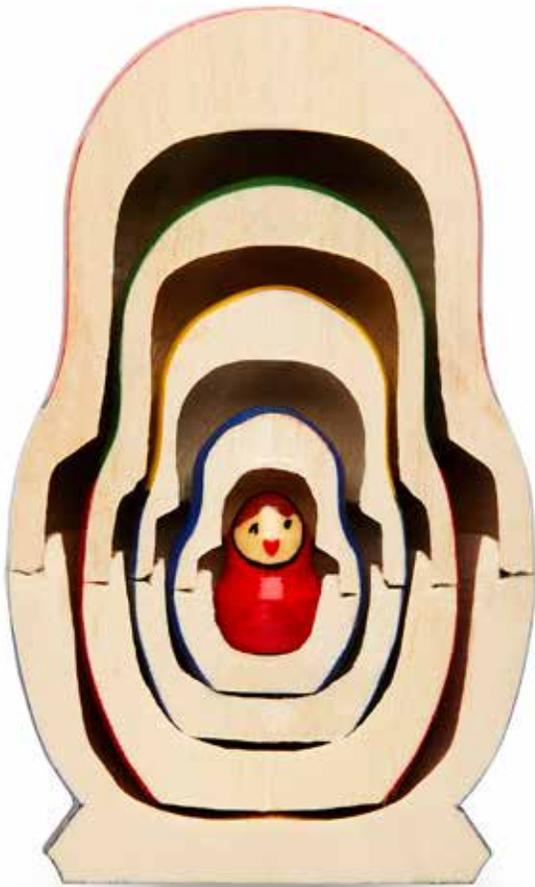


## Data Nation 2013

### Balancing growth and responsibility



#### Key points

- Individuals have never been more in need of privacy, especially 'digital natives' who have grown up in an online world. More than a quarter (27%) of 15 to 34-year-olds are not aware that companies collect data about them and their activities despite these people generating sizeable digital footprints.
- Businesses are most likely to get maximum benefit from data if every customer interaction is based on the principles of transparency, trust and informed dialogue. People who are confident that companies tell them what data is collected and how it is used are between two and three times more likely also to be confident that companies handle, share and use their data to deliver personal benefits.
- Regulators can create a better balance for individuals and businesses by adopting a more pragmatic, risk-based approach to privacy while implementing appropriate enforcement. One year on after the implementation of the amended Privacy and Electronic Communications Regulations, over half of Internet users (57%) say they usually ignore notices about cookies or have not even seen them.

#### Contacts

**Richard Hammell**

Partner and UK Leader  
Deloitte Analytics  
+44 (0)20 7303 7549  
rhammell@deloitte.co.uk

**Peter Gooch**

Director and Privacy Practice  
Leader  
Audit Advisory Services  
+44 (0)20 7303 0972  
pgooch@deloitte.co.uk

**Jason Gordon**

Partner and Consumer  
Business Leader  
Deloitte Analytics  
+44 (0)20 7303 8392  
jsgordon@deloitte.co.uk

**Harvey Lewis**

Analytics Research Director  
Deloitte Insight  
+44 (0)20 7303 6805  
harveylewis@deloitte.co.uk

# Contents

---

Awareness falls	1
Mind the generation gap	2
More is better	3
Regulation, responsibility and reform	6
The outlook	8
Notes	9

---

## Authors

**Harvey Lewis**  
Analytics Research Director  
Deloitte Insight  
+44 (0)20 7303 6805  
harveylewis@deloitte.co.uk

**Cecilia Liao**  
Analytics analyst, Deloitte Insight  
+44 (0)20 7007 8949  
cecliao@deloitte.co.uk

**Neha Pandey**  
Analytics analyst, Deloitte Business  
Research Centre  
+1 (615) 718 9234  
nepandey@deloitte.com

# Awareness falls

Right now, businesses are surfing a tidal wave of 'big data' – huge quantities of digital information generated by an ever-growing online population. This means that even commonplace online activities such as reading a newspaper, listening to music or chatting to friends, leave behind a trail of digital 'breadcrumbs' that can be swept up by businesses. Add to this the data generated through regular transactions with banks, retailers, travel agents, mobile phone operators and myriad other companies, and it should come as no surprise that many aspects of our lives can now be routinely mapped out through data.

