

# **Economics and identity**

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# **There's money in identity**

**America spent \$340 billion on advertising in 2000...**

**Over half was direct marketing**

**\$45 billion in direct mail**

**\$73 billion in telephone marketing**

**Versus**

**\$25 billion in network TV**

**\$20 billion in magazines**

**\$7 billion online**

# **The media are the market**

**Direct marketing accounted for 13% of US consumer sales in 2000...**

**Up from 11% in 1995, to be 15% 2005**

**(According to the Direct Marketing Association)**

**\$300 billion via direct ordering**

**\$450 billion via lead generation**

**\$175 billion via traffic generation**

**Direct marketing was 6% of b2b sales**

# **New media don't replace old**

## **Media add**

Movies don't replace theatre, and TV doesn't replace movies  
Each media does what it's good at

## **TV and print make contacts**

Introducing companies to new people

## **The Web builds relationships**

But in the context of existing media and markets

# **Shopping is multimedia**

**12 of 2000's top 20 Christmas e-tailers have real stores**

Compared to 4 of the top 20 of Christmas 1999

JCPenney, WalMart and Sears ranked 4, 5, 6 in online shopping

**People browse online and buy in shops**

Or vice versa, whichever is most convenient

# Is identity a business?

## People now pay for identities, but not identification

Direct marketers buy addresses, phone numbers, emails , etc  
But nobody pays to have them created

## On the Net, many want to identify you

Microsoft's Passport and Hailstorm

AOL's Screen Name Service

Open source: DotGnu, XNS, Genio (formerly Jabber)... Sun to come?

## Who's going to pay, for what and why?

# **ID is sold on convenience**

## **Everybody knows your nickname**

Don't have to remember multiple log-ins and passwords

Can link to other information, updated centrally

No direct link to offline identity

## **Identity and information are split**

Passport, a 64-bit identifier, which reveals only language and country

Passport indexes Hailstorm (renamed .NET MyServices) XML schema

Hailstorm provides contacts, calendar, ex-wallet, profile etc

# Do we care?

## Microsoft thinks we'll pay for Hailstorm

“Microsoft will operate .NET My Services as a business... rather than risk compromising the user-centric model by having someone such as advertisers pay for these services, the people receiving the value—the end users—will be the primary source of revenue to Microsoft”

### But

The convenience is minimal

The risks of centralisation are large

The insulation from the offline world is probably illusory

# Do marketers care?

## Marketers are existentialists

They care about what people do, not what they are

They want to create their own world views and ontologies

## So

Online, they increasingly pay for keyword-search ads and placement

Offline, they interactively segment customers in terms of “life episodes”

**Actions identify people, not vice versa**

# Identity is a commodity

## Dumb spammers sell names

Millions of email addresses, and so what...

## Smart spammers sell relationships

No trust without confidentiality

Not much need for names, nor incentive to release them

## Very smart spammers sell intentions

Search engines know what you're looking for

# What happens next?

## Online identity adapts to the real world

The Internet absorbs the wallet rather than recreating it

## Identity is pragmatic and cross-media

The people that answered the ad in *Business Week*...

## Multiple identities persist and thrive

90+% of e-tail sites already have a “my account” personalisation

Computers are good at mapping one identity on to another

# And after that?

## Open source software for identification

Free is a good price, and developers want to customise and verify

## Do-it-yourself band-depth

Linking scattered information and services is convenient, but best if you control it yourself

## Machines need identity too

And Passport-style, unique identifier schemes work for them

# **Trust is all**

**People like to be known, but mostly by those that they know**

Identification brings customisation, familiarity

**Villages are not private, even global ones**

But they are familiar, predictable and open in all directions

**What's needed is predictability**

Customs create identity, not vice versa

# **We use the Net to connect**

## **According to the Pew Internet and American Life project...**

Women outnumber men on the Net

Over 60% of women say that email communication brings them closer to family and friends

Half would miss email “a lot” (very different from five years ago)

Women use the Net to look for health and childcare info, men seek finance and shopping

## **Association is identity, too**