RESEARCH REPORT

US 2013 Consumer Data Privacy Study — Mobile Edition

TRUSTe

TRUSTe Inc.

US: 1-888-878-7830

www.truste.com

EU: +44 (0) 203 078 6495

www.truste.eu

INTRODUCTION

Last year saw explosive growth in the apps and smartphone market to the point where there are now more smartphones on the planet than people – and in Q4 of 2012 more than 200 million smartphones were purchased worldwide.

But, the complexity of the current mobile ecosystem raises new consumer privacy concerns. When people use their mobile devices, they are exposing information about their daily lives with a number of third parties – sometimes they are willing to share information, and sometimes not. How much do consumers understand about who can access their information and how those third parties are using it? What kind of personal information do they feel comfortable sharing and how do they control their privacy when on a mobile device?

Regulators have moved to keep up with these issues and address consumer concerns. In October 2012, the California Attorney General's office announced that they were going to start actively enforcing a law requiring mobile apps to have and conspicuously post a privacy policy.

In February 2013 the Federal Trade Commission (FTC) published recommendations for mobile privacy best practices and in July 2013 the Digital Advertising Alliance (DAA) unveiled their mobile privacy guidelines on behalf of the advertising industry.

The TRUSTe 2013 Consumer Data Privacy Study – Mobile Edition is part of a research series and a long–term commitment to privacy education from TRUSTe. Now in its third year, this comprehensive survey offers detailed insight into current consumer opinion, business implications, and market trends.

The Mobile Edition will be followed up with a special report on Advertising Privacy later in 2013 and the full research findings will be shared at a series of roadshow events in the US and Europe beginning in September 2013.

EXECUTIVE SUMMARY

The TRUSTe US Consumer Data Privacy Study – 2013 Mobile Edition provides a comprehensive analysis of current consumer thoughts about mobile privacy across the US. The extensive study was conducted by Harris Interactive on behalf of TRUSTe with more than 700 US smartphone users from June 12 – 19, 2013.

The research found that despite the considerable investment in product and brand development made by mobile phone companies and app developers, smartphone users are more concerned about their privacy when using their phone than the phone brand, camera resolution, phone weight or screen size. For 22% of smartphone users, privacy is their primary concern when using mobile apps, second only to battery life.

These mobile privacy concerns are increasing with 48% of smartphone users now as concerned about privacy on their smartphone as on desktop. 63% worry frequently or always about privacy when banking online. 78% will not download an app they don't trust.

While 43% of smartphone users still will not share any information about themselves with any company in exchange for a free or lower cost app, there is some positive news with an increase in those that are willing to share at least some information.

There is also an increase in the numbers willing to share their age, full name and web–surfing behavior. Interestingly, consumers are more protective of their contacts and photos than their home address, phone number or current location.

When it comes to tracking, 31% of smartphone users are not aware that tracking takes place on a mobile device (compared with 20% on desktop). 69% of smartphone users do not like the idea of being tracked. This is considerably higher than on desktop where 52% express concerns about online behavioral advertising.

Smartphone users across the US are actively involved in managing their mobile privacy concerns with 76% stating that they are ultimately most responsible for managing their privacy. In addition, 40% check for an app privacy policy, 35% say they read the privacy policy and a growing number (29%) check for a trustmark or seal.

SURVEY METHODOLOGY

Who

1,171 total interviews were conducted among Harris Interactive's online consumer panel of whom 705 were smartphone users.

Respondents were qualified as:

- US residents
- Age 18 and over
- Not employed in advertising, marketing, research, PR
- Additional sample boost of smartphone users

For analyses related to mobile app privacy, the data has been weighted to match the US adult population of smartphone users (and includes an additional targeted sample boost of smartphone users).

