

Consumer Attitudes to Privacy, Permission, and Personalization



Almost half of consumers will share personal details and opt-in to receive relevant, targeted, personalized communication and information from companies they trust, as long as it is clear why it is in their benefit to do so. The majority of consumers who receive personalized communication and information are satisfied or very satisfied with the experience. These are the key lessons from an in-depth study of consumer attitudes to privacy, permission and personalization, conducted by mCordis and Moblico and released on June 2, 2015.

Methodology

An in-depth survey of 1,050 smartphone and tablet computer users, of ages 13 years and up, and all demographic groups, took place in the United States in April 2015. Device share among the respondents was reflective of the US population: the majority use an Android smartphone (53%), followed by Apple iPhone (32%); and Android tablets (35%) are more popular than Apple iPad (32%). All of the survey group used mobile apps, the majority (57%) had fewer than 25 apps on their phones.

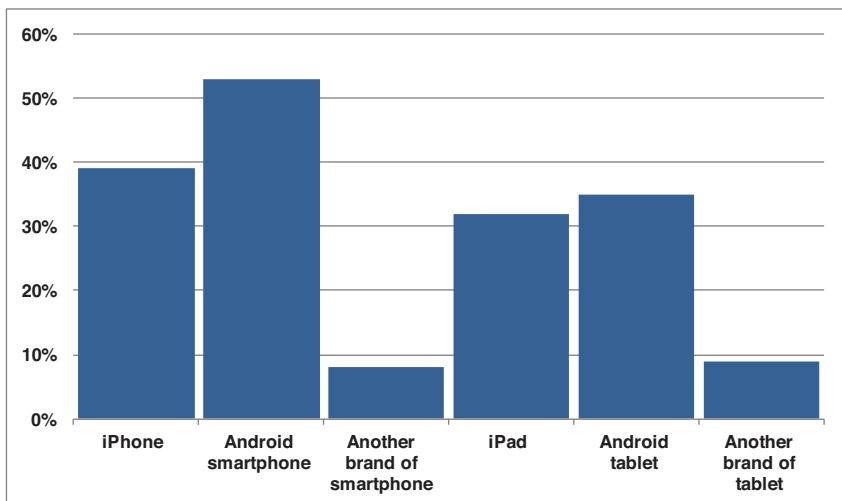


This paper reveals valuable insights into consumer attitudes and willingness to establish a more engaged and personalized relationship with the companies whose mobile apps they use on their mobile devices. It examines the survey findings on:

- 1) Factors influencing willingness to share personal information;
- 2) Permission – the opting-in to receive marketing messages;
- 3) Personalization – the targeting of messages based on personal information shared and contextual relevance.

Each of the survey results are analyzed to help marketers understand the implications for their customer data, messaging and app strategy.

Smartphone and tablet computer ownership



Survey of 1,050 US mobile users

Source: mCordis/Moblico 2015

Willingness to share personal data

Commonly, when a consumer installs an app, purchases a product online or signs up to an email or SMS subscription, they receive requests to explicitly share personal data. In the case of apps, consumers are also required to opt-in to lengthy terms and conditions – usually unread by the consumer – that allow companies to passively collect behavioral data, which may include monitoring device features such as location, contacts, messaging and the other apps a consumer has on their device.

The results of this study show consumers are fairly evenly split between those who are willing to provide personal information to app providers versus those who will not. But there are provisions to what they will share, with which companies and under what circumstances. The following section examines what profile information respondents are asked to share; with which types are business they are most included to share; why they share; what would motivate them to share more and when they will not share.

What people are asked to share – 52% of respondents to the study receive requests to share data, most commonly: email address (92%); name (91%); gender (71%); age (64%), phone number (59%) and street address (45%). Less commonly, people are asked for: contact preference (31%); household size (22%); loyalty member number (15%); product or service preference (14%) and purchase history (6%).

It appears that companies are routinely collecting personal data without asking customers for their contact preferences (31%) or product/service preferences (14%). It is particularly noteworthy that people are asked to provide contact details, but are not asked how/if they would prefer to be contacted.

