

More for their money

Come in for added value

BY ANELLE HAMILTON

Motivational speaker Jim Rohn said, "Time is more valuable than money. You can get more money, but you cannot get more time." This is certainly true for today's dual-income consumers who are juggling family and careers. By offering shoppers extra services in their stores, retailers can add value to a shopping experience and become a destination shop, through ATMs, airtime and third party payments.

ATMs

ATMs are a good drawcard for retailers; they have the potential to increase sales by bringing feet to the store. "An in-store ATM will increase retail turnover by between 10-25% and by more than 50% in the hospitality industry," says Marc Sternberg, managing director, Spark ATM Systems, an independent ATM deployer. He adds that an ATM provides a much-needed service for customers, as they can withdraw their cash in a safe, convenient and friendly location, while the retailer earns rebate income on every transaction. "A Saswitch ATM is attractive to all customers, not just those loyal to one bank," says Sternberg.

ATM supplier service

The in-store ATM becomes a crucial part of a retailer's business, but it must remain operational at all times. It is no good installing an ATM unless it is backed up by dedicated customer care and technical support. Call other customers of your



It is no good installing an ATM unless it is backed up by support.

supplier and ensure they give good references. It is also a good idea to call your supplier's customer support centre and see how long it takes to get through to an agent who can help you.

Before selecting a supplier, consider the following:

- ◆ Do you receive a detailed monthly statement itemising daily and summarised monthly activity on your ATM?
- ◆ Is your dispensed cash reimbursed automatically every day regardless of whether

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or not you do a Day Close on your machine?

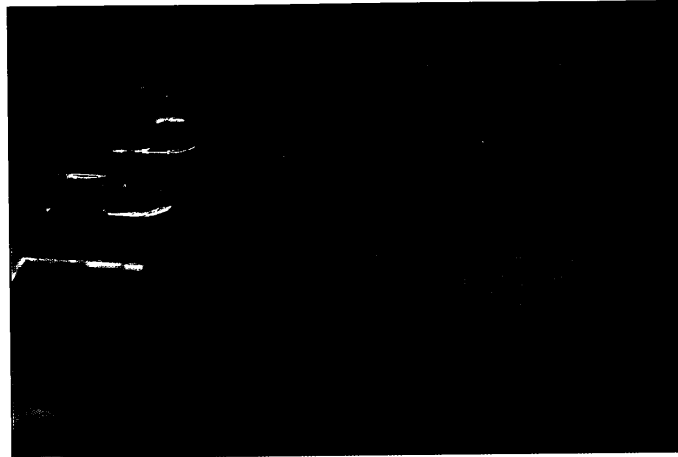
- ◆ Is your ATM attractive with a full colour screen, dual-sim GPRS modem and easy-to-follow customer screens?
- ◆ Have you been offered a money counter to assist with your ATM loading?

Ensure that your contract includes a full parts and labour warranty and that all your signage is supplied and installed as part of the deal.

ATM security

Sternberg believes it is preferable to fill your own ATM. "A merchant-filled ATM has enough cash inside it for one day's trading and the cassette is removed and securely stored after hours. If there are large amounts of cash inside the ATM, it could increase your security risk," he says. "By filling your own ATM, you save on the hassle and cost of depositing your cash at the bank, as all dispensed cash is reimbursed directly to the merchant's account at no extra charge."

In terms of location, an ATM located inside the store means that when your business is closed, so is the ATM, which adds to its security. "Most ATM fraud involves card skimming, card switching and forced withdrawals, none of which occur at in-store ATMs," says Sternberg.



Chip and pin cards offer more security to consumers.

Airtime as a percentage of sales in retail has grown significantly.

Airtime

Airtime as a percentage of sales in retail has grown significantly. "For your typical convenience retailer (petroleum site outlet), airtime sales represent 24% of their total income, which makes it bigger than all carbonated drinks put together. Carbonated drinks typically represent 16% of turnover," says Richard Smuts-Steyn, group MD, Ventury. But, he adds, the margin that operators receive is much lower than on carbonated drinks and so airtime only accounts for 9% of profit versus 25% for carbonated drinks. Nevertheless, airtime is big business!