When

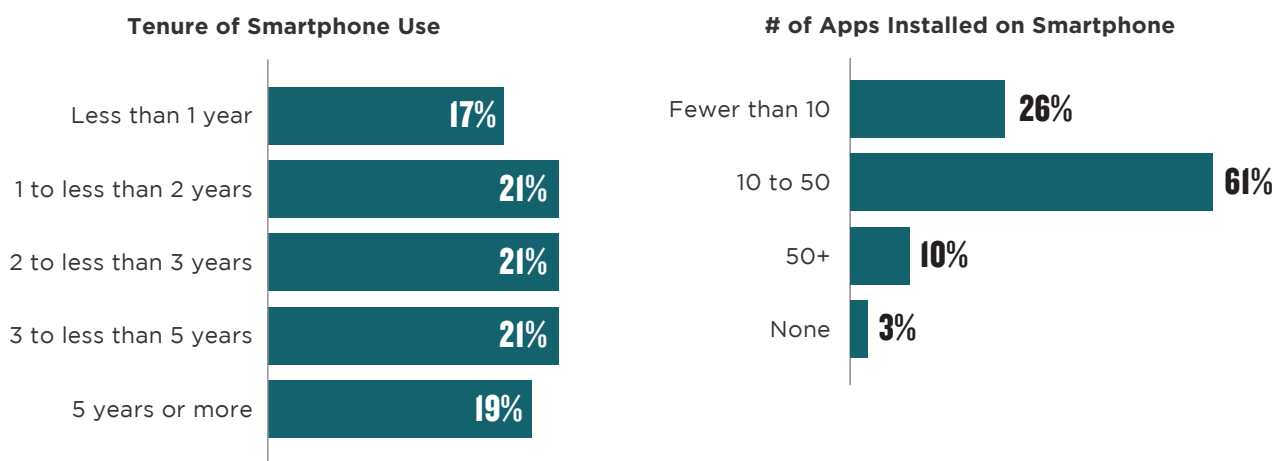Interviews were conducted June 12 – June 19, 2013

How

Via self–administered online survey, averaging 17 minutes in length

DETAILED FINDINGS

1   The Smartphone Market

Smartphone usage in the US continues to rise. The average US smartphone user began using a smartphone nearly three years ago and has between 10 and 50 apps installed.

10% of users have more than 50 apps, 61% have between 10–50 apps and 26% have fewer than 10 apps. Just 3% have no apps at all.
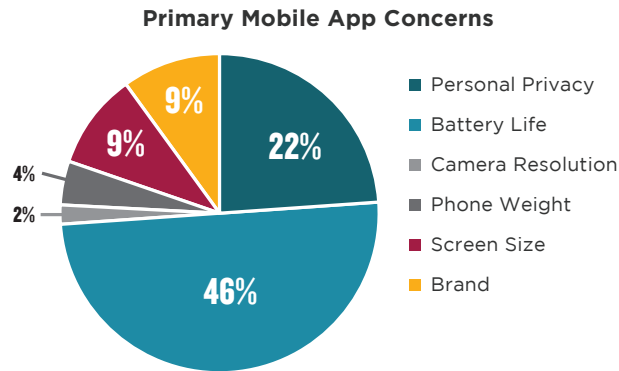
Tenure of Smartphone Use

Less than 1 year	17%
1 to less than 2 years	21%
2 to less than 3 years	21%
3 to less than 5 years	21%
5 years or more	19%

# of Apps Installed on Smartphone

Fewer than 10	26%
10 to 50	61%
50+	10%
None	3%

2   Consumer Concerns

2.1   What concerns smartphone users the most?

Smartphone users were asked what was their primary concern when using mobile apps.

The research showed that smartphone users are more concerned about privacy when using their phone than the brand, camera resolution, weight and screen size. For 22% of smartphone users privacy is their primary concern when using mobile apps, second only to battery life (46%).

Primary Mobile App Concerns

- ■ Personal Privacy
- ■ Battery Life
- ■ Camera Resolution
- ■ Phone Weight
- ■ Screen Size
- ■ Brand

