

04

READINESS



GDPR IMPACT SERIES 2018

**IDENTIFYING ITS IMPACT ON
MARKETERS AND THE CONSUMER'S
MOMENT OF TRUTH**



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GDPR

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Overview

2018 sees the long-awaited General Data Protection Regulation (GDPR) enter into enforcement from 25th May. After six years of lobbying, discussion and preparation, all organisations involved in the processing of personal information on European Union citizens will need to comply. It is a once-in-a-lifetime change to the legal basis on which individuals share their data with organisations.

DatalQ undertook twin-track research in the UK to examine how consumers expect their data to be used and whether they intend to exercise their new rights, as well as into what organisations intend to do to bring their data-driven practices into line with the Regulation. The project had three key objectives:

- To understand the consumer perspective on data collection, consent, context and control.
- To understand the business/marketer's processes, opportunities and challenges in adjusting to the new Regulation.
- To identify any mis-alignments between the two sides' views of the data exchange and their root causes.

The research was built around four key areas of data protection and privacy management: mobile and digital (the issues specific to those channels), relevance and accuracy (how data should be kept up-to-date), readiness (how consumers and businesses are preparing for GDPR) and regtech (how technology can support GDPR compliance). Results from the research are presented in a series of four white papers, each of which looks at one of these areas.

This whitepaper specifically focuses on the research segment conducted by DatalQ in association with Experian. It looks into what extent consumers are becoming data-savvy, where organisations expect to feel the biggest impact from GDPR and how data management is evolving to meet the new regulatory requirements?

TECHNOLOGY AND REGULATION



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4 GDPR

Sponsor's comment

Rebecca Hennessy, director of market strategy - data quality, Experian



With GDPR enforcement imminent, it's a pivotal moment to observe how well geared up UK organisations are, as well as the changing perceptions of consumers around use of their data.

So, once again, we've teamed up with DatalQ to carry out the third instalment of this GDPR Impact Series research. We believe it delivers the industry benchmark for tracking GDPR readiness - the results are both fascinating and highly encouraging.

Without a doubt, consumer expectations have shifted dramatically since 2016. They are more savvy than ever about the use of their personal data and organisations' need to act responsibly when it comes to managing this data. As consumer awareness of the change in data protection laws is at an all-time high, it creates an opportunity for organisations to have valuable and transparent conversations with their customers about their personal data. This helps to create trust and consumers who already know about the law and trust the organisation are more likely to share their data.

For organisations, it is clear that the GDPR is being taken seriously, and rightly so. We can clearly see that fostering vital trust with consumers comes with a distinct set of obligations and an expectation to keep data clean, secure and up-to-date. In terms of funding for their GDPR

programmes, two-thirds say the Board is their main source, with Finance close behind.

This highlights how potentially impactful the Regulation is set to be on business processes and goes a long way to explain why efforts to address the changes are backed at the highest level. This mindset is also reflected in our recent Global Data Management Research which uncovered that 72% of UK organisations believe that the GDPR presents an opportunity to refine their data management strategy.

While the first chapter of the GDPR journey is coming to a close, it's the beginning of a new regulatory era. Despite great progress having been made, there's still lots to do as we enter an era where privacy by design has to be the norm and managing personal data is well planned, governed and founded in ethical data practises.

We hope that this report will help organisations to transition their preparations into business-as-usual practises. I truly believe that those organisations which are meeting the challenges head-on will start to see the fruits of their labour, not just in terms of being compliant, but as a vehicle for building trust and strengthening relationships with their customers.

Experian offers a range of services to support organisations as they navigate GDPR compliance and move from readying their data into maintaining data practices which are business as usual.

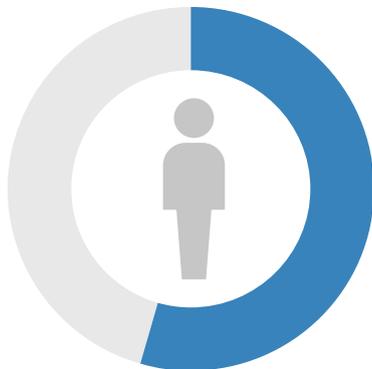
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Key findings

- The number of consumers who say they are happy to share their data if they trust the company ("Trusting") has nearly doubled between 2016 and 2018, from 16 per cent to 30 per cent. At the same time, the number who prefer not to share ("Cautious") has fallen from nearly half (49 per cent) to one third (32 per cent).
- Six out of ten consumers now say they are aware - either fully or somewhat - of a new data protection law. This has reversed the position from last year when six out of ten said they were either only slightly aware or had heard nothing about it.
- Clear information on why data is wanted is most likely overall to make consumers feel it will be safe (57.2 per cent), especially among the Rational group (75.7 per cent). Among Trusting consumers, it is trust in the brand which is persuasive for 57.5 per cent, while for the Cautious it is a secure URL that reassures most (49.7 per cent).



For the majority of consumers (54.7 per cent), limiting data processing to just one activity is the GDPR right they are most likely to exercise

- For the majority of consumers (54.7 per cent), limiting data processing to just one activity is the GDPR right they are most likely to exercise. This compares to only 12.9 per cent saying they will agree to processing for all uses and 17.1 agreeing to profiling.



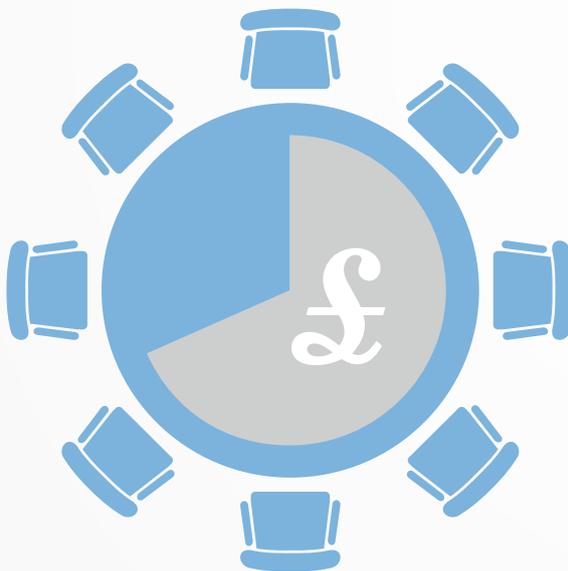
One-third (34.6 per cent) of consumers expect to be asked if their data is correct every time they are in contact with an organisation

- One-third (34.6 per cent) of consumers expect to be asked if their data is correct every time they are in contact with an organisation, rising to nearly half (47.2 per cent) of the Trusting. But 17.1 per cent of the Cautious wish companies would stop doing this.
- The majority of consumers (53.7 per cent) feel a personal responsibility to tell every company that holds their data if something changes. However, among the Trusting group, 29.2 per cent expect companies to find out when something changes, nearly twice the overall average.
- Half of all consumers (49.6 per cent) have not experienced any kind of problem with data loss or theft. Among those that have, 11.6 per cent have suffered fraud as a result, with 7.4 per cent experiencing the worst of all outcomes - compromised identity.





- Virtually every organisation in the UK is very or somewhat aware of GDPR, with a significant increase in those most aware from 46 per cent in 2016 to 84.3 per cent in 2018. One quarter (25.4 per cent) are now very prepared with a further 61 per cent somewhat prepared, up a combined 30 per cent since 2016.
- As awareness and preparation for GDPR has risen, so has maturity in the adoption of data and analytics - 62.7 per cent of organisations now place themselves in the upper two quintiles of Managed or Optimised, up from 39 per cent in 2016.



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- To underline the seriousness with which GDPR is being taken, two-thirds of organisations (68.5 per cent) say the board is their leading source of funding for compliance programmes, with finance in second place (46 per cent).