However, the Deloitte UK 2013 Data Nation survey – an annual survey of the UK public's attitudes towards data collection and use – shows that ten per cent fewer people than in 2012 say they are fully aware that organisations collect data about them and their activities. How can levels of awareness have fallen so significantly in our increasingly digital society?

Companies are collecting more data and combining increasing varieties of information, revealing relationships that are extraordinarily valuable to businesses. However, people's level of awareness is not keeping up with the new ways that data is collected and used. The scale of data collection or the relationships that can be determined from it are not always obvious or adequately explained to the people who feature in the data.

For example, carrying a smartphone everywhere can reveal information not only about where you are but where your friends are, too, which can be used to deliver relevant location-sensitive offers.<sup>1</sup> What we write on social media can reveal information about our attitudes and opinions, political allegiances, age, gender, ethnic origin and level of education that businesses can use to create more accurate profiles and customer segments.<sup>2</sup> Even our weekly shopping trip can expose personal information that triggers targeted marketing offers – even if we'd rather have kept the personal information private.<sup>3</sup>

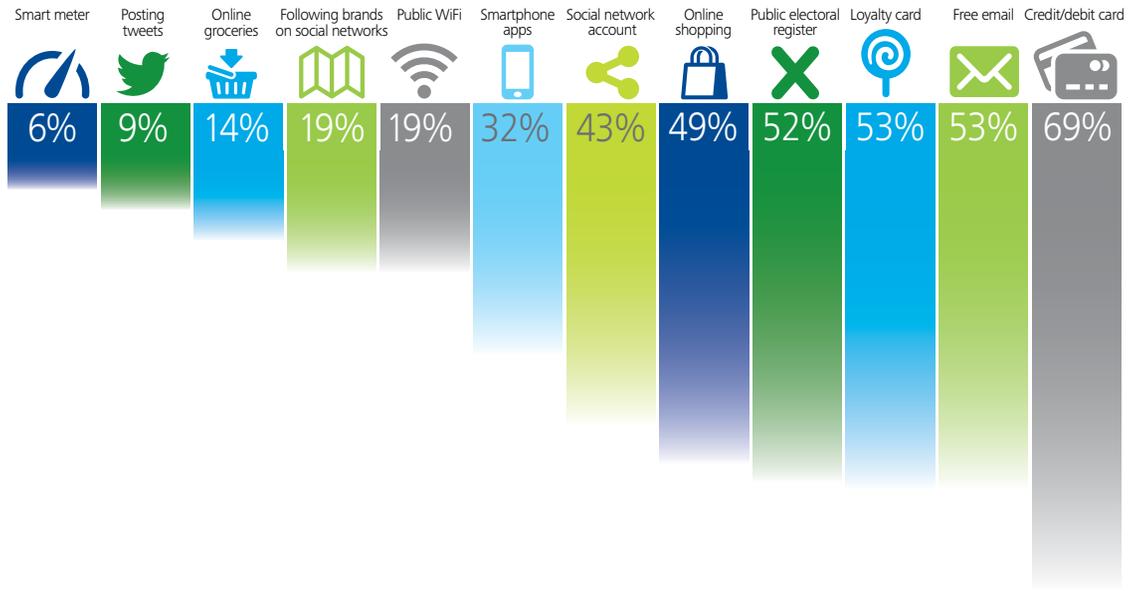
Deloitte's Data Nation survey reveals that these changing levels of awareness are accompanied by low levels of public confidence. Only nine per cent of people in Britain expressed confidence across all five scenarios where businesses collect, handle and share their data. Legislation such as the Data Protection Act or the amended Privacy and Electronic Communications Regulations – also known as the 'cookie law' – requires businesses to help individuals understand what data is collected and how it is used. But the growth in data volumes and varieties, and the increasing sophistication of analytical techniques used by companies, make it difficult for regulation alone to preserve privacy.

