

Big Brother is watching you...

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Summary

An increasingly sophisticated approach to marketing consumer goods has implications for ethics in research and for our right to privacy. Modern retailing uses sophisticated technology to observe the shopping process at a level of detail greater than ever before possible. Many marketing innovations seem designed to influence people's choices on a preconscious level. Is this something we should accept, as modern, enlightened consumers, or are we drifting towards an Orwellian society where our every move is watched?

Keywords: market research, point of purchase marketing, ethics, information, privacy

Introduction

Supermarkets have rightly been described as the "...most successful form of retailing ever devised" (Guardian, 1996, 2). Part of the reason for this success comes from their ability to offer us a huge range of products at low prices. However, they operate in a highly competitive sector, and the leading players are keen to get even the slightest form of advantage they can over their competitors. One source of advantage comes from a very fundamental aspect of marketing - *merchandising*. In everyday English, merchandising refers to the selling of a product. More formally, merchandising refers to activities:

"...which aim to generate customer's interest in the product or service... The purpose of merchandising is to bring product and customer into the closest possible proximity in order that the attributes of the merchandise may become fully apparent and, in so doing, sell themselves" (Elvy, 1972: 175).

Within the context of retail stores and supermarkets, a particular form of merchandising – 'point of purchase' (POP) marketing – is increasingly influential in determining the success (or otherwise) of particular products, or even stores. The reason for this is that there is a growing trend for people's decisions about what they buy to be unplanned, or to be made on an impulse. Rather than making a list, many shoppers are more likely to choose what they buy whilst they

are actually in a store – in other words, at the point of purchase (Phillips and Cox, 1998). Although advertising plays a big part in marketing products, for supermarkets the ability to influence choice once people are actually inside a store has become more and more important. This is the challenge of marketing at the POP.

In its simplest form, POP marketing can involve redesigning displays within a store or adding more prominent signs in an effort to boost the sales of a particular brand. Alternative strategies are to introduce promotional pricing initiatives such as the ever popular BOGOF (buy one get one free) deals. More recent innovations include allying pricing strategies to 'loyalty' card schemes. In one sense, initiatives such as these are as old as marketing itself, but the use of new technology has meant that retail stores, and the market research industry have more efficient and powerful ways of evaluating the effectiveness of their POP marketing techniques. In this case, we will look at two ways in which supermarkets and market research agencies gather information on consumer behaviour, and explore the ethical issues that these forms of research raise. The first of these, camera-based observational research, involves monitoring consumers' behaviour as they go through a store. The second, the use of 'eye-mark' technology again involves the use of cameras, but these are mounted in headsets which test shoppers wear. This eye-mark technology uses a laser to track the movement of the pupil, and record the time that shoppers focus on visual stimuli.

Empirical research suggests that many of the decisions people make in a shopping environment are impulsive, or unplanned (Phillips and Cox, 1998). With some types of product, impulsive buying accounts for the majority of sales. This presents a challenge for researchers because they are interested in *behavioural outcomes* (i.e. whether somebody will actually buy something). However, because many of these purchases are impulsive and unplanned, asking people to *predict* what they will do is not a reliable way to find out information about the effectiveness of merchandising. Also, again because these purchases are impulsive and unplanned, asking for an explanation *after* the event may often result in a rationalisation for their choice, rather than the genuine 'reason'. We know this because other research has shown that people try to provide reasonable-sounding explanations for their actions if they are asked about them. This seems to be a common human trait. It may be because we like to maintain an own image of ourselves as consistent and logical, but it is also likely that asking someone to give an explanation (as market researchers frequently do), means they will try to construct something that sounds reasonable. All these factors lend an impetus to research that is based on *watching* what people actually do, rather than *asking* them about it, in other words using observational

techniques instead of questionnaires and interviews. Dodd et al, writing about the field of market research state that, "... there is a clear need to obtain closer insight through direct observation of individual and group customer behaviour..." (Dodd, Clarke and Kirkup, 1998). Only by actually observing what people do can market researchers gain more insight into these impulsive purchases. This quest for greater insight is fuelled by commercial pressures and its parameters are defined by a highly competitive sector. For supermarkets, the measure of success is their ability to persuade people to spend money.

