



# The Crane and Merchandise Lineup

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**G**one are the days when an operator would put a single crane near the door of the FEC and focus the rest of their time and equipment investment in video games and redemption. Cranes and merchandisers have grown over the last 15 years to become a major component of successful FECs, bowling centers and street locations.

In my own experience as a route operator in Walmarts and other locations in the Midwest and Puerto Rico, our crane lineup grew significantly. We started in 1996 with one plush crane and one candy crane in a typical location, with one or two video drivers, an upright video and kiddie rides. By 2005 we had one driver, a kiddie ride if we had to and from two to seven cranes and merchandisers in a typical location. Our crane lineup included: one jumbo plush crane, one small plush crane, one gravel crane, one ball crane, one candy crane, one *Sports Arena*, and a *Stacker*. As cranes and merchandisers have grown in prominence, it is more crucial than ever to make sure that they are performing at the highest level.

In general, there are two main factors impacting how many cranes and merchandisers you will need in your lineup: the space in the location and the profitability of the machines. The amount of space is

self-explanatory; you can only put machines in available space, which is limited. Many people intuitively think that if they have one crane, adding a second crane will seriously impact the revenues of the first. This simply is not the case, assuming that the second machine has a different product. I have found that a second crane, with the right merchandise selection, usually reduces revenues on an existing crane by only 10-20%. If the first crane is making money, I'm happy to add a second.

Another rule of thumb to decide if a crane is worthwhile is that revenue should pay for the machine in one year. If it does, the addition is a no brainer. Once you've decided that you want to add machines, the question is what machines are ideal.

There are a variety of cranes and merchandisers that could be added. One option is to add cranes with a specific merchandise license. Currently, I would have one crane with licensed *Angry Birds*. *Angry Birds* is the hottest licensed item in several years. This is an example of a license that can drive revenues. Other licensed products can drive sales, but they are often overused. A careful ROI calculation can show that the additional cost of a license may not be offset by enough higher sales. A generic themed mix can drive sales at a fraction of the cost of licensed product, especially when combined with posters or other decora-

tions to highlight the mix. I would have one crane with a generic themed mix that is rotated monthly and includes the appropriate seasonal goods around the major holidays of Halloween, Christmas, Valentine's Day and Easter. A small licensed product can cost \$2-\$5.00 while a similar sized generic themed product

these machines. As the industry shifts to offering high-end electronics and other expensive items that cannot be won often because of the high price point, it is important to have machines in the crane line-up that allow customers to win more often and winner-every-time clearly fits this category. Our neighbors to the north in

Canada tend to be ahead of the curve in winner-every-time due to Canadian laws that require a prize be won every time. They have been operating small plush mixes, available for less than 50 cents that can vend a prize every time for years. This model is catching on here in the States, too.



will cost \$1-\$2. This means the customer can win two to three times as often, which also drives sales because "winners make players."

Another trend is the winner-every-time plush crane. Candy cranes have been operated as winner-every-time machines for years. Now there are small plush mixes and other items that can be offered in

We think this trend will continue and have added a value plush line with price points between \$.45 and \$.70 to support our customers winner-every-time programs.

The *ICE Winner Every Time* crane is a good example of a crane designed to allow the customer, on a single play, to play for a large plush piece and, if they don't win, to play

for a winner-every-time item such as mini plush or candy. In addition to candy and small plush, 5" knobby balls and sticker balls are other items that can be reasonably used as winner-every-time product. Winner-every-time cranes are a great way to ensure that the player goes home with something. This is a particularly a good option to include in locations with young customers, and a good offset to low win rate merchandisers with high-end product.

Ball cranes have become a staple in the industry. It is important to change them up and give a fresh look about every month or whenever sales begin to decline. Here are some of the different types of balls that have been successful: basketballs, playground balls, knobby balls, tennis balls and sticker balls. Look for new ideas and ball designs to continue to come on the marketplace over the next year. Some innovative operators are combining low price knobby balls with expensive licenses like Angry Birds because they are a similar size. The operator doesn't tie up inventory dollars by having a crane full of expensive licensed product, but can still offer them to drive sales.

Gravel cranes have been a staple for years, and they continue to evolve. We like them in the lineup. The gravel crane has historically used jewelry, watches and gifts as products and this mix continues to bring good returns. When using this type of mix, I suggest using halogen light bulbs and shelving or suction cups with hooks to display product on the back wall of the machine. Some operators are now using high-end MP3 players in these machines and manufacturers such as Smart Industries have cranes specifically designed for MP3 play-

ers. Another concept turns the machine into a PEZ dispenser crane. Instead of gravel, the machine is filled with packaged PEZ refills and the PEZ dispensers are placed throughout the machine to be played for. It is visually very cool because the PEZ refills are very colorful and get the customer's attention.

In addition to cranes, merchandisers are another key element of the line-up that has been growing exponentially over the last few years. Since IAAPA 2011, Sega's *Key Master* has been creating the most buzz, and I have been

chandise. The *Winner's Cube* needs smaller prizes to fit in the cube with high-perceived value such as hot licenses like Cars 2, Annoying Orange, Angry Birds or gift cards to popular retailers. *Road Trip* is a machine that has a game component to it that adds to the play value, as opposed to a game like a crane where the fun is purely in trying to win a prize. For this reason, we recommend using a middle range prize in *Road Trip* from \$5-\$20 so that customers can win more often than the merchandisers using high price point items. It's as important to

with redemption tickets or with your debit cards. You can simply bundle tickets in different amounts and let customers play for them. This allows you to give your customer a high-perceived value for a lower cost since you have your mark-up included in redemption items. We are seeing customers use Lego kits and other hot items to theme these machines to recapture the customer's attention.

Cranes and merchandisers are a key component of the game mix in FECs and street locations such as cinemas, bars and restaurants. As these machines continue to be major contributors to overall profits, it is important to maximize sales. By keeping up with the trends and continuing to give the machines a fresh new look, merchandisers can continue to earn money for years to come. Many operators have cranes with over 1 million plays! While it is important to reinvest and upgrade to newer machines on a regular basis, the beauty of cranes and merchandisers is that they can be remade over and over again by changing the products and presentation.

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hearing some very impressive collection numbers. I have found that customers merchandise this machine by pricing each of the three tiers differently. A common setup features a \$25 prize on the bottom row, a \$50 prize on the middle row, and a \$100-\$150 (or alternatively, setting the machine for iPads, a \$500 item), on the top row. The downside to offering the iPad option is that the customer cannot win very often. Some operators feel that the number of plays required for a win is too high and choose to offer less expensive prizes.

*Winner's Cube* and *Barber Cut* are two other merchandisers that have been generating solid collections when properly merchandised and usually also include high-end mer-

have a mix of product and win rates within your crane line-up as it is to have a variety of machines.

The other product category that should not be ignored are older merchandisers including *Sports Arena*, *Drill-O-Matic* and *Stacker*, especially if you already own them. Over time the collections on these machines have tapered off until they have reached a level below where they need to be — if the product mix has remained the same or relatively the same. These machines can be repurposed and sales increased by using hot licensed products. We have customers who are using an Angry Birds *Drill-O-Matic* kit to get a bump from these machines. For FEC locations, another option is to fill a *Sports Arena*

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