

## Privacy Please: Why Retailers Need to Rethink Personalization



# Retailers are Struggling to Understand Where Personalization Ends and Privacy Encroachment Begins

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*The personalization that consumers have a taste for can rapidly deteriorate into something that they find unpalatable.*”

Today, retailers face a significant conundrum. With the rapid proliferation of mobile, social media and in-store sensors, they are now sitting on a treasure trove of data. Walmart, for example, has about 30 petabytes of shopping information<sup>1</sup> – the equivalent of nearly seven million DVDs. Retailers have all the data they need to create personalized promotions and offers. And consumers are very much in favor of personalization – survey after survey shows consumers increasingly expect personalized offers presented at the right moment<sup>2</sup>.

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*We analyzed over 220,000 conversations on social media to gauge consumer sentiment on personalization and privacy for retailers.*”

But this customer data opportunity has a flip side: the personalization that consumers have a taste for can rapidly deteriorate into something that they find unpalatable. This could be because the personalization exercise is perceived to stray into the consumer's private domain, or because the exercise is clumsily executed. For example, an American father discovered that his teenage daughter was pregnant through a targeted mailer sent by a retailer<sup>3</sup>. In another instance, a personalized email from a retailer referred to a female customer by a maiden name that she had not used for 20 years. The customer found it disturbing that the retailer had managed to unearth this aspect of her past and could not understand how they might have uncovered it<sup>4</sup>. For retailers, understanding where this invisible border between personalization and privacy lies, and balancing this tension in their customer experience, is a massive challenge.

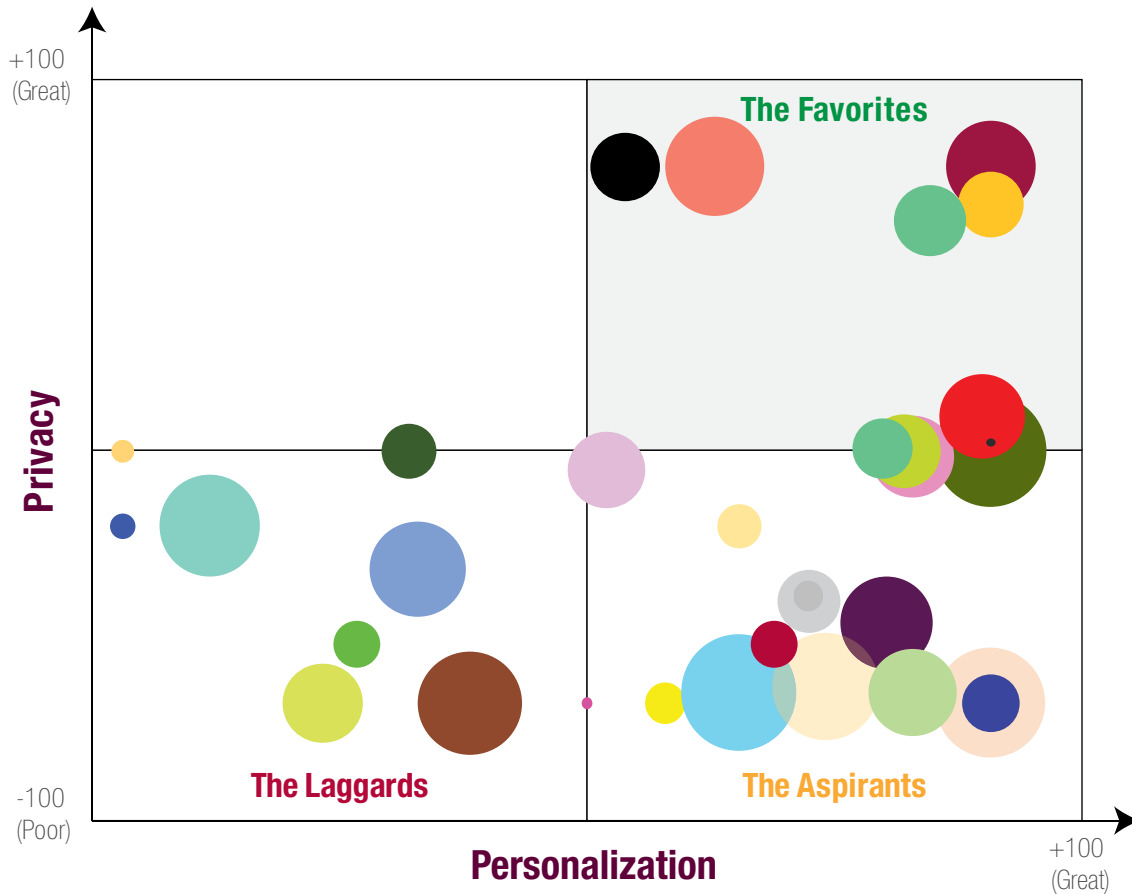
This report examines this tension and what can be done about it. We wanted to understand if these anecdotal examples of customer disquiet are isolated incidents or symptomatic of larger privacy challenges with retailers' personalization initiatives. We launched a comprehensive research exercise that analyzed over 220,000 conversations on social media to gauge customer sentiment on the themes of personalization and privacy for retailers (see research methodology for details). This large volume of conversations over a period of just six

months highlights the importance of this topic to consumers. We collected data relating to 65 of the largest global retailers, collectively generating revenues of over a trillion dollars. The results are worrying: customers perceive that a significant majority of retailers (86%) struggle in their attempts to strike a balance between personalization and privacy (see Figure 1).

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**Figure 1: How do Consumers Perceive Leading Retailers on Personalization and Privacy?**

Each bubble corresponds to a particular retailer



- Each bubble corresponds to conversations for a particular retailer
- Size of the bubble indicates total number of consumer conversations about the retailer's personalization and privacy initiatives
- Axes scale from -100 to 100, with 100 indicating the most excellent score on positive customer sentiment and -100 indicating the lowest score on negative customer sentiment

The Favorites	The Aspirants	The Laggards
<ul style="list-style-type: none"> <li>▪ Enjoy customers' affection on both – personalization and privacy aspects</li> <li>▪ Offer meaningful deals, customized products, responsive and caring customer service</li> <li>▪ Privacy options offer customers control on personal data and assure them of data security</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perform well on personalizing products and services as per customer needs</li> <li>▪ Fall short of gaining customer trust on privacy owing to: perceived lack of care in handling data, intrusive loyalty programs, and lack of clarity on data policies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Score poorly on both – personalization as well as privacy</li> <li>▪ Are regularly criticized by customers for – irrelevant offers, spamming, perceived abuse of personal data and breaking customer trust on safety and security of sensitive data</li> </ul>

Source: Capgemini Consulting Social Media Scan, August 2015

## Only 14% of Retailers Enjoy Positive Consumer Sentiment on their Personalization and Privacy Initiatives

Retailers globally are increasing their investments in personalization initiatives. A recent survey found that as many as 50% of retailers were planning to increase their investments in personalization in 2015<sup>5</sup>.

