

Nudging customers to share their data

FACING THE EU GENERAL DATA PROTECTION REGULATION



From 25 May 2018 the EU General Data Protection Regulation (GDPR) will dramatically change the control that EU citizens have over their personal data. The regulation, designed to be fit for the modern world, addresses the new, previously unforeseen ways in which individuals' personal data is now used.

Some of the biggest practical implications of GDPR involve consent. Companies will now need to ask clients and customers to actively opt in to receiving non-transactional communications. Pretty much any company or organisation operating in the EU (Frontier included) will need to comply. And if your customers don't opt in you will no longer be able to send marketing and news communications to them. Some familiar tactics, such as default opt-ins, pre-ticked boxes and including marketing permissions in general terms and conditions, will be prohibited. That's not all. To satisfy the requirement to maintain a proven record of permission, many are advocating a "double opt-in", whereby the initial opt-in is followed by a verification request to ensure that an email address has been willingly submitted by its own.

Six secrets of success

In the face of this challenge, what's the best way to maximise opt-in? At Frontier we regularly use behavioural economics to help businesses and organisations better understand their customers' behaviour and to design and test ways of boosting engagement. Here are a few simple principles:

Context is everything. One of the key insights of behavioural economics is that our reactions to information depend on what else we experience when we think about it. The reason for contacting people, their involvement with your organisation, stories in the wider press and even the timing of contacts can all have a major effect. It follows that what works for the client of a media company may not work for the customer of a bank. And what works for one group of your customers may not work for another. EasyJet's new data privacy campaign cleverly focuses on what is important to their passengers, explaining how data is used to *"keep your flights safe, easy and affordable"*.

Attention is a scarce resource. Many people's inboxes are already clogged with e-mails from companies they have contacted perhaps only once or twice, and the number of marketing opt-in requests is likely to snowball as May approaches. The temptation will be to swipe left or hit delete. To avoid that, it can help to tie the request to something interesting or important, such as a familiar newsletter or a dramatic offer. Adding something out of the ordinary might also grab the attention. How about a free cuddly toy or a message from your chairman?

Appeal to their FOMO. Fear of missing out is a powerful emotion, so appeal to a customer's loss aversion. Whet their appetite with a taster of what they can expect in the future. Even better, give

them something now and promise more later. Or perhaps remind them of the good things you've made possible? A great holiday, bingeing on a box set all weekend, or how much they saved on their home insurance two years ago. [Channel 4's data strategy](#) has made clever use of online premieres and exclusive content to keep customers engaged.

Highlight the value exchange. GDPR enshrines the idea that a customer's data belongs to them, so show them they'll get something for letting you use it. It could be free content, tailored special offers or up-to-the-minute recommendations. Whatever it is, you'll need to demonstrate the value you're offering in return. (Tesco's Clubcard remains one of the great examples of transparent value exchange; so much so that some customers are unhappy if they receive vouchers or offers that do not reflect careful analysis of their shopping behaviour).

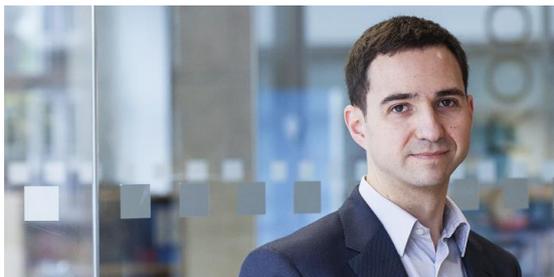
Make it easy. Now you've shown your customers what's in it for them, make it super easy for them to opt in. Just one word should be enough to accept: YES. Redirecting them to three web addresses followed by a long form to fill in is a real turn-off. The easier it is to act upon, the higher the response rate is likely to be.

Test and learn. Predicting exactly how people will react is hard. Small details (e.g., information included, precise wording and format) make a big difference to response rates - and not always in the way we'd expect. A customer might rush to the "Yes" button to avoid scrolling through five pages of T&Cs in font size 8. So the best way of establishing what works is trial and error. If you can, conduct trials or practical experiments. Once they are up and running, the opt-in rates should be easy to observe. The process should be iterative and adaptive. Test different variants; target different customer groups. Not everything will work, but you can still learn from the experience.

Testing times

At Frontier, we like to think we practice what we preach. So in the coming months, we'll try to apply some of these learning points to our own campaign, including running some trials, to encourage you to opt in. Providing we're successful in convincing you, we'll update you later in the year with what worked and what didn't. And of course, if you receive something from us that doesn't meet the best practice outlined above, then you were clearly part of the control group...

We hope you stay in touch – you can shortcut the process by clicking the link in the email we have sent you. If an incentive is important to you, please send a stamped addressed envelope to Frontier Economics, 71 High Holborn, to receive your free Frontier Economics cuddly toy. Only while stocks last!



Philip Maggs

+442070317091

philip.maggs@frontier-economics.com



Michael Owen

+442070317055

michael.owen@frontier-economics.com