restaurant manager™ An ASI Technology

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White Paper

A Decade After Their First Appearance Are Tableside Ordering and Payment Solutions Ready for Prime Time?

Introduction

The restaurant industry has always seen the potential value of a handheld order taking and payment system. It was over 20 years ago, well before mobile devices became so much a part of daily life that the first handheld system for use in restaurants came on the market. But even after 20 years of improvements these systems are still not commonly used.

Although handhelds have failed to catch on in the mainstream, they have not been forgotten. In a survey conducted by Hospitality Technology "tableside POS for ordering and payment was among the top three most interesting point of sale platform innovations" with 39% of respondents rating it the most interesting trend for 2012.

What then, is the future of handheld POS? This white paper examines the potential benefits that have been driving the push for its development and the obstacles that have been preventing its adoption with the aim of determining whether tableside ordering and payment can be a viable solution for the hospitality industry.

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Why Handhelds? Problems with Fixed Station POS

To understand why the POS industry has been working to develop a handheld solution for the last decade it is useful to look at the inherent problems in the existing system. Currently, fixed station touchscreen POS is the solution of choice for most foodservice establishments. While this system provides many benefits, it is not perfectly adapted for a busy full service restaurant. Two main issues with this system, one centered on the order taking process, the other centered on payment, pose a multitude of problems for full service restaurateurs.

Problem 1 Double Entry

The fact that a server in a full service restaurant must first visit a table to write down or attempt to memorize an order and then travel to a POS station to enter that same order represents nothing but lost time and wasted resources. Time is wasted going to the POS, waiting in line to access it, re-entering the same information that was already recorded with a pencil and pad, fixing transfer errors or omissions, having to return to a table because not all the options were known for a given menu item - like side orders or cooking temperatures, or because an item had been 86'd but the server was not aware of it when taking the order, and finally when taking credit card payments.

Problem 2 Cardholder Security

The time wasted traveling back and forth from the POS to the customer when accepting credit card payments, while not ideal, is by no means the most serious problem associated with the current payment system. When accepting payment on a fixed POS servers walk off with customers' credit cards, leaving the cardholder wondering if their personal data is secure. The increasing problems of skimming and identity theft in restaurants put a heavy burden on owners and hiring managers to protect their customers' security.

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Handheld Ordering to the Rescue

A handheld ordering and payment system is a clear solution to the problems above.

- Wasted time going to POS terminals to enter orders is eliminated as the order is entered at tableside.
- Lines at POS terminals are eliminated, since each server uses his or her own handheld.
- Trips back and forth from the table are eliminated since servers can be prompted by the system to ask all necessary questions and have real time access to 86'd item information.
- Errors and omissions due to transferring the order from the pad to the POS are eliminated since the order is taken on the handheld and communicated wirelessly to the system.
- The potential for credit card fraud is eliminated as payment can be accepted at the table and customers' cards need never leave their sight.

Icing on the Cake

In addition to offering efficient solutions to the two largest problems with the current system a handheld system also offers some attractive ancillary benefits stemming from having complete access to menu information while taking orders, from the physical differences in the system, and from the change in the workforce flow.

Increased Revenues due to

- Fewer missed sales: Since servers spend more time on the floor, it is more likely that a customer needing to order a drink or food item will find his or her server.
- More up-selling opportunities: Prompts and forced modifiers can help the server suggest appropriate options to the customer that result in a higher spend.
- Increased table turns: Due to the reduced time it takes to service tables, it follows that on average customers will spend less time at the table, freeing up space for new customers.
- More space available: Space once taken up by fixed POS stations can be used for other revenue producing, or cost saving purposes.

Reduced Costs Due to

- Fewer servers required: More tables can be assigned to servers without compromising service. The efficiency introduced by use of handhelds can shave two to ten minutes in processing an order, depending primarily on the number of customers sitting at the table and the distance from the table to the fixed POS station. This means managers can assign one or two more tables to each server, resulting in fewer servers required, typically 10% to 25% less.
- Fewer comp'd meals: Fewer server errors means fewer comp'd meals or drinks are needed to satisfy customers who have received poor service due to errors.
- Shorter server training time: Since the menu information is available at tableside, servers do not have to memorize all the item/modifier options to be effective.
- Improved server retention: Allowing servers to handle more tables, more effectively, means more tips. This results in a more stable workforce for the restaurant, and reduced training (of new servers) costs.
- More energy efficient POS system: Typically a five fixed station POS system would be replaced by two fixed POS system plus eight to 10 handhelds. This translates to about 10Kw hour energy savings per day, assuming each fixed station consumes about 200 watts (the power required to charge the handhelds is minimal in comparison, about five watts per handheld.)

Restaurants using tableside ordering require 10% to 25% fewer servers than restaurants using fixed station POS systems.

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So Why the Low Adoption Rates

Despite all of these potential benefits handheld ordering systems are rarely if ever, seen in restaurants. Just as there are two major problems with fixed station systems, historically to main problems have held back the adoption of tableside ordering systems.

