

The Five Promises of Self-Service

**THE REVOLUTION HAS BEGUN.
HERE'S HOW YOU WILL COME
OUT ON TOP.**

In the 1970s, Americans were forced to rethink many of their habits. Energy prices were a major worry, and as prices at the gas pump swelled, consumers and station operators alike felt the squeeze. As margins decreased, oil companies looked for ways to keep their outlets profitable. Where could costs be cut?

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Enter the self-serve gasoline pump. The white-uniformed, smiling “gas jockeys” of motoring lore were replaced with shiny do-it-yourself fueling islands. The first time a harried driver had to poke around his car to find its gas cap was a defining moment, the night-piercing ray of light from the dawn of a new paradigm: People would become empowered to take much of the consumer experience into their own hands. Soon, the dawn grew brighter with the advent of the ATM, enabling bank customers to get their cash without fretting over fussy branch hours. Self-service was well on its way, and the public saw that it was good.

It is interesting to imagine what a shopper from the 1920s might think if they were given a glimpse of today's grocery store, where shoppers use touch-screen kiosks to get product information and print coupons, scan items themselves at a self-checkout lane, then swipe a card to pay for the goods. Somewhere between wonder and shock, John Q. Shopper might ask where all of the assistants and helpers have gone, and why he is being asked to do so much.



Give him time, and it will dawn on him: Yes, things are different now, but they are unquestionably better. He is in near-total control of the shopping experience, and better educated than ever before on his options—all with less work on his part. Technology might be slow to win its converts, but it keeps them forever.

But here's the kicker: As great as self-service technology is to the user, it holds even greater benefits for the business that implements it.

SHINING THE SPOTLIGHT ON SELF-SERVICE

This emerging technology – more accurately, this set of technologies – is a world unto itself, and is a rich and robust one that deserves its own journalism.

Only recently have leading business minds begun to see self-service applications as the relatives of one another that they truly are. Not too long ago, few people would have made a mental connection between a gasoline pump and an ATM – after all, one of them dispenses gas, one dispenses money. But increasingly, we are beginning to see the thread running through all of the instances in which customers handle business transactions on their own terms:

- The young couple that uses a barcode scanner to build their wedding registry in a department store.
- The trucker who swipes a loyalty card at the gas pump to get a discounted per-gallon rate, and perhaps a free shower or meal.
- The hurried business traveler who punches his order into a quick-serve restaurant ordering kiosk, only to check in at the airline's touch-screen terminal moments later, food in hand.
- The slot machine enthusiast who prints a ticket detailing her comp points, then uses them to pay for a meal at the end of her gaming day.
- The high-school student who sits at an employment kiosk to try to get his first part-time job.
- The entrepreneur who checks her e-mail from a public Internet access terminal.
- The furniture shopper who uses a kiosk to customize her new couch, pay for it and arrange delivery to her home.

In each case, a company is making it possible for customers to do what they want to do, when they want to do it. Psychology teaches us that if you make it easy for someone to do something, he is likely to do it more often.

With a bit of history behind us, it is time to focus on specifics. Anecdotes offer only a limited view of what lies ahead, and how you can use it to your advantage.

Here, then, are the five promises of self-service, the primary benefits that a well-designed, properly deployed self-service strategy can bring to your business. We think you'll agree that each on its own is powerful and attractive. But together, they are a force to be reckoned with ... a force you definitely want on your side.

PROMISE 1: SELF-SERVICE WILL MAKE YOUR CUSTOMERS HAPPY

The simplest of facts can be the easiest to overlook. And it doesn't get much simpler, or more useful, than this: Happy customers spend money, unhappy customers do not.

Your job, then, is to ensure that your customers are happy – specifically, that they are

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happy to be doing business with you. This is more difficult in some industries than others. Quick-serve restaurants historically have a hard time keeping customers as happy as they would like, chiefly because of the difficulty of retaining consistently friendly and professional staff at the front counter. Boutique and high-end retail establishments typically struggle less with this because they can pay more for workers.

