

# Value and the Information Market

P. van Bommel, B. van Gils,  
H.A. Proper, M. van Vliet,  
Th.P. van der Weide

Radboud University Nijmegen  
The Netherlands

September 16, 2005

## Abstract

In this paper we explore how (micro)economic theory can be used to analyze and model the exchange of information on the Web. More specifically, we try to explain why searchers for information engage in transactions on the Web. To this end we develop a formal model for markets, based on notions such as *value* and *transaction*. This model enables us to examine transactions on the *information market*; i.e. the Web.

## 1 Introduction

The main topic of interest of *microeconomics* is to explain (the consequences of) different choices given a set of assumptions or, alternatively, to prescribe which course of action should be taken. These assumptions range from scarcity, utility, the labor theory of value, the marginal theory of value, bounded rationality etcetera (See e.g. [Wiki, 2005b]). The assumptions explain, among other things, that an economic agent only participates in a *transaction* if she expects to gain something from this transaction. Put differently, she expects that the *value* of the benefits from this transaction will exceed the value of its costs.

The notion of value is complex, as it is used in many different fields such as economics, marketing, computer science etcetera. Moreover, it has a subjective, personal and volatile nature. We believe that the notions of value and transaction play a key role on the Web as well. Before the apparent rise of the Web, an important way of exchanging information was via *books*. If someone wanted to learn about, say, mathematics she could go to a bookstore, examine the available books and buy the one with the most beneficial cost/benefit ratio for her taste. If she were to use the Web, she would have to assess whether she expects to find something (a website, document etcetera) which is worth the effort of searching. The cost incurred in making an economic exchange (in this case: the search cost) is called *transaction cost*.

In this article we explore the relation between economic theory and exchange (of information) on the Web (tentatively called the *Information Market*, to stress the relation with economic theory further). With this exploration we try to shed light on *value on the Information Market* to be able to answer questions such as: How do searchers use the Web from an economic point of view? What is value, really, in this context? How can we benefit from economic theory in case of information retrieval on the Web? Some preliminary ideas have been presented in [Bommel et al., 2005].

We start off by presenting the core concepts for markets in Section 2 after which we present a formal model for market-thinking in Section 3. The core elements of this model are the notions of players (in different roles), assets, the value of assets and finally transactions. In Section 4 we use this model to describe transactions on the information market. Last but not least, in Section 5 we discuss a multi-dimensional model for value on the information market, followed by an example application of our framework in section 6.

## 2 Assets, transactions, value and players

In this section we introduce the basic concepts for markets in general: assets, transactions, value and players. Each concept is discussed in a separate subsection.

### 2.1 Assets

In economic markets we observe that assets are being exchanged between players. Different definitions of the notion of an asset are used in literature such as:

An asset is anything owned, whether in possession or by right to take possession, by a person or a group acting together, e.g. a company, the value of which can be expressed in monetary terms.

— Taken from: [Wiki, 2005a]

This definition seems a little odd since it makes a distinction between monetary assets and ‘other’ assets. After all, money is also something that is owned by a person or a group. Another definition:

Assets are goods that provide a flow of services over time. Assets can provide a flow of consumption services, like housing services, or can provide a flow of money that can be used to purchase consumption. Assets that provide a monetary flow are called *financial assets*.

— Taken from: [Varian, 1996]

In this definition it is at least recognized that money (financial assets) is also an asset. In this article we use the following definition:

**Definition 2.1 (Asset)** *Any thing (goods or services) that can be exchanged in a transaction.*

We distinguish between two main types of assets:

**Ownership** : Assets are owned by players (either individuals or an organisation). As such, ownership of some asset can be seen as a right to an asset. For example: John may be the owner of a book.

**Execution of service** : Services can be invoked on assets. Players can execute the right to execute such a service. Examples would be: the painting of a house, treatment of illness, the right to view/read certain information. These can be split further into:

**Transformation of entities** : Services which aim to transform some property of an entity. Example: transportation of a chair from a warehouse to someone's room.

**Reduction of uncertainty** : Services which are typically aimed at reducing some form of uncertainty about the assets and/or players involved in the transaction. Example: Quality appraisal of some asset.

## 2.2 Transaction

The definition of assets calls for a clear-cut definition of a transaction. We define this as:

**Definition 2.2 (Transaction)** *A specific, identifiable exchange between two or more players where each participant in the transaction pays something (cost) and receives something in return (benefit).*

In this definition, the word 'player' refers to persons or organisations that participate in the transaction. The following two examples of transactions are illustrated in Figure 1. Figure 1a illustrates the situation where two players ( $p_1$  and  $p_2$ ) exchange two assets ( $a_1$  and  $a_2$ ). This occurs when, for example, John ( $p_1$ ) buys a book ( $a_2$ ) for €20 ( $a_1$ ) from a bookstore ( $p_2$ ).

Figure 1b illustrates the case where three players are involved in a single transaction. This illustrates the case where John ( $p_1$ ) pays the bookstore ( $p_3$ ) a sum of €15 ( $a_1$ ) to receive a book ( $a_3$ ) directly from a publisher ( $p_1$ ) after being paid ( $a_2$ ) by the bookstore ( $a_3$ ). The asset(s) that a player receives in a transaction is defined to be his *benefit* and the asset(s) that he pays are defined to be his *cost*:

**Definition 2.3 (Benefit)** *The assets that a player receives in a transaction.*

**Definition 2.4 (Cost)** *The assets that a player pays in a transaction.*

Note that these definitions are at the level of transactions; they do not include any valuations. This more refined view is presented in Section 3.2.

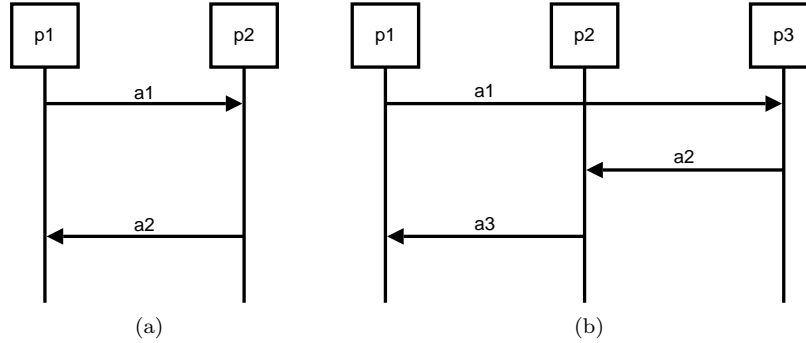


Figure 1: Transactions between two, or three players

### 2.3 Value

The concept of *value* is the basis for cost / benefit. The value of an asset that has different connotations in different fields such as marketing, computer science, mathematics and even in the context of personal and cultural values. The dictionary definition is: “a fair return or equivalent in goods, services, or money for something exchanged”, but also: “relative worth, utility, or importance”. In an economic market the notion of value has the following two important characteristics:

- Assets have an intrinsic value which may differ from person to person. In other words: players value assets.
- The value of an asset can be expressed in its comparison to other assets.

The latter aspects refers to the notion of transaction where assets are exchanged. We define the notion of value as follows:

**Definition 2.5 (Value of an asset)** *The value of an asset is highly personal and can only be expressed in terms of an abstract domain (which is a partial order).*

This notion of value is the basis for making choices. If a player has a choice between several options (i.e. buying (bundles of) assets) he will choose the option with the highest value to him. The fact that asset  $a_1$  has a higher value than  $a_2$  is a complete, transitive and irreflexive relation and is denoted as  $a_1 \succ a_2$ . Similarly, indifference between two assets  $a_1$  and  $a_2$  (i.e. two assets having the same value) is denoted  $a_1 \sim a_2$ . Weak preference is then defined as  $a_1 \succeq a_2 \triangleq a_1 \succ a_2 \vee a_1 \sim a_2$ . For an overview of preference see e.g. [Katz and Rosen, 1994, Varian, 1996].

More elaborate schemes for preference exist as well. For example, [Sugden, 2003] describes reference-dependent approach to utility and preference. The core of the described approach is that preference is dependent on a current position. Strict preference and indifference are defined similarly. Also, the preference relation is defined to be complete and transitive. Even more:

A decision problem can be described by a reference act and an opportunity set of acts (the set of options from which the agent must choose), of which the reference act is one element. The agent chooses either to stay at the status quo or to move to one of the other options.

In other words, for a decision problem the preference (strict preference, weak preference or indifference) is dependent on the current position.

The value-notion is the basis for decision making of players (cost / benefit analysis). We presume that players of the market behave in a goal-driven manner. That is, they want to satisfy their goals by engaging in transactions. These goals can be either explicit, or implicit based on such things as political situation, mental state etcetera.

