

**IF YOU BUILD IT THEY WILL COME: KIOSKS AND
TRAVELER BOOTHS FOR DISTANCE EDUCATION ONLINE
ENROLLMENT AT AIRPORTS, TRAIN STATIONS AND
RETAIL VENUES**

Report Part 2

by

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INTRODUCTION TO KIOSKS

Today, kiosks are revolutionizing access to consumer product information as well as consumer product purchasing, either through touch screen kiosks or through internet kiosks. In the Distance Education On-Line Industry, the use of touch screen interactive kiosks would provide a convenient and direct link to the website of an on-line university. Specifically, Kiosks can be used to reach potential Distance Education On-Line applicants for both school admission and course enrollments. Airports, especially, provide a prime site for the location of Distance Education On-Line Kiosks and information booths, as well as other travel venues, train and bus stations and retail stores.

Yet, incredibly, the very industry whose infrastructure foundation developed from capitalizing on the expansion of new information technology systems, Distance On-Line Education, has yet to pursue the use of kiosks in marketing their product. Equally astonishing is that the Distance On-Line Education industry has not recognized the advantages of locating those kiosks in the very space in which a substantial target market of potential applicants would have the time to pursue information on how to acquire an on-line college degree. First and foremost, the placement of both Kiosk and Traveler Admission and Course Enrollment Booths at airports, train and bus stations, and retail venues has the potential to expand the enrollment of distance education on-line students.

While the Internet has made distance education feasible for so many, for many, time constraints have limited the pursuit of seeking Distance Education information that is available on-line. So, while many industries have begun to utilize kiosks, this has not been the case for the Distance Education On-Line Industry. Particularly, that industry has not pursued marketing their product in the very space in which this potential group would have the time to pursue information on advancing their education, airport venues.

As indicated in this report, the use of kiosks and traveler booths would greatly enhance efforts made by distance education providers in their attempts to increase enrollments and defeat the substantial edge that the University of Phoenix Online has, as the ranking provider in the on-line distance education industry. As the Kiosk Industry emphasizes:

There is a new generation of tech-savvy customers, and the old ways of delivering service don't interest them. This generation insists on using technology to do things their way. They prefer self-service check-in kiosks at hotels and airports; self-service check-out

counters at home improvement stores and supermarkets; and self-service issue resolution over the Web.

Especially included in this group of “tech-savvy customers” is the target group that comprises a substantial market for Distance Education On-Line prospects for admission and enrollment. Ultimately, , the industry has to consider that, while the target market age group for distance education students averages some 36 years of age, increasingly, within a few years, this market will consist of those presently in the 18-34 age group . Preliminary surveys show that this cohort at this point in time are already receptive to the use of kiosks since: “Nearly 90 Percent of Young Americans Ages 18-34 Believe Touch Screens Will Become the Standard Service Industry Medium in the Next Few Years (Sources: June 7, 2004 Elo TouchSystems “Young Adults Increasingly Favor Touchscreen Technology”). In 2010, the estimated number of Students will be 97 million. The U.S. Online Higher Education Market in 2001 was \$4.5 billion. In 2005, the U.S. Online Higher Education market is estimated to be about \$11 billion. .

Also, there is a tremendous potential Global On-Line Education and Training Market. Presently, over half a million foreign students study in the U.S. and spend over \$13 billion annually Equally important is that: on-line distance education students now include a growing number of the traditional 18-25 year-old students: “One estimate is that as “many as half the students in online courses are from the traditional 18- to 25-year-old student cohort who normally take campus-based courses”

KIOSKS AND DISTANCE EDUCATION ON-LINE ENROLLMENTS

With on-line enrollments, institutions with distance education programs, the use of touch screen interactive kiosks, particularly at airports, train and bus stations and commercial retail venues, would provide immediate access to information for on-line enrollment as well as course selection as well as direct access to the those institutions” On-Line Internet websites. In the face of increasing competition among Distance Education On-Line providers, the use of kiosks and enrollment booths at various traveler venues, especially airports, would be a significant factor contributing to gaining and generating momentum and a competitive edge, which could offset, according to industry analysts, declining enrollments in the industry’s leader. While acknowledging the University of Phoenix’s preeminence in the on-line Distance Education industry, there has been a decline in its overall percentage of on-line enrollments: from 81% in 2001 to 70% in 2002 to 61% in 2003.

Yet, while maintaining a substantial enrollment edge in the Distance Education On-Line Industry, ironically, neither the University of Phoenix, which pioneered in the successful development of the Distance Education On-Line Industry, nor its competitors, has pursued marketing their product through the use of new technologies, specifically Kiosks. Particularly, in the instance of the University of Phoenix OnLine, this failure contravenes its mission which provided the basis for its tremendous success and leadership in the Distance Education On-Line Industry. Specifically, as indicated in three of its mission statements below, foremost was the emphasis that the touchstone of its overall goals would be the continuous application of new technologies to improve the quality of and delivery of information in the following ways:

To use technology to create effective modes and means of instruction that expand access to learning resources and that enhance collaboration and communication for improved student learning.

To assess student learning and use assessment data to improve the teaching/learning system, curriculum, instruction, learning resources, counseling and student services.

To be organized as a for-profit institution in order to foster a spirit of innovation that focuses on providing academic quality, service excellence, and convenience to the working adult.