Camera based observational research

Video footage may be used to monitor the overall flow of customers through a store (and to identify frequently visited parts of the store that are 'hotspots', where the sales might be expected to be larger). Video footage can also be used to look more selectively at the effect of changing the way a particular brand is displayed. Often, within stores that carry out observational research (or commission market research agencies to carry it out), customers are informed by a sign placed at the entrance of the store that filming is taking place. Where observational research is combined with interviewing, those customers who agree to be interviewed, may also be asked for their consent to have been filmed. However, in practice people are often assumed to be consenting to participate if they do not actively object and in many instances, to all intents and purposes, people are filmed and observed covertly. Many people may simply not notice signs at the entrance. Sometimes camera observation may be justified in terms of security. This may seem reasonable if we consider that CCTV surveillance is used to monitor or reduce crime in many high streets. In the same way, within stores, cameras may be said to bring enhanced security benefits, which can reduce theft and improve staff / customer safety (Carrigan and Kirkup, 2001). Even so, it is certainly the case that cameras have become more commonplace and there may be little indication that our behaviour in a retail store is being recorded. Additionally, although the market research society (MRS) does have codes of conduct that relate to all market research, and that are widely followed within the industry, these do not have the same status as laws because they are in principle voluntary and self-regulated. As Mellahi and Wood indicate (2003: 134), "...a code of conduct that is unilaterally drafted by the affected industry is likely to lack legitimacy, and be ineffective." This could be a cause for concern since camera based technologies are not adequately covered by current legislation and at present, "...there is no regulatory framework to monitor the collection, storage and use of information gathered from surveillance cameras; no law of privacy to prevent the broadcast of video footage without the subject's consent" (Carrigan

and Kirkup, 2001). This means for example, that there is no law to stop data ostensibly recorded to enhance security and safety being analysed for other reasons. A further cause for concern is that innovation and developments in new technology can expose shortcomings in legislation, or codes of conduct (consider for example, the current debate on cloning animals). All these issues have implications for our right to privacy.

Eye-mark technology

As mentioned above, eye-mark recorders are small headsets, with cameras mounted in them. Their aim is to track in the movement of the pupil, which is done by reflecting a laser onto the back of the eye via a see-through 'lens'. Subjects (who are volunteers, and who are normally paid) look through the lens and the mounted camera records what they are looking at. When this footage is played back and analysed on video, a black dot represents the exact point where the eye is focusing. By studying the positioning and length of time that the black dot is stationary, researchers can identify visual stimuli that attract and hold interest – i.e. points of fixation. For example, research has found that people spend up to four times longer looking at a more famous brand than they do looking at a less famous brand (Phillips and Cox, 1998). The number of fixations, and the average length of time spent looking at a particular display, is a measure of how interesting it is, and in turn suggests the likelihood of it influencing an impulse purchase, or at least of being noticed by consumers. In turn, this provides a measure of the effectiveness of any changes to the point of purchase (POP) marketing strategy, or to the effectiveness of changes to product design.

What is interesting about this form of technology, is that it collects data about stimulation and attention at a preconscious level. Although researchers will be able to tell which parts of a display the subject found most interesting, the person wearing the eye mark recorder will not have the same level of insight, because much of this arousal is not fully conscious. In this sense, although subjects voluntarily participate, this technology could actually be said to be more invasive than the 'traditional' camera-based observational research. Although one would expect to know which products one actually bought, one may not realise just how long a product range, or display held one's attention and interest. However, because researchers can measure the amount of time one spends looking at particular features, this suggests that they have access to a level of information beyond that which the shopper themselves has.