Consideration – Look at this from the consumer perspective. Why does the company require the data? Is it clear why consumers are being asked to share these details? Is the company interested in the customer's preferences?

| What profile information are you commonly asked to share with apps? | |
|---|-----|
| Answer | % |
| Name | 91% |
| email Address | 92% |
| Street Address | 45% |
| Phone Number | 59% |
| Gender | 71% |
| Age | 64% |
| Household Size | 22% |
| Product or Service Preference | 16% |
| Health or Lifestyle Preference | 14% |
| Contact Preference | 31% |
| Purchase History | 6% |
| Loyalty Member Number | 15% |
| Other | 1% |

Survey of 1,050 US mobile users

Source: mCordis/Moblico 2015

Most shared with business – Respondents said they would definitely, as opposed to maybe, share data with the following types of apps (in order of preference): banking (42%); social media (40%); retail (34%); health and fitness (33%); work or business related (29%); travel and hospitality (29%); finance and investing (28%); credit (27%); dining and entertainment (26%); navigation (26%); gaming (24%) and informational (21%).

Consideration – It is clear that consumers are more willing to share data with certain types of business. Some will face a tougher challenge to convince consumers to share their data.

Why people share – The top reason for sharing personal information, according to the survey, is the company providing the app already had the data on file. Respondents said this was the most important reason with social media, banking and retail apps. The second reason for sharing was the company was trusted to keep data private – this was important in banking and finance. The third reason for sharing their personal information was the expectation that they would earn better discounts or deals – this was the most important consideration with apps in the dining and entertainment and travel and was significant in retail apps.

Other reasons for sharing personal information included: expectation of a more personalized service. This was respondents' most popular consideration with health and

fitness and navigational apps. Belief that sharing would help those providers better protect against fraud, was significant within financial services (banking, investments and credit). Few consumers believe that providing personal profile data will actually reduce their fee structure (1-3% at the most).

Consideration – Top priority: earn the customer's trust. The top two reasons for sharing are: 1) the company has already been entrusted with the data; and 2) the company is trusted to look after the data. There are two elements to earning trust: perception and reputation. Consumer perception is influenced by how the company articulates its data practices and why it can be trusted with personal information. Reputation is determined by how the company is portrayed in the media and social media – a rigorous data policy is essential to avoid embarrassing data breaches and media exposés on mismanagement of personal data.

Consideration – Second priority: articulate benefits. Consumers understand there is a trade-off, and thus they want to know exactly what they will receive in return for sharing their valuable personal data in terms of discounts, rewards, personalization and reduced costs. Benefits are explored further in 1.3 and 1.4, below. With reference to reduced costs – this is a new concept that will not yet have filtered through to consumers. For example, if individuals share data about their health, including passive monitoring of fitness activities, it could reduce their insurance premium.

Motivations for sharing – The respondents were asked which of the following incentives might make them more willing to share information. Rated out of 5 (1 being very unlikely and 5 very likely), the most popular choice was: loyalty rewards (mean score 3.51); followed by relevant discounts or coupons (3.43) – with both, many more people were likely or very likely to share, than not. Website personalization (2.91) and app personalization (2.90) were less popular, with marginally more people unlikely to share.

It doesn't matter how you slice the results – by income group, educational group, employment type, or age group – loyalty was the most popular, followed by discounts, with only one exception: millennials rated discounts marginally higher than loyalty. In each category, millennials' willingness to share outpaced other age groups.

Consideration – Marketers take note: not only are people willing to share profile information, they are more interested in a long-term relationship with the company than a short-term gain. 57% of people say they are likely or very likely to share personal information in return for accruing loyalty rewards. 54% say they are likely or very likely to share personal information in return for a discount/coupon.

| How likely would you be to provide more personal information if doing so resulted in any of the following benefits? | | | | | | |
|--|-------------------|-----|-----|-----|-----------------|------|
| Question | 1 - Very Unlikely | 2 | 3 | 4 | 5 - Very Likely | Mean |
| You receive relevant product/service discounts or coupons. | 11% | 11% | 24% | 32% | 22% | 3.43 |
| You earn incremental Loyalty Rewards. | 10% | 10% | 23% | 33% | 24% | 3.51 |
| Relevant information will be sent to you while you are browsing the Internet, shopping either on-line or in-store, or while you are traveling. | 20% | 18% | 27% | 20% | 14% | 2.91 |
| You can personalize the look and feel of the mobile application. | 20% | 17% | 28% | 21% | 13% | 2.90 |

Survey of 1,050 US mobile users

Source: mCordis/Moblico 2015

Why people decline to share – Across all categories, respondents most common reasons for declining to share personal data are:

- 1) As a rule, I just do not share personal information. This applies to roughly 20-25% of respondents; and was the top reason for not sharing with work/business apps, health and fitness, and retail.
- 2) I do not think I would benefit by this company having that information. This was the main reason for not sharing with gaming, navigation, informational, travel and hospitality, and dining and entertainment apps.
- 3) I don't trust the company to keep my information private. This was the top negative with social media apps and a very close second in retail.
- 4) I am concerned about being hacked or having fraudulent use of my information. This was the top negative with finance, banking and credit apps.
- 5) There is no incentive offered by this company for me to provide it. While not a top concern in any business, it was cited by a significant proportion of respondents (12-14%) in informational, dining and navigation.

Consideration – It is difficult to argue with people who do not share data on principle, but all the other reasons hinge on consumer perceptions, which places the onus on companies to change those perceptions. Articulating to customers in an honest and straight-forward manner why the company requires the personal data and the advantages of sharing the data will go a long way to allaying these perceptions. [SEE DMA Data Guide] Any company that cannot justify why it collects customer data needs to re-evaluate its policy.

Consideration – Best practice states that it should always be clear what data is being collected; why the data is being requested and how it will be used, but this is not always evident to the consumer. High-profile horror stories in the press about theft of customer data, such as Target; Home Depot, is making consumers more cautious as to what, when, how, why and with which companies they share data. As noted above, the survey shows trust is an essential consideration when deciding whether to share personal data. To win this trust, companies' data policies must be transparent, carefully explaining what data is collected, why it is required and how the customer benefits from sharing. (There are many best-practice guides, for example, see: DMA Data Guide.)

Permission – Opting-in to receive communications

As for respondent's willingness to give permission/opt-in to receive communication, far more people (47%) opt-in to receive email, texts or push communications from their app providers, than those who do not (32%). The remainder (24%) do not recall if they did or not. Opt-ins vary with age. Millennials [18-35 year olds], or generation Y, are considerably more likely to opt-in (55%); while the over-55s are far more reluctant (34%). Wealthier people tend to opt-in more – people with salaries over \$100,000 are 10% more likely to sign up to receive marketing messages than those of lower incomes. There is little difference in opt-in behavior between men and women.

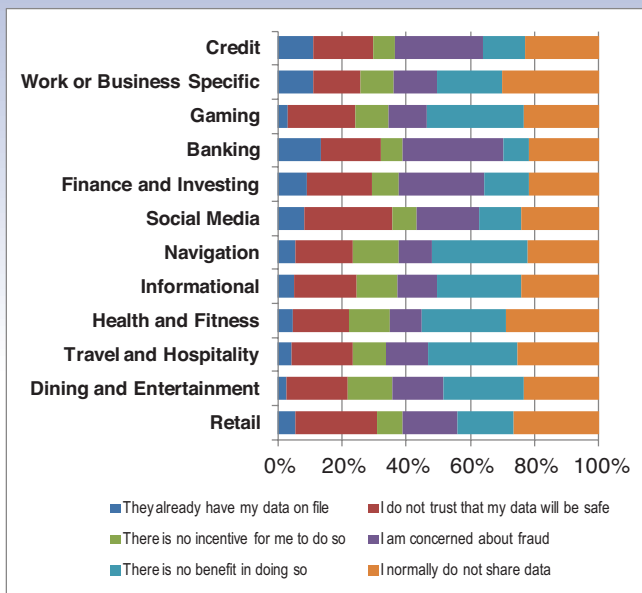
This is great news for marketers, but opt-in rates and media differ according to the business sector.

Opt-ins vary considerably by industry – The survey revealed that people are more likely to opt-in to received text, email or in-app messages from apps in certain categories. The order of preference is: social messaging; retail; business; bank; health & fitness; dining; credit; finance; travel; informational and navigation apps.

There was a remarkable disparity between the number of respondents who said they had never opted-in to receive messages from a navigation app (46%), versus social media (10%) or banking (16%).

Consideration – Remember that the average opt-in rate for recipients was 47 percent, but in some sectors, companies will find it tougher to persuade opt-in to receive text, email or in-app messages. Also within each sector more popular apps will find it much easier to persuade people to opt-in than those that are lesser known.

