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Capgemini Consulting report reveals consumers strongly skeptical of retailers' data privacy initiatives

Report demonstrates that retailers are struggling to understand where personalization ends and privacy infringement begins

Paris, 21 October 2015 – Capgemini Consulting, the global strategy and transformation consulting arm of the [Capgemini Group](#), today published a new report, “*Privacy Please: Why Retailers Need to Rethink Personalization*,” which reveals that consumers worldwide are strongly negative about retailers’ privacy initiatives.

The report is based on a social media sentiment analysis of over 220,000 conversations over six months and covering 65 large global retailers that collectively generate revenues of over a trillion dollars. It uncovers the drivers of positive and negative consumer sentiment linked to personalization and privacy initiatives worldwide, highlighting the current paradox that exists between the two. Key findings from the report include:

- **Consumers worldwide are strongly dubious of retailers’ privacy initiatives:** 93 percent of all consumer sentiment on this subject was negative
- **Security and invasion of privacy are key data issues:** The report finds that the main factors contributing to negative sentiment are data security (76 percent) and intrusive behaviour by the retailer (51 percent). Consumer skepticism grew when trigger incidents occurred, including updates of privacy policies during mergers and acquisitions, or regulatory inquiries into a retailer’s violation of data security policies
- **Data collection slips into intrusion:** Technology perceived as intrusive was met with high suspicion, including in-store traffic monitoring (84 percent negative) and facial recognition (81 percent negative)
- **Personalization initiatives have been received largely positively across the globe:** The report indicates that 80 percent of all consumer sentiment on personalization was positive globally. But there are some discrepancies across regions – North America is positive about retailers’ personalized offers, while Europe displays a mixed sentiment.
- **Striking the balance between privacy and personalization eludes most:** Only 14 percent of retailers are perceived positively by consumers on both personalization and privacy initiatives. A significant number of brands actively antagonized consumers, with nearly 29 percent of retailers leaving consumers dissatisfied with both their personalization and privacy initiatives, largely due to intrusive loyalty programs, excessive promotional mails, poor in-store service, or confusing opt-in/opt-out instructions

Kees Jacobs, Global Consumer Products and Retail Consumer Engagement Lead for Capgemini, said: “*The deluge of hacks on retailers’ data and misdirected personalization initiatives are having a dramatic effect on*

consumers' trust. The advent of digital shopping and big data analytics promised a golden age for retailers, but many of the world's largest brands are finding the reality of safeguarding and properly utilizing this precious information very challenging. Capgemini is supporting the work, in collaboration with world leading retail companies and The Consumer Goods Forum, on a defined set of Consumer Engagement Principles that provide guidelines and best practices to safeguard against such issues and help maintain consumer trust."

Blend of trust, transparency and consumer control over data imperative to customer experience

The research offers insight into why retailers need to address associated privacy and personalization challenges, including the importance of being transparent with how and when they will use customer data. Additionally, the report sounds a note of caution over the correct use of technology in the process, acknowledging that while it is a key enabler, algorithms alone are not sufficient to differentiate between pieces of data, determine the context and then tailor offers and initiatives accordingly – an element of human intervention is required.

For more information and a link to the complete paper please visit:

<https://www.capgemini-consulting.com/privacy-vs-personalization>

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