Me, Myself & I:
The Individualisation Imperative

Research Report | October 2017

Executive Summary

In the last decade, mass marketing has made way for personalisation. Segmenting and targeting customers based on shared characteristics is generally considered to perform better. With unprecedented consumer choice and expectation and GDPR (General Data Protection Regulation) on the horizon, is personalisation being executed well enough by brands for consumers to continue to be willing to share their personal data?

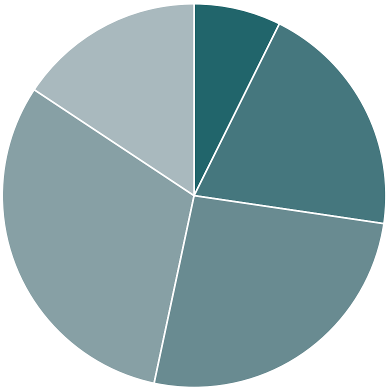
Cloud IQ, the Effortless Optimisation Platform, commissioned **Insight Avenue**, a specialist B2B and technology research agency based in the UK, to conduct research amongst consumers in the UK, US and Australia to explore experience pain points, data sharing attitudes and to see how brands are faring in customers' eyes. The research explores how personalisation can now make way for individualisation, benefitting both the brand and the consumer, and how GDPR can support the transition to becoming a more trusted brand.

Insight Avenue

Sample breakdown by age

- 14% 18–24 years
- 26% 25–34 years
- 30% 35–44 years
- 16% 45–54 years
- 11% 55–64 years
- 8% 65+ years

Sample breakdown by frequency of online shopping



- 7% Daily
- 20% Every few days
- 26% Weekly
- 30% Monthly
- 16% Every 2 or 3 months

Research Methodology

2510 consumers (aged 18+) across the UK, US and Australia completed an online interview in September 2017. Respondents were screened to ensure they buy products / services online at least every three months. Research was conducted by Insight Avenue, an independent market research consultancy based in the UK.

Key Findings

Individualisation: the new frontier?

- **69%** say they want brands to offer them an individualised experience online and **64%** expect this. **83%** see individualised experience as important
- The three key contributors (3 Ss) to a great online experience are:
  - Speed (**94%**)
  - Seamlessness (**92%**)
  - Sense of control (**91%**)
- The four key tenets to feeling treated as an individual by a brand are:
  - Being rewarded with highly relevant offers (**77%**)
  - Being remembered (**60%**)
  - Feeling listened to / understood (**59%**)
  - Feeling in control / opting in (**57%**)
- On average only **40%** of brands are seen to offer this level of meaningful, individualised experience

The personal data exchange

- **64%** say they recognise the value of personal data as currency in exchange for a more individualised experience
- Consumers are selective when it comes to the **brands** they trust (**28%**) or wanting to control the amount of **data** used / shared (**26%**)
- The types of data that people are MOST happy for brands to use to get a great online experience are:
  - Product preferences (**85%** say yes definitely or yes possibly)
  - Previous purchase data with that brand (**83%**)
  - Communication preferences (**79%**)
  - Basic demographic data (**79%**)
- The types of data that people are LEAST happy for brands to use to get a great online experience are:
  - Identity data (**44%** say yes definitely or yes possibly)
  - Income data (**47%**)
  - Political preferences / attitudes to societal issues (**48%**)
  - Mood / emotional data (**50%**)
  - Friends / family contact details or referrals (**50%**)
- Brand types most trusted are:
  - General online retailers (e.g. Amazon) (**52%** say they trust these completely or mostly)
  - Banks, insurance and financial service providers (**49%**)
- Less trusted are:
  - Travel / holidays / airlines (**37%**)
  - Mobile, broadband or media providers (**38%**)

Trust in an age of inertia and irrelevance

- **76%** say they have little or no idea how many retailers or third parties have access to personal data about them currently
- **81%** say they have unsubscribed from brand mailing lists because they get too much email although **52%** say it is too much effort to unsubscribe / opt out of brand communications

