

the future of digital trust

A European study on the nature
of consumer trust and personal data

February 2014

executive summary

Organisations are seeking to obtain and make sense of customer data more than ever. The piecing together of consumer data from offline, mobile and web sources enables businesses and other organisations to build up an accurate profile of their customers and therefore market more effectively to them, create new services, or even use large data sets to tackle societal and civic issues. While this increasingly sophisticated use of data constitutes a significant opportunity, there is undoubtedly an impact on consumers whose data is being coveted. With consumers entrusting their data to a wide variety of organisations, the trust dynamic between consumers and organisations is being tested.

UK	503
France	506
Spain	519
Poland	500
Total	2,028

Figure A: Sample size

13 – 17 years old	7%
18 – 24 years old	10%
25 – 34 years old	16%
35 – 44 years old	17%
45 – 54 years old	17%
55 – 64 years old	15%
65 years old or over	19%

Figure B: Age of respondents

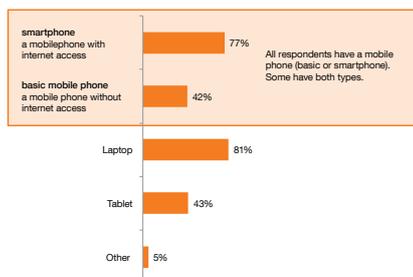


Figure C: Ownership of mobile devices

Orange commissioned independent research agency, Loudhouse, to conduct a survey of mobile phone owners in the UK, France, Spain and Poland to understand consumer attitudes to trust and awareness of personal data issues. The research also aims to uncover the extent and nature of trust between consumers and a variety of service providers, what value consumers assign to their personal data and the factors that influence this value. The objective of the study is to evaluate consumer trust in an increasingly digital world and show that appropriate use of personal data is one of the critical factors in consumer trust, and is increasing in importance in the minds of consumers.

A series of reports to be released throughout 2014 will provide an in-depth analysis of the research findings, consisting of several instalments.

Today, Orange is releasing the first instalment which focuses on the following areas:

trust tension

Insight: Consumers have a growing mistrust of organisations’ ability to protect personal data, with some verticals faring better than others. They also feel that, on balance, organisations benefit most from customer data sharing.

consumer trust champions

Insight: European consumers feel that there is a vacuum when it comes to the presence of a trusted entity to advise them on how to protect their personal data.

Orange will be following this up with two further chapters later in 2014:

hidden harvesting

Insight: European consumers struggle to have control over their personal data when organisations are becoming increasingly sophisticated in the ways in which they capture and use this data.

“My” data value

Insight: While consumers may feel that they no longer govern their data held by organisations, they are increasingly savvy when it comes to the value that they assign to their personal data. They not only appreciate that their data has a value to businesses, but that value is variable based on the type of information and the relationship with the organisation. Key statistic: 80% think that their personal data has a value to businesses, and it has a higher value when they fit the organisation’s customer profile (78%).

the future of digital trust

Consumer trust in organisations' ability to protect their personal data has never been more important. The research points to an erosion of trust whereby consumer trust in organisations, on balance, decreased over the last year. This consequently signals a need to level the playing field that is seen to currently be in favour of organisations, both in terms of who controls and who benefits from the use of this data.

78%

of consumers state that it is hard to trust companies when it comes to the way they use consumer personal data

Consumers require education and tools to regain control over their data, and to help them determine who they trust their data with and what permissions they give. With the growth of big data presenting advantages to organisations and consumers alike, the need for greater transparency of data usage applies both to identifiable personal data as well as to anonymised data.

In order to avoid this scenario, organisations must become more transparent with their data protection and usage procedures, illustrate the benefits of data sharing between consumers and organisations, and enable consumers to take the reins and make informed decisions when it comes to their data.

70%

agree that there are few or no trusted way to find out about personal data management and protection online

If trust continue to erode alongside increases in the perceived value of data and continued lack of guidance, the following implications are possible:

- an erosion of brand values
- reduced dialogue between consumers and organisations
- lower levels of usage as consumers feel discouraged by privacy or security concerns
- greater objection to costs of service
- higher levels of misinformation and confusion

78%

feel that service providers hold too much information about consumer behaviour and preferences

Research methodology

2,028 online interviews were conducted among mobile phone owners aged 13 and older. Interviews were carried out across the UK, France, Spain and Poland in December 2013 and January 2014. Research was conducted by Loudhouse, an independent research agency based in London.

chapter 1

trust tension

Consumer trust in organisations is waning. Figure 1 illustrates that the net change in trust for every vertical sector monitored is negative, with the proportion having less trust outstripping those with greater levels of trust over the same time period. The trust stakes are particularly concerning for social networks, where nearly half (46%) have less trust in these types of organisation than a year ago.

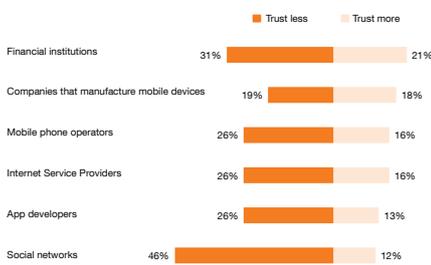


Figure 1: change in trust in the past 12 months by organisation type

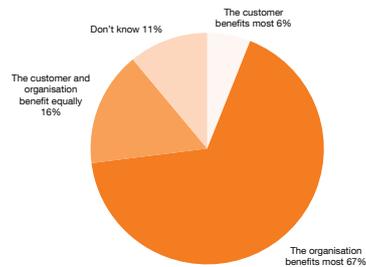


Figure 2: main beneficiary of organisations gathering information about customer purchasing behaviour or history

The treatment of personal data is one of the main drivers of consumer trust in organisations. For those with less trust in mobile phone operators over the past year, the main reasons are an increasing confusion around the subject of data protection (49%) and being generally less trusting of all types of companies as time passes (48%). Indeed, over three-quarters (78%) state that it is hard to trust companies when it comes to the way they use consumer personal data.

