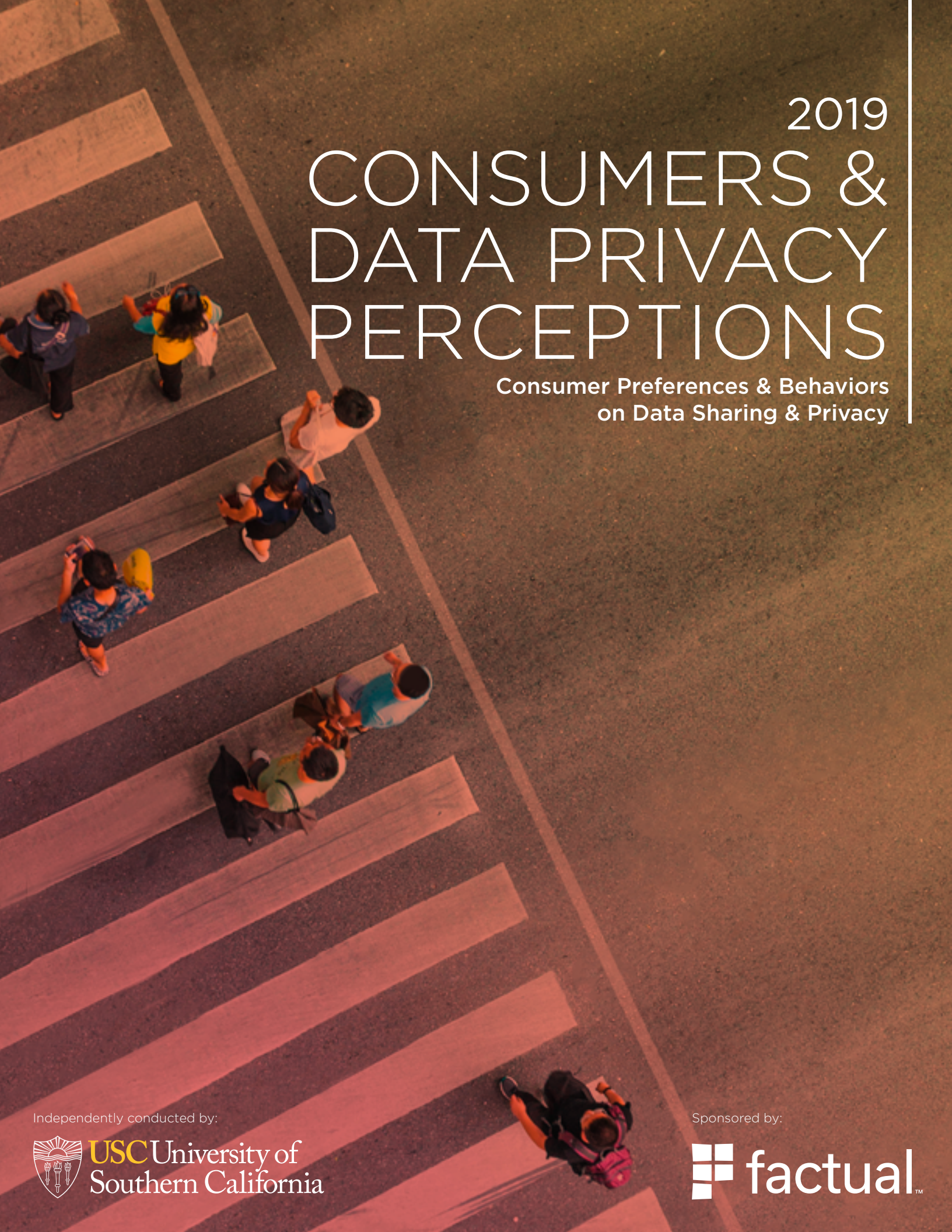


2019

CONSUMERS & DATA PRIVACY PERCEPTIONS

Consumer Preferences & Behaviors on Data Sharing & Privacy

Independently conducted by:

USC University of Southern California

Sponsored by:

factual™

Introduction

In today's increasingly-connected world, consumers are more aware than ever that data is generated, collected, and used to shape their experiences in both the digital and physical worlds. At the same time, there is a general sense of confusion and uncertainty about what goes on behind the scenes to enable these experiences. We're also living in a time when roughly half the population grew up with the internet, while it was introduced to the other half later in their lives, leading to generational gaps in understanding and the usage of data.

We wanted to get a sense of where consumer understanding lies when it comes to data, privacy, and its usage for marketing purposes, particularly those involving location. Location remains a powerful and important data source within marketing strategy, bridging the gap between consumers' online and offline worlds. It is foundational to improving experiences we've come to rely on, but do consumers know that? And, do they care?

Factual turned to the University of Southern California, MS in Applied Psychology Program (USC MAPP) to explore consumer sentiment and behavior around data privacy and the use of data, including for the personalization of data-driven advertising and products.

