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Panelists:

- Lee Holman, Lead Retail Analyst, IHL Group
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Do-It-Yourself Convenience

By Karen D. Schwartz, Contributing Editor

For some retailers the perfect kiosk does exist-but one size doesn't fit all

America has grown up with the concept of convenience and no retailer has taken it further than 7-Eleven. The Dallas, Texas-based retailer, with more than 24,000 stores in 18 countries, is an expert in providing customers with daily necessities where and when they need them. It was a natural next step for company leaders to want to expand the realm of goods and services it could provide customers visiting their stores.

Instead of expanding the stores' footprints, however, 7-Eleven believed the answer lay in providing self-service kiosks. As envisioned by company executives, the kiosks would expand on the services provided by the ATMs located in virtually every 7-Eleven store by partnering with a variety of content providers and e-merchants to offer customers a vast array of goods and services.

Building a Long Shot

Finding a kiosk that could provide this type of varied functionality that 7-Eleven was seeking was going to be a long shot. Instead, the company formed a group dedicated to developing the concept, determining the features, choosing the vendors and overseeing the entire project from its inception to completion.

The result has been the gradual rollout of a kiosk system executives say is tailor-made for 7-Eleven — a multi-function system that not only cashes payroll checks, sells money orders and provides money transfer services, but sells everything from music CDs to flowers — conveniently delivered directly to the customer's home or office.

The Web-enabled system, dubbed Vcom, was built, installed and maintained by NCR Corp. of Dayton, Ohio using software and support services from London-based global transaction processing software vendor Mosaic Software, all under the direction of 7-Eleven. The kiosk's variety of services have been made possible through agreements with other companies. For ATM transactions and check cashing, 7-Eleven partnered with American Express for traditional ATM services and with Certegy Check Services, while money order purchases and money transfers are made possible through an alliance with First Data subsidiary Western Union.

E-shopping is available at the Vcom kiosk through many alliances with a variety of vendors working in concert with Cyphermint Inc.'s secure cash payment technology. Customers can even use Vcom to pay phone bills and change phone service through Verizon.

Taking Control

Taking control of the project was the only way to ensure that the resulting kiosk would meet the unique needs of 7-Eleven and its customer base, says Brady Giddens, director of new products and business development for 7-Eleven's Vcom unit.

"We spent several years refining our business case and working with our partners to build what we consider to be the perfect kiosk for 7-Eleven," Giddens explains. "We're a convenience retailer. People want to get in and out very quickly, and that drives the decisions we make. We needed to create a kiosk that was intuitive, robust, can accept various forms of payment, had lots of functionality and was quick and easy to use."

Unique Functionality

Other unique functionality critical to the convenience concept is the ability to accept up to 30 bills at one time, up to \$3,000. By having that capability, customers can purchase goods and services with cash as well as with credit cards, debit cards and checks. Other critical features include the ability to read a check, which enables the system to determine if it's acceptable to cash the check; the ability to return exact change; and embedded digital cameras, printers and card dispensers.

Other convenience chains are going similar routes. Wawa Inc. of Wawa, Pennsylvania, for example, also has installed kiosks geared to its specific needs. The self-service kiosks, developed by Radiant Systems Inc. of Alpharetta, Georgia, are deployed at more than 500 Wawa stores throughout the mid-Atlantic and eastern United States. Using its kiosks, Wawa customers can get built-to-order hoagies, salads and other specialty food items. Wawa officials say 90 percent of customers believe the kiosk enables them to be served and leave the store more quickly, enhancing customers' perceptions of convenience. The system also provides Wawa the opportunity to up-sell, cross-sell or provide special offers.

BMW Drives Results

By becoming a managing partner in the kiosk development effort, forward-thinking retailers are joining an elite group who understand that getting involved is the best way — and some say the only way — to get the perfect kiosk — the kiosk that truly fits their needs. "It's not the technology — that's as mature as it needs to be," says Robert Plante, manager of the

Virtual Sales Center (VSC), a kiosk project at BMW of North America LLC in Woodcliff Lake, New Jersey. "It's more about being involved in the process from the beginning."

Plante should know. Before joining BMW, he worked for kiosk software provider Netkey Inc. of Branford, Connecticut. The VSC kiosk is built on Netkey technology. When he came to work for BMW about 18 months ago, Plante rounded out his knowledge by starting on the company's marketing team. Because of his knowledge of both the kiosk industry and BMW's marketing goals, Plante eventually was assigned to run the kiosk project, helping develop a kiosk he says is "as close to perfect as possible," due in large part because the design was driven by the BMW marketing department — the group that knows BMW customers best.

That knowledge of BMW customers — well-educated, fairly affluent people — helped drive the kiosk's features. In addition to using an interactive touch screen to "build your own" BMW and sample the benefits of BMW through full-screen, full-motion video, customers can also visit specific BMW pages on the Internet. Customers use this feature to compare specific BMW models to competitors in the same class. Today, each of BMW's 175 dealerships has a VSC kiosk.

Roadside Kiosks

Like BMW and 7-Eleven, executives at TravelCenters of America Inc. believed the only way to create the perfect kiosk was by getting involved in the design and functionality of the units. TravelCenters, a network of about 160 interstate highway travel centers in the United States and Canada, provide fuel, food, convenience stores and truck repair services. The Linux-based kiosk, which was conceived by a cross-functional team at the company's Westlake, Ohio headquarters, was built by Apunix Computer Services of San Diego, California. These kiosks, dubbed RoadKing, access a central Oracle database server at the corporate headquarters of TravelCenters.

Trucker Loyalty

The kiosks are the base of operations for the company's trucker loyalty program, which awards points for fuel purchases that can be redeemed in the centers' stores, restaurants, showers or repair centers. By inserting a magnetic striped card, truckers can check loyalty point balances, redeem points, check the number of shower credits they have earned from fuel purchases, and redeem and print coupons for free showers.

"We got our IT department and other parts of the company involved in the design. That's key to getting as close to perfection as you can with today's technology," says Dave Hanzal, project manager for the RoadKing Club program. But to ensure that the system continues functioning most effectively over time, Hanzal says executive buy-in for both the concept and ongoing participation by the company are important. "You've got to get everyone involved if you want to keep improving that perfect kiosk," he says.

Future Trend

Think small. That's what kiosk product providers are doing. From Symbol and UniComp to Hand Held Products, technology companies are going "micro" with future kiosk products while delivering big features. Some industry experts are concerned that the word "micro" will confuse the marketplace, but most agree that small kiosks with big capabilities will find retail buyers. Field testing is underway.

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