

Understanding Consumers' Attitudes About Data Sharing And Building Trust

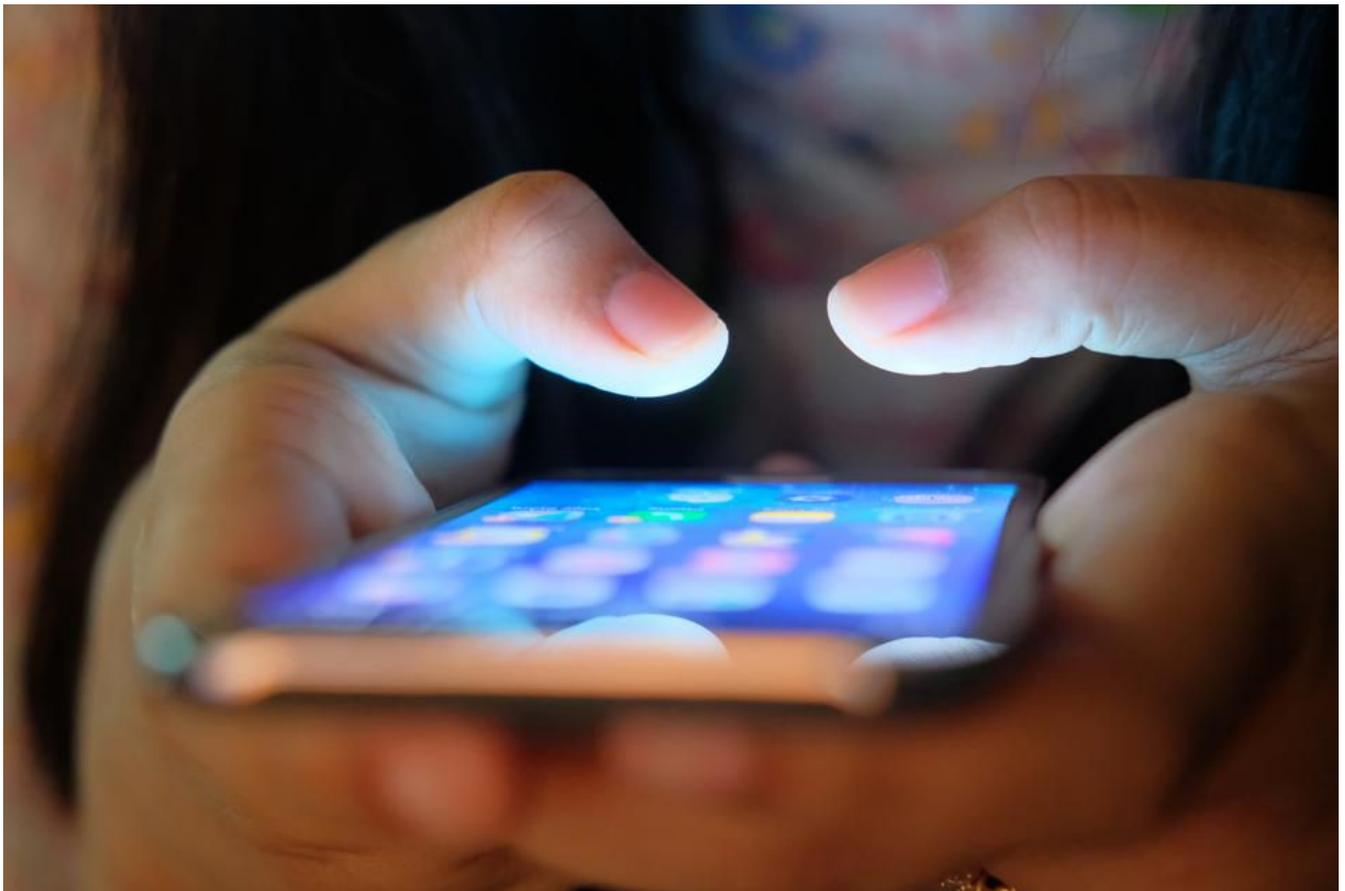


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Data sharing between consumers and companies is a fact of life these days, even if consumers differ in how they feel about it. For companies, data gathering represents a fantastic opportunity to get to know customers better and provide them with what they want in the way they want.

