



CONSULTING

Conveying Success in Grocery Retail

An Ethical Analysis of **Self-Checkout Technology** in HansonMarts

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Introduction

Due to lowered labor costs and improved customer service, a heavier reliance on automation may be the future of retail. Since the Covid-19 pandemic “accelerated many of the labor market trends within the food retail market”, it created the need for more retail workers (Gaskell). Thus, in order to find a solution, the implementation of self-checkout technologies in grocery stores increased, allowing grocers to redistribute employees to other areas of stores. As of 2022, self-checkout lanes in the United States had increased by 10% over the previous five years and were estimated to make up 38% of grocery check-out lanes, according to shopper intelligence firm Catalina; it also found that the demographic of self-checkout users primarily range between 19 to 24 years of age (Moran). Grocers everywhere have been experimenting with the implementation of self-checkout technology, with one being HansonMart.

HansonMart is an employee-owned grocery store with locations across the upper Midwest, known for their high-degree of customer service and knowledgeable staff. HansonMart’s mission is to “strive to serve the needs of [their] customers by offering amazing products, incredible savings, an easy experience, and personalized connections”. Since the Covid-19 pandemic, however, there have been struggles to maintain staffing which has limited their ability to provide excellent customer service. To combat this, HansonMart leadership is considering the implementation of self-checkout technology throughout its stores. Regardless of the ability for self-checkout to alleviate the need for staffing and provide efficient checkout, the implementation still imposes significant ethical dilemmas: disproportionate harm to those with disabilities, increased theft rates, and the possibility for automation to take away the need for human labor.

Stakeholder Analysis

Customers

The implementation of self checkout technology would allow for a more efficient checkout process for customers. Customers would be able to experience shorter line wait times and be able to have the convenience of checking out their own goods quickly and efficiently (Dwyer). In addition, self check-out allows customers to have more privacy when purchasing and returning items, while also giving them ample time to do so. A survey conducted by National Cash Register (NCR) Corporation asked consumers what they enjoy about self-checkout. Within that survey they found that only 13% of respondents noted that they do not like anything about it, while the majority of participants cited one or more aspects of self-checkout that they prefer compared to traditional manned lanes. The table below shows the various reasons consumers liked self-checkout.

What Consumers Like About Self-Checkout?

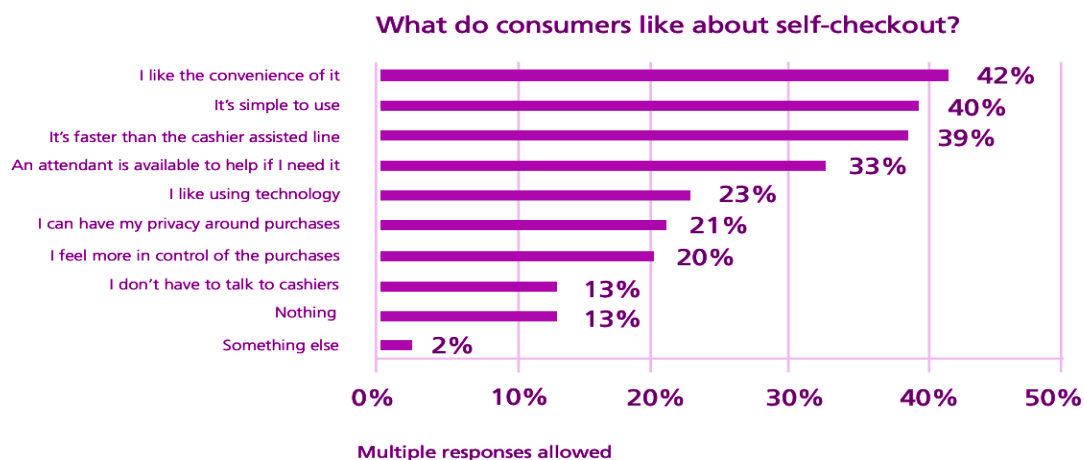


Figure 1 obtained from NCR

Although the conversational interactions between traditional checkout attendants and customers may cease, the opportunity to place more employees throughout the sales floor may provide greater chances to support customers looking for items or needing floor assistance. Since HansonMart is known for providing extraordinary customer service, they should be able to accommodate this shift in staffing without sacrificing customer service. However, rising technological issues may prove to be more difficult for HansonMart affiliates to adapt to.

