Consumer genetic testing kits are becoming increasingly popular. For just US$99 consumers can get a report that reveals everything from ancestry to health predispositions. Millions have knowingly released sensitive genetic information for research purposes to genomic testing companies. However, their information can end up in the hands of other third-party companies. This makes it paramount for companies in the genomic industry to safeguard customer information. Their future business depends on maintaining consumer trust.

For customers to give access to sensitive information, they must first trust the company and clearly see the payback. Organizations need to expertly navigate this data value exchange, while designing for transparency so customers have faith in the mutual benefits. These companies need to strike a balance: building deeper intimacy and loyalty with consumers, while ethically, credibly and responsibly managing their data.

# What we call the "trust equation."

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# The value of trust

Successful companies aim to strike a balance between "macro trust" and "micro trust." Macro trust refers to public trust in a company's ability to operate transparently and ethically. Micro trust is about an individual customer's belief that they will benefit from providing a company access to their data. There is an inherent tension between micro and macro trust. But companies that strive to balance this trust equation will maximize revenues through increased customer loyalty and competitive differentiation, while minimizing trust incidents—thus positioning trust as the new currency for customer experience.

How big could the bottom-line impact be? A trusted digital economy could stimulate 2.8 percent in additional growth for large organizations over the next five years, translating into $5.2 trillion in value creation opportunities for society.[1] And most companies are working toward infusing trust into their digital space. In fact, 86 percent of executives believe that in the next three years, organizations will work together to improve resilience in their respective sectors through things like software code safety, ethics standards and certifications.[2]
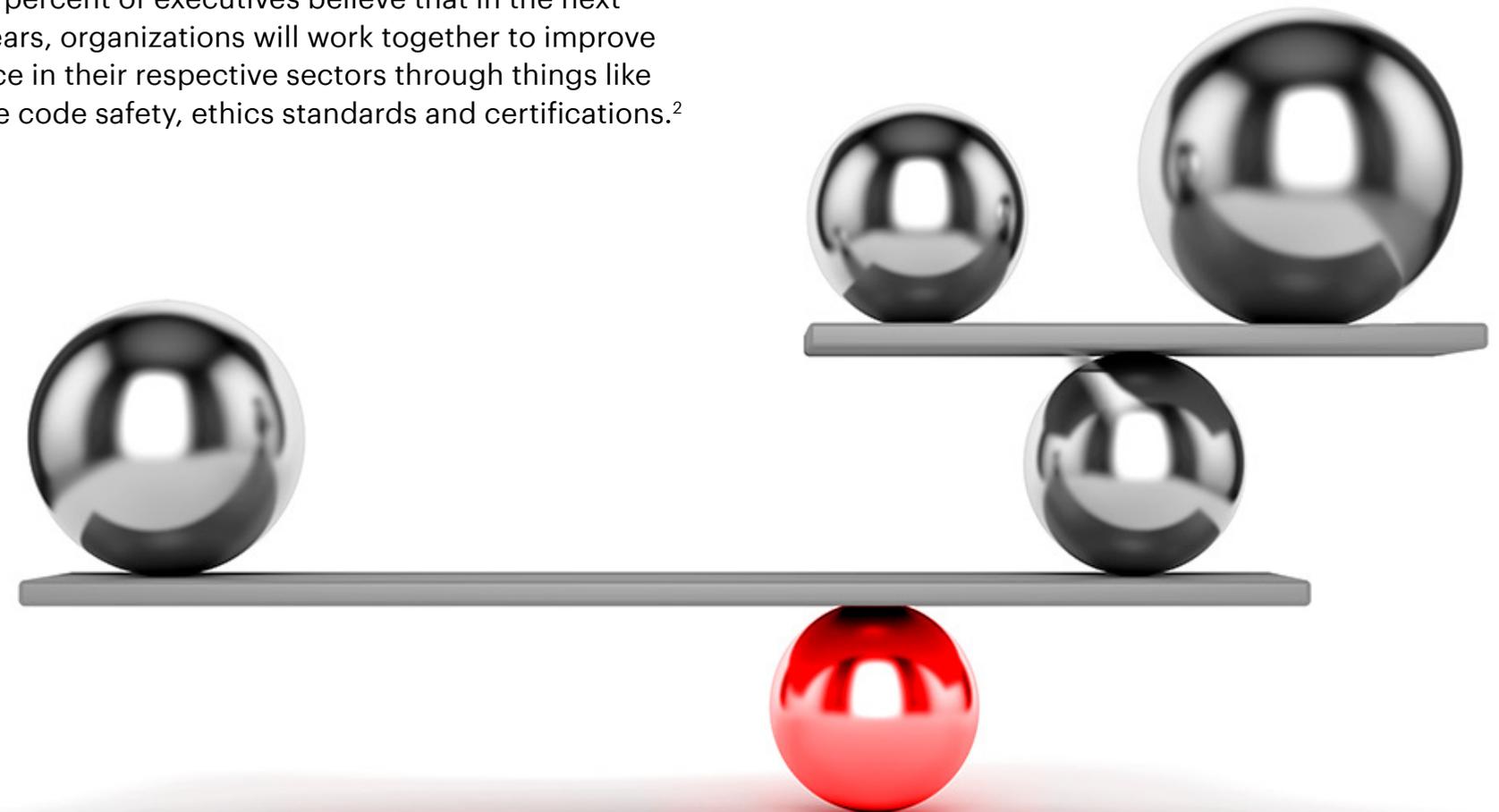
# Striking the balance

