

Data nation 2012
Our lives in data



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Foreword

Welcome to this Deloitte Analytics research report, the first in an annual series of national surveys examining the public's attitudes towards data collected and used by organisations in both the public and private sectors.

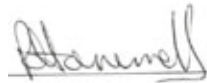
This research is part of a new insight programme we embarked upon this year. In a series of points of view and research papers, we are seeking to demonstrate that organisations in the future will need to compete primarily on the basis of the insights they can extract from data and turn into decisive action.

While the public is worried about the security and privacy of personal data, our research finds that people are more concerned about the lack of transparency from some organisations that collect and use such data. They are confused about or simply do not understand what data is collected, how it is used or who benefits from its usage. Thus, even though organisations may focus their efforts on assuaging the public's anxieties over data protection, strong opposition to data use is still likely to remain.

However, the public's attitudes also present a real opportunity to bridge this gap. The evidence suggests that people are more likely to turn to those organisations that are open about data use and clear about the associated benefits and risks to both the individual and the organisation. In an increasingly digital and data-hungry world, brand, marketing and customer-retention strategies need to pay much closer attention to the customer's appetite for data interaction – both positive and negative.

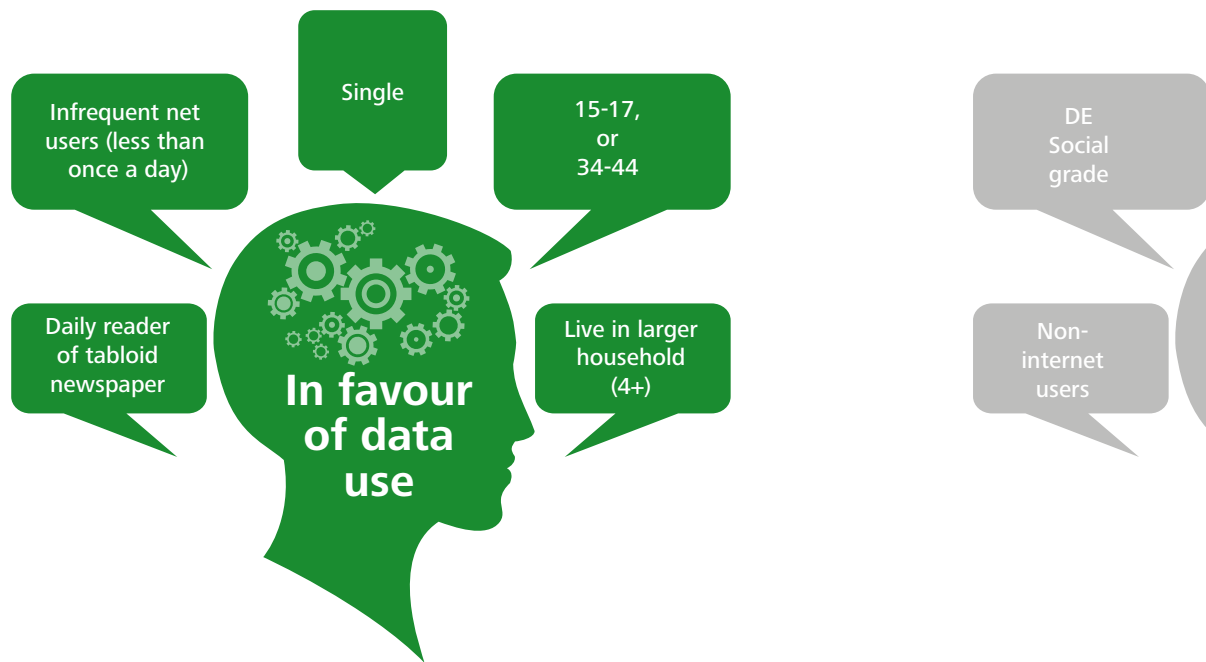
We thank Ipsos MORI for their efforts in shaping and conducting the survey.

We hope that you and your colleagues find our views thought-provoking and useful. We thank you for your interest and welcome your feedback.



Richard Hammell
Partner, UK leader, Deloitte Analytics

Executive summary



The widening gap

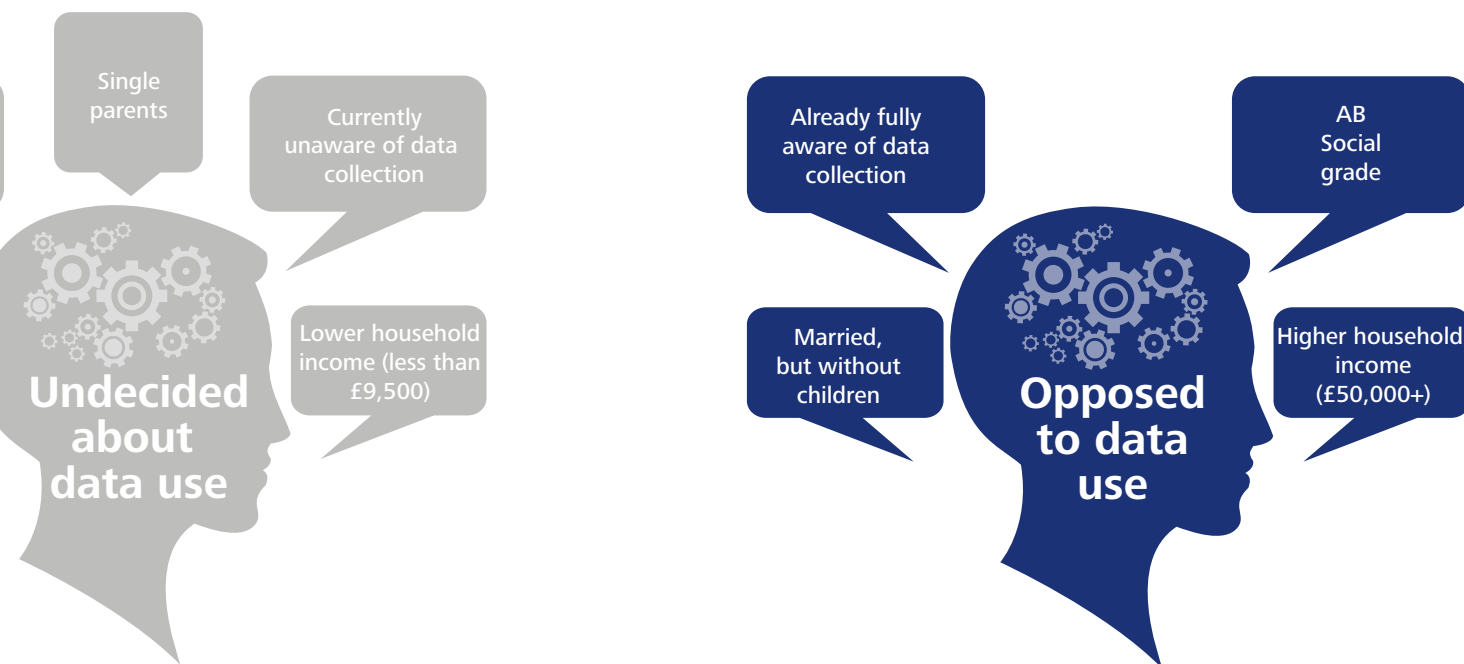
We are continuing to generate huge quantities of data in almost every aspect of our lives – data created through our interactions with organisations and with each other. Alongside governments and their agencies, online retailers, search engines and social network providers are among the largest collectors of data in the world.¹ The combination of social networking and mobile communications, in particular, is allowing people to connect in new and exciting ways but is also creating a flood of data. For instance, according to the International Telecommunication Union, there are now more than one billion active social network users worldwide, and significant proportions of consumers are using these channels to interact with brands.^{2, 3}

While organisations in the past were limited to using relatively small quantities of structured, transactional data about their customers or citizens, nowadays, through the advent of powerful new data collection and processing technologies, organisations are also able to analyse vast quantities of unstructured data – documents, blog or social network posts, music or film playlists, call-centre transcripts, photographs and images, video and numerous types of data in other complex forms. Seventy-five per cent of all data, structured or unstructured, is created by individuals, while 80 per cent either touches or is ultimately managed by organisations.⁴

However, as more and more organisations seize upon the power of data and increase their level of processing prowess, some customers and citizens are being left behind – in terms of both understanding and consent. Deloitte's research points to a widening gap emerging between what organisations want to do with data and what their customers want to be done with it. Rightly or wrongly, customers perceive it to be theirs to control.

