

MintWorld Compendium

The finest source of comprehensive information focused on all topics connected with coin production
ESTABLISHED 2012

HIGHLIGHTS

Where are collectors found? Clubs, forums, fairs

The relation of direct marketing and collectors explained by experts

How mints help successfully the secondary market

Coin Collectors

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EDITORIAL

Collectors - the most loyal buyers of commemorative coins

The most loyal buyers of commemorative coins are these: the collectors who try to have all issues belonging to their collecting specialty complete.

Some mints take it for granted that there are collectors and complain loudly that these collectors are increasingly old. New programs are started to enthruse new buyer groups and, in the process, the hard core of collectors that has stayed the same for hundreds of years is forgotten. This core is made of older people, mostly men, who only begin their collections when their children leave home allowing them to spend freely from their household budget without a guilty conscience.

Collectors live in their own world, full of unwritten rules, with their own terminology and an inner logic that is only accessible to those who interact with them. This edition of MintWorld revolves around the world of the collector as the most important customer of the mints.

In order to delineate the "collector" from other occasional coin buyers, a definition and brief look at his history up to the present seems to be in order. What is going on today has its roots in the silver boom of the 70s. Many of today's phenomena can be explained by events then. And it would be nice if we could learn from those past mistakes.

These include, for example, taking the collector seriously as a partner and building a healthy collector market. To illustrate possibilities for contact, we describe the collector's environment. We interviewed important players in the functioning of clubs, coin fairs and internet forums. Whoever reads these interviews attentively will surely find many starting points for ways to initiate and build contact to collectors. Knowing the preferences of one's own customers is surely helpful for any marketing director when planning his yearly program.

Another option for finding collectors is illustrated by Guido Dohm in his article on direct marketing. And Dr. Andreas Schikora presents an evaluation of which factors need to be taken into account when choosing sales channels for reaching collectors.

"In every collector," says Michael Becker in his interview, "is also a speculator." Even if a collector doesn't want to sell his coins, it gives him satisfaction to see that their value has increased. That is why it is important to address the secondary market as well. As the word suggests, the secondary market is something subordinate. Secondary market sounds like it's in the same category as used cars, surplus stores or flea markets – which is



why no collector would ever speak this word. What producers like to call the secondary market is for the collector the actual market, the market on which a coin or medal has to prove that it's worth the money that was invested in it.

Unfortunately, collectors repeatedly experience that their acquisitions can fetch only a small portion of the original price. This is the worst PR that a mint can have. Whatever happens to a collector is now posted in internet coin forums and read by thousands. Such reputation disasters should be avoided. It is important to know how the collector's market functions and what is successful.

To this end we look into why some commemorative issues were more successful on the secondary market than others based on a couple of examples.

Finally, we conduct an interview with a representative from the most important group on the collector market: coin dealers. Coin dealers don't only advise in acquisition, they also regularly repurchase coin collections in order to keep the secondary market going. They play a decisive role in the world of the collector, a role that is, sadly, widely underestimated in many countries. Some mints believe that shutting out the coin dealers is better business, and in so doing, forget that, at best, they are abandoning a sales channel that has been established for centuries. Creating a better collaboration here would be an enormous win for the collector market.

Today's collector market is internationally easy to understand and the price structure has become transparent. Most collectors observe events attentively. An annual, detailed analysis of the sales for house products on exactly this secondary market should be routine for mints.

Ursula Kampmann

Editor of MintWorld and MintWorld Compendium

Collectors and other coin buyers – Attempt at a definition

Not every person who buys coins is a collector. Collectors are distinguished by the fact that they do not need to be convinced to buy coins; they do it systematically on their own. They know exactly which coins are in their specialty, and they give long-term value and appreciation second priority.

Text Ursula Kampmann

You meet them at flea markets, coin fairs, and on the internet: Collectors are a unique species with a psyche that's difficult to categorize. But we would like to try, anyway, to find a definition of the collector:

The collector knows exactly what he is collecting, even if it doesn't appear so from the outside. His collection has a system, even though usually only he understands what it is. The majority of collectors have a clearly defined specialty: Regional (China, Germany, USA, etc.) or period (Roman, Renaissance, emergency currency, and much more). There are also many thematic collectors (maritime, musicians, physicians ...) and, naturally also, collectors of materials (such as gold, palladium, platinum, bimetal) and forms (klippes, 'schraub-medallions').

The important element is a close emotional relationship which binds the collector to his theme and unites his life with collecting. A doctor might collect physician themes; someone with wanderlust, maritime motifs or coins from the country of his longing; an Armenian exile will devote himself to his lost home through a collection of Armenian coins. The collection specialty will always be directly related to the person.

Collectors are loyal customers who must have – as long as it is financially possible for them – whatever appears in their collection specialty.

A collector should not be confused with an investor. An investor aims, above all, to appreciate his purchase, whereas for the collector, the value of his collection only becomes a topic when he has to explain to his wife why he buys coins. A collector only sells his collection in financial need, or when his specialty is complete and he can't buy anything more for the collection with his limited resources.



The aspect of financial investment is not a real collector's focus of attention. Anyway, he is glad all the same when his purchase turns out a good investment.

Collectors should also not be confused with impulse buyers. Impulse buyers can be influenced by sophisticated advertising into thinking they must have a certain object; the real collector knows exactly which object belongs to his collection specialty – and especially, which object does not.

For that reason, don't ever try to give a real collector a gift for his collection! The collector needs the control over what comes into his collection.

We've seen that with investors and impulse buyers. Collectors, naturally, are not the only people who buy coins. There are uncountable other groups of potential buyers who can be attracted with various marketing approaches. Coins are not only collector's objects, they are also investments, souvenirs, gifts and good luck charms. In these case, however, the sales are one-time. Non-collectors have to be newly enticed each time. Only the collector, motivated by a desire to add to his collection specialty, will buy on his own.

Collectors also never collect in only one specialty. Whoever is interested in beau-

tiful coins, frequently has a good library at home and can't pass by an antique shop without stopping to take a look.

When a new theme can be made attractive to a collector, he will stay loyal to the theme as long as his financial resources allow it.

Coin Collecting – From elite hobby to mass phenomenon

Collecting coins and medals became a passion of the intellectual elite and the high and highest classes of lords aspiring to this elite during the Renaissance. Coin collecting was a hobby of royalty, yet, at the same time, it was an equalizer because whoever was skilled in the way of coins stood a good chance of having friendly encounters with important, contemporary figures. In the 19th Century, bourgeoisie circles dominated collecting until the world wars arrived and inflation paved the way for a sweeping end.

Text Ursula Kampmann

The fear of inflation among the broad public at the end of the 1970s and early 1980s heralded a Renaissance for coin collecting with a broad base among the public. We are still feeling the effects of that today. However, the forms are different. The internet and globalization have radically changed the world of collecting. Legislation protecting cultural inheritances which are hostile to collecting also threaten traditional collecting.



Roman coins with the collector's hallmark from the royal Italian family Gonzaga of Mantua (red circle). From Classical Numismatic Group sale 69 (2005), 1404.

Roots in Antiquity

When did coin collecting actually begin? There is various data on it. Mostly, it goes back to ancient times. According to the Roman historian Suetonius, if we can believe him, the Roman emperor Caesar Augustus (27 BC–14 AD) had the habit of giving out “old royal and foreign” coins as gifts to friends during the Saturnalia.

We do know for sure that the Romans were enthusiastic collectors, above all of Greek art. There were antique dealers could in posh galleries, auctions and naturally crazy collectors who ruined themselves trying to acquire a certain piece.

Petrarch

At this point, it was not possible to refer to collecting in the way we know it today. The first one to forge a new path here was

(once again) the Italian humanist Petrarch (1304–1374). Petrarch epitomized the epoch of early humanism. He was a man who saw the world with new eyes. It was no longer the Church decrees which informed him, but his own experience. Knowledge gleaned from original sources was more important to him than any commentary.

In this respect, it is fitting that Petrarch began collecting antique coins. The coins gave him direct access to a period where he could observe the authentic portraits of the famous Roman emperor on his coins.

A Princely Amusement

Petrarch's example was widely imitated. Soon, everyone who wanted to be seen as someone who embraced the new, humanistic world view was collecting. For the intellectual elite, this meant that the focus was no longer on God but on mankind – naturally, only the important type of mankind, one who left a mark on history. These were the ones to emulate, and that was done best with the help of coins. Rome became a center of trade while farmers discovered all kinds of antiquities when plowing their fields. Suc-

cessful parvenus, such as the sculptor and die cutter Benvenuto Cellini (1500–1571) used their good connections with small dealers, bought up their artworks, and presented them to the high nobility and church. In this way, they secured the protection of those who were gifted. Access to coins and knowledge about them was viewed an entry ticket to higher and highest circles.

Humanism admired the educated rulers. Suddenly, the rulers needed to prove that they had real knowledge. They did this by building up large collections. Particularly important were the coin collections. Coin collections demonstrated that, not only were they educated, but that they also had international connections. Organized trade in art was only just beginning at that time. Mostly, one corresponded with other collectors and sent doublets and unique, contemporary mintings in order to receive a return gift from one's correspondence partner. One's own unique medallion played an important role in this international network of gifts. They communicated the impression that one wanted to be remem-



A high-point of the Renaissance medallion: The Trinity Medallion from the workshop of Hans Reinhardt the Elder, 1544, made under contract by Moritz von Sachsen. From Künker sale 105 (2005), 3986.

bered after death, but also served as a means of exchange with which one could repay gifted valuables from other courts.

Art dealers: Friends of Nobility

Coin collecting spread from Italy throughout all of Europe. At the same time, a new profession arose: The art dealer. Men, such as Jacopo Strada (1507-1588), calling themselves antique dealers, assisted the amassing of a coin collection – of course, for good money.

Strada's life is typical. Born in Mantua, he was trained to be a graphic artist. But the young man was fascinated by ancient times and acquired a solid knowledge of the field and soon attracted attention. Hans Jacob Fugger, a merchant from Augsburg, took him into his service. Pope Julius III and Emperor Maximilian II both granted him employment. Albrecht V of Bavaria purchased an extensive art collection from him, which included coins that are now part of the main collection of the federal coin collection. Strada became so wealthy that he could have his portrait painted by the best painter of his time, Titian. By this time, even the emperor had ennobled him. When Strada died in 1588, he had personally made the acquaintance of every significant man of his time.

