

Kelton

Privacy, Personalization and Promotions – NewsWorthy Analysis

**Prepared for SheerID
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EXECUTIVE SUMMARY

Consumer Privacy Concerns Affect Personalized Offers and Brands' Role in Protecting Them

The recent Facebook-Cambridge Analytica data scandal was the harbinger of a deeper consumer struggle. Americans want brands to require consent before using personal data for targeted marketing by a 2:1 margin. But they also highly value offers developed for them.

A new survey by SheerID, conducted by Kelton Global*, reveals how brands can use consent-based marketing programs such as exclusive offers to greatly impact brand affinity, buying habits, and the emotional excitement consumers feel about a purchase. Consumers respond to exclusive offers by spending more and purchasing more frequently, but they also worry about the security of the personal data required to redeem them. Shoppers see brands as a powerful and influential source of information, and - perhaps in light of recent data breaches - strongly expect those brands to protect their privacy.

Consumers are particularly concerned about the potential for brands to misuse information they collect when an offer is redeemed. For shoppers to embrace exclusive offers, brands need to avoid collecting highly personal information, streamline the process, and screen out ineligible buyers. Consumers are far more likely to trust a brand when they can explicitly indicate their interest in an exclusive offer, and when they know a third-party vendor is validating their eligibility.

*A survey to 1,023 nationally representative Americans ages 18+



KEY STORYLINES

Our Study Uncovered 5 Key Trends

1. Americans Value Promotional Offers that are Exclusive.
2. Brands Are Seen as Popular Sources of Influence.
3. Americans Worry About Sharing Personal Information with Brands.
4. Brands Can Ease Americans' Concerns About Personalized Promotions.
5. Eligible Americans are Especially Receptive to Exclusive Offers.

Americans Value Promotional Offers that are Exclusive.

Exclusive offers excite American consumers and can impact where and how they shop, how much they spend, and even how likely they are to make a purchase.

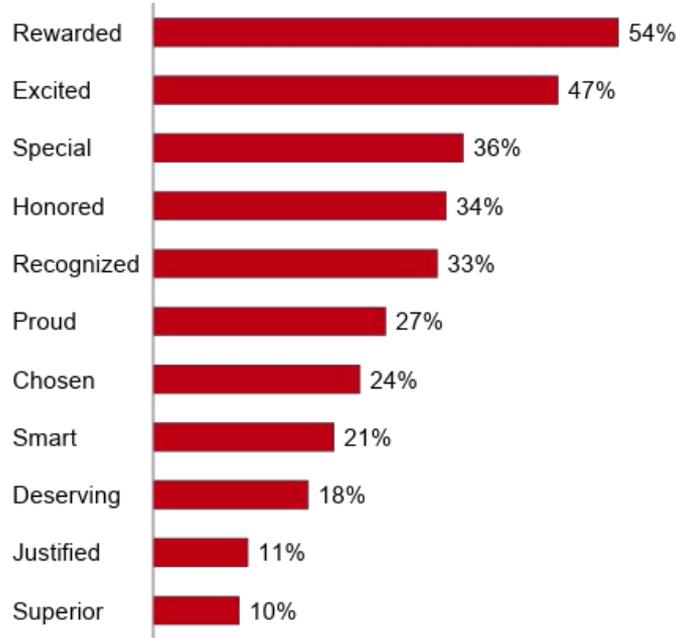


Exclusive offers carry more weight than your typical discount. Around two-thirds (68%) of Americans say exclusive offers are more important than traditional coupons that are available to everyone.

Americans find exclusive offers highly appealing. Nearly all (94%) Americans would take advantage of an exclusive offer provided by a brand that the brand would not typically offer the general public.



Which of the following describe how you would feel if you learned you qualified for an exclusive offer?



Exclusive offers can equate to an emotional lift to those who receive them. Nearly one in two (47%) say receiving an exclusive offer would make them feel excited, while many would feel special (36%) or honored (34%) to be given the offer.

- *More women than men would feel excited (51% vs. 42%) or special (40% vs. 31%) if they were to receive an exclusive offer.*

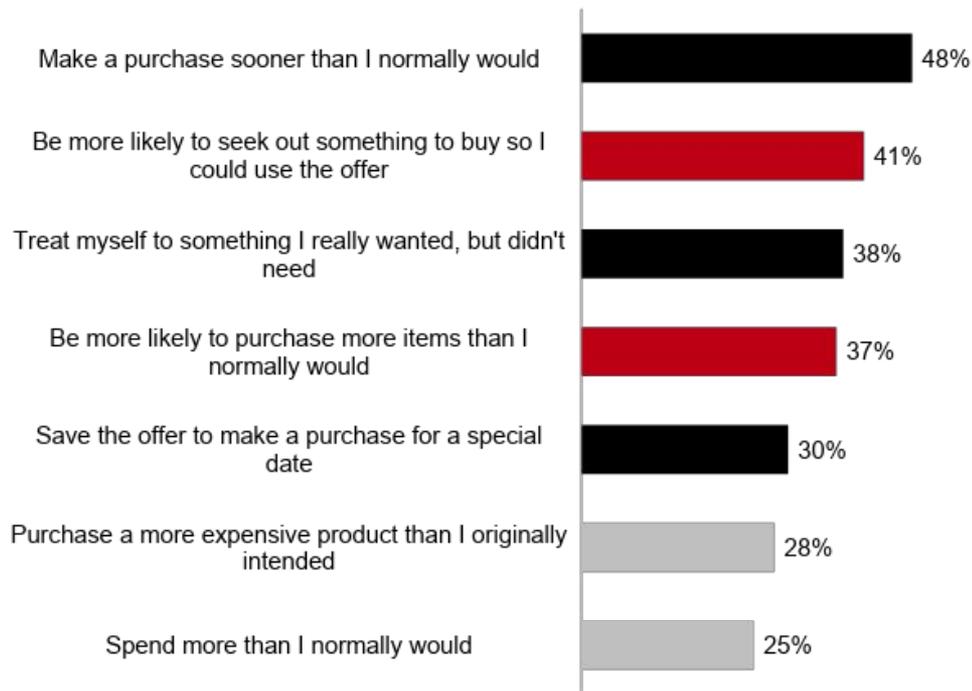
Receiving an exclusive offer generates a cinematic thrill. Nearly 60 million Americans say the idea of receiving an exclusive offer would make them feel like Rocky Balboa reaching the top steps of the Philadelphia Museum of Art (24%) or Jerry Maguire's iconic 'Show me the money!' phone call (24%).

