HOW
YOU CAN GROW
YOUR RESTAURANT SALES
AND CUSTOMER SATISFACTION
### WITH MINIMUM FRICTION, COST AND RISK

A BEGINNERS GUIDE TO SELF-SERVICE
RESTAURANT KIOSKS

EXECUTIVE SUMMARY

Self-service kiosks are going to remain a huge market trend among QSR and fast-casual restaurants in the following years. It's easy to understand, because of numerous advantages they bring together:

They increase sales (up to 30%), service speed (by 40%) and market share, they improve **customer satisfaction (up to 76% of customers)**, help involve customers into restaurant's omnichannel experience and collect more data about their behaviour and preferences. Whilst highly beneficiary to the organisation they can be implemented in a relatively **simple way with a minimal IT and organisational cost** without disrupting of your already-functioning POS system.

+30% SALES

-40% WAITING TIME

+76% CUSTOMER SATISFACTION
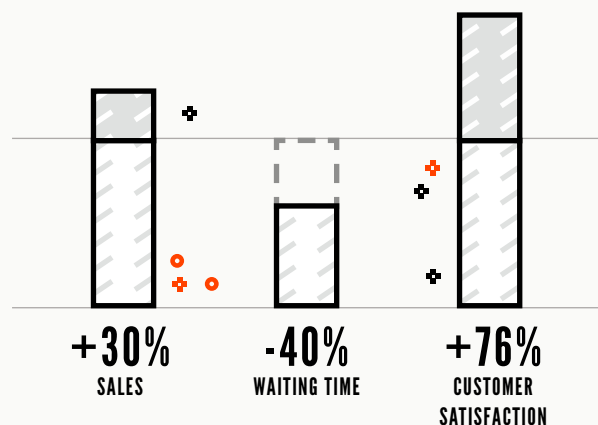
Once implemented, they can be a great start for further digitisation of your restaurant business, helping you achieve the **complete omnichannel approach**, including web and mobile interfaces, third-party ordering, improved loyalty schemes, delivery management and much more.

Perhaps you've seen some in-store self service kiosks in your competitor's restaurants. American brands such as **McDonalds**, Panera Bread, Johnny Rockets have introduced them successfully since 2015[1]. Soon after, their competitors like **Wendy's** and **Dunkin' Donuts** followed suit. AmRest, one of the biggest European QSR and fast-casual operators began implementation of kiosks in their **KFC** restaurants in 2017[2]. In addition to the biggest chains, self-service kiosks are appearing left and right in smaller outlets such as grocery stores, petrol-stations, and airport shops.

AND THIS TREND IS NOT COMING TO AN END.

According to Transparency Market Research 2018 report, the global interactive kiosk market is projected to grow at an annual rate of almost 7 percent, to reach the stunning number of

120 BLN USD

by 2026.

This means that, in the coming years

THE MAJORITY OF YOUR COMPETITORS (PROBABLY ALL OF THEM) ARE HIGHLY LIKELY TO IMPLEMENT SELF-SERVICE KIOSKS IN THEIR STORES.

INNOVATION IS THE KEY TO COMPETITIVENESS
80%

The train has departed, and the self service kiosks are no longer a technical novelty, they are going mainstream. According to the 2019 PYMNTS Retail Innovation Readiness Index[3], **80% of food services merchants see technical innovation as one of their main competitive strengths** - with kiosks being one of the main vehicles of innovation in their omnichannel strategy.

1   https://www.kioskmarketplace.com/blogs/as-restaurants-embrace-self-order-kiosks-remember-the-pioneers-that-led-the-way/
2   https://www.3e.pl/kfc-kiosk
3   https://www.pymnts.com/news/retail/2019/qsr-digital-innovation/

WHAT MAKES US SO SURE ABOUT THIS?

(1) We live within the **self-service nation** - tech-savvy, mobile-enabled individuals for whom the digital platforms is the most natural way to interact with brands. It was as early as 2015 when Ryan Buell, a researcher at Harvard Business School noticed[1] that a lot of customers prefer to tap on the touchscreen than talk to a clerk. Why? Primarily - just to avoid social friction. Some fear being misunderstood (especially when a product has a foreign name), some on the other hand, are shy or, in other words, "don't like interacting with cashiers"[2]. This self-service nation is quickly growing - they make up **12%** of Baby Boomers, **20%** among Millennials and perhaps more than **50% among Gen-Z**[3] - the generation born in the late 90s and early 2000s.

