

Retailers could increase annual revenue by as much as 5% by investing in cybersecurity measures that shoppers trust

New research identifies that consumers are willing to spend more online with retailers who demonstrate strong cybersecurity and data privacy capabilities

Paris, May 9, 2018 – A new report by [Capgemini](#)'s Digital Transformation Institute has revealed that cybersecurity is a new source of competitive advantage for retailers. It calls for more organizations to align cybersecurity policies with customer expectations in order to take advantage of this opportunity. The report, [Cybersecurity: The New Source of Competitive Advantage for Retailers](#) demonstrates that consumers are increasingly aware of security breaches in retail and are willing to spend more with retailers who demonstrate robust cybersecurity capabilities. Based on average annual consumer spending, this equates to a potential annual revenue uplift of 5.4%.

The new report, which surveyed over 6,000 consumers and 200 retail executives found that 77% of consumers ranked cybersecurity as the third most important factor when selecting retailers, behind product availability and quality, and above traditional factors including pricing and brand reputation. Strong cybersecurity measures increase customer satisfaction by 13%; while 40% of consumers would be willing to increase their online spend by at least 20% more with retailers they trust. The report revealed that retailers who are able to adopt advanced cybersecurity measures could drive a 5.4% uplift in annual revenue.

However, the report identified a disconnect between the assurances consumers want and what retailers are doing. Seventy percent of consumers want to be assured that their financial and personal information is safe yet only 44% of retailers are actively informing them. Retailers are also not adequately informing their customers of data breaches. Forty percent of retailers said they experienced a data breach over the past three years (2015-2017 inclusive) and had customer financial or personal data compromised, yet only 21% of consumers say that they heard their primary retailer's name mentioned with a data breach.

"Today's consumers are confident online shoppers and savvy about their consumer rights. They value cybersecurity highly and they want to shop with retailers they can trust" says Geert van der Linden, Cybersecurity Business Lead, Capgemini's cybersecurity practice. "It's the right time for retailers to consider cybersecurity as a business priority at executive leadership level".

"Cybersecurity represents a lucrative opportunity for retailers to improve customer satisfaction and drive higher online spending" said [Tim Bridges](#), Global Sector Lead, Consumer Products, Retail & Distribution at Capgemini. "Only retailers who are able to effectively align their cybersecurity measures with customer expectations will be able to impact top-line revenue."

The report includes a series of practical recommendations, based on the findings of the survey, to help retail leaders to address the increasing incidents of cyberattacks in retail, along with the growing demand from customers for greater transparency,



Priority 1 – Work to understand customers’ expectations and ensure the required features are fully implemented

Many retailers have not fully implemented the cybersecurity factors that can drive customer satisfaction the most. These include: encryption of stored data, clear and transparent data privacy policy, use of advanced anti-malware tools, control on which data retailer can store, and for how long and use of advanced data encryption on websites and apps.

Priority 2 – Ensure cyber-defense systems are one-step ahead of hackers

The report reveals that inclusion of new technologies, weak segregation of duties, and outdated architecture are the top three vulnerabilities that have been exploited by hackers during retail breaches in the last three years. Yet less than half of the retailers perform security audits on a daily or weekly basis. To stay ahead of hackers, the report highlights that it is important for retailers to:

1. Understand the organization’s vulnerabilities and reinforce them
2. Identify the biggest threats and adopt best practices to detect them
3. Involve top management to ensure adequate investment for the key security initiatives
4. Develop a solid incident response plan to prevent customer churn

Priority 3 – Position themselves as the safe custodian of customer data

The report reveals a strong disconnect between consumers and retailers on whether explicit permission for storing and using data is taken. Nearly a third (29%) of consumers say their primary retailer does not communicate changes in data privacy to them. As the GDPR deadline looms ever closer, it is imperative that retailers devise strategies to mitigate this disconnect and assure consumer’s that their data is safe. Currently, only 40-60%¹ of retailers have fully implemented certain components of the GDPR requirements.

Research Methodology

Capgemini surveyed 206 executives at the director level or above, with 71% of the executives in retail companies with reported revenues of more than \$1 billion in FY 2016. Capgemini also surveyed 6,120 consumers aged 18+. Both surveys took place from January to February 2018, and covered nine countries—France, Germany, India, Italy, the Netherlands, Spain, Sweden, the United Kingdom, and the United States.

A copy of the report can be downloaded [here](#).

About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients’ opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

Visit us at www.capgemini.com. *People matter, results count.*

About the Digital Transformation Institute

The Digital Transformation Institute is Capgemini’s in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, the United Kingdom and the United States.

¹ Figure 20 of Capgemini [Cybersecurity: The New Source of Competitive Advantage for Retailers](#) report