

# Attention and Reputation in the Innovation Economy

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# Attention and Reputation in the Innovation Economy

The paper suggests that attention is a success component in today's innovation economy, but that it must be connected to the formation of reputation to translate this success to the players in the ecosystem. The paper studies the roles of the different attention workers in creating reputation for innovations and inventions, and explains how attention and reputation contribute jointly to success. Attention and reputation are central topics related to innovation journalism, as well as innovation communication and public relations.

## 1 Introduction

In today's attention economy<sup>1</sup>, attention is valuable and reputation plays a major role in choices made. The attention economy identifies attention as a scarce commodity, which increases the value of 'attention work', professional generation and brokerage of attention<sup>2</sup>. Attention is required for shaping a reputation, and attention work on behalf of stakeholders in the market place often seeks to influence reputation. Reputation has become a selection criterion for forming relations and executing transactions among publics<sup>3</sup>, and it influences individuals to choose one product or service over similar, competitive products and services<sup>4</sup>.

Innovation is seen here as the process of creating and delivering new customer value in the marketplace<sup>5</sup>. An innovation's reputation may determine its success, and a bad reputation may kill even a promising innovation. A strong reputation

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<sup>1</sup> Simon, H.A. (1971), 'Designing Organizations for an Information-Rich World', written at Baltimore, MD, in Martin Greenberger, Computers, Communication, and the Public Interest, The Johns Hopkins Press.

<sup>2</sup> Attention work was first coined in Nordfors, D 2006. "PR and the Innovation Communication System", Innovation Journalism Vol.3 No.5. (2006), <http://www.innovationjournalism.org/archive/INJO-3-5.pdf>, also published by Strategic Innovators ( July - Sept 2007, Volume I | Issue 3) . The concept of Attention Work is modified and further developed in Nordfors D. "Attention Work vs Knowledge Work", The Innovation Journalism Blog, March 15 2008, <http://www.innovationjournalism.org/blog/2008/03/attention-work-vs-knowledge-work.html>

<sup>3</sup> Deephouse, D. & Carter, S. (2005). 'An Examination of Differences Between Organizational Legitimacy and Organizational Reputation', Journal of Management Studies, 42(2), 329-360.

<sup>4</sup> Fombrun, C. and van Riel, C. (2003), Fame and Fortune: how successful companies build winning reputations, Prentice Hall, Upper Saddle River.

<sup>5</sup> Carlson, C.R. & Wilmot, W.W. (2006) 'Innovation: The Five Disciplines for Creating What Customers Want', New York, NY; Random House

results from “consistent information signals over time, which constituents believe, share and trust”<sup>6</sup>, but innovations by their nature lack such a record of past deeds. Despite this, reputation is formed for every innovation and a tradition of innovativeness is related to each sector. Available cues and weak signals<sup>7</sup> are combined to form an initial level of trust, which in time forms a reputation<sup>8</sup>.

The attention economy is a challenge for innovators, as the survival and success of their innovations is influenced more by what publics and stakeholders perceive it to be<sup>9</sup>. Stakeholders are here understood to be anyone affecting or affected by the innovation, i.e., groups without which the innovation would not exist<sup>10, 11</sup>.

Stakeholders form opinions often through various media, so journalists’ perceptions are an interesting topic for research. Moreover, the role traditionally held by the legacy media is broadened<sup>12</sup> by an army of new writers (e.g. citizen journalists, bloggers, wiki-writers and incognito corporate agents engineering grassroots-discussions). The new media have lowered the publishing threshold, and ongoing debates and discussions may be taken as final opinions and statements<sup>13, 14</sup>.

Journalism plays a central role for innovation, making the resulting reputation mediated. Borrowing from Deephouse<sup>15</sup>, we define media reputation as the “*overall evaluation of an innovation presented in the media*,” consisting of both substantive and evaluative aspects<sup>16</sup>. Journalism’s role as an actor in innovation is therefore an important new field of study, looking at how innovation is influenced by journalism, how journalism is influenced by innovation, and the ability of journalism to cover innovations, innovation processes and ecosystems. This is the mission of the VINNOVA-Stanford Research Center of Innovation Journalism.

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<sup>6</sup> Dentchev, N. A. & Heene, A. (2004) ‘Managing the reputation of restructuring corporations: send the right signal to the right stakeholder’, *Journal of Public Affairs*, 4(1), 56-72., p. 57.

