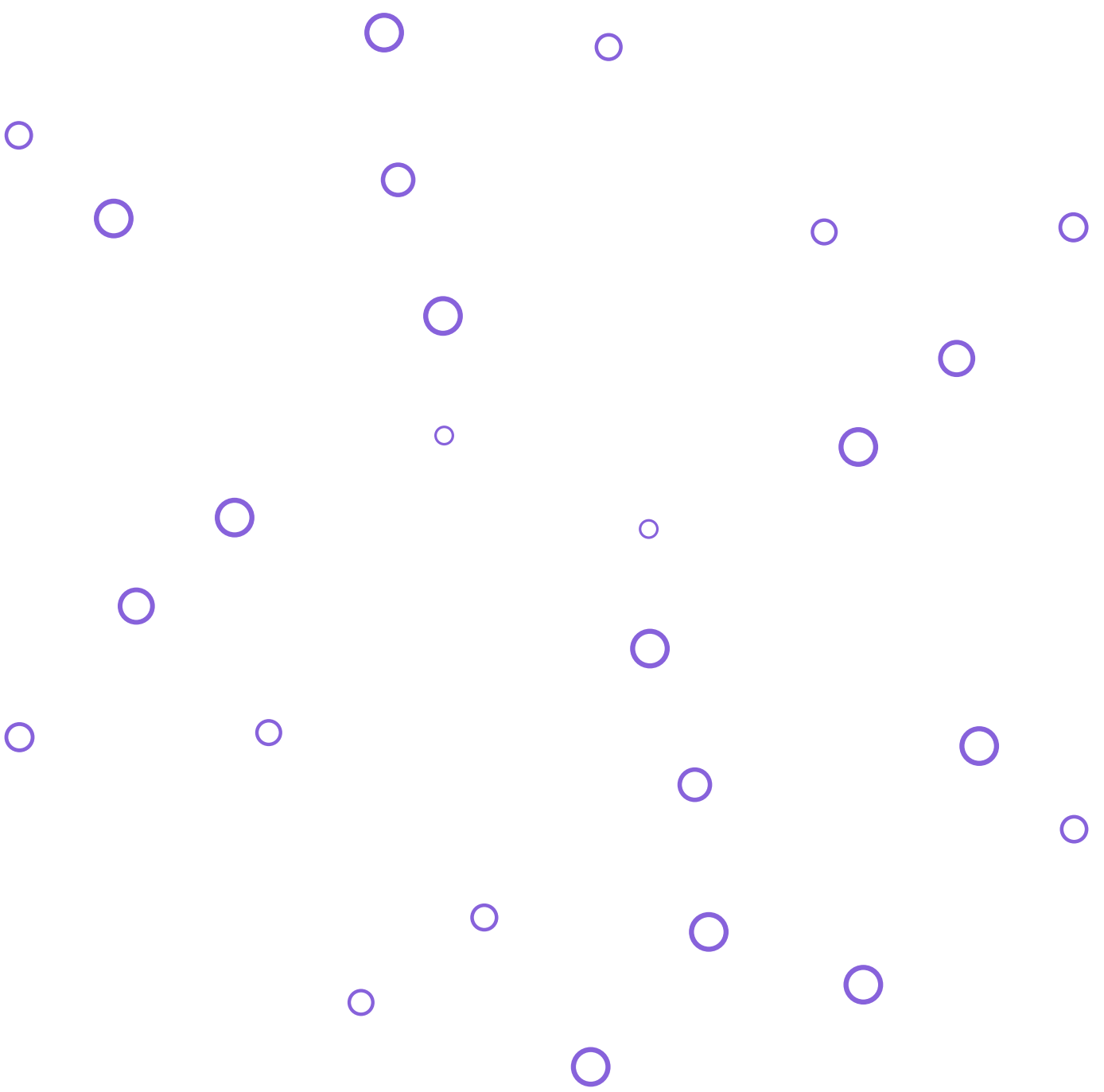# Privacy & Personalization

Consumers share how to win them over without crossing the line.

# Is it possible to take personalization too far for consumers?

This question remains a hot topic for many, especially the 89% of digital professionals[1] who are now focused on creating a more personalized customer experience in the coming years. And rightfully so, as consumers continue to crave personalization no matter where or how they interact with a brand. In fact, 72% of those surveyed in this report say they now only engage with marketing messages tailored to their interests.

But in the wake of GDPR and heightened security concerns, consumers have started sending mixed signals to marketers about their privacy and personalization preferences. As marketers strive to meet consumer expectations and stay competitive, they're left wondering: Which brands do today's customers trust, and how can we emulate that experience? At what point do consumers feel a brand is being too invasive? Do these concerns vary by gender or generation?

This report answers these questions (and much more) in hopes of helping marketers make sense of it all and find the right balance between providing better experiences and building consumer trust.

# 72% of consumers say they now only engage with marketing messages tailored to their interests.

SmarterHQ

# Executive Summary

SmarterHQ surveyed 1,000+ consumers on their privacy concerns, channel affinity, brand experiences, and personalization preferences. We found that while consumers are increasingly aware of their privacy and data usage, they're not-so concerned if the data collected gives them value in return—and as long as brands employ accurate and tasteful personalization tactics.

Key consumer findings within this report include:

**They're skeptical.** 86% are concerned about their data privacy, and 79% of consumers believe companies know too much about them.

**They really trust Amazon.** Nearly 50% of consumers trust Amazon over other brands to use their data responsibly, beating out Apple, Google, and banks.

