

Kiosk Trends In Retail



William C Giaimo
Global Kiosk & Wireless
Solution Exec
IBM Distribution



Sell Anywhere

Build Loyalty

Deliver Business Value

IBM MerchantReach™
Solutions for Integrated Multi-Channel Retailing

Discussion Agenda



 Store Trends

The Reality Of Retailing

 IBM MerchantReach For Kiosk

Delivering Business Value

Technology Trends In Self Service

 Is there a Kiosk in your pocket?

 The Customer Self Service Architecture



The Reality of Retailing

Consumers shop for exactly what they want, whenever and wherever they want.

In-store

Online

Catalog

Kiosk

Phone, Fax, e-mail



They expect Personalization, Consistency and Convenience across all channels.

At the same time, the business environment continues to challenge retailers....

Slow-growth environment

Intense competition

Customer service is a key differentiator

Labor market remains difficult

Need to capitalize on multi-channel customers as the most profitable

...to leverage every available resource to deliver customer value....

POS

Reaching new levels of service

Merchandise

Reaching out of the store

Staff

Reaching them effectively

Consumers

Reaching them anywhere



...and deliver ever greater levels of service.

Convenience

"At every location in the store, let me do all the business I need to do."

Efficiency

"Save me time when I know exactly what I want to do."

Consistency

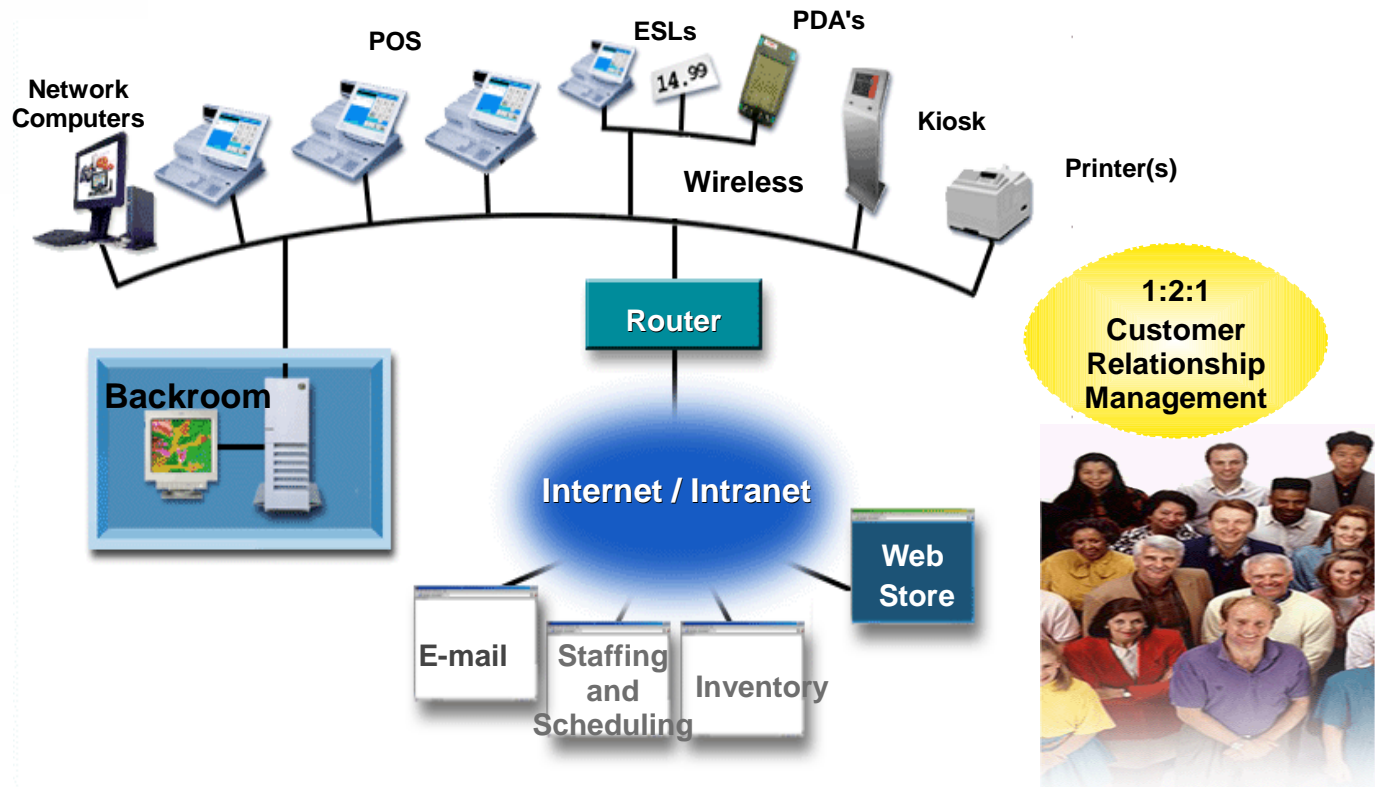
"Give me the same experience regardless of location, personnel, time of visit."

