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The Data Privacy Paradox

razorfish

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Introduction

Anyone who shops, banks, or pays bills online has thought about data privacy. We're somewhat concerned, some of the time. But we're also busy people. On the one hand, it's cool when brands we love serve up exactly what we're looking for. On the other hand, government efforts to ramp up data-privacy protections have many wondering whether convenience is worth the risk.

At Razorfish, we help brands connect purpose to performance. We discover what a brand really stands for, illuminate those values, and share them in places where they'll resonate best. Personalized experience is everything—but so is consumer protection.

In a world where data is king, we wanted to understand changing attitudes around data privacy. What are consumer perceptions about data privacy? How well do their actions align with those perceptions?

To find answers, we partnered with research firm GWI to develop an online survey sent to 1,672 respondents aged 16 to 64 from December 22 to January 23. The following insights are what we learned.

CHAPTER ONE

**Consumers are concerned
about data privacy.**

INSIGHT 1

Only one in four consumers feels comfortable that their data is private.

Data-breach news stories, episodes on late-night TV devoted to the topic, and campaigns from brands like Apple have likely all contributed to a more attentive public. But it's important to note that reported fluency may not necessarily reflect actual fluency on the topic.

1 in 4

consumers feels comfortable that their data is private.



INSIGHT 2

Consumers are taking action to keep their data private.

In the month before taking the survey, half of respondents took safety measures to protect their data. These behaviors may reflect heightened concern, reveal increased fluency around the topic, or tie into the adoption of privacy-protection tools. It may also be a reaction to the firehose of irrelevant content so many are receiving.

Which of the following, if any, have you done in the past six months?

