Machines Seizing the Checkout and More

From movie rentals and airline check-ins to hotel lobbies and grocery check-outs, more businesses are enlisting automated kiosks to help them provide basic customer service.

In a recent survey, VDC Research found that companies spent nearly $3 billion in 2008 on self-service platforms that handle everything from counting coins and renting movies to collecting transit fares and registering hotel guests. By 2013, annual spending could grow to as much as $5.6 billion, according to the market research firm.

It hasn't reached the point where you can only interact with a touch-screen monitor that's housed on the face of a vending machine to accomplish your transactions. But things seem to be heading that way - especially as some customers expect the consistency, speed, and convenience of their online shopping experiences everywhere they go.

"From a tech standpoint, the possibility [of wholly self-service retail] exists," says Lee Holman, lead retail analyst at IHL Consulting Group. "Kiosks have improved in leaps and bounds from the early 90s."

Many retailers and service providers are implementing self-service in hopes of cutting costs. But companies also say the machines offer more convenience, and give customers a chance to eliminate miscommunication in the transaction process.

When IHL Consulting surveyed consumers from 2005-2008 about using self-checkout, the retail technology research and tracking firm found that some older shoppers had a hard time shifting away from the social outlet that's provided by traditional check-out lines. That was especially true at grocery stores, where tests have shown that trained cashiers are quicker at bagging larger orders, Holman says.

What self checkout does provide is a more active engagement in the checkout process. When consumers are engaged in the process, the time seems to pass more quickly because shoppers aren't just standing around, proponents say. But not all consumers are on board. Holman notes that a woman he spoke with in one of his group's surveys said she tended to opt for traditional check-out because it provided her with some much needed down time.

The up-front cost of switching from regular cashiers and registers to self-scanning machines is significant. Holman says that a standard installation of four checkout lanes would run somewhere in the ballpark of $60,000 to $80,000, and all the machines require integration into existing systems. But if companies can afford it, they could see great cost benefits over time.

Continental Airlines introduced a self-service check-in kiosk in 1995 at Newark International Airport. Now, more than 10 years later, airports struggling with crowding are turning to Common Use Self Service (CUSS) kiosks. McCarren International Airport in Las Vegas was the first to employ this type of kiosk, which lets passengers check in with any of 15 different airlines at one machine. Smaller airports around the country have begun to adopt CUSS kiosks as well.

In a 2009 survey, IHL Consulting found that kiosk transactions accounted for $607 billion in 2008, and they are estimated to rake in more than $775 billion this year. By 2013, they could be handling as much as $1.6 trillion, the consulting group says. Holman foresees continued expansion of the technology through DVD rental kiosks. Blockbuster Inc., for example, announced in August a partnership with leading companies in the kiosk business including NCR Corp. that could lead to the placement of up to 10,000 kiosks in supermarkets and convenient stores across the country. In a news release announcing the partnership, Blockbuster quoted analyst projections that DVD vending kiosks could grow by more than 60 percent over the next three years, growing from 9,300 units at the end of 2007 to more than 22,400 by the end of 2010.
Other likely growth areas, Holman says, include food ordering kiosks at convenient stores, where customers place their order and browse the store while the meal is being made. In health care, NCR hopes that its MediKiosk will transform the look and feel of a visit to the doctor's office. The system lets patients use automation to quickly check-in, complete paperwork, and update their personal information. Upon leaving, patients can use MediKiosk to schedule future appointments and pay co-pays with a credit card. Last year, Kaiser Permanente began using self-service kiosks at 60 healthcare clinics in Southern California. The early reception was lukewarm, according to a report from NBC News, which found some patients at one of the clinics were ignoring the kiosk.

NCR is also in the business of revamping the hotel check-in kiosk. Starting in 2008, Hyatt Hotels Corp. started using the latest version of the technology, which lets guests check in and print their room keys as well as receive cursory information about the hotel from the kiosk. The company hopes the new kiosks won't perform as poorly as earlier incarnations.

Due to its limited success in the past, the hotel check-in kiosk was lovingly re-named the "dust collector," Holman says.