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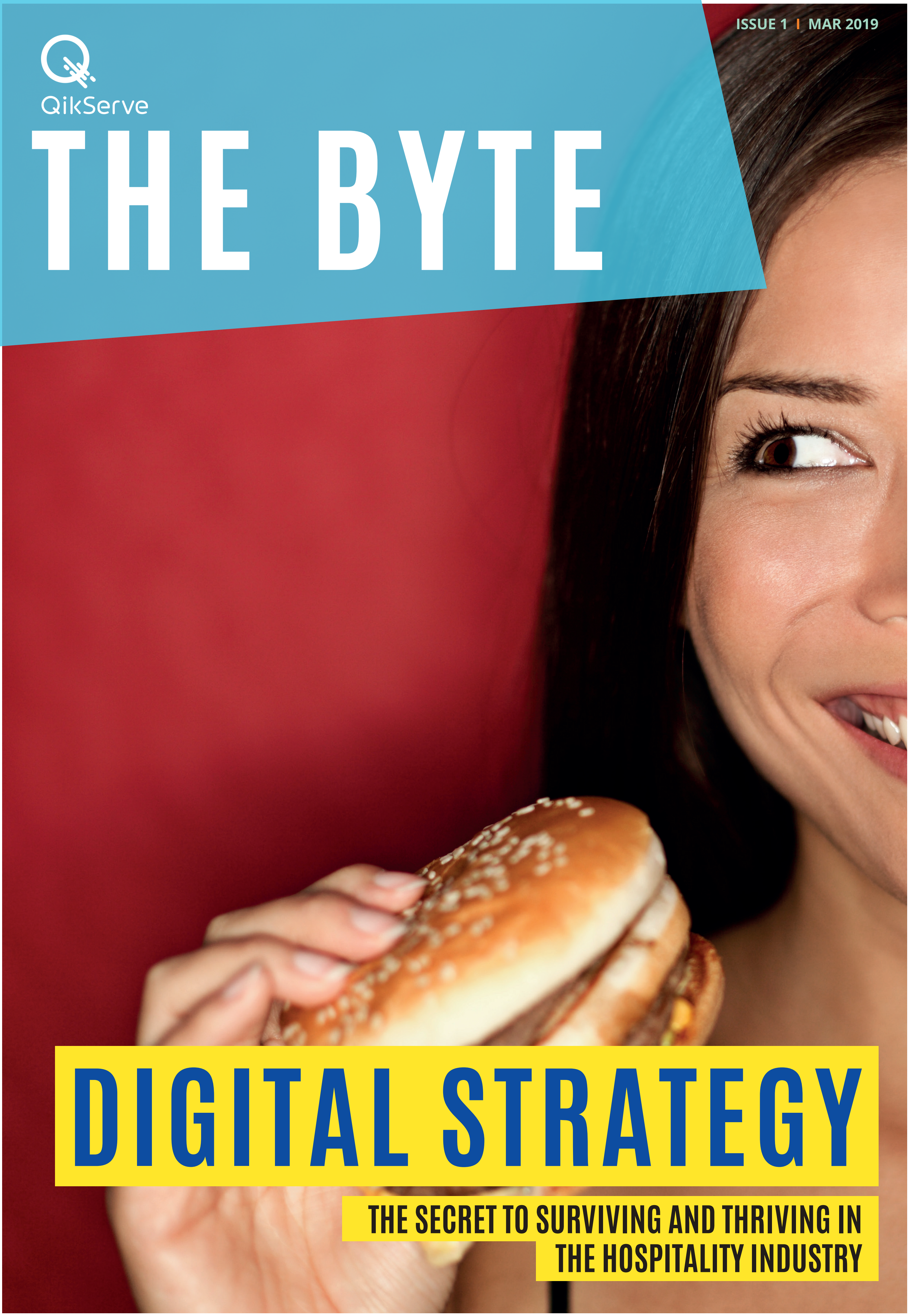
QikServe

THE BYTE



DIGITAL STRATEGY

THE SECRET TO SURVIVING AND THRIVING IN THE HOSPITALITY INDUSTRY

THE BYTE
Digital Strategy edition

WELCOME

Welcome to THE BYTE, your resource for all things digital guest-facing in the hospitality industry. We cover some of hospitality's hottest topics curating compelling insights from both in-house experts and our valued parters within the payments, loyalty and hardware sectors.

We hope you enjoy reading this inaugural edition of THE BYTE as much as we've enjoyed putting it together for you!

Got an idea for an article? We'd love to hear from you.
Email: editor@qikserve.com

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A SNEAK PREVIEW

DANIEL RODGERS
President & Founder

The food technology market is on fire right now. Consumer demand for self-service and innovation has moved into a new gear. Brands like MacDonalds and Starbucks have seen the demand for self-service and giving guests what they want: beautiful, easy to use and secure digital experiences.

Third party delivery platforms are also doing their part extending the reach of digital hospitality brand engagement into the home and work place. Digital experience in hospitality is still nascent but points to a fantastic future. Artificial Intelligence and machine learning have a huge part to play in crunching through enormous data mountains. Voice and augmented reality technology bringing more traditional human driven interaction and Blockchain revolutionising payment and loyalty in the dining experience.

QikServe exists to enable guest self-service, taking the hassle out of hospitality, within the restaurant or hospitality venue. There is a huge amount of focus on 3rd party delivery *(see It's not all about off-premise, p10)*, but it only represents a tiny part of the hospitality market. The biggest opportunity for digital disruption lies inside the hospitality venue itself. Guests want, and will demand self-service with control in their own hand, using their own device.

We've built an incredible set of software tools that are able to connect to point-of-sale systems and digital content libraries to consume and enrich menu and store data in a way that it can be presented in beautiful, easy to use, easy to deploy, secure and scalable digital experiences for guests.

As we look to the future and where we grow our business it has become clear that we need to start thinking about our team and investing for success. I am delighted to welcome Tony Murphy, CEO, to our wonderful team to lead our day-to-day operations whilst I continue shape the business and market vision with particular focus on our North America expansion.

Want to chat? You can also find me on:
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THE IMPACT OF PAYMENTS ON CUSTOMER EXPERIENCE

Interview with **Scott Carcillo**, Senior Vice President, Client Solutions at FreedomPay

Hospitality operators are continually looking for ways to improve the customer experience through personalization and providing a seamless experience. To what extent can payments be personalized and help with the frictionless customer journey?

Payments are one of the pillars for personalization when it comes to creating experiences and driving frictionless customer journeys. Operators have the opportunity to leverage tokenization to create a customer identity that travels with the guest throughout their visit at a theme park for example or throughout an operator's portfolio of brands. This, in turn, provides the operator the opportunity to create loyalty, offers and rewards programs that are tailored to the individual's behaviors, driving additional revenue with each visit or by increasing the frequency of visits.

In addition to this, the brand can leverage those tokens for 'token on file' versus 'card on file' so purchases made through (and at property stays leveraging) their loyalty programs are a seamless experience for the guest.

What we are now seeing with our commerce reach is merchants wanting to collaborate to increase loyalty among merchants. Operators are interested in working with airlines, airport food service companies and other merchants to provide choice between paying with cards/cash or loyalty points. This evolution of seamless payments is starting to take off in the industry.