Factual commissioned USC MAPP to gain insight into the following:

- *What are consumers' overall sentiments toward data privacy? What are their main concerns?*
- *How much do consumers understand about how data (particularly location data) is used and collected?*
- *What does personalization mean to consumers, and are they willing to share data for increased personalization of products and services?*
- *What, if anything, would encourage consumers to be more willing to share data, and which types of data are they most willing to share?*

To answer these questions, we surveyed 1,002 smartphone users between the ages of 18-65 in the United States.

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Summary of Key Findings



- Younger generations (Gen Z and Millennials) are generally less concerned about data privacy and more willing to share data, especially if it will benefit them with improved experiences.
- The biggest data privacy concerns center on fraud and harm - identity theft and stolen passwords top the list of consumer anxieties.
- Consumers understand and accept that location data is used for marketing purposes, but they don't understand the ways in which that data is actually used.
- Consumers prefer personalized experiences, especially on the social platforms where they spend a lot of time, but also claim they're least comfortable sharing data with the companies that run those platforms.
- If consumers know the benefits they'll receive by providing their data and trust that the data will be protected, they're more willing to share it.

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Data and Privacy: Consumer Perceptions and Concerns

YOUNGER GENERATIONS ARE LESS CONCERNED ABOUT DATA PRIVACY THAN OLDER GENERATIONS

While the majority of consumers surveyed stated they have at least some concerns around data privacy, 20% aren't worried, 6% aren't concerned at all, and 14% are neutral on the issue.

Comparing generationally, Gen Z and Millennials are less concerned about data privacy than Gen X and Baby Boomers, indicating that younger generations may have a better grasp on what data they're sharing and how it's being used.

Are you concerned about data privacy?

	Gen Z	Millennials	Gen X	Baby Boomers	Total
Not concerned at all	9%	9%	6%	2%	6%
Slightly concerned	20%	25%	20%	16%	20%
Neutral	18%	16%	12%	8%	14%
Somewhat concerned	25%	22%	28%	26%	25%
Very concerned	28%	29%	35%	47%	35%

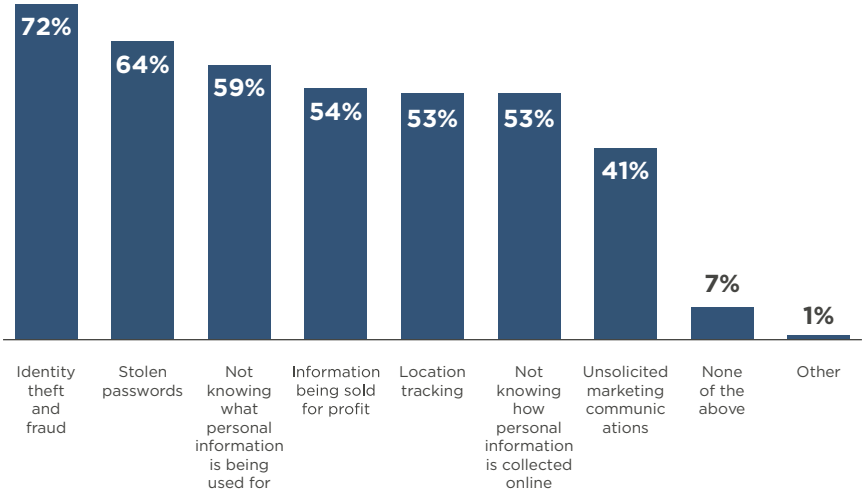
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CONCERNS CENTER ON IDENTITY THEFT AND STOLEN PASSWORDS

Digging into what constitutes concerns about data privacy, consumers listed identity theft/fraud and stolen passwords most often. Generational differences aren't a factor here – the top two concerns for every generation were fraud and stolen information.

If you have concerns about data privacy, what are they?



What do consumers consider personal information? Home address and phone number top the list, while online or mobile browsing habits landed at the bottom.

What do you consider to be personal information?

1. Home address
2. Phone number
3. Birthdate
3. Location data
5. Email
6. Name
7. Messages sent via messaging apps
8. Work address
9. Online or mobile browsing habits
10. None of the above

