Towards the engagement economy
Interconnected processes of commodification on YouTube
Ørmen, Jacob; Gregersen, Andreas

Published in:
Media, Culture & Society

DOI:
10.1177/01634437221111951

Publication date:
2023

Document version
Peer reviewed version

Citation for published version (APA):
Towards the engagement economy: Interconnected processes of commodification on YouTube

Jacob Ørmen & Andreas Gregersen, University of Copenhagen

Abstract: A dominant way for digital platforms to generate revenue has been through the sale of audiences to advertisers encapsulated by the idea of the attention economy. This model has been challenged in recent years due to competitive and political pressures on platforms. In this paper, we use YouTube as a case to understand how processes of commodification are changing on digital platforms. We demonstrate that YouTube furthers the commodification of content, audiences, and creative labour by cultivating commercial interactions, standardising exchange mechanisms, and constructing systems of trust. The platform enables producers and retailers to sell digital and physical goods to users, advertisers to capture audiences’ interest, and brands to establish partnerships with producers. In sum, we show how YouTube not only monetises attention but commodifies all forms of engagement through its marketplaces with consequences for the precarity of users and producers on the platform.

Keywords: commodification, political economy, digital media platforms, engagement, attention, platform studies

1 Jacob Ørmen, Dept. of Communication, Karen Blixens Plads 8, Office: 15b-2-09, DK-2300 Copenhagen S, Denmark; Jacob.oermann@hum.ku.dk
Towards the engagement economy: Interconnected processes of commodification on YouTube

In the past 20 years, a lucrative business model for digital platforms has emerged, driven by targeted advertising and expansive data extraction. The baseline model has been an “attention economy” (Goldhaber, 1997), with platforms playing a crucial role in helping companies capture the attention of audiences in a manner familiar from traditional broadcast television (Caraway, 2011; Smythe, 1981). Google, in particular, has pioneered this development by translating personal data into products for advertisers to buy through automated auction systems (Dijck et al., 2018; Srnicek, 2017), but the model has since spread to other advertisement platforms and morphed into markets for behavioural prediction (Zuboff, 2018). However, this model is undergoing transformation, as platforms face competitive and regulatory pressures to police and moderate the algorithmic matchmaking operations. As a response, digital media platforms increasingly diversify their revenue streams to include products from subscriptions and branded content to the sale of physical and digital goods. This involves new ways of commodifying activities on the platform that go beyond the mere sale of audiences to advertisers. We explore this novel development in the digital economy with the case of YouTube, one of the key drivers of the attention economy.
Through a document analysis of YouTube’s public communication, we map and critically analyse the platform’s matchmaking activities as sites for interconnected commodification processes. We argue that YouTube, and digital media platforms in general, contribute to the ongoing commercialisation of culture through the commodification of content, audiences, and creative labour. They do this by cultivating monetary transactions and standardising exchange mechanisms in a system designed primarily to scaffold brand-safe trust between attractive partners. This process entails a crucial development in the business model from selling audiences to advertisers towards facilitating commercial transactions between all partners on the platform, a shift from an economy of attention towards an economy of engagement.

This shift also reconfigures the relationship between community and commerce, which has been a key driver of the platform’s success (Burgess and Green, 2018). Through the lens of commodification, we can explore the moral implications of the matchmaking operations for the representation and valuation of users, producers, and brands. While platforms have always valued users and producers in economic terms, the transition toward an engagement economy further exacerbate the inequality between the commercially and socially, politically, and culturally important actors in the digital space. We return to this issue in the last part of the article.
Commodification on digital media platforms

Simply speaking, commodification entails turning objects and services into products for exchange in the market (Mosco, 2009; Murdock, 2011). Commodification thus captures the process whereby the value of things shifts from being based on their usability in practice to being based on their exchangeability in markets (following Marx, 1909). Conversely, market mechanisms move into areas of public and private life that were hitherto excluded (following Polanyi, 1944). This process is a hallmark of capitalism more generally (Fuchs, 2020) since activities that used to exist outside of the market sphere (such as family life, health, education) are increasingly commodified and exchanged in markets (Sandel, 2013). Digital media platforms – the subtype of platforms that primarily deal with the circulation of texts, images, and symbols – provide an avenue for the expansion of commodification through the datafication of content, audiences, and producers.

Digital media platforms enable commodification in new ways due to their infrastructure. Through interoperability, platforms enable the convergence of content, audiences, and user data into an “integrated commodity form” (Athique, 2020) exchanged in connected markets. Platforms control access to these markets for producers and users, while also constantly changing the types of commodities offered (Nieborg and Poell, 2018). The key operation is to extract data from user interactions
Towards the engagement economy

accepted version_author copy

...to, i.a., profile people, optimise systems, and build new products (Sadowski, 2019). Thus, datafication fuels the commodification processes by enabling the establishment of digital marketplaces (such as ad exchanges, integrated webshops, and matchmaking services). To map this development across platform marketplaces, we start by following Mosco’s (2009) distinction of three domains in the commodification of communication: content, audiences, and labour.

