



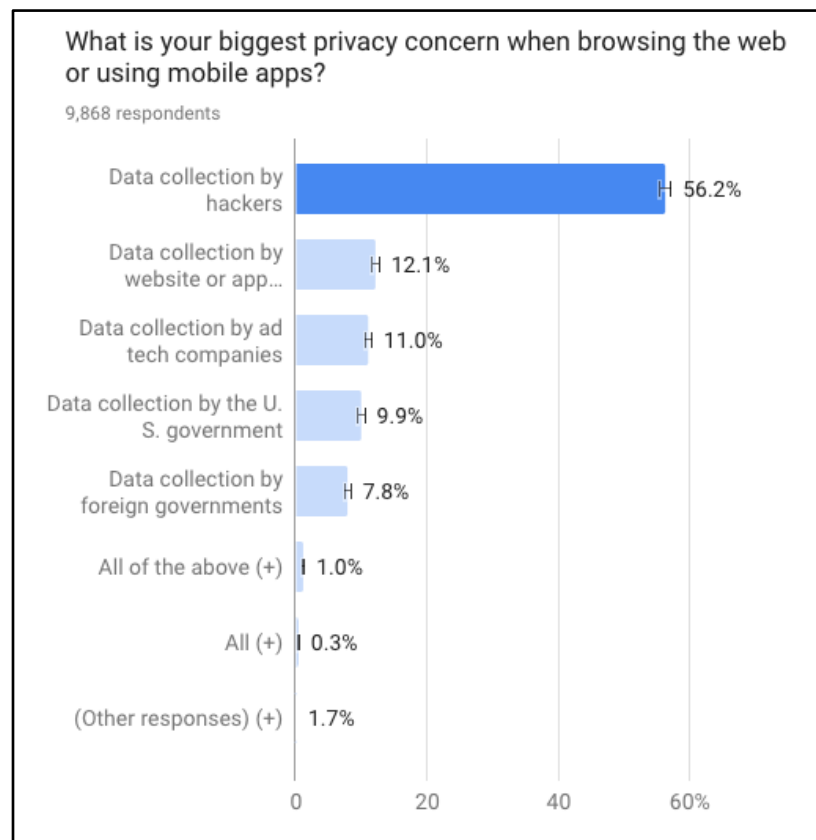
# Consumer Survey on Privacy and Digital Advertising

OCTOBER 22, 2019

The Network Advertising Initiative (NAI) recently conducted a survey to learn more about consumer opinions regarding online privacy and digital advertising. For this survey, we collected responses from 10,000 U.S. consumers, providing information about their online privacy concerns, the primary reasons for their concerns, and how they think those concerns should be addressed. Survey respondents also provided information about their views on digital advertising, and its impact on the availability of online content such as free websites and mobile apps. The NAI conducted this survey between August 2-5, 2019. This paper presents the results and conclusions of the survey.

### Consumers have significant online privacy concerns that are largely driven by bad actors such as hackers

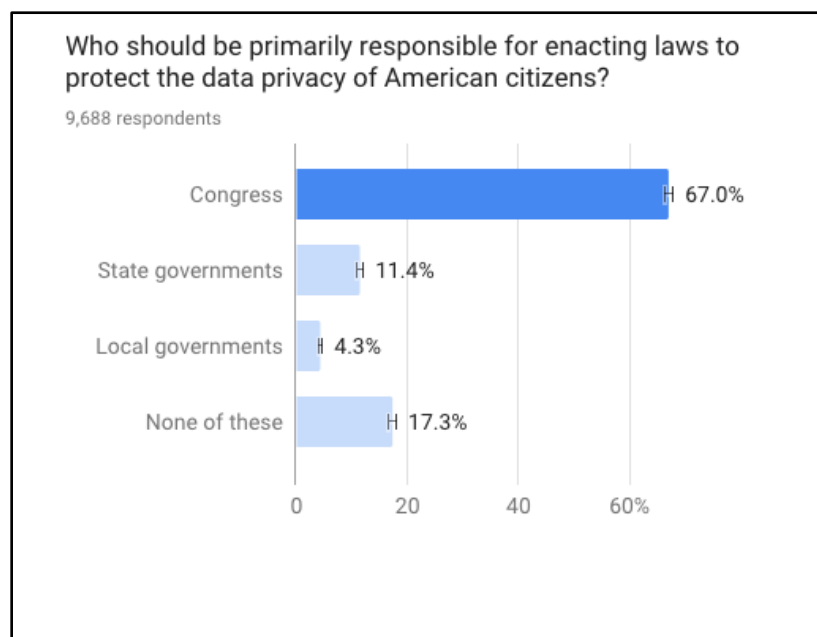
Answers to our survey’s first question establish the general level of concern respondents have about their privacy on the internet. Approximately 88% of respondents indicated that they are at least “somewhat concerned” about their privacy when browsing the web or using apps, with a combined 52.1% indicating they were “very” or “extremely” concerned. In contrast, only 11.7% of respondents indicated that they are not at all concerned about their privacy online. These results reflect that while consumers maintain different levels of concern, there is an overall significant level of concern about their privacy online.