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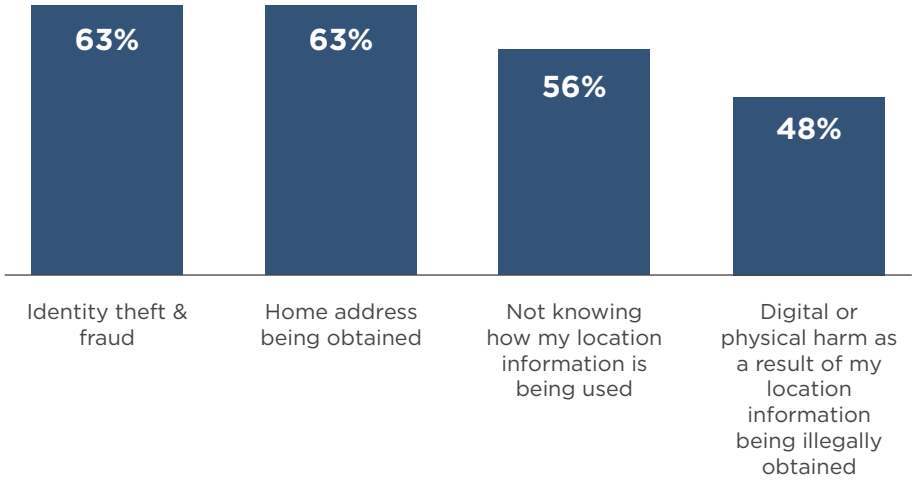
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LOCATION DATA-SPECIFIC CONCERNS CENTER ON ADDRESSES, FRAUD, USAGE, AND HARM

We took a deep dive on one attribute in particular: location data. While low on the overall list of data privacy concerns, we wanted to better understand what exactly causes anxiety when it comes to location.

The main concerns consumers have about location data are their home addresses being obtained, identity theft and fraud, not knowing how their location information is being used, and digital or physical harm as a result from their location information being illegally obtained.

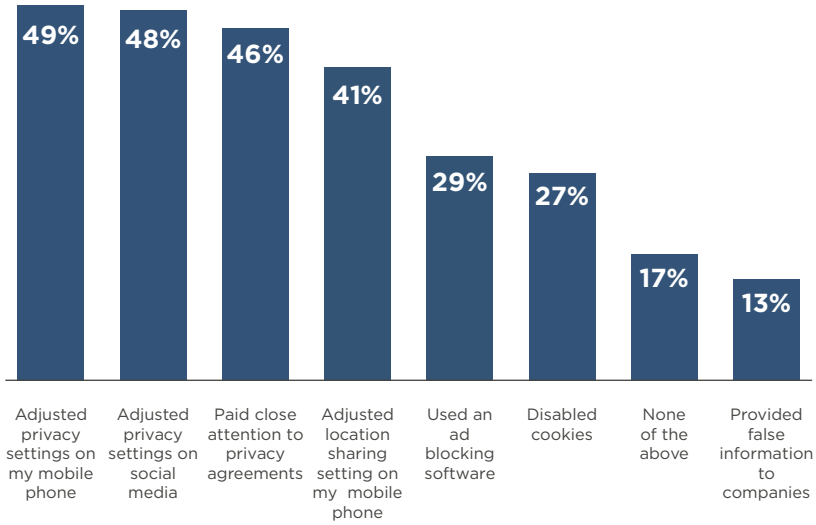
If you have concerns about location data, what are they?



CONSUMERS TAKE CONTROL BY ADJUSTING SETTINGS AND KEEPING A CLOSE EYE ON POLICIES

Consumers are taking control of their data privacy in a variety of ways – by adjusting privacy settings on mobile phones and on social media, as well as taking personal measures like paying closer attention to privacy agreements.

In the past 12 months, I have...



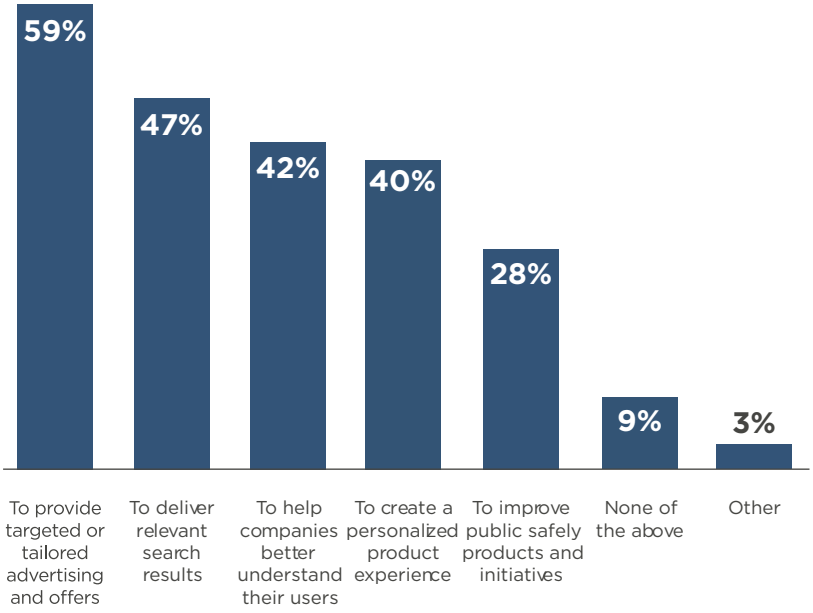
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Data and Personalization

Data is everywhere, with more being created and shared every moment of every day. We wanted to better understand how aware consumers are of the ways in which their data – particularly location data – is actually being used by the companies and brands that have access to it. Do they understand the ways it is used to enhance their online experiences, or do they assume it is collected and used for other purposes?

