

The Surveillance Economy and the Price of Subscriber Data

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The following is a guest blog by Chris Goswami, director of marketing and communications for Openwave Mobility.

“Subscriber data is the new oil” is a [phrase we have heard in the mobile industry for a few years now](#) [1]. However, the person who coined that phrase was probably not thinking that, rather like groceries, personal data would be weighed and priced by the bag, but that is the way it seems to be headed.

In a recent report, the [Financial Times](#) [2] published their version of a “rate card” where the price that advertisers will pay for consumer data is averaged and costed. It makes for interesting, although somewhat disconcerting, reading. For 1,000 people, advertisers will pay \$.50 cents for basic age and location data. That increases to \$2.11 for the details of 1,000 people known to be looking for a new car. But at the top end, advertisers will pay \$85.00 for the details of 1,000 people who have just moved houses or 1,000 people who are known to be pregnant, and if you happen to be moving house AND pregnant ... who knows what your personal data is worth?

What is driving this roaring but largely unobserved market in consumer data? There appears to be three driving factors, one is culture, and the other two are due to technology.

Driver #1: “Mobile first” online activity

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When you shop in-store, you can generally avoid handing over personal data about yourself, especially if you pay with cash and refuse to sign up for the latest loyalty card - but when shopping online, you cannot. Your mobile device and the website you use effectively act as an efficient “store card,” quietly collecting a vast array of information about your likes and dislikes, your personal situation, likely income, the family and friends you buy for, what you search for, and of course, whether you are pregnant or house-hunting. Mobiles provide an even more refined, more efficient and more personalized store card than your PC since you are probably the only person using your smartphone, and wherever you go, it goes.

This mobile first trend is feeding the market for subscriber data because data is so easy to collect from mobiles, and mobile has become the default starting point for most people’s online activity. In the UK, the [\[3\]increase of 19.2 percent in online shopping \[3\]](#) over the Christmas period is attributed to the proliferation of tablets and smartphones online shopping, and “click and collect” have become default behaviour.

The fact is that whenever you use your mobile device, someone is tracking and collecting information. It’s all about you, and there is no “OFF” button.

Driver #2: The prolific rise in big-data analytics

Ironically, the value of subscriber data is not actually in the data itself. In its raw state, this data comprises many trillions of atomic actions each of which are overwhelmingly insignificant. The real value of data is in its aggregation.

Of course, this is where Big Data comes in - the rise of colossal computing power, as much or as little as you need, delivered anytime, anywhere, via the Cloud. So called “data brokers” are massively parallel software systems, running on thousands of servers simultaneously in the Cloud, and fed with data coming in over superfast broadband connections. Data brokers are capable of scouring through customer records from diverse online sources, and delivering profiled information that can be purchased and used by advertisers, or indeed by other data brokers and further refined and re-purposed. This is where “subscriber data” becomes “subscriber intelligence” - and the dollar price goes on.

Online tracking is universal. Amazon, eBay and Google all feature in any list of the world’s top 10 databases, and right now there doesn’t seem to be significant regulation on what data they are allowed to gather and aggregate.

Driver #3: Advances in behavioural targeting - at the point of interest

The last piece of this puzzle is provided by recent advances in predictive analytics and behavioural targeting. The same device used to harvest personal data is also the best placed for re-targeting offers and promotions. Smartphones and tablets are personal, always carried, work in real time, and completely location aware. Simply put, they have all the characteristics needed to fire personal ads directly at your eyeballs.

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Good or Bad for Consumers?

We are living in this surveillance economy whether we like it or not. That is the nature of a connected world. But before we get alarmed, it's worth considering the upsides for consumers as well as advertisers.

As consumers in the online world, we stumble upon new interests, recommendations are shared among peer groups, and we have a greater and greater diversity of interests and likes. At the same time, finding exactly what we want is getting harder. Too much information about too many products with too little time to research results in poor decisions and purchases. In my book, anyone who shows ME what I'm interested in without me having to search for it can be my friend!

Conclusions

According to Gartner, mobile advertising spending is forecast to reach \$18bn in 2014. Mobile operators still have the momentum here. Success in this medium is highly dependent on using this data responsibly and without appearing intrusive - by and large today most people will trust their mobile operator. However, in order to protect that relationship and capitalise on this growing trend, operators need to move quickly yet prudently. In particular, subscribers need to be explicitly informed when their data is being used, and in what contexts. They need the right to remain anonymous and provide no data; the right to modify their data at any later point in time; and they need the "right to be forgotten" and have their data wiped from any and all databases. The first operators to offer these safeguards, while delivering relevant personal ads, will lead this market.

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[1] <http://www.weforum.org/pdf/php?download=100307>

[2] <http://www.ft.com/cms/s/2/927ca86e-d29b-11e2-88ed-00144feab7de.html#axzz2pzmU00o0>

[3] <http://www.bbc.co.uk/news/business-25671561>