By Ajay Lalu

Can Africa lead autonomous retail and what are the social implications for retail workers?

According to Statista autonomous retail is growing at a compounded annual rate of 61,4% per annum. These statistics were calculated from 2018 and extrapolated to 2024 with an estimated 10 000 fully autonomous stores expected next year.

Africa has only one clothing brand with semi-autonomous retail stores, called UNIQ – recently launched by the Shoprite Group. It uses RFID tags to allow customers to pay for purchases and not to use a cashier. This trend will see other retailers adopt similar technologies. The adoption of RFID tags in grocery retail would be both prohibitively expensive and inefficient as retailers would need to add a tag to each item on their shelves at a cost of between R1 and R2 per tag.

Solutions like Scan, Pay and Go are better suited to grocery retailers. These solutions use data to drive increases in average basket size. We have seen that in the USA, UK, and Europe, that fully autonomous stores are popping up all over the place. So why has Africa not seen a fully autonomous retail store yet?

Social issues including job losses and trade unions are the main reason for the lack of adoption of such technologies. This is further exacerbated by retailers in Africa being too far behind the global retail technology curve.

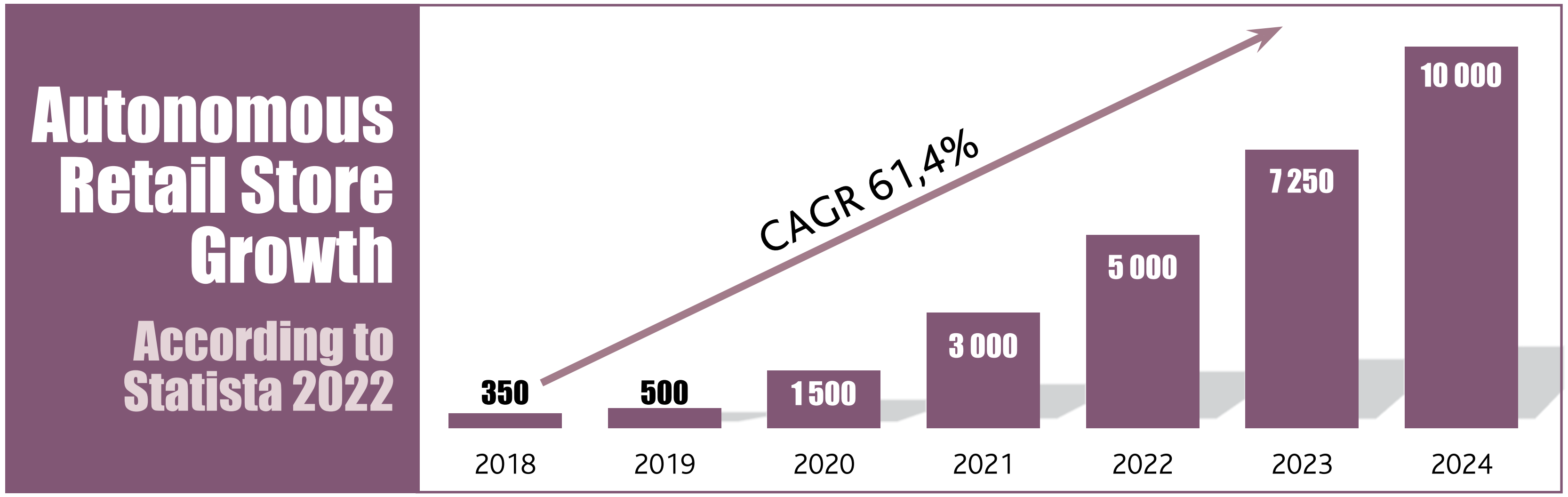
The US and UK have seen self-checkout solutions for the past 20 years while Massmart recently introduced it at its Game Stores in 2022. In fact more than 55% of grocery retail transactions last year in the USA were self-checkout. This represents an opportunity for Africa to leapfrog the rest of the world and move directly to fully autonomous retail stores unlike their international counterparts who are heavily invested in self-checkout technologies. The impact on jobs is not the be underestimated but cashiers can be upskilled and redeployed for example as pickers for online retail channels like ASAP by Pick n Pay.

The other significant issue seems to be focused on risk of increased shrinkage. South Africa industry average shrinkage is between 5% and 7% while the USA reports shrinkage rates of in 2021 of 1.44%. The main contributor of shrinkage is actually internal (employees) as opposed to customers. This, therefore, means that more retailers should look at autonomous stores as it reduces the human factor in the loop, thereby reducing shrinkage risk.

Autonomous retail has a unique place alongside with existing retail operations. In places like hotels, offices, golf estates, gated communities, airports, and even private hospitals could be very well suited to fully autonomous retail convenience stores.

The key to unlock autonomous retail in Africa is finding the right technology partner. Technology companies like Amazon have entered brick and mortar stores through the acquisition of Whole Foods and establishing Amazon Fresh and Amazon Go stores. This strategy has not been very successful for Amazon who last year had a Q4 impairment charge of a staggering $720m on its Fresh stores. On the other hand, many brick and mortar retailers are trying to become technology companies and are also seeing significant losses from this approach. The real opportunity exists to create smart ecosystems where retailers and technology companies co-operate to work together for the benefit of the consumer.

African retailers are immensely capable of leapfrogging their global counterparts and lead the advancement to autonomous retail stores through smart ecosystems as they do not have investments in self-checkout solutions and market adoption will be easier like we have seen with mobile phone adoption. **SR**



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Ajay Lalu is a serial entrepreneur who has founded several successful companies including the Black Lite Group. He has showcased CIRT's innovative solutions at the world's largest IoT Conference, IoT Solutions World Congress – Barcelona, 2019. He is a guest lecturer at the Gordon School of Business (GIBS) on digital innovation and strategy. Ajay is greatly involved in initiatives aimed at developing SMMEs and tech start-ups.