In restaurants not attached to hotels, guest self-service is growing dramatically. Selecting your table, sharing with friends, adding to your orders, and paying without wait staff interaction are burgeoning efforts working seamlessly across kiosks, tablets, web and mobile applications.

What measures can operators take to reduce abandon rates at the point of purchase?

There are two challenges in today's online commerce experience: 1) Online to offline; 2) Abandoned transactions due to technology issues/frustration/interruption.

Online to offline happens every day. Personally, I find that airline aggregators may win on price but often can't provide me with seat selections that work, while the airline website or app usually wins on the booking experience. This is a classic online to offline challenge. On the other hand, a hotel aggregator will garner my loyalty because their site works seamlessly, and my rewards are useable at any hotel. In this context, the online transaction is successfully completed. In restaurants, many operators can't tell what is or isn't abandoned in their food purchases because they too are in the online to offline challenge as their POS doesn't talk with their mobile order ahead solution. Our approach as a fully-integrated solution helps bridge that seamlessly. Losing transactions to offline occurs when the online experience is lacking something the individual values, such as trying on clothing in a store, so more companies make a point to offer seamless returns, online or in store. This concept, together with the right payment and commerce provider, becomes unified.

Similarly, something is missing when a customer abandons a transaction entirely. There will always be some abandonment rate, but we need to apply our consumer lens to the online commerce experience we create. When we do that, minor details are addressed, and abandonment rates go down, while visits to the site increase. From there, it's the seamless commerce experience whether in app, online, or in store.

What value added services can payment providers offer operators to support incremental increase in check value?

Operators with a diverse ecosystem of Point of Sale (POS) and Product Management System (PMS) solutions are really challenged to accomplish this. With over 300 integrations, we become the glue and the platform essential to creating the experience. This can be for increased visits (habituation) or increased check value.

FreedomPay can capture Stock Keeping Unit (SKU) level data with our solution across POS/PMS providers and use analytical tokens to understand a consumer's behavior. With mobile Software Development Kits (SDKs), eCommerce offerings and Point to Point Encryption (P2PE), we are able to provide operators with the ability to create on demand rewards, incentives and recommendations in advance of them visiting to create habituation, when they arrive to target market, and at check-out for one last opportunity to upsell/cross-sell. We can do all of this in real-time, with the operator in complete control of their offers and incentives. In the context of seamless commerce, we are delivering this not only across the mobile, ecommerce and card present space, but also for points redemption and stored value.

How can operators capitalize on payment data to improve the customer experience?

Operators can capitalize on payment data to improve the customer experience by offering many incentives such as buying online, returning in store without a card required, online ordering of food or wanting to add something at the restaurant without a card present. For stays at hotels, having a token on file for an individual, offering real-time deals on site, rewards and loyalty that are all available on demand.

Recent high-profile data breaches of customer data are an obvious concern for operators. What technologies can brands use now to ensure payment security and what trends in security should operators keep an eye on for the future?

Validated P2PE is a PCI certified standard and what we deploy with all our merchants using a payment terminal. This secures the information throughout the payment process and on return, we provide a token, so the merchant's POS/PMS never sees the credit cards. In addition to this technology, there are Hosted Payment Pages and Fields creating redirects or iFrames where the merchant's web site is not what captures the credit card information, but rather our products. In addition to these offerings, there are validated P2PE 10 keypads for call centers and there are virtual terminal capabilities. Lastly, our SDK leverages tokens in the solution so that the in-app purchases are obfuscated from the credit card information ensuring the security of customers' credit card information.

Do you see the 'just walk out' payment experience (the Amazon Go store) as the future of payments? What challenges does this method of payment pose for operators?

Seamless payments are definitely a path forward, but not the only one. There will be consumers who don't want this experience and will seek out other venues. Others won't find themselves in an Amazon Go store because they've advanced past the offering already. At the end of the day, the 'experience' the operators need to deliver is the one their consumers/guests most want. They will only be able to know that with certainty by paying acute attention to trends in their business, talking with their customers and identifying where they are headed next.

AI is a hot topic in many industries at the moment but how do you see it impacting the payments space?

Artificial Intelligence (AI) will be particularly impactful in managing fraud in the future and performing predictive chargebacks (merchants would be able to identify how risky the transaction is based on the card behavior). As that expands as a benefit to the card brands and the processors, it will make its way to the merchants. Additionally, merchants will be able to leverage AI principles to be more predictive of consumer behavior before visit, while visiting and upon departure.

In the not too distant future you will be able to "walk" in a virtual store, use retinal recognition to identify products, leverage wearables to identify quantities and receive it via a drone or gig-economy delivery person, while having already paid for it – seamlessly.

Scott Carcillo
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FREEDOMPAY

BRAND LOYALTY WITH A DIGITAL DIFFERENCE

Interview with Sastry Penumarthy, Co-Founder and VP Marketing & Partnerships, Punchh

In the precarious world of hospitality, where minute bottom line changes can have a significant impact on operators, successful loyalty programs and investing in the right technology to drive those initiatives has never been more critical. We speak with **Sastry Penumarthy**, Co-Founder and VP Marketing & Partnerships from Punchh, an innovative leader in digital marketing products to get their insight on the state of loyalty within hospitality, the challenges operators face and how to overcome them.

What other benefits can the right loyalty system bring to operators besides driving customer lifetime value?
Choosing the right loyalty platform makes it easier for brands to integrate disparate systems and databases, and serve their customers uniquely.

With the growing number of ways consumers can interact with a brand (mobile, kiosk, web, in-store), what loyalty challenges does this present for operators and how can they overcome them?
Operators need to remember that consumers expect seamless omnichannel experiences, and their loyalty to the brand is very dependent on this. Operators need to adopt seamless thinking and transform their systems and organizations to be customer-centric instead of function-centric or systems-centric.

Many organizations today have separate functional groups that each focus on customer acquisition, CRM, loyalty and marketing offers. Technologically, they have separate systems for each of these functions that may not integrate or even if they do, they don't integrate in real-time. Both of these issues result in disjointed, sub-optimal experiences for consumers.

"Digital enables a million one-to-one loyalty programs instead of one loyalty program for a million customers."

One benefit of consumers using their own devices to interact with brands is the quality of data collected. How can operators start using this data to their advantage now?
For brands, enabling consumer engagement via their own devices is both easy and effective. Via the use of branded Apple iOS and Google

Android apps on both smartphones and tablets, as well as mobile browser apps, brands can enable omni-channel engagement for loyalty, ordering, payments, surveys, social sharing and so on. It's more convenient for consumers to use their own devices so they are much more likely to engage.

Brands can take these points of engagement and gather relevant consumer behavioral data. There are two key principles that brands need to keep in mind – a) provide clarity to consumers about data that is collected and make it opt-in, and b) provide value to consumers by using the data to define targeted offers that are valuable to them.

