

## Kroger's Tunnel Vision

Could new grocery scanner be the grocery chain's bread & butter?



The following fictional letter pretty much sums up, in the words of a consumer, what the retail marketing experts at Dorsey & Company think about Advantage Checkout, the new self-scanning, self-checkout technology soon to be unveiled by Kroger.

Dear Ms. Kroger:

Saw your new check out tunnel today. Interesting.

Since I do some of the cooking and most of the grocery shopping for our little family of five, I do have a few thoughts on what you are testing.

What will happen to the check out person? Will the tunnel greet me by name and try to guess what I am making that night?

What happens if I want to pay cash or have coupons, food stamps etc.?

I guess the main idea is speed of check out. For some reason, people hate to stand in line at the grocery store. I use the time to read all the tabloids. Great factual stuff. We have lots of senior citizens in my neighborhood. I hope the thing isn't so fast that they develop check out stress syndrome; you know, not being able to keep up with the conveyor belt.

Speed is great but what about accuracy? How sure

are we that prices will be read accurately, items will not be missed, and most importantly, that bar codes will all be accurate and sale items will be priced correctly? Right now, I can watch the computer when Becky runs an item through to make sure the sale price is there.

What about produce and anything that needs to be weighed? Does the tunnel do that? By the way, with all the airport hoo-hah, is any radiation in that thing? I don't want my grapes glowing in the dark.

Who bags the groceries? I don't have the faintest idea where to put the melon and the potato chips.

Finally, if there are fewer service people at the store, do I get lower prices on groceries? If have to do all the work, I should get something.

Just my thoughts.

Sincerely,  
Mr. Grocery Shopper

### Food in the fast lane

The retail world is all-abuzz lately over the pending rollout of Kroger's new grocery scanner, whose tunnel shape allows groceries of varying

shapes and sizes to be automatically scanned as they move down the check-out belt. The device carries promise for more self-checkout options for customers, and cost-savings for the grocery chain in the way of reduced labor costs.

Roy T. Bergold, Jr., D&Co. Managing Director, Communication and Creative Strategy, said cost-savings should always be on the minds of retailers, but in the highly-competitive grocery arena, they should consider all variables—especially customer response.



**Bergold**

“The capital investment per store and the average store FTE savings would need to be weighed against net change in customer satisfaction and store preference among exclusive users, shared users, and non-loyals with no defining preference,” said Bergold, who penned the letter from the fictional Kroger customer. “The grocery shopping experience and increasingly big-box shopping experience is self-service to the virtual exclusion of store associates to guide and clarify.”

Further, Bergold said, the question of the displaced worker is not so obvious or so simple. Sure, he said, cashiers may lose their jobs as a result of the implementation of this scanning technology. However, a warm body at the register still won’t be enough to ensure a satisfying customer experience at checkout in this age of the ever-sophisticated consumer.

“Product knowledge, cues to the needs and interests of customer segments and means to identify them, communication skills, and a support team to ensure fulfillment are required for routine success in service delivery,” Bergold said. “Decisions like these deserve a deeper look, not just to what could be saved, but what could be earned that is now left on the table.”

And what’s left on the table could very well be picked up by someone else who could take the

idea and run with it, said D&Co. President Julius C. Dorsey, Jr.

“Technology, patents notwithstanding, is NOT a defense against competitors,” Dorsey said. “It will be copied.”

## At *our* convenience

Bergold and Dorsey don’t doubt for one minute that the grocery giant Kroger investigated all of the questions industry watchers have raised about self-checkout technology. Kroger, they say—like other retailers—are just following a trend and don’t show signs of changing course.

Dorsey does wonder, however, at what point pleasing Wall Street and creating lifetime value will find a happy medium in the midst of burgeoning self-service technology.

“We’re asked to track our own packages, book our own flights, select our own seats, and pump our own gas,” Dorsey said. “You could say the only service being pushed these days is the willingness of the seller to save us the time of writing a check, as they’ll gladly go into our bank accounts and take the money out for us.”

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