Discipline and Reward

The Surveillance of Consumers through Loyalty Cards

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Abstract: This article focuses on the most predominant modality of contemporary surveillance – the surveillance of consumers, which tends to be hidden behind state surveillance. It presents empirical research done on the four major retail stores in Switzerland and their loyalty systems. After a theoretical discussion on surveillance and an introduction to the practices of relationship marketing and data mining, the article provides a short history of the companies and their loyalty programs. Then, the results of the study are discussed as well as the relevance of the theories on surveillance in order to shed light on a change in surveillance practices that increasingly rely on the monitoring of consumption.

This article's aim is to shed light on one of the most predominant modalities of contemporary surveillance: the surveillance of consumers, a form of surveillance often forgotten in favor of state surveillance. It builds on data I collected from 2007 to 2009 in the context of my doctoral research on the four major retail companies in Switzerland and their loyalty systems.[1] Over 160 hours of field observations were made in the retail stores, in various settings. I observed from behind the cashiers how employees ask customers to show their loyalty cards and how they try to convince them to sign up for one. At customer service desks and points of purchase, I also investigated the type of access employees have to the customer database and the ways in which they make use of it to provide personalized services. Semi-directive interviews were further conducted with managers in charge of a loyalty program, a store, marketing or in charge of employee training (14 interviews); with employees (nine in-depth interviews and 57 short interviews collected during the field observations) and with customers (108 interviews) of the four studied stores, including card owners and non-owners.

For almost two decades, these companies have been providing consumers with cards equipped with personalized barcodes which are scanned at every purchase. This enables companies to create individualized consumption profiles and to send out specific offers. Of Switzerland's two biggest stores both have more than 2.5 million cards in use on a daily basis, which represents more than 70 percent of households. Consequently, given these companies factually

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* I would like to acknowledge Christoph Conrad and Sven Reichardt who kindly invited my work to be part of this issue.
1 Sami Coll, Surveiller et récompenser. Les cartes de fidélité qui nous gouvernent, Zürich 2015. All French references in this text were translated by Sami Coll.

have more detailed knowledge about Swiss citizens than the government does,[2] their surveillance practice should be of prime interest for those seeking to understand the key surveillance issues that have been emerging for a couple of decades.

The first section of this article has the theoretical aim to discuss the relevance of the panopticon as a concept, which remains widely used in the field of surveillance studies. Rather than getting rid of it, as most specialized scholars suggest doing, I argue that although it has some shortcomings, it nonetheless deserves some attention. This discussion will lead to another on what has perhaps become the most cited concept in surveillance studies: the surveillance assemblage. This notion, although it might provide a broader view than the panopticon, turns out to be less precise and less fruitful when it comes to analyzing the specifics of consumer surveillance. I will then suggest an approach that takes into account the consumers themselves through the concept of biopower which allows for a theorization of their transparency.

In the second section, the article provides a short history of marketing that will be helpful for understanding why loyalty cards became personalized and identifiable in the late 1990s. It includes a short introduction to current relationship marketing techniques and to the most common technologies of data mining used by retail companies.

Then, the third section develops a succinct history of the four biggest retail companies in Switzerland as well as a history of their loyalty programs, from their origins as "discount stamps" in the 1930s or as "purchase diaries" in the 1950s, to the millions of digitally monitored cards that are scanned every day today.

In the fourth section, I argue that even though this large monitoring system of consumers deserves proper analysis, no company can simply be considered as a central "surveillant" at the centre of millions of consumers. The enterprises are, in fact, overwhelmed by the sum of data they collect. They are also having a hard time trying to make sense of these data and convincing their managers that it is worthwhile making use of them.

Finally, in the conclusion I will apply the concepts developed in the first section to the case of loyalty cards: I argue that loyalty programs deserve to be studied closely, with a careful choice of concepts, so as to allow for a better understanding of the major issues surrounding contemporary surveillance. This is especially crucial at the present time, when big corporations, including retail companies, show sustained interest in the promises of big data technologies.

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2 Assuming such data are not captured by governmental agencies, as Edward Snowden's revelations established regarding the USA.

I. The Panopticon and Beyond

The model of the panopticon, as Michel Foucault established, has dominated
the field of surveillance studies. Many authors have attempted to refresh the
concept in order to make it fit with contemporary forms of surveillance.
Concepts such as superpanopticon or panoptic sort have been suggested.[3]
Kevin Haggerty mentions a long although non-exhaustive recombination list:[4]
omnicon, ban-opticon, global panopticon, panspectron, myoptic panopticon,
fractal panopticon, industrial panopticon, urban panopticon, pedagopticon,
polyopticon, synopticon, panoptic discourse, social panopticism, cybernetic
panopticon or neo-panopticon. Following the steps of Gilles Deleuze, other
authors have pleaded for a radical break with the panopticon concept, arguing
that the information society is a post-disciplinary society.[5]

1. The Limits of the Panopticon

The model of the panopticon suffers from a major limitation when it comes to
understanding surveillance in its contemporary forms: it supposes the
centrality of power. Surveillance does not have a unique centre and even less
does it have a unique supervisor who can access all systems. However, this
centrality hardly seems removable from the model, arguably because the
panopticon's purpose was to point out the repressive power of the state.[6]
Despite Foucault's attempt to respond to this problem in his later work,
arguing that the panopticon has to be understood as a circular configuration
with a multitude of centres where anybody is both supervisor and supervised,
its centrality remains a burden.[7]

Deleuze repeatedly emphasizes a second issue related to the problem of
centrality.[8] He says the transition from a "disciplinary society" to a "society of
control" is accompanied by a breakdown of barriers between different
disciplinary subsystems. He argues that the individual, rather than moving
through a succession of confinements, is subjected to an endless probation.
This involves continuously tracking individuals by attributing them a personal

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3 For "superpanopticon" see Mark Poster, The Mode of Information. Poststructuralism
   and Social Context, Chicago 1990. For "panoptic sort" see Oscar Gandy, The
   Surveillance Society. Information Technology and Bureaucratic Social Control, in:
   Journal of Communication 39. 1989, pp. 61 – 76.
4 Kevin Haggerty, Tear Down the Walls. On Demolishing the Panopticon, in: David Lyon
   (ed.), Theorizing Surveillance. The Panopticon and Beyond, Devon 2006, p. 26.
5 William Bogard, The Simulation of Surveillance. Hypercontrol in Telematic Societies,
   Cambridge, MA 1996; Nikolas Rose, Government and Control, in: British Journal of
   Criminology 40. 2000, pp. 321 – 339.
6 David Lyon, An Electronical Panopticon? A Sociological Critique of Surveillance
   Theory, in: The Sociological Review 41. 1993, p. 667.
7 Michel Foucault, The Eye of Power, in: Colin Gordon (ed.), Power / Knowledge. Selected
   Interviews and Other Writings, 1972 – 1977, New York 1980, pp. 146 – 165.
8 Gilles Deleuze, Postscript on the Societies of Control, in: October 59. 1992, pp. 3 – 7.

number. This last point is particularly relevant in the case of loyalty cards, where consumers are, in fact, assigned a number, which is pivotal to the functioning of the loyalty system. This number, constitutive of identity, is the tool that allows for the monitoring of individuals without locking them into successive disciplinary systems.[9] Consumers play along, claiming the ownership of this number in order to prevent others from having access to their rewards, while not feeling like they are constantly under surveillance. Stripped of its limitations regarding the centrality of power, the model of Deleuze better fits the reality of the information society and current forms of surveillance than does the Foucauldian panopticon. The concept of discipline, however, retains some relevance, at least in the case of loyalty cards, as the consumer somehow needs to be disciplined into presenting their card at every purchase.[10]

Third, the essential principle of uncertainty inducing "a state of conscious and permanent visibility" which encourages subjects to act as if they were continuously monitored poses a major problem.[11] Although explicit forms of surveillance, that is Closed Circuit Television (CCTV) networks, remain a legitimate cause for concern, they are relatively absent in contemporary and implicit forms of surveillance. Most of the time, in the context of information networks such as those of loyalty cards, users do not feel watched. This is not because of their gullibility but because information technologies were not designed to do that in the first place: If the supervisor is invisible, the internalization of discipline will not happen. In fact, a number of surveillance systems do not rely on this principle.[12] Indeed, in most cases, the visibility of surveillance, far from being necessary, would rather ruin the performance of the surveillance. This is particularly relevant for the surveillance of consumers. The less they know that they are the subjects of deep surveillance, the better.