Satisfaction

"I want you to treat me as a valued customer, leaving me feeling good about my overall shopping experience."



Retailers are responding by deploying kiosks as part of an integrated multi-channel retailing strategy such as MerchantReach



Multi-Channel Infrastructure

Discussion Agenda



➔ Store Trends

The Reality Of Retailing

➔ IBM MerchantReach For Kiosk

Delivering Business Value

Technology Trends In Self Service

➔ Is there a Kiosk in your pocket?

➔ The Customer Self Service Architecture

IBM Kiosk Solution Experience Is Broad



Convenience:

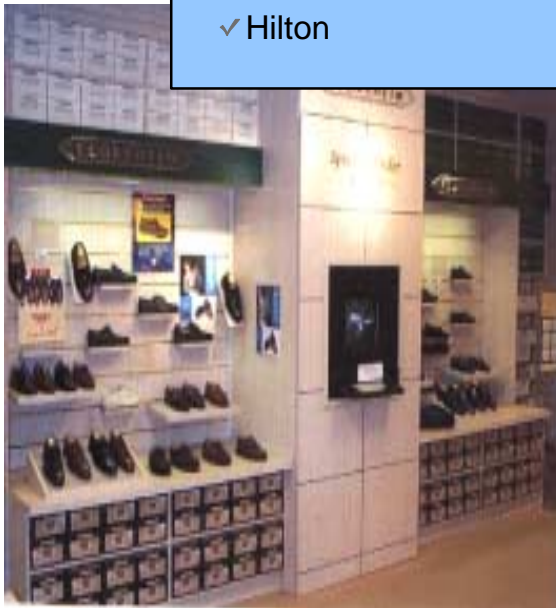
- ✓ Trump, Harrahs, others
- ✓ Blue Cross

Faster Transaction:

- ✓ Amtrak Ticketing
- ✓ British Air Coupons
- ✓ Alitalia Coupons
- ✓ Air Canada
- ✓ Hilton

Improve Sales Experience:

- ✓ Chrysler
- ✓ Music Listening



Expand Offerings, Mass Customize

- ✓ Target, Venator
- ✓ Lawson
- ✓ Fuji Photo Film
- ✓ Florsheim



Reaching and retaining the customer

Offer Self Service

Self Service Capabilities

- Price look-up
- Advertising Circular
- In-store product locator
- Self check out
- Deli/Bakery order entry
- Film development order entry
- Gift registry
- Instant Credit
- Layaway payments
- Rainchecks
- Check on order status
- Customer pick up
- Product comparison and selection
- Special Orders



Rewarding Customer Loyalty Driven By Individual Preferences

Customer loyalty station

- Dispense loyalty cards
- Offer targeted promotions
- Deliver coupons or shopping lists
- Provide information on points/offer attainment
- Club program updates
- Suggestive Selling
- Registration for sweepstakes



