

The Top Ten Redemption Center Opportunities

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David Letterman has given us a Top Ten list every night for many years. We are in redemption game rooms just about every week all over the U.S. and thought we would share our Top Ten list of opportunities to maximize redemption at the prize center (most apply to redemption rooms as well).

1. Poor location sight lines: We've all heard the retail adage: "location, location, location." Redemption has been called "retailing by other means." Where we place the redemption center matters. Merchandise displays drive sales so we want as much exposure to as many game player's eyeballs as possible. The redemption center can draw traffic into the room so it should be exposed to the path of customer traffic as much as

possible. First choice should be at or near the front of the room so it can be seen from outside the game room.

2. Redemption center design and construction: The attractiveness and utility of cabinets and displays matters. Too many FECs try to get by on the cheap, utilizing low-end retail displays. An investment in designed and storage cabinets designed for redemption merchandise and the process of redemption is money well spent. Adequate "first tier" storage cabinets in the redemption center are necessary for an efficient redemption process and in keeping display cabinets full. The back wall is the heart and soul of a profitable redemption game room. It is where the higher ticket items for the game room's best customers are displayed. To allow for adequate displays of the



full range of merchandise, we recommend lockable glass towers on either end, adequate slatwall in the middle and shelves or grid work above. Sufficient height on the back wall

allows guests out in the game room to see the merchandise over the heads of guests standing at the counter.

3. Inadequate or non-exis-

tent display lighting: related to design and construction, all redemption display cases and towers should have proper interior lighting. Good cabinet design means tiered shelving to allow the light to penetrate down to all shelves. Track lighting to illuminate the back wall makes the merchandise "pop."

4. Confusing or inadequate organization: Regular readers have heard this before: the redemption center or room is usually the last impression a guest gets from your facility.



A well-merchandised back wall with its display of the higher-value prizes serves as the heart and soul of a profitable redemption game room, says George McAuliffe. Attractive and functional displays are a must; its location also helps draw traffic into the center.



Lighting is vital, too. Track lighting helps the merchandise “pop”; good display cabinets and cases feature tiered shelving that lets light penetrate down to all the shelves.

Whether a pizza restaurant, bowling entertainment center or FEC, when it’s time to leave, patrons have to redeem their tickets. This goes for birthday party and group sales customers as well. A well-organized redemption center arranges the merchandise by grouping price points in sequence and merchandise categories together in a coherent fashion.

5. Ticket price signage:

This is low hanging fruit, easy and inexpensive to implement. Simply put, guests should be able to understand the ticket price of every item. This means providing ticket amount signs on every item when possible. Ticket amount signage on the back wall should be larger to be readable as guests are further away from the displays.

6. Limited price points and selection: The beauty of redemption is that it has a wide age and gender appeal and the merchandise selection should reflect that fact. From the low ticket items for impulse players who want instant gratification, through the bread and butter savers who will play more over multiple visits, to the “Super Savers” playing for the bicycle or high end electronics, there should be no gaps in the price points.

7. Sparse quantities in merchandise displays: Merchandising is all about the WOW

factor. Displays should be expansive. They should be kept full. They should have prizes people want to play for. Like the produce aisle in any supermarket, displays should be kept full to overflowing. It is a matter of training and leadership, creating a merchandising culture based on the mantra that “merchandise (displays) drives sales.”

8. Markups too high/cost of sales too high or low: Also known as “The Value Equation.” All of us have been there in some way. After a visit to your FEC, every guest asks themselves the question: “Was it Worth it?” The answer to that question is critically important to the venue. On the next rainy Saturday, when the family wants to go to your FEC, you want the financier of that visit to have positive memories and to answer “Yes, it was definitely worth it!”

The percentage cost of merchandise sold is what determines the value equation for our players. If your redemption cost of sales is 20% of redemption game sales, your retail equivalent is five. A guest spends \$5 on redemption games for redeemed merchandise with a \$1 wholesale cost.

The table above right illustrates how the various factors work together to deliver the value equation. At a retail

RC Shelf Price	Tickets			
	100	200	500	1000
Ticket Value	\$0.005	\$0.005	\$0.005	\$0.005
Facility Wholesale Cost at Shelf Price	\$0.500	\$1.000	\$2.500	\$5.000
Game Payout 20%	20%	20%	20%	20%
Tickets per Game	20	20	20	20
Avg Price per Play	0.5	0.5	0.5	0.5
Games Played to Achieve Shelf Price	5	10	25	50
Cost of Games to Achieve Shelf Price	\$2.50	\$5.00	\$12.50	\$25.00
Equivalent "Retail" Markup	5.0	5.0	5.0	5.0

equivalent of five we are already over a typical retailer markup of three, but not by that much. Plus, we deliver the magic of redemption – i.e. the fun and excitement we provide along with the merchandise. We believe the guest will perceive adequate value at these levels! Redemption money is made in the games. The games are the cash registers. The merchandise is used to drive game play.

9. Failure to use the redemption center to support internal marketing: Facilities willing to spend big bucks on media advertising and great four-color marketing pieces don’t always recognize the less sexy and low budget opportunity afforded by promoting to the customers they already have. Those who are in your facility, playing your games, redeeming your tickets, bowling your lanes, riding your rides and attending your parties certainly are highly qualified. Since you don’t have to reach very far to promote to them, internal marketing is extremely efficient.

An integrated plan for a typical FEC should also leverage your merchandise purchases, and displays, to support the theme. By decorating the redemption center, devoting a section of shelf space and wall to themed merchandise, or doing a special redemption point bonus, the theme is promoted in this critical location in the FEC. Most holidays and themes can be supported by

crane merchandise as well; cranes and merchandisers should be stocked and decorated, accordingly.

10. Fully utilizing technology: In recent years, our industry has been blessed by a variety of affordable technology to help manage the business. Many centers have debit card systems, which come with redemption center software. For those game rooms still on tokens, stand-alone redemption POS systems are available. The best merchandise suppliers offer tools along with their toys such as digital packing lists, merchandise bar coded to ticket values and automated reorder technology — all compatible with the redemption POS systems. When fully utilized, these tools help manage the business of redemption. They minimize labor, speed up the redemption process for the guest and provide intelligence as to merchandise usage. Perhaps most importantly they help manage the cost of sales and allow for just-in-time ordering, keeping inventory as low as possible. ◆

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