



Personal data in exchange for free services: an unhappy partnership?

28 January 2016

Personal data in exchange for free access to online services may appear to be a balanced exchange in which everybody contributes equally. But are people really accepting of the commercial exploitation of their personal data, or do they find it uncomfortable? Do people want targeted advertising? Would they be willing to pay for services that are currently available for free?

For an informed debate on the commercial gathering and use of personal data online, we should be aware of what Norwegians know and how they feel about the subject. We therefore carried out an online survey of 1014 respondents in November 2015, with the assistance of Opinion AS.

In this survey, we have attempted to find out whether people are aware that their personal information is a valuable resource online. We have also examined public acceptance of different forms of commercial use of

personal data, and if it can sometimes be considered uncomfortable. We have also inquired into whether people would be interested in targeted rather than generic advertising, and if they would be willing to pay for currently free services.

The commercial exploitation of their private data does not seem unproblematic for most people – quite the contrary. Nonetheless, they remain willing to use the services in question. In this survey, we have attempted to discover why this is the case. The respondents pointed to: a lack of viable alternatives, insufficient information, and a lack of informed user choices.

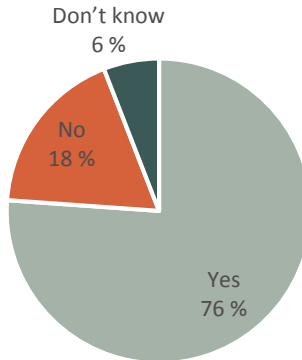
Aware, but underinformed

We wanted to know if people are at all aware of how the personal data they share online is being exploited commercially, and if they notice a connection between their own online activity and the advertising with which they are presented¹:

¹The question was phrased as follows: "Have you noticed advertisements appearing on your screen that are directly related to your activity online (eg.

searches you have made/websites you have visited)?"

Do you see a connection between your own online activity and the advertising with which you are presented?

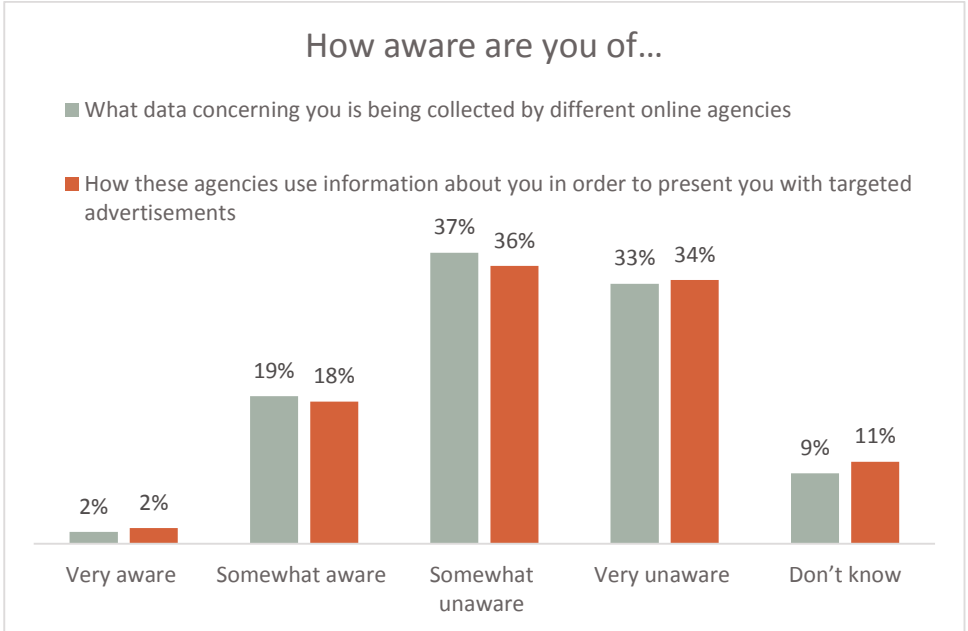


The majority – three quarters of those surveyed – had observed a connection between their own online activity and the advertising with which they were presented.

