

The logo features the word "FORRESTER" in a white, serif font, centered within a dark green oval. The oval is set against a dark blue background.

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Identity: The Changing Relationship Between Consumers and Retailers

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A vision of the future



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Theme

Consumers don't care
about privacy

They care about the
abuse of privacy

Airline passengers trade identity for security



Amazon shoppers trade identity for value

The screenshot shows the Amazon.com homepage with a personalized user experience. At the top, the Amazon logo and navigation links (VIEW CART, WISH LIST, YOUR ACCOUNT, HELP) are visible. A navigation bar includes categories like WELCOME, BOOKS, APPAREL & ACCESSORIES, ELECTRONICS, TOYS & GAMES, MUSIC, and BABY. A red box highlights the user's name, James E Crawford, and a personalized message: "Hello, James E Crawford. We have recommended items for you. (If you're not James E Crawford, click here.)". A prominent offer for the Baby Store features a baby's face and a "\$10 off orders of \$99 or more" discount. Below this, a Harry Potter book cover is shown with the text "Just announced! Pre-order *Harry Potter and the Order of the Phoenix* today." A "Jazz Top Sellers on Sale" section offers a 30% discount on classic jazz CDs. On the left, a search bar and a browse menu with categories like "Featured Stores", "Books, Music, DVD", and "Electronics & Office" are present. On the right, a "Gold Box" promotion for Wüsthof knives and a "NEW FOR YOU" section with a personalized message are visible. The bottom right corner shows a "Your Shopping Cart" section with one item and a "Your New Releases" section featuring a book by Elisha Wood.

Amazon shoppers trade identity for value

The screenshot shows the Amazon.com homepage with several red callout boxes highlighting user identity and purchase data:

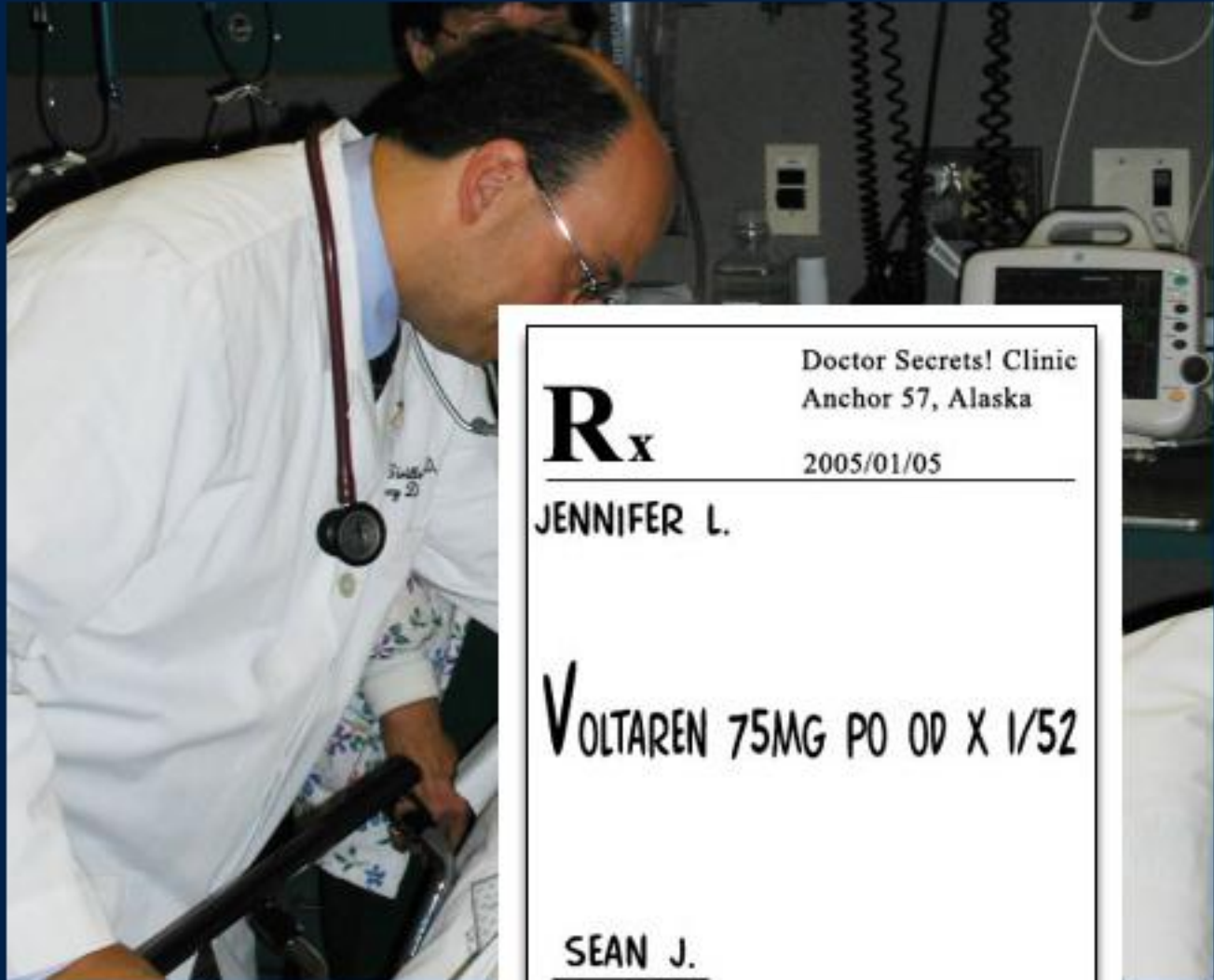
- Top Left:** "Amazon Exclusive!! Order a Segway now! It's only at Amazon" with a Segway icon.
- Top Center:** "amazon.com" logo and navigation links: "VIEW CART", "WISH LIST", "YOUR ACCOUNT", "HELP".
- Top Right:** "Amazon's Gold Box" badge.
- Search Bar:** "SEARCH" section with "All Products" dropdown and a search button.
- Browse Section:** "BROWSE" section with "Featured Stores" (Apparel & Accessories, Office Products) and "Books, Music, Video" categories.
- Personalized Greeting:** "Hello, James E Crawford. We have recommended items for you. (If you're not James E Crawford, click here.)"
- Advertisement:** "\$10 off Baby Store orders of \$99 or more" with a "Save now" button and a baby image.
- Right Sidebar:** "Visit your Gold Box", "Wüsthof Spend \$149, get \$25 off next purchase", "NEW FOR YOU" section with a "James, check out what's great for you. (If you're not James E Crawford, click here.)" callout, "Your Message Center" (You have new messages), "Your Shopping Cart" (You have 1 item in your Shopping Cart), "Your New Releases" (By Director or Actor), and "Elijah Wood in The" (with a book cover).
- Bottom Center:** "James E. Crawford, made \$302.67 Sell your past purchases at Amazon.com today!"
- Bottom Right:** "ny Rollins and Bill Evans Sale."
- Footer:** "Conditions of Use | Privacy Notice © 1996-2003, Amazon.com, Inc. or its affiliates"

