

# Office of \$1 Coin Programs

## \$1 Coin Robust Circulation Program

Pilot Recap  
Proposed FY 09 National Rollout Approach

January 15, 2009





# **Pilot Recap and Results**

# Pilot Recap and Results

- Conducted research including pre- and post-pilot surveys
- Implemented 3-pronged integrated plan in four cities
- Actual retailer activation period – mid-Oct through Nov 24, 2008
- Six major national and regional retailers ordered \$1.4 million coins
- 600 small retailers ordered an additional \$564,000 coins

# FRB Data Issues

- Discrepancies in the data sets provided by the FRB
  - FRB data for 8/1 to 9/5 period in Charlotte shows 1,000,000+ fewer coins than what was provided in September
- FRB data does not pick up significant amount of \$1 coin payout in pilot markets
  - We estimate 20 to 40% depending on city
  - Because of coin supplied by correspondent banks and bank “cash vault” operations located outside the metropolitan area
  - FRB has verified this and is researching the issue
- Early pilot payout data is diminished
  - Initial orders would have drawn down on existing pre-pilot bank inventories

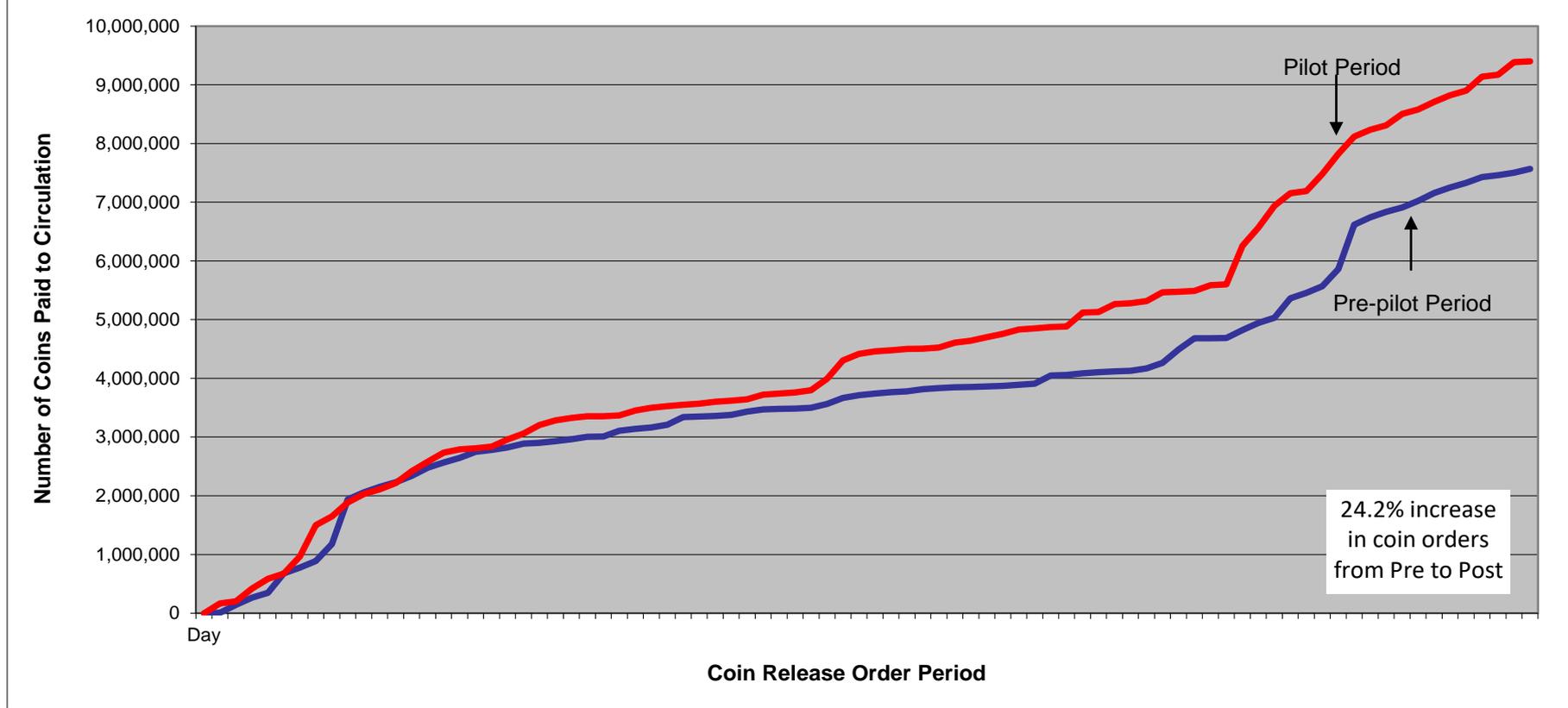
# Pilot Retail Activation Timeline

	August	September	October	November
<b>Pilot Period</b>	4-Aug	Advertising and PR activities begin		
Bed Bath & Beyond				17-Oct
Kmart				15-Oct
<u>Walgreens</u>				1-Nov
Jersey Mikes				13-Oct
Circle K		8-Sep		
Harris Teeter				
<b>Real Change Exchange</b>				
Mall Events				Oct 24 - Nov 9
Mobile Tour				25-Oct

- While some pilot activities have been on-going to prevent loss of ground, payment and survey measures were taken at the end of November
- Some major retailers activated at the very end of, or after, this period

