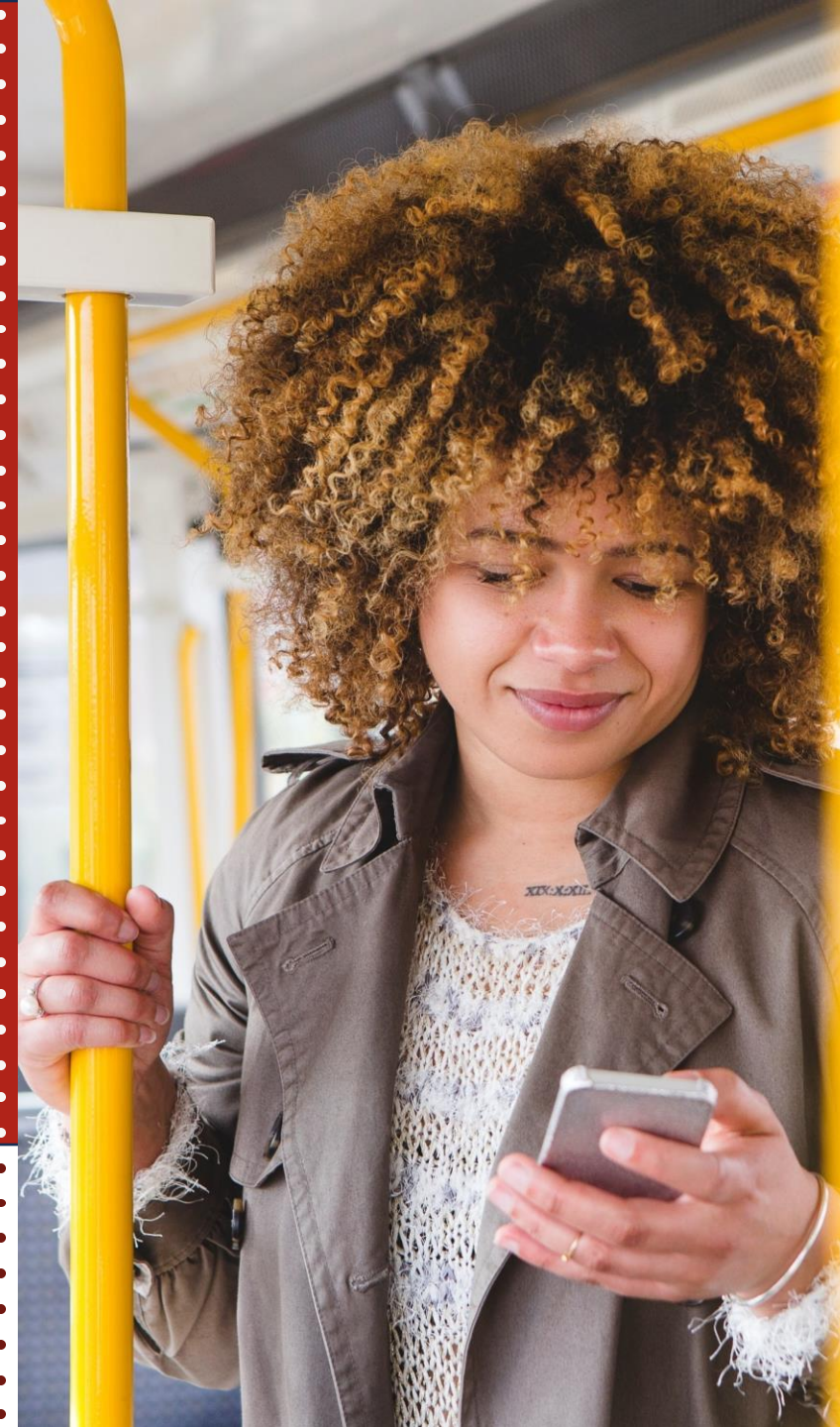


The Free and Open Ad-Supported Internet

CONSUMERS, CONTENT, AND ASSESSING
THE DATA VALUE EXCHANGE

January 2024



Objective

As the digital economy becomes more privacy-by-design, IAB surveyed over 1,500 consumers to gain insights into their thoughts, preferences, and concerns regarding their personal data and digital advertising overall.

With personal data being a key facet of the free and open, ad-supported internet, the research gauged to what extent consumers understand what is meant by personal data. It also explored how consumers enjoy and value the internet, how they perceive the role of advertising, what their willingness is to pay for currently free online services, and what their preferences and concerns are when sharing their data.

The Free and Open Ad Supported Internet: Consumers, Content, and Assessing the Data Value Exchange reveals the results to the questions posed above and urges the digital ad industry to better inform consumers about their data usage and protections, the benefits it provides, and along with advertising, data's role in keeping the Internet free and open.





Contents

- 01 Personal Data and the Value of the Free and Open Internet
- 02 Ads Power the Free and Open Internet
- 03 The Role and Sharing of Personal Data
- 04 Data Transparency and Consumer Concerns
- 05 Call to Action
- 06 Appendix

Key Takeaways



01

Consumers recognize that a free and open, ad-supported internet is integral to society

80% of consumers agree that the free and open, ad-supported internet is important to democracy and free speech, and nearly 80% think it would be unfair to people with less money if website/apps were not free to use.

02

They would react negatively to paying for currently free online services and prefer ads instead

Nine-in-ten consumers would be frustrated, disappointed, angry, confused, or sad if they had to start paying for websites/apps that are currently free while 95% prefer to get ads than pay a high fee for websites/apps with no ads.

03

Consumers understand the role of their data and are willing to share it to receive personalized ads

Nearly three-in-four consumers understand that sharing their data enables websites/apps to know more about them in order to serve personalized ads, and nearly 70% are willing to share their personal data to support advertising overall.

04

The ad industry must reinforce to consumers that sharing their data is both safe and beneficial to them

With half of consumers believing not enough information is provided regarding how their data is used and protected, website/app owners must better educate consumers on these practices along with data's larger role in powering the ads that keep the internet free and open.

05

More education and engagement with Gen Z is needed to ensure future data sharing

Website/app owners need to focus on educating Gen Z on data's role in the free and open, ad-supported internet as they are less aware of what personal data means as well as the role of advertising.

01 Personal Data and the Value of the Free and Open Internet



Consumers are mostly aware of what personal data means on the internet

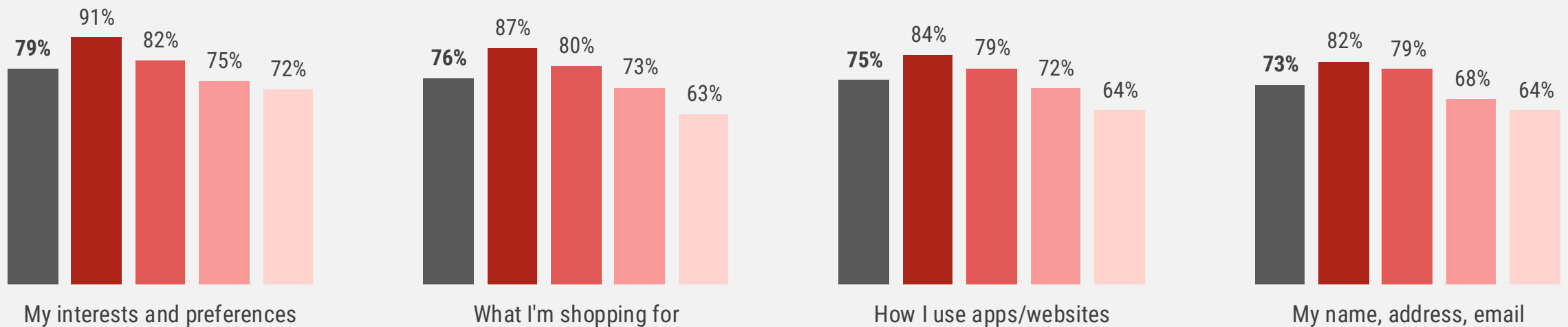
About three-in-four consumers understand that personal data can include their website/app usage history, interests, and shopping behavior as well as identifiers including name, address, and email.