Just as the University of Phoenix OnLine pioneered the Distance Education Industry by adopting new technologies, its competitors (see Report 1 “THE COMPETITORS FOR TRAVELER ENROLLMENT BOOTHS AND KIOSKS FOR DISTANCE ON-LINE EDUCATION REGISTRATION AND ENROLLMENT”) can challenge its leadership by making use of interactive touch screen kiosks for new student applications and course enrollments. As noted by the Kiosk Industry, “The strong popularity of touchscreens suggests more businesses must adapt by integrating the technology into their service strategy.”

KIOSKS HERE, KIOSKS THERE, EVERYWHERE, KIOSKS

With few exceptions, virtually all populations groups and, most certainly, among that group which comprises the potential market on-line target group, there is an increasing familiarity with and use of Kiosks. The ubiquitous touch screen ATM kiosks, as well as the increasing use of electronic ticketing kiosks at airports, have acclimated a near 100% segment of those airline travelers, potential Distance On-Line students, to the use of Kiosks for information. Also, many retail stores have introduced kiosks to increase sales. Both discount stores, such as Target and Wal-Mart, as well as up market stores, such as Saks, use touch screen kiosks to provide information for both baby shower and wedding gift registration. The kiosks make it easy for customers to create a registry or to view and print a registrant's gift preferences. Customers can purchase gifts in the store or they can use the kiosk to place an order for direct shipment direct to the registrant. Also, kiosks are used in The Gap apparel stores also uses kiosks to provide customers direct access to the Gap's Internet web site.

In addition, there are employment application kiosks used in some stores such as Wal-Mart. Increasingly, federal, state and local governments are using kiosks to provide information as well as access to various sites such as those used by the Department of Motor Vehicles. Also, to reduce wait times and increase efficiency, the U.S. Postal Service has allocated more than \$100 million on the APC [Automated Postal Centers] program, with plans to deploy more than 2,500 units by the end of 2004 and 10,000 by late 2006 or early 2007. Also, the growth of the digital photo industry can be attributed in large measure to photo kiosks, which initially were available only in camera and photo shops. Now they can be found in drugstores, discount retailers, supermarkets, malls and copy shops. By 2003, there were about 50,000 photo kiosks in the United States. Also, McDonalds is beginning to install two different types of touch screen kiosks in their fast-food chain. One type of kiosk is for placing food orders. The other is the automatic kiosk that features the most popular 30 to 40 DVD titles, which will rent for \$1 per night without any membership or late fees.

With the increasing use of kiosks for access to CDs, which are becoming increasingly obsolete, and DVDs, the impact on that industry has resulted in the dissolution of the leading video rental company, Blockbuster, with its 8900 stores worldwide, from its parent company Viacom. The principal reason for this dissolution, according to Reuters is that: "Blockbuster is under pressure from new technologies, such as video on demand, that bring movies directly to people's living rooms. The chain also faces competition from discount retailers and rivals such as Netflix, which rents DVDs over the Web for a flat monthly fee." It also will face competition From McDonalds, with its 30,000 restaurants globally.

Even leading computer companies are using kiosks to increase sales. At the Dallas-Fort Worth International Airport, Dell kiosks have been installed. With these kiosks, travelers can try out Dell products and then go online to buy items directly from Dell. As Pat Gleason, vice president of revenue and concessions at the Dallas-Fort Worth International Airport {DFW} where Dell introduced its marketing concept kiosk, said: "Without a doubt, this experiment with Dell has proven this innovative concept has the sophistication to attract companies that would have never considered us as potential outlets for their products." This can also be the case with the University of Phoenix OnLine, which would enhance its brand as a trailblazer in the Distance Education On-Line Industry, as well as increase its profits, as it captures an increasingly large numbers of new students in the distance on-line education market.

Simply put, the increasing use of kiosks in providing both goods and services is transforming many industries. As indicated in a company report: "McDonald's is at the very early stages of a technology some believe will transform fast food service the way similar systems have revolutionized bank transactions and airport check-ins." Even the car rental industry has begun to use kiosks to provide information. Alamo Rent-A- Car has travel information kiosks in various cities in Florida, Nevada and California. Each location uses between three and six kiosks, which provide tourist information by categories. The content of Alamo's Travel Information Kiosks is grouped into categories and selections are made from a comprehensive list of entries. Travelers can then print out directions and a map for each location they wish to visit. Also hotels, such as the Hilton are using kiosks to make check-in easier as well as expeditious.

Finally, as long as Americans have to eat, kiosk use will become ubiquitous, since according to a IHL, a technology research firm: "Some 95% of U.S. supermarkets will use self-checkout of some sort by 2006, estimates IHL. That compares with 6% five years ago. Both Wal-Mart and Home Depot are among the increasing use of chains that have self-checkout counters in most of their U.S. stores.

KIOSKS TRANSFORM SERVICE INDUSTRIES

Accordingly, as the kiosk is transforming various service industries, in the near future the kiosk will eventually transform the Distance Education On-Line industry, which means that for the for the Distance Education On-Line Industry, for the kiosk, the time has come for the use of this technology in admission and enrollment for as indicated in one report from the Kiosk Industry which emphasizes that:

The Kiosk Industry evolution has been powered by the need of institutions and industry to transfer information in a public and private setting while enhancing custom accessibility and receiving statistical data to continue this enhancement. At its onset the Kiosk Industry empowered the public to get a taste of the World Wide Web in hundreds of internet café's that became 'all so' trendy overnight.

Although the initial popularity of the internet cafe has fed the deployment of this technology, it now has diversified into every aspect of public life. Kiosks are now used in an array of applications from public and private internet access to secure information access terminals. The new breed of this technology is everywhere, hotels, airports, hospitals, shopping centers, bars, restaurants, colleges, banks, schools, campgrounds, medical centers, convention centers, public libraries, car dealerships, cruise vessels, book stores, and more.

