Diebold Nixdorf

Tech Check:

Understanding Why Grocery Shoppers Adopt Technology

—And Using the “Why” to Build Better Journeys

nielsen

Retail and Technology: Consider the Motivation Before Designing the Journey

Many grocery retailers have developed a sophisticated understanding of their customers through segmentation, using factors such as who they buy for, what products they prefer and where they shop. But in a world where meeting the needs of customers is king, we have found there is something missing from this picture: why do different shoppers use technology to help them shop, and how can retailers help their customers improve their overall experience through the adoption of technology?

Diebold Nixdorf, a world-leading provider of technology to retailers, has worked with Nielsen to survey over 15,000 consumers in 15 countries to answer these questions. We have modeled the feedback on retail technology adoption and identified similarities in the drivers for utilization and preference. The result is six tech types—or customer segments—each with their own set of motivators to leverage technology along their grocery retail journey.

These tech types can be found in all countries—and similarly across all formats, channels and brands—though the proportional presence of each tech type will vary.

Retail Technology Savviness

Retailers should consider these motivators when they design services and experiences to excite their customers today and in the future. Over-simplified perspectives on technology will likely not create the expected outcome of success—for example, do not expect shoppers to love technology simply because they may be labeled "digitally native." About 30% of our most tech-savvy segment, the Aspirational Tech Fans, are older than 40, and conversely, we see something similar at the opposite side of the tech spectrum: more than 30% of Sensible Socializers are members of the Millennial and Gen Z cohorts.

In the following pages, we'll introduce you to each retail tech typology, and explore opportunities that your retail organization may have to increase the effectiveness of the journey design. Gain inspiration for how you can break through the noise and make every customer feel like their shopping visits actually meet their specific needs and expectations. It can be done — if the "why" of what they do is properly considered.

(US n=1001, Canada n=1000, Mexico n=1000, Brazil n=1000, France n=1000, Spain n=1001, IT n=1000, Germany n=1000, UK n=1000, Sweden n=1000, China n=1000, Singapore n=1000, Malaysia n=1000, Thailand n=1000, Australia n=1000)

Meet the
Aspirational Tech Fans

Young, urban, sociable and always chasing the latest trends, this tech type continuously searches for new experiences they can share through their favorite social channels.

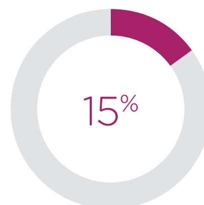
EXPERIENCES

Demographics and Lifestyle

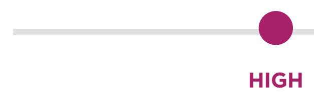
Aspirational Tech Fans are most likely to be found in a city environment. In line with their sociable personality, they are rather unlikely to live alone. They are a relatively affluent segment, though their urban lifestyle and affinity for the latest trends potentially consumes a significant share of their income. They often buy things to keep up with the current fashion and trends and show a high focus on outward appearances. They tend to leverage social media channels to share and comment on their shopping experiences.

Aspirational tech fans can't imagine enjoying themselves without having their friends around. For this group, looks matter; they often make purchases to show off their disposable income, and tend to be "early adopters" when it comes to technology: 70% agree that they are always looking for the latest technology trends and gadgets. No other tech type shows the same level of agreement with that statement. Aspirational Tech Fans perceive themselves as more emotionally than rationally driven, which is likely a strong influence on their purchase decisions.

Segment Size:



Tech-Savvy:



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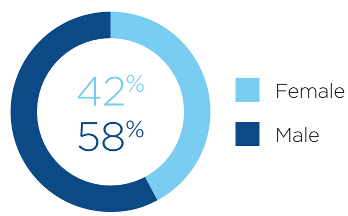


Age (Median):

34

Shopping

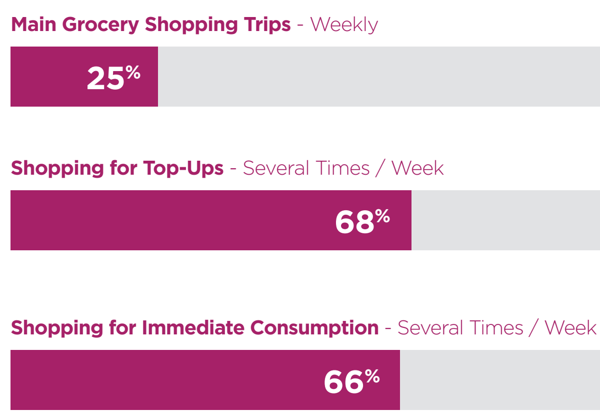
How They Shop

Aspirational Tech Fans are the only tech type that clearly prefers hypermarkets over supermarkets. Their urban environment is reflected in their visits to department and convenience stores. Their preference for hypermarkets and department stores reflects their need for choice and broader experiences. With the highest shopping frequency across our six tech types in all grocery shopping occasions—large weekly trips, top-ups, and immediate consumption—Aspirational Tech Fans are probably the segment that is most willing to toss traditional shopping patterns in favor of more frequent, more spontaneous, smaller basket shopping trips that serve their immediate needs. In accordance with this, they tend to spend more time on shopping journeys that other tech types keep shorter. For example, the time they invest per shopping trip to get items for immediate consumption is about 1.5x longer compared to Well-Balanced Traditionalists and Hands-on Pragmatists.

Key Shopping Motivations and Frustrations

Aspirational Tech Fans don't visit stores for traditional reasons—sensorial product experience, immediate access to products, etc.—rather, they're interested in the experiences and human interaction of shopping. This hunger for experiences is likely a key reason for their preference of hypermarkets.

