

**Privacy, Targeted Advertising & Social Media:
How Big a Concern? Some Disconcerting Observations**

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Introduction

This brief presents the results of a research project into privacy and social media concerns in the context of target online advertising. This project was funded by the Office of the Privacy Commissioner of Canada's Contributions Program. The lead researcher was Professor Mary Foster of Ryerson University. The complete report is available online.¹

The research project sought answers for the questions that appear to be of interest to the committee: What are the attitudes, perceptions and concerns of consumers about online advertising as it relates to their personal information on social media? What is the behaviour of consumers on social media and the internet as it relates to online advertising? What is the knowledge of consumers about privacy issues and threats related to online advertising?

The project focused on one particular category of consumers, university students. These young Canadians and their unique sense of privacy online were studied by the Privacy Institute several years ago, to reveal a unique sense of privacy that is contextual, *network privacy*. The full details of the earlier report are available online as well.²

The project described in this brief utilized focus groups and town halls to develop a survey instrument which was deployed to approximately 1300 students using an online survey tool based on similar projects conducted in the United States.³ 95% of respondents were between the ages of 18 and 26. Women and men were equally represented. The results are presented below.

Focus Groups and Town Hall Results

In this initial stage, most respondents seemed to share a feeling of inevitability towards online ads. Most appeared not to notice these targeted ads, nor did they appear to mind the way their posted information had been used to facilitate the process. However, a few were less comfortable with increasing advertisements appearing as a direct result of their Facebook updates. One individual stopped using the 'like' feature in order to stop the resulting advertisements, while another mentioned going a step further and rather than clicking 'like', they selected the 'offensive' button to ensure they were no longer bothered with unwelcome ads. Such actions and attitudes were used to develop the more general survey.

Online Quantitative Survey

The relevant results are presented below in three tables, with a short discussion following each table.

Table 1: Percent Agreeing with Statements about Privacy and the Internet

Attitudes about privacy and the internet	% agreeing*
Privacy is a right so it is wrong to be asked to pay to keep companies from invading my privacy	73
I feel it is an invasion of privacy for someone to keep track of my online activities	68
Online advertising is just a fact of life	60
Targeted online advertising is creepy when it is based on my online actions	57
I understand the function of cookies on a computer	54
I am protected by law against advertisers collecting data about me.	46
I would watch what I do online more carefully if I knew advertisers were collecting data about me	44
If you have cookies on your computer it makes you more vulnerable to someone stealing your password	40
I would stop using any site that uses behavioural advertising (i.e., collects data about my online activities in order to target ads to me)	34
I do not care if advertisers collect data about my search terms	27
I do not care if advertisers collect data about which websites I visit	25
Using a computer is just as anonymous as using a TV, since no one really knows what you are doing	13

*Includes all respondents who answered 'strongly agree' or 'somewhat agree' on a five point scale.

The basic attitude of respondents towards privacy online is that they are entitled to it. Only a quarter (25%) do not care whether marketers collect personal information about them online, and they (68%) feel that companies that collect their information are invading their privacy. Three quarters (73%) see privacy as a right for which they should not have to pay. Nearly half (46%) believe that legislation exists to protect their privacy online. More than half (57%) view targeted ads as “creepy.”

Despite this basic attitude, the majority (60%) of respondents seems resigned to the existence of online advertising. Less than half (44%) would change their online behaviour if they knew advertisers were collecting information about them, and only a third (34%) would consider deliberately avoiding sites that collect data about them to use for targeted ads. As to technological know-how, a majority of respondents (54%) claim to understand the function of cookies, only 40% believe that cookies make you vulnerable, and only a few (13%) believe that browsing a website is anonymous as watching TV.

These resigned attitudes carry over into actions online asked about in other survey questions (not included in the table above). Respondents take several actions online that impact receipt of targeted ads. A third (34%) click “like” on topics online, *despite* the increased likelihood of receiving targeted ads. A quarter (26%) change their Facebook profile information to avoid ads targeted to their real demographic. One in five (19%) clicks on “offensive” simply as a technique to stop targeted ads.

Table 2: Percent Agreeing with Statements about Payment and Online Services

Attitudes about Payment and Online Services	% agreeing*
Companies asking me to pay for them to not collect data is like extortion	66
Advertisers will collect data about me whether I pay to stop them from doing so or not, so there is no point in paying	60
Advertisers will collect data about me whether I pay for them to do so or not, so there is no point in paying	58
Online advertising is necessary for the Internet	57
Putting up with online advertising gives me access to sites without having to pay	53

Eventually the really good content on the web is going to cost money	42
I prefer to pay for a song through iTunes than to get it in a free download because I am worried about the quality of free content	20
I hate ads and would pay to avoid them	17
It is worth paying extra to avoid targeted ads	16

*Includes all respondents who answered strongly agree or somewhat agree on a five point scale.