However, the level of understanding decreases from older to younger generations, with Gen Z about 30% less aware of what's included vs. Boomers.

Overall, consumers knowing what constitutes personal data means the advertising industry has a foundation on which to educate consumers on the role, value, and benefits of sharing that data.

DEFINITION OF "PERSONAL DATA" ON THE INTERNET (BY DEMO)

■ A18-64 ■ Boomers ■ Gen X ■ Millennials ■ Gen Z



The free and open internet brings joy to consumers' lives

"I enjoy everything about the internet. The immediacy, the convenience. The privilege of the fact that with just a click of a button, you can quickly get what you want. At the end of the day, that's the time that we're in."

-Millennial, Male



"I enjoy the internet because I do everything on it from checking the weather, to checking traffic, to sports betting, to trading options, to talking to friends, to checking emails. There's so many things that I can do, and it brings such a positivity to my life."

-Gen Z, Male



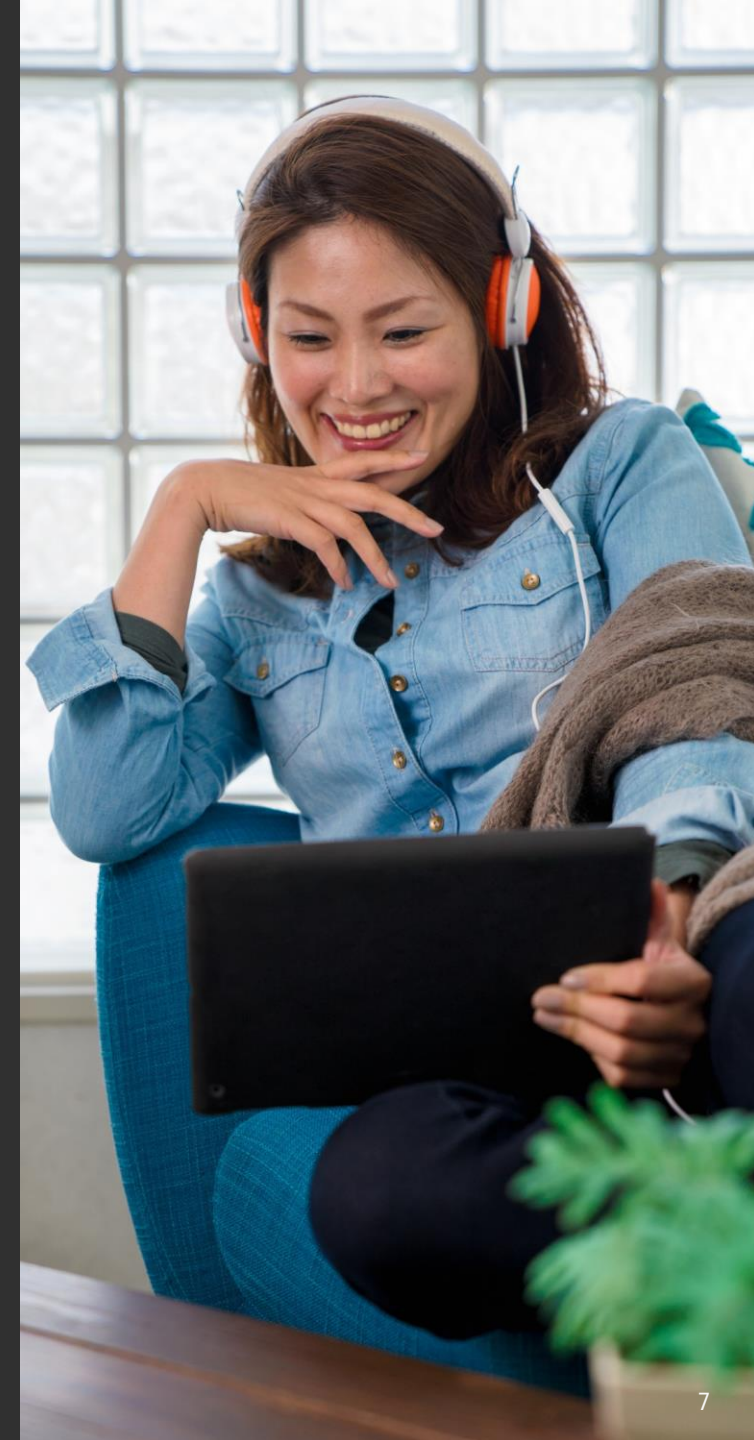
"[I enjoy the internet because] it just allows you from your phone, tablet, laptop, desktop, to get anything done. It positively effects my life because it allows me to get the same information wherever I am in the world."

-Boomer, Female



"What I enjoy most about the internet is how it's made the world a lot smaller place, and it's made it so much easier to keep in touch with friends and family who not only live locally, but also throughout the U.S. and all over the world."

-Millennial, Female



Consumers see the internet's vital importance to society and business

Four-fifths of consumers understand that the free and open internet plays an important role in society, to democracy and free speech (80%), and that it would be unfair to people with less money if website/apps were not free (79%).

Consumers also understand that the free and open internet is crucial for businesses as nearly three-in-four (73%) acknowledge that online-only companies could not exist without it.



AGREEMENT WITH STATEMENTS ABOUT THE FREE AND OPEN INTERNET

■ Statements about society ■ Statements about business

Important to democracy and free speech **80%**

It would be unfair to people with less money if it were not "free and open" **79%**

Provides access to more businesses for shopping, entertainment, info/education **78%**

Without the ad-supported Internet online-only businesses wouldn't be able to exist **73%**



"It is very important for everyone to have access to a free and open internet. It helps people of lesser means be able to elevate their position in life. It benefits the world as we're able to learn more about each other and make personal connections."

