

# The Big Data Backlash



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## Why does the Big Data Backlash matter?

Companies need to be aware of what the Big Data Backlash might mean for them, since so many of today's businesses are reliant on customer-generated information as an important source of data for customer insight programmes. A key finding from our business survey into Big Data is that almost half of businesses surveyed (48%) think that customer interactions – such as previous purchases, ad clicks and web browser behaviour – are the most valuable source of customer insight. Meanwhile, almost six-in-10 (59%) business decision makers use customer-generated data for customer insight from customer interactions, social media and publicly available data. By contrast, just one-in-10 businesses believe that commercial partners are their most valuable source of insight into customer behaviour.



## Why does the Big Data Backlash matter? (cont'd)

### **Business displays a laissez faire attitude to how Big Data might change**

Despite a growing decrease in the number of consumers who are willing to share information, just a fifth (20%) of business executives are concerned that customers will start to restrict their use of personal information by companies in five years' time. A further 28% of business executives don't think that the amount of free personal information that consumers are willing to share will change, whilst 29% admit to not knowing whether more or less of the personal data sourced from consumers will be provided for free. This appears to reflect a laissez faire attitude amongst businesses when it comes to preparing for changes in how they might collect and use personal data in the future.

Our research demonstrates that few organisations are currently thinking about what will be the biggest sources of information in 10 years' time. With companies investing large sums in developing their capabilities to handle Big Data, organisations need to start reviewing existing data strategies to future-proof investments after the 'Golden Age' of free information comes to an end.

# Consumer attitudes toward the use of customer information are changing

Consumers already appear to have a conservative attitude to what personal data they will share with a business. Asked how often they give companies or allow companies access to their personal information, just three per cent of respondents say that they 'always' share personal information and 12% stated they do so frequently. More than two-fifths (41%) of consumers say they 'rarely', or 'never', share their personal information with companies (30% and 11% respectively).

Just under half (42%) of respondents say that they will 'sometimes' share information. However, when asked whether their willingness to share personal data with companies has changed over the past five years, more than half (55%) of consumers questioned say that they have become less willing to share personal data. This compares to 38% of consumers who claim that their attitude to sharing personal data has not changed.

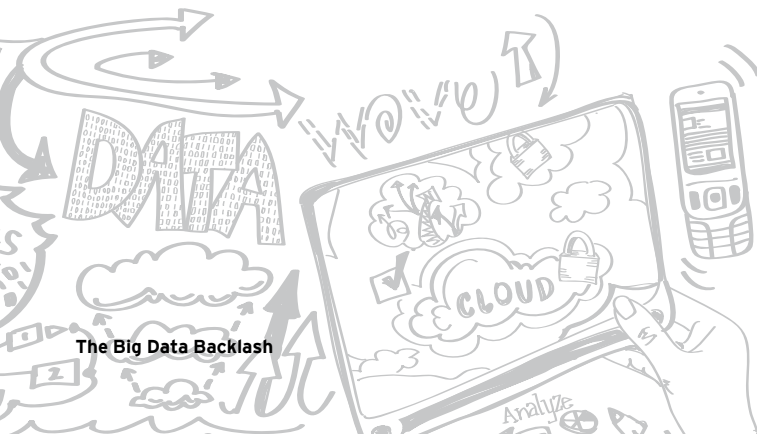
## Consumers are concerned about businesses sharing their personal data with third-parties

Nearly three-quarters of respondents (70%) say that they are 'never happy' for companies to share their personal data, compared to a quarter who say they are happy for their personal data to be shared with their permission. More than six-in-10 consumers (63%) admit that being asked to share personal data would stop them signing up to a new service or product, compared to 31% who say it was unlikely to make a difference to their decision to sign up.

In sharp contrast, a sizeable proportion of consumers are happy for companies to use their personal information if they benefit through more targeted marketing. In total, just over a third of customers are happy for companies to target them with special offers and recommendations based on their personal data (35%), whilst just under a third are happy for companies to develop new products and services based on their personal data (30%).

When it comes to their use of social media networks, consumers are even more sensitive about sharing their personal data. Just one per cent of respondents are happy to share personal data across any social media website. Whilst 31% say that they restrict access to data depending on the social media site being used.

It appears that consumers' experience of using social media networks during the past five years has also had a significant effect on their attitudes to data sharing generally. When asked specifically whether their use of social media networks made them 'more' or 'less' open to sharing personal data, exactly half of the consumers (50%) questioned state that their use of such networks has made them less open to sharing personal information. Just five per cent of consumers believe that their use of social media has made them more open to sharing personal data.



