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Should You Be Selling Kiosks?

Kiosks are popping up everywhere, from quick service to specialty retail. Are you taking advantage of the self-service trend?

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Not too long ago, old-school POS (point of sale) VARs could make a decent living selling and servicing electronic cash registers. Then the PC changed everything. The arrival of the PC-based POS station marked the start of a revolution that has led to the demise of the common POS cash register dealer. And the revolution continues. The proliferation of peripherals and software programs designed to automate nearly every business process, coupled with the declining price of and increased demand for POS technology, has dealt crippling blows to the not-so-technology-savvy POS salesman.

The most recent trend to come along and sink lagging POS VARs and integrators is self-service. There isn't a POS vertical that isn't ripe for self-service kiosk solutions and the improved customer service and increased sales they offer. Even those with seemingly solid PC-based POS systems are feeling the pressure from the top of the channel, where self-checkout and kiosks are quickly sprouting up on the floors of big-box mass merchandisers and grocery stores. Trickle-down is already in effect, with self-service kiosks frequently popping up in convenience stores and quick service restaurants. KioskCom and Summit Research Associates report that the dollar value of in-store kiosk sales is 1.5 times more per transaction than sales through traditional POS stations. Additionally, of the 79% of consumers who have used kiosks, 57% said the kiosk improved customer service. With this kind of end user acceptance, isn't it time you evaluated your plans to offer a kiosk solution?

You'd probably be surprised at how easy it would be to add a retail kiosk to your repertoire. You've already got the pieces of the puzzle. Given the right partner and the right approach, you're only an enclosure away from making your first kiosk sale.

You're Already Selling Kiosk Components

Douglas Pearlson, CEO of kiosk solutions provider Pearlson Development Corporation (Miami), sees kiosks as a perfect addition to the POS integrator's portfolio. Pearlson says the POS

integrator already provides the key devices that are required for a successful self-service kiosk implementation. A kiosk simply integrates the PC, customer display, printer, and even bill and coin accepters, in an engaging package suitable for unattended public use. "If you're selling POS into retail, you're already providing an assisted "kiosk" solution. It still requires a salesperson, so it's a point of sale solution as opposed to a point of purchase self-service station," says Pearlson.

Many POS software vendors offer kiosk software for CRM (customer relationship management) applications that offer product information, coupons, and loyalty program benefits, for instance. Also popular with retailers and readily available to VARs are gift registry kiosk applications. If your software provider is an exception, CAM Commerce Solutions (Fountain Valley, CA), Kyrus Corporation (Taylors, SC), and Netkey Inc. (Branford, CT) are three software providers noted for their kiosk and self-service programs. Just remember that the application software is the artificial intelligence that transforms a kiosk from a bundle of components into a customer service provider. Therefore, software selection should be made with the kiosk user's ability and experience in mind. "The customer needs to be able to intuitively use the kiosk without special training," says Pearlson. Therefore, a good place to start with retail kiosks is a single function application such as a gift registry, customer loyalty station, or product information/coupon station.

Single Function Kiosks Find Success

"You want the kiosk to focus on as few distinct functions as possible, and do them extremely well," says Pearlson. The adoption of ticketing kiosks by the major airlines is proof that single function machines that don't embroil and slow down a user are successful. Airport self-ticketing kiosks ask standard questions, gather standard data, validate the user, and print out a boarding pass. They are singular in function but very efficient at gathering data and delivering service. Pearlson says VARs should use that same mindset in a store. In a garden center, for instance, a customer might be looking for directions on how to fertilize a specific type of plant. A kiosk in the garden center can be programmed with an application that offers expert advice. The kiosk offers suggestions and tells the consumer where to find the items, then the customer picks them off the shelf and packs them off to the checkout station. Corporate sponsorship, by the way, is a great way to help underwrite the start-up costs of delivering kiosk solutions (the kiosk that offers plant care advice, for instance, could be sponsored by a fertilizer company or nursery).

Pick A Partner, Saturate A Vertical

One thing Pearlson advises against is a hit-and-miss approach to selling kiosks. "In a small pilot project, the software is a huge percentage of the startup cost. It's a proof of concept environment," says Pearlson. "But to prove the concept, the software and back end infrastructure must be substantially complete." In a larger project, he says, the VAR's software, support, and hardware costs are all equally weighted. "Depending on the software investment, you may have to sell five, ten, twenty or a hundred units to break even." If you're fortunate enough to land a chain- or industry-wide rollout, the software cost becomes a very small percentage of cost and the hardware, maintenance and service become your biggest expenditures. "If the software solution is complex, there has to be a fairly significant rollout to justify the initial cost. If the software solution either exists off the shelf or is simple, you don't need very many kiosks to make it profitable," says Pearlson.