## 2.4 Players

Players fulfill different *roles* in a transaction. To understand why this is the case, observe that in a transaction each player always exchanges one asset for another. In Figure 1a, player  $p_1$  exchanges  $a_1$  for  $a_2$ . In this case he is the *supplier* of  $a_1$  and the *demandeur* of  $a_2$ . The third class of players is called the *broker*. The role of a broker is complex; we define a broker to be a player that participates in a transaction

- but does not *alter* an asset that is exchanged
- is value adding for the other players involved in the transaction.

Consider the market for antiquities such as paintings. Consumers can either buy a painting from another player, or via an intermediary (broker) at an auction. If the transaction takes place via a broker then this broker must be value adding (by definition):

- *From the consumer point of view*: Finding a specific antiquity can be very hard if no intermediary is involved. For example, how would a person in the Netherlands ever find out that a person in the USA is selling a painting by Rembrandt? Furthermore, the fact that a well-established broker (i.e. an auctioneering firm such as Sotheby's) is selling the piece will give the consumer more confidence in its genuineness. He may even be willing to pay an additional fee in return for this added value.
- *From the supplier point of view*: The supplier (i.e. the person selling the antiquity) knows that there is a better chance of selling via a broker since all consumers will go there. There is also a better chance of receiving a higher price. Also, the broker will take care of shipping the item, insurance of the item during transportation and so on.

Note that the broker does not *alter* the asset: an auctioneer will not re-paint a *Van Gogh* painting, he merely facilitates the transaction.

In short, this leads to the following definitions:

**Definition 2.6 (Consumer of an asset)** *The player receiving the specified asset in a transaction.*

**Definition 2.7 (Supplier of an asset)** *The player supplying / offering the specified asset in a transaction.*

**Definition 2.8 (Broker)** *The value adding player involved in a transaction that does not alter the asset in any way.*

## 2.5 Consumer value

A comprehensive approach to *consumer value* is presented in [Holbrook, 1999]. Even though this work is mainly focussed on the marketing field, the framework presented in it is still worth our consideration. It is interesting to observe that the author points out that “the theory of value is a topic neglected not only by marketers but even by axiologists<sup>1</sup> themselves”. After carefully studying the available literature on axiology and marketing the author proposes a framework for the nature and types of consumer value. In this paper we will briefly discuss this framework which is summarized in Figure 2. The framework is built along

		<i>Extrinsic</i>	<i>Intrinsic</i>
Self-oriented	Active	EFFICIENCY	PLAY
	Reactive	EXCELLENCE	AESTHETICS
Other-oriented	Active	STATUS	ETHICS
	Reactive	ESTEEM	SPIRITUALITY

Figure 2: Typology of consumer value

the following three dimensions:

1. *Extrinsic* value pertains to a rather functional or utilitarian view on value, whereas *intrinsic* value occurs when an artefact or consumption is appreciated as an end in itself.
2. *Self-oriented* value occurs when consumption is down for one’s own sake; i.e. is hedonistic. On the other hand, *other-oriented* value looks beyond the self and occurs when consumption is intended to please another.
3. Value is *active* when consumption involves things done by a consumer to the good/service that is consumed, whereas value is *reactive* when it results from things done by a product/service to the consumer.

The framework is mainly used (and validated) in the context of consumers and marketing. These results are, indeed, inspiring but we are interested in a broader, more fundamental understanding of the notion of quality.

<sup>1</sup>Axiology: the study of values and value judgments.

### 3 A formal model for markets

#### 3.1 Players & Transactions

Let  $\mathcal{PL}$  be the set of all players and  $\mathcal{AS}$  be the set of all assets. In the previous section we have defined the notion of transaction. There are two views on this notion:

- A player exchanges one asset for another.
- Assets are transferred from one player to another.

In our formal model we will use two notations, conforming to these views. The notion of a *transactor* reflects the first view:  $t : a_1[p]a_2$  denotes the fact that player  $p$  exchanges asset  $a_1$  for asset  $a_2$  in transactor  $t$ . We model a transaction to be a set of these transactors. Let  $\mathcal{TO}$  be the set of all transactors and  $\mathcal{TR} \subseteq \wp(\mathcal{TO})$  be the set of all transactions. A transaction is then denoted as  $T = \{t_1, t_2\}$ . We introduce the following abbreviation:

$$a_1[p]a_2 \in T \triangleq \exists_{t \in T} [t : a_1[p]a_2]$$

Players can participate in a transaction only once, for the transaction would be “splittable” otherwise. In other words: all players in a transaction must be ‘connected’:

**Axiom 1 (Unsplittable transactions)** A transaction spans a connected graph over players and assets.

From the definition of a transactand it already follows that each participant in a transaction receives and pays something. Using Axiom 1 we can prove that:

**Lemma 1**

$$a_1[p]a_2 \implies \exists_{a_3, a_4 \in \mathcal{AS}, p_2, p_3 \in \mathcal{PL}} [a_3[p_2]a_1 \wedge a_2[p_3]a_4 \wedge p_1 \neq p_2 \wedge p_1 \neq p_3]$$

This expresses that if a person exchanges one asset for another, then they must at least give something to one player and receive something from another player (these two may be the same!). A player can not engage in a transaction with himself. Even more, transactands denote a unique exchange, i.e. a player makes a transaction only once.

**Axiom 2 (No transaction with self)**  $a_1[p]a_2 \implies a_1 \neq a_2$

**Axiom 3 (Unique exchange)**  $t_1 : a_1[p]a_2 \wedge t_2 : a_1[p]a_2 \implies t_1 = t_2$

The notion of a *transactand* reflects the second view. Let  $\mathcal{TA}$  denote the set of all transactands and  $p_1 \xrightarrow{a} p_2$  denote the fact that asset  $a$  is transferred from player  $p_1$  to player  $p_2$ . A transaction can, thus, also be seen as a set of transactands. More formally:

$$p_1 \xrightarrow{a_2} p_2 \in T \triangleq \exists_{a_1, a_3} [a_1[p_1]a_2, a_2[p_2]a_3 \in T]$$

Depending on what we are trying to express we will either use transactors or transactands.

Transactions can, thus, be expressed as either a set of transactors or a set of transactands. The transaction example presented in Figure 1a can, for example, be represented by the set

$$\{a_1[p_1]a_2, a_2[p_2]a_1\}$$

using transactors or by the set

$$\{p_1 \xrightarrow{a_1} p_2, p_2 \xrightarrow{a_2} p_1\}$$

using transactands. Recall that (at least) two players are involved in each transaction. This can be expressed as follows. The participant in a transactor  $t$  is given by  $\text{Participant}(t : a_1[p]a_2) \triangleq p$ . Similarly, the set of participants in a transaction  $T$  is defined as:

$$\text{Participant}(T) \triangleq \bigcup_{t \in T} \text{Participant}(t)$$

Deals such as “ $p_1$  will only exchange  $a_1$  for  $a_2$  with  $p_2$  if  $p_1$  can also exchange  $a_3$  for  $a_4$  with  $p_3$ ” can certainly happen in the real world. However, these *deals* are not a property of transactions! This observation is enforced by:

**Axiom 4 (Unique participation)**

$$t_1, t_2 \in T \wedge \text{Participant}(t_1) = \text{Participant}(t_2) \implies t_1 = t_2$$

From the definition of transactor combined with Axiom 4 it follows that in each transaction each participant plays the consumer role and the supplier role exactly once. Let  $T : \{p_1 \xrightarrow{a_1} p_2 p_2 \xrightarrow{a_2} p_1\}$  be a transaction. In this transaction  $p_1$  is the supplier of asset  $a_1$  and the consumer of asset  $a_2$ . To express this formally we use the functions  $\text{Buyer}, \text{Seller} : \mathcal{TR} \times \mathcal{AS} \rightarrow \mathcal{PL}$  such that

$$p_1 \xrightarrow{a} p_2 \in \mathcal{TR} \implies \text{Buyer}(T, a) = p_2 \wedge \text{Seller}(T, a) = p_1$$

The fact that a participant in a transaction can not play the buyer and the seller role in one single transaction can be proved using Axioms 4.

**Lemma 2**  $\text{Buyer}(T, a) \neq \text{Seller}(T, a)$

### 3.2 Value & Decision Making

As was stated before, the notion of *value* is abstract; it is not apparent in which domain to express the value of an asset to a player. It is, however, the key concept in decision making. For our purposes it is, therefore, sufficient to be able to measure which asset / bundle of assets has higher value. Therefore, let  $\mathcal{VD}$  be such an abstract value domain. Since value is personal it is tempting to express the value of an asset to a player using the function  $\text{Val} : \mathcal{AS} \times \mathcal{PL} \rightarrow \mathcal{VD}$ . However, this does not take into account the *goals* of players.

We therefore introduce  $\mathcal{GL}$  to be the set of all player goals and  $\mathcal{ST}$  to be the set of all states of players. A state is defined to be the present satisfaction of a



player with regard to his goals. The function  $\text{Id} : \mathcal{ST} \rightarrow \mathcal{PL}$  identifies which state belongs to which player. A player in a certain state (as opposed to ‘merely’ a player) is the basis for the value function:  $\text{Val} : \mathcal{AS} \times \mathcal{ST} \rightarrow \mathcal{VD}$ .

