



# PRIVACY AND THE CONSUMER

A MARKET RESEARCH OVERVIEW

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**The Association of National Advertisers (ANA), recognizing the maelstrom of activity currently taking place around data collection, data usage, and privacy, is providing this overview summary covering a large swath of surveys and studies that have been conducted over the past few years, specifically with consumers about their perceptions and attitudes about data and ad targeting.**

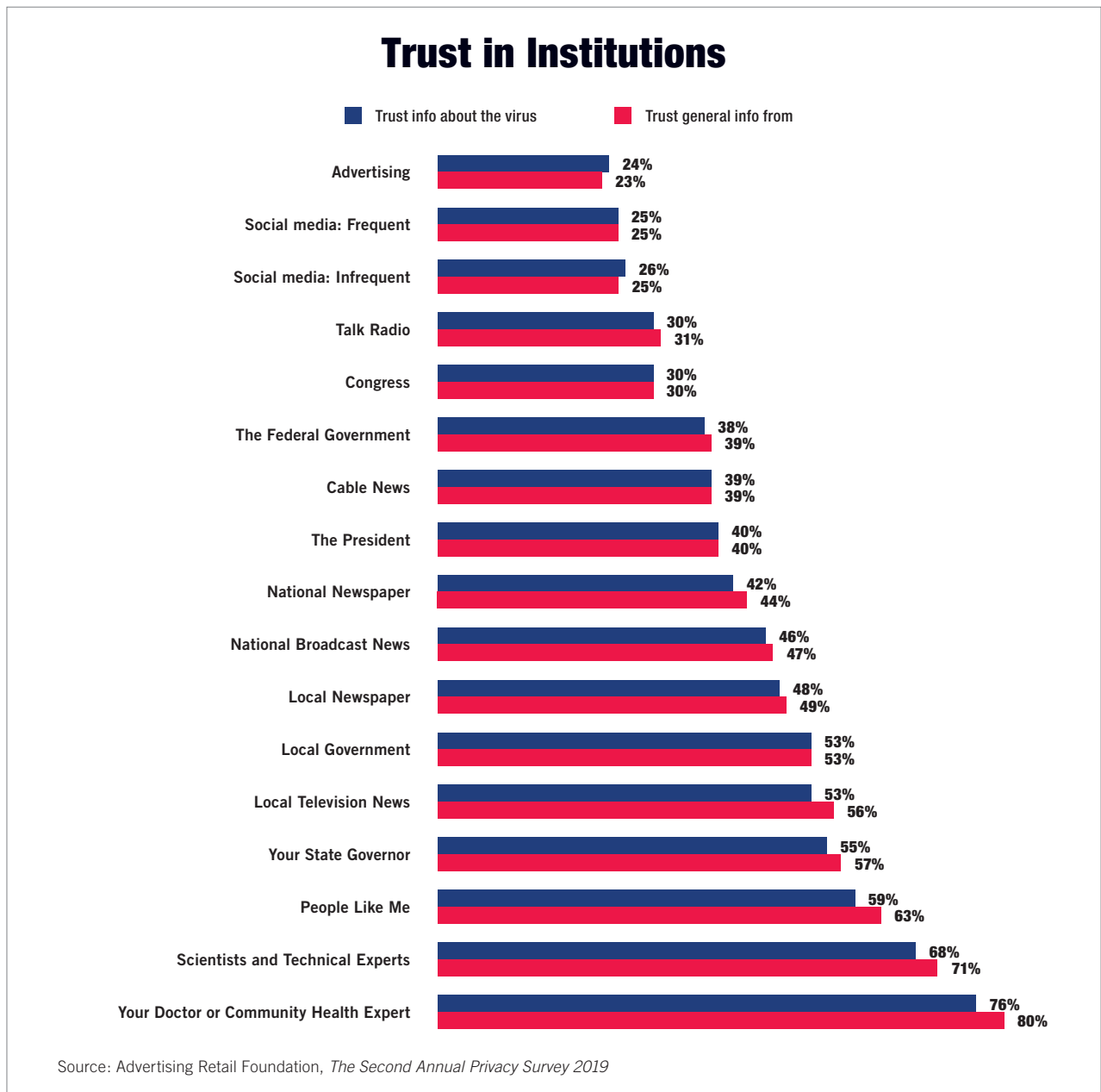
**The sheer volume of surveys being conducted with consumers globally is a testament to the importance of and investment that the public and private sectors have made in the data economy, but also to the uncertainty about what consumers will or won't tolerate, even if the economic benefits are clear.**

**There is no single perspective that covers all consumers, nor is the purpose of this overview to provide a single industry roadmap to solve the privacy question. Our hope is that this will provide our members with a top-line view of the many studies in the marketplace and provide a sense of where there is consensus and where there is a conflict of opinion. We hope that this review will ignite both greater awareness and new ways of thinking about a topic that is not going away and will only continue to get more complex.**

# OVERVIEW

The foundation of advertising lies in understanding and respecting consumer wishes and desires. Over the past two decades, for many consumers, the lack of transparency in data collection and the lack of best practices in using that data for advertising targeting or website personalization have not only hurt their level of trust in a particular brand but soured them to advertising in general.

It is very clear from the *Second Annual Privacy Study 2019* from the Advertising Research Foundation (ARF) that what the advertising industry has been doing up until now is not working. The study shows that advertising ranks as the single least trusted institution. Think about that for a second. Even given the dramatic political split in our country back in 2019, the federal government ranked more trustworthy than advertising as an institution.



## OVERVIEW

Enabled by the enormous innovations around data, machine learning, and AI, marketers have gained deep insights into consumer behavior over the past decade focused through the lens of “How do consumers act?” There has been less of a focus on “What do consumers think?” Are we listening to consumers? Are we respecting them? In part, we focus on the action side of the equation because it’s tangible. We can get a daily report and optimize a spreadsheet to drive immediate margin. Also, it fits the digital performance-based narrative which favors the approach of DTC marketers, data brokers, and programmatic teams. We legitimately want to use data because it generates efficiencies and knowledge. It gives CFOs a sense of security and risk reduction. However, by not listening to consumers, by not saying “please” or properly conveying the consumer experience benefit to them, we have damaged trust, and in the long term, damaged trust leads to the devaluing of the brand.

Often the actions of consumers conflict with what they say, either on a survey or in conversation. Despite the well-publicized missteps that social media has made, there has not been a mass exodus of consumers or marketers. Our challenge is reconciling the inconsistencies between the action and the thought to guarantee that not only short-term immediate sales increase, but long-term brand value does as well.

## THE IMPORTANCE OF CONSUMER PERCEPTION

Why should marketers care what consumers think if they “know” how consumers act? It would be a legitimate question were it not for politics and its direct relationship to our legal system. The thoughts and desires of constituents (that is, consumers) are the currency by which politicians, legislators, and those responsible for governing transact. Polls determine policy. The thoughts and desires of constituents can be influenced and/or manipulated by the slant of press coverage, the socio-economic conditions at a given moment, or events completely unrelated to marketing. Political decisions have real consequences, whether it's by action or lack of action. Ultimately, it's the thoughts of consumers voiced through venues like op-eds, petitions, talk radio, PACs, surveys, and polls, and not their shopping purchases, that determine the type of legislation that is championed and sometimes even turned into law.

Political division in any market can create legislative paralysis, even in the case where both parties generally agree as to the necessity and type of legislation needed to pass. In the United States, the bi-partisan topic that both Republicans and Democrats seem to agree on is that we need data regulation. And yet, we remain without a federal law to guide the business world as to what is acceptable when it comes to data collection.

There is another reason to be in touch with consumer sentiment: we are inherently biased. If you are reading this, you are likely under intense pressure daily to justify your media and marketing investments. This focus on proving marketing and advertising efficiency may, in the moment, prove a distraction from the longer-term need to maintain and expand brand value and trust. As much of the research that we have reviewed illustrates, some of the basic assumptions that our industry has made about what consumers want, such as personalized messaging, interactivity, and data-driven advertising, may not be valued by all or even a large section of consumers unless accompanied by transparency, respect, and a true value exchange.

When it comes to the topic of data collection and privacy, the use of data for marketing and/or advertising targeting and personalization is only a small subset of the overall use-cases for data, machine learning, and AI. There are far bigger concerns that involve geopolitics, national security, personal health, insurance cost, credit scores, domestic relations, law enforcement, and other topics that outweigh the relatively benign use of data for our industry. Many consumers will show contradictory opinions when asked about the uses of data. While they are willing and enthusiastic to share for some purposes, they are fiercely protective of the exact same data for others.

## THE STUDIES

For this overview, the ANA reviewed the following studies around consumer perceptions of data collection and its usage and their views on privacy.