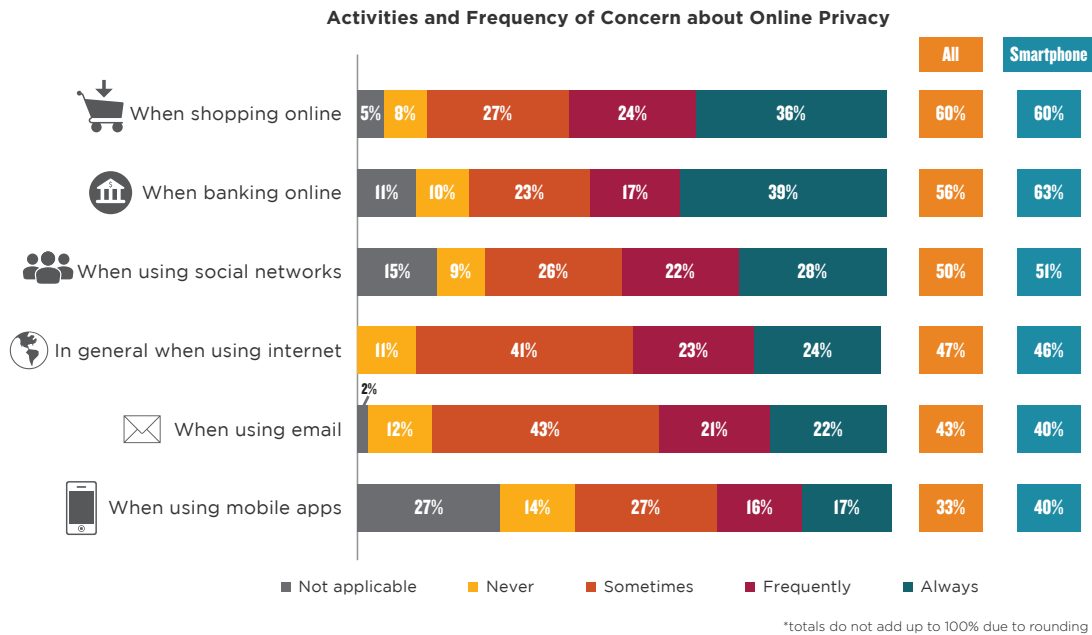### 2.2   Are privacy concerns greater on desktop or mobile?

A growing number (48%) of smartphone users are just as concerned with privacy on their smartphone as they are on desktop. 66% of smartphone users are now either more concerned or just as concerned with privacy on their mobile as on their computer. Only 34% consider privacy to be a greater concern when using a desktop computer.

Privacy Concerns: Smartphone vs. Computer

- ■ On my smartphone
- ■ On my computer
- ■ It's the same on both devices
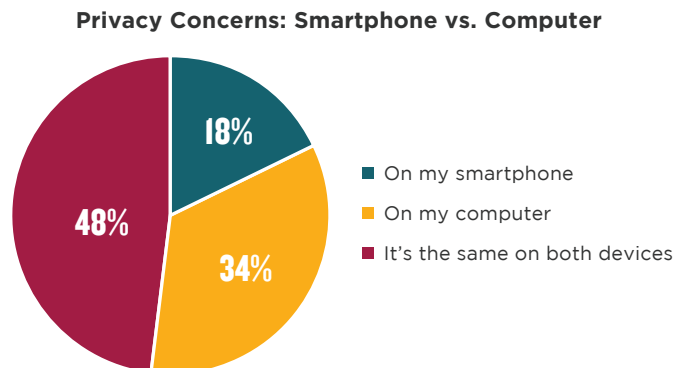
2.3   Which online activities lead to privacy concerns?

Privacy concerns peak on both desktop and mobile devices when shopping and banking online. 60% of smartphone and general internet users are frequently or always concerned about their privacy when shopping online.

56% of general internet users are frequently or always concerned about their privacy when banking online. This concern increases amongst smartphone users with 63% frequently or always concerned.

