



**VIDEO STUDY GUIDE : THE VIRTUAL REVOLUTION -
PART 3 - THE COST OF FREE**

KEY ECONOMIC CONCEPTS ILLUSTRATED IN THIS DOCUMENTARY

- 1. THE IMPORTANCE OF TECHNOLOGICAL INNOVATION IN CREATING MARKETS , EXPANDING MARKETS , INCREASING PRODUCTIVITY , AND LOWERING COSTS AS WELL AS PRICES , INCREASING WEALTH AND THE STANDARD OF LIVING**
 - 2. THE IMPORTANCE OF TECHNOLOGICAL INNOVATION IN PROMOTING THE GROWTH AND EMPOWERMENT OF HUMAN CAPITAL**
 - 3. THE IMPACT OF TECHNOLOGICAL INNOVATION ON ORGANIZATIONS , INSTITUTIONS , AND CULTURES**
 - 4. CHARACTERISTICS OF BUSINESS ORGANIZATIONS > START UPS ; ANGEL INVESTORS , VENTURE CAPITAL , ENTREPRENEURS > CORPORATIONS ; STOCK , PROFITS , IMPORTANCE OF RESEARCH AND DEVELOPMENT**
 - 5. THE LIMITATIONS OF GOVERNMENT INTERVENTIONS IN AN ECONOMY AS WELL AS SOCIALIST ECONOMIC CONCEPTS AND PRINCIPLES**
 - 6. THE BENEFITS OF FREE MARKET CONCEPTS AND PRINCIPLES > ADAM SMITH'S INVISIBLE HAND ; PRIVATE OWNERSHIP , INCENTIVE , COMPETITION , AND THE LAW OF UNINTENDED CONSEQUENCES**
 - 7. HOW NEW MARKETING TECHNIQUES TAKE ADVANTAGE OF DEMOGRAPHICS NEVER BEFORE AVAILABLE TO CHANGE MARKETS**
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INTRODUCTION

DR. KROTOWSKI SAYS THAT THE WEB'S GIFTS COME AT A PRICE . WHAT PRICE ?

DR. KROTOWSKI SAYS THAT THE THOUGHTS AND DESIRES WE EXPRESS ON THE WEB ARE BEING TRACED , TRACKED , AND TRADED FOR WHAT ?

LT. CORNEL GREG CONTI OF THE WEST POINT MILITARY ACADEMY SAYS WE ALL WANT SOMETHING FOR NOTHING , BUT IT DOES NOT WORK THAT WAY

**AND WE HAVE TO CONSIDER WHAT WE MUST _____
IN RETURN FOR WHAT WE ARE SEEKING**

REMARKABLE STATISTICS :

- 1. IN A MONTH , GOOGLE CONDUCTS HOW MANY SEARCHES ?**
- 2. IN A DAY , HOW MANY PICTURES ARE UPLOADED TO FLICKR ?**
- 3. IN A MONTH , OVER _____ MILLION PEOPLE BROWSE
THROUGH TENS OF MILLIONS OF BLOGS**

**AUTHOR ANDREW KEEN COMPARES THE TITANS OF SILICON VALLEY (THE
HIGH TECH INDUSTRY) AND THE WEB AGE TO WHO ?**

COMMERCE ON THE WEB > HOW DID WE GET HERE ?

PIZZA HUT WAS A PIONEER OF WHAT ?

WHAT WAS PIZZA HUT'S SERVICE CALLED ?


**WHERE DID THE WEB'S FIRST TRUE COMMERCIAL VENTURE TAKE ROOT
AND WHAT WAS IT ?**

**IN YOUR OWN WORDS , WHAT WAS THE FOUNDING DREAM BEHIND
AMAZON.COM ?**

**BETWEEN 1995 AND 2000 OVER _____ MILLION .COM NAMES WERE
REGISTERED**

**DR. KROTOWSKI REMINDS US THAT IN EARLY 2000 THE .COM BUBBLE BURST
AND AN ESTIMATED 3.5 BILLION IN " ON PAPER " WEALTH VANISHED .
INTERNET COMPANIES HAD GREAT NAMES AND SOME GREAT IDEAS , BUT
NOBODY HAD FIGURED OUT WHAT ?**

**THE COMPANY THAT EMERGED BY FIGURING OUT HOW TO _____ HAS
EFFECTIVELY TURNED ITS CONSUMERS INTO _____ BY
TURNING OUR _____ INTO A MONEY MAKER .**



THE WORLD THAT GOOGLE HAS BUILT

IN 2009 GOOGLE EARNED OVER 6.5 BILLION IN PROFITS FROM WHAT ?

AUTHOR CHRIS ANDERSON SAYS THAT GOOGLE HAS NOT DEVELOPED A MONOPOLY ON SEARCH , BUT ON WHAT ?

LARRY PAIGE AND SERGI BRIN DEVELOPED AN _____ TO CALCULATE _____ BETWEEN _____ ON THE WEB

IN YOUR OWN WORDS , WHY WAS THIS  IMPORTANT ?

WHAT PROBLEM DID GOOGLE RUN INTO AS SEARCH INCREASED ?

TRUE OR FALSE , AS THE WEB EXPANDED , GOOGLE SEARCH BECAME MORE EFFECTIVE ?

