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Management and Marketing
Public Webinar

Paying Consumers for Attention

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University of Toronto

Date: 10 Jun 2022 (Fri)
Time: 9:00 – 10:30 a.m. (Public lecture)
        10:30 – 11:00 a.m. (Q&A session)
Venue: Online via Zoom

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Abstract

Paying-consumers-for-attention through a decentralized system is intended to deal with the (low) attention quagmire of the current digital advertising system. This paper provides an analytical study of the performance of such a decentralized advertising system which lets consumers choose ad volume and pays consumers for their attention using a cryptocurrency (attention token). Our analysis shows that attention compensation, by reducing consumer's *net attention cost*, can motivate high consumer attention and improve the efficiency of ad volume. Moreover, the equilibrium net attention cost decreases with the advertiser's benefit from matching the products with consumer needs. Thus, paying-consumers-for-attention can better align the interests of consumers and the platform. Our analysis also shows that the net attention cost decreases with consumer's matching value in a decentralized system, but the result is opposite in a centralized system. Thus, the decentralized system is customer-centric by allowing consumers (not the platform) to reap their attention benefits. Finally, when the attention monitoring technology is imperfect, the performance of the decentralized system is more robust to the noise in monitoring low attention. Overall, our analysis indicates that the emerging decentralized attention compensation systems can be effective in improving the prevalent platform-based digital ad system.

Mengze Shi is the Ellison Professor of Marketing at Rotman School of Management, Univ. of Toronto. His research has focused on incentives and motivation mechanisms - how people respond to different consumer and sales incentive programs and how organizations should design the programs. He also studies how the advances in information technologies can shape the marketing and sales practices. Mengze is an Associate Editor of Management Science and a member of the Editorial Review Board of Marketing Science. At Rotman School, he teaches at different levels of programs and has been serving as the marketing area's PhD program coordinator.