

Every Day I Stand the Queue

Contactless payments and line-busting techniques are penetrating busy retail Venues to the delight of both customers and staff.

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Ikea, the Swedish home furnishings retailer, relies heavily on grand openings and other special promotions, according to Mike Hawk, Ikea retail systems business analyst. But those openings were so popular that there were severe bottlenecks at the checkout line. "We were looking at a potential loss of sales and profits due to the long lines," Hawk says. There were irregular customer flows during store openings, holidays, and peak time during the week. Impatient, unhappy customers were carrying around heavy loads of home decor products."

Customers left the store when lines got long, which was occurring even with 20-plus checkout lanes staffed. So the company looked for a way to process customers faster and integrate with its existing point of sale system and self-service concept. Ikea chose a line-busting technology from Agilysis--a mobile hardware and software suite that uses a handheld device and printer that enables an associate to accept payments and print receipts from queued customers. It has hastened checkouts and impressed customers, according to Hawk.

Other retailers have gone to line busting during holiday seasons or have adopted similar transaction-speeding technologies to keep customers from leaving and to service more customers in a shorter period of time. While Ikea North America may be atypical in that the line-busting technique saves little time in percentage terms (a shopper typically will spend a couple of hours in one of the stores), according to Brian Triplett, senior vice president for emerging products for Visa USA, there are other venues where speed is the key to customer retention.

That's why the number of locations accepting contactless payments is expected to double this year. According to Triplett, 8,000--10,000 merchant locations were able to accept contactless payments by the end of 2005. That figure is expected to grow to more than 25,000 by the end of this year.

The growth tends to be in areas like fast food restaurants, convenience stores/gas stations and, most recently, sports stadium concession stands. Many major league football and baseball stadiums have added this capability since 2005.

Biometric payments are also starting to make some headway in the trend to quicker speed at the checkout line. Pay By Touch is the primary technology provider in this area with a fingerprint scanner that a customer can use rather than a debit card. As of mid-2006, Pay By Touch had installed this technology in several hundred grocery stores across the United States, including a 200-plus-store deployment in the Chicago area in the spring. But most industry experts expect biometric payments to remain in small niches with little to no mainstream payment impact in the near future.

"There are specific industries [these technologies] might really help," says Barry Davis, principal at First Annapolis Consulting, adding that contactless payments will work primarily at fast food and service station locations, while line-busting solutions will appeal to customers, particularly higher-wealth individuals who put a premium on their time. "If someone is aware of where he can get through the line more quickly and everything else is equal (i.e., Home Depot versus Lowe's), that will probably make a difference where he goes."