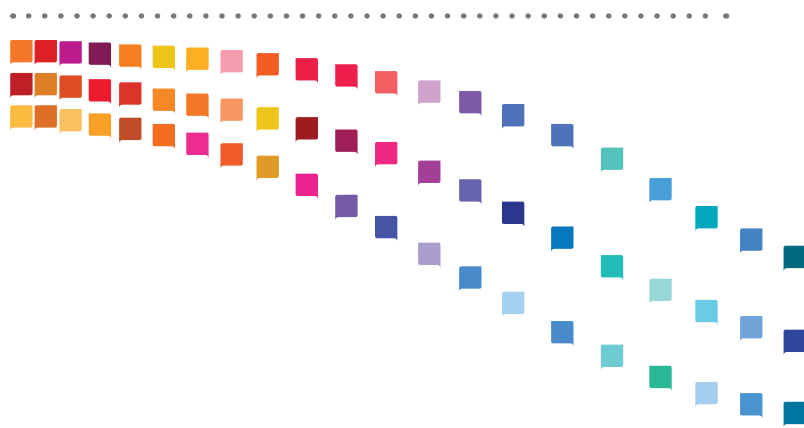




# Data privacy: What the consumer really thinks

2012





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# Foreword

The digital economy has transformed the way both consumers and businesses access information, products and services. Innovation is a given and a personalised and targeted service is seen as the norm. The advent of the digital economy has also set the expectation that such access and services should be provided free of charge. From search engines and mobile apps to Skype and price comparison sites, free digital services are ingrained in many people's lives.

Mostly these new services derive their benefits through a fair exchange of data, creating a culture that is transforming attitudes to privacy. The DMA has commissioned this study to better understand evolving consumer attitudes to sharing personal information in the 21st century. Consumers and businesses are rightly concerned about data privacy, but perhaps not in the way or to the extent that the media and legislators think they are. Consumers are becoming far smarter and more informed about the way in which their data is used for marketing purposes and appreciate the value exchange in sharing their details.

However, trust is vital for this exchange to thrive and continue. Organisations must embrace transparency if they are to succeed in the digital economy. Building trust is a matter of a brand being completely honest and transparent about why it's collecting data and how it's going to be used and not abusing it. Hiding behind a dense-text, two page privacy policy isn't enough. It needs to be spelt out clearly and concisely in terms that can be easily understood. Companies that understand this relationship will have a strong competitive advantage in the modern marketplace. It is no coincidence that the digital era has witnessed the concomitant rise of corporate transparency; the internet has made it easy for consumers to scrutinise business, while the advent of social media has created a powerful channel through which consumers can condemn poor commercial practices and behaviour. As this research shows, consumer attitudes to the data exchange are evolving. Companies now need to up their game to ensure a data exchange that will continue to drive the digital economy forward.

***Chris Combemale***  
***executive director, DMA***



# Introduction

The Direct Marketing Association (DMA UK Ltd) has commissioned this study into Data privacy: What the consumer really thinks from the Future Foundation, an international consumer insight and trends consultancy. Historically, the topic has been reasonably well researched in the UK, with a number of landmark studies in the 1990s and early 2000s. However, whilst specific aspects have been monitored over the intervening period, there has yet to be an investment into gaining a broader perspective on current attitudes to the provision of personal data by UK consumers.

The purpose of this report is to provide an overview of current consumer attitudes towards privacy in the UK and to analyse how we expect the culture of data exchange (or data culture) to evolve in the future. It also aims to address some of the broader issues implicit in the discussion about the nature and importance of privacy protection in the consumer sphere. This report will also provide a segmentation of consumer attitudes towards data use in the UK in order to showcase the nuanced and paradoxical nature of attitudes towards privacy in 2012.

# Executive summary

## The meaning of privacy is changing

Whilst the concept of privacy remains important to individuals - and one that they are still largely concerned to protect - this study confirms that notions of privacy continue to evolve in response to the spread of new digital technologies and the continuous growth of the consumer society. Two thirds of consumers surveyed agree that their definition of privacy is changing due to the internet and social media and four fifths agreed that disclosing personal information is an increasing part of modern life. Three quarters of the most connected, high-tech savvy consumers in the sample agree that being on social networks has changed their view of what is and is not private.

## Digital media continues to expand the scale and depth of the interface between consumer and company

In the digital age people are increasingly involved in direct interaction with brands and business in every area of their lives through the internet – both fixed and mobile. On average users now spend fifteen hours per week online in the UK<sup>1</sup> and 65% expect organisations to analyse the behaviour of visitors to their websites and use it to improve their services in the future. More than half of the respondents actively welcome recommendations based on previous purchases made online. This means that undue restrictions on data exchange could seriously affect the ability of brands to innovate new products and services which, based on data analysis, target offers to individuals and save consumers time and money online.

## A healthy modern economy is dependent on data exchange

Growing consumer/company interface is creating a new data economy in which the exchange of personal information online has become an essential component of a powerful new engine of economic growth. The internet economy has been estimated to be worth £121 billion to the UK, some 8.3% of total GDP and the highest proportion of any G20 country.<sup>2</sup> Recent analysis has shown that advertising using digital media has fuelled, on average, 15% of GDP growth in these economies over the past decade.<sup>3</sup> Forecasts suggest that nearly a quarter of all purchases will be made online in the UK by 2016<sup>4</sup>. The underlying principle of consent in online transactions is widely recognised with 60% agreeing that in the internet age you expect to have to provide personal information in order to buy things.

## Attitudes within the population have remained largely constant over fifteen years

A segmentation of the data shows that 69% are positive or accepting of the principle data exchange – comprised of 53% Pragmatists (who are happy to exchange data for specific consumer benefits) and 16% Unconcerned (who express no worries about providing data to organisations). Compared with similar research conducted by the DMA in 1997, the proportion of Fundamentalists has increased by just 6%; reaching 31% by 2012. These are people who are attitudinally more concerned about keeping their information private and less positive about the idea of providing data in exchange for offers and service. Despite this, and their greater age, they still actively participate in the data economy albeit at a slightly lower level. Overall, despite the enormous increase in data exchange in the intervening period, the consumer privacy segmentation shows no evidence of a significant negative shift in consumer attitudes.

## Trust is most critical to a healthy data economy

Given the ubiquity and frequency of data exchange, it appears that trust remains the most powerful factor in reassuring consumers when providing information to companies. And tellingly, it is even more important for those Fundamentalists that are most concerned about privacy – 60% of this group say that they are happy to provide personal information to companies that they trust, and they are more swayed by personal recommendations than

<sup>1</sup>Ofcom, 'Adults Media Use and Attitudes Report', March 2012.

<sup>2</sup>Boston Consulting Group, March 2012.

<sup>3</sup>McKinsey & Company, 'Advertising as an economic growth-engine', March 2012.

<sup>4</sup>The Internet Economy in the G-20-The \$4.2 Trillion Growth Opportunity

the other groups. Despite the long term trend toward declining trust in institutions generally, brands already know that building trust is central to their future success in all environments and essential to being able to maximise the power of word of mouth in the online networked world. This, and the growing transparency implicit in the digital age, is a powerful encouragement to behave impeccably in all aspects of their operations.

### Consumers must be empowered to control and trade their data

As consumers realise that the data generated by their online transactions is a valuable resource to brands and businesses, newly emerging technologies will enable them to exchange personal information in a more controlled and directed way. Two fifths of respondents agree that they already see their personal information as an asset with which they can negotiate better prices and offers. A similar proportion are actively interested in receiving location based offers via the mobile internet, rising to more than half among the younger age groups. The attitudes of the most connected consumers and the younger age groups are consistently more positive to all aspects of the data exchange which points to an even more encouraging environment in which consumers will be able to realise the power of their own data as 'consumer capital' in the future.

### Brands and businesses must continue to up their game

Consumers continue to welcome practices and safeguards that make the process more transparent and controllable. More than half are reassured by signs and symbols that they recognise on websites (up from 43% in 2005) which play their part in building confidence despite concerns about privacy risks. Awareness of companies' use of online tracking methods are high at over 80% even if they are not fully understood and two thirds know that IP addresses are assigned to devices connected to the internet. However, only 30% agree that they get an improved service in return for providing personal data. The emphasis should continue to be on improving compliance and encouraging best practice amongst businesses to further improve transparency and service levels.

