

Asia Retail's Journey Toward Self-Service

Delivering a frictionless customer
experience with greater efficiency

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Executive summary

Against the backdrop of market uncertainties and competitive pressures, retailers in the Asia/Pacific region are eyeing customer self-service to keep cash tills ringing and to manage costs.

Changes in consumer behavior during the pandemic are here to stay, with retailers moving strategically to implement technologies and processes that increase efficiencies and improve customer experience.

To better understand the current state and outlook of retail self-service in the region, Diebold Nixdorf commissioned IDC to conduct a survey with 700 retailers with at least 250 employees across seven key markets: Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, and Hong Kong.

With wellness continuing to be a major concern, the need to reduce human interactions is driving retailers to look at technology solutions to deliver a frictionless customer experience.

This IDC InfoBrief reflects the crossroads that retailers are at. With a relaxing of safety measures, life is edging toward normalcy, and customers are visiting stores again. This calls for strategic investments that enhance the customer's in-store experience and help build flexibility and efficiency into the front-end customer operations.

Key research findings :



Overall, **16%** of retailers surveyed have implemented self-service, while 1/3 stated that they are trialing self-service systems.



Significant majority of retailers have self-service systems in less than **25%** of their stores.



46% of retailers are either interested or planning to adopt self-service.



64% of retailers at the exploratory stage plan to adopt self-service systems in the next 24 months.



Improving **customer experience (CX)** and **operational efficiency** are both top business priorities and key drivers to adopt self-service.



Customer education is the key barrier or pain point for retailers in self-service implementations.



Retail front-end in need of a makeover to meet changing market realities

Retailers in the Asia-Pacific region are adapting to a new world of change and are rethinking customer experiences.

Ensuring physical distancing

Post-pandemic social distancing has become the norm, requiring retailers to ensure that their shop space meets customers' expectations



Plugging the service gap

Rehiring and retaining staff remains an ongoing challenge for the highly competitive retail industry



Enhancing the online shopping experience

Retailers are finding new ways to engage customers online as part of their omnichannel strategy



Preparing for employees to work from home

Business resiliency for retailers means ensuring that employees are able to work from home without affecting the business



Pushing for faster checkout times

Customers are looking for faster checkouts and shorter queue times



Overcoming inventory challenges

Uncertainties in demand planning for inventory across locations requires new capabilities to accurately forecast and manage inventory to reduce wastage



Retailers' top strategic objectives align with value of self-service

While achieving process efficiency is the short-term priority, increasing sales and creating a customer- and eco-friendly environment are long-term goals for retailers in the Asia-Pacific region.

Retailer's top strategic objectives (next 12-24 months)



1 Improve in-store operational efficiency



2 Improve efficiency of supply chain



3 Improve the customer experience

Retailer's plans for the next 5 years



1 Will be able to engage or sell to customers across platforms



2 Will be selling more online



3 Will be an environmentally friendly retailer

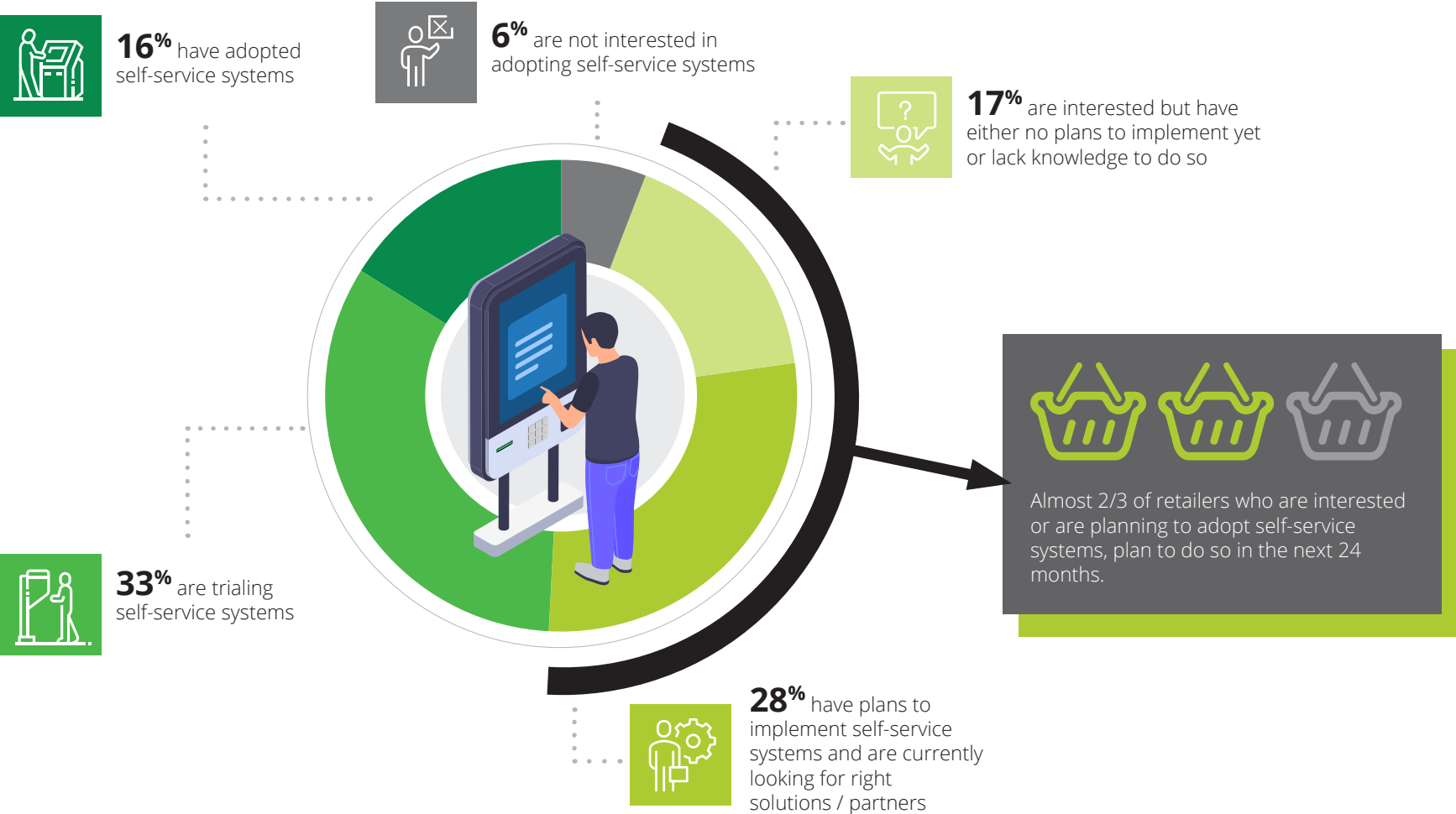


Majority of Asia retailers yet to implement self-service are ready to do so in 1-2 years



- While **48%** of retailers in Southeast Asia and Hong Kong are users of self-service systems, only 16% are beyond the pilot/trial phase.
- Only **6%** of retailers are not interested in self-service systems for their stores.
- With **33%** of retailers in the trial/pilot stage, there are still significant self-service market opportunities in the region.

