

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

1 Warmer

a. Discuss these questions.

- Are self-checkouts prevalent where you live? In what retail settings are they most popular?
- Are you the kind of customer who believes that self-checkout improves the shopping experience, or do you prefer to be assisted by a human cashier? Why?
- Do you think companies face losses when customers check out their own products? Why (not)?
- What are the security implications of offering customers self-checkout?

2 Reading for gist

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

1. After self-checkout has been proven a disaster, most retailers will drop AI and return to all-human solutions.
2. The dramatic increase in self-checkouts is the single cause of a horrific retail crime wave in the US.
3. While self-checkout is linked to an increase in shoplifting, the retail crime wave is not as bad as companies have insisted.

3 Key words

a. Read the definitions and find the key words in the article that match them. The section number is given in brackets to help you. Check your answers and understanding of the words by using them to complete the example sentences immediately after each definition. Then read the complete article to see how the key words are used in context.

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

_____ (subtitle)

The introduction of robotics and rapid _____ are transforming warehouse management.

2. a sudden increase in crime _____ (paragraph 1)

Multiple victims were hospitalised following an overnight _____ in the capital city.

3. never having happened before _____ (paragraph 2)

The crisis faced by local farmers is _____.

4. resistance; something that slows your forward movement _____

(paragraph 3)

The value of their stocks plummeted as they were hit by a series of _____ that caused them to close a third of their branches.

5. an event that causes a sudden violent change or destruction _____

(paragraph 5)

Some think that the job market will be transformed by an AI-led _____.

6. argument, noise, excitement _____ (paragraph 6)

They were forced to resign after footage of a drunken _____ was leaked on social media.

7. someone or something that is blamed for something bad that is someone or something else's fault _____ (paragraph 6)

The CFO claimed that she became a(n) _____ for the wider team's failures.

8. increase the effect of something _____ (paragraph 6)

Our podcast was founded to _____ women's voices in retail.

9. the loss of goods or stock because of damage or theft _____ (paragraph 8)

_____ is used to account for losses in a retail balance sheet.

10. not needing people to work or operate correctly _____ (paragraph 9)

Drones are one example of _____ systems, but there are several more military and civilian applications.

11. a criminal _____ (paragraph 11)

Their entire user database has fallen into the hands of unidentified _____.

12. prevent or discourage someone from doing something _____ (paragraph 13)

We are reviewing our policies to reduce risk and _____ fraud.

13. having many different parts _____ (paragraph 14)

Dealing with an international crisis requires a(n) _____ approach.

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

_____ (paragraph 14)

_____ *economics is the study of disparities across groups with different social markers and how these shape economic outcomes.*

Shoplifting, self-checkout and the limits of AI

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

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.

Continued on next page

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.

FT

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4 Understanding the article

- a. Are these sentences True or False according to the information in the article? Tick (✓) the sentences that are correct and rewrite any that are false.
1. According to the National Retail Federation, there were record losses of \$112bn.
 2. To tackle the issue, some retailers introduced more security animals, secured products behind glass doors, and reduced personnel to reduce staff-related theft.
 3. Now, some retailers are admitting to closing certain locations simply to improve performance, not directly due to crime.
 4. The self-checkout effectively solved retailers who struggled with post-pandemic worker shortages.
 5. One deterrent to shoplifting is the lack of an online marketplace.
 6. A survey suggests that around one in five customers accidentally fails to pay for items, while a smaller percentage admit theft.
 7. A discount store has announced it will remove self-checkouts from hundreds of its outlets.
 8. One strategy for reducing shoplifting is only allowing customers to use self-checkout for baskets with a minimum number of items.
 9. Some chains are investing in virtual greeters and AI floorwalkers.
 10. The writer implies that using AI to cut costs can be counterproductive.

5 Business language – trends

- a. Complete the table with the words and phrases below.

an all-time high be flat dip drop add up to fall
 jump reduce rise shoot up return to the average

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

- b. Which of the words can be used as both nouns and verbs?

Advanced

c. Complete the sentences with words or phrases from task a.

1. The CEO is negotiating her annual bonus. She has good leverage since profits _____ from \$12m to \$16.1m during her tenure.
2. After a six-month climb to a million subscriptions, there was a slight _____ before total subscribers remained steady at just over 900,000.
3. After considering both damaged stock and goods lost to theft, our annual losses _____ over \$750,000.
4. Employee retention is at _____, and we now rank sixth on the Best Companies to Work For list.
5. Our in-house strategy failed to _____ shrinkage, so we are outsourcing our security to experts.
6. Instances of damaged goods _____ by a whopping 150% last week as vandalism rose.

d. Now, choose six words or phrases and write your own sentences.

6 Discussion

a. Discuss these questions.

- Some people demand that stores eliminate self-checkouts because they take people's jobs away and make consumers do work that retailers used to hire people to do. Do you agree or disagree?
- How can retailers increase security in outlets without wrecking the customer experience?
- Cashiers, greeters, floor walkers and security guards are mentioned in the article. Which of these roles do you foresee being fully automated? Why?
- Apart from retail, what other industries are being transformed by AI? What are the consequences?
- How much influence does public opinion have on companies' decisions and use of AI?

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 related to the impact of AI and automation. This can be focused on any sector.
2. Create survey questions. Write six to ten multiple-choice questions to explore public opinion. Try to keep these questions diverse, neutral, and focused. Use close-ended questions.
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.
4. Analyse your data. What did you find the most surprising? What can you extrapolate from the data? Summarise your most important findings in text and graph form.
5. Report your findings.

Useful language

survey participants/respondents

up to / just over/under / more than / around / approximately

3 per cent of / 7 out of 10 / negligible number / a tiny percentage / a quarter / a third / half / three quarters / a vast majority

agree / claim / disagree / express / prefer / state