

Behavioral Economics

Tutorial 7

Music, Movies and Partying

Use theory from the course to analyze

- Whether people will illegally download music and video content
- Why people watch TV and movies
- Why people go to live performances
- Why people listen to pieces of music or view a video more than once
- Why people choose to listen to some kinds of music but not others
- The impact of the design of YouTube on how people watch music videos
- How choices of movies and cinemas at which to view them are made
- Why some people go to a 'nightlife district' for a night out, and others would not for a moment consider doing so

Whether people will illegally download music and video content

- Social norms and motivation to comply with them (see also the Fishbein-Ajzen model)
- Identity and guilt (Kelly, e.g. 'I'm not the sort of person who doesn't pay ...')
- Moral codes as constraints on behaviour (related to social norms, acquired via processes of acculturation in a particular social setting)
- Cognitive dissonance management to justify to oneself what is actually theft of intellectual property (e.g., 'Having done the download, I'm much more likely to attend a concert by this artist and actually pay them money they otherwise wouldn't have got', or 'The artist/star has so much money already and seems mostly to be spending it on drugs anyway...')

Why people watch TV and movies

- 'To get utility' doesn't really tell us much!
- Kelly: To test themselves and assess where they stand in terms of their knowledge, expertise, skills in judgment and likely capacity to be able to cope with particular kinds of events (e.g., quiz shows, anticipating plots in drama, reality TV)
- To enhance their knowledge and capabilities (e.g., of overseas destinations without actually going there)
- To relieve boredom/satisfy need for novelty
- Escapism/diversion from difficulties/limitations of one's own everyday life
- To experience surprise and delight or marvel at what is possible, thereby learning something about the limits of our imagination (cf. Shackle)
- Routine behaviour/habit, without any particular motivation
- Inability to think of anything better to do, given one's set of capabilities
- To gather material that facilitates social interaction

Why people go to live performances

- Not mainly to gather information, since recordings provide an alternative and often superior means of doing so, and at lower cost (see Earl, 2001, 'Simon's Travel Theorem and the demand for live music', *Journal of Economic Psychology*, June)
- Unique occasions not necessarily being recorded, so a unique information flow experience
- Personal status enabling us to 'dine out' on the experience many years later (e.g. 'When I saw XXXX live, ...')
- Excitement of being in a crowd and sharing an experience, not the same listening to/viewing a recording alone
- Ritualistic, paying homage to a performer one worships
- To see who else attends, sense of belonging to a group

Why people listen to pieces of music or view a video more than once

- Limited cognitive capacity is a key issue here: music and video are just flows of information, so repeated consumption can't be taken as obvious if information is readily processed
- Inability to notice all the detail in one viewing/hearing
- Inability to retain the informational content and replay it in one's memory (the opposite of Shackle's notion of 'enjoyment by anticipation')
- It crowds out alternative activities because it has 'hook' lines/aspects we marvel at and can't figure out (i.e., it is attention-arresting, cf. Shackle and Adam Smith's thinking in his *History of Astronomy*, as discussed in Skinner, A. (1979), 'Adam Smith: An Aspect of Modern Economics? *Scottish Journal of Political Economy*, 26(2, June): 109–125)

The impact of the design of YouTube on how people watch music videos

- Key issue here is the allocation of attention when faced with a huge number of alternative possible uses of one's time
- 'Views' statistics and comments may be taken as signals of whether it's worth spending time viewing an item
- Menu of what's up next is always providing temptation to switch rather than view to the end – and the temptation is not a set of random suggestions but is based on one's past viewing record
- Suggested items to view presume we want more of the same, as if we don't run into diminishing returns in areas we've previously pursued.

Why people choose to listen to some kinds of music but not others

- Differences in experience of different genres affects the size of repertoires of constructs consumers have for appreciating particular genres
- Costs of discovering and getting expertise in alternative genres
- Anxiety about ability to appreciate some genres
- Identity associations/clashes – ‘I’m not the sort of person who...
- Avoidance of genres that clash with one’s view of the world
- Peer pressure and peer-sourced information

How choices of movies and cinemas at which to view them are made

- Prices tend to be standardized for a movie at a given venue, so non-price factors cannot be underplayed
- Social dimension: movie often needs to be acceptable to a group of people
- Tick the boxes approach (time, location, genre, rating, classification)
- An 'experience good', so reports from others, especially reviewers matter in assessing it
- Stars as signals of quality? (See De Vany's book *Hollywood Economics*, where the statistics show stars have less box office pulling power than we might think)
- Role of multiplex cinemas in increasing range of choice and cross-promotion of movies
- Role of movie sequences (sequels, prequels, etc.): reduces challenges of getting to understand/anticipate what's happening
- Differences in willingness to face movies that are less straightforward to understand/appreciate – Hollywood versus art-house movies, relate to Kelly on anxiety and (later in the course) Scitovsky's comfort versus pleasure distinction

Why some people go to a 'nightlife district' for a night out, and others would not for a moment consider doing so

- Peer pressure (Fishbein-Ajzen model)
- A means for obtaining new experiences, testing one's ability to cope and proving oneself to others (Kelly)

Versus

- Personal identity inconsistent with Valley image
- 'Visceral' reaction – revulsion at prospect of being in a sordid environment (good discussion of visceral factors in Baddeley's text)
- Anxiety at prospect of not being able to predict and control the situation
- Disapproval of significant social referents coupled with motivation to comply with them (Fishbein-Ajzen)
- Overly expensive when you get there, plus transport costs (conventional economics)
- Over-weighting of risks of violent incidents (one-punch attacks have been much in the news but, statistically the risks may be very low) – cf. Prospect Theory