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Keywords: direct marketing, data protection, consumer attitudes, DMA

**Understanding
consumer attitudes
to data**

**Providing vital services
does not guarantee trust**

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Business Intelligence

DMA data tracker: Analysis of four waves of research

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Abstract

The Direct Marketing Association has conducted research on consumer attitudes towards the use and security of their data by organizations four times in 2010–2012. During this time, trends have emerged that indicate an increasingly data-savvy consumer who is more wary of trusting companies with personal information and with a higher expectation around transparency on what will happen to data when it has been captured. Consumers are also becoming more proactive in protecting the security of their personal information.

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Background

Understanding consumer attitudes towards the collection, management and usage of their personal information is critical for marketing, which relies on access to data and consent to its exploitation. To explore these attitudes, the Direct Marketing Association (DMA) started regular research in May 2010 using the fast. MAP online panel of 1,000+ consumers, representative of the UK population. Four waves of research have now been conducted — in May 2010¹, September 2010², April 2011³ and September 2012⁴ — using a stable battery of questions, augmented by additional survey items in specific waves. This article reviews responses to key questions that have appeared in all four surveys and examines what they show about attitudes, which are fixed and those that are subject to change.

Key findings

Levels of trust by sector

Consumers display different levels of trust towards the way their data is managed, depending on the sector involved. Political parties have suffered from the lowest rating of any sector with a score hovering around 2 out of 5, across the two-and-a-half years over which the research has been conducted. This effectively means that consumers do not trust political parties to look after their personal information. As limited numbers of consumers are actual party members, political

marketing tends to rely on other, commercial or public domain sources of data. Hence, this distrust is a reflection of wider dissatisfaction with politicians, rather than with the actions of parties themselves.

Support for that interpretation can be found in the fact that Government and public sector organizations have seen the only significant rise in trust rating for any sector between 2010 and 2012 — rising 0.4 points from 2.6 in May 2010 to 2.81 in September 2012. Given the extent to which Government has been intervening in the economy and the level of involvement that many consumers have with the public sector, through benefits, pensions, child and healthcare, it is clear that there is a more positive belief that data is being used appropriately by organizations such as the Department for Work and Pensions, DVLA and so on.

Legal professionals continue to enjoy the highest trust rating of any sector — critical for a sector, which handles highly sensitive personal information. More surprisingly, all financial service sectors have a positive trust rating that have seen only marginal declines — banking has fallen from 2.87 to 2.74 across the period and credit cards from 2.64 to 2.62. High-profile problems and mis-selling scandals do not appear to have markedly altered the belief among consumers that these organizations can be trusted with data.

If financial companies can win trust as providers of necessary services, then it is remarkable that other providers of important everyday services, such as telecoms and utilities, do not similarly benefit. Their scores have declined from marginally positive in May 2010 (2.6 for telecoms, 2.62 for utilities) to marginally negative in September 2012 (2.45 for telecoms) or neutral (2.52 for utilities). Sectors where consumers have a clear choice about whether to engage and share data — home shopping and charities — have also not converted this to a significant trust rating, although they have not suffered any erosion either (Figure 1).

Figure 1: Consumer trust with data by sector

Data sharing less driven by marketing, more by confidence

Prompts to provide personal information

Consumers do not simply provide organizations with their personal information automatically — the right conditions have to be in place, together with a range of prompts and other factors. One of the most significant trends across the four waves of research has been a shift away from marketing-led drivers of data sharing and towards consumer empowerment. This can be clearly seen in the changing scores given to the two most influential dimensions: trust in the company and having a clear privacy policy. When the research first ran in May 2010, the majority (54 per cent) of consumers said that they would give a company their data if they trusted it. By September 2012, this had fallen to under half (47 per cent). By contrast, having a clear privacy policy is now mentioned by 43 per cent, compared with 39 per cent 2 years ago (although it should be noted that in 2011, just 33 per cent said this mattered to them). If this trend continues to grow, it underlines the importance of having clear, practical data protection measures in place as well as supporting the corporate reputation.

As seen with the levels of trust by sector, simply providing an essential service is no guarantee — indeed, there has been a steep drop in the number of consumers who would share data simply because an organization is a key service provider, dropping by 11 per cent between 2010 and 2012 to 31 per cent. Even more marked has been the decline in the number of consumers who will actively identify themselves as prospects. In May 2010, 37 per cent would give information on what they are planning to buy and 27 per cent on what they are intending to purchase. By September 2012, this had halved to just 18 per cent (planning to buy) and 14 per cent (intending to purchase).

Capturing data is often described as a value exchange — marketers routinely offer some form of reward in return for personal information. Although many consumers still respond to these proposals, their number is falling — free samples are 5 per cent less interesting now, with 25 per cent of consumers saying that they would share data in return, while discounts have fallen by a similar amount to 23 per cent. Competitions have fallen even more sharply as a prompt, down from 27 per cent in 2010 to 19 per cent in 2012, and frequent shopper points are down from 24 per cent to 17 per cent. Money-off vouchers are still persuasive for one quarter of consumers and store cards can prompt 15 per cent of consumers to share data. However, the only marketing-led proposition to have risen in impact is free shipping, up two points from 18 to 20 per cent (Figure 2).

