SCANDIT

Has Self-Scanning Gone Mainstream?

Research on trends and technology amongst European retailers

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What You'll Find in this Report

Self-scanning or Scan & Go shopping experiences were already making steady inroads across Europe entering 2020, notably in grocery and convenience store retailers.

A worldwide poll found that 71% of adults were interested in using a Scan & Go app that would allow them to purchase products[1].

Customers enjoy the speed, control and convenience of the experiences where they simply shop, pay and go with smartphones or handheld scanners. Retailers were intrigued by promises of bigger basket size, more engagement and regaining valuable floor space by eliminating checkout stations.

But not all retailers were ready. Concerns range from driving sufficient consumer adoption, to technology choices, to non-acceptance by older shoppers, and worries about shrinkage.

Has self-scanning gone mainstream in 2020?

Retailers saw a dramatic shift in priorities, driven by COVID-19:

- Delivering more contactless shopping experiences in brick and mortar stores has become essential.
- Adapting to new restrictions and evolving safety regulations.
- Keeping retail employees and consumers safe by minimizing interactions.

Self-scanning is one of the key technologies that can underpin more contactless shopping experiences.

At Scandit, we observed significant growth in self-scanning adoption and usage amongst our retail customers across Europe. But we wanted to find out more about the impact of the events of 2020 on self-scanning. We commissioned this research to discover the views and experiences of large retailers. What are the key self-scanning trends and what can we learn from them?

About this research

All of our respondents took part in a telephone or online interview administered by an independent agency.

116

116 key stakeholders surveyed from many of Europe's largest retailers

8.8

8.8 billion euros – the average annual revenue of the group, with an average size of 27,000+ employees

1 *Source: Wirecard, "Global Consumer Survey Report, Lifting the Lid on Unified Commerce", 4 February 2020*

Section 1

Status of Self-Scanning Technology

Do you offer self-scanning services to customers in your stores?

Key findings

37.9%

of respondents said they offered self-scanning

62.1%

of respondents said they did not offer self-scanning

Breakdown

We wanted to see if the acceleration in adoption we've observed amongst our retail customers was reflective of the wider picture, and investigate self-scanning penetration across different regions.

Over a third of retailers have self-scanning

Overall, a significant **37.9%** of retailers surveyed now offer self-scanning shopping services.

Many more retailers are working on deploying self-scanning

For those retailers who currently don't offer self-scanning, we wanted to understand whether they had plans to deploy it.

33.3%
are looking into self-scanning

This breaks down to:

- **20.8%** who were already working on deploying self-scanning
- **12.5%** who are looking into it now due to customer demand

Overall at **58.6%**, the majority of respondents already offer self-scanning, plan to or are considering it to satisfy customer demand.

Regionally, self-scanning is offered by

47.6%
Central and Eastern Europe

36.4%
Southern Europe (Italy/Spain)

35.3%
Northern Europe (UK/Benelux/ Nordics)

1 Do you offer self-scanning services to customers in your stores? Cont'd

Common themes

Appetite for self-scanning deployments will continue to increase

Already working on self-scanning

"We are currently trialling in one store to test customer demand."

"Already working on the implementation and deployment of digital technologies to integrate the customer experience and supermarket stores – including Scan & Go/self-scanning and other point of sales automation technologies."

Open to self-scanning in the future

"We are looking to the market with an open mind and if we feel the customers start asking for new technologies, we could implement self-scanning/ Scan & Go quickly."

"It's on the wish list and is something the business would like to do and is a question of where it is in the list of priorities, given the limited resources during these current times."

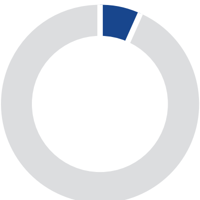
Looking into self-scanning now

"Because our competitors are using new technologies and clients are already requiring that. So, this will be one of the top priorities for the next 1 to 2 years."

"We are looking into a Scan & Go type project in the next 6 to 9 months, the main reason being to create social distance and reduce the amount of touch contact that needs to happen, e.g. customers having to touch credit card readers, and to keep as much distance from their employees as possible."

2 What self-scanning options do you provide for customers?

38.6%
offer self-scanning via both hand-held scanners and a mobile app



6.8%
provide self-scanning via a mobile app

54.5%
offer self-scanning via dedicated devices

Breakdown

We wanted to see what technologies retailers are currently providing for self-scanning.

