



Article

# Navigating the new era of retail with unattended shops

Introducing unattended shops and how they can support your business



# The new era of retail

Many changes are happening within retail these years – for good and bad. We've witnessed the negative tendency of smaller shops disappearing rapidly from the landscape, shutting down one by one. In the last 10 years, a total of 8% of grocery shops have been erased from the landscape, and that pattern seems to continue<sup>1</sup>.

From 2018-2021 the number surprisingly rose, but that pleasant change didn't continue through 2022 – and yet again, especially smaller shops in sparsely populated areas are at risk. Retail Institute Scandinavia predicts that nearly half of all convenience shops will be gone within 10 years.

Many retailers are financially challenged due to the global energy crisis and skyrocketing electricity bills, but part of the reason is also to be found in customers' changed buying behavior. Customers seek discounts and special offers now more than ever, they show a historically low consumer confidence, and they've grown accustomed to the convenience of online shopping – the ability to shop at any time. Customers' demands are evolving, but unfortunately, many shops fail to adjust.

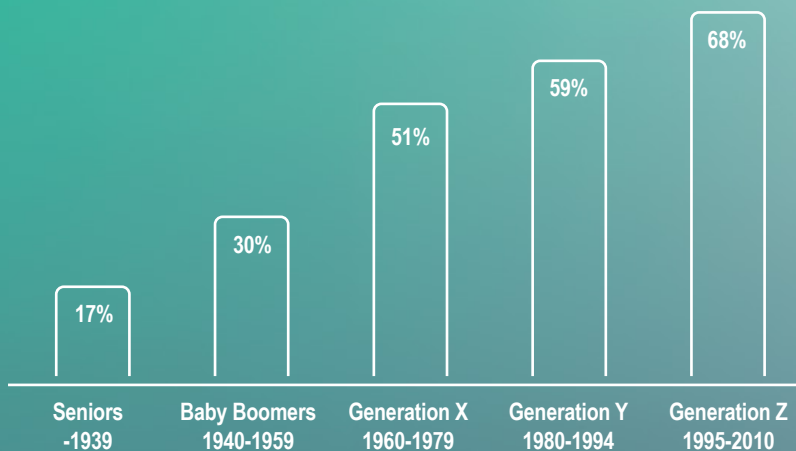
Many smaller shops have already been forced out of business and to many retailers, this scenario may be the future – if something doesn't change. That change could very well come from a new retail opportunity: *Unattended shops*.

## What are unattended shops?

An unattended shop is simply a shop without any service personnel and no cashiers. That makes them cheaper to operate because you don't have salary expenses. These shops are usually smaller than regular stores and have a smaller selection of goods, focusing on everyday needs and basic goods.

An unattended shop can be part of an existing store that keeps a smaller area open after closing hours, or it can be a smaller moveable shop that can help expand your geographical reach. The shops are equipped with self-service solutions for checkout and can stay open all hours of the day, providing customers the liberty to shop whenever they please.

<sup>1</sup> "Kampen om Kurven i Dagligvarehandlen", Retail Institute Scandinavia, 2022.



## The rise of self-checkout (SCO)

We've seen a rise in SCO solutions over the past few years. The pandemic boosted the technology timeline because, suddenly, social distancing was recommended. SCO solutions helped customers minimize contact with other people while shopping, but even though the restrictions have been lifted for some time, many customers are still happily using SCO.

American studies show that a total of 29% of all transactions in America happen through SCO solutions<sup>2</sup>, that more than 60% of Americans prefer to use SCO solutions, and that 80% firmly believe it's faster than waiting in line<sup>3</sup>.

In a Danish context, a total of 46% of Danes are interested in using SCO, either as self-checkout tills or apps. And it's not only the younger generation – the elderly also show interest in new technology. As illustrated above, 17% of seniors are interested in using SCO. The number increases through the generations to 30% for the generation of Baby Boomers, 51% for generation X, 59% for generation Y, and 68 % for generation Z<sup>4</sup>.

The younger generations take the lead and are the keenest to try modern technology, but the older generations aren't lagging too far behind.

<sup>2</sup> "Kampen om Kurven i Dagligvarehandlen", Retail Institute Scandinavia, 2022.

<sup>3</sup> "The State of Self-Service Checkouts", Raydiant, 28./1. 2021.

<sup>4</sup> "Kampen om Kurven i Dagligvarehandlen", Retail Institute Scandinavia, 2022.