Shopping Frequency Pattern:



Their main frustrations are in line with all shoppers—they find waiting in queues and out-of-stocks highly annoying. But they are significantly more likely than the other tech types to be frustrated because they either found out that items they purchased were cheaper in another store or when they were not able to use their preferred payment method.

Aspirational Tech Fans also visit brick-and-mortar stores to make sure they are not missing out on special offers. Their store loyalty is low, but their brand loyalty is high: Promotions are unlikely to change their brand choices, and they tend to only buy promotions if they already like the brand. Hence, it is not a surprise that they have an affinity for loyalty cards, with a high likeliness to participate in several programs. In line with this, having forgotten paper-based vouchers at home for items they want to buy is significantly more frustrating to them than to most other tech types. Accordingly, 90% of Aspirational Tech Fans appreciate having promotional services like redeeming mobile coupons provided via their mobile device.

How can retailers leverage technology to improve the shopping experience for this segment?

Aspirational Tech Fans are great communicators, and great communicators need both an audience and topics to talk about. Technology can empower retailers to capitalize on several opportunities:

1. **Design processes to easily connect with your customers.** This segment shows the highest affinity for solutions such as using a mobile device to call a store associate directly to the shelf where they need help.
2. **Embed an up-to-date technology experience within standing processes.** This group appreciates modern payment services like mobile payments via smart devices or biometric payments; has your organization considered adding new payment options?
3. **Connect with Aspirational Tech Fans online—in and beyond the store.** Eighty-six percent of them check a retailer's website before shopping-- the highest share across all tech types. The same holds true for mobile devices: All Aspirational Tech Fans leverage mobile devices in store, and 88% leverage both their own smartphone and retailer-owned devices.
4. **Leverage this tech type to test new retail concepts.** Aspirational Tech Fans are significantly more likely than all other tech types to be interested in or already leveraging the latest and greatest retail concepts, such as unmanned stores, facial recognition and virtual reality.

70%

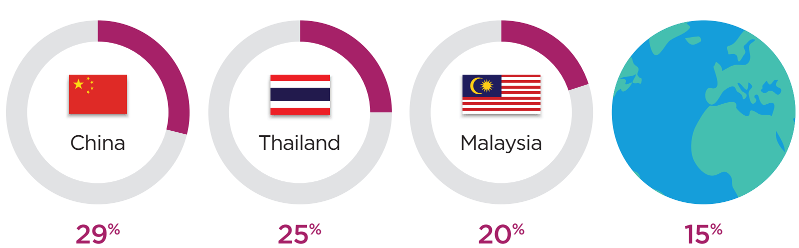
of Aspirational Tech Fans agree that they are always looking for the latest technology trends and gadgets.

Compared to 45% for total survey sample

Though efficiency gains are not a key motivator to them in leveraging technology, this tech type will choose efficiency in certain situations: For example, though the staffed checkout is typically their first choice, queues and small baskets are likely to make them choose a self-checkout option. A combination of efficiency plus a new technology experience such as facial recognition will most definitely trigger usage. Despite their hunger for new technology experiences and gadgets, their personalities make it unlikely that they'll fully trade in human connections—or more specifically, their audience—for a completely digital lifestyle. Aspirational Tech Fans were probably among the first to visit checkout-less stores, just so they could share their experiences with friends and everyone on their social channels. This tech type plays a pivotal role for retailers as trend scouts, early adopters and multipliers, but retailers could find it hard to keep them satisfied in their race for the next trend and the next new experience.

Key Countries

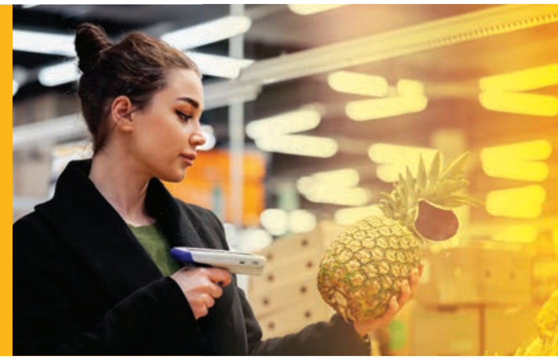
The largest populations of this tech type can be found in:



Meet the

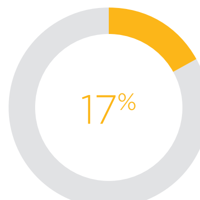
Modern Convenience-Seekers

Young, career-oriented and affluent, this tech type is looking for convenient, seamless and efficient shopping experiences and personalized information.

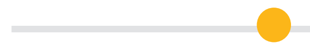


INFORMATION

Segment Size:

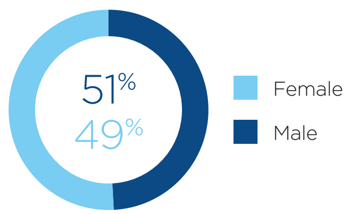


Tech-Savvy:



HIGH

Gender:



Age (Median):

35

Demographics and Lifestyle

Modern Convenience Seekers can most likely be found in urban environments. This tech type is not dominated by one gender; it shows a rather even split between males and females. Despite their focus on realizing their professional goals, they are most likely to live in families of three or four. They are financially well-positioned, with more than half of the segment reporting high household incomes. The share of high incomes for household sizes of three or more people is the highest across all six tech types. Social media is part of their communication habits, though compared to their peers in the Aspirational Tech Fan segment, they're more likely to use these channels to gain information than to share or comment themselves.

Modern Convenience Seekers see their career as one of their most important goals in life, and they thrive on competition. The majority of them are digital natives, always looking for the latest tech trends and new gadgets. Modern Convenience Seekers perceive themselves as more rationally than emotionally driven. In their overall shopping attitudes, they are neither significantly loyal to stores or to brands. Still, this does not at all deter them from loyalty card memberships: They show the second highest ownership level of loyalty cards, ensuring access to benefits across various retailers. In fact, they are also the tech type that is most likely to name retailer loyalty and payments programs as part of their future payments preferences.

