

18th September 2017

More than half of customers could walk away in the event of a major data breach

Companies risk losing up to 55% of customers if they suffer a significant personal data leak, according to Baringa Partners. The research, which investigates consumer attitudes towards data protection, is particularly timely given the expected rise in reported data breaches under the EU's General Data Protection Regulation (GDPR). As it begins its transition into UK law under the Data Protection Bill, Baringa urges companies to get their data house in order prior to the 25th May 2018 deadline.

The research covers banking, insurance, energy, TV, phone and internet sectors. It reveals that, in the event of a data breach, 30% of people would 'switch provider immediately' and a further 25% would 'wait to see a media response/what others say and do' before switching. Where multiple versions of customer information are saved to different systems, companies are more exposed to the risk of hacks or unauthorised use. The potential danger to customer retention draws attention to the investment choices companies need to make now for the sake of their business under GDPR.

Daniel Golding, Director at Baringa, comments: "With more than 50% of customers at risk of switching to a competitor in the event of a major data breach, companies urgently need to demonstrate they have strong data protection policies in place. The introduction of GDPR will more easily expose those with insufficient or flawed practices and the consequences could be disastrous."

The research also reveals that 64% of customers currently trust companies with their personal data. The main reasons given for trusting a company are 'they are an established brand/have a strong reputation' (29%) and 'they have been my provider for a long time' (18%). Specific data practices, such as transparency relating to data privacy policies or using data for reasons other than its original purpose, are considered to be less important.

Daniel Golding adds: "It's good news for businesses that customers by and large trust them with their data. But, as our research clearly shows, they cannot afford to be complacent. Trust may be based on reputation and loyalty rather than specific data practices, but this is in many ways a false distinction to make. If companies fail to shore up their data defenses, then it is their brand that will take the hit. Customers will soon begin to walk away.

"At the same time, customer attitudes and behaviours towards data are likely to change. When the new rules come into force and companies are required to supply a copy of all personal data on request and for free, 70% of people say they are likely to take advantage of the service. Companies without centralised data governance will struggle to locate and respond efficiently with their data. So, GDPR isn't only about protection; it's about proactively speaking to customers and explaining what data is currently held on them and why. This is a real opportunity for companies to set themselves apart."

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Notes to Editors

Research was conducted online by Opinium between 1st – 4th September 2017 among a nationally representative sample of 2,009 UK adults.

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About Baringa Partners

Baringa Partners is an independent business and technology consultancy. We help businesses run more effectively, navigate industry shifts and reach new markets. We use our industry insights, ideas and pragmatism to help each client improve their business. Collaboration is central to our strategy and culture ensuring we attract the brightest and the best. And it's why clients love working with us.

Baringa launched in 2000 and now has more than 500 staff and 50 partners across our four practice areas of Energy and Resources, Financial Services, Telecoms and Media and Consumer Products and Retail. These practices are supported by cross-sector teams focused on Strategy and Analytics, Business and Organisation Transformation, Supply Chain, Programme Delivery, Process and Operational Efficiency, Risk and Compliance, Customer Experience and Information Technology.

In 2017, Baringa Partners was ranked 1st Place in the UK Best Workplaces™ list by Great Place to Work® UK. This is the 11th consecutive year the firm has won an award for its inclusive and engaging company culture. In 2016 Baringa achieved Master status, when it became a 'great place to work' for the 10th year in a row.

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