Company	Name of Study/Survey	Research Co.	Respondents	Fielded
Accenture Interactive	<a href="#">2019 Consumer Pulse Survey: See People, Not Patterns</a>	Accenture Interactive	8,000	U.S., U.K., France, Canada, Italy, Spain, Germany, Sweden
ANA	<a href="#">Consumer Perspectives on Online Activity Tracking — 2021</a>	Morning Consult	5,660	U.S.
ARF	<a href="#">The Third Annual Privacy Study: 2020</a>	ARF/Qualtrics	1,200	U.S.
ARF	<a href="#">The Second Annual Privacy Study: 2019</a>	ARF/Qualtrics	1,100	U.S.
ARF	<a href="#">The First Annual Privacy Study: 2018</a>	ARF/Qualtrics	1,223	U.S.
Cheetah Digital	<a href="#">Digital Consumer Trends Index 2021</a>	eConsultancy	5,065	Australia, France, Japan, Spain, U.K., U.S.
Cisco	<a href="#">Cisco Consumer Privacy Survey 2020: Protecting Data Privacy to Maintain Digital Trust</a>	Cisco	2,600	Australia, Brazil, China, France, Germany, Italy, India, Japan, Mexico, Spain, U.K., U.S.
EY	<a href="#">EY Global Consumer Privacy Survey 2020</a>	Longitude	1,901	EMEA, Americas, Asia-Pacific
IBM	<a href="#">IBM Multinational Consumer Privacy Study</a>	Harris Interactive	5,008	U.S., U.K., Germany <i>(Note: U.S. only market with an online survey of 2,000)</i>
ICO/OFCOM	<a href="#">AdTech Market Research Report — 2019</a>	Harris Interactive	2,342	U.K.
Innovid	<a href="#">Consumer Attitudes on Personalized Ads 2020</a>	Survata	1,000	U.S.
Manga + Brave	<a href="#">Delivering Ad Experiences People Want 2021</a>	Magna	1,005/10,218 <sup>1</sup>	U.S./Canada

## THE STUDIES

Company	Name of Study/Survey	Research Co.	Respondents	Fielded
Merkle	<a href="#">Merkle Consumer Experience Sentiment Report 2021</a>	Merkle DX Research/ Qualtrics	1,348	U.S.
Norwegian Consumer Council	<a href="#">Surveillance-Based Advertising</a>	YouGov	1,006	Norway
Pew Research Center	<a href="#">Americans and Privacy: Concerned, Confused, and Feeling Lack of Control Over Their Personal Information</a>	Pew Research	4,272	U.S.
Publicis Sapient	<a href="#">The Data Collection and Consent Survey</a>	IPSOS	5,007	U.S., Australia, France, Germany, Great Britain
PwC	<a href="#">PwC: The Global Consumer Changed for Good, June 2021 Global Consumer Insights Survey</a>	PwC Research	8,681	22 countries <sup>2</sup>
The Conference Board	<a href="#">Consumers' Attitudes About Data Practices 2020</a>	Nielsen	32,000	63 markets <sup>3</sup>

<sup>1</sup>Magna + Brave Study: 1,005 Online Interviews/10,218 Live In-Market Testing

<sup>2</sup>PwC Study Markets: Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, Indonesia, Japan, Malaysia, Mexico, Middle East, Netherlands, the Philippines, Russia, Singapore, South Africa, South Korea, Spain, Thailand, U.S., and Vietnam

<sup>3</sup>The Conference Board Survey Markets: Australia, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam, Austria, Belarus, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Kazakhstan, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, U.K., Ukraine, Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru, Venezuela, Egypt, Morocco, Pakistan, Saudi Arabia, South Africa, United Arab Emirates, Canada, U.S.

A quick caveat about what you are about to read: Most of the studies in 2020 and 2021 center on the impact of the COVID-19 pandemic. The entire world has been and continues to be in a heightened state of uncertainty as variants continue to challenge us. The same volatility and uncertainty that we are all experiencing holds true for consumers as they debate the value of sharing personal information during unusual times. As an example, the use of location-based data for contact tracing purposes seems to have opened up a large part of the world to sharing that data for the common good. On the other hand, when it comes to using that data to target ads, the enthusiasm is muted and fear of data misuse occurs. Where consumers will net out after the pandemic is still very much unknown.



## DEFINING PRIVACY

What is privacy? How far does the concept extend into business?

Ellen Alderman and Caroline Kennedy, in their critical book *The Right to Privacy*, define privacy with a quote from Justices Louis Brandeis and Samuel D. Warren. The Supreme Court Justices defined privacy as “the right to be left alone.” In a prescient warning, they noted that “numerous mechanical devices threaten to make good the prediction that ‘what is whispered in the closet shall be proclaimed from the housetops.’ ” There was no Twitter, Instagram, TikTok, Snapchat, WhatsApp, Discord, or Facebook when they said that, but how accurate they were.

Do we have a right to privacy? The answer, of course, depends on where that question is being asked and the data in question. According to the United Nations Conference on Trade and Development (UNCTAD), 128 out of 194 countries have put in place some legislation to secure the protection of data and privacy. The United States has not implemented a federal law regulating the collection and use of data, with the exceptions of HIPAA (Health Insurance Portability and Accountability Act), instituted in 1996, and COPPA (Children’s Online Privacy Protection Act), instituted in 1998.

In their deep dive into privacy, Alderman and Kennedy explain that there is no “right to privacy” in the U.S. Constitution. The closest thing that could be interpreted to such a right is in the Fourth Amendment, which says, “the right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.”

In the 2019 survey by the Pew Research Center, *Americans and Privacy: Concerned, Confused, and Feeling Lack of Control Over Their Personal Information*, researchers asked respondents what privacy means to them:

- 28% of respondents mentioned other people and organizations.
- 26% mention control of their ability to decide what aspects of their lives are accessible to others.

Some of the verbatims:

*“Digital privacy would mean that you could use digital technology without the fear of your information or messages being vulnerable to someone gaining access to it that was not your intended receiver.”*

— Woman, 72

*“Activity/data about me and from my interactions with websites and digital services being unavailable to other people.”*

— Man, 22

*“I should be able to surf the web and do it anonymously.”*

— Woman, 55

## DEFINING PRIVACY

Around the globe, countries are recognizing the need for privacy legislation. In 2018, the European Union took the lead in addressing the issue when it passed the General Data Protection Regulation (GDPR). The GDPR gave European citizens the right to access, amend, and port over their data. Additionally, and perhaps most importantly, it gave EU citizens “the right to be forgotten,” which allows citizens to delete their data under certain circumstances.

A brief synopsis of current data protection laws in place:

	Known As	Full Name	Year Implemented	Region	Link to Details
United States	HIPAA	Health Insurance Portability and Accountability Act	1996	U.S. (National)	<a href="#">HIPAA Info</a>
	TCA	Telecommunications Act of 1996	1996	U.S. (National)	<a href="#">Telecom Act 1996 Info</a>
	COPPA	Children’s Online Privacy Protection Rule	1998	U.S. (National)	<a href="#">COPPA Info</a>
	CCPA	California Consumer Privacy Act	2020	California	<a href="#">CCPA Info</a>
	SB110	Vermont Security Breach Notice Act	2020	Vermont	<a href="#">SB110 Info</a>
	SS 9301	Statute 9301 (An Act to Protect the Privacy of Online Customer Information)	2020	Maine	<a href="#">Maine Act Info</a>
	SB220	Senate Bill 220	2020/2021*	Nevada	<a href="#">SB220 Info</a>
	CPRA	California Privacy Rights Act	2023	California	<a href="#">CPRA Info</a>
	VCDPA	Virginia Consumer Data Protection Act	2023	Virginia	<a href="#">VCDPA Info</a>
	CPA	Colorado Privacy Act	2023	Colorado	<a href="#">CPA Info</a>
Outside U.S.	PIPEDA	The Personal Information Protection and Electronics Document Act	2001–2004	Canada	<a href="#">PIPEDA Info</a>
	PIPA	Personal Information Protection Act	2004	Alberta, Canada	<a href="#">PIPA Info</a>
	GDPR	General Data Protection Regulation	2018	European Union and European Economic Area	<a href="#">GDPR Info</a>
	PDA	Personal Data Act (in addition to GDPR)	2018/2020 update	Norway	<a href="#">PDA Info</a>
	LGPD	Lei Geral de Proteção de Dados	2020/2021	Brazil	<a href="#">LGPD Info</a>
	PIPL	Personal Information Protection Law	2021	China	<a href="#">PIPL Info</a>
	POPI	Protection of Personal Information Act	2021	South Africa	<a href="#">POPI Info</a>
	APPI	Act on the Protection of Personal Information	2022	Japan	<a href="#">APPI Info</a>

\*Goes into effect October 2021

## THE BENEFITS OF DATA

If you've been in the advertising industry for a blink, you've heard of the John Wanamaker quote: "Half the money I spend on advertising is wasted. The trouble is, I don't know which half." For better or worse, this quote has been the driving force toward a focus on media cost efficiency, since it was said sometime in the late 19th century. Yet Wanamaker had no clue if it was 50 percent, 20 percent, or 65 percent, as there was no real data to back up his claims at the time. While various attribution mix models attempted to tie sales back to exposures, it was not until the digital era that a deterministic method arose that began to answer the question.

