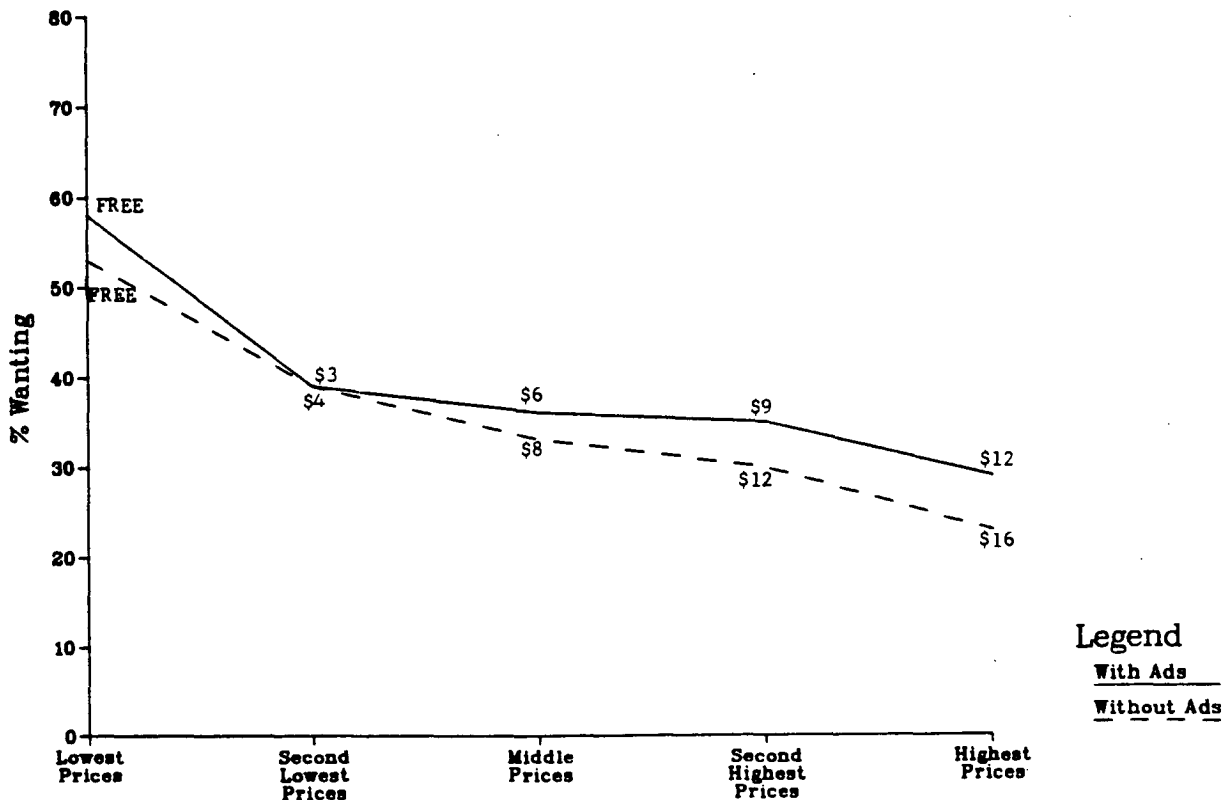


Overall, consumers prefer the news service with ads, choosing to accept intrusive ads in exchange for a 25% reduction in subscription costs. Both services tie in popularity when without ads costs \$4, and with ads is \$3. News without ads is more popular only when both services are free. But even when both are free, many people still want the service with ads.

Figure 9 shows which of the two services consumers prefer. However they aren't adamant about their preferences. When asked if they'd buy the service without ads if it is the only one available, almost everyone wanting either kind of news service gets the ad-free service, as shown by the dotted line in Figure 10. And almost as many people get the service with ads when it's the only service available, as shown by the solid line.



Both curves are almost the same as the total demand curve for news in Figure 9 on the preceding page. It appears demand for a news service is constant, regardless of whether the service is offered with or without ads, or whether a 25% discount is offered for the service with ads.

In short, the research suggests an information provider can offer news with intrusive ads at the full price, and demand will be the same!