-Millennial, Female

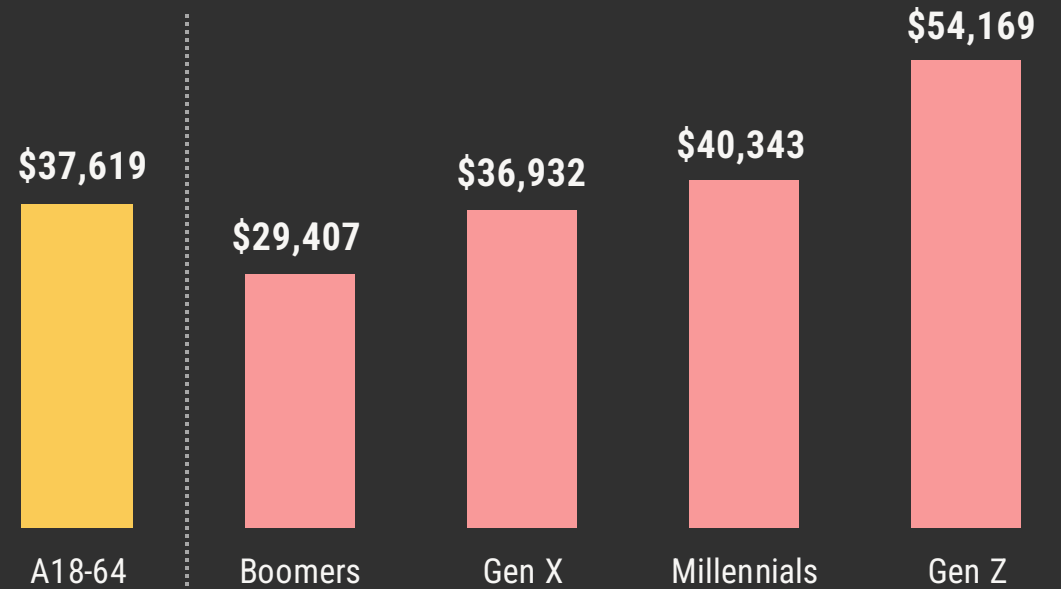
Consumers value the total internet at nearly \$38,000 a year

As consumers see the internet as a source of joy and of vital importance to society and business, it's no surprise that when asked what they would need to be paid in return for not using it for an entire year, they cited an average of \$37,619.

The payment required for Gen Z is significantly higher than older consumers, suggesting that the Internet will continue to increase in value and importance.



HOW MUCH WE'D HAVE TO PAY CONSUMERS ANNUALLY TO STOP USING THE INTERNET (BY DEMO)



For perspective, consumers value the Internet at a rate 60% higher than the average year of tuition at a U.S. public university – suggesting that the Internet holds even more value than something as important as education.

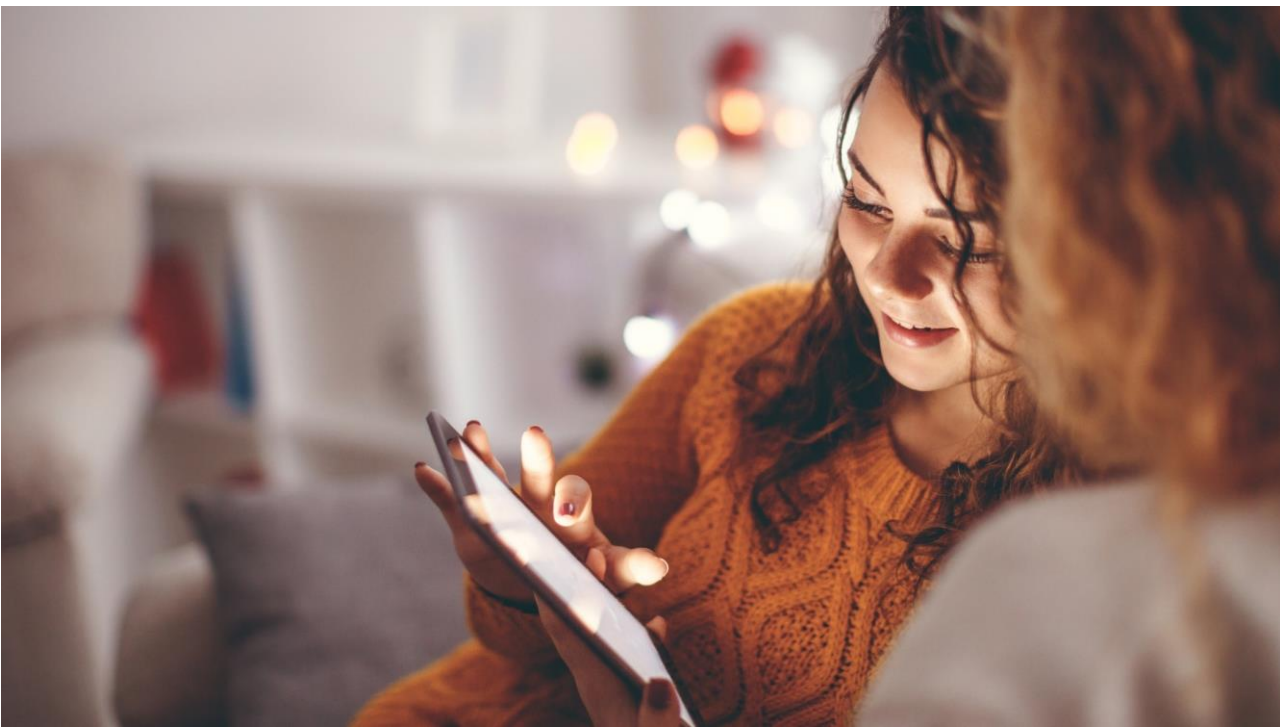
n=1,535

Q: If you had to stop accessing the website, app or online service for an entire year, how much would we have to pay you every month to do so?
(Based on median value among consumers who would pay divided by total U.S. population)

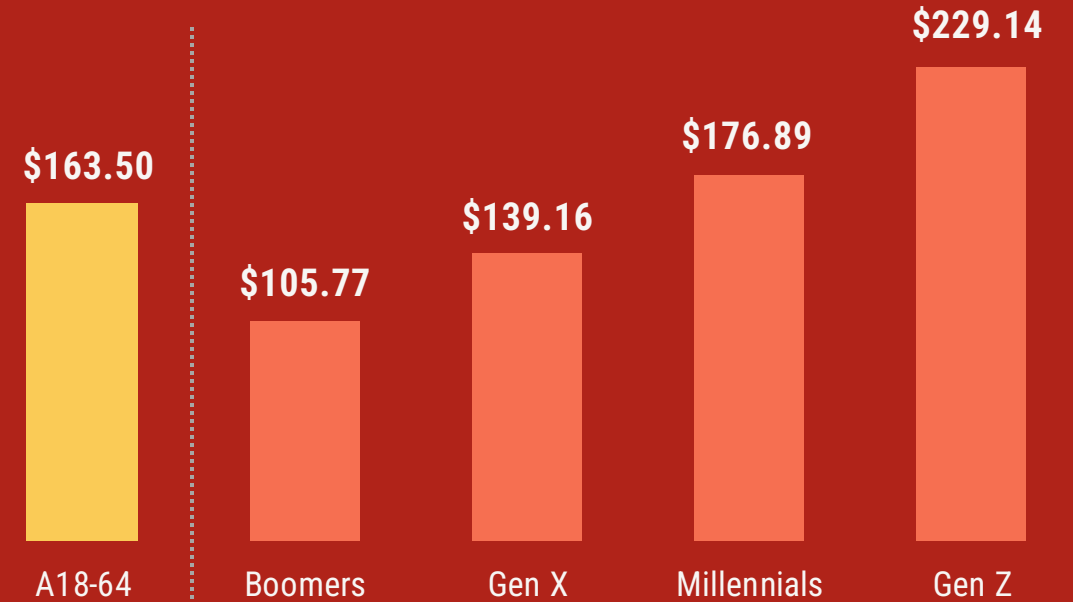
But consumers would pay only \$164 per month to continue using currently free websites/apps

While consumers value the internet at nearly \$38,000 a year, that is significantly more than the \$164 monthly fee (or \$2K annualized) they'd be willing to spend to continue using websites/apps that are currently free.