KNOWLEDGE OF COMPANIES AND PUBLIC SECTOR BODIES COLLECTING DATA ABOUT INDIVIDUALS:



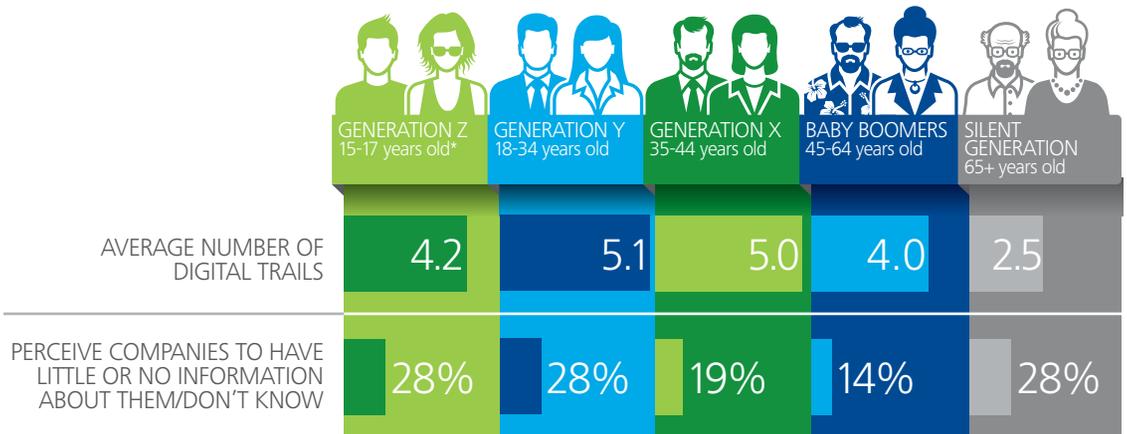
# Mind the generation gap

PERCENTAGE OF BRITISH POPULATION LEAVING A DIGITAL TRAIL THROUGH:



### Our digital footprints are growing

As individuals and as a nation, we are creating an ever-bigger digital footprint. Almost everything we do online – and many things we do offline – generates data that is either collected by or accessible to businesses.



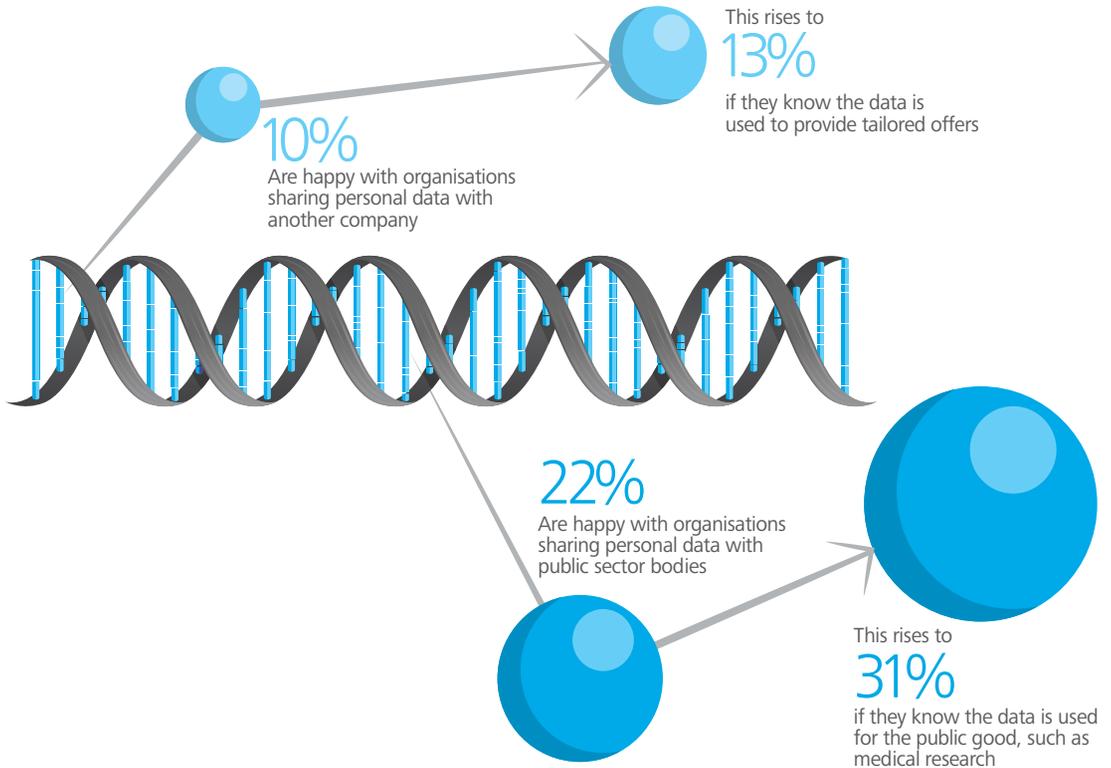
\*Note: Small sample size of 64 people.

