Discussion: The Impact of Privacy Policy on the Auction Market for Online Display Advertising

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A very clever model

Primary purpose of the model is to estimate the value of targeted ads to advertisers.

Auction model adapted to a very specific market.

- Takes advantage of particular features of the market that help with identification.

- Finds ways to get around shortcomings of the data.

The Policy Question

Stepping back: advertisers and publishers are just part of the picture.

Need to understand effect of different Privacy Policies on consumers.

- Is the pie bigger, and consumers benefit as well? (Matching)

- Does targeting allow companies to take a bigger portion of the pie? (Price discrimination)

- Also need to account for consumer's privacy-specific preferenes

Estimating e ects of privacy policies also depends on how consumers react.

- Paper uses estimates of 10% consumers not tracked for opt-out policy, 90% not tracked for opt-in policy.

- However, also notes that companies may adjust incentives/practices if facing signi cant number of untracked consumers.

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Overall a very interesting contribution to understanding these markets and policy implications.

- Potential costs of privacy policies on advertisers and publishers quite signi cant.

- Market is evolving.