-market one where the value is not determined primarily by the price of the wine. Though it is the same bottle of wine, its value in one context is marked by money, whereas in another, it is decidedly not marked by money.

This is precisely why moving between modes of exchange can become so complex and difficult to negotiate. If it were just a clear case of some things bearing market value while others do not, there would be no tension or confusion over what something is worth. Cultural commodities like media content in particular, however, move so effortlessly between market and non-market modes of exchange and contexts of consumption that the process is complicated. So we must understand not only whether a thing costs money or not at any given moment, but the social contexts and regulations that determine *why* a thing does or doesn't cost money, in order to think about how to transition more smoothly between systems.

How Value is Made: Three Dimensions of Value

It therefore becomes clear that though money is a key indicator of a market-exchange situation, its use is the manifestation of a deeper social logic. Money is the means through which the regulations of a market exchange system are met, but it is not an explanation of the system itself. Once we can define the various dimensions of value, we can begin to see how they change between market and non-market system and from there begin to understand how media spreads from commodity systems into other forms of social conditions and the implications of that change. This then allows us to think about how to bridge the interests of media producers and audience communities. In attempting to engage audiences and understand spreadable media, it is important to not only understand the needs, protocols, and goals of communities and socially motivated gift economies, but to also have a clear conception of the needs, protocols, and goals of market-driven commodity culture as well.

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 "utility of a thing" (Marx 1887). But, as Karl Marx is careful to point out, an object's use-values are not arbitrarily determined. Use-value is "not a thing of air . . . [but rather] limited by the physical properties of the commodity . . . [and] become[s] a reality only by use or consumption" (Marx 1887). In other words, though use-value is tied to the material characteristic of an object, it is also affected by social or conditional regulations. The use-value of something is not only a measure of its usefulness in the abstract -- we must also be able to actually make use of it within context. For instance, the use-value of a heavy winter coat is tied to its innate ability to keep you warm if worn, but that use-value can only "become a reality," if you are somewhere cold enough for you to wear it. Similarly, if we think back to the example of the free-gift voucher from section 1, the voucher only has use-value if redeemed. Otherwise, the voucher is a useless piece of paper. Though this may seem to be an obvious point, it is important to note that even the form of value most clearly tied to the intrinsic properties of a good or service can be realized only when it is activated within a specific context

of consumption. The use-value of an object, in other words, is not an absolute form of value, but subject to various social and cultural conditions and regulations.

Symbolic-value

The second dimension of value comes from an understanding of consumer culture. Symbolic-value is tied to our understanding of consumption as a defining characteristic of culture within developed late-capitalist economies. Symbolic-value is what differentiates goods or services that have similar use-values. Brands, for instance, are the bearers of symbolic-value. A designer handbag has a symbolic-value that far exceeds its use-value as bag, which is good for carrying things because the logo potentially carries with it cultural indicators of your economic and social status.

Symbolic-value is also tied to specific cultural contexts. A pair of Levis jeans be a symbol of unassuming utility in a suburban American high school and a symbol of fashionable Western luxury in a suburban high school in China. An object can also have vastly divergent symbolic-values at the same time, with multiple cultural meanings layered atop one another. Just as well-known cartoon icon Hello Kitty has a symbolic-value of childish cuteness in Japan, when exported to the West, it also carries with it a symbolic layer of “cool Japan,” and when appropriated by young, punk-militant feminists in the 1990s, the brand gained another layer of meaning that took an ironic twist on the initial cuteness, transforming it into a symbol of feminist activism. Symbolic value, in short, is what sets similar objects apart from one another. Objects can have popular symbolic values, culturally specific ones, subcultural ones, and so forth. Symbolic-value is highly fluid and accretive -- any object can carry a number of different symbolic-values as it moves through various social and cultural contexts.

