DIGITAL SELF-SERVICE FOR THE FUTURE OF RETAIL

6 Best Practices to Enhance
the Customer Experience and
Capture a Competitive Advantage

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For years, brick-and-mortar retailers have observed dizzying cycles in consumer buying behaviors in reaction to the personalization, convenience and options[1] offered by big players in the $3.46 trillion global e-commerce industry[2] like Amazon, Apple.com and Walmart.com. In response to COVID-19, these buying behaviors are shifting yet again. Social distancing considerations are leading to new consumer behaviors in which shoppers prefer self-service automation and next-gen customer experiences — and will for a long time to come.

Naturally, retailers across categories are assessing the situation surrounding COVID-19, managing their workforce and patiently navigating new government regulations. These organizations also need to consider how they'll meet customer demand for more self-service options that can improve the in-store experience and greater cost-opportunity efficiency.[3]

In order to stay relevant with not just today's buyers but tomorrow's, retailers need to accelerate the digital transformation of their organization, business processes, and technology to quickly align with the demands of their customer and this rapidly evolving retail environment. Self-service kiosks can help retailers respond to both recent and longer-term changes in consumer behavior by enhancing the digital infrastructure needed to maintain and grow their businesses.

"When you use digital tools in-store, you're meeting customer needs for information and selection," said Howard Cohn, Senior Vice President at Sutherland. "Whether you're highlighting a virtual assortment, or locating the nearest product, you'll have a better chance of improving your overall conversion rates because customers won't leave unsatisfied."

FUTURE-FORWARD BENEFIT #1

ENABLING CONTACTLESS EXPERIENCES AND VIRTUAL CUSTOMER SERVICE

For years, digital kiosks have made our lives easier with automation that facilitates more convenient access to high-quality service. In this new retail climate, there is a critical need to offer self-service options as a means for customers to digitally access everyday services independently. For example, new applied technology involving kiosks that integrate voice activated commands allow customers to simply speak their request or question, accommodating those who prefer a touch-free experience.[4] This type of platform leverages AI for advanced language and transaction capabilities. It can sound conversational, like natural human dialogue, enabling an easy contactless experience and facilitating further consumer adoption in popular kiosk applications like quick-serve restaurant ordering.

> "As consumer behavior changes, we want to offer more options and flexibility for our customers. We are finding these advancements of interactive technologies are allowing us to elevate the customer experience and enable new self-service capabilities."
>
> *Kim Kenney, President at KIOSK Information Systems*

With retailers also vetting different approaches to resource management and staffing, maintaining quality customer service can become a bottleneck as priorities shift. Customers demand immediacy and personalization as part of the retail experience. Yet with limited resources, satisfaction can erode, impacting brand advocacy and customer loyalty. Retailers are turning to technology to better connect with customers at scale and discovering virtual customer service solutions utilizing video call center applications combined with digital kiosks. This technology option can provide instant, face-to-face customer access to service specialists to field product questions, billing inquiries, and triage for service escalation.

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FUTURE-FORWARD BENEFIT #2
INCREASING IN-STORE SALES

Pre-COVID-19, the $22 billion digital kiosk industry[4] increased sales in brick-and-mortar locations by as much as 20-30% for fast-food brands like McDonalds and Taco Bell[4] and 11-20% for retailers like La-Z-Boy.[6] These impressive increases are tied to self-service meeting the unique needs of today's evolving retail customer. For example:

- Dynamic signage brings attention to new products and services that are personalized to the customer, which 63% of consumers prefer[7]

- Endless aisle kiosks supplement in-store inventory, so customers are more likely to find what they need at the exact moment they're primed to buy

- Providing an in-store touchscreen experience is more appealing than clicking on a computer and leads to increased sales[8] and increased time browsing products[9]

- Increased demand for contactless or cashless payment options will attract consumers to retailers who provide this option[10]

63%
OF CONSUMERS
PREFER PERSONALIZED
PRODUCT OFFERS[11]

25%
INCREASED
TIME BROWSING
PRODUCTS[12]

20%
INCREASE IN SALES
FOR FAST-FOOD
BRANDS[13]

Opportunities to incorporate digital experiences in-store are creative and customizable, especially when it comes to multi-format stores like Nordstrom and Gap that are expanding their offerings to include new products online and in-store as well as resale products in-store.[14]

In this example, a retailer could attract customers in-store with dynamic signage that promotes and measures engagement with a new category offering like secondhand and resale clothing.

Then, based on the consumer's demographics, the retailer could offer targeted ad content featuring product suggestions based on in-store inventory supplemented with in-store browsing of wider online inventory. When retailers are able to leverage visit and purchasing behavior data insights, it can increase opportunities to capture customer attention in-store, connect buyers with what they need, and positively impact sales conversions. Dynamic signage touchpoints offer an opportunity to cross-promote different merchandise categories, boosting engagement and sales.

