



UNATTENDED RETAIL RESEARCH

Cantaloupe & CITE Research | June 2021

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Background & Methodology

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Background & Methodology



Objectives

Cantaloupe, Inc. would like to conduct research to better understand the unattended retail market. The research explored:

- Bottom line impact that unattended retail has on consumer purchase behaviors.
- The impact the COVID-19 pandemic has had on the acceleration of unattended retail.
- Year-over-year trending data from last year's research when applicable



Methodology

On behalf of Cantaloupe, Inc., CITE Research (www.citeresearch.com) conducted an online survey among 2000 Census-based US adults.



Screening Criteria

Respondents were screened to match US census data on:

- Age
- Gender
- Ethnicity
- Region
- Income



Executive Summary

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Consumers are being driven to unattended retail in the pandemic.

Top drivers of increased pandemic usage are...

49%

Speed

49%

Social
Distancing

47%

Convenience

Top drivers of interest in unattended retail are...

60%

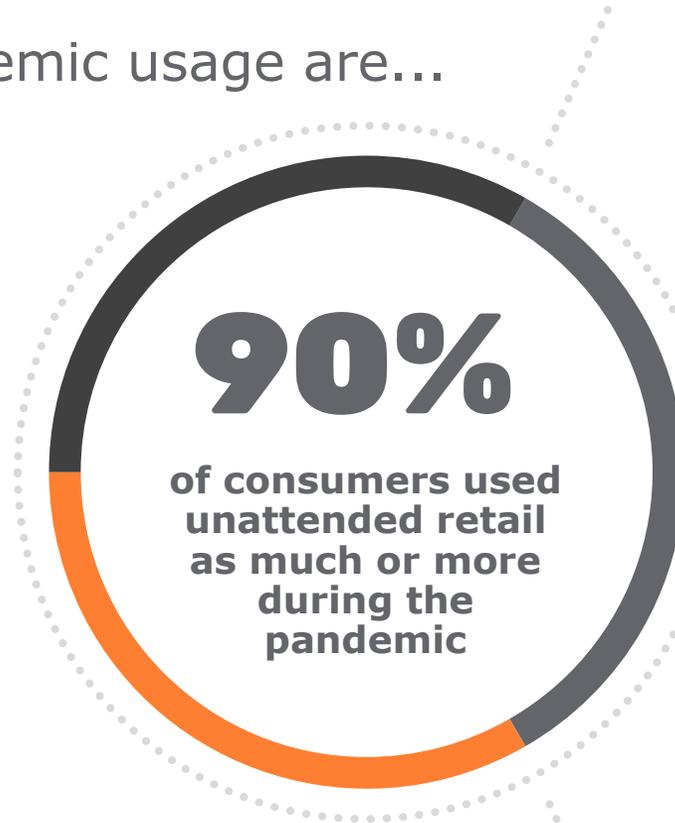
Speed

45%

Not having to
talk to store
employees

35%

Shorter
Lines



This was led by younger consumers 18-34 who were significantly more likely to report an increase

23%

of 18-34 year olds increased unattended retail shopping



Improvements in data security is significantly more likely to be a driver among this younger group (30%)

Offering unattended retail can help the bottom line.

Unattended retail offerings can help businesses bottom line even post-pandemic

those who shopped unattended retail in the last 3 months said it will make them more likely to shop other channels from that retailer in the future **82%**

those who shopped unattended retail in the last 3 months said they purchase through this channel once a month or more frequently **69%**

have at least some interest in purchasing non-traditional items from a vending machine – a statistically significant increase since 2019 **41%**

Consumers are most interested in purchasing...

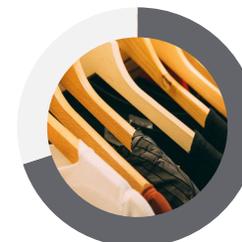


81% | VEHICLE SALES



71% | HEALTH AND BEAUTY PRODUCTS

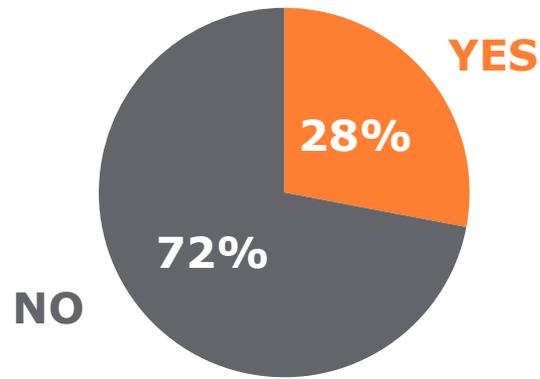
Interest in purchasing these categories from vending machines has increased significantly since 2019



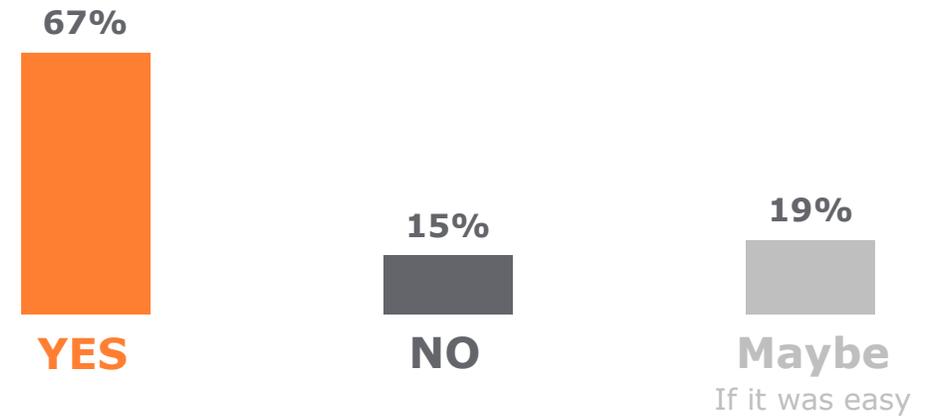
70% | CLOTHING PRODUCTS

Digital payments – cryptocurrency and payment apps – will continue to become the norm.

Over a quarter of consumers **own crypto currency** – which will likely increase as ownership is significantly higher among young consumers with 37% of 18-34 year-olds owning crypto.

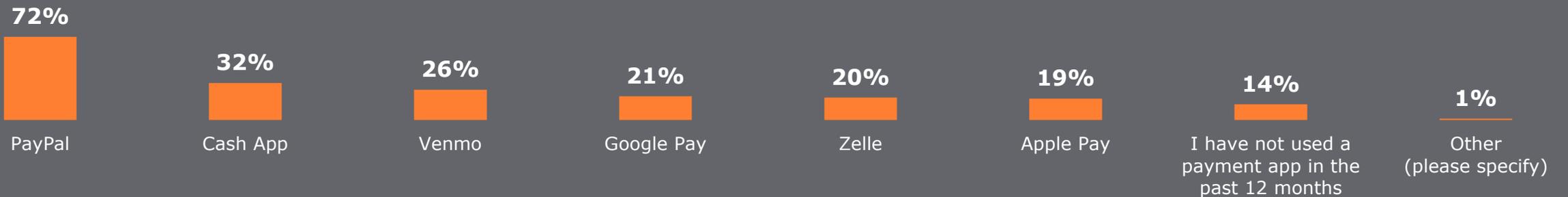


Most of those who own crypto would also use it if it was **linked to a mobile wallet**.