- **62%** say they never / rarely read Terms and Conditions / Cookie Policies before agreeing to them. **84%** say they should be simpler and more concise
- **77%** say that emails that address them by first name but offer nothing else meaningful or relevant annoy them
- **77%** say personalised marketing feels creepy if done badly
- **75%** say they tend to give brands one chance and if trust is broken they will go elsewhere
- If a brand was to use personal data in a way that was deemed inappropriate, **47%** say they would NEVER trust that brand again
- **21%** say it would take more than a year for a brand to rebuild that trust and **20%** say six months to one year

Moving forwards – GDPR and individualisation

- Brands that go beyond "Hello Simon" emails and take an individual approach are likely to see a number of benefits. Consumers say they would:
  - Feel more valued as a customer (**71%**)
  - Say more positive things about the brand to others (**70%**)
  - Be more likely to buy from them (**70%**)
  - Trust them more (**64%**)
  - Spend more money with that brand (**61%**)
  - **48%** would share MORE data to further enhance the experience

- In the UK, only **1 in 10** is aware of **GDPR** and what this means for them as a consumer:
  - **64%** say they were unaware until now
  - **26%** say they were aware but don't understand what this means for them as a consumer
- Once GDPR comes into force:
  - **53%** say they would opt out selectively based on brands they trust
  - **24%** say they would opt out of as much as possible
  - **23%** say they would do nothing

Individualisation: the new frontier?

As channels and devices proliferate, consumers have never had more choice in how they interact with and purchase from brands. In 2017, less than half of online purchases are made via a single device or single channel (44%). 26% are made via multiple devices AND multiple channels, 17% via multiple channels and a single device and 13% via a single channel and multiple devices.

We are in the age of the empowered consumer, with 82% saying they enjoy exercising their power as a consumer and choosing brands based on factors that are important to them. Once there is parity in terms of product and price, customer experience often comes to the fore in driving purchase behaviour. Figure 1 shows the factors that people see as most contributing to a great online experience. The three key contributors – the three Ss – are Speed (94%), Seamlessness (92%) and a Sense of Control (91%). People are looking to find and buy what they need as quickly as possible and for the experience to be smooth, continuous and effortless across different channels. Having a sense of control where people can search for answers, ask for help and are kept updated is also important. Many brands now offer a choice of contact methods, live chat and SMS updates in response to the need for consumers to feel in control of the process. In addition, 83% see an Individualised experience as important, whereby they are treated as an individual and offered products, discounts and communications based on their specific preferences and needs.

Being treated as an individual comes down to four key factors, as shown in Figure 2. Firstly, people are looking to be rewarded with highly relevant offers (77%). Following this, people want to be remembered (60%), to feel listened to and understood (59%) and to feel in control (57%). Feeling in control is particularly important to those over 35 (63%) compared to under 35s (51%).

69% say they want brands to offer them an individualised experience online and 64% now expect this from brands. Individualisation is not rocket science - it is a departure from mass marketing and about putting the customer front and centre of their own experience.