Communication content is a “semi-public good” (Hesmondhalgh, 2018: 34) since usage by one party does not deplete the good (i.e. non-rivalry), and unwanted consumption is difficult to exclude. Production expenses run high, returns are uncertain, and marginal distribution costs are low (Fuchs, 2020; Hesmondhalgh, 2018). Therefore, a key concern for commercial media has been to establish sufficient scarcity to drive demand for content. Copyright and intellectual property rights are common ways of restricting redistribution and remediation (Athique, 2020; Hesmondhalgh, 2018), and access is typically limited through individual sales, subscription services, and paywalls. Although digital media platforms have primarily drawn revenue from advertising (Dijck et al., 2018), other ways of monetising content have become increasingly popular such as subscriptions, donations, and the sale of digital goods (see Cunningham and Craig, 2021). Subscriptions and donations transform the relationship

Page 5
between producers and users (from audiences to buyers and funders, respectively), while digital goods represent the creation of new commodities altogether.

Regarding commodification of audiences, Dallas Smythe’s work (in particular, 1981) is generally seen as the canonical reference point. Smythe saw the audience as the primary commodity form in commercial mass communication, where advertisers buy audiences’ attention from media companies to promote products in the hope that audiences, in turn, will buy these products. We follow Mosco (2009) in emphasising the importance of the company-audience-advertiser triad over definitions of labour and commodity. Still, a few points from the (extensive) discussions of Smythe’s work merit mentioning here. First, audience attention has always been a construction, most typically an aggregated product such as viewer ratings or readership (Caraway, 2011; Mosco, 2009). The individual audience members thus sell neither their attention nor their labour; often they are completely unaware of the transactions in question. As a consequence, the relationship is better described as *rent*, i.e. media owners renting space or time to an advertiser (Caraway, 2011). Finally, while the goal of an advertiser-supported media company might appear to be that of attracting as much attention as possible, the attention of certain audience members has always been deemed more valuable than that of others (Caraway, 2011). The discrepancy between the more and less valuable audiences remains ever-important, as we shall see in the analysis.
More recent scholarship speaks not only of the commodification of audiences but of users (Fuchs, 2019: 25). Whereas audiences have historically been constructed and sold in aggregate, users are now turned into individualised “data doubles” (Haggerty and Ericson, 2000). These data doubles are monetised either through targeted advertising or as commodities sold to interested parties (Crain, 2018). The major shift from the commodification of audiences to users pertains neither to its construction, precision in measurement (which remains questionable, Aral, 2021), nor to the methods applied (which have a long history in the pre-digital era, McGuigan, 2019), but to the scope of datafication. Through the tracking of individual users as well as the interoperability of platforms, it becomes possible to commodify individuals as audiences (to advertisers), as fans (to content creators), and as consumers (to brands). Thus, user commodification builds on and extends the value extraction of audiences.

Mosco (2009) argues that out of the three domains, the labour of those producing content has received the least attention (Marx’s original concept of “commodity fetishism” arguably laid the ground for this tendency to neglect production (Hesmondhalgh, 2018)). However, production labour has emerged as a central theme for digital media platforms (e.g. Wasko, Murdock, & Sousa, 2011). Although YouTube and similar platforms do not formally employ individual creators, they seek to control production processes by exercising pressure to align content types
and production patterns with the expectations of advertisers and brands (Caplan and Gillespie, 2020), and non-compliance may lead to de-monetisation or de-platformisation (Rogers, 2020).

A prominent, recent shift in the commodification of labour is influencer marketing. Again, this practice has a long history in commercial media (Erdogan, 1999), but its scale and scope have intensified in the digital age (Hardy, 2022). Many content creators sell their services directly to companies through sponsorships or product promotions, often in the form of latent advertising, where creators integrate products into the authentic persona they seek to project to followers and fans (Cunningham and Craig, 2019). Thus, in contrast to “audience commodification classic”, brands do not rent space in the flow of content but instead directly acquire the emotional labour (Hochschild, 1985) of creators.

Commodification processes on platforms are contingent on the platform architecture, the nature of the data involved, and the specific type of process that underlies commodification, in our case, communication processes. Following this review, we propose seeing commodification processes on digital media platforms as scaffolded by separate but connected marketplaces where actors with differentiated privileges can buy and sell access to content, audiences, and creative labour. This tripartite framework serves as the backdrop for a more detailed analysis of YouTube’s
platform structure and commercial exploitation of the actors involved in the company-advertiser-audience triad. To deliver this, we rely on extant academic research on platforms as well as published statements by YouTube/Google/Alphabet (from company blogs, online support websites, job postings and earnings releases) supplemented by writings in the press, treating these different documents as sources (Karpinnen and Moe, 2012) about the commercial activities pursued on the platform.