Shopping

How They Shop

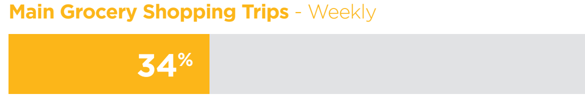
Though Modern Convenience Seekers prefer supermarkets and hypermarkets for grocery shopping, they shop across the broadest variety of store types. Promotions play a key role here: This segment shows an above-average tendency to change stores based on which one they think has the best promotion when they're ready to shop. They are far more likely than the other tech types to visit online grocery shops, resulting in a significant risk for brick-and-mortar retailers of losing them to online competitors. On the other hand, this tech type appreciates well-defined, frictionless shopping experiences across channels.

Key Shopping Motivations and Frustrations

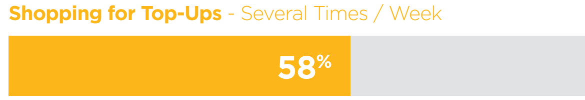
Modern Convenience Seekers visit stores for immediate product access and a sensorial product experience that helps them make decisions. In this respect, their behavior is more similar to that of tech types with a higher median age. Waiting in line, and having to invest too much time when they are only shopping for a few items, are their biggest frustrations.

Shopping Frequency Pattern:

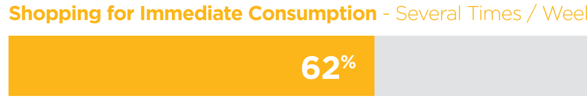
Main Grocery Shopping Trips - Weekly



Shopping for Top-Ups - Several Times / Week



Shopping for Immediate Consumption - Several Times / Week



Other key frustrations—such as having to carry bulky items, or discovering that an item they bought could've been purchased more cheaply at another store—make their affinity for online shopping even more obvious. Though this tech type is most likely to shop for groceries online, they are not totally uncritical. Probably shaped by experience, their worry about the efforts and costs of returning items they purchased online is above average. Well-designed omnichannel offerings, like online availability checks or in-store pick-up and returns, provide opportunities for brick-and-mortar retailers to win and retain them.

How can retailers leverage technology to improve the shopping experience for this segment?

The fact that Modern Convenience Seekers are still drawn to physical stores for immediate access to products is a key advantage in winning and retaining this affluent young segment. Retailers should focus on three opportunities:

1. **Build an experiential bridge between online and offline, with mobile experiences at center stage.** Ninety-six percent of Modern Convenience Seekers use a mobile device at least sometimes while shopping in store. Seventy percent of this tech type use both retailer self-scanning devices and smartphones at least once in a while during their in-store journeys.
2. **Ensure that in-store processes are designed based on speed and convenience.** For example, 84% of Modern Convenience Seekers will generally prefer a self-checkout option, increasing to 97% when they are confronted with a queue at the staffed checkout.
3. **Build offerings around information, not just promotion.** Modern Convenience Seekers show an above average affinity for using a mobile device to obtain more product information (e.g. source of origin, allergens), to compare prices, or to receive shopping reminders for items they regularly buy. They also show more openness to sharing personal information like their shopping list in exchange for better information services, for example, to check product availability, or rough cost estimates for all items they need before they enter the store.

Mobility-centered store processes that drive efficiency and convenience will strongly appeal to this tech type. Checkout-related topics range high in the list of services they prefer. Redesigned checkout processes should consider their strong preference for mobile payments: Modern Convenience Seekers exceed the others in their preference for mobile payments, while cash isn't as highly-rated for this tech type.

Ranking high on the list of their interests are retail concepts that work with smartphone recognition for receiving personalized offers, that leverage smartphones to provide guidance via a digital store map, and the mobile-technology-powered concepts of manned and checkout-less stores.

96%

of Modern Convenience-Seekers use a mobile device at least sometimes shopping in store.

Compared to 43% for total survey sample

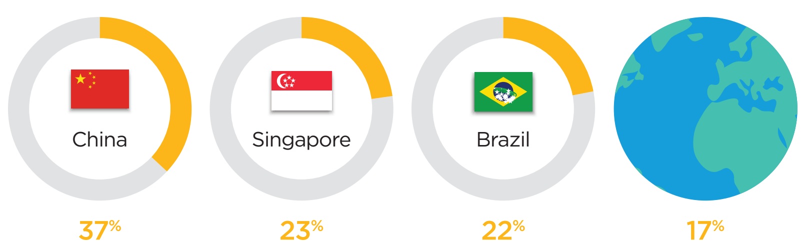
Preferred In-Store Shopping Services on Mobile Devices: Top Five

92%	Accelerate check-out through self-scanning products and conduct payment at a terminal
92%	Redeem mobile coupons
92%	Tally the subtotal of all scanned items in the shopping basket for full transparency about the total sales price
91%	Conclude a payments transaction
90%	Check product availability in store

Percentages refer to the share of shoppers interested in or already leveraging the respective service on a mobile device (either smartphone or personal self-scanning device)

Key Countries

The largest populations of this tech type can be found in:



Meet the
Hesitant Potentials

Torn between traditional habits and the allure of the digital age, this tech type appreciates technology, and would like to be on-trend with new digital innovations, but needs to build trust to fully adopt new solutions.

