Why Wait?
Improve Impulse Sales and
Customer Satisfaction Now
With Queuing Solutions

*Retailers testing new ways to
eliminate customer frustration at checkout while
lifting store sales and improving brand loyalty*

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Introduction

Customers are growing increasingly frustrated with wait times at checkout registers. This often results in negative attitudes toward shopping or, in some cases, harms the retailer's overall brand reputation.

Problem Statement

Retailers are searching for new approaches to the checkout line process in an effort to increase customer satisfaction, reduce manpower costs, and increase sales.

Madix Solution

Madix offers a new selection of queuing fixture systems for retailers that allow them to change negative customer attitudes about the checkout process while reducing operational costs and improving profit margins.

Implementation

In most cases, incorporating line queuing systems requires little to no reconfiguration of the checkout area. Plus, the cost of queuing system hardware is usually offset by the incremental sales it creates.

Summary

Retailers are discovering that checkout line queuing systems allow them to minimize customer frustration, maximize customer satisfaction, improve brand loyalty, and open up new opportunities for high-margin impulse sales.

Introduction

The checkout line in a retail store can be a fascinating study in human nature. You have the nervous shoppers eyeing each line, trying to gauge which one is moving faster than the others and whether they should line hop. There are the anxious shoppers who grow more restless by the second as the shopper in front of them takes his time to casually chit-chat with the cashier, ask questions about pricing, redeem coupons, slowly empty his cart onto the checkout belt or counter, pay for the purchase and move slowly to clear space for those in line behind him. Then there are the suspicious shoppers eyeballing the "10 items or less" conveyer belt ready to mentally, if not verbally berate their fellow shoppers for breaking the house rules.

Regardless the source of the frustration, the overriding theme is the same: customer dissatisfaction with the checkout process. Common sense would dictate that it is in the retailer's best interest to make the in-store buying process quick and painless. However, old school thinking tends to get in the way: antiquated check-out procedures, poor allocation of labor, and the general inability to effectively capture the customers' attention and take their minds off their wait.

There's a general lack of effort by retailers to make good use of the checkout area and process by providing customers with a painless experience that could improve brand perception, not to mention increase sales.

The Problem

How can a retailer best convert the checkout line process from that of a necessary, utilitarian function into one of opportunity for the shopper and the retailer alike? Whether to improve customer satisfaction, increase sales or both, savvy retailers are beginning to learn a valuable lesson that only the most progressive companies have mastered in recent years: underutilized checkout wait times by customers equates to missed sales opportunities and, potentially, deterioration of the retail brand.

Helping in this effort to capitalize on missed sales and satisfaction opportunities is Madix Inc., a leading U.S.-based manufacturer of retail fixtures and shelving. Madix has introduced line queuing fixtures that allow retailers to improve the check-out line experience while seamlessly capturing more of the customers' wallets. Details can be seen at *www.madixinc.com/display/queuing/*

Lesson 1: The psychology of waiting in line

Understanding the psychology of shoppers is necessary in order to define how best to address checkout line methods in different retail environments.

For example, in a fast food or convenience store setting, shoppers' expectations of how long they should wait differ from those of shoppers in a grocery or warehouse store. Much of that feeling derives from the perception that shoppers buying only a few low-cost items should be serviced very quickly without much wait. Likewise, in a grocery store, shoppers expect to wait due to the quantity of merchandise, the use of coupons by some customers and the bagging process.

Conversely, shoppers in a warehouse or club store environment generally perceive they will have to wait a few minutes before they can check out. This is due not so much to the quantity of items purchased as it is to the bulkiness of the merchandise that must be moved from their cart to the conveyer belt and back into their cart.

Regardless of the type of store and the customers' expectations regarding checkout time, shoppers tend to grow impatient rather quickly in any retail environment where there are many open registers from which to choose and shoppers waiting in

each of those lines. If they choose a line that ends up moving slower than the adjacent lines, they may feel remorse.

Likewise, if they have only a few items to purchase and choose a line behind shoppers with large quantities of merchandise or shoppers who have problems with pricing or coupons that slow down checkout, they may feel neglected by the retailer, as in, "Why won't they just open up some new checkout lines so we don't have to wait?"