# Pilot Retail Activation Payment Data

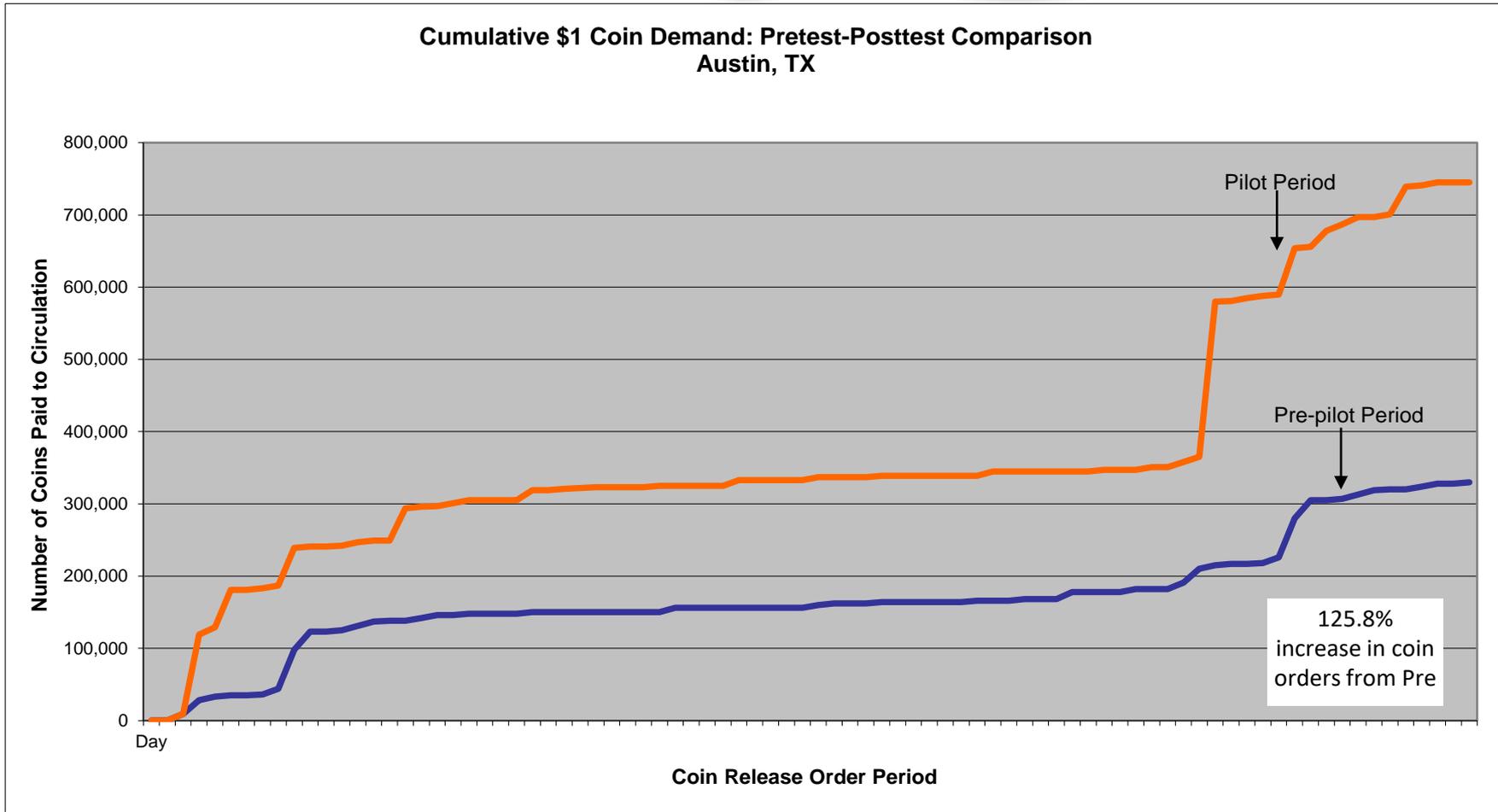
Cumulative \$1 Coin Demand:\* Pretest-Posttest Comparison  
All Markets