**They'll share data in exchange for better experiences.** 90% of consumers say they're willing to share their behavioral data if additional benefits are provided that make shopping cheaper or easier.

**They favor email over other channels.** 51% of consumers say email is the best way for a brand to communicate, with social media second in line (25%).
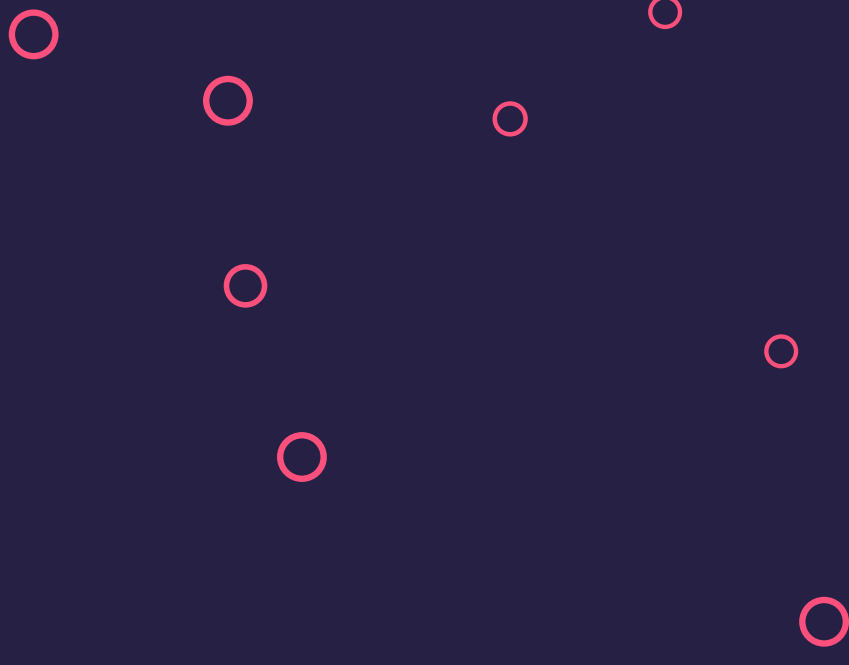
**They think push notifications can be creepy.** 74% of consumers say push is the most invasive channel because they view their phone as an everyday tool that's part of their personal space.

**They'll banish brands who provide poor personalization.** 63% say they would stop purchasing products and services from companies that take "creepy" marketing too far. (We'll dive into what exactly consumers consider creepy in this report.)

**They value and trust brands the more often they shop and the younger they are.** Those who shop more often find personalization marketing tactics 25% more helpful, and Millennials and Gen Z trust companies with their data 47% more than Baby Boomers and Gen X.

**This report dives deeper into these stats, uncovering four key sections that address consumers' views on privacy and personalization, as well their advice on how brands can keep them engaged without crossing the line.**

**Respondent breakdown by generation:**

15.2% - Generation Z    33.5% - Millennials    24.2% - Generation X    27.1% - Baby Boomers

# Data Privacy & Consumer Trust

# Data Privacy & Consumer Trust

High-profile data breaches, ads flooding social feeds—consumers are made more and more aware of their data and security than ever before. They're also more skeptical of how their data is being used: 86% of today's consumers are concerned about their data privacy.

When asked what types of data they're okay with companies collecting, consumers are open to information that benefits their future interactions with a brand. Consumers say "products purchased" is the top data they're cool with companies collecting, along with website product categories viewed, length of time since their last site visit, and email address. The data consumers said they're least okay with brands collecting (unless voluntarily submitted themselves) is information such as name, phone number, and physical address.

## quick facts

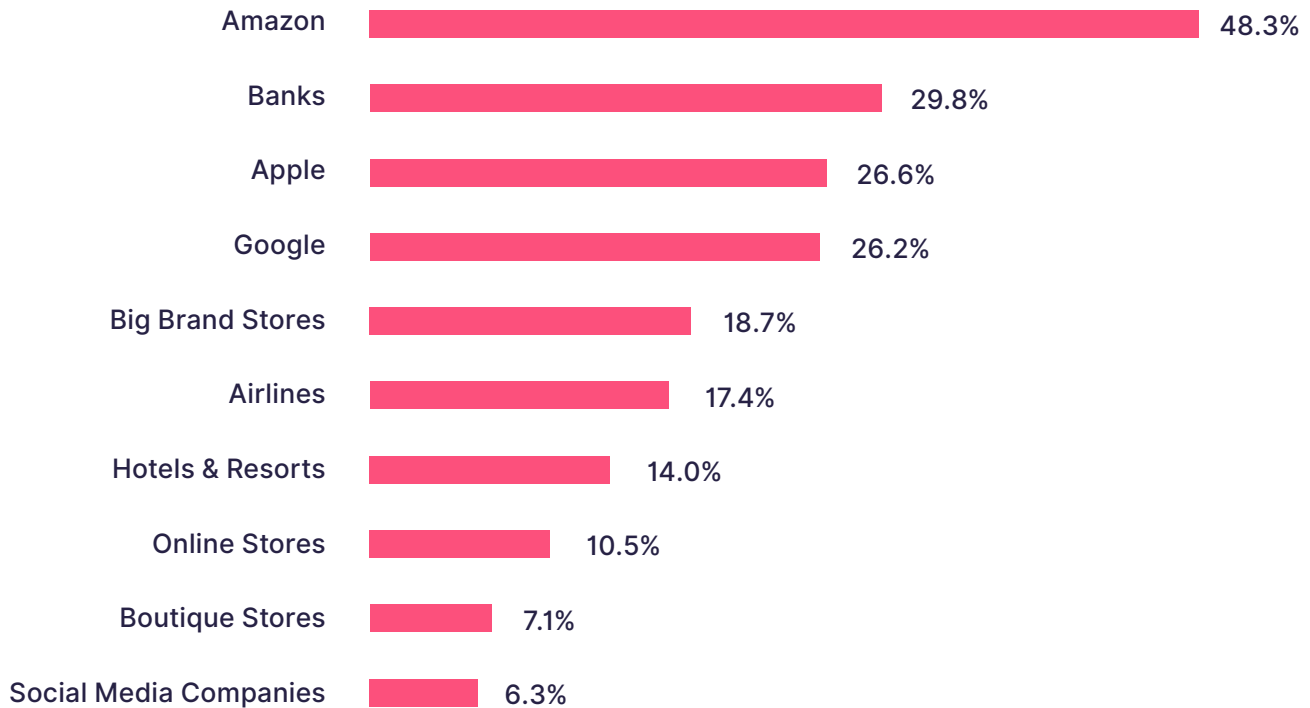Millennials and Gen Z are 47% more trusting of companies with their data than Baby Boomers and Gen X.