In addition, shoppers who reach a checkout area only to be faced with empty unmanned registers and long lines at the ones that are open tend to have a negative reaction. They often think, "The retailer must not care about wasting the time of its shoppers if they are purposely choosing to not open up more registers." The shopper typically doesn't take into consideration the retailer's point of view that may explain the empty registers, such as the available manpower, the time of the day, what other tasks are being performed by personnel, and whether it is a peak shopping time or not.

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If shoppers don't have a choice of lines and are instead obliged to stand in a single-file queuing line that feeds to multiple registers, they may feel like they are being forced to move more slowly than if they had a free choice of lines. Ironically, that feeling has been disproven by various research reports on the topic, yet the customers' mindset remains the same.

For example, a report by Bill Hammack, a professor of chemical and biomolecular engineering at the University of Illinois at Urbana-Champaign, found that a single queuing line feeding to multiple registers is, on average, about three times faster than separate lines for each register.

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Part of the negative perception customers may feel with a single line queuing system is based on the ineffective use of such processes, including the lack of engaging point-of-sale and impulse buy merchandise and the failure to extend the retailer's brand to positively impact the checkout process.

This points to a need for more overt customer education on the benefits of a single-line queue, such as signage pointing out wait times or store personal interacting with shoppers in the queue to explain the process and to ask some of the questions that are typically posed when the shopper reaches the checkout register, such as credit card offers, loyalty memberships, gift cards and more.

It also illustrates the need to incorporate smart queuing system procedures and hardware that allows the retailer to present itself in a positive manner during line waits and to subtly generate incremental sales opportunities.

Lesson 2: Technology has not proven to be the best answer

Technology to aid in the checkout process has been tried and tested for many years, but nothing has yet taken the place of people power.

Nearly nine years ago a few grocery store chains -- such as Stop & Shop using a system by Modiv Media Inc. -- began allowing customers to use store-provided hand-held scanners to build their tickets as they shopped to speed their exit through the checkout lane. However, due to customers' unwillingness to change their shopping habits and, perhaps, their unwillingness to embrace the technology itself, self-scanning with portable scanners has never gotten off the ground.

Yet the self-service concept may not be completely dead. It may simply be shifting to a new form. The surging popularity of smartphones and other mobile computing devices, as well as shoppers' growing comfort level in using and

trusting such personal technology, is giving the concept of self-scanning a fresh look. However, according to market research firm comScore Inc., only about one in three Americans owns a smartphone. With more than half of the general population still unequipped to perform self-scanning, it's likely that retailers will move cautiously before making any significant investments in such technology.

Other trends to shorten lines and/or speed checkout time involve less technology and add more of the hands-on human touch. For example, express lines for shoppers with small numbers of items have become commonplace in grocery stores. Some retailers are having cashiers at empty checkout lines stand in front of their queue to alert shoppers that their line is open. In addition, it's the policy of some stores to monitor line lengths, and once lines are three deep or longer with shoppers they call on available store personnel to stop what they are doing to open up more registers.

Likewise, self-checkout lines are prominent within some grocery and mass merchant chains, but this trend seems to be in reversal. According to a report by journalist Brad Tuttle of Time Magazine, some shoppers, especially older ones who fondly recall the more personal touch of a clerk in the checkout line, are hesitant, or even loathe using self-checkout.

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Food Marketing Institute (FMI) market studies found that only 16 percent of supermarket transactions in 2010 were conducted at self-checkout lanes in stores that offered customers that option. That's down from a high of 22 percent in 2007, and while self-checkout may not completely disappear as an option, it does not appear to be the solution to long lines and overhead costs that retailers once envisioned.

This decline in the use of self-checkout lines can be explained in part to the technological challenges that are common with such registers. This includes such things as delays due to coupon confusion, payment issues, intentional and accidental theft of unscanned items, misidentification of produce and, in general, shopper angst in their belief they can correctly and quickly process their purchases.