The Deloitte Data Attitudes Survey, to be carried out annually, measures the public's attitudes towards data collection and use in the United Kingdom. Using the survey, organisations can understand how public perceptions are likely to drive strategies for data and analytics and enable competitive advantage. The results of the 2012 survey, carried out in conjunction with Ipsos Mori, show that:

- over 80 per cent of the UK population is aware that data about them and their activities is collected by organisations
- people are, on average, over eight times more likely to oppose data use than to favour it
- the majority of people would like stronger laws, safeguards and the use of anonymisation techniques to protect their data



- more than half of people opposed to their data being used suggested this was because they did not know what would happen to it
- only 17 per cent of people would be happy to receive tailored marketing.

Deloitte's research suggests that the public's attitudes towards data use by organisations are not just driven by their concerns about security and privacy, but also – crucially – by the lack of understanding of what data is collected, how and where it is used, and what benefits they will receive.

The findings suggest that organisations should embrace the principles adopted by some leading businesses and public sector bodies, which build strong engagement and educate customers and citizens about data. Such principles give individuals the knowledge they need about the risks and benefits to enable them to make informed choices.

In addition, policy makers and all organisations tasked with protecting personal data must recognise that legislation can only go so far when technology continues to change rapidly. Ultimately, safeguarding individual privacy will become a moral and ethical responsibility placed on all organisations rather than just a legislative action for the Government. Only by acting on this responsibility will organisations become the trusted advocates of their customers and citizens.

Rather than painting an entirely stark picture of the public's attitudes towards data, the Data Nation 2012 highlights the importance of wider engagement and greater responsibility to the public. This can lead to a commensurate opportunity for the UK to take a global lead in the knowledge economy and benefit from the power of data.

Our lives in data: Bridging the gap between awareness and understanding



Data is set to power the UK economy

The UK has become a nation dependent on the creation, consumption and control of data. Whenever we buy our groceries, travel overseas, pay our taxes, send an SMS text, blog or post social network updates, apply for a loan, settle a bill, visit the doctor, or any number of other activities, we are generating a trail of data that organisations use to understand our lives and behaviour better.

In a 2011 report on enterprise server information, titled "How much information?", the University of California estimated that enterprise servers processed 9.57 zettabytes of data globally in 2008, an amount equivalent to nearly six gigabytes of data daily for every person in the world.⁵ The same report suggested that if this information was shared out among all the world's companies, each would have processed an average of 63 terabytes of data – equivalent to the entire collected works held by the British Library. According to research from The Economist Intelligence Unit in 2011, 73 per cent of organisations said that data collection continued to increase in the previous year.⁶

Some organisations are using data to improve the quality of customer experience by measuring and acting on sentiments expressed by customers or by linking the disparate divisions and operating units that customers tend to connect with. Others analyse data to predict a customer's propensity to buy new products or services in order to recommend future purchases proactively or offer discounts to encourage a longer-term relationship. Often, data is analysed to fine-tune the enterprise itself, with analytical insights used to refine internal processes, promote safety or pinpoint operational issues that, if resolved, can drive up efficiency, profitability and competitive advantage.

Just as the Industrial Revolution transformed the global economy two centuries ago, a digital revolution is now taking hold. The combined forces of globalisation and rapid advances in technology create an opportunity for the UK to be at the centre of a new knowledge-based economy, fuelled less by manual labour and more by data and insight. For instance, the economic value of so-called 'big data' to UK private sector businesses and public sector bodies in 2011 was recently estimated by the Centre for Economic and Business Research (CEBR) to be over £25 billion, and is expected to reach nearly £41 billion by 2017.⁷ Between 2012 and 2017, CEBR estimates that business efficiency, business innovation and business creation as a result of big data and analytics will contribute 2.3 per cent of the cumulative UK Gross Domestic Product over the same period. Similarly, the Cabinet Office has estimated the economic contribution of the UK's open government data to be £16 billion in 2011.⁸



The amount of data processed by enterprise servers every day for every person in the world.

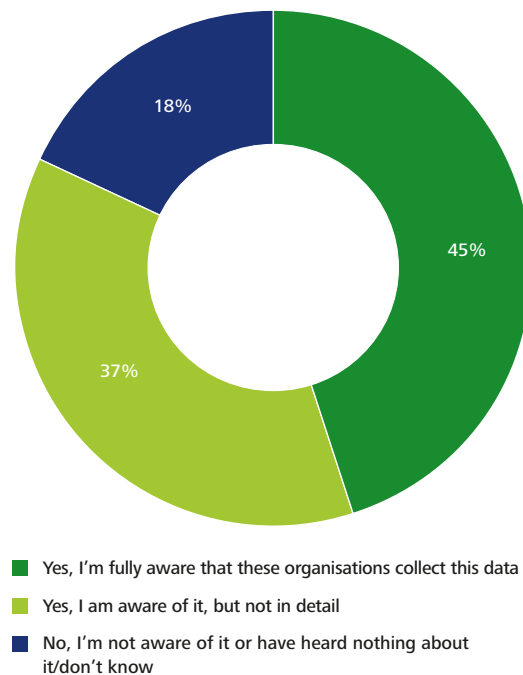


£25 billion
The contribution of big data to the UK economy in 2011.

These figures demonstrate that the economy is increasingly being driven by data in all its forms. All organisations, whether in the public, private or third sectors, are now systematically collecting and using data about individuals and their activities to drive growth and innovation. Consequently, the lives of most people in the UK are now shadowed in the data assets of organisations. In a nationally representative poll of 1,036 British people aged 15 years and over, 82 per cent said they have some degree of awareness that data about them and their activities is collected by organisations, as illustrated in Figure 1.

Organisations need to do more to protect data
But such a high level of awareness among the public signifies neither understanding nor consent. With stories emerging in the press almost every day about data breaches or changes to the privacy settings of online services, it should come as no surprise that the top two issues that would make someone seriously consider never using a company again are data-related: 70 per cent of the population said that they would consider breaking off the relationship if the company failed to keep their personal data safe or lost it, and 56 per cent said that selling anonymised data – data that has had personally identifiable information removed – to other companies would potentially result in similar action. Indeed, misuse of data generated more negative sentiment than excessive executive pay and bonuses: 40 per cent cited this as a reason to seriously consider not using a company again, while 49 per cent said they have concerns about companies damaging the environment.⁹

Figure 1. Level of awareness that companies and public sector bodies collect data on people and their activities



However, 40 per cent of people have some confidence that companies and public sector bodies actually keep their data secure, but 58 per cent do not. This lack of confidence may be one reason why people who are fully aware that organisations collect data about them and their activities are much more likely to take proactive steps to reduce their exposure. For example, 65 per cent of people who said they were fully aware that organisations collect data about them have opted out of having their details available for marketing from the electoral register. In contrast, this figure falls to 30 per cent for those who are aware but not in detail and only five per cent for those claiming to have no awareness at all. These figures are illustrated in Figure 2.