This gap reinforces the need for advertising to keep the Internet free and open.



HOW MUCH CONSUMERS WOULD PAY PER MONTH TO CONTINUE USING SERVICES (BY DEMO)



"If I had to pay for websites/apps instead of accessing them for free, I wouldn't visit as many and would have access to a lot less information. It would make people pick what's important. I would not like that."

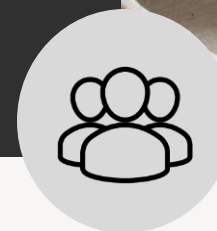
-Millennial, Female

n=1,535

Q: If the websites, apps and online services you use for free did not have advertising, and you had to pay to use them, how much would you pay per month?

91%

of consumers would react negatively, including being **frustrated, disappointed, angry, confused, or sad** if they had to start paying for the websites/apps they currently use for free



02 Ads Power the Free and Open Internet



Consumers understand advertising's key role in keeping the internet free and open

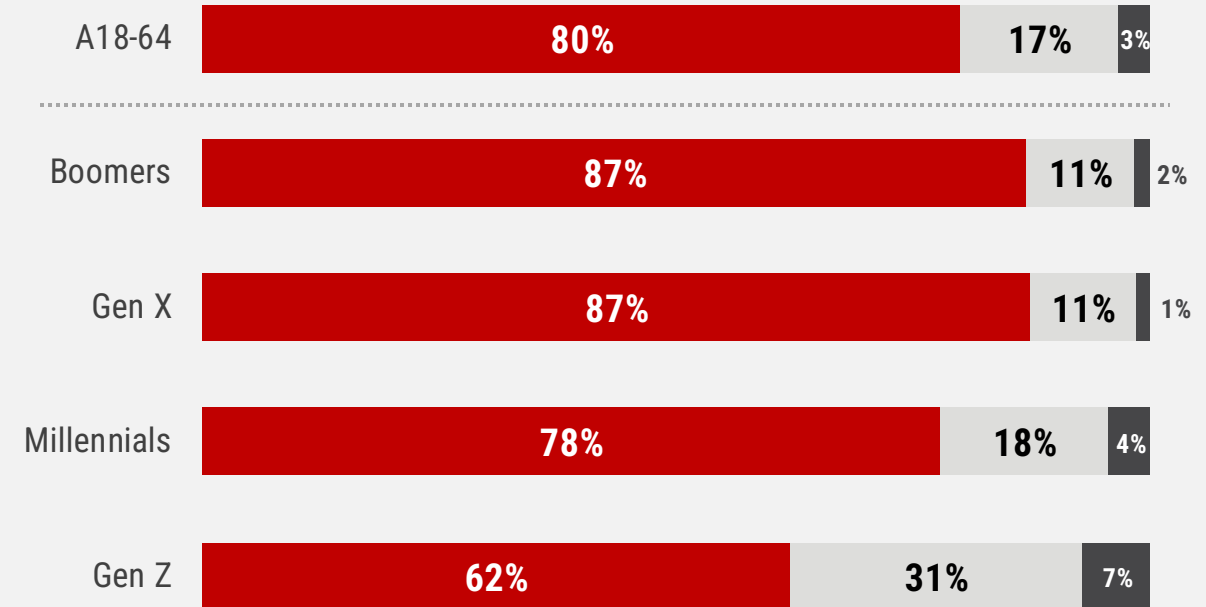
Four-fifths of consumers agree that websites/apps are free because of advertising. However, Gen Z, for whom the Internet has existed all their lives, is less likely to agree than the other generations (62%).

Instead, Gen Z is twice as likely to believe that websites/apps are free due to "altruistic reasons" such as being considered free speech or a basic right (26% vs. 12%).



WEBSITES/APPS ARE FREE BECAUSE OF ADVERTISING (BY DEMO)

■ Agree ■ Neither agree nor disagree ■ Disagree



"Websites/apps should be free and enable you to explore everything on the Internet under freedom of speech."

-Gen Z, Female

*Includes things such as freedom of speech, a basic right, etc.
n=1,535; n=1,219
Q: How much do you agree or disagree with the following statement?
Q: Why do you think websites, apps and online services are free? (Open End)

Nearly all consumers would rather receive ads than pay to use online services

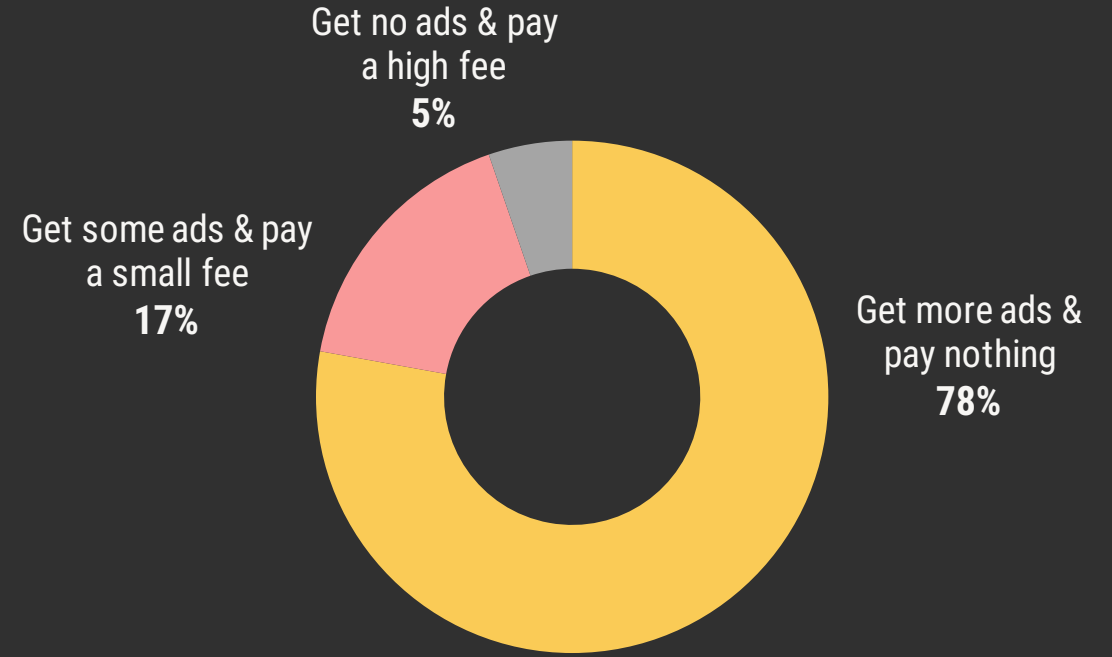
Not only do consumers understand that advertising plays a key role in keeping the internet free and open, 95% of them would ultimately prefer to receive ads than pay a high fee for websites/apps with no ads. In fact, almost eight-in-ten (78%) would prefer to get additional ads in turn for having to pay nothing.

"As far as getting advertisements to make the Internet free and open, I think that's fair."