A Collectors Network Spreads across Europe

Coin dealers such as Strada made it possible for those living far from Italy to collect as well. All over Europe, the



Portrait of Jacopo Strada. Painting by Titian. Notice not only the antique coins on the table and as a pendant on the gold chain, but also the fact that an artist such as Titian painted the portrait of an art dealer. Source: Wikipedia.



The coin collection of Basilius von Amerbach can still be viewed today in its specially made coin cabinet. Photo: Basel Historical Museum.

intellectual upper-class collected. Coincidentally, a large part of the correspondence among two collectors from the Lake Constance region has remained intact. It shows that their friendships overcame religious differences and class barriers. The correspondents were a Protestant minister from Schaffhausen and the Catholic headman of the Hegau Knighthood, raised by Jesuits. Their letters speak of common friends, a destitute antique dealer in Augsburg, a duke from Bavaria, a Protestant theologian in Zurich, a Protestant attorney in Basel, and a Catholic priest in a nearby monastery.

The letters, however, also report a careerist from Stuttgart who, without the needed money or knowledge, purchased a complete coin collection in order to impress his superiors.

Many of the, up until now, only rudimentary published sources originate from this period. For example, the still completely maintained coin collection of Basilius Amerbach (1533-1591), which can be seen in his home city at the Basel Historical Museum, is impressive. It includes equally valuable antique and contemporary mintings.

Goethe as a Coin Collector

The "Grand Tour", an educational voyage undertaken by young nobility and rich citizens, spread coin collecting even further. Everyone returned with

souvenirs from their trips to Rome, the center of trade for Roman antiques, and Venice, the center for coins from Greece, the Orient and, above all, the Islamic world, which could amass to a nice coin collection over the years.

A typical collector from this period was the Honorable Privy Councilor Johann Wolfgang von Goethe, better known as the author of "Faust" and "Italian Journey". He regularly met with Duke Carl August and other friends in the "minor coin society" in Weimar. Goethe did not only collect antique coins. He was an enthusiast of contemporary medals, corresponded with the important die cutters of his time, and inspired numerous medals himself. We know exactly how he became a collector from his autobiography. His extensive and significant medal collection from the Renaissance up to his own time can be viewed at the Goethehaus in Weimar.

Bourgeois Coin Collecting Blossoms

The 19th Century was the century of coin collecting. The first collector societies were founded. The Royal Numismatic Society was founded in Great Britain in 1826, the Société Royale de Numismatique of Belgium in 1841, the Numismatische Gesellschaft in Berlin in 1843, the American Numismatic Society in 1858, the Société Française de Numismatique in 1865, the Swiss Numismatische Gesellschaft in 1879, the

Numismatische Gesellschaft of Bavaria in 1881 – and those are just a few. Collectors, dealers, museum curators, and researchers worked together in them, although boundaries were fluid. Many collectors and dealers published important monographs and articles. Museum curators, such as Friedrich Imhoof-Blumer (1838-1920) from Winterthur, collected with great commitment and financial investment: His private collection is one of the most important parts of the coin cabinets in Berlin and Winterthur. The British archeologist John Evans (1823-1908) left his extensive coin collection behind in the Ashmolean Museum in Oxford. And these are just some examples.

All numismatic societies began to issue journals informing their members of the newest scientific developments. Reports of new medals for sale appeared regularly. And it was also the place for lively discussions of contemporary coin minting. The mints became frequent targets of criticism when new coin types did not meet collectors' taste.

Access to the societies was strictly regulated. At least one sponsor was needed to open the door for a new candidate. Representatives of the lower classes had no place among these dignified, financially-saturated gentlemen.

The Crisis

World wars and financial crises brought a scissure. Wealth was lost, social networks were torn, bourgeois ideas forgotten. Coin collecting was also no longer taken for granted by educated people.

During this period only a few, but very enthused collectors were able to put together extensive collections. They were able to draw on a small network of international coin dealers who had auctions or also sold coins directly through personal visits.

Silver Crisis and Coin Collecting as a Mass Phenomenon

Coin collecting first became a mass phenomenon in the 1970s. It was preceded by a widespread insecurity in the financial markets. The Bretton Woods monetary system had stopped functioning. The prices of precious metals exploded; the dollar came under increasingly larger pressure; inflation became rampant in many countries. Whoever had hard cash fled to tangible assets. Precious metals, and also collector coins, were seen as safe havens.

This changed the circle of coin buyers completely. Along with the few collectors who had been familiar with the subject for years, came many, worried men and women who wanted nothing more

than to safely save their money for the future.

It was an enormous, additional potential for customers, exploited through new channels of marketing. New coin dealerships sprung up out of the ground. Coin fairs appeared in cities large and small. It was during this period that the roots of the World Money Fair, Numismata Munich and the New York International were established. The first popular journals on numismatics appeared. Whether the World Coin News or the MünzenRevue, they all owed their existence to boom of the 1970s.

It was the time during which a resourceful coin dealer could make a fortune by having medal series made and selling them to ignorant non-collectors for a price many times the manufacturing cost with the promise of enormous profits. The market split into serious collectors who know what they were doing and impulse buyers without any deep interest in coins and medals who bought numismatic products out of speculation for the promised value increase.

Bitter Disappointment

The gold and silver boom lasted until 1980. Investment buyers did not throw their stock of commemorative coins and medals onto the market. Everyone was hoping for a still larger profit. However, when the page was turned, more and more coin owners came to the dealers to sell their treasures. It was a bitter wake-up call. Whoever had purchased over-priced medal series quickly thrown on the market by private companies lost, not only because of the dwindled value of metal, but also because the dealer's margin on the product was so high. A person could consider himself lucky to have even received a tenth of the money invested.

For those who invested in the classical specialties, things turned out less badly, although investors took great losses here as well. In particular, common coins averagely preserved went for much less than the amount first invested. Those who put money into coin investment funds also recovered only a small part of their investment.

The Byzantine coins were particularly hard hit. The Hunt brothers, better known for their speculation in silver, had attempted something similar in nu-



Portrait of Goethe in the Country. Oil painting by Johann Heinrich Tischbein. The Städel Museum, Frankfurt. Source: Wikipedia.

mismatics: They wanted to buy up all of the Byzantine coins in order to push prices up. They failed because of the sheer size of the material, and whoever played along with them, was the loser.

When the hunger years arrived, many coin dealers were forced to close. Commemorative coins were sold for the price of the metal and melted because no one seemed interested, then the Iron Curtain rose.

New Buyers, New Marketing

Was it the internet or was it the world's conversion to capitalism that brought about the change? During the 90s, a global coin market began to take place, one that gave rise to a completely new set of collectors. Russia, China and India, Poland, former Transylvania, the Arab world – suddenly antique and contemporary coins from these countries experienced a huge increase in value. Dealers stopped melting national commemorative coins from countries where citizens aspired to someday become wealthy.

Young collectors discovered a hobby, mostly through the internet. They no longer met in the traditional and badly outdated collecting societies, but in virtual coin forums. Innovative ideas combined with exceptional marketing, and, in particular the introduction of the euro, promoted a widespread interest in coins. And soon the speculators were back, creating all kinds of bubbles, be they for starter kits or coin sets from the Vatican.



A true collector's field of interest is always linked to his character.

Collecting Today

Whoever collects coins and medals today faces new challenges and problems. Gold, silver, platinum and every other form of bullion coins sell splendidly. The true collectors groan under the high prices they must pay for their collector coins. Traditional collector specialties have become uninteresting as well. Collectors love completeness and they adore ticking off a bought coin. A collector specialty which can no longer be completely collected because of the many issues or high prices – one only needs to think of the once beloved Olympic commemorative coins – is abandoned.

The traditional collecting of antique coins is also in danger. Increasingly

strict laws, which supposedly serve to preserve cultural heritage, confront collectors and dealers with constantly new requirements that are difficult if not impossible to fulfill.

Even when high gold and silver prices currently appear to be endless, one should remember that everything that goes up, sooner or later, must come down. And then, the trade in coins will need its true collectors, because investors and impulse buyers will soon find a new specialty.

Do not miss out on our website

www.mintworld.org

Where are collectors found?

Clubs, forums, fairs

Most collectors want to meet similarly-minded people. To this end, diverse forms of contact have developed. We present the three most important ones here: the clubs, the coin fairs and internet forums.

Tom Hallenbeck, President of the American Numismatic Association, and Kristian Nicol Worbs, President of the German Numismatic Society, talk about what a coin club can provide. Albert M. Beck, honorary president of the World Money Fair, offers information on the significance of coin fairs. And Olav Hemsén, founder of the Numismatik-Café, offers insight regarding the extent to which internet fora can enrich traditional forms of collector contact.

The Classic: Coin Collecting Clubs

The first collector clubs began in the 19th Century, the flowering of coin collecting. Since then, most countries have their own national numismatic associations. The primary tasks of these associations are to provide the isolated collector with an easier way of contacting other collectors, to represent the interests of collectors to the government and national mints, and to make new research accessible to enthusiasts at large.

Associations of specialty collectors at international level provide a similar function. These include, for example, the Worldwide Bi-Metallic Collectors Club or the Elongated Collectors.

At the same time, besides the international and national associations, many local clubs were founded since the 1960s and 1970s which provide their members with regular, personal – and often monthly – contact.



HELLO, IS THAT THE NUMISMATICS DEPARTMENT? IS IT POSSIBLE TO
HIRE A DEKADRACHMON FOR THE WEEKEND? I NEED TO IMPRESS
MY GIRLFRIEND...

In collectors' eyes objects owned only by few other collectors increase their prestige.

Interview with Tom Hallenbeck, President of the American Numismatic Association (ANA)

The ANA is currently the largest numismatic society with 28,000 members. Local and national collector events are organized from its headquarters in Colorado Springs.

