KPMG

Me, my life, my wallet

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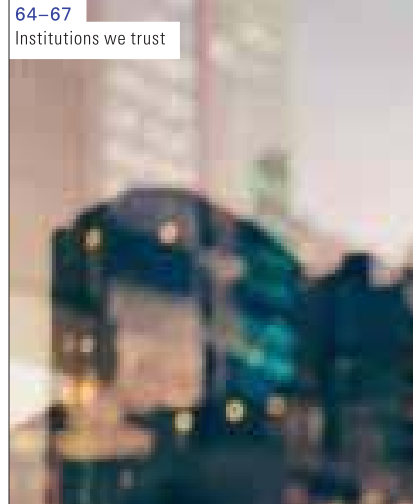
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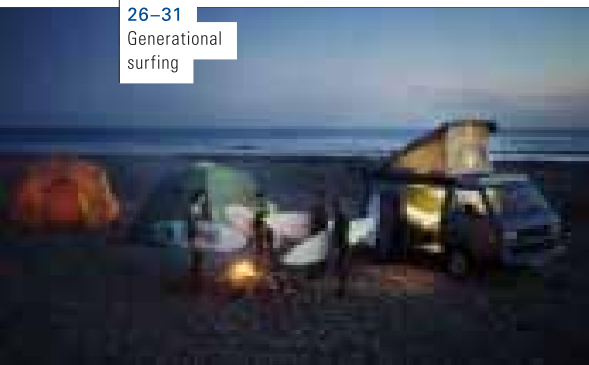
Me, my life, my wallet

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Background

The customer insight imperative

Few executives debate the importance of deep customer insight and empathy, and the need to get closer to the customer. But how many can truly claim to have done so in the face of constant, seismic change?

It's been almost a year since we published KPMG's inaugural *Me, my life, my wallet* report, the first comprehensive output of our Global Customer Insights Program, the distinctive worldwide framework designed to grow our understanding of the customer, their Five Mys, and the rapid and profound changes in consumer motivations, attitudes and expectations. And that which we uncovered 1 year ago shows no sign of abating.

This year, we've gone deeper and further in our continuing exploration of the multidimensional customer: what's truly driving behavior and choices; how this is set to change as unparalleled

> " Using our design-thinking methodology, alongside our multifaceted research process, we have worked to deepen our understanding of the complex drivers of human behavior and what's really behind the choices that customers will make tomorrow, not just today … "
>
> **Julio Hernandez,**
> **Customer Advisory Lead,**
> **KPMG in the US**

66

Trust isn't a vague ideal or empty rhetoric; it's becoming central to building customer loyalty and therefore the future financial prosperity of all organizations and institutions. It's not enough to simply state an ambition — developing and maintaining successful customer relationships means a change in mind-set as well as day-to-day data practices … **99**

Colleen Drummond, Head of Innovation Labs, KPMG in the US

transformation and disruption in our lifetime continues, and as the customer of tomorrow emerges.

We've built on our first edition's unique and multilayered research methodology with additional elements, drawing on new insight from across the KPMG network and extending our primary investigation, this year surveying approximately 25,000 consumers in Brazil, Canada, China, France, India, the UAE, the UK and the US collectively where a majority of the world's consumers reside and will continue to grow, as well as conducting ethnographic research interviews in each market.

In our inaugural publication, we introduced the Five Mys, a distinctive framework designed to help organizations more fully and deeply understand the complex, underlying drivers of human decision-making. We already know from our multiyear *Customer Experience Excellence* research, discussed in more detail within this report, that those companies that understand and get closest to their customers, and deliver relevant customer propositions and experiences, realize stronger growth and commercial performance than their competition.

In the year since its introduction, KPMG firms have helped clients around the world and across industries to use the Five Mys to

37%

of consumers worldwide say they have trust in governments

24%

of consumers around the world wouldn't be willing to trade their data for any benefit from the organizations and institutions they interact with

develop deep insights into changing consumer attitudes, expectations and behaviors. It's this knowledge that fuels their customer centricity agenda.

This year's survey results reinforce the importance of understanding "who I am as an individual as a customer". Acquiring that knowledge in an era of eroding customer trust (in part due to high-profile misuses of data) and new privacy regulations poses fresh challenges and calls for a delicate balance between leveraging and protecting customers' information. This requires companies to rethink how they capture, use and monetize customer data and insights to power an ever-evolving customer engagement approach.

We've also taken a new look at the customer wallet and found that how individuals save money and manage (or don't) their financial lives, provides a fresh perspective that's critical for companies to understand as they seek to engage with a dynamic and complex consumer. We've considered how key life events affect the relationship between income, consumption and spending, and explore attitudes to wealth and retirement across countries, generations and socioeconomic groups, and what these variations imply.

Also, we've taken a closer look at Generation X, born between the early-1960s and 1980, who represent a large cohort of technically savvy and up-and-coming business professionals, sandwiched between both their baby-boomer parents and their millennial children, with broad and diverse needs and desires, yet often overlooked.

Gen X is now ready to shed its common label of the 'forgotten generation', especially prevalent in North America, and are ripe for organizations to get to know better.

9%

of Gen X consumers feel they have adequate savings to retire

Professionally, Gen Xers are entering their peak employment years and ascending to organizational leadership positions across industries. This generation is often coping with the competing challenges of caring both for aging parents and young children.

We also explore the interplay between Gen X and their Gen Z children, born since 2000, addressing the potential behavioral transfers between the two generations and how this may shape future choices.

In addition, we consider how business-to-business (B2B) organizations can use the Five Mys framework to reassess their own customer relationships. Here we see that trust and data protection remain vitally important, with the stakes higher given greater regulatory requirements. Relationships are just as important, if not more so, in a B2B context, but can be much more complex, based on the interests and influences of all the parties involved. And just like in consumer-facing markets, clients' expectations of value and experience are influenced by both competitive and comparative practices.

We invite you to continue this journey with us, as we further explore the multidimensional customer, and especially to consider the implications of our findings and ideas, advice and direction for you and your organization.

"Where some see uncertainty, we see opportunity. Where some see the threat of change, we see new potential opening up across generations. The organizations that embrace these dynamic times and confront the big questions facing tomorrow's consumer will likely be the ones best placed to build sustainable, value-creating relationships with a customer they know better than ever before. 99

Willy Kruh, Global Chair,
Consumer & Retail,
KPMG International

Highlights

A glimpse into the technologically powered world of today through consumers' own words, sentiment and actions — and a preview of the research themes and insights explored throughout this report.

Me, my life, my wallet draws on an in-depth body of research, combining trends analysis of social, technological, economic and geopolitical data; ethnographic interviews with consumers on four continents; and a proprietary quantitative survey of consumers in China, India, the UK and the US. Consider this small preview of the detailed insights explored over the course of this report and ask yourself: Do I really know my customer as well

Attachmer

Split bet
to lose t

75%

50%

25%

Canad

25%

50%

75%

Work and retirement

Average days worked per week

India	5.7
UAE	5.5
China	5.3
Brazil	5.3
France	5.0
US	4.9
Canada	4.8
UK	4.7
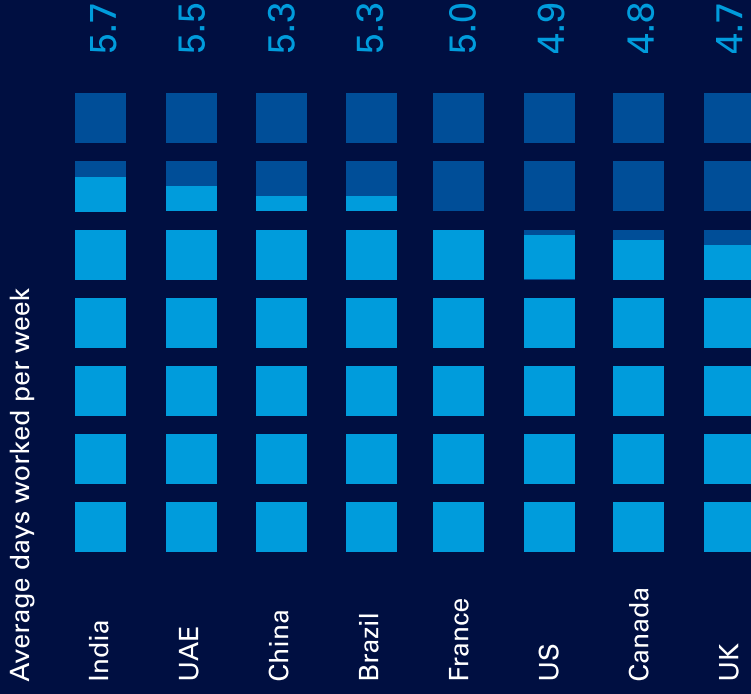
Those reporting high levels of anxiety about their retirement

