



The TRUTH

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PRIVACY

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THE TRUTH ABOUT PRIVACY

<i>Introduction</i>	3
I. Brave New World Of Sharing	4
II. The Rise Of The Savvy Shopper	7
III. The Privacy Equation	12
IV. Advice For Brands: Think Like A Bank	14
<i>Summary</i>	18
<i>Epilogue: Is The Future Of Privacy Approaching From The South?</i>	19

INTRODUCTION

As technology makes our world more transparent, handling customer data is both a risk and an opportunity for businesses. While the foremost concern must be to protect the data and privacy of customers, a smart data strategy also encourages responsible sharing of relevant data, benefiting both the brand and the consumer.

How do you know if you are being both safe and smart with customer data? What is the truth about privacy concerns online? What kinds of data are we most concerned about? What does privacy actually mean to the average person around the world? How can businesses cultivate responsible sharing with their consumers and within their category?

Combining a 6,525 person quantitative study conducted in the US and five other markets and qualitative research from twelve markets, the **Truth About Privacy** study has yielded truths to answer these questions and countless more.

Quantitative research conducted in US, UK, Hong Kong, Japan, India and Chile.

Qualitative research conducted in US, UK, Hong Kong, Japan, India, Chile, Thailand, Malaysia, Indonesia, Australia, Belgium and Italy.

I A BRAVE NEW WORLD OF SHARING

It is clear that consumers are thinking about the changing nature of personal privacy. Indeed, it is the second most worrying issue among seven global concerns. 70% of people worry about the erosion of personal privacy, while 78% worry about a further global financial crisis.

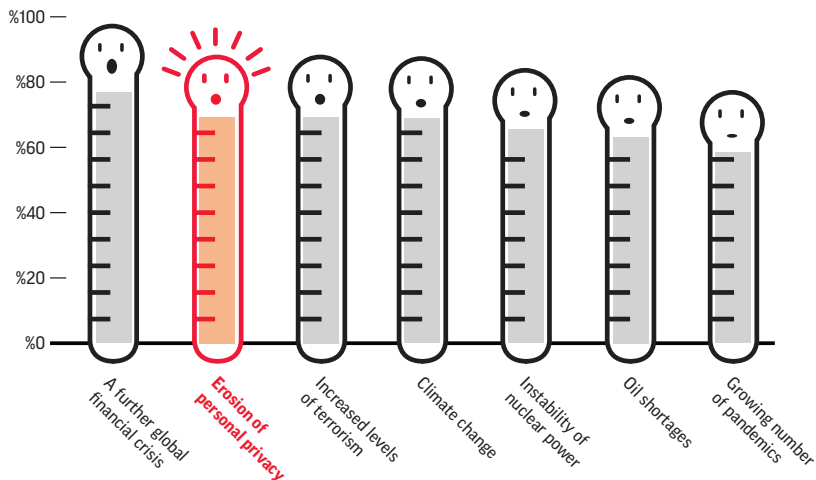
With so much at stake, smart businesses need to know the Truth About Privacy.

The rise of social media has fundamentally altered the nature of what's private or public. Globally, 75% agreed that "people share far too much personal information online these days." Whether it's a celebrity or friend, we all know someone who has tweeted about the intimate

details of their divorce or uploaded an ultrasound image of their bundle of joy, things people would never have shared publicly in the past. One Chilean we spoke to summed it up best saying, "Privacy is not the same anymore."

To what extent does each of these things worry you personally?

% selecting "worries me a great deal" or "somewhat worries me"



Four forces shaping privacy

Four forces are shaping the new privacy norms. Technology's ascendance, omnipresent celebrities, the end of embarrassment, and the role of social networking in civic life are all pushing us into a brave new world of sharing.

Technology's ascendance: Asked for their spontaneous associations with the word 'privacy' in our groups, the first words that came to mind for our respondents were all related to technology. Technology has created a more fluid and borderless world. As one younger person from the US said, "You put your info in a little lake, and then it goes into a river and then it goes into the ocean." Unlike the real world it's harder and harder to see where the 'edges' are which makes it harder to give consumers a sense of control over their own data.

Omnipresent celebrities: Celebrities have raised the bar for what is and isn't acceptable to share in public. The name Kim Kardashian seems more likely associated with a focus group about fragrances or luxury products. But in our groups, the name was associated with changing privacy norms. Celebrities like the Kardashians have capitalized on Twitter and other social media trends, sharing their lives more than ever before with their fans. Now anyone can become a celebrity if they just tweet enough!