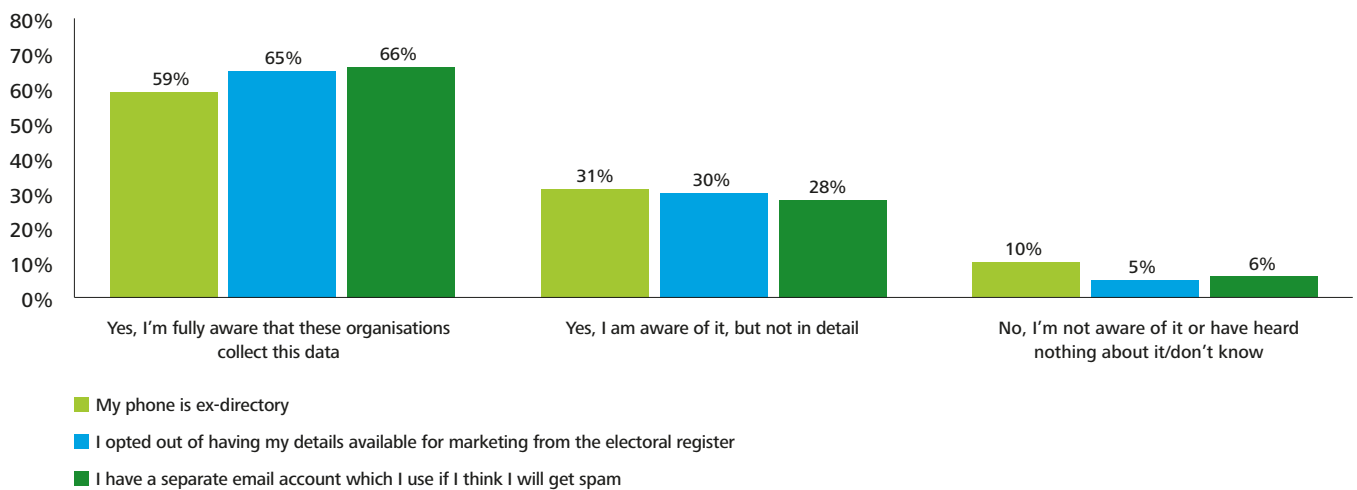
When asked what would make people more comfortable with organisations using their information in the future, 54 per cent suggested stronger laws and safeguards, and 38 per cent suggested the default option should not allow the organisation to use their data without express permission. People want to be able to choose whether to opt-in to the data collection and processing activities of the organisations they interact with, and they want to be able to do so in the knowledge that their right to privacy is protected by legislation and robust regulation. Some may feel that greater protection is on its way as the Information Commissioner’s Office (ICO) has been given more powers recently to impose financial penalties on any organisation shown to be in breach of its duties under the Data Protection Act.¹⁰



40%
of people have some confidence that organisations keep their data secure.

Figure 2. People who are fully aware that their data is collected are more likely to protect themselves

To what extent are you aware or not that companies and public sector bodies collect data about you and your activities?





54%

of people want stronger laws and safeguards.

Individual rights are also set to be strengthened if the new rules on European data protection are adopted. Under the new rules, which will apply to all member states, where consent from individuals is required for data processing, it must be explicit. Individuals will also have the right to be 'forgotten', and the size of possible financial sanctions to penalise personal data loss is increased to up to two per cent of annual worldwide turnover for companies.¹¹

Businesses have a strong incentive to strengthen their protective measures in any case. In its 2010 annual study, the Ponemon Institute estimated that the average cost of a data breach for a UK business in 2010 was £1.9 million or £71 per individual record, an increase of 13 per cent on 2009.¹² Given the negative sentiments Deloitte's survey shows, the potential reputational damage of data loss is only set to drive these costs higher.

Organisations need to do more to increase understanding of data use

Notwithstanding the clear levels of concern over data security, the real message for organisations is that the public's attitudes are also being shaped by a distinct lack of understanding of how organisations are using their data and, in particular, what the benefits to them as individuals are. This is particularly the case for those organisations starting to make use of so-called 'big data', defined by data sets of ever increasing volume and complexity.

In six scenarios, involving data types ranging from personal contact information and health records to financial transactions and social networking posts, more than two-thirds of people (71 per cent) are opposed to their data being used by companies that provide goods and services. Only eight per cent are in favour. This means that individuals are eight times more likely to oppose their data being used than to favour it.

The highest levels of opposition arise from companies' use of financial information (81 per cent), such as income and savings data or details of which financial products individuals have bought, and health information (77 per cent), including information about an individual's medical history and past illnesses. The lowest levels of opposition (59 per cent) are expressed about the use of posts made on social networking sites, with nearly one-third of people unable to decide whether they are in favour or opposed. The public's response to these scenarios is illustrated in Figure 3.

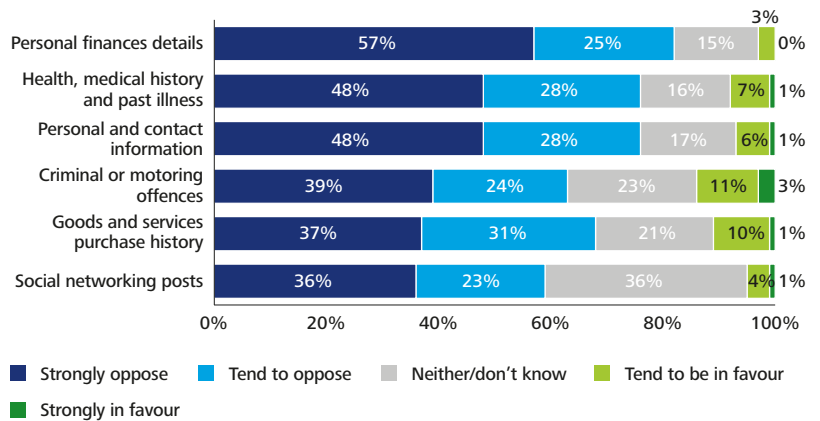
Of those who oppose data use by companies in at least one of the scenarios (927 people), over half said this is because they do not know what will happen to their data once it has been collected, and 42 per cent regard their data as none of the companies' business. In contrast, only 12 per cent said they are opposed because they are worried that companies will lose their data.

We conclude that despite high levels of awareness of the risks of data loss – and the potentially negative impact people said this may have on their relationships with organisations – the lack of understanding of how their data is used appears to play the most important role in people's opposition.

This finding is supported by previous research conducted in 2003 by Ipsos MORI for the Department of Constitutional Affairs, in which citizens expressed considerable confusion over what public services do with personal data.¹³ Two in three did not feel informed about what information public services held about them, 74 per cent did not know how to find out, and 53 per cent did not know what their rights were in relation to the data.

Of the minority of people in favour of at least one of our data-use scenarios (297 people), the highest proportion (29 per cent) said that this is because they are keen to receive more tailored/personalised services or recommendations. Advocates of data use also cited more magnanimous reasons, with 15 per cent calling it a 'public good' and 14 per cent suggesting that such data use is needed in the modern world. During a series of focus group sessions, which ran prior to the face-to-face survey, some individuals said they would be more likely to respond to these greater goods if their data was anonymised.

Figure 3. Opposition to data use by companies that provide goods and services



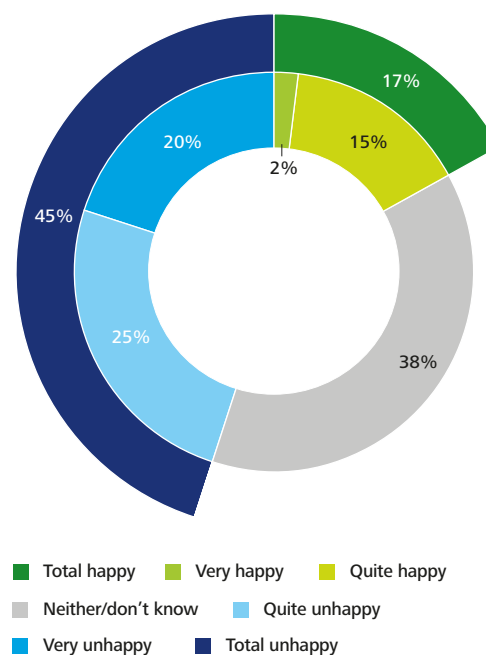
More and more retail and consumer businesses are starting to use customer transaction data and purchasing or browsing behaviour to target individuals with tailored marketing materials and offers. They are using powerful combinations of data sets and predictive analytics tools in an attempt to understand consumers' propensity to buy particular goods and services at different life stages. Customising their sales and marketing efforts in this way can dramatically increase the return on investment, create new cross-selling or up-selling opportunities, and increase the likelihood that customers will make further purchases with the same brand. Overall, the potential benefits to the business are significant.

However, when asked directly how they feel about receiving such tailored communications, adverts or offers for products or services that are based on items previously bought or looked at, only one in six of the UK population (17 per cent) said they are happy. Of the remainder, 45 per cent said they are unhappy and 38 per cent were either undecided or don't know how they feel. These sentiments are illustrated in Figure 4. The highest levels of unhappiness are felt by those aged 45 and older: 52 per cent of this age group are unhappy, compared to 38 per cent of those aged 15 to 44.

