

# AMERICAN IDOL: SHOULD IT BE A SINGING CONTEST OR A POPULARITY CONTEST?

J. ATSU AMEGASHIE

CESIFO WORKING PAPER NO. 2171  
CATEGORY 2: PUBLIC CHOICE  
DECEMBER 2007

*An electronic version of the paper may be downloaded*

- *from the SSRN website:* [www.SSRN.com](http://www.SSRN.com)
- *from the RePEc website:* [www.RePEc.org](http://www.RePEc.org)
- *from the CESifo website:* [www.CESifo-group.org/wp](http://www.CESifo-group.org/wp)

# AMERICAN IDOL: SHOULD IT BE A SINGING CONTEST OR A POPULARITY CONTEST?

## Abstract

In the very popular FOX TV reality show, *American Idol*, the judges, who are presumably experts in evaluating singing effort, have no voting power when the field is narrowed to the top twenty-four contestants. It is only the votes of viewers that count. In the 2007 season of the show, one of the judges, Simon Cowell, threatened to quit the show if a contestant, Sanjaya Malakar, who was clearly a low-ability contestant, won the competition. He was concerned that the show was becoming a popularity contest instead of a singing contest. Is this a problem? Not necessarily. I show that, under certain conditions, making success in the contest dependent on a contestant's popularity and not solely on her singing ability or performance, could paradoxically increase aggregate singing effort. It may be optimal to give the entire voting power to the viewers whose evaluation of singing effort or ability is *noisier*.

JEL Code: D23, D44.

Keywords: American Idol, contests, tournaments.

*J. Atsu Amegashie*  
*Department of Economics*  
*University of Guelph*  
*Guelph, Ontario*  
*Canada N1G 2W1*  
*jamegash@uoguelph.ca*

December 15, 2007

My thanks are due to Ed Kutsoati, Zane Spindler and especially Qiang Fu for helpful comments and Arian Khaleghi for helpful discussions.

## 1. Introduction

*American Idol* and *Dancing with the stars* are two very successful reality shows<sup>1</sup> on the American TV networks, Fox and ABC, respectively.<sup>2</sup> *American Idol* is particularly successful. With the exception of the *Super Bowl* and the *Academy Awards*, *American Idol* is the highest rated *viewed*<sup>3</sup> program on U.S. national television and is broadcast in over 100 countries outside of the USA.

*American Idol* is a singing contest and *Dancing with the Stars* is a dancing contest. A unique feature of these two TV shows is that the votes of viewers count in determining the winner of the show. For example, in *Dancing with the stars*, the votes of both the viewers and the judges (i.e., the experts) count. In *American Idol*, only the votes of the judges count in the preliminary rounds and only the votes of viewers count in advanced rounds (i.e., when the field is narrowed to the top twenty-four contestants). Since the judges and viewers may have different preferences, these can sometimes lead to problems. Indeed, in the 2007 season of *American idol*, there was a low-ability contestant, Sanjaya Malakar, who the judges did not like but kept advancing through the

---

<sup>1</sup>*American Idol*, which debuted in 2002, is an offshoot of *Pop Idol*, a British television (singing) reality show which debuted on the ITV network in 2001. As noted at wikipedia.com, the Idol series has become an international franchise; it has spun off many successful shows such as *Australian Idol*, *Latin American Idol*, *Idols* (Denmark, Netherlands, Finland, South Africa), *Canadian Idol*, *Idols West Africa*, *Indian Idol*, *Indonesian Idol*, *New Zealand Idol*, *Hay Superstar*, *Nouvelle Star*, *Pinoy Idol (Philippines)*, *Deutschland sucht den Superstar*, *Singapore Idol*, *Malaysian Idol*, *Vietnam Idol*, *Music Idol*, *Ídolos Brazil*, *Ídolos Portugal*, and *Super Star*.

<sup>2</sup>Some of the top twelve finalists on *American Idol* have gone on to chalk successes: six of them have been nominated for the 2008 Grammy awards. One of them, Carrie Underwood has already won a Grammy and Jennifer Hudson, through the exposure that the show gave her, had the opportunity to star in the movie *Dreamgirls* which won her an Oscar in 2007. The websites for both shows can be found at: <http://www.americanidol.com/> and <http://abc.go.com/primetime/dancingwiththestars/index?pn=index>

<sup>3</sup>Note that the *Super Bowl* and *Academy Awards* take place only once in a year. In each season, *American Idol* is shown twice a week over a 4-month period. In this sense, it is the number one rated show in America.

rounds because the viewers liked him. One of the judges, Simon Cowell, threatened to quit the show if Sanjaya won the competition.

To be sure, *American Idol* is a singing contest, but it sometimes runs the risk of becoming a popularity contest. One way of dealing with this apparent problem is to allocate the entire voting power to the judges. However, that might lead to a huge fall in TV ratings and revenue. A reason why the votes of viewers is allowed to determine the winner(s) is because it gives the viewers a sense of participation and increases the numbers of viewers leading to an increase in TV ratings and revenue. Allowing the votes of viewers to count increases the excitement of the show. There may well be a trade-off between this participation effect and the possible disincentive effect on singing effort of allowing any Tom, Dick, and Harry who has a phone to vote.

