



WHITE PAPER:

# The 'case for cashless'

The opportunities and impact of introducing cashless, self-service technologies into hospitality operations

POINT  
ONE

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## Executive Summary

The hospitality sector has been and is one of the fastest growing industries in the UK. Along with growth has come change. Nowhere is this more prolific than in the quick service and casual dining sectors.

Driven by ‘millennials’ aged between 20 and 35 that have a high disposable income and who have grown up with the Internet, they expect to be able to obtain everything either online, on-screen on their ‘smart phones’.

Cashless operation via contactless or smart phone payment methods such as Apple Pay and Android Pay are now the preferred method of payment for low value transactions.

To accommodate these changes many operators in this sector are now altering the way they manage their business by introducing new methods of customer service, including self-service and cashless kiosks.

This white paper describes both the opportunities and impact of these new technologies and provides an overview on the solutions available and how they might assist a hospitality operation maximise its business revenues.

The last section describes a real-life case study of how Tossed, a chain of London-based healthy eating places has implemented and benefited from this new self-service technology.

## Introduction - The rise of the 'cashless society'

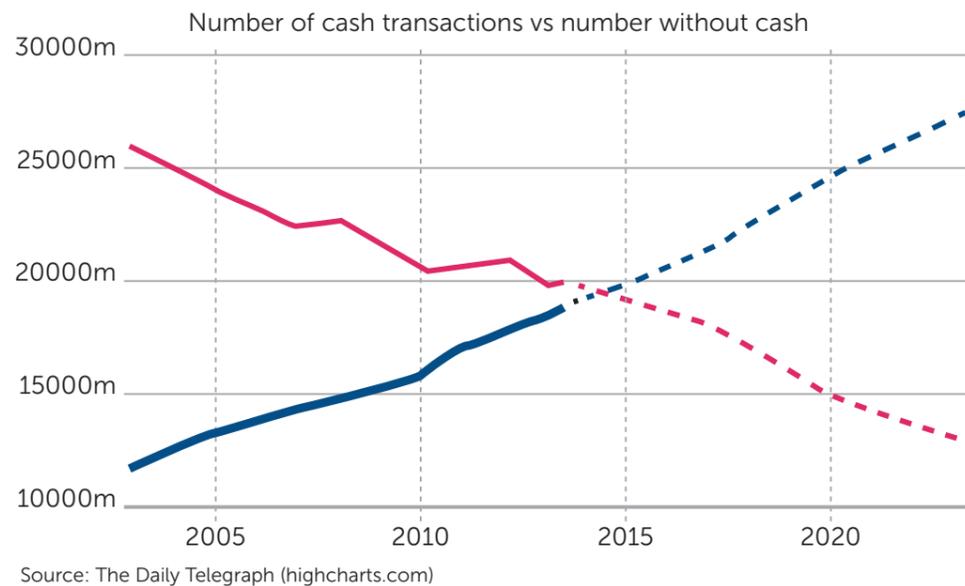
Just a few years ago the vision of a 'cashless' society seemed like a utopian dream or the stuff of science fiction. However, the gradual emergence of new payment methods such as Apple Pay, Android Pay, contactless and others supplementing the long serving credit and debit card culture is now eliminating the need for the daily hunt for an ATM machine.

Even more recent is the developing payment and loyalty smartphone app space that gains traction year on year with some significant players such as Yoyo, MyCheck & Zapper.