The response from consumers, however, is not encouraging. Only 14% of retailers – *the Favorites* – enjoy positive consumer sentiment on both personalization and privacy initiatives. Customers prize the Favorites’ personalized and responsive customer service, relevant deals on products customers need, custom-made products and services, and efforts to safeguard customer data privacy.

Nearly 29% of retailers – *the Laggards* – left consumers dissatisfied with both their personalization and privacy initiatives. Negative customer sentiment is largely due to intrusive loyalty programs, excessive promotional mails, poor in-store service, or confusing opt-in/opt-out instructions on marketing communications.

For 57% of retailers – *the Aspirants* – consumer sentiment is positive on personalization, but negative on privacy. It indicates that while they have launched personalization initiatives that offer value to consumers, retailers have either failed to address the privacy concerns that arise from it, or have completely ignored it.

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We anticipated that there would be significant differences between the sentiment expressed about online retailers and traditional retailers. Surprisingly, however, consumer sentiment does not appear to differentiate. We also expected differences between large retailers and smaller companies. However, no significant differences emerged.

## Customer Privacy Lapses Can Undo Hard Work on Personalization

Our research indicates that 80% of all consumer sentiment on personalization was positive (see Figure 2). However, a massive 93% of all consumer sentiment was negative when it came to retailers’ privacy initiatives, and this sentiment is broadly reflective across geographies. A large number of retailers appear to have a fairly good grip on personalization initiatives, but slip up when it came to managing consumer privacy. For instance, while 71% of retailers enjoy positive responses to personalization initiatives, 57% are unable to translate that into a positive sentiment on privacy. For retailers, the message is clear – strong personalization initiatives drive positive sentiment, but failing to safeguard the privacy of customer data can undermine efforts.

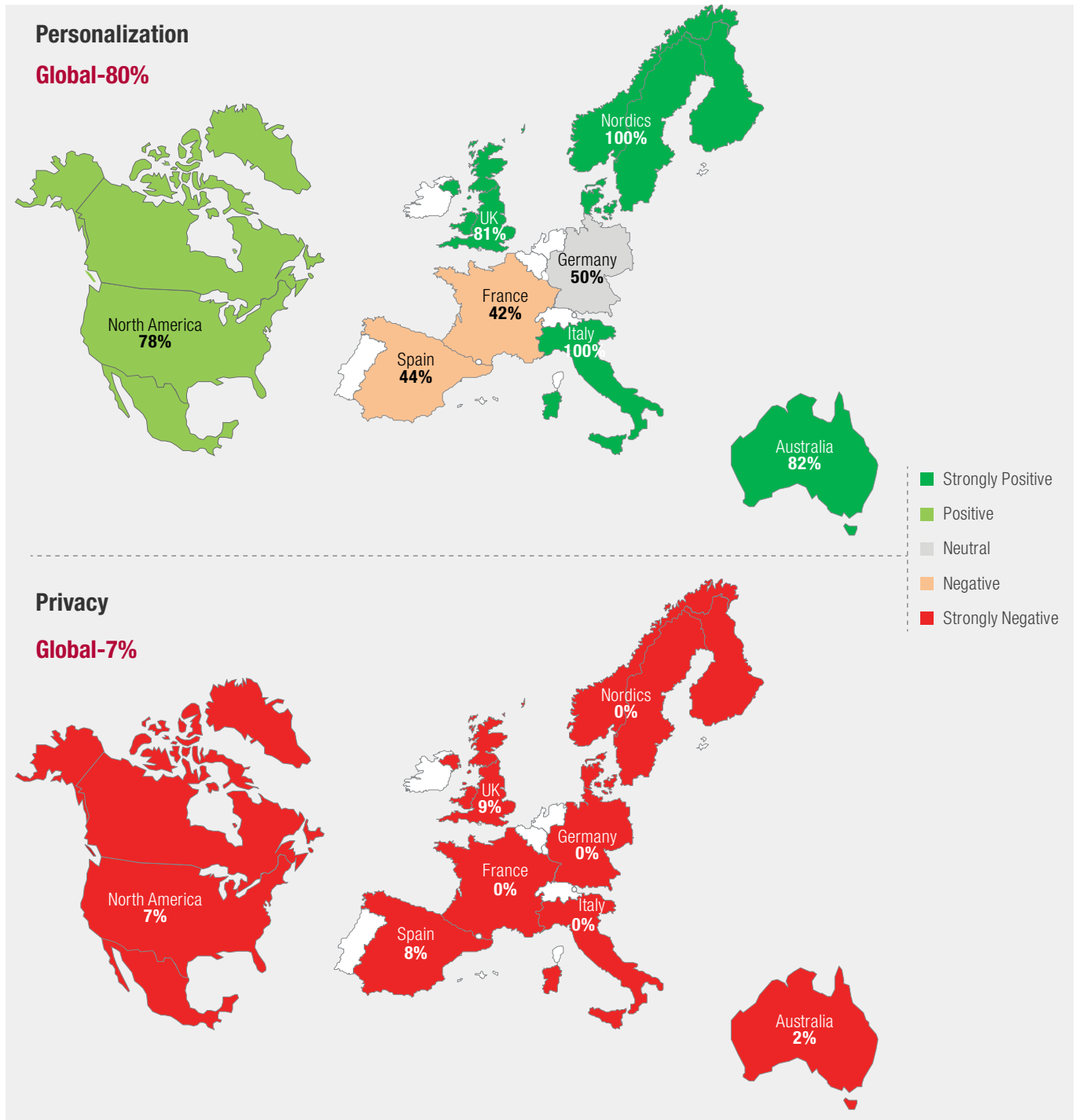
The importance of privacy is shown in the fact that customer data breaches affect consumer propensity to buy. For instance, a recent survey found that 15% of respondents had stopped purchasing at retailers that had experienced privacy breaches<sup>6</sup>. Another study reported that 36% of respondents will shop less frequently at a retailer that suffered a security breach and 26% would consciously spend less than before<sup>7</sup>.

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**Figure 2: Global Consumer Sentiment on Personalization and Privacy**

Percentages indicate share of positive customer sentiment



Source: Capgemini Consulting Social Media Sentiment Analysis, August 2015

## When Personalization Goes Wrong - How to 'Get' Customers and Not 'Stalk' Them

As data analytics becomes more powerful and sophisticated, organizations are able to build granular profiles of customers based on their online and offline activities. However, the algorithms that are used do not differentiate one data input from the other. Without human intervention, algorithms can make personalized offers seem highly inappropriate. For example, social networking site Pinterest recently sent an email to female users that began with the words: "You're getting married!". Unfortunately, many of the women were not in fact getting married at all – they had simply pinned wedding-themed pictures on their account. Similarly, an airline equipped its flight attendants with an app containing information on passengers. This included their flight reservations, loyalty status and their date of birth - information that had been provided for personal identification. When the flight attendants used that information to wish customers a happy birthday, many of them found this unwelcome and inappropriate.

