

2014 Self Service Technology

White Paper

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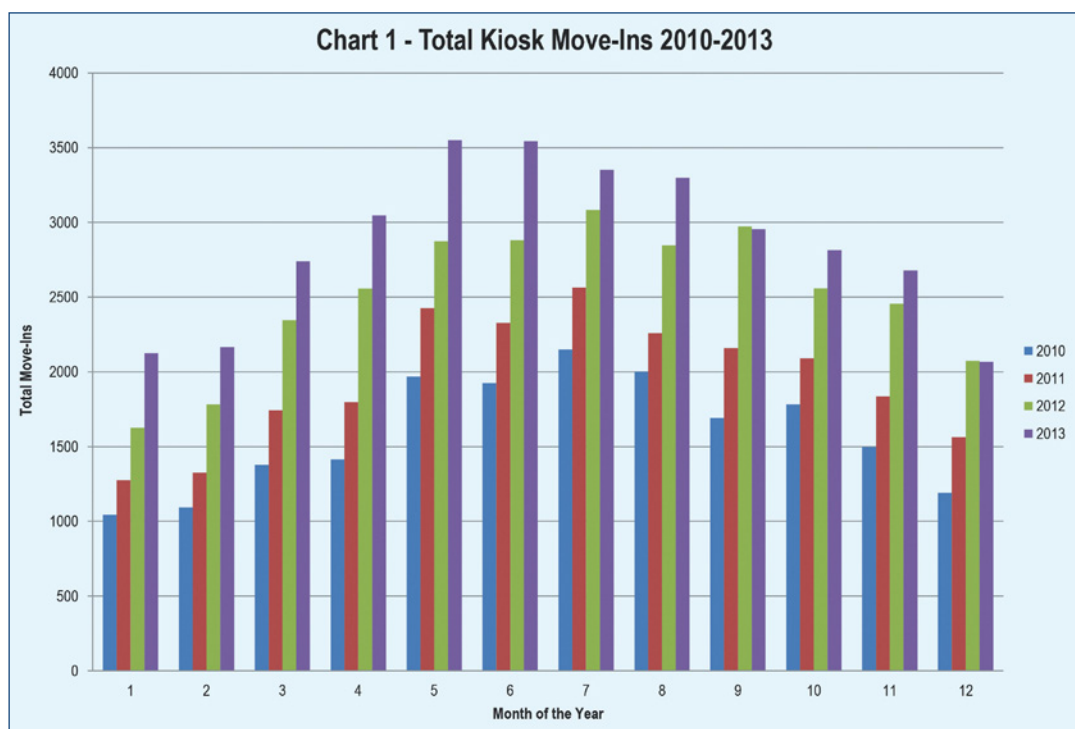
Preface:

Although the self-storage industry is considered recession resistant, there is no doubt that the economic downturn of the past several years had an impact on the sector. The collapse in the residential real estate market hit many operators hard as the number one driver of new tenants to self-storage stores suddenly vanished. Moreover, skyrocketing unemployment rates and the credit crunch led existing customers to reevaluate their discretionary income, thereby forcing a substantial number to vacate their units. Both occupancy rates and profits declined at self-storage businesses across the country.

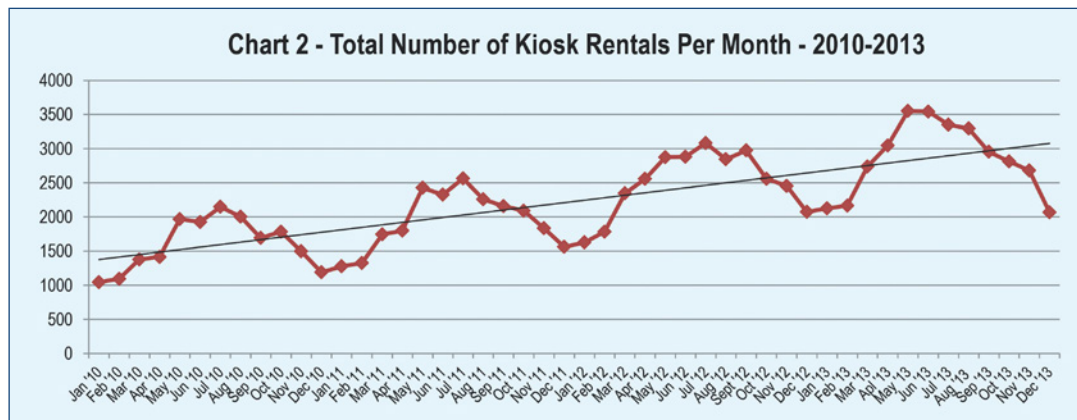
In order to survive the downturn, many self-storage owners turned their focus to operational efficiencies. The goal was to reduce unnecessary expenditures and waste in order to help compensate for any losses in income. As a result, self-storage businesses set their sights on becoming more efficient—and in many cases, high-tech. Operators began to track and refine their marketing plans, employ new revenue management strategies, and leverage new technologies to successfully weather the recession. One such technology is the self-service kiosk. Emphasizing this is the fact that over the course of the recent recession, kiosk sales and self-service move-ins continued to rise exponentially—an increase of more than 500 percent over the last three years.

Economic Transition

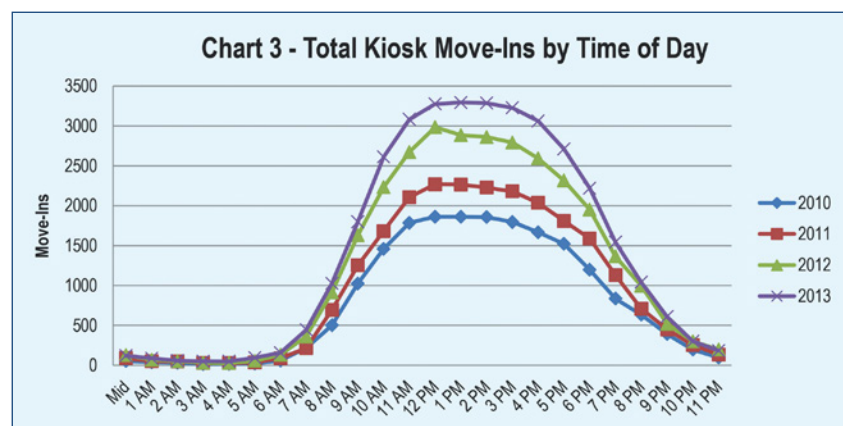
Now that economic conditions have dramatically improved, customers are returning to self-storage at a steady pace. Many operators are reporting supply shortages and historically high occupancy levels in their market areas. Although some facilities have seen income levels return to—and in many cases surpass—pre-recessionary levels, the commitment to streamlining operations remains throughout the self-storage industry.



