Personal data: What do consumers expect from you?

In this paper we'll answer questions like:

- **How do consumers feel about sharing their personal data?**

- **Why do customers share data even when they don't feel comfortable doing so?**

- **What do consumers want businesses to do to earn their trust?**

- **Would a data breach really affect your customers' behaviour?**

- **What can a company do to regain trust after a data breach?**

Personal data: What do consumers expect from you?

Whether it's to create better experiences, better understand customer needs, or improve loyalty, data has become essential for the success of organisations of all kinds. Verizon commissioned Longitude, an FT company, to survey 6,000 consumers in 15 countries to investigate how they felt about their digital interactions with brands, focusing on their views on sharing personal data.

We found that fewer than half (48%) of consumers felt comfortable sharing their data. That number was slightly higher among younger respondents, but drops off in the 45–54 and 55–65 age groups. Perhaps more interestingly, this number broadly falls with the wealth of the country of residence.

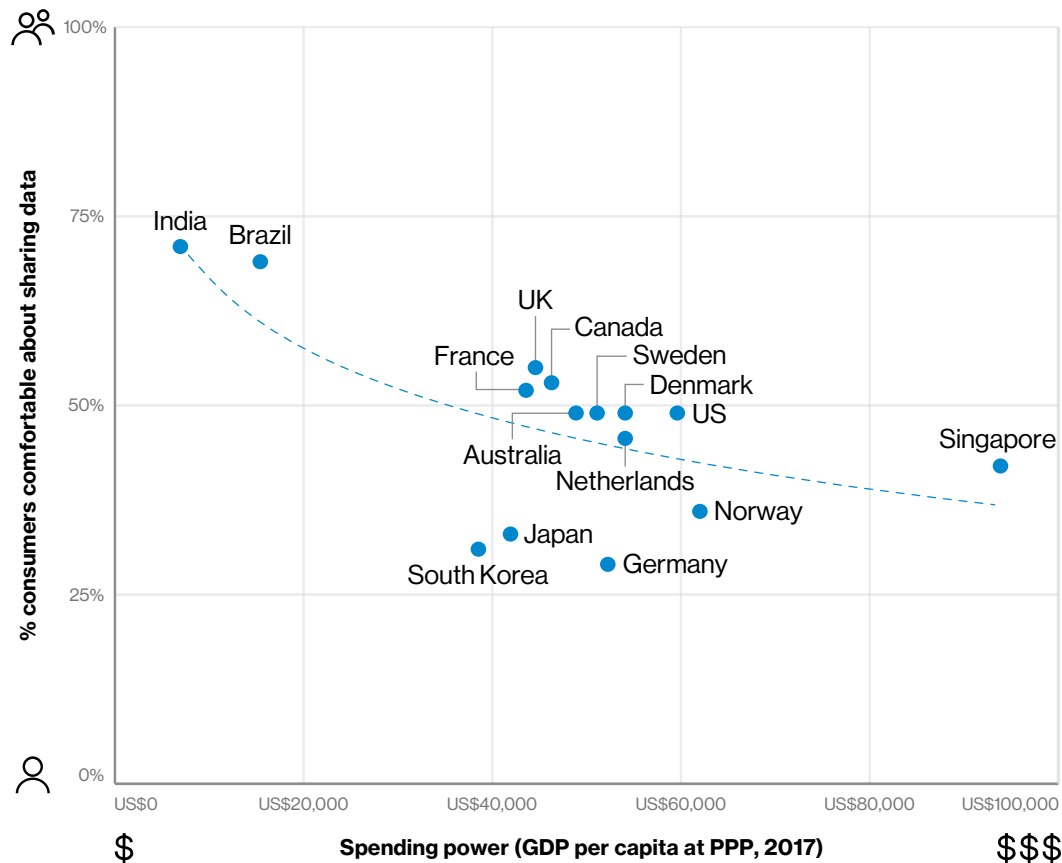## Not all consumers are comfortable sharing their data.

Figure 1: Percentage of consumers comfortable with sharing data by country of residence by GDP per capita.[1]

You might be wondering, so what? Well not only do companies rely on accurate data to profile customers and personalise marketing activities, but the vast majority of initiatives to improve sales and service depend on it too.