Reasons for not sharing personal data with companies of this type



Survey of 1,050 US mobile users

Source: mCordis/Moblico 2015

Email ahead of push and text – Email is predominant in business (51.2%), banking (49.6%), dining (48.3%), retail (47.9%), credit (43.7%), travel (42.8%), finance (42.7%), health & fitness (36.7%), and informational (34.9%). Push (in-app) notifications are the main channel for social media (45.9%), gaming (45.25%) and navigation (25.08%).

Consideration – Interestingly, considering the hype around in-app notifications, email is the predominant opt-in messaging channel. It is unclear if this is governed by the choice of app users and/or producers. Text remains popular, but has been losing ground to push and email, which are cheaper media for sending bulk messages.

Reactions to personalized messaging

A fundamental reason that companies collect customer data, both actively and passively, is to deliver engagement that is tailored to the individual, taking into account their profile, history, present activity, location and so on. This engagement may take place via:

- a marketing message that is contextually relevant to the intended recipient, delivered by email, in-app or text;
- the company’s own app/site through curated content or house ads;
- via targeted advertising on third-party sites/apps.

The third element of the research was to evaluate consumer exposure to and reaction to six types of personalized content:

- Personalized texts, email or push
- Personalized offer based on prior purchase
- Relevant offer based on personal preference data
- Time-relevant communication or offer
- Location-based relevant offer
- Personalized app preference settings

The majority of respondents had experienced one or more forms of personalized and targeted messaging, roughly in the order listed above. There was a higher incidence (5-10%) among people with a higher income and more exposure among people of African American, Hispanic and Asian origins than White/Caucasian. This may be influenced by the fact that smartphone and app use is typically higher among these demographics (see Pew Research, for example). For many of these messaging types, millennials tended to have higher exposure than average, while over-55s had considerably less. For each type of personalized message, the survey discovered those: a) who had experienced; b) who were aware of these forms of personalization, but had not experienced it; and c) who were unaware. On the whole, respondents were far less familiar with time-relevant and location-based ads and personalized app settings than other types.

There were high satisfaction levels among those who had experienced these communications. This was particularly so for offers based on personal preferences, location-based offers and personalized app preference settings, which all scored 4/5 (1 very dissatisfied; 2 dissatisfied; 3 neutral; 4 satisfied; 5 very satisfied). Conversely, people who had not experienced them, were asked how interested they were, and on the whole, responses were below neutral, except for offers based on personal preference data. Diving into the demographics suggested higher satisfaction levels and interest among wealthier people, millennials and people of African American, Hispanic and Asian origins. The findings are summarized in the table below and explored in detail in the following sections.

Personalized texts, email or push – 56% of individuals had received a message by text, email, or push notification (this is a message that appears on the smartphone home screen) from the app provider, which had been tailored using their profile information. For example: “Hi Susan, Happy Birthday! Come in this week and celebrate using this \$10 off birthday coupon on top of our annual 40% sales extravaganza!”

Certain demographic groups were more likely to have experienced the ads, including Generation X [35-54 year olds] and Y [18-34 year olds], and women (6% more likely than men).

On the whole, this sort of communication receives a positive reaction from those who receive them – 68% were satisfied or very satisfied, with an average rating of 3.87 out of 5. These received a less enthusiastic reaction from the over-55s, which was not uncharacteristic for this age group. Interest in receiving such messages among those who had not previously was muted. 35% were interested or very interested, 39% were disinterested. Generation X and Y were more interested, over-55s less so.

Consideration – The positive reaction to personalized messages is encouraging for marketers, but don't take people by surprise. Particularly the over-55s. Be upfront when you are collecting personal data. Tell subscribers that you would like their age, so you can send appropriate messages and a special offer each year as a birthday present.

Personalized offer based on prior purchase – Popularized by Amazon, with its recommended books algorithm; being able to suggest or offer discounts on products based on buyer behavior is now a must-have for marketers. Half of respondents had received this type of message.

Example scenario: having recently purchased a pair of running shoes, John receives the following message: "Hi John, be sure to check out our 40% annual sale on all of our running and sporting attire."

Satisfaction levels among recipients were positive at 3.6/5, but they were less enthusiastic about this type of marketing than others. Similarly interest levels were lower. The readiness of millennials to receive this type of offer (approximately 1/3 of millennials were very interested) was dragged down by the dissatisfaction/disinterest of the over-55s – a recurring trend.

