

Retailers re-embrace Self-Checkout for a quick win



Presented by RIS News, sponsored by Fujitsu.

Retail store leaders are facing three huge asks: Squeeze more productivity from the workforce, operationalize click and collect, and make shopping fast, fun and friction-free. Oh, and of course, move fast. Many retailers are scoring a quick win on all three by adding or expanding self-checkout, considered an easy way to automate on the store floor to free up labor for click and collect and customer assistance.

Mature users like grocers and discounters are expanding self-checkout to as many as half of their checkout lanes at top performing locations, while simultaneously introducing the concept at lower-volume stores. New verticals including convenience, drug, dollar, department and even apparel are testing the self-checkout waters; Urban Outfitters is expanding to additional locations after a NYC pilot, for example, and [Macy's](#) is planning phone-based self-checkout in 450 stores.

More than a quarter of retailers have started or are planning a major self-checkout upgrade (14% have started but not finished, 7% will start within 12 months, 5% within 12-24 months), according to the '[2018 RIS/Gartner Retail Tech Study](#)'. And it is predicted that the self-checkout system market will grow at more than 8% CAGR from 2017 to 2024, according to [Global Markets Insights](#).



[Find out how retailers can leverage self-checkout to solve mounting business challenges](#)

Check-stand-style self-checkout has continued to mature, with new technologies aimed at reducing bugaboos in weight-based security. Retailers now have a range of variations to choose from, many incorporating mobile devices.

The following four-step plan will help retailers find the best-fit self-checkout solution for their environments:

1

What do you want from self-checkout?

Winning [Amazon Go levels](#) of free PR may seem like justification enough for jumping on this trend, but for the long term, retailers need to align self-checkout projects with business goals. These are some of the most common reasons retail executives are citing for their initiatives:

» To cope with rising labor and low unemployment

Competition for staff is tight. By early Fall, 2018, the unemployment rate was 3.7%, its lowest since December 1969. And more than [a fifth of the US population](#) now lives in a state or city that has passed a \$15 wage target. Amazon made \$15 its own minimum and urges other retailers to follow suit. Self-checkout enables retailers to grow store revenue without increasing payroll.

» To staff up click and collect

Fulfilling digital orders from the store requires people, and that labor has to come from somewhere. UK retailers Tesco and John Lewis moved to [fees for certain click and collect orders](#), but major US retailers would rather avoid the negative sentiment that creates. Former cashiers can fill that role.

» To deliver higher service and personalization

Retailers are rushing to outfit store associates with mobile devices to deliver personalized, data-fueled service to shoppers in the aisles, and it's working: 88% of shoppers are somewhat or extremely likely to buy if helped by a knowledgeable sales associate, according to TimeTrade's ["The State of Retail"](#) report. Cashiers turned sales associates benefit the bottom line.

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Source: Time Trade 'The State of Retail'

» To reduce wait times

Waiting is a huge irritant, and consumers like to control their own fate. Done right, self-checkout gets them out faster.

» To compete with Amazon Go

Amazon was the first to put cashierless shopping out into the world, but others are moving aggressively toward this new model. But it takes deep pockets and lots of technology and experimentation.

2

Consider the Customer Experience

Shifting cashiers to other customer-centric tasks can't come at the cost of degrading checkout. The best-fit checkout experience is one that works for the product set, transaction patterns and most important of all, the expectations of the customer. Walmart, for example, [announced in May 2018](#) it was abandoning its self-checkout because its customers did not embrace it. Nikki Baird, VP at Aptos, told [RIS](#), "No one should jump to the conclusion that cashierless checkout is expected by consumers," and urged retailers to focus on customer pain points. "That might mean cashierless, or it might even mean more cashiers."

Currently retailers are developing and deploying next-gen solutions and tactics to ease the checkout burden while simultaneously upping their cool factor:

» **Balancing wait times with loss prevention**

[Retail Systems Research \(RSR\)](#) urges retailers to ensure the steps they take to prevent shrink don't cause friction in self-checkout. That's been an issue with older models, so newer approaches replace weight-based security with machine vision. [Sainsbury's](#) recently added closed-circuit cameras and mirrors to boost self-checkout theft prevention. Other approaches in development include camera analytics using real-time object detection coupled with AI to analyze the data.



