

Is It Worth the Expense to Accept Credit Cards at My Event?

By Scott Henry

Festival organizers and vendors have been asking themselves for years whether or not it is worth the expense to accept credit cards at their events. While it's easy to say cash is king, in 2014 Americans held an estimated 232 million credit cards and 197 million debit cards. The buying power and convenience of plastic is hard to ignore.

While cash is the universal tender and easy to use, there are drawbacks. We know what happens when guests run out of cash – they can reduce the size of their purchases or stop spending all together. Some don't want to wait in line at an ATM and then wait in line again in the food line. Others object to paying high service charges to get access to their own money. For vendors, being a cash-only business creates headaches to securely keep enough of the right currency on-site to make change. Cash also makes it easy for unscrupulous employees to steal during the event. That can be very difficult to detect -- you're focused on keeping the lines moving that are 20 people deep at each point of sale and you can't watch everyone who has access to the cash drawers. For event organizers that collect a percentage of vendor sales, cash-only events that run on the "honesty" system are leaving the door wide open for the vendor to creatively produce a sales number for the main office.

At the September 2015 IFEA Convention in Tucson, AZ, one panel discussion addressed secure financial transactions at events. Attendees were curious about what the difference was between the average value of a cash sale and a credit card sale for a food and beverage purchase. Retail industry data suggests the average value of a credit card sale is 18 to 20 percent higher than a cash sale.

That Convention session got Scott Henry at American Metro Point of Sale (AM) thinking about the client events he had supported earlier this year. Henry is a sales rep at AM, the largest company in the U.S. that rents cash registers and credit card machines for the festival and event industry. One of their POS systems pairs a cash register with a wireless modem that allows vendors to accept

cash, process credit cards in less than three seconds, and report all sales to a secure web site in real time. This allows the vendor and event organizer to view sales activity, specific numbers on what products event guests are buying from vendors, monitor inventory levels, and compute the average ticket value of cash and credit card transactions.

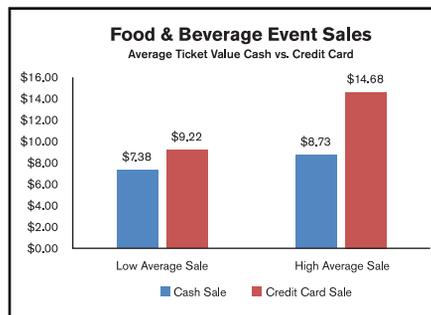
Upon compiling data from 2015 AM client events, the differences in average ticket values were very apparent.



FOOD AND BEVERAGE SALES:

Low Avg Cash	Low Avg Card
\$7.38	\$9.22
High Avg Cash	High Avg Card
\$8.73	\$14.68

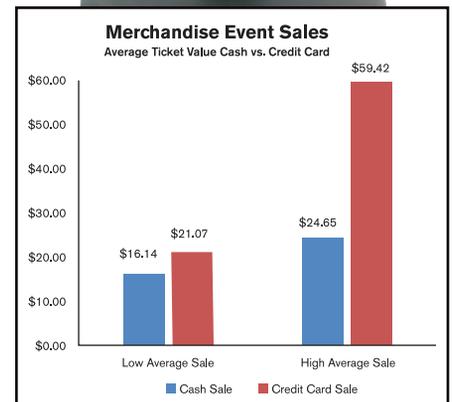
The average ticket value for cards over cash was 25% higher for the low average sale and 87% higher for the high average sale.



MERCHANDISE SALES:

Low Avg Cash	Low Avg Card
\$16.14	\$21.07
High Avg Cash	High Avg Card
\$24.65	\$59.42

The average ticket value for cards over cash was 31% higher for the low average sale and 186% higher for the high average sale.



These results do not represent a scientific sample. Accepting credit cards at an event does not guarantee a higher average ticket value.

Scott Henry is a Sales Representative at American Metro Point of Sale, the largest company in the U.S. that rents cash registers and credit card machines for the festival and event industry. Anyone interested in more information about these comparisons is welcome to contact Scott Henry at 651.247.8265 or scott@americanmetro.com.