

Five underutilized features of the modern POS

[James Bickers](#) editor

• 09 Jun 2009

The retail point-of-sale system has come a long way from its mechanical roots. The first cash register, patented in the late 19th century, did little more than ring up purchases and store cash. Today's POS does those things, of course, but it is also a sophisticated tool capable of amassing enormous pools of business intelligence.

But for many retailers, it is still essentially a cash register, and some of its most ROI-rich capabilities are going unused. We identified five POS features that retailers can make better use of.

Suggestive selling

Amazon has conditioned consumers to expect suggestive selling. While online retail is perfectly suited to the "you bought this, you might also like this" approach, a properly populated POS installation, combined with appropriate employee action, can create the same effect in the store.

"One of the ones we use in a lot of our demos is, you buy the Harry Potter backpack and it suggests a Harry Potter lunchbox, while displaying a picture," said Allen Wier, director of retail industry marketing for NCR.

It's not perfect for all flavors of retail — nobody is going to get out of line at the grocery store to get one item that is suggested at the checkout — but it's a perfect fit for many other purchasing environments where queuing isn't such an issue, such as a high-end mall apparel store.

Wier noted that it is online retail that has made real-world suggestive selling at the POS technically possible. Retailers often didn't have images of all products, and the merchandising systems weren't equipped to handle relationships between products. But with the push to multichannel, more and more retailers have a robust set of content that is needed to drive a recommendation engine.

Comprehensive remote management

Until just a few years ago, Wier said, many retailers were running DOS-based POS software, which made any sort of comprehensive remote management difficult. "Now, pretty much everybody is on Windows or Linux — in the U.S., mainly Windows," he said. "Now, you have the ability to do remote diagnostics."

Every platform is different, but most major POS vendors offer varying levels of remote management functionality. In NCR's case, for instance, the system can predict device failures based on the number of communication retries, as well as keep a line count on the receipt printer so that it knows when paper will run out.

"This way, you can change the paper during the slower parts of the day, rather than during rush hour when it unexpectedly runs out," Wier said.

He also pointed out that remote management of the POS was once a luxury, but in the era of PCI compliance, that is no longer the case.

"PCI requirements are that you get patches deployed to the register level," he said. "You need to be able to ensure that those updates did get deployed."

Cashier training

Even in the busiest of stores, there are times when terminals are left unused. During these times, retailers can use the machines to carry out employee training — training that they otherwise might "not have had the time for."

"POS is often overlooked as a method for delivering computer-based training," said Christopher McLendon, retail industry technology strategist for Microsoft.

That training can be existing assets from the company's web site or Intranet, or it could be something designed especially for the terminal. User permission levels on the device will ensure that employees can only use the intended URLs, for instance, and prevent them from using training time to troll YouTube.

"Every one of our POS units ships with an audio subsystem, capability for an internal DV and front USB ports that could attach a DVD player," said Peggy Weavil, SurePOS offering manager, IBM Retail Store Solutions. "With the front USB and headphone ports, the lane could easily be used for training during off-hours by attaching an external DVD and headphones, but I don't believe many, if any of our customers actually take advantage of this capability."

Inventory management

Retailers of any size already have inventory management systems at work in the back office. But integrating that system with the front-of-house speeds up business intelligence, giving managers a close-to-real-time view of what's selling, what is needed, and what opportunities are being missed.

"When you look at the overall cash flow for a small retailer, the vast majority of their financials are tied up within their inventory," said Tate Davis, senior product manager for POS with HP. "Not having a good handle on what's in stock, what are your top sellers, and how quickly you can replenish your top sellers — that can be the difference between a retailer surviving the tough times or having to close shop."

Davis said his company is fielding a lot of calls right now from retailers in the "everything is a dollar" space, many of which do not make good use of inventory data at the POS; some of them are still using electronic cash registers, essentially treating every item in the store as one big SKU. "Their sales are booming right now," Davis said. "They realize they've got all this business, and they're not managing their data very well."

Data mining and product assortment

Data generated by the POS enables managers to plan their restocking strategy, but it also enables a higher level of planning, specifically in regard to which products to carry at which stores.

Many POS systems offer sophisticated Web-based dashboards that aggregate data across multiple store locations — and allow managers to "click down" into specific stores, to compare and contrast the activity of given products in different locations. That's priceless data that can empower those managers to make smarter purchasing decisions.

(Photo courtesy IBM)

Five more cutting-edge features that the POS can support

Marty Ramos, retail industry market development manager for Microsoft, laid out five new and innovative uses for the modern POS:

Integrated store communications: A separate phone isn't needed when the PC can easily handle communications via a USB-attached headset. Instant messaging can inform the manager of a needed bathroom break, cleanup, out-of-change or an override required.

Store portal access: When unused, a POS terminal can become a portal for other systems, allowing the cashier to check their schedule, review benefits, or communicate with supervisors.

Video analytics: A webcam can be used to see what's in the bottom of the basket — or to compare an image of a scanned item against a file image.

Customer information: Show more information about the customer whenever their loyalty card is scanned — date of last visit, visits per year, bag/receipt preferences, etc.

Biometric sign-on and overrides: Much faster than using an ID/password combo, and more accurate and secure