RETHINK RETAIL

THE RISE OF SELF-SCANNING TECH

IN A NEW AGE OF RETAIL

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Today's competitive retail is defined by speed, flexibility, and simplicity (or *efficiency*), particularly when it comes to the customer experience—how customers see, understand, and interact with you and your brands.

The aim is to create memorable experiences that generate all-too-sought-after customer loyalty at a time when customers are better informed—and more mobile—than ever.

That mobile customer is connected to the brands they care about and the products they want via a projected 30.9 billion IoT-enabled devices worldwide by 2025, an average of about three devices per individual. In market such as Germany, self-scanning technology has grown in use by 119% from 2021-2023, and is projected for growth going into 2024 and beyond at an even steeper rate.

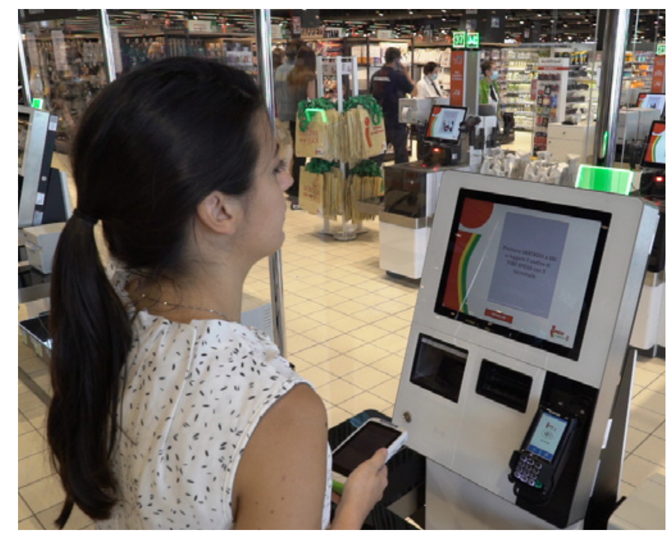
Global mobile eCommerce growth has grown tremendously in line with the proliferation of IoT devices, reaching an estimated $1.7t in 2023 (with projections to reach $3.4b by 2027), and is projected to make up 63% of all eCommerce sales by 2028.

It is despite such growth that retailers—and perhaps particularly brick-and-mortar retailers—still face a range of challenges in 2024 and beyond: from an ongoing inflationary economic climate to growing pressures to the bottom line (e.g., sustainability concerns) to the ongoing global labor shortage and cost-of-living crisis hitting markets across the world.

Customer expectations are higher than ever, creating competitive pressures in retail markets; if retailers today aren't investing in the kind of unified, mobile experiences those customers demand, they risk falling behind.