The end of embarrassment: With so much being shared, it's much harder to actually be embarrassed about something these days. Many in our groups wondered why politicians or stars caught making risqué tweets or texts were often trying to cover their actions. As one person noted. "Everything is hanging out...so why should I be embarrassed about, you know, anything?" How many of us have overheard (or had) a private conversation in public on a cell phone?

The role of social networking in civic life: The most overwhelmingly positive aspect of this networked world is the increased sense of connection associated with online sharing. Social networks have become the new place to gossip, to have a rant, and to get important news about your friends, family and community. While for some a shift towards a digital village may be alienating, for many others it's brought them closer to friends and family who live far away. For many, including older consumers, it has brought a renewed sense of connection with civic life.

All of these factors ensure that there is less and less of a clear separation between public and private. More and more we seem to be asking ourselves: What is appropriate to share and what should we hold close? Further, what is it appropriate to search about others?

Our research suggests that searching and snooping is becoming more commonplace. Lately it's actually become quite normal for us to find out excessive amounts of information about a casual acquaintance or someone we hardly know, simply because that information is out there. While only 1 in 10 admit to the old-fashioned snooping of reading someone's diary, many more have used technology to learn about the lives of others. 40% of people say they've looked at the online photographs of people they hardly know.

As a young respondent from Australia commented, "I've stalked people on Facebook, everyone does."

In a world where more and more people are searching for information about us online, we need to devote more time to managing our online brand (or multiple online brands). People describe needing to separate the 'virtuous

me' that is suitable for family and employers (no drunken party pics) from the 'popular me' which we must project to friends and social acquaintances that we seek to impress. Some even resort to anonymity to protect their identity from unwelcome snooping.

As online identity and privacy becomes a more complex business and at the same time more brands seek to interact with their customers online, it begs an important question: Which version of your customer are you interacting with today?



II THE RISE OF THE SAVVY SHOPPER

We know that privacy is an issue that worries consumers, but some aspects of privacy are far more worrisome than others. Globally, consumers have two prime concerns about privacy...

1. The security of their finances 2. The security of their reputation

Financial security often feels challenged by the brave new world of sharing. The fear of being hacked is universal, as are the associated fears of bank account and identity theft. In the US there was particular sensitivity to credit scores and ID theft because of the potential for wide-reaching consequences. One young American said, "When it comes to my finances...your credit score and your ID are the only things you have to show you're a credible person."

Perhaps this is why many people would rather someone break into their house than hack into their bank details. When confronted with a list of possible bad scenarios involving loss of personal privacy, over one-third (36%) of people said having their bank details stolen was the worst outcome.

The brave new world of sharing has also challenged the security of people's reputations. Errant (or false) posts online can cause loss of face, jobs, or relationships. These reputational fears are viewed as irreparable in some markets, particularly in Asia. A younger Indian noted that she didn't want old pictures to pop up without her authorization online. "I don't want anyone to question my character," she said.



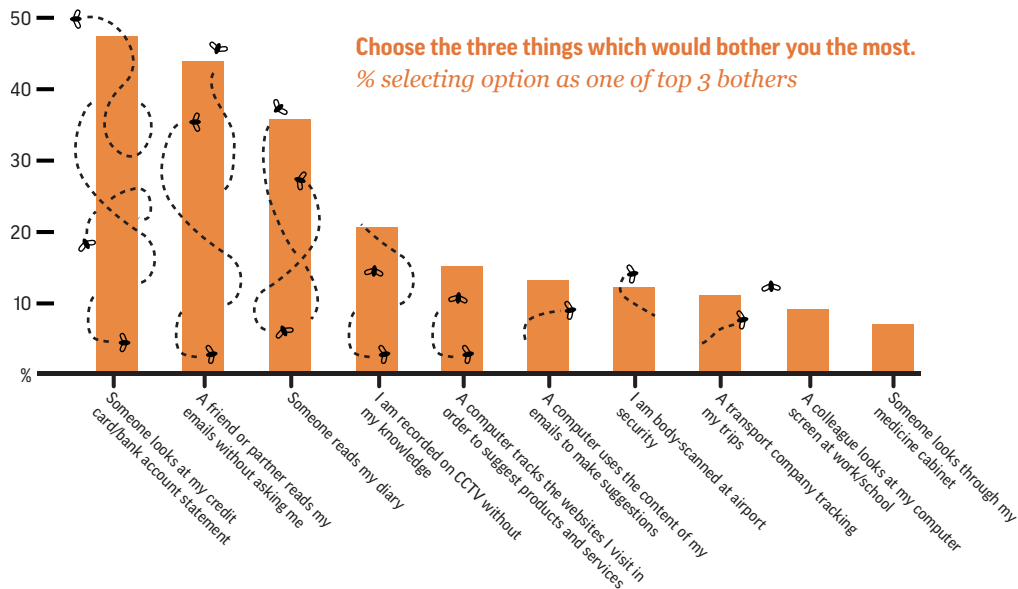
In fact, if we look at the hierarchy of consumer concerns around privacy we can see that the fears associated with activities that affect financial security or security of reputation (i.e. snooping) are at the top of the pile.