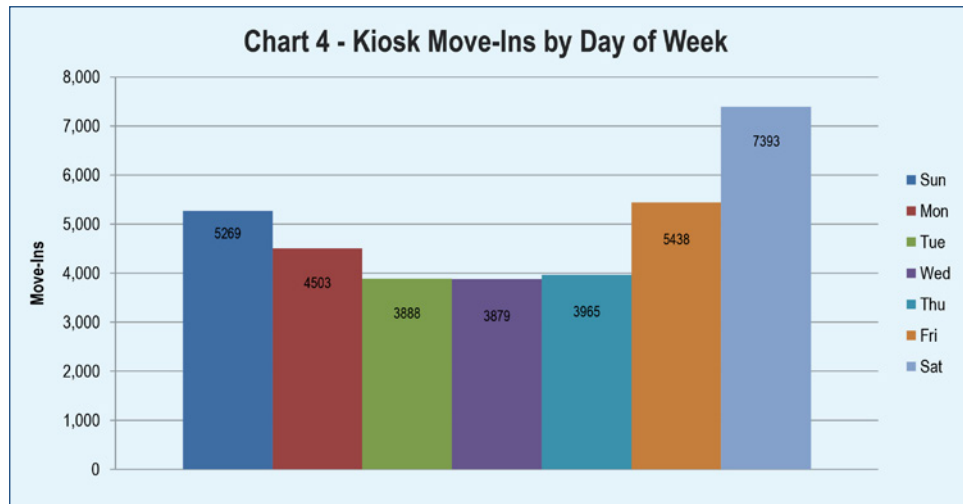
This business strategy goes hand-in-hand with OpenTech's focus on helping self-storage owners utilize new technologies and processes to better compete, improve efficiencies, and increase profits at storage businesses across the country. As such, kiosks continue to play an invaluable role in optimizing business operations at self-storage stores, giving customers the freedom to conduct transactions at any time of day—even when the facility is closed or the manager is off-site. See Chart 1 on previous page.



Kiosks are responsible for delivering an ever-growing number of rentals at self-storage properties. Although there are seasonal peaks and valleys inherent to the self-storage business, Chart 1 and Chart 2 highlight the sustained growth in the number of rentals completed at a kiosk over the past four years. It is important to note that these figures include all rentals completed at kiosks, whether they originated online, over the phone, via a call center or at the kiosk itself. This data underscores the growing customer acceptance of kiosks for conducting self-storage rental transactions.



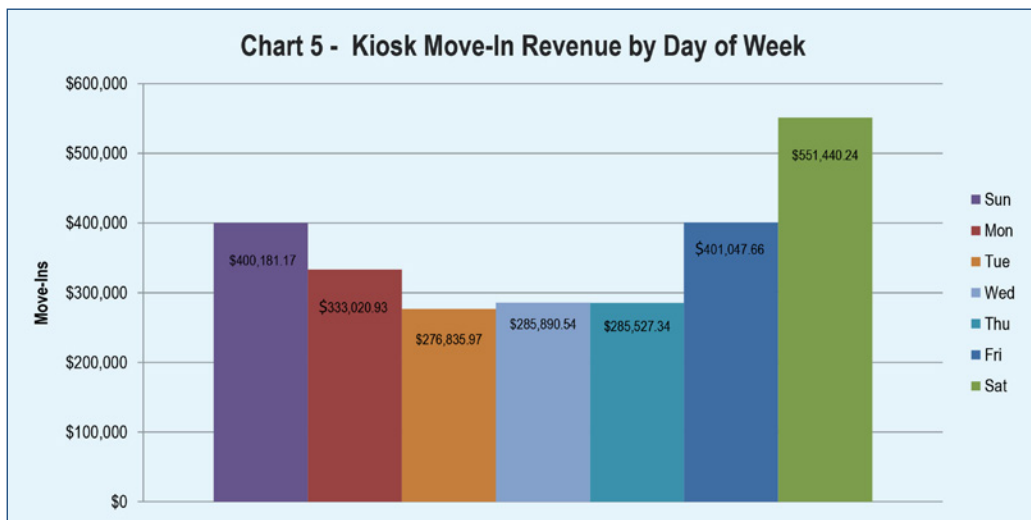
As the volume of kiosk-based transactions continues to grow, the number of transactions by hour of the day—as well as the relative percentage—has also gained momentum over the past four years. In 2012 and 2013 there has been substantial growth in actual kiosk-driven move-ins completed from 10:00 a.m. to 6:00 p.m. as seen in Chart 3. Since this time period falls within traditional operating hours at most self-storage facilities, it highlights the fact that self-storage customers are opting to complete their rentals at kiosks rather than at the front desk. This will be an interesting metric to monitor over the next few years.



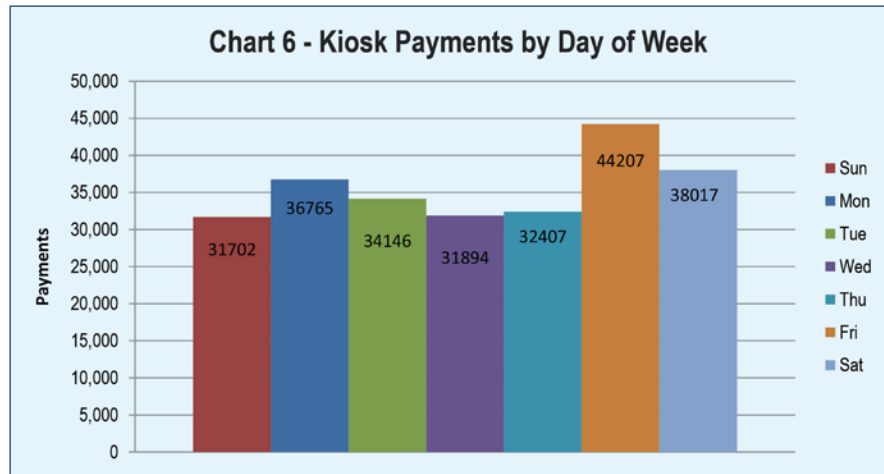
The weekend has long been the most popular day to move in or out of a self-storage unit. Chart 4 indicates that customers utilizing kiosks to complete their self-storage leases are no exception to this rule of thumb. In 2013, Saturday was the most common day to complete a self-storage move-in at a kiosk. In fact, Saturday accounted for nearly one-quarter of all kiosk-based move-ins at self-storage stores during the year.

Dollars And Cents

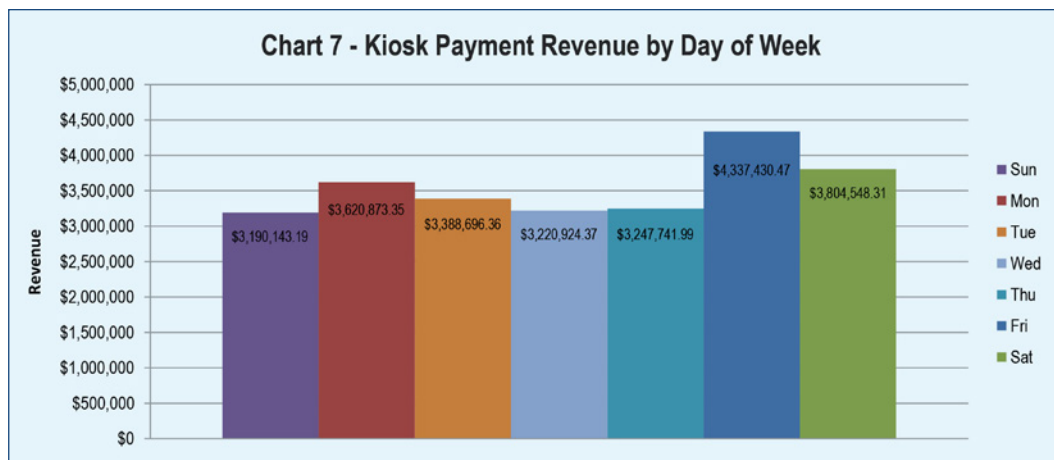
Just as the number of move-ins varies by day of the week, the amount of money generated by customers completing their move-in at a kiosk also fluctuates on a daily basis. Saturday, the highest revenue generating day of the week for kiosk-based move-ins, accounts for approximately 22 percent of the total income produced by all move-ins completed at kiosks.