Dear Mr. Hallenbeck, you are the president of the numismatic association worldwide the strongest in members. Would you describe, why your association is useful and comfortable for your members?

We provide a not only camaraderie to our fellow collectors, but the largest convention in America every year, a circulating library, and a museum with parts of our collection on display. Most importantly we also provide numerous

educational opportunities for any collector interested. Our "summer seminar" is a world famous event where about 400 people come to Colorado College (where our headquarters are located) and take classes taught by museum professionals, authors, dealers and collectors on numerous subjects for either one or two weeks. It's an amazing event every year that energizes both the instructors and students. We also offer rotating exhibits and talks about coins whenever the opportunity comes available, usually in conjunction with a coin show.

Your headquarter in Colorado Springs is not easy to reach for all members. How do you proceed in order to allow all members to benefit from your offers?

The ANA tries to attend and participate in as many numismatic events as possible. This is not only the staff, but all of the board members and our extensive volunteer network. We have a national and regional volunteer system to keep as many of the hundreds of clubs informed and involved with events like "national coin week". Face to face interaction is almost always more effective than contacting someone over electronic formats, but the electronic media is also vital, especially with the younger collectors. Of course we have a great "new" web page that is much more interactive

and informative, in fact the new web page is going live this week.

Do you get any support from the United States Mint?

We cooperate with the mint as much as possible when we can, but we have very different missions and goals. We are an educational non-profit association, while the mint is a large government agency. But ultimately yes, we do collaborate as much as possible with the US Mint since we have common interests such as making sure that the coin collector is happy and satisfied, and continues to collect for a lifetime. They make the coins and market them, and then we try to educate the collector and make their collecting experience fun for a lifetime.

How important are coin dealers in promoting and maintaining the ANA?

The dealer is very important, since for many collectors the dealer is the person they visit regularly and is the face they put on coin collecting. Of course it is in the dealers best interests in maintaining a good relationship with the collector if the dealer wants the repeat business. If we can help the dealer be more successful then the collector will also be more satisfied. Our mission is education, from beginning collectors to advanced numismatists, and that must include dealers.

Interview with Kristian Nicol Worbs, President of the German Numismatic Society and the Bavarian Numismatic Society

The German Numismatic Society was founded in 1951 as an umbrella organization for many, partially quite old, local coin clubs in the various German states in existence at the time. The Bavarian Numismatic Society, for example, has been in existence since 1881 and still publishes its internationally renowned periodical, Yearbook of the History of Numismatics and Currency ("Jahrbuch für Numismatik und Geldgeschichte"), today.



An impression taken at Numismata Frankfurt 2005. Photo: Stefan Mai.

Mr. Worbs, you are president of both the Bavarian Numismatic Society (BNG) and the German Numismatic Society (DNG). You are certainly most qualified to explain the difference: What does the German Numismatic Society offer in comparison to the Bavarian Numismatic Society?

The German Numismatic Society, a non-profit organization, is an umbrella organization comprised of many German coin clubs and does not have individual members, in comparison to the Bavarian Numismatic Society (also a

non-profit); its members are exclusively clubs currently equaling about 80 with a total of almost 3,000 members. The BNG is the largest, single club in this group with about 400 members.

The clubs represent the local interests of their members. In contrast, the DNG focuses on supporting the clubs in all higher level, factual or expertise questions and promoting contact among its club members.

What is an evening club meeting like at the Bavarian Numismatic Society?

The BNG, as mentioned, is one of the independent local single clubs, which is a member of the DNG, even if "local" is used here in a broad sense. We have members throughout the entire world because of our periodical. Our society's monthly meeting takes place in the very beautiful library of the Bavarian State Collection of Coins once a month. Normally 30 to 60 people attend. Because of the high quality of our presentations, we sometimes also welcome guests. After my welcoming speech, our lecturer presents. At the end, there are usually some questions for him which often lead to interesting discussions on the topic. A free buffet with food and drinks follows, providing further opportunity for exchanging ideas. The event is over around 9 p.m.

What does the German Numismatic Society do to promote a closer relationship among the various coin clubs?

Well, there is the DNG monthly society journal, the Numismatic News Gazette ("Numismatisches Nachrichten Blatt", NNB) which reports on the member club activities and events. In addition, it is filled with articles on numismatics, dealer information, and a lot of other information about numismatics.

To promote contact among the clubs, the DNG organizes various large annual meetings with the local clubs at the various locations. These are the South and North German Coin Collector meetings, the Central German Coin Collector meeting, and every five years, the German Numismatic Day, which also attracts an international public.

Furthermore, the DNG takes on legal issues which effect coin collecting or the clubs, or it represents the interests of numismatics and collecting before government authorities. The DNG also awards the annual "Eligius Prize" to an exceptional collector or researcher who has particularly earned it through his work on numismatics.

To what extent does the Bavarian Numismatic Society and the German Numismatic Society collaborate with other numismatic institutions, above all, with mints, coin dealers and coin collections?

The Bavarian Numismatic Society is in touch with the Bavarian mint and irregularly organizes tours with them. Almost

all Munich coin dealers are members in our society and present at the events, so our contact is very close. We also have good contact with the coin collections because almost every one of their directors and managing employees has, at some point, given a presentation at our society. The Bavarian Numismatic Society is connected worldwide through its annual publication of our internationally renowned Yearbook of the History of Numismatics and Currency ("Jahrbuch für Numismatik und Geldgeschichte"), which goes back 130 years.

The German Numismatic Society is even better connected through its coin collectors meetings and publication of its Numismatic News Gazette ("Numismatisches Nachrichten Blatt", NNB). In addition, it is represented in the Numismatic Commission of States Council, maintains close contact with the Associations of German Coin Dealers and participates in consultations at the Ministry of Finance in Berlin when there are new commemorative coins, etc. The DNG also participates at the International Numismatic Congress.

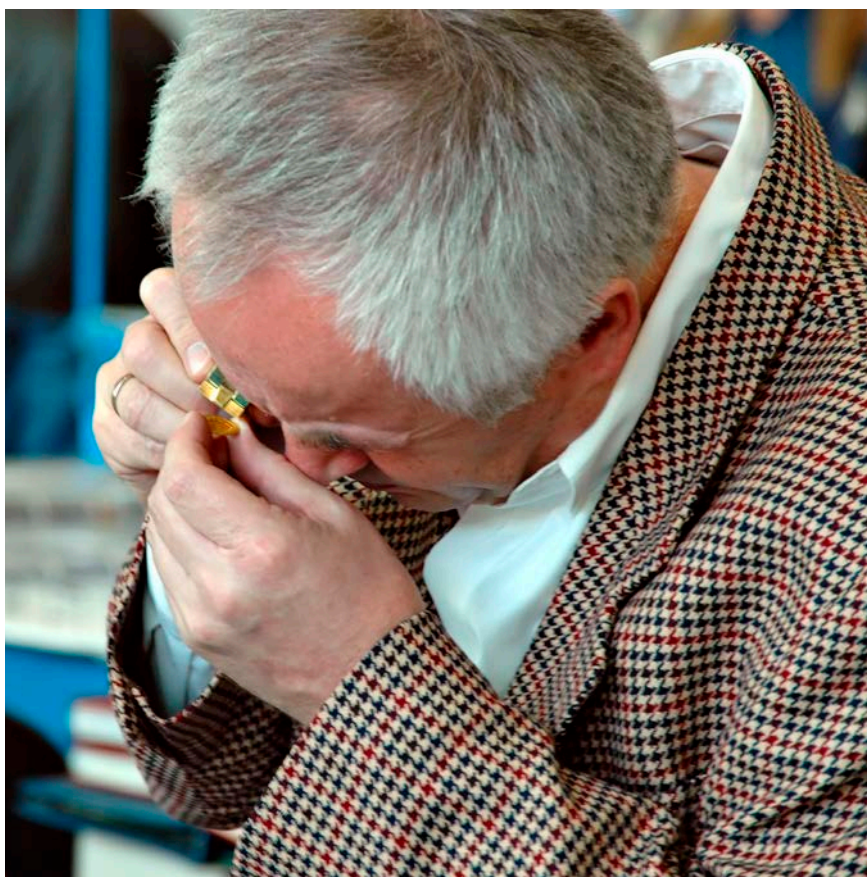
If you had to judge: Which form of the organization seems more important to you, the national or the local?

I think that both are equally important, but have different functions. I see that daily in the framework of my dual roles.

The local events could never be organized by the DNG. These need a club chairman and his colleagues who are concerned about the interests of their members and who preside over a club in which it is fun to be a member.

The association work of the DNG provides the clubs help in multiple ways and represents the rights of the individual clubs with the united strength of around 80 clubs.

Both organizations create a symbiosis and live together - like in a marriage. Who is more important, the man or the woman? I can't answer that.



Coin collector at Numismata Frankfurt 2005. Photo: Stefan Mai.

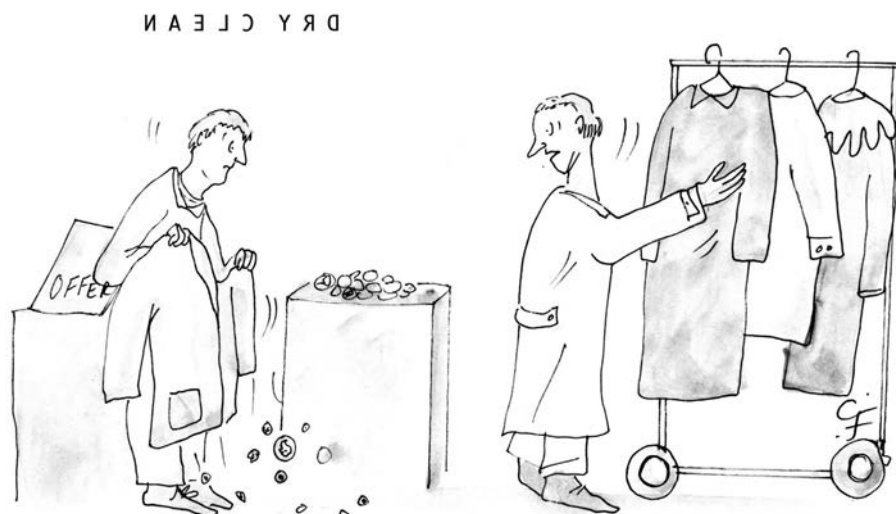
As a matter of course since the 70s: The Coin Fair

The American Numismatic Association held its first numismatic convention in 1891, a model for all future coin fairs. Since then there are a couple of basic elements which are repeated for every coin fair organized by a coin club.

