



decoding data dynamics

Digital Society Index 2020
Hong Kong Deep Dive

Foreword

Welcome to our latest edition of the Digital Society Index study. Started in 2018, our network's multi-year research globally tracked how people responded to the digitisation of economies and industries. It explores themes such as trust, infrastructure, personal data and skills. Today, in the midst of a global pandemic that is disrupting almost all facets of how we live and work, this research sheds new light on how we are using technology differently and what this could mean for brands in the longer term. Our survey ran from March to April of 2020, analysing the views of 32,000 people across 22 markets. A total of 1,017 people in Hong Kong were surveyed. This market deep dive is built on the key findings from Hong Kong. The global research paper covers all surveyed markets - [download](#). This study serves as a reference point for how well we are in realising balanced, sustainable growth from the digital economy and how people are adopting technology into their lives. It is intended to stimulate debate and action, framing our future in a digital economy that works for all.



Best Regards

Pauline Chu,
CEO, dentsu Hong Kong



1. Introduction

Few issues have defined the digital era more appropriately than business use of personal data. The last decade has witnessed an almost constant process of triangulation between businesses, consumers and governments as we try to establish acceptable norms that fuel innovation while protecting individual rights. This pull and push between protecting and harnessing data has led many brands to have an unclear view on what actions they can and should take. And as the pace of tech innovation increases, the complexity and uncertainty surrounding many of these dynamics is growing.

The COVID-19 pandemic has put many of these issues into sharper focus. With the pandemic placing millions of people under lockdown, COVID-19 has accelerated the digital revolution—and the debate around fair and ethical use of personal data. Our survey of 32,000 people across 22 markets conducted in March–April 2020 confirms that people are increasing their use of digital technologies, as they turn to the

online world for work, shopping, education, and entertainment, for example.

More online activity means people are sharing more data. Already, apps being developed to track the spread of the virus in Europe and Asia¹ are raising important questions around data privacy. Many activists are concerned that measures taken in the heat of the crisis could become the status quo, eroding hard-won rights and protections. And as more and more people use digital technologies to work and to stay healthy, using remote diagnostics for example, the volume of sensitive personal data we share is set to grow further.

How the crisis may impact the long-term trends transforming the personal data landscape is not yet known. From the role of Big Tech to consumer attitudes and behaviours to data regulations, events are constantly evolving to affect personal data in different ways. Helping brands decode these dynamics is the objective of this paper.



¹ OECD, Tracking and tracing COVID: Protecting privacy and data while using apps and biometrics, 23 April 2020



Trends

2. Consumer data dynamics

Consumer attitudes to personal data are notoriously hard to decode. Context plays a huge role and the inconsistencies of human nature can make it fiendishly hard to generalise. Based on our Digital Society Index survey, there are a number of dynamics shaping how consumers perceive use of personal data. Many of these are paradoxical. Some reflect a gap between what people say in a survey versus what they do in practice. But all are critical for brands to understand if they are going to build more trusted relationships with their customers.

Big Tech isn't trusted with personal data—but consumers still sign up

Misusing personal data remains the number one driver of distrust in the technology sector (see Figure 1). This is consistent across all surveyed markets in our study. And attitudes harden with age: while six out of ten 18 to 44 years old cite misusing data as a main cause of distrust in the tech industry, this rises to seven out of ten of 45 to 65 years old (see Figure 2).

Figure 1: What do you believe are the main causes of distrust in the technology industry? (% agreeing) (Global vs Hong Kong)

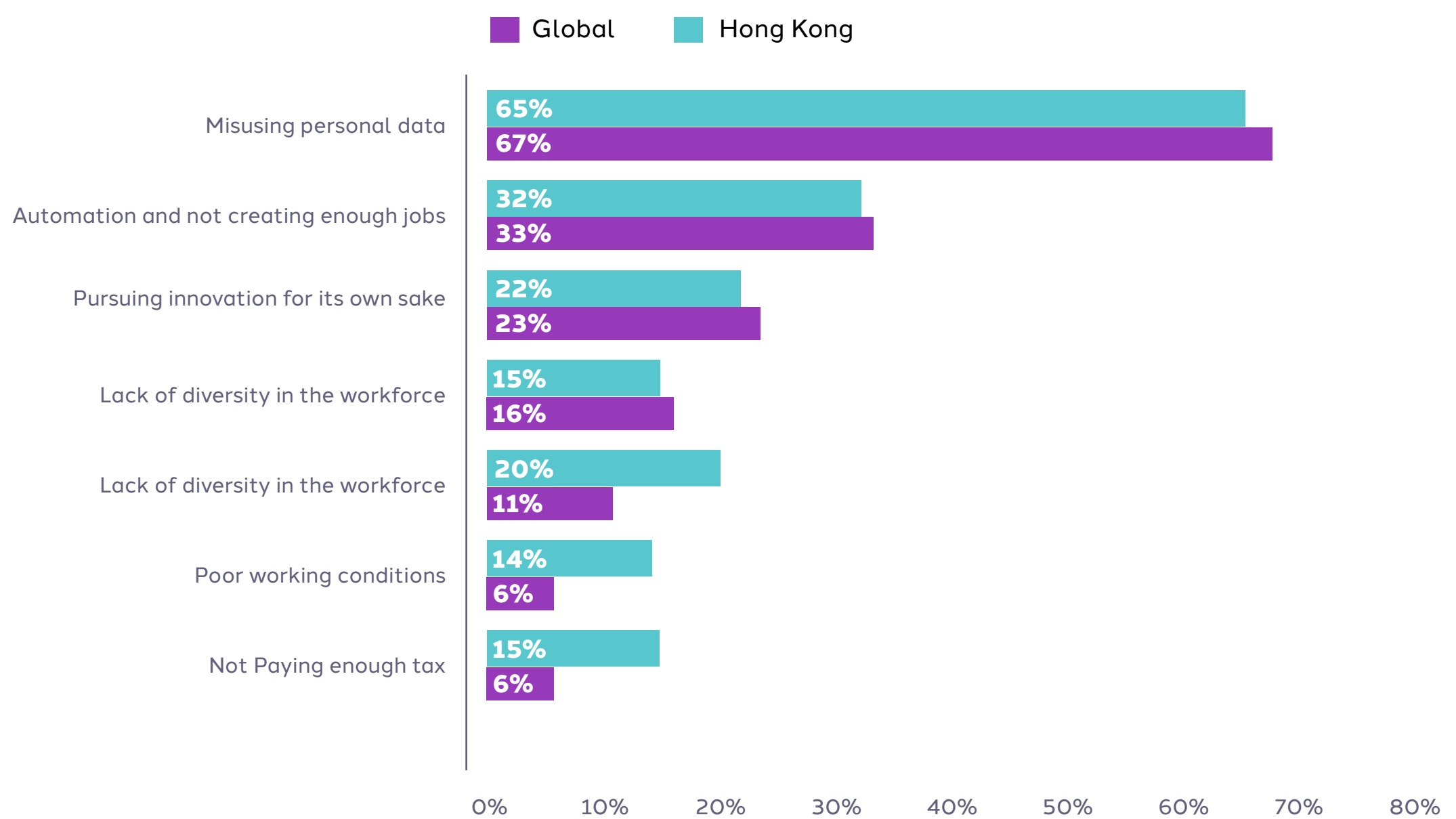
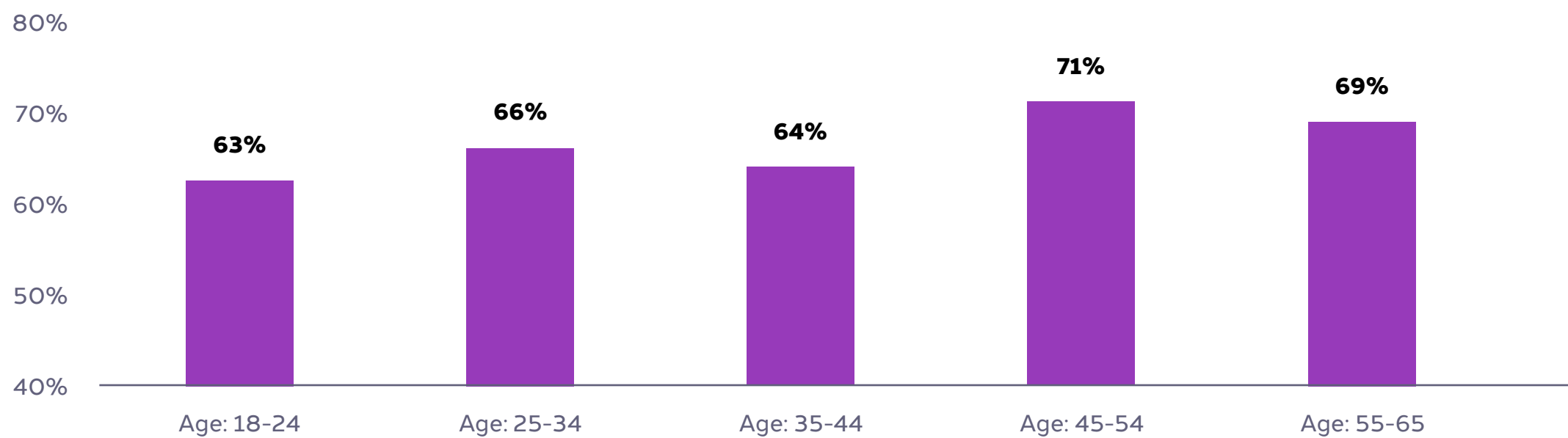


Figure 2: Agree that ‘misusing personal data’ is the main causes of distrust in the technology industry? (% agreeing) – by age group (Hong Kong)



