



Can We Get **Personal?**

Leveraging Biometrics for Loss Prevention — And Beyond



Why biometrics?

For all its nuances and intricacies, retail asset protection is straightforward: reduce loss as much as possible without disrupting sales. And if you can manage to somehow lift sales in conjunction with loss prevention? Even better.

There is no silver bullet in security, but biometrics may come as close as it gets. Knowing who's who is the foundation of security, and biometrics are the Holy Grail of identity management. It's the perfect credential: **unique to you, always available.**

For retailers, the value of robust identification processes can be leveraged in a myriad of ways. It helps service customers faster and with greater personalization. It can streamline store operations, reduce mistakes, save time and enhance employee management. It can reduce fraud risk and dissuade opportunistic theft.

Simply put, while biometrics can't eliminate retailers' pain points, it can certainly offer substantial relief. **With biometrics, retailers can reduce loss and theft, improve customer service and increase operational efficiency.**

How is it that biometrics can help solve retailers' problems?

The problems start when an individual assumes another's identity. That's when employees can commit time theft by buddy punching for a co-worker, for example, or a customer can use someone else's loyalty points to cheat a store. It's how people enter unauthorized building areas, and what fuels successful frauds.

Retailers implement controls to limit their losses, but measures like employee PIN, loyalty cards or email addresses rely almost entirely on the honesty of the person offering up the information. If you have the data or access necessary, you can be anyone you want to be.

But what if you couldn't? What if stores could know that the employee clocking in, or the customer checking out, was exactly who they said they were?

That's where biometrics come in.





How can biometrics play a role in theft prevention?

It becomes clear — when listening to loss prevention (LP) leaders and retail executives — that there exists a long, delicate dance between those who aim to cheat stores and those who aim to prevent it.

There is change, certainly, in both the types of fraud and the drivers of risk, as well as the availability of tools to protect stores. But while sources of loss and asset protection have both evolved, the push and pull between opposing forces are the same as they've ever been. Thieves target retail victims that have what they want and offer a way to get it; retailers respond, deploying measures they hope can keep shrink in check.

Biometrics offer a way to disrupt this endless cycle.

It is an untapped approach to beat foes to the punch — to remove the opportunity for theft that is the precursor to loss. When biometrics are linked to transactions, thieves lose the anonymity they need.

The ability to (truly) know the identity of an individual has multiple advantages. It strips away the “opportunity” that casual thieves need, and it offers a higher-level deterrent to determined thieves from attempting various fraud schemes. It also allows a retailer to build a portfolio of people and their level of risk.

But how, specifically, might biometrics cut theft and loss?

Using biometrics can reduce the impact of organized retail crime by identifying and deterring known offenders and reducing the opportunities for fraud by providing stronger user authentication. It can also be used forensically — associating transactions with individuals — to improve investigation closure rates and reduce investigation closure time.

To reduce friction in the shopping experience and to cater to public demands, retailers have been aggressively adopting customer-friendly features, from self-checkout, to liberal return policies, to enhanced loyalty programs. These efforts are popular with the public — but we're seeing problems as a result. Making shopping easier makes theft easier; ceding control over the shopping experience to customers makes errors more likely.

Research has repeatedly shown that self-checkout (SCO) technology arms shoppers with ready-made excuses for errors, which makes theft so easy that some customers — who would normally (and happily) pay for their items — are instead encouraged to commit crime. The data is staggering.

But imagine if biometrics were integrated into SCOs. If a system recognized loyalty customers, it could “nudge” those shoppers toward honesty, preventing “opportunists” from attempting theft. Thieves could no longer scan an expensive bottle of olive oil with the bar code for a can of peaches taped to their wrist.

The Price of Simplicity: Shrink at Self-Checkout

147% increase in shrink at stores with self-checkout vs. stores without

error rate on Scan and Go **43%**

1 in 3 errors in checkouts of 20+ items

shoppers admitting to taking an item from SCO because of scan difficulties **62%**

Source: Self-Checkout in Retail: Measuring the Impact on Loss | ECR Shrink Group (ecrloss.com)



Does the potential value from biometrics extend beyond theft prevention?

The short answer is yes.

Biometric technologies are full of potential — for theft prevention, certainly, but also for critical store challenges like managing age verification purchases at checkout without staff intervention or offering personalized promotion for upselling.