<sup>7</sup> Uskali, T. (2005). Paying Attention to Weak Signals – The Key Concept for Innovation Journalism. *Innovation Journalism*, 2(4), Apr 2005, available online: [http://www.innovationjournalism.org/archive/INJO-2-4\\_split/INJO-2-4\\_pp.33-52.pdf](http://www.innovationjournalism.org/archive/INJO-2-4_split/INJO-2-4_pp.33-52.pdf)

<sup>8</sup> Luoma-aho, V. (2005), Faith-holders as Social Capital of Finnish Public sector organisations. Doctoral dissertation. Jyväskylä Studies in Humanities 42, Jyväskylä University Press, <http://julkaisut.jyu.fi/?id=951-39-2262-6>

<sup>9</sup> Troshani, I. & Doolin, B. (2007), “Innovation Diffusion: a stakeholder and social network view”, *European Journal of Innovation Management*, Vol. 10 No. 2, pp. 176-200.

<sup>10</sup> Freeman, R.E. (1984), *Strategic Management: A Stakeholder Approach*, Pitman, Boston.

<sup>11</sup> Steurer R. (2005), “Mapping stakeholder theory anew: from the stakeholder theory of the firm to three perspectives on business-society relations”, *Business Strategy and the Environment* Vol. 15 No. 1, pp. 55-69.

<sup>12</sup> Miel, P. & Faris, R. (2008). News and Information as Digital Media come of age. Overview 2008, The Berkman Center for Internet & Society at Harvard University. Online: [http://cyber.law.harvard.edu/sites/cyber.law.harvard.edu/files/Overview\\_MR.pdf](http://cyber.law.harvard.edu/sites/cyber.law.harvard.edu/files/Overview_MR.pdf)

<sup>13</sup> Deuze, M. (2006). Collaboration, participation and the media. *New Media and Society*, Vol. 8 No. 4, pp. 691-698.

<sup>14</sup> Jøsang, A. (2007), “Online Reputation Systems for the Health Sector”, *Electronic Journal of Health Informatics*, forthcoming.

<sup>15</sup> Deephouse, D. (2000) Media Reputation as a Strategic Resource: An Integration of Mass Communication and Resource-Based Theories, *Journal of Marketing*, 26(6), 1091-1112. p.

<sup>16</sup> Wry, T., Deephouse, D. & McNamara, G. (2006) Substantive and Evaluative Media Reputations Among and Within Cognitive Strategic Groups, *Corporate Reputation Review*, 9(4), pp. 225-242.

Journalists and other attention workers (e.g. PR practitioners, marketers, advertisers, lobbyists) shape the way an innovation receives attention and contribute to its overall reputation.

The paper reports data of 20 thematic interviews of key people (journalists, PR practitioners, entrepreneurs, venture capitalists, analysts, angel investors, lawyers) in the innovation industry in Silicon Valley (California, USA) and constructs a model for the formation of media reputation of innovations. The focus is on journalism, as journalists' impressions most shape how the innovation is presented in different media and how the innovation is eventually perceived. The paper asks: "What is the difference between attention and reputation?" and "What role does media reputation play for reputation formation?". With rapid changes in the media today, it is also necessary to discuss what is meant by 'media' and 'journalism'.

Until now, 'journalism' has been defined by the relation between the journalist and the medium, e.g. the Oxford Dictionary on the Internet definition of journalist<sup>17</sup>: "a person who writes for newspapers or magazines or prepares news or features to be broadcast on radio or television". This has worked until now, since journalism has been a vertically-integrated business, controlling the distribution medium and bundling the distribution with the production of journalistic content. Today, Internet news production is separated from Internet control. Not everybody who publishes news on the Internet is a journalist. A new definition of 'journalism' is needed, suited for the attention economy, based on the relation between the journalist and the audience, rather than on his/her relation to the medium he/she uses for communicating with the audience. A new definition would hence be: *Journalism is the production of news stories, bringing public attention to issues of public interest. The journalist gets the mandate from the audience. He is required to act in the interest of the audience*<sup>18</sup>. With this in mind, we next discuss attention and reputation in further detail.

## 2 Attention and reputation

Attention can be defined as "focused mental engagement on a particular item of information"<sup>19</sup>. Attention is about psychological processes and attention to one thing necessarily excludes others. Attention is closely related to visibility, as they both refer to a choice and focus. Attention is a mental process, while visibility is not (though it may result from a mental process). Attention and awareness are also closely related, which narrows down to attention and a decision to act or not. In

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<sup>17</sup> [http://www.askoxford.com/concise\\_oed/journalist?view=uk](http://www.askoxford.com/concise_oed/journalist?view=uk) (May 11 2009)

<sup>18</sup> Nordfors, D. (2009) Innovation Journalism, Attention Work and the Innovation Economy. A Review of the Innovation Journalism Initiative 2003-2009. Online: <http://www.innovationjournalism.org/archive/injo-6-1.pdf>

<sup>19</sup> Davenport, T. H. & J. C. Beck (2001), *The Attention Economy: Understanding the New Currency of Business*, Harvard Business School Press

fact, awareness turns into attention when a certain threshold is reached in the brain and the potential for action is spurred<sup>20</sup>. Since humans are learning organisms, attention, awareness, perception and cognition all shape each other. Awareness is a prerequisite for attention: to put our attention on something, we must identify it. But attention shapes future awareness: if we focus on something and observe it carefully, we become more easily aware of its presence in the future. Attention is helpful for becoming aware of new things we were not aware of before, it is a central tool for building the vocabulary of our mind.

