

Converting from coin-operations to token-operations

One carwash owner found no quarters to be no problem for his locations.

BY DOTTIE HOPKINS | CONTRIBUTING WRITER

For Steve Bartlett, owner of My Car Wash self-service carwashes in Nacogdoches, Texas, it took major theft for him to convert his facilities from coin-based to token-based. However looking back, he refers to this event as a "success story." In fact, the tokens are providing more than peace of mind – they are providing thousands of dollars in extra cash annually. His carwashes are running smoother than ever, and he estimates they are now 15 percent more profitable.

The switch to tokens can reduce the risk of theft, since bill-changing machines don't dispense any legal currency. This risk reduction is a primary benefit of converting to token-based operations, but the advantages don't stop there. As Bartlett and the thousands of carwash operators and owners who have made the switch will tell you, changing to tokens is the best way to run a safe, profitable and efficient facility. Best of all, armed with the right information and after a little planning, switching from coins to tokens can be done in just a few hours.

Different sizes, different styles

By law, tokens cannot be the same size or electronic signature as legal tender coins. They are all made slightly larger or smaller and with different metal, but figuring out the right token isn't difficult. Buying new changers isn't necessary because they are designed to dispense coins or tokens. The most cost-effective solution is to choose a token size that works in your existing equipment.

Bartlett's carwash locations made the switch from quarters to tokens about a year ago. Initial fears of a complicated process of implementing the new technology in place of the old were quickly laid to rest by how smooth the process was. "As it happened, we just retrofitted our existing changers to dispense tokens instead of quarters; it was an extremely cost-effective changeover," shares Bartlett.

Most machines that count quarters are also able to count and sort coins of various sizes. With basic calibration, these machines can easily accommodate tokens in place of, or in addition to, legal tender. For Bartlett, he estimates that the tokens portion "was probably \$3,000 to \$4,000 total." Because he supplied all the labor, that figure was an equipment-only cost – so wash operators who want to outsource the installation can plan to spend a bit more.

Customizing your token program

The lowest cost and most commonly used tokens are made from brass- or copper-plated zinc. Unfortunately,



this means every arcade, mini-golf course and batting cage in the neighborhood may use these tokens, too. With a typical coin value of just a quarter, accepting a few of your competitors' tokens is just a nuisance, not a costly problem. For a few cents more, red brass tokens have a unique electronic signature for coin acceptors, giving operators greater selectivity over the tokens they accept. Coin acceptors set for red brass reject standard, brass- and copper-plated arcade tokens, reducing unwanted cross-acceptance.

Although they are using standard brass tokens of a common size, Bartlett was not terribly worried about "crossover," or accepting competitive tokens. This can be a real problem if your tokens are valued at \$1 while the competitor's are worth a quarter. Eliminating crossover is easily accomplished with a token size that is different from the quarter-valued tokens used elsewhere. For highly security-conscious carwash owners, bi-metal tokens with a unique electromagnetic signature are available, as are high-security, limited geographic availability tokens.

How many to buy

How many tokens to buy depends on the size of your operation, weekly revenue and, more importantly, how often you plan to empty your cashboxes and recycle the tokens. For example, a nine-bay carwash may expect an average revenue of \$3,000 per week. With a quarter value, that means four tokens to the dollar, or 12,000 tokens accepted per week. If the owner was planning to empty cashboxes once a week, 15,000 tokens are needed. The 3,000 extra are necessary to ensure the owner has some back stock and extra inventory for changer fills.

A good idea is to allow for walk-away tokens (the ones customers take home and don't return) at an average rate of five to 10 percent a week for the first three or four weeks. After one month, the walk-aways settle down to about three percent per month. So in this case, an additional 4,000 to 5,000 tokens are a good idea. For that same carwash using \$1 value tokens, 4,500 plus 500 for walk-aways, or 5,000 total, is a good starting point.

One-dollar tokens don't walk away as quickly as quarter tokens.

Remember, tokens are sold for twice their cost, so walk-away tokens are straight profit. Some tokens are sold once or twice and then disappear. Most tokens are sold several times, recycled and resold over and over. If a token is sold 50 times, it is only purchased once. The ratio of revenue (sales), as compared to the one-time cost, keeps improving with each sale.

"We made an order of 10,000 tokens to start with for both locations," says Bartlett. "Within four months we ordered another 5,000, and another four months later we ordered 5,000 more."

Considering the buying and selling price for the tokens, the initial order alone provided Bartlett with \$8,500 worth of profit, or nearly enough to pay for the entire switchover (equipment-wise) within a year just on token

profit. Clearly the switchover to tokens has given Bartlett a great boost in its profit margin – an especially good turnout for a shift in operations brought about by theft.

Your tokens, your branding

At this point in the converting process, you've figured out how many tokens and which type of tokens your carwash needs. Still, no matter what style or type of token you choose, you are missing the boat if you do not customize the tokens with your carwash's name, logo and marketing message. Carwashers cite the advertising and branding that occurs as one reason they use tokens. Some refer to them as mini billboards, to be seen by your customers each time they view your token with their pocket change. It's a clear reminder where they purchased the token and a gentle urge to visit again soon.

While you are converting to tokens, it's possible to give



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customers an incentive to purchase more by discounting with "value pricing" at the bill changer. Long-term, self-service carwash operators that use tokens may note that once money is converted to tokens, a psychological shift occurs. People no longer think of spending money. They are simply using tokens, which they spend more freely. Industry surveys have confirmed this, reporting that the average carwash customer spends 22 percent more after converting from coins to tokens.

In addition to promotional and public relations (PR) opportunities, Bartlett has found a way to use the tokens as a customer satisfaction guarantee. "We find it better to give refunds for problems to our customers using tokens who will ultimately return to our wash," he explains. "This is far superior to a cash refund, which [may] be spent elsewhere. We can also use tokens as giveaways to friends and frequent return customers."

As Bartlett would say, the change from quarters to tokens for his locations was a smooth transition and easily profited within the first year of conversion. Between the marketing of the tokens themselves to the promotional options the tokens present, Bartlett's brand is out there, at the top of minds and at top of change purses.

The mentality of customers using tokens allows them to spend more freely, and the ease of use encourages them to do so. Furthermore, for Bartlett, the switch means he is less likely to be the victim of theft again. Once was all it took for him to convert to a smarter, safer way of running his carwashes. □

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