

LEGAL AND PRIVACY

Privacy and data will become transactional goods

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The European Union's May 25, 2018 General Data Protection Regulation will empower consumers to seek profiling data that retailers hold on them, thus adding layers of legal paperwork and accompanying costs to comply. Image credit: Fung Global Retail & Technology

By BRIELLE JAEKEL

NEW YORK – Due to the growth of the Internet of Things, privacy will likely turn into a luxury item in the future, with consumers trading data for ownership in goods.

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In the near future, vehicles are likely to be so integrated with the IoT that it is likely consumers will be able to barter for vehicle use by selling the personal data that the car will produce, according to a keynote from the managing partner of Identity Praxis at Luxury Marketing Forum on Sept. 26. While the industry does need to work on gaining trust back in the eyes of consumers thanks to pitfalls in the news, over the next 10 years Cisco reports that IoT will generate \$19 trillion in net economic value to society.

“By 2025, every 18 seconds we will be sharing identity and personal information with the world,” said Michael Becker, managing partner at Identity Praxis. “There is going to be a significant impact that that will have on society.

“From a retail perspective they are estimating that by around 2021, 90 percent of every commercial interaction particularly in the United States will be influenced by digital in some way,” he said.

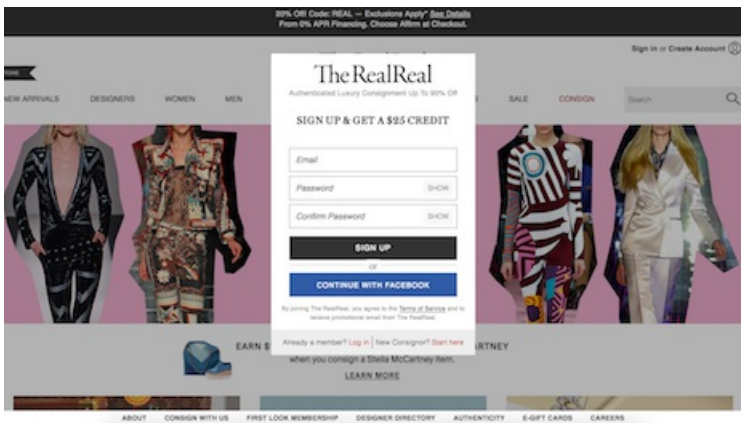
Luxury Marketing Forum was organized by Luxury Daily, with venue sponsor UBS

The future of data

In the future it is likely that even the majority of 6 year olds will have a smartphone.

Devices will be able to sell you products based on your data, such as a flower company predicting that a husband's wife is mad at him and suggesting that he buy her flowers.

This type of future will make it imperative for all businesses to be able to compete with data.



The RealReal asks for opt-in data immediately upon site entrance.

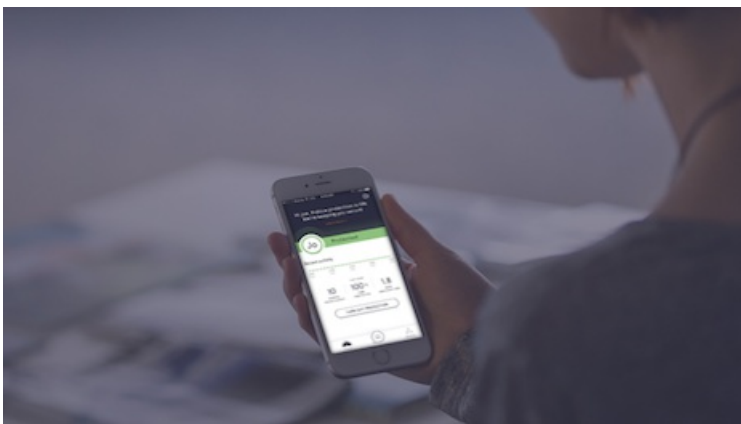
To put the potential of how valuable data can be into perspective, Mr. Becker explained that when the casino and entertainment company Ceasars Entertainment went bankrupt, the insights from its loyalty program was the most valuable asset.

Personal information has now shifted to mean behavioral data instead of simply an individual's social security numbers, name and more.

The true value will be when businesses start to apply machine learning to these data points and be able to predict how consumers will react in the future and how to get them to buy services and goods.

For businesses, this vast data mine can be helpful, but for individuals there are many drawbacks and concerns. There are solutions available today that can help employers determine whether or not an employee is looking for a job based on their LinkedIn activity.

About 60 percent of consumers claim to be more worried about cyber security than a war and 75 percent said they are more worried about it than ever before during this time period, according to a survey by Harris Interactive.



Digital culture has resulted in a need for cybersecurity measures. Image credit: Rubica

Because of this fear, individuals will increasingly demand control over their personal data and the Personal Information Economy will likely form. This will mean consumers will trade their data on their terms, where a company could likely offer them a car in exchange for all the data the vehicle produces.

Additional insight

Earlier this summer, California signed into law one of the toughest data privacy laws in the United States.

The law, which was signed on June 28, is on par with the European Union's General Data Protection Regulation in terms of the restrictions it places on the collection and use of customer data. While it is only a single state solution now, California law is often used as a test for laws that will go into effect in the rest of the country ([see story](#)).

Now that the European Union's General Data Protection Regulation is in effect, marketers face more hurdles in collecting and using consumers' information.

GDPR recognizes E.U. residents' rights to privacy, giving consumers more tools to oversee how their data is used by marketers. In a session at Forrester's CX NYC forum on June 19, an analyst from the research firm noted that customer experience professionals have the expertise to create human-focused appeals for opt-ins ([see story](#)).

“We’re going to start seeing in the next year or two, industry reports saying this company sees privacy as a luxury good and something that can be bought or sold,” Mr. Becker said. “It will become a transactional element because personal data is an asset. It is an asset worth trillions if not billions worldwide.”

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