

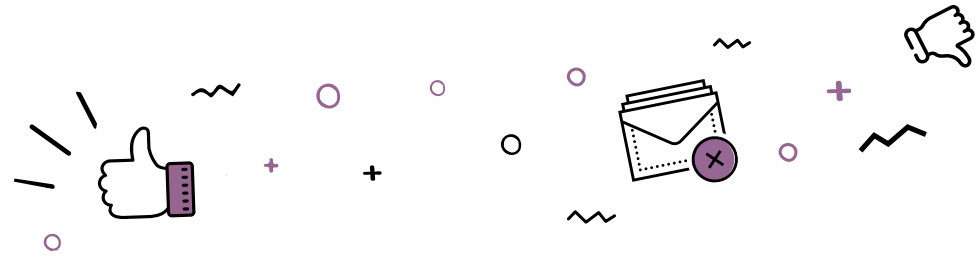
powerinbox

The Privacy Paradox:

How Email Helps Brands Balance Consumer Expectations with Regulatory Demands



Online Privacy: A Paradox for the Digital Era



Digital privacy is an oxymoron.

Consumers increasingly demand that the online sites, platforms and applications they use keep their information confidential, yet willingly post personal details and photos of their entire lives online. They want the convenience and exclusivity of personalized offers yet bristle at the notion of online retailers collecting data about their preferences and habits. They want all the content the internet has to offer at absolutely no cost, but also block the online ads that pay for that content, curated based on their click behavior.

Whether we like it or not, terabytes of data is collected every day on every one of us, and it multiplies exponentially each time we fire up a web browser or launch a mobile app. With every click and every tap, companies—many of which we don't even know are watching—are

collecting data on our search history, our shopping preferences, political leanings or affiliation, hobbies and interests and more.

It's no wonder online privacy has become one of the most complex, abstract and difficult challenges for any company with a digital presence. For many, it's virtually impossible to achieve, and for others, their entire business model depends on consumers' willingness to share insight into their daily lives, all of which help to shape a more personalized experience.

In this complex environment, brands are absolutely struggling to figure out the balance—to give consumers the relevant content and personalization they want without being too intrusive or seeming to know too much.

In this book, we'll highlight some of the challenges brands face with digital privacy, and how email can help balance consumers' expectations with regulatory demands.

Personalization is King

It's a double-edged sword: consumers want personalized content, but not too personal. Thanks to the "just for you" algorithms of companies like Amazon and Netflix, the expectation for hyper-curated content is higher than ever. Users want relevant offers and personalized selections that feel handpicked for their specific needs at that moment.

And, this expectation spans multiple platforms. From retail with precision-targeted product selections to social media where targeted content magically appears in your news feed, to actual news in which outlets serve up more of what you like based on clicks and other behaviors, personalization isn't just icing on the cake—it's mandatory.

It's also effective. Emails with subject line personalization generate 26% higher open rates. Personalized email also improves click-thru by an average of 14% and drives up conversions by 10%. And, it's even proven to drive 6X higher transaction rates.

That performance is driving more marketers to focus more efforts on personalization. Nearly three-fourths of marketers recognize that targeted personalization drives engagement, which is why so many of them are investing in personalized messaging.

Clearly, personalization is a must. But, what's the right balance? That's the million-dollar question...



Cookies: Weapons of mass collection

In order to deliver that precision personalization, you have to gather data. And, there's no shortage of options that can help you do that. Brands, platforms and publishers employ a variety of tactics to Hoover up as much data as possible about their users and their target audience.

Search history, click-path tracking, and even heat mapping that shows you where a user spends the most time on a given page, can give you tremendous insight into a users' desires and intent. Armed with that knowledge, and some A/B testing, publishers and brands can better optimize everything—from the content and products they recommend, to site layout, all the way down to word choice, color scheme and font size.

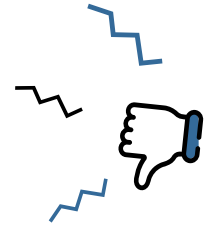
For years, browser-based cookies have reigned supreme in this effort, giving site owners the power to track users, both on their own site and across others. This data helps automatically generate targeted content and ads, giving

customers more of what their online behavior seems to indicate they want.

But, therein lies the problem. What users “seem to” want and “actually” want can be quite different, and that's where cookies start to fall apart.



