

SALES  manago

Data Ethics & Customer Preference Management

The new big
Commerce trends

Ebook





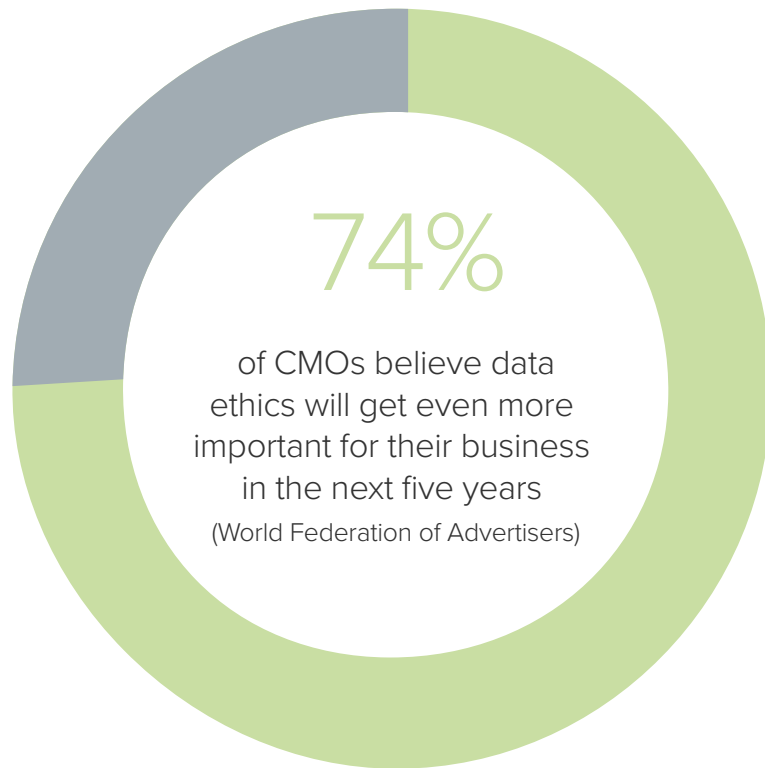
With the advent of more and more data privacy regulations (first the GDPR, then the CPRA, and now the CDPA aka Virginia Consumer Data Protection Act, which goes into effect on January 1, 2023), various companies and organizations are under tremendous pressure to ensure that their customers are protected and that their data is stored responsibly. This is the last chance to actually act by data security standards to build high-end consumer relationships based on trust and to create the best Customer Experience by using improved preference management.

Table of content:

1. Matter of data ethics while managing customer preferences
 - What is data ethics
 - How it's connected with preference management
 - Benefits of data ethics
2. Use of data in marketing campaigns
3. Consumers are not idiots
4. Obvious and not-so-obvious ways of ethical data collection
5. Be Bob the builder of your own data-use program and practices
 - How to create ethical customer data practice nowadays
6. First-party data wanted - dead or alive



Matter of data ethics while managing customer preferences



That means that companies and what's more, marketers are becoming more and more aware of the way they use and collect the data.

Today, groundbreaking technologies such as AI and machine learning are helping businesses by creating opportunities to deliver better services. However, to fully use these fantastic mar-tech tools, there is a high need for possessing a huge database of client information. In times of data misuse, companies really have to focus on ethical collection of data in order to provide better preference management.



Transparency becomes
a new **must-have**
for companies

What is Data Ethics

Data ethics is simply the field of ethics that encompasses good practices for collecting, storing, analyzing, and processing data - both structured and unstructured ones. It includes addressing and recommending concepts of right and wrong doing, with transparency and defensibility of actions and decisions made by automated/artificial intelligence (AI) on data in general and personal data in particular.



● How it's connected with data preference management

Preference management, as the name suggests, is a way of communicating with customers through channels and at times preferred by them. In short, it is the recipient who decides what and when they will receive from the company (be it a notification or promotion), and not the other way around. Preference management seems to be a great improvement in communication, this way you can make sure that the information you send is always welcome, if of course it is done in a legal way. Keep in mind that consumer preferences are changing, hence you must provide the update option.

