

# The Consumer Trust Recession

Delivering value whilst building trust



**DAEMON** 

movements power digital transformation

# Introduction



## Retail's most valuable stock is crashing. It's not Apple, Amazon or Walmart – it's trust.

The industry now faces a paradox. As options multiply and customer experiences rapidly evolve, consumer confidence is on the decline. This erosion of trust, which we call **The Consumer Trust Recession**, is reshaping the entire retail landscape. It's influencing everything from purchasing decisions to brand loyalty, and compounding the challenges the sector has faced for years – from supply chain disruptions to the rise of eco-conscious consumerism.

Now, retailers grapple with one fundamental question: how can they deliver greater value for consumers while rebuilding trust?

Innovations that have disrupted traditional retail models over the past three decades hold the key to rebuilding consumer confidence. From blockchain-enabled transparency to AI-driven personalisation that actually feels authentic, technology offers the tools to bridge the trust gap. The challenge lies not in the technology itself, but in how we yield it to meet evolving needs.

Our latest report delves deep into the heart of the Consumer Trust Recession, examining five critical areas that are reshaping the retail landscape. From checkout preferences to security concerns, we uncover what truly matters most for the modern consumers.

The findings are based on a comprehensive study, conducted in partnership with Opinium. The study, which saw 2,000 UK adults polled in September 2024, provides a robust snapshot of current retail trends and consumer attitudes.

This report builds on each of these findings, shaping them into a roadmap for navigating the Consumer Trust Recession – and emerging stronger. With habits evolving at unprecedented rates, staying ahead isn't just an advantage but a survival necessity.

This report equips you with the knowledge to transform scepticism into loyalty, to turn convenience into a trust-building tool, and to create experiences that resonate with the modern consumer. We work with you to create actionable strategies to rebuild confidence, enhance your offerings, and position your business at the forefront of retail's trust renaissance – then provide the expertise to help deliver it.

The future of retail will be written by those who understand and overcome the trust deficit – this report is your chapter in that story.

**Kyle Hauptfleisch,**  
**Chief Consulting Officer**  
**13th November 2024**



# Checkouts: the human touch in a digital world



**The checkout process is going through a transformation, driven by technological advancements and changing consumer preferences.**

While traditional checkouts remain popular, particularly among older generations, there's a clear trend towards more diverse and innovative checkout options. It's little surprise that global installations of self-checkouts surged, with 217,000 new terminals deployed last year.

Our research reveals that 60% of Brits still opt for a traditional checkout with a cashier when shopping in-store. However, this preference varies significantly across generations. 71% of Baby Boomers (born 1946–1954) prefer traditional checkouts, while only 46% of Gen Z (born 1997–2012) share this preference.

This generational divide presents both a challenge and an opportunity for retailers. Our findings highlight that the future of retail isn't about human or machine – it's about finding the right balance to cater to all customer preferences.

While younger generations are more receptive to self-service options, they're not abandoning human interaction altogether. In fact, 56% of Gen Z favour service-assisted checkouts. This underscores the importance of a hybrid approach that combines the efficiency of technology with the warmth of human interaction.

As such, the figures represent significant opportunities for growth and education. As consumers become more familiar with these technologies, adoption rates are likely to increase. The key for retailers is therefore to invest in a range of checkout options while educating customers about new technologies. This approach ensures that no customer is left behind – making the benefits of innovation accessible to all.

## Traditional checkout preferences across generations

Baby boomers

79%

Gen Z

46%

Millennial preference

59%

Emerging technologies are gaining traction with consumers over traditional checkouts:

**26%** preferred **Scan and Go**

**14%** chose **Click and Collect**

**5%** opted for **Just Walk Out**



*As technology widens the aperture of possibilities, the demand for personal experiences is increasing. The checkout experience is an important—and often sensitive—interface between the retailer and its customer. This is a vital area to provide the personal experience that is necessary to cater to that increasing demand. Forcing technology upon customers is not the answer; rather, a focus on hybrid approaches with technology that enables flexibility, allows retailers to surge where they need to.”*

**Kyle Hauptfleisch, Chief Consulting Officer**

# Grocery shopping: the pandemic pivot



**The COVID-19 pandemic catalysed rapid changes in shopping habits. Retailers were forced to accelerate their digital transformation programmes, installing everything from improved online checkouts to better inventory management systems.**

While the initial surge in online grocery shopping has subsided, the landscape remains ripe with opportunities for innovation and growth.