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DYNAMIC SIGNAGE

Audience Analytics

CMS

Camera

Content

> "
> Once you get a customer within your four walls, it's important to do what you can to make it frictionless and effortless for them to get their needs met or make a purchase. But you can't just throw tools at them. The most successful digital experience is built on a deep understanding of how digital tools enable the customer journey."
>
> *Howard Cohn, Senior Vice President at Sutherland*

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FUTURE-FORWARD BENEFIT #3:
MONETIZING IN-STORE REAL ESTATE

Even before the pandemic had a drastic impact on brick-and-mortar traffic, leading big-box retailers like Walmart, Best Buy and Target were experimenting with smaller footprint retail spaces in high-traffic urban locations.[15] While at first it might seem that a smaller space would limit inventory on hand (and thus daily sales); these retailers are using the digital self-service experience to bridge the online and in-store experience for customers. Customers can shop in-store and while there, view the complete inventory online, extending the in-store limited stock and enabling a broader purchase experience.

The result is a smaller, but more efficient retail store that still delivers a high number of sales per square foot and maximizes the following opportunities:

- Self-checkout and payment kiosks increase point of sale efficiency and throughput with the ability to universally automate payment acceptance (card/cash/coin). Repetitive transaction automation can very positively impact store profitability

- Retail ordering and loyalty kiosks can increase customer spending through targeted merchandise promotions, complementary item cross-sell suggestions, and presentation of high-margin items

- Interactive endless aisle kiosks facilitate deeper in-store engagement. Transitioning spaces in the store from showrooms to interactive educational environments helps brands build customer relationships

![KIOSK Information Systems]

It's not just brick-and-mortar "mini-mes" that benefit from monetizing in-store real estate. Traditionally sized stores also benefit from incorporating interactive technology that gives customers multiple opportunities to get customized, virtual support with their shopping experience. Here again, if retail staff isn't readily available, a customer can use an interactive video kiosk to get immediate, face-to-face service from a product specialist.

"Retailers are looking at more than just store layout to monetize in-store real estate, and those that are embracing digital kiosks are seeing better levels of conversion," said Howard Cohn, Senior Vice President at Sutherland.

"Because you're not just optimizing around the purchase cycle," Cohn continued. "You're also creating a valuable space experience center for customers that want to touch products before they have them delivered at home. That needs to influence how your products are displayed and how your in-store experience connects to your out-of-store inventory."

FUTURE-FORWARD BENEFIT #4
OPTIMIZING UPTIME DURING PEAK TRAFFIC

One of the biggest challenges of incorporating technology into a retail organization is managing the risk that the technology won't work when you need it. As consumers return to stores and the pace of traffic picks up to pre-pandemic levels, any downtime from a system failure, cybercrime or user error, could cause a major disruption and loss of revenue.

Fortunately, the technology available today for uptime is vastly different and more sophisticated than even a few years ago. And there's more of a gradient between 'offline' and 'online,' where retailers can leverage IoT technology for real-time remote monitoring and management of kiosk connectivity, applications, and alert communications.

Modern digital kiosks have prepared for these business risks by incorporating both passive and active forms of protection against downtime:

PASSIVE PROTECTION	ACTIVE PROTECTION
• Automated predictive maintenance • OS patch management as well as local security and testing • Consultative resources to support customers' PCI DSS 3.2 compliance	• IoT platform to track health of connected devices based on KPIs • Real-time alerting via IoT platform to proactively flag and resolve issues • Enhanced real-time security platform and remote monitoring

Case in point: A top 5 U.S. telecommunication provider uses kiosks for in-store customer bill payment, which are holistic, elegant and completely dialed in for self-service. They're able to know the condition of every store on a single pane of glass, and the uptime performance is consistently above 99.5%.

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IMPROVING STAFF DEPLOYMENT

One reason digital self-service at the point of sale has so quickly infiltrated retail[17] is because these kiosks alleviate pressure at the front end while also allowing retailers to shift staff to value-add, high-profit activities like delivering expert product consultation and customized service. This will be increasingly important in a post-COVID-19 retail environment because consumers may have a strong lingering preference for more automated self-service and less human intervention.[18]

For companies in service-related industries like telecom, there are distinctly high-traffic periods in their retail stores when bills are due and the organization must make a choice between deploying staff to accept payments or sell additional phones and plans. Well-designed self-service kiosks can fully automate tasks like bill payment so that employees can focus on more complex — and more profitable — activities directly related to the customer experience.

In a similar example, Ralph Lauren's North American retail channel saw a 4% comp-sales increase from incorporating more in-store technology because it allowed them to optimize staff productivity and service during those peak times.[19] In fact, any store with specialized product knowledge can benefit from strategically shifting deeply experienced employees to where they'll provide the best service. This allows retailers with broad inventory categories (like sporting goods and outdoor stores) to provide digital on-demand product information to supplement that of their associates.

FUTURE-FORWARD BENEFIT #6
SECURING THE SELF-SERVICE SOLUTION

Customers increasingly expect retailers to use their data for relevant and personalized offers and to make the customer experience more seamless.[20] These expectations will be higher than ever post-COVID-19 because so many consumers transitioned their retail shopping to online e-commerce methods. Yet, they'll expect that shopping data to come with them when they return to brick-and-mortar shopping.