### Awareness increases with age

The younger generations tend to be the more prolific generators of data. Yet, they are also the least likely to be aware that companies collect data about them and their activities. Despite, or perhaps because of, this lack of awareness, young people exhibit greater confidence than others that companies use their data securely and for their benefit.

# More is better

THE MORE PEOPLE KNOW HOW DATA WILL BE USED, THE MORE THEY ARE WILLING TO SHARE

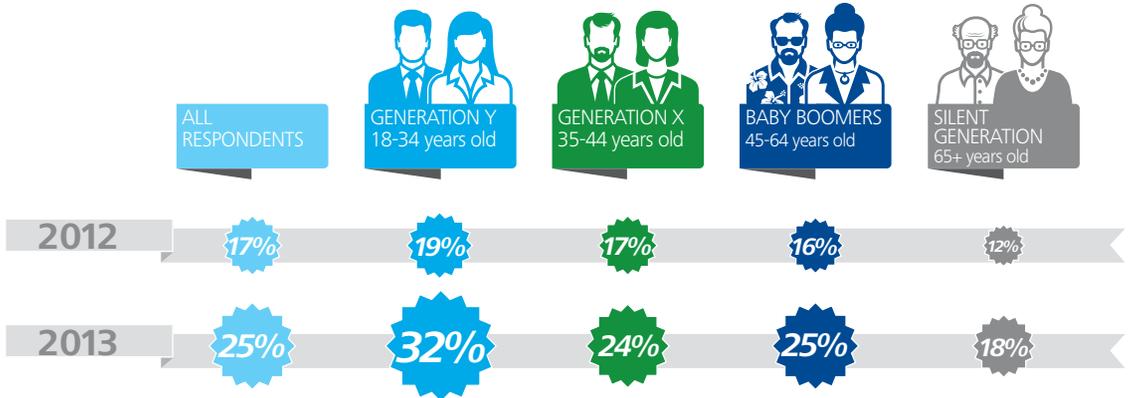


## Context increases acceptance

The Data Nation survey shows that more people accept an organisation's sharing of data when they are provided with additional context or more detailed information about the benefits they could receive. And although the change in sentiment was not quite as strong when the survey asked about the private sector's use of data, even a one per cent increase in people who say they are happy for their data to be collected and analysed can translate into worthwhile returns for business.

The bottom line for businesses is that context matters: even when a limited amount of additional – but relevant – information is provided to consumers about what will happen with their data or the benefits of data collection, analysis and sharing, people are more likely to welcome such use.

I AM HAPPY ABOUT RECEIVING TAILORED OFFERS BASED ON ITEMS I HAVE BOUGHT OR LOOKED AT



Note: Sample sizes for Generation Z were very small and differences were not statistically significant.

**Rising acceptance of tailored offers**

Sentiment about targeted marketing is improving: more people are happier to receive tailored communications, adverts or offers for products and services compared to 2012, with the greatest increase among those in Generation Y.

I AM CONFIDENT THAT COMPANIES ...



**Low confidence in how companies use and handle personal data**

Our survey shows that the majority of the British population is still not confident in the way that companies collect, use, handle and share data. And nearly half of people say they are unhappy about targeted marketing. This level of uncertainty and negative sentiment is not sustainable if businesses are to continue using data for commercial gain.

---

WHEN COMPARED TO THE NATIONAL AVERAGE, PEOPLE WHO BELIEVE THAT COMPANIES TELL THEM HOW THEIR PERSONAL DATA IS USED ARE:



#### **However, knowledge builds trust**

Data Nation has found that people who are confident that companies tell them how their personal data is used are between two and three times as likely as the average respondent also to be confident in other areas. For example, they are more confident that their data is kept secure, is used to offer better levels of service or relevant products, and is shared with third parties only with their knowledge and in an anonymised form.