Ethical implications

For both these forms of research, the rationale is to find out more about the shopping process, in order to boost sales. There is nothing new in this underlying goal, but new technology does raise a number of ethical concerns, particularly when we consider the capability of large retail stores to subtly influence, and even manipulate our choices. Allied to these innovations in research is a range of increasingly sophisticated measures which retail stores undertake in pursuit of profit. For example, stores also collect and analyse other information on their customers, making use of sophisticated databases which track purchasing habits. These can then be used as the basis of direct marketing, or to target particular groups of consumers, for example Tesco segments customers into 'lifestages': young adults, older families, young families, older adults, over 60s and students (IGD, 2002). Many large supermarkets use artificial smells to heighten sensitivity and arousal, for example piping the smell of freshly baked bread through parts of the store. Stores use music and lighting to similar effect, and there is a whole area of research devoted to the effects of such initiatives - 'store atmospherics'. The Guardian (1996, 2) describes the overall effect of this approach as one where,

"The superstore reduces you to a state of mild sedation, then manipulates your every move. It even decides what your impulse buys are going to be."

Advocates of these technologies could point to a number of reasons why their use was justified:

- If these technologies do help to boost sales, then surely they are just another part of trying to do good business (and earn money for shareholders)? This enables supermarkets to keep prices low and at the same time offer us such a range of products.
- If these technologies give us greater insight into human nature, then they advance knowledge, which is the goal of all academic research. They may even shed light on ways in which unethical practices can be avoided.
- The retailers could argue that the use of these technologies is not illegal and that if their competitors are going to benefit from them, it would be commercial suicide not to do the same.
- A related point is that they could claim to be simply refining and constantly improving the way they sell things by looking at how people actually shop. This could help to make the task of shopping more fun, and more straightforward.

- People are ultimately responsible to themselves for what they choose to put in their trolleys and for what they eat. It is unreasonable to blame retailers for offering choice and selling what people actually want.
- Finally, they could argue that these technologies do not represent a complete break with the past, but they simply offer a more effective way of finding out the kind of information the store keepers have always been interested in.

On the other hand, they raise a number of ethical concerns:

- Perhaps the most obvious concern is the issue of privacy, and whether we as individuals have the right to privacy in a democracy. Why should we be filmed and studied unless we actively give consent?
- As with any form of information, there are issues as to how the information is regulated and used. Surely it is a problem if some cameras record our behaviour for 'security', but this information is later used for other purposes?
- Since these technologies explore impulsive and preconscious behaviour, they raise serious concerns not just about invasion of privacy, but also manipulation of individuals for commercial gain.
- If stores are able to influence our impulsive choices, how do we know that this will actually be to our benefit – for example, doesn't this mean retailers will be able to market products that are actually bad for us, if it results in commercial gain for their shareholders?

Discussion Topics

1. Evaluate the arguments for and against the use of these technologies. Which do you think are most compelling and why?
2. Do we have a right to privacy? Should we have the same rights in a retail store as anywhere else?
3. Rights are correlated with duties. What duties do you think a market researcher, or retail store has in relation to information gained in this way? Is it enough to say they are doing their duty if they do not break any laws?

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Further Reading

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There are some more resources on www.kevinmorrell.org.uk

Tutor's notes

1. Evaluate the arguments for and against the use of these technologies. Which do you think are most compelling and why?

Perhaps the most straightforward way to see this is to use the contrast between the stakeholder / stockholder views of what a firm should do (see suggested readings from Chryssides and Kaler in the further reading). On the stakeholder view, we would argue that although supermarkets are responsible to their shareholders, if they are to be said to act ethically, then they also have a responsibility to other stakeholders, who include consumers. On the stockholder view (à la Milton Friedman), we would argue that the only responsibility businesses have is to make money for their shareholders. The rest is for charities and governments. Here are some brief notes on the arguments pro and anti. They are in the order listed above:

The Pros

...just another part of trying to do good business... Kant's categorical imperative could come into the discussion here (and elsewhere) – people should be ends in themselves, never a means to an end. Doing 'good' business is ambiguous (maybe the start point for a discussion on Virtue ethics) – is the only measure of what is good sustainable profits, or does good business mean more than making money?