"Only finance is expected to see little or no impact by a bare majority of companies"

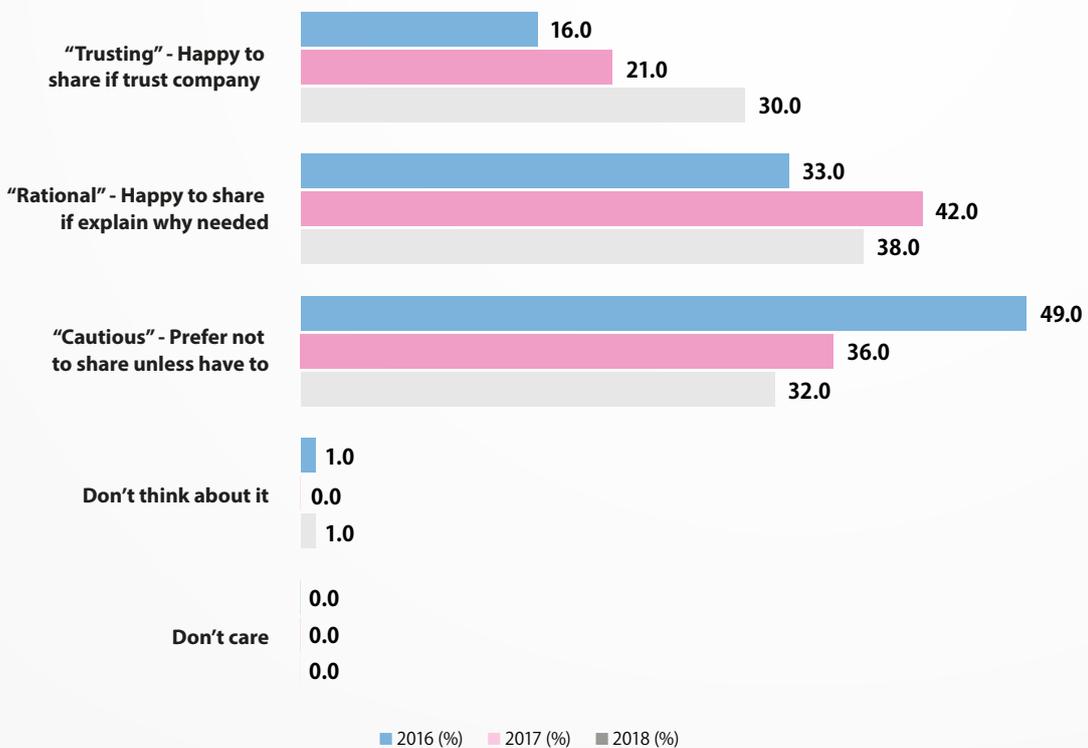
- Most exposed to the impact of GDPR are the areas where personal information gets stored - data management - and deployed - CRM. In these two functions, 60.4 per cent and 57 per cent anticipate very significant impact respectively. Only finance is expected to see little or no impact by a bare majority of companies (53.1 per cent compared to 46.8 per cent who anticipate a lot or some).
- Nearly half (48.9 per cent) have completed Data Protection Impact Assessments, rising to 62.2 per cent of those who are very prepared. A similar number have reviewed their privacy notices, with 55.6 per cent of the very prepared already having completed this activity.
- Nearly one quarter (23.3 per cent) of organisations are storing up trouble for themselves as they will be reactive to subject access requests, rather than getting ahead by deploying customer-focused services like a preference centre - only 16.1 per cent have already put one in place.
- Article 5.1 (d) of GDPR mandates that personal data should be kept up-to-date and accurate, with reasonable steps taken to rectify inaccuracies. Over four in ten organisations are already using data matching, point-of-use cleansing and suppression to help them meet this requirement.





Section 1 - Consumers and personal data

1.1 - Consumer attitudes towards sharing personal information 2016 - 2018



Trust is growing between consumers and companies who ask them to share their personal information. In fact, there has been a near doubling between 2016 and 2018 in the number of individuals who are happy to share if they trust the company. This is highly encouraging for organisations as they enter the new era of data collection under GDPR.

By contrast, consumers who are cautious about sharing data and prefer not to unless it is necessary

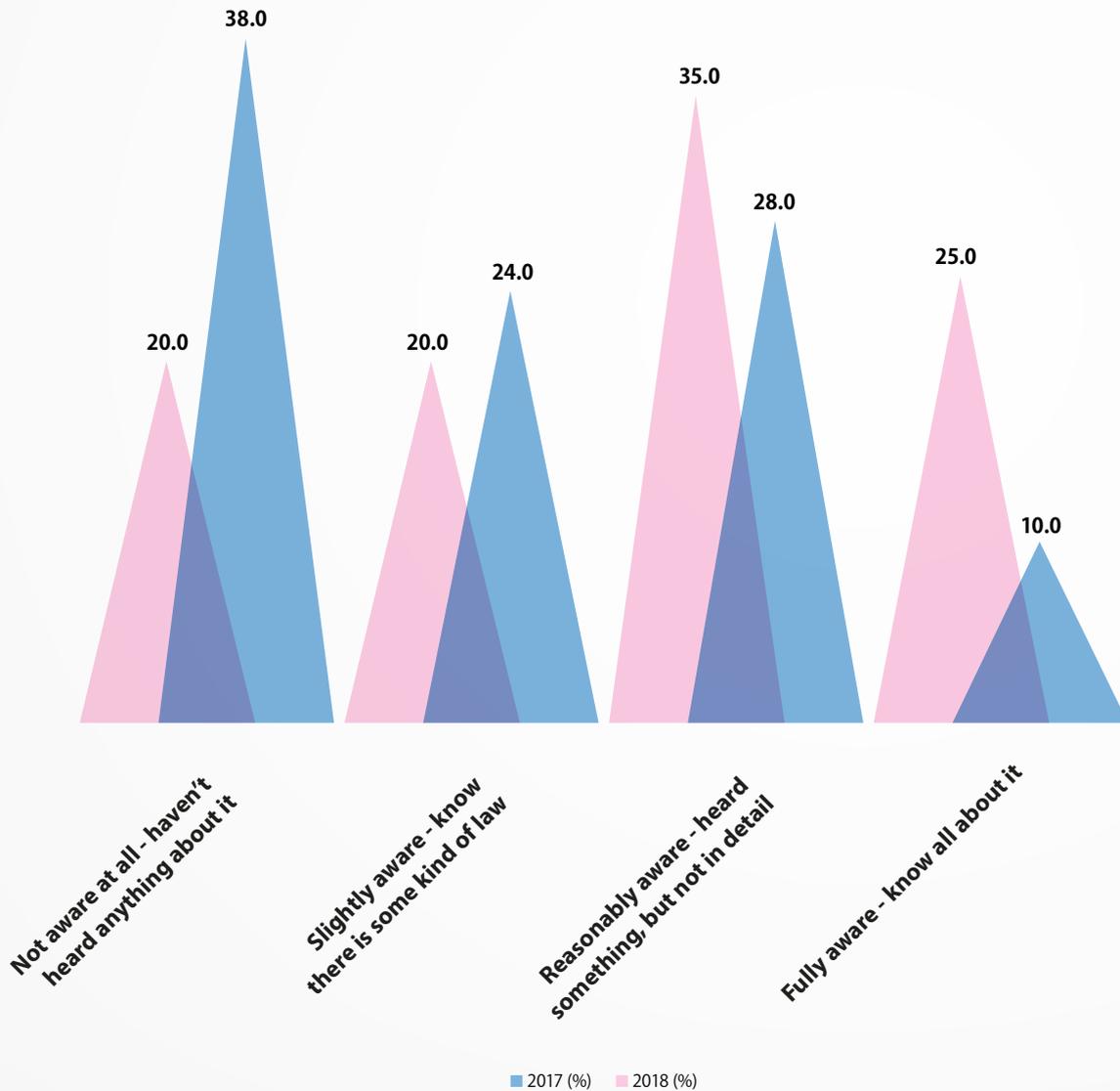
have reduced significantly in number. Where two years ago they made up half of the adult population, now they are just one third.

Now, the largest attitudinal group is of those who want an explanation of the need for their data and will share if this is provided. This rational view is perfectly aligned to GDPR's requirement for transparency and a balancing of the relationship between consumers and brands.