## Regulation, responsibility and reform

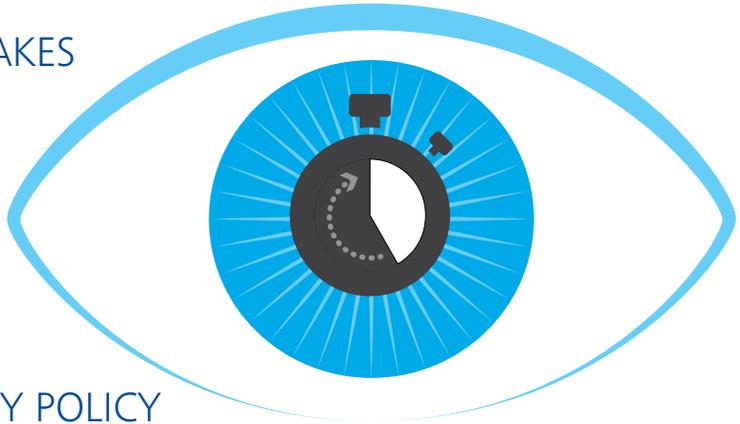
---

ON AVERAGE, IT TAKES

25

MINUTES

TO READ A PRIVACY POLICY



IF AN INTERNET USER WERE TO READ THE PRIVACY POLICIES OF ALL NEW WEBSITES THEY VISITED IN A YEAR, IT WOULD TAKE

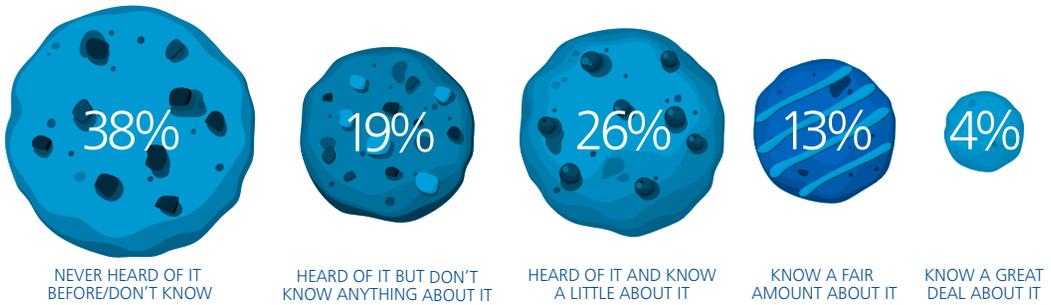
31 HOURS

Based on Deloitte analysis of 170 popular websites and Ofcom data.<sup>45</sup>

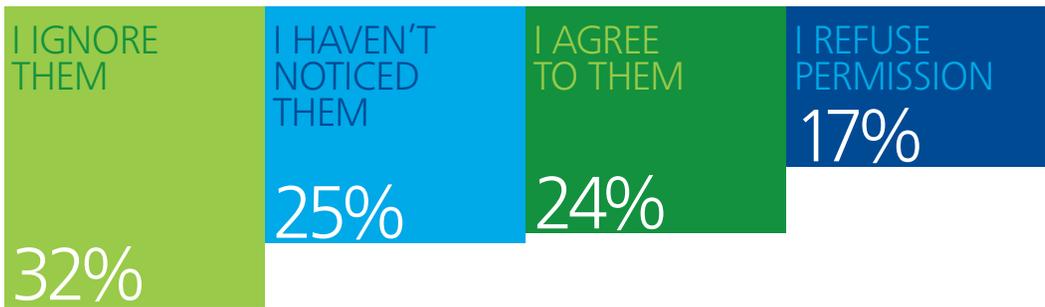
### **Small print can mean big falls in confidence**

Even as their digital footprints expand, Internet users are spending less time reading privacy policies.<sup>6</sup> Given the importance that this knowledge has on levels of confidence, companies do not seem to be doing enough to make their privacy policies understandable. Rather than remaining as the 'small print' to be accepted the first time a customer uses a digital service, the information given in these policies should be an integral part of a more transparent and ongoing customer engagement approach.

## WHAT DO INTERNET USERS KNOW ABOUT THE COOKIE LAW?



## HOW DO INTERNET USERS RESPOND TO COOKIE BANNERS?

**Did the cookie law crumble?**

The cookie law regulates the use of the small files of data downloaded onto a user's device and subsequently sent back to the originating website by browsers to keep track of certain information. The law was intended to promote greater transparency and trust. Guidance from the Information Commissioner's Office at the time the law was implemented suggested, "If websites are open and honest about how they work ... the users will be more confident about using the site and more comfortable with how websites collect and use information derived from their online behaviour".<sup>7</sup>

However, according to the Data Nation survey, more than half of the UK's Internet users have never heard of the cookie law or say they don't know anything about it. Nor have they changed their web surfing behaviour since the law was implemented. A key tenet of the cookie law has failed.

