

Data privacy: what the consumer really thinks

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Introduction

The power of data is changing our lives. From taking a taxi to booking a holiday to listening to music, companies such as Uber, Airbnb and Spotify are transforming business by putting data at the heart of their products to drive value for their customers. The data driven economy is undoubtedly the engine of growth and the driver of value in this information age.

It is therefore crucial that brand strategists, futurologists and government regulators keep up to date with fast changing attitudes to privacy and, importantly, begin to recognise that attitudes are not uniform or static. That's why we've commissioned a new study to track consumer attitudes to privacy.

The study shows a considerable change in attitudes since 2012, with significant increases overall in those willing to share data and a significant decrease in fundamentalists opposed to sharing data.

The report also reveals that trust remains the critical factor in willingness to share data. Brands that succeed in the information age will be the brands that put earning and keeping trust at the heart of their customer proposition. Successful brands must make trust in data central to their corporate culture, enabling every employee to make the right decisions in real time every minute of every day.

That's why the DMA launched a new principles based Code of Practice. The Code is a roadmap to creating and maintaining trust, setting out five core principles that should be at the heart of every successful data driven company:

- **Put your customer first:** Value your customer, understand their needs and offer relevant products and services
- **Respect privacy:** Act in accordance with your customer's expectations
- **Be honest and fair:** Be honest, fair and transparent throughout your business
- **Be diligent with data:** Treat your customer's personal data with the utmost care and respect
- **Take responsibility:** Act responsibly at all times and honour your accountability

The Code promotes the evolution of one-to-one relationships as an exchange of value between your business, looking to prosper, and your customer, looking to benefit. The DMA is committed to helping you put your customer at the heart of everything you do, in order that your business can prosperously grow to be trusted, enjoyed, prized and ultimately sustained by your market.

While this report demonstrates a shift in consumers' recognition of the value that data provides, companies must behave in an appropriate way if they are going to harness the potential this promises them and their customers.

Chris Combemale
CEO
DMA Group



Foreword

What we think largely determines what we do. Therefore, in today's digital economy, what we think about data as consumers, as marketers and as regulators will affect all of our lives, at home, at work and at play.


Founded in 1969, Acxiom has witnessed at first hand the growth and in some cases decline of direct marketing, telemarketing, email marketing, social media marketing, display advertising and more. While new forms of marketing have taken spend from older ones, in part due to them carrying a lower cost, the biggest single factor has been their effectiveness and this is determined by the consumer.

Ultimately, the consumer is always in control. There may be a delay between their actions and the marketer's reactions but we marketers only get rewarded for our efforts when the consumer says 'yes'; yes to an offer, to an upgrade, to a message, to a brand. The consumer more than anything else determines what we do; or should do depending on what they accept and value.

Today, the opportunities and challenges are bigger than ever and it is data that holds the key. Marketers must consider data only as a proxy to the consumer. We may manage 1s and 0s but we are a people industry. The research suggests consumers are more aware of data and open to it being used as part of everyday life. To build on that willingness, we must as marketers increase our efforts to recognise real people across the myriad of devices, channels and touchpoints today and connect that data to enable more relevant, meaningful and consistent customer experiences; this is Acxiom's vision.

It has never been more important to make sure we are using customer data to drive customer value and deepen trust, it has never been more important to understand what the consumer really thinks about data privacy. While the research has been conducted entirely independently by the Future Foundation, Acxiom's passion for data privacy since 1969 led us to fund this DMA research for the benefit of our industry and ultimately, most importantly, for the benefit of the consumer.

Jed Mole
European Marketing Director
Acxiom



Background since 2012: a maturing data landscape

The digital revolution has challenged historic and contemporary views of privacy. Indeed, even in 2015 we can comfortably state that the true impact of the digital and data revolution on the notion of privacy is still very much in transition.

Since the previous report in 2012, there have been a myriad of factors that have shaped the privacy landscape within which individual views on data exchange have evolved.

Since 2012 we have tracked the emergence of “social sharing” of media content, concerns about “oversharing” of incriminating behaviours and opinions on social networks, even the birth of a “sharing economy” which has made untapped private resources more available for public use; such as Airbnb and Uber. Discussion of a “sharing economy” has given way to an acknowledgement that the entire economy is, in effect, a sharing economy. Sharing is at the centre of not only the social, but increasingly the professional, financial and commercial lives of millions of Britons. Future technologies will allow employees to better pool their resources towards common goals and enable better collaboration in the pursuit of common interests. Online, we already see a small tribe of web personalities profiting from the sharing of their online productions. In this report we go one step further and explore the possibility that consumers in the future may apply an entrepreneurial mindset to the most common web resource; data.

The question of who owns this resource has been a vexed one but, we anticipate, not for much longer. Consumers, ever more aware of the value of their data, are asserting ownership of it and accepting the responsibilities that this ownership implies.

This is not, however, prompting a mass retreat from the growing data market. Consumers are not opting out of the future.

Close to three quarters of respondents agree that their definition of privacy is changing due to the internet and social media. For all the discussion of “oversharing”, this redefinition has not closed the door on the data-driven brand. Quite the opposite.

The issue of privacy is being forced into the public consciousness by never-ending news headlines of data security breaches and data snooping. Three quarters of people claim that recent news headlines regarding data breaches, such as the NSA Prism Scandal of 2013, have heightened their awareness of their personal information security. Growing awareness is a good thing so long as it is accompanied by understanding. Data used for marketing is very different to data being used for matters of national security. The increased comfort of consumers with sharing data at the same time as this growing awareness from major news stories, suggests that consumers are beginning to understand that not all data and data uses are the same.

At the same time, surprisingly high numbers in the UK claim to be aware of European Union efforts to introduce a range of new data protection regulations. We see a global trend towards governments and institutions developing more codified and extensive protections for consumers. New data protection initiatives are being adopted not just in Europe, but across Asia, South America and North America.

The issue of data sharing has been propelled into the consumer mindset and is creating a more aware and confident public.

In fact, when looking at recent changes to the data landscape, the defining feature that emerges is one of maturity, both in terms of the frameworks to protect consumer rights and the growing sense of empowerment felt by many consumers globally.

This report delves into current public sentiment towards data exchange in the UK. The data landscape has clearly advanced since 2012 and in this report we discover that individual attitudes have shifted in tandem.

More than this, the report shows where current trends are heading and identifies the core implications for brands, governments and consumers alike.



Executive summary

Convincing evidence of a gradual, long-term shift towards wider awareness and acceptance of data exchange

The findings presented here demonstrate a steady evolution of societal attitudes since 2012; driven by a more knowledgeable, open-minded and digitally empowered consumer. Indeed, recognition of the importance of data collection to future corporate practice and the 21st century economy is not exclusive to the business community; consumers understand too. Overall, the defining trend that emerges is one of growing public acceptance, maturity and empowerment towards the sharing of personal information in the modern digital economy.

Consumers are more accepting of sharing their personal data

Since 2012 there has been a notable decline in the number of consumers who are ideologically or emotionally opposed to sharing their personal data with brands. Instead, the primary grievances that consumers highlight are increasingly functional; from not wanting to share data out of principle, to not wanting to share data because the benefits for doing so are not clear or sufficient.

Overall privacy concerns are reducing as awareness over how and why data is collected grows

Across a range of trended questions there is a consistent, gradual decrease in the level of privacy concerns in the UK and a growing sense of ease with the notion of sharing some data with companies. At the same time, there is clear evidence of rising consumer awareness about the systems of data exchange. Two-thirds of respondents claim they feel more aware of how their data is used and collected than in the past.

Trust continues to be the key element to building a healthy data culture in the UK

As first described in 2012, trust in an organisation continues to be the essential precondition of data sharing. In 2015, 40% of consumers chose trust in an organisation as the most important factor when deciding to share personal information, four times more than any other factor offered.

Data is increasingly seen as a personal commodity, to be traded for the consumer's personal advantage

The Consumer Capitalist mindset, first outlined in the 2012 report has grown significantly. 52% now view their personal information as an asset to be used to negotiate better deals with brands, up from 40% in 2012. What's more, an entrepreneurial data mindset is apparent across the majority of consumers, with 80% claiming that personal data is their property and they should be able to trade it as they see fit. However, the vast majority believe businesses benefit disproportionately from the modern data economy. The industry needs to make efforts to shift the perceived balance of benefits more in the consumer's favour and show how consumers benefit.

Consumers are seeking less abstract, more direct incentives

Incentives where the consumer benefit is clear and direct are far more persuasive in enticing consumers to part with their personal information. Indeed, whereas around 70% of consumers say that they would be likely to share their data in return for a direct benefit such as a financial reward or discounts, just around half would be happy to do so for more indirect benefits such as personalised products, services or brand recommendations. However, this report outlines a vast number of possible incentives – both direct and more abstract – that brands can use to persuade customers it is in their interest to part with their personal data. The key is to demonstrate advantages to the consumer as clearly as possible and appear proportional to the benefits provided to the brand. It is also important that the industry overall, does a better job of helping consumers make the link between the data they are already sharing and the benefits they are already receiving (free email accounts, social media platforms, search engines etc).

Views towards data exchange are volatile and dependent on a variety of factors

Most consumers are not static in their views towards data exchange. They can slide from greater anonymity to open data sharing depending on a range of variables. These variables range from the company requesting the information to the type of data collected. This report identifies a range of factors that influence the extent to which a person will be prepared to part with their personal information in any given context.

Control continues to be the key consumer ambition

As we found in 2012, how much control consumers have over their data will determine how happy they are with any data exchange. In 2015, 90% claim to want more control over the data they choose to exchange with brands. In addition, respondents are far more likely to state that they have overall responsibility for their own data security than regulators or industry. Consumers are taking ownership of their own data responsibilities and seek the ability to manage their own data sharing regime. As more consumers strive to manage their own information flow, brands will be expected to offer more flexible privacy options, to provide customers with a greater sense of autonomy over how their data is collected and used.