Brazil	39%
UAE	32%
	28%
Canada	

Those very

News sour...
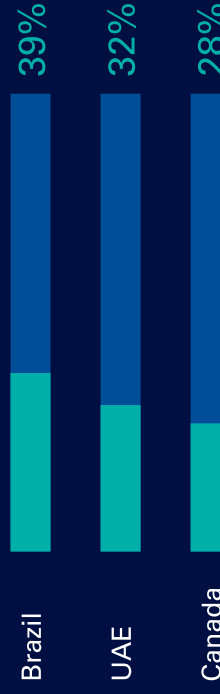
Information preference

I like having lots of information
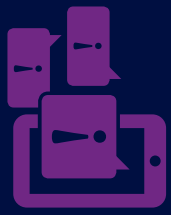
I feel overwhelmed by all the information

I continue consuming information despite feeling I've reached information overload

90% — 80% — 70% — 60% — 50% — 40% — 30% — 20% — 10%

Brazil · Canada · China · India · France · UAE · UK · US · Average
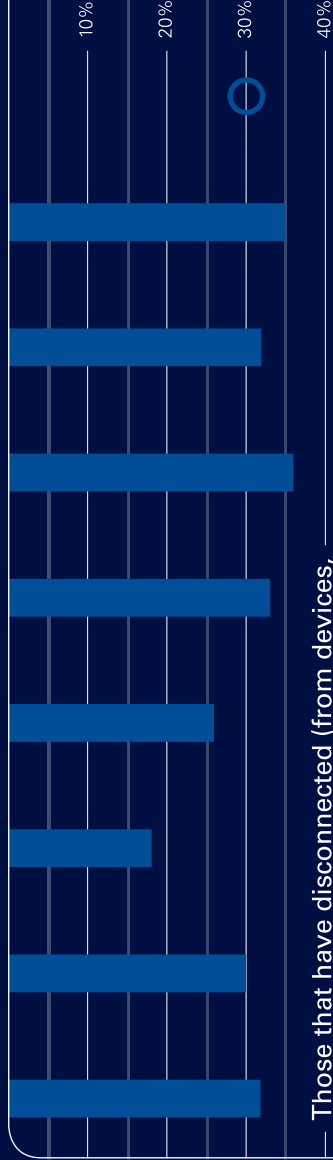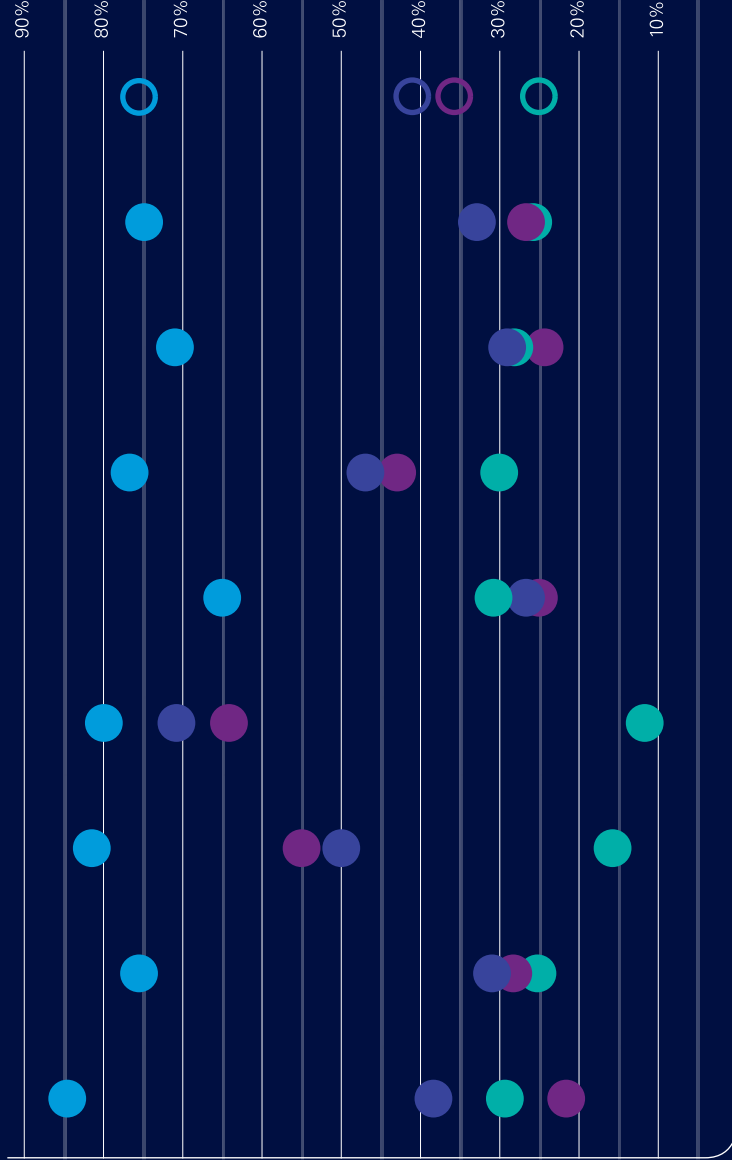
Those that have disconnected (from devices, social media, news, information and/or online life)

10% — 20% — 30% — 40%
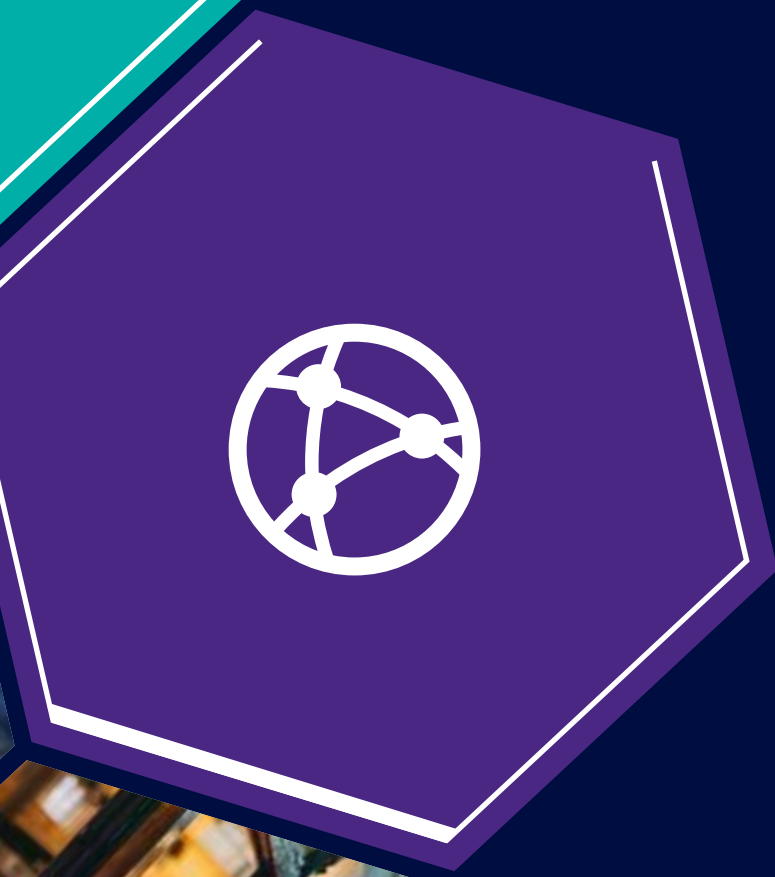
Understanding the Five Mys

Faced with an ever-changing consumer, organizations need a fresh approach to help understand the complex, underlying and interconnected drivers of human decision-making

As consumers, our choices have always been influenced and governed by multiple factors, but never has this been as complex and subject to disruption as it is today.

This was our impetus to develop the Five Mys framework, designed to help identify what consumers value in an experience, understand the moments that matter to them, get smarter about the connections that contextualize their lives, and learn about the trade-offs they make around time and money.

My attention

Ways we direct our attention and focus

> We are making fundamental shifts in how we process and filter information

> Our best experiences have become our expectations

My motivation

Characteristics that drive behavior and expectations

Business impact

Knowing how to win the

Many organizations will already explore elements of the Five Mys in isolation, or solely in the context of their category or a specific life stage of their consumer. We believe it is the combination of the Five Mys that generates richer stories, analysis and insight into consumers' unmet needs, the trade-offs they are making, and the totality of factors influencing their decisions across all aspects of their lives that is simply not possible within a single 'my'.

How these factors work in concert across the different life stages and life events of a consumer is the key to unlocking real insights, and understanding not just the consumer of today, but predicting what will drive the consumer of tomorrow.

My motivation

Our best experiences have become our basic expectations. We no longer compare a company solely to its closest competitors, but rather to whoever sets the highest standard for our best experience as consumers. We crave quality, convenience and more intuitive, personalized experiences. We value peer reviews and social reference, and many people place more confidence in individual influencers than in

companies and institutions. We want the organizations and institutions we interact with to "know me", "value me" and "make it easy for me" — and, in times of heightened trust and anxiety, to "protect me". This is only amplified in the era of fake news.

Questions to ask

» Which consumers do we want to win with?

» How do we obtain insights to better understand the key drivers of behavior for our most profitable consumers?

» How can we develop behavioral insights to understand our consumers' whys, and do so in a way that respects and protects their preferences and data?

» What are the key customer journeys that drive value?

» How do we prioritize these key journeys against the investment we have?

» Who is setting the experience benchmark in our consumers' lives, and how is this shaping their expectations?