Table 2 shows that two-thirds (67%) of respondents agree with the deliberately provocative statement that it is similar to extortion for companies to charge consumers to not collect their personal data. Only one in six (17%) would pay to avoid targeted ads or think it is worthwhile paying to avoid them. About 60% believe that advertisers will do what they want, regardless of whether they are paid. Despite these strong views, the majority (57%) believe that online advertising is necessary for the internet, and that putting up with online advertising allows web content to be free (53%).

Respondents appear to present contradictory views about online advertising and privacy. On the one hand, they want their privacy protected, but on the other hand, they see the necessity for online advertising. A possible explanation to this apparent contradiction is an answer to another survey question, in which only a third (35%) view targeted advertising as actually targeting the products and services that interest *them*.

Table 3: Comparing Privacy/Security Concerns to other Online Shopping Issues

Importance of Feature/Concern	% concerned*
Clear information about products	84
Shipping tracking information	81
Improved fraud protection for credit card transactions	81
Information about product in-stock availability	78

No spam policy	77
Availability of product reviews from other customers	76
Assurance your data will not be shared with advertising partners	68
Assurance that your purchase data will be retained for no more than three months	57
Products recommended based on your past purchases	48
Products recommended based on your friend's past purchases	41

*Includes all respondents who answered strongly or somewhat concerned on a five point scale.

Table 3 presents a comparison of privacy and other online shopping issues. Privacy concerns do not top of the list of issues concerning respondents when shopping online, although security concerns do. Fraud and spam protection both rank highly (81% and 77% respectively) while data retention minimization and non-disclosure of information are not as important (57% and 68% respectively).

Interestingly, respondents are indifferent (52%) to product recommendations based on their past purchases, and are not interested (59%) in their friends' past purchases. This finding has both marketing and privacy implications, suggesting that it is perhaps not necessary for marketing purposes to track purchase history and potentially invade privacy as a result.

Other survey questions (not listed in the table above) asked about the plausibility of paying for privacy online. Respondents are reluctant to contemplate that, and such business models appear unlikely to succeed. Only one in five (19%) would pay \$1 per month to avoid the collection of their personal information. Ironically, almost a third (31%) are willing to be paid \$1 per month by their ISP to *accept* targeted ads on the basis of their personal information.

Implications

The attitudes and behaviours of consumers with respect to online advertising do not necessarily present a coherent picture, perhaps because technology, capabilities and applications are evolving. Consumers purport to ignore and dislike all forms of advertisement, yet some report clicking on online ads, and even more believe that ads are a fact of life and

something they are willing to endure to get free content on the Internet. Although they find online ads distasteful, they are not willing to pay to avoid them. Free content trumps all. It may be that respondents are simply not aware of the difference between targeted and random advertisements in the online space. Conversely, respondents are unable to differentiate between types of ads because the technical capabilities for targeting are still at a rudimentary level.

Similarly, on the whole respondents display some privacy concerns, but these appear to not be well-developed. Respondents do not appear to seriously consider changing their online activities in the face of targeted advertising, online data gathering and profiling, which is its foundation. This, despite the firm belief displayed by all that privacy is a right, and that respondents do not like the fact that companies collect information about them through their internet habits. One possible explanation for this contradiction is that respondents do not really believe targeting to be effective, and therefore, do not really believe their privacy is invaded and personal information compromised. They don't like their privacy invaded (in theory), but see no practical reason to take action and change their behaviour to protect a theoretical risk to their privacy.

On the other hand, as targeting becomes (if it is not already) more effective than respondents take it to be, disinterest in action indicates either a worrisome (to privacy advocates) acceptance of the commercial use of information, or perhaps an expectation for legislative and/or regulatory intervention, rather than individual action, in an area that respondents strongly perceive to be akin to a right, once such action is warranted. If further analysis supports this tentative conclusion then it is a clear call for action on behalf of Parliament, government and regulators, to ensure that the Canadian regulatory privacy framework includes the necessary tools to protect privacy online.⁴

¹ [http://www.ryerson.ca/content/dam/tedrogersschool/privacy/Targeted Online Advertising and Privacy.pdf](http://www.ryerson.ca/content/dam/tedrogersschool/privacy/Targeted%20Online%20Advertising%20and%20Privacy.pdf)

² http://ryerson.ca/content/dam/tedrogersschool/privacy/images/Ryerson_Privacy_Institute_OSN_Report.pdf

³ McDonald, Aleecia M., and Laurie F. Cranor (2010), "Beliefs and Behaviors: Internet Users' Understanding of Behavioral Advertising," paper presented at the 38th Research Conference on Communication, Information and Internet Policy, Arlington (2010) available at <http://www.aleecia.com/authors-drafts/tprc-behav-AV.pdf>

⁴ In the regard it is worth recalling that the Privacy Commissioner of Canada has no substantive order-making powers under PIPEDA, and that PIPEDA has not been amended since it was passed more than ten years ago.