



FEBRUARY 2006 NEWSLETTER

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BRIGHT IDEAS:

South Hill Spokane Store:

Have a little extra room in your store? Brenda makes excellent use of her wall space for an extra row of bins (Rubbermaid totes) for the "pick ups". The person's leftovers are put into buckets off to the side on a separate set of shelves. Their credit slip is taped to the outside. Phoenix stores have a similar setup in their trade-in room. In both cases the "pick up" and waiting-for-approval items do not block or fill up the trade-in buckets. They are totally separate and out of the way.

Phoenix, AZ

Nancy and Val met us in Las Vegas, NV. After a few days of meeting in the sun, we all went to Phoenix to check their gift-card system. The gift card system is used in place of tracking customer's exchange credit using a Point of Sale system or the older card system. Sherrie and Paula were very helpful explaining the details of the system, along with its pro's and cons.

The system uses magnetic gift cards, similar to credit cards. Exchange credits are read and written the gift cards using a credit card terminal(s) and a gift card processing company. Sherri found an older model trans 3-30 credit card machine on the Internet for around \$50. This is the machine she uses in the trade-in room to "load" the gift cards. She uses her regular credit-card machine for purchases and to cash out cards. She negotiated with the gift-card company so she would not be charged per transaction. Instead, she pays only \$35 a month per store for their service. Most of the initial cost comes for purchasing gift cards (62¢ each). The first 400 cards were free. Then she purchased about \$350 dollars worth of cards per month for the first few months. Since they take back any cards with a zero balance and recycle them, they can now purchase fewer cards per month. She has not had to purchase any additional cards since November.

ADVANTAGES:

The system is very fast. There is no need to figure the cash amount of each trade because the cards can be cashed out later (or the same day) at the point-of-sale area. Each card has a unique number and its activity can be traced on the credit card machine (employee cards allow tracking all employee activity). Since the burden of responsibility to keep track of the card is on the customer, there is no need to type in or keep a record of their account. Customers must treat their card(s) like cash. If more than one store is involved, the credit spent or given at any store is credited to the store it belongs too. For example, if items were traded in at store A but the card was used at store B, money would come out of store A's account to pay for merchandise that is no longer in store B. No problem with cash/credit combos. Cards are cashed out at a lower percentage than currently at most stores.

DISADVANTAGES:

Customers losing their card and becoming upset (although with some difficulty their number could be traced and replaced). Some of the hand reconciling at the end of the night is time consuming. We would no longer have as good a record of specific item purchase as we do with the current POS system. Most of these problems could be minimized if the unique number of the card was tied into the point of sale system (as another way to look up the customer) and most of reconciling was done by the POS system. Tying into the POS system is a possibility if franchisee interest is strong.

This month's gift certificate goes to the Phoenix. Thank you for your help!



OPPORTUNITIES:

Let us know your interest level in the card system and we will see how feasible it is to integrate with the POS sale system. (505) 715 9666 (Melinda)

*May a bit o' the green be yours
this month!!*