1.2 - Consumer awareness of data protection law



Awareness of a law to protect personal data has completely flipped - where last year six out of ten consumers had only a vague or non-existent idea that it existed, now six out of ten have a positive level of knowledge. Even though active promotion of GDPR has yet to start, messages about a change in the law have clearly filtered through.

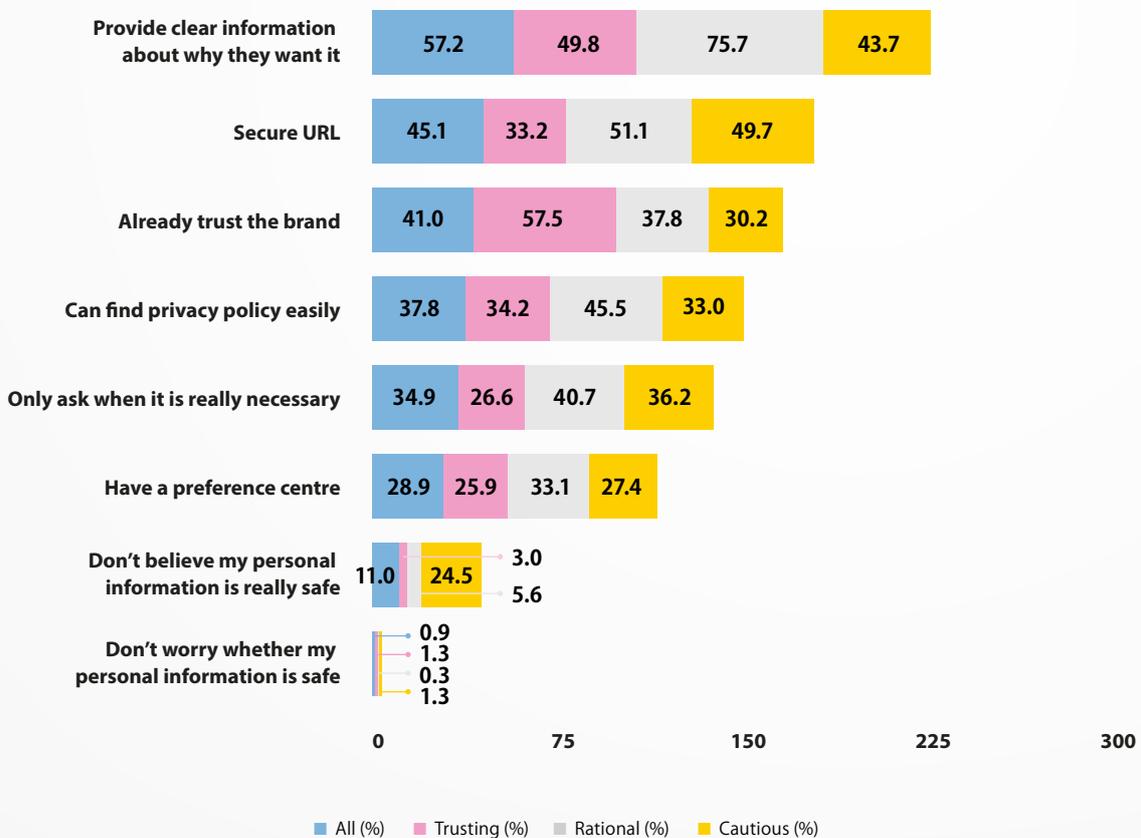
Now, one quarter of consumers say they are fully aware, a dramatic rise of 150 per cent year-on-year. At the same time, those claiming to be completely unaware have nearly halved in number. This creates a good foundation for organisations to engage in a dialogue with their customers around data since consumers who already now about the law are more likely to give informed consent.





Section 2 - Consumers and data knowledge

2.1 - Consumer confidence in the safety of their personal data



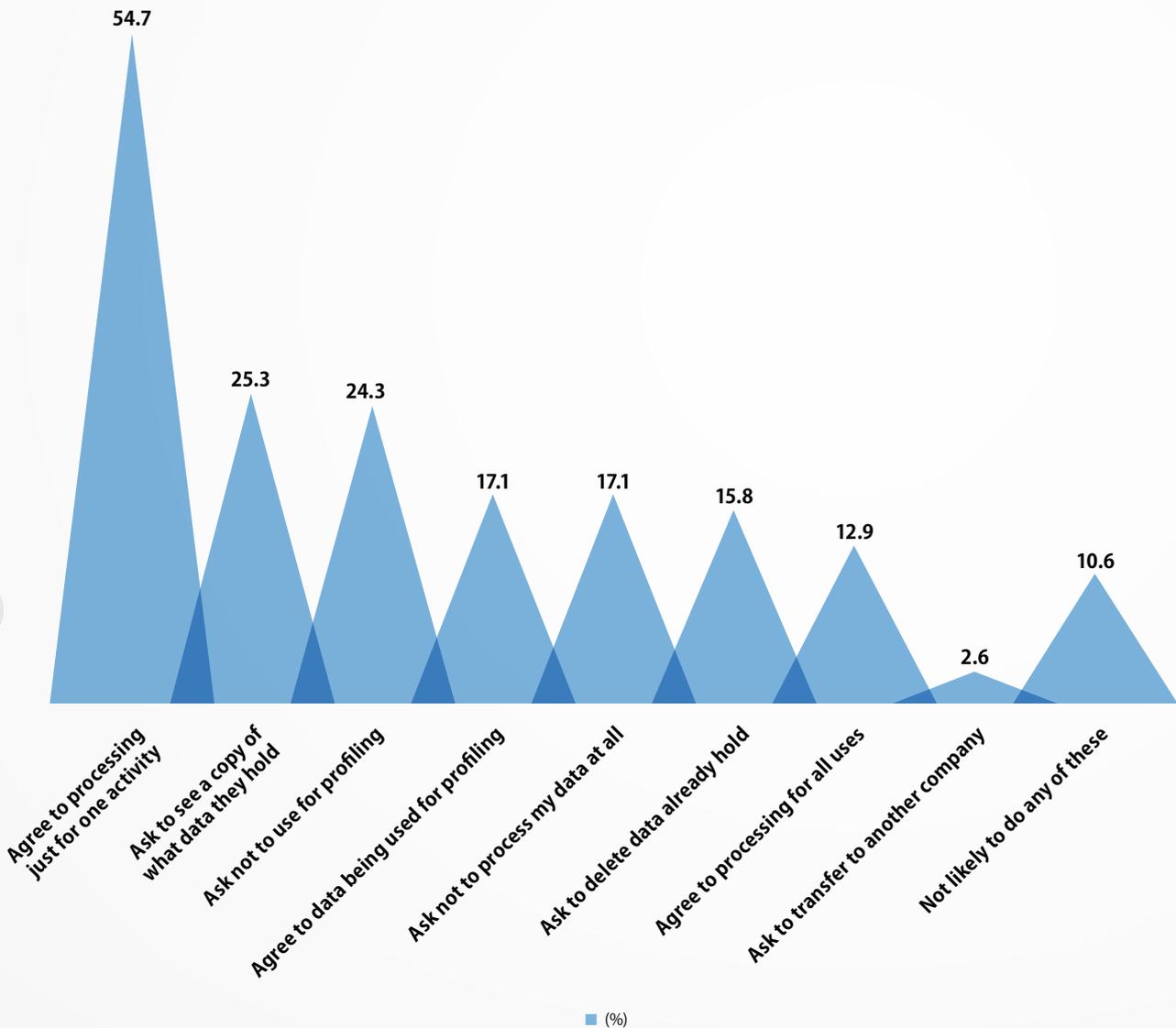
When personal information is first requested from individuals, concerns about its safety - how well protected it will be, what it will be used for, how it can be controlled - are very much at the surface. To overcome any worries, consumers look for reassurance from a number of sources. Surprisingly, given how dominant online data collection now is, secure URLs are not the primary signifier of safety, except for the

Cautious group, half of which (49.7 per cent) named this. Instead, clear information on why it is wanted is most likely to make individuals feel their data will be safe (57.2 per cent), especially the Rational group (75.7 per cent). Among Trusting consumers, however, it is the prior existence of their trust in the brand which is persuasive for 57.5 per cent, more than any other action the brand might take.