1. The information part. Usually this consists of presentations and the appearance of the local clubs or the clubs of the surrounding area who present themselves to the visitors and offer expert advice.

2. The social part. Frequently a club fair is organized together with the annual meeting and an evening community meal.

3. The “real” coin fair. The opportunity for dealers and collectors to offer to sell their treasures to other collectors has only been the focus of coin fairs since the 70s. As interest in numismatics evolved to a mass movement, coin fairs popped up that were no longer organized by a club but by a for-profit business, frequently a local coin dealer. Their primary purpose was not to give collectors the opportunity to further



Coin collectors do always carry some objects of their desire in the pockets.

educate themselves and exchange with each other but to make a profit. That naturally has advantages. In the classic club fairs, frequently the financial means and the know-how was lacking to effectively market the event, whereas commercial companies can be proactive

without having to take a member assembly and club customs into account. This is most likely one of the reasons why the commercially oriented World Money Fair has developed into a market leader.

Interview with Albert M. Beck, Honorary President of the World Money Fair and organizer of the Basel Coin Fair

It's almost unnecessary to introduce the World Money Fair and its founder, Albert M. Beck. The Berlin event has developed into the largest of its type worldwide over the past years. What's been forgotten, however, is that the World Money Fair also began as a regional coin fair, the way it still takes place in Basel after the move to Berlin.

Mr. Albert Beck, you are the organizer of the Basel Coin Fair and the honorary president of the World Money Fair. Would you briefly explain to us why international events as well as small, local

coin fairs are so important for the collector market?

The coin collector market doesn't only live from the major events. Lead events are extremely important because they shape the market and determine the trends (indicators) for the international market.

However, the network of local, regional and interregional events is just as important. They build the actual collector base. The stronger and more attractive this base is, the more vital and successful the coin collector market is.

What was the reason why you still wanted to maintain the Basel Coin Fair after the World Money Fair moved to Berlin?

The three traditional coin fairs in Basel, Bern and Zurich make up an important part of the strong coin market in the German-speaking area of Europe. The Swiss coin fairs have significantly con-

tributed to the development and cultivation of coin collecting in Europe for 40 years. For me, above all, there is also a moral obligation to support coin collecting in Switzerland and to take responsibility.

We all know what the World Money Fair looks like. Can you describe for us, in contrast, what happens at the average coin fair in Switzerland? How many dealers attend? How many collectors? To what extent is the Swissmint involved?

With few exceptions, the entire Swiss numismatic specialty trade, augmented by some exhibitors from neighboring countries, is represented at all three of the coin fairs mentioned. That makes, respectively, 80 and 100 exhibitors. Naturally, the domestic mint, Swissmint, presents and offers its current novelties to the coin collectors.

I'd like to now speak with the organizer of the Basel Coin Fair, not the honorary

president of the World Money Fair. Let's assume, that you want to attract a mint such as the Swissmint as a sponsor for your fair, how would you persuade them?

The Swiss coin fairs are the ideal display case for the Swissmint's products.

When foreign mints, for example, want to exhibit to the Swiss public at the Basel Coin Fair, how would you suggest they present themselves?

The same argument applies here. A coin fair is the proper place to publicize coin

novelties and to advertise them. At the Basel Coin Fair, this applies particularly for the countries neighboring Switzerland.

New territory: The numismatic forum

Anyone who looks at the decreasing membership in the established collector clubs and concludes that coin collecting doesn't have a future has not visited the internet forums. They exist in many languages on the most diverse topics, are organized by coin dealers, or are independent.

Anyone can read along, but to participate, one needs to register. News travels faster over the forums today than via traditional media. For a view of how collectors respond to certain products and decisions at the mints, a look at some of the internet forums is extremely educational.



A coin's price is not only stabilised by its value but also by the circumstances that led to the purchase.

Contribution from Olaf Hemsén, Founder of the Internet Forum Numismatik-Café

The Numismatik-Café is one of the many internet forums where collectors can discuss all kinds of topics.

Forums on the internet are an interesting alternative to the classical clubs. There are special forums for almost every type of collecting, (postage stamps, military memorabilia, coins, etc.) Although forums are often hosted by dealers in order to hold their customers, there are also independent platforms like the Numismatik-Café. Here, users have the possibility to ask questions or discuss postings on numismatics.

There are basically two kinds of postings: Coin identification questions and general postings. If the majority of the beginner questions are often simple to answer (mostly tourist counterfeits, vacation change or "collector coins" with

questionable value), the identification questions from experienced collectors are often quickly solved by the mostly well-read and experienced forum community. But it is exactly the coin identification questions that present problems for the forum hosts, because some "collectors" use the opportunity for free identification to then try to make money off internet sales.

Other posts in the Numismatik-Café have the kind of gratifyingly high quality that one looks for in vain sometimes in other forums. The forum hosts are proud that a number of excellent (hobby) numismatists, but also professionals, make their knowledge generally

available, thereby granting us a gratifyingly large readership. It's clear that the majority of the forum members who write regularly (almost exclusively men) must have an "established character", the quality of the postings indicate that there is extensive time spent with the subject. Even the style of communication is characterized such that moderators rarely need to step in. Naturally, the number of regular users is moderate; nevertheless, or exactly because of this, friendships have resulted through the forum activity, which leads to regular forum meetings (sort of like at coin fairs, but also specifically arranged meetings).

360° Marketing: Focus on the Coin Collector

"To carry on trade means to transform," says a local proverb. In fact, commerce seems to be undergoing a huge transformation in regards to managing customer relations, particularly, in attracting new customers and keeping long-time customers loyal. Coin dealers are also considering completely new ways to approach collectors.

Text Guido Dohm

In a 2009 survey conducted by IBM Global Business Services for the "Chief Customer Officer Survey 2009", 50 % of the marketing, sales, and customer service managers from leading German companies reported that "customer relevance" would be the decisive factor for success in the future. Three times as important as cost efficiency and five times more important than a good price-product ratio. A study by the management consulting firm BBDO in 2010 showed that a majority of marketing decision-makers from all industries find "improving customer communication" the most important step in this year. To achieve such customer relevance and improved customer dialog, better data quality and a uniform customer profile is indispensable.

The days when a company could create a unique and value-sustaining market position and a unique selling point simply based on products or services are past.

Companies compete using changed market rules and changed, significantly more sophisticated, buyer behavior. Their goal is to position themselves as stable, attractive giants in the minds of customers and to attract new customers. In the future, it will be significantly more important to know exactly what interests customers, what they think about, and how and with what content they want to be addressed. However, many companies have considerable problems generating customer insights, analyzing this information and then addressing customers correctly, targeting their needs and sustaining their loyalty.

The cross-industry, overall trend in business towards multi-channeling, i.e., customer use of multiple information and sales channels, is making the management of customer relations increasingly complex and creates higher demands on marketing, sales, customer service, technology application and data

integration. Off-line, on-line or hybrid? Coin collectors now purchase through brick-and-mortar coin dealerships, catalogs and online shops as well.

Correctly judging buyer behavior, perceiving changes early and responding with adequate marketing concepts has always been the primary challenge of business. Regular sales based on customer loyalty are no longer a reliable option. Products, services and points of sale have become interchangeable. Customers are fundamentally more willing to change and to consider other offers from the numerous competitors. Responsible for the waning loyalty of buyers is, among other things, their growing mobility and the increasing market transparency and diversity of offers through digital media. Thus, identifying buyer motivation and acquiring more exact knowledge of customer information, communication, ordering and purchasing behavior must become a higher priority. Mints who systematically plan their selection and communication campaigns based on marketing concepts developed from customer insight that they have gathered can benefit from the mistakes of other market players and secure their strategic market position.

The sales potential for a mint is generally highly variable in a region. On the one hand, the potential for customers and sales in the area of the mint should be optimally exploited; on the other hand, the geographic draw area should be virtually broadened in order to make the selection accessible to potential and existing customers outside the immediate draw area using new media (online marketing, online shopping). The first thing one needs to do is consider the strategic goals of the market cultivation in order to then develop the right campaign strategy for attracting new customers and increasing loyalty of regular customers. Before this can happen, data on the needs of regular customers to be systematically collected and evaluated. Name, age, address and transaction data of buyers need to be stored and, if desired, enriched with additional information and buyer characteristics through address service providers in order to create as detailed a picture as possible of existing customers (household structure, income, media habits, etc.). This customer data should be stored, historicized and maintained in a cross-channel (direct sales, online shopping) customer marketing database. The data serve to identify cross-



Collectors eagerly scrabbling for bargains at Frankfurt Numismata 2005. Photo: Stefan Mai.

selling and up-selling potential as well as the efficiency of the campaign direction. Furthermore, the draw area of the brick-and-mortar shops should be evaluated. Specialized service providers can systematically search for persons located in the draw area of a mint who have very similar profiles to the long-time customers. The identified target groups can now be addressed with target-group specific advertising. Advertising thus goes only to potential customers with a high affinity and probability of purchasing. This reduces advertising costs because the advertising is distributed in an optimized way. Actual response to campaigns is then measured by evaluating the response elements. For later campaigns, the mint can refine the definition of the target group, thereby further improving its response quotient.

Geo-marketing and dialog marketing are probate measures for optimal regional market cultivation and a meaningful ad-

"I'M TRYING TO OVERCOME MY DRUG AND ALCOHOL ADDICTIONS - I'VE TAKEN UP COIN COLLECTING, STAMP COLLECTING...P"



Collecting can become an addiction.

