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**MEASURING THE ROI AND STAYING POWER OF A SELF-SERVICE KIOSK RESTAURANT DEPLOYMENT**

By Mary McCauley

"ZIVELO has provided McDonald's USA with Self-Order Kiosks since 2015. ZIVELO has been, and continues to be, a good business partner to McDonald's in our deployment of Self-Order Kiosks in the US." - McDonald's USA



## INTRODUCTION

With the razor-thin margins seen by most restaurant operators, it's a big decision to invest in new technology. Many major QSR's have adopted self-service kiosk technology, among them McDonald's, Burger King, Wendy's, White Castle, Johnny Rockets, and Panera. However, it's difficult to know how to deploy, which products, the impact to restaurant operations, and to understand the return on investment (ROI) and ancillary benefits.

Any restaurant operator going into a new venture will want to know the ROI and how long it will take to recover the investment. Although on the surface the calculation of ROI could be a simple process of comparing the cost of kiosks to the profits generated, there are many physical and intangible factors to consider when determining the ROI of self-service technology.

Any restaurant operator going into a new venture will want to **know the ROI** and how long it will take to recover the investment.

These factors include the number of kiosks needed at each location and whether the kiosk provider has high-durability solutions with low-cost service plans. Intangible factors are much harder to quantify. While the use of powerful predictive data may give an indication of how to improve sales, decrease staff turnover and reduce food waste, the effect of employee efficiency and morale on sales is harder to quantify.

This white paper discusses these factors and other aspects while considering current industry statistics.



*Wendy's Self-Order Kiosk Solution, Designed, Manufactured, and Deployed by ZIVELLO.*



*Wendy's® Self-Order Kiosk System Product Design, Manufacturing and Deployment by ZIVELLO.*



*McDonald's® Self-Order Kiosk System Product Design, Manufacturing and Deployment by ZIVELLO.*

## SOME INDUSTRY STATISTICS

ZIVELO's QSR customers report seeing an average of 20-30% ticket lift on in-store transactions after self-service kiosk implementation, with some reporting percentages as high as 50-60% with an average margin increase of .5% or higher in traditional freestanding restaurants with drive-thru. Early studies from one of the largest burger QSR's found that at their most successful kiosk pilot store, the average ticket from a self-service kiosk was 30% higher than an order placed at the counter. Additionally, thanks to the automatic upsell features that can be incorporated into the kiosk software, 20% of customers who had not intended to order a beverage would buy one after it was offered on the screen.

A 2014 study by the Kellogg School of Management indicated that for a large company such as McDonald's, a 7-second reduction in service times could increase the company's market share by as much as 3%. Let's apply those results to a restaurant franchise. If one store sees an average of \$2.6 million in net profit each year, a 3% boost would translate to an additional \$78,000 per year. And if the average operating income of this store is around \$154,000 per year, a 3% boost would translate to almost \$5,000 in operating income growth per year. Clearly, with the potential for these kinds of results year over year, self-service kiosks are a worthwhile investment that will pay for themselves quickly and many times over.



**Shown Above:**  
*ZIVELO's X2 - Self-Order  
Countertop Kiosk Solution,  
with Optional Components:  
Payment Device, Printer and  
Barcode Scanner.*

One Pizza chain's study concluded their increase was driven by customers' desire to avoid negative judgment by order-takers regarding their eating habits. They found that after they introduced self-ordering solutions found that customers ordered higher-calorie food, gave more special instructions, and purchased more extras and add-ons than those who ordered in-person or over the phone. The result was a higher average check on the kiosk verses on the phone or in person.

...a liquor store experienced an increase of 8.4% in the market share of hard-to-pronounce items after it **adopted self-service technology.**

**THE SOLUTION**

**Shown Below:**  
*ZIVELO's X1 - Self-Order  
Countertop Kiosk Solution,  
with Optional Components:  
Payment Device*



These kinds of results also apply to enterprises outside the QSR industry that introduce self-service options. According to researchers from the Rotman School of Management, Duke's Fuqua School of Business and the National University of Singapore, a liquor store experienced an increase of 8.4% in the market share of hard-to-pronounce items after it adopted self-service technology. They concluded that self-service removed the fear of being misunderstood, judged or appearing unsophisticated in front of sales clerks.

An example will help to illustrate the potential impact of self-service kiosks. Let's say that a restaurant seats an average of 80 customers a day. By increasing speed and efficiency, self-service kiosks bring 75% more customers into the restaurant, an increase from 80 to 140. Then let's say the kiosks deliver an overall average check increase of 15% across all in-store order points, bringing in an extra \$1 spend per customer. That equates to an extra \$980 in extra revenue each week, or an extra \$490 in profit. In addition, the kiosk, by helping employees to work more efficiently, trims 40 hours off the wage bill each week.

