

Targeted Advertising Violates No Liberty

Last week I modestly attempted to show that no injustice takes place when A sells B the opportunity to pitch its product to C. This is the principle behind print, television, and radio advertising, and it is no different in the era of social networks like Facebook. In principle, the commercial act I've described is similar to many other commercial acts. Someone has a megaphone and rents it to someone else, who then uses it to convey product messages to others. Where's the objection?

But this does not dispose of the matter because many people are bothered that the social networks collect information about their members, which advertisers may buy in order to tailor and target their merchandising campaigns for maximum effect. The thing that bothers critics seems, certainly a first glance, to make a lot of sense for all concerned. A car company quite sensibly would want to make its pitch to people who have already shown an interest in buying a car. It could waste a lot of money trying to sell cars without that information. Advertising is always iffy, so anything that increases the chances of success, however small they remain, may be worthwhile. On the other hand, people who want to buy a car could well appreciate that car dealers are seeking to direct commercial messages to them, and some (though not necessarily all) people not looking for a new car could well be glad to be free of such advertising, which they might regard as a nuisance.

The point is that when advertisers acquire information about potential customers and narrow the pool, they benefit others besides themselves. We need not start off suspicious of such a practice. One thing markets do best is produce information, and generally speaking, access to consumer information is a good.

Of course wanting and acquiring market research is nothing new. What's new is the sophistication of the tools in the information age. However, it is easy to overestimate the efficacy of those tools. We too easily think that the ability to acquire information is equivalent to the power to manipulate. That is wrong.

Before the information age, gathering market data was a more crude operation. When Chevrolet advertised on TV's "Bonanza" decades ago, General Motors had at least a rough idea about who was watching the western each week. The networks did research--does anyone remember the Nielsen survey?--and that information was available to advertisers. There was no point in trying to sell Chevys to 6-10-year-old children. I suspect most people were not bothered by such research, although principled opponents of the market surely were.

But today's advanced online marketing research bothers many people because of how it is gathered. It's understandable. When we visit websites and or use social networks, we leave

electronic trails unless we undertake efforts to avoid doing so. Everything we do online expresses our preferences to some degree, subject to recording; for a long time we've been on notice that this is the case.

We are also on notice that for a price such information may be made available to people who want to sell us things. We are free, though it may not be costless, to avoid leaving trails by using web browsers that protect privacy, such as DuckDuckGo or Startpage. Also, users may eschew social media if they find their privacy options inadequate or nonexistent. Granted, reading user agreements and navigating the privacy settings can be perplexing, but the market addresses that problem through online experts who often advise lay people on how to protect their privacy on the social networks. We live in a world of trade-offs, and we try to choose the mix of costs and benefits that best suits us as individuals.

Most people understand the trade-offs and are willing to give up some information in return for the convenience and fun of online activities. But others are upset to the point where they want the government to regulate or even stop the social networks and other platforms. Advocates of liberty would have to object to government interference beyond redress for fraud and breach of contract. As a general matter, making data from market research available is not only unobjectionable but ought to be welcome.

Let's not forget that placing an online ad before a group of people is no guarantee they will click on it, and clicking on it is no guarantee that they will buy the product. Consumers are in control. Why do critics of the information age insist on portraying us as puppets?

To sum up, research and targeted advertising is generally good in a variety of ways. Advertisers can waste less money. Entrepreneurs can refine their estimates of which consumer needs have been overlooked. And consumers can minimize their exposure to annoying and irrelevant ads. People wishing to opt out can find ways.

One downside to the preoccupation with research-based online advertising is that the real threat to privacy—the government—gets too little attention. In the morality play, social networks and advertisers are bad and government regulators are good. But we've long known how little government at all levels respects our privacy. Information-age technology has aggravated that situation by orders of magnitude, as Edward Snowden showed us some years ago. Yet Congress keeps reauthorizing the executive branch's authority to spy on us (and people abroad) with impunity. Something's wrong when this is of less concern than Amazon's ability to tell me that it has what I was looking for last week.

What's the bigger threat: a company that buys information we've given up in order to sell us things, or the state, which ultimately seeks to control us?