

NEXTCHOICE™

Smart Self-Service™

Coffee Shop

White Paper

Contact:

NextChoice  
130 Central Avenue  
Dover, NH 03821  
603-812-0330  
sales@NextChoice.com  
www.NextChoice.com

Copyright NextChoice, 2011.  
All rights reserved.

## Table of Contents

1.	Introduction.....	3
2.	Self-Service History.....	4
3.	Solution Overview.....	5
4.	Internet Ordering.....	5
5.	Catered Internet Ordering.....	7
6.	Kiosk Ordering.....	8
7.	Call Center Ordering.....	9
8.	Summary.....	10

## 1. Introduction

During the last 30 years, customer self-service has spread from banking automated teller machines (ATMs) to a variety of industries. These early adopter industries now use customer self-service as a significant differentiator, as another interaction point with customers and a means for improving customer experience and building brand loyalty.

The Quick-Service Coffee Shop vertical is no different.

The industry is testing and deploying customer self-service to increase top-line, bottom-line business results and meet customer expectations for expanded technology allowing for increased speed, flexibility, convenience and personalized consumer experience. This paper will focus on the upcoming self-service trends that are today's reality and tomorrow imperative as coffee shops strive to deepen customer loyalty, increase sales and remain competitive.

Quick-Service Coffee businesses face many business challenges, such as how to increase same store sales without increasing the size of each location. At peak serving periods, wait times can be excessive, which is unacceptable in this space and results in massive amounts of lost income due to customer walk-away. At this point, shops have reached their maximum revenue capacity. To expand beyond this physical boundary and grow the business there are two alternatives:

- 1.) Decrease lines and customer wait times through technology both in-store and at the drive-thru; and
- 2.) Increase employee productivity and efficiency.

To do this effectively, the consumers' experiences must be fast, accurate, convenient and personalized to their specific wants, needs and preferences.

NextChoice's NextWave Intelligent Self-service System is unique in that it provides enhanced customer satisfaction, increased throughput and cost efficiencies for Quick-Service Coffee Shop settings by allowing customers to enter new orders, repeat frequent orders at the touch of a button, receive offers uniquely suited to them and utilize this technology where they are and when it's convenient for them.

Experience has shown that our approach can significantly increase sales with high-margin coffee purchases because of the time-savings and increased convenience provided by the system, as well as implementing intelligent upselling based upon analysis of unique customer data. The NextChoice solution helps build a successful, positive relationship between brand, location and consumer thus increasing overall store and chain revenues.

NextChoice's products are highly automated and designed for high-availability and minimal maintenance.

## 2. Self-Service History

Customer Self-Service began as the act of a customer helping themselves to obtain a desired product or service. But today it has evolved into a two-way relationship where each customer interaction means greater opportunity to personalize and improve the customer experience while building loyalty and increasing revenue. This process can include the convenience of customer payment, but it is not required.

Self-service first came to light in the 1920's when elevator operators were replaced by self- operating elevators. This was again seen on a much larger scale in the late 1950's when AT&T began to offer direct dialing without operator assistance. In both cases this transition accomplished two things.

First, it gave control to the consumer and improved consumer satisfaction. Second, it addressed the financial needs of the service provider, by reducing costs and improving speed of service or through-put.

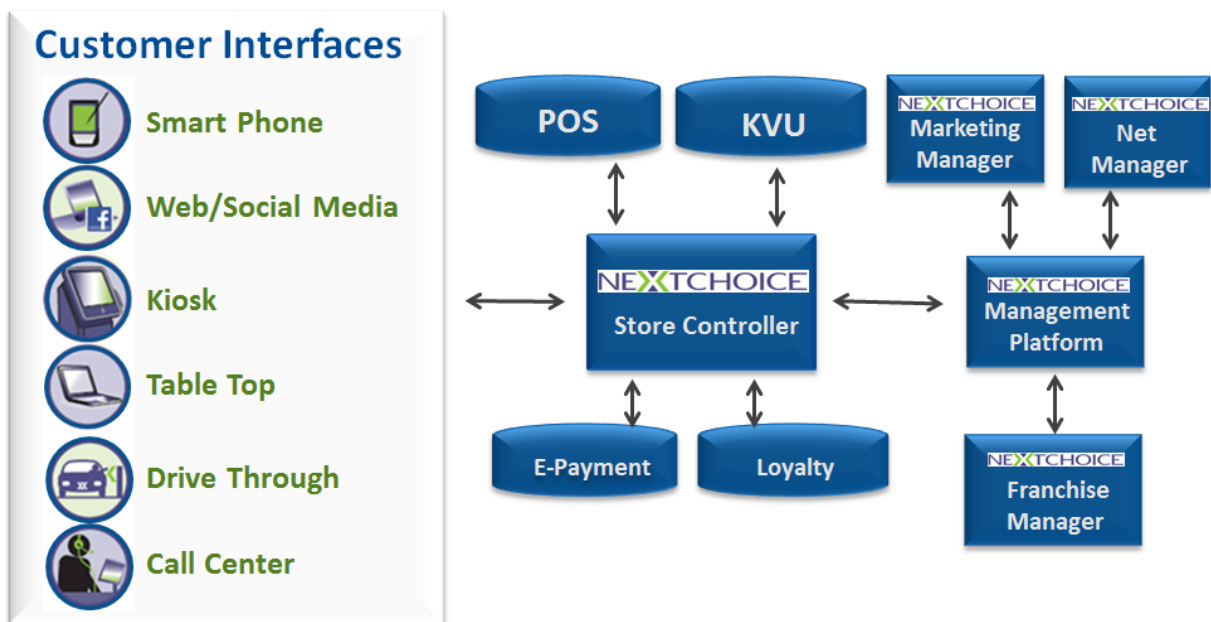
More recently, during the 1970's, banks realized they needed to control costs and improve the hours of cash availability to be more competitive and introduced ATMS. By the mid 1980's, banks began to realize that the number of tellers was reduced and ATM usage and demand had skyrocketed. Customer satisfaction was much higher than in the past and customers were opening new accounts based upon ATM locations and convenience. Today, every three minutes a new ATM is installed somewhere in the world. In short, customers are making decisions based upon the degree of convenience offered via self-service.