YouTube as a platform of marketplaces

A platform is often portrayed as a multi-sided market connecting user groups through centralized matchmaking operations (Dijck et al., 2018; Evans and Schmalensee, 2016). We build on this notion to understand commodification strategies with the small, but significant, caveat that we see the platform as operating several markets to connect the various sides. Thus, we propose seeing YouTube as a platform of marketplaces, i.e. a company that operates a set of dedicated marketplaces engineered to connect specific sides (or partners) and monetise the resulting transactions whenever possible. Typically, such platforms rely on algorithmic or manual matchmaking operations (e.g. recommender systems, content curation and ranking, and advertisement programs). The success of these matchmaking activities depends on attracting sufficient commitment from all sides and tracking interactions on the platform. Thus, data
collection plays an instrumental role in developing “data services” (Dijck et al., 2018: 39) as well as data commodities sold to third parties (Crain, 2018).

Figure 1 shows the most relevant sides and requisite actors on YouTube’s overall platform; some are specific to YouTube, while others are embedded in the larger Google ecosystem. We refer to the sides as producers (people and organisations uploading videos to the platform, what YouTube calls “creators” and “artists”), users (people watching and interacting with content), and brands (organisations that enter into commercial relationships with producers or pay to display ads on the platform). Importantly, people and organisations can move between different sides such as when producers are users of other producers’ content, or when brands operate channels and thus become producers themselves. As is always the case, the analytical framework simplifies empirical complexities; its primary purpose is to outline the set of more specialised internal marketplaces (illustrated by the solid black arrows) that exist to bring the various sides of the platform in contact with each other under circumstances controlled by YouTube. We go through the various marketplaces later in the article.
Towards the engagement economy

Figure 1. YouTube as a platform of marketplaces.

The platform offers a range of interfaces to draw in users and producers. The leading site remains YouTube.com (or the YouTube app on mobile devices). However, YouTube also operates dedicated services in selected countries such as YouTube Kids (video streaming for children), YouTube Music (music streaming), and YouTube TV (television subscription). Each of these services is cordoned off from youtube.com and has specific terms and conditions for monetisation. Likewise, YouTube cultivates
relationships with producers through a set of dedicated services: YouTube Creators (general guidelines and advice), YouTube for Artists (for musicians), and YouTube Family (for YouTube Kids producers). These services exist to ensure commercially attractive and brand-safe content. As we return to the analysis and discussion, they play a crucial role in establishing and maintaining trust between producers and the platform.

The central payment side remains brands, primarily in the role of advertisers. YouTube Advertising (embedded in Google Ads) is the main marketplace structured as a programmatic auction whereby advertisers compete via bids for specific ad spots. This is complemented by YouTube BrandConnect and YouTube Select, which offers curated matchmaking for brands to establish commercial partnerships with producers.

Lately, YouTube has spoken more clearly about “retailers” as an independent side in the marketplace (see Figure 2), but as there is no separate marketplace for retailers on YouTube yet, we subsume them under the brand side here.

Finally, YouTube also operates with a fourth side, developers. The YouTube API allows developers to access data on videos and channels for repurposing in different contexts. In Google Cloud, developers can use tools such as Vision AI and Video AI, which are trained on, among other things, YouTube videos, to analyse visual data. In this way, the datafication of manifold processes exemplifies “extensive
commodification” (Mosco, 2009: 144), whereby previously non-commodified activities become integrated into the market sphere. These data services in the cloud represent an interesting case of value extraction, but as they represent a secondary market affected by but not directly interacting with YouTube’s primary marketplaces, we do not deal with them in detail here. Therefore, we exclude the developer side from the present analysis.

All sides can (and do) connect outside of YouTube’s sphere of influence: the main interactions are indicated by the dotted red arrows in Figure 1. Thus, users and producers interact on competing platforms (e.g. Facebook, Instagram, Twitch and TikTok), brands and producers make deals directly with each other in the form of direct partnerships or through multichannel networks (Lobato, 2016), and brands can reach audiences through other media such as traditional television. All these transactions create value for one or more of the sides, and a platform’s primary concern in these cases is to ensure a cut of the value created.