TRUST

Demographics and Lifestyle

Though Hesitant Potentials often live in urban environments, younger members of this group are more likely than their peers in the Modern Convenience Seeker or Aspirational Tech Fans segments to live outside of cities. Financially, they are slightly less well positioned. Despite agreeing with the Aspirational Tech Fans on the importance of family, this tech type is more likely to live in a smaller household of up to three people. Like Modern Convenience Seekers, they're focused on professional goals, and tend to spend a significant amount of time on their jobs. Those attributes—hard workers, less disposable income—may signal that this group is still building toward a comfortable financial situation.

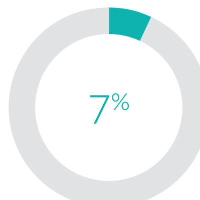
This tech type aspires to be cool and trendy. Their key attitudes show that they like to possess things to demonstrate that they have money, and that they often purchase things to keep up with the current fashion and the latest technologies and gadgets. Yet, their actual behavior indicates more conservative patterns: For example, the majority of Hesitant Potentials rarely use mobile devices in store. And they have an almost equal preference for cards and cash in their future payments preferences, in contrast to Aspirational Tech Fans and Modern Convenience Seekers, who didn't list cash at all in their top three future payments.

Shopping

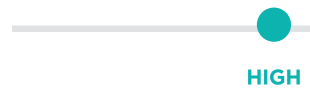
How They Shop

Hesitant Potentials most often do their grocery shopping at supermarkets and hypermarkets. However, they have the strongest preference across all tech types for convenience stores and department stores. Not surprisingly, they are one of the segments with the lowest affinity for online grocery. The preference gap for online grocery shopping between this tech type and the Modern Convenience Seekers and Aspirational Tech Fans—who are closest to them in age—is significant. Hesitant Potentials are online but show lower adoption than their peers: They will sometimes visit a retailer's website before shopping there, and they have on average two grocery apps on their smartphone. Though their shopping behavior already reflects a shift away from big weekly shopping trips towards shopping for smaller baskets more often—an effect we generally observed with younger shoppers–the shopping pattern of Hesitant Potentials still leans more to the traditional than that of Aspirational Tech Fans. They are also more likely to use a handwritten shopping list.

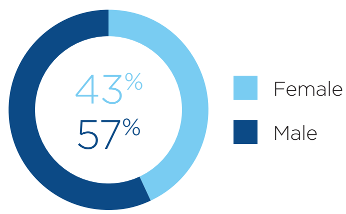
Segment Size:



Tech-Savvy:



Gender:



Age (Median):

36

Shopping Frequency Pattern:

Main Grocery Shopping Trips - Weekly

36%

Shopping for Top-Ups - Several Times / Week

55%

Shopping for Immediate Consumption - Several Times / Week

56%

Key Shopping Motivations and Frustrations

Hesitant Potentials are not overly likely to visit brick-and-mortar stores for the sensory product experience, even though that's typically the strongest motivation for grocery shoppers. Instead, they worry that items they order online might not meet their requirements and that returning them would cause effort and additional cost. They are also slightly more likely than the average grocery shopper to visit stores because they enjoy the act of shopping and interacting with real people, or to leverage additional services like grabbing a quick lunch. Their key frustrations hint at some sensitivity to money: Hesitant Potentials are overly likely to be frustrated if they find that items they bought were cheaper in another brick-and-mortar or online store, or if they forgot paper coupons at home for items they wanted to buy.

How can retailers leverage technology to improve the shopping experience for this segment?

Hesitant Potentials are, in general, technologically savvy. Still, their adoption of technology across the shopping journey is lower than that of the other tech-savvy segments: 67% of Hesitant Potentials just rarely use a smartphone while shopping in store—and 78% rarely use retailer-owned devices. Privacy is a key factor in their preference for one device over the other. Privacy means trust, and trust needs to be actively built.

Hesitant Potentials are most likely to use technology if it's an established solution that provides a benefit to their journey. For example, about half of them prefer self-checkout terminals when their shopping basket holds five items or less, or when there is a waiting queue that they want to skip. They are more cautious when technology touches their personal space—for example, more than half of them stated no attraction towards facial recognition.

Especially with Hesitant Potentials, retailers can leverage their technology more productively by providing active onboarding. The same strategy will appeal to other tech types, like Sensible Socializers, increasing the return on investment of such efforts.

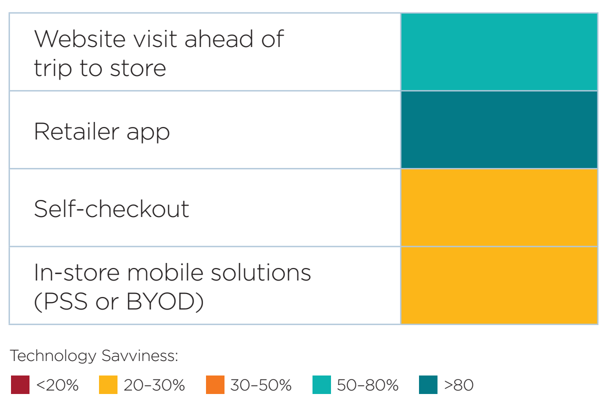
Retailers should not try to push the latest and greatest technologies on Hesitant Potentials. Similar to the other tech types whose members grew up with digital technologies, Hesitant Potentials have an above average interest in new retail technology solutions than the average shopper. But they are more reserved than both Aspirational Tech Fans and Modern Convenience Seekers. Retailers might fare better by creating services that encourage small behavior changes slowly, such as enhancing the promotional offers Hesitant Potentials are already interested in by embedding a minimum level of personalization (but don't forget to onboard!) or, more simply, digital store maps that can be used on a smartphone.

No. 1 Reason for Selecting Personal Self-Scanning or BYOD:

Privacy Considerations.

Hesitant Potentials are the only segment that call out privacy as No. 1 decision factor for both smartphone and retailer device usage.