FMI also reported that customers expressed greater satisfaction with their shopping experience when they used traditional checkout procedures with a human cashier. This reflects an overall attitude that many shoppers would rather wait in line for a cashier instead of risk that a self-service register might stall and delay their checkout process even longer.

This is causing some grocery chains and mass merchants to reconsider an investment that, according to IHL Consulting Group, can cost between $60,000 and $80,000 for a four-cashier self-checkout pod. This typically doesn't include the cost of integrating the pods into the existing POS system or the overhead costs of manpower to assist customers who are experiencing problems with their transactions. Add in the cost of loss prevention for theft of unscanned merchandise and it's no wonder many self-service stations these days can be seen shuttered even during peak operation times.

Lesson 3: Upselling is best addressed before the customer reaches the checkout register, not after

Once customers get to a register, their expectation is that the process should be one that focuses on efficiency: quickly scan and bag the merchandise, process the payment and get out the door. They expect interaction to be pleasant, but minimal, because it should be assumed they have chosen everything they need once they've reached the register. This feeling is shared by all shoppers, whether they are the ones at the register or still waiting in a line.

However, some retail models require additional steps at checkout that inherently slow down the process, such as the upselling of extended

warranties, gift cards, loyalty club memberships, collection of personal data such as ZIP codes, and even donation requests that are added onto the final sales ticket.

For example, USPS retail counter workers are required to ask each customer a litany of questions while they are being serviced, even if the customer is just trying to complete a simple transaction such as mailing a single letter. This includes offers for such things as delivery confirmation, Express Mail, and even extra stamps. These upselling opportunities are difficult to execute within the current USPS retail set-up before the customer reaches the checkout line, but doing so once a customer has reached the counter does not enhance or improve customer satisfaction for the customer at the counter or the ones waiting in line behind them.

The Solution: Single-line queuing systems, when properly utilized, can be the great equalizer in improving customer satisfaction and improving retailer profits

Madix Inc. management has been studying trends in checkout line processes in order to better serve the needs of progressive retailers. The company has recently developed several queuing line fixture solutions that are being applied to retail operations both big and small with tangible results.
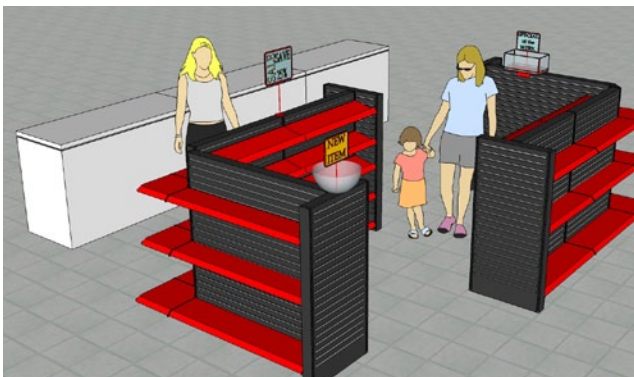
"The checkout area at most retailers is without doubt one of most underutilized parts of the store," said Shawn Kahler, Vice President of Sales and Marketing. "Often times it creates a bad conclusion to what the retailer hopes is a positive shopping experience. It also represents lost

sales opportunities due to the failure to properly merchandise and poor customer processing.

"After all, customers may spend as much time waiting in line to checkout as they do shopping the store. From a retail perspective, it's imperative to use any waiting time wisely. Unfortunately, the typical multi-line, free-for-all checkout system creates lines of customers who are more worried about the shoppers in front of them than they are about engaging the brand or interacting with merchandise."

Kahler said that retailers who have been using one of Madix' new line of queuing systems have reported as much as a 2-percent lift in overall store sales almost immediately. Likewise, customer satisfaction with the checkout process is perceived to be much higher.

"A queuing system feeding to multiple registers has the potential of minimizing customer frustration," said Kahler. "Just as important, it allows the retailer to effectively leverage any wait time to promote sales of impulse merchandise and services. The potential ROI for one of our new queuing systems is significant and one that margin-strapped retailers simply can't ignore."

A single-line queuing system outperforms a traditional multi-line system in several ways. First, a delay in an individual line of a multi-line system will affect everyone in that line, while a delay in an individual line fed by a queuing system is spread equally across the totality of shoppers in the queuing line.