Producing more than \$400,000 per day on Friday and Sunday, the weekend seems to be the most profitable time of the week for new customers completing their move-in at self-service kiosks. By contrast, Chart 5 indicates that Tuesday is the weakest day of the week in terms of income, bringing in approximately \$277,000 in kiosk-based new move-in revenue.

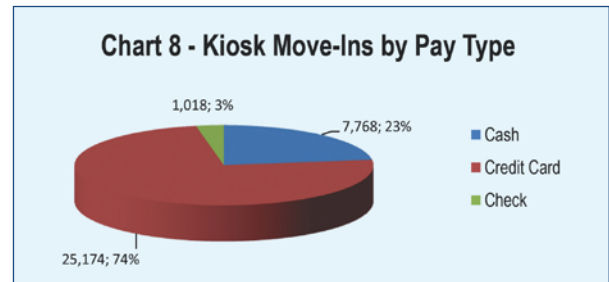


Analyzing payments collected by kiosks reveals a slightly different pattern as seen in Chart 6. In total, looking at the highest number for the week, more than 44,000 payments were accepted by self-service kiosks on Fridays in 2013. Saturday was also a popular day to make a payment at a kiosk, totaling more than 38,000 payment transactions, while Sunday was the slowest day, processing approximately 31,700 payments.

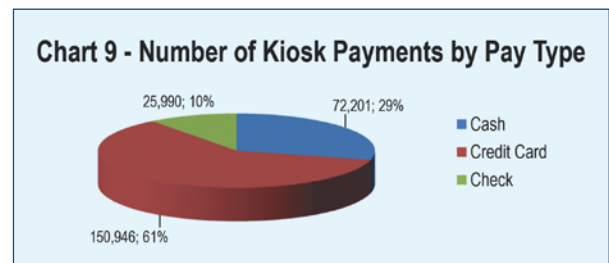


The dollar value of the payments received rose and fell in lockstep with the number of payment transactions collected by kiosks. Just as Friday boasted the highest number of payments collected at kiosks in 2013, Chart 7 shows that it also topped the week for the day with the highest payment value. More than \$4.3 million in payments was received by kiosks on this day of the week—a figure that is 14 percent higher than the total amount realized on Saturday, the second highest revenue producing day of the week, with more than \$3.8 million collected by kiosks. Accepting approximately \$3.2 million in payments, Sunday was the day of the week with the lowest dollar value of kiosk payments accepted in 2013.

In terms of payment choice, the majority of self-storage customers utilizing a kiosk to complete their move into self-storage chose to pay with a credit card. As seen in Chart 8, approximately 74 percent of new tenants used a credit card at move-in for 2013. Although it represented only 23 percent of move-in payments, cash was the second most popular currency utilized at kiosks by customers moving their belongings into self-storage.

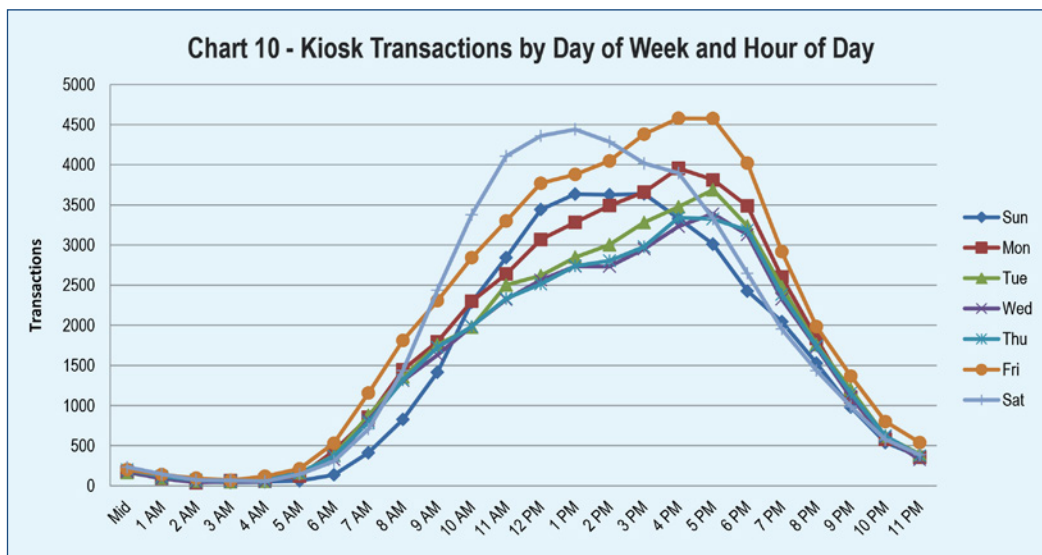


Expanding the focus to include all payments collected by kiosks at self-storage stores continues to illustrate a strong customer preference to pay by credit card in 2013 with 61 percent of all payments accepted by self-service kiosks being credit card transactions. Comparatively, only about 29 percent of payments were made with cash; the remaining 10 percent were paid with a check—however, some kiosk models only accept credit cards.



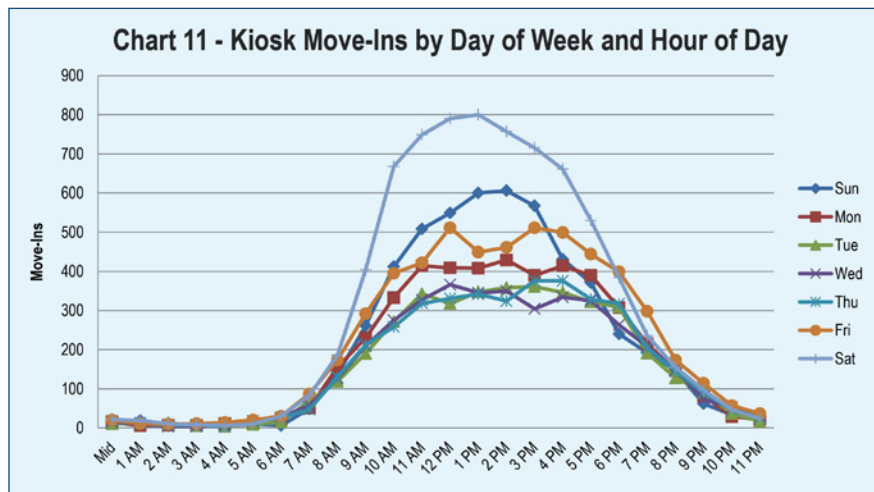
Timing Transactions

Self-service kiosks give customers the ability to transact self-storage business on any day of the week and at any time of day. While the number of transactions varies day-by-day and hour-by-hour, most businesses report a minimal number of transactions taking place before 6:00 a.m. on all days of the week.



For 2013, as seen in Chart 10, Friday transactions peaked at 4:00 p.m., holding relatively stable through the 5:00 p.m. hour. In fact, more than 4,500 transactions were logged during both 4:00 p.m. and 5:00 p.m. The number dips slightly at 6:00 p.m. when slightly more than 4,000 business transactions were completed by customers at kiosks. The decline on Friday starts to pick up more steam at 7:00 p.m. when approximately 2,900 transactions were processed through 8:00 p.m. when slightly less than 2,000 transactions took place. It is important to note, however, that Friday saw more late night transactions—those processed between 6:00 p.m. and 11:00 p.m.—than any other day of the week.