A platform can strategically alter the relative importance of each side for the revenue stream (for instance, switching from a brand-dependent advertising model to a user-dependent subscription model). Such alterations affect both current revenue streams and future actions by the sides in the marketplace. Effects on one side caused by changes on another side are referred to as network effects or networked
Toward the engagement economy

**Figure 2.** Job posting for Director, Product Management, YouTube Shopping Core.jpg.
externalities, and they are vital to understanding the functioning of multisided platforms. The most well-described of such effects is positive network externalities (Quiggin, 2013). For YouTube, the uploading of more and better content draws in new users, which attracts more advertisers, which feeds back to incentivise producers to join the platform or produce more. To kickstart and maintain this process, matchmakers often subsidise one side of the marketplace. Over the years, YouTube has supported producers financially through various initiatives (Burgess and Green, 2018; Dijck, 2013) and currently operates three separate funds (YouTube, 2021) to further the creative and commercial development of its Shorts format ($100 million), to empower minority creators (undisclosed amount), and to expand its content portfolio for kids ($100 million). The company has also invested in digital courses (Creator Academy) as well as physical locations (e.g. YouTube Spaces) for producers to enhance the quality (as well as monetisability) of content.

However, a less appreciated effect is negative network externalities. Here, activity on one side of the platform is detrimental to the other sides. For YouTube, two important incidents illustrate this problem. First, the incident known as The Adpocalypse, where prominent advertisers threatened to leave the platform when they learned that their ads had been paired with extremist and violent content (Dijck et al., 2018; Kumar, 2019). Meanwhile, scholars and media pundits alike criticised
YouTube for promoting hate speech, violent content, and misinformation. Such commercial and public pressure forced YouTube to pay closer attention to what is uploaded and how content is matched with audiences and ads. In addition to algorithmic and manual content vetting, the primary control measure is a tiered governance structure (Caplan and Gillespie, 2020), requiring producers to meet a range of criteria to qualify for monetisation.

Secondly, YouTube faced issues around underage users. Responding to concerns that YouTube collected personal data about children below the age of 13 without their parents’ consent, the FTC fined YouTube $170 million for violating the Children’s Online Privacy Protection Act (COPPA) and forced the platform to implement systems to ensure future compliance (Cohen, 2019). YouTube now requires producers to declare whether content is “made for Kids” during the upload process (YouTube, n.d.-a). Content made for kids will feature neither personalised ads nor call-to-action features (such as info cards and end screens), while comments are disabled. Targeted advertising is limited to demographics on the separate YouTube Kids platform, i.e. personalised targeting options are unavailable. The ads themselves must be vetted by the YouTube team (supposedly through a manual process) and can only feature age-suitable content (most notably no mentions of food/beverages, beauty products, virtual communities, and content labelled for older audiences).
Towards the engagement economy

Together, these negative externalities exemplify a fundamental threat to the platform model. The central challenge for YouTube, and digital media platforms more generally, is to attract lucrative actors on all sides, while ensuring trust and perceived legitimacy in all its relationships, including those with external regulators (on both the national and international level). We now turn to our more detailed analysis of how YouTube handles this challenge while seeking to commodify relationships between the three primary sides in the marketplace.

Processes of commodification on YouTube

**Producers ↔ Brands: From reaching audiences to converting consumers**

The most well-known YouTube marketplace is the advertising system Google Ads Auction (formerly known as Double-Click). This automated matchmaking system connects producers, users, and advertisers in a real-time bidding process that relegates all relevant decisions to the platform and the advertiser side. Advertisers select the content categories and demographics they are interested in being matched with and set the maximum price (i.e. the bid) they are willing to pay for the exposure.
YouTube’s algorithms then factor in the type of ad to decide the winning bid, and the ad is matched with content, which again is handled algorithmically.

Because of the built-in contingencies in this automated system, it is difficult for producers to calculate expected revenue from ads matched with their content. Although producers receive a set share (55%) of advertising revenue, the actual payout from content-adjacent ads depends solely on the advertisers’ valuation of the parameters described. In this way, the contingencies of the auction system have direct consequences for the producer side: To earn high revenues through Google Ads, producers must try to stay within commercial niches (such as fashion or tech) and attract high-income users (either from more affluent countries or from the elite in less affluent ones), since these are valued highly by YouTube’s advertisers. This, in turn, creates inequality between producers that operate commercially attractive content and those that target poorer audiences or work within niches of political and societal rather than commercial importance.

For YouTube, a particularly lucrative type of advertising is the direct response format called “video action campaigns” (formerly True-View for Action). Direct response has been a key driver of increased YouTube revenue, and a major reason brands move from traditional TV to digital video (Alphabet, 2021). The format offers brands the opportunity to integrate text links and interactive images into their ads (or
the space surrounding them). This allows YouTube and advertisers to track conversions (e.g. clicks on links, purchases in webshops, etc.) directly. This feature thus connects attention to action, and it is instrumental for YouTube’s identification of valuable users, namely those that not only watch ads but also interact with them. Recently, the platform has rolled out “video action campaigns” on all Google video partners (beyond YouTube) and to Connected TVs (CTVs). On CTVs, viewers can receive links on their mobile phones via a button on the remote (Pawar, 2021), thus enabling direct shopping from the TV, a reimagining of the traditional TV shop format.