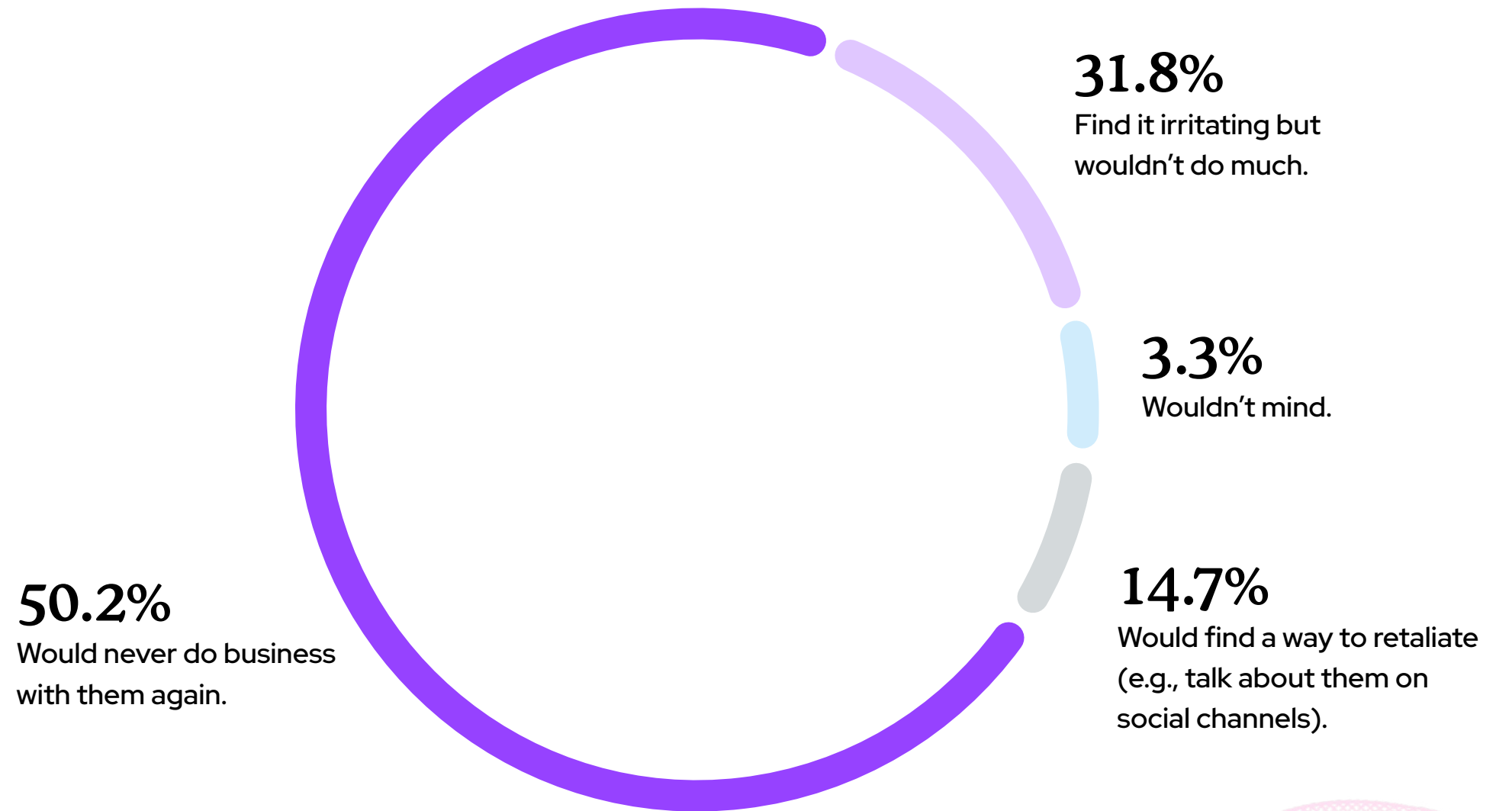


INSIGHT 3

Sharing data without authorization can be detrimental to business.

The data economy swirling around our day-to-day activities remains vastly hidden from most consumers. But it's understood that every time data is shared with third parties, the risk of a breach increases. This was a major concern for half of consumers who said they'd sever ties with a business that shared their data without consent.

If a company shared personal data without your authorization, what would the consequences be?



INSIGHT 4

Companies caught collecting data without permission generate the highest levels of distrust.

Consumers distrust these organizations more than those who receive bad reviews, mistreat employees, or hold opposing political beliefs.

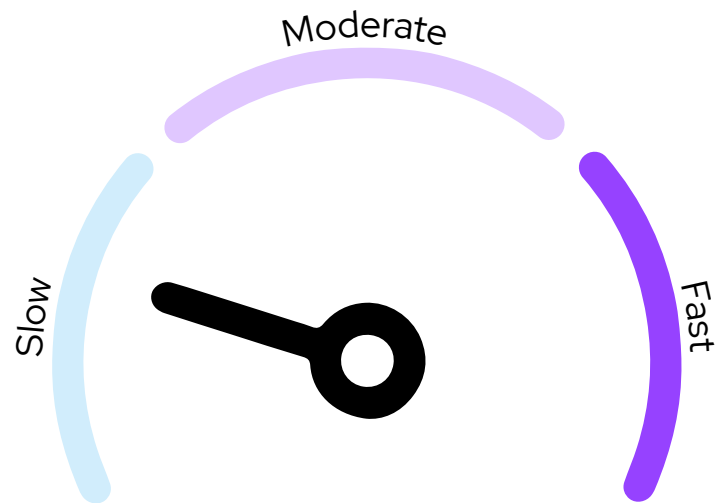
Which of the following, if any, would cause you to lose trust in a company?



INSIGHT 5

Trust is built slowly but lost quickly.

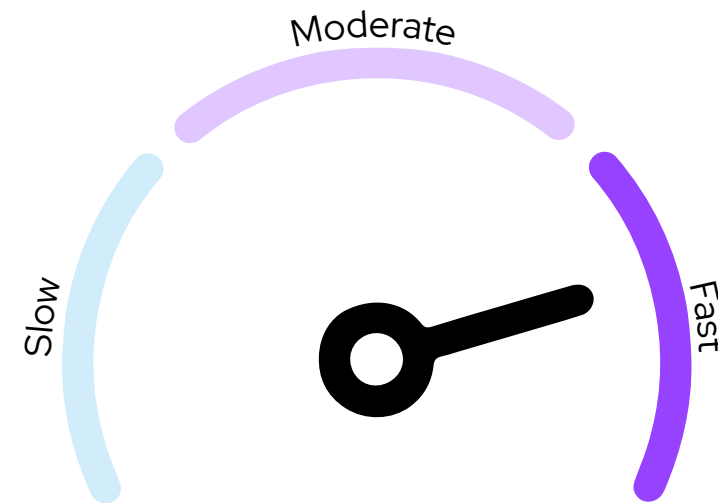
When we asked respondents to reflect on losing trust in a brand, 70% said it happened virtually in an instant. When asked to recall an experience of relationship building with a brand, 60% of respondents said it was a “somewhat slow” to “very slow” process. Building brand trust takes consistency, creative energy, and time.