Legacy hand-held scanners are still used

Just over half (**54.5%**) of retailers offer self-scanning using traditional, dedicated handheld scanners.

Giving customers a choice

Interestingly, **38.6%** of retailers currently offer both options across their stores – using handheld scanners or using a downloadable app on customer smartphones.

Scanning-enabled apps are popular

45.4% of retailers offer self-scanning via a smartphone app, although of these just **6.8%** exclusively provide self-scanning through an app today.

However, with the majority of respondents (**56.8%**) agreeing with the statement that more customers now prefer to use their phone for self-scanning, this will likely grow rapidly in the future. (see page 8).

What they said

Mobile scanning more established in some cultures

"Mobile scanning app usage is common in Denmark as most people have smartphones and the use of scanning apps is well established."

We offer a choice – both reduce infection risk

"We offer both hand held and shopping apps for self-scanning. Both solutions require payment at the check out. Both solutions reduce the risk of Coronavirus transmission and mobile apps are now mainstream and popular with customers. Having payment through the app would add further virus protection."

Smartphone apps offer customers more than just Scan & Go

"The main reason [for Scan & Go shopping apps] is not related to COVID-19 but to the need on the part of the customer to have more information about the products. With self-scanning this possibility would be easier to achieve."

3

COVID-19 is bringing Scan & Go shopping apps into the mainstream – what do you think are the main reasons?

Key findings

Several common themes emerged amongst respondents' answers on the reasons behind the perceived rise of Scan & Go in 2020 – including different self-scanning benefits enjoyed by customers, and notably its role in supporting COVID-19 safety measures.

45.4%
of retailers offer self-scanning via a smartphone app

Common themes

The need to provide safer and more contactless shopping in stores

"COVID-19 highlighted the need to find alternative ways of shopping, people want to feel safe when shopping, keep their distance and reduce contact with people they don't know."

"The ease and the possibility of safer purchasing and the possibility of eliminating the need to touch objects during the payment process."

"People want less contact with other people and also do not want to interact with cashiers, and by using either a store provided scanning device or their own mobile customers see it as a safe way of shopping."

3 COVID-19 is bringing Scan & Go shopping apps into the mainstream – what do you think are the main reasons? Cont'd

The acceleration of the already existing trend

"COVID-19 served as a driving force for the use of Scan & Go and we are pushing members in this direction."

"Scan & Go shopping and online shopping is the direction that things are going in anyway and COVID-19 has just pushed the technology along at a faster rate."

Driven by customers' dislike of queuing

"People do not like queuing, reduction in contact points allows people to get in and out of the store more quickly."

"Ease of Shopping. People want to be in and out quickly and spend the time in store shopping and not queuing."

"To avoid queues and speed up the checkout process."

Driven by customers' desire for accessing more product information in store

"The main reason is not related to COVID-19 but to the need on the part of the customer to have more information about the products. With self-scanning this possibility would be easier to achieve."

Section 2

Consumer Behaviors and Trends in Self-Scanning

1

We're observing that more customers now prefer to use their phone for self-scanning shopping rather than dedicated scanners. Do you agree with this statement?

Key findings

Yes

56.8%

of respondents agree with this statement

No

40.9%

of respondents disagree with this statement

2.3% did not answer

Breakdown

Here we wanted to hear the opinions of the retailers (offering self-scanning today) to ascertain whether they have seen consumer preferences change towards using their own smart device for Scan & Go shopping – especially given the hygiene factor around store provided scanners.

A shift towards using smartphones

At **56.8%**, the majority of retailers agreed that customers now prefer to use their smartphones for self-scanning shopping.

In different regions, this number was even higher:

- Over two-thirds (**66.7%**) agree with this statement in Northern Europe (UK/Benelux/Nordics).
- **60%** from Central and Eastern European agree.

What they said

Contactless is key

"People don't have to touch anything other people have touched."

Shoppers are conscious about contact during checkout

"If you're in the supermarket and you get yourself to the end of the checkout you don't really want to be touching the buttons etc. If you can do it all through your own device you are at less risk of catching anything."

2

In your opinion, is the ability to use smartphones for Scan & Go shopping helping to give people the confidence to go back into physical stores after lockdowns?

