

## Data Nation 2014 Putting customers first



### Key points

- The number of news reports about data breaches exceeds 24,000 for the first nine months of 2014. The seven-fold increase over the same period last year is potentially contributing to record-low levels of confidence in the ability of companies and public sector bodies to handle personal data securely.
- Public healthcare providers and other public sector bodies are more trusted to access personal data than the private sector, despite media reports to the contrary.
- Nearly two-thirds of consumers would be willing to exchange their personal information for benefits, such as financial rewards, improved products or services, help with achieving personal goals or more personalised services. But 50 per cent of 18-24 year-olds admit to giving false information.
- Only one-third of adult Internet users in the UK agree that privacy policies are clear about how companies intend to use their data, despite the majority of organisations adhering to best-practice guidelines. Going beyond the currently accepted minimum standards of privacy and data protection will enable businesses to build brand differentiation.

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“Personal information is the lifeblood of a business, it needs to be recognised as having value and treated with care and respect.”

Sarah Phenix, privacy professional, UK retail bank

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## About the research

The Data Nation 2014 survey was carried out in England, Wales and Scotland by Ipsos MORI to understand the public's opinions on the collection and use of personal information by private and public sector organisations. The survey was carried out by face-to-face interviews between 11 April and 21 April 2014 with a national representative sample size of 2,025 people aged 15 and above.

Statistics mentioned throughout the report are based on the above sample size, unless otherwise stated.

The Data Nation research also included a study of data breaches reported to the Information Commissioner's Office and in the media, and analysis of the privacy policies of the 100 most popular websites visited by UK Internet users.

1 Big data is the new normal for organisations wanting to understand their customers.

In 2014, 50 per cent of British consumers say they are aware of organisations collecting data about them and their activities, up from 35 per cent last year.

2 Public confidence in data use remains consistently low.

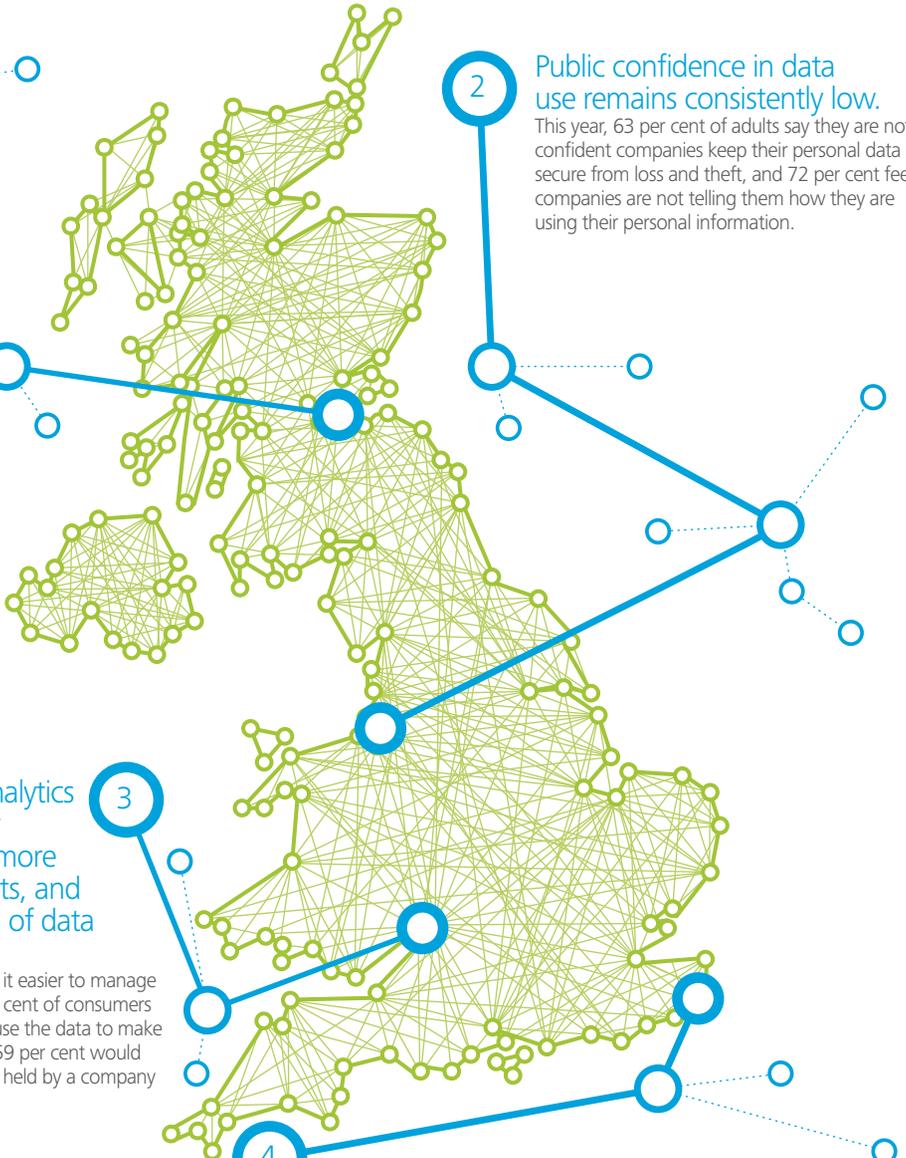
This year, 63 per cent of adults say they are not confident companies keep their personal data secure from loss and theft, and 72 per cent feel companies are not telling them how they are using their personal information.