The primary mechanism for regulating producer access to advertising monetisation is the tiered governance system (Caplan and Gillespie, 2020), which entails producers gaining variable access to monetisation and support from YouTube, depending on their status on several parameters. The essential component of this system is the YouTube Partner Program (YPP). Over the years, access to YPP has changed dramatically, but as of writing YPP requires producers “have more than 4,000 valid public watch hours in the last 12 months” and “more than 1,000 subscribers” as well as meet the requirements in the monetisation policies to apply (YouTube, n.d.-e). Importantly, these criteria only qualify for applying; actual membership of the programme depends on a subsequent vetting process. Furthermore, producers in YPP with more than 25,000 subscribers can access BrandConnect (formerly FameBit),
where they can negotiate content marketing deals with commercial brands (Scott-Green, 2020). BrandConnect is essentially a manual matchmaking platform, where YouTube solicits wishes from producers and brands and connects those that seem most promising (YouTube, n.d.-d).

The most exclusive tier of producer-user matchmaking happens entirely outside of the automated auction system (Google, n.d.) through the marketplace of YouTube Select (formerly known as Google Preferred). YouTube Select is a direct response to two issues, namely competition (recall the dotted red arrows in Figure 1) and the negative network externalities mentioned previously. For a period, multi-channel networks (MCNs) seemed a lucrative model for agencies to connect aspiring and marketable producers with prospective brands and advertisers (Lobato, 2016; Vonderau, 2016). With YouTube Select, YouTube has in-housed this matchmaking activity, cutting out the MCN middlemen (Flynn, 2019) and simultaneously bolstering legitimacy with advertisers. YouTube Select is ostensibly exclusive to “the top 5% of popular channels” (Google, n.d.), and while criteria for this ranking have not been communicated directly, sources indicate that a proprietary algorithm called “P-score” plays an important role (Stanford, 2019). The main P-score indicators are Popularity (watch time and repeat viewership), Passion (how often users interact with content), Protection (content suitability), Platform (whether content is watched on large screens
such as Connected TVs), and Production (camera work, aesthetics, etc.). Channels are algorithmically ranked and manually reviewed for eligibility to ensure brand safety and suitability. This process serves several purposes: It creates artificial scarcity by lowering the supply of producers and thereby raises prices for brands, gives brands exclusive access to producers and opportunities to advertise (including content marketing) on terms described by YouTube as “brand-safe”, and allows the platform to tax the transactions that were previously external to the platform and/or through MCNs.

YouTube operates several services oriented towards the producer-side (see Figure 1), which help align producers with the company's commercial goals in a process of concerted cultivation. This happens through online courses and guidelines (in the Creator Academy and through YouTube Creator services), content acquisitions (primarily onboarding of established media brands and prospective producers), and talent management. A recent job posting (Figure 3) demonstrates how YouTube follows a strategy familiar from the cultural industries focusing on a “portfolio” of producers groomed by managers. All these activities cultivate the ideal of “the creator” as a safe (both for YouTube, users, and brand partners) and commercially attractive type of producer on the platform. This combination of an exclusive matchmaking marketplace and creator cultivation plays a crucial role in avoiding
negative externalities and establishing and maintaining trust between the platform, users, producers, and brands.

Figure 3. Job posting for Strategic Partner Manager, Content Partnerships.
Towards the engagement economy

Users ↔ Producers: From interactions to transactions

Traditionally, YouTube’s revenue-generating strategy has focused mainly on the brand side. More recently, the platform has prioritised the user side as a revenue stream through growth in subscriptions and increased commodification of user side activities. Many users have moved to the ad-free subscription version (YouTube Premium), which has accrued more than 50 million subscribers as of late 2021 (Cohen, 2021).

Simultaneously, YouTube has diversified revenue streams stemming directly from users (YouTube, 2021). With Channel Memberships (monthly payments directly from users to creators) and Super Chat, Super Stickers, and Super Thanks (all variations of digital goods users can buy), the platform further commodifies the relationship between audiences and producers. There are indications that these services are proliferating. A recent market report (App Annie, 2021) thus suggests that YouTube now dominates the market for consumer spending through mobile apps (including paid downloads and in-app purchases, but excluding advertising) likely driven by subscriptions, memberships, and sales of digital goods.

The commodification of user-producer relationships marks a significant shift for YouTube in two ways. First, it involves turning interpersonal interaction directly into exchangeable commodities. Through Super Chat and Super Thanks, audiences can buy a premium spot in the chat (during a live-stream event). In this way, YouTube
Toward the engagement economy

accepted version

author copy

capitalises on the desires of (some) audience members to be noticed and recognised by fellow fans and, perhaps especially, the creator. This is a form of a reverse attention economy, where audiences buy their “fifteen seconds of following” when the producer affirms their presence and thanks them for donating: The para-social (Horton and Wohl, 1956) becomes interpersonal, if only for a moment. Although this transaction is styled like a gift-giving interaction (Fourcade and Kluttz, 2020), recognition is expected as a form of reciprocity.