There's a saying in the cyber world, "There are two kinds of companies: those that have been hacked, and those that will be." In an increasingly connected world, where data has no boundaries, data breaches abound. Hotel chains, banks, retail stores and online gaming companies have all had their customer databases looted, and their consumer trust compromised.
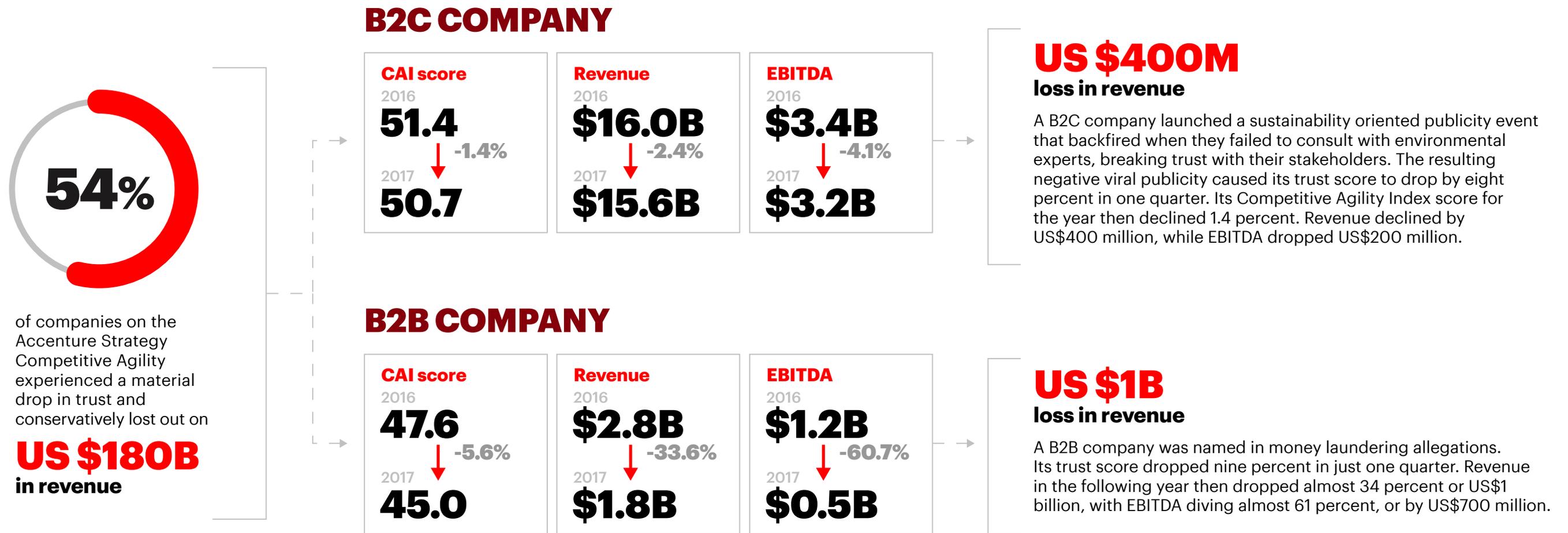
When companies take a hit on trust, they take a hit financially. Seventy percent of consumers won't do business with a company they don't trust to keep their personal data secure.[3] Accenture Strategy found that on average, a material drop in trust leads to a six percent decline in revenue growth and a ten percent decline in EBITDA growth.[4] For a US$25B company, that translates into a loss of US$1.5B in future revenue. (See Figure 1)

The sharing and use of data—across an ecosystem of companies—allows for improved customer experiences, but at the same time increases exposure to (data-related) macro trust incidents. Only 29 percent of business and IT executives report that they know their ecosystem partners are working diligently, like they are, to be compliant and resilient with regard to security.[5] The optimal balance depends on the industry, risks versus rewards, and the sensitivity of customer data. Sharing genetic or medical data is obviously more sensitive than sharing hotel preferences. Because of the nature of the data, such companies will need to provide greater incentives to their customers and a higher level of micro trust.