Brands should be just as excited about exclusive offers.

The majority (58%) of consumers who would use an exclusive offer say it would increase their likelihood to purchase, while at least two in five note the offer would speed up a purchasing decision (48%) or increase how much they originally planned to spend (40%).

- 22% said they would use the exclusive offer to purchase an item for a loved one.
- Instant gratification: Fewer Millennials (24%) than Gen Xers (31%) or Boomers+ (33%) would save an exclusive offer for a special occasion.

Which of the following describe how you would use an exclusive offer provided by a brand?*



*Among Americans who would use an exclusive offer

- Likelihood to Purchase NET – 58%
- Increase spend NET – 40%



Exclusive offers are an aphrodisiac for brands. Over four in five (82%) Americans say being provided an exclusive offer would increase how often they shopped with the brand.

Americans are excited to share exclusive offers with those they love. More than nine in 10 (91%) would share an exclusive offer with their friends or family.

Which of the following offers would you be most interested in using?



Americans want exclusive offers that extend their purchasing power.

More Americans say their top choice for an exclusive offer from their favorite retailer would be a 25 percent discount on one purchase (33%) than free shipping (20%) or a free gift for coming into their store (10%).

- *More Boomers+ (44%) and Gen Xers (34%) than Millennials (18%) say their top choice for an exclusive offer would be 25% off a one-time purchase*
- *More Millennials than Gen Xers (24% vs. 17%) would choose free shipping.*

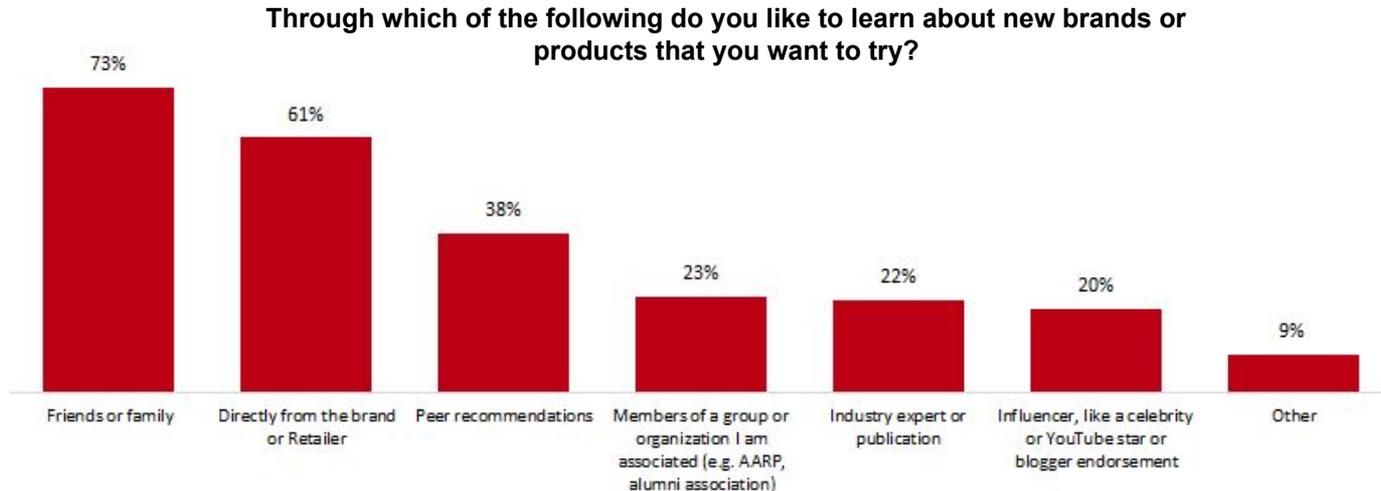
Brands Are Seen as Popular Sources of Influence.

When it comes to information about new products, Americans view brands as a more favorable source than peers, bloggers, industry experts - even YouTube stars and celebrities.



Brands cast a long shadow. 61% of Americans said they prefer to learn about new products and brands directly from the brand; significantly greater than peer recommendations and 3:1 over bloggers.

