

Going Cashless – Today, Tomorrow or Soon

JIM SHANKLIN –CONTRATTO, INC.



Background: Brisk Winds of Change

- Economic Challenges to Events
 - The “Great Recession” caused damage
 - Challenges to public partners
- Technology accelerating
 - Definition of money is changing
 - “Chip card” is a watershed for digital commerce
- Changing visitor demographics
- “Cashless” is on a lot of minds today

Traditional “Cashless” Solutions

➤ Paper Tickets and Tokens

■ Positives

- Cash exchanged for a surrogate; some benefits
- All vendors, ticket offices and midways accept tickets

■ Negatives

- Duplicate manual counting processes - cash and other
- Attendees are inconvenienced; separate ticket lines
- Attendees resent “breakage”
- Events lose due to counterfeit schemes
- Events lose because attendees spend less.

Cashless Today: A New Economy

- Prepaid Money Cards
 - Prepaid Gift cards – pre-set; not reloadable
 - Reloadable Closed Loop cards
 - General Purpose Reloadable (GPR) cards
- Credit and debit cards
- Embedded chip cards (“Smart cards”)
- Mobile phone QR codes and Apps
- A new currency: Bitcoin

Cashless Terms: “Closed Loop” Cards

➤ Closed Loop Cards

- Identified to the company issuing the card
- Buy and load a for specific purpose
- Usually can reload for same purpose
- No ability to use outside the issuing business.



Cashless Terms: “Open Loop” Cards

- Identified to the issuing card network
- Use for any purpose
- Can reload for any purpose
- Registration of card enables anti-fraud and other consumer protections
- Can use everywhere the issuing card network is accepted.



Tech: Moving at Warp Speed

➤ Multiple technologies now in use in festivals, fairs and concerts -

- Mobile financial transactions
- Mobile NFC
- Embedded chips
- RFID wrist bands, name tags
- Bar codes (including QR)



Mobile Financial Transactions

- 275mm US adults (87%) have a cell phone
- 143mm are Smartphones (52%)
- 75% of adults 18-33 have Smartphones
- 39% of adults 18-33 have used mobile banking in past 12 months

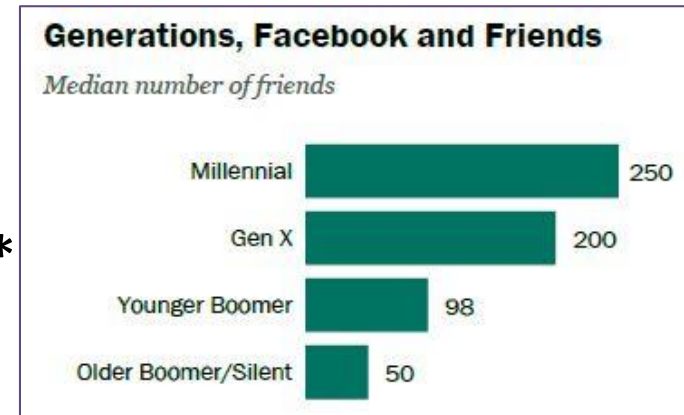


Source: US Federal Reserve. "Consumers and Mobile Financial Services". March 2013

Millennials are “Digital Natives”

