

Amazon Go Johnny Go Go Go Go...

Paul Skeldon, Mobile Editor, Internetretailing.net examines Amazon Go and what it means for high street UK.



WHO WOULD have thought that the future of both merchandising and omnichannel retailing would come from the old world of the High Street?

The integration of technology into the High Street has long been tipped as being transformational for how we shop – but many of those comments were on how actual physical shops would morph into something crossed between pop-ups and coffee shops (or huge town centre warehouses).

But not if Amazon Go takes off.

In one video and one concept store Amazon might well have shown us all what merchandising in the omnichannel world is set to look like by the end of 2017. It also marks the shift in the role that mobile (and therefore online) plays in retail.

For those of you not aware of how it works, Amazon Go is a pilot store in Seattle due to open early this year where the shopper uses their mobile phone – with Amazon Go's app running in the background – to check into the store through a scanning barrier much as you find on the underground, and then they

can freely shop; taking things off the shelves and popping them in their bag as they go. Then they just leave.

Yep, walk right out the door with their stuff. No queuing, no paying. Just in, choose, leave.

Of course, they are charged – via the app that has all their payment information and where the receipt then resides – but as far as a seamless experience goes it is as seamless as you can get.

Behind it lies billions of dollars of investment in sensors, machine learning, IoT, GPS tracking and more – mostly technology developed for the automated automobile industry – but the idea is truly revolutionary for retail.

The trial in Seattle is being based in a convenience store, but in theory the tech could well work in any kind of retail environment and if it does take off it, at a sloop, transforms shopping in store, shopping on mobile, payments and of course the high street shop.

While the technology is a beta and Amazon hasn't disclosed the cost of the trial, what Amazon taps into is a shift in consumer demand for the speed and convenience found online in the real world. While many write off the High Street store, it is in fact one of the most preferred ways to go shopping for many consumers. What needs to change is how it is integrated with mobile technology. Amazon plays to this with aplomb.

According to Hugh Fletcher, Digital Business Consultant, Salmon: "Even if a shopping experience is in-person, not online, shoppers are constantly telling us that they want the same speed, convenience and user-friendly experience that online and mobile shopping provides. As retailers move away from traditional stores, we expect technologies like Programmatic Commerce – the concept of automatic purchasing through connected devices – to dominate the sector."

Salmon's own research finds that 57% of UK shoppers will be ready for fully automated purchases through IoT devices within two years. Programmatic can therefore drive a new age of shopping that is IoT-enabled, and allow retailers to feed the modern-day customer who is now accustomed to a more direct, quick and convenient method of shopping.

"Amazon has been smart here – the brand was born digitally but knows that the future of retail is a perfect mix of online and physical," says Fletcher. "Amazon Go is just a trial but we would expect it to catch on."

Part of this perfect mix as we have said is seamlessness. Payments – online and in store – have always been a sticking point, made worse in many shops by the need to queue to do it. Here Amazon Go's success will be watched keenly.

"Providing the consumer with a truly frictionless experience is the holy grail for the payments industry. This has already been achieved in-app with platforms such as Uber, but has yet to be translated in-store," says André Stoorvogel, Head of Marketing, Rambus Bell ID. "In the IoT era, however, we are moving ever closer to delivering a seamless in-store experience. Beacons, geolocation, computer vision and biometric technologies are being combined to deliver a frictionless experience."

According to Stoorvogel, both the payments and retail industries will be closely monitoring the success of Amazon Go. "The concept deploys various technologies – the exact details are yet to be released – but, as well as Amazon Go, we also predict myriad other pilots, demos and announcements throughout 2017 that aim to move all stages of the in-store payments process – from initialization and authentication, right through to final confirmation – firmly into the background."

TRANSFORMATION

However, the real boon here is combining online experience with the real world to transform both. Amazon Go has a mighty opportunity here. "For example, access to data – such as product reviews – when shopping online, ease of comparing products and rapidly finding other products of interest are key to its success," says Gilad Komorov, CRO of Feedvisor. "Finding what you need online is also much easier with the search box. This concept should

be applied the way we find products in the store as well. Most importantly, Amazon already has data on their Prime members, so the store should offer a personalized experience similar to when shopping on Amazon.com."

It is, however, easy to get carried away with what this all might turn into in the coming years – but it presents many, many challenges to retailers. "It has a barrier which is not there to stop people running off with cabbages and kumquats, but to allow them to activate their accounts by tapping it with their phones as they enter. It has automatic payments once customers have downloaded the app – sounds terrifically easy and I'm sure it will be, but to make it all work will require a huge amount of technological know-how," warns James Pepper from Vista Retail Support. "As a concept it is very exciting, but one suspects that for any retailer without Amazon's research and development budget, there will be too many barriers to entry."

There is also the unspoken worry of staff. Of course, there will need to be bodies on the shop floor to stock shelves and clean up, but is this just another example of the workforce being decimated not by immigrants taking their jobs, but by machines taking over? Or is there going to be a boom in the need for each Amazon Go store – and eventually those of its competitors – to have its own highly qualified tech support person for when the technology inevitably goes wrong?

These issues – and many more – are there to be assessed in the trial. It will be interesting to see how it plays out over 2017. Either way it is the future. Rupal Karia, Managing Director of Retail and Hospitality, UK and Ireland at Fujitsu concludes: "Although Amazon Go only has the one trial store, it is an example of how retailers can harness technology and embrace innovation in their physical stores to create that invaluable seamless customer journey. Now that the level of customers' expectations is at an all-time high, retailers need to find ways to match it and ensure they are differentiating themselves from their competitors. Shopping in-store is now very much experiential, and by bringing innovative new ways to shop retailers can enhance that experience to make it more interactive and digitally enabled. Those that do will be the retailers that stand out against a noisy retail landscape." 

Amazon taps into a shift in consumer demand for the speed and convenience found online in the real world