Figure 1: Contributors to a great online experience

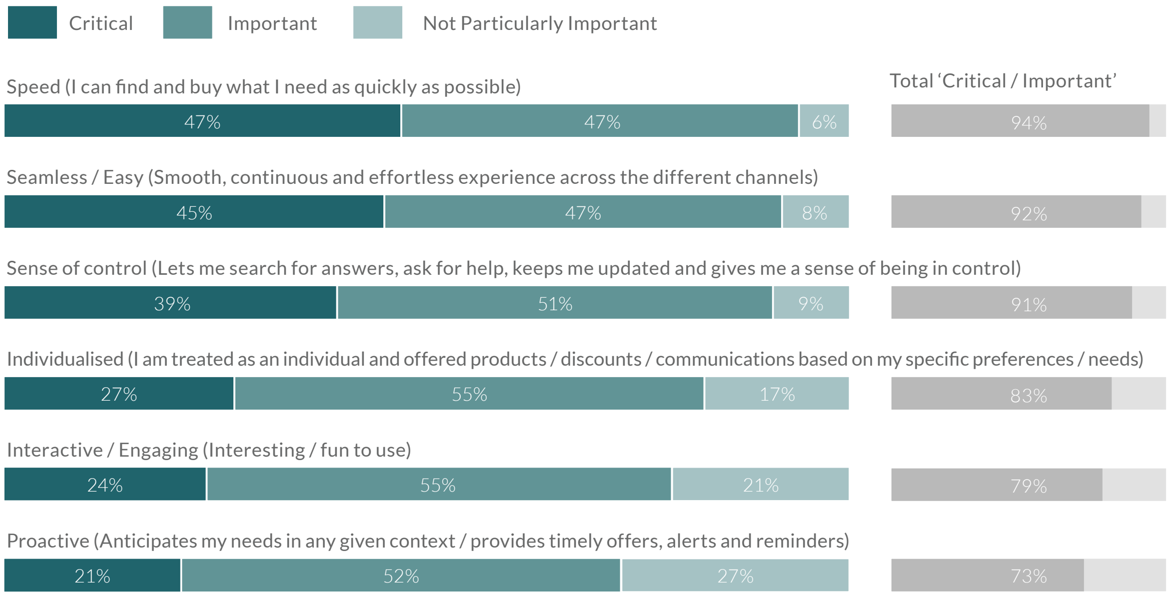
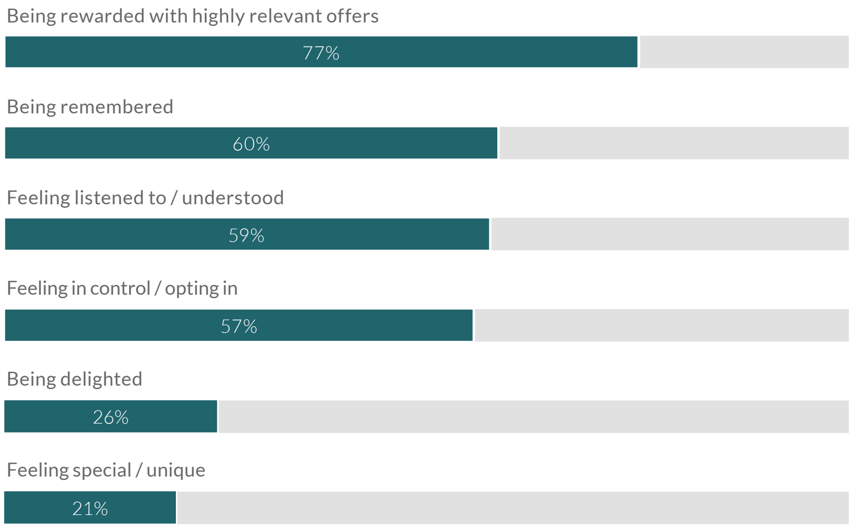


Figure 2: Central tenets of being treated as an individual by a brand



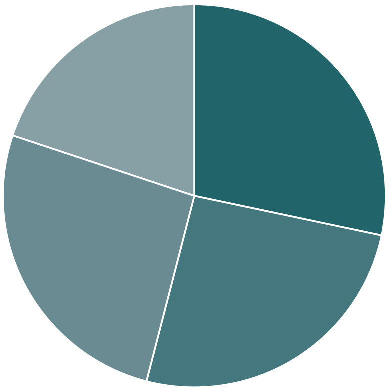
The personal data exchange

Almost two-thirds of people (64%) recognise the value of their personal data as currency in exchange for a more individualised experience. Despite this recognition, not everyone is comfortable with the idea of this exchange. Figure 3 shows that just one in five (20%) are "enthusiastic", happy allowing brands to use the information they hold to get the best possible online experience. Frequent shoppers who purchase online daily or every few days are more likely to consider themselves "enthusiastic" (26%) than those who shop monthly or less (14%). At the other end of the spectrum, 26% describe themselves as "reluctant". For many, there is a happy medium, either being "brand selective" (28%) and allowing a few trusted brands to use this information or "data selective" (26%) whereby they would like to control the amount of data brands use.