- *Boomers+ (66%) and Gen X (63%) are even more interested in hearing directly from brands as compared to Millennials (54%).*
- *Conversely, Millennials (38%) look to Social Influencers such as bloggers or YouTube stars 5:1 over Gen X (21%) and Boomers+ (7%)*



Americans Worry About Sharing Personal Information with Brands.

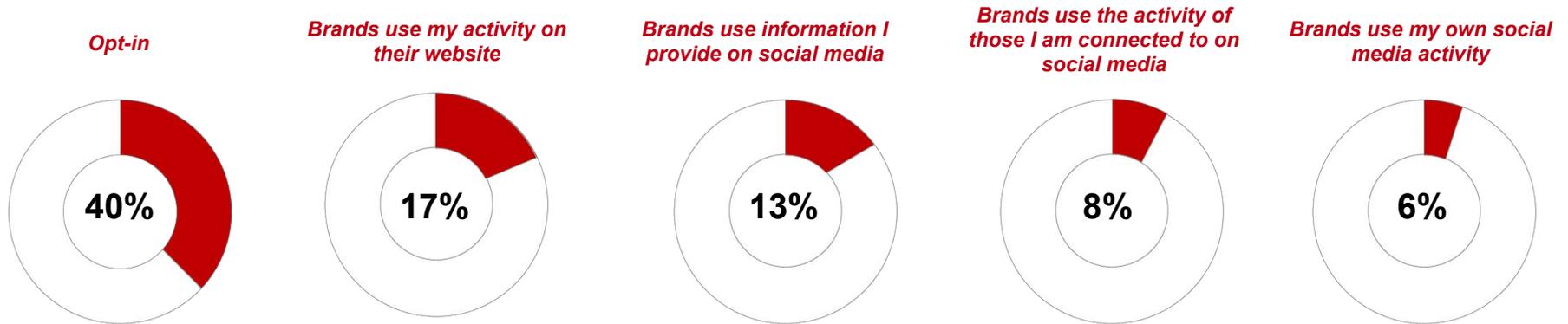
Post Cambridge Analytica, fear about the security of personal data is at an all time high. Americans expect brands will keep it safe, and won't risk losing control of their most private information just to receive a discount.



Americans suspect the worst. Seventy-three percent believe brands use personal information when verifying for an offer without their knowledge.

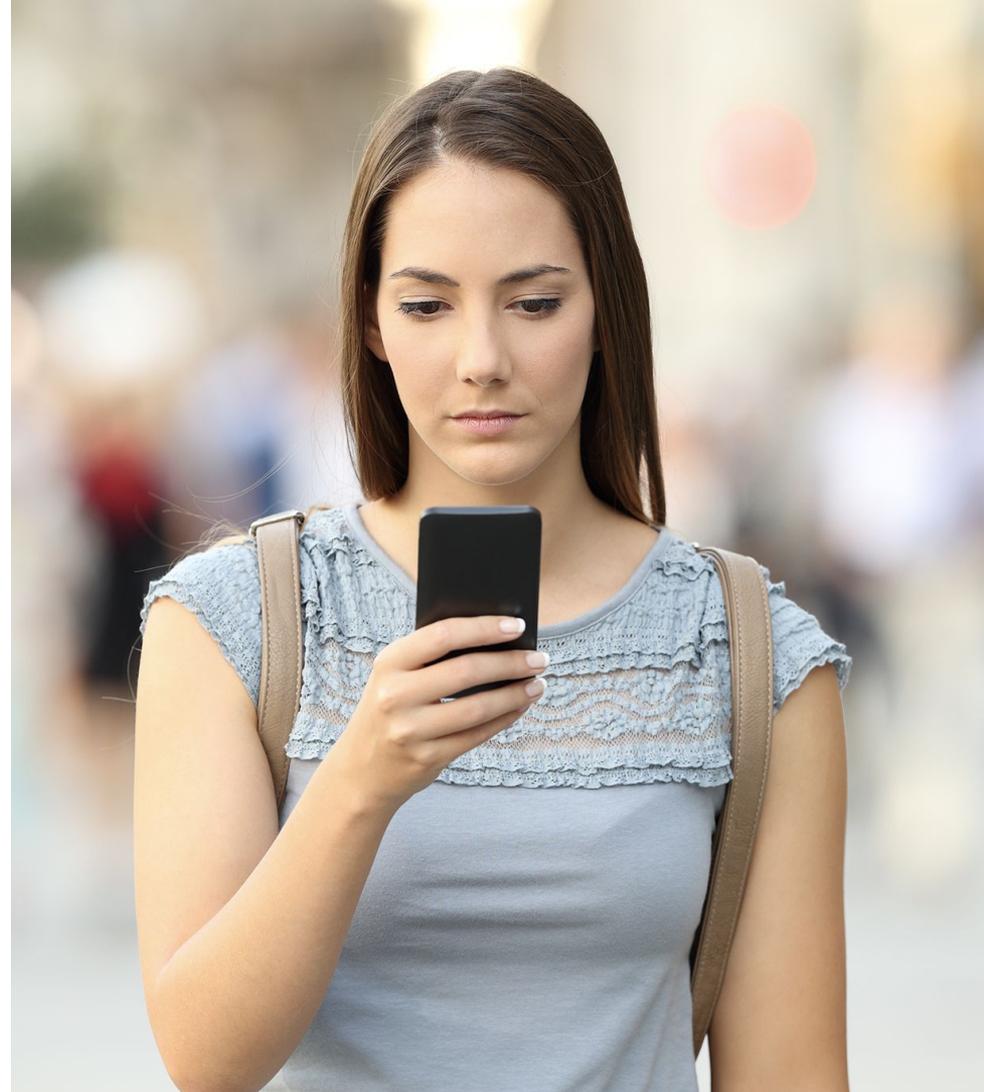
Consumers want to explicitly indicate their interest in an offer. More consumers would most prefer to opt-in (40%) to a promotion or exclusive offer than have brands use information they willingly provide on social media (13%) or their activity on a brand's website (17%) to determine whether they should receive the offer.