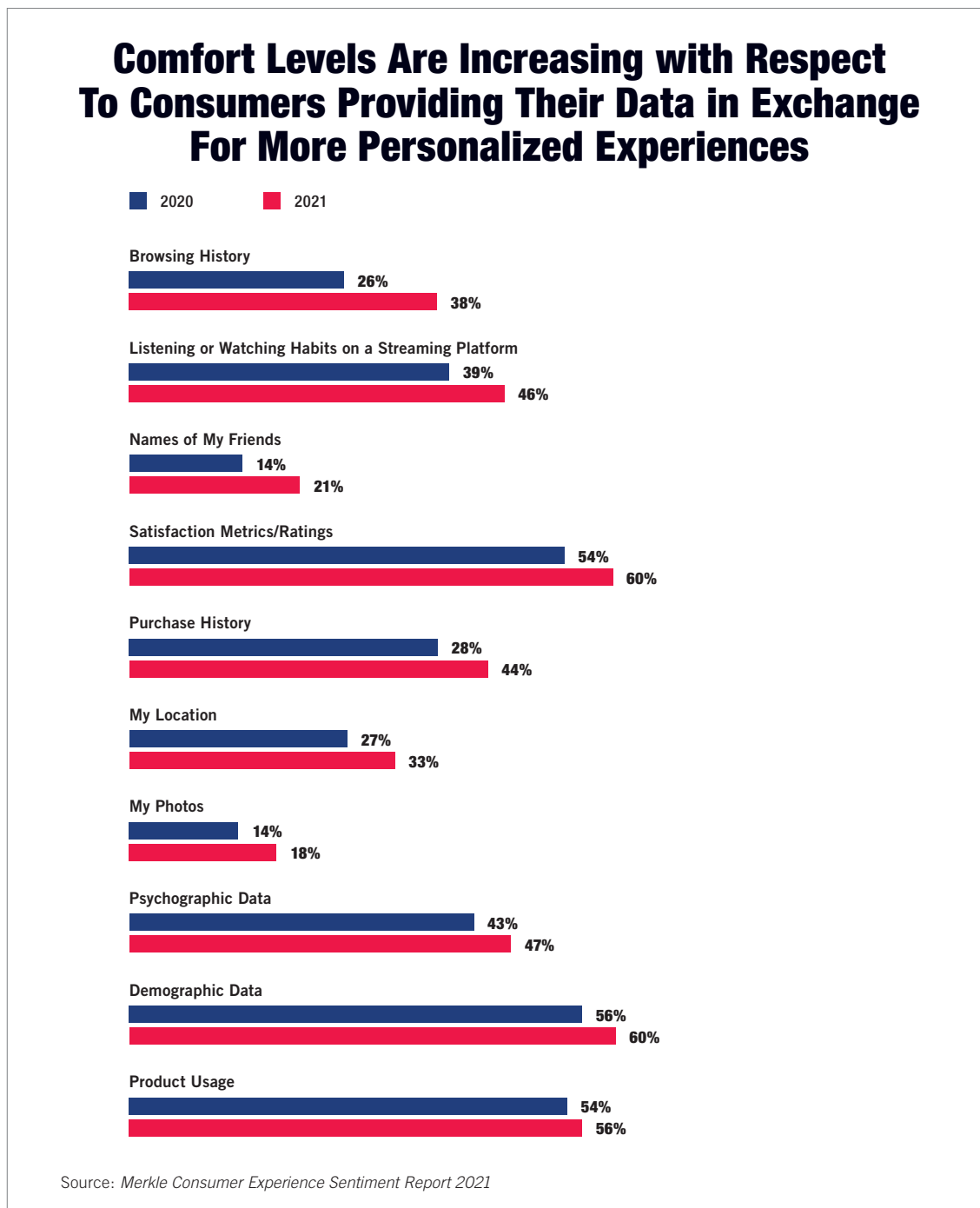
However, even with all this data, it is only through a modeled mix of panel and deterministic data, at this juncture, that we are able to get a partial view of the answer that Wanamaker sought and every CFO seeks. For marketers, the clear benefits of using audience data are efficiency, elimination of waste and risk, shortening of the sales cycle, and potential share shift with a focus on lower-funnel audiences and near-ready to purchase prospects.

For consumers, the benefit of data usage is increased relevance, whether via more relevant website and e-commerce experiences or advertising that they view. In PwC's June 2021 study *The Global Consumer: Changed for Good*, 46 percent of respondents said that they are more data-conscious.

Advertising that is irrelevant, whether it is not of interest or benefit based on gender, income, age, or product/service need, is a waste of an impression, and therefore an unnecessary cost. Relevant advertising provides education, information, brand reinforcement, and at least a rationale for the use of the consumer's currency (time).

## THE BENEFITS OF DATA

In terms of the types of data that consumers seem to be more open to sharing from a year ago, browsing history and purchase history have shown the greatest movement toward acceptability, according to the Merkle study. A study by data company Merkle indicates that U.S. consumers are becoming more open to personalized advertising. Merkle's *Consumer Experience Sentiment Report 2021* reveals that only 23 percent of respondents oppose sharing personal information regardless of benefit, which is 5 percent lower than in 2020. Almost half (49 percent) of respondents feel that personalization makes it easier to find products that interest them.



## CONSUMERS ARE ANXIOUS ABOUT DATA USAGE

In November 2019 (pre-pandemic), the Pew Research Center released a report on consumers and privacy that raised red flags and caused the entire industry to engage in real conversation about the collection and use of data. The report, *Americans and Privacy: Concerned, Confused, and Feeling Lack of Control Over Their Personal Information*, painted a picture of an overwhelmed public, especially among diverse groups, when it comes to their perceptions of how and why their personal data was being collected.

### Majority of Americans Feel as If They Have Little Control Over Data Collected About Them By Companies and the Government

Percentage of U.S. adults who say...		Companies	The Government
<b>Lack of control</b>	They have very little/no control over the data ___ collect(s)	<b>81%</b>	<b>84%</b>
<b>Risks outweigh benefits</b>	Potential risks of ___ collecting data about them outweigh the benefits	<b>81%</b>	<b>66%</b>
<b>Concern over data use</b>	They are very/somewhat concerned about how ___ use(s) the data collected	<b>79%</b>	<b>64%</b>
<b>Lack of understanding about data use</b>	They have very little/no understanding about what ___ do/does with the data collected	<b>59%</b>	<b>78%</b>

Note: Those who did not give an answer or who gave other responses are not shown.

Source: Survey conducted June 3–17, 2019. *Americans and Privacy: Concerned, Confused, and Feeling Lack of Control Over Their Personal Information*, Pew Research Center.

## CONSUMERS ARE ANXIOUS ABOUT DATA USAGE

The saying “one bad apple can spoil the barrel” certainly applies to consumers’ perception and value of audience targeting. Data is more than ones and zeros. It is the digital representation of the human consumer. It is their wants, their needs, their desires (both public and private), their triumphs, and their failures. Even if data is collected in a privacy-compliant fashion, if best practices around the use of that data are not put into play, such as frequency capping, the timing of the first impressions, the cadence of ad delivery, contextual placement, and day and hour of ad delivery, a negative consequence may result. A brand may be damaged. Even if most players in the ecosystem have learned and implemented the optimal way of messaging to consumers over the years, it only takes one or two bad experiences to completely shift the mindset of the consumer towards negativity around targeting and personalization. In a 2021 survey conducted by Magna and privacy-positive browser Brave, 70 percent of respondents agreed that “I find it creepy when I see online ads for products that I have previously searched.” Marketers should not desire their brand to be perceived as “creepy.”

Accenture Interactive’s *2019 Consumer Pulse Survey* surveyed consumers about what creeps them out about data-driven targeting. If you subscribe to the philosophy of “Respect customers” (and don’t creep them out), this should be part of your list of tactics to avoid:

### Top 5 “Creepiest” Advertising Techniques As Cited by Consumers

1. Receiving an ad for something you talked about near a voice assistant but never searched for **(73%)**
2. An ad that follows you across devices **(69%)**
3. A chatbot that has access to your past online shopping (not just purchases) **(69%)**
4. An ad on a social media site based on a recent shopping visit on another site **(66%)**
5. A chatbot that has access to your past customer service interactions **(64%)**

Source: Accenture Interactive’s *2019 Consumer Pulse Survey: See People, Not Patterns*

The half-life of a bad practice or data breach may be short, but the press and trades are all too eager to expose an incident. While one incident may not change the mind of the masses, the collective exposure between news around fraud, identity theft, data breaches, social media’s arrogance when it comes to data practices, and the use of the term “surveillance advertising” makes an impact. The Merkle *Consumer Experience Sentiment Report 2021* study finds that 51 percent of consumers “feel that brands know either slightly or far too much about them when it comes to marketing and advertising.” This is up from 48 percent in 2020.