> **"Chatbots, virtual assistants and robots drive seamless and effortless experience, and their usage is bound to increase."**
>
> Laurence Goasduff, Gartner[3]

70%

By 2022, it's predicted that 70% of customer interactions will involve emerging technology like ML and chatbots.[4]

Harnessing new technology

If your customers don't have confidence in sharing their data with you, then you're going to struggle implementing new technologies that rely on it. And that's a problem as artificial intelligence (AI), machine learning (ML) and other technologies that use data to create richer, more personalised experiences are going to be key to future competitiveness.

AI and ML aren't just going to be important for marketing, they are going to be critical to improving the customer experience (CX) by streamlining service and support. Automation is increasingly being used to transform interactions with consumers. Gartner, a leading analyst company, predicts that by 2022, 70% of customer interactions will involve emerging technologies such as ML applications, chatbots and mobile messaging, up from 15% in 2018.[2]

The good news is that consumers are positive about the use of AI and other new technologies. Just 26% of respondents said that they were uncomfortable with AI. Fewer (24%) were bothered about speech recognition. More (32%) were concerned about facial recognition, but still a minority.

The age of the respondent had surprisingly little effect on their attitudes to these technologies. Level of education had a larger impact – for example, those with a university degree were more likely to be positive about AI – but the difference wasn't profound.

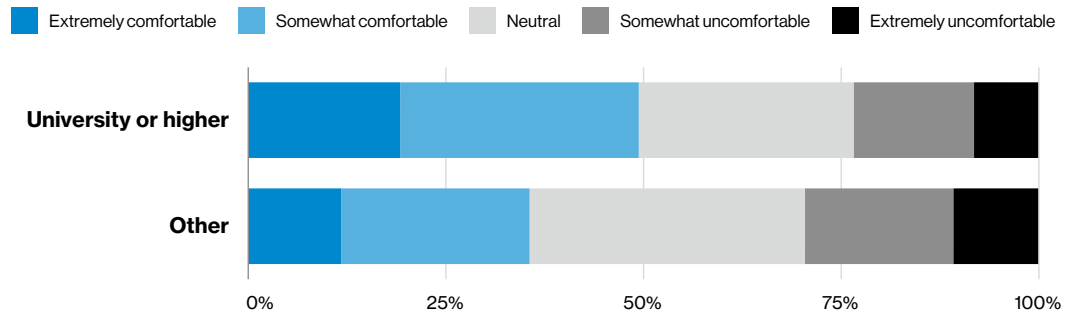## Consumers with a higher education status were more comfortable with AI.

Figure 2: Comfort with AI by education status.

The lesson from this is that consumers across regions and demographics are open to new technologies, but brands must be careful how they roll out new services. If your customers are used to talking to CX agents on the phone, replacing them all overnight with chatbots is unlikely to be a popular decision.

Just as with gathering data, the answer is to be open and transparent. This approach will help you build and maintain the trust of consumers, and in turn successfully harness the power of new technology to build better customer experiences, increase loyalty and grow your profits.

Earning and retaining trust

One of the justifications many companies have used for gathering and using personal data is delivering more personalised offers and services. Many companies are very good at tailoring their interactions with consumers, but lots are not. Overall, consumers are quite mistrustful of this rationale. More respondents said that they continue to share data because they "have no choice" rather than because they "value the benefits of personalised services and/or offers."

Our research found that consumers are more likely to trust companies in some industries than others. Financial services companies (including banks and insurers) came top, with close to two-thirds (65%) of respondents comfortable sharing data with them. Just 44% of respondents felt the same about retailers.