Thinking about a company you trust, how slow or fast did you build trust with them?

58%

Gained trust slowly



Thinking about a time you lost trust in a company, how slow or fast did you lose trust in them?

70%

Lost trust quickly

CHAPTER TWO

Consumers perceive certain entities as trustworthy with their data.

57% of consumers say their likeliness to give up personal data depends on the company, and numerous factors weigh into that decision.

INSIGHT 6

People are more likely to share personal data when values align.

Understanding the value people place on their data is intriguing. Our respondents' #1 motivator for sharing—feeling that it contributes to a larger purpose—trumped saving time and even scoring free stuff. It's no surprise to us that brand purpose matters (a lot).

It's important to note that self-reporting tends to be over-representative. People have a built-in desire to send certain signals. Yet, even if exaggerated, the numbers show clear intention around purpose. Customized advertising ranked second to last, signaling that targeted ads may be overstepping their welcome and new ways of connecting with consumers warrant exploration.

What do you think is worth giving up your data for?

#1 **Contributes to a larger purpose**

#2 **Saves time**

#3 **Gives me free stuff**

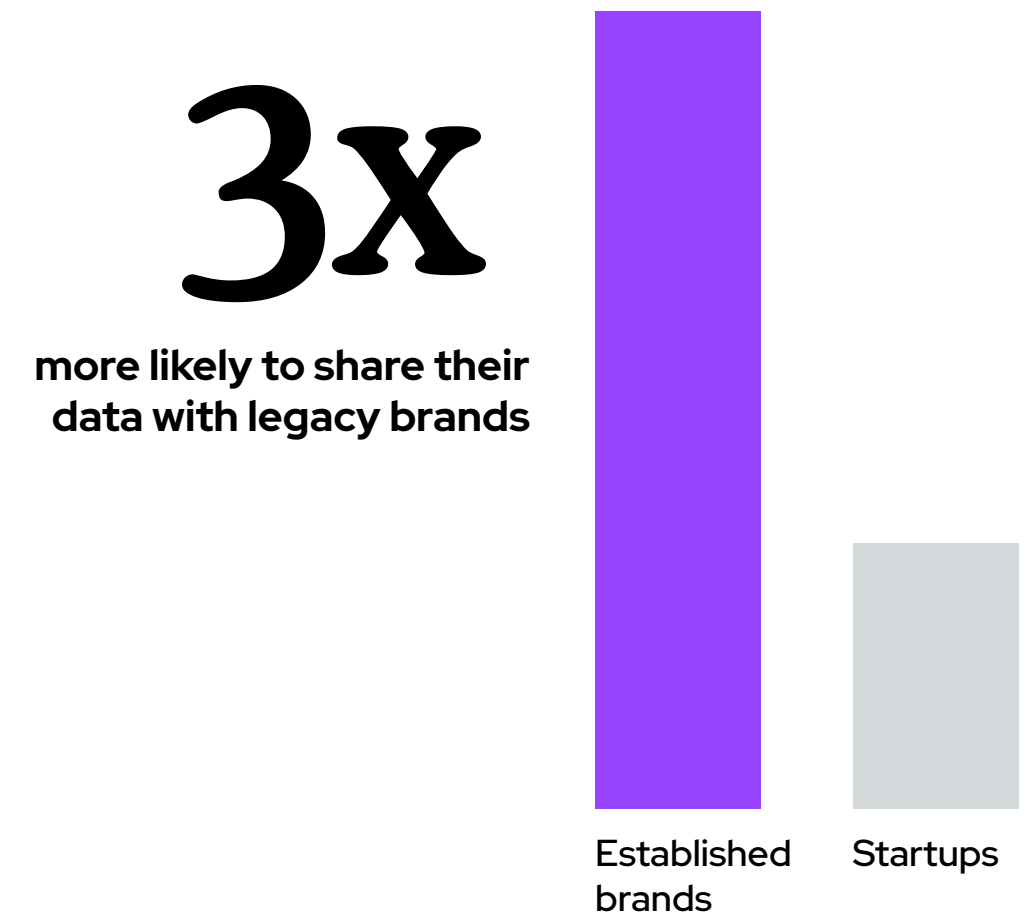
INSIGHT 7

People trust legacy brands more than startups.

A company's age is directly correlated with consumer trust. People trust companies that have been around 50+ years three times more than startups when it comes to data protection.

