

# 50 Ways to go Broke Doing Redemption

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Not knowing who your customers will be, not choosing the best redemption games for that market, and not having the best mix of games.

Having too many or too few redemption games. You will need to average \$200 per week per game based on an average game cost of only \$4,000.

Not fully studying the demographics.

Not making sure that your operator-location contract is fair to both parties.

Not fully checking out your partners (or operator). They must have more than enough capital and be willing to keep investing in the location and in new games.

Purchasing redemption games that are "hyped" by the manufacturers and distributors.

Believing the myth that you don't have to rotate redemption games.

Not knowing that each redemption game needs to be set for a certain time of play vs. an average ticket payout percentage (win percentage), and the location average ticket payout percentage should be 25-35 percent (depending on competition).

Not treating tickets and tokens as "cash".

Thinking that the techs that repair video games will pay attention to the details and time required to repair and maintain redemption games.

Not researching your state and local laws regarding redemption games.

Not rotating (changing out) five percent of your redemption games each month.

Not relocating the games within the location (floor move) each month.

Not placing the games in an efficient layout that is eye-catching and facilitates customer traffic patterns.

Not having a flex-up and flex-down program.

Not realizing how labor and parts intensive operating redemption games is.

Not accepting the truism that the games are not the reason why people visit the location. Games are there to add to the customer's experience and time of stay.

Let games make too much of the overall revenues. This is a sure sign that the location will not be able to survive.

Don't put enough time into training staff on how to unjam coins and tickets, load tickets, unjam balls, and put the correct balls back into their corresponding games.

Don't read trade magazines.

Don't discount tokens for parties, group events, and discount packages so that more customers will visit the location to prime the pump (start to play your redemption games).

Not providing high perceived value items in the redemption counter (items that the public desires and feels are worth three to four times what you or the location actually pays for them).

Have a poor redemption prize display.

Copying the chains and early FEC locations.

Not having enough bill changers. You should have one for each 25 games.

Don't join trade associations (IAFEC, AMOA, IAAPA) or attend their conventions (Fun Expo, AMOA, ASI, IAAPA, Leisure Expo).

Passing on the opportunity to work with a good operator.

Not understanding the term "hit frequency".

Measuring everything except what is important.

Giving too many tokens in your party packages and not structuring enough time for your customers to spend the tokens. Walk-a-way tokens can cost you money.

Marking up the point for prizes. It is only fair to your customers to set the points in relation to your actual cost for the prize (taking into account freight and sales tax, if any).

Not encouraging your customers to save their tickets for high value items. Redemption develops repeat customers.

Not tracking the percentage of tickets paid out by your games each week vs. the number of tickets redeemed.

Permitting customers to purchase the redemption prizes or add money to their point total to purchase an item.

Over discounting your tokens and increasing the number of tokens per play on certain games to offset this practice. Customers pick up on this quickly. In addition, the more tokens per play the more token jams you will have (exponential ratio).

Operating on quarters and not tokens (unless you are in an amusement park or large fair-grounds).

Not getting out and knowing everything about your competition.

Not keeping the noise level below 80 decibels.

Not reducing glare from lights or sunlight in the eyes of your customers while they are playing your games.

Not knowing when to get rid of each game that you have.

Not evaluating and tracking the token value as often as possible.

Not checking the prize inventory often to keep shrinkage to a minimum.

43. Not checking out your competition's prizes, token size, ticket type.

Not shredding or destroying redeemed tickets and checking their weight against what your records report (could be ticket eater meter numbers). Note: 1,600 tickets per pound for Muncie and 1,642 for National.

Not knowing that many redemption game parts (motors, etc.) can be purchased cheaper from other sources, and many games can be modified to make them earn more money.

Keeping the ticket payout percentage the same as a redemption game's earnings decline.

Not taking advantage of progressive jackpot systems when banking groups of games.

Placing single units of a redemption game in a location and not banking certain proven winners.

Not using special ticket promotions (such as different colored tickets on a 2,000 bank of tickets or three sevens — 777 — in a row of ticket numbers to promote redemption play).

Not knowing all that you can about redemption!