The kiosk industry is constantly innovating in the various ways that kiosks can be used to disseminate information. Kiosks located in targeted zones in spaces that have "captive audiences," which would include airports and other travel venues, as well as in retail venues. "will have the ability to display video content in high definition, capture audience information and provide Wi-Fi [Wireless Fidelity technology that offers high-speed Internet access for any laptop computer and other wireless device] capabilities."

Consequently, in the Distance Education On-Line Industry, for the kiosk, the time has come to adopt this new technology for admission and enrollment. The Wi-Fi-enabled kiosks allow customers to browsing the Internet, using streaming media, sending an instant message. Kiosks can give functionality to do almost anything, including connecting to already existing databases and will allow University of Phoenix OnLine to deliver media content such as that provided on its Internet website but in addition, the kiosk can be enriched with video, animations and sound.

AIRPORTS FOR ON-LINE ENROLLMENT KIOSKS AND TRAVEL BOOTHS

The United States is an extremely mobile and fast-paced society that imposes time constraints on every aspect of life, especially for working adults not only with family responsibilities and social and community commitments, but also with job responsibilities that include business travel. As a result, airline travel has increased tremendously, with over 700 million passengers traveling annually in the United States. A large number of those passengers are college-educated business and professional people but since only 26% of the population over the age of 25 is college graduates, an even larger number of airline passengers are those without college degrees.

Even for the college-educated traveler, increasingly, advanced degrees are required for promotion to higher level positions. Invariably, after the age of twenty-five, with multiple demands on their time, few airline travelers in both groups are able to pursue degrees in the traditional brick and mortar institutions.

Confronted with interminable flight delays, as well as strategizing time constraints to assure that flights will not be missed because of security requirements, many passengers are arriving to airports at least one hour before their schedule flights. Sometimes, even two hours ahead of time

to offset any exigencies. Simultaneously, airport waiting, “down-time” has increased, with many passengers delayed in airports for two or more hours.

Anecdotal examples are innumerable. One business traveler booked on a scheduled 4½ hour flight from Raleigh-Durham, North Carolina to Austin, Texas, with a stop-over and change of planes in Atlanta, took 12 hours to reach that destination, including a layover of five hours in Atlanta. As flight times and flights changed, the passenger rushed back and forth from one terminal to another. The passenger arrived at the departing airport at 2:00 P.M. and reached the destination airport at Austin the following morning at 2:00 A.M. Luggage was delivered six hours later.

With increased business travel, and with most businesses have downsized to purchasing economy flights for their employees, the airport is a particularly appropriate venue to attract potential University of Phoenix Distance Education On-Line students, since online programs at the University of Phoenix are limited to working adults. As indicated in an announcement of your program that provides a composite profile of your students: “The average age of Online students is 36. Twenty percent of the students are executives or owners of their own businesses, 30% are middle managers in business and industry, and 44% are technical or licensed professionals.” Both groups, however, comprise a substantial market for On-Line Distance Education courses. Particularly, those without college degrees recognize that specialized skills are required in the twenty-first century job market, not only for job advancement, but also in some cases just to retain their present employment.

The economic advantages in establishing airport kiosks and traveler admission booths are enormous! Most important, the cost factor would prove virtually negligible. Kiosks for proposed for this pilot program range in cost from \$2,500 to \$5,000, which would be more than offset by increased enrollments. And, increased enrollments mean increasing profits! At the Baltimore-Washington International Airport (BWI), specifically, the potential market would be drawn from the 19,000,000 annual passengers and even from among the 15,000 employees working at the airports. . There would also be an indirect market. Both target groups, quite possibly, would disseminate information on that Distance Education provider’s degree programs, obtained from the kiosks and travel booths, to friends, family members and co-workers. These individuals could then access those Distance Education Institutions through their home computers. Also, by having been provided with information from airport kiosks as well as the traveler booth, many airline travelers might subsequently enroll at another time, using their home computer.

TRAIN STATION MARKET POTENTIAL FOR KIOSKS AND TRAVEL BOOTHS

The Union Station in Washington, DC is another venue that would prove advantageous for the location of Distance Education On-Line Kiosks and Travel Booths in attracting potential students. The facility serves 50,000 Amtrak travelers daily. More than 20,000 commuters per day make use of the Maryland Rail Commuter service (MARC), in addition to subway riders, and bus riders, tourist bus passengers, office and government workers, and area residents. Most important, Union Station has already become a central place shopping mall in Washington D.C. for both local residents as well as travelers and tourists. The skylit **Main Concourse**, which extends the entire length of the station, is the primary shopping area of a three-level marketplace of shops and

restaurants, and there are some 120 retail and food shops on three levels. There is also a Food Court with an assortment of restaurants as well as fast-foods. Also, there is a nine-screen **cinema complex** lies on the lower level, across from the Food Court.

While train stations also have the advantage of an airport “captive market,” often that advantage is enhanced by greater management control of time among the various groups of people who use this travel venue, especially the local population as well as daily commuter passengers. Both groups, who on seeing a Distance Online Enrollment kiosks at one point in time, could make plans to view this kiosk at their convenience. As an example, PalmOne uses kiosks to reach out to consumers who haven't owned a PDA before or who may be in the market for a new one.

According to a PalmOne marketing manager, airport kiosks have proven advantageous for sales for as he emphasized : “ In a controlled atmosphere with only Palm products in sight, its own product specialists can make a better sales pitch for Palm models than a clerk at a big box retailer that sells multiple brands and may not be fully knowledgeable about Palms.” The success of PalmOne kiosks offers insight into how kiosks can prove successful for University of Phoenix OnLine in that: “In most cases, Palm expects shoppers to visit the kiosk and later buy the product online or at another store.”