2.2 - Consumers and GDPR rights they might exercise



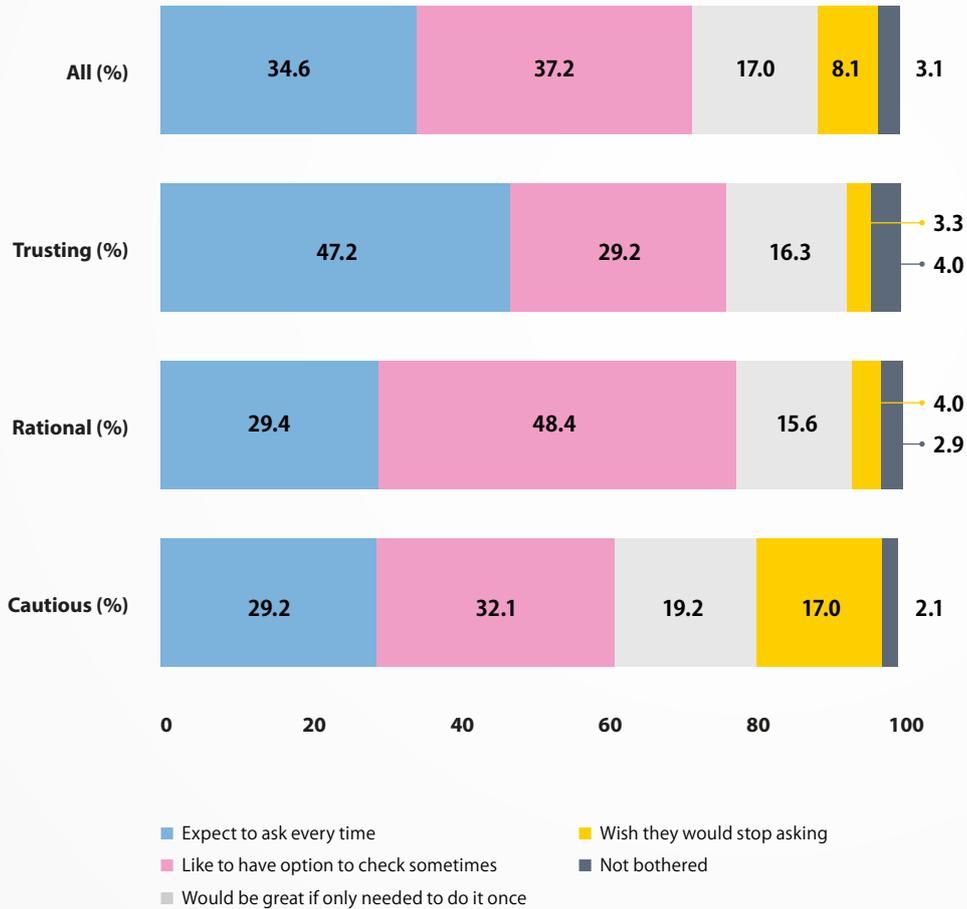
GDPR grants consumers a number of important rights relating to how their personal data will be used (balanced against the basis on which companies choose to collect it). For the majority (54.7 per cent), limiting data processing to just one activity is the right they are most likely to exercise. This seems to reflect a strong desire to exert control through an upfront constraint on the usage of their personal data, especially given that only 12.9 per cent say they will agree to processing for all uses, and 17.1 will agree to profiling.

By contrast, other rights are likely to be exercised by only one quarter of consumers or less. Even so, the impact on organisations could be significant, especially if 17.1 per cent make good on asking for their data not to be processed at all or 15.8 per cent ask for their data to be deleted. There are important counter-balances which might mean organisations can not agree to such requests, but even handling and responding to them could potentially be onerous.





2.3 - Consumer attitudes to being asked if data is correct



Keeping data accurate and up-to-date is a requirement of GDPR. It is also what one-third (34.6 per cent) of consumers expect to be asked every time they are in contact with an organisation, rising to nearly half (47.2 per cent) of the Trusting. This routine checking appears to be one of the foundations of building that trust.

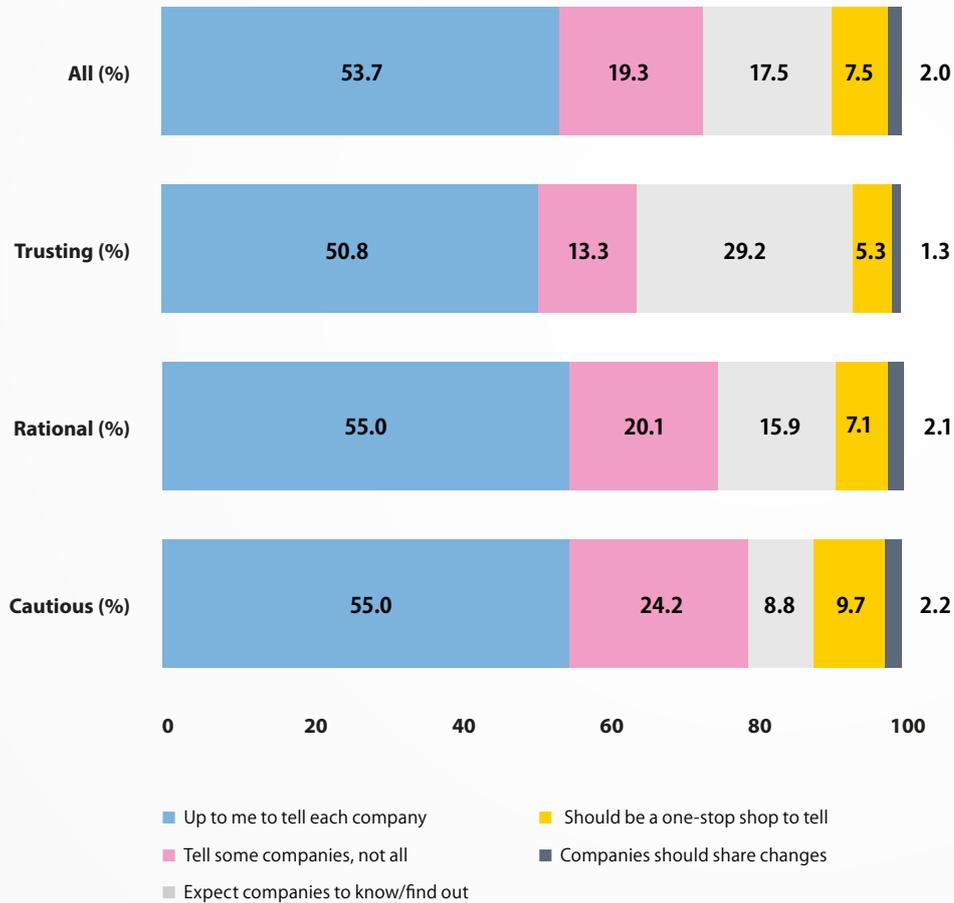
For the Rational group, nearly half (48.4 per cent) want to have the option to check if their data is correct, 11.2 points higher than the overall average. For

them, this direct control builds the reasoned basis for sharing their data. It is also the most common attitude held by the Cautious by a small margin. But this group is also twice as likely as the average (17.0 per cent v 8.1 per cent) to wish companies would stop asking if the data they hold is accurate. So while companies may seek to meet their GDPR obligations in this way, it will not necessarily meet with a positive welcome.