Exchange-value

Finally, exchange-value, is the translation of a good’s use-value and symbolic-value within a system of exchange. Marx calls use-value in capitalist societies the “material depository of exchange-value” (Marx 1887); That is to say, a good’s potential use-value to someone else determines the value that it can be exchanged for. To return to the heavy winter coat discussed earlier, putting aside questions of scarcity, this coat might have a higher exchange value -- that is,

it might be sold or traded for a greater return, or be seen as a more valuable gift -- in a cold climate rather than a tropical one, due to its relative use-value in these locations.

However, as sociologist Don Slater reminds us, within contemporary developed societies “consumer goods are crucial to the way in which we make up our social appearance, our social networks (lifestyle, status group etc.), our structures of social value” (Slater 1997, 30). As a result, symbolic-value is an increasingly important determinant of exchange-value. This is why a handbag from a previous season might sell for a lower price than one from the same designer from the current season. The drop in symbolic-value of last season’s designer goods due to their no longer being the latest fashions is reflected in a drop in its exchange value -- its market price. Similarly, a chair found in your grandmother’s attic might have a limited use-value and only sell for a few dollars at a yard sale, but appraised by an expert and imbued with symbolic-value as a relic from a bygone era, might sell for thousands at an antiques auction.

These then are the three key dimensions of value present in any form of exchange, whether that be one regulated by money and market logic or by social relations. It is therefore not a question of whether or not a form of exchange has value, but of the roles each dimension of value has in shaping the terms of the exchange.

The Social Dimension of Market and Non-Market Exchanges

If we use these three basic dimensions of value rather than the presence of money to understand market exchanges, we can make the broad generalization that in market exchanges, the contents of the exchange are explicit and orient the exchange -- you know precisely what you are getting and what you are giving in return -- allowing the social context to be “free” of obligations. 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 the opposite is so, wherein the context -- the social relations -- play the primary role in determining an object’s value. Consider again the phrase “it’s the thought that counts,” which suggests that the exchange-value is more closely tied to the specific symbolic-value that is generated within the context of the exchange rather than the more general use value of the gift itself. In such a situation, the fact that someone thought to bring a gift is more significant than the actual usefulness or appropriateness of that gift. The key thing here is not whether something cost money or not, but where core value 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. The following section will detail the relationship between these.

Market Exchanges	Non-Market Exchanges
Impersonal	Socially Regulated
Discrete Transactions	Ongoing Transactions
Absolute Exchange	Legacy of Exchange

Table 2: Market Exchanges versus Non-Market Exchanges

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. Indeed, the use of money in a market-exchange creates a particular set of expectations that allow the exchange to be considered separate from social obligations -- Money

allows for exchanges that are “almost entirely anonymous . . . outside of the nexus of personal social relations” (Miller 1987: 73). Considering this point, Lawrence Lessig discusses purchasing a CD from your local record store as a typical commercial exchange (what we are here calling a “market exchange”):

You enter and find the latest Lyle Lovett CD. You buy it in exchange for \$18. The exchange is defined in terms of the price. This does not mean the price is the only term, or even the most important term. But it does mean that there is nothing peculiar about price being a term. There’s nothing inappropriate about insisting upon that cash, or making access to the product available only in return for cash (2008: 118)

What is crucial to recognize here is that the terms of what is exchanged is absolute and explicit -- money is given, and in return you receive a CD. While the precise cost might be variable depending on the CD or if the store is having a sale, the form of exchange is not. You will not enter the store tomorrow and find you can only get CDs in return for language lesson or for sweeping the aisles. Additionally, even if you are friends with the record store employees or owners, this would not necessarily affect the price. Within a market exchange where the terms are impersonal, the social context of the exchange is separate from the exchange-value of the commodity. In contrast, if you are selling your old record collection to a friend, it is most likely no longer a pure market exchange, even if it still involves the use of money. There is a good chance that there is an expectation for you to lower the price to acknowledge your relationship, trading some of the monetary exchange-value for social exchange-value.

