

A photograph of a family—a man, a woman, and a young girl—shopping in a grocery store's produce section. The man is pointing at a bunch of leafy greens, and the young girl is reaching out to touch them. The woman stands beside them, smiling. The shelves are filled with various fresh vegetables like lettuce, spinach, and mushrooms. Price tags are visible on the shelves. The overall atmosphere is warm and family-oriented.

Finish strong: building a better checkout experience

Make your last impression the best

Have you ever wondered why customers seem to have such strong opinions about their checkout experience? Let's say a customer gets a great parking spot, finds a shopping cart with working wheels, and locates everything on their list. If there's a long checkout line, all of those good memories are suddenly wiped away. They leave the store in a bad mood, with the frustration of waiting in line far exceeding the joy of every other aspect of their shopping trip.

It turns out this is a universal truth. Recent research tells us people's experiences are defined by averaging two key moments within that experience: the best "peak" moment and the last moment.¹ This means providing a great in-store checkout experience—typically the final step of a shopping journey—is more important than just about anything else a retailer can do to leave a positive impression with customers. This is why retailers around the globe continue to look at new ways to remove friction from the checkout process.

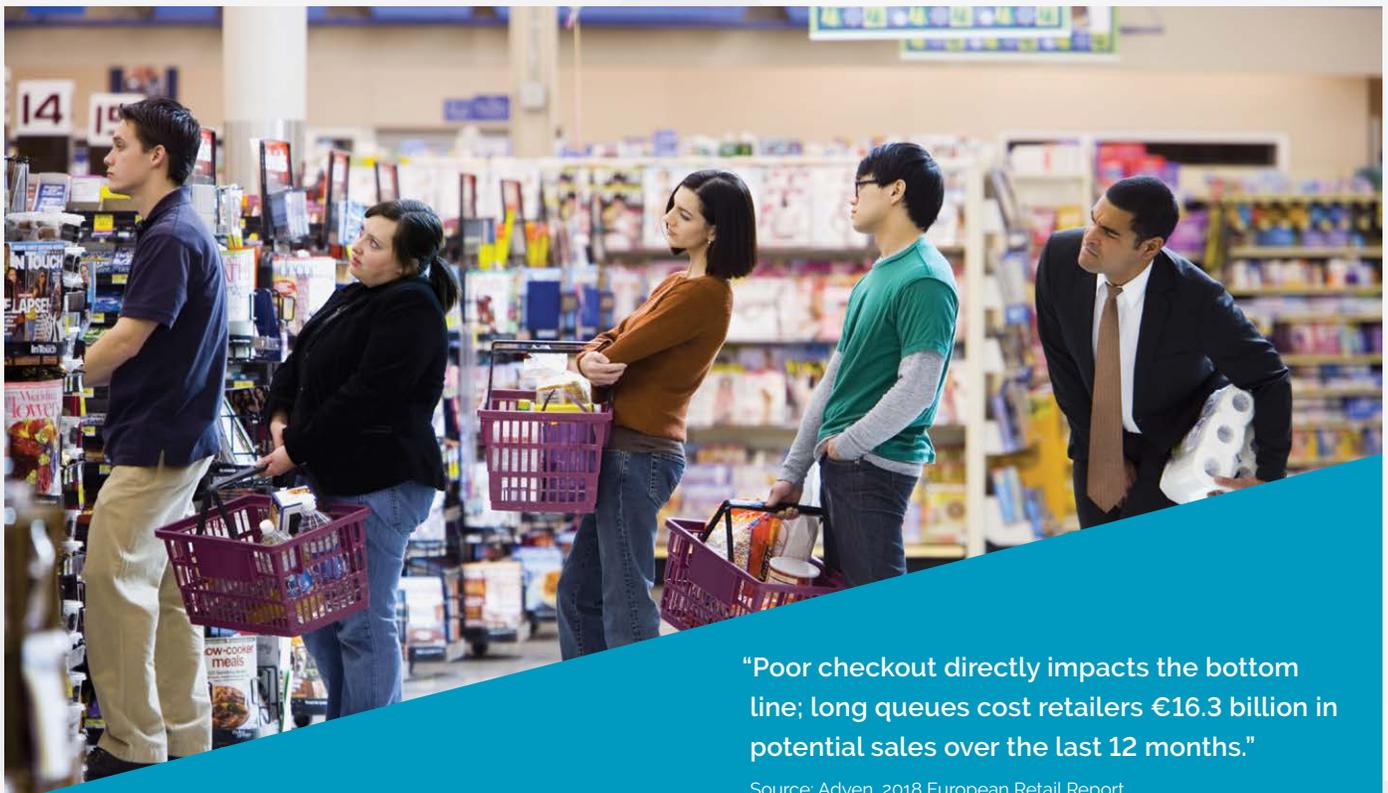
¹ "The Power of Moments", Chip Heath and Dan Heath, 2017.