In the past years we observed a huge conversion in the area of enterprise data cloud, and how it could simplify the management of data and AI. In 2021 with the COVID-19 outbreak, masses of data are being used for the fight with pandemics, personal cyber profiles that raise the discussion about privacy and the problem of data ownership in smart devices. We see a burning need to anonymize data for the benefit of society and to ensure strong data governance that monitors how it is used.

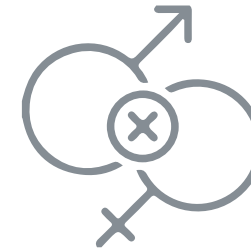


● Benefits of data ethics



Trust

Building trust among customers is crucial to maintaining long-term relationships. Therefore, companies that apply advanced data ethics to their AI models can certainly expect customer retention and loyalty, which strengthens their brand reputation.



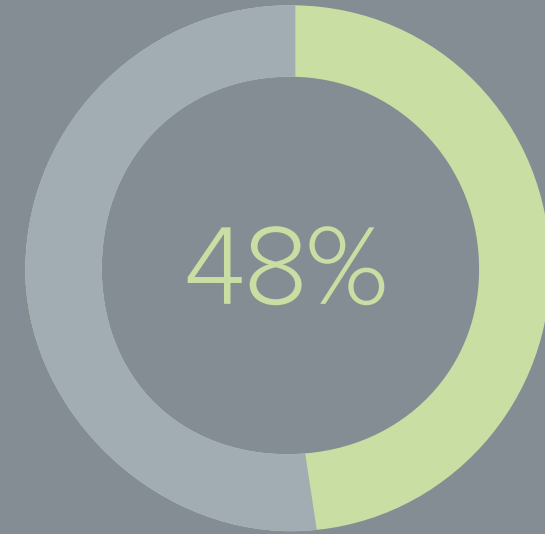
Bias prevention

Unintentional biases can always happen and create a negative image of your brand, driven by poor business decisions. It's important for companies to follow data ethics to avoid falling into the trap of dishonesty in the decision-making process.



Compliance with data privacy

Given the fact that we have more and more privacy regulations like GDPR, CCPA and most recent one - CDPA, ensuring ethical AI helps to keep data privacy compliance.



While only 48% of advertisers admit having data ethics policy, you should know what benefits you can get for having one.

Use of data in marketing campaigns

All the changes in marketing today are due to Digital Transformation, which has opened up many wickets for marketers in terms of campaigns but also challenges around data ethics.

Customer data is used for:

- lead generation,
- track of customer behaviors online,
- mobile marketing,
- personalized ads,
- conducting of loyalty programs,
- segmentation of customers,
- passive data collection,
- designing of a marketing campaign,
- email marketing,
- customer service.

Processes your data is used for:

- real-time marketing - meeting real-time customers' demands in a short period,
- location-driven campaigns - companies can target customers by their location using online/offline messaging services,
- demographic-driven campaigns - use of demographic data (sex/age/needs) to adjust ads to the audience,
- personalization tokens - used in email campaigns, makes customer feel like the message is tailored especially for them.





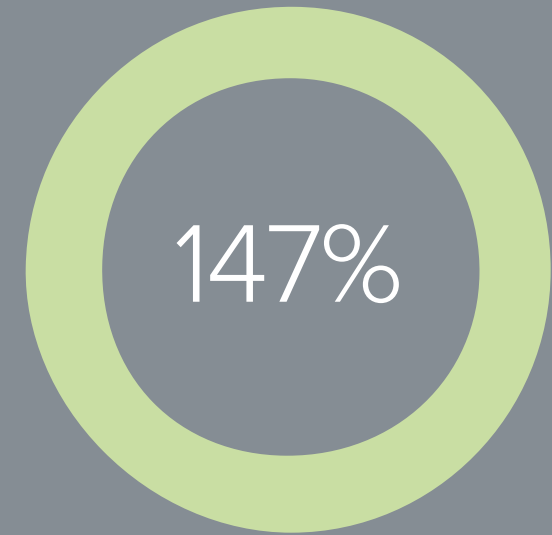
Considering the rat race companies are battling, especially during pandemic times, marketers should focus on how they are utilizing the obtained data. According to Gartner within five to ten years, the demand for customer data ethics will intensify as consumer confidence declines. To regain consumer trust, marketers must talk about customer data ethics and transparently demonstrate their commitment to being more than just compliant.

