Personal Data and Competition

Joshua Gans University of Toronto, NBER and Brattle Group Lear 2.0 Conference, Rome, June 2015 There are issues with personal data, ownership and rights ... but this talk will focus on competition issues.

I'm just very worried that with Internet privacy, we're doing the same thing we're doing with medical records, we're throwing out the baby with the bathwater. We're not thinking about the tremendous good that can come from people sharing the right information with the right people in the right ways.

Larry Page

Our business model is very straightforward: We sell great products. We don't build a profile based on your email content or web browsing habits to sell to advertisers. We don't "monetize" the information you store on your iPhone or in iCloud. And we don't read your email or your messages to get information to market to you. Our software and services are designed to make our devices better. Plain and simple.

Tim Cook

Find out what _____ Supply it people want ____ to them

Find out what people want

Imitation

Sampling

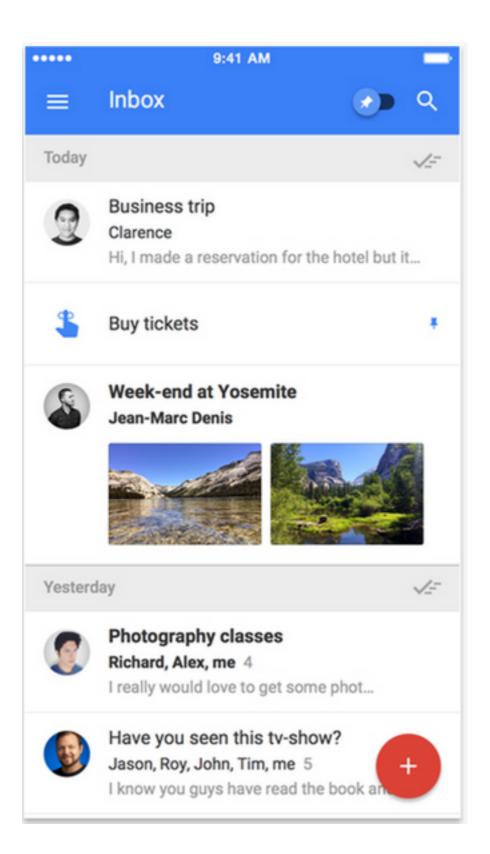
Experiments

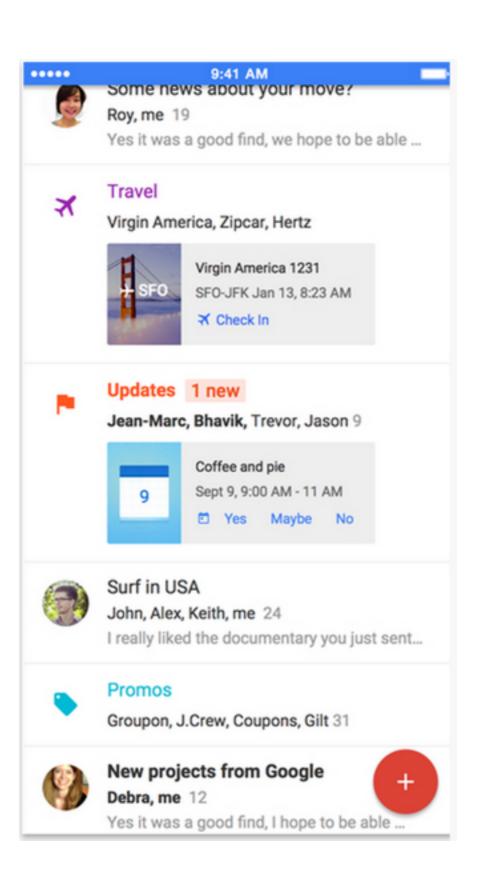
Correlation

Find out what _____ Supply it people want ____ to them

Supply it to them

Learning





Supply it to them

Learning

Find out what people want

Supply it to them

Correlation

Learning

Algorithm

Data

Find out what people want

Supply it to them

Correlation

Learning

Algorithm

Data

Product

Big Data Algorithm Data Personal Data

Product

Who is the product designed for?

Product

Marginal consumer
High margin consumer

Algorithm

Average consumer

Data buyer



"The question then is how do you give people a reason to keep money in the system. That's why we created a PayPal debit card. It's a little counterintuitive, but the easier you make it for people to get money out of PayPal, the less they'll want to do it."



Competition tends to ...

reduce **DISTORTIONS**

To forestall entry, incumbents will want to restrict access to non-distorted elements.

Incumbents selling data will want to restrict data

Incumbents not selling data will want to restrict algorithms

Credit card companies will not restrict aggregated data analysis ...

but will restrict data flow.