As more and more information is available, a shift occurs in what is considered valuable. The more information there is, the more it consumes attention. Attention is becoming the scarcest resource in this new value chain<sup>21</sup>, and the concepts of "Attention economy"<sup>22</sup> or "attention market"<sup>23</sup> highlight this new value of attention. As an economy, it is a system built around "paying, receiving, and seeking what is most intrinsically limited and not replaceable by anything else, namely the attention of other human beings"<sup>24</sup>. Some have suggested that attention transactions<sup>25</sup> might take over and even replace financial transactions in the future. To a certain degree this has already happened, for example when holiday rental companies offer free hotel nights in exchange for attending a sales pitch or a website (e.g. hulu.com) provides the choice of viewing one long ad or several short ones in exchange for showing an episode cost-free online.

It may be argued that *an innovation economy, where economic growth is driven by novelties, is more of an attention economy than the traditional economy, where economic growth is based on doing 'more of the same', e.g. grow more wheat with existing methods, build more cars of the same model, and so on.* Innovation is taking place faster today. For example, only a decade ago, picture cameras designed decades earlier would still sell at good prices. Nowadays, after the introduction of digital cameras, camera manufacturers release new models every year, introducing innovative features that push their own cameras, released only a year or two earlier, off the market. It is reasonable to assume that cameras in the present time and age are replaced long before they break, by innovations that make them unattractive by comparison.

In the more-of-the-same economy, companies could design a strategy for replacing established products when their popularity started to wane. In the innovation

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<sup>20</sup> Ibid.

<sup>21</sup> Haque, U. (2005) "The Attention Economy", *Bubblegeneration - Strategies for a discontinuous future*. Available online: <http://www.bubblegeneration.com/2005/11/attention-economy-across-consumer.cfm>

<sup>22</sup> Simon, H.A. (1971), 'Designing Organizations for an Information-Rich World', written at Baltimore, MD, in Martin Greenberger, *Computers, Communication, and the Public Interest*, The Johns Hopkins Press.

<sup>23</sup> Davenport, T. H. & J. C. Beck (2001), *The Attention Economy: Understanding the New Currency of Business*, Harvard Business School Press, p. 22.

<sup>24</sup> Goldhaber, M.G. (2006), The value of openness in an Attention Economy, *First Monday*, 11(6), available online:

<<http://firstmonday.org/htbin/cgiwrap/bin/ojs/index.php/fm/article/view/1334/1254>>

<sup>25</sup> Goldhaber, M. H. (1997), "The Attention Economy and the Net", *First Monday*, 2(4), Available online: <<http://firstmonday.org/htbin/cgiwrap/bin/ojs/index.php/fm/article/view/519/440>>

economy, companies need to know how to replace a product even before it is launched. The ability to launch the next product has become a core business for many companies. Reputation plays into this, as people want to buy products from companies they trust will develop the next product they will want.

Innovation, the transformation of ideas into new value on the market, will not take place without a series of decisions that require lots of attention. Investors need to be convinced to invest, technology choices need to be made, business models need to be determined, and finally, customers need to be made aware and be made to take the decision to pay for something that neither they nor their friends have encountered before. In each stage of selection along the value chain, many competitors seek the same market, using various different approaches and alliances. All these aspiring novelties need attention to build awareness and reputation, to make it to the next step. The traditional economy, which deals much more with established and well-known concepts, is vastly different<sup>26</sup>. It is worth investigating whether a novelty-driven economy drives up the value of attention, compared with a more-of-the-same-driven economy. While it may remain to be proved, it seems a reasonable assumption.

Recent discussion has also begun to question the type of attention that is available. As Solis (2009)<sup>27</sup> writes:

“As the social Web and new services continue the migration and permeation into everything we do online, attention is not scalable. Many refer to this dilemma as attention scarcity or continuous partial attention (CPA) - an increasingly thinning state of focus. It’s affecting how and what we consume, when, and more importantly, how we react, participate and share. That something is forever vying for our attention and relentlessly pushing us to do more with less driven by the omnipresent fear of potentially missing what’s next... With the popularity and pervasiveness of microblogging (a.k.a. micromedia) and activity streams and timelines, Twitter, Facebook, FriendFeed and the like are competing for attention and building a community around the statusphere - the state of publishing, reading, responding to, and sharing micro-sized updates.”

When attention is identified as a scarce commodity, the influence of ‘attention workers,’ professional generators and brokers of attention<sup>28</sup> rises. An attention

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<sup>26</sup> Davenport, T. H. & J. C. Beck (2001), *The Attention Economy: Understanding the New Currency of Business*, Harvard Business School Press.

