



Amazon go: The future of retail

Archith M, Vishrut Shivkumar, Rishab Mehta

School of Business Studies and Social Sciences, CHRIST, Bengaluru, Karnataka, India

Abstract

The art of selling has always been a tough one, for it not only constitutes knowing what a consumer wants, but also how he or she wants it. Everyday businesses stumble upon and develop newer and better ways to innovate, sell and position their product/service. On that note of ingenuity and creativity, we look at the example of Amazon Go, a unique store where there are 2 main missing things, a checkout queue and store employees.

A revolutionary step in the marketing and selling of FMCG products, Amazon Go is a bold move in this age. Customers only have to select their product and proceed to a scanning counter that accepts online payment through an app that specialises in providing the same. Needless to say there are several ups and downs in this concept which will be analysed by this paper.

It would not be wrong to say that Amazon Go has set in motion, a spark of change in the FMCG distribution sector, one worth studying in detail and one which may dictate how future stores line up for us.

Keywords: amazon go, retail, AI

1. Introduction

Amazon Go is a type of store which has fast checkouts and few employees. It focuses on the concepts of quick service and advanced consumer technology. The basic concept of the store is, anyone can lift a product off its shelves, walk over to the checkout counter which is automated, scan their phones at the scanner and an online transaction takes place. Amazon is widely known for popularising and developing new, innovative ways to market and distribute their products, the drone delivery concept being an example.

Amazon also ingrains the deep learning and the “Just walk out” technology, wherein a virtual count is kept of all the products, on the shelf and on your cart. Amazon offers a mode of payment wherein the customer can pick up anything he or she wants and the Amazon account will be charged for the same. It is concepts like these that really stir the competition and the market. One would assume that for the service provided and technologies ingrained, it would cater to a niche market or to the elite. Truth is, Amazon Go is accessible to almost anyone who owns a smartphone, has an Amazon account and lives in Seattle, opening up a wide customer base. According to several studies conducted, a common consensus is reached that abstract forms of payment boost our spending tendencies. An individual might think twice before purchasing something that decreases his debit card balance, but will tend to make more impulsive and unhealthy decisions when the payment form is not in the form of either hard cash or card.

The cultural and social aspects here are also worth considering. No staff means lesser interactions. Grocery stores were once a hub of social activity but is now being made impersonal in the name of convenience and technology.

There are tremendous ups and downs of Amazon Go and the concept of a cashless, automated supermarket, but we cannot pretend as if this isn't the forefront of smart innovation.

2. Concepts

2.1 Artificial Intelligence

AI or artificial intelligence is the simulation of human intelligence processes on machines. These processes include things like learning using past actions and future predictions, using logic and the concepts of probability and others, to reason and to self-correct, which is essentially fine tuning processes to suit the environment better. An example of the same can be seen in Amazon Go, with the “Just Walk Out” tech, a form of AI, being used to track products on the shelves, create a virtual cart and make payments and receiving invoices easier. All forms of AI use learning to fine tune processes and self-sustain. Amazon has a deep learning function within its tech that lets it adapt to a variety of customer needs using computer vision and sensor fusion. AI has made ground-breaking development over the past few years and is being used for applications such as self-driven cars to providing security to corporate giants.

Companies are seeing the potential to ease the flow of operations using AI, lure in more customers and grant an experience like no other.

2.2 Personal Selling

By its basics, personal selling is essentially face to face selling wherein a salesman convinces a potential customer to purchase a product. This type of selling has the advantages of high feedback and customizability as the salesman can change his pitch according to the needs and wants of his customer. The communication involved in personal selling is two-way in nature, which means that the salesman absorbs and gives information from and to the customer.

As a rule of thumb, the salesman uses his interpersonal skills and ingenuity to market his product or service well. This type is also commonly found in supermarkets and stores where the

salesman tries to convince you to try a sample of new product or employ unconventional marketing techniques to sell a new product. Personal selling is a type of concept that works well with newly introduced FMCG goods, niche products that have a narrow target market, electronics etc.

The disadvantages associated with PS is that it is labour, time and cost intensive and it fails to cover as substantial a ground as marketing through visual advertisements would. While there may be the ups and downs of both methods, it must be used only when suitable for the product.

3. Discussion

3.1 Advantages

- The core concept of Amazon Go is Artificial Intelligence (AI). follow complex deep learning algorithms and keeping a virtual count of checkouts and store stock, heavy AI is used in the store to keep it functioning, ensure speedy checkouts and improve customer experience.
- Amazon Go doesn't follow the traditional methods of selling. It looks to eliminate queues at stores and make online payment a norm for all supermarket stores through the Amazon Go App. Customers get online invoices and enables them to walk out of the store in minutes.
- Amazon Go reduces the need to communicate and coordinate with staff who might not be able to cater customer needs at all times. The staff-less store is sparsely populated besides for the customer.
- The elimination of personal selling and the rising need to make advertisements and hoardings. Being an automated supermarket, means that personal selling of new shelf occupants is a tough task. The only way to market them is through visuals. Hence the reduced need to conduct personal selling, distributing samples etc.
- Cashless transactions make people spend much more and without as much discretion. Abstract forms of currency are more freely spent and Amazon Go capitalises on that human tendency.
- Amazon Go is able to market itself due to its innovation, the wonder associated with a cashless store and the ease it provides. Due to these factors, Amazon Go finds it easy to become popular. They may also garner public support through internet fads, popularity and word of mouth.

3.2 Drawbacks

- Tracking of large numbers of customers in a store still would be a problem for the technology used, and is still not perfected. "Amazon has run into problems tracking more than about 20 people in the store at one time, as well as the difficulty of keeping tabs on an item if it has been moved from its specific spot on the shelf." (Stevens, 2017) ^[1].
- Threats of using completely automated technology hover over the concept as computer accessible technology can always pose security risks and threats, especially when connected to bank accounts of large numbers of people. Along with this, the cost per transaction is potentially high due to maintenance of the AI interface to an extent until the technology becomes more accessible in the market, or the production of this technology is made easier.

4. Conclusion

The concept of an upgraded futuristic retail store is one that could change the aspects of retail business throughout the world. Making use of the AI technology, Amazon Go is on the verge of changing the idea of how consumers are to buy their products, making it a lot simpler and advanced to cater to fast paced lifestyles and also changing one of the basic concepts of retail stores by getting rid of the billing process, and adding tracking systems to maintain security of the products sold. This smart technological concept can therefore hope to revolutionize the distribution of goods in markets.

6. References

1. Stevens L. Amazon Delays Opening of Cashierless Store to Work Out Kinks. The Wall Street Journal, 2017.
2. Stevens L. Amazon's Cashierless 'Go' Convenience Store Set to Open. The Wall Street Journal, 2018.