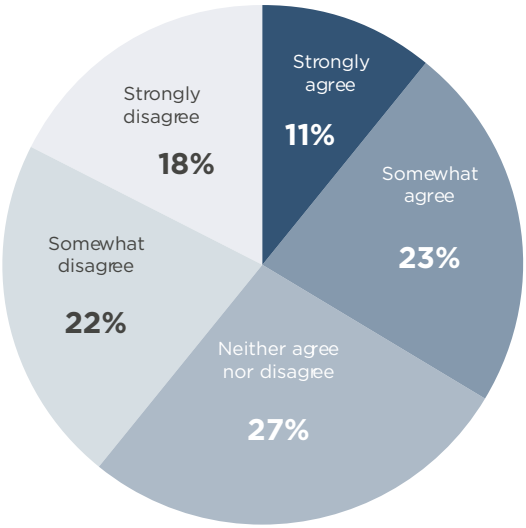
How do you think your location data is used?



LOCATION DATA USED FOR MARKETING IS ACCEPTABLE TO MOST

The majority of respondents understand location data is used to provide targeted or tailored advertising and offers, and the majority are OK with it. Thirty-four percent of respondents feel comfortable sharing location data for marketing purposes, and 27% are indifferent.

I am comfortable sharing my location data for marketing purposes.



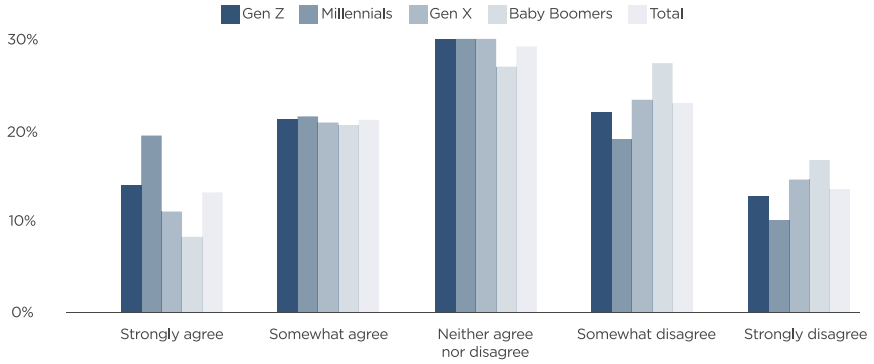
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THERE'S A BROAD LACK OF UNDERSTANDING ABOUT HOW LOCATION DATA IS USED BY BRANDS

When asked about awareness of how location data is used by brands, the most common response, across every generation, was "neither agree nor disagree." In fact, only 34% stated they were aware of how it was used. This indicates that there's a lack of understanding across the board, and more can be done to educate consumers to assuage their concerns.

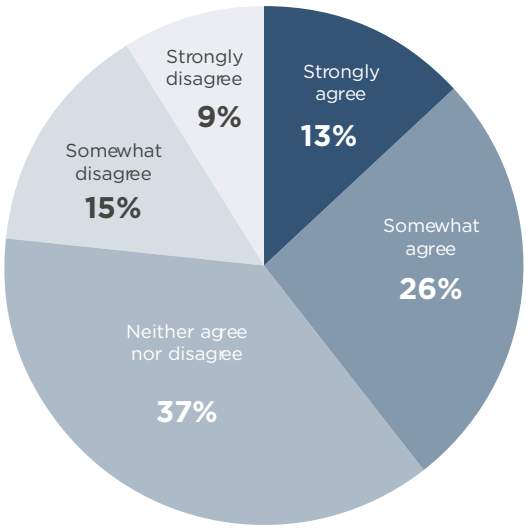
I am aware of how my location data is used by companies/ brands.



CONSUMERS WANT PERSONALIZED CONTENT, BUT THEY'RE NOT ENTIRELY SURE HOW IT WORKS. THERE'S A GAP BETWEEN WHAT THEY WANT AND WHAT THEY'RE WILLING TO SHARE, AS THEY DON'T UNDERSTAND THE BENEFITS OF SHARING DATA.

When asked if personalization improves digital experience, 39% agreed, while another 37% are indifferent. We saw the same patterns when asking if personalized content helps with product discovery, and if it demonstrates that a brand cares about their interests. While some agree, a large group for each response fell in the middle, pointing towards a general lack of understanding about how personalization (and perhaps digital experiences in general) are powered.

Personalization improves my digital experiences.



