

Rise of the web's 'pay for privacy' model

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Users of Facebook and Instagram in Europe can now pay to opt out of the onerous data sharing obligations imposed by parent company Meta, which sells the data to advertising clients.

Meta is the first major social media firm to try so-called cookie paywalls but the practice—which has sparked a slew of legal cases—is already widespread.

Why use paywalls?

Idealists once dreamt of an open, free web where goods, services and ideas would flow unencumbered around the world.

But [capitalism](#) demands profits, and Google and Meta found that extracting [personal information](#) from their users and selling it on to advertisers was very profitable indeed.

Behavioral advertising has since become the norm across the entire web.

But the EU's 2018 data privacy regulation (GDPR) threw a large spanner in the works by limiting the legal justifications for collecting personal information.

After many attempts to comply with the rules while still extracting data, dozens of sites have begun to offer a [subscription model](#) in return for various services—including a tracking-free experience.

Meta was watching and rolled out its version in November.

Google has sidestepped the issue by offering free opt-outs on its platforms.

How widespread are they?

Media websites have seen their traditional revenue streams collapse as online giants sucked up the advertising dollars.

It's not surprising that many of the sites opting for the "subscription or data" model are [media organizations](#).

Researchers from Chalmers University of Technology in Gothenburg identified 431 sites that used such a paywall in a study published last week, 27 percent of which were media outlets.

Some 317 of the total were in Germany, with the rest in France, Italy and Austria.

The ad industry is quite happy with the arrangement.

Nicolas Rieul, president of digital advertising umbrella group IAB France, told AFP such subscriptions were "a good thing".

He said they helped improve the quality of ads and increased revenue to content producers and online services.

Though he conceded that the model was not for everyone: online shops, for example, just needed people to get into their sites and start buying.

Are cookie paywalls legal?

Not according to privacy and consumer activists.

The privacy group NOYB, which has won countless victories against Meta and others, filed a complaint last week.

"It's neither smart nor legal—it's just pitiful how Meta continues to ignore EU law," said NOYB chairman Max Schrems in a statement.

European consumer groups also said Meta's model broke laws on [consumer protection](#) and the umbrella group BEUC said it had filed complaints.

Meta has not responded publicly but previously said its pricing model

"balances the requirements of European regulators while giving users choice".

NOYB has in the past filed complaints against media websites in Austria and Germany over the same issue.

The cases continue to grind through the [legal process](#), with enforcement of GDPR controlled by data protection offices in each country.

This leads to patchy enforcement and differing interpretations.

France's CNIL, for example, had wanted to ban cookie paywalls outright but was told by the Council of State that it did not have the power.

But with Meta entering the fray, it is likely that a decision on cookie paywalls will come sooner rather than later.

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