2.4 - Consumers and responsibility for keeping data up-to-date



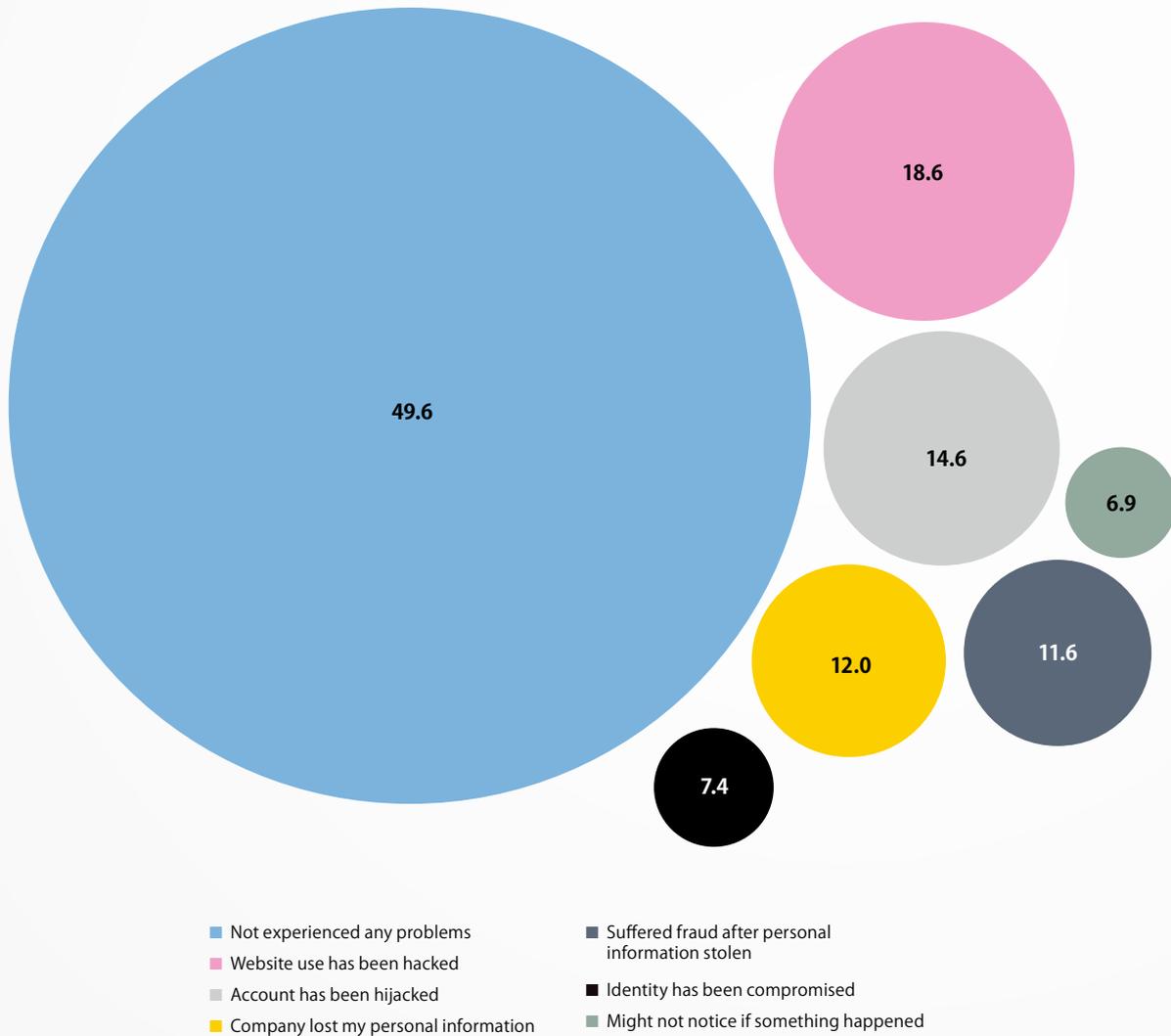
The majority of consumers (53.7 per cent) feel a personal responsibility to tell every company that holds their data if something changes. This is surprising, even if it is in line with the desire of 37.2 per cent to have the option to check their personal data is correct every now and then. It is also a view shared across all three attitudes towards data sharing, underlining that consumers really do see their data as personal, perhaps.

Where there is a big difference between groups, however, is in the expectation that companies should know or find out when something changes among the Trusting (29.2 per cent). At nearly twice the overall average, double the rate for the Rational and more than three times the level found among the Cautious, it is clear that the trust placed by consumers into brands comes with a set of obligations.





2.5 - Consumer experiences with identity and account data problems



If the upside for consumers of sharing their data is to receive a more personal experience online and through mobile apps, then the downside is the risk that their data will be lost, stolen or put to illegal use. Fortunately, half of all consumers (49.6 per cent) have not experienced any kind of problem.

Among those who have, the most common is an issue that can leave consumers in a state of uncertainty

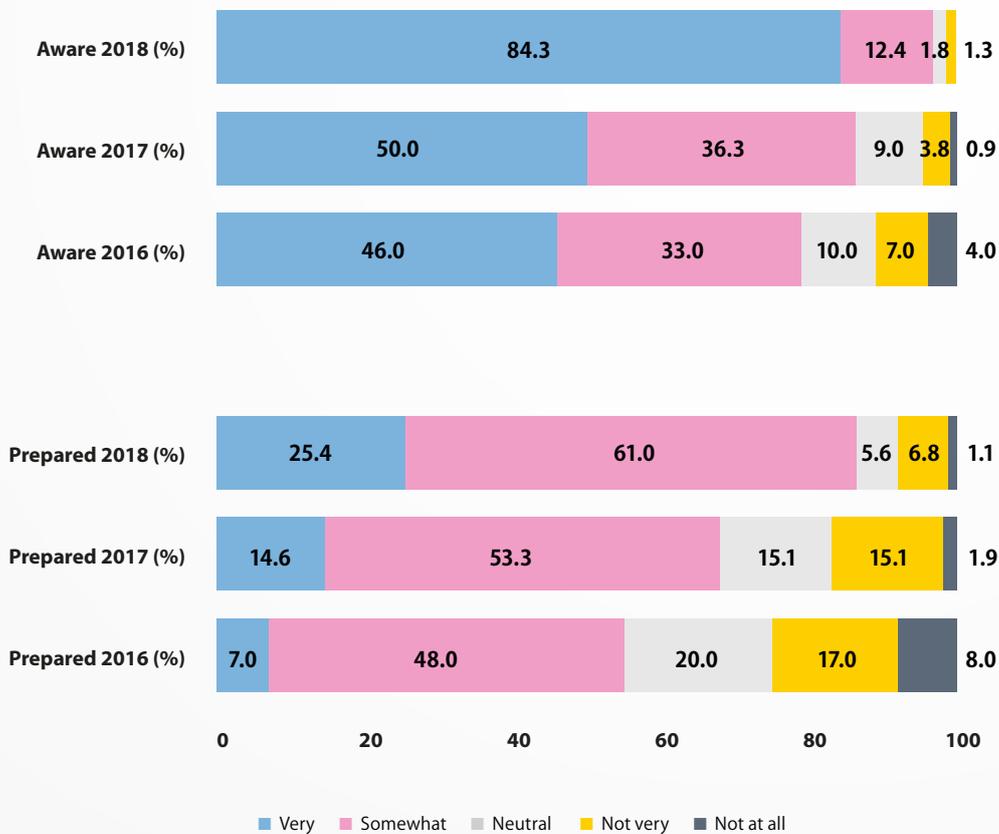
- 18.6 per cent use websites that have been hacked, but whether data has been stolen is not always evident. Unfortunately, for 12 per cent this has happened, with nearly the same number (11.6 per cent) having suffered fraud in these circumstances. The worst of all experiences - compromised identity - is still limited to a minority of 7.4 per cent, but is devastating for them nonetheless.