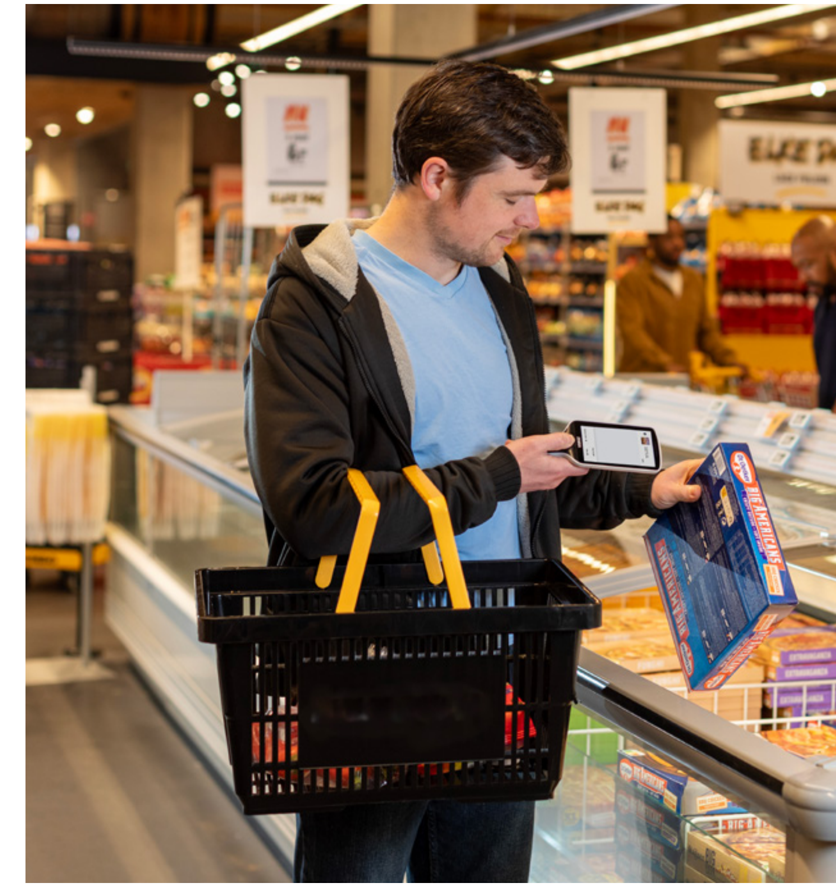
Notes NRF Chief Economist Jack Kleinhenz, "With the U.S. economy's strength resting heavily on household spending, all eyes are on the consumer…While inflation is down from its peak, it has slowed less than expected and is still an important problem that remains to be solved."

In short, we live in a new age of retail defined by rapid changes. In this age, technological solutions for systemic problems are seen as the main value drivers to help connect a more demanding and discerning mobile-connected global consumer base to what they want in the way they want it: with ample speed, convenience, and personalization.



Indeed, it's an age where 73% of customers now prefer self-checkout over staffed checkout lines. Furthermore, according to recent studies by Zebra, 82% of retail executives consider Smart Check-Out as one of the most important technologies moving forward, and 76% of shoppers want to get in and out of stores quickly.

However, 76% of those shoppers also left the store without a purchase…highlighting the importance of making the journey from consumer ideation to actual purchase as easy as possible.



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*according to a **Statista** Report*

> “Innovative journeys enable [retailers] to accelerate customer experiences, seamlessly integrate into their store workflow, and easily support new upgrades.
>
> Łukasz Wojtasik // Global Mobility and Strategic Partners Director for Diebold Nixdorf

78%

of customers today **prefer a blend of in-store and online** shopping across all generations

*according to a **Forrester** Report*

SELF-SCANNING AS NEXT LEAP IN **CUSTOMER-DRIVEN MOBILE SHOPPING** JOURNEYS

Writes Łukasz Wojtasik, Global Mobility and Strategic Partners Director for Diebold Nixdorf, “New technologies and changing shopping behaviors are driving significant growth in self-service across the retail industry. From mobile in-store journeys to self-checkout, consumers now want flexibility in how they interact and transact with retailers.”

For brick-and-mortar retailers looking to stay competitive in such a richly digital and interconnected—yet deeply competitive—environment, they need to meet this new customer where they increasingly are along their *mobile customer journeys*: the combination of in-store shopping experiences and the algorithmically-driven personalization of modern digital shopping.

Continues Wojtasik, “In this rapidly evolving environment, retailers need new systems to meet consumers’ needs and future-proof their infrastructure for new payment and shopping methods. Innovative journeys enable them to accelerate customer experiences, seamlessly integrate into their store workflow, and easily support new upgrades.”

For years, a major part of the formula for achieving that hybridization in retailers’ ongoing digital transformation journeys has been through investment in self-checkout technologies. According to market research by Fortune Business Insights, the global self-checkout system market size reached nearly $5b in 2023 and is projected to grow from $5.6b to $18b from 2024 to 2032 with a CAGR of 15.6%.

Yet, often missing from the discussion on creating more seamless, efficient, and self-sufficient mobile customer journeys in-store are solutions customers can use themselves to scan products as they move through the store via Personal Self-Scanning devices (PSS).