» Where are the key expectations and friction points on the customer journey?

48%

of consumers worldwide feel high levels of anxiety about hacking of financial, medical, or other personal information online

Make it easy

My best **experiences** are my **expectations** but they're **fragmented.**

Help me clear the clutter and **defragment my life.**

I want things to be **easy** and **seamless.**

Know me

Know me as well as **the data** you have about me.

Motivations

Attention

Connections

Watch and wallet

Needs, wants and ambitions

I don't want to repeat myself.

Use my data and protect me. **Help me help myself.**

Value me

Help me …

… **create wealth …**

… **create security …**

… **reach my financial goals …**

… achieve my **aspirations** & **master my financial life.**

Protect me

I need you to protect my **money, identity and data.**

I want **transparency** and **privacy protection**, and **I don't want to get hacked.**

I worry my information will be **compromised**, **sold** or **exploited.**

My attention

We're all subject to unprecedented volumes of information, increasingly available whenever and wherever we want it. And we're all increasingly a product of the technologies that ease, define or govern our lives, whether our mobile devices, smart technologies or artificial intelligence and voice-powered connectivity, all of which, in one way or another, have changed our attention spans relative to our more analogue experiences of yesteryear. This abundance of information and hyperconnectivity collide to create constant pressures on our attention. And as our time has become more precious, we are making fundamental shifts in how we process and filter information, and otherwise divide our days.

Yet while our patience and attention thresholds are falling, we continue to make time for the things that matter to us. Understanding how we prioritize and marshal our time and attention is essential to breaking through the noise, and to building deeper, more meaningful relationships with each of us as customers.

Questions to ask

» What is competing for our consumers' attention?

» How are consumers filtering and processing information and communication, and how can we help them to manage information overload?

» What are the moments that matter most to the consumer, and how do we target these moments?

» How and where do we get our consumers' attention in a way that is relevant?

» How do we keep attention once we have captured it?

» How do we maintain a valued dialogue once we have captured the consumer's attention?

52%
of consumers like technology or apps to filter information for them automatically

My connection

32%

of millennials have intentionally disconnected from devices, social media, news, information and/or their online life
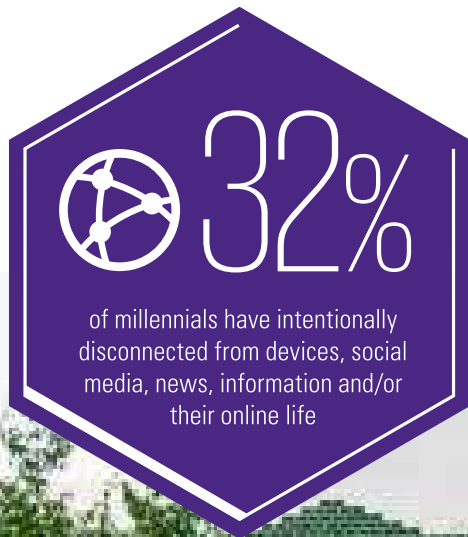
As a result of our increased connectivity, we are having more digitally connected interactions, which produce a data exhaust or trail that grows seemingly exponentially. Consequently, the world is getting smarter about us: who we are as individuals, about other people like us, communities, cultures, macro and micro trends, and groups sharing commonalities — and, in turn, we're getting smarter about the world.

Understanding the shape and patterns of these wide-ranging connections and networks is central to understanding how our decisions are influenced, when and by whom. The companies that cultivate such an understanding will be those best equipped to engage with consumers on their terms.

Questions to ask

» How do our consumers use technology to connect with the world around them?

» Who are our consumers connecting with?

» How do we help consumers get smarter about the ways they can engage with our brand?

» How do we develop better connections?

» What are the privacy and trust implications of building such intricate pictures of our consumers' lives?

My watch

44%

of consumers say they want to keep working into retirement

How much time we have, or think we have, influences how we interact with other people, services and companies. And we're increasingly using technology to automate or accelerate tasks throughout our lives, whether with recurring grocery and household orders or embracing algorithms that curate and help guide us on what to purchase, watch or listen to next.

Questions to ask

» What are the pivotal life events impacting consumers, and how do we position our offerings?

» How do we evolve our offering and positioning across the life-event continuum?

» How can we give our consumers time by providing new offerings or reducing friction?

» For those in life stages moving from time scarcity to time abundance, what new opportunities for products and services are being created?

» How can we help prepare our customers for upcoming life events?

My wallet

41%
of consumers worldwide are worried about running out of money in retirement

Often in a symbiotic relationship with time, the shape of our wallet changes across life events. How much money we have, how we choose to allocate it and our attitude towards money shifts based on numerous factors, not just our salary or age. And the timing of these life events has been, and continues to shift, when we buy our first house, when we get married, when we choose to have a first child.

Understanding the relationship between income, consumption, spending mix and resulting wealth (net savings) or deficits, and how this relationship changes for different generations across various life events, provides a level of insight beyond that offered by traditional demographic models.

Questions to ask

» How do we identify the way our customers are spending or sharing their wallet?

» How do we spot the people who will earn more or less in the future?

» How can we be prepared for potential shifts in the customer wallet in the event of economic changes?

» How can we help our customers manage their wallets and budgets, both for their current circumstances and for their futures?

The customer wallet

We have researched changing customer demographics and resulting impacts on income and spend, including how people are spending money, what they are doing with their money, and how they are changing what they spend and where — including the new customer value chain and channels.
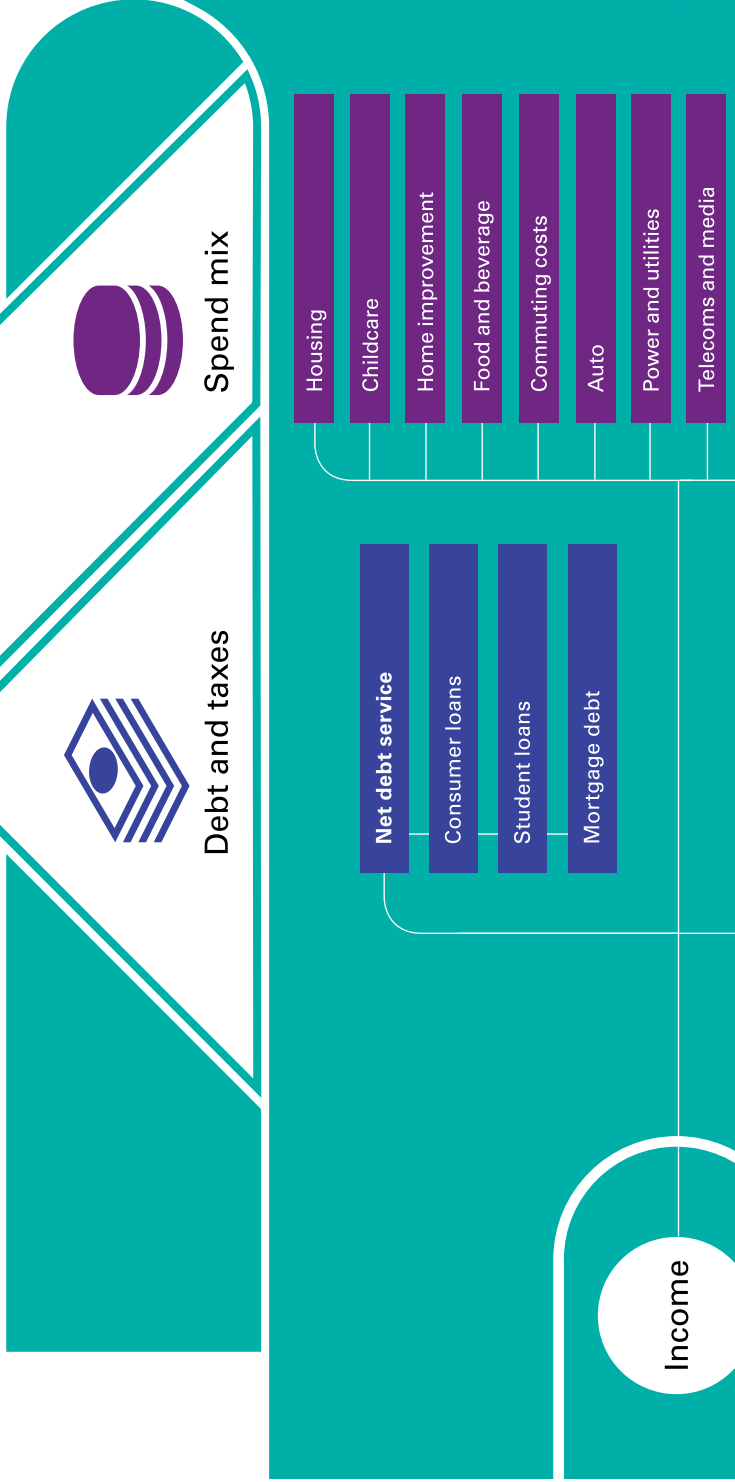
Spend mix

Debt and taxes

Housing
Childcare
Home improvement
Food and beverage
Commuting costs
Auto
Power and utilities
Telecoms and media

Net debt service
Consumer loans
Student loans
Mortgage debt

Income

With extending life stages, drifting life events and new events emerging, riding the waves between generations isn't as predictable as it once was. Across generations, companies have relied on assumptions about life stages, using age as a proxy, to identify when and how people will purchase certain products or services.