Retailers can use AI and biometrics to identify shoppers within the context of their buying history to make personalized recommendations. The technologies can verify customers when logging into an app, free up sales staff from store monitoring and point of sale (POS) functions to provide enhanced customer service and create personal connections with consumers, and notify associates when VIP and valued customers are in stores. Biometrics are the cornerstone of the future's unmanned retail store.

Driven by improved accuracy and speed as well as an increased need for enhanced surveillance and monitoring, the industry is currently booming. Systems can now be designed to manage privacy issues and allay concerns, which have helped fuel consumer acceptance. Furthermore, as biometrics have started to find their way onto personal devices, old fears about biometrics have dissipated. The technology has become effective and invisible enough for people to embrace it.

Many of today's critical risk issues — such as identity management — so clearly cross over between human resources, physical security, IT, store operations, marketing, and other departments, that retail loss prevention (LP) risks missing an important opportunity to provide value if it ignores biometrics.

Frictionless shopping is top of mind — do biometrics help meet this new mandate?

Retailers now aggressively compete in technology to make shopping easier, faster and more personalized. Winning in the retail marketplace requires the right mix of products, but it also requires meeting customers where they are. It demands acknowledging that consumers are now in charge of the shopping journey and being responsive to their desires. And, more than ever, shoppers want it to be easy.

Customers crave retailers who can deliver what they want, when they want it — and they want the experience to be seamless. Perhaps entering an email address or other information at POS to earn rewards isn't a huge burden, but customers want stores to be at least as sophisticated as their phones.

Serving customers better and faster can also benefit retailers by helping them save money.

Take the troublesome example of age verification delays at self-checkouts (SCOs). It's a frequent annoyance for customers but it's also a pain point for stores, as age-restricted sales account for a large volume of interventions at the SCO. Integrated biometrics at SCOs enable seamless age verification and allow customers to purchase age-restricted items without staff intervention. It ends frustration for shoppers, and it also provides huge efficiency gains for stores.

Biometrics allow retailers to meet today's mandate to Know Your Customer (KYC). Shoppers want stores to know them, to understand their needs, to provide personalized services and to only feed them relevant information. The technology facilitates this enhanced customer service, allowing retailers to identify individual customers and link them to existing reward programs to generate personalized marketing or provide personal discounts based on their shopping history. It can even be used by customers for payment, using their faces at POS terminals instead of cards or cash.

Customers' benefits from integrating biometrics into the shopping experience

- Greater convenience
- Better shopping experience
- Ability to leave their wallet at home and shop
- Quicker release of handheld devices
- Decreased need for checks in pay-and-go systems
- Elimination of awkward conversations about age verification
- Simplification of loyalty program identification
- Assurance of speed and accuracy in accumulating rewards

Employees' benefits from integrating biometrics into retail operations

- No passwords to remember
- Easy till transfer
- Greatly reduced management load for time and attendance
- Much more convenient workflow
- No key or access card to lose or replace
- Enhanced efficiency across the workforce

Can biometrics make things easier for store associates, managers and other retail employees?

Integrating biometrics in retail reduces theft, minimizes shrink due to error and offers greater user convenience to meet shoppers' desires for a faster, more accurate and personalized shopping experience. But simplicity and efficiency also extend to store and retail operations.

Once the biometric technology is introduced into a retailer's workflow, employees can work faster and more efficiently.

In overrides, for example, store managers can simply present themselves, rather than typing in codes, to make fast work of voids, refunds or high-value transactions. Time and attendance is more easily tracked and can be managed more accurately, saving retailers' money and employees' time. Biometric technology can eliminate costly password resets, and when used for access control, can provide a simpler and more secure method to prevent access to restricted areas or technology systems and to ensure identification in locker pick-up scenarios. It provides higher-level security in cash management applications, while also making it easier and faster for employees.

What is an effective way to get started?

To thrive in an increasingly competitive retail market, stores must strategically embrace innovative technology to enhance the shopping experience, improve operations and minimize loss. But while the end game for using biometrics looks like a helpful tool in this regard, where do you start?

Evaluating your intended purposes for the technology is a good starting point. What kinds of events require you to authenticate a user? Are you looking for a multi-channel solution that needs to work for a customer both in-store and online? Is it for theft monitoring, payment, service personalization, operation optimization or all the above? With clarity on these and other questions, you can identify what solution might help meet your needs. It's easy to understand how much it's going to cost, but retailers should be just as clear on: "what does it get me?"