During the height of the pandemic (March 2020 – Summer 2021), online grocery shopping reached unprecedented levels, with 17% of consumers shopping exclusively online. External research shows that over one in ten (11%) of these consumers were making online purchases for the first time.

Today, we've seen a shift back towards pre-pandemic habits online with just 5% shopping exclusively online. This compares to 36% now shopping only in-store, slightly above pre-pandemic levels. However, this doesn't signify a failure of online grocery services, but rather an opportunity to refine and improve the online shopping experience.

A significant portion of consumers have adopted a hybrid approach, combining online and in-store shopping. It's this hybrid trend which presents a unique opportunity for retailers to create seamless omnichannel experiences that cater to evolving consumer preferences.

Consumer decisions are primarily driven by three factors: price (59%), convenience (56%) and product availability (53%). In order to capitalise on these priorities and increase engagement with online shopping, consumers have expressed clear preferences:

- 40%** want lower delivery fees
- 34%** are looking for better deals online
- 28%** want the minimum spend requirement removed

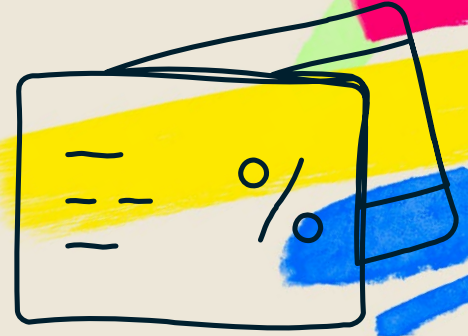
These insights provide a roadmap for online grocery services to enhance their offerings and attract more customers. While the majority of consumers (53%) currently purchase goods online less than once a week, there is an opportunity for growth. By addressing consumer concerns and preferences, retailers can increase the frequency of online shopping and basket sizes.



*The future of grocery retail lies in the blending of online and in-store experiences. The pandemic revealed the potential for online and the return to norm, the desire for in-store shopping. By leveraging data to better personalise online shopping and then integrating with the in-store experience, retailers can create a seamless, adaptive shopping experience that responds to consumer needs in real-time."*

Kyle Hauptfleisch, Chief Consulting Officer

# Loyalty cards and discounts: the trust paradox



**Loyalty programmes remain a cornerstone of customer retention strategies, with our research revealing both their enduring appeal and untapped potential across various retail sectors.**

Discounts continue to be a primary driver of loyalty across all generations. 61% of Gen Z, 67% of Millennials and 65% of Baby Boomers cite special discounts and offers as the top reason for continuing to shop with a particular retailer.

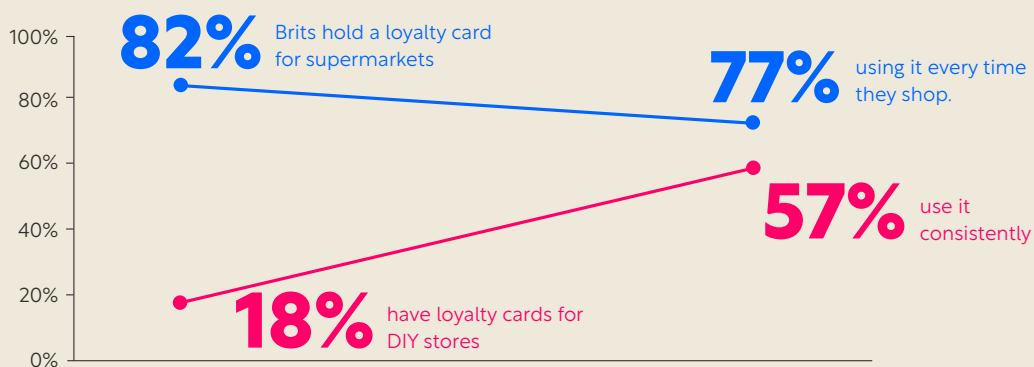
This consistent appeal of discounts presents an opportunity for retailers to refine their loyalty programmes, ensuring they deliver genuine value while building trust. While over a fifth (21%) of consumers say having a loyalty card makes them more likely to shop with a retailer, there's room for improvement in communicating the value these programs offer.

At present, 82% of Brits hold a loyalty card for supermarkets, with 77% using it every time they shop. Outside of supermarkets, our research uncovered significant potential in other sectors. 18% have loyalty cards for DIY stores, for instance, but 57% use it consistently.

