Abstract: Publisher websites are increasingly presenting content and services that are not created and managed by the publisher website administrators themselves but are provided by other third parties. While third party contents and services provide value and utility to the website users, they come at the cost of user information being shared with the third parties. With increasing concerns regarding online privacy and information disclosure, it is important to understand the factors that affect the level of sharing among publisher website and third parties. We propose a two-sided economic model that captures the interaction between the users, publisher websites, and third parties. Specifically, we focus on the effect of privacy concerns on the sharing behavior of the publisher website, and the impact of users’ privacy concerns on the third-party market concentration. We then examine data protection policies that policymakers and governments can utilize, including banning of user information sharing with third-parties, consent-based user information sharing, and subsidization of a competing website. We use a stylized analytical model to examine the impact of such policymaking on the decisions and outcomes of various entities involved, including websites, users, and third-parties. We find that in the absence of market entry and exit, draconian policies such as banning of third-parties are ineffective. Further, even though a consent-based policy may improve user surplus, it has the unintended consequence of increasing the number of third-parties, and thus, the sharing of user information. Considering the impact of policy making on entry and exit of websites, we find that both consent-based and website subsidization policies may reduce competition by driving websites out of the market to the detriment of users and society. We validate a number of the findings from our analytical model through an empirical investigation of the impact of consent-based policy on third-parties in a natural experiment of the California Consumer Privacy Act. Our findings have important implications for policymaking on privacy.