Brands have the opportunity to develop a culture of data exchange fit for the 21st century economy

The shifts in attitude explored here suggest consumers are interested in a more advanced and progressive culture of data exchange. Brands need to capitalise on these positive trends and have the opportunity to take the lead by nurturing the growing pragmatism and help create a culture of data exchange that will benefit all.

The changing consumer landscape

The findings show a steady but convincing shift in societal attitudes towards data exchange in the UK. Overall, the trend that emerges is one of growing public awareness and acceptance towards the sharing of personal information in the modern digital economy.

The Decline of the Fundamentalist

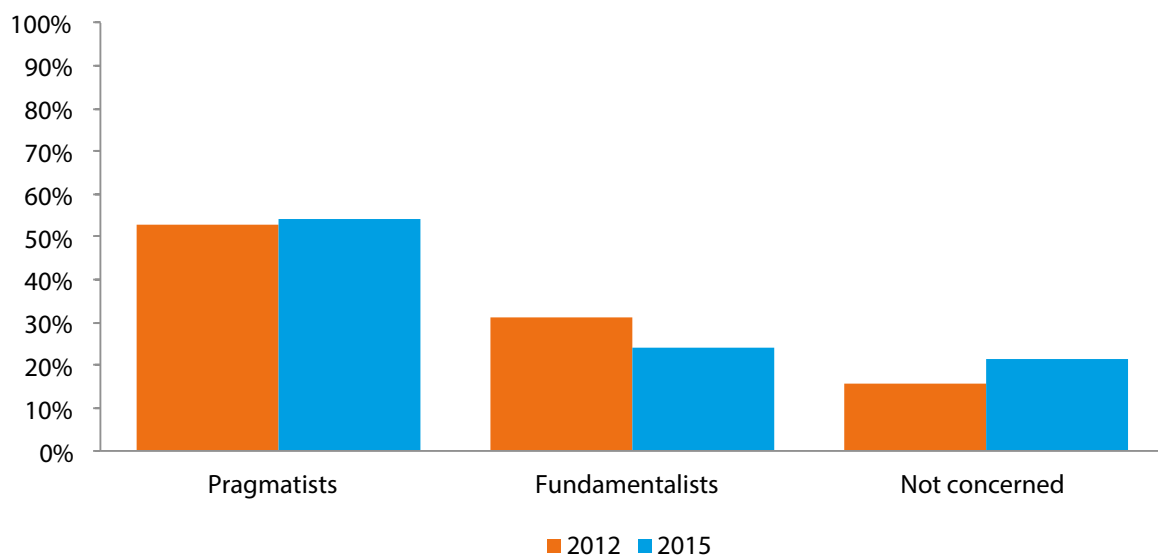
In 2012, the DMA/Future Foundation constructed a segmentation analysis that categorised consumers according to their attitudes toward privacy and data exchange. The key segments adopted were:

- **Data pragmatists:** those who will make trade-offs on a case-by-case basis as to whether the service or enhancement of service offered is worth the information requested
- **Data fundamentalists:** those who are unwilling to provide personal information even in return for service enhancement
- **Data unconcerned:** those who are unconcerned about the collection and use of personal information about them

For the purposes of this work, we have recreated the above segmentation and found that in 2015:

- 54% of the population are pragmatists, up from 53% in 2012
- 24% are fundamentalists, down from 31% in 2012
- 22% are unconcerned, up from 16% in 2012

A segmentation of attitudes towards privacy in the UK (2012 vs. 2015)



Such a decline in the number of fundamentalists is both notable and surprising considering the relatively short period of time between the two studies. Yet, the apparent swing from the fundamentalist to the unconcerned is consistent with the overall findings of this work.

These trends suggest there is a steady migration of attitudes from a fundamentalist position towards a position of general acceptance. Whether this is driven by a proactive new enthusiasm for data exchange or a reluctant acceptance that doing so is simply part of modern life, is less clear.

This report shows that the primary grievances consumers have towards the sharing of their personal data is evolving from ideological objections to more functional concerns, from not wanting to share data out of principle, to not wanting to share data because the benefits for doing so are not clear.

The Pragmatists

Data pragmatists are those respondents who indicate a strong willingness to exchange reasonable amounts of personal information in exchange for better services. This group accounts for 54% of the population.

While the number of total pragmatists in the population has shown little change since 2012, there has been a significant shift in the gender balance within this group. In 2012, women dominated the pragmatist segment; 57% of women were pragmatists in comparison to 48% of men.

In 2015, 53% of men and 55% of women were pragmatists.

A similar story emerges when we consider the balance of age groups within this segment. While 18-24s were more likely to be pragmatists than any other age group in 2012, in 2015 there is little difference across age groups, with around 54% from each age group fitting into the pragmatist category.

The pragmatic mindset may not have increased significantly since 2012, but it remains the dominant position within the current consumer landscape. What is striking is the extent to which the pragmatist viewpoint has become less driven by younger consumers; increasing numbers from all age groups and demographics are adopting a more open-minded and entrepreneurial approach to data exchange.

The Fundamentalists

Data fundamentalists are consumers who are unwilling to exchange personal information, regardless of any enhanced service they may receive in return. This group makes up 24% of the population.

The total number of fundamentalists has declined considerably since 2012; under a quarter of our sample are now fundamentalists, in contrast to just under a third in 2012.

Since 2012, the percentage of fundamentalists has declined across age groups, excluding consumers aged 18-24, where there has been little change since 2012. This age group still remain the least likely to be included in the fundamentalist category.

While the number of smartphone and tablet owners in the fundamentalist segment have each declined by just 3% since 2012, the number of non-smartphone owners and non-tablet owners in the fundamentalist group have declined by 9% and 6% respectively. Young, digital natives are still less likely to be included in this group, but there is no longer the degree of disparity we saw in 2012. The fundamentalist segment is no longer dominated by tech cautious individuals. Unwillingness to exchange personal information has evolved into a wider societal trend, albeit with waning support.

The Unconcerned

The unconcerned are the fastest growing segment in the UK, rising from 16% in 2012 to 22% of people today. This segment contains individuals who are unconcerned about the collection and use of personal information about them.

18-24s make up the biggest proportion of the unconcerned at 30% while 55-64s and 65+ consumers are less likely to be in this group at 12% and 16% respectively.

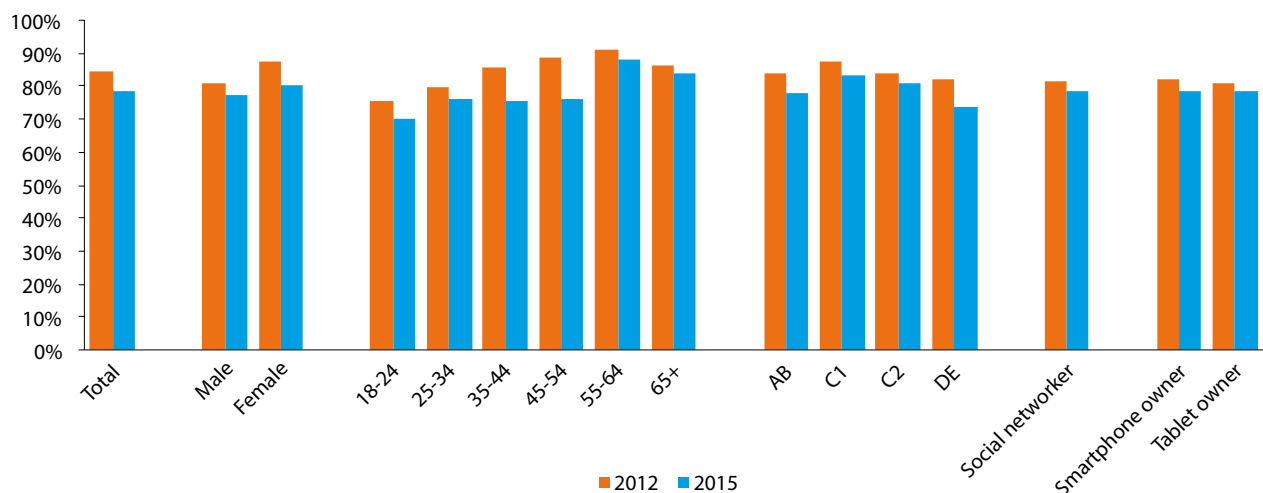
Individuals within the unconcerned category are most likely to be separated by age and to a lesser extent, social grade; there is little difference across gender, region and tech ownership.

Concerns over privacy in gradual decline

Across a range of trended questions we find a consistent, gradual decrease in the level of privacy concerns in the UK and a growing sense of ease with the notion of sharing some data with companies.

