

RETAIL

## With Amazon Go's popularity, luxury must determine the cashierless model's relevance

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*Amazon Go is finally open to the public. Image credit: Amazon*

By DANNY PARISI

The long-awaited Amazon Go retail store has finally opened and there has been immense praise for its cashierless model, but is the concept one that can be emulated by luxury?

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Amazon's in-store concept works by letting users sign into an Amazon Go account on a mobile device, and then simply pluck desired items from the shelves and walk out with them while the smartphone tracks what was picked up, automatically charging the goods to the consumer's account. While it is clear that the idea has immense potential, two questions arise: is it possible and is it right for luxury brands?

"The question is 'Do other retailers have the competency?' and that's unclear," said Jeffrey Neville, senior vice president and practice lead at **Boston Retail Partners**, Boston. "More likely, there are pieces of the Amazon Go model that retailers should look at incorporating as they plan for their store of the future.

"Part of the benefit of the Amazon Go experience is speed and convenience for the customer, for the luxury market, this grab-and-go technology doesn't necessarily make sense since a large part of luxury shopping is the time evaluating a high-ticket item and the interaction with the sales associate asking questions about fit, care and use," he said. "However, the elimination of the traditional POS may open the door for retailers to redesign their stores and eliminate the classic cash wrap desk to enable more customer- associate interaction."

Retail concept

Amazon is in a unique position as one of the largest and most powerful businesses in the world with its fingers in so many pies it is hard to keep track of what Amazon is not involved in.

Because of that, it is also ripe for experimentation, such as the gamble it is taking on Amazon Go, a retail store in Seattle without cashiers. Instead, customers just grab items from the shelves and walk out with their accounts automatically being charged.

Since the store opened Jan. 22, it has proven remarkably popular with many fawning articles published on how seamless and smooth the experience is, but there have been a few instances where an item, such as a yogurt cup, was not accounted for on a receipt.



*Amazon's retail concept has proven quite popular. Image credit: Amazon*

Nevertheless, luxury retailers may be tempted to try similar concepts.

But before doing so, those retailers have to ask themselves whether it is worth the investment.

For one, Amazon has the resources to throw a lot of money into the development of this store, as well as the cushion to absorb losses if the concept proves unpopular.

Luxury brands and retailers should certainly not be dissuaded from innovation, but following in Amazon's footsteps may be misguided without the retail giant's resources to draw from.

#### Personal connection

The more important question however is whether luxury consumers would even like a retail experience with no human interaction.

A new report from the Luxury Institute shows that many consumers value the personalized touch of a human sales associate to guide them through the shopping process.

Half of all affluent consumers surveyed by the Luxury Institute said that sales associates give a relationship-driven experience that is inimitable by online tools and ecommerce. While luxury brands should certainly not neglect the benefits that technology can bring, it is just as important to remember to keep the human element in-store ([see story](#)).

Another report from the Luxury Institute claims that technology's real value in luxury retail will be in freeing up employees to focus on what really matters: improving a company's culture and efficiency.



*Competent sales associates are worth just as much as flashy digital tools. Image credit: Hugo Boss*

Milton Pedraza, CEO of the Luxury Institute, calls these types of workers "platinum collar workers" as opposed to blue collar or white collar workers, and created a platform called EIX as a means of training these types of employees. With the advent of artificial intelligence automating much of a luxury brand's traditional day-to-day practices, these platinum collar workers can focus on improving company culture and enhancing a brand's moral standing ([see story](#)).

These kinds of personal, intimate experiences are what luxury consumers crave. They want to be catered to and have someone guide them and curate their shopping experience.

While Amazon Go will likely be popular for groceries and other everyday purchases, luxury always benefits from developing a personal relationship with the consumer.

"Shopping is a social experience that people want to participate in and that's not going to go away," Boston Retail Partners' Mr. Neville said. "Luxury goods, in general, require one-on-one human interaction for customers to feel good about their purchase.

"With that being said though, the luxury retail in-store experience could benefit greatly from automation," he said. "Operationally, RFID technology can automate inventory/cycle counts, augmented reality can help with merchandising and floor sets, and blockchain technology can be used to prove authenticity of luxury goods.

"Areas such as visual recognition and augmented reality displays can enable personalization of a luxury good choose a color, monogram, etc. to create a custom order and deliver directly to the customer," he said. "Sales associates will remain valuable, however there are opportunities to utilize technology to enhance relationships by improving their ability to sell to the customers while making them more efficient operationally."

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