Discussion on "Information Revelation and Consumer Privacy" by R. Argenziano, A. Bonatti, and G. Cisternas

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Scope for online firms to use individual-level data on consumers' online behavior is huge.

Individual-level data (e.g., past purchases, browsing choices, etc) allows firms to tailor their offerings.) Good and bad consequences.

This paper considers 2 kinds of firms—sellers and content providers—interacting with one consumer.

Investigates consequences of allowing these firms to use past purchasing behavior or past browsing behavior.

For given information structures I_W and I_S, consumers chooses q_1 and z_1 to maximize:

$$V_1 = U_1(q_1; z_1; p_1; w_1) + E \quad \frac{1}{2} \quad q \quad \frac{m_S}{2} \quad ^2 \quad \frac{1}{2}(x \quad m_W)^2 \; j \; q_1; z_1$$

Justifying the Price Discrimination Assumption

Can firms charge different prices for an identical product based on acquired individual-level data?

uthors invoke quality heterogeneity and search discrimination in the background.

Other possible justification: Targeted discounts/promotions (e.g., Freshdirect).

) Same list price for all consumers, but heterogeneous prices de facto.

Other possibility: assume same firms across time.

Signals

Currently, s_q N $q_1; \frac{1}{t_q}$ and s_z N $z_1; \frac{1}{t_z}$.

If model taken literally, hard to see what could prevent q