...they advance knowledge... this isn't academic research though and it is not carried out to the same ethical standards, it's to make money + ends don't justify means (Kant again)

...the use of these technologies is not illegal... legal isn't the same as ethical, 'everybody else is doing it, why can't we' is the standard argument of drug pushers and industrial spies

...simply refining and constantly improving the way they sell things by looking at how people actually shop... They also *construct* the shopping process, they don't simply watch it. A large part of selling is to convince people of what they 'want'.

...People are ultimately responsible to themselves for what they choose to put in their trolleys and for what they eat... cf Tobacco sellers, off licences

...simply offer a more effective way of finding out the kind of information the store keepers have always been interested in... this is very different from Mrs Miggins at the pie shop seeing whether the steak and mushrooms are doing well today!

The Antis

...the issue of privacy [and] consent... Can everyone have privacy 'in a democracy'? How is it defined for different individuals? If I ask you the time am I invading your privacy? Should this right come above all else? A problem with rights is that they can conflict with other rights, or duties. For example, what about the threat of terrorism and the duty of the state to protect its citizens? Whether consent can be said to be *informed* is also interesting – contestants on reality TV shows might give consent without being aware of the full implications of such consent. See also Velasquez, ch 6.6 in the further reading on 'privacy'.

...how the information is regulated and used... This has wide ranging implications too. An example of this concern costing a company dearly is British Airways' implementing an electronic swipe card time-keeping system in 2003 in preference to a signing-in and out procedure. Staff were concerned about how the information from this system would be used and went on a walk out strike ruining many people's holidays and costing BA millions.

...manipulation of individuals for commercial gain... This is an enduring concern in a capitalist society. Where would advertising / sales and related industries be if this were actually ruled out? Is it not possible to conceive of exchange as mutual benefit?

...retailers will be able to market products that are actually bad for us... The arguments above apply here, but consider also whether we have the right to choose – we can always shop somewhere else.

2. Do we have a right to privacy? Should we have the same rights in a retail store as anywhere else?

This is an interesting question. In one sense, we might expect that being in someone else's store means we accept that there are more constraints on our behaviour. For example, most people do not consider that they have the right to walk around naked in public, though they would feel they have that right at home. On the other hand it is uncomfortable to consider that we may be relinquishing fairly fundamental rights and liberties simply by walking into a high street store. Some regimes in the past have felt that individual's

rights are secondary to the state, and have incorporated a staggering amount of surveillance into state machinery. It might be interesting to explore whether capitalism as an ideology is potentially as damaging to civil liberties as totalitarian regimes, such as Stalinist Russia, or the nightmare world envisaged in Orwell's 1984. If pursuit of profit and the freedom of the markets are enshrined as social facts, it is possible to see how this could jeopardise the basic rights of individuals.

3. Rights are correlated with duties. What duties do you think a market researcher, or retail store has in relation to information gained in this way? Is it enough to say that they are doing their duty if they do not break any laws?

If we have a right to privacy, other parties have a duty to respect that right and to avoid infringing it. Though there are no laws in place to govern this data, one would anticipate that giving consent was a critical consideration in determining whether gathering data was ethical. Though some types of research necessarily involve covert observation, where consent isn't sought (some forms of ethnography + investigative journalism and police work for example) it seems harder to justify this if it is for purely commercial reasons.

Revisiting the stakeholder / stockholder views, a stakeholder view suggests there is more to doing business responsibly than simply not breaking the law (because you need to consider the picture in the round). On the stockholder view, if you avoid breaking the law, then that is good enough, because the laws of the state and commercial pressures are the only things that define the 'rules of the game'. One way to see this is to contrast between the illegal, the lawful and unethical, and the ethical. Perhaps some abuses of information are lawful and unethical.