Discrete versus Ongoing Transactions

Since market-exchanges are governed by asocial relations, they are also discrete; they don’t necessarily create an ongoing relationship. Sociologist Igor Kopytoff suggests that for commodities in market exchanges, “the primary and immediate purpose of the transaction is to obtain the counterpart value . . . [and] not, for example, to open the way for some other kind of transaction” (Kopytoff 2006: 69). 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). Thus, it is not that commodity exchange does not involve any sort of social obligations or expectations, nor that it can’t ultimately create these, but rather that the social conditions at the moment of exchange are terminal. In other words, the completion of an exchange in a commodity situation finalizes and marks the end of the transaction. Returning to the coffee example from earlier, if I enter a coffee shop and purchase a latte, once I have paid for and received my drink, the transaction is over. I have no further obligations to the vendor, or the company, nor am I ever expected to “give back” anything further. I am not expected to make conversation with my barista -- in fact, if I did, it might be considered an indication of social interest outside my coffee purchase. Similarly, if the barista remembers my order the next time I come in, while not necessarily strange depending on how frequently I order the same drink there, it might nevertheless suggest a devotion or attentiveness to his or her job that is above and beyond protocol. It also reminds us that many companies may strive to create a more “personal” shopping experiences by making a monetary transaction feel more like a social interaction. These efforts seek to make a discrete market-exchange feel more like an ongoing non-market exchange, so as to build customer loyalty and return visits.

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” as Kopytoff describes it. The exchange of Christmas cards provides a good example of this. I wouldn’t be able to get out of sending Christmas cards every year simply by sending 10 years worth of cards all at once. This is because the point of the exchange is not the cards, but the continued process of exchanging cards every year. By sending 10 years worth of cards, I still don’t fulfill my end of the exchange, since the social “payment” in question is not the cards themselves, but the continued sending of the cards year after year.

Confusion between the expectations of discrete market exchange and ongoing non-market exchange provides some insight into the recent Terms of Service controversy around Facebook. In February of 2009, Facebook updated their Terms of Service, removing the lines stating “You may remove your User Content from the Site at any time. If you choose to remove your User Content, the license granted above will automatically expire.” In addition, they “added new language that said Facebook would retain users’ content and licenses [to make use of it] after an account was terminated” (Stelter 2009).

Facebook's Terms of Service had always claimed the rights to use the data and content generated by its users as the company saw fit, a claim users were occasionally dissatisfied and wary of. The scale and level of vitriol of the backlash in response to the updated terms was unprecedented, however. What was controversial was not just that Facebook claimed control or ownership of the user data and content, but that it maintained ownership even after a user ended his or her relationship with the site. In effect, Facebook was operating under the logics of a market exchange, in which the exchange of service for user data and content was a discrete transaction, terminated when users stopped using the service. Such an approach saw user data as a singular good, rather than something that might continue to generate value. Users, however, were operating under the assumption the exchanges were governed by non-market logics, where like the Christmas cards, the value was being generated from the continued exchange. These logics would dictate they would continue to provide permission to use their data and content so long as they kept receiving satisfactory service from Facebook in exchange. When this service ceased, so too would Facebook's rights to generate value from their data.

While neither of these positions is absolutely right or wrong, both could aptly determine the relationship between Facebook and its customers. Indeed, if we consider some of the ways that Facebook might make use of the data provided by users -- for demographic profiling, to determine trends in topics and purchasing, for advertising purposes, to provide to third-party application providers -- we can see the data as valuable in a variety of different ways. Some of these ways have no ongoing value, and some have much ongoing value -- the data of a particular ex-user may be of little use to sell to an advertiser, but might be useful to construct user profiles of the market. Given the different uses that can be made of user data, and the fact the time spent creating it by users cannot be regained when they cease to use the service (time-traveling DeLorean's notwithstanding), we can see why Facebook might desire to retain access to this data. Given that many users recognize the value of their labor in making Facebook both popular and profitable, and that they can anticipate that Facebook could continue to monetize the fruits of their labor long after they receive anything in exchange, we can see why users would see the exchange as closed once they terminate their use of the service. Thus we begin to see the necessity of understanding the underlying social contracts within these different systems of exchange as companies try to create business models which leverage non-market values, many of which are created with substantial user labor. Similarly, as I suggested earlier, we can see that despite not charging an access, subscription or use fee, a service like Facebook is not really provided "free" to users.

