

DATA PROTECTION AND SOCIAL NETWORKS

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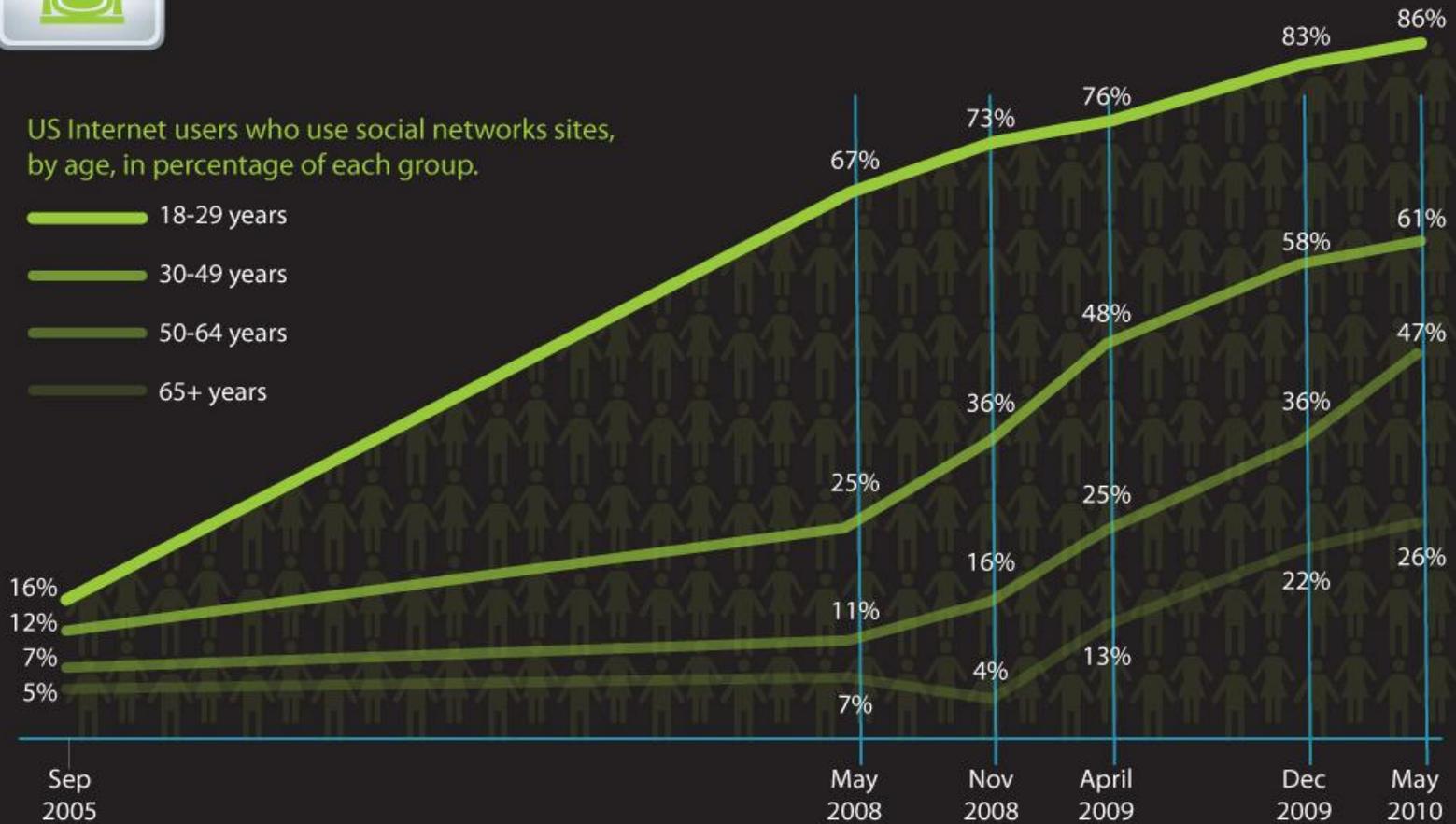
Overview

- The growing ubiquity of social networking sites
- Do young people care about privacy anyway?
- Why can't self-regulation work?
- Could competition regulation help?



Users Timeline

US Internet users who use social networks sites, by age, in percentage of each group.



Data: Pew Research Center, Internet and American Life Surveys
Graphic: Jenise Uehara Henrikson, *Search Engine Journal*, 30/8/11



53 % of employers research potential job candidates on social networks



Over a third

said a social networking profile proved they had lied about their qualifications on their CV.



13 %

claimed a potential employee had made discriminatory comments on their Facebook page.



9 %

said provocative or inappropriate photographs had been posted on the account.

Data: CareerBuilder, online, fieldwork 17/11/09-2/12/09, probability sample of 407 UK private sector employers, sample error $\pm 4.41\%$
Graphic: Jenise Uehara Henrikson, *Search Engine Journal*, 30/8/11

Can Marketing Data Predict Life Spans?

Deloitte Consulting uses a hypothetical 'Sarah' and 'Beth' to promote technology for life insurers that promises to help size up people's health risk using offline and online dossiers rather than blood tests.