The curve for kiosk use on Mondays is also interesting to note for its high frequency of after hours, evening transactions. This year, approximately 3,500 transactions took place during the 6:00 p.m. hour on Monday while other days of the week, excluding Friday, counted between about 2,400 to 3,200 transactions during this same time of day. Monday ranks second for evening transactions through the 7:00 p.m. hour; however, after 8:00 p.m., Monday's curve begins to move back in line with the other days of the week.



As in previous years, Chart 11 indicates that Saturday is the most popular day to complete a move into self-storage via kiosk. In 2013, a total of 7,393 new move-ins were processed on Saturday; a figure representing almost 22 percent of all kiosk-driven move-ins for the year. In other words, more than two of every ten new move-ins processed by kiosk in 2013 occurred on a Saturday. This day of the week leads the rest for new move-ins from 8:00 a.m. on until it is eclipsed by Friday at 6:00 p.m. Saturday move-ins peaked mid-day for 2013 with 800 logged at 1:00 p.m., 790 at noon, and approximately 750 each completed at 11:00 a.m. and 2:00 p.m.

Friday is the second most popular day of the week for using a kiosk to move into a self-storage facility with more than 5,400 new tenants using a kiosk to complete their move-in on Friday during 2013. Moreover, Friday appears to be the choice day of the week for moving into storage during the late evening hours. It leads all other days of the week in processing new move-ins at kiosks from the hours of 6:00 p.m. through 11:00 p.m.

Sunday is another common day to move into a self-storage unit. This day of the week is close to Friday in number of kiosk-based move-ins completed, logging almost 5,300 for the year. Sunday sees many mid-day moves, holding on to the second most popular ranking after Saturday from the hours of 10:00 a.m. through 3:00 p.m.

Standard Operating Hours

Kiosks give owners and operators the ability to conduct business both during and outside of normal office hours, thereby helping to maximize income for self-storage facilities. While office hours tend to vary between individual self-storage stores, for the purpose of analysis, normal office hours are defined as:

Monday - Friday
Saturday
Sunday

9:00 a.m. to 5:00 p.m.
10:00 a.m. to 3:00 p.m.
Closed

In the subsequent analysis, when we refer to “outside of office hours,” this includes all times not listed above.

Office Hours + Outside of Office Hours = 100% of total hours (24 hours)

Some storage owners view 24 hour rentals and payment processing as a competitive advantage, while others have expressed their reluctance to rent 24 hours a day. Therefore, the analysis of consumer behavior during “evening hours” is also included. Evening hours are defined as:

Monday - Sunday 5:00 p.m. to 10:00 p.m.

The term “evening hours” is a subset of the “outside of office hours” and are provided as a reference to the number of transactions and percent of transactions that occur in the evening.

Table 1 - Kiosk Move-In Summary		
Move-Ins	Quantity	% of Total
Office Hrs. (M-F 9-5 & Sat 10-3)	17,913	52.2%
Outside Office Hours	16,422	47.8%
Summary of results based vs. weekday and weekend usage		
Weekdays	21,673	63.1%
Saturday	7,393	21.5%
Sunday	5,269	15.3%

Table 2 - Kiosk Payment Summary		
Payments	Quantity	% of Total
Office Hrs. (M-F 9-5 & Sat 10-3)	117,998	47.4%
Outside Office Hours	131,140	52.6%
Summary of results based vs. weekday and weekend usage		
Weekdays	179,419	72.0%
Saturday	38,017	15.3%
Sunday	31,702	12.7%

Monitoring move-ins and transactions that occur outside of office hours provides an interesting look at new tenants and added revenue that may have been lost without the flexibility and convenience offered by a self-service kiosk. After surveying tenants who rented at kiosks outside of office hours, OpenTech discovered that only 25 percent of consumers wanted to come back to the self-storage facility when the office was open to complete some aspect of their rental. The remaining 75 percent chose to complete the rental process at the kiosk, thereby taking advantage of the expanded access hours the technology offers.

Kiosks can also provide self-storage businesses with an additional layer of operational efficiencies during normal business hours. Kiosks offer the ability to cover routine tasks like payment processing and lease application checks, thereby freeing up managers to handle more detailed or specialized duties. It can also enable the manager to handle two customers simultaneously when only one staff member is on duty.

As the use of technology becomes more widespread, customers seem to be acclimating and growing more comfortable with using kiosks. In fact, many tenants say they prefer the experience and convenience of utilizing a self-service kiosk over dealing directly with a facility staff member. For this type of consumer, a kiosk can improve the customer experience and will likely be the method of choice—even during normal self-storage business operating hours—for conducting ongoing self-storage business.

OpenTech operates the industry’s leading call center, INSOMNIAC Live! In general, call centers are a tool designed to maximize profits for self-storage owners and operators by ensuring that every phone call coming into the facility is answered quickly, productively, and professionally.

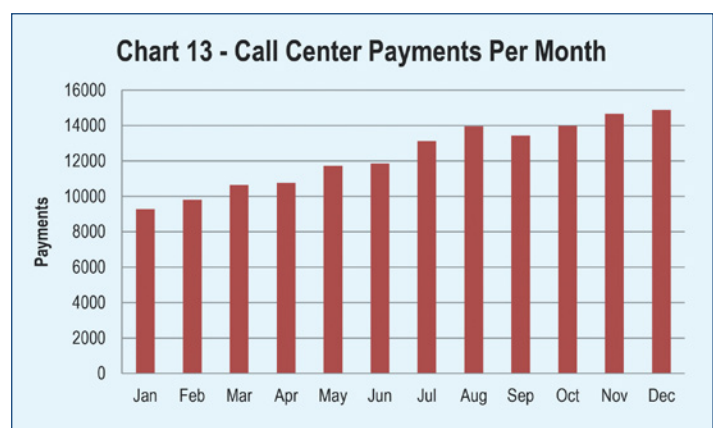
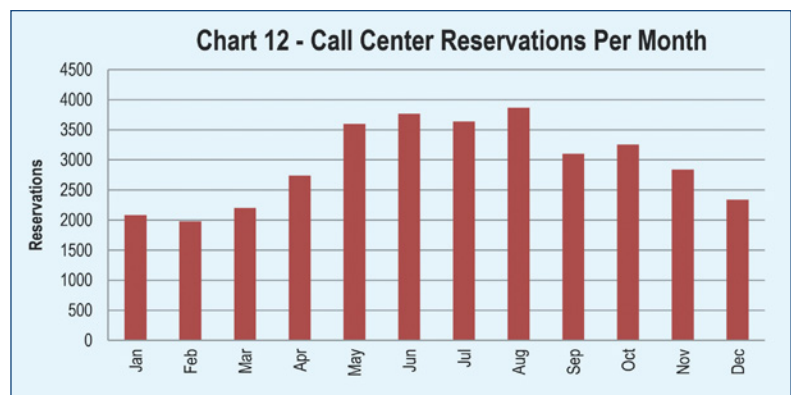
Call centers can handle all incoming phone calls, allowing the manager to focus on operational duties, marketing, and face-to-face customer service. Alternatively, call centers can be used to accept phone calls that would otherwise be missed and rolled over into voice mail. This ensures that every phone call to the self-storage property is answered professionally whether it comes in when the manager is tied up with another customer, away from the office, or if the call comes in after hours when the office is closed for business. Of important note, 63 percent of the potential missed after-hours rentals occur Monday through Friday.

