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Will Limiting Access to Consumer Data Threaten Retailers?

[Updated: Oct 16, 2021] Oct 16, 2021 by **Nell McPherson**

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Retail investors were excited when coronavirus vaccines rolled out last winter. The hope was that the pandemic would soon be over and in the meantime, vaccinated people would be more comfortable returning to physical retail stores. But for the drugstores providing them, vaccines came with a few additional perks.

Sure, they drew people into the store who might then buy things they wouldn't have otherwise. But a less obvious benefit was perhaps even more valuable: personal data.

Those rolling up their sleeves might have assumed all the info they provided for their appointment was to be used for medical record-keeping purposes only. But, as *The Wall Street Journal* reported in March, chains such as **Walmart**, **Walgreens**, and **CVS** were also using that information for marketing and promotions.

Having access to not only consumers' contact information but plenty of their demographic info as well is a tremendous benefit in creating and delivering targeted marketing campaigns. But a growing number of consumers are becoming concerned about privacy, who has their personal data, and how that data is used. Here's what investors should know about how that awareness is changing the way retailers can gather that crucial data going forward.

The 'creep' factor

While there are certainly increasing legal and security issues at play, the biggest threat to consumer data use may be the "creep" factor. Getting mail and email customized to your interests and seeing online ads specifically for products you like can be convenient for consumers and highly beneficial for retailers. But the feeling that you're being virtually stalked to create that experience is less than ideal, and some consumers transfer that creepy vibe over to the brand courting them.

For a while, it seemed plausible that social media use had reduced privacy concerns for many in a way that could work well for data collection. But it turns out there's a difference between choosing to share parts of your life online and being aware of an invisible presence tracking your every online move and taking notes. Likewise, many dislike the feeling that personal information they provided in good confidence for a specific purpose is being sold and/or used to sell them things.

In response, the amount of access retailers have to consumer data is rapidly decreasing. For example, **Apple** now requires apps to gain user permission before tracking, and **Google** plans to phase out third-party cookies (tracking codes) by 2023.

An offer consumers can't refuse

So if retailers can't work behind the scenes to get the info they need for marketing and product development anymore, how else can they acquire it? The old-fashioned way: by asking the customers themselves to provide it while disclosing exactly how it will be used.

Of course, the best way to get shoppers to volunteer their information is to offer them something for their trouble. Consumers should expect to see more invites to participate in surveys and other info-gathering efforts from their favorite retailers going forward. In return, they'll likely be offered all sorts of enticing perks, from discounts and freebies to reward program memberships and points.

But how likely are customers to participate in these sorts of activities? Good news: A June 2021 survey from digital consulting company Publicis Sapient revealed that just over half of shoppers were "comfortable" or "very comfortable" sharing personal data with retailers in exchange for a bargain.

The Millionacres bottom line

Consumer data collection will continue to be important for guiding retailers in how best to innovate and sell their products to meet consumer demand. But going forward, they'll need their consumers to willingly provide most of that information with an understanding of why the information is being gathered and how it's being used. Fortunately for investors, a good chunk of consumers aren't averse to doing so. Retailers will just have to make it worth their while.

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