Key findings

68.1%

of respondents agree with this statement

31.9%

of respondents disagree with this statement

Breakdown

While retailers who provide self-scanning have seen a shift towards smartphone apps, we also wanted to hear the views from retailers without self-scanning.

Our aim was to determine whether the non-self-scanning group believes using smartphone apps to scan, pay and go is a factor in helping convince shoppers to return to physical stores.

Smartphones support shopper confidence

Interestingly over two thirds of retailers (**68.1%**) agreed that self-scanning on personal smartphones was a factor in giving people the confidence to go back into stores after lockdown – even though they don't currently offer it.

With **92.6%** saying yes, retailers from Southern Europe (Italy/Spain) strongly agreed with this statement, while other regions were more evenly split.

What they said

Shoppers want in and out

"Less human interaction, convenience, less time spent in the shop."

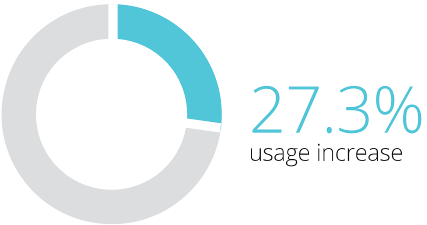
Personal smartphones support contactless shopping

"Due to the hands free method and not having to touch equipment in store to conduct the self-scan."

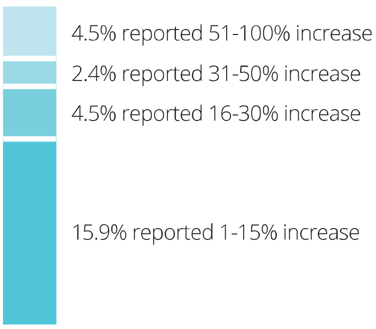
3

Shopping app usage: have you recently observed an increase in the usage of your self-scanning service/ Scan & Go app and if so, could you share how much?

Key findings



How much did usage increase?



6.8% did not answer
65.9% didn't know/no increase

Breakdown

At Scandit, we've observed a surge in usage of Scan & Go across our retail customers – with some retailers reporting a 100% increase in transactions & unique users using a Scan & Pay app.

Here we wanted to see whether other leading retailers are recording growth in usage.

A significant self-scanning surge for some

Overall, **27.3%** of retailers have reported an increase in usage of their self-scanning services since COVID struck.

6.9% have seen a significant increase in self-scanning usage of **31%+**.

Regionally, **38.9%** of retailers in Northern Europe (UK/ Benelux/Nordics) reported an increase in usage – the highest of any region.

What they said

Some retailers and countries have seen large usage increases

"We have seen a large increase in self-check out going from 15-20% in store to 40% and even 60% in some countries."

Some retailers saw an initial spike

"We did see a spike in usage of approximately 15%, particularly after lockdown, but it seems to have flattened out a little bit now."

Others are still assessing the impact

"I'm not yet sure if there has been an increase in self-scan because of COVID-19. We have increased the number of units and reduced the number of manual tills though."

One of the key barriers is customer awareness

"Customers are adaptable and expect new technology. The challenge is communication to customers that these technology services are available."

4

Are you seeing increased demand from customers for product information that helps them make more conscious choices?

Key findings

59.5%
see increased demand for product information

37.1%
don't see increased demand for product information

3.4% did not answer

Breakdown

One area we wanted to explore with retailers was around consumer choices and product information – whether this is reviews, sustainability, nutritional data or anything else.

Our customers often tell us that shoppers' desire to see more information about products in store is a key factor in developing customer apps.

Most retailers see more demand for product information

59.5% of respondents agree that their customers do want more product information to help them make conscious choices.

This number was actually slightly higher at **61.1%** amongst retailers who do not currently offer self-scanning.

Regional differences in opinion

83% of retailers from Southern Europe (Italy/Spain) agreed with this trend.

80% of retailers who currently offer self-scanning from Central and Eastern Europe have observed this trend.

With **56.7%** disagreeing, retailers in Northern Europe (UK/Benelux/Nordics) overall aren't yet seeing the demand for more product information from consumers.

What they said

The demand for information has recently accelerated

"When the customer knows what they want, they can buy in store or via their website, but when the customers are not absolutely sure they prefer to get a salesperson's opinion, some personal help and also to offer different options through the use of demo units in store."