Extending the product line

Provide More or Different Products

- Access to web site and ordering
- Special orders
- Offer goods from complementary partners
- Merchandise too large for selling space
- Featured products and promotions



Delivering more value

Kiosk as Delivery Mechanism

- Real time access to "experts"
- Tickets
- Gift and phone cards
- Product on demand (music, image, print)
- Product information and buying guides
- Assembly instructions
- Recipes and nutritional information
- Customer education



Managing Store Operations

Store Management Support

E-mail

Employment applications

Forms automation

Access to store manuals and procedures

Headquarters/Store video communications

Store Associate Support

Access to client history and information

Product information

Product location across chain

Associate training and testing

Labor tracking

Personal HR data access





The market has proven the business value of a number of retail self service applications.

Established value propositions

Gift registry

Applicant screening

Photo finishing services

Digital product delivery (games)





Others are now being deployed and proven...

Experiments

Gift cards

e-commerce (line extensions or partnerships)

Instant credit

Product locator / store directory

Advertising subsidized models

Customer service transactions

- Gift receipts, pick-up, club memberships

Product information

- Category killers (wine, health)
- Remote product consultation (video/audio enhanced)

Grocery sub-segment

- Loyalty relationship management
- Personalized e-coupons
- Deli, bakery pre-ordering
- Out-of-store scanning / ordering

...and new and exciting applications are expected to mature in the future based on emerging technology.

Media Sales Assist

Books
Music
Video
Games

Digital Media Delivery

Digital Music
■ Custom CDs
■ Portable digital players
e-Books
Video
Games (new formats)





Market factors are driving the growth of kiosks....

Business drivers

Consumers are more comfortable with technology

Consumers demand more choice and information to help their decision making

Businesses want to provide more choice while minimizing the cost of inventory

Skilled employees are increasingly difficult to attract and retain

Technology advances

Hardware costs continue to decrease

Components and therefore kiosks continue to become smaller

Many businesses have installed Internet access and wide area networks to consumers

Web and shop-floor experience can be integrated using kiosk

...But success and growth could easily be stymied by the dark force in kiosk - Low Availability

- Fool Me Once
- A user might accept a non-working kiosk one time but if it doesn't work the second time they are not likely to return.
- Impact The Brand
- Customers value self service & will resent a non-responsive kiosk as much as non-responsive employee
- Delivering Return On Investment
- A non-working kiosk can't deliver value to your customers or to your customers' customers

We have the tools to neutralized the dark force and ensure High Availability

Ensuring High Availability

- Maintenance
- 24x7
- Responsiveness
- Access to spare parts
- Problem detection
- Maintenance
- Consumables, Cleaning
- Help Desk
- Remote Monitoring & Management.....