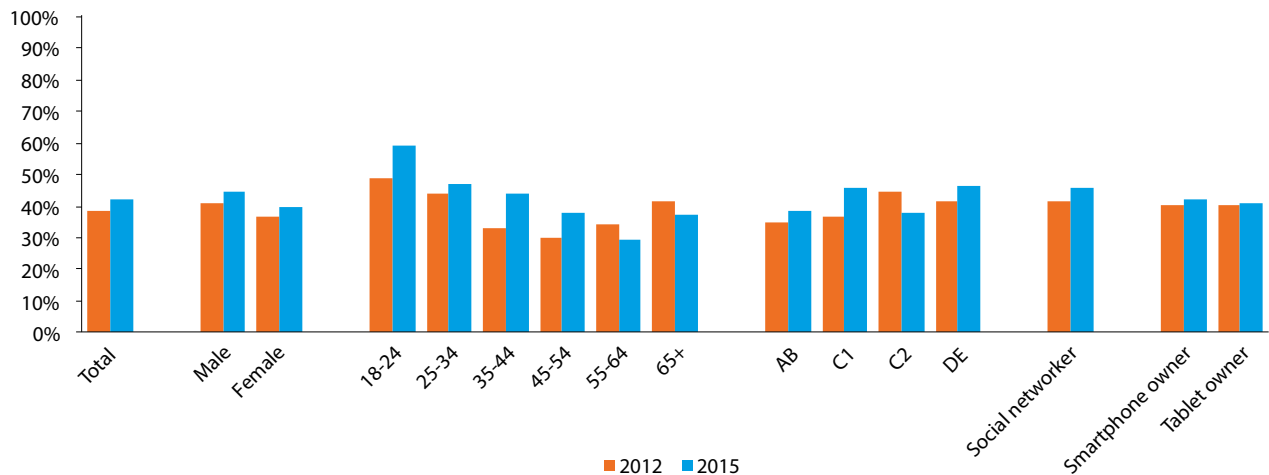
As shown in the chart below, although overall concern with online privacy remains high, the number of respondents who claim that online privacy is a significant concern has decreased from 84% in 2012 to 79% in 2015. What's more, this story remains consistent across all age groups, suggesting that the reduction in digital privacy concerns is not driven solely by young digital natives but is a much wider societal trend.

"On a scale from 1 to 10 where 1 is 'not at all concerned' and 10 is 'very concerned', how do you rate your levels of concern about the issue of online privacy these days?" | % who answer 7-10



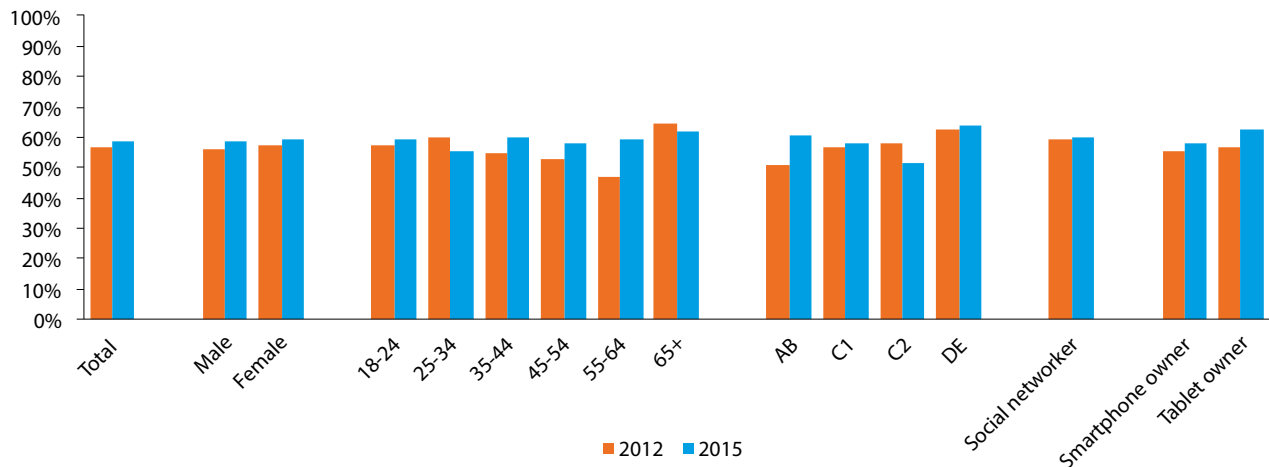
It appears that for growing numbers in the UK, privacy is less of an issue. Almost two-thirds of young consumers share this view, with gradual increases across most age groups since 2012.

This is not to say that privacy does not remain a significant issue for the majority of people today. Clearly it does. However, we are observing subtle shifts in consumer sentiment towards a future where privacy becomes less of a concern.

"As long as data doesn't get abused, privacy is less of an issue these days" | % who strongly agree or agree

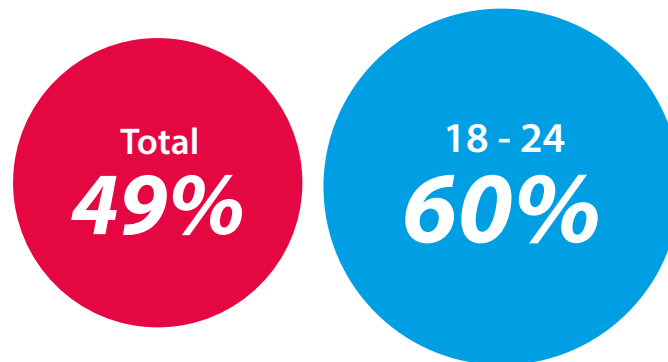
This early sign of changing public sentiment towards privacy goes some way to explaining the rising level of acceptance and comfort with the idea of data exchange across almost all consumers in the UK.

As shown below, the number of people who are happy with the amount of personal information they share with organisations has risen steadily since 2012, with almost 60% agreeing with this statement.

"On the whole I am happy with the amount of personal information I give to organisations these days" | % who strongly agree or agree

In addition, we also find that a significant proportion of people in the UK, and almost two-thirds of younger consumers, claim they feel more comfortable with the idea of exchanging some personal data with companies than they did previously.

"I feel more comfortable with the idea of exchanging some personal data with companies than I did previously" | % who strongly agree or agree



Rising public awareness and acceptance of data exchange

At the heart of this changing data culture is a growing awareness of the role and importance of information exchange in modern societies.

The number of people who claim that the exchange of personal data is essential for the smooth running of modern society has leapt from 38% in 2012 to 47% in 2015. Much of this growth is driven by 35-54s who are growing more comfortable with the value of modern data exchange than in the past.

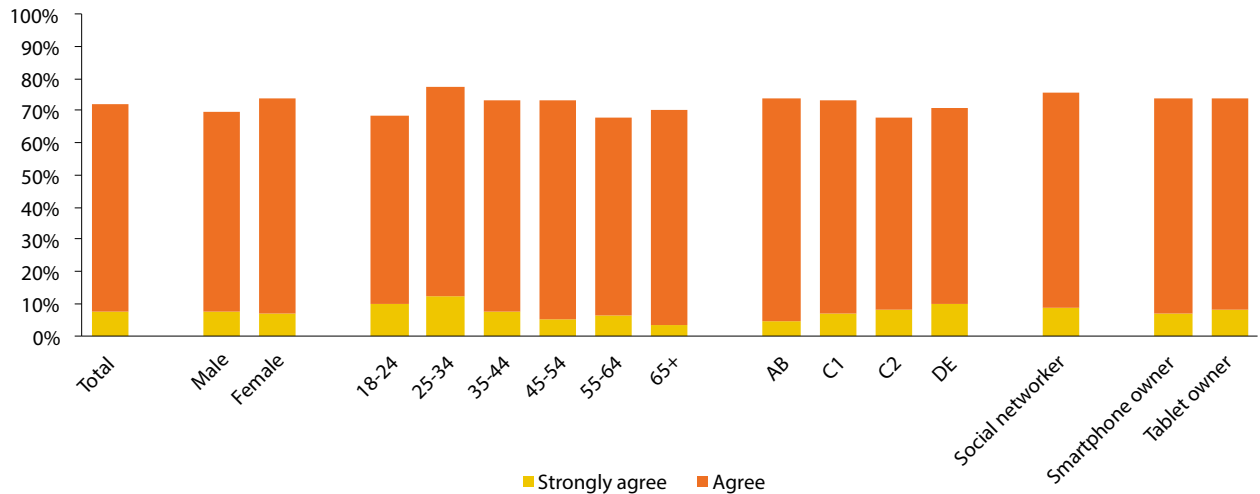
"The exchange of personal information is essential for the smooth running of modern society" | % who strongly agree or agree



Even more striking is the proportion of people in the UK who believe that sharing data and personal information online is simply part of the modern economy, with majorities across all ages agreeing.

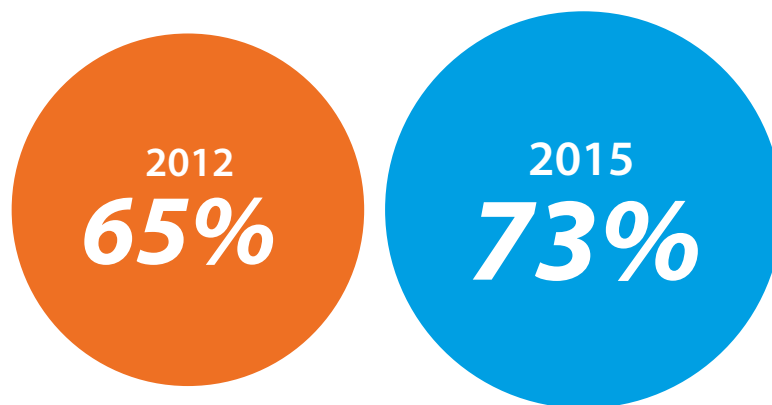
When asked if the sharing of personal information with businesses/organisations will be important to the future success of the UK economy, we find over half of people agreeing with the statement, rising to two-thirds among 18-24s.

“Sharing data and personal information online is part of the modern economy” | % who strongly agree or agree



What's more, we also observe that growing numbers accept the fact that sharing personal information online is simply part the modern digital economy. For example, the number of respondents who claim they expect to have to provide personal information in order to buy things has risen from 65% in 2012 to 73% in 2015.

