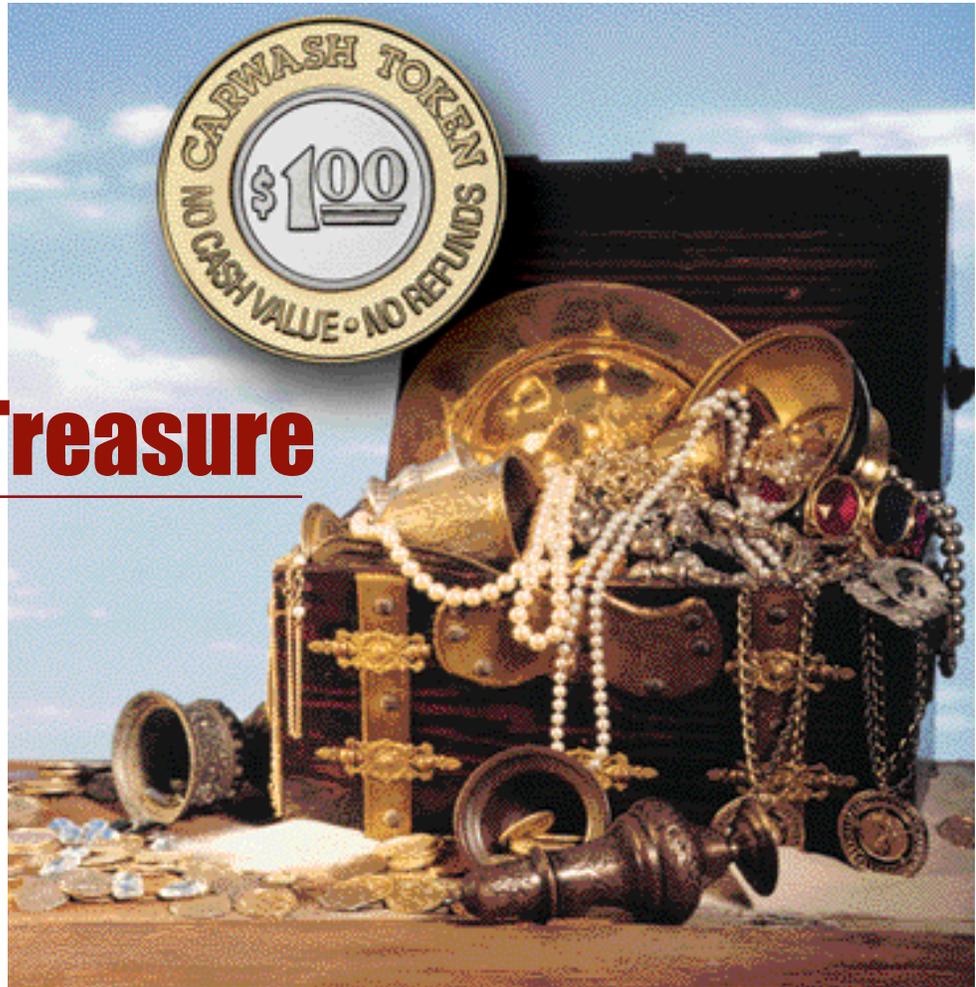


Uncovering the hidden benefits of switching from quarters to dollar tokens

Hidden Treasure

by David Blumenfeld



We've all heard or read some of the customer and operator benefits of token-based rather than quarter-based systems. But there are numerous "hidden" benefits that are worth exploring too. For example, did you know that dollar for dollar, tokens weigh 60 percent less than quarters? While this does not lead directly to a profit-centered operator benefit, it can mean fewer backaches and less frequent visits to the chiropractor. Here we'll explore some hidden (though often substantial) benefits of using dollar tokens.



Ergonomics—limiting back strain—is one of the hidden benefits of using dollar tokens.