At \$10/hour, \$400/week, this brings profits to an extra \$890 a week, or almost \$50,000 extra profit a year.

## HUMAN ROI

Contrary to some beliefs, most QSR's don't employ self-service kiosks to reduce staff head count in their stores. Their intention is rather to utilize staff more efficiently, boost morale and increase profit per employee.

The movement of mundane and robotic tasks such as order placement and payment entry to a kiosk frees up workers to perform more complex tasks. As a consequence, staff is more efficient and productive. This negates the issue of rising overhead and enables staff retention. The overall change in restaurant culture creates a more personal and sales-oriented customer experience, and drives an increase in sales.

The introduction of self-service kiosks may result in the redeployment of restaurant personnel. The replacement of a single cashier with two or three kiosks may result in more and larger orders. This creates a need for more staff in the kitchen and in customer service, and the cashier can be redeployed to fulfill this need. This scenario may result in the need to hire extra staff, but this can be balanced by an increase in sales and customer satisfaction.



**Shown Left:**  
*ZIVELLO's X5 - Self-Order Floorstanding Kiosk Solution, with Optional Components: Payment Device, ADA Keypad, Barcode Scanner + Printer.*



*McDonald's® Brand Ambassador™ Pictured Above Introducing a Customer to the Self-Order Kiosk Designed, Manufactured and Deployed by ZIVELLO.*

In addition, ZIVELLO clients have seen a dramatic increase in early-stage kiosk adoption when they pair a human “kiosk coach” with self-service kiosks to encourage customer interaction. This helps to overcome initial objections, answer questions, assist the customer in suggesting up-sells, and increase sales and company profits. In short, properly implemented self-order kiosks present a win-win situation for both company and customer.



## ANCILLARY BENEFITS

Although the direct benefits of self-order kiosks are more evident, there are several ancillary benefits to consider, which all affect ROI.

Kiosk touchscreen technology appeals to the growing market of younger, tech-savvy customers who are used to mobile-friendly ordering apps. A major advantage of touchscreen-based self-service kiosks in restaurants is that they are able to disrupt this status quo by the creation of inviting physical spaces with new store formats, visual design and innovative ordering mechanisms. As touchscreen kiosk adoption increases, the need for a traditional point-of-sale counter will lessen. Employees will become more involved in the sales and upsell process, fulfilling orders efficiently and providing high-quality customer service.

Kiosks decrease the number of problems that can arise from human order-takers and payment processors by decreasing lines and wait times, and increasing order accuracy. While customers have the flexibility to choose in-person service or self-service, kiosks can decrease customer complaints. They allow customers to customize their orders and purchase add-ons without the fear of being judged or feeling rushed. Employees can focus on expediting food orders and increasing the output of quality food to drive more sales. Ultimately, kiosk technology improves efficiency, can lower labor costs and reduce waste while increasing customer and employee satisfaction.

Kiosk enclosures can easily be adapted to fit the aesthetics of the brand and some operators even incorporate anonymous video analytics. This feature enables the kiosk to gather demographic data, in addition to the powerful data surrounding purchasing traffic and behaviors. It also provides a seamless connection to back-of-house systems and processes.

They allow customers to customize their orders and **purchase add-ons** without the fear of being judged or feeling rushed.



ZIVELO's self-service kiosks all use a future-forward modular design, allowing the entire kiosk to be serviced by one professional or someone in the restaurant due to flexible bracketry and housing so that individual components can be swapped out on-site without the need to ship in the entire kiosk. In addition, these kiosks are made with long-lasting and durable materials like aircraft-grade aluminum and cold rolled steel with a powder coat that includes anti-abrasion and anti-graffiti properties. This makes the kiosk a most affordable, long lasting and durable brand ambassador.