*Source: Slate, "Pinterest Congratulates All the Single Ladies on Their Weddings", September 2014; Gawker, "What Do You Know About United's Allegedly Creepy New App for Flight Attendants?", August 2015*

# Why do Retailers Fare so Badly?

We believe there are a number of reasons why many retailers are failing to make personalization a positive part of their overall customer experience (see Figure 3).

**Climate of Mistrust.** The spate of hacks on retailer data, as well as breaches in other sectors, is having a dramatic effect on consumer trust. It is estimated that half of American adults had their personal information exposed to hackers in the last year alone<sup>8</sup>. And consumers are very much aware of where the exposures are happening. A recent survey found that 70% of consumers could correctly identify retailers who had been breached<sup>9</sup>.

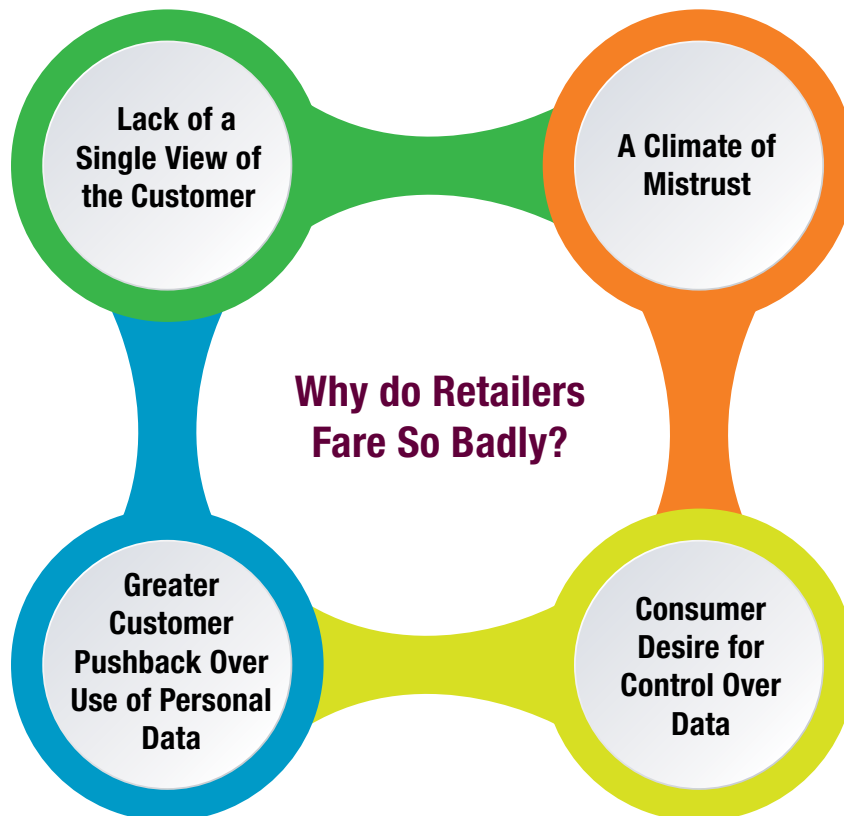
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**Consumers are Comfortable with Sharing Data but Demand Greater Control over It.** Our Digital Shopper Relevancy Report from 2014 showed that consumers are willing to share data. However, many are not seeing retailers respond with clarity on how their data is being used. For instance, 28% of respondents feel that they are not being provided with choice and control of how their personal data is collected, used and

shared by retailers (see Figure 4). Almost 50% of shoppers are not clear about the privacy policies of the retailers that they interact with.

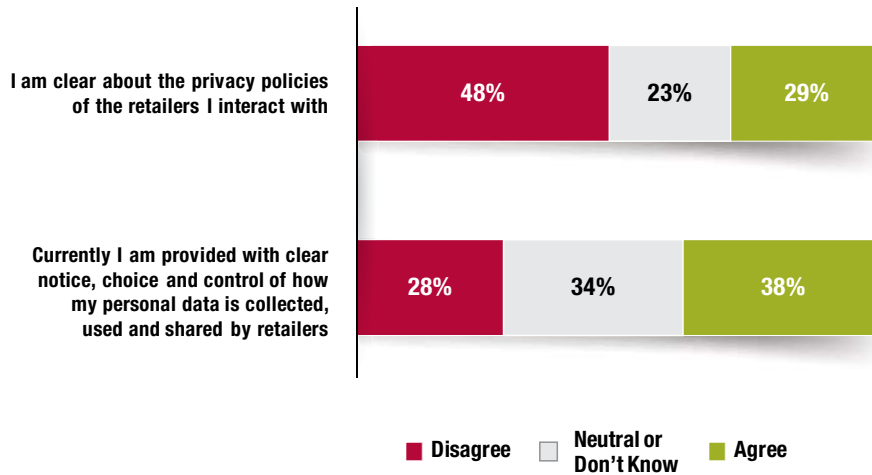
This reflects research that shows an overwhelming majority of adults considers that being in control of who can get information about them is important<sup>10</sup>. This means that retailers need to give them reassurance and clarity about how data is collected and used. But that clarity is lacking. For instance, in a recent survey, it was found that a large majority of consumers incorrectly believe that when a website has a privacy policy, it means the site will not share their information with other websites and companies without permission<sup>11</sup>. This leads customers to be cautious about what data they share with retailers and why (see insert on “*What Data are Consumers Willing to Share?*”).

Figure 3: Why do Retailers Fare So Badly?



Source: Capgemini Consulting analysis

Figure 4: Consumer Perception of Data Usage and Privacy Policies of Retailers, Capgemini Survey, 2014



Source: Capgemini, "Digital Shopper Relevancy Report", September 2014

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**Greater Personalization Requires Greater Volumes of Data, Triggering Greater Consumer Pushback.**

Personalization requires more data, not less, but this poses an issue for consumers who are pushing back against retailer requests for more data. For instance, we found that while consumers were comfortable sharing email addresses, the same consumers withdrew when retailers wanted their home address or phone number or zip code in order to deliver targeted promotions. This hampers the retailers' ability to deliver truly personalized products/services.

**Lack of a Single View of the Consumer Impacts the Customer Experience.**

Retailers have rapidly expanded their presence across multiple channels. However, many struggle to create a single view of the consumer, with data trapped in channel silos such as web, mobile, social, or call centers. Research shows that only 6% of marketers in retail and consumer products have captured a single view of the customer<sup>12</sup>. This compromises the customer experience and the ability to mine data for tailored and accurate personalization.