# The 'Golden Age' of free data is ending

Currently, more than six-in-10 businesses (62%) say they use 'customer insight' programmes – in which they collect, deploy and interpret customer information that allows them to acquire, develop and retain their customers. Of businesses that use customer insight programmes, 79% believe that it boosts revenue, whilst 25% of all senior decision makers asked agree that it increases revenue by a 'fair amount.'



## Businesses appear unconcerned about the end of the 'Golden Age'

In general, business executives do not yet appear concerned about a shift in consumer attitudes towards Big Data. More than seven-in-10 (71%) of executives state they are not concerned that consumers will start to restrict the use of their personal information by companies during the next five years, compared with just 19% who are worried.

Executives who are most concerned about customers beginning to restrict the use of their personal data include those that work in retail, financial services and media and marketing. In total, 26% of retail executives are concerned about consumers limiting access to their personal information, as are 28% of financial services executives and 26% of media and marketing executives.

## Executives can see the risk in shifting consumer attitudes towards the use of personal data

Overall, 41% of senior decision makers think the advent of restricted access to their customers' personal data would be a risk to their own company's business model and revenues. This figure actually increases to 62% for executives at companies with an annual turnover of £10 million or more.

However, more executives – 47% – do not think that there would be any risk at all to their business models if their companies had restricted access to customers' personal information.

Indeed, 55% of business proprietors and 53% of board-level managers/directors actually see no risk at all from their company having restricted access to its customers' personal data.

Business sectors that see the most risk from having no access to customers' personal information include financial services (with 60% of firms seeing more risk) and media & marketing (45%).

## Consumers and executives have starkly different views on incentives for data sharing

In spite of a recognition by business executives of a risk from shifting consumer attitudes, there appears to be a significant difference of opinion between consumers and executives when it comes to incentives to encourage consumers to part with personal data. Four-in-10 consumers agree that they would be more willing to share personal data if incentivised to do so, yet 76% of senior decision makers say that their business would not be prepared to incentivise or pay customers for their personal data, with only eight per cent of senior decision makers admitting to already incentivising some of their customers.

Only 16% of business executive respondents say they would be prepared to incentivise some or all of their customers to gain access to their personal data. However, despite a growing volume of consumers starting to limit the information they share, almost 48% of business respondents say they are still reliant on customer-generated data for customer insight programmes, meaning they could be more likely to be unprepared for when the 'Golden Age' of free data comes to an end.

# The future of Big Data

Our survey amongst consumers reveals that almost half of respondents (49%) think they will be less willing to share their personal data with companies over the next five years as opposed to 42% who think there will be no change in their willingness to share personal data. Just two per cent of consumers said they think they will be more willing to share personal data with companies in five years' time.

Meanwhile, the forthcoming change to the EU's Data Protection Directive is of concern to some business executives involved in Big Data. In 2014, the European Union is set to update its Data Protection Directive (Directive 95/46/EC) to introduce a single set of data protection rules across the EU. Under these proposals, EU-based companies will be answerable to a single data protection authority and consumers will have the right to be 'forgotten' by companies.

Some 37% of senior decision makers think that the current update to the EU directive will increase costs, this increases to 46% of decision makers in businesses with an annual turnover of more than £10 million. Forty-five per cent of financial services executives, 51% of those working in IT and telecoms, thought that the cost of operating within the EU will increase because of the scheduled update in 2014 to the directive.

## So, what will become the main sources of customer insight?

With changes planned to how companies can collect and store customer data within the EU, organisations need to start rethinking how they currently approach data management and their main sources of customer information for the long-term success of Big Data programmes.

Responses from consumers to questions about who they are comfortable sharing their personal data with indicate that government bodies are most likely to 'own' Big Data in the future.