12%
BABY BOOMERS

20%
MILLENNIALS

50%
GEN-Z
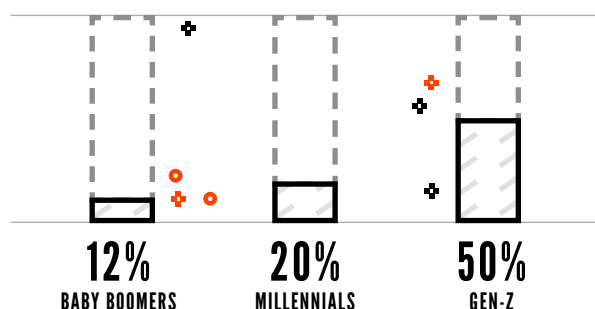
(2) Automated service is faster.
Have you ever seen customers leaving the restaurant during peak hours, fed up with waiting in line? We know, you have.

This was the most obvious problem[4] our clients experienced. Kiosks are the most time efficient way , to unburden the jammed cash desks - their implementation **can reduce total order time by 40%**. While the customers are busy placing their orders via the kiosks, the staff can focus on preparing meals, cleaning, and all the other essential activities, therefore increasing overall restaurant capacity.

ORDER TIME
-40%

Speed is also highly appreciated by customers. According to the 2019 survey by one of IoT companies, **76% of customers have a better in-store experience**[5] when sales process is enhanced and sped-up by technology, a number that has **increased by 10%** from the previous year!

BETTER EXPERIENCE
+76%

Last but not least - speed is market share. Kellogs School of Management reported in it's research from 2014, that **reduction of service time by 7 seconds can increase the company's market share by 1 to 3%.**[6]

(3) It has been proven by numerous studies that: **restaurant customers buy more, whilst using kiosks** than when placing orders at the cash desk. This law has proven itself through many years both in the US[7] and in our European implementations.

1   https://hbr.org/2015/03/how-self-service-kiosks-are-changing-customer-behavior
2   https://www.retailwire.com/discussion/are-millennials-building-a-self-service-nation/
3   https://www.computerweekly.com/news/252434291/More-than-half-of-millennials-prefer-online-retailer-info-to-in-store-assistance
4   https://www.3e.pl/kfc-kiosk
5   https://www.retaildive.com/news/study-73-of-consumers-want-self-service-technology/546044/
6   https://pubsonline.informs.org/doi/abs/10.1287/msom.1110.0343
7   https://eu.usatoday.com/story/money/nation-now/2018/06/07/mcdonalds-add-kiosks-citing-better-sales-over-face-face-orders/681196002/

Different brands report **a sales increase from 20 to even 30%!**[1]

SALES UP TO +30%

Why? Some customers are happy to avoid negative judgment of their eating habits, so that they order more ingredients or more drinks. Some feel less pressure from the touchscreen than from the assistant and therefore spend more time browsing the menu. Some just have fun checking the upselling options. Furthermore, the kiosk is never too busy to present these options to the customer.

4 Kiosks are the important part of the customer experience in **an omni-channel ecosystem**. According to Pymnt.com Restaurant Readiness Index, **62% of customers**[2] find omni-channel elements like online and mobile ordering, digital wallets and loyalty programs as a significant factor for their overall positive experience with chains. Kiosks greatly enhance that experience bringing to the store the look'n'feel that the customers have got used to using web and mobile apps and facilitating their access to their account and loyalty programs.

OMNI-CHANNEL IMPORTANT FOR 62% OF CUSTOMERS

5 Kiosks give you **increased insight about your customers behaviour**. Kiosks not only increase sales and enhance customer experience, they also provide a lot of data[3] which can improve all data-driven marketing and sales activities. By measuring kiosk performance you can prove which marketing message works better, which cross-sell offers are more compelling and which newly-introduced products are more attractive. By making customers match their kiosk activities with their loyalty program account (i.e. by scanning their mobile app qr code at the kiosk) you can get a lot of additional data about their shopping habits. Importantly, this data belongs to you - therefore you don't have to buy them it third parties such as tech giants.

