



Data Privacy Report

FEBRUARY 2020

EXECUTIVE SUMMARY

Data collection is a vital component of businesses' processes as they rely on it to understand their customers and markets, providing the insight to help them make better decisions. Consumers, on the other hand, have long been aware that nearly every website they visit is collecting data on them — they simply want more transparency and control of their personal information.

Consumers' concerns about their online data privacy have attracted the attention of legislators in the U.S. and laws are being enacted across the nation on the state level. One of the largest and most expansive is the California Consumer Privacy Act (CCPA), which requires businesses to tell consumers what data they've collected about them and to delete it if asked. While state laws have limited jurisdiction, the nature of modern, cross-border commerce means this patchwork of state-by-state legislation has led to significant complications.

U.S. consumers are particularly interested in protecting their children's information. In order to produce a detailed examination of the issue of online data privacy, Braze commissioned a survey of 500 U.S. marketing executives and 2,000 nationally representative U.S. adults, including 800 parents.

As businesses move forward in an attempt to comply with existing regulations and those expected to come, while at the same time satisfying their vital need for data and maintaining positive relationships with consumers, there are several matters they need to

consider in order to achieve that balance. Nearly all U.S. adults (98%) say that protecting their data is important, with 98% of parents reporting that it's important to them that their children's data is kept private.

While nearly all (94%) marketing executives agree that it is important to consumers that their data is kept private, 40% say that the lack of legal clarity is a barrier to implementing stricter privacy practices at their organizations.

52% of consumers and 26% of marketing executives feel that agree the federal government should be most responsible for driving changes to privacy policies.

Nearly all (94%) marketing executives agree that U.S. adults should be compensated for the collection of their personal data, which most (71%) consumers are willing to share in exchange for compensation.

Consumers clearly recognize their data has value and are willing to leverage it. Data is essential to business innovation and growth, making it imperative that companies reexamine their current processes and procedures to gain the confidence of consumers through greater transparency.

This survey reveals that nearly all (94%) marketing executives believe their businesses will gain competitive advantages in the marketplace by being proactive and implementing rules of stricter privacy laws before they become mandatory.

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WATCHING THE CURBS: ONLINE DATA PRIVACY LAWS IN CONSUMERS' AND BUSINESSES' BEST INTERESTS

PRIVACY IS A CONCERN

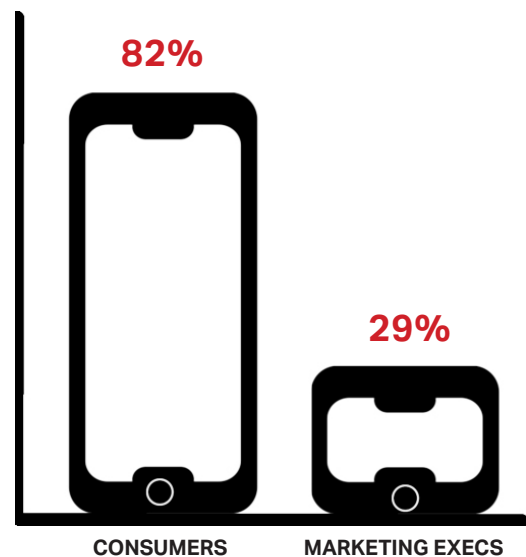
The Internet has opened up a world of opportunity for U.S. adults who take advantage of their connectivity but unfortunately risk accompanies the conveniences afforded them. From casual usage to executing important business or medical tasks, consumers' online data privacy is routinely compromised.

Consumers are demanding more transparency about personal data that businesses are collecting about them and more control of its usage.

In fact, **the vast majority (82%) of U.S. adults report that it is very important that their data is kept private**, with 98% overall saying it is important to them.

For parents, ensuring that their children are not subject to unauthorized tracking and profiling while they are online is an even higher priority. **Nearly 9 in 10 (87%) parents say it is very important to them that their children's data is kept private.**

Businesses, which depend on data to better understand their customers and to more effectively market to them, recognize the importance of personal data protection. Nearly all (94%) marketing executives say it is important to consumers that their data is kept private.