The challenge for businesses is to grow the proportion of people who are happy to receive tailored communications. Currently, recipients of such offers do not necessarily understand that data from previous interactions is going to be analysed and acted upon. When an offer is forthcoming, it therefore arrives unexpectedly and the individual nature of the material promotes strong feelings of concern. These feelings are not universal across the population, though. If businesses can encourage more consumers to participate in online product reviews and provide feedback on aspects of the service they have received, targeted offers and recommendations are more likely to be accepted.

Recent stories in the media may be contributing to an increased level of unease. For instance, *The New York Times*, among several other US and international publications, recently ran a story reminding people that every time they go shopping, they share intimate details about their consumption patterns with retailers.¹⁴ Many of those retailers are using predictive analytics to work out what people like, what they are likely to need in the future, and thus which offers are most likely to be effective. *The New York Times* told the story of one US retailer that assigned shoppers a 'pregnancy-prediction' score and a forecast due date based on the lotions, vitamin supplements, soaps, cotton wool and other such products that individuals bought in the store. The story raised wider concerns about how these kinds of insights and other demographic data are used by organisations – the retailer even recognised that inappropriate use of this data could be a public relations disaster.

Figure 4. Feelings about receiving tailored communications, adverts and offers



The increasing volume and detail of data collected by or available to organisations allows not just retailers but all businesses, public sector and third sector bodies to determine aspects of our lives that we have in the past been able to keep private – or at least share only with close friends and family. Not only that, but the data also allows organisations to predict what events may occur in our lives in the future and how predisposed we are to do something about them.

Our survey highlights a significant level of concern that exists in people's attitudes towards this developing aspect of data collection and use. For organisations, the moral hazards are not always obvious, particularly when attention is focused on the balance sheet or other financial aspects of the business. Nevertheless, new initiatives – even those that launch with the best intentions – can have serious repercussions if they are implemented with little or no thought for how they will be perceived by customers or citizens. Ultimately, of course, the balance sheet may be affected if customers are left feeling manipulated and choose to take their business elsewhere.

There are opportunities, though. For instance, while nearly two-thirds of people (63 per cent) said organisations should collect less information about them, 36 per cent disagreed. In addition, 61 per cent thought that organisations could share their data if it had been anonymised. This suggests, subject to increased levels of understanding and engagement, that anonymised data and data that has been aggregated so that individual customers have been replaced by broader profiles offer a more acceptable approach to most people when it comes to manipulation and sharing of their data for commercial purposes.

Furthermore, 35 per cent of people agreed that organisations they interact with clearly explained why they collect or share information about them. This figure is encouraging for organisations that have embraced the principles of clear and transparent engagement with their customers and citizens. However, it also points to a considerable degree of confusion among the public of what constitutes a clear description of data use, as Deloitte's survey found that 43 per cent of this group had previously suggested that the main reason they were opposed to data use was because they did not know what would happen to their data.

Additionally, 60 per cent of people agreed that organisations should only use their information for their direct benefit. And when asked what would make them more comfortable with companies or public sector bodies using their information in the future, 38 per cent said that they would like the default to be 'opt-out' rather than 'opt-in', to prevent the organisation from using their data without their permission.

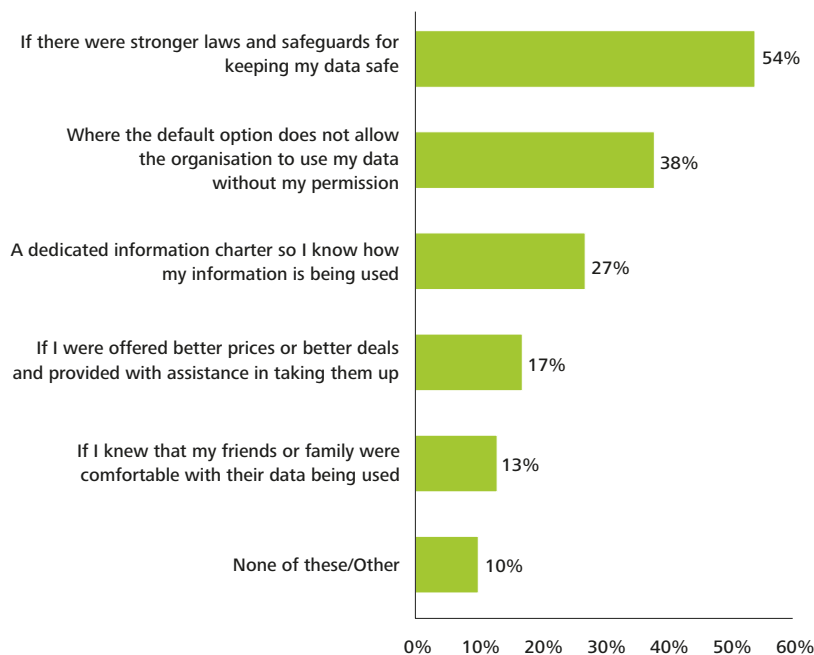
Twenty-seven per cent said they would like a dedicated information charter so they know how their data is being used. As well as taking steps to protect their data, citizens and customers want to be able to make an informed choice. Figure 5 illustrates the relative popularity of measures people thought would make them feel more comfortable with companies or public sector bodies using their information in the future.



61%
of people think organisations can share data if it has been anonymised.

Figure 5. Steps to make people more comfortable with organisations using data in the future

Which, if any, of the following would make you more comfortable with companies or public sector bodies using your information in the future?





51%

of people who oppose data use said this is because they don't know what will happen to their data.

Finding the right balance: Client imperatives

The state of the data nation in 2012 is clear. Current levels of awareness among the UK public of data collection and use by organisations are high. Deloitte's survey, however, finds that people are confused and do not necessarily understand why the data is required or what it is used for, nor do they perceive the benefits. Combined with widespread concerns over data security, this lack of understanding is at worst driving high levels of opposition to the use of data by organisations and, at best, substantial indifference.

The question for all organisations is how seriously should they take this antipathy? What risk does it present to businesses intent on changing existing data-driven services or delivering new ones? What opportunities does it create for enhancing engagement? In broad terms, the public is much more likely to greet changes with distrust than with open arms. But organisations may never see this sentiment expressed openly. Instead, individuals may simply decline to engage, the services will struggle to deliver their full potential and executives will be left to wonder what went wrong with their strategy.

Win over public sentiment: Organisations should be left in no doubt, however, that the public's sentiment has a harder edge when it comes to amendments to privacy or breaches of security. Despite living in an increasingly digital world – and in many cases openly contributing data to it – individual members of the public still maintain quite traditional views of privacy. Before the advent of the Internet and 'always-on' connectivity, people were able to segregate the public and the private aspects of their lives; for instance, their homes represented a sanctuary from potentially prying eyes. The challenge now for organisations is that, although people are living in a world where almost every facet of their existence is digitised, individuals still expect to be able to erect walls around their privacy. And if these walls are threatened, people are quick to voice their concerns and act accordingly.

Current activity around social media is a case in point: some government departments and many companies are either already accessing or are proposing to access information posted by citizens and customers on social networking sites. From the perspective of organisations, social networks provide a wealth of viewpoints and sentiments, which can be used to test the pulse of the nation or discover customers' views on specific products, services or brands. From the perspective of citizens and customers, however, such scrutiny, once discovered, may be unwelcome unless the individual has understood and consented to the benefits beforehand.

Focus on the benefits: Before setting out on this research, we postulated that the public's attitudes would depend on the type of data used in particular industry sectors. This hypothesis has been borne out in part in the survey findings. For example, people were nearly 19 times more likely to oppose the use of their financial data, such as income and savings, than to favour it, but only six times more likely to oppose the use of details of goods and services they have purchased. And although absolute levels of opposition remain high, more people were in favour of their health data being used than they were for their social networking posts to be used. This suggests that organisations working with data viewed as more sensitive, as well as newer social industries, have got to work much harder to win over customers and convince them of the benefits of using their data.

Resolve policy issues: Also, there is no clear sign that public sector bodies are more trusted than the private sector with data. When asked if people are more in favour of sharing their data with public rather than private sector bodies, roughly the same number of people agree as disagree. Similarly, people are split on whether public sector bodies should share more data to improve the services they provide.