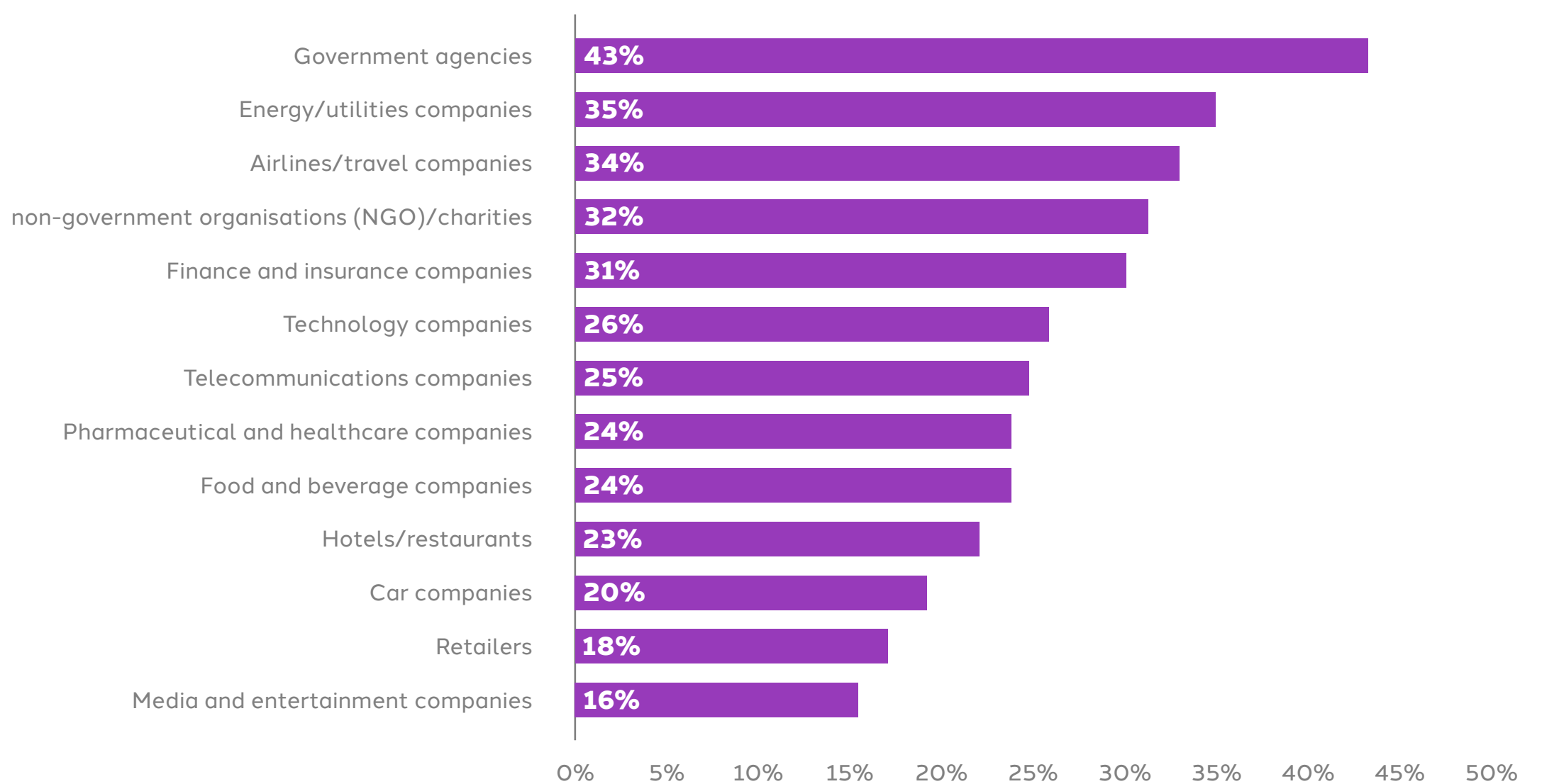
Despite our lack of trust, our appetite for the services provided by Big Tech remains strong. The adoption of tech platforms is still growing—exponentially so during the pandemic. Messaging across Facebook, Instagram and WhatsApp increased by 50% in countries most affected by the virus and in April². Clearly, our distrust in the tech industry is not strong enough to discourage us from using its products and services when we feel most in need.

Lack of trust impacts all industries.

While Big Tech may take the headlines, it’s clear that no industry is fully trusted with consumer data. Government agencies (43%) and Utilities companies (35%) are the most trusted, followed by Airlines/

travel companies (34%). Technology companies are somewhere in the middle, sitting at 26%. At the other end of the spectrum, media and entertainment companies are the least trusted at 16% (see Figure 3).

Figure 3: To what extent do you trust the following types of organisations with your personal data? (Hong Kong)

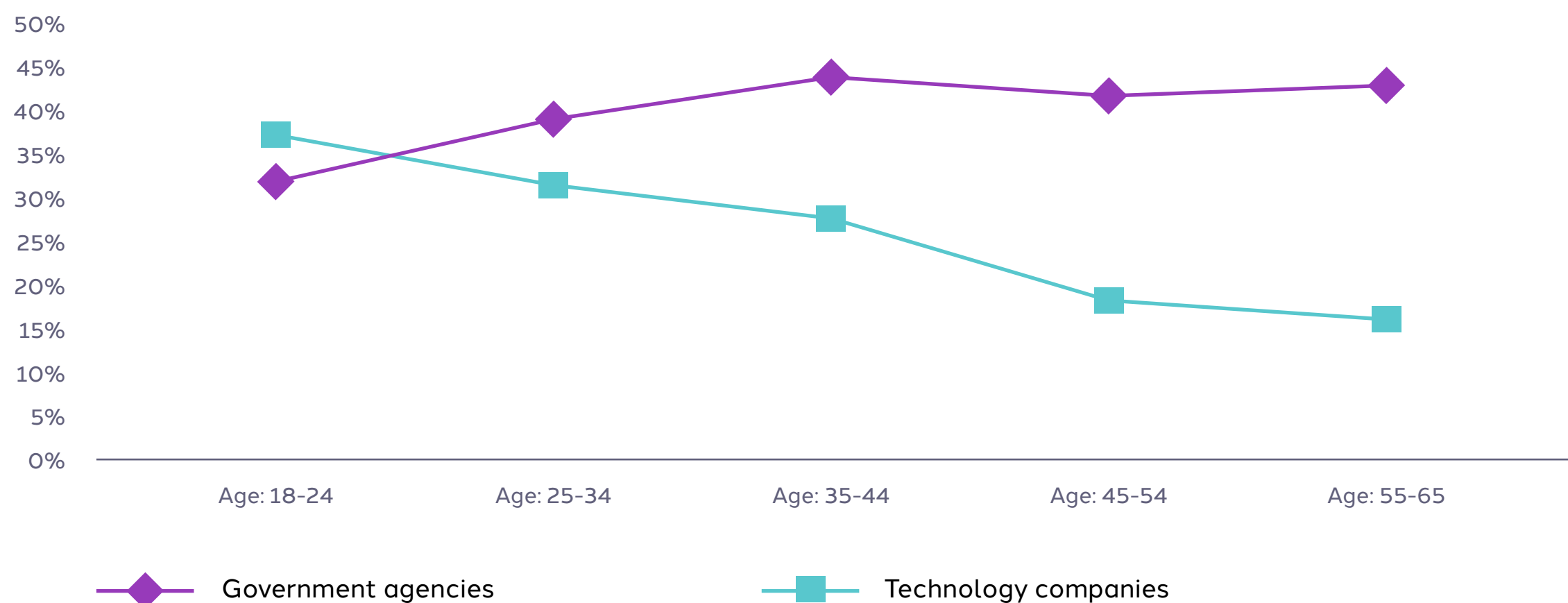


² Forbes, Is COVID-19 Social Media’s Levelling Up Moment, 24 April 2020

People in younger demographics tend to trust technology with their personal data more than government agencies (see Figure 4). This may suggest younger people remain focused on the benefits that new

technology and sharing data can bring rather than potential risks, while at the same time, they tend to be more tech savvy and digitally capable.

Figure 4: To what extent do you trust government agencies vs. technology companies with your personal data? (Hong Kong) – by age group

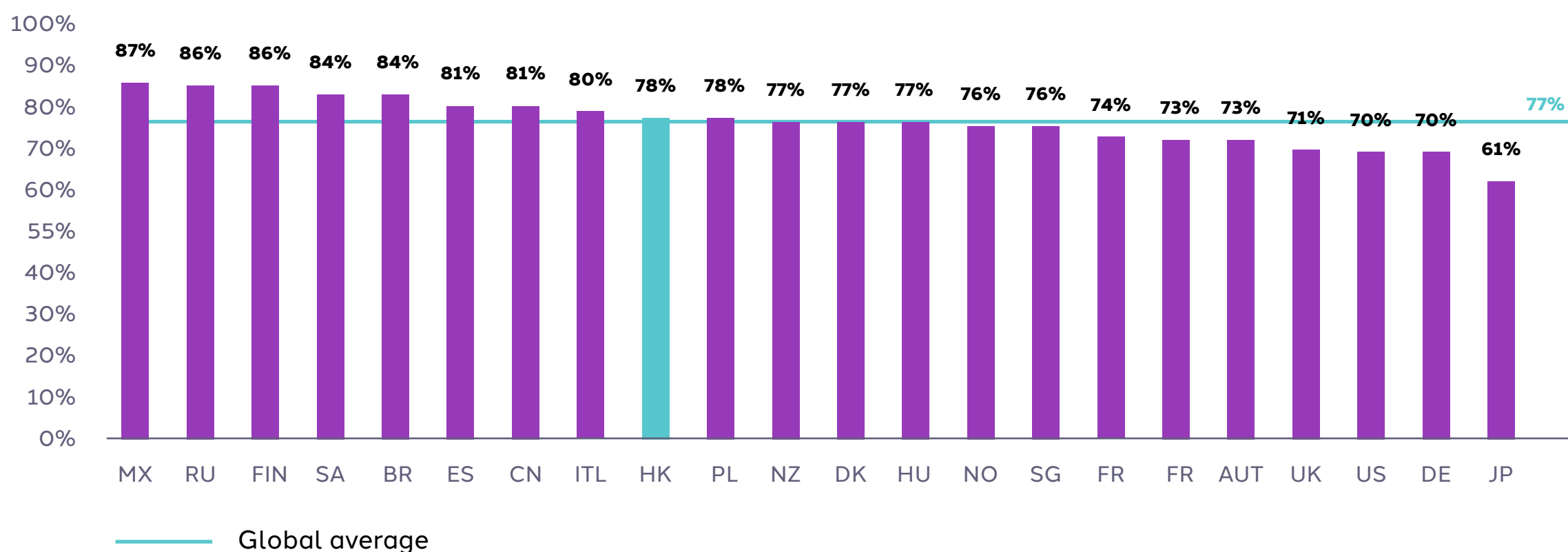


Data security and privacy concerns are universal. If you lose their data, you lose them.

Data breaches have unfortunately become common place and the costs of a breach, both direct and indirect, can be huge. Consumers are generally of one mind on this issue too: lose our data and you

lose our business. 78% of people in Hong Kong say they would likely stop doing business with an organisation that lost or used some of their data irresponsibly (see Figure 5). In reality, this intent may not always translate into mass action, but nevertheless all brands must be mindful of the ever-present risk of a breach.

