



There's a load of new tech and customer services coming down the track. The way they'll be integrated and configured at front of store will vary from group to group if not from store to store.

Future proofing your POS and customer services operations

Hardware

At the moment barcodes are the only way to identify products at the checkout in South Africa

This is about to change. Image recognition or IR can recognise products without scanning the barcode. It opens up new possibilities and not just at the Point of Sale.

The totally automated 'grab and go' checking out process that works with a smartphone app, cameras, image recognition and sensors on the shelves that you may have read about in Amazon's brick 'n mortar stores is not the example for most stores. Amazon sells their own products in their own packaging made to their own spec. This makes image recognition easier for them. Whereas most stores in South Africa stock products from a wide variety of suppliers with varying packaging designs.

A more likely scenario will be the introduction of Automated Checkouts. These employ motorised conveyor belts with a new generation of 360 degree scanners. These combine barcode scanning and image recognition. As items get scanned for the first time their image also gets captured by the

system. Then if subsequently the bar code fails to read the image recognition can capture the item, or the other way round, at speed.

This set-up is capable of capturing up to 72 items a minute. It makes it particularly beneficial where you have high volumes of low margin items.

Self-Checkouts

South Africa is 20 years behind when it comes to the use of self-checkouts in supermarkets. Currently there is one in operation as a trial in a PnP Family franchise store. They have proved their value.

The key reason there are not more is resistance from the trade unions who fear cashiers and shelf packers will lose their jobs. In practice this has seldom been the case as stores have invariably retrained and up-skilled workers and moved them into other functions within the store.

The self checkout idea has already spread to other kinds of retail. For example KFC, Burger King and McDonalds have introduced self-service kiosks where customers order and pay and then take their slip for fulfilment.

What shoppers in supermarkets like

about self-checkout is that they find them convenient, easy to use and they feel in control. They also perceive it to be faster than a regular checkout. In reality it keeps them busy and they don't feel they are waiting.

The fact is that a regular checkout moves the goods through faster. However, depending on the configuration, one can get a lot more self-checkouts in the space taken by one regular checkout – usually four self-checkouts to one regular checkout but as many as 6:1.

In some very high wage European countries there are stores that are completely self-checkout but this is not the norm and is completely unlikely in South Africa. We are more likely to see a combination of a limited number of self-checkouts and manned high-speed automated checkouts. A bank of self-checkouts could well replace the express lane checkouts in many stores.

Could smartphones replace checkouts?

Hand held scanners that clip onto a trolley handle have been around for many years in Europe and America. The process works with a shopper scanning their loyalty card in at the entrance of the store which releases

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Self-checkout is not there to replace the current point of sale – it is there to offer an alternative channel for the customer. It's about having a choice and being in control.

If you are ready to jump the queue and put your shoppers in the driver's seat, scan the QR code below or contact one of our Self-checkout specialist: email salesms@bytes.co.za.



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a hand held unit that is clipped onto the shopping trolley handle. As they shop and put items into the trolley they scan them. At the dedicated self scan pay point they hand in their hand-held scanner and pay the amount registered on the device.

However there's now no need for these dedicated hand held scanners any more. Shoppers can now load a scanning app onto their smartphones and use it in place of the hand held scanner.

Trust is a major factor in this scanning process. Will the shopper scan every item? Initially a store introducing this form of self-scanning will offer it to their loyalty card customers. Through partial or full spot

checks at the exit a trust rating is built for the customer.

While there are dangers, this self checkout process suits stores whose customers are less likely to steal. At the same time the advantage of using a smartphone rather than a dedicated hand held self-scanning device is that one avoids the capital outlay and the replacement cost of those that go missing – and they do!

An advantage of using this form of self-scanning is that it can be programmed to up-sell. For example as a shopper scans in a product, recipes that incorporate that product can be offered and a list of ingredients can be provided for the shopper to buy.

Customer services

The pressure to offer cash back and the volume of these transactions will grow as new low cost 'no branch network' banks come onto the scene.

These banks rely on supermarket cash handling infrastructure at the checkout to service their customers. Apart from the convenience and saving on ATM withdrawal fees with cash back, as with conventional banks, these banks other transaction fees are much lower. So one can expect the volume of these financial transactions to grow.

Pick n Pay has just launched with one such bank, Tyme Bank, in 550 PnP and Boxer branches. Another such bank due to launch into supermarkets is Discovery Bank. Other low cost banks are also reported to be on their way.

There is a potential looming problem with cash back. The Reserve Bank is said to be in the process of formulating regulations that will prevent retailers from offering cash back at the tills to shoppers. That is, unless they process the notes they take in through a cash fitness sorting device that will identify and separates unfit notes and remove them from circulation.

As cashiers are continuously receiving and handing out notes it is not practical for them to run cash back notes through a fitness sorting device. This Reserve Bank regulation, it should be noted, will only apply to notes handed out for cash back and not to change.

The practical answer to this will be automated cash handling units at the checkout with built in fitness sorting facilities for notes (and coins) which will return unfit and stained notes to the shopper.

Automated cash handling units at the checkout were first sold in South Africa for security as they are built around mini safes. While not cheap at R90 000 plus a lane, they also come with a major productivity benefit – they eliminate cashing up

One potential added benefit is that they can safely hold a lot more cash than stores allow in conventional tills. This will reduce the problem of not enough cash in the till for cash back transactions.

While strong controls in top stores have reduced cash theft from the tills, automated cash handling units can pretty well eliminate it altogether. One cash handling equipment supplier notes that when their units went into one pharmacy its bank account balance grew by some R40 000 a month. They also noted that in the first week of installation they expect call-outs to fix their units which



cashiers have attempted to sabotage with things like chewing gum and paper clips.

Services at the checkout or money market?

There are different views on the cost effectiveness of offering cash back at the checkout. Some say you don't need an ATM in the store when you offer cash back and you can put the space to better use. However not every bank allows cash back. And then some see it as slowing down the checkouts.

On the other hand Checkers which has been using their Money Markets to handle cash withdrawals and bill payments are reported to have pushed these services back to the checkouts in some stores because the Money Markets were swamped.

Checkers is also said to be looking to use self-serve kiosks to provide (some) Money Market services. Not only would self-service lower costs but shoppers may well prefer it as they can take their time at a kiosk. This helps when one, for example, is choosing a seat on a bus or at a concert. However some services such as money transfers require a serviced process because they have to check on ID's and proof of address.

The future

It's clear from all this that change is coming to the way stores check out purchases, receive payment and the way they provide services. There's just no one size that fits all.

TymeBank which launched in 550 PnP and Boxer stores during February relies on the store's checkout cash handling facilities to service its customers.



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