### Future innovation and growth will need data exchange to flourish

All of today's most valuable global internet brands have built their businesses on the ability to gather and analyse data about customer behaviour more rapidly and accurately than those struggling with legacy systems. This has enabled them to come up with constant innovations and improved services that successfully meet the needs of users ahead of the curve. Significant numbers of small and medium sized businesses have also been able to flourish in this new environment, providing valuable employment in contrast to many constraints being experienced in the public sector. It is right that all of us, including legislators, should continue to ask questions and look at how boundaries between the public and private spheres blur in the digital space to affect the issue of personal privacy. However, the Future Foundation's view is that encouraging best practice and innovation within a clear framework is critical to a healthy economy and a strong consumer society.

# 1. Background: Re-framing the question of privacy

The term privacy is one that is widely used in different contexts and is certainly subject to a range of interpretations. We have made the case that its meaning is also constantly shifting in response to changing technologies and methods of interaction between consumers and businesses, and in exploring consumers' attitudes to the mechanics of exchange and protection we find that things are on the move in response to the changing communications environment.

Based on some fifteen years' experience of researching consumer attitudes in this area in order to uncover the 'truth' of their feelings about the issue of privacy in relation to the provision of personal data to businesses, it is accurate to say that it is not possible to derive a definitive view from the results of a single research exercise. Each research programme can create but a snapshot of responses to a pre-programmed set of questions, and must therefore be interpreted in the context of wider array of evidence and information from a range of sources, including observation of day-to-day practices, monitoring complaints, and the results of other research programmes over time.

Privacy is a key social construct that has been central to the debate about the nature of modern life for well over a century. The question as to which aspects of our personal lives deserve protection in order to remain private has been framed in contrast to the powerful concept that there is equally a legitimate public sphere in which actions and deeds can and should be known to all.

With the establishment of print media and newspapers this public realm had its own record, and as broadcast media came on stream in the twentieth century this expanded further. The TV camera increasingly delved into people's homes and everyday lives to create content for the proliferating number of channels – culminating perhaps, in the total personal exposure implicit in the globally successful Big Brother format in which contestants gave up any right to privacy whilst being watched 24/7 by audiences.

Now the digital revolution has further pushed the nature of the debate around privacy to a greater level of complexity as new mobile, 'always on' technologies have contributed to a further significant blurring and inter-penetration of these once-separate realms with serious implications for the debate about what constitutes privacy and what should be protected in the future. Parallel and equally intertwined growth of the now-ubiquitous consumer society has created a vital new dimension to this debate: brands and businesses have developed a myriad of products and services through which consumers can both express themselves and satisfy their day-to-day needs as individuals and families, based on building up a wealth of knowledge about individual preferences and shopping habits through both anonymous market research and personal data exchange, that most would now argue is integral to the functioning of modern life. Crucially, many of these new services are offered to consumers free of charge.

Arguably, this has created a new framework in which questions about the nature of privacy need to be considered. The most rapidly expanding area of data is in the provision of personal information that defines us as consumers, but much of this also relates to our expanding and intimate relationship with interactive technology. This suggests that the aspects of self that people might see as truly private – salary, family details, medical history and so on – are becoming a smaller proportion of our total 'tradable' store of personal information. However, the fact that as many as a third of our respondents who are on social networks do not have restrictions on who can view their profile also suggests that there is much more openness about some things that previously were private.

As always, marketers and legislators are required to keep up with the changing reality of life in modern society, and this is particularly challenging in this contested area of privacy. The speed and extent of the spread of the digital revolution, not just in Europe, but around the world has been astonishing:

- 70% of all Europeans now have internet access in the home
- 50% are likely to be carrying mobile internet devices or smart phones by 2012
- Over 10% of retail sales in the UK are now transacted on the internet and 10 billion apps were downloaded in 2011 alone

In an attempt to catch up with this rapidly-changing reality, the EU Commission has been developing a series of new legislative proposals.

In response, a number of UK Industry bodies have raised concerns that the impact of overly restrictive data protection regulations proposed by the EU Commission could have damaging consequences for the internet economy, highlighting the worth of the sector to the UK economy.

## 2. A consumer privacy segmentation

The inherent contradiction in people's attitudes towards the issue of privacy highlights the importance of developing a consumer segmentation as a foundation for a clear analysis. Here we have chosen to continue to build on the work of US privacy academic Westin from the 1990s which was adopted in the UK by the Henley Centre's Dataculture 2000 (1995) and the Future Foundation's previous study for the DMA The New Information Exchange (1997). The result of this is an up-to-date version of the three-way segmentation that Westin first developed.

### 2.1 The benefits of a segmented approach

When dealing with consumer attitudes towards a topic as complex and nuanced as online privacy, it is important to understand the broad range of perspectives that this issue provokes; it would be an error to assume that consumer views toward online privacy are in anyway uniform.

Instead, attitudes can vary heavily depending on the individual, as well as the context in which the issue of online privacy arises. For instance, views on the sharing of personal information are shaped by many factors, including the type of information being requested, the organisation requesting the information and the service being offered in return. Indeed, the fluid, and at times inconsistent, views towards online privacy often make consumer attitudes around this issue rather paradoxical.

Despite such challenges, numerous researchers have developed a model which allows consumers to be categorised according to their attitudes toward privacy. Although there are some variations, the primary categories usually adopted are:

- Privacy 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
- Privacy fundamentalists: those who are unwilling to provide personal information even in return for service enhancement
- Privacy unconcerned: those who are unconcerned about the collection and use of personal information about them

In 1997, the Future Foundation conducted a study which segmented British consumers into the above categories. The results found that the majority of the population could be categorised as pragmatists (60%), compared to smaller minorities who were categorised as fundamentalists (25%) and unconcerned (15%).

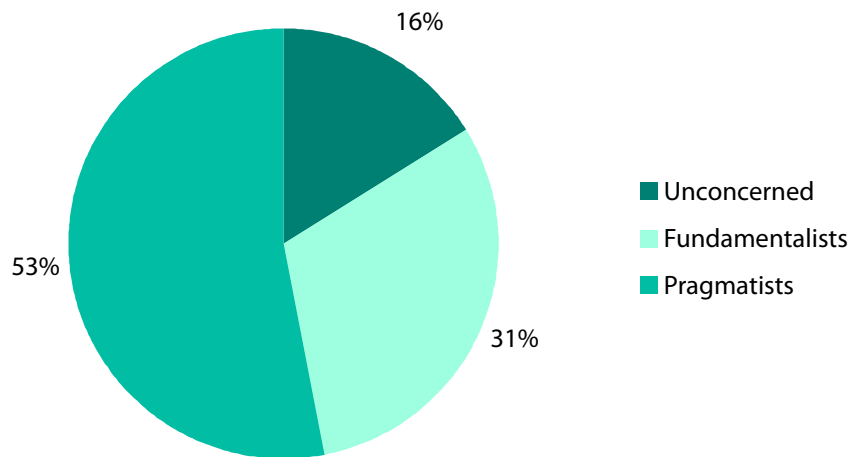
For the purposes of this report, we conducted a reanalysis of this segmentation and found that - despite the upheaval in nature of data exchange in the UK since 1997 - the size of each privacy segment had remained largely unchanged. Our findings show that in 2012:

- 53% of the population are privacy pragmatists
- 31% are privacy fundamentalists
- The proportion of privacy unconcerned has remained almost completely static at 16%

Therefore, 69% of the population fall into groups that are either not concerned or happy to trade their data in the right circumstances.



### 2.1.1 A segmentation of attitudes towards privacy in the UK



Segmenting consumers into these three primary categories helps to provide a more accurate and nuanced model of attitudes towards privacy in the UK. Moreover, it allows researchers to construct a profile of each segment, enabling an analysis of the factors that are shaping attitudes toward privacy on a much more fundamental level. Here we endeavour to describe the profile of these three types as they were defined by the analysis. The key point is obviously then for brands and businesses to figure out ways of tailoring communications and services to each of these three groups to maximise response and allay any concerns as far as possible.

## 2.2 The pragmatists

The privacy pragmatists are those respondents who indicated a strong willingness to exchange reasonable amounts of personal information in exchange for better services. This group accounts for approximately 53% of UK society.

Interestingly, members of this group are more likely to be women aged under 25. In fact, 57% of women respondents were pragmatists compared to 48% of men.

Also, whereas 60% of respondents under 25 were pragmatists, this fell to around half among the older age categories. As might be expected, those who used the internet and social media more regularly were also more likely to be within this segment.

In addition, privacy pragmatists demonstrate a clear acceptance and willingness to exchange some personal data in the digital age.