3 Responsible analytics means greater transparency, more tailored benefits, and ceding control of data to customers.

If organisations make it easier to manage personal data, 49 per cent of consumers say they are likely to use the data to make better decisions and 59 per cent would update personal data held by a company to keep it up to date.

4 Customers are more willing to trust and engage with forward-looking organisations.

These organisations have responsible big data practices that complement traditional values like quality, service and social responsibility. Consumers who are confident that companies keep their data safe, know how their data is being used and understand the benefits are nearly twice as willing to give up personal information than those who are not.



# The people that matter

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'Big data' has become the 'new normal' for companies and public sector bodies keen to build a better understanding of their customers. A huge volume and variety of data are generated every day through frequent transactions with organisations like banks, supermarkets and telecommunications operators, as well as through ever-more prolific social media updates and interactions with local health, education, employment and other frontline public services. These data offer unprecedented insights into patterns of behaviour, interests and buying choices that help companies deliver more targeted and profitable products and services, and improve the efficiency of the public sector.

Deloitte's Data Nation survey – which measures the public's attitudes to data use and privacy in England, Wales and Scotland – shows that consumers in 2014 are more aware than ever that data about them is being collected and used by organisations. Their perception that organisations hold a great deal of personal information about them is also on the increase. However, the public's confidence that their data is being handled securely or analysed for their benefit has remained consistently and worryingly low for the last three years. This is, perhaps, unsurprising given that the number of media reports about data breaches exceeded 24,000 during the first nine months of 2014, a seven-fold increase over the same period last year.

Similar negative sentiments have been reported in other public surveys about data carried out this year by Ipsos MORI and the Royal Statistical Society.<sup>1,2</sup>

There are two ways of looking at this result, though. On the one hand, Data Nation describes a largely uncertain, untrusting and disempowered public: a national population that begrudgingly gives up its data and all control over it while remaining deeply cynical about the commercial motives of the organisations using it. On the other hand, this confidence-deficit heralds a new opportunity for insight-driven organisations that provide greater transparency, more tailored benefits and cede control of data to their customers.

This is a shift in viewpoint shared by many of the organisations that Deloitte's team spoke to as part of this research. These organisations believe that customers will be more likely to trust in and engage with them if they build responsible big data practices to complement their more traditional values, such as quality, reliability, service, value and social responsibility. And these forward-looking organisations may not only achieve a boost in reputation and customer numbers as a consequence, but they are also more likely to generate deeper insight: the Data Nation survey shows that consumers who are confident that companies keep their data safe, know how their data is being used and understand the benefits are 1.7 times more willing to give up personal information than those who are not confident, do not know and do not understand.

Taking into account all aspects of this research – the public survey, privacy policy studies, data breach analysis and conversations with executives from real insight-driven organisations – what becomes apparent is that the nature of the business-to-consumer and government-to-citizen relationships are changing. Big data may well provide new insights that power innovative and profitable businesses, but it also forces closer and more open ties with the people that matter – the customers.

“When transparency is lacking, problems with trust immediately occur. Increasing transparency is key to increasing confidence.”

James Leaton Gray,  
national media company

## Perception versus reality

Which of these organisations are you least concerned about having access to your personal information?