In our inaugural edition of *Me, my life, my wallet*, we explored generational surfing, with a focus on baby boomers, born between the mid-1940s and the mid-1960s, and millennials, born between 1980 and the turn of the millennium. In this edition, we turn the spotlight on Generation X, the demographic grouping born between the mid-1960s and 1980, following the baby boomers and preceding the millennials.

Traditionally, the analysis of baby boomers and millennials has been defined by their experience in North America and Europe. Yet, globally, the experience of these generations has been extraordinarily diverse.

In the US, for example, boomers grew up in a post-war era of increasing affluence, consumerization and optimism. In China, they were born into a planned economy where such everyday commodities as paper, sugar, oil and

Generational surfing

Amid all the hype and attention surrounding baby boomers and millennials, is your organization overlooking Generation X?

45%

of Generation X lost wealth between 2007 and 2010

Pew Charitable Trusts, 2013

pork were rationed. In India, boomers grew up in a newly independent nation, with a sluggish, socialist-style economy that limited their economic options. In Brazil, boomers were so scarred by rampant hyperinflation in the 1980s that even now this demographic prefers to spend rather than save. In Japan, their journey was even more remarkable; born at a time when food was in short supply, they matured, as their country became an economic superpower.

With globalization, millennials in different countries have shared some experiences, but not others. In the West, their wallets have been squeezed by the great recession of 2008 and its protracted, painful aftermath. In China and India, where 47 percent of the world's millennials live, they have more opportunities and resources at their disposal than their parents. Yet, globally, they are considered the first truly digital generation, growing up in an era of widely available and rapidly advancing computing, technology and mobile communication, although the scale and pace of this revolution has varied from country to country.

Sandwiched between these two cohorts lies a group that is often overlooked or, particularly in North America and Europe, ignored: Generation X. Do they offer any less potential than baby boomers or millennials? Or could they represent a new opportunity for organizations to target new consumers in new ways?

Gen X: Looking beyond generalizations

To understand the forces impacting Gen X's customer wallet, it's important to appreciate the life events that have brought them here.

Consider the life stages of Karen, a typical American Gen Xer born in the late-1960s. As she joined the

Leaders who changed the world: Who are Generation X?

Google, WhatsApp, Alibaba, Amazon and Tesla: all developed by trailblazers from Gen X. Though millennials are recognized as tech savvy, Gen Xers have embraced technology with enthusiasm. In the US, Nielsen estimates, they use social media more habitually than any other generation — 40 minutes more each week than millennials. In China, GlobalWebIndex reports that half of Gen Xers watch videos on Tencent, Youku, Douyin, Weibo or WeChat every month. In the UK, a Barclays

Bank survey shows that Gen Xers aged 45 to 54 spend around 100 minutes a week browsing for online shopping, more than any other age group, yet this generation could be said to have been neglected by many marketers.

Accounting for nearly two billion people globally, Gen X is known for its entrepreneurial approach to work — they are becoming a dominant force in the ranks of business leaders — independent thinking and interest in the society around them.

workforce, the 1987 Black Monday crash dented business confidence, with economies softening and deflationary pressures mounting. In 2000, as Karen entered her peak earning years, the 2000 dot-com crash brought further economic pressure. Having bought a home at the height of the housing market, the 2008 financial crisis hit, affecting employment, investments and home ownership.

Between 2007 and 2010, US Gen Xers alone collectively lost approximately 38 percent of their wealth, an average of US$24,000 per person, and suffered an average 27 percent decline in home equity. With widespread layoffs and poor job prospects, in part due to the rise of outsourcing and offshoring, 15 percent of Gen Xers dipped into savings to cover everyday living, while almost a quarter stopped contributing to retirement accounts and many never restarted due to the protracted nature of the economic recovery.

The consequences of this unfortunate timing have had a real and lasting impact. According to our global survey, 45 percent of Gen Xers feel anxious about retirement; only 9 percent say they have adequate savings to retire; and a worrying 25 percent say they have not started saving for retirement but plan to.

"In Western economies, Gen Xers have a record of unfortunate timing," said Colleen Drummond, Head of Innovation Labs, KPMG in the US. "Each of their pivotal life events coincided with major economic shocks that have left a profound and lasting impact on their assets, wealth and outlook. Yet they are also in their prime earning and spending years, which make them attractive targets as customers."

But contrast Karen's history with the experience of Liu, a typical Gen Xer in China, born in the

⚠️

40%

of Generation X say they don't feel financially secure

mid-1960s. Growing up with multiple siblings, his early years would have been characterized by scarcity; chicken was regarded as an annual treat. However, from the age of 13, his opportunities would have increased exponentially as then-leader Deng Xiaoping began reforming China's economy. As Liu grew up, he might have felt pride that his generation was transforming society — Jack Ma (Alibaba), Pony Ma (Tencent), Robin Li (Baidu) are all

" My mother-in-law is 80. She's not as much work as the 87 and 88-year-old [my parents] … luckily I have four siblings. We each take a day with my parents. However, the kids are our number one priority, so if I'm on for Tuesday to take care of my mom, but, you know, Allie [my daughter] got sick and needed me, then one of my siblings would take my time. "

Julie, 53, Lansing, MI, US

Gen Xers. More prosperous than his parents, Liu is generally optimistic about the future, though concerned by talk of a housing bubble and the need to help his children financially through university and to make a down payment on a first home.

Or look further in Asia to Avi, a member of India's Generation X, born and spending his formative years in an era of economic malaise and a protectionist culture that only dissipated in his early-30s, as the country embraced foreign domestic investment and relaxed industry, commerce and trade policies. Disposable incomes among the middle and upper-middle classes increased dramatically, driving a consumption economy previously unfamiliar to the nation, and both

25%

of Gen Xers say they've not yet started saving for retirement, but still plan to

economic and purchasing opportunity swelled rapidly.

Many of his generation began to travel overseas for employment and returned demanding the same quality of products and experiences from Indian manufacturers and the multinational corporations swiftly entering the market. Home ownership became more accessible, a previously stagnant real estate market began to grow in value, and Avi and his peers began to stand apart from their predecessors as a more literate, globally aware and quality-conscious generation — and one armed with a relatively higher net worth than their parents.

Sandwich generation

One experience that Karen, Liu and Avi, alongside other members of Generation X, share is a new life stage we refer to as the 'sandwich generation'. Caught between caring for and supporting both younger children and aging parents, they are time-starved, thanks, in large part, to the sharp rise in women's participation in the labor force, their parents' extended life spans and, particularly in China, the consequences of the one-child policy on birth rates.

Being sandwiched can manifest pressures on the watch, as Gen Xers are forced to make sacrifices or compromises in how to allocate their time. And it can create pressures on the wallet, in how they marshal their financial resources to support their elderly parents and accommodate their Gen Z children, who are typically spending more time with their parents than previous generations.

Basis for new opportunity

Though the past and present have been full of challenges for Generation X,

> 66
> It's really ingrained in my mind, and in my parents' mind, and their parents' mind, and generationally, that when you're in your 60s sometime is the traditional age for retirement. And from there on in, you get your pension. But it's not the way I am seeing it. 99

Tim, 39, Montreal, Canada

the future outlook is positive.

While many Gen Xers in the West are not as wealthy as their parents were at the same age, they are currently at the peak of their earning years and have a strong work ethic. As our survey shows, by virtue of their life stage, this overlooked Generation is earning more and spending more than at any other time in their lives.

Despite not being digitally native, like millennials, they are technologically savvy. What's more, in part due to a looming wealth transfer from their parents, they are expected to become tens of trillions of dollars wealthier over the next two decades. In China and India, Gen Xers are already more prosperous than their parents, benefiting from economic reforms made over the past 40 years.

So how can organizations respond to the watch-wallet dynamic of Generation X, and tap into their increasing wealth and affluence?

"This generation needs help and increasingly will be able to pay for it," said Julio Hernandez, Customer Advisory Lead, KPMG in the US. "Their wallets are under pressure, their watches are under pressure, but Gen Xers may be more likely to spend money to save time as we move into a period of wealth transfer and increased earnings."

Companies are already building products and experiences tailored to the watch and wallet of this time-starved generation. The accelerating adoption of subscription services, automated reminders, digital personal assistants and time-management tools powered by artificial intelligence (AI) has begun to address this time crunch. The battle to engage Gen Xers will play out in smart homes connected to the internet of things, voice platforms that emerge as a cutting-edge

1 in 2

Gen Xers say their work schedule doesn't leave enough time for personal and/or family life

> 66
> I want to retire, but at present, we do not know the exact time, date, we can retire. 99

Qiurong, 40, Beijing, China

alternative to handheld devices and AI-powered virtual assistants that help manage all aspects of our lives, not just our diaries. Gen Xers will invest in technologies to make their lives smarter, while baby boomers primarily spend to make their lives easier.

