

- Promise

Technology options have never been better to launch newer, more efficient infrastructures in support of truly innovative integrated multi-channel marketing approaches.

- Reality

The consumer's changing tastes and demands for convenience have accelerated in the digital age like never before. Competition is increasing to the point that lines are blurring between banks, post-offices, restaurants, grocery stores, high-volume retailers, hotels and airports. Kiosks have been identified as one of the major channels to support the integrated marketing strategy necessary to thrive in today's competitive environment.

- Problem

A kiosk implementation is one of the most multi-disciplinary projects an enterprise can undertake, crossing the domains of IT, corporate marketing, in-store operations, finance and creative services. The definition, design and implementation of the project is best guided by a strategically planned roadmap.

- Solution

Well planned self-service technology-enabled channels align customer experiences across brick-and-mortar, catalog, kiosk, online and mobile touch points. A proper implementation roadmap, exceptional user experience design, and the right vendor partnerships can leverage a kiosk solution to provide valuable points of interaction, bridging the high-tech and high-touch elements of customer relationship management strategy.

Kiosks and Integrated Marketing

Integrated marketing is more than the leap from brochure to website to tradeshow kiosk, it's a critical strategy for the successful marketing of any product or service and a fundamental component of sound overall business strategy. Whether an enterprise is looking to penetrate new markets, evolve the perception of branding or drive demand for the offerings, a well-thought-out integrated marketing strategy can help maximize results while minimizing the costs of program implementation and maintenance. Integrated marketing is a multi-dimensional combination of strategy, user experience design, applied technology and quantitative performance measurement, analysis, and optimization.