Activities and Frequency of Concern about Online Privacy

						All	Smartphone
When shopping online	5% 8%	27%	24%	36%		60%	60%
When banking online	11% 10%	23%	17%	39%		56%	63%
When using social networks	15% 9%	26%	22%	28%		50%	51%
In general when using internet	11%	41%	23%	24%		47%	46%
When using email	2% 12%	43%	21%	22%		43%	40%
When using mobile apps	27%	14%	27%	16%	17%	33%	40%

■ Not applicable ■ Never ■ Sometimes ■ Frequently ■ Always

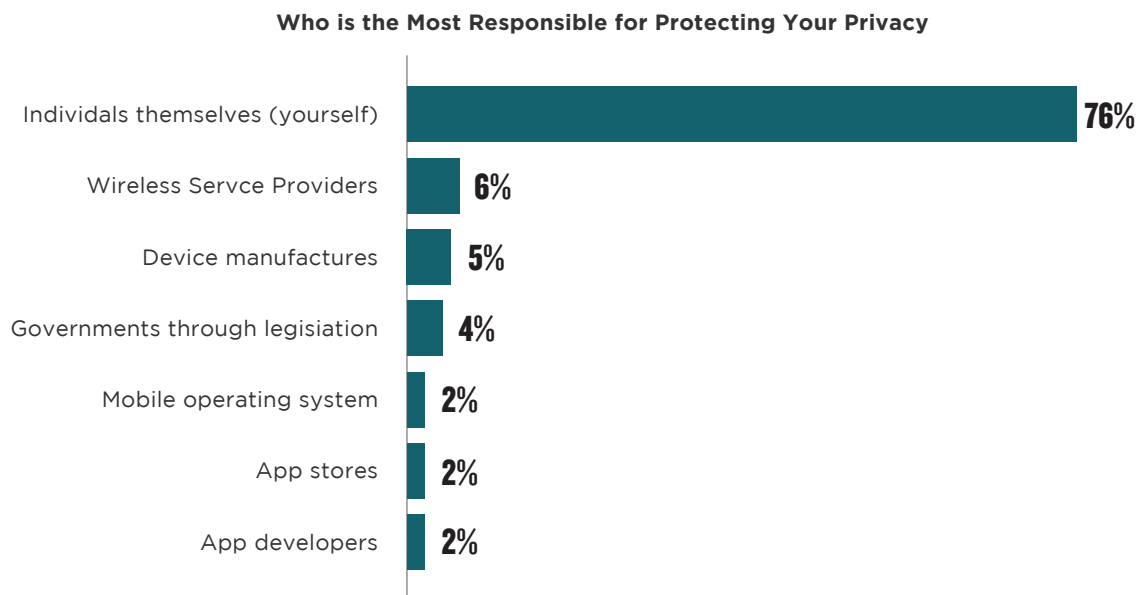*totals do not add up to 100% due to rounding

2.4 Who do smartphone users hold most responsible for privacy protection?

76% of smartphone users believe that they are ultimately most responsible for protecting their privacy. 5% consider device manufacturers to be the most responsible, a slight increase from last year, 4% consider governments to be responsible, fewer than last year.

A small number of users consider app developers (2%), app stores (2%) or app operating systems (2%) most responsible for privacy protection.

While not specifically asked in the research, this could infer a majority of consumers prefer a self–regulatory regime vs. one where either government or device/app makers make privacy decisions on their behalf.

Who is the Most Responsible for Protecting Your Privacy

Individals themselves (yourself)	**76%**
Wireless Servce Providers	**6%**
Device manufactures	**5%**
Governments through legisiation	**4%**
Mobile operating system	**2%**
App stores	**2%**
App developers	**2%**

