

The tight labor market could help accelerate contactless checkout adoption

Article

The news: Amazon's Just Walk Out cashierless checkout technology is a critical element within its brick-and-mortar strategy, per internal company documents reported on by Insider.

More on this: Amazon wants **all of its Amazon Fresh grocery stores to be JWO-enabled**, as well as a growing number of **Whole Foods** stores.

- It is also focused on selling the JWO technology to other merchants. For example, two stores at the **Houston Astros'** stadium Minute Maid Park feature JWO technology.
- Other retailers are also active in the space. For example, Chinese retail giant **JD.com** launched its first “unmanned convenience store” in 2017, and has since rolled out line-free technology in its stores in China and Indonesia.
- A growing number of retail technology vendors are offering similar capabilities, including AiFi, which works with retail partners such as **Aldi** and **Carrefour**, as well as **Instacart**, which recently partnered with Aramark Sports + Entertainment to offer its contactless POS system at nine **Major League Baseball** stadiums.

The pandemic's impact: The pandemic drove Amazon to move quickly to head off potential technology rivals as it sought to license the software package it called “Just Walk Out as a Service (JWOS).”

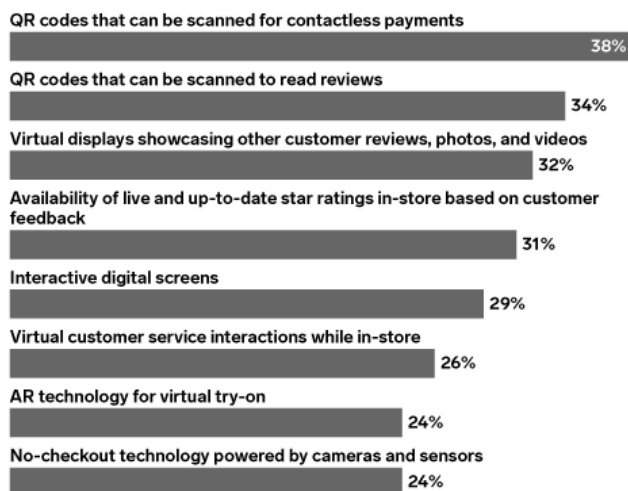
- Licensing the technology is significantly more profitable than running brick-and-mortar stores. Amazon is also focused on licensing other in-store technology, including its Amazon One biometric technology.
- While the pandemic drove Amazon to expand its JWO candidate countries from 23 to 81, and provided an inroads to discuss the technology with major brands such as **Morrisons** in the UK and **Casino** in France, it took until late last year for Amazon to name UK grocer **Sainsbury's** as its first international third-party JWO customer, per Insider.
- The reason for the slow uptick is the reluctance of other retailers to partner with a competitor.

The timing is right: While the pandemic drove consumers to accept, and in some cases prefer, contactless checkout, the tight labor market could be the catalyst that drives more retailers to adopt the technology.

- It's increasingly difficult to hire workers as the US labor market is historically tight. Job openings outnumber the available labor pool by about 5 million.
- Contactless checkout and other tools, such as self-checkout, are driving down the number of cashiers; the **number of cashiers is projected to decline 10%** between 2020 and 2030, per the US Bureau of Labor Statistics.

Technologies Shoppers Want to Use in Future Retail Environments According to Consumers Worldwide*, Oct 2021

% of respondents



Note: *Australia, Canada, France, Germany, the UK, and the US
Source: Bazaarvoice, "The State of Retail: Understanding Both Sides of Commerce in 2022" as conducted by Savanta, Dec 15, 2021

272137 InsiderIntelligence.com

The big takeaway: Contactless checkout offers the prospect of a major win-win for retailers and consumers.

- It can make for a faster, easier shopping experience for shoppers, while it enables retailers to have fewer employees working at any given time. Moreover, merchants can allocate those workers to higher-value functions than manning a register.
- The situation presents an enticing opportunity for Amazon. However, in order to scale its in-store technology licensing business, it needs to find ways to convince retailers that it is a partner rather than a rival.