

THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY

Department of Information Systems, Business Statistics and Operations Management

IS SEMINAR ANNOUNCEMENT



“If It’s Enraging, It’s Engaging” - Exploitive Design in Information Platforms and the Attention Economy

by

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DATE	3 November 2023 (Friday)
TIME	09:00 am - 10:30 am
VENUE	1/F Classroom (Room 1026), LSK Business Building

ABSTRACT

Digital platforms, particularly those focused on information dissemination, predominantly use indirect business models which treat user attention as raw materials to be monetized through advertising or sale of personal data. Such platforms are criticized for using exploitive design, maximizing attention at the cost of user well-being, amplifying harmful information, and fostering addiction. This paper studies competition between a free platform reliant on attention-based monetization and a hypothetical “for-fee” platform that prioritizes user wellbeing, forfeits attention revenue, and is funded through user fees. Modeling the economic forces that govern an attention-based platform’s choice of exploitive design, we find that a for-fee platform can compete with a free platform under standard conditions, but it faces significant challenges when network effects drive users’ utility. The paper proposes to mitigate this problem through an attention tax on platforms, turning this revenue into a voucher with which platform users can pay subscription fees to for-fee platforms. This proposal shifts the competitive demand curves when the two types of platforms compete, incentivizes users to switch to the for-fee platform, making it more desirable while still allowing the free platform to operate. The shift in user demand (as long as the subsidy and tax is not too extreme) also causes the attention-driven platform to alleviate its use of exploitive design. Hence this proposal not only enables a match between benign platforms and quality-sensitive users, but it also creates a better option for the more vulnerable segment of the population which continues to rely on the free platform.

Keywords: *Platforms, Design, Addiction, Exploitive, Revenue*

BIOGRAPHY

Professor Hemant K. Bhargava is an academic leader in economic modeling and analysis of technology-based business and markets. His research focuses on decision analytics and how the distinctive characteristics of technology goods influences specific elements of operations, marketing, and competitive strategy, and the implications it holds for competitive markets and technology-related policy. He has examined deeply these issues in specific industries including platform businesses, information and telecommunications industries, healthcare, media and entertainment, and electric vehicles.

Professor Bhargava has published extensively in the top journals Management Science, Operations Research, Marketing Science, Journal of Marketing Research, Information Systems Research, INFORMS Journal on Computing, and Production and Operations Management. He is a Distinguished Fellow of the INFORMS Information Systems Society, and Department Editor (Information Systems) for INFORMS’ flagship journal Management Science. He co-founded the annual Theory in Economics of Information Systems workshop. He co-founded and was the first Academic Director of the UC Davis Master of Science in Business Analytics program. He was listed among the Global 100 Top Academic Data Leaders by Chief Data Officer magazine in 2020.