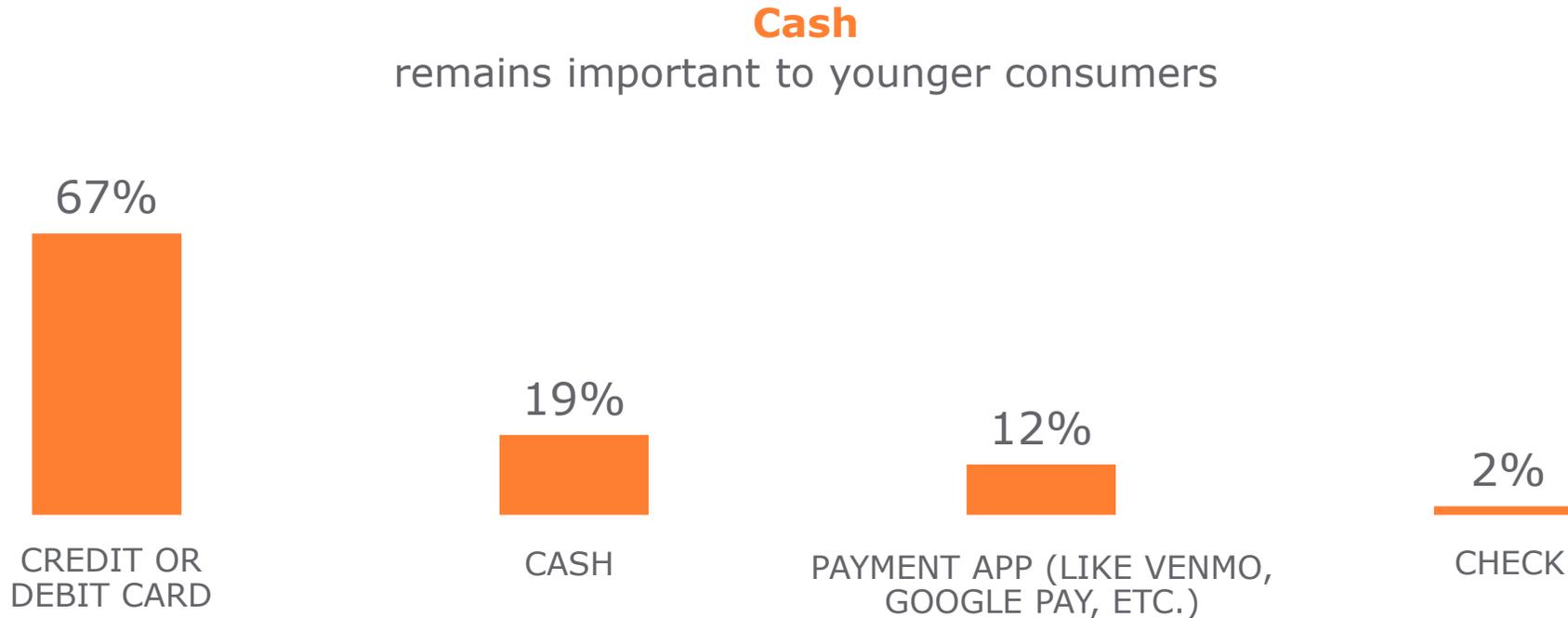


Payment apps are even more common than crypto currency, with **86%** of consumers having used them

Payment Apps Used in Past 12 Months



Yet, cash remains especially important to young consumers as well.



While credit and debit are most preferred payment overall, cash is especially important among those 18-34, where 25% prefer cash.

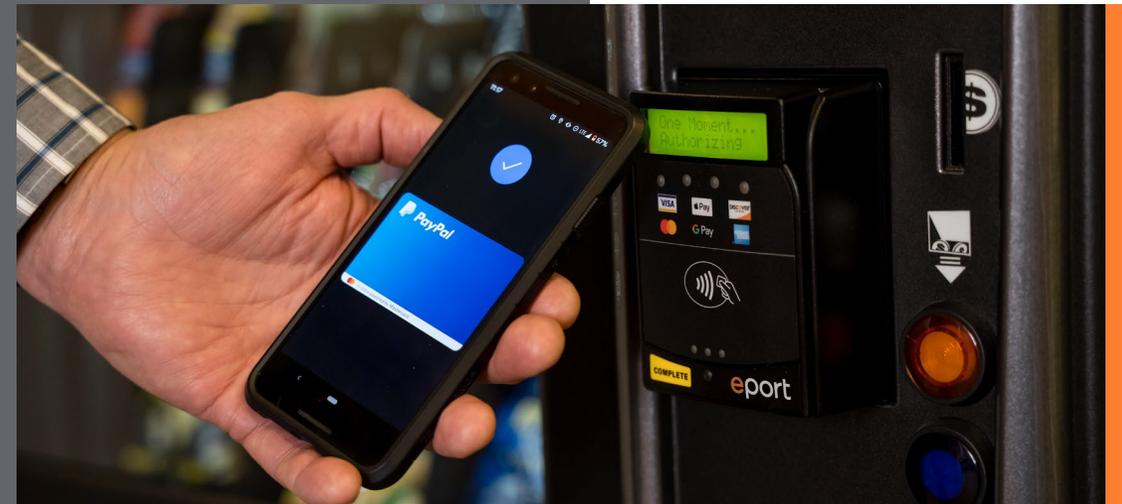


Detailed Findings

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Purchase Channels & Payment Methods



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Food and beverage make up the top category purchase overall.

The majority of consumers have **purchased food and beverage**, clothing and health and beauty products **in the past 3 months**.

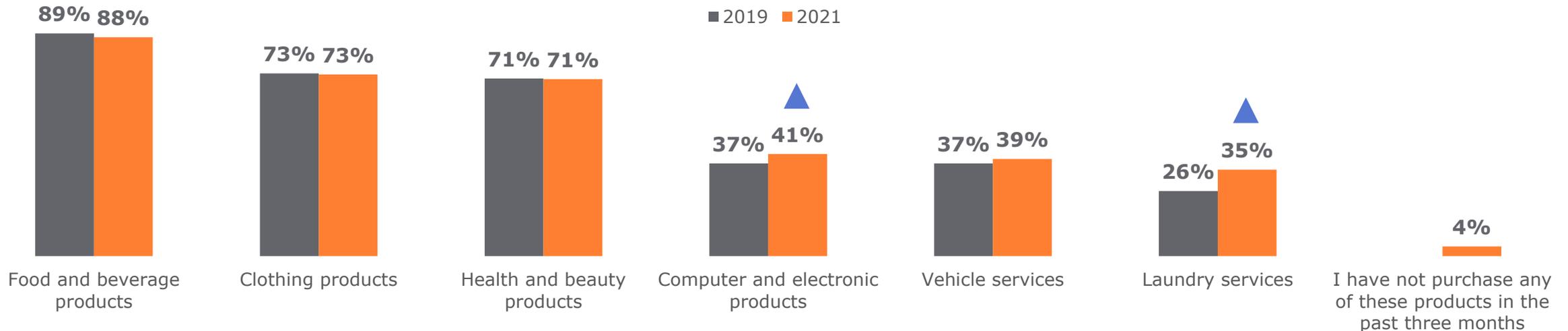
Since 2021, past three-month **purchase** of computer and electronic products and laundry services have **increased significantly**.

