

GDPR

When **Challenge** Becomes **Opportunity**

Executive Summary

The General Data Protection Regulation (GDPR) presents a wonderful opportunity to re-think marketing processes, technology and organisation from the ground-up with a customer-first mind set embedded at each and every step.

There is no shortage of scary articles on the challenges of GDPR compliance. Few, if any, highlight the real opportunity that GDPR presents as a catalyst for unlocking the value of data. After all, good data handling practices should be seen as a business enabler and opportunity.

Much like cleaning out the spare room, GDPR gives retailers a mandate to do something many have been putting off for years.

Although initially daunting, if managed correctly, GDPR presents a great opportunity to optimise the ways retailers interact with customers. Retailers should seize the moment to set out a culture of data confidence among shoppers. So, let's take a look how you can use the **GDPR for a business advantage**.



What does it all mean?

The use of personal data in retail cannot be underestimated - in today's market, data-driven retail is essential.

Depending on the way personalisation efforts (and the customer data they rely upon) are used, they can significantly contribute to delivering a better shopping experience; and subsequent higher sales, more frequent visits and greater likelihood of brand advocacy. In this sense, delivering 'better' means understanding who your customers are, what they are looking for and why your proposition works for them (all dependent upon data).

So it's no wonder GDPR is a top priority and many retailers are working to ensure they adhere to the new regulations.

The GDPR deadline is fast approaching. On May 25, 2018, it will come into force in the UK regardless of Brexit and will affect retailers of all shapes and sizes across the globe that process EU personal data.

There are some horror stories doing the rounds about GDPR. Since publication of the final ruling last year, the majority of press has been scaremongering to say the least. Much of it talking about the heavy fines related to non-compliance; up to 4% of annual turnover or €20 million, whichever is greater. But the reality is not as brutal as many stories would suggest and the regulation in fact presents significant opportunities for those retailers willing, and able, to seize them.

As Ned Finn, Head of IT Security, Game Digital, tells us:

"The GDPR will have a huge impact on resources, but it's a positive step forward.

"Obviously, it's going to be resource hungry, more bodies, more processes. We are all just going to have to be much tighter on why we have the data, what we are doing with it, and how we are protecting it. But whatever way you look at it, it's a good thing, and the right thing to do."

In this whitepaper, we look at GDPR as a tool for strategic advantage across the organisation. In other words, we look at GDPR as a wonderful opportunity to optimise processes and ways retailers interact with customers.

If we take a step back to look at the sweeping GDPR changes, it's clear that the rules are tighter and more challenging now – but the basic principles are the same as those that have been in place for many years. Although it's true that retailers will need to put in considerable planning and effort to become GDPR compliant, it's truer still that the introduction of the GDPR represents some great opportunities for them to get their marketing in order and to reap the rewards that this compliance will generate.

As Rene James-Barriteau, CRM Marketing, Burberry, says:

"The arrival of GDPR is a really exciting time for marketers and analysts overall, to have the opportunity to regulate our systems and truly put our customers first."

Here are just some of the benefits and opportunities that the GDPR offers your organisation.

Understand what data you hold, what you use and what's redundant



Data is your most important asset, and it's constantly growing. Putting robust policies in place now will not only help you comply – it will help you secure the full benefits of your data in the best way possible.

Firstly, the GDPR presents a terrific opportunity for retailers to review their data processes, map the existing flows, analyse their effectiveness and then restructure them where necessary. Of course, you may need to do this anyway to ensure you're compliant, but the spin-off is that the organisation could well benefit from streamlined data processes that bring greater business efficiency.

As Neal Patel, Customer Business Change Manager, Sainsbury's, says:

"The GDPR is an enabler, giving us the kick we needed to look at our privacy policy, our consent and how we marry those together to get most synergy from the brands we have. It allows us to align the disparate brands within our organisation, and utilise the synergy in terms of enriching our marketing strategy."

The GDPR requires that retailers are transparent about how they collect, store and process customers' personal data. It also places responsibility on retailers to demonstrate how they meet its principles of consent, data privacy and data protection. Those retailers that best meet these regulations – by proving transparency and accountability – will have a significant competitive advantage over those that only meet the minimum requirements.

