

# New Rules of the Game

Technology has transformed the relationship between buyers and sellers, but privacy advocates and businesspeople act as if the old rules still apply.

By Mark Roberti

March 8, 2004—I said last week that I thought there was a great deal of naiveté on the part of both privacy advocates and some businesspeople when it comes to RFID and privacy. Many members on both sides of the debate are operating under the premise that companies will be able to get away with using RFID data to track individuals without their consent. Let me explain why that's highly unlikely.

The relationship between buyers and sellers has evolved over the past 10 years. The Internet has given consumers power they never had before, by providing them with access to more information about the products they buy and access to a greater variety of products than ever before (a competitor's product is now always just a few mouse clicks away). And thanks to the Internet, consumer advocates and special interest groups have a convenient and low-cost way to get their messages to their constituents. That means they can easily focus a harsh light on companies that use RFID technology in ways that harm consumers.

At a recent seminar on consumer rights hosted by the Federal Reserve Bank of Boston, I put up a slide that said: "Companies that abuse consumer privacy or break the law will have no where to hide. They will pay a huge economic price." Katherine Albrecht, founder of [Consumers Against Supermarket Privacy Invasion and Numbering](#), responded by saying that Wal-Mart and Procter & Gamble had done a secret test using RFID in a store and no one would have known had it not been for her.

Of course, she proved my point perfectly. Here was a small, internal test involving a few thousand packages of lipstick. The system was not connected to any back-end database and no data was being collected on consumers. Yet, someone inside the company alerted Albrecht, and she, in turn, was able to inform tens of thousands—maybe millions—of people, via the Internet. The story was picked up in several newspapers and on many Web sites around the world. A decade ago, if the test were even considered newsworthy, it never would have gotten beyond the local newspaper.

Given that this small test, in which no one's privacy was abused, made international news, does anyone really believe that a company such as Wal-Mart or Procter & Gamble could embed RFID tags in millions of items, gather data on consumers without their knowledge and no one would find out?

If you don't believe me when I say the world is different now, take a look at recent history. When a press release by an RFID company indicated that Benetton planned to put RFID tags in clothes, CASPIAN and other privacy groups called for a boycott of the Italian retailer. Benetton wasn't planning on using RFID to track anyone, but the company has been very quiet about its RFID plans ever since. And more recently, Metro agreed to take the RFID tag out of the loyalty cards at its Future Store after a CASPIAN-inspired protest. CASPIAN can influence some of the largest companies on earth, and without the Internet, CASPIAN wouldn't exist.

The fact is, people are sensitive to privacy issues and have deep-seated concerns about the potential abuses of RFID technology. Evidence of that is everywhere. U.S. legislators didn't make a peep when the government required GPS transmitters in cell phones, which can be used to track the location of anyone using a cell phone. Yet they have jumped all over RFID, even though the technology is not in any consumer items yet.

But the businesspeople who oppose strong self-regulation of the use of RFID technology are ignoring the signs. They fail to grasp the depths of consumers' concerns or to understand that consumers do not trust them to respect their privacy. Right or wrong, companies that use RFID are assumed by the public to be guilty of wanting to invade their customers' privacy and must prove to their customers that they are acting responsibly. I believe most companies will. In the end, no businessperson wants to lose a customer. No CEO wants to see the company's brand tarnished or its stock price take a hit over bad publicity.

Opponents of RFID also don't get it. I often get angry e-mails from people all riled up by CASPIAN and other groups who are convinced RFID will be used to invade their privacy. They ask me how I can be so sure that businesses won't abuse people's privacy. I tell them I am sure because businesses only do things that will increase their revenue. I know there will be RFID-driven marketing plans and ways to capitalize on RFID data that I haven't thought of yet. But companies are not going to go around surreptitiously spying on their customers because if they do, the only revenue they will increase will be that of their competitors. CASPIAN and other groups that take advantage of the Internet will make sure of that.

*Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below.*

[RFID Journal Home](#)

Copyright ©2005 RFID Journal, Inc. All Rights Reserved