\* Source: FRB data

\*\* Pre-pilot period data normalized to provide 83 day period for comparison

# Pilot Retail Activation Payment Data

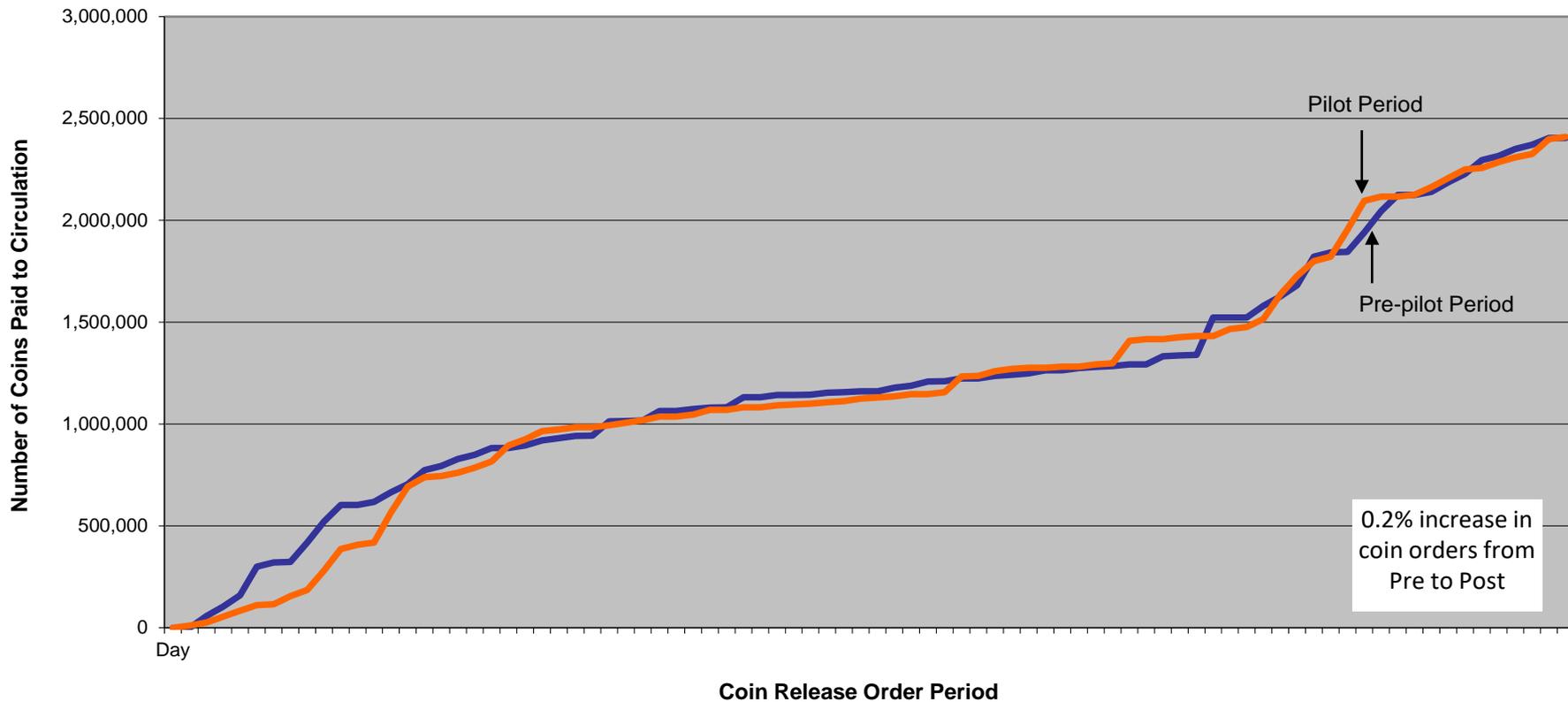


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# Pilot Retail Activation Payment Data

Cumulative \$1 Coin Demand: Pretest-Posttest Comparison  
Charlotte, NC

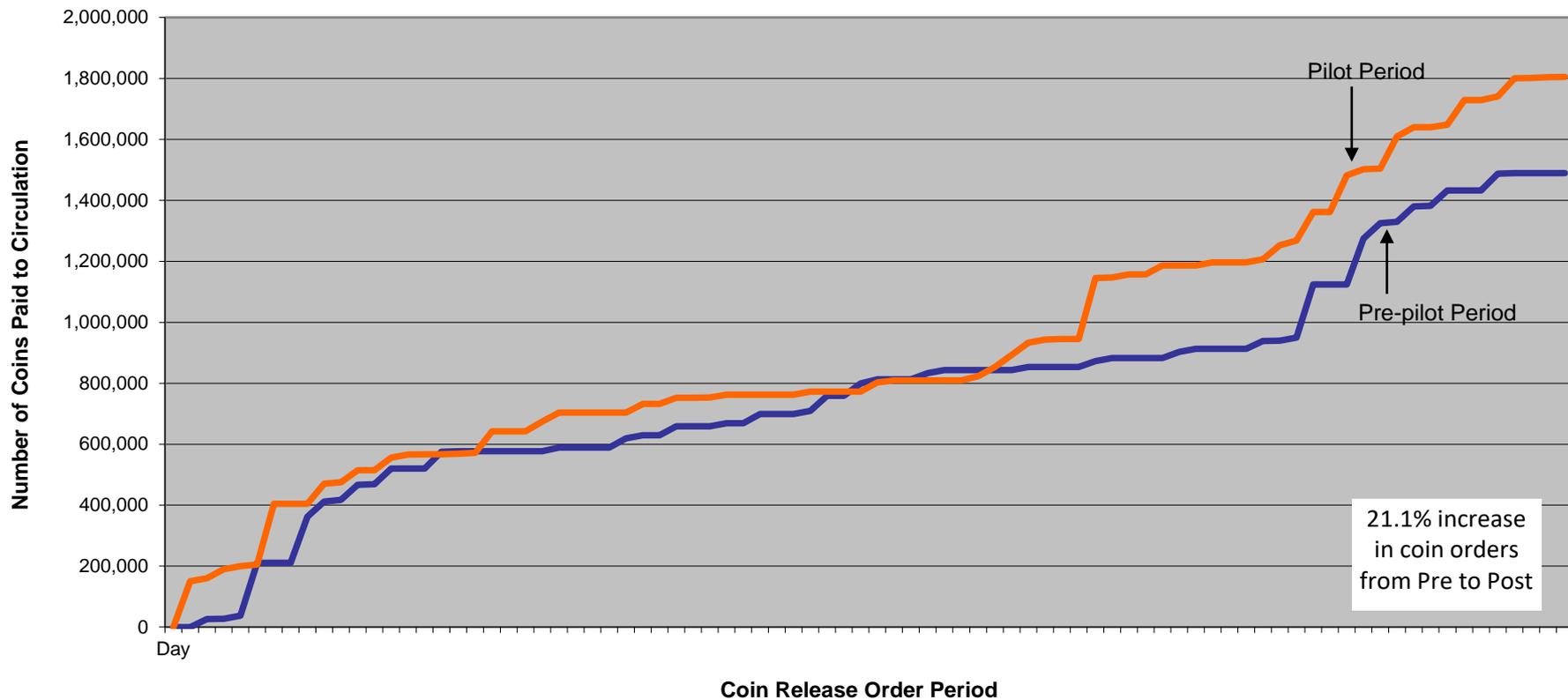


\* Source: FRB data

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# Pilot Retail Activation Payment Data