The Way the Cookie Crumbles



The problem with cookies is that they tend to oversimplify things, which makes them feel annoying and intrusive to some users.

First, they're often fairly inaccurate. Because they're browser-based, not user-based, they can't distinguish between users when they share the same browser. That means if mom, dad and the kids all share the same tablet or laptop, their individual behaviors become a jumbled mess. The kids end up seeing content and ads for the latest golf shoes based on dad's activities, and dad gets fed a steady diet of the hottest VSCO scrunchies.

Not to mention, cookies are often very redundant, delivering ads and content for products you've already purchased. In fact, in a recent survey, nearly half of respondents said they feel annoyed when they see an ad for something they've already purchased, and the aversion was especially strong for the Gen Z crowd.

This inaccuracy and redundancy forces marketers to make assumptions about their target audiences based on foggy data. For example, they might peg a user persona as female, probably a mother, living in the Midwest who likes being outdoors. But, what they can't see is that she's actually a very involved auntie to her sister's son who loves to take him hiking in the local park. That's a significant limitation for cookies when it comes to giving marketers that one-to-one personalization we all want in order to optimize engagement

Because users often find the somewhat sketchy personalization they get from cookies off-putting, they find ways to opt-out. Many use tools, like browser privacy settings, to block cookies and prevent tracking, or they'll clear cookies on a regular basis, cutting off marketers at the knees. And, all of the major browsers have now nixed third-party cookies, which means those programmatic ad tech companies are now struggling to get data to sell their services.

Even more prevalent, about a third of users actively block ads with browser ad on, effectively saying “You can track me, but you can’t engage me,” leaving marketers out in the cold and publishers frantic over their ad revenue.

And, of course, there’s the elephant in the room: GDPR. The new privacy standard has made it more difficult of marketers to gather data regardless of what tools they chose. While many were concerned that consumers would delete their data in droves, the exodus hasn’t been quite as bad as many marketers expected, with most seeing only a small decrease in their email lists. However, it’s hard to say how many new subscribers have opted NOT to give permission, now that the option is there.

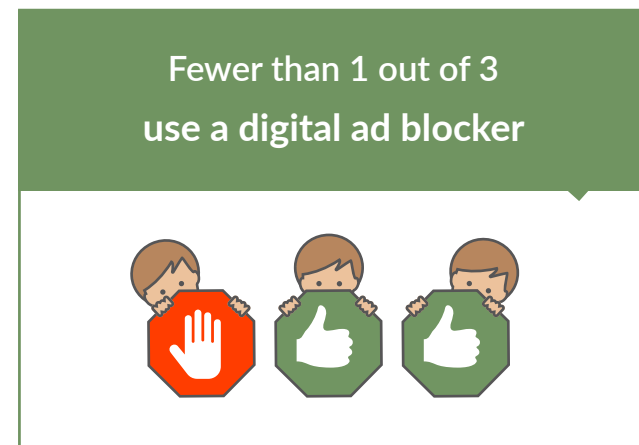
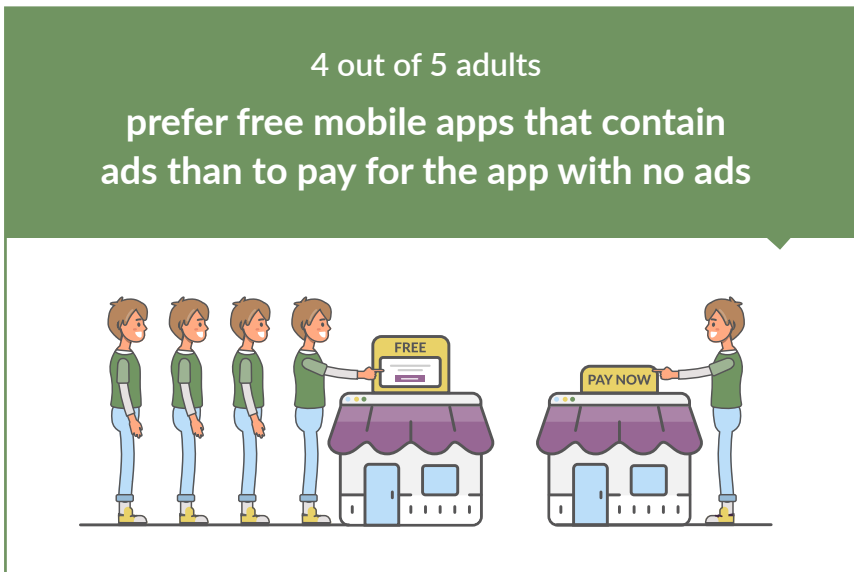


The Privacy Paradox

If you're starting to think that consumers seem to want their cake and eat it too, you're not wrong. The fact that many are demanding privacy but also all of the free curated content they want is a paradox that's left many brands and publishers scratching their heads.