Control of one's data is essential in order to safeguard one's right to privacy. This includes awareness of what information is being collected and how that information is being used. We have therefore asked the respondents if

they feel adequately informed of what is happening to their personal data.

Their responses indicate that the majority – approximately seven out of ten – of those surveyed felt that they had little oversight regarding what sort of data was being collected, or how online companies utilise that information to provide targeted advertising.



It is not easy to understand how online data tracking works today. The way online service providers collect data from their own users is the easiest sort of tracking to grasp – for example, it is widely understood that the owner of a website will often monitor how that site is being used. It is also reasonable to assume that many users realise that this monitoring of their browsing

habits is not confined to individual websites. The adverts that appear are often recognisably based on the user's recent browsing history. The mechanisms by which this tracking is achieved can nonetheless be unclear, leading to understandable feelings of a lack of control: how do they actually know what I have been doing on entirely unrelated websites? What do

they know about me, and how do they know it?

We were also interested in people's level of understanding of how **many** tracking mechanisms, in the form of cookies, are being used on a typical website. After reading a short explanation of what cookies are ², respondents were asked the question "How many cookies do you think are placed into your web browser when you visit the front page of Aftenposten.no?" answering with a figure that they considered plausible.

More than half of the respondents thought it was 10 or fewer cookies on the page. Only one out of four entered a higher number than 30 cookies. The

correct answer is far higher than the majority expected: 114 cookies³. The responses also demonstrated another form of uncertainty: three in five were reluctant to even hazard a guess, simply checking the "I don't know" option.

The survey thus supports the theory that the majority of people have little awareness or understanding of how personal information about themselves is collected and utilised.

Uncomfortable

Do people find it uncomfortable when their personal data is used for commercial purposes? We asked the respondents to consider the following statement:

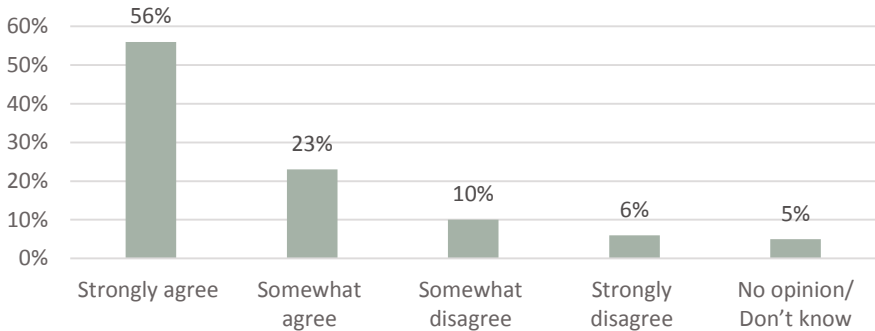
² The question had the following introduction: "Websites use information capsules called 'cookies' to track users' online activity to tailor advertising to each individual user. An information capsule/cookie is a small text file used to obtain information on who you are based on the pages you visit and what you read online".

² From Datatilsynet's report "The Great Data Race", page 22, http://www.datatilsynet.no/Global/04_analyser

[_utredninger/2015/engelsk-kommersialisering-november-2015.pdf](#)

³ From Datatilsynet's report "The Great Data Race", page 22. http://www.datatilsynet.no/Global/04_analyser_utredninger/2015/engelsk-kommersialisering-november-2015.pdf

I find it uncomfortable that online agencies collect and analyse my personal data, and share it with other companies to provide me with targeted advertisements



79% of those who responded either strongly or somewhat agree that the collection, analysis, and sharing of personal data by online agencies for commercial purposes makes them uncomfortable – the fact that fully 56% of the respondents selected “strongly agree” also strongly supports this conclusion. By comparison, only 6%

“strongly disagreed” with the statement.