1. Reduce customer wait times and cart abandonment

You hate waiting in line. Everybody does. It's boring and frustrating, and, as a shopper, you wonder how retailers can get it so wrong—especially when checking out online is so fast. Retailers are feeling this impact by upwards of 16.3 billion in lost sales due to not meeting expectations, just in the past 12 months². This is a huge number, and it's an indication that waiting in line at the end of an experience is actually more damaging to a brand than waiting at the beginning.

Putting this into practice, let's say a customer rates their experience throughout a store visit:

PARKING	7
PRODUCE SELECTION	9
CART WITH GOOD WHEELS	8
CUSTOMER SERVICE AT DELI	10
SALE ON FAVOURITE WINE	9
LONG CHECKOUT LINE	2
OVERALL =	COMPLICATED



"Poor checkout directly impacts the bottom line; long queues cost retailers €16.3 billion in potential sales over the last 12 months."

Source: Adyen, 2018 European Retail Report

²Adyen, 2018 European Retail Report

To get an overall value for this experience, you might look to the mathematical average of all six moments, which is 7.5. But, not all moments carry the same power. A more accurate assessment of this experience can be based on averaging the best experience (10) and last experience (2) scores, which reduces the overall experience rating to 6.

Now let's consider a scenario where the shopper had a great experience at checkout, which they rated an 8. This brings the impression of the overall shopping experience to a 9, or the average of the best (10) and last (8) scores.

In almost every case, physical stores have the checkout process as the last step before shoppers leave the store. (Have you noticed fast food restaurants have designed their stores so waiting happens first? That way, your last experience is getting your food and being able to walk out the door.)

As a result, the checkout is almost always going to be one of those two key moments for rating the store experience. This emphasises the importance of making sure the checkout process is fast, friendly and efficient—so customers remember positive experiences that make them want to come back again and buy more.



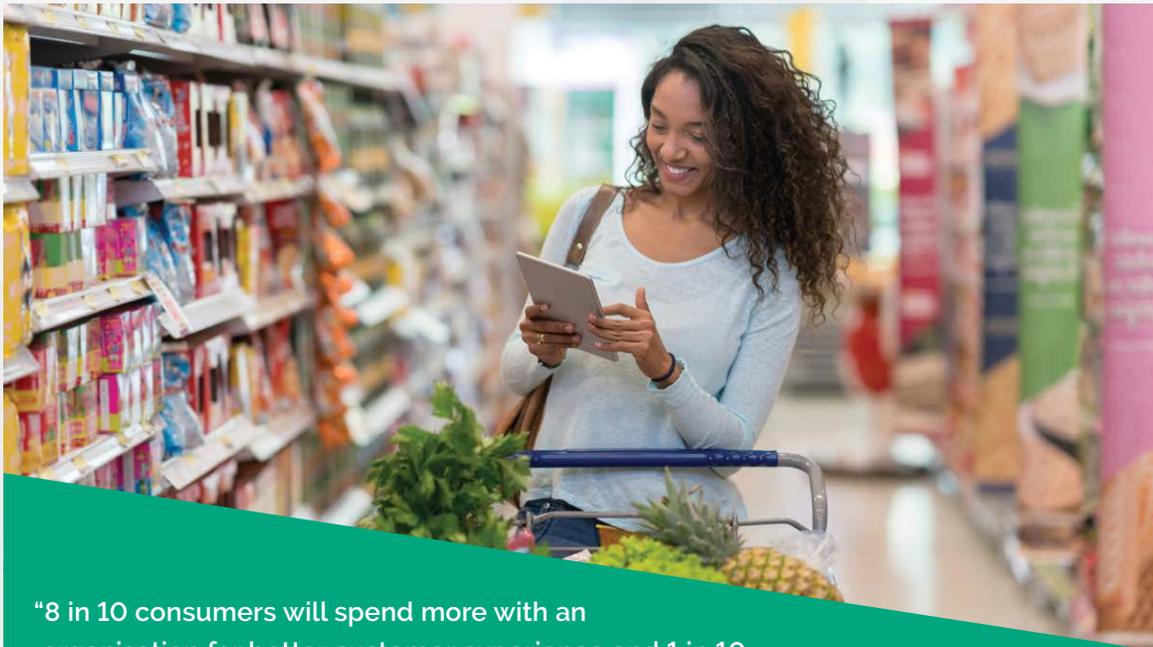
2. Increase customer spend and basket size

