

MINT NEWS QUARTERLY™

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Which Product for Which Customer?

Even though we call all of them 'collector coins', the coins traded under this term today differ considerably from one another. Not only with regard to design, price and mintage, but also in terms of the target groups they address. This article briefly presents the most important current target groups and assigns typical products to them.

Words of wisdom from a marketing textbook – 'the more precise the description of the target group a product is made for, the better the product and the promotional campaign can be adjusted to the needs of this target group'.

However, things often get blurry when mints define their target groups. The reason is that even though the name of our coins ('collector coins') is inspired by one of the target groups, collectors today only represent a marginal proportion of the buyers of contemporary coins. Therefore, marketing divisions focus on completely different target groups when it comes to the development of the product and of the promotional campaign.

This article presents the most important target groups, assigns typical products to them and describes characteristics that help a product become successful in the relevant target group.

1. The General Public

The biggest client of a mint is the general public, which does not necessarily consider a coin to be a collector's item but rather a means of storing money. It is every marketing division's goal to make as large a part as possible of the general public start collecting modern commemorative coins by means of the entry-level 'commemorative circulation coin' product.

1.1 Commemorative circulation coins

We define a commemorative circulation coin as a commemorative coin that can be used without any problems together with normal circulation coins in everyday money circulation.



Examples are the €2 commemorative circulation coins issued in the euro countries or the 50 States Quarters series issued by the US Mint between 1999 and 2008.

- **Material** – Compatible with usual circulation coins
- **Design** – Creating a common identity; has the function of communicating the values of the state to the citizens
- **Minting quality** – FDC, no special techniques used in the production process
- **Packaging** – None
- **Mintage** – Very high
- **Profit opportunity** – Extremely little: at some point, a large part of the commemorative circulation coins will be returned to the central bank. Therefore, the profit is calculated by adding together the seigniorage and the profit resulting from the depreciation due to inflation in the time between the coin's issuing date and the date it returns to the central bank
- **Relevance for the coin trade** – None

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Singapore Mint Hosts TEMAN Conference

Experts from mints will be meeting at the 19th Technical Meeting of Mints in ASEAN (TEMAN Conference) from 4-7 November in Singapore. The meeting is being hosted by the Singapore Mint at Raffles City Convention Centre. Fairmont Singapore, where Raffles City Convention Centre is located, is the official hotel for TEMAN 2019.

TEMAN is intended as a forum for the exchange of information and know-how relating to coin and medal production including, but not limited to, blank preparation, coin design, engraving and die-making, production and quality control methods, packaging and distribution systems, equipment and general management practices, in an atmosphere of mutual confidence. TEMAN is a biennial activity for mints and issuing authorities in ASEAN countries, and also for international industry partners to attend and network.

The 19th TEMAN will aim to provide not only a platform for delegates to share more extensive subjects relevant to the technical aspects of minting industry; for the first time ever, it will also cover new topics involving marketing challenges, strategies and new business dynamics and opportunities. Delegates may present their diverse experiences in areas of technical, operational as well as business development and marketing issues to create a fruitful conference experience for all.

You can find all information on the official website of the 19th TEMAN Conference at www.temansg.com



Which Product for Which Customer? *(Continued)*

1.2 Classic commemorative coins

A classic commemorative coin is a commemorative coin issued at face value but differing from circulation coins in terms of denomination and design.



Typical examples are Germany's €20 commemorative coins.

