



Table of Contents

ABSTRACT	3
INTRODUCTION	4
DISCUSSION	5
Operational Improvements	5
Payment Method Innovations	6
Customer Satisfaction Improvements	8
CONCLUSION AND RECOMMENDATION	11
NEXT STEP	11
REFERENCE	12

ABSTRACT

New technology has lifted up the restaurant industry in the way of improving operational efficiency and overall productivity. The Point of Sale System (POS) is a controlling system which retailers and restaurants use on a daily basis for customer ordering, payment procession, inventory controlling, data monitoring, etc. In the recent years, tablet technology is able to be implemented into a POS system and improves the overall productivity in the restaurant industry. Implementing a tablet POS system seems to be a returnable investment to company XYZ. The tablet POS system is a competitive tool for company XYZ, which not only solves many daily operational problems but also gives the company the opportunity to increase sales and gain a larger market share. Company XYZ is able to maintain a competitive position within the industry as a result of implementing the tablet POS system.

INTRODUCTION

In the past few years, the restaurant industry has grown rapidly in revenue. According to the National Restaurant Association (NRA)'s report (2015), the restaurant industry accounted for 4 percent of the gross domestic production (GDP) in the U.S. with a total revenue of \$709 billion. NRA indicated that the availability of technology options was an important factor when customers chose a restaurant to purchase their meals (National Restaurant Association, 2015).

Company XYZ's Point of Sale(POS) system hasn't been updated since the business was first opened. The fact is that the company is facing issues caused by the outdated POS system. The daily operations have been slowing down because of the insufficiency of system devices on which all the workers have to rely in order to finish their tasks in a timely manner. The overall productivity is negatively affected by the outdated POS system. The existing POS system offers limited payment options to customers, which are less secured. Not to mention, over the years, the company has experienced a few cases of credit card dispute. Recently, another issue was raised. A number of customers have complained about the excessive wait time for food and tables caused by the operational inefficiency. It is almost impossible to improve the operational efficiency without updating the POS system because of the limitations of the existing POS system.

Updating the POS system to the tablet POS system at Company XYZ is necessary because the tablet devices promote operational improvements, provide high security in payments, and increase customer satisfaction, all of which will contribute to the company's potential profit growth.

DISCUSSION

Operational Improvements

The tablet POS system creates a better communication channel between the management team and the server team. In Kimes's (2015) report, she said that "table management and communications system can help restaurant operators provide more consistent service to guests and can also help improve managerial control of the meal experience." For the size of company XYZ, communication between managers and servers can be difficult, especially during the rush hours. There are operational defects that company XYZ needs to be aware of. For example, the noisy background interferes with the communicational effectiveness when managers and servers are communicating by using walkie-talkies. The communication system Kimes mentioned enables the operators to communicate to each other through messages through the tablets. Table updating, table assigning to servers, modifying and canceling customer orders can all be done by using the tablets instead of communicating through the walkie-talkies. Because of the tablet communication channel, the managers and servers have more time to focus on the customer service so that it improves the overall productivity.

The new POS system includes the kitchen display system (KDS) that Kimes pointed out. The KDS improves the kitchen productivity, which is very important to a restaurant. The KDS has been popularly used by a number of casual restaurants, such as Applebees, Smokey Bones, and Chili's (Kimes 2015). The KDS integrated with a tablet POS system helps the kitchen to reduce the food production time and increase production volume. Company XYZ is facing a challenge of high volume orders in the rush hours and the kitchen doesn't meet the challenge. Because of the low productivity of the existing printer system in the kitchen, the wrong orders

were sent out to customers and wait time for food is long. The compatible KDS integrated with tablet POS system will help company XYZ better control the operations in the kitchen and increase the kitchen productivity for a desired outcome.

Another operational improvement the tablet POS system provides is optimizing labor cost and reducing human error. The easy-to-use functionality of the tablets enable workers to do more in a timely manner so that fewer workers are required to work at the same shift. At the same time, human errors will be reduced because the tablets enable workers to take notes, monitor customer orders, and modify orders at any time at their convenience. For example, when there is a party of a big group of people, in a traditional way, a server needs to write down the orders or remember the orders in her head. In either way, the server has the potential of making mistakes because it is not easy for a server to remember everything after doing all the multitasks. The tablet device enables the server to send in orders at the tablet right away to the kitchen or the bar to avoid the mistakes due to forgetfulness.