The survey's second question asked respondents to share the primary reason for their concerns about privacy online. The number one concern consumers cited was hackers, with more than half (56.2%) of respondents expressing this as their top concern. All other sources of privacy concern were substantially lower, including approximately 12% citing data collection by websites or apps, and 11% citing ad tech companies. Respondents also expressed significant concerns about government intrusion into their privacy online, with more than 15% citing U.S. or foreign government threats to privacy as their top concern. Overall, a combined 73.9% of respondents said that data collection by hackers, the U.S. government, or foreign governments was their main concern when browsing the internet, compared to only 23% of respondents citing data collection by businesses (a combination of two categories identifying websites, mobile applications, and ad tech companies) as the top concern.

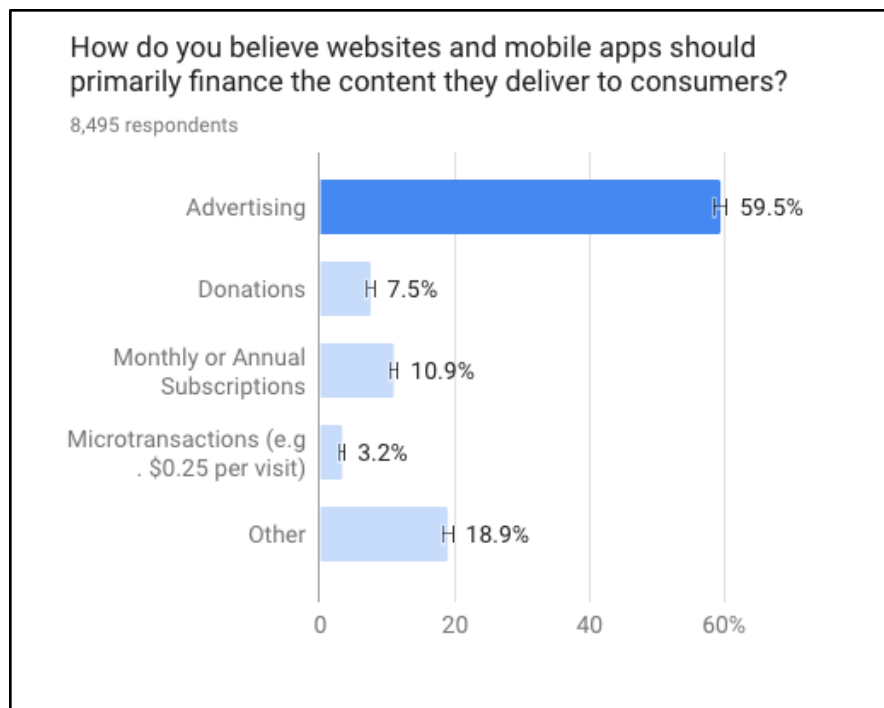
**American consumers are overwhelmingly looking to Congress and the Federal Government to address privacy concerns**

Responses to the third survey question indicate strong support from U.S. consumers for federal privacy legislation, with 67% of respondents stating that Congress should be responsible for enacting laws to protect the data privacy of American citizens. This contrasts starkly with the combined 15.7% of respondents who believe state or local governments should be primarily responsible for protecting consumer privacy.



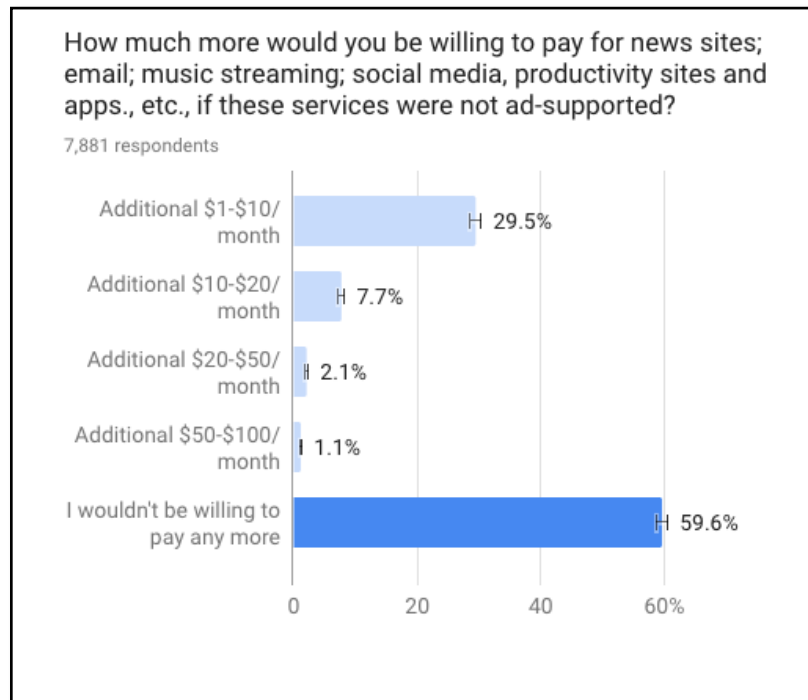
## Consumers strongly favor ad-supported media and online services over those that require payment

