**Market Concentration and Privacy in Online Markets**

***Michael E. Kummer***

***Joint with*** *Reinhold Kesler and Patrick Schulte*

**Abstract:**

We analyze whether higher market concentration implies intensified collection of private user data in the market for mobile smartphone applications.

Market power in digital markets and app developers' strategies of collecting personal user data have raised considerable concern by policy makers and regulators.

This concern is aggravated by the fact that app developers are frequently sharing data with outside parties.

We tracked more than 1.5 million smartphone applications in over 5,000 submarkets for over two years and combine data about their data collection with information about the concentration in their app-specific market.

We show both cross-sectional correlations, and a fixed-effects panel analysis that exploits variation in market concentration within markets over time.

To identify the effect of market concentration we employ an IV-approach which exploits exogenous variation in the importance of network effects in submarkets.

Given an apps market-share we find that more concentrated markets are associated with greater data collection.

Within such markets apps having a higher market share collect more data.