Second, these novel revenue streams increase the relative value of an engaged audience compared to more sporadic followers. To incentivise this, YouTube offers producers the opportunity to restrict access to exclusive content to membership users (YouTube, n.d.-b) and gives producers a larger cut of revenue from user side transactions (YouTube, n.d.-c) than for advertising. Conversely, membership users are highlighted in the chat and are exempt from rate restrictions (they can post longer and more frequent posts). In this way, YouTube creates artificial scarcity in the user-producer relationship as well.

Recently, YouTube has expanded the ability of producers to monetise the user base through live streams. Selected partners can launch time-limited offers, and special offers integrated on the platform interface during live sessions and drive sales through social interactions with users (Levy, 2021). This is a next step in “social
commerce” (Hajli, 2013), where the ritual aspects of synchronous communication play a central role in facilitating a community of shoppers. In one telling example, the producer live streams the real-time sales from the webshop distributed across a world map to encourage further spending by users watching (Simply Not Logical, 2021). This, in turn, increases the market value of creators in attractive niches: producers with a loyal and affluent audience are more likely to drive social commerce.

Taken together, the increasing commodification of user engagement suggests both a widening divide between producers that reach a committed audience and those who do not and a tightening of commodified connections between committed audiences and select creators. A smaller but more engaged user base that pays for services and products can be more valuable in the current monetisation model than a larger but more sporadic audience (Jin, 2020). The recent commodification of live events exacerbates this process towards a fully commercialised and consumption-saturated space of interaction.

**Users ↔ Brands: From entertainment to e-commerce**

For several years, the relationship between users and brands on YouTube was largely indirectly mediated through advertising. YouTube thus provided ad performance measures (such as user reach, average watch time, repeat viewings, and clicks) in a
Towards the engagement economy

process driven by attention economy mechanisms. The return of investment from advertisers would come in increased sales elsewhere. In recent years, YouTube has developed new advertisement products to integrate e-commerce directly in ads and on the platform. These processes coincide with YouTube starting to speak of a new side in the marketplace: the retailer (recall Figure 2). The e-commerce market is a new strategic area – a market in which Alphabet has a surprisingly small stake considering the size and ambitions of the company (Wakabayashi, 2021). YouTube’s foray into e-commerce takes two primary forms: integrated webshops with retail partnerships and an actual marketplace of products. The integrated webshop functionality is primarily aimed at incentivising the producer side. A “merchandise shelf” is available through the YouTube Partner Program (YPP), where eligible creators can showcase “merch” from retail partners directly on YouTube. Music artists can sell concert tickets and have outbound links to webshops as well as the call-to-action buttons in Direct Response Ads. As of now, YouTube does not tax sales, but it is unclear whether retailers pay the platform to be included as a partner with a merchandise option in the YPP.

The second move seems much more ambitious in its goal of turning YouTube into an actual retail marketplace. Again, this is a response to potentially missing out on transactions, this time when users buy stuff (partly) based on what they have watched on YouTube. It has become increasingly clear that a significant income stream for
content creators has been partnerships with brands or platforms (most notably Amazon), a relationship known as “affiliate marketing” (Schwemmer and Ziewiecki, 2018). Producers receive a commission for driving traffic to commercial websites and/or get a share of profits from product sales. As this practice depends on personalised weblinks (for companies to identify content creators), YouTube does not receive a cut of the transactions.

Thus, instead of merely renting out ad space or letting producers link to retail partners, the ambition seems to be to make it possible for viewers to buy products showcased in videos directly through the platform. In the product manager job posting (revisit Figure 2), YouTube speaks of “new shopping surfaces” that “range from brand and creator analytics on YouTube to checkout flows, and integrations with partners for product information and real-time inventory visibility”. Likewise, a recent job posting for “Head of Shopping Partnerships, YouTube” reads: “Shopping on YouTube will be a new vertical approach to creating YouTube as a shopping destination for all types of videos, including Live, to become a creator-inspired shopping destination to discover and buy relevant and creator-recommended products, services, and experiences from trusted merchants seamlessly” (see Figure 4). Currently, YouTube collaborates with Shopify and other large-scale retailers to experiment with product shelves beneath videos (Bergen and Shaw, 2020). The introduction of “Shopping surfaces” with
checkout flows and inventory management integrated into the platform architecture points to the development from a “marketplace of attention” (Webster, 2014) to a marketplace of products. In this way, YouTube is arguably attempting to convert creator authenticity into a truly frictionless shopping experience (Manzerolle and Daubs, 2021) through the platform interface.