To begin, not all customers will experience the benefits and burdens equally. Customers with disabilities may experience longer waits if they are unable to use the kiosks as they wait for a traditional lane to open. In 2018, attorney Eve Hill represented two clients with blindness and two blind organizations in a case against Walmart, arguing that the self-checkout technology was not accessible for blind individuals (“U.S. Federal Judge Rules”). Similarly, wheelchair users may be unable to reach the kiosk or maneuver their wheelchair to comfortably fit in the given space (Deighton). For those with Parkinson’s, or other cognitive or motor-control issues, navigating the self-checkout technology has proven to not only be difficult, but also, embarrassing. Older customers, when surveyed, have expressed dissatisfaction and less confidence with self-checkout technology (Gambosi). When considering the demographics of their customer audience, HansonMart should take this information into careful consideration when meeting their customer service expectations.

Affiliates of HansonMart

Those affiliated with HansonMart include their employees, managers, and leaders. Because HansonMart participates in employee profit shares, all affiliates would be positively affected by an increase in the profit shares offered by an increase in sales revenue due to the

implementation of self-checkout technology. FreshThyme, an employee-owned grocery store in Minneapolis, saw an increase in sales revenue when self-checkouts were offered (Peters, Dawn, Personal Communication, February 24, 2023). The redistribution of employees throughout HansonMart would allow them to continue running locations with fewer employees and require less workers during slower days. The implementation of self-checkout technology would also be more cost effective in the long-run causing a lower demand for employees.

However, there would be an initial high upfront cost due to the physical kiosks, software, and additional employee training required. An increase in self-checkout kiosks also holds potential for an increase in thievery. Shared by the Atlantic, Voucher Pro Codes, a company that offers coupon codes to internet shoppers, reports that when anonymously surveyed, over 20% of nearly 3000 respondents admitted to stealing from a self-checkout service at least once (Chun). Supercenter Walmart experienced an increase in “shrinking” or theft, to which many floor employees have related to the heightened ability to steal during self-checkout (Stern). Thus, it is imperative HansonMart is aware of this likely possibility.

In lieu of the Covid-19 pandemic, many businesses turned to automation to offset the human labor needs due to short-staffing throughout industries. If self-checkout technology is implemented, many entry-level employees of HansonMart may be affected by the shift of human labor needs decreasing. No longer being praised as “essential workers”, traditional check-out attendants may find themselves being replaced by this automated technology as the power shifts from the hands of employees to employers (Casselman). However, rather than one employee being needed for each lane, with self-checkout only one employee is needed to attend to rows of kiosks.

Outside Businesses

The suppliers of self-checkout technology would directly profit from the implementation of self-checkout technology throughout HansonMart locations. With added revenue from HansonMart and other retailers, these suppliers would be able to allocate more funds toward the research and development of self-checkout kiosks with greater accessibility. In the future, the current kiosks that limit accessibility should be replaced by more accessible models. On a smaller scale, HansonMart would also be contributing to the rise of automation in retail by funding self-checkout suppliers. The implementation in HansonMarts may even influence other grocery chains to follow suit.