Given the state  $s$  of a player  $\text{Id}(s)$  we can view the satisfaction of this player’s goals (in a certain state) using the function  $\text{Satisfaction} : \mathcal{ST} \times \mathcal{GL} \rightarrow \mathcal{SD}$ . The satisfaction domain  $\mathcal{SD}$  is a specialized version of a value domain (i.e.  $\mathcal{SD} \subseteq \mathcal{VD}$ ). We choose the value domain  $\mathcal{VD}$  to be defined as the range  $[0 \dots 1]$  to reflect that satisfaction can be expressed as a percentage. This situations is illustrated in Figure 3. The value notion can now be extended to include the satisfaction

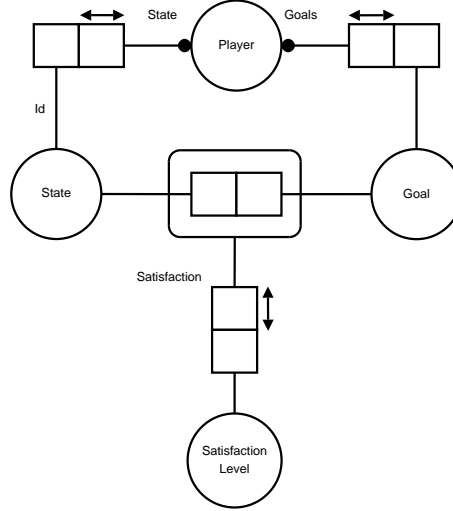


Figure 3: Satisfaction level of goals of players

level of a player in a certain state as transactions should be considered in this light. The consumption of an asset by a participant in a transaction will result in a change of state for this participant. If  $T$  a transaction and  $s \in \mathcal{ST}$  a state then  $s \times T$  is the state which results if participant  $\text{Id}(s)$  participates in  $T$ . To make the discussion of state-changes in transactions easier we introduce the abbreviations:

$$a_1[s]a_2 \triangleq \text{Id}(s) = p \wedge a_1[p]a_2$$

$$s_1 \xrightarrow{a} s_2 \triangleq \text{Id}(s_1) = p_1 \wedge \text{Id}(s_2) = p_2 \wedge p_1 \xrightarrow{a} p_2$$

to denote the fact that an actual transaction will take place between *participants who hold a specific state*. We require the resulting state after a transaction to belong to the original participant.

**Axiom 5 (State-change in a transaction)**  $\text{Id}(s) = \text{Id}(s \times T)$

Players will only participate in a transaction if they (expect to) gain something from it. In other words, if  $T = \{a_1[s_1]a_2, a_2[s_2]a_1\}$  then we know that for players  $\text{Id}(s_1)$  and  $\text{Id}(s_2)$ :

$$\text{Val}(a_1, s_1) < \text{Val}(a_2, s_1)$$

$$\text{Val}(a_1, s_2) > \text{Val}(a_2, s_2)$$

A more refined view uses the notions of *cost* and *benefit*. The benefit of a transaction for a participant in a certain state is defined as the positive impact on the satisfaction levels of a participant. Similarly, the cost of an involvement in a transaction is defined to be the negative impact on the satisfaction levels of a participant. More formally<sup>2</sup>:  $\text{Benefit}, \text{Cost} : \mathcal{ST} \times \mathcal{TR} \rightarrow \mathcal{SD}$  and more specifically:

$$\begin{aligned} \text{Benefit}(s, T) &\triangleq \lambda_{g \in \mathcal{GL}} \bullet \text{MAX} (\text{Satisfaction}(s \times T, g) - \text{Satisfaction}(s, g), 0) \\ \text{Cost}(s, T) &\triangleq \lambda_{g \in \mathcal{GL}} \bullet \text{MAX} (\text{Satisfaction}(s, g) - \text{Satisfaction}(s \times T, g), 0) \end{aligned}$$

It is likely that players have more than one goal at a time, and that they try to satisfy them simultaneously. Even more so, some goals may be more important than others. Given the prioritization of the different goals, a weighted level of satisfaction of (all) goals can be computed. In order to do so we introduce a priority function:  $\text{Priority} : \mathcal{ST} \times \mathcal{GL} \rightarrow \mathcal{PR}$ . We set the priority domain  $\mathcal{PR}$  to  $[0 \dots 1]$  to identify the level of satisfaction for a player in a certain state with respect to *one* goal as a percentage. We presume the priority function to be a distribution totalling to one for each of the states:

$$\mathbf{Axiom 6 (Rational priorities)} \quad \forall_{s \in \mathcal{ST}} \left[ \sum_{g \in \mathcal{GL}} \text{Priority}(s, g) = 1 \right]$$

The overall / total satisfaction of a player in a certain state is the sum of the (relative) satisfaction levels of that player towards each of the goals. More formally:

$$\text{TotSat}(s) \triangleq \sum_{g \in \mathcal{GL}} \text{Satisfaction}(s, g) \times \text{Priority}(s, g)$$

The following example illustrates this. Let  $s$  be a state of player  $\text{Id}(s)$  and  $\mathcal{GL} = \{g_1, g_2\}$  be the set of goals. Furthermore,  $\text{Priority}(s, g_1) = 0.4$ ,  $\text{Priority}(s, g_2) = 0.8$ ,  $\text{Satisfaction}(s, g_1) = 0.8$  and  $\text{Satisfaction}(s, g_2) = 0.7$ . Then the total satisfaction is  $0.4 \times 0.8 + 0.8 \times 0.7 = 0.88$ . Note that if two players are in the same *state* (having the same level of satisfaction) and the same goal(s) then participating in a transaction will have the same cost/benefit for these players.

We already stated that a player will only participate in a transaction if he expects the value of the benefits of the transaction to exceed its cost. We can now refine this *assumption of rational behavior*. It therefore seems reasonable to presume that the level of satisfaction of all participants should not decrease:

$$\mathbf{Axiom 7 (Rational behavior)} \quad \text{TotSat}(s) \leq \text{TotSat}(s \times T)$$

In Section 2.3 we introduced the notion of preference in economics and explained how it is the basis for decision making. It is not always apparent why some asset is preferred over another. In the real world preference doesn't even follow the transitivity axioms (i.e.  $a_1 \succ a_2 \wedge a_2 \succ a_3 \implies a_1 \succ a_3$ ). We presume the preference relation to be complete, transitive and irreflexive.  $p : a_1 \succ a_2$  denotes strict preference for player  $p$ ,  $p : a_1 \succeq a_2$  denotes weak preference and  $p : a_1 \sim a_2$  denotes indifference. This allows us to prove that:

---

<sup>2</sup>We have employed the Lambda calculus notation [Barendregt, 1984] to denote a function ranging over  $\mathcal{GL}$ .

**Lemma 3**  $T \in \mathcal{TR} = \{p_1 \xrightarrow{a_1} p_2, p_2 \xrightarrow{a_2} p_1\} \implies p_1 : a_1 \succ a_2 \wedge p_2 : a_1 \succ a_1$

Last but not least, we need to model the value adding nature of brokers. We will discuss this from the *transactor* point of view. Consider the following motivating example:

**Example 3.1** *Consider the market for antiques such as paintings. Consumers can either buy a painting from another person, or via an intermediary at an auction. In the first case, value is transferred from the seller to the buyer in the form of the painting, and back in the form of a payment. In the latter case, the seller expects that selling his painting at the auction will result in a higher price. Even more, this price has to exceed the fee that he (probably) has to pay to be able to sell at this auction. Also, from the consumer point of view, buying at an auction may have a higher value because of the painting is first checked by experts (is it really a Van Gogh), because of extra insurance etcetera.*

The case where a consumer ( $p_1$ ) buys a painting ( $a_1$ ) directly from another person ( $p_2$ ) for a certain amount of money ( $a_2$ ) can easily be modeled as a transaction  $T = \{p_1[a_2]a_1, p_2[a_1]a_2\}$ . However, the case where a broker is involved is not as easy to model with the theory introduced so far. Note that:

- Brokers do not alter the asset to be exchanged
- Brokers would not exist if they wouldn't be able to 'get something out of brokering' (See axiom 7).
- Even if a transactions via a broker 'cost more' to the participants involved in the transaction, it must still be value-adding to all these participants. Otherwise the transaction would not be executed.