Figure 5: Likelihood of not doing business with an organisation that lost some of your data or used it irresponsibly (% likely) (Global)

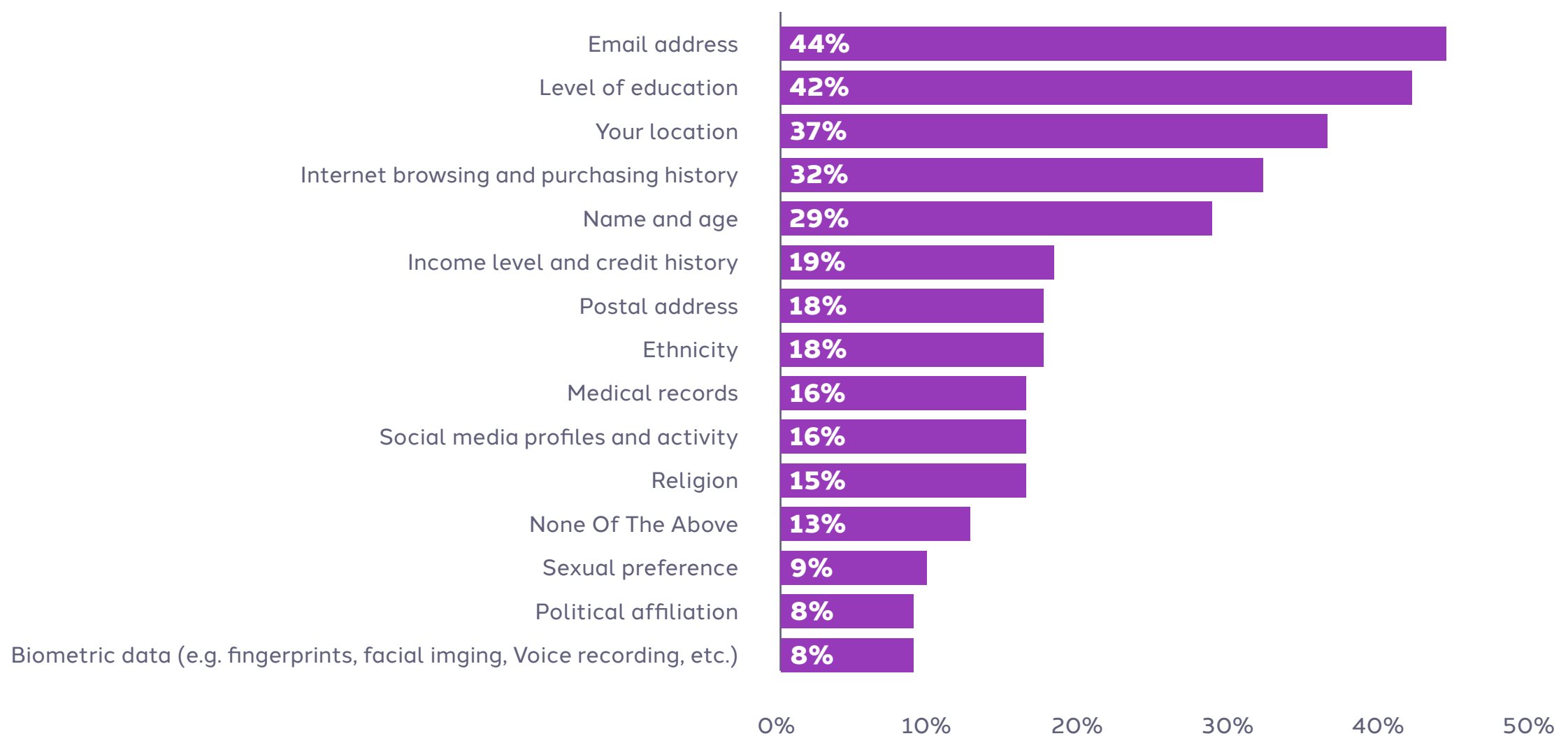


We don't want to share data, but we do.

Our analysis shows people generally don't believe it is acceptable for businesses to use any type of personal data to improve

the services they deliver, from internet browsing (32%) to even the most basic forms of personal data, such as email addresses (44%), level of education (42%) and location (32%) (see Figure 6).

Figure 6: What types of personal data do you think is acceptable for businesses to use in order to improve the service they deliver to you (Hong Kong)



Businesses around Asia-Pacific have begun to embrace biometrics to recognise their customers better or prevent fraud, such as through facial, voice or fingerprint recognition.³ In Hong Kong, 49% of consumers are willing to pay for products and services through facial recognition or fingerprint tech.⁴ In terms of improving services, however, only 8% of consumers think it is acceptable for businesses to use their biometric data.

Globally, 43% of people believe it is acceptable for businesses to use name and age to improve services. However, people in Hong Kong do not seem to agree on this front (only 29%). We've also discovered that males (33%) and the younger demographics (age 18 to 34) are more accepting of businesses using their 'Name and age' to improve services.

³ Experian (2019), Identity and Fraud Report

⁴ Dentsu Aegis Network, Digital Society Index survey 2020



Figure 7: Do you think it is acceptable for businesses to use ‘Name and age’ in order to improve the service they deliver to you (Hong Kong) – by gender

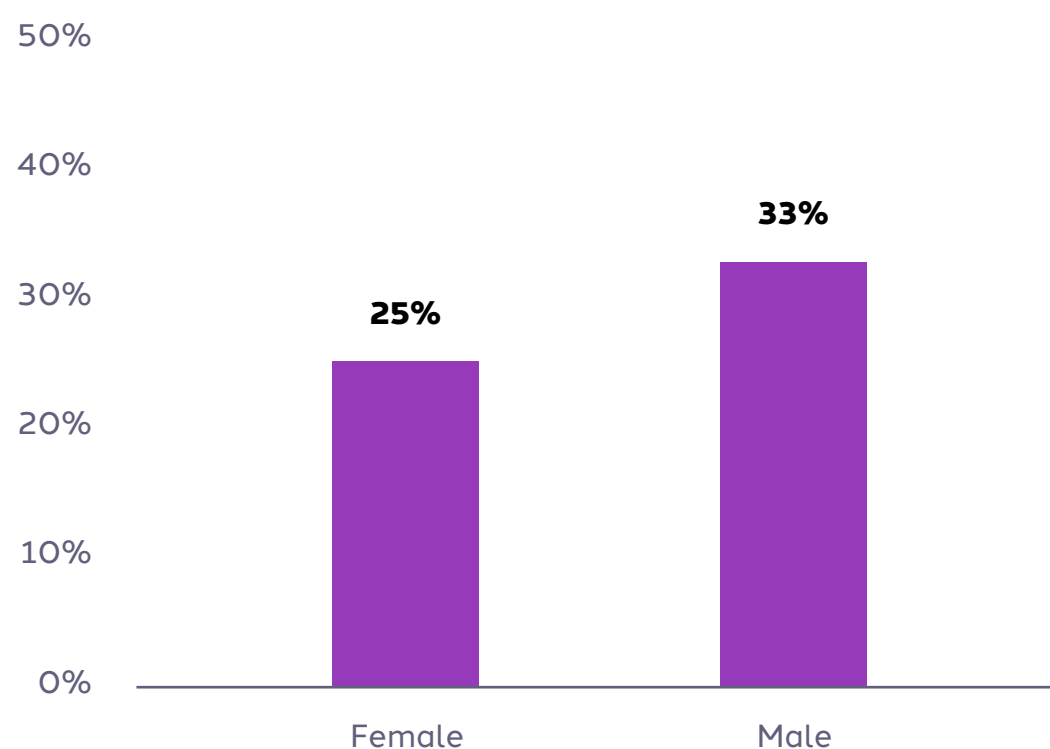
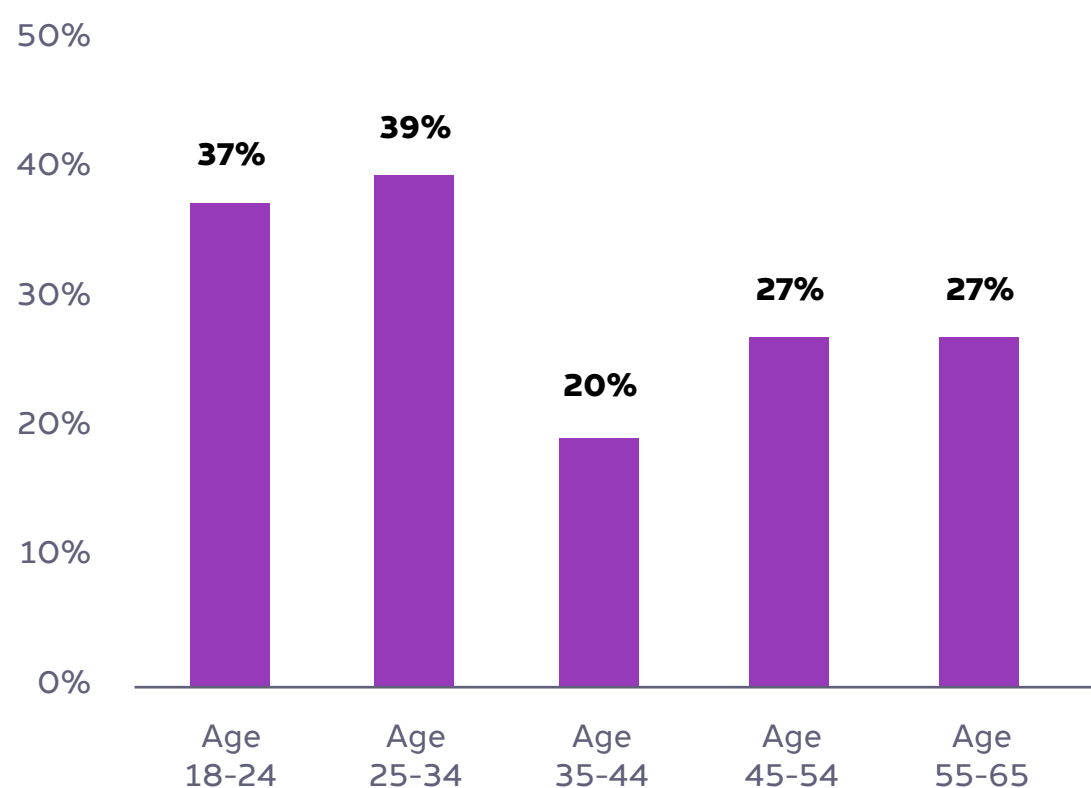
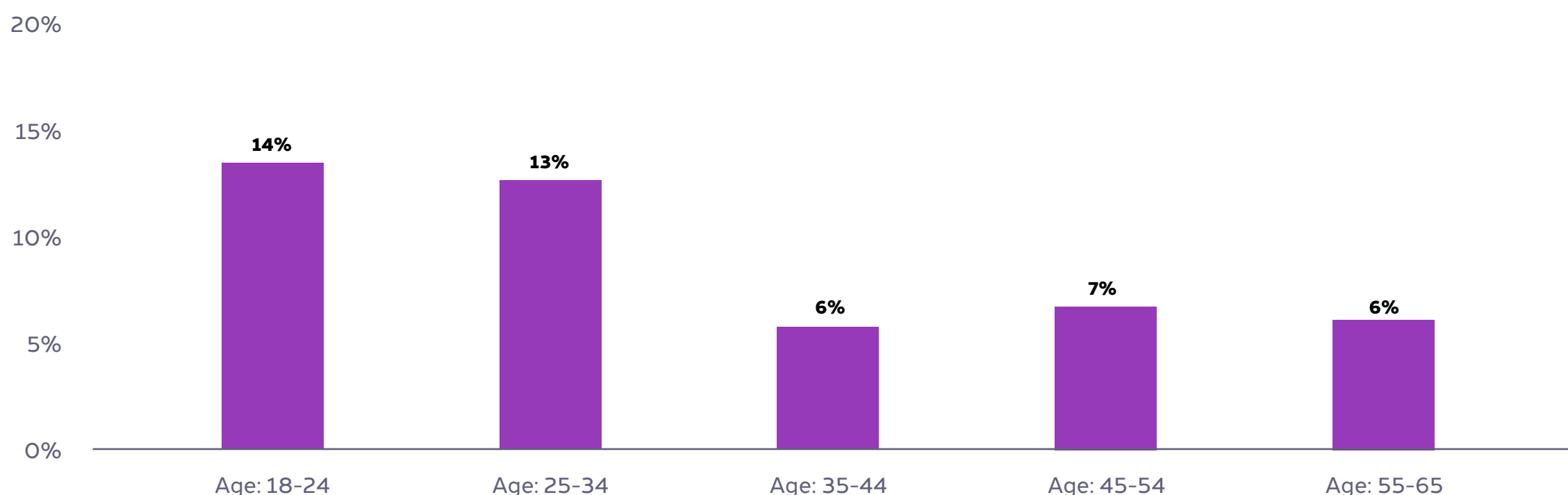