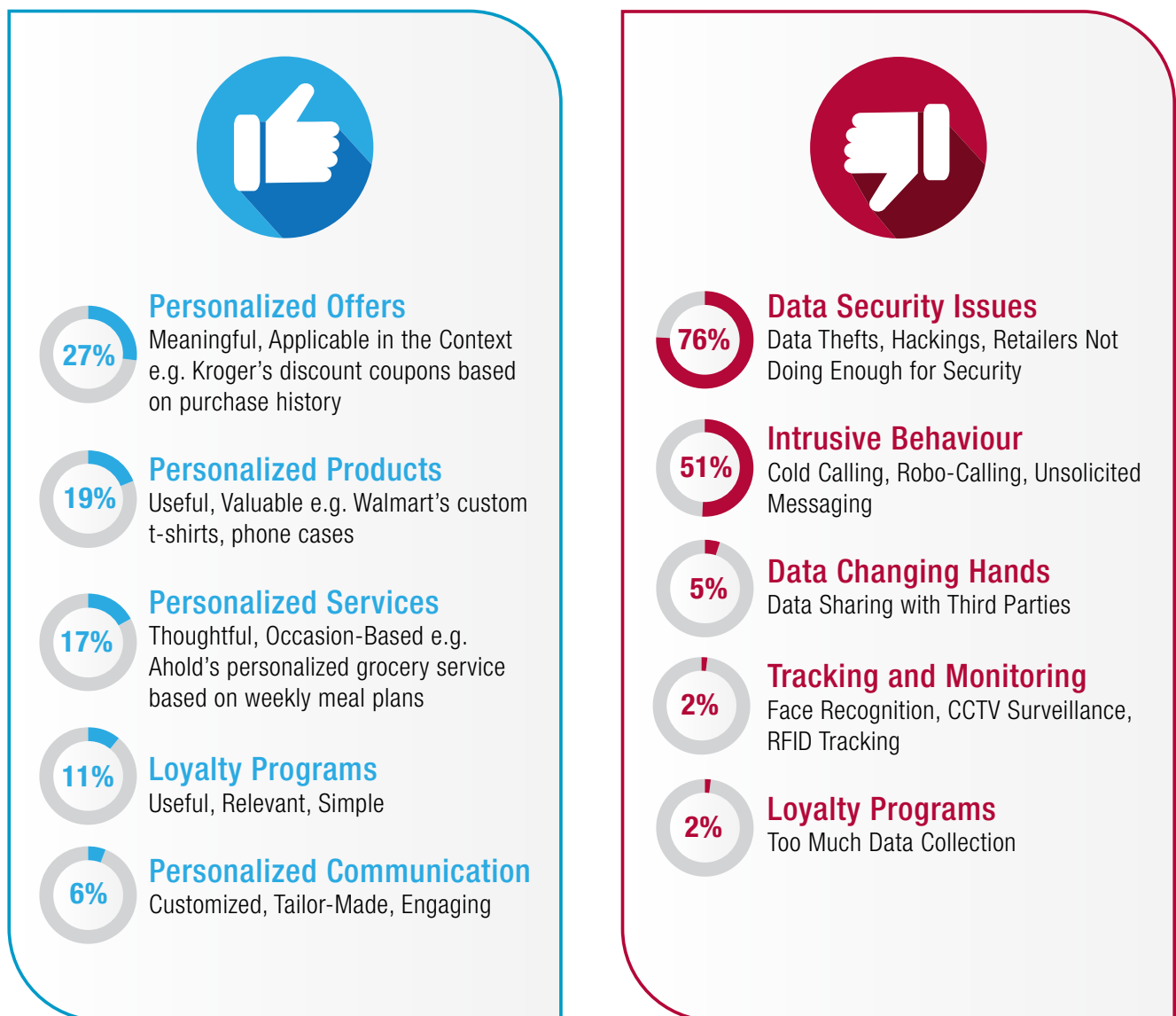


# What do Consumers Really Expect from Retailers?

Based on our research, we have identified what works and what does not as retailers attempt to balance personalization and privacy (see Figure 5).

Figure 5: Key Drivers of Positive and Negative Sentiment

## What Works, What Doesn't



Percentages indicate the "share" of each theme in the positive and negative consumer sentiment

Source: Capgemini Consulting Social Media Sentiment Analysis, August 2015

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***In our research, consumers were impressed by the way Kroger personalizes discount coupons based on what consumers purchase most.***  
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**Personalized Offers, Provided in a Contextual Setting, Work.** There is merit in sticking to the basics. For example, in our research, consumers were impressed by the way Kroger personalizes discount coupons based on what consumers purchase most. Walmart also enjoyed widely-shared positive consumer sentiment about their broad range of personalized household products, such as blankets and quilts or shirts and iPhone cases. However, consumers are put off when retailers approach them with offers that are irrelevant. Customers of a European retailer expressed their dissatisfaction at the irrelevant offers received, particularly

because they were regular shoppers at the retailer and expected it to know better about them. For an American retailer, we came across cases of female customers feeling annoyed at receiving baby planning offers when they were not pregnant. The Head of Loyalty Operations at a leading retailer told us: *“Irrelevant offers, that do not take into account the customer’s demographic profile and shopping behavior, can cause great damage. A consumer may just opt-out of your communication, and that is a marketing opportunity lost.”*

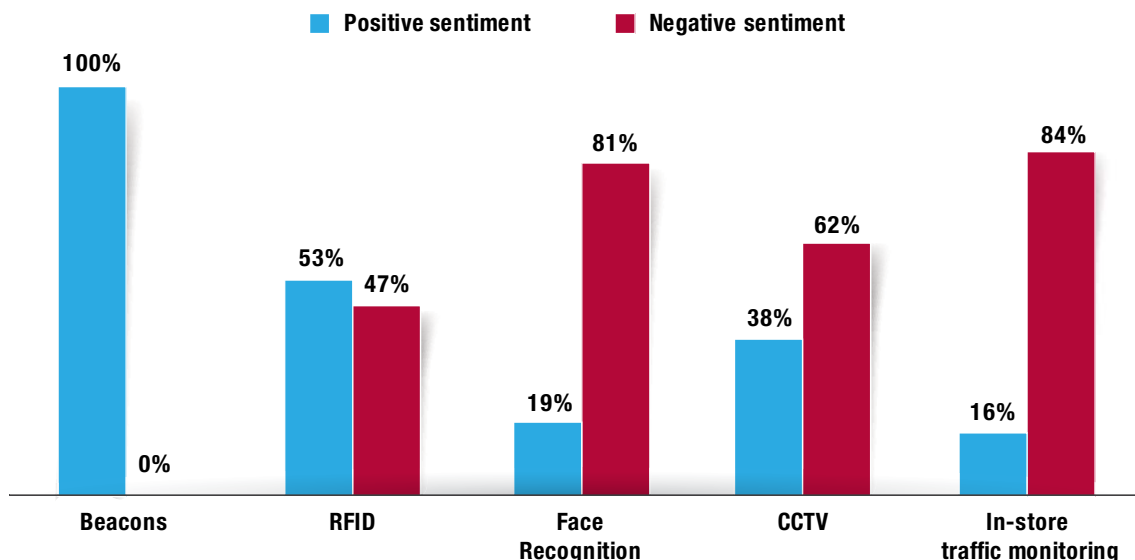
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– Head of Loyalty Operations at a leading retailer.