RETAIL VENUE MARKET POTENTIAL FOR KIOSKS AND TRAVEL BOOTHS

The location of Kiosks at retail venues open up another market in attracting potential Distance Education On-Line students. Particularly, the large discounts that have a significant number of shoppers. While several can be suggested, the potential market is evident by looking at Wal Mart statistics on the number of stores and the number of customers. Those statistics, as reported in the March 2003 Issue of *Business 2.0* in the article “Lord of the Things,” by Owen Thomas, indicated the following information on Wal-Mart :

- Annual sales: \$220 billion
- Number of employees worldwide: 1.28 million
- Number of stores worldwide: 4,382
- Supercenters: 1,060
- Sam's Clubs: 495
- New stores opening in 2002: 420
- Number of suppliers: 30,000
- U.S. state with the most Wal-Marts: Texas (316)
- State with the fewest: Vermont (4)
- Number of daily customers at Wal-Mart stores worldwide: 15.7 million

Home Depot, with 2,300 stores nationwide also provides a venue for location of Distance Education On-Line Kiosks that would be used to provide information on admission and enrollment. There is an added advantage to locating Kiosks at Home Depot, Most of the shoppers are homeowners, many in the target age group of the distance education student cohort, which suggests a continuous concern for economic advancement through job promotion. Again, a

substantial number of these Home Depot customers also meet the composite profile of University of Phoenix Distance Education On-Line students since, primarily, their average age is 36.

Also home ownership suggests that many Home Depot shoppers could be executives or owners of their own businesses, or middle managers in business and industry, as well as technical or licensed professionals. Also, Home Depot has some 300,000 employees, many of them surely seeking advancement in their employment or opportunities to develop new careers.

Moreover, both Wal-Mart and Home Depot have stores in international locations. In addition to Home Depot stores in 47 states, it also has stores six Canadian provinces, Puerto Rico, Chile and Argentina, while Wal-Mart, with its 1.28 million employees world-wide, has stores in Puerto Rico, Mexico, South America, Indonesia, Canada, China and England. Interactive touchscreen kiosks, with direct links to the University of Phoenix On-Line web, which would provide information on Distance Education On-line admission and course enrollment, could also prove advantageous in increasing the number of international students, a market that is being tapped increasingly by Distance Education Online providers.

KIOSKS CAN EXPAND THE REACH OF NEW ONLINE APPLICANTS

Access to kiosks and admissions and enrollment booths is extremely important not only for those individuals who are seeking to advance in or develop new careers, but also especially for those who have never sought college admission and might feel somewhat intimidated by the process. For this group, kiosks could also emphasize your Associate of Arts in General Studies Program, as a basis for acceptance in the specialized degree programs. Among this group are those who have heard of Distance On-Line Education, but might feel somewhat apprehensive that education in cyberspace, as opposed to that provided in traditional brick and mortar institutions, is possible. For that segment of potential applicants as well as others who are still accustomed to direct face-to-face contact, in the Washington D.C. area, kiosks could provide information on the location of University of Phoenix OnLine sites, such as the Union Station, where a Traveler Booth On-Line advisor can personally address those concerns by elaborating on the information provided at the Kiosks, directly from your Internet website.

Using various kiosk technologies, potential applicants might be attracted to use the kiosk if the kiosk front page provided the following information on Admissions that is provided on your Internet. The strong popularity of touch screens suggests more businesses must adapt by integrating the technology into their service strategy. As one report emphasizes, "Display screens are a kiosk's window to the world. They offer users a first impression of self-service technology. That's why it's critical that the display be attractive, easy to use and always functioning." In this instance, as an example, a University OnLine kiosk that displayed a screen that offered the following information for new college students, such as the University of Phoenix, would be incomparable in attracting the enrollment of these potential students, if such information was provided on the kiosk screen that provide answers to the following questions found on the UOP distance education's internet site: :

What if my GPA from high school or college is too low?

There is no minimum GPA requirement for admittance to undergraduate business programs. Graduate business programs require a minimum GPA of 2.5 in the most recent 60 credits earned towards the undergraduate degree.

Does UOP Online accept transfer credit?

Yes, UOP Online accepts transfer credits from regionally and nationally accredited institutions of higher learning, as long as they apply to your chosen degree program.

What are the bachelor's admission requirements?

- High School graduate/GED
- 21 Years of age
- Employed or have access to work environment

What are the master's admission requirements?

- Undergraduate degree from an accredited institution
- 2.5 or higher GPA
- 3 years full-time work experience in field related to degree

Am I required to take the SAT, GMAT, GRE or MAT?

No national admission tests are required.

At airports, as described in this report, the location of Kiosks along with Traveler Admission and Enrollment Booths would provide a demographically diverse pool of potential Distance Education On-Line applicants. Particularly, with the Traveler Admission and Enrollment Booths, potential students would have immediate and ready access to an admission counselor /advisor, who could provide not only additional information on their On-line education program, i.e., admission process, transfer credits and the possibility of .credit for professional work experience, but could also enroll them in their school.. Even for those people who have some knowledge of distance education, the very fact that one can obtain a college education without sitting in a classroom seems almost incredible. Also, when these potential students reach their next destination at another airport, they could access the a distance-education Internet Kiosk to see the status of their application. And, on return to their home airport, they could again seek information from the Traveler Booth 's admission counselor /advisor.