- *More women than men (44% vs. 35%) would most prefer to be identified for an exclusive offer by opting-in through an online form on a brand's website.*



An overwhelming majority of Americans have concerns about sharing personal information to gain access to exclusive offers.

Over nine in 10 Americans (92%) would be concerned with some part of the process around being verified for an exclusive offer.

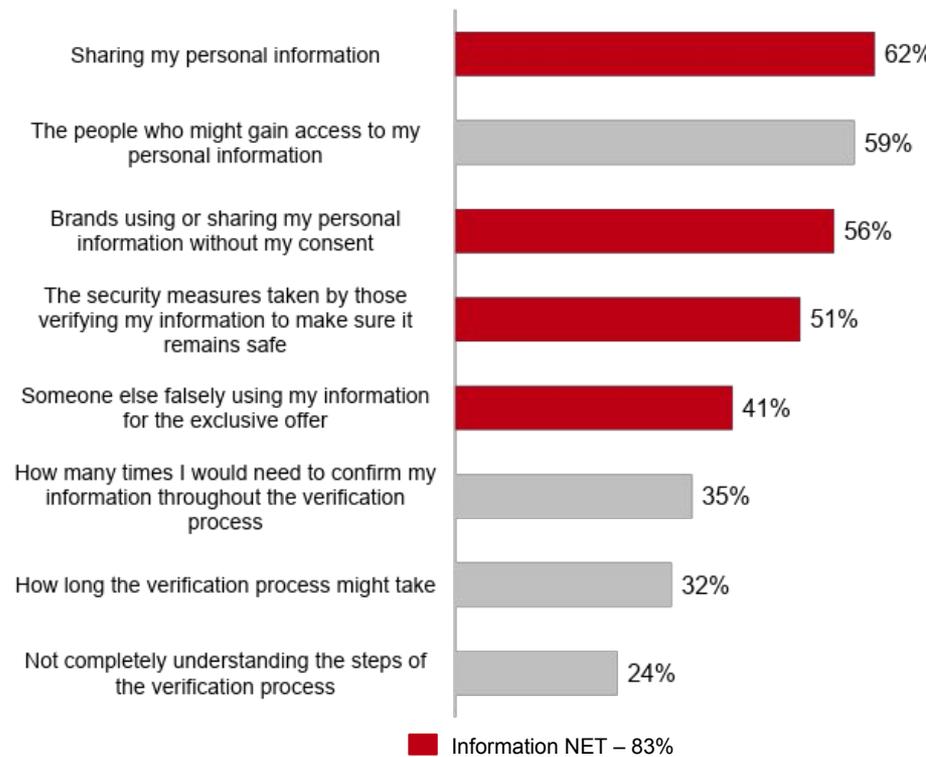


Most of the concerns regarding personal information for eligibility to an offer stem from the worry of what brands will do with the information they collect. Eighty-three percent of Americans have concerns with the types of data that would be collected, including sharing their personal information (62%) or a brand using it without their consent (56%).

- *More Americans who should be eligible for exclusive offers than those who shouldn't (86% vs. 80%) have concerns around the information needed to verify someone.*

Recent data breaches may be driving these concerns. Around half would be worried about the security measures being taken to keep their personal data safe (51%), while over two in five (41%) report concerns regarding the possibility of someone else falsely accessing an exclusive offer using their information.

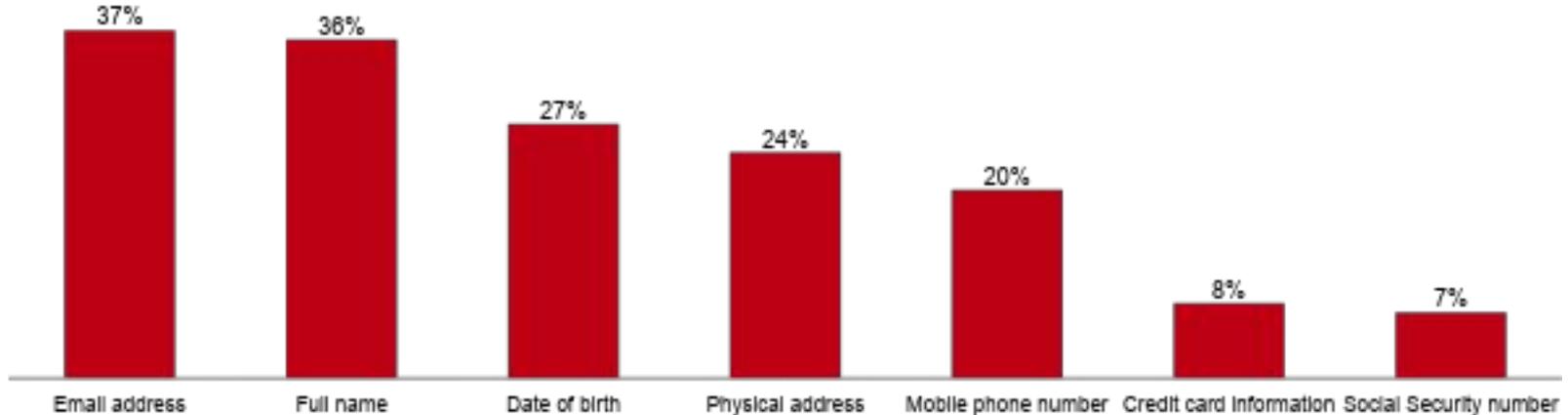
Which of the following would concern you about being verified for an exclusive offer?