At Asos.com it's all about doing the right thing for the customer, says Tim Connold, Head of Personalisation, Asos.com:

"We are using the arrival of the GDPR as an opportunity to re-think our complete marketing strategy. That's what this moment is all about. We don't want our customers to feel hunted all over the web. Rather, we want to use the channel and frequency they want, with relevant conversations about the products and services they want, and need from us."

If customers have several brands to choose between, they will surely choose the one that has a very clear privacy notice, simple and unambiguous sign-up practices and can substantiate how it will securely and sensitively process and hold their data. Likewise, customers are more likely to shop with the brand that makes it apparent how ongoing customer relationships will allow them to create more personalised brand experiences and tailored customer journeys.

In this sense, the GDPR gives you the opportunity to be better at compliance, privacy and transparency than your competitors.

We're all more likely to trust a retailer who values our privacy (beyond mere legal compliance) and is transparent about how our data is used. The GDPR requirements open the door for retailers to review policies about what to tell customers regarding how their data is collected and processed. This transparency will lead to deeper trust and more loyal customers. But remember, it's not enough to properly inform customers about a given project, you must also show the value of it, and give customers the option to be included or not.

As Sakshi Arora, Lead Business Analyst - Digital Experience, Asos.com, says:

"Ultimately it's about helping the customer see the value proposition up front; and how other customers are seeing an enhanced journey through the sharing of community data. It's about putting the customer in control of the journey and the GDPR gives us this opportunity."

Retailers must understand that, through greater transparency, they will be able to grow their customer base, collect more data and monetise it more. The GDPR offers retailers a chance to develop a culture of trust and confidence. This sentiment must be led from the top and scaled throughout an organisation to ensure everyone understands what they are doing with data (from front line staff to head office).

Secondly, customer consent to use personal data is a central precept of the GDPR. This means that after deadline day a retailer's database may end-up being considerably leaner. But, it will undoubtedly be better quality.

We're focused on communicating value to maintain trust with our customers, says Tim Connold, Head of Personalisation, Asos.com:

"We recently trialled an explicit 'opt in' marketing message, but found our database shrank dramatically as a result. So, we know first-hand we must engage our customers in the right way – they must see a value exchange. We must make the value in sharing data very clear for them."

As Sam Shaerf, Head of Customer Management and Data, John Lewis, puts it:

"We are carefully considering the real impact of losing data through 'opt in' messages. If our open rate for email marketing is typically 30 per cent, it means 70 per cent of our communications aren't being opened anyway... So, the shrinkage means we won't be able to email them, but they weren't opening the message anyway? It can offer a greater perspective when you think about it like that."

With cleaner, up-to-date and more relevant data, retailers will experience fewer bounced emails and 'unsubscribes' with direct marketing campaigns. This will probably bring about a big change for marketing metrics, with response and click-through rates suddenly jumping from low numbers to much higher ones.

There is a very immediate opportunity for retailers to clean their data now by running re-engagement campaigns. You can re-fresh and build an opted-in database – before 25th May 2018 – by gaining specific consent from your existing database of prospects that they want to remain on your list to receive marketing communications from you.

As Darren Leighton, Enterprise Data Architect, Harrods, shares:

"At Harrods six months ago the customer consent question was so convoluted, it was really tricky to understand exactly what you were signing-up for. Which meant, to comply with the new standards, we had to go back and re-qualify all our customers. We are now giving real consideration to how we put the customer in control of the journey; and how to organise the business to handle that."

If you're thinking of re-qualifying customers, remember to use a double opt-in process and to only run the campaign once all your systems are GDPR compliant so that you can be sure to securely store the data and also verify how you have received the consent. And don't forget, you can't undertake this sort of campaign after deadline day (as you won't have consent to contact them), so do it now.

Thirdly, the GDPR is also an opportunity for retailers to not only review what data they hold and why, in terms of privacy and data protection, but also to look at how they can use data to innovate in terms of products and services (more to come in the following section); and to boost employee experience.

As Puneeta Mongia, the former Head of Multichannel for Vodafone and O2, says:

"Right now, employee experience and internal data management is very siloed across retail. But once you join-up the internal data, it's like rocket fuel. Used correctly this can help make employee much more effective, empowered and motivated. So, in the big picture, the GDPR is also employee experience opportunity."

In sum, GDPR is the optimum time for businesses to engage with customers on privacy and data protection. By demonstrating compliance with the GDPR, retailers can use this for competitive advantage to drive loyalty among customers (and colleagues).

