

Privacy regulations and online safety: evidence from adult-only websites

by *Laura Abrardi* | *Lorien Sabatino* | *Geza Sapi* | *Politecnico di Torino* | *Politecnico di Torino* | *Düsseldorf Institute for Competition Economics (DICE)*, *Heinrich Heine University of Düsseldorf*

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We study the effects of the introduction of a more stringent privacy legislation on the consumption of websites that increase consumers' exposure to privacy risk. We exploit panel data on online traffic on top 1000 domains in US and EU, before and after the introduction of the GDPR. We find that the traffic on Adult-only websites increased by 11% after the enactment of the GDPR, whereas it decreased by 7% in other websites. We show through a theoretical model that, because of their high privacy risk, the demand of Adult-only websites is analogous to that of a Giffen good.