Many consumers respond by drawing the line. While over a third would be extremely willing to share common information like an email address (37%) or name (36%) to be verified, far fewer would say the same about their social security number (7%) or their credit card information (8%).

- *Fewer Boomers+ than Millennials are extremely willing to share their social security information (1% vs. 14%), credit card information (3% vs. 14%), or mobile phone number (12% vs. 27%) to be verified for an exclusive offer.*

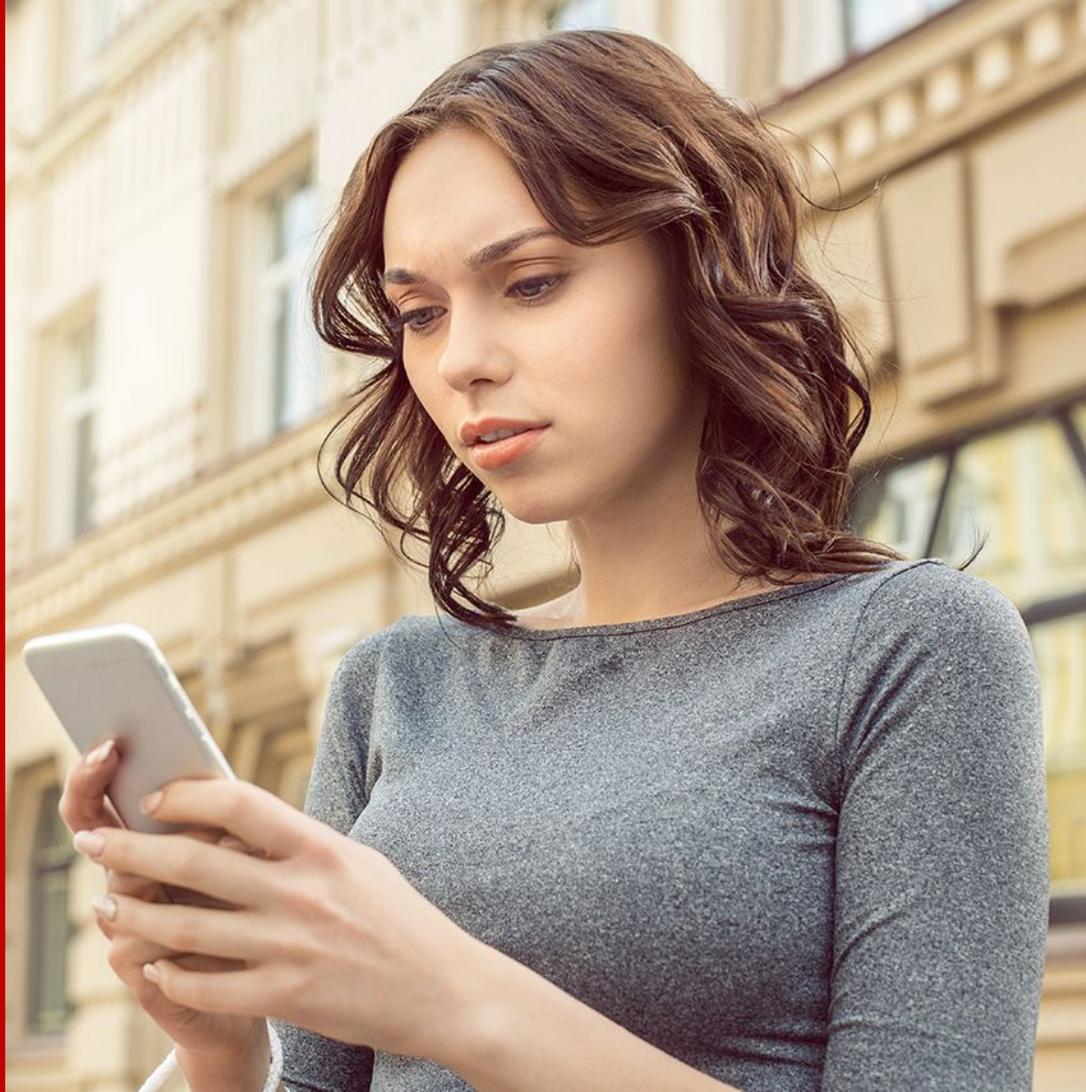
How willing would you be to share the following pieces of personal information to secure an exclusive offer?*



*Top-box 'Extremely Willing' to share this information

Brands Can Ease Americans' Concerns About Personalized Promotions.

Consumer fears about exclusive offers are allayed when the verification process is instantaneous, and when brands use a third-party to complete it. Taking steps to protect the integrity of the offer also reduces concern.