Shop floor sales are key when customers are undecided

"Seen a significant rise over the last 2 to 3 months, more a desire from customers wanting to know more about the products they are buying, ingredients and maybe the background of where it had come from."

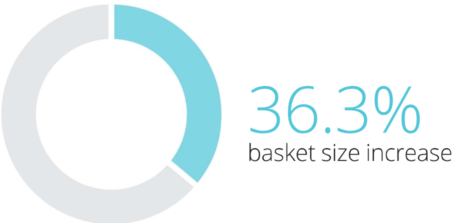
Section 3

The impact of Self-Scanning for Retailers

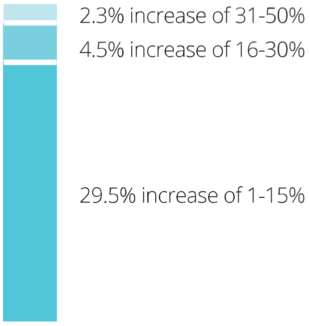
1

Have you recently (in 2020) observed an increase in the basket size of self-scanning customers and, if so, could you share how much?

Key findings



How much did basket size increase?



9.1% did not answer
54.5% don't know/no basket size increase

Breakdown

Increased basket size has long been recognized as one of the potential benefits of self-scanning. We wanted to see whether retailers had seen improved outcomes in this metric during 2020.

Over a third of retailer tracked bigger basket sizes in 2020

36.3% observed an increase in basket size for self-scanning customers.

– **2.3%** saw an incredible basket size increase of **31-50%.**

Southern Europe saw notable increases

14% of retailers from Southern Europe (Italy/Spain) observed a **16-30%** increase in basket size.

What they said

Less visits, bigger baskets

What has changed is that there are fewer visits to the store, but the average basket size on these occasions has risen a lot. This is also thanks to the presence of Scan & Go."

Basket size grown for scanning & non-scanning

"Customers are shopping less but basket size has increased by about 10% in both self-scanning and traditional checkout."

2

Impact on shrinkage is a common question in self-scanning deployments. What measures have you taken to reduce the risk?

Key findings

From our customers, we understand that shrinkage is often a big concern and a barrier to launching self-scanning for some. So we asked retailers how they addressed this challenge, to collect a list of the typical solutions.

We found there were a range of measures taken by retailers, these included:

Developed an algorithm to detect and solve the problem

"Developed own algorithm and also have staff present in the area."

"We use an algorithm to solve the problem."

"Algorithms and staff checks."

Testing out different variants of self-scanning

"Different variants of self-scanning at the moment and have been playing with the rescan settings and the rates and trying to find the optimum between too much inconvenience for the customer versus shrinkage – which is an ongoing project."

Support from employees and random spot checks

"Hired new employees and inserted sensors to take care of the security around self-checkout.."

"We have random checks to mitigate shrinkage but mostly they trust customers. We do not check the same customer several times for example."

"Algorithms and staff checks."

"Spot checks by staff. Losses are balanced by customers overcharging for items not scanned or replaced."

2

Impact on shrinkage is a common question in self-scanning deployments. What measures have you taken to reduce the risk? Cont'd

Installed different technologies – i.e. cameras, sensors, etc

"We changed some routines and implemented new sensors after the end of the process to minimise this [theft in store]."

"There are already cameras in place and members of staff are always keeping a watch over the check-out."

"Technology solution and staff monitoring customers and their behaviour."

Mandatory customer registration to use Scan & Go

"Moved staff from cashiers to supervision in self-checkout points and linked all automatic operations with customers' registration in the [retailers] system. To use the Scan & Go in stores all customers need to be registered."

"Scanning customers have to first register, so we know who they are. Cameras are used as a deterrent. The Danish culture is honest behaviour."

Countries' culture reduces risk for some companies

"We have installed cameras, but this is not a major problem in Switzerland."

"No initiatives. Swedish culture and low value items."

"Depends on country. Red and Green lights for spot check."

No action has been taken. No evidence of any particular risks/no such risks perceived

"No measures have been taken. There are no such risks perceived."

"No initiative to reduce risk as from the monitoring we carried out there is no heightened risk."