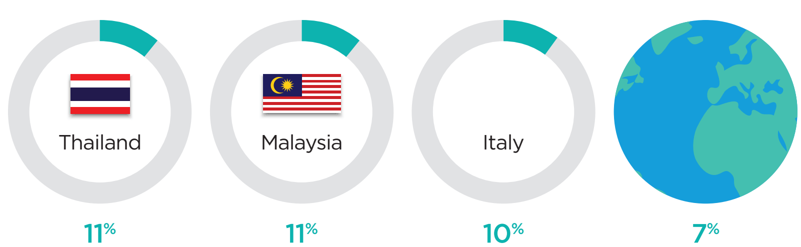
Technology use along shopping journey[1]



[1]Please refer to methodology section

Key Countries

The largest populations of this tech type can be found in:



Meet the
Hands-On Pragmatists

These busy, rational problem solvers are highly self-sufficient and use technology throughout their shopping journey as a way to save time and get things done by themselves.

SELF-SUFFICIENCY

Demographics and Lifestyle

Marriage, children and homemaking are typically not a big part of their life plan—hence, Hands-On Pragmatists are more likely to live in smaller households. Considering this circumstance, they are typically financially well-positioned.

Hands-On Pragmatists are "doers" who enjoy solving problems and seeing progress from what they do. They like to express their personality in everyday life, but not in a superficial way—they are not interested in possessing things just to show that they have money. Yet, they are keen to stay in good shape.

Shopping

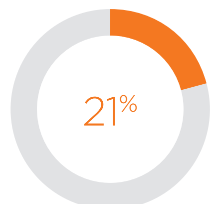
How They Shop

While Hands-On Pragmatists are most likely to shop for groceries at supermarkets, they have a high affinity for drugstores and other store formats that specialize in personal care items, which fits their attitude of trying to stay in shape. These behaviors might indicate that healthy food offerings will appeal to this segment. Their shopping pattern is traditional, with the biggest share going for a main grocery shopping trip once a week and adding top-ups once or a couple of times each week.

Key Shopping Motivations and Frustrations

Immediate access to products is a key driver for Hands-On Pragmatists to visit brick and mortar retail stores—they just don't want to wait for delivery. Accordingly, their key frustration is out-of-stock or unavailable items. Almost equally frustrating to them is losing time in the checkout queue. Hands-On Pragmatists are least likely to go shopping because they enjoy the act of it or the interaction with real people. They share an interest in services that save them time and increase the efficiency of their trip with the Modern Convenience Seekers, but they have not yet moved on to significantly leveraging omnichannel journeys to fulfill this need. They are by no means oblivious to enticements around them: They are also the tech type most likely to go to a store because they often discover new products there.

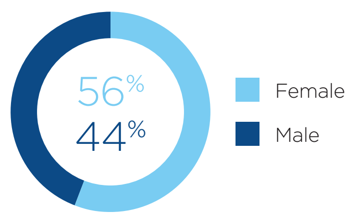
Segment Size:



Tech-Savvy:

MEDIUM

Gender:

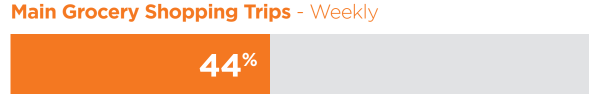


Age (Median):

40

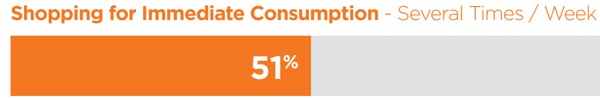
Shopping Frequency Pattern:

Main Grocery Shopping Trips - Weekly



Shopping for Top-Ups - Several Times / Week

Shopping for Immediate Consumption - Several Times / Week



How can retailers leverage technology to improve the shopping experience for this segment?

Considering their motivations, it is not surprising that Hands-On Pragmatists are keen on self-checkout: 99% of them will generally prefer self-checkout if the option is provided. Even with bigger baskets of 10 items or more, or without the option to pay cash, a vast majority of this tech type prefers this checkout choice. They show a strong preference for card payments and have the highest adoption of contactless cards across all tech types.

At the time of the research, the adoption level of Hands-On Pragmatists related to in-store mobility solutions was 42%, the third lowest across all segments. Personal Self-Scanning Devices were clearly preferred over "Bring your own device" (BYOD) concepts. Hands-On Pragmatists have not yet widely adopted smartphones for their in-store shopping journey, most likely because of privacy concerns and convenience reasons. Their reasons for preferring Personal Self-Scanning Devices provided by the retailer highlight their pragmatic and efficiency-driven attitude: Clearly they don't want to bother with downloading and installing an app; instead, they see value in using the store's technology. They perceive that the retailer's device scans faster, doesn't impact their own data volume and also doesn't consume their own smartphone's battery level. Though they would prefer a smartphone for many relevant services—e.g., to redeem mobile coupons—a retailer's device is their clear preference when it comes to checkout-related processes.

Solutions that meet the needs of this tech type should be designed to increase efficiency and control along their journey, including transparency on spending.

99%

of Hands-On Pragmatists will generally prefer self-checkout if the option is provided.

