

Another Myth about Redemption Games

Myth #4 can be dispelled

by Frank "the Crank" Seninsky
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In the February '96 issue of Fun Extra we "dispelled" the first 3 myths of redemption. These 'myths' are still being 'concocted' by those with 'evil' agendas and 'cast' about the FEC industry. FEC owners let themselves be put under these horrible 'spells' that 'haunt' their ability to make more money on their redemption games. I have been operating and studying redemption games for 26 years. If I could be granted just one industry 'wish' it would be to 'undo' these redemption 'curses' and provide you with the 'antidotes' to help all of you become more successful.

• **MYTH NO. 4:** "You will make more money when all the children's redemption games are set on the same ticket payout percent (approx. 32%) and all the fast play games (token pushers, coin rolls, etc.) are set at a much lower ticket payout percent (approx. 15%)." This is absolutely the worst advice you will hear regarding ticket payout. It is written about and passed along by some manufacturers and distributors of 'expensive' children's redemption games in this industry. They often refer to these higher earning games as 'fast play games' or 'aggressive games' or even 'vacuum cleaners' (Cyclone, Smokin Tokin, Wheel Em In, Token Pushers, Dinoscree). My fast play redemption games have always been and will continue to be my best returns on investment!

If you should set all of the children's games in your location at 32%, you are giving up one of your most valuable 'flexible controls'. Those controls that you still have remaining are time per play, hit frequency* and game layout. With all regular redemption games set the same, revenue reports might show that the more expensive games earn a little bit more because they have additional bells and whistles. There would not be any competition from the fast play games because hardly anyone would want to play them.

*Hit frequency is the number of times you get a ticket(s) divided by total plays.

Once you lower the ticket payout percentage down to the absurd level of 15% on your fast play games, you won't easily be able to raise it back up again and increase their revenues back to normal. Word will spread quickly that your fast play games are a "rip off". You will be economically forced to remove some of them and naturally your children's redemption game earnings will then increase slightly as there is now even less competition for them. You will never know how much more your games could have earned if the ticket payouts had been set according to specific 'entertainment value' vs. 'time of play' of each game.

Entertainment value is defined as the sum of every sensory input that a game has, plus the time of play. It is a complicated formula but the ticket payout percent and hit frequency of each redemption game in a location must be set in relation to all the other redemption games. This will 'balance out' each game so it has an equal opportunity of giving a customer 'fair value' for their money and time. Of course, the better games will still earn more because their higher entertainment value exceeds a small reduction in their ticket payout percent. Also remember that you are striving to have an 'average ticket payout %' (value of all tickets dispensed divided by total redemption game gross, for a time period) for all the games of approximately 25%-33% depending on your local competition.

For example, a token pusher, which does have a high entertainment value (due to the excitement of feeling that your token, if placed correctly on the table, will knock many tokens over the edge), but only takes three seconds to play, needs to be set at a high ticket payout % (approx. 30%) to give the customer a high number of tickets for the short time of play. A children's redemption game, such as a ball toss game, has a fairly high entertainment value due to the physical activity of tossing balls and a long time of play, if enough balls are set per play. These games should be set at mid range ticket payout % ranging from 20-25%, depending on what other games are in your location.

A Skee-Ball, which has an exceptionally high entertainment value and a long time of play, must be set at a lower ticket payout % ranging from 16-20%. Now you see what I mean by 'balance'. Young customers will receive about the same number of tickets + entertainment value whether playing the Skee Ball, token pusher, or ball toss game. Note: As a general rule, as you lower a game's ticket payout %, you should increase the hit frequency. Skee Ball should have a 100% hit frequency, as should most children's games. You have done the best you can to accomplish this with all the tools available. Now you can leave it to each individual customer to find the games that they best enjoy playing over and over again. That is only until they get 'bored', and then you get the signal from a game's declining revenues and it is time to bring in a new or different redemption game.

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