Amazon Knows Who You Are

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SEATTLE -- Amazon.com has one potentially big advantage over its rival online retailers: It knows things about you that you may not know yourself.

Though plenty of companies have detailed systems for tracking customer habits, both critics and boosters say Amazon is the trailblazer, having collected information longer and used it more proactively. It even received a patent recently on technology aimed at tracking information about the people for whom its customers buy gifts.

Amazon sees such data gathering as the best way to keep customers happy and loyal, a relationship-building technique that analysts consider potentially crucial to besting other online competitors.

"In general, we collect as much information as possible such that we can provide you with the best feedback," said Werner Vogels, Amazon's chief technology officer.

But some privacy advocates believe Amazon is getting dangerously close to becoming Big Brother with your credit card number.

"They are constantly finding new ways to exploit personal information," said Chris Hoofnagle of the Electronic Privacy Information Center, an Amazon nemesis since 2000 after the company changed its privacy policy to allow sharing of personal information with companies it buys or partners with.

For years, Amazon has collected detailed information about what its customers buy, considered buying, browsed for but never bought, recommended to others or even wished someone would buy them. It has built ever-more sophisticated tools to recommend more purchases, direct your searches toward products it thinks you're most likely to want, or even stop the forgetful among us from buying the same book we purchased five years ago.

For example, a customer who buys the movie *Lost In Translation* might also be prodded to buy *21 Grams* or *Kill Bill, Vol. 1* because others have made similar purchases. And customers who searched several times for a Laurie R. King mystery novel might find a book by her the next time they visit Amazon's home page.

More recently, the Seattle virtual retailer has launched a web search engine, called A9, that can remember everything you've ever searched for -- and the site reserves the right to share that information with its retailing arm.

Amazon also funds a website called 43 Things. It seeks to link people with similar goals, such as getting out of debt.

Technology that can accurately anticipate a customer's greatest desires is going to be crucial in the growing competition with internet-based upstarts and traditional retailers moving online, said analyst David Garrity with Caris and Co.

"One would argue that this is the basis on which a great relationship with a customer was founded," Garrity said. "If only our significant others were like this."
But Amazon must build that relationship without alienating the customer. As customer tracking gets more detailed, Garrity said Amazon and other companies should start asking customers for permission to gather certain information.

To some privacy experts, Amazon has already crossed the line. Most recently, Amazon tangled with privacy advocates over a patent on technology that aims to track a shopper's gift-giving habits, including the recipient's age and preferences.

Karen Coyle, a member of Computer Professionals for Social Responsibility, worries that the technology would be used to gather information on children, perhaps violating a federal law that limits the gathering of information on kids under 13.

Amazon spokesman Craig Berman says the company hasn't yet used the technology, and he insisted it would not violate those federal guidelines.

Coyle said some privacy-minded users also might be turned off by the A9 search engine. Although such personalization would improve the quality of search results, Coyle said she would be uncomfortable with a commercial business keeping that data. Analyst Mark Mahaney with American Technology Research questions whether A9 is worth the hefty investment.

A9 ranked 41st in popularity among search engines in February, according to Nielsen/Net Ratings, attracting only a fraction of visitors to Google or Yahoo.

"It's a little more of a stretch to me as to why investors should be excited about that," Mahaney said. "Isn't that a little crowded space?"

Udi Manber, A9's chief executive, says the idea behind A9 is to improve search, both on Amazon and in general. A9 is adding some Amazon functions, such as reviews and recommendations, to a system that searches the Yellow Pages.

But Manber said A9 has no current plans to link customers' web searches with their Amazon shopping habits, even though data from both sites are stored using the same customer log-in.

Amazon's backing of 43 Things potentially gives it an opening into social networking. At the site, people list personal goals and find out who else shares their ambitions.

Many companies, including Yahoo, Microsoft and Google, also are investing in community-building technology, and Garrity said Amazon has a clear interest in cultivating that same feeling around its sales site. But for now, it's unclear how 43 Things might eventually relate to Amazon's grander plans -- Berman said it's too early to speculate on such things.

Even some of Amazon's biggest foes say customer tracking can make shopping more convenient. Despite the benefits, however, government-backed restraints are needed as technology gets smarter, said Jason Catlett of the privacy advocacy group Junkbusters.

"People need legal rights to see the profiles that are built about them and to change or delete what they want," Catlett said.