6 Last but not least - **implementation of kiosks does not lead to a reduction of staff** - the rise in sales usually compensates for the investment, and the increased traffic keeps the staff just as busy as before - with increased profits.

1   https://www.pymnts.com/unattended-retail/2018/kiosk-retail-report-vending-machines-usa-technologies/
2   https://www.pymnts.com/study/restaurant-readiness-study/
3   https://hospitalitytech.com/2018-restaurant-technology-study-insight-enabled-innovation?from=gate

ALRIGHT, SO SHOW ME HOW IT WORKS

You should probably recognize this scheme - this is how a traditional POS (point of sales) system works. This is your headquarters, where you work on menus, manage your policies and pricing Whilst in the restaurant there's a bunch of integrated POS equipped cash registers that take care of trading.

TRADITIONAL POS SYSTEM
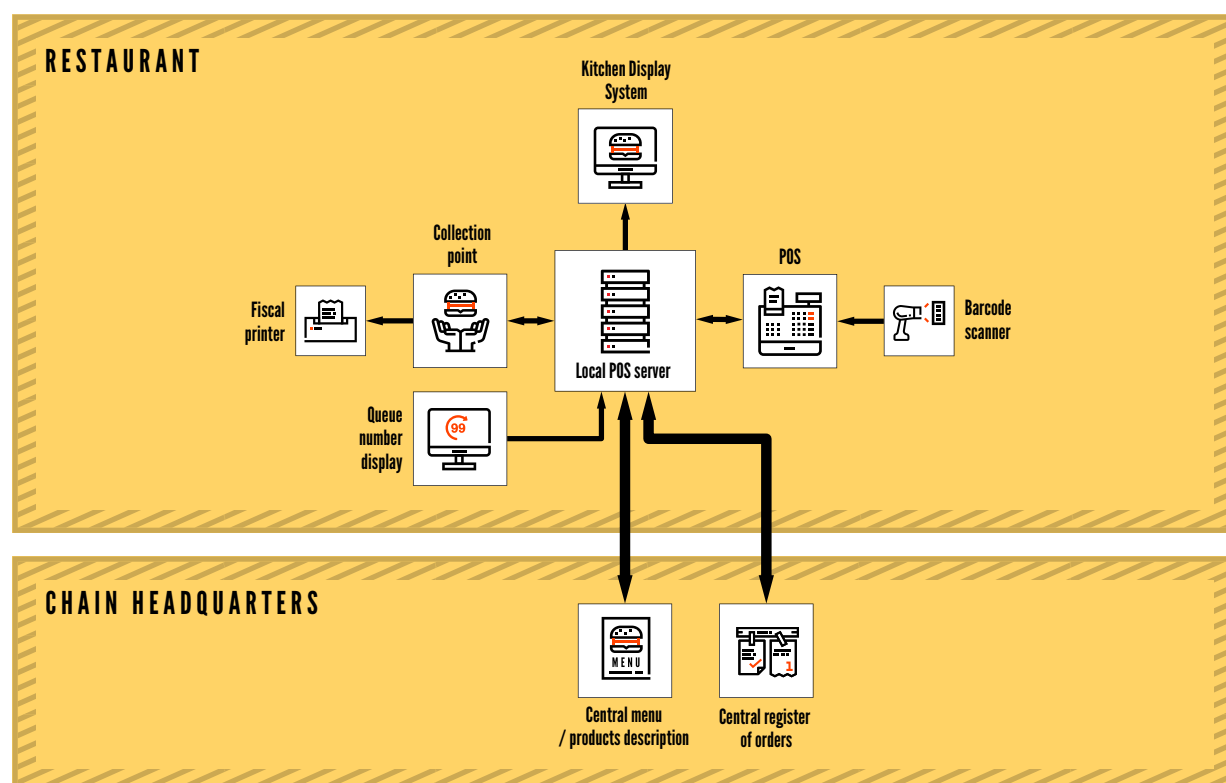
There can also be a range of other functionalities as well e.g a loyalty system or a website allowing your customers to place orders, that are in turn integrated with your POS software. Nonetheless most POS systems that have been implemented in the second decade of the 21-st century (and earlier) such as Oracle Micros or iiko aren't usually equipped with a dedicated solution that

plugs into the kiosks (This can also apply to other important features like mobile applications).