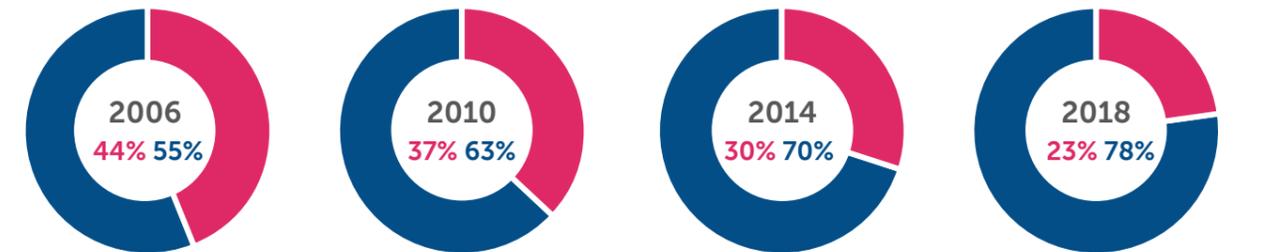
Taking this one stage further within the last 12 months a new development from FingoPay, developed by UK company Sthaler, seeks to eliminate all of the above and enable the world to pay for goods by scanning securely with your fingertip. Fingopay was developed to address the problems other cashless systems couldn't solve i.e. the cards or devices necessary to authenticate the payer could be lost or stolen making us all vulnerable to fraud. This technology is already here and operating in London.

Outside of the UK, payment by way of facial recognition and facial gestures is live and with the launch of the latest iPhone X this new technology is set to find its way into hospitality and retail.

The cashless trend is echoed by industry statistics, as research recently published in the Daily Telegraph revealed that the number of cash transactions will drop to just under 13 billion by 2023, while the number of cashless transactions - including cheques, credit cards, debit cards, contactless cards, direct debits, and standing orders - will rise to over 27 billion. In other words, cashless transactions are set to double compared to their cash counterparts.



## The rise of cashless:



December 2015, 78% of spending at UK retailers was made via payment cards, compared to only 55% in 2006\*

\* Source: Timetric Cards International Journal March 2016

UK Cash Spend  
UK Card Spend

### Millennials and Quick Service Restaurants are leading the way

In many ways, it is the quick service sector that is driving this trend as cashless payment options are fast becoming the method of choice for smaller purchases within bars and coffee shops and the QSR sector. Today in any coffee shop queue you are more likely to see customers brandishing their contactless card or smart phone rather than reaching for their wallet or purse to fish around for cash.

The cashless bug has bitten all sectors of society from teenagers to pensioners, but the majority of the new adopters of these new payment methods are millennials, those born between 1990 and 2010 who have never known adult life without a smart device and the Internet.

It is also this generation that has boosted the hospitality industry over the last decade and made quick service outlets the fastest growing sector in the industry; and this trend is set to continue. According to RnR Research the quick service restaurant sector will achieve a compound annual grow rate of almost 6% up to 2019.

Millennials make up **51%** of fast casual dining customers  
Morgan Stanley

The UK Food to Go Market is forecast to hit **£20.2 Billion** in 2017  
MCA Report 2017

**Quick Service restaurant sector will achieve a compound annual growth rate of almost 6%**

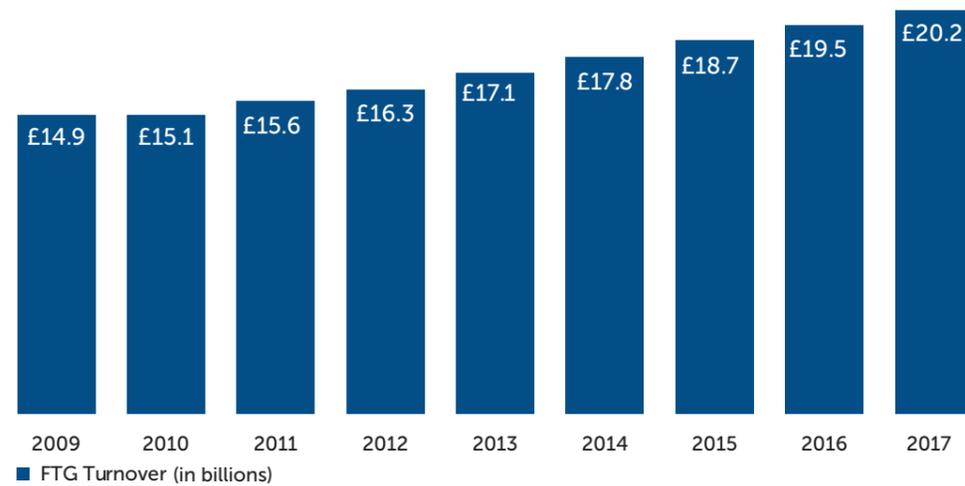
Source - RnR research

Hot on their heels is the retail sector automating the check-out process with self-service check-outs at every turn. It's not surprising therefore that many entrepreneurial restaurant owners and operators are looking to marry these trends and offer their customers a 'cashless' quick service option.

