

SMBs and GDPR

2020

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Responsible Marketing



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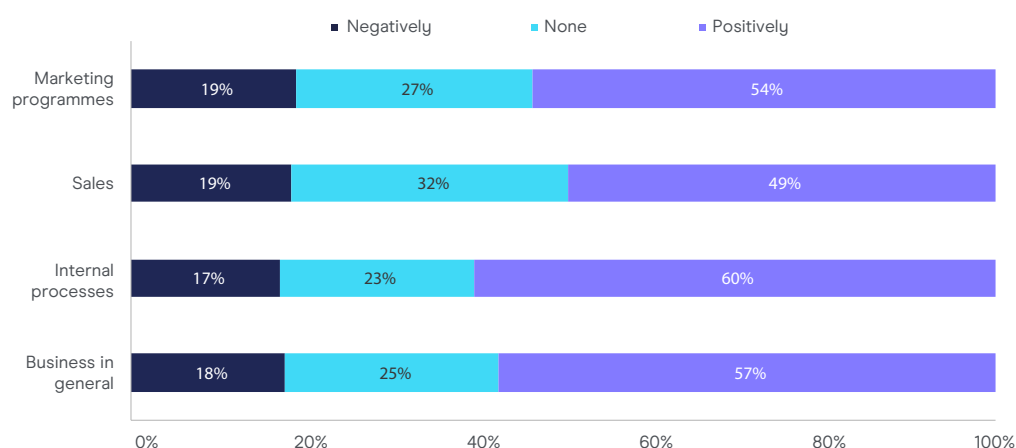
/ Introduction

The General Data Protection Regulations (GDPR) may have come into effect around 18 months ago, but 25 May 2018 was far from the finish line for compliance. As we've seen from our 'Data Privacy: An Industry Perspective' series, which has tracked the industry's concerns and preparedness since the final text of the legislation was confirmed, many organisations are now in the process of reviewing the processes they initially put in place.

While the data and marketing industry has clearly been aware, understood and implemented the necessary strategies to be compliant with the GDPR, there has been some concern about small to medium-sized businesses (SMBs). That's why we've focused this research on these organisations with fewer than 250 employees, to understand the impact of the GDPR on this engine room of the UK economy.

Overall, sentiment among SMBs about the new laws has been positive, whether that's in relation to marketing programmes (54%), sales (49%) or internal processes (60%). In fact, the 57% of respondents who reported a generally positive impact on their business was even higher than the 44% we saw for all businesses in our latest [tracker report](#) (57%). However, a noteworthy near-fifth of SMBs feel the impact has been negative, which is also around four times the number we saw in our [tracking research](#). These smaller organisations may be struggling with the new laws more than their larger counterparts.

Thinking about the effects of the GDPR, how have these new laws impacted the following for your organisation?



There are, however, some notable areas of risk and worry for these businesses. Of greatest concern is that 38% of SMBs appear to believe that the GDPR does not apply to customer data they may come into contact with.

In addition, 18 months on from the implementation of the new laws a significant number of businesses have yet to even begin or have plans to start the processes they will need to go through to ensure they're not falling foul of the new laws. For example, 'Auditing third-party data' (28%), 'Conducting DPIAs' (22%) and 'Employing data classification programme' (22%) are all possible areas of concern.

This may well be down to the lack of advice and training made easily available to help these organisations ensure they are not falling foul of the new laws. Compliance is clearly an important issue when it comes to GDPR, but it's also important to remember that the benefits of being diligent with data go far beyond that.

The key for businesses, large or small, is ensuring they are putting their customers first and at the heart of everything they stand for as an organisation. Only then will they be able to build relationships based on authenticity, transparency and trust that will drive reputation and prosperity.

This strategy already appears to be paying dividends for some, but the future success of our industry will be in making it the only solution for all organisations. Read on to find out more about the challenges, opportunities and key insights we've learnt from SMBs as part of this research.

Tim Bond

Head of Insight
Data & Marketing Association

/ Foreword - Xynics

GDPR crept up on a lot of businesses. For more than three years, Xynics has been working with small and medium enterprises (SMBs) to get them GDPR ready – but in that time we’ve been staggered by the increasing number of businesses, suppliers and partners that remain non-compliant.