Figure 8: Do you think it is acceptable for businesses to use ‘Name and age’ in order to improve the service they deliver to you (Hong Kong) – by age group



And in what might be a sign of the times, political affiliation is the second least acceptable type of personal data for businesses to use—ranking even lower than medical records, religion, and sexual preference. Yet compared to people aged 35+, young consumers are more likely to think it is acceptable for business to use ‘Political affiliation’ data to improve services.

Figure 9: Do you think it is acceptable for businesses to use ‘Political affiliation’ in order to improve the service they deliver to you (Hong Kong) – by age group

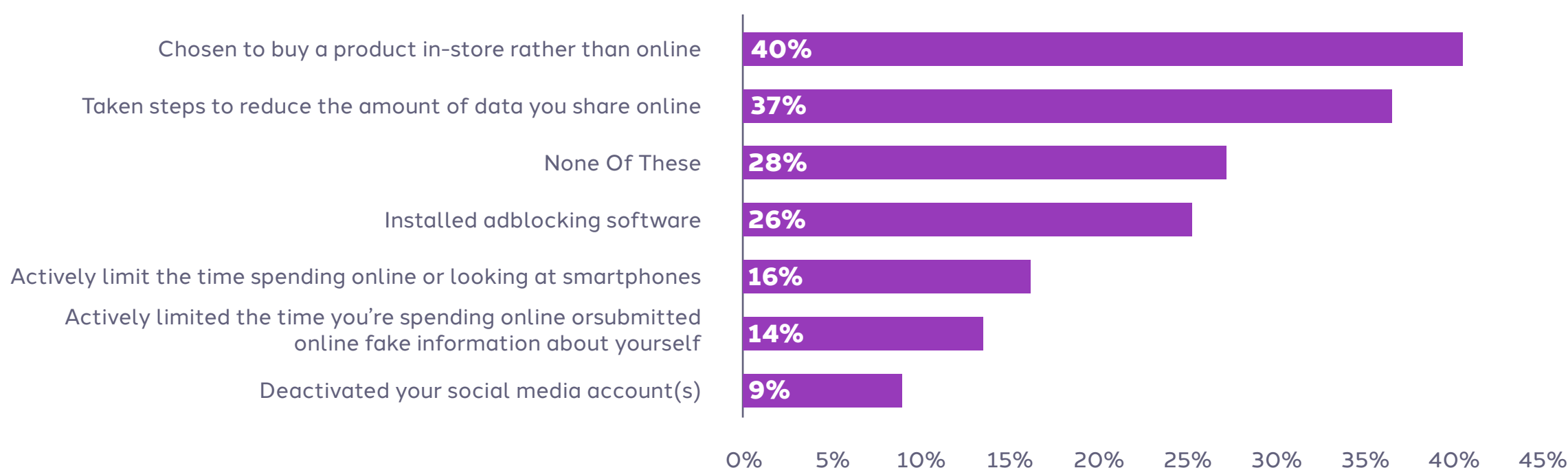


Many people share a wide array of personal data without knowing they are doing so and feel they have little power to do anything about it. The COVID-19 crisis has demonstrated that some of these concerns may be well-founded. New products and services that have grown rapidly in popularity during the lockdown have already been cited for data misuse. For example, video conferencing software Zoom was forced to stop sending iPhone user data to Facebook in March⁵.

Consumers are taking back control of their data.

As people have become more aware of how their data is used, they’ve taken steps to manage it on their own terms. A significant proportion of consumers are already taking actions to limit or modify their digital behaviour (see Figure 10).

Figure 10: Have you taken any of the following actions (regarding online behaviour) over the last 12 months? (Hong Kong)

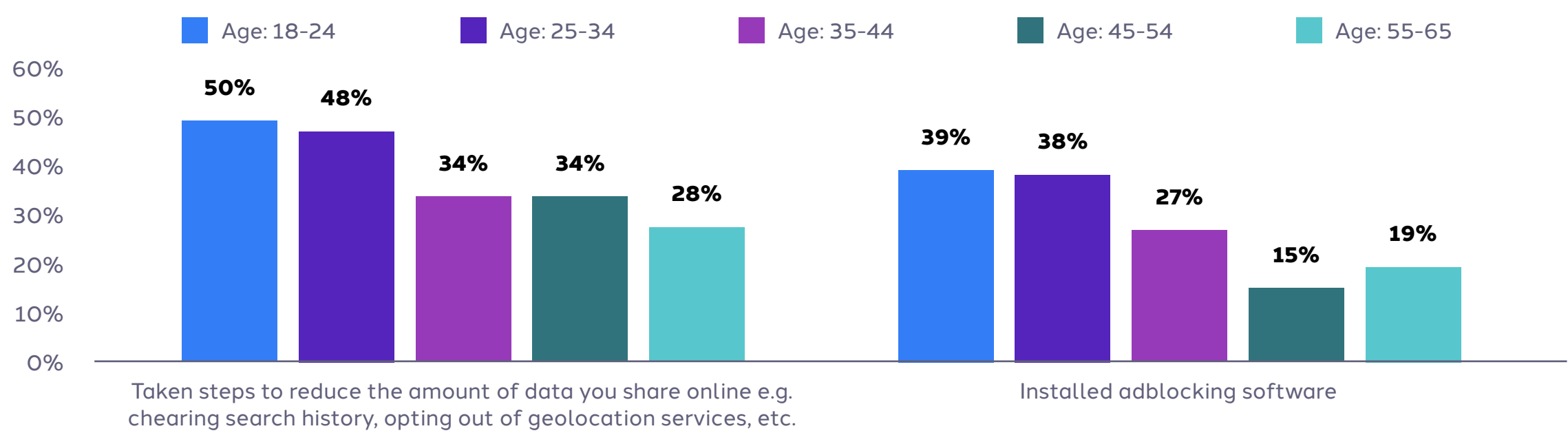


⁵ ZDNet, Zoom to iPhone users: We’re no longer sending your data to Facebook, 30 March 2020

Younger people (18-34 year olds) are more likely to take more action than older demographics. For example, half of Gen Z say that they have taken steps to reduce the amount of data they share online. That compares to less than a third for people aged between 45 to 65 years old

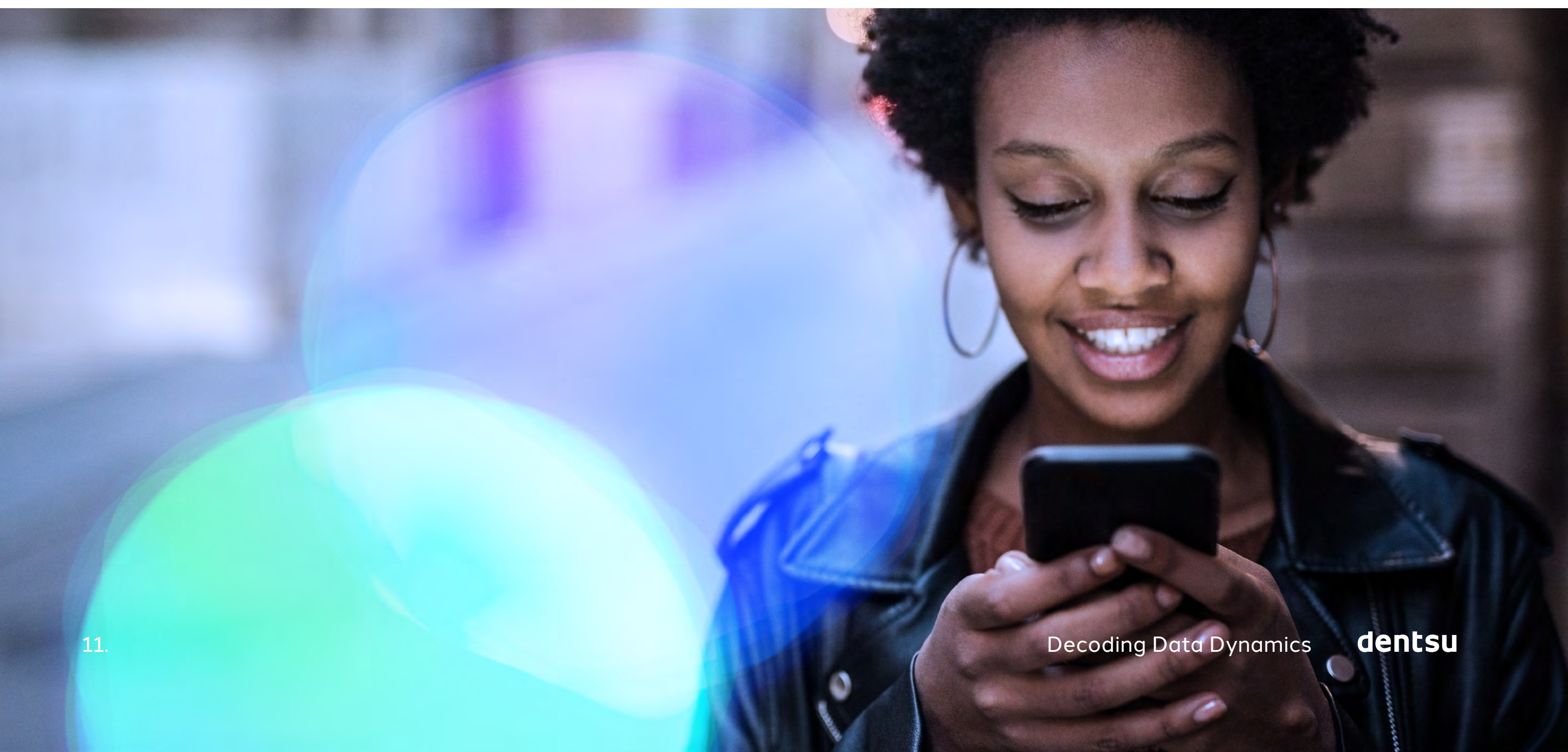
(see Figure 11). A similar trend was also discovered in adblocking software usage. This could be a sign of things to come—a growing movement of consumers as data activists, using their tech savvy to manage their online profiles on their own terms.