- Over two-thirds agree that in the internet age you should expect to have to provide personal information in order to buy things
- A majority are also happy with the amount of personal information they give to organisations these days
- Most interestingly, pragmatists are the most likely to see their personal information as an asset to be negotiated in return for better prices and offers; over 40% view their personal data this way
- However, it is also true that 60% do not agree that they receive an improved service in return for the personal data they provide to companies

Taken together such findings build a clear picture of attitudes towards privacy among the pragmatists. This segment of society is rational in their approach to data exchange and is satisfied with the amount of data they provide companies these days. What separates this group from the unconcerned is the degree to which they believe the current trade off - between themselves and companies collecting their personal data - is to their advantage.

Consequently, for the majority in the UK, there appears to be no fundamental objection to the current system of data exchange; they simply want more out of it.

## 2.3 The Fundamentalists

The privacy fundamentalists are consumers who are unwilling to exchange personal information, regardless of any enhanced service they may receive in return. This group makes up approximately 30% of the UK population.

As might be expected, the demographics of this segment are the reverse of the pragmatists.

- Privacy fundamentalists are more likely to be both male and older in comparison to the pragmatists
- Whereas just 15% of respondents aged 18-24 fall into the fundamentalist segment, this figure is far higher for older age groups and peaks at 40% among 55-64 year olds
- Respondents who use the internet and social media less frequently are also far more likely to be privacy fundamentalists; just a quarter of frequent social media users are fundamentalists compared to 40% among those who never use social media

Crucially, for privacy fundamentalists personal data is not viewed as an asset to be bartered for their benefit.

- Less than a quarter understand that they can use their personal information to negotiate better prices and offers with companies
- Almost 80% would rather never give personal information to any organisations at all

Fundamentalists are also far less likely to believe that the exchange of personal information is essential for the smooth running of modern society. Just 15% agree with this statement compared to over half of pragmatists. It is also true that fundamentalists are the least likely segment to say that their definition of privacy is changing due to the internet and social media.

Therefore, by examining the views of pragmatist and fundamentalists we see two parts of British society with deeply opposing attitudes towards online privacy in the digital age. Such disparity of attitudes appears to be driven by fundamental differences in how personal data is viewed and on the perceived importance of data exchange to the functionality of modern society.

However, there is one circumstance when Fundamentalists are persuaded to shift from their entrenched views – when they trust a brand. Trust is the factor cited by 60% of Fundamentalists as being the only reason they would be happy to share their personal information with a company, and they are more swayed by personal recommendations than other groups.

Fundamentalists already account for a minority of opinion in the UK and current trends point towards a future in which this group may become increasingly marginalised. Those born in the digital age show a far greater willingness to share their personal information in return for an enhanced service. Furthermore, there is a clear correlation between high internet and social media usage and a more pragmatic approach to the exchange of personal data. With internet usage in the UK already reaching saturation point and the growth of social media showing little signs of abating, the future of data exchange seems more likely to belong to the pragmatists than the fundamentalists.

## 2.4 The Unconcerned

The unconcerned are the smallest segment of opinion in the UK, accounting for approximately 15% of UK consumers. This segment contains individuals who are unconcerned about the collection and use of personal information about them.

Individuals in this group are more likely to be male and under the age of 35. For instance:

- 19% of male respondents are unconcerned compared to 12% of women
- Social media use also appears to be an important defining factor for this segment; 12% of non social media users are in this group compared to 20% of frequent users

Moreover, the unconcerned is the only segment where a majority agree that privacy is less of an issue these days and this segment is characterised by a relatively positive attitude towards the sharing of personal data.

- Over two-thirds agree that they get an improved service in return for the personal data they give to companies and the same number say that they are happy with the amount of personal information they give to organisations these days

It appears that for a small minority in the UK the sharing of personal information is simply not an area of contention and, remarkably, the relative size of this group has remained unchanged since the 1990s. Such stability of opinion suggests that there is likely to always be a segment of consumers in the UK who are at ease with sharing their personal information.

# 3. Key themes shaping the debate

This section reviews the wider issues and themes that are critical to both framing the debate about data regulation and interpreting the results of the new research, which have been integrated into each of the relevant themes where possible.

## 3.1 The meaning of privacy is evolving

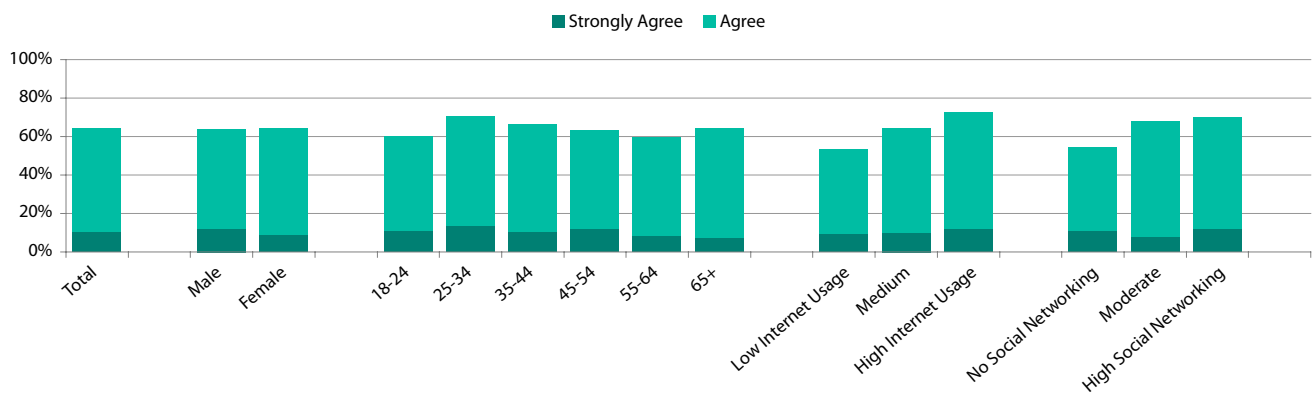
One of the most difficult challenges when researching consumer attitudes toward privacy is to generate a workable definition, or meaning, of what the term privacy means in contemporary society.

The difficulty of doing so arises from the fact that not only has the concept of privacy changed considerably since the digital revolution, but it continues to evolve and adapt so quickly that pinpointing an exact understanding of privacy at any given time is a daunting, almost impossible, task.

What we can be sure of is that the consumer’s notion of privacy is evolving:

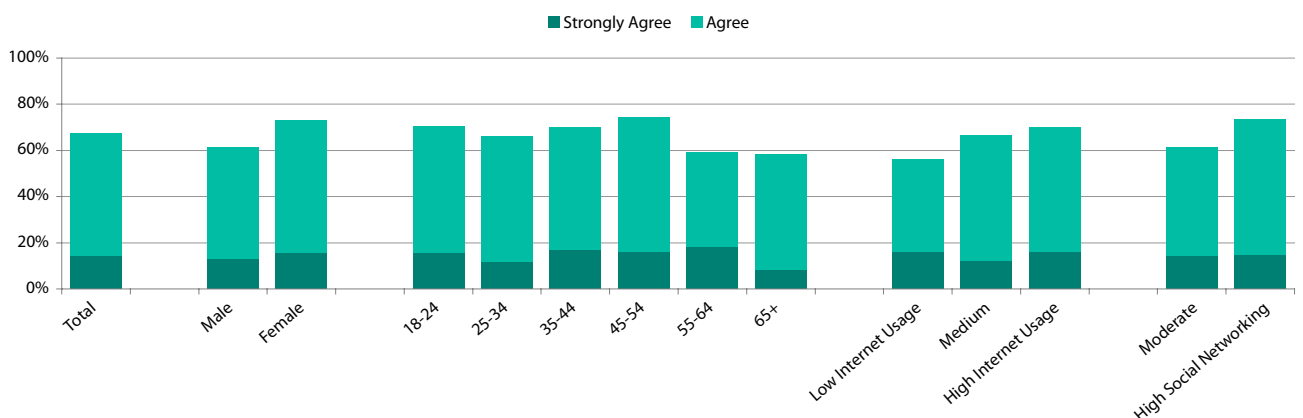
- Two-thirds of consumers agree that that their definition of privacy is changing due to the internet and social media

### 3.1.1 Respondents who agree that their definition of privacy is changing due to the internet and social media



It is clear that the digital revolution has resulted in a dramatic increase in the level of data exchange and that the consequences of this have been felt by consumers who claim that their definition of privacy is changing.

