

The Impact of Privacy Regulation on Web Traffic: Evidence from the GDPR

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We use traffic data from around 5,000 web domains in Europe and United States to investigate the effect of the European Union's General Data Protection Regulation (GDPR) on web traffic and visitor behaviour. We document an overall traffic reduction of approximately 15% in the long-run and find a measurable reduction of user engagement with websites. Traffic from direct visits, organic search, email and social media marketing, display ads and referrals dropped significantly, but paid search traffic - mainly Google search ads - was barely affected. We observe an inverted U-shaped relationship between website size and change in visits due to privacy regulation: the smallest and largest websites lost visitors, while medium ones were less affected. Our results are consistent with the view that users care about privacy and may defer visits altogether in response to website data handling policies. Privacy regulation can impact market structure and may increase dependence on large advertising service providers. Enforcement matters as well: The effects were amplified considerably in the long-run, following the first significant fine issued eight months after full entry into force.