In *American Idol*, as mentioned above, only the votes of judges count in preliminary rounds. This allows the judges to narrow the set of possible contestants in order to possibly minimize any subsequent errors in selection that might emerge when viewers' votes later determine the winner(s) in subsequent rounds. However, as the Sanjaya case demonstrated, this cannot eliminate this risk. Alternatively, in *Dancing with the stars* this problem may have been addressed by assigning non-zero weights to the votes of the judges and viewers. But how should these weights be determined? What factors should be taken into account? Could the *American Idol* allocation of voting power be optimal? In this paper, I show, among others, that differences in the abilities of the contestants should be an important consideration.

I show that, under certain conditions, making success in the contest dependent on a contestant's popularity and not solely on her singing ability or performance, could

paradoxically increase aggregate singing effort. By allowing the votes of viewers to count, sufficient noise is introduced into the contest since the viewers tend to care more, relative to the judges, about factors other than a contestant's singing ability or performance. This low-powered incentive can paradoxically lead to an increase in aggregate efforts because it levels the playing field between high-ability contestants and low-ability contestants inducing the low-ability contestants to exert more effort which, in turn, puts pressure on the high-ability to work harder. I demonstrate this result in the next section and relate it to other results in the literature on contests and incentives. Section 3 concludes the paper.

## **2. An American-Idol type contest: a model**

While *American Idol* and *Dancing with the Stars* are dynamic contests, I illustrate the key idea of this paper by analyzing a static contest. This makes sense if the contestants focus on a round at a time. Indeed, most of the contestants in *American Idol* when asked about their thoughts and preparation for future rounds invariably respond that they are only focusing on the current round.

Consider a singing contest, such as *American Idol*, *Canadian Idol*, or *Pop Idol* with two risk-neutral contestants. Suppose a singing effort (performance) of  $x_k$  by contestant  $k$  translates into  $q_k = x_k + \eta_k$  votes by the judges and  $y_k = x_k + \varepsilon_k$  votes by

viewers,  $k = 1, 2$ .<sup>4</sup> Assume that  $\varepsilon_k$  and  $\eta_k$  are independently distributed random variables.<sup>5</sup> Also,  $\text{Cov}(\varepsilon_1, \varepsilon_2) = \text{Cov}(\eta_1, \eta_2) = 0$ .

I assume that  $\varepsilon_k$  and  $\eta_k$  are each normally distributed with mean zero and variances,  $\sigma_\varepsilon^2$  and  $\sigma_\eta^2$  respectively. In what follows, I assume that  $\sigma_\varepsilon^2 > \sigma_\eta^2 > 0$ . This assumption is motivated by the following two reasons: (i) the judges may care more about effort in the contest than the viewers. The viewers may care more about a contestant's popularity or personality relative to the judges, and (ii) the judges, being experts, can evaluate singing effort better than the viewers.

I normalize the prize of winning the contest to 1. Let  $C_k(x_k) = \theta_k C(x_k)$  be the cost of effort to contestant  $k$ , where  $\theta_k$  is a positive parameter and  $C(x_k)$  is increasing and strictly convex. If  $\theta_1 < \theta_2$ , then contestant 1 has a higher ability than contestant 2 since his cost of exerting effort is lower.

Let  $\alpha$  be the weight given to the votes of viewers, where  $0 \leq \alpha \leq 1$ . Then contestant  $k$  will win the contest, if  $\alpha y_k + (1-\alpha)q_k > \alpha y_j + (1-\alpha)q_j$ ,  $k = 1, 2$ ,  $j = 1, 2$ , and  $k \neq j$ . Then contestant 1's payoff is

$$\Pi_1 = \Pr(\alpha y_1 + (1-\alpha)q_1 > \alpha y_2 + (1-\alpha)q_2) - \theta_1 C(x_1) = \Pr(m < x_1 - x_2) - \theta_1 C(x_1),$$

where  $m \equiv \alpha(\varepsilon_2 - \varepsilon_1) + (1-\alpha)(\eta_2 - \eta_1)$ . Since  $\varepsilon_k$  and  $\eta_k$  are normally distributed with mean zero and variances  $\sigma_\varepsilon^2$  and  $\sigma_\eta^2$ , it follows that  $m$  is normally distributed with mean zero

---

<sup>4</sup> My treatment of the judges' votes is analogous to the voting rule in *Dancing with the Stars* and figure skating competitions. Each judge in these contests scores a contestant's performance out of 10 and a contestants' overall score is the sum of the judges' scores. Amegashie (2006) studies the incentive effects of voting by judges in international figure skating within the context of the figure skating scandal at the 2002 winter Olympics in Salt Lake City, Utah, USA.