Self-Service Segments in Southeast Asia and Hong Kong



Opportunity for differentiation as Asian retailers typically only have self-service implemented in less than 25% of stores

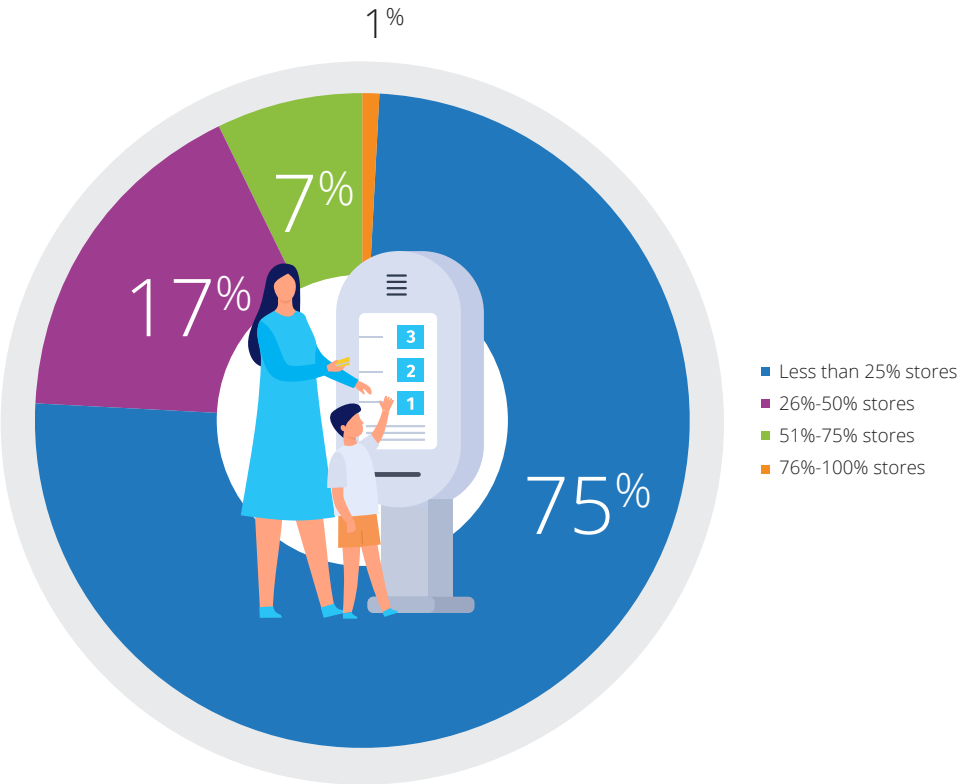
The nascent self-service systems market is ripe with opportunities. A majority of retailers have implemented self-service systems partially.



49% of retailers have implemented self-service systems in their stores.



Of these, **75%** have implemented self-service systems in less than 25% of their stores.



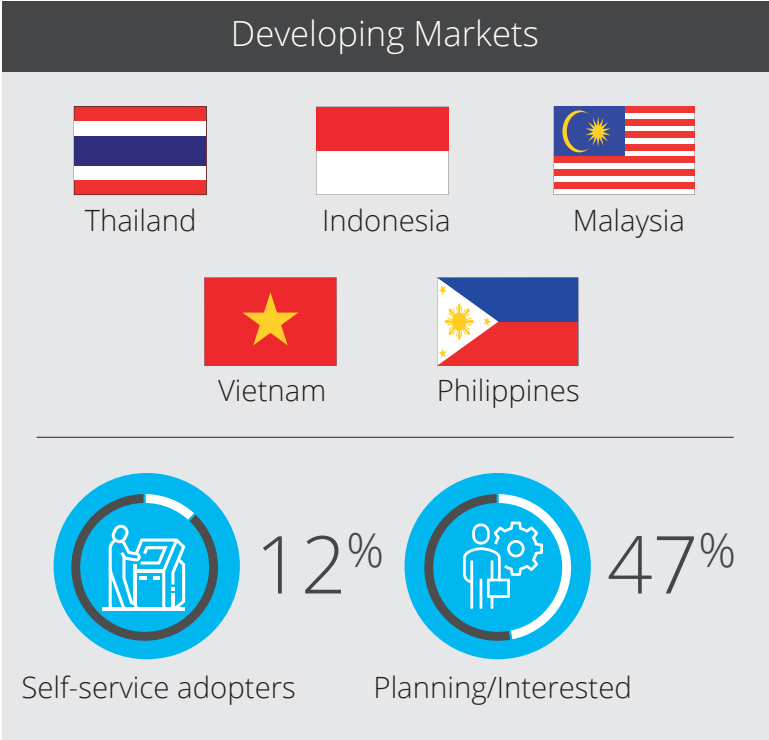
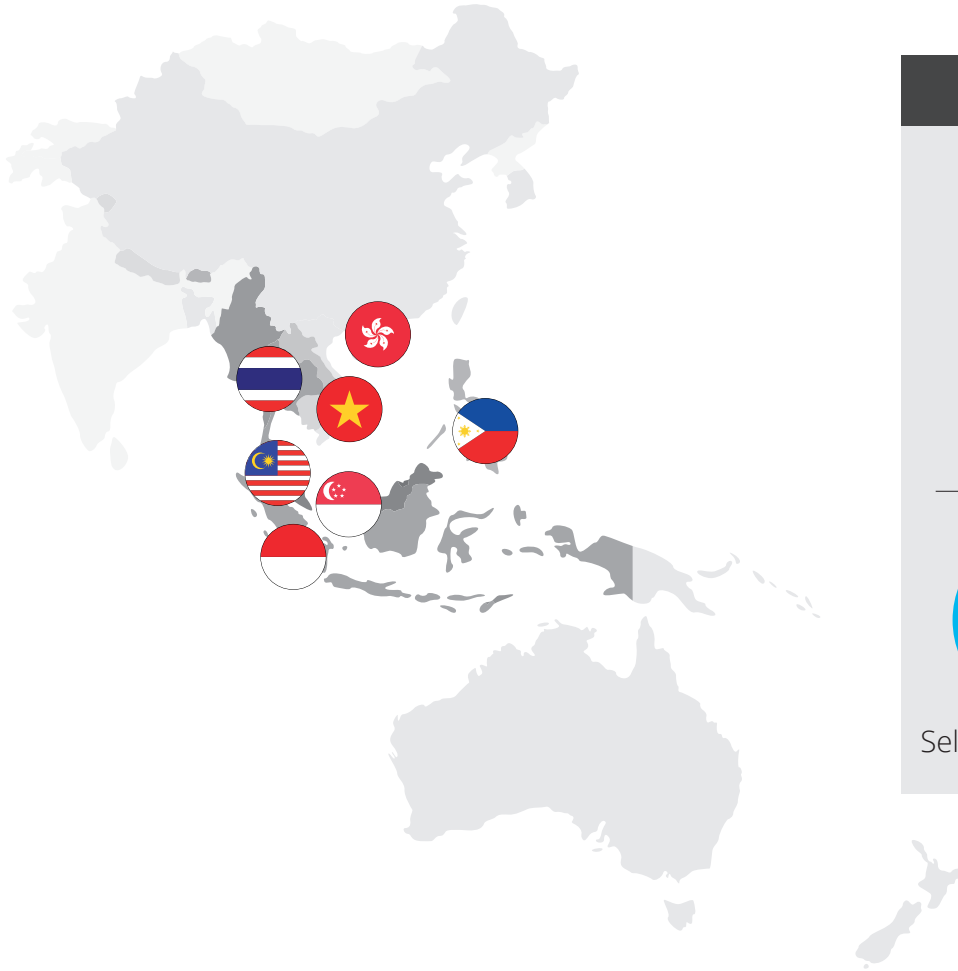
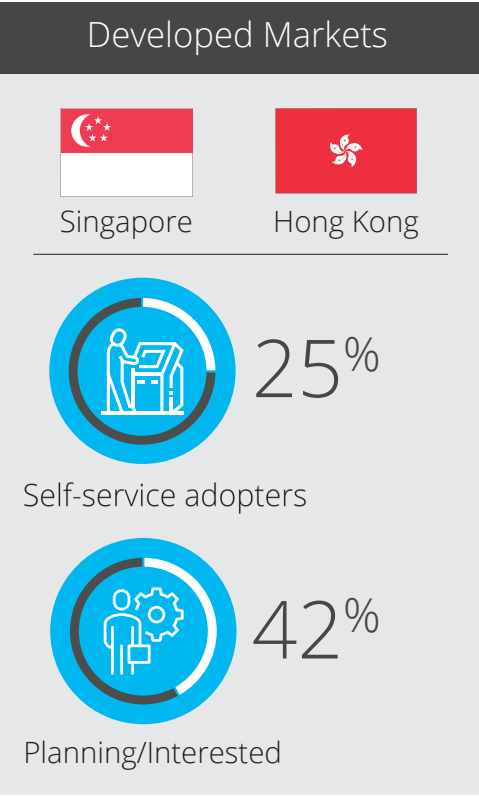
75% of retailers surveyed have implemented self-service systems in less than 25% of their stores



