

Benefits of Bill-Payment Kiosks for Retailers

Payment-accepting self-service technology can help stores increase revenue, add foot traffic and create a better customer experience.

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With the razor-thin margins most retailers are experiencing in today's economic climate, the opportunity to generate additional revenue nearly always is welcome.

To accomplish that goal, retailers often partner with service providers such as the phone company, cable service or local utility to process customer payments. The retailer retains a small fee for processing the payment, and the service provider benefits by not having to maintain its own staff and facilities to accept payments.

But accepting third-party payments at the customer service counter or the check-out register may prove to be more trouble than it is worth for the retailer.

The inevitable backlog on the 1st and 15th of the month can serve as a deterrent to the retailer's regular customers, and having a long line of customers paying bills can interfere with high-margin transactions such as check cashing. The resulting inconvenience can lead to the retailer dropping the partnership, forcing the service provider to find another billpay partner.

With so many challenges involved, retailers and service providers often look for ways

to automate the billpay process while still providing a quality customer experience. Many businesses have found the answer in the form of a self-service billpay kiosk.

Counting the benefits

Despite the popularity of online bill payments and pay-by-phone services, a large segment of the population still prefers to pay bills in person. They either don't have access to a checking account, they don't trust the mail or they simply want to hang on to their money as long as possible.



The ability to pay bills and do essential shopping is appealing to customers, increasing loyalty to a store and, ultimately, profits for a retailer.

According to research conducted by Tulsa, Okla.-based billpay kiosk provider U.S. Payments, up to 30 percent of a utility company's customers pay their bills in person each month. U.S. Payments supplies turnkey solutions for self-service bill payment, including its own PaySite billpay kiosk.

"Managing this large number of in-person payments can present a challenge for utilities and other high-volume billers," said U.S. Payments CEO Jim Bennett.

Customers' lives are becoming increasingly complex. Even for those who may pay most of their bills online or through the mail, access to a quick, convenient payment channel can be of tremendous value.

Accepting bill payments for service providers isn't a new concept for retailers. Offering the ability to cash a paycheck at one window, pay bills at another window and then take care of the weekly grocery shopping has long been recognized by supermarket chains as a way to build a loyal customer base.

But rising labor costs and shrinking profit margins are pressuring retailers to find more efficient ways to offer billpay services.

U.S. Payments has deployed 295 of its PaySite billpay kiosks to retailers and billers in 21 states, according to Bennett. Seventy-five percent of those kiosks are located in retail stores.

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Retailers that have deployed the company's kiosks have seen measurable labor and

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store cost savings, as well as an increase in foot traffic and revenue.

U.S. Payments works with retailers to train staff and managers to perform minor tasks such as changing receipt paper. The company also remotely monitors the kiosks and upgrades software or reboots the machine when necessary.

"We try to foster a spirit of cooperation with the retailer," Bennett said. "If something's not good for them, then it's not good for us."

Craig Nelson, director of risk management and loss prevention for Homeland Acquisition Corp., which owns 86 retail stores, uses billpay kiosks because of limited staff in store locations.

"We would rather spend that labor taking care of more profitable transactions, such as check cashing and money transfer," Nelson said. "Having personal one-on-one service for billpay simply does not make sense when there is an alternative."

In addition, Nelson says the kiosk limits the store's cash handling to one person, the manager who unloads it.

"With other billpay services, we have numerous people handling the funds, which allows for more error, theft and loss," he said.

According to a survey conducted by RVA Marketing, Research and Consulting, 84 percent of respondents said they

Point-of-purchase visibility and marketing to customer-service representatives are critical to encourage customers to use billpay kiosks.

were more pleased with the store they visit because of the PaySite kiosk being available. Late payers were especially appreciative of the convenience.

Bennett says that when given a list of reasons for using a kiosk versus other payment methods, about 90 percent of survey respondents rated “convenient or time-saving way to pay,” “I get immediate receipt of payment” and “fast notification of the biller” as important motivations.

“People like to get in and get out,” he said.

Part of the RVA survey was conducted in Homeland’s store locations. On average, respondents reported 5.3 visits per month to the store (and 2.4 visits to the in-store PaySite kiosk). Increased PaySite use correlated with increased store visits, according to the survey results. That correlation likely works in both directions; in some cases, more store visits may result in more PaySite use, while in other cases more PaySite use may prompt more store visits.

Of the respondents, 81 percent said they also make store purchases when using the PaySite kiosk. Average spending per store visit was \$47.70. The survey results indicated that each PaySite transaction resulted in \$24.98 of additional revenue to the host store, representing an additional \$24,980 each month for a store that has 1,000 transactions.

“U.S. Payments brings in customers to my store without tying up lines, which inhibits other financial services,” Nelson said.

“These customers buy products, and they end up being regular shoppers in many

cases. Best of all, we spend nothing on advertising to get them into our stores.”

Tackling the issues

Of course, the kiosks are not without skeptics. One concern some retailers have about adopting self-service billpay is the work involved in keeping the kiosks operating correctly, says Bennett, adding that the concern is unfounded.

In fact, the uptime rate in 2009 for U.S. Payment kiosks was 99.3 percent, evidence of their reliability.



To maximize the customer experience, billpay kiosks must be reliable and intuitive to use.

Some customers also are skeptical about kiosk usability.

The RVA survey reported that a few respondents were concerned about the machine or receipt writer malfunctioning. The over-65 age group reported being the least satisfied with the PaySite method, perhaps highlighting the need to educate those who are uncomfortable with self-service technology.

However, the majority of people surveyed, particularly those in the 35- to 45-year-old demographic, said they enjoyed their interaction with the kiosk, indicating that billpay kiosks in retail locations can contribute to a satisfactory experience for the customer.

“How many customers want to wait in line behind someone who is wiring money (which is time consuming) or cashing their check?” Nelson asked. “Answer: None of them. They want to get in and get out quickly. The kiosk allows that.”

Regardless of education level or native language, Nelson says, most customers are able to operate the machines the first time they try, with little or no assistance.

Of course, kiosks must be clearly marked and placed where customers will be able to see them. The RVA survey reported that the catalyst for using the PaySite kiosk the first time was either a suggestion made

by a utility company customer-service representative or noticing the kiosk in the store while shopping. Point-of-purchase visibility and marketing to customer-service representatives are clearly critical.

“Keep the kiosk in clear sight of entering and exiting customers for good exposure,” Nelson said. “With this in mind, picture two people in line waiting to use the machine and be sure that the line won’t block traffic completely.”

Nelson also offered a tip for ensuring a good customer experience.

“Keep them within line of sight of the customer-service area or where you have a permanent cashier,” he said. “This allows you to know if there is a customer issue and offer help if needed.”

***About the sponsor:** U.S. Payments supplies turnkey solutions for self-service bill payment. Its network of payment terminals lowers the cost of in-person payments and enhances the customer experience. Customers who use its machines report greater satisfaction and find the process to be fast, convenient and easy. Clients who receive payment on the network choose either real-time or batch-remittance data and receive funds within two days. U.S. Payments' PaySite kiosks enable continual, anytime service. When positioned in an accessible location similar to ATM sites, they provide all-day customer access for increased self-service convenience.*