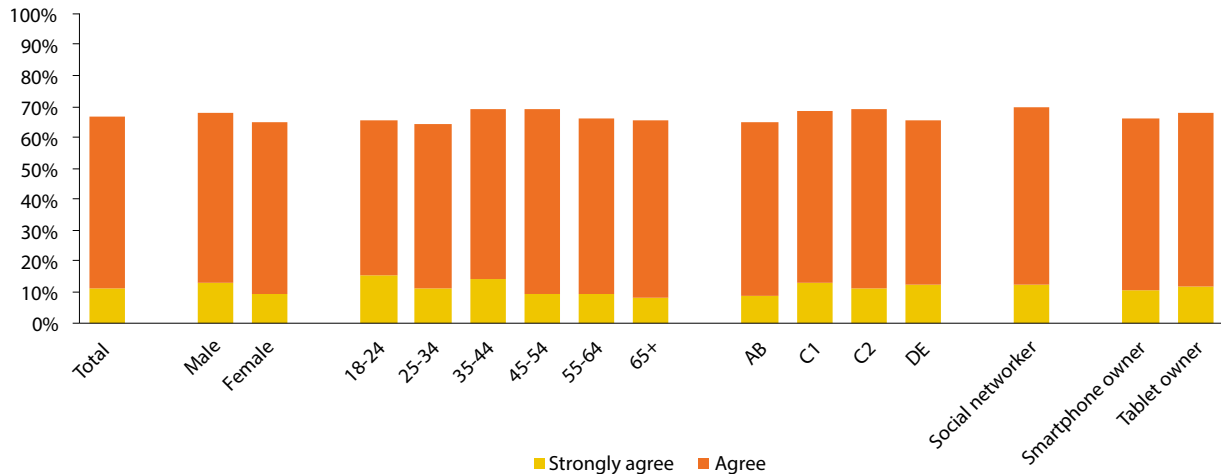
“In the Internet age you expect to have to provide personal information in order to buy things” | % who strongly agree or agree



Alongside the growing acceptance of the role and value of data exchange in modern society, we also find clear evidence of growing consumer awareness over how and why their data is collected.

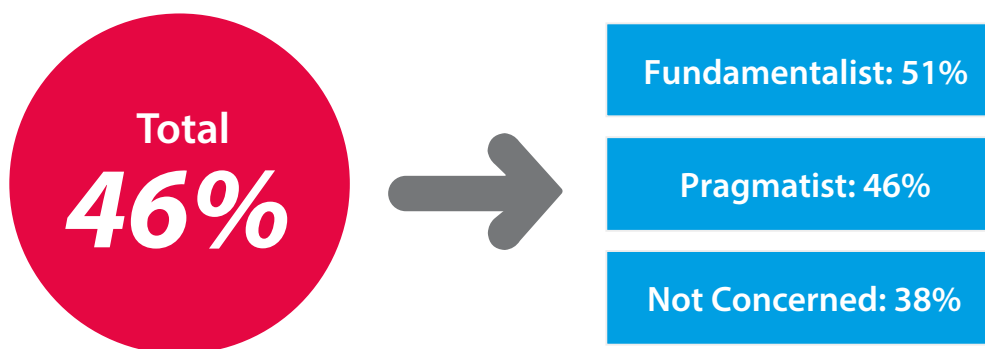
As shown below, a consistently high proportion of respondents across all demographics say they are more aware of how their data is used than in the past. Interestingly, data fundamentalists are the least likely to agree with this question, suggesting that a lack of awareness is a core driver in shaping unease about the sharing of personal information.

"I feel more aware of how my data is used and collected than in the past" | % who strongly agree or agree



A further indication of increased awareness of data and privacy issues in the UK is the surprisingly high number of consumers (46%) who say they are aware of the new draft EU General Data Protection Regulation. Growing numbers are also aware of specific new safeguards introduced by the European Court decisions. For example, half of people in the UK now claim to be aware of the "right to be forgotten" ruling.

"I am aware of new data protection regulations recently introduced by the European Union" | % who strongly agree or agree



It seems clear that consumer acceptance and awareness of the use and role of data in modern societies/economies has developed quickly over a relatively short amount of time. The maturing data landscape emerging provides a persuasive context for the observed swing from data fundamentalists to data unconcerned, while providing the catalyst for many of the newly emerging data trends outlined below.

Key data themes

The Consent Continuum

While segmentation helps us form a broad view on macro-level shifts in consumer receptiveness to data-sharing, we lose some flexibility in understanding how consumers make decisions about their personal information.

Segmentation, for all its merits, can disguise the fact that the decision to permit data use is contingent on a complex array of factors. Although consent in any given circumstance is a yes or no proposition, the bulk of consumers sit somewhere in the middle; on the consent continuum, the consumer is ever ready to be persuaded or dissuaded depending on circumstances.

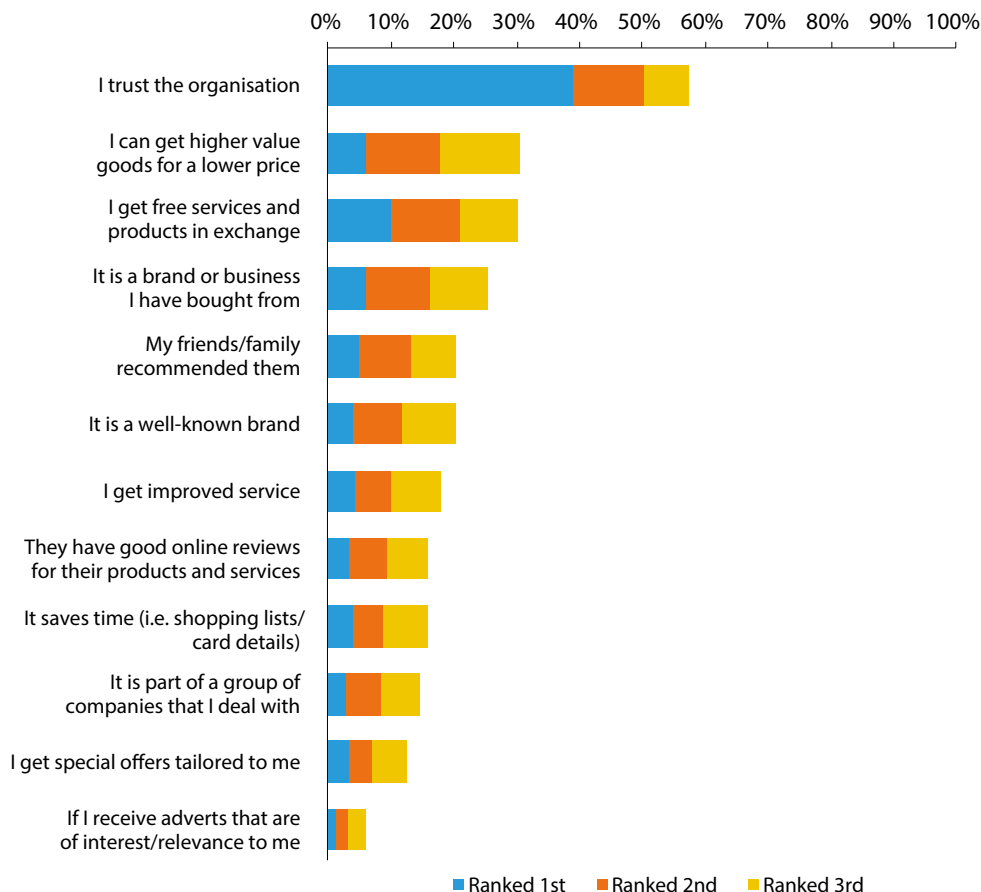
This situation is ripe with possibility for brands. When consumers are neither unconditionally willing or unwilling to share, it is incumbent on brands to tip the scales in their favour by:

1. offering attractive incentives/rewards for the exchange
2. approaching consumers with transparent and reasonable conditions concerning the use limitations and security of their data prior to the request for consent
3. making it clear to consumers the fact that these conditions are adhered to

Trust continues to be the key element to building a healthy data culture in the UK

As first described in 2012, trust in an organisation continues to be the essential consideration when thinking about data sharing. In 2015, 40% of consumers chose trust in an organisation as the most important factor when deciding to share personal information, four times more than any other factor offered.

“Please rank the following in terms of what makes you happy to share your personal information with a company?” | % who select each option

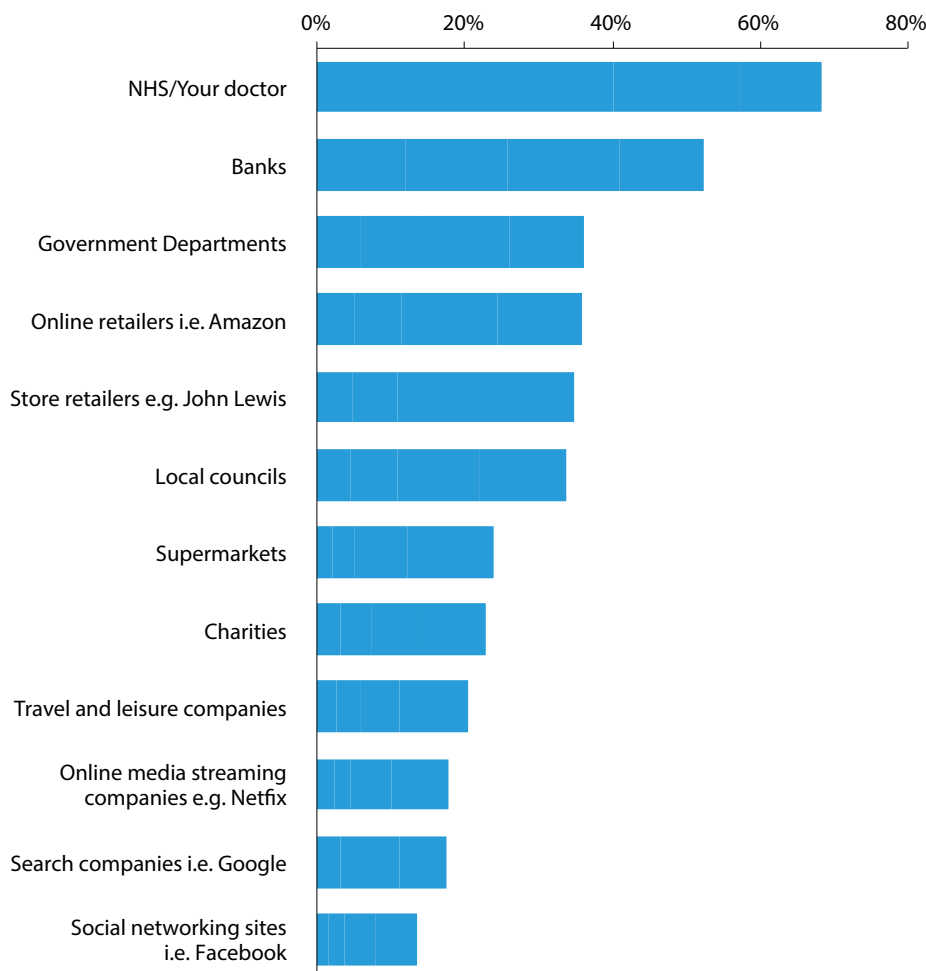


Trust is the most important consideration when thinking about data sharing and can also be viewed as a catch-all for many of the essential hygiene factors and incentives emphasised repeatedly in this report.