Second, research from Time/Warner Retail Sales and Marketing indicates 67-percent of shoppers tend not to shop across checkout lanes for merchandise. This means retailers using a single-line queuing system are able to consistently merchandise key consumer front-end categories to customers rather than having to manage POS displays at multiple checkout registers.

A single-line merchandising system also allows retailers to equally expose shoppers to the same point-of-sale information because, in theory, they will progress through the line at the same speed as their fellow shoppers and have an equal amount of time to review the same product or service offerings. In addition, because each register will

only accommodate one shopper at a time, those waiting in the queuing line will be focused less on the shoppers' baskets in front of them. This will put them in a more relaxed mood and receptive to sales messages in the queuing line.

Third, by focusing on improving front-end checkout sales merchandising for such power impulse sales categories as magazines, candy, salty snacks and beverages, Time/Warner estimates retailers can yield an additional 1.3-percent in profits.
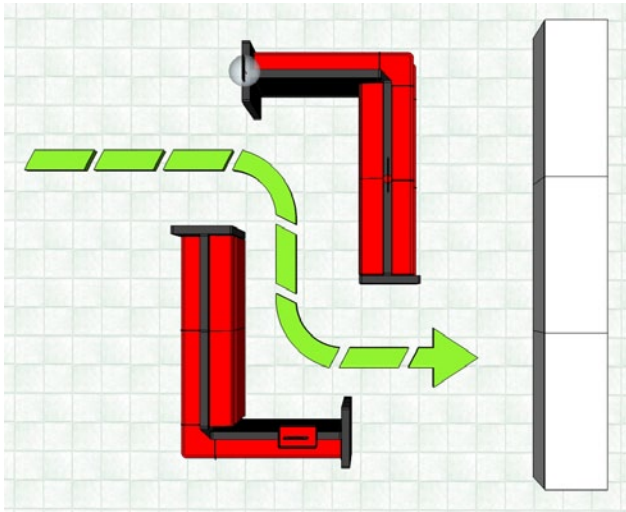
Kahler says the beauty of Madix's queuing fixtures is that they give retailers the flexibility to design and build a line feeding system that best fits their needs and those of their shoppers. Such fixtures can be scaled appropriately for use by convenience, grocery, pharmacy, home centers, pet, mass merchants and any other retail or service company that need to improve the checkout process.

Depending on the needs of a particular retailer and its customers, queuing systems can be bare bones, flush with products or somewhere in between. They can be low tech with shelves and peg hooks or high tech with sound, video or even touch screens. These fixtures are also particularly useful to promote services such as extended warranties, service contracts, loyalty programs or other product lines the customer may have overlooked.

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Some queuing fixtures can accommodate electronic signage, video or audio to promote how-to's, advertise products or simply entertain customers with brand messages to take their minds off the wait. They are also useful for merchandising magazines, candy, salty snacks, beverages, gift cards or other impulse buys. Better still, Madix queuing fixtures can be completely customized in any configuration to meet the retailers' needs or physical limitations of the stores or the size of shopping carts.

As with any retail fixture, the key is for store designers and visual merchandisers to work with a Madix sales consultant in advance to ensure all their needs are discussed along with the possible solutions that will generate the desired return on investment.

Summary: Customer service at checkout and profits can go hand in hand when the retailer focuses on improving checkout line procedures

Customer service and retail profits do not have to be mutually exclusive. Often times retailers view the checkout process as a necessary evil, one that is fraught with overhead cost implications rather than incremental sales building opportunities. They don't factor in the toll that unnecessary line waiting extracts from the brand and the mental angst it creates for customers.

A consultation with a Madix salesperson can help determine how best to create a partnership between the retailer's brand and its sales objectives. This involves a complete analysis of the retailer's brand and its desired relationship with customers. The end goal is to decide what, if any, line queuing system makes sense for the retailer and its customers, how to design the system to best fill the customers' needs, and how to partner those needs with the retailer's goal to build incremental sales. For more information on Madix's queuing solutions, visit *www.madixinc.com/display/queuing/*

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