These SMBs form the bedrock of our economy and yet are the ones with the lowest knowledge and therefore the highest risk. This is why we decided to approach the DMA to undertake the first joint survey of its kind into this key area of business, and reach as many enterprises as possible.

Key areas of uncertainty

As data and business consultants and certified data protection practitioners, we’ve made it our business to help other businesses understand, collect, simplify and use data. By doing so, we deliver control, stability and security to businesses that face an uncertain information future.

What has become clear in our support of these SMBs is not only the number of businesses and their suppliers that are not GDPR compliant – but that so many of them do not appear to have reached out for help. Confused by conflicting opinions, lack of knowledge and bad advice from less knowledgeable advisors, principle areas of ambiguity include customer data, prospective customers, online browsing and supplier information.

Some common SMBs thoughts are:

- “We knew we should be doing something, but we didn’t know what”
- “We can’t afford it; we simply have no budget”
- “We don’t do any marketing; it doesn’t apply to us”
- “We only deal with other businesses; it doesn’t apply to us”
- “We don’t collect personal data; we only have employees”

Part of the problem is also that although some businesses know they are having difficulties; the vast majority don’t know where to go for help. Most have not heard of the resources available via the Information Commissioner’s Office (ICO), or that trusted business advisors and data protection specialists such as Xynics can give advice and support at low cost.

There are also others that for reasons of cost, or simply being ill-informed, choose to use free resources online, or copy from other businesses, without sufficiently tailoring these templates to their business. This places them at significant risk, as demonstrated by the ICO’s 2019 enforcement action.

In our experience, businesses that have engaged professional support are more likely to have a greater understanding of their obligations and, therefore, undertake and maintain the necessary documentation, data audits and training on information security and data protection.

A dedicated support network

With this research, we set out to prove our experience was more commonplace and to use the data to help businesses gain stability in an unstable world by working to set up a support programme for SMBs that need it.

Xynics shares the vision of the ICO and the DMA that the UK should be the gold standard for information security and data compliance. As SMBs make up a huge part of this economy, without their valuable input this vision is at risk of collapsing.

The results do seem to confirm that there are significant knowledge gaps and that a dedicated support programme with training, education and access to professional advice and guidance would be highly beneficial. Not only would this ensure individuals have choice over how SMBs handle their data, but we also believe it would help boost to the UK economy as a whole.

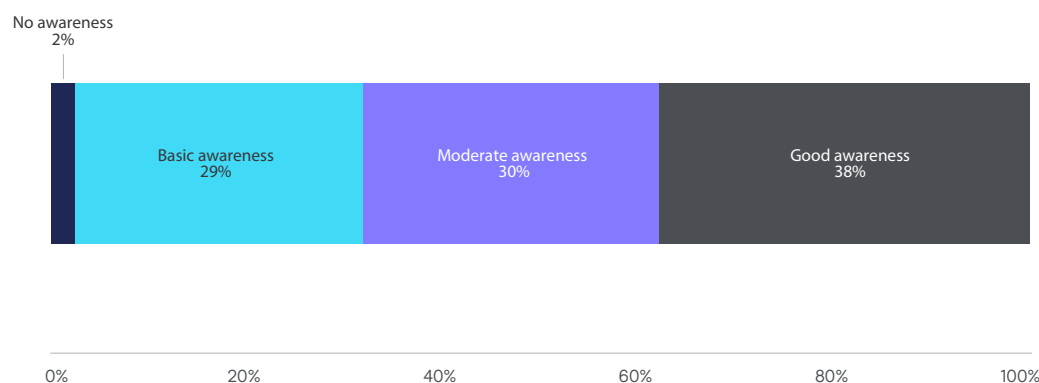
Mike Kilby PC.dp

Solutions Consultant & Data Protection Practitioner
Xynics Data Solutions Ltd

/ Awareness and Understanding

Awareness of GDPR is, unsurprisingly, reasonably high with two thirds (68%) of SMBs believing they have a good or moderate level of awareness. Just 2% reported no awareness, which is also encouraging.