McDonalds have been the true innovators of this concept, rapidly rolling out their kiosk solution to stores worldwide. The technology has set the benchmark for what is possible and what the market can embrace. Another early adopter of kiosks and a pioneer of the 'case for cashless' is Tossed, the high street healthy eating operator, that has become the UK's and Europe's first QSR business to make 15 and counting of their restaurants cashless (see full case study on page 13).

This white paper looks at the case for the cashless restaurant, it examines the technologies available and suggests that whilst 'cashless' maybe in vogue, options also exist for businesses to offer both cashless and cash options that are fully integrated and can therefore deliver the best of all worlds.

QSR/Food to go industry is worth £20 billion



Source: RnR research

## What is 'Cashless'?

The term 'cashless' is quite simply the exchange of funds by debit or credit card, or other electronic methods such as contactless or smartphone apps rather than the use of cash.

In the context of the hospitality industry it is characterised by the real-time purchase of food and beverages using credit/debit cards (either contactless, or using chip and pin) or by using a smart phone app such as Apple Pay, Android Pay, Google Wallet etc without the need of a human server.

Cashless in the QSR business is now becoming synonymous with self-service kiosks and can offer many benefits to a restaurant including:

- Increasing turnover with faster throughput
- Improving customers' experience by reducing queues
- Provide a unique opportunity to engage with customers at a new level
- Lowers costs by streamlining FOH (front of house) staff required to serve customers
- Can support a restaurant's 'green' credentials with a paperless operation
- Eliminates cash handling & banking
- Enhances reputation to core customer base as a leading innovative hospitality provider

“

It took almost eight years for monthly contactless spending to reach half a billion pounds - now it's grown by the same amount in just four months. This dramatic rise shows that paying with contactless is now second nature for millions of consumers who see it as an alternative to cash.

”

**Richard Koch,**  
Head of Policy  
UK Cards Association

# The pros and cons of a kiosk & cashless restaurant

Here are some of the pros and cons of going 'cashless' and implementing a customer facing kiosk solution:

## Pros:

### 1. Saves a business money

Going cashless enables a business to focus its human resources on what it does best e.g. preparing and serving high quality food to its customer in the most efficient way. Increases in minimum wage last year and a gloomy outlook over the next few years on labour and rents have had operators scrambling to reduce costs using technology.

### 2. Can reduce queues and improve revenue

Using a cashless system can be a fantastic method of reducing queues and improving the customer experience. Using a kiosk system customers can 'serve themselves' without waiting for a staff member to become available, which effectively means more transactions can be taken in an hour. The retail sector has proven that customers will use the technology if available.

### 3. Accounting systems are more accurate

As all payments are made electronically either using a mobile phone app, or a credit or debit card, transaction errors are virtually eliminated. The payment system integrates directly into your BOH (back of house) system making accounts reconciliation and reporting far more accurate with more meaningful business information.

### 4. It creates faster and more secure transactions

There have been numerous instances of data breaches at retailers since 2012. The way financial data is currently transmitted creates a problematic system of money management and transfers. A cashless business reduces this risk whilst creating faster transactions so that real-time profits or losses can be tracked. In theory, consumer spending patterns could be better tracked as well.

### 6. Reduces fraud

The hospitality industry suffers from fraud in many forms, whether through cash handling abuses or manipulation of EPoS systems for financial gain. However, in a cashless society every transaction leaves an electronic record somewhere, so onsite fraud can essentially be eliminated.

### 7. Increased spend per head

We've already seen this happen as the use of credit cards has increased. When physical money isn't present, people treat it differently. It no longer becomes a tangible item. This means that many consumers end up spending more than they intended to on goods and services.

