ADVANTAGE 2024 SHOPPER OUTLOOK

SELF-CHECKOUT PREFERENCES

SMARTeam™ | CPG Consulting
A DIVISION OF ADVANTAGE SOLUTIONS

SPONSORS:

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SELF-CHECKOUT: A DIY “NO JUDGMENT ZONE”

As a solution to staffing limitations, retailers added self-checkout stations.

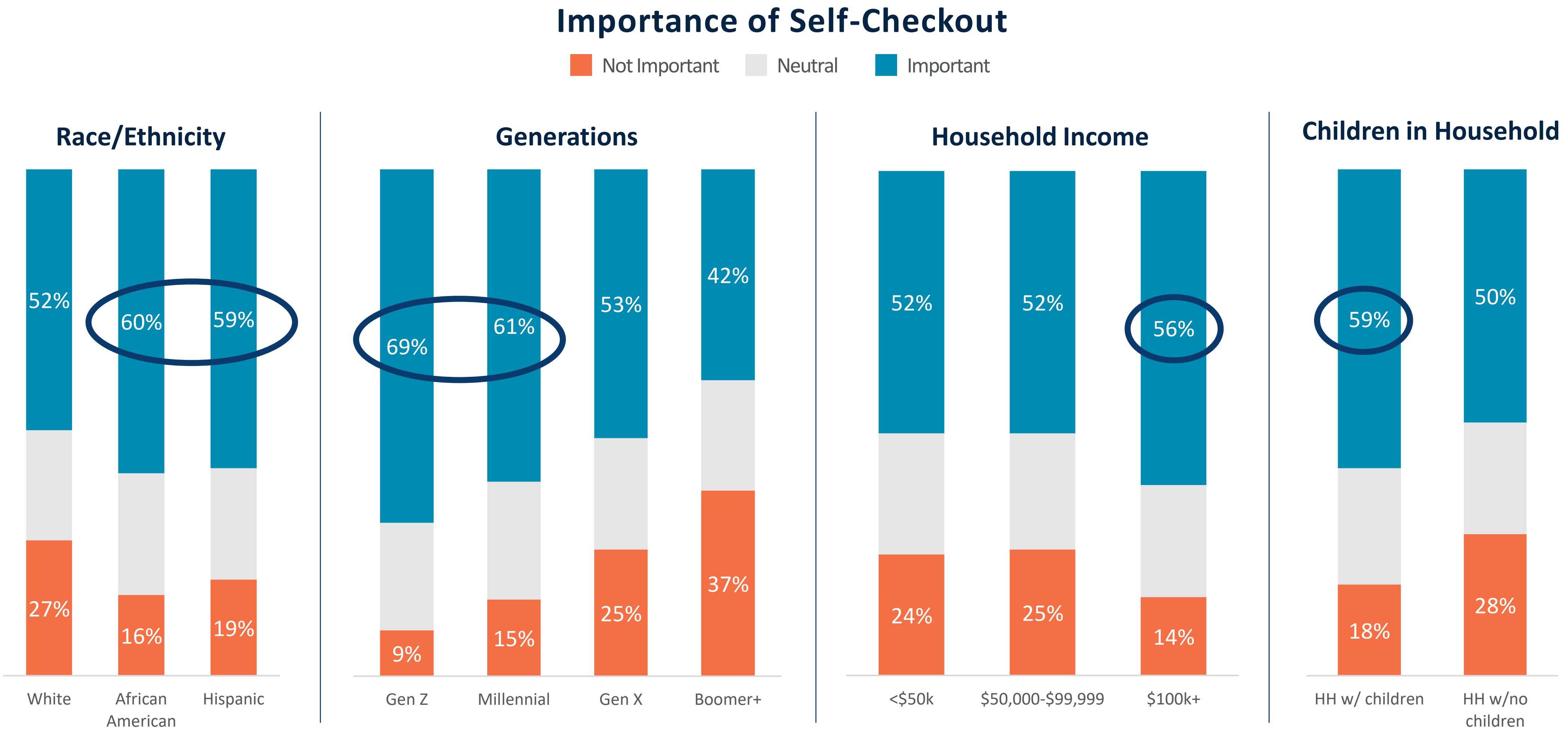
Many shoppers became comfortable using this DIY option as a quick solution for smaller baskets.

- Younger, multi-cultural and ethnic groups tend to value self-checkout more than others.
- Some like the self-checkout option because of the lack of personal interaction.
- A substantial number of self-checkout shoppers have low household incomes (HHI).
- Higher income households with children want both self-checkout and manned options.