Section 3 - Business and GDPR

3.1 - Awareness and preparedness for the General Data Protection Regulation (GDPR)



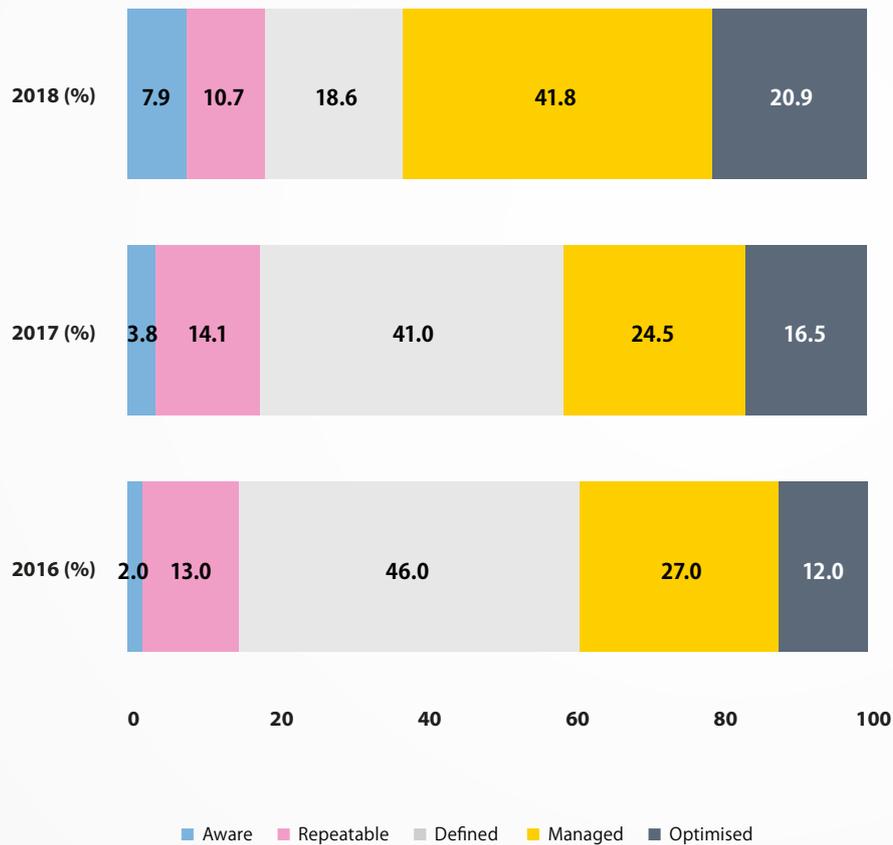
With the exception of a tiny minority, virtually all organisations are now aware that the legal framework relating to data protection is about to undergo a once-in-a-lifetime change. This is positive - but it is also clear that the impending deadline for enforcement has played a major role in driving up this awareness. Many commentators have objected to the fear factor that has been present in discussions about GDPR, but the evidence is that it has had a positive impact.

Converting knowledge that there is a new law into real-world plans is harder, but the number of organisations who are very prepared has more than tripled between 2016 and 2018. Taken with those who describe themselves as somewhat ready, nearly nine in ten organisations are in a good place for the new regime. Meanwhile, the reverse has happened among those not very or not at all prepared, with their number falling fourfold over the same period.





3.2 - Maturity of data and analytics adoption 2016 - 2018



There has been a significant maturity in the level of data and analytics adoption over the past year, with six out of ten organisations now identifying themselves in the top two quintiles, Managed and Optimised. Both of these groups have nearly doubled in size since 2016, although it is notable that the least mature group, Aware, has grown nearly fourfold in the same period.

The most compelling explanation for this shift is the

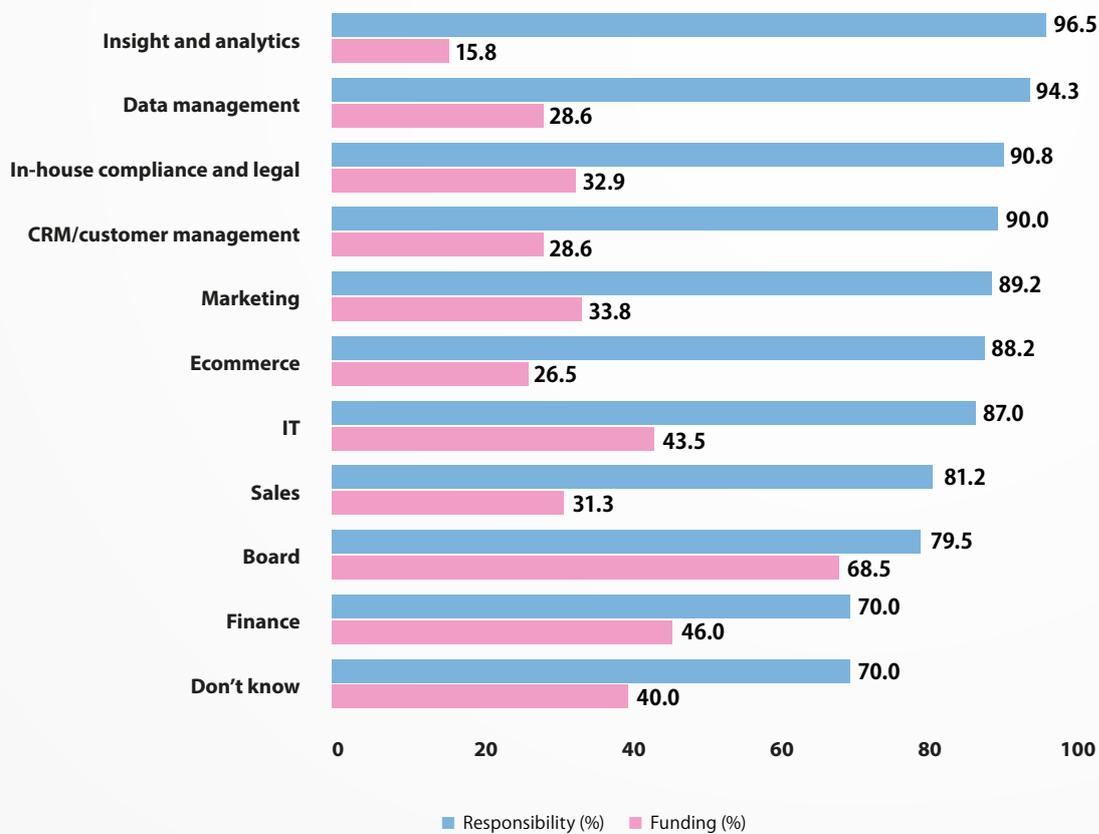
efforts being made by companies to understand and improve their data and analytics functions as part of GDPR programmes, or perhaps for some to realise that they are in a worse place than had been recognised. But for UK plc as a whole, there is a degree of reassurance that the level of exposure to data protection risk has reversed since last year, when nearly six out of ten put themselves in the middle or lowest quintiles.





Section 4 - Businesses and GDPR readiness

4.1 - Functions with responsibility and funding for GDPR programmes



GDPR is extensive in its scope and this is clearly reflected in the fact that eight out of ten or more organisations named nine functions which had responsibility for their compliance programme. From the customer-facing, such as CRM (90 per cent), marketing (89.2 per cent), ecommerce (88.2 per cent) and sales (81.2 per cent), to the back office areas of insight and analytics (96.5 per cent), data management (94.3 per cent) and IT (87 per cent), a lot of stakeholders need to be drawn. While it is to be expected that in-house compliance and legal would be involved

(90.8 per cent), it is notable that the top-level strategic functions of board (79.5 per cent) and finance (70 per cent) have taken responsibility, too.

To underline the seriousness with which GDPR is being taken, two-thirds (68.5 per cent) say the board is their leading source of funding, with finance in second place (46 per cent). Clearly, the potentially transformational impact of the Regulation on business processes and even the underlying business model has been understood and efforts to address it backed at the highest level.