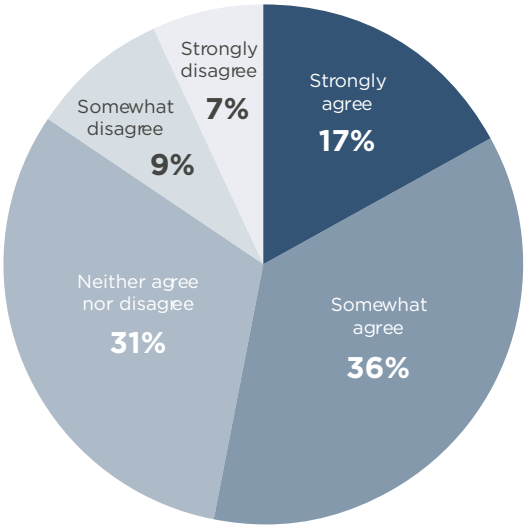
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CONSUMERS BELIEVE THAT PERSONALIZED CONTENT HELPS THEM DISCOVER PRODUCTS THEY LIKE.

Fifty-three percent of respondents agree that personalized content helps them find products/things they like, while only 16% of respondents disagree.

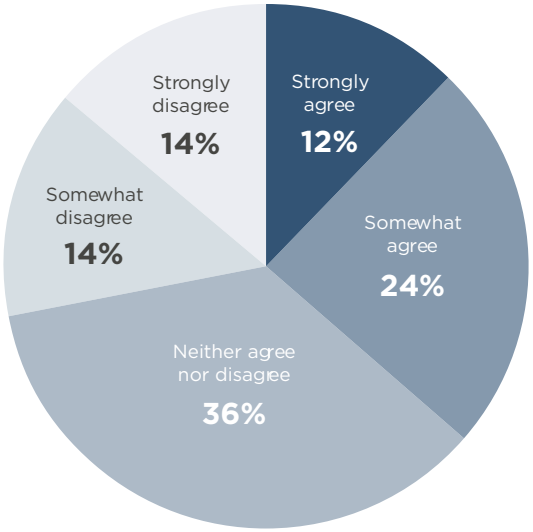
Personalized content helps me find products/ things I like.



SOME (36%) CONSUMERS BELIEVE THAT SEEING PERSONALIZED ADVERTISEMENTS SHOWS THAT BRANDS CARE ABOUT WHAT THEY WANT.

An almost equal amount of respondents are still undecided on this matter.

Seeing personalized advertisements makes me feel like the advertiser cares about what I want.



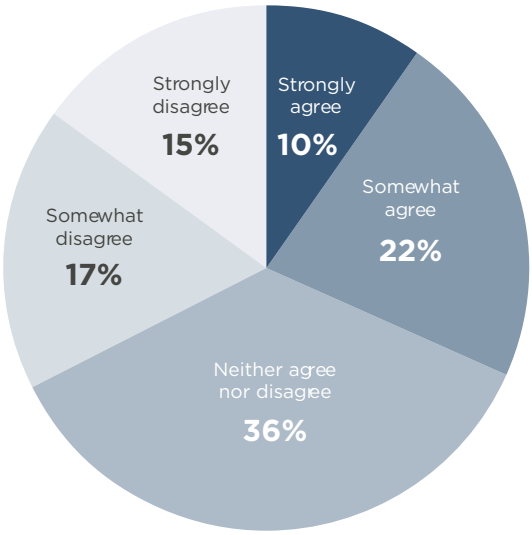
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SIXTY-EIGHT PERCENT OF CONSUMERS ARE OPEN TO SHARING INFORMATION ABOUT THEMSELVES TO RECEIVE PERSONALIZED CONTENT.

Thirty-two percent strongly or somewhat agree that they would share, and 36% are indifferent. The total number jumps to 73% for Millennials (36% agree, 37% indifferent), and 72% for Gen Z (35% agree, 37% indifferent), showing that younger generations are more willing to share data for a proven benefit.

I would share information about myself to receive personalized content.



CONSUMERS ARE MOST COMFORTABLE SHARING DATA WITH ENTERTAINMENT SITES AND APPS, AND LEAST COMFORTABLE SHARING WITH SOCIAL NETWORKING SITES.

Overall, 22% of respondents said they were most comfortable sharing their data with entertainment sites and apps (Netflix, Hulu, etc.). Navigation sites and apps like Waze and utility sites and apps, like weather or cell service provider apps, also topped the "most comfortable" responses. On the flip side, 24% of respondents said they were least comfortable sharing their data with social networking sites and apps like Facebook, Twitter and LinkedIn, followed by gaming sites and apps.

Which of the following companies would you most/least be comfortable sharing your data with?