Unfortunately companies often 'forget' to maintain the ethicality of data due to the huge competition and rather use it for profitable marketing opportunities.

Consumers are not idiots

In the modern business model, it is impossible to work without data collected directly from customers or other sources. Since information is at a premium in the industry today, data ethics is becoming an increasingly pressing issue. This trend is only going to increase, which is why companies need to focus on ethical data management at all levels, from acquisition to use. As consumers become more aware of the privacy of their data, putting an emphasis on transparency for companies, these companies must do everything they can to keep customers informed of actions taken with their information.

Data ethics is crucial for companies to build a universal framework to guide what to do and what not to do with the data they collect. This will ensure that customers can trust the company they are giving their information to. Consumer concerns about data is rising rapidly, especially now, so it's essential that those who share their data should have full, open and transparent insight into how it is used



A survey of 147 marketing executives found that 82% of them would consider leaving their employer if they felt their approach to data was not ethical.



Data Privacy concerns during the pandemic

The Cisco Privacy Benchmark Study shows that concerns about data privacy have increased over the past year.

31% of respondents are concerned that their data will be used for non-corporate purposes,

25% are concerned that data will be shared with third parties,

24% are concerned that data will not be deleted after COVID-19,

11% selected “other reason,”

and 9% are concerned that the information shared will be used for discriminatory purposes.

Until now, lack of transparency has been a major concern for consumers. Companies and governments were suspicious, to say the least, and definitely not as clear as they could be, even if they tried. Algorithms, analytics, data volume and complexity - all made reading into data privacy regulations nearly impossible, and it was hard for users to guess what would happen to their private data. Many consumers have taken action on their own and simply stopped sharing with companies that don't follow privacy rules. So how do you collect data in a way that satisfies everyone?

Obvious and not-so-obvious ways of ethical data collection

With the holy trinity of Data Protection laws, withdrawal of third party cookies and Coronavirus, companies have to figure out a way of ethical data obtaining.



Here's what we came up with:



Fair Trade

If you want to obtain something, firstly you have to offer something in return. Give your customers, unique or even exclusive content. They would feel obliged to give back, and leave their information willingly. This way, at the same time, you will increase trust, and build a healthy database consisting of first-party data.



Personalization, more personalization

SmarterHQ statistics say that 70% of millennials are willing to let retailers track their online behaviors for better shopping experience.

Marketers should focus on this fact and in order to possess more data, they should provide customers with what they want to see, and know when they want to see it.



Stop with the spamming ads

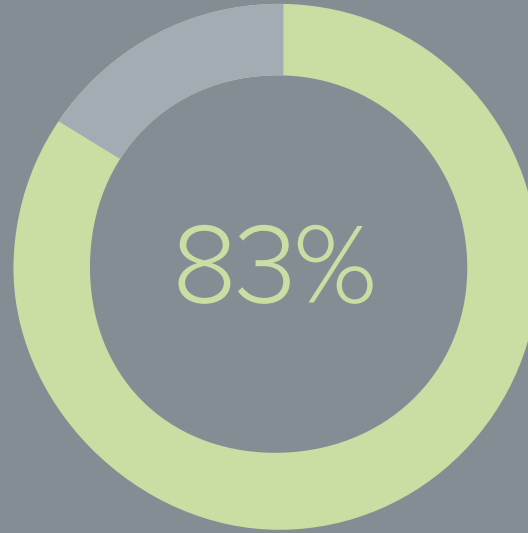
Invasive spamming-like ads are way out of fashion at this point, and user experience turns out to be way more important. According to PPC Protect, web users encounter between 6000 and 10000 ads per day!

Make your ad space useful, give customers the opportunity to gain or learn something from it. This will make them more willing to provide you with data you so desperately need.