While consumers and marketing executives alike overwhelmingly find data privacy to be important, more than 8 in 10 consumers find it very important, while just under 3 in 10 marketing execs value it to the same degree.

*ASKED AMONG 500 U.S. MARKETING EXECUTIVES, VP+ AND AMONG 2,000 U.S. ADULTS

While consumers and marketers agree data privacy is important, there is a notable divide among those who think it is very important: While 82% of U.S. adults think it's very important, indicating this is a critical issue for them, only 29% of marketers believe data privacy to be very important to consumers.

The ultimate decision-makers, C-suite marketing executives, are significantly more likely to agree that it's very important to consumers that their data is kept private (42% vs. 23% for non-C-suite marketing executives).

However, tailoring policy and procedures to ensure data privacy protection can be a massive endeavor, particularly since it has been largely unregulated. 2 in 5 (40%) marketing executives say that the lack of legal clarity is a barrier to implementing stricter privacy practices at their organizations.

The most frequently cited barriers are complexity of implementation (54%), costs of implementation (54%) and the time it takes to implement (51%). Notably, complexity ranked at or above time and money, the two most commonly cited issues across all industries for executives looking to make changes. This is likely because the very nature of data privacy in the digital era is that of constant change—requiring ongoing implementation, monitoring and updating to stay apprised of new and future threats.

Additionally, this state of flux may be why marketers have expressed they are willing to do as the law requires, but no more, as this shifting landscape means the next threat is never precisely known. **All told, 83% of marketers believe there is no need to protect consumer privacy beyond what is required by law.**

CHANGE IS COMING

Until recently, the U.S. had stood idly by as European nations began enforcing the General Data Protection Regulation (GDPR) privacy law in 2018. The U.S.' sole national law on online privacy protection, the Children's Online Privacy Protection Act (COPPA), went into effect in 2000 and was revised for the first and only time in 2013, clearly failing to keep pace with technological innovation. Now, nearly two dozen states have laws going into effect in 2020 modeled after the California Consumer Privacy Act that requires businesses to tell consumers what data they're collecting and to delete that data if requested.

However, state-by-state legislation leaves many larger businesses in a compliance quandary as most conduct business in California, the nation's biggest market, as well as nationally.

The burden of compliance is enormous. The vast majority (88%) of marketing executives agree that federal laws on data privacy would provide more clarity for marketers than the current state-by-state legislation. Internet commerce relies on cross-border trade, making the risk of mismatched or even conflicting statutes ever more tedious for businesses to navigate.

Consumers are aligned with businesses in the belief that data privacy laws are needed but they're focused on protecting their rights. Nearly all (95%) U.S. adults agree that there is more that privacy laws should do to protect their personal data, with more than 3 in 5 (61%) strongly agreeing.

At its core, consumers value their data rights as strongly as other freedoms guaranteed to them as U.S. residents. Nearly 2 in 3 (64%) consumers feel it is more important to protect individual rights, such as privacy or freedom of speech with regard to data collection and use, than to protect the public wellbeing, such as safety or law enforcement concerns (36%).



2 in 5 marketing executives say lack of legal clarity is a barrier when it comes to implementing stricter data privacy practices

*ASKED AMONG 500 U.S. MARKETING EXECUTIVES, VP+

Nearly all (94%) U.S. adults expect companies to tell them something about the use of their data. More specifically, the majority of U.S. adults expect companies to tell them what will be done with their data (74%) and with whom their data is being shared (74%). This also includes disclosing what data has been collected (70%), how long it will be retained (59%), who is storing it (56%), and where it is being stored (54%). At a high level, marketing executives are in agreement—99% of them say that companies should tell consumers something about how their data is used.

But when asked about specific disclosures, far fewer marketing executives say that companies should tell consumers what will be done with their data (56%) and with whom their data is being shared (58%). Interestingly, marketing executives at large companies (\$75M+ revenue) are significantly more likely to agree that companies should tell consumers what will be done with their data (71%), compared to those at companies with revenues between \$10M and \$75M (52%).

And while consumers are encouraged by the fact that their data privacy concerns are being considered, more than half of respondents (52%)—as well as 49% of parents—believe that the federal government should lead the way.