Q: What is your annual household income range?
Q: Choose the race you identify with.
Q: Are you Spanish, Hispanic or Latino or none of these?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

IMPORTANCE OF SELF-CHECKOUT VARIES BY RACE/ETHNICITY, AGE, INCOME AND LIFE STAGE

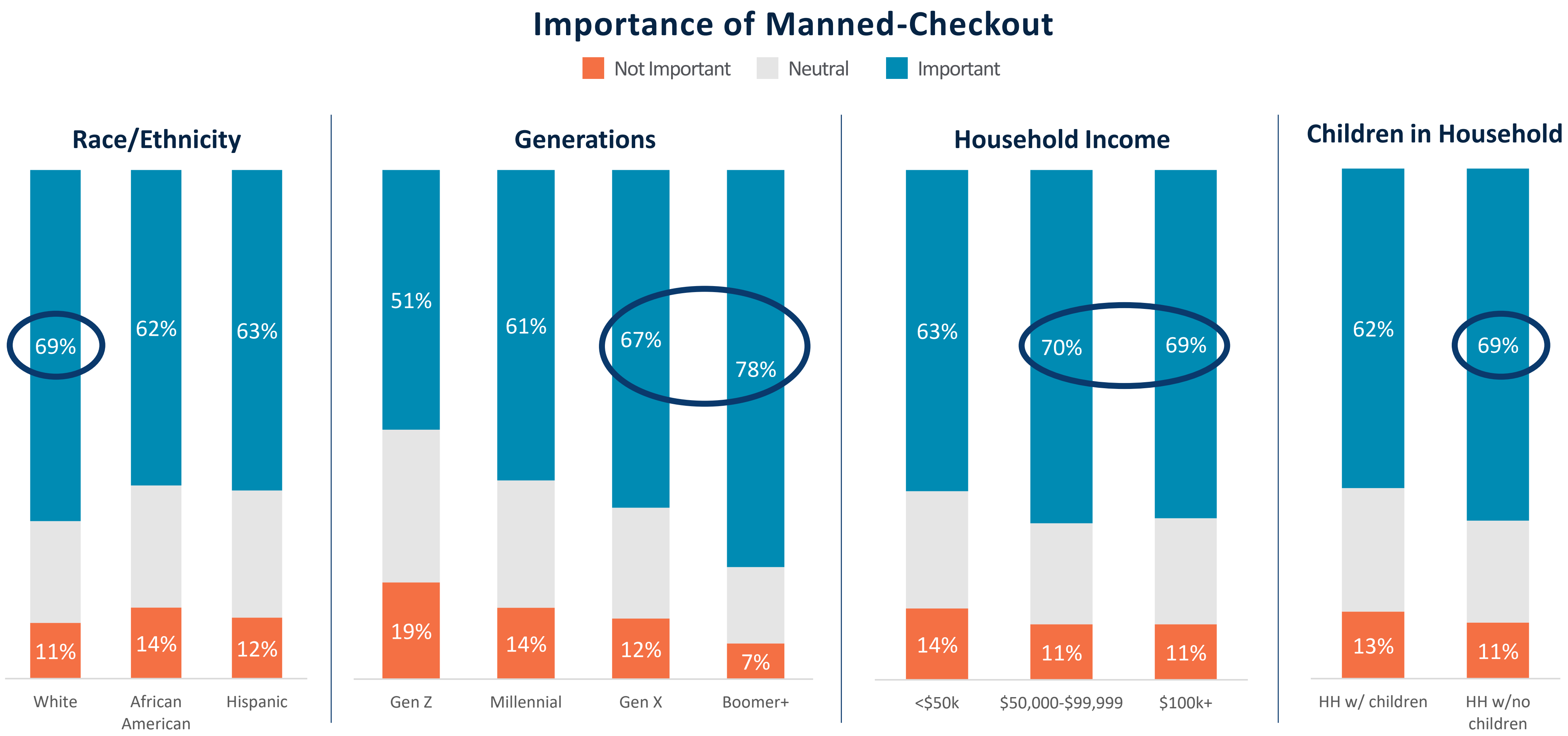


Q: Think about your in-store experience. In the next several questions, you'll be asked how important particular in-store aspects are. Please take time to read each statement and assess its importance. How important are the following?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 6,085 | 916 | 1,105 | 716 | 2,196 | 2,696 | 2,409 | 2,649 | 2,514 | 2,776 | 2,651| 5,366