Brand heritage is a powerful force for connecting to customers on an emotional level. A large enterprise like Cold Stone Creamery is more likely to have robust cybersecurity systems in place than your local ice cream shop. Established brands would be wise to lean into their history as they continue working to earn trust through positive deeds and actions.

How unlikely or likely are you to give the following organizations your personal data?

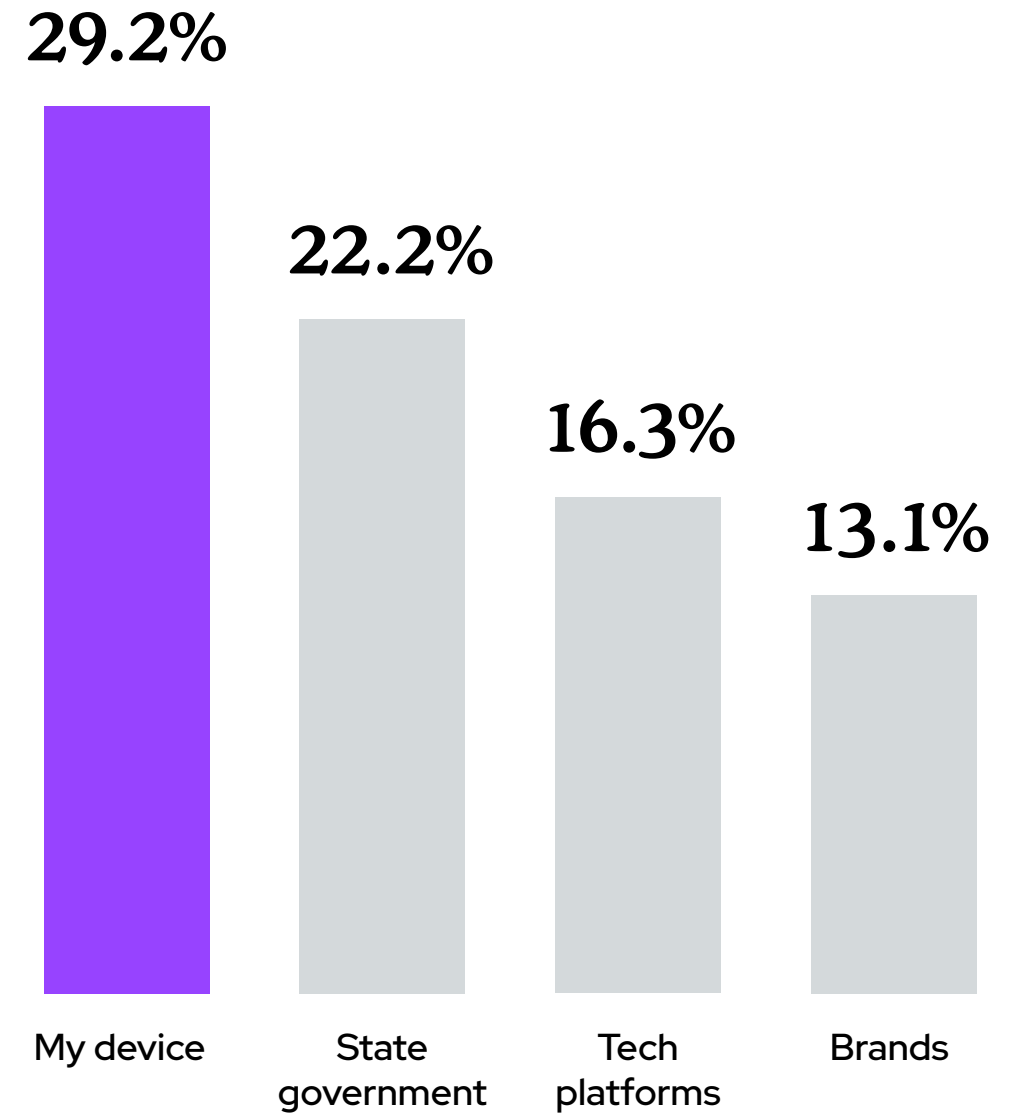


INSIGHT 8

Consumers trust their devices will keep data private.

Trust in devices ranks higher than trust in government, tech platforms, and brands. This response may come down to personal devices giving people perceived control over keeping their data private.

Who do you trust to protect your data?



