

RAPP 

THE TOOLS TO SURVIVE
THE DATA APOCALYPSE

 FORESIGHT
FACTORY



THE DATA APOCALYPSE IS LOOMING

Survival expert Bear Grylls says you can last 3 minutes without air, 3 days without water and 3 weeks without food.... But if it's a matter of survival, how long can your business last without data?

You wouldn't be reading this if customer data wasn't important to you. It's important to us too. So we asked 2000 consumers, in a national quantitative survey in partnership with the Foresight Factory, how they feel about sharing their personal information with brands in a number of sectors (Banking & Insurance; Mobile Telco; Fashion and Beauty; Hotels; Airlines and Automotive). Then we asked what kind of data value exchange they find acceptable. Unsurprisingly, we found that marketers' interests are not aligned to those of their customers.

70%

of consumers feel that no company has ever provided them with real value in exchange for their personal data.

WE SEE A DATA SHARING 'RECESSION' APPROACHING

A world where:

40%

of consumers feel sceptical about sharing their data and almost two thirds feel 'out of control' or 'worried'.

A world where the value consumers expect in return for their data is for all intents and purposes non-existent.

A world where this depth of consumer feeling is plunging us towards a data-sharing "recession"; a shortage of the valuable personal data that fuels today's modern marketing. Consumers are already beginning to act on this sense of inequity and lack of control, by choosing to withhold from brands the privilege to use their personal data.

“
All companies will have a hidden agenda.”
MALE, 47, SOUTH EAST

A world where impending legislation will force companies to destroy any historical data they have that has not been **explicitly consented to within the average customer lifecycle**. This "zombie data" is still being collected by brands today. Personal information collected with a vague intention of using it for something in the future, will no longer be viable for use once legislation comes into force.

The General Data Protection Regulation (GDPR) is new legislation that comes into effect from 2018. That's a short window of opportunity to get your house in order, as things are going to be very different in the field of Marketing once it does.

Only

20%

of consumers see sharing personal data as a way to get more value from companies.

“
There's no such thing as providing value in return for my personal data.”
MALE, 36, SOUTH EAST

The stakes are rising: serious data breaches could attract **a fine of €20m or up to 4% of global turnover**. Brands that embrace the issues and take collective responsibility for getting it right now will be the winners, but brands that don't, risk being the **€20m test case**.

UNDERSTAND
ADAPT
THRIVE

HOW CAN BRANDS SURVIVE THE DATA APOCALYPSE

It can be done, but it's not just a matter of changing a few words in your privacy policy, offering to delete customers' data and asking for consent more explicitly. These measures are the barest minimum required by the new legislation (which, regardless of Brexit, is coming our way). Survival brands must do more than meet their customers' expectations. They must inspire loyalty.

To gain the advantage, brands need to act now.

Accepting the world has changed is the first step. Brands need people more than people need brands. Our marketing efforts need to be realigned to this new reality.

At RAPP, we believe the future of CRM is CMR – **Customer Managed Relationships**. CMR recognises that all the power is increasingly held by consumers, who will not only choose which brands to interact with and opt into, but how deeply to interact and how long for. This means we need to reimagine the way we think about customer journeys, channel strategies and how to get what we want out of the relationship.

Industry specific disruptors such as open banking and smart energy, will accelerate the requirement for brands to embrace consumers as equal partners.

In the modern marketing environment, personal data is a critical driver of value for brands. We therefore need to understand the price of that data, and what is valuable to consumers.

The data value exchange is a concept brands must grapple with. No longer can it be assumed that personal data can be collected and exploited as needed.

Our three step customer-centric approach to the data value exchange, will genuinely help brands UNDERSTAND, ADAPT and THRIVE in 2017 and beyond.

STEP ONE UNDERSTAND

the new rules of engagement

WHY do I need to understand?

We didn't just talk to consumers, we surveyed over 100 senior marketers across these sectors too. Brands know they should be doing something but they don't know what.

50%

of marketers we surveyed didn't know what to do to make the value they offer more effective in encouraging data sharing.

Consumers are savvy and demanding. They expect to be recognised in terms of their recent interactions, not just their name and product details. Personalisation is now about the length, depth and recent accurate specifics of the relationship, and brands that fail to act on this risk losing to their more agile competitors.

“
If I give them my personal data I expect them to treat me as a person they know.”
MALE, 23, EAST MIDLANDS

“
They already have a lot of personal data and I do not see them using that to provide value to me.”
MALE, 38, EAST ANGLIA

WHAT do I need to understand?

Our research shows that customer expectations of the data relationship they have with a brand vary by sector.