MANNED-CHECKOUT MORE IMPORTANT TO OLDER, WHITE SHOPPERS WITHOUT CHILDREN



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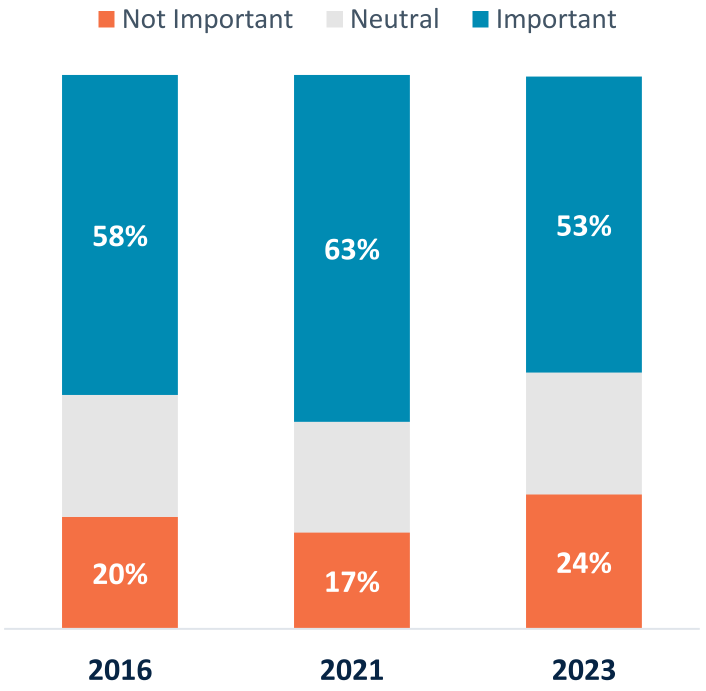
MANNED CHECKOUT LANES MORE IMPORTANT TO SHOPPERS THAN SELF-CHECKOUT

53% consider self-checkout important compared to 67% for manned checkout

Checkout (Somewhat + Very Important)	
Manned checkout lanes	**67%**
Self-checkout	**53%**

Self-Checkout Importance Over Time



Overall importance of self-checkout down 10pts compared to 2021, and down 5pts compared to 2016.

Q: Think about your in-store experience. In the next several questions, you'll be asked how important particular in-store aspects are. Please take time to read each statement and assess its importance. How important are the following?
Q: Now think about the store environment. How important are the following? Q: Some services matter more than others. How important are the following when choosing a store for groceries?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 8,017 | 5,537 | 4,128

Self-Checkout

Respondents who said self-checkout is “Very Important”

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FOR THOSE WHO SAY SELF-CHECKOUT IS VERY IMPORTANT, INFLATION HAS IMPACTED THEIR PURCHASE HABITS MORE THAN AVERAGE

In response to economic changes, these self-checkout shoppers more likely:

- Bought a different product (21%/index 131)
- Reduced how much they buy (25%/index 132)
- Will continue to buy lower priced brands (26%/index 124)

Q: Inflationary pressures have impacted people differently. How much do you disagree or agree with the following statements?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 2,284

THESE SELF-CHECKOUT SHOPPERS PLACE MORE IMPORTANCE ON STORE ENVIRONMENT, SERVICES, AND STAFF

They have heightened awareness of surroundings during store visits compared to average shopper.

These self-checkout shoppers care more about…

STORE ENVIRONMENT

Shopping cart cleaning supplies
(46%/index 144)

Bright lighting
(44%/index 152)

Aisle signage
(63%/index 137)

Clear aisles
(54%/index 135)

Clean store
(79%/index 122)

Easy-to-understand price tags
(76%/index 121)

Accurate pricing
(83%/index 119)

STORE SERVICES AND STAFFING

Accept credit cards
(70%/index 127)

Hassle free return policy
(60%/index 136)

Short lines
(54%/index 146)

Store hours
(53%/index 147)

Physical appearance of staff
(57%/index 127)

Store associate available for questions
(42%/index 150)

Customer service
(58%/index 141)

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Base: 2,284

TARGET SHOPPERS 61% MORE LIKELY TO PRIORITIZE SELF-CHECKOUT COMPARED TO TOTAL RESPONDENTS

Top 3 retailers whose primary shoppers listed self-checkout as very important

Target	Whole Foods	Walmart
(45%/index 161)	(38%/index 163)	(32%/index 114)

28% of shoppers say self-checkout is very important, but for these three retailers, self-checkout is even more important to their shoppers.

45% of Target shoppers say self-checkout is very important.