If regulators are to avoid the same pitfalls and levels of ambivalence towards future data protection legislation, the focus should be on making sure that the regulations address key areas of privacy risk and provide appropriate enforcement options. For businesses, the benefits are evident by the results of the survey: consumer attitudes and engagement depend to a large extent upon transparency and the ease with which the information in privacy policies can be understood.

# The outlook

---

## What does the future hold for our data nation?

In their Global Threat Assessment, carried out in September 2012, Ipsos Public Affairs discovered that 73 per cent of people in the G20 felt that there was a threat their personal data could be compromised while online.<sup>8</sup> For the last three years, this figure has remained substantially higher than for any other man-made or natural hazard or disaster. It is a sign of the importance that people of every nation place on maintaining the integrity of their private lives in a world of big data.

In the UK, businesses have barely closed the confidence gap during the last year: the majority of the British public still lacks confidence in the way businesses collect, handle, use and share data. As a consequence, European legislators are poised to step in with sweeping new data protection powers.

So what does the future hold?

One of the big opportunities of using data is in predicting behaviour, not just needs. Businesses are getting better at recognising which customers need which products and services. With more granular data, they can learn whether those customers are likely to respond positively or negatively to targeted marketing offers or other types of contact. Indeed, customer engagement strategies could be designed specifically to boost confidence by presenting information on privacy and data protection practices so people in low confidence segments are more likely to want their data to be used.

Businesses can thus compete for custom not only on the quality and relevance of their services and products, but also on how they engage with customers about their data. Far from being a quaint twentieth-century notion, the Data Nation survey shows that the latent demand for privacy has never been greater. In turn, regulators can benefit from a more transparent marketplace where privacy becomes an important market force and a new currency for growth.

### Two strategies for gaining competitive advantage through privacy

1. Awareness of data collection and use and consumer rights are the greatest contributors to consumer confidence found in this research. To get maximum benefit from using data, ensure that every customer interaction is based on the principles of transparency, trust and informed dialogue.
2. Segment customers not only on their predicted needs, but also on their predicted response to targeted marketing, data sharing or other tailored services. Identify low confidence groups, particularly in the over-35s, or low awareness groups among the digital natives and generation 'Y' and engage with them to increase awareness and trust.

## Notes

---

1. "Interdependence and Predictability of Human Mobility and Social Interactions", Domenico, M., Lima, A., Musolesi, M., Mobile Data Challenge 2012, Nokia. See also: [http://research.nokia.com/files/public/mdc-final306\\_dedomenico.pdf](http://research.nokia.com/files/public/mdc-final306_dedomenico.pdf)
2. "Classifying Latent User Attributes in Twitter", Rao, D., Yarowsky, D., Shreevats, A., Gupta, M., 2nd International Workshop on Search and Mining User-Generated Content, 2010. See also: <http://www.cs.jhu.edu/~delip/smuc.pdf>
3. "How Companies Learn Your Secrets", Duhigg, C., *The New York Times*, February 19 2012. See also <http://www.nytimes.com/2012/02/19/magazine/shopping-habits.html>
4. Assuming an average reading speed of 100 words per minute at full comprehension. See also: [http://link.springer.com/chapter/10.1007%2F978-3-642-03168-7\\_3](http://link.springer.com/chapter/10.1007%2F978-3-642-03168-7_3)
5. Deloitte UK estimate of 75 new websites visited per year based on "Adults' media use and attitudes report 2013", Ofcom, April 2013.
6. "Adults' media use and attitudes report 2013", Ofcom, April 2013.
7. "Guidance on the rules on use of cookies and similar technologies", Information Commissioner's Office, May 2012.
8. "Five Global Trends", Dr Darrell Bricker, Chief Executive Officer, Ipsos Global Public Affairs, June 2013.

### About the research

The Deloitte UK 2013 Data Nation report is based on primary research from the national survey carried out by Ipsos MORI on Deloitte UK's behalf, supplemented by additional secondary research carried out by the Deloitte Insight team. The survey of a sample of 2,006 teenagers and adults aged 15 and older, representative of the British population, was conducted using face-to-face interviews during 22 March - 15 April 2013.

Please visit [www.deloitte.co.uk/datanation](http://www.deloitte.co.uk/datanation) for additional content, including full survey results and past copies of the survey.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2013 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

Designed and produced by The Creative Studio at Deloitte, London. 27155A