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Case Study

Internet Kiosks

Adding an internet kiosk to an existing business



Coin or ticket operated Internet kiosks are a fantastic way to generate strong passive income. This study looks at several different internet kiosk installations into existing businesses.

Example 1 – Caravan Tourist Park

Business profile

The Main Beach Tourist Park on the Gold Coast is a Council operated caravan park that also has tent sites and villas, all available for holiday letting with no permanent residents. The park is very busy, and is often fully occupied for long stretches of the year, particularly during summer and school holidays.



The Internet Kiosks

The caravan park has a total of 6 coin-operated internet kiosks, with 4 in the games room, and 2 in the laundry. These rooms are open from 8am to 10pm daily.

Because they are coin-operated, guests can use the terminals at any time without needing to approach staff. The kiosks provide full internet access, along with office programs, chat and messaging programs, headphones for music and chat, and even printing. Support is handled by Arinda Internet via a 1300 number.

Usage and Returns

Financial Analysis	
Number of internet kiosk terminals	6 (3x twin terminals)
Average number of internet kiosk users per day	16
Total annual internet kiosk revenue	\$22,000
Less annual internet fees, electricity, and other running costs	\$3,965
TOTAL NET PROFIT PER YEAR	\$18,035
Net return on investment	68% p.a.

Beyond this direct revenue, the park also benefits from an increase in indirect revenue from the kiosks, such as the extra bookings that are attracted to the park due to there being a quality internet café available on the site. Plus, the location of the internet kiosks encourages users to also make impulse purchases on the adjacent vending machines, and encourages others who are waiting for a free internet kiosk terminal to use the surrounding pinball machines.

Example 2 – Serviced Apartments

Business profile

Silverton Apartments is a high rise block of 84 apartments in a combination of holiday letting and permanent rentals. Silverton offers accommodation for holidays in 1, 2 or 3 bedroom fully self-contained apartments with full resort facilities.



The Internet Kiosks

The building has 2 coin-operated internet kiosks located near reception. These internet kiosks are available to guests and residents 24 hours a day, 7 days per week.

Because they are coin-operated, guests can use the terminals at any time without needing to approach staff. The kiosks provide full internet access, along with office programs, chat and messaging programs, headphones for music and chat, and even printing. Support is handled by Arinda Internet via a 1300 number.

Usage and Returns

Financial Analysis	
Number of internet kiosk terminals	2 (1x twin terminal)
Average number of internet kiosk users per day	7.5
Total annual internet kiosk revenue	\$8,200
Less annual internet fees, electricity, and other running costs	\$1,610
TOTAL NET PROFIT PER YEAR	\$6,590
Net return on investment	80% p.a.

Beyond this direct revenue, the apartment complex also benefits from an increase in indirect revenue from the kiosks, such as the extra bookings that are attracted to the building due to there being a quality internet café available on the site.

Plus, the location of the internet kiosks encourages users to also make impulse purchases on the adjacent vending machines.

Example 3 – Laundromats

Business profile

Coin-operated Laundromats are a perfect location for an internet kiosk because the customers using the Laundromat machines have time to spare while they wait for their laundry, and they already have loose change in their pockets.

Arinda operates internet kiosks in many Laundromats throughout Brisbane and the Gold Coast.

The Internet Kiosks

For unattended sites like coin-op Laundromats we always deploy our high security, steel chassis, upright internet kiosks. We normally deploy 1 coin-operated internet kiosk per Laundromat, but at busy Laundromats we have deployed as many as 3 to keep pace with the demand.

The kiosks provide full internet access, along with office programs, chat and messaging programs, headphones for music and chat. There is no printing available in the Laundromats. Support is handled by Arinda Internet via a 1300 number.



Usage and Returns

Financial Analysis	
Number of internet kiosk terminals	1 (1x steel slimline)
Average number of internet kiosk users per day	7.2
Total annual internet kiosk revenue	\$7,800
Less annual internet fees, electricity, and other running costs	\$1,250
TOTAL NET PROFIT PER YEAR	\$6,562
Net return on investment	87% p.a.

The Laundromat benefits by attracting more customers. When faced with a choice of two Laundromats – one with an internet kiosk versus one without – customers will always choose the location with the internet kiosk as it gives them a productive and enjoyable way to spend their time while waiting for their washing.

The internet kiosks therefore attract new customers to the Laundromat, and encourages those customers to return again, thus building customer loyalty.

Example 4 – Backpackers & Hostels



Business profile

Aquarius Backpackers is a youth hostel in Southport-Surfers Paradise, Queensland Australia. With many dorm rooms, plus some double and twin rooms, the business is very popular with international backpackers. It offers a swimming pool, BBQ area, bar, games room and internet café facility.

Young travelers such as backpackers are one of the highest users of internet cafés.

The Internet Kiosks

Aquarius has two coin-operated internet kiosks, which are desk mounted with a high-security coin acceptor and safe. The internet kiosks are loaded with applications perfect for the young backpacker, including word processing to bang out their resumes, webcams for video calls home, headphones for music, and microphones for chatting.