Figure 11: Have you ‘taken steps to reduce the amount of data you share online’ & ‘Install adblocking software’ over the last 12 months? (Hong Kong) – by age group



The challenge here is that with many services requiring data sharing to secure access, consumers deciding to share less data can mean receiving an inferior service.⁶ However, half of consumers globally expect the ability to refuse to share their personal data, but still receive the same level of service. Increasingly this looks unlikely and we can expect to see more people going offline and becoming almost invisible to brands in terms of their online presence.

⁶ Dentsu Aegis Network, Digital Society Index survey 2020



We want personalisation without data sharing, but not many are exercising their data rights.

While the trend of personalisation continues to shape products, services and campaigns, it is not always the case when it comes to personalised advertising. In our survey, we also asked about the action regarding personal data taken. Less than a third (31%) of people in Hong Kong have

opted out of receiving personalised adverts (see Figure 12). It is younger respondents who are more inclined to have taken this action (see Figure 13). Having grown up using technology, this may reflect that younger generations have the digital skills and knowledge required to effectively manage their own data. With its volume and complexity, less tech savvy consumers may find achieving this more difficult.

Figure 12: Have you taken any of the following actions (regarding personal data taken) over the last 12 months? (Hong Kong)

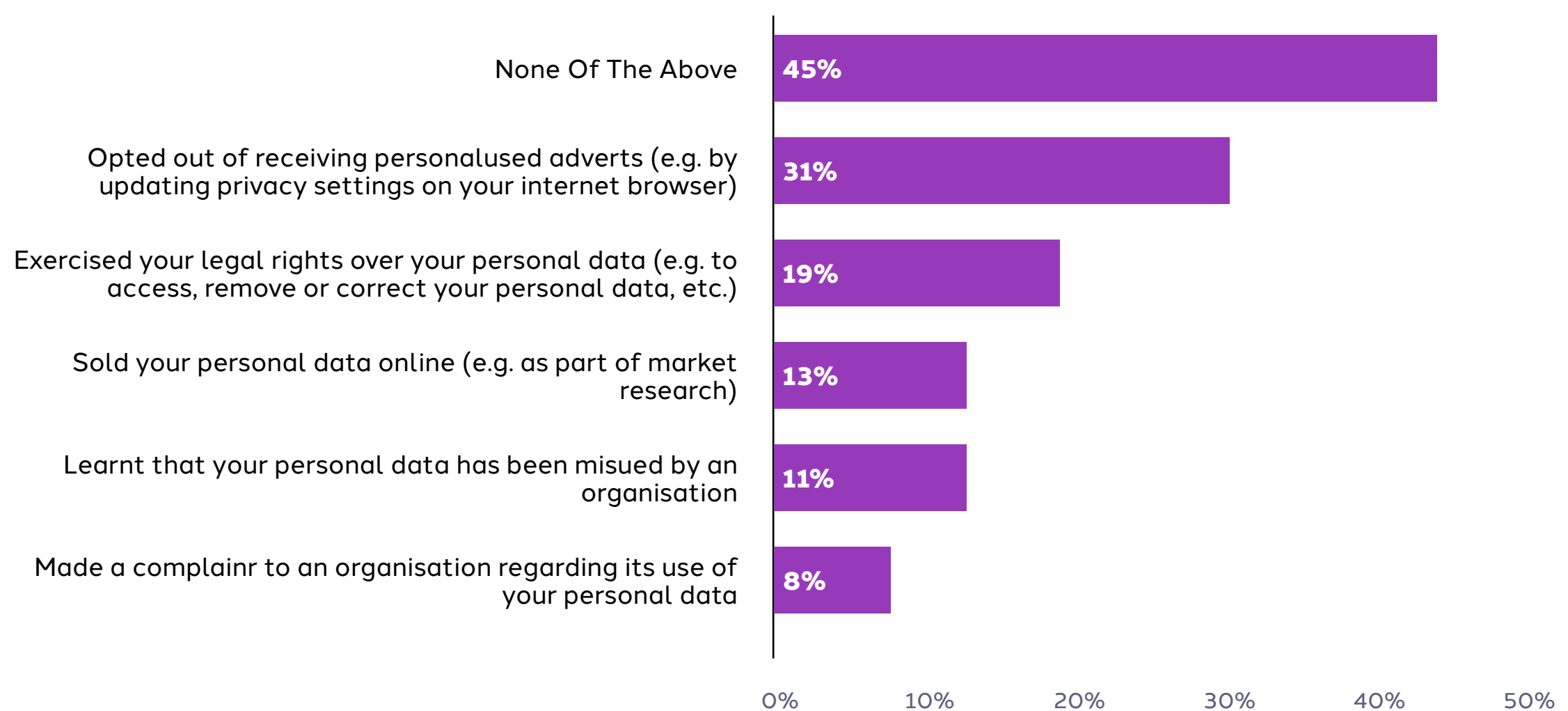
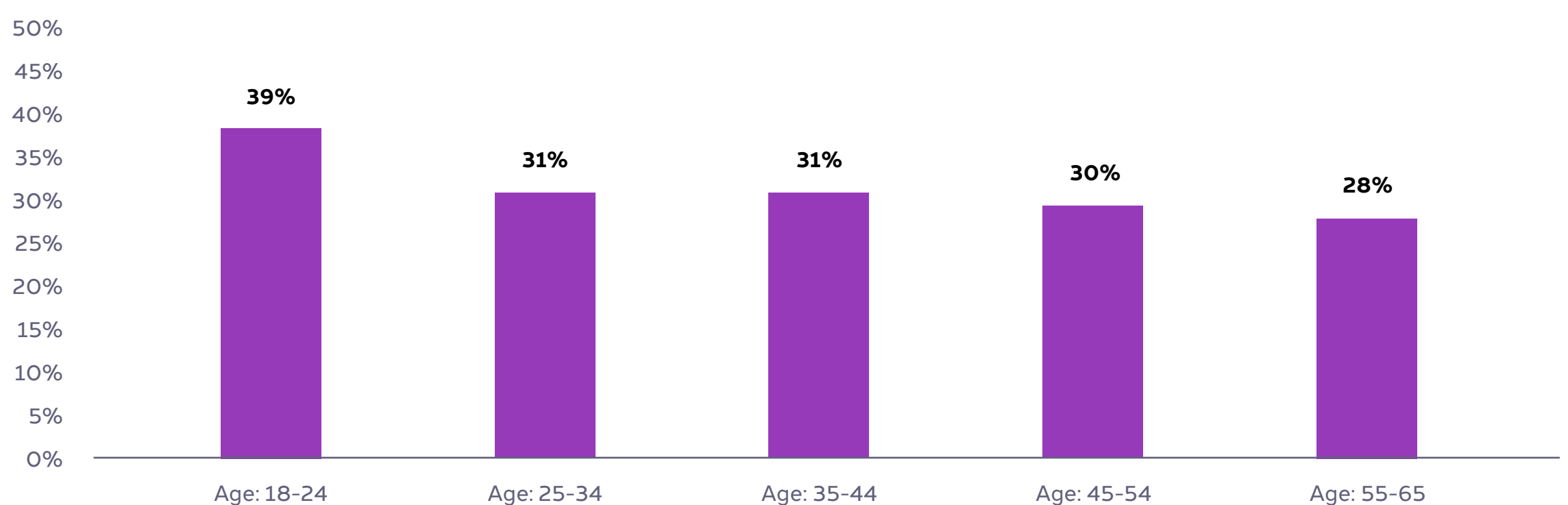


Figure 13: Have you opted out of receiving personalised adverts (e.g. by updating privacy settings on your internet browser) (Hong Kong) – by age group



We demand consent—but who reads Ts & Cs?

For many people, retaining control over their personal data is paramount. Our analysis shows that it is important that organisations gain clear consent to use people’s personal data for all the activities we surveyed. For example, even during the height of the COVID-19 pandemic, almost two-thirds (61%) of people felt it was

important for organisations to gain their explicit consent before using their personal data to support research and development that addressed societal challenges such as medical research (see Figure 14). Explicit consent for personal advertising seems to be less of a concern. Yet, almost half (44%) of people in Hong Kong believe it is important for organisations to gain consent in providing online ads that are more relevant (see Figure 15).