Cumulative \$1 Coin Demand: Pretest-Posttest Comparison  
Grand Rapids, MI

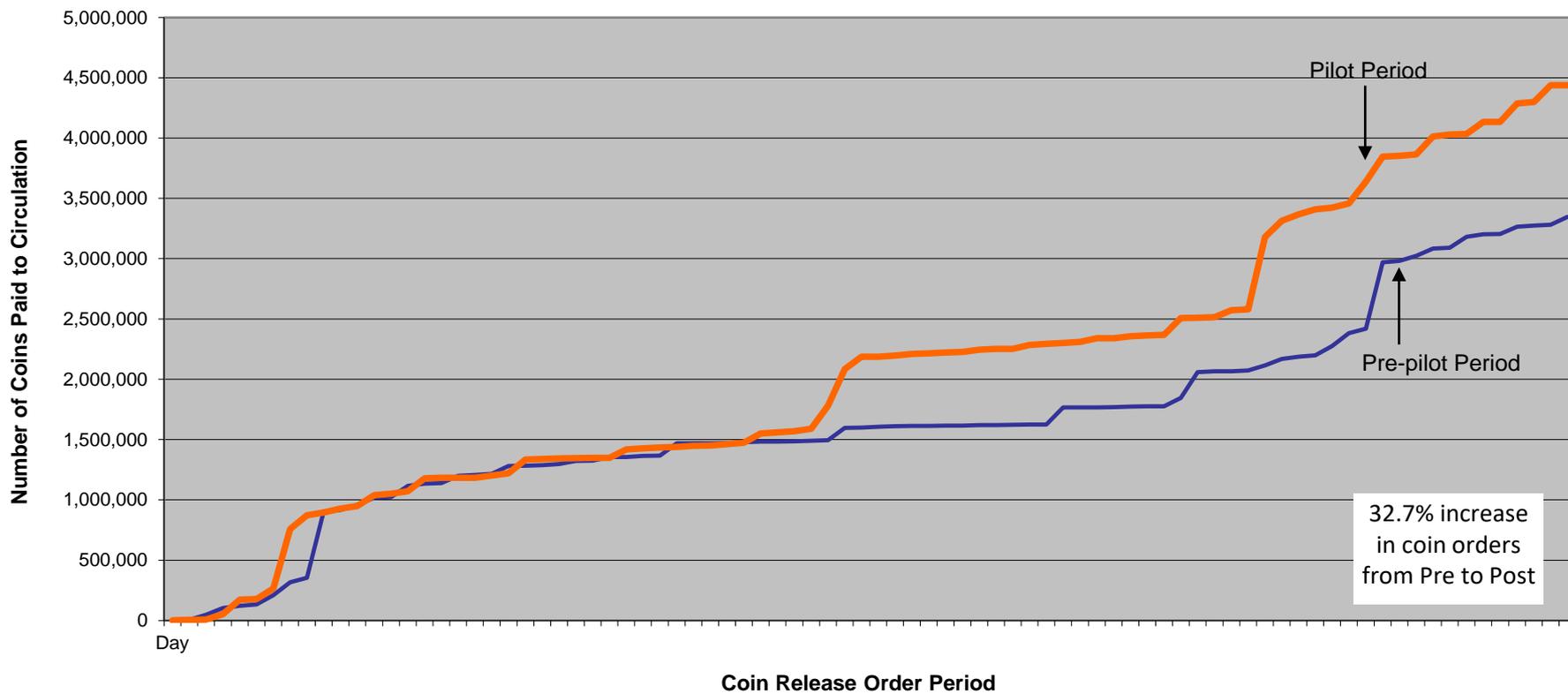


\* Source: FRB data

\*\* Pre-pilot period data normalized to provide 83 day period for comparison

# Pilot Retail Activation Payment Data

Cumulative \$1 Coin Demand: Pretest-Posttest Comparison  
Portland, OR



\* Source: FRB data

\*\* Pre-pilot period data normalized to provide 83 day period for comparison

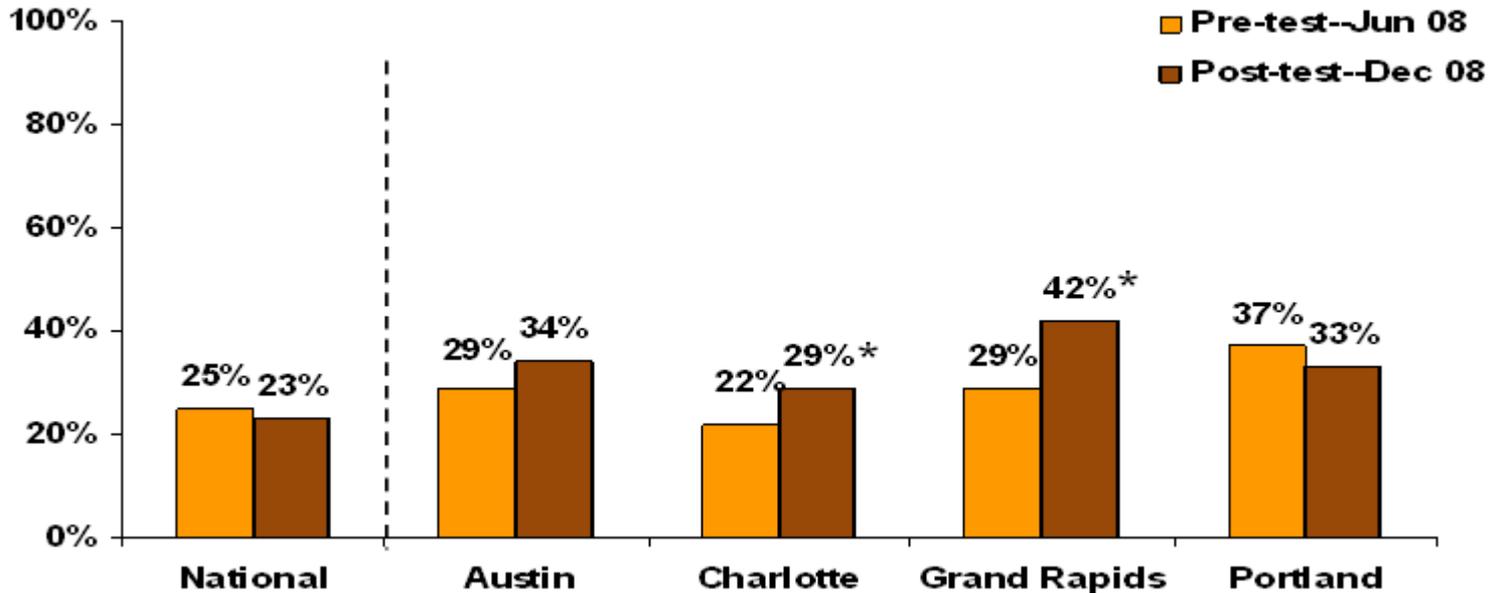
# Pilot Retail Activation Usage Data

<b>Number of \$1 Coins Distributed</b> <b>(comparable 83 day