Purchase habits differ by age, with those under 45 more likely to purchase laundry services and computer and electronics products than their older counterparts.

Females are more likely than males to have **purchased food and beverage, clothing products and health and beauty** products. **Males are more likely** to have purchased **vehicle services and computer and electronics**.

Past 3 Month Purchase Categories

■ 2019 ■ 2021

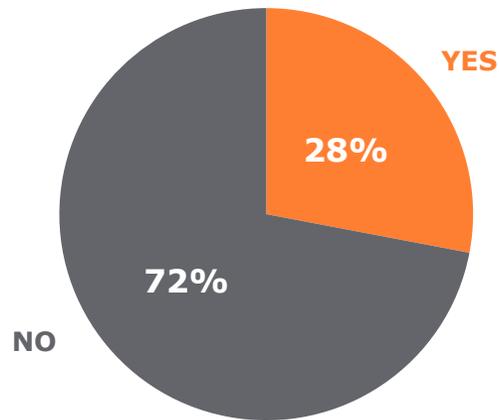


Q1: Which of the following products have you purchased over the past three months? Check all that apply. [RANDOMIZE]
 Black arrows indicate statistically significant changes at the 95% confidence level.

There is interest in linking crypto currency to a mobile wallet.

Over a quarter of consumers claim to **own crypto currency**. Ownership of crypto currency decreases with age, with approximately one-third of those under 45 having crypto currency and only 15% of those over 45 having crypto currency.

- Males are also more likely to own crypto currency (36% vs. 19% of females), as well as higher-income consumers (41% of those making over \$100K) and minorities (33%).

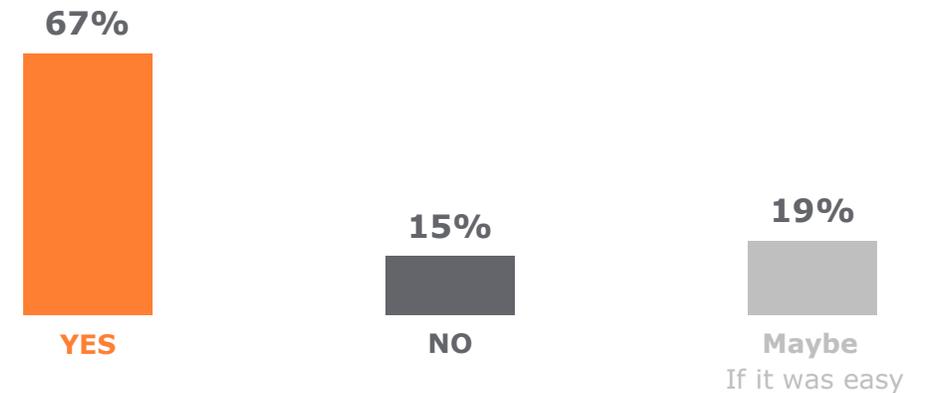


Q15; Do you own crypto currency?

Q16; Would you consider using your crypto currency linked to your mobile wallet to purchase items? [N=551]

Of those who own crypto currency, two-thirds (67%) say they would **consider using it linked to their mobile wallet** to make purchases, with an additional 19% saying they might if it was easy.

- Comfort linking decreases with age, with 24% of those 45+ saying they would not consider using crypto currency linked to their mobile wallet.



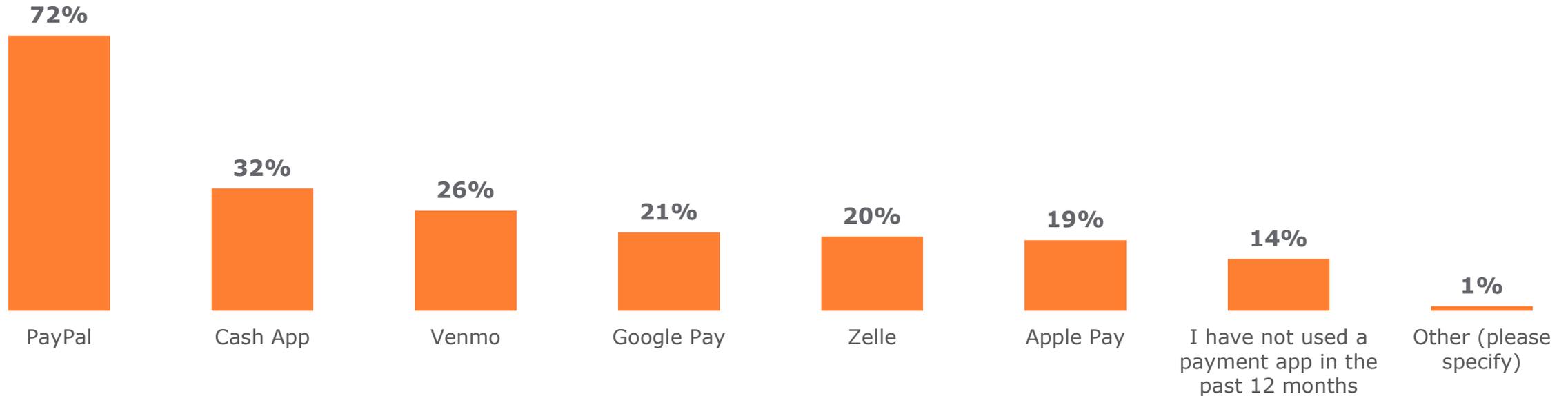
PayPal stands out as the leader in payment apps...

Payment app usage is high – only 14% have not used a payment app in the past year, indicating 86% of consumers use these apps.

PayPal is by far the most popular with 72% having used it in the past 12 months.

Those 18-34 years-old and 35-44 years-old are more likely to have used all apps than those 45+.

Payment Apps Used in Past 12 Months



Q17: Which of the following payment apps have you used in the past 12 months? Please select all that apply.