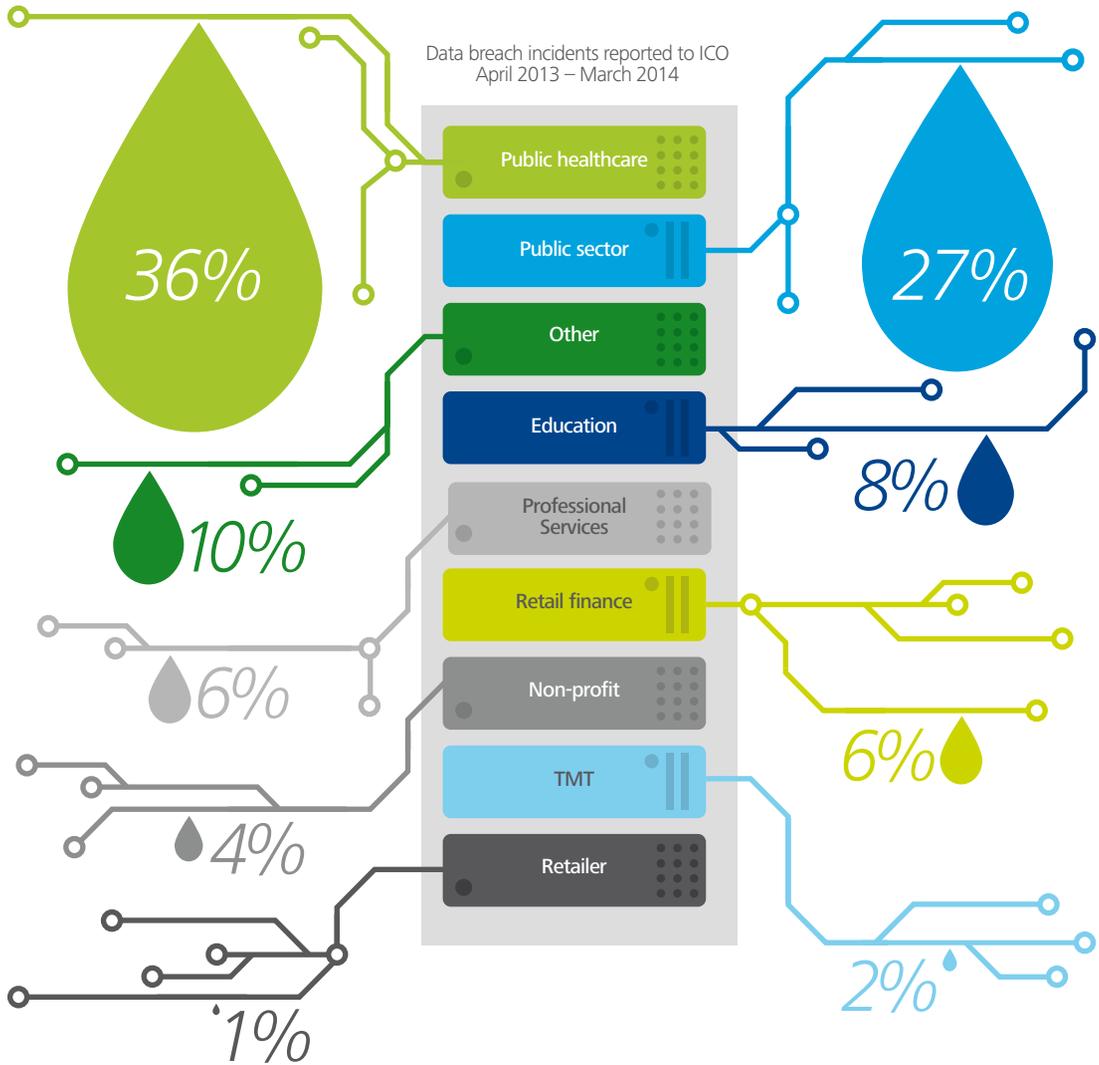


### Trust is high in the public sector

Despite recent coverage by the UK's media of government data programmes in both healthcare and national security, the majority of people place more trust in both public healthcare providers and other public sector bodies with their personal information than in commercial organisations. This may be because the need for these types of organisation to hold personal information and the benefits individuals can derive from it are clearer. And the media scrutiny may have helped to raise public awareness of these factors, thus demonstrating the importance of transparency.

Meanwhile, concern about the private sector is, on average, much greater. These perceptions are also likely to be driven by media coverage: even though only one per cent of all data breaches reported to the Information Commissioner's Office (ICO) between April 2013 and March 2014 originated from retailers, this sector was mentioned in 35 per cent of news stories about data breaches in the same period.<sup>3</sup> The public sector, on the other hand, contributed towards 63 per cent of all data breaches reported to the ICO.

Which sectors experience the most data breaches?