In the panopticon, the finality of the surveillance is essential, and this entails a fourth theoretical problem. For Jeremy Bentham, the panopticon's aim was to straighten the souls of criminals. For Foucault, although he makes use of the panopticon to analyze various institutions of confinement, the goal of discipline is always to discipline individuals. Traditionally, a monitoring system is designed to fulfil a precise purpose, whereas contemporary forms of surveillance are very inventive in the way they make use of data that were initially gathered for another purpose. For example, a political police force might be keen to know the reading habits of readers in a public library; health

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9 Maria Los, Looking Into the Future. Surveillance, Globalization and the Totalitarian Potential, in: David Lyon (ed.), Theorizing Surveillance. The Panopticon and Beyond, Devon 2006, pp. 69–94, here p. 73.
10 Coll, Surveiller et récompenser.
11 Michel Foucault, Discipline and Punish. The Birth of the Prison, London 1977, p. 234.
12 Haggerty, Tear Down the Walls, pp. 34 f.

insurance companies might be delighted to have access to the consumption profiles of their customers in order to estimate risk factors with more accuracy; and a supermarket chain, if it had access to the medical records of its clients, might provide dietary products for diabetics or obese people. This makes it increasingly difficult to identify a single consistent and clearly recognizable goal when analyzing a surveillance system. Big data precisely promises to enable whoever possesses the data to invent new applications after data collection. The proliferation of objectives is to be linked with the collapse of the barriers discussed above.

Fifth, the subjects of surveillance no longer consist solely of the poor, of prisoners, or the mentally ill. Today, everyone is the subject of various forms of monitoring, regardless of gender, age, health or social status,[13] and for an increasing list of different reasons. Surveillance has become a general practice. However, although it now affects everyone, it does not carry the same consequences for everyone. We are not all equal when facing monitoring systems, as they classify individuals according to categories. This leads to more or less serious discrimination depending on the context. For example, being denied access to health insurance does not have the same consequences as not receiving a voucher for a distinctive product of high value does.

Finally, the depersonalization of surveillance enabled by the panopticon is also questionable. While it is true that the person in charge of monitoring can be relatively interchangeable, the trustworthiness and legitimacy of surveillance remains an important issue. The identity of the watcher, either a group or a person, has a crucial impact on the understanding and acceptance of the system. The acceptance of surveillance is bound to vary accordingly if the monitoring subject is a private person, a secret service or an organized criminal group.[14] Consequently, Foucault's suggestion that "any individual, taken almost on random, can operate the machine" has to be understood with caution.[15]

2. Should We Burn the Panopticon?

Now that we have subjected the panopticon to the criticism above, should we "cut the head of the king", as Haggerty suggests?[16] In fact, the concept still retains some heuristic strength, especially when it comes to elaborating a historical perspective on surveillance – from the monitoring of subjects by a monarch or a sovereign state to the monitoring of consumption by companies, for example. Although centrality and the internalization of surveillance are indeed a heavy and uncomfortable burden for the panopticon concept to carry, its other principles, underlined by Foucault, remain particularly relevant.

13 Ibid., p. 29.
14 Ibid., pp. 33 f.
15 Foucault, Discipline and Punish, p. 202.
16 Haggerty, Tear Down the Walls, p. 27.

When Foucault writes that thanks to the panopticon, "the external power may throw off its physical weight", he suggests a disappearance of the force, a feature that remains an extremely perceptive element.[17] This feature of surveillance has been growing since the early nineteenth century. In contemporary societies focused on consumption and information, when it comes to controlling population, principles of seduction and attractiveness – some speak of "enchantment"[18] – work better than repression does. In other words, "all the material and symbolic resources used by a society to ensure compliance of the behaviour of its members to a set of prescribed and sanctioned rules and principles",[19] have been gradually building much more on a principle of the distribution of rewards than on the threat of punishment. In parallel, punishment methods were becoming increasingly softer – the most notable of this transition being the phasing out of corporal punishment. On a metaphorical level, the terrifying figure (which is also reassuring, if one remembers Orwell's novel in detail) of Big Brother gives way, one might say, to a more friendly face: a figure that makes people want to consume in order to reach some form of enchantment and rewards.[20] Instead of being punished, the consumer will be afraid of being excluded from the wonders of the enchanting world of consumption, Jean Baudrillard calls it the "Fun System", or the "Enforced Enjoyment", which then seems to be enough, according to the authors, to make people fit in the ranks.[21] In that context, the depersonalization of power also remains a main feature of the development of surveillance. Explicit surveillance no longer relies on the social status of the supervisor. Anyone can follow ad hoc training, as only competence matters. In the case of implicit surveillance, this principle is even truer, as the targets are most of the time unaware of being monitored. Technological progress, because it enables surveillance to bypass human labour, also goes along with this deindividuation. Last but not least, the principle of separation of the individuals remains more relevant than ever insofar as it is considered to have become virtual, or rather informational. Contemporary surveillance has become so successful, thanks to technological advances, that it is possible to individually monitor with great accuracy a considerable number of individuals rather than a mass or group, as it is the case for consumers since they own cards with individualized bar codes. The surveillance of consumption underlines this recent feature with great accuracy. Marketing used to produce knowledge of consumers only via

17 Foucault, Discipline and Punish, p. 203.
18 George Ritzer, Enchanting a Disenchanted World. Revolutionizing the Means of Consumption, Thousand Oaks 1999.
19 Raymond Boudon and François Bourricaud, Dictionnaire critique de la sociologie, Paris 1982, p. 120.
20 Ritzer, Enchanting a Disenchanted World; Clifford Shearing and Phillip Stenning, From the Panopticon to Disneyworld. The Development of Discipline, in: Anthony Doob and Edward Greenspan (eds.), Perspectives in Criminal Laws, Toronto 1984, pp. 335 – 349.
21 Jean Baudrillard, The Consumer Society. Myths and Structures, London 1998.

the observation of general sales numbers, without knowing exactly who was buying what. Today, relying on loyalty cards, companies are able to know in detail each customer's purchasing habits. In fact, technological progress has enabled surveillance to scrutinize each individual. In a sense, the panopticon has been reinforced. While surveillance previously relied on virtually continuous observation, the individual surveillance has become actual. Precisely this aspect, rather than making the panopticon obsolete, makes the concept more relevant than ever.

3. The "Surveillant Assemblage": a Rhizomatic Panopticon

Among the numerous candidates trying to replace the panopticon or to modernize it, such as the "diagram",[22] borrowed from the thought of Deleuze; the "simulation",[23] inspired by the work of Baudrillard; and, of course, all of the possible versions of the panopticon ending with -icon, the concept of "surveillant assemblage", developed by Haggerty and Ericson,[24] remains a strong inspiration for theoreticians of surveillance. It draws primarily on the concepts of "dispositive" and "agency" of Deleuze and Félix Guattari, the authors of "A Thousand Plateaus".[25] The idea of centrality entailed by the panopticon is replaced by the idea that the individual systematically becomes a source of various data streams. These streams, when assembled, make up the "digital doubles", the "dividuals", as Deleuze suggested in "Societies of Control",[26] that can become targets of different types of monitoring.[27]

Haggerty and Ericson also borrow from Deleuze and Guattari an interesting botanic metaphor to describe the growing complexity of contemporary surveillance networks: the rhizome. This notion radically departs from the idea of any centrality. Unlike the panopticon, the rhizome is constantly changing, without following a set pattern and without following a stratified hierarchical or concentric formula. The main heuristic interest of the rhizome model lies in the principle of connection, increasingly ubiquitous in information systems, more than ever with the development of big data. These connections are continuously made and unmade, based on the principle upon which "a rhizome may be broken, shattered at a given spot, but it will start up again on one of its old lines, or on new lines".[28] In other words, the surveillant assemblage is rhizomorphic and grows without adhering to a clear and unique

22 Greg Elmer, Profiling Machines. Mapping the Personal Information Economy, Cambridge, MA 2004.
23 Bogard, The Simulation of Surveillance.
24 Kevin Haggerty and Richard Ericson, The Surveillant Assemblage, in: British Journal of Sociology 51. 2000, pp. 605 – 622.
25 Gilles Deleuze and Félix Guattari, A Thousand Plateaus. Capitalism and Schizophrenia, Minneapolis 1987.
26 Deleuze, Postscript on the Societes of Control.
27 Haggerty and Ericson, The Surveillant Assemblage, p. 606.
28 Deleuze and Guattari, A Thousand Plateaus, p. 9.

goal, without centrality or any command centre, and without a pre-established structure. It also develops unexpected features, which do not result from any kind of prior specifications. This calls for comment. While new uses are often unpredictable, as they often emerge from new connections, they are nevertheless the complex result of specific expectations of actors who have decided to implement a system and who benefit from them in one way or another. For example, computerized loyalty cards provided by retail companies were made to collect precise data on the behavior of consumers, who use them to collect points. Still, because the rhizome transcends traditional boundaries between institutions, new uses of data and new goals may and do emerge. With big data technology, a system originally engineered to complete a specific task almost always ends up being used to operate other functions. While the creation of new uses most often involves connections between different kinds of systems, they actually rarely connect with systems with the same uses and objectives. For example, if a company's customer database is interconnected with the population register of civil status, in order to send gifts to the mothers of newborn babies, the two databases have not been created for the same purpose in the same legal framework and with the same type of relationship with its target audience. Yet, at some point, even if only for a very fleeting time, they connect.

