

I study the welfare and price implications of consumer privacy. A consumer discloses information to a multi-product seller, which learns about his preferences, sets prices, and makes product recommendations. While the consumer benefits from accurate product recommendations, the seller may use the information to price discriminate. I show that the seller prefers to commit to not price discriminate to encourage information disclosure. However, this commitment hurts the consumer, who could be better off by precommitting to withhold some information. In contrast to single-product models, equilibrium is typically inefficient even if the consumer can disclose any information about his preferences.