Absolute Exchanges versus Legacies of Exchange

The Facebook controversy also points us to our last distinction between market and non-market exchanges, which is that because market exchanges are discrete rather than ongoing, there is a finality of the change of ownership. Facebook assumed its ownership of user data was absolute, since within a market exchange the transaction is over once value has been received. 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.

Sociologist Marcel Mauss, who wrote one of the founding studies on gift-exchange, explains that the gifts one person gives to another can also be given to a third party, but in doing so the initial gift-giver must receive some of the value from the second exchange. Mauss argues that gifts remain active and tied to the giver, creating a continued obligation in the person who has received the gift. We might think of it this way: objects that are bought are no longer thought of as objects that were on sale -- they become purely objects that one owns, whereas objects that are given are always thought of as gifts, even if the giver is no longer around, and are thus never completely owned by the receiver. In other words, because the transaction is not discrete and finite, because it is embedded within ongoing social relationships, we must continue to acknowledge and fulfill the social contract of the initial exchange in any consequent exchanges we have using the same object. This is especially important for companies who want to use or sell data or user-created content they have received in exchange for services.

For example, if I purchase a book from Amazon, I can use it however I wish. The book belongs absolutely to me, and Amazon has no claims or opinion on what I do with it. On the other hand, if a friend gives me a book, and I decide to use it for kindling, that may very well cause problems in our relationship, because that friend has some expectation for how that book will be used and valued. In the first case, receiving the book from Amazon marks the end of the discrete, impersonal transaction and you have no further obligations to the site. In the case of receiving a book as a gift from a friend, however, the book itself is the mark of an ongoing series of transactions that reinforce the dynamics of your relationship with that person. Your ongoing obligation to acknowledge that relationship is embedded in your use of the book; The book is a token of that relationship.

Thinking of it another way, in a system of market exchange, the symbolic-value is part of the goods and services being 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. This not only sets it apart from every other copy of the book but also ensures that both the giver and the receiver have some sense of ownership, since both are contributing to the symbolic-value of the object. As a result, to treat the book as totally your own to do with as you like would be to *devalue* it by failing to recognize it as a symbol of the social ties of the exchange.

Thinking back to the Facebook controversy, 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.

We can look to the controversy over the business model at the predominantly anime-focused, user-uploaded streaming video site Crunchyroll.com as another example of why it is important to recognize, acknowledge, and return value in non-market exchanges. In early 2008, Crunchyroll.com received millions in venture capital to create a YouTube-style streaming video platform, where users could upload their favorite Asian media content to share. In addition to receiving venture capital, Crunchyroll employed a subscription model where those who paid a membership fee were provided with higher quality versions of the content uploaded. The idea seemed benign enough, until it became apparent that a significant amount of the content uploaded was fansubbed content -- anime and other Asian media content that had been subtitled in English and other languages by teams of fans. While much attention focused on the legal problems of making money off of unlicensed content, there was a lesser known, but by no means less pressing backlash from the fansubbing community. According to an interview with Crunchyroll business development on the popular Anime information hub AnimeNewsNetwork.com, Crunchyroll made no efforts to contact fansubbers about the use and monetization of their efforts. As a result, sites like Crunchyroll that charge money for access to

fansubs and profit from “free” fan labor without providing any additional value back to the fans and fansubbers are “reviled . . . among anime fans at large” (Bertschy 2008: 2).

