

Status:	In Progress
Priority:	Normal
Assignee:	

Description

Status quo

For now more then 10 years have passed with online media struggling to find viable business models. While most of the offline segment is in steady decline, most of the online segment still hasn't found sound business models. What we saw up to now:

- ad based: difficult to get enough revenue, especially for quality content. Increasingly blocked by users because of privacy and security issues. Disincentive to generate [clickbait](#) content. Morally questionable ([a philosopher](#), [the vatican](#)).
- micro payment: todo (see note 2)
- subscription: that's what outlets ultimately wants, because it's what they know from the old world and it has nice properties like revenue predictability. Afaik, they are having a hard time selling it to enough users, especially in the German speaking area. It's not only a question of price, but also doesn't align well with the nature of the web and the way people use it. The result is often a [paywall](#).
- donation: often used by Blog. E.g. [flattr](#) or via Paypal donate button. There are few examples for projects which can be successfully financed that way, e.g. [netzpolitik.org](#) (I guess it helps a lot that they encourage *donation subscriptions*)).
- for free: e.g. the (in)famous [blog.fefe.de](#) (just a personal blog, but a quite influential one).

There are also combinations of this models.

Ad based has become the dominant model. In the context of journalism I consider it to be especially destructive, because

- It mixes fake (misleading, paid for, tricking) information with (hopefully) real (true, objective, neutral) information.
- It creates an incentive to optimize for quantity and sensationalism instead of quality.

I think ads *won* because there was simply no viable alternative so far. Ironically, today's leader in online advertising, Google, was very aware of how problematic the advertising business model is ¹

Currently, the predominant business model for commercial search engines is advertising. The goals of the advertising business model do not always correspond to providing quality search to users.

Future

That's how crypto-currency based microtransactions could change this:

The **User** perspective

If an app isn't for free, the browser shows an accounting widget (think about the SSL status widget).

Apps may choose to provide new users with a bit of initial credit for free (especially as long as the system isn't established and thus many may start with an empty wallet).

Accounting per site is done automatically in the background.

This widget contains a button which shows the policy / cost. The App could also provide a rough explanation for how the payments are used.

The widget should at any time show the overall balance for the app so far, the balance for the current session and/or for the last hour (?)

While in general payment is automated, the user needs to agree at certain steps, e.g.

- First time payment
- First time overall cost exceeds 0,1 USD
- First time overall cost exceeds 1 USD
- First time overall cost exceeds 10 USD (Are 10x steps too steep?)

This is just a proposal for the default. Of course the user can configure it. The user should probably also have the option (at any step)

to keep the previous increment for the next warning threshold.

Of course there can also be apps which reward the user for certain actions (e.g. for providing content or curating something or...). That should also be shown in the widget.

Actions with sharing character (e.g. retweet, upvote, ...) could be designed as sponsoring, where the acting user leaves a deposit for future users he encourages to check out something.

In order to not open a new door for advertisers that way, this could be combined with a way for this future users to punish. E.g. if they feel spammed, they could cause a larger bite from the deposit, while if they appreciate the shareable, it could have the opposite effect. This could also be seen as sharing / advertising with builtin quality control.

With such a system in place, alternative reward systems also get easy to implement.

- Donations become very easy and hassle free
- Intermediate solution between fixed price and donation. App/content provider sets initial price range and default price. User can override the default price (e.g. choose to pay more for a good newspaper article). UX for that could be very simple, e.g. just moving a slider in the accounting widget. This individual choice may also have an influence on the default price. That way the appropriate reward could be crowd determined. If tuned properly, even few active users ([as is common](#)) could be enough to find the "appropriate price". Non-cooperative users (always choosing the cheapest option) may be filtered out of the price forming process. If wanted, they may even be somehow blocked or punished. The system itself should make as few such philosophical choices as possible, just offer options.

Fundamental **advantages** compared to existing payment systems:

- User has no setup cost (time, cognitive effort) per App
- User can intuitively learn the cost (observing the relation between usage and reaching thresholds) by using the app instead of studying and deciding beforehand. And ... fuck the fine print!
- Negligible transaction fees
- Potentially privacy preserving
- Easier to integrate (development effort)

Much of the usage convenience would be provided by a **Wallet**, most probably a browser plugin.