To boost use of loyalty programmes, its important merchants understand the drivers towards getting sign ups and parameters of what consumers are willing to exchange for benefits. The most popular exchange was found to be email address for discounts, with over half (58%) of consumers willing to give up their email address to get 25% off their next basket. However, consumers are least likely to give up their social media profiles to obtain discounts, with just 9% granting their personal information.

This data presents an opportunity for retailers to create more targeted, value-driven loyalty programmes that respect consumer privacy preferences.

## Loyalty card adoption vs. usage rates by sector



*In a world where anything is possible, relevance becomes paramount. Our research shows that consumers across generations value discounts, but there is a genuine desire for authentic, personalised benefits. But, given the ever-increasing awareness of the risk involved in giving up personal data, transparency becomes a paramount strategy for building the trust that creates true brand loyalty."*

Kyle Hauptfleisch, Chief Consulting Officer

# Security: the new retail battleground

**In an increasingly digital retail landscape, security has emerged as a critical factor shaping consumer trust and behaviour.**

It's no longer an IT issue, and instead a core component of customer experience, presenting both challenges and opportunities for retailers.

Our research reveals a complex web of concerns that are influencing how consumers interact with retailers both online and in-store.

These challenges vary significantly by demographic. 25% of Gen Z have faced identity theft, compared to only 9% of Millennials and Baby Boomers. Conversely, more Baby Boomers have been targeted by phishing scams (57%), versus 36% of Millennials and 31% of Gen Z.

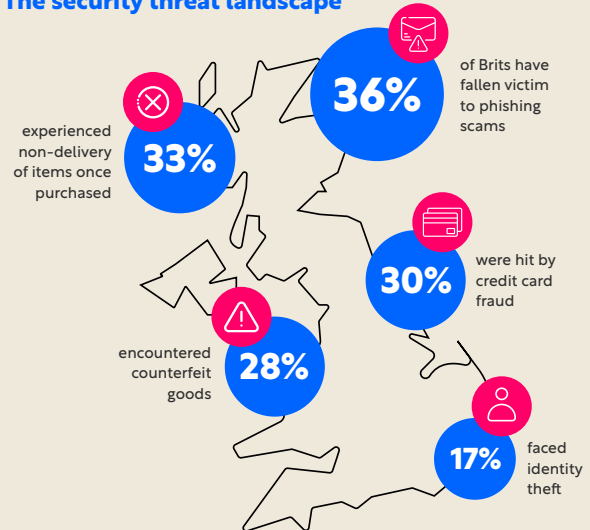
While 42% of consumers reported having significantly less confidence in a retailer after experiencing a security problem, this presents an opportunity for retailers to differentiate themselves through robust security measures.

Consumers have clear preferences for rebuilding trust. 45% want quick and accessible customer support for security concerns, 30% look for a strong display of security certifications and badges from trusted third-party providers. While just under one in four (24%) would welcome the use of AI to detect and mitigate fraud.

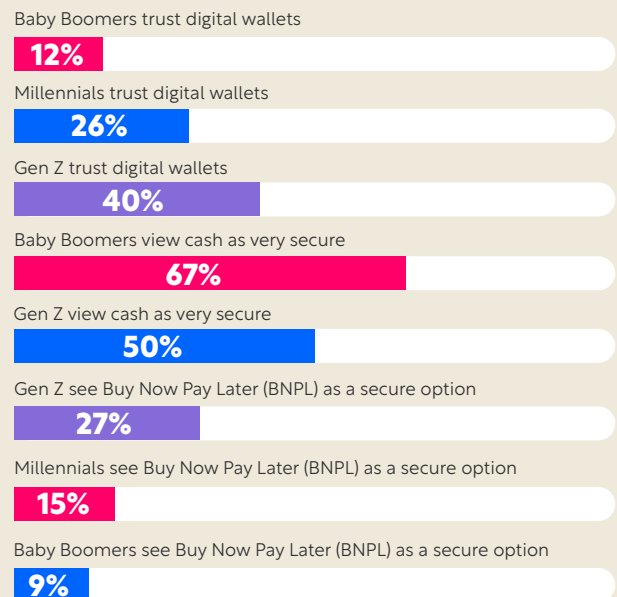
Payment security perceptions also vary. 57% consider cash the most secure payment method, 44% trust credit and debit cards, while 38% have confidence in PayPal.

Physical security has also emerged as a concern. 38% want to see an increased presence of security guards (rising to 43% among Baby Boomers), while 35% call for more CCTV cameras. Worryingly, 19% said no additional measures would make them feel safer when shopping in-store.