Compared to 41% for total survey sample

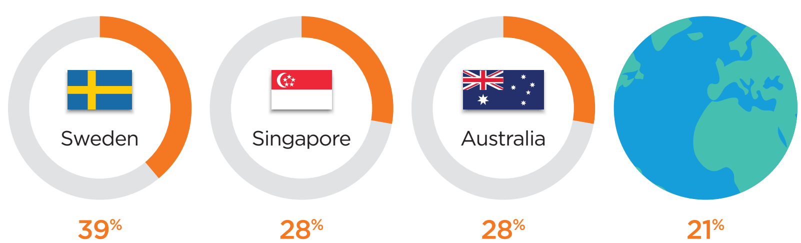
Preferred In-Store Shopping Services on Mobile Devices: Top Five

87%	Accelerate check-out through self-scanning products and conduct payment at a terminal
84%	Tally the subtotal of all scanned items in the shopping basket for full transparency about the total sales price
83%	Redeem mobile coupons
79%	Receive promotions while shopping
78%	Check product availability in store

Percentages refer to the share of shoppers interested in or already leveraging the respective service on a mobile device (either smartphone or personal self-scanning device)

Key Countries

The largest populations of this tech type can be found in:



Meet the
Sensible Socializers

Living "in the now", this tech type prefers human-to-human services rather than complex technology, but will adopt solutions that make them feel comfortable and reduce friction in their shopping journey in the moment when it arises.

EASE

Demographics and Lifestyle

Sensible Socializers most likely live in households of three or more people, and typically show a medium to high household income. The youngest members of this segment stick out with an over-proportionate likeliness to live in larger households, which might indicate that their attitudes are shaped early by larger family settings. A suburban or rural living environment is not unusual for Sensible Socializers.

This segment believes a person's real beauty lies on the inside. They do not chase the latest trends or gadgets, and they will not spend just to keep up with current fashion—possessing things to show that they have money is not for them. They do want to make a positive impact on their environment, and it makes them happy to see that what they are doing is helping to make the world a better place.

Shopping

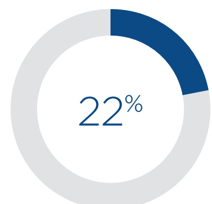
How They Shop

Supermarkets are primarily the store type that Sensible Socializers will frequently visit. This tech type clearly prefers brick-and-mortar stores; they have among the lowest affinity for online grocery. They are also not highly likely to make regular use of a retailer´s website in preparation of their shopping trips. Their shopping pattern is traditional, usually a weekly grocery shopping trip and some top-up shopping during the week when needed. Their sensible attitude to consumption and the fact that they are slightly more likely than the other segments to actively search for promotions indicates some spending sensitivity. Sensible Socializers are loyal to stores, but promotions can have some impact on their brand choices. They usually own not more than a couple loyalty cards.

Key Shopping Motivations and Frustrations

The physical product experience, i.e. the ability to touch, feel and smell a product before purchase, is one of this segment's key drivers to visit a brick-and-mortar retail store. Hence, they are more likely to appreciate the ease of comparing products in a store versus ordering online, and will prefer a store because they are conscious that products they order online may not meet their requirements. Their key frustration when shopping in store is being stuck in a queue.

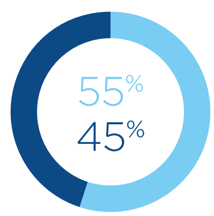
Segment Size:



Tech-Savvy:

MEDIUM

Gender:



Female

Male

Age (Median):

44

Shopping Frequency Pattern:

Main Grocery Shopping Trips - Weekly

43%

Shopping for Top-Ups - Several Times / Week

46%

Shopping for Immediate Consumption - Several Times / Week

50%

How can retailers leverage technology to improve the shopping experience for this segment?

Sensible Socializers are not overly keen on technology solutions, but they will use them if they provide value by supporting them in a moment of need.

For example, even though this segment will usually select a staffed checkout lane, 85% will opt for a self-checkout option if their basket holds less than five items. And in accordance with their unwillingness to be stuck in line, 78% will leverage the self-checkout to avoid queuing. One reason why they have a rather high general preference for staffed checkouts might be their payments behavior: While cards are their number-one payment preference, cash ranks high with them as well. Contactless cards may join their payments mix in the future.

Retailers can also meet their needs through enhanced in-person support. Sensible Socializers will appreciate convenient solutions to connect them more quickly with knowledgeable staff: One of the top services they show interest in is having the ability to call a store associate right to the shelf where they need help.

Sensible Socializers do not show high adoption of mobile solutions across their shopping journey. They also do not show a clear position on which device type they would preferably use to access retailer's services. Still, there is one common pattern that will potentially influence their acceptance of any solution retailers can offer: They want to feel comfortable using the technology. For the few of them that have a preference for smartphones connected to their shopping journey, it's likely because they feel they know the functions of their own device better. If they opt for a retailer-owned device, it's because they don't have to deal with downloading and installing unfamiliar apps.

Sensible Socializers live "in the now," and that is also reflected in their favored future shopping concepts. It is not complex technologies that capture their interest, but pragmatic solutions that will solve immediate friction in their shopping journey, such as being able to digitally locate the next available store associate with a smartphone or a self-scanning device, or being guided via a digital store map.

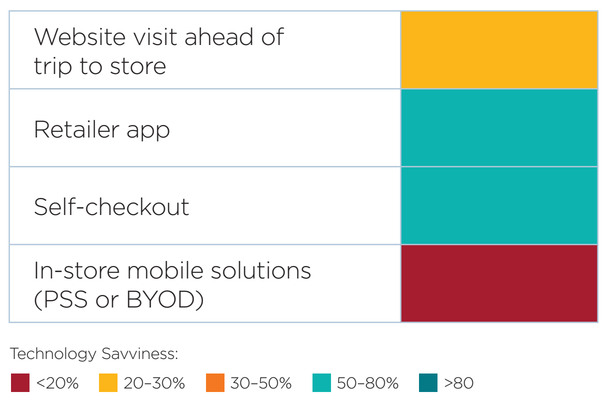
Hence, though Sensible Socializers are unlikely to adopt super-fancy solutions, retailers could capitalize on this tech type's interest in promotions and hands-on service to improve their shopping journey.