Source: ICO

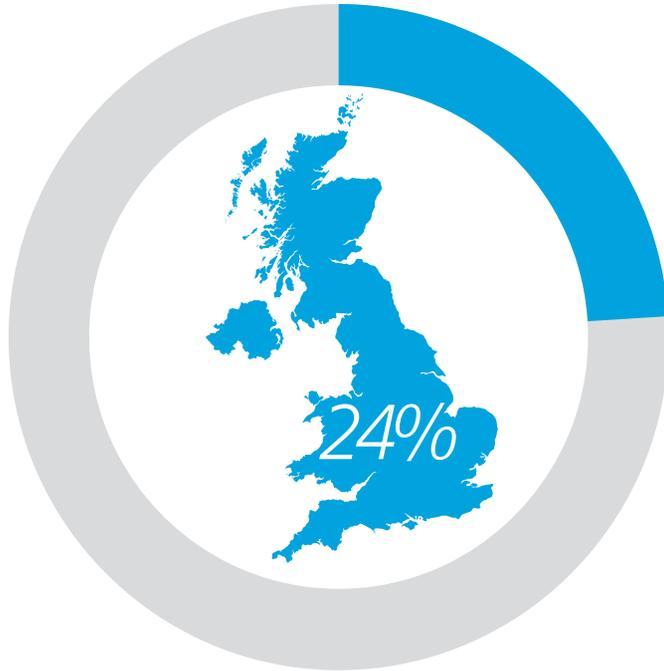
“With the significantly increased media attention over the last four years surrounding data losses, firms are going to have to get better at prevention rather than reputational recovery. Investing early and getting the right operating model in place is essential.”

Sarah Phenix, Privacy Professional, UK retail bank

## Building trust

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How many people do not trust any type of organisation with their personal information?



The youngest generation of consumers, aged 15 to 24, are more trusting of organisations, and concerns about organisations having access to personal information tend to increase as people age. These concerns appear to be driven by an increasing awareness in general that companies and public sector bodies collect information about them but not of the specifics of how it is used or shared with others.

For example, two-thirds (64 per cent) of people are so concerned about the sale of anonymised data, up from 56 per cent two years ago, that they would be likely to stop transacting with companies engaging in this practice. Furthermore, only 23 per cent of people say they are confident that companies always remove their personal details when passing on this information to third parties. And just 22 per cent say they are confident that companies inform them about selling or sharing their personal data with other organisations.

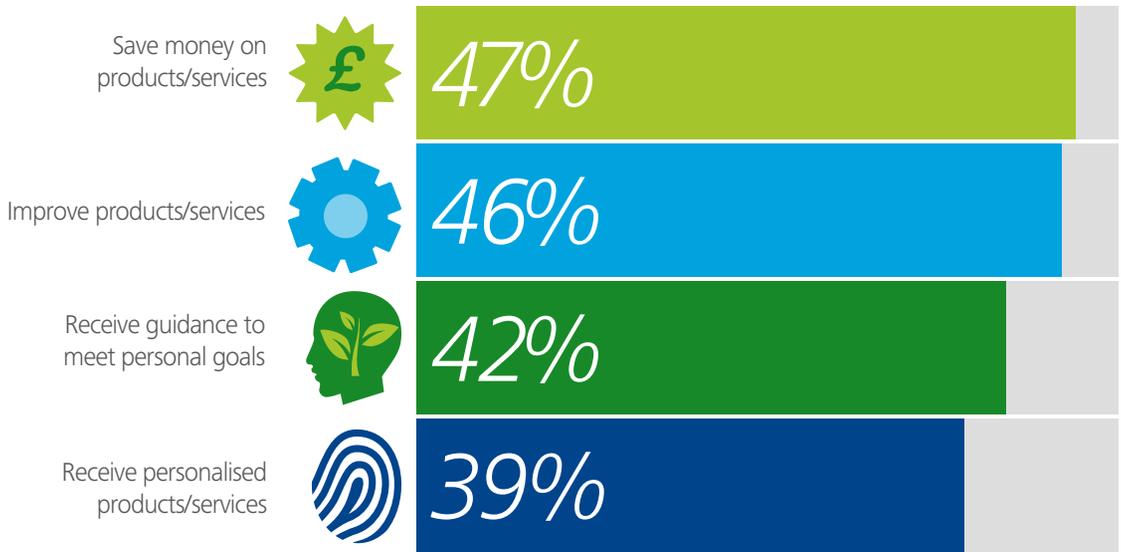
These levels of confidence have shown little or no change over the last three years.<sup>4, 5</sup> Yet the survey data shows consistently that the 28 per cent of people who are confident that companies inform them about what data is collected and shared have between two and three times more trust than the population on average. As companies in particular enhance their big data capabilities to analyse consumer data, ensuring that customers are kept informed will not only assuage concerns but also return benefits in terms of trust and reputation.

“There has been much debate over the proposed changes to the EU Data Protection Directive and the significant impact for organisations and consumers alike. Regardless of what the final outcome is, organisations must realise that consumers are demanding higher standards of privacy; not just in keeping data secure, but also in the levels of transparency and control they are given.”

Peter Gooch, Privacy Practice leader, Deloitte

# Building engagement

What benefits are people happy to receive in exchange for their personal information?