If 24% of your revenue is airtime, this equates roughly to one in four customers buying airtime. With this in mind, retailers cannot afford to have stock outs or shortages and also cannot afford to go with poor service partners. If your airtime partner is off line, then one in four customers are probably not going to come back.

"Where price is an issue, it's important to find good quality suppliers to satisfy customer demand. Also, the trend to move away from hard cards in favour of electronic distribution grows each day, as hard card suppliers generally only deliver every couple of days and so stock outs are common place. Electronic distributors never have stock outs,

An in-store ATM can increase retail turnover by between 10-25%.



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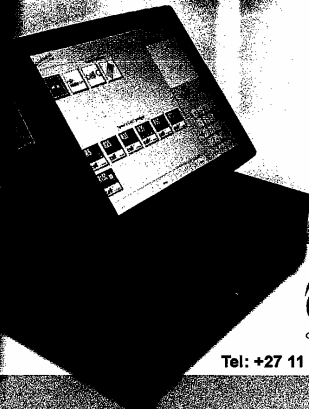
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unless you have selected a poor partner," says Smuts-Steyn.

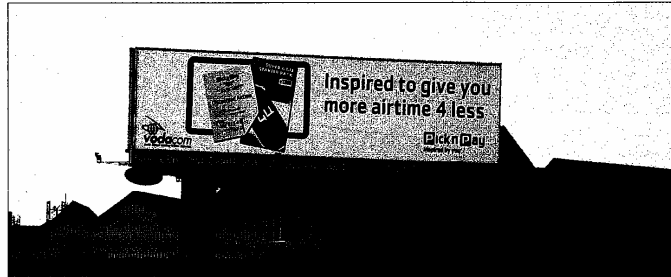
Stock availability is the key benefit for customer in an electronic distribution environment, while safety and security are the key benefits for retailers using electronic distribution mediums. Hard airtime cards lying around are equivalent to cash lying around.

Online sales

Smuts-Steyn says a pre-paid product called uKash will soon be available through airtime distributors. These buying vouchers, which will allow consumers to shop on the Internet without using credit cards, will be issued in the same way airtime is issued. These vouchers are redeemed for goods on all reputable websites.

Third party payments

"The future of account payments lies in the provision of a single transacting hub or



Airtime is big business! Pick n Pay advertises its airtime on this giant billboard on the N3 in Johannesburg.

“**Hard airtime cards lying around are equivalent to cash lying around.**”

one-stop-shop destination to consumers, to enhance the convenience, speed, ease and safety with which they perform these transactions," says Mike Smith, MD of independent payment service, EasyPay. He says as time becomes an increasingly precious commodity, consumers are opting for new ways to cut down on onerous,

retailers!

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unpleasant tasks and preserve their time for the things that they would rather be doing.

In Smith's opinion, centralised pay-points or payment platforms provide the answer to this problem. "By making these transactions truly ubiquitous, it will further aid the economic upliftment of consumers in remote areas who do not otherwise have access to financial services," he says.

Through systems like EasyPay, consumers can settle many of their accounts at till points and kiosks inside stores like Pick n Pay, Shoprite, Checkers, Checkers Hyper,

Consumers can settle over 200 different accounts at till points through systems like EasyPay.



Cash in on the... ATM revolution!

Spark ATM Systems introduces the X-7100, the market leader in convenience ATMs.