With new 'cookie' and electronic privacy legislation enacted in the UK, and new legislation proposed for data protection across the European Union – as well as more power provided to regulators – many of the policy issues relating to privacy and data use are already being tackled. However, considerable social hurdles remain, and from a policy perspective, the UK Government should not assume that appropriate technical and legislative measures will lead to greater understanding, acceptance or engagement from either individuals or the public at large.

As more and more data becomes available to businesses and public sector bodies, it will become harder to protect an individual's identity despite attempts to strengthen legislation and regulation to take account of the accelerating pace of technological change. Instead, organisations will face increasing pressure to act responsibly and proportionately in all the possible ways they can use data in the provision of goods and services. It is only through this ethical responsibility that individual privacy will be maintained.

In the US, for example, the Obama administration has recently published a new plan to protect privacy in the internet age.¹⁵ As well as providing assurances of data protection, the administration's plan also provides new rights to consumers, giving them more control over what data is collected and how it is used. The plan encourages organisations to provide easily understandable information about security and privacy practices, and gives consumers the right to access and correct personal data themselves. The plan has sparked a new public debate on the conventions of privacy and the rights and responsibilities of organisations and individuals.

As more and more data becomes available to businesses and public sector bodies, it will become harder to protect an individual's identity.

Educate and engage the public: The key to reversing the negative sentiment people expressed in our survey lies in education and engagement at all levels. This is an opportunity for all organisations. Government policy should recognise and respond to the public's concerns in the widest possible sense. And businesses and public sector bodies should embrace new and more open engagement models that respond to individual concerns and confusion. Rather than assume that all citizens and customers can be treated equally, organisations need to educate individuals and, as levels of understanding increase, offer them an explicit choice to opt in to services that rely on the analysis of their data.

Nowhere will these decisions be more important than in the realms of big data and open data. Open data, especially, brings issues of privacy, understanding and individual versus public benefit to the forefront of the public consciousness. Businesses, public sector bodies and the third sector need to find commercial models that strike the right balance between their strategic objective to make use of new analytical capabilities and their responsibilities to customers and citizens. Ultimately, achieving this balance is crucial to enable organisations to compete effectively on insight, turn confusion and lack of public awareness into understanding, and drive greater advocacy of current and emerging data practices.

Data Attitudes Survey



About the research

The 2012 Deloitte Data Attitudes Survey is based on two focus group sessions and a national survey carried out by Ipsos MORI on Deloitte's behalf. The survey of a sample of 1,036 teenagers and adults, aged 15 and older, representative of the national population, was conducted using face-to-face interviews between 30 March and 5 April 2012.

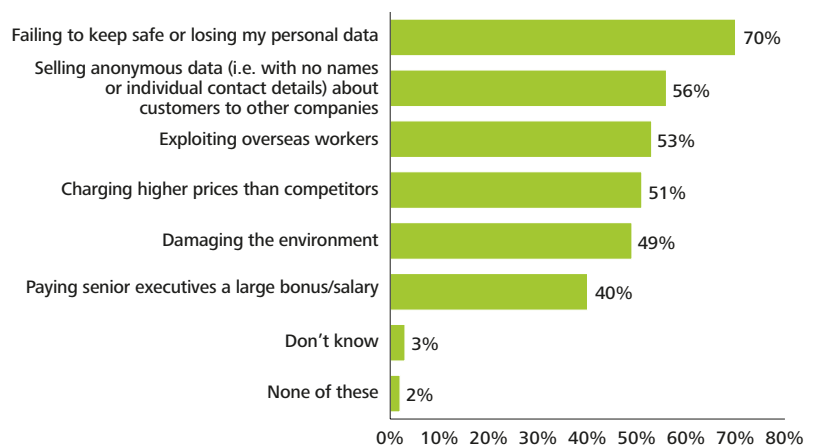
Individuals view data loss as the worst corporate sin

The loss of data is considered the worst offence that a company could commit when it comes to driving away customers, with seven out of ten people saying that they would seriously consider not using a company again if it failed to keep their personal data safe. The sale of anonymous data is the second most likely reason for customers to discontinue a relationship with a company.

People aged 45 to 54 appear to be the most critical of a company's failure to safeguard personal data, with 84 per cent of people in this age group likely to contemplate ending their relationship with a company committing this offence. In addition, 45- to 54-year-olds were also the most likely age group (64 per cent) to oppose a company selling their data even in anonymous form. In comparison, 56 per cent of the UK population would seriously consider not patronising a company that sells anonymous data about their customers to other companies.

Question 1: If you found out a company you are a customer with (for example your bank or your main supermarket) was doing any of the following, which if any, would make you seriously consider not using this company again?

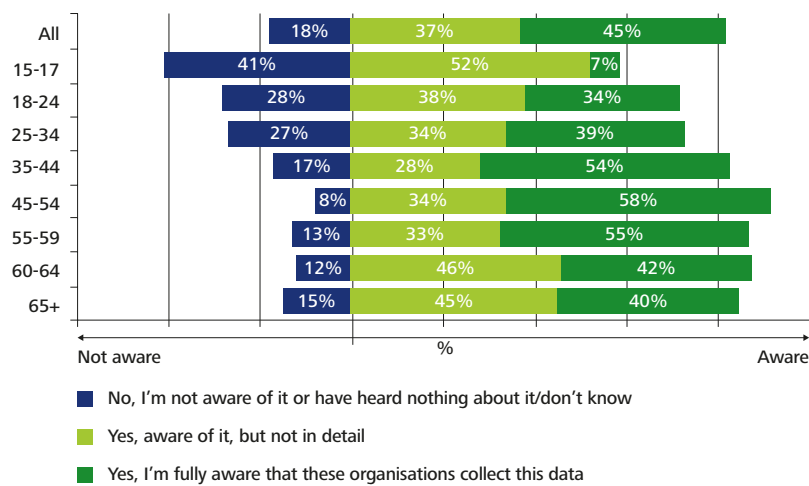
Figure 6. Reasons customers would seriously consider not using a company again



The loss of data is considered the worst offence that a company could commit when it comes to driving away customers.

Question 2: To what extent are you aware or not that companies and public sector bodies collect data about you and your activities?

Figure 7. Level of awareness that companies and public sector bodies collect data on people and their activities, by age



The majority of individuals are aware that their data is collected

Deloitte’s survey has found that 82 per cent of people are either fully aware or aware, but not in detail, that companies and public sector bodies collect data about them and their activities. The level of awareness, however, varies with age. For example, more than a quarter of 15- to 34-year-olds said that they are not aware data is collected, compared to only 14 per cent of the over-35s.

Social grade also appears to be linked to awareness. For example, 90 per cent of ABC1s expressed some awareness, compared to 72 per cent of C2DEs. And although nearly 60 per cent of those in social grades A and B said that they are fully aware, this decreases to only 31 per cent for those in social grades D and E.

Most individuals actively create a digital footprint

Paying for goods and services regularly by credit or debit card is one of the most common ways that consumers leave behind a digital trail of their habits and behaviours, with 61 per cent of people reported to be regularly paying for purchases with a bank card. This rises to 68 per cent among people who own a personal debit card, and 78 per cent among those who own a personal credit card.

Just over half of the people in the UK have at least one shop loyalty card, which rewards them for their loyalty to a company and in return provides the issuing company with rich data on the shopping behaviours and consumption patterns of its customers.

Another way that companies can monitor the shopping behaviours of today's consumers is through data collected from online shopping. Deloitte's survey has found that over one-third of people in the UK have at least one online shopping account, rising to half among those who use the Internet at least once a day.

People today can withhold some of their personal data from the public domain, for instance by registering their phone for ex-directory services and opting out of the marketing version of the electoral register. However, Deloitte's survey shows that these activities have been pursued by only a quarter of the population.

Another way that consumers could protect themselves from unsolicited, electronic messages is to register for online services using a secondary email address. But even fewer individuals, 17 per cent, use a separate email account when they think they will receive spam messages.

Question 3: Which of the following statements, if any, apply to you?