4. Ideology of Transparency

To allow such a large-scale surveillance system to work without renouncing the depersonalization of power and the disappearance of force, both strong constitutive principles of the panopticon, it is essential for it to rely the voluntary participation of individuals, that is to say, in this case study, the consumers. However, in the models of both the panopticon and the surveillant assemblage, the question of the will of the individual is rather absent. Why and how do individuals conform to this form of surveillance? How, for example, could the "will to know" of marketing projects integrate with the transparency of individuals, thus enabling a massive control device, such as loyalty cards, to operate so well?

Transparency is understood here as the "quality of what allows an exposure of the whole reality, a truth without alteration".[29] This transparency can be compared to the one Foucault studies in the first volume of the "History of Sexuality".[30] The way to achieve transparency with regard to sexuality, according to Foucault, is precisely to liberate sexuality, to make it visible and talkative. A power relying on visibility is doomed to fail in a regime where sexuality remains silent. This power needs people to talk about their sexuality. This is the condition that allowed sexuality to become an object of knowledge

29 Paul Robert, Le grand Robert de la langue française. Dictionnaire alphabétique et analogique de la langue française, Paris 1985.
30 Michel Foucault, The History of Sexuality, vol. 1: An Introduction, New York 1978.

and therefore power. Sexual liberation, according to Foucault, is not only the response of a liberating movement against a bourgeois sexual repression but also an act of submission to a new kind of power, the so-called "biopower". Thus, Foucault defines power not as a power of censorship and repression, a power that silences and a power that gags, but as a power that does everything to incite speech, a discourse on oneself, which leads to the transparency of the subjects of sexuality.[31]

The study of this mechanism of power is very useful for decoding what may reasonably be called the ideology of transparency that accompanies projects led by information technology, especially that of big data. In a panopticon freed from the constraint mechanism, power must rely on transparent individuals who deliver their personal data without being forced to do so. In this sense, the intrinsic dynamics of information technology is comparable to that of the discourse of sexual liberation as theorized by Foucault. Both of them convey a message of freedom, free expression that is supposed to increase wellbeing and stick to progressive values. Both allow information to flow at an unprecedented speed and scale in history. It became possible for those who did not necessarily have access to this privilege, to speak freely in expressing their opinions, to take a stand, in an apparently limitless way. While recognizing the true quality of information technologies, it must be stressed, however, that they allow for the development of highly invasive monitoring networks, with the consent of interested parties. With the help of information technologies, the surveillant assemblage and transparency constitute the two faces of a same medal: a large system of surveillance that meets little resistance.

II. Relationship Marketing

1. A Short History of Marketing: From Segmentation to Personalization

Since the late nineteenth century, companies have been gathering and interpreting customer information in order to generate meaning. These practices are related to the establishment of a market of advertising that is looking to target specific audiences.[32] Since then, marketing has experienced significant developments that have followed most often those of the social sciences, those of technology and, of course, those of the industrialization of society and the growing of a consumption society.

After the First World War, in response to what was perceived as the mutability and the increasing irrationality of consumer behavior, marketing research began to adopt a scientific methodology whose aim was to achieve a kind of "Taylorisation" of demand. Marketing research followed the structuration of

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31 Ibid., p. 60.
32 Adam Arvidsson, On the "Pre-History of the Panoptic Sort". Mobility in Market Research, in: Surveillance & Society 1. 2004, pp. 456–474.

industrial production, which required the development of specific knowledge, aiming to structure consumption.[33] This development was closely linked to the growing capacity to communicate with consumers, mainly through magazines. It went along with the premises of research on consumer behavior, attitudes and motivations.[34] Each magazine sought to address a particular segment, responding to the imperative to regulate production according to the incomes of the target customers. To ensure the adequacy between the target audience and the actual readers, the publishing companies would regularly update small databases by conducting surveys. These databases were used as a central reference for the selling of advertising space.

During the years following the Second World War, the culture of consumption changed: with an increase in living standards; a generalization of the suburbs; the arrival of new materials, such as plastic; a new type of design; new types of objects, including home appliances; and new institutions, such as malls. The consumer is then seen as more mobile and less dependent on social determinants.[35] In the early 1960s, due to the close ties between modes of communication and the evolution of marketing techniques, the introduction of television surpassed the press in terms of advertising investment.[36] This called attention to the need to segment the audience with more finesse. Therefore, market research grew rapidly, borrowing knowledge from social sciences and psychology.

Today, the figure of an individualistic, hedonistic, reflexive and versatile consumer dominates marketing research.[37] The marketing objective is then to create niches of consumers who have specific ways of thinking, opinions and interests, in order to offer specific products. This segmentation allows for the targeting of consumers with greater accuracy. Because it is perceived as less loyal to a brand or specific products, many marketers believe it is necessary to develop new techniques to retain the customer and to ensure that he or she does not go to the competition.[38] This aim is more difficult to achieve as consumers have become more demanding and better informed, including through online services. According to marketing researchers, a new culture of business has been developing. The concepts of mass production and mass

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33 Franck Cochoy, Another Discipline for the Market Economy. Marketing as a Performative Knowledge and Know-How for Capitalism, in: Michel Callon (ed.), The Laws of the Markets, Oxford 1998, pp. 194–221.
34 Arvidsson, On the "Pre-History of the Panoptic Sort", p. 460.
35 Ibid., pp. 462 f.
36 Joseph Turow, Breaking Up America. Advertisers and the New Media World, Chicago 1997.
37 Bernard Cova and Véronique Cova, Les figures du nouveau consommateur. Une genèse de la gouvernementalité du consommateur, in: Recherche et applications en marketing 24. 2009, pp. 81–100.
38 Chris Rygielski et al., Data Mining Techniques for Customer Relationship Management, in: Technology in Society 24. 2002, p. 484.

marketing, created during the industrial revolution, are now supplanted by the
desire to establish a direct relationship with the consumer.

2. Relationship Marketing: Increasing the "Value" of Customers

Since it is supposed that not all customers are of the same value to a company,
the marketing literature suggests that it is more fruitful to strengthen the
relationship with existing customers rather than to seek new ones.[39] On
average, almost half of a company's customers are lost after five years.[40]
Following this move, the accuracy of consumer behavior analysis methods
have also gradually been enriched by the increasing ease of obtaining data
through different techniques, such as bar codes, more recently through
tracking internet behavior and, of course, loyalty cards. The consequence is
that the consumer is even more volatile and difficult to pin down, making
marketing professionals want to collect even more information.[41] The
estimation of the "value" of customers, commonly known in marketing
literature as customer lifetime value (CLTV), lifetime value (LTV) or more
simply customer value, is a central parameter for relationship marketing
systems. This finding implies the need to integrate the methods of direct
marketing rather than doing mass advertising, which has become, according
to various authors, outdated and obsolete.[42]

To increase the "lifetime" of each customer, marketers retain three main
strategies:[43] First, the cross-selling or cross-marketing aims to provide given
customers with a product that could be of interest because it is associated with
a type of product they have already been buying.[44] A classic example is the
customer who regularly buys cat litter but no cat food. The company might
send them a targeted letter to encourage her or him to buy cat food, or it may
consider a reorganization of the arrangement of its shelves. The online selling
mail-order Amazon.com, Inc. is probably the most emblematic example,
having this marketing strategy fully integrated and automated.

The second strategy is up-selling or up-grading, to push a customer with
certain buying patterns to purchase a similar product that provides a greater

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39 Sudhir Kale, CRM Failure and the Seven Deadly Sins, in: Marketing Management 13.
   2004, p. 45; Werner Reinartz and V. Kumar, The Mismanagement of Customer Loyalty,
   in: Harvard Business Review 80. 2002, pp. 86 – 94.
40 David Ross, E-CRM From a Supply Chain Management Perspective, in: ISM Journal
   2005, p. 42.
41 Arvidsson, On the "Pre-History of the Panoptic Sort", p. 466.
42 Jason Pridmore, Loyal Subjects? Consumer Surveillance in the Personal Information
   Economy, Ph. D. Diss., Queen's University, Kingston, ON 2008, pp. 58 f.
43 Hyunseok Hwang et al., An LTV Model and Customer Segmentation Based on Customer
   Value. A Case Study on the Wireless Telecommunication Industry, in: Expert Systems
   with Applications 26. 2004, p. 181.
44 For a detailed example of this method, see Wagner Kamakura et al., Cross-Selling
   Through Database Marketing. A Mixed Data Factor Analyzer for Data Augmentation
   and Prediction, in: International Journal of Research in Marketing 20. 2003, pp. 45 – 65.

profit margin for the company.[45] For example, a voucher can be sent to a customer who often buys an average quality cheese to make her or him discover a better and more expensive assortment.

Finally, "customer retention", as the name suggests, is a strategy to keep customers buying products for as long as possible.[46] For example, a customer might receive a voucher to buy something they have stopped buying. This is often used to consolidate the effects of a campaign of "up-selling" or "cross-selling" over the long term. Once the purchases are accompanied by the presentation of a loyalty card, it becomes possible to measure the success of such strategies by tracking customer behavior and then decide to persist or give them up if they are not profitable enough. At this stage, data mining does not necessarily accompany these strategies, but it can enhance their effectiveness.

