MISQ Archivist

How Much to Share with Third Parties? Users' Privacy Concerns and Website's Dilemma

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Abstract

Websites are increasingly presenting content and services that are not created and managed by the publisher's website administrators themselves, but are provided by other third-parties. While third-party content and services provide value and utility to the site visitors, this comes at the cost of visitor information being shared with the third-parties. Thus, information is shared not just with the publisher website, but also with the third-parties that the publisher has employed. Privacy concerns surrounding information leakage have been growing rapidly. With growing concerns regarding online privacy and information disclosure, it is important to understand the factors that affect the level of sharing behavior between website publishers and third-parties. In this study, we propose a two-sided economic model that captures the interaction between the users, publisher websites, and third-parties. Specifically, we focus on the effect of privacy concerns on the sharing behavior of the website, and the impact of users' privacy concerns on the third-party industry concentration. We also analyze welfare aspects to provide insights on the impacts of industry regulations and policy. We validate the model using an exploratory empirical analysis of sharing with third-parties and industry structure among these players.

Keywords: Economics of information systems, privacy, third-parties, information sharing, social welfare