The level of concern that Americans have around data sharing seems to be generational. According to the Publicis Sapient *Data Collection and Consent Survey*, nearly half (45 percent) of Americans say the data collected about them online can be harmful. Thirty-five percent of gen Zers feel that way, compared with 39 percent of millennials, 42 percent of gen X, and 54 percent of baby boomers. Is this upward gradient of fear based on the wisdom of age or discomfort with technology? That is something to explore in the future.

## BETWIXT AND BETWEEN TWO WORLDS

Despite digital transformation, we are still an industry in transition from mass distribution of media to IP delivered. Consumers are exposed to advertisements from both a one-to-many distribution methodology (over the air/cable linear TV, OOH, terrestrial radio, cinema) and a one-to-one ad delivery system. These two systems were never meant to work together in harmony, and while the momentum is toward continued growth of one-to-one distribution, there will always be some level of shared viewing experiences, such as OTT. All this is to say that the dream of a fully deterministic system to absolutely control reach and frequency in addition to attribution is just that: a dream. As we are currently seeing, it will take a hybrid of deterministic and panel-based probabilistic data to get as close as we can to the reality of ad delivery and impact.

The strength of that hybrid model relies on a trust level between the consumer and the advertising industry: trust that the data being collected is purely for the benefit of the consumer experience. According to the *Consumer Perspectives on Online Activity Tracking — 2021* study that the ANA conducted with Morning Consult, only 33 percent of consumers overall want to allow companies to track their online activity.

The key thread running across all of these studies is that the consumer wants transparency, clarity, and some form of value exchange or compensation. If the advertising industry's response to cookie deprecation and the end of passing device ID is a legal but still surreptitious method of providing the same poor experience in the eye of the consumer, then it is just a matter of time before consumers voice their concerns in the form of votes and legislation to further ban those practices.

## CONSISTENT INSIGHTS ACROSS THE STUDIES

While there are cases where some of the findings of a study will conflict with a different study, in general, some insights across the studies and the regions are consistent:

- 1.** Consumers have a far greater awareness of data collection spurred both by the pandemic and the implementation of privacy and data collection/usage laws globally and locally.
- 2.** Consumers, under certain circumstances, for the greater good, are willing to share personal data about themselves which they hadn't been previously willing to share, but they want greater control.
- 3.** Different industry categories and different types of data have varying thresholds of acceptability when it comes to data collection and usage
- 4.** Regional differences exist, in part due to the amount of time privacy laws have been implemented and in part due to cultural norm differences.
- 5.** Social media sites are the top area of concern among consumers.
- 6.** Consumers are beginning to think of their data as a tradable asset for which they should receive a direct form of monetary compensation.



## CONSISTENT INSIGHTS ACROSS THE STUDIES

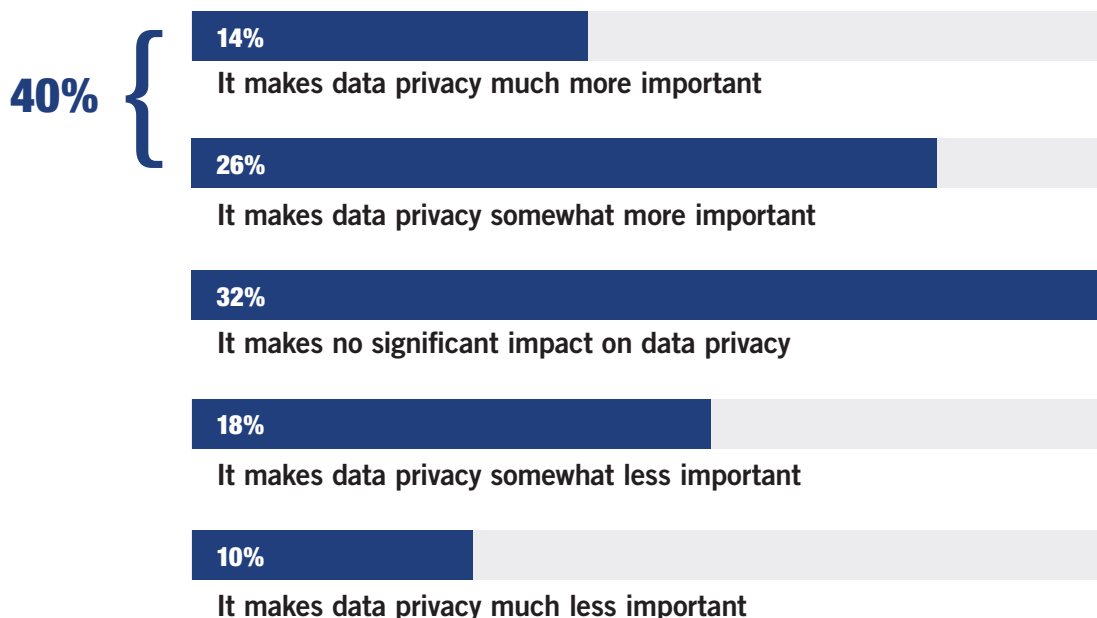
### 1. Consumers have a much greater awareness of data collection.

Data collection and usage has been a persistent topic for the past few years: the Cambridge Analytics scandal; numerous Congressional hearings on Capitol Hill with Facebook, Twitter, Google, Amazon, and Microsoft CEOs; the implementation of the GDPR and the CCPA in California; and privacy laws in Nevada, Maine, and Virginia.

The pandemic, especially contact tracing and vaccination follow-ups with mobile apps, led consumers to rethink their attitudes to some form of data sharing. The *EY Global Consumer Privacy Survey 2020* illustrated the rise in awareness around privacy, with at least half of respondents in each region (54 percent in total) perceiving themselves to be more conscious of the personal information shared through digital communication than before the pandemic. The *Cisco Consumer Privacy Survey 2020* indicates that 40 percent of respondents believe that the pandemic has increased the importance of data privacy. This is also consistent with PwC's *June 2021 Global Consumer Insights Pulse Survey* that shows 46 percent of respondents reporting that they are more data-conscious (as of March 2021).

#### Long-Term View of the Impact of the Pandemic on Privacy

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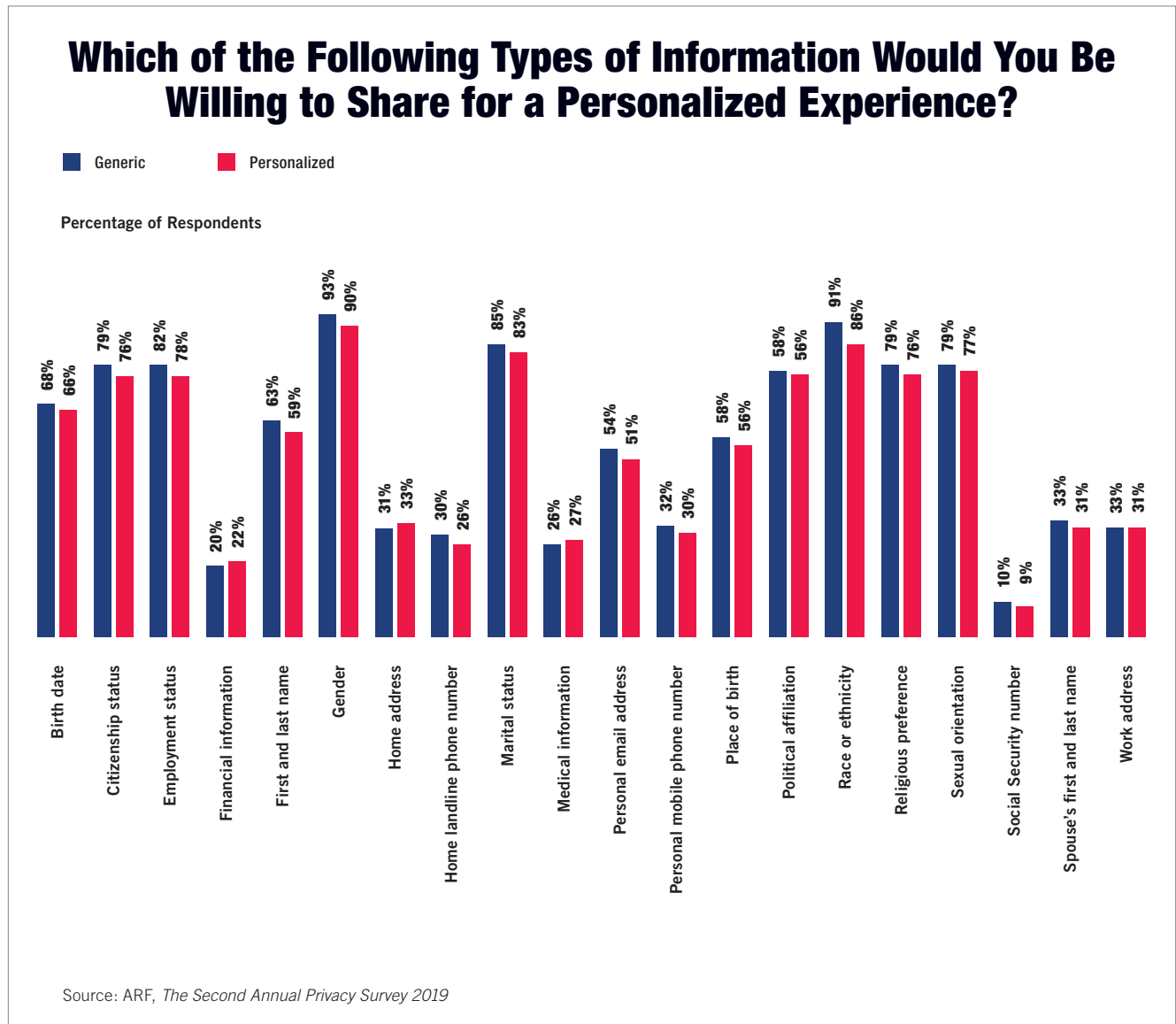