**Customized Communications Impress, Personalized Experiences Delight.**

Our social media research shows that customers are impressed by tailored, responsive and visually appealing emails that are closely aligned to their interests. A senior marketing executive told us that they *“saw a dramatic 80% increase in coupon open-rates when we send personalized mails.”* Some companies are going a step further, and customizing their entire interaction with the consumer. American retailer Kohl’s is using “beacons” to deliver an enhanced and personalized in-store experience. The beacons identify the shopper’s mobile device when he or she is in store, and share personalized offers and suggestions based on their shopping history. They also aid navigation in-store, by directing shoppers to the right location for specific products. Our research shows that beacons are a big hit with consumers, with a 100 percent positive sentiment (see Figure 6).

**Figure 6: Consumer Sentiment around Key Retail Technologies**



Source: Capgemini Consulting Social Media scan, August 2015

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*Our research shows there is a significant negative sentiment associated with RFID tracking, facial recognition and CCTV surveillance.*

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**Intrusive Behavior is not Appreciated, Tracking and Monitoring is a Strict No-No.** Unsolicited communication does not go down well with consumers. Our research revealed concerns about a leading online retailer whose customers began receiving more telephone calls. When disgruntled customers checked the privacy policy of the retailer, they discovered that it had been recently updated to allow much more of these

types of call. Consumers are also wary of tracking and monitoring. Our research shows there is a significant negative sentiment associated with RFID tracking, facial recognition and CCTV surveillance. For example, a leading retailer planned to install RFID-scanning robots that would walk the shelves along with consumers. The core idea was to scan clothing tags for inventory, which would lead to better inventory management, but the company also planned to equip these robots to handle simple consumer queries<sup>13</sup>. This initiative created some curiosity among consumers, but it also generated apprehension and concern.

**Data Security is of Paramount Importance, Hacking and Theft Alarm Customers.** Our research clearly reveals that data security is the most important piece in the privacy puzzle and the leading driver of negative consumer sentiment, by far (see The Rising Threat

from Hackers). These incidents cause significant customer disquiet and consumers expect concrete initiatives from retailers to safeguard their data. For example, consumers in our research indicated that retailers should strengthen their authentication mechanisms to prevent hacks.

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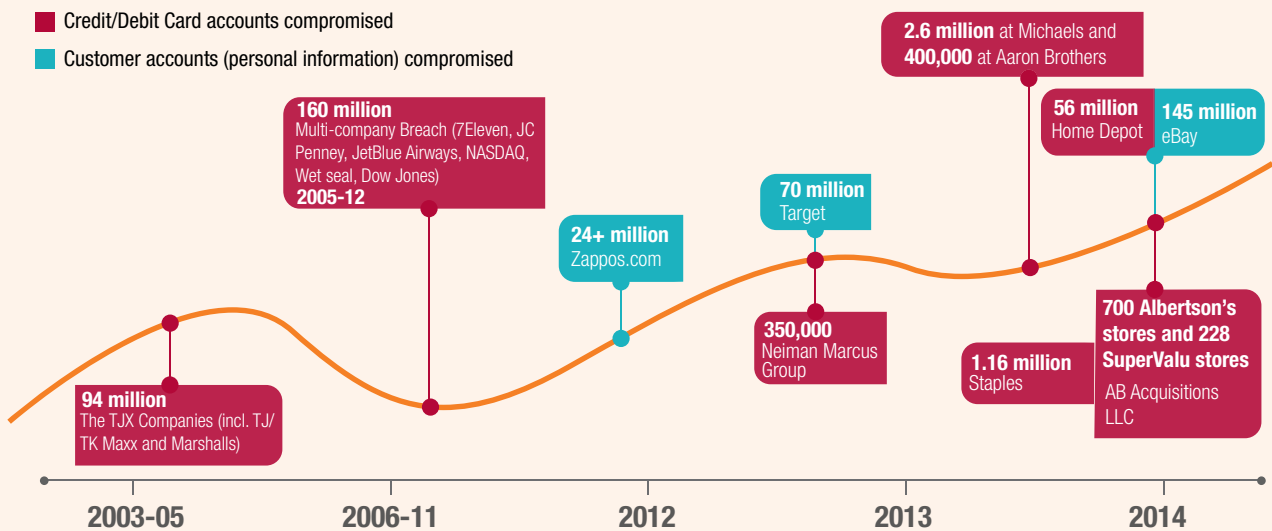
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## The Rising Threat from Hackers

As consumers continue to embrace ecommerce, and a greater proportion of retail is conducted online, the potential for privacy breaches increases significantly. For example, it is estimated that half of American adults had their personal information exposed to hackers in the last year alone.

### Top Retail Security Breaches Over the Past Decade

- Credit/Debit Card accounts compromised
- Customer accounts (personal information) compromised



The numbers indicate estimated number of records or credit cards believed to have been hacked

Source: NY Times, Information Week, Forbes, TIME, and corporate press releases of Zappos.com, Target, Neiman Marcus, Michaels, eBay and Staples

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**Loyalty Programs are Fine, but Not Those Meant Just for Data Collection.**

Many consumers are uncomfortable with excessive disclosure of personal data for loyalty programs. Our research reveals that for some retailers, consumers feel that loyalty programs exist mainly as a means of data collection. For example, some consumers took the loyalty program of a European retailer to task for violating their data privacy. The loyalty program in question was a multi-