The anger arose from the fact that Crunchyroll was essentially taking content produced in and for a non-market systems and building a market architecture around it to extract additional forms of value. They were essentially co-opting the fruits of non-market exchanges between fans (most fansubbed videos have a very specific “not for rent or sale” message at the beginning) into a market-exchange, without honoring the codes and regulations of the original exchange. The problem in doing so is twofold. First, in extracting additional, monetary value from the content without acknowledging the contributors of the content -- the fansubbers, and to a certain extent, the original artists and producers of the anime series -- Crunchyroll did not honor the legacy of exchange. They made the content more valuable in one sense without adjusting the reciprocal relationship to fansubbers who created, leaving the fansubbers feeling exploited. By extracting value from the products of a non-market exchange without honoring any of the codes of that exchange, Crunchyroll was essentially taking something without “paying” for it. Second, monetizing fansubbed content is explicitly “against the most basic ‘code of ethics’ . . . that fansubbers claim to follow” (Bertschy 2008: 1). Fansubbing, as with many fan practices, operates under non-market “gift” systems in which contributions of labor and content made to the community create value based on the social relationships they symbolize and reaffirm. As with the book given by a friend, the symbolic-value of the fansub is tied to the context of the exchange rather than to just the subtitled video itself -- the fact that it is given freely and openly to be shared amongst fans without cost or monetary gain. By appropriating this content for a system governed by market transactions, Crunchyroll’s practices angered fans because they felt not only exploited for their work, but that their work was being **devalued** as well. The original monetization model behind Crunchyroll not only extracted additional value without giving back, but in doing so **detracted** value from the original exchange of the fansubbing services by violating the social contract fansubbing operates under.

In the process, Crunchyroll was also putting fansubbers at risk of legal persecution. Anime fansubbing, and many other fan practices, operate often with an implicit agreement with content-owners. So long as the fans do not make any money, content owners allow often choose to overlook the use of their material in exchange for the promotion and extended engagement that fan practices provide. Crunchyroll, and other sites like it such as Fanlib, hoped to profit on the back of fan labor, while placing the potential costs of legal problems onto the fans. Simply co-

opting non-market content without acknowledging the social contracts and values produced in that exchange take without giving in return. In addition, in both these cases, the service imposes a potential additional fee.

There are, of course, also examples of successful negotiations between market and non-market exchanges. The lesson learned, therefore, is that there is a pressing need to understand how these types of exchanges operate, and what people involved within them value. Trent Reznor's giving back of "free" content to his fans in return for their longstanding support, and the consequent attention and purchases he received for concert tickets and special additions is one example. Similarly, audiences are acknowledging the market side of media transactions, such as *Chuck*'s "finale and footlong" fan campaign. The fan "boycott" around *Chuck* involved fans getting together to make mass purchases of sandwiches from Subway, one of the show's key sponsors, in protest of talks of cancellation. As a result, Subway agreed to sponsor 13 more episodes of *Chuck*, allowing the show to stay on air for another season. This act comes out of a long tradition of fans using their social ties to the content and to one another to make an economic statement, but also marks a shift away from less successful efforts of traditional boycotts. This move suggests that in a moment where there is an assumption that audiences expect and demand their content for free, they in fact both understand and openly acknowledge that their social relationships around their favorite media content are tied to commercial, market-exchange systems, which they are happily willing to honor.

Conclusions: Locating Value and Courting Communities

Altogether then, thinking about the distinctions between market and non-market exchanges lead us to consider more general principles about how value is created. Goods enter market based transactions with a set value. Thinking about a store which sells accessories, the objects for sale have a set price. While the actual price paid may fluctuate based on a number of factors, by the time money is exchanged for the object, the object's value within the transaction is set. In non-market exchanges, however, the value of a good is determined through the transaction itself. The very same accessory available in a store has greater social and sentimental value if it is a gift from a dying grandmother. In such an instance, it serves as a symbol of the relationship between grandmother and grandchild, and as such, the object's value is created through the context of the exchange, rather than being determined before the good enters the exchange. What might otherwise be considered a trinket is given greater value than its use or market-exchange value because it is overlaid with symbolic worth.