Call Center Reservations

Just as occupancy tends to rise in the summer months, call center-driven reservations peaked in June and August. This category topped out in August with 3,864 tenants reserving storage units through call centers. June and May were also prime months for call center-originated storage reservations during the year, accounting for 3,765 and 3,597 reservations respectively made through the company’s call center. Interestingly, the slowest month of the year, February, saw nearly 2,000 storage unit reservations originating through the call center.

The number of payments made through the INSOMNIAC Live! call center made steady gains throughout 2013 as seen in Chart 13 on the next page. In January, the number of payments processed by the call center was 9,287. By December, the call center payment figure had climbed to 14,888—an increase of approximately 38 percent. This illustrates the trend toward continued growth in the number of self-storage payments processed by the call center.

Customers often call a storage facility for general information. While it is the goal of the call center to make a reservation, there are times when a potential customer prefers to set up an appointment to visit and tour the property with the manager before signing a lease. In this case, the focus of the call center shifts from making a reservation to setting an on-site appointment.



In 2013, call centers picked up many of these calls, answering questions and scheduling on-site visits. Unlike the total number of payments collected, which showed steady growth throughout the calendar year, Chart 14 shows the number of appointments scheduled by call centers varied from month to month. It is interesting to note that the figures for appointments set are lowest during the summer months—traditionally the busiest time of year for new move-ins at self-storage properties.

When a customer calls the facility and reaches the call center, the site manager is notified in real time. Therefore, even if a reservation or an appointment isn't made, the manager has the customer's name, address, and phone number as a lead and marketing source for immediate follow-up. Over the past year, the number of leads handled by the call center formed a bell curve, peaking in the spring and flattening out over the winter months.

April and May logged the highest numbers of call center leads in 2013, totaling approximately 6,500 each month. By contrast, November and December were the slowest months of the year for call center leads, with only 2,293 leads in November and 1,590 leads in December.

Categories Of Calls

Customers reach out to the call center for a variety of reasons, such as sales inquiries, payment processing and other types of support. When analyzing call center data, support calls are categorized as any type of call or inquiry that falls outside the realm of sales or payments. Often, these phone calls may include requests for rental assistance, questions about vacating a unit, balance inquiries, vehicle rental

Chart 14 - Call Center Appointments by Month

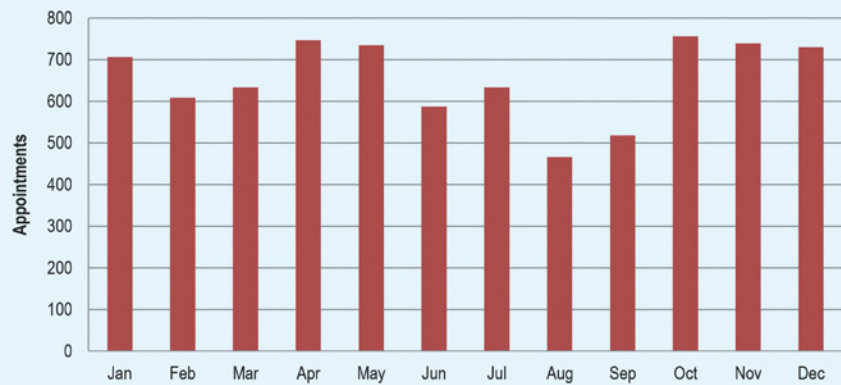


Chart 15 - Call Center Leads by Month

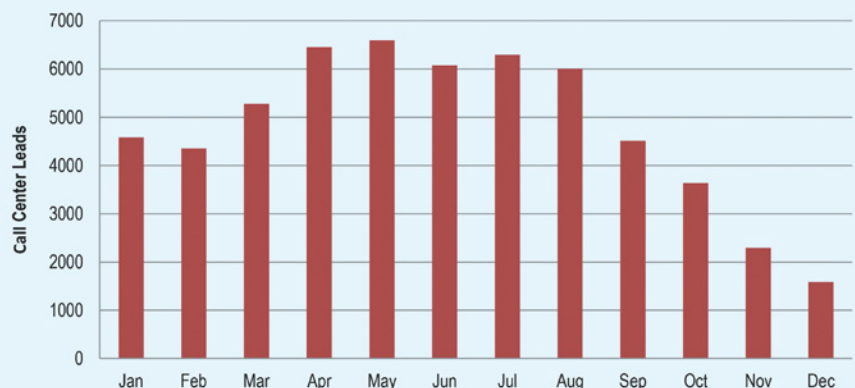
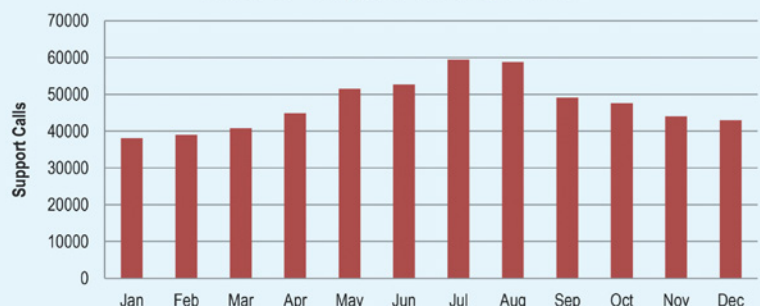


Chart 16 - Support Calls by Month



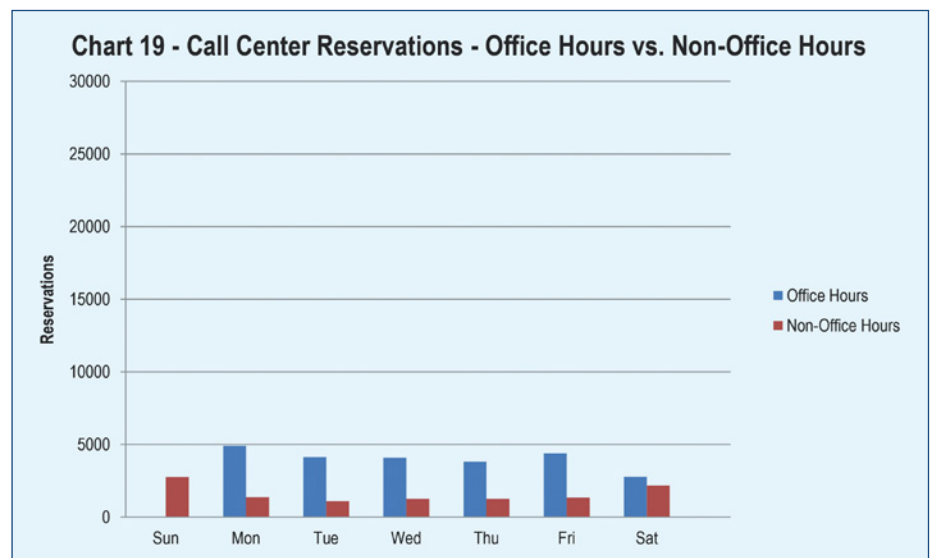
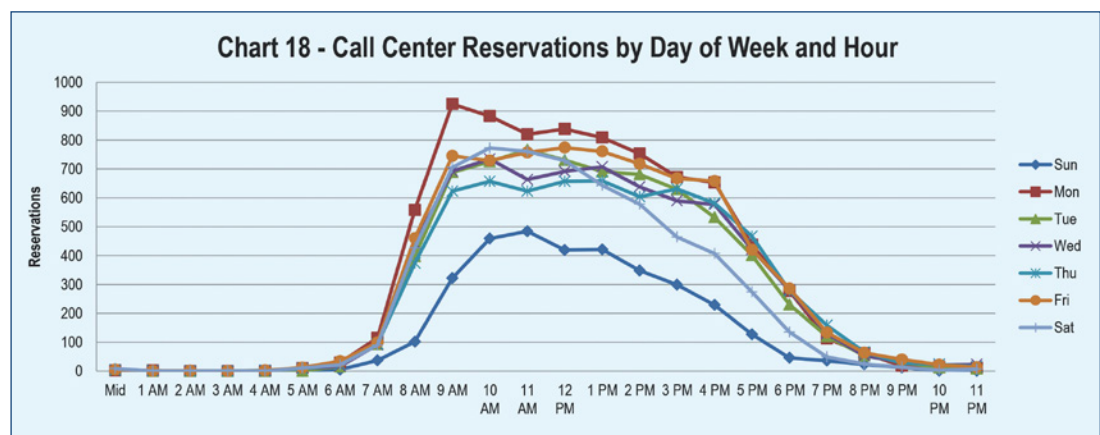
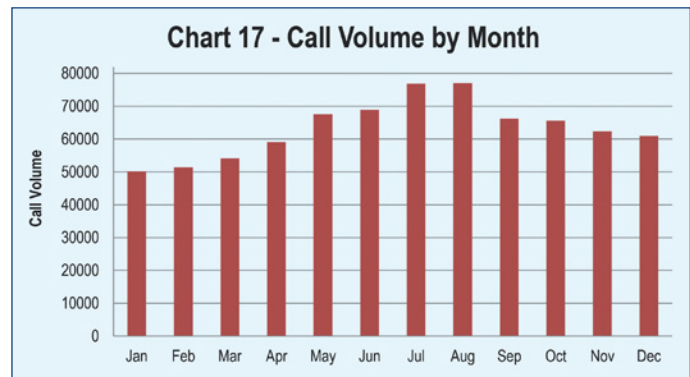
assistance, or messages for the business or facility manager. These types of support phone calls also peaked during the summer months while trailing off during the winter. In July, the call center answered close to 59,500 support calls and it fielded almost 58,800 of these types of calls in August.