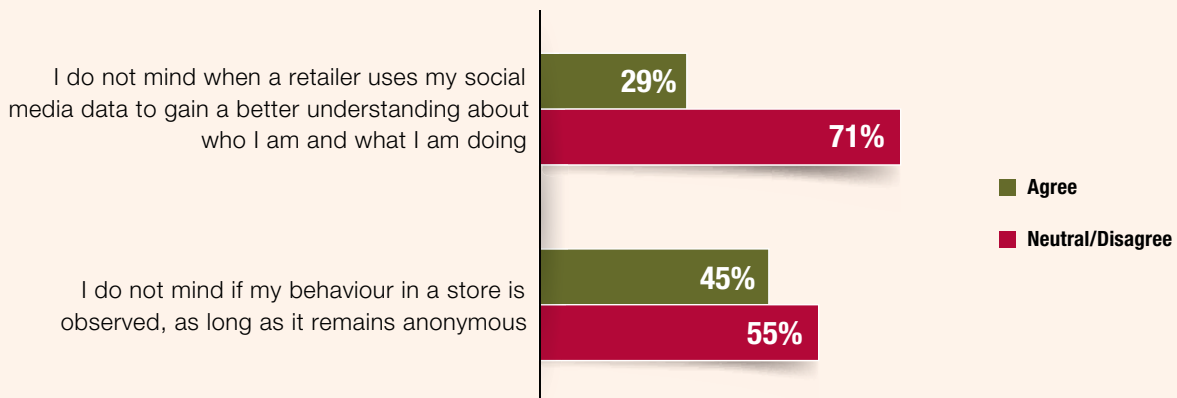
participant scheme, and consumers were uncomfortable with the fact that their personal data would be shared with numerous parties. Consumers are particularly cautious about personally identifiable information (such as Social Security Numbers), financial data and health related information.

**What Data are Consumers Willing to Share?**

The term “consumer data” encompasses a vast range of data elements, each with a varying degree of sensitivity. For example, a substantial 74% of consumers do not mind sharing details around their hobbies and interests, but they would not share financial information.

Despite the increasingly common use of social media, many consumers are uncomfortable about it being used by retailers, with only 29% happy with such an approach. Most consumers (55% in our survey) are uncomfortable with the use of their in-store data as well, despite the fact that it is usually anonymized by retailers before use. Consumers might well perceive that this “anonymous data” may not remain anonymous, in an eco-system of players that are combining and manipulating their data in a dozen different ways.

**What data will consumers share?**



Sources: Capgemini Digital Shopper Relevancy Report, September 2014; Capgemini Consulting Social Media Scan, August 2015

# How do Leaders Balance the Personalization–Privacy Paradox?

We believe that the 14% of leaders who solve the personalization-privacy conundrum demonstrate best practice in three areas: personalization initiatives that give customers control and a clear value; using technology to drive customer satisfaction rather than just as an enabler; and a clear governance framework and practices on personalization and privacy (see Figure 7).

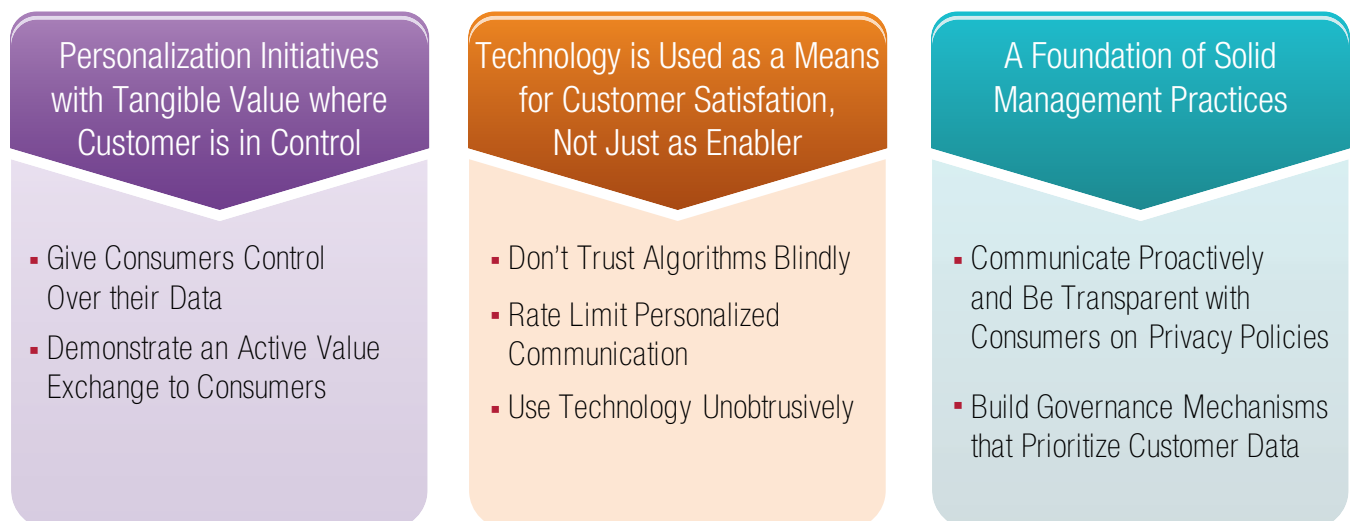
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*84% of consumers want to have control over what marketers can learn about them online.*  
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## Personalization Initiatives with Tangible Value Where Customer is in Control

**Leaders Give Consumers Control Over their Data.** Eighty-four percent of consumers want to have control over what marketers can learn about them online<sup>14</sup> and leaders are transparent about the data they hold and what consumers can do with it. For example, Google offers a single centralized portal for users to manage and control their account settings, including, for instance, tailoring ads to personal preferences, ability to opt-in or opt-out of specific services and activity across various devices where the account was used. Google also offers a separate site to download user data (see Figure 8).

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*Leaders demonstrate the value exchange that takes place when a consumer shares their personal data with the retailer.*  
”

Figure 7: How Leaders Stand Out



Source: Capgemini Consulting analysis

“  
**Nordstrom uses beacons and mobile geolocation technologies to target consumers based on their preferences and behavior.**  
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**Leaders Demonstrate an Active Value Exchange to Consumers.** Leaders demonstrate the value exchange that takes place when a consumer shares their personal data with the retailer. For example, users of wearable fitness trackers allow their personal moments to be tracked in exchange for a view of their fitness regime. And insurers

are convincing consumers to install telematics devices in their vehicles with the prospect of lower insurance premium.