Notes Łukasz Wojtasik, Global Mobility and Strategic Partners Director at Diebold Nixdorf, “We see retailers embracing mobile technology in order to elevate the store experience.”

Explains Wojtasik, more and more retailers are getting the memo on mobile personal-scanning investment: “On the consumer side, we see increased demand of information, personalized promotion, faster checkout—that means that on the self-scanning side, for example, we see an expected growth of triplication of the market by the end of 2028.”

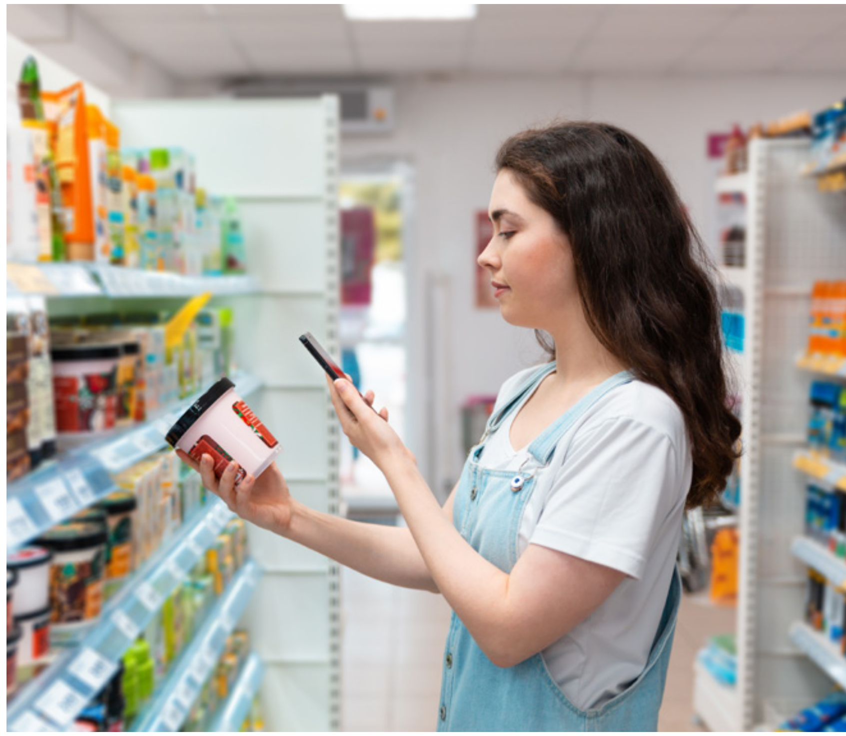
That growth is driven by the many advantages self-scanning initiatives have offered to the retailers who have invested in them. Self-scanning allows customers more control over how they shop and spreads out the work of the checkout process—often the most common point in the in-store customer journey for pain points to arise.