### 3.1.2 Respondents who agree that being on social networks has changed their view of what is and isn't private



But are such developments likely to heighten or diminish consumer concerns over the sharing of personal information online? Interestingly, the early impact of the rise of social media suggests the latter.

- Over two-thirds of consumers agree that being on social networks has changed their view on what is and is not private
- More interesting is the relatively low level of concern about sharing information on social networks compared to the internet as a whole (when 'liking' a brand on Facebook almost 70% of consumers are not concerned about who that information is shared with)

Such attitudes most likely stem from the high level of control that consumers feel they enjoy on social networks. Indeed, our research shows that two-thirds of consumers have set up restrictions to limit the information shared on their profile pages.

If the rise of social media is indeed shaping attitudes towards online privacy, then the evidence presented here suggests that the effect will be to create a more positive and confident environment of data exchange in the UK. Moreover, attitudes towards the sharing of personal information via social networks demonstrates how encouraging a system in which consumers feel they have greater control to act as gatekeepers of their own information will help diminish concerns over online privacy intrusion.

### 3.2 Recognising the impact of the ubiquitous consumer society

One of the most transformative trends in modern British society has been the growing empowerment of the consumer. The digital revolution has allowed each of us access to an almost infinite wealth of information, guiding and optimising our decision making process in all walks of life (personal, professional, commercial). It is not a coincidence that the digital era has also witnessed the rise of corporate transparency; the internet has made it extremely easy for consumers to scrutinise business, while the advent of social media has created a powerful channel through which consumers can condemn poor commercial practices and behaviour.

Indeed, if the 2000s was the decade in which there was the greatest realignment of power between consumers and businesses then the 2010s is likely to continue this trend of consumer empowerment, moving us increasingly toward a consumer society.

Yet, the move toward a consumer society will not be aided by measures which seek to restrict the flow of data and information. Indeed, the empowerment of consumers to date has been driven by the ability of individuals to share information easily and unhindered, resulting in a data culture in which consumers are not only willing to share personal information but also increasingly see their personal information as an asset to be used to their advantage.

Our research shows that 80% of consumers in Britain accept that the disclosure of personal information is a part of modern life.

#### 3.2.1 Respondents who agree that disclosing personal data is part of modern life

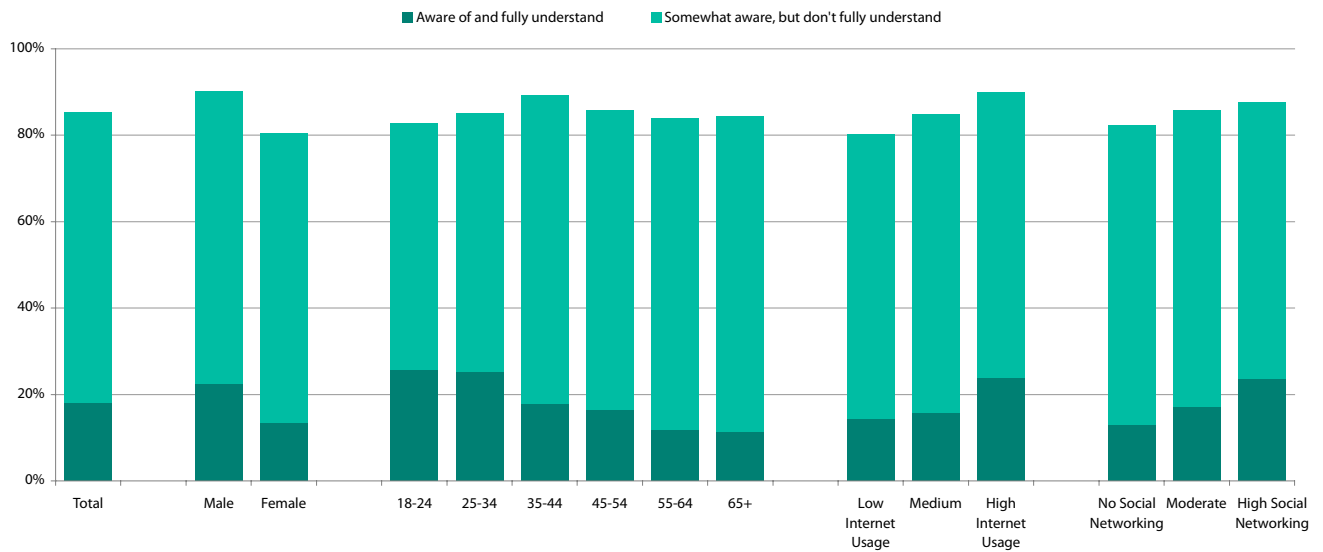


### 3.3 Familiarity and comfort with the online and offline data exchange

Modern technologies have clearly changed the playing field in this area. The sheer growth in consumer online spend demonstrates increased levels of comfort and familiarity. In the digital age, any consumer actively seeking to buy from or get any personalised response (such as a quotation) from a business online has to provide a degree of personal information in order to facilitate the exchange – and this is expected and viewed as the norm.

Moreover, consumers demonstrate extremely high levels of awareness regarding the techniques used by companies to track online behaviour and preferences. Indeed, 85% of respondents indicated a full or partial awareness of such practices.

#### 3.3.1 Respondents who are aware or somewhat aware of the techniques used by companies to track online behaviour and preferences

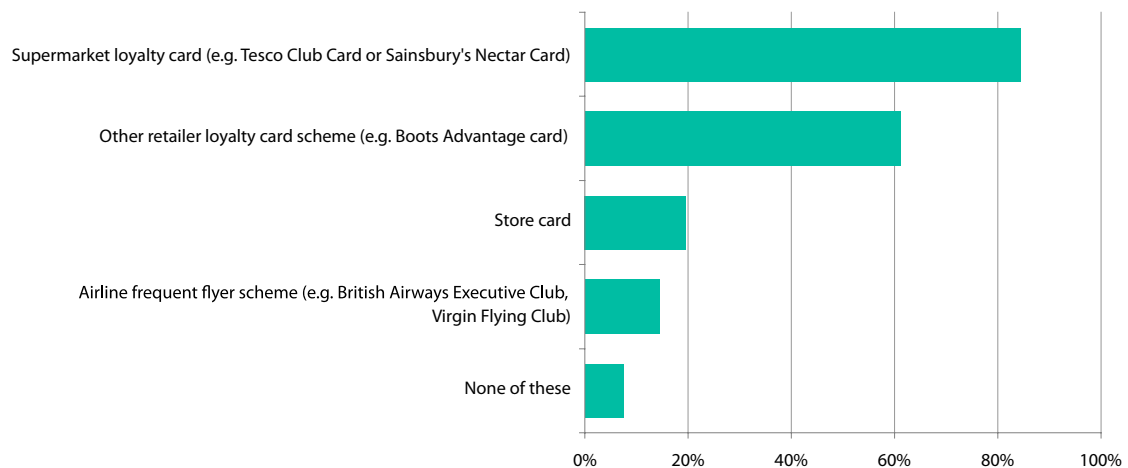


### 3.4 Data exchange is now the norm in the consumer society

As well as the overwhelming degree of recognition for data exchange as a fact of modern life the finding that 92% of the sample is a member of a supermarket or other store loyalty scheme or a frequent flyer programme serves to emphasise that the vast majority of the UK population is actively involved in data exchange on a regular basis.

As we have seen, women are more likely to be pragmatists, and this will be as much due to the fact that women remain the main shoppers in most households despite advances to equality in recent decades, as a gender-based characteristic.