Global Group Dialog Solutions AG - company profile

The Global Group Dialog Solutions AG is one of the leading full service providers for complete management of prospective and existing customers in German-speaking areas. The company steers potential and existing customer campaigns for performance oriented exploitation of identified market potential. With extensive knowledge of customers, the Global Group develops dialog-oriented on- and off-line marketing concepts. From classical, personalized direct mailing, to the optimization and steering of contact strategies for impersonal advertising material, the implementation of marketing databases including CRM and campaign applications for existing customer communication to the development, operating and marketing of online shops, the Global Group covers the entire spectrum of cross-media customer management.

Whether for selecting the appropriate target group, choosing the suitable channels or determining the best media of address, the company, based in Idstein, Germany, implements successful, cross-industry marketing and sales programs. The Global Group is a full-service company which also integrates other partner services in its product range for customers. The ultimate aim is the complete implementation of a holistic management of potential and existing customers for the client.

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dition to customer relationship management (CRM). Familiarity with the customer and the relationship to him is at the top of the list of critical factors to success when exploiting existing customer potential using loyalty marketing. That's why "customer relevance" and better "customer dialog" are the main factors to success when attracting, expanding and maintaining customers. The focus is on building a true customer dialog across all channels. Advertising and marketing was a one-sided communication for the target group for a long time. The company held a "monologue", and the customer took in the information, or not. In the digital era, such unfiltered information is now called "spam". A sophisticated program for existing customers, in contrast, with targeted and dialog-oriented customer content, can create much more relevance. Prerequisites are, among other things, a systematic approach to customer contact based on various evaluation parameters such as customer value potential, the dialog channel, contact frequency and the contents from the existing CRM. It is the more exact knowledge of the customer and his targeted address, as well as the ability to adequately provide communication, information and purchasing channels, that leads to customer loyalty. Loyal, regular customers basically purchase more, and more frequently, and, in general, are less dictated by prices. They also excel at active, positive word-of-mouth propaganda.

When customers and potential customers have been attracted and registered, most companies are confronted with a huge amount of data. Appropriate tools can an-

alyze this data, process and prepare it and present it in a needs-oriented way. Such services are called "managed services" and can be purchased from specialized providers who can also guarantee that the constantly changing conditions for data protection are properly met. Outsourcing marketing processes, infrastructure and success metrics ease the workload in your own company, so that you can concentrate fully on the contents of your dialog program, directing the dialog measures and the external providers as well as your customers.



Guido Dohm, Vorstand Sales (CSO), Global Group Dialog Solutions AG

Guido Dohm is the executive director for Sales and Consulting for all business units of the Global Group and is the director of the Personnel Union of the Commerce, Fashion, Lifestyle and e-Commerce businesses. Prior to this, he worked extensively as a managing director and executive director for various multi-channel businesses.



Berlin Mint – Entry Area Pyramid.

Sales Channels from a Mint's Perspective

Text Dr. Andreas Schikora, Director of the Berlin State Mint

The state mint in Berlin is the oldest plant in the German capital and produces the euro currency for the majority of Europe. At the same time, the company is one of the largest medal manufacturers in Germany.

To process the over 300 various medal motifs, sturdy and modern production capacities are needed. The plant employs four permanent engravers and works with a series of external designers and graphic artists.

Investments and fixed costs such as rent, personnel, advertising and shipping capacities need to be considered. The success of this sales channel depends significantly on the degree of recognition, in addition to the quality



Bear head – the Berlin Mint logo for its commercial products.

At the end of the plant production process is the product. In the commercial business of the Berlin Mint, this is a medal which was produced at the company's own risk and now needs to be sold. The Berlin Mint, maintained as a state enterprise, must make a profit which is then transferred to the Berlin state budget. There is no room for financial experimentation.

Various sales strategies can be distinguished in its product marketing:

1 Selling through a house shop: The products are offered in a real shop or virtually online under their own man-



Knut, the dreamer – an example of a successful house product.

of the products. Do the customers find their way to my shop or my internet web-site?

2 Selling through dealers: Here too, the products are developed under house management, then offered through already existing channels. Here the coin needs to fit into an established price structure. Customers have certain expectations regarding price category. Also, beyond that, since trade partners want to be compensated for their services or their risks, the profit margins for the mint have to be cautiously calculated. The success of this sales channel depends significantly on the attractiveness of the product as well as the manufacturing costs.



775 years Berlin – a successful campaign.

3 Cooperating with direct marketing partners: Here, as a rule, products are produced according to the specifications of external partners, which result from customer feedback. In this model, a high level of flexibility is needed from the mint, paired with the ability to offer attractive production costs.

When selecting the house sales channel or a combination of sales channels, significant financial key data need to be analyzed first. This includes the characteristics of the market, the degree of recognition for the house product as well as one's own strength to respond to changes. Does the plant know the sales markets? Can it guess the market development? Does the company have the financial power to influence the market?

In Germany, special market conditions need to be considered. The five state mints each receive a fixed allotment of the annual coin production for the year and thus do not compete for contracts in this area of business. But they only work

under official contract and therefore have little opportunity to influence the German commemorative coin program. With that, important marketing instruments, such as influence, don't apply to the following:

Commemorative coin culture: Is the public ready to honor significant social events or personalities with the issuance of a commemorative coin? Is this method accepted and familiar?

Program policy: Does a transparent and understandable program regarding the number of issues, the distribution during the year, as well as the price exist?

Development of themes: Is the selection of the motifs balanced and wide-ranging (persons, events and categories)? Are the themes well-known among the public?

Reinforcement of the collectors: Is the existing collector group being sufficiently served in breadth and structure? Do existing collectors feel like they are being addressed? Can new collectors be attracted?

The mints in Germany have only conditional influence on all of these important aspects for successful marketing because they concern the coin business. Here, responsibility lies with the coin masters, the Federal Ministry of Finance.

The mints, of course, are free agents in the issuance of medal motifs; independently of observing legal framework conditions such as, e.g., the German Coinage Act or the German ordinance on medals.

How should the various sales strategies be evaluated from the perspective of a mint? If it is presumed that the company is interested in financial success, the following aspects should be considered:

Financial risk: If a company has responsibility for a sales channel, this will include the financial risk. The products that have to be sold need to include the start-up costs as well as the on-going costs. The mints have to calculate the risk and create a corresponding budget.

Reliance: The mint needs to define the degree of reliance on external partners that they are willing to accept. This de-

pends very much on the concrete form of cooperation as well as the possible objectives of the owner.

Planning security: Proven and functioning sales channels make it possible for the company to plan production better. The plant needs to estimate which planning risks it is willing to sustain and which resource allocation flexibility it can offer.

Market transparency: As already shown, knowledge of potential buyers is irreplaceable in a successful market cultivation strategy. The company has to examine whether it has access to sufficient information and is in the position to continue gathering and processing it.



Eagle Coat of Arms – Symbol for cooperation.

Perspective: Understanding the role of the mint needs to be taken into consideration here. How should it be perceived on the market and among the collectors? Owner reliances as well as strategic goals should be considered here.

The Berlin State Mint successfully partners with the German coin trading company, MDM (Münzhandelsgesellschaft Deutsche Münze). The Berlin State Mint can rely on the know-how of its sales partners. MDM also has the long-term goal to strengthen the collector market, just like the mint. It succeeds with a serious product presentation, acknowledgment of collector needs, as well as the ability to project new product trends.

Besides that, the Berlin State Mint operates shops in which it offers current coin and medallion products. The program regularly includes their own design of collector coin cards and annual medallions. The TOP products from the commemorative coin program are also

offered in the shops. The Berlin State Mint store business profits from the solid visitor numbers to the coin museum exhibits, on the one hand, and on the other, from the demand for German commemorative coins. Many credit institutes have pulled out of commemorative coin sales and collectors are thankful for the free exchange service at the Berlin State Mint.

The mint's task in the framework of the cooperation is to deliver good quality punctually as well as to be able to implement product innovation quickly. This requires an efficient design of in-house structural and procedural workflow. The Berlin State Mint rises to these challenges.

A Successful Commemorative Coin Issue: The Austrian niobium series

Text Franz Artmüller & Alfred Gnadenberger

The history of the bi-metal silver-niobium coin actually began in the year 2000 when the Austrian Mint produced a 100 Schilling commemorative coin made of silver (ring) and titanium (center) with a mintage of 50,000 pieces for the millennium. The selected coin theme was intensionally modern: technology in Austria. A year later, a commemorative coin with the same parameters was issued with the theme "mobility".

600 degrees Celsius – and it wasn't possible to reheat the struck coin.

In the end, the bi-metal effect in the silver/titanium coins was two different shades of gray, which collectors accepted with goodwill but not enthusiasm.

Today, these truly innovative coins are overshadowed by the niobium coins among collectors. As they were struck



Dr. Andreas Schikora

Born in 1964, married, two children

Business Administration degree in Berlin; PhD on the local behavior of companies.

Teaching and instruction activities at various universities and colleges; thereafter, business positions in various state agencies in Berlin.

He has been the managing director of the Berlin State Mint and on the board of directors in numerous national branches in Berlin.

And then came the migration to euros. The series was discontinued because, in the meantime, an interesting variant existed.

The idea, basically already there with the silver/titanium coin, was to tag onto the colored coin success without copying them. The goal was to produce colored coins without painting them. We were studying a special oxidation technology at this time – coloring through refraction. However, as it was found after a long series of experimental tests, titanium is only partially suitable for this process because the coloration occurs through heating which adversely affects the cold thermoplasticity. The results are also not arbitrarily reproducible. In addition, the coloration effect only occurs at over

as schilling currency, they do not belong in the euro-collector area and can be purchased on the secondary market for around 30 euros. The folder issued with them at that time can be found on internet auctions for around 10 euros extra.

The Austrian Mint did not want to stay with the titanium/silver variant. They wanted to find another metal for striking. And here coincidence came to their aid. In 2003 a large numismatic event occurred: 700 years of the Austrian town of Hall in Tirol. Hall was "the" innovation center of the early new period of coin minting. Here, the first heavy silver coins were made, which were to conquer the world as thaler. Here too, the first rolling mill was made to function for striking, a system which



allowed the silver treasure of the new world be minted in record time. To connect Hall with innovation again seemed like a good idea. And this is where coincidence came to their aid.