	Most Comfortable	Least Comfortable
Entertainment Sites & Apps	22%	5%
Navigation Sites & Apps	18%	7%
Utility Sites & Apps	18%	13%
Shopping Sites & Apps	12%	4%
Gaming Sites & Apps	10%	18%
Social Networking Sites & Apps	7%	24%
Lifestyle Sites & Apps	6%	11%
News Sites & Apps	4%	7%
Travel Sites & Apps	4%	12%

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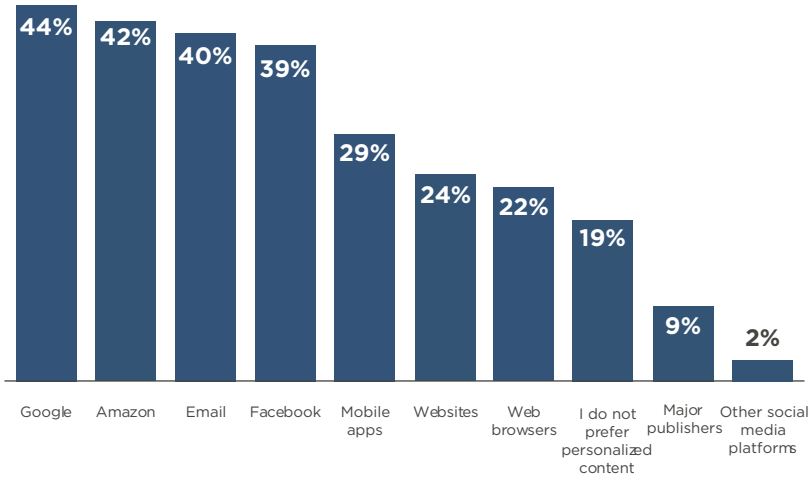
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DESPITE DISCOMFORT SHARING WITH SOCIAL SITES, CONSUMERS RESPONDED THAT THEY MOST LIKE TO SEE PERSONALIZED CONTENT ON SOCIAL MEDIA PLATFORMS.

Across all generations, consumers prefer to see personalized content on Google, Amazon, in emails, and on Facebook.

Despite claiming they're uncomfortable sharing with social sites, consumers want to see personalized content within them, which makes sense, considering they spend over an hour each day on social media. This is another indicator that the gap between understanding and application is wide and can be closed.

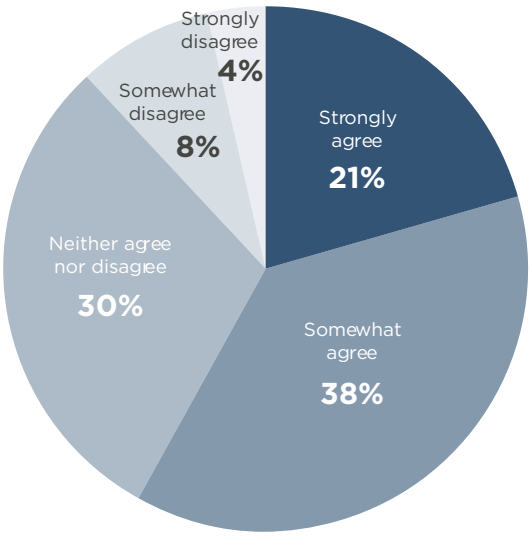
Where do you prefer to see personalized content?



WHILE CONSUMERS UNDERSTAND THAT DATA IS USED TO PERSONALIZE EXPERIENCES AND PRODUCTS, THEY BELIEVE BRANDS BENEFIT MORE THAN THEY DO.

Fifty-nine percent of respondents understand their data is used to personalize experiences and products. However, 63% of respondents believe companies and brands benefit from data collection and usage, while only 43% believe that consumers benefit.

I believe that my data is used to personalize experiences and products.

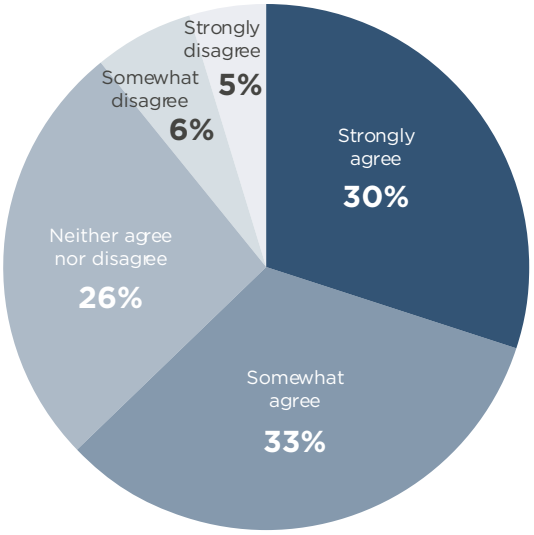


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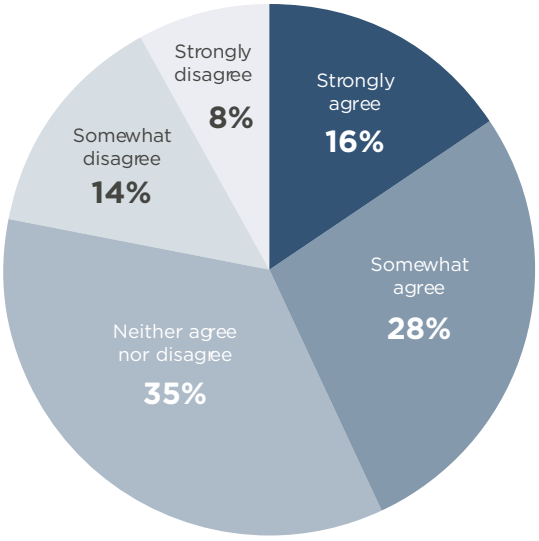
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The data shows that the current conversation around data privacy isn't doing justice to the benefits of personalization and the consumer desire for personalized content. It stems from a lack of understanding, indicating that brands, companies and service providers need to do more to educate their customers about what data is collected, and how its used to benefit them. Many companies haven't fully explained the benefits of personalization, and consumers are indicating that they're open to it, if they understand.

