



# Unattended Kiosks: The Next Big Thing

*Poised to explode on the scene, self-serve payment products should be part of every ISO's offering*

By Safwan Shah

Author Malcolm Gladwell describes a “tipping point” as the moment when an idea, trend, or social behavior spreads like wildfire. In the electronic payments world, unattended or self-service kiosks are embarking on that magical moment as consumers increasingly require on-demand payment options that didn’t exist a few years ago. Savvy ISOs and acquirers would be wise to start planning now to take advantage of the boom ahead.

From airport check-in stands and e-commerce via smartphones to electronic voice attendants, store checkout systems, and DVD kiosks, self-service has become integral to our daily lives and has contributed to a significant cultural shift in consumer behavior. Never before in our history has the tried-and-true phrase “time is money” resonated with such authority. In fact, for 2008, *Time* magazine declared self-service one of the 10 ideas changing the world.

Although technology is no longer an obstacle in deploying unattended kiosks and vending machines, acquirers and ISOs are still reluctant to lead a mass deployment of these customer-driven machines akin to the ATM craze of the 1990s. Most mistakenly believe kiosks lack successful business models, are expensive, and make little profit. Yet maintaining this conventional wisdom when the market indicates self-service is teetering that proverbial tipping point could be a risky strategy. As more businesses deploy self-service options, transactions are moving away from counter-top POS terminals. Migration of this type will soon reach its own tipping point, not unlike the migration to broadband Internet connection from dial-up. Acquirers and ISOs not offering a self-service option risk losing business to more diversified providers.

## Basic Strategies

Self-service offers dramatic convenience to both the service provider and the con-

sumer. For providers there are significant cost savings if they can automate service delivery, which enables them to serve customers at any time, consistently and uniformly. For consumers the benefits are shorter service lines, lower fees, and a self-managed user experience.

Acquirers and ISOs can begin serving merchants that are demanding self-service solutions by first devising a comprehensive plan that makes payments integration as easy as possible and offers products that merchants can brand and place on their premises.

Through partnerships with merchants and vendors, ISOs and acquirers should strive to be end-to-end providers of self-service solutions. This doesn’t mean they can’t build hardware and software; instead, they should team up with providers of innovative, sector- and segment-specific solutions. Similarly, alliances formed around distribution, payment integration, and new application provisioning of devices allow distributors to add new services and fee-based products quickly and position ISOs and acquirers to be most successful. Since self-service solutions typically are offered by hardware manufacturers, acquirers are left out of the loop during the critically important design and planning phase, often because merchants prefer to work with providers that have proven track records in the self-service arena. But becoming active, engaged participants in the market itself will help thrust acquirers into the decision-making loop.

## Keys to Success

Providing unique consumer interaction is crucial for profit in today’s self-service market. Keeping these key points in mind will ensure that ISOs and acquirers benefit from the innovation that is and will continue to surround the industry:

- **Keep it simple.** The prime candidates for the ready-to-be-served market are



bargain hunters, Generation Yers, and the unbanked. But reaching all of these consumers means kiosks in every mall, business office, airport, entertainment center, stadium, hospital, etc. Instead, target a specific industry segment and launch one service at a time, without pushing too many functions at once. Not only will you cut down on costs, but it will garner greater customer and client buy-in.

- **Make it interactive.** Emulate the online shopping experience, but don’t try to reinvent the wheel. Focus on proven practices by engaging and rewarding users at every step of their transactions.
- **Think networks.** User buy-in requires a network effect. When deploying several kiosks, ensure they are connected in order to control interactivity and guide users on how to take advantage of the best deals.
- **Leverage consumer technology.** Make kiosks Bluetooth compatible, for example, so consumers can synchronize their smartphones or other mobile device with the kiosks. Then keep them engaged via sticky messages, phone number enrollment, text messaging, coupon sharing, etc., after the transaction. **TT**

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