

# Consumer Auto ID

## as in “bar codes for my mother”

Everyone who shops (and who doesn't) interacts with bar codes if even to ignore them. They're on everything everywhere yet they're invisible to most people, unless you're a retail checkout clerk. That doesn't mean that bar codes aren't hard at work. They are. It's just that most of us don't reap any of their benefits. Yet.



Barcodes are shorthand for tiny snippets of data that machines and computers read. Bar codes increase accuracy and efficiency because they can be read quickly without error. Business partners all along the production and distribution chain depend on them to save both time and money. To date only manufacturers, distributors, and retailers have directly benefited from bar codes. So far consumers, who are at the very end of the supply chain, are the only ones who haven't enjoyed any of these benefits.

Things are about to change. Bar codes are moving out of the warehouse and appearing in new places, doing innovative things they didn't do before: airline boarding passes, drivers licenses, coupons, etc.

Consumers probably won't create their own bar codes. They will take part in activities that involve a bar coded card or form. The use of bar codes on consumer ID cards is growing. Take a minute and go through your wallet. How many of the cards you carry around with you already have bar codes on them? If you're like most people, more than one or two.

One point needs to be made in no uncertain terms. People will voluntarily give up personal data in exchange for benefits real or perceived. The key is to fully disclose what information is being gathered, how it will be used, and who it will be shared with.

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**What are bar codes? Symbols that encode bits of information that can be scanned, decoded, and acted upon by machines.**

**Why use them? They enable automated processes without human intervention, reduce human error, and when integrated into work processes they can speed things up, save money, and increase efficiency.**

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For example, I didn't get a Safeway Club card for months because I didn't want my shopping habits and patterns stored in a database. Over time, the record of my shopping paints a more and more accurate picture of me as a consumer. One of my fears was that my grocery purchases could be sold to my insurance company. My insurance company might decide that my meat-to-vegetable ratio was too high, putting me at greater risk of coronary disease, and increase my premiums or perhaps cancel my policy.



What made me relent and get a Safeway Club card? When Safeway announced that they had a partnership with United Airlines that awarded frequent flyer miles when I shopped at Safeway. I then gladly surrendered personal data in exchange for a benefit that I perceived to be of value.

Grocery store customer loyalty programs usually hand out bar coded key fobs or plastic cards. Again, the bar code encodes a snippet of data that initiates an automated process. The checkout person at Safeway now knows my name when I swipe my card (and I get frequent flyer miles). Would Safeway have implemented this program without bar codes? Perhaps the bar codes automate the process and makes it more cost-effective for them to offer discounts, tie-ins, etc. As a consumer, this makes me happy.

Bar coded tokens can be the key to customizing and personalizing the retail experience. If the retailer can recognize you, shopping is no longer an anonymous experience but can be tailored to your lifestyle. Amazon does this to its returning shoppers. "There's no use in me pitching you on romance

novels, Mr. Whiting. But there's a real good chance I can persuade you to buy more books similar to the ones you have in the past."

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**Cou'pon** noun - a token, physical or virtual, that attempts to sway consumer behavior.

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The catch is that the more I shop at a given retailer, the more they know about me, the more personal the offers they make me, and the greater my loyalty. Does this mean that one day I'll pay less for the same item compared to the person in the line next to me? Will offers be extended on the fly? "We have too much OJ. Offer 15% off to all regular OJ buyers for the next 24 hours or until the inventory database says that the overstock has been exhausted." This is akin to yield management as practiced by airlines. No reason it shouldn't work for other items too.

As retailers of all kinds strive for greater customer loyalty, something has to be offered to the consumer to make them repeat customers. Some benefit (real or perceived) needs to be offered to keep me from shopping with your competitor. There's no better way to tie me closer to you than to customize my shopping experience. Not to pick on Safeway but there's no use offering me a discount on cat food. I'm allergic to cats. How does Safeway know that? They don't. They do know that I've never purchased cat food, kitty litter, or flea collars. So when the cash register receipt is printed out, there's no reason to print a cents-off offer on the back for cat products. Look at my past history. And the only way Safeway has of referencing my past purchases is to uniquely identify me each and every time I shop there. Hence, their desire to get me to use a bar coded card when I shop.

*Bar codes are small and easy to overlook. Very soon now, their impact on our everyday lives won't be so easy to ignore*

Notice that I purchase one to two six packs of beer every week and you can customize my shopping experience by offering me a discount on my favorite brand or the brand that's offering a promotion that week. Better yet, note that I'm buying beer and offer me an ad hoc coupon good for chips and salsa.

Not to arouse suspicion but Safeway knows when you're having your period (when you buy tampons), how old your kids are (disposable diapers or popsicles), and which holidays you celebrate (candy the last week of October, Easter egg dye or Hannukah candles).

There is a Catch-22 at work: mag stripes have the advantage of a larger installed base of readers. Every ATM reads mag stripes and most checkout lines now feature mag strip readers. Then again, most cash registers have bar code scanners too. The limiting factor is how flexible the software behind the hardware is. Can the cash register read non-UPC bar codes that aren't on items for sale and still make sense of them? Or is it easier to read a magnetic stripe on a card? I'll put my money on bar codes because they're cheaper to produce and can be put on almost anything. Magnetic stripes are more expensive to deploy.

Regardless of which auto ID technology is used, the result can be a more personalized customer interaction. It's then up to the retailer to make that personalized shopping experience work for the consumer. It needs to add value to the transaction for both the seller and the buyer. If you don't make it worth my

while, you run the risk of allowing your competitor to, taking my business away from you in the process.

Pre-paid gift cards are popping up everywhere. They're the new gift certificate. Many of them have bar codes on the back. This allows the retailer to know where and when it was purchased, and where and when it was redeemed.

While many stores offer them, the one from Starbucks may be the one to redefine the genre. The Starbucks card has the added plus of being a stored value card. Load it up with cash and spend it over time. Starbucks will learn more and more about you as you continue to use the card. If they're smart they'll use it as a loyalty card, tying you closer and closer to them.

Put a kiosk up in the store and encourage people to feed it their bar coded membership card. One version of this in use now are bridal registries. The bride-to-be is given a scanner and told to scan the bar codes of items she wants to receive as gifts.



Return the scanner to a kiosk, where the bar codes are downloaded. In a perfect world, the bride would then email this shopping list to her guests right then and there. The same infrastructure could be used in toys stores to email wishlists to grandparents.

If you have a kiosk in your store, use it to direct me to sale items in the store you don't want me to miss. Create timed coupons I have to redeem during this visit. If you're already mailing me a catalog or circular, incorporate bar codes that I bring into the store. The list of possibilities is endless.

Your drivers license is about to take on a new role, especially after Sept. 11th. Approximately 3 dozen states have bar codes on the back of drivers licenses. Eventually all will. What's significant is nature of the bar codes being used. The PDF 417 bar codes on drivers licenses (above) are capable of holding large amounts of data compared to older bar codes (below). One state uses it to hold your thumbprint, another your picture.

There are discussions under way centered on using drivers licenses as national ID cards. Bar codes offer the same efficiencies when you're tracking people as they do when you're tracking packages. The national

debate should focus on who will be using the databases, who will control that access to that data, and the struggle between individual privacy rights and society's need to protect itself. While the bar codes



employed will make the system cheaper and more efficient, the bar codes aren't evil. Let's hope we can say the same about the people behind the system.



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