Viewers' Heterogeneous Distaste for Advertisements: Evidence from a Two-Sided Market
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Abstract:

This paper studies viewers' distaste for ads in a two sided-market. Using data from free-to-air TV permits us to observe the viewers' consideration set of alternatives and their characteristics. We first use market level data to estimate both viewers' demand for content using channels' share data, advertisements' posted prices and content characteristics. We then exploit additional high-frequency data on individual choices to estimate viewers' heterogeneous distaste for ads without placing distributional assumptions on consumers' preferences, following a similar strategy to Dubois et al. (2020). We find that distaste for ads is highly heterogeneous. With this approach we can disentangle distaste for ads from idiosyncratic preferences for content and inertia, which are relevant also for the advertisers' side of the market.