

# FRICITIONLESS CHECKOUT GAINS TRACTION

Convenience stores are seen as prime territory for autonomous shopping solutions By Linda Lisanti

**UNLIKE OMNICHANNEL**, which is all about connecting with customers through multiple touchpoints, frictionless checkout is about giving customers a seamless in-store shopping experience with little to no interaction — rivaling the speed and convenience of e-commerce.

E-commerce giant Amazon is credited as being the first to bring frictionless checkout to the U.S. retail market with the January 2018 opening of its Amazon Go store in Seattle. The store's "Just Walkout Technology" enables customers to grab items off the shelves and walk out without checking out. Customers merely need to scan their smartphone using the Amazon Go app upon entry, and are charged for the goods picked up during their shopping trip upon exiting.

A second Amazon Go store opened in Seattle in August. The concept will soon be expanding to two locations in Chicago, and the company is also reportedly eyeing San Francisco and Los Angeles for future store openings.

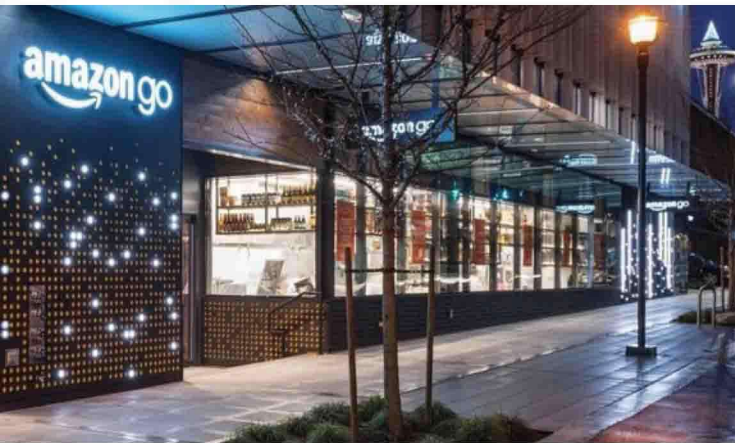
"Certainly, pressure from Amazon is forcing retailers to pay attention and understand what shopping means to consumers going forward," said Michael Suswal, co-founder and chief operating officer of Standard Cognition, a startup with its own artificial intelligence (AI) platform that allows buyers to grab what they want without having to go to a cashier. "Two of the biggest complaints most U.S. retailers receive from customers are long wait times in line and poor customer service. Eliminating the need for waiting in line allows retailers to put more resources toward enhancing the in-store customer experience."

While several grocery and mass retailers already offer scan-and-go shopping technology, where customers can use provided scanners or an app on their phone to scan items as they put them into their cart, Suswal believes such approaches are proving ineffective and the best option for retailers is to remove checkout entirely by moving to AI- and machine vision-based solutions.

So far this year, there has been much movement around frictionless checkout:

- Santa Clara, Calif.-based upstart AiFi unveiled what it says is the first scalable checkout-free solution for stores, from small mom-and-pop convenience stores to major mega retailers. Using its AI technology, sensor and camera networks and system integration, AiFi's platform will allow all stores to move toward a checkout-free future, according to the company.
- Microsoft Corp. is currently working on technology that would eliminate cashiers and checkout lines from stores, challenging Amazon's "Just Walk Out Technology" experience. Microsoft has reportedly shown sample technology to retailers around the world, and has spoken to Walmart Inc. about a potential collaboration.
- Walmart's startup incubator, Store No. 8, is said to be working on an initiative known as Project Kepler, which looks to reshape the in-store shopping experience with the help of technology. Sources familiar with the project say the goal is to create a physical store without a checkout line or cashiers.
- Albertsons announced a pilot of "Amazon Go-like technology" that will be tailored for use with a limited





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set of products, such as meal kits. The company intends to test checkout-free technology at its gas pumps, too. That process, to be tested in Boise, Idaho, will use mobile devices to create a speedy touch-pump-go experience.

- San Francisco-based technology startup Zipkin launched a next-generation, checkout-free software platform for retailers and opened a concept store in San Francisco's SOMA neighborhood that showcases the automated shopping technology in a real-life retail environment.
- Convenience store chain Ricker's announced it will roll out Skip, a hybrid of mobile pay and the Amazon Go concept, to its 58 stores throughout Indiana. Skip's technology reduces the speed of checkout from an average of 60 seconds to an instant pay-and-go action controlled by the customer. Through a partnership with ACH debit provider Zipline, Skip also brings down transaction fees for retail businesses.