## 8. Nutrition & Allergens

With the continued pressure to adhere to nutrition and food labelling guidelines, kiosk solutions enable you to deliver key nutritional and allergen information to customers, enabling them to make their own choices and view this data in real time at the kiosk. Allergens can be filtered to allow customers to see what they want to see during their purchase path.

Whilst the impact of cashless is predominantly positive, there are also some issues that you should be aware of, these include;

### 1. Over-reliance on technology

Any system that is 100% based around technology may have some drawbacks for example if a customer's phone dies and it is their only method of payment then they won't be able to pay for anything. Also, power outages may have a greater impact if the business is totally cash-less.

### 2. Exposure to cyber crime

Like any other network technology, as you increase your investment you also increase your exposure to potential attacks; the most recent high profile cyber-attack in May 2017 has put cyber security back on the radar. However, the security on modern payment systems is very robust and therefore the risk is deemed very low.

## 9. Upselling

Maximising 'average spend per head' is crucial for a business, whether this be via human interaction or by technology. Adopting kiosk technology can deliver significant bottom line improvements by providing the ability to softly upsell customers based upon their selections and basket preferences.



Now it's possible to spend money with your finger. No plastic. No cash. No phone. You can pay with just ... you..

Nicolas Dryden  
CEO Fingopay



Having a unique cashless point-of-sale solution allows our team to focus their energy on our speed of production

Vincent Mckevitt,  
Founder Tossed



Cashless transactions to grow to **27 billion** by 2023

The Daily Telegraph

## How does a 'cashless' kiosk solution work?

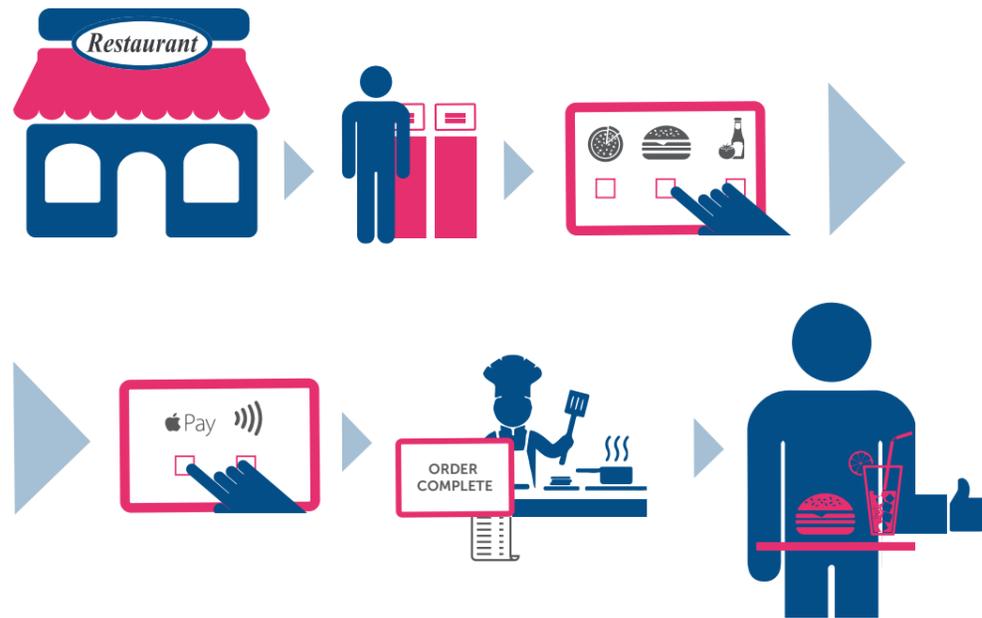
State of the art cashless technology either replaces or works in conjunction with an Enterprise level EPoS system. For the cashless and customer facing part of the operation this system is replaced with a 'kiosk'.

It is the kiosk that provides a restaurant with the ability to implement a self-service customer ordering and payment solution. The kiosk or kiosks are situated at convenient points within the operation, often near the entrance.