3   Information Sharing

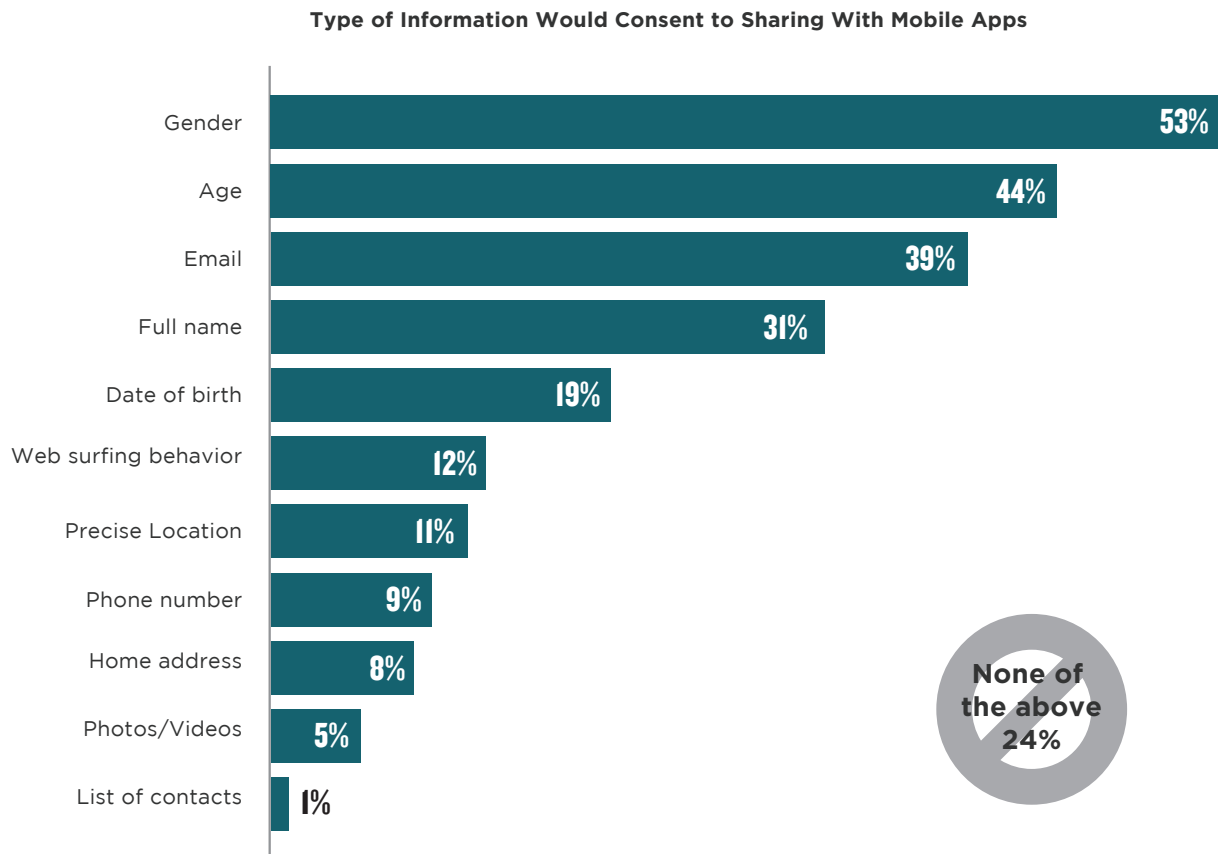### 3.1   What kind of information are users willing to share?

Smartphone users are most willing to share their gender (53%), their age (44%) and their e-mail address (39%).

The research shows an increasing willingness to share their age, full name, date of birth and web surfing behavior compared with findings from 2012.

Smartphone users protect their contacts and photos the most and are less willing to share these with mobile apps than personal details such as home address, phone number or location.

Information required to enable apps to work properly, or be fully monetized via advertising – like location, surfing behavior, and contacts – are not readily shared which has significant implications for the app developer ecosystem.

24% will not share any information with mobile apps; 18–24 year olds are much more likely to share their gender, age, e–mail address, name and date of birth.

Type of Information Would Consent to Sharing With Mobile Apps

Type	Percentage
Gender	53%
Age	44%
Email	39%
Full name	31%
Date of birth	19%
Web surfing behavior	12%
Precise Location	11%
Phone number	9%
Home address	8%
Photos/Videos	5%
List of contacts	1%

None of the above 24%

3.2 Will users share personal details in exchange for a free/lower cost mobile app?

43% of smartphone users would not share any information about themselves with a company in exchange for a free or lower cost mobile app.

However this does appear to be something that smartphone users are starting to feel more willing to do. 38% of smartphone users (up from 31% in 2012) are willing to share at least some information – 6% (up from 4% in 2012) with any company and 32% (up from 28% in 2012) with certain companies.

4   Mobile Advertising

4.1 Awareness of Tracking and Targeted Advertising

Smartphone users were asked if they were aware that advertisers tracked their mobile activities in order to deliver targeted ads based on their behavior.