The responses to the survey clearly illustrate the widespread discomfort with the use of personal data for the purposes of targeted advertising. An EU survey from 2015⁴, with respondents from all member states, points to the same conclusion. Over

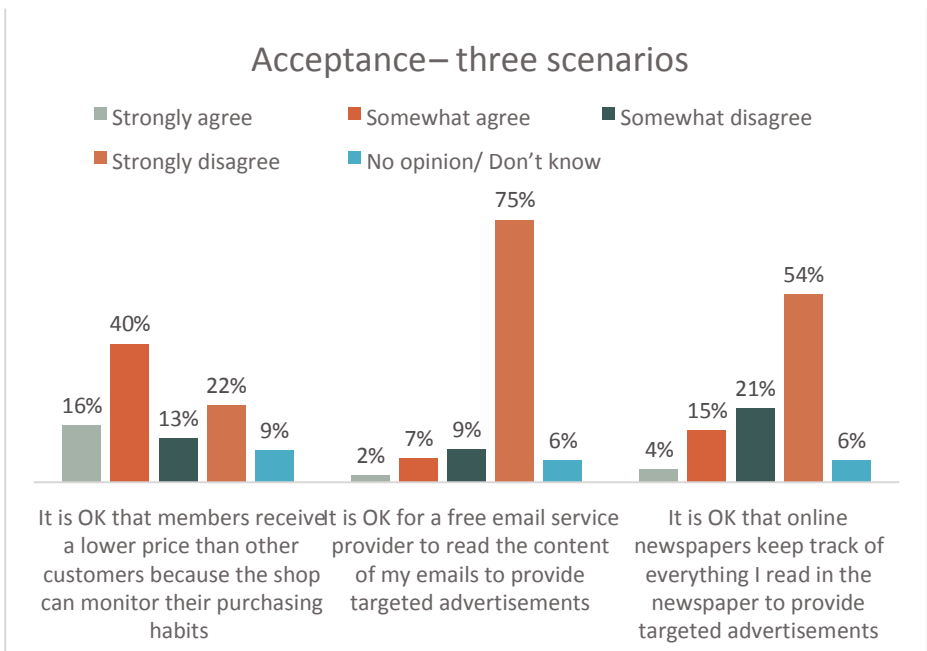
⁴ Special Eurobarometer 431- data protection», pages 39-41.

http://ec.europa.eu/public_opinion/archives/ebs/ebs_431_en.pdf

half of those surveyed were not comfortable with websites using information about their online activity to tailor advertising or content to their hobbies and interests. Among Swedish respondents, the number of people uncomfortable with the idea was approximately twice that of those who declared themselves comfortable with it.

Acceptance of different forms of commercial use

We were also interested to see people's attitudes towards three different types of use for personal data: customer loyalty cards that register purchasing habits, email providers that read the content of emails, and online newspapers that log readers' browsing habits in order to generate targeted advertising.



An overwhelming majority of respondents do not approve of online newspapers monitoring what they read to generate targeted advertising. The same applies to free email service providers reading the content of the emails we send and receive. In both cases, the majority opinion is clearly negative: “strongly disagree” is selected far more frequently than “somewhat disagree”, and the “disagree” side combined is overwhelmingly larger than the “agree” side.

There is far greater acceptance of shops providing lower prices for their member customers, in order to analyse customers’ purchasing habits. The majority consider this acceptable.

What is the reason for such different opinions regarding these three different scenarios? One explanation may lie in what information is considered most sensitive. What you choose to read in a newspaper, and not least what you write in an email, is felt to be more worthy of protection than information regarding the items you purchase in a shop. Another explanation may be that the benefits you receive in the form of reduced prices on goods can be seen as more concrete than any benefits received in

the other two scenarios. The third explanation is related to the purpose for which personal data is used. Both of the forms of data use to which respondents clearly objected are related to targeted advertising, a theme to which we will return in the next section.