Consumers know their data has value, and some have even called for it to be clearly assigned a dollar figure. It's obvious that most consumers understand access to online content comes at a price, and most are willing to pay for it by accepting ads.

Consumers recognize that “free” content comes at a cost



But, platforms like Facebook have eroded consumers' trust that their data will be kept secure. In the wake of the Cambridge Analytica and several false advertising scandals, trust in the platform declined dramatically, with many users deleting their accounts altogether.

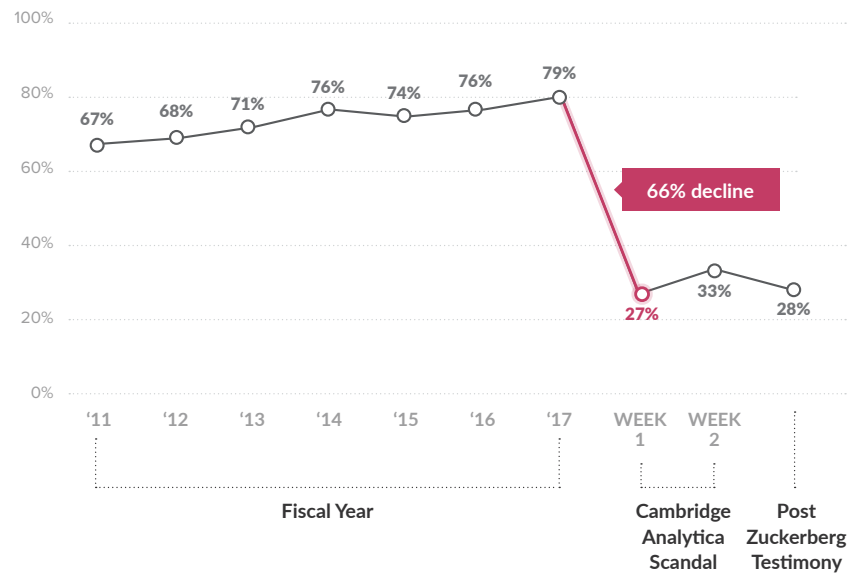
That's where email comes in!

Email: The Trusted Solution

Email has emerged as the most viable solution to help publishers and brands overcome the Privacy Paradox, giving consumers the control and trust they desire, while providing the data, insights and access to captive audiences publishers and brand marketers need.

THE BRUNT OF A BREACH

Percentage of respondents who agree that Facebook is committed to protecting the privacy of their personal information*



* Percentage of "strongly agree" and "agree" response combined

BRANDTRUST®

Here's why email works:



It's voluntary.

Because users sign up by providing their email address, they've consented to not only receiving information from you, but also to the fact that you'll be tracking their behavior so that you can provide more relevant, curated content.



Subscribers control the relationship.

Because consumers can unsubscribe at any time, it puts them in control of the relationship, making them feel more empowered over the use of their data.



Publishers control the platform.

Unlike social media, which can change on a whim and push publishers' content off the newsfeed, email creates a one-to-one relationship between publishers and their audience. This allows publishers to be sure audiences receive their content on the schedule and cadence that THEY decide.



It's accurate.

Because each email address is tied to a specific individual, not a browser, it's more accurate than cookies for building a persona.



It makes for a more complete profile.

Because it's more accurate, the email address allows publishers to collect data on specific individuals, rather than a hodgepodge of data on an entire family. This allows for a more complete profile to dial in targeting and curation.



Email drives action.

Email is the preferred channel of brand/retail communication for more than 60% of consumers, far outpacing Facebook at just 38%. And, when compared to social media, email is 40X more effective at acquiring new customers than Facebook or Twitter, subscribers are 6X more likely to click-thru from an email than a tweet, and they're 3X more likely to share content.

