BUSINESS NEWS LESSONS

One step forward, two steps back: the dance between automation and tradition

1 Warmer

a. Discuss the questions. Give reasons for your answers.

- Are there self-checkout stations at any of your local shops?

- Do you prefer being assisted by a human cashier? Why (not)?

- Do you think retailers lose money when customers check out their own products? Why (not)?

2 Reading for gist

a. Skim the article and choose the statement that best summarises the main idea.

1. The increase in self-checkouts is the biggest cause of a shocking retail crime wave in the US.

2. While there is a link between self-checkout and more shoplifting, the retail crime wave is not as bad as companies have claimed.

3. Most retailers want to eliminate AI and rehire humans for all the roles.

3 Key words

a. Choose the key words that match the definitions. Check your answers and your understanding of how the words are used by using them to complete the example sentence immediately after each definition. Then read the complete article to see how the key words are used in context.

automation	concede	crime wave	deter	headwind	miscreant
profit margin	shoplifting	shrinkage	stratification	unmanned	unprecedented

1. the illegal act of taking things from a shop without paying for them _____

   The government is adopting facial-recognition tools to help stop _____.

2. using machines and computers that work without humans controlling them

   _____

   Some argue that _____ will mean that humans and robots work together,

   and not that humans will lose their jobs.

3. a sudden increase in crime _____

   A violent _____ has shocked the city.

Intermediate

4. never having happened before _____

    Temperatures have reached record highs in a(n) _____ heatwave in the

    northern state.

5. resistance; something that slows your forward movement _____

    A shortage of skilled workers poses a(n) _____ for the construction industry.

6. admit that something is true, even when you don't want to _____

    The politician _____ election defeat to her rival.

7. the difference between the price something is sold for and the total cost of making and selling it

    _____

    The company is expected to post the lowest _____ since it went public six

    years ago.

8. the loss of goods or stock because of damage or theft _____

    According to retailers, _____ is one of the main reasons for lower profits

    this year.

9. not needing people to work or operate correctly _____

    Several countries are investing in _____ military vessels.

10. a criminal _____

    A grocery shop owner was attacked and injured by an unidentified _____ on

    Tuesday evening.

11. prevent or discourage someone from doing something _____

    Some argue that the use of facial-recognition systems is the best way to

    _____ thieves.

12. how something exists in different parts or has been arranged into different groups

    _____

    The book is about wealth, inequality and social _____.

Shoplifting, self-checkout and the limits of AI

A SHORTLIVED RETAIL CRIME WAVE IS A WARNING ABOUT THE UNINTENDED CONSEQUENCES OF AUTOMATION

BY BROOKE MASTERS

1 The US just suffered through a horrific retail crime wave, or so its big retailers would have us believe.

2 Starting in late 2022, mentions of theft shot up 80 per cent on earnings calls, according to AlphaSense, and the National Retail Federation warned that "unprecedented" levels of shoplifting had pushed losses to an all-time high of $112bn.

3 Drugstore chains started locking up stock behind glass doors. CVS brought in security dogs, Target warned theft was a "significant financial headwind" and Rite Aid blamed "brazen shoplifting" for poor financial results. Walgreens cited "organised retail crime" as it shut some San Francisco locations, and other chains adopted similar justifications.

4 But despite some dramatic footage of smash and grab heists, evidence of a wider problem proved thin. The "unprecedented" 2022 losses added up to 1.6 per cent of total US retail sales, a return to the 2019 average loss rate after a dip in 2021. A separate Council on Criminal Justice study of shoplifting found the number of incidents reported to the police rose in New York, Los Angeles and Dallas and four other US cities between 2019 and 2023, but it fell in 17 other jurisdictions.

5 The cataclysm also ended quickly. Retail executives have stopped using apocalyptic language and returned to talking about stock losses as "shrink", as they had done for decades. Target is now expecting its losses from theft to be flat in 2024, Walgreens' shrink rates have dropped and an executive conceded on a 2023 earnings call that "maybe we cried too much" about crime. Some retail chains are still closing locations – as they were before the pandemic – but they are talking mostly about improving performance and a lot less about crime.

6 Much of the kerfuffle now appears to be rooted in loose talk from retail executives who needed a scapegoat for falling profit margins, amplified by overheated commentary and politicians eager to look tough on crime.

7 But to the extent that theft did rise, the experience serves as a cautionary tale about the limits of automation even as a wider range of companies tout the cost-saving potential of artificial intelligence.

8 Many chain stores that reported unexpected jumps in shrinkage had ramped up use of self-checkout and sensors during the pandemic while reducing employee ranks at tills and on shop floors. Those measures cut labour bills and helped stores navigate post-pandemic worker shortages.

9 But the empty aisles and unmanned registers proved vulnerable to opportunistic pilfering and criminal gangs who found online marketplaces made it easy to dispose of ill-gotten goods.

