

Outlook

The online journal of high-performance business

A large, stylized yellow chevron graphic pointing to the right, serving as a background for the text.

High performance. Delivered.

Outlook Point of View | Competitiveness

Whose data is it, anyway?

By Tim Cooper and Kuangyi Wei

Consumers believe that companies unfairly reap the lion's share of the value of the personal data they collect. To turn the problem into an opportunity for growth, business leaders should follow strategies that transform the collection and analysis of personal data into a two-way, "fair value" exchange.

It's become a mainstream business activity: According to a recent Accenture survey of nearly 600 businesses in seven countries, 8 out of 10 companies collect personal data directly from individuals (for example, through online accounts). Nearly half of the companies polled use a commercial or data-sharing agreement with another party, while a third collect information through connected devices.*

And why not? Through the strategic use of this information, companies in all industries can deliver better customer experiences, develop more innovative products and services, and find new markets.

But routine though the practice has become, consumer concerns about how that data is being used are becoming equally prevalent. On top of their mounting data security and privacy concerns, consumers are also starting to feel that they are not getting their fair share of benefits from the use of their data.

A survey by telecommunications company Orange reported that two-thirds of European consumers believe organizations benefit more than they do from the personal data they share. Only 6 percent see themselves as the main beneficiary. Some individual activists have taken the matter into their own hands. For example, a Dutch student, Shawn Buckles, auctioned his personal data—including medical records, browsing history and consumer preferences—to the highest bidder, earning himself €350. Federico Zannier, an Italian student at New York University, tracked and mined his own data to launch a project on Kickstarter that raised \$2,700.

A new market

As consumers increasingly look for ways to monetize their data, a new

market is forming. Datacoup is a New York-based startup that offers \$8 a month in return for access to a combination of their customers' social media accounts. TwoSense, another New York startup, aims to give individuals greater control over their personal information in order to create a fairer marketplace for it. The company estimates that the average user could earn up to \$100 a month by allowing TwoSense to track his or her personal smartphone data and sell it to marketers. And Handshake, a website and app started in the United Kingdom, claims that a tech-savvy person willing to exchange data and use the platform frequently to fill pulse surveys can earn as much as £5,000 a year.

Businesses are taking notice. Across the seven countries we surveyed, 77 percent of consumer-products companies believe their customers have become more aware of the monetary value of their data. What's more, 6 out of 10 believe their customers are already taking measures to monetize that data.

However, this recognition does not necessarily translate into action. Although 72 percent of business executives across all industries agree that rewarding customers for sharing their data is an important strategy, only half report that their organiza-

tions are acting to take advantage of this opportunity.

Why such a gap? Three key reasons are apparent.

First, giving customers financial rewards for the use of their data can be an added cost that's not necessarily offset by any benefit. Second, it's difficult for companies to put a price on the personal data they collect. The expected returns to individuals from personal data intermediaries vary wildly, for example. What consumers would expect in return for sharing their personal data is equally unpredictable, often driven by equally variable circumstances. All of which makes it hard for businesses to know just what a fair market price looks like.

And third, businesses are wary of appearing to offer financial incentives as a way of getting their customers to set aside their concerns about data privacy. Just like the wide variation in price expectations, some customers will be more relaxed about such incentives than others.

Closing the gap

How can businesses bridge this gap between awareness and action? And how can they turn perceived risk into an opportunity for differentiation and growth?

They can begin by instilling in the minds of their customers the idea that the two parties are in a long-term data-sharing relationship. As with any such relationship, understanding and adapting to changes in views and attitudes is key.

In practice, this means seeing the collection and analysis of personal data as a two-way, "fair value" exchange rather than a one-way process. And what constitutes a "fair" level of compensation will vary from consumer to consumer. A number of leading companies are already building these relationships by using three strategies.

1. Businesses need to be clearer with their customers about the benefits they are already receiving as a result of sharing their data.