Owners of smart home devices (Amazon Alexa, Google Home) are:

◆ 16% less protective of their data privacy.

◆ 12% more trusting of companies collecting and using their data.

# 86% of consumers say they are concerned about their data privacy.

# Which of the following industries or companies do you feel confident your data is being used responsibly?

| | |
|---|---|
| Amazon | 48.3% |
| Banks | 29.8% |
| Apple | 26.6% |
| Google | 26.2% |
| Big Brand Stores | 18.7% |
| Airlines | 17.4% |
| Hotels & Resorts | 14.0% |
| Online Stores | 10.5% |
| Boutique Stores | 7.1% |
| Social Media Companies | 6.3% |

Which brands have earned the most trust from today's consumers? Amazon, by a landslide. 48% of consumers trust Amazon to use their data responsibly, beating out banks, Apple, Google, other big brand stores, airlines, and hotels. This sentiment is strongest among Millennials and Generation Z, who trust Amazon 2.1x more than their banks. Social media companies rank last on the list, which might seem not-so-surprising given recent headlines, and the fact that half of survey respondents said they know someone who has had their social media account hacked.
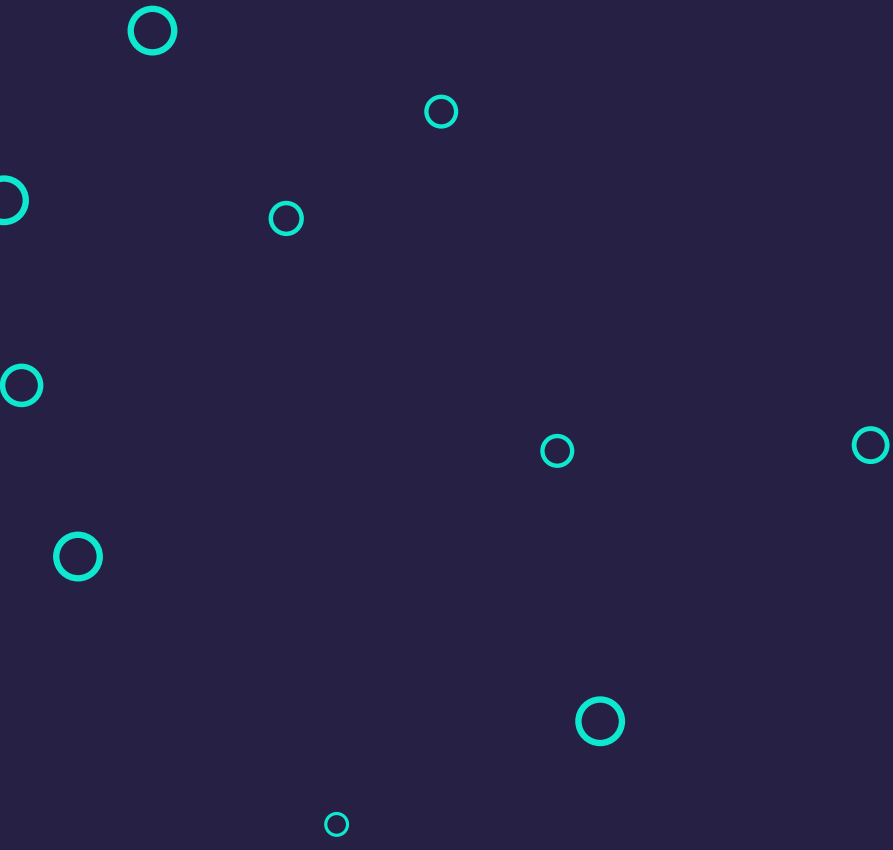
Consumers have long flocked to Amazon for convenient shopping, fast shipping, candid reviews, and personalized experiences—past studies have found that 47% of consumers say they'll head to Amazon if another brand doesn't make relevant product suggestions,[2] and an estimated 35% of purchases on Amazon come from product recommendations alone.[3] If brands across any industry want to build trust and loyalty, they're going to have to take a page out of Amazon's book and adopt similar tactics to make customers feel both safe and understood. Which brings us to...