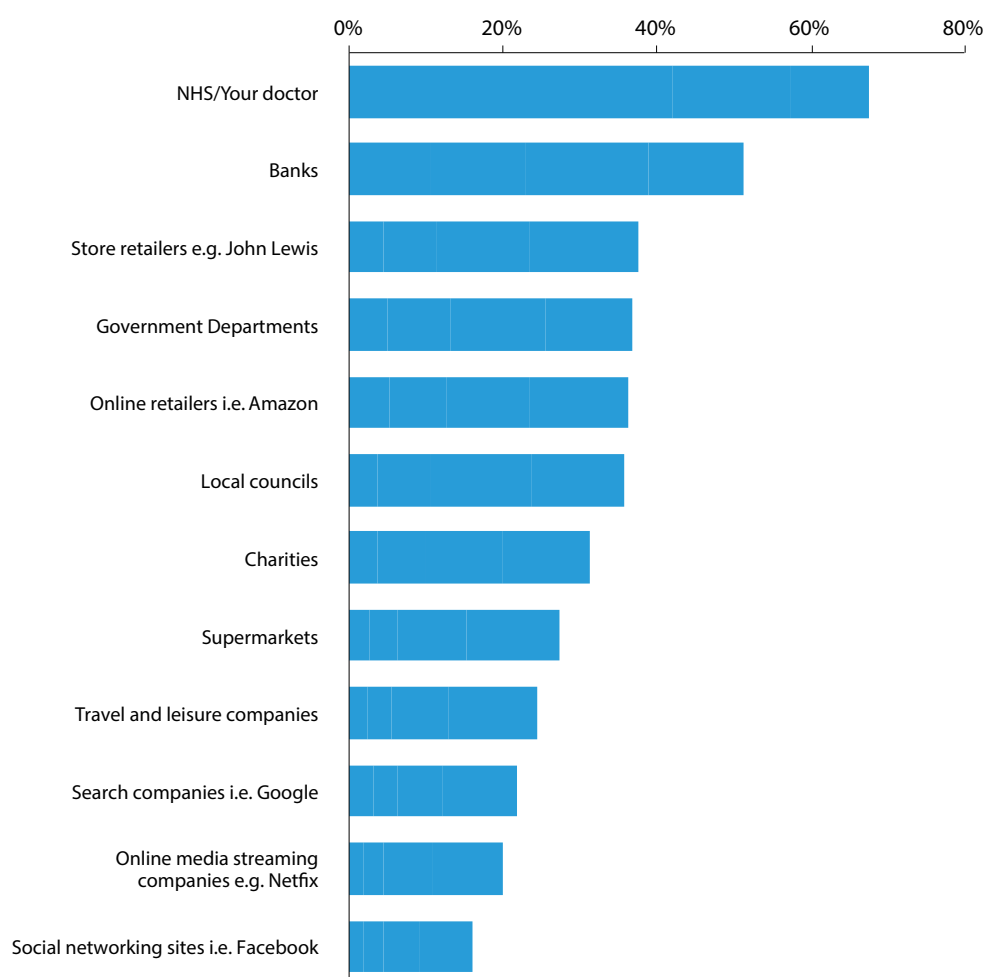
From the findings presented here, it appears that trust in the data economy will be best built by brands that develop thorough and flexible privacy safeguards, which offer strong incentives and place increasing amounts of control in the hands of consumers. Consumers are interested in creating a progressive culture of data exchange and brands need to capitalise on these positive trends. To build trust, brands must look at the way they deal with consumers and their data, and take their privacy concerns seriously.

Trust in an organisation on a macro level continues to closely parallel the trust in organisations to deal with personal data. Across all sectors, from supermarkets to social networking sites, to the NHS, the number of people who highly trust these organisations in general terms matches closely the number of people who trust these organisations with their personal information. Consequently, efforts to promote wider trust in UK businesses must remain a key cornerstone to any strategy designed to create an optimal culture of data exchange fit for the 21st century economy.

“How much do you trust each of the following organisations with your personal information? Please use the scale from 1 to 10 where 1 is ‘trust completely’ and 10 is ‘do not trust at all’” | % who answer 1-4



“How much do you trust each of the following organisations generally? Please use the scale from 1 to 10 where 1 is ‘trust completely’ and 10 is ‘do not trust at all’” | % who answer 1-4



The rise of the Consumer Capitalist

The 2012 report introduced the concept of “Consumer Capital”. Consumer Capital is created when citizens see their personal data not as a manifestation of their privacy, vulnerable to the intrusion of snooping brands, but as a commodity “to be collected and traded to the benefit of the individual consumer”.¹

Providing that certain hygiene measures are in place and that attractive, reasonable and personal incentives are offered to consumers, our research indicates that consumers are becoming more suggestible to exchanges of this kind.

The number of consumers who say that they see their personal information as a way to command better deals from companies has increased from 40% to over 52% in the past three years. Moreover, this level of agreement is relatively even across age, income and tech ownership.

When posing this question in terms of trade, property and entrepreneurship, agreement rates climb even higher. Over 80% of respondents agree that “my data is my property and I should be able to trade it if I like (for better offers, services etc).”

1. See DMA/Future Foundation Report, Data Privacy : What the consumers really think (2012), p. 14.

**"I see my personal information as an asset that I can use to negotiate better prices and offers with companies" |
% who strongly agree or agree**

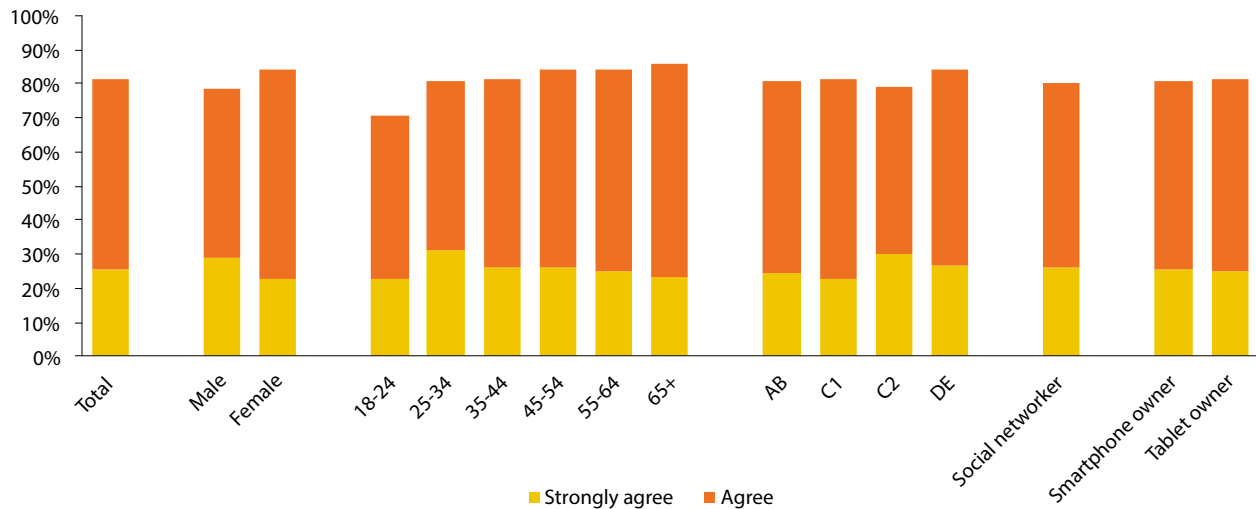


Individual enterprise has never been held in such high regard in British society. Over 20% of UK consumers say that they intend to start their own business one day, rising to more than 40% of 18-24s.² This is of course far in excess of those who feasibly can and will. What is more plausible is that millions will take on the opportunities presented by the information age and in particular the data economy.

In the last 10 years we have seen attempts to create services for customers where they exchange their data directly in return for the promise of more relevant and exclusive offers. To date, this model has not proven to be successful. This could be due in part to the fact that for it to work as a perfect filter for consumers, all marketing would have to pass through it and because it would restrict the consumer in the opposite direction i.e. all actions would have to take place within that system. It should also be noted that consumers are already being rewarded for their data in the form of free online services such as email, social platforms and search engines and a key issue is making this connection in the minds of consumers. Notwithstanding the above, if brands are willing to respond to and nurture this new entrepreneurial spirit towards data exchange, there may well be significant mutual benefits to brands and consumers.