How aware are you of the changes in the data protection laws brought in by GDPR?

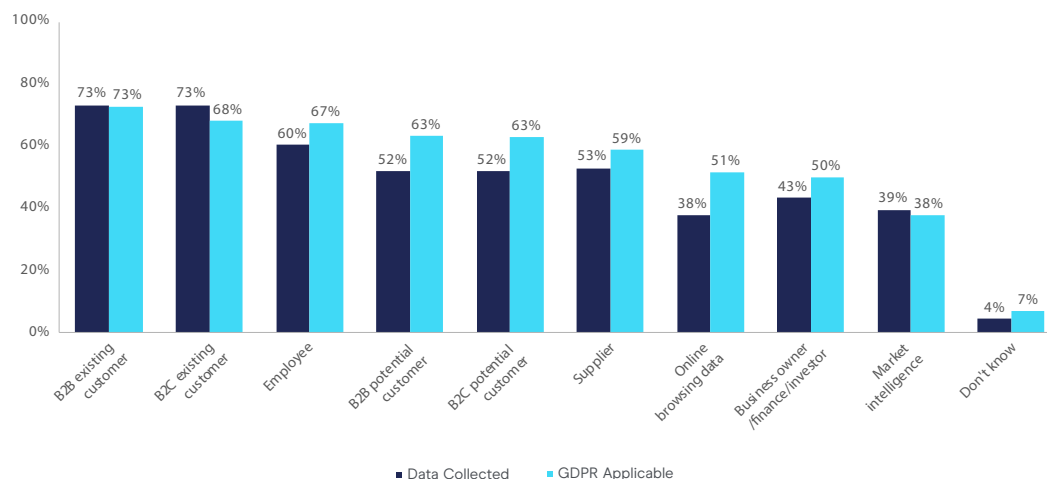


However, there were some notable differences within the SMB community. Micro-businesses (those with 10 or fewer employees) have markedly lower and less awareness of the new laws – falling to just over half (54%) good or moderate. On the other hand, the same level of awareness reaches 79% for small to medium businesses (those with 11 to 250 employees).

When asked about their personal understanding of the changes GDPR brought about, there was little difference between SMBs according to their size. Over half rate their understanding as 'Good' (53%) with a further third (35%) believing it to be 'Moderate'. This leaves just 12% with 'Basic' and only 1% with 'No understanding'.

This confidence may be a result of most respondents (96%) who believe they know the data their organisations collect, store and use. It's also a concern, however, that 60% or fewer SMBs appear to retain information on their own employees, suppliers or existing customers.

Thinking about your organisation, which of the following types of data does your business collect, store or use? And which types of data your business may come in contact with do you believe GDPR applies to?



When it comes to exactly what data the decision-makers within SMBs believe GDPR applies to, it's reassuring that over 90% are confident in their understanding. However, it's also concerning that just half believe 'Online browsing data' (51%) is applicable; although this could also be due to the fact just 38% of SMBs collect this data.

Analysing this data further, we linked the type of business (B2B or B2C) with the customer data they believe GDPR applies to. The result was the revelation that almost four out of 10 businesses (38%) believe that the new laws don't necessarily apply to their customer data.

This is a significant concern to the data and marketing industry, not to mention a risk to these businesses that are so vital to the UK economy. The split between those that appear to have a good understanding of where GDPR is applicable and those that don't is also one that we've used elsewhere in this report to analyse the drivers behind this discrepancy.

