

Retaining/Growing Existing Accounts

INTELLIGENT VENDING®

Real Challenges, Real Solutions.

Gain a Competitive Edge with Credit/Debit

Success Stories



Executive Summary

Market opportunity:

A large national operator at a major theme park in Orlando had just suffered a loss of several cafeterias and 100 associated vending machines in a competitive bid. They needed a way to regain footing within the account, open the door back up to future expansion, and create a stronger value proposition for their customer than the Competitor.

Before adding credit/debit	After adding credit/debit
<ul style="list-style-type: none">▶ Partial loss of the account as a result of a competitive bid	<ul style="list-style-type: none">▶ The customer recognized the benefits of credit/debit payment systems and awarded the incumbent their new themed hotel with the understanding that credit and debit cards would be accepted on these machines.
<ul style="list-style-type: none">▶ Future growth within account in question	<ul style="list-style-type: none">▶ This operator is expanding the credit/debit capabilities to more of their 900 machine placements in this theme park to aid in the convenience of both guests and staff.
<ul style="list-style-type: none">▶ No competitive advantage over the competitor	<ul style="list-style-type: none">▶ The operator of this location won the award for the best branch in the nation, cashless being one component of their success.
<ul style="list-style-type: none">▶ The future of the operator's account is in question	<ul style="list-style-type: none">▶ The incumbent has secured their future at the premier theme park in Orlando.

Market Conditions

Amusement and theme parks are consistently proven to be great applications for credit/debit payment systems in vending because of their often higher vend prices and high volume machines. Customers at these accounts are also often looking for ways to excite the consumer at the point of sale, and to make it as easy and convenient as possible to purchase goods and services while a guest at the park. Consumers are already predisposed to using credit cards for recreational activities, making credit/debit card payment systems an easy integration into any park's existing portfolio of services.

Background

When a large national vending operator was faced with losing a portion of their account at the premier theme park in Orlando to a strong competitor they knew they had to plan now to combat additional attrition in the future. At this theme park, this not only meant uncovering creative ways to grow volume, but also to increase customer service, customer experience and innovation.

Because USA Technologies' credit/debit system could offer all of those advantages, and because the entertainment channel was such an obvious fit for the technology, the operator began installing the e-Port credit/debit payment system at the Orlando theme park in April 2003. At first, they opted for hard-wired telephone connections instead of wireless connections for the credit card processing and networked services. For this reason, placements were limited to locations where the park could approve cabled connections. Many of their best machines, such as those at transportation stops outside park entrances, were unable to benefit from these cashless services.

The success of the credit/debit card-enabled machines prompted the operator to move to wireless services, thus expanding their ability to offer this service on more of their 900 machines.

Challenge

- ▶ To gain an advantage over fierce competitor
- ▶ To ensure continued growth within the account and foster a stronger partnership with the theme park customer
- ▶ To identify the best and most flexible way to network all machines in the park

Customers at these accounts are often looking for ways to excite the consumer at the point of sale, and to make it as easy and convenient as possible to purchase goods and services...

USA Technologies' Solution

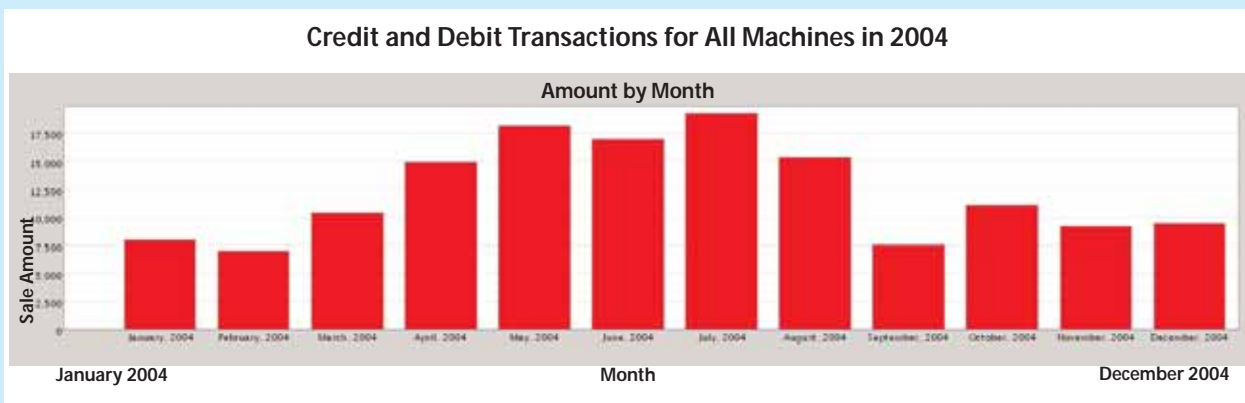
This operator would install the USA Technologies credit/debit card payment system on many of their machines at the theme park. By adding this alternative payment option, the operator would have a greater opportunity to increase sales and volume, to improve the consumer experience, and to prove their value proposition to the park. By networking their machines, they also gained access to machine transaction data which they could use to monitor machine functionality, sales performance and even consumer purchasing patterns—all resulting in increased operational efficiencies. USA Technologies offers customers both hardwire and wireless connectivity for their networked machines. The operator opted for hardwire in their initial roll out, but soon moved to wireless as expansion of the services continued.

Implementation

To date, USA Technologies' e-Port® credit/debit card payment system has been installed on more than 100 machines at this Orlando theme park. Most recently, this operator's contract was expanded to include the park's new themed resort. Initially, all machines were hardwired to the network for transaction processing and back-end reporting, but the park placed limitations on the ability to install wiring in some locations. For this reason, machines were soon moved to the more flexible, wireless option in order to increase the ability to expand the now successful service to other machines within the park.

Results

- A. Sales currently total over \$150,000 in cashless transactions alone, with their top 20 machines averaging over \$2,600 in credit and debit transactions each for the year.



- B. The operator was able to successfully strengthen the existing relationship with the park, securing their partnership into the future.
- C. The park, happy with the improved service, enhanced customer experience, increased sales and good example of innovation in vending, continues to expand the incumbent's machine placements in the park. The most recent expansion included a new themed resort.

Additional points to note:

1. Transportation stops and park exits became the top-selling machines from a cashless transaction perspective. Presumably consumers, hot and tired from a long day at the park, like the convenience of purchasing bottled beverages with their credit cards before heading home for the day.

Credit and Debit Transactions for All Machines in 2004



2. In addition, many of these transactions are multi-vends, proving that customers are taking full advantage of the ability to purchase more than one item per card swipe.
3. The operator is better able to service the machine through access to transaction data, used to identify out-of-product and out-of-change conditions and machine breakdowns.
4. Moving forward, the park client is considering payroll deduct for staff in order to alleviate the need for employees in costume to carry change.

Scalability

Using results gathered during this market test, we conclude that:

- ▶ Amusement and theme parks are good candidates for the addition of credit/debit card payments. Higher vend prices, coupled with the fact that credit/debit cards are already the preferred payment method in the entertainment channel, create ideal market conditions for volume growth by offering consumers the added convenience of cashless payments.
- ▶ Machines must still be individually selected based on location and existing sales volume.
- ▶ Customers in the entertainment channel appreciate the benefits that technology innovation can bring to their account.
- ▶ Credit/Debit payment systems can create a competitive advantage for businesses.
- ▶ For the most flexibility in machine placement, the wireless solution offered through USA Technologies is recommended.

For more information contact a USA Technologies Sales Representative at 800.633.0340 or visit us at www.usatech.com