Loyalty programs provide an excellent entry point. By adding biometric capabilities to existing loyalty systems — via mobile applications and in-store kiosks — stores can validate program members' identification and ensure compliance for any age verification purchases. POS access applications and employee systems like time and attendance are also well suited to the addition of biometrics.

Three Systems to Get Started

1

Add biometrics to **customer loyalty system**

Customer enrollment via their mobile devices or in-store kiosks

2

Add biometrics to **employee POS access** or other employee systems like time and attendance

3

Add biometrics to checkout systems and kiosks at the **self-checkouts**

Frequently asked questions

Why aren't more retail organizations currently integrating biometrics into their security, human resources and customer service efforts?

Biometric technologies have been around for years, but when it comes to investing in one, merchants have often been on the sidelines because they don't know enough about the applications and their potential advantages to feel confident to make the investment. However, solid case studies showing return on investment from biometric technology applications are rapidly changing minds.

What do adopters of the technology say?

Organizations that have already deployed biometric technologies typically maintain that such technologies protect customers from identity thefts, make properties more secure and improve convenience for customers.

Is buddy punching really a problem worth solving?

Buddy punching, in which someone clocks a friend in for work, is a significant problem for many industries, including retail. In one study of the hospitality industry, researchers estimated hotels could save 2.2% of their gross payroll annually by using biometrics for clocking employees in and out. Biometrics generate irrefutable attendance and payroll data for more accurate and efficient workforce management.

Does the use of biometrics make Scan and Go stores more realistic?

Stores are creating apps for self-checkout that allow consumers to directly engage with the store using their phones, but this presents a major loss prevention (LP) challenge for verifying scans and purchases. By offering more robust authentication, biometrics make Scan and Go a more viable option, eliminating additional steps at the point of sale, slashing financial transaction costs and allowing for razor-thin staffing models — offering a big boost to retailers' bottom line.

Can biometric systems pose a threat to the security of personal information?

They can, which is why it's important to deploy biometrics with an eye on addressing — not creating — privacy concerns. It's easy enough to do: retailers can restrict their deployments to systems that "bake" in privacy. These systems engineer privacy protection in ways that both improve the security they provide and enhance individual privacy. A best practice is to set up appropriate customer opt-in/opt-out procedures and a feedback mechanism to allow customers to input, change and delete any personal information.

Frequently asked questions

Are biometrics here to stay?

Absolutely. A decade ago, many security directors weren't even clear on the definition of biometrics. Times have changed, and now biometric technologies are becoming an accepted part of high-security installations in the private sector. In retail, biometrics are embedded in descriptions of the "store of the future."

What difference would I see in biometric systems today compared to a few years ago?

You would find that today they are much easier to use, able to cover more use cases and can be implemented more easily to prevent privacy concerns. Biometrics can employ several techniques in certain applications to minimize privacy issues, such as encryption techniques or working from data which cannot be reconstructed into images of users.

Is there also a difference in the perception of biometrics?

People routinely use their faces to unlock and securely sign in to their phones or computers or use face authentication to access mobile applications. This has all but eliminated the ick factor that used to be associated with recognition technologies. Customers appreciate the security and convenience of using biometrics, and that seems to be spilling over into its increased acceptance in retail applications. Normalization through regular, positive interaction with biometrics has helped to erase negative public sentiment.

Is the technology still maturing?

It's already mature, but the technology still has room to grow, especially as a multi-channel solution. Continuous face authentication may be feasible, for example, meaning that the user isn't just verified when logging into an app, but also as the customer uses the application or progresses through the shopping experience. This permits customers to perform more sensitive tasks without interruption and is the kind of advancement that makes it technically feasible to embrace a future in which stores can verify shoppers transparently as they pick up their groceries, for example, and automatically bill them as they leave.

Explore How Retailers Are Using Biometrics

With biometrics, retailers can reduce loss and theft, improve customer service and increase operational efficiency. Discover how biometrics are transforming the retail landscape:

Website | [How Biometrics Are Transforming Retail](#)

White Paper | [How Forward-Thinking Retailers Are Using Biometrics to Stop Shrinkage](#)

Infographic | [10 Ways Biometrics Are Transforming Retail](#)

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2021-10-29-eat-lets-get-personal-eb-en

PLT-06306

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