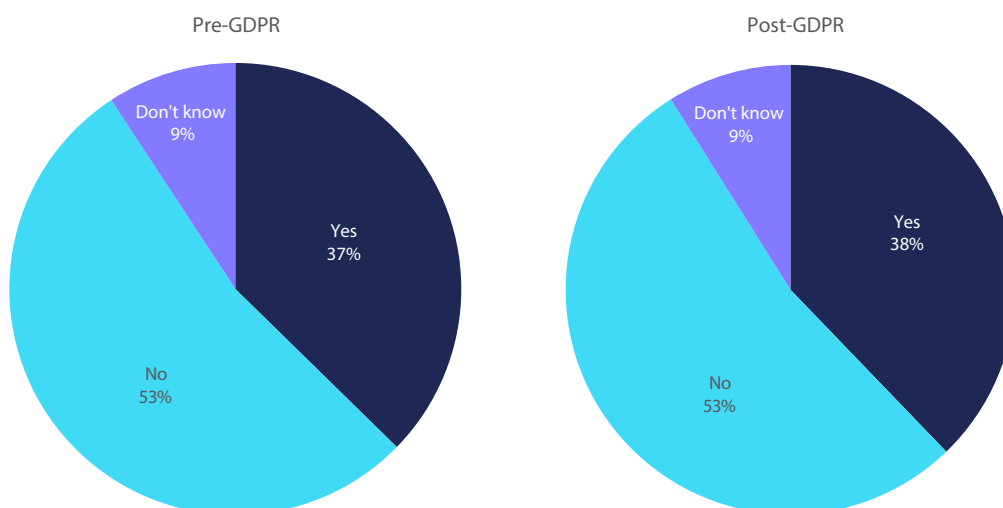
It may also be that these individuals are relying on colleagues to ensure they have the requisite knowledge and understanding of GDPR. This is highlighted by the three quarters (74%) who rate their organisation's collective knowledge about the changes as 'High' – with the remainder evenly split between 'Moderate' (11%) and Low (14%).

/ Compliance

Most SMBs have not received any specialist advice to aid their compliance with GDPR, whether this was prior to or following May 2018. This was the case particularly among micro-businesses, where around three quarters said 'No' (76% Pre-, 71% Post-).

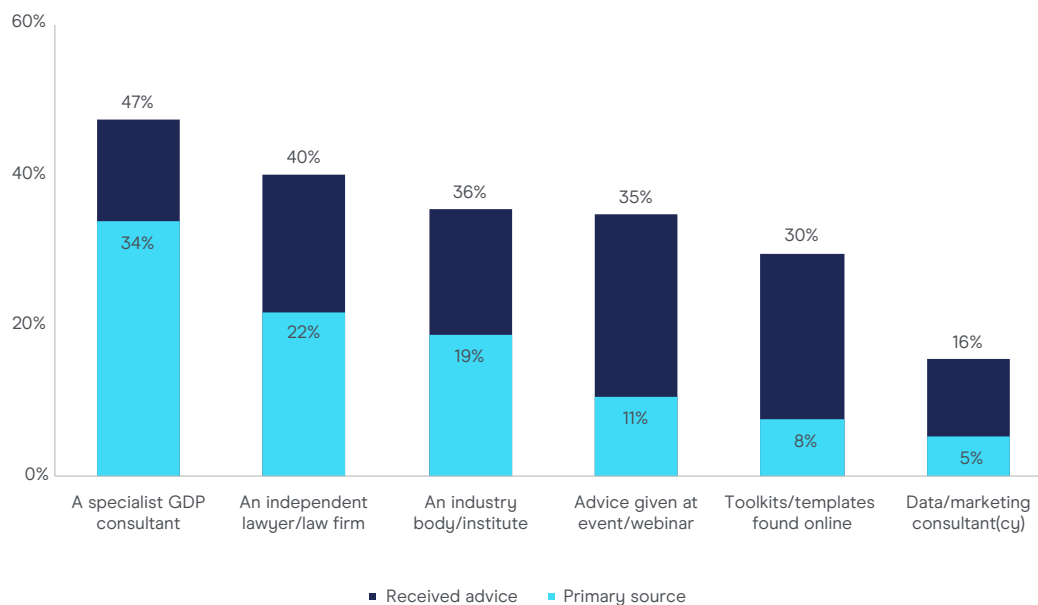
When we analysed these results according to the understanding of GDPR-applicable data (as discussed in the previous section) it was notable that those with a good understanding of GDPR were significantly more likely to have received specialist advice prior to May 2018 (43%). Conversely, those with some confusion over where data is applicable were much less likely (28%) and more likely to not be sure (16%).