-Gen X, Female



CONSUMER PREFERENCE FOR ACCESSING WEBSITES/APPS



69% agree that it's a **fair trade-off to receive ads** in exchange for free services



Personalized ads are more appealing to consumers and more likely to drive action vs. generic ads

Nearly nine-in-ten consumers said that they prefer ads relevant to shopping (88%) and those are the ones they're more likely click on (87%).

"I enjoy seeing ads that are personalized for me. I feel like it helps when I'm shopping. For example, I was shopping for a mattress recently, and I saw ads on various websites/apps for different brands of mattresses, and I appreciated that."

-Millennial, Female



"If [advertisers] give me personalized ads for things I like or enjoy, then I might be more interested in buying these things. I think it's good for the economy."

-Gen X, Male



88%

prefer ads that are for products or services that they're interested in or shopping for



87%

are more likely to click on ads to learn more or make a purchase for products they're interested in or shopping for

03 The Role and Sharing of Personal Data



Consumers understand the role of their data and are willing to share it to receive personalized ads

Consumers' willingness to share their personal data is directly tied to their understanding that doing so means they would not have to pay for content.



73%

of consumers understand that sharing their personal data enables websites/apps to know more about them in order to serve personalized ads

69%

are willing to share personal data to support advertising overall as they couldn't afford it if the websites/apps they use started to charge them subscription fees

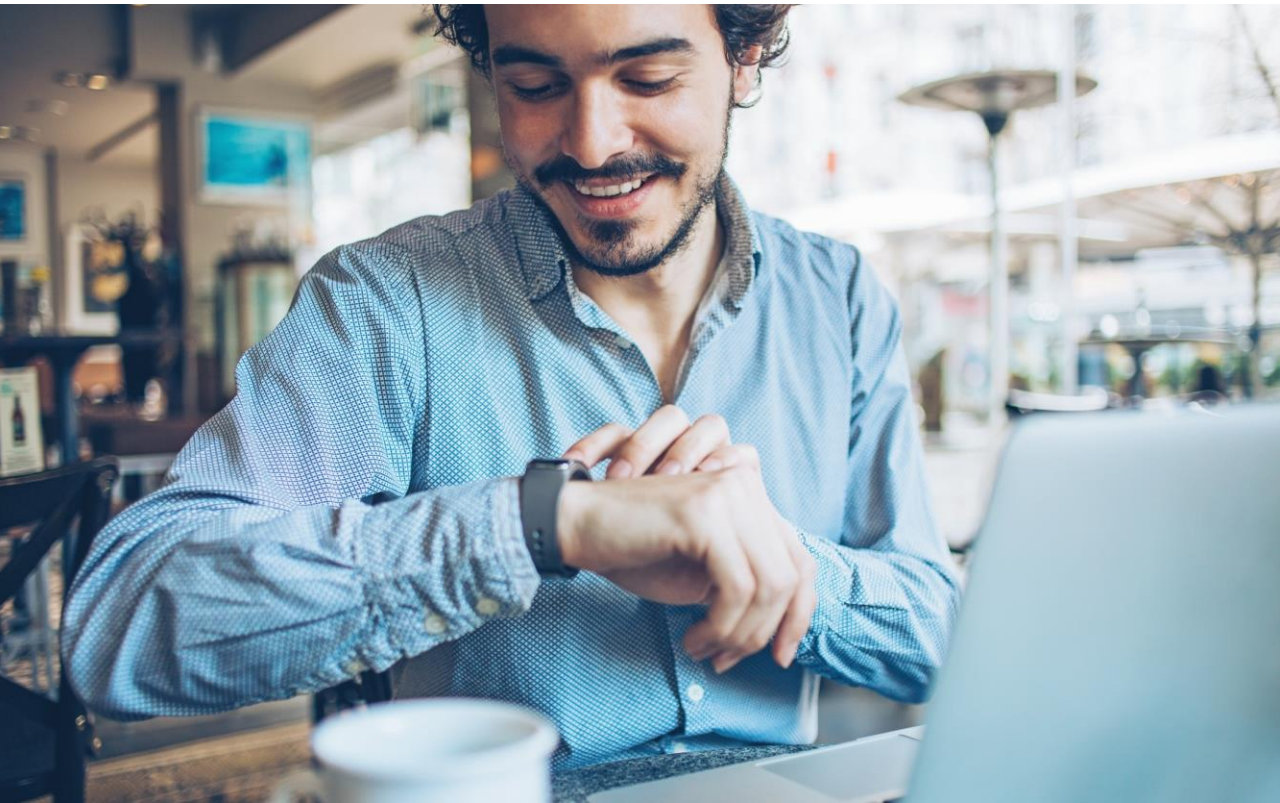
n=1,244; n=1,536

Q: What do you think sharing your personal data has to do with online advertising? (Open End)

Q: How much do you agree or disagree with the following statements? (Strongly / Somewhat Agree)

Consumers also understand the benefits of sharing their personal data

Roughly two out of three consumers will share personal data regarding their preferences, interests, and habits so they can receive more personalized content and services, get better deals, and see more relevant ads. This is an opportunity for advertisers to communicate and develop a clear value exchange with their audiences.



AGREEMENT WITH STATEMENTS ABOUT SHARING PERSONAL DATA WITH WEBSITES/APPS CONSUMERS TRUST AND VALUE

I'm willing to share content preferences so website/apps can send me more of that **69%**

Sharing data helps me find products, bargains, and services I'm interested in **67%**

I'm willing to share my lifestyle/interests data so websites/apps can send me relevant ads **66%**



"I feel it's okay when websites/apps use my personal data when it's geared towards my online usage experience. If I'm looking for a certain interest like crafting, and then ads for different crafting supplies or designs are targeted to me, it will elevate my interest level and could even lead me down a whole different path of knowledge."

-Millennial, Male

Reputation, transparency, and trustworthiness are top considerations when deciding to share data

Consumers want to feel comfortable with the websites/apps they share their personal data with. Comfort stems from knowing the website/app's reputation, having experience using it, knowing the type of data further shared, and having the ability to control collection and storage.

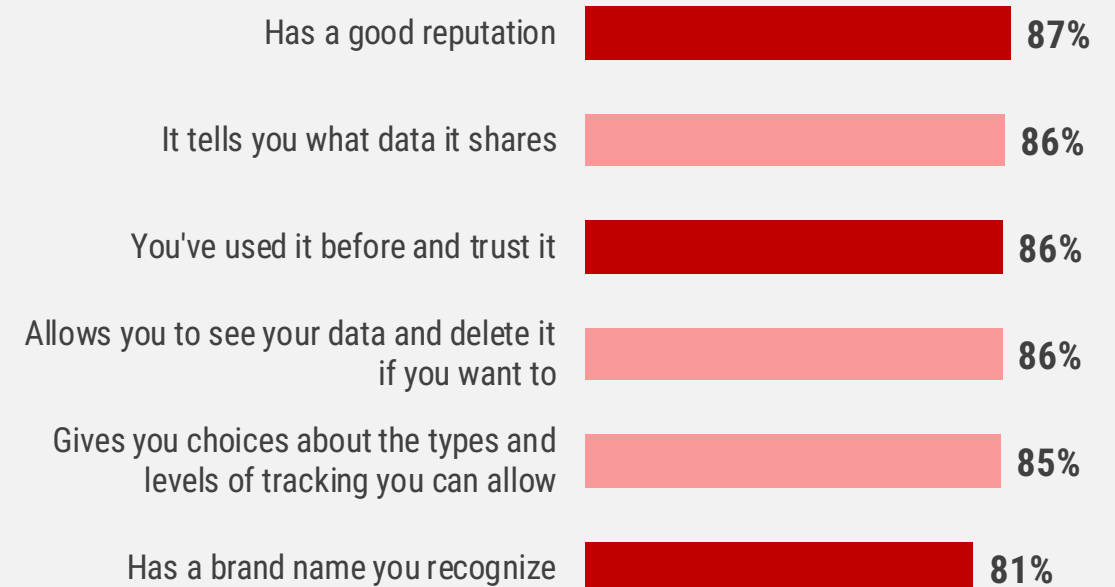
"When a message pops up about accepting cookies, I will first try to find out about what types of things that they are specifically collecting and how they use that info."