Although awareness has increased since 2012, nearly one in three (31%) smartphone users are not aware that tracking takes place on their mobile phone. There is considerably lower awareness of tracking on smartphones than desktop where only 1 in 5 (20%) are unaware that this takes place. Men are more likely than women to be aware of advertisers tracking their mobile activity; those aged 45 and over are also more likely to be aware.
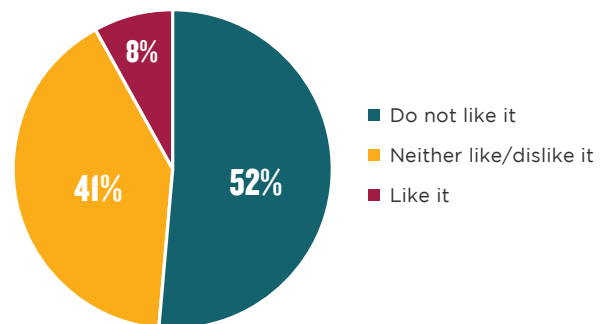
Awareness of Tracking on Smartphones
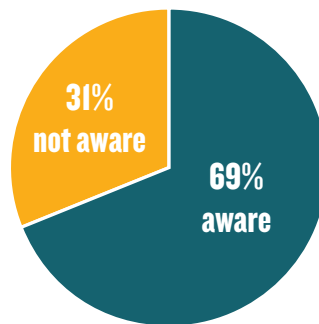
4.2 Feelings about being tracked by advertisers

Whether they are aware it takes place or not, 69% of smartphone users, an increase from 2012, do not like being tracked by advertisers on their mobile phone. This is considerably higher than on desktop where 52% do not like being tracked by advertisers in order to provide more targeted advertising.

Mobile Users: Feelings about being Tracked

- ■ Do not like it
- ■ Neither like/dislike it
- ■ Like it
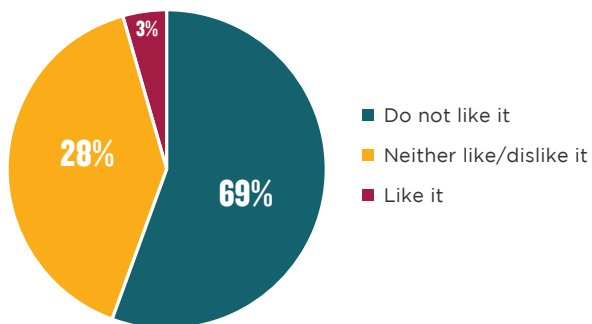
Desktop Users: Feelings about being Tracked

- ■ Do not like it
- ■ Neither like/dislike it
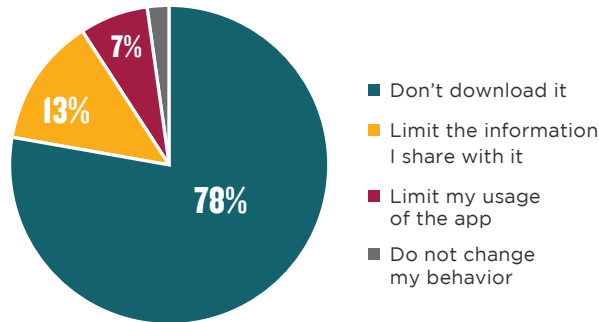- ■ Like it

5   Business Implications

Mobile privacy concerns can have a significant impact on businesses with nearly 8 out of 10 smartphone users (78%) reporting that they will not download an app they don't trust.

This figure is slightly lower than in 2012 when 81% said they would not download an app where they had privacy concerns.

What do you do when you don't trust a mobile app?