Hardware Limitations

Until relatively recently mobile hardware solutions have been impractical for use in restaurants. Hardware issues have included problems with size, weight, battery life, security, reliability, and price. These problems occur both in mobile order taking devices and mobile payment devices. Both have had a high cost of ownership with the cost to maintain them often being as high as the price to purchase them. Payment devices, which are often attachments, not only increase the size of the device that must be carried around but in many cases, they are loose or flimsy attachments which also aggravate the problem of durability.

User Interface

The temptation for POS developers has been to adapt their existing user interface for use on a handheld device. While this approach is understandable, it has failed in practice. The size limitation of even a large mobile screen makes the touch button approach impractical. For almost any size menu, all the menu items can not be displayed in a single screen which means waiters must flip through multiple screens using back and next buttons. Not only does this reduce the number of menu items that can be accessed reasonably it also negatively effects customer service. Navigating through menus requires a server's full attention and is simply unacceptable at tableside.

So is There a Future for Handhelds?

When you consider that the problems associated with fixed station POS systems are inherent in their structure while the problems that have thus far prevented the widespread adoption of handheld solutions are associated with the available hardware and user interface it seems clear that with more refinement a handheld system can not only be a viable but, in fact, an extremely beneficial solution for restaurants.

Mobile is Mainstream

In fact, the problems associated with mobile hardware have been entirely solved by the mobile market. There are a plethora of mobile devices now available, Apple's iPods being a great example, that are affordable, reliable and user friendly. In fact, the demographics of restaurant owners and employees being what they are, almost all of the people working in a given restaurant probably already own a mobile device or smart phone. This adds an additional benefit to those restaurateurs looking to incorporate mobile solutions into their restaurants. As most people are already familiar with an existing mobile interface adopting a mobile solution that uses existing technology can cut down on training time for servers. This is true not only because they don't need to memorize all the potential options for any given menu item, but also because they don't need to learn an unfamiliar POS system.

Mobile Payments are Mainstream

Restaurants have now fallen behind the curve in accepting mobile payments. Many retailers have followed the example set by the Apple Store of accepting mobile payments on their sales floors. Being able to take payments from the sales floor allows retail employees to cut down lines and wait times, ensuring they don't lose sales to walk outs, and helps the sales team assume and close the sale very efficiently. While there are many new options for mobile payments, the solution currently used by the Apple store and others is the best example as they use a rugged, streamlined casing that does not add much weight or size to the iPod Touch. This solution is designed to actually increase the reliability of the handheld devices rather than those of the past which were often flimsy, breakable attachments.

Mobile can be Powerful for Restaurants

People use their mobile devices in ways now that had not even been consider when the first handheld ordering devices were developed; to send texts, send emails, check traffic reports, set their home alarms, buy movie tickets and more. Likewise, there are many more opportunities for mobile devices to help restaurateurs than were originally envisioned. Not only can servers be mobile with tableside ordering and payment devices that are as user friendly and durable as an iPod, but managers can also be mobile by accessing real time business information from their iPhone or other smart phones. In this age of mobility, mobile solutions can be powerful tools for the hospitality industry.

Many retailers have followed the example set by the Apple Store and are already benefiting from using mobile payment devices on their sales floor.

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Questions You Should Ask Before Purchasing a Handheld System

How many items can the system handle effectively? Can it handle a full bar menu?

How many screens/steps do I have to go through before I can order any given item?

How does one assign seat numbers to items? This is extremely important if food runners are to know where the food is to be served.

How does one modify seat numbers?

How does one correct modifiers after the item has been entered? For example, if someone ordered a steak, cooked rare, and then wanted it changed to "well done", how would you do it?

How do you enter a modifier if it is not pre-programmed? For example, the customer orders a garden salad, with some "grated cheese" on top and "grated cheese" is not defined in the menu's modifiers.

What does the server do if she can't find an item?

How easily can one program a new menu item?

And finally, always ask for references for restaurants similar to yours. There is nothing more reassuring than validation from one of your peers!

About ASI

ASI was founded in 1987 and is a leading provider of cutting-edge point-of-sale and management software for the foodservice industry. The Restaurant Manager POS System focuses on solving real business problems faced by foodservice establishments helping them to cut costs and boost revenues. ASI offers its software products through a vast network of Value Added Resellers located around the world including the United States, Canada, Europe, the Middle East, Australia and Asia.

ASI can be found on the web at:
www.rmpos.com and www.twitter.com/restaurantmgr

About the Write-On Handheld

The Write-On handheld for the iPod touch is the newest advance in tableside ordering and payment. The Write-On app works seamlessly with the Restaurant Manager POS System and the Linea-pro Magnetic Card Reader from Infinite Peripherals so servers can take orders and process payments right at tableside, using intuitive abbreviations and other common text messaging techniques.