Those sentiments are the driving force behind support for a national debate on data privacy policy. **Both consumers and marketers are in perfect alignment—almost three-quarters each (72%) agree that presidential candidates should talk more about data privacy.**

More than 3 in 4 (76%) parents believe that 2020 presidential candidates should be discussing data privacy more, but they don't stop there. The overwhelming majority (92%) agree that protection of children's data should be a priority in the upcoming election cycle, with more than half (53%) of parents agreeing strongly.



The vast majority (88%) of marketing executives agree that federal laws on data privacy would provide more clarity for marketers than the current state by state legislation.

*ASKED AMONG 500 U.S. Marketing Executives, VP+

There's cautious optimism for the future, though. **Just over half (51%) of adults believe data privacy laws will meaningfully change in the next 12 months.**

Parents are eager to have stronger regulation of websites and online services that are not specifically aimed at children, but are widely used by kids. A clear majority (61%) of parents believe it is realistic to believe that data privacy laws specifically for children will meaningfully change in the next 12 months.

TAKING ACTION

While data privacy laws are expected to change the way data is collected, shared, and handled moving forward, consumers are taking action in the interim to counter intrusions. An overwhelming majority (84%) of U.S. adults have decided against engaging with a company because it needed their personal info. And 71% did so more than once—indicating that it is a pattern; consumers will not engage if they feel that they need to give away too much of their personal information.

Privacy concerns are also causing consumers to walk away from business relationships. **Three-quarters (75%) of adults have stopped engaging with a company out of concern for the way they use personal data.** Harkening back to earlier consumer sentiment on data use and collection, transparency and disclosures could be effective in stemming the loss of engagement.

Online privacy laws could provide consumers peace of mind because 93% of U.S. adults have concerns about how websites use their personal data. They're especially concerned about data usage by social media accounts (62%), email (26%), messaging apps (24%), and games (20%).



3 in 4 adults have stopped engaging with a company out of concern for the way they use personal data. And nearly 4 in 5 parents have done so.

*ASKED AMONG 2,000 NATIONALLY REPRESENTATIVE U.S. ADULTS

Despite the convenience and advanced capabilities of apps, many consumers can find it difficult to trust in their usage. The overwhelming majority (87%) of U.S. adults have taken some sort of action out of concern for an app's use of their data. Nearly 3 in 5 (59%) have deleted an app from their phone, stopped installing it halfway through (49%) or used an alternative email address (34%). These real-time actions by consumers further point to the need for improved disclosures that help to build trust with consumers.

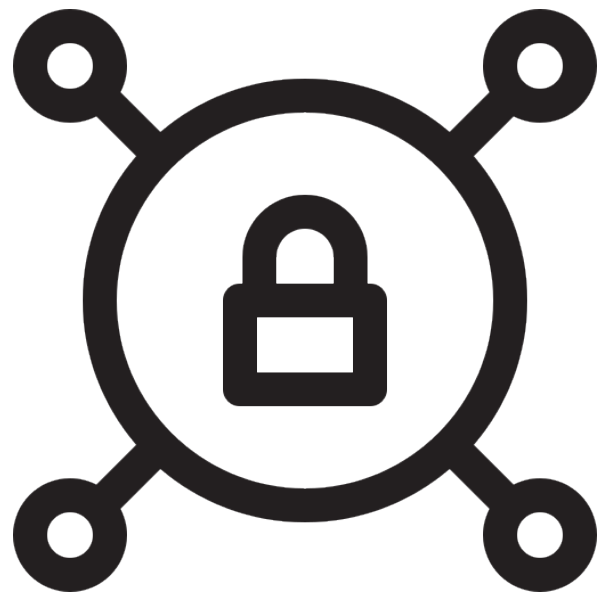
Parents are being vigilant in making sure their children aren't unintentionally revealing more about themselves online, but there is only so much they can do. Nearly 3 in 5 (57%) parents have concerns about certain apps their children use, and there are an average of 5 of these apps on the devices their children use.

Nearly all (96%) parents have taken steps to protect their children's online privacy.

The most common actions are monitoring their children's online activity (72%), prohibiting access to websites that ask for private information (54%) and blocking specific web content (53%).