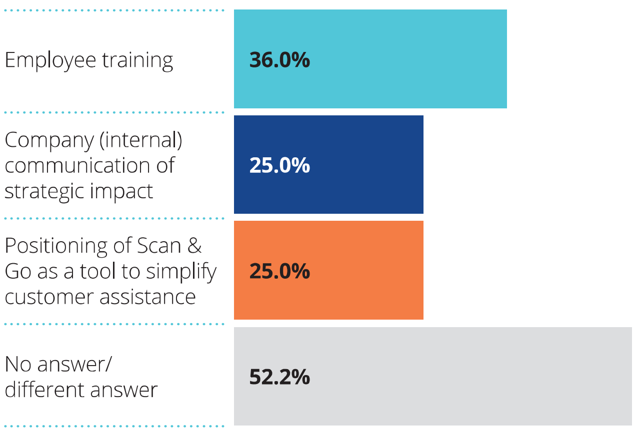
"No action had to be taken because there was no increase in incidents."

3

Any innovation or change requires the active support of employees to make it a success. Have you carried out any specific employee engagement initiatives with regards to Scan & Go?

Key findings

Employee initiatives undertaken



Breakdown

Ensuring employee support is vital to creating a smooth customer experience with self-scanning (especially educating customers or troubleshooting).

Here we wanted to understand what steps retailers have taken to help get employees on board with self-scanning initiatives.

Training is the key

The most common initiative taken to engage employees and drive acceptance of self-scanning was staff training at **36%**.

The next two most popular initiatives were:

– Company communications on the strategic impact of self-scanning (**25%**).

– Positioning Scan & Go as a tool to simplify customer assistance (**25%**).

Other responses included:

– Amending employee roles to reflect reduced need for checkout staff.

– No employee pushback observed or no specific steps taken.

What they said

On staff training initiatives

"Offered new training sessions for employees, showing the benefits of the new technologies and the positive impact on customers, in order to reduce resistance to the new technology and any feelings that the self-checkout would lead to job losses"

On refocusing employee roles

"We moved people into new positions in stores, as supervision and customer service."

On not observing resistance from employees

"We have had self-scanning for so long, it's just part and parcel of the job – therefore (we) don't' tend to see any employee resistance, saying they love it."

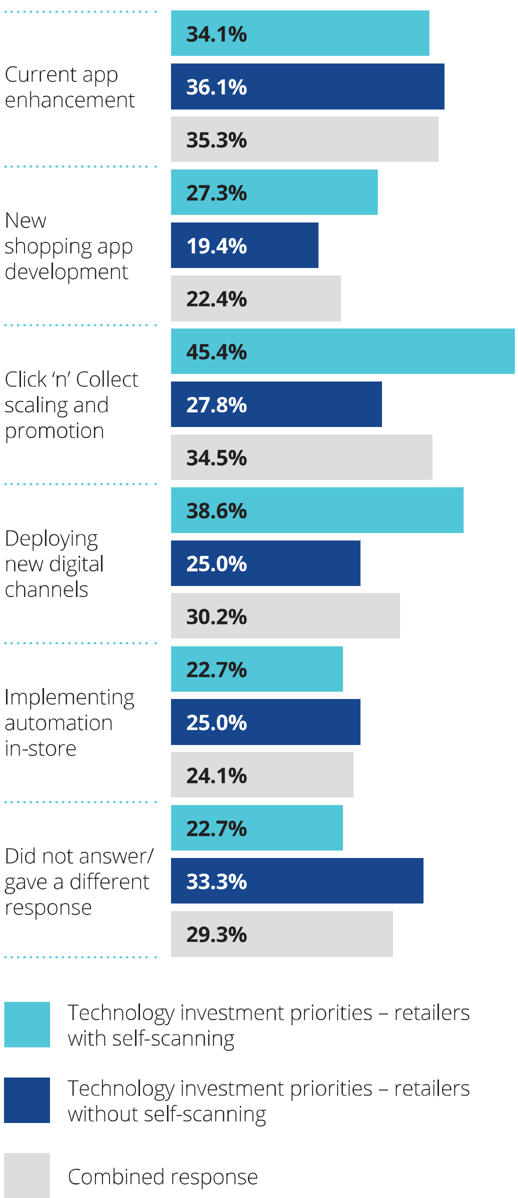
Section 4

Future Investment Plans

1

COVID-19 is pushing many retailers to accelerate their omnichannel strategy. What is the most important priority in terms of technology investment?