The youngest age group consistently accepted more than their older counterparts. For example, 34% of respondents under thirty either strongly or somewhat agree that it is acceptable for online newspapers to monitor what they read in the paper in order to offer targeted advertising. The corresponding figure for respondents over fifty is 10%. One explanation for this discrepancy may lie in differing experiences and attitudes towards what is normal. Young people may increasingly consider the widespread commercial use of personal data to be a given – it is just “the way things are”.

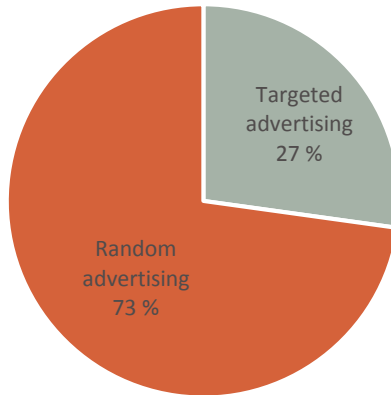
Targeted advertising? No, thanks

Do people really want personalised advertising rather than more random advertising, which can be perceived as less relevant? No – this is not the case for the majority.⁵

⁵ The question was phrased as follows: “Free online services such as newspapers and social media are funded by showing users advertising. Some of them analyse users’ personal data to

provide advertisements that are individually tailored to that user.

If you could choose ...



Approximately three quarters of respondents prefer random advertising, while a quarter prefer personally targeted adverts.

The trend is towards increasing personalisation of advertising as marketers acquire more information about individuals. The goal is relevance and accuracy. More relevant advertising may seem like a development that is in customers' own interests, and it can be easy to interpret market demand as the expression of a general need. But as the respondents' answers indicate, the

direction of these developments should not be mistaken for the wishes of individual consumers: only a minority prefer to receive personally tailored advertising.

A survey by Telenor in 2015 ⁶ also indicated very low willingness to share personal information in exchange for targeted advertising. There is a greater willingness to share data for other purposes, such as personalised services, apps, or internet services. Among the Norwegian respondents, only 15% were willing to share personal information in exchange for personalised advertisements.

Would people prefer to pay with money?

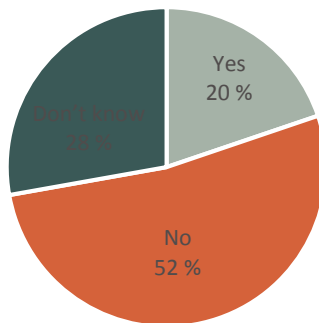
Suppose that revenue for providers of free services such as email and social networking sites was not generated through targeted advertising. Would we be willing to pay for these services out of our own pockets instead?

In our survey, we asked if people would be willing to pay for an online service they use often and that is currently free (Facebook, Gmail, Hotmail, etc.), to avoid having the service provider analyse personal data to generate targeted advertisements. The question was initially purely one of principle – at first we didn't ask *what* they would be willing to pay, but if they were willing to pay in principle.

Approximately half answered that they would not be willing to pay, while one in five answered that they would rather pay. It should also be noted that the “don't know” group was unusually large in response to this question. Fully 28% were unsure if they would be willing to pay or not.

⁶ <http://www.telenor.no/om/teknologi-norge/personvern-internettets-tidsalder.jsp>

Willingness to pay for an often-used free service in order to avoid analysis of personal information to generate targeted advertising



Some people responded that they would be willing to pay, but they were in the minority. Why would they do so, and how much would they be willing to pay?

How much are you willing to pay?