A majority of the retailers have implemented these systems only in a few of their stores. This shows that the journey toward self-service is still at an initial stage and these retailers are still identifying the pros and cons of implementing these systems.

Developed markets have a significantly higher number of retailers using self-service systems

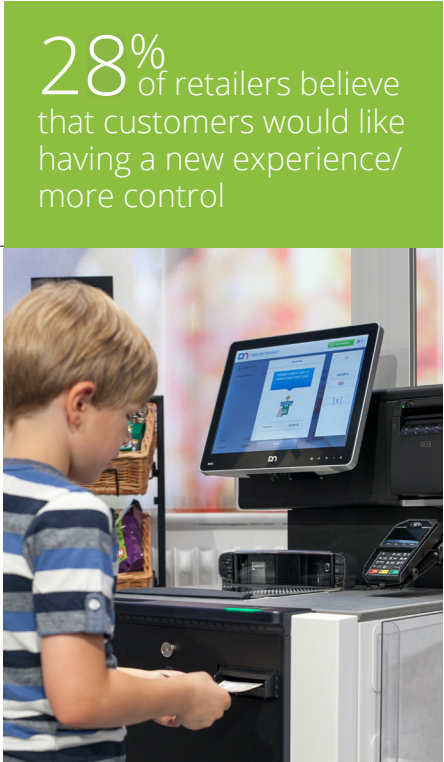
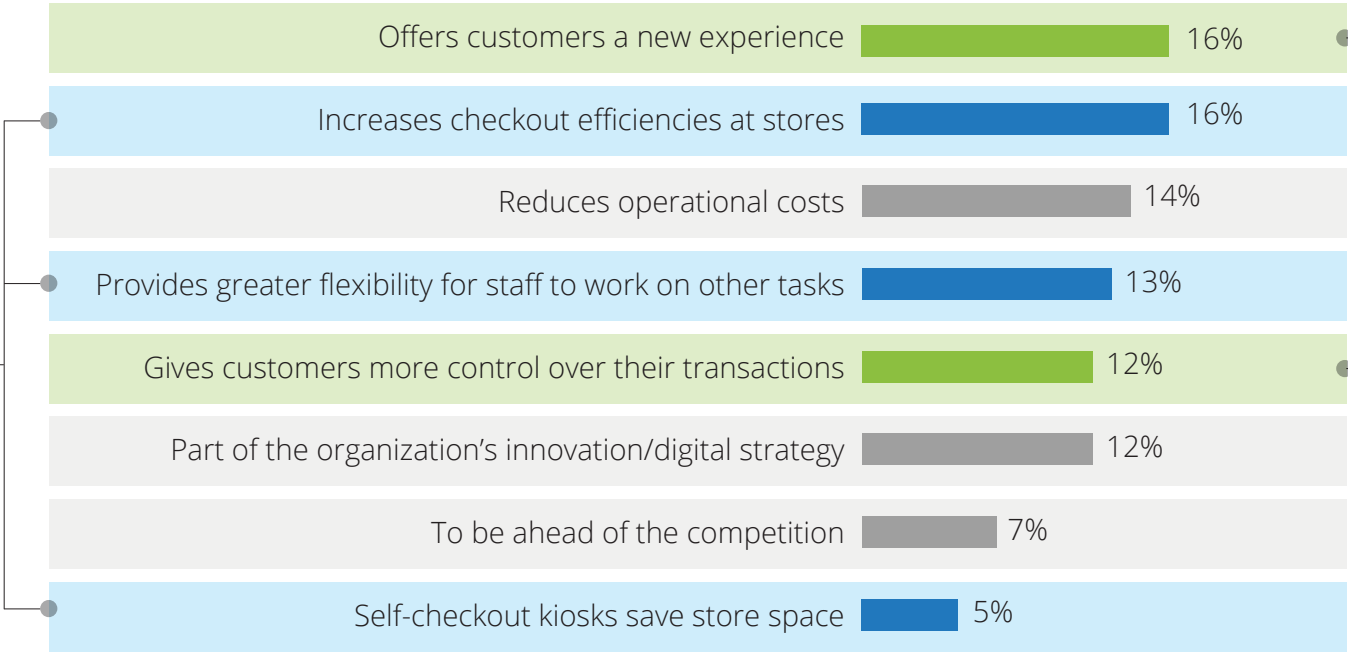
Opportunity in developing markets as fewer retailers have fully adopted self-service, while more retailers are eager to adopt self-service in the next 1—2 years



New customer experience and efficient checkout are top reasons for investing in self-service

Retailers recognize the importance of meeting customers' increased expectations for new experiences and driving staff efficiency for a more profitable, successful business.