As Mongia sums-up:

"Bringing data together with a clear understanding of data rights could enable retailers to; redefine and personalise their marketing, drive brand engagement, loyalty and sales; and, with more efficient access to data, make better strategic and trading decisions."

"It's about helping the customer see the value proposition up front"

Sakshi Arora, Lead Business Analyst - Digital Experience, Asos.com



Improve ways of working

As a result of the better data handling measures stipulated by the GDPR, only the most engaged prospects are likely to remain on the database. Retailers then will communicate only with the most valuable customers and prospects; those that really want to hear from the brand. By default, with smaller numbers of contacts, retailers will have more time to enhance the data they hold. With better data on these already-engaged prospects, retailer's marketing will benefit from even finer segmentation and targeting, resulting in far higher response rates and a higher marketing ROI.

Better understanding around our data is a real opportunity to identify the value of different channels, says Rene James-Barriteau, CRM Marketing, Burberry:

"With full transparency around data within businesses, it helps to truly understand where to invest time, energy and money. Not only in terms of marketing channels, but also timing. If someone is browsing online, in-store on the App, we just want to send the right message, at the right time, in the right way ...to do this we want to know what channel is the best for the customer. The GDPR presents this opportunity."

This kind of agile mind set will help you navigate the GDPR and change more broadly, rather than be surprised by it, or think it is novel. And, beyond deadline day, help to create a culture that is open, curious and ready to keep learning.

Moreover, retailers that are inspired to use the GDPR as a springboard for innovation could be rewarded by getting ahead of their competitors in a new market sparked by GDPR requirements.

For example, the idea of trust being a differentiator in the consent and data space is completely new. So retailers can create competitive advantage by re-thinking operating models, says Gillian McNulty, CRM Manager, Planning and Data Governance, Boots.

"We are in the process of re-thinking many aspects of our operating model. At the executive level, they are fully aware of the GDPR and its impact. But the reality of delivering strategies that comply with the GDPR is still some way-off. Ultimately everyone across the organisation will be responsible, so if you can align your vision across the business you stand to gain a competitive advantage."

At a time of change, the one thing people need is a positive vision of where you want [the business] to go in the first place.

Guy Johnson, Head of Data Governance, Marks & Spencer and Jaspreet Bains, Digital Product, Programme Manager, Tesco agree.

Johnson says:

"The board at Marks & Spencer are very, very aware of GDPR. But there is an opportunity to create a culture (across the organisation) where the GDPR doesn't feel like a heavy set of regulation that you must adhere to – if you can align everyone (top down and bottom-up), there's certainly an advantage to be gained."

While Bains adds:

"It's about getting the message over to all teams and making the opportunity clear."

Technology is driving change but delivering it remains a resolutely human endeavour – one that demands a shift in approach for leaders. While technology has driven the demand for the GDPR (and transformation more broadly) the fact is that successfully delivering change remains about people. Modern leaders have to be comfortable with receiving feedback on the floor.

The most successful leaders today recognise their weaknesses lie in the different cultures and silos within their organisations. Success, therefore, lies in building bridges between different functions. The arrival of the GDPR presents a springboard to move in this direction.

Beyond internal opportunities, retailers could also consider developing new services or products to guarantee customers that their personal data is safely handled and stored – initiatives like personal data vaults. Personal data vaults are cloud-based Apps that allow customers to store personal data and enable them to control access permission.

Retailers could also think of innovative ways to use data. For example, a next-generation people counter to help retailers understand customers without collecting personal data. An existing smart floor solution gathers images of people's footwear to analyse footsteps. The images, in combination with multiple layers of machine learning and artificial intelligence (AI), enable the solution to automatically count shoppers. Even better: the solution can intelligently categorise shopper's demographics based on the shoes they wear and their walking patterns. It can even determine reactions to store displays.

Grasping the legacy nettle of "do later"



As we've learned, under the GDPR, retailers need to securely collect, store and process personal data. Encryption and anonymisation methods will almost certainly be needed to be able to maintain the required levels of data protection. Where enhanced levels of security are introduced, not only will customer's data be better protected, but the improved IT and security internally will bring greater protection for the business as a whole. So implementing new systems and security processes makes both legal and commercial sense.

As Charles De Clerck, IT Customer Relationship Manager, Waitrose, says:

“It’s the expensive big legacy systems that ultimately help you fulfil your customer promise. Everyone forgets about these systems because it’s not the ‘sexy stuff.’ But investment in these systems is massively transformational to the business, and GDPR helps bring this to the forefront.”