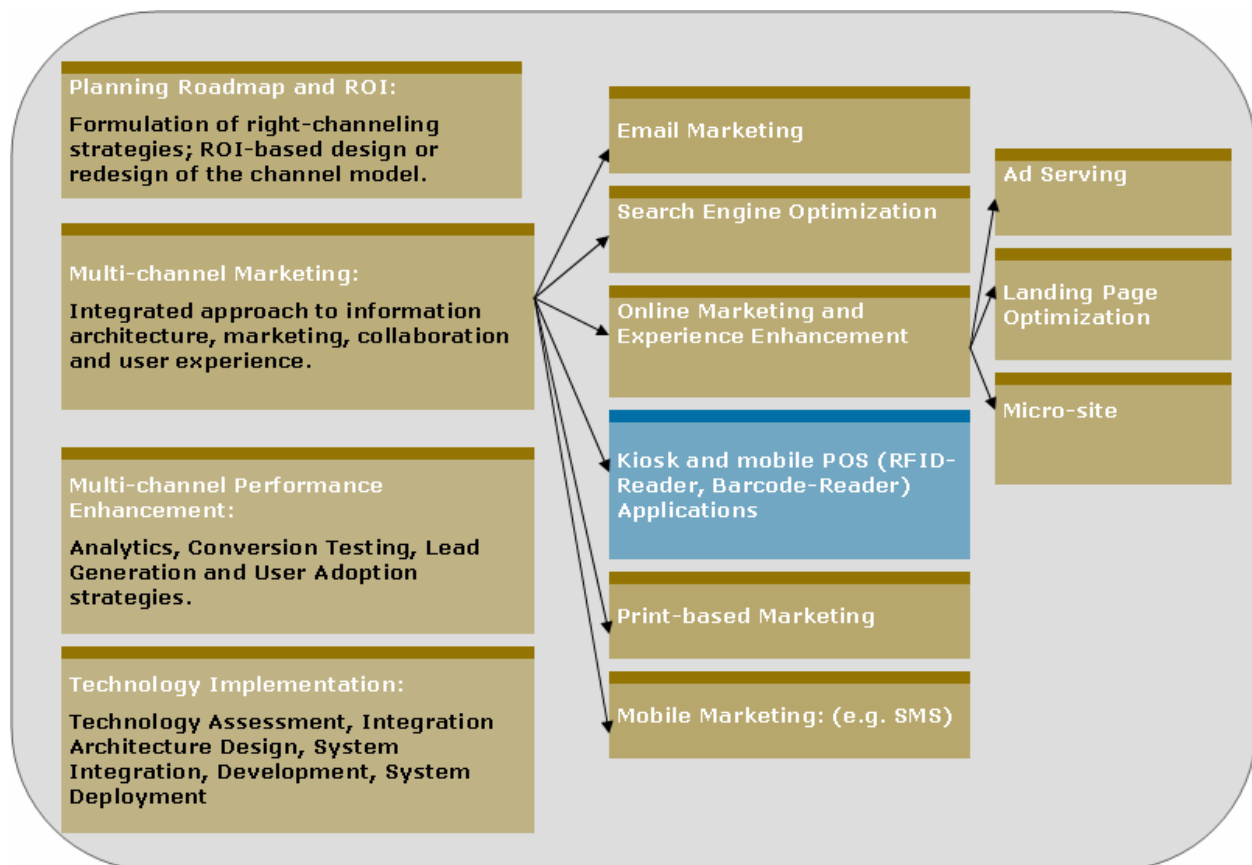


Fig. 1: Components of Integrated Marketing Strategy

What is a Kiosk?

An interactive kiosk system is typically a touch-screen monitor connected to a computer. It is usually placed inside a secure enclosure in a public place that enables consumers to have instant electronic access to information, products, and/or services.

There are three fundamental components of a kiosk solution:

- A physical enclosure which houses the hardware
- A physical hardware (touch-screen monitor, CPU, stereo speakers, printer, cables, etc.)

- A software application that secures the computer, stores information, processes transactions, and delivers the messages, services, and/or products.

With the success of digital photo kiosks and self-service e-ticket kiosks in airports, kiosks have been identified as one of the major channels of integrated marketing strategy. The Kiosk Industry sector Report (*Summit Research Associates, Inc. Retail, 2004*) identifies the top reasons to deploy kiosks in the retail industry:

1. To provide information
2. As line busters
3. To improve customer service
4. To reduce costs
5. To reduce staff
6. To increase competitive advantage
7. As a Public Relations tool.

If they are to be successful, it is also important for retailers to be proactive and encourage customers to try the kiosk. Promotional brochures should encourage use, the location and environment should compel use, and high-touch guidance available at the kiosk should ensure successful use. Airlines frequently use their gate agents to guide people to their kiosks. US Postal Service employees are tasked to help introduce customers to the new Automated Postal Centers.

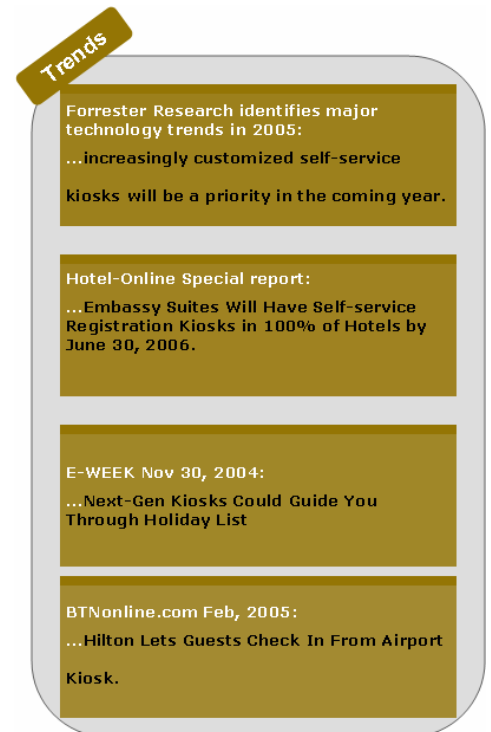


Fig 2: Recent Articles on Kiosk Trends

Self-Service Technologies: Kiosks and POS Devices

POS, or Point-of-Service technologies (sometimes also referred to as Point-of-Sale), help savvy retailers to offer just-in-time and just-enough service with an in-store automation solution: e.g. a personal shopping assistant or a self-checkout system. POS devices utilize barcode readers, RFID readers and wireless network technologies to provide valuable information to consumers such as product look up, related product information and other purchase assistance.