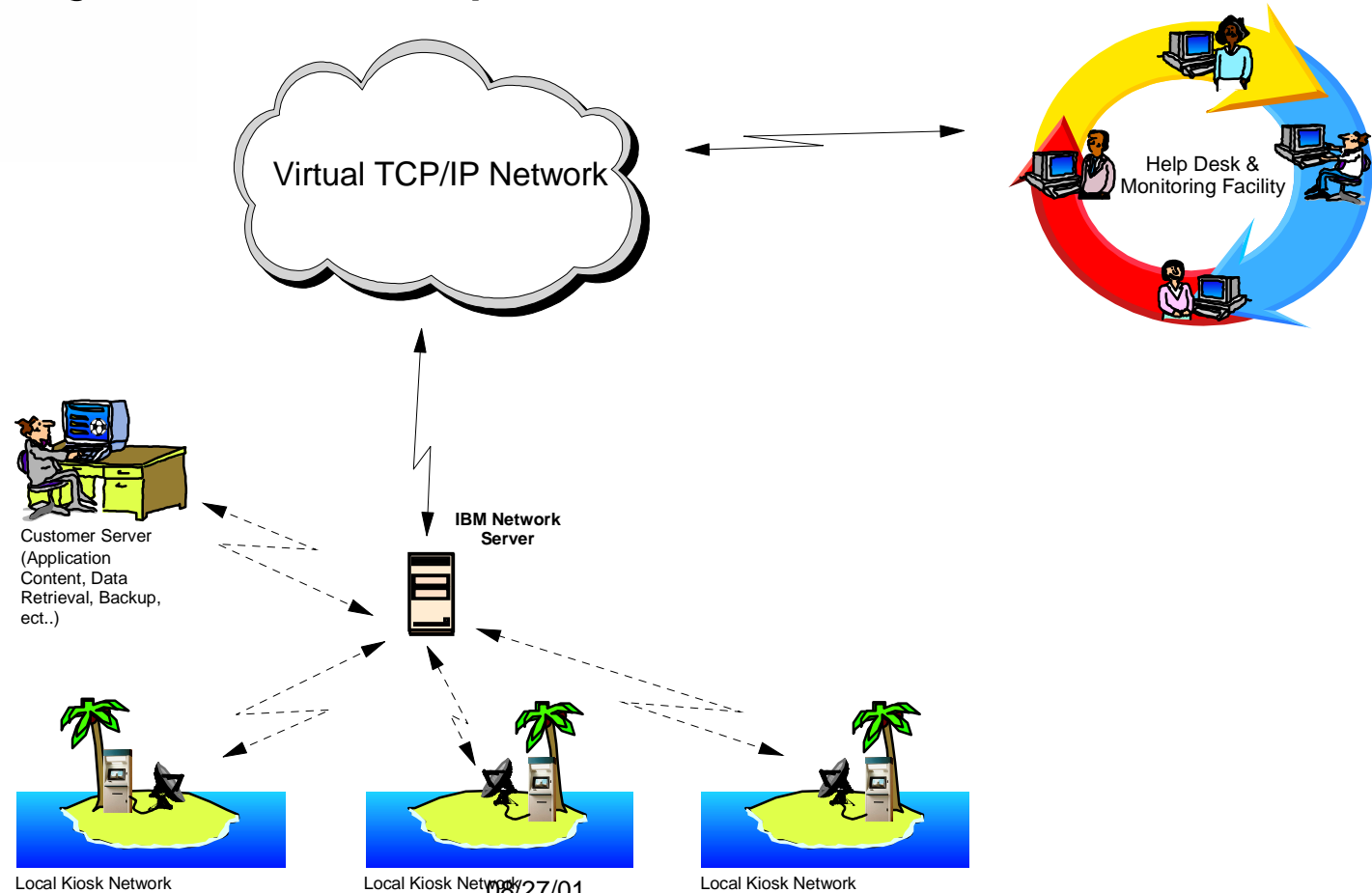


Remote Kiosk Monitoring & Management

Proactively address problems

Remote monitoring of peripherals via network (Consumer Device Services)