4.2 - Functions expected to be impacted by GDPR



Although there is widespread responsibility for GDPR programmes across business functions, the level of impact they expect the Regulation to have is not uniform. Most exposed are the two areas where personal information gets stored - data management - and deployed - CRM. In these two functions, 60.4 per cent and 57 per cent anticipate very significant impact respectively. Close behind come legal (52.9 per cent) and marketing (49.5 per cent) as might be expected,

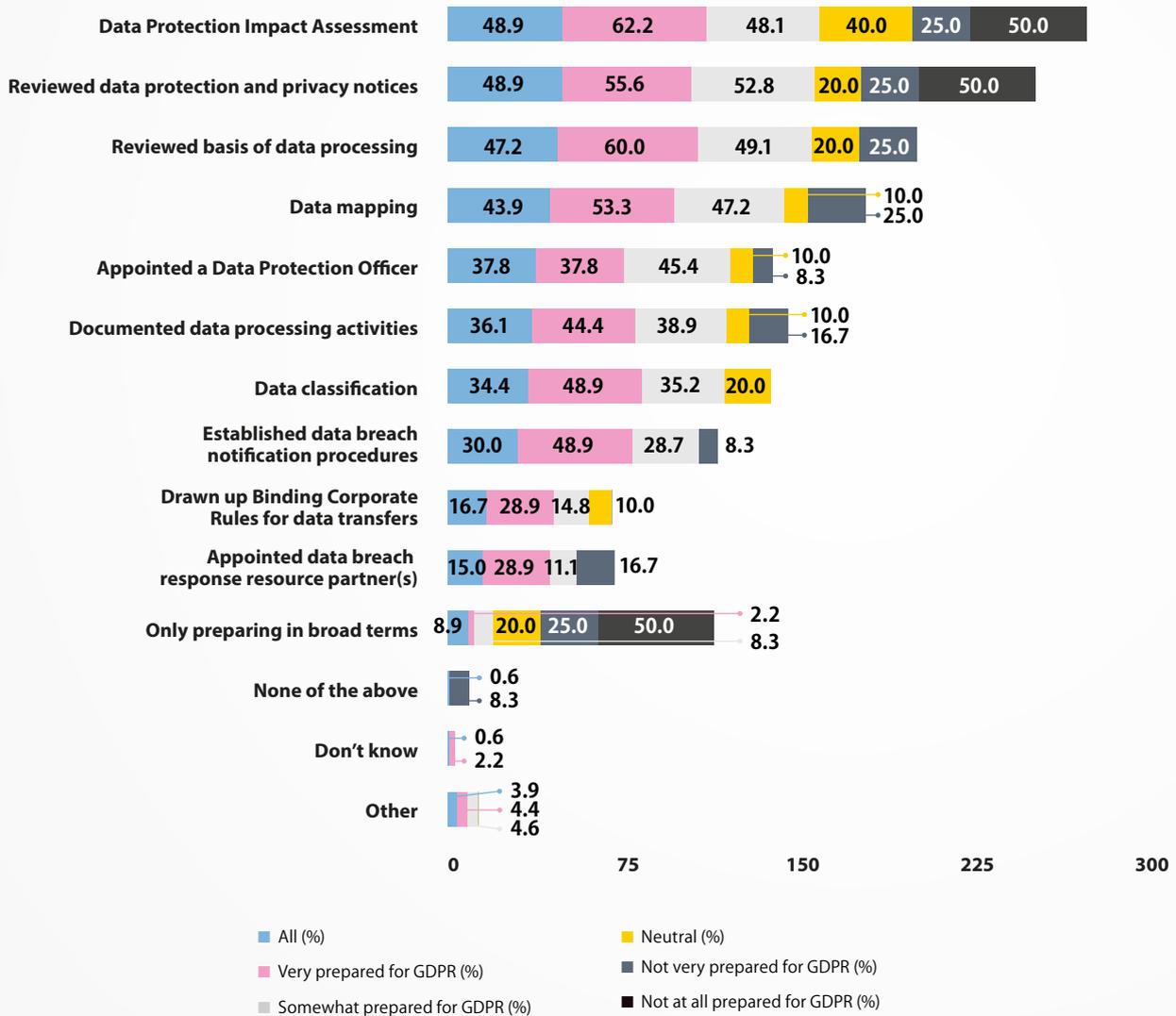
since these are in the front line of executing GDPR for their organisations.

It is notable that seven out of ten respondents denied the possibility that GDPR would have no impact at all on any departments. Only finance is expected to see little or no impact by a bare majority of companies (53.1 per cent compared to 46.8 per cent who anticipate a lot or some).





4.3 - Activities undertaken for GDPR readiness



Just as the range of business functions that need to be involved in a GDPR programme is broad, so the suite of activities such a programme needs to contain is wide. While there is to some extent a logical sequence for these, organisations have followed their own strategy. Nearly half (48.9 per cent) have completed Data Protection Impact Assessments, rising to 62.2 per cent of those who are very prepared. A similar number have reviewed their privacy notices, with 55.6 per cent of the very prepared already having completed this activity. This will put them on the front foot with consumers as they start to look for evidence that

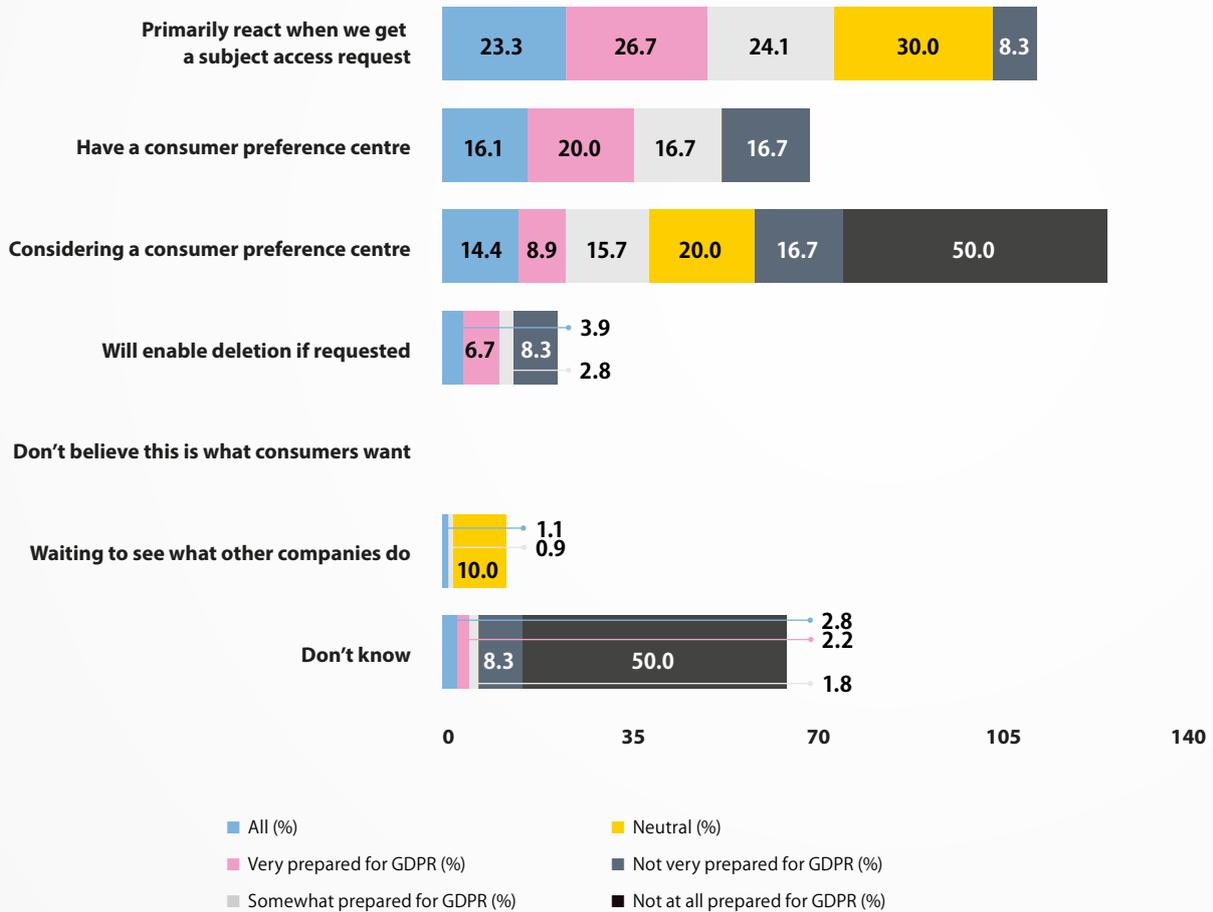
organisations are respecting their new rights.

