



## CONNECTING THE VIRTUAL TO THE PHYSICAL

Kiosks' Three-Tiered Essential Retail Solutions

By David Cromwell



If you're like me you're probably acutely aware of the social networking/smart phone/digital communication revolution and simultaneously skeptical of its effects on all facets of the business climate. While you have attained all of the skills necessary to manipulate the technology, you might struggle to see what *value* a company like Mike's Liquor Store gets out of spending the immense amount of time and/or money to set up and maintain an RSS Feed website and its accounts on Facebook, MySpace, Tumblr, Blogger, Twitter...well, you see where this is going.

Aren't the majority of day-to-day business decisions still done the old-fashioned way? By offering the world a fantastic product and then cultivating and maintaining client relationships through nothing more than blood, sweat and tears?

## Why Not?

Before we analyze the "why's" of installing self-service point-of-decision, (POD), kiosks *inside* retail locations-the very place where customers make 74% of their decisions<sup>1</sup>-let's start with the "why not's." That is to say, why shouldn't a retailer introduce 21<sup>st</sup> technology into a store that relies on real people, not anonymous online customers?

Take Mike's Liquor Store. His customers have been coming to his shop for years and he has maintained these clients through tireless efforts to offer them what they want at a price they can afford. His clients are real people that live in the neighborhood, not 19 year old college kids that found his site through Facebook. What does one of these customers get out of a self-service kiosk that can offer them food and wine pairings when they just want a quick six pack after work and to get home in a hurry?

How about a digital ad that catches their attention immediately *upon entering the store*? Their second favorite six-pack is on special. Customer saves a buck at the same time that Mike gets to move merchandise by choice. Mike put up this ad by simply placing a phone call to the kiosk company-with which he is a partner in digital advertising- who then uploaded the ad directly to

*"Only now are technology and public sentiment aligning to truly shift the responsibility of collecting goods and services to the consumer"*

*-Time Magazine July 2008*



Mike's system. An ad is displayed on the kiosk in a turnaround of minutes instead of days. All through a process that didn't even require Mike to know what an email account is. Mike's decision to make the call results in an increase in revenue from selling more beer *and* digital ad space to his vendors at the price that POD advertising merits.

## Connecting the Virtual to the Physical: A Three Tiered Solution

As previously stated, it's easy to get caught up in the "cool factor" of technology. Is it *cool* that IKS software can help a customer find the perfect under-\$15 bottle of wine to go with her grandma's homemade turkey cacciatore recipe simply by inputting the ingredients into a kiosk? Yes.

But *cool* doesn't pay the bills for the retailer. What retail stores need is to increase revenue and decrease costs. What customers need is to save money and time. What vendors need is brand awareness. And that's what IKS POD kiosks deliver.

Notice we are talking about retail solutions as a whole: we need to break the mold of thinking of kiosks as made only for airports and the food and beverage industry. Yes, self-service technology already has a noticeable presence in those industries. But we're talking about a platform that can be adapted and customized for any retail market.



Many have already caught on to this. For instance, IKS was recently asked to present its ValuPoint™ sporting goods software and kiosk system at Nation's Best Sports, (NBS), Semi-Annual Market in Dallas recently. NBS is the largest volume sporting goods buying group in the world representing over 800 retail stores. ValuPoint™ has already been hailed for cutting employee



training costs, increasing advertising revenue from vendors and encouraging brand loyalty to the retailer and vendors in its pilot locations.<sup>2</sup> A true three-tiered solution that benefits all levels of the purchasing chain.

The era of thinking of kiosk technology as simply something *cool* has passed. We are now entering a time in which kiosks are a necessary evolution of how retailers sell their goods. Those in the retail industry must begin to open their minds to the idea that kiosks are not a gimmick for their customers to play with, nor simply something just to help set their brand apart in the competitive market, **but as a source of revenue.**

As our example with Mike's Liquor showed, kiosks do serve as both a customer benefit, (the more consumers use kiosks, the more loyalty they will have to the store), and employee tool (saves the owner time and money on training in an industry with notoriously high turnover rates). But, more importantly, a revenue stream in and of itself. Don't you think advertisers would be more willing to pay to reach the *precise* customers who are pre-qualified to buy their products? Not simply everyone driving on Route 66 viewing a billboard, but at the exact point where customers make 74% of their decisions<sup>3</sup>: inside the store! Of course, it is the most efficient means of advertising available and that's why the industry is taking off.

