

Cash, Card, or Data?

Personal information as currency.
It's complicated.



FOREWORD



“Lindsay”

I’ve spent much of my life being misunderstood. I’m called Lindsay. It’s both a surname and a given name, and despite its origins as a male moniker and predominantly being used as a man’s name until as recently as the 1960s in the UK, Lindsay Lohan has much to answer for as a proponent of it becoming a female first name.

In-store, me being very (very) obviously male addresses some of the confusion – although “name?”, “Lindsay”, “no sir, first name” still prompts rage. Cold calls are a different matter altogether but that’s a different topic for a different day.

What I’m saying is that understanding someone is critical to a relationship. If you think I’m a girl, we’re not going to get on, no matter how much you try and laugh it off.

As a brand, this is absolutely central to whether you succeed or fail.



Yet all this is on your doorstep — especially online. You have the tools available to analyse behaviour and personal information to deliver the optimum experience to your customers, but the ongoing challenge remains in acquiring this data without being intrusive (or outside of regulations).

In recent years we've seen the emergence of asking for email addresses at in-store point-of-sale; a tactic that shouldn't have escaped the brainstorm it was dreamt up within. It's intrusive, time-consuming and inappropriate. More importantly, it's post-purchase, so what's in it for me, the customer?

This explicit data landgrab has fuelled public awareness that their data has a value, and unless there's an equally explicit exchange, there's an increasing reticence to hand it over.

So don't be greedy.

Goldrushes rarely encourage balance — and the one behind customer data is no different. Discount-for-data makes sense as a model, but deployed without consideration, might make less sense commercially. One finding in our report, that customers will hand over data for as little as 5% discount plays into this. They say size does matter, and while I'm not disputing this, it's refreshing to know that for once, tiny is good.

"Data is the new oil" is already a cliché, but clichés are rarely wrong.

Lindsay McEwan, VP, EMEA





Now you see me, now you don't

Historically (and, let's be honest, it's fairly recent history) consumer relationships with, and their loyalty to, retail brands were driven wholly by the in-store operation. Understanding intent, remembering previous purchases, and simply listening to what is being asked for was a human-to-human experience. Put simply, you knew your local shopkeeper, and she knew you.

This need to understand the customer is now augmented beyond the imagination of retailers only two or three decades ago. The technologies behind the virtual store-front have fundamentally transformed the depth of knowledge a brand holds about its customers. But it's insight which is not always used optimally, and often not even gathered at all.

The shift to online-focused retail vs. offline retail has created a whole new purchasing behaviour among consumers, and redefined their relationships with brands. The paradigm of understanding the customer remains, and always will — and the core to this is the data held. In an offline world, this 'data'

Would you always
share an email address
when making a purchase
over £50?



37%

Agreed when shopping online



23%

Agreed when shopping in-store

is held cerebrally, it's something the best retailers know through a long-term relationship with the consumer. Online however, this is wholly digital.

Because of this shift, there's a natural evolution in comfort levels to which the brand knows about you. Offline, being recognised is always welcomed, but is a rare occurrence; your face is recognised in-store (eventually), but online it's your whole persona.

Subsequently, sharing more about yourself gives you iteratively improved experiences online — across every retailer you purchase from. A macro scenario which is impossible in every store you visit. Building up a personal profile and reputation in-store requires significant repeat visits — and repeated raids on the wallet. Online, it's an intrinsic part of the purchasing process, and one which is driving loyalty and trust.

This has shaped the perception of sharing information online. If it's in the customer's interests, it's natural to share it, especially if it's simple.

When asked if they'd always share an email address when making a purchase over £50, 37% of respondents agreed they'd do so when shopping online compared to 23% in-store — a drop by a factor of nearly 40%.

It's not just email either where this imbalance can be seen; the legacy method of a postal address remains significantly high, with 35% agreeing they'd share this when making a purchase online — a figure dropping to just 20% offline.

Interestingly, the mindset remains the same when it comes to not handing an email address over if it were demanded in order to complete the transaction. One-in-twenty respondents would not complete the purchase online, yet in-store this more than doubles to 11%.



Mind the gap

So what could be driving this differential? The highly negative media narrative around cybercrime, hacking, and personal data loss would suggest that consumers are more guarded online with their data rather than more profligate.

One immediate possibility is the General Data Protection Regulation (GDPR). Introduced with much fanfare in May 2018, it arguably created a groundswell of awareness about the level to which brands have access to consumers' data. As with many regulations that protect the consumer, it arguably had the effect of highlighting the issue it addressed among many who were unaware the problem existed in the first place.

It's since become part of the furniture, yet can still hold negative connotations. However, far from being a blanket covering data misuse, it should be considered a safety net that protects consumer data and allows its safe use.

As this mindset has begun to settle, the consumer has become more confident that their details will not be abused — the potential

4% of revenue fine hanging above a brand's head for losing it is a major factor — the more comfortable the consumer is with sharing data. This confidence has established a normalisation of data exchange. It's just part of the purchasing process.