These benefits are often opaque, or obscured by the time lag between sharing data and receiving the commensurate reward. To deliver clear benefits in real time, American Eagle, Best Buy, J. C. Penney, Macy's, Target and other US-based retailers have partnered with Shopkick, a smartphone app with 6 million users, to track and communicate with consenting shoppers through location data. Shopkick users share their location data with the retailers, which then offer them rewards and discounts for visiting their stores. The benefits have been mutual: In 2013, Shopkick drove more than \$500 million in revenue for its retail partners.

Similarly, the UK financial services provider Halifax, a part of Lloyds Banking Group, gives customers up to 15 per cent off their purchases at selected retailers in return for having their spending patterns tracked. Participants can net an average of £108 annually, according to Halifax.

2. Businesses should find ways to deliver "in-kind" benefits that reward personal data sharing.

The use of data analytics can enable businesses to share insights their customers may find particularly helpful. For example, Bupa, a global healthcare company, is using analytics to help consumers make better nutritional choices. The company partnered with Australia's George Institute for Global Health to launch the mobile phone app FoodSwitch. When app users scan barcodes of packaged foods with their smartphones, they receive a recommended list of healthier substitutes. In this way, they are incentivized to share their personal data (their shopping history) but receive a clear

and immediate benefit (advice on a healthier lifestyle).

3. Businesses can simply choose to offer direct financial incentives for sharing personal data.

Monetary rewards for data sharing can not only help differentiate companies from their competitors, they can also help them acquire higher-quality or more valuable types of personal data. For example, American telecom giant AT&T is offering a \$29 monthly discount (from \$70 to \$99) for the company's "Standard Plan" to customers in Austin, Texas, and Kansas City, Missouri, who opt in to "AT&T Internet Preferences." The program has allowed AT&T to use the customers' web browsing information and then send them targeted advertisements.

The strategies we are observing today provide companies with options to deliver increased digital equity to their customers. In doing so, they can build customer loyalty and deliver an improved experience; they can also find new sources of revenue and access more valuable types of personal data.

But developing a long-term, mutually beneficial data-sharing relationship with customers also means ensuring that the foundational building blocks of corporate digital responsibility are in place. These include stewardship (protecting data security as well as addressing privacy concerns), transparency (being open about how data is being used) and empowerment (giving customers control over their data). All are critical characteristics of a digitally responsible business. It will be difficult for any company to find new ways of encouraging data sharing if they are unable to embed these principles first.

Ultimately, consumer attitudes about personal data are inherently individual, and a one-size-fits-all approach will not serve companies well. Rather, they will need to tailor their data-collection strategies to individual views and concerns. In exploring the potential of digital equity, companies will need to tread carefully. ■

About the authors

Tim Cooper is a London-based senior manager in Sustainability Services within Accenture Strategy.
tim.e.cooper@accenture.com

Kuangyi Wei is a senior research specialist at the Accenture Institute for High Performance. She is based in London.
kuangyi.wei@accenture.com

For further reading

"Corporate digital responsibility: Doing well by doing good": <http://www.accenture.com/us-en/outlook/Pages/outlook-journal-2015-doing-well-doing-good.aspx>

"Guarding and growing personal data value": <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Guarding-and-Growing-personal-data-value-Narrative-Report.pdf>

"If data is money, why don't businesses keep it secure": <https://hbr.org/2015/02/if-data-is-money-why-dont-businesses-keep-it-secure>

For this and other articles, please visit www.accenture.com.

Outlook is published by Accenture.

The views and opinions in this article should not be viewed as professional advice with respect to your business.

The use herein of trademarks that may be owned by others is not an assertion of ownership of such trademarks by Accenture nor intended to imply an association between Accenture and the lawful owners of such trademarks.

For more information about Accenture, please visit www.accenture.com.

Copyright © 2015 Accenture
All rights reserved.

Accenture, its logo and
High Performance Delivered
are trademarks of Accenture.