

Is the Market for Digital Privacy a Failure?

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Three Claims

Consumers are ill-informed about privacy harms

Consumers value digital privacy highly

Consumers dislike privacy intrusion due to market-based harms (like price discrimination)



Claim # 1

“Those who object to a market solution [to digital privacy] focus on *information asymmetries*,” (Hirsch, 2010, p. 455)

“...there is a need for empirical work that attempts to understand the *extent of informational asymmetry* between firms and consumers,” (Tucker, 2012, p. 328, emphasis mine)



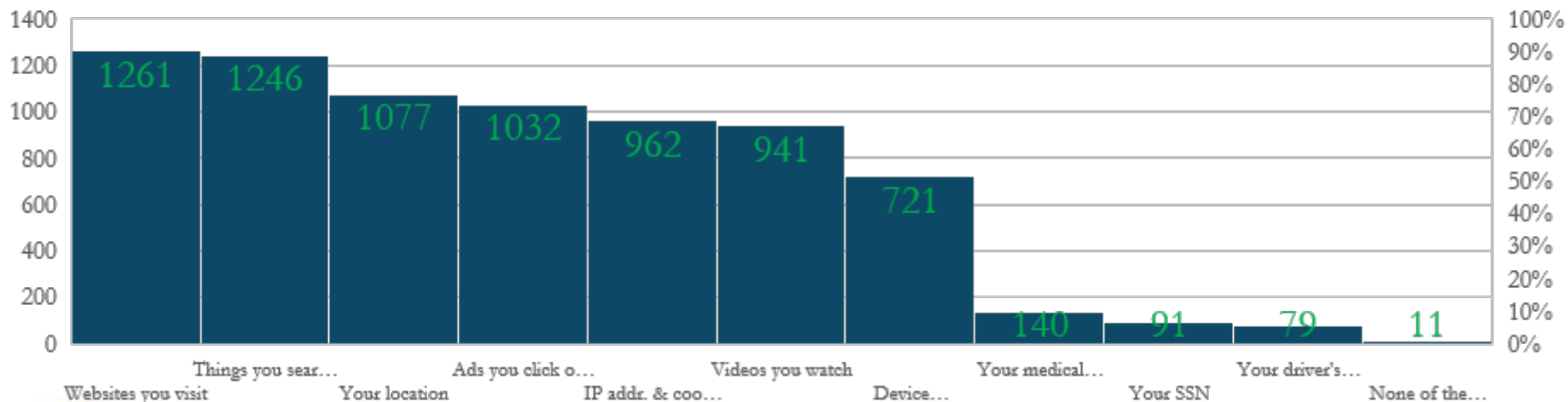
Testing Claim # 1

Do you believe that Google collects information about you based on your searches, and then uses this information to target ads based on details about you?



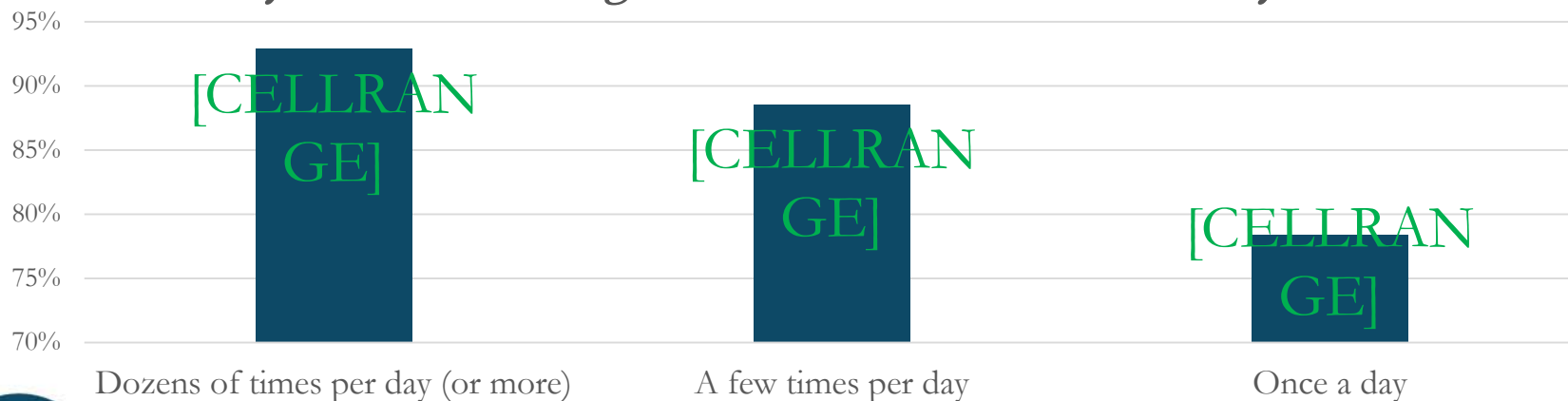
Testing Claim # 1

What information do you believe Google collects about you based on your web searches?



