

AUTOMATING RETAIL FOR SUCCESS

The Machine to Machine Management Center from Verizon ushers in a sophisticated new age of business automation. Businesses and consumers reap the benefits



New technologies accelerate change across all markets—a fact we forget at our peril. Its most telling reminder may just be the paradigm shift in a sector considered too narrow to have a paradigm. Vending machines, which not long ago had mechanical levers and coin trays vulnerable to counterfeit slugs, now possess brains. Alexandra Sotereanos Sneed, a retail and hospitality solutions expert in machine-to-machine (M2M) technology for Verizon, participates in this quiet reinvention.

“Efficiency in vending machine operations has been plagued by unknowns,” Sneed says. “There’s also been the problem of minimal customer engagement—you could paint a big logo and ‘Enjoy Coke’ on the machine, and that was about it.” The primary benefits of machine vending are unchanged: Locations can be chosen based on customer traffic, and no employee is needed to conduct the transactions. Those advantages obscure the manpower and service issues that these remote, untended units create.

“Every vending machine out in the field has been a question mark that you could only answer by sending a worker in a truck to check on,” Sneed notes, adding

that problems like mechanical failure and out-of-stock products could only be caught early with the help of dumb luck. While it constitutes a niche market, vending machine management gets serious attention as an application for Verizon Machine to Machine Management Center technology, driven by the nationwide carrier’s wireless networks.

“It’s a fragmented industry, but there is so much we can bring to it with this platform,” says Sneed. She’s talking about wireless-enabled machines sending real-time messages to the Machine to Machine Management Center about any problem. This allows operators to deploy personnel as needed, and reduce labor costs, fuel costs and fleet wear-and-tear. It also increases sales, because machines are continually well-stocked and functioning.

The next opportunity for channel distribution involves new product categories—including many that are upmarket—along with tools for merchandising these goods aggressively and effectively. When airport boutiques are closed and plane loads of connecting executives flood the concourse, that’s the smart-retailing moment to sell a \$50 tube of luxury skin moisturizer. Should the customer need persuading,

product information (“Contains 20 percent shea butter!”) can be provided at the touch of a button. “Software to do that is in the newer generation of machines, and support for this function is included in the monthly fee for the Verizon M2M solution,” says Sneed.

With card readers replacing coin slots, consumers may well sense that they are volunteering personal information in institutional settings like airports, government complexes and universities—and it’s likewise for the company vending its products. Despite the public nature of vending-machine locations, privacy loss doesn’t have to be an issue. As Sneed explains, any airport, university or other institution equipped with smart vending can have the necessary M2M data about who is buying or selling various products protected on the Verizon network. “The operator of the machines would not have to use the airport’s network, which means that a brand or supplier, along with the consumer, can keep this transaction data proprietary and private,” she says.

In the automated retailing sector, ZoomSystems currently offers a prime example of what’s possible. Best Buy is an active participant in this channel through “unmanned retail fixtures” engineered by ZoomShops, selling items like high-end headphones. Smart vending is an emerging technology, and Japan is an early adopter of the most advanced smart vending techniques. “The Japanese have even made strides in facial recognition software,” Sneed reports. “A smart vending unit there can guess gender and age fairly accurately, and make product recommendations based on that data.” Leading the way, no doubt, to an era when Verizon and other innovators will make that swift kick to release a dangling bag of peanuts a distant memory. ●

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