Grocery shoppers want to give up more privacy

- 80% of primary grocery shoppers use at least one loyalty card

- 85% of primary grocery shoppers would like to use their loyalty card to get personalized promotions **as they enter the grocery store**

Patients trade identity for third-party marketing



R_x

Doctor Secrets! Clinic
Anchor 57, Alaska

2005/01/05

JENNIFER L.

VOLTAREN 75MG PO OD X 1/52

SEAN J.

Sean J. M.D.

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Agenda

- A virtual tour of tomorrow's store
- Consumer attitudes toward identity
- The future of retail payment

A virtual tour of tomorrow's store

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A virtual tour of tomorrow's store



Store entrance

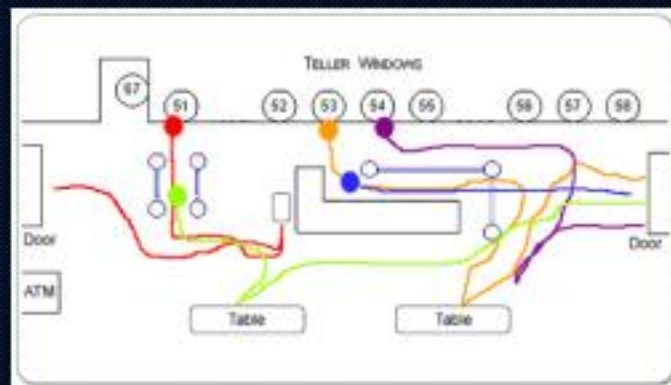
- First and last point of interaction with customer, but used today only to manage product security
- Opportunity to offer loyalty benefits for coming into store – not just for purchase
- Gathers key data for assessment of cross-channel strategies

A virtual tour of tomorrow's store

Footpath tracking



- Provides key merchandising information based on actual customer paths through the store



- Creates additional metrics for marketing effectiveness
- Replaces manual and automated traffic counts

A virtual tour of tomorrow's store

Digital marketing displays



- Media shifts from broadcast to narrowcast



- Devices shift from passive display to interactive response to customer

BORDERS®



A virtual tour of tomorrow's store

Handhelds



Next generation handhelds will be:



Multipurpose

open interface accesses multiple systems
(inventory, price check, product info, etc.)