One of the board of directors of the Austrian Mint had contact with the renowned firm Plansee, which deals with innovative metals and materials in high-tech. The contact was quickly put to use, and the company was enthusiastic about contributing to the renewal of coin technology. A fruitful and long-term collaboration between two high-tech, Austrian companies arose.

It was envisioned to use numerous materials, sintered metals and other metals and alloys. Every criterion important for the minting was individually



tested and evaluated for each material in a rigorous selection and elimination process. Most important was the thermoplasticity when cold and corrosiveness.

After a long series of tests in close cooperation with Plansee, the victor was clear: niobium. Decisive was the excellent thermoplasticity, the diversity of color which could be achieved with this material and the metal's good reputation. It is seen as a high-tech material which is used in the aerospace industry because of its outstanding characteristics (superconductivity, etc.).

The challenge for us as a mint was now to combine the common silver material with the innovative niobium material. In particular, maintaining a high and unchanging quality throughout production with preferably low waste to keep

costs within a reasonable realm – essential from a business point of view – presented a challenge which required innovative thinking and the highest technical demands on the Austrian Mint and Plansee.

The designers and die builders were also challenged. The combination of coloration and silver in the coin im-



age had to be in harmony and optical breaks needed to be avoided. The die tools were made with highest precision in order to combine the different flux properties of the two materials.



In addition there was the difficulty of procuring the material. The special characteristics of niobium meant that the center and ring to be put together first during striking. This meant that Plansee had to deliver at least 50,000 colored identical niobium discs of perfect quality within three months. Four production plants were involved for technological reasons. The finishing process, which spread over six months all together, demanded a very sophisticated planning process.

But all the trouble was rewarded. 50,000 pieces of this first 25 euro coin



“700 Years of Hall in Tirol” were struck – exactly as many as the silver/titanium minting. The issue price was 37.90 EUR. But whereas sales for the first bi-metal variant were within a normal range, the commemorative coin “Hall” actually sold like proverbial hotcakes.

On page 73 of the special summer edition of EuroSammeln, published by Gietl-Verlag (2003), was the following commentary: “The mint in Vienna is among the most high-performing in Europe and is always open to innovation. For the first time in coin history, a 25 euro bi-metal piece, using the metal niobium, the ring out of silver, was issued in 2003. Using a special surface treat-



ment, the niobium “center” was colored blue, which gave the coin a very attractive appearance. It is therefore no wonder that this piece, in spite of the mintage of 50,000, was sold out very quickly and prices rose.”

In fact, the 100 EUR valuation price given in the MünzenRevue was judged to be rather conservative in the summer of 2003. Collectors, but especially speculators, paid up to 300 EUR at auctions to acquire the rare piece. The niobium coin appeared at exactly the right time.

Table 1 Valuations MünzenRevue 2004, 2005 and 2006

March 2004	2003 Hall	100 Euro
	2004 Semmering Railway	95 Euro
March 2005	2003 Hall	150 Euro
	2004 Semmering Railway	92-95 Euro
	2005 Television	92-95 Euro
March 2006	2003 Hall	180-200 Euro
	2004 Semmering Railway	95-98 Euro
	2005 Television	60-65 Euro
	2006 Satellite Navigation	45-50 Euro

The migration to the euro in 2002 triggered a boom in coin collecting. Speculators discovered the field and drove the coins, which they saw as having a potential for further increase, to unimaginable heights.

When the next issuance “Semmering” was imminent, it was oversubscribed even before actually appearing and immediately sold out. For this second issuance, the same mintage was chosen and the same issue price of 37.90 EUR. The coin climbed to almost the same price as the first niobium coin

“Hall” for 180–200 EUR, “Semmering” for 95–98, “Television” for 60–65, and “Satellite Navigation” for 45–50.

Meanwhile, as collectors and speculators wrestled for control of the price, the Austrian Mint continued to work on technology. The surface of the first niobium coins were still matte. The desired “metallic” color effect was not yet distinct. Through permanent research and development, Plansee and the Austrian Mint succeeded in steering the surface quality in the desired direction. In 2007, “Aerospace in Austria” was

cates how many mints could build on the success of the niobium coins with their own bi-metal strikes of unusual materials.

Table 2 Current valuation of “the Euro coins”, 11th mintage (2011/12)

Issuance	Mintage	Issue price	Actual value
2003 Hall	50,000	37.90 Euro	240–250 Euro
2004 Semmering Railway	50,000	37.90 Euro	150–160 Euro
2005 Television	65,000	40.00 Euro	60–65 Euro
2006 Satellite Navigation	65,000	41.80 Euro	50–55 Euro
2007 Aerospace	65,000	44.55 Euro	50–55 Euro
2008 Light	65,000	44.95 Euro	50–55 Euro
2009 Astronomy	65,000	44.95 Euro	50–55 Euro
2010 Energy	65,000	48.50 Euro	50–55 Euro
2011 Robotics	65,000	51.70 Euro	48–52 Euro
2012 Bionics	65,000	51.70 Euro	No valuation

“Hall” within one month of issuance and speculators felt justified. Contrarily, a whole row of collectors was angry. They hadn’t ordered in time and were now confronted with the high prices of the secondary market.

That’s why, for the third 2005 issuance, “50 Years of Television in Austria”, the mintage was raised to 65,000 and the issue price slightly increased. At first, the secondary market prices for the coin climbed to the same level as for the second issuance “Semmering” within a very short time. But when speculators realized that the expected demand wasn’t there because this time enough pieces had been struck, the prices fell just as quickly. By the time the fourth issuance “Satellite Navigation” was introduced in 2006, the prices had leveled off. The valuation section of the March 2006 MünzenRevue listed

presented not only in an unusual color, but the metallic sheen of the niobium was successfully brought out to advantage. One can see the difference clearly when comparing the 2006 issue coin “European Satellite Navigation” with the strike “Year of Astronomy” which appeared in 2009. Both are “yellow”, but one is a duller, almost ochre-colored yellow tone while the center of the later issuance glows yellow like the sun.



The new technology made it possible to use colors which were not feasible before. In terms of technology, the niobium strike rushed from one highlight to the next with a brilliant green (Fascination Light 2008), a lake blue (Renewable Energy 2010), Mars red (Robotics 2011) and pink, (Bionic 2012).

Collector interest in the niobium coins continues without a break, which indi-



Alfred Gnadenberger

In 1993 engineer Alfred Gnadenberger joined the Austrian Mint in Vienna as Head of the collector coin department. Currently he is responsible of the Production departments for circulation and collector coins and of the tooling department. A mechanical engineer graduate he worked in the packaging industry and other fields.

His professional profile is completed by further training in the field of personnel development and as quality management auditor. Always he has been particularly interested in working innovatively with people in teams and as manager. In his opinion this is an eminent challenge for the future in the area of conflict of the determining factors which change with increasing rapidity. As example one can see the actions of modernisation and automatisisation in the department of collector coins which has been realised at the historically formed Mint Austria. One of his most prominent successes at the Austrian Mint was the project managing of the niobium coin development.



America's Statehood Quarter Program in Retrospect

Does it make any sense to produce collector coins in circulation quality? Is there any advantage for the state? Richard Giedroyc informs about a very old source of government revenue: the seigniorage.

Text Richard Giedroyc

Prior to the year 1500 few European coins ever bore Christian dates. In more recent history it has become normal virtually everywhere for a coin design to be chosen, then used for years without any alterations other than to the annual date change on that coin. This lackluster tradition has been of interest to motivated coin collectors who want to collect a date set of some coin series, but this lack of design changes has failed to encourage new coin collectors in any large numbers.

The United States' Statehood Quarter program of 1999 to 2008 may have introduced this aspect to circulating coinage – a significant interest in collecting circulating commemorative coins with multiple designs by the general public whom otherwise may never have taking an interest in the hobby.

Why would a mint want to encourage coin collecting? The primary mission of a mint is to supply sufficient coins for circulation to ensure the day-to-day cash commerce of that nation can continue uninterrupted. This mission is always logistically challenging. If a significant number of people collect circulating coins this collecting could impact the number of coins available for circulation. Coins made specifically for collectors (Proof, Specimen, and Mint sets as well as commemoratives, generally referred to as numismatic merchandise) are an ancillary product, even though such collector coins has become an import profit source for mints or for the governments that own them.

There are two aspects to the US Statehood Quarter program to be considered, both oriented towards realizing a profit

rather than the mission of supplying sufficient coinage to ensure the economy is uninterrupted. The first, of course, is to encourage as many people as possible to purchase the US Mint's special made-for-collector Proof and Mint sets that include these coins. The second and less often discussed consideration is seigniorage.

Seigniorage, once an incidental secondary profit consideration for mints, has become increasingly important in a world where government deficits rather than surpluses are the norm.



Tennessee 2002.

The US Mint has always made a seigniorage profit, the difference between the cost of producing a coin and the face value of that coin, for the US Treasury, but the Statehood Quarter program was so successful that it encouraged US Congress to consider additional circulating commemorative programs for the future.

There is a model for the Statehood Quarter program that was generally overlooked by the US government, but was also very successful. This is the 125th anniversary of Confederation 25-cent coin program of 1992 issued by Canada. The Canadian program was likewise very successful and could have been used as a model from which to project what the United States might be able to expect from its program.

There is no question the US program did what was expected of it. According to the US Treasury publication 50 State Quarters Report by the US Mint, "The United States Mint produced approximately 34.8 billion commemorative quarters honoring the 50 states. During the 10 fiscal years of the Fifty States Quarters Program, the agency shipped



Occasionally coin collectors show a perception of reality that might appear somewhat queer to other people.



Hawaii 2008.

34.3 billion quarters to the FRB [Federal Reserve Bank], generating \$816 billion in revenue and nearly \$6.3 billion in seigniorage to help finance the national debt. The United States Mint estimated it shipped 16.3 billion more coins to the FRB than it would have in the absence of the program. Consequently the agency attributes \$4.1 billion in revenue and \$3.0 billion in seigniorage solely to the 50 State Quarter Program. The sale of 50 State Quarters numismatic products generated another \$470.1 million in revenue and \$136.2 million in earnings and seigniorage."