> ***"Brands need to differentiate themselves by going beyond the traditional loyalty programs to "dynamic loyalty" and reward customers and personalize their experiences."***

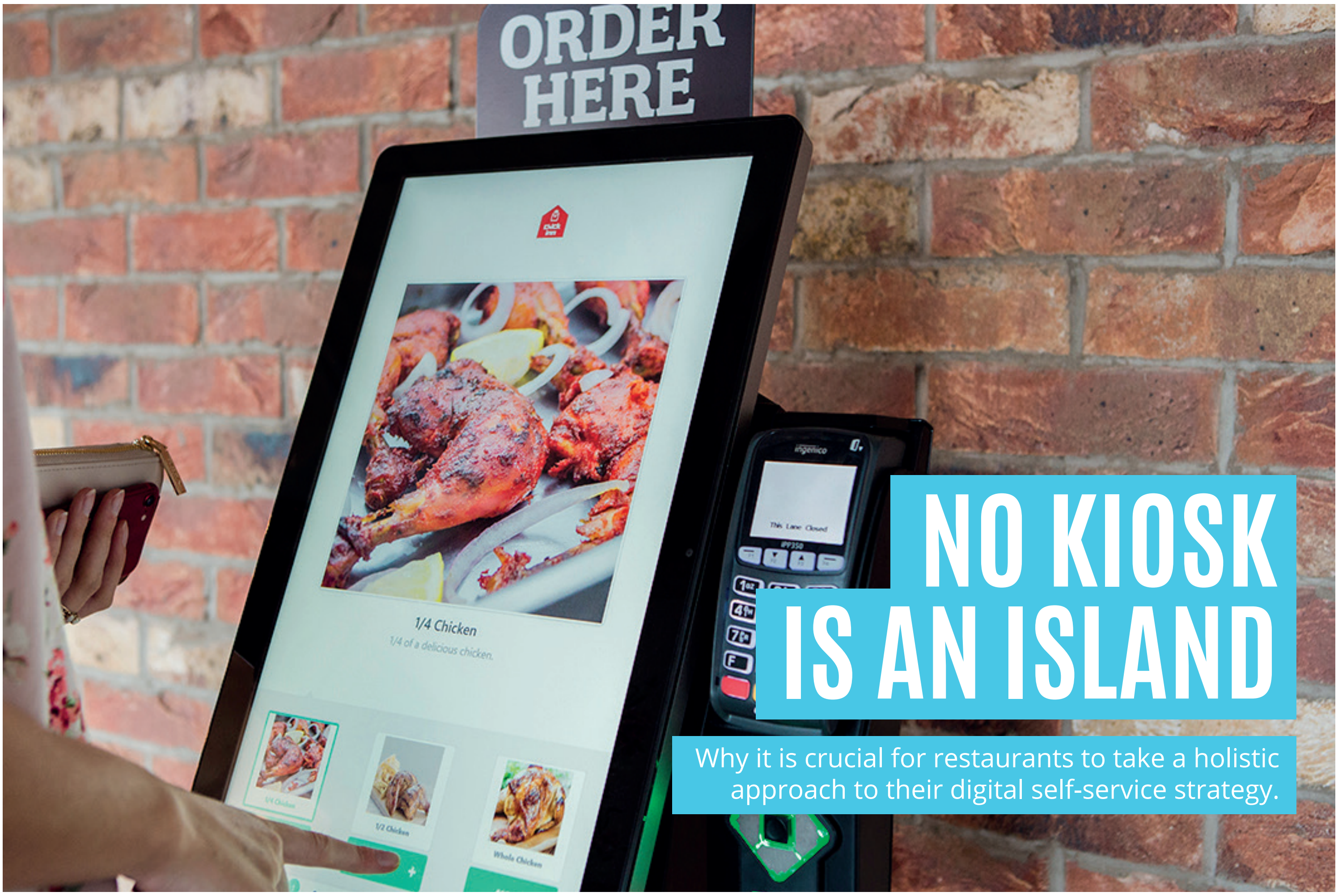
Of all the data operators are able to collect from their customers (demographics, behaviour, recency, spend etc), what are the key metrics they should be looking at from a loyalty perspective and why?
All of the data is relevant from a loyalty perspective. Traditional loyalty programs reward customers for things like visits, spend and tiered spend, for which the spend is important. However, brands need to differentiate themselves by going beyond traditional loyalty programs to "dynamic loyalty" - rewarding customers and personalizing their experiences by using other data. For example:

- A special surprise offer on a customer's birthday
- An offer to get low spenders to spend more or an offer to get infrequent visitors to visit more
- To never send a vegan customer a meat-dish as an offer

You recently wrote in a blog that operators need to invest in technology that solves problems 5, 10 or even 20 years from now. What problems can operators start anticipating now to protect themselves from in the future?
Operators should select a modern loyalty platform that is modular and enables easy integration to other systems. As consumers engage using newer, modern systems and channels (e.g. voice-based assistants), brands move to newer points of sale (or other systems), and machine learning enables better offers to be designed, a modern loyalty platform makes adopting to the newer capabilities much easier than older solutions.

As more and more brands embrace digital technology, it is becoming less of a critical differentiator. How can brands differentiate themselves amongst other digitally savvy competitors?
While more brands have access to digital technology, they still have a huge opportunity to differentiate themselves by being highly creative about how to personalize the experiences they provide to their customers all the way from how to engage customers. Questions like how to engage customers, how to provide highly personalized service across any channel, and how to tailor offers to each customer based on their unique preferences, demographics, and behavior will be ever more critical.

Digital enables a million one-to-one loyalty programs instead of one loyalty program for a million customers. ■



NO KIOSK IS AN ISLAND

Why it is crucial for restaurants to take a holistic approach to their digital self-service strategy.

Today's restaurant operators, driven by a commitment to improving the in-store guest experience, combined with the prospect of being able to reduce costs and increase average transaction values, are increasingly considering deploying self-service kiosk solutions. For many, this will be the first step into the world of digital self-service. A step that is fraught with potential pitfalls.

The kiosk is often the "gateway drug" to a world of self-service. Rollouts of mobile ordering, pay-at-table and self-checkout options often follow an initial investment in kiosks. But what is the strategy behind these decisions? Sometimes, the need for speed overrules the need for strategic thinking.

Challenges abound

Without a clear strategy in place, operators can become embroiled in complicated and time consuming engagements with multiple providers as they try and implement a digital self-service experience that is consistent across all channels.

It's not easy; in addition to integrating with POS and other back-end systems, creating a consistent guest experience requires unifying multiple guest-facing interfaces. And workflows can also end up being different and unconnected to the experience in other channels.

As customers move between channels, their experience isn't the same. The purchasing flow and look and feel might be noticeably different, and that's damaging to an operator's brand. Customers don't see a brand's kiosk interface as being any different from its website or a mobile app — they see it all as a single brand, so consistency really is the key.

Customers expect to have the same experience across all a brand's channels — navigation menus should be structured in the same manner, buttons should appear the same, and migration from one channel to the other should be intuitive — not requiring head scratching as they wonder how to customize their burger or pizza.

By not thinking strategically about digital self-service, operators leave themselves open to a fragmented, inefficient operational nightmare while also potentially exposing customers to a disjointed, confusing guest experience.

The past few years have seen brands in the industry go from tentatively considering a kiosk solution as the first stage of their self-service evolution to frantically testing web, mobile and tablet ordering with suppliers of all shapes and sizes. This has led to many operators facing big digital strategy dilemmas.

As brands try and reconcile hurried purchases of the latest trending technology with a differentiated customer experience and the complexities of multi-systems integration, there is a dire need for a better, smarter way of working.

One platform to rule them all

Cue the move towards one simple integration platform. A master data exchange service that can bring together data from any relevant back-end systems to provide a single source of information for all guest facing services.