Make your brand a bigger part of your customers' lives by providing shopping experiences across digital devices and physical locations, and give your customers more opportunities to buy.

A recent survey showed 80% of customers were willing to spend more with businesses that offer a better shopping experience. And 1 in 10 people would increase their spend by more than half.³ As a retailer, think of what it would mean if 10% of your shoppers spent 50% more this year versus last year. Matching the right technology to solve in-store roadblocks can clear the way for bigger baskets and happier customers.

In grocery stores, long lines can reduce average basket sizes, as shoppers may limit their purchases to 10 or less items so they can use the express lane. And shoppers who prefer self-checkout might choose to leave bulk items for a future visit rather than spend time looking up PLU codes. Self-checkout units with computer-vision-based technology can identify bulk produce items placed on the scale, which all but eliminates time spent trying to find stickers on fruit.

Let's look at the rise in popularity of click-and-collect, or buy online, pickup in-store. This model pairs the efficiency of online shopping with the satisfaction of getting the product the same day. While some retailers worry this may deter impulse purchases, it turns out 40% of click-and-collect consumers make an additional purchase when they're inside the store picking up their orders.⁴ If you're a retailer not offering click-and-collect yet, this is a good opportunity to design an order pickup station including high-demand items that encourage bigger basket values.



"8 in 10 consumers will spend more with an organisation for better customer experience and 1 in 10 (9%) would increase spend by more than half."

Source: "The Disconnected Customer", CapGemini, June 2017.

³ "The Disconnected Customer," CapGemini, 2017.