AT THE BEGINNING PAIGE AND BRIN SHUNNED ADVERTISING , BUT LATER CAME TO EMBRACE IT AS THEY INTRODUCED WHAT REVOLUTIONARY PRODUCT ?

IN YOUR OWN WORDS DESCRIBE WHY THIS  PRODUCT IS SO EFFECTIVE

ERIC SCHMITT , THE NOW FORMER CEO OF GOOGLE , SAYS THAT THE FIRST RULE OF THE INTERNET IS THAT YOU CAN SPEAK TO EACH INDIVIDUAL AS A DIFFERENT PERSON . THE WEB HAS BECOME A _____ CASTING MECHANISM

PLACEMENT OF ADVERTISEMENTS RETURNED IN A GOOGLE SEARCH IS DETERMINED THROUGH A _____ PROCESS . BUT THE TOP SPOT DOES NOT GO TO THE HIGHEST _____

FOLLOWING MATHEMATICAL EQUATION DETERMINES HOW GOOGLE DECIDES WHICH ADVERTISEMENT GETS TOP BILLING (SHOWN FIRST) . WHAT DOES EACH OF THE EQUATION'S VARIABLES STAND FOR ?

$$P = B \times Q$$

IRONICALLY FOR THE ULTRA CAPITALIST MODEL TO WORK IT MUST REMAIN TRUE TO ITS NON – CAPITALIST ROOTS . THE WEB MUST :

1. **REMAIN AN _____**
2. **BE EASY TO _____**
3. **NO _____ PER VIEW**
4. **NO AREAS OF _____**

DR. KROTOWSKI ASKS , WHERE IS THE BOUNDARY LINE PROTECTING INFORMATION IN THE SEARCH FOR PROFIT ? HER GMAIL DEMONSTRATION SHOWS THAT THERE IS NO WHAT ?

ONLINE ADVERTISING DATA COLLECTION GOES BEYOND THE READING OF EMAIL CONTENT AND BROWSER TRACKING TO WHAT OTHER AREA ?

WHAT IS THE SOFTWARE DATA COLLECTION OBJECT CALLED THAT IS PLACED IN YOUR COMPUTER TO TRACK YOUR BEHAVIOR ?

DR. KROTOWSKI SAYS THE CONSUMER IS BECOMING THE _____

WEB COMMERCE IS NOW EVOLVING BY TAKING THE DATA COLLECTION AND ADVERTISING ONE STEP FURTHER AND PREDICTING , AS WELL AS SHAPING , WHAT YOU WILL BUY. JEFF BEZOS AND DR. KROTOWSKI SAY THE E-COMMERCE IS NOW BEING CHANGED BY WHAT TYPE OF ENGINE ?

PUT INTO YOUR OWN WORDS WHAT JEFF BEZOS SAYS ABOUT WHY ONLINE STORES ARE MORE EFFECTIVE THAN PHYSICAL STORES

WHAT COMPANY IS USING THE TYPE OF ENGINE REFERENCED ABOVE CALLED “ CINEMATCH ” TO BUILD THEIR BUSINESS ?

DR. KROTOWSKI SUGGESTS THAT THE TYPE OF ENGINE REFERENCED ABOVE MAY ACTUALLY BE DEFEATING THE WHOLE PURPOSE OF THE WEB . EXPLAIN THIS THOUGHT IN YOUR OWN WORDS .

INTERESTINGLY , DR. KROTOWSKI SAYS THAT WITH NOW HAVING OVERWHELMING CHOICE , CONSUMERS STILL DO WHAT ?

DR. KROTOWSKI SAYS THAT 16 YEARS OF WEB COMMERCE HAS TRANSFORMED WHAT _____ MEANS IN THE 21ST CENTURY

ERIC SCHMITT SAYS THAT THE AWARE PERSON SEEMS PRAGMATIC ABOUT THE WEB . HE SAYS AS LONG AS THE WEB WORKS , AND ALL THE LAWS ARE FOLLOWED , CONSUMERS ARE WILLING TO SHARE _____ INFORMATION TO MAKE THEIR _____ BETTER

HAVE THERE BEEN FORMAL ATTEMPTS TO ASSERT CONTROL OVER PERSONAL DATA , AND HAVE THEY BEEN SUCCESSFUL ?

THE REAL CONCERN OVER WHO HAS POSSESSION OF PERSONAL DATA IS WHAT ?

WHAT HISTORICAL EXAMPLE DOES SOCIOLOGIST PROFESSOR DANA BOYD USE TO ILLUSTRATE THE CONCERN MENTIONED ABOVE ?

PROFESSOR BOYD SAYS THAT YOUNG PEOPLE UNDERSTAND THE SHORT TERM _____ , BUT NOT THE POSSIBLE LONG TERM IMPLICATIONS

DR. KROTOWSKI SAYS THAT THE YOUNG DO NOT UNDERSTAND WHAT ABOUT DIGITAL INFORMATION ?

DR. KROTOWSKI SAYS THAT , IRONICALLY THE WEB SEEMS TO HAVE MADE

US _____

*PROFESSOR NIGEL SHADBOLT MAKES THE POINT THAT OUR DIGITAL
FINGERPRINT IS AS IMPORTANT AS OUR* _____

CONCLUSION

IN RETURN FOR A “ FREE WEB ” , OUR PRIVACY HAS BECOME A

THE WEB HAS DISRUPTED OUR SENSE OF _____ *AND*
_____ *SPACE*