## A closer look at the equation

**The more a company uses data, the more it can build personalized experiences and engender micro trust. And that's a good thing. But, something to consider: the more micro data is shared within an organization and throughout an ecosystem, the greater the likelihood of macro trust incidences that negatively impact a company's image.**

**Figure 1: The Accenture Strategy Competitive Agility Index quantifies the impact of trust on revenue and EBITDA.**

**54%**

of companies on the Accenture Strategy Competitive Agility experienced a material drop in trust and conservatively lost out on

**US $180B**
in revenue

## B2C COMPANY

**CAI score**
2016
**51.4**
-1.4%
2017
**50.7**

**Revenue**
2016
**$16.0B**
-2.4%
2017
**$15.6B**

**EBITDA**
2016
**$3.4B**
-4.1%
2017
**$3.2B**

**US $400M**
loss in revenue

A B2C company launched a sustainability oriented publicity event that backfired when they failed to consult with environmental experts, breaking trust with their stakeholders. The resulting negative viral publicity caused its trust score to drop by eight percent in one quarter. Its Competitive Agility Index score for the year then declined 1.4 percent. Revenue declined by US$400 million, while EBITDA dropped US$200 million.

## B2B COMPANY

**CAI score**
2016
**47.6**
-5.6%
2017
**45.0**

**Revenue**
2016
**$2.8B**
-33.6%
2017
**$1.8B**

**EBITDA**
2016
**$1.2B**
-60.7%
2017
**$0.5B**

**US $1B**
loss in revenue

A B2B company was named in money laundering allegations. Its trust score dropped nine percent in just one quarter. Revenue in the following year then dropped almost 34 percent or US$1 billion, with EBITDA diving almost 61 percent, or by US$700 million.

Source: The bottom line on trust, Accenture Strategy, 2018

# Segmenting on trust

Segmentation is all about demographics, psychographics, geography and behavior. Today, businesses can complement these variables by segmenting their customers based on trust and the willingness to share data. Seventy-nine percent of consumers find it frustrating when companies fail to use personal information to make their offerings more relevant.[6] This dynamic of sharing and enhancing service increases micro trust levels as customers see their data is being translated into tangible value in the form of more attractive deals, offers and perks or priority and personalized services and advice. (See Figure 2)

While companies work to segment by trust and introduce different levels of personalization, it is critical to have offerings that are attractive, not intrusive. Providers should align the experience with their brand, making values such as simplicity, personalization and service excellence tangible for customers.

**Figure 2: Companies are using personal data and the latest technologies to personalize services.**

**JPMorgan Chase & Co.** delivers a hyper-relevant, highly personalized service to consumers through Chase Pay®, an app that allows users to order food through an order-ahead feature, and redeem personalized offers from participating merchants.

**Vitality Corporate Services Limited's** well-established health program gives members points for healthy behavior, which are recorded through wearable activity-tracking devices and can be exchanged for rewards through several participating firms.

Source: Discover the patterns in personality, Accenture, 2019

# The fine line between useful and creepy

As companies move toward "market of one" interactions and personalized offers, they must toe the line between "useful" and "creepy"—and bear in mind that this line will be drawn differently for each person. Millennials, for instance, are generally more trusting.[7] They are used to sharing personal information and will reveal more if they feel a reciprocated improvement in their brand experience. But over time, they are likely to expect greater innovation in return for handing over their data. Hence, organizations need to design for transparency to clearly demonstrate what's in it for the customer, ensuring that the data value exchange is fair to them. Transparent design means clearly demonstrating the value both the data owner and data user can gain and designing products and services to give the individual greater control.[8]

A recent Accenture study for the banking and insurance sector revealed that across the four customer segments, more than half of consumers (with one exception) are willing to share data in return for products and services that make their lives easier. (See Figure 3)