3. The Main Analysis Models and Data Mining

The data mining technology is not a magic bullet, despite the often too high expectations of companies.[47] The various steps of any data analysis require extensive intellectual and human intervention. Data analysis strategies, although facilitated by algorithmic tools, must be implemented by experienced specialists who are able to ask the right questions and correctly interpret the results.[48] Apart from classic descriptive or predictive statistical methods such as linear regression, probabilities, or various formats of synthetic data presentation, which cannot strictly be described as data mining techniques although they continue to be widely used, I expound below the three most common methods.

First, clustering is an unsupervised classification method that aims to create groups of data or profiles with similarities as so-called "clusters". It is unsupervised because no parameters are given before the analysis.[49] This method allows for building a general typology of customers in an exploratory way. The company can then narrow down the results based on the variables that differentiate the profiles and that seem relevant and consistent.

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45 Ross, E-CRM From a Supply Chain Management Perspective; Pierre Volle, Du marketing des points de vente à celui des sites marchands. Spécificités, opportunités et questions de recherche, in: Revue française du marketing 177/178. 2000, pp. 83–100.
46 Hyunseok Hwang et al., An LTV Model and Customer Segmentation Based on Customer Value. A Case Study on the Wireless Telecommunication Industry, in: Expert Systems with Applications 26. 2004, pp. 181–188.
47 Kale, CRM Failure and the Seven Deadly Sins, p. 44.
48 Usama Fayyad et al., The KDD Process for Extracting Useful Knowledge from Volumes of Data, in: Communications of the ACM 39. 1996, pp. 27–34; Andi Baritchi, Data Mining and Knowledge Discovery, in: Mahesh Raisinghani (ed.), Business Intelligence in the Digital Economy, Hershey 2004, pp. 35–47.
49 Baritchi, Data Mining and Knowledge Discovery, p. 40; Jiawei Han and Micheline Kamber, Data Mining. Concepts and Techniques, San Francisco 2006, p. 383.

Second, decision tree induction is a method of classification that seeks to discover the parameters and variables that explain an outcome determined in advance.[50] For example, a company will look for the characteristics of a customer who is most likely to buy a pricey computer: a middle-aged person; a young person, but only if he or she is a student; or an elderly person, if its creditworthiness is assessed positively.

Finally, the association rules discovery methods are the most common in basket analysis. They can discover which articles are most related in customers' buying habits.[51] The results obtained through this type of analysis increase opportunities to adopt relevant cross-selling strategies. Once it appears that product A is often associated with product B, it becomes interesting to send to all customers who buy product A some advertising or a voucher for product B.[52]

Depending on the case, the rules of association uncovered may seem perfectly logical, such as the relation between beer and peanuts, lipstick and mascara, or paper plates and plastic cutlery. Other rules however are less self-explanatory, such as the association between a doll and a candy bar.[53] Moreover some rules are difficult if not impossible to explain, such as between a goldfish and walking shoes, or between bananas and nails, the last example given by one executive of LeShop.ch, the Internet ordering site of Migros:

> We see that the products have affinities with others, but without any logic, not like the walkman and batteries for example. For example, a banana and a nail. Just before the validation of the order, the site offers these products, three products, and it works![54]

As he points out, associations, even if they are not obvious, can nonetheless be applicable. It is therefore neither necessary for a company to understand the nature of an association nor to be able to explain it. What matters is to make a marketing decision based on it and to make a direct profit.[55]

Finally, in order to be truly effective, according to its advocates, the adoption of relationship marketing by a company should not be based solely on an analysis of data. It should also provide opportunities for different stakeholders of the organization, especially those who are in direct contact with customers, through 'data integration'.[56] With constant access to customer data, the ultimate goal is to offer a 360-degree view of the consumer in real time in order to provide the best possible service.

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50 Michael Berry and Gordon Linoff, Data Mining Techniques. For Marketing, Sales, and Customer Relationship Management, Indianapolis 2004, pp. 165–210.
51 Ibid., p. 287; Baritchi, Data Mining and Knowledge Discovery, p. 44.
52 Han and Kamber, Data Mining, p. 652.
53 See the details of the example in: Berry and Linoff, Data Mining Techniques, p. 296.
54 Interviewed by Sami Coll, Bussigny-près-Lausanne 26.08.2008.
55 Pridmore, Loyal Subjects?, p. 60.
56 Kale, CRM Failure and the Seven Deadly Sins, p. 46.

III. The Retail Industry in Switzerland

The Swiss retail market is uncommon and is usually qualified as a duopoly. Two major retail companies, Migros and Coop, which are two cooperatives, dominate the market. By their specific status as cooperatives, they have no shareholders to satisfy. Instead, they are required to reinvest their profits. All companies that have tried to compete with them have either been bought by one of them or have gone bankrupt, with the exception of Europeans Lidl and Aldi, which have succeeded in developing in Switzerland over the last four years. Thus, the apparent diversity of supply is deceptive: almost all other brands actually belong to one of the two giants. However, two independent smaller competitors were also studied in this research: Manor, a department store chain whose shareholders are members of a large family and Fnac, a department store of French origin specialized in electronics and cultural products.

1. Migros, a Society of Cooperatives

Migros is currently the largest retail company in Switzerland. Because of the duopoly it shares with its main competitor, Coop, Migros has become the major shareholder of several stores, for example Globus and Denner, that were previously competitors. However, they kept their original names and neither joined the cooperative system nor integrated the loyalty system.

When founded in 1925 by Gottlieb Duttweiler, the will of Migros was to revolutionize the sale of food products in Switzerland by eliminating unnecessary intermediaries and offering prices close to the wholesale market. This caused shop owners to react very strongly, notably forcing them to dramatically lower their prices.[57] Public opinion accused Migros of threatening the Swiss industry and middle classes.[58] In the 1930s, campaigns called Duttweiler a criminal and reported the misery of small businesses, even the suicides of retailers. Many trade corporations demanded the Swiss Federal government take action to protect them from Migros. In 1933, this demand was satisfied with an emergency clause that forbade the opening of new stores. Migros suffered from this over the next twelve years of its application. Moreover, the suppliers of Migros were also threatened by producers' boycott. That is why, since 1928, Migros has been manufacturing its own products by founding or buying various companies.[59]

In the beginning, products were sold in five trucks covering only one canton, a mode of sale that was still waiting to be legally granted. This network expanded throughout Switzerland, until 1983, where it started to gradually decrease with

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57 Hans Munz, Le phénomène Migros, Zurich 1974, p. 46.
58 Ibid., p. 69.
59 Alfred Häsler, L'aventure Migros. 60 ans d'une idée jeune, Lausanne 1985, p. 294; Munz, Le phénomène Migros, p. 74.

the opening of actual stores. The trucks then limited their service to the
countryside and mountainous regions and, finally in 2002, solely to the canton
of Wallis until the end of 2007. Now, the remaining trucks can only be seen at
the Swiss Transport Museum.

Migros opened its first stores in Zürich in 1926 and in St. Gallen in 1929. They
coexisted with the network of sales trucks. The opening of the first self-service
store in 1948, following the example of stores in the USA, was a great popular
success.[60] However, it faced new criticism from competitors who demanded its
closure by the police, denounced the household waste that it entailed and
declared the new distribution methods "perfectly un-Swiss".[61] In response,
Duttweiler launched accusations of fraud and corruption against Swiss
companies. He would win most of the cases but was once convicted for
defamation.[62] In 1952, Migros opened its first department store, which
resembles the supermarkets of today, especially with its wider choice of
products and the arrival of non-food products.[63] This new kind of store then
multiplied in Switzerland to represent more than half of the total turnover of
the company in 1971.[64] In 1970, Migros opened its first large shopping centre,
followed by others over the period between 1970 and 1980. Migros enjoyed
tremendous growth, which would lead some to deplore the fact that Migros
deviated from its social ideals of the beginnings. Migros started to sell products
online in 1998 through the LeShop website, for which it became the majority
shareholder in 2006.

At its very beginning, Migros was a group of limited companies, but between
1933 and 1942, it progressively became a federation of cooperatives.[65] These
partially independent cooperatives were headed by a central organization
founded in 1941. In 1946, Duttweiler submitted an application to join the Swiss
union of consumer cooperatives, which in 1996 became Coop, its main
competitor. The submission was refused because of the alleged "undemocratic
management" and an accusation of being a "pseudo-cooperative".[66] This
decision surprised Duttweiler, although it remained in line with the previous
harsh criticism made by the union.

