



# Turning Privacy Compliance from a Cost Center to a Profit Center



With every business challenge, there are always ways to turn it into a positive. This is more difficult to see with government regulations, as they typically are a major hindrance to business operations. There are always costs involved and a change in the way you do business.



Consumer data privacy compliance is one of the areas that is now seeing lots of government oversight, both at the state and national level in the United States as well as around the world, and with good reason. The good news is that this type of compliance involves your customers, and anything that serves their interests, can ultimately serve yours as well. But the company culture really needs to be one where your prospects and customers are at the very center of everything you do.

The fact is, data compliance is emerging as a great opportunity for companies to differentiate and build stronger customer relationships. You can become known for “data leadership” in your industry and differentiate in an area that is increasingly important to customers.

With the Global Data Privacy Regulation (GDPR) already in effect for EU residents, and the **California Consumer Protection Act** (CCPA) going in to effect in the beginning of 2020, and now its next version, **California Privacy Rights Act** (CPRA or CCPA 2.0) passing in recent elections, organizations need to understand how they can turn it into a strategic opportunity.

What is the CCPA and its next version CPRA? The bill grants rights to California residents to be informed about how companies collect and use their data, and allows them to request their personal data or request it to be modified or deleted, among other protections. Similar rights are granted in GDPR as well.

## The Costs of CCPA

So, yes, there are costs involved. The CCPA law applies to all businesses in the state that generate annual gross revenues of over \$25 million; or derive at least half of their annual revenue from selling customers' personal information; or that buy, sell or share personal information from at least 50,000 consumers, households or devices.

It's estimated that up to 75% of California businesses earning less than \$25 million in revenue are impacted by the legislation, so it's a lot of companies.

Firms with fewer than 20 employees can expect to pay at least \$50,000 at the outset to become compliant. On the high end, firms with more than 500 employees would pay an average of \$2 million in initial costs, which obviously is significant.

However, with a solid strategy in place, your company can turn the CCPA and CPRA legislation into a real opportunity.

Doing so will give you four key advantages:

- **Stronger brand-customer relationship**
- **Prepares you for national data privacy legislation**
- **Reduces risk of costly fines and litigation**
- **Improves marketing and advertising returns**



Of course, the other important consideration is companies that do not act in the best interest of their customers leave the door open for their competition, and in some cases, new entrants into their industry.

What's the value of the consumer data the CCPA seeks to protect? The value of personal information used for advertising in the state tops \$12 billion each year, and could be \$20 billion or more if you add in the value of that information to data brokers.

*“CCPA is going to be a turning point for brands. There will be some that view it as a “have” to do while others will take it as an opportunity to reshape their relationship with consumers. If done right, consumer privacy can be a competitive advantage.” - Pam Erlichman, Chief Marketing Officer, Jebbit*

But how exactly does your company turn privacy compliance from a cost center into a profit center?

**1. Give quality service to customers by protecting their data and owning the responsibility as stewards of customer information.** Practice and communicate transparency to encourage customer trust and drive loyalty.

Transparency and trust are the flip sides of data privacy and protection. In fact, this is the new currency for tomorrow's customer-facing organizations. The CCPA and the GDPR just foreshadow the new normal for all companies. The tide has been turning towards the consumer ever since the rise of the Internet in the 90s. With every passing year, the consumer has actually become more of an influence and had greater impact on the companies they do business with.

This new regulation in California is an opportunity to drive better customer engagement and demonstrate stewardship of your customer's personal information. At the end of the day, customers will trust you more if they believe you care about their data. Show them that you do.



After all, CCPA was designed to put control in the consumer's hands when it comes to their data, as a company, acknowledging & embracing this fact is important. Most consumers today are skeptical of how their data is being used. You can take a pole position in this movement.

Remember, the data is the consumer's data, not yours! They are trusting you to use it in a way that maximizes the experience they have with your company. Businesses that can change their mindset to think of data in this way, will create more loyal customers who will ultimately do more business with you. How so?

**\*Consumers want a better user experience.** Having an aggregated view of the consumer data and using that aggregated view of data, will allow you to improve marketing and the consumer experience.

**\*Treating consumer data, and ultimately the consumer, with the respect it warrants will create a level of trust that is unique today.** Consumers want to feel secure and protected. When they feel that way, they are more likely to do more business with you and entrust you with more of their personal data.



What's the flip side of this? When Marriott Hotels allowed a known data breach to persist for four years without addressing it, a clear message was sent to guests. As well as a terrible customer experience, it created a major opportunity for competitors to position themselves as a company that cares about customers and their privacy. Don't be another Marriott!