<sup>5</sup> To the extent that the judges' votes and/or comments are observed by the viewers in both *American Idol* and *Dancing with the Stars* before the viewers cast their votes, one may argue that the judges' votes could affect components of the viewers' vote function. For simplicity and to allow me focus on the main argument of the paper, I do not consider this possible effect.

and variance  $\sigma^2 = \alpha^2(\sigma_\varepsilon^2 + \sigma_\varepsilon^2) + (1-\alpha)^2(\sigma_\eta^2 + \sigma_\eta^2)$ . Let  $g$  be the density function of  $m$  and  $G$  be its distribution function.

We can write contestant 1's payoff as

$$\Pi_1 = G(x_1 - x_2) - \theta_1 C(x_1). \quad (1)$$

Similarly, contestant 2's payoff is

$$\Pi_2 = G(x_2 - x_1) - \theta_2 C(x_2). \quad (2)$$

First-order conditions for an interior solution require that  $g(x_1 - x_2) - \theta_1 C'(x_1) = 0$  and  $g(x_2 - x_1) - \theta_2 C'(x_2) = 0$ . This can be rewritten as

$$\frac{\partial \Pi_1}{\partial x_1} = \frac{1}{\sigma\sqrt{2\pi}} \exp\left(-\frac{(x_1 - x_2)^2}{2\sigma^2}\right) - \theta_1 C'(x_1) = 0, \quad (3)$$

and

$$\frac{\partial \Pi_2}{\partial x_2} = \frac{1}{\sigma\sqrt{2\pi}} \exp\left(-\frac{(x_2 - x_1)^2}{2\sigma^2}\right) - \theta_2 C'(x_2) = 0. \quad (4)$$

From (3) and (4), it follows that, in equilibrium,  $\theta_1 C'(x_1^*) = \theta_2 C'(x_2^*)$ . Then the strict convexity of  $C(x_k)$  implies that  $x_1^* > x_2^*$ , if  $\theta_1 < \theta_2$ . Therefore, in equilibrium, the contestant with the higher ability exerts a greater effort. Without any loss of generality, I assume that  $\theta_2 \geq \theta_1$ . Hence, contestant 1 is has a higher ability than contestant 2.

As in tournament models, the existence of pure-strategy equilibria is not guaranteed. Pure-strategy equilibria exist if the variance of the error terms is sufficiently high.<sup>6</sup> To elaborate on this, note that second-order conditions require

---

<sup>6</sup> See Lazear and Rosen (1981) and Nalebuff and Stiglitz (1983). As noted by Lazear and Rosen (1981, fn. 2), "Contests are feasible only if chance is a significant factor." In the extreme case where the variance of the error terms is zero, the contest becomes a variant of a non-stochastic all-pay auction which is known to have no equilibrium in pure strategies (Hillman and Riley, 1989; Baye et al., 1996).

$g'(x_1 - x_2) - \theta_1 C''(x_1) < 0$  and  $g'(x_2 - x_1) - \theta_2 C''(x_2) < 0$ . This condition holds for the high-ability contestant since  $g'(x_1 - x_2) < 0$  given  $x_1^* > x_2^*$  and  $C(x_1)$  is strictly convex. However, it may not hold for the low-ability contestant. We can rewrite the low-ability contestant's second-order condition as

$$-\frac{(x_2^* - x_1^*)}{\sigma^3 \sqrt{2\pi}} \exp\left(-\frac{(x_2^* - x_1^*)^2}{2\sigma^2}\right) - \theta_2 C''(x_2^*) < 0 \quad (5)$$

The first-term on the left hand side is positive since  $x_1^* > x_2^*$ . It attains a maximum value at  $x_2^* - x_1^* = -\sigma$ . Therefore, a sufficient but not necessary condition for (5) to hold is

$$\frac{1}{\sigma^2 \sqrt{2\pi}} \exp\left(-\frac{1}{2}\right) - \theta_2 \min[C''(x_2^*)] < 0. \quad (6)$$

To simplify the analysis, I assume that  $C(x_k) = \exp(x_k)$ ,  $k = 1, 2$ .<sup>7</sup> Then since  $x_2 \geq 0$  and  $C''(x_2) = \exp(x_2)$  is monotonically increasing in  $x_2$ , it follows that

$\min[C''(x_2^*)] = \exp(0) = 1$ . Hence we can rewrite (6) as

$$\frac{1}{\sigma^2 \sqrt{2\pi}} \exp\left(-\frac{1}{2}\right) - \theta_2 < 0 \quad (6a)$$

Then there exists an interior solution if  $\sigma^2$  is sufficiently high such that (6a) holds.

Given that  $\theta_1 C'(x_1^*) = \theta_2 C'(x_2^*)$  holds in equilibrium, it follows that

$\theta_1 \exp(x_1^*) = \theta_2 \exp(x_2^*)$ . So  $x_1^* = \ln(b) + x_2^*$ , where  $b \equiv \theta_2/\theta_1 \geq 1$ . Putting

$x_1^* = \ln(b) + x_2^*$  into (3) gives

$$\frac{\partial \Pi_1}{\partial x_1} = \frac{1}{\sigma \sqrt{2\pi}} \exp\left(-\frac{(\ln(b))^2}{2\sigma^2}\right) - \theta_1 \exp(x_1^*) = 0, \quad (7)$$

<sup>7</sup> It is not unusual to obtain results in tournament models by assuming specific functional forms for cost, utility, or density functions. See, for example, part of the discussion in Nalebuff and Stiglitz (1983).