- **Material** – Preferably silver; the coin's success is closely connected to a relevant precious metal content. NB due to fluctuating precious metal prices, the relation between face value and material value must be reviewed constantly!
- **Design** – Creating a common identity; has the function of communicating the values of the state to the citizens
- **Minting quality** – FDC, no special techniques used in the production process
- **Packaging** – None
- **Mintage** – Very high
- **Profit opportunity** – Extremely little: at some point, a large part of the classic commemorative coins will be returned to the central bank. Therefore, the profit is calculated by adding together the seigniorage and the profit resulting from the depreciation due to inflation in the time between the coin's issuing date and the date it returns to the central bank
- **Relevance for the coin trade** – Has the function of a teaser in order to get in contact with potential coin buyers

2. Investors and Speculators

The majority of coin buyers consider coins to be crisis-proof investment tools that enable them to ensure an inflation-proof value preservation, and that not only look attractive but also offer the opportunity of increasing in value – just like a lottery ticket. It is a belief deeply rooted in the population that when a coin that has been kept for many years is sold again, its price might increase enormously due to its 'value to collectors'.

Therefore investors and speculators try to purchase items with characteristics that have caused coins to increase significantly in value in the past. New technologies and a low mintage trigger them to buy the objects.

2.1 Bullion coin

A bullion coin is a coin made of precious metals whose price is determined by its precious metal content and whose production process is limited to basic steps.



Classic examples are the Canadian Maple Leaf, the Vienna Philharmonic, the Chinese Panda and many more.

- **Material** – Precious metal, especially silver and gold, sometimes platinum
- **Design** – Always the same; must have a high recognition value
- **Minting quality** – FDC, no special techniques used in the production process
- **Packaging** – None
- **Mintage** – Adjusted to the demand; it is ideal to react as quickly as possible on peaks of demand
- **Profit opportunity** – Variable: depends on whether the bullion coin succeeds in becoming a globally demanded investment product and thus keeps production costs low in mass-production. NB due to high material costs and significant fluctuations in prices, the financial risks connected to this coin type are high
- **Relevance for the coin trade** – Exorbitant for the entire numismatic market; bullion coins are the fundamental business of many coin dealers

2.2 Modern commemorative / collector / non-circulating legal tender coins

A modern commemorative coin is a commemorative coin issued in order to make a profit for the mint, the state and/or a distribution company. Its selling success is based on the buyer's idealistic thought that this commemorative coin will remain stable or even increase in value.



Today, the major part of all issued collector coins belongs to this category.

- **Material** – As needed
- **Design** – Buyer-oriented, using as state-of-the-art and as unusual techniques as possible
- **Minting quality** – Mostly struck in proof quality; many special techniques used in the production process
- **Packaging** – Case or box; often additionally in coin capsules
- **Mintage** – The lower the better
- **Profit opportunity** – High
- **Relevance for the coin trade** – Important for direct marketing; important for (mainly smaller) dealers offering coins on stock for fixed prices to their clients; not relevant for auction houses

3. Collectors

Real collectors have their very own system to build a collection upon. They choose a task, a topic they illustrate with objects. Choosing the subject and deciding whether an object fits into the chosen category happens in a very subjective way. Collectors operate on their own and do not need to be addressed by marketing strategies in order to buy a coin.

Typical collecting topics are:

- Countries/regions
- Periods
- Motifs
- Techniques
- Materials
- Artists

Collectors collect each of the four coin types named above as long as they fit into the chosen category. Collectors are also willing to add medals to their collections.

3.1 Art medals

An art medal is a small minted or casted work of art with a characteristic artistic design. The highlight of an art medal is not its motif, but the artistic capacities shown by depicting or creating the motif.



During the last decades, art medals experienced a renaissance. Even though there is currently no large market for them, they play an important role for museums and collections.

- **Material** – As needed
- **Design** – Determined by the artist
- **Packaging** – None or matching the object and being part of the work of art
- **Mintage** – Extremely low

- **Profit opportunity** – Very low; the reasons being that high quality must be delivered at a low mintage and only a small circle of buyers is attracted to the object due to its high price

- **Relevance for the coin trade** – A few auction houses sell art medals in their auctions

3.2 Commercial medals

We define a commercial medal as an object that is shaped like a coin, has no face value and is not authorised by the state.