Source: Cisco Consumer Privacy Study 2020

## CONSISTENT INSIGHTS ACROSS THE STUDIES

### 2. Consumers, under certain circumstances, for the greater good, are willing to share personal data about themselves, but they want greater control.

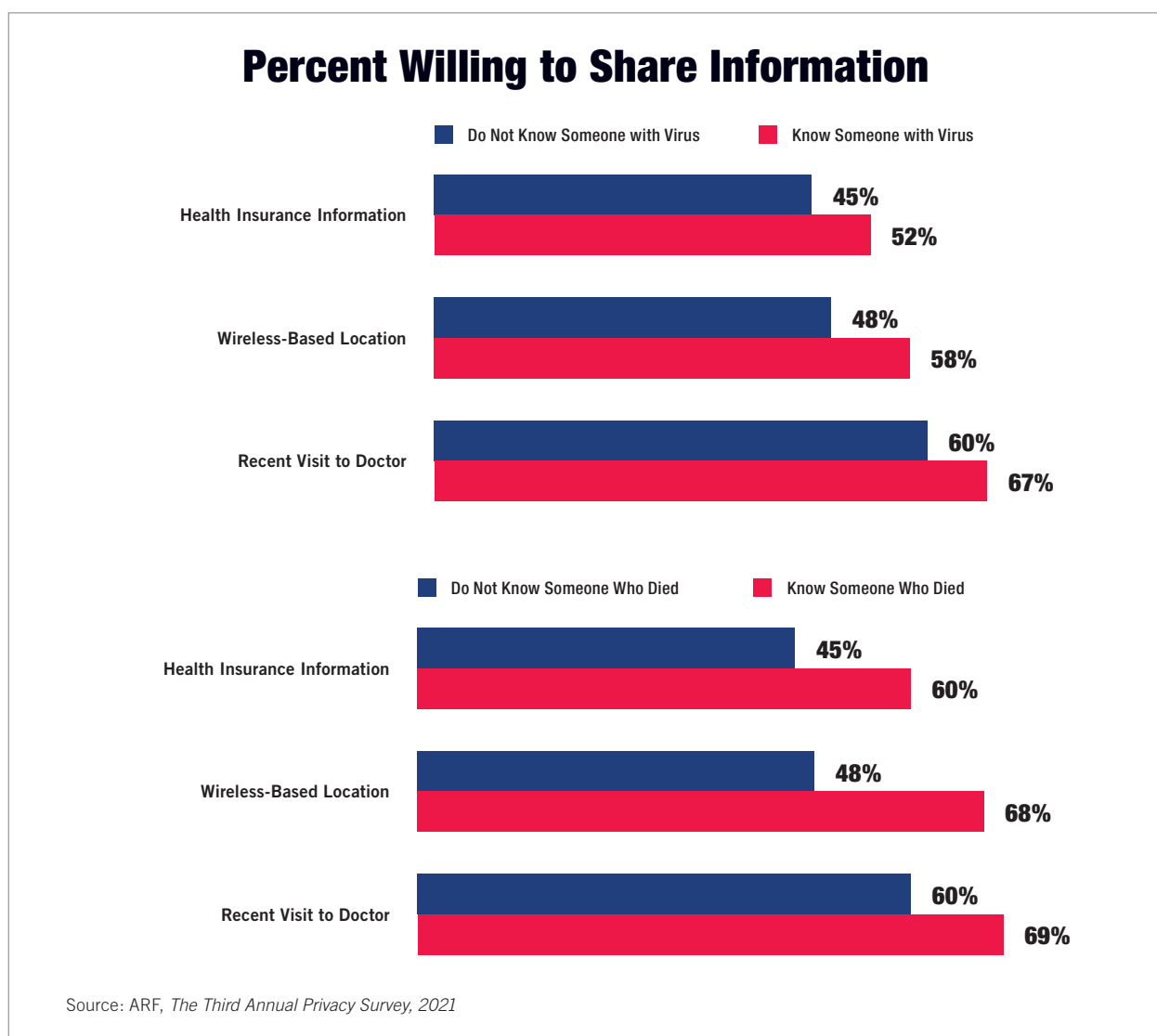
In 2019, before the pandemic, the Advertising Research Foundation's *Second Annual Privacy Study* found that Social Security number, financial information, and medical information were the least likely data points to be shared for a personalized experience, while consumers seemed relatively comfortable sharing basic demographics such as gender, race, and marital status.



## CONSISTENT INSIGHTS ACROSS THE STUDIES

### 2. Consumers, under certain circumstances, for the greater good, are willing to share personal data about themselves, but they want greater control.

Since the pandemic began, the hesitancy to share health care data has evolved, with many consumers understanding now that, at least in terms of COVID-19, the health of the individual directly affects the health of the community, which in turn affects not only the physical health of the nation but the economic health as well. We now see an openness for relevant health care information and location data (contact tracing) to be monitored and shared. However, that openness only applies to sharing that information with the parties which have the responsibility of public health.



It's reasonable to expect that post-pandemic a good portion of consumers will return to the mindset of not wanting to share their health care data. What this has shown is that consumers' willingness to be tracked is dynamic.

## CONSISTENT INSIGHTS ACROSS THE STUDIES

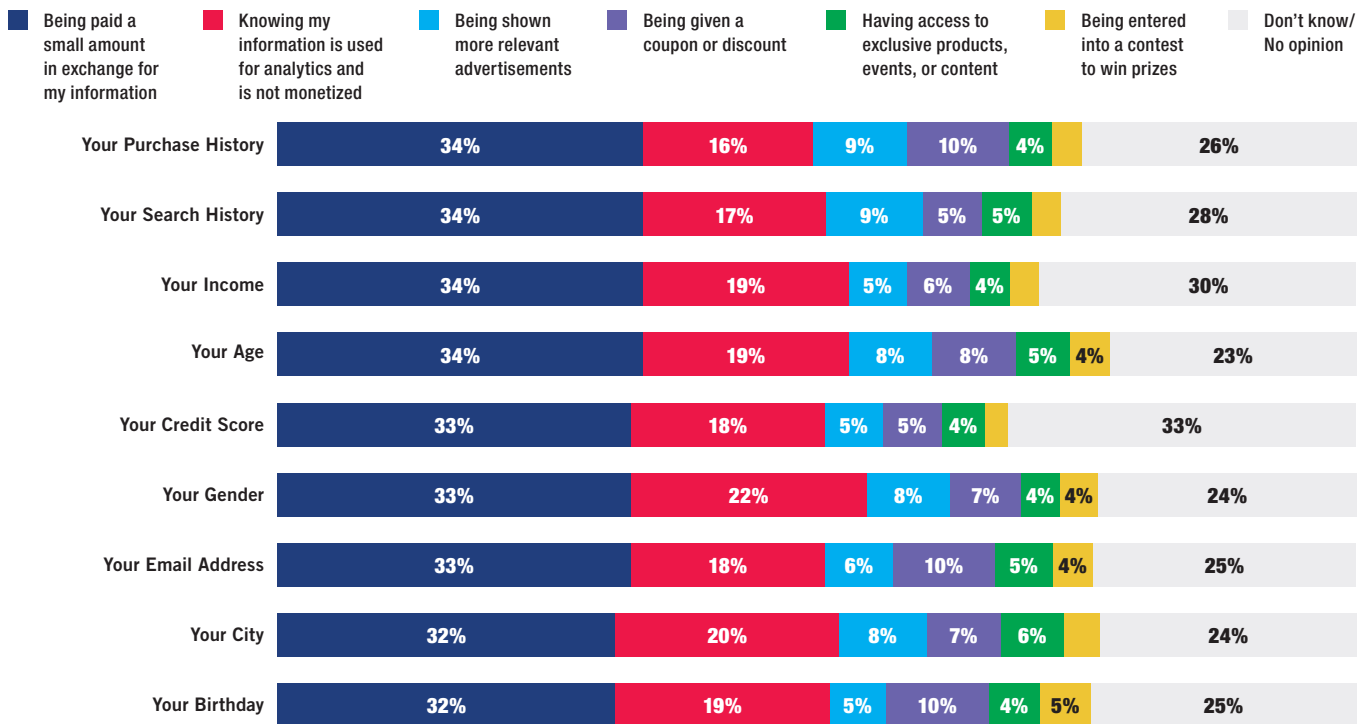
### 3. Consumers may not be happy with the data value exchange.

