

Do Ads Harm News Consumption?

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Do Ads Harm News Consumption?

Abstract

Ads are always bundled with news, but how ads impact news consumption is understudied. Following the limited capacity model, which suggests that human's limited cognitive resources process information both intentionally and unintentionally, this research provides an empirical analysis of how processing news simultaneously with ads impacts the quantity and variety of news consumption. Using a unique individual-level dataset of 69,005 users including detailed news reading and ad blocker usage on a news website with a total of 1.9 million observations, we use a difference-in-differences approach to find that seeing ads negatively impacts news consumption. This negative effect is inconsistent with banner blindness and indicates a trade-off between seeing ads and reading news articles. Our paper suggests a hidden cost - users are less informed - of showing ads on news websites, a fact that media providers and policy makers should weigh against the prevalent use of ads on news platforms.

Keywords: *online advertising; news consumption; ad blocking*

Track: Digital Marketing & Social Media