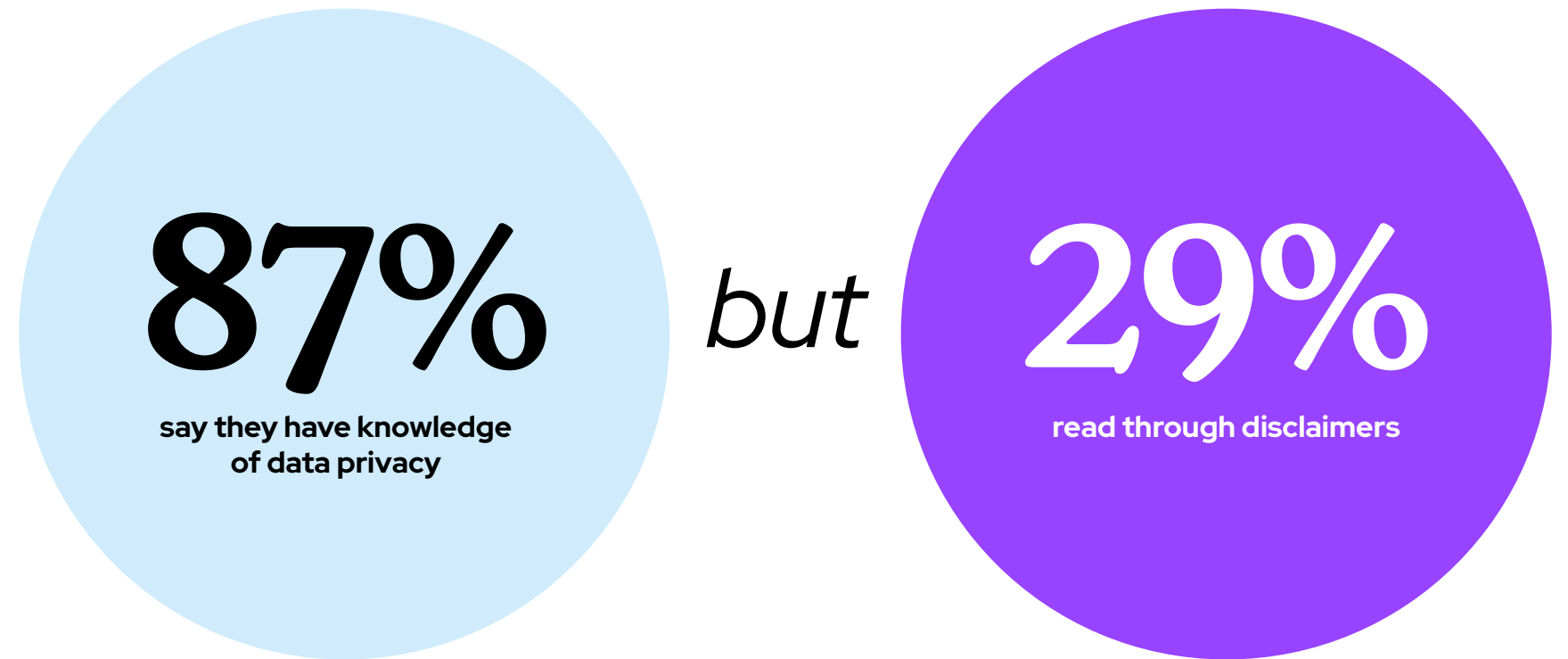
CHAPTER THREE

Consumers say they're
paying close attention,
but we found the contrary.

INSIGHT 9

Many consumers report having knowledge of data privacy, but only a fraction of them are actually reading through disclaimers.

From the ads we consume to the websites we visit, disclaimers are everywhere. These terms do heavy lifting to protect companies from liability but do very little to serve consumers in an age when transparency is important. 87% of respondents reported having knowledge of data privacy, but only 29% are reading disclaimers. The accuracy of these statements is not in question, but the way in which they are crafted, with long and difficult language, calls into question companies' intentions around communicating effectively.



INSIGHT 10

The social media industry is the most distrusted with data privacy, yet 82% of the U.S. population uses social media.

68%

distrust social media companies

but

82%

use social media

Source: Statista 2023

INSIGHT 11

Healthcare and finance are the most trusted industries, yet they had the highest number of data breaches in the U.S. in 2022.