The wallet automatically exchanges to/from needed coins (ideally on decentralised exchanges like [EtherEx](#)

Balance and cost are shown first of all in a generic currency. Is there need for a *Metacoin*? Probably best: guess / let user configure reference currency (e.g. EUR for me), wallet does the calculation for displaying.

User can easily charge wallet, e.g. via credit card / Paypal ... whatever.

User can choose currency used by default for storing value in wallet (sane default would probably be a cryptocurrency pegged to the chosen reference currency ([Tether](#))).

Missing:

What kind of **identity** model is needed?

The wallet could/should probably automatically manage *sub-identities* (e.g. account per coin).

1. [Google Whitepaper](#) ↩

History

#1 - 28.10.2016 15:19 - didi

- Description updated

#2 - 22.11.2016 23:00 - didi

- Subject changed from Ad-free Internet to WebCoin - an alternative to ad-based business models

On [this event](#) I met (thanks to Sebastian) Manuel Sperl of adrive GmbH (motorsport-magazin.com) and briefly explained this idea.

He knows the online publishing business very well, having been there for 20 years now - longer then Google :-)

As to be expected, the general opinion regarding *micro payment* was quite sceptical. He told me that the Süddeutsche made an extensive experiment some years ago, with negative outcome. There should be a study or paper about it. Didn't yet find it, but (this article)

<http://www.sueddeutsche.de/digital/micropayment-flattr-und-co-bezahlrevolution-mit-hindernissen-1.958899>.

So, according to his inside view, the media business currently seems to consider micropayment a failed option.

Thus it's probably better not to use the term *micropayment* when presenting it.

It's also questionable if traditional media outlets would be a good start. Probably it's better to try getting started with individual/independent content creators, e.g. bloggers who currently offer their work for free or for ads.

WebCoin could be presented to visitors as an alternative they can choose over ads.

An interesting entry point could also be to offer it to users who are recognized as having an adblocker on, see e.g. Süddeutsche Zeitung. Those may be ideal early adopters, because adblocker users are - I guess - on average more tech affine, probably more privacy aware and more annoyed by ads than the average surfer. Offering them an alternative would force them to declare themselves as fair or unfair users. Up to now there's the excuse that there's no alternative, so stealing is ok (that's basically also my rationale).

From his feedback I could further reinforce my opinion that usability and psychology are major issues. The user doesn't want to explicitly pay for every transaction (article). It may just be a click, but even so it's always a mental effort, and a negatively associated one - giving away money isn't the most pleasurable experience, thus it's bad to frequently require explicit agreement. That's what subscriptions really solve. However they represent the other extreme, where users are anxious about paying too much (rightly so in many cases) and even paying when they stop using a service. That may be because they forget to cancel the subscription or because the terms are such that cancelling isn't easy / immediate.

He also mentioned administration as a major issue. That is, when dealing with micro transactions in fiat currency, every transaction involves a quite heavy and expensive process, including accounting. Fiat currency is not made for micro transactions. A dedicated crypto currency could solve this, but the project would require a review of a law expert in order to find out what properties are needed in order to avoid accounting entries for single transactions.

Manuel thinks there's currently a big movement towards subscription based models. That's true and can be observed.

However it's also obvious that it's a very difficult struggle and may in the end fail for many. It's also not an option for smaller entities, e.g. bloggers.

Subscriptions seem to work with more traditional readers which are loyal to a medium.

Digital natives are more used to free content and to being less bound to single sources. Subscriptions don't make sense here.

Looking at the status quo, only few online services are successful with subscriptions, e.g. Netflix and Amazon (Prime). It's those with a near-monopoly standing in their market.

He also told me that motorsport-magazin has about 5.000 subscribers (if I remember correctly). According to [similarweb](#) they have on average more than 1M visits per month. That would translate to < 1% of subscribed users. Manuel seemed to be satisfied about that number, which may show that the challenge of getting users subscribed is huge.

Also motorsport-magazin visitors according to him are mostly loyal and frequent users (> 50% regularly visit).

A more volatile user base would make selling subscriptions even more difficult.