Storing is boring

Under any circumstances, never ever, store or share customer data without their explicit permission. Remember that data always belongs to the user.



of consumers want to see the link between data they provide, and the benefits they have from it (Acxiom)

Be Bob the builder of your own data-use program and practices

To build a strong, successful, and above all, ethical data-use program, companies have to follow a few steps to ensure long term success.

Shared company vision

It's critical for a company to have a consistent view of what its privacy and data use policies should look like and how they are aligned with its own needs by industry. Emphasizing the company's values and standards ultimately helps you decide whether or not your data ventures are okay.

Identify data ownership and reduce risk

A proper program to manage the data should easily define what actions towards data are ethical or not. If not sure, a person to override the program's algorithms should be assigned as the owner. Even if you are certain of your actions, remember - data risks happen. Have a just-in-case plan provided, this way you can avoid any mistakes.

Establish a data ethics board

Set up a board consisting of employees from different business sectors such as IT, legal, operations, etc. This way, you'll ensure that you're looking at data from different angles, and you'll make sure that all data ethics decisions are defined by your organization's standards and values.

● How to create ethical customer data practice nowadays?

While SaaS companies are being ones to be associated with data breaches the most, the need for ensuring proper data ethics rules and regulations arose. With 2021 being the year of rapid changes in the area of data turns, withdrawal of third-party cookies and privacy laws being even more escalated there is a great emphasis on ensuring proper data ethics rules and regulations.

To make the most of the data consumers provide, keeping it safe and ethical, here are some steps to take to ensure you are transparent and compliant with privacy rules and laws.





Data Security

Give the full priority to the security of the data you hold and don't expose yourself to serious financial fines.



Keep the database clean

Do not collect redundant data. Validate your data relevancy, remove old and take care of relevant ones.



Collect explicit consent

Due to the new policy, you must have explicit consent to use customer data. You can do this through your data privacy settings or cookies on your website.



Data recovery

Data backup is important to avoid breaches. Choose the most ethical way of recovery options.



Collection - Ethical Style

Remain compliant to data ethics, and stay transparent to your customers. Use surveys to ask what kind of data they would like to share.

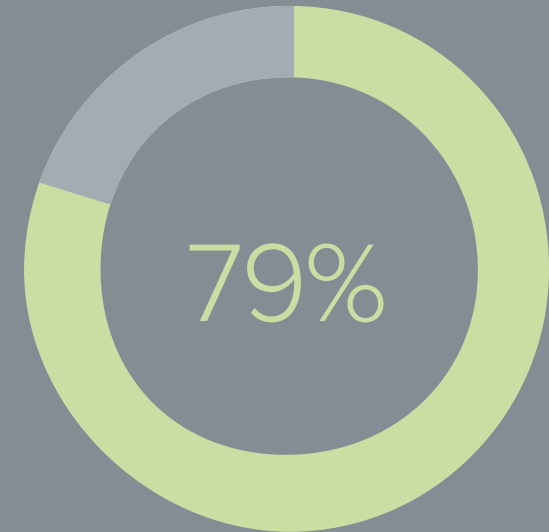


First-party data wanted - dead or alive

While customers are more than ever concerned with their data privacy, companies seem to follow that idea by withdrawing third-party cookies. Google, Apple and Facebook - the giants are pursuing stronger ethics towards their customers, hence first-party data became so popular and raptured. Also, for preference management, it turns out the best data we can use, is the one provided directly by customers. After all, they do know better what and when they want to receive particular information.

Maintaining data ethics is key today, and will be even more so in the future. The focus on owning ethical, actionable data across all channels, with clear and strong customer consent to its use, is proving to be a core issue in the coming years.

Maintaining transparency for customers about what their data is actually used for will not only ensure a better reputation, but also trust, retention and loyalty from both old and new customers.



of respondents says that first-party data is critical for targeting

(WFA's Programmatic, Data & Technology Global Survey)

Data Ethics & Customer Preference Management

The new big Commerce trends

www.salesmanago.com

SALES  **manago**

