

# Discussion on "Privacy Protection" by B. Jullien, Y. Lefouilli and M. Riordan

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# The Broad Picture

- Great topic and nice illustration
- Current intensive debate that followed the "Schrems case" and resulting EU-US Privacy Shield
  - Transparency, data ownership, privacy regulation
  - Privacy as an element of trust: Important selling point for firms (Apple Vs. FBI encryption dispute)
  - Privacy regulation and market competition (German Cartel Office Vs. Facebook case)
- Main question: Should firms' privacy policy be regulated?

# Some Interesting Insights

- Two privacy variables: Degree of precaution and inspection of the third party
- If intrusions are on average detrimental and consumers are impatient, website and consumers have conflicting views over the proper degree of precaution
- If the value of information for the third party is high and consumers are impatient, the website and the consumers have conflicting views over the level of inspection
- Privacy variables has both short-term and long-term effects on consumer surplus.
- More privacy is not always welcome by consumers.

# Remarks and Questions

- Notational burden:  $\beta, \alpha, \tilde{v}_0$
- Impact of "liability burden"  $\alpha$  on conflicting views
- What if we endogenize the behavior of advertisers through  $a$ ?
- Competition among websites?
- What if we introduce consumer heterogeneity in terms of  $u$  or  $\alpha$ ?
- How we can induce the website to adopt a welfare maximizing privacy policy?