The beauty of this wider integration is that it is now no longer about the consumer channel — these can be turned on and off as needed. It is about being able to harness the power of POS, CRM systems and databases, payment solutions, marketing and loyalty platforms and more — giving operators a single point of truth for all their customer data.

This type of closed loop activity can only happen with one common underlying platform that can draw information from one system and use it to inform others and vice versa. As a digital strategy develops, this master integration platform serves to simplify the mounting complexities around siloed back-end systems.

A platform approach is also the first step to allowing customers to maintain the context of their journey — regardless of channel. For example, the customer of the not-too-distant future might choose to start their browsing on their tablet at home and finish their order on the kiosk in the restaurant. By allowing guests to continue their journey where they left off on whatever device they choose to use offers huge convenience and brand differentiation.

This omnichannel experience is still not offered in the restaurant sector, but operators who want to achieve it tomorrow will need to start thinking about their digital strategy today.

So how do we get there?

So what can a restaurant operator do to ensure they take a more holistic approach to their digital self-service strategy? For a start, think about integration. Integration between channels (kiosk, mobile, web, etc.) and back-end systems (POS, CRM, etc.) is key, which is why a platform approach can unify and maintain context for the customer across channels and to drive operational efficiencies.

Operators also need to adjust their viewpoint. Rather than seeing a kiosk as a separate solution, a platform can bring them together with other channels so a single customer view can be presented across any channel, a transaction status is accurate in real time, and a comprehensive customer profile of past behavior can be seen.

It's important to know what is being defined within the solution. Does the company offer other channels — for example, mobile applications or web services? At the end of the day, the devil is in the details when it comes to multichannel, and the depth of integration with back-end systems is where the power of a platform really comes into play. ■

GETTING IT RIGHT: KIOSK SELECTION AND IN-STORE PLACEMENT

Opting for kiosk hardware that is cheap or not optimally sized can affect the success of a restaurant's digital strategy. Kiosk positioning is just as important, as re-location can result in floors being ripped up and wires needing re-routing. Find out how to keep disruption to a minimum and avoid any costly mistakes by making sure you've covered off these basics:

How to choose the right kiosk hardware

Ruggedized

Make sure your kiosks are truly ruggedized to your restaurants' unforgiving environments. Smoke, liquid spills, being climbed on by kids and continual wear and tear from the general public mean if your kiosks are to go the distance, they need to be made for purpose and fully ruggedized.

Single vs. double-sided kiosks

Have you considered single or double-sided kiosks? Double-sided kiosks are more cost effective as they involve lower associated shipping costs and are overall cheaper to install. Two double-sided kiosks (four screens) save up to 40% compared to single-sided kiosks, offering a much better ROI.

Screen size

There is some evidence to suggest that larger screen sizes can lead to an increase in check values up to a point. Screens sized 32"-36" are optimal – any larger and the customer may have trouble reaching. As screens get smaller, the font size and information you can fit on the screen gets smaller and less impactful. It is advised you don't go for screens smaller than 21".

In-store infrastructure

Make sure your stores have the right infrastructure to support kiosks. For example, does work need to be carried out beforehand to put in the right communications, Wi-Fi, hardwired internet or power cables? Be sure this work is factored in well in advance as you will need to consider the impact on daily operations of the store.

How to ensure your kiosk placement will compliment customer flow

Kiosks are beacons in their own right. Due to their size, they will automatically attract customer attention. They should be placed in a prominent position, in the customer's line of sight as soon as they enter the store. This positioning also helps to draw customers into the store.
The kiosks should be visible to customers queuing at the counter. This is because customers using the kiosks can act as potential trainers for those queuing at the counter. Although guests at the front desk can't see what the customer at the kiosk is ordering they can observe them as they swipe screens and browse items, which reduces their apprehension about using them.

In large premises, the kiosks should ideally be positioned halfway to two thirds of the way to the front counter, when measured from the front door and along the main walkway to the counter. A minimum of two metres of queuing space should be left in front of the kiosk if possible but this depends on store layout.

The optimum angle of the kiosks is 45 degrees, angled towards the customer's direction of walking. If the kiosks are flat-to-the-wall, the customers might think they're advertising boards. There might be times where it is worthwhile removing a table from a restaurant to get the kiosks in the best possible position. Franchisees might be reluctant to do this but once there are demonstrable increases in sales, the logic is understood and it makes it easier to repeat in other stores.

Hardware selection and store location are just two elements you need to get right. Company buy-in, scenario planning, marketing and communications all need to be carefully considered to ensure a successful kiosk deployment across your restaurants.

Want to learn more?
Check out QikServe's 'How to ace kiosk deployment' ebook >>

IT'S NOT ALL ABOUT OFF-PREMISE

WHY IN-STORE INNOVATION IS JUST AS IMPORTANT AS DELIVERY

From Deliveroo to DoorDash, to Uber Eats, Amazon Restaurants, and more recently – food ordering through Facebook, it seems like if you don't occupy any real estate on third party delivery apps these days, you're missing out, right?

Societal preferences are changing, with an increasing number of consumers calling for quick, convenient and personalized experiences that take the load off their busy lifestyles. And what could be more convenient than having your favourite meal delivered to the comfort of your own home for a Netflix night in, or directly to your desk when you're too busy to leave the office?

Delivery marketplaces are monetizing on this shift; there's hardly a quick-serve or fast casual restaurant in town that isn't trying to get involved. As such the global food delivery market is booming; worth $115Bn in 2016 with a forecasted growth rate of 8.5% p.a 2016-2021.

But it's important to note that delivery isn't a 'quick win'. Operators should approach thoughtfully before entering or expanding into the delivery marketplace to ensure they maximize the opportunities available to them.

Top three delivery considerations

1) Commission

Third party delivery platforms (the most accessible and only option for delivery for many independent restaurants) charge a commission rate of up to 30%. With increasing cost of goods and tightening margins being seen across the hospitality sector, this is a wedge many small-to-medium sized businesses can't afford to give away.

2) Operations

Delivery providers generally do not integrate with point of sale (POS) systems (though we are starting to see signs that this is changing). Typically, each service comes with a tablet that either displays or sends to print the orders for delivery, which then have to be manually entered into the POS, leaving scope for human error. Furthermore, with multiple providers, comes multiple tablets, and more counter space required to host the hardware.

3) Brand control

By allowing a third party to represent your brand, you risk creating a disconnect between your customer channels. If the delivery app is not designed with the same look and feel as your own digital channels, you won't be providing a seamless customer experience from end-to-end. It also means you've lost the ability to have any say over the journey entrance point; the first point of contact with the customer and the most important stage when it comes to attracting new guests. There's also an important point to note with regards to data – some platforms do not give you access to customer information, meaning you have no relationship with your delivery guests. Not only is this a challenge for customer communications (alerting them to a move to a new delivery platform, for example) it also means you can't include them in your targeted marketing activities.

Benefits of in-store innovation

Although the proportion of guests looking to order for delivery are increasing, just as many want to dine in-store. And customer preferences are changing in-store just as they are off-premise. Indeed, 84% of diners surveyed by SalesForce in 2017 said a quick and efficient service is important in judging dining experiences, while 56% are willing to share data for faster and more convenient service.