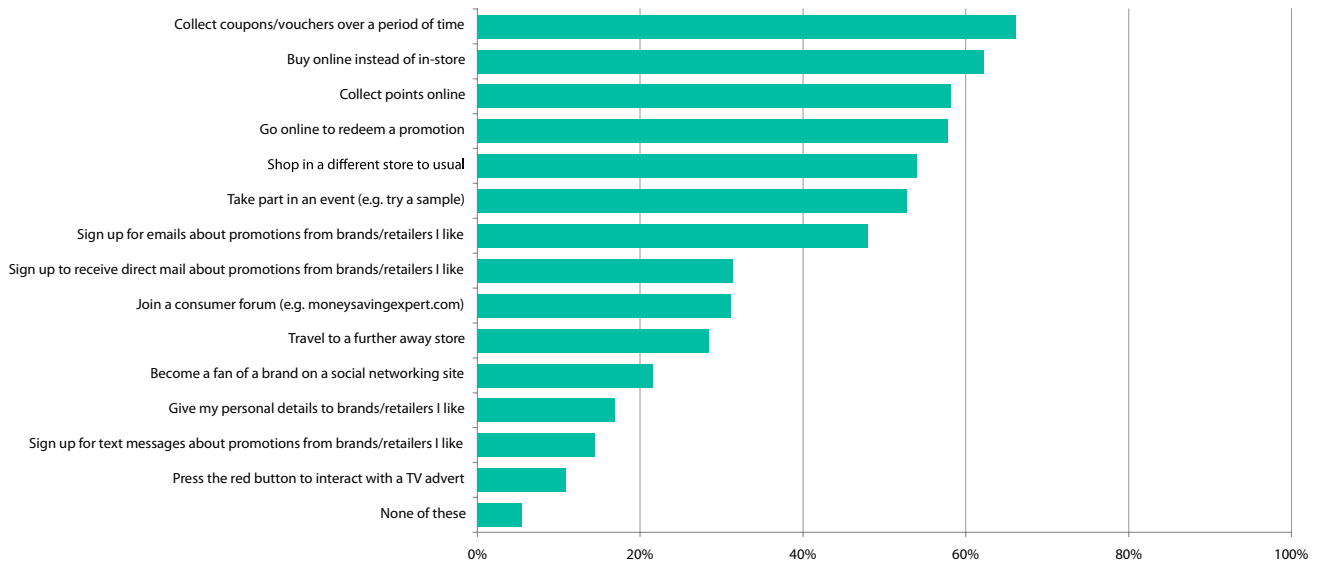
#### 3.4.1 Loyalty card scheme ownership



Similarly, responses to another broad question about what people are prepared to do in order to get the best promotional deals these days, which doesn't specifically call to mind or reference data provision – shows that significant proportions are willing to engage in data exchange in return for better offers.

We would expect this to have increased since the onset of the 2008 recession and to remain consistently high throughout the coming period of economic austerity. It is a clear example of an important Future Foundation trend called Maximising – which entails consumers making some effort to ensure that they get the best price and deals.

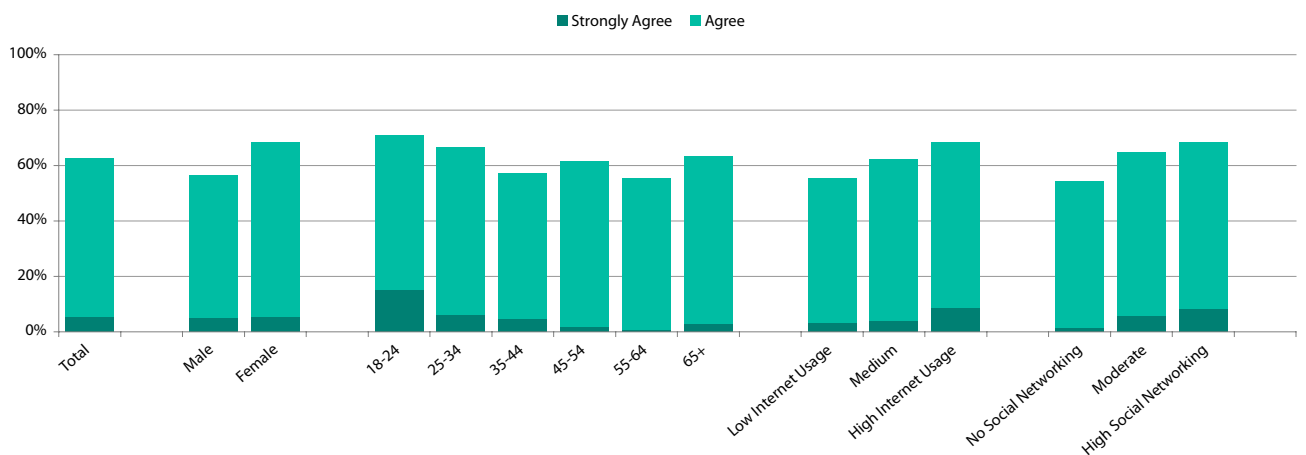
### 3.4.2 What respondents are prepared to do in order to get best promotional offers and deals



In addition, there is a clear acceptance that in the age of e-commerce the provision of some personal information is required when buying things online. In fact almost two-thirds of people in the UK expect to provide personal information when shopping online and, significantly, this figure rises to 70% among those aged 16-24.

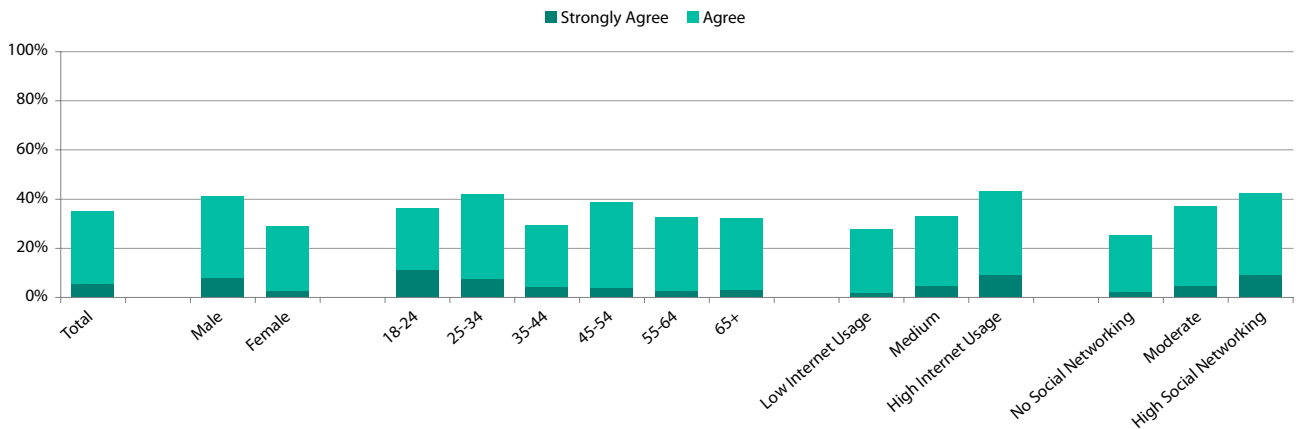
At present, just a third of people agree the exchange of personal information is essential for the smooth running of modern society. However, among younger demographics this rises to 50%, pointing toward a future in which the exchange of personal information is not only considered the norm, but a prerequisite for a thriving consumer society.

### 3.4.3 Respondents who agreed that in the internet age you expect to have to provide personal information in order to buy things



As well as regarding the exchange of personal information as a necessity, our research suggests a future data culture where an individual's personal information is viewed as an asset to be stored and used for personal gain. Already, over a third of people in the UK see their personal information as an asset that can be used to negotiate better prices and offers with companies, with this figure rising to over 40% among those aged 25-34.

**3.4.4 Respondents who view their personal information as an asset that can be used to negotiate better prices and offers with companies**

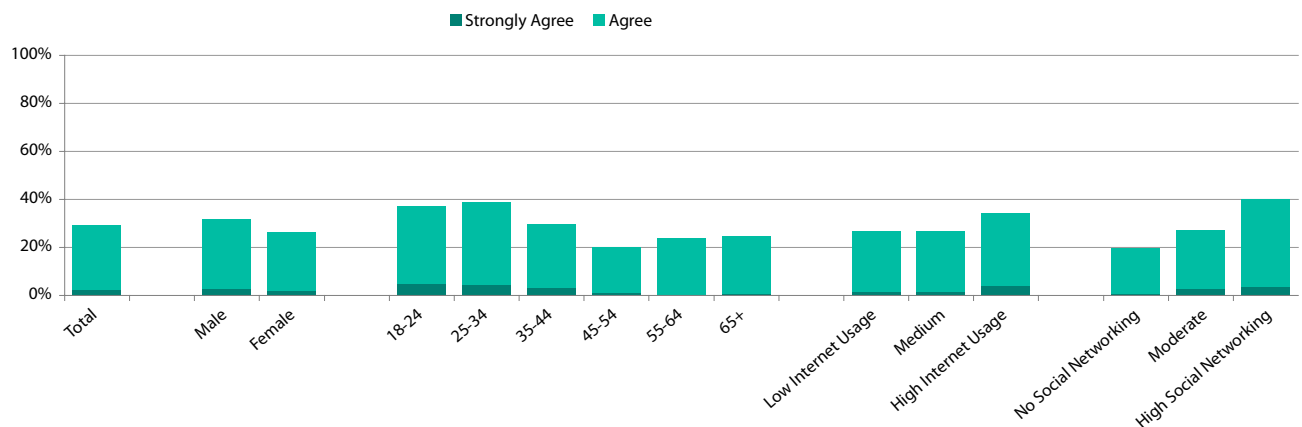


The advent of new devices which allow consumers to record their personal data in return for a personal benefit (driving behaviour, energy consumption, environmental behaviour etc) suggest a trend towards the utilisation of personal information in a modern data culture. Indeed, with 85% of respondents agreeing that they would prefer to hold their own personal information and exchange it for services when they choose, it is likely that private data will become a new form of consumer capital to be collected and traded to the benefit of the individual consumer.