Top drivers for adopting in-store self-service

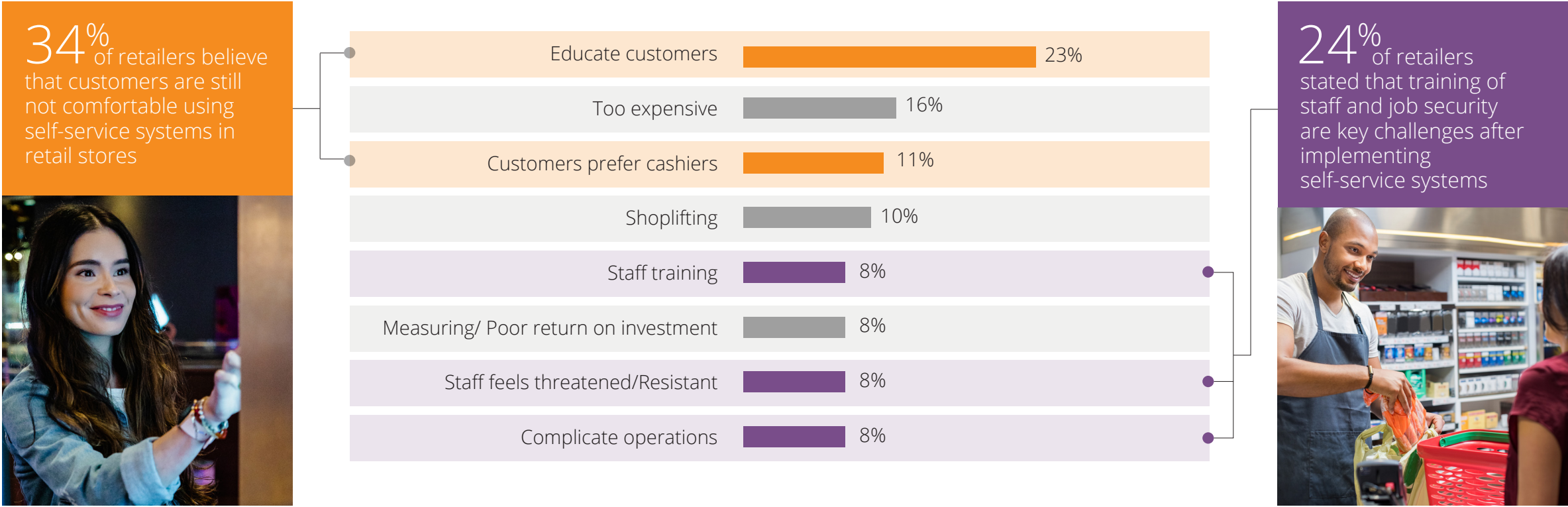


28% of retailers believe that customers would like having a new experience/ more control

Retailers cite customers' lack of appreciation of self-service benefits as the number 1 barrier

Cost of implementation ranks second in Asia retailers' list of barriers to investing in self-service systems.

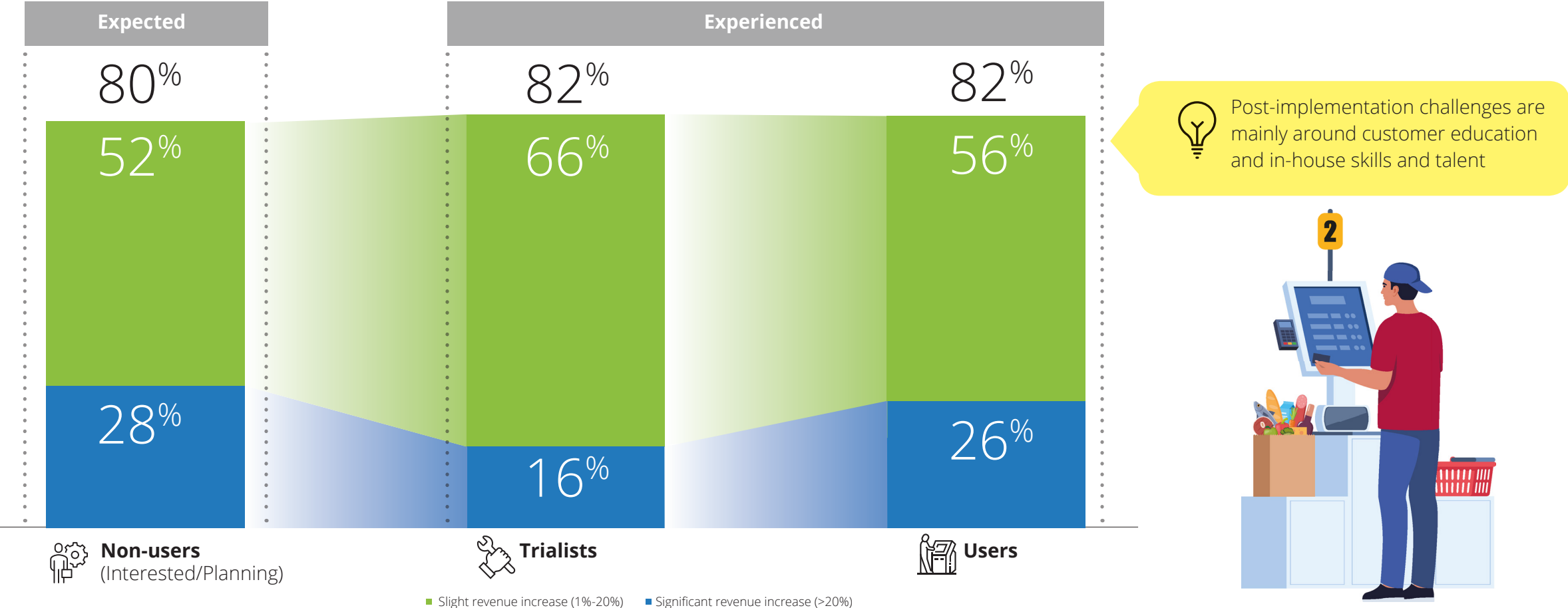
Top barriers to adoption or pain points when adopting self-service



Retailers with in-store self-service cite more than 20% revenue gain

Implementing self-service solutions is a progressive journey for retailers, leading to benefits such as faster checkouts and shorter queue times. But retailers must not be discouraged by post-implementation challenges. After the initial ups and downs, those that stay the course will see gains — about 26% of retailers that have implemented such solutions report revenue increases of more than 20%.

Expected versus experienced impact on revenue after self-service implementation



Singapore: Overview

More than half of retailers in Singapore have adopted self-service POS systems, though almost three quarters of adopters indicated that they have only implemented such systems in less than 25% of their stores. Two in five potential self-service adopters plan to implement self-service systems in the next 12 months. The top drivers are efficiency and customer experience. Customer education, shoplifting, and customers' preference for cashiers are the top challenges that retailers in Singapore face when implementing self-service.

