Buying and Selling Privacy: Big Data's Different Burdens and Benefits

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As we experience the many benefits of a data economy premised on our personal information, our conception of individual privacy is going to change. In some circles, privacy has changed from an intrinsic value into a technical feature, and while we grasp at what privacy means today, we should realize that Big Data will not invade the privacy of all people in the same way. Instead, elaborate data collection and analysis will present very different challenges to individual privacy depending upon whether one is rich or poor, or somewhere in between. Organizations and regulators in particular should be cognizant of the different burdens individuals will face protecting their personal information depending upon their socioeconomic position in society.

I. The Value of Privacy

Privacy has often been viewed as a luxury of the wealthy, where any "right to be let alone" depended upon being able to build high walls and thick doors, but privacy norms also provide a critical means for defining social and individual life for all classes.[1] In his essay on the social foundations of privacy law, Robert Post argued that privacy, in effect, reflects social "rules of civility" that create "a certain kind of human dignity and autonomy which can exist only within the embrace of community norms."[2] He cautioned that these benefits would be threatened when social and communal relationships were replaced by individual interactions with "large scale surveillance organizations."

The result is that privacy has become a mechanical feature to be bought and sold. While we might argue that privacy is a constitutional right or a fundamental human right as the Europeans suggest,[3] the age of Big Data ultimately reduces privacy into a dollar figure. There have been a number of efforts—both serious and silly—which attempt to quantify this amount. Browser add-ons such as Privacyfix try to show users their value to companies, and a recent study suggested that free Internet services offer $2,600 in value to users in exchange for their data.[4] Curiously, this number tracks closely with a claim by Judge Alex Kozinski that he would be willing to pay $2,400 per year to protect his family's online privacy.[5] In an interesting

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[1] Paul M. Schwartz, *Privacy and Democracy in Cyberspace*, 52 VAND. L. REV. 1609, 1664 (1999).

[2] Robert Post, *Social Foundations of Privacy*, 77 CALIF. L. REV. 957, 959 (1989).

[3] *See, e.g.*, Griswold v. Connecticut, 381 U.S. 479 (1965) (suggesting that constitutional guarantees create zones of privacy); Convention for the Protection of Human Rights and Fundamental Freedoms (also known as the European Human Rights Convention), 213 U.N.T.S. 221, E.T.S. 5.

[4] Joe Mullin, *How Much Do Google and Facebook Profit from Your Data?*, ARS TECHNICA (Oct. 9, 2012 9:38 AM EDT), http://arstechnica.com/tech-policy/2012/10/how-much-do-google-and-facebook-profit-from-your-data/; *Net Benefits*, ECONOMIST (Mar. 9, 2013), www.economist.com/news/finance-and-economics/21573091-how-quantify-gains-internet-has-brought-consumers-net-benefits (citing The Attention Economy: Measuring the Value of Free Digital Services on the Internet).

[5] Matt Sledge, *Alex Kozinksi, Federal Judge, Would Pay a Maximum of $2,400 a Year for Privacy*, HUFFINGTON POST (Mar. 4, 2013 5:51 PM EST), www.huffingtonpost.com/2013/03/04/alex-kozinski-privacy_n_2807608.html.

Kickstarter campaign, Federico Zannier decided to data-mine himself to see how much he was worth. He recorded all of his online activity, including the position of his mouse pointer and a webcam image of where he was looking, along with his GPS location data for $2 a day and raised over $2,700.[6]

"Monetizing privacy" has become something of a holy grail in today's data economy. We have seen both efforts to establish social networks where users join for a fee and the rise of reputation vendors that protect users' privacy online, but these services are ultimately luxuries. And when it comes to our privacy, price sensitivity seems to dictate our individual privacy choices. Because the "price" an individual assigns to protect a piece of information is very different from the price she assigns to sell that same piece of information, individuals may have a difficult time protecting their privacy.[7] Privacy clearly has financial value, but in the end there are fewer people in a position to pay to secure their privacy than there are individuals willing to sell it for anything its worth.

A recent study by the European Network and Information Security Agency discovered that most consumers will buy from a more privacy-invasive provider if that provider charges a lower price.[8] The study also noted that when two companies offered a product for the same price, the more privacy-friendly provider won out. This was hailed as evidence that a pro-privacy business model could win out, but this anticipates that all things being equal, one company would choose not to collect as much information as a competitor just to be seen as "privacy friendly." This defeats much of the benefit that a Big Data economy promises.