## SustainableAd\$

With this evolution in mind IKS Inc. introduced Sustainable Ads™. A low-energy, in-a-word: "efficient" advertising medium to meet the market's increasing demand. Digital Ads can stream on anything from our full kiosk systems, complete with 32" ad display, to our compact 15" screen, countertop units. These compact systems are perfect for any size store and run on-screen ads while not in use by customers. Again, each kiosk system completely customized for the use of each retailer. Best of all, because it's efficient it's right:

*"Advertisers are directing dollars toward the channels which generate the most qualified leads and most effective branding,"*

*-Outsell VP Chuck Richard after revealing digital advertising would eclipse print in 2010.<sup>4</sup>*



our 32" LCD uses less energy than a 200W light bulb, saving both money and energy.

## Market Overview:

### The Kiosk Industry and Digital Advertising

Now that we have a basic, conceptual understanding of what kind of technology we're talking about, and how common sense it is to implement, let's move on to the nitty gritty details of the kiosk market. Just about every serious research organization that has analyzed the market agrees the self-service kiosk industry is set for huge growth in the coming years. In its extensive 2009 study, respected London-based Retail Banking Research Ltd., predicted that the number of self-service kiosks would quadruple from 92,600 in 2008 to 430,000 in 2014.<sup>5</sup> This supports data released prior to 2008, showing that kiosks continue to grow despite the tightening economic conditions.

Expanding on these market trends, on an individual level 86% of North American shoppers stated that they prefer to do business with companies that offer self-service technology (a 12% increase from last year's survey).<sup>6</sup>

Equally, if not more important than the kiosks, is the technology that *Time Magazine* recently named as one of the 10 most prominent technologies to advance over the next 10 years: Digital Advertising.

According to figures featured on CNN from research specialists *IMS*, the digital signage advertising market reached \$3.9 billion last year and is expected to grow strongly.<sup>7</sup> Indeed, industry research leader Frost and Sullivan states that although digital advertising slowed from its pre-2008 25% growth rate, the industry maintained more-than-respectable 10% growth throughout the recession. Frost and Sullivan went even further as to predict this figure to increase to 15% this year and 20% by the end of 2011.<sup>8</sup>

## IKS Inc.

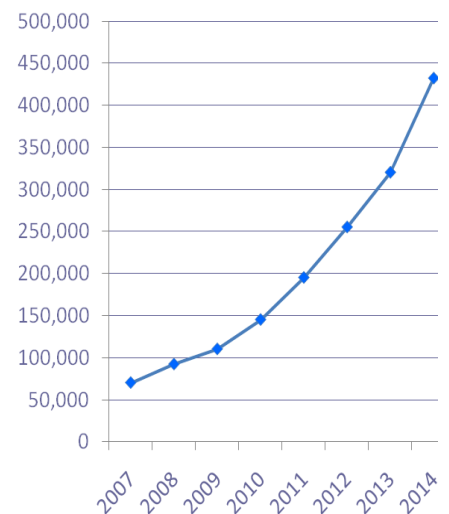
**IKS** is an enterprise software company that provides solutions for consumers at the point of decision. The company's proprietary

*74% of ALL consumer decisions are made INSIDE retail locations*

*86% of North American shoppers prefer to do business with companies that offer self-service technology*

*82% of customers who use kiosks make repeat visits to the same location<sup>9</sup>*

