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How Retailers Are Using Biometrics to Identify Consumers and Shoplifters

ARTICLE

eMarketer Editors

Though most are loath to admit it, retailers already make extensive, behind-the-scenes use of biometrics to track employees, nab shoplifters and improve store security.

An October 2018 New York Magazine article titled, "Smile! The Secretive Business of Facial-Recognition Software in Retail Stores," detailed the extent of the technology's behind-the-scenes use at retailers, stadiums and other event venues. Peter Trepp, CEO of facial recognition software company FaceFirst, told McClatchy in May 2018 that his company can "match a face against the database of 25 million people in just under a second," and the firm's website counts hundreds of big-box stores, superstores, department stores, grocery stores, pharmacies and Fortune 500s among its clients.

A similar article, published by BuzzFeed News in August 2018, titled, "Thousands of Stores Will Soon Use Facial Recognition, and They Won't Need Your Consent," similarly revealed the technology's pervasiveness and delved deeper into its privacy implications.

In our latest report, "Biometric Marketing 2019," we found that despite these concerns, retailers are exploring biometric technology, including behavioral tracking and facial and voice recognition, for advertising and

promotional targeting. These systems can identify and track shoppers in brick-and-mortar stores and learn their preferences, like how online retailers use cookies. The information can then be used to interact with them via their phones, in-store signage or in other ways.

For example, VentureBeat reported in September 2019 that Microsoft had launched Dynamics 365 Connected Store, a software application that enables retailers to track their customers in stores using computer vision, cameras and internet of things (IoT) sensors. The system has the capability to create personalized recommendations based on browsing and buying habits.

"Once companies are using this type of technology for crime prevention purposes, there's no reason why they should not be using it for upselling their customers," Arturo Falck, CEO of startup Whoo.ai, told Biometric Update in November 2018.

Adrian Weidmann, a Minneapolis-based retail consultant, told New York Magazine that "most" stores, from family-owned convenience marts to big-box superstores, have already installed much of the technology to make this happen, including security cameras and cameras inside digital signs and kiosks that track attention to ads. "It's the same camera lens," he said. All it takes to complete the process, the article noted, would be a software upgrade.

While there's no concrete evidence that an en-masse shift has taken place, there have been experiments. For example, Saks Fifth Avenue began using facial recognition in 2016 to both identify VIPs and apprehend shoplifters, Lowe's admitted to using it to identify shoplifters, and Walmart has tested it in the past. Others have also explored the use of body-worn cameras and smart glasses to do the same.

Weidmann told New York Magazine that he's already seen some companies more formally link their security and marketing operations. According to the article, he recently worked with The Home Depot to help marketing staffers use security footage to track shoppers and observe which products they browsed.

Perry Kramer, senior vice president of BRP Consulting, predicted that facial recognition will more likely catch on in some segments over others, especially where people have confidence that a retailer will protect their privacy or believe that sharing their information will make their life simpler. "If you walk into an Apple store and they know who you are, it's probably not as scary as walking into a Kohl's store and they know who you are," Kramer said.

To learn more about how biometric technology is used today, eMarketer PRO subscribers can read our latest report:

Report by Victoria Petrock Oct 03, 2019

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Revolutionary Personalization Tool or Targeting Gone Awry?

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