



Why Every Fair and Festival Should Use Tokens Instead of Cash or Tickets

By David M Blumenfeld

Just how much do you worry about cash control and loss prevention? Leaders in every cash based business know that cash control and accountability are two gaping holes that need filling. This article will introduce readers to a proven way to cut losses and save on labor.

What are You Worried About?

Let's face it, booth workers, whether employees, volunteers or family members, are mostly honest people. The trouble is that when we put uncounted cash in their hands, some of it slips between their fingers; and not just a small amount. I heard a story from a Paramount Midway operator whose revenue jumped up \$2,000 a week after firing one dishonest employee. A SeaWorld games operator told me they had several employees quit the week that cash was taken out of their hands because they could no longer augment their income with an extra \$20 bill here and there.

Customers and Electronics Do Their Part for Retailers

Did you ever wonder why Retailers have signs everywhere notifying customers that if a sales associate doesn't provide a receipt, the product or service is free? That's a form of cash control where customers become auditors. Money entering a cash register is accounted for. A cash register receipt is proof that money went into the register, and the customers help ensure that it does.

Notice all the signs Retailers have installed notifying customers and employees that they are being videotaped? It puts employees on notice that their actions are being monitored. It's another common theft deterrent.

The problem is that what works in malls and stores doesn't work in the Fair and Festival industry. We have few fixed locations for installing sophisticated surveillance equipment and most events aren't open 12 months a year to justify installation of POS terminals or even cash registers at every sales transaction point. There isn't money and we're too physically spread out. Oh, and most locations don't even have power at all transaction points.

What Has Been Done to Stop the Losses?

The industry workaround has been the use of tickets instead of cash as the medium of transaction. Tickets are sold only at ticket booths, making it easier to monitor cash transactions. Plus there are fewer cash boxes and money belts in use. Security can be better and access to the cash is more limited. So what's the problem?

Selling tickets is fine, the problem is counting them. Counting by hand is too slow. One festival organizer has a staff of 20 volunteers who take an entire week to hand count the weekend's tickets receipts. Imagine if you told your vendors they'd have to leave their tickets with you for a week before being paid out. They wouldn't stand for it.

Cheating is a Real Problem

For speed (not accuracy), tickets are often counted by weight. That seems fine; however, vendors have learned that damp tickets weigh as much as 50% more than dry ones. So some vendors cheat and boost their revenues by spilling some beer or water on the tickets. If you are weigh counting and the tickets are 50% heavier, then you are paying 50% too much to the vendors. To combat wet (heavy) tickets, some organizers dry the tickets in ovens before weigh counting them. That worked until vendors came up with a less detectable workaround, they use hair spray or put grease on the tickets, both of which add weight to the ticket and don't disappear in the oven.

I'm not saying that all vendors cheat, or that tickets aren't a reasonable solution,

it's just that there's a better solution for cash control for Fairs and Festivals, one that's been in use in lots of other industries for years. *Metal Tokens*.

Token Counting is Quick and Accurate

We recommend having several high speed coin counters in the counting area, similar to the ones banks use. They are very accurate and extremely fast. \$10,000 worth of tokens can be easily and automatically counted on one machine in just 10 minutes. At this point, the tokens are sealed into plastic bags for the next day.

Keep Sales Separate from Counting

Just like with tickets, financial transactions with tokens should be handled in 2 distinct operations. The sale of tokens to patrons takes place only in a cash booth, where tokens and cash are both audited every shift to ensure none goes missing. Just like major retailers McDonald's and Kroger, tokens and cash drawers are counted before a shift starts and then recounted at shift change. Any discrepancies are noted immediately and reconciled. If the token booth had \$10,000 in cash and tokens at the beginning of the shift, it must have 10,000 in cash and bills at the end of the shift.

The redemption of tokens takes place at vendor booths. Patrons only give up their value tokens in exchange for goods. The transactions are automatically verified. At days end, the vendors return the days token receipts to a central location where they are counted, verified and the vendors are paid out. Tokens are then repackaged for sale by the cash booth the next day.

Tokens have Counterfeit Resistance.

Let's face it, tokens are harder to counterfeit than paper tickets. They are made from hard metal on highly specialized minting presses, in fact, the exact same machines that make US coins. Each Festival's tokens are customized for easy recognition and can be colored for quick visual distinction. And where needed, tokens can be upgraded with secret marks or optical codes for forgery detection. In-house artists and engravers handle the details for you. Tokens are made in the Cincinnati factory of TokensDirect, under the same strict supervision as the casino tokens we make.