I believe that companies/ brands benefit from data collection and usage.



I believe that consumers benefit from data collection and usage.



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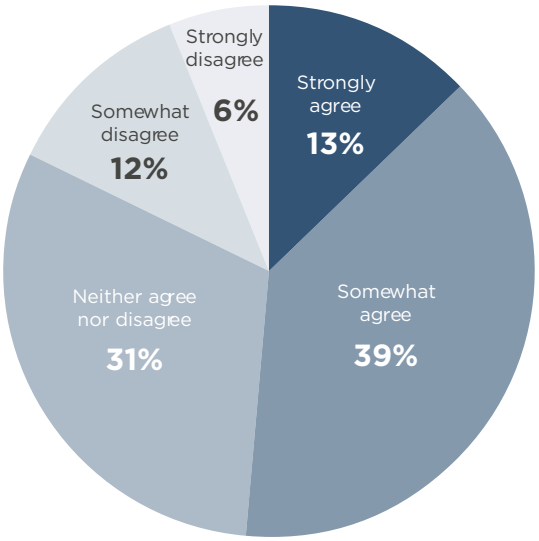
Data and Distribution: What and Where will Consumers Share?

In addition to understanding how willing consumers are to share data with different types of companies, we also wanted to uncover the motivations behind sharing, and what encourages them to share.

CONSUMERS ARE MORE WILLING TO SHARE DATA WHEN THEY KNOW WHAT THEY'RE GETTING IN RETURN.

Eighty-three percent of respondents are either open or neutral in their opinion about sharing data with companies if the link between the data shared and the benefits provided to them are clear.

How willing are you to share data with companies knowing that the link between the data shared and the benefits provided are clear?



CONSUMERS WILL SHARE DATA WHEN THEY KNOW IT'S PROTECTED.

Respondents indicated that they are willing to share data with a company if they trust the organization, know that their PIN/passwords are protected, know how their data is protected, and know specifically what their data is used for.

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Please rank the following in terms of what would make you willing to share your data with a company.		
	Most	Least
If I trust the organization.	18%	5%
If I know that my PIN/passwords are protected.	18%	6%
If I know if and how data is protected.	13%	4%
If I know what specifically my data is used for.	12%	5%
If it is a well-known company/brand.	8%	8%
If the terms and conditions were explained simply.	7%	5%
If I can get free services and products in exchange for sharing my data.	6%	14%
If my friends/family recommended them.	6%	13%
If it is a brand or business I have purchased something from.	5%	10%
If I receive advertising that are of interest/relevance to me.	4%	16%
If it helps provide shopping recommendations.	4%	15%

Consumers are more willing to share data with companies with name recognition, even though they're not always certain of how the data is being used. Brands and companies – well known or not – can and should do more to inform consumers of what's being collected and how its being protected to earn their trust and benefit them with data-driven products and experiences.

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Younger Generations are More Data Savvy

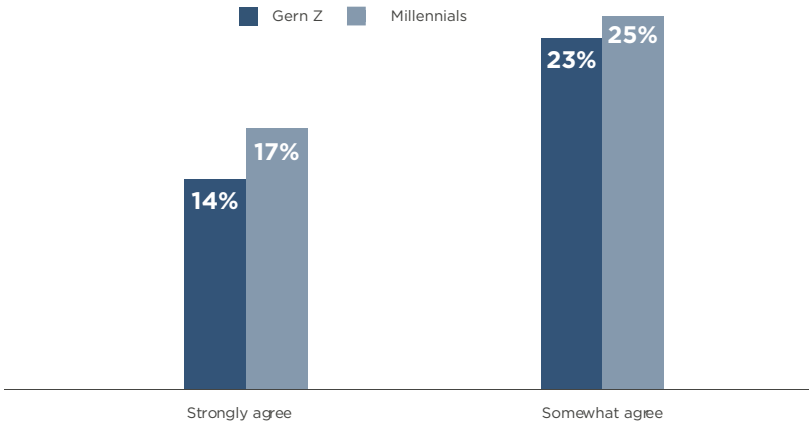
Considering these responses as a whole, the younger generations (Gen Z and Millennials) are generally more savvy when it comes to data. They are less concerned about data privacy, more aware of its collection and usage, and more comfortable with sharing it, especially for personalization. They've also taken action to increase privacy settings and protections. Those who are concerned are actively protecting themselves.