Did your organisation receive any specialist advice prior to/since May 2018 with regard to ensuring compliance with GDPR?



Of those businesses that did receive some advice, most got this from a 'GDPR specialist', 'Independent lawyer/firm' or 'Industry body/institute' – particularly as the primary sources of advice. It's also notable that just over one in 10 relied on the advice given at events or on webinars (11%), rather than using this as another source to augment the specialist expertise they sought out, too.

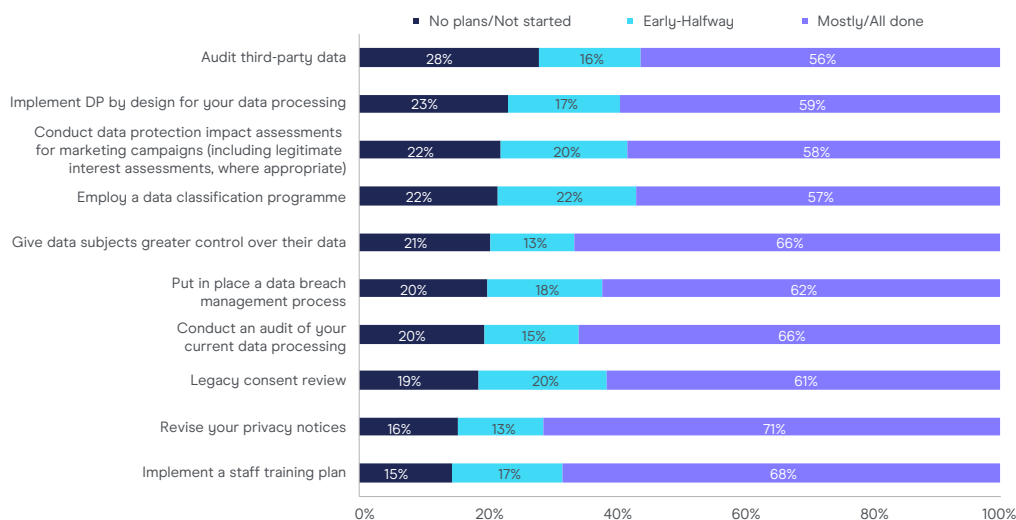
Which of the following best describes the individual(s), organisation(s) or way(s) that you received this advice from? And which would you describe as the primary way your organisation received this advice?



Asked about the extent of their GDPR compliance preparations, most SMBs appear to have their processes well under way. One in 10 believe they are fully compliant (10%) while around two-thirds believe they are at least halfway towards it or more (25% three-quarters, 40% halfway). The remaining quarter (25%) are in the early stages, but preparations are at least in progress and none of those surveyed had yet to start.

Delving deeper into where businesses have focused their time before and since May 2018, there are some notable areas where organisations appear to have no plans or haven't yet started. For instance, 'Auditing third-party data' (28%), 'Conducting DPIAs' (22%) and 'Employing data classification programme' (22%) are all possible areas of concern. More complex areas such as 'Implement DP by design' (22%) not being under way is a theme we've seen within our wider research of the industry as a whole.

Have you introduced any of the following? Either prior to May 2018 or after GDPR came into force.