This addresses the high degree to which people share their details but doesn't solely explain the drop-off in-store. The unwillingness to hand over details offline could be down to the capture

mechanics. We've all been asked at the till if we want our receipt emailed to us, but spending the next forty seconds tapping away at a tablet to hand it over is intrusive and unnecessary. The PoS scenario online is simple — you've already chosen to be in front of a keyboard for starters.



It's also more natural for consumers to recognise that certain data is needed to complete a transaction online: email for confirmation and updates, both a billing and delivery address. Sharing of personal data is therefore not only required, there's an obvious reason for doing so. This isn't the case in-store, where a transaction can, if desired, be completed entirely anonymously.



Use the force wisely

However. Scepticism and anxiety around personal data still flourish. Social, political, and cultural factors all play a key role in changing consumer perception around the degree to which brands can be trusted with their data. Social media – which we tackle later in the report – is a prime example of this, with the Cambridge Analytica scandal and nation state interference in elections sending shockwaves amongst the public.

This is reflected in consumer attitudes around not sharing their email unless absolutely necessary, where concern was highest around data being shared with a third party without their consent (40% offline vs. 34% online) and not trusting the company to keep it safe (37% in-store, 39% online).

This anxiety is something GDPR and similar regulations can help calm, but each new security hack and data breach exacerbates the mistrust.

While these figures demonstrate that socio-political issues beyond a brand's control can have a huge impact on consumer trust, it's critical to remember that those who react most defiantly to it and keep their data closed off, shouldn't define your relationships with all of your customer base. If anything it helps to refine your targeting to only those who are open to an exchange of data, and turn it into a clear exchange of value. Show that you are responsible, and ensure you use data wisely, for reasons the customer wants. If a customer is bombarded, it can feel like the data is being exploited and exhausted. Use it wisely, smartly, and with a sensible cadence.

This pitfall of poor data etiquette is almost certainly behind another reason for not sharing data on making a purchase of over £50. Nearly two in five of those who wouldn't share their details did so because they didn't want to be sent marketing communications (39% in-store, 36% online).

Considering this is aligned to a single purchase of over £50, where there's an intrinsic brand-passion, loyalty, and association, this should be illogical. If you've just spent £50 on an item from Brand X, doesn't it go without saying that you'd like to know more about Brand X's future products and get sales offers? Apparently not, for those who don't share data. Years of unsophisticated, scatter-gun marketing spam has caused a broad resistance to 'marketing', despite the significant rewards available.

Overcoming this is down to the brand. Use data wisely, at the right time, with the right offers or updates. You know as much as you need to about your customers, use this knowledge wisely.



Don't be generous to a fault

It would be a natural assumption to think that with the sheer breadth of brands competing for the consumer wallet both in the short and long term through loyalty, that price-based enticements are a critical driver in standing out from the crowd. It makes sense that bigger figure discounts get more attention and more conversion, surely?

Perhaps not.

One of the most startling findings of the report was the number of consumers who would share their personal data for as little as a 5% discount, despite initially stating they'd not automatically share their data. The tipping point for conversion is far lower than instinct might suggest.

And again, we can see a significant discrepancy between online and offline. Of those who said they're resistant to giving up data where possible, the promise of a 5% reduction would cause 54% to hand over their email online, against just 37% offline. Postal addresses had a similar ratio, (48% online against 30% in-store), as did mobile numbers (31% online, 22% in-store).

This demonstrates an understanding and awareness of the value their data gives a brand, but also that this data has value for the consumer too. If there's no immediate evidence of a value exchange then it won't take place. A brand can't simply have data for free without the donor seeing the benefit too.

But it can't be reinforced enough that the discount is relatively moderate. Don't annihilate your margins without cause.






Significant discounts can, if used too often at scale, simply undermine the brand proposition. It's a long walk along a high street or through a shopping mall to see this in action where supposedly premium high street brands have what seem to be a perma-sale; 30% off all stock items, 70% in the sale. Footfall is all well and good, but without the margin made on stock, the business can't survive.

So the good news is that retailers don't need to enter a race to the bottom to acquire customer data. The news which might be hushed up is that many are probably currently doing so.

The Anti-Social Movement



Of all the data points, social media accounts are the closest we have to being off-limits. Against the 37% of consumers who'd happily hand over their email data making a £50 transaction online, just 7% would share their social media data.

The fallout from recent privacy scandals have led to significant concerns among the public. For the 5% discount that would cause 54% of online customers to hand over their email address, and 37% for in-store, just 16% would hand over their social media profile in either instance.

In order to tip the figure for handing over a social media profile into a majority, it would take up to a 55% discount, with a staggering 49% offline (45% online) not accepting a discount below this threshold in exchange for this information.

37%

consumers who'd
happily hand over their
email data
making a £50
transaction

7%

consumers
who'd share their
social media data
making a £50
transaction

What could be causing this?

Unlike personal data, social media profiles are not covered by GDPR and are instead covered by the platforms themselves. How explicitly the limit of GDPR is recognised is open to debate, but the mistrust that social media companies cause among the public is unavoidable. It's a corner they've arguably backed themselves into, and given their revenue models are built upon use of data, it's hard to see them backing themselves out.

The scandals that have plagued the sector have made them toxic, with a significant backlash in usage/new sign-ups as a result.