Self-service is now widely used in the following industries:

- a) Airlines - Kiosks
- b) Grocery Stores – Kiosks and self-checkout
- c) Banking - ATMs
- d) Gas Stations – Pay at the Pump
- e) Parking Garages – Payment Kiosks
- f) Convenience Stores – Deli ordering Kiosks
- g) Home Improvement Stores – Self Check Out
- h) Home entertainment via “On Demand” – Self Ordering and Payment
- i) Any industry that leverages the Internet – Self Ordering and Payment

### 3. Solution Overview

The NextChoice NextWave™ Intelligent Self-service System is comprised of a core application with multiple NextPoint TouchPoints which are the consumers’ interface to the system. It is the only software that integrates across multiple NextPoints. See the figure below. Quick-Service Coffee locations can utilize most of the current NextPoints in various combinations. The NextPoints that have applicability in the Quick-Service Coffee Shops are any combination of the following: Internet Ordering, Kiosks Ordering, Call Center Ordering, Catered Ordering, Drive-Thru, and Smart Phone and Tablet Ordering. All of the NextChoice applications are designed for POS integration as well as Loyalty program integration and provide complete customer analysis and data-mining.



Personalization is an important aspect of the NextChoice software. By using a credit, debit, loyalty or gift cards, a consumer can automatically establish system recognition. Past orders are displayed allowing fast reordering for the repeat customer across all touch points. Past orders are dynamically correlated allowing the system to intelligently up-sell based upon past order history. Not only does this increase order size, but it responds to the increasing consumer demand that merchants know them, understand them and are creating experiences that are relevant to them. All of this information can be fed into an external loyalty system allowing for promotions and customer outreach programs.

### 4. Internet and Smart Phone Ordering

Retail On-line ordering such as Amazon.com, has been available for the last decade. Quick-Service embraced this concept to augment their current take-out, delivery and curbside pick-up businesses. In the past, to-go business was done via phone or fax ordering--one order at a time. These orders were prone to errors since they were usually taken during the busiest operating hours.

Internet ordering is desirable for the consumer due to its convenience, accuracy and the elimination of the hold time. Retailers are attracted to the Internet for its ubiquity and low cost of doing business. Quick-Service Coffee Shop businesses striving to capture and expand corporate meeting business are particularly interested in Catered Online ordering, described in the following section. With optional full POS integration, this Internet ordering solution has an easy to use graphical interface, drives the consumers' appetite and provides the customer with their past order history.

An Internet ordering system should be quick, accurate, convenient and easy to use. This is what Internet ordering delivers.

## Customer Benefits

- Easy to use
- Fast
- Multilingual
- Convenient
- Remembers past orders, payment information, delivery information
- Better order accuracy

## Chain Benefits

- Reduced phone loads, less hang ups.
- Increased Order Accuracy
- Orders go directly into POS; eliminates re-keying orders.
- Intelligent up-selling, based upon past orders. (Yields higher average tickets).
- Higher customer retention due to native language support.
- Shift headcount to production.
- Centrally manage store level transactions.
- Gain above-store intelligence.
- Pinpoint promotions.
- Better understand customer behavior.
- Consistent consumer brand experience.

## 5. Catered On-Line Ordering

Catered ordering is a subset of Internet ordering. This plug in software module has several very useful functions for large corporate users purchasing coffee service, pastries and/or sandwiches for meetings and events.

First, it allows the customer to email an on-line menu to all attendees and have their individual orders automatically consolidated and submitted as one large order.

Second, corporate information can be stored along with the company credit card information and delivery instructions. Multiple people can be granted ordering permission without access to credit card information. Alternatively, companies that want to have a corporate account can be billed monthly with specific people having ordering privileges. Simplifying the ordering process across a company and providing a centralized system for monthly billing will increase restaurant sales and shape customer's buying behavior.