Interestingly, issues like CCTV cameras and interest-based advertising, when viewed in context, are seen less as privacy violations and more as a 'normal part of life these days.'

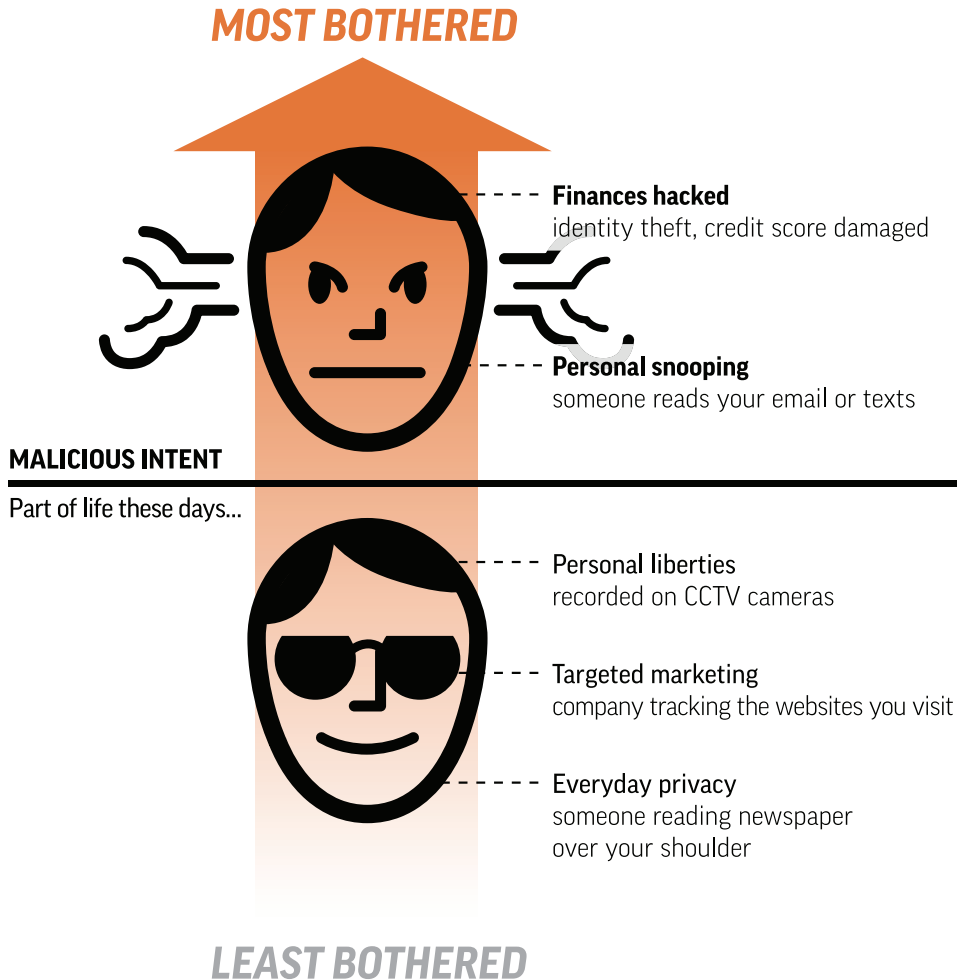
When we look specifically at the issue of interest-based advertising—a common practice in this age of digital data collection—we find that most people claim to be aware that they are seeing targeted ads online. A majority (65%) expressed awareness about companies tracking websites and recording personal preferences for marketing. Almost half (44%) were aware that free email programs are often analyzed for interest-based advertising.

Many in our groups expressed positivity towards interest-based advertising, stating that they would rather see ads that interested them than 'random' advertising which was completely irrelevant to them.