2. Source: nVision Research / RAPP | Base: 1,000 online respondents aged 18+, GB, 2014.

"My data is my property and I should be able to trade it if I like (e.g. for better offers, services)" | % who strongly agree or agree



Industry is seen to benefit disproportionately from the data economy

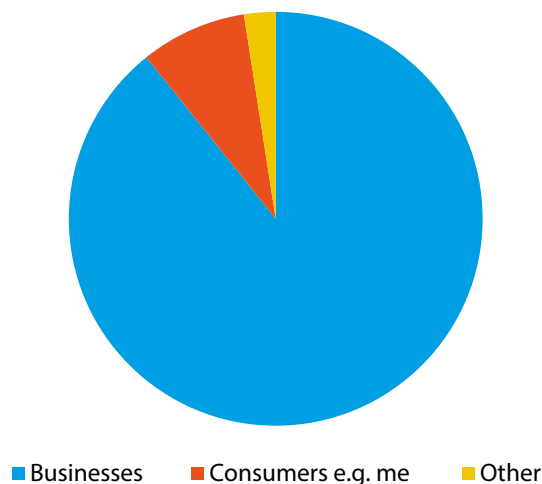
The Consumer Capital concept was created back in 2012 from the observation that there is a perceived asymmetry in who benefits the most from the relationship between brands and consumers in the new data economy.

This has been validated by our research, with 80% of respondents claiming that businesses generally benefit the most from data sharing and just 8% stating that consumers benefit most.

However, among the 10% of consumers who strongly agree that personal information is an asset to negotiate better prices and offers, 14% say that consumers are the main beneficiaries in a typical data exchange with brands. This is twice the percentage (7%) of the rest of our sample.

Perhaps even more striking, is the number of young consumers who already believe that they benefit the most from the sharing of data with brands, with 23% of 18-24s holding this view.

"In your opinion, who currently benefits the most from personal data exchange in the UK?" | % who select each option

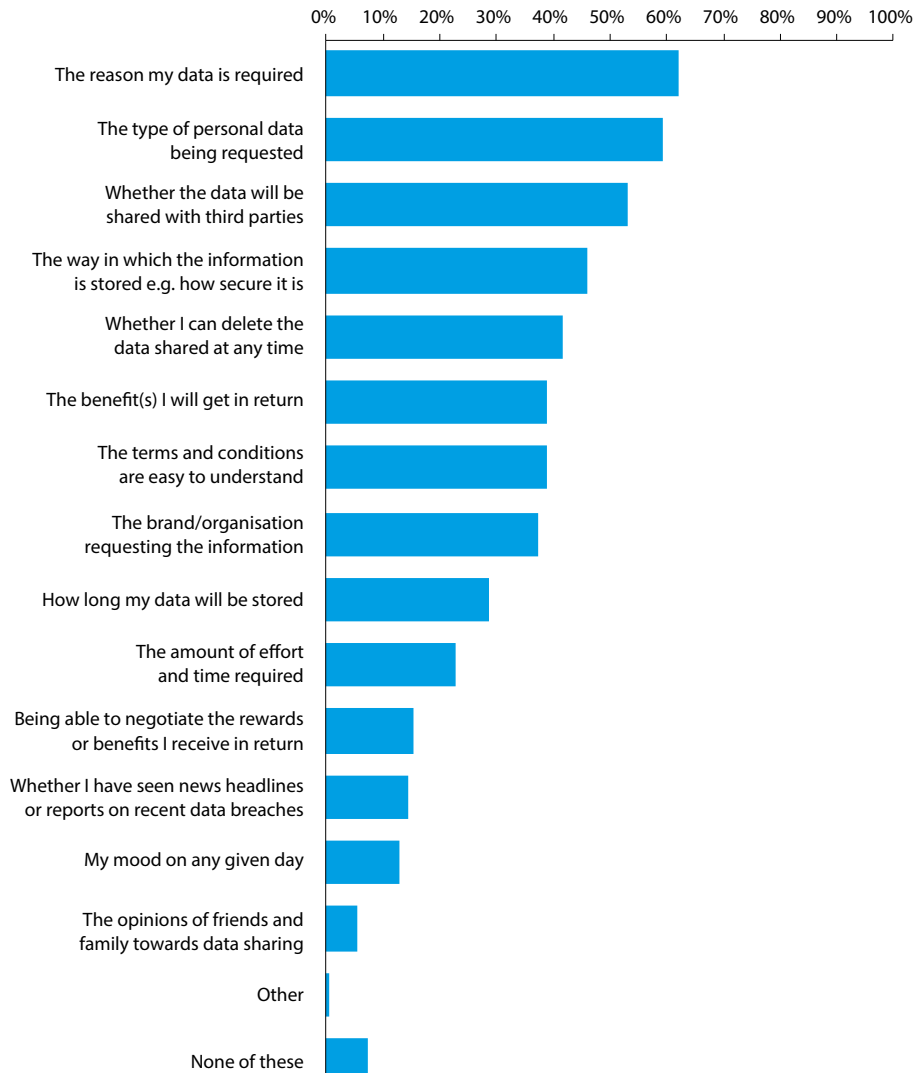


Despite these encouraging signs for the future of the data economy, at present the vast majority of people do believe they are getting a raw deal.

Hygiene factors for data exchange

As we have shown, consumer awareness about data and its value is increasing, but so is the understanding of the processes by which this value is extracted by brands.

“My willingness to share my personal information is dependent on...” | % who select each option



When asked which variables influence the sharing of personal information, the benefits received do not feature at the top of the list. 40% of consumers agree that their willingness to share data is dependent on the benefits received and close to 20% want to be able to bargain with brands about these benefits before sharing.

But the primary preconditions to this exchange revolve around different issues – data security, data storage, how businesses use and re-use data after the transaction.

In this respect they are more influential than incentives in determining whether or not data will be shared. They are “dealbreakers”. And yet they are also clearly not enough in themselves to persuade consumers to part with their data. These are hygiene factors, procedural boxes that must be ticked by brands before consumer capitalists can even begin to enter into negotiation about the terms of their data exchange.

More than 80% say that easily-comprehensible terms and conditions, flexible privacy policies and assurances of strong data security are the essentials of exchange. These are the fundamental requirements that consumers place on brands and are pre-cursors to any wider discussion around incentives for data exchange.

Consumers seek less abstract, more direct incentives

Free digital products are at present the most prevalent incentive for data sharing. New business models for media and rapid growth in the availability of free online content has placed the concept of cost under pressure.

Games in app stores use freemium business models. Free consumer internet software and services. The prevalence of peer-to-peer file sharing. All these speak to and drive changing attitudes towards how online content is valued and priced.

Already in 2013, more than 50% of UK citizens said that “I expect all content offered via the internet to be free of charge”³

It has been argued that the cost to consumers of using free online resources – their personal data – is implicit. Our research shows that many consumers are aware of what is at stake in agreements of this kind, and understand their use of free online resources to come with a tacit consent for brands to use their data.

We are by no means suggesting that this is a perfect way for brands to approach the consumer to share their data. It could even be argued that the swelling size of the information economy and developing consumer understanding makes a lack of transparency unsustainable. It limits opportunities for brands to explore new and lucrative models for the more thorough collection and creative use of data.

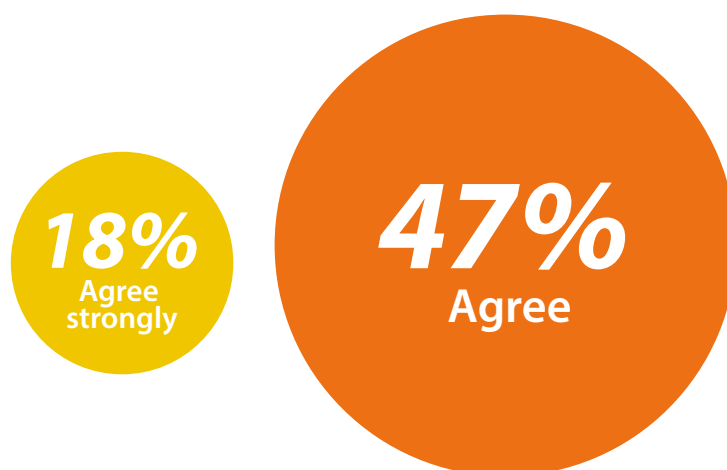
What we do suggest is that if consumers understand data sharing practices of brands, then consumers would be receptive to more up-front propositions when it comes to their data.

The modern consumer-participant in the data economy simply expects some return from their sharing. A strong incentive is essential. Interestingly, we find that over 60% of consumers now agree that they expect stronger incentives for their data based on how personal or private such information is deemed to be.

Many analysts and publications have suggested that ‘customer experience’ is currently the number one priority of the majority of CMOs. While it is easy to understand that a good customer experience across all channels and devices would lead to greater loyalty, cross and upsell than a bad experience, marketers should take note of the consumers’ expectations when it comes to the kind of incentives they value as part of that experience.

It is interesting to note that personalised messages and exclusive access to online content feature low and compared to the more direct and tangible benefits such as a direct financial reward and free or discounted products or services. However, while consumers may appear to value harder rewards over softer benefits, the provision of all these benefits depends entirely on the brand’s ability to recognise the individual and to understand their needs and value, all through the consumer’s data. Brands should consider how they help make the link in the consumers’ minds between the benefit delivered and the data used to enable that.

“The more personal or private I find a piece of data I share with a business/organisation, the more I expect in return” | % who strongly agree or agree



3. Future Foundation/nVision, 2014.

When it comes to data incentives, free online content is but one of a range of inducements brands can deploy in persuading consumers to part with their data.