-Boomer, Male



IMPORTANCE WHEN AGREEING TO SHARE DATA WITH WEBSITES/APPS

■ Reputation / Trustworthiness ■ Transparency



74% agree that if they were **assured that their personal data is protected and secure**, they'd be more likely to share it.

n=1,536

Q: When you are using a website, app or online service and a message pops up about accepting cookies and privacy settings, how important are the following when making your decision whether to accept? (Very / Somewhat Important)

Q: How much do you agree or disagree with the following statements? (Strongly / Somewhat Agree)

Although laws exist to protect consumers around data sharing, awareness is low

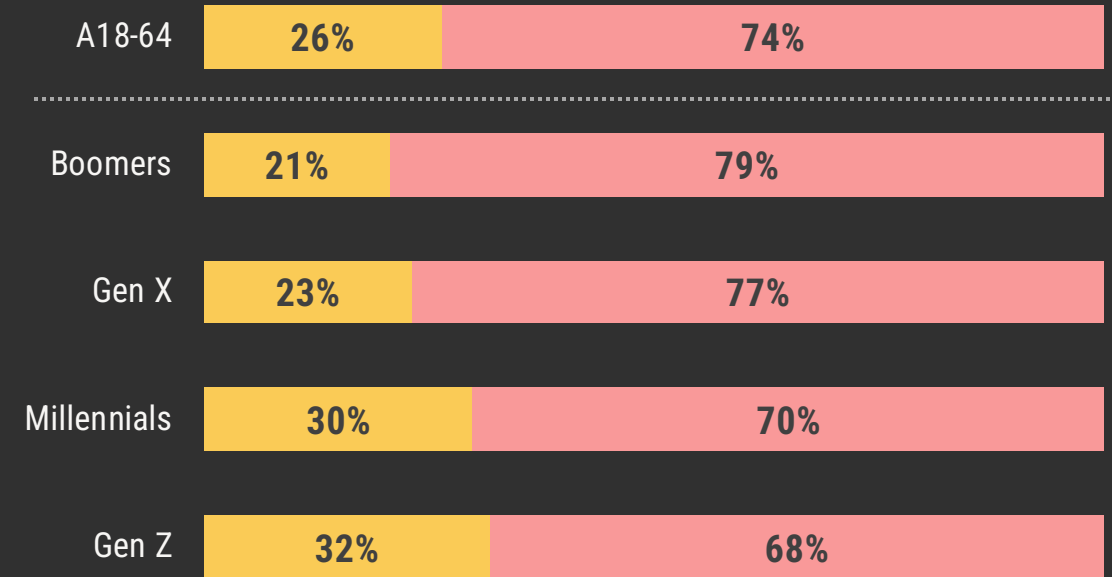
Only about one-in-four consumers (26%) are aware of data privacy laws in the U.S. and Europe.

However, as nearly one-in-three of the younger generations are already aware of the legislation, it's likely that privacy laws will increasingly be important in the future—presenting an opportunity for advertisers to earn consumer trust.



AWARENESS OF CONSUMER PRIVACY LAWS* (BY DEMO)

■ Yes ■ No



* Privacy laws include Europe's GDPR or any of the similar laws in the U.S. in California, Connecticut, Colorado, Virginia, Utah, and others

04 Data Transparency and Consumer Concerns

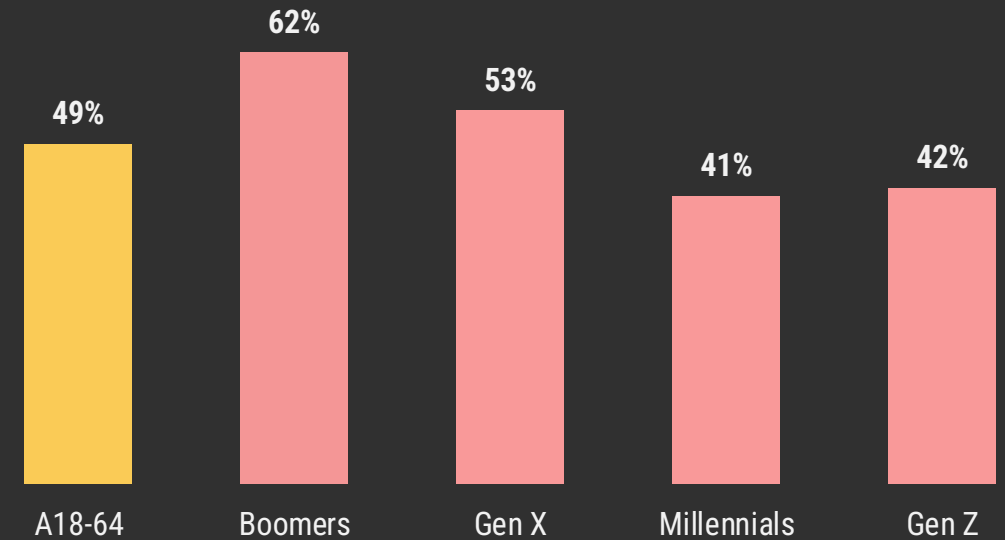


Consumers want more transparency from website/app owners

Half of consumers (49%) think that websites/apps do not give enough information regarding how their data is used and protected.