56%

trust healthcare providers
and banks

but

Healthcare
and banking had the
most cases

of data violations due
to cyberattacks

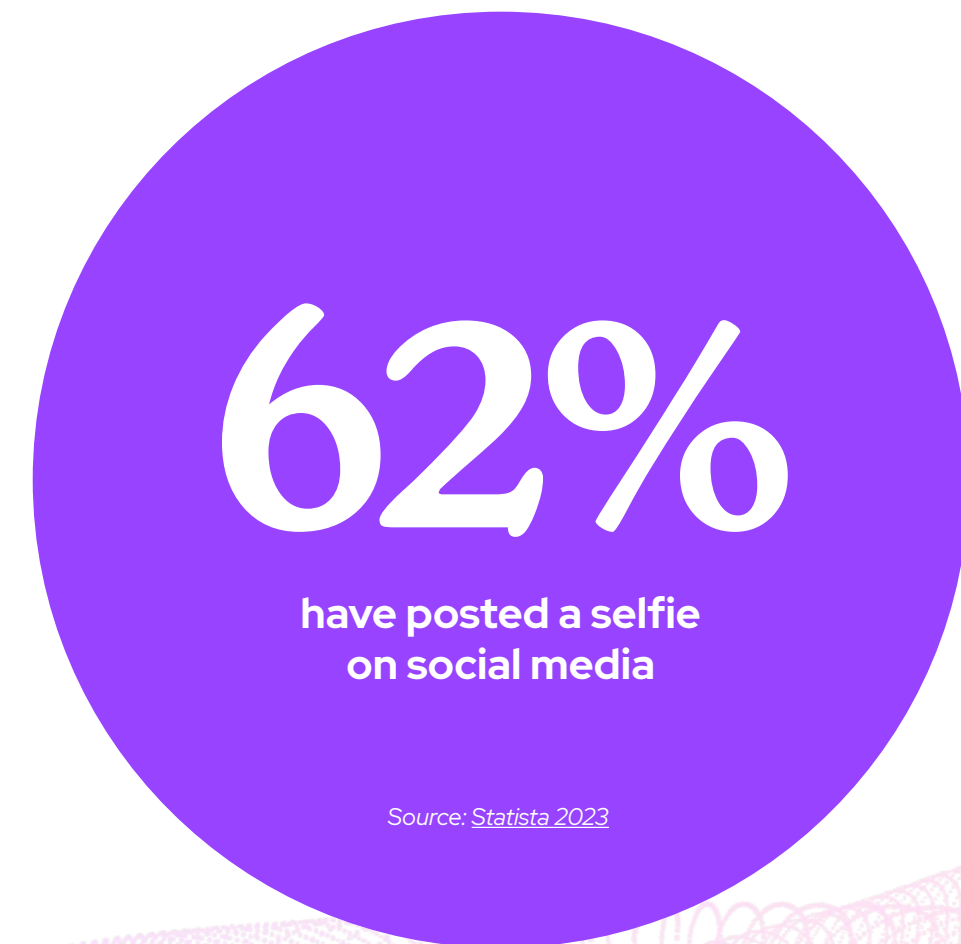
Source: Statista 2023

INSIGHT 12

Consumers say they're uncomfortable sharing face scans and photos, yet many share both on a daily basis.



but



INSIGHT 13

GenZ likes personalized content but isn't willing to give up data in exchange for it.

81%

say they like personalized experiences from brands

Source: Statista 2023

but

17%

are willing to give up their data for it

CHAPTER FOUR

**There's hope for brands that
put people back in control.**

INSIGHT 14

People want more power over their data.

With the advent of policies like the General Data Protection Regulation (GDPR) law and the emergence of Web3, people expect to have more power over their personal data. When informed of the “right to be forgotten” option under GDPR, half of consumers surveyed expressed interest in signing up.

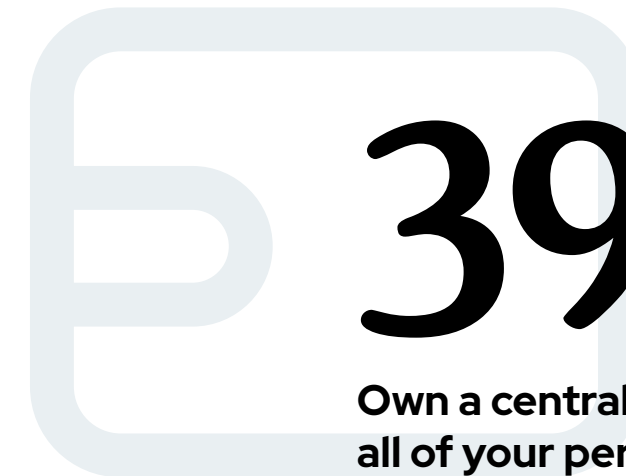
While people have varying levels of familiarity with Web3 and blockchain technology, many indicated the desire to own a centralized wallet to store personal data, which could then be transferred at their discretion.