### More retailers invest in SCO

Customers' rising interest in SCO increases retailers' need for new technology. A total of 82% of retailers plan to invest in new technology within the next three years, and more than 40% of retailers have plans to restructure their stores to make space for either SCO areas or shop in shop areas.<sup>5</sup>

Not many studies have been conducted specifically about unattended shops – however, a smaller study shows that trust in unattended retail is rising. The study found that half of the customers believe it to be faster to shop in unattended shops, and that 2 out of 3 find it a more comfortable way to shop – 1 out of the 3 even says that they enjoy shopping without having to interact with employees<sup>6</sup>.

This shows that the rise in SCO solutions increases both customer convenience and shop owner savings (and, in the eyes of a pandemic: social distancing).

### The need for unattended shops

Retailers are struggling, and for many smaller shop owners, it may only be a question of time before they're

forced out of business. This leaves a huge potential for unattended shops – a possibility for struggling retailers to stay in business.

Unattended stores bring many benefits to both retailers and customers. They're cheaper to operate, so instead of struggling with fully staffed stores, you can run one or more unattended shops.

You can increase revenue and geographical reach by setting up unattended stores in areas where it wouldn't be possible to operate a fully staffed store. This isn't only an advantage to you as a retailer but also to citizens in sparsely populated areas, who will enjoy having shopping facilities closer by.

With an unattended shop, you can be available to your customers in a new way. By allowing them to shop in their own time by keeping your shop open all hours of the day, you can increase both customer convenience and revenue. Read on for more information on our two unattended solutions, security options, everyday operation, FAQ, and how to get started.



<sup>5</sup> "Nearly half of retailers are converting cash registers to self-checkouts", RetailDive, 28./10. 2022.

<sup>6</sup> "Why unattended retail is exploding in response to consumer acceptance", Retail Customer Experience, 2022.



# Introducing Fiftytwo's unattended solutions

**Our product for unattended retail is called 52UNATTENDED. We offer two different solutions: a shop in shop solution and a satellite solution. Which solution is the best fit for you? Let's dive in!**

## **Shop in shop**

A shop in shop solution is located in your existing store, enabling you to keep your store open outside opening hours. You can either choose a smaller front area for unattended shopping, or you can let your entire store function as an unattended shop with help from extra video surveillance.

One of the benefits of you having the unattended shop in your existing store is that there's no additional store rent. To reduce energy consumption, you can set up the lights in your store to only be turned on in the front area or when customers approach your store.

Transforming your store into an unattended shop calls for a specific gate-opening technology that allows your customers to enter your store outside opening hours. Our gate-opening technology is safe and easy to install and is part of our 52UNATTENDED product.

Our go-to-market time for a shop in shop solution is one month.

## **Satellite shop**

If your store isn't fit to be transformed into an unattended shop, our satellite shop might be a better fit for you. This solution is a rented and moveable building that can be located wherever the need is, enabling you to increase your geographical reach and enter a new location.

Our satellite shops can be designed specifically for your needs, and we ensure end-to-end delivery all the way from authority approval to electricity, gateway technology, and POS. We can deliver the satellite shop with 52VIKINGPOS or integrate it with other relevant POS. The same goes for shelf and cooler equipment.

Our go-to-market time for our satellite shop is estimated to 3 months for your first setup. When the first shop is designed and approved, it will take 4 weeks to deliver another one (remember to also add building permits and other paperwork to the overall timeline).

We estimate around 7-10 hours a week to maintain an unattended shop, including re-shelving, trimming, cleaning, and pricing administration. Most of the work related to an unattended shop can be held by a youth employee, or by a community that goes together to secure a local shopping facility (which is relevant in sparsely populated areas).

# Compare our two solutions to your needs

	Shop in Shop	Satellite shop
<b>Solution</b>	Uses full existing shop or closed shop front area for unattended shopping outside opening hours	Large unattended permanent/flexible shop solution with custom design for high-end shopping experience
<b>Technique</b>	Check-in & out software with high security Door opening system	Check-in & out software with high security Door opening system
<b>Shop interior</b>	Your own	High-end standard setup or your own
<b>POS</b>	52ViKING or your own	52ViKING or your own
<b>Environmental</b>	★ ★ ★	★ ★
<b>Solution fit</b>	Established stores	High-end satellite shopping experiences
<b>Go to market</b>	1 month	3 month/ 4 weeks (after paper works)

## Introducing our customer platform

52UNATTENDED comes with a GDPR-compliant customer platform where customers can give or revoke consent, access digital receipts, and raise potential incidents. If your customer has given their consent, it will open for direct communication around offers.

