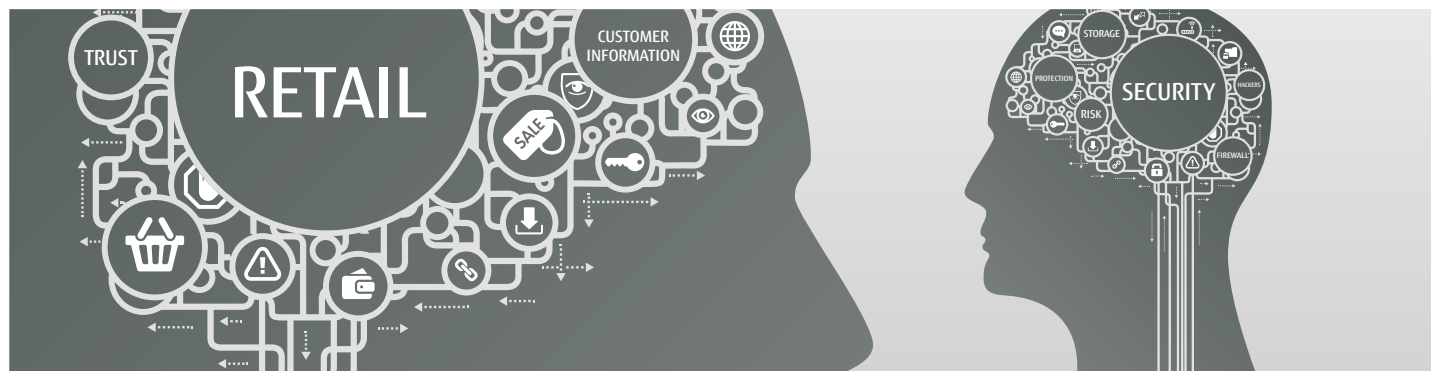


# Shopping for security: data and trust in the retail sector

What did 3,000 UK consumers tell us about their trust in retailers to keep their data safe?



Retail – both high-street and online – has long been a melting pot for clever ways of using customer information.

From the early days of eCommerce through to today's endlessly sophisticated recommendations engines, from simple money-off vouchers to the highly personalised rewards programmes that we now enjoy, retailers have often led the charge when it comes to using personal data to create a better experience.

Trust is, of course, fundamental to that. Retailers may have the opportunity to capture and utilise huge amounts of customer data, but the duty to safely and securely store that information is equally vast.

To investigate the current level of trust that consumers have in retailers (both internet and bricks-and-mortar) when it comes to their data, we surveyed 3,000 people and asked them to state their current feelings around how safely these companies manage their data, as well as giving a view on how they felt back in 2003.

Respondents were asked to score retailers from one to five, where five represented "implicit trust" and one "no trust whatsoever".

Both online and offline retailers scored almost identically. Trust in high-street shops and supermarkets to manage consumer data securely has declined from an average score of 3.27 a decade ago to one of 2.95 today. Similarly, online retail has fallen from an average of 3.20 in 2003 to 2.94 now. Overall, retailers had the lowest number of people stating "zero trust" in them from our whole study.

While this may sound problematic, trust in retail has fallen at a slower rate when compared to other sectors. Indeed, retailers both online and off can take comfort that they place only second to the banking industry when it comes to trust in their ability to safeguard customer data.

## Trading privacy for service?

If retail is catching up to the banking industry quickly over confidence in data security, so too is it outperforming other sectors when it comes to the ability to deliver a better service through smarter use of customer information.

Once again asked to rate retailers on a five point scale, this time around how effectively these businesses use their information to create a better service, consumers awarded retailers (in both categories) an average score of 2.93. This time, retailers beat the banks – taking pole position.

There is, of course, room for improvement. In other areas, we discovered that:

- 29% see no benefit from their data being used – and a lack of an enhanced experience from the retail sector
- 40% of consumers still have an impersonal shopping experience
- Only 22% believe that the use of data by retailers has led to more relevant and targeted offers
- Just 16% have the same experience online and in-store
- And a staggering 35% of consumers receive inaccurate communications from their retailers

While retailers may be ahead of the curve when it comes to offering customers a return on their information, opportunities remain for those businesses to break away from the pack

## Retail has a storied history when it comes to the use of consumer data.

With retailers being amongst the first to truly capitalise on the advent of the digital age, they've been dealing with many of the issues around privacy and trust for longer than many other parties.

Online retailers, in particular those who were around for the early days of internet trading, will be aware of the burden of proving that they can deal with customer data safely and securely.

It's a battle that both camps – online and off – appear to be winning. While consumer trust in retail organisations may have declined over the last decade, it has done so steadily and slowly.

There has been no collapse in confidence, and the thought that retail now pushes the financial sector hard when it comes to data security should make for positive reading.

The challenge for retail now appears to be converting that mass of customer intelligence into something positive and actionable.

When we asked consumers to select the retailers they thought made best use of their data to create a personalised experience, there were two very clear winners. But below that, more than a third of our respondents struggled to select a brand they felt delivered on that promise.

This is a missed opportunity. More than half of the consumers we surveyed mentioned that they would – to some degree – be happy to share all of their personal information with a company if it meant that would only ever receive targeted marketing as a result.

The potential dividends of that finding should be easy to grasp, but they need to be strived for. Not only do retailers need to prove that they can manage customer data securely, they need to show that there can be real benefits back to those customers from doing so.

**Sarah Kellett**

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### Key stats at a glance

**29%**

of consumers say they see "no benefit" from retailers using their personal data.

**4 in 10**

say that they still receive an impersonal shopping experience.

**11%**

of consumers have "implicit trust" in banks to manage their personal information securely compared to

**6%**

of high street retailers.

**7%**

of online retailers.

More than

**HALF**

of consumers say they will stop using companies that lose or misuse their data.

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