



Beating Cinema Ticket Fraud...

In a previous **screentrade*** article we learned about 'ticket palming' and that such fraud remains a 'business within a business' perpetuated by corrupt staff. However, as exhibitors, it's important to realise from the outset that such employees could well be redirecting your money long before you were even aware that the money was coming in! So, a key to smashing cinema ticket fraud is to thoroughly understand the flow of money through your business. Cinema is a cash-rich business after all and so, when all this is understood, the necessary checks and balances can then be put into place.

Tracking Cashflows

Let's begin with a typical Box Office sale, in which a customer walks up and buys, say, four movie tickets. Payment can be made in any number of ways: cash, credit card, gift certificate, smart card, personal cheque, movie money etc., but notice immediately that payments in forms other than cash can be tracked and so therefore remain of little immediate interest to errant staff.

HOT TIP

Supply traceable means' of payment to limit cash vulnerability to corrupt employees

Credit Cards: Win-Win-Win

Credit cards are a good payment form offering traceability and deposit only at your

ECI Prexy, BRUCE L. HALL explains how minimising your cinema cash transactions will help safeguard against employee theft.



company bank account. "Ah... but the *fees*", you say, "this is going to cost me money". But not if you add value or convenience to the sale. Also, you must have a written policy stating: "Discount for cash", which is the legal way to add to the sale amount by selling convenience to customers. And, by offering this extra convenience, you actually *make* money from your credit card sales. Remember, most customers will happily pay for the built-in convenience of using a credit card which gives a report on how their money was spent. So you end up with a 'convenience fee-per-ticket' that more than covers your fees charged and provides an extra profit centre for your business. Better still, since the convenience fee is a separate service and not

part of the ticket cost, it cannot be claimed by distributors.

Such *bona fide* commissions should always be put in writing by the credit card company and all win with this situation. You win by making extra money on the sale while blocking potentially-corrupt employees stealing customers' cash; the credit card company wins because they benefit from sales that otherwise might have gone to cash, and the customer wins through added convenience. In fact, I have even witnessed customers walk away from cinemas angry because there was no credit card facility. Therefore, install a credit card system to protect your cash and keep your customers happy. Note too that with many debit card facilities, usually there are no service charges to the customer.

Paper Gift Certificates & Movie Money

Of course, these can't be used as cash in the outside world but, in a way, can be more treacherous still toward your business than cash sales. They may be stolen by staff and then sold or given away to friends, and so in this way you lose three times: first, you lose the value of the paper gift certificate or movie money that you would receive if they'd been sold legitimately; then you lose concessions products or tickets when they become redeemed, and, worse yet, you could end up paying additional money to distributors – in effect, you'll be paying out of your *own* funds because money was never actually collected from the customer.

HOT TIP

Ditch paper gift certificates and movie money vouchers and replace with secure, traceable payment forms like Smart Cards.

Exhibitor Smart Cards

Smart cards become a great equaliser since they hold pre-paid customers' money, and so not only give you tight control of it but even allow you to bank and earn interest on that prepaid money! Moreover, Smart cards also permit free



time, will lead your customers back to your theatre(s).

In summary, then, we have converted most of the vulnerable cash transactions to traceable card systems that enable you to charge for convenience and even earn interest on customers' money; but we do still need to protect the remaining incoming cash.

Print Tickets-on-Demand

Sadly, we sometimes learn the hard way that the people we have to trust become the ones we most need to watch and so the first and



marketing to customers by emailing them with details of the kind of upcoming movies they've already told you they want to come and see. Ergo: Smart cards give added value for you as an exhibitor.

“As exhibitors, you should be aware that corrupt staff could be cheating you of your cash long before you even knew it was coming in”

But customers can also give Smart cards to their kids and so (unlike with cash) will always know where their kids are and what they're buying; and, of course, they have to buy from you! Smart cards also incorporate a movie rating limit. Having eliminated cash and paper voucher fraud, the cards also enjoy built-in loyalty reward programmes which, most every

most significant hole to plug is that of using cheap 'store-bought' tickets, touched upon in the previous article*, since using these ticket types poses a serious threat to your business. Store-bought tickets can be purchased at office supply store by corrupt staff and then sold to customers for cash before the evidence becomes destroyed. So, to protect your business you must *print tickets on demand*, since these cannot be faked. "Ah, yes... but the cost, again", you say. "It'll all cost money to install." Okay, but actually no, it'll save you money.

In the last issue* we saw that the arbitrary theft of, say, just ten \$6 tickets each day (at just one single-screen cinema) could be defrauding your business of around \$22,000 annually. Using this illustration, purchase of a \$5,000 Ticket-on-Demand system would net the theatre \$17,000 in lost revenue after the first year, while saving the full \$22,000 each year thereafter. In just six years, then, your theatre's income would see a boost of \$127,000, to say nothing of the peace of mind gained from the



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install. Furthermore, this increase relates only to the conservative figure of ten \$6 tickets each day since most movie tickets are more expensive and if corrupt employees are more confident of getting away with it, the figures could be some 2-3 times higher.

HOT TIP

Install a Ticket-on-Demand system to prevent fraud

So far, we've covered some of the origins of ticket fraud and some of the means by which the very real losses can be effectively stemmed while even earning you money. Of course, there are many other ways to combat insidious cinema ticket (and concessions) fraud and these will be covered during subsequent issues.

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*Ticket Fraud: pp16-17, *Screentrade Summer 2005 issue*

Screentrade's Ticketing/Point of Sale section is designed to help protect exhibitors to run secure theatres and make and keep more money. If you have a story to share with other theatre owners that may help to uncover cinema ticket fraud then please contact, in complete confidence:

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info@screenrademagazine.co.uk