On the one hand it seems natural to model this situation such that brokers are not part of the actual transaction because they merely facilitate it. This is, however, not very elegant. We consider brokers to be normal, regular players. The following example illustrates a transaction where a broker is involved:

**Example 3.2** *Suppose  $p_1$  has a Van Gogh ( $a_1$ ) for sale. To support him in selling it for a proper price ( $a_2$ ) he asks an acutioneer ( $p_2$ ) to assist him for a fee ( $a_3$ ). The execution of this service is denoted  $a_4$ . When person  $p_3$  buys the painting for  $a_5$  via this broker then two transactions are completed:*

- $T_1 = \{a_2[p_1]a_1, a_1[p_3]a_5, a_5[p_2]a_2\}$
- $T_2 = \{a_4[p_1]a_3, a_3[p_2]a_4\}$

Note that the broker does not alter the assets  $a_1$  and  $a_2$ . The broker merely facilitates the transaction. However, the participants involved do perceive them to be more valueable!

## 4 The information market

In the previous section we presented our view on market-thinking in general, and clearly positioned our view with regard to economic markets. In this section we will apply our findings to the more specific case of the information market which we define as:

**Definition 4.1 (Information market)** *The information market is the market where resources are exchanged between searchers and publishers, possibly by means of brokers.*

**Definition 4.2 (Resource)** *Resources are the ‘entities’ on the Web that make up information supply. The name resource was chosen in accordance with [Gils et al., 2005].*

An important observation is that transactions on the information market have a time-aspect and are one-to-many: the moment of publishing a resource and actually consuming (downloading) it may be far apart in time. Also, many searchers may download it. This is illustrated in Figure 4: the publisher publishes (the

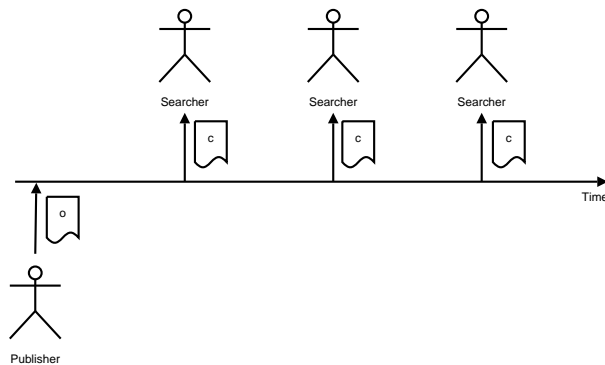


Figure 4: Time aspects of transactions on the information market

original) resources (denoted by the letter ‘o’) after which many searchers download copies (denoted by the letter ‘c’) of it. This figure illustrates another distinguishing feature of transactions on the information market. Recall that there are two kinds of rights on assets (Section 2.1): ownership & execution of services. On the information market, the ownership right of a resource is not transferred as such; searchers receive a *copy* of the original resource. As such, downloading a (copy of) a resource is the execution of a service, not the transfer of ownership rights.

The value of a resource is difficult to measure. As a consequence, it is hard to put a price on them. Also, it is hard for consumers to assess whether they wish to purchase/consume the resource or not: the only way to assess the value is by consuming it! Similarly, it is often unclear why publishers actually publish resources on the Web. Surely enough, for companies a transaction may increase popularity, or people may even pay to see certain information. Often, however,

this is not the case. Consider, for example, the *Wikipedia*<sup>3</sup> case. Wikipedia is a free, online encyclopedia. What do authors, participating in this project gain?

In [Alstyne, 1999] the authors stress that resources typically do not behave like assets and that information quantity can not be used directly to decide which resource is better. The authors observe that two approaches to information should be treated as a dual concept. On the one hand, information can be seen as a reduction in uncertainty (i.e. the Bayesian approach). On the other hand, it can be seen as a description of a state transition (i.e. a Turing Machine approach). This observation is the basis for a framework to assess the value of resources. Another approach for pricing and valuing information can be found in [Shannon and Varian, 1999].

Several other approaches relating to the value of resources have been proposed in the literature over the last few years. For example, the work of Gryce (see e.g. [Cruse, 2000, p. 355–358]) focuses on conversations but can also be applied to analyze the value of resources. In this respect Gryce proposes four maxims: the maxim of quantity, the maxim of quality, the maxim of relevance and the maxim of manner. Results from the field of multi-dimensional data modeling can also be used to model the different characterizations of the value of a resource. In [Pedersen and Jensen, 1998] many different dimensional types characterize a fact type; e.g. the fact type *Patient* can be characterized by the dimensional types *Diagnosis*, *Residence*, *Social Security Number*, *Name*, etcetera. In [Vishik and Whinston, 1999] the *double coincidence of wants* is described as:

Double coincidence of wants relates to the fact that both traders involved in an exchange transaction without a recognizable currency should find the other agent's offering useful and desirable.

The authors then observe that this is the core source of inefficiency in resource-based transactions; instead of simply acquiring a desired resource a player has to locate another player that not only offers the desired resource but is also willing to exchange it for the proposed payment. It is argued that the main function of brokers is to eliminate friction in the market by decreasing the search efforts. Brokers are considered to be value adding because most users do not have the expertise to properly assess the quality of resources.

In summary: it is hard, to say the least, to pick a value domain for the information market. We will adopt a multi-dimensional view on this domain:

**Information** : the information that may be provided by a resource. This refers to the actual 'content' of a resource.

**Structure** : concerned with the form (report, audio, summary, outline) and format (PDF, XML, Word) of a resource.

**Emotion** : dealing with the emotional effect (pretty/ugly/inspiring) that a resource may have when it is consumed.

These value domains closely correspond to three aspects of *architecture* as introduced by Vitruvius, a Roman writer, architect and engineer, active in the 1st century BC. These aspects were called *utilitas* (which corresponds to

---

<sup>3</sup><http://www.wikipedia.org/>

our informational domain), *firmitas* (which corresponds to our structural domain) and *venustas* (which corresponds to our emotional domain). See e.g. [Rijssenbrij, 2004, Vitruvius, 1999, Wiki, 2004] for details.

Consider as an illustration, the situation depicted in figure 5:

- The left “spiderweb” shows an example where the emotional value does not play a very important role, but informational and structural value do. An example would be: searching for a time table for trains on a mobile phone using WAP. The constraints on what a resource must be about is high (specificity). Also, the constraints on its form are important (size, type of resource etc.).
- The right “spiderweb” is completely different. In this case the emotional value is important. An example would be (an image of) a painting that inspires people on the work floor, that stimulates them in their creative process. The topic and form are less important in such case.

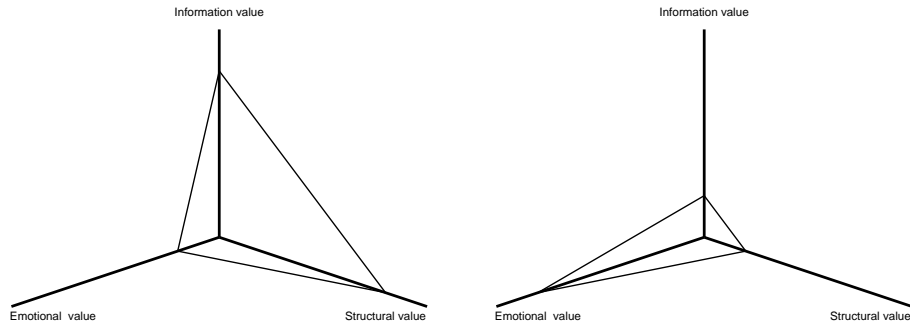


Figure 5: Value on the information market

The costs associated to a resource also fits the above discussed multi-dimensional domain. For a searcher these costs would, for example, include:

**Information** : The costs of actually obtaining the resource such as search costs (time and money), costs for the Web-connection etc.

**Structure** : The amount of disk space needed to store the information resources at a convenient location, computing capacity needed to display the information resource, etc.

**Emotion** The costs associated to actually conceiving the resource (i.e. the cognitive load associated with interpreting and understanding the resource. These are costs from the informational domain. See e.g. [Tardieu and Gyselinck, 2003] for more details.

For a publisher these costs would, for instance, include:

**Information** The costs associated to creating the resource such as time and effort.

**Structure** The costs associated to storing the resource such as disk space, as well as required computing power in creating the resource.

**Emotion** Intellectual energy needed to create the contents of the resource. This may also be referred to as cognitive load [Bruza et al., 2000].

In summary, the behavior of searchers and publishers on the Web is hard to explain using a (multi dimensional) value domain. Because of the assumption of rational behavior (See Axiom 7) we know that they only participate in transactions if they expect to gain something from these transactions. In case of consumers: they expect to be able to reduce his information need; to “fill his information gap”.

## 5 Value on the information market

In this section we present a more detailed view on how our complex view of value may work in practice. To achieve this we consider each of the value dimensions in turn. Section 5.1 will present *infons* as a conceptual way of looking at information value and includes suggestions on how to implement them. In Section 5.2 we will outline a transformation framework for dealing with structural value. Finally, in Section 5.3 we will discuss some aspects of emotional value.

### 5.1 Information value

In this section we focus mainly on the informational domain. Our goal is to gain insight in the strategies of information consumers on the information market as well as to show that infon algebra’s can be used to model the intentional description of the *information gap of searchers* and the *characterisation of resources*. In this section we aim to provide a deeper understanding of the informational value domain and its application in the information market.

