

RFID and the Consumer Understanding Their Mindset

Results of a Survey by Capgemini
for the National Retail Federation

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- ***US consumer research findings***
- **Conclusions & Recommendations**

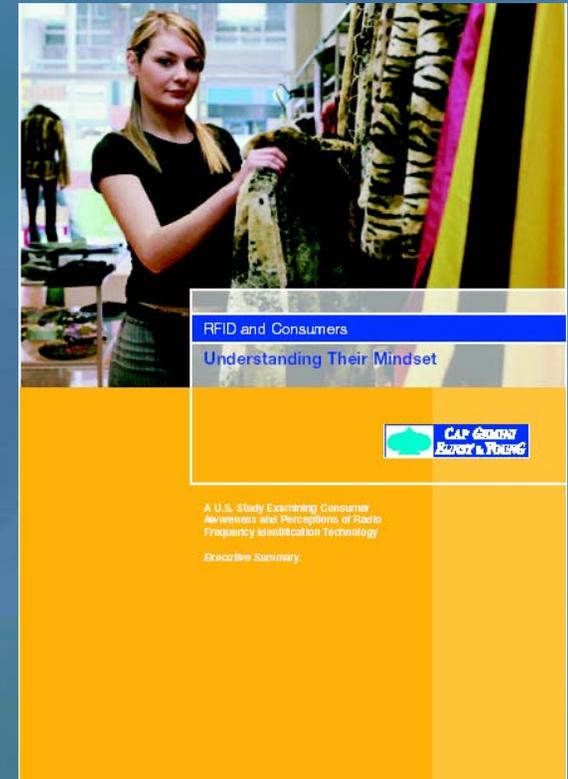
Why Focus On the Consumer?

- So far, much of the focus has been on supply chain or manufacturing process improvements
- The consumer-facing implementations have been somewhat controversial
- But what is the consumer thinking about RFID in general?



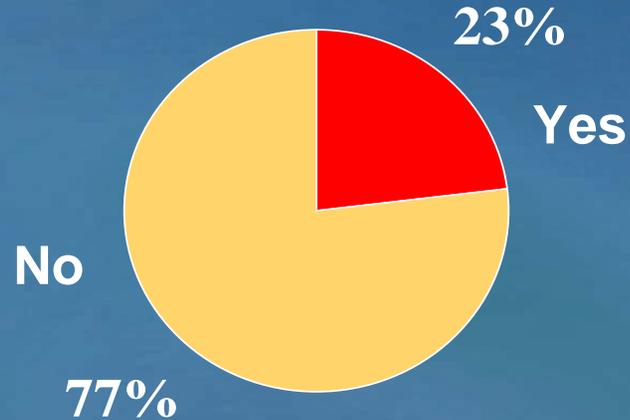
We asked 1,000+ US consumers about RFID ...

- Are they familiar with RFID?
- How do they perceive it?
- Which benefits stemming from RFID are most important to them?
- What concerns them the most?
- What would make them willing to buy RFID-enabled products?



Not many people know about RFID

Have you heard
of RFID?

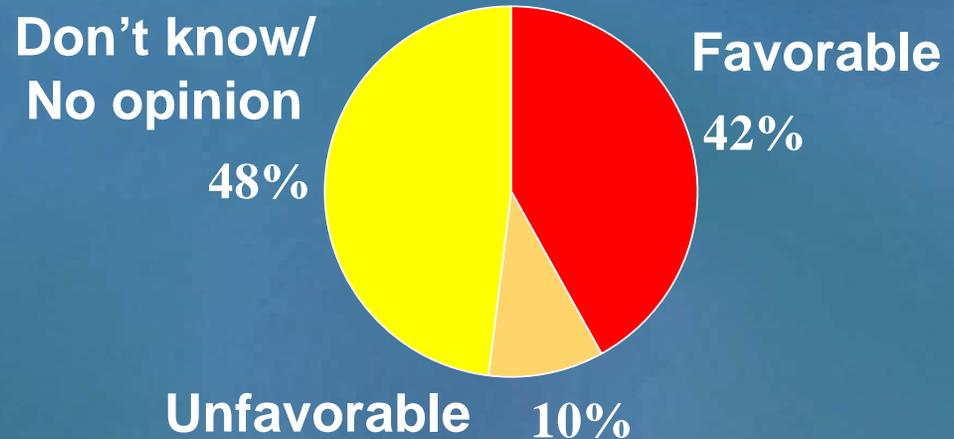


- Those who know about it cut across age groups
- Men tend to have heard of it more than women
- Information comes from a variety of sources:
 - Conversations
 - Publications
 - Television
 - Internet

Source: Capgemini

Consumer perceptions about RFID are not unfavorable

What is your perception of RFID?