periods)</b>	<b>Pre-Pilot</b> <b>(5/1/08 - 7/30/08)</b>	<b>Pilot Period</b> <b>(7/31/08 - 11/28/08)</b>	<b>% Chg</b>
Austin, TX	330,000	745,000	125.8%
Charlotte, NC	2,404,000	2,410,000	0.2%
Grand Rapids, MI	1,490,000	1,805,000	21.1%
Portland, OR	3,346,000	4,439,000	32.7%
<b>Pilot Market - total</b>	<b>7,570,000</b>	<b>9,399,000</b>	<b>24.2%</b>

# Pilot Retail Activation Usage Data

## Usage for Total U.S. Adult Population and Adult Population of Pilot Cities

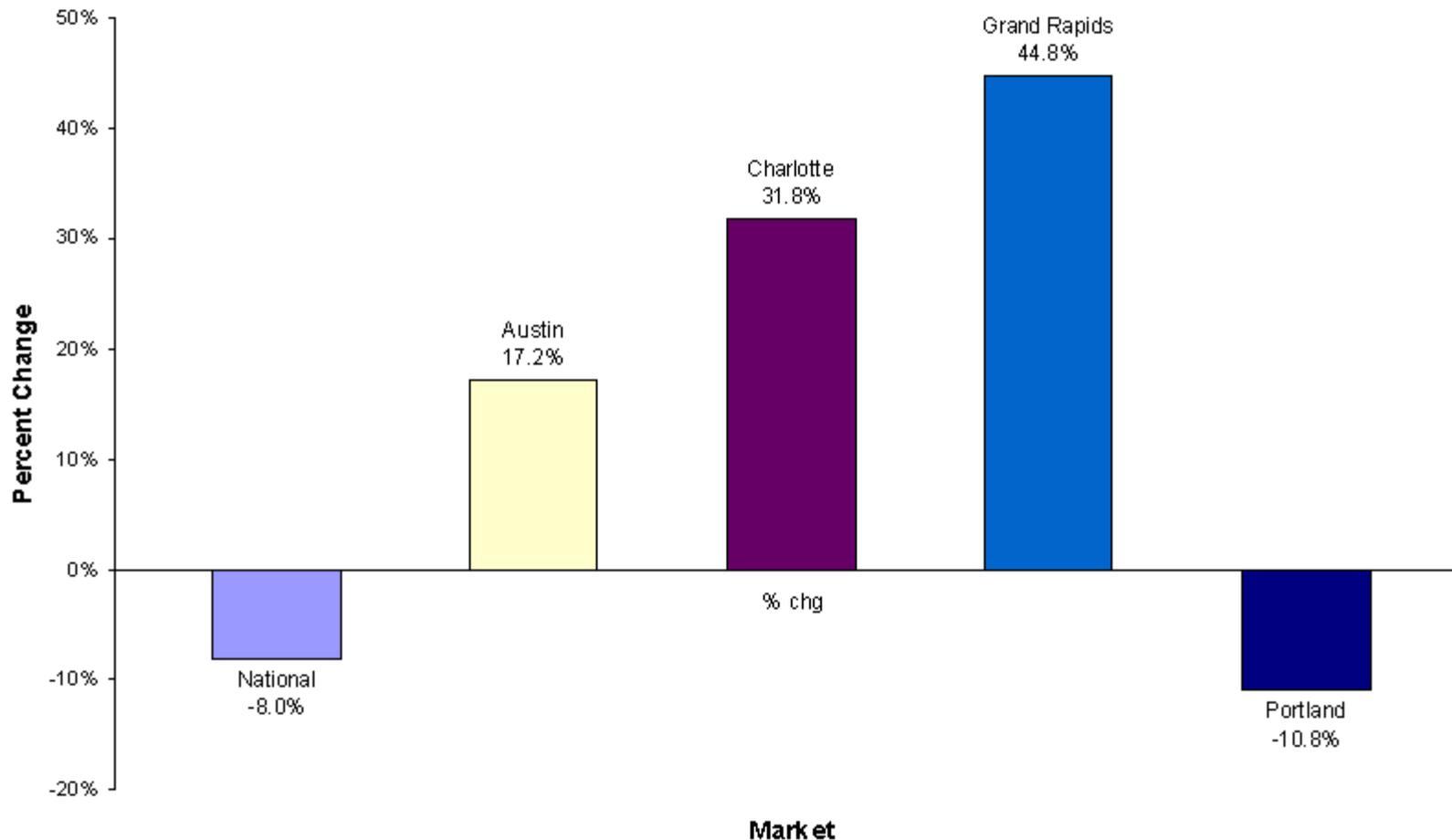
Did you USE one of those \$1 coins to pay for something or make a purchase?



