

RESEARCH

## Retailers tread fine line with data collection: report

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*Image from Harrods Valentine's Day email*

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By JOE MCCARTHY

More than 50 percent of consumers believe that three out of four targeted sales are irrelevant, and therefore a nuisance, according to a report by Boxever.

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**Luxury Daily**

Consumers are vexed in their relationship with data, wanting the benefits of targeted offers but decrying zealous and sloppy results. Further, consumers are ambivalent about the underlying premise of targeted offers, which mandates that private information be forfeited.

"The driving force behind the contradiction is a misalignment of value," said Dave O'Flanagan, co-founder and CEO of **Boxever**, Dublin. "Consumers want brands to communicate with them and they are more than willing to provide personal data if they feel they will get something of value in return – such as a truly personal experience, rather than a standard email push that every other customer receives.

"If a consumer is going to be treated the same as everyone else, why risk trusting that company with his or her personal data?" he said. "For example, many retailers' mobile applications ask for permission to track a user's location, but the consumers never

experiences any additional value.

"Now, if that brand could offer personalized, location-based offers – such as sending a 25 percent off coupon for a person's favorite product line when he or she walks by the store in the mall – that would be valuable and of interest."

Boxever surveyed 507 consumers for "[The Data-Sharing Disconnect](#)" report.

What to make

It seems as if consumers' perceptions of data collection are rife with contradictions. They want benefits, but they do not want their data to be harvested.

Boxever found that 60 percent of consumers prefer offers targeted to where they are and what they are doing, but 62 percent said they do not want their location tracked by retailers.



*Galeries Lafayette Geolocation app*

While these opinions may seem contradictory on the surface, they are more complicated when examined, and are oftentimes shaped by bad experiences.

After receiving irrelevant targeted ads, 40 percent of consumers are less likely to buy from that company moving forward.

Fifty percent are less likely to engage with the next targeted offer from the company.

Also, 59 percent of consumers said they would unsubscribe from brand content, and 31 percent said they would delete that brand's mobile application.

Consumers spurn companies so quickly partly because of an absence of transparency.

Few consumers know how brands are collecting data, how they are using it and how much of their identity is known without their consent.

Brands have to ask permission in a straightforward way when collecting data and must maintain transparency regarding all its uses if they want to earn consumer trust, according to a report by Bain.

The idea that consumers will concede their data if rewarded has gained traction in the past couple of years as collection tactics have proliferated. However, no matter how handsomely a consumer is compensated, consumers do not want companies selling their data to third parties ([see story](#)).

Another reason for consumer irascibility is that targeted ads are often ineffective. When effective, consumers are more open.

Seventy percent of consumers are open to an offer when it adds value to what they have done or plan to do.

Forty-two percent said they are open to offers that feature a product or event they previously showed interest in, and 22 percent said that targeted messages based on what they are doing at that particular moment are welcome.

A third reason is that consumers are still adapting to a data-saturated world.

In fact, email, in-store and direct mail are the most preferred channels for receiving offers and communications.



### *Gucci holiday email*

Only 2 percent of respondents said mobile was their preferred channel for receiving targeted ads, and 4 percent said social media.

However, millennials are more likely than the general population to appreciate mobile and social media.

### Fair treatment

Brands are also working out their relationship with data.

The barriers to high-level personalization are daunting, but retailers know that the land of relevance is where ROI salvation lies, according to a report by L2 and Monetate.

Excellent customization entails translating the knowledge and adaptability of a personal shopper to the digital sphere, approximating “organic discretion” in a way that increases conversion. Econsultancy notes that 4 percent of retailers believe their Web sites are “very personalized” and L2 lists a few reasons for this discrepancy between aspiration and actuality: a lack of “management buy-in, technical upskilling and de-siloing of data across channels,” ([see story](#)).

Ultimately, successful data collection and targeted marketing depends on fair treatment of consumers.

"People don't like to be mistreated in any instance," Mr. O'Flanagan said. "Irrelevant marketing offers are just that - a mistreatment of customer expectations."

"If a customer feels annoyed or wronged by a marketing communication, he or she can opt out and the brand may never get the chance to market to that person again," he said. "And that doesn't account for the possibility that a customer might share frustrations with friends and family, tarnishing a brands reputation further.

"Even worse, we found that when customers are inundated with irrelevant offers and communications, they're less likely to buy from that company in the future. So for most brands, poor marketing communication doesn't just cause reputation problems – it also has a direct impact on the bottom line.

"Today's consumers have a lot of power to influence opinions of brands based on personal experience. Businesses should treat that power with respect."

Final Take

*Joe McCarthy, staff reporter on Luxury Daily, New York*

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