SARAH



Some data collected

SECOND CHILD BORN LAST YEAR
HIGH INVESTMENT RISK TOLERANCE
LIVED IN HOME - TWO YEARS
OWNS HOME
COMMUTING DISTANCE - ONE MILE
READS DESIGN AND TRAVEL MAGAZINES
URBAN SINGLE CLUSTER
PREMIUM BANK CARD
GOOD FINANCIAL INDICATORS
ACTIVE LIFESTYLE: RUN, BIKE, TENNIS, AEROBICS
HEALTHY FOOD CHOICES
LITTLE TO NO TELEVISION CONSUMPTION

Some risk-assessment factors

Good financial indicators

Strong ties to community/location

High activity indicators

Foreign traveler

Healthy food choices

Avid outdoor enthusiast

Avid golfer

Little television consumption

Occasional tobacco user

Average commute

Poor financial indicators

Purchases tied to obesity

High television consumption

Lack of exercise

Long commute

SARAH

Actively pursue for new business and retention efforts

Quickly issue a preferred policy and avoid further medical tests

Potential actions by insurers

BETH



CURRENT RESIDENCE - FOUR YEARS
LIVED IN SAME HOMETOWN - 15 YEARS
CURRENTLY RENTING
COMMUTING DISTANCE - 45 MILES
WORKS AS ADMINISTRATIVE ASSISTANT
DIVORCED WITH NO CHILDREN
FORECLOSURE/BANKRUPTCY INDICATORS
AVID BOOK READER
FAST-FOOD PURCHASER
PURCHASES DIET, WEIGHT LOSS EQUIPMENT
WALKS FOR HEALTH
HIGH TELEVISION CONSUMPTION
LOW REGIONAL ECONOMIC GROWTH

BETH

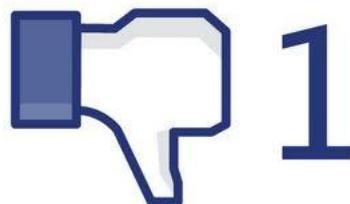
Do not send offers

Do not pursue aggressive retention efforts

Collect more information; send to senior staffer for review

Facebook Platform

- Over 9m apps and integrated websites as of March 2012
- “Social Plugins” are revealing browsing behaviour across the Web to Facebook and Twitter – used by latter for profiling (10 days of records). Banned in Schleswig-Holstein
- X’s app consent may reveal personal data about Y, and transmit user IDs to ad tracking companies
- Canadian Privacy Commissioner: “Facebook should be doing much more to ensure that meaningful consent is duly obtained from users when developers access their personal information [and] technological safeguards that will not simply forbid, but effectively prevent, developers’ unauthorized access to personal information that they do not need.”



Young people and privacy

- Most young people see Internet as private space for talking to (already-known) friends, and target information to peer group
- Lenhart et al. (2007) found stricter access controls on photos/videos by teens than adults (76% v 58% most of time/sometimes)
- Teens showed higher privacy concerns with parental monitoring; parental discussions increased privacy concerns and reduced disclosure
- Human impulse to connect and share information with friends, but when mediated can easily be replicated and spread to places never intended. Teens less good at managing collapsed contexts (boyd, Marwick)
- Adult users of social media are developing similar behaviours – consequence of mediation, not age (Marwick et al. 2010)

Young adults and privacy

- Hoofnagle et al. (2010) found very limited understanding of privacy laws among young adults – 42% answered all 5 questions incorrectly
- Jones et al. surveyed 7,421 students at 40 US colleges. 75% concerned about passwords, SSNs, credit card numbers but few about SNSes due to insignificant consequences (2009)

Privacy is contextual

- “Contrary to the assumption ... that people have stable, coherent, preferences with respect to privacy, we find that concern about privacy ... is highly sensitive to contextual factors”
 - Privacy salience primes concerns
 - “People, it seems, feel more comfortable providing personal information on unprofessional sites that are arguably particularly likely to misuse it.”
 - “Covert inquiries ... do not trigger concerns about privacy, and hence promote disclosure.”

Homo economicus vs. sapiens

- Bounded rationality
- Privacy risks are highly probabilistic, cumulative, and difficult to calculate
- Most individuals bad at deferred gratification, and have time-inconsistent preferences

Market failures in privacy

- Negative externalities – sale of personal data without compensation to subject
- Information asymmetry – data gathered ubiquitously and invisibly in a way few consumers understand
- Privacy policies unreadable and difficult to verify/enforce, with unstable equilibrium. Seals and lemon markets
- Information industries are highly concentrated; privacy ignored by competition regulators

Correcting market failure

- Minimum standards of care – organisational and technical protections
- Simplified privacy policies and breach disclosure reduce information asymmetry
- More effective enforcement (group actions?) internalises cost of harms
- New focus by privacy regulators on interoperability and defaults?

Could competition regulation help?

- OpenSocial and related efforts may reduce switching costs,
- but network effects will still act as a barrier to entry
- vertical integration could limit consumer choice

Competition authorities *could*:

- impose *ex ante* interoperability requirements
- upon dominant social utilities
- between vertically integrated value chains
- to minimise network barriers

Three models

Model 1: Must-carry obligations

- on broadcasters and Electronic Programme Guides

Model 2: API disclosure requirements

- on Microsoft from DoJ and EC rulings

Model 3: Interconnect requirements

- on telcos, especially with SMP
- for “advanced” (video streaming) IM clients, from Time Warner/AOL merger FCC approval

Model comparison

- API disclosure requirements are necessary but not sufficient - ability to program platform apps is of little use if they cannot run
- Must-carry obligations enable one platform to “break in” to another (eg Flickr app on Facebook)
- Interconnect requirements most likely to lead to seamless user experience that will create real competition

Conclusions

- SNS are becoming ubiquitous, and increasingly a foundation for a range of other relationships
- Basing privacy protections on fully-rational individual behaviour will have limited impact
- Privacy and competition regulators may have to work together to ensure consumers have meaningful privacy choices
- Interoperability requirements seem to be best competition option

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