TATA CONSULTANCY SERVICES

Building on belief

Point of View

Privacy by Design: Build Trust and Enhance Your Brand

Abstract

One of the few good things that have emerged from the COVID-19 global pandemic is the reconnection of brands with their customers as ‘we are all in it together’ becomes a rallying call.

This paper sets out TCS’ position that a core component on establishing that reconnection is trust, and that those brands weaponizing the ongoing wave of customer right to privacy are winning the battle for trust and, by default, the customers’ wallet. We look into how a combination of legislation, societal change and corporate strategy is preparing the way for privacy to become a core competitive lever.

In the digital world, most conversations around the idea of privacy quickly move into the realm of regulation, most notably the European Union’s General Data Protection Regulation (GDPR) but also the Consumer Data Right (CDR) legislation in Australia and the California Consumer Privacy Act, which took effect in America’s most populous state in 2020. Of course, it is essential to understand these new regulations and comply with them. The costs of not doing so can be severe: British Airways, for example, was recently fined 20 million GBP for violating GDPR.[1] Germany has levied an impressive 27 fines since GDPR was enacted (including a whopping 41 million Euros from retailer H&M).[2]

But the costs associated with data privacy are not confined just to fines. Data privacy and data protection are central to the most valuable asset: the brand.

A recent survey conducted by KPMG[3] makes this crystal clear: 87% of consumers believe “data privacy is a human right.” But 68% of the respondents said that they “don’t trust companies to ethically sell personal data.” And an overwhelming 91% “say corporations should take the lead in establishing corporate data responsibility.”

In other words, privacy is not just an issue of compliance; it is an opportunity: the chance to enhance the market position by making privacy and all it implies – transparency and trustworthiness – a recognizable pillar of a brand.

Good companies (and even a lot of not-so-good companies) will comply with the laws of new global landscape for data. But great companies will recognize that adhering to the laws governing data privacy – and going beyond the letter of those laws – will help them deliver a better customer experience (more personalized and more trustworthy). Great companies will embrace privacy and make it a key part of their culture and their brand. To cite a few: Apple, Amazon, Disney, Netflix and Microsoft consistently score well on trust indexes – and they have made privacy a key branding pillar.

Take the case of Apple, the world’s largest company (in terms of market capitalization) and the world’s most valuable brand[4]. Apple has made privacy one of its six core values, and devotes a lengthy page on its website to its consumer-centric philosophy and approach to the issue of privacy[5] ():

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1. https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2020/10/ico-fines-british-airways-20m-for-data-breach-affecting-more-than-400-000-customers/
2. https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2020/10/ico-fines-british-airways-20m-for-data-breach-affecting-more-than-400-000-customers/
3. https://advisory.kpmg.us/articles/2020/new-imperative-corporate-data-responsibility.html?utm_source=vanity&utm_medium=referral&mid=m-00004961&utm_campaign=c-00091450&cid=c-00091450
4. https://brandirectory.com/rankings/global/table
5. https://www.apple.com/privacy/

Privacy is a fundamental human right. At Apple, it's also one of our core values. Your devices are important to so many parts of your life. What you share from those experiences, and who you share it with, should be up to you. We design Apple products to protect your privacy and give you control over your information. It's not always easy. But that's the kind of innovation we believe in.

Note a couple of things in this wording: First, there is not a hint of legalese here, no official language of compliance or long-winded disclaimers – it is clear and understandable. And note how Apple goes further than just making a statement of its commitment to the ideal of privacy: further down the page Apple shows how several of its products are designed to thwart trackers from uncovering the kind of data people would rather keep private.

Clearly, Apple believes that by making privacy a core value, the company can generate trust and strengthen their already very strong brand. They are not alone in leading the privacy debate: all the 'FAANGs' (Facebook, Amazon, Apple, Netflix, and Google – massive companies with massive access to customer data) are addressing the issue of privacy in ways that are consumer-centric. Google, for example, is removing its support of third-party cookies beginning in 2022 and looking to replace some of this functionality with the aptly named 'Privacy Sandbox.' Even Facebook, so often held up as poor example of customer privacy, have issued a 'Privacy by Design' policy.

It is fair to ask this question: Are these companies making privacy into a deeply embedded brand value or is this simply an opportunistic play to counter any long-term brand damage? The answer remains to be seen, and it will be fascinating to see how this plays out. But it is crystal-clear that the complex interplay of privacy, trust, and brand is one of the key issues for all data-using enterprises in the months and years ahead.

Trust and brand loyalty go hand in hand. In Edelman's recent report on Brand Trust in 2020[6], 'I must be able to trust the brand to do what is right' was among the top five buying criteria (in order, the other top factors were quality, convenience, value, and ingredients). When a consumer trusts your product or service, they will deepen their engagement with your business. And when a consumer trusts your commitment to privacy, they will reveal more, knowing that you will use it to serve them instead of using it to serve others. And, most important, when you build enough trust to capture more data, you can serve that customer much more effectively with more personalized, more contextually aware experiences.

There's the rub: The winners in the 'experience economy' are data-rich and data-driven. And they are massive winners: Forrester said, in 2018, that "insights-driven companies grow 10 times faster than the global economy, with average annual growth of 27%."[7] Winners need data – and to get data, consumers have to trust your ability to responsibly gather, store, and use it.

What does it take to make privacy and trust a part of your brand? Three broad ideas that demand a holistic consideration of privacy and its implications:

- **Robust data security:** Dealing with data breaches can be an ordeal for any executive. The goal, of course, is to prevent them, which means solid policies and systems about the entire data life-cycle: gathering, storing, and using.

- **Careful, explicit rules – and clear communication – about data exchange:** It is not enough to have good rules about how you gather and use data. It is critical to make those rules clear to your customers. Spell out, in plain language, what kind of data you collect, why you want it, what you will do with it, and how you will keep it safe. And tell users how this can benefit them in the form of better user experience. A clear and well-articulated privacy policy that showcases the explicit value exchange for data sharing is the catalyst for success in CX.

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6. https://www.edelman.com/trust/2020-trust-barometer
7. https://www.forrester.com/report/InsightsDriven+Businesses+Set+The+Pace+For+Global+Growth/-/E-RES130848#

- **Build privacy into the fabric of your offering:** Privacy should be part of the entire, end-to-end design and development processes for products and services. The goal should always be to act in the spirit of what users feel is just – which may mean going beyond the letter of the laws and regulations.

High-profile legislation and laws and big fines are great motivators for ensuring your strategy and processes are compliant with respect to privacy. But privacy done right is an asset that can greatly enhance your brand – and your relationship with the customers who power your growth.

You don't have to be a FAANG to turn privacy into a brand asset. You just have to be ready, willing, and able to look at your data policies and protection strategies in a different light. Those who embrace the ideal of privacy – from the perspective of their most vital constituency (customers) – will reap ample dividends in terms of brand strength and loyalty.

About the author

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Ian Thomas is a Managing Consultant at Tata Consultancy Services (TCS). He is a passionate advocate of data-driven marketing with over 20 years' of hands-on experience across client, supplier and consultancy sectors. He has been a judge at the DMA Awards 2019 and 2020. Ian's strength lies in finding ways to bridge the gap between art of the possible and science of reality, and deliver business value to his clients. In this role, Ian advises our global clients on best practice marketing strategy and execution.

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