This is a key reason as to why most industry experts insist, that it's **high time to start investing in the digitisation of the restaurant business.**

How can this be done?

1. SOLUTION ONE: EXCHANGE YOUR POS TO A BRAND-NEW CLOUD-BASED POS SYSTEM.

This solution has considerable advantages, as new software usually

- has integrated **all the elements of the digital restaurant**. That means not only the kiosks, but also web and mobile applications, loyalty systems, integration with third party ordering websites and delivery management solutions etc.
- gives you a **single point of management access** to the whole network. Since all the devices run the same basic application, any changes that you make to the menu or loyalty system are instantly available on every POS stand or kiosk.
- it's more flexible. As as cloud software, it can be **continually developed and updated**, without the need to upload changes to all the devices in the network
- it's **less vulnerable in terms of crashing** and disabling the service. It doesn't require you to build your internal network, simply connect all your the devices to the internet (although connectivity issues are still possible, they can be easily solved, i.e. by installing a backup mobile connection in every restaurant)
- is usually **much cheaper** in day-to-day maintenance, because, as previously mentioned it doesn't need its own network infrastructure
- offers **more customization** options for customers,
- works on **newer (and fancier) hardware**. Basically you can use any connected device as a POS or kiosk stand.

CLOUD POS
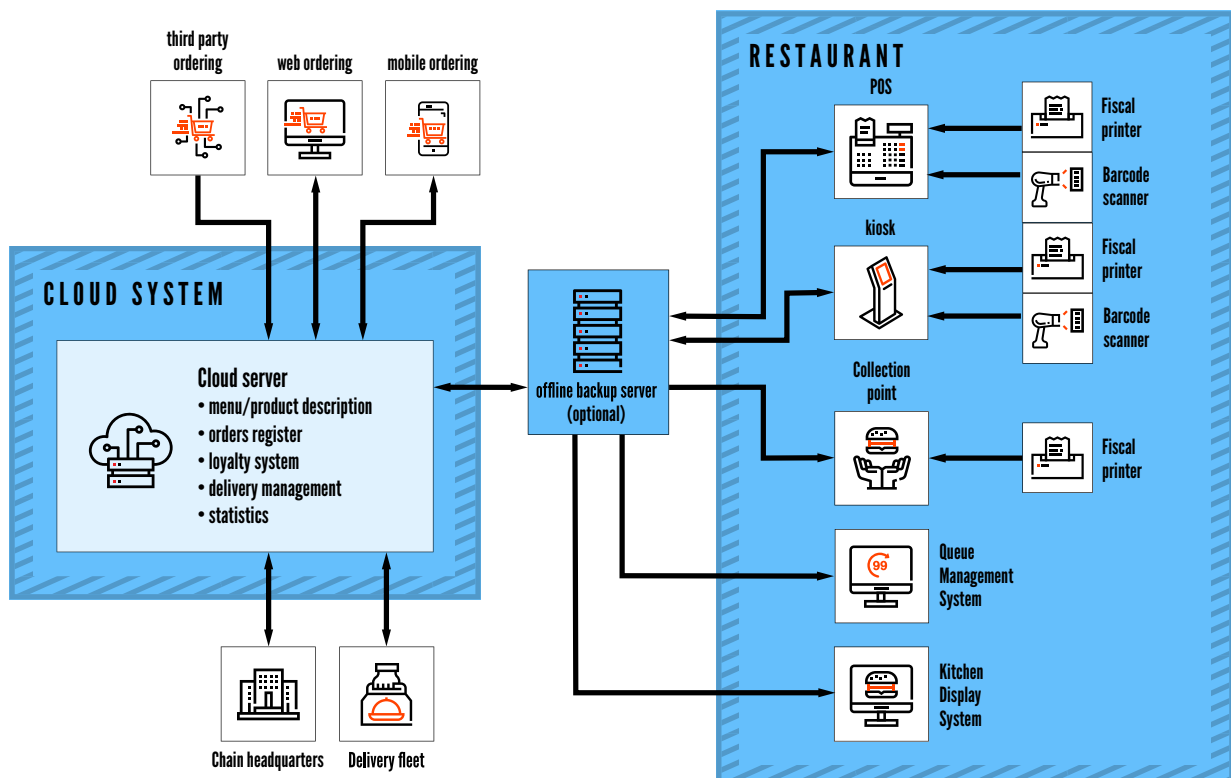
When you start a **new restaurant business**, implementation of an up to date, cloud-based POS can be a rather obvious decision. But is it necessarily worth it, when you just need kiosks and have more than one (maybe even 100 or 500) store and an expensive POS system already up and running and - finally - a **limited budget and timeframe** to keep up with your competitors? This is the million-dollar (or actually a much more expensive) question