The savviest consumers actually 'game the system' for their own ends. One man in the USA casually used his Google email account to get quick recommendations on an appliance he was looking to buy! "I was interested to see what the marketers would have in terms of that appliance," he said, mentioning that he was waiting for appliance ads to then appear on the Gmail ad banner of his 'sent' folder.



It's all a matter of intent...



But of course, not all consumers are as equally savvy

Looking at consumers globally, we were able to identify five groups of consumer based on their attitudes towards privacy.



The largest group, the Savvy Shoppers, embodies the data trade-offs necessary in this brave new world of sharing. This group, 37% of the global population (also 37% of the US population), is willing to engage with businesses, but wants to see safeguards such as security certificates and to receive something in return such as discounts.



15% of the global population (9% of US), Eager Extroverts are defined by their love of mobility and sharing through social media. Their constant sharing has its downfalls, though, as they worry that someone might denigrate them online, leading to a sour reputation among friends, partners, or employers.



At 20% of global consumers (11% of the US), the Sunny Sharers is the second largest group of consumers. This optimistic group is able to see the positive outcomes associated with sharing data. They are connecting and engaging in order to get the best experience and recommendations possible. They are mindful about sharing information that could damage their finances or reputation, but they won't let this stop them from sharing almost everything else.



The smallest group of consumers, 9% globally (7% of the US), is the Cautious Communicators. This group is defined by their pronounced dislike of mailings, messages and other forms of frequent contact. While not particularly worried about the erosion of personal privacy, this group is the least likely to sign up for company newsletters and offers and express a strong desire to know exactly how their data will be used.

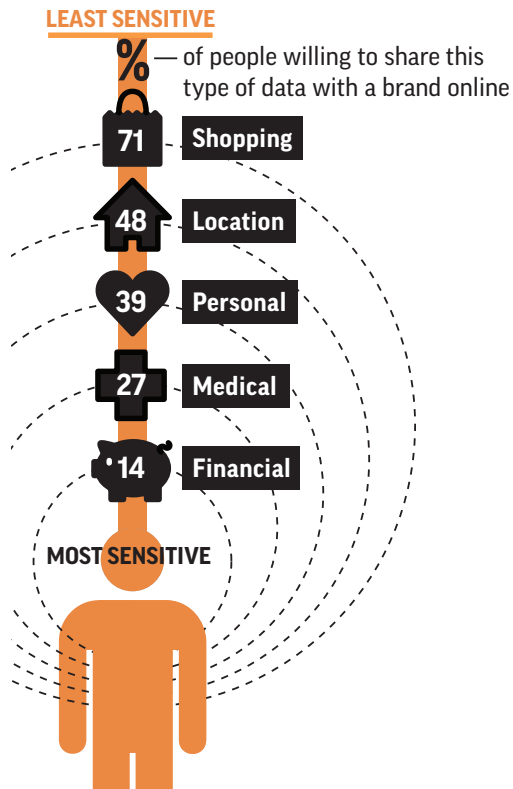


The final group is the most private. 19% of global consumers (36% of US) are Walled Worriers. Walled Worriers are also the most sensitive to perceived invasions of privacy. Although this group harbors a mistrust of businesses, they're not that resistant to receiving news or offers through email. They do, however, require assurances that data collection is minimal and won't be shared with third parties.

The benefits of sharing

The dominance of Savvy Shoppers (and Eager Extroverts and Sunny Sharers) means that globally 86% understand that there are major benefits associated with sharing data with businesses online.

For the majority (65%) one of the top two benefits is better access to discounts and promotions, a very “Savvy Shopper” mentality.



49% also found it beneficial that companies can show them new things that they actually want.

This shopper mentality ensures that consumers globally express different sensitivities about different types of data.

Only 14% globally are willing to share their financial data with a brand online, reflecting the sensitivity of that information to a consumer's sense of security. “It deals with MY money and MY identity,” stressed one Italian.

Similarly only 27% and 39% are willing to share medical and personal data respectively. These categories of data are tied closely to the emotional security that is also very important to consumers.

However, nearly $\frac{3}{4}$ (71%) are willing to share their shopping data with brands online. “My shopping data is not ME,” remarked one American woman.

This wide dispersion in willingness to share particular types of data reflects the active judgments consumers are making about what data to share and what data to keep private.

