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Study Reveals Expanding Utility of Unattended Retail Channels Driven by Generation Z and Millennials

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25 percent of respondents would spend more money on non-traditional items in a self-service environment

MALVERN, Pa.--(BUSINESS WIRE)--Feb. 13, 2020-- As Millennials and the first members of Generation Z take a greater share of the workforce and influence in retail, a recent joint study by PYMNTS and USA Technologies found that these younger generations are bringing greater opportunities for retailers to sell non-traditional items through unattended channels. While overall, 30 percent of respondents said they would buy more items, and about 25 percent would spend more money if non-traditional items were offered through unattended channels like vending machines and kiosks, the study also found that a considerably higher number of younger respondents were driving these trends. USA Technologies, Inc. (OTC: USAT) ("USAT"), is a cashless payments and software services company that provides end-to-end technology solutions for the self-service retail market.

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The Future of Unattended Retail (Photo: Business Wire)

According to the [Future of Unattended Retail Study](#), which queried more than 2,300 people across the United States, 35 percent of Millennials and 29 percent of Generation Z would be willing to spend more if non-traditional products were offered. This compares to 26

percent of Generation X and 16 percent of Seniors and Baby Boomers. Further, of that same group, 40 percent of Millennials and 35 percent of Generation Z would most likely buy more items if non-traditional products were offered in vending machines. Generation X felt similarly with 34 percent, while only 19 percent of Seniors and Baby Boomers said they would buy more non-traditional items from vending machines. Every generation ranks Health and Beauty products highest among non-traditional products willing to be bought through vending machines and kiosks.

"Our joint report with PYMNTS underscores not only the size of the unattended channels, but the expectations of consumers that unattended retail become an everyday way of life, particularly with younger generations who are most willing to buy more and spend more when using them," said Maeve McKenna Duska, chief marketing officer, USA Technologies. "We believe this presents a unique opportunity for retailers to not only offload high-touch tasks, such as key cutting, to kiosks which enable store employees to focus on higher-value tasks, but expand their footprint outside of the store through vending machines and kiosks, increasing opportunities for revenue while simplifying purchasing for consumers."

The survey found that while food and beverage items were named as the most popular products purchased by more than half of the participants in the three-months prior to the survey, the vast majority of participants who expressed interest in buying non-traditional products via vending machines said that they would be interested in purchasing health (82 percent) and beauty (64 percent) items from a vending machine if they were to be offered today.

However, when considering generational data, 61 percent of Millennials and 59 percent of Generation Z would be willing to buy clothing and accessories through vending machines and kiosks according to the findings, with 54 percent of Generation X and 45 percent of Seniors and Baby Boomers also agreeing. Not surprisingly, older Generation X and Baby Boomer participants ranked books and magazines more highly than their counterparts, with 57 percent of Generation X and 58 percent of Seniors and Baby Boomers saying they'd purchase books from a machine, compared to 50 percent of Millennials and 48 percent of Generation Z. A significantly higher 70 percent of Seniors and Baby Boomers would buy magazines, compared to 58 percent of Generation X, 43 percent of Millennials and only 32 percent of Generation Z.

Other significant findings of the survey include:

Speed of Use and Not Talking to Store Employees Driving Unattended Traffic; Using New Technology Important to Generation Z

When considering what made respondents use unattended retail options in the recent past, speed of use was the most popular response across generations with 33 percent of Generation Z, 55 percent of Millennials, 52 percent of Generation X and 42 percent of Seniors and Baby Boomers ranking it a top reason. However, not having to talk to employees ranked highly across all generations but Generation X (27 percent), as 41 percent of Generation Z, 38 percent of Millennials and 35 percent of Seniors and Baby Boomers ranked it as an important factor. Of note, 37 percent of Generation Z ranked enjoying using new technology as important, significantly higher than the 20 percent of Millennials, 17 percent of Generation X and 12 percent of Seniors and Baby Boomers who said the same.

40 percent overall noted that a key reason for unattended use was the lack of other methods for purchase.

Credit Card Most Popular Payment Method Overall; Generation Z Prefers Mobile Payment Options Over Debit, Credit and Cash

Overall, 34 percent of respondents prefer to pay by credit cards compared to 24 percent who prefer debit cards, with mobile payments like PayPal (10 percent), Apple Pay (4 percent) and Google Pay (2 percent) much lower. However, when examining generational preferences, for Generation Z, mobile payment options such as Google Pay (37 percent), Apple Pay (23 percent) rank high compared to cash (21 percent), debit cards (16 percent), and credit cards (4 percent). Millennials were similarly interested in mobile payment options with 64 percent preferring a merchant's mobile app, and 50 percent preferring Apple Pay. Nevertheless, preferences for debit cards (25 percent), credit cards (38 percent) and cash (41 percent) were higher than their younger generational cohort.

Methodology

For the Future of Unattended Retail Study, PYMNTS surveyed 2,325 U.S. consumers about their experiences when shopping via unattended retail channels and their interest in using them going forward.

The sample was census-balanced to provide a representative snapshot of the wider American populace. Among surveyed consumers, 51.56 percent were women and 20.63 percent had obtained at least a bachelor's degree. Respondents averaged 46.94 years of age, and their income distribution also closely matched that of the United States Census: 33.4 percent earned less than \$50,000 in annual income, 30.8 percent earned between \$50,000 and \$100,000 and 35.8 percent earned more than \$100,000. Definitions including age for each generation are listed out below:

- Senior/Baby Boomer: Ages 55 and above
- Generation X: Ages 38-54
- Millennials: Ages between 23-37
- Generation Z: Ages between 18-22

About USA Technologies, Inc.

USA Technologies, Inc. is a cashless payments and software services company that provides end-to-end technology solutions for the self-service retail market. With more than one million connections worldwide, USAT is transforming the unattended retail community by offering one solution for payments processing, logistics, and back-office management solutions. The company's enterprise-wide platform is designed to increase consumer engagement and sales revenue through digital payments, digital advertising and customer loyalty programs, while providing retailers with control and visibility over their operations and their inventory. As a result, customers ranging from vending machine companies, to operators of micro-markets, car charging stations, laundromats, kiosks, amusements and more, can run their businesses more proactively, predictably, and competitively.

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Forward-looking Statements

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: All statements other than statements of historical fact included in this release, including without limitation the business strategy and the plans and objectives of USAT's management for future operations, are forward-looking statements. When used in this release, words such as "anticipate", "believe", "estimate", "expect", "intend", and similar expressions, as they relate to USAT or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of USAT's management, as well as assumptions made by and information currently available to USAT's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, the ability of USAT to predict future market conditions and consumer behavior; the extent to which USAT's joint study with PYMNTS, including its findings relating to the speed of service and availability of new technology, is predictive of future market conditions, customer and consumer behavior; and the possibility that all of the expected benefits from adoption of cashless payment for non-traditional products will not be realized by all vending operators and on all vending machines or within the expected time period. Readers are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement made by us in this release speaks only as of the date of this release. Unless required by law, USAT does not undertake to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

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