Call volume at the INSOMNIAC Live! call center was robust throughout the year. In fact, self-storage specialists managed more than 50,000 calls each month in 2013. During the year, call volume was highest during the months of July and August when approximately 77,000 calls were answered during each of these two months.

It is also interesting to note the general trend of growth over the 12 month period. While at 50,165 calls answered, storage counselors handled the fewest number of calls for the year in January. The number of calls managed by the call center totaled 60,952 in December—a figure 22 percent higher than the call volume recorded during the first month of the year.

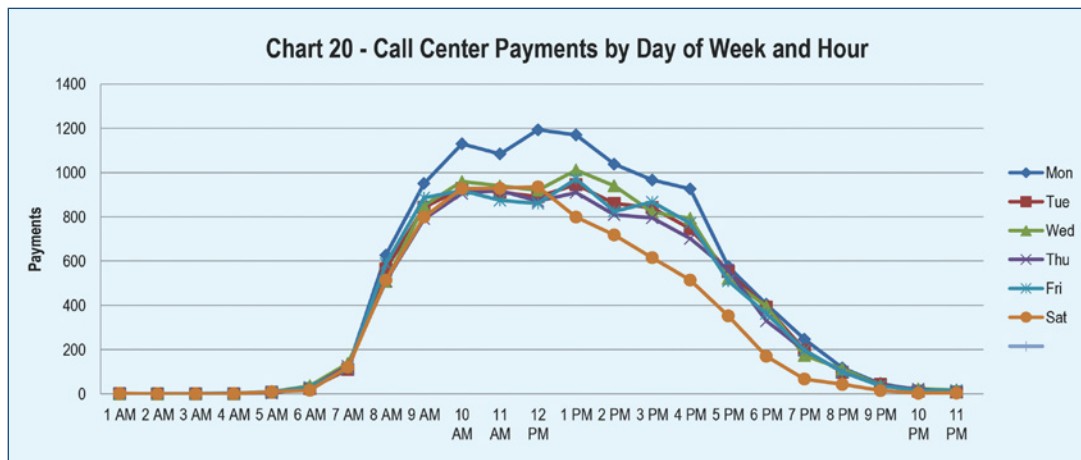
Another interesting data point is the days and times reservations are likely to be booked through the call center. Monday led the week in volume of reservations placed with more than 6,300 reservations on Mondays during the 2013 calendar year as seen in Chart 18.

Friday is also a popular day for making a self-storage reservation. On the last work day prior to the weekend, customers placed more than 5,700 storage reservations. Sunday had the lowest volume of self-storage reservations this year. On the first day of the week, a total of 2,750 customers reserved a self-storage unit.



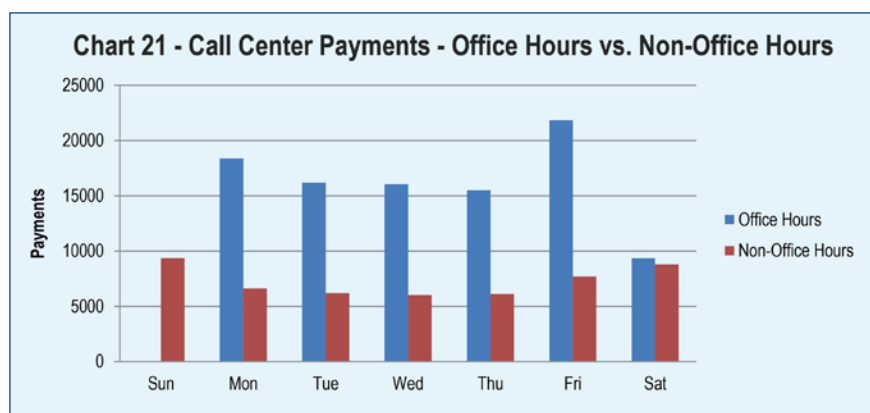
After Hours Reservations

While the bulk of storage reservations were made during normal operating hours of 9:00 a.m. to 5:00 p.m., the volume of after hours reservations placed was fairly brisk during the evening between 6:00 p.m. to 9:00 p.m. Reservation activity was minimal during the early morning overnight hours.



Analyzing reservations made during standard office hours versus those made after business hours provides an interesting metric. Since it is possible the facility would have lost these reservations had storage counselors been unavailable to answer after hours calls, it sheds some light on additional customers—and added profits—that may have been forgone without the availability of the call center to handle these customer inquiries.

Over the course of the year, more than 1,000 reservations were made outside of normal operating hours on each day of the week as seen in Chart 19 on the previous page. Given that many facilities are closed on Sundays, it is not surprising that Monday topped the list for most after hours reservations, followed by Saturday. Interestingly, the number of reservations made during operating hours on Saturday shows only a marginal lead over the number of reservations made after hours on this day of the week. By contrast, the gap between office hours and non-office hours reservations was widest on Monday when customers tended to favor placing a reservation during the traditional 9:00 am to 5:00 pm operating hours timeframe.