III THE PRIVACY EQUATION

Implicit in the varying importance of different types of data is a marketplace where data is a valuable good, to be traded and monetized. We think of this as the privacy equation.

A big part of the privacy equation is having active tools to maintain control of your side of the equation, your personal privacy online. Globally we see that people are becoming accustomed to taking protective measures.

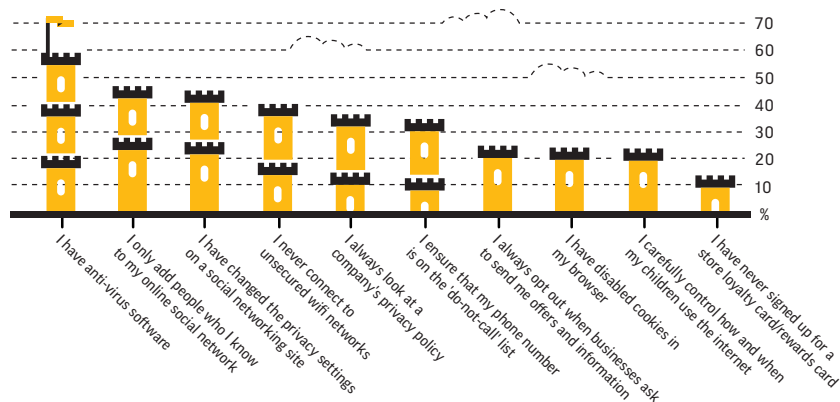
73% have taken the basic step of securing anti-virus software for their computer. Nearly half (47%) are being selective about who they add to online social networks, only 'friending' their real life friends and acquaintances.

There seems to be a debate among generations about who is better at managing their privacy. The older group believes that the brave new world of sharing may someday catch young people off guard.

But young people are taking more active measures to protect themselves: 84% of those under 30 with a social networking profile have changed privacy settings, while only 58% of those over 40 have done so.

One trend we noticed is that the older generations are looking to one another—to their community—to manage their technology. They rely on anecdotes and warnings from friends and family to help them secure themselves in the face of new and varied threats. Young people, on the other hand, tend to use technology to manage their friends and community.

Which of the following measures have you taken to protect your privacy? % who have done this

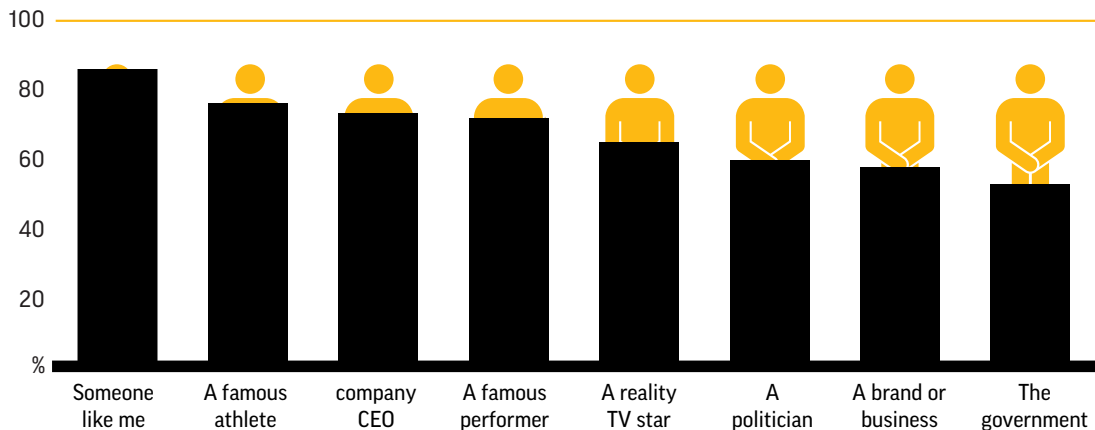


Trading data for value

While 84% of consumers believe they have a total or some right to privacy, only 51% believe the same applies to the government. The government, it seems, must trade privacy for power. Similarly, only 57% of consumers believe a brand or business has a right to privacy. 65% of consumers say a reality TV star has a right to privacy; the other 35% might believe that star has traded his private life for fame (and a maybe cash prize).

Increasingly, governments and businesses will need to recognize that privacy is a two-way street. Consumers may be willing to share more of their personal information (in order to gain benefits) but they expect a greater degree of transparency in return.