Care about the Planet

Of course, tickets can only be used once, so bales of them have to be destroyed and sent to the landfill at the end of every event. Metal tokens are bought once and last for decades. One Event organizer has been using their aluminum festival tokens since 1991.

Because tokens can be recycled frequently, you don't need anywhere near as many tokens as tickets.

Tokens Found to Increase Per Cap Spend

Car washes and arcades have been using tokens for decades and have learned something about the buyer's mentality. For those who are on a cash basis, wouldn't you like to know that your customers report that once they convert their money into tokens, they no longer see what they have as money. It's non-refundable and they tend to spend tokens faster than cash. In ICWA's (International Car Wash Association) 2010 opinion survey, owners reported 22% higher per capita sales from tokens vs. cash. Once purchased, patrons are more likely to be freer wheeling when spending tokens than cash. Arcade owners have known this for years. When was the last time you went to an arcade that used quarters rather than tokens? There's a reason for that.

Tokens Pay for Themselves

Another directly measurable impact of the switch to tokens is what we euphemistically call "walk-aways." Every one of our festival customers replenished their token inventory annually. You might say that they cost money, but so does beer, but no one complains when people buy a beer and take it home. Why should they complain when they sell tokens and people take them home? A profit is a profit.

Many Fairs charge for booth space. Smaller events charge a flat rate per foot, but the larger fairs also charge a percentage of vendor sales. How do they collect the fees? Managers said their vendors are pretty honest and tell them how much they owe. Now I'd like to give people the benefit of the doubt, but I'd guess that if the IRS accepted taxes based on the honor system that our country would go broke. The problem is that it's hard to accurately calculate the commission/royalty on cash sales without sales receipts. That's where *tokens* can help. Vendors get their cash back when tokens are turned back in. They lose money if they under-report sales. Fair tokens are counted accurately, right in front of the vendor at your central redemption location. On the spot, booth fees can be deducted before paying the vendor out. The system keeps everyone honest.

Token Vending Machines – The Ultimate Lock-down Save money and labor

Still concerned about cash control? Tired of digging up honest, dependable volunteers to work long shifts at ticket/token booths for the entire festival? Consider using automatic token dispensers. These are the same machines seen in arcades, parking garages, car washes and laundromats. There

are tens of thousands of token vending machines in use every day. They accept bills and even credit cards, and accurately dispense tokens. Customer transactions are simple and quick. A trusted 2 person collection team can pull the cash receipts out of a changer and refill it in a matter of minutes. Very limited access to the cash! Replace ticket booths with token vending machines and save on staffing as well.

Budget a Problem?

If you're are thinking tokens sound great but don't have the manpower or money to take advantage of them, there's a solution. We work with a token processing company called Coin of the Realm (COTR) that offers turnkey Event token solutions with no out-of pocket expense. COTR will provide all the tokens needed, token vending machines, high speed counters and necessary manpower to count and redeem tokens at *No Charge*. That's right, No Charge.

The way they cover their costs is through the walk-aways, or unredeemed tokens the attendees take home as souvenirs. That's typically 1 – 5% of the total tokens sold into circulation. You'd be proud to have COTR tokens for your Festival. They design the most attractive tokens in the business, knowing that folks are more likely to take home attractive tokens as souvenirs. Tokens are perfect to collect and show off to friends. Coin of the Realm reduces staffing requirements, insurance liability, lost revenues and does it all with no out of pocket costs to you!

Bottom Line

Tokens solve cash control problems for Event Managers, they decrease labor needs and increase revenues. Contact an Industry Supplier and for a customized token based business plan.

Resources:

Turnkey Event Token service:

Coin of the Realm

783 North Grove Rd. Suite #101B

Richardson, Texas 75081

855-55-REALM (855-557-3256)

www.coinoftherealm.com

eddie@coinoftherealm.com

David M Blumenfeld, is the Director of Product and Business Development at TokensDirect, a division of Osborne Coinage Co., America's oldest private mint. For more information, visit www.tokensdirect.com. To speak with a sales specialist, contact TokensDirect at 877-480-0457, or via mail to TokensDirect, 2851 Massachusetts Avenue, Cincinnati, OH 45225, or via e-mail at sales@tokensdirect.com