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You’re the Product

When a user creates a free account with a company like Google or Facebook they have access to a multitude of free applications. They can use text editors, spreadsheets, or even communication applications for free. But why are these free? This paper will explore why these features are free to users and explain who actually pays for them.

Google, who develops business applications, is well known for giving free access to its users and very inexpensive solutions for companies. They will host up to 15gb of data for free, 100gb for only $2.00 per month, 1tb for $10.00 per month, etc. ("Google Drive Storage Plans & Pricing"). The average user with a personal Gmail account (which is also free) does not need more than the 15gb of storage, so they go with the free option.

But are these features actually free? What does Google get out of giving free accounts, access to features, hosting? The answer is in their terms of service. Google’s terms of service states:

When you upload, submit, store, send or receive content to or through our Services, you give Google (and those we work with) a worldwide license to use, host, store, reproduce, modify, create derivative works (such as those resulting from translations, adaptations or other changes we make so that your content works better with our Services), communicate, publish, publicly perform, publicly display and distribute such content. ("Google Terms of Service – Privacy & Terms")

When a user signs up for one of these free services, it is common practice to give permission to use data gathered to do anything the company wants with it; users basically hand over any and all rights to their intellectual property. It is interesting to note that in the same Terms of Services document Google says, “Some of our Services allow you to upload, submit, store, send or receive content. You retain ownership of any intellectual property rights that you hold in that content. In short, what belongs to you stays yours” in the paragraph just before their statement explaining how users give permission for them to do anything they want with anything uploaded.

So how does Google make money from gathering and using this data? “Our automated systems analyze your content (including emails) to provide you personally relevant product features, such as customized search results, tailored advertising, and spam and malware detection. This analysis occurs as the content is sent, received, and when it is stored “("Google Terms of Service – Privacy & Terms"). Google creates “customized search results” and “tailored advertising” for their users. If Google knows that a user regularly watches American football and performs a search for “best football player” the user will get mostly results that contain only American football players stats. There will be no players, teams, or stats reported about soccer (at least as the top results). But if a soccer fan searches the exact same term their results will be tailored in the same way for them, but prioritizing soccer. This feature is part of what makes Google’s search algorithm so competitive, but it can seem a little invasive, especially when Google reads users’ email to get this information. Google places advertisements almost anywhere they can including at the beginning, and sometimes in the middle, of YouTube videos (as Google owns YouTube).

Microsoft makes money from their Bing search engine and email services in a similar way but are known to have a disdain for the way Google invades so much of their users’ privacy. In 2012 Microsoft launched their “Scroogled” campaign. This campaign has been mostly scrubbed from the internet but was an attempt to convert users from Google products to Microsoft products. An internet search for “Scroogled” will bring up many news articles from the time of this campaign’s launch. For example, PC World reported that Microsoft “… blast[ed] Gmail and its machine-reading of email messages to display ads. The Scroogled campaign debuted in November 2012, then targeting Google's search practices” (Keizer). Even after the “Scroggled” campaign ended, Microsoft still proudly displays “We will not use your email, chat, files or other personal content to target ads to you” (“Privacy”). It is also interesting to note that at the time of this writing, Microsoft offers 5gb of free storage while Google offers 15gb and Microsoft hosts 50gb vs Google’s 100gb each for $2.00 per month ("OneDrive, Dropbox, Google Drive and Box: Which Cloud Storage Service Is Right for You?"). Google charges less but is more invasive.

A quick internet search shows that, at the time of this writing, Facebook (free for users) has a little over 1 billion daily users. Facebook states, “We use the information we have to improve our advertising and measurement systems so we can show you relevant ads on and off our Services and measure the effectiveness and reach of ads and services” (“Data Policy”). Their tactic is very similar to other internet giants like Google and Microsoft, they gather as much data as possible about a user so advertising can be more effective.

Until recently, there was a Chrome and Firefox addon that could analyze a user’s worth to these major companies by looking through their recent history (up to 2 months of history). The people at arsTECHNICA used this tool while it was available and reported “Brock says his estimated annual Facebook value was a mere $1.68. His daughter, perhaps unsurprisingly, is at $12. His Google value checks in at more than $700 per year” (Mullin). These numbers might surprise some as these services are offered completely free.

Users give their personal interests so these companies can sell advertising space much more effectively. That is how these companies make money from users. Users are not their customers, they are the product being sold to whoever wants to purchase ad space.

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