Brands are reacting to changing customer preferences by providing self-service channels powered by quick service software that give guests the flexibility to order and pay when they want. Popular self-service channels typically found in-store include Kiosks, Self-Checkouts and Pay at Table or Order & Pay At Table solutions.

At Table technology is becoming increasingly popular amongst table service restaurant operators as it can remove one of the biggest bugbears of eating out (having to wait for the check) without disrupting the quality of service. It can also be run on the consumer's own device, meaning no hardware costs. By pointing their phone at a QR code on the table, or tapping the device against an NFC tag, customers can simply order and pay for their food themselves whenever they want, without having to flag down wait staff.

84% of diners said a quick and efficient service is important in judging dining experiences.

As well as reacting to the market push from customers for faster and more seamless experiences, self-service technology comes with a host of secondary benefits for the operator, including but not limited to:

Average Transaction Value increase of 20%

Through the pushing of cross-sells and upsells, teamed with clever menu design that taps into customer psychology, the average transaction value of every order made through a guest-facing self-service channel increases by 20-30% compared to those made at a manned cashier. And the proof is in the pudding, with Panera Bread making $1 billion in digital sales in 2017 after rolling out self-order kiosks, while McDonald's stock prices grew by 45% the same year after implementing its Store of the Future Business model, which includes an order ahead and in-store kiosk element.

Return on Investment – 12 months or less

Self-service technology tends to achieve a remarkably fast ROI, with operators breaking even around the 12-month mark, and even less for channels that don't involve any hardware outlays, such as Order/Pay At Table apps.

One platform to rule them all

By using a platform provider as opposed to working with different suppliers for each of your guest-facing channels (i.e. Kiosk, Mobile, Order & Pay At Table Apps) operators can integrate all touchpoints into a master data exchange service that harnesses the power of POS, CRM systems, payment solutions, loyalty and more to inform a single point of truth for all customer data. Having one partner and one dashboard control not only reduces operating costs, it also makes it easier to extrapolate data and quickly discern what is working for you and where your blockers are.

Blending in-store and delivery: it's all in the mix

The most successful fast casual and quick-service brands understand that utilizing a mix of self-service channels that engage customers off-premise and on-premise presents the golden opportunity to strengthen the customer bond; boosting loyalty and return visits.

Examples of thoughtful self-service digital strategies include Taco Bell and McDonald's. McDonald's new business model incorporates delivery, kiosk and mobile order ahead touchpoints, while Taco Bell focusses on delivery and kiosk. Both were planned after conducting meaningful research and iterative pilot phases. In return, the companies are seeing huge financial benefits. Taco Bell is on track to grow to $15million, while McDonald's stock prices grew by 45% in 2017 after implementation of its Experience of The Future business model. Today, in FY 2018-19, they are still showing no signs of stopping (increasing 4% in Q1 alone).

Having one partner and one dashboard control not only reduces operating costs, it also makes it easier to extrapolate data and quickly discern what is working for you and where your blockers are.

For most restaurant brands, delivery represents a growing customer market that simply cannot be ignored. At $115Bn globally (2016) and growing 8.5% p.a it represents a major shift in the hospitality sector. So long as operators act thoughtfully and pick the right delivery platform for their brand – it can and should become a core branch of your digital strategy. However, it's important to note that there will always be a need for in-store dining experiences and those customers' preferences are changing just as fast as those ordering from their homes or workplaces.

A successful digital self-service strategy listens to what the customer wants then incorporates a mix of digital strategies that looks to meet the guest at every entrance point, ensuring a truly seamless and omnichannel experience. And with a strong self-service strategy should come a host of benefits for operators too – ranging from a boosted bottom line and fast ROI, to integrated data sets and increased operational efficiencies. It's all about finding the right mix of channels for you.

THE BACON & CHEESE EFFECT

THE PSYCHOLOGY BEHIND WHY YOU SPEND MORE AT A KIOSK

Did you know that when you order your meal from a kiosk you typically spend an average of 20% more than when giving your order to a person?

Well, McDonald's sure does. And so does Panera, Shake Shack and many other fast casual restaurant brands that have chosen to roll-out self-service technology in their stores this year.

Bottom lines are soaring, with Panera Bread now fulfilling 3.1 million orders a week through its digital platform, while McDonald's stock prices have doubled since it piloted its Store of The Future business model in 2015.

So why are we inclined to spend more when presented with a kiosk as opposed to a human? The answer lies in the user interface (UI) and user experience (UX) – both of which are carefully designed to encourage consumers to spend more and eat more. Let's pop the hood on each...

UI tricks of the trade: How kiosks are designed to make customers part with more cash

Menu real estate

By allocating more menu space to higher value items as opposed to cheaper options – and organizing them so they're always the first option – more people tend to pick them. Studies have found that 70% of the time people will pick one of the first three options in a buffet because all subsequent choices are compared to the first option.

Upsells and cross-sells

Kiosks present more opportunity for upselling ('go large?') and cross selling ('extra bacon or cheese?') than is possible at a manned checkout. And since customers tend to feel less judged when ordering at the kiosk (see the UX section below) they will opt for extras more often.

7 is the magic number

Generally speaking, our short-term memory can store about seven items at one time. Kiosk menus capitalize on this by chunking lists into six or seven categories, with just one of those categories assigned to cheaper products, therefore increasing the chances that we'll opt for a more expensive meal.

Gestalt principles

Clever menus use patterns in order to drive our attention to certain products. By playing with the background colours or adding frames, high value food items can be lined up so they appear as a pattern. Next to lots of randomly arranged lower cost items, our eyes will naturally be drawn to the repetition and we are encouraged to pick from that selection. This methodology is called Gestalt Principles in psychology and is often employed as a tactic in kiosk menus.

You touch it, you buy it.

According to a 2017 study, the physical experience of touching products on a screen increases the likelihood that customers will make a purchase. The same study claims that people find touchscreens more fun than desktops, therefore putting them at ease and more willing to part with their cash.

A comfortable UX: Feel better, spend more.

Reduced social friction

A kiosk involves less social interaction than ordering from a cashier which may put some customers at ease, particularly those who may be anxious about their language or communication skills. A study in 2014 found that, when a liquor store changed from face-to-face to self-service, the market share of difficult-to-pronounce items increased 8.4%. They concluded that some consumers fear being misunderstood or appearing unsophisticated in front of store staff. Changing to self-service technology effectively removed the friction.

No judging

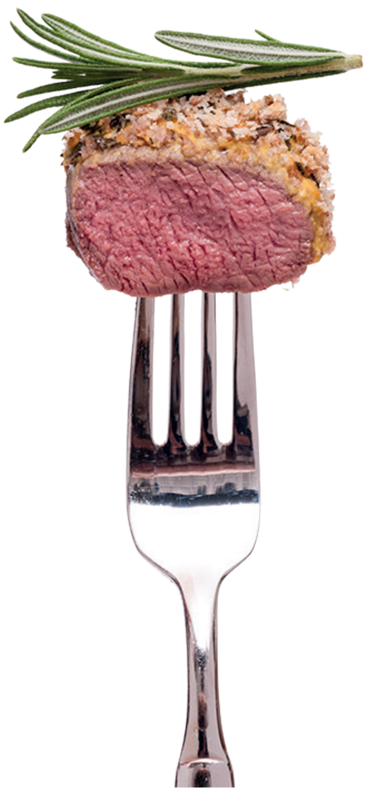
Fewer glaring eyes means customers are more likely to opt in when presented with a cross sell or upsell, without worrying that they are getting judged on their eating habits. Domino's customers who order online typically choose food with 3% more calories, and give 14% more special instructions compared with the average purchase made over the phone.