In rare cases of product callbacks, you'll be able to address specific customers that have bought these products. On the platform, customers can easily self-service their right to be forgotten under the GDPR legislation.

As part of the customer platform, we're offering a loyalty section for you to better build local community support for your shop. You can set up personal discounts on specific products or offer a 10% discount on all purchases above 200 DKK – whatever special offers fit your shop and customers.



Foto: Henrik Reintoft, JydskeVestkysten.

# How to keep an unattended shop secure

We know that the thought of having an unattended shop raises questions about security.

An unattended shop in the city needs higher security than a shop in the countryside, and the products you're selling also impact what level of security you need. If you're selling cigarettes and alcohol, you need to ensure that the customer is old enough to buy these products, which requires ID validation.

That's why 52UNATTENDED offers four different security levels ranging from pure credit card swipe for an unknown user to requiring a MitID validated profile (or other nationality solutions) connected to a credit card and personal PIN code for maximal user recognition.

Another solution for accessing an unattended shop is by app. As part of our solution, we're offering a scan and pay app or the possibility of integrating your own app.

Using a solution with app can be an add-on to a shop with card reading access and a local POS Checkout. But it can also be to minimize the solution setup complexity by having no local POS and no local screen access setup – because all that's needed is the customer's own phone with the app.

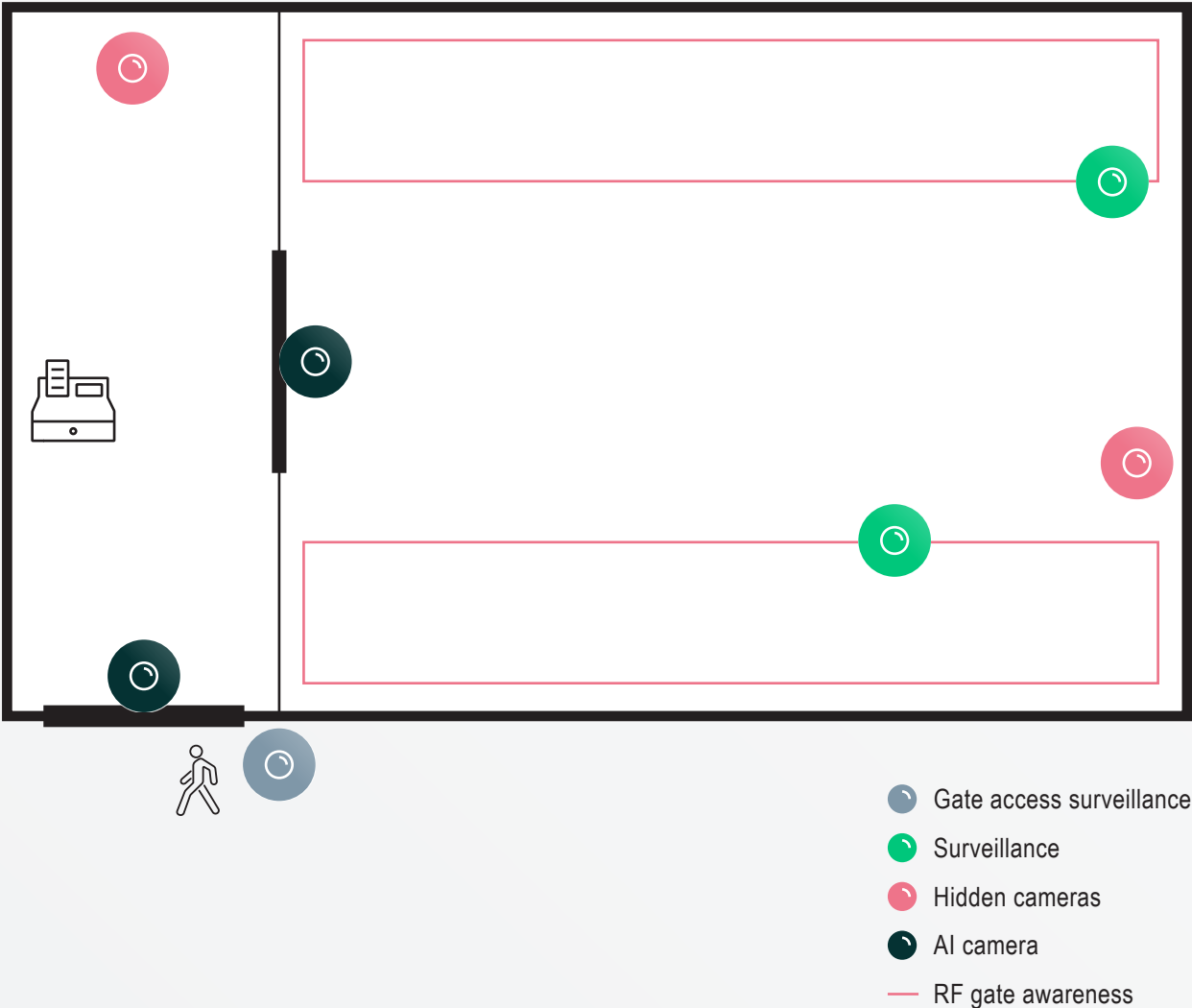
No matter the level of security, your unattended shop will have video surveillance to secure your shop against theft. All access requests and door openings are registered in the video surveillance system to secure easy problem solving, including good incident documentation for authorities.