<sup>27</sup> Solis, B. (2009). Are Blogs Losing Their Authority To The Statusphere? TechCrunch, March 10, 2009, available online: <http://www.techcrunch.com/2009/03/10/are-blogs-losing-their-authority-to-the-statusphere/>

<sup>28</sup> Nordfors, D 2006. “PR and the Innovation Communication System”, *Innovation Journalism* Vol.3 No.5. (2006), <http://www.innovationjournalism.org/archive/INJO-3-5.pdf>, also published by Strategic Innovators ( July - Sept 2007, Volume I | Issue 3). The concept of Attention Work is modified and further developed in Nordfors D. “Attention Work vs Knowledge Work”, *The Innovation Journalism Blog*, March 15 2008, <http://www.innovationjournalism.org/blog/2008/03/attention-work-vs-knowledge-work.html>



economy is the “natural economy of the internet”<sup>29</sup> and increasingly of all society with its own social structures, culture and values. Attention workers create and maintain these structures and rules, though their role has thus far received little scholarly attention.

Davenport & Beck<sup>30</sup> (2001) constructed a three-dimensional space with the three axes defining attention: motivation based, choice based and mind attention. Each unit has extreme positive and negative direction. Aversive and attractive attention are the opposites of motivation-based attention, whereas captive and voluntary attention are the polar ends of choice-based attention. The final two types of attention are back of mind and front of mind attention, described by the activity level of the individual<sup>31</sup>.

Attention is hence the ability to attract engagement, merely the first step in the process. What matters after attention, what shapes actions, is the reputation that the individual, innovation or focus of attention has gained. But what is reputation? More importantly, as chapter 2.1 asks:

## 2.1 How is reputation formed?

Most reputation scholars agree that reputation is a source of competitive advantage, related to social standing<sup>32</sup>. Reputation is “the distribution of cognitive representations that members of a collectivity hold<sup>33</sup>” about a target. It refers to the perceptions held by the different stakeholders, both the substantive and evaluative estimates<sup>34</sup>. It is especially timely during an economic downturn, as there is less to be admired and difficult decisions displace positive impressions. Reputation formation can be seen as “a communication process in which industry context and the actions of rivals influence how the signals of a focal firm affect its reputation”<sup>35</sup>. Several different attention workers play a role in this signaling process, where signals are strategically chosen and even compete for attention.

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<sup>29</sup> Goldhaber, M.G. (2006), The value of openness in an Attention Economy, *First Monday*, 11(6), available online: <http://firstmonday.org/htbin/cgiwrap/bin/ojs/index.php/fm/article/view/1334/1254>

<sup>30</sup> Davenport, T. H. & J. C. Beck (2001), *The Attention Economy: Understanding the New Currency of Business*, Harvard Business School Press, p. 22.

<sup>31</sup> Schneider, W. & Shriffrin, R.M. (1997), ‘Controlled and Automatic Human Information Processing: I. Detection, Search and Attention’, *Psychological Review*, 84(2), pp. 1-66.

<sup>32</sup> Fombrun, C. & Shanley, M. (1990) What's in a name? Reputation building and corporate strategy, *Academy of Management Journal*, 33(2), 233-258.

<sup>33</sup> Grunig, J. & Hung, C.F. (2002), The effect of relationships on reputation and reputation on relationships: A cognitive, behavioral study. Paper presented at the PRSA Educator's Academy 5<sup>th</sup> Annual International, Interdisciplinary Public Relations Research Conference, Miami, Florida.

<sup>34</sup> Wry, T., Deephouse, D. & McNamara, G. (2006) Substantive and Evaluative Media Reputations Among and Within Cognitive Strategic Groups, *Corporate Reputation Review*, 9(4), pp. 225-242.

<sup>35</sup> Basdeo, D.K., Smith, K.G., Grimm, C.M., Rindova, V.P. & Derfus, P.J. (2006), ‘The impact of market actions on firm reputation’, *Strategic Management Journal*, 27, pp. 1205-1219.

Reputation consists of impressions formed in the minds of individual stakeholders, yet it is understood as a collective attribute that creates a positive or negative operating environment<sup>36, 37</sup>. Reputation is the outcome of the history and the sum of stories told about the organization among its stakeholders<sup>38</sup>, so a strong reputation results from “consistent information signals over time, which constituents believe, share and trust”<sup>39</sup>.

An innovation needs a reputation among the different stakeholders of the attention economy that will support its development, infusion, adoption and break-even time<sup>40</sup>. In fact, having a good reputation among different stakeholders and potential funders, users and sellers can be understood as reputational capital. In studies on organizations, reputational capital has been claimed to contribute to reduced transaction costs through trust<sup>41</sup>, added employee loyalty<sup>42</sup> and legitimacy<sup>43</sup>.