Our survey also contained a series of questions assessing consumers' preferences about how online services and content should be paid for. With these questions, we sought to measure whether consumers recognize the role of advertising, and whether they support the ad-supported model or would prefer alternatives. The overwhelming majority, 75.5% of respondents (question 6), signaled their awareness that most free and low-cost internet content and services (including websites and apps) are funded largely by advertising. Survey responses also revealed that a majority, 59.5% of respondents, believe their content should continue to be funded through advertising. Only 7.5% of respondents thought their content should be paid for by donations. Overall, a combined result of 64% of respondents indicated that they do not believe they should have to pay for their online content. Only 14.1% of respondents indicated a preference for paying for content directly through a subscription or microtransactions.



Two separate questions sought feedback from consumers about how much they currently pay for the content they use, and how much money they would be willing to pay to use content if it were not ad supported. In measuring how much consumers currently pay, 38.3% of respondents indicated that they currently pay less than \$10 per month for online content and services, while 33.5% reported that they do not pay anything for content and services they use. Further, most respondents (59.6%) indicated that they would not be willing to pay any more for online content or services if they were not ad-supported. Of those that indicated some willingness to pay more, nearly 30% responded that they would not be willing to pay more than an additional \$10 per

month for ad-free content and services. Combined, the answers revealed that nearly 90% of consumers are unwilling to pay a significant amount of money to continue receiving a wide range of free apps and online content. In combining some of these similar responses, more than 70% indicated they pay \$10 or less per month, and approximately 90% indicated that they would not be willing to pay any more than an additional \$10 per month, revealing that there is little appetite for paid content.



### Analysis and Comparison to Related Research

This was the second survey the NAI has conducted to measure consumer sentiments around online privacy and digital advertising. In this section we compare the responses of this survey with NAI's [2018 survey](#), as well as providing additional analysis and references regarding related research.

In comparison to the 2018 study, the overall level of consumer concerns around online privacy are generally consistent, with only a slightly higher level of concern. Regarding the sources of concern, the study revealed a slight decrease in consumer concern about the U.S government's data collection, accompanied by a slight increase in concerns about data collection by businesses. While our survey did not assess the cause of these shifts, they can reasonably be attributed to less media attention on government collection of data and more of a focus on consumer privacy and recent high-profile data breaches. The revelations about U.S. government surveillance leaked by Edward Snowden in 2013 resulted in substantial concern among U.S. citizens and an extended public policy debate in Washington regarding government surveillance reform. These led to multiple amendments to U.S. surveillance laws over several years. The ensuing surveillance policy reforms likely helped to alleviate concerns of many Americans, and U.S. government

surveillance has received substantially less media attention since that time. In contrast, well publicized revelations regarding multiple recent data privacy violations, such as Cambridge Analytica inappropriately accessing data from Facebook users, likely also contributed to heightened concerns about data collection and use by businesses. Consumers are clearly well aware of the myriad large-scale hacks of data that have occurred over the last decade, making it no surprise that consumers have a heightened awareness and concern about these threats.

A new area of focus for this year's survey, and another area where there was substantial consensus from respondents, was the question regarding who should be responsible for passing laws to protect the data privacy of American citizens. Here 67% agreed that the federal government should be primarily responsible. Perhaps the most significant conclusion from the responses to this question is the overwhelming lack of support among consumers for data privacy to be addressed at the state and local level—only about 15% of respondents indicated that this is the right approach. Ironically, this comes in the wake of multiple states enacting new privacy laws, including California's comprehensive data privacy law, the California Consumer Privacy Act (CCPA); Nevada's recently enacted CCPA-style law, SB 220; Maine's LD 94, which places new data restrictions on internet service providers; and a multitude of other proposed state laws that are likely to create legal fragmentation around consumer privacy in the United States. Overall, the strong support for U.S. Government leadership in this area is consistent with bipartisan support for enacting legislation in Congress, and strong support from both the business community and civil society, both of which have grown substantially over the last several years.