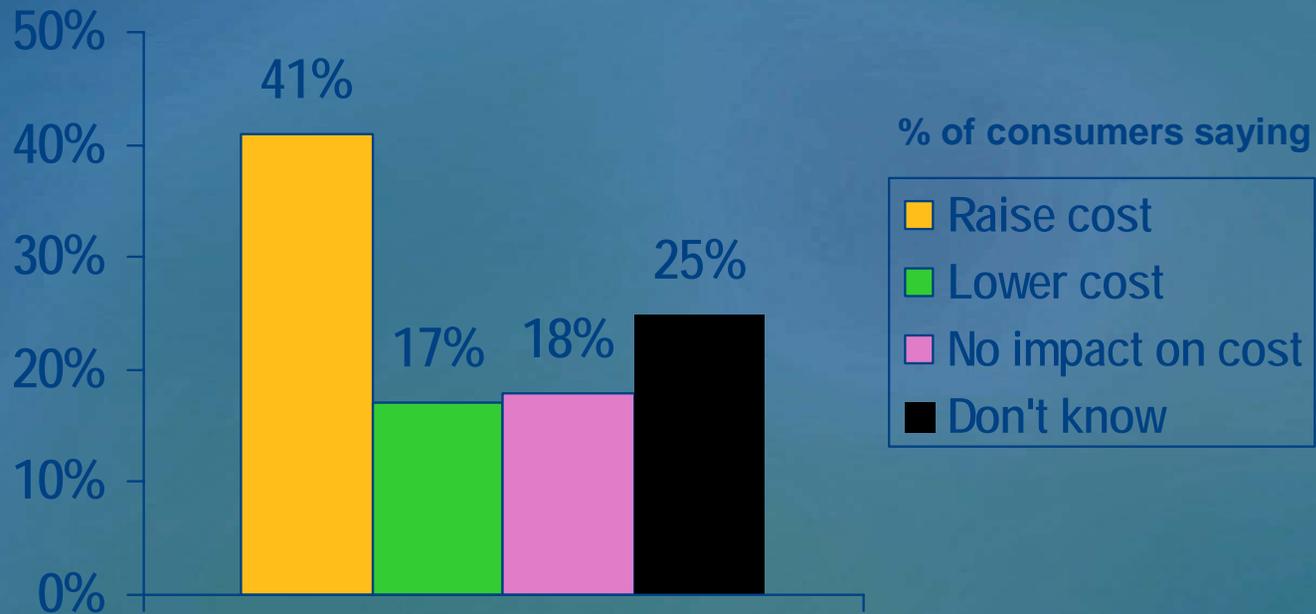


- In contrast to the impression given by some commentators, only 10% of the people who have heard of RFID have an unfavorable perception.
- People are open to talk about the topic and to learn more.

Source: Capgemini

Consumers are concerned about the impact on prices

What will be the impact of RFID on the cost of goods?



Source: Capgemini

Importance of potential benefits from RFID

- High on the list were:

	% saying "extremely important"
• Faster recovery of stolen goods	71%
• Consumer savings due to decreased costs	66%
• Improved security of prescription drugs	65%
• Faster, more reliable recalls	62%
• Improved food safety/ quality	62%
• Improved price accuracy	61%
• Reduced product counterfeiting	56%
- Many of these benefits could be realized before widespread item tagging hits the shop floor!

Source: Cap Gemini

Factors influencing the buying decision:

- “Lower cost, added security”
- “Deter theft or track stolen item”
- “A faster, better shopping experience”
- “Assurance of my privacy and that costs don’t go up”
- “Being shown that it provides a real benefit to me”
- “Convenience, speed of sale, ease of payment”
- “I would have to know much more than I know now”

Source: Capgemini

Consumers have concerns about RFID

Top concerns:

% saying “extremely concerned”

- Consumer data used by third party 69%
- Targeted more with direct marketing 67%
- Tracking of consumers via purchase 65%
- Health issues 56%
- Environmental impact 45%

Source: Capgemini

How RFID compares to other consumer technologies

What will be the impact on privacy from RFID compared with:

	Greater	Greater or equal
• Access-control badges	51%	82%
• Credit cards	50%	76%
• Debit cards	49%	76%
• ATMs	49%	75%
• “Smart” cards	49%	80%
• Frequent shopper cards	47%	81%
• Cell phones	42%	70%
• Camera phones	40%	70%

Source: Capgemini

How to allay consumer privacy concerns

% saying that this would affect their willingness to buy RFID enabled products (multiple answers allowed)

- RFID privacy protection written into law 62%
- Ability to disable tag post-purchase 58%
- Opt-in/opt-out choice 54%
- Clear, understandable labels 53%

Source: Capgemini

The expected / desired timeline for RFID

- Most respondents assumed that RFID tags would be on the products they buy within 5 years
- Only 3% said it would not become reality
- In contrast, 14% would like it not to become a reality

Source: Capgemini

- US consumer research findings
- ***Conclusions & recommendations***

RFID matters to consumers, and they want to know more

- Currently, not many people know about RFID
- They show explicit interest (and concerns) towards RFID
- Communicate with consumers sooner rather than later
- Educate them about:
 - The lack of health issues
 - Physical limitations
 - Legislative efforts
- If the industry does not do it, the task will fall to groups with poor or incomplete understanding and narrower agendas

- Respond to the insecurity felt by the consumer
- Be explicit about the usage of the tags
- Disconnect RFID from the broader privacy debate
- Formulate a clear policy and publish it



The benefits are not just in the future

- Work on benefits that can be realized now, focusing on improvements in the supply chain
 - Reduced counterfeiting
 - More security for drugs
 - Fewer out-of-stocks
 - Faster product recalls
- Gain the trust of the consumer before he finds the tags in the shopping basket



Retailer RFID policy options

