

Economic analysis of competition for attention - the case of digital entertainment sectors

"We compete with (and lose to) Fornite more than HBO."

- Netflix letter to shareholders, 2019.

As Netflix expanded across the world, consumers praised it for the user experience, relatively low costs and for allowing to access almost everything in one place. Today, the streaming space is populated with the likes of Amazon Prime Video, HBO GO, Hulu, AppleTV+, Disney+ and many others, with new entrants arriving just within the next year. To the growing frustration of subscribers, each of these services now boasts exclusive, high-profile and attention-grabbing content, making consumption more expensive in terms of money and the time needed to navigate the increasingly large number of services.

Similar trends are on the way for several other digital entertainment sectors, but the largest change is that the boundaries between the sectors have begun to disappear. The amount of content to choose from has contributed to attention scarcity, whereas consumers lack time to discover new titles. As such, each new title has to win the interest at the expense of others - be they from the same entertainment sector or others.

This change from a market driven by within-sector competition for consumers' money to a market driven by global competition for consumers' attention carries important effects at three levels. First, it affects how the market operates, with the cross-sector competition meaning that releases of different forms of entertainment affect the demand for each other. Second, it affects the way firms strategise and the way they use technology to capture and retain consumer attention. Third, it affects the way consumers use content and their concerns on how their data is being used. Yet, the exact effects of these "attention economics" have not received much scrutiny from academics.

Thus, the goal of this project is to provide new insights on the changing dynamics within the digital entertainment sectors. Our project will uncover whether the peak attention has indeed been reached and the extent of the cross-sector competition for attention. In this context it will analyse whether the COVID-19 pandemic affected the observed relationships. It will look at how firms attract attention to their brands or derivative works and subsequently steer it towards monetized channels. Finally, it will consider the value consumers place on their privacy and data and what these consumers get in exchange for their attention.

To achieve all these outcomes, the project will rely on new data collected directly from the internet with tools developed specifically for the project. Moreover, the data will be supplemented with purchased data (from third party market observers) and with laboratory, field and survey experiments aimed to gauge user valuation of data privacy. The data collected in the project will then be analysed using state-of-the-art econometric modelling and statistics.

Our results will help push forward the current knowledge on attention economics and its effects on the society and the market. The conducted studies will be published in academic outlets, and our findings will be presented at international conferences. We will also share the findings over social media channels so they may reach a more general audience of consumers whom these studies concern.