The types of data being used by brands can be diverse and new data types are emerging all the time. Figure 4 shows that the types of data that people are MOST happy for brands to use to get a great online experience are product preferences (85% say yes definitely or yes possibly), previous purchase data with that brand (83%), communication preferences (79%) and basic demographic data (79%). In contrast, as data gets more personal, people become more uncomfortable with brands using it to deliver a great online experience. The types of data that people are LEAST happy for brands to use to get a great online experience are identity data (44% say yes definitely or yes possibly), income data (47%), political preferences / attitudes to societal issues (48%), mood / emotional data (50%) and friends / family contact details or referrals (50%).

Much of the discomfort people have about exchanging personal data with brands likely comes down to how much they trust brands to safeguard it and use it in clear, transparent and ultimately helpful ways. The research finds that currently brands are not trusted entirely to use personal data to create great online experiences. The brand types most trusted are general online retailers (e.g. Amazon, who 52% say they trust these completely or mostly), followed by banks, insurance and financial service providers (49%). Less trusted are travel / holidays / airlines (37%) and mobile, broadband or media providers (38%).

Figure 3: Attitudes to brands using personal information to receive a great online experience



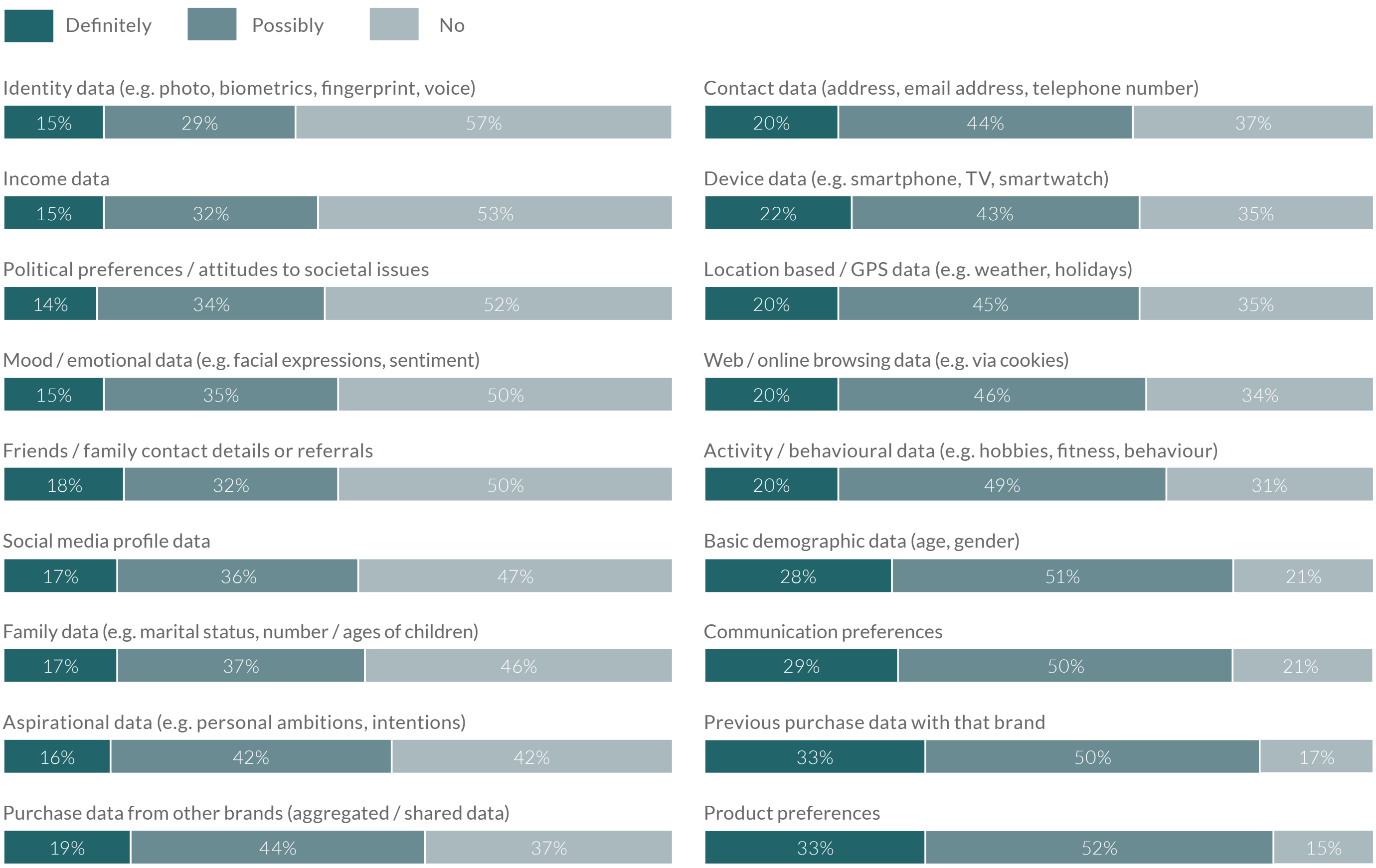
28% Brand selective – I would allow a few trusted to use the information they hold on me to get the best possible online experience.