Manage software, data updates - network downloads





Kiosk Considerations

Rugged core technology

PC/Touchscreen

Retail Hardened

Common Features

Presence Detector

Stereo Speakers

Card Reader

Bar Code Scanner

Receipt Printer, Page Printer

UPS

Keyboard/Trackball

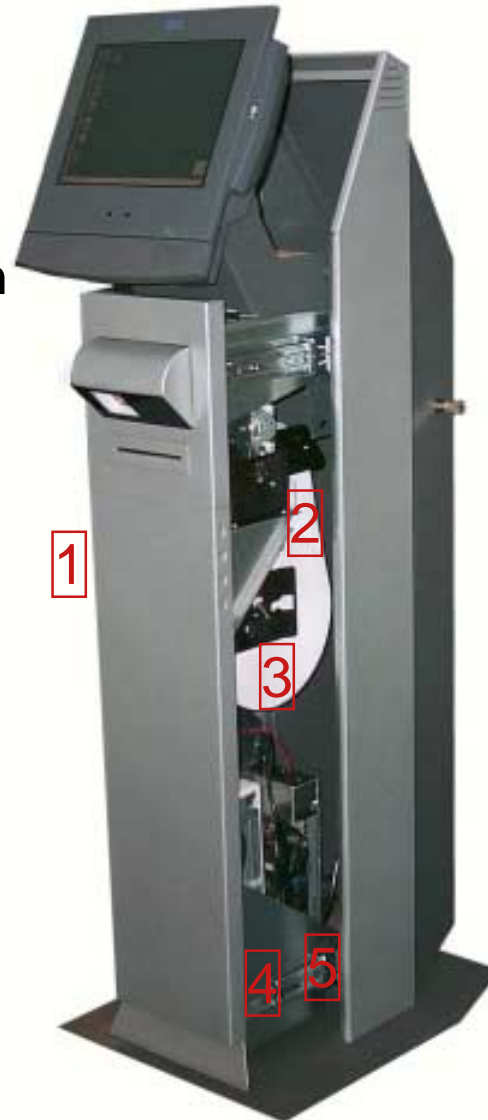
Enclosure





Effortless maintenance

1. Servicing drawer
 - ▶ kiosk contents slide in and out for easy servicing

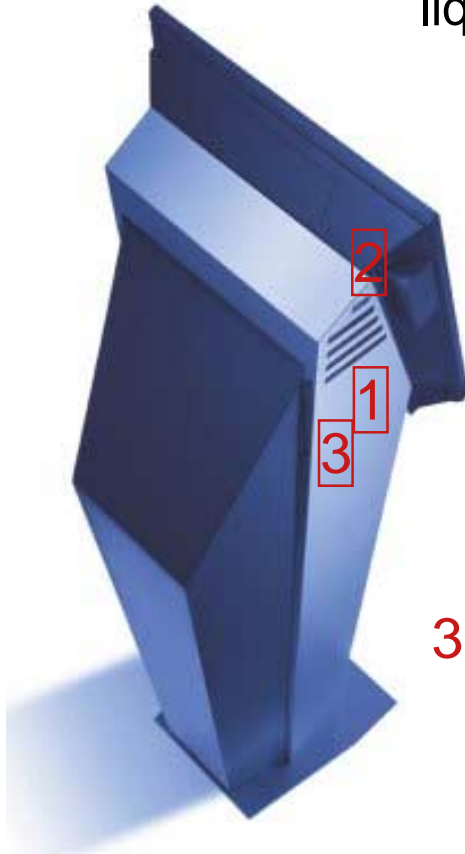


2. Paper sensors
 - ▶ paper jam
 - ▶ low paper
 - ▶ weekend
3. 10in/250mm paper roll
 - ▶ minimizes paper changes
4. Cable management
 - ▶ internal cabling is stationary to prevent interference with kiosk servicing
5. Cable retractor
 - ▶ for power and comms cables, releasing cable for the drawer to open and retracting it when closed

Enclosure Considerations

1. Splash-resistant louvers

- ▶ angled to allow air to flow but liquids to be kept out



2. Signage mounting capability

- ▶ threaded mounting holes on rear of enclosure enable the kiosk to be customized with promotional signage and accessories



3. Durable enclosure

- ▶ durable sheet metal with powder coated resin, for a tough but smooth design

Discussion Agenda

➔ Store Trends

The Reality Of Retailing

➔ IBM MerchantReach

Unlocking The Power Of Multi-Channel Retailing

➔ IBM MerchantReach For Kiosk

Delivering Business Value

Technology Trends In Self Service

➔ Is there a Kiosk in your pocket?

