

STORE OF THE FUTURE

How Grocery is
leading the way for Retail
payment innovations

PAYMENTS
2025



Payments are driving change across the grocery landscape

Payments: they're essential, but can easily become a barrier to delivering a seamless shopping experience. For grocers, payments have been restricted by the requirement to pay at a fixed point in the shopping experience in-store, and more recently online. Yet, thanks to tech innovation and pressure from experience-driven consumers, this is starting to change.



Evolving technology means the payments stage has the potential to change what we think of as possible within the retail experience. Finally **we're beginning to see a truly seamless shopping journey, and this is being pioneered in many cases by the Grocery sector.**

As business models and emerging payment-centric technologies respond to rapidly changing customer demands, the face of grocery shopping is starting to change. Concepts like checkout-free grocery shopping and rapid delivery are no longer pipedreams for grocers: they're starting to become a reality.

Building your store of the future

In this whitepaper, we explore why retailers should take note of Grocery sector innovations in-store and online. We consider why emerging trends like rapid delivery and checkout-free stores are being driven by the appetite for even greater speed and convenience, and how for many of these trends, payments could be the key to success.



New technologies are allowing us to experience grocery innovations that could set the tone for the future of retail.

From frustration to fully frictionless: the rise of the checkout-free store



Shoppers spend an estimated 60 hours a year waiting in checkout lines¹. As the demand for fast, frictionless shopping becomes the norm, waiting a few minutes in line may soon feel unacceptable to some consumers.

While self-service checkouts took strides in reducing the lengths of checkout queues, they still require a manual step at the end of the shopping process. So, what's the alternative? Some stores are reducing this wait time to next-to-zero by removing the physical checkout altogether.

Though self-scanners and self-checkouts were a move towards autonomous checkout, the newer 'scan, pay and go' and even check-out free stores remove the need for checkouts, offering a possible future where queuing is a thing of the past.

Could checkout-free become a commonplace reality?

For its cashierless solution, Amazon's 'Just Walk Out'² technology uses computer vision, deep learning algorithms and sensor fusion to automatically detect any items a customer places in their shopping basket or returns to the shelf. Its payment system, Amazon One³, is fitted with a palm-scanning system, enabling customers to pay, present loyalty cards, and fully enter locations with biometrics. The custom-built algorithm and hardware create a unique palm signature, offering excellent security.

Amazon isn't the only brand trialing their own version of 'Just Walk Out'. Tesco⁴ and Whole Foods⁵ both have tech-laden checkout-free concept stores. However, they come at a price. This level of technology requires a total overhaul of the in-store ecosystem so may not be a possibility for all stores for some time.

Creating a portable checkout with mobile apps

Some retail innovators have made the in-store checkout mobile by allowing shoppers to use their own devices to scan and make payments.

MishiPay's 'scan and go' technology⁶ takes the established concept of self-scan even further by capitalizing on what shoppers already have at hand: their phones. This allows shoppers to scan barcodes as they explore. Making the payment also happens in the palm of the shopper's hand and this whole breezy process, according to their data, **increases basket-size by an average of 27%**: a significant uptick in revenue. This approach is accessible without investing huge amounts on infrastructure, cleverly harnessing the power of the devices shoppers themselves own.



Harnessing already-installed apps whilst shopping in store leads to the potential for grocers to start making better data-driven decisions with the customer at the core, as well as the possibility to drive loyalty and provide person-centric offers.

The customer is always right: building a shopper-centric retail ecosystem



Today's consumers are spoilt for choice when it comes to grocery shopping, especially as so much of us now opt to do it from the comfort of our homes. As the competition to win consumers heats up, grocers need to ensure they can offer a seamless, integrated shopping experience – online and in-store. Yet to truly achieve this goal, retailers must be able to understand the wants and needs of their shoppers and successfully use this information to increase their shopping power and ultimately build loyalty.

COVID-19 challenged loyalty and customer expectations, with an estimated three quarters of shoppers⁷ switching to a new store in the pandemic. It served as an accelerator for ecommerce, with much of the grocery sector experiencing five years of growth in as little as five months⁸. Omnichannel activity also increased dramatically, with an estimated 60-70% of shoppers across all retail verticals now researching and purchasing both in-store and online⁹.

With so much upheaval, grocers and other retailers have an opportunity to capture a new audience, master changing shopper habits, and build a seamless shopping experience across digital and physical storefronts.

Fortunately, technology can offer a helping hand here. Advances in AI, automation, CX software and big data technology are already starting to reshape approaches to customer loyalty, personalization, web experience and even product placement on shelves.

An example is SheerID, a marketing platform that enables brands to tailor discounts and offers to verified audience groups, like students and first responders. This enables grocers to attract whole communities of shoppers based on their needs and preferences.

With 90% of US consumers believing a personalized shopping experience impacts the amount they spend⁹, keeping customers at the heart of their own shopping journeys could unlock significant gains.

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Is data the most valuable commodity in an omni-world?



A key part of connecting online and offline worlds is being able to paint a picture of user behavior across an omnichannel environment. How do shopping

habits change online compared to in store? Where does the shopper spend more? Does the shopper tend to purchase more luxury goods, or are they a budget buyer?

Having the answers to questions like these enables grocers and other retailers to get savvy with their offers, deliver a personalized experience and ultimately help to build all-inclusive loyalty, since the customer is getting more of what they want.

Using rich insights, persona profiling and shopping history can also help retailers to create hyper-personalized omnichannel experiences that could lead to sales uplift and increased loyalty, for example through offers and retargeting before the shopper

has left the physical store as well as online. Grocery stores already rearrange items based on season and weather; we're entering an era of retail when this can be taken from the macro to micro level, where paths to purchase for each shopper may eventually be entirely personalized – whether it's in the notifications and offers they receive, or even one day physically.

