

WHITE PAPER



Why Self-Order Kiosks aren't Job-Killers

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By Richard Slawsky | Contributing writer, KioskMarketplace.com

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Self-order kiosks have often been touted as a way to replace workers in response to a tight labor market and demands on the part of workers for higher pay. When faced with a significant increase in labor costs, experts say, operators will cut jobs and increase their reliance on technology.

Kiosks can handle many of the mundane tasks traditionally performed by hourly employees. And as some in the industry have pointed out, they never call in sick, they're always polite to customers and they never forget to upsell.

It's true that many operators are looking at self-order kiosks as a way to cope with wage pressures and labor shortages. Some industry insiders predict the day is not far off where automation will completely eliminate the need for human workers.

Those insiders are wrong.

In fact, it's been demonstrated time and time again that the use of self-order technology drives the need for more, not fewer, employees.

A boost in sales

Self-order kiosks are a relatively new feature of the foodservice landscape. They've been around in one form or another for more than a decade, but their popularity has exploded as technology becomes more sophisticated and less expensive.

And time and time again, they've been shown to increase sales through automatic upselling and other features. A study conducted by researchers at the University of Toronto, for example, found that sales of difficult-to-pronounce items in liquor stores increased by a statistically significant 8.4 percent when those stores switched to self-order technology, likely via the removal of any concern on the part of customers that they might mispronounce an item when asking for it by name.

Self-order kiosks reduce the need for workers to perform mundane order-entry tasks, allowing them to offer more personalized service. McDonald's, which has been aggressively rolling out kiosks in its locations in the United States and around the world, expects to add employees thanks to sales increases brought about by the technology.

"It's all about taking care of the customer and creating a better customer service experience," Sandy Haefner, a McDonald's franchisee in western New York, told the Buffalo News. "We're adding that human touch."

Kiosks also minimize order entry errors, resulting in happier guests. And because every kiosk transaction creates a record, self-order technology provides the corporate office with a firehose of data restaurant executives can leverage to spot trends and improve operations.

The proof in the P&L

Although it's easy to cite anecdotes about the benefits of self-order kiosks, at the end of the day for a technological solution to succeed, it needs to deliver results.

Dairy Queen is one company reaping the benefits of self-order tech. Michael Clarke, a franchisee in the Fort Worth, Texas, area is seeing kiosk tickets average about \$13.25 compared with \$8.95 for orders placed at the counter. That's a whopping 48 percent increase.



Blaine Hurst, CEO and president of Panera Bread, said in a [presentation](#) at the 2018 National Retail Federation show that visits among customers using kiosks increased 12 percent after 12 months.

McDonald's, which is arguably the biggest investor in self-service solutions, [saw](#) same-store sales at its U.S. restaurants increase by 5.7 percent for 2Q19, in part thanks to its "Experience of the Future" store remodels. Kiosks are a central feature of those efforts.

Research conducted by the news website [PYMNTS.com](#) cited the case of Léa French Street Food, a café in the Chicago suburb of Oak Brook. The restaurant found that kiosks encouraged customers to customize their orders. Because of that, the check size of orders placed at the kiosk averaged \$17.17, more than 75 percent higher than the average check size of \$9.79 for orders placed at the counter.

Getting it right

Although the benefits of self-order kiosks are clear, a successful kiosk project is more than simply a matter of placing a device in the restaurant lobby and hoping for the best.

A kiosk must be both easy to use and fit in with the overall design of the restaurant. If the device looks out of place or is difficult to use, it will end up being an expensive dust collector.

"When working with vendors or implementing kiosks, it's important to have an easy and simple user interface for customers," said Mark Yang, Hardware Application Engineer with Milpitas, California-based kiosk vendor Advantech. The company's kiosks are designed to meet the diverse needs and requirements of self-service applications with kiosk solutions that offer flexible configuration and installation options.

"Images help a lot," Yang said. "It's also important that the kiosk integrates seamlessly within the restaurant, fitting in with the design and not interrupting traffic flow."

In addition, it's critical that the solution be reliable. If a customer tries to use a kiosk once and it's out of order, they may try again on their next visit. If it's still out of order, they likely will never try again. It's important to work with a vendor with an established track record of providing robust, dependable solutions.

But with a bit of research and proper planning, self-order kiosks can result in an increase in both sales and staff.

A Chicago-area McDonald's franchisee found himself putting out the hiring sign after he deployed self-order kiosks in his restaurant in 2018. Instead of being put out of a job, employees who once worked the counter now deliver meals to customers' tables. And of course, some still serve those who prefer to order at the counter.

"From the operation standpoint, the kiosk is all about convenience -- the concept had nothing to do with labor reduction," franchisee Nick Karavites told Bloomberg News. "We actually now employ more people with the introduction of kiosks."



The state of self-order kiosks

According to the Tillster 2019 Self-Service Kiosk Index:

The Use of Self-Order Kiosks Continues to Rise

QSR and Fast Casual restaurants can use kiosks to grow sales, increase throughput, and prevent customers from leaving when lines are long. In both restaurant categories, customer usage of kiosks is up from last year.

Many Customers Prefer Kiosks to Cashiers

If line lengths were equal, 30% of customers would still prefer to order from a self-service kiosk. With a line longer than four people, that number rises to a majority.

Kiosks Remain Popular Across All Age Groups

Customers of all ages would visit more often if self-service kiosks were offered.

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