Since an innovation per se is new on the market, the reputation it has before the introduction is based on anticipation. Much depends on the reputation of the innovator, especially the innovator's reputation of innovating, i.e. the ability to introduce the next product or service successfully. It also depends on the reputation of other products, services and stakeholders to which it is connected<sup>44</sup>. Reputation formation can be seen as “a communication process in which industry context and the actions of rivals influence how the signals of a focal firm affect its reputation”<sup>45</sup>. Several different attention workers play a role in this signaling process, where signals are chosen strategically and even compete for attention.

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<sup>36</sup> Hosmer, L. T. (1995) ‘Trust: The connecting link between organizational theory and philosophical ethics’, *Academy of Management Review*, 20(2), 379-403.

<sup>37</sup> Fombrun, C. & van Riel, C. (2003) *Fame and Fortune: how successful companies build winning reputations*. Prentice Hall: Upper Saddle River.

<sup>38</sup> Hon, L. & Grunig, J. (1999) Guidelines for measuring relationships in public relations. *The Institute for Public Relations*. [online] [cited 29.11.2006] <[http://ipr.wieck.com/files/uploads/1999\\_MeasuringRelations.pdf](http://ipr.wieck.com/files/uploads/1999_MeasuringRelations.pdf)>

<sup>39</sup> Dentchev, N. A. & Heene, A. (2004) ‘Managing the reputation of restructuring corporations: send the right signal to the right stakeholder’, *Journal of Public Affairs*, 4(1), 56-72.

<sup>40</sup> McAdam, R. (2005), “A multi-level theory of innovation implementation: normative evaluation, legitimisation and conflict”, *European Journal of Innovation Management*, Vol. 8 No.3, pp.373-88.

<sup>41</sup> Hosmer, L. T. (1995), “Trust: The connecting link between organisational theory and philosophical ethics”, *Academy of Management Review*, Vol. 20 No. 2, pp. 379-403.

<sup>42</sup> Fombrun, C. and van Riel, C. (2003), *Fame and Fortune: how successful companies build winning reputations*, Prentice Hall, Upper Saddle River.

<sup>43</sup> Deephouse, D. and Carter, S. (2005), “An Examination of Differences Between Organisational Legitimacy and Organisational Reputation”, *Journal of Management Studies*, Vol. 42 No. 2, pp. 329-360.

<sup>44</sup> Luoma-aho, V. (2007). Reputation Formation of Innovations. *Innovation Journalism*, 4(2), May 2007. Available online: <<http://www.innovationjournalism.org/ij4/presentations/vilmaluoma-aho.pdf>>

<sup>45</sup> Basdeo, D.K., Smith, K.G., Grimm, C.M., Rindova, V.P. & Derfus, P.J. (2006), ‘The impact of market actions on firm reputation’, *Strategic Management Journal*, 27, pp. 1205-1219.

Reputation consists not only of what the organization or individual does, but also of other cues such as trends and the sector<sup>46</sup>. Economic pressures have given more emphasis to this. Colvin<sup>47</sup> writes in Fortune magazine about the 2009 Most Admired Companies listing: “now, more than in many years, a company’s industry can also affect its reputation. One of the more striking social phenomena of the moment is that absolutely no one seems willing to identify himself or herself as a banker”.

Different stakeholders and groups hold different views of an innovation. In fact, five different spheres of reputation can be distinguished<sup>48</sup>: 1) a target reputation; how the innovator wants to be perceived, 2) media reputation; what journalists report about it, 3) public reputation; how the public at large perceives it; 4) on-line reputation; what search engines and social media sites report and 5) the reality. Figure 1 illustrates these five spheres.



Figure 1. The five spheres of reputation. The importance of each sphere depends on the phase of the innovation process as well as the specific context and time.

The interest and focus of this paper is on the spheres of media reputation (2) and on-line reputation (4). But on what other aspects does reputation depend, other than the journalistic processes? Who are the other attention workers in the innovation ecosystem?

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<sup>46</sup> Luoma-aho, V. (2008), “Sector reputations of public sector organisations”, *The International Journal of Public Sector Management*, 21(5), 446-467.

<sup>47</sup> Colvin, G. (2009) *The World’s Most Admired Companies*, Fortune, 3/16/2009, Vol. 159, Issue 5, pp. 75-78.

<sup>48</sup> Luoma-aho, V. (2007). *Reputation Formation of Innovations*. *Innovation Journalism*, 4(2), May 2007. Available online: <<http://www.innovationjournalism.org/ij4/presentations/vilmaluoma-aho.pdf>>

## 2.2 Role of attention workers

Above we argued that attention has become a scarce commodity and valuable in the Innovation Economy. But who needs whose attention in this new economy? To begin, attention is needed to conduct business in several ways. On one hand, entrepreneurs, investors and public-policy makers want attention from journalists to help sell their ideas or products.<sup>49</sup> On the other hand, journalists need audience attention to maintain their status. A delicate system of symbiotic relationships develops between the various attention workers in the innovation ecosystems, both professional and social. Unfortunately, as information and attention are for sale, the problems of bias, conflict of interest and corruption may increase in the attention economy.