For example, consumers expect to have a functional and supportive relationship with banks. “Functional” in this context means fulfilling the customer's basic needs and “Supportive” is about providing guidance and support. In the specific example of banks this translates to: being honest, being efficient, but also providing advice and lifestyle appropriate support.

These expectations frame what consumers will accept as a value exchange for sharing additional personal information over and above their identity and basic spending habits (information they assume that banks have already).



Consumers are uninterested in sharing additional personal information with banks: **only 7% were willing to share information about their current mood with a bank.**

But if they can see exactly how their mood data could improve their functional and supportive relationship with the bank - for example, "sharing my mood with a bank so they can give me advice on how it impacts my spending habits" - **their interest in sharing increases by 72%.**

WHAT should I do with my new knowledge?

Understanding the relationship expectations consumers have in your sector means you can start to describe the benefit to the consumer in a more enticing way (assuming you can deliver on the promise, of course!).

“ I would like to think you can trust a bank and they could give you products to suit your needs if they knew more about you. ”
FEMALE, 53, SOUTH EAST

We have shown similar results for insurance companies, fashion brands mobile brands, airlines, and hotels.

As a rule, brands in each of these sectors focus their communication strategies in the areas that consumers expect. For example, Lloyds Bank takes a supportive approach with its line "For your next step"; Direct Line's "A good deal better" and Boohoo's "Poolside glam. From £8" hit the Functional nail on the head; and Virgin Atlantic's "Life doesn't come to you so go to it" works beautifully to introduce the consumer to new experiences. However this brand behaviour doesn't translate to how the brands treat their data value exchange. All of these brands invite consumers to share that valuable personal data via daunting legal documents, none of which outline to the consumer what they get in return.

Relationship expectation

What this means in this sector

	Relationship expectation	What this means in this sector
BANKS	Functional	Honesty, efficient service
	Supportive	Advice, lifestyle support
INSURANCE	Functional	Honesty, efficient service, value for money
	Supportive	Advice, lifestyle support
FASHION	Functional	Value for money
	Creative	Inspire me
	Personal	Understanding my personality
BEAUTY	Functional	Efficient service, value for money, honesty
	Creative	Inspire me
AIRLINES	Functional	Efficient service, value for money, honesty
	Creative	Give me new experiences
HOTELS	Functional	Value for money, efficient service, honesty
	Creative	Give me new experiences
MOBILE TELCO	Functional	Efficient service, value for money, honesty
	Supportive	Enable me to live my life the way I want to
AUTOMOTIVE	Functional	Value for money, efficient service, honesty
	Supportive	Enable me to live my life the way I want to



STEP TWO ADAPT

to meet new consumer expectations of value

RAPP is in the business of creating value for brands. Value is a two-way street though, and to continue to create value for brands we also need to understand what “value” means to consumers.

Alongside the qualitative and quantitative research into consumer and marketer attitudes to data sharing, we have also partnered with SignSalad to understand the semiotics of “value” in today’s culture. This has enabled us to identify the levers available to us to drive the data value exchange and improve the value creation potential of brands.

Understanding the implicit signs and symbols of value, can help brands focus their efforts on driving customer value perceptions, to in turn inspire repeat purchase, loyalty... and data sharing.

WHY do I need to understand?

The meaning of value changes with economic, cultural and social trends. Back in 2012 when we first analysed the meaning of value, our research showed that value meant something simple: basic products at low prices.

The meaning of value in 2016 has evolved significantly. It is a much more rounded concept today. Consumers have become much more active, liberated participants in the less rational or transactional aspects of brands.



This evolution has been partly fuelled by the economic recovery, and partly by technology, enabling brands to give consumers more and more choice.

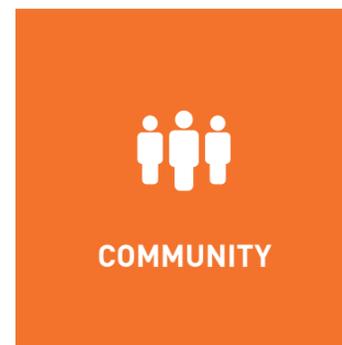
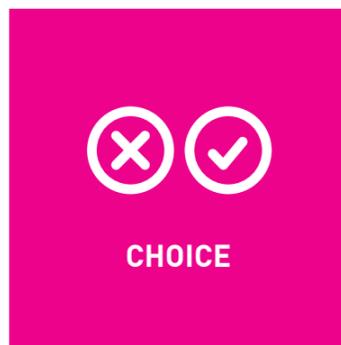
What this means for the data value exchange is that no longer will a promise of points, prizes and deals suffice as the price of data collection. Brands need to give a bit more of themselves in return for valuable personal data.