Figure 8. Digital footprints created by today's consumers

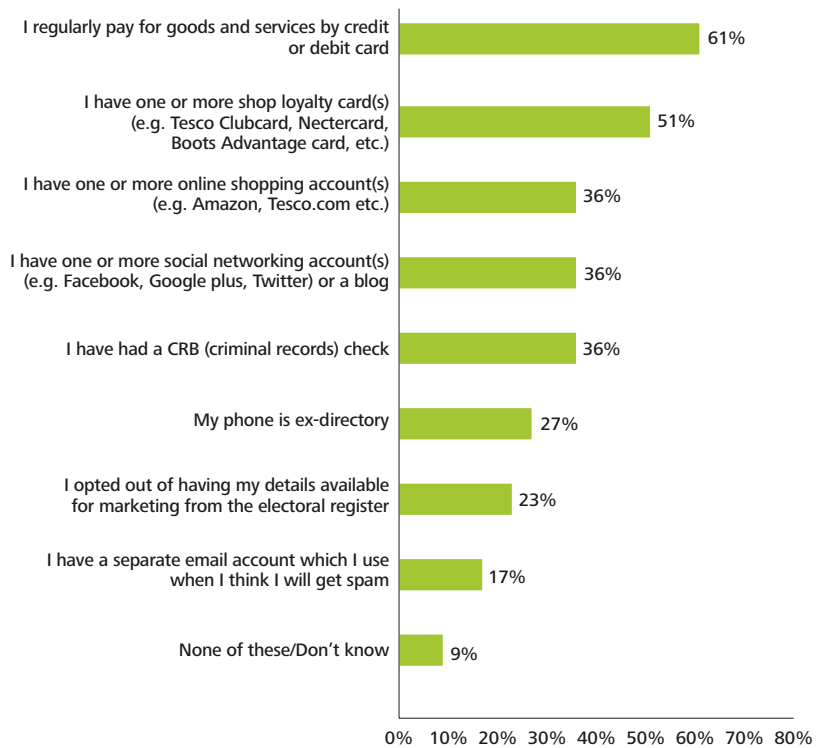
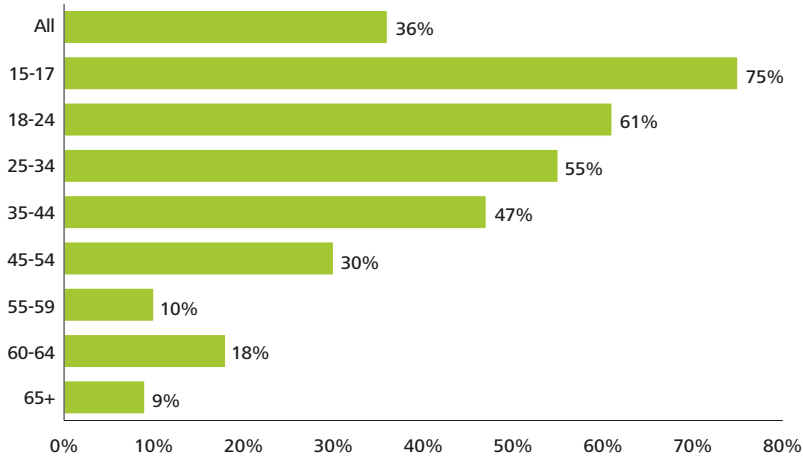


Figure 9. Individuals with one or more social networking account(s), by age



Younger people are prolific users of social networks, but generally less aware about data collection

The emergence of social media has begun to alter the landscape of communications channels between organisations and their customers and citizens. Social networks have empowered individuals by giving them a platform to comment on and engage with both government and business more directly.

Deloitte’s research shows that slightly over one-third of the UK population (36 per cent) has an account with a social network, and this figure almost doubles to 61 per cent among 18- to 24-year olds. The use of social networks appears to be most prolific among 15- to 17-year-olds, with 75 per cent having indicated that they have at least one social networking account.

Yet, younger people are less likely to recognise that organisations collect data about them. For example, as high as 40 per cent of 15- to 17-year-olds profess ignorance of data collection by companies and public sector bodies, compared to just 18 per cent of the population. These results suggest that a particular awareness gap has arisen in the minds of young adults between their contribution of data and how it is used by organisations.

Some organisations are trusted to handle personal data, but there is still more to do

Although 40 per cent of people expressed some confidence in companies and public sector bodies keeping their data secure, 58 per cent did not. Of the 40 per cent who were confident, however, almost all (nearly 90 per cent) went on to say they were opposed to at least one of our scenarios of data use. When asked why, 41 per cent said they were unsure what would happen to their data and 33 per cent said their data was none of the organisations' business.

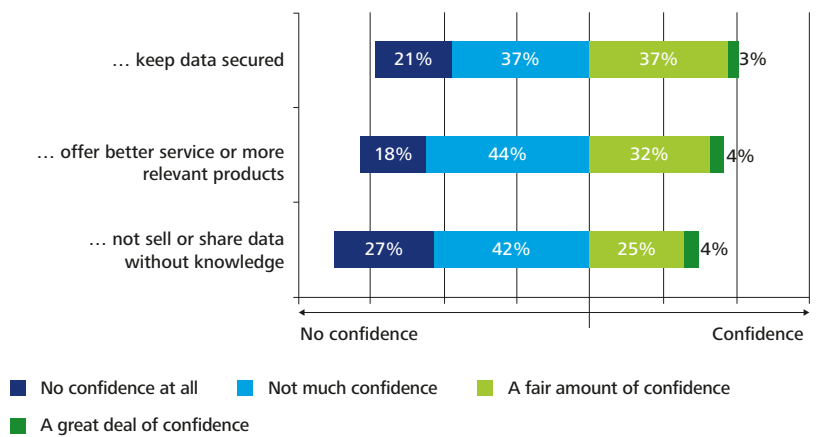
Only 36 per cent of people believed that organisations were using personal data to improve product and service offerings, and only 29 per cent were confident that organisations would not sell or share customer data with other companies without their knowledge.

The lack of trust towards how companies and public sector bodies are perceived in handling customer data intensifies with increasing age. For example, 63 per cent of the over-35s expressed a lack of confidence in companies and public sector bodies keeping their data secure, compared to only 48 per cent of people aged 15 to 34.

Question 4: How much confidence, if any, do you have in the following?

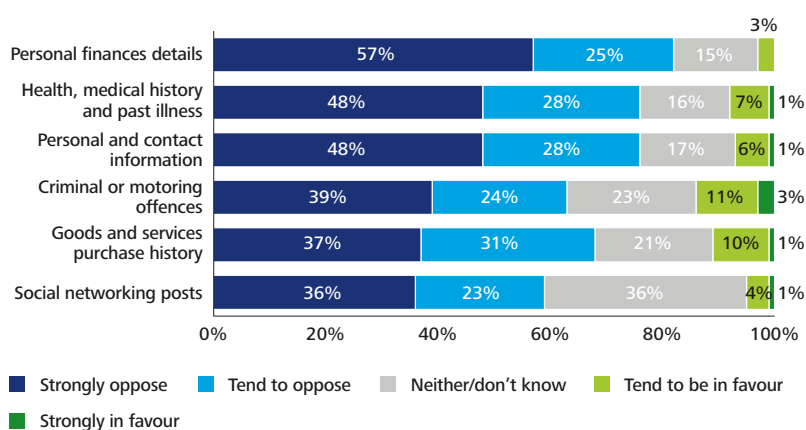
Figure 10. Confidence in companies and public sector bodies to use personal data

Confidence in companies and public sector bodies to ...



Question 5: For the following types of data, would you be in favour of or opposed to it being used by a company that provides goods and services, such as a bank, supermarket, insurance company, drug company or travel agent?

Figure 11. Opposition to data use by companies that provide goods and services



The majority of individuals oppose their data being used in almost all circumstances

People are almost three times more likely to express indifference and more than eight times more likely to oppose data use by organisations than they are to favour it.

Of the six scenarios, the highest levels of opposition arise from companies' use of financial information (81 per cent) and health information (77 per cent), including information about an individual's medical history and past illnesses. The use of data by third party organisations regarding criminal or motoring offences received the highest acceptance, but only at 13 per cent. This is closely followed by 12 per cent of people being in favour of companies using purchase-history data.

These two categories may have received marginally higher acceptance rates because they are potentially more familiar and deliver more visible benefits to the individuals. For example, in the UK, some companies have successfully managed loyalty card programmes for a decade or more, which have been used to offer bespoke discounts and products to their customers through the use of data analytics. In turn, people are more familiar with how companies are using purchase history to offer direct benefits to them.