In the following table, we suggest a way to represent the similarities and differences between some attention workers.

Table 2. The different players in attention economy and their mandates.

<b>Players in attention economy</b>	<b>Mandate from</b>	<b>Paid by</b>	<b>Generate &amp; Broker (focus)</b>
Journalism	audience	selling audience attention	attention
PR	source	source	reputation
Marketing	source	source	reputation
Advertising	source	source	attention
Lobbying	source	source	supporters

The first column of the table lists some attention workers in the attention economy: journalists, PR, marketing, advertising and lobbying. The second column lists from where the mandate of attention worker derives. It is clear from table 2 that journalism is distinctive from the other types of attention work. Journalism is done - as defined by its principles - via audience mandate. Each story will contain information from sources, but the journalism is committed not to represent the sources. It should be an independent actor, serving the interests of the audience. The other actors - PR, marketing, advertising and lobbying - act on a mandate from the sources. Their job is to catch public attention, to improve the standing of the actors they are serving.

The third column shows the main generator of revenues for the various attention workers. Journalism's traditional attention business model is to generate readership attention and broker it to advertisers. With the proliferation of the Internet, this business model is in a crisis, and journalism is struggling to find alternatives<sup>50</sup>. For

<sup>49</sup> M. Lounsbury, P. Hirsch and M. Ventresca, "Social Movements, Field Frames and Industry Emergence: A Cultural-Political Perspective on US Recycling, *Socio-Economic Review*, Vol. 1, pp. 71-104, 2003

<sup>50</sup> Miel, P. & Faris, R. (2008). News and Information as Digital Media come of age. Overview 2008, The Berkman Center for Internet & Society at Harvard University. Online: [http://cyber.law.harvard.edu/sites/cyber.law.harvard.edu/files/Overview\\_MR.pdf](http://cyber.law.harvard.edu/sites/cyber.law.harvard.edu/files/Overview_MR.pdf)

the remaining actors, we have listed that the money comes from the ‘source,’ borrowing language from the jargon of journalism. In a news story, the source is the provider of narrative elements in the journalistic story. The source may have an incentive to influence the narrative that catches public attention, and that may influence the narrative adopted by the public. In table 2, we use the word ‘source’ to represent an actor who plays for public attention to influence the public narrative, to achieve goals.

The fourth column shows the value proposition of the attention worker to the customer, the one who provides the money. Journalism sells attention to advertisers. Advertisers sell attention (that they in their turn buy from journalism or other actors gathering public attention) to the source. PR sells improved reputation to the source, as does marketing. Lobbyists generate support for the source.

Different attention workers will interact. On some level, journalism and PR can trade: a journalist can access a source with high reputation, which can boost generation of attention around the story. PR will give the journalist access to the source if they think this is the best alternative for improving the reputation of the source. The transfer between journalism and PR is therefore based on whuffie<sup>51</sup>, attention value and reputation, which will result in attention, which in turn translates into revenues for journalism and modified reputation for the source. Not only journalism borrows reputation from the source. PR may also borrow the reputation of journalism. The journalist has a reputation with the audience (from whom journalism has its mandate) that the journalist nurtures to maintain the attention that is sold to advertisers. Therefore the trade between journalism and PR can be seen as an intermixing of reputation.

The transfer between advertising and journalism is much more straightforward. As stated above, advertisers purchase attention from journalism for money, using it for the purposes of the source, without involving journalism in the narrative. By not involving journalism, there are few issues of mixing reputation. Marketing and lobbying represent the source, but on a more strategic level. Advertising is a tool of marketing, and can also be an element of lobbying. PR is about cultivating relationships and taking part in the various forums and issue arenas<sup>52</sup>. PR practitioners can be seen as “reputation workers,” generating and brokering reputation, at least as much as they are attention workers. Here is an overlap: PR practitioners generate and broker both reputation and attention.

Journalists, however, are not in the business of building reputation for anyone else than their own publication or themselves. Journalism starts down a slippery slope if it starts engaging in altering the reputation of the sources. If journalism develops a stake in the reputation of sources, it may weaken its mandate from the audience.

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<sup>51</sup> Hunt, T. (2009). *The Whuffie Factor. Using the Power of Social Networks to Build Your Business*, Crown Business: New York, NY.

<sup>52</sup> Luoma-aho, V. & Vos, M. (2009) ‘Monitoring the Complexities: Nuclear power and public opinion. *Public Relations Review*, 35, pp. 120-122.