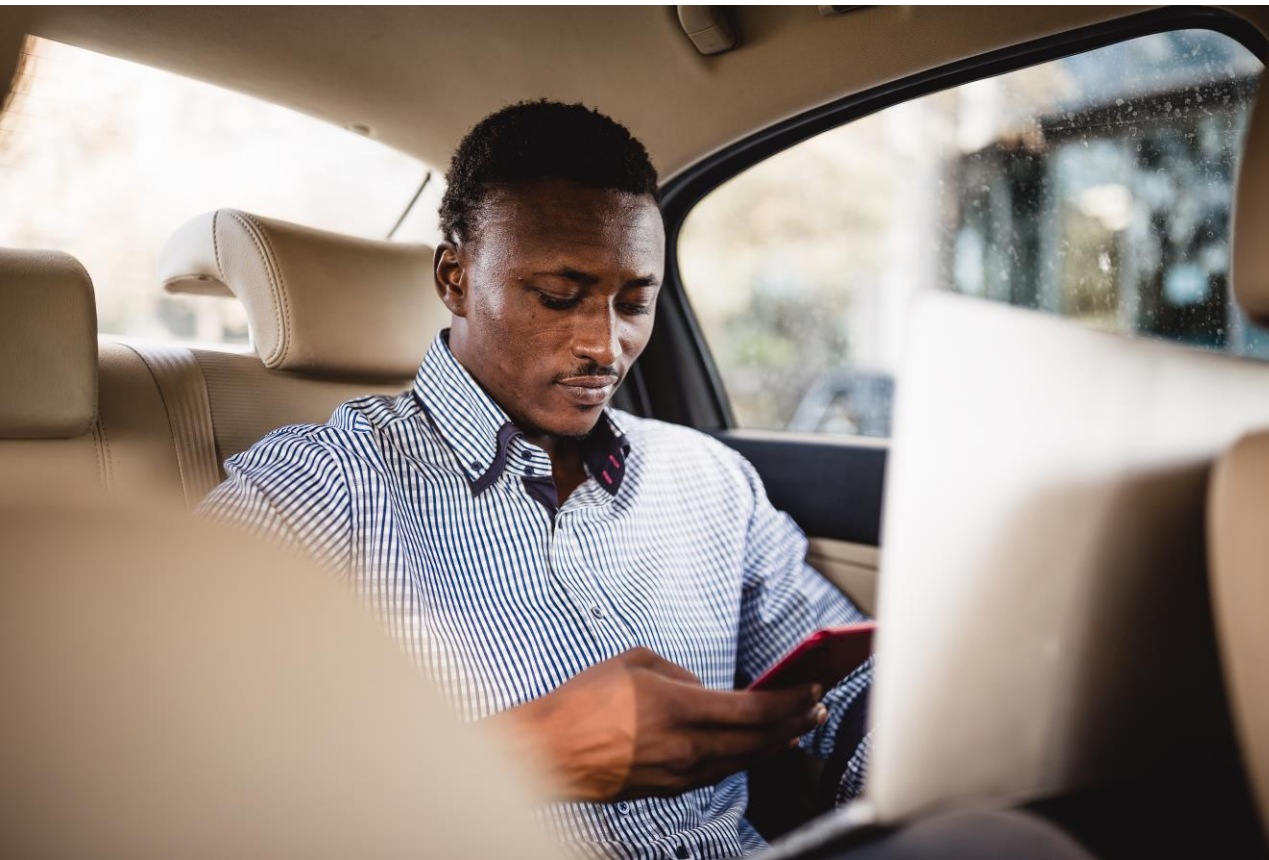
Older generations are more likely than younger generations to agree that websites/apps don't provide enough information around data usage—suggesting the opportunity for advertisers to strengthen communication with older audiences.

% AGREE THAT WEBSITES/APPS DO NOT GIVE ENOUGH INFO ON HOW PERSONAL DATA IS USED (BY DEMO)

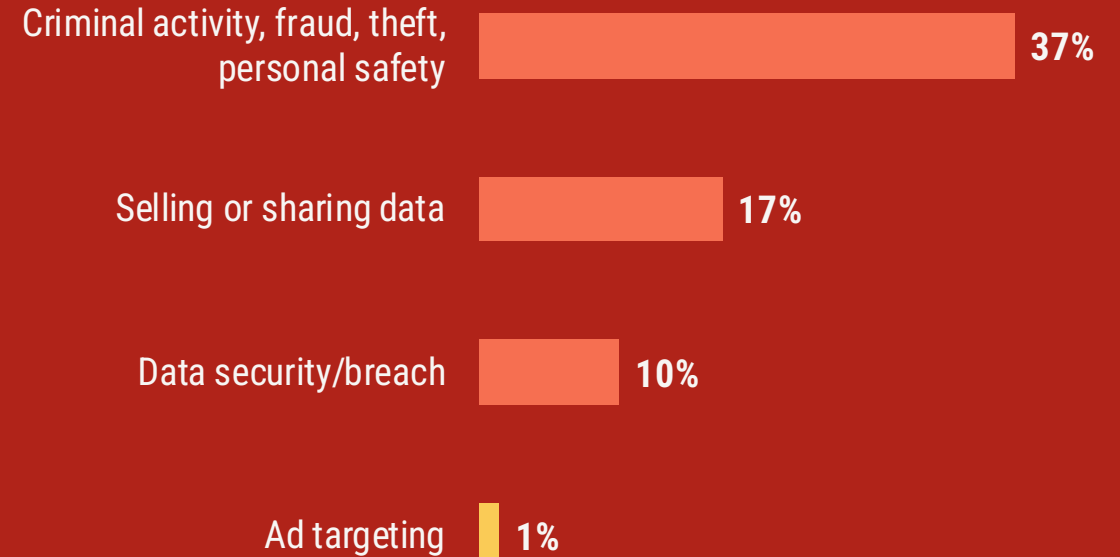


However, consumers are more concerned about criminal activity than ads

When asked what concerns are top of mind regarding how websites/apps collect and use data, criminal activity and selling/sharing data are the top concerns while ad targeting is of little-to-no concern.



TOP-OF-MIND CONCERNS WITH HOW WEBSITES/APPS COLLECT AND USE DATA

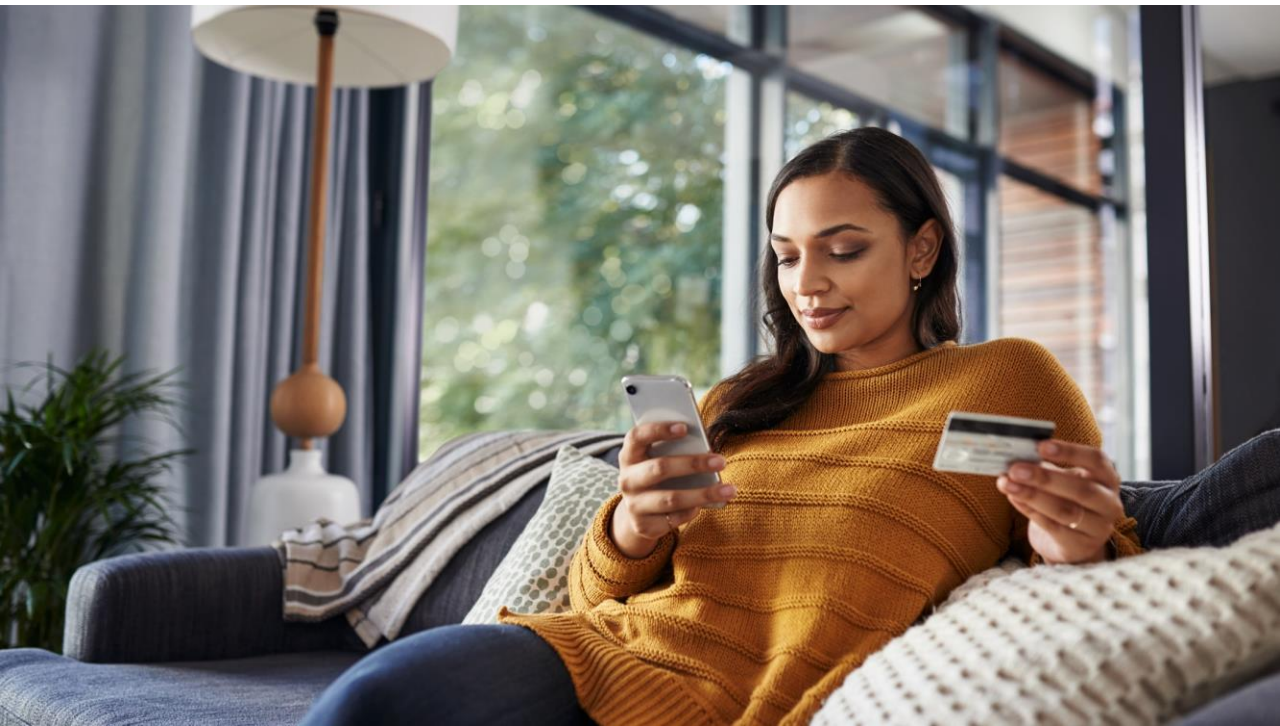


"I wouldn't want my data points like credit card or bank information shared and then stolen for identity theft. But sharing data like what ads I saw and websites/apps I visited will help me in the future, if I want to buy similar items to what I've purchased in the past."