Payment Method Innovations

The tablet POS system devices enhance payment security for both the customers and the company. The new devices enable extra payment options, such as Europay, MasterCard and Visa (EMV) including PIN debit card, and Near-field communication(NFC), in contrast, the current POS system only supports Magstripe card payment. The Magstripe card payment is most commonly used but it is less secure than other payment methods like EMV and NFC (English & Kuehn, 2014). Each EMV card contains a micro embedded chip, which functions as a mini computer processor which creates a new unique code for every transaction (English & Kuehn, 2014). For this reason, the information stored in a chip card is not easy to be cloned. ApplyPay,

AndroidPay, SamsungPay are the three major NFC payment methods. Paying with NFC is secured because it uses data encryption in transferring information between the phone and the card reader (Wozniaki, n.d.). The EMV and the NFC are the two most secure payment methods in the current credit card market and company XYZ will improve the payment security by providing technology that allows these two secure payment methods. Moreover, after October 1, 2015, the liabilities of credit card fraud have shifted to the merchants who don't have EMV terminals (English & Kuehn, 2014). In other words, company XYZ will have more liabilities for credit card fraud if it doesn't provide EMV payment methods. Implementing a tablet POS system will allow company XYZ to fulfill the requirement from the credit card companies and increase payment security.

The tablet devices not only improve payment security but also provide the convenient payment methods to the customers, who gain the security confidence for their payments. Instead of having their credit cards leave their sight, the customers are able to complete the payment transactions at their tables and the credit cards never leave them. In an interview with a customer (Hoff, 2016), she said that she was confident with the tablet payment method that the restaurant provided. Customers are not confident to let their credit cards leave their sight because credit card information can be easily stolen by anyone through a credit card skimmer with the cost of only \$40, and the information can be sold on the black market for \$20 per piece of information (Hoff, 2016). Customers gain more confidence in payment transactions if they can complete the transactions with their own hands. Customers who order delivery can also make their payments directly. Even for delivery orders, the delivery drivers can carry the tablet devices to collect payments from customers. All the dine-in customers and take-out customers obviously are benefitting from the implementation of tablet devices with convenience and security.

Moreover, the tablet devices lower the risk of credit card dispute. Credit card signatures could be important for Company XYZ 's business. Sommer (2016) said that signing a credit card slip was the same as signing a contract. It is not that the restaurant cannot collect the payment if a customer didn't sign. It is that if there is a credit card dispute and the credit card slip is not signed, the restaurant has no evidence to prove the customer agreed with the transaction and credit card terms. In this case, signatures are vital to credit card disputes. The new devices enable electronic signatures that can't be forgotten because electronic signatures are required before the server is able to print out the receipts. In this way, the risk of credit card dispute is much lower because the tablet devices require customers to sign for the payment transaction approvals.

Customer Satisfaction Improvements

With the help of tablet POS system, company XYZ is able to offer better customer service by reducing wait time for tables, food, and payment transactions. It is important for a business to understand that customers' time is valuable. According to Allon, Federgruen, and Pierson's (2001) research on how customers waiting time affects their decision making, researchers found an interesting result that every one second of waiting time in line reduced at least four cents of the amount of money a customer was preparing to pay for their meal. Allon (2001) said that the result was surprising in that the customers value their waiting time so highly. Even though the research study is for the fast food industry, the value of the result is far beyond the fast food industry (Allon, Federgruen, & Pierson, 2001). Waiting time accounts for the most important factor in customer service management. The tablet POS system speeds up the service because the handheld tablet ordering enables the servers to send the orders right at the tables and save a substantial amount of time on waiting for an available stationary device to order. As Allon (2001) said that even one second waiting time is valuable to a customer. After implementing the

tablet POS system, company XYZ will improve customers' satisfaction by reducing wait time because waiting time is proved to be valuable to both the customers themselves and the business.

The tablet POS system provides a friendly platform for customer feedback which is the valuable information for customer service management. Customer feedback on food and service are important to company XYZ who can use the information to make better-informed decisions regarding positive feedback or negative feedback. FOODit.com (2016) suggests 5 ways that a fine dine-in restaurant can use to get the feedback from customers. They are face-to-face feedback, social media, feedback forms, feedback from online customers, and tablet feedback systems. The tablet devices enable customers to complete a feedback at the point of payment (FOODit , 2016). Under the tablet POS system, it would be possible for company XYZ to design its own customized feedback formats, such as mini games with rewards, which encourage customers to participate. Customers' satisfaction is higher when they know that the company is willing to hear from them and make changes to meet their needs. Caron Beesley (2016), who is a small business owner, writer, and marketing communication consultant, suggested three tips in improving customer satisfaction, one of which is to listen and learn. It means a business needs to actually prove to its customers that the company is listening and caring for its customers. In the long-term, if the company analyzes the feedback and makes decisions based on feedback with contingency approaches, the overall customer satisfaction will be improved because customers are happy about the response to their feedback.

