

# A Study on the Transaction Method of Information Commodity

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## Abstract

Information commodity is kind of information product which can satisfy certain need of the society and can be used to exchange with something. Information commodity owns unique characteristics deferred from physical goods. The transaction methods of information commodity are special. Starting with presenting the two transaction modes "sale" and "rent", this paper chiefly discusses three kinds of transaction methods of information commodity, that is, one-time transaction, multi-time transaction, and band transaction, based on the analysis of the specialties of information commodity.

**Keywords:** Information commodity, Transaction method

## 1. The components and types of information commodity

Information commodity is kind of information products that can be exchanged in market and are formed by information that has been developed, processed, organized, and transformed to meet certain social need. In contrast with material commodity, information commodity stresses more on its property of information instead of materials. Information commodity usually has two parts, namely the entity and the carrier. The entity refers to the actual content of information commodity. It is the integration of human intelligent labor. The carrier refers to the material form of information commodity.

Information commodity can be simply classified as traditional information commodity, such as books, patents, newspapers, micro-tapes, etc. and new information commodity, such as commercial databases, computer software, and electric books. The former firstly appears in libraries. It can provide with information services for people, meeting their information needs. The later has high-tech carrier and even discards the carrier completely. Besides, some people still classify the information facilities into the scope of information commodity. Because their transaction mode is completely same with that of material commodity, here we do not study the transaction mode of information facilities.

## 2. The uniqueness of information commodity

Differing from material commodity, information commodity is unique in these aspects as follow.

Firstly, the production of information commodity is non-repetitive. In general, material commodity can realize repetitive production, achieving the mass production at lower costs. But the production of information commodity is kind of creative producing activity. The creativity in the production process determines the non-repetitiveness of information commodity's production. Therefore, its value can not be evaluated by traditional indexes, such as social necessary labor time and the labor consumption. Besides, the value of information commodity is guaranteed by its exclusiveness. Without the exclusiveness, the information commodity becomes valueless. Therefore, the repetitive production of information commodity will debase its value.

Secondly, the utility value of information commodity can not be reduced in use. Information commodity can be shared. And the shared part of information commodity is the entity, namely the information but not the carrier. Under certain special condition, trading information commodity does not mean the bargainer lose the ownership of information commodity completely. With special technologies and certain insurance of contracted supervision, the purchaser can obtain the access right of information commodity. But it does not mean the purchaser has the ownership of the information commodity. Therefore, the owner can sale his or her information commodity many times, which makes the transaction of information commodity more complex.

Thirdly, the value of information commodity is dynamic and unstable. Most material commodity can be finished after a series of production procedures. But information commodity has two-step production. The first step is to produce information content, namely the intelligent labor fruit. The second step is to make copies. Its nature is material production. The utility value of material commodity does not change in its successive circulation. But the value of information commodity is uncertain and dynamic in its market circulation. For example, its value in production is intense. Its value in circulation is increasing. Its value in storage is declining. Its price in exchange is uncertain. And its value in information consumption may be re-generated.

Fourthly, the price of information commodity is changeable and complex. Many factors affect the price of

information commodity, such as the information commodity itself, including its costs, efficiency, and quality, and market factors, including production and management risks, times of exchanges, relations with other commodities, and social economic factors, including productivity, economic strength, economic system, economic policy, economic order, politics, and laws.

### 3. The transaction modes of information commodity

Transaction is the process in which a consumer gets certain use right of one commodity. Information commodity shows its uniqueness in consumption. For example, both the timeliness of information commodity and the quality of consumer can affect the transaction. Therefore, the final effect of information commodity is uncertain, and the value of effect is uncertain either. The uncertainty of expected profits and the relevant risks of values make the purchasers hope to share economic risks with the bargainers, which causes the appearance of many transaction modes, such as one-time transaction, multi-transaction, and binding transaction. The one-time transaction is to transfer the utility value and risks completely in one transaction, including purchase, auction, bidding, and price negotiation. In the one-time transaction, there is may be one purchaser or many purchasers. The multi-transaction is a successive process in which the purchaser and bargainer share the risks and profits of information commodity together. The bargainer shares purchaser's expected profits by certain way (such as deducting a percentage from the total profits) and takes on relevant risks and responsibilities. Renting, price separation, subscription, and sharing risks all belong to the multi-transaction. In contrast with the multi-transaction, the binding transaction is to sale different information commodities with different functions at one time. For example, the office suit of Microsoft has adopted this transaction mode in promotion.