What information exactly is has been studied intensively before, see for example [Bruza and Proper, 1996, Devlin, 1990]. Different authors from different fields have provided diverse theories of the nature of information. The notion of information plays an important role in fields such as information retrieval [Rijsbergen, 1975, Salton and McGill, 1983], cognitive science [Stillings et al., 1995, van Oostendorp, 2003] database systems [Date, 1986, Codd, 1970], data modeling [Chen, 1976, Nijssen, 1989, Halpin, 1995, Hofstede, 1993] etcetera.

In this paper we take a modest approach to information theory, and only assume information to consist of *information particles* called *infons* as well as a *specialisation operator*. Infon theory has been suggested by Barwise [Barwise, 1989, Devlin, 1990], and applied to the field of information retrieval by [Rijsbergen and Lalmas, 1996]. This broad view on information is in line with the approaches taken in [Landman, 1986] and [Barwise, 1989]. Infons can be thought of as imaginary objects in the sense that they cannot be denoted or named explicitly.

An infon algebra is referred to as  $\mathcal{IF}$ . Formally, it is a structure

$$\mathcal{IF} = \langle \mathcal{I}, \rightarrow, \perp, \top \rangle$$

where  $\mathcal{I}$  is the set of all infons.  $\perp$  and  $\top$  are special infons, corresponding to the least and the most meaningful information particles respectively. Furthermore,  $\rightarrow$  is a relation to compare the information content of infons; it denotes the *specialisation* relation.

### 5.1.1 The specialisation operator

The main property of infons is that they can be compared with respects to their informational content. We use the generic term *specialisation* for such a comparison. If  $i \rightarrow j$  then we say that  $i$  is a specialisation of  $j$  or,  $j$  a generalisation of  $i$ . The specialisation of infons can be interpreted as either information containment or precognition:

**Information containment** expressing the fact that some information particles contain more information than others. For example, the statement (referred to as  $i_1$ ) *grass tends to be green, but varies between brown and green* contains more information than the statement (referred to as  $j_1$ ) *grass is usually green*. Statement  $j_1$  is obviously less informative than  $i_1$ . In this case the information of  $i_1$  contains the information of  $j_1$ , or: *grass tends to be green, but varies between brown and green* contains *grass is usually green*. This is denoted as  $i_1 \rightarrow j_1$ . The specialisation relation is interpreted as an information containment relation.

**Precognition** expresses the fact that, in order to understand an information particle, another information particle is required. Consider the following example: it is impossible to understand *Pythagoras' Theorem* (referred to as infon  $i_2$ ) without understanding the concept of *triangle* (referred to as infon  $j_2$ ). In other words, infon  $j_2$  is a prerequisite for infon  $i_2$ . This is expressed as  $i_2 \rightarrow j_2$ . The fact that *Pythagoras' Theorem* is a specialization of *triangle* is interpreted as a precognition relation.

From a logical point of view, we would express this as: infon  $i_1$  involves infon  $j_1$ , or as: infon  $j_1$  is a consequence of  $i_1$ . So from having the knowledge *grass tends to be green, but varies between brown and green* we can conclude the knowledge *grass is usually green* as a consequence. This is denoted as  $i_1 \rightarrow j_1$ . Our second example may be formulated as: if a person has knowledge of *Pythagoras' Theorem* then we can conclude this person has knowledge of *triangle*. This is denoted as:  $i_2 \rightarrow j_2$ . As an analogy, consider the boolean proposition  $p \implies q$ . Then it is said that  $p$  is a sufficient condition for  $q$ , or that  $q$  is a necessary condition for  $p$ . Using the analogy of this latter formulation is seems reasonable to view  $j_2$  as information that is prerequisite to grasp the infon  $i_2$ : knowledge of triangles is prerequisite to knowledge of Pythagoras' Theorem.

### 5.1.2 Properties of the specialisation operator

The properties of an infon algebra are described as properties of the relation  $\rightarrow$ . This is assumed to be a partial order on infons. This is in line with Dretske's Xerox principle ([Barwise and Etchemendy, 1990]).

**Axiom 8 (reflexivity)**  $i \rightarrow i$



**Axiom 9 (anti-symmetry)**  $i \rightarrow j \wedge j \rightarrow i \implies i = j$

**Axiom 10 (transitivity)**  $i \rightarrow j \wedge j \rightarrow k \implies i \rightarrow k$

Two special infons are assumed, a most specific infon ( $\perp$ ) and a least specific (most general) one ( $\top$ ). They are characterized by:

**Axiom 11 (top element)**  $i \rightarrow \top$

**Axiom 12 (bottom element)**  $\perp \rightarrow i$

These properties state that the infon  $\perp$  is a specialisation of every infon whereas every infon is a specialisation of  $\top$ . As such,  $\top$  can be interpreted as a *world-view*. An example would be the view that the world consists of keywords and collocations of keywords. Another example would be the view that the world consists of *concepts* (in which case the lattice-structure would be a *concept lattice*). Similarly,  $\perp$  can be interpreted as the infon that is so specific that is no longer meaningful. Example 5.1 illustrates how keywords can be used as operationalize an infon algebra in practice.

**Example 5.1 (Flat keyword lattice)** *The most simple indexing mechanism for documents is to use a set of keywords. Each keyword represents some semantical unit. We extend this set with two special 'keywords':  $\perp$  and  $\top$ . In*

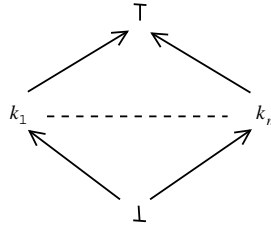


Figure 6: The lattice for keywords

*its most simple form, all keywords are assumed to be independent. As a consequence, if  $i \rightarrow j$  then either  $i = \perp$  or  $j = \top$ . The resulting structure is called the flat keyword lattice. Figure 6 illustrates such a structure.*

### 5.1.3 Infons and information value

In the previous subsection we've presented properties of infon algebras. Resources can be used by using the containment relation: the resource is seen as a big infon which can be decomposed using the specialisation operator. Similarly, the knowledge / information gap of searchers can be expressed as an infon.

Still, we're faced with the problem of 'implementing' infons as they are merely a conceptual construct. Concept lattices [Wille, 1982] or (power)index expressions [Bruza, 1990] seem to be a logical choice. In Section 6 we will present an example that uses index expressions.

## 5.2 Structural value

As was explained before, the structural value of a resource on the Web has to do with its form and format. We have presented a model for resources / information supply in [Gils et al., 2004, Gils et al., 2005]. To explain the structural value of assets we re-use parts of this model here. Let  $\mathcal{RS}$  be the set of all resources, and  $\mathcal{IR}$  be the set of all *information resources*. Information resources are ‘things’ (in the real world) and resources are *about* these information resources (see Section 5.1). The combination of a resource and the information resource(s) it is about is called a *representation*. Let  $\mathcal{RP} \subseteq \mathcal{RS} \times \mathcal{IR}$ ,  $\text{InfoRes} : \mathcal{RP} \rightarrow \mathcal{IR}$  and  $\text{DataRes} : \mathcal{RP} \rightarrow \mathcal{IR}$ . In other words, the fact that resource *monalisa.eps* is a representation being about information resource *The Mona Lisa* (the painting) is modeled as follows:

$$r \in \mathcal{RP} \text{ such that } \text{InfoRes}(r) = \textit{The Mona Lisa} \wedge \text{DataRes}(r) = \textit{monalisa.eps}$$

The relation between resources and information resources is many to many (signifying that resources can be about more than one information resource and that an information resource can be represented by more than one resource). Furthermore, representations can be *typed*. The typing of representations deals with the *form* of resources. For example: resource *monalisa.txt* and *monalisa.eps* are both about information resource *The Mona Lisa*. One, however, is a *textual description* whereas the other is a *picture of*.

Similarly, the resources themselves are also typed, signifying the format issues. For example, the resource *monalisa.eps* is a *EPS* file (resource type).

Let  $\mathcal{EL} = \mathcal{RP} \cup \mathcal{RS}$  be the set of all *elements*. Also, let  $\mathcal{RP}_\tau$  denote the representation types (forms),  $\mathcal{RS}_\tau$  denote the resource types (formats) and  $\mathcal{TP} = \mathcal{RP}_\tau \cup \mathcal{RS}_\tau$  then  $\text{HasType} : \mathcal{EL} \rightarrow \mathcal{TP}$ . Obviously, all elements must be typed:

**Axiom 13 (Total typing)**  $e \in \mathcal{EL} \implies \exists_{t \in \mathcal{TP}} [e \text{ HasType } t]$

This (brief outline of the) model illustrates how the form/ format issues work. It does not, however, explain how (resources with) forms/ formats can be compared in terms of value. For example:

- Is a *PDF* more valueable than a *HTML* file when a searcher really wants a *Word* document?
- Is a *Summary* more valueable than a *keyword-list* when a searcher really wants a *movie*?