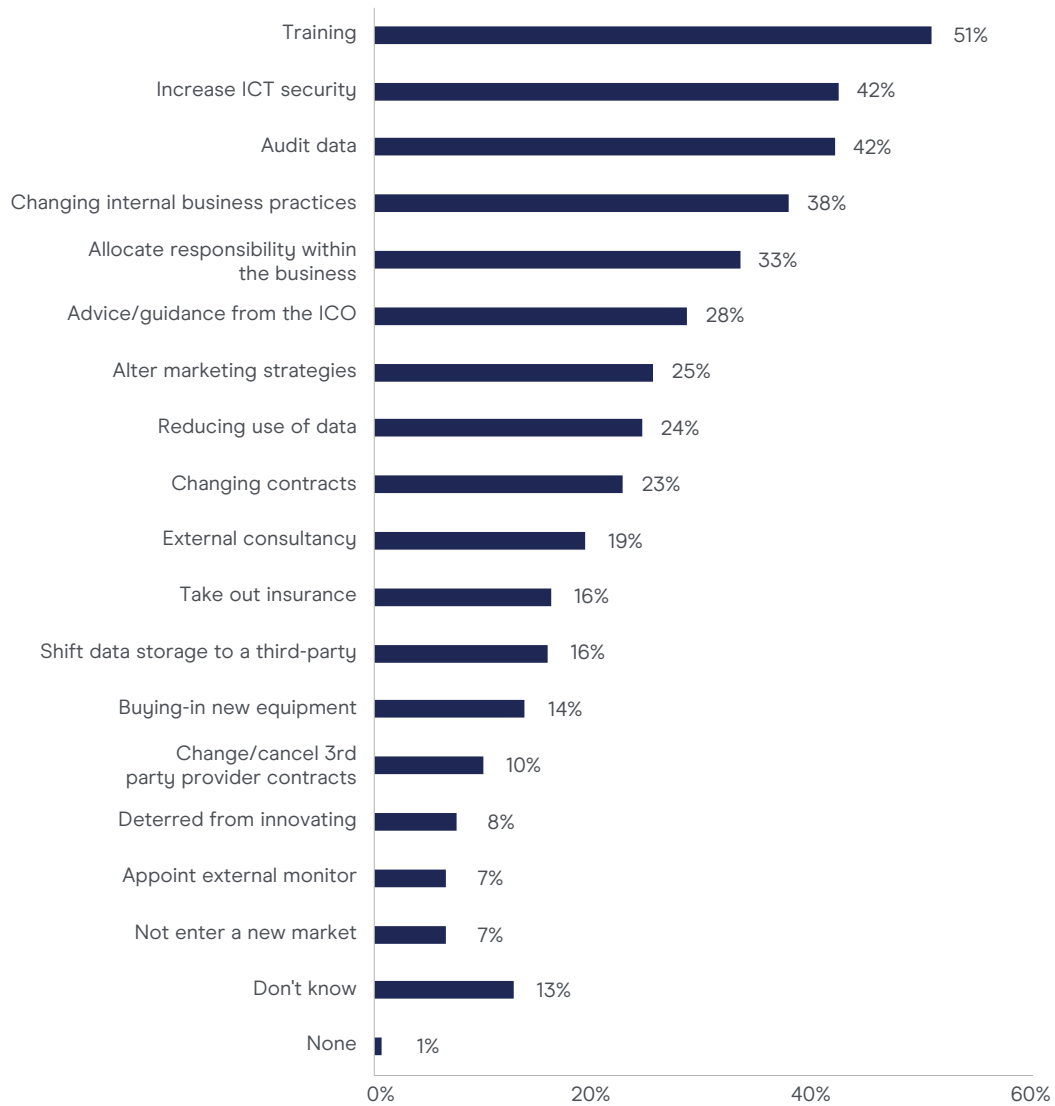
Those respondents with a good understanding of GDPR's applicability to customer data are significantly more likely to report being mostly done or finished when it comes to 'Give data subjects greater control over their data' (79%), 'Revise your privacy notices' (79%), 'Conduct an audit of your current data processing' (74%) and 'Put in place a data breach management process' (74%).

Meanwhile, those without this understanding are not only less likely to be near completion of these key areas, they're also significantly more likely to not have started or have no plans at all when it comes to 'Give data subjects greater control over their data' (32%), 'Put in place a data breach management process' (30%) and 'Conduct an audit of your current data processing' (27%).

Despite these areas of concern, there is confidence among most SMBs (80%) that they are compliant with GDPR. Just 7% accept they currently aren't, with a further 8% not sure. Most concerning is that 1 in 20 of the decision-makers surveyed (5%) believe the new laws simply don't apply to them – this is almost exclusively senior figures within micro-businesses. When asked why, these respondents cited being a small business, or incorrectly believe the data they use isn't applicable to GDPR, while some even admit they're "Not sure".