The twenty first century has seen the balance of power between business and consumer shifting in favour of the latter. What is more, current trends suggest that this trend will continue, with British society moving ever more towards a future in which the consumer will become increasingly empowered. Rather than being a barrier to such developments, the healthy exchange of personal information will be essential. The modern consumer not only believes that the sharing of personal information is an important part of contemporary society, but our research indicates a growing awareness of the potential personal benefit that the sharing of one's personal information might bring.

However, it is clear that many companies are not doing enough to create personalised experiences with the data they collect and the consumer is disappointed.. The majority of respondents are unable to agree that providing data necessarily results in receiving better service in return. This is a critical area for improvement by business and online service providers if the potential rewards of the data exchange are to be fully realised.

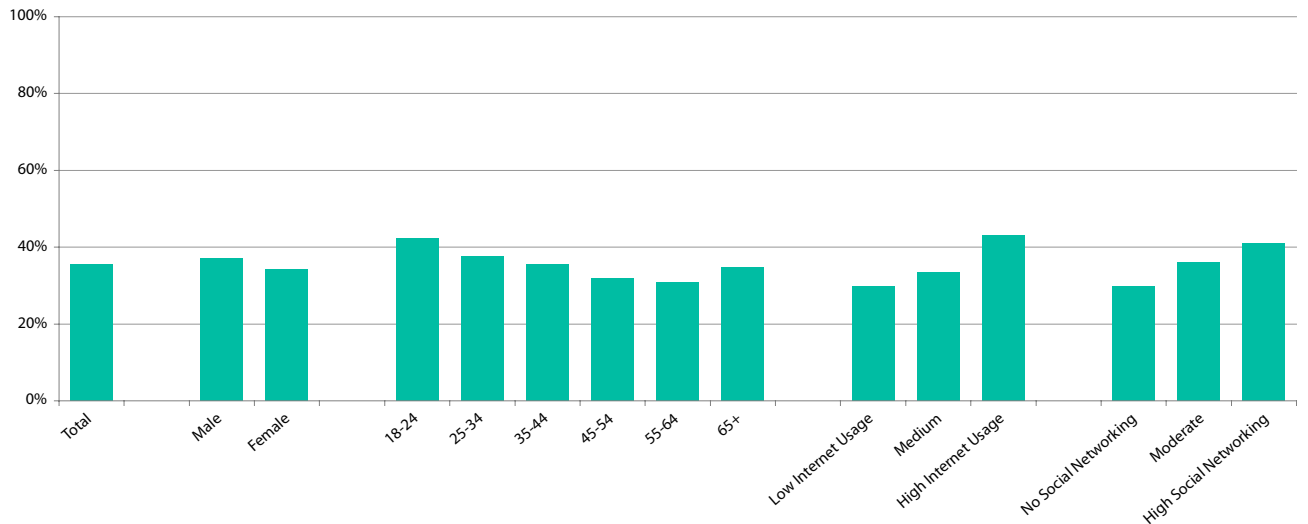
**3.4.5 Does giving personal data lead to an improved service?**



Despite this, it seems that there is clear understanding amongst the majority of the population as to the reasons for and potential benefits of providing data to companies, particularly those trading and advertising online that confirms that this has become a norm in the internet age and one that most consumers are happy with.

The more sophisticated and experienced go furthest in appreciating the benefits of a seamless and rapid tracking of their behaviour on line – for example, nearly 50% of the most technologically savvy agree that companies that recognise them online are saving them time. As experience deepens and services improve, we would expect recognition of such benefits and therefore willingness to participate in such exchanges will steadily increase over time.

**3.4.6 Respondents who agree that it saves them time when they revisit a website and a company recognises them and what they previously bought**



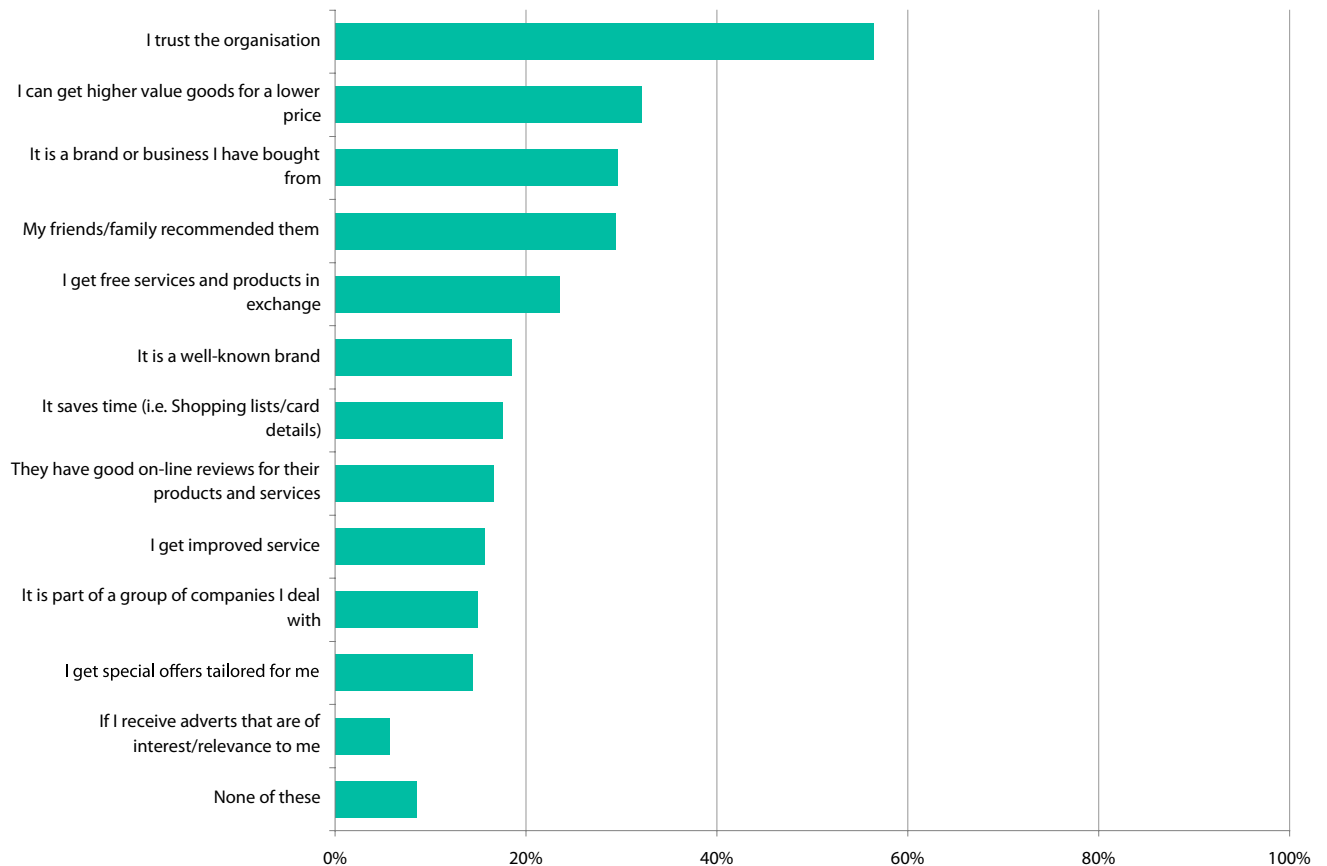


## 4. Building trust is paramount

A healthy culture of data exchange is vital for a vibrant and functional internet economy. Consequently, as well as understanding what concerns consumers about sharing their personal information, it is also crucial to identify the main drivers that encourage individuals to do so.

In our research we asked respondents to rank the factors which made them happy to share their personal information with companies and the most influential factor, by far, was trust.