Working typically on secured/mounted tablets or touch screen monitors of varying sizes from 8" to 32" they enable customers to simply glide through and browse picture-based menu content in the same manner as they would operate a touch-screen tablet. An integrated contactless payment device and receipt printer completes the set-up.

The kiosks not only allow the customer the opportunity to order and pay for their food without cash, they can also customise their dishes, find out information about nutrition, create personalised orders and check-out with integrated contactless card payments in just a few button presses. Customers can log in to retrieve historic orders and have their receipt emailed to them.

Once they have completed this process they can then go to a collection point and pick up their order, fresh and ready to go.



## What solutions are available?

A typical cashless solution comprises a number of kiosks securely mounted with a payment device and a printer. These are often wireless devices and 'talk' to the BOH database housed on a dedicated server.

When a customer pays for an order a collection receipt is printed (or emailed) and the order details are delivered to the kitchen/BOH either printed on traditional kitchen printers at various stations or delivered to kitchen management screens.

Often other technology can be incorporated into this such as mobile app ordering for click and collect, orders from which would flow into the operation via the system's cloud based services and print in the kitchen as per the kiosk orders.

Where there is a demand for cash and cashless then traditional EPoS systems would be implemented and they would interact with the kiosks, all reading and reporting back to the main database. Typically, where kiosks are introduced, you would see less EPoS 'tills' in store.

Specialist kiosk technology suppliers to the QSR sector have developed fully integrated kiosk applications into their traditional EPoS platform. This enables the operator to implement and manage them much more cost effectively than developing a kiosk application from scratch.

The kiosk interface that the customer uses offers the business a unique opportunity to differentiate themselves from others by providing a customised interactive experience. For example the kiosk application could have a customer log-in option to display a dashboard of previous orders and stored allergen information.

## What type of hospitality operation would benefit?

Cashless kiosk technology really benefits the likes of QSR & retail operators seeking to maximise revenue, streamline costs and deliver innovative solutions to enhance the customer experience throughout the customer journey.

Where 'grab & go' forms part of the business offering then normally a hybrid approach of EPoS and kiosks is more suitable. However there is a case to consider for adapting the operation to fit around a kiosk-only offering, as documented here, that could take advantage of the wider strategic benefits this style of service could bring to a business.

Kiosk solutions are also relevant for speed or express lanes and there will be growth in this area over the coming years.

It is not limited to just QSRs though, theatres & venues are embracing this type of technology too and cashless and smartphone ordering technology is increasingly available within the traditional casual dining business.

## Conclusion

The case for cashless is strong and whilst the momentum within the payment app space to make this a reality doesn't wane, new technologies adopting a cashless and streamlined transaction process will continue to gain traction. The kiosk solution is a true example of this and for the fast-moving hospitality sector there are real advantages to implementing kiosks alongside traditional EPoS or making the leap to a completely cashless kiosk-focused operating model as highlighted here.

Technology is providing numerous benefits to hospitality businesses prepared to explore beyond the till and the latest consumer trends support the argument that cashless operations will become more common place.

## Appendix:



### Case study: Tossed

#### **Tossed becomes UK's first cashless restaurant using pointOne's 'Kiosk' technology**

Tossed, a chain of London-based healthy eating places specialises in providing fresh, alternative food options that embrace a healthier eating style. The company procures the highest quality products and these are sourced locally and ethically. Tossed currently has 26 sites in the London area with plans to open more over the next 12 months.

#### **The Challenge – to shorten queues, reduce costs and enhance customer experience**

Tossed prides itself on providing fresh, healthy meals to its health-conscious customers quickly and efficiently. During peak times however, as is typical in any busy quick service restaurant, queues can often dilute the overall dining experience. To resolve this, Tossed looked to implement a faster, 'cashless' solution based on pointOne's kiosks. The solution has been very successful and has now been rolled out across the group.

