

How Biometrics are Transforming the Retail Landscape

Understanding the Revolution in Customer Experience, Compliance and Loss Prevention



By giving retailers the ability to seamlessly identify customers, biometrics make it easy to tailor the shopping experience to individual preferences.

Powering Convenience, Personalization and Trust

The retail experience has undergone profound shifts in the past decade. As consumers grew more comfortable making purchases online, they began to set the bar higher for in-store shopping, demanding the same levels of convenience and trust.

The pandemic only accelerated these trends. Now, forward-thinking retailers are reinventing the customer experience journey, looking for new ways to boost loyalty, reduce friction and increase revenue.

In this landscape, biometrics have emerged as a transformative solution for applications ranging from customer loyalty to loss prevention. Their power is deceptively simple: by giving retailers the ability to quickly, securely and seamlessly identify customers, biometric technologies make it easy to tailor the shopping experience to individual needs and preferences.

This eBook will explore biometric technology — and how retailers can leverage it to enhance the customer journey without compromising trust and security.

Understanding Biometrics

Biometric technologies use people's unique physical traits — such as their voice, face or fingerprints — to identify them. They are understood and commonly used by consumers in the context of a specific application: identify verification on cell phone via fingerprint or face scan, voice control on smart home devices.

Advances in biometrics have made them even more convenient, improving speed and accuracy and decreasing cost. Fingerprint scanners can run as little as \$20 per device. Meanwhile, the best face identification algorithm has an error rate of just 0.08%, according to tests conducted by the National Institute of Standards and Technology (NIST) in April 2020. That's down from an error rate of 4.1% for 2014's leading algorithm.

Biometrics are gaining traction in retail due to their ability to deliver more **secure**, **convenient** and **personalized** experiences — by leveraging the certainty that someone is who they say they are, retailers can accelerate transactions and streamline the services they offer. Contactless payments are the most prominent application. In fact, a recent report from Juniper Research found that mobile biometrics will authenticate \$2 trillion of in-store and remote payment transactions across the globe annually by 2023.

The possibilities, however, are far broader.

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CUSTOMIZE THE SHOPPING EXPERIENCE

- Personalized product suggestions
- Promotions based on shopping history
- A personal touch from staff



STREAMLINE SELF-CHECKOUT

- Hassle-free contactless payment
- Faster lines at check-out with automated loyalty member recognition
- Instant age verification for age-restricted purchases



BOOST CUSTOMER LOYALTY

- Ensuring a consistent, compelling journey from start to finish
- Increasing speed without friction or compromising security
- Enhancing customer interactions in a seamless and unobtrusive manner

A Transformational Retail Experience

Identifying your customers by sight, touch or sound offers powerful ways to enhance their interactions with your store. In fact, according to Goode Intelligence, user experience is the most important market driver for biometrics across all industries, with 73% of global companies reporting that biometric technologies are “very beneficial” to their ability to deliver a compelling experience.

Retailers have embraced these benefits in a variety of different ways, leveraging biometrics to boost loyalty and streamline the shopping experience.

A More Reliable Approach to Compliance

Many of the ways that biometrics enhance customer experience can also help retailers ensure compliance with laws and regulations. The same technology that streamlines the purchase of age-restricted items from the customer's perspective offers retailers a less awkward and more reliable way to comply with state and federal laws. Workflow efficiencies make biometrics an even more attractive proposition — no small feat when you consider that around 60% of all customer service interventions at self-checkouts are due to age checks.

The ability to verify which people have accessed different products and services delivers additional compliance benefits. In-store pharmacies can maintain a comprehensive audit trail of the employees who have handled controlled substances — and verify that each medication was dispensed to the right patient. Store managers can quickly and easily verify compliance with policies around restricted access areas and audit on-site operations.