As we move deeper into an AI-driven world, there is a real fear among consumers that automation will either dramatically reduce job opportunities or give corporations the ability to reduce salaries, causing a wave of “under-employment.” In the U.S. and globally, the gap between the wealthy and poor continues to grow, and the pandemic has accentuated that. As consumers are becoming more enlightened as to the value of their personal data and how it's being used, they are becoming savvy and beginning to request greater compensation, whether in the form of special access, higher discounts on products or services, or actual monetary compensation. Gone are the days where they will accept free content as the tradeoff.

According to the Magna/Brave U.S. study, 53 percent of respondents said that they didn't get much in return for online ads. Another 27 percent were apathetic.

According to the ANA study with Morning Consult, consumers believe if they are going to give up certain types of basic information such as age, gender, income, credit score, birthday, or city, cash is king. It is the preferred value exchange. Being entered into a contest is the least compelling incentive. Being told that the information will lead to more relevant advertising is also not compelling, with all respondents in the single digits.

### What Would You Most Want in Exchange for Providing The Following Information to Companies and Brands?

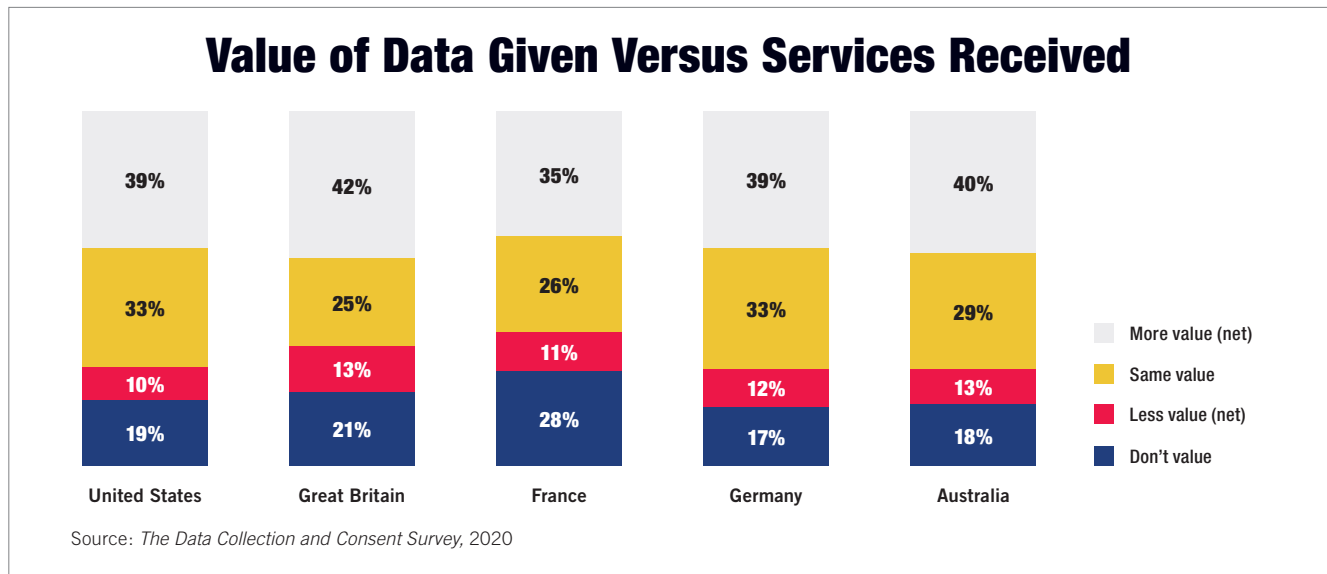


Source: ANA

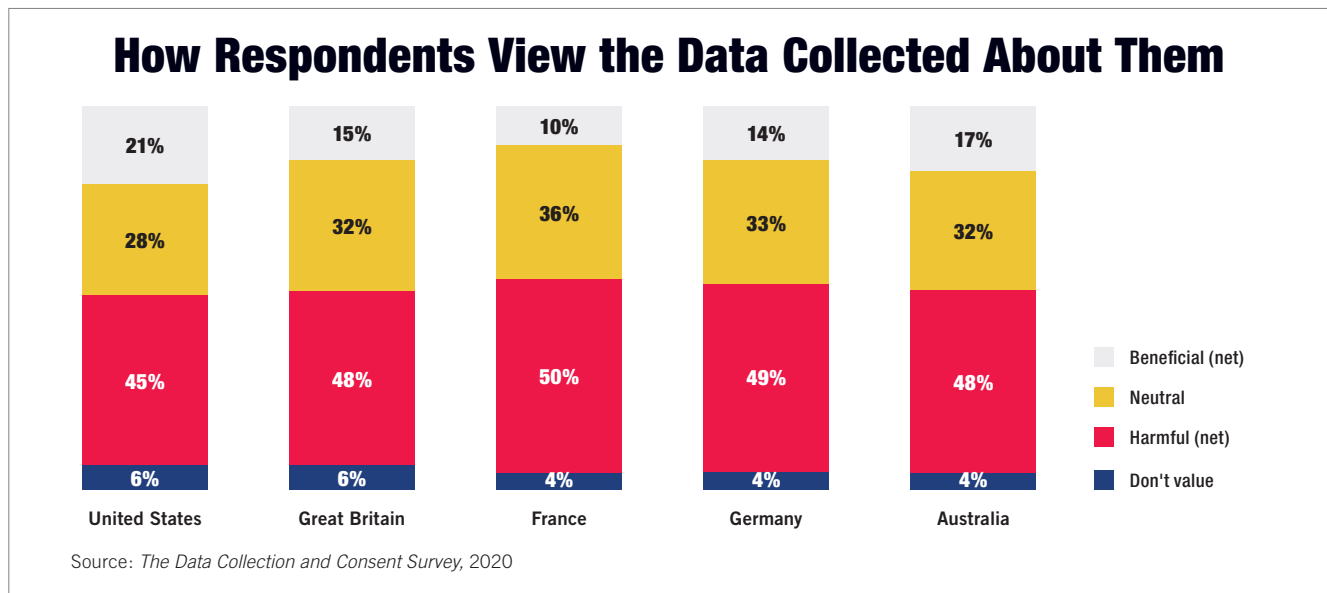
## CONSISTENT INSIGHTS ACROSS THE STUDIES

### 4. Regional differences abound.

The *Data Collection and Consent Survey* from Publicis Sapient, conducted by research company IPSOS in 2020, shows that while most markets find value in the data given for the services received (this includes all services, not just advertising), French respondents had a very low opinion of the value exchange, with 28 percent saying they don't value the services received relative to the value of the data they give.



