PANTHÉON-ASSAS UNIVERSITÉ PARIS

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LEMMA
Laboratoire d'économie mathématique et de microéconomie appliquée

SÉMINAIRE

CONSUMERS' PRIVACY SENSITIVITY IN DIGITAL MARKETS: EVIDENCE FROM THE MOBILE APP INDUSTRY

25 November 2025
Lemma - Salle Maurice Desplas
4 rue Blaise Desgoffe 75006 PARIS

Le prochain séminaire du LEMMA accueillera Hugo ALLOUARD le mardi 25 novembre à 11h. Il présentera un travail intitulé *Consumers' Privacy Sensitivity in Digital Markets: Evidence from the Mobile App Industry*.

Hugo ALLOUARD is post-doctoral researcher in economics at ESSEC Business School. His research focuses on industrial organization, digital, public, and labor economics, as well as structural econometrics.

Abstract: Prior research consistently shows that individuals are sensitive to privacy, yet it often fails to separate the benefits from the costs of sharing personal information. This paper addresses that gap by estimating a structural demand model using real-market data from the mobile gaming industry between 2015 and 2021 in Canada, France, Germany, and the United States. The results reveal a clear trade-off for both users and firms. Although sharing personal data generates disutility due to privacy concerns, consumers also benefit when developers use that data to deliver targeted features, advertisements, and other data-dependent enhancements. The analysis shows that ignoring these quality improvements leads to systematic underestimation of both willingness to pay for privacy and privacy sensitivity. Once these benefits are incorporated, estimates of willingness to pay for privacy converge toward those found in prior experimental studies, helping to explain the gap between observational and experimental results in the literature.