One of the tasks of brokers on the information market is to estimate the *aptness* or resources to searchers<sup>4</sup>. Brokers can, however, be value adding by *transforming* resources such that the form/ format is changed according to the searchers desires. In the remainder of this section we will outline a transformation framework (based on our earlier work, e.g. [Gils et al., 2004, Gils et al., 2005]).

---

<sup>4</sup>We use the term aptness to indicate the valuation of resources on the Web. Aptness is more than just (topical) relevance!

Transformations transform one resource into another. More specifically, a transformation transforms instance of an input type to another instance of its output type. More formally, let  $\mathcal{TR}$  be the set of all transformations and let  $\text{Input}, \text{Output} : \mathcal{TR} \rightarrow \mathcal{RP}_\tau$ . For example, let  $T \in \mathcal{TR}$  be a transformation with  $\text{Input}(T) = \text{HTML}$  and  $\text{Output}(T) = \text{PDF}$ . Applying this transformation to a *HTML* file will result in a *PDF* file. However, if this transformation is applied to a non *HTML* file then the result will be void. As an abbreviation we introduce:

$$t_1 \xrightarrow{T} t_2 \triangleq \text{Input}(T) = t_1 \wedge \text{Output}(T) = t_2$$

Note that  $T \in \mathcal{TR}$  is merely the name/ placeholder for a transformation. Its actual semantics (what the transformation does) is denoted by  $\vec{T}$  such that the application of this transformation to a resource  $r_1$ , resulting in  $r_2$  is denoted as  $\vec{T}(r_1) = r_2$ . Lat but not least, (complex) transformations can be constructed from other transformations as long as the input type of one transformation matches the output type of the other transformation. The semantics of the complex transformation, then, is the application of one transformation after the other:

$$t_1 \xrightarrow{T_1} t_2 \wedge t_2 \xrightarrow{T_2} t_3 \implies \exists_{T_3} [t_1 \xrightarrow{T_3} t_2 \wedge \vec{T}_3 = \vec{T}_2 \circ \vec{T}_1]$$

An example illustrates how this can be used. Let  $t_1 \in \mathcal{RS}_\tau$  is the type *HTML* and  $t_2 \in \mathcal{RS}_\tau$  is the type *Ascii*. Furthermore, let  $t_1 \xrightarrow{T_1} t_2$  and  $t_2 \xrightarrow{T_2} t_3$  where  $T_2$  is an abstract generator for *Ascii* files. Suppose a searcher prefers his resource to be an abstract in *Ascii*. If a broker finds a *HTML* file which is not an abstract (full-text) then transforming it will improve the aptness for this specific searcher. I.e. the browser is value adding!

### 5.3 Emotional value

The previous subsections suggest that it is possible to deal with informational value and structural value. In this section we (briefly) consider emotional value. Emotional value deals with such aspects as:

- How *pretty* is a resource (e.g. a picture)
- How *eloquent* is a poem.
- In what mood is the searcher.

Surely enough, these influence the search process. For example, if a searcher is in a mood where s/he's highly motivated to learn about a topic for an exam then s/he will (mentally) be better equipped to read and study complex material than in other situations (i.e. in a *lazy* mood). Unfortunately, it is not clear how to deal with this notion of value on the information market. This is part of future research.

## 6 Application

In previous sections we have outlined a theorie to discuss transactions on the information market from an economic perspective. Our claim is that such theory

not only provides insight in retrieval problems on the Web, but can also be used as aid for designing and implementing novel search tools. In this section we will present an example of how a retrieval system could work using our view on *value*. Furthermore, we will show which transactions take place.

## 6.1 Setting

The setting for our “experiment” is a digital library (DL) for scientific papers and data. This DL offers several resources:

- scientific publications and a wide range of meta-data (i.e. when it was published, by whom, in which journal etcetera),
- relations between publications such as citations/references,
- profiles of authors consisting of a short bio, research interests and a list of past publications,
- a wide range of datasets in either XML or ASCII format.

Each of these resources are available in a variety of forms ( $\mathcal{RP}_\tau$ ) and formats ( $\mathcal{RS}_\tau$ ). To facilitate (potential) customers, the DL offers freebies such as abstracts of scientific articles or a small subset of a dataset.

The DL offers search functionality which is being taken care of by an external player (broker). As such, there is a transaction between the broker and the DL: Let  $s$  denote the search service as offered by the broker (denoted  $B$ ) for a certain period and let  $p_1$  denote the payment for this service by the DL (denoted  $D$ ):

$$T = \{s[D]p_1, p_1[B]s\}$$

The broker is faced with the problem of characterising the resources offered by the DL. In terms of our model this means that it must be able to calculate the *value* of resources to searchers. Since (it is presumed that) emotion has no place in scientific publications and data sets, this characterisation is based on informational value and structural value. The task of the broker can be summarized as follows:

*Compose the true information need of a searcher in terms of informational value and structural value, and present the apt resources to her.*

## 6.2 Informational value

In Section 5.1 we have described how infons can be used to represent an informational value domain. However, we observed that infons are intangible, they can not be directly harvested from resources. One of the main properties of the described infon algebra is that it forms a lattice. We propose to use index expressions to construct such a lattice structure which is commonly called a power index expression (See e.g. [Bruza, 1990]). Index expressions have the following syntax:

$$\begin{array}{ll} \text{IdxExpr} & \rightarrow \text{Term \{Connector IdxExpr\}^*} \\ \text{Term} & \rightarrow \text{String} \\ \text{Connector} & \rightarrow \text{String} \end{array}$$

Brackets can be used to disambiguate base index expressions. Also,  $\cdot$  denotes the empty connector. An example of such a base index expression is **attitudes to (courses of students) in universities**. Another example is the expression **attitudes of (students of universities) to (war in Vietnam)**. The lattice structure called power index expression is the set of all index subexpressions including the empty index expression denoted (in conformance to our infon algebra)  $\perp$ . The power index expression of the last example is shown in Figure 7. More details on the construc-

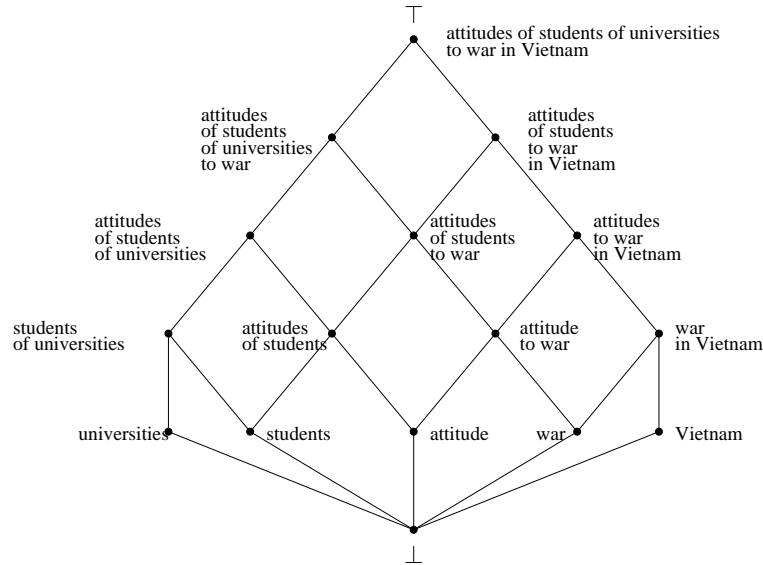


Figure 7: Example of a power index expression

tion of indexexpressions is provided in [Bruza and Weide, 1990, Bruza, 1990].

Simply put, we use (power)index expressions as a representation for infons. For each node in the power index expression the broker records which resources are (topically) relevant, i.e. have a high informational value. Searching can now be implemented using *Query by Navigation*(See e.g. [Bosman et al., 1998, Grootjen, 2000, Hofstede et al., 1996]). This works as follows:

- The searcher gives the broker an index expression to start with (in its shortest form this is a single **Term**).
- The broker finds the node in the lattice confirming to this index expression and offers te searcher the opportunity to either specialize or refine his query untill she is satisfied.
- Once the searcher is done specifying (the informational part) of her need the broker ‘knows’ which resources to work with.

### 6.3 Structural value

The structural value of resources is put to the fore by their forms, formats and the relations they have with other resources as the following examples of

(structural aspects of) queries show:

- The resource must be in the format PDF.
- The resource must be an author profile.
- The resource must have a reference to my own article.
- The resource must be based on dataset  $x$ .

In Section 5.2 we presented a framework for transformations. With these transformations we can manipulate form and formats of resources meaningfully; that is, if user preferences are known. In other words, the broker must figure out the user preferences with regard to form and format while composing a query consisting of the true information need. This, obviously, also includes the relational aspects as illustrated in the above example.

