Chapter 10

Give to Get:
An Experimental Study to Explore Information Giving in New Technology–Based Retail

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ABSTRACT

The development of new technologies opens many opportunities for retailers. Nevertheless, the adoption of many such technologies requires retailers to address customers' privacy concerns to encourage them to share information with the firm. Indeed, a large amount of customer information is required before a retailer can exploit the opportunities that new technologies offer. This chapter seeks to help retailers reach this goal by investigating the effects that two variables, which have emerged as relevant in the literature, have on information sharing: trust and compensation (as a form of incentive). The results of two experimental studies focusing on the online setting show the key role that trust plays in increased online information sharing. These results are a starting point for research on the privacy-related issues of new technologies, as the online setting could be perceived as very risky in terms of the invasion of privacy.

INTRODUCTION

The development of information and communication technologies (ICT) has spurred several suggestions for and practical attempts to apply them in a retail setting, both offline (in physical stores) and online. Several goals can be pursued; these afford the possibility to simultaneously increase retail efficiency and effectiveness.

Reducing costs throughout the entire supply chain, as well as at the store level can be achieved

by optimizing processes. These processes could include rolling out radio frequency identification (RFID) in the logistics and warehouse management systems. RFID uses electronic tags to store data on products (Roussos G Kostakos, 2009; Pantano and Naccarano, 2010). The tag – also known as an electronic label, transponder, or code plate – is made up of a chip attached to an antenna. Like bar codes, RFID tags identify items. However, unlike bar codes, which must be in close proximity of and in the scanner's line of site to be read, RFID tags do not require line of sight and can be embedded within packages. Depending on the type of tag and application, RFID tags can be read at various distances. In addition, the reading of RFID-tagged cartons rolling on a conveyer belt is much swifter than the reading of bar-coded boxes, thus increasing efficiency.

Other goals, related to enhancing the customer shopping experience could be establishing an ongoing dialogue with customers and offering richer and customized proposals to make shopping more informed, convenient, pleasant, and exciting. Examples of such proposals are: user-friendly interfaces that provide detailed, updated, and targeted information on the product assortment and promotions, as well as personal digital assistants.

One of the most advanced and extended experimental applications of the emerging technologies in retail is the well-known Metro Group future store initiative. This initiative involves cooperation with consumer goods manufacturers, IT specialists, and service providers. Among other in-store innovations, the personal shopping assistant (PSA[1]) was tested early on, followed more recently by the mobile shopping assistant (MSA). Thanks to a software platform, the MSA (Pantano and Naccarano, 2010) offers customized services on mobile phones, which have become customers' permanent companions. A shopping list can be created prior to or during the store visit; it can be updated by simply scanning the product bar code on the item with an autofocus camera on the mobile phone. Detailed information about a product

and its price can then be accessed at any time. Automatic item scanning and help with finding the store products are also available. Customers can also pay by wireless. Additional services are being developed: for example, a coaching program that helps one adhere to a specific diet.

Experimental applications can also be found in the non-grocery sector. In the fashion industry, for instance, many possibilities are available. These take the form of a personalizing interaction with individual customers when they enter the store (e.g., with a personalized welcome); the prompting of cross-selling by suggesting complements to a primary purchase (e.g., RFID loyalty cards provide sales personnel with customer insights); entertaining and informing customers about the brand philosophy and the in-store product selection (e.g., through large-screen walls or electronic communication); and enhancing the store visit and post-shopping experience by exploiting emotional and social aspects (besides functional ones). Additional examples are digital mirrors that allow customers to view themselves wearing a certain garment or accessory and to compare different total looks without having to actually try on the garments; sending pictures and messages through MMS to relatives and friends asking their opinion about a potential purchase; fingerprint technology that allows automated bill generation for hassle-free payment; and the creation of exclusive communities.

All these innovations do, however, require significant investments. Before deciding if and how to experiment with advanced technology applications, retailers can analyze the technical, economic, and cultural feasibility. The latter is important as many of the proposed or experimental solutions may trigger customers or prospects' privacy concerns. Indeed, to benefit from most of these solutions, customers must first register and disclose personal information, or consent to having their behavior tracked.

This chapter seeks to help retailers understand how to enhance information disclosure from their

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