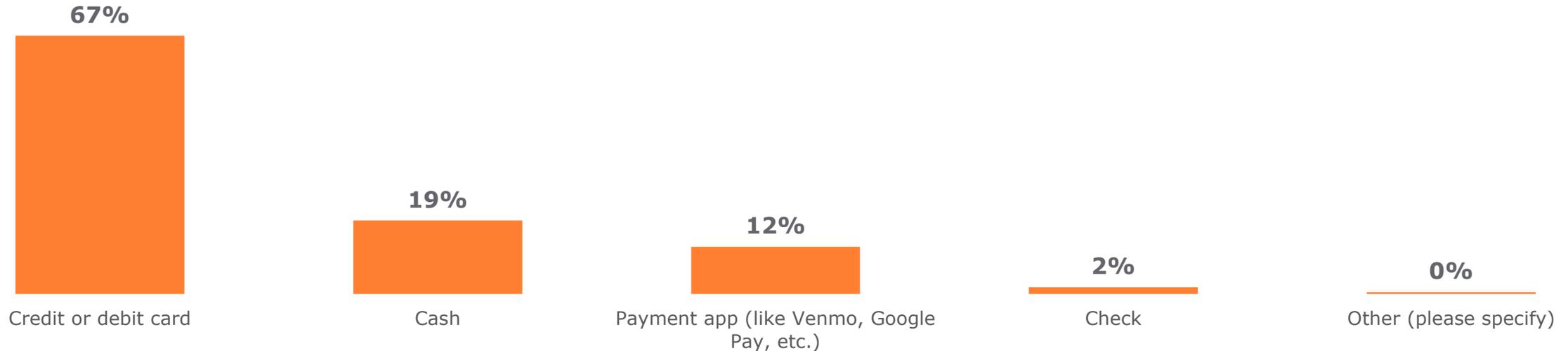
...Yet card and cash remain more preferred methods of payment.

Even with the high adoption rates of payment apps, credit/debit card remains the preferred form of payment method for two-thirds of consumers.

Cash is also preferred over payment apps.

- Interestingly, cash is more likely to be preferred among younger consumers (25% 18-34 year-olds prefer this) compared to older consumers – although it still comes in second to cards among this age group.

Preferred Form of Payment Overall



Q18: Which is your preferred form of payment in general?

COVID Impact



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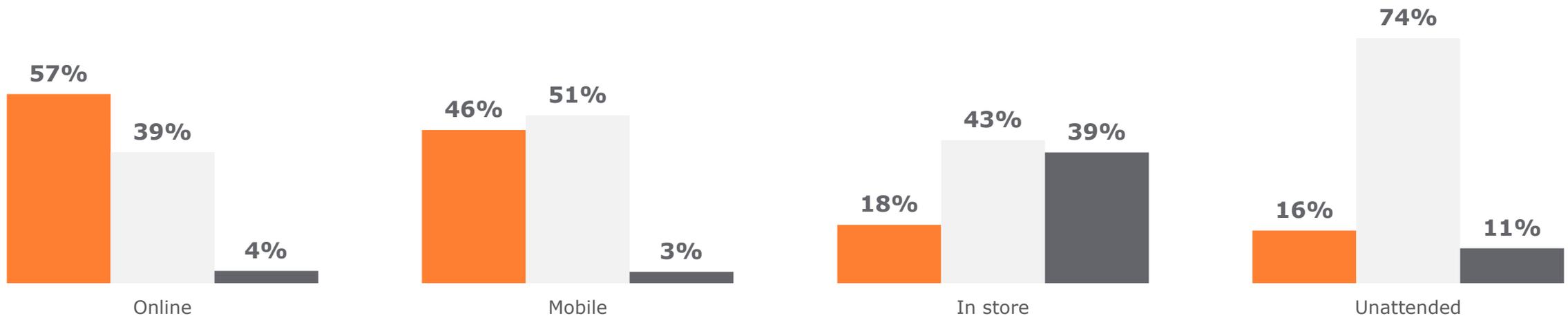
Nine-in-ten consumers used unattended retail more or the same amounts as pre-pandemic.

The impact of the pandemic on shopping habits varied by age. For example, consumers 55+ were more likely to decrease their usage of in-store, while younger generations were more likely to increase usage of mobile, online and unattended.

The groups most likely to have increased their usage of unattended include: those with post-graduate degrees (25%), 18-44 year olds (23%), minority ethnicities (20%), those making over \$100K+ a year (20%).

COVID Impact on Purchase Channel Usage

■ Increased ■ No Impact ■ Decreased



Q3: How has the pandemic impacted your purchases through the following purchase channels in the past 12 months? Has it increased, decreased, or had no impact on your usage of the following channels?

Speed, social distancing, and convenience drove consumers to unattended retail during the pandemic.



The top reasons those who increased usage of unattended retail during the pandemic give for doing so include:

- It was faster.
- I was trying to maintain social distancing from others.
- It was more convenient.

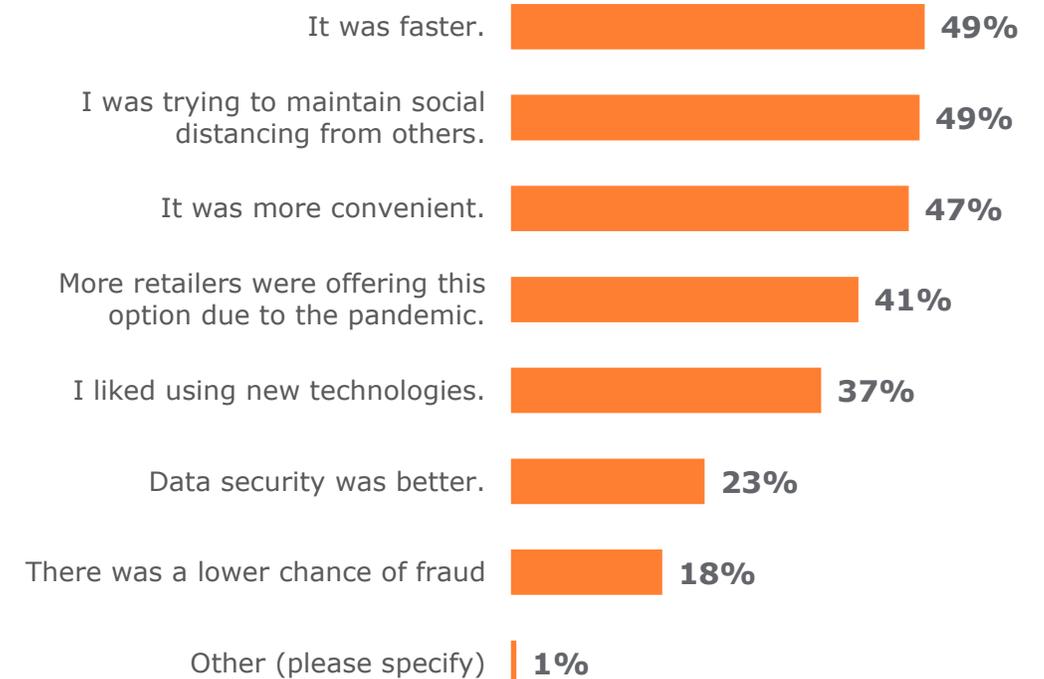


Wealthier consumers making over \$100K (60%) and highly-educated consumer with a post-grad degree (62%) are especially driven by convenience.



Older consumers are highly driven by being able to maintain social distance (73% of 55-64 year-olds and 80% of 65+ list this as a reason).