**Figure 3: Attitudes towards data sharing by customer segment.**

|  | PIONEERS | PRAGMATISTS | SKEPTICS | TRADITIONALISTS |
|---|---|---|---|---|
| Willing to share data in return for advice that is more relevant to your personal circumstances | 95% | 87% | 81% | 58% |
| Willing to share data in return for receiving faster, easier services | 95% | 87% | 82% | 59% |
| Willing to share data to receive personalized offers based on your current location | 94% | 82% | 76% | 50% |
| Willing to share data to receive a priority service | 95% | 87% | 82% | 59% |
| Willing to share data to receive discounts on non-insurance related products or services | 94% | 79% | 77% | 45% |
| Willing to share data to receive more competitive/lower prices | 96% | 89% | 84% | 63% |
| Willing to share data to receive personalized services/information that helps to reduce the risk of injury, loss, etc. | 95% | 86% | 81% | 54% |

Source: Discover the patterns in personality, Accenture, 2019

However, the days of unfettered data access are over. As companies wrestle with legislation like the European Union's General Data Protection Regulation (GDPR), treating data like a commodity to be bought and sold could pose an existential threat. Sixty percent of consumers have just as high data privacy expectations for companies they use for free, as for the companies they pay to do business with.[9] In today's reality, businesses need to understand how much data people are willing to share to gain personalized products and services, without stepping over the line.

Again, we're back to the balancing act: Companies need to manage both micro and macro trust—incentivizing customer sharing and protecting forthcoming data while proactively mitigating macro risks.

# Some companies go too far: like the now infamous story of a father who found out his teenage daughter was pregnant after receiving coupons for pre-natal products.
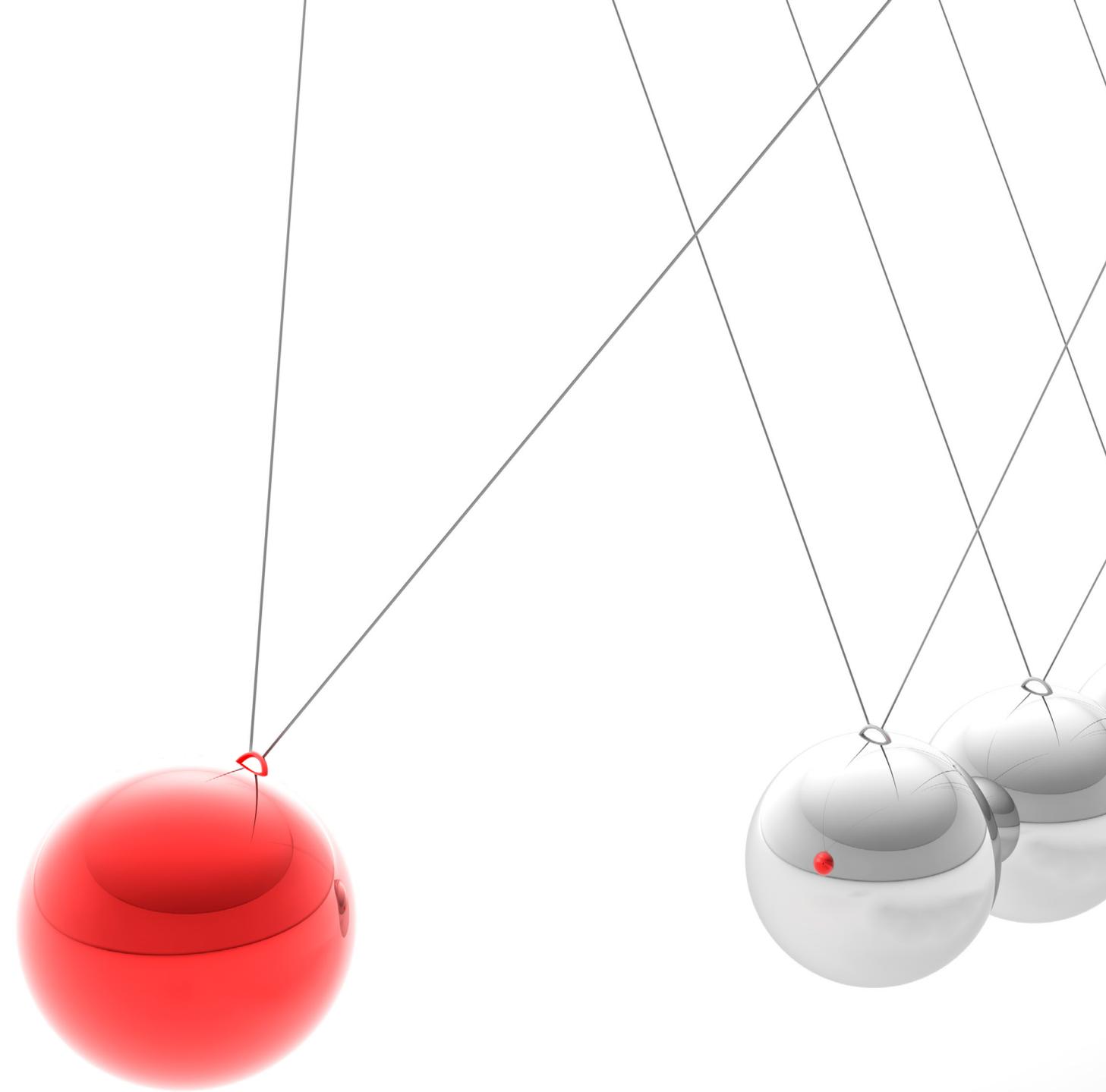
# Achieving a healthy trust tension