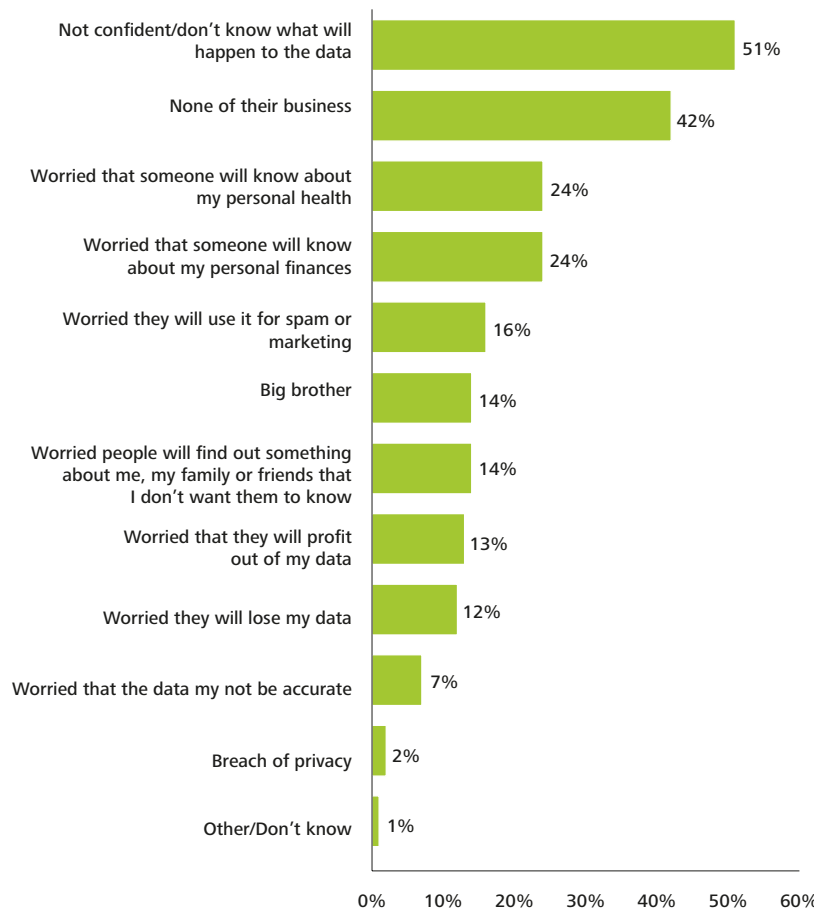
Familiarity alone, however, is insufficient to win public confidence when it comes to data use. Even though fewer people voiced disapproval of companies using social networking posts compared to other types of data, there was also very little support in favour of companies using such data. In fact, one-third of people are undecided over whether or not social networking data should be used by for-profit companies. The level of uncertainty towards social networking data use is much higher than that for other data types, suggesting that consumers could be waiting to see how marketers will use such data before firming up their attitude.

Uncertainty over what will happen to personal data is the biggest hurdle

The biggest reason for opposing the use of personal data by organisations is the lack of confidence over what will happen to the data, cited by 51 per cent of people. Personal information is also perceived to be none of the business of goods and services providers, a sentiment expressed by 42 per cent of respondents.

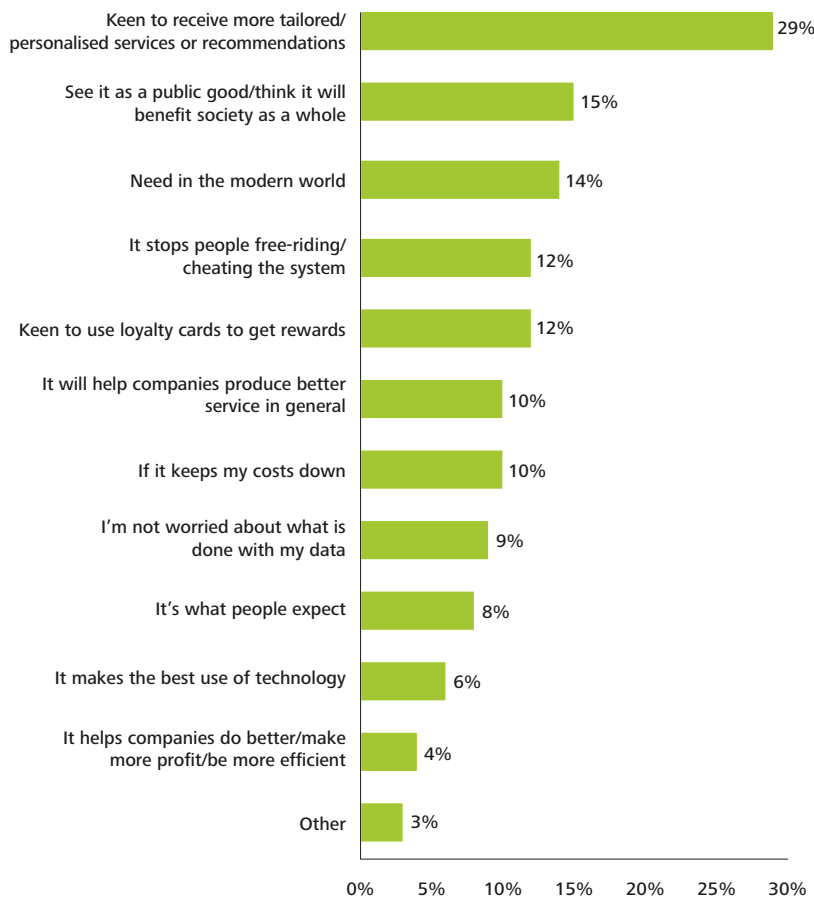
Question 6: Why do you oppose companies using your data?

Figure 12. Reasons for opposing companies using personal data



Question 7: Why are you in favour of companies using your data?

Figure 13. Reasons for favouring companies using personal data



Personal benefit is a big incentive for sharing personal information

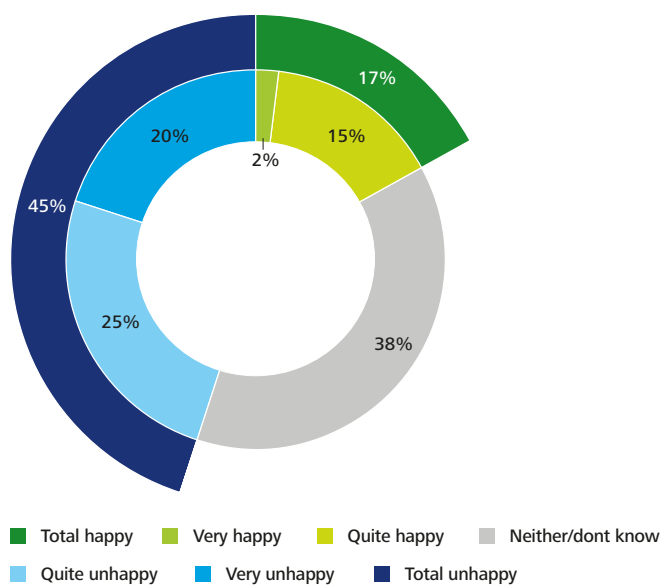
Among individuals who are broadly in favour of organisations using their personal data, the most likely reason for approval is so that they can receive bespoke services or recommendations, a view expressed by 29 per cent of people. Other top reasons cited for sharing personal data include the idea that it will benefit society at large and, perhaps, resignation that data sharing is simply a part of modern life that individuals have to accept, views expressed by 15 and 14 per cent of people respectively.

Among individuals who are broadly in favour of organisations using their personal data, the most likely reason for approval is so that they can receive bespoke services or recommendations, a view expressed by 29 per cent of people.

17 per cent of people said they would be happy to receive tailored communication or offers based on purchase or browsing history.

Question 8: How do you feel about receiving tailored communications, adverts or offers for products and services that are based on items you've previously bought or looked at?

Figure 14. Feelings about receiving tailored communications, adverts and offers



Only some people are happy to receive targeted offers

Companies should be encouraged by the finding that 17 per cent of people said they would be happy to receive tailored communications or offers based on purchase or browsing history. This figure increases to 24 per cent among those individuals who have at least one online shopping account, suggesting that some customers of online retailers are benefiting from personalised services.