Key findings



Breakdown

In 2020, we've seen retail digital transformation surge forward by years in a matter of months according to McKinsey & Company[1].

We wanted to hear from retailers on what their investment priorities are for 2021 – and specifically see any differences between those who have already embraced self-scanning and those yet to roll it out.

Respondents were asked to highlight their technology investment priorities – they were able to select multiple responses.

New services and channels are key for self-scanning retailers

Respondents who already had self-scanning say that their most important priorities are:

- **45.4%** Click 'n' Collect scaling and promotion.
- **38.6%** Deploying new digital channels.

Enhancing mobile apps was a priority for non-self-scanning retailers

Respondents who don't have self-scanning yet say that their most important priorities are:

- **36.1%** Current app enhancement.
- **27.8%** Click 'n' Collect scaling and promotion.
- **25.0%** Deploying new digital channels/Implementing automation in-store.

1 *McKinsey & Company – The COVID-19 recovery will be digital: A plan for the first 90 days*

Conclusion

Some thoughts from Scandit

We hope you found this report and outcomes from other retailers a useful snapshot of the status and views of customer self-scanning following an eventful 2020.

COVID-19 changed retail overnight, and retailers are going to be living with those changes for the foreseeable future. Contactless retail was already becoming a trend before the pandemic – now it's the new reality. Some of our customers have seen the number of self-scan mobile app transactions in their stores double and more.

A personal smartphone with the right apps is the contactless tool that minimizes human interaction while shoppers self-scan, learn about and buy products. And it's also a safe and user friendly tool for employees to complete everyday tasks through a smartphone app that's as powerful as a dedicated scanner.

Traditional bespoke scanners pose an obvious hygiene risk for shoppers, and an extra burden for retailers to manage adequate cleaning between use. The simplicity and speed of mobile self-scanning and Scan & Go apps on a customer's own smartphone makes it possible to maintain distance from others and feel confident about walking into a store.

The next step from using self-scanning to purchase items is to add augmented reality (AR) to see extra product information, just like we get online. Imagine being able to just hover your smartphone over barcodes on a shelf to check ingredients, ratings or reviews. This blend of physical and digital is readily available to retailers today – without huge investments in time and money.

Talk to Scandit about your self-scanning needs. We've already helped many of the world's largest retailers successfully implement self-scanning on smartphones.

LEARN MORE

Research Demographics Breakdown

This research was conducted by an independent agency, ITTS, on behalf of Scandit via telephone interviews, supplemented by online surveys.

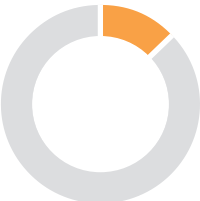
Research respondents agreed to share their views and experiences under the condition of anonymity.

Respondent job roles

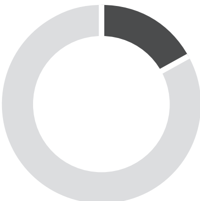
32%
IT – including 50% executives, such as IT Directors and CIOs

22%
Marketing and Digital Marketing

16%
Operations



13%
Omni-Channel



17%
Other – Sales, Project Managers, Customer Experience Managers

Average company size

27,000 employees

8.8 billion euros annual revenue

Sub-vertical split (grocery, c-store etc)

91 grocery

7 drugstores

7 fuel and convenience stores

11 other (cosmetics/DIY/fashion)

Regional split

51 Northern Europe (UK/Benelux/Nordics)

44 Southern Europe (Italy/Spain)

21 Central and Eastern Europe

About Scandit

Scandit helps retailers bring new levels of convenience and choice to shoppers in brick-and-mortar stores using powerful computer vision and augmented reality (AR) on everyday smartphones.

We help deliver great customer services like Scan & Go shopping, personalized promotions and ingredients checkers. Our award-winning software puts unrivaled scanning performance into mobile shopping apps, to read barcodes, recognize text and objects, and display real-time information with AR.

It's a low-cost way to blend the benefits of online and physical shopping in stores, boosting customer satisfaction and growing revenues. Scandit supports hundreds of companies doing billions of scans on over 100 million devices.

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