Top strategic objectives (Next 1-2 years)



Improve the customer experience

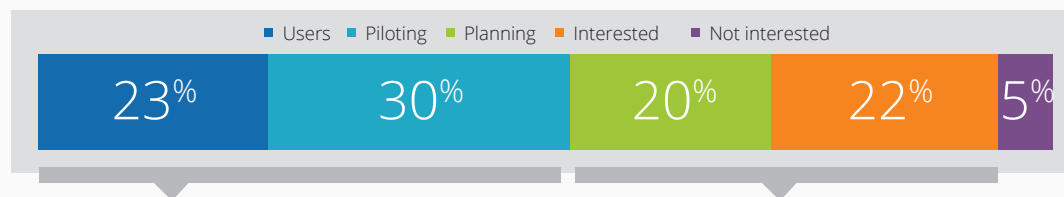


Explore different business models



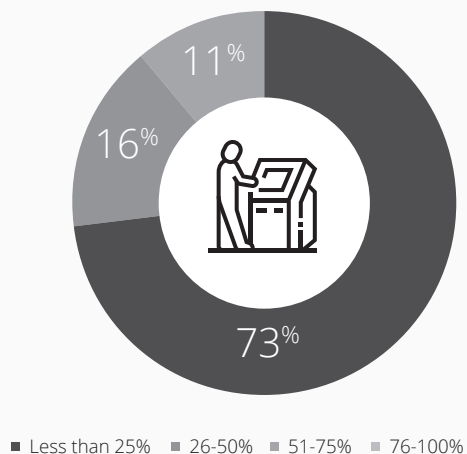
Improve efficiency of supply chain

Self-service adoption



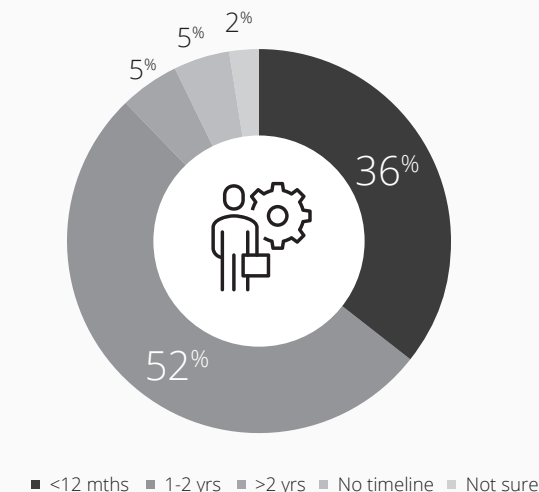
Self-service adopters

Percentage of stores with self-service implemented



Potential self-service adopters

Self-service implementation schedule



Drivers



Barriers or pain points





Hong Kong: Overview

Close to half of retailers in Hong Kong have adopted self-service systems, though three in five adopters indicated that they have only implemented such systems in less than 25% of their stores. Close to half of potential self-service adopters plan to implement self-service within the next 12 months, with efficiency and cost cited as the top drivers. The top 3 challenges are price, customer education, and staff training.

Top strategic objectives (Next 1-2 years)



Improve the customer experience

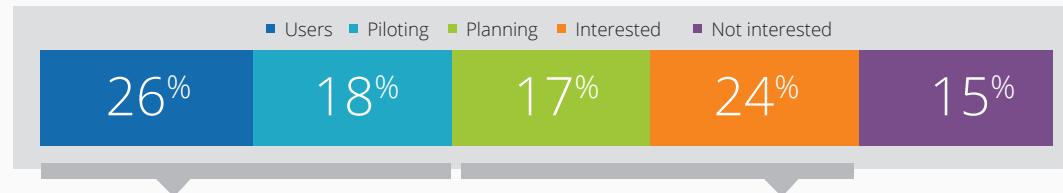


Improve in-store operational efficiency



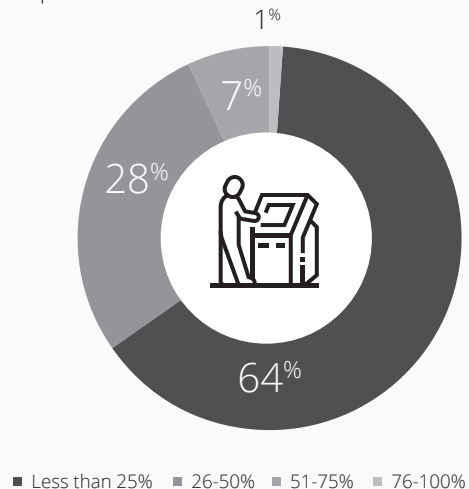
Improve efficiency of supply chain

Self-service adoption



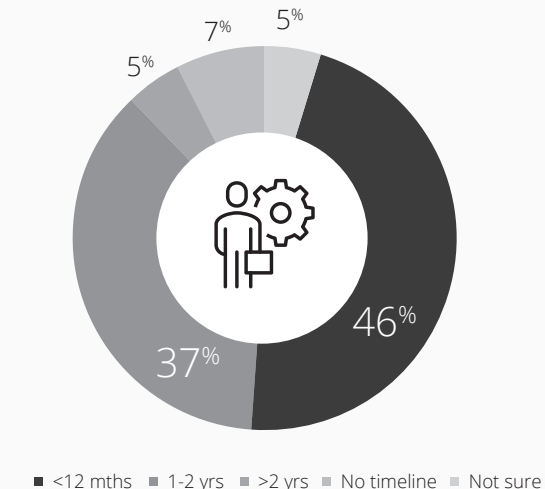
Self-service adopters

Percentage of stores with self-service implemented



Potential self-service adopters

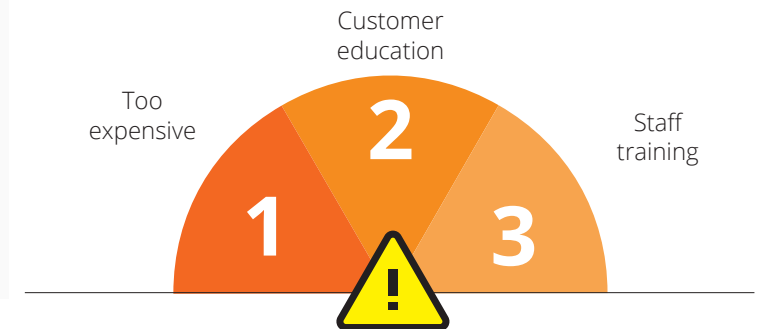
Self-service implementation schedule



Drivers



Barriers or pain points



Thailand: Overview

Close to half of retailers in Thailand have adopted self-service systems, though seven in ten adopters indicated that they have only implemented such systems in less than 25% of their stores. For those that are interested in self-service technologies, three in five retailers do not have an implementation timeframe in mind. The top drivers for adoption are efficiency and customer experience, while the top challenges are customer education, customers' preference for cash counters, and concerns of added complications.

Top strategic objectives (Next 1-2 years)