WHAT do I need to understand?

So if brands are no longer able to bribe their way into peoples' lives, how do you earn that privilege by evolving the data value exchange you offer?

Our research has identified 3 priority levers available to brands to drive consumer value perceptions: Choice, Control and Community.



CHOICE

By 'Choice' we mean the enablement of discovery through transparency and organisation of information, and the (seemingly) serendipitous surfacing of unexpected extras. This isn't an excuse to bombard people with more information than they could ever want or need, but to make it available if or when they do. Nobody really needs to track their individual eggs back to the farmer they came from, but the value in the Sainsbury's egg tracker is in the fact that you could if you wanted to. Not to mention all the extra egg recipes and information that will inspire you to buy more or upsell you to Omega 3 eggs, that come as part of the experience.

In our research we tested using Choice as a lever for the data value exchange. Choice is integral to the supportive relationship consumers expect from mobile phone providers. We saw consumers' willingness to share data with a mobile provider more than double from 15% to 35% when a choice lever (an unexpected extra in the form of a free trial) was used.



CONTROL

By 'Control' we mean empowering consumers by removing restrictions and enabling tailoring. Waitrose's "pick your own offers" are a great example of a brand embracing control as a value lever.

One of the successful Control levers we tested as a driver of the data value exchange, was in the fashion category. "Receiving exclusive in-store offers from a clothes store in return for my location and preferences" – which drove a significant increase in consumers' willingness to share data from 7% to 48% – an increase of 85%. Explicitly calling out "preferences" indicates the empowerment of Control and the use of "exclusive" chimes with personal relationship expectations in the mind of the consumer.



COMMUNITY

By 'Community' we mean connecting consumers more deeply to the wider purpose of a brand, providing social currency and delivering opportunities for consumer and brand co-creation. Santander Cycles' sponsorship of the London "Boris Bikes" is a strong use of the Community lever as a driver of value perceptions for their brand.



Providing personal data shows a commitment to a company. I expect value for that commitment.



MALE, 35, SCOTLAND

The data value exchange we tested using Community as a lever in the travel industry: was "receiving space for a blog post on a hotel website in return for information relating to my preferred leisure activities". This drove a 20% increase in willingness to share data.

Word of mouth, reviews and ratings are fundamental to the success of the travel sector, so Community as a value driver supports the expected functional (honest) and creative (give me new experiences) relationship, whilst also demonstrating openness and trust in the customer.

	Sectors where this is the primary value lever	Sectors where this is the secondary value lever	How value is delivered
CHOICE (Icons: ✕, ✓)	Banks Insurance Mobile telco		By enabling discovery and decision making through transparency and unexpected extras
CONTROL (Icon: ⚖️)	Fashion Beauty Airlines Hotels Automotive	Mobile telco	By empowering consumers through removing restrictions and enabling tailoring
COMMUNITY (Icon: 👥)		Fashion Beauty Hotels	By demonstrating ethical commitment; providing social currency and enabling co creation through exchange of info

“
To whom much is given, much is expected.”
”
FEMALE, 45, SOUTH EAST

What should I do with my new knowledge?

Using relationship expectations and the value drivers together will shape your data value exchange, giving it resonance and impact:



For the final part of the data value exchange, please turn the page...

STEP THREE THRIVE

in a future that puts control in
the hands of the customer

WHAT IS PRIVACY BY DESIGN?

Consumers aren't aware of the new **GDPR** legislation, but once it gets on their radar, it's highly likely that they'll take the lead, much as they did with the PPI compensation scandal. So brands need to be on the front foot, anticipating the effect of the legislation and putting consumer interests at the heart of their data systems and infrastructure. You need to apply **Privacy by Design**.

Privacy by Design?

It's an internationally recognised approach to marketing systems that's all about putting control in the hands of the customer. Privacy by Design is based on 7 "foundational principles":

1. Proactive not reactive – preventative not remedial
2. Privacy as the default setting
3. Privacy embedded into design
4. Full functionality – positive-sum, not zero-sum
5. End-to-end security – full lifecycle protection
6. Visibility and transparency – keep it open
7. Respect for user privacy – keep it user-centric

What this means for consumers is that they will be able to:

- See what data they are sharing
- Add, change or withdraw their marketing consent more easily than ever before
- Transfer their data easily between brands
- Erase all of their data
- Request access, rectification or restriction of processing
- Lodge a complaint

This may sound like a lot, but it's happening now, and all brands need to embrace Privacy by Design if they're going to survive the Data Apocalypse.



