



The Evolving World of FINANCIAL TRANSACTIONS and Visitor Expectations

By Jim Shanklin, CFE

The Coin of the Realm is changing to digital commerce, and it is a Mega Change for community events. While the transition up to now has been gradual and absorbed into the consumer economy with little fanfare, it is now at the Tipping Point and accelerating rapidly in the U.S. Only a few years ago, there were three great "pools of cash" in our economy: taxi services, coin-operated laundromats and community events. Today, there is one "pool" remaining, and the focus of digital commerce players is on the community events world.

It is not as though cash is regarded fondly as a medium of exchange. Not only do event organizers complain about cash, but attendees, midway operators, vendors and volunteers also complain about it. Cash is high risk, high maintenance and high cost to transport into banks; and everyone knows about the negatives. Cash has the benefits and the drawbacks of being anonymous and "fast" to use. "Anonymous" means that it can disappear; not be directly traced, and is an open opportunity for people in the events world who are less than honest. "Fast" means that despite all of its drawbacks, food and beverage vendors can move a lot of customers through their lines.

When is "Cashless" Not?

Some members of the events marketplace say that they are "cashless" today, through the use of paper tickets or plastic tokens. Unfortunately, although both of these cash surrogates offer some benefits, they maintain several of the risks and inconveniences of cash. First, they require a dual reconciliation at an event's end. Not only does cash have to be counted, but the ticket or tokens as well, requiring redundant volunteer teams to administer the reconciliations. Event visitors especially resent the multiple lines, long waits, and the "breakage" resulting from tickets or tokens left in their possession. Paper tickets also offer prime opportunities for vendor or midway fraud. Stories abound about tickets being soaked, sprayed and literally counterfeited in attempts for sellers to wring a little additional profit from events.

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The Drivers of Digital Commerce

Global, national and local commerce today moves at the speed of electrons. The demand upon the b2b banking system to get sales into their retail, service and trade customers immediately is intense. Just recently, Nacha, the Electronic Clearinghouse Association, proposed same day settlement of funds to its bank members. The members voted it down as too slow. On October 30, 2014 Nacha announced it can achieve multiple settlements per day into its member banks.

We already are in a digital economy. The universality of credit, debit and now prepaid cash cards, coupled with the new tools for consumers to use their cards digitally, has made digital commerce "mainstream." The only question remaining is how best for the community events marketplace to flow with the stream instead of paddling vigorously against it.

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The Tools of Digital Commerce

The Smartphone is the universal tool for digital commerce. Cell phones are now owned by 87% of US citizens—275 million people. Of the phones, 52% are Smartphones capable of all of the functions required for "mobile banking," as it's called. Among the "heavy users" of Smartphones, the 18-39 year-old Millennials age group, 75% have Smartphones, and 39% of them have used mobile banking in the past 12 months.

This 80 million-strong age cohort is the first Digital Native generation, a term coined to reflect their exposure from birth to Smartphones, laptops, tablets and other digital products. In addition to banking, the Millennials represent far and away the highest users of mobile shopping: 70% of them buy mass transit with mobile, 66% fast food, 54% retail, and 45% parking. Why would we think they want to use cash, paper tickets or tokens at our events?

Good News: Visitors Spend More with Cards

There no longer is any question that people spend more when they use cards—credit, debit or Smartphone-resident

digital cards. The public data is national and unequivocal. The growing body of data FTS sees supports all of the public data: retailers (and vendors) experience from 12-18% on average increase in sales volume, and additional increases in per "ticket" sales, from credit, debit card and prepaid card purchases than from cash.

In surveying millions of purchases, Visa® shows clearly that the average cash purchase is \$17.00; the average Visa credit card purchase is \$66.00; the average debit card purchase, \$42.00.

With all due respect, the case is closed. Introduce prepaid cards to your event and your attendees will spend more, your vendors will sell more, and if your event charges a commission, you will make more.

Taking Your Event Cashless: Considerations

The decision to transition your event to a cashless model is not a trivial one. It will be a cultural change for your event and for most to all of your stakeholders. Whether you think of it from a positive or a tentative position, it deserves and requires discussion, team building, a plan and the anticipation of resistance to make the transition successful. I'm hopeful that the ideas offered in the following sections

of this article will be useful to you, and will assist the journey. In an analysis of moving to cashless, you likely will find that the positive results will far outweigh the challenges.

Discuss the Present

The more discussion you can have about making this change, the better will be the transition, let alone the project results. Build a team of staff, board members, vendors and volunteers to initiate discussions about going cashless. It must be a team willing to work.

Discuss how cash does and does not work for your event: how much real and perceived risk, how much time, how much "slippage" you may have, how "breakage" may affect your visitors' attitudes, the costs of transport, bank services and other attending costs to using cash. Make sure the meeting is positioned as a brainstorming session to pull out all of the ideas possible, both good and not, to make the first meeting a success.