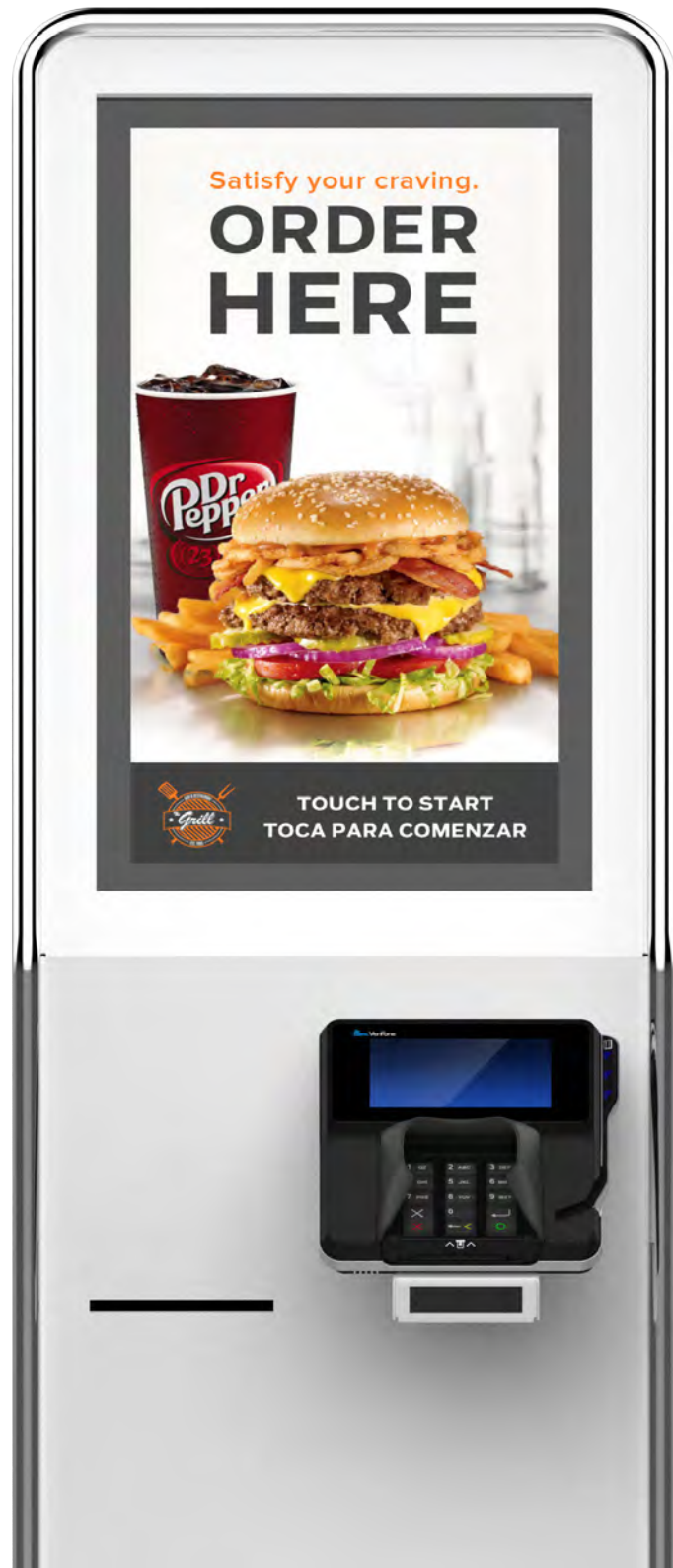
Self-service kiosks also present the perfect marketing opportunity to collect powerful and invaluable data on consumer behavior. They can also display brand updates, new items, special prices, discounts and manage customer loyalty programs.

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One powerful benefit of self-order kiosks and digital menu boards that is often overlooked is the ability to help operators comply with menu labeling laws, which went into effect in May of 2017. This regulation, set by the U.S. Food and Drug Administration, requires all restaurants and food chains of 20 or more locations to post nutrition labels for all standard menu items. Rather than updating static posters and paper-based menus, information can be updated on kiosks – in any location around the world – from one centralized location at the touch of a button.

While mega-chain restaurants are implementing self-service kiosks to improve customer experience and increase sales, smaller or specialty operators are using them to better manage unpredictable traffic flows so they can staff their businesses more efficiently from day to day. But everyone who adopts this technology does it to give themselves an edge in an increasingly competitive landscape. Self-order kiosks give restaurants the ability to utilize their workforce to increase customer service post-sale and improve overall customer experience. In redeploying staff toward food preparation and quality assurance, restaurants gain a competitive edge over their rivals.



**Shown Right:**  
*ZIVELLO's X5 - Self-Order  
Floorstanding Kiosk Solution, with  
Optional Components: Payment  
Device, Barcode Scanner + Printer.*