### 4.0.1 Drivers of sharing personal information



- Trust in a brand, business or organisation was ranked in the top three factors that made consumers most happy to share their personal information by over half of all respondents
- This compares to a third who ranked receiving better value in their top three factors and to 30% who said my friends and family recommended the company
- Less than 20% said that a well known brand is an important factor in encouraging them to share their personal information

Therefore, such evidence suggest a strong correlation between a consumers general trust in a organisations and their willingness to share personal information; attitudes towards data exchange do not form in a vacuum and are heavily dependent on broader opinions towards particular brands and businesses.

The arguments presented here thus far have focused on the consumer and emboldening the individual to better face the challenges of data exchange in the digital age. However, it is also clearly the case that businesses have an obligation to ensure that their brand is trusted by the consumer. If it is not, then the consumer will not feel comfortable in entering into a commercial relationship which requires them to divulge personal data.

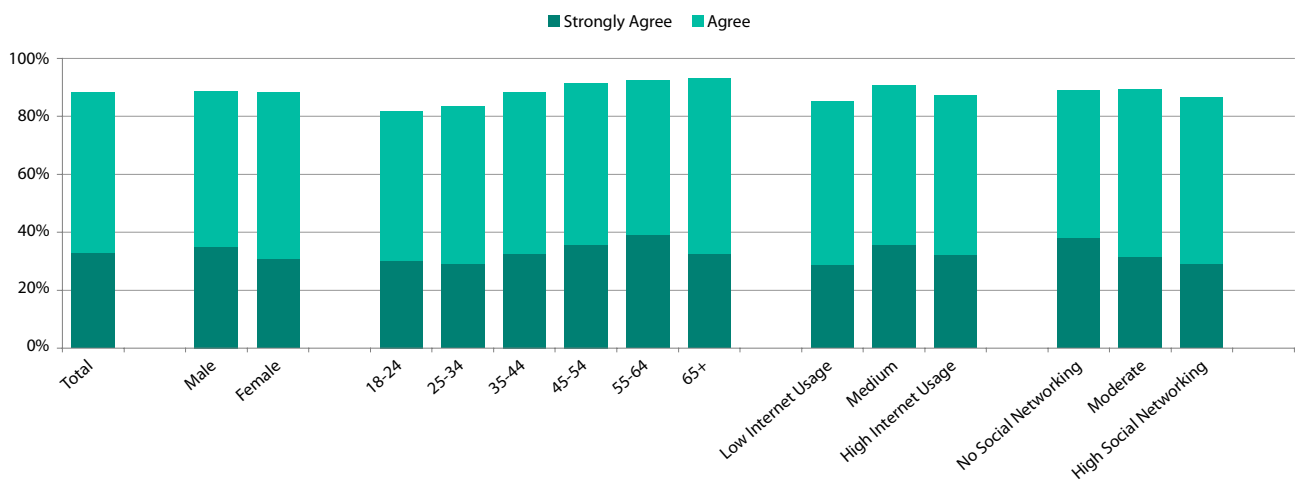
### 4.1 The ability to control the data exchange is vital

Although consumers are most often pragmatic about the sharing of personal information, the ability to control the process in which that information is collected and used is of paramount importance.

The correlation between consumer awareness of existing safeguards when sharing personal information online and levels of concern about the sharing such information are well documented. Research by bodies such as the IAB and Credos have clearly shown that consumer fears over the sharing of personal information online are significantly reduced when made aware of the numerous existing regulations and controls that are already in place.

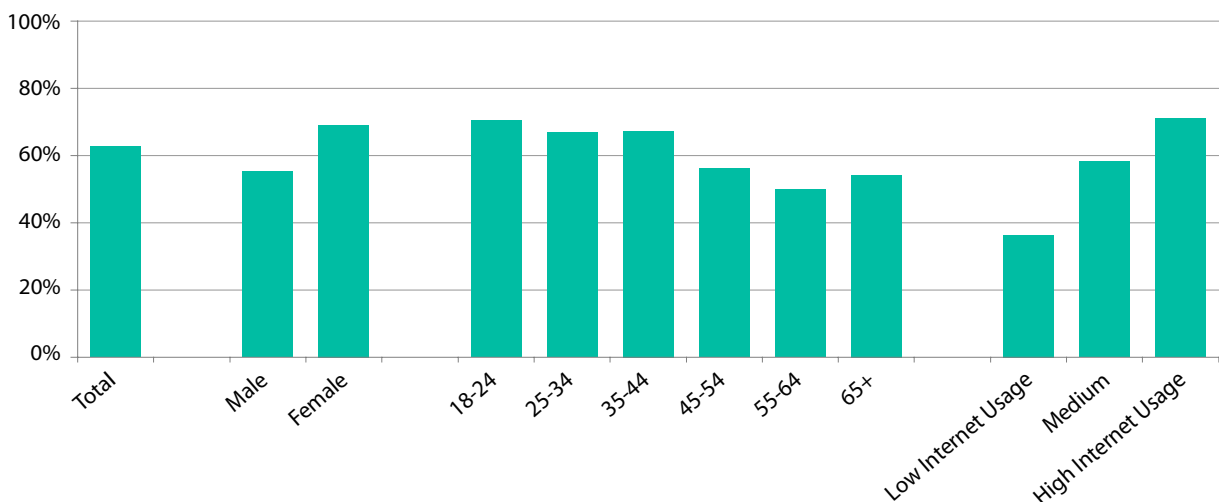
The fact that our research shows that almost 90% of consumers in the UK would like more control over the personal information they share with companies and the manner in which it is stored points to a need to raise consumer awareness of existing regulatory safeguards in order to help ease concerns over the exchange of personal information online.

#### 4.1.1 Respondents who would like more control over the personal information they give companies and the way in which it is stored



Interestingly, social media appears to be an area where consumers are already starting to take control of the sharing of their personal data. Indeed, two-thirds of respondents indicated that they have set up restrictions on who can view their Facebook profile page. Such behaviour points towards a future where it is increasingly likely that consumers will take on the responsibility of acting as gatekeepers of their own personal information online.

#### 4.1.2 Respondents who have set up restrictions to limit what people can see on their profile page



Base: 680 online respondents aged 18+ who use social networking, UK, 2012

# 5. Further selected top line findings

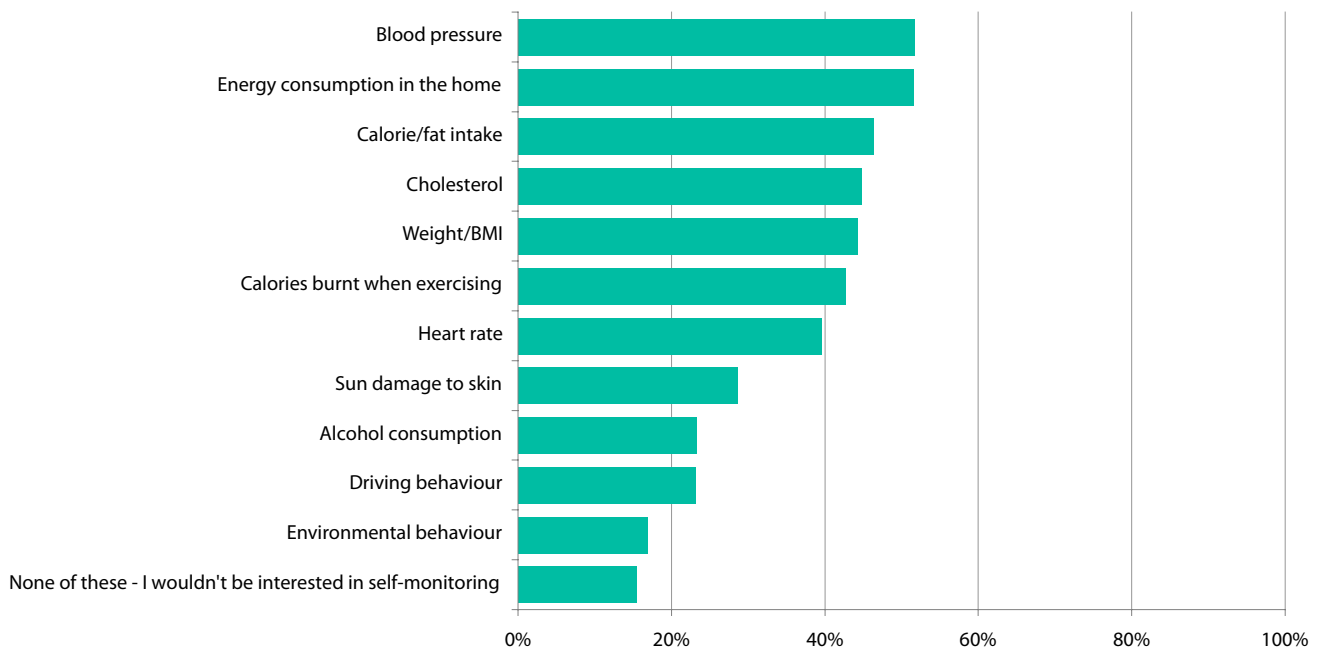
## 5.1 The Quantified Self: New appetites for self-controlling apps?

