

# Quick-Service Restaurant Operator Satisfaction and Expenses Related to POS Terminals

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A White Paper From:



## White Paper:

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# Introduction and Brief Summary of Results

In August 2011, *QSR* surveyed a portion of its readership about their experiences managing the POS systems used in their quick-service chain restaurants. The goal of the study was to gain a better understanding of the various operational issues and challenges quick-serve operators face with their POS terminals and providers, and begin to benchmark failure rates, maintenance costs and preferred POS hardware features. Survey invitations were sent to 2,821 subscribers, resulting in 103 completed questionnaires.

The study highlights specific pain points with POS systems and describes the operator-perceived merits of a variety of distinct POS performance measures. Specifically, it indicates that:

- Operator satisfaction is based on readily apparent and tangible features such as ease of use and performance.
- Operator dissatisfaction stems primarily from price, along with less visible, long-term features, such as serviceability, warranty and durability.
- Terminal repair and maintenance are substantial ongoing operational expenses, in terms of both time and money.

A range of POS vendors were cited, including Micros (26 users), Radiant (24), Panasonic (12), Partech (10), IBM (7), Dell (6), NCR (4), Posiflex (3), along with an assortment of vendors that were being used by two or fewer chains participating in the survey. Twelve percent of the respondents indicated that they used more than one vendor, and each of those vendors was included in the overall totals.

## Survey Questions

Respondents were asked six questions:

**1. Who is your current POS terminal vendor?**

**2. What do you like least about your current POS terminals?**

- Ease of use
- Quality and design of hardware
- Durability and reliability
- Integration into my operation
- Performance
- Price
- Serviceability
- Warranty
- Other \_\_\_\_\_

**3. What do you like most about your current POS terminals?**

- Ease of use
- Quality and design of hardware
- Durability and reliability
- Integration into my operation
- Performance
- Price
- Serviceability
- Warranty
- Other \_\_\_\_\_

**4. What percentage of your POS terminals have been damaged or needed repair in the last year?**

- 0%
- 1%
- 2-3%
- 4-5%
- More than 5%

**5. What is your annualized maintenance and repair cost for hardware per terminal?**

- \$0 - \$400
- \$401 - \$600
- \$601 - \$1000
- \$1001 - \$1500
- \$1501 - \$2000

**6. What are your biggest hardware challenges with your POS terminals?**

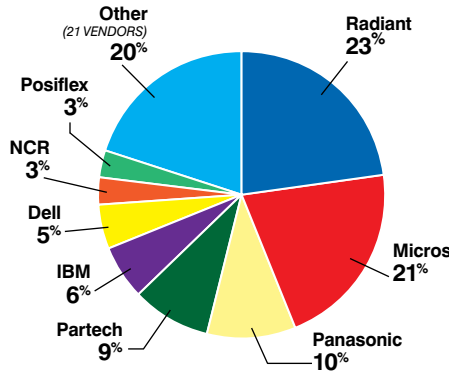
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## Summary Findings

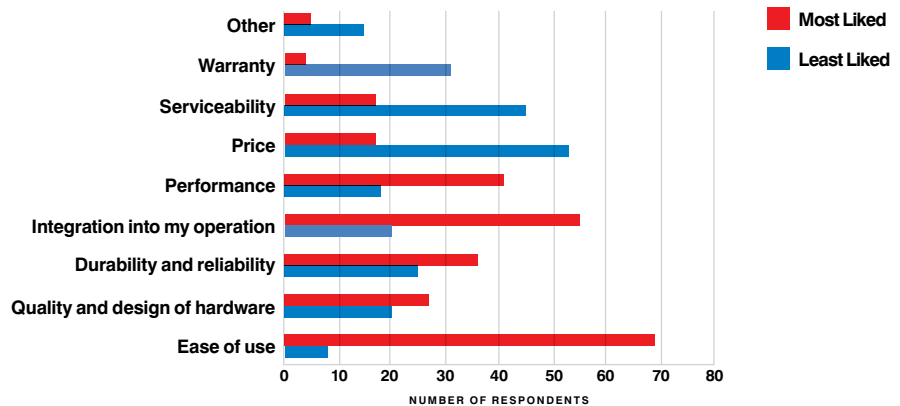
Not surprisingly, a few vendors dominate the market, as well as the overall survey findings; however, over two dozen other vendors were also mentioned as being used by respondents.

**POS vendors: Percentage used by survey respondents**



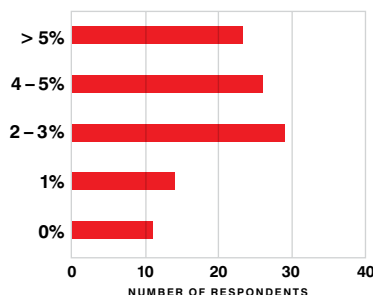
Price, serviceability and warranty ranked as the attributes least liked by respondents, while ease of use, integration into the operation and performance scored highest on what they liked.