Reassuringly, most organisations appear to have some form of training programme in place to help maintain GDPR compliance, although this still only amounts to half. Other areas of focus are in line with those mentioned earlier in this section, such as security, auditing data and internal process/responsibilities. Micro-businesses are significantly more likely to say they 'Don't know' what's being done to maintain compliance (21% vs 7%), as well as being markedly less likely to deal with the areas asked about. For example, just 35% have training programmes in place.

What actions has your organisation taken or has it planned to help achieve/maintain full compliance with GDPR?

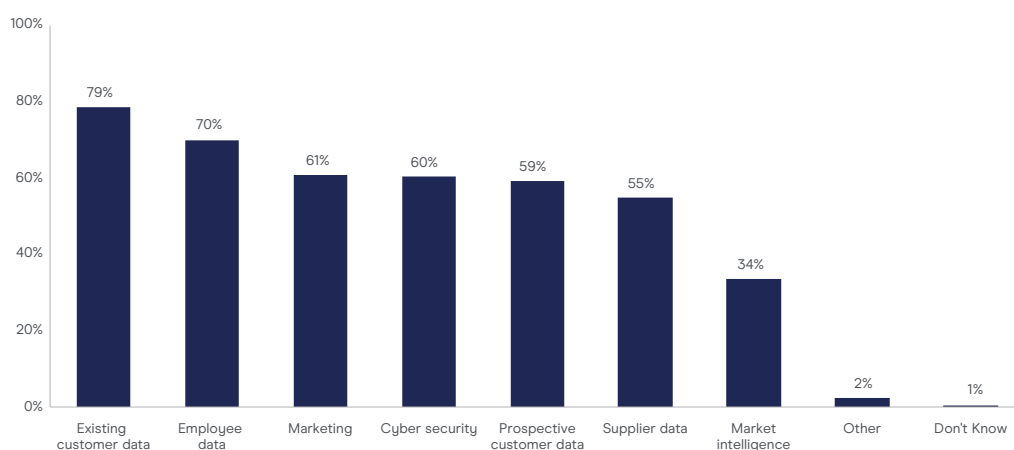


/ Training

Well over half the respondents (57%) reported having some form of training on the GDPR either before or since May 2018, with just over a third (33%) not having any. This lack of training is particularly felt among micro-businesses, where 'No training' rises to 61%. Those who have received training show a clearly better understanding that GDPR applies to the customer data their organisation handles, too.

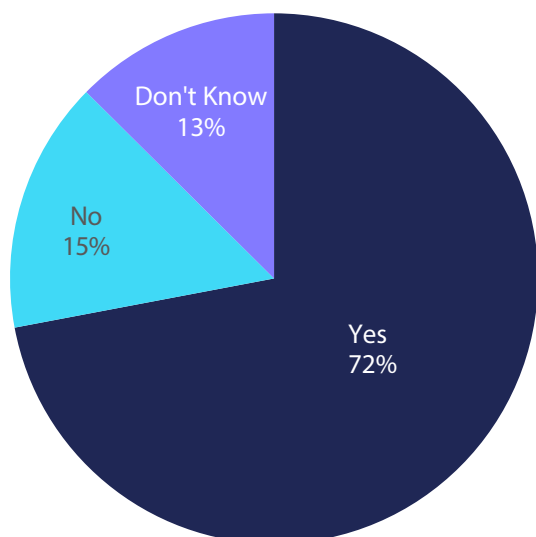
Looking at the areas that training has focused on, most respondents have received some form of training on existing (79%) or prospective (59%) customer data. It's also interesting to note the range of areas outside customer data and marketing that this training has covered.

Which areas of GDPR did this training cover?



The majority of respondents (72%) feel the training they received was adequate and appropriate to enable them and their organisation to be compliant with the new laws. Whether they agreed with this or not, there does appear to be consensus about the need for more practical training that is easier to apply to their day jobs – another theme we've seen in our latest 'Data Privacy: An Industry Perspective' report.

Do you feel your organisation has enough or the appropriate level of training in order to comply with GDPR?