### Happiness is... receiving rewards

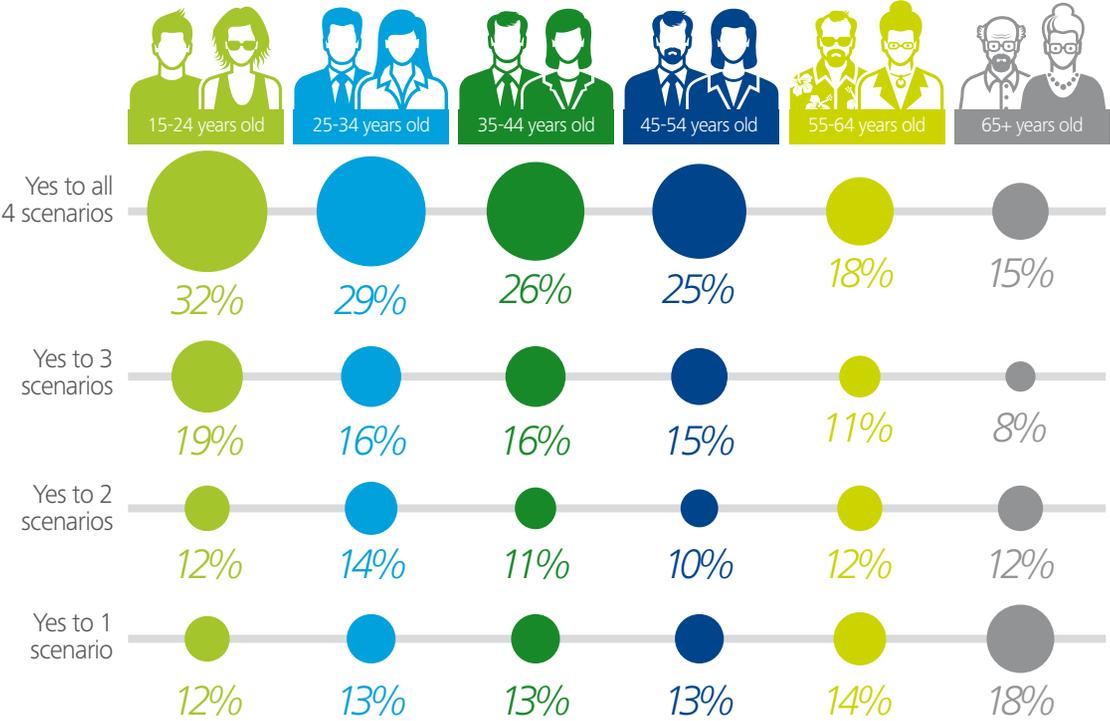
This year's survey shows that nearly two-thirds (64 per cent) of consumers either don't mind or are happy to share their personal information if it leads to direct benefits in the form of financial savings, product or service improvements, guidance to meet personal goals, or receiving a personalised product or service.

In fact, even those who are most concerned about organisations having access to their personal information are more inclined to share their personal data in exchange for one of the benefits listed above.<sup>6</sup> The appetite to exchange personal information for tangible benefits also varies considerably with age.

“As well as increasing transparency, we need to increase education. Even if people can see something, unless they understand it, they will be fearful.”

James Leaton Gray, national media company

How many people are happy or don't mind exchanging personal information for a range of benefits?



**Would I lie to you?**

When consumers don't understand how they benefit, they tend to oppose the use of their personal data by organisations. Some react by giving false information. For example, 38 per cent of consumers in the UK, on average, have admitted to lying when giving information, rising to one half of those aged 18-24.<sup>7</sup> And this, of course, has a knock-on effect on companies and public sector bodies increasingly reliant upon such data to help them make decisions.

“Fear threatens the benefits that data analysis can bring, to the consumer and society as well as the company. We need to ensure we don't kill of the “big data” goose before it's even laid any golden eggs.”

James Leaton Gray, national media company

## Improving transparency

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For the vast majority of organisations, privacy policies and terms and conditions are the principal mechanism for informing people about what data is collected, how it is being used and what the benefits are. Unfortunately, many consumers simply do not read them. Almost half (47 per cent) of adult internet users in Britain admit to always or fairly often agreeing to the terms and conditions and/or privacy policies of online services they sign up to without reading them. And 48 per cent of smartphone users admit the same when they download mobile apps.

Instead of the information provided to consumers becoming clearer and more concise, Deloitte's analysis of privacy policies from the top 100 websites visited by UK Internet users found that, on average, an adult would need to spend 26 minutes reading through a single policy to comprehend the content – a slight increase on last year's analysis. But other studies have shown that the average attention span drops dramatically after 10 minutes, a target that only a quarter of the websites considered in this research could reach.<sup>8</sup> And, according to the Data Nation survey, only 34 per cent of adult internet users agree that privacy policies are clear about how companies intend to use their data. Even worse, this falls to just 22 per cent among those who actually read the fine print.