II. The Big Data Challenge

The foundations of Big Data rest on collecting as much information, or as much raw data as possible before we begin to understand what insight can be deduced from the data. As a result, long-standing Fair Information Practices such as collection limits and purpose limitations are increasingly viewed as anachronistic, and a number organizations and business associations have called for privacy protections to focus more on how data might be used rather than limit what data can be collected.[9] The conversation has moved away from structural limitations

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[6] Federico Zannier, A Bite of Me, Kickstarter, www.kickstarter.com/projects/1461902402/a-bit-e-of-me (last visited June 15, 2013).

[7] *See, e.g.,* ALESSANDRO ACQUISTI ET AL., WHAT IS PRIVACY WORTH? 27-28 (2012), http://www.heinz.cmu.edu/~acquisti/papers/acquisti-ISR-worth.pdf.

[8] NICOLA JENTZSCH ET AL., ERISA, STUDY ON MONETISING PRIVACY: AN ECONOMIC MODEL FOR PRICING PERSONAL INFORMATION 1 (2012).

[9] *See, e.g.*, WORLD ECONOMIC FORUM, UNLOCKING THE VALUE OF PERSONAL DATA: FROM COLLECTION TO USAGE (2013). In the lead-up to the National Telecommunications and Information Administration's multistakeholder privacy process, the Telecommunications Industry Association demanded that the group's "focus should be on regulating how personal information is used, rather than

toward how organizations and businesses can build "trust" with users by offering transparency.[10] One oft-discussed suggestion is to develop business models that share the benefits of data more directly with individuals. This change in how we understand individual privacy may be inevitable—it may be beneficial—but we need to be clear how it will impact average individuals.

A recent piece in the *Harvard Business Review* posits that individuals should only "sell [their] privacy when the value is clear," explaining that "[t]his is where the homework needs to be done. You need to understand the motives of the party you're trading with and what [he] ha[s] to gain. These need to align with your expectations and the degree to which you feel comfortable giving up your privacy."[11] It may be possible to better align the interests of data holders and their customers, processing and monetizing data both for business and individual ends. However, the big challenge presented by Big Data is that the value may not be clear, the motives let alone the identity of the data collector may be hidden, and individual expectations may be confused. Moreover, even basic reputation management and data privacy tools require either users' time or monetary investment, which may effectively price-out average consumers and the poor.

III. Big Data and Class

Ever-increasing data collection and analysis have the potential to exacerbate class disparities. They will improve market efficiency, and whether or not we approve, market efficiency favors the wealthy, established classes. While the benefits of the data economy will accrue across society, the wealthy, better-educated are in a better position to become the type of sophisticated consumer than can take advantage of Big Data.[12] They possess the excellent credit and ideal consumer profile to ensure that any invasion of their privacy will be to their benefit; thus, they have much less to hide and no reason to fear the intentions of data collectors. In any event, should the well-to-do desire to maintain a sphere of privacy, they will also be in the best

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how it is collected." Press Release, Telecommunications Industry Association (July 12, 2012), http://www.tiaonline.org/news-media/press-releases/telecommunications-industry-association-says-ntia-privacy-code-should.

[10] Michael Fertik, *Big Data, Privacy, and the Huge Opportunity in the Monetization of Trust*, WORLD ECONOMIC FORUM BLOG (Jan 25, 2012 10:00 PM), http://forumblog.org/2012/01/davos-daily-big-data-privacy-and-the-huge-opportunity-in-the-monetization-of-trust/.

[11] Chris Taylor & Ron Webb, *A Penny for Your Privacy?*, HBR BLOG NETWORK (Oct. 11, 2012), http://blogs.hbr.org/cs/2012/10/a_penny_for_your_privacy.html.

[12] For a discussion of the "winners and losers" of Big Data, *see* Lior Jacob Strahilevitz, *Toward a Positive Theory of Privacy Law*, 126 HARVARD L. REV. 2010, 2021 (2013), www.harvardlawreview.org/media/pdf/vol126_strahilevitz.pdf. *See also* Omer Tene, *Privacy: For the Rich of for the Poor?*, CONCURRING OPINIONS (July 26, 2012 2:05 AM), www.concurringopinions.com/archives/2012/07/privacy-for-the-rich-or-for-the-poor.html (suggesting the privacy is actually a right for the poor).

position to harness privacy-protection tools and reputation-management services that will cater to their needs. As a practical matter, a monthly privacy-protection fee will be easier for the wealthy to pay as a matter of course. For example, Judge Kozinski may be willing and able to pay $200 a month to protect his privacy, but the average consumer might have little understanding what this surcharge is getting him.