But in both cases, self-service can make things even better for customers, by meeting the needs they never thought to express to you.

“Time-starved consumers today want a satisfying and friction-free interaction with business,” said V. Miller Newton, chief executive officer of Branford, Conn.-based self-service software developer Netkey. “In many cases, that means finding the product they need quickly, purchasing that product, and moving on to the next errand they have to do. Self-service can help retailers, banks and other businesses by enabling and streamlining that process and improving the customer experience.”

Whether they realize it, customers are already accustomed to helping themselves when it comes to purchasing decisions. For almost as long as there have been major department stores, those stores have offered a catalog department, usually one wall stocked with specialty and general-purpose catalogs where browsers could help themselves to product information. Today’s technological approach to self-service works within this paradigm, but makes things much easier for the customer.

“Catalogs are cumbersome and difficult to navigate through,” said Tom Weaver, vice president of sales and marketing for Louisville, Colo.-based Kiosk Information Systems. “But a kiosk with a well-written application can make it much easier for customers to find what they want.”

Self-service technology provides a second benefit when it comes to customer happiness: People feel a thrill of satisfaction when they discover and use a new kiosk, or scan and pay for their own products for the first time. If a shopping experience is a good one, and the customer feels that he was at least in part responsible for that, then you have created a positive mental connection between that person and your business.

“If they can achieve their objective quickly, easily and accurately, what’s not to like?” asked Francie Mendelsohn, whose company, Summit Research Associates, keeps its eyes and ears on the self-service and kiosk world.

PROMISE 2: SELF-SERVICE WILL INCREASE YOUR AVERAGE SALE

According to Weaver, making your customers happy does more than just give them (and you) a warm feeling – it is likely to increase the amount of money they spend with you.

“Our experience is that people are more likely to ‘upgrade’ their order, or purchase more product, when it is their choice to make as opposed to a suggestion from a salesperson,” he said.

“Everyone likes to buy, but no one likes to be sold. It is human nature to resist someone trying to talk you into a purchase, but when the options are presented for self-

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consideration and evaluation, people are more likely to take advantage of certain offerings.”

Newton said that kiosks, self-service terminals and digital displays are excellent ways to perform target-market advertising, build brand loyalty and drive additional people to the decision point.

“A guided-selling application on a kiosk can help uncertain shoppers choose the product that best fits their needs,” he said. “An eye-catching plasma screen with a compelling multimedia message can introduce new products to consumers or promote special offers, generating shelf velocity and an overall sales lift.”



Once again, we return to human nature. As Weaver points out: People don't like to be told they need something, but they're fine *if they decide* that they need it. This is one area where self-service provides a great opportunity. Here are just a few ways self-service technology can perform a creative upsell:

- A touchscreen device mounted on a shopping cart scans items the customer chooses from the shelf, and then makes product recommendations based on that customer's preferences and tastes.
- A kiosk—perhaps one that allows clothes shoppers to “try on” various colors and fabrics via a virtual model—can suggest accessories, shoes and more.
- “U-scan” checkout lanes can print customized coupons based on what purchases were just made, pushing higher quantities of products or trying to upgrade a generic brand buyer to a name brand.
- A book store's title search kiosk can emulate the successful cross-sell pioneered by online bookstores: “If you like this author, then you'll also like ...”

“A self-service device provides an opportunity to influence a sale with upsell and cross-sell at the time the customer is ready to purchase,” said Sylvia Berens, vice president of San Diego-based Apunix Computer Systems. “This can be a compelling way of getting a quick return on investment for the deployment of self-service solutions.”

PROMISE 3: SELF-SERVICE WILL DIVERSIFY YOUR OFFERINGS

When a certain monolithic online bookseller began making waves, small bookstores issued a collective shudder. How on earth were they supposed to compete with a retailer that is everywhere at once, and can sell any book in print, at any time?