In order to take full advantage of the benefits offered by self-service systems, a plan should be in place to phase out legacy technologies and invest in open standard technologies such as personal computer based terminals, standard operating systems, web services, and xml-based communication protocols.

The Impact of Market Forces

While industry has always been faced with tough competition, thin margins, and high employee turnover, it has changed rapidly and dramatically due to certain key market forces—consumer demands, market pressure and evolving technology. The consumer's changing tastes and demands for convenience have accelerated in the digital age like never before. Competition is increasing to the point that lines are blurring between banks, post-offices, restaurants, grocery stores, high-volume retailers, hotels and airports. At the same time, the choices in technology have never been better to launch newer more efficient infrastructures in support of truly innovative integrated multi-channel marketing approaches. Traditionally, industries have relied on technology to reduce costs and improve control. Now they are looking to new technology solutions to help drive up sales.

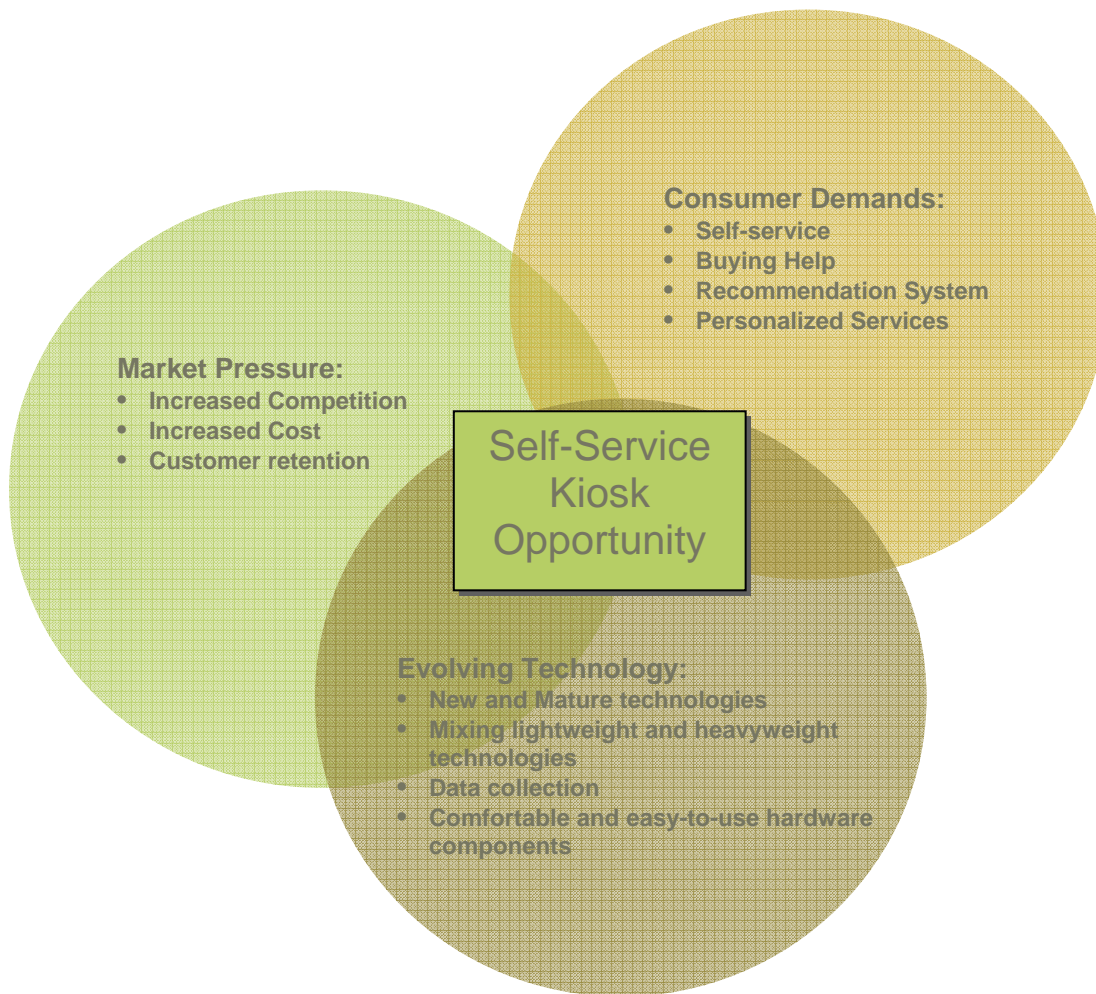


Fig 3: Self-service Kiosks Opportunities

Self-Service Kiosks for the Retail Industry: Challenge, Solution and Value

Brand identity, physical stores, online presence and efficient distribution systems are great assets. But they do not guarantee multi-channel retailing success. The majority of retailers are struggling to find the correct channel strategy and managing the current trends of online and offline trading activities.

The following table discusses in detail the challenges for implementing a kiosk solution in the retail sector:

E-Week reports success of self-service technologies in retail sales for 2004:

A recent study by IHL Consulting Group indicates that self-checkout and other self-service systems generated almost \$128 billion in sales last year, up about 80 percent over a year before. Projections are that these sales figures will continue to grow exponentially-up 73 percent this year and then a projected 88% next year.

Table 1: The Kiosk Channel in the Retail Industry			
Challenge	Description	Solution	Value
Increased Competition	To stay competitive, it is necessary to find new time- and location- based sales opportunities. (Ex: Sears Kiosk strategy): Let consumers buy out-of-stock items and items that are uncomfortable carrying with them.)	<ul style="list-style-type: none"> • Provide Kiosk-based solution with Online alternative • Target Customers and Sales Associates • Integrate mobile POS devices like Personal Shopping Assistant • Build intelligent Barcode-readers and RFID-readers like Self-checkout 	<ul style="list-style-type: none"> • Increased POS Channels • Reduced cost of managing stores, warehouses and employees • Increased Customer Satisfaction