Reason for Increased Usage of Unattended Retail During Pandemic

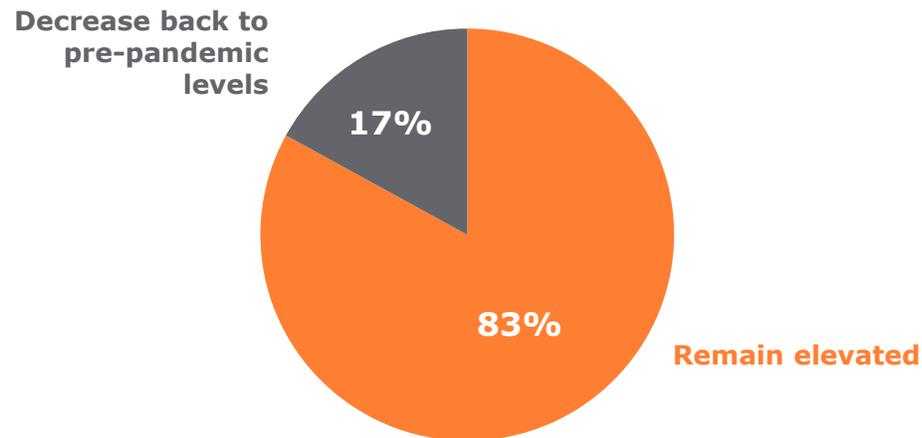


Q4: Why did your purchases through unattended channels increase during the COVID-19 pandemic? Please select all that apply. [N=317]

Post-pandemic, usage of unattended retail will continue – and touchless is important to the majority.

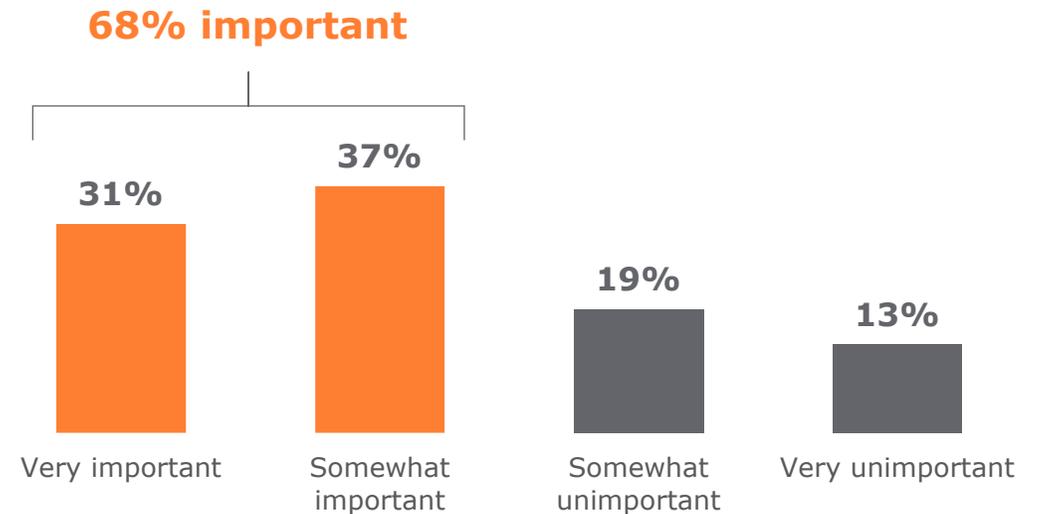
The vast majority of consumers who **increased unattended retail usage during the pandemic** expect to continue using it at elevated levels when the pandemic is over. Those making over \$100K (91%), those with post-grad degrees (90%) and 25-34 year-olds (88%) are more likely to remain at elevated levels.

Post-Pandemic Unattended Retail Usage



The majority of all consumers (68%) feel it is **important to have a touchless option post-pandemic**. This is especially important to minorities (81%), those in the south (72%), and those under 45 years of age (79% of 18-34 year olds, 75% of 35-44 year olds)

Importance of Having Touchless Option



Q5; Post-pandemic, do you expect your usage of unattended channels to remain elevated or decrease back to pre-pandemic levels? [N=317]

Q6; Post-pandemic, how important is it that you have a touchless option when making retail purchases? A touchless purchase means you can tap to pay using your credit card or use your mobile phone.

Use of Unattended Retail



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Unattended retail is underutilized across categories.

Looking at purchases across categories reveals that unattended is the least frequently used purchase method.

Laundry services are the category most often purchased via unattended but is only 7% of those who purchased laundry services overall have done so this way.

	 In store	 Mobile	 Online	 Unattended	 Other
Clothing products	75%	19%	60%	1%	0%
Health and beauty products	82%	16%	47%	2%	0%
Vehicle services	84%	13%	18%	3%	2%
Laundry services	82%	14%	21%	7%	2%
Computer and electronic products	59%	23%	62%	1%	0%
Food and beverage products	92%	17%	32%	3%	0%

Q2: Below are categories from which you have purchased products over the last three months. Which of the following methods have you used to pay for these items? Check all that apply.

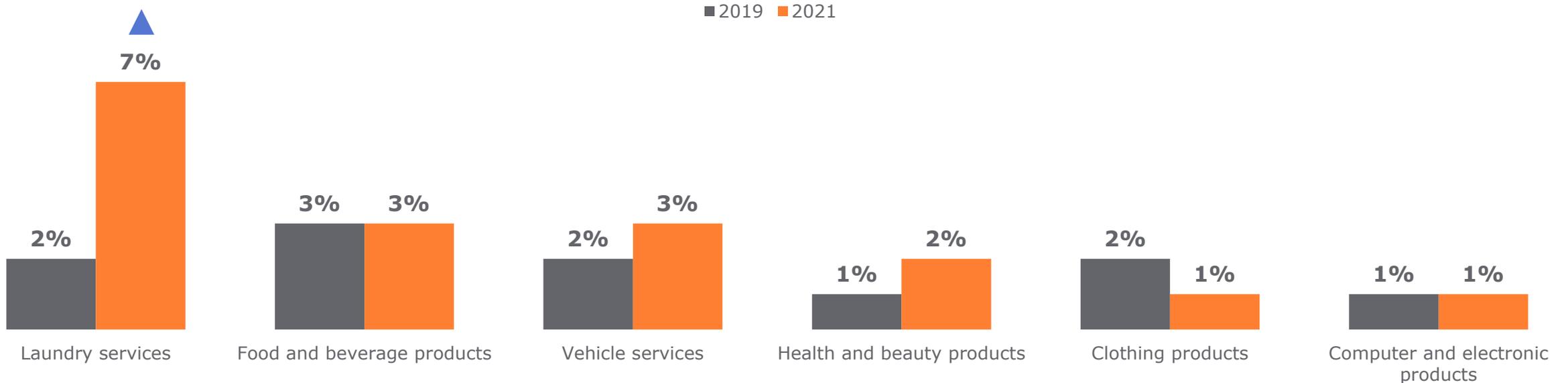
This usage has remained similarly low to 2019, with laundry seeing the largest increase.

Across categories, 6% of consumers use unattended retail – the same level as in 2019.

Past three-month purchase of laundry services using unattended retail significantly increased since 2019.

All other categories remain in line with 2019 purchase behaviors.