**From farming to pharma, no industry is immune to trust incidents. So what can companies do to better balance this equation and have a healthy trust tension?**

## Be better than you have to be

**Companies have an obligation to strengthen trust whether industry or governmental bodies mandate it. Consider recent news articles where technology companies have been under attack when it comes to self-regulation. "Better than you have to be," means staying ahead of regulatory curves and going the distance to protect and preserve trust. As companies innovate and broaden their ecosystem, they will be driven to introduce technology improvements faster than regulation and should couple that with aggressive transparency and security to become trust leaders.**

## Using blockchain for transparency and traceability

Tony's Chocolonely, in its relentless mission to improve labor practices in the chocolate industry, set up strict guidelines for working with suppliers and experiments with the latest technologies such as blockchain to provide transparency and traceability in their supply chain. The result: they quickly became the biggest chocolate brand in their home country and are now expanding internationally.[10]

# Improve top line through micro trust

Leading companies solicit data and treat customers differently based on their investment in privacy. Leverage macro trust to justify enhanced data gathering, and deliver high quality, personalized experiences. And shape a virtuous circle of more customer engagement, which leads to more data sharing, more personalized experiences, and ultimately more revenue. Two-thirds of consumers are willing to pay more to a brand that uses personal data to effectively customize their experiences.[12]

# Secure sustainability through macro trust

With corporate ecosystems expanding, the risk of macro trust incidents grows exponentially. Leading companies will build partnership and ecosystem structures designed to minimize security risks and maximize transparency. They will invest aggressively to protect customer data and imbed ethical and sustainable decision making into the heart of their choices. That requires establishing best practices, clearly communicating them, and monitoring progress throughout the extended ecosystem. Companies on the forefront will use scenario planning to help them respond to data breaches. All these approaches stave off trust issues and promote growth.

## The importance of scenario planning

In 2018, JPMorgan Chase & Co., Mastercard, Fidelity, and other global payment players launched the first joint cybersecurity exercise meant to test operational preparedness during simultaneous attacks of payment systems. Through the process, the companies found they have wildly different approaches on how to respond to threats, when to engage law enforcement, and even hold varying definitions of what constitutes a breach. Critically, though, the exercise allowed the firms to uncover ways they could better coordinate responses and dramatically improved their ability to respond to threats.[11]

As data ownership moves more into customers' hands, companies are increasingly restricted by privacy regulations. And with corporate ecosystems expanding, the risk of macro trust incidents grows exponentially. Treating data access as a commodity is a dangerous mindset.

Forward-thinking companies make trust part of their corporate DNA, as they balance the micro and macro trust equation—incentivizing customer data sharing while proactively mitigating macro risks.

## About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions — underpinned by the world's largest delivery network — Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 477,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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Accenture Strategy combines deep industry expertise, advanced analytics capabilities and human-led design methodologies that enable clients to act with speed and confidence. By identifying clear, actionable paths to accelerate competitive agility, Accenture Strategy helps leaders in the C-suite envision and execute strategies that drive growth in the face of digital transformation. For more information, follow @AccentureStrat or visit www.accenture.com/strategy.

## Accenture Interactive

Accenture Interactive helps the world's leading brands transform their customer experiences across the entire customer journey. Through our connected offerings in design, marketing, content and commerce, we create new ways to win in today's experience-led economy. Accenture Interactive has been ranked the world's largest digital agency in the latest Ad Age Agency Report, for the third year in a row. To learn more, follow us @AccentureACTIVE and visit www.accentureinteractive.com.

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