

LEGAL AND PRIVACY

EU's new data regulation to foster, not harm brand-consumer relationships

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The GDPR will give consumers control of how their data is used. Image credit: European Union

By DANNY PARISI

The European Union is preparing to enact the General Data Protection Regulation next year, which will have profound impacts on the way brands and advertisers collect and use consumer data.

Under the new regulation, consumers will have the power to opt out of data collection and have more power over how their data is used. But rather than seeing this as a burden, brands should embrace the renewed sense of power and independence that the regulation is intended to give to consumers.

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"The General Data Protection Regulation (GDPR) will have a profound effect on the practice marketing, globally," said Michael Becker, managing partner at **Identity Praxis**, San Francisco. "It will impact company customer lists management, IT and marketing systems, data governance, and over time the very foundation of every constituent relationship.

"By some industry analysts estimates, some companies may see database opt-out rates as high as 30 to 50 percent," he said.

Data protection

Data collection is a fundamental aspect of brand strategy today.

As digital advertising has completely overtaken the marketing model and attribution of those ads remains a high priority, the laws surrounding data collection and use are fundamental knowledge for brands today.

The EU approved a new regulation earlier last year, to be put into effect on May 25 of 2018 that overhauls and harmonizes data collection laws throughout the EU.

The main thrust of the GDPR is that consumers should be both aware and in control of when and what data is being collected and what is being used for.



An online countdown shows when the law will go into effect. Image credit: European Union

Under the GDPR, consumers would have these rights and protections: the right to have their data suppressed from commercial use, the right know what information companies have on them, the right to receive a copy of that data, the right to determine how that data is used and the right to be informed if that data is stolen or misused.

"Companies that do not support these rights and for the GDPR requirements may face fines of 4 percent of global revenues or 20 million euros," Mr. Becker said.

Brands should already be transparent about what data they are using and for what purposes as well as being deferent to the customers when they prefer to not have their data collected. For the companies that are already following these guidelines, there should be nothing to fear.

Rather, the regulations should inspired confidence and comfort in consumers when their data is collected that it is being used responsibly and nothing is being collected beyond what they are okay with.

With increased consumer confidence, brands can better use data to create individualized experiences and better advertising.

Consumer confidence

The GDPR will have far reaching effects for luxury brands operating in any EU countries.

A deep dive into digital data can provide the kinds of insights a brand needs to reinvent its marketing strategy to fit modern consumers.

Speaking at Luxury Interactive 2017 on Oct. 17, a senior executive from Crystal Cruises explained the ways that the company has used data to take a hard look at the mistakes it was making in determining who its customers were. Even for brands that are mainly a physical, in-person experience with little online shopping presence, digital data can still help provide valuable insights ([see story](#)).



Data is important for nearly every brand today. Image credit: Crystal

For luxury brands and retailers, ensuring an online advertisement is seen by the right target audience is difficult to gauge and has led to lackluster ROI and wasted ad spend.

The current retail environment sees consumers demanding seamless service that is both relevant and consistent across all devices, channels and through each step in the path to purchase. This environment has proved beneficial for online giants such as Amazon and China's Alibaba, who have had a head start in leveraging data solutions to better serve consumers' near-instant expectations ([see story](#)).

With the GDPR in place, ideally customers will be more willing to part with data so as to improve their own experiences and brands' abilities to connect with them on a deeper level.

"The vast majority of brands see GDPR as yet one more regulatory and compliance checkbox to check off, but this is a mistake," Mr. Becker said. "This approach will destroy value, as it takes time, money, and resources to comply with GDPR.

"Rather, leading luxury brands will see GDPR as an opportunity to be transparent, to transform the relationship they have with their customers and to enter into a bi-directional value exchange with people, a value exchange based on data and trust," he said.

"These brands will learn new business models, new value delivery systems, and will thrive in a wide when people have an active, and economic, say in how their identity and personal information is used throughout industry."

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