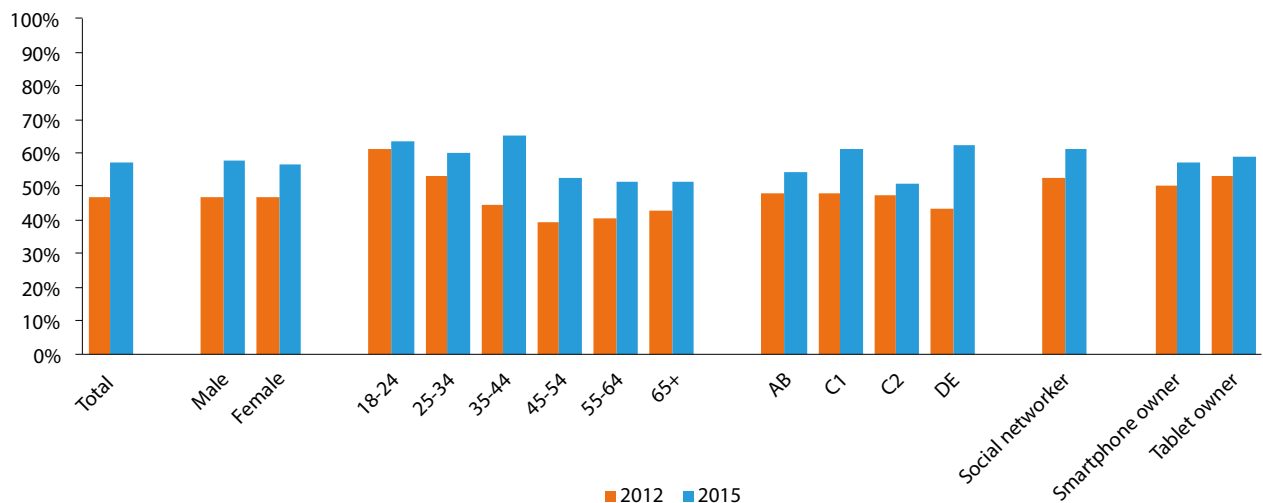
For example, consumers may share in order to benefit from personalised products, services and pricing. They may share in order to gain access to the powerful analytics wielded by a company or in order to receive enriched/aggregated data in return.

They may share in order to contribute to collaborative enterprises or to further the development of the products and services they use and enjoy.

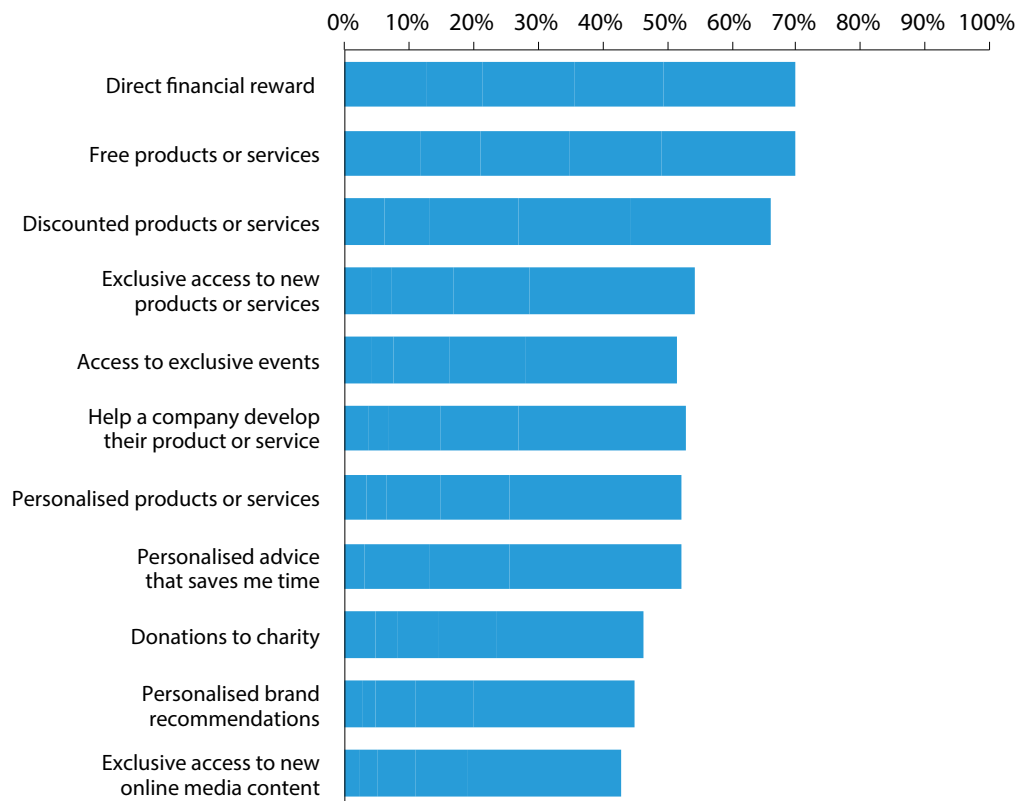
They may even demand direct monetary remuneration for the use of their data, for example in the form of universal micropayments.

Due to the critical importance of this topic, for this work we asked consumers about a full range of existing and hypothetical incentives to gauge which rewards are most attractive and persuasive.

“I am happy to provide personal information in exchange for better services and offers” | % who strongly agree or agree



“How likely would you be to share your personal information in exchange for the following incentives? Please use the scale from 1 to 10 where 1 is ‘very likely’ and 10 is ‘not likely at all’” | % who answer 1-5



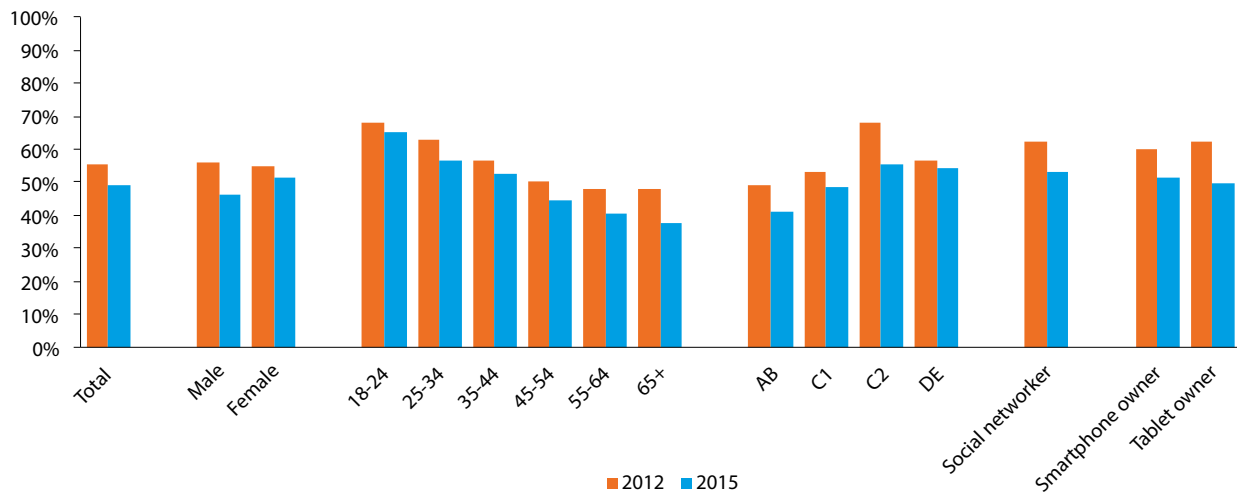
Incentives can be sorted into direct and indirect categories. Direct incentives pad the wallets or pockets of sharing consumers, taking the form of direct monetary payments, discounted and free products/services etc. Indirect incentives are more varied and imaginative, often revolving around ways in which the data can be processed using brand resources and put to use for consumer benefit.

Direct benefits clearly trump indirect. Almost 70% of consumers say that they would be likely to share their data if they were sent a payment in return or to receive free products/services.

This of course raises questions about the cost-effectiveness of brand investment in consumer data, questions that cannot be firmly settled until the monetary value of various types of data are established. It is for this reason that indirect incentives, though they rank low down this list of consumer priorities, are more likely to occupy the attention of brands in the coming years.

Raw data, aside from its perceived sensitivity and relationship to privacy, is of little usable value to consumers. Brands are equipped to make use of this data for powerful consumer insights, which can be used not only to inform business practices, but also benefit consumers themselves.

"I like it when websites make recommendations to me based on previous purchases I've made (e.g. Amazon)"
| % who strongly agree or agree



Brands can, for example, provide consumer guidance based on a data-driven understanding of individual likes and preferences. Close to 60% of consumers value personalised recommendations from online retailers, rising to close to 80% amongst 18-24s.

Interest in services of this kind have declined since 2015. To point this out is not to suggest that incentives of this kind have lost their use. Rather, consumer expectations of personalised recommendations, as the data-economy has expanded, have developed in such a way as to make recommendations based merely on purchase behaviour seem crude and simplistic.

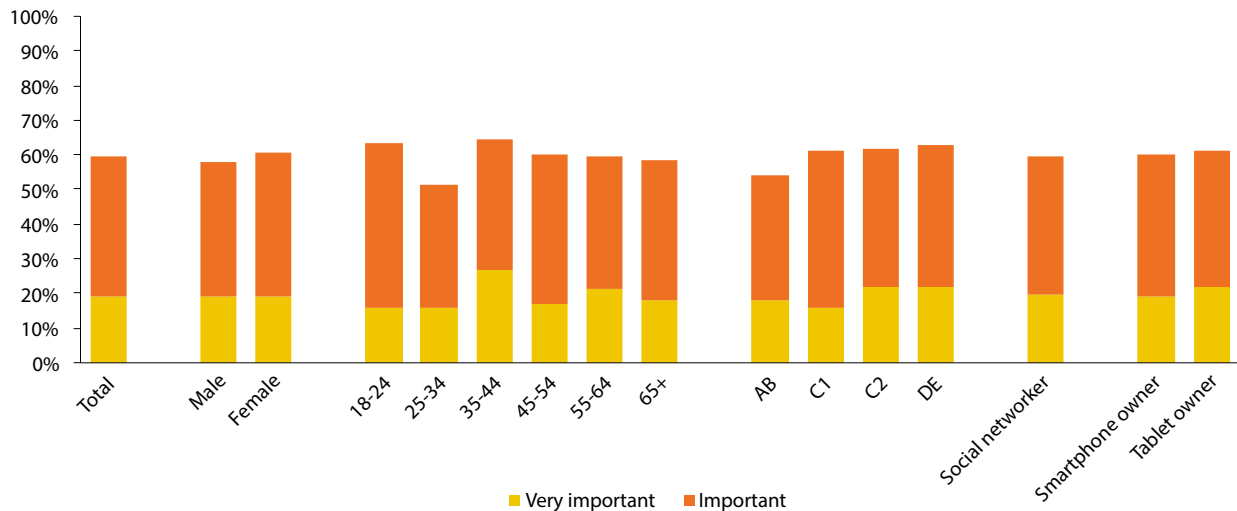
Brands need to break the personalisation mould in order to offer more sophisticated incentives along more imaginative and insightful lines. More than 60% of consumers wish that websites were more creative with their recommendation engines.