The value of keeping their personal information safe has become paramount.

So much so that more Americans say knowing a brand wouldn't share the personal information needed to redeem an exclusive offer (63%) is extremely important to them.



Third-party verification may be the perfect remedy for privacy concerns.

Most Americans (57%) would rather be verified for an exclusive offer by an independent third-party than a brand's customer service representative.

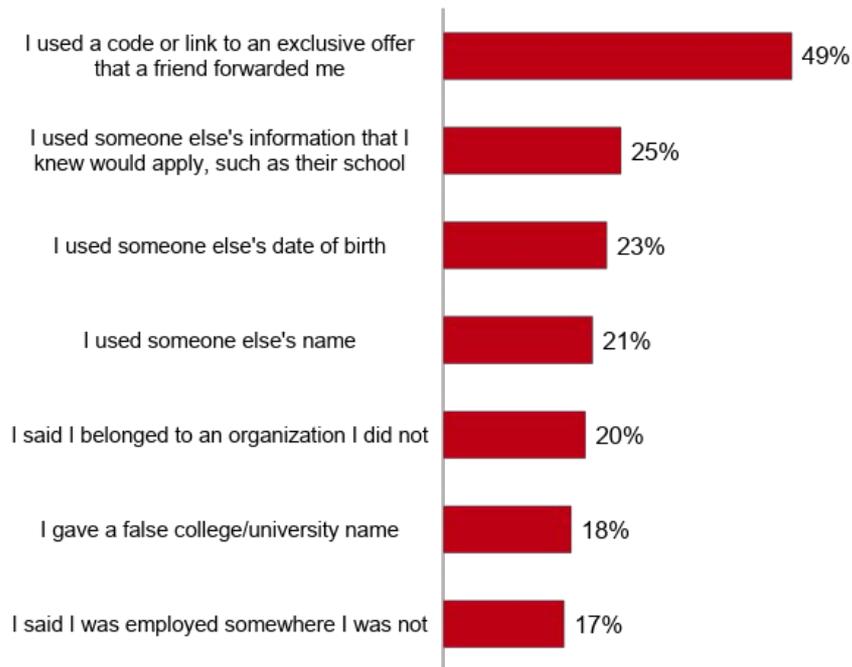


Why is third-party verification necessary? Consumers will go to great lengths to use an offer they're not eligible for.

Many times, offers are redeemed by those not meant to receive them. Nearly half (46%) report they've cashed in an exclusive offer; however, over 59 million (24%) Americans have redeemed an exclusive offer when they knew they really didn't qualify, most often through using a code or link forwarded to them by a friend (49%).

- *Over one-third (35%) of those who have redeemed an exclusive offer admit they've done so when they knew they really didn't qualify!*
- *Millennials are around twice as likely as Gen Xers (48% vs. 23%) to have wrongfully redeemed an exclusive offer not meant for them, and nearly seven as likely as Boomers+ (7%)!*

Tactics Used to Wrongfully Redeem an Exclusive Offer*

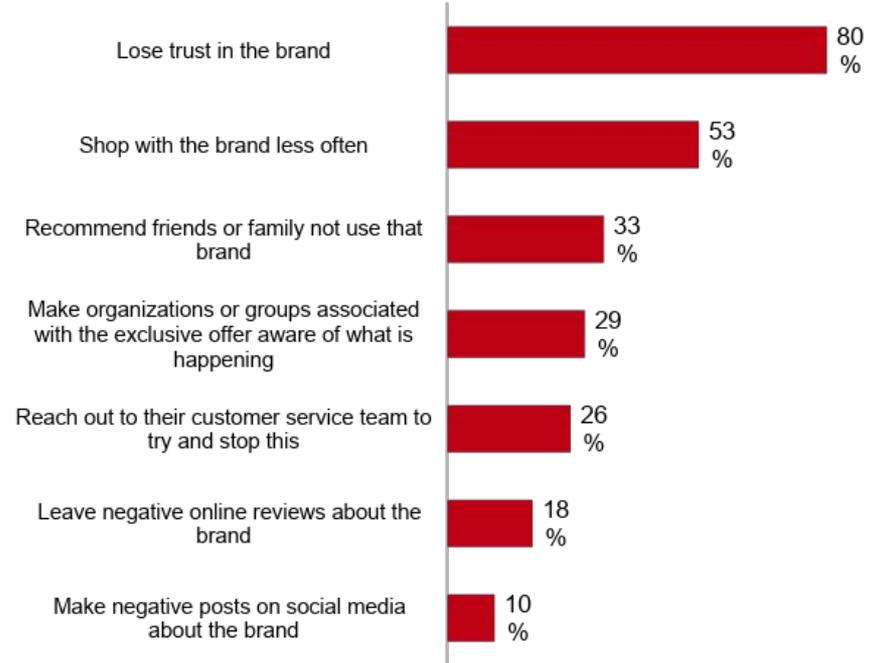


**Among those who have wrongfully redeemed an exclusive offer*

Brands suffer when they allow customers to wrongfully redeem exclusive offers:

- Around 47 million (19%) Americans say knowing a brand allowed customers to wrongfully use exclusive offers would negatively impact how they interacted with the brand.
- In fact, four in five (80%) of these individuals would lose trust in the brand; many would resort to taking actions that could affect a brand's bottom line or good name. Over half (53%) would shop there less often, while 33 percent would recommend their friends and family shop elsewhere.
- Twenty-one percent would even share negative sentiments with the brand through online forums or their social media profiles!
 - *More men than women (30% vs. 13%) who say wrongful redemption would negatively impact their interactions with a brand would make disparaging online posts about the brand.*

Which of the following would happen if you learned a brand was allowing consumers to redeem exclusive offers who didn't qualify?*



*Among those who say brands letting consumers wrongfully redeeming exclusive offers would negatively impact their interactions with a brand

Third party verification can make offer redemption easy by reducing the time it takes. Around one-third (32%) of those with concerns regarding being confirmed for an exclusive offer attribute it to the length with which it takes to complete the verification process.