If transparency is the first step that organisations can take towards building greater trust with their customers, the lengthy and poorly-worded privacy policies that most organisations currently rely on are actually a significant turn-off.

“Transparency practices need to be reformed to be more meaningful, actionable and relevant for individuals. Greater emphasis is needed on presenting individuals with understandable and relevant information on how data is being used.”

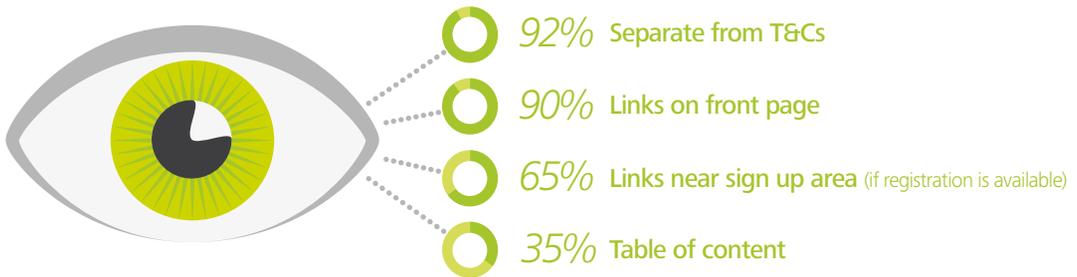
“Rethinking Personal Data: A New Lens for Strengthening Trust”, the World Economic Forum, May 2014

### Privacy policy scorecard: good but room for improvement

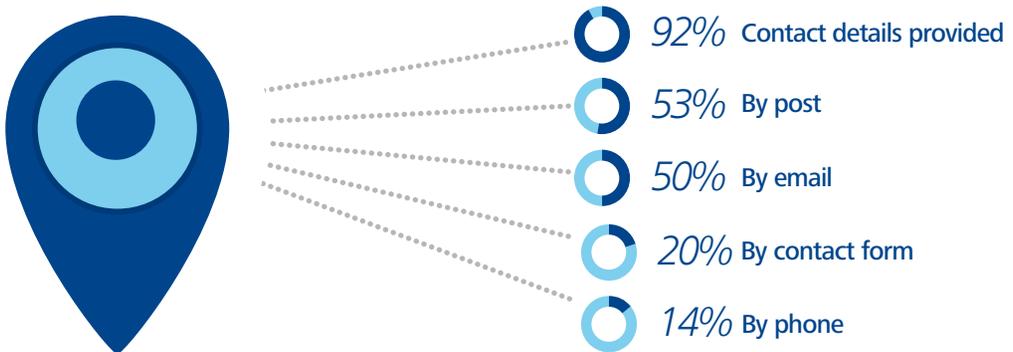
Companies should not interpret low levels of privacy policy readership as a sign that their customers do not care. Four out of five (79 per cent) adults in Britain agree that companies should provide more details upfront on the data they collect and how it will be used. And 84 per cent believe that companies should tell their customers with which other organisations they've shared personal data. Greater transparency, it seems, is imperative.

A review of the privacy policies of the top 100 websites suggests that the vast majority of organisations adhere to best practice guidelines, such as having accessible privacy policies, clear contact information and keeping policy notices under review.<sup>9</sup>

How accessible are privacy policies?



How clear are the contact details?



Are privacy policies up to date?



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But is simply following prescribed good practice enough? The low level of consumer understanding and confidence in privacy policies suggests that current regulations and recommendations do not go far enough. And they may never be able to prescribe entirely satisfactory approaches for every conceivable situation as big data technologies advance rapidly and their use becomes more widespread.

Instead, the Data Nation survey demonstrates that while legislators and regulators can set minimal acceptable standards, the bulk of the responsibility for improving consumer understanding and acting in an ethical manner with personal information falls to the commercial and public sector organisations themselves. This can start with all organisations taking steps to enhance their privacy policies by giving customers a better and more reader-friendly experience. For example, by providing:

- Summaries and shortened versions of full privacy policies, highlighting the most salient points and the benefits individuals can receive.
- Dedicated microsites that highlight global data-handling principles and also include policies specific to each consumer brand or product if they need to be different.
- Links to the relevant privacy policies of third party organisations that may also use the data.
- Clear and timely information on material changes to terms and conditions and access to previous versions of privacy policies.

### **The responsibility differentiator**

Companies may soon have a new way to differentiate their approaches to privacy and data protection through accreditation. In autumn 2014, the ICO launched a consultation on establishing a framework for a privacy seals scheme, aiming for implementation in early 2016.<sup>10</sup> A self-regulated approach could enable businesses to use their privacy practices as a brand differentiator, while the stamp-of-approval system will also help consumers to understand better how their personal data is handled and used.