1 Improve in-store operational efficiency

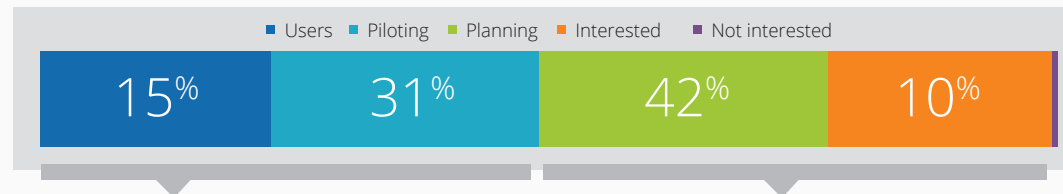


2 Launch and support an omnichannel retail experience



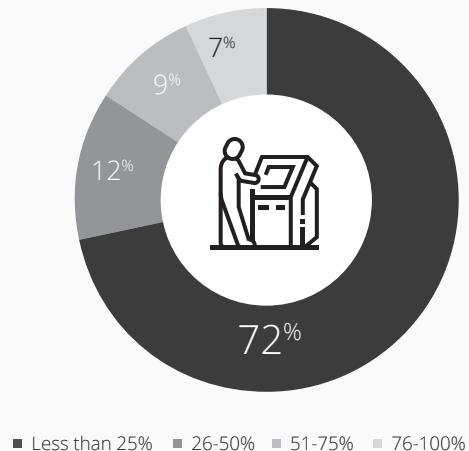
3 Improve efficiency of supply chain

Self-service adoption



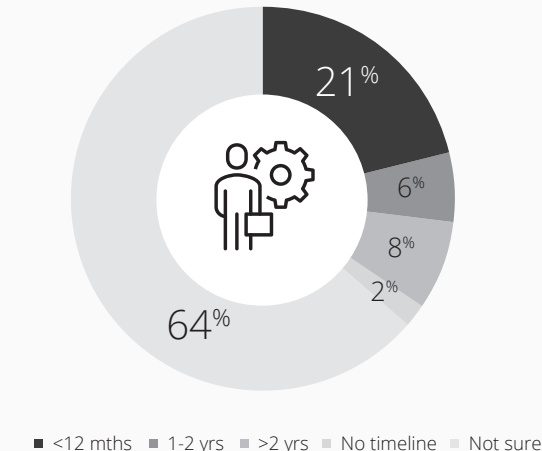
Self-service adopters

Percentage of stores with self-service implemented

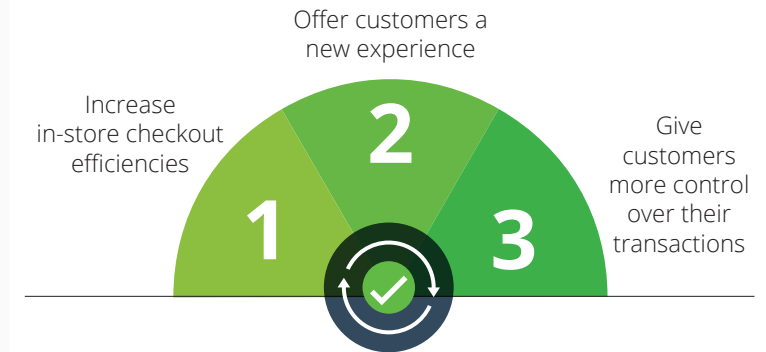


Potential self-service adopters

Self-service implementation schedule



Drivers



Barriers or pain points



Indonesia: Overview

More than half of Indonesian retailers have adopted self-service systems, though four in five adopters indicated that they have only implemented such systems in less than 25% of their stores. About 52% of potential self-service adopters are interested in implementing self-service in the next 12 months, driven largely by their digital strategy and push for new customer experiences and greater flexibility for staff to provide service where it matters. The top challenges are customer education, customers' preference for cash counters, and return on investment expectations.

Top strategic objectives (Next 1-2 years)



Maintain customer loyalty

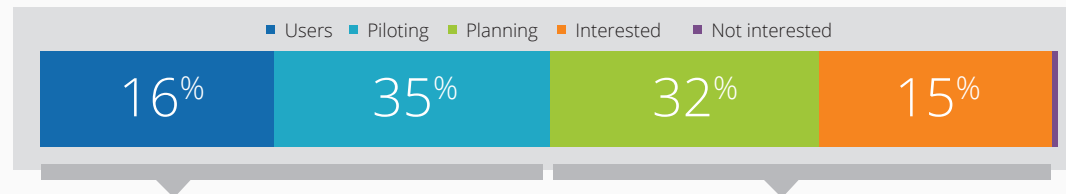


Expand number of stores



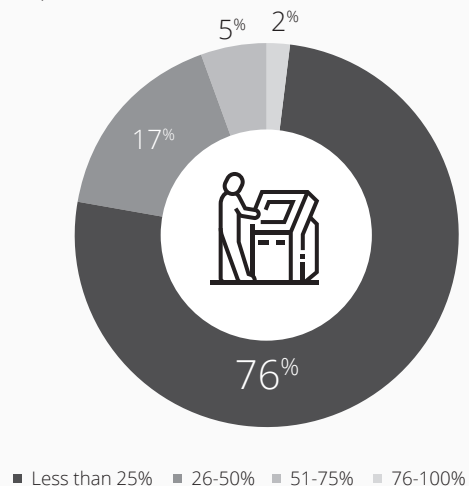
Improve efficiency of supply chain

Self-service adoption



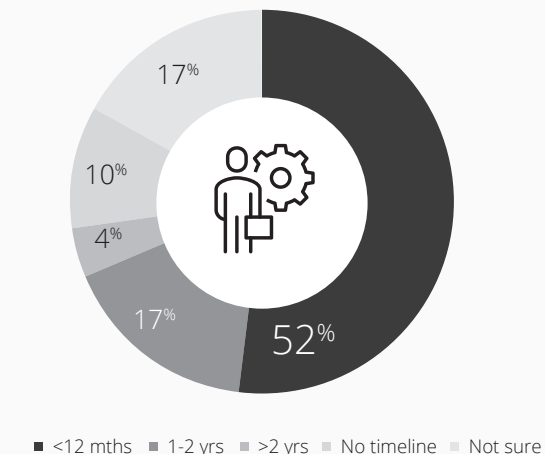
Self-service adopters

Percentage of stores with self-service implemented

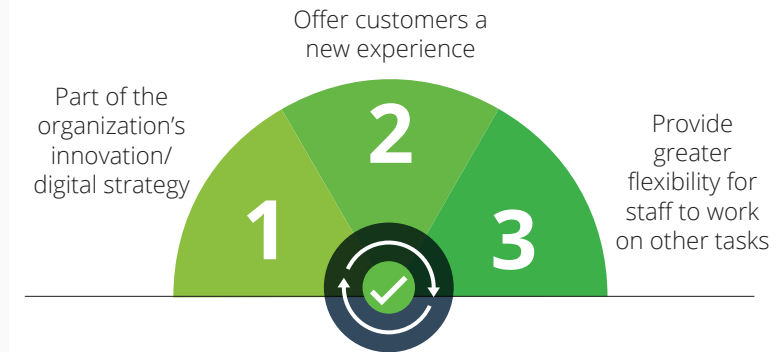


Potential self-service adopters

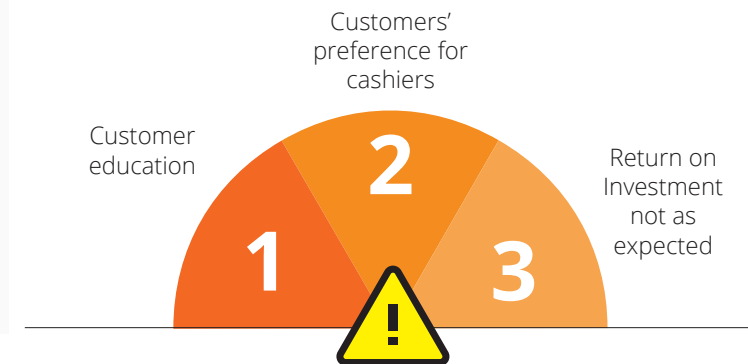
Self-service implementation schedule



Drivers



Barriers or pain points





Malaysia: Overview

Two in five retailers in Malaysia have adopted self-service systems, though almost nine in ten adopters indicated that they have only implemented such systems in less than 25% of their stores. In terms of potential adopters, two in five retailers are interested to do so in the next 12 months, driven largely by their digital strategy and push for faster checkout and lower operational cost. The top challenges faced are in terms of customer education, price of the system, and customers' preference for cash counters.