Q: Thinking about where you've shopped for groceries in the past six months, where have you spent the most money on groceries?

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 246 | 143 | 2,398

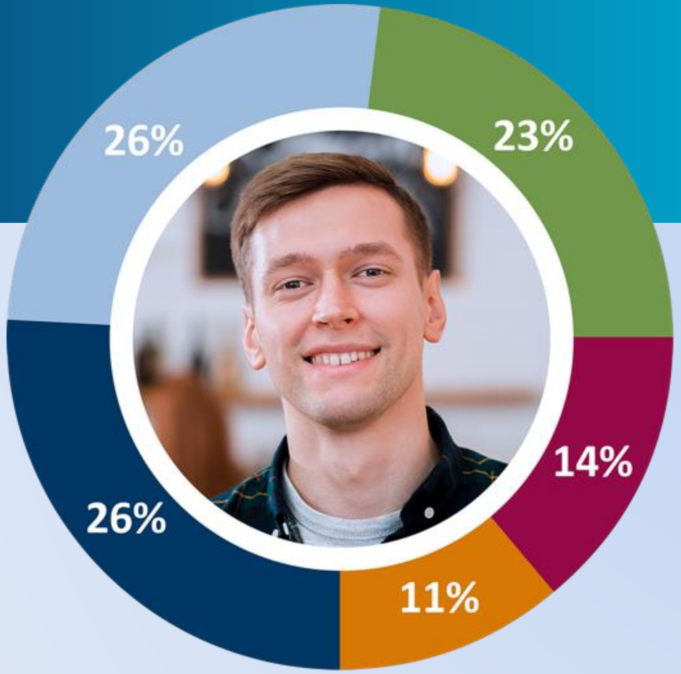
SINGLE, NO KIDS IN HOUSEHOLD

25% of those who say self-checkout is very important

MEET MIKE

Mike lives by himself. He doesn't have a lot of extra cash to spend on premium products. With a lower household income, he's price-driven and cares about classic products. He's not looking for anything fancy.

- 56% have HHI under $50,000 (index 170)
- 46% live in one-person households (index 256)
- 53% compare prices while in-store (index 123)
- Reduced how much they buy due to inflation (26%/index 137)
- Less likely than average shopper to use coupons:
  - In-store circulars (50%/index 84)
  - Digital coupon websites (52%/index 87)
  - Shopper loyalty coupons (59%/index 89)
  - Printed coupons (47%/index 86)



LEGEND

- **Care About the Classics:** I buy classic products. I want something I'm familiar with, so I consistently purchase the same brands and flavors. I don't need the highest quality, but I don't buy the cheapest option either.
- **Price Hunter:** I care about price, so I look for the best value. I won't buy based on premium ingredients or specialty styles, and I don't care about the brand name.
- **Health Concerned:** I read labels and claims. I want to know that I'm buying a healthy and safe choice. I typically purchase products that have a health claim or may be organic. These may be gluten free, low calorie, or meet other dietary needs.
- **Trend Seeker:** I like to try new products. I look for craft styles, trendy flavors, or new types or forms.
- **Buyer of the Best:** I want the best products, and price doesn't matter. I look for premium quality ingredients to get the best experience possible.

Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 576

GEN-XERS WITH OLDER CHILDREN

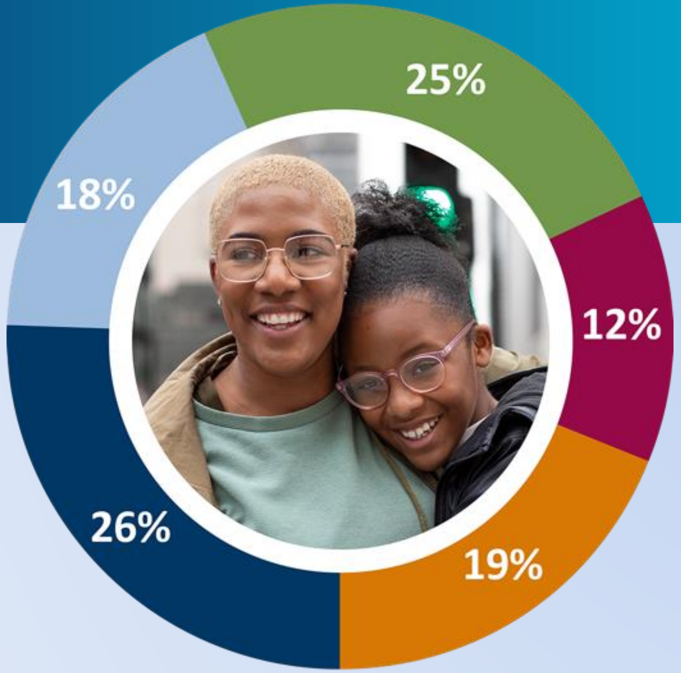
14% of those who say self-checkout is very important

MEET JENN

Jenn's kids are older and can manage on their own while she's at work. She's digitally savvy and looks for ways to save before going to the store. She's more health concerned than average, and she can afford to spend more on premium products.

