

http://www.bookofjoe.com/2004/12/there_29_millio.html

The above link will take you to a web page with a commentary and the text of the article published in the Wall Street Journal on December 21, 2004.

Imagine you are the CIO of a major retailer. You see that your competitors are using video mining to analyze customer behavior. Should your company also adopt this tool (video mining)? What are the strategic implications to your company of your competitors' move? What opportunities have been created? Threats?

It doesn't sound like we would have the option not to use video mining as a method for gathering metrics. ShopperTrak's president claims they provide "sales and traffic figures that are identical to the government's, two months before they can issue their report." Failing to adopt this technology allows our competitors to act on marketing data we won't have for two months.

While numerous metrics on customer habits could be gathered through loyalty cards and comprehensive information systems to track sales and inventory, the metrics described in the article, software that tracks what customers look at, are unique to video mining. Store layouts, product displays, traffic flow, and other aspects of running the store would all be informed with these data.

The problem with the technology is customer disapproval. Although the technology is no different than cameras to dissuade shoplifting or loyalty cards to track purchasing habits, customer's don't like being recorded and documented without their consent; however, letting them know they are being surveyed would change their behaviors and possibly cause them to boycott the store. The possibility of the latter outcome is diminished for the fact that, since our competitors are doing the same thing, customers would have few alternatives for shopping. This technology presents a very sticky ethical dilemma with no easy resolution.

If the competitors are using video mining, and, as the article suggests, people are appalled at the notion of being video taped for such purposes, then there is an opportunity here to proliferate some bad publicity for our competitors.

loyalty cards...