

# Digital Privacy

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# The Costs and Benefits of Digital Privacy Protection

- **Take-up**
- **Benefits**
- **Costs**

# The Costs and Benefits of Digital Privacy Protection

- **Take-up**

- Consumers who take-up protections probably value their privacy more
- May have already had other privacy protection strategies
- Regulation provides limited marginal value to these consumers
- More work on who receives additional protection from new regulations

- **Benefits**

- **Costs**

# The Costs and Benefits of Digital Privacy Protection

- **Take-up**

- **Benefits**

- Benefits could be based on Willingness-to-Pay (WTP) or Willingness-to-Accept (WTA)
- Ideally, WTP for ongoing, comprehensive protection
- Challenging to aggregate valuations for one-time transactions to comprehensive protection
- More work on extrapolating one time valuations to comprehensive protection

- **Costs**

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- **Take-up**

- **Benefits**

- **Costs**

- Evidence that digital privacy regulations reduce advertising revenues
- Lost advertising revenue is a transfer, not a social cost
- Costs may arise if lost revenue decreases the consumption value of digital goods
- Recent work finds modest effects of regulations on proxies for consumption value
  - Measurement issue?
  - Short-term vs medium term?
  - Equilibrium issue?
- More work connecting lost revenues to downstream effects on digital goods