2   https://smarterhq.com/millennials-where-they-shop-how-they-shop-why-it-matters
3   https://martechtoday.com/roi-recommendation-engines-marketing-205787

# Consumer Need for Personalization

# Consumer Need for Personalization

The more consumers are exposed to individualized experiences, the more they expect all brands to follow suit with the same personalization—and the less likely they are to stick around with brands who don't. 72% of today's consumers say they only engage with marketing messages tailored to their interests. The more often they shop, the more this is true: 80% of those who classify themselves as frequent shoppers say they only shop with brands who personalize their experience.

And though consumers are suspicious—79% of respondents said they believe companies know too much about them—they're also willing to share their data if they receive convenience or reward in return. 90% are willing to share their behavioral data for a cheaper and easier
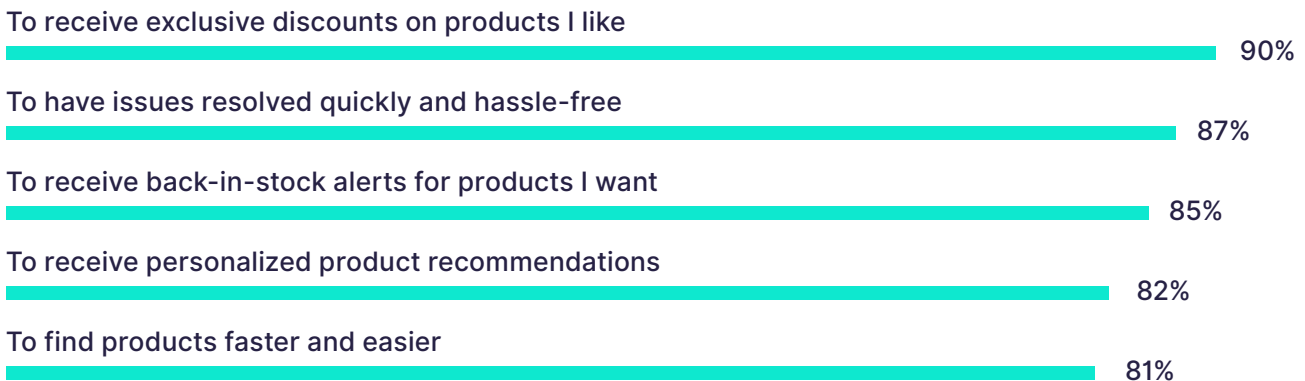
# 90%

## of consumers are willing to share behavioral data for a cheaper and easier shopping experience.
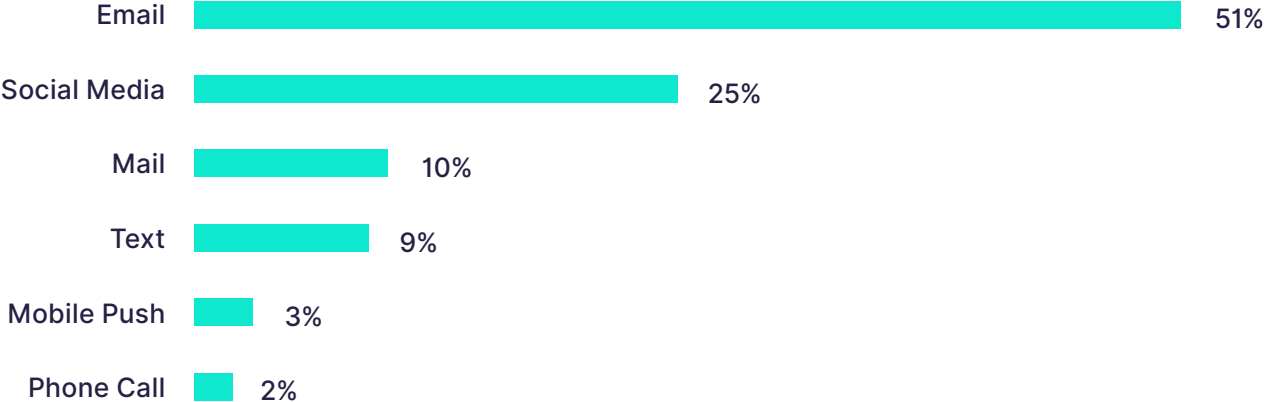
shopping experience, including special discounts, back-in-stock notifications, product recommendations, and more. Females are 9% more willing than men to share information in exchange for personalization.

