

An explosion in personal data

by  **Pavol Adamec**,
Director, Technology
& Innovation,
PwC



Every time we use a search engine, surf a website, buy a product or download an app, we part with personal data that's being collected by the companies providing their products and services. This explosion in personal data presents great opportunities for companies, but also brings with it great responsibilities.

Some consumers are already very savvy about the digital footprint they leave, and some frequently "give away" their personal data in return for discounts or targeted deals. And, while not yet the norm, it's not implausible to imagine a time when consumers will think of their personal data as a form of currency that they can use in pursuit of goals they care about and that money alone can't buy.

The more data we produce, the more companies want to collect it

Data comes in all sorts of shapes and sizes. Firstly, there's structured data, typically transaction-based data captured by systems (i.e. point of sale). Secondly, there's unstructured data gleaned from either sensors (in other words, machine data) or from people themselves as they consume products and services, do things they like in their spare time (e.g. Fitbit wrist-bands for joggers) or interact with companies and social media.

The majority of CEOs in our CEO Pulse* say their companies collect personal data at the point of transaction (75%) or via third parties (62%), yet just 55% of CEOs collect data via "social listening". Of those who do, just 13% have the systems in place to continually conduct social media

monitoring despite the rapidly increasing number of consumers sharing opinions and spending habits on social media. Despite the social listening industry being a decade old, many senior executives still see personal data through the quantitative and structured prism of numbers rather than the qualitative

As we see it, there are five fundamental challenges of big data that organizations need to be aware of:

- Insane volumes of data. It's crucial to remember that "big data" doesn't necessarily mean big insight!
- Noise versus insight. How do organizations recognize what is noise and what is true insight?
- Different buckets of (structured and unstructured) data. How can companies make sense of, for example, structured transactional data and unstructured social media data that refers to the same customer, and translate disparate information into coherent and actionable insight?
- Imperfect data. How can companies spot errors and enhance the quality of their data in their vast estate of system-generated, sensor-generated and people-generated data?

- Increasing difficulty in making predictions. Data collected today won't necessarily hold the key to what tomorrow's consumer's wants, needs or questions are going to be.

Data as business strategy

Knowing how to effectively integrate personal data insights throughout the business is another major challenge for CEOs. At present, personal data is mostly being used to improve customer-facing parts of the business such as customer service (85% of CEOs always or often use customer data to improve this function), sales (84%) and marketing (81%). That can help deliver some short-term wins in cost savings and sales growth, but also suggests that a larger strategic opportunity is there to be realized.

Whether it's because most companies still operate in silos, or whether it's because the C-Suite is yet to fully appreciate the value of applying consumer insights throughout the business (or both), it's clear that customer data isn't reaching key parts of the enterprise. CEOs tell us that personal data is least likely to be used to help HR and it's not being used to fuel innovation or improve procurement and sourcing. Improving the C-Suite's understanding of data – by creating the role of Chief Data Officer for example – and connecting all parts of the business to key customer analysis, such as social listening, are just two options for companies.

A question of trust

As companies harvest more personal data, they'll need to prove to consumers that they can be responsible stewards of the information they collect. And, as that data is deemed

more valuable by companies, so consumers may well question why, exactly, they're giving away large pieces of their digital identity for free.

So, picture a world in which "big data of the seller" in fact becomes "big data of the customer" – where consumers can use their personal data to achieve goals they care about. Undoubtedly this would prompt a profound shift in the economics of personal data with new disruptive business models emerging. Trusted "data banks" that manage and seek a return on the value of data in much the same way independent financial consultants do now with real money would soon become conceivable. Consumers would have multiple banks to cover their various needs and goals such as health, money, home, etc. and, at any given time, decide to withdraw (or rather delete) their personal data from any of those banks. That's quite a different scenario from today's situation in which people's personal data is scattered in many places.

Ultimately, the way in which companies manage and protect personal data will become a major test of transparency and authenticity, and a source of much needed trust. The smart ones will use personal data in a meaningful way that also has reciprocal value for consumers – whether it is in obvious areas like improving customer service or in shaping mutually-beneficial new services such as health and lifestyle advice through wearable tech. The companies that continue to take consumers for granted may well find themselves starved of the very personal data they need to succeed in an increasingly "socially-connected" online world. Trust will become even more important as the "gold dust" of business in a world in which personal data is just exploding.

We're experiencing an **explosion** in personal data.

This presents great opportunities for business and consumers alike.

* <http://www.pwc.com/gx/en/ceo-survey/pulse/personal-data.html>