Right-Channeling Customers	Transition from traditional request processing to consumer-focused interactive application requires sophisticated User Interface and Interaction Architecture.	<ul style="list-style-type: none"> • Perform User-Research • Use Best Practices • Provide Context-sensitive Information • Provide buying help such as Related Products, Similar Products, Print Comparisons, and Recommendation System etc. • Be sensitive to performance • Use Rich Internet Application to make systems quick and interactive 	<ul style="list-style-type: none"> • Ability to remain relevant and competitive • Increased opportunity to cross-sell • Improved User experience
Achieving Operational Excellence	Large scale technology implementations require careful Road Map and ROI planning.	<ul style="list-style-type: none"> • Build business strategy based on user segmentation, case studies and ROI planning • Use Conversion Testing, Lead generation systems, Analytics and Extensive Reporting 	<ul style="list-style-type: none"> • Builds Just-in-time and Just-enough enhancements • Provides Quantitative realization of ROI

The success stories behind companies such as Staples, Circuit City and Home Depot include adaptive responses to changing consumer demands in the retail industry with kiosk-based solutions to support loyalty and incentives, product line extensions, self-service transactions, intelligent RFID readers and gift registries.

An Information Week report shows that profitability of a Kiosk-based solution depends on its relation with the related online solution:

Staples Inc. in Farmingham, Mass., reported \$45 million in sales from its Staples.com site in 1999 and projects \$450 million for 2000, figures that include kiosk sales, says Scott Floeck, VP of Information Systems.

Self-Service Kiosks for the Hospitality and Food Service Industries: Challenge, Solution and Value

Kiosk compatible trends in the hospitality and food industries for 2005 include quick check-in and check-out, placing orders, B2B transactions (e.g. Hotel and Air-travel), concierge services and other customer loyalty systems.

Travelers seeking faster check-in are already driving the use of kiosks in hotel lobbies. Hilton, Embassy Suites, Hyatt Hotels Corp. and Starwood Hotels & Resorts Worldwide are among the large hotel companies that have already implemented kiosk check-in.

Electronic check-in kiosks at airports are also already big success stories for the airline industry where kiosk implementations can easily be scaled based on arrival patterns and the amount of frequent business travelers served.