- **Material** – As needed
- **Design** – Audience-oriented
- **Minting quality** – Mostly FDC, no special techniques used in the production process
- **Packaging** – Cheap, attractive packaging, often blisters
- **Mintage** – As high as possible
- **Profit opportunity** – Very high
- **Relevance for the coin trade** – None

4. Crossover Collectors

Crossover collectors usually collect items from a different field but are willing to buy coins whenever they belong to their original collecting area. Typical crossover topics are coins featuring stamps, meteorites or cartoon characters.



This collector type collects each of the coin types named above as well as medals as long as they belong to the chosen collecting topic.

Characteristics of the objects preferred by these collectors are:

- **Material** – As needed
- **Design** – Adjusted to the targeted special collector
- **Minting quality** – Unimportant
- **Packaging** – Adjusted to the targeted special collector
- **Mintage** – Adjusted to the potential buyer group
- **Profit opportunity** – High
- **Relevance for the coin trade** – Rather

small, in order to distribute crossover products, a collaboration with distributors that have direct access to the target group is necessary

5. Gift Market

For centuries, coins (and medals) have been typical gifts for special occasions. A classic example of Western culture is the 'Patenpfennig' (godfather's pfennig) – usually a gold coin that a godparent gave its godchild for its baptism. In China and in other countries of the Far East, it has become common practice to use money or objects related to the name-giving animal of the New Year as gifts on the occasion of the turn of the year.



This target group buys products from several categories like coins, medals and bars as long as they meet certain requirements.

Characteristics of the objects preferred by the customers of the gift market are:

- **Pricing** – Very important; the price has to equal the price of any gift suited to this special occasion
- **Material** – Giving the impression that the product will not decrease in value
- **Design** – Essential, has to meet the requirements of the occasion perfectly
- **Minting quality** – Of secondary importance as long as the product gives the impression that it will not decrease in value
- **Packaging** – Extremely important, adapted to the occasion
- **Mintage** – Depending on the demand
- **Profit opportunity** – Very high
- **Relevance for the coin trade** – None, other distributors have to be found for the distribution of gift articles

6. Souvenirs

Coins and medals are perfectly suited for the souvenir market. Until now, only a few mints have produced objects that can be used as souvenirs. Therefore, many private companies have entered the market in recent years.



The souvenir market could be a highly interesting market for mints since production numbers are relatively high.

Characteristics of successful souvenir products are:

- **Pricing** – Cheap, cheaper, the cheapest. It has to be so cheap that the buyer does not think about buying, but just buys it
- **Material** – Non-precious
- **Design** – Focused on the object, traditional design
- **Minting quality** – FDC
- **Packaging** – Cheap but attractive, preferably blisters
- **Mintage** – Depending on the demand
- **Profit opportunity** – Significant
- **Relevance for the coin trade** – None. Other distribution channels have to be found for the distribution of souvenirs

7. Fan Coins



During the last years, some mints have discovered fans (of, for example, sports teams or super heroes) as customers. Products that are meant to appeal to fans must have the following characteristics:

- **Pricing** – In the lower price segment
- **Material** – Non-precious
- **Design** – Inspired by the fandom's identification objects
- **Minting quality** – FDC
- **Packaging** – Adjusted to the target group, preferably blisters
- **Mintage** – High
- **Profit opportunity** – Very high if the fandom is huge
- **Relevance for the coin trade** – None. For the distribution of fan articles, collaboration with groups that are also distributing other fan articles is necessary.

'Plamet': a Combination of Advantages

This article was originally published in Russian language by the Gold Chervonets Magazine. Our Russian colleagues have supplied this English translation.



In 2014, Goznak proposed a revolutionary development – a material for a means of payment that combines the advantages of both banknotes and coins.

This solution extends the lifetime of any means of payment to values comparable to the lifetime of coins (about 10 years), and retains the advantages of banknotes – bright, colorful design, high security degree, low weight and ease of use.