**Technology is Used as a Means for Customer Satisfaction, Not Just as an Enabler**

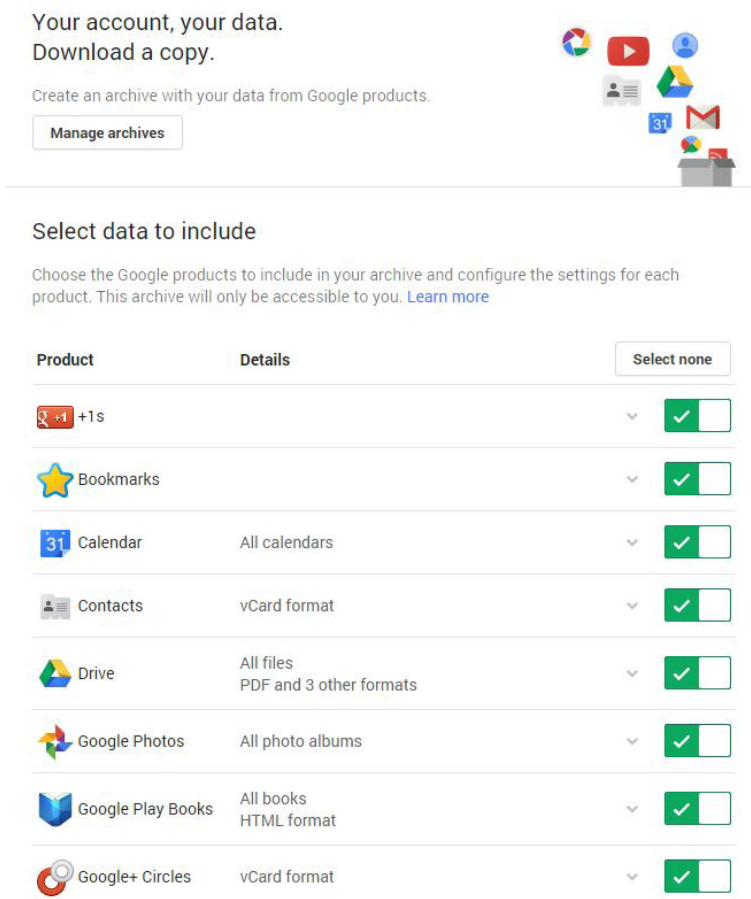
**Leaders Don't Put Blind Trust in Algorithms.** For example, research has shown that 55% of consumers are put off purchasing an item that they have previously expressed an interest in online, if they are retargeted with ads multiple times after initially researching it<sup>15</sup>.

**Leaders Rate Limit Personalized Communication.** The number of channels that a retailer can use to reach customers is on the rise. This, combined with the tendency to constantly push alerts to the consumers, can lead to saturation and repetition. The leaders in our study ensure that they rate limit themselves to how many times they push the same alert to the consumer. One North American retailer has clear guidelines on when they send customized alerts to their consumers. They ensure that customers do not receive the same messages over the course of a 72-hour period. The company is also careful to limit the number of communications a customer can receive in a given period of time.

“  
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**Leaders Use Technology Unobtrusively.** One of the findings from our social media scan was that customers appreciated a seamless bridging of online and offline channels. For example, Nordstrom uses beacons and mobile geolocation technologies to target consumers based on their preferences and behavior. With beacons, for instance, if customers have previously placed certain items in their online cart, they might receive a message about where the items are located when they are in-store. These beacons work in the background without intruding and only make their presence felt only when enhancing the customer experience.

Figure 8: Snapshot of a Google Takeout Page



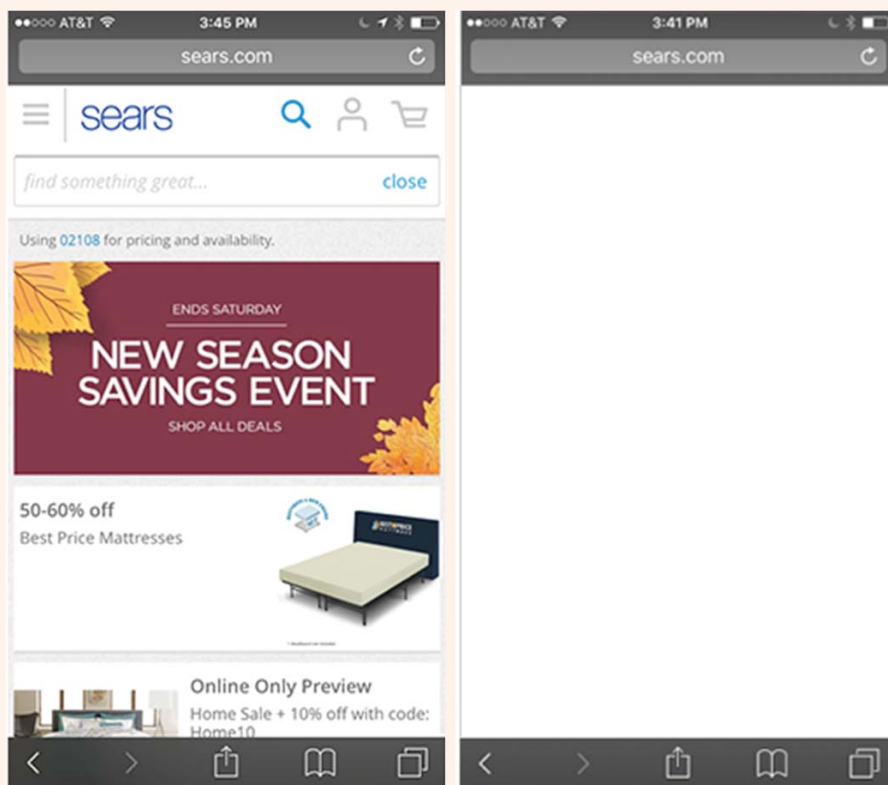
Source: Company website

## Ad-Blockers and Impact on Retailer Personalization Initiatives

'Digital retail' is increasingly 'mobile retail'. In many markets globally, ecommerce is increasingly undertaken through mobile. In China, for instance, nearly 50% of all ecommerce transactions are conducted through the mobile channel. In the US, it is estimated at nearly 28% in 2015. Given the popularity of mobile, the rising popularity of ad-blocking software is a significant challenge for retailers. Within hours of the launch of Apple's latest version of its iOS operating system (which allows content-blocking), ad-blocking apps shot to the top of the App Store paid app listings.

If ad-blocking sees widespread adoption it has profound implications for retailers' efforts. An Investigation by Fortune Magazine shows how ad-blockers can damage the customer experience on most major retailer websites. For instance, at retail major Sears, with ad-blockers enabled, the mobile web browsing experience grinds to a complete halt. While these are still early days, retailers need to understand the implications of ad-blocking software on their personalization initiatives.