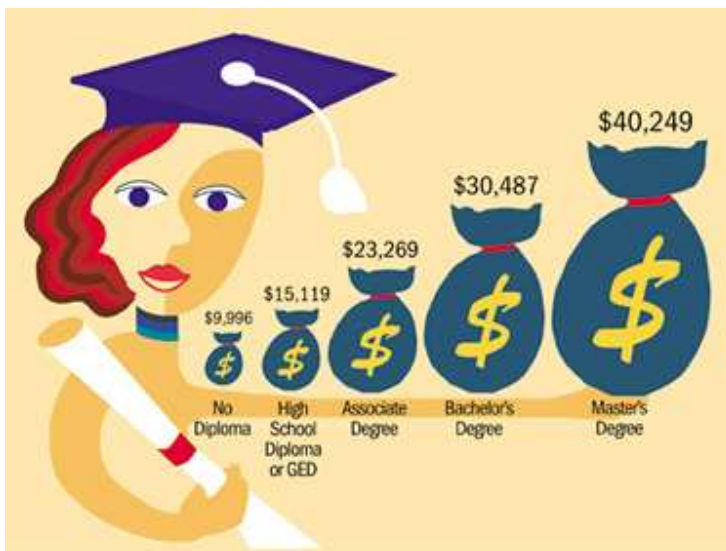
Overall, the incentive is there for, as studies by the U.S. Census Bureau show,. people with doctoral degrees earn an average of \$3.4 million over the course of their working lives, compared with \$2.5 million for those with a master's degree, \$2.1 million for those with a bachelor's degree, and \$1.2 million for those with only a high school diploma. Moreover, people with professional degrees, according to these studies, take home an average of \$4.4 million over the course of their careers.

RACE AND ETHNICITY: THE FINAL CASE FOR AIRPORT KIOSKS AND TRAVELER BOOTHS

The present on-line distance education market consists, primarily, of those over 25 years of age. Also, the percentage of women and minorities is increasing. Overall, more women than men now enroll in college (57% of students are women), but for minority women, the percentages are higher: Hispanic women, 60%; and, African American women, 66 2/3%. Both minority groups will become an increasingly larger percentage of the overall American population. Moreover, studies have shown that over 60% of distance online students are women. This is particularly important for African Americans because of the disproportionate number of women who are single heads of households.

Also racial income disparities must be considered as a factor that makes on-line distance education attractive for job advancement. In the case for of African Americans, the national income average is \$649 per \$1,000, compared to white Americans, which indicates that the typical African-American household in the United States earned 35 percent less than the typical white household in the same year. Consequently, for black women, whose incomes are even lower, overall, employment advancement is critical, which accounts for their preponderance in enrollment in distance education on-line programs. According to a report by the National Urban League, "Higher Education Dramatically Increases Earning Power of women." Their findings in a 2002 report are graphically illustrated as follows:

Higher Education Dramatically Increases Earning Power of women



Source: National Urban League Institute for Opportunity and Equality—June 2002 Report

Kiosks are radically altering the way business is done now in the twenty-first century, especially, business in the Education Industry, since brick and mortar institutions are now heavily committed to increasing their on-line enrollments. At this point, imagination is more important than knowledge in the various uses that Kiosks can provide distance education providers as they compete with Phoenix OnLine in its efforts to maintain a competitive edge in the numbers and percentages of student enrollments in the Distance Education On-Line Industry. In the computer market, kiosks can be relatively inexpensive, while academic advisor(s) for Traveler Booths could include individuals presently employed at those on-line distance education providers, such as on-line academic advisors or enrollment specialists. Moreover, once a distance-education on-line provider develops a pilot project in introducing the use of Kiosks and Traveler Booths at travel venues, such as the Baltimore-Washington International airport, it could be used as a model for replication at other venues. (see **“Report 3: “ADVANTAGES TO LOCATING KIOSKS AND TRAVELER BOOTH AT BWI ”**)

Also, if there is a felt need for specific training, the academic advisor or enrollment specialist selected for the pilot program should be an individual who has a demonstrated record of enrollment success and advising in On-Line Distance Education. Also, the person who participates in the initial development of the kiosk and traveler booth pilot program at the Baltimore-Washington International Airport (BWI), as suggested in this report , could serve as a trainer as well as a consultant .for the expansion of this project. at other venues. The following articles underscore the increasing use of kiosks in various industries, Why not in the On-Line Distance Education Industry?

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June 19, 2004.

MCDONALD'S TESTING KIOSK ORDERING SYSTEM

CHICAGO — McDonald's ([MCD](#)) has eliminated the middle man standing between the fast food lover and his burger, with an advanced test of technology that promises to shorten lines and give consumers more control over ordering.

Outside Chicago in St. Charles, Ill., longtime McDonald's Corp. franchisee John Lardas has reconfigured his restaurant, replacing three ordering stations manned by employees at the front counter with one traditional station and four stand-alone computers, or kiosks.

"You see no lines because people are spreading themselves out," said Lardas, who estimates that 70 percent of customers now opt to use the technology.

McDonald's, which only recently admitted its service problems and vowed to fix them, is ironing the kinks out of technology some believe will transform fast food the way similar systems have revolutionized bank transactions and airport check-ins.

Each kiosk allows a customer to place an order directly with the kitchen, using a touch screen with pictures of food, English or Spanish text and verbal prompts.

Have a Big Mac the regular way with special sauce; customize it without cheese or pickles; or, if feeling particularly **Atkins** ([search](#))-friendly, lose the bun.