Plamet is an inert material that has some similarities with glass or tiles by its characteristics. You can try to grow colonies of microbes on it, pour it with acid or alkali, wash it in a washing machine or in a dishwasher – none of these procedures will modify the material. If you tap an edge on any surface, you can hear a sound similar to the one when you tap an edge of a ceramic roundel. This is not only a convincing proof of the difference of this composite material from plastic, which will never sound like ceramic, but also a confirmation that the material is as inert as ceramic.

The Plamet technology has already been applied in the manufacture of a means of payment put into circulation by the Pridnestrovian Republican Bank.

The launch of a separate manufacture for the mass production of the Plamet product is a large and complex project, which is underway. First, deliveries of the production equipment are being carried out. Then the equipment installation stage will follow and its commissioning will begin. After this, Goznak will be ready for the mass production of Plamet. Presumably, the commercial operation of the equipment will begin at the end of 2019.

Successful tests

At the VIII Scientific and Technical Conference 'New Developments in the Field of Security Technologies for Materials and Processes', held annually by the Goznak Research Institute, Mikhail Rodionov, the Senior Researcher at the Monetary and Medallic Department of the Research Institute, described a tool with the help of which a new combined product will be minted for the first time in the world, using Plamet material.

Mikhail Rodionov showed the stages of the experiment, during which the scientists of the Research Institute found the only possible form of the instrument, with the help of which it is possible to mint a unique product which resembles a bicolor coin. However, it is not the metal disc that is clamped in the metal ring, but the Plamet disc.

The tests were carried out on equipment at the Moscow Mint in the mode of manual and automatic coinage. At first, when using a conventional embossing tool, the workpiece was deformed along the entire surface of the insert-disc: cracks and chips appeared.

But after a series of experiments with a special form of the embossing tool, it was possible to achieve a result in which the insert of the composite material was not deformed, and the ring of metal was closed around it in a strong lock. Experiments were carried out with metal rings made of cupronickel, brass, bronze and nickel silver.

The products have successfully passed the tests on changing the temperature mode (imitation of cycles of temperature difference during the 'street-house' operation) and on physical extrusion.



EXTRUSION TESTS AFTER COINAGE



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Money Heist at the Mexican Casa de Moneda

On the morning of 6 August 2019, the shop at the mint museum of the Casa de Moneda in Mexico City was robbed. All those who have participated in the 28th Mint Directors Conference still remember this marvellous place where the gala dinner took place.

At gunpoint, criminals forced the employees to stand in a corner with their faces turned to the wall. On the surveillance footage of the robbery you can see one of the thieves calmly taking packages out of the open safe and putting them in a trolley case for the transport.

1,567 'Libertad' gold coins and numerous commemorative watches worth a total of more than 50 million pesos (approx \$2.5 million) were stolen. There is footage of an additional person outside the building giving the thieves instructions over the phone.

The robbery took 10 minutes. Two of the robbers then fled on a motorcycle, the other two used a car. The escape vehicles drove off following different routes. Their trace was lost in the area called Verónica Anzures. Apparently, the criminals were perfectly informed about where they could change the vehicle without being filmed by a surveillance camera. Moreover, there was probably an additional escape vehicle waiting for them.

The Mexican police published the surveillance footage. Thanks to the cooperation of the citizens, some of the robbers have been identified by now. They have been put on the wanted list. One was previously involved in several armed robberies and has a criminal record. Furthermore, there is evidence that a woman was involved in the robbery. It is also being investigated whether there is a relation between the robbers and the security service of the Casa de Moneda. One of the men seems to have lived in the neighbourhood of an employee of the mint's security service.

It is not the first time that the Mexican Mint has been the target of a robbery. During renovation works in June 2018, historical gold and silver coins worth 3 million pesos (approx. \$150,000) were stolen.