However in 2012, people are still, overall, almost three times more likely to voice dissatisfaction about receiving targeted adverts than to express happiness. Companies are yet to fulfil the true latent potential of targeted marketing.

Organisations need to act responsibly

The majority of people agree with the view that organisations should use personal data more responsibly, such as only using personal data for the benefit of individuals (60 per cent), sharing data only after it has been anonymised (61 per cent), and generally collecting less information about individuals (63 per cent).

People appear to be confused with the explanations they receive from organisations

Deloitte’s survey shows that an encouraging 41 per cent of people agree that organisations they interact with do a good job of explaining why they collect or share personal data. However, among these people, almost all (93 per cent) had been opposed previously to at least one of our data-use scenarios (see Question 6), and 43 per cent had said this was because they did not know what would happen to their data. These results are contradictory, perhaps because individuals perceive some organisations to be much better than others at explaining their data policies, or because the data policies simply do not go far enough in preparing individuals for the many different ways their data will ultimately be used. In either situation, there is a case for organisations to improve the clarity of their policies and thus avoid possible confusion or misunderstanding.

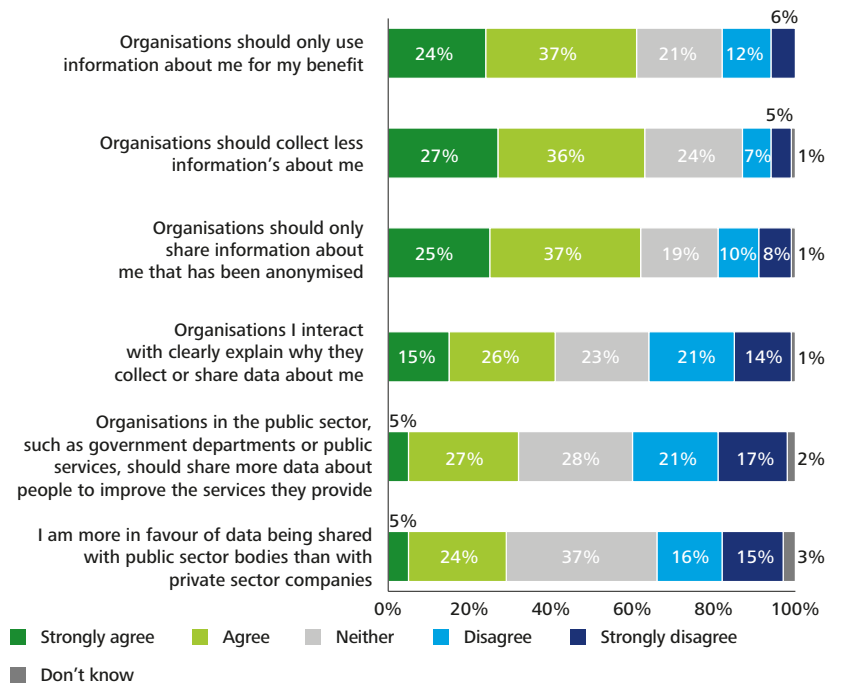
Public sector bodies need to foster trust

Roughly the same number of people agreed (30 per cent) as disagreed (32 per cent) with the statement that they are more in favour of data being shared with public sector bodies than with private sector companies. With those feeling undecided either way reaching 37 per cent, the figures suggest that people are as critical of public sector bodies using and handling personal data as they are towards businesses.

Deloitte’s survey shows that 39 per cent of people disagreed that public sector organisations should share more data about people to improve the services they provide, slightly ahead of the 32 per cent who were in favour. Some of this negative attitude may stem from headlines in recent years highlighting the loss of data by public sector bodies.

Question 9: To what extent do you agree or disagree with the following statements about how companies or public sector bodies use or share information about people?

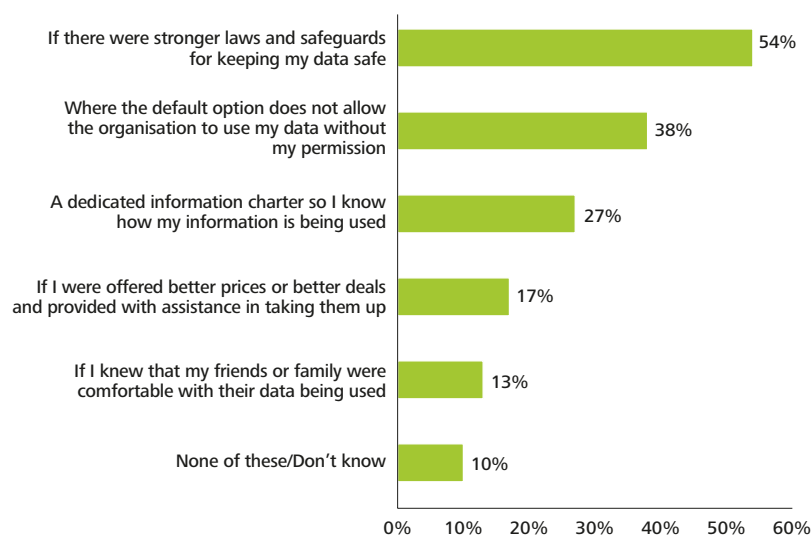
Figure 15. Attitude towards how companies or public sector bodies use or share information about people



The public is in favour of measures such as an ‘information charter’, which clarifies how data is used by organisations.

Question 10: Which, if any, of the following would make you more comfortable with companies or public sector bodies using your information in the future?

Figure 16. Steps to make people more comfortable with organisations using data in the future



The public wants stronger safeguards towards usage of personal data

The public is in favour of measures such as an ‘information charter’, which clarifies how data is used by organisations (27 per cent). They also approve of measures where companies ask for explicit consent to collect and use personal data (38 per cent). However, the majority (54 per cent) identify laws and other safeguards as potentially the most effective means of instilling confidence in how organisations use personal data.

Deloitte’s survey shows that only 17 per cent of people said they would be more comfortable with organisations using their personal data if these companies offer better prices or deals as a result. However, we believe that once stronger regulations protecting the collection and usage of personal data are in place, through proposed European data protection rules, companies presenting better offers and services based on personal details may be more likely to attract custom.

Notes

- 1 For instance, see <http://www.focus.com/fyi/10-largest-databases-in-the-world/>
- 2 Trends in Telecommunication Reform 2012: Smart Regulation for a Broadband World, International Telecommunication Union, May 2012.
- 3 10 quick facts you should know about consumer behaviour on Facebook, Chadwick Martin Bailey, 2011. (Based on a survey of 1,491 consumers in the US). See also <http://blog.cmbinfo.com/10-quick-facts-you-should-know-about-consumer-behavior-on-facebook/>
- 4 Extracting Value from Chaos, IDC iView, June 2011.
- 5 How much information? 2010 report on enterprise server information, Short, James; Bohn, Roger; Baru, Chaitanya; University of California, January 2011.
- 6 Big data: Harnessing a game-changing asset, The Economist Intelligence Unit, October 2011.
- 7 Data equity: Unlocking the value of big data, Centre for Economic and Business Research, April 2012.
- 8 Open data measures in the autumn statement, Cabinet Office, November 2011.
- 9 Note: Immediately before our survey was launched, Google consolidated its privacy policy, with numerous news stories appearing in the media.
- 10 Data Protection Regulatory Action Policy, Information Commissioner's Office, V.1, March 2010.
- 11 Proposal for a directive of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by competent authorities for the purposes of prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and the free movement of such data, European Commission, Brussels, 25 January 2012.
- 12 Five Countries: Cost of Data Breach, Larry Ponemon, Ponemon Institute LLC, April 2010.
- 13 2,098 UK adults, interviewed face-to-face at home, June – July 2003, Ipsos MORI for Department for Constitutional Affairs.
- 14 How Companies Learn Your Secrets, Charles Duhigg, *The New York Times*, February 16, 2012. See also: http://www.nytimes.com/2012/02/19/magazine/shopping-habits.html?_r=1&pagewanted=all.
- 15 Consumer Data Privacy in a Networked World: A Framework for Protecting Privacy and Promoting Innovation in the Global Digital Economy. The White House, February 2012.

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