Trust in organisations to protect personal data online also varies by vertical sector. Once again, social networks suffer from a particularly poor perception with just 20% trusting them to protect their data online, and app developers (24%) fare little better. At the other end of this scale are financial institutions which, while facing some trust challenges in other areas of their business, perform relatively well at 51% vis-à-vis data protection trust. Mobile operators (41%), mobile device manufacturers (41%) and internet service providers (41%) fall short of the financial services sector highlighting that all verticals have room for improvement in their data protection practices and perceptions.

It is generally accepted that there is a reciprocal arrangement when consumers share their data with organisations. The business gains data which they can

use to better understand and therefore target the consumer, and the individual receives a superior service or a financial reward. However, in reality, it appears that it's not an even playing field.

As shown in Figure 2, two-thirds (67%) believe that the organisation benefits most from gathering information about customer purchasing behaviour or history. In the UK, this figure is the highest at 71%. On a European level, just 6% think that the consumer is the 'winner' from the data exchange while one in six (16%) believes that there is an equal benefit for consumers and organisations alike.

The research points to a tension in trust as organisations are in possession of consumer data, but they are not fully trusted with it nor do consumers feel adequately rewarded for sharing their data.

Consumers are clearly saying that work needs to be done by all businesses in order to address the issue of trust and ensure that the opportunities created by use of data – for both the consumer and companies involved – are not lost. Importantly, the research indicates all businesses have a role to play, and only through working together will consumer trust be increased.

consumer trust champions

Whatever solutions businesses put in place to increase transparency and control, consumer education is essential. Consumers who can make informed decisions about who to trust and know how to manage their personal data will likely become more trusting of organisations that provide transparency and the ability to have a say in how their data is used.

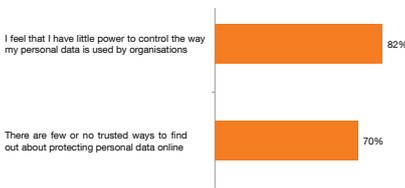


Figure 3: agreement with statements about trust

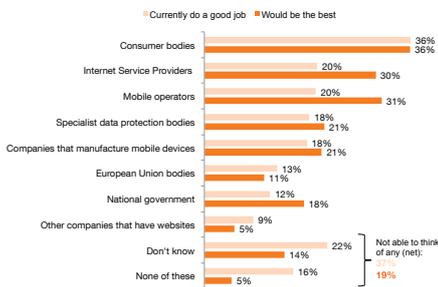


Figure 4: the entities doing the best job to educate consumers about how to use the internet and keep their personal data safe vs. those who would be the best to give advice and guidance on how to safely and effectively use the mobile internet

But consumers today do not think they are informed about managing their personal data, and there is currently no clear consumer champion of data protection education in Europe. In fact, as shown in Figure 3, seven in ten (70%) say that there are few or no trusted ways to find out about personal data management and protection online, rising to 80% in Spain. This highlights a clear need for consumer education and easy to use tools for managing personal data.

At present, consumer bodies (36%) are seen to be doing the best job at educating consumers about how to use the internet and keeping their personal data safe. As shown in Figure 4, internet service providers (20%) and mobile phone operators (20%) are secondary sources of education. However, it is perhaps most telling that a third (37%) are not able to think of any bodies that are doing a good job in this respect. This points to an educational vacuum where consumers require a mentor but they don't know where to turn for information and guidance.

Consumers also state that consumer bodies would be the best organisations for providing advice and guidance on how to safely use the mobile internet. However, the proportion citing them as best-placed (36%) is the same as the proportion saying that consumer bodies currently

do well in this respect (36%), indicating that consumer bodies are meeting expectations in this space, although there is clearly scope to improve. It is mobile operators (31%) and internet service providers (30%) that, while lagging behind consumer bodies, show the most potential to provide consumers with more guidance and tools to manage their personal data.

With more consumers thinking that mobile operators and ISPs can excel in this role than think that they currently do well, there is an opportunity to fulfil this crucial data education role.

Despite showing some signs of becoming more data savvy, consumers require guidance to give them control over their data and to help them manage and protect their personal information. This is attainable through a combination of consumer education and of organisations clarifying and demystifying their data handling and protection protocols. The rise of data protection champions in the consumer sphere will give consumers power in the age of data.

conclusions

Harnessing the power of personal data can result in increasingly useful, personalised, and exciting experiences for consumers, and subsequently represents potential value for businesses. However, this potential will not be realised if it is undermined by a lack of consumer trust and awareness whereby they are unwilling to share data due to suspicion or a lack of goodwill, impacting both consumers and businesses.

The levers to boost personal data trust levels that businesses need to push are:

- **transparency:** the industry needs to be more answerable and transparent about data usage and data sharing
- **control:** the industry needs to provide tools to allow consumers to control their data, dialling up, or dialling down as they wish, and receiving the services and benefits accordingly. Data sharing must be an informed decision from the consumer
- **education:** there is currently no stand-out body that is seen to be educating the consumer about how to control their data. The industry must therefore act as a collective consumer champion and show the way forward.

The stakes are high if trust continues to erode. It's therefore the responsibility of the industry to address the balance and work to raise trust standards.

Subsequent chapters of this research, which will be published later this year, will look more closely at how organisations are harvesting consumer data, and how much value consumers place on their personal data.