Companies today have access to far more data than they ever have before. In fact, in the last two years, **90%** of all the data in the world was created. For more than two decades, I've helped Fortune 500 companies navigate the customer value exchange as they develop and implement customer loyalty programs. When consumers opt in to such a program, they provide information at sign-up and enable the company to track their purchases. At this time, there is an explicit exchange in value. Since the foundation of a customer relationship is trust, I believe it's critical for companies to understand customers' attitudes about data sharing and privacy and build a sense of trust with those customers.

Data Privacy: What Consumers Really Think

When it comes to attitudes about data privacy, there are roughly **four different types of consumers**, according to global information services company Experian. One group is mostly unaware of what data is being gathered or how companies use that information. This group, the Unaware, may accept terms and conditions without fully understanding them and may not realize what information their apps are gathering. However, don't confuse this unawareness with indifference. The reaction of this group of customers upon learning how much data is collected and how it's used can include avoiding a company afterward.

The Acceptor group isn't happy about sharing their data, but they accept it as an inevitable part of modern life. They do tend to be concerned about how much data they're sharing but may be more willing to share once they understand the purpose of gathering the data.

The third group is Cautious, and they may have had their data misused in the past. This group is still willing to share data but may require more information and more reassurance than the Acceptor group. It's critical to be transparent with this group and build trust.

The final group is the Incognito group. They tend to use privacy browsers when they go online, and they may take such precautions as having a second email address for any signups to avoid spam or any follow-ups. It's not impossible to get consumers in this more adversarial group to share reliable data, but it can take longer and may require even more transparency than working with the Cautious group.

The bottom line with all of these groups is giving them a sense that they're getting something back from sharing their data.

The Decision To Share Data

What makes consumers willing to share data? It's worth keeping in mind that there's nothing new about sharing personal information with companies. For example, when applying for a mortgage or another type of loan, it would be unusual for a person to question requests for information about income. It appears that people are more comfortable sharing information as part of an already established practice.

Similarly, if the reason for sharing data is inherently linked to the service, most people seem to be more willing to share. A map tool requires the user's location in order to function, for example.

Some people are more willing to share data if there is significant value for them in doing so. More than **3.5 billion consumers** in the United States are willing to share their data with companies for loyalty program benefits.

Company To-Dos For Building Trust

With knowledge about how consumers feel about data privacy, companies can take steps to build consumer trust and encourage customers to share data:

- Be clear about what data you're gathering and why. This includes writing terms and conditions in accessible, jargon-free language.
- Be open about your use of customers' data.
- Acknowledge consumer data privacy concerns, and don't ask for more information than you need.
- Allow customers to make choices about what data they share.
- Reassure them about how their information is protected and what regulatory bodies govern the storage and use of their information.
- Ensure that every data-related choice you make is guided by an understanding of data privacy — what the consumer really thinks. One **survey** found that "consumers are typically waiting at least a month before sharing any personal data with brands."
- Develop a strategy for getting customers to share information. When customers perceive that there's value in sharing data, they often become more willing to share.

- Protect data from hackers as well as from misuse within the company. Take pains to ensure that customers' information is encrypted and that any unneeded information is not stored. You can't afford to be cavalier about your responsibility with customer data. Once the customer perceives that trust is broken, it can be very difficult to get it back.
- Put a crisis plan in place in case a data breach occurs. Unfortunately, this is always a possibility. In addition to isolating systems and gathering and documenting evidence, consider the possibility that the breach was made possible by someone inside the company.
- When a breach occurs, communicate with your customers as clearly and as soon as possible after the incident.
- Remember that the watchword for companies is "relationship." In my experience, customers who feel that they've built a relationship with a company are more likely to trust them even after a data breach.

Building loyalty is crucial in a landscape where customers can easily shift to another brand. Customers who have a genuine emotional connection to a brand are both more likely to share data and less likely to look elsewhere. To maintain that relationship, continue to demonstrate your commitment to transparency and trust at every turn.

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