

## Online Me2B Deals: Currencies in the Digital World and the Price of “Free”

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#Me2BDeal #TANSTAAFL

### IN A NUTSHELL

The Me2B Deals or transactions that occur online typically involve three types of “currency”: money, attention or data. The individual consumer (Me) exchanges one of these currencies for goods or services online. Data monetization has emerged as the primary method of income generation to subsidize so-called “free” digital services, with little to no regulation or oversight. What sets online data monetization apart from the other two currencies is that often, customers have no idea what they are paying with – or that they are paying at all.

As introduced in Flash Guide #4, Me2B Deals are the value exchanges that occur in the course of a Me2B Relationship. Me2B Deals represent bi-directional transactions between the individual customer (“Me”) and the business or purveyor (“B”).

In the physical world, we typically experience these deals as cash or credit transactions. The customer (“Me”) gives the business (“B”) some amount of money in order to receive some good or service. In addition, since the advent of advertising-supported media such as magazines, radio and television, *attention* has also evolved to be a type of currency used in Me2B Deals for media goods and services.

As we traverse the digital world, online Me2B Deals also involve exchanges of money and attention for goods or services. In addition, “[data monetization](#)”<sup>i</sup> – the ability to make money off of data - has evolved into a powerful new type of currency in online digital transactions, resulting in three primary currencies for online Me2B Deals:

1. **Money.** Credit card transactions (and increasingly cryptocurrencies) are a typical occurrence in the digital world. In the 2020 pandemic, many of us turned increasingly to online retailers, grocers and delivery services, for which we pay using cash equivalents.
2. **Attention.** When radio and television came of age, another kind of currency matured: namely, attention--i.e. people literally “paying” attention for some duration of time to watch or listen to advertisements. In exchange, we received broadcast radio and TV for “free”. When early online companies were grappling to find a viable business model, advertising was the obvious choice and digital advertising was born. Banner ads and pop-up ads were the earliest examples. Soon there was a “race for eyeballs” fueled by the “CPM” (cost per 1000 views of an ad), the desire for “sticky apps”<sup>ii</sup>, and a burgeoning advertising technology infrastructure of [Real Time Bidding](#) systems<sup>iii</sup>.
3. **Data.** The early evolution of the internet in the 2000’s heavily relied on the attention fueled ad-supported business model described above, and soon took it a step further with the monetization of data, which in turn reinforced the newly popular “free” and “freemium”<sup>iv</sup> business models. It wasn’t long before app and website publishers realized that they could observe and record every single movement a person makes online. (Shoshana Zuboff calls this information “behavioral surplus” in her

master work, “Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power”<sup>v</sup>). The sharing of this information in exchange for money or another value is one example of “data monetization”. The irresistible allure of converting free, observable data into revenue has become the de facto business model for online services. It existed before the internet with credit companies, direct marketing and the segmenting and selling of contact lists. But the current digital version is far more pervasive, hidden, and unchecked. What sets online data monetization apart from the other two currencies is that often, customers have no idea what they are paying with – or that they are paying at all.

Let’s pause here to take a step back for a thought experiment to imagine how Data Monetization and a similar “free” business model might look in the physical world.

### “Free” in the Grocery Store

- Mia goes to her friendly neighborhood grocery store and sees a sign that says, “Free Cantaloupes! (up to two per customer)”. No other information about what Mia is trading for the free cantaloupe is shown, so she adds a couple cantaloupes to her cart.
- What Mia doesn’t know is that there is a network of video cameras following her around the grocery store. As soon as Mia places the cantaloupes in her cart, the video network begins recording. It observes and notes her behavior throughout the store. It notices, for instance, that she puts only cantaloupes and oranges in her cart and notes to itself, “Subject X023985FRL prefers cantaloupes and oranges. Subject X023985FRL spent 2.3 minutes selecting oranges. Subject X023985FRL only picked up blemish free cantaloupes. Subject X023985FRL walked past cantaloupes that were on sale.”
- Unbeknownst to Mia, this recording system shares all that information with a variety of other businesses—including ones that had nothing to do with the grocery supply chain.
- And the video cameras may continue to follow Mia after she leaves the store.
- The cost of the “free” cantaloupes was actually a total loss of privacy while shopping, but Mia had no way of knowing that. Free comes at a price.

One may ask: *Who has a right to know the details of my behavior? How much of my behavior should be tracked?* These are the kinds of questions we’re tackling in the Me2B Alliance. In general, we think that no one has a right to track your behavior in the digital world in the current rampant, ungoverned, disrespectful and ultimately harmful way.

It used to be that companies built products that competed on the value that they provided to customers. Today, the digital world is all about data monetization and a more exploitive relationship with customers.

**While online services today are free, we are anything but.**

<sup>i</sup> “Data monetization...may refer to the act of generating measurable economic benefits from available data sources (analytics).”

[https://en.wikipedia.org/wiki/Data\\_monetization](https://en.wikipedia.org/wiki/Data_monetization)

<sup>ii</sup> Defined by how long people spent engaged with and returning to apps.

<sup>iii</sup> “Real-time bidding (RTB) is a means by which advertising inventory is bought and sold on a per-impression basis, via instantaneous programmatic auction, similar to financial markets.” [https://en.wikipedia.org/wiki/Real-time\\_bidding](https://en.wikipedia.org/wiki/Real-time_bidding)

<sup>iv</sup> <https://en.wikipedia.org/wiki/Freemium>

<sup>v</sup> “The Age of Surveillance Capitalism: The Fight for A Human Future at the New Frontier of Power”, Shoshana Zuboff, 2019, PublicAffairs Hachette Book Group, New York, NY.