Thus, it is not enough to suggest that commodity exchanges are based in systems of monetary value while gift exchanges are based in systems of social value. Nor is it enough to suggest that commodity exchange is rational and lacks the social element of a gift exchange. The critical and functional differences between commodity and gift exchanges lie not in the forms of value present as both systems are socially and economically regulated, both require some rational decision calculation, and both are influenced by social factors. Just as you must rationally assess the proper amount of time before reciprocating a gift exchange so the act is not interpreted as payment, so too is the monetary value of goods is determined by socially regulated factors such as demand and consumer desire. The differences between commodity and gift exchange can be found in how the regulations governing the production of value are deployed, and the relative role of the context and terms of the exchange rather than the contents of the exchange.

Interactions with audience in the emerging media landscape already take place in hybrid economies and, in a sense, always have done. New communications networks haven't fundamentally changed the underlying social principles that govern how we exchange content and information with one another. New technologies have, however, made more explicit and visible differing systems of value -- both market and non-market. As such, neither system can continue to plausibly deny knowledge of the other, meaning companies need to be more acutely aware of the distinctions between the two. Successful interactions between media

producers and audiences online don't necessarily require building new hybrid models or economies, but recognizing the structure and shape of those already in place.

The examples in this paper demonstrate that some media producers are coming to understand this. The way Trent Reznor has managed and rewarded his fans points to a keen understanding of the relationship and interplay between monetary and non-monetary systems of exchange. Similarly, fans and consumers openly acknowledge that market transactions are necessary to sustain their continued social exchanges, as the Chuck/Subway campaign discussed above demonstrates. It is not unreasonable to suggest, therefore, that if fans can show in-good-faith that they understand the expectations and systems that drive value within market exchanges, companies who wish to court audience communities ought to also demonstrate they understand how value is created within non-market exchanges. This is critical to building businesses around user created content, or trying to construct successful social media campaigns, or managing violations of IP. Cobbling together pieces from different value systems and hoping for the best is not an effective strategy, nor is simply taking one system and placing it over the architecture of another. Rather, companies must become adept at understanding each system, and recognizing where and when each is appropriate.

There are two important lessons to be taken from the struggles and controversies experienced by popular sites such as Facebook and Crunchyroll. The first is that companies ignore or mistake the role and power of non-market value exchanges at their peril. Though their specific actions were different, both Facebook and Crunchyroll alienated their users by choosing market-value as the primary measure of worth, thus failing to acknowledge the non-market value contributions and the implicit social contracts which came along with building a user-community. Facebook treated their user-data as a singular good obtained through a discrete market-exchange, rather than a product of ongoing relationships that continuously generate value.

The second lesson is that trying to regulate non-market exchanges using the rules of market-exchange creates larger problems than it solves. Crunchyroll laid their business model for generating market-value over an existing system of fan labor and exchange regulated by non-market value. Doing so violated the social contracts established between fans -- the very people Crunchyroll were looking to attract -- and failed to provide a fair exchange to those who contributed labor to produce the fansubbed content Crunchyroll looked to build a business around. In the case of both Crunchyroll and Facebook cases, the user base felt their established non-market value systems had been violated, and that they themselves had been exploited for

their contributions. This is particularly problematic when we consider that users, their labor, and their social relations are at the core of what makes both sites viable. Without networks of users uploading content and interacting with one another through their platforms, sites like Facebook and Crunchyroll would have nothing to monetize.

Managing Relations, Negotiating Value

The realities of market demands mean, however, that it is not as simple as doing “what it takes” to keep users happy. Just as market value cannot take the place of non-market value in social exchanges, non-market value similarly cannot substitute wholly for market value when it comes to generating enough revenue to keep sites running smoothly. It is important, however, to be mindful of the fact that changes made in pursuit of revenue can have a detrimental effect on the non-market exchanges on a site. For instance, four major content sites -- eMusic, imeem, Hulu, and Pandora Radio -- all recently made changes to their services in order to meet revenue demands. In doing so, each has strained relationships with their users and are struggling to negotiate the value provided by market and non-market exchanges. Balancing the two is important given it is non-market exchanges which often provide the very content online business models are built upon. Considering the unfolding situation of each of these companies, we can see the significance of recognizing the relationship between these different types of value.