At a New Mexico coin collector forum during 2008 then US Mint Director Ed Moy added, "The 50 State Quarters program has been very profitable for taxpayers. Quarter production during the

program has been way up over previous levels due to increased demand, and the seigniorage made on these coins has been great for taxpayers. The educational benefits of the State Quarters have been great, too."

The United States followed up on this program with other similar programs. Among them is the current Presidential Dollar program. (It costs the US Mint 16 cents to strike a Presidential dollar, generating 84 cents in seigniorage profit for the US Treasury.)

There is one problem with placing seigniorage profit into an accounting system. When the coins are returned to the mint due to wear or lack of demand this seigniorage must be taken back off "the books." This is why silver dollar coins dated through 1935 languished in bank vaults in huge numbers for more than half a century rather than be returned to the mint to be melted. This is why there has been no recall of the unsuccessful Susan B. Anthony dollars of 1979 to 1999 despite the fact these coins don't circulate.

How many of the Statehood Quarters have or will be returned to the mint at some later date due to wear is not known, but it is unlikely the Federal Reserve Bank will return the coins simply because there may be no demand for them. The current deputy mint director, Richard A. Peterson, did make some



Delaware 1999.

comments during the most recent Mint Director's Conference regarding some coins being returned by the Federal Reserve Bank, but no specific numbers have been made public.

An estimated 147 million Americans were enticed to begin collecting coins by the Statehood Quarter program. Many of these new collectors may continue to buy US Mint numismatic products, befitting this mint profit center into the future. Federal Reserve Bank returns of Statehood Quarters to the mint will likely continue to be strictly those coins no longer fit for circulation, since returning quarters simply because of a lack of demand for them will prove to be counterproductive financially for the US Treasury.

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Amazing profit margins for collectors – Products of the Coin Invest Trust

What will be a healthy mintage for commemorative coins, if you observe carefully the secondary market. Michael Vogt and Heimo Steriti from the Coin Invest Trust are answering our questions.

There are few mints where one sees the red “Sold Out” sign so quickly after the date of issue than at the Coin Invest Trust in Liechtenstein. The reason for this is that the individual series from this innovative firm have constantly developed into bestsellers on the secondary market.

Take the Coty winner, a 2007 Mongolia 500 tugrik. The mintage was 2,500 coins. Today, these coins trade for around \$1,500. Of course, hardly any collectors are willing to sell their coin for this price, so the market has been swept practically clean.

The same goes for the Tiffany series. The first issue of the 2004 Liberia (only 999 pieces were issued at the time) is being traded on e-Bay for EUR 1,000. Here too, very few pieces are on the market.

We asked Michael Vogt and Heimo Steriti from the Coin Invest Trust which policy they follow for the secondary market.

UK: How do things stand for your products on the secondary market?

Michael Vogt: It is very healthy for Coin Invest products. We are trying to keep the mintage as low as possible so that one really can sell everything.

“ IF YOU BUY THAT COIN I'LL NEVER LEND YOU MY RIC VOLUMES AGAIN...”



There are two kinds of collectors: those who invest their money in a wide-ranging library, and those who prefer to save their money for coins. Since a library is indispensable to any serious collector, the latter depend on the former lending them their books. Hence it can be a real threat to reject someone access to an important book.

By the way, RIC is the fundamental book for all collectors of Roman coins. It is very expensive to purchase the volumes, and that is why only very few private collectors own the complete edition.

UK: And how high is a mintage that can be sold without difficulty?

Michael Vogt: For the average silver bullion – i.e., one ounce, 38/40 mm diameter – it is 2,500 coins. Naturally, we

also produce coins sometimes that have two, three or five ounces. We often use a repdigit for the mintage. Sometimes the mintage also coincides with some date.

There's no problem with selling. When we present a new project like the Tiffany coins at a fair, mintage limit 999 pieces, then we give our customers one week, sometimes 10 days, to order. After the deadline, we could sell 4,000 or 5,000 pieces.

Heimo Steriti: We cultivate the market in so far as we don't let the coins simply go for a low price because something isn't selling at the moment. Our dealers make an effort to cultivate the secondary market. When we know of someone who responds in an irresponsible way that makes the market kaput, we stop delivering to them. Our coins must be distributed such that everyone who wants one receives it. And our outside



“Tiffany Art” 2004 Liberia 10 Dollar.



"Gulo Gulo" 2007 Mongolia 500 tugrik.

dealers also buy them back because they know that there's an interest.

UK: With such small mintages, it's understandable.

Heimo Steriti: We also have mintages of 5,000. Our first clover leaf coin, Ounce

of Luck, was produced in this mintage, and it is also sold out. But we have had good experience with special products at 2,500. Naturally, we could produce once again the same number. We could probably sell them too. But that would unnecessarily burden the secondary market.

UK: So, for you, it's about having a sustainable market for your products?

Heimo Steriti: In one line where we started with a mintage of 1,000, we kept the limit. For another where we started with a limit of 2,500, we're doing the same thing.

Michael Vogt: It's relatively comfortable to sell such a product. We have the best argument: Look, you have to buy now because if you don't buy now, you won't get another chance. Our customers trust us. And we stand by our products.

Heimo Steriti: We are proud that we are known for our integrity on the market. That with us, a word is a word – we deliver what we promise. And our customers know that. We have very loyal customers. That's almost priceless nowadays.



Coin collectors looking for rare coins at Numismata Frankfurt 2005. Photo: Stefan Mai.

Coin dealers – the most important bridge to collectors

An interview with Michael Becker, First Chairman of the Berufsverband des Deutschen Münzfachhandels. Michael Becker is talking about the need to cooperate between coin dealers and mints in order to establish and cultivate a sound collectors' market.

Mr. Becker, would you be kind enough to introduce our readers to the Berufsverband des Deutschen Münzfachhandels?

The Berufsverband des Deutschen Münzfachhandels has been in existence since 1970. It was founded when collecting modern coins became commercially viable. Even today, the focus for the over 200 members organized in our association is more on modern coins. Our members, by the way, are not just from Germany. Foreign coin dealers and mints can also become members if they are active on the German market.

So, you have about 200 members. How many collectors would you guess that each of your members serves?

That depends completely on the type of business. For a small shop, it could be a couple of hundred collectors. Our large members can have customer figures of up to six-digits.

What does serving a collector mean for a coin dealer? What service, for instance, do they offer a collector?

Their first priority is individual, personalized service. We advise collectors personally while building up a collection. We don't just sell coins, but also find accessories and literature, and help when they are looking for a certain coin. We make appraisals and expert opinions regarding quality and authenticity for coins. And naturally, we also buy coins.

How long do you assist your collectors, on average, do you think?

That depends. It is a very personal thing. If there's a mutual affinity, the connection stays for years. Trust grows and sometimes even friendships bloom. In fact,

it is not rare to find relationships that continue even beyond death. A collector will tell his wife who to contact after his death to sell his collection, and, occasionally, even designate in his will which coin dealer should take over the appraisal of his collection.

In recent years, increasingly more mints have begun direct sales to customers over the internet. Do you feel an impact from that? Have sales in the area of new issues weakened?

Yes, of course. The novelty business is very recessive because many customers purchase directly through the mints. At the beginning, we were very open when the mints exhibited at collectors fairs. But meanwhile, they are taking a large part of the novelty business away from the dealers without caring about the secondary market.

That sounds somewhat bitter. Could you provide a little more detail about why you have the impression that cooperation between mints and coin dealers isn't optimal?

The issuance policy of the German Ministry of Finance for collector coins is a good example for the way that the coin dealers are not seen as partners but rather as competitors for the favor of customers. Problems of dealers are not acknowledged but rather dismissed as insignificant. There is the impression that they would prefer to leave the dealer out in the cold and sell the coins directly to the collectors themselves.

Could you give us an example?

Take the distribution policy of the German Ministry of Finance for the commemorative coins, for example. Dealers do not



Michael Becker (1964, Dortmund)

successfully completed his education as banker after his Abitur. Already occupied with coin dealing as a side business in 1984, he became a fulltime professional in 1988. He was a member of the Berufsverband des Deutschen Münzfachhandels from the very beginning. In 1993 he was elected second chairman, and in 2009 he became the first chairman of the association. In addition, he has been the first chairman of the Society for the Promotion of Numismatics and, since 2000, the secretary of the Federation of European Professional Numismatic Associations.

receive a discount at the Versandstelle für Sammlermünzen, even though they are taking all kinds of incalculable risks.

There is a fixed allotment of each German commemorative coin which is reserved for dealers. We have to order blindly from this allotment.

What do you mean by "blindly"?

Blindly means that we have no idea how much of our order we will actually receive. Naturally, I know about how many coins I can sell from a particular commemorative issue; so to somehow receive this number, I have to exaggerate a lot on the order form. For the first mini-gold 2010 20 Euro coin "Oak", I ordered 1,000 pieces and received 18. All of the dealer orders are added up and then distributed on a percent basis to the dealers. We receive no information about exactly how they do it. The mode of distribution is treated like a company secret.

Now, of course it can happen that when the demand for a coin is wrongly estimated, or one completely forgets to modify one's order, all of a sudden one receives all, or a majority, of the pieces ordered and thus receives way too many. The Versandstelle does not grant the dealer any kind of cancellation right, and we have even heard that collection companies have been retained to collect payments. These kinds of problems arose particularly with the Wartburg 100 euro coin be-

cause the price rose so high that demand dropped. It would have created existential problems for some of our members if the rise in gold prices hadn't come to their aid. They were able to still sell the coins at the price of the metal.

Does this inability to plan have practical consequences on the sale of German coins?

We find gold and silver coins from the Federal Republic of Germany for good customers, but as a dealer, I can't say that I stand behind all coins.

Take the 2011 silver commemorative coin as an example. The price of silver had risen so strongly in 2010 that it was foreseeable that the bullion value plus manufacturing costs would pass the face value of the pieces in circulation quality at some point. In spite of our explicit warning, the Ministry of Finance decided to use two different metals in the future: Cupronickel for circulation coinage, as they can be ordered for face value from the bank; proof in silver. The result was that no one wanted the cupronickel pieces. Up until now, many dealers offered to sell a euro commemorative coin for face value to attract new collectors. But that doesn't work anymore. No one wants the coins.

