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‘Massive wakeup call’: Amazon Go is giving rise to vendors to help retailers go cashierless

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The growth of Amazon Go cashierless stores is putting pressure on traditional retailers to eliminate typical checkouts and replace them with fully automated “walk in, walk out” payment experiences in stores.

So, naturally, tech startups have swooped in to help retailers accelerate the pace of adoption. This week, for example, two-year-old Berkeley, California-based payment startup Grabango raised \$18 million in Series A funding to grow its cashierless checkout technology platform for retailers. Grabango is part of a group of startups whose purpose is to help retailers implement cashierless technology in stores. Others include Zippin, Standard Cognition, AVA Retail and FutureProof Retail.

In addition to heat from Amazon to upgrade customer convenience, there’s money on the table: The easier it is to make purchases, the more people buy. A report last week from RBC Capital Markets estimated that each Amazon Go store was currently making anywhere between \$1.1 million and \$2 million per year.

But because going cashierless is an evolution, not a flip of the switch, companies are guiding retailers in rolling out transitional steps alongside fully cashierless experiences. These include traditional checkouts that know what customers have in their carts before they reach the cashier. Ryan Gilbert, managing partner of San Francisco-based Propel Venture Partners, which led the funding round for Grabango, said the transition to a completely cashierless retail experience isn’t automatic, and platforms like Grabango offer options to account for customers’ varying levels of comfort with the technology.

“You have ‘Johnny Cash and ‘Sally Cashless’ — these are two different customers,” he said. “Retailers realize that they’re very different from the Amazons of the world, they have different customer relationships, they’re probably selling different products, they’ve got different inventory management and supply chain solutions, and just to say ‘We’re going to be Amazon,’ may not be the right solution.”

For retailers that use Grabango, customers who choose the fully cashierless route can download and login to an app, pick up their items and leave, and those who want to pay with cash or cards can put the items in their carts, and all the customer will need to do at the cashier is pay, said co-founder Will Glaser. The objective, at least in the short term, isn’t to eliminate cashiers, but to get rid of cumbersome lines that annoy employees and customers. Grabango is currently piloting the technology with four large retailers (Glaser didn’t say which ones), including three grocery stores and one convenience store.

“It’s a soft transition,” he said. “Cashiers will be involved in the foreseeable future.”

Similarly, AVA Retail is working with six retailers globally on cashierless technology pilots. It’s also working with Mastercard on a [cashierless pilot](#)

<https://digiday.com/marketing/mastercard-testing-instant-payments-wework/> at a San Francisco WeWork location. Meanwhile, in stores, customers can download an app for a “just walk out” experience; they can also dip their credit card into a turnstile upon entry into a store instead of downloading the app. AVA also supports retailers who want to implement “scan and go” tech.

But retail isn't yet at the dawn of cashierless checkout, despite Amazon pressures. What's keeping some retailers from adding cashierless checkout is cost and the newness of the technology, said Forrester principal retail analyst Sucharita Kodali.

“The fundamental challenge is that cameras are expensive,” she said. “Who wants to invest several hundred thousand dollars, or however much it costs, when you can just have a person [do that] for \$10 per hour?”

Startups counter that perceptions about exorbitant costs are somewhat overblown. According to Glaser, who wouldn't say how much each cashierless deployment costs, smartphone camera technology is incorporated into its solution, which brings down the costs.

“They're high-resolution, modern and cutting edge but they're not terribly expensive because the cellphone industry has cost-reduced them for us so we take those elements and build them into assemblies and deploy them into stores at a very low cost,” he said.

AVA CEO Atul Hirpara said retailers can add AVA's cashierless technology for between \$100,000 to \$500,000 per store, and AVA's platform uses existing camera infrastructure. Despite the obstacles, Gilbert said a bet on cashierless retail is a long game, as adding the technology will eventually become a survival move for traditional retailers.

“Retailers have had a massive wakeup call from Amazon; these retailers are scratching their heads thinking about not only about how they can compete but how they can survive — in five years, it may be a do-or-die moment for retail,” he said.