➤ Millennials: 18-33 yrs.; 80MM

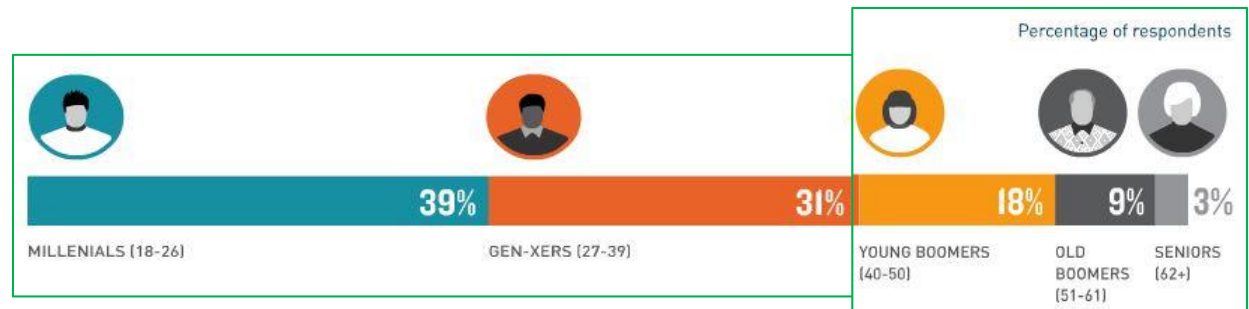
- First generation in Digital Age; cell phones, laptops from preschool; constant socializing
- More friends, fewer institutions
 - 250 Facebook friends*
 - “Independents” politically*
 - 29% not affiliated with a religion*



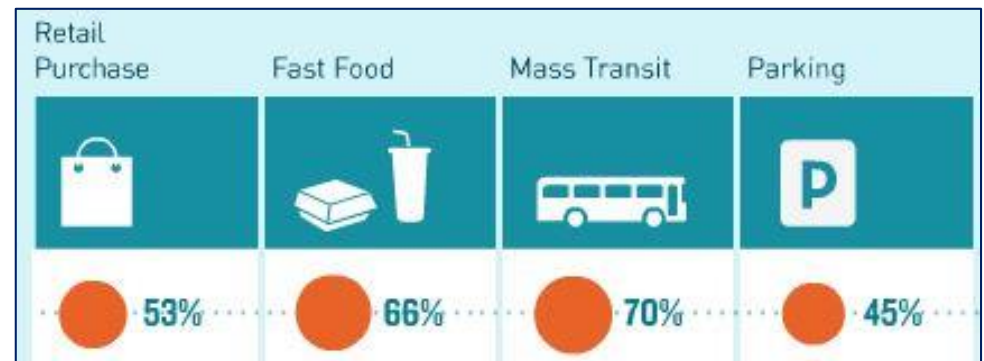
*Pew Research Center, March, 2014, “Millennials in Adulthood: Detached from Institutions, Networked with Friends”

Demos, Tech Meet at Mobile Purchases

Millennials
and Gen X'ers
lead mobile
purchases.



Here's what they're
purchasing.



What is the Future for Cash?

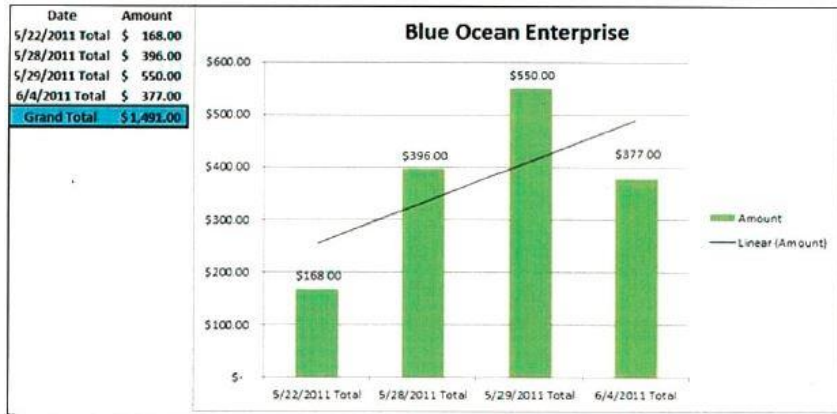
- Cash rapidly is becoming less important in the USA.
- The real question for events is: what to do when your attendees need more cash?
 - 1) Send them to an ATM machine, where they pay 5%-20% for more cash? Or...
 - 2) Sell them a prepaid card that they can spend anywhere?

Do Visitors Spend More with Cards?