The lower classes are likely to feel the biggest negative impact from Big Data. Historically, the poor have had little expectation of privacy—castles were for the elite, after all. Even in modernity, however, the poor are the first to be stripped of fundamental privacy protections. Christopher Slobogin has noted what he calls a "poverty exception" to the Fourth Amendment, suggesting that our expectations of privacy have been defined in ways that make the less well-off more susceptible to experience warrantless, suspicionless government intrusions into their privacy and autonomy.[13] Big Data only worsens this problem. Most of the biggest concerns we have about Big Data—discrimination, profiling, tracking, exclusion—threaten the self-determination and personal autonomy of the poor more than any other class. Even assuming they can be informed about the value of their privacy, the poor are neither in a position to pay for their privacy nor are they inclined to value their personal information over pricing discounts, even if this ultimately places them into an ill-favored category.

And Big Data is all about categorization. Any given individual's data only truly becomes useful when it is aggregated together to be exploited for good or ill. Data analytics harness vast pools of data in order to develop elaborate mechanisms to categorize and organize. In the end, the worry may not be so much about having information gathered about us, but rather being sorted into the wrong or disfavored bucket.[14] For example, data analytics only see someone who buys expensive goods as "rich" in comparison to someone who buys cheaper goods.

Once everyone is categorized into granular socioeconomic buckets, we are on our way to a transparent society. Social rules of civility are replaced by information efficiencies. While this dynamic may produce a number of very significant societal and communal benefits, these benefits will not fall evenly on all people. As Helen Nissenbaum has explained, "the needs of wealthy government actors and business enterprises are far more salient drivers of their information offerings, resulting in a playing field that is far from even."[15] While Big Data could effectuate a democratization of information, information is generally a more potent tool in the hands of the powerful.

Thus, categorization and classification threaten to place a privacy squeeze on the middle class as well as the poor. Increasingly large swaths of people have little recourse or ability to manage

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[13] Christopher Slobogin, *The Poverty Exception to the Fourth Amendment*, 55 FLA. L. REV. 391 (2003).

[14] *See* Tene, *supra* note 12.

[15] HELEN NISSENBAUM, PRIVACY IN Context 211 (2010).

how their data is used. Encouraging people to contemplate how their information can be used—and how best to protect their privacy—is a positive step, but a public education campaign, while laudable, may be unrealistic. Social networks, cellular phones, and credit cards—the lifeblood of the Big Data economy—are necessities of modern life, and assuming it was either realistic or beneficial to get average people to unplug, an overworked, economical insecure middle class does not have the time or energy to prioritize what is left of their privacy.

At present, the alternative to monetizing privacy is to offer individuals the right to make money off their information. Michael Fertik, who runs the online privacy management suite, Reputation.com, sees a bright future in allowing companies to "unlock huge value in collaboration with their end users" by monetizing "the latent value of their data."[16] Startups like Personal have tried to set themselves up as individually-tailored information warehouses where people can mete out their information in businesses in exchange for discounts.[17] These are projects worth pursuing, but the degree of trust and alignment between corporate and individual interests they will require is significant. And even then, it is unlikely we can ever develop a one-to-one data exchange. Federico Zannier sold his personal data at a rate of $2 per day to anyone who would take it as an experiment, but average individuals will likely never be in a position to truly get their money's worth from their personal data. Bits of personal information sell for a fraction of a penny,[18] and no one's individual profile is worth anything until it is collected and aggregated with the profiles of similar socioeconomic categories.

Conclusion

While data protection and privacy entrepreneurship should be encouraged, individuals should not have to pay up to protect their privacy or receive coupons as compensation. If we intend for our economic and more important, our legal frameworks to shift from data use to data collection, it is essential to begin the conversation about what sort of uses we want to take off the table. Certain instances of price discrimination or adverse employment decisions are an easy place to start, but we ought to also focus on how data uses will impact different in social classes. Our Big Data economy needs to be developed such that it promotes not only a sphere of privacy, but also the rules of civility that are essential for social cohesion and broad-based equality.

If the practical challenges facing average people are not considered, Big Data will push against efforts to promote social equality. Instead, we will be categorized and classified every which

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[16] Fertik, *supra* note 10.

[17] Alexis C. Madrigal, *How Much Is Your Data Worth? Mmm, Somewhere Between Half a Cent and $1,200*, THE ATLANTIC (Mar. 19, 2012), www.theatlantic.com/technology/archive/2012/03/how-much-is-your-data-worth-mmm-somewhere-between-half-a-cent-and-1-200/254730/.

[18] Emily Steel et al., *How Much Is Your Personal Data Worth?*, FINANCIAL TIMES (June 12, 2013 8:11 PM), www.ft.com/cms/s/2/927ca86e-d29b-11e2-88ed-00144feab7de.html.

way, and only the highest high value of those categories will experience the best benefits that data can provide.