

Data Privacy

Using customer data in compliance with the law



Complete, comprehensive and up-to-date customer information is indeed the wish of most companies. But what legal requirements must be observed when dealing with it? Not everything that is technically possible is legally allowed! In Germany, the collection, processing and use of customer data (inasmuch as it relates to personal details, such as name, occupation, email address, or date of birth) is subject to the Bundesdatenschutzgesetz (BDSG) [German federal data protection law]. This defines for what purpose personal data may be collected, processed, stored, altered, transmitted, embargoed or erased.

The lawmakers don't make it easy for companies to maintain an overview: There are numerous rules and regulations governed by the BDSG, such as the Gesetz gegen den unlauteren Wettbewerb (UWG) [law against unfair competition] and the Telemediengesetz (TMG) [tele-media law].

Fundamentally the rule is: Whoever collects and processes personal data, and wants to use information such as name, email address, occupation and interests, must first inform the customer and obtain his/her explicit agreement. This ensures that the right of protection for the private sphere.

The rules governing behaviour with personal data are extremely strict. Contravention of the BDSG can result in fines of up to 300,000 euro, therefore responsible behaviour with customer's data is essential for every company. Companies may only use such data with the specific agreement of the customer, e.g. for sending targeted marketing messages to particular customer groups in a newsletter. Marketing is one of the main users of customer data in a company.

As well as the more "traditional" channels of direct customer approach, such as telephone, post, text messages and email;

social media is now moving increasingly into the view of marketing experts. From a data protection point of view, postal marketing poses the least risk. If a name and address appears on a mailing list, the customer concerned may be written to for advertising purposes. Customers not wanting this information must take action themselves to have their name removed (opt-out).

Advertising by telephone, telefax or text message is not permissible unless the customer has given explicit prior approval. This is the "opt-in" option. In the case of new customers, a written agreement for the use of personal information for advertising purposes can be signed together with the initial purchase contract.

OPT-IN: The customer specifically agrees to the use of his data, e.g. for receiving newsletters, advertising telephone calls and text messages.

DOUBLE-OPT-IN: The customer specifically agrees to the use of his data, and confirms this agreement a second time. In most cases, companies send

an email asking for confirmation of the contact address, often providing a direct link for the customer to use.

OPT-OUT: The customer's data continues to be used until permission is explicitly withdrawn. This can apply to list privilege, anonymous analyses of user behaviour on websites, etc.

This agreement option must always be clearly shown.

For marketing with **email** (e.g. a regularly delivered newsletter), precisely the same legal rules apply as for telephone marketing (opt-in). A peculiarity here is that acceptance must be provided electronically. In this case, the double opt-in process is recommended to comply with the demands of data protection. The process is documented and protocolled, and misuse (such as entering a false email address) is prevented.

In the case of existing customer relationships, companies can forego active acceptance according to §7 para. 3 UWG. If a customer provides an email address when making a purchase or placing an order in an online shop, this address may be used for email marketing. However the customer must be clearly informed beforehand, and can withdraw permission at any time (opt-out). Also, only advertising for the companies' own similar products or services is permitted. For example, when a customer purchases a camp bed, subsequent electronic information about other special offers for outdoor clothing would be permissible.

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Many customers are justifiably sceptical when it comes to behaviour with their personal data. They are well aware of its value and are far more careful about who (or who not) they give it to. This makes it even more important to know exactly which customers have given agreement for collection, use and processing of their data; and thereby ensures a good customer relationship and a positive customer journey. If a customer continues to receive an unwanted newsletter this could end the business relationship, because the necessary confidence in the company is lost. Also, unsolicited email advertising is automatically assumed by the authorities to constitute illegal annoyance - and this can lead to a large fine being imposed.

With Uniserv Smart Customer MDM you create consistently correct data, containing all relevant information, throughout the entire company. You can extract and consolidate

customer master data from a multitude of heterogeneous data sources, eradicate duplicates, and clearly determine the individual identities of your customers across all channels and systems. Tedious, time-consuming searches in different data bases are now a thing of the past, because with just one click you can now find all information available, reliably kept in a central golden record. You always know whether the agreement of a particular customer exists, and you enjoy effective opt-in / opt-out management.

Make data protection an additional advantage for your customers. Be open and transparent, and give them the feeling that you deal with their data confidentially and take data protection seriously - with Uniserv Smart Customer MDM

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