- *More Americans from the Midwest (38%) than West (29%) or Northeast (28%) are concerned with the time it takes to complete the process.*

Americans have little patience when it comes to verification for low-cost items. Nearly one in two (47%) are only willing to wait less than one minute to be verified for a low-cost item, like a movie ticket, before they abandon the offer.

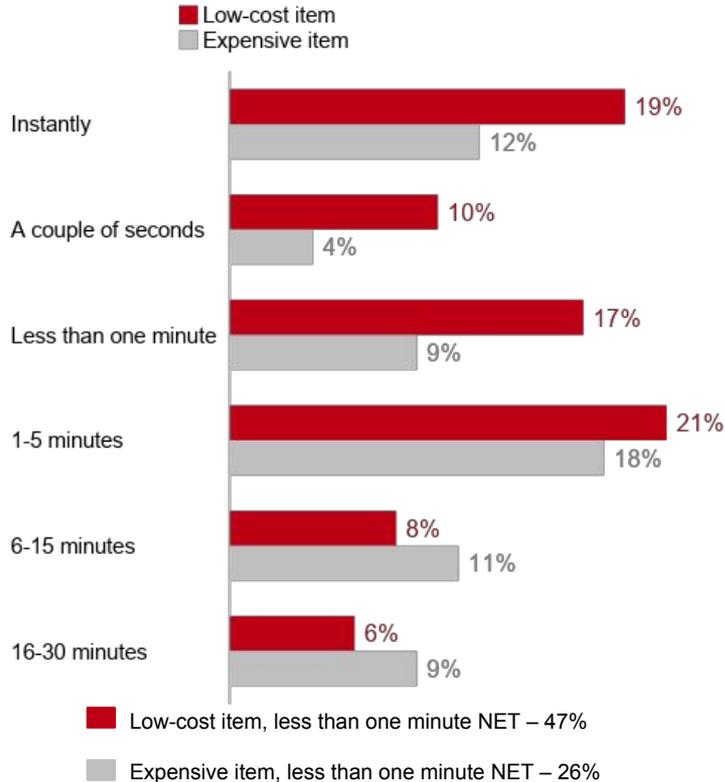
- *More Americans that have already redeemed an exclusive offer than those who haven't (50% vs. 44%) will not wait more than 60 seconds before abandoning an exclusive offer.*

Nineteen percent expect this to be completed right away or they will leave an offer behind.



79 million Americans are concerned with the **time it takes to be verified** for an exclusive offer.

How long are you willing to wait to be verified for an exclusive offer before abandoning each of the following types of purchase?



For many, the number on the price tag doesn't change their desire to be verified quickly.

Over one in four (26%) expect to be verified for expensive items, like a television, within a minute or they'll choose to let an exclusive offer slip away.

- *More men than women (29% vs. 23%) would leave the exclusive offer on an expensive item behind if their verification was not completed within one minute.*

Twelve percent are willing to abandon an offer for an expensive item if they are not verified instantly!

Eligible Americans are Especially Receptive to Exclusive Offers.

Those who should qualify for exclusive offers report a heightened interest in them, and are increasingly critical of brands that shoppers to redeem offers they're not eligible for.



Most (54%) Americans who are likely eligible to receive an exclusive offer report they've already had the chance to redeem one. This includes individuals who are first responders, members of our military, current and former students, and members of employment and civic organizations.

Exclusive offers have a special appeal to those who are eligible for them. In fact, the majority (51%) of Americans who should be eligible for an exclusive offer would prefer receiving one over a loyalty program accessible to anyone.

- *Fewer (40%) of those who shouldn't be eligible for an exclusive offer said the same.*

Americans who Would Prefer Receiving Exclusive Offers over a Loyalty Program Available to Everyone





89% of offer-eligible Americans say an **exclusive offer would make them likely to shop** with a brand.

Exclusive deals raise a brands' status in the eyes of Americans who are eligible for them. More consumers who should be able to redeem an exclusive offer than those who shouldn't (89% vs. 80%) say an exclusive offer would make them likely to shop with a brand.

- *Those who are eligible for exclusive offers are just as likely to shop with a brand because of the offer as they would be for a brand's great customer service (89% vs. 92%).*

And they are likely to return for seconds. More offer-eligible Americans than those who aren't eligible (87% vs. 77%) say they'd shop with a brand more often if they were to be given the exclusive deal.