Why should I care?

In the new world of the **GDPR**, the attitude “If I give you consent, this is what I gain” will start to drive how consumers think about data sharing and how they choose the brands they share with. The data value exchange will be front and centre of customers’ thoughts about brands, an anchor for future affinity, trust and loyalty.

How can my brand thrive in the new world?

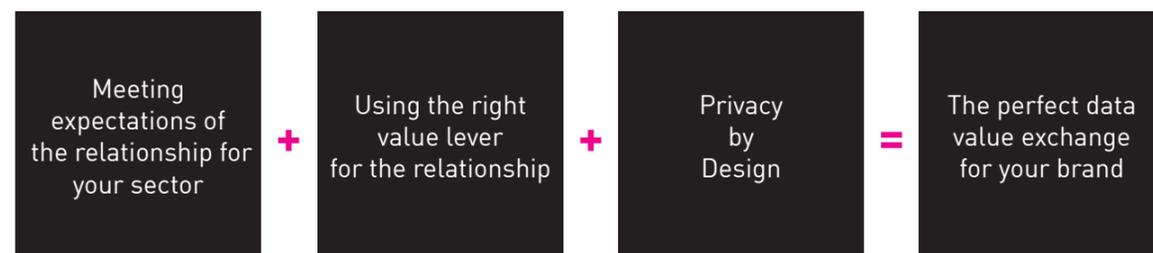
At RAPP we make a point of putting Privacy by Design at the core of everything we do: we use it as a framework to maintain customer confidence, demonstrate value and make consent more than just ticking boxes.

Part of this is putting people first and understanding their privacy and security concerns, but it’s also about understanding their relationship expectations of brands, and the acceptable meaning of value in each sector as we have explored in our research and in this paper.

Customers need to understand what brands are asking for and why so they can make informed decisions about whether and what to share. So, brands need to:

- Put the data value exchange in real language for real people.
- Design interactions that protect the consumer and deliver on the value levers of Choice, Control and Community.
- Be more creative in meeting customer needs: this is especially important in world of adblockers and unsubscribes.

A summary of some of the data value exchanges we tested in research and the impact they had on willingness to share data is in the table opposite.



	Original value exchange	Willingness to share	New value exchange	Increase in willingness to share
BANKS	Sharing my spending/saving habits with a bank	28%	Receiving financial advice in return for my saving/spending habits	+22%
	Sharing information about my current mood with my bank	7%	Sharing my mood with a bank so that they can give me a advice on how my mood impacts my spending habits	+72%
INSURANCE	Sharing information about my medical history with an insurance company	23%	A personalised health insurance policy that took into account my lifestyle, health and exercise habits	+39%
FASHION	Sharing my location with a fashion brand	7%	Receiving exclusive in-store offers from clothes store in return for my location and preferences	+85%
AIRLINES	Sharing my spending/saving habits with an airline	4%	A personalised travel itinerary based on my budget and preferences	+91%
	Sharing information about my preferred leisure activities with an airline	12%	Receiving surprise travel suggestions based on my lifestyle habits	+66%
HOTELS	Sharing information about my preferred leisure activities with a hotel	17%	Receiving space for a blog post on a hotel website in exchange for information relating to my preferred leisure activities	+19%
MOBILE TELCO	Sharing my location with a mobile telco	15%	Sharing information about my location with a mobile provider in exchange for a free trial of their new services	+57%



“When you stand at the bottom of a mountain, you can rarely see a clear route to the top. It is too far away and the path is twisty and hidden behind obstacles. The only way to climb the sucker is to start – and then keep putting one foot in front of the other. One step at a time”.

BEAR GRYLLS

A SURVIVAL GUIDE FOR LIFE

Give us a call or drop us a line to find out more:

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You've got the tools, what next?

New regulations, new technologies, new-found consumer confidence – it's a lot to deal with for any marketer. Survival is a choice though. Nobody knows this better than our friend Bear Grylls.

The Data Apocalypse isn't the beginning of the end. It is a catalyst for positive change. It is the start of a new more advanced era for your brand, if you act now. There are several ways RAPP can continue to help:

1. **Book a RAPP Data Audit** – using our maturity matrix our team will identify how you maximize the value of your data and tackle any “zombie data” you may have.
2. **Perfect your Data Value Exchange** – with our in-house research, we'll evaluate your data value exchange and determine a unique formula that's right for your brand.
3. **Privacy by Design** – discover how to build privacy into the core of all your data-driven communications, to revolutionise your customer relationships in the context of the brand behaviours that are important for your brand.



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