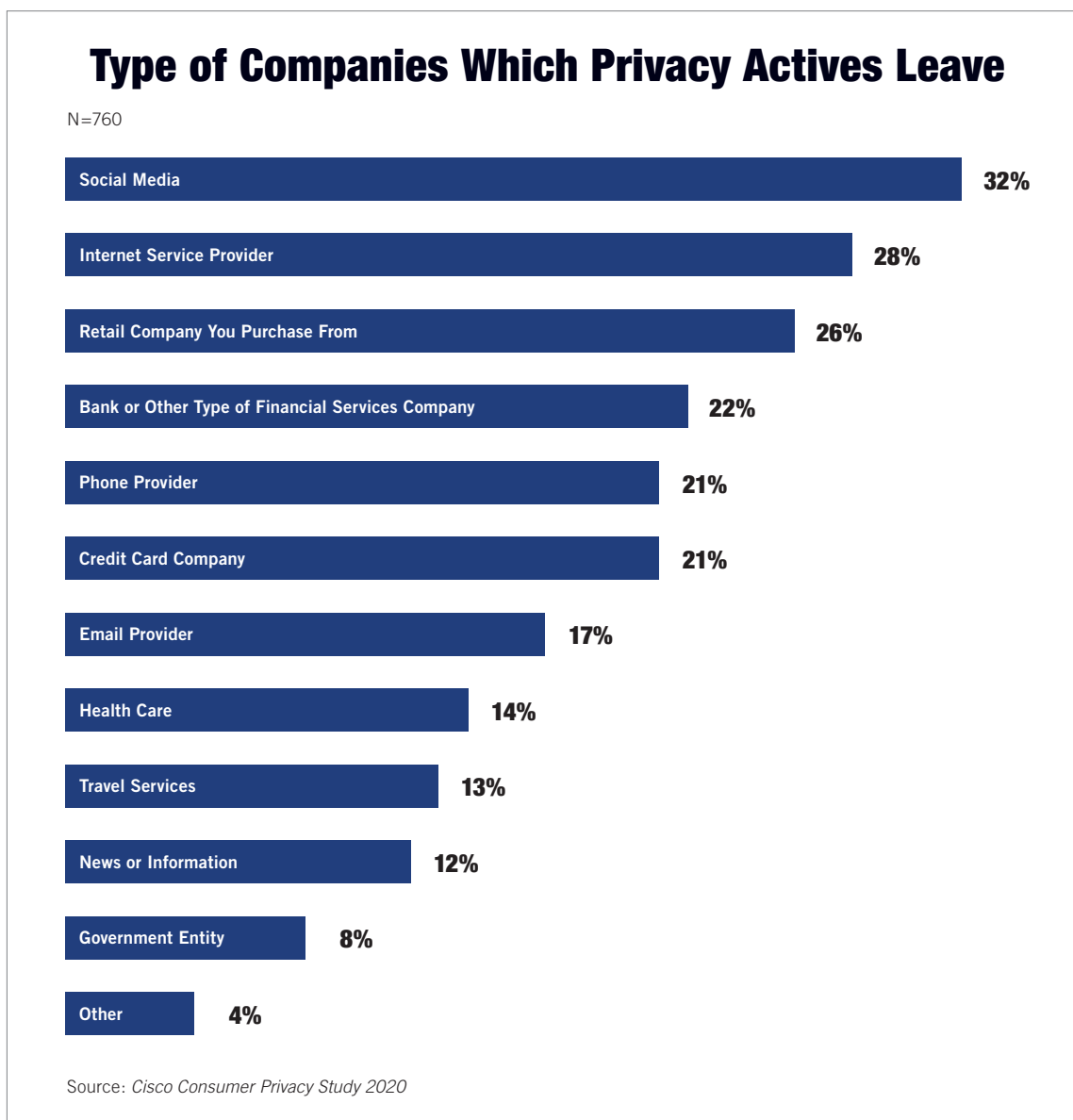
Of greater concern from this study is that across the board, a majority of consumers surveyed in each region believe that the data collected about them is harmful. Only in the U.S. is there some small glimmer that the data is of value. One explanation for this is the historical use of data in ways that have harmed those societies. Alternately, this could also be the impact of there being a privacy law like the GDPR in these markets, whereas the U.S. does not have one yet. To consumers, the need for a law around data may increase the perception that personal data collection is harmful.



## CONSISTENT INSIGHTS ACROSS THE STUDIES

### 5. Social media sites are the top area of concern among consumers.

Across all the surveys that asked the question, social media consistently ranked the least trustworthy of all media types. Cisco's *Consumer Privacy Survey 2020* found that 32 percent of "Privacy Actives," defined as those who not only care about privacy but take action when there is an issue, left a social media platform. The data breaches and regular, less than stellar performances during Congressional hearings in 2020 have made an impact. In fact, the lack of trust in social media seems to be one of the few areas of bipartisan agreement. Couple that with the data in the surveys that speaks about the growing consumer expectation of brands aligning with their new pandemic-driven views focusing on improving social equality and altruism, and it will put increased pressure on brands that use those media types to put even greater pressure on the platforms to give consumers greater control, increase their transparency, and continue to fight to ensure that data is not used to harm democracy.



## FIVE THINGS THAT ADVERTISERS CAN DO NOW

- 1. Focus on First-Party Data.** Consumers are speaking clearly that they will share data if there is a value exchange. So give them value. While the most obvious (and desired by consumers) is some sort of monetary benefit, there are alternatives such as exclusive content.
- 2. Ensure that you are utilizing industry best practices if you do target or personalize using data.** When it comes to advertising, it's less fear and more irritation (and a sense of "creepiness," a word that comes up often in the reports) that is driving consumer pushback on data. A lot of that can be solved with strong guidelines and best practices:
  - Start with suppression of audience vs. targeting. Remove all those current customers or people whom you know will *never* buy your product (e.g., if you sell meat, suppress vegetarians from your media buy).
  - Understand the optimal frequency acceptance within a given time frame and stick to it. Be especially cautious when implementing buys which have a currency based on lead generation or sales that your buys are not spamming and delivering ridiculous amounts of frequency to meet a DR metric.
  - Develop optimal timing between impressions.
  - Recognize the contextual environment in which your ad runs matters.
  - Don't be overly "personal" in your ad if there has not been a long-term commitment.
- 3. Give and Communicate a Greater Sense of Control to Consumers.** Don't obfuscate or hide consumers' ability to see, edit, or delete the data that you do have on them. Giving consumers control does not necessarily mean that they will delete it, and it will give them a trust level.
- 4. Speak in the Vernacular, Not Legalese.** Your legal teams may insist on certain textbook legal language within a Privacy Statement to cover off legitimate concerns. Along with that verbiage, give consumers information about your data collection and usage policies and their ability to port over, edit, or delete their data. Use clear, complete, concise, everyday language with an explanation as to the consumer benefit of the use of that data and your policy around sales of that data. Transparency and education will go a long way in building and maintaining consumer trust.
- 5. Maintain awareness of and clear, transparent compliance with national, regional, and local regulations.** The global privacy legal landscape is dynamic and changes frequently. Ensure that you have a regularly scheduled frequency of updates on those changes and have at least quarterly meetings with the agency or in-house leads that use data to ensure compliance.
- 6. Join and invest as an industry to educate and demonstrate to consumers the benefit of data collection for personalized and customized experiences.** The clear message coming across from most of the studies is that a consumer who is educated about the benefits of data usage, targeting, and personalization is more open to sharing and one who trusts. Most consumers, in particular younger demos, are not aware of the real costs of the Open Web and how advertising helps keep the content they consume on those sites cheap or free.

## SUMMARY

The advertising industry has done a poor job of communicating the value of data collection and usage to consumers. Instead of asking for permission in clear plain-spoken language, we chose, as an industry, to surreptitiously track and target through the use of cookies, while hiding language in obscure legalese on website privacy statements. An opportunity was missed to simply say “please” and explain to and build consensus with consumers as to why the data collected would provide a real benefit to their experience and work.

The result was not only the necessity for regional, national, and local privacy laws but a huge loss in trust among consumers around advertising.

With the deprecation of the cookie and Apple’s and Google’s moves to be privacy-forward, the advertising industry has an opportunity to reboot the privacy conversation with consumers.

The data contained in the surveys that we reviewed indicate that there are always circumstances in which consumers will be open to sharing data. They simply want clear communication as to how that data will be used and assurances that it will only be used in that manner. They want to know that they will benefit from the use of that data. Increasingly, as they gain an understanding of just how valuable that data is, they want tangible compensation, whether in the form of tokens, gift cards, cash, or discounts. The notion of “you get free content” no longer appears to suffice.

For the global advertising industry, there is not and will likely never be a one-size-fits-all solution to data collection and usage. The history of a country, its political and economic system, and the cultural beliefs of the people all play a role.

Advertisers should be aware that a large amount of the concern around data collection is less around the marketing of products than around societal, political, and health concerns which are viewed of far greater importance than marketing and advertising. It is entirely plausible that laws may be passed that negatively affect marketers’ ability to use data in a way that they expected, but are beneficial to society.

One area where advertisers can feel confident in zero-party or first-party data is within walled gardens. Where consumers have freely and actively given their information or where they are a current customer is free game. Consumers understand this and welcome that data to be used to drive more personalized experiences.

Ultimately, as all of these studies have shown, consumers have a dynamic and complicated relationship with data. As the years have gone by, they have recognized that the data is them. Even the smallest amount of data that they leave can drive a tremendous amount of inference about who they are. While we as marketers have known that for a while, this new revelation to consumers offers us the opportunity to reset the conversation and partner with consumers to establish trust and an equitable value exchange.



## GLOSSARY OF PRIVACY TERMS

**Zero-Party Data:** Data proactively given by consumer when asked to input it by a company.

**First-Party Data:** Data which a company collects either through a direct business relationship with the consumer or through the consumer opting in to have their data collected and stored.

**Second-Party Data:** Data collected from the company that originally collected and owns it.

**Third-Party Data:** Data, either single-set or aggregated, purchased through an intermediary.

**Machine Learning:** The use and development of computer systems that are able to learn and adapt without following explicit instructions by using algorithms to discover and utilize patterns in data.

