

Four Benefits for Retailers and Customers from Self-Service Kiosks

Deployment of the technology yields benefits on both sides of the counter.

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According to a recent study by the IHL Group, transactions at self-service kiosks will surpass \$607 billion this year in North America and almost triple by 2012, to more than \$1.7 trillion. Obviously, the growth of self-service shows no sign of slowing down. What may need to speed up, however, is the pace with which retailers employ the technology not only to their benefit, but to the customers' benefit as well.

By incorporating self-service opportunities for customers, such as wayfinding kiosks or self-checkout lanes, retailers can create an experience that generates not just loyal customers for brick-and-mortar stores, but raving fans: customers who represent repeat business and positive word-of-mouth to other potential customers. "It's a shopping experience that makes people excited about shopping again," says Marty Paris, vice president for business development for Houston-based Lo-K Systems Inc.

This white paper discusses four benefits of deploying in-store self-service kiosks: empowering customers, creating opportunities to upsell, increasing time for staff to provide personal service, and simplifying the supply chain.



Retailers can create loyal customers by incorporating self-service kiosks into the shopping experience.

Kiosks empower customers

Shoppers enjoy self-service because it is empowering. With wayfinding kiosks, they can locate items in a store quickly, create

and print shopping lists and maps of the store that include the products they seek, while learning about discounts and sales — all without having to find a sales associate, wait for help, or take time to explain their needs to the associate.

Kiosks save time for the customer. She does not have to locate or wait for a sales associate to provide guidance. She can instead go straight to the correct aisle for the items she seeks. If self-service purchasing kiosks are available, she does not have to wait in line to check out nor will she have to wait for an associate to tally her purchases, give her change or a receipt, or bag up items. Time saved means more time to browse — once the customer has the items on the list, she can take a moment to look around the store further, increasing potential for impulse buys.

Besides wayfinding, kiosks may feature the option to order directly from a vendor. These virtual aisles allow customers to purchase items they need, even if the item is not physically in the store. This is not, Paris stresses, the same as ordering online. “Wayfinding kiosks can help customers find items in and out of the store,” he says, “keeping the transaction in the store.”

A store may not stock items due to space, season, or budget constraints, but a vendor may take advantage of the store’s virtual aisles to offer more stock to customers in store. For example, a customer wishing to purchase a drill may search via the kiosk for drills. The kiosk can show the customer a larger range of drills — both those stocked in the store and those from a vendor’s warehouse. The customer can choose anything from an inexpensive plastic model to a higher-end stainless steel

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— Marty Paris, vice president of business development for Lo-K Systems

professional contractor’s drill. Items are delivered directly to the store if they are not in stock, via the vendor’s shipping program with the store, which means no shipping costs for the customer. The transaction stays in the store and gives the customer another reason to come back in a day or so to collect the purchase and possibly make more purchases.

Opportunities for upsell are created

When a customer uses an in-store kiosk to locate and map the items she is shopping for, or perhaps to check a price, kiosks can make upsell offers. For example, a customer may use the kiosk to locate paint and possibly check the price on a gallon of eggshell interior latex. The kiosk may recommend spare paint rollers, a drop cloth, and cleaning solvent. Perhaps there is a sale running for some of these items, the kiosk also can alert the shopper.

Often, people react negatively to upsell pitches made by staff because they don’t like the feeling they are being sold to or that the clerk is trying to get them to spend more money. When customers interact with a kiosk, they understand that a kiosk is a machine programmed to perform certain tasks like making suggestions on purchases to compliment their shopping lists. Customers may feel the interaction is less awkward while engaging with a kiosk.

Large on-line retailers, such as Amazon, have proven this model effectively, brick-and-mortar stores may consider similar upselling approaches. Offering a wayfinding or price check kiosk enhances a customer's experience and allows the store to meet the customer's service needs.

A kiosk can be programmed to upsell and remind customers about sales. By offering discounts and rewards programs for self-service users, kiosks can also prompt immediate purchase. Kiosks can help customers not only find what they know they need to purchase, but also to encourage additional items they didn't know they needed.

Staff has more time for personal service

Kiosks grant associates the opportunity to help customers with more advanced needs which builds a personal relationship between store and customer. "Reallocating resources in the store allows for revenue generation. Associates are free to perform relationship-building activities



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with customers," Paris says. More available time allows associates to educate shoppers on products and services, perform demonstrations, or assist customers with more advanced kiosk offerings such as how-to videos and tutorials.

Simplifying the supply chain

Virtual aisles take some links out of the supply chain. Stores can keep less product in-store yet offer a wider selection with the presence of virtual aisles, which benefits the customer as detailed above, as well as allowing vendors to recapture missed sales opportunities.

"Vendors love this," Paris says, "because they are only allowed so much shelf space in-store. This allows them to sell higher end products or items that would be difficult to keep in stock, like heavy-duty lawn mowers or small specialty parts for chainsaws." Virtual aisles allow vendors to sell different kinds of products without having to rely on the available space to dictate what they offer.

Kiosks that do their jobs well — that is, creating an excellent customer experience — give customers a reason to come back to the store and to pass along the story of their positive experience to other shoppers.

About the sponsor: Lo-K Systems Inc., based in Houston, TX, is a premier developer of self-service technology for the retail industry. From resource locating, path-finding, and content deployment to consumer data-mining, we offer cutting edge end-to-end enterprise solutions for any retail self-service kiosk needs. For more information, visit www.lo-k-systems.com.