\* Indicates a significant difference from pretest

# Pilot Retail Activation Survey Results

\$1 Coin Pilot Pretest-Posttest Comparison: Percent Change in Usage Rates





Bus



MAX  
Light Rail



WES  
Commuter Rail



Portland  
Streetcar



## New, More Reliable Ticket Machines

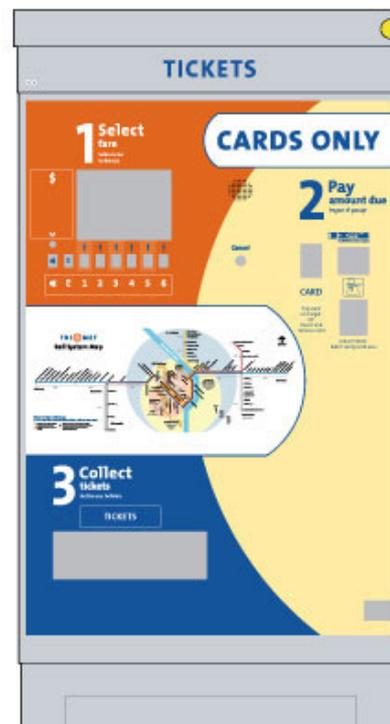
60 old machines will be replaced by spring 2009

Tired of broken ticket machines? We're in the process of replacing older ticket machines with more reliable card-only machines. The new machines will be easier to maintain and less likely to break down.

Installation of about 60 new machines is under way and should be complete by spring 2009. The machines being replaced are more than 20 years old.

The new machines accept debit/credit cards only. However, every MAX station will still have at least one machine that accepts cash. All **WES Commuter Rail** ticket machines will be card-only.

- Trip Planner
- Transit Tracker
- Service Alerts





# Lessons Learned

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## Three-Pronged Integrated Approach is Key

### 1. Retail activation is lynchpin to program

- Retailers won't activate without advertising and PR elements
- Major retailers require dedicated support teams at startup to train managers/cashiers, help with POS, and resolve \$1 Coin availability issues
- Free POS
- Website for retailer POS orders and consumer information
- Mobile tour vehicles were critical to national and regional retailer buy-in
  - Secondary benefit is consumer “sampling”

# Lessons Learned

## **Three-Pronged Integrated Approach is Key (cont.)**

2. Advertising is crucial for retailer buy-in and secondary benefit is enhanced consumer awareness
3. Public Relations
  - Hard news element drove success—“fluff” did not
  - Messaging drove media interest

# Lessons Learned

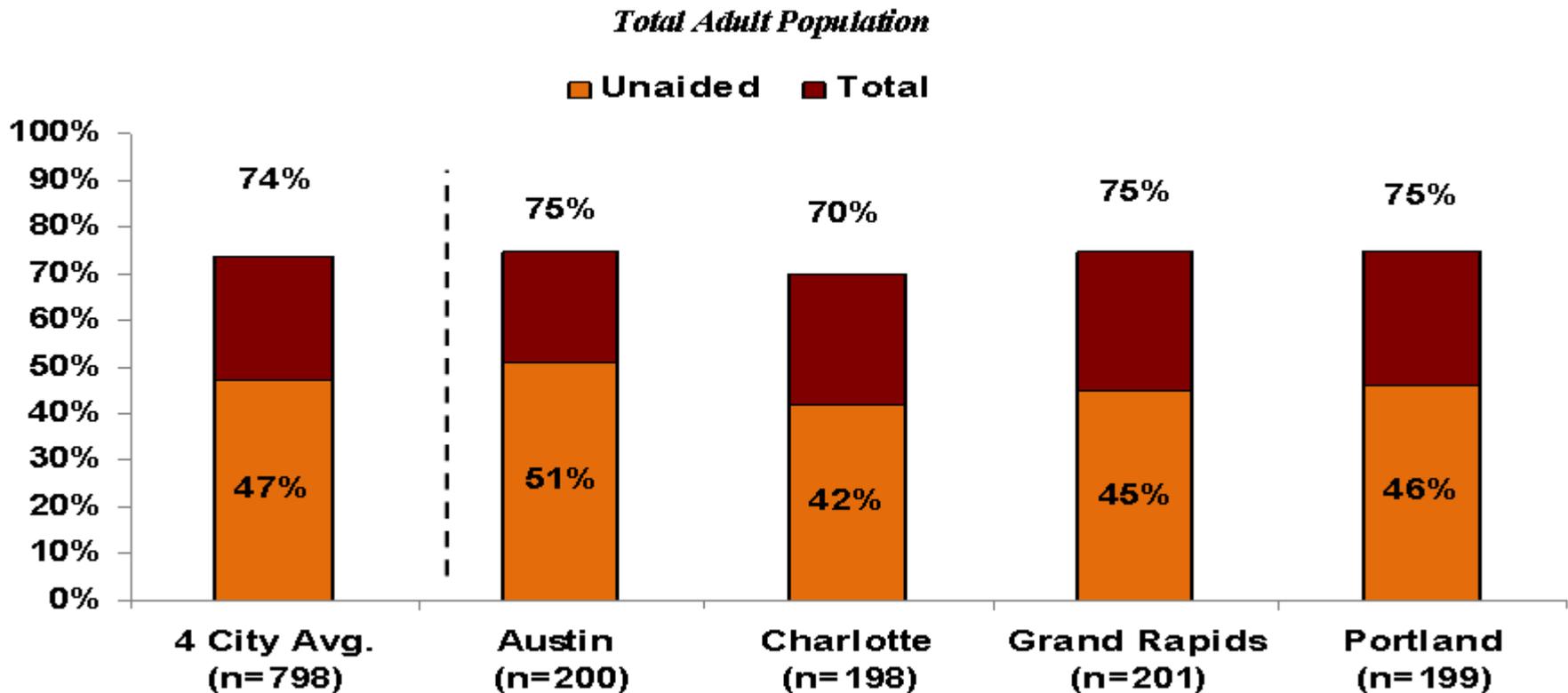
## Messaging is Critical

***\$1 Coins are durable, save the nation money,  
and are 100% recyclable***

- Thoroughly tested messaging via focus groups and surveys
- Resonated with retailers, consumers, and the press
- Retailers and consumers reacted positively and were influenced specifically by “green” messaging
- Message is even more relevant today

