Twitter Thread by Dirk Auer

Dirk Auer
@AuerDirk

This response to my tweet is a common objection to targeted advertising.

@KevinCoates correct me if I'm wrong, but basic point seems to be that banning targeted ads will lower platform profits, but will mostly be beneficial for consumers.

Some counterpoints ■

> That targeted ads allow for "free" products for consumers is a common talking point and we're going to see more of it in the coming months.: https://t.co/Xty3My3f0u (1/14)
>
> — Kevin Coates (@KevinCoates) February 16, 2021

1) This assumes that consumers prefer contextual ads to targeted ones.

This does not seem self-evident to me ■
https://t.co/zWXWGc1E54

> Great post by @Sherman1890 got me thinking about the future of targeted ads.
>
> More and more tools (privacy labels, ad blockers, GDPR) enable consumers to opt-out from targeted ads - can limit the data platforms receive or block ads altogether.
>
> The end of targeted ads? \U0001f9f5\U0001f447 https://t.co/MA6A3BrUWq
>
> — Dirk Auer (@AuerDirk) February 12, 2021

Research also finds that firms choose between ad. targeting vs. obtrusiveness ■

If true, the right question is not whether consumers prefer contextual ads to targeted ones. But whether they prefer *more* contextual ads vs *fewer* targeted ones.

https://t.co/lfYl95l3Nx

2) True, many inframarginal platforms might simply shift to contextual ads.

But some might already be almost indifferent between direct & indirect monetization.

Hard to imagine that *none* of them will respond to reduced ad revenue with actual fees.

3) Policy debate seems to be moving from:

"Consumers are insufficiently informed to decide how they share their data."

To

"No one in their right mind would agree to highly targeted ads (e.g., those that mix data from multiple sources)."

IMO the latter statement is incorrect.

Privacy advocates & enforcers fail to consider that they might be witnessing the revealed preferences of consumers.

Maybe this is because enforcers & advocates are an atypically privacy conscious group -- their preferences might be very different to those of median consumer.

To me, this is epitomized by @vestager argument that she would rather pay for Facebook. Pretty tone-deaf from someone that earns roughly 10x Brussels median salary.

https://t.co/tBYb27ZjJy

4) Important to consider the supply side. Systematically favoring consumer v. producer surplus is bound to affect investment in tech markets.

Will this undermine EU tech industry?

As @andashleysays has pointed out:

https://t.co/rp4GNg5dEb

> Exactly. And privacy laws have been a major factor leading to the demise of the European startup economy, ensuring that some competitors can\u2019t compete, since the 2002 Privacy Directive. Some useful research on that: https://t.co/oN4YV8fS8m https://t.co/QbkUBI9m0r
>
> — Ashley Baker (@andashleysays) February 16, 2021

With all that said, I do agree with @KevinCoates that we should avoid hyperbole: banning targeted ads will not suddenly cause all or most internet services to be directly monetized.

Though I still think it would be a very misguided move.