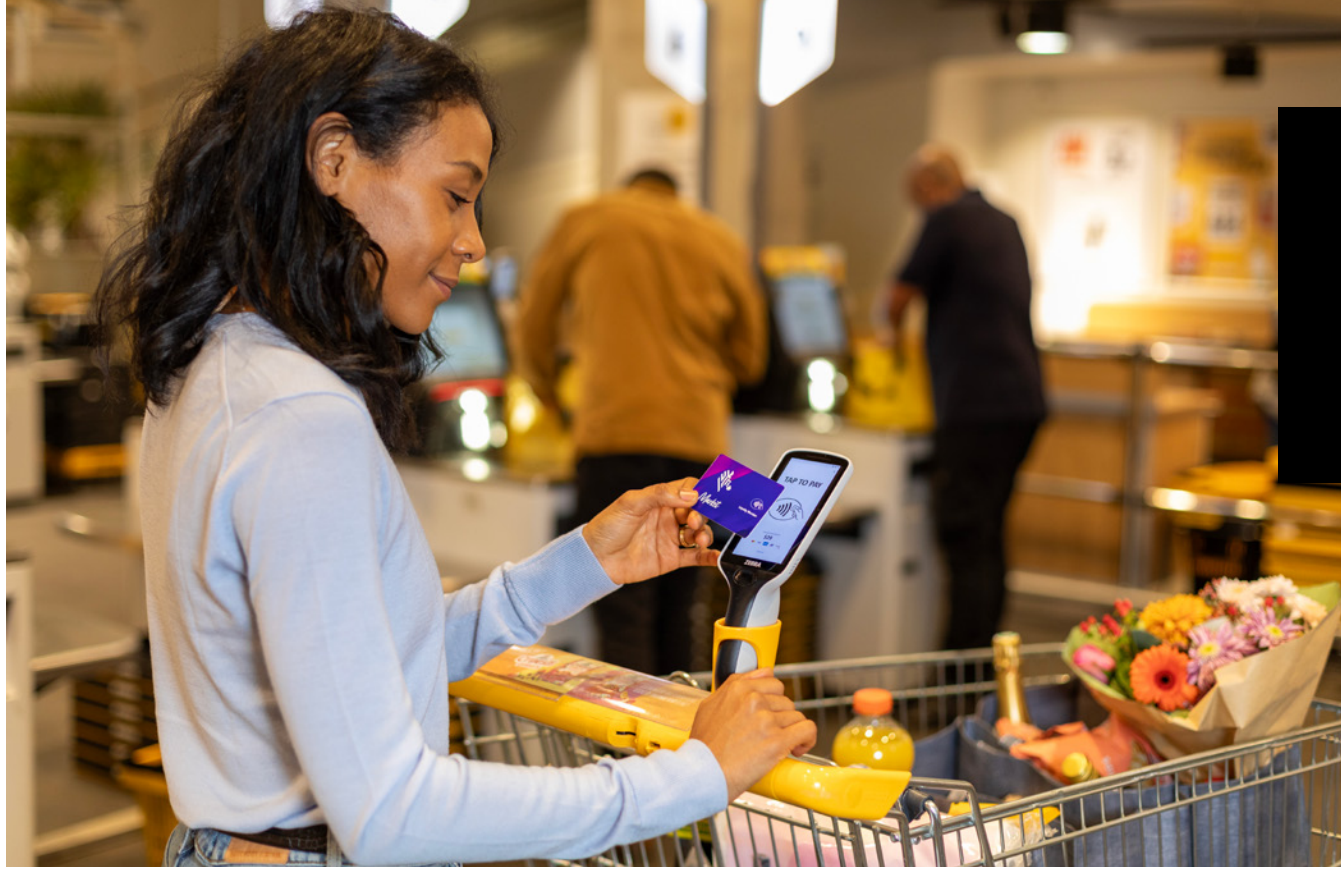
By further integrating the journey and the destination along the mobile shopping experience, self-scanning tech brings together digital processes with the physical act of *seeing, touching, and trying out* products throughout the journey, something that helps to differentiate brick-and-mortar from their eCommerce competition—and an element that 82% of customers say is important.

It also provides a particularly keen opportunity for tailored promotions and selling opportunities right at the shelf, creating a sense of immediate personalization for customers; according to Forrester’s The Future of the Digital Store 2023 report, 45% of American shoppers expect personalized promotions from retailers.

In other words, self-scanning helps to further the goal of digital transformation—the hybridization of in-store and digital modalities—in a major way, important when 78% of customers today prefer a blend of in-store and online shopping across all generations.

It also helps to take pressure off what associates you still have amidst that global labor shortage, freeing them up to spend that time interacting with customers earlier in their journeys, also of critical importance at a time when 63% of shoppers remain concerned about the lack of in-store assistance.





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> Łukasz Wojtasik // Global Mobility and Strategic Partners Director at Diebold Nixdorf

FINDING **THE RIGHT PARTNER** FOR THE RIGHT IMPLEMENTATION

As retail managers, one might be prone to think that a self-scanning system sounds complex or difficult to manage in an age of already-rising digital complexity.