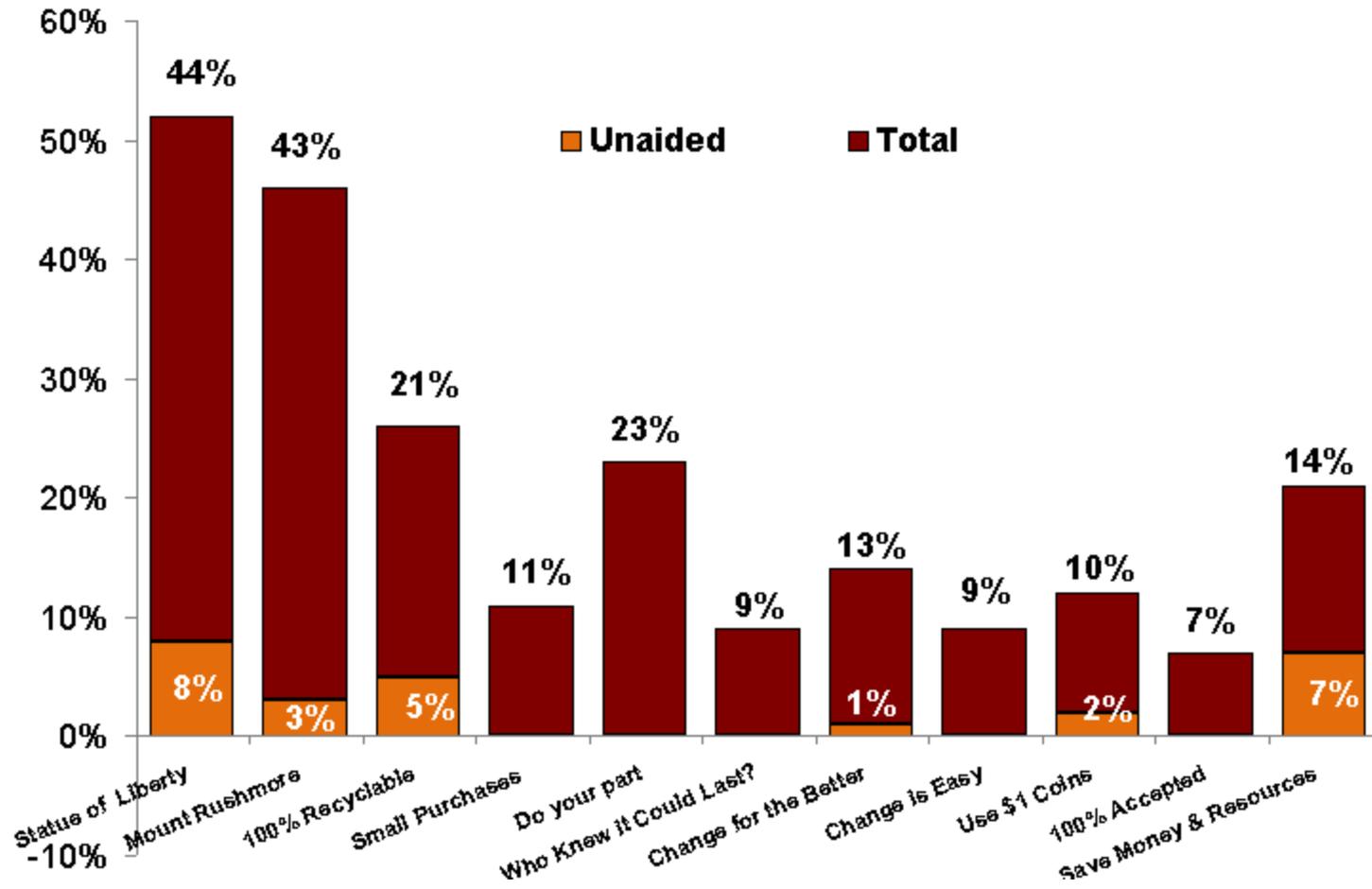
# Messaging Metrics

## Seen Commercial Messages and Advertisements in the Past 30 Days



# Messaging Metrics

*Messages Recalled: Unaided and Total (net unaided and aided)*



# Lessons Learned

## Top Down..., NOT Bottom Up

- Recruiting national and regional retailers is more cost-effective and drove incremental coin orders
- Recruiting small retailers (LAAs), although effective, was labor intensive and costly
- Recruitment and activation take time!
  - Corporate-owned enterprises require minimum of 20-24 weeks of advance work
  - Franchise operations take much longer – avg. 8-12 months
- If the Corporate Treasurer and Cash Operations Manager are not supportive, the retailer is unlikely to participate



# **Proposed 2009 National Rollout Approach**

# National Potential

***We can meet or exceed our FY 2009 metric goal of \$450 million in net pay through expanding our existing relationships with national retailers***