Aggregate effort  $x_1^* + x_2^* = 2x_1^* - \ln(b) > 0$ . Hence, I investigate the effect of the voting weight of the viewers on aggregate effort by differentiating equation (7) with respect to  $\alpha$  noting that  $x_1^*$  and  $\sigma^2 = 2\alpha^2\sigma_\varepsilon^2 + 2(1-\alpha)^2\sigma_\eta^2$  are functions of  $\alpha$ . This gives

$$\frac{\partial x_1^*}{\partial \alpha} = \frac{\lambda[(\ln(b)/\sigma)^2 - 1]}{\sigma^2\theta_1 \exp(x_1^*)\sqrt{2\pi}} \frac{\partial \sigma}{\partial \alpha}, \quad (8)$$

where  $\lambda \equiv \exp\left(-\frac{(\ln(b))^2}{2\sigma^2}\right)$ .

Now  $\frac{\partial \sigma}{\partial \alpha} > 0$  if  $\alpha\sigma_\varepsilon^2 > (1-\alpha)\sigma_\eta^2$ . This holds if  $\sigma_\varepsilon^2$  is sufficiently bigger than  $\sigma_\eta^2$ .

In other words, *relative to the judges*, the viewers' voting behavior is influenced sufficiently more by factors other than the singing effort of the contestants. As argued previously, I interpret this as meaning that the viewers are influenced more by the popularity of contestants than the judges are.

When the contestants are identical (i.e.,  $\theta_1 = \theta_2$ ), then  $b = 1$  since  $x_1^* = x_2^* = x^*$ . So  $\ln(b) = 0$ . Hence  $\partial x^*/\partial \alpha < 0$  if  $\partial \sigma/\partial \alpha > 0$ . Therefore, if the contestants are identical increasing the noise in the contest will unambiguously decrease aggregate efforts.

If the contestants are non-identical, then  $b > 1$ . It follows that if  $\partial \sigma/\partial \alpha > 0$  and  $(\ln(b)/\sigma)^2 - 1 > 0$ , the derivative in (8) is positive. The latter condition holds if  $\sigma^2$  is sufficiently low and/or  $b$  is sufficiently high. So under these conditions, an increase in the voting weight of the viewers, whose vote is influenced *relatively* more by factors other than the singing effort of the contestants, could paradoxically lead to an increase in the aggregate singing effort in the contest. This means that  $\alpha^* = 1$  could be optimal. This leads to the following proposition:

**Proposition 1:** Consider a contest, such as American Idol, with expert judges and non-expert judges (i.e., the viewers). If (i) the viewers' voting behavior is sufficiently noisier than that of the expert judges, (ii) the difference in the ability of the contestants is sufficiently high, and (iii) the weighted noise of the expert judges' votes and the viewers' votes is sufficiently low, then giving a bigger voting weight to the viewers would lead to an increase in aggregate effort in the contest.

### 2.1 Discussion and relation to previous literature

The intuition for the result in the preceding paragraph is based on a well-known result in contests. The more level is the playing field, the higher is aggregate efforts. In the same vein, increasing the voting weight of the viewers introduces more noise into the contest and does not make success too sensitive to effort. This levels the playing field by giving low-ability contestants a reasonable chance of success and thereby inducing them to boost their effort. By boosting their effort, they force the high-ability contestants to also boost their effort (i.e.,  $\partial x_1^* / \partial x_2^* > 0$ ). It is important to note that this effect is a *strategic* effect. Knowing that the effort of a high-ability contestant does not have a very strong impact on his success in the contest induces a low-ability contestant to exert more effort than he would otherwise. And this forces the high-ability contestant to react accordingly.

To be sure, there are two opposing effects: a contestant has the incentive to slack if the contest becomes *noisier*. For want of a better term, I refer to this as the *non-strategic* effect. However, the strategic effect described above may be strong enough to counteract this *non-strategic* effect. The ambiguity of the derivative in (8) is the result of

these two opposing effects. This strategic effect exists when the contestants are *non-identical* (i.e.,  $b > 1$ ) and it is very strong if the difference in the abilities of the contestants is sufficiently high (i.e.,  $b$  is sufficiently high). When the contestants are identical, then by definition, there cannot be a common change in the contest that will level the playing field anymore than it already is.<sup>8</sup>

On the preceding point, it is interesting to note that Sanjaya Malakar, realizing that he had a decent chance of being the winner or advancing to subsequent rounds (in *American Idol*) tried harder to improve upon his singing performance. Of course, the viewers do not vote entirely on popularity. A contestant's singing performance also influences their votes. That was partly why Sanjaya Malakar was eventually voted out after he made it into the top seven contestants. To be sure, some noise in the contest is desirable but too much of it is clearly not desirable. This explains why the second-order condition in (6) and  $(\ln(b)/\sigma)^2 - 1 > 0$  place upper and lower bounds on  $\sigma^2$ .<sup>9</sup>