- ■ Don't download it
- ■ Limit the information I share with it
- ■ Limit my usage of the app
- ■ Do not change my behavior

6   Privacy Solutions

Smartphone users were asked what measures would help them to feel more comfortable trusting a mobile app with their personal information.
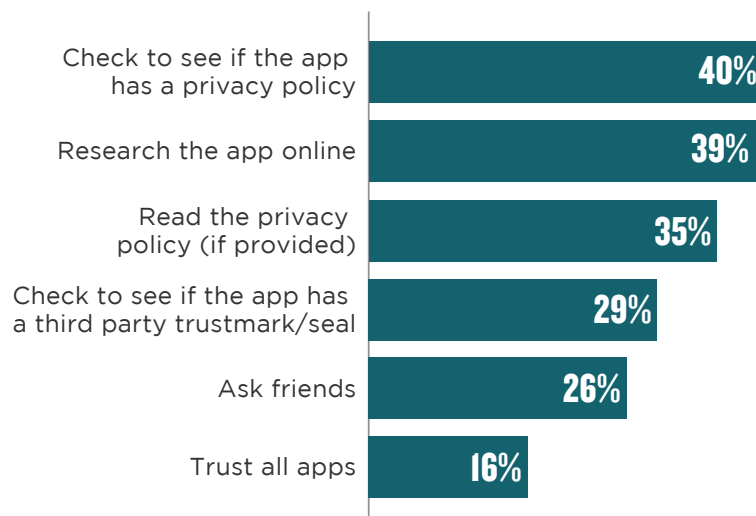
More than twice as many users conduct one or more checks regarding privacy vs. assuming all apps are safe.

40% of smartphone users check to see if an app has a privacy policy, 35% say that the read the privacy policy, and 29% look to see if an app has a third party trustmark or seal

Consumers also research apps online (39%) or ask their friends (26%) before sharing personal information.

Just 16% trust all apps without any further research.

Decision to Trust Mobile App with Personal Information

Check to see if the app has a privacy policy	40%
Research the app online	39%
Read the privacy policy (if provided)	35%
Check to see if the app has a third party trustmark/seal	29%
Ask friends	26%
Trust all apps	16%

ABOUT TRUSTe

TRUSTe is the leading global Data Privacy Management (DPM) company and powers trust in the data economy by enabling businesses to safely collect and use customer data across their web, mobile, cloud and advertising channels.

Our cloud–based Data Privacy Management Platform delivers innovative technology products, including website monitoring and advertising compliance controls – along with privacy assessments and certifications.
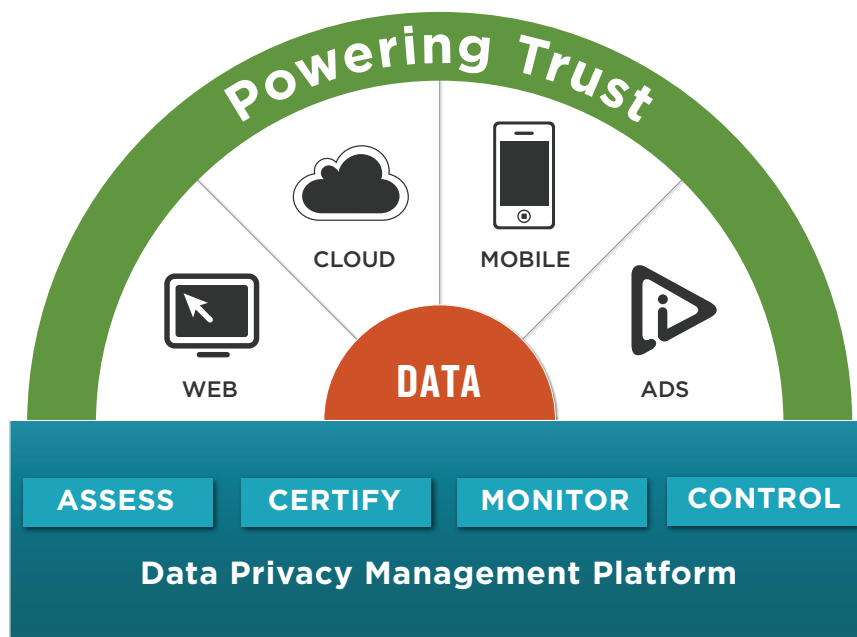
More than 5,000 companies worldwide, including Apple, Disney, eBay, Forbes, LinkedIn and Oracle rely on our DPM platform and globally recognized Certified Privacy Seal to protect/enhance their brand, drive user engagement and minimize compliance risk.

For more information, please http://www.truste.com or contact ddeasy@truste.com