Something they seem to have understood very well is how to handle advertising. He thinks their portal could survive and grow big, because they always made sure ads on the website keep a low profile (no popups, no other invasive stuff, not too much of the space dedicated to ads). They don't use something generic like adwords which would result in random ads, but show only "hand picked" ads which they directly negotiate. Nevertheless, ads aren't the main revenue stream. It's the work as agency for motorsports related companies which creates revenue.

A non-subscribed user creates about 0,07 € of ad revenue. Just to have a basic idea where prices for webcoin may be located.

All in all, Manuel seemed quite interested in my idea and invited to present him my proposal more in depth once I'm ready for that.

My conclusion:

It's crucial to present the proposal with a clear and well thought-through use case. It's not enough to abstractly explain the possibilities, instead I should do a kind of case study including a very concrete proposed pricing model, departing from traditional assumptions where it makes sense.

Users should pay depending on the value they get. The challenge is to automatically determine that. E.g. a sharing action could be a signal for that.

More context:

[laterpay](#)

[Diplomarbeit about Micro Payment from 2002](#)

[extensive article from 2014](#)

#3 - 08.12.2016 17:20 - didi

Talked about it with [Matthias](#).

He told me derStandard has a quite ambitious online team and may be interested in such a thing.

Falter may also be interested.

Also he pointed me to [selectyco](#) who has 2 notable clients in AT.

An aspect he highlighted is that integrators of WebCoin would not want to have to deal with exchange rate volatility.

Thus it may be a good idea to at least optionally auto-convert to a tether coin pegged to the desired fiat currency (see e.g. <https://tether.to/>).

Also, non-tech integrators may need a very easy to use payout module which doesn't require any knowledge of crypto currency.

#4 - 22.12.2016 21:11 - didi

- *Subject changed from WebCoin - an alternative to ad-based business models to WebCoin - a painless alternative to ads, subscriptions or nothing*

- *Description updated*

Matthias showed interest in helping with the Wallet Plugin.

Mario may be interested in helping with the under-the-hood wallet stuff.

Input by Tom: integrate a donation feature!

Highlight the intention of establishing a much more direct relationship between quality journalism and reward. Timing for such an offer could be quite good now. With that in mind, something like *Journo* may be a more interesting name than *Webcoin*.

Slogan brainstorming:

Reward real journalism
Post-post-truth
Fake-News aushungern

Other thoughts regarding fake news.

Ads = propaganda [source](#).

Journalism should be quite the opposite of Propaganda.

So, the mixing of the two the way it's common nowadays **must** hurt a journalist who takes their profession seriously.

#5 - 22.12.2016 21:12 - didi

- *Tracker changed from Feature to Research*

- *Project changed from Lab to lab10*

- *Status changed from New to In Progress*

#6 - 11.01.2017 19:18 - didi

Thomas advised me that the camel case coins (e.g. [OneCoin](#)) are a sign for scamming.

Maybe it's better to narrow down the scope altogether to journalism. Possible name: *Journo*.

Proposed slogans:

- Help good journalism survive the Internet
- Make good journalism Internet compatible
- Because we need better journalism
- Journalism for the Internet era
- That's how online journalism can work

Another thought regarding price model:

The advertising based model could be considered an optional payment. The user may eventually one day make an economic decision which was influenced by the ads shown (that should be a safe assumption, otherwise the whole ad business is to be considered a Hoax - which may be partially the case though).

Another interesting observation (can't remember the source): ad based *payment* has a progressive element builtin. An economically powerful user may end up paying more because of ads for more lucrative goods and because they just can.

On the other hand, a user which is more vulnerable to the psychological trickery of modern day advertising may end up paying more - regardless of economic power.

Would be interesting to see data which shows the distribution of ad revenue based on demographic attributes.

The main point is:

Ad based payment embraces the property of information that copying it involves near zero cost.

On the other hand, micropayment systems ignored that property and instead insisted on the model from the material world, where one copy of a good costs X.

The payment method proposed here should recognize the fact that with ad based models the x per copy rule was already abandoned anyway and thus embrace price models which are way more flexible and adaptive then we're used to.

The goal is essentially to allow for crowd based pricing.