Organizations that can harness data, analytics and technology to become, in part, a program manager for consumers' lives can bring balance to the watch-wallet dynamic of Gen Xers and create tangible value. By aggregating and simplifying the complexities of Gen Xers' lives, those organizations will be well placed to tap into the growing wealth of this at times overlooked, yet important, group of consumers over the next few decades.

Behavior transfers between parents and their children are happening more rapidly than in the past, much like parents taught and influenced their children, children are teaching and influencing their parents. Technological improvements and economic realities increasingly intertwine generations and, as a result, are accelerating the rate of technology adoption. While this same phenomenon is occurring between baby boomers and their millennial children (profiled in our inaugural edition), the echo effect between Gen X — ranging from their 40s to mid-50s — and Gen Z — in their teens — has unique nuances, which are playing out in unexpected ways.

According to a 2017 study conducted by the University of New South Wales Business School, examining responses from five countries, Gen X was the first cohort to experience both parents working, becoming known as the first latchkey generation, in part due to their mothers entering the workforce in increasing numbers. Many felt like they were on their own, seeking parental attention. As parents themselves now, are they overcompensating for having been on the receiving end of parents who were not around? Or do they just perceive the world to be less safe?

Their Gen Z children are spending less time away from home and more time online — consider that a 2016 research study conducted by the National Trust found that children in the UK played outdoors for an average of four hours a week, significantly less than their parents who played outdoors for 8.2 hours when they were children. This is primarily attributable to technological development, including new media of entertainment, social media and online gaming.

Gen X and Gen Z:
The alternative echo effect

Gen Zers are influencing their Gen X parents, and Gen Xers are influencing their Gen Z children — and an alternative reality is emerging

"

Back in the day, you went outside and you didn't come home until it was dark. And now, [my children] grew up and I was afraid, even though I was in a safe area. Now, you are with your children all the time. You are always watching. So they didn't have that freedom. I guess that's what this internet thing is; it's like freedom … "

Aimee, 49, Frisco, TX, US

With today's social media-fueled pressure to *be* somebody, new-age gaming is enabling our newest generation to form and live part of their lives through self-curated online identities. For Gen Z, social media is no longer about Snapchat, Instagram and the like. Take the latest gaming blockbuster *Fortnite*, that while being a free-to-play game, makes more money than any other games, including $300 million in 'in-game' sales in a recent month. *Fortnite* is a virtual place where Gen Zers, many of whom have not yet come of smartphone or driving age, can socialize. It's become the place to hang out, the new playdate: *Minecraft* on steroids. And it's shifted the focus of many teen wallets from physical things to virtual, such as skins (head-to-toe new virtual identity), emotes and dance moves to convey their feelings or "just style on your opponent".

And why is this important? It's their identity and it's driving them to spend real money in a virtual setting, on add-ons that have nothing to do with game play, to improve their alternative selves, who they are and how they look, and at the same time fostering their interest in similar styles and fashions in the real world.

Screen-time generation

In the Western world, Gen Xers were heavily influenced by peers, movies and television, and were one of the first generations to grow up on video games and affordable home computing consoles. Because many Gen Xers are comfortable with gaming, they let their children play games. As a result, we are seeing games and gaming, albeit in a different and increasingly alternative reality, playing such a prominent part in their children's social lives. Through a combination of wanting to protect their children and entertain them, Gen Xers have created the conditions for Gen Z to flourish in an alternative reality world.

36%

of parents in our survey said their children influence their purchases of electronics often or all the time

Just digital

Gen Zers are not just digital natives, they're *just* digital in utter ubiquity. They have multiple devices and have to adapt rapidly as new technology breaks through. They don't watch traditional television in nearly the same way as their predecessors. They're savvy about media, where to get it and how to consume it on their terms. They also use multiple devices at the same time, gaming and watching multiple shows simultaneously, toggling back and forth between both devices and content.

66

I don't know if my childhood was carefree, or if our parents were a bit less worried or if they were showing it a bit less. But I worry for the next generation; this is all they've known. My children don't understand that in the past there were no iPhones, that at some point there were no telephones at all … 99

Martine, 42, Paris, France

As a result, the media landscape is getting far more complex, mixing realities across games and movies. There is a whole new generation of celebrities from Instagram and YouTube to *Fortnite* stars. Little Lizard and Tiny Turtle are YouTube stars who created stories inside *Minecraft* about a movie, and have now shifted to creating stories and games inside *Fortnite*. Gen Zers watch YouTube shows on one device, play games on another, and mix between big screens and little screens, living in a multi-device, multi-media, multi-fantasy world.

Mixed reality

We're witnessing a combinatorial explosion of stories, worlds and devices, and social lives are getting merged and remixed. The world of movie tie-ins, such as *Star Wars* toys, is being completely upturned. Games become movies, movies have games inside them, YouTube remixes games and movies using *Minecraft*, LEGO makes *Minecraft* sets, toys become games and then become movies, back to games. If the medium is the message, the medium is getting remixed and altered in real time.

Is this generation fundamentally changing the face of media, entertainment, fashion? And what are the potential implications for media and entertainment companies? *Fortnite* gives a glimpse of the implications of a generation of youngsters brought up on *Minecraft*. If millennials were digital natives and wanting everything as an experience, Gen Z, supported and financed by Gen X, want the ability to curate, craft, design, and remix all media and experiences. Media needs to be cross-device, cross-story and cross-experience. The movie tie-in is quaint; the game-to-movie, back-to-game,

10.1

The mean age that parents in our survey gave their first child access to social media

to-YouTube, to-toy, to-fashion tie-in is the new normal. And it's bringing new meaning to the world of mixed reality.

Gen Zers also play an influential role with the household wallet. They feel they have a voice and a right to express it, and they use it in all aspects of their lives online or offline. They don't just develop; they also share strong opinions about their likes and dislikes, and are not afraid to express them beyond the tap of a smartphone or an emoji. They're exposed to so much more of the world, in all its guises, than any preceding generation and are more familiar at navigating the modern deluge of information than their parents, consequently making them a more conscious, if not anxious, consumer. And this connected, self-aware and cognizant consumer has influence far beyond their own nascent wallet: "My kids make my shopping list for me."

66

I think it may be more difficult for my children to copy the access to online information. Because in the future, they will be using a lot of new devices and they have to adapt to every technology. 99

Biwan, 31, Beijing, China

The Gen Z perspective

> 66 *Fortnite* is fun because I get to play with my friends and sometimes I watch videos while I am doing it because they are funny. 99
>
> **Davis, 10, New York, US**

> 66 I am very attracted by screens. I love video games because I have the feeling to do something concrete, I am active. Whereas I am passive in front of the TV. I love playing *Fortnite* because I always want to win more, to win new levels, to become stronger. It is a very addictive game. 99
>
> **Jean-Baptiste, 10, Paris, France**

> 66 At school my friends ask who is going to be on *Fortnite* tonight and we arrange what time we'll play. I really like playing *Fortnite* on my Xbox so I can still talk to my friends after we've left school and it feels like they're next to me. It's funny when it glitches sometimes and it switches my loot up with my friend's. I'm a character called Ragnork. He's tier 100, so the highest tier you can get. I'm really proud I got that as I haven't been playing it for long. 99
>
> **Thomas, 10, Leeds, UK**

> 66 When my mum says we can go on electricals I go on my iPad. I like playing games like *FIFA Mobile* and *FUT Draft* (football games). I've got a 92-rated team on *FUT Draft* that I think is really good. When I'm bored of the games I switch to YouTube because there are lots of funny things to watch. I like watching ChrisMD opening [FIFA] packs because he always gets the rare cards. I wish I was allowed to have my own YouTube channel like him. I make videos of me opening packs to pretend. 99
>
> **Charlie, 8, Leeds, UK**

66
The status symbol for technology would not be an iPhone, as such. It's all about the cool apps because in the end it's about connectivity. If you have Facebook, Instagram, WhatsApp, then you're in the cool lingo these days. 99

Mansour, 17, Abu Dhabi, UAE

66
Definitely Douyin, it's quick, it's funny, and it has something for every taste … it is super addictive. I can also upload my own content and instantly it will generate a lot of likes. At the end I learn nothing and it's all quite useless but I cannot stay away from it … 99

Tim, 14, Beijing, China

66
I watch media on my phone, laptop and desktop. My favorite type of media is social media because I can talk to my friends on it. The media I watch most is probably YouTube because I can just watch it, or video games on my PC because I can play with my friends. 99

Oliver, 13, Ottawa, Canada

66
Kids like *Fortnite* so much because it is an enchanting game with a goal of getting a 'Victory Royale' [meaning last team surviving]. It is extremely hard so kids want to keep playing. There are rewards for more playing time like skins that you can put on your character. They are constantly updating the base storyline so that it is almost like a movie. 99

Carter, 13, Greenwich, CT, US

66
When my brother is not there, I love playing video games because I can play alone and I still have the feeling to be active. I do appreciate the touch screen. 99

Mathilde, 9, Paris, France

66
I like *Minecraft*. *Minecraft* is like LEGO: I can use my imagination to build my own world, there are no limits. I especially enjoy playing together with my friends. It is fun. 99

Jarred, 7, Shanghai, China

I n 2017, a World Economic Forum study reported that the world's six largest pension saving systems — the US, the UK, Japan, the Netherlands, Canada and Australia — and the two countries holding the world's largest populations — China and India — are together forecast to face a savings gap of US$400 trillion by 2050, a sum five times the size of the current global economy.