To “retrieve” the necessary information from the user (i.e. to construct his information need) the broker can deploy many different ways. For example, the broker may offer a form which must be filled in, or it may engage in a dialog (using some formal language) with the searcher.

## 6.4 Searching

The search process roughly consists of two phases: the *query formulation* phase and the *processing & presentation* phase. During the query formulation phase the

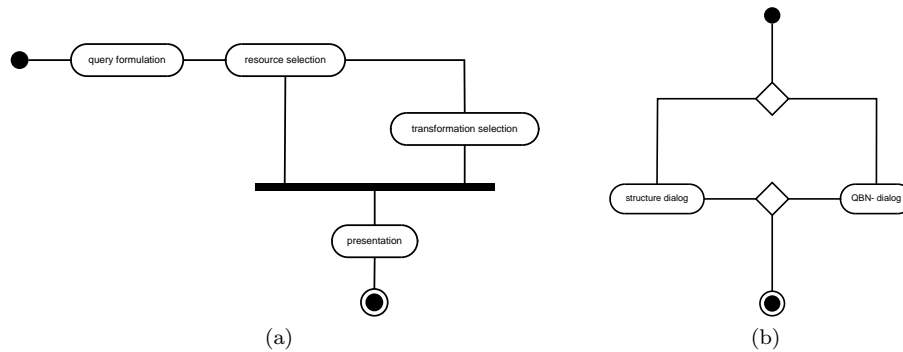


Figure 8: Search process for the broker

broker interacts with a searcher to capture her information need. During the processing and presentation phase, the broker selects possible transformations to operate on the resources that were selected during the first phase<sup>5</sup>. Last but not least, the final results (that is: with the *apt* resources) are presented to the user. Figure 8a illustrates the overall process, whereas Figure 8b illustrates the query formulation process. The latter is fairly simple: the user can either start by specifying the informational part of his information need or with the structural part. After that she can go back and forth between the two until satisfied with her query.

<sup>5</sup>It is beyond the scope of this paper to present the nitty gritty details of a transformation selection algorithm. For details of such an algorithm see [Gils et al., 2005].

## 6.5 A search scenario

Searcher J. Random Searcher (JRS), a Ph D student in information retrieval, surfs to the digital library for scientific data, being interested in a certain paper. She has recently read an article and wants to learn more about *index expressions*. She contacts a search-broker to assist her in her search. A dialog with the broker follows. JRS starts out by specifying the topic of her search: *index expressions*. The broker processes these keywords and presents her with part of the graph shown in Figure 9, showing the power index expression representing the brokers knowledge of the world. Not being completely satisfied with her

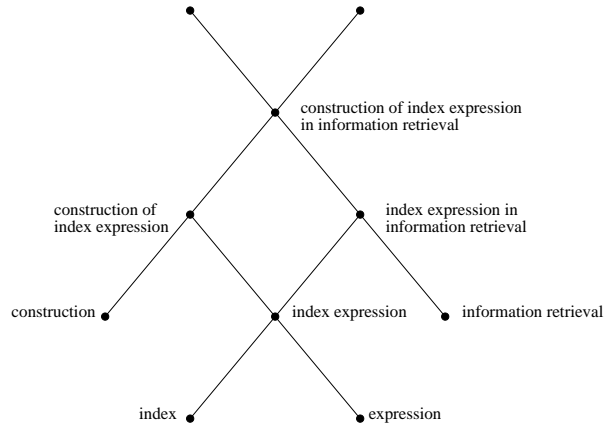


Figure 9: The brokers knowledge of the world (partial)

query, she navigates via index expressions in information retrieval to construction of index expressions in information retrieval. Being satisfied with this part of her query, JRS moves on to specify the structural aspects of her information need. Just to be on the safe side, she indicates the search results must have a reference to [Bruza, 1990]. This also increases the chance of finding scientific papers. Furthermore, she indicates that the results must be available to her in *PDF* the format. As an after thought she indicates that the results must be in the form “scientific paper”, just to be sure. This completes the query formulation fase.

The search broker now compiles the query and searches through its resources, finding exactly one relevant resource which is a scientific paper: [Ounis and Huibers, 1997]. Unfortunately this resource is only available in the *Postscript* format. After a check, it turns out that a transformation to *PDF* is available so it prompts JRS with the message that it has found 1 relevant resource. Once she accepts the resource (i.e. indicates that she wants to download it) the broker actually executes the transformation and presents JRS with the mentioned resource in the proper format.

From the perspective of JRS this transaction was succesful if the broker did a good job of assessing the value of this resource for her; more specifically, the transaction is succesful if she perceives the resource to be more valueable than the time and effort she spent in getting it. In that case the broker succeeded in being *value adding* while setting up this transaction.

## 7 Conclusions & future work

In this paper we have presented a formal model for transactions on the Web, from an economic point of view. The core building blocks for this model are the *players* on the web (suppliers, searchers, brokers) and the notions of *value* and *transaction* and the basic observation is that players engage in a transaction if they expect its benefit to exceed its costs. Two interesting observations about transactions on the *information market* are the fact that transactions have a time-aspect and that they are one-to-many: there may be a large difference in time between publishing a resource and downloading it and many people can download (more specifically: make a copy of) this resource. Another interesting aspect deals with the notion of value: value is not ‘tangible’ and seemingly impossible to measure. We propose to use 3 dimensions on this value notion: informational value (dealing with the topic/ content of a resource), structural value (dealing with issues such as form and format of resources) and emotional value (dealing with issues such as beauty of resources, or the *cognitive load* associated with consuming it).

Even though our model is mainly descriptive in nature, some important lessons can be learned from it. First of all, the observation that value is multi-dimensional on the information market suggests that the traditional method for measuring the *topical relevance* of resources is insufficient; there’s more to it than that. We propose to use *aptness* instead. Secondly, the role of brokers on the information market is not to be underestimated since (almost) all transactions are facilitated by brokers. These brokers facilitate in setting up transactions and are value adding for all parties. Note that these brokers should evolve to a situation where they can also use the aptness notion.

Also, the results presented in this paper raise some questions for future research, closely related to the value notion as explained in Section 5 and the search process as outlined in Figure 8:

**characterisation of resources** : the multi-dimensional value notion works rather nicely in theory. However, implementing in practice may be much more difficult. More specifically: how will the resources on be characterized? Can the relations (and their types), the attributions (and their types) be recognized automagically? How well will the transformation inferences work in practice? How will emotional value be measured, if at all?

**value addition by brokers** : in order for brokers to be effective they must be able to assess the value of resources to searchers. Even more, they must be value adding to the publishers of these resources as well. Smart brokers should exploit their unique position on the market to make both parties as well off as possible.

**query construction** : in the search process there is a query formulation phase which consists of two (repeating) steps. Combining the results of these steps in a proper query is, probably, a challenge in itself.

**interface** : designing and implementing a user interface for brokers on is, probably, an interesting challenge, especially in the dialog-form.



In our future work we will work on solving these interesting puzzles. Currently we are exploring the notion of *quality* which is closely related to that of value. More specifically, we attempt to create a formal model for quality and make it quantifiable so that it can be used in real systems. This will bring us one step closer to dealing with the challenges posed by the information market.

## References

- [Alstyne, 1999] Alstyne, M. V. V. (1999). A proposal for valuing information and instrumental goods. In *Proceeding of the 20th international conference on Information Systems*, pages 328–345, Charlotte, North Carolina, USA. Association for Information Systems. ISBN ICIS1999-X
- [Barendregt, 1984] Barendregt, H. (Revised Edition, 1984). *The Lambda Calculus: Its Syntax and Semantics*, volume 103 of *Studies in Logic and the Foundations of Mathematics*. North-Holland, Amsterdam, The Netherlands, EU.
- [Barwise, 1989] Barwise, J. (1989). *The Situation in Logic*. CSLI Lecture Notes. CSLI, Stanford University, Stanford, California, USA.
- [Barwise and Etchemendy, 1990] Barwise, J. and Etchemendy, J. (1990). Information, infons, and inference. In Cooper, R., Mukai, K., and Perry, J., editors, *Situation theory and its applications*, volume 1 of *CSLI Lecture Note Series*, pages 33–78. Center for the study of language and information, CSLI.
- [Bommel et al., 2005] Bommel, P. v., Gils, B. v., Proper, H. E., Schabell, E., Vliet, M. v., and Weide, T. v. d. (2005). Towards an information market paradigm. In Belo, O., Eder, J., Pastor, O., and Falcão e Cunha, J., editors, *Forum proceedings of the 17th Conference on Advanced Information Systems 2005 (CAiSE 2005)*, pages 27–32, Porto, Portugal, EU. FEUP, Porto, Portugal, EU. ISBN 972-752-078-2
- [Bosman et al., 1998] Bosman, F., Bruza, P., Weide, T. v. d., and Weusten, L. (1998). Documentation, cataloging and query by navigation: A practical and sound approach. In Nikolaou, C. and Stephanidis, C., editors, *Research and Advanced Technology for Digital Libraries, 2nd European Conference on Digital Libraries '98, ECDL '98*, volume 1513 of *Lecture Notes in Computer Science*, pages 459–478, Heraklion, Crete, Greece, EU. Springer Verlag, Berlin, Germany, EU.
- [Bruza, 1990] Bruza, P. (1990). Hyperindices: A novel aid for searching in hypermedia. In Rizk, A., Streitz, N., and Andre, J., editors, *Hypertext: Concepts, Systems and Applications; Proceedings of the European Conference on Hypertext - ECHT 90*, number 5 in Cambridge Series on Electronic Publishing, pages 109–122, INRIA, Paris, France, EU. Cambridge University Press, Cambridge, United Kingdom, EU. ISBN 0-521-40517-3
- [Bruza et al., 2000] Bruza, P., Dennis, S., and McArthur, R. (2000). Interactive internet search: keyword directory and query reformulation mechanisms compared. In *Proceedings of the 23rd Annual ACM Conference of Research and*