If you are in such a situation you should remember, that exchanging POS means you should:

- ■ scrap the current software, despite it is potentially doing its primary job well enough to remain in use

- ■ probably purchase new licenses,
- ■ purchase new restaurant hardware,
- ■ integrate of all your corporate software (ie. accounting, supplies, sales, etc) with a new system,
- ■ reimplement your menus, pricing, loyalty schemes and other policies on your new software
- ■ transfer your databases, including personal data in the loyalty system
- ■ re-train your staff
- ■ go through the implementation and debugging phase

So how do you reconcile these two conflicting factors - the growing need to implement the kiosk and managing budget and time constraints?
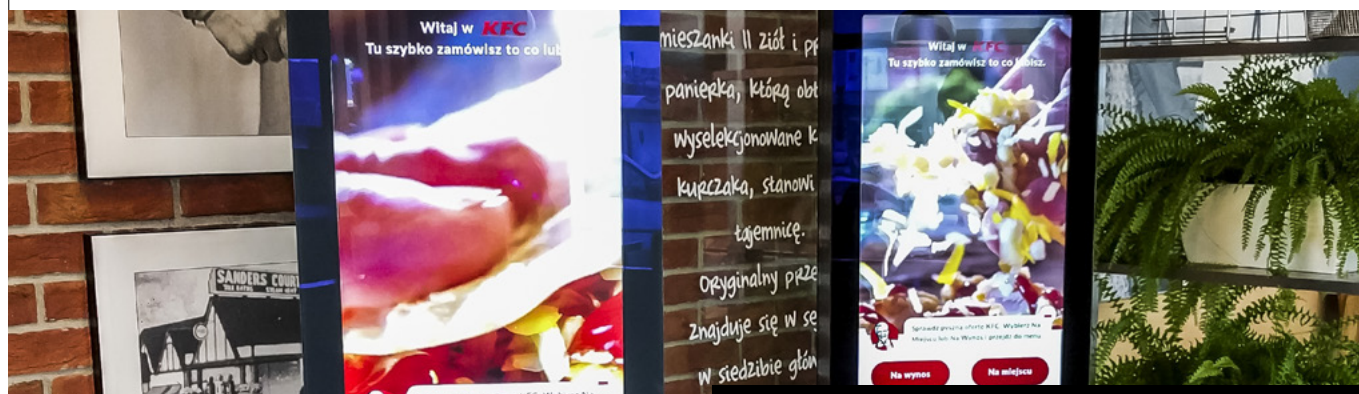
# 2. SECOND SOLUTION: MANUAL KIOSK INTEGRATION INTO YOUR POS SYSTEM.
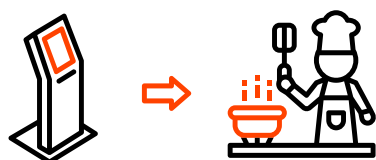
This is the simplest, **fastest and cheapest** solution that lets you take advantage of most kiosk assets, whilst avoiding disruption of the existing POS system. In this solution kiosks **do not send orders directly to the POS**. They are simply plugged in to their own KDS (kitchen display system) terminal. Some restaurants already are familiar with this method from third party delivery solutions. The orders coming from kiosk application are printed or shown on the kitchen display and then should be typed again into the POS interface.