The fifth of respondents who answered that they were willing to pay were asked a follow-up question concerning how much they would be willing to pay per

month. Facebook earned approximately six kroner per month for a European member in 2014⁷. Compared with Facebook's advertising-derived income, our respondents' answers were surprisingly generous. The most frequently selected answer was 50 kroner per month, with 100 kroner the second most frequent. The average was 74 kroner, but this was somewhat affected by the few who selected a high

⁷ <http://www.nrk.no/kultur/slik-tjener-facebook-penger-pa-deg-1.11846773> According to NRK's

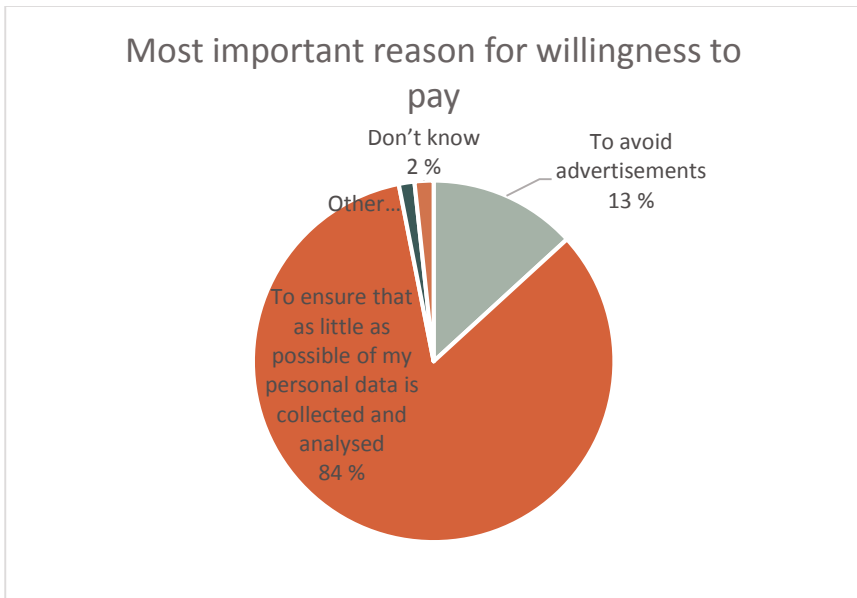
calculations, Facebook earns in excess of 17 kroner per European user each quarter.

figure. Three out of five (58%) of respondents answered with a figure of 10 to 50 kroner per month⁸.

The most important reasons to pay

We wanted to know the main reasons for a willingness to pay – was it to get

rid of advertisements, or was it to avoid the collection and use of personal information? Those who expressed a willingness to pay were therefore also asked the question “What is the most important reason for which you are willing to pay”?



⁸ Two people replied that they would be willing to pay, but selected zero kroner in response to the follow-up question. These should probably have responded 'no' to the question on willingness to pay, and have been excluded from the calculations. We have also excluded one respondent who selected 2000 kroner and one

who selected 1000 kroner, treating them as either typing errors or facetious answers. The majority of responses were ranged between one and 500 kroner. Sums lower than 10 kroner or higher than 200 were seldom chosen.

Concern for personal privacy would appear to be the primary motivation, rather than to avoid advertising or other reasons.