**Artificial Intelligence (AI):** The theory and development of computer systems to perform tasks that normally require human intelligence.

## KEY TAKEAWAYS FROM CONSUMER PRIVACY STUDIES

Company	Survey Name	Key Takeaways
Accenture Interactive	<a href="#">2019 Consumer Pulse Survey: See People, Not Patterns</a>	<ul style="list-style-type: none"> <li>• Treat data collection and data strategy as part of the consumer experience.</li> <li>• 73% of consumers are willing to share if you're transparent.</li> <li>• Take a human approach to data.</li> <li>• Beware the creepy types of targeting:               <ul style="list-style-type: none"> <li>◦ Retargeting based on recent shopping experience on a different platform</li> <li>◦ Digital ad stalker</li> </ul> </li> <li>• 71% of consumers said a brand communicated in an overly personal way using data that they did not directly share.</li> </ul>
ANA	<a href="#">Consumer Perspectives on Online Activity Tracking — 2021</a>	<ul style="list-style-type: none"> <li>• Consumers want opt-in, not opt-out.</li> <li>• Only around 33% of consumers want to allow companies to track their online activity.</li> <li>• 33% say they'd rather pay for website access than be tracked.</li> <li>• Given iOS changes, 54% said that they will deny permission to track all the time. Only 4% would allow all the time.</li> </ul>
ARF	<a href="#">The Third Annual Privacy Study: 2020</a>	<ul style="list-style-type: none"> <li>• People are willing to share health care information if it is used to fight COVID-19.</li> <li>• Understanding of privacy policy is up. It is greater for higher income and skews Northeast or West.</li> <li>• Doctors and scientists are most trusted.</li> <li>• Advertising is the least trusted institution, both around virus information and in general.</li> </ul>
ARF	<a href="#">The Second Annual Privacy Study: 2019</a>	<ul style="list-style-type: none"> <li>• There is no indication that consumers will be more likely to share data if they are told they will get more personalized advertising.</li> <li>• While the benefits of personalized advertising are clear, consumers don't value it and do not understand the technology.</li> </ul>
ARF	<a href="#">The First Annual Privacy Study: 2018</a>	<ul style="list-style-type: none"> <li>• People will share data about who they are, but not how to locate or track them. Social Security numbers remain the most sensitive piece of information.</li> <li>• Financial information is also very sensitive.</li> <li>• Personalization doesn't affect what data people are willing to share.</li> <li>• Consumers don't expect much for sharing basic demo data. Most would expect less than \$10 in value exchange. Men are more likely to give it away for free.</li> </ul>
Cheetah Digital	<a href="#">Digital Consumer Trends Index 2021</a>	<ul style="list-style-type: none"> <li>• 79% of respondents say they would rather brands invest in loyalty programs than social media.</li> <li>• 58% of respondents have switched brands for ethical reasons.</li> <li>• Use of first-party data (transactional/self-reported) is viewed as acceptable.</li> </ul>

## KEY TAKEAWAYS FROM CONSUMER PRIVACY STUDIES

Cisco	<a href="#"><u>Cisco Consumer Privacy Survey 2020: Protecting Data Privacy to Maintain Digital Trust</u></a>	<ul style="list-style-type: none"> <li>• 29% are “privacy actives,” who switch brands due to data practices.</li> <li>• Privacy actives abandon social media.</li> <li>• India and China view their privacy laws most favorably.</li> <li>• Only 40% of respondents in countries with national or multinational privacy laws were aware of those laws.</li> </ul>
EY	<a href="#"><u>EY Global Consumer Privacy Survey 2020</u></a>	<ul style="list-style-type: none"> <li>• Data security is paramount.</li> <li>• Sharing data without consent destroys trust (54% agree).</li> <li>• Health care is most trusted to use data solely for purpose intended.</li> <li>• The pandemic has made people more willing to share personal information if it benefits the community.</li> <li>• Consumers would share demo data in exchange for a discount/coupon.</li> </ul>
IBM	<a href="#"><u>IBM Multi-National Consumer Privacy Study</u></a>	<ul style="list-style-type: none"> <li>• 60% of U.S. consumers view personalized marketing as a “good thing.” Only 40% of consumers in Germany feel that way.</li> <li>• 78% of U.S. consumers have refused to give information to a business or company because they felt the information was not needed or too personal.</li> <li>• 46% of U.S. consumers say they’ve never seen a privacy notice.</li> <li>• 76% of U.S. Hispanics view personalized marketing as a positive, perhaps reflecting an appreciation of Spanish-language marketing materials.</li> <li>• The GDPR has given a sense of confidence to consumers in the U.K., who were less likely to believe consumers have lost control of personal information than in the U.S. and Germany.</li> <li>• Essential service industries (health care, banks, insurance) and e-commerce have a higher level of consumer expectation on data privacy.</li> <li>• The ability for consumers to take back their data is the key to their willingness to share.</li> <li>• If there is a data breach, consumers want cash compensation.</li> </ul>
ICO/OFCOM	<a href="#"><u>AdTech Market Research Report — 2019</u></a>	<ul style="list-style-type: none"> <li>• The majority of consumers understand that they get free access to websites for viewing ads.</li> <li>• When consumers understand how ad tech works, they find websites showing ads <i>less</i> acceptable.</li> <li>• Large percentages use ad blockers/delete cookies.</li> </ul>
Innovid	<a href="#"><u>Consumer Attitudes on Personalized Ads 2020</u></a>	<ul style="list-style-type: none"> <li>• Consumers recognize the importance of personalized ads.</li> <li>• Contextual personalization is preferred over behavioral.</li> <li>• Consumers want control over data collection preferences, although 43% are not comfortable sharing data at all.</li> </ul>

## KEY TAKEAWAYS FROM CONSUMER PRIVACY STUDIES

Manga + Brave	<a href="#"><u>Delivering Ad Experiences People Want 2021</u></a>	<ul style="list-style-type: none"> <li>• Most don't like online ads. In fact, 74% hate them.</li> <li>• Ad clutter and retargeting are annoying and creepy to most consumers.</li> <li>• Clutter control is the biggest value.</li> </ul>
Merkle	<a href="#"><u>Merkle Consumer Experience Sentiment Report 2021</u></a>	<ul style="list-style-type: none"> <li>• Consumers are more comfortable with personalized experiences, but loyalty is only given if the experience is non-invasive.</li> <li>• Consumers think marketers know too much about them.</li> </ul>
Norwegian Consumer Council	<a href="#"><u>Surveillance-Based Advertising</u></a>	<ul style="list-style-type: none"> <li>• Norway is becoming one of the most vehemently opposed countries to using data to target ads.</li> <li>• Over 50% of respondents were against ads that used personal information to target, although younger demos were not as unfavorable.</li> </ul>
Pew Research Center	<a href="#"><u>Americans and Privacy: Concerned, Confused, and Feeling Lack of Control Over Their Personal Information</u></a>	<ul style="list-style-type: none"> <li>• Consumers believe as a fait accompli that data is always being collected on them.</li> <li>• 81% feel the risks of businesses collecting data on them outweigh the benefits.</li> <li>• Consumers are more open to data being shared that improves the public good or provides national security.</li> <li>• U.S. consumers do not believe that companies will publicly admit to misusing data.</li> <li>• Almost a third of U.S. consumers have experienced some type of identity theft.</li> <li>• Racial differences exist, with more Black U.S. consumers believing that the government tracks what they do online or on mobile (60% Black vs. 43% White).</li> </ul>
Publicis Sapient	<a href="#"><u>The Data Collection and Consent Survey</u></a>	<ul style="list-style-type: none"> <li>• Consumers do not understand data policy. 80% surveyed in all five countries don't know what companies do with data.</li> <li>• Increasing knowledge about data privacy provides a greater level of trust and comfort to share data.</li> <li>• In most countries, except France and Germany, consumers feel that their data is worth more than the free services they receive.</li> </ul>
PwC	<a href="#"><u>PwC: The Global Consumer Changed for Good, June 2021 Global Consumer Insights Survey</u></a>	<ul style="list-style-type: none"> <li>• Consumers are more data-conscious.</li> <li>• In general, U.S. consumers are the most willing to share data while online or on apps across all categories except CPG. This is ironic given in-store loyalty cards.</li> </ul>
The Conference Board	<a href="#"><u>Consumers' Attitudes About Data Practices 2020</u></a>	<ul style="list-style-type: none"> <li>• Data security, third-party sharing, and lack of transparency top the list of consumer concerns.</li> <li>• Brands should fear retribution for bad data/targeting practices. 23% have unfollowed or unsubscribed. 20% used the brand less or left it completely.</li> <li>• Value exchange is driven by relevancy and currency: 44% are willing to share health and fitness data in return for better insurance rates; 41% are willing to share driving routes or behavior for savings on auto insurance.</li> </ul>



# **PRIVACY AND THE CONSUMER**

**A MARKET RESEARCH OVERVIEW**