## Reasons consumers are willing to share their data:

To receive exclusive discounts on products I like
90%

To have issues resolved quickly and hassle-free
87%

To receive back-in-stock alerts for products I want
85%

To receive personalized product recommendations
82%

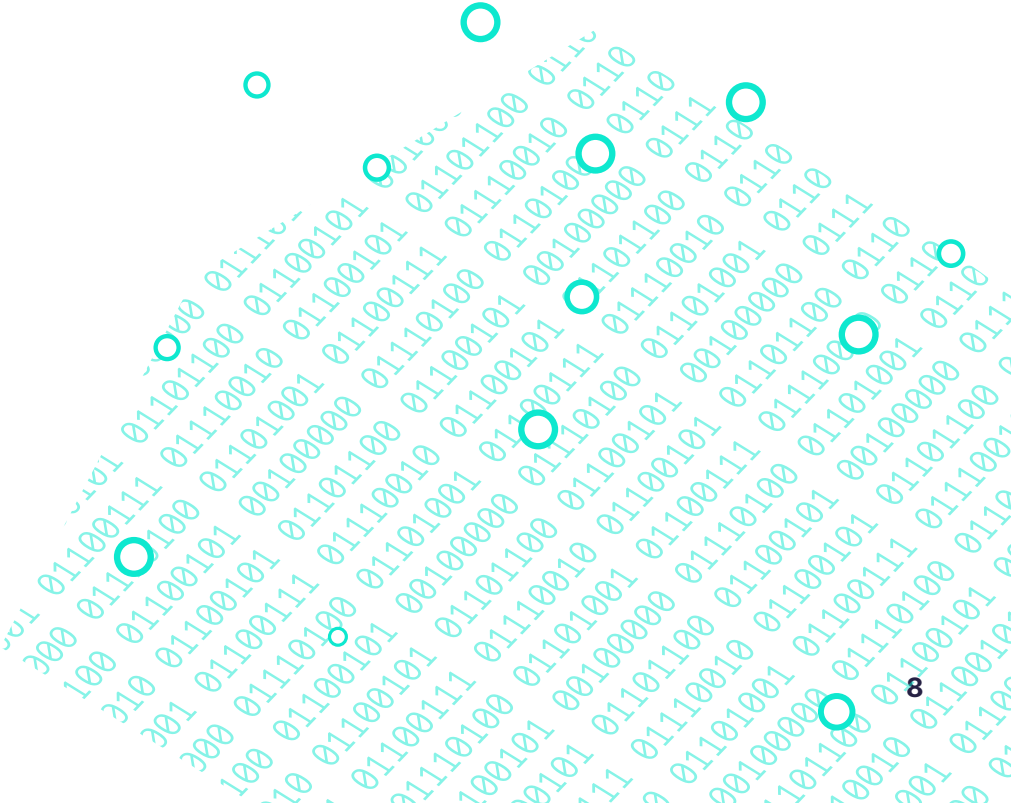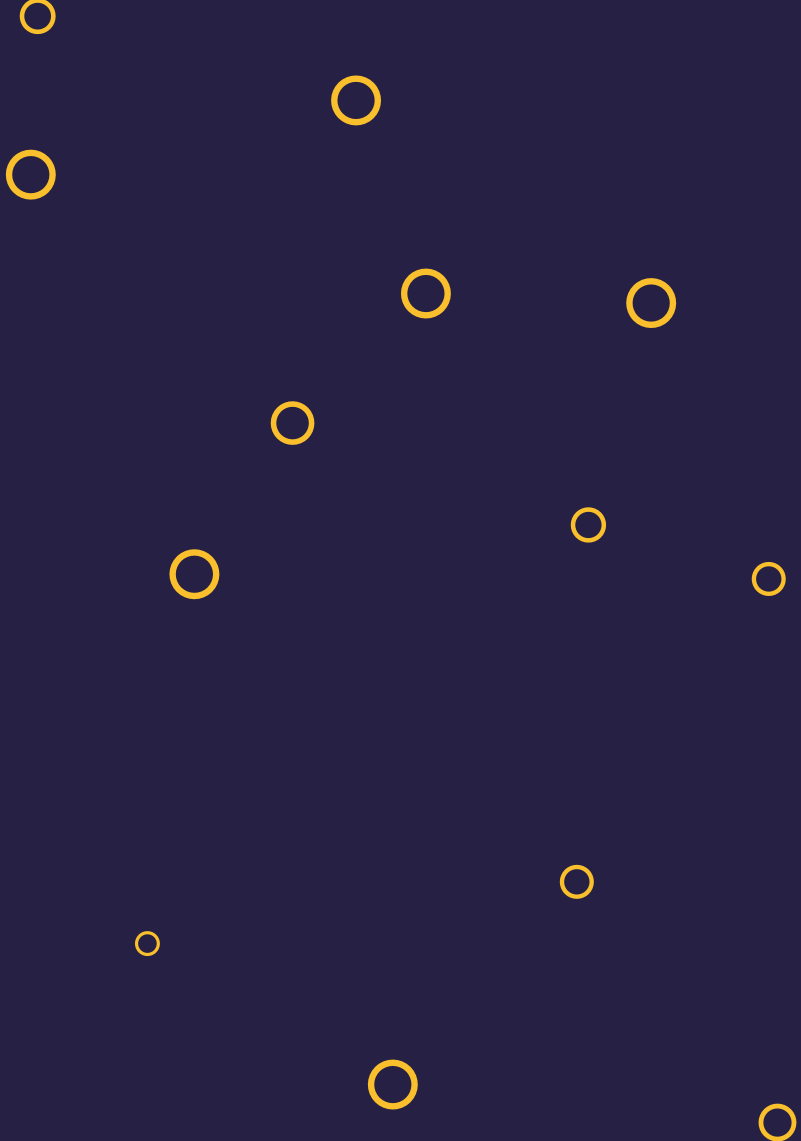To find products faster and easier
81%

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In order to start providing the level of personalization and privacy consumers want, brands need to start focusing on accurately and safely collecting their customers' behavioral data and also be more sensitive to consumers' communication preferences: 51% of consumers say email is the best way for a brand to communicate with them. This is a win-win for marketers, who continue to rank email as their top revenue-driving channel.[4] Mobile push notifications and phone calls are the communication channels least favored by consumers, but there's more on that next...

## What is the best way for a brand to communicate with you?

| Channel | Percentage |
|---|---|
| Email | 51% |
| Social Media | 25% |
| Mail | 10% |
| Text | 9% |
| Mobile Push | 3% |
| Phone Call | 2% |

4   https://smarterhq.com/state-of-marketing

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# Personalization: Helpful vs. Creepy

# Personalization: Helpful vs. Creepy

Consumer conversations surrounding privacy and personalization have become somewhat synonymous with a certain "creepiness" factor. But which personalization tactics do they actually find creepy? Website chat pop-ups using AI instead of humans to interact, various push notification tactics, and retargeting ads.