Difficult to find alternatives

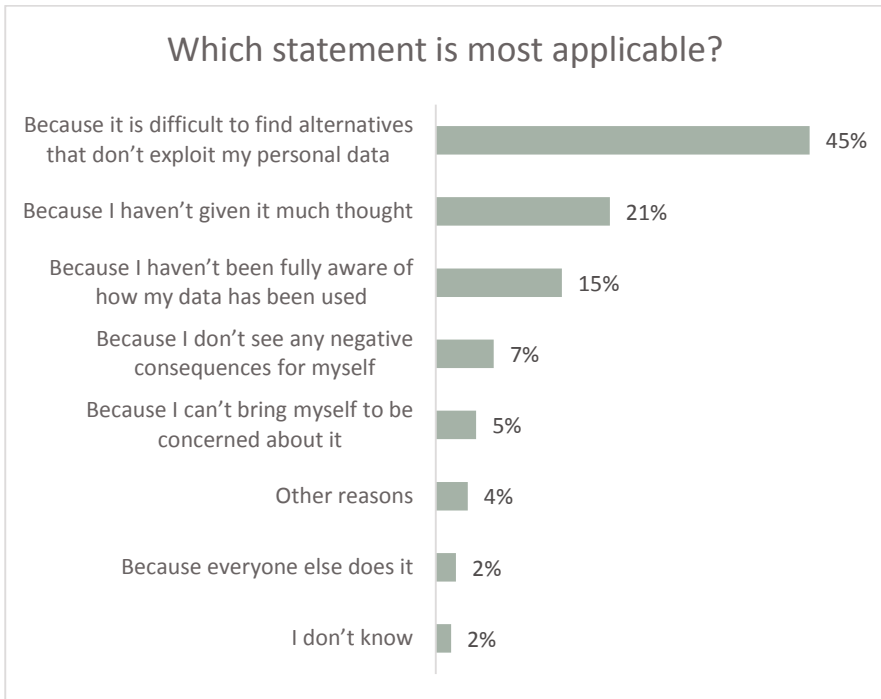
The idea that there might be a happy exchange – personal data for free services – is largely unsupported by the figures from our survey. As we have seen, approximately eight out of ten respondents are in agreement that online agencies’ analysis and sharing of personal data to provide targeted advertising makes them uncomfortable. At the same time, nearly all of our respondents use free services on the internet, and many also use services that entail extensive commercial exploitation of personal data. This is a paradox - there is an apparent disparity between the discomfort and concern people feel on the one hand, and how they behave in practise on the other. What accounts

for the fact that free services are so frequently used, even though people are uncomfortable with how their personal data is being used?

The respondents who confirmed that they use one or more of the free services listed in the survey, and who also expressed discomfort regarding the service providers’ analysis of their personal data, received the following question:

“You said earlier that you are uncomfortable with online agencies collecting and analysing your personal data. Why do you use free services that analyse your personal data if you feel uncomfortable about it?”

The respondents were asked to choose between different statements according to which applied most to themselves. Below are the answers, ranked by popularity:



Three reasons stand out: the feeling that there are a lack of privacy-friendly alternatives, lack of consideration, and a lack of information about what is actually happening. The difficulty of finding alternatives that do not utilise personal data is by far the most frequently cited reason. Almost half of respondents gave this as their reason for using free services even though they feel uncomfortable about paying with personal data.

A little over a third (36%) say either that they haven't thought about the problem much, or that they haven't been aware of it. Whether or not one thinks about an issue is related to whether or not one actually has access to information on the subject: in this case, information about how personal data are used for commercial purposes. As described elsewhere in this report and in the Data Protection Authority's

report on commercial use of personal data⁹, it is our opinion that it is too difficult for individuals to obtain the information necessary to make an informed and conscious choice.

Not breaking out of the relationship

The most frequently selected reasons for people to use free services despite feeling uncomfortable about it illustrate the “dark side” of personal privacy. While control over one’s personal privacy depends on conscious user decisions, available information, and a real freedom of choice, our respondents indicated that their decisions were based on limited freedom of choice, limited information, and limited conscious choices. The answers must be seen as indicators that major principles of privacy are under threat in the face of the commercial exploitation of personal data that is happening on the internet today.

Almost 80% of respondents in our survey say that they feel uncomfortable about their personal data being used to generate targeted advertising. Only a quarter want individually targeted advertisements.

Personal data in exchange for free services does not bear the hallmarks of a happy partnership, when seen from the individual’s perspective. The relationship lacks openness, and web users feel uncomfortable about their contribution to the partnership, namely their personal data.

But nor is it possible simply to walk away. People do not see any alternatives. What can an individual do, then, when there are no real alternatives to using the internet?

⁹ <http://www.datatilsynet.no/verktoy-skjema/Analyser-utredninger/Kommersiell-bruk-av-personopplysninger/>



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