As an example, we've illustrated our security level package B (medium level) below for you to see.

It provides a two-gate door system accessed only with an ID-validated profile. The shop has video surveillance with ceiling cameras, door cameras, hidden cameras, and AI cameras.

Security is crucial to your business, so you need to decide which level of security is needed for your shop, focusing on risks related to your location and products.

If you're interested in learning more about our different levels of security, please reach out to us.





# Unattended shops on an everyday basis

As a retailer, you might already have invested in SCO solutions during the years of pandemic and social distancing, or you might plan to invest in it in the coming years.

An unattended shop is an extended SCO solution, but it's not far from what your customers already know. Many customers have already adjusted to SCO solutions and how they work. And for customers who have yet to try these checkout opportunities, it's a simple setup with few steps to make the customer experience as easy and convenient as possible.

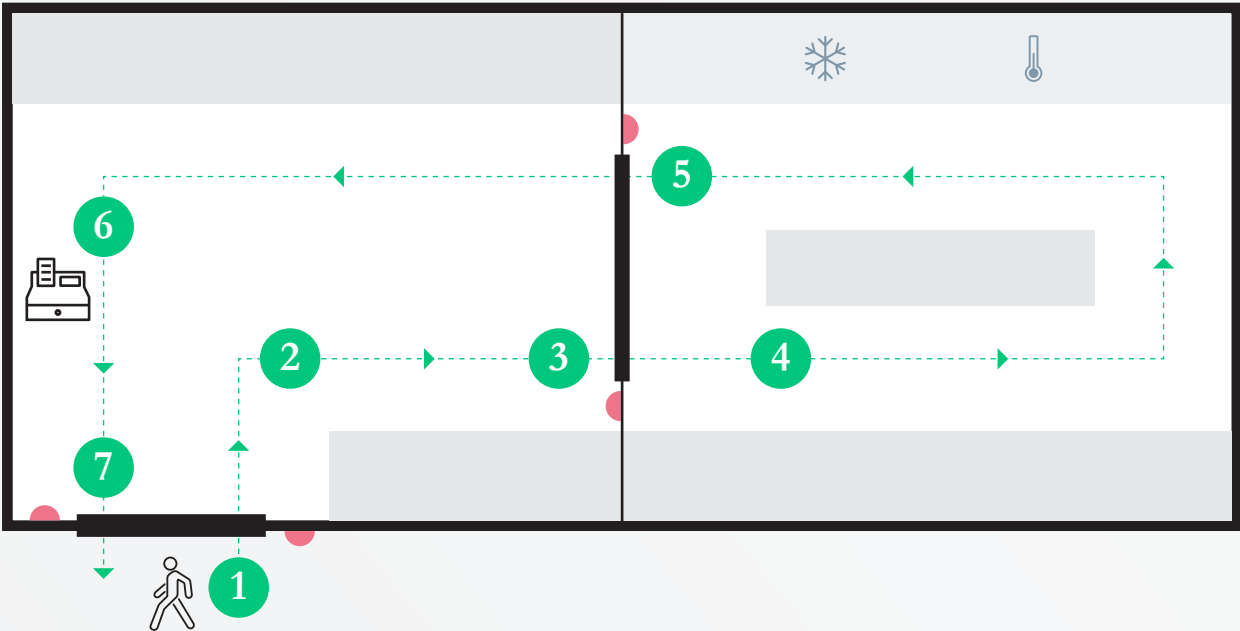
The design at checkout can be customized to fit your wants and needs, but we highly recommend keeping it simple. The illustration below visualizes the customer flow in an unattended shop.

