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Share more, not less, with the overlords of the internet



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Not surprisingly, many consumers are extremely uneasy about how data firms are handling their personal data. A recent [study](#) reveals that more than 60 percent of U.S. consumers were more concerned about their data privacy in 2014 than the year before. The average level of consumer trust with respect to businesses' data privacy policies is low, often driven by a lack of transparency about how firms actually intend to use their data.



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A survey of 900 people in five countries — the United States, UK, Germany, China and India — [showed](#) that only 25 percent of people knew they were sharing their location data and only 14 percent of people knew they were sharing their web-browsing data. The conventional wisdom is that firms have a lot of data about us and that they are often out to exploit consumers by making us buy more

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"firms" do not pay much adequate attention to how often they ought to communicate with us. Hence, we get inundated with ads and offers.

This is not an accurate representation of reality. In fact, it is far from it. It might come as a surprise to many people that the problem is not that firms have a lot of data about us and use it in a cavalier way. The problem is, in fact, quite the opposite.

The ad overload problem

Even in today's data-intensive world, as astonishing as it may seem to us, a [survey](#) of brand and agency marketers revealed that 94 percent of marketers don't have a single view about their consumers that could have facilitated an omnichannel campaign. Therefore, there exists a disconnect between consumers and marketers with respect to what people want, when they want it, where they want it and how they want it.

At least 35 percent of users [say](#) they get exposed to redundant ads and irrelevant offers and get them at a frequency that aggravates the problem. This process is a bit like throwing darts in the air, hoping one will hit the bull's eye and stick. But people get overwhelmed and they tune out, especially on mobile devices. More than 15 percent of internet users between the ages of 25 and 64 start adopting [ad blockers](#).

The solution to this advertisement overload problem is not consumers withholding their data but rather in consumers coming forward and sharing more of their data with firms. It is this kind of information sharing that will pave the way for less frequent but more relevant communications from firms in this digital economy.

"The one fact that consumers have to embrace is that we will not live in an advertising-free world anytime soon, because the simple economics of advertising make it prohibitively costly for consumers. ... An ad-free Facebook would cost users \$12 per year in subscription fees from the zero fees today."

The one fact that consumers have to embrace is that we will not live in an advertising-free world anytime soon, because the simple economics of advertising make it prohibitively costly for consumers. For example, [one](#) back-of-the-envelope analysis shows that in a



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Why so? It is due to the nature of the digital economy. The vast majority of digital content will continue to be free because it will continue to be subsidized by digital advertising. Given this reality, consumers are going to be better off ensuring they are not on the receiving end of an endless barrage of irrelevant ads and redundant offers. And this will happen when firms know more about our preferences, not less.

This is not to say that there is no onus on firms to enable this ecosystem. This is a two-way street. The message from consumers is loud and clear. We, as consumers, are willing to give companies a chance to earn our trust, but if they act irresponsibly, then they are going to lose this trust. There is a very thin line between acting as a concierge and becoming a stalker.

In 2013, [Nordstrom](#) was criticized for using in-store Wi-Fi-based geolocation tracking to monitor customers' whereabouts so they could identify high-traffic areas and assign sales staff accordingly. Nordstrom's idea was brilliant, but due to lack of adequate disclosure to its customers, the execution ended up being poorly received. The company should have been more transparent.



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As mobile devices continue to dominate our lives, businesses need to build a future in which the smartphone can become the personal concierge of their consumers. Making that future a reality will also require firms to be imaginative, creative and transparent in how they seek out data from consumers.

One of the best examples of this is how Facebook allows users to give them feedback on what ads they find relevant. This tool, known as Ad Preferences, accessible from every ad on Facebook, explains why any consumer is seeing a specific ad. More importantly, it lets users add or remove preferences that Facebook relies on. In essence, it lets



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Generation Xers and baby boomers from the United States, U.K., Canada, France and Mexico revealed that more than 75 percent of consumers are willing to share intimate data with firms, with the expectation that the firms will provide a product or a service they value.

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Can companies mine users' behavioral patterns to surprise and impress consumers? Can they send advertisements that make consumers' lives more efficient? Can they give users relevant choices instead of maximum choices? Can they curate and personalize products and services for their customers to generate value in exchange for their data? My research in the mobile economy has proved that all of these benefits are feasible with the ongoing cooperation of consumers willing to let firms tap into their data.

Mobile is a powerful tool that most other forms of marketing and advertising, from direct TV to print, display and even search engines, can't really come close to matching. Firms that will use innovative techniques to incentivize consumers to share more of their data while simultaneously increasing consumer trust are going to be the winners in the mobile economy. The next time you are passing by Saks Fifth Avenue and a 30 percent discount coupon on that \$1,000 Canada Goose winter coat you have been yearning for pops up on your mobile screen, you may realize that sharing your location data with retailers may not seem like such a bad idea at all.

— *By Anindya Ghose, a professor of IT, business analytics and marketing at New York University's Stern School of Business and author of [Tap: Unlocking the Mobile Economy](#).*

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