COLLECTIVE NOTES ON DEALING WITH SERVICE CREDIT

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Sec A. Overview

We need to figure out a seamlessly way to redeem service credit. When individual services were selected, we could discount that service (with its own sku) by 100% off. Any other retailer would have to “Zero out” the price” by discounting the service 100% off or changing the price to $0.

When we started beating deals by the max amount with service credit instead of choosing individual services, the process (at Sport Systems) became more complicated for cashiers, and now they are having to perform a few manual processes & calculations which makes the likelihood of error in this type of transaction high, and really slows down the checkout process even more.

Sec B. Deducting via Discounting vs Payment Type

- “Discounting” for the purposes of this document means taking an amount out of Subtotal (before tax is applied) vs. “Payment Type” which is taken out of an account from the Total (after tax)

After meeting with our accounting department and store manager:

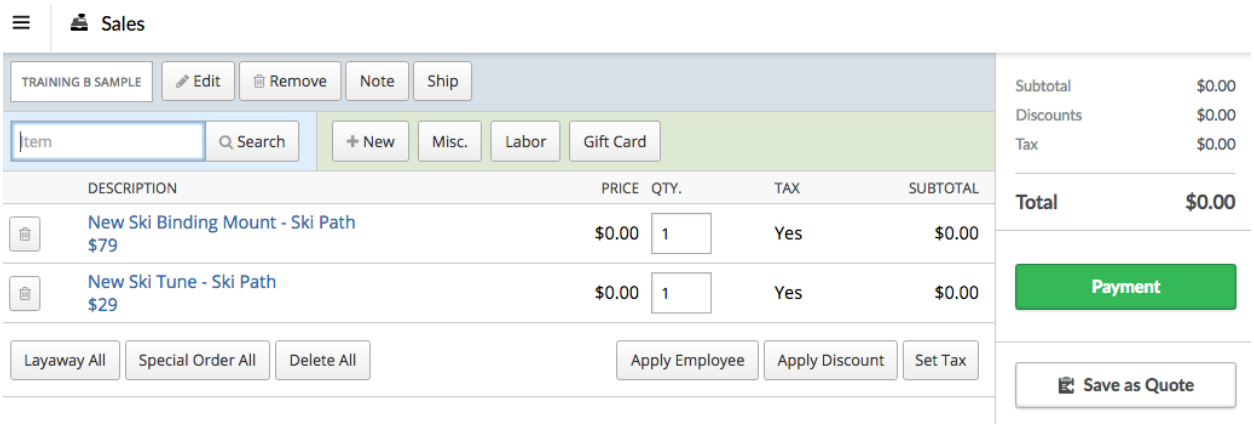
- We must take out service credit as a “discount” vs. as a payment type
- The problem with taking out an amount from payment type has to do with tax:
    - If we already captured the extra tax in the original sale, we don’t want to charge tax for the service that we gave them to beat a difference.
    - There is no money exchanged in this transaction (using service credit)
    - Also if we built in the tax, including it in the service credit amount, then Sport Systems would have to pay the extra tax.

Sec C. Issues with the Discounting Method

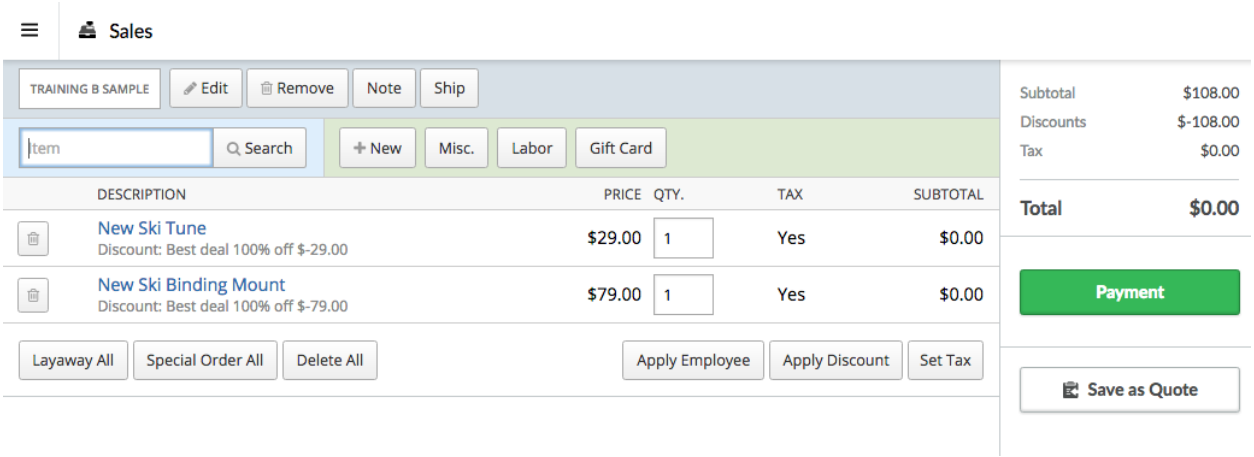
Two options for sport systems:

We can create separate SKU's with $0 or no charge for the services that we are giving away:
Cons: -We would have to make a LOT of SKUS, especially for bike shop services

- If someone was using a partial amount to pay for a more expensive service then we still would have to change the price



What we are doing now:
Applying a "Best Deal 100% off discount" to the services



New Ski Mount & New Ski Tune are pretty easy to deal with because the 20% doesn't apply (only off of future repair services), but it's still a pain to have to take out a calculator if the customer has more than $108 on their voucher.

Things become more complex/involved for two reasons:

- When there is more (associate owes them a new card with the remaining balance) or less ("paying" a partial amount in service credit)on someone's service credit card
- Anyone who bought their skis, snowboard, or bike here that they get 20% all future repair services

See link below for new procedure for these situations (yikes for our cashiers):
https://docs.google.com/document/d/1COir3J3pP3LLrgKpFG-UQWQraDnZgLAEDs2Gt6jHqbM/edit?usp=sharing

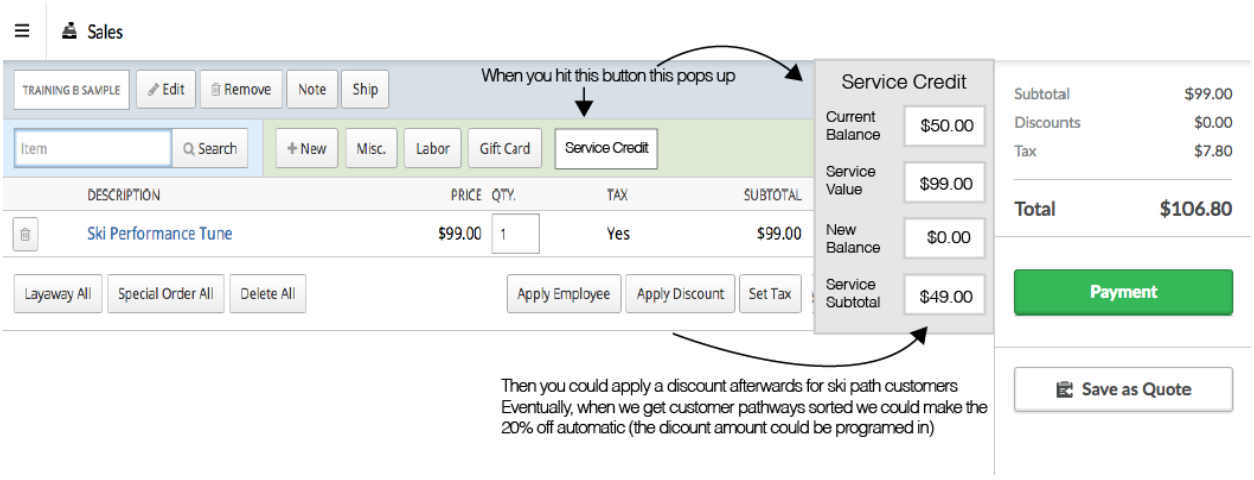
D. What we need

- A customer account that holds their service credit so that the customer and store can see the balance (Maybe “B Bucks” will rename later) and be able to pull from it to use towards a purchase **
- A way to stack discounts in lightspeed or at least combine with a point system
    - I.e. give 20% off service FIRST, and then take out a specific amount from the subtotal from the service credit balance before tax.
- An automatic way to deduct service credit (without the employee having to pull out a calculator)

What would be nice to have:

- Some way to separate services and product when ringing up items (so that we can apply things like service credit and discounts only to the service subtotal

Maybe something like this? (mockup)



** We are gravitating towards a point system right now, where $1 = 1 point, lightspeed has developed their own system like this so it would be interesting to look into. Maybe we can just use theirs.

Other Notes:

- Something I realized: When we issue store credit with a gift card, people still have to pay tax on everything
- The customers that bought their skis here (thus get 20% future services) AND have done a best deal & chosen enough service credit to cover a repair tune, then they are actually getting 27.8% off the service because they don’t have to pay tax on it. Should we factor this in with our % to beat the deal rate? - we should maybe consider adjusting the max for service credit auto-complete