According to Michael Jaszczuk, CEO of software company GK Software USA, cashierless checkout technology has been around since the early 2000s and has already gone through many iterations and (sometimes failed) pilots. He believes one of the factors driving the current momentum around frictionless checkout is that the technology is now mature.

"And I do not mean that it is just available but, most importantly, it is also widely adopted by customers," Jaszczuk told *Convenience Store News*. "The wide adoption of cashierless checkout gets the use of mobile devices for self-scanning out of the 'Nerd Corner' because almost every customer



today knows how to operate a smartphone."

### Frictionless in the Convenience Channel

With c-store chain Ricker's rollout of a mobile pay and Amazon Go concept hybrid, frictionless checkout has officially arrived in the convenience channel, and many industry insiders believe it's only a matter of time before there's an industrywide movement.

"By adding Skip to our arsenal of customer service competencies, we expect to see higher frequency and volume of transactions simply from the competitive advantage this partnership will provide. Not to mention being able to convert frequent fuel purchasers into loyal in-store customers," said Quinn Ricker, CEO and president of Anderson, Ind.-based Ricker's.

The convenience channel is where this technology can "shine" because it's a fast-moving space, according to InContext Solutions Chief Technology Officer Tracey Wiedmeyer. InContext Solutions is a provider of enterprise mixed and virtual reality solutions focused on retail optimization and shopper engagement.

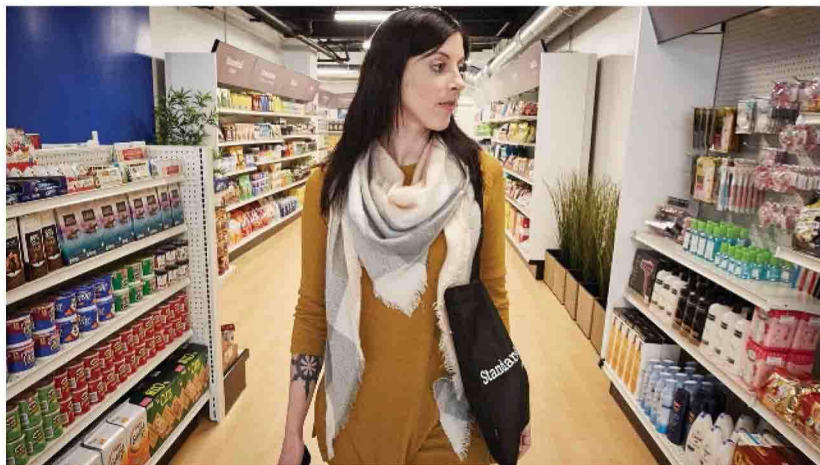
"People are coming in and out constantly, and they're choosing just a few items at a time, not an entire cartload full. It just enhances that convenience factor," Wiedmeyer said.

Suswal of Standard Cognition agrees. He says autonomous checkout can work in any kind of store, from a convenience store to a large supermarket to a designer apparel store.

"Most convenience stores are ideal retail environments for deploying autonomous checkout. On one hand, autonomous checkout allows convenience store operators to repurpose the valuable real estate that cash registers currently occupy. On the other hand, the relatively smaller store footprints typical of convenience stores allow for very efficient and quick deployments of autonomous checkout technology. A typical convenience store could be covered by fewer than 25 cameras, which can be installed in one to two days," Suswal noted.

With the rise of e-commerce competition, particularly from





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Amazon, and retailers being forced to reinvent their stores, he sees frictionless checkout being a long-lasting technology.

“It is inevitable for the survival of most retailers. Autonomous checkout technology will reduce labor costs, improve customer

experience and improve profit margins for retailers,” he said. “We believe customers will seek out, and demand, experiences like this. With autonomous checkout, shoppers will, in the very near future, no longer be required to open their laptops or even their smartphones. The technology creates an opportunity for brick-and-mortar retailers to develop an in-store experience worth closing your laptops over. Autonomous checkout is here to stay.”

Wiedmeyer echoes that this is not a fad. He foresees this kind of technology only improving, becoming more efficient, and eventually one day being the norm. However, he cautions retailers to think before jumping in because it won't be right for every store or every situation.

“I don't think AI will take over completely in the retail space,” he said. “People crave human interaction, and there will still be a need for people when it comes to answering questions and helping with more than just the checkout.”