But with this opportunity comes increased consequences for not keeping that data secure, with the average data breach costing big retailers as much as $7.9 million.[21] Retailers incorporating digital kiosks into the in-store experience will face a two-fold challenge: deploy interactive technology to deliver a customized and personal experience, while stepping up security to keep that data safe.

Consumer data breaches cost retailers an average of $7.9 million.[22]

Comprehensive cybersecurity strategies can safeguard self-service kiosks, ensuring that customers' payment and personal data are managed securely, despite being mostly unattended. To fulfill this essential security strategy and capability without taking on the complexities and costs of building, evolving and certifying a robust security team, many retailers leverage managed security services for the following benefits:

- Turn-key bundle of embedded security architecture designed to facilitate PCI DSS 3.2 compliance on a kiosk platform

- Software with cutting-edge encryption, data loss prevention, threat intelligence, and integrated security

- Access to expert I.T. service providers with specialized knowledge in unattended network security best practices

> " Research shows customers are willing to share their data with a retailer as long as it improves their experience, but that comes with an understanding that their data is protected and used with respect."
>
> *Howard Cohn, Senior Vice President at Sutherland*

INNOVATION THAT STAYS ONE STEP AHEAD

Digital self-service kiosks are helping retailers drive more traffic and sales, cut down on customer support costs, and capture purchasing data to optimize product and sales performance. And in deploying this technology, they're also prioritizing a modernized customer experience that facilitates consumer needs as they regain confidence in physical retail interactions.

Retail shoppers will continue to evolve with consumer technology and the retail industry itself. The retailers that will succeed are the ones that invest in future-focused retail technology that will meet or exceed customer expectations for the in-store retail experience — building a strong affinity today that translates into a higher market share tomorrow.
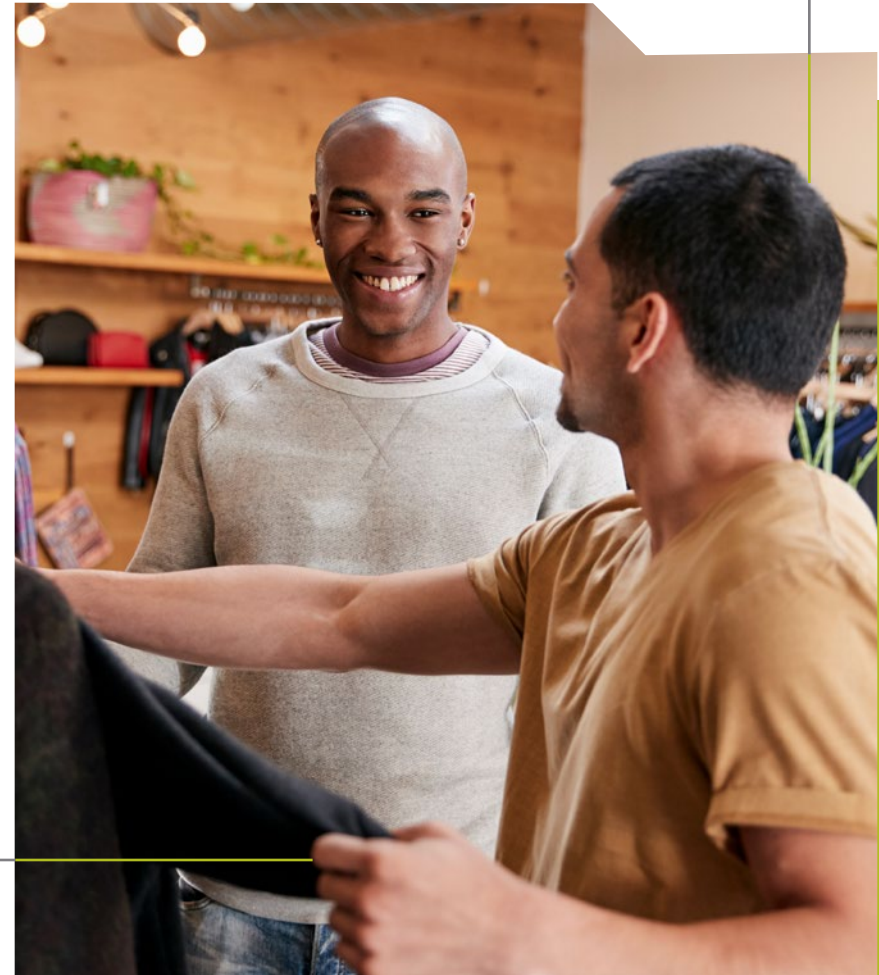
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KIOSK helps organizations digitally transform by enabling automation with self-service solutions to improve the customer experience as well as increase operational and cost efficiency. With over 27 years of experience and 250,000 kiosks deployed, KIOSK is the trusted partner of Top 100 Retailers and Fortune 500 clients for delivering proven expertise in design engineering and manufacturing, application development, integration, and support services. We offer an innovative portfolio of kiosk solutions along with managed services and IoT capabilities to ensure a seamless experience. To learn more, visit kiosk.com and connect with us on LinkedIn, Twitter and YouTube.

How can digital self-service solutions help you engage more customers in-store and drive higher sales? Connect with KIOSK to learn more.

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