The intuition behind the above result has been applied in other papers. For example, Che and Gale (1998) showed that a cap on lobbying could lead to an increase in aggregate lobbying because high-ability contestants find it more difficult to pre-empt the

---

<sup>8</sup> Nalebuff and Stiglitz (1983) find that increasing the variance of the noise in a tournament with *identical* contestants could lead to an increase in efforts. No intuition is given for this result and, unlike this paper, their result does not hinge on differences in the abilities of the contestants. Also, they model the production function of contestant  $k$  as  $y_k = \eta x_k + \varepsilon_k$ . It is the variance of the common noise variable  $\eta$  (not the idiosyncratic noise,  $\varepsilon_k$ ) that accounts for their result. I am not aware of any paper in the literature on tournaments that argues that aggregate efforts will be higher as the tournament becomes noisier, given that the contestants are sufficiently non-identical.

<sup>9</sup> In a different context, Myerson (1991) shows that a noisy communication channel can improve information transmission relative to a non-noisy communication channel. Blume, Board, and Kawamura (2007) extend the seminal contribution in Crawford and Sobel (1982) model of strategic information transmission by incorporating communication error (i.e, noise). An informed sender (i.e., an expert) sends a message to an uninformed receiver. With some probability, messages sent will not be received. Instead received messages are drawn from a fixed error distribution. Otherwise, messages go through as sent. Blume, Board, and Kawamura (2007) show that this noisy communication channel is welfare-improving, if the noise is sufficiently small. Specifically, there is an equilibrium of the noise model that is Pareto superior to all equilibria of the Crawford-Sobel model.

efforts of low-ability contestants. Amegashie and Kutsoati (2007) also apply this reasoning to a third-party's intervention decision in a conflict. In their model, helping a faction in the conflict, which takes the form of subsidizing his cost of effort, increases his valuation (i.e., the valuation effect). This will cause him to increase his effort. But this help also exerts an inequality effect by widening the "playing field" if the stronger faction is helped and narrowing it if the weaker faction is helped. Hence if the weaker faction is helped, the valuation effect and the inequality effect move in the same direction resulting in an increase in the aggregate cost of conflict. So the weaker faction should not be helped if the third-party's goal is to reduce the aggregate cost of the conflict. On the other hand, helping the stronger faction widens the difference in the abilities of the contestants, so the inequality effect will result in a fall in aggregate effort. Of course, the increase in the valuation of the stronger faction will lead to an increase in his effort. Therefore, if the third-party wants to minimize the aggregate cost of the conflict, then he should help the stronger party if the inequality effect dominates the valuation effect.<sup>10</sup> Otherwise, he should not help either faction. Szymanski and Valletti (2005) found that in a contest with an outstanding contestant, concentrating the entire prize into a grand single prize for first place may actually lower aggregate efforts, since the other contestants may not exert enough effort because they do not think that they have a decent chance of winning. By splitting the prize into a first prize and a second prize, the playing field is somewhat leveled inducing the low-ability contestants to exert greater effort which, in turn, forces the outstanding contestant to also increase his effort. Finally, Fu (2006) found that if a contest-designer handicaps a high-ability contestant relative to a low-ability contestant,

---

<sup>10</sup> The *inequality* effect and *valuation* effect are the analogues of the *strategic* and *non-strategic* effects discussed above.

aggregate efforts increase although this widens the difference in efforts between the contestants.

One may argue that placing some weight on popularity may cause the contestants to divert their efforts from singing into non-singing efforts in the competition. In this case, one requires a model where the contestants invest in both singing and non-singing efforts. Such a contest will be similar to multi-activity contests as in Amegashie (2006), Konrad and Clark (2007), and Arbatskaya and Mialon (2007). To focus on the key driving force behind proposition 1, I do not consider this possible effect.

Indeed, the diversion of efforts from singing to non-singing efforts is not borne out in reality. For example, contestants in *American Idol* focus their energies on improving their singing performance. They understand that they are in singing contest. The fact that viewers care about non-singing factors in addition to singing performance does not imply that the contestants will go out of their way to invest in non-singing activities. This will especially be the case if the contestants are uncertain about the viewers' preferences over non-singing activities. Thus the model in this paper is applicable if the contestants are uncertain about the kind of non-singing factors that the viewers care about. These non-singing attributes could have several components including hairstyle, smile, sense of humor, tone of voice when speaking (as opposed to singing), choice of clothing, etc. Therefore, from the standpoint of the contestants, it is not unreasonable to simply treat the viewers' preferences over non-singing activities, as *noise*. My argument is that viewers' noisy preference for non-singing attributes could paradoxically lead to an increase in aggregate singing efforts.