Add to this our aging population. Life spans lengthening. The reality of the 100-year life. Healthcare costs rising. Fewer defined benefit plans. A shrinking labor pool. Employment disruption through technological advances forecast to displace millions of jobs. Macroeconomic pressures such as increasing inflation and rising interest rates, likely to further squeeze an already pressured consumer wallet.

For a large part of the population, retirement is increasingly at risk of becoming a 20th century phenomenon. Is it time to ask if the math still works?

Wealth and retirement: Delay and pray, or avoid?

With an increasing number of consumers ill-prepared, will unretirement become the new retirement?

Anxious yet ambivalent

In our survey of approximately 25,000 consumers in eight markets around the world, we explored attitudes towards wealth and retirement.

And our data reveals a somewhat anxious, yet complacent and ill-prepared, consumer.

On average, 27 percent of respondents expressed high levels of anxiety towards their retirement, lowest among Chinese consumers at 17 percent and highest among the Brazilian population at 40 percent. A third of Gen Xers reported high levels of anxiety — even though retirement is the next significant life stage they'll encounter. And this ambivalent attitude showed little variation by income level.

Only 14 percent of baby boomers and 9 percent of Gen Xers surveyed — those with the closest proximity to the de-accumulation phase of their lives — claimed to have adequate savings to retire. Even more worrying, a little over a third of these two generational cohorts reported to be actively saving, with a significant 25 percent of Gen Xers — only a decade or two from retirement — saying they've not yet started saving for their post-employment years, but plan to soon.

Looking to those already in retirement, an average of 41 percent of consumers told us they had what we call FROOM (fear of running out

of money), highest in France at 53 percent, and lowest in the UK at 20 percent. Looking to future retirees, more than half of millennials have either failed to start saving for their futures, or have put such efforts on hold. And only around a third of this cohort told us they felt they'd be in a financially secure position to retire when that stage of life approached.

Insufficient savings for retirement.

> 66
>
> I don't have a pension plan, and I don't believe the country's pension plan will be still in place when I retire. It was set up by a different generation … but knowing that it's depleted, and the generation that's accessing it is larger than my generation, and there's not as many people putting into it, when I retire it won't be in existence, so I'll have to work. 99

Joanna, 44, Douglas, Canada

Delaying planning for the future. FROOM. Struggling to pay off debt. Extending financial support across generations. A need to earn more in a post-employment life stage.

Is this ignorance, ambivalence, presumption about the role government will play, living for today and putting off thinking about tomorrow — or is there something else going on?

Unretirement

It's these issues that are contributing to the emergence of a new life stage, which we term 'unretirement'. Around the world, members of older generations are facing one or both of two new realities: the prospect of living longer, and the need or desire to work longer.

In these contexts, we're witnessing consumers once assumed to be retiring and entering the de-accumulation phase of their lives prolonging (or attempting to) their working lives, sometimes having to compete with more contemporary skills, reinvent themselves with second careers, or take part-time jobs to make ends meet.

In addition, working longer is not necessarily perceived to be a bad thing — some people are staying in the workforce longer because they want to. In our global survey, respondents often replied that they didn't want to retire. They worry that retirement connotes boredom. They preferred to be active and working as long as they possibly could. However, preferably working on something enjoyable rather than out of necessity alone.

As a result, many people aren't necessarily looking to retire in

the same way as the past. And unretirement could play out in unexpected ways.

For those with assets beyond the financial (such as health, time or physical assets), the gig economy opens up new ways both to make money, and to spend time and money — while providing flexibility and control over both time and assets. Need cash? Become a rideshare driver. Rent out your house on Airbnb while you stay with your kids. Good with people, have your health but need cash? Take care of other seniors. Able to help with shopping? Turn to Seamless. Able to help other seniors to age at home? Become a carer through Cera or Honor.

For some, this is a 'top-up' phenomenon — supplementing either the watch (give me something more to fill my time) and/or the wallet (give me a little additional income to help me to live the life I want to). But for others, it's more than a case of topping up — it's about sheer survival. It's about affording rent, the mortgage or simply stocking the fridge in the face of a wallet under profound pressure.

As boomers have gone through other life events, they have changed the face of businesses serving them along the way. And we now expect to see an increasing array of different routes to retirement, including when, where and how they retire. Based on their past, many boomers have the potential to reject the retirement paradigms of the Silent Generation, including the idea of retiring in social communities in sunny places, in an easy living facility, playing games with other seniors. Instead, they are more mobile, more versatile, more active, and shun expectations about

27%

of consumers expressed high levels of anxiety towards their retirement

52%

of millennials have either failed to start saving for their futures, or have put such efforts on hold

> 66 In terms of retiring and doing nothing and just travelling, like, I couldn't do that. I would need to get up in the morning, like do something, like see a cause and an effect that I have created. And then I'd feel comfortable with taking X amount of time off. So I would hope that I would work in some form or another until I die. 99

Leela, 26, New Delhi, India

> 66 For me, investment is always thinking about the future. I'm very worried about the age. Here in Brazil, we don't have a great system for people that retire. I'm very worried about the future. 99

Renata, 31, Rio de Janeiro, Brazil

66

I think that probably I would continue at least working part-time basically until I can't work anymore. Because I just really enjoy having something to do every day, and like having a routine. I would hate to be one of those retired people who just sits around and does nothing and deteriorates. And I'm sure, like, even if I wasn't working, I would find something to do in retirement. 99

Emily, 28, Abilene, TX, USA

millennials actually receive their expected inheritances?

Business implications

What could extended employment, second careers or semi-retirement mean for our customers' needs — and where could it create new opportunities? If growing concern about retirement leads to an increased allocation of today's income towards savings or debt repayment, which categories will suffer and which will stand to gain? How might consumers adapt their allocation of spend, and where will they make sacrifices? And equally, if today's customer isn't investing for their future life stages, who will be our 'senior' customer of the future?

While it may appear to be the remit primarily of the financial services industry, consumer attitudes and behaviors about planning for the future have potential implications for all industries — resulting in the need to deepen and broaden our understanding of:

» the totality of our customers' wallets, not just income and spending patterns but also wealth accumulation (or net deficits)

» the interrelationship between consumption today and planning for tomorrow, and how this changes the shape and size of the customer wallet — including what's left in the wallet

what seniors should be or do. And this fragments further still, depending upon whether they have health, wealth or neither.

What's more, for their children, we may need to challenge assumptions about today's projections of intergenerational wealth transfers. Given extended life spans, reduced pensions, FROOM, and rising healthcare costs, will Gen Xers and

» how consumption patterns change across these life stages, and what are the new unmet needs

» the interdependence between generations, and how the financial position of one cohort impacts another, from extending financial support across generations to diminishing wealth transfer as life spans extend and rising healthcare costs erode assets

» the opportunity to play an active part in helping our customers to better plan and prepare for their futures through goal-based planning and the choices they make today.

Even if large portions of society are adopting a 'delay and pray' or 'avoid' attitude to their retirement, the businesses serving them need to be prepared for the uncertain future ahead.

53%

of French retirees are worried about running out of money

> " I want to retire at 60, but I think I'll actually be able to retire at 70. That's because people are living longer and all the claims are costing a lot. "
>
> **Pauline, 21, Dijon, France**

Customer wallet: life event trajectory

It's the nature and timing of our life events that determines the shape and journey of our wallets — not our demographics

During the course of our lives, our wallets travel through four distinct phases: pre-accumulation, accumulation, preservation and de-accumulation. Yet while these phases are common across generations and countries, the way in which individual consumers move through them is not.

In understanding the shape and size of our wallets, and the trajectory that this will take, we need to look at more than basic demographics or socioeconomic groups. We need to consider the life events that punctuate each phase, where in our lives these are timed, and the potential pressures these create or alleviate on our wallets.

For instance, two consumers with the same demographic profiles will follow two very

Kids go to college

First home

We're in an era of abundant information. This we know. The fragmentation of channels, platforms and outlets for news, media and information has exploded over recent years, and continues apace. More information and content is produced in 60 seconds than we can consume in a lifetime. We're in a near-constant state of connectivity, with devices playing a central role in our daily routines, and a growing prevalence of voice- and AI-powered assistants in our homes.

We're becoming smarter about the world around us, and smarter in how we use technology to help us manage the dizzying array of things competing for our time and attention. But what of the consequences?

In this year's global survey, we found a generally high level of comfort with this new status quo. Some 76 percent of consumers told us they like having access to lots of information, compared with an average of 36 percent feeling overwhelmed by the incalculable volumes of information and media available. Chinese and Indian consumers were the exception, both expressing enthusiasm as well as feeling overwhelmed in high levels.