### Support

If you experience any IT problems with your unattended shop, you can always contact support. We've consolidated every IT vendor in one, so instead of you having many vendors, you'll have one, making your everyday operation easier.

We offer different support solutions based on your needs. To some retailers, it's crucial to have an agreement that ensures IT help on weekends, others may settle for less. If you have an unattended shop in an area with many holiday homes, it might be crucial for you to get help Saturday morning instead of waiting until Monday. But not all shops have the same time-sensitive demand.

Looking into your vision and needs, the shop's location, and customers in the areas, we'll advise on the best support solution for your shop.



- 1 Access store using credit card or app
- 2 Enter low security shopping area
- 3 Register to enter high security area selling age restricted or expensive products
- 4 Enter and shop in high security area
- 5 Exit high security shopping area
- 6 Checkout via self-service till or app
- 7 Exit store with button, credit card or app

# Frequently asked questions regarding unattended shops

In dialogue with customers, we've answered the most frequently asked questions for you.

- **What to do if the door doesn't open**

If you experience technical issues with the door access system, you should contact support. They will fix software issues online. Details depend on your support agreement.

- **What to do if the payment terminal is offline**

If you experience problems with your payment terminal, you should preferably be able to switch to another service while the problem is fixed.

That's why we recommend you have a bank payment service like MobilePay or Swift alongside your credit card solution. This will secure 24/7 service reliability.

In case of payment failure, you should call support who can help out online.

- **How to handle grocery supply deliveries**

If you want to get grocery deliveries directly to your satellite shop, this needs to be considered when designing the satellite shop.

We recommend that the shop is equipped with a storage section with a separate external entrance only for grocery deliveries

- **How to handle damaged grocery products**

It happens that customers accidentally drop items on the floor. When that happens in a staffed shop, the staff will immediately clean up the mess, so it doesn't cause a bad customer experience for the next customer.

But what to do when there's no staff around?

A quick view of the video feeds live from the shop can show if items have been misplaced or dropped on the floor – or if a customer has forgotten to close the cooling unit. You can also determine if the shelves need restocking from the live views.

- **How to handle theft?**

You'll have live access to video surveillance around your shop and the possibility of looking weeks into recorded files.

The POS and security systems will be connected to the video system by an API leaving a track between the customer access token, their purchase, and the video recording.

If theft is detected, we recommend making a police report with the video file and the registered customer token.



Foto: Henrik Reintoft, JydskeVestkysten.

# Getting started with an unattended shop

As simple as it gets, you need a location with power access to establish an unattended shop. From here, an understanding of your business vision helps us deliver the best possible project. We need insight into your business goals, need for security, choice of software, and design requirements. In short, the most important steps for you to follow is to choose:

- Shop model
- Security level
- Tech stack
- Support solution

First of all, we need to determine if this is a shop in shop project or if the need is to design a satellite shop. Besides design decisions, you'll have to decide on a POS system. We're offering our POS system 52VIKING POS, but it's also possible to integrate another relevant POS.

With that done, we'll look into our different levels of security and what's needed for your shop, location,

and products. By understanding your business goals, we can help determine what's required from the shop in daily revenue to break even, how to determine prices, what it will cost to run the shop, what's needed regarding infrastructure, power, staff for grocery supply deliveries, cleaning, and so on.

## Opening your unattended shop

When the day is finally here, and you can open your unattended shop, we recommend you run the business with staff as a regular shop for the first couple of weeks to ensure everything works as it should.

During the first couple of weeks, you can also offer to help set up accounts to make it easier for your customers and guide them through the unattended shopping experience.

# Navigating the new era of retail

There's a huge potential for unattended shops. It's a solution that will benefit both you as a retailer and your customers.

Unattended shops are cheaper to operate, you can increase both revenue and geographical reach, and you can be available to your customers in a new way.

Your customers will appreciate having the possibility to shop at their own time, any time of the day. And for customers in sparsely populated areas unattended shops will increase customer convenience to have shopping facilities closer by.

## We're here to help

Together we can create a shop that fits your needs the best. You can choose from a shop in shop solution to a satellite solution, from four levels of security, and a variety of options regarding support. If you have any questions we have yet to answer, please don't hesitate to reach out.

We're always up for a no-obligation talk – whether you're considering an unattended shop or are simply curious to learn more. Contact our expert Søren Brammer Riis for a talk about our different solutions and how they'll fit your business needs.

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