Ad Revenue and the Commercialization of Content: Evidence from Blogs

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Abstract:

Many scholars are concerned about the impact of ad-sponsored business models on content providers. They argue that content providers, when incentivized by ad revenue, are more likely to tailor their content to attract "eyeballs," and as a result, popular content may be excessively supplied. We empirically test this prediction by taking advantage of the launch of an ad revenue-sharing program initiated by a major Chinese portal site in September 2007. Participating bloggers allow the site to run ads on their blogs and receive 50% of the revenue generated by these ads. After analyzing 4.4 million blog posts, we find that compared to nonparticipants, the percentage of popular content increases by about 13% on the participants' blogs after the program takes effect. More than 50% of this increase can be attributed to topics shifting towards three domains: stock market, salacious content, and celebrities. We also find evidence that, relative to nonparticipants, the participants' content quality increases after the program takes effect.