One such complexity driver is the tremendous number of touchpoints consumers now have access to via (e.g.) personal IoT devices—touch points that are hard if not impossible to control with traditional methods.

Another is the rise of shrink, a highly publicized retail trend that has been growing in-part due to the difficulty in tracking complex, modern retail environments.

Retailers have a variety of options available to them today to prevent shrink along self-scanning and self-service journeys, including partial re-scan processes associates can be assigned to. To help customers get used to any such new processes, retailers can incentivize them with additional loyalty rewards nd even forms of ‘gamification’ to keep the process relaxed and fun, such as Dutch retailer Jumbo’s ‘Winweil.’

Furthermore, AI-and-ML assisted tools such as computer vison will help augment security and compliance while also providing a service to employees by (e.g.) identifying fresh produce on the fly.

To be sure, there are many considerations, such as compatibility with existing systems and the wide variety of devices customers utilize, ease of use for both customers and associates, and the overall integration process.

However, with partners like Diebold Nixdorf (DN) to help you in your self-service journey, you can not only integrate personal-scanning technologies efficiently, but do so via hardware-agnostic services that integrate with your customer’s existing environment to deliver a seamless experience.

Furthermore, it is important to plan ahead how to implement new consumer journeys like self-scanning in the store, providers like Diebold Nixdorf can help to determine the right solutions with the help of the advisory services that in order to identify together with the retailer, based on their data how to best use the latest solutions, keeping in mind their unique business goals and the demands of their customers.

Continues Wojtasik, “Adding mobility and mobile journeys into a retailer’s environment clearly means adding complexity to an already complex multivendor ecosystem on the retail side. It’s not only about the procurement of the hardware and the software; the real challenge is on the operational side, where 70% of the costs are. It is about integrating the mobile journey in the right way into the retail environment.”

Tailored mobile service packages help to ensure all of the devices involved—from your associates to your customers—ensure a balanced approach to managing complexity by maintaining in-store mobile devices, ensuring apps and security functions are up to date, and supporting associates to focus on what matters: the customer experience.

That means that your new self-scanning solution can be open (device and platform independent), deeply personalized, structured, intuitive, and supportive for customers, and flexibly integrated with existing digital solutions. With always-on proactive monitoring, it can also be secure—a never-ending priority in the digital age of retail. Together with DN’s Advisory Services, you can identify how to deliver the ideal user experience.

Self-scanning solutions help to address pain points while boosting the customer experience significantly, essentially creating brand new checkout zones.

Self-scanning allows customers to check at a glance what they are spending on their groceries as they proceed along their shopping journey, allowing them to move that much more quickly through the checkout experience—speeding up the overall in-store experience significantly.

Notes Karl Stefan Preuss, CEO of Edeka WEZ, “We have, together with Diebold Nixdorf, continuously improved this concept. We see an adoption rate of about 5-10% and expect a growth potential up to 25-50%.”

Furthermore, Torsten Schweigler, Edeka WEZ’s head of IT, attests that they have had no issues in the year and a half they have used the solution, and notes that the monitoring system in place to guide the system guards against failures with any PSS devices by facilitating fast, easy recovery.

Continues Preuss, “We see this trendsetting technology as future-oriented and aim to deploy mobile scanning in all our stores in the coming years.”

Indeed, with PSS-driven shopping journeys, customers can achieve the speed, flexibility, and personalization the modern customer demands with real-time expense tracking that allows them to set the pace of their shopping journey while receiving targeted, dynamic real-time promotions and product suggestions, all culminating in queue-less-checkout that side steps common retail pain points like long waiting times.

The time is now to reach for the next step in your digital transformation journey, because no matter who you partner with, the mandate to provide digital, well-integrated shopping journeys that leverage the shopping methods customers are most comfortable with is going to continue to define retail success into the 21st century.

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