I have assumed that increasing aggregate efforts is a desirable goal of a contest designer. This is a reasonable goal and has been used by several authors (e.g., Konrad and Gradstein, 1999; Moldovanu and Sela, 2001, 2006; and Moldovanu, Sela, and Shi, 2007; Szymanski and Valletti, 2005). But the contest-designer may also care about the distribution of efforts as well. That is, viewers may care about competitive balance (Szymanski, 2003). Viewers may prefer a more balanced contest to a lopsided contest even if aggregate effort in the former is lower. If we use the difference in efforts,  $x_1^* - x_2^* = \ln(b)$  as the measure of competitive balance then there is no change in competitive balance as the voting weight of the viewers is increased.

Ideally, the contest designers prefer a contestant who is popular on the show and also has a high singing ability. But it appears that if they had to choose between the two, they would rather go for someone with a high singing ability and moderate popularity rather than someone with mediocre singing ability but with high popularity. This is because marketing and promotion agencies in the music industry can boost the popularity of a high-ability singer (after s/he has won the competition) through the choice of clothing, facial make up, appearances on talk shows, etc. It is much harder to improve the singing ability of a mediocre talent. And the popularity of a mediocre singing talent will eventually wane.

### **3. Conclusion**

In this short article, I have argued that while some may perceive the very successful Fox TV reality show, *American Idol*, as turning into a popularity contest instead of the singing contest it is supposed to be, this need not be a problem. On the

contrary, this could boost incentives by boosting aggregate efforts in singing. If viewers voted based solely on singing performance, low-ability contestants may not strive hard enough because their chances of winning the competition will be very small. This will, in turn, cause high-ability contestants to exert a lower effort than they otherwise would. By not making success in the contest *too sensitive* to effort, low-ability contestants are paradoxically induced to exert a higher singing effort. This, in turn, forces the high-ability contestants to work harder and not be complacent. Hence, the current voting rule in *American Idol* under which only the votes of viewers count when the number of contestants is narrowed to twenty-four may be good for incentives. For the same reasons, giving some weight to the votes of viewers in *Dancing with the Stars* could also be good for incentives.

There may yet be another reason why the current voting rule in *American Idol* may not have perverse effects. Since the votes of viewers only count after the set of contestants has been narrowed to twenty-four by the judges, it is likely that there will not be substantial differences in the abilities of the contestants. However, the judges sometimes get it wrong as the Sanjaya case showed. And to be sure, the judges are not totally certain of a contestant's ability. Indeed, that is what the show is about: to discover talent. But doing so depends on giving the right incentives to elicit sufficient singing efforts from the contestants. Even a high-ability contestant may rest on her laurels or be complacent without the right incentives. Introducing sufficient noise into the contest by giving the viewers sufficient voting power may well be a desirable incentive mechanism.

As noted in section 1, making the votes of viewers count may also be a necessary evil intended to make viewers feel a sense of participation and boost TV ratings of the

show. This article has shown that this participation motive may also have other desirable incentive effects.

There is, of course, now a literature in economics that recognizes that diluting incentives or giving low-powered incentives may actually be efficient (see the survey in Francois and Vlassopoulos (2007) and the references therein). This piece may also be seen as a contribution to that literature.

## References

- Amegashie, J.A. (2006). The 2002 Winter Olympics Scandal: Rent-Seeking and Committees. *Social Choice and Welfare* 26: 183-189
- Amegashie, J. A., and Kutsoati, E. (2007). (Non)intervention in Intra-State Conflicts. *European Journal of Political Economy* 23: 754-767.
- Arbatskaya, M., and Mialon, H. (2007). Multi-Activity Contests. conditionally accepted at *Economic Theory*.
- Baye, M.R., Kovenock, D., and de Vries, C.G. (1996). The All-Pay Auction with Complete Information. *Economic Theory* 8: 291-305.
- Blume, A., Board, O., and Kawamura, K. (2007). Noisy Talk. *Theoretical Economics*, forthcoming.
- Che, Y-K., and Gale, I.L. (1998). Caps on Lobbying. *American Economic Review* 88: 643-651.
- Crawford, V.P., and Sobel, J. (1982). Strategic Information Transmission. *Econometrica* 54 : 1431-1451.
- Francois, P., and Vlassopoulos, M. (2007). Pro-Social Motivation and the Delivery of Social Services. forthcoming in *CESifo Economic Studies*:  
<http://www.econ.ubc.ca/fpatrick/surveycesifo.pdf>
- Fu, Q. (2006). A Theory of Affirmative Action in College Admissions. *Economic Inquiry* 44: 420-428.
- Hillman, A. L., and Riley, J. G. (1989). Politically Contestable Rents and Transfers. *Economics and Politics* 1: 17-39.



Konrad, K.A., and Gradstein, M. (1999). Orchestrating Rent Seeking Contests. *Economic Journal* 109: 536-545.

Konrad, K.A., and Clark, D.J. (2007). Contests with Multi-Tasking. *Scandinavian Journal of Economics* 109: 303-319.

Lazear, E., and Rosen, S. (1981). Rank-Order Tournaments as Optimal Labor Contracts. *Journal of Political Economy* 89: 841-864.

Moldovanu, B., and Sela, A. (2001). The Optimal Allocation of Prizes in Contests. *American Economic Review* 91: 542-558.