Are you concerned about data privacy?					
	Gen Z	Millennials	Gen X	Baby Boomers	Total
Not concerned at all	9%	9%	6%	2%	6%
Slightly concerned	20%	25%	20%	16%	20%
Neutral	18%	16%	12%	8%	14%
Somewhat concerned	25%	22%	28%	26%	25%
Very concerned	28%	29%	35%	47%	35%

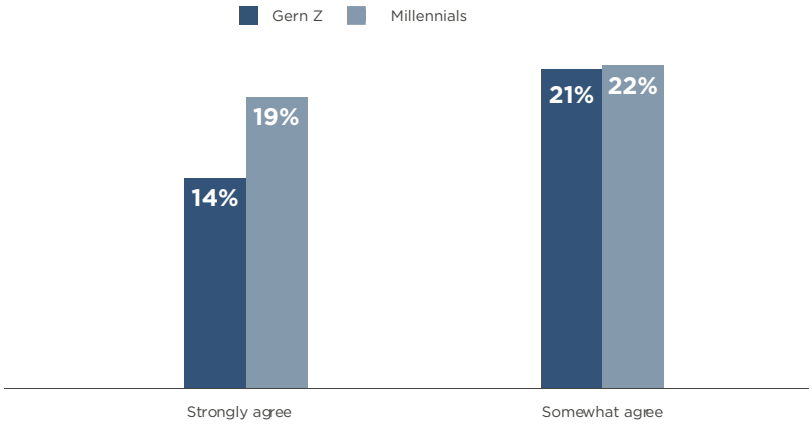
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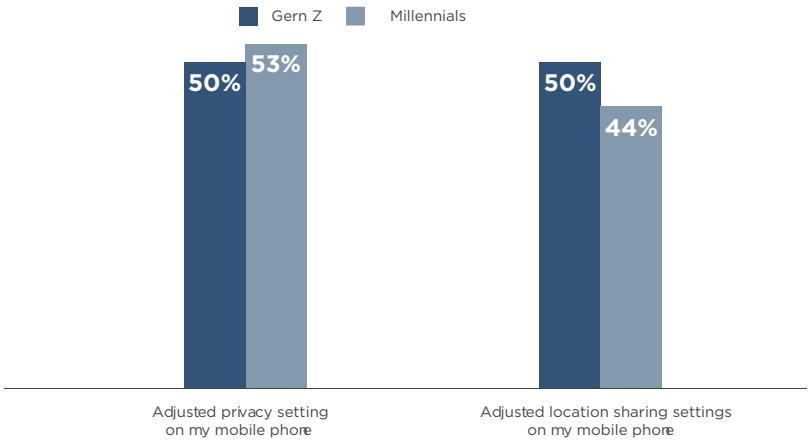
I am aware of how my location data is collected by companies/ brands.



I am aware of how my location data is used by companies/ brands.



In the past 12 months, I have...



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Conclusion

While there may be some fear, uncertainty and doubt about data and privacy in the media, this research indicates that it lies most with older generations who didn't grow up using technology and may be reluctant to allow it into their lives now. Brands should consider their audience and deliver content and messages that take into account these generational gaps.

Our core learning is that data, including location, can reveal a lot about a consumer's preferences, but it works best when it's desired. And it is desired – consumers have indicated that they do want personalization, which is why consumer control is key. The more understanding and control a user has over their data collection and usage, the more willing they'll be to share and engage with those who employ it.

By educating consumers with more explanations and offering data controls, marketers will benefit from high-quality data that leads to better results.

Methodology

Factual commissioned USC Dornsife to design and conduct a study about consumers' attitudes and behaviors toward data privacy and the use of both personal and location data, including for the personalization of data-driven advertising and products. Between March 26, 2019 - April 11, 2019, 1,002 smartphone owners between the ages of 18-65 completed the online survey. Participants qualified for the study if they use digital services and/or platforms on mobile devices at least once a week.

The survey was hosted by Quantcast. Tests of significance were conducted at the 0.5 level.

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ABOUT FACTUAL

Factual is a location data company that helps marketers and their organizations use location to better understand, reach and engage consumers.

Location data is key to driving smarter business decisions for marketers and brands. Our world is now mobile, computing is everywhere, and the power of location data helps companies to provide personalized, relevant experiences for their audiences.

Customers use Factual's insights, targeting, measurement, and data enrichment products to build and execute digital advertising strategies, understand audiences, measure success, and support innovative business solutions.

Factual's clients and partners include several billion-dollar companies such as Apple, Facebook, Uber, Snap, Google and Microsoft, to name a few. Factual data is used by more than 6,000 leading brands around the world, including all 50 of the top national advertisers (per AdAge). Its data is integrated within most major marketing platforms which together represent more than 80% of all programmatic spend.

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