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Publishers of all types, from news to music, are unhappy that consumers won't pay for content anymore. At least, that's how they see it.

In fact consumers never really were paying for content, and publishers weren't really selling it either. If the content was what they were selling, why has the price of books or music or movies always depended mostly on the format? Why didn't better content cost more? [[1](#)]

A copy of *Time* costs \$5 for 58 pages, or 8.6 cents a page. *The Economist* costs \$7 for 86 pages, or 8.1 cents a page. Better journalism is actually slightly cheaper.

Almost every form of publishing has been organized as if the medium was what they were selling, and the content was irrelevant. Book publishers, for example, set prices based on the cost of producing and distributing books. They treat the words printed in the book the same way a textile manufacturer treats the patterns printed on its fabrics.

Economically, the print media are in the business of marking up paper. We can all imagine an old-style editor getting a scoop and saying "this will sell a lot of papers!" Cross out that final S and you're describing their business model. The reason they make less money now is that people don't need as much paper.

A few months ago I ran into a friend in a cafe. I had a copy of the *New York Times*, which I still occasionally buy on weekends. As I was leaving I offered it to him, as I've done countless times before in the same situation. But this time something new happened. I felt that sheepish feeling you get when you offer someone something worthless. "Do you, er, want a printout of yesterday's news?" I asked. (He didn't.)

Now that the medium is evaporating, publishers have nothing left to sell. Some seem to think they're going to sell content—that they were always in the content business, really. But they weren't, and it's unclear whether anyone could be.

Selling

There have always been people in the business of selling information, but that has historically been a distinct business from publishing. And the business of selling information to consumers has always been a marginal one. When I was a kid there were people who used to sell newsletters containing stock tips, printed on colored paper that made them hard for the

copiers of the day to reproduce. That is a different world, both culturally and economically, from the one publishers currently inhabit.

People will pay for information they think they can make money from. That's why they paid for those stock tip newsletters, and why companies pay now for Bloomberg terminals and Economist Intelligence Unit reports. But will people pay for information otherwise? History offers little encouragement.

If audiences were willing to pay more for better content, why wasn't anyone already selling it to them? There was no reason you couldn't have done that in the era of physical media. So were the print media and the music labels simply overlooking this opportunity? Or is it, rather, nonexistent?

What about iTunes? Doesn't that show people will pay for content? Well, not really. iTunes is more of a tollbooth than a store. Apple controls the default path onto the iPod. They offer a convenient list of songs, and whenever you choose one they ding your credit card for a small amount, just below the threshold of attention. Basically, iTunes makes money by taxing people, not selling them stuff. You can only do that if you own the channel, and even then you don't make much from it, because a toll has to be ignorable to work. Once a toll becomes painful, people start to find ways around it, and that's pretty easy with digital content.

The situation is much the same with digital books. Whoever controls the device sets the terms. It's in their interest for content to be as cheap as possible, and since they own the channel, there's a lot they can do to drive prices down. Prices will fall even further once writers realize they don't need publishers. Getting a book printed and distributed is a daunting prospect for a writer, but most can upload a file.

Is software a counterexample? People pay a lot for desktop software, and that's just information. True, but I don't think publishers can learn much from software. Software companies can charge a lot because (a) many of the customers are businesses, who get in [trouble](#) if they use pirated versions, and (b) though in form merely information, software is treated by both maker and purchaser as a different type of thing from a song or an article. A Photoshop user needs Photoshop in a way that no one needs a particular song or article.

That's why there's a separate word, "content," for information that's not software. Software is a different business. Software and content blur together in some of the most lightweight software, like casual games. But those are usually free. To make money the way software companies do, publishers would have to become software companies, and being publishers gives them no particular head start in that domain. [2]

The most promising countertrend is the premium cable channel. People still pay for those. But broadcasting isn't publishing: you're not selling a copy of something. That's one reason the movie business hasn't seen their revenues decline the way the news and

music businesses have. They only have one foot in publishing.

To the extent the movie business can avoid becoming publishers, they may avoid publishing's problems. But there are limits to how well they'll be able to do that. Once publishing—giving people copies—becomes the most natural way of distributing your content, it probably doesn't work to stick to old forms of distribution just because you make more that way. If free copies of your content are available online, then you're competing with publishing's form of distribution, and that's just as bad as being a publisher.

Apparently some people in the music business hope to retroactively convert it away from publishing, by getting listeners to pay for subscriptions. It seems unlikely that will work if they're just streaming the same files you can get as mp3s.

Next

What happens to publishing if you can't sell content? You have two choices: give it away and make money from it indirectly, or find ways to embody it in things people will pay for.

The first is probably the future of most current media. [Give music away](#) and make money from concerts and t-shirts. Publish articles for free and make money from one of a dozen permutations of advertising. Both publishers and investors are down on advertising at the moment, but it has more potential than they realize.

I'm not claiming that potential will be realized by the existing players. The [optimal](#) ways to make money from the written word probably require different words written by different people.

It's harder to say what will happen to movies. They could evolve into ads. Or they could return to their roots and make going to the theater a treat. If they made the experience good enough, audiences might start to prefer it to watching pirated movies at home. [3] Or maybe the movie business will dry up, and the people working in it will go to work for game developers.

I don't know how big embodying information in physical form will be. It may be surprisingly large; people overvalue [physical stuff](#). There should remain some market for printed books, at least.

I can see the evolution of book publishing in the books on my shelves. Clearly at some point in the 1960s the big publishing houses started to ask: how cheaply can we make books before people refuse to buy them? The answer turned out to be one step short of phonebooks. As long as it isn't floppy, consumers still perceive it as a book.

That worked as long as buying printed books was the only way to read them. If printed books are optional, publishers will have to work harder to entice people to buy them. There should be some market, but it's hard to foresee how big, because its size will depend not on macro trends like the amount people read, but on

the ingenuity of individual publishers. [4]

Some magazines may thrive by focusing on the magazine as a physical object. Fashion magazines could be made lush in a way that would be hard to match digitally, at least for a while. But this is probably not an option for most magazines.

I don't know exactly what the future will look like, but I'm not too worried about it. This sort of change tends to create as many good things as it kills. Indeed, the really interesting question is not what will happen to existing forms, but what new forms will appear.

The reason I've been writing about existing forms is that I don't *know* what new forms will appear. But though I can't predict specific winners, I can offer a recipe for recognizing them. When you see something that's taking advantage of new technology to give people something they want that they couldn't have before, you're probably looking at a winner. And when you see something that's merely reacting to new technology in an attempt to preserve some existing source of revenue, you're probably looking at a loser.

Notes

[1] I don't like the word "content" and tried for a while to avoid using it, but I have to admit there's no other word that means the right thing. "Information" is too general.

Ironically, the main reason I don't like "content" is the thesis of this essay. The word suggests an undifferentiated slurry, but economically that's how both publishers and audiences treat it. Content is information you don't need.

[2] Some types of publishers would be at a disadvantage trying to enter the software business. Record labels, for example, would probably find it more natural to expand into casinos than software, because the kind of people who run them would be more at home at the mafia end of the business spectrum than the don't-be-evil end.

[3] I never watch movies in theaters anymore. The tipping point for me was the ads they show first.

[4] Unfortunately, making physically nice books will only be a niche within a niche. Publishers are more likely to resort to expedients like selling autographed copies, or editions with the buyer's picture on the cover.

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