## Top 5 Creepiest Marketing Tactics

**1.** Website chat pop-ups using AI to communicate

**2.** Push notifications featuring products/brands I previously looked at

**3.** Push notifications reminding me to re-purchase items that need replaced over time (shaving razors, toothpaste, etc.)

**4.** Push notifications suggesting products based on things I've bought in the past

**5.** Advertisements featuring products/brands I previously looked at

Push notifications continued to come up in the "creepy" conversation, with consumers ranking mobile push 74% creepier than any other channel.

When asked why, respondents said: "My cell phone is a tool. I do not want ads tossed my way," "Push notifications are creepy because they interfere with day-to-day activity," and "I only want to be advertised to when I am on a website... not randomly on my phone. It's like being stalked." These are powerful words to consider when planning your marketing strategies. It's also important to note that not everyone has a problem with push notifications: Gen Z finds them 68% less creepy than other generations. Perhaps it's because staying connected via mobile technology is just second nature to them—studies show 95% of Gen Z has a smartphone, and a quarter of them had a smartphone before the age of 10.[5]

5   https://genhq.com/how-obsessed-is-gen-z-with-mobile-technology/

# Consumers rank push notifications 74% creepier than other channels.

# Top 5 Desired Marketing Tactics

**1.** Special discounts on the products I want on the website & via email

**2.** Promoting new products/brands I may like on the website and via email & digital ads

**3.** Suggested products based on things I've bought in the past via email & website

**4.** Website graphics that remind me to re-purchase items that need replaced

**5.** Reminders of items I left in my cart on the website & via email

As far as the marketing tactics they find helpful instead of creepy, consumers favor behavioral marketing tactics that, once again, makes their brand experiences easier, cheaper, and more convenient—product recommendations, refill reminders, cart abandonment alerts, and so on. Those who shop more often find these personalization tactics 25% more helpful than those who don't. Consumers also mostly prefer to experience these tactics on the brand's website or email over anywhere else.

Ultimately, consumers want brands to understand them better, but they also want brands to understand when to leave them alone and be respectful of their personal space. If brands don't start better identifying their customers' needs and executing personalization in ways that are meaningful to their target audiences, it will cost them. More on that next...
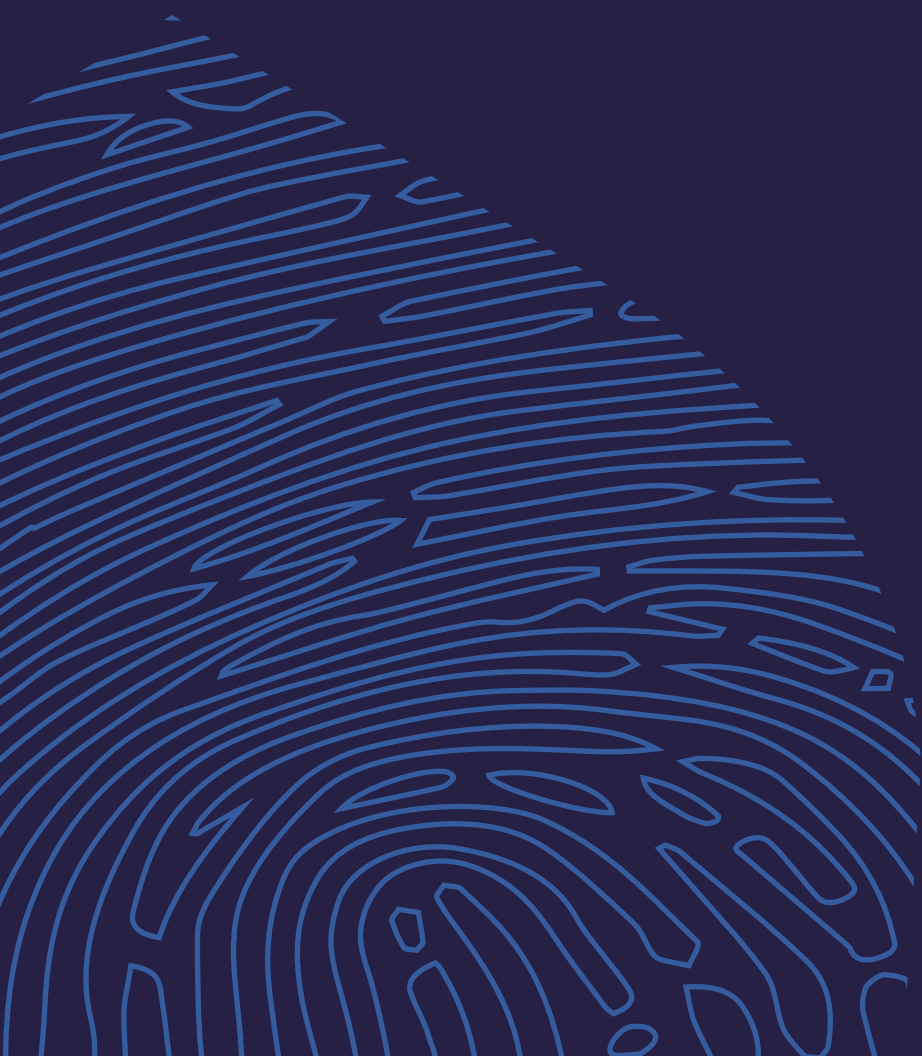
# The Cost of Being Creepy
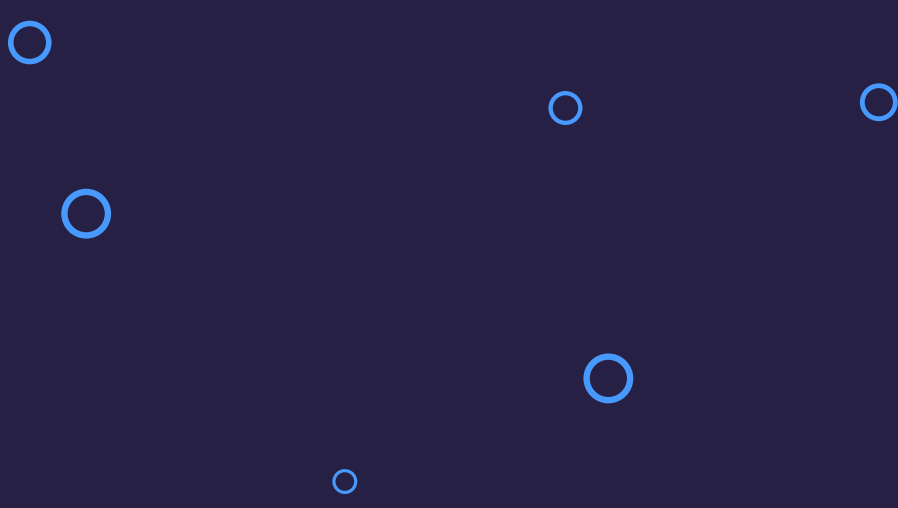
# The Cost of Being Creepy