Increased sense of control

Self-service technology shifts the locus of control to the customer. Rather than being at the mercy of the queue, guests using a kiosk take their time to customize an order to their liking. The feeling of control enhances the user experience, meaning higher ticket values, increased loyalty and ultimately more money for the operator.

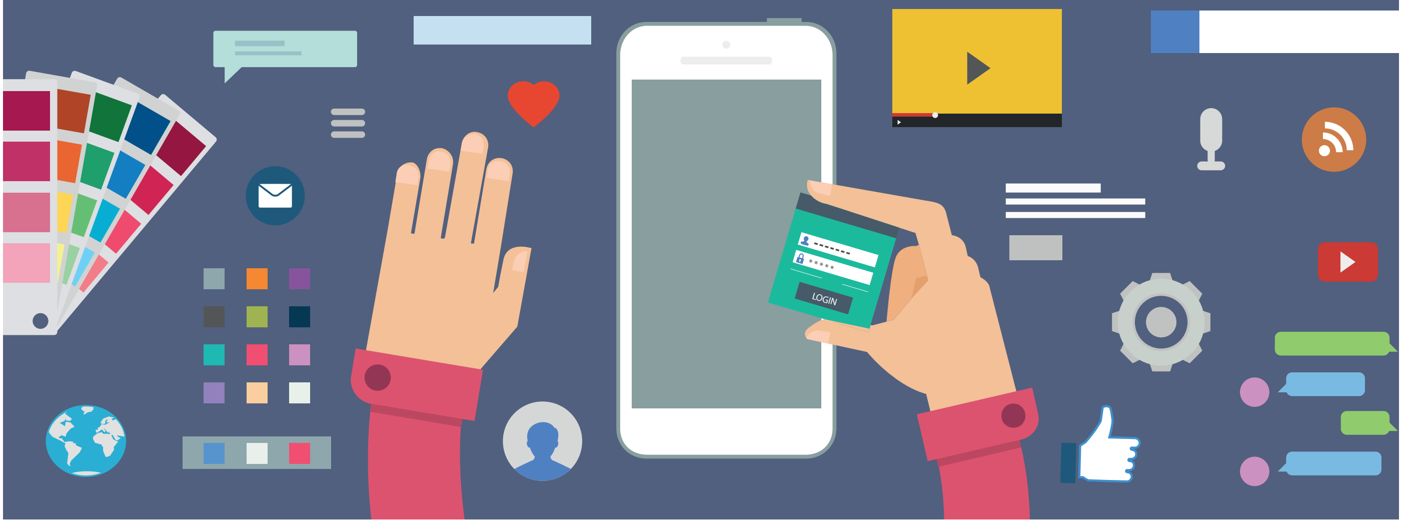
Perceived faster service

When you order from a kiosk in a fast casual restaurant typically you queue twice – once at the kiosk and again in the collection zone. Queue chunking like this breaks up the experience into two discrete chapters and makes it feel like you're moving faster, even though the journey may actually take the same time. Clever! ■



UX DESIGN UNCOVERED

Blair Fraser, QikServe's UX designer sheds light on his design discipline.



For a company developing customer-facing software, the term "User Experience" (UX) is one of the most important in our vocabulary. But what does it mean, how does it work, and how does it ultimately make a difference to the hospitality operators that use our solutions? Blair, our in-house UX designer explains:

At its core, UX design is a human-centered way of designing products. By gaining an understanding of a business's goals and its customers' needs, you can create solutions that align the two.

Designing for the user experience involves getting to know your customers, understanding their needs and providing innovative solutions to their problems. UX design is involved at every stage of the product development lifecycle.

It's all in the process

Initially, you have to do a lot of user research – that means getting underneath the skin of the problem and being able to gain real insight into what customers are actually doing. There's often a gap between what customers say they do and how they actually behave. For example, in a survey, they might respond that 'We do it this way' to a certain process, while in practice they may do something completely different. By observing customers you can begin to see the differences between what they say and what they do.

BLAIR FRASER

UX Designer, QikServe
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Following on from a research phase, we take time to define the problem we are attempting to solve, then dive into sketching ideas and solutions. We'll prototype, test and iterate the best ideas while gathering customer feedback to help refine the solution. We test our ideas and assumptions with customers early on to help make sure we are building the right product for our customers

> **"UX design is a human-centered way of designing products."**

What's the difference between UI and UX design?

User Interface (UI) and UX design are often talked about at the same time and are frequently misunderstood or confused, but they are actually separate design disciplines.

First, let's be clear about what a UI is – it's basically anything you use to interact with a product. In a car, for example, the UI for the driver includes the steering wheel, brake pedal, AC controller, entertainment system, speedometer and much more. The UI for digital products like apps, video games, and websites can take many forms, such as buttons for tapping or pictures that can be swiped through.

> **"The key responsibilities for a UX designer can include customer and competitor analysis, user research, prototyping, testing and coordination with developers and UI designers."**

A UI designer is typically focused on enhancing the user's visual experience – creating the visual language and elements that help users understand and use a product. They apply design principles such as branding, layout, color, typography, and design research and turn the content into an attractive and delightful experience.

UX is a design discipline with a focus on understanding how people behave. The key responsibilities for a UX designer can include customer and competitor analysis, user research, prototyping, testing and coordination with developers and UI designers. A UX designer's role is to advocate for the user's needs and balance the business goals.

Both roles are multi-faceted, broad and often overlap with each other, but they are both crucial to creating a great product experience.

UX for both large and small business

Designing for the user experience is an especially important consideration for large-scale, enterprise businesses, who need to ensure a joined-up, omnichannel experience. Any touchpoint on a customer's journey using your product or service needs to feel joined up and seamless for the user, whether it's an order-ready board, kiosk or mobile app.

Achieving this requires a holistic understanding of your service and your customers to create a journey that is consistent and familiar across all channels for any customer. For example, a customer starts ordering their burger meal on an order-ahead app then decides to add a dessert to their order using an in-store kiosk.

UX design can play a key role in helping differentiate your brand and product, especially for smaller businesses. Using a customer-centric design approach and offering solutions to the specific problems your customers face will give them something that they really care about and is where you'll see real results.

Getting it wrong, getting it right

Part of the UX design process means getting it wrong. Design and product development is nothing if not a journey of iterations, failing and learning about how something could be done better.

We've all experienced apps or websites where we've been frustrated by something that doesn't work how we expect it to. The role of a UX designer is to battle those poor experiences and help create better ones through continual learning and iterative improvement of a product.

Whenever you use a product that seems particularly intuitive or simple and easy to use, it's likely a UX designer and development team have spent hundreds of hours experimenting and testing to create the best experience. All of this hard work is unseen to the user but, if done right, will deliver a great product experience that people will love. ■

HOW TO REDUCE CUSTOMER FRICTION AT SELF-CHECKOUT

We've all had a less than perfect experience at self checkout but with self-service technology here to stay, what can we do to leave customers feeling fulfilled and not frustrated?

'There is an unexpected item in the bagging area!'