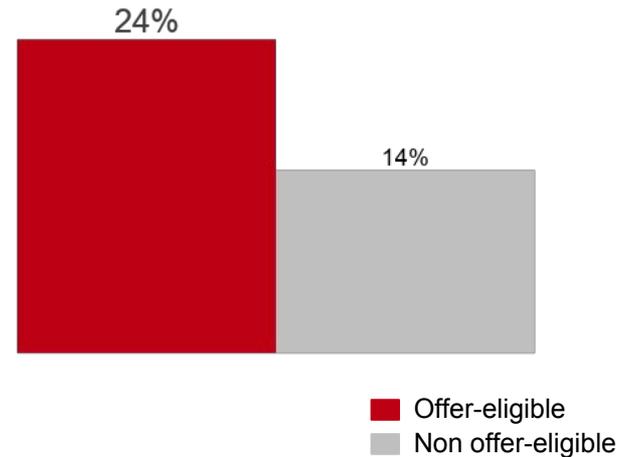
- *This could be in part due to an emotional boost as more eligible than non-eligible (36% vs. 29%) say they'd feel recognized if they received the exclusive offer.*

While exclusive offers are more attractive to this group, wrongful redemption is equally off-putting.

Americans who should be offer-eligible are 71 percent more likely than those who should not be offer-eligible (24% vs. 14%) to say knowing brands allowed wrongful redemption of exclusive offers would negatively impact their interactions with a brand.

Most (83%) offer-eligible Americans who say wrongful redemption would have a negative impact would lose trust in a brand, while many would shop elsewhere (53%) or persuade their friends and family to do so (37%).

'Brands Letting Consumers Wrongfully Redeem Exclusive Offers Would Negatively Impact my Interactions with the Brand'

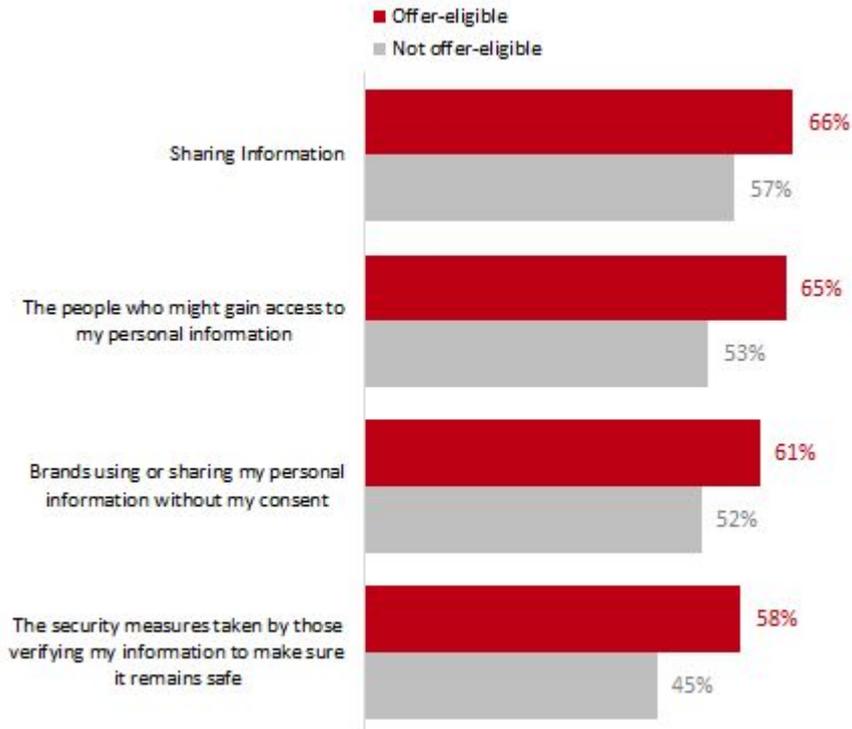


Concerns Surrounding the Verification Process

The bad news: offer-eligible consumers have heightened fears about data security.

The good news: third party verification may help quell their concerns.

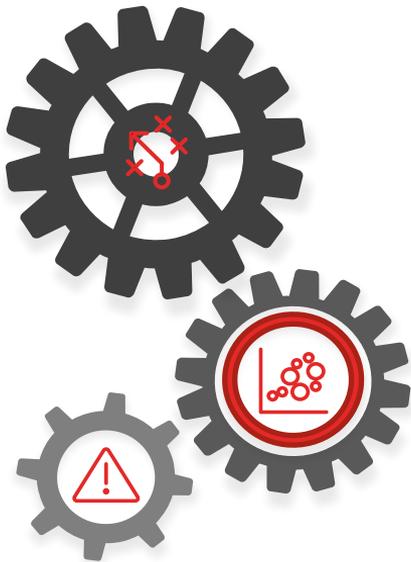
More offer-eligible Americans are concerned about the verification process than non-eligible consumers, specifically around sharing their information (66% vs. 57%) and those who may gain access to their personal data (65% vs. 53%).





METHODOLOGY

Quantitative Methodology



SAMPLE

Online survey to 1,023 American ages 18 and over, with a margin of error of +/- 3.1%

METHODOLOGY

The SheerID Exclusive Offers Survey was conducted between April 23rd and April 26th, 2018 among 1,023 nationally representative Americans ages 18 and over, using an e-mail invitation and an online survey. Quotas are set to ensure a reliable representation of the U.S. population 18 and over.

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.

In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percent, from the result that would be obtained if interviews had been conducted with all personas in the universe represented by the sample. The margin of error for any subgroups will be slightly higher.

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