Consumers take poor personalization seriously, and brands who don't respect consumer wishes will face the consequences. Those who have a creepy interaction with a brand are likely to spread the news and disengage with that brand completely: 68% of consumers say they'll tell their family and friends about it, and 63% will stop purchasing products from a company altogether. 41% will leave a bad review, and 33% will post their experience to social media. Females are 15% more likely to take any of these actions after a creepy encounter.
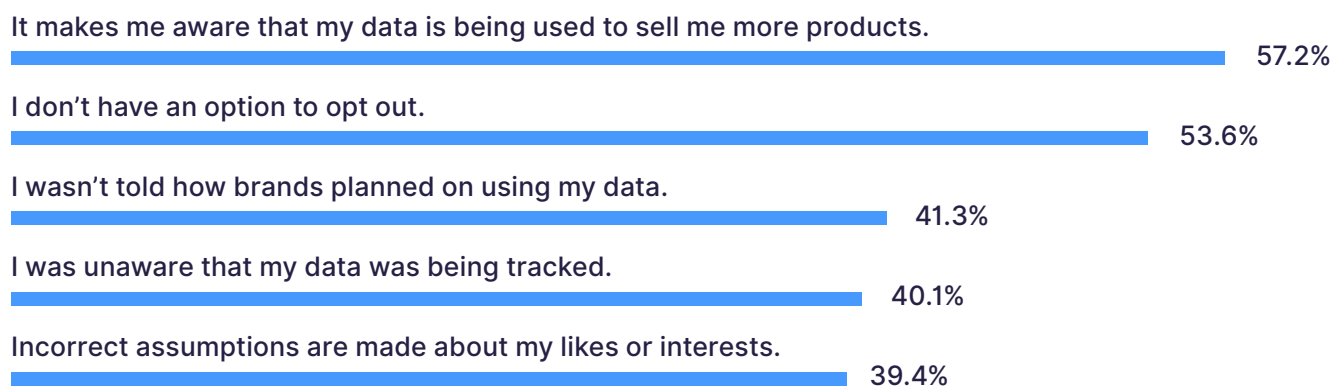
Why exactly do consumers find certain marketing tactics creepy? Many said it makes them more aware of their data being used, and over half of consumers say they aren't given an option to opt out. Additionally, nearly 40% of

## 63%

### of consumers will stop buying from brands who use poor personalization tactics.

consumers consider marketing creepy when incorrect assumptions are made about their likes or interests—further reiterating the fact that if brands are going to personalize their customer experiences, they need to leverage the right tools and strategies to ensure they get it right.

## Why do you find certain marketing tactics creepy?

It makes me aware that my data is being used to sell me more products.
**57.2%**

I don't have an option to opt out.
**53.6%**

I wasn't told how brands planned on using my data.
**41.3%**

I was unaware that my data was being tracked.
**40.1%**

Incorrect assumptions are made about my likes or interests.
**39.4%**

Consumers get frustrated by "creepy" marketing tactics for a variety of reasons. A majority say they're annoyed because they're targeted too many times, while others say they're targeted for too long, they're made to feel like just another sale, they've already purchased the items, or they were buying items as a gift—so the personalization is irrelevant to them. Males, on average, are 27% more annoyed by these tactics, especially when targeted with items they've already purchased.

If brands truly want to avoid consumer frustration and keep their loyalty, they need to employ frequency capping and suppressions, and prioritize the proper campaigns and channels to ensure they're not over-marketing to consumers or sending content they don't care about. They also need to make opt-outs in marketing communications apparent so consumers don't feel trapped.