- 54% have HHI $100,000+ (index 159)
- 71% married (index 145)
- 51% have one child at home (index 340)
- 59% work away from home (index 148)
- More likely than average shopper to use coupons:
  - In-store circulars (69%/index 115)
  - Digital coupon websites (68%/index 116)
  - Shopper loyalty coupons (72%/index 109)

Source: SMART Market Research – Advantage 2024 Shopper Outlook



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Base: 318

MILLENNIALS WITH YOUNG CHILDREN

18% of those who say self-checkout is very important

MEET BRITTANY

Brittany has younger kids at home, and she's trying to balance work and home life. She buys healthy choices, but she'll also turn to classic products that she can trust.

- 41% have HHI $100,000+ (index 121)
- 61% married (index 124)
- 58% have 2-3 children at home (index 363)
- 57% work away from home (index 143)
- More likely than average to switch brands due to out-of-stocks (45%/index 167)
- Often/always uses phone in-store (63%/index 197)

LEGEND

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Source: SMART Market Research – Advantage 2024 Shopper Outlook

Base: 404

ADVANTAGE 2024 SHOPPER OUTLOOK METHODOLOGY

RESPONDENT AND SURVEY DETAILS

8,017 valid responses were collected and retained after 9,675 total responses were recorded. The sample was collected to reflect nationally representative primary shopper demographics of age, gender, household income and regional location.

30 minutes The survey was completed in an average of 30 minutes after removing outliers. The median length was 25 minutes.

We will release multiple publications from this study. This second release looks at shoppers who prefer self-checkout vs. manned checkout.

METHODOLOGY

Between October 31 and December 5, 2023, SMARTeam™ CPG Consulting, a division of Advantage Solutions, conducted an online survey to understand shopper sentiment about retailers, category importance and satisfaction.

In this study, a meaningful or "significant" difference is +/- 5% with a 95% confidence level for total respondents. Most subsets of the total group have a confidence level of 90 to 95%.

Various descriptive statistics were calculated for all data. "Don't Know/No Response" responses were most often removed and not included in statistical testing or sample sizes. Responses to open-ended, free response questions were coded and categorized.

Limitations and caveats: *Online surveys use non-probability convenience sampling. Results are excellent for exploratory research for generating insights and testing hypotheses.*

Source: SMART Market Research – Advantage 2024 Shopper Outlook

IMPLICATIONS

Strategic recommendations to best reach self-checkout shoppers

Target Self-Checkout Shoppers

- Younger, multi-cultural, and ethnic shoppers tend to value self-checkout more than others. *Merchandise products in the self-checkout area that appeal to these shoppers. Manufacturers can show why their items deserve this prime secondary placement by appealing to these groups.*
- Self-checkout shoppers have smaller baskets and more focused purchases. *Identify impulse products that resonate with these shoppers. "Better-for-you" options that answer a quick-trip need may be ideal. Use shopper loyalty data to identify high impulse-high penetration products.*

Enhance Store Experience

- Store experience is important to self-checkout shoppers. *Leverage Advantage Customer Experience or Sunflower divisions to develop effective experiential tactics at the front-end.*
- Space devoted to self-checkout can uniquely alter front-end store layouts with products that attract shoppers quickly. *Use self-checkout to strategically disperse traffic and create wayfinding opportunities for shoppers to explore an increased assortment of products.*

Improve Customer Loyalty

- While manned-checkout has limited shelf space, self-checkout creates a convenience store-like front-end. *Expand self-checkout product assortments beyond standard grocery front-end offerings like confections or salty snacks. By replicating c-store selections, you can drive interest in new product segments and impulse purchases.*
- Single shoppers are less likely to participate in loyalty or rewards programs. *Educate the self-checkout "checker" on ways to engage and convert shoppers on the benefits of a shopper loyalty/rewards program to boost shopper loyalty.*

THANK YOU

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To learn more about customized data from the Advantage 2024 Shopper Outlook report contact:

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