In contrast, some collectors decided to switch over to proof in order to be able to continue collecting silver coins. The issuance number was slightly increased and set at 200,000 coins in proof. The coins were quickly out of stock. Prices rose. Collectors were happy.

And suddenly, one heard from the Versandstelle that they would continue to strike coins until the demand was met. Dealers and collectors felt very unsure. To my knowledge, there has never been a retroactive increase in the mintage in Germany. We only learned the last mintage numbers of 2011 in February 2012. Perhaps all of this is legal. But the loss of trust was enormous.

I'd like to emphasize here that the problems were not with the mints, but rather with the finance ministry which had little concept of how collectors think and how the market reacts.

Now, each one of us keeps our orders of coins as low as possible so that we can presumably sell them. Holding a stock of German coins by dealers is declining.

And that has an effect on the earlier issuances. When I see that a specialty is declining, I'm not going to buy a large supply of coins in this specialty.

How does that look for acquisition? What role does the coin dealer play in the secondary market?

Internet trade may have increased, but the local coin dealer is still the place where collections are acquired. And it's good that way because it also provides us with a conscience when selling. I know exactly that one fine day my customers are going to bring their coins back to me. This makes me pay attention to my professional diligence, and I also let them know when I don't think that they will ever recoup their money with a certain coin. There are definitely items which I discourage customers from buying.

Could you give us a few concrete examples, name a few issuances which you particularly like to purchase, even with a high markup on the issue price.

Well, for example, there's the 200 euro gold bullion coin from the FRG issued for the introduction of the euro. In spite of the rise in gold prices, it is still traded well above the value of gold. Or earlier issuances from the Vatican and Monaco, the first two niobium coins. A collection of modern Chinese coins. Although, the actual prices can be pure speculation there.

What do these issuances have in common?

It always has to do with coins with a moderate issuance which came onto the market at a reasonable price. Very often these are the first pieces of a successful series where, in retrospect, one could have raised the issuance. In every collector is also a speculator. The spice of life is when he buys a coin for the issuance price, and then the price explodes.

And which coins and medals do you buy at melt value? Can you describe general characteristics of this kind of series?

It's very easy: coins which had too high of an issuance at the very beginning. For example, take the famous 1972 10 Deutsch Mark (Olympic Games in Munich) coin. Or the 1976 Olympic set Montreal. And, naturally, these modern private medals.

Have those people from whom you've bought coins at melt value also purchased from you?

Generally not.

From which sources do these collectors draw their coins and medals?

Mostly they have been sold by companies who couldn't care less about the secondary market. Unfortunately, there are market competitors who practice scorched earth tactics—they take their profits without the least bit of responsibility toward the customer.

If you could write a wish list of ways mints could more meaningfully integrate the intermediary trade, what would you write?

It's absolutely clear that the local coin dealerships should not be seen as competitors but rather as partners with whom one can cultivate the collector market together. No internet can substitute for the presence of a local advisor.

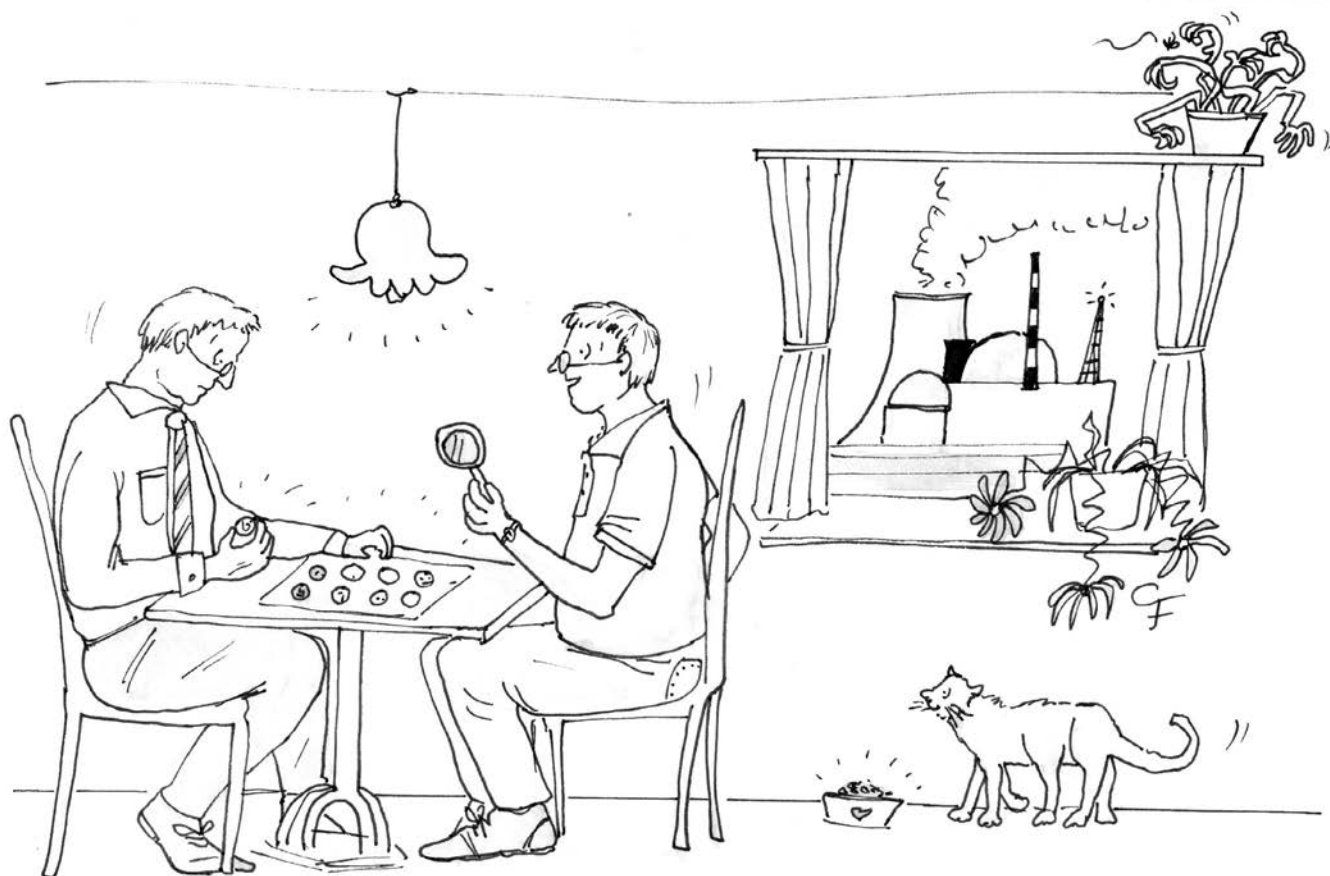
Would you like to say anything more to our readers?

Yes, the Berufsverband des deutschen Münzfachhandels is making an effort to attract new collectors at coin fairs. For this purpose, we are giving away, or exchanging, an interesting commemorative coin in circulation quality at our stand. It is huge success with collectors. For example, as part of the World Money Fair 2012, we were able to go through a Finnish wholesaler and organize the 2 euro Community commemorative issue for the 10th anniversary of the euro from a mint in Finland, which we exchanged at face value. This was good advertising for coin collecting, advertising for the country, and, afterwards, a whole lot of collectors were happy.

It would be nice if we didn't need to laboriously organize these coins through wholesalers but rather could also sometimes work together with a mint. We are planning an information stand, for example, at other non-numismatic events. That would be an opportunity to promote coin collecting as a hobby together.

Herr Becker, we thank you for this extensive conversation.





"Yes, living in the shadow of a nuclear reactor is risky, but it's given my coin collection such a wonderful patina ..."

To the producing industry of modern coins it is "ugly discolouration", collectors speak of the phenomenon as "patina". A coin with a nice and regular discolouration is much more worth than a clean one without patina.

A picture is worth more than a thousand words ...

... and that is why we publish Dr Clare Franklin's cartoons on collectors and their foibles. Since around five years Ms Franklin is working as a coin dealer with Münzen und Medaillen GmbH translating her daily experiences into cartoons.

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Life of a collector

My oldest son's name is Danilo. He is nine years old and collects everything that one can collect. He shows an impressive memory in regard of Panini pictures and has developed an incredible ability in chaffering. Naturally I am trying to convince him of collecting coins. It would be really great to have a small coin collector in the family with whom one could "talk shop". And partially I have succeeded. Especially with big silver or coloured coins featuring an intriguing subject. However, the current themes of the German commemorative coins are no match when competing with Panini pictures showing footballers and dinosaurs.

But the question is: is this the idea of it? Should a state follow in his coin design the taste of children? Even when there was actually a dinosaur related subject like Archaeopteryx my son would never have thought about taking his pocket money to a shop for German collector coins.

I asked some coin dealers on the behalf. They told me that all boys and a couple of girls collect, but only very, very few spend money for it (Panini pictures are a big exception). Children collect coins given to them by the grandpa and which they see again as circulation coins during the holidays. And that, according to my dialogue partner, is enough since of all these small coin collectors only a tiny fraction continues after the adolescence. When girls become a central subject in life, they forget all about coins. And when they are father of a family they have much more urgent issues to spend money at (being myself father of three children I can assure you that).

Relevant, so my dialogue partner stated, will become the period when the children leave the family. Hence when you can dispose freely of the family budget again. Then one remembers all that, what one had done before he has come under the yoke of daily life. I suppose that I myself will realise some of



my dreams of adolescence. Currently I am thinking about whether to buy a sailing boat or to canoe in the Canadian solitude. My son, the enthusiastic collector, might begin again to collect when he will have come at my age. At this point he will have enough money to afford the nicest coins which, naturally will not have to feature motifs appropriate for children.

My own son makes me sceptical whether we may "create" permanent collectors by influ-

encing children systematically. However, it is very important that children learn how much fun collecting can be and that coins may tell intriguing stories. When they will remember that one day being grown-ups there is a big chance that they begin again to collect coins at the first opportunity.

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