Ergonomics, Labor & Time Savings

Let's face it—none of us are getting any younger. And what used to be simple tasks can now lead to aches and pains. Hauling around heavy coin boxes is one such task. If those same coin boxes were filled with a comparable value of tokens, they'd be much lighter and easier to handle. For example, \$100 worth of quarters weighs a little over five pounds, while the same value in tokens would weigh around 1.6 pounds. So emptying coin boxes can be much less labor intensive (and less painful) if done on a regular schedule.

For those of you who wait until the boxes are full, then this benefit is manifest as additional free time. That's because the coin boxes fill up slower when you are putting one-quarter the volume of tokens in them (a single dollar token as opposed to four quarters). So while you are hauling around the same weight as before, you are doing it less frequently—and thus your total weight carried per month is decreased. Instead of emptying coin boxes daily, you may be able to do so every three or four days, depending upon volume, your use of coin vaults and personal preferences.

What you do with the “found time” that was formerly devoted to emptying coin boxes is up to you—but that time can be multiplied if you also count your quarters in addition to emptying the coin boxes. While many operators handle the counting of quarters, this is another task that can be delegated to employees with a token-only system—since there is less temptation for employees to swipe tokens than cash. If you accept quarters in addition to tokens (this can account for a sizable portion of car wash sales), you may prefer to continue to sort and count your quarters—because you are only counting the quarters not the tokens.



Vending tokens can be a time saver for the operator.

Another time savings comes because we only vend tokens and not quarters. This means that we're supplying tokens for our own car wash customers, period. We're not interested in supplying the neighborhood with quarters for the Laundromat, poker games and more. Before switching to tokens, Livermore Car Wash owner Dave Bedford says, “I was changing about \$160,000 per year and since tokens I'm down to about \$135,000 to \$140,000 while my business continues to grow. So I'm no longer supplying change for this portion of the city.” Not only is he not supplying change for this area, but he no longer has to schlep quarters around to refill his coin boxes to do so—another hidden time savings. Additionally, there is much less wear and tear on the bill changer—which means significantly less maintenance and a longer service life, and more time savings.

Increased Security & Reduced Costs

Since switching to dollar tokens, Bedford has seen his vandalism and break-ins all but stop. While these instances were more nuisance than chronic, invariably they were expensive. Even when the thieves were unsuccessful in getting to the supply of quarters, there was damage to the coin boxes that was costly to repair.

That brings us to a not-so-hidden monetary benefit—because thieves are more interested in cash than tokens, they'll probably leave your car wash alone. Bedford invested in a lot of signage when he made the switch to tokens, and has seen virtually no break-ins since then. You might think that eliminating this theft deterrent would rate well with your insurance agent—and it does, well sort of anyway.

The car wash insurance agents that we spoke with all agreed that there was no difference in insurance premiums for coin-vend car washes versus token-based car washes. But as time goes on and thieves ignore your operation, your premiums will drop because you've had no claims filed for vandalism or theft. (Note: For those of you who pay these expenses out of pocket rather than filing claims, you can keep your out-of-pocket expenses in your pocket when thieves bypass your car wash for greener pastures).

Volume Purchases & Walkaways Add to Profit Margins

While we're on the subject of money, let's talk about walkaways—those tokens sold but never redeemed for car wash services. This happens all the time, and for a variety of reasons. Most operators incent volume purchases by rewarding customers with free tokens as the number of tokens they purchase increases. Bedford sells his tokens 11 for \$10 and 23 for \$20. Scott Vaughn of Fast Lane Car Wash in Poplar Bluff, Mo. sells six for \$5 up to 27 for \$20—the equivalent of a free \$7 car wash with a \$20 purchase. But the beauty of volume sales is not the car washes that are vended, it is the tokens that are sold but never redeemed. These walkaways can be substantial—especially in the early going.

Bedford bought 10,000 tokens his first year, an additional 10,000 the second year, and 10,000 two years later. While he does replace tokens “when they get raunchy looking” (especially if they've been in someone's ashtray for a while), the biggest reason for buying more tokens is because people misplace them. That is because the lifespan of tokens can be



Tokens can be used as mini billboards to promote your wash.

decades—the main reason they need to be replaced is because they've been sold to customers who lose them.