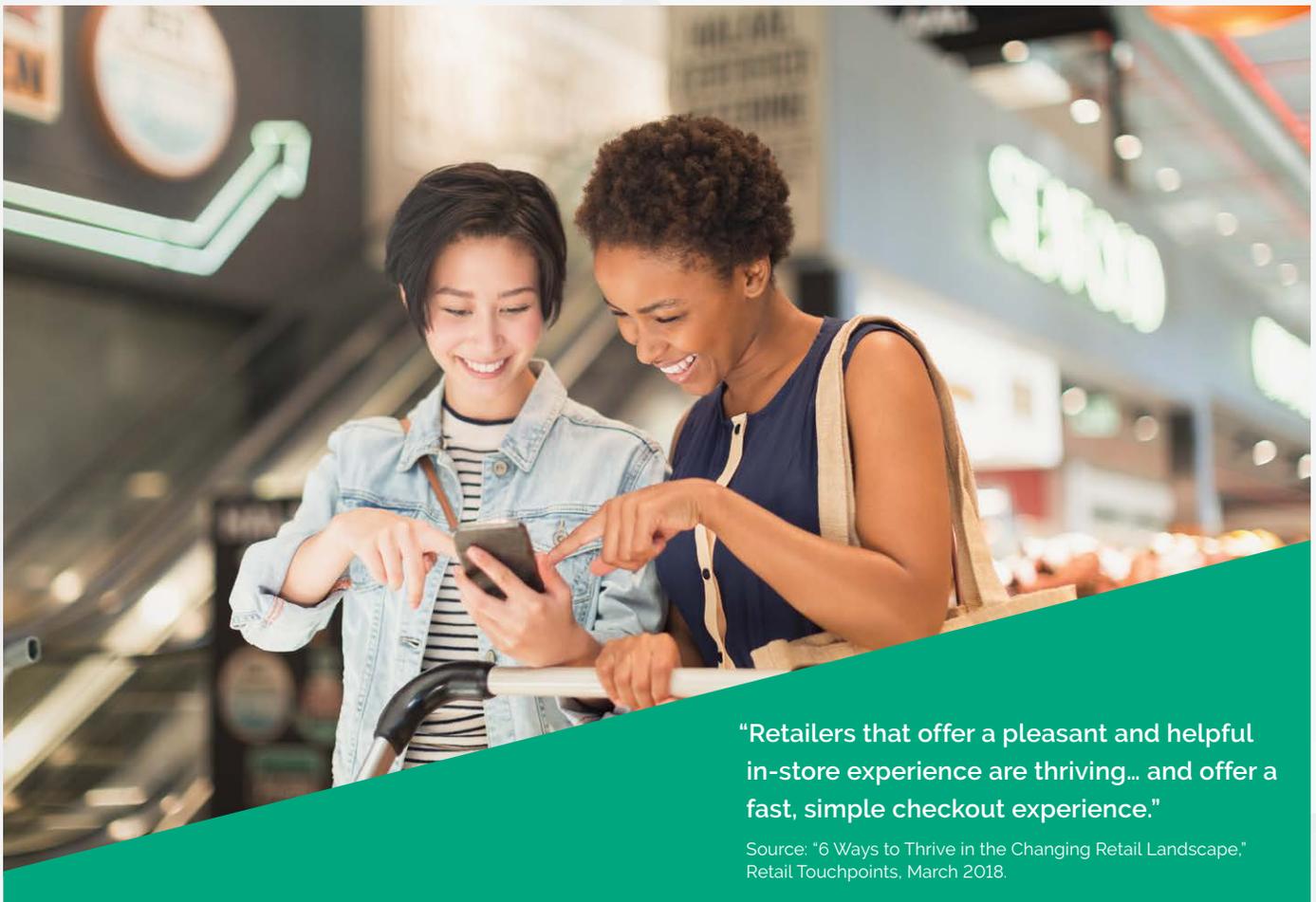
⁴ "Crossing the Great Divide - Shopper Insights," RIS News, 2018.

3. Increase customer loyalty by meeting changing demand for services

Consumers choose to shop inside the store because they're looking for an experience they can't get through digital channels.

Smart retailers have recognised this, and have begun introducing curated shopping, personal assistants, educational opportunities, and other innovations that create unique shopping experiences in-store that increase loyalty and return visits. Leading grocers are changing their focus from selling goods in a transactional manner to becoming health and wellness destinations that happen to sell food. This kind of innovation is changing the physical store as we know it, and new technologies and shopping models will continue to transform the future of retail.

While it's obviously important to make checkout easy, efficient and enjoyable, exceptional experiences demand more than just speed. Customers want to be rewarded for the time and effort they took to visit the store. They want personalised offers and they want choice. In many cases, traditional POS systems don't have the technical capabilities needed, which might be why 56% of retailers are planning on adding new features to their POS systems this year to meet consumer demands.⁵



"Retailers that offer a pleasant and helpful in-store experience are thriving... and offer a fast, simple checkout experience."

Source: "6 Ways to Thrive in the Changing Retail Landscape," Retail Touchpoints, March 2018.

⁵"2018 POS Customer Engagement Study," Boston Retail Partners, January 2018.