10 Self-checkout has long been associated with higher theft. One 2018 study estimated that when a store shifted half of its transactions to self-checkout, its shoplifting losses would rise by 75 per cent. User surveys bear this out: 21 per cent of self-checkout users told Lending Tree that they have mistakenly failed to pay for an item, and 15 per cent admitted stealing deliberately.

11 AI hooked up to sensors and overhead cameras can now identify much of the cheating that goes on at checkout and flag up odd behaviour in the aisles that may signal theft. But stores still need people to deal with the miscreants, and the resulting confrontations can be unpleasant or dangerous.

12 Some retailers have seen the wisdom of reinserting people back into the process. Last month, Dollar General, which runs discount stores, announced plans to remove self-checkout from 300 outlets with large theft problems and to drive more traffic to human cashiers elsewhere. Target has restricted self-checkout to baskets of 10 items or fewer, and Walmart is limiting use of the machines in some stores. "We believe these actions have the potential to have a material and positive impact on shrink," Dollar General's chief executive Todd Vasos told analysts.

Intermediate

13 Chains are also hiring additional greeters, floor walkers and security guards to deter misbehaviour in the first place, while relying on technology to help identify which items and aisles are most in need of supervision.

14 "Retailers are seeing the need for a multipronged strategy. AI is a part of every box but it is not the same in every box. We are seeing modification and stratification," says Gerry Hough, a retail expert at McKinsey.

15 Retailers have discovered the hard way that dealing with the public often requires the human touch. As other industries rush to use AI to cut their labour costs, it is a lesson they should ponder.

Intermediate

4 **Understanding the article**

a. **Are these sentences True or False according to the information in the article? Tick (✔) the correct sentences and rewrite the false ones.**

1. According to the National Retail Federation, losses were low but not the lowest they had been.

2. To deal with the issue, some retailers fired staff accused of theft.

3. Now, some retailers are closing locations to improve performance more than because of crime.

4. Using self-checkout helped some shops solve the worker shortage issue after the pandemic.

5. One deterrent to shoplifting is that you can't sell stolen goods online.

6. A survey suggests that around fifteen per cent of self-checkout users accidentally fail to pay for items.

7. Some shops restrict customers' use of self-checkout machines to a small number of items to prevent shoplifting.

8. Chains are investing in virtual greeters and AI floorwalkers.

9. The writer implies companies lose money when using AI to cut costs.

5 **Business language – trends**

a. **Write each word or phrase in the correct column of the table.**

| add up to | be flat | dip | drop | fall |
| jump | reduce | rise | shoot up | |

1. Describing an upward trend	2. Describing a downward trend	3. Describing stability	4. Describing a total

b. **Replace the words in bold with one of the words or phrases from the table.**

1. Profits **went up** from $16m to $16.1m last year.

2. The report indicates a 15% **decrease** in self-checkouts at 3 pm. We are investigating why fewer people choose this option then.

3. Sales at self-checkouts and traditional checkouts, as well as online sales, **total** over $1.3m per month.

4. There was a decrease last year, but sales bounced back and have remained **stable** so far this year.

5. We are trying to **cut** shrinkage by installing more security cameras nationwide.

Intermediate

c. **Now, choose four words or phrases and write your own sentences.**

6 Discussion

a. **Discuss these questions.**

- Some say shops should eliminate self-checkouts because they take people's jobs away. Do you agree or disagree?

- What are the best ways for shops to improve security without ruining the customer experience?

- The article mentions cashiers, greeters, floor walkers and security. Which of these workers do you think might be replaced by AI? Why?

- Apart from the retail sector, what other industries are being transformed by AI? What are the consequences?

7 Wider business theme – a survey: transforming industries with AI

a. **You are going to create and carry out a survey on the use and impact of AI. You will then report your results. Work through the steps of this task with a partner.**

1. Choose a topic. Decide together what sector you want to focus on:

   - the rise of self-checkouts

   - self-driving cars

   - AI in education

   - automation in medicine/farming/construction

   - other: _____

2. Come up with survey questions. Write six to ten multiple-choice questions to explore public opinion. Try to keep these questions diverse but focused on the topic you chose. Here are some tips on how to write questions:

   1. Use closed-ended questions (with answers like *yes*, *no* or *maybe*).

   2. Keep the tone objective and neutral (don't phrase a question as your opinion).

   3. Ask about one thing at a time.

   4. Make questions different from each other.

3. Create and share your survey. Decide how you will carry out your survey. There are many free online survey tools that you can use to collect data from your classmates and acquaintances.

4. Analyse your data. What did you find the most surprising? What can you infer from the data? Draw graphs and make notes about your most important findings.

5. Use your notes and your graphs to present your findings.

Useful language

up to / just over/under / more than / around / approximately … 3 per cent of / 7 out of 10 … students interviewed

a quarter / a third / half / three quarters… of survey participants … state / agree / disagree / prefer