Some apps, though they have not been deleted, are still seen as suspect by consumers. More than 4 of 5 (81%) U.S. adults have an app on their devices about which they have privacy concerns. On average, adults have 8 of these apps on the devices they use.

Many U.S. adults see these privacy protection efforts as an exercise in futility—nearly 9 in 10 (86%) agree that, in today's world, losing some of their privacy is inevitable.



CLOSING IN ON SOLUTIONS

Aside from having a national policy making compliance for companies that conduct business online far less complicated, the push for compliance could also produce a business advantage. Nearly half (45%) of marketing executives say that having stricter privacy laws would actually facilitate innovation.

Nearly all marketing executives (94%) see advantages in implementing stricter privacy standards before they become mandatory. The greatest of those advantages are: Improved brand perception (46%), higher market valuation (46%), industry leadership (45%), cost savings in the long run (43%), and being early-to-market (39%).

While nearly all (99%) marketing executives say their company could potentially use consumer data—for business staples such as marketing strategy (57%), product development (53%), sales strategy (49%), consumer relationship management (46%), or UX development (39%)—there is a shift to leveraging data in a smarter way.

The vast majority (74%) of executives favor the collection of quality data—fewer, more targeted data points as a strategy—over quantity, collecting more data points overall (26%). This finding indicates a shift toward a more thoughtful approach to data collection and use, which is likely to benefit both consumers and companies alike.

Federal Solutions?



52%
Consumers

49%
Parents

52%
Marketing
Execs

...want the federal government to take charge in driving data protection policy changes.

*ASKED AMONG 2,000 nationally representative U.S. adults, including 800 parents of children younger than 18 and among 500 U.S. marketing executives, VP+

Most of all, an unequivocal measure of businesses' focus on privacy policy is their financial commitment. The vast majority of marketing executives (71%) say that their companies will increase their investments in data privacy governance next year with nearly a quarter (24%) saying that they will increase significantly.

C-suite executives are more likely than those in lower ranks to say that their company's investments in data privacy will increase significantly (32% vs. 21%).

If consumer preferences win out, businesses could find they need to allocate cash to pay for the data they collect: **60% of consumers would be willing to share their private data for cash, while 26% would share for product incentives and 21% would share for free content.**

Adhering to common business practice, companies would prefer to limit cash expenditures. Less than a third (31%) of marketing executives feel that consumers should receive cash in exchange for their personal data.

Companies would prefer to compensate consumers with better shopping recommendations (51%), streaming subscriptions (50%) and product incentives (50%).

It is apparent that the road to data privacy policies that meet the needs of all stakeholders must be paved with compromise.

CONCLUSION

With more than 7 in 10 U.S. adults indicating they think data privacy ought to be discussed more in the upcoming election cycle, we expect that data privacy will occupy the minds of many Americans.

A majority of consumers think the federal government should take the lead in developing new policies regarding data privacy—and more than a quarter of marketing executives agree.

Marketing executives and researchers who use online data have a difficult task ahead of them in striking a balance between all affected parties, but have some clear direction from their customer bases.

The key takeaways from this survey are:

- 1. U.S. adults value their privacy online, especially parents—and marketing executives know this;**
- 2. Consumers overwhelmingly demand transparency about how companies are using their data but are still willing to give access to data in exchange for services, incentives, and recommendations;**
- 3. Consumers and marketing executives both want a more clarified regulatory framework, but differ between and among themselves about from where it should come;**
- 4. Most consumers would take some form of compensation for their data—the most popular being cash—but marketing executives would prefer to trade things that cost them less, like recommendations or incentives.**

METHODOLOGICAL NOTES:

The Braze Privacy Survey was conducted by Wakefield Research (www.wakefieldresearch.com) among 2,000 nationally representative U.S. adults, ages 18+, including 800 nationally representative U.S. parents, and among 500 U.S. Marketing Executives, VP+, between November 15 and December 2, 2019, using an email invitation and an online survey.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 2.2 percentage points among U.S. adults ages 18+, 3.5 percentage points among U.S. parents, and 4.4 percentage points among U.S. Marketing Executives VP+, from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.