Worldwide, 62 percent of consumers told us they proactively filter information, 46 percent rely on those they follow to do so, and more than half said they were favorable to apps and technology doing this for them. Some 55 percent of consumers believe "the more, the better", expressing a desire for even more access to information, while 67 percent believe they can determine if the information they're seeing is trustworthy, although this raises

The illusion of control

Our growing reliance on technology to manage information is helping keep consumers at ease with the risk of overload, but could mask a hidden complexity for those attempting to break through the bubbles
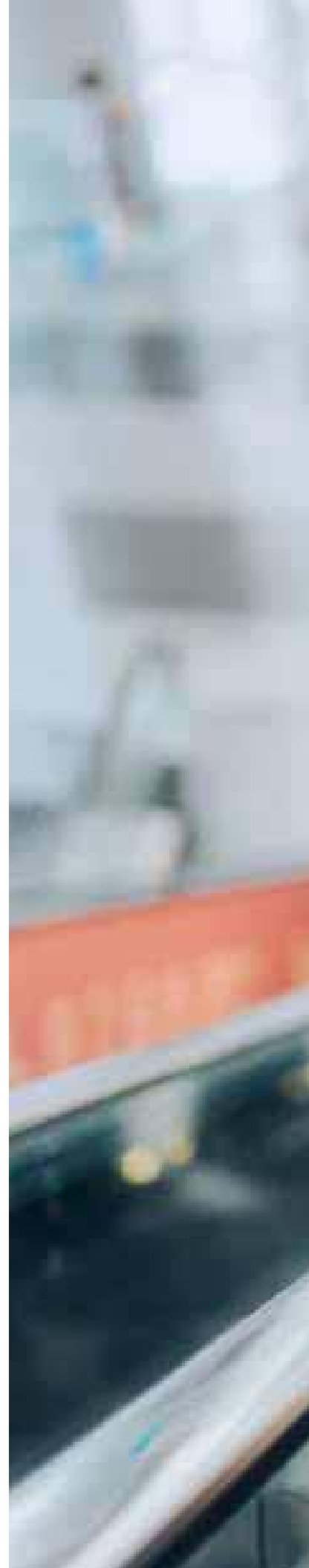
questions about the remaining 33 percent of consumers who can't.

On face value, then, a largely positive response. Consumers love information, want more of it, can recognize its currency and integrity, and rely on their networks, technology and personal efforts to filter out what's most important or relevant to them.

But is this sense of enthusiasm, and ease with technology and filtering, a boon for organizations seeking to deepen customer relationships and engagement or is it masking a more complex, nuanced scenario?

What are the implications of us each curating, filtering and leveraging technology to keep on top of the information overload? The filter bubbles work until they don't. In the Western world, many people have experienced having their filter bubbles popped, with events like Brexit, and both local and national elections. Are we indeed becoming smarter about the world around us or only smarter about the version of the world we've created for ourselves?

Alternatively, are we truly more informed, when platforms are curating and filtering for us? Do the algorithms really know what is most important for us to see and know?

Risk of illusion

Kes Sampanthar, Managing Director of KPMG Innovation Labs, KPMG in the US, noted: "News highlights, filtering and curation all bring benefits to the busy lives of the modern consumer, but they also risk creating the illusion that we're on top of the information we need and value in our lives. For organizations, it's no longer sufficient to understand what we value and how we access information; we have to start considering what our customers have edited out of their lives, who they're really relying on to filter and channel information and messages, and the political, social and demographic bubbles being formed around our target audiences."

Targeting and personalization have been growing in importance, and potential, since the advent of the modern digital era, but consumers' ability to harness technology to manage information access and avoid information overload isn't just an opportunity for organizations; it brings an added layer of complexity to how we reach, capture and sustain the attention of consumers who are increasingly living in an edited version of reality.

66

I would worry at the pace technology is going it will benefit capitalism, rather than benefit the people using it. It benefits the people who finance it rather than the people using it, I guess. If it keeps doing that, then I do think it will have a big effect on individuals, like mental health … 99

Paul, 32, Belfast, UK

Of the people that have disconnected from devices, what was the primary reason chosen to disconnect?

I needed a break (cone of silence)

54%

I believed it was healthier

17%

I felt anxiety and/or overwhelmed

12%

I wanted to protect my privacy

12%

I was being bullied or slandered

2%

Other

3%

1 in 4

ignore and close their device when they feel information overload

"Consumers' seemingly insatiable appetite for technology doesn't just make their lives easier, it enables companies to help them to make their lives easier, and in doing so to build stronger connected and longer-lasting relationships," said Willy Kruh, Global Chair, Consumer & Retail, KPMG International. "But with this opportunity comes the need for companies to dramatically step up their data and analytics capabilities to much better understand and address consumers' emerging realities. The opportunity is indeed present and compelling, but it brings with it new levels of complexity and nuance that must be understood before brands can benefit."

Curating and arbitraging information and content for customers offers powerful potential, and in so doing, understanding our customers' Five Mys helps to anticipate what they truly want. But we also need to navigate disparate realities, paying close attention to events that transcend groups, whether it be World Cups, elections or other global phenomena. We need to be hyper-local, targeted and personalized, all the while ensuring we don't create jarring wake-up calls that risk damaging brand trustworthiness.

The future of interactions

In an accelerating world, organizations need to be both technologically forward thinking and savvy enough to make sure they are reaching the customer at the point of need in a way that is contextual and transparently valuable

Most organizations may claim to know a lot about their customers, but do they really know enough? Transaction history and demographics aside, too few companies can realistically claim that they have a firm grasp of their customer's Five Mys: my motivation, my attention, my connection, my watch and my wallet.

In our inaugural *Me, my life, my wallet* report, we explored the concept of generational surfing. The report's thesis was that by understanding a customer's particular life stage — young adulthood, parenthood, empty nesting or retirement — and the shifting of pivotal life events, organizations could identify patterns of change and anticipate emerging needs.

A consumer's propensity to adopt emerging technologies is, we know, influenced by which

❝

A.I. is very deeply integrated into some of the Indian apps now and they're aggressively increasing that integration. I use an app called *Times of India*, so I ask my smart home device to only read the headlines from *Times of India*. When I get up in the morning and ask them, "So can you give me a brief news roundup?" The device will read all the headlines from *Times of India* and Siri won't. I don't see, since the day I bought it, there wasn't any day when I did not interact with it … ❞

Kunal, 33, Bangalore, India

"

I'll be in bed texting my best friend over WeChat, and then also she'll be sending me photos on Pinterest and also will be having a slightly sillier chat over Instagram where we're also sharing content. I think it actually fosters a really intimate connection with somebody because you're kind of able to address three different needs perhaps for connection where you're sharing content, where you're having a silly conversation, where you're having a serious conversation. The more channels I can communicate with somebody over, I think the more likely it is that I'm feeling quite intimately connected with them … **"**

Shaina, 25, Boston, MA, US

generation they belong to. Recent findings from the Pew Research Center show that 92 percent of US millennials own a mobile phone compared with 85 percent of Generation Xers and 67 percent of baby boomers. When it comes to social media, the differences are starker, with 85 percent of millennials using it, in contrast to 75 percent of Generation Xers and 57 percent of boomers. Millennials are far more likely to have adopted newer social media platforms such as Instagram. One in four US millennials only access the internet through their smartphones, Pew Research Center also found.

Against this backdrop, as a growing and diverse range of technologies and devices permeate our lives, it is easy for companies to become distracted and lose sight of the contextual need of customers at the point of need.

Three lenses

In response to media fragmentation and an explosion of new technologies, many organizations have opened all

kinds of channels, touchpoints or pathways to engage with consumers. Unfortunately, not all of these channels are connected and some have been more popular than others, often creating more confusion than clarity, both for consumers and the brands they engage with. Instead of trying to offer everything out of FOMO (fear of missing out), companies should consider their touchpoints, and how customers use them, through three different lenses:

Voice — speaking and listening

Text — writing and reading

Images — viewing and sharing

"If I have a quick query, I might find it more efficient to send a text and read the answer. If I'm filing an accident claim, I might want to upload an image of my damaged car. If it's a more complex issue, where I need some consultative expertise, I'll be more inclined to use a voice touchpoint," said Julio Hernandez, customer advisory lead, KPMG in the US. "These touchpoints are not mutually exclusive; they can be used individually or collectively to address a customer in a way that's most convenient for them. The key is to understand how a customer can use them to answer a question, fulfill a need or solve a problem."

Context is also critical when it comes to defining what customers deem appropriate or intrusive. Consumers expect organizations to know who they are, the value they represent and what they're trying to do. Beyond that, expectations vary wildly. For example, in the US, a recent survey by ExpressVPN found that 71 percent of consumers are worried about how brands use their technology. In China, research firm Kantar found that a smaller, but still

21%

of Gen Zers say having your smartphone know your schedule is creepy

59%

of Gen Z think virtual personal assistants (Siri, Google Now, Cortana) are cool

significant, 43 percent were worried about privacy. The point at which personalization becomes too personal will be defined by many factors, not least the nature of the transaction, but will vary from one consumer to another, even within the same demographic or country.