» **Considering order size**

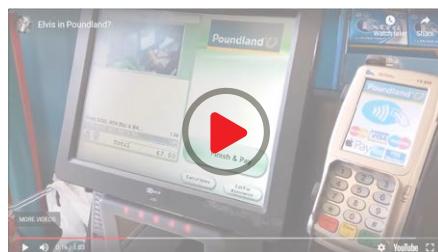
Consider how many and what type of items customers buy in different types of visits (just running in vs. stocking up, for example). Each dictates a different type of self-checkout. Walmart is reportedly testing ["large basket" self-checkout](#) at an East Coast store.

» **Increasing customer control**

After [Rent the Runway](#) added stores for customer convenience, they found waiting for an employee was a bottleneck. A self-checkout solution lets customers control their entire experience.

» **Offering the right user interface**

Self-checkout developers are modifying user interfaces to act more like the clicking and swiping common to mobile apps. Target updated produce menus with [emojis](#). Poundland, a UK discount chain is being ultra-creative with its checkout, leveraging an Elvis impersonator to power voice commands at the POS.



3

Discover the right Technology mix

Retailers are experimenting with many forms of self-checkout in an effort to find the one—or several—that works for their customers. European supermarket chain [Auchan](#), for example, offers three checkout options: hand-held scanners, a self-service checkout, or a hybrid self/manned checkout solution.

The components of self-checkout—scanning, bagging, payment, security—are now being considered individually, then put back together in different ways to meet specific needs. Here are some examples of how that's playing out.

» Condensed check-stands

For retailers such as convenience and drug stores with smaller footprints and order sizes, scaled-down self-checkout terminals deliver the benefits without taking as much square footage.



» Full-size self-checkout stands

For formats with larger orders, like grocery and club stores, newer models are speeding up the experience with better security technology and UI's that reduce errors and act more like smartphones. Canadian grocer Loblaw has more than 400 self-checkouts installed, and they're used by more than 25% of customers.

» Convertibles

Home Depot is said to be experimenting with several new self-checkout concepts, but one that seems like a go is a register that [flexes between a staffed checkout and a self-checkout](#). That gives the retailer flexibility to respond to shifting demand and consumer expectations.

» Store mobile device plus payment station

Stop and Shop had been furnishing customers with hand-held scanners to scan items as they shop for quite some time. Then they move to self-checkouts, which enable them to dock the device, process payment and bag their goods. Shoppers can also use their own phones for scanning.

» Customer mobile plus human or check-stand

With the proliferation of smartphones the trend now is skipping the store-owned scanners and enabling customers to use an app on their phones to scan. Some send customers to a self-checkout to complete payment, while others offer pay-by-phone that then gets checked by a greeter on the way out. [Kroger Co](#) was set to rollout scan-and-go to 400 stores this year. Sam's Club already offers it, and B.J.'s Wholesale Club targeted 100 clubs for rollout this year. [Walmart's](#) experience confirms that matching product type, customer base and self-checkout model is key.

» Seamless/cashierless checkout

This model is getting a lot of hype; customers use an app to scan and pay for goods, then leave the store. [Sam's Club Now](#) is opening in North Texas with a cashierless model. Not surprisingly, preventing theft is the number one challenge. Amazon Go stores are said to use overhead cameras, weight sensors and deep learning technology. [Dirty Lemon](#) in NY is banking on customer guilt to compel them to pay.

4

Experiment, Pilot and Learn

Amazon Go and Sam's Club Now are two of the more visible examples of retailers testing new self-checkout ideas and seeing what sticks. But the factors driving retailers toward self-checkout are hitting everyone, and many more projects are flying under the radar. According to [RSR](#):

**“If payroll can be reduced by 4% and sales increased by 5%,
retailers must be willing to trade these for a 1% increase in shrink,
by reducing security procedures to increase checkout convenience.”**

In addition the research firm has the following advice for retailers:

1. Make sure the solution conforms to what customers, not just retail execs, define as convenience.
2. Get buy-in from staff by demonstrating that their jobs will shift elsewhere, not disappear entirely. Employees on the front line can make or break a project.
3. Shift mindsets, metrics and processes to accommodate the changes.

Follow Market Developments closely

After years of one basic form factor, self-checkout is now exploding in several different directions, with some ideas finally finding footing. One approach uses image recognition technology to identify goods placed in a cart. The idea of passing a whole cartful of goods through a tunnel to checkout in one fell swoop, for example, is now resurging, with several companies working on bulk-deactivation technologies using RFID.