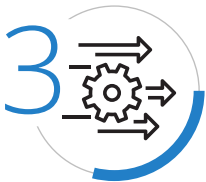
Top strategic objectives (Next 1-2 years)



Improve in-store operational efficiency

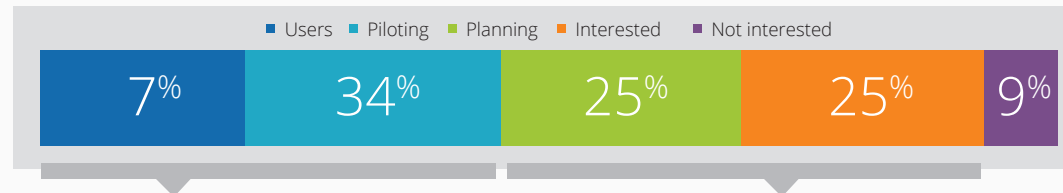


Improve the customer experience



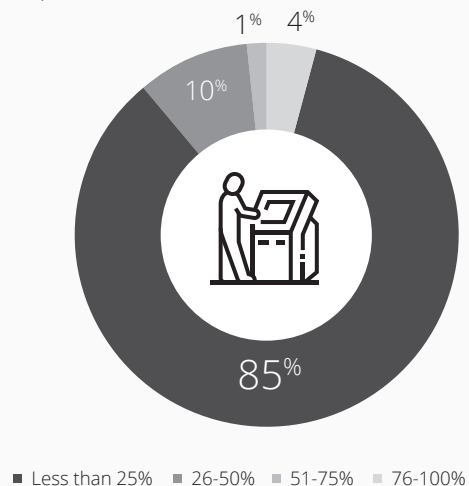
Automate more in-store processes

Self-service adoption



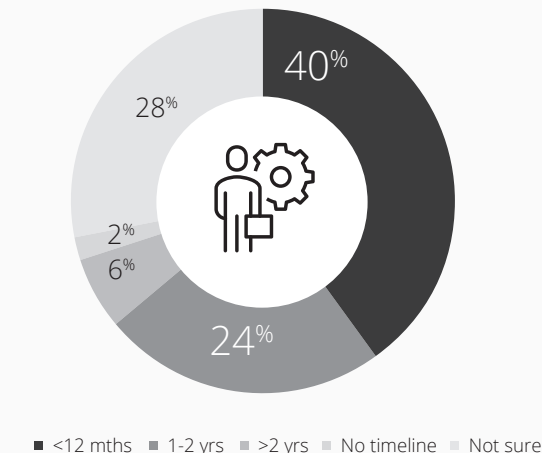
Self-service adopters

Percentage of stores with self-service implemented

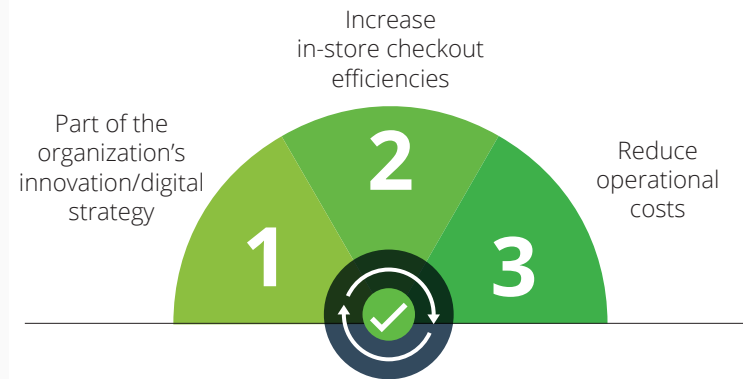


Potential self-service adopters

Self-service implementation schedule



Drivers



Barriers or pain points



Vietnam: Overview

Although more than half of retailers in Vietnam are adopting self-service systems, though nine in ten adopters indicated that they have only implemented such systems in less than 25% of their stores. More than half of potential self-service adopters plan to do so in the next 12 months, driven by the need to provide new customer experiences, greater staff flexibility, and faster in-store checkout. Retailers' top 3 challenges are staff's worry of threatening their jobs, customer education, and return of investment expectations.

Top strategic objectives (Next 1-2 years)