Consideration – Considering the success that online retailers have had with recommendation engines, it is surprising that satisfaction and interest levels among consumers are not higher. Perhaps experiences have been tainted by poor, irrelevant targeting and/or are done in a way that the customer finds intrusive, worrying or annoying. Tell subscribers that you would like to send them relevant offers, and when you do, allow them to provide feedback to improve the relevance, and don't hinder their ability to unsubscribe if they wish.

Relevant offer based on personal preference data – While only 34% of respondents had received such an offer, this scored extremely highly for satisfaction (average 4/5) from those who had experienced it, and the highest, by far, for interest from those who had not experienced it.

Example scenario: when Susan signed up to a department-store loyalty-rewards program, she completed a personal profile, including gardening as one of her hobbies. Subsequently she receives the following message: "Hi Susan, hurry in for our 50% off sale this week only; and use this \$10 off coupon on our spring plants. Plus you will receive an additional 200 Loyalty Reward Points."

Awareness of preference-based marketing is high at 80%. 74% of people were either satisfied or very satisfied with the experience, with women being most likely to rate it "very satisfied". Most importantly, 44% of people who had not received these messages said they would be interested or very interested in receiving them.

Consideration – Why guess what is relevant to customers, when they are keen to tell you. Any marketer who is surprised that customers know what they want better than they do is in the wrong job. The clever thing here is the ability to combine transparency with permission, loyalty and precision-targeted ads. This is the foundation for one-to-one marketing.

Time-relevant communication or offer – Receiving timed messages is still fairly uncommon – only experienced by 31% of respondents – although there was a higher incidence among millennials. Similarly there is a lower awareness – with 30% of respondents unaware of it.

Example scenario: the offer sent to Susan previously is about to expire (see 3.3). She receives the following message: "Hi Susan, only four hours remain! Don't let your \$10 off Spring Plant Offer expire and miss out on 200 additional Loyalty Reward Points."

Satisfaction levels among recipients are still higher than average with a rating of 3.5/5, but timed communications are not as popular as other forms of personalized messages. Similarly, there was less interest in receiving these messages among non-recipients (interested 25%, very disinterested 47%), particularly among the over 55s.

Consideration – The beauty of timing is the ability to add even more relevance to targeted ads, for example location-based ads.

Location-based relevant offer – This was both the least known and least experienced of all personalized communications. Only 19% had been in receipt, and 37% had never heard of it. But location-based ads are a big hit among those who have experienced it; with 34% saying they were satisfied and 40% very satisfied. Women were particularly likely to give it 5/5.

Example scenario: John is downtown at his office located a few blocks from a sporting goods store where he sometimes shops. He receives the following message while at his office: “Hi John, stop by our downtown location to receive an extra \$10 off your next purchase. Your coupon will be sent to your mobile app upon entering the store.”

Among non-recipients, 33% were interested or very interested, slightly outnumbered by the disinterested at 42% - with gen X and Ys more likely to sit in the first category and over-55s to sit in the second.

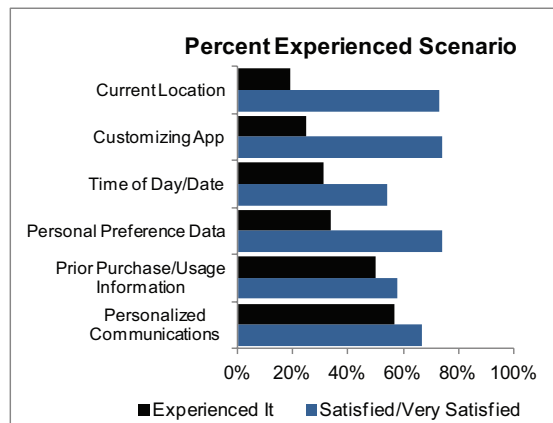
Consideration – Considering the ad industry hype around location-based advertising – and the favorable reaction from the consumer – it is surprising that more marketers aren’t using location to make their ads more relevant. Marketers should take inspiration and spell out to customers how they can benefit from opting-in to share their location and receive targeted ads.

3.6 Personalized app preference settings – By customizing the settings within a mobile app customers change the look and feel of the app, and tailor the content that is delivered in the app and in messages. As few as 25% of consumers have personalized their app preferences in this way, but those who have rave about it: 42% are very satisfied and 32% are satisfied.