As far as specific transaction modes are concerned, although there are many different ways, such as auction, authorization, sale, and rent, there are only two transaction modes in nature. One is that the purchaser uses the commodity exclusively. The other is that the purchasers use the commodity together. In one word, one is to sale the commodity (using exclusively) and the other is to rent the commodity (using together). Either "to sale" or "to rent" is from the angle of bargainer of information commodity. Next, we will analyze the two transaction modes from the viewpoint of bargainer.

#### 3.1 Sale ----- using exclusively

If the bargainer chooses to sale the information commodity, the purchaser can use it exclusively. In other words, the purchaser does not necessarily depend on the bargainer in using the information commodity. However, the use of information commodity is not absolute exclusive. The purchaser does not possess the only use right of information commodity. This issue is determined by the transaction mode adopted by the bargainer and the purchaser and the transaction contract.

The sale of information commodity may be achieved by any transaction modes mentioned above. Next, we'll discuss the sale of information commodity based on the types of information commodity and specific transaction modes.

In the one-time transaction, the bargainer sale the use right of information commodity completely. There are also two kinds of conditions. In the first condition, the purchaser completely owns the use right of information commodity and the bargainer should not sale the use right to any third party. In other words, the bargainer loses the ownership of information commodity. For example, the trade of most traditional information commodities, such as patent, may adopt this kind of transaction mode,. In the second condition, the purchaser merely obtains the use right of information commodity and the bargainer can sale the use right to any other people. In other words, the bargainer still obtains the ownership of information commodity. For example, the trade of some new-type information commodities, such as computer software, and electric books, may choose this kind of transaction mode.

In the multi-transaction, the use right of information commodity is separated into several parts that will be delivered to the purchaser for several times. Some new-type information commodities, such as computer software, and databases, usually choose this kind of transaction mode. There are also two kinds of conditions. One is the complete purchase and the other is the non-complete transaction. In fact, the later is few. Only the entrusted software development may adopt this transaction mode. Because the computer software and database need to be updated and perfected continuously, most purchasers choose the multi-transaction mode in order to share the costs and risks of information commodity with bargainers. The multi-transaction is a special transaction way of information commodity, which is determined by the uniqueness of information commodity and differs from the divided payments of traditional material commodity. The multi-transaction of information commodity means not only multiple payments but also multiple deliver of commodity.

In the binding transaction, as the bargainer sales certain information commodity, he or she will provide with other information commodity for purchaser to use at the same time. A typical case is that the Microsoft binds its Office

unit and Media Player with Windows and sales them together. Only if the purchaser buys and installs Microsoft's Windows platform, the system will automatically adopt the Office unit and the Media Player. Professedly, this kind of transaction mode can provide with free software for purchaser. But as a matter of fact, it can achieve a lock-in effect on the purchaser. In a sense, it is kind of unfair competition, which may lead to the appearance of monopoly. The Real One Player has ever sued Microsoft for this cause.

### 3.2 Rent ----- sharing use

In this kind of transaction mode, the purchaser can obtain the use right of information commodity for certain period. Therefore, it is economical for the purchaser. But from the angle of bargainer, he or she prefers the one-time transaction mode and the multi-transaction mode.

In fact, the traditional information commodity emerged in library is shared by renting. Because of the commonness of library, it is not necessary to charge users for their using information commodity. After the commercialization of information product, library may choose to collect certain rents from users in order to obtain more capitals and provide with more advanced services for users.

In the information market, the most typical one-time transaction is to rent videos. For the purchaser, the videos have the highest values in their first use. But later their values decrease sharply, and even becomes zero. Therefore, the purchaser prefers to rent videos. And the renter can own the videos' information entity and their carriers for ever. In most cases, the renter merely obtains the use right of information entity and the ownership of the carriers. And it is the developer who possesses the ownership of the videos' information entity. For example, the CD companies have the ownership of CDs. And the software developers possess the ownership of software.

The binding transaction is not common in the renting of information commodity. But in the one-time renting transaction, it may happen. For example, as the purchaser obtains the temporary use right of video, he or she has to use certain player to realize the value of video. Under this condition, certain player can be integrated into the video. By this way, the video will be played by the binding media player. Therefore, the binding transaction merely helps to realize the use value of information commodity. Although it is not inevitable, it is necessary in certain condition.

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