Moldovanu, B., and Sela, A. (2006). Contest Architecture. *Journal of Economic Theory* 126: 70-97.

Moldovanu, B., Sela, A., and Shi, X. (2007). Contests for Status. *Journal of Political Economy* 115: 338-363.

Myerson, R.B. (1991). *Game Theory: Analysis of Conflict*. Harvard University Press, Cambridge, MA.

Nalebuff, B.J., and Stiglitz, J.E. (1983). Prizes and Incentives: Towards a General Theory of Compensation and Competition. *Bell Journal of Economics* 14: 21-43.

Szymanski, S. (2003). The Economic Design of Sporting Contests. *Journal of Economic Literature* 41: 1137-1151.

Szymanski, S., and Valletti, T.M. (2005). Incentive Effects of Second Prizes. *European Journal of Political Economy* 21: 467-481.

# CESifo Working Paper Series

for full list see [www.cesifo-group.org/wp](http://www.cesifo-group.org/wp)

(address: Poschingerstr. 5, 81679 Munich, Germany, [office@cesifo.de](mailto:office@cesifo.de))

---

- 2108 Torben M. Andersen and Michael Svarer, Flexicurity – Labour Market Performance in Denmark, October 2007
- 2109 Jonathan P. Thomas and Tim Worrall, Limited Commitment Models of the Labor Market, October 2007
- 2110 Carlos Pestana Barros, Guglielmo Maria Caporale and Luis A. Gil-Alana, Identification of Segments of European Banks with a Latent Class Frontier Model, October 2007
- 2111 Felicitas Nowak-Lehmann D., Sebastian Vollmer and Immaculada Martínez-Zarzoso, Competitiveness – A Comparison of China and Mexico, October 2007
- 2112 Mark Mink, Jan P.A.M. Jacobs and Jakob de Haan, Measuring Synchronicity and Co-movement of Business Cycles with an Application to the Euro Area, October 2007
- 2113 Ossip Hühnerbein and Tobias Seidel, Intra-regional Tax Competition and Economic Geography, October 2007
- 2114 Christian Keuschnigg, Exports, Foreign Direct Investment and the Costs of Corporate Taxation, October 2007
- 2115 Werner Bönte, Oliver Falck and Stephan Heblich, Demography and Innovative Entrepreneurship, October 2007
- 2116 Katrin Assenmacher-Wesche and M. Hashem Pesaran, Assessing Forecast Uncertainties in a VECX Model for Switzerland: An Exercise in Forecast Combination across Models and Observation Windows, October 2007
- 2117 Ben Lockwood, Voting, Lobbying, and the Decentralization Theorem, October 2007
- 2118 Andrea Ichino, Guido Schwerdt, Rudolf Winter-Ebmer and Josef Zweimüller, Too Old to Work, too Young to Retire?, October 2007
- 2119 Wolfgang Eggert, Tim Krieger and Volker Meier, Education, Unemployment and Migration, October 2007
- 2120 Stefan Napel and Mika Widgrén, The European Commission – Appointment, Preferences, and Institutional Relations, October 2007
- 2121 Bertil Holmlund and Martin Söderström, Estimating Income Responses to Tax Changes: A Dynamic Panel Data Approach, October 2007
- 2122 Doina Maria Radulescu, From Separate Accounting to Formula Apportionment: Analysis in a Dynamic Framework, October 2007

- 2123 Jelle Brouwer, Richard Paap and Jean-Marie Viaene, The Trade and FDI Effects of EMU Enlargement, October 2007
- 2124 Kurt R. Brekke, Luigi Siciliani and Odd Rune Straume, Competition and Waiting Times in Hospital Markets, October 2007
- 2125 Alexis Direr, Flexible Life Annuities, October 2007
- 2126 Johannes Becker and Clemens Fuest, Quality versus Quantity – The Composition Effect of Corporate Taxation on Foreign Direct Investment, October 2007
- 2127 Balázs Égert, Real Convergence, Price Level Convergence and Inflation Differentials in Europe, October 2007
- 2128 Marko Koethenbueger, Revisiting the “Decentralization Theorem” – On the Role of Externalities, October 2007
- 2129 Axel Dreher, Silvia Marchesi and James Raymond Vreeland, The Politics of IMF Forecasts, October 2007
- 2130 Andreas Knabe and Ronnie Schöb, Subsidizing Extra Jobs: Promoting Employment by Taming the Unions, October 2007
- 2131 Michel Beine and Bertrand Candelon, Liberalization and Stock Market Co-Movement between Emerging Economies, October 2007
- 2132 Dieter M. Urban, FDI Technology Spillovers and Wages, October 2007
- 2133 Valentina Bosetti, Carlo Carraro, Emanuele Massetti and Massimo Tavoni, Optimal Energy Investment and R&D Strategies to Stabilise Greenhouse Gas Atmospheric Concentrations, October 2007
- 2134 David-Jan Jansen and Jakob de Haan, The Importance of Being Vigilant: Has ECB Communication Influenced Euro Area Inflation Expectations?, October 2007
- 2135 Oliver Falck, Heavyweights – The Impact of Large Businesses on Productivity Growth, October 2007
- 2136 Xavier Freixas and Bruno M. Parigi, Banking Regulation and Prompt Corrective Action, November 2007
- 2137 Jan K. Brueckner, Partial Fiscal Decentralization, November 2007
- 2138 Silvia Console Battilana, Uncovered Power: External Agenda Setting, Sophisticated Voting, and Transnational Lobbying, November 2007
- 2139 Alan J. Auerbach, Michael P. Devereux and Helen Simpson, Taxing Corporate Income, November 2007

