

Kiosks 411

Experts discuss the good, the bad and the ugly of the kiosk industry

By Samantha Murphy

They come in all shapes and sizes, and provide a gamut of services from bridal registries to DVD rentals. However, unless retailers target the right mix of applications, they run the risk of remaining undiscovered by shoppers.

In simplest terms, kiosks are interactive, electronic stand-alone units programmed to enable users to “serve themselves.” Based on their comfort with the ATM (often called the original kiosk) as part of their daily routine, many consumers will now seek out units that provide e-ticketing at airports and train stations, vending in stores and sporting arenas, even checkout services at retailer front ends.

While these self-service units can support a multitude of applications, the most successful applications are those that replace waiting in a time-consuming line. For example, kiosks placed in the deli department of a supermarket are most effective because customers are used to taking a number and waiting in line. These shoppers may be more inclined to participate, said Glenn Hausfater, managing director of Chicago-based Partners in Loyalty Marketing.

“You want to essentially grab your cereal and get out,” he said.

“If you’re asking a shopper to do a new behavior, they may try it once, but it’s going to be hard to do it a different time,” he added. “But if a kiosk helps me do something I do already, and it saves me time and energy, there’s a good chance I’ll use it again.”

Frances Mendelsohn, president of

kiosk research group Summit Research Associates Inc., said customers are willing to experiment with kiosk technology, thanks to their comfort with the Internet.

“Since the majority of U.S. households have computers, we’re no longer afraid of technology,” Mendelsohn said. “Now that everyone is using the Internet, however, we don’t have patience anymore.



Customers at Giant Super Food Store can access thousands of recipes in-store by using kiosks.

We want things fast. So if kiosks deliver speed as well as value, people won’t hesitate to use them.”

Acting on this theory, Giant Food Stores, LLC, Carlisle, Pa., (a U.S. division of Netherlands-based Royal Ahold) is leveraging self-service technology. The

chain’s 91,200-sq.-ft. Giant Super Food Store in Camp Hill, Pa., is home to a cooking-school facility and high-tech features, including more than a dozen kiosks in its store.

Besides adding two ordering kiosks in its deli department, the Camp Hill store features self-checkout and stand-alone kiosks, according to Giant Food Stores’ president and CEO Tony Schiano.

Giant is also providing a stand-alone unit that provides individual scanning devices, with hardware provided by Frank Mayer & Associates. Shoppers use these individual units to pick products from the shelf and scan prices. They then pay for orders through a dedicated lane. Additional components are provided by Agilysys and St. Clair Interactive Communications.

Stand-alone kiosks are programmed for different applications, including a product locator (developed by Treo Systems), health content (from Healthnotes Inc.) and recipes (from ShoptoCook Inc.).

Although product locators are sure to be a vital wave of the future, Mendelsohn believes that recipe kiosks are adding more color to the supermarket floor.

The ShoptoCook kiosk, for example, provides thousands of recipes in-store.

“What’s cool about ShoptoCook is that if you scan a package of ground beef at a store like Bloom [a division of Food Lion], easily prepared recipes using that ingredient will pop up,” she said.

And supermarkets aren’t the only segments relying on self service. Subway is getting in on the action by adding self-

branded kiosks at stadiums, car-rental offices and movie theaters.

"There are only so many times a human can say 'Do you want fries with that?,'" said Mendelsohn. "But a computer can keep on asking questions about combos or specials, and they have found that the number who have taken them up on these offers is quite high."

Fast-food giant McDonald's is also using kiosks to encourage customers to add DVDs to their on-the-go dinner orders. McDonald's restaurants in select U.S. markets are now featuring kiosks from Oakbrook Terrace, Ill.-based Redbox, a leading renter of DVDs through automated kiosks.

Each fully automated Redbox DVD rental kiosk holds more than 500 DVDs. This library represents more than 70 of the newest movie releases, with new titles available every Tuesday. Consumers 18 years of age or older can use a touchscreen to select their favorite movies, swipe a valid credit or debit card and go.

"It's all about instant gratification," Mendelsohn said. "The movie selections don't compare to Netflix or Blockbuster, but this is only \$1. And if you're near somewhere that has a kiosk like this, why not?"

Redbox kiosks are already featured in more than 800 McDonald's restaurants in six markets.

Supermarket and convenience store retailer Giant Eagle is also using the Redbox units across its Pittsburgh-area GetGo locations. A four-month test began at five area GetGo convenience stores in December 2006.

"We are very pleased to test DVD-rental kiosks and make such a convenient service available to our customers," Giant Eagle VP of fuel and convenience store operations, Dan Pastor, said in a statement. "The quick, self-service transactions and \$1 per

night price make a perfect fit for our customers' on-the-go lifestyles."

Rose-Colored Kiosks

Not everyone is convinced about the potential of running all types of applications through kiosks, however.

"Kiosks are continually ineffective when they try to get consumers to do new behaviors," said Hausfater.

For example, he is not convinced that

people will go to the supermarket "looking for recipes," he said, adding that he is dubious about the productivity and user-rates of kiosks that deliver coupons.

"People carry frequent-shopper discount cards so they can avoid clipping coupons," he said. "So if you have the card, why go to a coupon kiosk?"

Although Mendelsohn supports the concept of recipe kiosks, she urges retailers to keep their return on investment in mind.

"The danger or the risk in this is how you measure the ROI," she said.

"Sure, it differentiates a retailer from competition, but this is not cheap. Some stores like Kroger are doing a pilot with kiosks to see how it drives traffic," she said. "But the bottom line is how they pay for themselves."

Additionally, some industry experts question their impact on employees. Although kiosks may replace labor in some cases, kiosks can complement a work force.

"Managers have to step in and explain that kiosks can actually help them do their job better," she said. "By encouraging customers to use them, workers can focus more on what they are paid to do, rather than stopping what they're doing to baby-sit shoppers."

Mendelsohn said some units will eventually become defunct with the increase of

technology advancements, such as ticket-selling kiosks in movie theaters. Despite the attention DVD-rental kiosks are getting in the industry lately, Mendelsohn thinks these may also become extinct over time.

"Eventually, we're going to get our movies downloaded electronically. And like CDs, DVDs will become relics," she said. "DVD-rental kiosks may not have a long life, but you might as well make hay while the sun shines."

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