Netflix Kills Off Its Public API, Takes A Few App **Down With It**

Posted Nov 16, 2014 by Greg Kumparak (@grg)















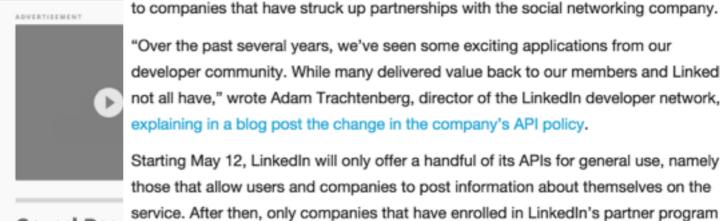




Are you a developer? Do you have a brilliant idea for the next Netflix-powered app?

Too bad!

Netflix's public API is now dead. If you've previously built something that tapped Netflix for its data, it's probably dead now too.



CrunchBase

Netflix

FOUNDED 1997

Netflix is an online television netw

in the internet delivery of TV show

LinkedIn restricts API usage

Joab Jackson

IDG News Service

Feb 12, 2015 2:30 PM



LinkedIn is restricting access to most of its application programming interfaces (APIs)

"Over the past several years, we've seen some exciting applications from our developer community. While many delivered value back to our members and LinkedIn, not all have," wrote Adam Trachtenberg, director of the LinkedIn developer network, explaining in a blog post the change in the company's API policy.

Starting May 12, LinkedIn will only offer a handful of its APIs for general use, namely those that allow users and companies to post information about themselves on the service. After then, only companies that have enrolled in LinkedIn's partner program will have API access. Samsung, WeChat, and Evernote have already struck such partnerships.

Currently, the social networking service offers a wide range of APIs, which allow third-

Twitter Chokes Off Meerkat's Access To Its Social Network

Twitter cut off Meerkat's viral lifeline — the social graph.

posted on Mar. 13, 2015, at 10:14 p.m.



BuzzFeed News San Francisco

















- Services that provide targeted ads are not selling personal data.
 - They are selling an algorithm that allows ads to be matched with people based on 'session' information.
- One browser can have multiple ad networks
- Social networks often have just one.
 - Thus, if these services have market power, they will optimize the consumer-product algorithm but care less about the quality of consumer data gathered.
 - Entrants will want access to the algorithm but won't have it — only data (e.g., Facebook Connect)

Email and calendar services will not restrict individual data flow ...

but will restrict access to algorithms.

FOLDERS

- **⚠** Inbox (14)
- Sent
- Trash
- SaneLater (225)
- SaneBlackHole

Twitter Update

Here's what's trending on Twitter this week. 5 of your tweets were...

Annoying Marketer

Presistent marketer who won't stop emailing

Newsletter

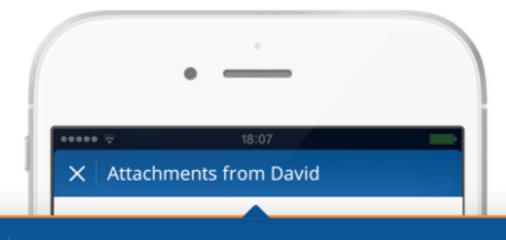
Your weekly newsletter update.

Click here to see the best news...

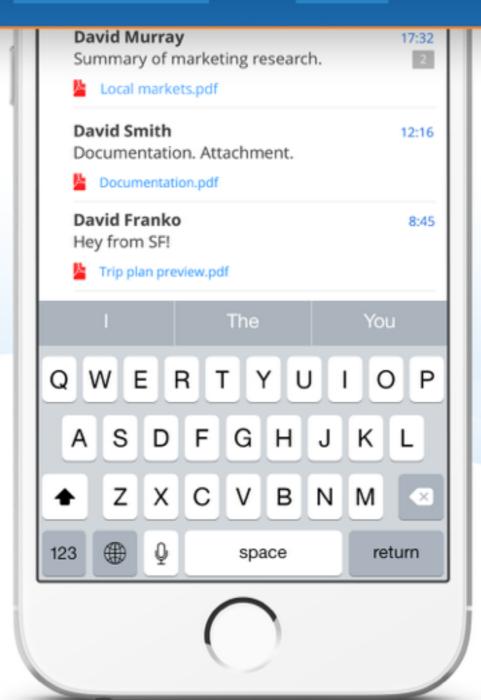
Facebook Notification

Your friend John Doe mentioned you in a post: "Are you in the pic...





X Attachments from David







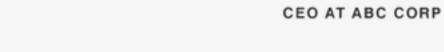
MEETING WITH BILL JONES IN 5 MINUTES















Bill Jones

BLOG POSTS FROM BILL How we choose our business partners by Bill Jones 2 weeks ago





COMMON CONNECTIONS



Sarah Ashwell



Tom Smith



THE COMPETITION

His competitors grew 45% faster than his company in the past 3 months.



COMMON PASSIONS



World Travel



The Chicago Cubs



Skiing





Entry barriers

Use of scale to develop better algorithms

Personal data history for switching costs

Glimmers of hope

Stale data

Data errors

Selection effects