## The security threat landscape



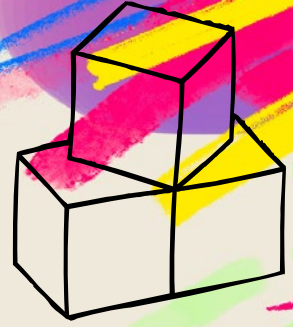
## The generational divide in trust



*While security itself has always been important, retailers now have the opportunity to leverage communicating their security enhancements as a competitive advantage. Consumers are increasingly aware of risk and that sophistication, when combined with the ubiquitous access to security events across the world, amplifies fear. Reassurance comes from personal updates on how retailers are protecting their customers.”*

Kyle Hauptfleisch, Chief Consulting Officer

# Customer experience: the ultimate trust builder



**Customer experience is a critical factor when it comes to building and maintaining trust. In an era where products are easily replicated and prices are quickly matched, the experience retailers provide is often a key asset setting them apart in a crowded marketplace.**

Our study reveals key insights into what consumers value most in their interactions with retailers, from initial contact to post-purchase support.

According to Brits, the key frustrations of online customer service are long response times (57%), difficulties in resolving issues or complaints (42%) or unfriendly or unhelpful staff (29%).

Different generations showed distinct preferences for customer service channels. 55% of Baby Boomers prefer customer service via phone, despite less than a third (31%) usually being satisfied with the resolution they receive through this channel. Comparatively, 44% of Millennials and 43% of Gen Z prefer using email for customer service. Across all generations, social media ranks as the least favoured customer service method.

The effectiveness of AI in customer service presents both a challenge and an opportunity. 23% report they are never satisfied with the answers provided by online chatbots. However, with many LLM powered chatbots soon to launch at scale from large retailers, this figure is expected to rise as AI-driven customer service continues to improve over coming years.

The impact of exceptional customer experience is clear: 28% say that an outstanding customer experience would make them more likely to continue shopping with a retailer.

## Top customer service frustrations

Long response times

57%

Difficulties in resolving issues or complaints

42%

Unfriendly or unhelpful staff

29%



*The reason consumers value efficient, helpful, and personalised service — across all touch points — is the reassurance that the retailer cares about them. The challenge is balancing quick resolution with the ‘human touch’ and then adapting that to the differing desires across generations. AI can assist, especially with recent improvements, but it can also be leveraged to preempt issues in the first place. Prevention is better than cure — that’s the real opportunity.”*

Kyle Hauptfleisch, Chief Consulting Officer



# Conclusion

## The Consumer Trust Recession is reshaping the retail landscape, demanding a fundamental rethink of how businesses interact with their customers.

Our study reveals a complex picture where consumer preferences are evolving rapidly, often diverging along generational lines. From checkout preferences to security concerns, loyalty programmes to customer service expectations, the message is clear: trust is the new currency in retail.

Striking a delicate balance between technological innovation and the human touch is a vital step in the new reality. Seamlessly blending both is what will resonate with diverse customer needs.

Those who succeed in rebuilding consumer confidence will not just weather the Consumer Trust Recession — they'll emerge as leaders in retail's renaissance.

### Why Daemon?

- We're people first. But this isn't just caring for our employees or our clients, it's understanding that technology fails or thrives at the hand of the people delivering it. When last did a technology project fail because of technology?
- We enable and enhance your technology capability while delivering. We integrate best-in-class practices gleaned from experience across multiple organisations across many industries. We leave your business in a better place than we found it.
- We focus on the work that matters. Whether that is simple with an unmovable deadline, or critical and complex, we have the people, experience, and capability to deliver the work that matters to your business. Every time.

### Methodology

Daemon commissioned market research and insight agency Opinium to conduct a quantitative survey which this report is based on. Opinium surveyed 2,000 UK residents weighted to be nationally representative. The survey was conducted in the United Kingdom from the 10th September – 13th September.

### About Daemon

Daemon is a people-first digital transformation consultancy, offering best in class technologists to not only help deliver the work that matters but to ensure that organisations are better equipped to manage technology (and change) going forward. From delivering Digital Engineering, to Cloud, to Data and AI/ML, Daemon is a partner that feels different. Its customers include Sainsbury's, Superdry and the London Metal Exchange, who have seen proven results through Daemon energising their digital transformation journey.

Get in touch to power the change you need

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### About Opinium

OPINIUM is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people think, feel and do. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.