4. Optimise checkout lanes and real estate

Ever think about how much real estate your front-end checkout lanes take up?

A real estate mogul may ask the question: is this the best and highest use of the square footage? So, is your current checkout configuration profitable use of this highly visible space? It's more likely that portions of this footprint could be repurposed to introduce new experiences to your stores.

Innovative brick-and-mortar stores are turning to data to better understand the optimal checkout makeup for their stores. This includes measuring the frequency and volume age-restricted items that require associate assistance, staffing needs for high and low traffic time periods, and which makeup of checkout methods would lead to faster throughput and increased basket size. If you care to look for it, there's data on just about every aspect of your store and the brand experience it delivers.

If you're not looking at how your customers move through your store, the location and number of checkouts, and the appeal and margin of impulse items at the checkouts, you're leaving money on the table. Forward-thinking retailers are already working to provide shopping experiences that remove friction at the checkout, and some are even removing the checkout altogether.



"The future of retail=experiences per square foot."

Source: "The Future of Retail: Experiences per Square Foot,"
The Retail Profit (Doug Stephens)

5. Provide more checkout options for customers

The definition of quality service changes from person to person.

Ask a dozen people how they prefer to shop, check out and pay for their weekly groceries and you're likely to get a dozen different answers. Shoppers who are part of the Greatest Generation often will choose assisted POS and cash payment; Boomers may choose assisted POS and credit; Gen-X often choose self-checkout and debit; and Millennials may opt for mobile POS with mobile payments. But even within a generational cohort, preferences can vary.

Traditional retailers—especially grocers and big box retailers—must appeal to the masses. The best way of appealing to a broad audience is to provide shoppers with choice, so they can choose the experience most appealing to them, at that moment.



“Even though POS is one of the most essential and heavily invested in technologies in retail, a large group of retailers has fallen into a technological deficit and is in need of an immediate POS upgrade.”

Source: “POS Rides Wave of Store Innovation,” RIS News Research, May 2018.

6. Optimise/reduce staffing levels at the front end

A key reason customers visit physical retail locations is because they need or want actual humans to help them.

And, retailers are using high-quality customer service inside the store as a competitive advantage. Providing this assistance means additional labour, and with a tightening labour market and rising wages, it's a difficult challenge to keep labour costs in check.

So how do you make it all work? Cutting labour is a dangerous way to control budget when the result can be a diluted customer experience and missed sales opportunities. The better way is to dig into sales transactions by day to properly align associate schedules to labour requirements across every area of the store. Understanding the normal flow of customers can help front-end managers determine whether to redeploy an associate to another area of the store, send associates home or ask them to extend their shift when customer flow isn't normal.



7. Gain more flexibility during peak, and slow times

There are few things more frustrating to a consumer waiting in line than seeing empty checkout lanes with no associates to staff them

This only makes the line feel longer, and it's a sign the retailer doesn't have a clear insight into peak business hours and how to properly staff them.

Conversely, retailers can take a profitability hit if they staff every hour to peak levels, leading to associates with little productive work to do. In a perfect world, the bandwidth of the checkout process could instantly scale upwards and downwards to match demand exactly—so nobody is waiting, and no associate is underutilised. While this isn't yet practical inside the physical store, consumers have come to expect this level of efficiency in the checkout process with the wide adoption of digital shopping.

What can a retailer do to improve this bottleneck? For peak times, it's good to have flexible checkout options. Although shoppers often prefer self-checkout for smaller baskets, it can be slower than assisted POS due to additional security features built into every scan. A convertible checkout can easily transform from self-checkout to an assisted POS, to essentially open an additional lane to reduce wait times.

Mobile POS is another effective tool, where associates can begin scanning items in a consumer's cart using a mobile device anywhere in the store. Transactions can be put on-hold to be completed at the POS, or completed with mobile payments if the consumer wants to pay with a card or stored payment.

When the store slows down, the convertible POS can be reverted to self-checkout and mobile devices put away or set to charge until the next rush.