85%

of Sensible Socializers will opt for a self-checkout option if their basket holds fewer than five items.

Compared to 65% for total survey sample

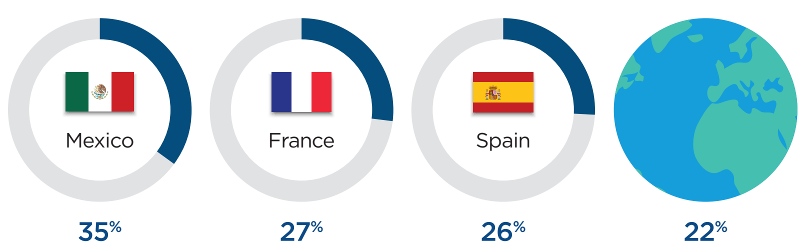
Technology use along shopping journey[1]



[1]Please refer to methodology section

Key Countries

The largest populations of this tech type can be found in:



Meet the
Well-Balanced Traditionalists

Content with their current approach to shopping and in no desire to engage more frequently with technology, this shopper type appreciates in-person services—which offers opportunities to introduce experiences that facilitate human connections.

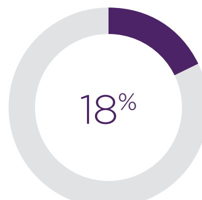
LONG-STANDING HABITS

Demographics and Lifestyle

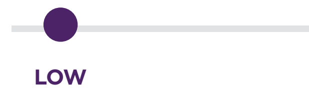
Well-Balanced Traditionalists show a strong tendency to live in small households of one or two people. They tend to be empty-nesters; if they have children, they're typically grown adults. Suburban or rural living environments are far more likely for this segment than for the other tech types. Well-Balanced Traditionalists indicate lower household incomes than the other tech types, yet it may not always matter much to them as their incomes don't have to support many people. They're entering a stage of contentment in which they've realized they don't need to accumulate things to make themselves happy. Often, they're beginning to more deeply reflect on life and what truly matters, they're working less and they've got a higher environmental and health consciousness.

Well-Balanced Traditionalists agree with the Sensible Socializers on the higher importance of inner beauty versus outward appearances. Hence, being comfortable is more important to them than being dressed up. They see no need to spend on latest trends, neither in fashion nor in technology. They're no longer as caught up in developing their professional careers; instead, they're focused on personal growth and reflection. They do consider themselves health conscious, and are trying to stay in shape. Experience has helped them to find a good balance between rationality and intuition.

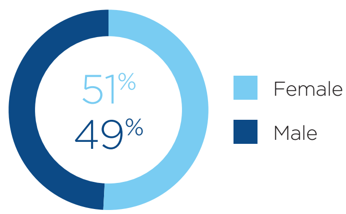
Segment Size:



Tech-Savvy:



Gender:



Age (Median):

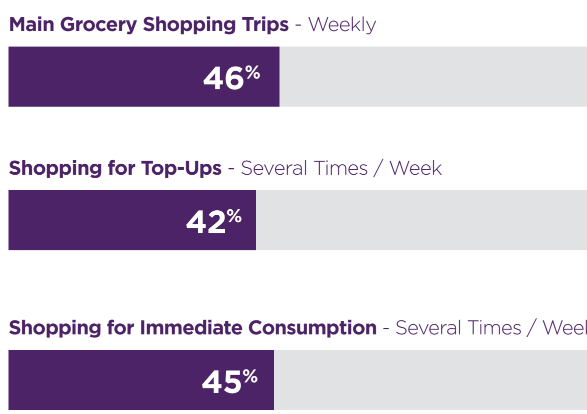
51

Shopping

How They Shop

Well-Balanced Traditionalists do most of their grocery shopping at supermarkets. This tech type also shows the strongest preference for discount stores. This preference makes sense considering that they are not the best-positioned segment financially. Well-Balanced Traditionalists show a traditional shopping pattern with weekly main grocery shopping trips and top-up shopping when needed. Compared to the other tech types, they spend the least amount of time on top-up shopping and immediate consumption trips. Their shopping routines are shaped by long-standing habits. They tend to approach their shopping trips well-prepared with a handwritten shopping list. This tech type likes what they like, thus, they're not often lured in by promotions. Across all our tech types, they are least likely to change stores trip-by-trip for better promotions that day, and they're not as likely to change brands. They do, however, typically participate in one or two loyalty programs.

Shopping Frequency Pattern:



Key Shopping Motivations and Frustrations

The key rationales that are most likely to drive Well-Balanced Traditionalists to brick-and-mortar stores comprise the sensory product experience and the interaction with real people. They don't typically shop for groceries online, perhaps at least partly because common grocery annoyances just don't bother them that much. Other tech types were up to four times more likely to report frustrating experiences within a year's time. Waiting in checkout lines and out-of-stock items or unavailable items are the only two frustrations they mentioned to any significant degree.

How can retailers leverage technology to improve the shopping experience for this segment?

Well-Balanced Traditionalists have not yet made much of a connection between shopping and technology, though a significant share of them own a smartphone. At the time of the research, only a small share of them had progressed to regular use of online channels in connection to their shopping journeys, but if they have, they are likely to also leverage one or two retailer apps. They have neither adopted retailer-owned devices nor their own smartphone as part of their in-store shopping journey.

One key obstacle is the onboarding process: For the tiny subsection of this group that does leverage smartphones or retailer-owned mobile devices in store, the key responses for preferring one over the other are "knowing the functions better" and "not having to download and install an app." Being on top of the technology seems to be one of the top hurdles to overcome with this tech type, an attitude they share with the Sensible Socializers.