This will likely work best in vertically integrated retailers, enabling them to embed RFID tags in manufacturing and leveraging them through the supply chain all the way to checkout and even post-purchase.

Self-checkout is only the beginning of a new tide of store automation. Walmart is exploring robotic inventory, for example, and DSW already has a “[shoevator](#)” in a Las Vegas store that retrieves and delivers shoes via a giant elevator in response to orders placed via smartphone or kiosk.



a majority of shoppers want grab-and-go stores with self-checkout on their own smartphones (59%) and interactive shoppable screens (56%).

Source: RIS 'Retail 2025 Shopper Study:
The Future of Retail Is Already Here'

Retailers turn to Self-Checkout to solve mounting business challenges

Speed is the name of the game in retail. Whether it is lightning fast online search or a quick and seamless in-store checkout experience, shoppers crave speed.

To meet demand for speedy in-store payment, savvy retailers continue to invest in self-checkout technology to supercharge the POS experience while simultaneously streamlining store operations.

To uncover how retailers can best leverage this critical technology Fujitsu's manager of product marketing, retail business unit James Frank sat down with RIS for an exclusive Q&A on the hot topic.



James Frank,
Product Marketing Manager,
Retail Business Unit, Fujitsu.

Q Why do today's market conditions make self-checkout an appealing option for retailers?

Retailers are facing higher labor costs due to minimum wage increases, while at the same time experiencing shortages in the availability of staff; even at these higher wages. To compound the labor issues further, retailers need to allocate already strained staff resources to meet new retail trends such as buy online, pickup in-store (BOPIS). When all these factors are coupled together, self-checkout remains one of the only guaranteed means of solving these mounting business challenges. By significantly reducing labor at checkout, self-checkout allows retailers to reallocate these costly and potential scarce resources elsewhere throughout the store. Self-checkout's ability to help with these labor business challenges and emerging consumer trends are driving its adoption into non-traditional grocery and specialty retail as well.

Q What are some key questions for retailers to consider when choosing a self-checkout solution?

The two fundamental questions to consider are levels of security and payment tender. Over the past decade, research has shown self-checkout not to be the loss prevention risk people once assumed. When combined with proper item verification and better communication capabilities like wearables, we are seeing more and more unattended self-checkout implementations. It is important to work with specialists to properly determine the level of security required. This question should always be answered by a thorough evaluation of the unique operating environment of a retailer. Deciding on accepted tender of payment is the second key question. Cash may be king, but it is expensive to manage, increases transaction times, and like royalty, is not as prevalent as it once was. Dropping or limiting cash as a tender at self-checkout provides great flexibility to implement multiple, smaller and less expensive express lane units in the same footprint as larger cash accepting units.

Q How do modern self-checkout solutions offer a better customer experience?

The best self-checkout solutions are driven by one primary focus; consumer behavior. Smaller, cashless solutions create self-checkout express lanes for the large percentage of handbasket shoppers. Integrating IoT devices such as wearables allow staff to more efficiently solve customers' issues through instant communication throughout the store. The days of patiently waiting for a price check request over an intercom page are over. Self-checkout is no longer bound as a large machine at the front, next to the other cashier lanes. It is migrating to other areas of the store and morphing into the store design itself. Integrating convertible self-checkout solutions into custom cash wraps creates an enhanced checkout experience for the customer and new opportunities to upsell impulse items for the retailer. By converting from a standard cashier lane into a self-checkout lane, convertible integrated solutions allow for maximum floor space efficiency and greater flexibility of staff to be useful elsewhere in the store.

Q How is the Amazon Go concept influencing the self-checkout landscape?

Most potentially disruptive technologies generate early hype and our industry is no different. There is an initial instinct to believe that computer vision retail systems, like the one implemented at Amazon Go, will replace self-checkout. Retail is detail, and there are many details of frictionless retail that still need to be hammered out. What breadth of products can be handled, how to weigh items such as produce, cash payment, etc. In the near to medium term, self-checkout works in-conjunction with these systems to provide the flexibility at checkout for an effective shopping experience. We are engaging with these companies to incorporate our decades of retail experience to shape the store of tomorrow. Just as self-checkout was developed to give shoppers a choice over waiting in line for a cashier, frictionless retail will eventually give shoppers the option of automation over using a self-checkout unit when possible. In due course, self-checkout simply becomes self-service.