26% Data selective – I would control the amount of data I share with brands to get the best possible online experience.

26% Reluctant – I would prefer not to allow brands to use the information that they hold on me, even knowing that this would affect the quality of my online experience.

20% Enthusiastic – I would be happy allowing brands to use the information they hold on me to get the best possible online experience.

Figure 4: Types of personal data most / least happy for brands to use to receive a great online experience



Trust in an age of inertia and irrelevance

In the wake of many highly publicised data leaks, more than three quarters of people (76%) admit they have little or no idea how many retailers or third parties have access to personal data about them currently. Email volumes, and general marketing overload, is another problem and 81% say they have unsubscribed from brand mailing lists because they get too much email. This, however, is something that requires effort from consumers and more than half (52%) say it is too much effort to unsubscribe or opt out of brand communications. Similarly, exposed to so many cookie policies and over-complicated Terms & Conditions, many people (62%) are blindly clicking through, never or rarely reading them, to quickly access the information or service they want. Indeed, 84% assert that Terms and Conditions should be simpler and more concise.

Figure 5 shows the frustrations that people experience with offers they see or receive from online brands. These relate to timeliness, offers expiring too quickly (36%) or not arriving at an appropriate time (25%); a lack of transparency, with offers including too many exclusions (34%) or requiring the provision of further information to access the offer (29%); and irrelevance (33%). One in five (20%) are frustrated by offers that feel intrusive or too specific to them.

It is clear there is a fine balance between being relevant and meaningful to the individual and being trite, annoying or invasive. More than three quarters (77%) say that personalised marketing feels creepy if done badly and 77% say that emails that address them by first name only but offer nothing else meaningful or relevant annoy them.

The cornerstone of a data exchange whereby people happily share personal data to receive a great online experience is trust - where brands are transparent about what data is being collected and for what purpose. The cost of not doing this is high. Three quarters of people (75%) say they tend to give brands one chance and if trust is broken they will go elsewhere. If a brand was to use personal data in a way that was deemed inappropriate, as shown in Figure 6, almost half (47%) say they would NEVER trust that brand again. 21% say it would take more than a year for a brand to rebuild that trust and 20% say six months to one year.