"Order accuracy is a common complaint in the fast-food industry — people getting the wrong order or with something missing," said Robert Sandelman, an industry consultant in Orange County, Calif. The issue remains a top consumer concern in his firm's yearly industry survey, along with food taste and restaurant cleanliness.

That's partly because staffing restaurants with well-trained employees willing to work for low wages remains an increasing challenge for fast-food operators who run on tight margins and have seen the price of commodities like beef move steadily higher.

Once perfected, the technology will likely lead to shorter wait times, labor cost savings, and ultimately, higher average checks, analysts said.

"It's about time and lines," said Harry Balzer, vice president with food market research firm **NPD Group Inc.** ([search](#)) "We are looking for the easiest way to feed ourselves."

Five other U.S. McDonald's in the Denver area are operating self-ordering kiosks. An earlier phase of the test included stores in Raleigh, N.C. Meanwhile, overseas McDonald's is testing similar systems in France, Australia and Japan.

"The customer perception is that it's a better experience," said Christa Small, the McDonald's director heading the test. "It's the perception that you have control over the process."

Small declined to discuss when the Oak Brook, Ill., company would make a decision about implementing kiosks on a permanent basis, or how much they cost.

But the competition is heating up. Privately held **Burger King Corp.** ([search](#)), McDonald's largest hamburger-making rival, is also testing kiosks in a handful of stores. A representative for the Miami company declined to provide additional details.

Ordering kiosks have already found a permanent home in convenience stores such as **WaWa** ([search](#)), an East Coast chain that lets customers use them to order deli sandwiches. Many groceries use similar technology to let customers handle their own checkout.

Having a machine consistently remember if you want french fries with your sandwich, as the McDonald's kiosks do, can boost the value of a transaction by 10 to 20 percent, said Kate Delhagen, a **Forrester Research** ([search](#)) analyst who has studied kiosk technology.

She estimates that installing stations in a typical restaurant costs between \$10,000 to \$20,000 for the hardware — with software, training and maintenance an additional expense.

Within a few years, benefits will outweigh those costs, Delhagen said. For instance, before an order is sent to the kitchen at the St. Charles' McDonald's, the computer verifies that it's correct, providing a rolling total, so virtually nothing is lost in translation.

Inserting a bill or credit card into the machine completes the process, and in about a minute, a server appears with food and change.

In the kid-friendly Play Place at the rear of the St. Charles store, where there are two additional kiosks, the process is slightly different. There the customer takes a number after placing an order; soon Happy Meals are delivered directly to the table, eliminating the burden of watching children while standing in line.

Lardas said he's not worried about the loss of the personal touch; he hasn't reduced the number of employees in his store, just reassigned them to other tasks such as delivering food. And they are trained to assist if someone struggles with the technology.

Customers like Tom Schwagart, a 61-year-old grandfather visiting the McDonald's with his granddaughter, said he's been converted. "I like it because I don't like to stand in line," he said.

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June 7, 2004

“YOUNG ADULTS INCREASINGLY FAVOR TOUCHSCREEN TECHNOLOGY”

Young adults are becoming increasingly reliant on touchscreen technologies according to the In Touch Survey by Penn, Schoen and Berland.

The survey, released by [Elo TouchSystems](#), reveals that the vast majority of Americans ages 18-34 expressed extremely positive attitudes toward touchscreens and expect a substantial increase in their deployment over the next few years.

Mark Mendenhall, President of Elo TouchSystems, said, “It is astonishing to see touchscreen technology generate this level of acceptance across an entire age group. The strength of these numbers highlights the enormous impact touchscreens are having on how businesses interact with their customers today.”

In fact, 89 percent of the respondents expect that in the near future touchscreens will become the standard way of performing tasks such as airport check-in, purchasing train tickets and supermarket self check-out.

Mendenhall continued: “Although touchscreen technology is currently only available for a relatively small percentage of service transactions today, it is amazing that nearly half of the respondents prefer using touchscreens over dealing with a customer service agent. As more and more Americans begin to embrace touchscreen technology, we believe that businesses across a wide range of industries will begin to integrate this technology wherever they interact with customers. Indeed, these numbers illustrate that consumers are, and will be increasingly demanding the convenience that touchscreens offer.”

Familiarity and convenience seem to be driving factors in touchscreen usage. For example:

- Eighty-two percent of respondents have used touchscreens at the self check-out of a supermarket or retail store, and seven in 10 respondents have used them at an ATM.
- A large majority of respondents (85 percent) feel comfortable using touchscreens in public, and only 19 percent of respondents say they “rarely” or “never” use touchscreens.
- An overwhelming majority, 97 percent of respondents, say touchscreen technology is convenient, and 96 percent say touchscreens make their lives easier.
- Nine in 10 of those surveyed say touchscreens save time.

The fact that 99 percent of respondents believe that touchscreen technology will become even more popular over the next few years is good news for the self-service industry. Seventy-six percent of the respondents believe that they will begin using touchscreens more frequently than they ever have.

According to the survey findings, touchscreen technology is rapidly becoming the most preferred method of service.

- Although only a relatively small percentage of service transactions are touch-enabled, almost half (44 percent) of respondents say they prefer touchscreens to customer service agents.
- When asked to choose between waiting in a short line for a cashier at the supermarket and using a touchscreen self check-out, 83 percent chose touchscreens. Even without a line for the cashier, more than a third of the respondents (39 percent) chose touchscreens.
- Forty-nine percent of young Americans would rather use a touchscreen at a check-out kiosk in an airport than speak with an airline agent.
- A large majority of respondents (86 percent) would rather use touchscreens to place orders and pay at fast food restaurants, and 70 percent would rather use touchscreens to rent a car.