In part the discussion(s) will benefit the decision path, and in part it will begin to socialize the topic in a non-passionate forum. The stakes for any member of the team should not be high. Once you're satisfied that you have thoroughly explored the subject, define the benefits of making the move.

Define the Benefits

Depending upon the success of the initial meeting, a discussion of the benefits of taking cash out of your event may be a part of the first meeting, or the topic for a second meeting. Some of the benefits that may come to mind include reduced risk, reduced "slippage," more efficient use of staff and volunteers, new and valuable sales and revenue information and the potential increase for revenue. Your team likely will come up with more ideas, and the exercise should encourage the next step.

Develop a Plan

Once your initial meetings are completed, I'd recommend a written plan to move forward with the project. It can be simple, but a plan nevertheless can help keep stakeholders and your staff aware of and involved with developments along the way. A plan also can identify issues that you may not encounter until the project is well along in its development; specifically, the inevitable Barriers to Change (it's that cultural change thing, again).

In fact, a written plan should also identify, well ahead of time, how to plan for and deal with the introduction of the new cashless event to your attendees, vendors and sponsors using your local media outlets.



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A written plan will also be an indicator to potential cashless service providers that your event is serious about the change and that the provider selected must work hand-in-hand with your event to achieve the optimum goal.

Look for a Solution, Not a Service

With a plan in place, begin your search for a potential service provider. There are a growing number of cashless service providers in the community events marketplace, some of them stronger than others, as it is quite early in the development of cashless community events. From the point of your plan, look for three overall capabilities as you look for a potential provider and business partner for your event:

- A transaction service that replaces all cash at all sales points at the event. This approach ensures that you are capturing all revenue, and demonstrating that your attendee does not need cash to have fun!
- A transaction service that allows and includes financial reporting that increases Business Intelligence (BI) for your event, your vendors and for your sponsors.
- A transaction service that delivers benefits to all parties to the event—your event bottom line, your attendees, your vendors, your volunteers and your sponsors.

Overcome the Barriers

People and attitudes that may arise as potential barriers to the cashless direction are understandable, once you look at the event in the context of the local community society. Especially if the event is 50 or more years old, some fans of the event, those who may have grown up attending it as young people, want it to remain as it was out of the emotional and nostalgic

feelings for the event. Others simply don't like change, and want to express their dissatisfaction; those you've likely heard from in the past on other changes.

A communications plan, public relations and advertising, is a must-have part of your plan. Contact print and broadcast media outlets, at 60-45 days prior to the event, and set up interviews with the "anchor" people or editors to position and explain the new digital commerce, why you are making the changes, and what the likely benefits will be for attendees and vendors in particular. Acknowledge that some in the community might be displeased; build on your allies' reputations, your board members' roles in the community and answer the reporter's or anchor person's question, while again explaining that there will be benefits to all segments of your attendee audience from the new program.

At 30 days prior to opening, but as a part of your event opening, use your web site, social media platforms and offline media to promote the new cashless event, the new card or other cash replacement device, plus the other new innovations that you are introducing as a part of the change to digital commerce.

Enlist members of your team to join you in the interview process with the media. As many of them are familiar faces and names to both the media and the public, they will become endorsements of the new direction, and will add credibility to your own presentation.

It IS in Fact, a New Day

To repeat myself, moving to digital commerce and a cashless event is a cultural change. Like many mega changes, however, once you are able to look back at the initial event, and look forward to your second cashless event, you will see what Economist Dr. Joel Mokyr meant in a recent *Wall Street Journal* issue. In referencing the role

of technology in the US economy, he said, "the technological tailwind is more like a tornado. Fasten your seat belts."

You will look back at the benefits of taking your event cashless with the same feeling. Fasten your seat belt.

Jim Shanklin, CFEE, Executive VP of Festival Transaction Services, Inc., founded Festivals.com in 1995, and introduced Internet promotion to the festivals and events community through Festivals.com and Backstage at Festivals.com. Festivals.com today is Festival Transaction Services, Inc., and Festivals.com is still the Number One Google return for the keyword, "festivals." Mr. Shanklin regularly speaks at festival and event conferences on how to link event activities to benefit from Internet exposure and commerce, and is recognized throughout the festival and event industry as an Internet pioneer. Prior to founding Festivals.com, Jim had 32 years of experience in the marketing research and advertising agency businesses, holding senior management positions at several Pacific Northwest advertising agencies. He also founded and ran a consulting firm from 1992-1995, delivering projects in marketing research, strategic planning, and consumer product marketing to domestic and international companies. Jim holds a MBA degree, and has pioneered integrated marketing and consumer behavior concepts throughout his career. His personal interests include downhill skiing, music and community involvement.