➔ The Customer Self Service Architecture

Business requirements drive a need for multiple applications or "suites"

Key architectural requirements

Applications must be available across multiple devices

- Key variables: Screen sizes, employee vs. customer access

Applications must work across multiple network models

- Isolate the application from transport issues

Applications must use common, non-proprietary, web-based standards

- Integrate best-of-breed applications into common architecture

Self-service technology platforms are evolving rapidly based on web technology

Kiosk

Fixed or mobile

Wired or wireless

Point-of-sale

Customer-facing display

Customer check-out

Portable Devices - "Personal kiosks"

Store supplied / employee enabled

Customer carried - PDA, Cell phone, self-identifying

Networking technologies are enabling different topologies in the store

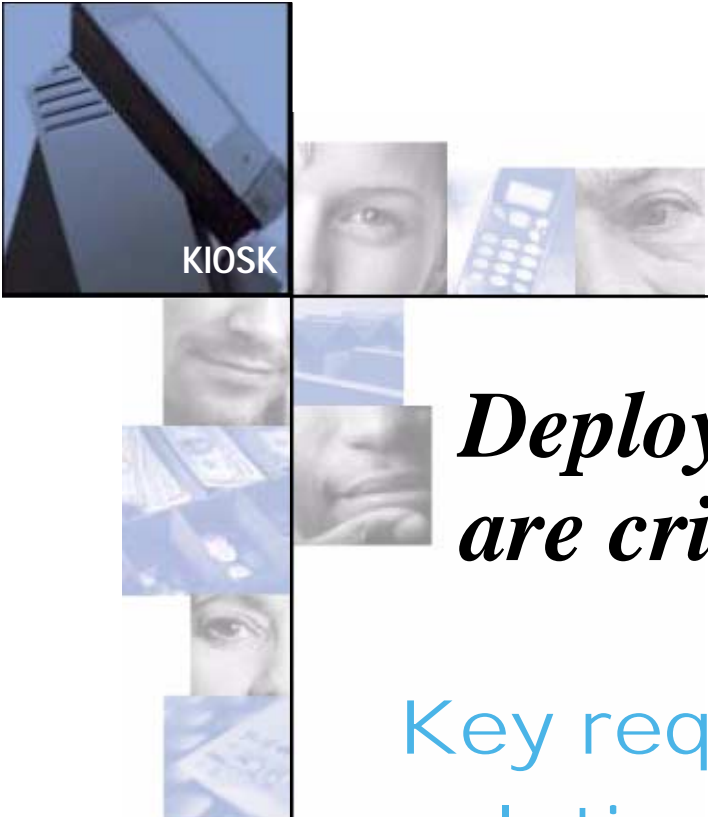
Standard wired LAN

Symbol (and other) 802.11 wireless

Infrared for line-of-sight devices

Bluetooth for localized communications

Connectivity to enterprise network remains a common hurdle



Deployment and systems management are critical success factors

Key requirements for self-service solutions

Remote systems management

Remote software maintenance and distribution

System architecture with interchangeable building blocks

Scalable from pilot to deployment based on business success

- Avoid labor-intensive changes to architecture as deployment proceeds

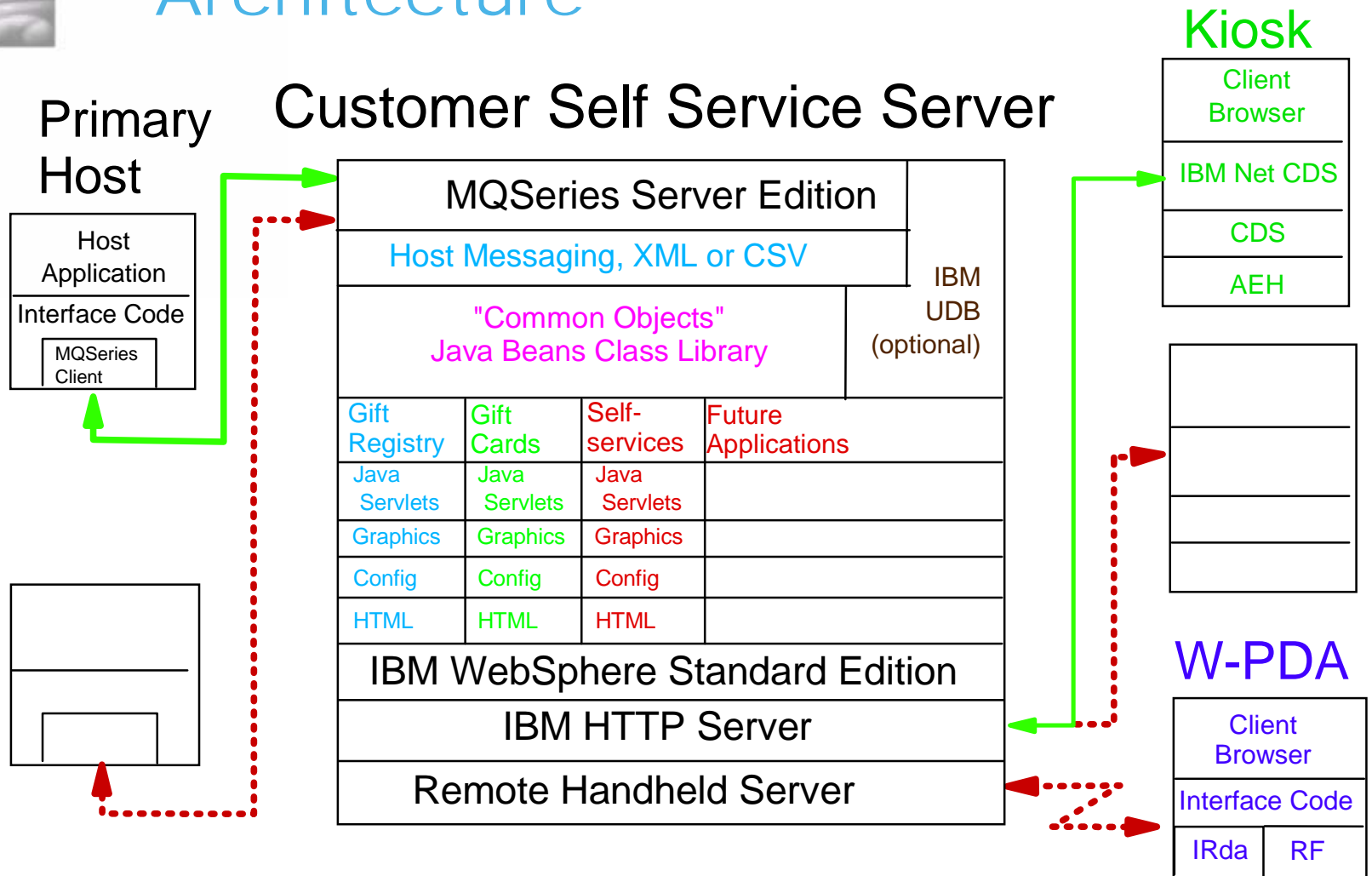
Discussion Agenda

- ➔ Store Trends
The Reality Of Retailing
- ➔ IBM MerchantReach
Unlocking The Power Of Multi-Channel Retailing
- ➔ IBM MerchantReach For Kiosk
Delivering Business Value

