





Cashless self checkout: a growing trend  
that may be right for you.

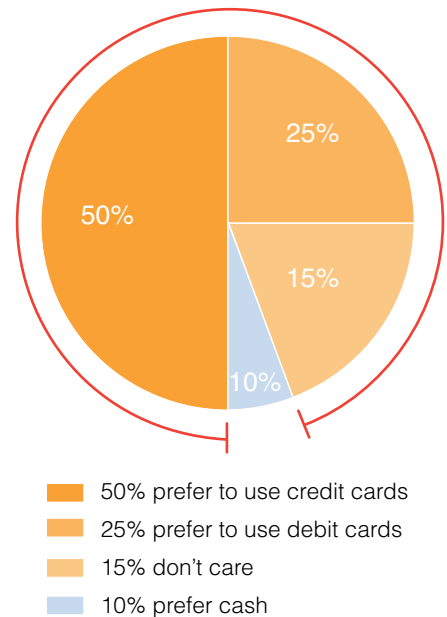
- 
- 
- 3 Introduction
  - 4 More options than ever before
  - 5 When is cashless self checkout a smart solution?
  - 6 Potential benefits of offering a cashless self checkout option
  - 7 Self checkout solutions from IBM


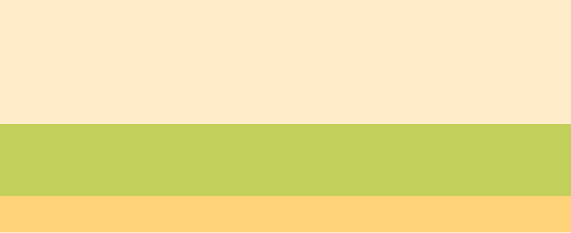

# Introduction

Cash. It was once a requirement for shoppers but is now just one of many payment options. According to *The Economist*, "...cash, after millennia as one of mankind's most versatile and enduring technologies, looks set over the next 15 years or so finally to melt away into an electronic stream of ones and zeros." In the United States, particularly, this trend is evident. According to the Nilson Report, Americans now prefer to use noncash payments for their purchases. Cards account for more than half of all transactions, up from 29 percent a decade ago, and the average household has more than 10 credit cards. In addition, "smart cards," automated payment systems that use wireless technology to enable consumers to make a fast payment without initiating a formal transaction, continue to emerge in a variety of marketplaces. One example of this technology is the E-ZPass, which allows drivers in the northeast United States to pay highway tolls wirelessly—without having to stop. Drivers simply drive past a scanner and are automatically billed the appropriate toll on a prepaid account. And while cashless payments aren't necessarily increasing at the same rate worldwide, it's safe to say that, in general, cash usage is on the decline.

It should be of particular interest to retailers that this trend applies to self checkout transactions as well. According to [Selfserviceworld.com](http://Selfserviceworld.com), 50 percent of retail consumers surveyed prefer to use credit cards for self checkout transactions, 25 percent prefer to use debit cards, 15 percent don't care and only 10 percent prefer cash. Therefore, up to 90 percent of respondents either prefer or don't mind using cashless payment methods.

90 percent of respondents either prefer or don't mind using cashless payment methods.





When considering a cashless self checkout option, it's important to assess key characteristics of your group retail environment.

## More options than ever before

With this growing trend, retailers now have the option to offer cashless self checkout to satisfy their customer base and reduce cash-handling and maintenance costs. Depending on your retail business, cashless self checkout solutions can be a very smart choice. What's more, now when you're ready to implement or upgrade your self checkout systems, you can choose from more self checkout options than

ever before. This paper will examine key considerations when deciding between cash-accepting and cashless self checkout solutions, along with the potential business benefits of going cashless in the right retail environment.



## When is cashless self checkout a smart solution?

Retail environments vary widely—and so do the consumer transactions they process. That’s why, when considering a cashless self checkout solution, it’s important to assess the key characteristics of your specific retail environment, with particular attention given to the following issues.