The strong popularity of touchscreens suggests more businesses must adapt by integrating the technology into their service strategy.

"The self-serve aspect with this demographic is really striking," said Paul Weiner, marketing manager for Elo TouchSystems. "What this survey says from a customer base is they are ready to use them. If businesses listen, inevitably they are going to have happier customers."

Display screens are a kiosk's window to the world. They offer users a first impression of self-service technology. That's why it's critical that the display be attractive, easy to use and always functioning

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May 23, 2004

MCDONALD'S WADES DEEPER INTO DVDS

By Bruce Horovitz, USA TODAY

Blockbuster has a very big-footed rival about to stomp on its turf: Ronald McDonald. McDonald's ([MCD](#)) on Monday will announce plans to begin testing DVD rental kiosks at all 105 Denver stores. Smaller tests around Washington and Las Vegas had a huge response. If the summerlong Denver test is a hit, McDonald's hopes to become the first fast-food chain to rent top DVDs nationally.

DVDs will be rented at Redbox kiosks, situated inside and outside restaurants. Rental fee: \$1 a day — and they can be returned to any McDonald's. At Blockbuster ([BBI](#)), DVDs cost \$3.99 for three days and must be returned to the same store. The McDonald's kiosks will stock the same top 30 DVD titles as video stores. The top 30 account for about 80% of DVD rentals.

The move could shake up both the \$25 billion DVD business and the \$105 billion fast-food industry. Over time, it could further blur consumer distinction among the convenience store, the fast-food joint, the gas station and the DVD rental shop.

Convenience continues to be the dominant marketing strategy of many of the USA's biggest retailers. About 29 million dual-income families have little free time to make extra stops for food and entertainment.

It's tough to top Mickey D's for convenience. While there are upwards of 30,000 McDonald's restaurants globally, there are about 8,900 Blockbuster stores. Blockbuster officials declined to comment.

McDonald's isn't trying to put Blockbuster out of business. But it is trying to be more contemporary — and to lure more business during slow dinner hours.

"We are doing everything we can to be more relevant with everyday consumers," says Mats Lederhausen, managing director of McDonald's Ventures.

It's a very crafty — if not sensory — move for McDonald's, says Valerie Folkes, chairman of the marketing department at the University of Southern California. "They just want people to get inside, where they're subjected to the smell of those french fries. It's going to sell more food." That is all McDonald's wants. Lederhausen says he doesn't expect to make money from DVD rentals.

DVDPlay, which makes the machines, says it can supply a national rollout. The kiosks also are being tested in some Albertsons supermarkets in Salt Lake City, says Dee Cravens, marketing chief.

McDonald's has long declined to share real estate with other businesses. This forces it to learn a new business. "It could blur the brand image," Folkes says.

But it poses far more trouble for Blockbuster, whose parent, Viacom, has plans to spin it off. How to compete with McDonald's — besides on DVD selection? "Well," Folkes says, "I don't think you'll see Blockbuster selling burgers anytime soon."

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May 10, 2004.

PALM ONE SEES KIOSKS AS LOW-RISK WAY TO SHOW OFF PRODUCTS

Robert Mullins

PalmOne is hanging out at the mall to sell its handheld computers, but its retail strategy remains a soft sell.

An industry analyst says Palm's cautious strategy is warranted given the failure by some other technology companies at running their own stores. Gateway Inc., which is closing its chain of 188 stores nationwide, is the most glaring example.

PalmOne Inc., of Milpitas, last week remodeled a kiosk it has operated for almost two years at Westfield Shoppingtown Valley Fair mall, in Santa Clara, and May 6 opened its ninth store in Philadelphia.

While a considerable cut above the small kiosks for selling cell phones or sunglasses, the Palm Cafe at Valley Fair doesn't have the features, or the rental costs, of a regular mall store. It allows passersby to try out the company's personal digital assistants, get a demonstration from a Palm product specialist and, if they want, make a purchase. They can also go home to buy the product online or buy it at another Palm dealer.

Palm is pursuing a deliberately measured retail strategy of establishing kiosks or small inline stores -- the typical stores in a mall -- of as little as 400 square feet in size. A new store inside the terminal of Philadelphia International Airport is the third airport Palm store -- after Newark, N.J., and Boston -- designed to sell to business travelers.

In contrast to the high-profile retail launch of Apple Computer Inc., with 78 stores in three years -- the 79th opens May 8 in Bethesda, Md. -- Palm is careful not to overreach.

"Palm is great at making technology but we're not as good at retailing," says Kanwal Sharma, director of the palmOne retail stores.

PalmOne uses the kiosks to reach out to consumers who haven't owned a PDA before or who may be in the market for a new one, says Mr. Sharma. In a controlled atmosphere with only Palm products in sight, its own product specialists can make a better sales pitch for Palm models than a clerk at a big box retailer that sells multiple brands and may not be fully knowledgeable about Palms.

In most cases, Palm expects shoppers to visit the kiosk and later buy the product online or at another store.

"We don't see this as direct competition with our resellers. It's to complement them," says Mr. Sharma.

To see the effect of the kiosks on sales in other distribution channels, Palm hands out coupons to kiosk visitors offering a free carrying case. Of those coupons redeemed at sale, 40 percent were of people making their first PDA purchase, he says.

Palm's strategy is similar to that of Dell Inc., the Round Rock, Texas-based computer maker which began opening kiosks in 2002 and now operates about 60 of them, none in California.