### Impact of Ad-Blockers



Source: Fortune, "Apple's ad-blocking move causes big problems for retailers like Walmart", September 2015; eMarketer, "Mobile Accounts for Almost Half of China's Retail Ecommerce Sales", July 2015; PageFair, "The 2015 Ad Blocking Report", August 2015; Naked Security, "After iOS 9 launches, Ad blockers top the App Store chart", September 2015

## Zappos – Putting Personalization at the Heart of the Customer Journey

American online retail firm Zappos has put its rich store of customer data to good use. To begin with, its website scans the user's search history and factors in certain predictors of intent and relevance. This allows Zappos to offer customized suggestions based on its product catalogue. It also provides personalized retargeting by sharing relevant products throughout the open Web, and not just its website<sup>1</sup>. At the same time, the company ensures that it does not get overly personal with its consumers. A Zappos executive told us: *"There's a lot of information available on consumers, though we're very selective with what we use and how we use it. We take great care to ensure that the ultimate experience is relevant rather than creepy. We want our customers to feel that we understand them and their needs rather than feeling stalked<sup>1</sup>."*

The retailer has revamped its mobile app to incorporate features related to personalization. Recommended products are grouped into four different categories. The first set of recommendations displays products that have also been bought by customers who bought the product you yourself have just selected. The second and third groups of products are based on items that consumers might also like. The fourth section shows products that have been viewed in conjunction with the product you have selected.

Zappos has also focused on creating and analyzing a single, unified view of the customer, which allows it to anticipate customers' future requirements. For example, it has partnered with ChoiceStream, a Big Data firm that specializes in weather information analytics. They can now reach out to a customer with a personalized message telling them that it is due to snow the next day and offering them the opportunity to buy a brand of boots through express delivery<sup>3</sup>.

Source:<sup>1</sup> Capgemini Consulting Digital Leadership Series, "An Interview with Darrin Shamo", 2014; <sup>2</sup> MobileCommerceDaily, "Zappos focuses on personalization, seamless transactions via app update", July 2013; <sup>3</sup> Lopez Research, "Zappos Brings the Wow with Personalized Ads", August 2014

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*When we change something on how we deal with consumer data, we communicate it weeks in advance, and very prominently, through various media channels.*

– Senior Marketing Executive at a large European retailer.

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### Leaders Have a Foundation of Solid Management Practices

**Leaders Communicate Proactively and are Transparent with Consumers on Privacy Policies.** A senior marketing executive at a large European retailer outlined how important it is to have a clear and consistent communication strategy, saying: *"When we change something on how we deal with consumer data, we communicate it weeks in advance, and very prominently, through various media channels. And then it is over to the customer to take a decision, on whether to continue with the service or cancel it."* Leaders understand the importance of a thorough and well-defined privacy policy. Walmart, for example, takes the point of view of the customer on key aspects of data: what information is collected, how the information is used, how the information is shared, how the information is protected, and how the consumer can erase it from the company if they so desire. Periodic reviews and updates of the policy are performed, and the revision history is published along with the policy.

**Leaders Build Governance Mechanisms that Prioritize Customer Data.** Successful companies pay attention to the people, process and technology aspects of handling data. As the Marketing Head at a large European retailer explains: *"We store all of our consumer data in systems that are in-house. Further, we are extremely particular about the people who work with customer accounts or in customer care. They need to go through specific, consumer-oriented privacy training and are required to sign (legal non-disclosure) contracts about how they handle data."*

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## What do Personalization and Privacy Initiatives Mean for Different Retailers and their Customers?

### Personalization



#### Online-only Retailers

- Product recommendations and savings based on purchase history
- Meaningful offers applicable in the context
- Responsive, engaging and personalized emails at a limited frequency
- Personalized navigation on the website

#### Large, brick-and-mortar, mass-market and off-price retailers, hypermarkets

- Customized and in-store savings coupons for products the customer is most likely to buy
- Occasion-based deals
- Custom-made products such as marking products with customer names

#### Specialty retailers in – apparels, food and pharmaceuticals etc., upscale stores

- Offering services such as – high quality, tailor-made products suited to the needs of the individual customer
- Responsive and caring customer-service
- Non-intrusive, useful and simple loyalty programs

### Privacy



- Non-violation of data regulations, protection from data thefts and data sharing with third-parties
- Clear opt-in/opt-out policies
- Clearly explained, non-intrusive updates to privacy policies
- More control over data – ability to view data shared with the retailer and change preferences

- Effective information security at point-of-sale
- Protection from intrusive behavior such as – excessive use of CCTVs, Robo-calling and excessive communication
- Non-violation of data regulations, protection from data thefts and data sharing with third-parties
- More control over data

- Caution while discussing/disclosing sensitive information on public forums
- User-friendly and easy to understand privacy policies that use videos etc
- Non-violation of data regulations, protection from data thefts and data sharing with third-parties

Source: Capgemini Consulting analysis

## Consumer Engagement Principles

The Consumer Goods Forum<sup>1</sup> together with Capgemini, has outlined a new set of 'Consumer Engagement Principles' (the "Principles"). The industry-wide Principles will act as a framework for how companies engage with their consumers, and are designed to promote an environment of trust and pro-active consumer communication. With consumers now leaving ever-larger digital footprints with a growing trail of personal data, the Principles will help ensure constant and consistent communications with consumers across digital platforms globally.

### Consumer Engagement Principles



Source: The Consumer Goods Forum and Capgemini, "Consumer Goods Industry Commits to New Guidelines on Consumer Engagement and Data Privacy with the help of Capgemini", February 2015

<sup>1</sup> The Consumer Goods Forum (CGF) is a global, parity-based industry network, driven by its members. It brings together the CEOs and senior management of over 400 retailers, manufacturers, service providers and other stakeholders across 70 countries and reflects the diversity of the industry in geography, size, product category and format.

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*Trust will only be given to those retailers who provide a superior personalized experience across channels, but who at the same time demonstrate their respect for customer data.*

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## Identifying the Invisible Line

Retailers face a paradoxical situation in personalization. Consumers like and want personalized offers and promotions. However, their thinking and feelings about the tactics used by retailers is mixed. Many of them do not want retailers to overstep the privacy mark. Others are wary about some of the smart technologies that are being used to gather the data needed to make personalization possible.

How retailers approach this issue will vary based on what you sell, who you sell it to, and how you sell (see *What do Personalization and Privacy Initiatives Mean for Different Retailers and their Customers?*). For example, traditional retailers need to make the transition to a world awash with data. Likewise, digital natives need to ask if their familiarity with big data is a sustainable advantage.

While different retailers will need to ask themselves different questions, all retailers must confront a significant shift that affects the whole sector. Consumers have always rewarded retailers with hard currency. However, we are entering an era where consumers will also be ‘paying’ with their attention and their data. It is imperative that retailers respect that by building a trust-based relationship with their consumers. Trust will only be given to those retailers who provide a superior personalized experience across channels, but who at the same time demonstrate their respect for customer data and are able to manage the significant privacy concerns that are emerging in today’s connected world.

## Research Methodology

As well as focus interviews with leading executives and secondary research, we conducted a significant social media sentiment analysis. This involved a variety of tools to gauge consumer sentiment on personalization and privacy across Europe and North America. The scan covered 65 large retailers and analyzed over 220,000 conversations. We also analyzed this sentiment by geography and country to understand and explain the differences.

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