Users' preferences towards online privacy: the case of GDPR

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Purpose

Currently, Internet users are not in a sufficient control of who and in what way collects and makes use of their personal data. The aim of this research is to estimate how customers value the possibility of control of their privacy on the Internet and on what this valuation depends. Specifically, Polish Internet users' preferences for respective mechanisms of privacy control included in the new EU regulation on data protection (GDPR) entering into force in 2018 are estimated. Since the GDPR places minimal demands on the providers of the Internet services and platforms, our aim is to find out what level of privacy control would be expected by Internet users and how specific solutions should be designated to encourage people to protect their privacy on the Internet to a greater degree.

Methodology

We apply a discrete choice experiment (DCE) method to determine consumer preferences towards protection of online privacy. We focus on: (a) user preferences towards different 'scopes' of control mechanisms which might evolve from upcoming privacy reform in the EU and (b) welfare assessment of 'minimal' vs 'maximal' privacy protection. The specific objectives are: (i) to provide evidence on how individual users assign value to the specific aspects of privacy protection; (ii) explore heterogeneity of preferences with respect to relevant characteristics of users; (iii) explore to what extent preferences towards privacy protection are sensitive to different framing of consequences and risks; The assessment of customers' preferences for specific instruments of privacy control on the Internet is carried out with the use of discrete choice experiment method. In this approach, respondents make choices between hypothetical alternatives, described by the set of measurable characteristics. In our study, among attributes are variables representing diversified level of: i) information obligation of online service provider, ii) objection to profiling and disclosure of personal data, iii) data portability between providers of online services iv) the possibility to edit and remove personal data. On the basis of the declared choices, the utility function estimation allows us to recognize customers' preferences for variety means of privacy protection. As a result the evaluation of the relative importance of each

attribute in monetary terms is performed. The estimated utility function allows us also to assess the effects of various potential regulations.

Findings

Work in progress. TBD in April 2017

Originality

The empirical research on economic value estimation of both personal data and online privacy is growing. However, the mainstream of studies focuses on consumer's willingness-to-accept to disclose personal data. Experimental studies on valuation of data protection (willingness-to-pay to protect personal data) using DCE are much more scarce. To the authors' best knowledge there have not been any previous attempts in the economic literature to value general control mechanisms such as envisioned in the EU's GDPR. Potoglou et al. (2015) is methodologically closest study to our research. Nevertheless, their project was limited to the privacy concerns regarding the e-commerce. Our study focuses on core parts of general protection mechanism in the global Internet enforced by the upcoming EU regulation. We focus on preferences towards these protection mechanisms without sticking to any specific context of particular online service, such as web browser, social network or e-commerce site.