More interestingly, in the food service industry, self-service kiosks are being introduced to solve persistent staffing challenges. One U.S. Labor Department study notes that self service terminals have been successful in making low-paid, high-turnover staffs (common to the restaurant industry) more efficient and effective. Now that customer activated kiosks are possible, the report claims that the next logical step is “to empower the customer to quickly enter the order himself or herself.” Arby’s and Sheetz, Inc., a chain of convenience stores and gas stations in Pennsylvania and nearby states, are already using kiosks to accomplish just that.

BTNonline.com reports on the B2B aspect of self-service Kiosk applications (Feb, 05):

Hilton Hotels Corp. this month completed a beta test of the first kiosk in an airport that enables guests to check in to their hotel while they wait for luggage.

HotelNewsResource.com reports Hyatt offering Personalized Services using Kiosks (Feb, 05):

Hyatt guests can complete their check-in/checkout transactions in under a minute . . . Kiosks will soon allow customers to choose the newspaper they want delivered to their room, make dinner reservations and select from a variety of activities at Hyatt’s resort locations.

The following table discusses in detail the challenges for implementing a kiosk solution in the food and hospitality sector:

Challenge	Description	Solution	Value
Increased Competition	To stay competitive, it is necessary to offer alternatives to waiting in line. (Ex: Hilton Kiosk strategy: At a kiosk, guest can enter their Credit-Card or membership number, then be able to view details about their services to choose.)	<ul style="list-style-type: none"> • Provide Kiosk-based solution with Online alternative • Target Customers and Sales Associates 	<ul style="list-style-type: none"> • Reduced Waiting time • Increased Business • Reduced cost of managing employees • Increased Customer Satisfaction

Table 2: Kiosks in Food and Hospitality (cont.)			
Challenge	Description	Solution	Value
Right-Channeling Customers	Transition from traditional request processing to consumer-focused interactive application requires sophisticated User Interface and Interaction Architecture.	<ul style="list-style-type: none"> • Perform User-Research • Use Best Practices • Provide Context-sensitive Information • Provide help such as transportation facilities, tourist information, Print your e-ticket, etc. • Be sensitive to performance • Use Rich Internet Application to make systems quick and interactive 	<ul style="list-style-type: none"> • Ability to remain relevant and competitive • Increased opportunity to cross-sell • Improved User experience
Achieving Operational Excellence	Large scale technology implementations require careful Road Map and ROI planning.	<ul style="list-style-type: none"> • Build business strategy based on user segmentation, case studies and ROI planning • Use Conversion Testing, Lead generation systems, Analytics and Extensive Reporting 	<ul style="list-style-type: none"> • Builds Just-in-time and Just-enough enhancements • Provides Quantitative realization of ROI

Building a Successful Kiosk Channel

The Four-Step Process: Establishing a Roadmap

A Kiosk implementation project is one of the most multi-disciplinary tasks to cross the domains of IT, corporate marketing, in-store operations, finance and creative services. The definition, design and implementation of the project need to be guided by a strategically planned roadmap. Constant ROI evaluation at every step is crucial. The project timeline might vary from a minor 4 months to years depending on the size of the project. A typical project plan would have the following steps:

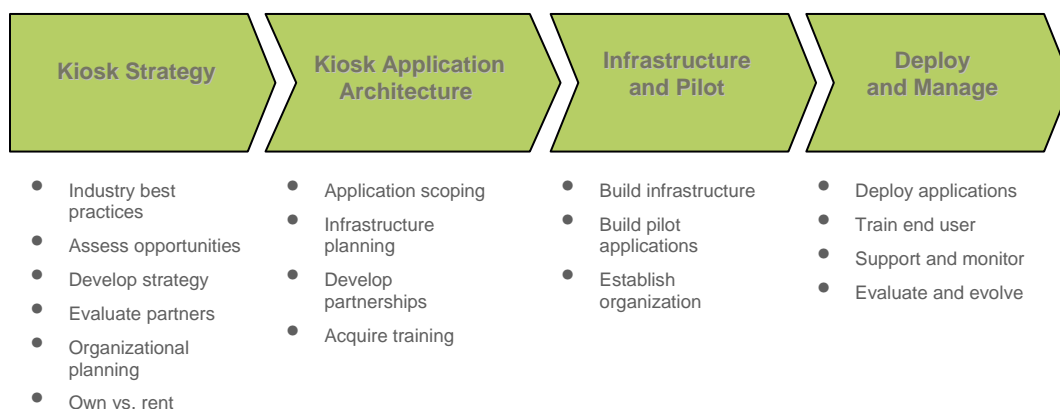


Fig 4: The Four-Step Process for a Successful Kiosk Channel

In an engagement, real-world examples of actual kiosk deployments and a project analysis should be used to customize the principles of planning the implementation.

Critical Component: Designing the User Experience

A user's experience with a kiosk only lasts a short period of time, so a user adoption strategy is a must for successful kiosk implementation. Here are key user experience goals to keep in mind while designing a kiosk application:

→ Work with a team that has the experience and expertise in building successful user adoption strategies

- The team should have experience in designing kiosk and online user experiences.
- The team should be able to produce solid technical design and network and systems design and should be following a software development process to complete implementation and deployment in a timely fashion.
- The team should have expertise in using analytics and conversion testing to test and build incrementally.

→ Tailor-make the kiosk for your audience and their environment

- Kiosks are true “walk-up-and-use” interfaces: users often use them once and never again.
- Simplicity is important. Users often return to a website, learning more and more about how to use the site. But they may never come back to the same store kiosk if they find it to be more difficult than the standard high-touch system.

→ Choose hardware and placement based on customer needs

- Choose hardware (touch-screen, keyboard, mouse) and ergonomics (seating, height) based on known customer needs – long vs. short usage, simple vs. involved tasks, one-person vs. two-person operation.
- Place the kiosks where customers will find them – in open areas with many lines of vision to the kiosk, and where there is an opportunity to use signage for the kiosk.

→ Create a compelling user experience

- Implement integrated marketing practices by unifying the kiosk experience with that of the Web platform.
- The experience must support the needs of a broad range of customers and users with limited time – research shows that one in five adult web users give up on a task after as little as 8 seconds of wait time.

Critical Component: Partnering with the Right Product Vendors

A solution based on integrating different systems and partnering with different vendors requires careful planning. This means that an enterprise needs to consider business, functional, technical and user experience goals for the system in order to choose the right product vendors. Some such considerations might be:

- That the products selected must have the required features to support implementation by the release dates
- That the future vision of a selected product meets the ongoing updates to the kiosk application
- That the platform is cost-effective, is functionally rich, based on open standards and extensible
- That the implementation methodology compels use and in turn increases sales

The following diagram shows a sample of vendors in the related market and where they would enter into a kiosk implementation project:



Fig 5: Related Vendors

it's all inside:

JCPenney

JC Penney Gift Registry: A Case Study in Integrated Marketing

Challenges

JCPenney wanted to regain its leadership position for wedding registries and increase both loyalty and revenues. The gift registry experience needed to be entirely revamped across multiple channels from in-store kiosk to online. The existing experience did nothing to match the special quality of the occasion, nor did it take advantage of the natural ebb and flow in the registry lifecycle.

Key Avenue A | Razorfish Market Insight

Customers use gift-registries more often when they are available both online and in stores via kiosks.

Solution

An integrated marketing program was developed that included:

- revised registry products across catalog, in-store, online and support for 1-800 JCP GIFT
- celebrity endorsement
- product development
- integrated program management
- a strategic communications program
- a user-centric approach