The objective of this module is choice, convenience and rewarding behavior. If the end consumer can order what they want, and the process is quick, simple, convenient and rewarded, this combination will ultimately shape the ordering behavior process.

### Customer Benefits

- Easy to use
- Order consolidation from individual orders
- Remembers all corporate customer delivery and payment information
- Remembers past group orders

### Chain Benefits

- Reduced load on phone ordering; less hang-ups.
- Captures profitable corporate catering business.
- Improved order accuracy.
- Orders go directly into POS; eliminates re-keying orders
- Intelligent up-selling, based upon past orders.
- Higher customer retention due to speed of service and ease of billing
- Shift headcount to production
- Gain above-store intelligence
- Pinpoint promotions
- Better understand customer behavior

## 6. Kiosk Ordering

Kiosk usage, as with internet ordering, is a rapidly growing area of the Quick-Service Coffee Shop model. Kiosks took hold in the late 1990's with airlines. Kiosks not only offer overflow ordering station for peak periods, but serve as a primary ordering and payment system to speed lines and improve customer satisfaction. Over time, as customer usage increases, these units will become the primary ordering method allowing labor to be shifted into production to support the increased through-put generated by the kiosks. Additional revenue will be gained by capturing the past "walk-away" customer, often your highest-margin "coffee + 1" customer, and those employees who have been moved to prep will support that additional demand.

If the kiosk is configured to handle cash for cash payments, then it can also be used as a virtual ATM.

Note: ATM locations yield to the site owner approximately \$2000 per year in fee revenue. This should be used to offset the system cost.

### Customer Benefits

- Easy to use
- Fast
- Multi-lingual
- Can pay with cash, credit gift card or debit
- Can purchase Gift Cards
- Can get cash
- Remembers past customer orders

### Chain Benefits

- Reduces staff work load.
- Captures those customers with take-out that would normally leave due to wait.
- Improved take out order accuracy.
- Orders go directly into POS; eliminates re-keying orders.
- Intelligent up-selling, based upon past orders. (Yields higher average tickets).
- Higher customer retention due to native language support.
- Shift headcount to production.
- Centrally manage store level transactions.

- Gain above-store intelligence.
- Pinpoint promotions.
- Better understand customer behavior.
- Consistent consumer brand experience.

## 7. Call Center Ordering

Call centers have been used for many years to interact with consumers. The internal staff is professionally trained to quickly and accurately ask pertinent questions to complete orders. Over the last 15 years, computer telephony has increased productivity by using incoming phone numbers to look up customer accounts and display them on the computer. This simultaneously addressed the issue of personalization and speed of service.

Accepting phone orders one at a time is a slow process which results in multiple customers left on hold leading to frustrated customers, lost calls and lost revenue.

Order accuracy is another important issue. Order takers are pressured to move from call to call. Rushed order taking leads to order errors which causes unhappy customers and wastes food. Faxed orders need to be keyed into the POS which can introduce errors. Faxed orders cannot include payment, so if the customer decides to abandon the order, the establishment loses that revenue.

Call Center Ordering allows for the order to be taken by call center personnel with the same consumer recognition and order payment features as Internet Ordering.

Quick-Service Coffee Shops have been taking phone orders for many years. As these chains have grown the challenge becomes:

- 1) Taking orders quickly and efficiently without creating a negative impact upon the in-store customer.
- 2) Keep from exposing the take-out customer to the "Yellow Pages" of competition.
- 3) Eliminate putting the customer on hold because of peak hour loads.
- 4) Speed of service issues by knowing their personal information, past favorites, credit card numbers, etc. as the call comes in.
- 5) If delivery is an option, both home and office addresses are also stored.
- 6) Centralized call centers can serve the entire chain and use the NextChoice solution to appropriate route orders to the correct location for fulfillment.

## Customer Benefits

- No hold time
- One toll free phone number to remember regardless of location
- Convenient and fast
- Remembers past customer orders
- Routed into the POS and into the in-store process

## Chain Benefits

- Reduces in-store staff work loads, allows the focus to be on the dine-in customer.
- Captures those customers that are diverted due to other marketing, such as phone book Yellow Pages.
- Improved order accuracy and customer retention.
- Orders go directly into any store across the entire chain.
- Routed into the POS and into the in-store process.
- Intelligent up-selling, based upon past orders. (This yields higher average tickets.).
- Centrally-manage store level transactions.
- Gain above-store intelligence.
- Pinpoint promotions.
- Better understand customer behavior.

## 9. Summary

The NextChoice Intelligent Self-Service System meets today's reality and tomorrow imperative as retailers strive to increase top-line, bottom-line business results and meet customer expectations for expanded technology. Meeting consumer demands for increased speed, flexibility, convenience and personalized consumer experience is critical to deepening customer loyalty, increasing sales and remaining competitive. There are a variety of ways – or NextPoints – that can be deployed to achieve these business objectives.

The NextChoice Intelligent Self-Service System provides a flexible, powerful, and comprehensive solution for Convenience Stores and Sandwich Shops looking to improve customer satisfaction, throughput and profitability.