Given the lack of enthusiasm for consumers to hand this data over, you need to be incredibly convincing in why you should have it; and then use it wisely. You also need to be wary of toxicity-by-proxy; if you hold social media profile information and the platform concerned is hacked or involved in a scandal, you're associated with it by your customer whether you like it or not.

All things said, it could indeed be argued that the effort put into trying to acquire social media profiles, and the massive financial outlay in terms of revenue reduction and margin slashing involved, makes acquisition a self-defeating exercise. There's a case that trying to gather social media data on consumers is a lazy way to try and shortcut the way to (more useful) insight. Far better to build your own data (ownership is critical) and understand individual customers rather than tap into the aggregated nature of social media platform data.

There are other pieces of data that you can use to become more essential to your customers and understand them better; pieces which can be secured through a far less detractive model than that involved for social media data.

The figures are clear — if you want to secure social media profiles of your customers, it's not impossible to find a majority, but it's not simple. And you'd better make it worth their while.

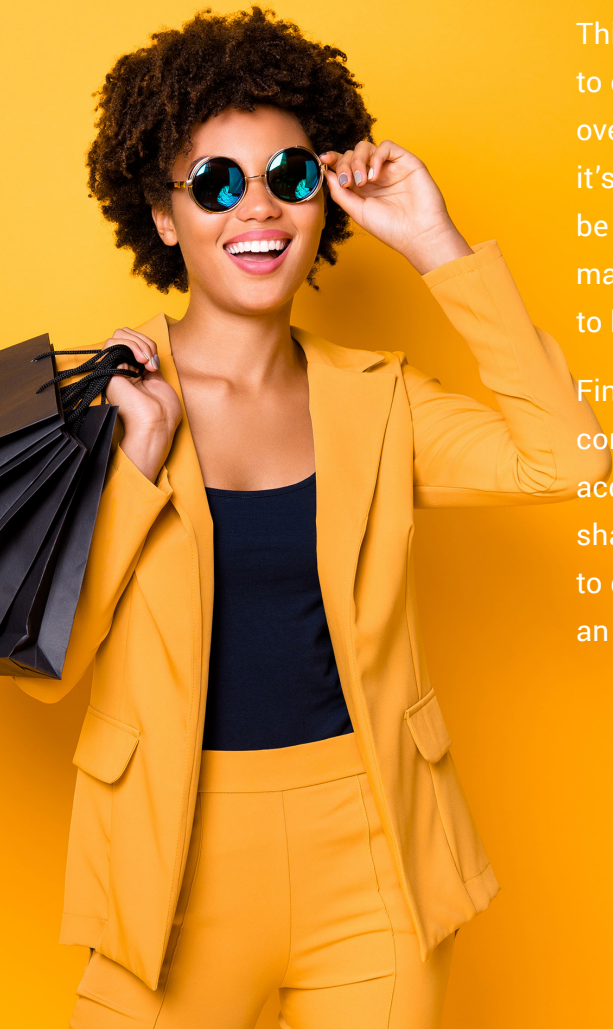
So what does this all tell us?

Firstly, people are more relaxed about sharing data online than offline – but use it well, consumers harbour legacy scepticism, and there's a mass awareness that their data has a financial figure attached to it. Demonstrating that there's an explicit value exchange shows transparency and justifies the handing over of data by the customer.

Secondly, don't over-estimate the figure needed to secure data. Consumers want a discount in exchange for their data, but it's not as high as you'd perhaps expect. Beware of getting into the race to the bottom, and undercutting margins too heavily, or even worse, undermining the brand.

Thirdly, once you have their details, make sure you're useful to customers and offer true benefit to them handing their data over. Considering the £50 price tag attached to the survey data, it's a cause for concern that a significant figure do not want to be marketed to and won't hand their data over. There's a flaw in marketing if people will spend £50 with a brand but not want to hear from that brand again proactively.

Finally, beware the social media hyperbole. Unless there's a compelling reason behind it, don't put excessive energy into acquisition of social media data – few people are willing to share it, and those who do want a hugely significant discount to do so. It's a toxic source of data, be wary of putting too big an onus on a misperceived importance.



Customer data is the most valuable asset to any brand. It will live and die by its understanding of what it means to the business, what it can do to drive loyalty with the customer, and how it can inform future spend (and when, if used well).

However, acquisition needs to be done smartly and not rashly. Consumers are becoming more aware of what their data means to brands and retailers — a clear demonstration of a value exchange is critical to success.





Tealium connects customer data — spanning web, mobile, offline, and IoT devices — so brands can connect with their customers. Tealium's turnkey integration ecosystem supports over 1,200 client-side and server-side vendors and technologies, empowering brands to create a unified, real-time customer data infrastructure. The Tealium Customer Data Hub encompasses tag management, an API hub, a customer data platform with machine learning, and data management solutions that make customer data more valuable, actionable, and secure. More than 1,000 businesses worldwide trust Tealium to power their customer data strategies. For more information, visit www.tealium.com.

To learn more about how Tealium AudienceStream CDP can help organisations comply with the evolving data privacy landscape,

visit tealium.com

Tealium Cash, Card or Data. Personal information as currency. It's complicated.