Testing Claim # 1

Google users who responded "Yes" to the question "Do you believe Google collects information about you"



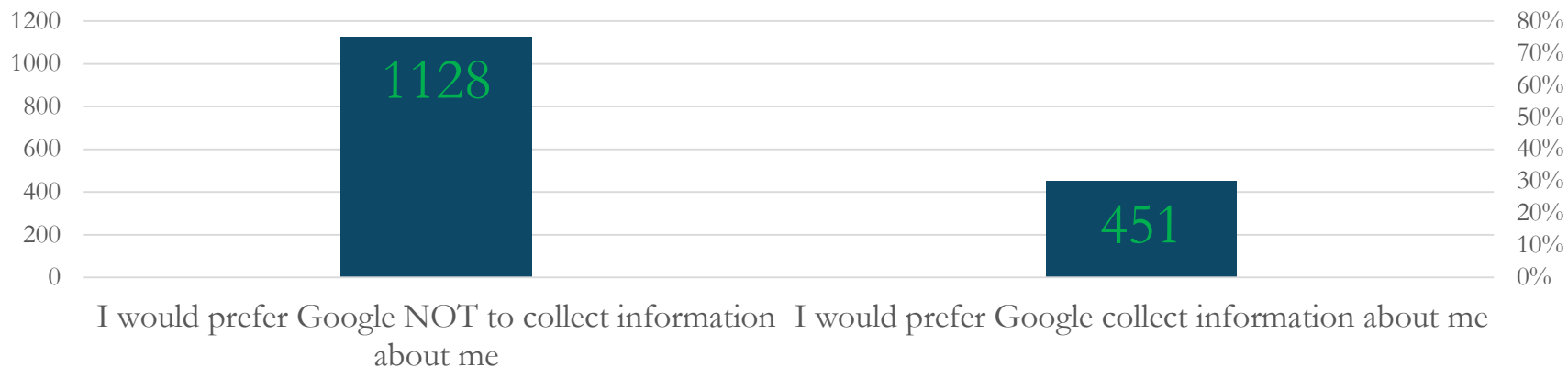
Claim # 2

“...consumer surveys have shown that a majority of consumers are uncomfortable with being tracked online...the surveys provide little or no information about the degree of such discomfort or the proportion of consumers who would be willing to forego the benefits of targeted advertising to avoid being tracked,” (FTC Report on privacy, 2010)



