

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

Doug Smith

Federal Trade Commission

*dsmith2@ftc.gov*

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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.

# Estimating the counter-factual

One place data is inadequate: advertisers' valuations of non-targeted users.

- Paper notes that value could be anything from 0 to reservation price.
- Counter-factual estimates are done assuming value is 0.
- Also providing estimates using reservation price as value would give sense of how much it matters.

# 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 preferences

# Understanding consumers' behavior

Estimating effects 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 significant number of untracked consumers.
- Potential for future research to fully understand policy effects.

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

- Potential costs of privacy policies on advertisers and publishers quite significant.
- Market is evolving.