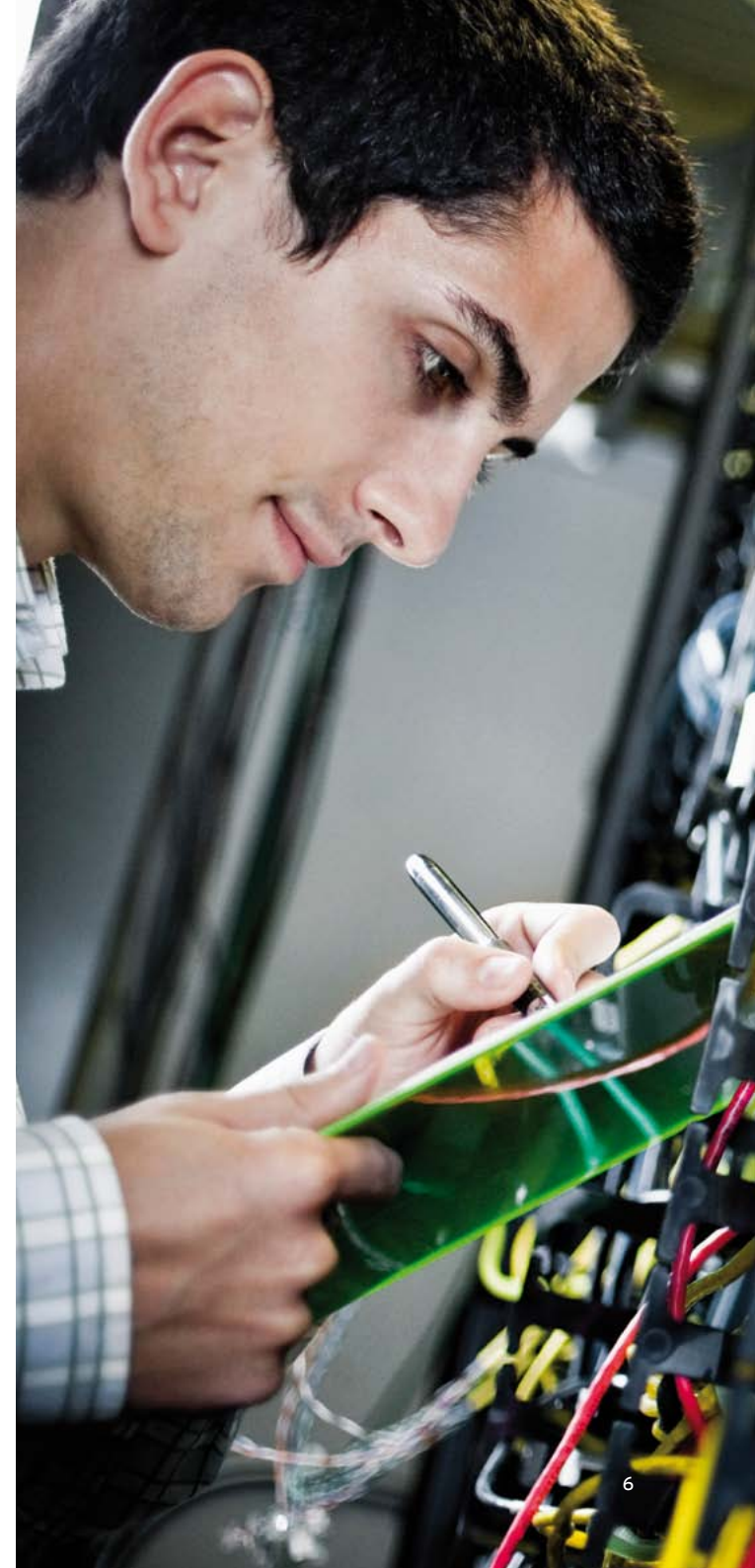
More than half (55%) of consumers claim that they generally feel comfortable sharing their personal data with central government bodies, whilst 50% said that they would be comfortable sharing their data with local government organisations.

In terms of business sectors, 36% of customers generally feel comfortable with sharing their personal data with insurance providers. Thirty-two per cent say they would be comfortable sharing their data with financial institutions, whilst 26% would be happy to share with energy providers.

Another possible contender for who will 'own' customer data in the future might be businesses operating loyalty cards and other loyalty schemes. A third of consumers surveyed feel comfortable with sharing their personal information with companies operating loyalty schemes.

It is clear, however, that organisations are not yet prepared for the change in attitudes of consumers that are willing to share personal information: just seven per cent of business executives expect either local government or central government (3% and 4% respectively) to become a valuable source of customer data in the next 10 years.

Surprisingly, a quarter of executives admit that they do not know what will be the main source of customer insight in 2023. In total, 16% of business executives predict that customers themselves will still be the most important source, whilst 12% identify social networks as a viable option. A further, 10% of business executives state that search engines, such as Google, would be amongst the most valuable sources used to gain customer insight in the future.





# Conclusion

The results of our survey into business executives' and consumers' attitudes towards Big Data highlight a lackadaisical attitude within the world of business towards the use of consumers' personal data and forthcoming legislative changes within the European Union. The 'Golden Age' of free access to customers' personal data is coming to an end, but companies appear unwilling to accept that they must incentivise customers if they want to continue to have their co-operation in gaining access to their personal information.

Yet most business executives recognise that they are reliant on consumer data in order to gain insight into their customers' habits, with 79% stating that they believe their customer insight programmes boost revenues to some extent. Meanwhile, even though consumers appear more unwilling to give private sector organisations unfettered access to their data, the majority appear happy for government, both central and local, to have access to their personal information.

Many businesses appear to rely on the customer insight that Big Data can deliver. Yet, companies need to wake up to how access to consumers' personal data might change over the next decade and how changes in EU legislation could affect them. This will help them develop new strategies so they can continue to use Big Data to gain insights into their customers' behaviour.





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