



THE EMERGENCE OF A CASHLESS FESTIVAL LANDSCAPE

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Cashless payment technology has never been more relevant in the live event space than it is today, as event organizers, vendors and patrons are widely adopting cashless payment solutions for the value-added benefits.

Intellitix's Cashless Payment Solution at Rock in Rio USA in Las Vegas, NV.

The notion of processing transactions digitally without the need for physical cash started in the 1990s when smart card systems were introduced into the European market. A smart card served as an “electronic purse” that stored pre-loaded funds on the card so that card readers would not require network connectivity to process transactions. To this day, smart card systems are still in use where event promoters have utilized closed-loop currencies that are used only within the carnival environment, as patrons swipe their cards to pay for each attraction.

In an article from the March 2000 issue of *Card Technology Magazine*, an author first cited that “the smart card has come a long way over the past 10 years, but has a long way to go.” The article predicated that the smart card would evolve into using “a high speed interface such as

USB or those commonly used on mobile phones.” Fast forward 15 years later and the world has shifted from emphasizing the use of smart card technology to more efficient contactless systems leveraging Radio Frequency Identification (RFID) and Near Field Communications (NFC) technologies.

It seemed ahead of its time when a small festival in Corvallis, Oregon called Da Vinci Days piloted the first closed-loop cashless payment system back in 1996 working with Evention Technologies. This system utilized a chip card that was pre-loaded with cash and could be swiped by a reader at each vendor’s stand. Now, festivals worldwide have moved to a new world of wristbands embedded with a tiny RFID chip, tap and go pay stations and what some would call a mobile wallet on your wrist. The world’s largest

festivals have embraced cashless payment technology including TomorrowWorld, Rock in Rio USA, Electric Daisy Carnival, Carolina Country Music Fest, Wine Amplified and Taste Food Festivals.

In a short timespan, the recent evolution of digital payments using RFID-enabled wristbands has empowered organizers to take great strides in elevating their event experience by going fully cashless for all on-site purchases as the sole method of payment. By pre-loading or “topping-up” their wristbands with digital event currency in advance, patrons benefit from speedy transactions and significantly reduced queues to make purchases for food, drink, merchandise and more with a simple tap of their wristband. No more fumbling for cash, hitting the ATM, carrying large amounts of cash or risk losing their wallets. Mak-

ing purchases has never been easier or more convenient. Festivalgoers also have full control and transparency of their on-site spending, as all transactions are digitally recorded and accessible online to registered users.

As a result of faster transaction times and pre-loading of event credit, it has been proven that vendors and organizers can gain an increase of 15-30% in on-site revenue from cashless systems compared to traditional forms of payment at an event. Through real-time sales reporting and a wealth of audience demographic and purchasing data, vendors and organizers are able to optimize sales opportunities and enrich future event content by identifying bestsellers and understanding what their audience really desires. Cashless systems also take the major expense of money handling, counting cash or weighing physical paper or plastic tokens out of the picture. Vendor reconciliation is made simple and processed digitally with absolute accuracy and transparency.

When considering going cashless, the most effective platform for festivals and live events uses a "closed-loop system," which works off a secure, private VLAN network with a contained event database to process transactions in patron accounts. Closed-loop systems have the ability to operate both online and offline (when network connectivity is not available), ensuring cashless payments will always be processed with 100% uptime across an event. This is particularly relevant for open-air festivals, remote locations and busy signal areas where



Intellitix's Cashless Payment Solution at Electric Daisy Carnival in Orlando, FL.

network connectivity may not always be reliable. The guest's spending experience will never be interrupted.

In contrast, a cashless "open-loop system" accesses the patron's payment device to process transactions directly on their credit or debit card network at the time of purchase, requiring network connectivity to receive authorization from the credit card company or issuing bank. The system cannot operate in complete offline mode, which may result in downtime processing cashless payments when the network is not available or charge-

backs. Transactions require more time waiting for credit or debit authorizations and if a network connection cannot be established, cashless payments cannot be processed, resulting in lost sales.

RFID technology is at the forefront of this cashless revolution, despite developments in NFC mobile payments such as Apple Pay that runs on an open-loop system requiring network connectivity to process transactions. There are limitations to using smartphones in current-day festival environments such as battery drainage and lack of charging stations, lack of signal, lost or stolen phones, and compatibility issues with different phone platforms; NFC is still fairly nascent. Whereas RFID technology has been used in various industries for almost 50 years and RFID-enabled devices such as wristbands are accessible to all festivalgoers and can also be integrated with access control systems and social media rich brand amplification opportunities. Nevertheless, Apple Pay with NFC is a great reason to be excited about the future of cashless payments. This confirms that the future is in paying with the tap of your wrist! There is no doubt that mobile phone based systems like Apple Pay will eventually become the norm, but it will take a long time until we see the impact at events.

The rise of cashless payment technology continues and shows no signs of slowing down, as people have now experienced cashless in action at some of the biggest events in the world and have grown to trust and understand the technology. The myriad of benefits to organizers, vendors and consumers are



Intellitix's Cashless Payment Solution at Wine Amplified in Las Vegas, NV

simply too great to ignore. Faster service, increased revenues, improved security, eradication of theft and fraud and simple reconciliation. The future of cashless and contactless technology has arrived.

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