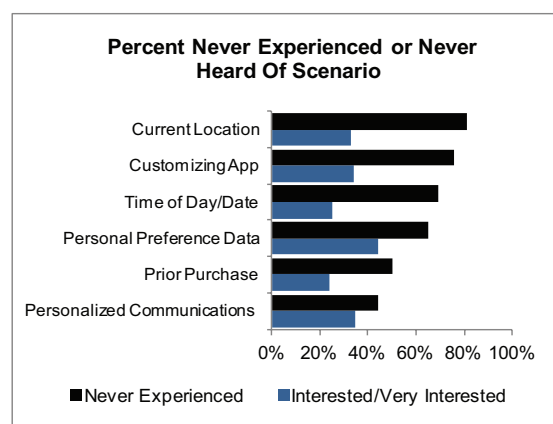
Example scenario: John is able to set up his favorite sporting goods store app to alert him when there are sales or specials on his preferred brands and alert him on new arrivals or special events. He can also opt-in to receive texts, push and e-mail messages, customized his Loyalty Card stored on his phone to include his picture and can change the background image of the app.

Of those who hadn’t done so already, 34% were interested or very interested in doing so, while 34% were disinterested.

Consideration – Considering the exceptional satisfaction rate and high levels of interest, it is highly advisable for app marketers to educate consumers on how they can tailor their app to best suit their own requirements.



Survey of 1,050 US mobile users Source: mCordis/Moblico 2015



Survey of 1,050 US mobile users Source: mCordis/Moblico 2015

Conclusion

This research conclusively demonstrates the close relationship between sharing personal data with companies, opting-in to receive messaging, and the satisfaction derived from receiving personalized and targeted messaging and services.

- Trust is absolutely key to this relationship. The app provider must earn this trust by being entirely transparent in what consumer data is collected (actively and passively), how it will be used and, most importantly, how it will benefit the consumer through better service and more relevant offers.
- Consumers are particularly interested in establishing a long-term relationship where their loyalty is rewarded on an ongoing basis, rather than receiving one-off incentives.
- It is essential that the customer is given choice. The opt-in is a critical part of building the trust relationship. The onus is on the app provider to articulate why it benefits the customer to opt-in to receive personalized communications.
- The research shows that where consumers are given the opportunity to opt-in to receive personalized messages, and allowed to set their preferences to ensure utmost relevance, satisfaction levels are extremely high. ■



Pierre Barbeau

Moblico
Co-Founder and CEO



Pierre is currently CEO of Moblico, a leading mobile engagement and personalization technology company founded in 2010. In 2000-2007, as General Manager of Sprint Visual Communications, he pioneered Sprint Picture Mail, the first generation picture-sharing service in the United States and led the development of the first camera and video phones to launch in the U.S. marketplace. As a mobile solutions thought leader and entrepreneur, Pierre is a frequently featured conference event speaker on mobile innovation and the future of mobile technology for several leading industry associations (AAF, AMA, DMA, and PMA). Pierre is graduate of Bishop's University in Quebec, Canada.

Moblico gives companies the ability to quickly engage, retain, and personalize communication experiences for key company stakeholders using mobile phones. More than 25,000 companies now leverage Moblico's mobile direct marketing platform in the U.S., Canada, Europe, and Africa—including such companies as HP, Tamron, First Data, DST Systems, and ePay.



Michael Becker

mCordis
Co-Founder
and managing partner



Michael is currently the co-founder and managing partner of mCordis and advisor to a number of leading mobile marketing firms. Michael was formerly the Managing Director of the Mobile Marketing Association for North America and co-founder of iLoop Mobile, a leading text messaging solution provider. Michael is also the author of a number of books, including Mobile Marketing for Dummies. He's a globally recognized speaker on mobile marketing and an adjunct professor of mobile marketing at National University. In 2014 he was awarded the Marketing EDGE Leadership Award for his contributions to marketing education.

mCordis is a mobile marketing education and advisory services firm with offices in London and San Francisco and consults with a number of leading brand. Founded in 2013, the company is focused on advising marketers and solution providers how to better integrate mobile technology and best practices into the hearts of their marketing efforts and offerings. Some of mCordis' clients include Assurant Solutions, Shopper Army, Marketing EDGE, FunMobility and Privowny.