More complex requirements are being left on the back burner, with Binding Corporate Rules for international data transfers only having been completed by 16.7 per cent overall, although nearly twice that number (28.9 per cent) among the very prepared have put BCRs in place. With much resting on whether the UK wins an adequacy ruling for its data protection laws in the event of Brexit, these organisations could find themselves extremely well cushioned against the shock which others are likely to experience.





4.4 - Businesses providing data access and amendment rights



Enabling new consumer rights is the end-point for GDPR programmes. Yet nearly one quarter (23.3 per cent) of organisations are storing up trouble for themselves as they will be reactive to subject access requests, rather than getting ahead by deploying customer-focused services like a preference centre - only 16.1 per cent have already put one in place.

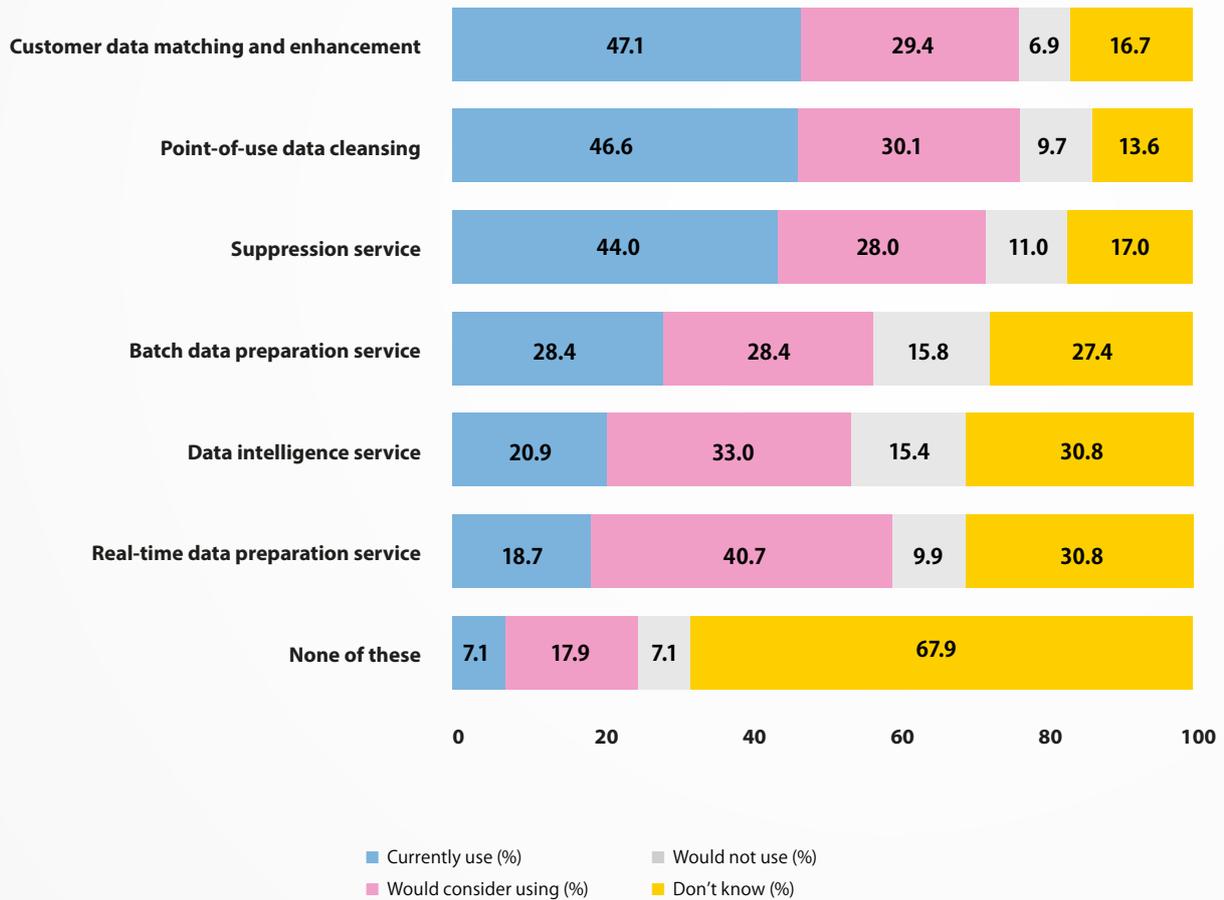
At least a further 14.4 per cent are considering this type of solution.

It is reassuring that no respondents said they don't believe consumers want access and amendment rights to their personal information. With 53.7 per cent of consumers saying it is up to them to tell companies if something changes in their data, this makes it likely they will want to be able to do this for themselves.





4.5 - Processes using or considering to keep data accurate for GDPR



Article 5.1 (d) of GDPR mandates that personal data should be kept up-to-date and accurate, with reasonable steps taken to rectify inaccuracies. Over four in ten organisations are already using data matching, point-of-use cleansing and suppression. By the time those who are considering these services put them into action, three quarters will have appropriate processes running.

The most notable shift that could take place is from batch data preparation, which 28.4 per cent already use, to real-time solutions, which 40.7 per cent would consider. By deploying data enhancement in a live environment, it would bring data processes in line with digital channels where data is dynamic and also more visible.





04

Methodology

Research for this series of whitepapers was carried out in two parts.

Consumer research was commissioned by DataIQ from Research Now in 2016, 2017 and 2018 among an online panel representative of the UK population. All respondents were aged over 18, UK residents and were served a self-completion questionnaire. A total of 1,000 surveys was completed in 2016, 1,001 in 2017 and 1,005 in 2018.

Business research was conducted via a self-completion questionnaire served online to members of the DataIQ community. In 2018, this generated 180 responses, while the same survey in 2017 generated 212 responses and in 2016 187 responses.





About Experian

Experian unlocks the power of data to create opportunities for consumers, businesses and society.

At life's big moments - from buying a home or car, to sending a child to university, to growing your business exponentially by connecting it with new customers - we empower consumers and our clients to manage their data with confidence so they can maximise every opportunity.

We gather, analyse and process data in ways others can't. We help individuals take financial control and access financial services, businesses make smarter decisions and thrive, lenders lend more responsibly, and organisations prevent identity fraud and crime.

For more than 125 years, we've helped consumers and clients prosper, and economies and communities flourish - and we're not done. Our 17,000 people in 37 countries believe the possibilities for you, and our world, are growing.

We're investing in new technologies, talented people and innovation so we can help create a better tomorrow.

Learn more at www.edq.com/uk/gdpr



About DataIQ

DataIQ aims to inspire and help professionals using data and analytics intelligently to drive business performance across their organisation and in every industry sector.

Specifically, DataIQ helps business professionals to understand the benefits of adopting data-driven strategies, develop compelling business cases, implement best practice, ensure they comply with data regulation, and understand how to use the latest tools and technology to deliver sustained business improvement.

DataIQ achieves this by providing essential insight, help and know-how from proprietary research, analysis, best practice and comment from industry leaders and data experts. All made easily available through high-quality events and digital channels.

Our unique community of business decision-makers and influencers - working across functions in FTSE 100, large and mid-market organisations - is growing rapidly as a consequence of this unique focus. Importantly, DataIQ provides the bridge for ambitious vendors, agencies and service providers to influence this hard-to-reach and unique community.

DataIQ is committed to championing the value of data-driven business and best practice through focusing on the success stories of data-driven professionals with initiatives including the DataIQ 100 and DataIQ Awards, plus many other events and programmes. We contribute actively to trade and government bodies, including the DMA, IDM, PPA, techUK and UKTI.

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