

Refocus on Crane Operations

By **HOWARD MCAULIFFE**

Crane and merchandiser specialist for HIP Prizes by Redemption Plus

Last month, I attended the Wisconsin Amusement Machine Operators (WAMO) show in Milwaukee. Besides having a lot of fun with some great people, I also enjoyed hearing from customers who refocused on their cranes over the last year and have seen very impressive results.

A lot of operators have either stopped operating cranes or have been operating them as an afterthought, just throwing whatever is cheap in the machines and moving on. But by focusing on buying better product, theming the mixes and making sure employees pay attention to the presentation of product, operators are making significantly more money in their cranes this year.

There are three major categories in our business: video games, merchandisers (including cranes) and ticket redemption. All three are important, but when looking to refocus a business, I believe cranes are the best place to start for three major reasons:

- 1) You can revamp what you have without making large capital expenditures.
- 2) The increase in revenues will come fast and be sustainable.

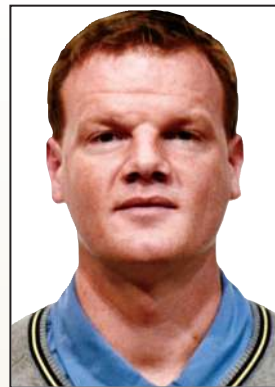
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3) It is relatively simple compared to operating a ticket redemption program (although almost everyone should consider ticket redemption in the proper locations.)

By spending a little more time focusing attention, you can increase revenues right away. The key areas to focus on are routine maintenance, prize presentation and, last but not least, product selection.

Routine Maintenance

Routine maintenance is often overlooked, especially on cranes because they take a little more time than other machines. However, this additional time is well spent because the way the machine looks more directly impacts the revenue than with other equipment. The reason for this is the player is playing for a prize. Having any piece of equipment be dirty is a turnoff, but especially for direct prize games. If the machine looks dirty, the cus-



tomers will perceive that the prize is, too. So even if the prizes are perfectly clean, a dirty machine will mean the player is less likely to play. More importantly, in many cases a player's mother will not want their child to play a dirty machine for prizes.

In addition to making sure the coin slots, bill acceptors and/or card swipes work, lights are key. Again, the product in the machine is what drives play, so having light bulbs burned out limits the ability for customers to see prizes. This makes them less likely to stop, less likely to play if they do stop, and cheapens the look of the product. Keep light bulbs in stock and for routes, and have drivers keep them in their vehicles.

Cleanliness is key. In addition to wiping down the outside of the machines on every route visit or every day for an FEC, pulling all of the plush out and vacuuming and wip-

ing the bottom of the crane at least twice a year will keep the dust down, the product looking good and smelling good.

By focusing efforts on clearing jams before you get a service call, keeping the lights on and keeping equipment clean, you will see sales increases immediately.

Prize Presentation

Prize presentation is often overlooked when servicing a machine. FEC operators and route drivers get busy, and without oversight or self-discipline, can revert to just throwing product in a machine and moving on. This is a big mistake. Making sure the machines are full, plush is sloped to the back wall of the machine just under the claw, and eyes facing the customer are essential. Do not let being busy pass as an excuse.

An FEC operating at its busiest time is the best opportunity to gain sales and is also when it is most important to have cranes and merchandisers looking their best. In addition, these machines are important for adding revenue because parents, older kids or those who don't like video games may decide to spend dollars they weren't planning to. When we operated a route, we made sure our best locations got an extra visit before the weekend to ensure the

product was displayed properly, the machine was clean and all lights, acceptors, slots and switches were working. To give you an idea of how important this is, it was well worth it to pay someone to drive over a 100-miles to do this.

The last key to prize presentation is presenting your customer with a prize (a.k.a. letting them win a fair amount). We always ran skill cranes, where the potentiometer was set the same for all plays. This allows it to be a true skill game that is fair for everyone. We still control win rate through managing sales and cost of goods, and the customer gets a fair chance. We also avoided expensive products, choosing high quality generic or mixing 25% or less licensed product so we could afford to let out customers win more often. And winners

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absolutely do make players! To give an idea, we gave away about 10,000 pieces of plush a month in about 60 locations from 200 cranes. Obviously, we had several cranes per location because it was profitable. Presenting prizes is key to maximizing sales.

Product Selection

Finally, product selection is key. As I mentioned for cranes, we recommend focusing on good value in our product. Just throwing anything in the machine doesn't work nor does simply putting the most expensive product. There are exceptions, of course. In the

'90s, Beanie Babies had a run where it was worth paying extra for the product. More recently, Angry Birds merchandise was so popular that players were willing to accept a lower win rate for the prize.

Selecting product that is good quality, choosing colors themed to match and frequently rotating merchandise are key factors to success with cranes.

Hot Merchandise

Knobby balls have been a huge hit recently. We have been theming these so that the same principle of plush crane rotation can be used with knobby balls and it has been a big success. Also, the low price point allows customers to win more often. I don't think anybody would argue that a knobby ball is more appealing than a rubber basketball, but pretty much across the board, we are seeing knobby cranes out-perform rubber ball cranes. The low product cost and resulting high win rate are clearly the reason.

Everyone asks what are the top selling items for cranes. Here are our current top five:

- 1) knobby balls
- 2) generic jumbo plush
- 3) techno bears (generic theme)
- 4) candy crane mixes
- 5) *Big One/Giant* crane generic

Recently, the industry has seen success with higher end merchandisers that offer more expensive prizes. These games open up a lot of price points that used to be impossible and allow operators to offer a much

wider variety of prizes. These clearly have been profitable and have a place, although laws are impacting the operation of these machines. The rules vary widely so consult your local association. But in general, we recommend avoiding gift cards, keeping prize values reasonable and NEVER EVER using currency as a prize.

By refocusing employee effort on routine maintenance, product presentation and product selection, you can quickly and sustainably increase sales. The discipline of employees is essential to maintenance and product presentation, but focusing on this will result in sustained sales increases. Spending time to select mixes that are a good value factoring in win rate is key. In addition to having good product, the principle of rotation is what allows a crane or merchandiser to remain profitable for years on end. You don't need to buy a new machine every year or even every five years if the maintenance is kept up. The machine gets a fresh look by rotating the product inside. This could be a good place to start to make sure 2013 finishes strong. ◆

Howard McAuliffe serves as the crane and merchandiser specialist for HIP Prizes by Redemption Plus. The 15-year industry veteran got his start as an operator with Pinnacle Entertainment Group, a family business. He also spent a number of years working for various non-profit community-focused organizations before returning to the amusement industry. He lives near Seattle, Washington. Howard can be reached by phoning 913/563-4369 or emailing hmcauliffe@redemptionplus.com. Visit www.hipprizes.com for more information on Howard.