Ethical Analysis

Utilitarianism

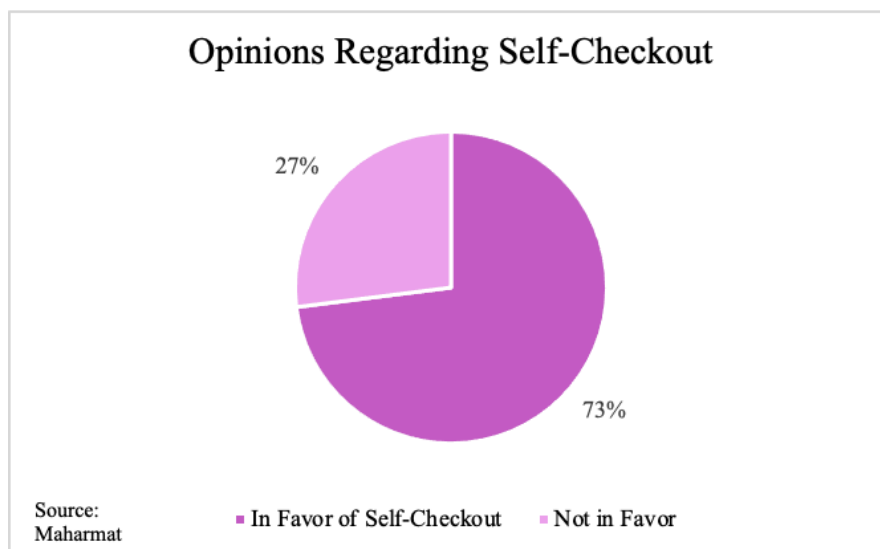
In line with the utilitarian approach, the ethical decision to implement self-checkout technology should provide the greatest good to the greatest number of people. Included in HansonMart's vision is to have a positive impact on their communities, thus leaving a greater benefit than burden. According to SOTI, an organization dedicated to business mobility, a 2019 survey found that 73% of respondents were in favor of self-checkout, as depicted in Figure 3 (Marhamat). With the majority of customers preferring self-checkout, the implementation can be deemed an ethical decision. By conducting a hedonistic, quantitative approach, the values allocated according to the impact of each consequence stand as evidence that there is a net benefit. The highest values of +10 for "Solves Short Staffing" and -10 for "Accessibility

Problems" were given due to the solution to short staffing being an immediate concern of HansonMart and accessibility problems being the biggest shortcoming to meeting the needs of HansonMart customers, as stated in HansonMart's mission statement.

Figure 2: Hedonistic, Quantitative Table

Positive Consequence	Allocated Value	Negative Consequence	Allocated Value
More Efficient Checkout	+9	Accessibility Problems	-10
Higher Profit Sharing	+7	Contributions to the Reduction of Human Labor Need	-4
Solves Short Staffing	+10	High Hardware and Software Cost	-4
Additional Privacy	+3		
Total	29	Total	-18

Figure 3: Opinions Regarding Self-Checkout



27% of surveyed users responded that they are not in favor of self-checkout, and 73% responded they were.

In the case of HansonMart, it makes sense for the affiliates to implement self-checkout because not only will they experience an increase in profit shares, but they will also experience an increase in sales revenue with a more cost effective way in utilizing employees. In the long-term, this increase in revenue rationalizes the high upfront costs. Moreover, a majority of HansonMarts customers would experience a more efficient and convenient checkout process. From the hedonistic, quantitative table, these benefits outweigh the cons of self-checkout: people with disabilities are disproportionately harmed, increased theft rates, and the possibility for automation to decrease the need for human labor.

Rights

The deontological approach of rights is concerned not necessarily with the consequences of a company's actions but with the intentions behind those actions, which is what deems an action good. Thus, it is important that HansonMart does not use customers as a means to an end, and instead treats them with dignity and respect. When considering the intent of HansonMart as outlined in their mission statement aiming to "serve the needs of our customers...", vision statement aiming to "deliver high quality customer service", and values including "respect for people, the community, and our employee owners", there are conflicting implications. On one hand, an argument from a rights perspective would strongly support the implementation of self-checkout technology as HansonMart intends to do right by their stakeholders, both employees, the community, and people. The implementation would align with universality as all customers and stakeholders would have equal access. However, HansonMart must also consider whether or not people are being used as a means to an end. Although it may appear the burdens incurred are neglected in the process of striving for increased sales revenues and lowering

operating expenses, from a rights approach, HansonMart's lack of ill-intent justifies the implementation of self-checkout technology.