“There is a clear requirement for bold up-front statements rather than lengthy unreadable privacy notices. This will build trust and loyalty in the brand leading to increased market share.”

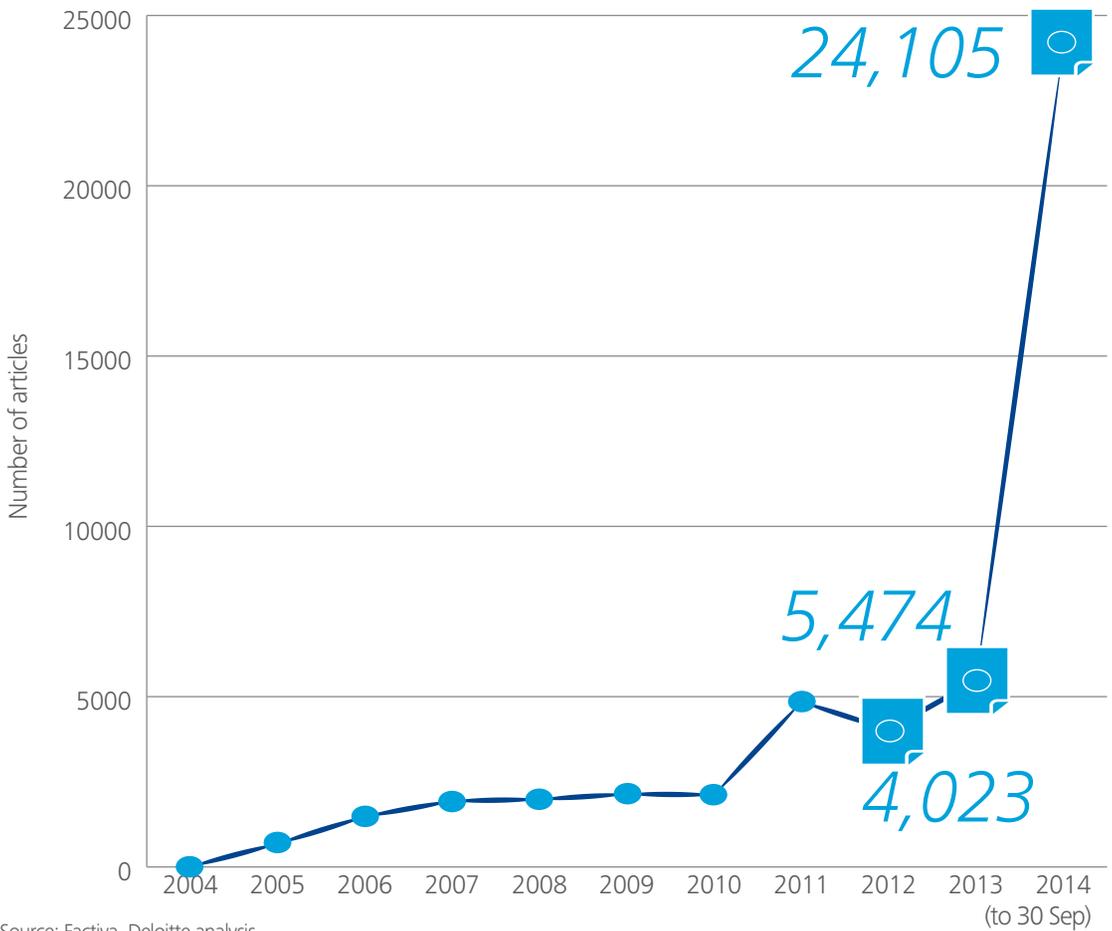
Sarah Phenix, privacy professional, UK retail bank

# The outlook

## Balancing the risk and opportunity of big data

The number of reports of data breaches in the world's media has rocketed from just over 4,000 in 2012 to over 24,000 in the first nine months of 2014 – a seven-fold increase compared to the same period last year.<sup>11</sup> This dramatic change reflects a growing awareness and interest in data among the population, as well as the potential harm caused when data handling and sharing go wrong.

How many articles mention "data breach"?



