



Facial Recognition In Retail Stores: Are Shoppers Ready For It?

Retail stores are planning opt-in facial recognition in return for giving you shopping rewards. Thus, your biometric data as well as your buying history will be available for sale to the highest bidder. When combined with data from other stores, the data-hungry Technocrats will know more about you than you know about yourself. □ TN Editor

The global market for retail biometrics is by all accounts in its early stages, and is significantly fragmented between regions. Retailers in Asia are testing biometric systems for retail payments and customer interaction, while most trials and deployments in North America so far seem to be focused on security. The range of applications is broad enough for biometrics to be a potentially disruptive force for the retail industry worldwide in the foreseeable future.

Amazon [opened](#) its first Go stores, which are partially automated to provide payments without a cashier or self-checkout, to the public at the

beginning of 2018. The company plans to roll out up to 3,000 Go stores by 2021, in a unique divergence from the regional split. [Pay with a smile](#) was launched with Alipay technology at KPRO by KFC stores last year in China, and facial recognition has more recently been applied to controlled retail settings for [trials in Finland and Korea](#)

Other modalities have been tested or trialed for retail payment authentication this year, including Fujitsu [palm vein biometrics](#), and Hitachi [finger vein biometrics](#).

The majority of retail biometrics projects in the U.S. so far, however, are focused on loss prevention and violence prevention, [FaceFirst](#) CEO Peter Trepp tells *Biometric Update*. After more production roll-outs of that application, different ones will eventually follow, he expects, but not right away.

“There is another step though that exists which has more to do with consumer loyalty, and consumer experience, that is not quite as expensive an endeavor, and I think there are lots of folks looking at ways of doing that in a friendly opt-in environment, where privacy is not the cornerstone issue, and consumers are opting into systems that allow them to engage with them,” Trepp says.

[SensibleVision](#) CEO George Brostoff also sees a range of possible uses for facial recognition in stores. “When it comes to retail the applications kind of expand out from traditional authentication,” he said in an interview. SensibleVision is in discussions with businesses in Asia about several different retail applications of its facial recognition technology. Like Trepp, Brostoff sees customer loyalty programs, which inherently involve a customer opt-in, as a logical next step in Western markets like the U.S. and Europe.

[Goode Intelligence](#) Founder and Managing Director Alan Goode also sees potential for customer loyalty programs in those markets to leverage facial recognition in the near future, but suggests a couple of other applications are also likely to emerge in the near future. Age verification, which in some cases is handled on-device with apps produced by providers like Yoti, is a logical next-step for automated self-

check out systems selling age-restricted items like tobacco or alcohol. Likewise, Clear is providing biometric age verification and payments for concessions in Seattle - where the original Amazon Go stores are located - in what Goode identifies as a trend towards hybridization.

“What we’re seeing is immense hybridization going on in terms of payment, ticketing, identity all getting molded into one,” Goode explains to *Biometric Update*.

That hybridization will be one of the drivers of a rapid increase in the adoption of biometric payments, according to a recent [Goode Intelligence report](#), which forecasts 2.6 billion people globally will use biometrics for payments by 2023, when 579 million biometric payment cards will be in use.

Arturo Falck, CEO of startup [Whoo.ai](#), also sees customer loyalty as the next logical step, but he sees privacy concerns coming up even then.

“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,” Falck told *Biometric Update*. “In a way you can see the natural progression. If you remember way back when Gmail first started, we didn’t really think through the fact that pretty soon the advertisements that we were seeing when we were browsing the internet were targeted to us based on the emails that we were sending to each other. And you can imagine how that extends to the real world and how people are nervous about it.”

A recent [survey](#) from the Brookings Institution indicates that half of American consumers have an unfavorable opinion of the use of facial recognition for retail stores to prevent theft, compared to only 27 percent who are favorable of the application. People are more comfortable with the use of the technology in airports, stadiums, and even schools, according to the report.

There are many different ways that lack of comfort could play out, from legal or regulatory barriers all the way to a reversal of attitude among those who currently have negative views of the technology’s use in retail.

“Retailers need to be very careful to have things be both opt-in and not creepy,” Brostoff cautions.

Goode, Trepp, Brostoff, and Falck all believe that as the technology proves its value, and consumers become comfortable with it, different applications will be more easily accepted. Each of the technology company executives finds a comparison with earlier stages of the internet, when certain behaviors that are normal today were considered risky. Trepp recalls when most consumers were uncomfortable entering their credit card information online.

“Those days are gone,” he says. “We trust these companies to do the right thing with this information, and that’s how these companies, like Amazon and others, anybody you do business with online, become big growing companies. They treat their customers’ information correctly, and respectfully, and they respect their privacy.”

The same process of growing trust must be navigated by retailers if they are going to successfully leverage the power of facial biometrics, but Trepp is confident they will do so. “Their incentives are very well aligned with their customers,” he notes.

Falck estimates, based on Whoo.ai’s early projects, that roughly 3 percent of the population is vocally opposed to participating in facial recognition systems, but even more are concerned about the potential loss of privacy from its increasing use. In response, Whoo.ai has developed a consumer application to provide people with information about retail facial recognition use, but control over it. The company plans to attract a network of retailers with not just positive public relations, but another way to connect with customers.

“It is a way for the businesses to turn what could potentially be bad public relations into engagement opportunities,” he explains.

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