The responses relating to costs and preferred methods to pay for media and content from this year's survey were also largely consistent with our findings from the 2018 survey, which showed that respondents largely preferred their online content to be paid for by "Advertising" (67%) or a "Donations" model (17%). This shows a clear aversion by respondents to pay directly for their online content. While our survey didn't measure with granularity popular sites and apps that consumers might be most willing to pay for, related survey research of consumers by the McGuffin Creative Group produced similar findings, but tied to some of the most popular free consumer apps and services.<sup>1</sup> Respondents to that survey recognized the value of the content they use by expressing a willingness to pay an average of up to \$4/month for popular apps and services including YouTube, Google Maps Google Drive, Facebook, and Linked.

However, there is a significant difference between what respondents to the McGuffin survey say they would be willing to pay versus what they would need to pay to actually receive the comprehensive set popular services in lieu of ad support. The average person has 60-90 apps installed on their phone, using about 10 apps a day.<sup>2</sup> Consequently, if consumers had to pay for

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<sup>1</sup> McGuffin Creative Group. "Study Reveals What Consumers Would Pay for Their Favorite Free Apps." Aug. 2019, [www.mcguffincg.com/what-consumers-would-pay-for-popular-free-apps/](http://www.mcguffincg.com/what-consumers-would-pay-for-popular-free-apps/).

<sup>2</sup> "Spotlight on Consumer App Usage." [files.appannie.com.s3.amazonaws.com/reports/1705\\_Report\\_Consumer\\_App\\_Usage\\_EN.pdf](http://files.appannie.com.s3.amazonaws.com/reports/1705_Report_Consumer_App_Usage_EN.pdf).

each of the online services they use on a regular basis, the cost for these services could go as high as \$100-\$200 per month.<sup>3</sup>

A public opinion study conducted by John Zogby measuring the value of the ad supported internet produced similar results, with 75.4% of respondents reducing their online and mobile activities if they had to pay hundreds of dollars a year or more for online content, services and mobile apps they currently get for free. 85.2% of respondents stated they prefer an ad supported internet where most of the content is free, and only 14.8% indicated a preference for a paid internet where everything costs money because there is no advertising.<sup>4</sup> Our findings concur with these related surveys, further indicating that consumers are unwilling to pay a significant amount of money for apps and online content in lieu of ad support.

Taken together, both of the NAI's surveys provide consistent data that the content and services consumers use is valuable to them, but that the ad-supported model is ideal because consumers are not willing to spend more on content than they are already paying.

## Conclusion

In summary, this survey highlights several key facts about consumer sentiments around online content and services. First, that consumers are increasingly concerned about their privacy online; second, that consumers concerns derive from a wide range of data collection practices, where illegal activity is of greatest concern; third, consumers are looking to the federal government to protect their privacy; fourth, that consumers value the online content and services made possible by digital advertising, and they generally prefer to use ad-supported services over paid services.

The NAI, as the leading self-regulatory organization for the digital advertising industry, has long been a champion of online privacy. We will continue to update our industry-leading Code of Conduct and accountability program to keep pace with new technologies and evolving consumer expectations of privacy. However, we also believe that all Americans deserve protection from a set of privacy protections online and offline that does not depend on any one company's participation in a self-regulatory program. For that reason, we, like the majority of survey respondents, believe that the federal government should enact a national privacy framework that establishes a uniform standard for consumer privacy protection for all U.S. citizens, regardless of which state they live in.

We hope the results of this survey serve as a catalyst for further discourse on not only consumer privacy and digital advertising, but also the role of the NAI and the contributions that we and other self-regulatory organizations can continue to provide in conjunction with a national privacy framework.

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<sup>3</sup> Lovejoy, Ben, and Eu. "App Users Claim They'd Pay up to \$4/Month for Popular Apps, Including FaceTime." *9to5Mac*, 5 Aug. 2019, [9to5mac.com/2019/08/05/subscription-apps/](https://9to5mac.com/2019/08/05/subscription-apps/).

<sup>4</sup> *Zogby Analytics Consumer Value Study*. May 2016, [www.aboutads.info/sites/default/files/resource/ZogbyAnalyticsConsumerValueStudy2016.pdf](http://www.aboutads.info/sites/default/files/resource/ZogbyAnalyticsConsumerValueStudy2016.pdf).

Full survey results can be found [here](#).

*"This research was made possible by Google Surveys, which donated the use of its online survey platform. The questions and findings are solely those of the researchers and not influenced by any donation. For more information on the methodology, see the [Google Surveys Whitepaper](#)."*

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