The ROI on walkaways is substantial. Assuming that 1.125-inch tokens are purchased in lots of 10,000 for \$0.22 and sold for \$1.00 (figures taken from TokensDirect.com price list)—the ROI is 78 percent. These figures account for custom die charges for the front and back of the tokens (which are not applicable to reorders) but freight is not included—the real ROI though slightly reduced, is still substantial.

In addition, volume purchasing can help other areas of the business, as Bedford notes. "We've seen our fragrance and towel business increase since we've gone to tokens." If a customer buys \$10 worth of tokens and uses \$9 washing and vacuuming his car, he may use the remainder for fragrance or a towel—or he may decide to hang on to the tokens for next time. Either way, you win.

It is important that all of the items in your operation can be purchased with tokens—that may mean resetting your coin acceptors on the towel or fragrance vending machines. Doing so will lower your risk to thieves and vandals, and increase the likelihood that your customers will spend their tokens on site. If you sell a lot of non car wash related items (food and beverage, snacks, etc.) you may also wish to look at switching over to tokens for these as well, though that may require switching out coin acceptors.

Options for Any Security Level

In addition to accepting tokens within all areas of your car wash, you most certainly do not want to accept competitive tokens. Token manufacturers offer various security levels to ensure this does not happen. At the most basic level a different metallurgy can be used in the token manufacture—something like red brass (with a unique electromagnetic signature) can be used to keep out standard brass arcade tokens. Different sizes can also be used—a good first step is to see who else in your immediate area is using tokens, what sizes and metals they are using.

Another option is to use controlled value tokens. The TimeSaver™ Dollar token from TokensDirect is an example of a token that always vends for \$1. This is minted with special alloys to eliminate cross acceptance of regular car wash and video tokens, yet with standard sizes it works with most existing coin mechanisms. Pricing is comparable to standard tokens, as is longevity—allowing operators to benefit from volume purchases and customer walkaways.

Controlled circulation tokens are also an option. Available from places like Van Brook of Lexington, Ky., these slug-stopping tokens are unique to individual operations out to a 75-mile radius, so that cross acceptance is virtually eliminated. With specialized two-piece construction or security alloys, CT and CTX tokens are ideal for the high values needed for in-bay automatics and rollover washes.

Though slightly more expensive than standard car wash tokens, these higher security tokens are still profitable when they end up as walkaways. They are even more profitable if you are in an area prone to cross-acceptance issues (customers using other peoples tokens in your establishment).

Marketing Opportunities

No matter which style or type of token you choose, you are missing the boat if you do not customize the tokens with your car wash name, logo and marketing message. And it is a big boat indeed; for the marketing value inherent with tokens is one of the major selling points for making the switch from quarters.

Fast Lane's Vaughn cites the advertising and branding that occurs as one reason they use tokens. Some people refer to them as mini billboards—to be seen by your customers each time they view your token with their pocket change. Frank Meneghetti of Wave Wash wants his tokens to stand out. His bi-metal tokens are functional because they eliminate cross acceptance from nearby batting cages, FECs, arcades and other venues. On top of that he designed them to be distinctive and memorable—two points of differentiation that quarter-based car washes can never achieve.

Dollar tokens offer many advantages over quarters. Some benefits like increased profits are easy to see, while others like time savings and easier handling are more hidden (but no less important). From a customer standpoint you can't beat one-coin convenience, especially when they are rewarded for volume purchases with free tokens. How can you go wrong when both parties win?

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David Blumenfeld is the marketing director for TokensDirect, a division of Osborne Coinage Co., America's oldest private mint. Stock and custom tokens are available to suit any need. Orders for stock tokens can now be placed at a secure online store, www.tokensdirectstore.com, to ship the next business day. To speak with a sales specialist, contact TokensDirect at 800.514.6312, or via mail to TokensDirect, 2851 Massachusetts Avenue, Cincinnati, Ohio 45225, or via e-mail at ask@tokensdirect.com.