Figure 14: How important or unimportant is it that organisations gain your explicit consent to use your personal data to do the following? (% important) (Hong Kong)

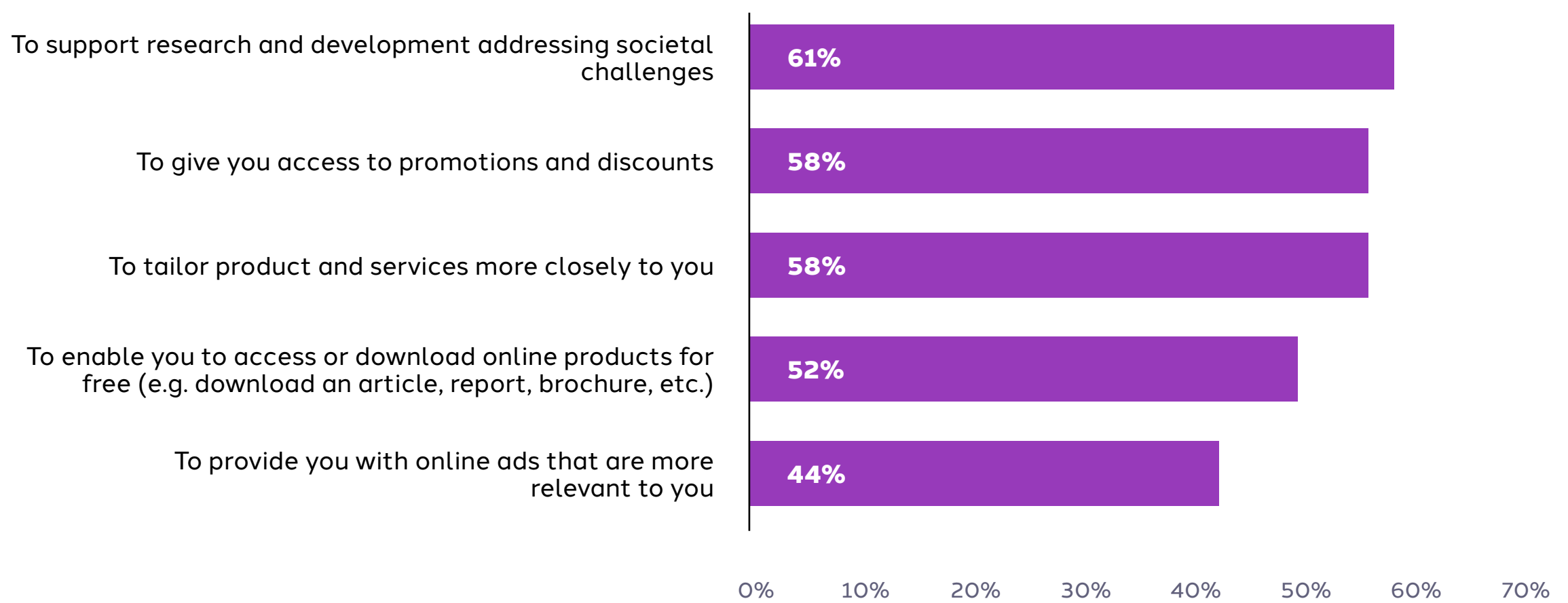
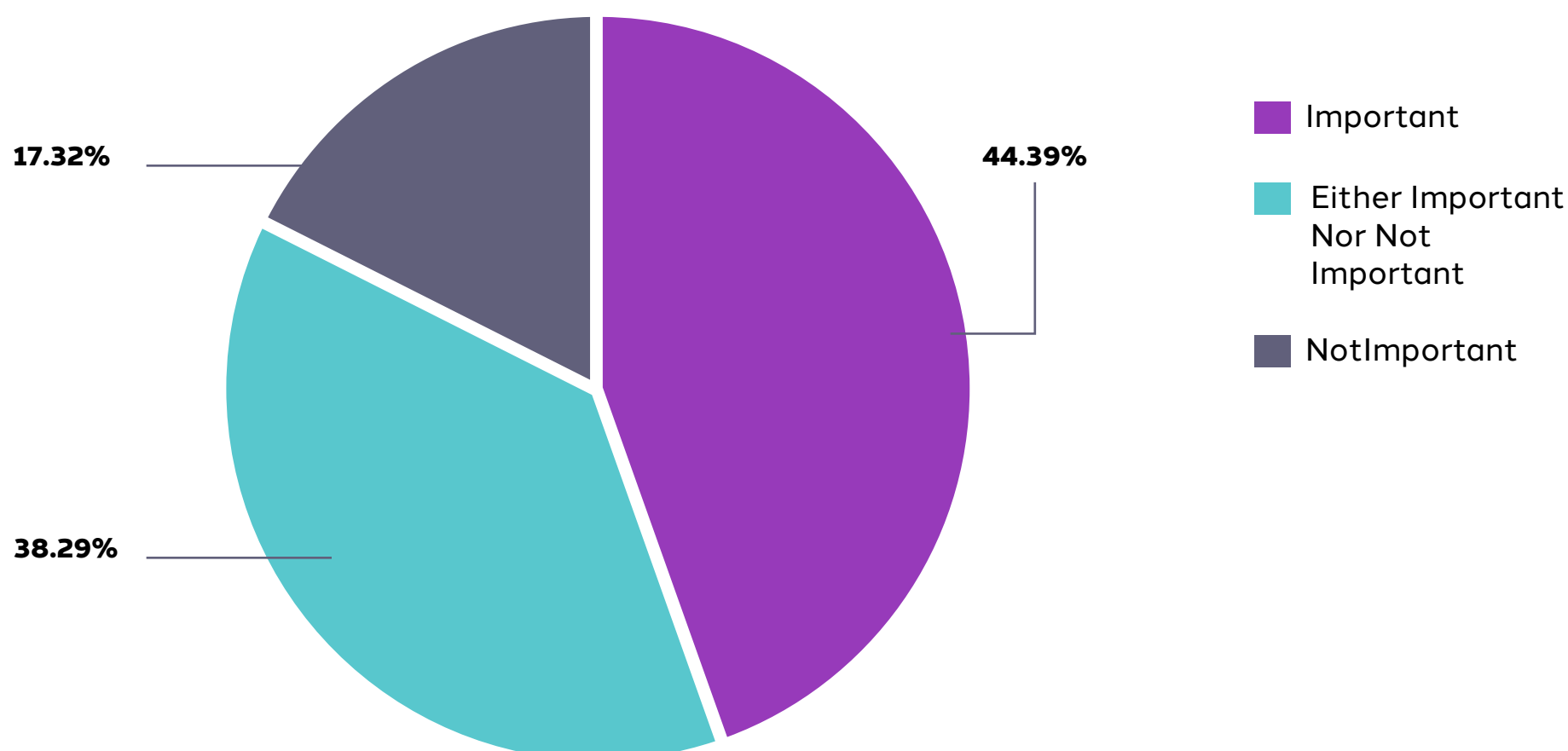


Figure 15: How important or unimportant is it that organisations gain your explicit consent to use your personal data to provide online ads that are more relevant to you? (Hong Kong)



Consumers may consider clear consent to be important, but how informed this consent is depends on the individual. As customer online experiences improve, customer expectations also rise. One fifth of consumers abandon their online shopping carts because the process is taking too long and a quarter of them do so because website navigation is too complicated.⁷ This impatience crosses over to terms and conditions – most people do not read them. In fact, one recent social experiment found that only 1% of participants actually read the terms and conditions when purchasing an item or engaging a service – despite 70% of them claiming to have done so.⁸

⁷ Quicksprout, Checkout Process Design For High Conversion Rates, 8 January 2020

⁸ Digital Journal, Report finds only 1 percent reads 'Terms and Conditions', 29 January 2020



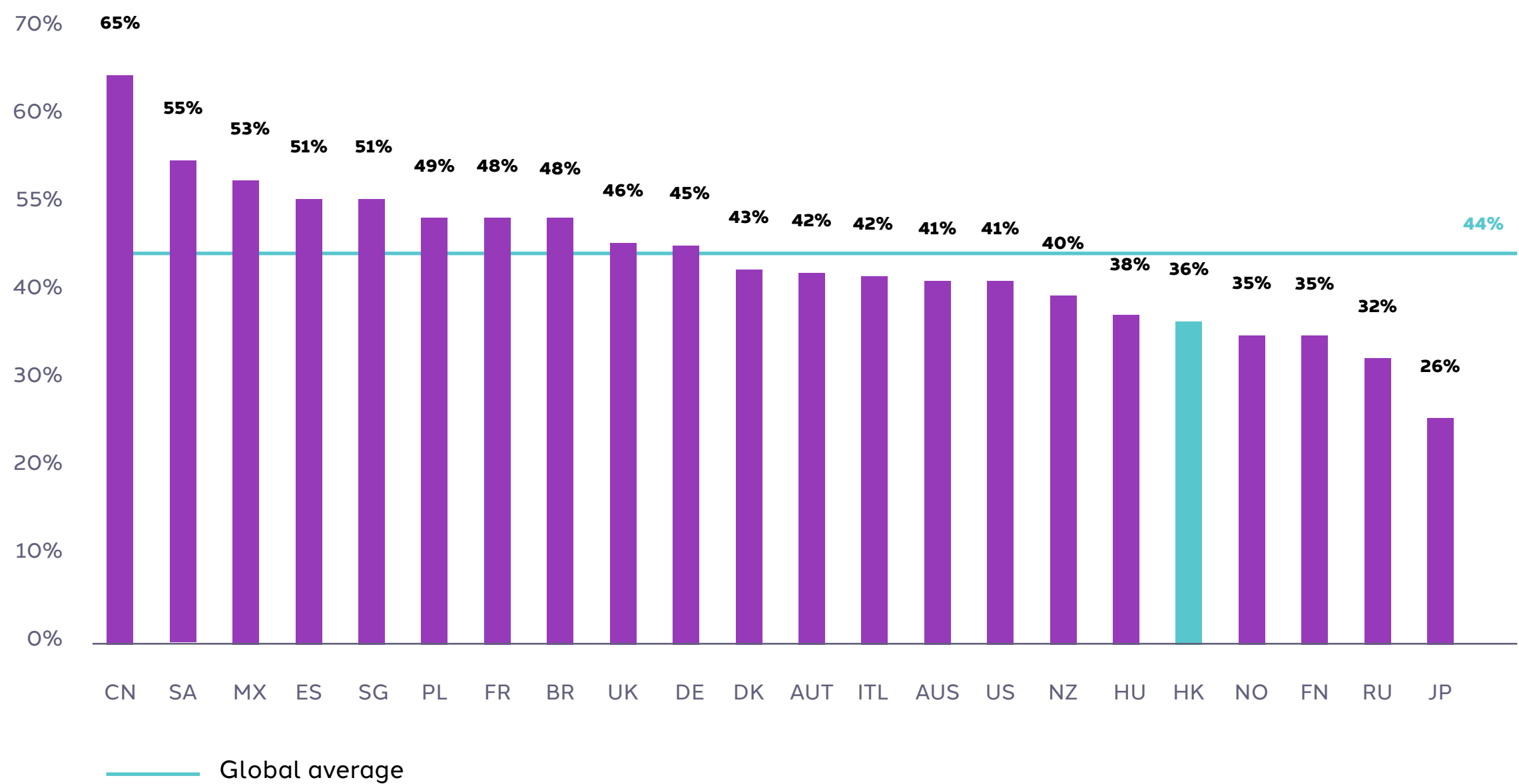
3. Moving Forward

Financial value exchange is expected, although not yet a reality.