Past 3 Month Purchase Categories Using Unattended Retail



Q2: Below are categories from which you have purchased products over the last three months. Which of the following methods have you used to pay for these items? Check all that apply. Black arrows indicate statistically significant changes at the 95% confidence level.

Retailers should consider offering unattended retail, as it drives four in ten consumers to shop their other channels...



Four-in-ten unattended retail shoppers say that having the unattended option makes them more likely to shop other channels with a retailer in the future.

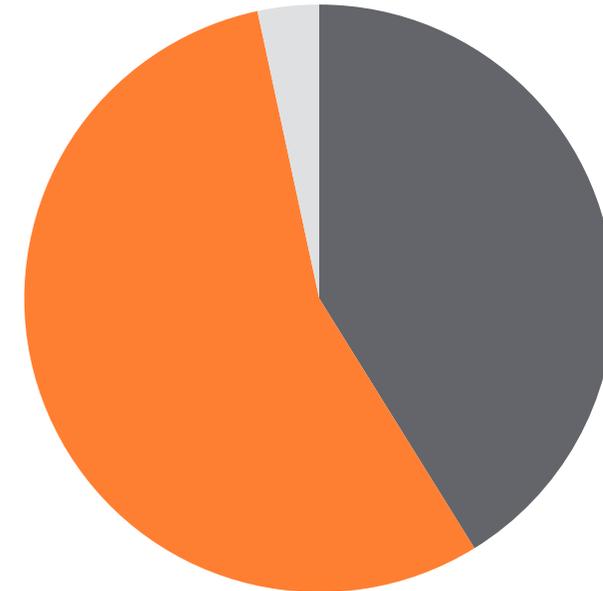


This is especially motivating for 18-34 year-olds, with 56% saying it makes them more likely to shop other channels.

Impact of Unattended Retail Option on Shopping via Other Channels

Less likely to shop that retailer via other channels, 3%

No impact on likelihood to shop that retailer via other channels, 55%



More likely to shop that retailer via other channels, 41%

Q10; Thinking of your last experience using the unattended channel when you purchased [FILL Q1], does that experience make you more likely, less likely or have no impact on your decision to shop other channels (such as in-person, online, etc.) with that retailer in the future. [N=119]

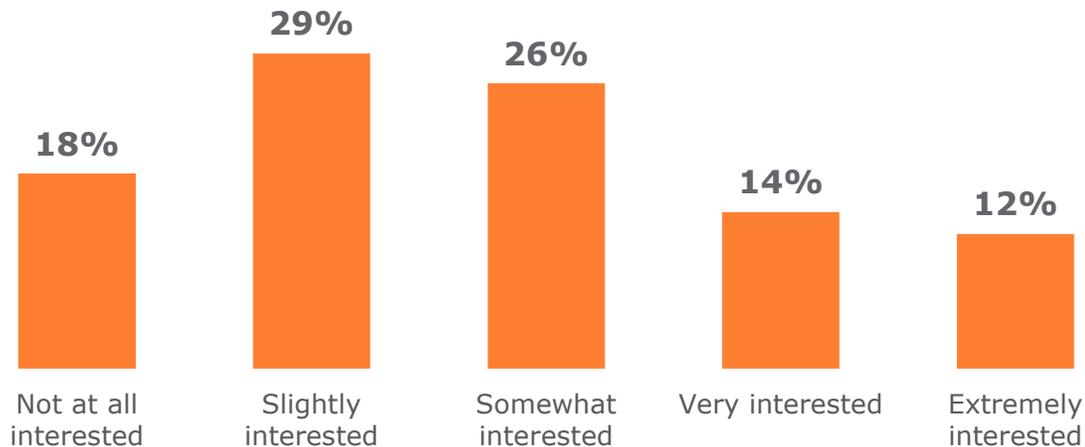
...And most consumers have at least some interest in purchasing non-traditional items via vending machines.

Payment app usage is high – only 14% have not used a payment app in the past year, indicating 86% of consumers use these apps.

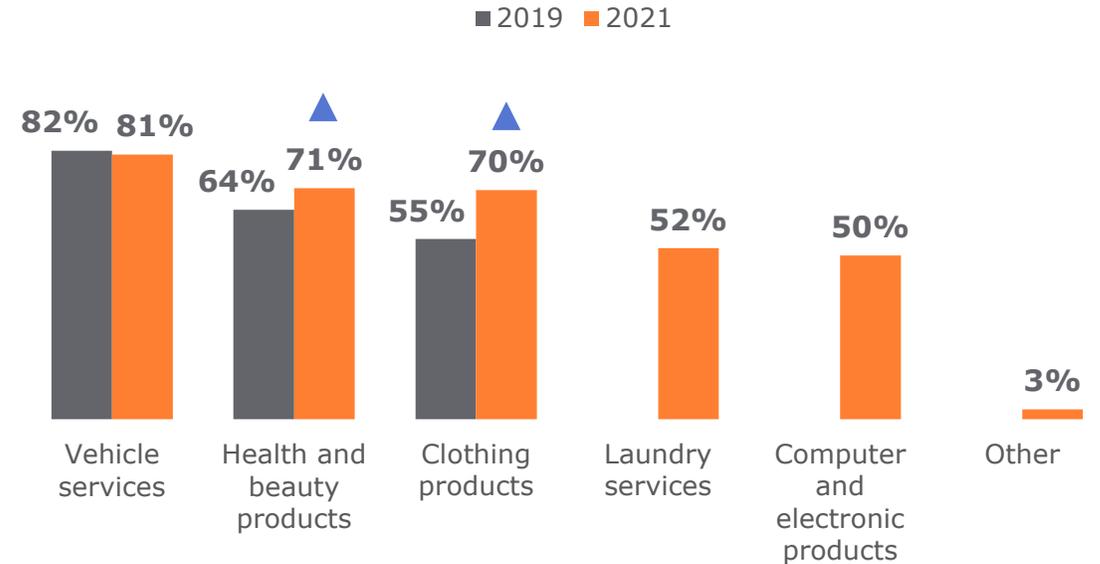
PayPal is by far the most popular with 72% having used it in the past 12 months.

Those 18-34 years-old and 35-44 years-old are more likely to have used all apps than those 45+.