Consumers were most confident sharing their data with financial services companies.
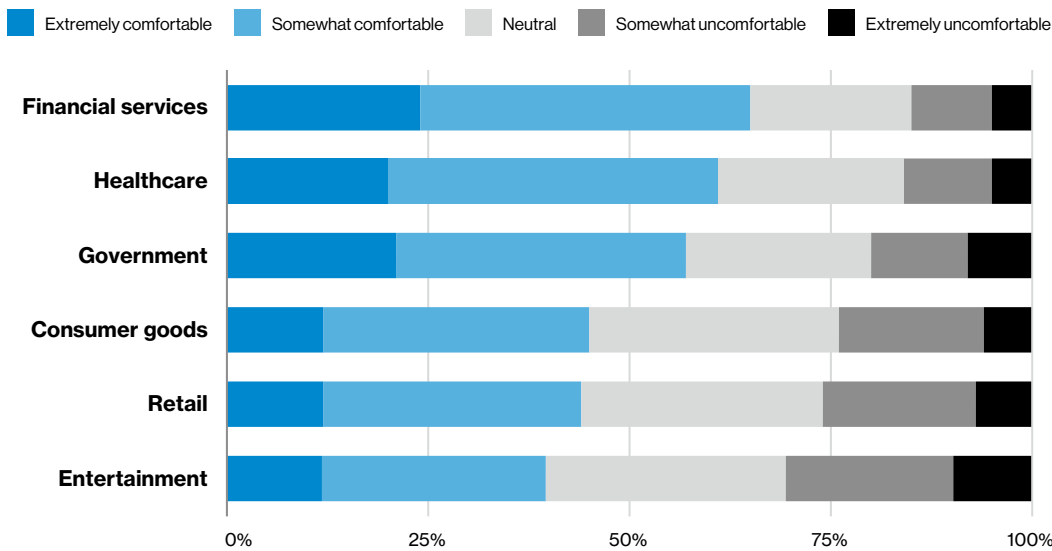

Figure 3: Respondents comfortable sharing data with companies by industry.

So how can companies earn the confidence of consumers and make them feel comfortable about sharing their personal data? Be transparent about what data you collect and how you plan to use it – and why that's good for them. If consumers understand what tangible benefits they will get from sharing their data it's more likely that they will be willing to do so.

"**Even those who welcome personalisation are apprehensive about how their personal data is gathered. All in all, 87% of the overall sample voiced some concerns about it.**"[5]

87%

Most respondents have concerns about how their personal data is gathered or used to create personalised experiences.

43%

Less than half of consumers felt confident that their data had been kept and used appropriately.

Regaining trust

Another reason why consumers don't trust brands with their data is concern about it being shared without their permission – either sold to a third party or exposed in a data breach. Over a quarter (28%) of respondents said that an organisation had compromised, misused or shared their data without their consent in the past two years, and a further 29% said that they weren't sure. Almost three-quarters (72%) of those that had seen their data abused said that it had happened more than once. Just 43% felt confident that their data had been kept and used appropriately.

The most common consequence of this misuse or mishandling of data was an increase in unsolicited emails, experienced by nearly two-fifths (39%) of respondents. More seriously, 26% said that they had suffered emotional stress and 17% said they'd been a victim of identity theft.

Just under a third (32%) of respondents said they would cease interacting with a company that shared or exposed their data without consent. But how many actually did?

Choose an option to reveal the answer.

Figure 4: Respondents that said they had ceased interacting with a company after it had exposed their data.

A common reaction was for respondents to adjust their privacy settings on the brand's website – 32% had done so. While less dramatic than reporting the company to a regulatory body – just 10% had done that – this could be disastrous for the effectiveness of your marketing activities and CX initiatives.

If they had reason to believe that a company had failed to protect their personal data, the top three measures respondents said that they would want to see the company take were:

• Make a commitment not to share their personal data with external parties (29%)

• Acknowledge the failure (26%)

• Offer financial compensation (25%)

Acknowledging the problem quickly can go a long way to retaining customers' trust. It is important to take ownership of the issue, explain what's happened and what you are doing to put things right. It's not easy, but by being proactive and transparent, brands can win back the confidence of consumers after an incident.

Further reading
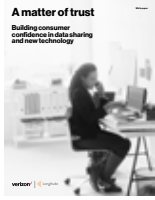
Read our paper

The data in this paper is taken from the report: 'A matter of trust: Building consumer confidence in data sharing and new technology.' Read it for further insights into consumer trust.

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1   Worldometer, GDP per Capita, 2017

2   Gartner, Top CX Trends for CIOs to Watch, February 2020

3   Gartner, Top CX Trends for CIOs to Watch, February 2020

4   Gartner, Top CX Trends for CIOs to Watch, February 2020

5   Longitude, A matter of trust: Building consumer confidence in data sharing and new technology, March 2021