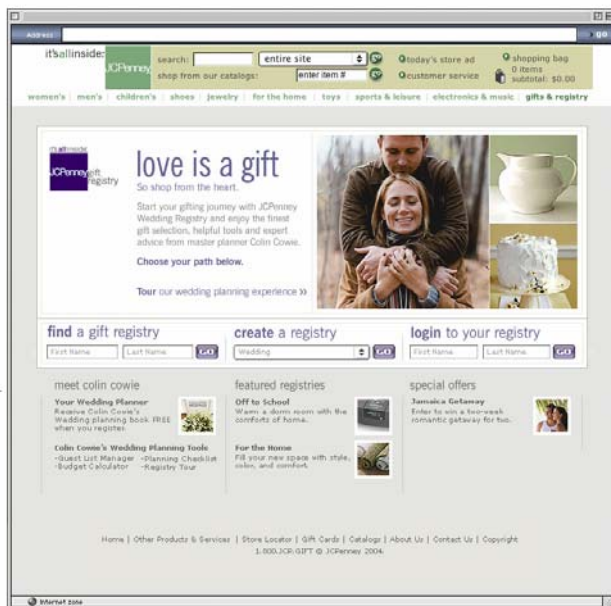


Fig 6: Online JCP Gift Registry

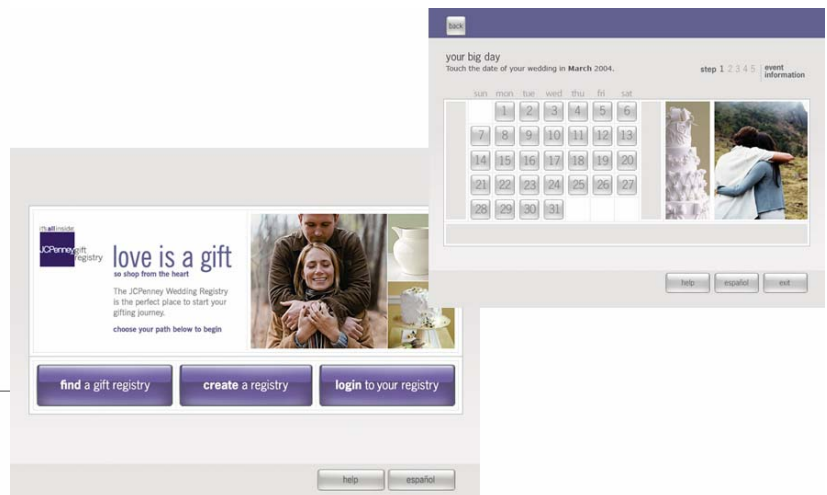


Fig 7: JCP Gift Registry in Kiosks

Conclusion

The growth of Internet and self-service technology-enabled channels will realign the customer touch involving brick-and-mortar, catalog, kiosk, online and mobile touch points. The critical success factors in integrating these channels will revolve around effective planning and implementation. Kiosks provide a valuable point of interaction, bridging the high-tech and high-touch elements of customer relationship management strategy.

An integrated marketing offering can help your business in building the right-channeling strategy to:

1. **Increase sales**
 - Simplify and integrate the in-store and on-line experience using RIA
2. **Increase loyalty**
 - Provide personalized experience
 - Offer Incentives
3. **Build a measurably better integrated marketing experience**
 - Leverage analytics
 - Increase marketing performance using conversion testing

About the Author



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Anu's experience includes software engineering processes and systems, systematic software reuse, object-oriented development, software agent technology and simulation-based e-training solutions. She was featured in the Training Magazine and has spoken at conferences on Knowledge Management Frameworks and Analytics. Anu received M.Sc. in Math from IIT Kanpur and M.E. in Software Systems from BITS, Pilani. She is a member of the IEEE Computer Society.

About Avenue A | Razorfish

Avenue A | Razorfish (www.avenuea-razorfish.com) is the largest independent interactive services firm and an operating unit of Seattle-based aQuantive, Inc. (NASDAQ: AQNT), a digital marketing services and technology company. Avenue A | Razorfish solutions are entrenched in deep technology, rigorous analytics and a rich understanding of customer needs, including award-winning web media & creative, search marketing services, email marketing/eCRM, and world-class creative, design and implementation of customer websites and intranets/extranets. Avenue A | Razorfish has offices in 12 US cities and is headquartered in Seattle, Washington. Clients include AstraZeneca, Best Buy, Kraft, Microsoft/MSN, WeightWatchers.com, and Wells Fargo.

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