

## Explainer

# Understanding Online Personalisation

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*When referring to online personalisation, most will immediately think about online advertising. But personalisation supports basic functioning and aspects that consumers expect from and appreciate about today's internet. Understanding how online personalisation works and its value is key for policymakers working on tech legislation. This handy explainer provides a brief overview. CCIA Europe and its members remain available for further questions or conversations on the topic.*

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## What is Online Personalisation?

Online personalisation refers to all techniques designed to offer a customised experience for users when navigating the web. You can think of recommendations on an online marketplace, social media feeds, or search engine results.

Of course, personalisation techniques are not the only determining factor for these recommendations. Online platforms have other parameters to take into account, such as fighting illegal or harmful content, and unsafe or counterfeit products. However, offering personalised services and content is one way for online services to differentiate themselves and compete to offer the best and most tailored experience and product for their users.

## How Does Online Personalisation Work?

Each online platform develops different techniques to offer online personalisation. The common approach is the collection and processing of data to determine which content or product to offer to a given user. The data used to personalise a service is not necessarily personal data, for example, the data of users in a logged-in environment such as 'likes'. It is largely based on generic data such as the weather, what other users are interacting with, popular content and so on. In terms of technologies, algorithms or artificial intelligence for example are helping to make sense of this data, propose accurate results for users and predict content that users will find useful or entertaining.

You can imagine online personalisation as a shop clerk advising customers when entering a shop, who will adapt to you based on their most popular items, the information you give them about you and the need you express. Online personalisation allows us to reproduce this behaviour online.

## Benefits of Online Personalisation

Online personalisation offers myriad benefits to businesses, consumers and the economy at large.

For business, benefits include increased engagement, higher conversion rates, and better customer insights. While many big brands and local businesses rely on online advertising to help them find their customers, content-based businesses rely on personalisation to compete and offer the content that users will enjoy the most.

For consumers, the benefits are also tremendous as they will have an improved user experience online, find more relevant content quicker, and have an overall enhanced convenience. Personalisation enables people to better express themselves and connect with communities and social movements, and build and share knowledge in specialised areas. These benefits are especially important for marginalised people and groups who face greater barriers to finding expression and people they can relate to.

## Challenges of Online Personalisation

One challenge of online personalisation comes down to privacy and data protection. That is why online platforms follow strict rules to ensure that only relevant and non-sensitive data is used, protect the data in their possession and innovate in techniques to minimise the potentially negative impact of personalisation for consumers. For example, there are several privacy enhancing technologies that give consumers better control of their data to control the personalisation of services and products.

The key to providing personalisation fairly is transparency and control. Online businesses and platforms strive to be transparent about their personalisation techniques so that consumers can better understand how their data is being used and what previous interactions or actions (such as clicks, purchases, views, 'likes' or connections such as 'friends' or 'following') led to them seeing given content. Across the industry, transparency is growing. If this was not always the case, it was largely due to these techniques being nascent and the need to preserve business secrets as publicly available information can easily be misused by competitors or bad actors. Indeed, understanding granularly how an online business uses personalisation can be useful for regulators or researchers, but it is also important to protect the safety of users as well as innovation that took years to develop.

## Current EU Rules Applying to Online Personalisation

Here are the main EU laws that are currently regulating online personalisation:

- **General Data Protection Regulation (GDPR) and the e-Privacy Directive:** GDPR governs the processing of personal data, ensuring that individuals have control over their data through requirements for data processing, data minimisation, and the right to access and rectify data. It mandates transparency in how personal data is used, which directly impacts online personalisation practices. The e-Privacy Directive complements GDPR by focusing on privacy in electronic communications, including rules on tracking technologies like cookies that are often used for personalisation. It requires informed consent for storing or accessing information on a user's device, thereby ensuring that users are aware of and can control how their online activities are monitored and personalised.
- **Digital Services Act (DSA):** The DSA introduces new obligations for intermediaries, particularly online platforms that facilitate user interactions and content sharing. The DSA mandates transparency in how algorithms and recommender systems work, requiring platforms to explain the criteria used for personalisation. Very large platforms also have to offer the possibility to have non-personalised recommender systems. Besides, the DSA creates transparency requirements on advertising and so-called "influencer marketing", as well as bans the use of sensitive data for profiling purposes.

- **Artificial Intelligence (AI) Act:** The AI Act categorises AI systems based on their risk levels and imposes requirements accordingly. High-risk AI systems, which include certain types of personalisation algorithms, must comply with rigorous standards for data quality, transparency, and human oversight. The AI Act ensures that personalisation algorithms are designed and used responsibly, preventing discrimination and ensuring fairness.
- **Digital Markets Act (DMA):** The DMA prohibits big companies designated as so-called “gatekeepers” from, among others, processing the personal data of end-users for advertising purposes, combining and cross-using personal data of end users using services of the gatekeeper, unless the end user provided its consent in the meaning of GDPR. Gatekeepers are not allowed to use non-public data from businesses or their customers, which is collected through their service, to compete against those businesses.

## Recommendations for EU Policymakers

- **Keep consumers in the centre:** Consumers should be empowered and trusted in the decisions they make regarding their personalisation preferences. Consumers are already choosing the online platforms that fit their needs and should have the right to control how their online experiences are personalised. Companies want to provide the best user experience and are currently exploring ways to provide users with the controls that are most meaningful for them. Policymakers should not prescribe specific design features for user controls. Over the last years, some proposals favoured a binary choice for consumers to accept personalisation or reject it. This failed to reflect the subtle and granular feelings and experiences most users have with regard to personalisation and its associated benefit-risk profile. For a great many, likely the significant majority of internet users in the EU, there is a demonstrated desire to access the value of personalised services and understand how these work and exercise some control thereover. Users deserve a clearer and more useful understanding of the risk-benefit trade-offs, and the ability to make meaningful choices that give them real control over where they situate themselves on the continuum that extends between less personalised and more personalised experiences.
- **Keep a nuanced and balanced approach to online personalisation to recognise its value:** When looking at certain aspects of personalisation, we should avoid thinking in silos and we should recognise the benefits of personalisation. Concerns about personalised recommendations of content should be addressed in a coordinated way between privacy, content and consumer regulators - each only intervening about what is most relevant to fulfil their mandate.
- **Take stock of existing laws:** This is not a new conversation. Many European rules already regulate how European consumers can benefit from personalisation and mitigate the risks associated with personalisation. Additional rules should be avoided until clear gaps are identified and substantiated.

## About CCIA Europe

The Computer & Communications Industry Association (CCIA) is an international, not-for-profit association representing a broad cross section of computer, communications, and internet industry firms.

As an advocate for a thriving European digital economy, CCIA Europe has been actively contributing to EU policy making since 2009. CCIA's Brussels-based team seeks to improve understanding of our industry and share the tech sector's collective expertise, with a view to fostering balanced and well-informed policy making in Europe.

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