Beyond the audience commodity

As demonstrated by the analysis, YouTube now monetises and taxes a multitude of relationships and communication flows across content, producers, users, and advertisers. Instead of an integrated single commodity form, pace Athique (2020), we find a coordinated but multifaceted expansion of distinct commodification and taxation mechanisms across domains. YouTube deploys both tried-and-tested and novel commodification approaches in the process of internalising activities that were previously external to the platform. The most salient new endeavour is the attempts to integrate e-commerce experiences in live streaming with product suggestions. Here, YouTube builds upon the established and lucrative business model of commercial television (with paid subscriptions, advertising, and branded content) but extends it to monetise social interaction (through donations and sale of digital goods) and facilitate
**Head of Shopping Partnerships, YouTube**

This role may also be located in our Playa Vista, CA campus.

Note: By applying to this position you will have an opportunity to share your preferred working location from the following: San Bruno, CA, USA; New York, NY, USA; Los Angeles, CA, USA.

**Minimum qualifications:**
- 12 years of experience in the consumer product industry, the business development, and scaling consumer products
- 7 years of people management experience and proven experience of growing and developing teams
- Experience in scaling consumer products through the e-commerce channel
- Experience leading strategy and cross-functional initiatives

**Preferred qualifications:**
- Master's degree, JD, or other relevant advanced degree
- Experience in analytical, communication, and presentation skills with the ability to operate with flexibility in a fast-paced, constantly evolving and collaborative environment
- Experience with influencing critical path teams that are not within your reporting line
- Experience in complex negotiations, including knowledge of advertising supported, subscription and transactional distribution models and the ability to work in tight collaboration with attorneys to interpret and negotiate legal agreements
- Ability to foster an inclusive environment supporting diversity initiatives across teams

**About the job**

Shopping on YouTube will be a new vertical approach to creating YouTube as a shopping destination for all types of videos, including Live, to become a creator-inspired shopping destination to discover and buy relevant and creator-recommended products, services, and experiences from trusted merchants seamlessly.

As a Head of Shopping Partnerships you will be responsible for driving the business objectives and strategy for how direct-to-consumer (DTC) and Marketplace companies create content on YouTube Shopping. In partnership with Product Management,

and connect with one another in the process. Working at the intersection of cutting-edge technology and boundless creativity, we move at the speed of culture with a shared goal to show people the world. We explore new ideas, solve real problems, and have fun — and we do it all together.

**Responsibilities**

- Drive growth with a rapidly evolving technology and business model
- Collaborate on product roadmap, brand and user journeys, and advocate for their verticals needs
- Lead go-to-market for content creation, program adoption
- Establish lighthouse cases and case studies
- Lead a high-performing team to help direct to consumers and marketplace brands be successful with high-touch engagement across shopping properties

**Figure 4.** Job posting for Head of Shopping Partnerships, YouTube.
e-commerce on the platform. These processes interconnect to create spillover effects between revenue sources, predominantly supplementing rather than displacing each other.

Consequently, the platform is gradually moving away from an attention economy model (Goldhaber, 1997) focused primarily on monetising large audiences unaware of their role as a commodity (Smythe, 1981) towards an engagement economy focusing on commercial transactions between all sides on the platform.

While gross attention remains a core concern for YouTube, selling raw eyeballs to advertisers is becoming only one leg in its business model. In addition, the most valuable audience commodity has never been mere attention, but rather the connection with producers and/or brands. This repositioning towards engagement mirrors developments in the larger creator community. The most valuable revenue streams for many producers are not traditional forms of advertising but instead product placement, content marketing, and sponsored content (Cunningham and Craig, 2021). Digital media platforms and their marketing ecosystem thus do not only operate with a “scarcity of attention” (Simon, 1971: 40) but also with a more encompassing scarcity of engagement; there is simply only so much people can invest themselves in emotionally, cognitively, and, lest we forget, financially. This has consequences for audiences as well as producers and brands.
In the traditional multisided market structure, one side (typically, advertisers) subsidises content production to reach one or more other sides (typically, audiences). This model has thrived on multisided platforms for years (Nieborg and Poell, 2018), but the present analysis suggests a change in baseline revenue structure from subsidisation to taxation. This entails the producer side and its various interactions becoming increasingly valuable for the platform. Whereas producers used to be important only insofar as their free content connected advertisers to audiences, producers now play a crucial role in generating revenue through onboarding subscribers and members, selling digital and physical goods, as well as offering their services to brands through the platform’s marketplaces. This development exacerbates the inequality on the platform between the commercially attractive “creators” that are likely to receive greater exposure due to their compliance with the platform strategies and the producers of cultural, political, and social importance that are less likely to participate in the increasing commodification (Ørmen and Gregersen, 2022).