Enjoy the following benefits from your in-store ATM:

- Earn a cash rebate per withdrawal
- Save on your cash deposit fees
- Increase foot traffic through your store
- Increase turnover - up to 40% of withdrawn cash will be spent on your premises
- Reduce costly credit and debit card terminal fees

Choose Spark ATM Systems for your in-store ATM:

- Customer service is our number one priority
- You receive a comprehensive monthly statement showing daily transaction count and cash dispensed
- Dispensed cash is automatically reimbursed every week day (ie you don't have to do a Day Close)
- As a Saswitch ATM, your ATM attracts all cardholders, not only those loyal to one specific bank
- Our flexible pricing structures ensure that we have the right ATM deal for your business

From a security perspective, it's great for customers to make their cash withdrawals inside our store. It's a great customer service and we have started attracting new customers as a result of this. Thank you to Spark ATM for their excellent customer service.

Trevor Percy, Kwikspar De Helderbosch, Cape Town

We were amazed at how popular the ATM was once we had it installed. The additional foot traffic was noticeable from the first few days. It's a pleasure to deal with Spark ATM as their efficiency and customer care really sets them apart. We have referred several of our suppliers on to Spark. It's a great way to go for any retail operation that is looking to boost turnover and feet through the door.

Mark Lipchin, Henens Meat Market, Port Elizabeth

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Lewis Stores, Best Electric, Woolworths, selected outlets of Spar, Score, Boxer and convenience stores. Other paypoints include mobile handsets, MTN banking and Wizzit Bank. The types of accounts that can be paid include traffic fines, municipal and telephone accounts, Eskom accounts, SABC television licences, medical beneficiaries (e.g. pathologists), subscription companies and funeral homes, to mention only a few.

All the consumer has to do is hand the account to the cashier, make the payment and take their receipt. The funds reach the creditor or bill issuer within 24-48 hours.

The benefit for consumers of using a third party payment option at a retailer include:

- ◆ Convenience and safety through widely available, easily accessible pay-points that are close to home or work.
- ◆ Time and money savings through multiple transactions at one central point.
- ◆ Extended business hours for making payments or prepaid purchases.
- ◆ All payment methods are accepted, such as debit and credit cards, cash and cheques (depending on the technology offered at the pay-point).

Pre-paid electricity

Pre-paid electricity continues to grow and currently represents about 20% of pre-paid voucher sales at retail outlets. This is expected to grow to about 50% by the close of 2010.



Research shows that 52% of all Shoprite and Checkers store customers make use of the services offered by its Money Market kiosk.

The electricity meter card is presented to the cashier, who keys in the meter number, swipes the card, requests payment, processes the transaction and hands back a receipt that reflects the number that the consumer must key into the electricity meter at home.

What's new in the market?

Smuts-Steyn says they are planning to add

bill payments, gift vouchers and credit card acquiring to their offer, as well as pre-paid insurance products. Pre-paid insurance also offers good potential to the third-party basket.

Another new development is a self-service terminal that allows customers to purchase a range of products, services and information. The Tap touch screen allows customers to interact with service providers in real time. Shoppers at Friendly stores around the country have been using the Tap terminals and more are expected to roll out to other stores in the group. The information on the terminals can be customised to suit each store's customer base and includes secure debit and credit card payments, cash accepting and cash dispensing, prepaid airtime, prepaid electricity, third party payments, air tickets, traffic fines and insurance. Products under development include Ster Kinekor movie tickets, loan applications, credit card applications and medical aid. ■

PICK N PAY GOES DIGITAL

Pick n Pay recently launched prepaid broadband vouchers at till points in participating hypermarkets, corporate stores and family stores. The Axxess Prepaid broadband voucher is similar to a cell phone airtime voucher in that there is no contract involved. If you use only a portion of the bandwidth this month, then the balance is carried over to the following month until the full bandwidth has been used up or three years have elapsed. There is a three-year time limit to any bandwidth purchased on prepaid vouchers. This way there is no need to pay any ISP (Internet Service Provider) on a monthly basis for internet access. The only monthly fee will be for ADSL line rental from Telkom. Customers can also use the voucher system to supplement their existing ISP broadband account.

The Axxess prepaid vouchers have various size options - 1GB (R70), 2GB (R140), 3GB (R210), 4GB (R280) and 5GB (R350) and are available at any of the participating Pick n Pay stores.