Vincent McKeivitt, Founder of Tossed said: *"Most operators face speed & capacity issues at lunchtime, but ours are intensified because we make our food fresh-to-order and most guests like to customise their food to suit their health and taste requirements. Having a unique point-of-sale solution allows our team to focus their energy on our speed of production."*

Improving the guest experience was the prime motivation, however the business also recognised that by using technology effectively it could also remove cash and paper from all its outlets. For a rapidly growing operation of 26 restaurants with more to come, the efficiency savings of implementing this new process would also have the potential to vastly improve its bottom line profitability.

#### **The Solution – The development of an 'unmanned, cashless kiosk' with pointOne EPoS**

pointOne had already worked very closely with Tossed as their EPoS supplier for over 10 years. During this time pointOne had completed a number of customised developments to support the Tossed business model so it was a natural progression to work with them on developing this new 'ground-breaking' technology.

### The 'Kiosk' – How it works

The Kiosk provides Tossed with the ability to implement a self-service customer ordering and payment solution. Working on an Android platform, and using 10" tablets mounted in BouncePad holders the Kiosk solution enables customers to simply glide through and browse picture-based menu content and nutritional data, create orders and check-out with integrated contactless card payments in just a few button presses.

### Results – A virtually seamless integration into their existing operation with very positive customer feedback

Tossed have rolled out the self-service, cashless kiosk to 15 and counting of their restaurants and have plans to deploy the technology over their entire estate. All of the restaurants are fitted with the new kiosks instead of manned tills, and take payment by credit or debit card, contactless and Apple Pay instead of cash.

Vincent Mckevitt concludes; *"Guest feedback has been very positive: people like to be able browse in their own time and customise what they eat, completing a great experience with tasty, bespoke, healthy food, served quickly."*



### About the sponsor: pointOne EPoS

pointOne is a UK company that is committed to developing, building and supporting, technically advanced, proven, robust EPoS and hospitality kiosk solutions that you can trust. We currently have over 1500 customers, including the likes of Coffee Republic, Tossed, El Mexicana, Pizza Union, Wok & Go, Peyton & Byrne, River Cottage, National Galleries, The Royal Academy of Arts, the Wales Millennium Centre and many others.

Our 2016/17 award-winning solutions have been designed to drive cost out of a business, maximise revenue potential, ensure customer loyalty and deliver exceptional customer service.

We understand that the success of your EPoS system is critical not only to your business, but also to your reputation as a hospitality operator. We believe that an investment in pointOne is an investment in realising your business potential. Our solutions are designed to maximise the potential of your operation and pointOne offers all the tools your business demands to succeed. Our system is the result of a process of continual design and development using feedback from our customers.

### Our Cashless Kiosk Technology

The solution can stand alone or can work seamlessly with the normal pointOne EPoS set-up. With a customer facing self-service kiosk you can speed up service, reduce costs and maximise revenues during busy periods. Working on an Android platform and using a multitude of different sized tablets the kiosk solution offers a slick, innovative and cutting edge hospitality solution.

The customer interface can be customised to your business so you can dictate the look and feel of the customer journey, and using our experience we can offer advice and structure to the designs.

A key feature of this solution is the ability to provide the guest with full nutritional values of the food they are buying, enabling them to search and filter by allergy or food type, and build up a nutritional basket within their purchase path.

### Other features include:

- Completely unique customer interface for your business
- Integrated & contactless chip & pin
- Ability to filter menu options by food types (i.e. allergy content)
- Display nutritional data clearly to the customer and enable them in real-time to build up a nutritional picture of their order/basket
- Customer login option to retrieve order history
- Print order point and customer order details for collection
- Option to email receipt to customer
- Upsell opportunities throughout order process and checkout
- Discount code functionality & manager override with QR code login feature

When the customer checks out their basket using the integrated chip and pin terminal they receive a printout with their order detail ready for collection. The order gets sent to the relevant prep areas for production.

Offering a kiosk solution also offers further benefits in reduced cash handling and staffing costs manning tills during peak periods.

All of this is underpinned by pioneering and robust EPoS technology, that will enable your business to grow at the pace you need to succeed.



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