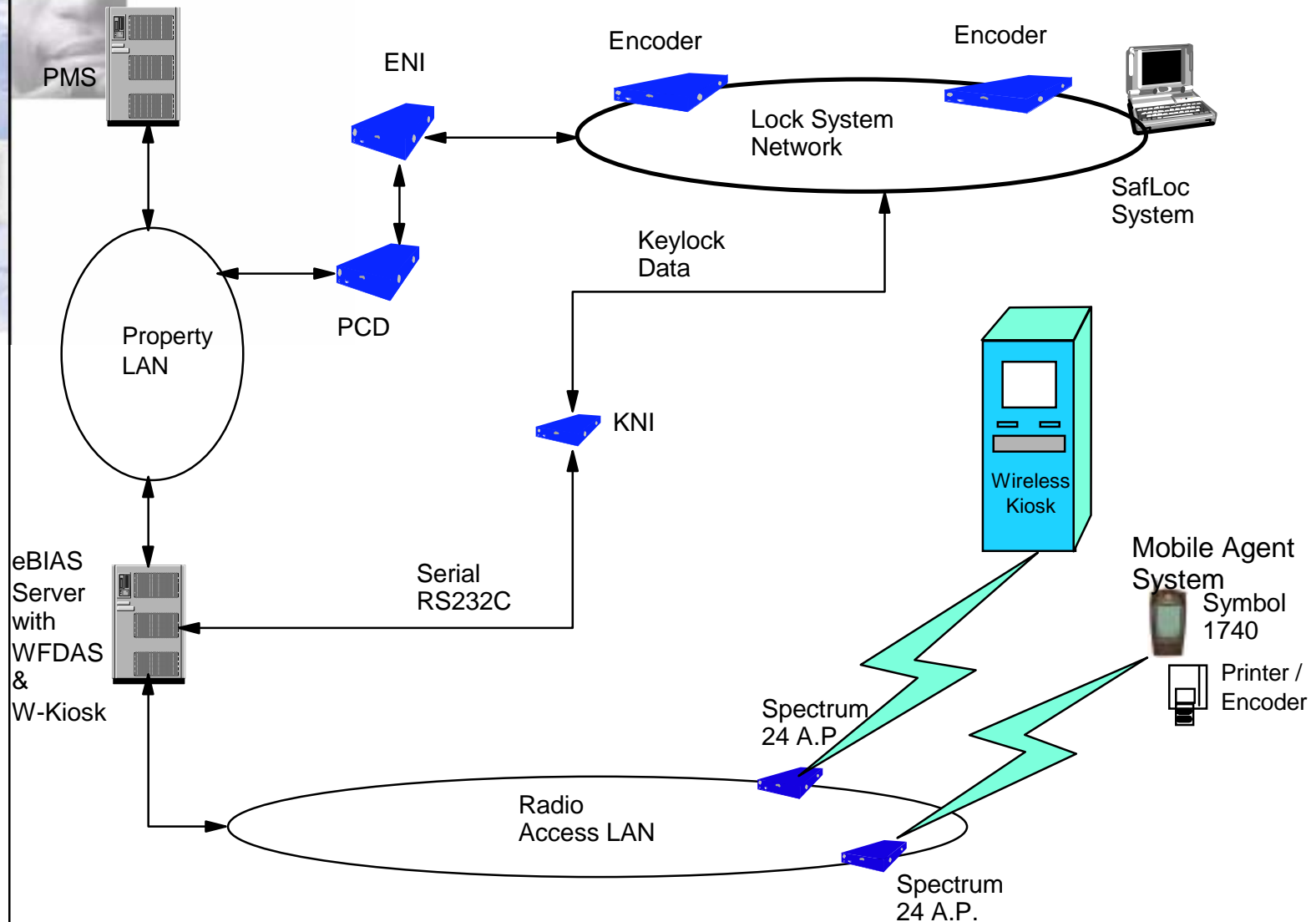
Technology Trends In Self Service

- ➔ Is there a Kiosk in your pocket?
- ➔ **The Customer Self Service Architecture**

The IBM Customer Self Service Architecture



Customer Service - Hotel Deployment



The Integrated Multi-Channel Kiosk Value Proposition:

Integration that enables you to truly know your customers so that you may serve them better and maximize your business results

Kiosk Selling: Integration to inventory and item databases

Product Locator: Integration to store perpetual inventories

Customer Loyalty: Integration to marketing systems

In-Store Item Locator: Integration to space management

Line Extension Selling: Integration to suppliers

Personal Shopping Services: Integration to sales history

Associate Information Access: Integration to HR systems

Strategic Decisions

What applications fit my target customer?

Critical component in Marketing Strategy

What is the right business model?

Self owned

Product provider owned

Advertising owned

Who are the right partners?

What to outsource?

Marketing, application, kiosk, deployment, availability, content/technology refresh, financing



IBM MerchantReach™ Solutions for Integrated Multi-Channel Retailing

Kiosk Solutions In Retail

Thank You

Sell Anywhere

Build Loyalty

Deliver Business Value