Automate more in-store processes

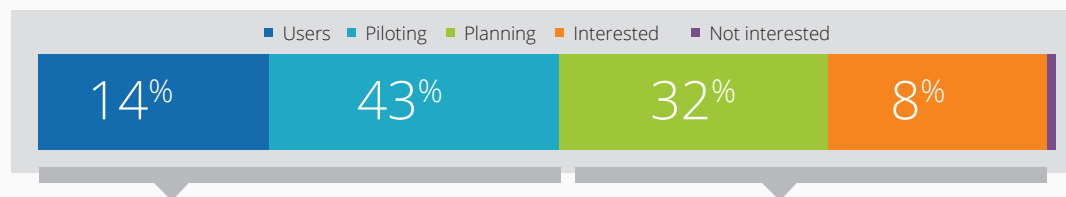


Improve efficiency of supply chain



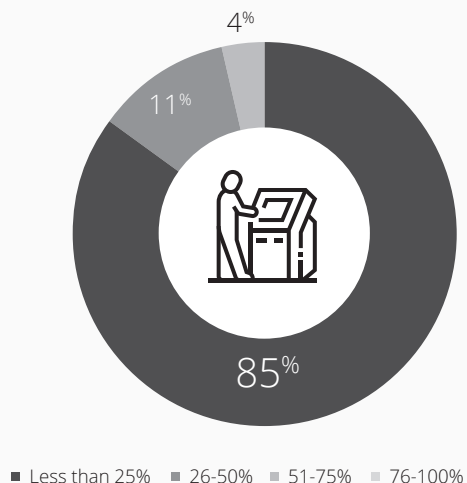
Expand number of stores

Self-service adoption



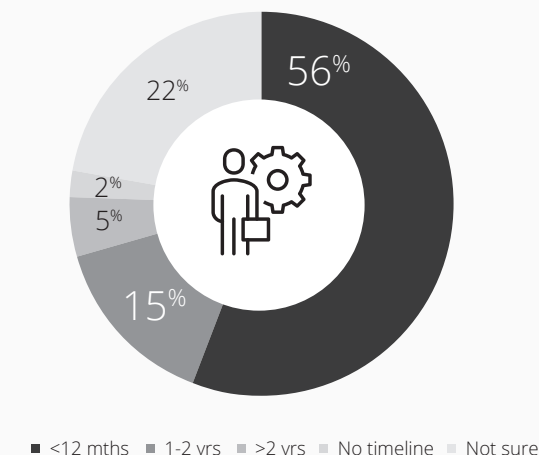
Self-service adopters

Percentage of stores with self-service implemented

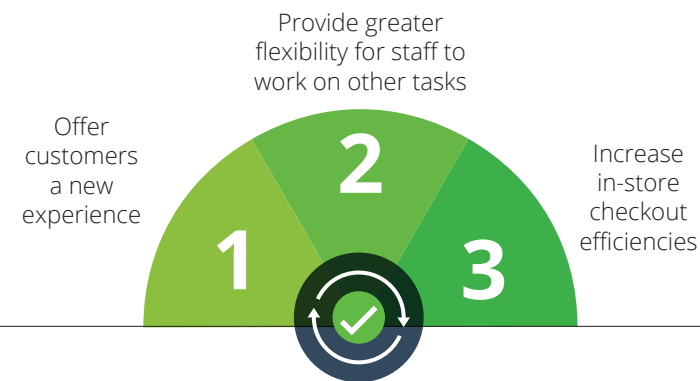


Potential self-service adopters

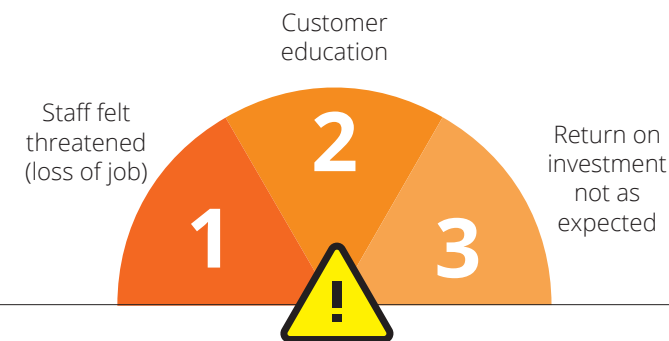
Self-service implementation schedule



Drivers



Barriers or pain points





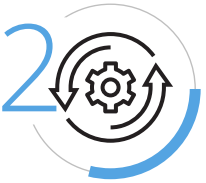
Philippines: Overview

Less than half of retailers in the Philippines have adopted self-service systems, though four in five adopters indicated that they have only implemented such systems in less than 25% of their stores. Half of the potential self-service adopters plan to do so in the next 12 months, with customer experience and staff flexibility as the top drivers. The top challenges are customer education, shoplifting, and price of the system.

Top strategic objectives (Next 1-2 years)



1 Improve the customer experience

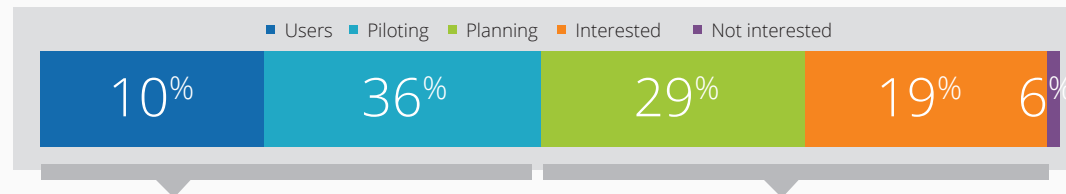


2 Improve in-store operational efficiency



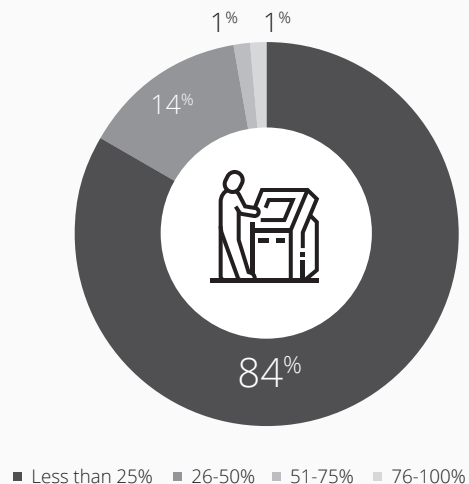
3 Improve efficiency of supply chain

Self-service adoption



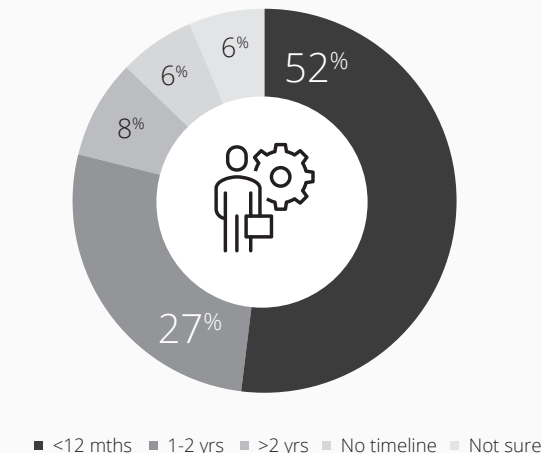
Self-service adopters

Percentage of stores with self-service implemented

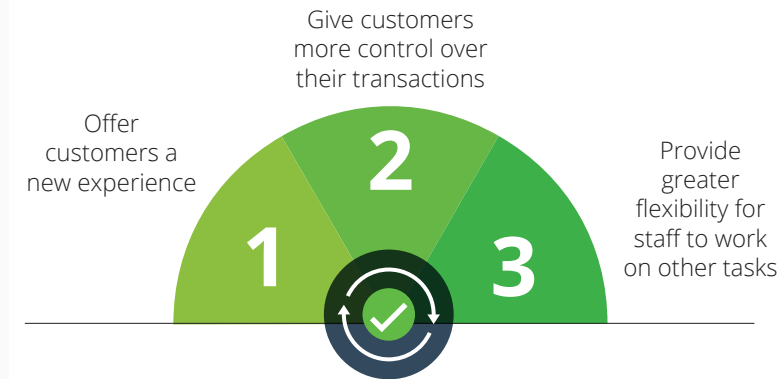


Potential self-service adopters

Self-service implementation schedule



Drivers



Barriers or pain points



Survey focused on state of retail self-service in Asia/Pacific

IDC conducted the quantitative survey for Diebold Nixdorf to gain insights into self-checkout solution adoption and pain-points of retailers in ASEAN and Hong Kong.

Coverage by market and sample sizes:



Sample size

Indonesia

102

Philippines

100

Thailand

100

Hong Kong

100

Malaysia

100

Singapore

100

Vietnam

103

Methodology:



Quantitative
online survey



Survey period
February–March 2022

Survey qualifying criteria:

Retailer type:

- Restaurants/food services
- Supermarkets/drugstores/petrol stations/convenience stores
- Fashion/apparels/department stores
- General retail



Employee size: **250+** employees



Target respondent: ITDM/IT influencer on POS solutions, manager level and above for store operations.

Message from the Sponsor

Retailers need an adequate response to the continuous innovation in consumer and staff journeys. At Diebold Nixdorf, we have introduced Storevolution™, an overarching approach and program designed to help retailers adapt to constant change, with a focus on optimizing consumer experiences while lowering overall costs. As such, Storevolution supports retailers in designing, enabling, and operating relevant consumer and staff journeys on a daily basis. Self-service plays an important role in many of these journeys and has been accepted and adopted by many consumers around the globe. Diebold Nixdorf is devoted to self-service solutions that deliver the right solution mix for our customers identified by our Storevolution Advisory Services team. Our solutions were designed with the most scalable and modular platform currently available in the retail industry, enabling us to leverage our expertise and patented technology in self-service from a (managed) services, software, and hardware perspective. As one of the leading companies in the retail market we see the need to do MORE for our customers and believe that we are just at the beginning of the self-service era seamlessly combined with integrated customer journeys.

Learn more at www.dieboldnixdorf.com/retailselfservice





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