This solution allows you to take advantage of the most important kiosk assets:

- ■ allowing the youngest and most tech-savvy customers to place orders in the way that's most natural to them
- ■ increasing service speed during rush hours
- ■ increasing sales by presenting customers the upselling opportunities in more comprehensive and compelling way

KIOSKS IMPLEMENTATION WITH NO POS INTEGRATION
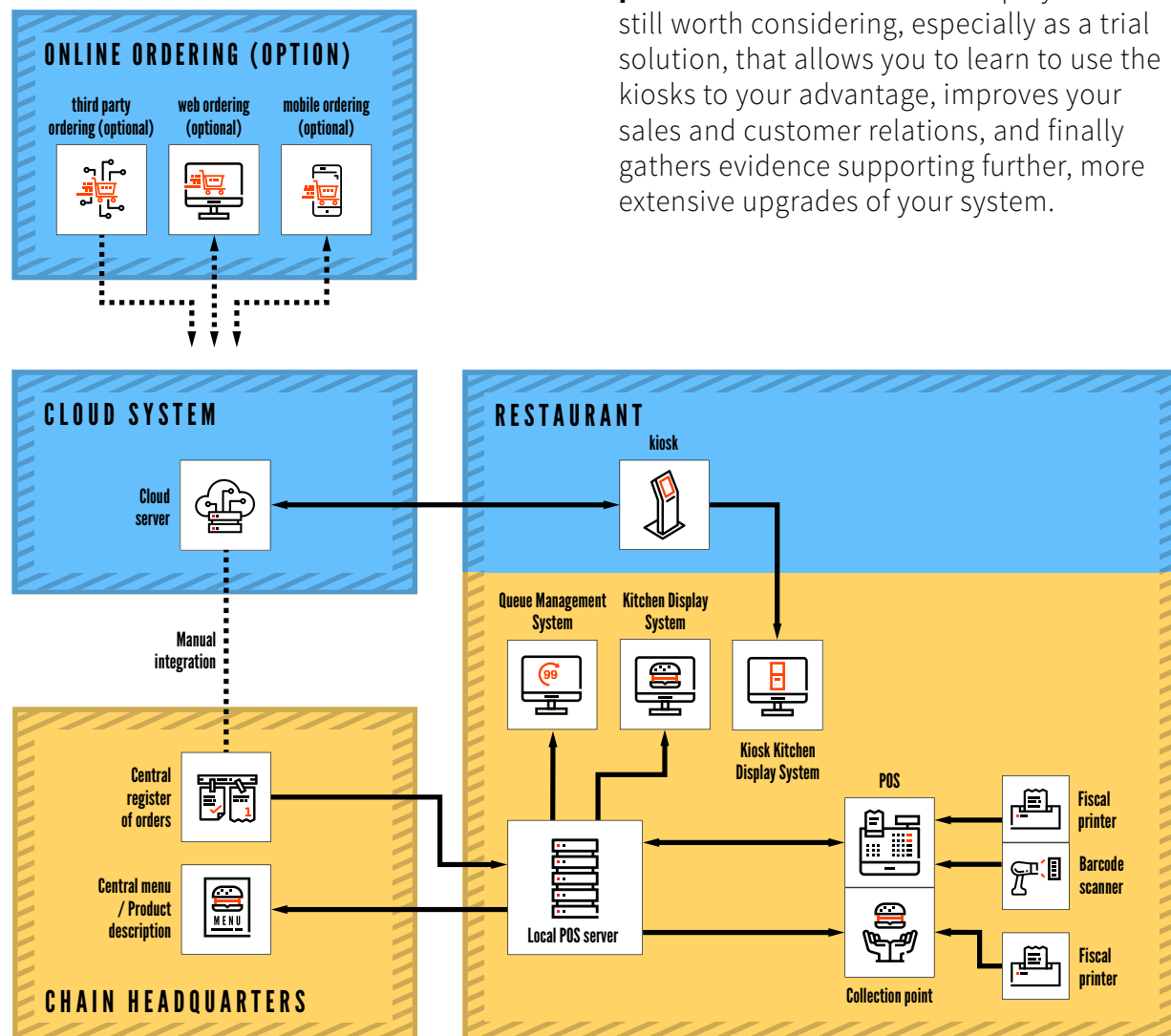
Of course, this solution is significantly less elegant and **less time-efficient** for restaurant staff. You should also remember that it won't let you skip some organisational changes, i.e. **arranging of the receiving post** with an order number display. But it is still worth considering, especially as a trial solution, that allows you to learn to use the kiosks to your advantage, improves your sales and customer relations, and finally gathers evidence supporting further, more extensive upgrades of your system.