Multifacing

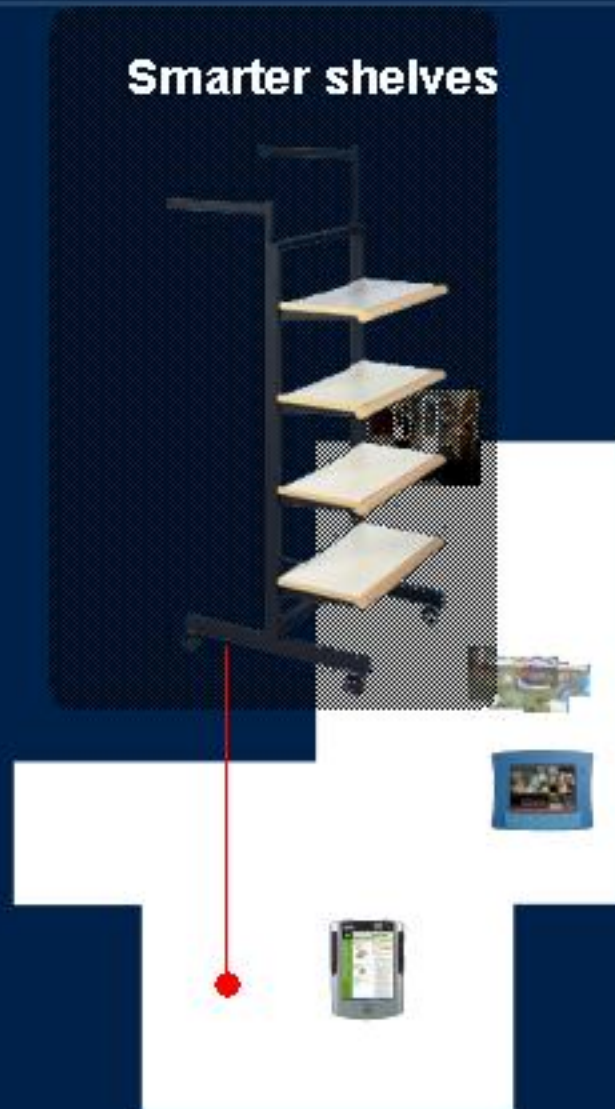
same device offers functionality to
both clerks and customers

Connected to customer devices

stores will use 3rd party networks like cellular
services to connect to customer devices
(but not through store networks)

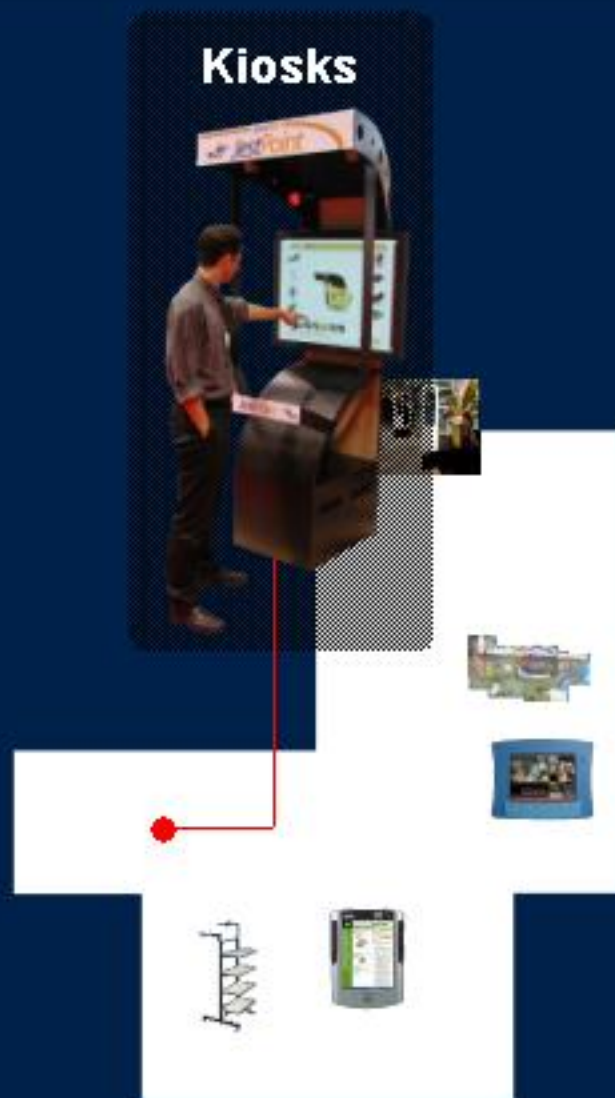
A virtual tour of tomorrow's store

Smarter shelves



- Technology like ESL pays off today in:
 - » Improved pricing compliance
 - » Reduced labor cost
 - » Faster pricing execution
- Key adoption drivers:
 - » Pressure to relax item pricing laws
 - » Affordability: under \$5 per ESL
- New displays at the shelf provide:
 - » Sampling/demonstration capabilities
 - » Additional product information and promotions from manufacturers
 - » Personalized interaction with customers at the point of decision
- New RFID infrastructure enables:
 - » Real-time view of inventory
 - » New opportunities for inventory-based interaction with customers
 - » New potential for vendor-managed inventory