This criticism still exists today. Considering the current size and power of
Migros, its cooperative status may be surprising. Has it not been just like any
other capitalist business for a long time? The question of power is further
complicated since Migros also became the majority shareholder of Swiss
companies that still have the form of limited companies, such as Globus, a

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60 Ibid., p. 165; Martin Witz, Dutti – Monsieur Migros, Frénétic Films, France 2007.
61 Munz, Le phénomène Migros, p. 166; Sibylle Brändli, Der Supermarkt im Kopf.
    Konsumkultur und Wohlstand in der Schweiz nach 1945, Wien 2000, pp. 60 – 70.
62 Munz, Le phénomène Migros, p. 199.
63 Ibid., p. 207.
64 Ibid., p. 208.
65 Ibid., p. 82.
66 For both quotes see Ibid., p. 160.

department store chain acquired in 1997, and a major Swiss chain of supermarkets, Denner, acquired in 2007. Something might have indeed changed around the late 1990s and early 2000s when Migros created a new line of economic products called M-Budget in 1996, and a high-end line called Migros Selection nine years later.[67] Before that, Migros offered a single level of quality for all its range of products. Because they yield larger profits, the high-end line products are particularly interesting for up-selling marketing strategies which rely on data collected through loyalty cards. Despite these massive buy-outs and the rise of new marketing practices, Migros is still taking great care of its image: a company close to the people and with strong ethical principles.

Parallel to the growth period in the late 1960s and early 1970s Migros experimented with innovative electronic cash register systems to reduce waiting time, control the flow of commodities and improve storage management. The implementation of an "Automatic Point of Sale System" (APOSS) was however stopped by central management because of internal resistance and alternative technical developments in the USA.[68] The later networked cash registers were increasingly equipped with barcode scanners and credit card readers and were connected to accounting systems, inventory control and electronic payment systems. This constituted the infrastructure for the grafting of loyalty cards, and thus individual consumer data, on this already sophisticated control system.

Actually, even before the beginning of Migros, grocers already offered rebates to loyal customers, usually with a system of discount stamps.[69] But in his desire to revolutionize the distribution market in Switzerland, Duttweiler preferred to work with net prices rather than set up a system of rewards and loyalty. However, he began to think that "this system was not attracting enough of the buyer's fantasies, as the discount stamps were doing".[70] He discovered that discount stamps and coupons were growing in the USA and decided in 1956 to launch his own system, the "penny in action", which was meant to pay back a few cents per Swiss Franc spent. It encountered significant internal resistance from store managers and was then suspended to make way for new project where, according to the founder, "the loyalty of the customer of Migros was to be rewarded based not by any boring amount of money, but by 'dream items'".[71] That is the strategy later adopted by Coop when it launched its own loyalty card system in 2000. For Migros, this project was refused by the assembly of delegates of the cooperative and by the majority of the

67 Migros, Diaporama historique, http://www.migros.ch/fr/a-propos-de-migros/histoire/
    slider-histoire.html.
68 Katja Girschik, Als die Kassen lesen lernten, Eine Technik- und Unternehmensge-
    schichte des Schweizer Einzelhandels, 1950 – 1975, München 2010.
69 Munz, Le Phénomène Migros, p. 49.
70 Ibid., p. 213.
71 Ibid., p. 214.

administration, then by the customers themselves through a vote.[72] And only more than forty years later, on 1 November 1997, Migros established the current computerized loyalty system, adopting the principle of paying back one cent per Swiss Franc spent through coupons. This loyalty program relies on more than 2.5 million active cards in circulation in Switzerland, and it was the program that generated the most data in Switzerland until 2012 when Coop also started recording the details of the products consumers bought. So, more than 70 percent of Swiss households' consumers habits (the same for the Coop "Supercard") are covered by this information network. 75 percent of turnover of the company is made when the "Cumulus Card" is presented, which represents 50 percent of transactions.[73]

2. Coop, a Society of Cooperatives

Coop is the second-largest distributor in Switzerland after its main competitor, Migros. The diversity of products is comparable, and when either one makes an innovation, the other usually follows quickly. However, Migros has not followed the significant growth of Coop labels: a label for youth called Plan B, a label of a great Swiss chef, a label from a recipe magazine acquired in 2001 called Betty Bossy, an organic label, a fair trade label, and so on.

Coop is mainly made up of supermarkets selling food and everyday domestic products. But it also runs department stores offering textiles, household, recreational and cosmetics; DIY stores; service stations generally accompanied by a small retail space; restaurants; pharmacies; two major chains of electronics and appliance stores, Interdiscount and Fust; a furniture store; a chain of watches and jewellery stores; and, finally, Microspot, an online store selling electronic items and appliances.[74]

The origin of Coop is older than that of Migros. It is situated around 1840 when fruit cooperatives were created with the objective to address famines and the uncontrolled rise in grain prices.[75] These cooperatives are considered the ancestors of consumer societies that emerged between 1847 and 1890 in major cities, originally selling bread, flour, corn, lard, butter, oil and spices. A first conference where 34 companies met in Zurich with the objective to create a federation of consumer societies failed. A second conference set up in 1869, this time including companies from Zurich, Basel, Bern, Gretchen, Biel and Olten, also failed. In 1886, a Geneva cooperative society tried to plead for unity but failed as well. In 1890, a union of societies of consumption was finally set up, enabling the creation of a wholesale merchandise distribution centre in

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72 Ibid.
73 According to the head manager of the Cumulus loyalty program, interviewed in 2007 by Sami Coll.
74 Coop, Une entreprise on mouvement, http://www.coop.ch/pb/site/uebercoop/get/documents/coop_main/elements/ueber_coop/pdf/coop-geschichte/coop_geschichte_ges_fr.pdf.
75 Ibid.

1892. Although the union factually became a cooperative society in 1893, it would not introduce the term cooperative in its name before 1935.

In 1948, following over a century of development and a complex historical evolution, the cooperative opened its first self-service store. In 1969, the cooperative took its current name, Coop, and started a long restructuration process with the main objective to reduce the number of cooperatives, from a maximum of 572 in 1950. This was probably called for by the announcement in 1967 by its direct competitor, Migros, of a turnover exceeding its own for the first time. The restructuration that finally ended in 2001 led to a single cooperative that had one branch and one president, thus replacing the old collective leadership.

The period from 1995 to 2008 was marked by significant acquisitions: Interdiscount, the second-largest retailer of electronic products in Switzerland in 1995; Uniprix, a chain of department stores in 2002; Waro, a chain of food stores in 2003; Christ, the number one source of watches and jewellery in Switzerland in 2006; Fust, a chain of electronics stores and household appliances in 2007; and, finally, in 2008, twelve hypermarkets of the French rival Carrefour, which unsuccessfully attempted to settle down in Switzerland.[76] Unlike Migros, Coop integrated its loyalty card system in almost all its acquisitions. Coop can be considered as a growing panopticon, at the centre of which lies its loyalty program.

More than 120 years after its origin and long development as well as a series of complex reorganizations and an amendment of its status, Coop now has a structure that seems to differ little from any usual large distribution company. However, the participatory and cooperative system remains. Notably, like with Migros, the members are not shareholders, and benefits must either cover losses or be reinvested in the fund.

Today, Coop primarily sells branded items, while also offering its own brands. It has been offering an alternative to high-quality brands for a long time, consequently providing the customer a choice between two levels of quality, unlike Migros, which only sold products of one category of quality until 1996. Following Migros, Coop's variety of quality levels was widened nine years later in 2005 after it launched its line of economic products called *Prix Garantie*. However, it would launch its range of luxury goods, Fine Food, a year before Migros in 2004.

Coop, like Migros, took great care of its image of a cooperative, which is concerned about being "close to the people",[77] a statement that can be frequently found in its status and presentation documents.[78] These documents

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76 Ibid.
77 Vision, Lignes directrices et missions, http://www.coop.ch/pb/site/uebercoop/get/documents/coop_main/elements/ueber/zahlen_fakten/leitbild/documents/leitbild_pyramide-fr.pdf.
78 Ibid.

also frequently suggest the cooperative members and customers travelling "together to the peak". However, despite its strong heritage and history as a cooperative, it is possible that its recent expansion and mergers caused this positive image to suffer a little as well as force the company to appear as any other capitalist company wishing to increase profits. In addition, while Migros takes advantage of the image of its charismatic founder, Gottlieb Duttweiler, Coop has to deal with a more anonymous image. However, it is the only company to have decided not to collect details from customer purchases when implementing its loyalty system. Since 2012, after realizing the lack of criticism or resistance faced by the competitors, it has started to do the same. In fact, as I observed in Coop's call centre and in the interviews I conducted, consumers' complaints are mostly expressed towards the poorness of data-driven services, rather than the fact these services involve a closer surveillance. This enabled Coop to run up-selling and cross-selling marketing strategies, as Migros started doing previously. In general, Coop is currently dealing with the same contradiction as Migros: to remain loyal to its history and image of a cooperative enterprise with positive values and to adapt to a relatively aggressive economic market by ensuring its domination over its competitors, especially Migros.

Far before the loyalty card Supercard as we know it today, the local cooperative of Geneva adopted in 1930 a loyalty system based on discount stamps, before the one adopted nationally in 1955 by the union of cooperatives and a year before the penny in action of Migros.[79] It disappeared in 1974 in favor of net prices.[80] In 1996, explicitly wanting to anticipate the launch of the Cumulus Card by Migros, Coop distributed non-computerized cards which granted owners the access to discounts without collecting points.[81] This card was transitional until the integration of the Supercard launched in the summer of 2000. It was computerized and allowed the collection of points.