Figure 5: Biggest frustrations with offers seen / received from online brands

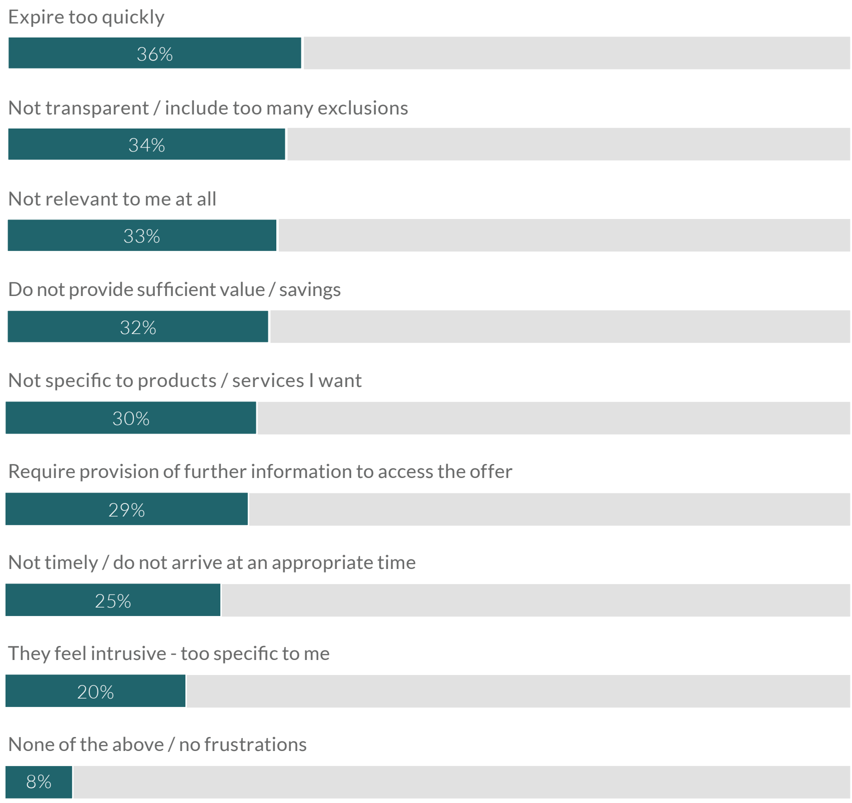
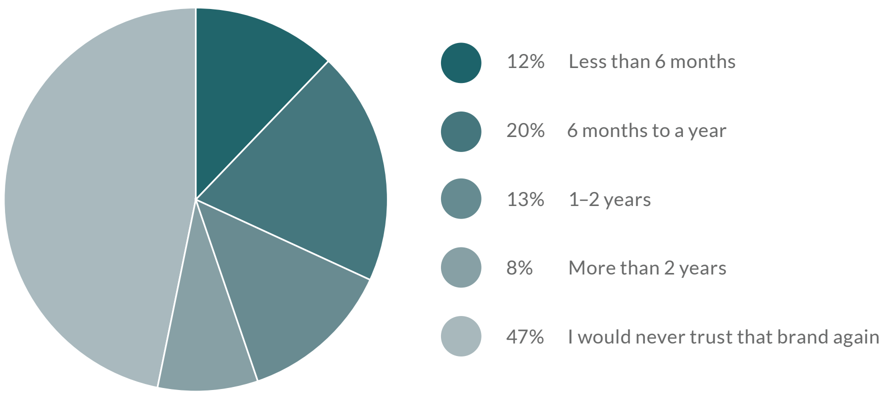


Figure 6: Length of time to rebuild trust with a brand that used personal data in a way deemed inappropriate by customer



Moving forwards – GDPR and individualisation

Those brands that do manage to move beyond generic "Hello Simon" emails and provide meaningful experiences, individualised content and real-time, relevant offers to their customers are likely to see positive business outcomes as a result. Figure 7 shows how people consider they would feel or act in this scenario. Specifically, consumers say they would feel more valued as a customer (71%), say more positive things about the brand to others (70%), be more likely to buy from them (70%), trust them more (64%) and spend more money with that brand (61%). Such practices also seem to create a virtuous circle whereby 48% of people say they would share MORE data to further enhance the experience.

This kind of communication and experience, however, is seen to be in the minority. On average, only 40% of brands are seen to offer this level of meaningful, individualised experience. This increases to 45% in the US, but drops to 35% in the UK and 36% in Australia.