Somewhat surprisingly, most of the training was delivered by in-house teams (56%) rather than respondents utilising the consultants or specialists that offered advice as we saw earlier in this report. It's also notable that only around a quarter of SMBs (23%) are taking advantage of ongoing and up-to-date training from an 'Industry body/institute' – while 39% are happy to use a private company for this expertise.

Half of the SMB decision-makers surveyed (49%) agreed that ongoing training is important for their organisation to remain compliant, with just 5% disagreeing. However, half of SMBs have no ongoing training programme available. This was particularly felt among micro-businesses, too, where two thirds (66%) have no learning opportunities in place.

This trend is prevalent among around half of all organisations, according to [our tracking study](#), which is of particular concern given that GDPR compliance is an ongoing challenge, not one that finished on 25 May 2018. Not to mention that the vast majority (90%) of SMBs have not yet completed all their preparation to be fully compliant – as we saw earlier.

/ Methodology

'SMBs and GDPR' is an initiative undertaken by the DMA in partnership with Xynics.

In November 2019, the DMA conducted an online survey consisting of a maximum of 28 questions.

There were 293 respondents, representing exclusively Senior (managing director; owner/partner; director; head of) and Mid-level (manager) leaders within small to medium-sized businesses (with 250 or fewer employees) – including a balanced range of sectors and business types.

Unless referenced, all data included in this report is taken from this survey. The data was collated and analysed by the DMA Insight department.

The report was written by the DMA Insight department and it was produced in collaboration with the partner Xynics. The report was proofed and designed by the DMA's in-house Brand and Content team.

If you have any questions about the methodology used in the report, you can contact the DMA's research team via email: research@dma.org.uk.

/ About the Responsible Marketing Campaign

Changes to the governance of data have far-reaching consequences for your business.

The new General Data Protection Regulations (GDPR) has already had an effect on how your business does business, and how it manages, protects and administers data in the future.

The new regulations came into place in 2018 and are still making waves.

At the DMA, we want to demystify these regulations and offer support to help you work to the best of your ability.

We also run events to encourage the practice of Responsible Marketing. Our popular Legal Updates discuss the current political and legal affairs affecting the industry and allow you to speak directly with the DMA's finest legal minds. Keep an eye on your emails, or visit our events page to book your spot.

For those dealing with vulnerable consumers, we have a masterclass in recognising the needs of vulnerable consumers and how to make reasonable adjustments to benefit a broad range of employees working with customers in vulnerable circumstances.

This campaign is brought to you in partnership with **OneTrust PreferenceChoice**, the largest and most widely used technology platform for operationalising privacy, security and third-party risk management.

/ About Xynics

Xynics are experts in working with businesses to help them understand, simplify and control their future success. We make it our mission to provide bespoke services that focus on building control, stability and security, to deliver confidence and peace-of-mind in an unstable business world.

As data and business consultants and certified Data Protection Practitioners, we bring data and business together, helping our clients to understand the data they have, to guide and inspire them with insightful solutions that allow them to focus on their core business and drive business growth.

We are driven by personal relationships working at every stage to reduce costs, increasing productivity and optimising profitability. This gives our clients control over their data and brings stability, insight and intelligence which helps to ensure compliance and security, protecting their business from future threats to growth and success.

Our expert knowledge in the world of data processing, business intelligence, data compliance and information security in all areas of business, brings an unrivalled know how and highly professional capability to our work, helping businesses large or small to take control, stay secure and maintain stability in today's landscape of information uncertainty.

www.xynics.com



/ About the DMA

The Data & Marketing Association (DMA) comprises the DMA, Institute of Data & Marketing (IDM) and DMA Talent.

We seek to guide and inspire industry leaders; to advance careers; and to nurture the next generation of aspiring marketers.

We champion the way things should be done, through a rich fusion of technology, diverse talent, creativity, insight – underpinned by our customer-focussed principles.

We set the standards marketers must meet in order to thrive, representing over 1,000 members drawn from the UK's data and marketing landscape.

By working responsibly, sustainably and creatively, together we will drive the data and marketing industry forward to meet the needs of people today and tomorrow.

www.dma.org.uk

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