The internet kiosks are available to guests 24/7.

Usage and Returns

Financial Analysis	
Average number of internet kiosk terminals in each store	2 (some sites have 6)
Average number of internet kiosk users per day	12.3
Total annual internet kiosk revenue	\$13,500
Less annual internet fees, electricity, and other running costs	\$1,950
TOTAL NET PROFIT PER YEAR	\$11,550
Net return on investment	180% p.a.

Many backpackers will choose their accommodation on the basis on thee being internet access in the building. Back backpackers are now travelling with their own laptop, and increasingly we are seeing hostels install wireless hotspots to meet this growing demand.

Example 5 – Cafes, Restaurants and Bars

Business profile

The Chat Room Café & Bar is a busy contemporary restaurant and bar in the heart of Surfers Paradise on the Gold Coast in Queensland Australia. With seating for over 100, and an annual gross turn-over in excess of \$1 million, the café is very popular with international and interstate tourists, and with local residents and office workers.

The Internet Kiosks

There is little risk to the physical security of internet kiosk equipment at sites like cafes and restaurants. For this reason, the internet kiosks at The Chat Room have the PC and monitor secured on top of a table, with a coin acceptor housed in a secure coin safe.

Internet kiosks in these types of environments are usually much less expensive to install, but are still packed full of features like headphones, USB port, printer, office applications, chat programs and instant messaging utilities.

Usage and Returns

Financial Analysis	
Number of internet kiosk terminals	5
Average number of internet kiosk users per day	14.8
Total annual internet kiosk revenue	\$16,250
Less annual internet fees, electricity, and other running costs	\$3,265
TOTAL NET PROFIT PER YEAR	\$12,985
Net return on investment	92% p.a.

A café environment is prime for up-selling food and beverage items to internet users.

The Chat Room estimates that 50% of internet users also make a purchase from the menu, and these purchases average \$8 each. For The Chat Room this translates into an estimated increase in annual revenues of \$21,600 from food and beverage sales.

Example 6 – Video Stores



Business profile

We have seen a recent boom in the number of video stores offering internet access via internet café terminals. Recent chains to join the trend include Video Ezy, Network Video, EzyDVD, and Leading Edge, plus many independent operators.



The Internet Kiosks

There is little risk to the physical security of the internet kiosk equipment at sites like video stores because they are always staffed and they usually have good video surveillance systems. For this reason, the internet kiosks in video stores can simply have the PC and monitor secured on top of a table, with a coin acceptor housed in a secure coin safe.

Internet kiosks in these types of environments are usually much less expensive to install, but are still packed full of features like headphones, USB port, printer, office applications, chat programs and instant messaging utilities.

Usage and Returns

Financial Analysis	
Typical number of internet kiosk terminals in a store	1 to 6
Average number of internet kiosk users per day per terminal	4
Average daily revenue per internet kiosk	\$11.53
Total annual internet kiosk revenue per terminal	\$4,208
Less annual internet fees, electricity, and other running costs	\$1,490
TOTAL NET PROFIT PER YEAR PER TERMINAL	\$2,718
Net return on investment	91% p.a.

Plus you also need to consider the up-sell opportunity. The internet kiosk service attracts more customers to your business, and gives you the edge over the competition, which in turn builds customer loyalty and repeat sales.

Example 7 – Convenience Stores

Business profile

A well located convenience store can be a perfect place for a couple of internet cafes. Just take a walk through Sydney or Auckland and you will find that almost every 7/11, City Star, or City Convenience store has multiple internet café terminals. These smart operators know the significant revenues to be gained by attracting travelers and local residents into their stores.

The Internet Kiosks

There is little risk to the physical security of internet kiosk equipment at sites like convenience stores, which are always staffed and usually under constant video surveillance. For this reason, internet kiosks in these types of stores can simply involve a PC and monitor on top of a table, with either a coin acceptor housed in a secure coin safe, or tickets available for safe behind the counter.

Internet kiosks in these types of environments are usually much less expensive to install, but are still packed full of features like headphones, USB port, printer, office applications, chat programs and instant messaging utilities.

Usage and Returns

Financial Analysis	
Average number of internet kiosk terminals in each store	2 (some sites have 6)
Average number of internet kiosk users per day	10
Total annual internet kiosk revenue	\$10,950
Less annual internet fees, electricity, and other running costs	\$1,950
TOTAL NET PROFIT PER YEAR	\$8,000
Net return on investment	120% p.a.

But even more beneficial than the direct revenue from the internet kiosks is the huge increase to net profits through the revenue from increased sales from these new customers.

Remember, most internet kiosk users are accompanied by at least one other person. Some of our retail outlet clients have estimated that their internet kiosk terminals attract an additional 120 customers per week to their stores, who make an average purchase around \$6 each. This is estimated to add an additional \$37,000 per year in new revenues.