Because Dell only sells online and on the phone, the kiosks are the only opportunity for consumers to actually touch a Dell computer or PDA before buying one. Clerks can help shoppers

configure a computer at the kiosks and buy it online or via Dell's 800 number. There is no inventory at Dell kiosks. Dell also has no plans to expand to a whole chain of retail stores, says spokesman Venancio Figueroa.

Apple Computer has the most aggressive retail strategy but one analyst isn't sure that it is necessarily a success.

Apple may have its own stores to showcase its products, but that hasn't seemed to raise Apple's market share from the low single digits, says Todd Kort, a PDA industry analyst in research firm Gartner Inc.'s San Jose office.

"It seems like Apple has only been able to keep even with where they were in sales," Mr. Kort says.

Gateway couldn't make a go of its retail stores even with a wider variety of products to sell than Palm, including desktop and notebook computers and plasma TVs.

"If Gateway couldn't work at it with PCs and other products, for a company with fewer products like Palm, there may be limited long term success," he says.

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August 6, 2003

DELL KIOSK AT DFW

Round Round-based Dell Inc. will expand its kiosk marketing concept to the Dallas-Fort Worth International Airport, DFW announced Wednesday.

Travelers can try out Dell products and then go online to buy items directly from Dell.

"Without a doubt, this experiment with Dell has proven this innovative concept has the sophistication to attract companies that would have never considered us as potential outlets for their products," says Pat Gleason, vice president of revenue and concessions at DFW.

"It's an idea whose time has come, and the passengers love it. We look forward to expanding the program across multiple brands in the coming months," Gleason says.

Dell is the first company to sign up for the airport program, which combines brand awareness and customer interaction with direct sales.

DFW is working with Irving-based Airport Access Inc., a marketing services company, to extend the advertising display concept to other companies across four terminals.

DFW's passenger demographic profile is another reason the airport is pursuing this concept. Two-thirds of DFW travelers are between the ages of 25 and 49. More than half have household incomes of \$70,000 or more.

Located half way between the cities of Dallas and Fort Worth, DFW International Airport is the world's third busiest, offering nearly 2,000 flights per day and serving 54 million passengers a year.

Dell [Nasdaq: DELL] makes and sells computers and other information technology products and services. It is the Austin area's largest corporate employer, with about 16,000 workers.

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March18, 1998

LOGGING IN ON THE RUN: AIRPORT AND HOTEL KIOSKS GIVE TRAVELERS THE LINK TO THE INTERNET THEY LEFT AT HOME

(CNN) -- First it was bank teller machines. Then cellular phones and laptops. Now it's easy online use of the Internet, thanks to public Internet access booths that are popping up in the stomping grounds of today's business traveler.

Take notice of the public Internet access booth, also known as a PIA, cyberbooth or Internet kiosk. No matter what you call it, these online locations are ready to provide easy, inexpensive access to e-mail, the office and the Internet.

"Business travelers are depending more and more upon real-time information to remain productive and to remain competitive," says Julie Jacobs, president of CyberFlyer.

Currently, nine companies are vying for customers. Leading the pack are Cyberbooth, CyberFlyer, CyberOasis and Infone.

Each minute online costs about 30 cents. Already, there are some 400 online kiosks in 24 airports throughout the United States and hotel chains such as Hilton. Analysts predict that number will grow to more than 350,000 right after the turn of the century.

"This is a phenomenon that is taking over, and potentially e-mail can become the number one means of business communication," says Tim White, Infone's president and CEO.

Cyberbooths could surpass the standard pay phone in usage, as well as lighten the traveler's load.

"If you can eliminate the need for me to carry (a laptop) when I go to stay at the hotel, when I go through the airport, I will use it because I'd much rather have an account card than a seven-pound, \$4,000 device that I'm lugging around with me," says one traveling businessman.

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ALKERJ & ASSOCIATES EDUCATIONAL CONSULTING, established by Jeffrey E. Walker, specializes in Distance Education, providing planning and consulting services and business development proposals.. Mr. Walker has had ten years of experience in higher education at Johns Hopkins, Southeastern University (DC) and, presently, the University of Maryland University College (UMUC), Department of Student Affairs/ Degree Audit Team (DAT), as Advanced Evaluator / Senior Advisor, with responsibilities in providing advising information to nontraditional students in UMUC degree programs in online distance education programs as well as to UMUC's brick and mortar students, including course planning, degree and certificate completion requirements, registration, program changes, and Bachelors' degree course evaluation.

ALKERJ & ASSOCIATES EDUCATIONAL CONSULTING also provides conference planning and develops community historic preservation activities. Mr. Walker is President of the Free Frank New Philadelphia Historic Preservation Foundation and has appeared in The Learning Channel (TLC) documentary, "Understanding Mysteries of Memory. " He has won service and planning awards from the American Society for Photogrammetry and Remote Sensing,(ASPRS), the University of Maryland University College, and the University of Texas at Austin's Center of Black Business History, Entrepreneurship. Technology. Jeffrey Walker has a B.A. in American History, Loyola University, Chicago, IL, with graduate work in the School of Education, Loyola College, Baltimore, MD. He has published entries in the *Encyclopedia of African American Business History* and has written several Distance Education reports including: "The Competitors for Traveler Enrollment Booths and Kiosks For Distance On-Line Education Registration and Enrollment, "If You Build It They Will Come ': Traveler Booths and Kiosks, for Distance Education Enrollment at Airports, Train Stations and Retail Venues," and "Advantages to Locating Kiosks and Traveler Booths at Baltimore-Washington Thurgood Marshall International Airport."