Furthermore, when utilizing the rights approach, it is important to maintain voluntary, transparent, and mutually beneficial aspects of transactions. To maximize transparency across stakeholders, HansonMart should aim to inform customers on the proposed implementation of self-checkouts, as well as how to use the new technology. HansonMart can also distribute preliminary surveys to customers before the implementation to gauge their customer's interest in self-checkout transactions. They could also offer guides or classes for their customers on how to operate self-checkouts. Finally, the implementation should be mutually beneficial if both HansonMart is benefitted from a monetary and operating efficiency perspective and HansonMart customers experience improved check-out experiences.

Justice and Fairness

From the justice and fairness perspective, considering the fair distribution of benefits and burdens from the proposed implementation of self-checkout technology is imperative. In alignment with distributive justice, HansonMart should aim to equally distribute the associated monetary and time-saving benefits. Since they are employee-owned, the profit sharing incentive of increased sales revenue would be equally distributed amongst its affiliates. However, the time-saving and privacy benefit allotted by self-checkout technology is not equally accessible by all customers as those with disabilities and other limitations are unable to gain from the implementation. HansonMart can provide compensatory justice by offering additional help to those unable to independently use self-checkout or by maintaining at least one traditionally manned checkout lane during business hours. Another aspect of the justice and fairness

perspective is the administration of rules and laws. Following the 2018 case against Walmart, it was ruled in favor of Walmart that offering assistance from an attendant was sufficient in meeting the Americans with Disabilities Act. If HansonMart administers a self-checkout system and always has an attendant available to help those with disabilities, they would be in compliance with ADA rules. Thus, implementing self-checkout kiosks with attendants would be in alignment following and administering rules and laws.

Ethics of Care

From an ethics of care perspective, which places emphasis on nurturing community relationships, the argument regarding the implementation of self-checkout can be seen as ethical. When examining Carol Gilligan's "Ethics of Care Theory" it highlights three stages: pre-conventional, conventional, and post-conventional. In a pre-conventional sense, HansonMart's choice of implementing self-checkout would be seen as ethical since they are caring for oneself. They, as a company, are focusing on its primary goals of not only achieving better profits, but also striving for the needs of their customers, which in this case, is convenience and efficiency. However, in Gilligan's conventional stage, it highlights the need to care for others at the expense of oneself. HansonMart's choice of implementing self-checkout can be perceived as a selfish move to benefit in their own gains instead of their customers, but in reality this is not the case. As mentioned earlier, 73% of respondents were in favor of self-checkout (Marhamat). Thus, HansonMart's choice of implementing self checkout is ethical within the conventional stage. Finally, in the post-conventional stage it requires a balance between both pre-conventional and conventional. HansonMart can achieve this by not only

caring for their profits and their gains, but also caring about the consumers and listening to their needs.

Alternatives

No Implementation

Continuing to rely on traditionally manned checkout lanes would allow HansonMart to maintain a high degree of customer service. Using traditional lanes also creates a higher sense of honesty and a lower risk of theft. This option also provides the most accessibility for all customers as traditionally manned check-out lanes would be able to cater personalized services based on the needs of each individual customer. In spite of this, it could lead to potential issues and setbacks if HansonMart doesn't evolve at the same speed as other stores in the retail market. Dawn Peters, manager at FreshThyme in Minneapolis, believes automation will be the future of grocery retail (Peters, Dawn, Personal Communication, February 24, 2023). Another setback to this alternative would be the issue of short-staffing as HansonMart would continue to require employees to work the self-checkout lanes instead of them doing various jobs required throughout the store.