How likely or unlikely would you be to do the following actions if given the opportunity?



54%

Erase all of the personal data all companies have on you



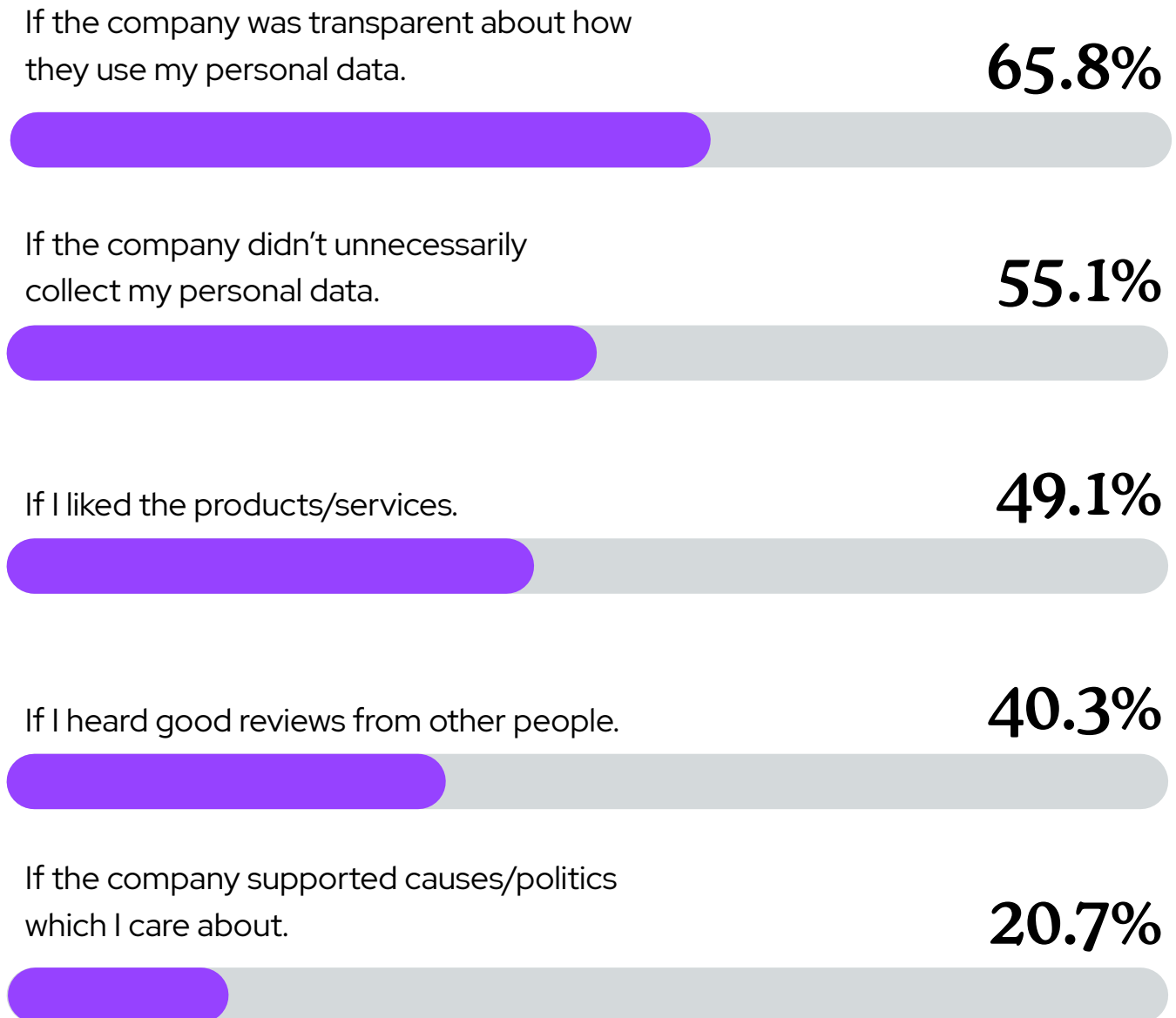
39%

Own a centralized location for all of your personal data, which allows you control over sharing it

Transparency is a leading accelerator for building trust.