Nowadays, there are more than 2.7 million cards in use in Switzerland. 76 percent of the total turnover of Coop is made upon presentation of the Supercard by the customers. One Swiss Franc spent equals one point, and one hundred points are worth one Swiss Franc, as with the Cumulus Card of Migros. However, unlike the Cumulus Card, customers do not receive coupons that can be used for payment. They must use their points to purchase specific items found in a catalog, on a dedicated website or on terminals in stores. The management of premiums is outsourced to a Dutch external company, Nebus Loyalty, which settled in Switzerland in 1999. This system has not been very

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79 Société Suisse de Cooperation, 75 ans de cooperation. 1868–1943, Genève 1943, p. 15.
80 Coop, Une histoire en movement, http://www.coop.ch/pb/site/uebercoop/get/docu ments/coop_main/elements/ueber_coop/pdf/coop-geschichte/coop_geschichte_ges_ fr.pdf.
81 As related by the head manager of the Supercard program, Interviewed by Sami Coll, Basel 1.6.2007.

successful, as consumers showed a clear preference for direct rewards, as often expressed in my interviews, for example with a 34 year-old bank employee:

The Supercard is fine. However, I prefer Cumulus because it gives you some cash back. With Coop, you must buy something you don't need. Why should I buy a hair trimmer? I prefer to get a voucher of five Swiss Francs I can use for small things, for example for a quick lunch.[82]

Consequently, Coop decided in 2007 to enable owners of the Supercard to pay for non-food products, but only in its Coop City department stores, a decision met with great success.

3. Manor, a Capitalist Dynasty

The history of Manor begins at the end of the nineteenth century in Biel, Switzerland, with the meeting of two brothers, the so-called Maus brothers, who were wholesalers, and one of their customers, Léon Nordmann, who was working as a retailer.[83] After the two brothers finally settled down in Geneva, the partners opened their first shop in Lucerne in 1902. The owners claimed principles that presented them as revolutionary for that time: the ability to enter the shop without any obligation of purchase, labelled and fixed prices and the right to return products without explanation.[84] Given the success of the first shop, they gradually opened new ones throughout Switzerland.

In 1929, the ties between the two families were tightening: the daughter of one of the Maus brothers married the son of Léon Nordmann. They would both take the head of a large network of department stores situated in Basel, Lausanne and Geneva. The latter opened in 1967 as a result of a project initiated in 1945.[85] They started building it in 1959 while facing the fear of local small businesses. They did not suffer from the appearance of this potential competitor as they adapted their offer by providing specialized products and giving up the selling of general ones.

The name Manor was created in 1965 while the chain of department stores became a public limited company managed by the Maus brothers. The latter were still the shareholders of the company, following a value they claimed in their public relations: "Maintaining a family spirit".[86] In 1992, the manager of the Geneva department store recalled that at the time of the opening, products like bananas and chicken were considered luxury goods.[87] In a way, Manor was also involved, as Coop and Migros, in a project of making products initially reserved for the wealthy accessible to anyone, as shown in the advertisement

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82 Interviewed by Sami Coll, Coop retail store 12.9.2008.
83 Maus Frères, http://www.maus.ch/fr/#p2; Manos, Une entreprise familiale suisse, http://www.manor.ch/fr/u/facts-geschichte.
84 Maus Frères, http://www.maus.ch/fr/#p2.
85 Frédéric Montanya, Sous la placette, l'histoire, in: La Suisse, 12.9.1992, p. 13.
86 Une entreprise familiale suisse, http://www.maus.ch/fr/#p2.
87 Ibid.

announcing the opening: "Manor, the store where everything becomes affordable".[88]

Today, although Manor is around eight times smaller than Migros or Coop in terms of turnover, it claims to occupy 58 percent of the market share of department stores in Switzerland. It developed its own homemade brands for non-food goods that were sometimes produced outside Switzerland, notably clothes in Asia. It then often communicated the ethical working conditions it offered its workers.[89] As it is not a cooperative, Manor has not gotten tangled up in the same contradiction as Migros and Coop. It took full responsibility for its status as a profitable company, which was actually a kind of "capitalistic dynasty", something Manor actually presents as a positive value.[90] However, the shares are not public and were strictly reserved to the members of the Maus family.

The "Manor Card" has been available for customers since 1970, first as a payment card for product purchases in the store. Its management was outsourced to a company whose majority shareholder was, until 2007, Swisscom, the national telecommunications company. Since then, the Maus brothers regained the management. Unlike Migros and Coop, the card is not accessible to everyone, as it is also a payment card. Because the creditworthiness of customers is checked, its access is more limited. However, the company now considers it a loyalty card, even though it is not possible to collect points, which is a principle strongly rejected by the Maus brothers.

Along with a monthly bill, guests are offered discount vouchers, non-personalized but traceable, sometimes up to 20 percent on selected items. If nothing has been bought with the card during the month, no vouchers are sent, thus excluding inactive customers. However, all the owners of the card can benefit from a 10 percent discount on all items in the stores, except food, for two periods of one week during the year, usually in November and May.

Around 850,000 cards are in circulation, permeating 20 percent of households in Switzerland. 33 percent of Manor's turnover is paid with the Manor Card. The card can also be used for payment outside Manor stores. Until now, over sixty companies have joined the network of partners with a total of over 10,000 points of sale. Unlike Coop and Migros, the card enables customers to receive benefits from stores other than the ones owned by Manor. Although the details of the articles which have been bought outside Manor department stores are not collected, this provides more information about consumers' habits. Furthermore, because the Manor card is a payment card, the form that must be completed to receive it is much more extensive. Compared to Migros' and Coop's forms, it contains additional mandatory data such as occupation, date

88 Manor Advertisement, in: La Suisse, 12.9.1992.
89 Code de conduite pour les fournisseurs, http://www.manor.ch/fr/u/engagement-
    verhaltenskodex.
90 Une entreprise familiale suisse, http://www.maus.ch/fr/#p2.

of birth, marital status, nationality, date of establishment in Switzerland and gross annual income. The customer is also asked to provide optional personal information on her or his partner, like name and date of birth, telephone numbers, email, former address and the store where she or he will make his or her purchases most often. Unlike applying for a Cumulus Card or a Supercard, the customer is required to prove their identity by presenting an official document. While Manor can rely on the information provided, at least for the identity, Coop or Migros cannot be fully sure of its accuracy.

4. Fnac, a So-Called "Trotskyist" Company

Founded in France in 1954 by two Trotskyist activist friends, Fnac was originally a buyer's club selling cameras to executives.[91] One of them was already active in the distribution of photographic equipment alongside a company that would later merge with Fnac. Initially, it was personally financed by one of the founders and a common friend.[92] But they eventually cut the shares in half for each of them. The very first point of sale was very modest and located in an apartment. The company's policy was to emphasize the role of sellers in terms of quality of counselling for customers.[93] Quickly, Fnac opened its stock to all consumers and progressively expanded its product range.[94] The same year, Fnac founded a newspaper, denouncing the high prices and poor quality of certain products.[95] The flow of customers became so significant in the apartment that they had to open their first store three years later in 1957. Fnac's success was overwhelming: In 1970, with the necessity to open new stores, an increase in capital was needed.[96] Consequently, 20 percent of the shares were first sold to an insurance company. Then, in 1977, the balance was sold to a consumer cooperative society. What followed was a sequence of buyouts, seen by the founders as a betrayal, as they previously had sold their business to a cooperative to purposely prevent it from becoming a capitalist business like any other. Owned by an insurance company and then a bank, the buyout of Fnac ended up with the total acquisition of shares by a large French group, PPR, which was a leader in large consumer and luxury brands founded in 1963 before it changed its name to Kering.

Fnac sells music, DVDs, personal computers and software, audio, video and photographic equipment and accessories, mobile phones, tickets for cultural events, and books. Books were introduced in 1974 before the buyout of PPR. This led to the "book war",[97] as the founders of Fnac aimed to sell books 20

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91 Didier Toussaint, L'inconscient de la Fnac. L'addiction à la culture, Paris 2006, p. 26.
92 Ibid.
93 Vincent Chabault, La Fnac. Du militantisme politique à la grande distribution culturelle, in: Histoire d'entreprises 6. 2008, pp. 66–71.
94 Ibid.
95 Ibid.
96 Toussaint, L'inconscient de la Fnac, p. 79.
97 Ibid., p. 108.

percent cheaper than the price suggested by publishers. They were labelled as criminals by editors and bookstores. However, the fight ended in 1982 with the adoption of the unique price policy by the French government.