3. THIRD SOLUTION: ENHANCING YOUR EXISTING POS SYSTEM WITH A CLOUD-LIKE WEB INTEGRATION CENTRE
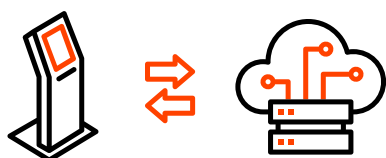
The third way of plugging kiosks into your network lies somewhere between the two previously mentioned . Once implemented it can serve you for years, whilst still being **a huge step towards the full transition to a cloud solution**. In this version, kiosk application synchronizes with your currently-used POS, giving it all the kiosk superpowers whilst not interfering with its well-established processes. **Instead of disrupting your business it instantly empowers it.**

All the business activities including placing orders, payments and sales statistics are deeply integrated with the system.

- Kiosks are **semi-autonomous entitis, each of them running a web-based** application devoted to one and only task - displaying of the menu, collecting orders and accepting payments - or passing them to the staff cashier if the customer so chooses.
- They **download the menu each day directly from the cloud server**, ensuring that they always contain the up to date version - but throughout the day they work independently inside the restaurant and cannot be disabled by connectivity issues.
- They use the **same menus and product models as the original POS** - therefore they "converse" effectively with the POS software.
- They **smoothly integrate into each restaurants internal POS network**, through one of the machines. Orders placed via kiosks are added to the

queues via POS API and numbered just as if they were entered manually by the cashier. Then passed to the kitchen and processed along with "normal" orders.
- Kiosks have their **own statistics and monitoring systems**, that allows around the clock monitoring of their status.

WHAT'S CRUCIAL, THE CLOUD-LIKE INTEGRATION CENTRE, IF NEEDED, CAN TAKE ON OTHER CRUCIAL TASKS, ENHANCING THE LEGACY POS SYSTEM WITH ALL THE FUNCTIONS IT MAY BE LACKING, LIKE ONLINE AND MOBILE ORDERING AND PAYMENT, CALL CENTER INTEGRATION, THIRD-PARTY ORDERING AND DELIVERY INTEGRATION AND MUCH, MUCH MORE.

ALL THE CORE ELEMENTS OF THE SOFTWARE ARE READY AND THE API INTERFACES ARE EASILY ADJUSTED TO PLUG IN INTO YOUR ORGANISATION'S NETWORK.