Scaling personal grocery experiences with AI

Artificial intelligence (AI) has the capacity to fill in gaps where big data can't, and Walmart has already proved this by offering online shopping substitutions powered by AI, boosting customer acceptance of those items above 95%¹⁰. Insights from AI may also help inform product lines in the future, from inception to shelves, so what you offer is at the cutting edge of demand.

With some global AI spending estimates set to reach \$24bn by 2027 for the retail sector alone¹¹ (YOY growth rate of almost 30%), it is poised to have an integral role in many – if not all – of the key areas of grocery. It can enable retailers to deliver targeted offers and dynamic pricing, help with stock management, plan for the ebb and flow of trends, and along with automation make the supply-chain more profitable and effective; as well as enhance checkout capabilities and fraud/ theft detection.



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Speed is of the essence: how loyalty is driving new options and efficiencies



The need for speed and convenience has led to the rapid emergence and growth of a successful grocery home delivery market. What started out as a means to deliver the weekly shop to people's homes has evolved into an industry capable of delivering smaller or even single-item baskets to the door. Furthermore, this is what shoppers are starting to expect.

Accelerated by lockdowns, the demand for home delivery surged¹², whether for 'the big shop' or to facilitate ad-hoc orders or smaller purchases traditionally catered for by smaller convenience stores. Meeting these expectations is often enabled by an intricate network of components including finely tuned logistics hubs and legions of gig-economy delivery drivers.

Going dark and getting automated

The appetite for rapid delivery – fulfilling orders in as little as 15 minutes – has meant grocers have needed to rethink their delivery infrastructure, processes, and digital experiences. One method that has been incorporated is the use of 'dark stores'¹³ to extend the reach of last-mile delivery, enabling carriers to ship smaller baskets of more popular items to customers quickly.

Dark stores are unassuming pieces of real estate – often behind shutters on high streets – that aren't open to the public but are 'mini warehouses' allowing grocers to quickly fulfil orders often in city or hard-to-reach locations, without the hustle and bustle of shopping aisles. Their locations are chosen strategically for their geographical location and cost.

They can create efficiencies with picking, shorten delivery time, and broaden the potential audience who may not be within

the remit of a more traditional distribution hub. Dark stores may also enable brands to offer more choice when it comes to order fulfilment. As well as home delivery, some of them enable customers to forego delivery costs or environmental delivery concerns by picking up from the location, either in-store in a dedicated pick-up area, or 'curbside', so the customer doesn't even need to leave their car.

Similarly, Micro-fulfilment Centres (MFCs) can solve the problem of being close to customers and taking up little space by having the flexibility to be located in a variety of environments: in-store, in a back room, in a home, warehouse etc. Often these are 'hyper-local' to the person making the order.

As we see an increased expectation for speed and convenience, the race is on for grocers to develop sustainable and profitable logistics networks where every second counts. This extends to cutting-edge



automated storage and retrieval systems (ASRS) like AutoStore™, using robots, increased pallet storage possibilities and conveyor paths – increasing storage capacity, decreasing the necessary footprint and unlocking floorspace.

Ultimately, from the shopper's perspective, these behind-the-scenes innovations shorten the time between them making their payment and having the goods in their hands: the desire when they place the order in the first place.

Building a better checkout: how payments can facilitate convenience



The future of the grocery store is beginning to look like science fiction. Pushing our collective imagination, the grocery sector is breaking boundaries in every aspect of shopping: how products are featured, browsed, purchased and delivered. In the future, it's likely there won't be a part of the groceries ecosystem not impacted by the appetite for even greater speed and convenience.

While the industry takes strides to improve in-store technology, customer analytics, delivery infrastructure and a better online experience, the essential moments that turn a shopper from *potential customer* to a paying one – i.e. the payment journey – is evolving alongside it, and in many ways is leading the way.

Letting shoppers pay their preferred way

Of course, the pandemic has accelerated a move toward touchless payments, with 69% of US retailers reporting an increase in contactless payments since 2020¹⁴. Digital wallets and virtual cards open the door to many new payment methods and options for consumers, while biometric payments like Apple's Face ID take the ease of payments a step further. Notably, 86% of the US are interested in using biometrics to verify their identity or make a payment¹⁵.

Open Banking is opening the door to innovation across the payments space by providing banking data to third-party financial service providers. This in turn allows payment providers and retailers to develop personalized, seamless payment experiences without contradicting security or data concerns. For grocers, this could enhance integrations with loyalty schemes, contactless checkout, more seamless biometric verification, and more.

Meanwhile, cryptocurrency is starting to emerge as a viable means of paying for groceries. While some markets like the UK are in the infancy stage of crypto acceptance, others such as the USA and Latin America¹⁶ are more established, and allowing shoppers to purchase groceries using Bitcoin. Some are enabling Bitcoin and other currencies to be used via a third party application – either by exchanging the cryptocurrency for a store gift card or even paying via crypto debit card¹⁷.

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Is the store of the future closer than we think?



The foundations of the store of the future are being firmly laid today. The pandemic has acted as a catalyst for change and highlighted to vendors and customers alike that there are greater possibilities to fulfil heightened expectations and requirements.



As technology reshapes our retail environments, it's important that the payment process isn't overlooked. A vital part of the end-to-end user journey, ensuring you can offer seamless, frictionless payments could help to build loyalty, increase basket size and shopping frequency, and keep customers coming back time and again.

Whilst we can't say for sure what the future has in store, we do know that the future grocery stores are going to be exciting places to shop and are becoming some of the most trail-blazing retailers across the globe.

What does your store of the future look like?



Want to learn more?

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