Therefore, VARs looking to break into kiosk sales should take a partnership approach. A significant amount of due diligence should be undertaken before a kiosk solution is offered to a

client, the focus of said due diligence being identification of a kiosk enclosure partner and specialty software provider. "I would not suggest that a company already in POS is going to be very successful climbing the learning curve alone to get into the kiosk business," says Pearlson. Instead, he says partnering with an established firm that already has retail kiosk expertise and who can help customize a solution for a particular POS vertical, perhaps even private labeling a solution for them, is a VAR's best bet. "A kiosk project can be the tip of the iceberg. If a VAR doesn't see the level of ongoing involvement and support required, the rest is lurking to sink the application. Or, a kiosk can be the horn of plenty." By this, Pearlson means when a kiosk is installed to take care of a specific need, it becomes a resource that creates ongoing opportunities for upgrades. "The kiosk is a long-term asset for the store and a long-term revenue opportunity for the integrator," he says. "A VAR should not look at the kiosk as something to be replaced periodically. He should look at it as something to be upgraded and modified periodically." As a matter of fact, Pearlson says upgrades he's made to kiosks recently include a move from laser to thermal printers, adding keyboards and trackballs to touch screen interfaces, and vice versa. While touch screens are the most popular user interface, in some cases a keyboard and a trackball make sense. Applications that include Internet access (and many do) require a keyboard and a track ball to effectively navigate the small on-screen buttons, for instance. "You can't just put an Internet site on a kiosk. That will fail," Pearlson says. "You have to engineer the user interface on each page specifically for a kiosk environment. Large buttons, clear and consistent navigation controls, and fewer choices on each page are some of the critical items."

Avoid Out Of Order Signs With Kiosk-Worthy Peripherals

When it comes to kiosks, an out of order sign is the equivalent of a no trespassing sign - a potential user couldn't be faced with anything less welcoming. The probability of breakdowns has been the biggest end user objection retail kiosk integrators have faced. Fortunately, this problem is going away as hardware built specifically for unattended use has become more reliable and kiosk integration better engineered.

Still, it's up to the integrator to ensure customer satisfaction by taking kiosk component selection seriously. "Failed installs poison the waters for future opportunities," says Douglas Pearlson, CEO of kiosk solution provider Pearlson Development Corporation (Miami). One way to make sure your kiosks aren't driving end users away from your customer's store is to make certain the components you use are up to the job. Kiosk malfunctions often occur at the receipt or form printing stage, and building a kiosk with an inadequate printer is one sure way to invite disaster.

Fortunately, several printer manufacturers have jumped into the kiosk market with refined mechanisms designed exclusively for unattended applications. Pearlson often builds Telpar's (Lewisville, TX) Stealth MTP 2283 modular thermal printer into his kiosk designs. The printer lends itself to kiosk applications that require wide output (8.5 inches), high resolution (300 dpi [dots per inch]), and speed (1.5 inches per second). Because retail kiosk printers are often called on to print graphics-intensive Web pages and bridal registries, for instance, these features are imperative.

Perhaps most attractive to the integrator are the printer's maintenance features. Performance can be monitored remotely via sensors that gauge paper load, print head status, and cutter jams. The printer accepts 8.5" x 11" paper rolls that produce up to 1,100 sheets each.

With the proliferation of application-specific hardware on the market, there's no excuse for using components in a kiosk that are sub-par for public use. "It's easy to match up well-engineered solutions and make them work together," says Pearlson, who recently upgraded several of his customers' kiosks from laser to thermal printers. He says the upgrades have significantly reduced his amount of maintenance and servicing costs of the kiosks. At the Florida International University (Miami) student information kiosks he installed, for example, Pearlson says one roll of paper in the Telpar printer often does not need to be refilled through an entire registration cycle.

Have You Considered Time & Attendance?

Kiosk opportunities are everywhere, and a POS VAR who adds kiosks to his product portfolio just might end up looking at verticals beyond retail in which to play. In the corporate HR (human resources) arena, for instance, kiosk solution providers are seeing plenty of growth. Increasingly, employees are interacting with kiosks in corporate environments to get benefits information, gain physical access to restricted locations, and clock in and out of work.

HR is perhaps the most fertile ground for the growth of kiosk applications in corporate America today. Some time and attendance terminals have evolved from the time clock of yesteryear into kiosks that not only "punch" employees in and out, but offer access control and HR administration information as well.

One such terminal is the SY-2000 Vision from Synel Industries (Mississauga, Ontario). The terminal is built around a 6 to 10 inch VGA touch display powered by Microsoft Windows CE. It includes a TCP/IP (an open computer communications language) connection, allowing Internet connectivity for data collection and transmission. The all-in-one time and attendance terminal also features a keyboard for navigation of Intranet and Web pages (for accessing benefits information), bar code and magnetic stripe readers for identification purposes, and fingerprint recognition for security and access control.

"Very rarely do we send a partially completed kiosk solution to the customer's site and then dispatch a technician to field-install and set up additional technology," says Douglas Pearlson, CEO of Pearlson Development Corporation (Miami). "You really want to minimize your time at the client's site."

VARs studying kiosk opportunities have numerous software vendors to choose from, several of whom offer pre-packaged solutions. The availability of hardware and software partners ready to assist your launch into self-service kiosks, regardless of the vertical market you choose, eliminates at least one barrier to market penetration.

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