How much privacy do they have a right to when it does not pertain directly to their work? % responding “total right” or “some right to privacy”



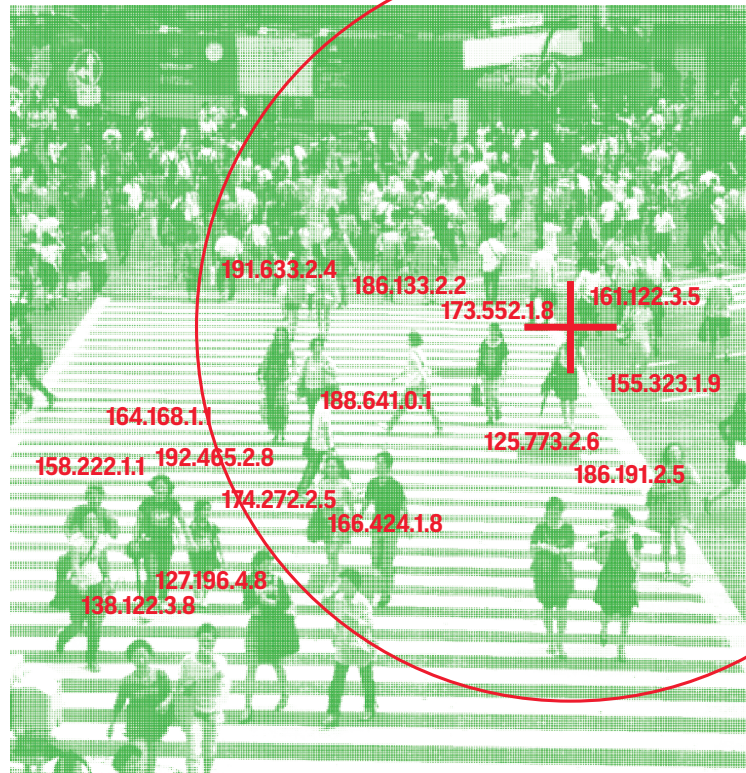
IV ADVICE FOR BRANDS: THINK LIKE A BANK

Online brands are in the eye of the storm.

It's intuitive that the companies leading the charge towards increased sharing are also seen as the greatest threats to privacy. Asked to choose among a list of 14 of the world's largest and most recognizable brands, most of the companies that are perceived as the greatest threat to personal privacy are new technology brands.

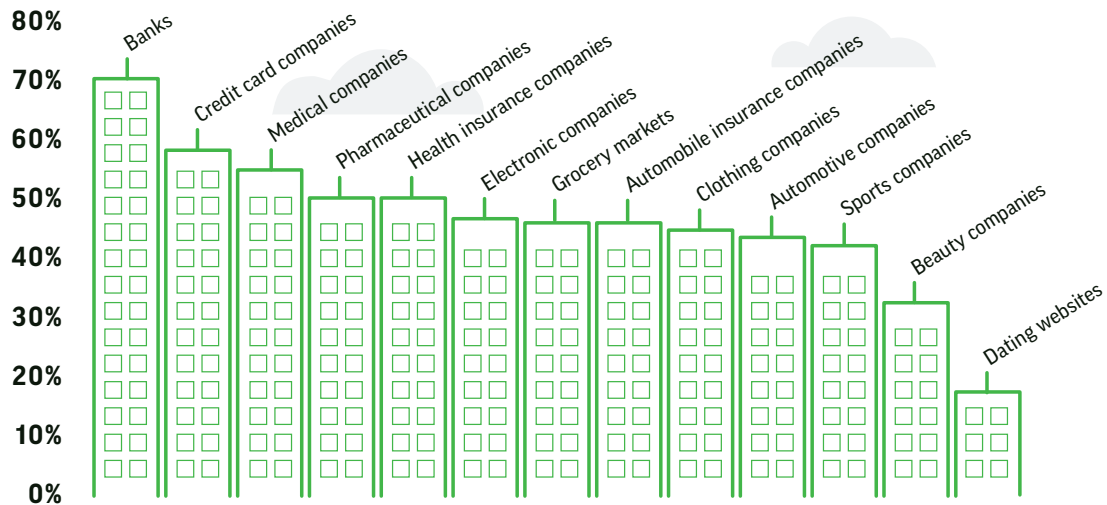
In particular, Facebook (54% of people) and Twitter (41%) are seen as the most worrisome. These two brands are virtually the embodiment of the brave new world of sharing.

Consumers do tend to acknowledge that this position as a "sharing company" is part of the reason why Facebook and Twitter face more problems. As one young person from the UK said, "Facebook wasn't made for a private or secretive person."