8. Reduce losses and/or fraud at the self-checkout

Theft and shrinkage levels in the retail industry have consistently run 1-2% of revenue, even with the advancement of improved inventory management systems and anti-fraud technologies.

49% of retailers in 2017 saw an increase in shrink versus the previous year.⁶ With razor-thin margins, especially for grocers, this can mean the difference between being profitable and barely surviving.

The broad adoption of self-checkout has improved convenience, but has also added additional risk of theft. With one associate overseeing multiple stations, dishonest shoppers can become emboldened to take liberties in the checkout process. The most common areas of theft involve keying in higher-valued items as inexpensive items—most often bananas—since so many people have learned the 4011 PLU code.

Computer vision and machine learning are being introduced for self-checkout to help prevent fraud. The bi-optic imagine scanners inside self-checkout units, in combination with item recognition algorithms, will detect discrepancies and automatically alert an attendant to help thwart "item swapping."



⁶"2017 National Retail Security Survey," National Retail Federation, 2018.

9. Empower associates with training and tools for serving customers

Associates are part of the last mile in delivering on your brand promise to your consumers.

Without properly-trained associates focused on being courteous, friendly and helpful, any brand equity a retailer has built up begins to erode.

With the growth of the connected consumer, many shoppers know more about the products they are shopping for than the people who are paid to help them. This can be a real problem. Even younger shoppers who are digital natives and are assumed to prefer limited personal interactions, rate customer service as one of the most important things they look for in a retail experience.⁷

Mobile tools are an effective way to empower associates to provide a higher level of service and be better ambassadors for your brand. They can allow associates to help shoppers find items, look up prices, provide additional product information, begin a sales transaction, and even respond to an alert on a self-checkout POS. Not to mention, associates can spend more time on the sales floor, which means your customers spend less time waiting for help, and the help they do receive is data-driven, accurate, and complete.

Mobile tools can help associates to perform multiple tasks at once, like responding to a customer request from the self-checkout station. Remote attendant tools shouldn't tether associates to the self-checkout. Instead, mobile devices should free associates to view interventions needed at the self-checkout and supply them with the tools to respond to those interventions, no matter where the associate is.



“Leaders in retail growth are 250% more likely to be using mobile devices for associates.”

Source: “6 Ways to Thrive in the Changing Retail Landscape,” Retail Touchpoints, March 2018.

⁷“Global Powers of Retailing 2018,” Deloitte.

10. Be seen as an innovator in the checkout experience

What does a successful, innovative checkout experience look like?

Is it making the quantum leap toward the AmazonGo experience? This approach isn't the right fit for all consumers, or for all retail stores, but it is creating a lot of buzz in the industry.

Looking beyond the hype, 67% of retailers believe the right response to AmazonGo today is to "do nothing," while 27% are planning to test a form of grab-and-go technologies within the next 3 years.⁸

The right innovative checkout experience for your business should address the basic need for convenience, ease, and choice. Beyond that, creating a "wow" experience for your own customer base is a great way to stand out from the competition.



⁸"POS Rides Wave of Store Innovation," RIS News Research, May 2018.

11. Taking the next step toward frictionless

The journey toward frictionless checkout is not an endpoint, or even a single path.