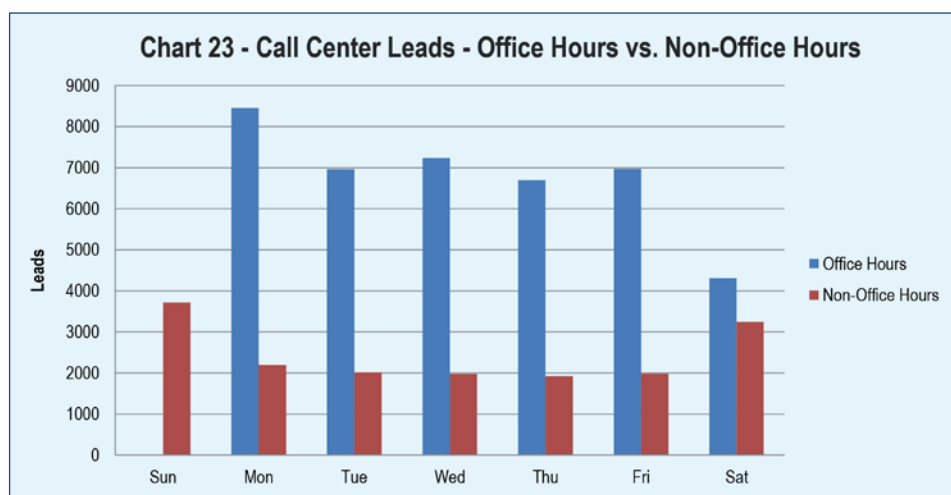
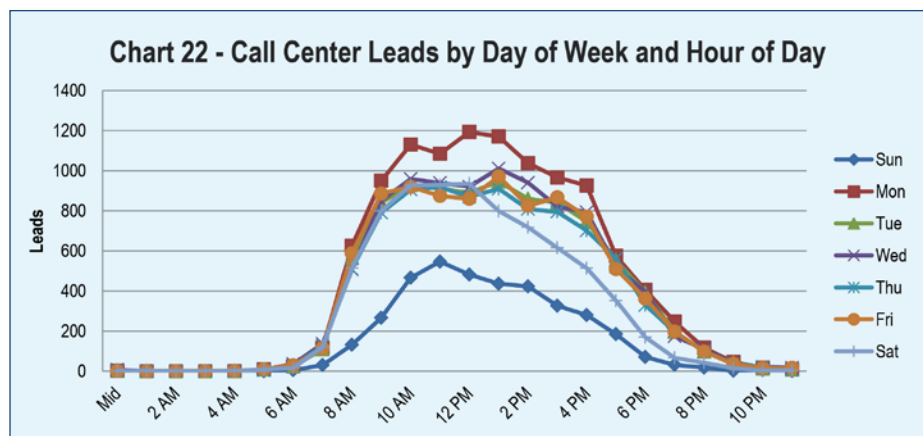


Almost 150,000 payments were processed by the INSOMNIAC Live! call center in 2013 as seen in Chart 21 on previous page. The bulk of these payments—approximately 29,566— were made on Friday with Monday being the second most popular day for payments in 2013. The call center processed more than 25,000 storage payments on this day of the week during the calendar year. Conversely, Sunday had the lowest volume of payments processed during 2013.

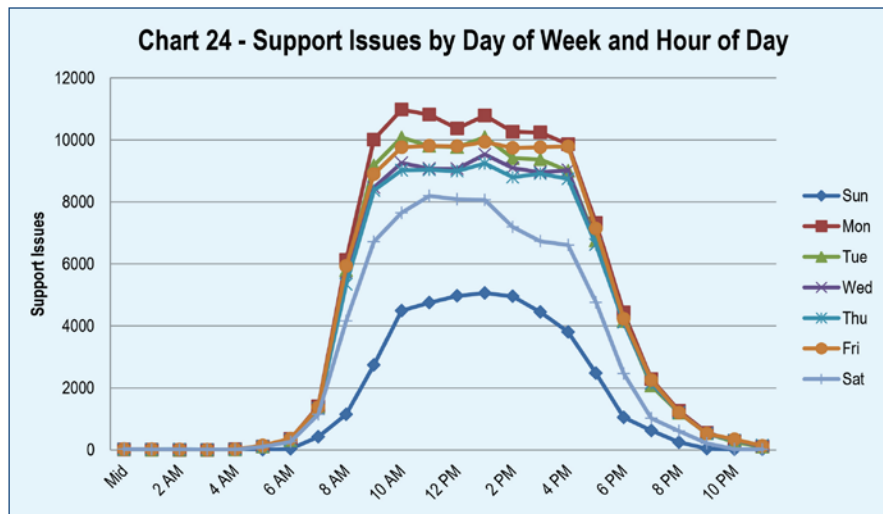
Overall, customers were approximately 48 percent more likely to make a self-storage payment at the call center during office hours than they were to pay their bills after normal operating hours over the past year. The gap between office and non-office hours was widest on Friday when 65 percent more tenants scheduled a payment during normal business hours than requested a payment any time after office hours. It is interesting to note that customers paying on Saturday paid their bills during and after hours at an almost equal rate during 2013.

Call Center Leads

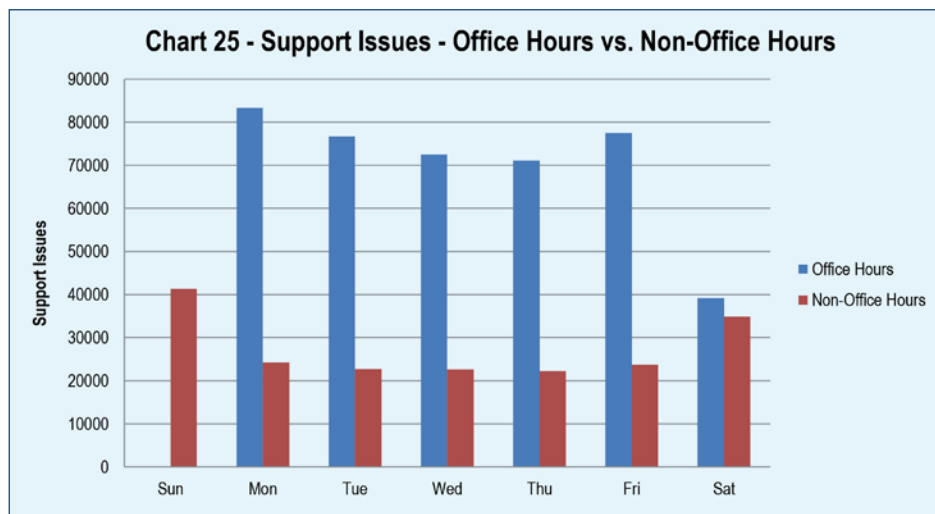
Self-storage owners and operators often monitor the volume of leads calling the business by day of the week and time of day to ensure proper staffing and coverage at the storage store as seen in Chart 22. The call center also tracks this data as it helps illustrate the potential added profit call centers can offer self-storage facilities. This year, Monday was the most popular day of week for the call center to handle an inquiry from a new lead. On this day, calls were most robust from 8:00 a.m. to 6:00 p.m. with the volume of leads peaking at noon.



Wednesday was the second most common day for the call center to receive a call from a lead. The volume of leads was highest between 9:00 a.m. and 4:00 p.m., reaching a high point at 1:00 p.m. as seen in Chart 24.