Banks and credit card companies the most trusted

How much would you trust each of the above types of companies to look after your personal data and use it wisely
% responding “trust them a lot” or “trust them somewhat”



The majority of consumers trust banks and credit card companies. 69% of consumers globally (65% of US) trust banks to look after their personal data and use it wisely. 57% (46% US) hold credit card companies in the same regard.

Considering that consumers are so sensitive about their financial information, this is a strong sign of trust.

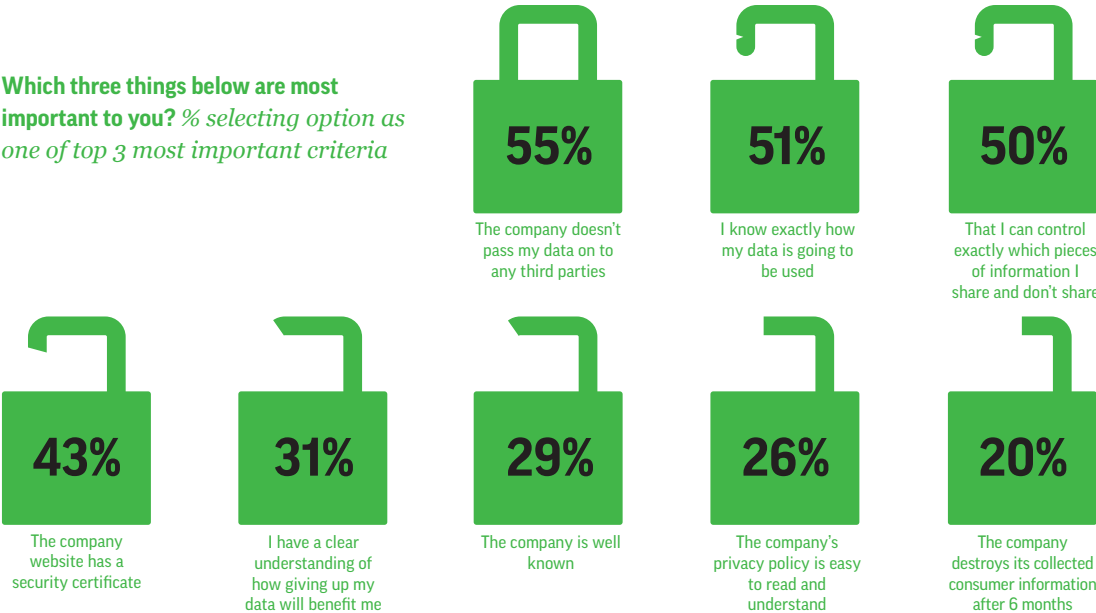
A proactive response to new norms

An emotional reason to trust banks

Banks and credit card companies cultivate an increased sense of responsibility among consumers, with reminders for passwords and security verification. There are often levels of protection embedded in the websites of financial brands, and frequently these protective features include automatic responses to ensure consumer security such as logging someone off after they have gone idle. Also of value to the consumer relationship with brands is upfront commitment and communication about what to expect when interacting with the company online.

There are also emotional reasons why banks hold such a trusted status on the issue of privacy in the minds of consumers. For one, the imagery of banks is all about secrecy and protection of assets. Even in an era when most of our lives are digital, some of our most precious assets are physical, and the most precious of these are usually kept in safe deposit boxes. Further, when something bad does happen, the first call is often to a financial institution. Trusted representatives are there to answer the call and procedures are in place to help consumers feel safe and secure at a time of increased vulnerability.

Which three things below are most important to you? % selecting option as one of top 3 most important criteria



For all types of company and brands, there are four key dynamics to privacy when it comes to maintaining a proactive, productive and share-worthy relationship with consumers:

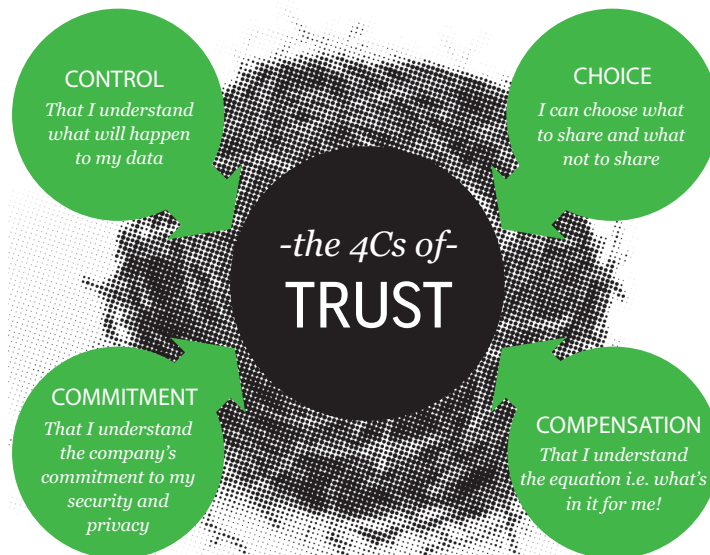
Control, choice, commitment and compensation are the key to assurance and trust.

People want a commitment from companies that they won't pass personal data [ie. their telephone number or email address] on to third parties. 55% (56% US) of people select this as one of their top 3 most important criteria when deciding to trust a brand.

They also want a choice about how their data will be used. 51% (57% US) say it is important to know exactly how their data is going to be used.

When it comes to control, people want to be in command of which pieces of data they share. 49% (55% US) think it is very important to have this control, reflecting their sensitivity level for different types of data.

Consumers also want compensation. They want a reason to share data, an understanding of how they will benefit. 31% (30% in US) say this is a top criterion for sharing data.



Summary

I. A BRAVE NEW WORLD OF SHARING

Globally, 75% of people agreed that “people share far too much online these days.” Four forces have contributed to a rise in sharing: Technology’s ascendance, omnipresent celebrities, the end of embarrassment, and the role of social networking in civic life. These four forces have blurred the line between public and private and helped spur a rise in snooping and searching

II. THE RISE OF THE SAVVY SHOPPER

Personal privacy is seen as linked to personal security. Financial and emotional concerns are the most relevant to personal security, which may explain why 36% of people would rather have their home broken into than have their bank details hacked. People are more keen to share certain types of data more than others—shopping data the most and financial data the least—and the largest segment of consumers, the Savvy Shoppers, are the most willing to trade shopping data for benefits.

III. THE PRIVACY EQUATION

Implicit in the varying importance of different types of data is a marketplace where data is a valuable good. We think of this as the privacy equation. A big part of the privacy equation is having active tools to maintain control of your side of the equation—your personal privacy online. The privacy equation is also about exchanging data for other things we value. Those who have money, fame, or power give up some of their right to privacy.

IV. ADVICE FOR BRANDS: THINK LIKE A BANK

The majority of consumers trust banks and credit card companies. 69% of consumers globally (65% of US) trust banks to look after their personal data and use it wisely. 57% (46% US) hold credit card companies in the same regard. Banks are good at providing people with the 4C’s of trust: Control, Choice, Commitment, and Compensation. Other brands should follow their lead.

Epilogue IS THE FUTURE OF PRIVACY COMING FROM THE SOUTH?

We noticed across markets that the southern countries—Chile, India, Southeast Asia (and within Europe, Italy)—had a much more open attitude towards sharing. On the other hand, the historically developed Northern countries of the US, UK, Northern Europe and Japan were a bit more cynical about sharing and bothered by perceived privacy violations.

A 'Southern Mentality' towards sharing:

Southern countries are embracing new technology and are much more keen to share about their lives. 80% of Chileans and 77% of Indians agree that they like sharing their thoughts and opinions with friends online, versus only 46% in the UK and 31% in Japan.

Similarly, the Southern countries have recognized the importance of social media and this new era of privacy to their career trajectories. 45% of Indians and 42% of Chileans believe it is easier to get ahead in your career if you share more personal information online. Only 14% of Americans and 10% of Japanese agree.

If you look at the presence of the five segments in different countries, we find that the Southern countries have many more Eager Extroverts and Sunny Sharers.

One of the possible reasons the Northern countries are more skeptical is their gradual adoption of Internet culture in the 1990s.

Many people in these countries remember the early days of the Internet before any norms were established and people were just learning about hackers and viruses. By contrast, the Southern countries have experienced a much faster dispersion of widespread Internet access. Consumers in these countries have embraced new technology with open arms, harboring fewer reservations and mostly focusing on the economic and social benefits.

Over time, many believe service industry jobs and technological innovation will move south to the growing markets of Latin America, the Indian Subcontinent and Southeast Asia. As these areas rise in importance, their enthusiastic embrace of new technologies could start to exert more influence on global attitudes.



