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How Money Follows Attention—Eventually

And how media companies must reinvent themselves during the lag time.

By Kevin Kelly on October 28, 2010

There has never been a better time to be a reader, a listener, or a watcher of human creativity. An exhilarating torrent of books, music, movies, games, apps, and interactive media creations rushes before us. Every year the river widens–in volume, diversity, and ease of access. In every dimension, media today is at a high-water mark of glorious plenitude.

But while consumers have never been better served, the publishers, broadcasters, studios, and labels that have been producing this content are worried sick that their end is near. Once masterpieces are digitized by ubiquitous chips, their bits instantly drain into a fast-flowing river of cheap data, removing the distinction between original and copy and destroying the business logic that funded their creation. To make matters worse, these same digitizing chips encourage amateurs to get out of their armchairs and make, sell, and distribute what they themselves want to consume.

Nothing will stop the flow of bits, of course, but there is good reason to believe that some of the traditional intermediaries will survive and thrive again. The secrets to the new business models can be found in the data showing how money follows the only scarce resource we have: our time to pay attention.

In the marketplace that is taking shape, what you'll pay for is not the content itself but the answer to this question: What do I pay attention to next? We all need help navigating the digital wilds. Someone, or something, has to choose or whisper in our ear to help us decide. These entities can be collaborative filters, recommendation engines, social networks, or opinion herders like Rush or Oprah. The revitalized institutional curators–what we used to call publishers, labels, studios, TV networks, magazines, and newspapers–will only survive by figuring out how to join them as the new attention managers.

If attention is the foundation of wealth in this digital economy, then the economic data of the last few decades should show that real money flows to where attention flows. In fact, that is just what the data show. To see how this happens, I began by charting the total annual revenue for various media platforms over time **(chart 1)**.

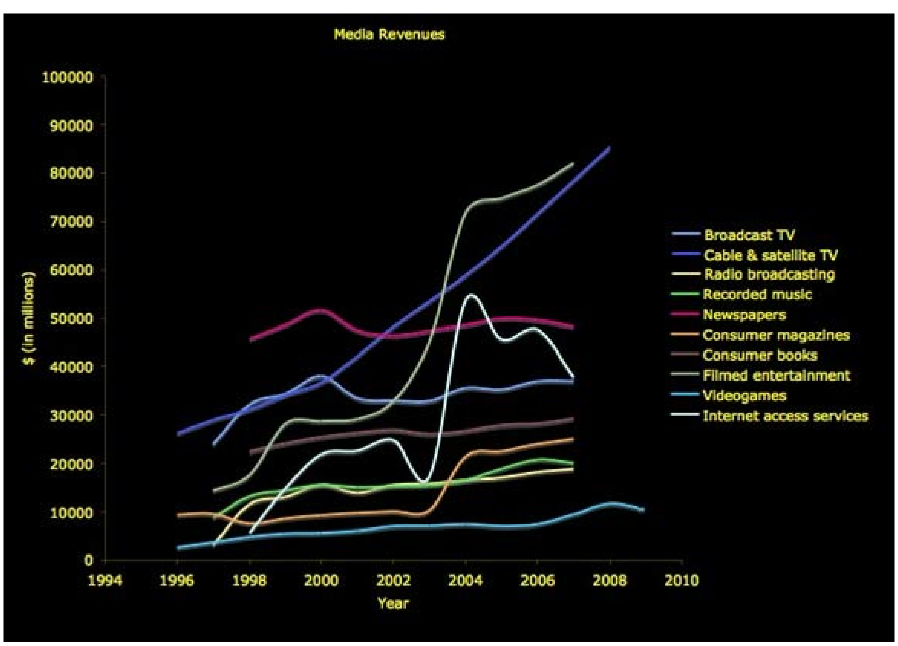

Chart 1: Over the past 15 years, cable and satellite TV revenue has surged while other media have seen revenue remain flat. Internet revenue has boomed, but competition has caused a drop-off in recent years.

For instance, the entire newspaper industry in the United States took in $46 billion in 1998 and then remained about the same size through 2007. However, total revenue for the U.S. cable and satellite TV industry was $26 billion in 1996 and zoomed to $78 billion by 2007. Over this time, most media platforms remained steady. The Internet has indeed seen a financial surge–although increased competition has caused revenue to fall in more recent years.

What about attention itself? I used U.S. Statistical Abstract data to calculate the total "cognitive spending" on media types. The average American spends 1,010 hours a year watching cable and satellite TV, meaning that Americans as a whole gave 305 billion hours of attention to those media in 2007. Broadcast TV garners 204 billion hours–less, but still significant. In aggregate, Americans devote more than half a trillion hours of attention to television per year. Outside of radio, no other medium approaches that amount. The total time spent on the Internet is not even close (chart 2).

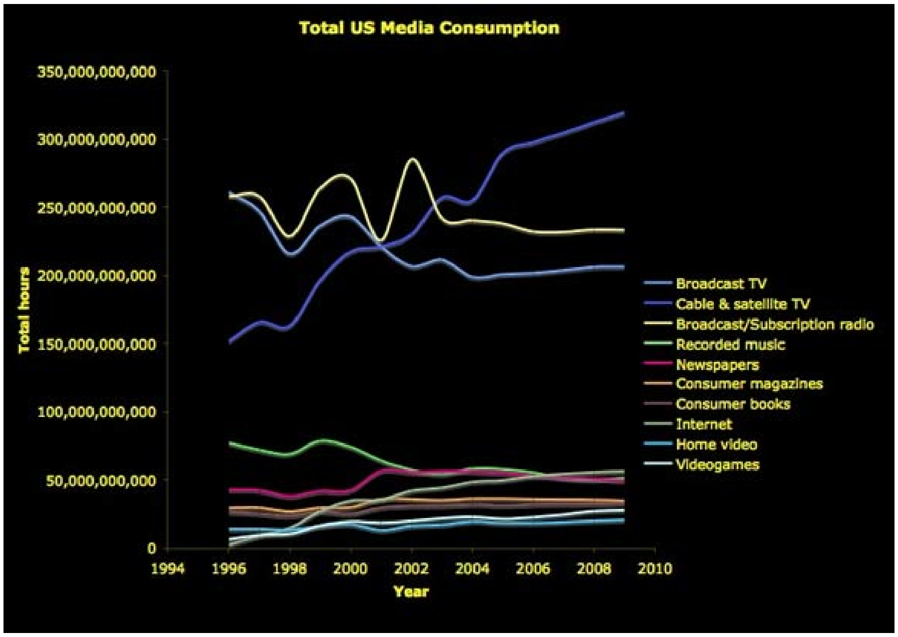

Chart 2: By far the most media hours go to television as a whole, but they have flowed to cable and satellite and away from traditional broadcast TV. Radio has also remained high.

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