Gillian McNulty, CRM Manager, Planning and Data Governance, Boots, agrees:

“The GDPR has given some ammunition to change mind sets across the organisation – helping to truly put customers first within the business.”

Changing titles, renaming departments, hiring one data guy, or bolting on some new technology isn’t enough – it’s simply rearranging deck chairs on the Titanic. Taking advantage of the GDPR opportunity requires real transformation. It means shifting your energy and resources from what is (kind of) working now into a bet you are making on the future.

A nice side effect of all this is that offering assurances to your customers that their personal data is protected establishes and builds confidence in you as a reputable brand.

Conclusions

In any strategic conversations you have around change, always look for positive outcomes – by default retailers of all shapes and sizes should view GDPR as just another change and opportunity.

The GDPR will be an enabler for the things retailers want to do – such as big data analytics, customer profiling and targeted marketing – because it is being done in the right way that is consistent with the regulations. In other words, retailers will be able to build their brand through trust because they deal with customers’ data in the correct manner.

As Claire Playle, Marketing New Initiatives and Acquisitions, Dixons Carphone, says:

“Ultimately the GDPR will help us to better understand valuable insights; offering more tailored relevant communications and improved experiences for our customers. The GDPR puts customers in the driving seat - this will make sure we give customers what they want, rather than what we want to give them.”

By going along for the ride – wholeheartedly – customers will recognise your brand as a privacy champion.

It could have been the daunting aspects of GDPR that gave you pause for thought in the first place; the hefty fines for noncompliance; or the looming date by which you need to comply; or all the media noise about data privacy and protection. But if you can set aside fears to embrace the multifaceted requirements of the GDPR, you may find that unique opportunities await.

As we’ve learned, the benefits of the GDPR are multiple for retailers. Yes, the penalties have increased but retailers that ‘get their house in order’ and comply won’t be affected by them.

The key message is to take control of the change inside of your organisation. Be prepared and assess your existing data gathering and data usage processes, matching them against Information Commissioner Office guidelines. And, most importantly, plan for GDPR compliance with the mind set of seeking to improve customer experience, rather than just a box-ticking exercise.

And remember, this is not a race to the deadline and then it’s all over. Once enforcement begins, guidelines will continue to be issued and good practice will start to develop. It shouldn’t be a conversation about how your organisation is going to get over a line. Rather it should be a conversation about getting to a reasonable place by May 2018, and continuing to improve after that – continue to monitor the guidance that comes out, the precedents and the consumer opinion. This is something that has to live and breathe in retailers almost as a new function or with at least a heightened level of awareness around it.

As Sakshi Arora, Lead Business Analyst - Digital Experience, Asos.com, puts it:

“Now’s the time to help all your team understand the opportunity GDPR presents and take the opportunity to do the best by the customer.”

Changing your perspective to think of the GDPR as an opportunity – not a burden – will not happen overnight. But doing so will help you not only to prepare, but to give you a better chance to get it right when it comes to balancing your need to understand customers with their need for privacy.

Now is the perfect time to get a deeper understanding of all of your organisation’s data and create a comprehensive data strategy that will carry you confidently to May 2018 and far beyond.

Final Thoughts

Modern retail is reliant on data. The faster retailers embrace GDPR regulation as a catalyst for change, the better. On the face of it, the GDPR may seem like just an annoying compliance burden. And that’s precisely why many retailers have delayed planning for it. But if you view the GDPR as an opportunity for change, there is the very real prospect that it will have a positive impact on your organisation.

What are the upsides of GDPR? In a nutshell, transparency breeds customer trust and consumer confidence. Clearer processes around data capture and data usage can create a better customer experience. The fundamental opportunity is to influence the level of trust your customers have in your brand.

With revamped processes, increased transparency, better data quality, greater customer engagement and improved security, retailers will generate and build customer trust. And in turn, this will help drive sales, enhance customer retention and boost profitability. So, while the GDPR may be a bit of a compliance burden, it also opens-up all sorts of opportunities that make commercial sense.

And remember, if the rate of change on the outside of your organisation exceeds the rate of change on the inside, then the end is near.

“GDPR will help us understand valuable insights”

Claire Playle, Marketing New Initiatives and Acquisitions, Dixons Carphone

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