

The Evolving World of Financial Transactions and Audience Expectations

JIM SHANKLIN – FESTIVAL TRANSACTION SERVICES, INC.

Brisk Winds of Change Today

- ❖ Economic Challenges to Events
 - Six Septembers since the “Great Recession”
 - Challenges to public partners
- ❖ Technology Acceleration
 - Definition of money is changing
- ❖ Changing Visitor Demographics
- ❖ “Cashless” is on a Lot of Minds

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.

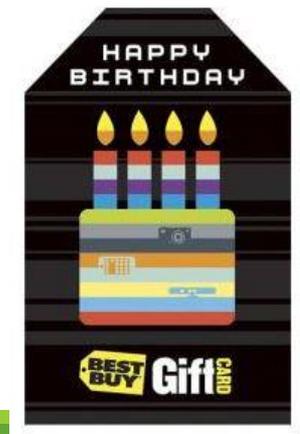
Cashless Today: A New Economy

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

The Language of Cashless: “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.



The Language of Cashless: “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.



Technology: Moving at Warp Speed

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

- Mobile financial transactions
- Mobile NFC
- Embedded chips
- RFD 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

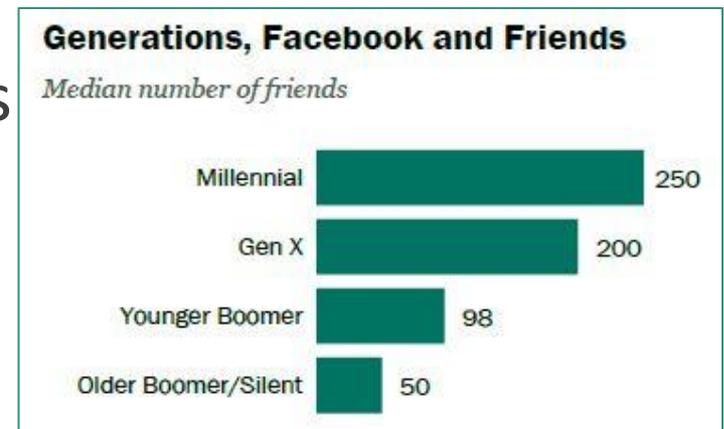


Source: US Federal Reserve. "Consumers and Mobile Financial Services". March 2013

Millennials are “Digital Natives”

Millennials: 18-33 yrs.; 80MM

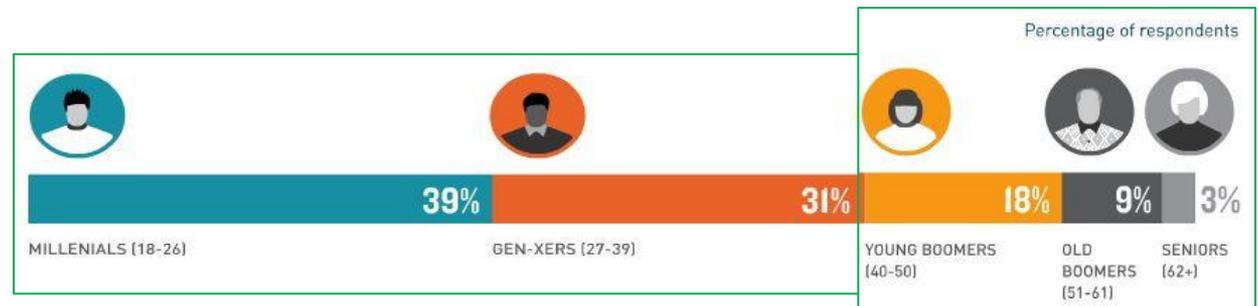
- First generation in Digital Age; cell phones, laptops from preschool
- More friends, fewer institutions
 - 250 Facebook friends*
 - “Independents” politically*
 - 29% not affiliated with a religion*



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

Demographics and Technology Meet at Mobile Purchasing

Millennials
and Gen X'ers
lead mobile
purchases.



Here's what they're
purchasing.



Source: Intuit study report. www.intuit.com

What is the Future for Cash?

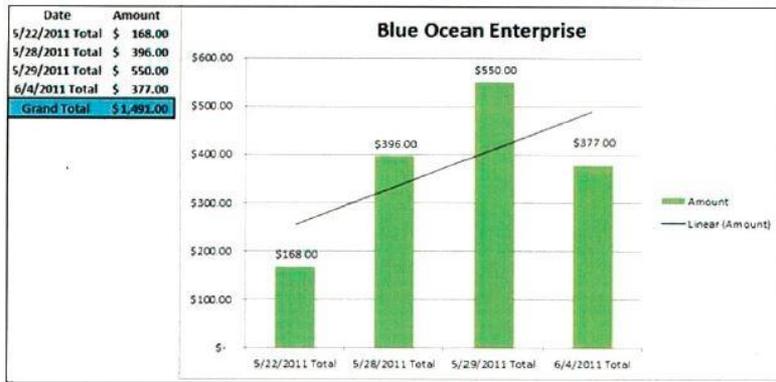
- ❖ Cash rapidly is becoming less important in the USA.
- ❖ The real question for events: what to do when your attendees need more cash?
 - 1) Send them to an ATM machine, where they pay 5%-20% for more cash? Or...
 - 2) Sell them a prepaid card that they can spend anywhere?

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.*
- ❖ FTS' most recent event: vendors' sales increased 11 - 24% over 2013.

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

FTS New York Street Fairs: Visitors Spent More with Cards



Pearls and shells retailer;
 NYC May 22, 28,29; Jun 4,
 2011



Hats and shirts retailer; NYC
 May 15-30; Jun 3-6, 2011

Considerations in 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.
- ❖ You need participation from your board, your staff and from the service provider you select.

What to Look for in a Cashless Program: a Solution!

- ❖ A transaction service that replaces cash at all sales points at the event—the visitor does not need cash to have fun!
- ❖ One that delivers benefits to all parties to the event—your event, your attendees, your vendors, your volunteers and your sponsors.
- ❖ One that includes 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: Announce early—they are your most important constituency.
- ❖ Work closely with your team, your supporters and your selected service vendor.

Considering Cashless: Define the Benefits

- ❖ Risk reduction: less onsite cash handling
- ❖ Reduce “slippage”; manage revenue flow
- ❖ Increase staff and volunteer efficiency
- ❖ More BI (Business Intelligence): results analysis
- ❖ New revenue opportunities
- ❖ More sponsorship opportunities

Considering Cashless: Discuss the Present

- ❖ What are our problems with cash, and do we have viable alternatives to cash?
- ❖ 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?

Considering Cashless: 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?

Anticipate the Barriers to Change

- ❖ History: Many events precede consumer credit (1954)
 - Festivals: many 19th, early 20th Century
 - Fairs in the US: 18th Century roots
- ❖ Culture: Cash is a part of relationships
 - Attendees expect cash or surrogates: paper tickets; tokens
 - Directors
 - Vendors

Overcome 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: papers, TV interviews, Radio talk shows...EARLY in the process.
- ❖ Acknowledge that not all are positive.
- ❖ Build on your allies’ participation.

Let's discuss

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