eMusic and imeem

Online music store eMusic began as an indie music site, charging users a monthly fee in exchange for a limited number of MP3 downloads. Opening in 1998, the site was an early innovator in the MP3 delivery space, building a considerable user-base through low subscription fees and by foregoing DRM-laden tracks at the expense of deals with major record labels (Anderson 2006). In June of 2009 the site signed its first major label deal, doing a deal with Sony. At the same time, eMusic announced a series of changes to the site, amongst them raising subscription prices by a significant margin. While the service has increased subscription fees in the past (Rosoff 2009), the recent increase came along with the shedding of many features users had become accustomed to, such as the ability to re-download songs already purchased. While such changes might seem a reasonable response to changes in the market, the fact they coincided with the service signing its first deal with a major label drew suspicion and derision

from many users. As Mike Masnick at Techdirt has reported, these changes prompted “quick and almost universally negative” responses from the site’s customers, especially as many perceived the changes degraded the value of the service. The result of this negative response was what Masnick dubbed a “PR Nightmare” (Masnick 2009a). User anger about the changes, and the lack of transparency regarding the reasons behind them, was further compounded by site’s response to customer complaints -- eMusic reportedly deleted negative comments to silence protest (Masnick 2009b). For many users this confirmed a direct link to the deal with Sony.

Beyond the bad PR, eMusic’s handling of this event damaged the site’s social value. As Matt Rosoff at cnet news pointed out, “most eMusic fans . . . are there to sample a wide range of music from relatively unknown cutting-edge acts, not to download music they could find anywhere” (Rosoff 2009) like the artists in Sony’s catalogue. Without DRM and major label artists, the site had become important for people looking to uncover and purchase indie music. The deal with Sony, introducing service changes as a consequence of this, and the way user response to these changes all sacrificed some of eMusic’s core cultural value; eMusic’s “indie cred” was at the core of the symbolic-value of the site, and contributed to the non-market value of the exchanges which took place there. Many customers, it seems, engaged with eMusic not only to purchase content free of DRM, but to conduct transactions free of dealings with the mainstream US recording industry. The site’s cool -- it’s cultural and symbolic value -- was damaged by both its partnership with Sony and the changes to the site. The drastic changes to the site’s features suggest eMusic did not fully understand the contribution the context of the exchange with it’s customers made to it’s success. What is unclear moving forward, is whether eMusic can recover the lost business and the lost credibility such a move has cost them. While users might be naturally replaced through churn, credibility is harder to rebuild, especially when the response to user disappointment was an attempt to silence them.

In a similar move, streaming video and music site imeem announced on June 25th, 2009 that it was “simplifying” the site, a move that ran to removing all user-uploaded videos and photos. The site gave users only five days to move their content before it was deleted. This caused an uproar amongst many communities, particularly the fanvidding community, who had come to rely on the service and were once its most vocal proponents. In an announcement on their blog, imeem justified the changes in blunt market terms -- “simply put, there’s no ROI in UGV” (Dalton 2009). This pronouncement make it clear imeem was only interested in market value, blatantly dismissing any non-market exchanges it had with its users and the “communities that helped

build imeem as a service” (Kreisinger 2009). Many members of these communities found this dismissal “insult[ing] . . . shameful and abhorrent” (Kreisinger 2009) -- the members of these communities felt they had contributed substantial non-market value to the service which had ultimately contributed to its viability.

In both cases, eMusic and imeem further infuriated their users and customers by claiming that these changes were “for their own benefit” (Masnick 2009c). Both sites argued these changes would make the services better. Such a move suggests these companies believed that what they valued (higher revenue) trumped what their customers valued. Both failed to acknowledge higher revenue might not deliver anything additional to users who valued non-market forms of value already provided by the site. Further, both did particular damage to the social relationships they maintain with their users, damage which may mean users are more quick to resist future changes, or less likely to evangelize for the site.