The Path from Idea to Realisation

The author of the idea of creating Plamet and a combined product with its use is Andrey Kuryatnikov, Deputy General Director of Goznak for Science and Development. In an interview with the Gold Chervonets Magazine, he spoke about the development and future application of Plamet.



Andrey Kuryatnikov, Deputy General Director of Goznak for Science and Development.

Q: How did the idea of creating Plamet, as well as its combined product, appear?

A: I constantly teach my students to be creative, because I teach the subject 'Management of the Innovation Process, Research and Development' at the Finance Academy under the Government of the Russian Federation. As a matter of fact, there is nothing difficult about it. Techniques developed in order to generate ideas and technologies have existed for a long time.

If you need to create a product that should have the benefits of another product, it is easy to do so if you have several existing products already. Each of them has some positive and some negative properties. Accordingly, it is possible to design a model of a new product so that the positive properties remain and the negative ones do not.

The advantages of banknotes are obvious – they are well secured, easy to handle, have a beautiful design and a memorable colour image.

Coins are heavy; the population doesn't like them too much, not only in our country, but also in other countries. Their only advantage is durability.

However, it is also a very relative term, because after six months or a year the appearance of the coins becomes rather unattractive: you may see metal corrosion and contamination on them. Such coins are even unpleasant to hold in hand. Nevertheless, they still retain their physical properties, in contrast to the rapidly deteriorating banknotes.

The development work that we present combines the advantages of both means of payment: lightness and elegance, usability and good security, the complete absence of corrosion and deterioration, and, as a result, durability.

The idea of a new means of payment was presented to the company's management. At this stage, the product was perceived as extremely unusual. But I believe that there is nothing terrible about it. For a long time the world has been using polymer banknotes, which the population perceives adequately. It should be noted that the population accepts innovations more positively and faster than top managers.

The combined product with the use of Plamet is optimal in terms of combining the advantages of several different products. At the same time it is devoid of their shortcomings.

The product turned out even better than its original image. Thinking about the product, I understood what properties it will have. However, there were still doubts that it would be possible to overcome all the technical difficulties in implementing the idea. To our great satisfaction, we managed to solve them.

Q: When you developed this idea, what denominations of banknotes and coins seemed to you most suitable for replacing with a new product?

A: High denomination coins and low denomination banknotes can be made from a combined product: an insert-disc made of Plamet and a metal ring. Low denomination coins can be entirely made of the Plamet composite material.

Q: How does the cost price of Plamet and its combined product compare with the cost price of production of banknotes and coins?

A: Banknotes and coins have a very wide range of prices, depending on the material and elements of the security complex. We can say that the cost price of the new product can be close to a particular class of banknotes or coins, depending on the characteristics of the new product.

High durability is inherent in any of these products. Let me remind you that the banknotes are usually removed from circulation during the process of sorting, due to scuffs and dirt.

Plamet is an inert material not subject to abrasion and contamination. The metal ring in the combined product is subject to the same impact as any metal coin. But at the same time, the durability of Plamet and the combined product made of it is even higher than that of coins.

The security complex of these products can be as rich as that of banknotes, and include visible, ultraviolet and infrared images, security fibres, microtext, colour-variable images and other security features.

The perfect metal for the combined product needs to be quite plastic by its properties. This is the main requirement. The other characteristics of the metal can vary. It is possible to use both conventional alloys and powder materials. The last ones have a number of significant advantages. But for their application it is necessary to solve the problem with the equipment for mass production.

Q: Can the thickness of the combined product vary?

A: As for the thickness of the coin, there is an optimal value, verified from the technical, logistic and design points of view. But, if necessary, the thickness of the Plamet in the combined product may be greater or less than the optimal values.

Q: At which enterprises of Goznak will combined products using Plamet be manufactured?

A: Combined product in the process of its production will go through many stages: the stage of production of the original fibre cloth and the stage of its impregnation, the stage of preparation of the intermediate product (at the paper mill), the stage of printing (at the printing factory), the stage of coinage or combination of composite material with metal (in the mint). This process is a multi-stage one.