Scholarship has emphasised that commodities in platform economies are contingent upon changes in platform operations and decisions by content providers (Nieborg, 2017; Nieborg and Poell, 2018). This has marked consequences for producers, who become partly platform-dependent (Cutolo and Kenney, 2020). The extensive commodification operations indicate an important shift in the overall
relationship between the platform and producers: YouTube is moving away from the platform as intermediary towards the platform as active editor. In Miège’s (1979) terms, the cultural industries producer – the *éditeur* – plays a pivotal role in facilitating the process of commodification whereby the work of art gets standardised as an exchangeable good and sold in the market. YouTube performs this role through the various YPP vetting procedures, thereby cultivating content creators to match the expectations in the portfolio of commercially attractive and trustworthy producers (notably, YouTube Select) that brands can feel safe engaging with. This transition from matchmaker to *éditeur* overseeing the commodification of content, users, and labour raises several questions. In a different usage of the term, editorial is often contrasted with commercial (see, e.g. Cornia, Sehl, & Nielsen, 2020) to delineate the independently produced content (typically journalism) from the dependently distributed (advertising) and created (e.g. sponsored) content. In this perspective, a key question is whether and how YouTube will keep its video and channel recommendation systems separate from the revenue-generating potential of producers. This is an important topic for further research.

This leads us back to the tension between community and commerce, as mentioned in the introduction. Murdock (2011: 20) framed the relationship between culture and commodity in three moments: 1) Cultural products are sold as
commodities in their own right, 2) media organisations act as primary platforms for the advertising and promotion of other commodities, and 3) communication genres naturalise commodity culture, cultivating desires to replicate mediated experiences. The community of producers and users have always operated in this commercial space (Burgess and Green, 2018), but our analysis demonstrates an intensification of the integration of culture and commerce. In some ways, the less intrusive attention economy mechanisms (notably display advertisement) provided a fairer playing field with more simple success criteria, such as attracting large audiences. By contrast, the desire for “frictionless authenticity” (Manzerolle and Daubs, 2021) and emotional availability stoke the engines of precarity for those already at a structural disadvantage (Duffy, 2017; Glatt and Banet-Weiser, 2021).

The increasing centrality of the creator and engagement-as-consumption wraps “the promotion of culture by commerce” with “the promotion of commerce by culture” (Miege and Garnham, 1979: 310). This tight integration will likely intensify further with the expansion of direct sales through the platform (as demonstrated by the examples of shopping during live events and the partnership with Shopify), likely driven by a well-known model from Chinese live streaming platforms, where influential creator, idols or wanghong, promote and sell branded goods directly to fans (Craig et al., 2021; Zhao, 2021). More generally, the drive towards the direct commodification of
fandom through sales of digital and physical goods seems to be developing at a quicker pace outside of the Western world (notably in China, as noted above). This development underlines the need to compare commodification practices across national and regional boundaries in relation to commercial culture more widely.

The advancement of an encompassing culture of consumption has well-known social ramifications. The goal of matchmaking on the platform is shifting from maximising the number of connections to optimising the value of connecting. Popularity might still matter, but profitability reigns supreme. Thus, in the engagement economy, serving the minority (of users, producers, and brands) that bring in the lion’s share of income will often be the preferred strategy, while the less well-off majority gets second-hand treatment by platform owners and likely also recommendation systems.
Notes

i Communication can be treated as a fully public good when content is distributed for free (as open-source or commons-based peer production) or funded by outside parties (as in public service produced and made available to all within a national territory through government funding). Since we are primarily concerned with commercial aspects of digital media platforms, the public goods are less relevant here (for a good discussion of this, see Murdock, 2011).

ii This data representation is, of course, also a construction based on various estimates of demographic background, interests, and behaviour, but more fine-grained and detailed.

iii The exemption to this process is subscriptions that cannibalise advertising revenue. However, in the most recent earnings call (Q3 2021, see abc.xyz/investor), Alphabet reports growth in both advertising revenue and increasing subscriptions, downplaying this issue in the short term.

iv We are well aware of the irony of introducing yet another term to capture similar processes in the scholarly literature (Hesmondhalgh, 2018: 208, note 4). However, it seems a stretch to include activities like donations, merchandise, and e-commerce within a traditional view of the “attention economy”. At the same time, burgeoning concepts like the “creator economy” is too narrow as many of the activities talked about here are not confined to a particular organisational form (the creator) but, by contrast, relevant to ways of organising revenue streams outside of platforms (such as in the entertainment and news industries at large).
Towards the engagement economy

References


Towards the engagement economy


Toward the engagement economy _accepted version_author copy_


Towards the engagement economy


Toward the engagement economy


Towards the engagement economy _accepted version_author copy