Sharing data by relationship with the company

Relationships matter when it comes to data sharing — but the ability to transfer that confidence is limited. Consumers have one-third of the willingness to give data to a parent or group company as they do to one they directly trade with. The importance of customer relationships is very clear — 76 per cent of consumers say that they are willing to give data to companies they are actively engaged with. This proportion

Prospects are cold unless the price is right

Figure 2: Prompts to provide personal information

has hovered around the three-quarter level across all four waves of research.

This relationship may be elective, or it could be one in which the consumer feels more of a hostage. Nearly two-thirds of consumers (63 per cent) will share data with companies selling products they have to buy. This reflects the core role, which personal information now plays in delivering products and services in most sectors beyond those where the consumer can still make a purchase anonymously, such as retail.

Despite this, only one in five are willing to give their data to a company in the same group — and this level has fallen from 27 per cent in May 2010, showing a growing level of resistance to cross-selling of products and services. Capturing data on cold prospects is the hardest challenge of all, with barely one in 10 consumers happy to give out their personal information to a company they have never dealt with before.

The one area to see a rise in willingness to provide information is aspirational products. If a company is selling high-value products that the consumer may buy, 29 per cent say that they will give it their data, up from 23 per cent in May 2010. Although there is no actual difference between a prospect for a high-value and low-value product — they are both cold contacts until a sale has been made — the extra sizzle of items with a big ticket price does have a positive influence on consumer data sharing (Figure 3).

Reasons consumers lose trust in data handling

Just as there are drivers for data sharing, so are there factors that can damage that trust. Prime among these is having a bad personal experience, as mentioned by 43 per cent of consumers in September 2012. Although this remains the primary reason as to why a consumer might withdraw their willingness to provide personal information, it has fallen in importance by six points since May 2010.

Media reports of data losses or data security breaches are the second most important reason, with three out of 10 consumers naming them

**Unwanted marketing
can push consumers
away**

Figure 3: Influence of relationship on data sharing

Figure 4: Reasons to lose trust in data handling

as a cause for their loss of trust. This proportion has remained unchanged across the four waves of research, despite some high profile incidents that have occurred during that time. Consumers in this group are clearly sensitive to the reputational damage, which data problems cause, but they are not being joined by others regardless of what might be in the headlines.

The biggest rise has been among consumers who lose their trust in a company's responsible handling of data if they receive unwanted marketing material. A rise of six points from 21 per cent in May 2010 to 27 per cent in September 2012 indicates that marketers are now nearly likely as journalists to trigger consumer pushback (Figure 4).

Concerns about data security

Data security has featured strongly in media reports over the past 2 years as a result of high-profile data breaches. As has already been noted, a significant group of consumers name these as a reason for losing their trust. Yet, there are also others who, while perhaps not losing trust, are persuaded to take steps to protect their own data. This is a fast-growing group, rising from just 22 per cent in May 2010 to nearly half (48 per cent) in September 2012.

This growth is fuelled by concerned consumers becoming proactive, rather than failing to act on their worries. Two years ago, individuals

Concerned consumers are increasingly addressing data security

Figure 5: Concerns about data security

who said they were worried but did nothing were the largest group at 40 per cent. That has now halved to 19 per cent as consumers take more control of their own data security.

Unchanged in size, however, are those who are *laissez faire* — one quarter say that they probably should be more concerned. This indicates an awareness of potential problems that are yet to translate into real concerns and active steps. By contrast, fewer than one in 10 have no concerns and this group is gradually shrinking (Figure 5).

Conclusions

Customer relationships are the most important dimension in sharing personal information through trust in the company, clear privacy policies and providing essential services. By contrast, prospects are much harder to win over. A growing number of consumers may lose their trust in how a company handles their data if they receive too much marketing — and the marketing techniques, which are used to persuade consumers to provide data as part of a value exchange have been losing their impact.

As marketing increasingly relies on personal information, practitioners need to respond to the growth of the informed, empowered consumer who is more willing to take control. This may involve putting data sharing into terms and conditions, for example, provided this comes with a degree of transparency and fair dealing. If consumer data does become hard to access, it is increasingly likely to be the fault of marketers themselves, rather than shifting consumer attitudes.

Notes

1. May 2010 (1) — <http://dma.org.uk/toolkit/data-tracking-report-june-2010>.
2. September 2010 (2) — <http://dma.org.uk/toolkit/fastmap-dma-data-tracking-study-september-2010>.
3. April 2011 (3) — <http://dma.org.uk/toolkit/fastmap-dma-data-tracking-study-2011>.
4. September 2012 (4) — <http://dma.org.uk/toolkit/data-tracking-report-2012>.

Need to respect the changing consumer