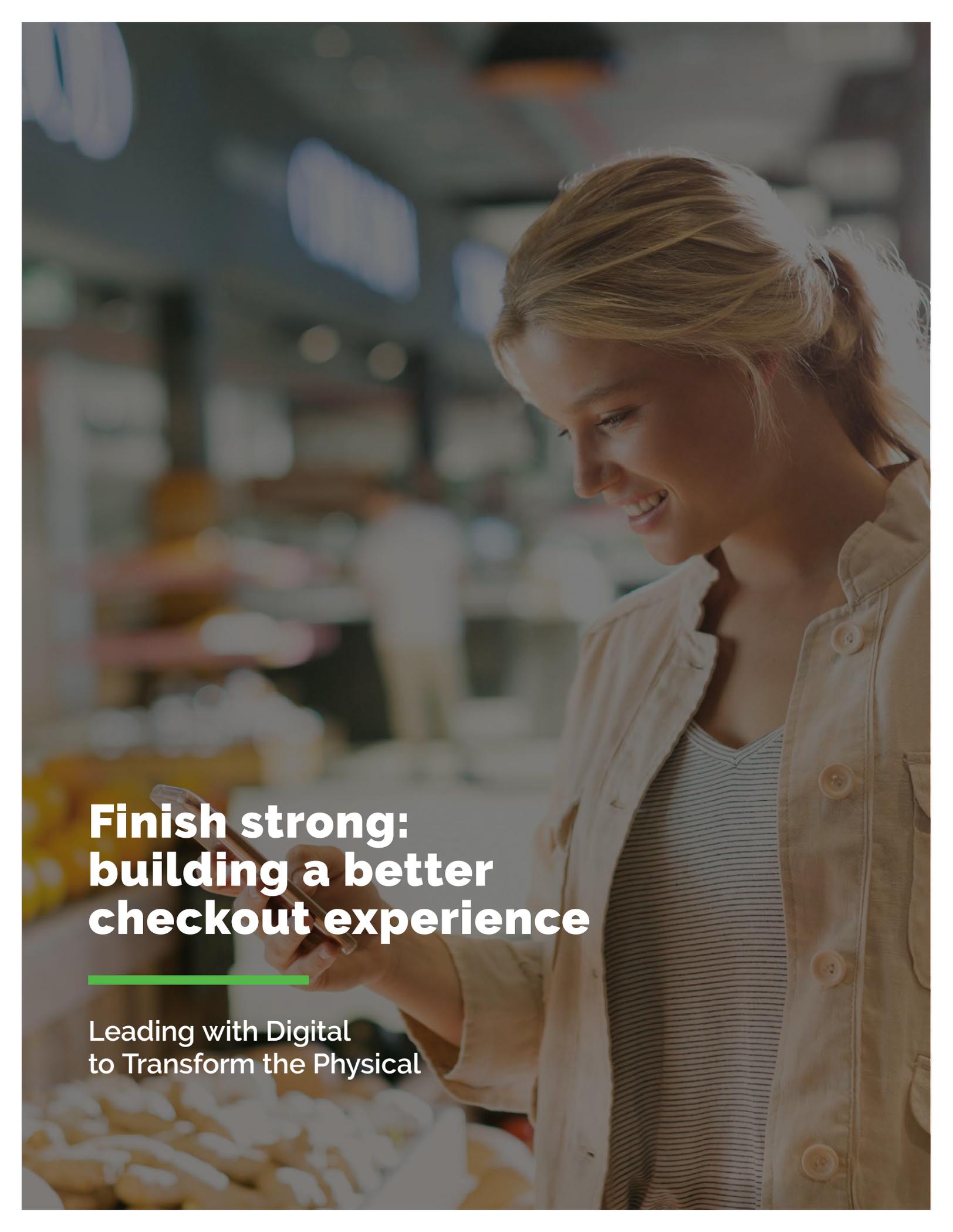
It's a journey to be navigated based on a retailer's brand value, consumer preference, and with a goal of achieving ROI at steps along the way.

What's right for one retailer isn't right for them all. And, while the rise of digital commerce continues to influence shopping, 90% of sales still occur inside physical stores.¹¹ This means the store will remain the heart of the retail experience for years to come, so long as retailers continue to give shoppers a good reason to visit.

At NCR, we know flexible checkout stations, smarter customer self-service options such as mobile self-scanning, and workforce analytics to manage labour can help retailers improve store performance and better serve their customers today and into the future. Not to mention, the checkout is the one of the biggest opportunities to make a positive, lasting impression.