An interesting and growing trend that has been monitored for some time by the Future Foundation is how consumers are increasingly willing to use technology to help monitor and control their own behaviour through data gathering. This data is then often used to negotiate better deals such as in the area of health insurance.

We call this happy co-incidence of a desire for self-improvement with technologies that can help measure and control unhelpful behaviours The Quantified Self. This trend is likely to become more powerful as smart phones become more ubiquitous and advanced, and apps provide the platforms for regular measurement and update.

Therefore we decided to put it to the test in the new research programme and found that there was a reasonable level of interest across a range of areas.

### 5.1.1 Interest in a non-intrusive device which automatically registered the following information



Nearly half of younger consumers already expect apps to record data about their usage of the app itself and this group are generally more receptive to this range of applications that involve an explicit and detailed data exchange on a variety of devices ranging from the motor car to the smart phone.

These types of services are at the leading edge of the new services being developed, from the Nissan Leaf which incorporates a real-time eco driving monitor that can be shared with all other owners to establish relative performance in a game-like context, to step monitors that can be used to negotiate better rates with private health providers.

## 5.2 The importance of privacy in the culture of fear

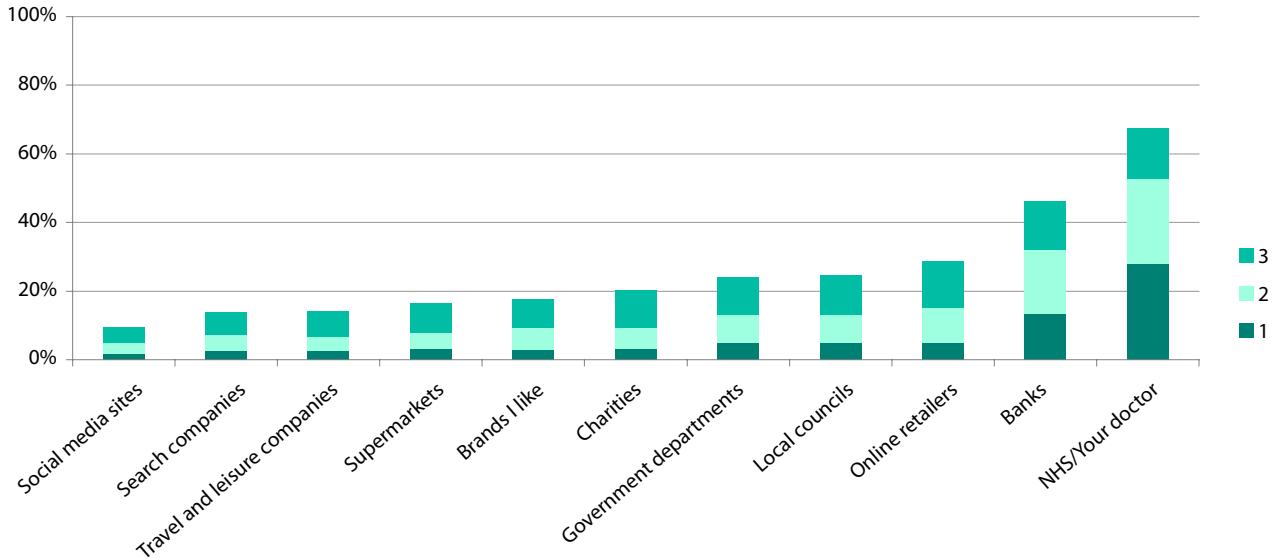
Another important context for understanding how important privacy is to consumers is to explore the relative priority given to it in reference to other perceived risks and fears. *The Culture of Fear* refers to a widely discussed thesis that proposes that we are disproportionately fearful these days of things which are only at a minor risk of happening and that this is clouding rational judgement in many areas.

Here too we see many paradoxical attitudes emerging – suggesting that people do not really know how to weigh and measure risks and once again, making the results tricky to interpret.

- More than 70% are in favour of lots of security cameras at the same time that two thirds agree that the government has too much information

Given the recent proposals that government should have greater freedom to monitor our emails and social media activity – this is likely to be a lively area of future debate. Whilst a generic notion of ‘government’ is not trusted, the NHS is considered by respondents to be the most trustworthy organisation of all with regard to the dealing with our personal data, with banks coming second and online retailers being third.

**5.2.1 Trusting companies with one’s personal data**



Rated on a scale of 1 to 10 with 1 being ‘Trust completely’ and 10 being ‘Do not trust at all’

This would suggest that the experience of providing data that is then held securely and well over time is critical to building the all-important levels of trust in the organisation.

## 6. Concluding thoughts

The findings presented here point towards a future data culture in the UK which has significant implications for consumers, industry and regulators.

The main conclusions to be drawn are:

- The issue of privacy provokes a broad range of perspectives; it would be an error to assume that consumer views are in anyway uniform. Instead, attitudes can vary heavily depending on the individual, as well as the context in which the issue of online privacy arises. Here we have segmented consumer attitudes into three distinct groups: the unconcerned, the fundamentalists and the pragmatists. Such an analysis helps portray the nuances of consumer views toward privacy and should support the efforts of brands and businesses in exploring ways of tailoring communications and services to each of these three groups to maximise responses and to allay concerns as far as possible.
- The very concept of privacy is evolving due to the digital revolution; the implications of which are unlikely to be fully understood for some time. Without a fuller appreciation of what current changes mean for future notions of privacy, it will be challenging for any regulatory body to implement a framework which will remain fit for purpose in the long term.
- We suggest that a two pronged strategy is necessary, which supports the empowerment of the consumer as gatekeepers of their own personal data and also encourages better business practice in terms of meeting consumer demand for an improved service.
- Today's consumer fully accepts that the exchange of personal data is a fact of modern life and is a prerequisite for a smooth running society. More and more consumers are starting to view their personal data as an asset to be guarded and utilised for their own benefit. Such trends should be encouraged to promote a society in which consumers are confident and engaged in the culture of data exchange.
- It is clear that business have a responsibility to ensure a healthy culture of data exchange in the UK. Most paramount are measures that ensure the consumer can understand the service they are receiving in the return for their personal data, which may require an improvement to the service itself.
- More generally, it is clear that trust in a brand or organisation is the key factor that generates a willingness to exchange personal data and efforts on a macro level to improve trust in UK business will go a long way in promoting a healthy data culture.



# Methodology

In March 2012 the Future Foundation conducted, on behalf of the DMA, an online survey of 1,020 respondents exploring public attitudes towards privacy in the UK. Unless referenced, all data included in this report is taken from this survey or directly from Future Foundation nVision research.

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. Figures obtained from the complete sample (n=1,020) have a statistical error of +/- 2-3%, at a 95% confidence level.

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

# About the DMA

The Direct Marketing Association (DMA) is Europe's largest professional body representing the direct marketing industry. With a large in-house team of specialists offering everything from free legal advice and government lobbying on direct marketing issues to research papers and best practice, it is always at the forefront of developments in the industry.

The DMA protects the direct marketing industry and consumers. It promotes the highest standards through self-regulation and lobbies against over-regulation. The DM Code of Practice sits at the heart of everything we do – and all members are required to adhere to it. It sets out the industry's standards of ethical conduct and best practice.

Our 16 DMA Councils cover the whole marketing spectrum – from the digital world of social media and mobile marketing to the 'real' world channels of door drops and inserts. The Councils are made up of DMA members and regularly produce best practice and how to guides for our members.

We also have a packed calendar of conferences, workshops and discussions on the latest topics and best practice, and 80% of them are free for members and their staff.

As the industry moves on so do we, which is why we've recently launched a number of new services for our members – a VAT helpline, a Social Media Helpdesk and an IP Protection Service.

Visit [www.dma.org.uk](http://www.dma.org.uk) regularly to keep up to date with all our services.



# 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](http://www.futurefoundation.net)







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