**Most liked and least liked attributes of current POS system hardware**

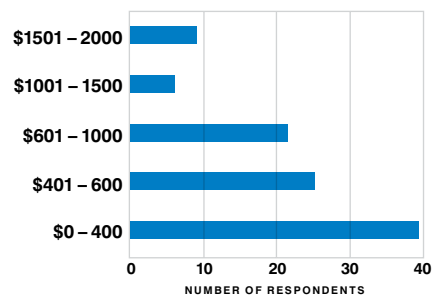


Construction quality and durability are of critical importance, as evidenced by the following two figures detailing time and money spent on damaged equipment.

**Percentage of POS terminals damaged or needing repair in the last year**



**Annualized maintenance and repair cost for hardware per terminal**



What are your biggest hardware challenges with your POS terminals?

*“In the restaurant industry, POS terminals need to be protected from the elements.”*

What are your biggest hardware challenges with your POS terminals?

*“Lifespan in our operating environment, and resilient to heat, moisture and grease.”*

## Key Findings

### The importance of durability

Operators have an opportunity to greatly improve operational efficiencies and financial performance by adopting POS terminals that are more durable and reliable. Quick-service restaurants are harsh environments, with a combination of moisture, heat, grease and food particulates posing a serious challenge to POS terminal maintenance, performance and durability. The fact that over 75% of survey respondents had 2% or more of their terminals damaged or in need of repair in the last year, and over 62% had an annualized maintenance cost of \$400 or more *per terminal*, illustrates how serious that challenge is.

Consider a 250-unit chain with three POS terminals per store—two on the front counter and one at the drive-thru window. Assuming the chain has an annualized maintenance cost of \$600 per terminal (in the middle of the range indicated by survey respondents), it will spend \$450,000 annually for POS terminal maintenance. On a per-unit basis, switching to more reliable hardware pays for itself in a matter of a few years and continues to conserve costs long into the future.

### Serviceability and warranties

In addition to durability, survey respondents also indicated that POS terminal vendors have room for improvement in terms of serviceability and warranties. When hardware that is lacking in durability is coupled with poor service or inadequate warranties, dissatisfaction is compounded along with operational inefficiencies and expenses.

### Function versus value

In general, restaurant operators are most happy with functionality—ease of use, performance and integration into the operation—while they are least happy with expense-related and long-term factors, such as price, warranty, serviceability and durability. This supports the proposition that operators still like what initially attracted them to their POS purchase, but over the course of time less readily apparent downside variables erode satisfaction and cost/value.

### User interface

Respondents were relatively satisfied with their user experience—an aspect primarily related to the software interface they use. Therefore, any hardware replacements or improvements should be software agnostic in order to preserve the preferred user experience and avoid having to replace expensive applications.

What are your biggest hardware challenges with your POS terminals?

**“Maintenance costs are too high. After 3 years of maintaining hardware, I could purchase a new system.”**

What are your biggest hardware challenges with your POS terminals?

**“If hardware breaks/malfunctions, it takes 24 hours (minimum) to get replacement hardware. It’s too expensive to have backup on site.”**

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# Solutions

In light of the survey feedback, restaurant chains would be most receptive to POS terminals that present an efficient, user-friendly interface and hardware that is designed specifically to endure harsh quick-service restaurant environments. Beyond that, a warranty and service plan that is both prompt and cost effective is crucial.

Of course, operators understand that replacing POS equipment is a serious investment. But, they also understand that improving up time and reducing the total cost of ownership through installing more durable, reliable hardware makes sound financial sense. POS hardware improvements that result in more durable and versatile terminals have the potential to allow restaurants to perform better across the board with more up time, improved efficiency, reduced maintenance costs, a better employee user experience and, ultimately, more satisfied customers.

What are your  
biggest hardware  
challenges with your  
POS terminals?  
“Durability.”

The POS survey was sponsored by Posiflex, designer and manufacturer of POS and industrial touch terminals for over 25 years. The analysis and white paper were written by *QSR* magazine.

Posiflex has been able to achieve exceptionally low hardware failure rates and a lower total cost of ownership by producing POS terminals specifically designed to withstand the rigors of harsh restaurant environments and through stringent third party HALT and HASS testing\* of all its POS products. Their durability, reliability, advanced exchange, three-year warranty and wide range of additional services have set a new industry standard for performance and service. With more than 30 patents for innovative design, Posiflex has four primary objectives: to provide revolutionary technology, reliable quality, reasonable pricing and recognized service to its customers.

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\* **Highly-Accelerated Life Testing (HALT)** exposes the product during the design stage to step-by-step cycling in environmental variables such as temperature, shock and vibration. Through the testing, improvements will be made on the identified weaknesses and a revised product will be subjected to several HALT iterations, resulting in a final robust product.

**Highly-Accelerated Stress Screening (HASS)** is an abbreviated form of HALT, testing of the final product on the whole, including components. It is an on-going screening test, performed on regular production units. This testing is done to verify that actual production units continue to operate properly when subjected to the cycling of environmental variables used during the HASS test.