It is difficult to say whether these situations can be salvaged, but an important step for both eMusic and imeem would be to open the lines of communication, to become more transparent about the rationale behind their changes, and to acknowledge that these adjustments, made for the sake of greater market value, impact the non-market values that connect users to each other and the sites. Rather than hiding behind the PR spin of having changed their services to “simplify” or provide “more of the good stuff” -- claims that at best sound disingenuous and at worst sound like the companies have no idea and no interest in who their users are and what they value -- both sites would do well to frame the changes as necessary steps to sustain services in the long term, emphasizing an effort to create ongoing and lasting relationships.

Pandora and Hulu

By contrast, internet radio service Pandora and streaming TV platform Hulu were upfront and transparent with their users when faced with economic demands and industry regulations that prompted changes in their services. Both Pandora and Hulu were careful to explain why decisions were made, and acknowledged the ways these changes would affect their users. In Pandora’s case, new royalty agreements with record companies require they pay “either 25 percent of revenue, or a given amount per song, starting at \$0.08, whichever is higher” (Ostrow 2009). This forced Pandora to adjust their services, resulting in the site charging users who listen to music on the site for over 40 hours per month \$0.99 for unlimited access that month. While

adding a charge for services that were once free poses a difficult challenge to any business, Pandora was up front with their users about the reasons behind the changes, explaining the rises in the royalty rate and laying out why they decided upon their course of action. As they explained on their blog:

In essence, we're asking our heaviest users to put a dollar (well, almost a dollar) in the tip jar in any month in which they listen over 40 hours . . . We hate the idea of limiting anyone's listening, but we have no choice but to react [to] the economic realities of the new rates (Pandora 2009).

They not only adjusted their service in response to market value demands, but thoroughly acknowledged the effects upon (and their obligations to) non-market conditions. Moreover, by framing the change as putting a dollar in the “tip jar” the site implicitly acknowledged the payment as part of an exchange for ongoing satisfactory service, rather than the introduction of a direct subscription or pay-for-play model.

Similarly, when online television streaming site Hulu caved-in to demands from content providers they stop free media center player Boxee from streaming Hulu content, CEO Jason Kilar was openly apologetic with users:

The maddening part of writing this blog entry is that we realize that there is no immediate win here for users. Please know that we take very seriously our role of representing users such that we are able to provide more and more content in more and more ways over time (Masnick 2009c).

As was the case with Pandora, Hulu acknowledged and stressed the ongoing and reciprocal nature of their relationship with their users as something developed over the long-term. This approach ultimately helped both sites weather the storm -- while they needed to make adjustments to the non-market exchange relationships for the sake of market-value, both were at least able to avoid a “PR Nightmare” and widespread alienation of the user-base. This is because they were able to demonstrate an understanding of, and willingness to address, the value generated by the non-market transactions with their users and the ongoing social relationship these exchanges created.

In conclusion, understanding non-market value systems is important in order to succeed in an era of spreadable media. As companies work to develop new business models that respond more effectively to the pressures of the online marketplace, the crucial lesson to keep in mind is that users produce important forms of value, and without them there would be nothing to monetize. It is not always possible to understand this value in the terms of the market, however. It does a potential disservice to media properties to simply apply the regulations of control from market systems when they are moving through non-market systems. This is often the case in DMCA takedown sweeps which request the removal of content without considering fair-use, and which ignore audience activities that potentially generate more marketing, social, or cultural value than they do damage. In short, companies must think twice before making unilateral decisions based in market-logic, especially when these decisions affect social systems based in non-market logics. Such moves risk driving away the very users companies need for success. Ultimately, being able to court a community and build enduring relationships around brands requires an understanding of the system fans and consumers participate within. In trying to create a system that are mutually beneficial, and generate both market value and social worth, companies must fully acknowledge, honor, and balance the parameters of both commodity and gift exchanges.

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.**

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