## What makes creepy marketing activities annoying?

Targeted too many times
66.2%

Targeted for too long
44.3%

They make me feel like another sale
41.4%

I already purchased the items
38.6%

I was browsing/purchasing items as a gift
36.8%

I don't find it annoying
9.7%

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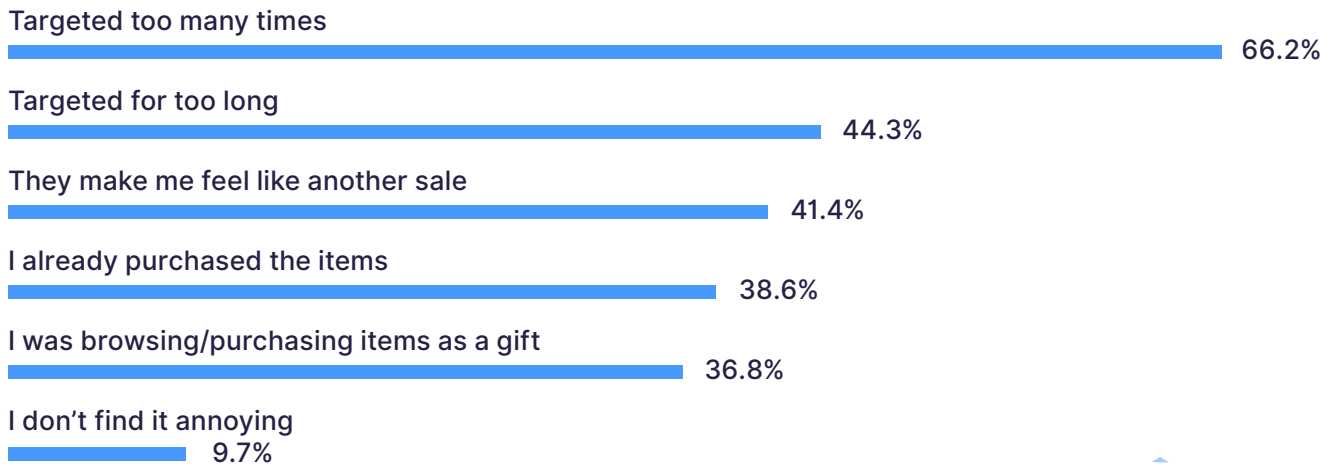
# Final Thoughts

# Final Thoughts

Today's consumers are increasingly skeptical of whether or not they can a.) trust brands with their data and b.) trust that they will use it wisely. But they're also more willing to trust brands who use their data to deliver highly personalized experiences that make their lives easier and their shopping more productive. Personalization, within boundaries, is considered helpful to consumers—but it's up to marketers to be transparent, secure, and productive with that data and prioritize strategies that are respectful of what consumers want.

With that, marketers must focus on leveraging the right technology and tactics to help them better recognize and understand their audiences across channels (online and offline) and ensure they deliver accurate, real-time communications that resonate best with individual customers. When executed correctly, personalization will continue to strengthen consumer relationships and keep your customers loyal for the long haul.



SmarterHQ

# About SmarterHQ

Consumers have high expectations of what their shopping experience should be: immediate, convenient, and personalized, no matter where they choose to interact with your brand. But lack of time and resources, siloed departments and data, competition, and constant innovation make it hard to deliver the experiences your customers demand. **We can help.**

**SmarterHQ simplifies and elevates your ability to:**

**Activate** real-time, multichannel data to reach more customers.

**Identify** audiences quickly and easily based on customer behavior and information.

**Automate** personalized content across outbound and online channels.
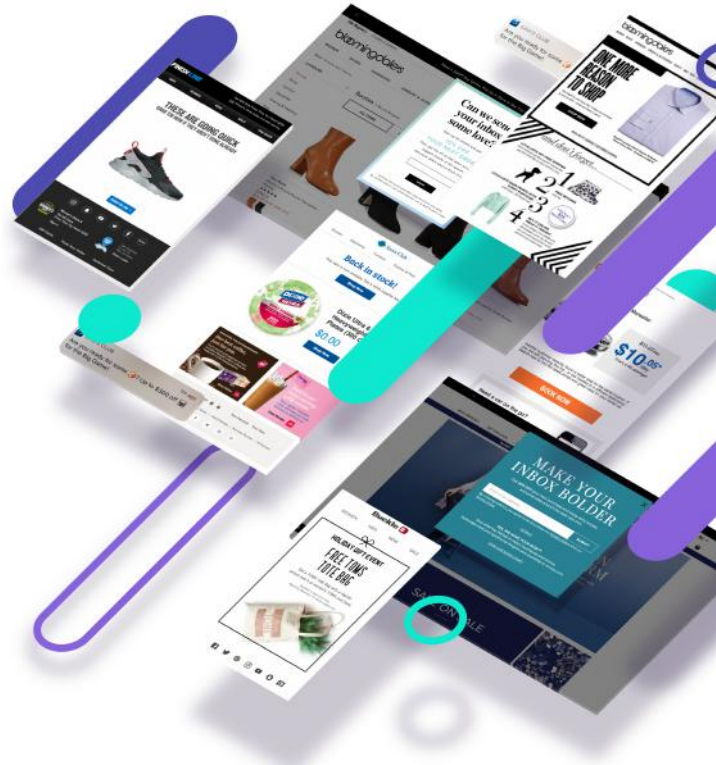
**... all with ease and without IT.**

**"SmarterHQ is the last thing we'd consider cutting from our bottom line."**

**-Sean Duffy**
VP of Contact Strategy, Loyalty, and International Marketing, Bloomingdale's

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**Largest partner network and 20+ ESP integrations**

**Reliable and experienced client success and support team**

**SmarterHQ is Soc 2 Type II + GDPR Compliant**

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**We make it easier for marketers to increase revenue now and customer relationships over time by powering highly personalized, cross-channel experiences. Learn more and request a demo at SmarterHQ.com**

bloomingdale's · FINISH LINE · Sam's Club · Hilton · OMNI HOTELS & RESORTS · Santander