Full Implementation

Complete implementation of the self-checkout lanes to replace all traditional lanes would create maximized self-checkout efficiency for most customers. It would allow HansonMart to enhance the shopping experience for their customers and address their staffing concerns simultaneously. This strategy would also enable stores to assign more employees to the floor to

provide personalized attention to customers' shopping needs, ensuring their customers are satisfied while guaranteeing a swift, convenient, and private self-checkout experience. However, complete implementation of self-checkout could also lead to a higher theft rate within the store and technological issues. According to the International Journal of Retail & Distribution Management, customers who typically would not steal, disproportionately steal at self-checkout kiosks (Taylor). Furthermore, people with disabilities may experience technical difficulties while using a self-checkout system that could've been solved with traditionally manned checkout lanes.

Partial Implementation/Recommendation

With the intent of keeping HansonMart in business and continuing to provide an excellent standard of customer service, it is recommended that HansonMart undergo partial implementation of self-checkout technologies throughout their locations. Partial implementation of self-checkout lanes would consist of a majority of self-checkout lanes, while still offering at least one traditional lane for those that prefer or need it. HansonMart should allocate the number of self-checkout kiosks depending on the customer demographics of each store with customer preferences in mind. For example, HansonMarts with younger customer demographics may experience greater use from self-checkout kiosks and thus should implement more kiosks. Partial implementation would also allow HansonMart to prioritize the time-saving and privacy preferences of their customers simultaneously to the accessibility of their stores.

After completing a stakeholder analysis from a justice and fairness perspective, striking a balance between fully implementing and not implementing self-checkout by partially implementing self-checkout kiosks is the most ethical option. Based on the needs of customers, a

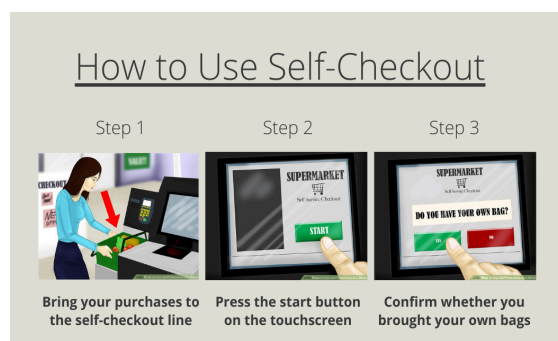
traditionally-manned lane would remain open. Partial implementation also fits under the ethical analysis of ethics of care because it's a balance between both self-checkout and traditional lanes found within the post conventional stage. Through a utilitarianism lens, a balance between both types of checkout options is ethical due to it giving the greatest benefit to the greatest number of people (all parties will benefit from self-checkout or the one traditional-manned lane), evident in Figure 2. Finally, partial implementation is voluntary, transparent, and mutually beneficial which is deemed ethical.

Course of Action

After completing a thorough ethical and stakeholder analysis, outlined below are actionable steps on the partial implementation of self-checkout technology in HansonMart locations.

Pre-Implementation:

- Send an email notifying customers of the upcoming change
- Train employees on proper usage and assistance practices
- Distribute small instructional cards via email and physical cards on how to use self-checkout. Below is a sample card that could be used:



Images obtained from WikiHow

- Publish a short video displaying how to use self-checkout

Implementation of self-checkout technology

Post-Implementation:

- Offer customer surveys on experience
- Maintain at least one traditional check-out lane during business hours
- Station at least one employee at self-checkout kiosks to provide assistance when prompted

Conclusion

Across the nation, grocery stores are adapting to the efficiency preferences of customers and the demanding retail environment by implementing self-checkout technology. It is advised that HansonMart remains innovative and profitable for employees, while continuing to sustain a high degree of customer service by introducing self-checkout kiosks to replace many of their traditional checkout lanes but still keep at least one traditional lane open. After conducting a stakeholder analysis and taking all ethical approaches into consideration, this remains an ethical option. This plan aligns with HansonMart's core values and mission to serve the needs of their customers.

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