We've all heard it. There's nothing worse than feeling flustered at the self-checkout; trying to flag down a member of staff while searching for tomatoes on the vine... (why are they in the vegetable category, they're a fruit!)

But despite our moaning, retail consumers continue to opt for kiosk over manned cashier. Just 10% of shoppers claim never to have used the machines, with 71% saying they use them because they find them handy when buying a few items and 61% saying it's because they find them quicker.

Teamed with the cost savings incurred through a reduction in staff numbers (replacing a 4-6 manned checkout till with a single kiosk typically yields the same productivity) it's clear to see that self-service technology is here to stay. So, with that in mind, what can we do to improve the experience, cut the friction and allow customers to leave feeling fulfilled and not frustrated?

Location

One of the most important things to consider before deploying a self-checkout solution is the location of the kiosks themselves. Getting it wrong can be one of the most expensive UX mistakes to fix as the installation will often involve ripping up floors and re-wiring. Placing the kiosks in the wrong place may also result in them not being used.

To find the right location you need to think carefully about traffic-flow through the store; where guests enter and leave, where your manned cashiers are and where bottlenecks happen. You also need to think about where to place customer lines. You will likely have one line for manned tills and another for self-checkout so you need to make sure that you not only have adequate space for people to congregate, but where you've asked them to queue won't impact on other shoppers. By mapping out different scenarios within your store, you can make an informed decision about where your kiosks should be positioned and avoid any unnecessary relocation costs or staff and customer frustration.

Speed and ease of UI

If customers are opting to use a self-checkout kiosk they are doing so because they want speed of service, control, reliability and less social friction. But all too often in self-checkout scenarios, the user interface (UI) is confusing and clunky and a major pain point for customers.

Bad UIs do not consider user psychology and are modelled on the staff-facing point of sale which assumes familiarity. Good UIs, on the other hand, understand that most customers are seeing the screen for the first time. They take into consideration that there may be surrounding noise, and glare from overhead lights. They try to reduce as much friction as possible. Rather than stopping a transaction half way through to verify age, a good UI will ask for identification at the end of the transaction so as to not interrupt the flow. And they do this all while utilizing simplified screens, minimal text, clear typography and clean imagery.

It's important to make sure you've put in the groundwork research before developing your UI. You should know what your most popular items are, how shoppers tend to group their items, what percentage of your stock requires barcode input and last but not least, make sure to work with a UX/UI designer to bring it all together. Graphic designers, developers and engineers may have the know-how when it comes to building menus, but only a UX professional will be able to deliver a seamless customer journey that will both reduce frustration and empower the end use.

It's also a good idea to get out there yourself and watch people using the technology once implemented, to better understand where the friction is coming from. Customers and staff have invaluable insights and should be your first point of reference when looking to understand pain points.

Peripherals

When it comes to the hardware within the physical kiosk, ie: the scales, the scanner, the printer and the cash dispenser there are a number of placement and functionality dos and dont's that can make or break the customer experience.

Scales – The 'unexpected item in the bagging area' is reported as the biggest customer bugbear of self-checkout systems with 83% of customers surveyed by Viewbank in 2014 finding it annoying. With little proof that scales do a lot to reduce theft, many retail brands including Target have chosen to do away with them in favour of a better customer experience.

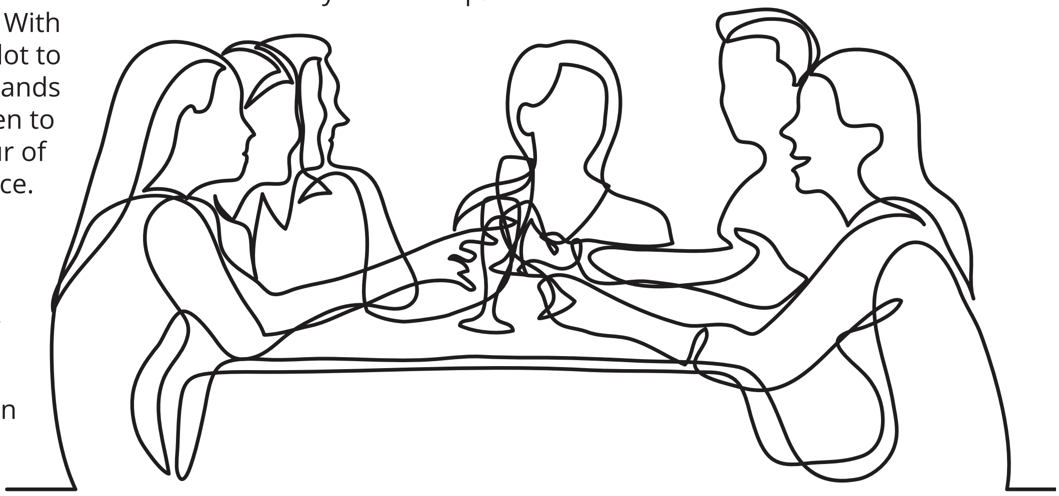
Scanner – Make sure it beeps! Have you ever tried to use a self-checkout kiosk with headphones in? Don't, it's really hard. Customers inherently rely on more than just their eyesight when interacting with this type of technology. And since we're discussing visuals, it's good practice to ensure your scanner has a laser light too. The scanner should stand out from the rest of the hardware and be brighter in colour than the main body.

Printer – Customers opting to use a self-checkout kiosk typically don't have a lot of items, and if you're making small, frequent spends it's unlikely you'll need proof of purchase each time. By making the printed receipt an option you're giving the customer ownership, reducing your company's carbon footprint, limiting printer hardware malfunctions and reducing the length of time the point of sale is out of action while paper is restocked.

Cash dispenser – On some hardware units the cash is dispensed very low down, away from the customers' field of vision. In 2014 alone over £2.5million was left in UK supermarket kiosks this way. Help your customers out by reminding them to take their cash before they go, and by lighting up the cash dispenser. N obody wants to return home from the grocery store to discover they spent $12.50 on milk and bread.

Staff

No matter how perfect your self-checkout strategy, there are always going to be instances where a member of staff is required to support a customer or tend to the equipment (paper re-stock, for example). To reduce friction, make sure you have ample staff manning the kiosks and there is a clear call for assistance system set up.



No line, no problem

The future of self-checkout technology is set to be entirely frictionless with recent advancements in near-field communication and facial recognition. Amazon recently opened its cashierless store 'Amazon Go' to the public, which allows customers to walk in, pick up their items and leave without paying, or so it seems. In reality, the store uses cameras and pressure pad technology to track customer's movements in store and deducts the cost when they leave via the Amazon Go app. A similar concept recently launched in China. BingoBox asks customers to scan a QR code on entry then uses facial recognition linked to WeChat and Alipay (the biggest payment providers in China) at the point of sale.