Implicit in this is the need for more liberal data-sharing. There has been rapid innovation in this area on the supply side since 2012. Brands are now technically equipped to create ever more sophisticated suggestions using multiple and varied data-sets, crowdsourced data and even biometric data harvested from the bodies of data-sharers.

Our research suggests that consumers are open-minded to even the most forward-looking of data-driven procedures.

That 60% of consumers are receptive to the idea of combining multiple forms of data in the service of more detailed personalisation opens the intriguing possibility that 'siloing' data is not a fundamental condition of exchange.

“How important are each of the following to you when sharing your personal information with a company?” | Options to combine different parts of my personal data (e.g. Financial, health, shopping) to ensure I get more useful advice and benefits | % who strongly agree or agree



The most indirect of incentives, but by no means of negligible influence, is that donating personal data is valuable for brands to develop new services, as well as improving existing products consumers value.

More than half of consumers agree that they are happy to exchange their personal information in exchange for better services and offers, rising from 47% in 2012. Driving this is the rise in the belief that sharing personal data leads to an improved service, up from 33% in 2012 to 39% in 2015.

Consumers are more willing to share their data when the data being shared and the benefits are clearly linked. More than 80% of consumers (and surpassing 90% amongst older age groups) agree that this is important.

Another way of looking at this is that consumers are more likely to exchange data when the brand's share of benefit in the transaction is less apparent. For example when the role of the brand seems to be the packaging of data on behalf of the consumer into some form of useful insight or some kind of useful tool.

Enhancing the consumer's sense of control is paramount

In 2015, 90% of consumers say that they want more control over the data they exchange.

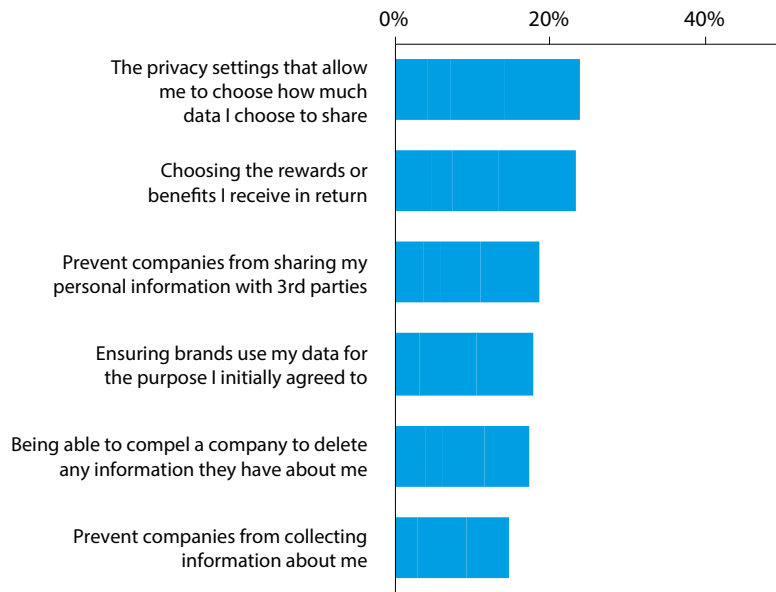
This ties into broader, cross-category trends which see individual autonomy and initiative in all areas of consumer life valued ever more highly.

A key question asked in this report is: 'if emotional resistance to the idea of data sharing is in decline, if consumers no longer hold that personal information is fundamentally and inviolably private, how do we account for a continuing, if perhaps waning, consumer resistance to a data economy?'

The likely answer is that consumers feel that the current data-economy does not offer fair and reasonable conditions for their engagement. The issue of control is central to this. Consumers feel that they have very little power to negotiate and enforce terms in data sharing agreements.

Measures taken by brands to turn greater control over to consumers is not reassuring. Few consumers feel that privacy settings have a significant impact on the amount of personal data that brands use.

“Please use the scale from 1 to 10 where 1 is ‘I feel that I have complete control’ and 10 is ‘I don’t feel I have any control at all’” | % who answer 1-4



Almost half of consumers say that, ideally, ultimate responsibility for data security should lie in the hands of individuals themselves. 5% say that brands should hold this responsibility. Only one third of consumers are willing to recognise that individual responsibility should be shared with other parties. In the minds of many, consumers are sufficiently well-equipped to manage the risks that come with securing personal data.

The idea of ‘holding’ personal data is an extremely powerful one in the consumer imagination. 90% agree that “I would prefer to hold my own personal information and exchange it for services when I choose”. To manage a data portfolio or at least to feel that your personal data is entirely your own - entirely available to use at the point of maximum benefit - is a powerful ambition for the entrepreneurial consumer.

The appetite for greater control should not worry brands. Greater control is demanded not as a way for consumers to block brands from using their personal data, but a product of the desire to steer the terms of the exchange to be more favourable to consumers. This is not the position of the data ‘hoarding’ fundamentalist, it is the position of the trader who feels disenfranchised by market conditions.



Concluding thoughts

The evidence presented here clearly demonstrates a gradual, but convincing shift in societal views towards the data economy. Overall, the trend emerging is one of a more aware, accepting and mature consumer landscape. Alongside such attitudes, the wider structural changes to the data environment - driven through new legislative protections, better industry best-practice and technological innovations that empower consumer control over the flow of their data – is creating a more advanced data eco-system.

However, brands need to capitalise on these positive trends. It seems certain that we are facing a brand-led future of data exchange. Industry now has the opportunity to design a data culture in the UK fit for the 21st century economy.

Action is needed to provide consumers with an enhanced sense of control and autonomy, but more importantly brands need to work to address the perceived asymmetry in who truly benefits from the current system of data exchange. Consumers are unambiguous in their view that they are not reaping enough rewards in return for the amount of data they part with. Efforts must be taken to ensure that consumers fully appreciate the array of benefits they already receive in exchange for their data, as well as exploring new forms of incentives that are more compelling for consumers.

At the same time, with public attitudes towards the very notion of privacy in flux and convincing signs of a more fundamental shift in how people view data exchange, future regulatory action should be considered with caution until a clearer picture emerges of where these trends are taking us.

We face a future dominated not by resolute fundamentalists, but by entrepreneurial pragmatists. A society where the majority of people are more than willing to engage with the data economy, so long as doing so is worth their while. Such conditions must be seen as favourable for brands and government alike. The challenge now is to meet the new expectations and demands emerging across the consumer landscape.



Methodology

In May 2015 the Future Foundation conducted, on behalf of DMA and in partnership with Acxiom, an online survey of 1,000 respondents exploring public attitudes towards privacy in the UK. Unless referenced, all data included in this report is taken from this survey.

For this research, the Future Foundation set interlocking nationally representative quotas on age and gender and had independent quotas for region and social grade. This ensured the sample was representative of the UK population and did not require corrective weighting.

The analysis of the data and the segmentation of findings was conducted in-house by the quantitative analysis team of the Future Foundation.

This DMA report was funded by Acxiom. While both parties participated in the purpose, goals and planning of this research, the research itself and interpretation of the results were carried out entirely independently by the Future Foundation.



About Acxiom

Acxiom is an enterprise data, analytics and software as a service company that uniquely fuses trust, experience and scale to fuel data-driven results. For over 40 years, Acxiom has been an innovator in harnessing the most important sources and uses of data to strengthen connections between people, businesses and their partners. Utilizing a channel and media neutral approach, we leverage cutting-edge, data-oriented products and services to maximize customer value. Every week, Acxiom powers more than a trillion transactions that enable better living for people and better results for our 7,000+ global clients. For more information about Acxiom, visit Acxiom.com.





About Future Foundation

The Future Foundation is a leading international consumer futures business. Our core expertise is based on identifying and forecasting social and consumer trends and determining the extent of their impacts on markets, services, brands and products. Since our launch in 1996, we have worked to meet the strategic needs of businesses through the application of insight. We identify, measure and examine trends, attitudes and behaviours through the rigorous analysis of quantitative and qualitative research. Our robust programme of research provides businesses with the grounding and confidence to anticipate the likely impact of the evolving consumer environment and identify new market and revenue opportunities.

www.futurefoundation.net





About the DMA

The DMA is the professional association representing companies working in the UK's multi-billion pound data-driven marketing industry. Its vision is to create a vibrant future for Britain by putting 1-to-1-to-millions communication at the heart of business, even society: promoting organisation-customer relationships that are genuine, in touch with the individual's needs, inspiring, helpful and mutually beneficial. It provides members with the strongest framework for driving success: the [DMA code](#), unlimited legal advice, political lobbying, business-critical research, educational and networking events, niche tools and resources, the latest and most creative thinking and the greatest community of digital and direct marketing experts, leaders, shapers and creators to support and inspire.

For further information: www.dma.org.uk





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