**Self Service Kiosk Growth**



software creates a unique user experience that empowers consumers, which has proven to increase sales and services for retailers utilizing kiosks. The past ten years IKS subsidiaries have focused primarily on adding value to the retail wine industry with its flagship kiosk software: *WineNDine™*. Now IKS has expanded its software applications to keep up with the growth in the global kiosk markets. Given the fact that **74% of all consumer decisions are made inside a retail location** IKS has embedded digital branding and advertising inside its unique user experience software in order to add value to consumers and retailers alike by:

- Increasing sales of existing product lines through electronic cross marketing.
- Educating and empowering consumers inside stores, thereby increasing customer loyalty.
- Generating revenue by embedding digital ads inside content displayed on an interactive screen.
- Provide retailers a cost effective and interactive tool to train employees.
- Maximize advertising budgets with measurable and specific marketing data.
- Reduce corporate advertising's impact on the environment by using digital signage.

As of May 2009 IKS has initiated full scale pilot programs (*hardware/ software*) with **CVS/Pharmacy®** in the northwest region of the United States. IKS has also developed several distribution channels for software licensing agreements throughout Canada and the United States, which has recently begun to generate revenue. The company has also expanded its geographic presence over the past year and now has offices in Seattle WA., Vancouver B.C. Canada, Missoula MT, Sonoma CA and Madrid, Spain.

In addition, IKS has eleven full scale systems in operation across the Northwest and Midwest regions of North America located with independent retailers. These kiosks continue to generate revenue through digital advertising, which has confirmed the company's business model of embedding digital advertising in with consumer content delivered at the point of decision.

For more information about IKS and its subdivisions please visit us at [www.IKSusa.com](http://www.IKSusa.com) or contact us directly at [info@IKSusa.com](mailto:info@IKSusa.com) or by phone: 800.398.9132.

*"IKS has developed a powerful content management system that allows the look and feel of the touch-screen to be configured for each customer. We have three levels of security controls built into the system which restricts/grants access on a local, regional and global level, which enables our software to scale within large corporations and resellers alike."*

-Jack Nichols, VP of IKS Inc.



## About the Author

David Cromwell is head of online business for IKS Inc. A 2006 graduate of Harvard University, Mr. Cromwell has since successfully combined his professional swimming pursuits with cutting edge business endeavors. Whilst becoming a two-time USA National Champion and ranked Top 8 in the World he edited and headed up business development for start- up news organization Timed Finals, helping broker a joint buyout by Wasserman Media Group and USA Swimming which led to the first joint private/public digital news venture in the history of Olympic Sports. Cromwell now uses his writing and web programming skills to manage IKS' online growth while also pursuing international opportunities from their satellite office in Madrid, Spain.

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<sup>1</sup> BuzzbackMarket Research, NCR Self-Service Consumer Survey, *April 2008*,  
*SourceTechApril 2009*

<sup>2</sup> For more information on ValuPoint please contact [jgreer@IKSusa.com](mailto:jgreer@IKSusa.com)

<sup>3</sup> BuzzbackMarket Research, NCR Self-Service Consumer Survey, *April 2008*,  
*SourceTechApril 2009*

<sup>4</sup> "US Online Ad Spend Set to Overtake Print" *The Guardian* 3/19/2010  
<http://www.guardian.co.uk/media/pda/2010/mar/09/us-online-ad-spend> viewed  
on 2/25/2010

<sup>5</sup> Retail Banking Research, Ltd. "Global EPOS and Self-Checkout 2009" (July 2009).

<sup>6</sup> BuzzbackMarket Research, NCR Self-Service Consumer Survey, *April 2008*,  
*SourceTechApril 2009*

<sup>7</sup> "3D Eye Solutions, Inc. to Target the Growing \$3.9 Billion Digital Signage  
Market" 2/23/2009  
<http://money.cnn.com/news/newsfeeds/articles/prnewswire/FL59253.htm>  
viewed on 2/25/2009

<sup>8</sup> "Ad Displays Track Age" *The Wall Street Journal* 2/3/2010.  
[http://online.wsj.com/article/SB200014240527487040228045750412337726308  
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<sup>9</sup> BuzzbackMarket Research, NCR Self-Service Consumer Survey, *April 2008*,  
*SourceTechApril 2009*