After several experiences in other countries, Fnac opened its first store in Geneva, Switzerland in 2000. It was met with huge success, followed by the opening of three other stores in Geneva, Lausanne and Fribourg. Encouraged by this success, Fnac decided to ambitiously open a seven-floor store in Basel in 2008.[98] Perhaps because of a lack of knowledge of the demand in this part of the country and a bad location, it was unsuccessful this time. In Switzerland, Fnac is a limited company independent from the French branch with administrative offices in Geneva. However, it is also wholly owned by the large French group Kering. It runs with a yearly turnover of around 200 million Swiss Francs, which is comparatively less than one percent of the turnover of Coop or Migros.[99]

The image of the company still sticks somewhat to the political past of the founders, both of them self-proclaimed "engaged Trotskyite militants".[100] Despite the fact that their political activities ceased several years before the founding of Fnac, the press and French media like to recall this unusual history for what became a main capitalist actor in the French market.[101] While some of the past commitments can still be felt, such as the proximity to customers, aggressive price promotions and the choice of quality products, the "militant" spirit of the beginning was most likely lost along the way, especially because of the various takeovers by large groups.

Employees are mostly young people and relationships are rather informal and seem to be attached to some kind of corporate culture. They adopt a friendly tone and show a personal involvement and sense of belonging that are stronger than at Coop and Migros. However, a lot of pressure is put on the employees who tend to run in all directions, much more than in other companies I studied. I witnessed tensions and saturation reactions such as crying, insults or absenteeism. In fact, Fnac seems to be caught in an ambivalence similar to that of Coop and Migros. On the one hand, it seems to retain some of the spirit of the company's beginnings, probably also due to the type of products sold. On the other hand, because it has belonged to a great capitalist group for over ten years, the apparent young, relaxed and horizontal atmosphere might have progressively become a strategy of management of human resources.

As the precursor of the loyalty card as we know it today, loyal customers of Fnac were provided a "purchase diary" which gave them a 20 percent discount on

98 Bâle accueille la 1ére Fnac germanophone, http://www.swissinfo.ch/fre/b%C3%A2le-accueille-la-1%C3%A8re-fnac-germanophone/6592410.
99 Publications, http://www.kering.com/fr/finance/publications.
100 Toussaint, L'inconscient de la Fnac, p. 36.
101 Ibid., p. 30.

affiliated traders.[102] It lasted only a short time and experienced setbacks, particularly among camera vendors who did not want their material to be sold off. The loyalty card provided by Fnac, the "Fnac Card", has been available since the establishment of the store in Switzerland in 2000. Although loyalty systems are separated, the one in Switzerland could benefit from a large experience abroad. More than 120,000 cards are in circulation, with a renewal rate of 55 percent.[103] It is a significant figure, considering the fact that it is the only loyalty card in Switzerland that is not free: it costs forty Swiss Francs every three years and ten Swiss Francs every two years for students. 65 percent of the company turnover is made by clients owning a card.[104]

IV. Are Swiss Loyalty Cards a Big Brother?

This very short historical review of the four main retail companies in Switzerland is helpful in showing how complex and how long their development has been until they became what they are now. They faced crises, political resistances and they have been strongly dependant on historical, economic and sociological contingency. Consequently, it is difficult to compare any of these companies to a Big Brother, even after they recently adopted their respective computerized loyalty card systems that collect personal data on a large scale. It became apparent that before they were computerized, loyalty cards were solely a more or less successful way to promote customer loyalty. Only decades afterwards did they become computerized tools of aggregation of personal data, which the companies are still struggling to actually make advantage of. There was obviously no such thing as a long term plan to build any sort of panopticon. Indeed, the network of loyalty systems provided by many competitors is hardly comparable to the centralized and consistent state monitoring machine described in the Bentham's panopticon, although some configurations might remind a couple of its features, mainly the disappearance of the force and the fact that the monitoring became ubiquitous, this time for real. To embrace the complexity of the forms of surveillance these multiple systems nevertheless produce, the concept of surveillance assemblage is more accurate.

More concretely, in the specialized literature, the paradigm of relationship marketing, as well as the techniques and technologies that it relies on, are not perfect. They are the subject of many debates, not to mention the ethical issues pertaining to the private sphere which further complicates the matter. In the

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102 Ibid., p. 100.
103 According to the head manager of the loyalty program, interviewed by Sami Coll, Geneva 25.1.2008.
104 According to one of the executive of the Geneva store, interviewed by Sami Coll, Geneva 23.9.2008.

observed practices of the main retail companies of Switzerland, my fieldwork underlines even more difficulties related to problems of cost, internal resistances within organizations, fear of providing a negative image of the company, and issues in the management of human resources.[105] In fact, marketing relationship strategies and data mining techniques are still far from being implemented to their full potential. However, this is not to say that nothing is being done. Depending on their status, their history, their objectives, the type of covered market et cetera, companies adopt varying degrees of relationship marketing techniques and methods. The reality of surveillance through consumer loyalty cards in Switzerland is therefore neither an Orwellian nightmare nor a naive marketing ideal where consumers and businesses collaborate for a common good.

At this stage, it seems that a lot is still to be done in Switzerland and that the systematic collection of data, which currently only leads to rudimentary forms of exploitation, is primarily a question of anticipation. Also, the heads of the loyalty programs I interviewed did not consider that relationship marketing would ever totally replace the intuitions of the traders. The premise that relationship marketing relies on, which is that consumers tend to reproduce the behavior of previous consumers described by equivalent variables, is indeed questionable. Should managers think that any unexpected customer behavior is a matter of data deficiency? Such a belief would multiply the need for personal information. While big data enthusiasts tend to think that human behavior can almost be completely predicted, the marketers that I interviewed seem to be rather aware of the unfathomable nature of human beings and view data mining techniques to be a very convenient and perhaps mandatory tool nowadays, as one of the executives of Manor:

Today we could not abandon the CRM [Customer Relationship Management]. It is also a question of technology. Computers are cheaper and it has become much easier to work on all these data […] But it is not easy to understand consumer behaviour. We've known how to use CRM for only a few years, otherwise it's mostly intuition.[106]

Within organizations, the implementation of relationship marketing is a top-down initiative stemming from the top of the hierarchy. Usually, top management sets up a unit in charge of implementing relationship marketing applications and derive maximum potential. In order to do this, the systematic production of customer personal information must be ensured by installing card readers and related software at the purchase points. This step had been taken by the four companies I studied. The following step is to decide what to do with these massive data: how to make use of them by implementing complex and expensive technologies whose mastery requires a particularly high level of qualification. Third, in order to make relationship marketing

105 Coll, Surveiller et récompenser.
106 Interviewed by Sami Coll, Basel 15.11.2007.

successful, that is, to take advantage of the large investments that it requires, both the paradigm and a direct access to data should be distributed at all levels of the organization, according to the specialized literature, especially in purchase points.[107] None of the companies I studied had reached this stage in completing the paradigm of relationship marketing. Migros and Coop are somewhere between the first and second stage, and Manor seems to be more advanced in the second stage. Fnac, although they have somehow started the third by making access to data available at some purchase points in its stores, has not started the second, as suggested by the head manager of the loyalty program in Switzerland:

Q: What is the CRM software you use? Are you using any?
A: Our CRM, it's Bill Gates', it's Excel![108]

Progressing through these steps repeatedly requires a common interest and a good understanding of what relationship marketing is about, and how everyone in the company can benefit from it. It allows the vendor to better inform clients and avoid devoting too much time to those categorized as not worth the time investment, and it allows the store management to fine-tune its offer closer to the preferences of its clients as well as announce the arrival of new products.
Nevertheless, these projects face many resistances, those of executives, those of store employees and, also, those of customers, despite the desire, at the top of hierarchy, to push their marketing philosophy into the information age. The transformation of marketing philosophy from a model where consumers are targeted as a large mass or, in the better cases, as segments, to a model where the company communicates individually, involves a change of mentality, as suggested by the head of the loyalty program of Manor:

Currently, Manor is just awakening to data mining.
Q: And why so late?
A: Because it's too expensive! If you don't have the [organizational] structure to take advantage of it, information is received for nothing. Until now, reporting has been sufficient. But the possibilities are far more important with data mining. […] In fact, it is really important to change the mentality of the company.[109]

In a way, this change of mentality is reminiscent of Max Weber pointing out the resistance of workers to the "spirit of capitalism", which aimed to make them work more by paying them per acre.[110] This change also calls for a transition

107 Lynnette Ryals, Making Customer Relationship Management Work. The Measurement and Profitable Management of Customer Relationships, in: Journal of Marketing 69. 2005, pp. 252–261; Kale, CRM Failure and the Seven Deadly Sins.
108 Interviewed by Sami Coll, Basel 25. 1. 2008.
109 Interviewed by Sami Coll, Zurich 30. 10. 2008.
110 Max Weber, The Protestant Ethic and the Spirit of Capitalism, London 2001.

from a "society of secrets", as described by Georg Simmel,[111] to a utopian society of information and transparency, which would provide entrepreneurs with full knowledge about their customers. Indeed, relationship marketing must not only rely on the active participation of all employees of a company but also on the will of customers to freely give access to a "truth" about themselves and to agree to receive targeted advertising. While most customers do not really care about being transparent, according to the interviews I conducted, some of customers start to feel concerned when they receive targeted advertising, as expressed, for example, by a 19-year-old student:

I can see that when I always buy the same product, I then suddenly get a voucher for the same product. It's weird, and I ask a neighbour or friend whether he too received this coupon, and he says no […] It's really the strangest thing. We always buy the same stuff. At the same time, it is a gift, but it's a bit of a poisoned one.[112]

Target, a major retail company in the United States, experienced this when a father of a teenage girl complained because she received a congratulation letter because she was, according to its data mining system, about to give birth.[113] The company is still practicing targeted advertisement but introduces random information to it in order to prevent customers from feeling they are being monitored.
Still, everything is being done to transform the opaque and anonymous consumer into a transparent and identifiable one. In the four companies studied, the now well-known question "Do you have the card x?" is always asked, and there are many strategies to encourage customers to sign up for a card at various levels of interaction with employees. At Manor, employees are generously rewarded when they convince a customer to get a Manor Card. They are also rewarded, although less generously, at Fnac. This repeated question and incentive tend to produce a fatigue amongst consumers. Some of them even end up signing up for a card just to avoid being submitted to the same process, for instance a 33-year-old customer working as a medical doctor:

You know why I finally took the Supercard? Because I'm pissed I get asked the question every time: you have the Supercard? At least now, when I show it, nobody asks me this question again. Never again! What a pleasure![114]

111 Georg Simmel, The Sociology of Secrecy and of Secret Societies, in: American Journal of Sociology 11. 1906, pp. 441–498.
112 Interviewed by Sami Coll, Geneva 20. 2. 2007.
113 Charles Duhigg, How Companies Learn Your Secrets, in: The New York Times, 16. 2. 2012.
114 Interviewed in 2008 by Sami Coll.

V. Conclusion

One thing can be taken for granted: surveillance has changed in many of its forms. Surveillance is no longer the monopoly of authorities, with a range of practices they exercise with more or less legitimacy.[115] Control has become discreet, using implicit monitoring modes that are based on a voluntary transparency rather than a visibility induced by "a state of conscious and permanent visibility that assures the automatic functioning of power".[116] With the capacity of information technologies to track the everyday lives of consumers seamlessly, the "fictitious relation" of the panopticon is no longer needed, as the "permanent visibility" is now a real one. The strength of this mode of surveillance is that it no longer needs to explicitly punish, rather, it rewards the individuals who comply with the rules. To influence a subject or the public by seduction and the promise of some immediate pleasure through access to consumer goods is more effective than the threat of unpleasant punishment. In a sense, it fully realises the utopia of a system of control without violence that was already promoted in the panopticon:

A real subjection is born mechanically from a fictitious relation. So it is not necessary to use force to constrain the convict to good behaviour, the madman to calm, the worker to work, the schoolboy to application, the patient to the observation of the regulations.[117]

While the question of connection is not treated in the panopticon, it is ubiquitous in the theoretical model of the surveillant assemblage, and it is essential to measure the power, potential and effectiveness of contemporary surveillance. Two situations are, in the case of loyalty cards, particularly delicate: the sale of data to external companies and the sharing of data throughout partnership networks. Each data aggregation, intersection or exchange produces connections that facilitate the establishment of a 360-degree view on transparent consumers. Companies will likely increasingly need to rely on such views if they want to survive in a highly competitive market. Retailers understand that competition is no longer waged on entire stores, nor is it any longer waged on brands alone, but on each single product. They are no longer trying to prevent customers from going to competitors' stores. Rather, they want customers to increase their shopping habits and their basket. For example, they want a young mother who buys diapers in their stores to also buy baby food. In order to gain control of such habits, they must know precisely what their customers buy, where they live and who they are. Relationship marketing and associated data mining techniques are precisely enabling companies to gain such valuable knowledge. The more connection between databases, the more associations with partners, the more data

115 Robert Damien and Paul Mathias, Présentation, in: Cités 39. 2009, pp. 9–12.
116 Foucault, Discipline and Punish, p. 201.
117 Ibid., p. 202.

capturing data devices, the better they can get to know their customers and take control of them. This allows the collection of data even when it is not yet known for which purpose it will be analyzed. The principle of data collection without predetermined purpose and the principle of multiplication of connections are precisely what defines big data in the first place.

In our Swiss case study, the companies did not make very substantial use of the data collected. So far, in the current economical context of Switzerland, global retail companies seem not to think that it is worth investing in expensive technologies and experts, even if some of them do, either spontaneously or on a regular basis with limited targeted marketing. However, this situation is not guaranteed to last, it may already have changed a few years after the study was completed. Whatever the level of adoption of relationship marketing and related techniques by companies, the objective is no longer to reinforce an exclusive loyalty to their store and brands by preventing customers from going to another store. Rather, it is to increase the size of their shopping cart.[118] To embrace this new form of competition, the emergence of which is explained by the increasing mobility and freedom of the customers, companies will require more and more data, to constitute more and more precise knowledge about every individual customer. Even if, in the Swiss case, companies are not yet taking full advantage of the data, they will not in any way cease the systematic collection thereof.

The concept of biopower is helpful to understand the role of the subject's transparency in the modern surveillance system. Also, relationship marketing is closely involved in the construction of transparent consumers. Putting a card in their hand and encouraging them to show it during the act of purchase will encourage them to incorporate a habit of transparency. Transparency is a contemporary feature that is constantly and daily built upon through actions such as consulting the Internet, using a smartphone, borrowing a book from the library, or walking in the street, and it has gotten to the point where transparency has become ubiquitous. Few occasions remain where there is still room for opacity, since information technologies are increasingly invasive and tend to integrate an ever broader spectrum of our activities. However, total transparency remains a myth, as it is radically asymmetrical. While the consumer is transparent to companies, the companies are not transparent in return. Although data protection policies enable consumers to know what raw data companies own about them, it is almost impossible to know how they use them and with what kind of algorithms, and it is even more difficult to know about planned uses for the future. On a smaller scale, in consumption spaces, everything is organized so that the visibility is as discreet as possible: cashiers or customer service screens are arranged so that they are not visible to the customers, and call centre operators never reveal all the significant data they

118 Coll, Surveiller et récompenser; Pridmore, Loyal Subjects?

have on the callers. Whenever possible, control procedures are hidden as well as the data flow. The consumer space must remain pleasant in all circumstances in order to fit an illusion of freedom, which would be ruined if the surveillance was totally explicit. Indeed, the bureaucratic rationalization that takes place behind the scenes must be very discreet if not invisible.[119]

When analyzing what could be the future of loyalty programs, the concept of biopower has even more heuristic values.[120] Loyalty programs outside Switzerland are already trying to act as "a power-knowledge that can be applied to both the body and the population, both the organism and biological processes, [having] therefore both disciplinary effects and regulatory effects".[121] For example, Foodflex, an American program which has now been discontinued, suggested products to its members that were supposedly better for their health and based these recommendations on the analysis of data collected through the loyalty cards of several grocery stores.

The massive collection of data with such details on the consumption habits of citizens, as conducted through loyalty programs, is not affordable for a government, especially during the current global crisis. Consequently, if they were used to make personalized recommendations to buy healthier products, such a recommendation system could be presented as being more efficient than any other public health policy. However, as this kind of service tears down the walls between the public and private sector, the limit between the promotion of public health and the search for new ways of increasing profit is becoming blurred, which causes serious ethical questions that reach beyond the sole question of the protection of privacy.[122] When data collected through loyalty programs are strictly used for marketing purposes, potential ethical problems remain somewhat concealed. But when retail companies are looking to offer these new services, they potentially equip themselves with a power that will not be submitted to democratic control and related accountability.[123] The concept of surveillant assemblage is extremely useful to analyze the importance of the connections between information systems, while the concept of biopower helps to understand the dynamics of transparency and the effects of a growing porosity between the public and private sector. And last but not least,

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119 Ritzer, Enchanting a Disenchanted World.
120 Sami Coll, Consumption as Biopower. Governing Bodies with Loyalty Cards, in: Journal of Consumer Culture 13. 2013, pp. 201–220.
121 Michel Foucault, Society Must Be Defended. Lectures at the Collège de France, 1975–76, New York 2003, p. 252.
122 This is the reason why the protection of privacy has not been discussed in this article. For a detailed discussion on the relevance of privacy in the digital era, illustrated by the same case study of loyalty cards, see Sami Coll, Knowledge, Power, and the Subjects of Privacy. Understanding Privacy as the Ally of Surveillance, in: Information, Communication and Society, 17. 2014, pp. 1250–1263.
123 Melissa Orlie, The Desire for Freedom and the Consumption of Politics, in: Philosophy & Social Criticism 28. 2002, p. 398.

if taken with some leeway and altogether with the other two concepts, the panopticon figure still has more tricks up its sleeves to help scholars shed light on the complex link between data collection and the creation of new modalities of power in the information era.

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