LEGACY POS - CLOUD POS INTEGRATION
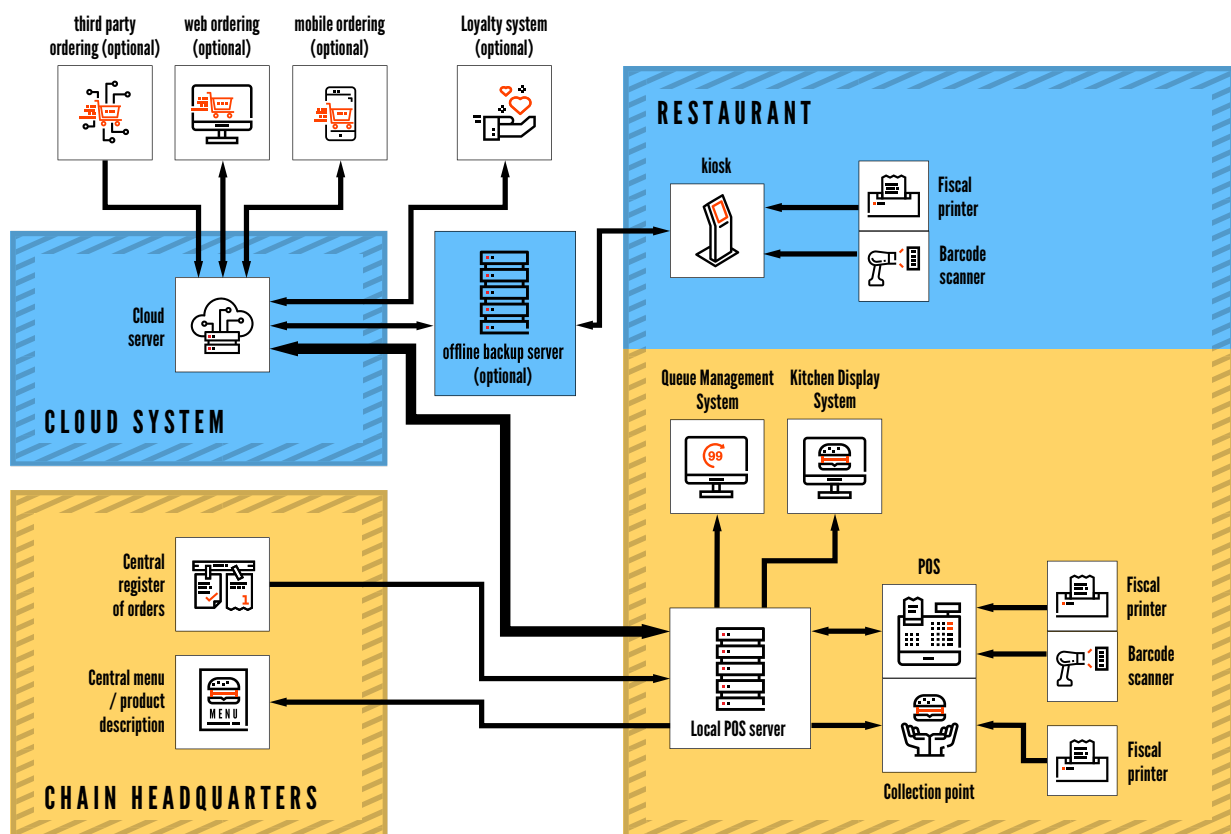
SOUND COMPELLING? SO HOW DO YOU FIND OUT IF IMPLEMENTATION OF SELF-SERVICE KIOSKS ARE FEASIBLE AND PROFITABLE FOR YOU?

1 Firstly, you should contact the provider, correct? ;)

2 The initial phase is short but intense. **Now is the time for business analysis and consultation.** This is the phase during which you decide which of the solutions listed above suits you best. You should neither submit to the temptation to skip this phase nor listen to such advice. Although the overall business scheme, and therefore the applications architecture are rather generic for most QSR and fast-casual restaurants and chains, none of them are identical. To outline the project you need to **summarize all of your constraints**: your POS characteristics, external apps, product models, the payment and fiscalization aspects, the size of your network - all of these factors can greatly influence the projects size and price.

This phase of the analysis process is extremely engaging and even fascinating for both parties and very fruitful from a business perspective. Going through business processes one step at a time can be a great eye opener and a rare opportunity to **rethink and optimize** your business logic - at least partially.

3 After the business analysis and evaluation, the process is split in two. On the one hand comes the **technical analysis**. During this phase usually tech guys take the lead, analysing in detail all the APIs, and other touchpoints between your ecosystem and the kiosk application. The time and complexity is highly dependent on the characteristics of your software. Actually, if you use some of

the most widely used systems like Oracle Micros or iiko, this phase can be much shorter than usual.

4 When the team of developers integrates the kiosk software with POS, the other team takes care of creation of the UX and customer journey and all the elements that ensure a **delightful, smooth and effective, psychology-led customer experience**. It is another part of the project that's highly dependent on your corporate specifics and shouldn't be implemented based on ready-to-use templates. It should be aligned seamlessly with your restaurant's **menu structure, ordering channels, your customers tastes, habits and your brand image**.

5 The implementation is preceded by the testing phase. This is focused on finding and eliminating possible integration loopholes as well as the interface UX, efficiency and comprehensiveness. It usually takes a portion of A/B testing and a few iterations to find the optimal version. Just as important as the design is the front end optimisation. The well written frontends **run absolutely smoothly** as a top-class smartphone menu, with no annoying lag, on relatively budget hardware.

6 The implementation process is relatively a simple one. Since the kiosks are autonomous, they can be installed **one-at-a-time in the stores over an extended period**, according to strategy and budget constraints. Wherever installed, they plug smoothly into the system and start to generate additional profits from the very first day.

IF YOU HAVE FURTHER QUESTIONS PLEASE CONTACT US ...

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