Q: Will collectors collect combined products, as they collect coins?

A: We have plans to release a collector's coin that will be a combined product made of Plamet and metal. I am sure that it will be in demand among collectors. Actually, there are a number of interesting ideas with a combined product, and in the near future we will bring them to life.

Two Unique Workshops at the Coin Conference

Plans are being finalised for the upcoming Coin Conference, which takes place 14-16 October in Rome. This is the fifth edition of the conference, which was established to create a forum for those involved in circulation coins to discuss the issues around such coins to ensure they continue to play their role in effective cash management strategies.

Over 200 representatives from central banks/coin issuers, mints and suppliers will be taking part, including nearly 30 speakers presenting in eight sessions covering policy and strategy, optimising costs and meeting demand, case studies from around the world, engaging the public, technologies for green, secure and social responsible coins, recirculation and recycling.

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Prior to the main sessions, on 14 October are two unique workshops which provide an opportunity for delegates to dive deep into specific topics

The first, for central banks and coin issuers only, is on 'Optimising the Efficiency of the Coin Cycle'. It forms part of the MDC's Customer Task Force, a project established in 2015 so that the mint industry could gain a clear understanding of the key issues affecting the different stakeholders for coins and take action accordingly. One such set of stakeholders are central banks/issuers – and at the 2017 Coin Conference, in Warsaw, it was identified that one of their key concerns is optimising the efficiency of coins in circulation and, critically, hoarding.

The workshop – organised by Dieter Merkle of Schuler Group and also convenor of the MDC Taskforce – focuses on this particular topic, and bring together coin issuers with other key stakeholders to discuss how to address it.

Keynote speakers include the economist Prof Franz Seitz of Weiden Technical University of Applied Sciences on how to promote cash, Jean Allix of the European Consumer Association BEUC on freedom and consumer choice in payments, and Anne-Richard Schaafsma from CIT company G4S on making the recirculation process of coins easy for the users.

After their keynotes, the participants will divide into working groups on these topics, to discuss and identify best practices in each area.

The second workshop, optional for all delegates, is titled 'Making Money with Coins'. It will focus on the market for circulating commemorative and collector coins and how all the stakeholders can

work together to ensure an effective market that generate revenues for all, whilst avoiding the pitfalls of over-exposure and lost value.

This workshop is being led by Jon Cameron of Cameron Associates (formerly of the United States Mint), together with Ursula Kampmann.

It will lead off with an introduction to the financial value of commemorative circulating coin programs to the state and review the results of the MDC Customer Taskforce as regards dealers and retailers, before diving into a detailed overview of the collector coins market, covering such issues as key factors that influence the issuance of collector coins, what works and what doesn't, and lessons learned, backed up a series of case studies.

Ursula Kampmann will lead this part of the workshop, together with a panel discussion entitled 'Participants in the Numismatic Market and How it Works', covering who the key players are in the numismatic market, how they interact with one another (or don't), the characteristics of a successful commemorative circulating coin, and how participants can work better for collective advantage.

Participants will then work in groups to discuss key issues such as seigniorage, attractiveness, innovation, long time perceived value, collectability, public perception, trust and security to establish the relative importance of each to the interests of national authorities/issuers on the one hand, and detailers/retailers on the other - and to find common ground in taking this market forward .

www.thecoinconference.com

RCM Presents New Technology for Collector Coins

The Royal Canadian Mint has launched a product featuring a completely new technology.



Working with the University of Ottawa's Centre for Research in Photonics, the R&D team has created the 2020 \$10 Fine Silver Coin – Pulsating Maple Leaf, engraved with an array of sub- millimeter-scale mirrors in the shape of a maple leaf on the reverse of this 99.99% pure silver coin.

With precise dimensions and orientations, these miniature mirrors produce a design that appears to expand and contract with each tilt of the coin.