First, it’s important to understand the preferences of your customer base. Look at the number of debit and credit transactions, rather than the percentage of debit or credit sales. A retailer that generates 95 percent of its sales from debit and credit transactions still might not be a good candidate for cashless self checkout, if that 95 percent of sales comes from only 50 percent of its customers. Also, examine how your customers’ payments break down by order size as well as by number of customers.

Next, look at the volume of cash handled by your operation on a daily basis. Specifically, examine what percentage of your debit customers get cash back on their transactions and how your customer service would be impacted if this option is not available in every lane. Also, look at your cash handling costs and figure out how you could implement the right mix of cash-accepting and cashless self checkout models to reduce these costs while still offering your customers the choices they want.

Lastly, carefully evaluate your store and checkout lane layouts. Retailers whose stores have large front ends and lots of lanes are excellent candidates for cashless self checkout solutions. Such checkout lane configurations can offer you the flexibility to utilize both cash-accepting and cashless lanes and help increase your customers’ choices. The exact mix of cash and cashless depends on your customer base and customer preferences.

## Potential benefits of offering a cashless self checkout option

Once you've decided that cashless self checkout is a good option for your customer base, there are many possible benefits. With cashless self checkout models, you can potentially:

- **Reduce cash-handling costs by eliminating manual processes.** With no cash till to count and manage, opening and closing out cashless self checkout stations for the day is simpler than with cash-accepting models. Implementing cashless models can help reduce your staff's workload and can help decrease your cash-handling costs.
- **Improve customer satisfaction by speeding payment transactions.** Because debit and credit transactions can be completed significantly more quickly than cash transactions, cashless self checkout models can help increase transaction speed, reduce register lines and improve customer satisfaction.
- **Increase sales.** "Visa thinks...that people liberated from what happens to be in their wallets spend a fifth more." (*The Economist*) Leverage this tendency to encourage your customers to spend more and increase your sales.
- **Decrease maintenance costs by simplifying your technology.** The currency-handling components are some of the most complex in any self checkout system. Removing these components results in a simpler hardware configuration that can require less maintenance, potentially decreasing your maintenance costs and accelerating your return on investment.
- **Lower up-front costs.** Cashless self checkout models contain fewer components, which can help reduce your initial investment. You can choose lower-cost cashless self checkout models to add checkout lanes in your store—while staying within your budget.

## Self checkout solutions from IBM

IBM understands that when it comes to self checkout solutions, you want choices. It's important to invest in exactly what you need to meet your customers' expectations. The latest IBM Self Checkout models range from any-size-order belted solutions for supermarkets and smaller neighborhood stores, to scan-and-bag models that are ideal

for the retailer with a high percentage of express to midsize orders and limited front-end space. All solutions are available in both cash-accepting and cashless configurations.

In addition, IBM has a vast services organization and a global network of IBM Business Partners in the retail industry that can help you select and implement the right self checkout solution for your customer base.

Cashless self checkout can help you reduce cash-handling costs and increase customer satisfaction.



## For more information

To find out more about cashless self checkout options and IBM Self Checkout solutions, contact your local IBM representative or visit:

**ibm.com**/products/retail

© Copyright IBM Corporation 2008

IBM Corporation  
3039 Cornwallis Road  
Research Triangle Park, NC 27709  
U.S.A.

Produced in the United States of America  
1-08  
All Rights Reserved

IBM, the IBM logo and ibm.com are trademarks of International Business Machines Corporation in the United States, other countries, or both.

Other company, product and service names may be trademarks or service marks of others.

IBM provides this publication "as is" without warranty of any kind, express or implied, including the implied warranties of merchantability or fitness for a particular purpose. Some jurisdictions do not allow disclaimer of express or implied warranties in certain transactions; therefore, this disclaimer may not apply to you.

IBM reserves the right to change specifications or other product information without notice. This publication could include technical inaccuracies or typographical errors.

References to IBM products and services do not imply that IBM intends to make them available in other countries.

The IBM home page can be found at [ibm.com](http://ibm.com)®.