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*of all customer service
interventions at self-checkouts
are due to age checks*



Strengthening Loss Prevention

There aren't many technologies that reduce friction and increase security. Consumers may love the efficiency of self-checkout kiosks, for example. Yet the Efficient Consumer Response (ECR) has calculated that they cause European retailers to lose an average of five percent of their sales because customers don't scan all of their products.

Biometric technologies, however, are a powerful weapon in the fight against shrink — a problem that, according to the National Retail Security Survey, cost retailers \$61.7 billion in 2019 alone. Linking people's actions to their identities is a highly effective deterrent to would-be criminals. Known or suspected shoplifters can be identified and flagged for further investigation.

Tying biometrics to manager overrides is extremely effective at preventing loss during the checkout process. Employees who might otherwise be tempted to steal products or commit fraud at the POS through false voids or discounts will be prevented from doing so. Each transaction at the register can be irrefutably traced back to the person who performed it.

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Automating Time and Attendance

Time theft is another issue that biometrics can eliminate. Buddy punching, where one employee clocks in or out for some one else, costs retailers \$373 million each year.

You can't clock in if you're not present, however, and biometrics provide the strongest proof of presence available. What's more, biometric scans — such as face or fingerprint — are fast and easy, enabling employees to get to work quickly once they've clocked in.

THE COST OF TIME THEFT

\$400B
in lost productivity

\$11B
in lost revenue

\$373M
lost due to buddy punching



The BIPA Blueprint






The 2008 Illinois Biometric Information Privacy Act, or BIPA, prohibits companies from profiting from consumers' biometric information. It also allows people to sue for any damages that stem from a violation.

BIPA was the first law of its kind in the U.S., but it soon became a template that other states used to craft similar legislation. Biometric privacy continues to be a hot-button topic. In an effort to avoid costly class action litigation, businesses should be mindful of the potential risks when implementing consumer-related biometric policies and procedures.

Ensuring Privacy

As biometric technologies grow more prevalent, privacy has emerged as a concern — and rightly so. **Biometric data are uniquely intimate, and it is essential to keep them secure.** To that end, legislation has been proposed (and, in some cases, enacted) to guard against their improper collection and storage.

As regulations and requirements evolve, retailers should use the following best practices to guide their approach:

-  Obtain consent from individuals to collect or disclose any personal biometric identifiers
-  Document the biometric information you gather and how it will be used
-  Securely store biometric data and outline clear procedures for keeping them safe from attack or misuse
-  Destroy biometric identifiers that your business no longer needs
-  Seek out technology vendors that incorporate privacy-by-design principles and Secure Software Development Lifecycle (SSDL) methodology in their solution development process to minimize your business risks due to security breaches

A Customer-Centric Paradigm Shift

Digital transformation is happening at a profound rate across the industry. To win in this new landscape requires more than new technology — it demands a relentless focus on customer centricity and a commitment to making each interaction personalized, convenient and secure.

Biometrics are attractive to retailers because they make it easy to do just that. According to Epsilon research, 80% of consumers are more likely to make a purchase when brands offer personalized experiences. Biometric technologies enable retailers to recognize and provide exactly what each customer wants, at scale. The experience is safe and streamlined; it's also efficient to secure and deliver. And it can be extended to provide additional benefits in areas like compliance and loss prevention.

IDENTITY JOURNEY

Digital Identity Fuels New Customers Experiences



80%

of consumers are more likely to make a purchase when brands offer personalized experiences



Make Each Store as Unique as Your Customers

The competition for customer trust and attention has never been fiercer. The retailers who stand out offer an experience people can't get anywhere else — secure, convenient and designed with their needs in mind.

See how retailers are using biometrics

- ▶ **Website** | [Explore more about how biometrics are transforming retail](#)
- ▶ **Infographic** | [10 Ways Biometrics are Transforming Retail](#)
- ▶ **Blog Posts** | [HID's Biometrics for Retail Blog Posts](#)
- ▶ **White Paper** | [How Forward-Thinking Retailers are Using Biometrics to Stop Shrinkage](#)



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