

You Can Sell Prizes at the Redemption Counter. NOT!

Myth # 5, too, can be dispelled

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In past issues of Fun Extra we "dispelled" myths 1 through 4 of redemption.

- **MYTH #5: says, "You can sell merchandise that is in your redemption prize center and make extra profits".**

Once you place a price tag on an item, you are letting your customers know what your redemption point system is all about. For example, if you purchase an item at a wholesale cost of \$1.00 and the perceived value of this item in your customer's mind is \$4.00 you are off to a great start. For those who are working on a one cent (penny) per point, I recommend putting this item in the redemption prize center at 115 points. The additional 15% or 15 points is to cover your actual cost of inbound shipping and tax. If your games are set at an average ticket payout of 25%, a customer would spend approximately \$4.60 in your games to receive 115 points. When they win an item that they perceive is worth \$4.00 plus some tax, they feel they have received their money's worth.

I have seen a FEC where every item in the redemption center could be purchased. Prior to this practice, the redemption gross was \$15,000 per week. This FEC started selling merchandise for twice what they paid for each item and one could use tickets and /or cash to get any item. The redemption gross dropped to \$9,000 per week and the FEC owner bragged that he was making an additional \$2,000 per week in profits, selling merchandise. Actually, he didn't make any additional money, but in fact lost \$2,000 per week with this practice. His customers originally thought that a ticket was worth 4 cents but now realized that each ticket was worth only 2 cents. What a rip off! By the way, this FEC went out of business last month.

[Return to top](#)

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