In an era of accelerating sophistication and hyper-adoption, so termed by Forrester, tracking how millennials and Generation Zers (born after 1996) are approaching technology can help organizations understand the kind of experiences consumers will demand tomorrow, which they need to start thinking about today.

Terry Walls, Managing Director, Customer Service Transformation Lead, KPMG in the US, noted:

"While looking for opportunities to use technology to engage with customers, organizations need to maintain their strategic focus on their touchpoints, how customers use them, why they do so, how well the touchpoints work collectively, and what impact they have on the customer experience."

Consumers may face an infinite choice of apps, platforms and technologies in the future, yet the companies that serve them successfully will be the ones applying the modes of voice, text and images within an intentionally designed set of channels, while using their knowledge of the consumer in a contextual and responsible way, which is transparently valuable.

Trust:
the true imperative

An explosion of data.
Uneven confidence in institutions.
The need to act.

Food safety issues. Multiple privacy breaches, where the personal information of hundreds of millions of consumers has been hacked. To mention but a few.

In an era of heightened transparency and informed, empowered and connected consumers, the concept of trust has risen to a new level of prominence. No longer to be taken for granted, it's fast emerging as a prerequisite to accessing, discussing, and interrogating a myriad of valuable data and insight from consumers who are smarter about what it's worth.

The very notion of trust is under fire. Is the data a company gathers and shares, and the perspectives this gives them on their customers, worthy of consumer confidence? Can consumers really trust organizations with their data? Can they trust it to be used appropriately? And how does this trust manifest in a world where consumers are increasingly aware of the value of their data?

Consumers and regulators alike are dedicating increasing attention to these issues. We — organizations, institutions and governments — can't afford not to pay attention.

In this chapter of the latest *Me, my life, my wallet*, we invite you to explore with us this complex issue in depth.

One degree of trust with my data (p. 54–59)

begins by assessing the implications of anxiety towards the misuse of personal information, and the implications of failing to recognize both explicit and implicit contracts with customers.

A day in my data (p. 60–61)
My life in data (p. 62–63)

explore stark realities of data trails in daily interactions with technology (short-wave signals) and across pivotal events during our lives (long-wave signals).

Institutions we trust (p. 64–67)
Can your customer trust you? Do they? (p. 68–73)

identifies the priorities for those organizations and institutions keen to ensure they get the balance right between permission and presumption.

One degree of trust with my data

Consumers may be willing to part with data and personal information but, like an increasing array of regulators, they are far more sensitive about how their details are used and by whom. As a result, companies need a coherent plan to even stand a chance of staying in the game

Not all trust is created equal. It's shaped by history, personal experience, reputation, media commentary and responses to crisis, by the influence of friends, family and social networks, national culture and generational outlook.

Trust takes a lifetime to build and a moment to breach, often with long-term or irreparable damage.

In years gone by, corporate scandals might emerge once or twice a year. Headlines around the world would converge on scandals from financial misselling to phone hacking, improprieties among politicians to unauthorised market trading and more. The intent and integrity of public-facing institutions would be brought under scrutiny as an exceptional moment in time.

Yet scandals are now occurring with ever-greater force and pervasiveness. Fake news, hacking, corruption and malfeasance have

become a part of everyday life, to the point of being almost inescapable in daily discourse or our morning news and social media digest.

Increasingly, scandals have extended far beyond mere political, economic or environmental misdemeanour to something arguably more pertinent and more real to us all: our personal data and a very personal breach of trust. And while data is being touted as an asset, it also has the potential to become a significant liability, if not handled in the right way.

As technology has permeated seemingly all aspects of our lives, so too have the data trails

"

I don't like, actually I don't like. I try to block everything but sometimes I can't block it. I have to give them my personal data and I'm really scared about it. I try just to not give them all the data that I can. **"**

Carlos, 43, São Paulo, Brazil

that accompany it and offer such potential value to the organizations that can harness, decipher or capitalize on it. Whereas consumers were once arguably blissfully unaware of the breadth and depth of data available to or held by organizations about them, beyond mere transactions, recent events have given the issue much greater prominence.

Moreover, concerns don't just reside with the data trails we create as consumers with those organizations and institutions with whom we knowingly impart our information. As companies are increasingly able to purchase our personal information and data from

third-party sources, often collected, aggregated and sold without our knowledge or explicit consent, we're facing a wider set of privacy and regulatory questions. So, should companies be purchasing from third parties at all? If they do, how do they manage permissions and consent with data that wasn't gifted to them to start with? What are the requirements to inform or disclose the acquisition of such information to consumers? And what do each of these questions mean for the ability to create value and personalized experiences, even with the best and most honorable intents?

We see this as a transparency gap: the difference between the

64%

of consumers around the world feel anxious about the unauthorized tracking of their online habits by companies, governments or criminals

art of what's possible with data science and analytics, and how much consumers are cognizant of it. Historically, the majority might have been blissfully ignorant about the nature and scope of data about us that institutions, governments and organizations are capturing, mining and analyzing. But now this transparency gap is closing.

In the past, we might have been primarily concerned with the increase in the volume or breadth of our data being created, whereas public focus is now shifting to how much of our data has been digitized, aggregated, tracked and monetized by organizations and governments, without our full knowledge or

permission. And as this transparency gap narrows further, and more information enters the public domain, companies are at risk of increased exposure and vulnerability.

Trust under fire

Consider the assault on public trust and confidence over the last 10 years alone, and just a few of the more prominent incidents. From the 2008 financial crisis, banks betting against their own clients and the Occupy Wall Street movement that followed. The 2013 horsemeat scandal across Europe and the infant milk incident in China. Product recalls ranging from pharmaceuticals to food to cars. The falsified diesel engine emissions testing scandal. Countless cyberattacks and data thefts from diverse businesses. Data collection and sharing policies. Leaks containing extensive personal and biometric data of millions of citizens. Social media manipulation, fake news and alleged foreign interference in the 2016 US election and the 2016 UK Brexit vote. Bots, fake social media profiles, inflated

follower counts and the opaque world of social influencers.

"In the battle for growth, knowing your customer, clearly, concisely and holistically, is what will separate the winners from the rest of the pack. And the critical prerequisite to this knowledge is data," said Julio Hernandez, customer advisory lead, KPMG in the US. "It has currency; it has value. With it, organizations can target and craft deeply personalized experiences, execute in today and shape the relationships of the future. But without it, organizations are left in the dark, relying on outdated assumptions and imprecise generalizations. Trust, therefore, is of such paramount importance it simply cannot be left to chance."

Unsurprisingly, our survey revealed a general level of disquiet about how data could be accessed, used or abused online. Some 38 percent of

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74%

of consumers around the world are anxious about identity theft

consumers said they felt high levels of anxiety about unauthorized tracking of their online habits by companies, governments or criminals; almost half (48 percent) reported high anxiety at the prospect of hacking of financial, medical or other personal information online; and 51 percent said the same about identity theft, with China and Brazil most concerned at 62 percent and 68 percent respectively, in contrast to lesser concerned UK and Canadian consumers scoring 37 percent and 39 percent, respectively.

In spite of this general level of anxiety, consumers are relatively resilient when parting with their data — for now. More than 75 percent of consumers surveyed were generally happy to part with some level of personal information in exchange for greater personalization, better products and services, better security or better value.

While this resilience suggests consumers are generally more aware of companies using their data and are indeed willing to continue to share it for some form of value exchange, we would contend that the average consumer is unaware of just how extensive their digital footprint and personal data trail really is.

The contract: explicit or implicit?

Companies and executives need to be mindful of both the implicit and explicit expectations of customers when it comes to their data. Complacency is simply too big a risk to take when every organization is just one tweet or one news cycle away from being the next hacking victim, or having questionable or opaque data practices exposed.

As our research shows, consumers are generally comfortable when it comes to trusting their information to an organization or institution with whom they have a relationship. But the implicit contract is that this data goes no further. It's fine for the company to whom we knowingly provide our data to use this in ways we expect or acknowledge, but it's simply not acceptable for this to be misused, manipulated, shared, sold or exposed. This could be, and often is, viewed as a clear breach of trust.

The problem with an implicit contract, however, is that it can be something of a gray area. Do consumers truly understand the totality of personal, financial, transactional and behavioral data an organization holds on them? Do they truly understand where and how companies can collect third-party data and how their digital footprint can follow them around online? Do they understand and accept how different aspects of data and personal information can be

To illustrate the sheer extent of our data trails, comprising both short-wave and long-wave signals, we have mapped the data that we each create on a day-to-day basis, as well as the data created as a result of key life events.

See *A day in my data* (p 60–61) and *My life in data* (p 62–63).

compiled to build a picture of their life, and predict or influence their future behavior and choices?

Our research shows they aren't entirely happy about it. In France, for example, consumers weren't clear what was being done with their data, but were hopeful it was being used responsibly. In the US, our survey respondents were specific about not wanting companies to sell their data indiscriminately. And nobody likes the idea of companies tracking or listening to them via their mobile devices.

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I'm becoming worried about that. Every single time that you need to do something, they keep asking for more information and more information, and right now, I believe that my whole life is on the net. **99**

Andreas, 41, Rio de Janeiro, Brazil