- 2140 Lorenzo Cappellari, Paolo Ghinetti and Gilberto Turati, On Time and Money Donations, November 2007
- 2141 Roel Beetsma and Heikki Oksanen, Pension Systems, Ageing and the Stability and Growth Pact, November 2007
- 2142 Hikaru Ogawa and David E. Wildasin, Think Locally, Act Locally: Spillovers, Spillbacks, and Efficient Decentralized Policymaking, November 2007
- 2143 Alessandro Cigno, A Theoretical Analysis of the Effects of Legislation on Marriage, Fertility, Domestic Division of Labour, and the Education of Children, November 2007
- 2144 Kai A. Konrad, Mobile Tax Base as a Global Common, November 2007
- 2145 Ola Kvaløy and Trond E. Olsen, The Rise of Individual Performance Pay, November 2007
- 2146 Guglielmo Maria Caporale, Yannis Georgellis, Nicholas Tsitsianis and Ya Ping Yin, Income and Happiness across Europe: Do Reference Values Matter?, November 2007
- 2147 Dan Anderberg, Tax Credits, Income Support and Partnership Decisions, November 2007
- 2148 Andreas Irmen and Rainer Klump, Factor Substitution, Income Distribution, and Growth in a Generalized Neoclassical Model, November 2007
- 2149 Lorenz Blume, Jens Müller and Stefan Voigt, The Economic Effects of Direct Democracy – A First Global Assessment, November 2007
- 2150 Axel Dreher, Pierre-Guillaume Méon and Friedrich Schneider, The Devil is in the Shadow – Do Institutions Affect Income and Productivity or only Official Income and Official Productivity?, November 2007
- 2151 Valentina Bosetti, Carlo Carraro, Emanuele Massetti and Massimo Tavoni, International Energy R&D Spillovers and the Economics of Greenhouse Gas Atmospheric Stabilization, November 2007
- 2152 Balázs Égert and Dubravko Mihaljek, Determinants of House Prices in Central and Eastern Europe, November 2007
- 2153 Christa Hainz and Hendrik Hakenes, The Politician and his Banker, November 2007
- 2154 Josef Falkinger, Distribution and Use of Knowledge under the “Laws of the Web”, December 2007
- 2155 Thorvaldur Gylfason and Eduard Hochreiter, Growing Apart? A Tale of Two Republics: Estonia and Georgia, December 2007
- 2156 Morris A. Davis and François Ortalo-Magné, Household Expenditures, Wages, Rents, December 2007

- 2157 Andreas Haufler and Christian Schulte, Merger Policy and Tax Competition, December 2007
- 2158 Marko Köthenbürger and Panu Poutvaara, Rent Taxation and its Intertemporal Welfare Effects in a Small Open Economy, December 2007
- 2159 Betsey Stevenson, Title IX and the Evolution of High School Sports, December 2007
- 2160 Stergios Skaperdas and Samarth Vaidya, Persuasion as a Contest, December 2007
- 2161 Morten Bennedsen and Christian Schultz, Arm's Length Provision of Public Services, December 2007
- 2162 Bas Jacobs, Optimal Redistributive Tax and Education Policies in General Equilibrium, December 2007
- 2163 Christian Jaag, Christian Keuschnigg and Mirela Keuschnigg, Pension Reform, Retirement and Life-Cycle Unemployment, December 2007
- 2164 Dieter M. Urban, Terms of Trade, Catch-up, and Home Market Effect: The Example of Japan, December 2007
- 2165 Marcelo Resende and Rodrigo M. Zeidan, Lionel Robbins: A Methodological Reappraisal, December 2007
- 2166 Samuel Bentolila, Juan J. Dolado and Juan F. Jimeno, Does Immigration Affect the Phillips Curve? Some Evidence for Spain, December 2007
- 2167 Rainald Borck, Federalism, Fertility and Growth, December 2007
- 2168 Erkki Koskela and Jan König, Strategic Outsourcing, Profit Sharing and Equilibrium Unemployment, December 2007
- 2169 Egil Matsen and Øystein Thøgersen, Habit Formation, Strategic Extremism and Debt Policy, December 2007
- 2170 Torben M. Andersen and Allan Sørensen, Product Market Integration and Income Taxation: Distortions and Gains from Trade, December 2007
- 2171 J. Atsu Amegashie, American Idol: Should it be a Singing Contest or a Popularity Contest?, December 2007