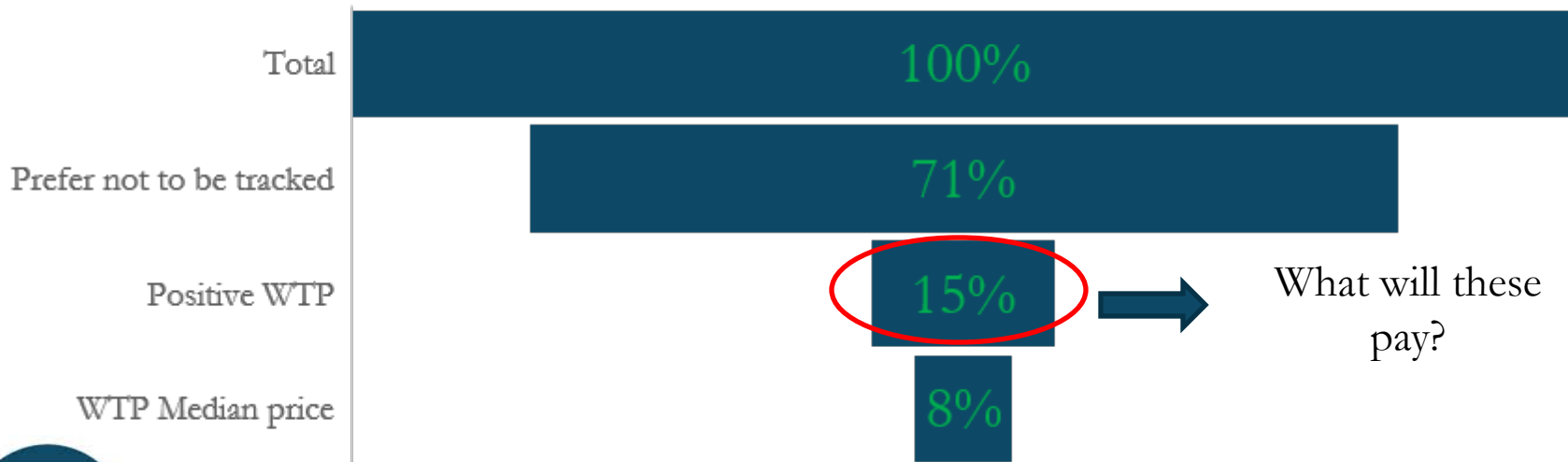
Testing Claim # 2

Would you prefer that Google NOT collect information about you when you use Google online products?



Testing Claim # 2

Google users' willingness to pay for privacy



Testing Claim # 2

Mean WTP annually:

- \$76.78
- ~21 cents/day
- $\sigma = 238$

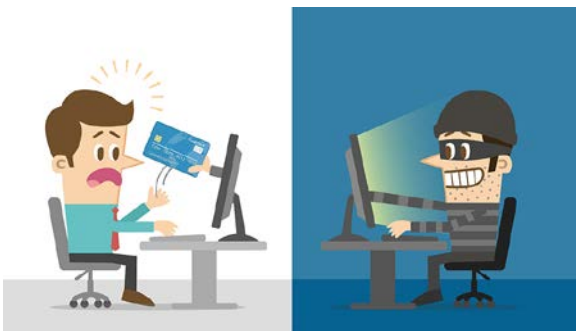
Median WTP annually:

- \$20
- ~5.5 cents/day



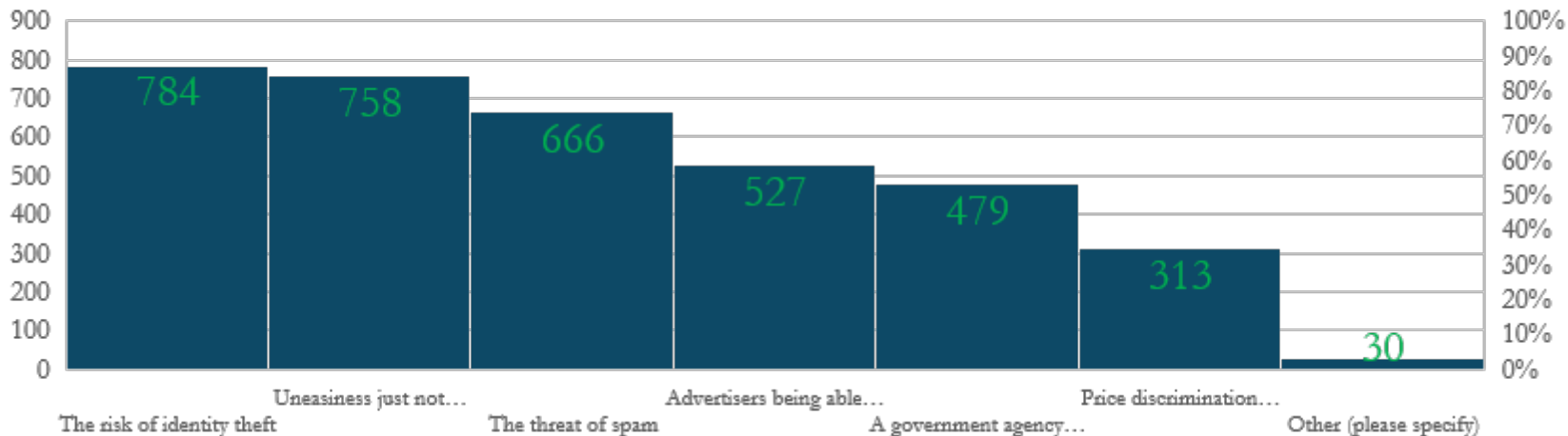
Claim # 3

“Use of individual data may subject an individual to a variety of personally costly practices, including price discrimination in retail markets... spam, and risk of identity theft, in addition to the disutility inherent in just not knowing who knows what,”
(Acquisti et al., 2016, p. 483)



Testing Claim # 3

Why do you dislike Google collecting information about you?



Policy Implications

Consumer benefit from reducing digital tracking may be low Inform; don't ban