## MARKET DEMAND + TRENDS

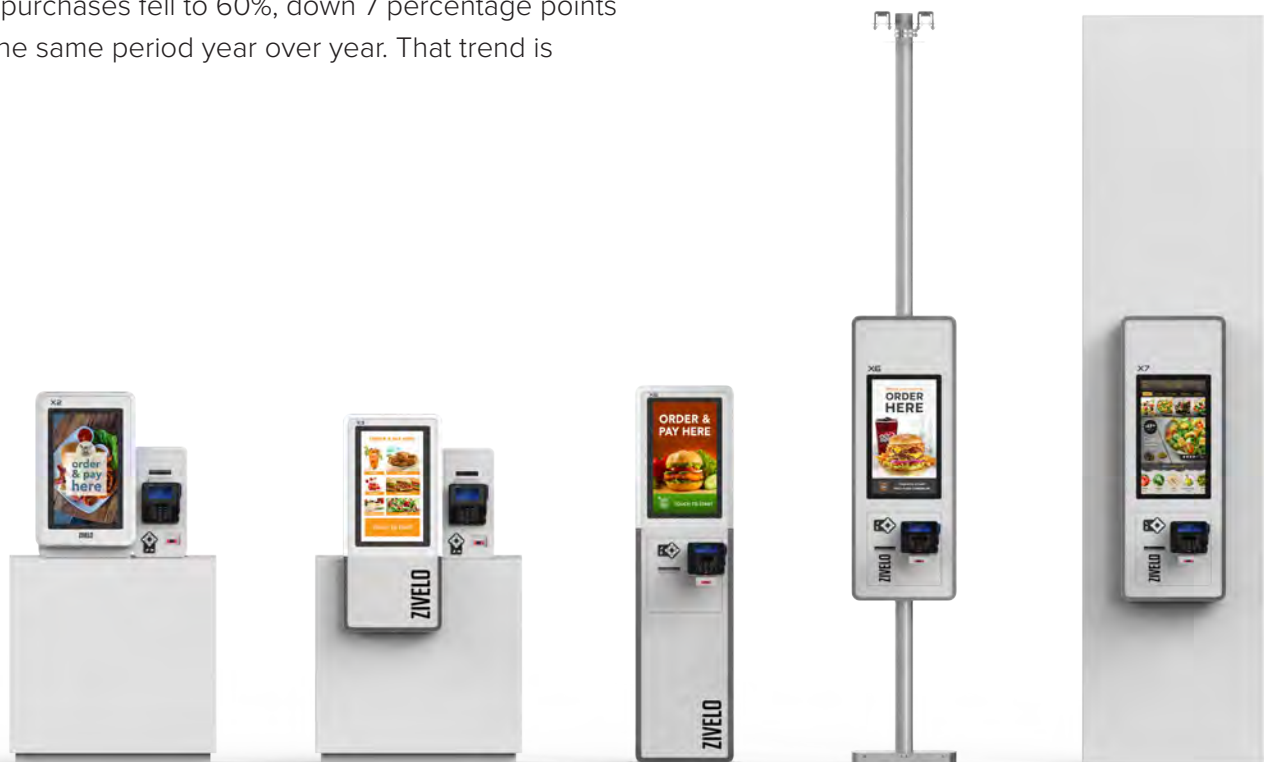
It's difficult to put specific numbers on the size of the global kiosk market and predict where it's headed, but nearly everyone agrees that the answer is undeniably and definitively this – demand for self-service kiosk solutions is exploding and will continue to grow far into the future.

According to a 2017 study conducted by Credence Research, the global self-service kiosk market is poised to grow to \$16 billion by 2025. Furthermore, a March 2017 report by Transparency Market Research predicts that the global kiosk market will expand at a compound annual growth rate (CAGR) of 10.9% over the next 7 years, topping \$30.8 billion by 2024. Other reports peg the size of the market at nearly triple that figure, at \$88.3 billion. North America accounted for nearly 42% of the global market in 2015, with markets in other parts of the world expanding quickly.

An October 2016 report from New York-based research firm Accenture indicated that the percentage of North America consumers who use cash at least weekly to make purchases fell to 60%, down 7 percentage points from the same period year over year. That trend is

likely to continue as the up-and-coming generation of digital natives is increasingly comfortable with using touchscreens as their primary method of interaction. There is clear evidence that self-service devices have disrupted the way companies do business across nearly every industry.

Furthermore, a 2017 American Express Restaurant Trade Survey found that 7% of restaurant owners use automated customer service technology. This trend is expected to grow significantly, as up to 26% of operators say they are planning to adopt this technology in the coming years. While 75% of customers still want the option of having a traditional point-of-sale order process, 25% of them say they prefer restaurants with digital customer service options. This percentage rises to 39% for millennials and younger generations. Additionally, nearly 20% of millennials don't like interacting with cashiers at checkout, and prefer the ability of digital options to reduce social friction, and increase ordering speed, customization and accuracy.



## CONCLUSION:

Clearly, at the current rate of adoption, customer-facing technology such as self-order kiosks and digital signage – along with mobile ordering – is destined to be part of the dining experience moving forward. As self-service technology in restaurants races towards a tipping point of widespread adoption, it's important to stay ahead of the curve and choose a kiosk partner with the experience and consultative approach to decrease business risk and to implement a solution that positively impacts a company's bottom line.

ZIVELLO has deployed tens of thousands of kiosks to three of the top four QSR's in North America and countless more have been deployed beyond those brands. With full-service solutions that go beyond the physical kiosk and into the realm of software and expert deployment best practices, your preferred kiosk partner is resoundingly ZIVELLO.

Self-service kiosks and digital signage solutions are here to stay. Don't get left behind,- let ZIVELLO's experience guide you in your implementation to reduce risk and increase profits.

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