A virtual tour of tomorrow's store



- Task specific hardware
- Relevant functionality
- Consumers shrug at kiosks today
 - » 53% of online shoppers don't think kiosks are valuable

A virtual tour of tomorrow's store

Adoption spectrum

Production	Pilot	Impending	Unlikely
Grocery	Mass merchant	DIY Pharmacy	Apparel Consumer electronics Books/music



- Requires passive, item-level security which is not available with today's technology.
- RFID unlocks the door...
- Drug retailers are piloting self-checkout, but security concerns inhibit rollout
- DIY giant Home Depot announced self-checkout rollout – but slowly
- Key benefits: enhanced convenience for few item shoppers
- All major mass merchants piloting today:



WAL-MART  TARGET

- Adoption roughly parallels focus of each retailer on grocery/CPG: Wal-Mart, Target, K-mart
- Key benefit: reduced labor cost
- In 2002, 25% of grocery stores have self-checkout systems deployed, growing to 50% by 2004 (Food Marketing Institute)
- 61% of primary grocery shoppers are interested in using self-checkout devices (Forrester Research)
- Key benefits: labor savings, shorter queues, increased customer satisfaction

Consumer attitudes toward identity

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Consumer attitudes toward loyalty programs

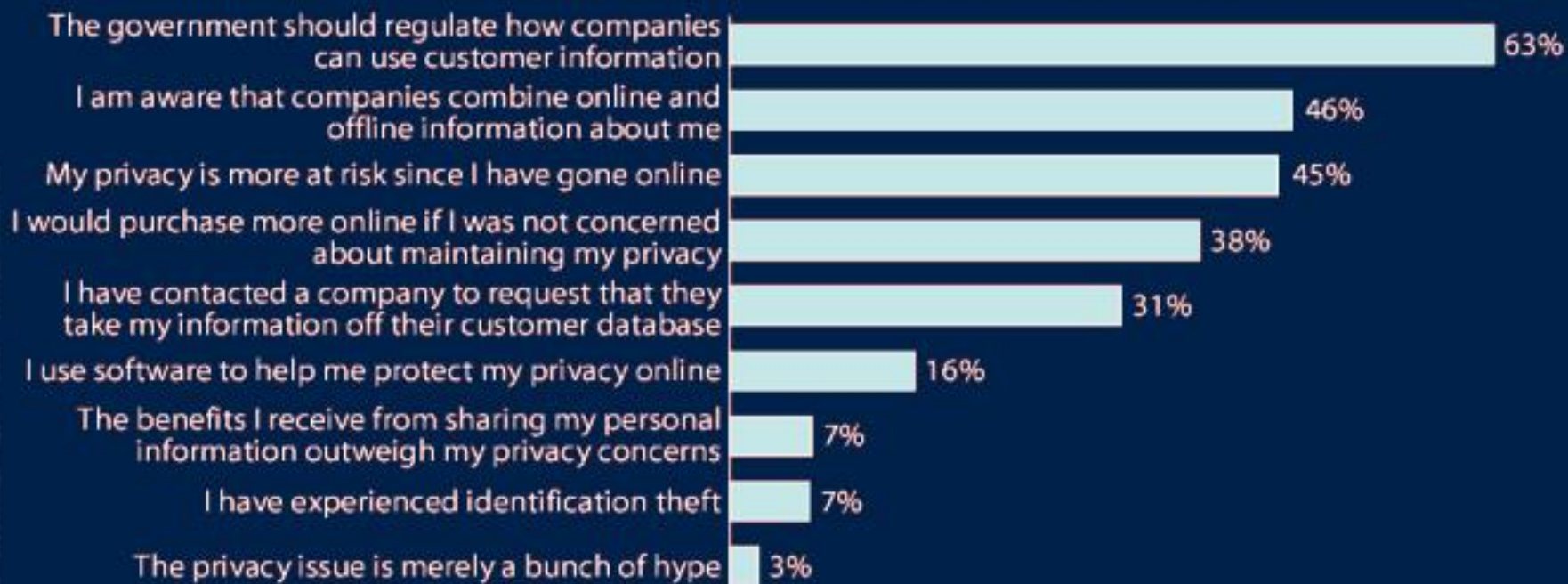
"Which of the following attitudes about frequent shopper programs apply to you?"



Base: US households
(multiple responses accepted)

Consumer attitudes toward privacy

"Which of the following attitudes about privacy apply to you?"



Base: online US households
(multiple responses accepted)