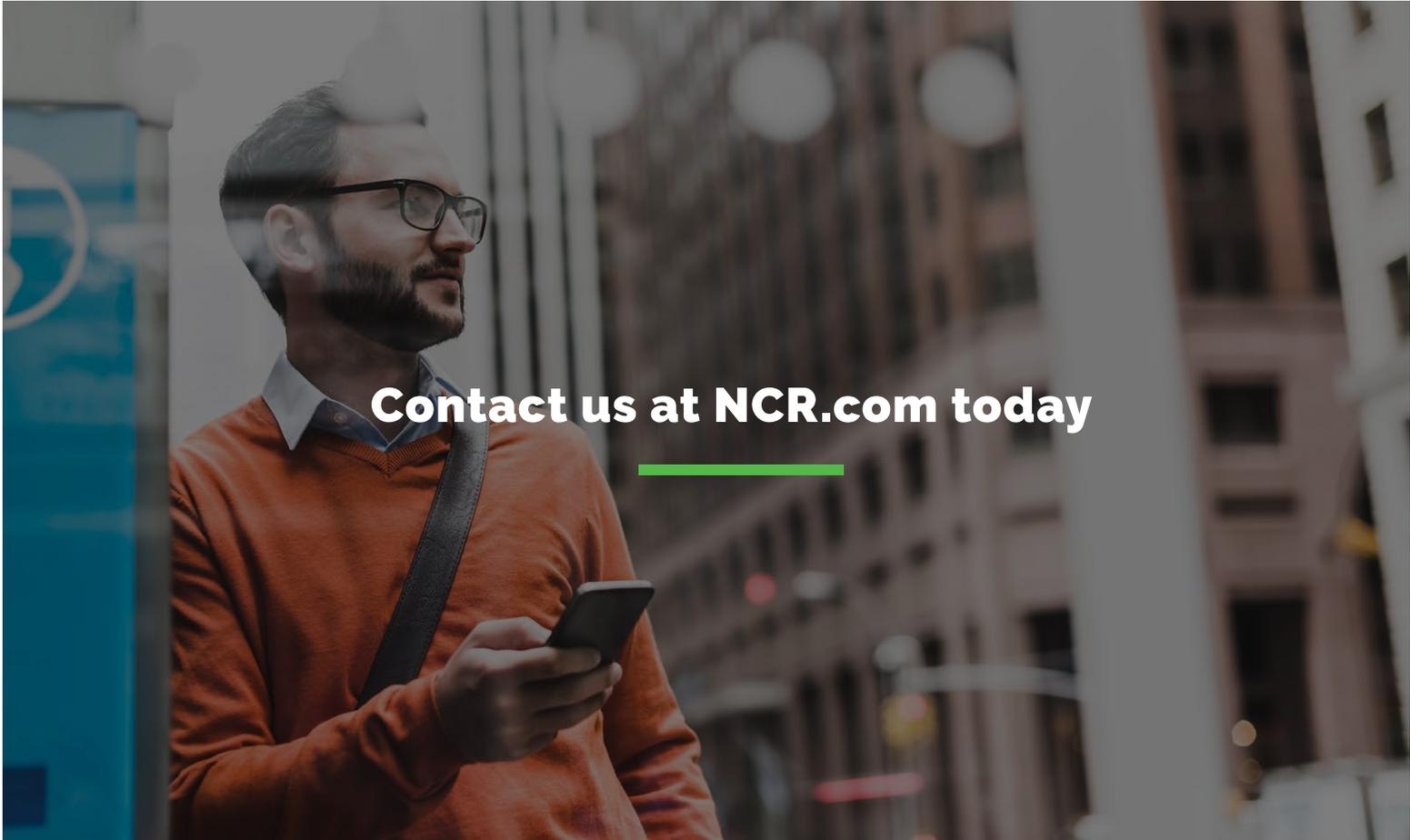


¹¹ "Debunking the Retail Apocalypse," IHL Group, 2017.



Finish strong: building a better checkout experience

Leading with Digital
to Transform the Physical



Contact us at [NCR.com](https://www.ncr.com) today

Why NCR?

NCR is a leading technology company that brings unexpected value to every interaction between consumers and businesses. The **#1 global grocery and drug store POS and self-checkout provider**, we provide solutions that run the entire store. Together, we're helping retailers transform transactions into meaningful interactions, from POS to payments to loyalty programs and beyond.

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