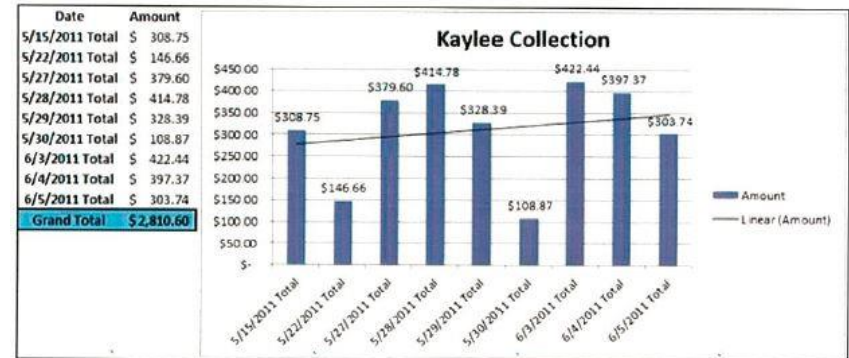
- Retailers' average sales increase is 18-21%.*
- McD's introduced credit cards in 1984. Their average single sale increased 42%.*
- The average cash transaction is \$17. Visa[®] credit card purchases average \$66. Debit card purchases average \$42.*
- For a recent IFEA member event: vendors' sales increased 11 - 24% over previous years.

*Sources: D&B. Studies referenced at www.dunandbradstreet.com; Visa studies. www.visa.com

New York Street Fairs: Visitors Spent More with Cards



Pearls and shells retailer



Hats and shirts retailer

Taking Your Event Cashless

- It is a cultural change for your board, your attendees, vendors and sponsors.
 - What to look for in a cashless program.
 - Develop a plan.
 - Know the barriers to change.
- Participation from your board, your staff and from the service provider you select.

Cashless Strategy: Discuss the Present

- What are our problems with cash, and do we have viable alternatives?
- How can we enlist our board members in a move to cashless?
- Can we enlist some of our vendors in a move to cashless?
- Can we gauge our attendees' reactions to going cashless?

Cashless Strategy: Discuss the Future

- Where do we want to be in 2-3 years after going cashless?
- Which card type or program will get us there?
- Which type of program can evolve with us if we move to cashless?

Strategy: Make It a Total Solution

- Replace cash at all sales points at the event. A “phase-in” will not work.
- Provide benefits to all event constituents—your event, attendees, vendors, volunteers and your sponsors.
- Include financial reporting that increases Business Intelligence (BI) for your event, for vendors, and for sponsors.

Create a Plan: Strategy and Tactics

- You're introducing change: few people embrace change without some understanding.
- Your plan should address two groups in detail.
 - Vendors: Plan for some to be negative from the outset. They may have good reason.
 - Attendees/volunteers: Announce early—they are your most important constituency.
- Work closely with your team, your supporters and your selected service vendor.

Define and Focus on the Benefits

- Reduced Risk: less onsite cash handling
- Improved revenue flow; Less “slippage:”
- Increased staff and volunteer efficiency
- More BI (Business Intelligence): results analysis
- New revenue opportunities
- More sponsorship opportunities

Anticipate the Barriers to Change

- History: Many events precede consumer credit (1954)
 - Festivals: many 19th, early 20th Century
 - Fairs: 18th Century roots (8th in Europe)
- Culture: Cash is a part of relationships
 - Attendees expect cash or surrogates: paper tickets; tokens
 - Directors: older directors may prefer cash
 - Vendors: those who resist likely have reasons

Overcoming the Barriers

- “Never Say Never”
- Enlist your allies: board, sponsors, vendors, visitors. Gather data—interviews, surveys
- When you plan to introduce cards, enlist your local media EARLY in the process: papers, TV interviews, Radio talk shows. Reach your attendees.
- Acknowledge that not all folks are positive.
- Build on your allies’ and team’s participation.

Thank You

Let's discuss

Jim Shanklin
Contratto, Inc.