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Armageddon or advancement? CCPA's emerging effect on the digital experience

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On January 1, 2020, the California Consumer Privacy Act (CCPA) went into effect, representing the first major industry-agnostic data privacy law in the US. With the legislation only being fully finalized late in 2019, businesses had relatively little time to architect data management infrastructure and processes that would be able to support California consumers' rights, such as the right to opt out of third-party sale of data. Given the explosive growth and recent funding associated with companies in the 'PrivacyOps' software market as defined in 451 Research's Data Management Market Map 2019, it's safe to surmise that organizations have been scrambling – and likely struggling – with requirements.

451 Research's direct discussions with vendors in the 'PrivacyOps' category have reverberated the notion that CCPA is driving business adoption of privacy-oriented products at an accelerated pace in the US, even relative to adoption patterns associated with the EU's General Data Protection Regulation (GDPR), which went into effect in 2018. Similar to GDPR, CCPA is designed to set a precedent for data privacy in the hope that other jurisdictions will follow suit with similar standards. This is already happening, with many other states such as Nevada and New York crafting legislation.

Meeting the bare minimum in terms of state-level data privacy compliance, however, is a far cry from operationalizing data privacy practices and making privacy options an intuitive part of the consumer or customer experience. One of the original – and debatably weak – arguments against CCPA throughout the legislative process was that the requirements would create an intrusive and confusing online experience for consumers, with additional pop-ups and banners needed to alert individuals of their rights and collect preferences. But as CCPA has gone into effect, this argument appears to bear some truth. Many companies with Californian customer bases now present website banners for exercising rights; however, the information and options can be conflicting. For instance, a major utilities company states in its banner that it does not sell or monetize personal information. Still, it provides a link to opt out of third-party sale of personal data. So which is it – sale of personal data, or not?

What CCPA will urge now is a more advanced discussion of the online user experience. Having privacy options buried deep in a 'settings' menu is not enough; those options need to be easy to understand and control without a burdensome or intrusive experience. This is doubly true with mobile apps, where physical space to present information is limited. Businesses need to find ways to build consumer trust. Consumers need to be educated on their rights and the nature of data collection and analysis. So data privacy now faces a UX and UI challenge as much as it does a compliance challenge. Businesses that succeed will reap the reward of more engaged customers.

Public awareness is growing. 451 Research's Voice of the Connected User Landscape, leading indicator survey from January 2019 suggested that 90% of consumers are 'somewhat' or 'very' concerned about data privacy. What businesses must do now, in the era of evolving state regulations, is ensure that consumers have options to appropriately exercise their rights for specific regulations, without confusion or detrimental effects on the online user experience. This is a double-edged sword; with each additional right bestowed to consumers, there is the potential for an additional check-box, button, pop-up or link to detract from the users' original objective for being on a web property. It also creates a potential paradox in that determining a consumer's individual rights can require collecting additional information to ascertain residency or location. Moving forward, savvy businesses will seek to strike a balance between granularity and intuitive experience, potentially pushing forward a new era in online design and customer experience.