Ideally, economically weak users don't necessarily get locked out of valuable content, but the user experience may be a bit worse for them (e.g. more manual intervention needed). How to achieve this without also letting those "slip through" who don't need to? Take advantage of the laziness of people, attach to their sense of fairness and of pride. E.g. for every article there could be a publicly visible list of *sponsors* (paying readers). Especially on platforms where users engage in discussions that could work well, because the payment behaviour could become a facet of the user reputation. The *put money where mouth is* principle.

This payment mechanism could also facilitate conversion to subscription models.

Subscription offers could be regarded as upper bound of payment per time period. Thus the wallet application could automatically propose switching to a subscription the moment that becomes cheaper for the user. Integration of reminders for unused subscriptions and an easy, standardized unsubscribe mechanism could lower user's aversion against subscribing.

This of course assumes that the subscription provider doesn't speculate on gaining from stale subscriptions, but we don't want to support unfair behaviour anyway.

#7 - 12.01.2017 00:19 - didi

- Description updated

#8 - 23.01.2017 17:32 - didi

- Subject changed from WebCoin - a painless alternative to ads, subscriptions or nothing to Webcoin / Journo - a painless alternative to ads, subscriptions or nothing

[Satoshipay](#) is a nano payment solution (using payment channels according to Thomas), also has a [Wordpress plugin](#).
Old paradigm (click for pay).

#9 - 07.02.2017 10:36 - didi

Was made aware of the [Brave browser](#).

Fights for privacy. Introduces [Brave Payments](#), conceptually quite related to the present proposal, with a very interesting new approach: Online activity is tracked (locally) and nicely presented in a Dashboard. Users pay a fixed amount monthly (not dissimilar to flattr) and can distribute it over the services they used, the default being automatic distribution, but overridable.

Publishers don't even need to integrate beforehand:

When contributions for a publisher exceed \$100.00 USD, an email is sent to both the webmaster of the site and the registered domain owner from your WHOIS information. The email explains how to verify the ownership of your website with Brave Software.

Nice!

#10 - 07.02.2017 10:46 - didi

Recent reflection:

A central feature of market pricing is that the price is a signal. It communicates consumers' desires and appreciation to producers. In an ad-based model, this signal is broken, the viability of [clickbait](#) best shows that.

Micro-Payments could bring back this signalling function. It can even be a useful tool for consumers who want to optimize allocation of their attention, e.g. by having a feed algorithm which ranks higher priced content first. If the price is determined by other consumers, this can be a powerful crowd-based quality assurance mechanism. Contrarily to ad-based models, this creates an incentive for quality instead of quantity.

It could go further:

Publishers could propose content and micro-crowd fund it. E.g. a journalist (or even readers) could propose an in depth reportage about a certain topic, estimate the cost (incl. e.g. travelling to some place for a while) and see if it gets enough support. Quite kickstarter like, but with much lower entry barrier and smaller amounts per person.

This could create a much tighter bond between journalists and their audience.

#11 - 26.02.2017 19:56 - didi

started [whitepaper](#)

#12 - 13.04.2017 00:37 - didi

[About Consensys adchain](#)

#13 - 13.04.2017 04:08 - didi

[Advertising is the Internet's original sin](#). Written by a guy who worked at tripod.com in the 90s and claims to have programmed the first popup ad. Very interesting perspective on the issue. In short: Startups keep up the narrative that they can turn users into revenue with well targeted ads. VCs keep buying this. However that promise seems to never fulfill (considering effectiveness of online ads).

#14 - 26.11.2017 11:28 - didi

Just seen: [LaterPay](#)

This allows to buy content with one click, without being logged in, needing registration etc.

Can be seen in action e.g. [here](#).

As I understand, only once accumulating 5€ of debt will the payment be enforced.

This is already going in the right direction: remove all upfront barriers, instead allow a habit to emerge. Don't insist on payment guarantees - here, I can just get rid of the cookie identifying me (or whatever exactly they use) and be rid of my *debt*.

#15 - 23.12.2017 21:59 - didi

[The Mental Accounting Barrier to Micropayments](#) (by Nick Szabo, 1996)

#16 - 12.01.2018 18:31 - didi

maybe relevant: <https://jamatto.com/>