When asked which of the following five scenarios would build trust in a company, a large majority pointed to honesty around how personal data would be used.

Which of the following, if any, would cause you to gain trust in a company?



OUR TAKEAWAYS

**We can help you navigate
the data privacy paradox.**

1. First, take control of your first-party data.

Here's where to begin:

- **Ensure data privacy and security:** Implement strong data protection measures, communicate privacy policies clearly and transparently, and respond effectively to data breaches.
- **Maintain data quality:** Regularly clean and update your first-party data. This can involve removing duplicate or outdated data, correcting errors, and standardizing data formats.
- **Collect data at every touchpoint:** This can include any point of interaction a customer may have with your brand, such as email, social media, website, mobile app, and in-store. Collecting data across multiple touchpoints can build a more comprehensive view of the customer.
- **Identify data gaps and create a plan:** Start by setting goals and building a plan to fill those gaps. This can involve determining what data is missing, where it can be obtained, and how it can be collected.

2. Be transparent about how and why data is being collected.

Brands that are open and honest can build real customer affinity.

- **Develop a data privacy policy:** Outline how customer data is collected, stored, and used. A solid policy should address issues such as data collection consent, data access and correction, and data retention periods.
- **Explain what data is being collected:** In addition to what data is being collected, demonstrate how and why it is being collected. This should be done in plain language that's easy for people to understand.
- **Obtain consent:** This can be done through opt-in or by clearly explaining the data collection process and providing an option for consumers to opt out.
- **Allow consumers to access and delete their data:** Create a self-service portal consumers can use to access and delete data, or offer contact information for customer support.
- **Be transparent about data sharing:** Provide information about who you're sharing data with, why you're sharing it, and what data is being shared.

3. Be purposeful with how you use customer data.

Brands can use customer data to create valuable experiences in a variety of ways.

- **Product development:** Brands can use customer data to gather feedback and use insights to improve products and services. This can help identify pain points in the customer journey and make necessary changes to improve the overall value it provides.
- **Customer experience:** Customer data can be used to create seamless experiences across different channels and touchpoints. For example, data can be used to ensure that the customer receives a consistent experience whether they're interacting online, in-store, or through social media.
- **Personalization:** Personalizing messaging and offers, and tailoring communications to the individual needs and preferences of each customer, are valuable ways to leverage data for good. This can create a more meaningful and relevant experience that's more likely to resonate with customers.
- **Proactive communication:** Future needs are more predictable with the help of customer data, allowing brands to proactively deliver personalized recommendations or offers before the customer even realizes they need them. This can create a sense of anticipation and delight.
- **Loyalty programs:** Loyal customers can be rewarded with personalized offers, discounts, and other benefits. This implies exclusivity and appreciation, which can strengthen brand relationships.

4. Take credit for your achievements.

Data privacy takes investment and commitment. Don't be shy about showing your work.

- **Publicly state your commitment to data privacy:** This can be done through statements on a website, social post, or advertisement. You can highlight your commitment to protecting customer data and share your efforts to comply with relevant data privacy laws and regulations.
- **Offer transparency reports:** Some brands have started to offer transparency reports, which provide detailed information on the number of government requests for customer data that they receive and comply with.
- **Educate customers:** Share what you learn about data privacy best practices and how to protect personal information. This can strengthen bonds with customers and demonstrate your ongoing commitment to data privacy.
- **Respond effectively to data breaches:** Have a plan in place to respond effectively to data breaches and to notify customers promptly when something goes wrong.



The takeaway

People are more concerned than ever about data privacy, and that concern is only expected to grow. Everyone's doing their best to protect their data, but it's a time-consuming and often confusing endeavor. This is where brands can lean in and make a difference by building trust, being exceptionally transparent, and using data with purpose and care.

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About Razorfish

Razorfish is a global leader in marketing transformation. We help brands and businesses grow by creating unforgettable experiences that connect and enrich people's lives. A digital pioneer since the dawn of the internet, we're back to write a new chapter. Our strategy, data, creative, and technology experts combine digital innovation, data, and cultural insights to help us understand what people want at every part of the journey. Through capabilities in products & platforms; physical & digital; and campaigns & content, we turn ideas into experiences that make a difference for our clients, their customers, and the world we all live in.

Learn more at [razorfish.com](https://www.razorfish.com).



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