

## COIN OR CARD FOR YOUR LAUNDROMAT?

There is no topic that stirs more interest among Laundromat owners than the use of card Laundromats versus coin drop Laundromats. There seems to be more vigor in the advocates of card systems; witnessed the store owners using cards are willing to explain how the card systems simplify their management, increase their safety and increase their income by the use of a variety of pricing options.

Supporting these owners is the money being spent by the card system suppliers in trade journals, seminars and mail-outs. Trade groups and journals responding to advertisers and many distributors (who may be seeking additional profits) also lean toward supporting the use of card systems in Laundromats.

The voice calling out for coin systems is not as loud. Most of the manufacturers of coin mechanisms also have developed card systems. The following presents the opinions of a coin mechanism manufacturer. It will help you achieve a balanced view on this important subject.

**LOOKING AT BOTH SIDES OF THE COIN.** Manufacturers and distributors of Card ("Debit/Smart Card") systems have been aggressively selling their Card systems for over a decade in the Laundromat arena. Many knowledgeable observers believed the coin mechanism would disappear and all Laundromats would use Cards. In reality, in all of the vended product businesses, Cards have achieved less than 5% of the market.

There are situations where the Cards have an advantage over coin mechanisms and in these applications; it makes sense to use Cards. "Dave and Busters" restaurants use Cards in their amusement business, where they depend on a captured audience for a limited period and want a system that distracts from how much money the customer is spending on games. College students who use vending are another situation where Cards have an advantage. The student carries a Card with a pre-paid balance to pay for any vended item on campus, from snacks to washing clothes.

Why has the Card technology not been accepted in Laundromat business the way some would like? Even with years of magazine articles, advertisements and trade show promotions, coin still dominates and there is no appreciable sign that Laundromat owners are changing their buying patterns. In Laundromats, Cards do not provide enough benefits to overcome the advantages of coin mechanisms. Cards are a payment system that is more expensive to maintain than the traditional coin mechanisms and may not provide all the benefits imagined.

The small market share of the Card system and the large number of manufacturers of Card systems raises the concern about the profitability and survivability of the companies selling Card systems. At least one Card company has gone out of business. A comparison on coin mechanisms versus Cards shows that some of the reasons for installing the systems may not provide all the advantages suggested by the manufacturers.

**FLOAT.** Card system companies market the "Float." This is money "purchased" by your customers and not used. It remains as a balance on their Card. Although float is a benefit to the storeowner, it can also be seen as a detriment by creating ill will and customer aggravation. Most of your customers will resent taking their money without providing anything in return. Some customers actually need the "Float" to live, so they ask for a refund of the unused "Float" when they leave. This adds an extra labor expense. Do you really think your customers like the "Float"?

**CUSTOMER PREFERENCE.** The bulk of Laundromat users are people who do not have, or cannot afford, their own washing machines. Millions of people who are Laundromat customers do not have a checking account or credit cards. Forcing a customer to purchase a smart card does not always work. Customers may leave and go to Laundromat that uses coin mechanisms. Not everybody wants his or her money on a piece of plastic, particularly when the balance is not shown on the card.

**FAILURE AND REPAIRS.** In a coin Laundromat, one mechanism can go out of order, but all remaining washers and dryers still work. Owners can fix many coin slide problems, but when a card system breaks, repairs require an electronic repair technician. Card systems can have technical problems where all of the washing machines and

dryers go Out-Of-Order. If the card dispensers are jammed or out of order for another reason, customers cannot put money on their cards to start any of the washers or dryers. Your point of access is limited to the number of card dispensers installed and operating.

**TRAINING.** When you have a Card store, you are limited to using a higher standard of attendant. You cannot rely on cleaning workers to explain how the system works without training your workers in using the Card system and how to respond to customer complaints and questions. There is more training required for Card Laundromats and more for the owner to learn.

**HIGHER COST.** It is more expensive to operate a Laundromat with a Card system. The costs are calculated in these areas: 1) initial investment; 2) ongoing cost for cards; 3) need for increased hours for attendants to educate customers in the operation of the Card system; 4) higher wages for attendants possessing computer skills; 5) ongoing cost to update system; 6) salary cost related to refund of "Float"; 7) higher cost to maintain and repair Card readers and the system.

**RAPIDLY OUTDATED TECHNOLOGY.** Newer versions and ongoing upgrades are the constant companion of Card systems. The enemy of a computer board is dust, heat, vibration and water. Laundromats have all of these conditions. Technology in Card systems is progressing or changing so rapidly that an eight-year-old system may have difficulty in finding repairpersons and parts. It is a reasonable to believe that electronic Card systems will not have the twenty-year usable life of mechanical coin drop mechanism equipped Laundromats.

**NOW YOU HAVE A BALANCE.** The majority of articles and information you will receive is supported by the manufacturers and favors the switch to card systems. If you have an iPad and iPhone you will probably prefer the feature benefits of card systems, but if you think the coin mechanism still has a place in our industry, you now have a few points to ponder.

