



## CPS Paper

### How much is your video call worth? Measuring the value of free digital services.

**Author:** Mr John Lourenze Poquiz

**Submission ID:** 926

**Reference Number:** 926

#### Presentation File

[abstracts/ottawa-2023\\_1408a60204e7f98084eb1787a9cf66a8.pdf](https://abstracts/ottawa-2023_1408a60204e7f98084eb1787a9cf66a8.pdf)

#### Files/Uploads

[Measuring\\_Free\\_Goods](#) ao 18 Nov2022

#### Brief Description

The goal of this research is to estimate and examine the value derived by households from the utilization of free digital goods.

For this exercise, we estimate the gross value from the consumption of three forms of free digital goods: videoconferencing, personal email, and online news.

As our measurement strategy, we employ the prices of "premium" or paid internet goods as proxy for the value from their free counterparts.

We also use hedonic regression in order to extract the value of the 'free component' of these goods and untangle them from the value of the premium-exclusive components.

Our estimates show that in 2020, the aggregate gross value derived by households from the consumption of the three digital services was between GBP 6.1 billion and GBP 22.7 billion.

We also observe that the value derived by households from consuming these goods is growing much faster than aggregate household consumption.

Our estimate show that in 2020, the initial year of the COVID pandemic, real household final consumption decline would have been 0.07 to 0.13 percentage points slower had the value of the three digital goods been incorporated in the estimates.

#### Abstract

The goal of this research is to estimate and examine the value derived by households from the utilization of free digital goods. For this exercise, we estimate the gross value from the consumption of three forms of free digital goods: videoconferencing, personal email, and online news. As our measurement strategy, we employ the prices of "premium" or paid internet goods as proxy for the value from their free counterparts. We also use hedonic regression in order to extract the value of the 'free component' of these goods and untangle them from the value of the premium-exclusive components. Our estimates show that in 2020, the aggregate gross value derived by households from the consumption of the three digital services was between GBP 6.1 billion and GBP 22.7 billion. We also observe that the value derived by households from consuming these goods is growing much faster than aggregate household consumption. Our estimate show that in 2020, the initial year of the COVID pandemic, real household final consumption decline would have been 0.07 to 0.13 percentage points slower had the value of the three digital goods been incorporated in the estimates.