Looking ahead, nearly half of the consumers we surveyed also expect to receive financial benefits in exchange for organisations using their data (see Figure 16) in the next 2 to 3 years. For example, Delphia is a start-up that invites consumers to invest their data, which it says could be worth \$15,000 on the stock market within a decade.⁹

While this trend of data monetisation has been evolving for some years now, in markets such as China, the expectation in the minds of consumers is clear. However, contrast that expectation with what is happening today: just 13% of people in Hong Kong have sold their personal data over the last 12 months, although 36% agrees that they will receive financial benefits in exchange for organisations to use their data in the next 2 to 3 years.

Figure 16: In the future (i.e. next 2-3 years), I will receive financial benefits in exchange for organisations using my data (% agreeing) (Global)



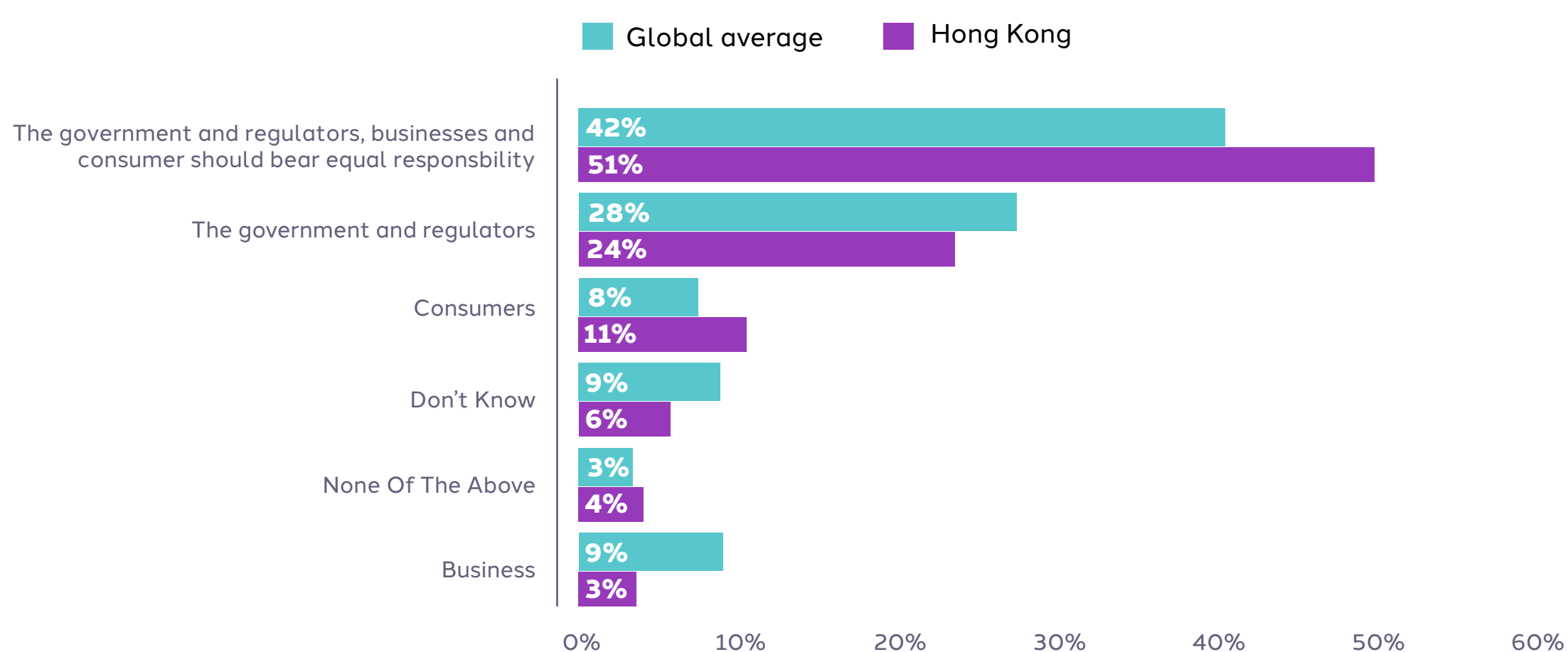
⁹ Forbes, This startup wants to use your data to bet on the markets—and cut you in on the profits, 12 April 2019

Evolving regulation

As if these consumer dynamics were not hard enough to navigate, further uncertainties make it even more challenging for brands to plan. For example, to what extent will regulation evolve over the coming years—will it lead to more global co-ordination among policymakers, or more localised, fragmented approaches? Will the regulation of Big Tech be stronger in some parts of the world, such as the European Union and California, and more laissez-faire in others?

While consumers generally favour more collaborative approaches to governance (see Figure 17), a great deal of uncertainty remains around whether we'll see more regulatory convergence around common standards, or more divergence as governments go it alone. Some may even look to establish themselves as 'data havens', seeking to increase their attractiveness to business through more relaxed approaches to data protection regulation.

Figure 17: In the future (i.e. next 2-3 years), who do you think should be mainly responsible for ensuring personal data is protected and securely used? (Global vs Hong Kong)



What is clear is that consumers believe clear rules and standards will be required: more than two-thirds of people globally believe more regulation is needed to govern the development of new technologies such as artificial intelligence.¹⁰

New tech, new ethical questions

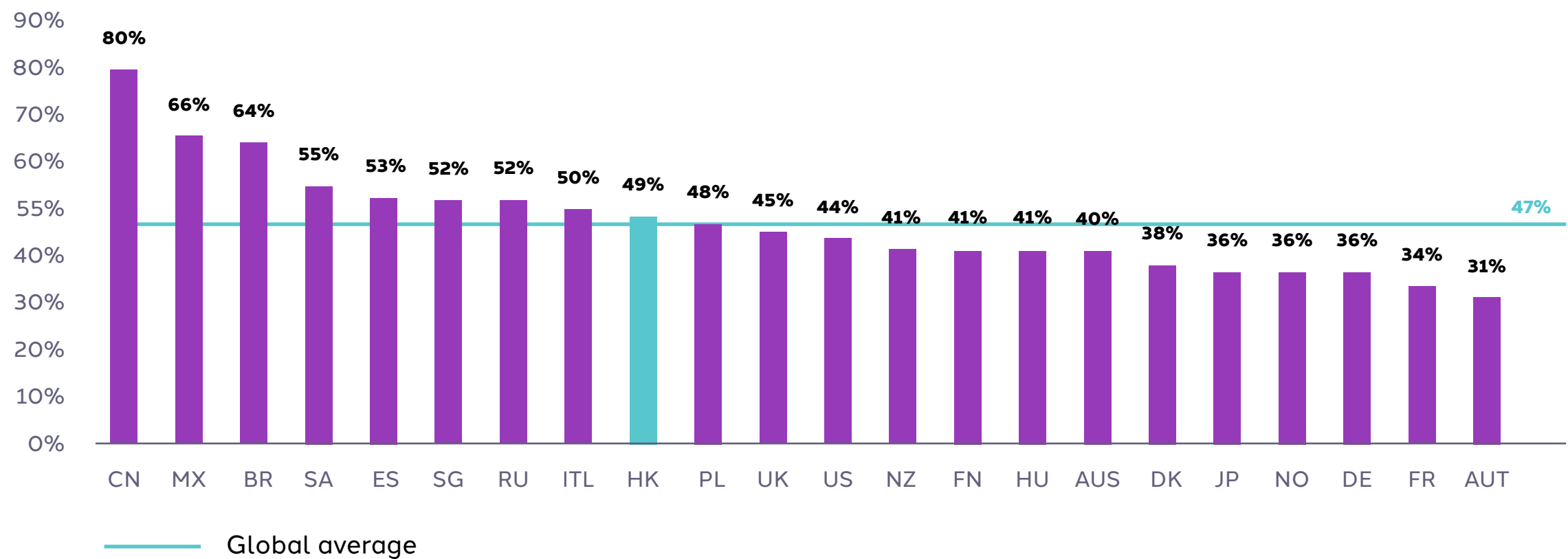
Reflecting this anxiety about the future pace and scale of technological change, there are a number of privacy concerns about the deployment of facial recognition technology.¹¹ At the same time, many consumers expect these technologies

to become commonplace in terms of applications such as payments (see Figure 18), particularly in emerging markets such as China, Mexico and Brazil. Technologies such as this (as well as voice assistants, for example) will raise new questions about how such data can be shared securely and with privacy concerns fully addressed.

¹⁰ Dentsu Aegis Network, Digital Society Index survey 2020

¹¹ Forbes, The Major Concerns Around Facial Recognition Technology, 25 September 2019

Figure 18: In the future (i.e. next 2-3 years), I will pay for products/using services through facial recognition or fingerprint technology (% likely) (Global)



But again, consumers are clear in their expectations: six out of ten believe that organisations will need to demonstrate higher standards of ethical behaviour over the next 2-3 years as far as personal data is concerned.¹²

In Hong Kong, almost half (49%) of the people will expect to pay for products and services using facial recognition or fingerprint technology, while less than a quarter (22%) has no intention to do so (see Figure 19). We also discovered a higher intent in male than female (see Figure 20).

Figure 19: In the future (i.e. next 2-3 years), I will pay for products/using services through facial recognition or fingerprint technology (% likely) – Hong Kong