*Development in Information Retrieval (SIGIR'2000)*, Athens, Greece, EU. ACM Press. ISBN 1-58113-226-3

- [Bruza and Proper, 1996] Bruza, P. and Proper, H. (1996). Discovering the information that is lost in our databases – why bother storing data if you can't find the information? Technical report, Distributed Systems Technology Centre, Brisbane, Australia.
- [Bruza and Weide, 1990] Bruza, P. and Weide, T. v. d. (1990). Two level hypermedia - an improved architecture for hypertext. In Tjoa, A. and Wagner, R., editors, *Proceedings of the Data Base and Expert System Applications Conference (DEXA 90)*, pages 76–83, Vienna, Austria, EU. Springer, Berlin, Germany, EU. ISBN 3-211-82234-8
- [Chen, 1976] Chen, P. (1976). The entity-relationship model: Towards a unified view of data. *ACM Transactions on Database Systems*, 1(1):9–36.
- [Codd, 1970] Codd, E. (1970). A Relational Model of Data for Large Shared Data Banks. *Communications of the ACM*, 13(6):377–387.
- [Cruse, 2000] Cruse, A. (2000). *Meaning in Language, an Introduction to Semantics and Pragmatics*. Oxford University Press, Oxford, United Kingdom, EU. ISBN 0-198-70010-5
- [Date, 1986] Date, C. (1986). *An Introduction to Data Base Systems*. Addison-Wesley, Reading, Massachusetts.
- [Devlin, 1990] Devlin, K. (1990). Infons and types in an information-based logic. In Cooper, R., Mukai, K., and Perry, J., editors, *Situation theory and its applications – Volume 1*, volume 1 of *CSLI Lecture Note Series*, pages 79–96, Stanford, California, USA. CSLI, Stanford University.
- [Gils et al., 2004] Gils, B. v., Proper, H., and Bommel, P. v. (2004). A conceptual model for information supply. *Data & Knowledge Engineering*, 51:189–222.
- [Gils et al., 2005] Gils, B. v., Proper, H., Bommel, P. v., and Weide, T. v. d. (2005). Typing and transformational effects in complex information supply. Technical report, Radboud University Nijmegen, Institute for Computing and Information Sciences, Nijmegen, The Netherlands, EU. Submitted to Information Systems.
- [Grootjen, 2000] Grootjen, F. (2000). Employing semantical issues in syntactical navigation. In *Proceedings of the 22nd BCS-IRSG Colloquium on IR Research*, pages 22–33, Cambridge, United Kingdom, EU.
- [Halpin, 1995] Halpin, T. (1995). *Conceptual Schema and Relational Database Design*. Prentice-Hall, Sydney, Australia, 2nd edition.
- [Hofstede, 1993] Hofstede, A. t. (1993). *Information Modelling in Data Intensive Domains*. PhD thesis, University of Nijmegen. ISBN: 90-9006236-X
- [Hofstede et al., 1996] Hofstede, A. t., Proper, H., and Weide, T. v. d. (1996). Query formulation as an information retrieval problem. *The Computer Journal*, 39(4):255–274.

- [Holbrook, 1999] Holbrook, M. b., editor (1999). *Consumer value, a framework for analysis and research*. Routledge, 270 Madison Ave, New York, NY 10016, USA. ISBN: 0415191939
- [Katz and Rosen, 1994] Katz, M. and Rosen, H. S. (1994). *Microeconomics*. Irwin, 2nd edition. ISBN 0-256-11171-5
- [Landman, 1986] Landman, F. (1986). *Towards a Theory of Information*. Foris.
- [Nijssen, 1989] Nijssen, G. (1989). *Grondslagen van Bestuurlijke Informatie Systemen*. Nijssen Adviesbureau voor Informatica B.V. In Dutch.
- [Ounis and Huibers, 1997] Ounis, I. and Huibers, T. (1997). A logical relational approach for information retrieval indexing. In Rijsbergen, C., editor, *Information Retrieval Research, Proceedings of the 19th Annual BCS-IRSG Colloquium on IR Research*, Aberdeen, Scotland, EU.
- [Pedersen and Jensen, 1998] Pedersen, T. and Jensen, C. (1998). Multidimensional data modeling for complex data. In *Proceedings of the 15th International Conference on Data Engineering*, pages 336–345. IEEE Computer Society. ISBN 0-7695-0071-4
- [Rijsbergen, 1975] Rijsbergen, C. v. (1975). *Information Retrieval*. Butterworths, London, United Kingdom, EU.
- [Rijsbergen and Lalmas, 1996] Rijsbergen, C. v. and Lalmas, M. (1996). Information calculus for information retrieval. *Journal of the American Society for Information Science*, 47(5):385–398.
- [Rijsenbrij, 2004] Rijsenbrij, D. (2004). *Architectuur in de digitale wereld (versie nulpunt drie)*. Nijmegen Institute for Information and Computing Sciences, Radboud University Nijmegen, Nijmegen, The Netherlands, EU. In Dutch. ISBN 90-90188285-3
- [Salton and McGill, 1983] Salton, G. and McGill, M. (1983). *Introduction to Modern Information Retrieval*. McGraw-Hill, New York, New York, USA.
- [Shannon and Varian, 1999] Shannon, C. and Varian, H. (1999). *Information Rules, a strategic guide to the network economy*. Harvard Business School Press, Boston, Massachusetts, USA. ISBN 0-975-84863-X
- [Stillings et al., 1995] Stillings, N., Weisler, S., Chase, C., Feinstein, M., arfield, J., and Rissland, E. (1995). *Cognitive Science, an introduction*. Massachusetts Institute of Technology, Massachusetts, USA, second edition. ISBN 0-262-19353-1
- [Sugden, 2003] Sugden, R. (2003). Reference-dependent subjective expected utility. *Journal of economic theory*, 11(2):172–191.
- [Tardieu and Gyselinck, 2003] Tardieu, H. and Gyselinck, V. (2003). Working memory constraints in the integration and comprehension of information in a multimedia context. In Oostendorp, H. v., editor, *Cognition in a digital world*, chapter 1, pages 3–24. Lawrence Erlbaum Associates, Hillsdale, New Jersey, USA. ISBN 0-805-83507-5

- [van Oostendorp, 2003] van Oostendorp, H., editor (2003). *Cognition in a digital world*. Lawrence Erlbaum Associates, Mahway, New Jersey, USA. ISBN 0-8058-3507-5
- [Varian, 1996] Varian, H. (1996). *Intermediate Microeconomics, a modern approach*. Norton, New York, USA, 4th edition. ISBN 0-393-96842-1
- [Vishik and Whinston, 1999] Vishik, C. and Whinston, A. (1999). Knowledge sharing, quality, and intermediation. In *Proceedings of the international joint conference on Work activities coordination and collaboration*, pages 157–166, San Francisco, California, USA. ACM Press. ISBN 1-58113-070-8
- [Vitruvius, 1999] Vitruvius, M. (1999). *Handboek Bouwkunde*. Athenaeum – Polak & Van Genneep, Amsterdam, The Netherlands, EU. Translated by: T. Peters. ISBN 90-253-5870-5
- [Wiki, 2004] Wiki (2004). Vitruvius. Last checked: 26-Oct-2004.  
<http://en.wikipedia.org/wiki/Vitruvius>
- [Wiki, 2005a] Wiki (2005a). Asset. Last checked: 29-March-2005.  
<http://en.wikipedia.org/wiki/Asset>
- [Wiki, 2005b] Wiki (last updated: 13 Mar 2005b). Economics. Wikipedia, the free encyclopedia.  
<http://en.wikipedia.org/wiki/Economics>
- [Wille, 1982] Wille, R. (1982). *Restructuring lattice theory: An approach based on hierarchies of concepts*. D. Reidel Publishing Company, Dordrecht-Boston.