Discussion of "The Impact of the Internet on Advertising Market for News Media" by Susan Athey, Emilio Calvano and Joshua Gans

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A précis of the argument

Paper asks why internet might reduce ad revenue

- Not entirely obvious, as customers still captive for time
  - “Traditional media economics” of Anderson and Coate (05)
- But this paper argues switching hurts because of waste
  1. Companies accidentally hit reader many times
     - If diminishing marginal impact at some point, reduces value
     - Before the internet people would read only one paper

     $\Rightarrow$ Reduction in value creation and thus revenue
  2. May or may not affect how much value can be extracted
     - Extremely sensitive to exact structure of model set-up
- Also shows complexity/ambiguity of many related issues:
  1. Different tracking of viewers (within and across)
  2. Asymmetries between different outlets
  3. Competition from (advertising by) non-advertising outlets
  4.

A simplified modeling approach

Key question: could this account for much of decline?