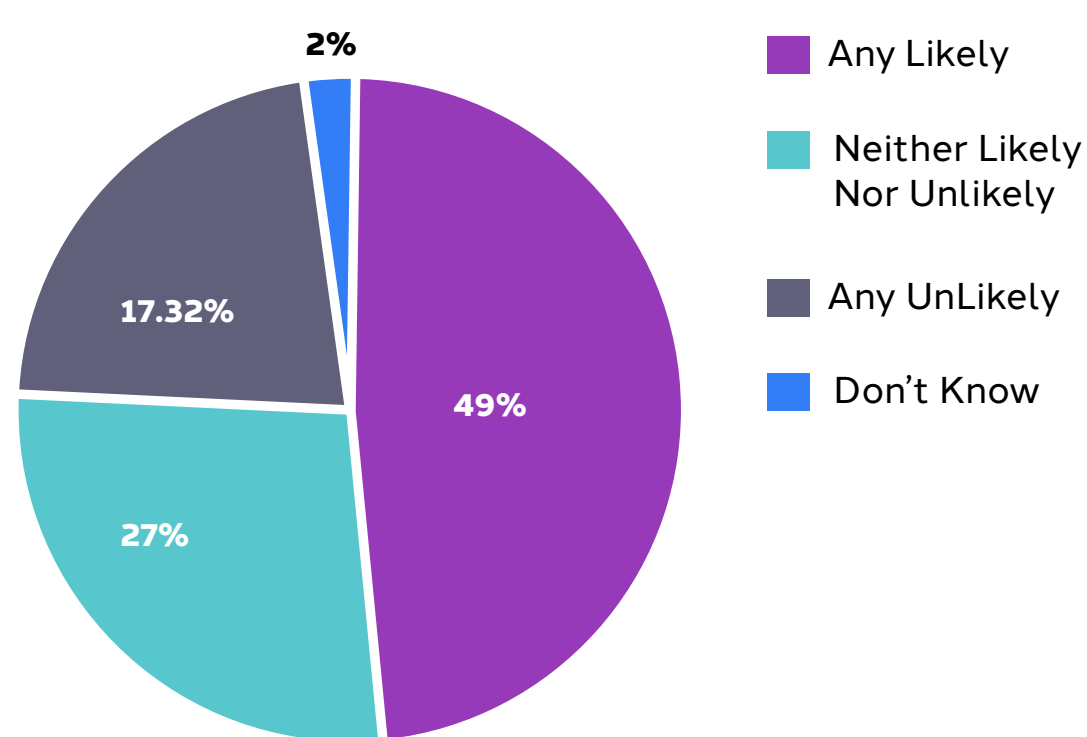
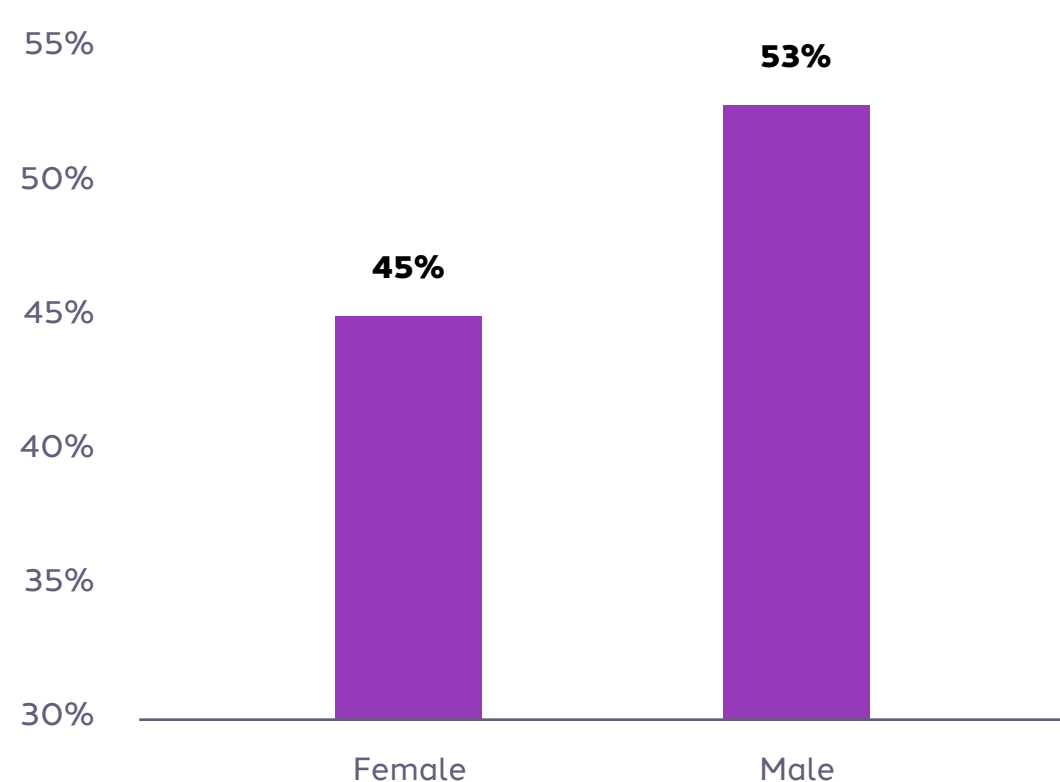


Figure 20: In the future (i.e. next 2-3 years), I will pay for products/using services through facial recognition or fingerprint technology (% likely) – by gender (Hong Kong)



¹² Dentsu Aegis Network, Digital Society Index survey 2020



Recommendations

Hong Kong consumers are hesitant to share personal information online because of DISTRUST. Our studies show that people in Hong Kong distrust organisations' ability to handle personal data well and more importantly securely. They also feel that keeping their data secure is part of their own responsibility. Consumers' growing concerns on data privacy and distrust in the use of data by the government and a wide range of industries has become a pressing phenomenon for organisations. This phenomenon not only affects 1st party data collection but also accelerates the death of 3rd party data and cookies.

The good news is that, simultaneously with the rapid acceleration of the digital ecosystem, more consumers are becoming accepting of the fact that data or information needs to be shared in order to accomplish their goals online.

There is a mounting challenge for organisations to build trust while attempting to gather and use as much data as possible. Data needed to grasp a more accurate understanding of customers, target audiences, and consumers, as well as provide better offerings – relevant personalized products, services, or content throughout their journey. Thus, organisations should prioritize their data agenda from a consumer-centric and business point of view in order to stay relevant and ahead.

1. Building trust with consumer-centric experience design

Value exchange is important but don't allow consumers to have doubt! Hong Kong consumers are looking for financial benefits in exchange for their personal data but brands should use data to provide unique and sustainable personalized value to consumers rather than hoard data by using tactical incentives such as once-off cash coupons/rebates to motivate data submission. Here are some rules when asking for personal data.

- Don't be greedy and stay focused when it comes to declarative data collection

Consumers are smart and they are very reluctant to share ancillary information for company marketing and promotion purposes. To ensure data accuracy and willingness to share data, only collect what is needed at specific moments in order to help consumers accomplish their goals and purpose. For example, Name and email addresses are typically mandatory to register a profile when making an online commerce order and physical address is required for delivery. Whilst gender and body size may be compulsory for fashion eTailers - for product availability and personalized recommendations – this sort of data could be ancillary for many other industries.



Some of the distrust to provide email address, phone number and other data with retailers stems from bad experiences. We all know how an online purchase with a new business can lead to a flood of marketing messages which can be hard to opt out of. Marketers' fear of missing out and the urge to provide personalized consumer brand commerce experiences are often the key barriers for data accuracy and submissions.

- Be transparent and be clear

Let users know why their data is crucial in delivering their expectations, how their data will be used and stored, and how much effort is required on their part. Since transparency is so important, do not rely on T&Cs when it comes to data privacy policy clarification.

- Keep it simple and easy

Anticipate and try best to remove any pain points in the process! Email or social log in for form pre-fills often helps to shorten the process. Brands can also use hints / tips to aid a user on entry and create selection tools like dropdown menus for easy selection and quick entry.

If there is certain information that is required for entry, inform users before any process starts so that they have time to gather the necessary information. An "intermission" where users can "save" the process will also make it easier for users to come back and finish later should they be interrupted.

Remember, use common and easy to understand terminology to eliminate ambiguity.

- Make it fast

The goal is to not keep your users longer than needed when filling out their information. The more time they spend filling forms, the more likely they are to leave. Keep it short and only ask what you need or will use.

Data can be collected at different stages of the consumer journey, so collect non-relevant data at a later stage to speed up the process. You want to have consumers interacting with your brand and not your forms.

2. Let behavioural data speak the truth

In addition to the lack of willingness to share information, compared to global sentiment, Hong Kong consumers are more likely to have submitted fake or inaccurate information about themselves to avoid information disclosure. Declarative data are becoming scarcer. It has become increasingly difficult for organisations to understand who their consumers and customers are, and thus harder to provide a relevant and valuable personalized experience. When data does not represent the true individual, it impacts media efficiency and effectiveness, resulting in brands reaching the wrong audiences. In addition, the content and the context would be become irrelevant to individuals.

Instead, behavioural data can provide a more accurate and in-depth understanding of consumers, their individual journey, as well as optimizing Data-driven creative (DDC) deliveries. For example, the way users browse websites send strong signals demonstrating their purchasing intentions. The right message and creative to the right person at the right time can lead to quicker sales.

Yet here comes...

The death of cookies and how it pushes organisations to take ownership over customer data.

Organisations in Hong Kong rely heavily on Tech Giants and other data / tech companies' third-party data for consumer insights and adserving. In response to consumers' growing concerns on data

or and misuse of data, many Tech Giants including Google Chrome have announced that they will block all 3rd party cookies by 2022. As a result, measurement, optimization, audience building, and ecommerce platform access will no longer be possible through 3rd party cookies.

Advertisers and the media industry are facing tremendous changes and all stakeholders need to adapt to the new norm as soon as possible to stay ahead of the game before the old practice becomes obsolete. Tech companies have been pushing new solutions to help brands overcome this challenge.

Server-to-server tracking

The primary advantages of server-to-server tracking are accuracy and systematic. Ignore last touch attribution! By generating a unique ID when a click or impression occurs, businesses can get higher accuracy in tracking a specific transaction back to a specific affiliate throughout the customer journey. This transaction ID is tied to a constant such as an email address. Another added benefit of server-side tracking is the ability to add additional third-party tracking, so an affiliate can use the transaction ID to verify campaign results independently.

Implementing a server-to-server connection between marketing platforms and website, businesses can make sure that their ecommerce platforms remain relevant well into the future.

Leveraging 1st party behavioural data for better accuracy and data quality

- CRM data for persistency – CRM systems are built to engage with customers on the basis of historic behaviour and general customer data such as email, phone, firmographic and purchase history to create a persistent customer profile
- Web and app analytics – Not many organisations in Hong Kong manage to fully leverage their non-CRM first party data. Yet this data provides an in-depth understanding of the overall user pool of a website or app, providing key signals to identify segments of users depending on how they behave and interact with the website

3. The ultimate Customer Data Platform (CDP) for comprehensive data-driven marketing

“A customer data platform is a marketer-managed system that creates a persistent, unified customer database that is accessible to other systems.”

David Raab, Founder of the Customer Data Platform Institute

More data-advanced organisations are moving towards CDP, where all customer data is gathered then stitched together to create unified customer profiles, providing a 360-degree single customer view. Data sources include different categories. In addition to the abovementioned 1st and 3rd party data, transactional order or sales data, product data and offline data are crucial in leading data-driven insights and business decisions.

Moreover, with AI and machine learning in place, consumers trends, moments, and journey moments will become more predictive than ever, enabling businesses to stay ahead of their competitors with remarkable consumer-driven brand experience – personalised or not.

Data sources do and will change in the digital marketing environment. To futureproof the function of the central data repository, there needs to be a flexibility to add and change new types of sources. New tech, new data. Think biometric – facial, fingerprint, voice etc.



5. Conclusion

When consumers go cold in data sharing, an organisation should prioritize their data strategy, re-evaluate their data quality and sources, the user experience, its infrastructure, and data usage. Most importantly, organisations should be consumer-centric – look into the value of exchange and create a better experience from the consumers' point of view. To stay ahead of the game, organisations should accelerate their data maturity, elevating their data strategy for immediate results while simultaneously creating a sustainable future for their business.





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