Interest in Purchasing Non-traditional Items via Vending Machine



Interest in Purchasing Category via Vending Machine



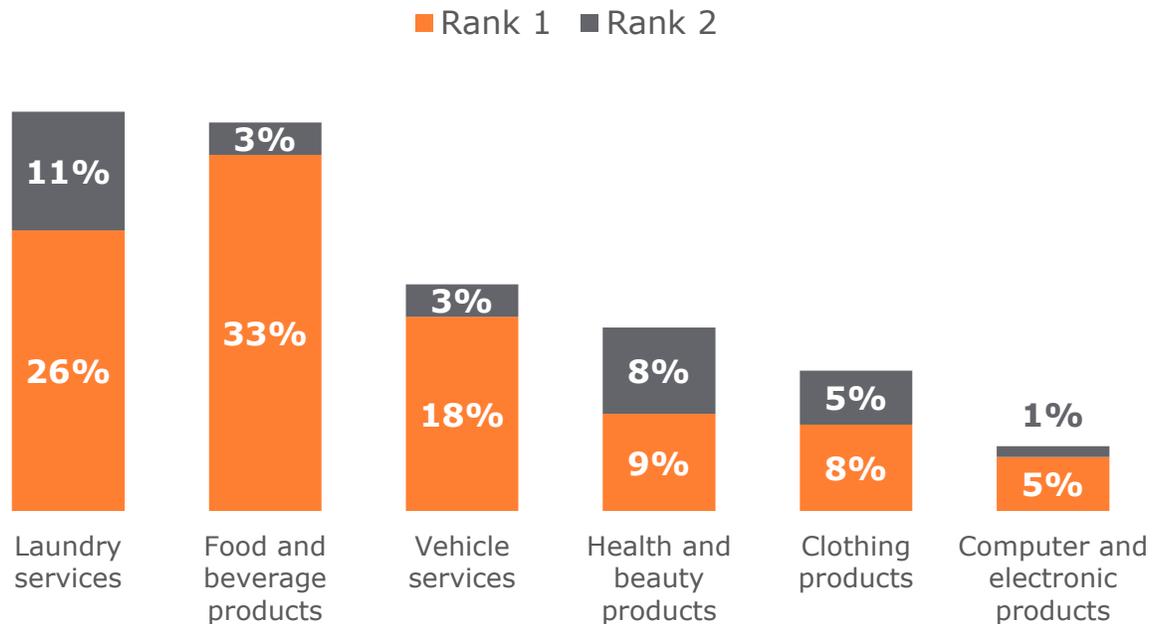
Q11; How interested are you in purchasing nontraditional items - beyond food and beverages - via a vending machine?

Q12: Below are the nontraditional retail products that are most commonly available in today's vending machines. Which nontraditional products would you be interested in purchasing from a vending machine if such offerings were available? Check all that apply. [N=536]

Those who use unattended retail use it frequently, mainly for laundry and food...

Food and beverage are the most often #1 ranked usage of unattended retail, followed closely by laundry services.

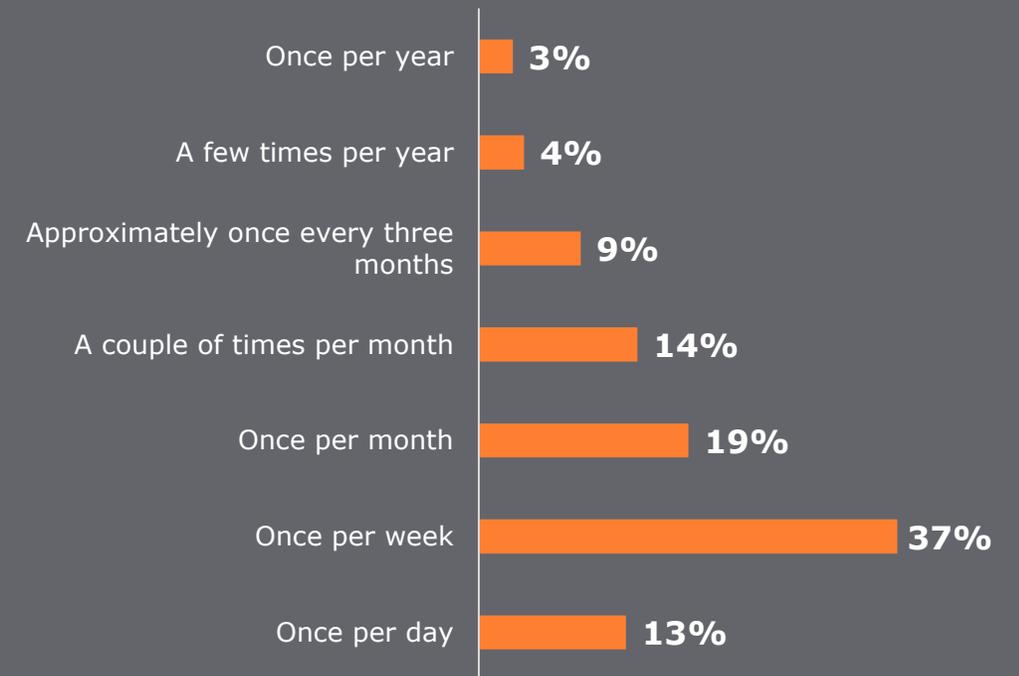
Rank of Frequency of Purchasing Category via Unattended Retail



Q7: Below are all the products that you have purchased from unattended retail channels during the last three months. Please rank the categories from those that you used MOST OFTEN to LEAST OFTEN. [N=119]
 Q8: How frequently do you purchase [FILL Q2] using unattended channels (such as self checkout, vending machines, etc.)? [N=119]

Usage of unattended retail is frequent among those who use it – with half (50%) using it once per week or more frequently.

Frequency of Unattended Retail Usage



...Being driven by speed and less employee interaction.



Similarly to 2019, unattended retail shoppers say the top reason for using this method is because it is faster.

- However, a significantly larger portion of consumers give this as a reason today, indicating the increasing importance of a quick shopping interaction.



Being able to take time when purchasing / not having to talk to store employees is also significantly more important to unattended retail consumers since 2019.

- Younger consumers especially like to avoid employee interaction (53% of 18-34 year olds and 61% of 35-44 year-olds).



A short line also emerges as a top driver for unattended retail usage.

Drivers of Unattended Retail Usage

■ 2019 ■ 2021



Q9: Which of the following reasons are those that make you want to use the unattended channel (such as self checkout, vending machines, etc.) when you purchase [FILL Q2]? Check all that apply. [N=119 in 2021, N=324 in 2019]. Black arrows indicate statistically significant changes at the 95% confidence level.

Highlight ease of use, speed, and new technologies to motivate vending machine purchases...



Ease of use is the top driver of interest in purchasing non-traditional retail items from vending machines. This is significantly more likely to be a driver since 2019.