Of course, it's not just the sale of books that has changed because of the Internet. The World Wide Web, for all of its other boons and detriments, cemented in the

minds of millions the concept of doing their own product research, and shopping at times and places that were convenient to them. In other words, the Web taught customers, however subliminally, the value of self-service. Prior to the dawn of an Internet connection in every home, checking on the status of an auto insurance policy required a phone call to an agent; after, it took just a few clicks. Consumers are now prepared to do things on their own.

Self-service technology, fortunately, allows besieged businesses to increase their offerings with relatively little expense and effort.

“You can provide far more products to your customers through the use of self-service because they can have access to an almost endless supply of goods and services,” Summit’s Mendelsohn said. “While the products might not be available for immediate pick-up, they can be ordered and delivered in a day or two.”

This is not necessarily a new concept – again, look back on the mega-retailer’s venerable catalog wall – but it does represent a fresh technological spin, making commerce more enjoyable for the consumer and more worthwhile for the business. And the expandable nature of digital media means that new products and services are as close as a software upgrade away – a much simpler approach than ordering and stocking cases of newly updated catalogs and fliers.

“A self-service solution allows a retailer to add merchandise without adding the cost of inventory or using precious floor space,” Berens said. “This means customers can be offered items that are not available in the store.”

Businesses also can use the powerful data mining capabilities of self-service to create new buying opportunities. In the past, stores had no idea which catalogs were being read the most, which pages caused browsers to linger the longest, which items seemed the most intriguing but stopped short of instigating a sale. At best, the data collected at the catalog department was anecdotal.

But a touchscreen kiosk with a catalog application knows exactly which products customers have looked at, and for how long, and at what times of day. It knows which other auto accessories interested tire buyers. It knows exactly which product pages got the most hits, and can adjust the main teaser pages accordingly.

Weaver says this feature is particularly valuable when coupled with in-depth customer information and a loyalty program. If you give your customers an incentive to carry a loyalty card or other identifier – mail them customized coupons, offer specific in-store discounts, give them advance notice of members-only sales events – they’ll be doing the data harvesting for you by swiping the card (or using whatever mechanism you choose) before doing their browsing and shopping.

PROMISE 4: SELF-SERVICE WILL MAKE YOU STAND OUT FROM YOUR COMPETITION

Once again, it’s worthwhile to look back on the early days of retailing, the days when customers had just one, maybe two choices when it came to shopping for any given product or service. Need food? That would call for a trip to the neighborhood grocery. Hardware had its own dedicated retailer, as did eyeglasses and insurance policies and shoes.

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While many of those products still exist in venues of their own, their spaces have also been blended with countless others. Today, a consumer with cash in hand needs to know not only what it is they want to purchase – but *where*.

“Consumers have an increasing variety of choices when it comes to places to purchase products and services,” Newton said.



“While offering low prices certainly will attract the consumer’s attention, the already razor-thin margins found in retail mean price-cutting will only go so far. To differentiate their offerings from the competition, forward-looking retailers focus on the customer experience. What kind of unique services can be offered in the store? How interesting or exciting is the shopping environment? How can

we help the consumer make a better-informed buying decision? These are the areas where self-service can make a retailer’s brand stand out in the consumer’s mind and influence their purchasing patterns.”

Probably the most vivid example of self-service as a prime decision maker is pay-at-the-pump gasoline. Not very long ago, the feature was a novelty few filling stations offered. And like most novelties, it attracted early adopters and those who love technology for technology’s sake.

But the appeal of pay-at-the-pump quickly filtered down to “average consumers” as they realized the amount of time they would save. Word spread like wildfire, and today, a gas station that does not offer pay-at-the-pump is considered a step behind. According to a Dallas Morning News report, pay-at-the-pump usage skyrocketed from 13 percent in 1994 to 65 percent in 2000. Now, that figure is probably up in the 80s.

Technology as a differentiator between you and your competitors is a double-edged sword: It will be a boon to you if you take part, but waiting too long could cost you. Just consider all the sales lost by the gas station operator who held out, thinking pay-at-the-pump was just a novelty. Today, he installs the systems out of necessity, but he has fallen behind as a result of his timing.