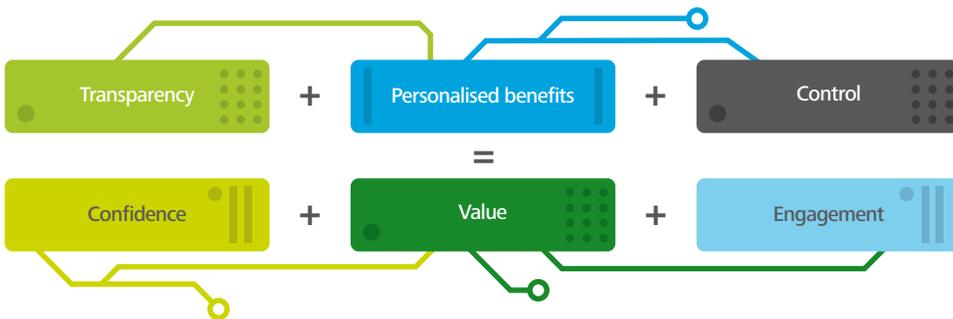
Source: Factiva, Deloitte analysis

For all the 'buzz' around big data, these kinds of stories play on the minds of consumers. Confidence in companies and public sector bodies in the UK to handle personal data securely and their ability to pass on derived benefits to consumers remains stubbornly low. And there are nearly two-and-a-half times more people who lack confidence in the way organisations collect, handle, use and share data as there are people who have confidence. While big data may finally be working to improve the bottom line, it is not yet perceived by the public to be working for individuals.

So what needs to change in the UK's data nation?

### Recommendations

"When it comes to their data, today's digital consumers are savvy and discerning. This means that businesses can no longer afford to compete solely on the basis of traditional values. Product innovation, value-for-money, quality, service offerings and convenience remain vital elements of a proposition that now must include trust in the way that personal data is handled and the motives for its use. Privacy, as well as big data, thus has the potential to be a transformative market force, empowering consumers, companies and public sector bodies alike. To achieve this, organisations should develop three core building blocks: transparency, personalised benefits and control."



Customers and citizens engaged under these principles are more likely to engage with and have confidence in the organisation, to get more value out of their relationship and to be more valuable to the organisation. Anecdotal evidence suggests that consumers are starting to flock to a new generation of companies that make ethics a core part of their value proposition and demonstrates a new direction of travel for big data – one where responsibility as well as depth of insight will be the game-changer.

"As the value and volumes of data originating from sensors and analytics increases, individuals are increasingly unaware and distanced from the decisions on how all this data is being used. Individuals need to be empowered in two ways: having a say in how data about them is used by organizations and having the capacities to use data for their own purposes."

"Rethinking Personal Data: A New Lens for Strengthening Trust", the World Economic Forum, May 2014

## Notes

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1. "Understanding Society: The Power and Perils of Data", Ipsos MORI, 15 July 2014. See also: <http://www.ipsos-mori.com/researchpublications/publications/1687/Understanding-Society.aspx>
2. "Public attitudes to the use and sharing of their data", Research for the Royal Statistical Society by Ipsos MORI, July 2014. See also: [http://www.statslife.org.uk/files/perceptions\\_of\\_data\\_privacy\\_charts\\_slides.pdf](http://www.statslife.org.uk/files/perceptions_of_data_privacy_charts_slides.pdf)
3. Source: ICO, Factiva, Deloitte analysis.
4. "Data Nation 2013: Balancing growth and responsibility", Deloitte LLP, July 2013. See also: <http://www.deloitte.co.uk/datanation>
5. "Data Nation 2012: Our lives in data", Deloitte LLP, July 2012. See also: <http://www.deloitte.co.uk/datanation>
6. In this instance, "most concerned" refers to those people who are concerned about five or more types of organisation having access to their personal information.
7. "The Aimia Loyalty Lens", Aimia, Q4 2013. See also: <http://www.aimia.com/content/dam/aimiawebsite/CaseStudiesWhitepapersResearch/english/LoyaltyLensQ42013.pdf>
8. For information about reading attention spans, see <http://www.brainrules.net/attention/?scene=1>
9. A selection of guidelines taken from "Privacy notices code of practice", ICO, December 2010. See also: [http://ico.org.uk/for\\_organisations/data\\_protection/topic\\_guides/~media/documents/library/Data\\_Protection/Detailed\\_specialist\\_guides/PRIVACY\\_NOTICES\\_COP\\_FINAL.ashx](http://ico.org.uk/for_organisations/data_protection/topic_guides/~media/documents/library/Data_Protection/Detailed_specialist_guides/PRIVACY_NOTICES_COP_FINAL.ashx)
10. Framework criteria for an ICO endorsed privacy seal scheme. See also: [http://ico.org.uk/about\\_us/consultations/~media/documents/library/Data\\_Protection/Research\\_and\\_reports/framework-criteria-for-an-ico-endorsed-privacy-seal-scheme.pdf](http://ico.org.uk/about_us/consultations/~media/documents/library/Data_Protection/Research_and_reports/framework-criteria-for-an-ico-endorsed-privacy-seal-scheme.pdf)
11. Source: Factiva, Deloitte analysis.



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Designed and produced by The Creative Studio at Deloitte, London. 38593A