
ICOMP Conference

Privacy and Competition in the Online Market Place

Brussels – April 27, 2009

COMPETITION

- ‘Member States and the Community shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources’.
- The main outcome of such a principle is economic welfare (‘the raising of the standard of living’) and that the principle beneficiaries should be consumers.
- Consumer surplus is the difference between what a consumer is willing to pay for a good and what he/she has to pay.
- Output (and price).

NON-PRICE COMPETITION

- Excessive pricing has been defined by the ECJ as being “excessive in relation to the economic value of the service provided”.
- Non-price competition is a marketing strategy “in which one firm tries to distinguish its product or service from competing products on the basis of attributes like design and workmanship”.
- Examples
 - Warranties
 - Broadband speed
 - Free-to-air TV/Search
 - Privacy?

CONSUMER PREFERENCES

- Research shows consumers care about privacy
 - Westin
 - privacy fundamentalists – very high concern
 - privacy pragmatists – willing to trade
 - privacy unconcerned – low to no concern
 - ICOMP
 - low level of trust
 - divergence across Member States
 - concern jumps with more educated consumers
 - belief that regulators should play a role

COMPETITION & PRIVACY

This Decision is without prejudice to the obligations imposed onto the parties by Community legislation in relation to the protection of individuals and the protection of privacy with regard to the processing of personal data.

(Case No COMP/M.4731 – Google/ DoubleClick)

What does this mean?

POSSIBLE INTERPRETATIONS

- “without prejudice ”
 - data protection rules still apply
- “does not consider ”
 - no evidence brought before the Commission
- “considers to be irrelevant”
 - insufficient evidence of non-price competition
 - insufficient evidence that consumers care
 - insufficient evidence of value

“PARALLEL” POLICY GOALS

- Privacy & Data Protection
- Fair Trade Issues
- Environmental Issues
- Financial Stability
- Intellectual Property



Initiative for a Competitive Online Marketplace

For more information, please visit our website at:

<http://www.i-comp.org/>