The tablet POS system would help to build a better customer-favorable loyalty program, and increases customer loyalty within company XYZ. Denny Duffy (2014), who has more than 20 years experience in studying customer loyalty programs, said that, in his latest study based on survey questions among 1,100 customers across the country, the study shows the loyalty

RECOMENDING IMPLEMENTING TABLET POS SYSTEM

10

program increases visits by an average of 35%. The increase rate is consistent with the study of the year 2013 (Duffy,2014). In a loyalty program case study by Alex McEachern (2016), Starbucks has the most successful loyalty program, which helped the company increase revenue of \$2.65 billion (McEachern,2016). It is not difficult to see that a loyalty program is one of the most effective marketing strategies. Company XYZ implemented a loyalty program two years ago, and the customers have been showing favorable views on the program. Without the technology, Starbucks' loyalty program can't be done successfully (McEachern,2016). Similarly, it is difficult for Company XYZ to enlarge its loyalty program with the current outdated POS system because it is inconvenient for customers to carry physical reward cards in their wallets. The new system enables customers to engage in the loyalty program in an easier way that customers only need to provide phone numbers to sign in to the loyalty program and redeem rewards. Denny Duffy's study (2014) has shown that loyalty program is the key to a business success. The better loyalty program company XYZ can provide, the more loyal customers company XYZ will have.

CONCLUSION AND RECOMMENDATION

The tablet POS system creates solutions for the unsolved daily operational problems at Company XYZ, which are all the small problems but could be vital to a business. The restaurant can operate with ease under the tablet POS system because it provides a better communication channel, KDS system in kitchen, and conveniences to avoid human errors. Furthermore, the tablet POS system provides four kinds of payment methods, two of which are the most secure payment methods and become available for customers, while the new system reduces the risk of credit card dispute. Customer satisfaction is increased because the wait time is reduced and the better customer service is provided. Implementing a tablet into the existing POS system is necessary because the updated POS system can do much more than the existing system resulting in a better outcome for the company. Operational improvements, payment security enhancements, and an increase in customer satisfaction are the key elements for reaching the goal of the Company XYZ in pursuit of a profit growth.

NEXT STEP

Implementing a tablet POS system in company XYZ is a big step forward. Along with bringing in new technology to the workplace, a few steps need to be followed. First, this recommendation can be followed up with a pre-adoption program and a series of financial reports for pricing and investment return analysis. Second, adequate training programs are applicable to both managers and employees. Third, customer feedback is important for the improvements on the new system. Taking these next steps will make Company XYZ cutting edge in terms of their service technology and enable them to provide the best customer experience possible.

REFERENCE

Allon, G., Federgruen, A., & Pierson, M. (2001). How much is your customer's time worth?

Retrieved November 17, 2016, from KelloggInsight,

http://insight.kellogg.northwestern.edu/article/how_much_is_your_customers_time_worth

Beesley, C. (2016, November 21). 3 simple ways to improve customer satisfaction today.

Retrieved November 27, 2016, from <https://www.sba.gov/blogs/3-simple-ways-improve-customer-satisfaction-today>

Duffy, D. (2014, February 18). Loyalogy 2014 consumer study – restaurant rewards programs

boost visits 35%. Retrieved November 19, 2016, from

<http://loyalogy.com/2014/02/loyalogy-2014-consumer-study-restaurant-rewards-programs-boost-visits-35/>

English, M., & Kuehn, K. (2014). *EMV and restaurants what you need to know!* Retrieved from

https://www.restaurant.org/Downloads/Webinars/EMV-Update_Natl-Rest-Assoc-final.pdf

FOODit . (2016). 5 great ways for restaurants to get customer feedback. Retrieved November 17,

2016, from <http://www.foodit.com/blog/5-great-ways-for-restaurants-to-get-customer-feedback.html>

Hoff, J. (2016, April 25). Video: Restaurants fight card fraud with tableside payments. Retrieved

November 17, 2016, from CreditCard.com, <http://www.creditcards.com/credit-card-news/video-restaurants-fight-card-fraud-tableside-payments.php>

Kimes, S. E. (2015). *The scholarly commons the role of technology in restaurant revenue*

management part of the finance and financial management commons, and the food and

beverage management commons. Retrieved from

<http://scholarship.sha.cornell.edu/cgi/viewcontent.cgi?article=1412&context=articles>

McEachern, A. (2016, September 23). Loyalty case study: Starbucks rewards. Retrieved

November 19, 2016, from Expert Loyalty Advice,

<https://www.sweettoothrewards.com/blog/loyalty-case-study-starbucks-rewards/>

National Restaurant Association (2014, October 29). Tech use trending up. . Retrieved from

<http://www.restaurant.org/News-Research/News/New-research-shows-tech-use.-requency-trending-up>

National Restaurant Association. (2015). *ForecastExecSummary2015 FINAL*. Retrieved from

<http://www.restaurant.org/Downloads/PDFs/News-Research/research/ForecastExecSummary2015-FINAL.pdf>

Sommer, C. (2016, February 8). What happens if you don't sign a credit card payment slip.

Retrieved November 17, 2016, from

<http://www.creditcards.com/credit-card-news/payment-slip-bill-dont-sign-1282.php>

Wozniaki, T. Benefits of near field communication. Retrieved November 18, 2016, from

<http://www.nearfieldcommunicationnfc.net/benefits.html>