Information and communication technology enable firms to collect detailed and potentially intrusive data about their customers both easily and cheaply. This means that privacy concerns are no longer limited to government surveillance and public figures' private lives. The empirical literature on privacy regulation shows that privacy regulation may affect the extent and direction of data-based innovation. We also show that the impact of privacy regulation can be extremely heterogeneous. Therefore, we argue that digitization means that privacy policy is now a part of innovation policy.