## 2. Improve marketing/advertising ROI and customer lifetime value

One of the key mandates across all data privacy regulations is that consumers can request a brand to share all the data it has on a consumer, and brands are obliged to share. This requires that businesses

have a full knowledge and control over all the consumer data they have. While the ground reality is that most businesses have consumer data scattered across multiple systems, most brands agree that having a unified view of the consumer could be a revenue opportunity.

From this perspective, the privacy regulations create an interesting revenue opportunity. Brands that have consolidated consumer data across all consumer interactions, both online and offline, are in a position to gain much deeper understanding of the consumer and improve consumer experience. Additionally, such brands utilize the 360-degree understanding of the consumer to better target their advertising and accurately measure the advertising performance.

In our experience, using unified consumer data for neutral measurement of ad performance on a specific social channel uncovered that the publisher and ad platform were over-reporting the performance by 10X. The brand was able to adjust the channel mix, and targeting strategies to improve overall sales significantly with the same ad budget, and eventually increase their ad budget to get more sales.



What is your company doing in the area of unifying consumer data and how is that being tied to privacy compliance?

### **3. Provides new opportunities to expand data-based research and products.**

If the CCPA increases consumers' trust of data protections it could actually increase the amount of data that consumers are willing to share with firms. Despite the additional controls put on data use, increased access to users' data could help improve business' capacity to produce and bring research to market as well as increase firm capacity for product innovation.

Does your company offer data based research and products? Well, the CCPA could help create a whole new revenue stream for you.

Example: If a major 1st party data collector like Amazon were to incentivize for data usage the impact could be massive. In addition, brands themselves could set standards for their own data collection and utilization practices. Your customers could determine what they're individually most comfortable with.

In addition, major 3rd party data providers like Acxiom, Infogroup, and Epsilon that have seen their data assets become commoditized over the last decade could use this as a carrot to improve data collection straight from consumers.

## The Shift in the Brand-Customer Dynamic

Both the CCPA and GDPR are the natural progression of the overall shift in the brand-consumer dynamic that has been in process over the last two decades. It clearly represents a strategic opportunity for forward-thinking, open to change type organizations.



And by the way, this will eventually go national. A version of CCPA at a national level would benefit consumers by making their rights easier to understand and defend, while making compliance far more business-friendly.

CCPA should be seen as an effort to force the issue at the U.S. federal level with the goal of making data privacy laws across the United States standardized and universal.

*“CCPA will bring marketers back into re-discovering the strategic value of primary data and shift marketing spend towards technologies that leverage it.” - Efrain Torres, CFO, NaviStone*

Clearly, if your company approaches the CCPA/GDPR law with the idea that you can get closer to your customers and show them your sincere concern for them, you can use your consumers data effectively to reduce overhead, improve marketing/advertising ROI, invent a new revenue stream and support the overall privacy-driven customer communication strategy.

## **How Can LayerFive Help in Your efforts?**

LayerFive's Compliance 360 platform gives brands control over their consumer data so that not only the privacy compliance regulations could be addressed effectively but also the consumer data could be utilized to improve marketing and advertising return, while improving customer experience. Our platform consists of four core components.

### **LayerFive Private Identity Graph with Unified View of Consumer**

- An AI-based identity resolution system that resolves both known and anonymous cross-device consumer identities
- Builds deterministic and probabilistic private consumer identity graph that serve both privacy and marketing use cases
- Builds a unified view of the consumer across all enterprise data sources

### **LayerFive Interactive Privacy Portal**

- Authenticated consumers get access to all their data as part of their profile and can self-serve to exercise their privacy rights at any point
- Out-of-box integration with Shopify and Magento that adds a privacy compliance portal to a logged-in consumer profile
- Integrate with all your business systems that resolve consumer identities, and build a 360-degree view of the consumer



### LayerFive Marketing Compliance Manager

- One of the key reasons data privacy regulations exist is due to invasive digital advertising. LayerFive Marketing Compliance Manager ensures that consumer's privacy choices are adhered across digital marketing and advertising campaigns.
- Resolve consumer online and offline interactions in a privacy compliant way
- Build and maintain suppression lists and improve marketing ROI while honoring consumer choice.

### LayerFive 360 Marketing Insights

- Get powerful consumer insights with a 360 degree view of the consumer
- Get a neutral view of the advertising performance across channels
- Analyze consumer journey across all channels; online and offline
- Get insights on unauthenticated consumers' interactions with powerful patent-pending cross-device identity resolution

Many companies are being negatively impacted by the California Consumer Protection Act (CCPA). They are paying out large sums of money to comply with the new law. But you can, in fact, turn it into a strategic opportunity. LayerFive is helping many other companies do exactly that, let us help yours too.

Contact us today at [learnmore@layerfive.com](mailto:learnmore@layerfive.com) to see how we can help your organization!