Conveyed Trust



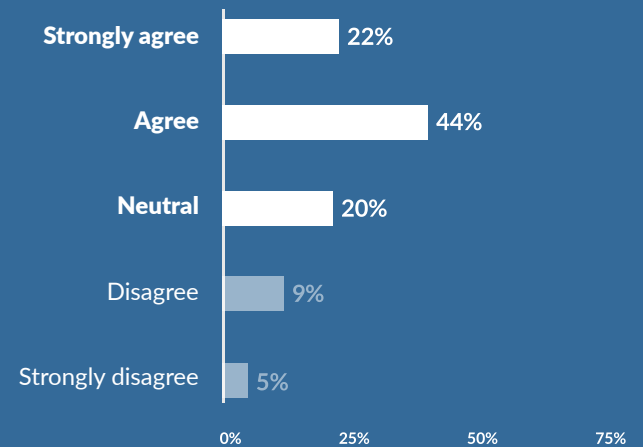
Trust plays a huge role in subscriber engagement with email. In fact, **trust in the sender is the #1 reason recipients open and read publisher emails**, and nearly 2/3 say trust is more important than the content itself.

This trust in the publisher is conveyed to the brands who advertise within them. This notion of “conveyed trust” drives 2 out of 3 of email subscribers to click on an ad within that email when they trust the sender.

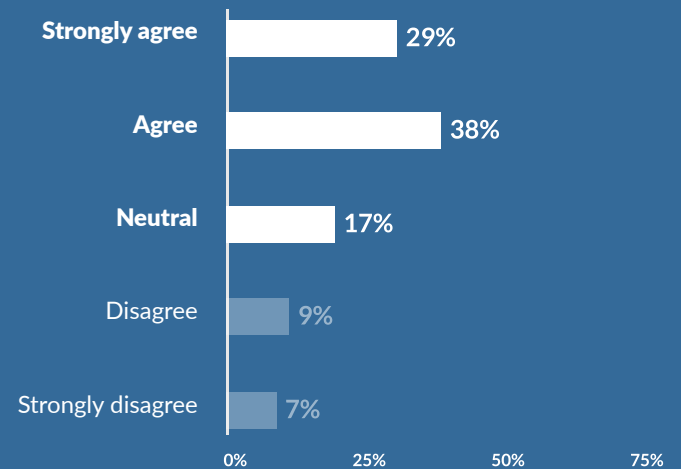
This is outstanding news for both publishers and brands who can leverage this conveyed trust to solidify their relationship with subscribers.

- Publishers can feel confident in knowing that including ads within their newsletters **will NOT offend or upset subscribers**, and it’s a powerful way to add new incremental revenue.
- Brands can use email’s trusted status to reach more targeted audiences. By partnering with publishers whose audience demographics and behaviors match the brand’s target audience, brands can reach this highly captive audience that’s willing to take action.

Trust also impacts web ad engagement



Trust in the sender drives email ad clicks



Email Opens the Door for Other Channels

As a publisher, once you've made the connection with subscribers through email, it's easy to parlay that trust into other channels for a truly one-to-one relationship that spans multiple channels. For example, it's not a far stretch for your email subscribers to be interested in signing up for your push notifications, to receive breaking news and highly curated content targeted specifically for their interests.

And, because the email address serves as the unified, unique identifier that subscribers also use for their Facebook, Instagram and other social accounts, publishers can easily track their behavior across these other channels as well. Now, publishers can finally connect the dots between an email persona and various social media personas and how the same user interacts with the brand across every channel.

Taking that a step further, adding monetization to those channels—ads in push notifications or in newsreader content, for example—reinforces the relationship between subscribers and partner brands. This additional curated content that's personalized for the subscriber across EVERY channel builds loyalty and trust that both publisher and advertiser can leverage to nurture deeper, more relevant and meaningful one-to-one relationships with consumers.



Email: The Solution to the Privacy Paradox

Email solves the privacy paradox, allowing publishers and brands to connect with target audiences and give them the curated content they want and the control over data and privacy they need.

Email not only puts brands and publishers more in control of the audience relationship compared to social channels, but it also puts users in control. They get to say who, when and how often publishers and brands communicate with them. That control builds trust and loyalty and helps to maintain a more transparent relationship with audiences. And, because it's a more trusted channel, it drives revenue, allowing publishers to offset the losses from social media distrust and third-party cookie bans

With email, consumers, publishers and brands can ALL have their cake and eat it, too.

Want to learn more or find out what else we've got cooking at PowerInbox? Give us a shout!