Countless opportunities abound today for using self-service to make your business stand out. Think about any routine or mundane inquiry your staff receive from a customer – how can you automate that request and enable the customers to serve themselves? Maybe the answer is a touchscreen kiosk located near your customer service department. Customers might be slow to adopt such a resource, but over

time they will come to appreciate the flexibility and power of being able to get answers on their timetable, and without having to wait in line.

For another example, consider the emerging “mini-kiosk” – small, information-dispensing devices that sit on the front of a retail shelf. These units might dispense coupons, explain the varieties of product available or help the customer choose the right model for his needs.

Today, such devices are relatively rare, and as a result are eye-catching. The possibility is strong, though, that in a few years they will be commonplace. Once that happens, they won’t have the almost-magical “eye magnet” appeal they do now. But even when that time comes, customers always will remember which businesses had them first. In business in general, and technology in specific, it pays to be a pioneer.

Using self-service technology to make your business stand out brings some tangential benefits, too. According to Weaver, equipment designed to do one thing often excels at doing others.

“When kiosks are not in use, they are still great signage and branding opportunities to promote products and brands,” he said. “Anyone who is not taking advantage of that is definitely at a disadvantage to their competitors.”

PROMISE 5: SELF-SERVICE WILL INCREASE YOUR PROFITS

It’s tempting to say that we’ve saved the best for last, but in reality we’ve saved the biggest of the big pictures for last. Unless you’re in a non-profit or philanthropic endeavor, your entire reason for turning the lights on in the morning can be boiled down to two words: make money.



In this wide view of things, you might say that increasing profits is the pot of gold at the end of the rainbow, the end result brought about by all the other things we’ve looked at. And in a sense, that’s true, because each of the other promises brings with them increased profits of their own; they are like dominos, one causing movement in the next.

“Ultimately, the primary purpose of retail technology is ‘to make the cash register ring,’” Newton said. “Self-service can play a significant role in that objective by automating

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processes and giving consumers access to a wider array of products and services. Self-service can help reduce operational costs, increase available product inventory and streamline the transaction. Every retailer needs to find a way to incorporate self-service into his go-to-market strategy to remain competitive in today's environment."

"The concept of self-service is pretty simple: Do more with less," Mendelsohn added.

As we've seen, self-service can add volume to a sale with less effort on the part of sales staff, add more products to a retailer's inventory without impacting precious floor space and add more excitement and interest to your brands and offerings.

Then, of course, there is the topic of personnel. In addition to helping with customer-facing applications, self-service can help you more efficiently address your personnel needs.

"This is the main reason people deploy these units, even though they are loathe to admit it," Mendelsohn said. "By using kiosks, employee headcount can be reduced, sometimes significantly. Self-checkout units, for example, employ one-fourth as many employees (as a traditional checkout lane)."

Even if streamlining personnel isn't your goal, it can be beneficial to redeploy your personnel to more valuable positions. Take the example of a self-checkout lane, which is becoming more and more prominent in grocery stores nationwide. A single person can monitor and staff four checkout lanes, as opposed to one person to one lane. This means you suddenly have three staff members who are available to provide customer service elsewhere in the store – either at the service counter or within the store itself, helping customers find products and otherwise increasing customer satisfaction. Just think what a major impact that could have on your customer relations.

PUTTING IT ALL TOGETHER

Each of these five promises represents one facet of the self-service gem; when taken as a whole, they represent a powerful new way to view your essential business processes, a new methodology for structuring your practices in order to achieve the biggest results with the smallest amount of cost and effort.

"All of the five promises are important for self-service solutions," Berens said. "The key to a successful program is to understand your customers' needs and the business problem you are trying to solve.

"Any one of the five promises can provide a justification for deploying a self-service solution."

If that's true – and we believe it is – then the sum of all five promises is a figure too big to ignore.