With the deteriorating attention business model of journalism<sup>53</sup>, some are offering sources boosted reputation in return for money, under the flag of journalism. That is a shaky prospect for journalism that leads easily to conflicts of interest, eroding its reputation among both sources and audiences. In practice, this mingling of PR and journalism is already happening, for example the in-house PR departments that hire journalists and function as news outlets. With these challenges in mind, the next chapter focuses on the empirical data focusing on reputation formation.

### 3 Empirical data and results

The data reported here were collected from 20 thematic interviews of key people (journalists, PR-practitioners, entrepreneurs, venture capitalists, analysts, angel investors, lawyers) in the innovation industry in Silicon Valley (California, USA) in the Fall of 2008. The interviewees were chosen to broadly represent the different players and attention workers of Silicon Valley, and chosen by snowball sampling. Gender was not equally distributed—only four of the 20 interviewees were women. On average, the respondents had 19.4 years of experience in the communications sector, ranging from 9 to 45 years. On average, the respondents had spent 23.4 years in Silicon Valley, ranging from 1 year to 59 years. All the respondents were living and working in the Valley during their interview.

The data presented here consists of the interviewees' answers to the questions "What role does visibility play for innovations?", "What interests you in an innovation?", "How do you build credibility in the valley?" and "Where do you go for ideas?" Direct questions about reputation and attention were not posed, to avoid the social pressure of using these concepts. Not all interviewees felt they could answer all questions, hence the results include only those answers relevant to the issue. This places limitations on the generalization of the data, but as the data reflect the views of diverse players both in size and focus, they can be taken as a snapshot of the current state of gaining attention and building reputation.

#### 3.1 When do innovations need attention?

Attention is a prerequisite for the adoption process of an innovation<sup>54</sup> but not necessarily beneficial for all the different phases of the innovation process. The interviewees mostly agreed that media visibility was important, and that without attention an innovation would not succeed. As one social-media expert put it; "In the words of Bette Midler... It's a pleasure to see you... it's a pleasure to be seen." What is more important, attention has to be among the right people, and there are also dangers to wrong kind of attention. More dangerous than bad press is a

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<sup>53</sup> Miel, P. & Faris, R. (2008). News and Information as Digital Media come of age. Overview 2008, The Berkman Center for Internet & Society at Harvard University. Online: [http://cyber.law.harvard.edu/sites/cyber.law.harvard.edu/files/Overview\\_MR.pdf](http://cyber.law.harvard.edu/sites/cyber.law.harvard.edu/files/Overview_MR.pdf)

<sup>54</sup> Rogers, E.M. (1995), "Diffusion of innovations", New York: Free Press.

situation when the innovators themselves believe the hype written about them. One venture capitalist concluded: “media attention can ruin anything. You start to believe your own Press. You stop doing the simple thing, customers.” This said, most interviewees thought media attention to be mostly beneficial for innovations.

The interviewees noted that the usefulness of attention and visibility varied during the different phases of innovation. One entrepreneur stated: “At what point is visibility good? We debate this. I’m not sure if I have a single definitive generalization... but my instinct is to say that earlier is always better.” Others thought that at the very beginning, media attention might not be necessary, and even harmful, when there is not much to show. Building hype too early without something to deliver might mess up the important “TechCrunch Bounce” of rising media interest and the temporary hype that comes with it.

Certain types of innovation require visibility all the way as in cases of “open source...where the community is developing it.” Other types of innovation can be hyped but kept secret until they are ready for commercializing, such as with the iPhone and Nintendo Wii. Everyone knew that they were coming and knew their names, but no one was sure what they could do nor had seen one. This kind of positive expectancy was created strategically by feeding media attention all the way until the product was out.

Some interviewees noted that visibility is especially important in the growth phase, when there is something to offer to customers and customer feedback is welcome. As one entrepreneur put it: “When you’re going mainstream and growing, then you want the media attention.” Attention can also help build relationships that are needed later: “If you’re an entrepreneur and you have an innovation, my advice is to get out there and talk to people as soon as you can. Otherwise you can’t get the mass of people to believe in your idea. *You need to create a context for the company.*” Journalists also noted the importance of relationships, and one valley veteran journalist summed it up by saying: “I don’t have to do business with strangers. And if you only show up when you want to sell me something...”

But gaining media attention at the right time is tricky, as journalists need to know about the innovation and understand its place in the ecosystem to be able to report on it. Journalists often follow each other, as one journalist noted, “You can tell that some topic is hot, that more than one people mention it. Maybe it is that you come and you meet someone and it’s written about, it’s bubbling.” One journalist described (what interests him in an innovation): “Personal curiosity is [number] one, [the second is] what the story is. My feeling of how significant it is for the industry [is important], if there is something that lots of people could take advantage of, or someone created something people could use, unique, that has a major impact on how people work, whether a new tool for design, or a process, how it impacts the rest of the ecosystem.” On top of the bigger picture, most interviewees agreed that to gain attention an innovation has to have the ‘wow’ factor and some “secrecy, whiff of mystery.”