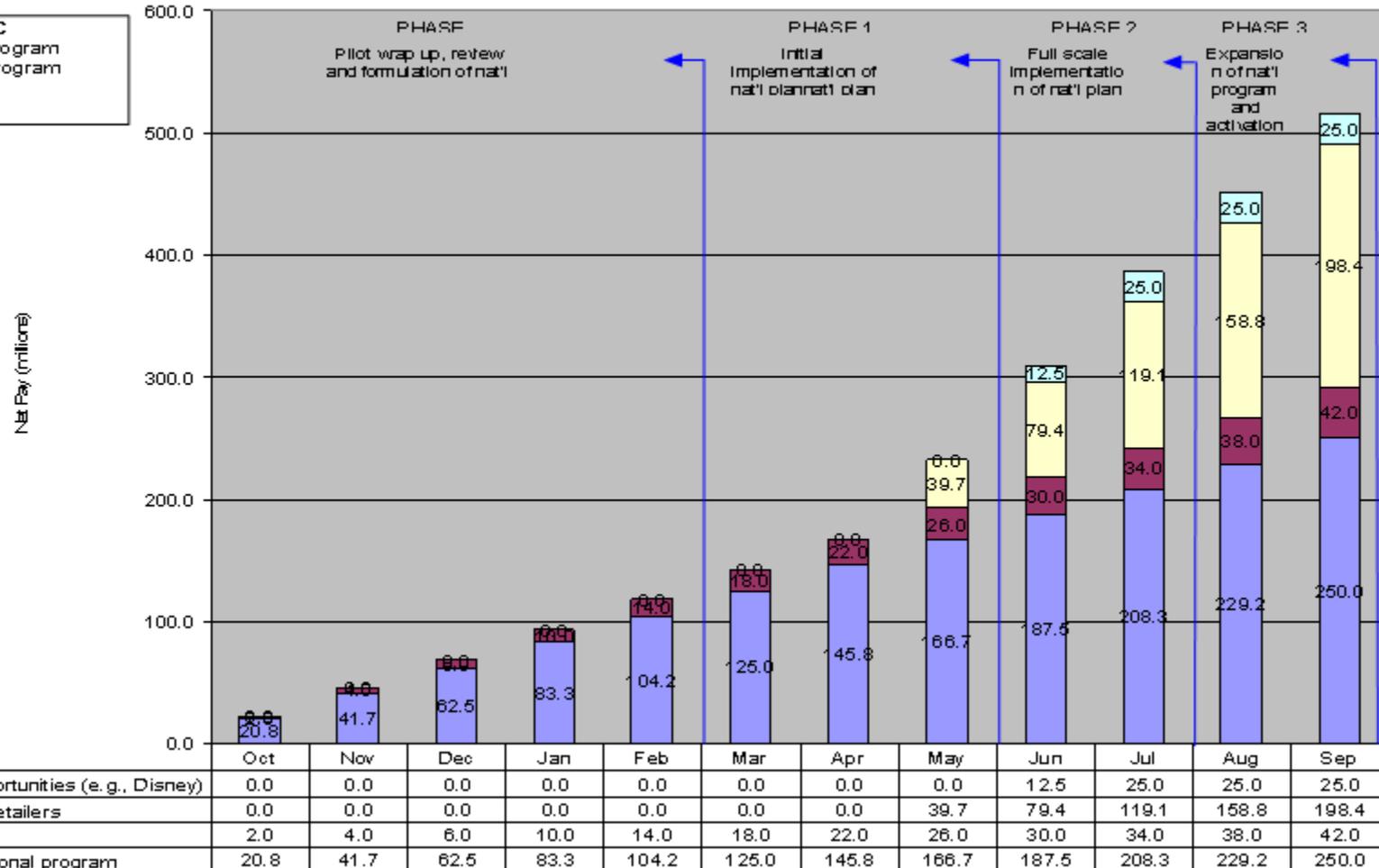
## National & Regional Retailers

Retailer	Total Pilot Store Count	Projected Weekly \$1 Coin Demand	Avg. Weekly \$1 Coin Demand per Store	Total National Store Count	Est. Weekly \$1 Coin Demand per Store	Potential National 52 Week \$1 Coin Demand
Bed Bath & Beyond	31	\$31,000	\$1,000	890	\$890,000	\$46,280,000
Kmart	20	\$25,000	\$1,250	1382	\$1,727,500	\$89,830,000
Walgreens	239	\$179,250	\$750	6479	\$4,859,250	\$252,681,000
Jersey Mikes	26	\$18,200	\$700	400	\$280,000	\$14,560,000
Circle K	16	\$8,000	\$500	2100	\$1,020,000	\$54,600,000
Harris Teeter	25	\$56,250	\$2,250	176	\$396,000	\$20,592,000
<b>Total</b>	<b>357</b>	<b>\$317,700</b>	<b>\$6,450</b>	<b>11427</b>	<b>\$9,172,750</b>	<b>\$478,543,000</b>

# National Potential

FY09 Projections for \$1 Coin Net Pay

FY09 GOAL/METRIC  
 \$250M net pay w/o nat'l program  
 \$450M net pay with nat'l program



# National Rollout

***Goal: \$450 million net pay in FY 09***

## **Key Elements of Proposed Approach:**

- Focus on national/regional retailers and Disney
- Continue three-pronged integrated strategy
- Deploy retail “SWAT” teams
- Use existing messaging and TV advertising
- Implement direct distribution program for Native American \$1 Coins
- Continue FRB, FI, and stakeholder outreach to “grease skids” and meet legislative mandate

# National Rollout

***Goal: \$450 million net pay in FY 09***

## **Phase I of National Rollout – Mar-Apr-May**

- Focus on existing, participating national and regional retailers
- Begin tactical development and execution of National Activation Program; expect retailers to begin national activation in May
- Integrate Native American \$1 Coins into all program activities
- Initiate direct mail campaign for small retailers

# National Rollout

***Goal: \$450 million net pay in FY 09***

## **Phase I of National Rollout – Mar-Apr-May (continued)**

- Implement multi-part direct distribution program for Native American \$1 Coins
  - Bulk sales to transits
  - \$1 coin resellers
- Expand scale of retailer POS website
- Execute agreement with Disney

# National Rollout

***Goal: \$450 million net pay in FY 09***

## **Phase II of National Rollout – June through July**

- Full scale implementation of National Activation Program
- Execute agreements with additional national and regional retailers (e.g., McDonald's, Quiznos, Wal-Mart)

# National Rollout

***Goal: \$450 million net pay in FY 09***

## **Phase III of National Rollout – Aug-Sep**

- Sustain expanded National Activation Program and seek out other opportunities
- Initiate Disney pilot test for concession distribution of \$1 Coins