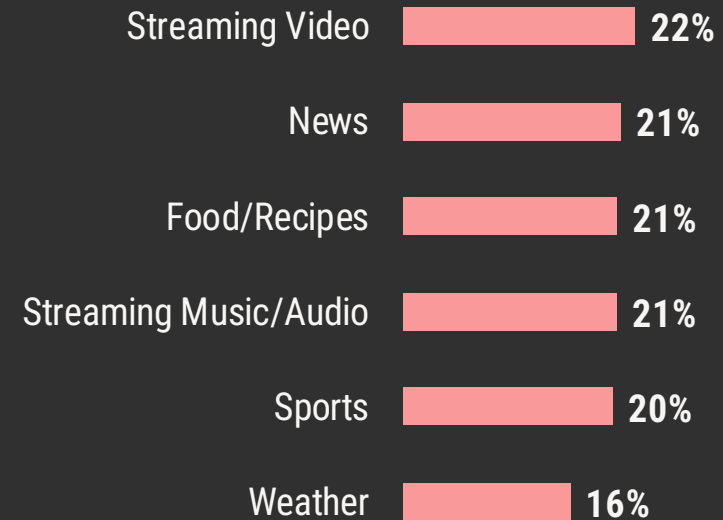
-Gen X, Male

Financial, healthcare, and government websites/apps concern consumers the most when sharing data

When deciding whether to share their personal data, consumers place websites/apps into 2 buckets based on concern: They are up to 2x more likely to be very concerned about sharing personal data with financial, healthcare, and government websites/apps than with those within entertainment, news, and lifestyle content.



VERY CONCERNED WHEN SHARING PERSONAL DATA WITH DIFFERENT TYPES OF WEBSITES/APPS



n=1,536

Q: How concerned are you, if at all, when sharing personal data with the following types of websites, apps, and online services? (Very Concerned)

05 Call to Action





The Free and Open Internet: Consumers, Content, and Assessing the Data Value Exchange reveals a strong consumer appreciation for the free and open, ad-supported internet. It also found high consumer aversion to paying for online services that are currently free. Consumers are not only willing to share their data for personalized services, it's also what they prefer. However, half of consumers think that websites/apps do not give enough information regarding how their data is used and protected.

IAB urges all players in the digital ecosystem to clearly inform consumers about what data is being collected and why as well as how it's being used and protected. Overall, website/app owners need to reinforce personal data's role, along with advertising, in keeping the Internet free and open.

06 Appendix

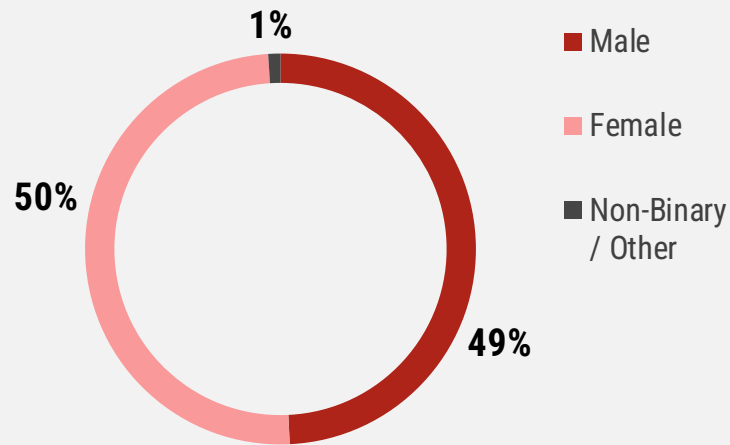


Methodology and Respondent Profile

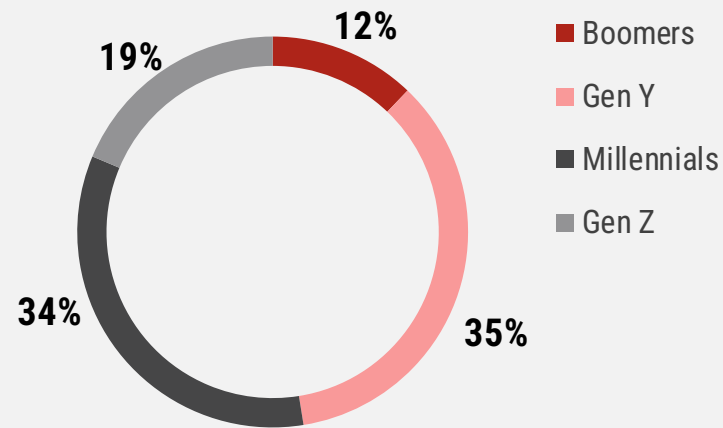
As the digital economy becomes more privacy-by-design, IAB surveyed over 1,500 consumers to gain insights into their thoughts, preferences, and concerns regarding their personal data and digital advertising overall. Consumer respondents sourced via Dynata.



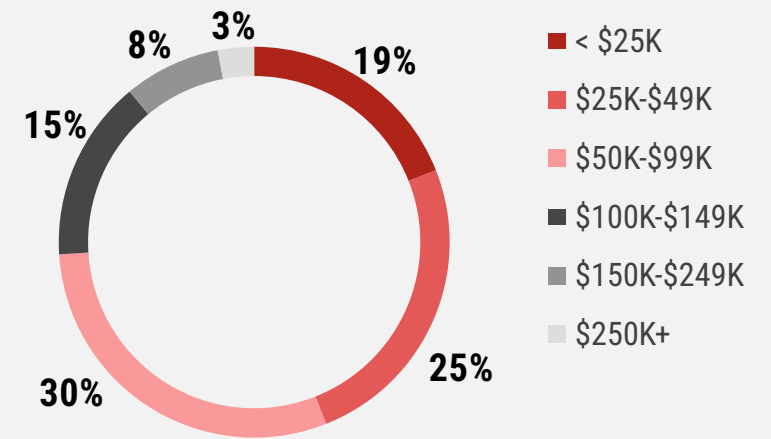
GENDER



DEMO



HOUSEHOLD INCOME



About IAB



The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 700 leading media companies, brands, agencies, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing.

In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

www.iab.com





Report Contributors

Chris Bruderle

VP, Industry Insights & Content Strategy
chris@iab.com

Meredith Guinness

Sr. Manager, Research & Insights
meredith@iab.com

Jack Koch

SVP, Research & Insights
jack@iab.com