Not all attention for an innovation is media attention: good examples are the new social media as well as the various interest groups. Nintendo, for example when launching the Wii, “used channels that had not been used before: wee-parties for

kids and mothers, they did not hit the hard core 15-18 year olds guys... and they also advertised in the elderly magazines. YouTube was where they hit their videos. They were professional, but it worked as they presented a new thing.” Good PR by creating the right relationships, great advertising by keeping up the attention and hyped journalism, that helped create the phenomena Wii is today.

### 3.2 How is reputation formed?

Getting attention is tricky, but so is forming a good reputation. Theory suggests that reputation is related to credibility and legitimacy<sup>55</sup> but establishing these can be difficult, especially for new or first-time innovators. All interviewees mentioned that what matters most is “the innovation itself” and that everything else rests on it.

One of the most important things for forming a good reputation is the social network. “People whom you know and who introduce you. Face value depends on the connections you open, what you can give.” Interviewees mentioned relations with journalists, but also with the right industry, the right people to work with from investors to law firms. Some interviewees suggested that reputation and credibility could be borrowed by associating with and hiring established veterans who have been around longer. As one angel investor noted, reputation is all about “your network. It’s all about perception.” Besides the right connections, the innovator personally also matters through a track record of previous successes but also failures that the innovator has learned from.

Media attention is important for reputation formation: “You cannot underestimate Press.” Innovators need to “get good stories so they’ll know your name.” Media-wise, not always the biggest and trendiest publications or sites matter but “each area has its ‘virtual watering holes’ where people of the sector come who are important for building reputation. Bloggers are getting a larger role, as are the new media outlets that fall between the traditional and new media. In sum, reputation is created as a sum of several issues but never on thin air: what matters, even in innovations, is the product, the idea, the innovation itself. The rest is built on that.

## 4 Conclusion

In this paper we have argued that in attention economy<sup>56</sup> attention is valuable and reputation plays a major role in choices made. The role of attention workers, those

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<sup>55</sup> Deephouse, D. & Carter, S. (2005), “An Examination of Differences Between Organizational Legitimacy and Organizational Reputation”, *Journal of Management Studies*, Vol. 42 No. 2, pp. 329–360.

<sup>56</sup> Simon, H.A. (1971), ‘Designing Organizations for an Information-Rich World’, written at Baltimore, MD, in Martin Greenberger, *Computers, Communication, and the Public Interest*, The Johns Hopkins Press.



who professionally generate and broker attention<sup>57</sup>, is central for the innovation economy to bloom. Attention and reputation are intertwined. In fact, reputation has become a selection criterion for how attention is directed, for forming relations and executing transactions among publics, the currency of choice online<sup>58</sup>.

As financial pressures change both the demand for attention as well as its business models, journalism must be redefined, as *the production of news stories, bringing public attention to issues of public interest, receiving its mandate from the audience*<sup>59</sup>.

In Table 2 we discussed the various types of attention work and concluded that PR is reputation work as well as attention work, whereas journalism is not reputation work.

The data reported here seemed to confirm that attention is becoming scarce. The interviewees revealed, though, that not all attention is equal, and that attention is more valuable at certain times and phases of innovation. This insight needs to be better understood by the different attention workers and *a more strategic approach to innovation communication as well as innovation journalism is needed*. No magic wand exists to wave over an innovation and make it succeed<sup>60</sup>, but rather ongoing collaboration is needed from the attention workers. It could be understood, that at the beginning of the innovation process, mere awareness is enough, whereas as the innovation develops further, a good reputation must be created. In practice attention is hence a pre-requisite of reputation for an innovation.

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<sup>57</sup> Nordfors, D 2006. "PR and the Innovation Communication System", Innovation Journalism Vol.3 No.5. (2006), <http://www.innovationjournalism.org/archive/INJO-3-5.pdf>, also published by Strategic Innovators ( July - Sept 2007, Volume I | Issue 3)

<sup>58</sup> Hunt, T. (2009). *The Whuffie Factor. Using the Power of Social Networks to Build Your Business*, Crown Business: New York, NY.

<sup>59</sup> Nordfors, D. (2009) *Innovation Journalism, Attention Work and the Innovation Economy*. A Review of the Innovation Journalism Initiative 2003-2009. Online: <http://www.innovationjournalism.org/archive/injo-6-1.pdf>

<sup>60</sup> Kawasaki, G. (2008) *Reality Check. The Irreverent Guide to Outsmarting, Outmanaging, and Outmarketing your Competition*. Penguin Group, Portfolio: New York.

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