GDPR, which comes into force in May 2018 and impacts any business which holds data on EU citizens, means businesses will need to review consent policies and procedures to ensure they meet the new standards. From a consumer perspective, in the UK, only 1 in 10 is aware of GDPR and what this means for them as a consumer, as shown in Figure 8. Most (64%) say they were unaware until now and 26% say they were aware but don't understand what this means for them as a consumer. Once GDPR comes into force, 53% say they would opt out selectively based on brands they trust, 24% say they would opt out of as much as possible and 23% say they would do nothing.

GDPR again pushes the issue of trust into the spotlight, highlighting the need for businesses to focus on becoming one of the selected brands that customers trust with their data. Individualisation provides this opportunity to brands but, with people weary of trite attempts at personalisation, brands must put clear processes in place to translate personal data into highly meaningful and relevant experiences. GDPR offers a personal data reset button for consumers and brands alike and a timely reason for businesses to re-evaluate how personal data should and can be used to power the next age of customer relationships.

Figure 7: Impact on customers of meaningful experiences, individualised content and real-time, relevant offers

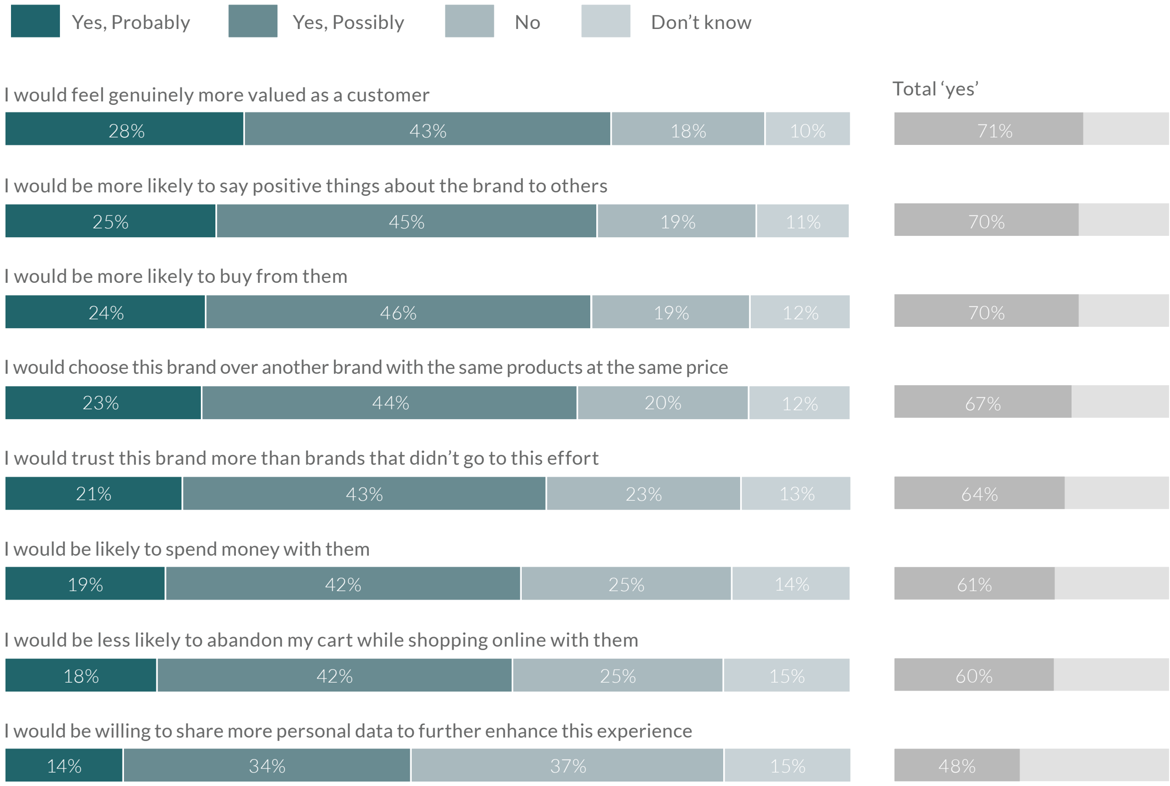


Figure 8: Awareness of GDPR

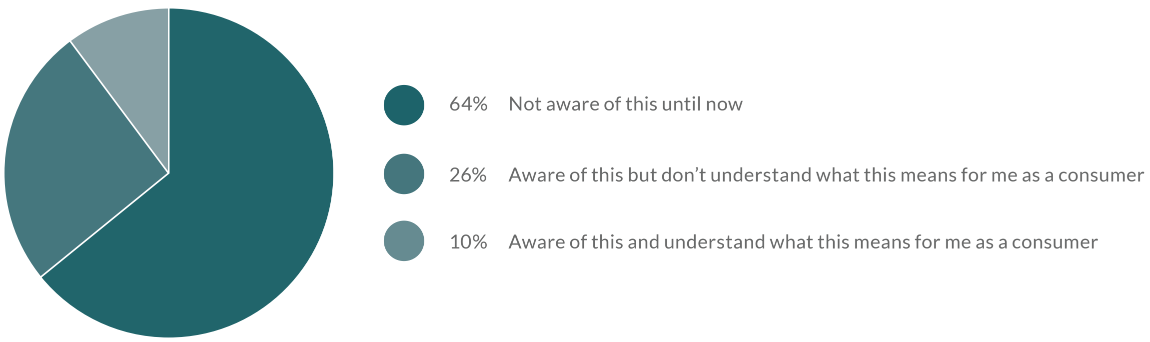
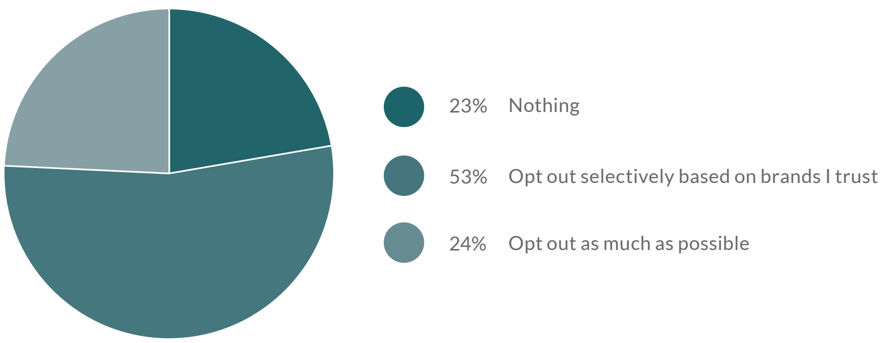


Figure 8: Likely actions with GDPR



Conclusion

With channels and devices proliferating giving consumers increasing choice in how they shop and interact with brands, people are looking to brands to offer not just a speedy, seamless experience but also one where they as a customer are treated as a "market of one" and offered highly meaningful and relevant interactions as standard.

Personal data is the currency that individuals, to a greater or lesser degree, are willing to share with trusted brands in exchange for a highly rewarding experience. Yet, many brands still consider sending out generic "Hello Simon" emails to constitute a personalised approach and less than half of brands are seen by customers as currently offering real-time, highly relevant and meaningful experiences.

With the Internet of Things (IoT) and data analytics growing apace, brands have potential access to an increasing array of personal data points, such as mood and identity data. They must consider how to move beyond a "cookie mentality" and harness the insight these data sources can bring to deliver true individualisation to their marketing strategies. The opportunity for brands here is significant and those brands who are willing to build trust with their customers by developing clear and considered processes that effectively translate personal data into customer value look set to make gains in terms of reputation, loyalty, spend and a willingness for customers to share even more data.

GDPR puts consent at the cornerstone of marketing activity and gives the power back to consumers to decide what they share and with whom. Individualisation may be the new frontier in marketing, but it will only be open to those brands that are highly focused on becoming trusted, transparent and expert in using personal data to deliver superior customer value.

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