Well-Balanced Traditionalists like a human touch across their shopping journey. Hence, being able to call a store associate to the shelf where they need help is just about the only service that makes some relevant sense to them. They will almost always prefer staffed checkout over any automated solution. Besides their generally low-tech attitude, key reasons for their checkout preference may also be that they love to pay cash. At the time of the research, Well-Balanced Traditionalists were the only segment that named cash as their No. 1 future payments preference, rating it even slightly more important than cards. They also dislike the additional security measure retailers implement with automated shopping experiences, such as video surveillance or in-person checks of the shopping cart.

Winning Well-Balanced Traditionalists over with technology solutions will not be as easy, since their established shopping patterns work well for them.

No. 1 Service Preference:

Call a store associate directly to the shelf where they need help.

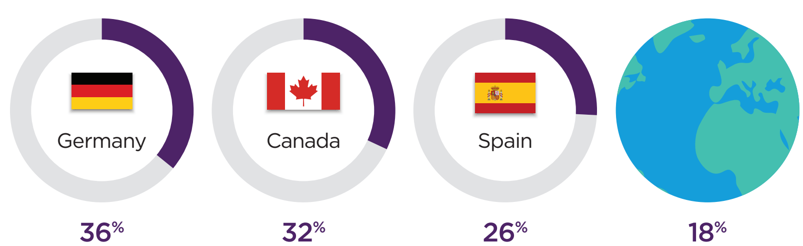
Well-Balanced Traditionalists are the only segment that rank this service as the No. 1 solution to friction in their shopping journey.

Potential facilitators for tech adoption:

Keeping a human connection
Personal onboarding
Pragmatic, simple-to-use services that help to close basic gaps within their journey, such as checking product availability or receiving a notification when items are back in stock, as well as easily finding a product in store or a store associate to offer human support.

Key Countries

The largest populations of this tech type can be found in:



The Study

Study Design

Methodology

This research is based on insights from the 2020 International Grocery Shopper and Technology Survey, conducted by Nielsen and commissioned by Diebold Nixdorf. Between December 06—19, 2019, Nielsen surveyed 15,000 grocery shoppers aged 18-65 across 15 countries based on nationally representative demographic samples. Survey respondents were in charge of household shopping and visited a retailer for buying grocery and food products within the last 12 months.

Target Group

Men and women 18-65 years (nat rep.), who are in charge of household shopping and visited a retailer for buying grocery and food products within the last 12 months

LOI

14 minutes (median)

Sample Size

Total n=15004
(US n=1001, Canada n=1000, Mexico n=1000, Brazil n=1000, France n=1000, Spain n=1001, IT n=1000, Germany n=1000, UK n=1000, Sweden n=1000, China n=1000, Singapore n=1000, Malaysia n=1000, Thailand n=1000, Australia n=1000)

Latent Class Modeling was applied for the segmentation analysis.
The segmentation approach was conducted in a three stage approach:

Stage 1:

Factor analysis to reduce the number of variables used for the latent class modeling analysis while keeping maximum information.

Stage 2:

Cluster analysis including independent variables with most segment differentiating power.

Stage 3:

Including all remaining variables from the survey as descriptive information to profile the segments.

Retail technology savviness

Technology savviness levels referenced in this document reflect the status at the time of this survey and are expected to shift with broader availability and improvement of given solutions within surveyed geographies, as well as other influences such as a potential impact of COVID. The evaluation of savviness levels is based on responses to the following questions:

Website visit: *Thinking of the retailers and stores that you currently visit for shopping, do you also visit the websites of these retailers? (Share of respondents that visit website at least sometimes)*

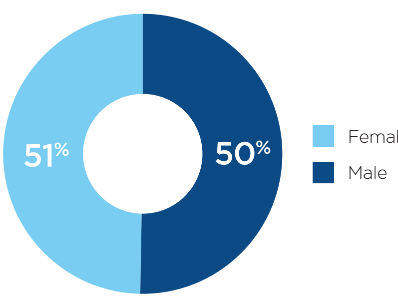
Retailer app: *And how many apps of those retailers do you have on your smartphone? (Share of respondents that have at least 1 app)*

Self-Checkout: *When it comes to checkout in grocery stores, which checkout option would you prefer in general / if your basket holds less than 5 items / if there is a waiting queue at the staffed checkout? (Average of summarized responses)*

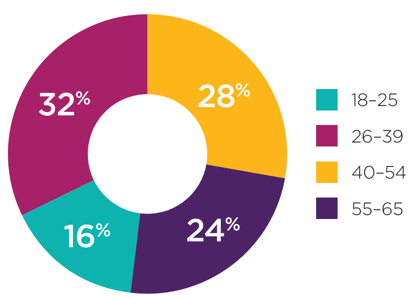
In-store mobile solutions: *When shopping in stores, how often do you use any kind of a mobile device (for example, smartphone or a retailer-owned personal self-scanning device)? (Share of respondents that use any mobile device in store at least sometimes)*

Sample Structure

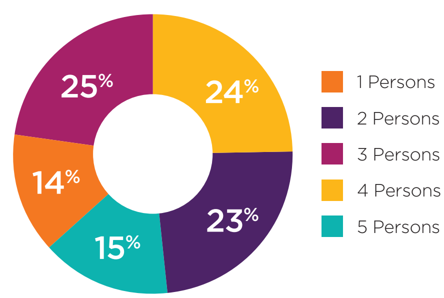
Gender*



Age Groups*



Household Sizes*



*Percentages may not add up to 100 due to rounding

Wondering how to incorporate these findings into your retail strategy? Our Storevolution™ Advisory Services team can help. Find out more at **DieboldNixdorf.com/Storevolution**.

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