Back to the every day high street, we may be a good few years away from completely friction-less stores, but there's a lot that can be done to reduce frustration at the kiosk in the meantime. If you take the time to understand you customer's psychology, pinpoint the blockers, and react by making minor tweaks to your hardware, software and signage, you can make a big impact on the journey flow and ultimately your customers' satisfaction. ■

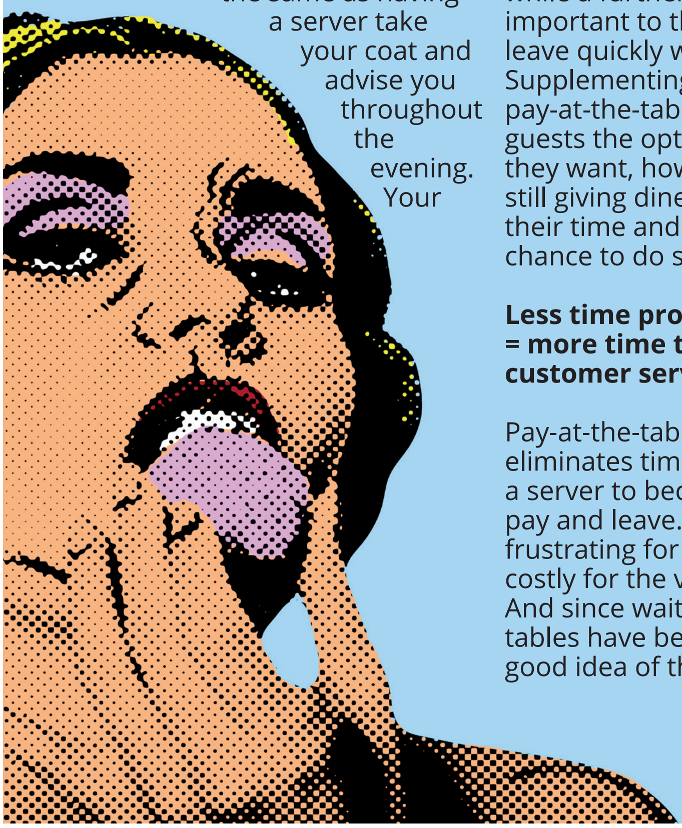
WHY PAY-AT-TABLE TECHNOLOGY ISN'T JUST FOR QUICK SERVICE RESTAURANTS

Order and pay technology – both in store and off premise – is nothing new in the quick service restaurant (QSR) industry. From order, pay and loyalty apps to self-service kiosk, fast food brands are rolling out customer-facing digital order and pay systems on mass and reaping a myriad of benefits in return. From boosted revenues, more loyal customers and reduced staff and operational costs – it's clear to see why digitizing the order and pay process is a no brainer for hospitality brands focused on customers looking for speed and convenience from their dining experience.

But what about the rest of the equation: the traditional, sit down, higher end, table service restaurants? Surely offering customers the option to order and pay for their meals themselves is going to detract from the special treatment they expect from these kinds of brands, as well as making the higher price tag harder to sell?

Not necessarily.

It's all about choosing the best-fit solution for your brand. If you enter a high-end restaurant to be presented with a free-standing kiosk it isn't going to be the same as having a server take your coat and advise you throughout the evening. Your experience won't meet your expectations, and you might not return. However, by implementing part-journey order and pay solutions – such as pay-at-the-table technology – you can improve the guest experience and increase operational efficiencies whilst retaining the right level of customer service. And here's why:



You're removing one of the biggest customer bugbears

According to a recent study by Oracle, 84% of customers agree that a quick and efficient service is important in dining experiences, while a further 78% agree that it's important to them to be able to leave quickly when the time is right. Supplementing table service with pay-at-the-table technology gives guests the option to leave when they want, how they want. While still giving diners who want to take their time and pay via wait staff the chance to do so.

Less time processing payments = more time to provide quality customer service

Pay-at-the-table technology eliminates time spent waiting for a server to become available to pay and leave. These moments are frustrating for the customer, and costly for the vendor: it's dead time. And since wait staff can see what tables have been paid, they have a good idea of the floor as it stands.

Dine and dash – legally.

Over 60% of restaurant owners have seen customers leave without paying the bill and more than one in 10 customers admit to having skipped on a bill at some point in their life. Furthermore, more than 50% of those who admit to leaving without paying have attributed it to 'waiting too long for the bill' or being 'unable to find staff to take payment'. Pay-at-the-table technology gives customers the tools they need to dine and dash, legally, whilst taking the pressure off of staff to always keep abreast of payment statuses.

Mobile payments are on the rise (futureproof now)

Cash is dying and digital payments are on the rise. By 2020, 47% of customers are expected to be using mobile payment and digital wallets. Restaurant operators need to get ahead of the game and start catering to this demand now. Pay-at-the-table tech comes in many shapes and forms; it can run on a restaurant-owned tablet or a customer-owned mobile device, and can be enabled by QR, NFC or Bluetooth. With so many different hardware and software combos comes lots of different payment integrations – from Apple Pay to stored credit to ecommerce integrations such as Adyen. There's something for everyone. And for customers that prefer to pay via more traditional methods such as cash, your friendly wait staff will always be on hand to process their payment. ■

TEAM INSIGHT

CUSTOMER SUCCESS

We sit down with Customer Success Manager, **Phil Williams**, to find out what customer success is all about.

What does customer success mean to you?

Customer success is the sum of all the interactions a customer has with our company and how those interactions help them achieve their desired outcomes. Whether it's picking up the phone and calling us, browsing our website, reading our newsletter or interacting with the product, development, operations or engineering teams, I track the success or failure of these interactions to ultimately measure the service we provide. I view customer success as being much more than a support function and rather a way of working that should be fluent throughout the entire company. It's about 'what more I can do' and 'what more can we as a business do' to make our customers more successful.

When it comes to measuring success, objectives are very different at different stages. For example, success criteria for a kiosk project might be the level of engagement on the kiosks or demonstrating that the kiosks are providing ROI. Then we work on a roll-out plan and make sure we deliver on quality at every stage of that plan. And it doesn't end after the roll-out – we then take a look at how to continually improve the solution by analysing a wide range of data from product to operations to provide insight-driven recommendations.

What wider challenges are operators facing at the moment within the industry?

With the global economic outlook uncertain, it's a challenging time for both businesses and consumers and today, unlike 20 years ago, consumers are much more demanding. They expect more from the brands they associate with. They expect a minimum level of service for less money precisely because they have less money.

Technology can make it easier for operators to meet that demand but in some ways it also creates a challenge because consumers quickly become used to a certain level of service and, when they go somewhere that doesn't have it, they might view it as a negative. Adopting technology quickly enough, while doing it in a way that's sustainable and successful, is an operator's biggest challenge.

Do you see any trends emerging around customer success goals?

The two most common goals I see among operators are enriching the guest experience and generating additional revenue to improve ROI. Providing an outstanding guest experience is so important for brands in this digitally enabled world because customers always remember bad service and thanks to social media, bad news travels fast. The reality is that one small detail can do significant damage to a brand in a matter of hours so operators have to constantly ensure their guests' experience is not only enriched but it is as good as it can possibly be – every time.

What lessons have you learned in your customer success role?

I think it's so important to make the whole customer success process personal. You need people to want to go the extra mile, and not just do it because you've asked. I know when I've done the job right when I hear about a customer hitting their own success metrics. Positive feedback is key for me, but you often don't get it unless you ask for it and that's where the continual cycle of improvement and communication comes in.

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Nobody wants to feel confined, no matter where they are, what they're doing or where they're going.

Our powerful self-service platform transforms the way guests experience in-store, on-premise hospitality. Across Travel, Theme & Amusement and Fast Casual Restaurant industries, we help operators deliver guests more choice, more freedom and a level of service they will remember for all the right reasons.

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