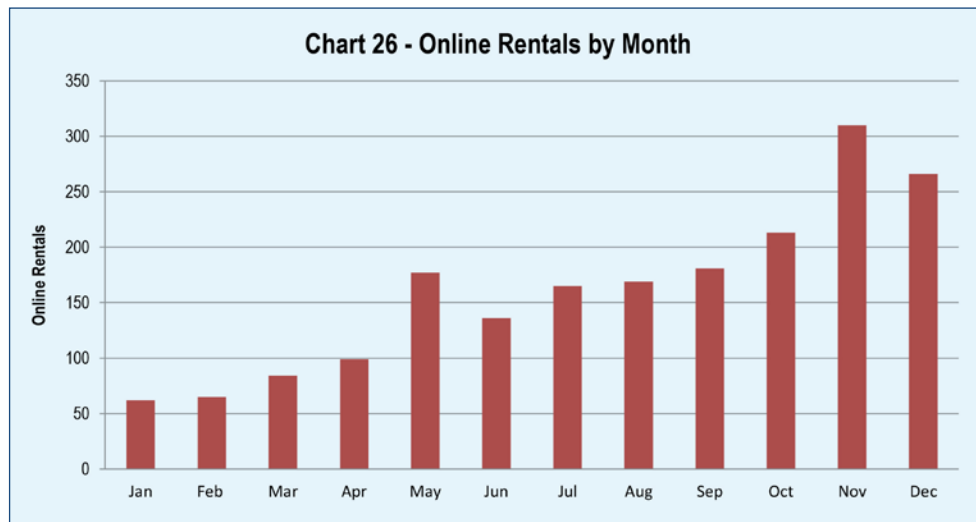


While existing customers who called to make a payment had a tendency to call after hours, new callers were more likely to make an inquiry about renting during normal business hours. Moreover, for 2013, the gap between those inquiring during regular office hours versus leads calling after hours was greatest on Monday. On this day of the week, 74 percent of leads reached out to the call center during normal business hours. On the other end of the spectrum, there was less of a gap between the two segments on Saturday.



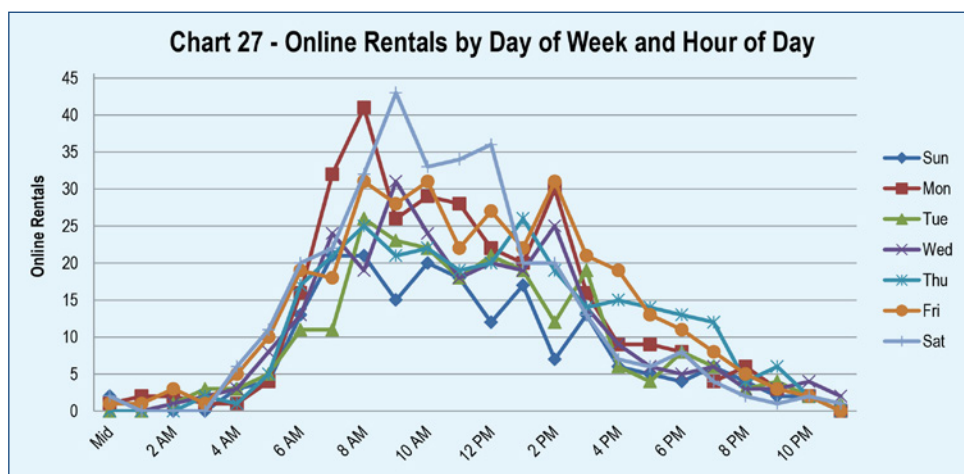
Over the past year, as seen in Chart 24 and Chart 25, call volume for support issues was more uniform for all of the days of the week than call volume for inquiries and payments. However, Sunday was the exception to this trend. Customers were less likely to reach out to the call center with a support issue on Sunday than they were to call for support on the remaining six days of the week. Surprisingly, Saturday (traditionally one of the busiest days for self-storage businesses) had the second lowest support call volume for the week during 2013.

Customers were most likely to call for help with a support issue during traditional business hours than they were after hours. Monday had the largest disparity of callers reaching out for support during business hours when compared with the number of individuals calling after hours. In fact, tenants showed a 71 percent preference for calling for support during normal business hours in 2013. On the other hand, calls received on Saturday were only 11 percent more likely to come in during business hours than they were to come through after the store had closed for the day.



Online Rental Growth

Today, website rental technology is fast becoming one of the most important untapped opportunities to drive new income for self-storage facilities. Meeting this need, INSOMNIAC Online gives self-storage owners and operators the ability to offer online rentals to their prospective customers through their own website. Using their computer, tablet, or mobile device, new renters can select the unit size they need, choose a move-in special that best meets their needs, sign up for tenant insurance, purchase a lock, accept the terms of the lease agreement, optionally get a gate code, and pay for their unit online.



Tracking the data from this product shows a steady pattern of growth for online move-ins throughout 2013. With the exception of small dips in June and December, the volume of online move-ins for INSOMNIAC Online clients increased month-over-month during the past year. From December to January, the number of online move-ins rose by 77 percent.

In 2013, online rentals were most common on Friday, followed closely by Saturday and Sunday. The volume of online rentals stagnated on Sundays during the calendar year. Looking at the time of day the online rentals were processed shows that mid-mornings and afternoons seem to be the most popular times of day to log on to the facility's site and rent a self-storage unit.

Conclusion

Industry experts widely predict that computer- and mobile-based self-service transactions are poised to lead the way in the future. As both customers and businesses adapt to this new style of transacting business, it will be interesting to see these technologies impact consumer behavior in regard to the dates and timing of their self-storage rentals.

Profits will also be impacted as customers who want to conduct their business online or via a kiosk will opt to rent at self-storage facilities offering these conveniences over those that are unable to meet their preferences and expectations. The storage stores equipped with self-service technology will definitely have an edge in gaining new customers and growing their bottom line in the highly competitive, increasingly sophisticated business of self-storage.

Utilizing kiosks, call centers, and online rental services to help consumers reserve, rent, or pay on their schedules, gives owners and operators an advantage over other self-storage businesses that have to rely solely on their on-site managers to handle all telephone calls, reservations and new rentals by themselves. It provides the backup necessary to capture every incoming call and the means necessary to sign new customers via their preferred method of interacting with the self-storage facility. Allowing customers the communication conveniences they want as well as the support managers and staff members need underscores the important role new technologies and innovations play in self-storage business success.

If you are considering a kiosk, call center or online rental service to replace the assistant manager, reduce payroll expenses, increase revenues at a facility, or simply to provide the ultimate in customer convenience, you can see kiosks, call centers and online portals are at work around the clock in the self-storage industry. If you have any questions about the data presented in this White Paper or want to discuss how one or all of our solutions could improve your bottom line please contact us at 602.749.9370. OpenTech can help.

Data Source

Every transaction completed at an INSOMNIAC kiosk is reported to the OpenTech central database server, which is hosted in a secure environment. The four transaction types include:

- 1) Move-Ins
- 2) Payments
- 3) Reservation Completions and Online Rentals or Completions
- 4) Merchandise Purchases

The transaction data collected is limited to the following information:

- Date and time stamp
- Kiosk ID (which is relative to the specific facility for which the kiosk is in operation)
- Transaction type
- Payment method (check, cash or credit card)
- Amount of the transaction

All transaction data is collected anonymously and does not include any end-user or customer information.

Celebrating a Decade of Service to Self-Storage, OpenTech provides solutions that connect storage owners with tenants. Through the development of a complete line of automated Kiosks and Call Center services, the INSOMNIAC brand has become synonymous with self-storage. The company offers a wide-range of self-storage rental solutions that increase revenues and improve customer convenience, while decreasing operating costs and workload. A place to find reliable, around-the-clock support is what OpenTech has come to be for thousands of self-storage owners world-wide.