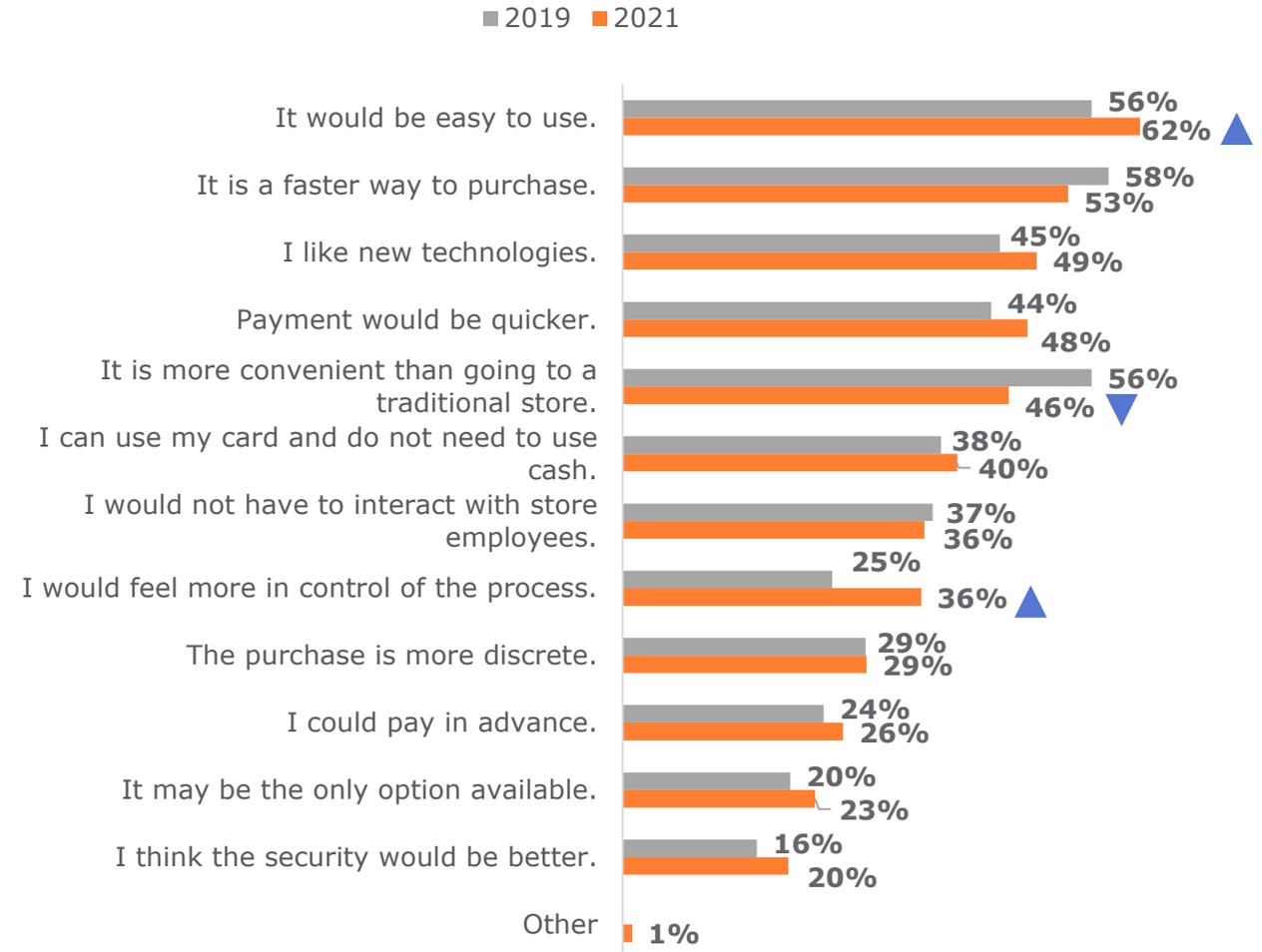
Speed, liking new technologies, quick payment, and convenience are also among the top reasons consumers are interested in purchasing non-traditional items from vending machines.



Consumers over 45+ are more likely to be moved by ease of use (69%) and speed (63%).

- 18-24 year-olds are especially interested in the control aspect (42%).

Drivers of Non-Traditional Vending Machine Purchases



Q13; Why are you interested in purchasing nontraditional retail items from vending machines? Check all that apply. [N=536]
Black arrows indicate statistically significant changes at the 95% confidence level.

...And offer card and cash payment options.

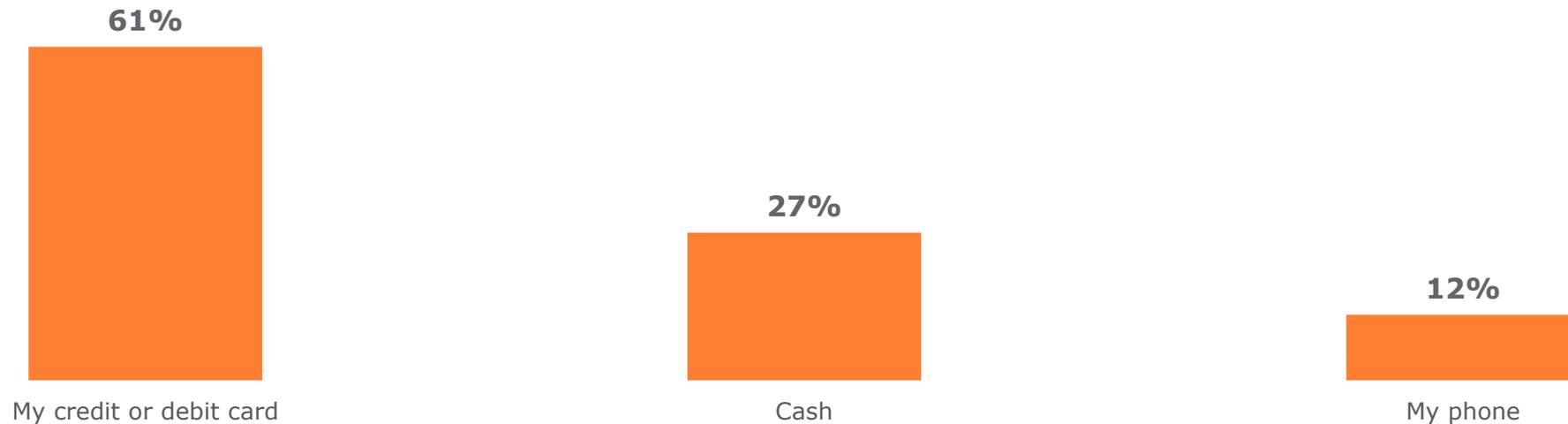
Overall, six-in-ten consumers would use credit or debit cards over other payment methods.

- This is especially common with those 35+.

Those who prefer cash still represents a sizeable portion of consumers at 27%, with those 18-34 (32%) being especially likely to use cash.

- This younger age group is also more likely than older consumers to use their phone, but only 17% expect to use this.

Preferred Payment Method at Unattended Retail



Q14: When purchasing at an unattended retail location, such as a vending machine or parking kiosk, which of the following are you most likely to use to pay? Please select one.

Conclusion



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Conclusion



Driven by consumer expectations for autonomous retail experiences, the research found that unattended retail as an industry is at a tipping point. Not only are consumers who use unattended retail more likely to continue to do so, but their expectations for purchasing more nontraditional items and services, such as health and beauty, clothing, car charging and electronics is growing thanks to experiences that are fast, frictionless, and convenient.



Further, as usage of unattended retail grows, consumers are driving innovation in, and penetration of, new payment technologies including increasing usage of mobile wallets and interest in purchasing using crypto currencies.



As autonomous shopping experiences become more common across retail every day, whether it is at vending machines, kiosks, or in micro markets, unattended and traditional retailers will be looking for ways to differentiate themselves and create personalized relationships with their consumers. This will continue to fuel further innovation which will drive adoption of robust loyalty programs and personalized payment experiences on the front end- as well as smarter, streamlined operations that ensure consumers expectations are being met, on the back end.