

LEGAL AND PRIVACY

"Privacy-first culture" needed to earn, keep consumer trust: CMO Council

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Biometric data use is poised to increase as consumers would prefer not to use passwords in favor of technology such as Apple's FaceID. Image credit: Apple

By SARAH JONES

As companies handle more types of consumer data in an effort to personalize the customer experience, protecting client information is going to become even more paramount.

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According to a report from the Chief Marketing Officer Council, 57 percent of marketing leaders believe that the top consumer demand is data security and privacy. There is a lot at stake for companies that fail to adequately safeguard data, and the report calls for marketers to institute a "privacy-first culture" to protect their brand's reputation and retain customer loyalty.

"Losing consumer trust will have a significant impact on brand reputation and the business," said Tom Kaneshige, chief content officer of [CMO Council](#).

"Today, consumers are in charge of the conversation and can amplify their opinions over social networks and online review sites," he said. "This should give a sense of urgency for brands to prioritize a privacy-first culture."

Trust exercise

There is a significant risk for companies that suffer data breaches. A PwC study found that 87 percent of consumers would change brands if they felt their data was not being sufficiently protected.

While regulations are being put into place to safeguard consumers' data, such as the E.U.'s Global Data Privacy Regulation and the California Consumer Privacy Act, the report argues that companies need to go beyond legal necessities. Furthermore, just meeting consumer demands is not enough, requiring firms to exceed clients' expectations.



The European Union's May 25, 2018 General Data Protection Regulation empowers 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

At the same time, customers' expectations around personalization have grown. They want to be recognized by retailers as they are shopping.

In service of creating a personalized experience, brands are leveraging more types of technology and data to identify shoppers and improve the purchase journey. Some of the more recent additions include biometric information such as eye scanners and facial recognition, which call into question the line between helpful tools and too much.

Companies often need to debate whether they should leverage an innovation. Just because a new form of tracking or data is available does not mean that it is necessarily the right idea.

For 88 percent of consumers, convincing them to share their data requires companies to establish trust.

Oversight of data security is often passed to executives such as the chief information officer, but marketers can also play a key role in building a brand that consumers trust. Taking an organization-wide approach to privacy and establishing a culture around data security can then be translated into consumer-facing communications.

In addition to being led by marketing executives, with the CMO acting as a "trust champion," the report notes the importance of having support and privacy-focused vision from the CEO.

"The CMO stands at the vanguard of consumer data and privacy, mainly because marketers have access to more consumer data than ever and now compete on personalization," Mr. Kaneshige said. "The CMO will be held accountable for consumer data breaches and brand backlash over privacy violations.

"The CMO needs to get in front of this situation by leading the charge to establish a privacy-first culture," he said. "For starters, the CMO needs to get buy-in from the CEO and closely align with the CIO, CSO and LOBs."

Data ownership

Growth in data availability has opened up doors for marketing and is driving economic growth, but the tradeoff has been the individual's loss of control over their own information, according to an executive from Identity Praxis.

As the number of connected devices and smart technology the typical consumer owns grows, so does their ability to be tracked, leading to big business for big data. During the "You Heard It Here First: Personal Data is the New Luxury Good" keynote at Luxury FirstLook 2018: Exclusivity Redefined, the executive predicted that in the future, privacy will be afforded only by the affluent class, turning it into a luxury ([see story](#)).

Consumers are increasingly becoming aware of the value of their personal data, leading them to be more discerning about how they share their data with organizations and marketers.

Generation Z and millennial consumers are the most aware of ways companies can monetize their data, according to A.T. Kearney's "Insights on Personal Data Privacy, Usage and Monetization" report. There is also growing interest among consumers to use brokers or agents to personally address data concerns ([see story](#)).

Part of consumers' cause for concern has been the highly publicized retailer and company data breaches, including attacks on Starwood, Hudson's Bay Company, Neiman Marcus and Mandarin Oriental.

As companies develop more sophisticated methods for protecting themselves, hackers are staying one step ahead

of them.

One best practice for preventing a breach is to only deliver data to the areas of the business that require that information, rather than disseminating it across operations, channels and touchpoints.

"Mainstream consumer awareness over privacy has been growing with every headline, from Google Glass to Facebook to Target," Mr. Kaneshige said.

"Consumers are gaining an understanding of what vendors are capable of under the guise of personalization, such as retargeting ads, email blasts, emerging biometrics, location tracking, etc.," he said. "It's nearing an inflection point where consumers are starting to fight back with ad blockers and other tools that give them control over their personal data."

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